



**FEDERAL
HOME
LOAN
BANK**

REVIEW

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Operating Ratios of Member Savings and Loan Associations

Six-Month Summary of Mortgage Finance

Indianapolis Finds Its Answer to Urban Blight

By Otto K. Jensen

Who Holds the Backlog of Savings?

(Part II)

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NATIONAL HOUSING AGENCY

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FEDERAL HOME LOAN BANK ADMINISTRATION

John H. Fahey, Commissioner

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Operating ratios of member associations

Total operating income of member savings and loan associations, following a three-year gain, in 1945 aggregated nearly \$300 million. Operating expenses rose to \$86 million while the ratio of net operating income to gross operating income declined. Net income, the largest dollar volume reported to date (\$223 million) was also the highest in relation to gross operating income. A third of aggregate net earnings was placed in reserve and undivided profits accounts.

The ratio of net income available for distribution increased with the asset size of associations, and the larger associations put proportionately more of their money in residual accounts than did the smaller ones. [Page 321.]

Six-month summary of mortgage finance

Mortgage recordings of \$20,000 or less were estimated at almost \$4.8 billion in the first six months of this year. This represented a gain of more than 100 percent above the same 1941 period, and almost 90 percent above the first half of last year. This rise in volume has been accompanied by an increase in the size of the average recording, from \$2,800 in 1941 to \$3,400 and \$4,000 in the last two years. Savings and loan associations have remained the leading type of mortgagee, with banks and trust companies this year displacing individuals in the second spot.

The breakdown of recording data for 24 scattered counties showed increased mortgage financing activity in all, without regard to population or location. The size of the average recording increased in both the one-year and five-year comparisons, with most of the larger gains occurring west of the Mississippi. In all but three instances during the periods studied, savings and loan associations were among the three leading sources of mortgage credit. [Page 325.]

Indianapolis finds its answer to urban blight

This is the story of a city, already past the "discussion stage" in its attack on urban blight, which has secured legislation and money to make its plan work. The goal is to restore liveability to central areas and make them financially sound and self-liquidating.

To do this, the Indianapolis Redevelopment Commission has been given power to: designate and acquire blighted areas; plan for their redevelopment; clear and offer them for sale to private enterprise for appropriate re-use. [Page 329.]

Who holds the backlog of savings?

The second part of the national survey of savings analyzes the relation of income to the current rate of savings and asset holdings. Highlighted was the fact that in 1945 more than half of all spending units had money incomes above \$2,000; one out of seven had \$4,000 or more. In general, higher incomes were received by those in the middle age brackets; by persons living in metropolitan areas; and by professional, managerial and self-employed individuals.

Those with higher incomes had accumulated greater liquid asset holdings, and also saved a larger portion of their current income. However, income was not the only determinant of liquid asset holdings nor of the rate of savings. The survey also revealed a substantial decline in the rate of savings between 1945 and 1946. [Page 333.]

June highlights

Mid-year statements of insured savings and loan associations provide important clues to current trends:

(a) Mortgage loan portfolios increased \$756 million during first six months. This was **more than the combined gains of 1944 and 1945.**

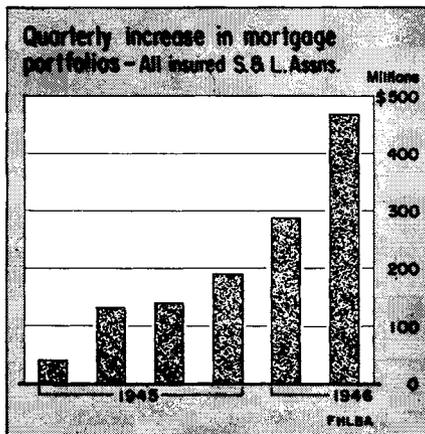
(b) Private share capital accounts grew approximately \$505 million compared with \$433 million in the preceding six months and \$453 million in the same period of last year.

(c) Government bond holdings were down \$197 million to compensate for the difference between net inflow of private capital and net increase in mortgage loan accounts.

Total real estate financing activity of all lenders during first half of this year, as measured by mortgage recordings of \$20,000 or less, reached \$4.8 billion. This was **more than the year's total for prewar 1941.** Banks and trust companies and mutual savings banks showed the largest percentage gains this year. Savings and loans accounted for over one-third of the total.

NHA estimates of VEHP progress through June 30 showed 496,000 units started—41 percent of the 1946 goal. These totals include trailers, prefabs, conversions and re-use war housing, as well as conventional construction. Building permits in all nonfarm areas issued during June totaled 65,000 units. This was the third successive monthly decline from the March peak.

Industrial production during June was at the highest level since the war ended, and prospects for the last half of the year are bright.





NEWS NOTES



New FPHA Commissioner named

Dillion S. Myer was nominated by the President to be the new Commissioner of the Federal Public Housing Authority, succeeding Philip M. Klutznick who resigned July 1. A native of Ohio, he has had 31 years of state and Federal experience, and during the war years served as Director of the War Relocation Authority.

"... From little acorns grow"

A half century of uninterrupted saving was the record achieved this summer by a depositor in Brooklyn, New York. On July 10, 1896, he opened an account in a New York savings bank by depositing \$5. The *Savings Bank Journal* reports that, without fail, every week for 50 years thereafter the man added a similar amount to the account. In all, 2,611 deposits have been made to bring the total to over \$13,000, not counting the interest earned through the years.

FHA insurance for "country" homes

FHA regulations recently have been broadened for the specific purpose of making "country" homes eligible for FHA-insured financing, both for individual families and for operative builders who can provide entire communities of modest-type dwellings in the country. New construction is currently limited, of course, to homes for veterans' occupancy preference.

FHA field offices have been instructed to consider eligible for FHA mortgage insurance those homes in outlying areas, with a small plot of land, where the owner resides but does not depend for a livelihood on products of the land. These homes must meet FHA minimum property requirements and should have market acceptance. Also they should be part of an established neighborhood

of similar properties, or part of a future neighborhood to be established with proper safeguards.

Housing preference includes civilian war prisoners

Qualifying as a new type of hardship case, the American citizen who had been held as a civilian prisoner of war during World War II has been accorded the same preference as a war veteran in building, buying or renting a home under the Veterans Emergency Housing Program. The former war prisoner accordingly becomes eligible for the priorities assistance provided by Priorities Regulation 33. Application for a preference rating, accompanied by an affidavit affirming American citizenship and prisoner-of-war status, can be made at FHA field offices.

Access roads to more lumber

The U. S. Forest Service has reported that 712 miles of access roads now being built to out-of-the-

way Government timber lands would increase lumber production for the Veterans Emergency Housing Program by approximately 111 million board feet during 1946.

The Housing Expediter has made two allocations of access roads funds to the Forest Service, \$2,000,000 on June 12 and \$8,500,000 on July 17.

Bricks from Belgium for veterans' housing

During 1946 Belgian manufacturers will ship at least 25 million building bricks to the United States for use in the Veterans Emergency Housing Program. Arrangements for the brick imports were completed through the joint efforts of the NHA, CPA and the Office of International Trade, Department of Commerce.

The minimum shipments of 25 million bricks represent less than 1 percent of total requirements for the year's emergency housing program. They will, however, provide enough bricks for about 2,000 two-story, six-room houses.

PROGRESS OF THE VEHP JUNE 30, 1946

496,000 units started account for 41 percent of 1946 goal of 1,200,000

Program component	Units started	Units completed
Total.....	496, 000	225, 000
New permanent.....	¹ 331, 000	² 153, 000
Conventional.....	³ 319, 000	n. a.
Factory-built.....	⁴ 12, 000	
Temporary re-use.....	⁵ 101, 000	⁵ 18, 000
Conversions.....	⁶ 49, 000	⁶ 39, 000
Trailers.....	⁷ 15, 000	⁷ 15, 000

¹ U. S. Bureau of Labor Statistics. Estimate for month of June is preliminary. Includes site starts of factory-built homes.

² U. S. Bureau of Labor Statistics, preliminary estimates.

³ Total permanent units as reported by U. S. Bureau of Labor Statistics, less estimated number of factory-built homes started.

⁴ National Housing Agency reports on factory shipments.

⁵ Federal Public Housing Authority. Includes family-equivalent units, Federally and non-Federally financed. A family-equivalent unit consists either of a 1-family unit or of 2 dormitory units.

⁶ Preliminary estimate.

⁷ U. S. Bureau of Census. Includes National Housing Agency preliminary estimate of June factory shipments.

n. a. Not available.

OPERATING RATIOS OF MEMBER SAVINGS AND LOAN ASSOCIATIONS

Analysis of the operating income and expense statements of 3,655 reporting member savings and loan associations for the year ending December 31, 1945, revealed higher operating costs and the effect of increased liquidity. A significant gain in non-operating income was also noted.

■ LAST month, in studying the trends of member savings and loan assets during the war years, the most significant development was seen to be their increased liquidity. This resulted from a steadily increasing flow of funds into these institutions at the same time their normal investment outlets were restricted. Government bond portfolios showed spectacular gains, and mortgage loans, while increasing in dollar volume, declined in proportion to total assets.

These important balance sheet changes have been reflected by complementary shifts in association income and expense statements. Income from mortgage loans, which accounted for almost 90 percent of total operating income in 1942, made up only 80 percent of last year's aggregate. On the other hand, interest income from investments and bank deposits rose from 1 percent to almost 12 percent during the same four-year period.

Income nears \$300-million mark

Total operating income of member associations has gained consistently during the past three years, reaching a total of nearly \$300 million in 1945. Operating expenses last year amounted to almost \$86 million. These have also been increasing in recent years and at a slightly higher rate, so that the ratio of *net* operating income to gross operating income has declined gradually.

Two factors deserve special consideration in this general discussion of association income and expense. First, on the income side, the average rate of return on association assets has been dropping. The interest yield on their Government bond portfolio is considerably lower than on mortgage loans and practically all of the growth during the war years has gone into this type of investment. Not all of the decline may be attributed to the increased holdings of bonds, however, for the average return on the mortgage loan account

has also been on the downgrade. Most new loan business has been written at rates lower than the prevailing portfolio averages. The combined effect of these trends has reduced the ratio of total gross operating income to average assets for all member associations from approximately 4.8 percent in 1943 to 4.2 percent in 1945.

On the other hand, while expenses have increased faster than income, it should not be overlooked that the higher cost of operations has not kept pace with the larger volume of assets. Although assets increased approximately 39 percent from 1943 to 1945, operating expenses rose only 24 percent in the same period. This is consistent with the observations made during the past few

Table 1.—The trend of selected operating ratios of all member savings and loan associations, 1940–1945

Item	1945	1944	1943	1942	1941	1940
Number of associations	3,655	3,652	3,681	3,722	3,536	3,508
Interest income	<i>Per-cent</i>	<i>Per-cent</i>	<i>Per-cent</i>	<i>Per-cent</i>	<i>Per-cent</i>	<i>Per-cent</i>
Mortgage loans	80.37	84.14	87.44	89.33	88.07	86.75
Real estate contracts	2.07	2.68	3.31	3.67	3.87	4.05
Investments and bank deposits	11.69	7.38	3.32	1.16	1.00	0.93
Net income on real estate owned	0.25	0.48	0.78	1.03	1.60	2.44
Gross income from office building	1.43	1.28	1.20	1.11	1.11	1.12
All other operating income	4.19	4.04	3.95	3.70	4.35	4.71
Gross operating income	100.00	100.00	100.00	100.00	100.00	100.00
Compensation	13.86	13.77	13.46	12.98	12.66	12.60
Maintenance and depreciation of office quarters	3.13	3.05	4.07	2.97	2.96	3.02
Advertising	1.85	1.77	1.74	1.88	2.10	2.12
All other operating expense	10.12	9.57	8.89	8.57	8.67	8.44
Total operating expenses	28.96	28.16	27.16	26.40	26.39	26.18
Net operating income	71.04	71.84	72.84	73.60	73.61	73.82
Less: Interest on borrowed money	0.84	0.88	0.97	1.92	2.03	2.23
Add: Total non-operating income	5.77	2.23	2.40	2.25	2.45	2.34
Less: Total non-operating charges	0.80	0.76	1.19	1.62	2.17	2.54
Net income	75.17	72.43	73.08	72.31	71.86	71.39
RATIO TO NET INCOME						
Distribution of net income:						
Dividends	66.52	70.47	70.26	70.65	72.87	75.15
Transfers to reserves	20.19	20.46	18.49	18.05	15.80	14.53
Balance to undivided profits	13.29	9.07	11.25	11.30	11.33	10.32
Net income	100.00	100.00	100.00	100.00	100.00	100.00

years that there is a definite tendency for the larger institutions to operate with greater efficiency. Thus, if the ratio of operating expenses to average assets continues to decline, this will help to offset the lower gross return from association investments.

The income pattern

Detailed presentation of selected operating ratios for the various classes of associations in 1944 and 1945 is shown in Table 2 on this page. This highlights the decline in the proportion of gross income from the mortgage loan account: 80 percent last year, against 84 percent in the previous year. For Federal and insured state chartered associations this ratio was lower than 80 percent for the first time.

Interest income from investments and bank deposits showed the opposite trend, as already pointed out. The ratio for all member associations was under 12 percent, with Federals receiving more than 13 percent of their gross operating income from this source. The ratios for insured

and uninsured state chartered institutions were below the over-all average.

The continued process of liquidating previously acquired real estate and the repayment of existing real estate sales contracts further reduced the proportion of income from these two accounts. During 1945, income from real estate sold on contract dropped to only about 2 percent of gross operating revenues. Net income from the remaining institutionally owned properties accounted for only one-fourth of 1 percent of the total.

Expense and net income

Operating expenses, excluding interest on borrowed money, were slightly higher in proportion to gross operating income last year than in 1944. Almost 29 cents out of every dollar of operating income was used to run these institutions. The gradual upward trend of this figure during the war is indicated by the fact that in 1940, 1941 and 1942 expenses claimed about 26 cents out of every dollar of operating income; in 1943 the ratio was 27 cents; in 1944 it was 28 cents; and

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

[Calendar years 1944 and 1945]

Item	All associations		Federals		Insured state chartered		Uninsured state chartered	
	1945	1944	1945	1944	1945	1944	1945	1944
Number of associations	3,655	3,652	1,467	1,464	1,004	994	1,184	1,194
RATIO TO GROSS OPERATING INCOME								
Interest income:	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
On mortgage loans	80.37	84.14	79.25	83.97	79.58	82.84	83.89	86.07
On real estate sold on contract	2.07	2.68	1.59	2.14	2.81	3.63	2.18	2.61
On investments and bank deposits	11.69	7.38	13.37	8.34	11.02	6.98	8.79	5.93
Net income on real estate owned	0.25	0.48	0.08	0.14	0.30	0.68	0.54	0.92
Gross income from office building	1.43	1.28	1.50	1.24	1.22	1.22	1.57	1.43
All other operating income	4.19	4.04	4.21	4.17	5.07	4.65	3.03	3.04
Gross operating income	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Compensation	13.86	13.77	13.97	14.08	14.65	14.66	12.61	12.07
Maintenance and depreciation of office quarters	3.13	3.05	3.17	3.05	3.16	3.23	2.99	2.84
Advertising	1.85	1.77	2.23	2.19	1.71	1.67	1.19	1.03
All other operating expense	10.12	9.57	10.51	9.98	11.70	11.26	7.19	6.73
Total operating expense	28.96	28.16	29.88	29.30	31.22	30.82	23.98	22.67
Net operating income (before interest, etc.)	71.04	71.84	70.12	70.70	68.78	69.18	76.02	77.33
Less: Interest on FHLB advances and other borrowed money	0.84	0.88	1.12	1.17	0.74	0.80	0.34	0.38
Add: Total non-operating income	5.77	2.23	6.63	1.69	5.47	2.89	4.25	2.51
Less: Total non-operating charges	0.80	0.76	0.71	0.64	0.81	0.87	0.99	0.89
Net income	75.17	72.43	74.92	70.58	72.70	70.40	78.94	78.57
RATIO TO NET INCOME								
Distribution of net income:								
Dividends (including interest on deposits and investment certificates)	66.52	70.47	62.94	67.30	67.59	71.31	72.82	75.29
Transfer to reserves	20.19	20.46	23.41	23.25	19.13	20.95	14.65	14.92
Balance to undivided profits	13.29	9.07	13.65	9.45	13.28	7.74	12.53	9.79
Net income	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

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

[For the year ending December 31, 1945, by size of association]

Item	Total	Less than \$99,999	\$100,000-\$249,999	\$250,000-\$499,999	\$500,000-\$999,999	\$1,000,000-\$2,499,999	\$2,500,000-\$4,999,999	\$5,000,000-\$9,999,999	\$10,000,000-\$24,999,999	Over \$25,000,000
Number of associations.....	3,655	139	502	601	669	919	490	218	94	23
RATIO TO GROSS OPERATING INCOME										
Interest income:	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
On mortgage loans.....	80.37	83.56	86.15	83.98	83.57	82.57	81.30	79.75	77.14	75.71
On real estate sold on contract.....	2.07	4.22	2.32	2.95	2.77	2.22	1.97	2.08	1.73	1.66
On investments and bank deposits.....	11.69	3.17	4.91	6.76	7.46	9.78	10.94	12.73	14.78	16.12
Net income on real estate owned.....	0.25	2.00	0.71	0.95	0.43	0.25	0.22	0.18	0.19	0.04
Gross income from office building.....	1.43	1.07	0.60	0.82	0.96	1.00	1.31	1.43	1.69	2.88
All other operating income.....	4.19	5.98	5.31	4.54	4.81	4.18	4.26	3.83	4.47	3.59
Gross operating income.....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Compensation.....	13.86	25.36	19.19	17.68	16.24	15.06	13.88	12.48	12.65	12.03
Maintenance and depreciation of office quarters.....	3.13	4.06	3.04	3.07	2.89	2.84	2.98	3.00	3.33	4.15
Advertising.....	1.85	1.08	0.81	0.92	1.04	1.48	1.83	2.23	2.28	2.34
All other operating expense.....	10.12	11.52	8.90	8.78	9.24	9.64	9.77	10.27	10.96	11.49
Total operating expense.....	28.96	42.02	31.94	30.45	29.41	29.02	28.46	27.98	29.22	30.01
Net operating income (before interest, etc.).....	71.04	57.98	68.06	69.55	70.59	70.98	71.54	72.02	70.78	69.99
Less: Interest on FHLB advances and borrowed money.....	0.84	0.80	0.69	0.69	0.54	0.70	0.64	0.91	0.89	1.68
Add: Total non-operating income.....	5.77	8.11	4.95	3.76	3.00	3.39	4.93	6.33	8.85	9.23
Less: Total non-operating charges.....	0.80	1.67	0.43	0.82	0.54	0.58	0.79	0.73	1.22	0.90
Net income.....	75.17	63.62	71.89	71.80	72.51	73.09	75.04	76.71	77.52	76.64
RATIO TO NET INCOME										
Distribution of net income:										
Dividends.....	66.52	78.11	74.56	74.60	72.50	69.31	66.36	64.58	63.38	62.44
Transfer to reserves.....	20.19	10.72	12.31	13.94	15.97	18.70	18.86	20.89	24.46	23.85
Balance to undivided profits.....	13.29	11.17	13.13	11.46	11.53	11.99	14.78	14.53	12.16	13.71
Net income.....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

last year almost 29 cents. It bears repeating, however, that apparently this increase in operating expenses has not been as rapid as the growth in total assets.

Compensation for officers and employees continued to account for the major portion of the expenses. The ratio of association salaries to gross operating income has shown a steady though gradual increase during the past several years, going from 12.60 percent in 1940 to 13.86 percent in 1945. In spite of the upward trend of wage rates during the war, compensation expenses have not gone up as much as other expenses. In 1943, for example, compensation costs accounted for almost 50 percent of total operating expenses. This ratio dropped slightly in 1944 and 1945 to less than 49 percent.

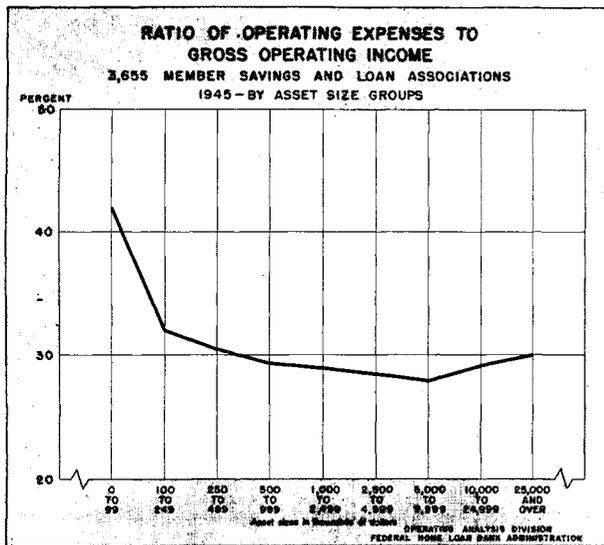
The proportion of operating income used for advertising purposes increased slightly during 1945, but is still somewhat lower than in the years immediately preceding the war. The ratios for maintenance or depreciation of office quarters and miscellaneous expenses also were higher in 1945, continuing the gradual upward trend of these items since 1941.

Higher non-operating income

Before arriving at the *net* income of the associations it is necessary to adjust the net operating income for interest charges and non-operating income and expenses. In spite of the fact that there was an increase in the borrowings of these institutions during 1945, the ratio of interest charges dropped fractionally, continuing the steady downward movement which has been characteristic of the experience of member associations during the past several years.

Non-operating income of member associations jumped from a little over \$6 million in 1944 to more than \$17 million in the year ending December 31, 1945. This was equal to almost 6 percent of total operating income last year as against a little more than 2 percent in the previous year. The ratio of non-operating charges also increased slightly.

After making these adjustments, the final figure for *net income* was not only the largest dollar volume reported to date (\$223,000,000), but was also the highest in relation to gross operating income (75 percent).



Distribution of net income

In order to maintain existing ratios of reserves to total assets in the face of the rapid growth during the past few years, member associations have been turning larger and larger portions of their net earnings into reserve and undivided profits accounts. In 1940, one-fourth of all net earnings was being set aside, and three-fourths distributed in dividend payments to shareholders. Last year, however, a full third was placed in reserve and undivided profits accounts, and the remaining two-thirds paid out in dividends. Broken down by class of association, Federals placed 37 percent of their net income in reserves and undivided profits, insured state chartered members set aside 32 percent and uninsured member associations, 27 percent.

Variations by size groups

To make it possible for association managers and boards of directors to compare the position of their own institutions more directly with these national averages, Table 3 presents a detailed analysis of income and expense statements for nine asset size groups.

This series, which was begun six years ago, tells an important story of the development of member associations since that time. At the end of 1940, there were over 2,700 member associations with less than \$1 million in assets. At the end of last December, this figure was down to almost 1,900. On the other hand, the number of member institutions with assets of more than \$5,000,000 has almost tripled during the same period. Because

of the increasing number of associations over \$10 million, a breakdown is shown for the \$10-25 million and over \$25 million associations.

Ratios of operating expense to gross operating income ranged from a high of 42 percent for the smallest associations to a low of 28 percent in the \$5-10 million asset size group. There was a steady decline in these ratios for each size group up to the \$5-10 million class. Ratios were slightly higher for the \$10-25 million and over \$25 million groups.

Taking into consideration the adjustments for the non-operating items and the interest charges on borrowed money, the *ratio of net income* available for distribution was still smallest for the smaller associations and largest for the larger. The higher proportionate operating expenses for associations over \$10 million was generally offset by greater non-operating revenues.

In the distribution of net income, there was an even more direct relationship between the size of the associations and the amounts paid out in dividends or set aside in the reserve or undivided profits accounts. Without exception, the larger the associations the more they put into these residual accounts, ranging from 22 percent for the under \$100,000 size group, to 38 percent for the group of biggest associations. In all cases, the amount in 1945 was higher than the amount set aside in these accounts during 1944. The money paid out in dividends varied from 78 percent of net income for the smallest institutions to 62 percent for those over \$25 million.

Rent Ceilings on New Construction Revised

- By an agreement concluded with the Office of Price Administration, rent ceilings on new construction no longer must be held within 20 percent of ceiling rents for comparable housing.

In determining the ceiling rent on new projects, FHA will use the same formula whether or not the project is to be financed through an FHA-insured mortgage. Under that formula, the ceiling rent will be based on the necessary current cost of construction of the project, including the land. Also included in the estimate will be the necessary costs of management, operation, maintenance and taxes, including the debt service and a return on the equity investment.

A SIX-MONTH SUMMARY OF MORTGAGE FINANCING ACTIVITY

The greatest six-month volume of home financing activity has just been chalked up, according to the FHLBA's mortgage recording series. What it has meant in terms of number, amount and average value of recordings is summarized in this article. For the first time, specific locality data are included.

■ **CURRENT** record breaking activity in real estate and mortgage finance is rapidly becoming an old story. Each compilation of data shows a new peak as the unprecedented need for living quarters, backed by vastly expanded purchasing power, is translated into effective home demand far exceeding prewar volumes.

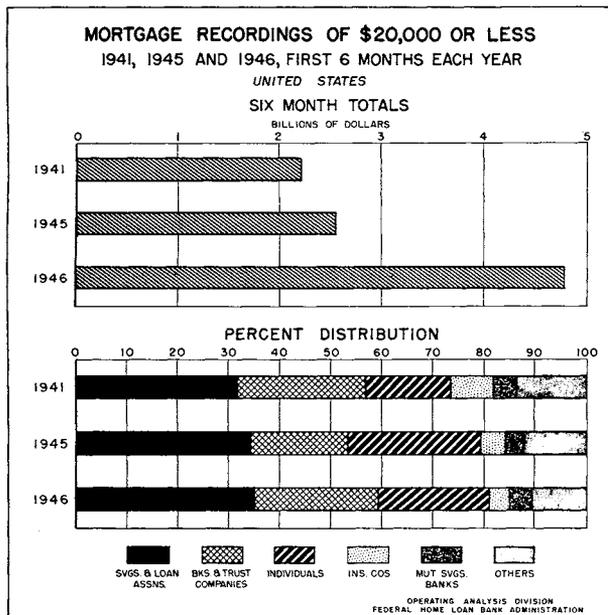
One measure of this condition is that during the first six months of 1946, nonfarm mortgage recordings of \$20,000 or less were estimated at almost \$4.8 billion. While this does not represent entirely home finance, the great bulk of these mortgages were on residential properties. The rapid expansion in this field in the first half of this year is indicated by the fact that the total was 116 percent above the comparable 1941 period, and almost 90 percent above the January-June period of 1945. The six-month estimate for this year was within \$1 billion of the 12-month 1945 amount and exceeded by 1 percent the 1941 total.

Another sign of the times is the fact that this rising volume of home mortgages was based to a large extent on an increase in the face amount of the instruments, not on a proportionate increase in the number recorded. Several factors have been operating to bring about an increase in the average size of recordings, the basic one of course being the increasing sales and construction prices. Even without any advance in the loan-to-value ratio, higher prices are bound to be reflected in larger face values of mortgages. Added to this is the growing volume of GI home loans which, according to the latest Veterans' Administration data, showed an average of \$5,000, with many transactions being completed on a 100-percent loan basis. Thus, it is easy to see why the average size of mortgages recorded has risen substantially in the three periods under consideration. During the first half of 1941 it stood at \$2,848, in 1945 it had risen to \$3,372, and this year rose again to \$4,012.

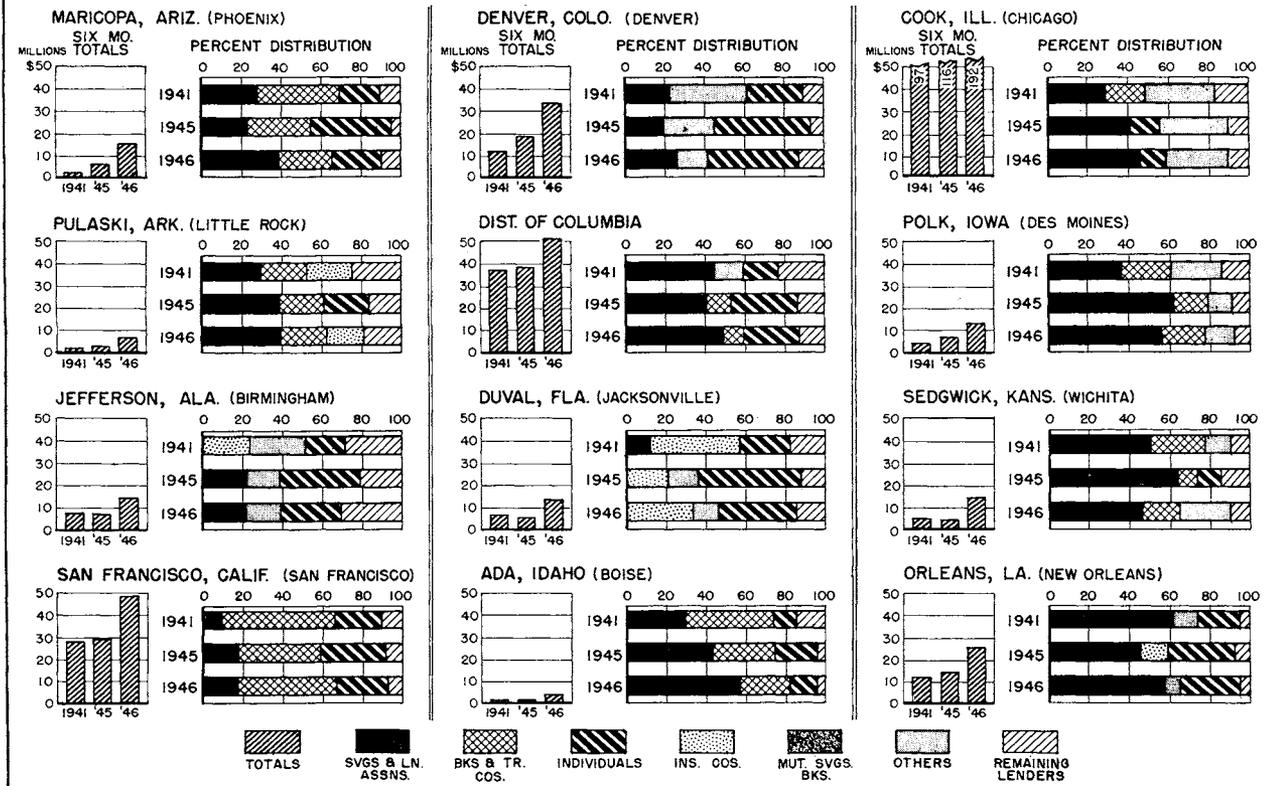
The chart on this page shows, in addition to total recording volumes, the relative participation by the various types of mortgagees. Savings and loan associations have consistently been the leading source of home mortgage credit, while this year banks and trust companies pulled ahead of individuals; insurance companies dropped to the bottom of the list, displacing mutual savings banks. Regular monthly tables on pages 347 and 348 give specific breakdowns of current activity. Since originators of mortgages buy or sell loans to other lenders, these recording figures may, to a certain extent, understate or overstate the importance of some categories as the ultimate source of mortgage credit.

Summaries by counties

Because local conditions are of more interest and significance to individual institution managements than are national totals, the breakdown



**MORTGAGE RECORDINGS OF \$20,000 OR LESS
SELECTED COUNTIES - 1941, 1945 AND 1946, FIRST 6 MONTHS EACH YEAR**



this year includes local figures representing many widely scattered areas of the country, selected on the basis of the completeness of available information. Although the figures are on a county rather than a city basis, the territory covered in most cases includes the metropolitan area of a city and its environs.

The most obvious fact about these scattered localities is that increased mortgage financing activity was characteristic of all, without regard to their size or location. It was only in the amount of gain that they differed.

Space does not permit individual comment on many particular cases, but examples of the low- and high-percentage increases will serve to indicate the pattern. Over the long pull the smallest gain in recording volume was registered in New Orleans (Orleans Parish) and the District of Columbia—39 percent each. At the other end of the scale, Phoenix (Maricopa County) with a rise of 521 percent was way ahead of any other area. This pattern, however, did not hold true in a comparison of the first six months of 1946 with the same period last year. In that interval both ex-

trêmes were registered in the Middle West—Dayton (Montgomery County) showed a rise of only 31 percent, while, at the other end of the scale, Wichita (Sedgwick County) reported an increase of 205 percent.

Average recordings

Increases in the average recording from 1941–1946 were also characteristic of all the localities surveyed. During the reporting period in 1941, this range varied between \$2,300 in Birmingham (Jefferson County) and \$5,000 in the District of Columbia. The majority of the local averages amounted to \$2,000-odd with the next largest group in the \$3,000-class. In 1945 the range widened from almost \$2,400 in Birmingham to more than \$6,000 in the District of Columbia. By 1946, the lowest average recording was above \$3,000 (also in Birmingham) and the highest, nearly \$6,200, in the District of Columbia. The average recording in Chicago (Cook County) was \$6,000 the first half of this year; in New York (five-county total) and San Francisco, it topped \$5,500. (See table on page 328.)

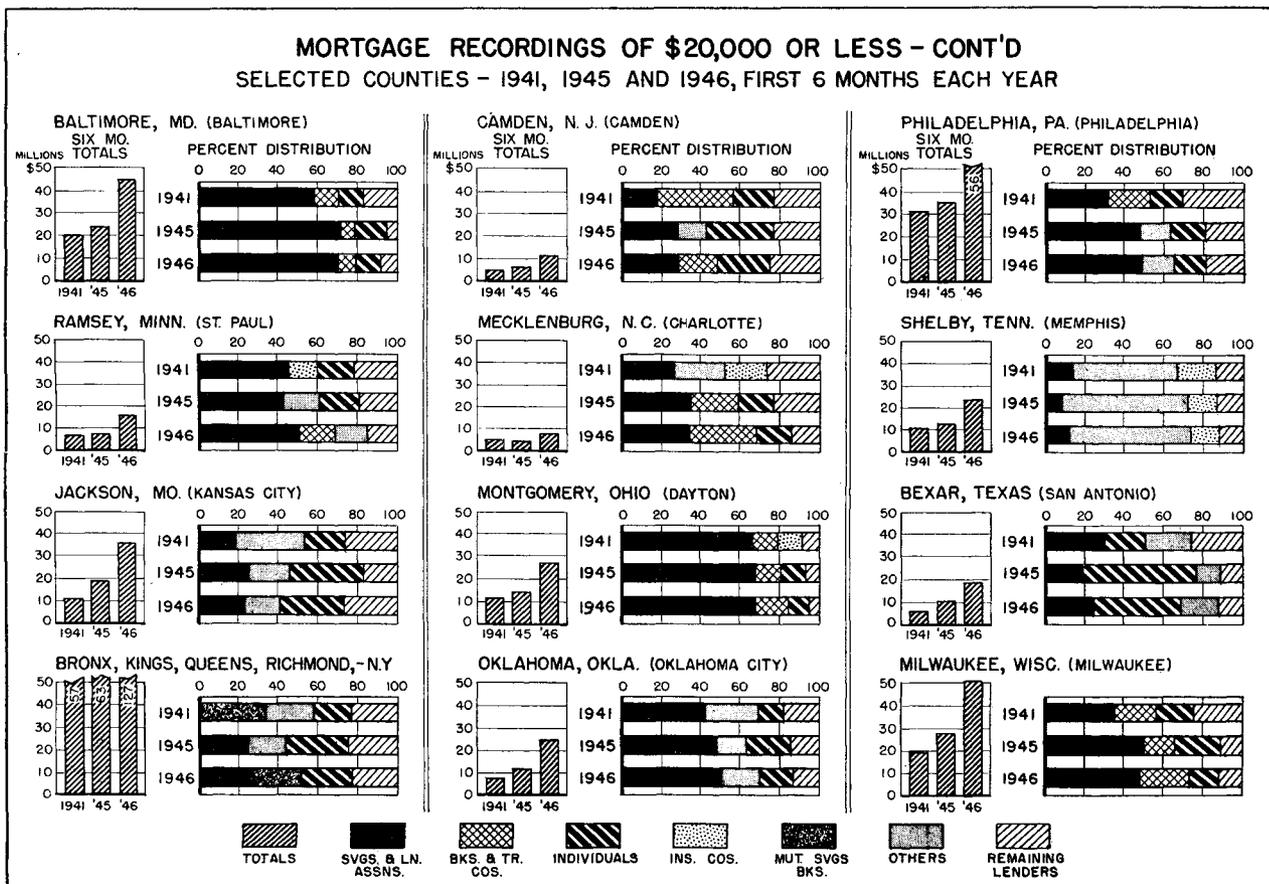
There was no national uniformity in the extent of these increases, percentagewise. Arranging the 24 counties in the order of the increase in their average recording from 1941-1946, the gains ranged from 3 percent in Jacksonville (Duval County) to 59 percent in Denver. Chicago, with a 39-percent increase, divided the group with the largest gains from the 12 counties in the lower bracket. It is interesting to note that of the 13 western or middlewestern localities included in the study, 10 were found in the group with the 12 highest gains. San Francisco, San Antonio (Bexar County) and Dayton were the only areas in this geographic group to be included in the list of 12 cities with the smallest increases. The sole localities east of the Mississippi River to appear in the upper bracket were Charlotte (Mecklenburg County) and Baltimore.

Obviously, gains between the 1945 and 1946 periods were less in almost every case. While the range was great—up 2 percent in the District of Columbia and 50 percent in Charlotte—these extremes were out of line with experiences in most of the localities. A gain of 19 percent was com-

mon to such scattered communities as Des Moines (Polk County), St. Paul (Ramsey County), Phoenix and Camden. Nine areas reported more than that percentage gain and the same number, less. Again, the higher increases were more frequent in the West.

Mortgagee distribution

The relative participation of the various types of mortgagees located in 24 areas is illustrated in the charts on pages 326 and 327. This graphic representation highlights the chief sources of home mortgage credit by showing the three leaders in each area. It is to be noted in this connection that the fourth segment in each bar (“remaining lenders”) does not indicate the standard classification of “other mortgagees” which is used in FHLBA statistical data on the mortgage recordings. As employed in this instance, it shows the combined participation of those lenders in each area who did not place in one of the first three groups. (The regular “other mortgagees” include mortgage companies; endowment, fraternal or educational trust funds; trustees for estates, etc.)



Average size of mortgage recordings in selected areas, first half of 1946, 1945 and 1941

City and county	Average size of mortgage recorded		
	1946	1945	1941
Phoenix, Ariz. (Maricopa).....	\$4,200	\$3,600	\$2,700
Little Rock, Ark. (Pulaski).....	3,500	3,000	2,600
Birmingham, Ala. (Jefferson).....	3,000	2,400	2,300
San Francisco, Calif. (San Francisco)	5,600	4,800	4,000
Denver, Colo. (Denver).....	4,500	3,700	2,800
Washington, D. C.....	6,200	6,100	5,000
Jacksonville, Fla. (Duval).....	3,500	3,000	3,400
Boise, Idaho (Ada).....	3,900	3,200	2,700
Chicago, Ill. (Cook).....	6,000	5,300	4,300
Des Moines, Iowa (Polk).....	4,100	3,400	2,800
Wichita, Kansas (Sedgwick).....	4,100	3,100	2,700
New Orleans, La. (Orleans Parish).....	4,300	3,700	3,300
Baltimore, Md. (Baltimore).....	4,000	3,200	2,700
St. Paul, Minn. (Ramsey).....	4,200	3,500	3,000
Kansas City, Mo. (Jackson).....	3,500	3,000	2,500
Camden, N. J. (Camden).....	3,300	2,700	2,800
New York City (five counties).....	5,600	4,700	4,900
Charlotte, N. C. (Mecklenburg).....	4,400	2,900	3,000
Dayton, Ohio (Montgomery).....	4,500	3,800	3,400
Oklahoma City, Okla. (Oklahoma).....	3,900	3,100	2,600
Philadelphia, Pa. (Philadelphia).....	3,800	3,300	2,800
Memphis, Tenn. (Shelby).....	3,500	3,200	2,500
San Antonio, Texas (Bexar).....	4,000	3,500	2,900
Milwaukee, Wis. (Milwaukee).....	5,300	4,300	3,500

These charts demonstrate the leading part played by savings and loan associations in these 24 scattered localities. In all but three instances during the periods under consideration they were among the chief sources of mortgage credit. That their relative participation has been increasing is shown by the fact that in the 1941 period, savings and loans were the leading lenders in 13 areas; in 1945 they were ahead in 14 of the counties; and this year, in 16.

SEC Reports on Savings

■ DURING the first quarter of 1946, the rate of saving by individuals dropped to the lowest level since the middle of 1941, according to the Securities and Exchange Commission. Total liquid saving was estimated at \$2.9 billion—only about one-third the amount saved in the preceding quarter. Part of the decline was due to seasonal variations and a fall in disposable income. In addition, however, evidence pointed to a marked decrease from wartime highs in the *proportion* of income saved.

Individuals added \$1.5 billion to their holdings of cash and deposits in the January–March period. The net gain in their U. S. Government securities was approximately \$700 million, while equities in insurance increased \$1.6 billion, equally divided between Government and private insurance. Net new investments in savings and

loan associations totaled more than \$200 million. In the same period, on the other hand, the mortgage indebtedness of individuals went up \$400 million and other consumer indebtedness rose \$200 million. Individual holdings of securities other than U. S. Government were reduced by \$600 million.

Progress of Premium Payment Plans

■ RESTORATION of price control late in

July set back in motion the wheels of the incentive payment program to stimulate the production of critically short building materials. By the end of the first week in August, seven such plans were in operation, and an additional plan covering the cast iron soil pipe industry was nearing completion.

On July 31, the Housing Expediter completed a premium payment agreement with the state of Washington which will enable that state to double the amount of state-owned timber offered for sale during the next 18 months. The Federal Government will compensate the state for expenses incurred in doubling the number of its “timber cruiser teams”—the men who prepare offerings of timber. The same type of Federal aid is available to other states.

On August 1, the Premium Payment Regulations for northern and southern hardwood flooring industries were issued. This was an important part of a concerted inter-agency move to increase sharply and immediately the production of hardwood flooring. Other Government actions include: (1) adjustment of OPA ceilings on hardwood lumber and flooring; (2) amendment of Priorities Regulation 33 to produce and channel proper thicknesses of certain grades and species of hardwood lumber into the manufacture of flooring; and (3) issuance of VEHP Order No. 2, which prohibits use of hardwood boards or dimension lumber by builders for framing, sheathing, boxing, siding or subflooring.

The premium payment plan covering convector radiators used for residential heating was also released on August 1. The regulation, together with a 10-percent price increase, is expected to enable the industry to expand considerably within the next few months.

Three regulations went into effect June 1, covering structural clay products, softwood plywood and gypsum paper liner.

INDIANAPOLIS FINDS ITS ANSWER TO URBAN BLIGHT

Here is the case story of a midwestern city which has already gone to work on a large-scale job of redevelopment of blighted areas. Indianapolis has pressed beyond the "discussion phase" in solving this common urban problem and its experience will be of interest to officials and citizens of other cities faced with similar tasks.

By OTTO K. JENSEN
Executive Secretary
Indianapolis Redevelopment Commission

■ IF our cities are to continue to be suitable places in which to live and earn a livelihood, they must be rebuilt and redesigned for permanent residential and non-residential uses. Such rebuilding must include consideration of those items in which all citizens have a self-interest, such as better transportation, traffic control and parking arrangements, elimination of smoke nuisance, improved health and sanitation facilities and a recreation program that will serve their own conveniences. To these must be added an unselfish consideration of the redevelopment of the blighted and slum areas of our cities.

In Indianapolis, blighted and slum areas are principally within one and one-half miles of the center of the downtown business district.

A blighted neighborhood has a naturally depressing and leveling effect on all adjacent property. It then follows that tax income from such areas declines, and the cost of municipal services increases; the health and safety of the city are endangered by the existence of many unsanitary, congested, unkempt dwellings in the older sections of our cities.

Pay as you go plan

The citizens of Indianapolis are conscious of the conditions of blight and are interested in their correction. The 1945 session of the Indiana General Assembly provided legislative authority for the correction of this municipal disease by the establishment of a redevelopment department of the city government. Operating under the management of five commissioners who are appointed without regard to political affiliation, the department *has the power to levy taxes but not to issue bonds*. The Commission is charged with

the responsibilities of (a) determining the causes of blight and (b) combating and obviating the causes of blight.

The attentions of the Commission are directed to two types of areas, the near-blighted area where rehabilitation and improved land use will save such area; the other, the blighted area beyond reclaiming. The question is not what is Indianapolis going to do but what is Indianapolis doing? Ours is not a theory, but a plan *with funds available to make it function*.

Powers of the Commission

In blighted areas the task of land assembly becomes a vital operation. Land assembly and its clearance for redevelopment cannot be carried out by private enterprise alone, because the cost of original purchase of the improvements on such areas and its demolition are generally excessive in view of the likely return on the investment. Also, the job is complicated by such problems as multiple ownership, clouded titles, liens including unpaid taxes, scattered parcels and lack of power of eminent domain. Private enterprise cannot assemble such tracts for redevelopment at a cost that will enable it to compete with suburban land.

The Indianapolis Redevelopment Commission is given authority to:

- (1) designate blighted areas
- (2) acquire them
- (3) plan for their redevelopment
- (4) clear them and
- (5) offer them for sale to private enterprise for redevelopment.

To designate blighted areas

After considering the results of social, economic and physical studies, the Commission has authority to designate an area as blighted. Approval of such project and the plan for its redevelopment must be obtained from the City Plan Commission.

If approved, notice of hearing must be given to owners of property affected and to all taxpayers of the city. Taxpayers may file remonstrances against the project, in which case the whole proceeding must be heard by the full panel of our superior court of five judges, whose decision as to the designation of a blighted area and the authority to purchase then is final.

It seems that the above procedure provides sufficient safeguards to prevent any possible misuse of authority granted the Commission.

To acquire blighted areas

In acquiring blighted areas, the Commission must follow specific provisions of the statute. One of these requires that the property be appraised by three independent appraisers, and in fixing the purchase price the Commission cannot exceed the average of the three appraisals. The property can be acquired by negotiation with the owners. If it cannot be acquired by negotiation within the average as fixed by the appraisers, the Commission has the power of eminent domain, with the provision that after the court has rendered its judgment on the value, the Commission can pay into

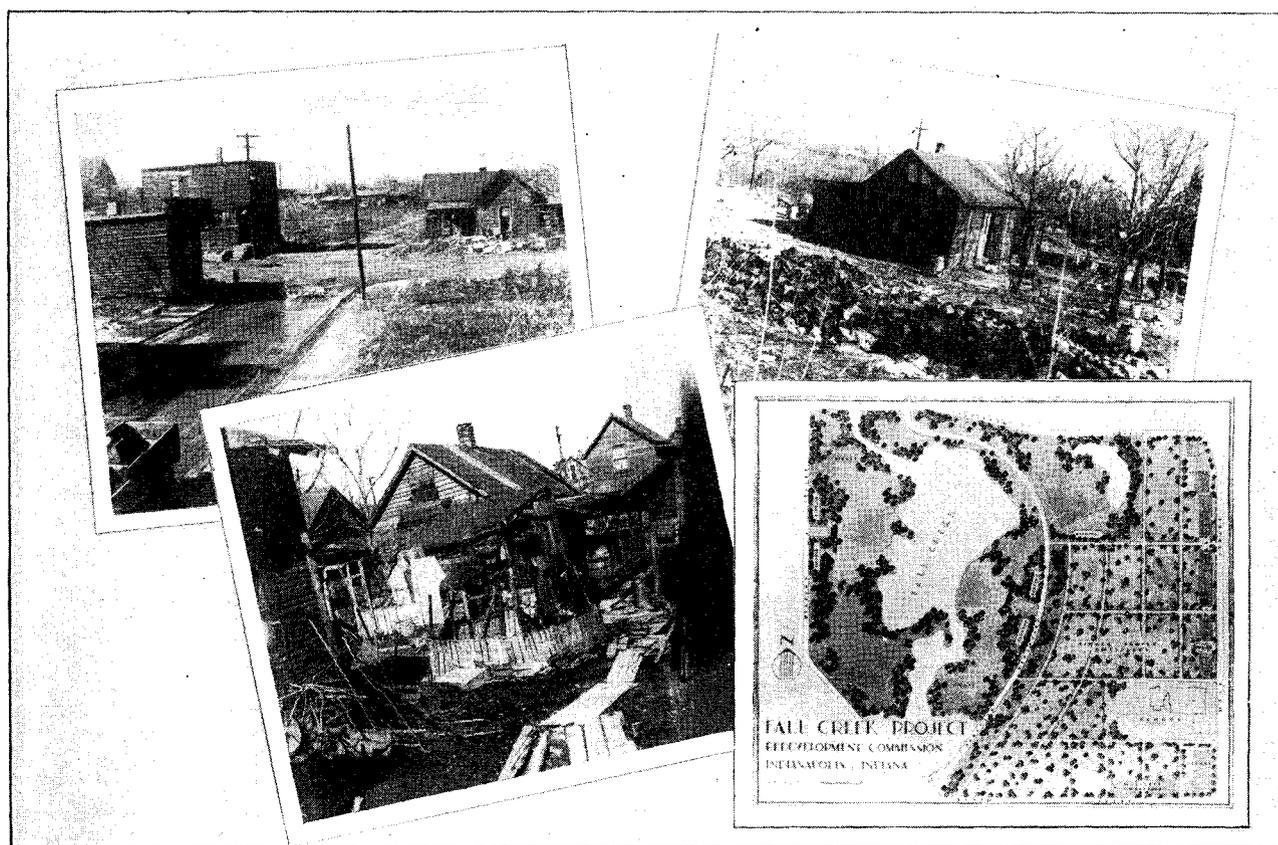
the court the amount fixed and take possession of the property. The owner has the right of an appeal, but the Commission is not delayed in its redevelopment program during the time the appeal is pending.

When the property is acquired by the Commission it remains on the tax duplicate, subject to state, county and local taxes the same as property privately owned. We believe that this provision is in line with the feeling in our state, against making the property of this and similar programs tax exempt.

The funds, available for use by the Commission, are the proceeds of a 10-cent tax on each \$100.00 of taxable property within the city, which, in 1946, will produce approximately \$550,000.00 and a like sum in 1947. All receipts from sale of lands to private capital and other city departments, rents, etc., are placed in the redevelopment fund.

Plan for redevelopment of blighted area

This is a most important phase of the program. It has been the desire of the Commission to develop a program of the best land use of the areas under study. In some cases this might dictate the con-



version of a present housing area to commercial and industrial uses entirely, while in other instances it might be best to use a commercial or industrial area for housing or a combination of commerce and housing. It is our desire to utilize all the usable structures, streets and utilities that will fit into our land-use plan. While we know that our redevelopment program will improve the appearance of the area, it is not our intention to make a "show-place," but to provide for good housing, in a housing area, that will be livable and will offer safe streets, modern schools, park and playgrounds, health center and shopping facilities.

Under our law, we are authorized to cooperate with other city agencies—such as park, school, flood control, thoroughfare—to include in our plan developments in the area which are desired by such agencies.

We have been fortunate in securing the expert services of an Indianapolis resident, with a national reputation as a planner, to make the land-use studies and to assist the Commission in arriving at the best land use that will be of greatest benefit ultimately to the area, the city and its taxpayers.

To clear blighted areas

The Commission is authorized to clear the area of those structures to be removed and to repair and maintain those structures which are not to be cleared. Such clearance, repair and maintenance can be done by the Commission's own forces or by contract.

In the matter of new streets, sewers, etc., the Commission is authorized to petition the proper city agency for such improvements. Any construction work required in connection with such improvements shall be carried out by the department or agency of the city having jurisdiction over such construction.

Disposition of real estate

The Commission is authorized to sell or lease to the public any of the real estate acquired. The legislature has placed certain safeguards around the disposition of the real estate, as it did around the acquisition of such real estate.

Before offering any of the real estate for sale or lease, the law requires that three separate appraisals be made by three independent appraisers. In making the appraisals, consideration shall be

given not only to the size, location and physical condition of the various parcels, but also to the advantages accruing to such parcels from the carrying out of the redevelopment plan.

The Commissioners shall then prepare an offering sheet showing the various parcels and the price of each, which cannot be less than the average of the three appraisals. A 21-day published notice of the offering is required to be given in two newspapers; there is also required to be included in the notice a general statement as to any limitations on the use to be made of the real estate offered.

The Commission has the power to reject any or all bids and to make awards to the highest and best bidder. The law provides that in determining the best bid, the Commissioners shall take into consideration the size and character of the improvements proposed to be made by the bidder, his plans and ability to improve the real estate with reasonable promptness, whether the real estate when improved will be sold or rented, the bidder's proposed sale or rental prices, and any factors which will assure the Commissioners that the sale, if made, will further the carrying out of the redevelopment plan and will best serve the interests of the community from the standpoint of human and economic welfare.

The Commissioners are authorized to contract with the bidders in regard to such conditions, and they may require the deposit of surety bonds, the making of good faith deposits, liquidated damages or they may also provide for the right of repurchase in the event the bidder shall fail to comply with the term of the contract.

The Commissioners are restricted, for a period of 90 days after the opening of the written offers, in making sales at less than the offering price, except in case of sales of 10 or more parcels to a purchaser who agrees to improve immediately.

Redevelopment the goal

Even before the Commission has acquired any of the real estate, we have received inquiries from insurance companies, private builders and individuals interested in the redevelopment plan and acquisition of real estate, some for investment purposes and some for home sites.

It should be noted that the legislation which created and governs the operation of the Indianapolis Redevelopment Commission is a redevelopment law and not a housing law. It is not

(Continued on p. 337)

★ ★ ★ WORTH REPEATING ★ ★ ★

SAVINGS: "Looking to the future, it occurs to me that management's most important problem is that of attracting a greater inflow of savings. This can be done only by constant effort on our part in the advertising and public relations field, in promoting the general idea of thrift, and emphasizing the attraction of our particular type of service."

Ralph H. Richards, President, Federal Home Loan Bank of Pittsburgh, *Third District Quarterly*, Second Quarter 1946.

RESERVES: "While our institutions have been adding generously to reserves, at the same time they have been growing at an unprecedented rate. Times like the present, however, emphasize the need for a strong reserve position. Public confidence hinges on strong reserves as does the self-reliance and independence of the association and its management."

William A. Davis, President, California Savings and Loan League, *Savings and Loan Journal*, June 1946.

LESS COSTLY: "Now is the time to take stock of internal policies, to analyze the entire lending operation, and to reflect how much better it might be to devote greater time and energy to business already written and on the books. By and large, the effort used to retain a piece of business is less costly than the output involved in acquiring a new piece of business."

E. M. Mortlock, Bronx Federal Savings and Loan Association, *National Savings and Loan Journal*, July 1946.

CREAM LIMITED: "There is a limit to the number of houses which can be sold at from \$9,000 to \$15,000 even in this exuberant housing market; even today the number of families having savings or incomes permitting purchases at these prices, are comparatively small compared to the great mass of potential home owners. The \$9,000 to \$15,000 class represents only the cream on the top of the bottle. Sometime that cream will be all skimmed off. It might be next month; it might last for several months. If it happened tomorrow, many builders would be faced with

a carry-over inventory; unless they had foreseen such a situation, and planned for it, the results on their capital structure might be disastrous.

"There are many signs today which point to an unhealthy condition, with breakers ahead if corrective remedies are not speedily applied."

The Bildor, June 1946.

CAUTION: "If there is any one thing indicated by the present opportunities and problems, it is the need of experience, skill and caution. Our best managers will be sorely tested and those of less ability and experience will see many trying days before their present investments are closed out."

Nugent Fallon, President, Federal Home Loan Bank of New York, before 58th Annual Convention of New York State League of Savings and Loan Associations.

POSITIVE STIMULUS: "Public relations apply in loan making as in anything else by beginning with a compliment to the borrower's desire for recognition of importance. When the borrower has been made to feel that, by requesting a loan, he, and not the bank has done the favor, the first step in positive stimulation has been taken."

Raymond S. Stevenson, President, Farmers National Bank, Pottsville, Pennsylvania, *Bankers Monthly*, July 1946.

GI LOANS: "The success or failure of the program depends primarily on the activity and attitude of the lending institutions. I reiterate this not only because it is true but, frankly, to try to impress you with the seriousness of the statement and the possible consequences should the operation fail."

W. C. McClelland, Chief, Loan Service and Claims Division, Veterans' Administration, *The Ohio Savings and Loan Record*, July 1946.

ARCHITECT-BUILDER: "Architects can design better small houses than anybody—but . . . they claim always to lose money on such jobs. . . . The architect could go all the way into the business of providing completed small houses for sale. . . . The

urgent needs of these times must be met somehow, and if there is truth in the oft-heard contention that the architect should be the master-builder, here is his opportunity to become one in a very real sense."

Kenneth Reid, *Progressive Architecture Pencil Points*, July 1946.

COSTLY CODES: "Building codes that are archaic, that prohibit the use of new methods and materials, and that contain restrictive provisions unrelated to their prime function of providing for health and safety make a sizable contribution to excessive costs. Manifestly, a fertile field for cost reduction lies in research looking toward code revision through modernization and a large measure of standardization."

J. Marshall Mayes, Construction Division, Office of Domestic Commerce, *Domestic Commerce*, July 1946.

THE BOOKSHELF

Although inclusion of title does not necessarily mean recommendation by the REVIEW, the following recent publications will be of interest.

THE ART OF BUILDING CITIES: by Camillo Sitte. \$5.50. Reinhold Publishing Corp., 330 W. 42nd St., New York, N. Y. 1945. 128 pp.

PRICES, WAGES AND EMPLOYMENT: by Charles O. Hardy, Kenneth B. Williams, and Howard S. Ellis. Postwar Economic Studies, No. 4, May 1946. Board of Governors of the Federal Reserve System, Washington 25, D. C. 25¢.

LABOR SUPPLY FOR VETERANS HOUSING: VEHP Community Action Bulletin No. 3, July 1946. National Housing Agency, Washington 25, D. C.

REHABILITATION IN BOSTON: A Progress Report, Vol. III. The Boston City Planning Board, 43 City Hall, Boston 8, Mass. 1946. 81 pp. 10¢.

IF YOU WANT TO BUILD A HOUSE: by Elizabeth B. Mock. Simon and Schuster, Inc., for the Museum of Modern Art, New York, N. Y. 1946. \$2.00. 96 pp.

Federal Home Loan Bank Review

WHO HOLDS THE BACKLOG OF SAVINGS?

—PART II—

Last month, the REVIEW published the first in a series of three articles based on a national survey of liquid asset holdings, spending and saving. Part II analyzes the relation of savings and holdings to income.

■ THERE are many sets of statistics to prove how much the total income of the American people has risen during the past several years. Perhaps none offers as striking a fact as the one revealed by the current study of savings—namely—that in 1945 more than half of the spending units in the country had money incomes of more than \$2,000. One out of every seven spending units had a money income, before taxes, of \$4,000 or more.

The income of families as an economic unit was even higher than these figures indicate, for one-fourth of the family groups were found to have more than one spending unit. A “spending unit” was defined as comprising all persons belonging to the same family, and living in the same dwelling unit, who pooled their major items of income and expense.

This is only one of the highlights of Part II of the national survey of liquid asset holdings, spending and savings, conducted for the Federal Reserve Board by the Division of Program Surveys, Bureau of Agricultural Economics, Department of Agriculture.¹ Part II, discussed below, emphasizes the relation of savings and holdings to income.

Facts on income distribution

Along with the greatly increased national income, there has been a substantial shift in the distribution of this money. Higher wage rates and a greater degree of employment have combined to reduce the proportion of income-receivers with incomes at the lowest levels. The distribution of incomes during 1945, as computed from a representative cross-section of the population, is shown in Table 1. Less than half the spending units had incomes under \$2,000. The median—

¹ *National Survey of Liquid Asset Holdings, Spending, and Saving, Part Two: Relation of Savings and Holdings to Income*, Division of Program Surveys, Bureau of Agricultural Economics, Department of Agriculture, Washington, D. C. This article presents the highlights of Part II of the report prepared by the Division of Program Surveys, and summarized in the July issue of the *Federal Reserve Bulletin*.

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the income of the middle spending unit when all units were ranked by size of income—was \$2,020. The mean (average) income, found by dividing the total income by the number of reporting units, was \$2,620. Young people and old people had, on the average, lower incomes than did people in the middle age groups. Of the spending units whose heads were under 30 or past 60, about two-thirds had incomes of less than \$2,000 in 1945. On the other hand, of those spending units whose heads were between the ages of 30 and 40, only one-third had incomes of less than \$2,000.

There was a relation, too, between the type of community and income. Low incomes were less frequent and high incomes more frequent in metropolitan areas than in other urban areas or in rural areas. However, as the report points out, these findings were based on money incomes and did not make allowances for “income in kind,” such as food and housing, which often make up a substantial part of the earnings of farmers.

High incomes were more frequent among professional, managerial and self-employed people than in other occupational groups. Among spending units headed by professional or self-employed people, about two out of five had incomes of \$4,000 or more in 1945. Among those headed by white-collar, skilled and semi-skilled workers, one out of seven had incomes as high as that, and for unskilled workers the ratio was one out of fifty.

Table 1.—Distribution of 1945 money incomes

Income ¹	Percent of spending units	Median income in bracket
\$0-999.....	20.1	\$600
1,000-1,999.....	27.0	1,500
2,000-2,999.....	22.4	2,400
3,000-3,999.....	15.3	3,300
4,000-4,999.....	6.8	4,300
5,000-7,499.....	4.8	5,500
7,500 and over.....	2.6	10,000
Not ascertained.....	1.0
All spending units.....	100.0	2,020

¹ Income before taxes.

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Table 2.—Median amounts of liquid assets held in the various income brackets, and concentration of liquid assets by income bracket

Income bracket	Median income	Median amount of liquid assets held
\$0-999	\$600	\$20
1,000-1,999	1,500	230
2,000-2,999	2,400	470
3,000-3,999	3,300	900
4,000-4,999	4,300	1,450
5,000-7,499	5,500	2,700
7,500 and over	10,000	7,270
All spending units	2,020	1,430

¹ The mean holdings of all spending units are \$1,750. The large difference between the median and mean holdings is another indication of the concentration of liquid assets, since the mean is pulled upward by a relatively small number of very large holdings.

When asked to compare their January 1945 incomes with the same month of this year, 24 percent of those interviewed reported having had significant increases (5 percent or more) as against 29 percent with lower incomes than a year previous. One-third indicated receiving approximately the same amount.

In response to the question, "Now that the war is over, would you say you are better off or worse off financially than you were while the war was still on?" four out of ten said there was little difference. About three out of ten fared better under war conditions, two had noticed an improvement in their status, and the tenth person was undecided or his opinion could not be ascertained.

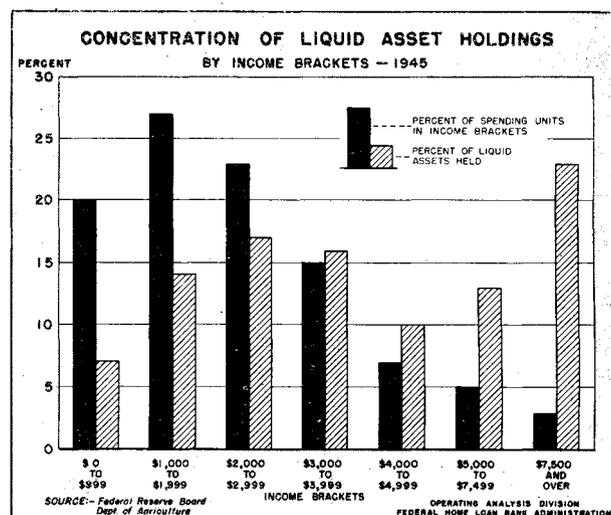
Income and liquid asset holdings

Tackling next the relationship between the amount of income and accumulated liquid assets, the report concluded that, as might be expected, the higher the income the larger the liquid assets. However, it was also found that people with the same income differed greatly in the amounts of liquid assets they held and, conversely, people with widely different incomes often had about the same amount of savings.

Table 2 on this page shows the median amount of assets held and the median income for each of seven income groups. This bears out the fact that the higher the income the higher the accumulated savings, and also the fact that the liquid asset holdings increase much more rapidly than the median incomes. For example, the median *assets* of spending units in the second income bracket (\$1,000-\$1,999) are more than ten times

as large as the median assets in the lowest bracket, whereas the median *income* is only two and one-half times as large. In the third bracket, the median assets are 100 percent larger than in the second, while the median income is only about 50 percent larger. Similar relations exist in the higher brackets.

The liquid asset holdings of people in each income bracket provide another measure of the concentration of assets. As shown in the chart on this page, those in the highest income bracket, constituting 3 percent of the spending units of the nation, hold 23 percent of the assets, and those in the three highest income brackets (15 percent of the spending units) hold 46 percent of the



assets. On the other hand, the people in the lowest income bracket, who make up 20 percent of the spending units, hold only 7 percent of the aggregate liquid assets.

This is a somewhat different picture from that obtained last month when the concentration of liquid assets was measured by ranking spending units according to the size of their holdings. By this method, it was found that the assets of half the spending units amounted to only 3 percent of the aggregate. When the holdings are arranged according to income groups, the rate of concentration appears to be much smaller. It is apparent, therefore, that some people with low incomes control the disposition of sizable amounts of liquid assets.

The range of savings

As mentioned previously, there are substantial differences in the amount of savings held by

people with the same income. This is indicated clearly in Table 3 which shows the dispersion of liquid asset holdings within each income group. To explain the significance of these figures, let us assume that there are 100 cases in the income group from \$2,000 to \$2,999, and that they are arranged in order according to the amount of accumulated savings, from the smallest to largest. The twenty-fifth case from the bottom would show liquid asset holdings amounting to \$470; and the seventy-sixth case, holdings of \$1,090. The figures in the table then show the range of the middle 50 percent of all the cases, eliminating the extreme highs and lows. It should be noted that, with the exception of the highest income class, the top one-fourth of the units in each income group had more liquid assets than at least half of the units in the next higher income group. Many spending units have the same amounts of assets as units two or even three income brackets above or below them. It follows, therefore, that

Table 3.—Dispersion of liquid asset holdings within income groups

Income class ¹	Amount of liquid assets held by holder at ²		
	First quartile	Median	Third quartile
Under \$1,000.....	\$0	\$20	\$250
1,000-1,999.....	0	230	670
2,000-2,999.....	90	470	1,090
3,000-3,999.....	300	900	1,650
4,000-4,999.....	430	1,450	3,250
5,000-7,499.....	1,035	2,700	5,450
7,500 and over.....	2,650	7,270	11,870

¹ Based on 1945 money income before taxes.

² Figures refer to holders within each income group selected as follows: First quartile—holdings of case which separates the fourth with smallest holdings from the upper three-fourths.

Median—holdings of case which is the mid-point of the distribution; half of the individuals are below and half above this case.

Third quartile—holdings of case which separates the fourth with largest holdings from the lower three-fourths.

factors other than income must be responsible for these extensive differences in assets of people in the same income group.

Purposes in saving

Most savers, the report states, met expenses first and saved whatever was left. One-fourth of the people, however, allocated in advance a certain part of their income to saving either through payroll deductions or some other plan. As to the reasons people gave for savings, "security" motives predominated; accumulating money for the purchase of specific goods was mentioned much less frequently. When they did speak about saving

for some particular purchase, it was more often for buying a home than anything else. People rarely said they saved for the purpose of buying consumer durable goods such as radios, refrigerators, washing machines and the like, but planned to buy them either out of current income or by borrowing.

Savings in relation to income

The relation of income to the *proportion* of income saved is of much greater interest than the relation of income to the amounts saved. Naturally, the higher the income of a spending unit, the higher the amounts saved are likely to be; but does the proportion of income saved also increase with income? The answer is "yes," according to the findings of the report. In the lower income brackets (under \$3,000) the proportions who saved as much as 10 percent of their incomes were relatively small. In the upper brackets, the majority saved at least 10 percent, and many saved 20 to 30 percent or more. The percent saved by the median or middle unit for the entire sample was 8 percent.

Even among those with the highest incomes, however, there were 6 percent who reported no savings or had to use part of their accumulated savings during the year, and an additional 14 percent who saved less than 10 percent. On the other hand, there were a number of spending units in the lowest brackets who saved substantial percentages of their incomes. Thus, just as income was not the only determinant of liquid asset holdings, neither was it the only determinant of the savings rate.

What were the most popular ways of saving in 1945? Of the 69 percent of all spending units

Table 4.—Relation between income changes and saving

Change in saving	Change in income ¹				
	Increase of 25 percent or more	Increase of 5 percent to 24 percent	No change in income ²	Decrease of 5 percent to 24 percent	Decrease of 25 percent or more
Increase.....	43	30	9	9	3
No change.....	38	44	67	42	25
Decrease.....	11	18	13	38	62
Not ascertained.....	8	8	11	11	10
	100	100	100	100	100

¹ Figures in each column are percentages of all spending units having the change in income specified for the column.

² Including change of less than 5 percent.

who saved something last year, 12 percent added only to their liquid assets; 25 percent by means of life insurance premiums, repayment of loans and ways other than adding to their liquid assets, and the remaining 32 percent followed both methods.

Life insurance and retirement plans, according to the survey, were the most popular forms of savings and were used by three out of five of the units. The amounts of money put into these media were relatively small—in almost all cases less than \$500. U. S. discount bonds, war or savings, were the second most popular method, and more money was put into bonds than into any other form of savings. Savings accounts and repayments of loans and mortgages were next.

Table 5.—Characteristics of large and small savers and holders of liquid assets

[Percentage of total number of spending units in group]¹

Groups of spending units	Large savers ²	Medium savers ²	Small savers ²	Large holders ²	Medium holders ²	Small holders ²
By age of head of unit:						
20-29.....	27	41	29	22	45	32
30-44.....	22	45	27	19	47	30
45-60.....	22	44	23	27	41	25
Over 60.....	21	49	21	34	28	31
By occupational status of head of unit:						
Professional or white collar worker.....	23	52	17	28	50	15
Self-employed business man.....	30	40	17	26	48	17
Skilled or unskilled worker.....	19	46	30	18	44	35
Retired or housewife.....	16	47	27	33	28	31
Unemployed.....	17	36	41	20	35	42
By education of head of unit:						
Grammar school.....	20	48	26	23	37	37
High school.....	25	41	26	24	48	23
College.....	29	43	17	34	42	16
By type of community:						
Metropolitan areas ³	13	46	34	19	47	29
Other cities of more than 50,000 population.....	20	48	25	23	43	29
Towns of 2,500 to 50,000 population.....	26	43	22	27	42	25
Towns of less than 2,500 population.....	27	44	23	22	41	32
Open country.....	37	42	17	34	30	34
By savings plans:⁴						
Have regular plan other than payroll deduction ⁵	31	45	16	32	49	13
Save by payroll deduction.....	24	50	18	24	55	14
Have no plan, but try to save.....	23	44	24	26	46	22
Say they cannot save.....	10	48	38	12	28	58

¹ Figures in each line are percentages of all spending units having characteristic indicated in stub; for each characteristic shown, the percentage figures in each set of three columns, together with percentages not shown for units for which the particular characteristics were not ascertained, add across to 100 percent.

² Terms "large," "medium," and "small" savers or holders refer to amounts saved in 1945 or amounts of liquid assets held in first quarter of 1946 relative to income and not to dollar amounts of savings or holdings.

³ The 11 largest cities including their suburbs.

⁴ Farmers have been omitted from this grouping since the irregular nature of their incomes makes it difficult for them to have a regular savings plan.

⁵ People who saved by payroll deduction and also had other savings plans of their own are included in both columns. Payroll deduction refers only to purchase of Series E savings bonds.

For what purposes did people use their liquid assets in 1945? More than half the spending units who reduced their holdings used some or all of the money for regular living expenses or to meet hospital or medical costs. The amounts used for these purposes usually averaged less than \$500. When people drew on liquid assets to invest in real estate, business or securities, or to repay loans, they generally used substantial amounts. Thus, although less than one-fourth of the spending units drew for such purposes, the sums withdrawn for reinvestment amounted to more than half the total taken from liquid assets during the year.

Rate of savings declined

During 1945, nearly half of the spending units changed the amount they saved each month, and most of the changes were in a downward direction. Decreases were reported by 27 percent as against 15 percent who said they saved more in January 1946 than in the same month of 1945. No change was indicated by 47 percent of the units surveyed. An additional 11 percent could not estimate their change in monthly savings.

The proportion of spending units who saved nothing out of income (including those who used some of their past savings for consumption purposes) was a fourth higher in January of this year than in January 1945. Considering those who did save in one or both of these months, it was found that the percentage of income saved declined about one-fifth during the 12-month period.

Relating the changes in savings to changes in income showed that people whose incomes increased tended to save larger amounts and people with falling incomes tended to cut down on savings. It is interesting to note in Table 4, however, that whereas only 43 percent of those whose incomes rose substantially during the year increased their saving, 62 percent of those with major income reductions cut down savings. It was found that the tendency for people to vary the amount they save in accordance with changes in their incomes held at all income levels.

Non-income factors affecting savings

Throughout Part II of the report the point is emphasized that, while income is the principal factor, there are many other contributing elements accounting for the substantial differences in liquid asset holdings. To study this problem it was necessary to compare spending units whose incomes were alike but whose assets or annual sav-

ings differed. Units with *like incomes* were separated into large, medium and small "holders" and "savers" of liquid assets. Large or small, used in this sense, referred only to the relative status of these units as compared with other units in the same income group.

Table 5 on page 336 analyzes several characteristics of the large and small holders and savers. This presentation emphasizes the influence of non-income factors such as age, occupation, education, size of community and savings plans.

There was no consistent relation between people's ages and their 1945 rate of saving. Both large and small savers were somewhat more frequent among young people than among older people. But older people did tend to have larger liquid asset holdings for their incomes, having had longer to accumulate them.

As to occupational groups (aside from farmers), self-employed businessmen and professional and white-collar workers were "large" savers out of current incomes, followed in order by skilled and unskilled laborers, those without paid occupations (retired and housewives) and the unemployed. These differences in savings rates were reflected in the amounts of assets held by people in different occupational groups. A third of the skilled and unskilled workers were small holders by comparison with others having the same income, whereas only a sixth of the businessmen or professional or white-collar workers were so classified.

Differences in the amount of education also seemed to affect people's savings tendencies. Those with the most education tended to save more out of current incomes than did people at the same income level but having less education. The differences were even more pronounced in the accumulation of liquid asset holdings. Of those with college training, only 16 percent were small holders and 34 percent were large; of those with grammar school education, 37 percent were small holders and 23 percent were large holders.

Among people at the same income level, 31 percent of those who had regular plans (other than payroll deduction) were large savers, as against only 23 percent who had no plan but tried to save. The same relation existed in accumulated holdings: 32 percent of those who had a regular plan were large holders and only 26 percent of those without plans were in this category.

August 1946



DIRECTORY CHANGES



June 1—June 30, 1946

Key to changes

- * Admission to membership in Bank System.
- ** Termination of membership in Bank System.
- # Federal charter granted.
- ∅ Insurance certificate granted.

WINSTON-SALEM DISTRICT

DISTRICT OF COLUMBIA:

Washington:

- #Anacostia Federal Savings and Loan Association, 1338 Good Hope Road, S. E.

LITTLE ROCK DISTRICT

LOUISIANA:

Denham Springs:

- *Livingston Savings and Loan Association, Brown Hotel Building.

TEXAS:

Littlefield:

- *Littlefield Federal Savings and Loan Association, 429 Phelps Avenue.

SAN FRANCISCO DISTRICT

CALIFORNIA:

Escondido:

- **Escondido Federal Savings and Loan Association, 111 North Broadway.

San Diego:

- ∅The Silver Gate Building and Loan Association, 472 Spreckles Building.

Indianapolis

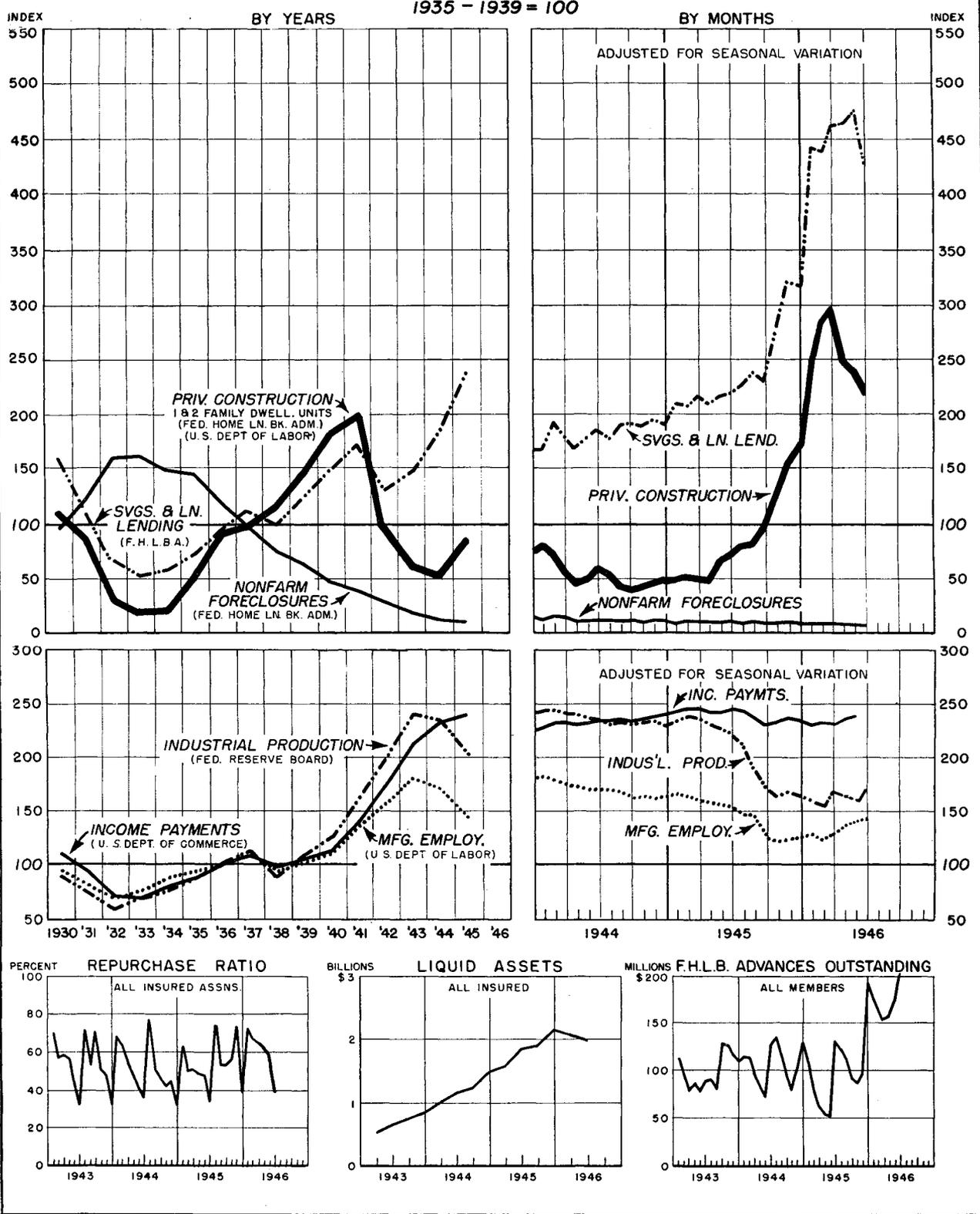
(Continued from p. 331)

contemplated that all low-income families can be housed in new homes, nor that all the families now residing in the area under study will return to the area after it is redeveloped. We believe that many families now living in the area and many of like circumstances outside the area are definitely interested in the program and will endeavor to acquire parcels of real estate. It is also our opinion that families of the middle and higher income groups will be interested in acquiring home sites in this area, which will offer the advantages of an attractive livable neighborhood.

The Indianapolis redevelopment plan seeks to restore livability to blighted areas near the center of our city as well as to make such areas financially sound. This means financially sound not only in paying their just share for city service, but, as a result of increased valuation in the areas, in recovering for the city over a period of years its share of acquisition and clearance costs. This plan proposes teamwork, private enterprise and government working together. This plan will demonstrate that cities can finance their slum clearance programs without outside financial aid.

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RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS



« « « MONTHLY SURVEY » » »

BUSINESS CONDITIONS—June output at postwar high level

Settlement of the major labor-management disputes, which have hindered the progress of reconversion throughout most of the first half of this year, began to bear fruit during June in the form of greater industrial output. The Federal Reserve Board's seasonally adjusted index of industrial production jumped 11 points from May to reach 170—the highest level recorded since August of last year.

The June rate compares with earlier postwar highs of 168 percent of the 1935–1939 average registered last November and again in March. Most of the increase was attributable to the recovery in the output of coal and of iron and steel. The production of durable goods gained about 10 percent during June, but the output of nondurables showed little change as declines in manufactured food products were offset by moderate gains in most other lines.

Department store sales in June, after allowance for seasonal factors, were the largest on record. Sales during the first half of this year averaged approximately 27 percent higher than in the same 1945 period. The return of many consumer goods to the markets has been the primary factor, and the June production of washing machines, gas ranges, vacuum cleaners, electric irons and radios progressed at rates above the prewar peak levels of 1941.

Lumber again led the steadily increasing flow of materials for the Veterans Emergency Housing Program, with May output at 3.1 billion board feet—the first month since August 1944 that lumber production exceeded 3 billion feet. Combined output of brick and tile, and structural insulation board as well, established postwar

production peaks; clay sewer pipe, cement, gypsum board and lath, and asphalt roofing and siding all increased. The only declines were in cast iron soil pipe and radiation and convactor radiators—a result of shortages of pig iron and coke, copper and sheet steel.

Price levels were rising even in the “pre-OPA holiday” month of June. The Bureau of Labor Statistics' index of wholesale prices rose 1.7 percent, bringing to 5.4 percent the total increase for the first six months of this year. Wholesale prices of building materials were up 2 percent during the month, and almost 9 percent in the half-year period.

Total employment is believed to have reached 57 million—the target often set for “full employment” in peacetime. Seasonally adjusted data on employment in non-agricultural establishments during June showed additional gains, resulting from substantial increases in construction and mining industries and a slight gain in manufacturing plants.

Barring interruptions, the last half of the year should witness a succession of new peacetime production records in nearly every field. However, a shortage of labor may be a limiting factor.

BUILDING ACTIVITY—Permits fell for third successive month

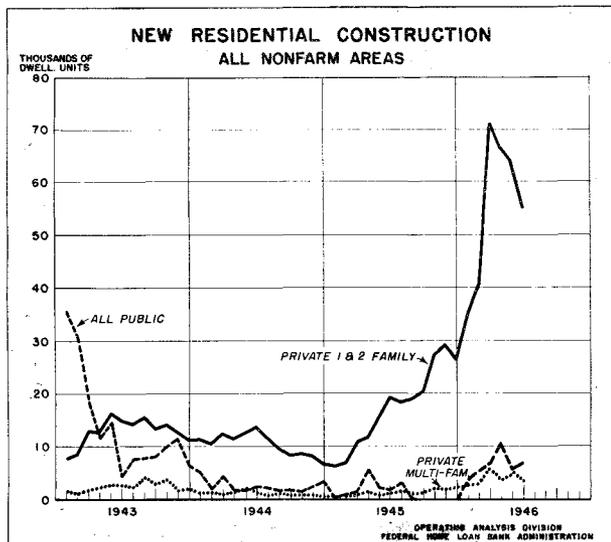
Residential building permits issued, while rising sharply in volume during the first three months of 1946, have now declined for three successive months. The June total of 64,900 new dwelling units, as reported for nonfarm areas by the Bureau of Labor Statistics, was 13 percent below the total for the previous month. Private building was down 15 percent, while the Government financed re-use program gained 4 percent. Despite recent reductions, the June total was still nearly three times the level of the same month in 1945.

During the first half of 1946, permits were issued for an estimated 396,200 nonfarm residential dwelling units. This represented more than four times the activity for the first half of 1945 and was about 8 percent higher than permits reported for the same period in 1941. Privately financed construction was 14 percent higher than in the first

Index [1935-1939=100]	June 1946	May 1946	Percent change	June 1945	Percent change
Home construction (private) ¹	218.0	243.8	-10.6	71.8	+203.6
Foreclosures (nonfarm) ¹	6.7	7.1	-5.6	10.0	-33.0
Rental index (BLS).....	108.5	108.4	+0.1	108.3	+0.2
Building material prices.....	145.1	142.7	+1.7	131.1	+10.7
Savings and loan lending ¹	426.0	477.9	-10.9	215.6	+94.9
Industrial production ¹	170.0	159.0	+6.9	220.0	-22.7
Manufacturing employment ¹	142.9	141.0	+1.3	162.0	-11.8
Income payments ¹	239.0	239.7	-0.3	244.6	-2.3

¹ Revised.

² Adjusted for normal seasonal variation.



six months of 1941, while the volume of dwellings in Government projects was down 28 percent. [TABLES 1 and 2.]

BUILDING COSTS—Upward trend continued

The unbroken upward trend in residential construction costs was continued in June. From the level of 143.5 in May, the FHLB index of the cost of building the standard house rose 1.5 percent to 145.6 (1935-1939=100). Both material and labor charges contributed to this rise, the former increasing 1.7 percent during the month to 141.6, and the latter advancing 0.9 percent to 153.6. During the last 12 months, the total cost index for the standard house increased 6.3 percent.

The U. S. Department of Labor's index of wholesale building material prices advanced 1.7 percent during June to 145.1. This was the second largest monthly increase so far this year, and brought the cumulative gain since January 1 to almost 9 percent. During the first six months of 1945, the index advanced less than 1 percent.

Construction costs for the standard house

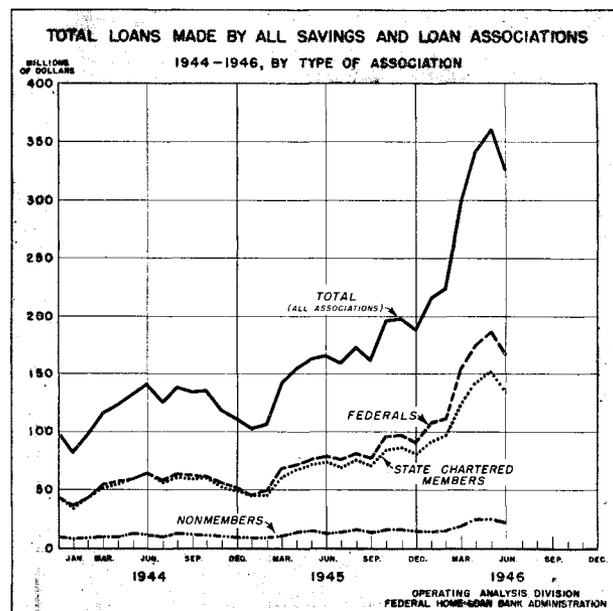
[Average month of 1935-1939=100]

Element of cost	June 1946	May 1946	Per-cent change	June 1945	Per-cent change
Material.....	141.6	139.2	+ 1.7	133.5	+ 6.1
Labor.....	153.6	152.3	+ 0.9	143.9	+ 6.7
Total.....	145.6	143.5	+ 1.5	137.0	+ 6.3

Prices of plumbing and heating supplies showed the largest increase during the month, 5 percent, followed by lumber and miscellaneous building materials, up approximately 2 percent. Gains of less than 1 percent were reported for brick and tile and paint and paint materials. Indexes of wholesale prices of structural steel and cement remained unchanged in June. [TABLES 3, 4 and 5.]

MORTGAGE LENDING—June total dropped 10 percent

New mortgage lending by all savings and loan associations, which had reached five new all-time highs in as many consecutive months, was down 10 percent during June. This decrease was general throughout the country. All types of loans shared in the decline from May, home purchase and new construction loans showing slightly larger percentage drops than the remaining categories.



Despite the decline in June, new lending for the first half of this year established by a wide margin a new record for savings and loan associations. About \$1,770,000,000 in new loans were made in this six-month period compared with \$800,000,000 during the same months of 1945 and \$1,379,000,000 during the entire year 1941.

The volume of construction loans made to date this year was more than five times as great as that reported during the first half of last year. Over this interval, reconditioning loans advanced 114 percent and home purchase loans, 97 percent.

New mortgage loans distributed by purpose

[Dollar amounts are shown in thousands]

Purpose	June 1946	May 1946	Per- cent change	June 1945	Per- cent change
Construction.....	\$56,297	\$62,189	-9.5	\$17,567	+220.5
Home purchase.....	218,575	243,458	-10.2	116,798	+87.1
Refinancing.....	22,402	24,451	-8.4	17,147	+30.6
Reconditioning.....	6,625	6,954	-4.7	3,364	+96.9
Other purposes.....	22,098	24,246	-8.9	12,435	+77.7
Total.....	325,997	361,298	-9.8	167,311	+94.8

However, home purchase lending continued to be the most important element in current activity. Almost 68 percent of total new lending during the first half of this year was for that purpose, and 16 percent for new construction. This compared with 73 and 7 percent, respectively, in the first six months of 1945. [TABLES 6 and 7.]

MORTGAGE RECORDINGS—Volume down 5 percent from May peak

Real estate financing activity climbed to the highest level on record during the first six months of this year. The estimated \$4,788,000,000 of nonfarm mortgages of \$20,000 or less recorded during this half-year period represented a gain of 87 percent over the January-June period of 1945 and *exceeded by 1 percent the value of such mortgages recorded during the entire year 1941.*

A number of factors contributed to the steep upward trend in mortgage activity evident since last fall. Among the most important of these

Mortgage recordings by type of mortgagee

[Dollar amounts are shown in millions]

Type of lender	June		Cumulative	
	1946 amount	Percent change from 1945	1946 (6 months)	Per- cent of total
Savings and loan associations.....	\$308	+75.1	\$1,672	34.9
Insurance companies.....	40	+83.0	197	4.1
Banks, trust companies.....	246	+168.9	1,161	24.3
Mutual savings banks.....	50	+169.9	230	4.8
Individuals.....	169	+38.7	992	20.7
Others.....	105	+82.1	536	11.2
Total.....	972	+88.4	4,788	100.0

were the continuing great demand for existing houses, the sharp increase in home construction, further rises in real estate prices which were reflected in larger mortgage loans, and the increased number of high-percentage home loans being made under the GI Bill. The average mortgage recorded during January-June was \$4,012 compared to \$3,372 in the same period last year.

In addition to the precipitous rise in the volume of mortgage financing activity since VJ Day, another significant development has been the shift in the proportion of total financing accounted for by the various types of mortgagees. At the expense of insurance companies, individuals and miscellaneous lenders, commercial banks boosted their share of total recordings from 18.8 percent during the first half of 1945 to 24.3 percent this year and mutual savings banks increased their share from 3.5 to 4.8 percent. Savings and loan associations, continuing their leadership in the home mortgage field, accounted for 34.9 percent of total recordings during the first six months of this year compared with 34.4 percent in 1945.

From an all-time high of \$964,000,000 reached in May, nonfarm recordings dropped 5 percent during June to \$917,000,000. This decline, which may be attributed to a continuation of seasonal influences and a current drop in residential construction, was shared by all types of lenders, except insurance companies and banks and trust companies whose recording volumes increased 3 and 2 percent, respectively. The largest relative decline from May, 10 percent, was that shown by individuals. [TABLES 8 and 9.]

FORECLOSURES—Six-month total 23 percent below 1945 period

In sharp contrast to the worst days of 1933, when a rate of 1,000 cases a day was reached, nonfarm foreclosures have now dropped to less than 1,000 a month throughout the United States.

Data on the number of nonfarm foreclosures are available only for the last 20 years; however, it is probable that in relation to the number of mortgages outstanding, foreclosures are currently at the lowest level in the nation's history.

During the first six months of 1946, a total of 6,023 foreclosure cases were started, a drop of 23 percent from the first half of 1945. Each Federal Home Loan Bank District shared in this reduction, with the exception of the San Francisco area which reported a rise of 29 percent. [TABLE 15.]

FEDERAL HOME LOAN BANK SYSTEM

[TABLE 12]

With few exceptions, the pattern of Federal Home Loan Bank operations in the first six-month reporting period since the fall of Japan did not vary much from that of the war years. Consolidated assets of the Banks continued to grow, amounting to \$348,062,000 by June 30, 1946. This represented a gain of \$38,230,000 since mid-1945 and \$13,154,000 over the 1945 year-end figure.

As anticipated, FHL Bank advances outstanding passed the \$200-million mark to reach a total of \$203,296,000 on June 30 of this year. Standing at the highest level since January 1942, the outstanding balance was the largest ever recorded for the month of June. Likewise, the \$148,481,000 volume of FHLB lending to member institutions was greater during the January-June period of 1946 than in any previous year, even though this was the first semi-annual period since the war when advances had not been influenced by war bond drives. A continuation of the high rate of mortgage financing activity by Bank System members is likely to result in the establishment of new all-time highs in FHLB advances during the last half of 1946. The previous peak of \$219,000,000

was reached in December 1941. Bank advances in June—\$44,519,000—were higher than in May this year. Nevertheless, lending activity during June was only about half that of the same month in 1945.

Repayments of \$140,058,000 by members during the first six months this year also topped previous totals for any like period. Since March, however, repayments have fallen considerably below FHLB advances. Aside from the usual mid-year rise in the advance balance, some of the increase may be attributed to the spread between net inflow of new private capital into member associations and the growing demand throughout the country for residential mortgage financing. Repayments totaling \$13,892,000, made to the Banks in June, were more than double those of June 1945. They were, however, slightly lower than the May 1946 figure.

Total liabilities of the Banks had increased by \$26,479,000 in the same interval, to stand at \$122,897,000 at the end of June 1946. Most of this change was due to the \$17-million addition since last June to debentures outstanding, although deposits also gained over \$9 million.

Condensed consolidated statement of condition of the Federal Home Loan Banks as of June 30, 1946

ASSETS		LIABILITIES AND CAPITAL	
CASH.....	(6.14%) \$21,380,273.32	LIABILITIES	
Cash on hand and on deposit in the U. S. Treasury and commercial banks.....		DEPOSITS.....	\$54,845,325.40
INVESTMENTS.....	(35.20%) 122,510,618.42	Demand and time deposits of members totaled \$54,794,700.40 and the deposits of applicants on stock subscribed in connection with membership applications, \$50,625.00.....	
United States Treasury Bills \$2,449,464.87		ACCRUED INTEREST PAYABLE.....	162,267.26
Other direct obligations of the U. S. Government \$120,061,153.55.....		Interest accrued but not due on members' time deposits, \$36,642.26 and on consolidated debentures, \$125,625.00.....	
ADVANCES OUTSTANDING.....	(58.41%) 203,295,570.99	DIVIDENDS PAYABLE.....	858,770.73
Advances made under provisions of the Federal Home Loan Bank Act to members.....		Dividends payable in July 1946 on stock as of record June 30, 1946.....	
ACCRUED INTEREST RECEIVABLE.....	(0.21%) 713,704.53	ACCOUNTS PAYABLE.....	30,609.11
Interest accrued but not due on investments and advances outstanding.....		DEBENTURES OUTSTANDING.....	67,000,000.00
DEFERRED CHARGES.....	(0.01%) 30,350.63	Series "B-1946" 0.90% due October 15, 1946.....	
Prepaid expense items applicable to future operations.....		Consolidated debentures outstanding which are the joint and several obligations of the Federal Home Loan Banks.....	
OTHER ASSETS.....	(0.03%) 131,574.21	TOTAL LIABILITIES.....	\$122,896,972.50
Accounts receivable and miscellaneous assets.....		CAPITAL	
TOTAL ASSETS.....	(100.00%) \$348,062,062.10	CAPITAL STOCK:	
		Fully paid issued and outstanding.....	\$203,217,400.00
		Subscribed for and partially paid.....	\$13,500.00
		Less unpaid balance.....	6,750.00
			6,750.00
		Total paid in.....	\$203,210,650.00
		SURPLUS:	
		Legal reserve (20% of net earnings).....	9,923,899.02
		Reserve for contingencies.....	3,620,594.10
		Total surplus.....	\$13,544,493.12
		UNDIVIDED PROFITS.....	8,409,976.48
		TOTAL CAPITAL.....	\$225,165,119.60
		TOTAL LIABILITIES AND CAPITAL.....	\$348,062,092.10

As of June 30, 1946 the Reconstruction Finance Corporation held 60.8 percent of the total capital stock in the Federal Home Loan Banks, which represented an investment of \$123,651,200. The capital stock of the Banks owned by members totaled \$79,566,200, an increase of \$5,905,100, or 8.0 percent over December 31, 1945. The surplus-reserve and undivided profits accounts of the several Banks reflect an increase from \$21,048,558.41 at the close of 1945 to \$21,954,469.60 on June 30, 1946 which is a gain of 4.3 percent.

Perhaps the most noteworthy change in the capital structure of the FHL Banks in the first six months of 1946 occurred early in January when both the Cincinnati and Indianapolis Banks reduced the amount of their capital stock held by the RFC. During July 1945 the amount of stock held by members of the Cincinnati Bank for the first time exceeded that held by the RFC, and payments by members since that time enabled that Bank to make its initial reduction—\$329,600—in original Government stock subscriptions. In its second retirement operation, the Indianapolis Bank paid off \$529,100 in Government-owned stock. As of June 30, members of the Cincinnati and Indianapolis Banks owned 53 and 59 percent, respectively, of their Banks' outstanding capital stock. Total capital of the 11 Banks on June 30 of this year was \$203,210,000—approximately \$9.5 million higher than the mid-1945 statement.

Interest rates on advances to members of the Federal Home Loan Bank System ¹

Federal Home Loan Bank	Rate in effect July 1, 1946	Type of advance
Boston	Percent 1½	On advances, secured or unsecured, for periods up to 1 year.
	2	On advances for periods up to 5 years.
New York	2½	On advances for periods up to 10 years.
	1½	On short-term advances.
Pittsburgh	2	On long-term advances for periods up to 5 years.
	2½	On long-term advances for more than 5 years.
Winston-Salem	2	On advances not exceeding 1 year; such advances must be collateralized by either mortgages or Government securities, the latter to be submitted through the custodianship agreement with the Chase National Bank of New York or a custodianship arrangement entered into by the member with some other incorporated financial institution.
	2½	On advances from 1 to 5 years, such advances to be collateralized by either mortgages or Government securities.
Cincinnati	2½	On unsecured advances within certain limits.
	2	All advances.
Indianapolis	1½	On advances not exceeding 1 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.
	2	All other advances.
Chicago	1½	On advances not exceeding 6 months.
	2	On advances not exceeding 1 year, but in excess of 6 months.
Des Moines	2	On long-term advances.
	1½	On short-term advances amortized in equal monthly, quarterly or semi-annual installments; such advances must not exceed in the aggregate 10% of the gross assets of borrowing member.
Little Rock	2	On short-term advances which exceed 10% of member's gross assets or which are unamortized.
	2	On advances for more than 1 year but not more than 5 years.
Topeka	2½	On advances of more than 5 years.
	2	On all advances.
San Francisco	2	On all advances.
	2½	On advances not exceeding 5 years.
	2½	On advances up to 10 years.
	2	On all advances.

¹ Rates on advances to nonmembers are ½ percent higher, except Cincinnati which charges 1 percent more.

Dividends declared by the Federal Home Loan Banks on June 30, 1946

Federal Home Loan Bank	Rate per annum	Members	Government ¹	Total
	Percent			
Boston	1.0	\$33,270.12	\$62,337.50	\$95,607.62
New York	1.0	37,443.17	94,816.00	132,259.17
Pittsburgh ²				
Winston-Salem ²				
Cincinnati	1.25	85,789.02	77,788.13	163,577.15
Indianapolis	1.5	61,735.36	43,629.00	105,364.36
Chicago	1.5	61,394.34	106,304.25	167,698.59
Des Moines	1.5	43,468.00	55,461.75	98,929.75
Little Rock	1.0	14,226.17	43,862.00	58,088.17
Topeka	1.0	12,561.24	36,668.00	49,229.24
San Francisco	1.0	40,636.35	79,639.50	120,275.85
Total		390,523.77	600,506.13	991,029.90

¹ On February 20, 1941 the R. F. C. purchased from the U. S. Treasury, its holdings of Federal Home Loan Banks' stock as provided for by an Act of the Congress, approved June 25, 1940. The Treasury Department waived any claim to dividends arising from earnings subsequent to January 1, 1941.

² These Banks declare dividends as of December 31.

Combined surplus and undivided profits were \$2.25 million larger on June 30 of this year than those reported for the same date in 1945. The June 1946 surplus total amounted to \$13,544,000 and undivided profits to \$8,410,000.

Dividends and interest rates

With one exception, there was no change in the semi-annual dividend rates of the nine Banks making such June 30 payments. Since last year, the Cincinnati Bank lowered its rate from 1.5 percent to 1.25 percent.

The semi-annual dividends paid by the nine Banks on June 30 totaled \$991,030. Member institutions received \$390,524 and the RFC, \$600,506. Since they were set up in 1932, FHL Banks have distributed an aggregate of almost \$27 million in dividends. Of this amount, about \$7 million has gone to members and nearly \$20 million to the Government.

The major shifts in interest rates charged by the various FHL Banks included the elimination of the special type of short-term advances which had been made during the war for the purchase of Government securities in war loan drives.

INSURED ASSOCIATIONS—Six-month totals revealed record operations

Total resources of insured savings and loan associations reached \$6,743,000,000 on June 30, 1946, after registering a substantial gain of \$595,000,000, or 10 percent, during the preceding six months. Only a fraction of this rise resulted from the net addition of 15 to the number of in-

(Continued on p. 350)

Table 1.—BUILDING ACTIVITY—Estimated number of new family dwelling units provided in all urban areas in June 1946, by Federal Home Loan Bank District and by state

[Source: U. S. Department of Labor]

Federal Home Loan Bank District and state	Total urban residential construction			Private residential construction						Public residential construction		
	June 1946 ^p	May 1946 ^r	June 1945	1- and 2-family dwellings			3- and more-family dwellings			June 1946 ^p	May 1946 ^r	June 1945
				June 1946 ^p	May 1946 ^r	June 1945	June 1946 ^p	May 1946 ^r	June 1945			
UNITED STATES.....	42,469	48,216	13,626	33,369	39,091	10,987	3,144	4,492	1,001	5,956	4,633	1,638
Boston.....	1,600	2,144	374	1,358	1,523	281	59	251	143	183	370	
Connecticut.....	376	325	63	223	213	28		112	35	153		
Maine.....	70	73	4	70	73	4						
Massachusetts.....	741	1,377	252	604	948	144	47	139	108		290	
New Hampshire.....	177	176	2	177	96	2					80	
Rhode Island.....	206	157	51	194	157	51	12					
Vermont.....	30	36	2		36	2				30		
New York.....	5,226	4,705	817	2,609	3,350	492	345	1,337	50	2,272	18	275
New Jersey.....	1,777	1,293	565	849	966	278	56	309	12	872	18	275
New York.....	3,449	3,412	252	1,760	2,384	214	289	1,028	38	1,400		
Pittsburgh.....	2,093	2,774	179	1,781	2,433	167	60	261	12	252	80	
Delaware.....	60	22	2	60	22	2						
Pennsylvania.....	1,636	2,457	132	1,539	2,128	124	51	249	8	46	80	
West Virginia.....	397	295	45	182	283	41	9	12	4	206		
Winston-Salem.....	5,511	6,026	1,475	4,585	5,449	1,342	640	323	89	286	254	44
Alabama.....	537	700	237	526	666	193	11	4			30	
District of Columbia.....	149	332	113	47	240	83	102	92	30			
Florida.....	1,411	1,315	423	1,114	1,171	371	181	107	52	116	37	
Georgia.....	781	874	173	749	850	170	8		3	24	24	
Maryland.....	885	827	29	857	818	29	4	9		24		
North Carolina.....	657	869	226	558	798	226	71	29		28	42	
South Carolina.....	213	294	52	195	262	48			4	18	24	
Virginia.....	878	815	222	539	644	222	263	74		76	97	
Cincinnati.....	3,271	3,353	1,009	2,268	2,509	935	309	247	74	694	597	
Kentucky.....	592	353	45	330	284	41	7	16	4	255	53	
Ohio.....	2,086	2,364	753	1,348	1,609	683	299	211	70	439	544	
Tennessee.....	593	636	211	500	616	211	3	20				
Indianapolis.....	2,732	3,435	1,353	2,316	2,999	1,314	8	50	39	408	386	
Indiana.....	939	859	273	879	847	249	3	12	24	57		
Michigan.....	1,793	2,576	1,080	1,437	2,152	1,065	5	38	15	351	386	
Chicago.....	2,986	3,684	759	2,589	2,855	702	130	241	57	267	588	
Illinois.....	2,127	2,427	368	1,832	1,950	356	117	222	12	178	255	
Wisconsin.....	859	1,257	391	737	905	346	13	19	45	89	333	
Des Moines.....	2,922	3,764	454	2,376	2,692	451	279	77	3	267	995	
Iowa.....	738	888	51	580	569	51	63	42		95	277	
Minnesota.....	1,005	1,526	246	943	1,188	246	14	22		48	316	
Missouri.....	1,006	978	107	696	598	104	202	13	3	108	367	
North Dakota.....	90	216	23	74	201	23				16	15	
South Dakota.....	83	156	27	83	136	27					20	
Little Rock.....	4,454	5,554	1,788	4,339	5,319	1,494	115	165	254		70	40
Arkansas.....	227	218	63	223	148	63	4	20			50	
Louisiana.....	404	406	272	404	406	116			156			
Mississippi.....	304	411	119	299	398	119	5	13				
New Mexico.....	51	140	70	51	140	26			4			40
Texas.....	3,468	4,379	1,264	3,362	4,227	1,170	106	132	94		20	
Topeka.....	1,674	2,695	440	1,471	2,030	440	203	67			598	
Colorado.....	724	1,245	133	532	628	133	192	51			566	
Kansas.....	345	554	69	345	538	69		16				
Nebraska.....	250	285	66	242	253	66	8				32	
Oklahoma.....	355	611	172	352	611	172	3					
San Francisco.....	10,000	10,082	4,978	7,677	7,932	3,419	996	1,473	280	1,327	677	1,279
Arizona.....	77	156	105	74	102	101	3	6	4		48	
California.....	7,648	6,981	4,053	5,539	5,522	2,548	926	1,389	266	1,183	70	1,239
Idaho.....	207	393	77	203	226	77	4				167	
Montana.....	232	164	32	232	144	32		20				
Nevada.....	314	141	89	202	141	89				112		
Oregon.....	478	561	221	459	542	177	19	19	4			40
Utah.....	275	231	60	257	215	60	18	16				
Washington.....	730	310	292	672	974	286	26	12	6	32	324	
Wyoming.....	39	145	49	39	66	49		11			68	

^p Preliminary. ^r Revised.

Table 2.—BUILDING ACTIVITY—Estimated number and valuation of new family dwelling units

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

Period	Number of family dwelling units provided						Permit valuation					
	Total construction	Private construction				Public construction	Total construction	Private construction				Public construction
		Total	1-family	2-family	3- and more-family			Total	1-family	2-family	3- and more-family	
Nonfarm												
1941: January-June	368,187	313,632	265,259	14,807	33,566	54,555	\$1,270,266	\$1,096,499	\$967,816	\$35,538	\$93,145	\$173,767
June	77,203	64,153	56,150	2,805	5,198	13,050	271,283	229,135	207,999	7,023	14,113	42,148
1945: January-June	89,700	76,980	67,145	4,086	5,749	12,720	276,618	242,484	213,679	12,265	16,540	34,134
June	22,300	20,412	18,711	619	1,082	1,888	73,528	68,288	63,228	2,092	2,968	5,240
July	23,300	19,948	17,377	823	1,748	3,352	79,991	70,881	62,511	2,811	5,559	9,110
August	20,400	20,154	18,364	668	1,122	246	74,903	74,162	67,887	2,244	4,031	741
September	21,800	21,800	19,665	888	1,247	-----	80,094	80,094	72,280	3,306	4,508	-----
October	29,800	29,775	26,696	929	2,150	25	124,532	124,294	111,861	3,779	8,654	238
November	31,400	31,400	28,229	1,146	2,025	-----	129,195	129,195	117,642	4,379	7,174	-----
December	29,100	29,100	25,116	1,426	2,558	-----	127,065	127,065	112,467	4,912	9,686	-----
1946: January-June	396,200	356,897	319,279	14,381	23,237	39,303	1,673,103	1,562,096	1,416,675	58,363	87,058	111,007
January	43,900	39,093	34,764	1,395	2,934	4,807	182,916	162,304	147,800	5,222	9,282	20,612
February	48,500	43,379	38,726	1,889	2,764	5,121	205,706	185,048	169,036	6,969	9,043	20,658
March	83,600	76,949	68,408	2,783	5,758	6,651	367,766	352,956	316,924	12,098	23,934	14,810
April	81,000	70,461	64,165	2,671	3,625	10,539	335,517	310,847	286,437	10,991	13,419	24,670
May	74,300	68,826	60,617	3,417	4,792	5,474	307,235	296,138	265,321	13,754	17,063	11,097
June	64,900	58,189	52,599	2,226	3,364	6,711	273,963	254,803	231,157	9,329	14,317	19,160
Urban												
1941: January-June	231,694	193,017	150,619	12,029	30,369	38,677	837,722	715,057	598,007	30,439	86,611	122,665
June	47,994	37,302	30,549	2,211	4,542	10,692	177,551	143,129	124,474	5,896	12,759	34,422
1945: January-June	58,040	51,053	41,761	3,828	5,464	6,987	199,687	181,045	153,583	11,726	15,736	18,642
June	13,626	11,988	10,437	550	1,001	1,638	52,643	48,186	43,551	1,940	2,695	4,457
July	15,913	12,956	10,464	782	1,710	2,957	59,830	51,682	43,520	2,707	5,455	8,148
August	13,059	12,915	11,206	626	1,083	144	54,800	54,262	48,199	2,138	3,925	538
September	14,619	14,619	12,567	845	1,207	-----	60,133	60,133	52,537	3,197	4,399	-----
October	19,496	19,496	16,582	857	2,057	-----	91,114	91,114	79,194	3,551	8,369	-----
November	20,417	20,417	17,421	1,069	1,927	-----	93,953	93,953	82,944	4,134	6,875	-----
December	19,256	19,256	15,494	1,241	2,521	-----	95,040	95,040	80,639	4,275	10,126	-----
1946: January-June	264,751	229,579	193,730	13,728	22,121	35,172	1,217,415	1,115,901	976,104	56,316	83,481	101,514
January	30,725	25,918	21,786	1,309	2,823	4,807	139,598	118,986	105,098	4,947	8,941	20,612
February	33,479	28,503	24,072	1,792	2,639	4,976	151,478	131,886	116,568	6,659	8,659	19,592
March	56,002	50,066	41,785	2,683	5,598	5,936	266,133	252,537	217,388	11,749	23,400	13,596
April	53,860	44,996	39,000	2,571	3,425	8,864	240,969	219,412	195,969	10,688	12,755	21,557
May	48,216	43,583	35,824	3,267	4,492	4,633	220,656	211,320	181,907	13,304	16,109	9,336
June	42,469	36,513	31,263	2,106	3,144	5,956	198,581	181,760	159,174	8,969	13,617	16,821

r Revised.

Table 3.—BUILDING COSTS—Index of wholesale prices of building materials

[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
1944: June	129.4	110.7	105.8	171.5	130.0	121.4	103.5	111.4
1945: 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
1946: January	134.0	128.7	111.0	176.5	132.5	124.8	103.5	115.3
February	135.0	128.7	111.4	178.3	132.5	124.9	109.7	115.9
March	139.5	129.2	112.3	186.6	132.5	124.9	115.9	121.4
April	141.3	132.0	112.4	190.9	132.8	132.4	115.9	122.0
May	142.7	132.6	112.6	192.1	133.0	132.4	115.9	125.1
June	145.1	133.5	112.6	196.0	133.5	139.3	115.9	128.0
Percent change:								
June 1946-May 1946	+1.7	+0.7	0.0	+2.0	+0.4	+5.2	0.0	+2.3
June 1946-June 1945	+10.7	+9.3	+3.2	+13.6	+2.1	+14.5	+12.0	+13.5

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

[Average month of 1935-1939=100]

Element of cost	1946						1945						
	June	May	April	March	February	January	December	November	October	September	August	July	June
Material.....	141.6	139.2	138.0	137.1	136.3	135.5	135.2	135.0	134.6	134.1	133.9	133.8	133.5
Labor.....	153.6	152.3	150.3	148.8	148.3	147.8	147.3	147.1	146.1	145.9	144.4	144.0	143.9
Total.....	145.6	143.5	142.1	141.0	140.3	139.6	139.2	139.0	138.4	138.0	137.4	137.2	137.0

Table 5.—BUILDING COSTS—Index of building costs in representative cities¹

[Average month of 1935-1939=100]

Federal Home Loan Bank District and city	1946			1945		1944	1943	1942	1941	1940
	July	Apr.	Jan.	Oct.	July	July	July	July	July	July
New York:										
Camden, New Jersey.....			158.6		145.2	143.6	136.4	138.9	126.6	108.8
Newark, New Jersey.....			171.4		161.9	159.3	149.7	146.3	131.1	106.7
Albany, New York.....		161.1	159.7		151.6	143.8	137.6	130.9	120.6	102.5
Buffalo, New York.....	166.0	151.6	149.6	149.2	147.1	142.1	130.2	128.2	117.3	104.5
Indianapolis:										
Indianapolis, Indiana.....	146.5	142.7	141.7	141.6	140.5	136.6	121.3	118.8	108.5	99.1
Detroit, Michigan.....	162.7	160.7	156.3	153.4	153.6	152.6	129.8	124.3	112.3	102.4
Des Moines:										
Des Moines, Iowa.....	124.9	122.7	121.5	121.4	120.8	121.1	116.1	116.7	106.1	102.8
St. Louis, Missouri.....	161.8	148.8	150.3	149.5	132.9	122.7	118.8	126.2	111.2	99.9
Fargo, North Dakota.....	134.4	129.5	128.1	128.1	127.8	125.1	122.3	117.5	105.6	100.7
Sioux Falls, South Dakota.....	143.8	135.9	133.8	133.1	133.0	130.4	126.2	124.2	111.1	103.3
San Francisco:										
Phoenix, Arizona.....	124.8	122.9	121.9	121.9	122.3	122.0	111.5	111.8	107.7	99.0
Los Angeles, California.....	169.3	161.4	153.7	153.7	151.9	148.9	133.5	128.1	105.4	95.4
San Francisco, California.....	147.0	141.1	138.4	136.5	136.1	134.5		121.6	112.3	101.5
Boise, Idaho.....	141.2	138.9	138.9	138.9	138.9	137.1	126.9	126.0	117.5	106.5
Reno, Nevada.....	143.0	133.9	130.8	133.5	133.1	133.0	120.7	118.2	110.6	105.6
Portland, Oregon.....	159.7	151.5	142.5	142.4	141.5	140.9	132.6	120.1	105.1	98.7
Salt Lake City, Utah.....	138.2	132.0	130.5	130.4	129.5	126.8	122.9	120.1	111.7	102.7
Seattle, Washington.....	142.9	137.9	135.7	135.3	139.6	134.6	131.0	122.1	112.7	103.3

¹ For complete explanation of these data, see Statistical Supplement to April 1946 REVIEW.

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
1944	\$95,243	\$1,064,017	\$163,813	\$30,751	\$100,228	\$1,454,052	\$669,433	\$648,670	\$135,949
January-June.....	58,679	490,700	79,222	14,350	48,196	691,147	315,851	308,485	66,811
June.....	9,663	103,276	14,963	2,957	9,850	140,709	64,474	63,851	12,384
1945	180,550	1,357,555	196,011	40,736	137,826	1,912,678	911,671	836,874	164,133
January-June.....	54,399	610,668	90,447	16,132	62,289	833,935	392,354	367,810	73,771
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
1946	278,752	1,200,466	137,152	34,593	121,855	1,772,818	905,335	742,924	124,559
January.....	30,807	145,342	21,372	3,803	15,518	216,842	109,146	92,103	15,593
February.....	30,866	154,219	19,801	4,217	16,416	225,519	111,927	97,305	16,287
March.....	45,391	202,995	24,244	6,198	21,335	300,163	155,960	123,945	20,258
April.....	53,202	235,877	24,882	6,796	22,242	342,990	174,468	143,114	25,417
May.....	62,189	243,458	24,451	6,954	24,246	361,298	180,282	150,161	24,855
June.....	56,297	218,575	22,402	6,625	22,098	326,997	167,552	136,296	22,149

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 (6 months)		
	June 1946	May 1946	June 1945	1946	1945	Percent change
UNITED STATES.....	\$325,997	\$361,298	\$167,311	\$1,772,818	\$833,935	+112.6
Federal.....	167,552	186,282	79,603	905,335	392,354	+130.7
State member.....	136,296	150,161	74,219	742,924	367,810	+102.0
Nonmember.....	22,149	24,855	13,489	124,569	73,771	+68.8
Boston.....	23,057	25,556	13,007	112,912	56,441	+100.1
Federal.....	9,662	11,797	5,550	51,026	23,296	+119.0
State member.....	10,995	11,563	6,306	51,468	26,830	+91.8
Nonmember.....	2,400	2,196	1,151	10,418	6,315	+65.0
New York.....	35,547	38,578	17,226	176,846	81,037	+118.2
Federal.....	16,472	16,713	6,190	74,137	28,524	+159.9
State member.....	15,295	17,168	8,586	78,261	38,727	+102.1
Nonmember.....	3,780	4,697	2,450	24,448	13,786	+77.3
Pittsburgh.....	24,831	28,533	14,261	136,842	71,034	+92.6
Federal.....	12,885	15,123	6,857	71,278	32,981	+116.1
State member.....	8,012	9,027	5,090	42,590	25,001	+70.4
Nonmember.....	3,934	4,383	2,314	22,974	13,052	+76.0
Winston-Salem.....	47,729	52,656	19,169	251,376	102,396	+145.5
Federal.....	26,745	30,347	10,298	142,111	54,748	+159.6
State member.....	17,799	18,556	7,706	91,994	41,912	+119.5
Nonmember.....	3,185	3,753	1,165	17,271	5,736	+201.1
Cincinnati.....	49,133	55,267	27,691	281,406	137,936	+104.0
Federal.....	22,150	25,540	11,601	128,437	59,430	+116.1
State member.....	24,441	27,248	14,394	139,779	69,243	+101.9
Nonmember.....	2,542	2,479	1,696	13,190	9,263	+42.4
Indianapolis.....	19,318	21,472	8,805	107,441	46,921	+129.0
Federal.....	11,846	12,780	5,012	62,274	25,022	+148.9
State member.....	7,020	8,212	3,441	42,491	19,591	+116.9
Nonmember.....	452	480	352	2,676	2,308	+15.9
Chicago.....	34,636	37,560	20,143	184,265	95,617	+92.7
Federal.....	17,691	17,095	8,988	85,149	40,775	+108.8
State member.....	15,643	18,892	9,739	90,683	47,274	+91.8
Nonmember.....	1,302	1,573	1,416	8,433	7,568	+11.4
Des Moines.....	21,623	21,843	9,876	109,206	48,992	+122.9
Federal.....	12,138	12,622	5,154	61,016	24,938	+144.7
State member.....	6,805	6,518	3,244	35,667	17,427	+104.7
Nonmember.....	2,680	2,703	1,478	12,523	6,627	+89.0
Little Rock.....	16,512	17,607	6,766	91,962	39,950	+130.2
Federal.....	7,609	8,039	3,529	44,807	19,840	+125.8
State member.....	8,765	9,377	3,169	46,222	19,592	+135.9
Nonmember.....	138	191	68	933	518	+80.1
Topeka.....	15,453	18,192	7,386	91,426	42,302	+116.1
Federal.....	9,327	11,006	4,176	53,199	22,719	+134.2
State member.....	4,623	5,116	2,089	28,116	12,469	+125.5
Nonmember.....	1,503	2,070	1,121	10,111	7,114	+42.1
San Francisco.....	38,158	44,034	22,981	229,136	111,309	+105.9
Federal.....	21,027	25,220	12,248	131,901	60,081	+119.5
State member.....	16,898	18,484	10,455	95,653	49,744	+92.3
Nonmember.....	233	330	278	1,582	1,484	+6.6

Table 8.—RECORDINGS—Estimated non-farm mortgage recordings, \$20,000 and under

JUNE 1946

[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.....	\$308,226	\$39,890	\$245,624	\$50,123	\$168,889	\$104,662	\$917,414
Boston.....	26,821	981	11,497	24,208	9,622	4,841	77,970
Connecticut.....	3,521	655	4,922	4,737	3,352	1,626	18,813
Maine.....	851	29	522	1,206	594	80	3,282
Massachusetts.....	19,776	293	4,356	15,819	4,210	2,728	47,182
New Hampshire.....	584	283	1,166	558	59	2,650	
Rhode Island.....	1,795	4	1,219	748	655	319	4,740
Vermont.....	294	195	532	253	29	1,303	
New York.....	28,056	2,799	20,057	20,187	24,010	9,475	104,584
New Jersey.....	6,296	1,096	6,300	1,392	5,659	2,792	23,535
New York.....	21,760	1,703	13,757	18,795	18,351	6,683	81,049
Pittsburgh.....	21,861	2,831	22,551	2,016	9,636	6,960	65,855
Delaware.....	348	165	365	136	404	130	1,548
Pennsylvania.....	20,011	2,244	19,339	1,880	8,208	6,541	58,223
West Virginia.....	1,502	422	2,847	1,024	289	6,084	
Winston-Salem.....	30,919	5,480	12,305	359	22,345	8,481	79,889
Alabama.....	1,295	845	1,271	-----	1,303	1,004	5,718
District of Columbia.....	4,671	684	969	-----	2,322	1,053	9,699
Florida.....	5,346	1,725	1,803	-----	7,639	1,678	18,191
Georgia.....	4,310	354	2,641	-----	2,112	2,034	11,451
Maryland.....	8,745	254	2,462	359	2,447	492	14,759
North Carolina.....	2,319	772	648	-----	1,381	619	5,739
South Carolina.....	710	302	881	-----	936	525	3,354
Virginia.....	3,523	544	1,630	-----	4,205	1,076	10,978
Cincinnati.....	56,007	3,499	26,883	1,211	10,465	9,290	107,355
Kentucky.....	5,241	667	2,523	-----	721	286	9,438
Ohio.....	48,772	1,776	21,695	1,211	8,568	3,367	85,389
Tennessee.....	1,994	1,056	2,665	-----	1,176	5,637	12,528
Indianapolis.....	20,573	4,375	23,948	13	5,575	5,945	60,429
Indiana.....	11,731	1,942	8,603	13	1,810	1,992	26,091
Michigan.....	8,842	2,433	15,345	-----	3,765	3,953	34,338
Chicago.....	37,154	2,004	14,048	43	11,176	14,609	79,034
Illinois.....	28,314	1,398	8,456	-----	6,731	13,290	58,189
Wisconsin.....	8,840	606	5,592	43	4,445	1,319	20,845
Des Moines.....	19,790	3,926	17,704	644	9,103	7,866	59,033
Iowa.....	4,616	487	5,016	-----	1,617	873	12,609
Minnesota.....	7,750	1,147	4,883	644	2,379	845	17,648
Missouri.....	6,219	2,185	7,283	-----	4,763	6,021	26,471
North Dakota.....	818	67	285	-----	165	111	1,446
South Dakota.....	387	40	237	-----	179	16	859
Little Rock.....	17,010	6,217	5,885	-----	12,546	9,638	51,296
Arkansas.....	1,146	404	1,074	-----	732	56	3,412
Louisiana.....	5,811	737	353	-----	2,958	1,501	11,360
Mississippi.....	820	322	787	-----	683	356	2,968
New Mexico.....	282	43	128	-----	405	13	871
Texas.....	8,951	4,711	3,543	-----	7,768	7,712	32,685
Topeka.....	15,433	1,828	7,050	-----	8,330	5,414	38,055
Colorado.....	2,678	283	2,048	-----	3,874	1,725	10,608
Kansas.....	5,428	390	2,540	-----	1,179	1,424	10,961
Nebraska.....	1,562	459	671	-----	644	167	3,503
Oklahoma.....	5,765	696	1,791	-----	2,633	2,098	12,983
San Francisco.....	34,602	5,950	83,696	1,442	46,081	22,143	193,914
Arizona.....	1,536	90	1,516	-----	2,216	1,010	6,368
California.....	20,221	4,570	69,173	-----	37,416	15,652	147,032
Idaho.....	1,271	62	475	-----	595	160	2,563
Montana.....	657	94	567	-----	533	36	1,887
Nevada.....	270	22	359	-----	541	247	1,439
Oregon.....	2,646	488	2,017	118	2,269	1,410	8,948
Utah.....	957	228	1,852	-----	341	300	3,678
Washington.....	6,682	378	7,320	1,324	1,762	3,295	20,761
Wyoming.....	362	18	417	-----	408	33	1,238

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
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-June	879,670	34.4	117,563	4.6	480,150	18.8	89,675	3.5	673,781	26.3	316,039	12.4	2,556,878	100.0
July	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
August	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
September	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
October	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
November	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
December	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
1946	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
January-June	1,672,338	34.9	196,844	4.1	1,161,504	24.3	230,117	4.8	991,582	20.7	535,586	11.2	4,787,971	100.0
July	220,420	34.8	26,936	4.2	139,126	21.9	24,401	3.9	151,601	23.9	71,633	11.3	634,117	100.0
August	217,621	35.2	26,099	4.2	140,890	22.8	24,973	4.0	140,477	22.7	68,703	11.1	618,763	100.0
September	277,408	36.2	31,083	4.1	180,656	23.6	33,914	4.4	162,986	21.3	79,926	10.4	765,973	100.0
October	315,471	35.6	33,974	3.8	213,878	24.1	44,855	5.1	180,318	20.3	98,770	11.1	887,266	100.0
November	333,192	34.6	38,862	4.0	241,330	25.0	51,851	5.4	187,311	19.4	111,892	11.6	964,438	100.0
December	308,226	33.6	39,890	4.3	245,624	26.8	50,123	5.5	168,889	18.4	104,662	11.4	917,414	100.0

Table 10.—GI LENDING—Home loans¹

[Dollar amounts are shown in thousands]

Cumulative through	Number of applications and reports	Total loans reported closed and disbursed ²		
		Number	Amount of guaranty and insurance	Principal amount of loan
May 24	199,230	129,300	\$272,240	\$611,561
May 31	209,334	133,972	283,948	634,812
June 7	221,212	140,334	299,903	670,297
June 14	233,533	148,462	320,568	712,281
June 21	246,201	157,004	341,997	756,782
June 28	257,986	165,737	364,514	804,907
July 5	267,110	172,434	383,027	843,303
July 12	279,600	180,664	403,971	887,713
July 19	291,571	190,630	429,938	941,379
July 26	305,503	200,231	454,709	994,778

¹ Records of Veterans' Administration.

² Totals do not include 50,187 loans acted upon and approved for loan closing. Their dollar volume, estimated at \$249,000,000, brought the aggregate principal of GI home loans to about \$1,244,000,000 on July 26.

Table 11.—FHA—Home mortgages insured¹

[Premium paying; thousands of dollars]

Period	Title II ²		Title VI (603)	Total insured at end of period
	New	Existing		
1945: 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
1946: January	3,095	24,275	11,293	6,537,566
February	3,728	20,006	7,508	6,568,808
March	3,760	24,346	6,273	6,603,187
April	3,570	24,160	7,853	6,638,770
May	4,406	26,389	9,700	6,679,265
June	5,573	31,551	4,690	6,721,079

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

² Figures since January 1946 are estimated.

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

[Thousands of dollars]

Federal Home Loan Bank	Lending operations, June 1946		Principal assets, June 30, 1946			Capital and principal liabilities, June 30, 1946			Total assets, June 30, 1946 ¹
	Advances	Repayments	Advances outstanding	Cash ¹	Government securities	Capital ²	Debentures	Member deposits	
Boston	\$1,517	\$532	\$13,602	\$1,677	\$8,484	\$20,743	\$2,000	\$971	\$23,816
New York	2,735	1,032	12,582	4,983	26,790	29,215	0	15,291	44,511
Pittsburgh	3,662	1,249	20,620	1,572	7,449	18,147	10,000	1,522	29,711
Winston-Salem	4,372	1,604	19,707	826	4,121	20,051	2,500	176	24,739
Cincinnati	3,277	2,448	19,522	4,762	24,649	29,130	5,000	14,743	49,078
Indianapolis	1,455	884	13,063	3,840	13,419	15,599	8,000	6,675	30,400
Chicago	9,869	3,295	40,704	2,617	4,393	25,425	12,500	4,664	47,791
Des Moines	5,145	398	16,720	671	7,952	15,017	8,500	1,755	25,392
Little Rock	2,906	451	10,494	1,188	7,622	13,127	5,000	178	19,374
Topeka	2,400	202	7,102	967	8,046	11,275	2,000	824	16,157
San Francisco	7,181	1,797	29,180	8,276	9,586	27,436	11,500	7,996	47,096
June 1946 (combined total)	44,519	13,892	203,296	31,379	122,511	225,165	67,000	54,795	358,065
May 1946	33,714	16,881	172,669	17,396	151,442	224,251	67,000	51,042	343,002
June 1945	86,734	5,992	131,666	24,887	159,763	213,415	50,000	45,328	317,335

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 re-purchasable capital	Government share capital	Federal Home Loan Bank advances	Operations			
									New mortgage loans	New private investments	Private repurchases	Repurchase ratio
ALL INSURED												
1945: June	2,471	\$5,549,563	\$3,433,871	\$282,911	\$1,585,708	\$4,786,912	\$28,751	\$124,465	\$126,824	\$163,156	\$56,279	34.5
July	2,473	5,594,461	-----	-----	-----	4,840,292	23,499	114,469	121,572	196,944	144,932	73.6
August	2,475	5,666,351	-----	-----	-----	4,913,879	23,378	105,344	131,239	156,189	83,357	53.4
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
October	2,476	5,797,238	-----	-----	-----	5,055,073	23,367	79,497	150,000	163,628	91,668	56.0
November	2,474	5,878,098	-----	-----	-----	5,109,101	23,366	88,304	151,335	147,022	92,650	63.0
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
1946: January	2,477	6,204,954	-----	-----	-----	5,299,668	20,165	163,559	169,107	283,487	205,537	72.5
February	2,481	6,274,832	-----	-----	-----	5,361,314	19,374	154,835	174,954	182,679	122,099	66.8
March	2,485	6,359,998	4,051,583	279,543	1,792,418	5,432,080	19,373	144,111	238,268	198,176	129,573	65.4
April	2,486	6,462,376	-----	-----	-----	5,507,923	19,373	145,744	268,705	198,896	123,265	62.0
May	2,488	6,592,552	-----	-----	-----	5,589,795	19,358	159,546	285,613	196,993	116,370	59.1
June	2,490	6,743,121	4,519,248	347,362	1,641,628	5,724,893	19,358	189,908	257,175	219,825	86,017	39.1
FEDERAL												
1945: 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
July	1,467	3,552,154	-----	-----	-----	3,089,026	18,138	90,017	76,355	129,958	100,301	77.2
August	1,469	3,595,087	-----	-----	-----	3,137,136	18,069	81,805	82,197	102,190	55,016	53.8
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
October	1,466	3,676,401	-----	-----	-----	3,231,187	18,058	58,694	95,815	108,252	59,925	55.4
November	1,466	3,732,490	-----	-----	-----	3,271,317	18,058	62,153	96,709	97,373	59,023	60.6
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
1946: January	1,467	3,955,391	-----	-----	-----	3,395,108	15,250	124,242	109,146	190,748	144,388	75.7
February	1,468	3,999,837	-----	-----	-----	3,435,482	14,540	118,501	111,927	122,452	82,173	67.1
March	1,469	4,050,719	2,571,919	169,884	1,175,285	3,481,382	14,539	109,213	155,960	132,145	86,471	65.4
April	1,469	4,118,076	-----	-----	-----	3,532,406	14,539	106,599	174,467	132,092	81,241	61.5
May	1,471	4,204,057	-----	-----	-----	3,586,501	14,539	115,009	186,282	130,551	78,013	59.8
June	1,472	4,311,747	2,856,641	221,431	1,067,943	3,677,643	14,539	137,605	167,552	144,470	55,038	38.1
STATE												
1945: June	1,006	2,021,536	1,269,218	104,534	533,040	1,728,229	6,135	26,525	47,221	56,386	22,678	40.2
July	1,006	2,042,307	-----	-----	-----	1,751,266	5,361	24,452	45,217	66,686	44,631	66.6
August	1,006	2,071,264	-----	-----	-----	1,776,743	5,309	23,539	49,042	53,999	28,341	52.5
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
October	1,010	2,120,837	-----	-----	-----	1,823,886	5,309	20,803	54,185	55,376	31,743	57.3
November	1,008	2,145,608	-----	-----	-----	1,837,784	5,308	26,151	54,626	49,649	33,627	67.7
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
1946: January	1,010	2,249,563	-----	-----	-----	1,904,560	4,915	39,317	59,961	92,739	61,149	65.9
February	1,013	2,274,995	-----	-----	-----	1,925,832	4,834	36,334	63,027	60,227	39,926	66.3
March	1,016	2,309,279	1,479,664	109,659	617,133	1,950,688	4,834	34,898	82,308	66,031	43,102	65.3
April	1,017	2,344,300	-----	-----	-----	1,975,517	4,834	39,145	64,238	66,804	42,024	62.9
May	1,017	2,388,495	-----	-----	-----	2,003,294	4,819	44,537	99,331	66,422	38,357	57.7
June	1,018	2,431,374	1,632,607	125,931	573,685	2,047,250	4,819	52,303	89,623	75,355	30,979	41.1

Table 14.—SAVINGS—Savings and loan share investments and repurchases, June 1946

[Dollar amounts are shown in thousands]

Period	All associations				Insured associations				Uninsured associations			
	New investments	Repurchases	Net inflow	Repurchase ratio	New investments	Repurchases	Net inflow	Repurchase ratio	New investments	Repurchases	Net inflow	Repurchase ratio
1945: January-June	\$1,092,425	\$579,327	\$513,098	53.0	\$886,544	\$443,480	\$443,064	50.0	\$205,881	\$135,847	\$70,034	66.0
June	204,443	78,868	125,575	38.6	163,156	56,279	106,877	34.5	41,287	22,589	18,698	54.7
July	243,361	179,183	64,178	73.6	196,944	144,932	52,012	73.6	46,417	34,251	12,166	73.8
August	196,241	104,265	91,976	53.1	156,189	83,357	72,832	53.4	40,052	20,908	19,144	52.2
September	194,823	100,506	94,317	51.6	146,290	77,855	68,435	53.2	48,533	22,651	25,882	46.7
October	202,777	119,821	82,956	59.1	163,628	91,668	71,960	56.0	39,149	28,153	10,996	71.9
November	184,046	118,881	65,165	64.6	147,022	92,650	54,372	63.0	37,024	26,231	10,793	70.8
December	223,885	94,970	128,915	42.4	180,352	71,777	108,575	39.8	43,533	23,193	20,340	53.3
1946: January-June	1,563,277	969,176	594,101	62.0	1,280,036	782,861	497,175	61.2	283,241	186,315	96,926	65.8
January	334,961	244,619	90,342	73.0	283,487	205,537	77,950	72.5	51,474	39,082	12,392	75.9
February	220,469	150,656	69,813	68.3	182,679	122,099	60,580	66.8	37,790	28,557	9,233	75.6
March	243,363	158,627	84,736	65.2	198,176	129,573	68,603	65.4	45,187	29,054	16,133	64.3
April	248,077	155,455	92,622	62.7	198,896	123,265	75,631	62.0	49,181	32,190	16,991	65.5
May	246,713	147,675	99,038	59.9	196,973	116,370	80,603	59.1	49,740	31,305	18,435	62.9
June	269,694	112,144	157,550	41.6	219,825	86,017	133,808	39.1	49,869	26,127	23,742	52.4

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

Federal Home Loan Bank District	June 1946	May 1946	April 1946	Cumulative (6 months)		Percent change
				1946		
				1946	1945	
UNITED STATES.....	998	992	916	6,023	7,785	-22.6
Boston.....	71	80	58	429	779	-44.9
New York.....	300	260	203	1,497	1,873	-20.1
Pittsburgh.....	172	233	170	1,236	1,394	-11.3
Winston-Salem.....	82	105	116	678	787	-13.9
Cincinnati.....	59	63	68	462	883	-47.7
Indianapolis.....	37	16	25	162	322	-49.7
Chicago.....	53	42	36	260	336	-22.6
Des Moines.....	47	40	44	255	339	-24.8
Little Rock.....	29	23	13	134	253	-47.0
Topeka.....	67	56	102	477	484	-1.4
San Francisco.....	81	74	81	433	335	+29.3

Insured Associations

(Continued from p. 343)

sured savings and loan associations, which boosted the total to 2,490.

Shifts which have occurred in the mortgage and Government bond portfolios and share capital accounts of insured associations are of particular significance in indicating the effect on savings and loan operations of the transition to a peacetime economy. One of the most encouraging developments during the first half of this year was the increased inflow of new savings funds. Compared with a gain of \$433,000,000 during the last half of 1945, privately owned share capital accounts of insured associations rose a record \$505,000,000 during the January-June period of this year.

In sharp contrast to the slow growth evident during the war years, mortgage holdings of insured associations moved up sharply during 1946. As a result of the precipitous rise in new mortgage lending activity, mortgage holdings of insured associations increased \$756,000,000 during the first half of this year, a gain slightly larger than that registered during the preceding two years combined. Inasmuch as the increase in mortgage holdings was half again as great as the gain in share capital accounts, insured associations reduced their bond holdings by over \$197,000,000 to provide additional funds for new lending. From a peak of \$1,839,000,000 on December 31, U. S. Government bonds held by these institutions declined 11 percent to \$1,642,000,000 on June 30. Three-fourths of this drop occurred during the April-June period.

Table 16.—SAVINGS—Sales of U. S. bonds¹

[Thousands of dollars]

Period	Series E	Series F	Series G	Total	Redemptions
1945.....	\$9,822,065	\$595,153	\$2,519,749	\$12,936,967	\$5,332,496
June.....	1,467,673	178,003	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	106,825	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
1946.....					
January.....	640,862	40,342	278,356	959,560	587,395
February.....	366,977	30,277	255,150	622,404	536,703
March.....	371,274	27,116	227,981	626,371	603,688
April.....	387,810	29,476	250,476	667,762	589,875
May.....	344,803	24,297	225,243	594,343	523,597
June.....	321,069	23,904	226,252	571,226	491,102

¹ U. S. Savings Bonds Division. Actual deposits made to the credit of the U. S. Treasury.

Federal Home Loan Bank advances at mid-year, \$190,000,000, were only \$5,000,000 greater than at the end of 1945. Borrowings from other sources declined \$37,000,000 over this period. [TABLE 13.]

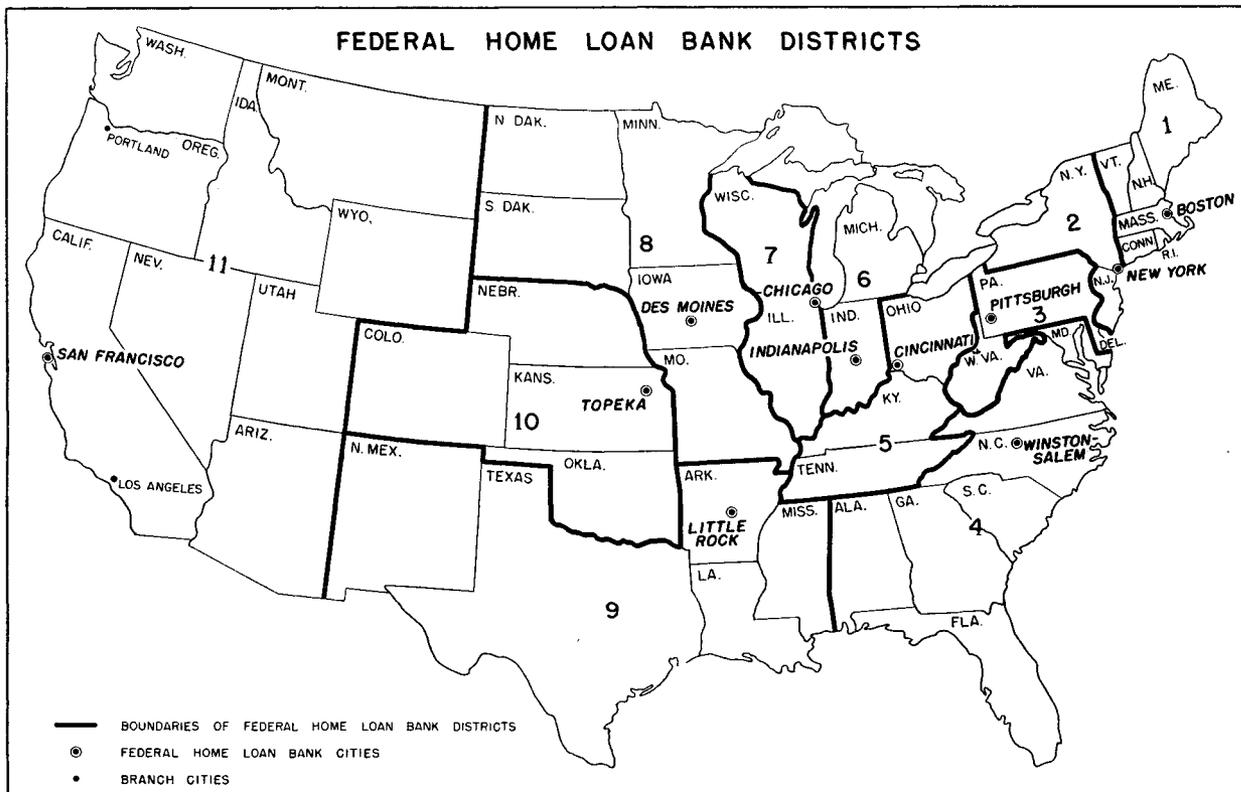
SHARE CAPITAL—Net growth \$158 million in June

Private share capital continued to flow into savings and loan associations in substantial volume although withdrawals absorbed slightly higher proportions of new investments.

During June, \$270,000,000 was newly invested while \$112,000,000 was repurchased, leaving a net capital inflow of \$158,000,000. New savings increased considerably from May, and repurchases were lower—the usual seasonal reaction since most associations include dividend credits at the close of June, while withdrawals usually are deferred until the following month.

The ratio of repurchases to new investments was only slightly higher in the reporting month (42 percent) than in the same 1945 month. The spread between the 1946 and 1945 ratios was the smallest noted for any month to date.

For the first half-year, representing a complete dividend period for the typical savings and loan association, the ratio of withdrawals to new savings was higher in 1946 than last year. The \$969,000,000 repurchased during the first six months of this year was equal to 62 percent of the \$1,563,000,000 invested. In the same 1945 interval, the ratio was 53 percent. Despite this fact, the net gain in share accounts of all savings and loan associations was estimated at almost \$600,000,000. [TABLE 14.]



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