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SUBSCRIPTION PRICE OF REVIEW

THE FEDERAL HOME LOAN BANK REVIEW is the Board's medium of communication with member institutions of the Federal Home Loan Bank System and is the only official organ or periodical publication of the Board. The REVIEW will be sent to all member institutions without charge. To others the annual subscription price, which covers the cost of paper and printing, is \$1. Single copies will be sold at 10 cents. Outside of the United States, Canada, Mexico, and the insular possessions, subscription price is \$1.40; single copies, 15 cents. Subscriptions should be sent to and copies ordered from Superintendent of Documents, Government Printing Office, Washington, D. C.

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Holland's Achievement In Housing

FACED at the end of the World War with a severe housing shortage, exorbitant building costs, high interest rates, and a demoralized building industry, Holland solved the crisis by the use of governmental subsidies. Making both grants and low-cost loans, the Government not only stimulated the heaviest volume of private and public residential building in her history, but also brought down prices and interest rates, and relieved unemployment.

In the 16-year period, 1919-1934, Holland built 714,000 new dwelling units, a number equal to more than half of the total of 1,380,000 units that existed in the country in 1919. This remarkable achievement in volume of new building was accompanied by clearance of a majority of the country's slums, removal of unsanitary conditions, replanning of towns to provide parks and other amenities, and protection of old and new housing by adequate zoning. As a result the Dutch people are now said to be as well housed as any in the world. The housing problems which Holland has done so much to solve were not dissimilar to the present problems of the United States, though, of course, on a much smaller scale. The steps Holland took to meet them may, therefore, well contain suggestions of use to this country in the present emergency.

Holland faced the post-war crisis with the double advantage of a long-established national housing policy and of an informed public opinion. The public recognized both that so complex a social and economic good as adequate housing could not be provided without governmental control and that it was the State's responsibility to see that adequate housing was provided for all

classes. It was further universally recognized that to discharge this responsibility the State must give financial aid to clear slums and to house the lower-income groups adequately. Thus the public looked to the Government for leadership and aid in improving housing conditions, not only during the emergency but as a matter of permanent policy.

This public and official attitude toward housing had been implemented by law and by mechanisms capable of translating it into action long before the World War. The basis of the Dutch housing policy is the Housing Law of 1901. This law gives the State power to control housing and to provide Government funds for housing where necessary. At the same time it delegates the principal responsibility for carrying out housing measures to the local authorities. This localization of control seems to have been a well-defined policy of the Dutch law makers, and was no doubt inspired by the fact that local authorities are those most vitally concerned and best able to see the needs of their particular community.

HOUSING LAW OF 1901

THE principal provisions of the 1901 law fall into two categories: social and economic. The social provisions established minimum standards of light, cubic air space, and sanitation for all habitations. All towns of over 10,000 population and any fast-growing smaller ones are required to make detailed extension plans involving surveys of population densities and provisions for parks, zoning, and building restrictions. In these extension plans, municipalities are required to list all possible improvements, to mark slums for removal,

to define commercial and industrial centers, and to make provisions for their expansion. In order to put such plans into execution the municipalities are given power to condemn, evict, close, and demolish unsanitary dwellings. They may also expropriate dwellings and change their utilization to fit the town plan.

The economic provisions of the law concern primarily housing for the low-income groups. To understand them we must devote a moment to the public utility building societies through which homes are provided at low cost to the lower-income groups with the aid of Government funds.

These societies are nonprofit-making cooperatives whose members occupy the houses provided. They are directly under municipal control, and in most towns and cities are subject to municipal audits at stated periods. In the event of liquidation all the assets and liabilities are turned over to the municipality. Further, the members of these cooperative societies are not allowed to own their own homes. All the houses built are owned by the society until the long-term Government loan is liquidated, at which time ownership is transferred to the municipality. Thus, as loans are usually for long periods (50 to 75 years) and bear a low rate of interest, the actual function of these societies is to provide houses at low rents to members. The members are secured in the possession of their houses so long as they pay their rents.

As a protection for both the municipality and the national Government all properties that receive Government loans must be insured. The burden of such insurance is slight as rates are often as low as .375 florins per thousand florins of value.

In the last 30 years, an estimated 700,000,000 florins has been advanced to the societies for the construction of about 200,000 houses. The number of these public utility building societies has fluctuated as the need for them has increased or di-

minished—in 1923 there were about 1,350 active societies where today there are about 800.

To return now to the economic provisions of the Housing law of 1901. The Act provides that State aid may take the form of loans or subsidies. The Government may make loans to the municipalities, which may in turn lend to the public utility building societies, up to 100 percent of the building costs. These loans are repayable in equal annual instalments. Under the original law the loans ran for 50 years and were to pay a rate of interest equivalent to the effective interest paid on Government securities.

The burden of responsibility for repaying to the State both interest and principal on these loans rests with the municipality or local authority. For this it receives an annual management fee of 0.1 percent. As a protection to themselves, the municipalities usually require the building societies to contribute from 2 to 5 percent of the building cost. If there is at any time insufficient building by the public utility societies to supply the houses needed the municipalities must build themselves. If for any reason the municipalities fail to carry out a successful building program the Crown may order the provincial government to run the local housing program.

So much for State loans to aid low-cost housing. To provide housing for those members of the population unable to pay an economic rent (interest plus amortization of loan), the Housing Law of 1901 also authorized the Government to grant subsidies. Originally, half of the subsidy was to be paid by the State and half by the local government and the total amount of the subsidy was to be sufficient to cover the deficit between a rent equal to one sixth or one seventh of the tenant's income and the annual interest and amortization charges on the mortgage.

No loans were made nor subsidies granted under the Housing Law until 1905.

Between 1905 and 1914, approximately 9,900 houses were erected with loans or grants under this law. During the same period, 12,918 houses were condemned and demolished under the law of 1901. The World War with its train of difficulties led to a great expansion of activity under the 1901 law and the supplementing to this law to give the Government even greater powers.

POST-WAR HOUSING LEGISLATION AND ACTIVITY

THE Dutch Government's War and post-War activities to meet the housing crisis may be considered under 4 heads: (1) the provision of temporary buildings to meet the emergency; (2) rent restrictions; (3) more liberal extension of loans and subsidies under the Housing Law of 1901; and (4) loans and subsidies to encourage private initiative in the production of middle-class dwellings.

The provision of temporary buildings was of minor importance. Rent restrictions, however, played an important part in compelling the Government to subsidize the construction of homes by private builders. As the cost of a workingman's dwelling rose from approximately 1,800 florins in 1914 to 5,500 florins in 1920, it was inevitable that rents should tend to become prohibitive for a large part of the population. Accordingly, the Government had no choice but to impose restrictions. They remained in effect for the 10 years between 1917 and 1927 when the fall in prices eliminated the need for them altogether.

EMERGENCY EXTENSION OF SUBSIDIES AND LOANS FOR WORKING-CLASS HOUSING UNDER THE 1901 ACT

WHEN the War caused a virtual stoppage of private building, it was natural that the Government should as a first step make more liberal use of the powers granted it by the Housing Act of 1901 to increase building by public utility societies. Beginning in 1917, the Government raised its

portion of the subsidies granted for working-class housing from 50 percent to 75 percent, leaving the municipality to provide the remaining 25 percent. The amount of the subsidy remained at the difference between the tenant's capacity to pay and an economic rent.

This form of subsidy, however, soon revealed a serious weakness in that it provided for no control of building costs and consequently rendered the Government liable to a heavy burden. To remedy this weakness a measure was passed in 1920 requiring that the rent paid by the tenant must cover the interest on a sum varying from 50 percent to 70 percent of the building cost, depending upon the size of the house. Only then would the State undertake to subsidize 75 percent of the balance. At the same time, the size of such subsidized dwellings was limited first to 300 and later to 225 cubic meters. In 1921 and 1922 the portion of the rent to be covered by subsidies was reduced progressively to 10 percent and discontinued altogether in January 1924.

During the War and early post-War period the State also greatly increased its volume of loans to municipalities for low-cost housing. Thus its loans rose in 1921 to nearly 200,000,000 florins as compared with an annual average of 5,000,000 florins before the War. To protect the public utility building societies against rising interest rates, the Government in 1916 fixed a maximum rate of $3\frac{7}{8}$ percent on loans to these societies. After 1921 the volume of loans dropped rapidly until they reached the pre-War average in 1926.

GOVERNMENTAL AID TO ENCOURAGE PRIVATE ENTERPRISE

HIGH building costs coupled with rent restrictions imposed in the later years of the War also put a curb on private building for the middle-income group of the population. To meet the need of this group for houses the Government sought a means to stimu-

late building by private enterprise. Between 1918 and 1923 a series of measures were enacted for the granting of subsidies and loans to private builders. The Act of 1918 provided for the payment of a lump-sum subsidy to cover the difference between the actual cost of a house and a sum representing at first 150 percent and later 200 percent of the pre-War building cost. Seventy-five percent of the subsidy was paid by the State and 25 percent by the local authorities who were responsible for distributing the grants.

This plan proved very expensive, the subsidies ranging from 2,000 to 3,000 florins per dwelling. Accordingly, the system was slightly modified in 1920. In that year the State undertook to pay the entire subsidy. These subsidies were calculated according to the superficial area of the dwelling at 20 florins per square meter and a maximum subsidy of 2,000 florins per house was fixed. In the course of 1921 and 1922 this maximum was progressively reduced to 1,700, 1,200, 900, 600, and 300 florins. The size of the dwellings entitled to benefit by the subsidies was also gradually reduced from 450 cubic meters in 1920 to 225 cubic meters in 1922. At the end of 1923, the grants were abolished altogether.

In 1920 an amendment to the Act of 1918 authorized the State to make first-mortgage loans to private builders in addition to the subsidies. The loans were guaranteed by local authorities. They were issued for 15 years up to 100 percent of the site value and 90 percent of the building cost, after the amount of the lump-sum subsidy had been deducted. The rate of interest was fixed at 6 percent with an additional 1 percentum per annum to be paid to the municipalities as an insurance against depreciation. However, this system of loans was short lived as the rapid recovery of the money market rendered it superfluous.

The results of the Act of 1918 and of the amendments thereto to encourage private initiative are shown in table 1. During the 5-year period the Government granted subsidies totaling 105,529,098 florins and mortgage loans totaling 76,963,595 florins. With this aid, 95,072 dwellings were built. It should be noted that this aid, which was in principle intended to encourage private enterprise alone, was also used to some extent by public utility building societies and local authorities to build dwellings of a rather better type than they were empowered to build under the Act of 1901.

TABLE 1.—*Subsidies and loans made by the State under Emergency Decrees of 1918, 1919, and 1920 to encourage private enterprise, and number of dwelling units built with such aid.*

[Source: "Housing in Holland" by Ir. H. Van Der Kaa, Chief Inspector of State Housing]

Year	Subsidies ¹ (florins)	Number of dwelling units	Mortgage loans (florins)	Number of dwelling units
1919.....	1, 554, 710	593	.....	.....
1920.....	14, 730, 065	3, 904	.....	.....
1921.....	55, 476, 975	25, 281	67, 872, 865	14, 232
1922.....	23, 162, 948	29, 946	9, 090, 730	4, 209
1923.....	10, 604, 400	35, 348	.....	.....
Total.....	105, 529, 098	² 95, 072	76, 963, 595	18, 441

¹ These State Subsidies represented 75 percent of the total subsidy, the local government supplying an additional 25 percent.

² Of this total number approximately 26,000 were built by the public utility societies and local authorities.

TABLE 2.—Number of dwelling units completed in Holland by years from 1900 through 1934

[Source: "Housing in Holland" by Ir. H. Van Der Kaa, Chief Inspector of State Housing]

Year	By State and provincial governments	By municipal governments	By building societies under municipal control	By private builders ¹	Total of new dwelling units ²	Total number demolished or no longer used as dwellings	Net total of additional dwelling units
1900 through 1904				92,000	92,000	(3)	(3)
1905 through 1914		665	9,279	200,056	210,000	(3)	(3)
1915 through 1918		2,673	17,586	17,741	38,000	(3)	(3)
1919		1,968	10,341	3,191	15,500	(3)	(3)
1920		8,242	13,417	3,341	25,000	(3)	(3)
1921	630	5,687	19,298	14,743	40,358	1,895	38,463
1922	130	6,808	13,622	24,936	45,496	2,035	43,461
1923	94	5,449	9,590	27,999	43,132	2,629	40,503
1924	107	3,574	8,736	34,295	46,712	3,616	43,096
1925	41	4,059	8,538	34,552	47,190	4,477	42,713
1926	100	2,916	4,749	41,068	50,698	6,335	44,363
1927	69	2,759	4,801	42,617	51,622	6,932	44,690
1928	44	1,191	5,542	40,558	49,128	8,446	40,682
1929	64	2,242	5,221	39,820	48,865	7,711	41,154
1930	98	2,329	5,050	44,024	52,588	8,057	44,531
1931	35	3,358	5,961	41,226	52,092	9,022	43,070
1932	47	1,447	3,718	36,129	43,493	6,192	37,301
1933	58	685	979	42,703	46,967	5,341	41,626
1934	41	748	4,127	47,684	55,294	5,344	49,950

¹ During 1919–1923, approximately 68,000 houses built by private builders received government subsidies. All other houses listed in this column were built wholly by unaided private enterprise.

² This total includes houses made available as dwellings by rebuilding or change of purpose. These additional dwellings are not included in preceding columns after the year 1925.

³ Figures not available.

GOVERNMENT LOANS TO PRIVATE BUILDERS ON SECOND MORTGAGE

AFTER the combined system of grants and loans to private builders was abandoned, the State still continued to give support to private initiative in the form of loans on second mortgages. First-mortgage money to finance private urban building in Holland is supplied principally by home mortgage banks of which there are 50 in the country. These banks are organized as limited stock companies and obtain their funds principally through the sale of bonds to the public. They make loans up to 60 or 70 percent of the purchase price of building for periods usually ranging from 5 to 10 years. Of late years their interest rates have been 5 percent and 5¼ percent.

Although from 1924 on these banks had plenty of money at reasonable rates for first mortgages, they were prohibited from granting second-mortgage loans. To pro-

tect builders from exorbitant rates of interest on second mortgages, the Government began in 1924 to grant such loans from Treasury funds. These loans were made up to 20 percent of the building cost with a limit of 600 florins and originally carried 6 percent interest. In 1925, the rate was reduced to 5 percent and in 1927 to 4.75 percent. Although these second-mortgage Treasury loans had been used for the construction of only 10,991 houses in the 10-year period, 1924–1933, they have served to keep interest rates at a reasonable level.

GOVERNMENT HOUSING ACTIVITY SINCE 1924

SINCE 1924 the State has limited its financial aid almost exclusively to slum-clearance and the building of houses for the lowest-income groups, pursuant to the original provisions of the Act of 1901. The State pays only 50 percent of the subsidy and its contribution is limited to 50 florins annu-

ally to cover the deficit between the tenant's payments and an economic rent.

The local authorities have not, however, reduced their activity to the same extent as the State. They continue, on a smaller scale, to build houses themselves out of their own funds, to make loans and subsidies to public utility building societies, and to guarantee private loans.

APPRAISAL OF GOVERNMENT'S POST-WAR HOUSING PROGRAM

FROM the end of the War through 1934, a total of 714,000 dwelling units was built in Holland. The total number receiving subsidies or low-cost loans, either from the central or local governments or both, was approximately 264,000. This means that unaided private enterprise built approximately 450,000 dwellings, or two thirds of the total number (table 2).

Subsidies to both public utility building societies and private builders were heaviest from 1919 to 1922. In 1920, private builders produced only 3,341 dwellings. In 1921, this number jumped to 14,743; in 1922, it was 24,936; and steady yearly increases brought the annual average up to 40,000 by 1926. It is thus evident that the Government's measures not only removed the housing shortage but that its system of subsidies effectively stimulated private initiative.

It is sometimes argued that entrance by the Government into the building field inevitably raises prices and forces private initiative out of the field. This does not seem to have been the result in Holland. From 1920 to 1923, during the years when governmentally financed and controlled dwelling construction was at its height, building costs fell from 300 percent above the 1914 level to only 60 percent above this level.

As to the cost of the subsidies to central and local governments, it has been impossible to obtain complete figures. The annual grants are payable over periods ranging from 50 to 75 years, so that it would

be difficult at best to measure the full extent of the burden on the taxpayers. In any event, the policies of making State subsidies dependent on local government subsidies and of leaving control with the local governments seems to have contributed to keep down the cost of subsidies and to have reduced waste.

Another result of the extensive post-War building which the Government inspired has been greatly to stimulate employment in the building trades. The number of workers in the building trades reached in 1930 the high total of 21 percent of all industrial workers. At that time the index of unemployment in the building trades relative to potential employment averaged 10.1 percent. With the advent of the recent depression, there was an increase in such unemployment, the figure being 34.5 percent at the beginning of 1934. Building costs dropped 40 percent between 1930 and 1935, in spite of a sales tax levied since January 1, 1934. During the same period the total value of contracts let fell off from 185,067,000 florins to 92,963,000 florins, due to the drop in wages and building costs and to cut-throat competition among contractors, while the net total of houses built remained fairly stable (table 2).

In spite of the continued economic crisis there was an increase in home building and a consequent revival of the building trades during 1934. The return of public confidence and the large amounts of capital available at low rates of interest resulted in the construction of 49,950 houses in 1934. This maintenance of building volume seems to have resulted in some overproduction. At the end of 1934 100,000 dwellings, or more than 5 percent of the total number of units in the country, were unoccupied as compared with 50,000 vacant dwellings in 1930. At the same time, rents have fallen—as much as 20 percent for the more expensive dwellings. Nevertheless, nothing points to any considerable reduction of building activity in the near future.

Revision of Procedure for Share Purchase by Home Owners' Loan Corporation

IN ORDER to simplify the routine to be followed by applicants for share purchase by the Home Owners' Loan Corporation, the Board on September 13 adopted a resolution providing for complete Rules and Regulations governing the procedure to be followed. This resolution provides, in Section 5, details of the method by which the "approved list of applicants" is established. Any institution which is under the supervision of the Board as to examination and periodical reports (either by rules and regulations governing its status, or from its voluntary request for such supervision) and whose first request for investment has been approved by the Board, is placed on this approved list, and will remain thereon indefinitely unless for some cause the Board removes its name. All other associations whose first request has been approved are also placed on the list for a period of 6 months, subject to the regulations of Section 2-b-(1) and Section 5. The associations on this list are permitted to make applications for investment by following a greatly simplified procedure.

The Rules and Regulations also provide (Section 1-c) that Federal savings and loan associations tender a full-paid share certificate instead of the receipt as heretofore used in Treasury calls.

To facilitate the handling of all requests it is important that each applicant institution secure its forms and make its request through the Federal Home Loan Bank of which it is a member. The regional Bank will make its recommendation on the application and forward it with

two copies of the application to the Board in Washington. If, after examination by the proper divisions, the Board approves the application, the subscription will be consummated. Special attention is called to the necessity of executing all forms in quadruplicate, 3 copies of which must be sent to the regional Bank.

The resolution of the Board is as follows:

Whereas Section 4, subsection (n) of Home Owners' Loan Act of 1933, as amended, authorizes Home Owners' Loan Corporation (hereinafter referred to as the "Corporation") to purchase full-paid income shares of Federal savings and loan associations, after the funds made available to the Secretary of the Treasury for the purchase of such shares have been exhausted, on the same terms and conditions as have been heretofore authorized by law for the purchase of such shares by the Secretary of the Treasury, provided that the total amount of such shares in any one association held by the Secretary of the Treasury and the Corporation shall not exceed the total amount of such shares heretofore authorized to be held by the Secretary of the Treasury in any one association, and to make deposits and purchase certificates of deposit, investment certificates and/or shares, in any institution which is (1) a member of a Federal Home Loan Bank, or (2) whose accounts are insured under Title IV of the National Housing Act, as amended, if the institution is eligible for insurance under such title, and

Whereas it is necessary to provide forms and procedure for the accomplishment of such purpose without discrimination, therefore

Be it resolved by the Federal Home Loan Bank Board that forms and procedure for applications for such purchases by the Corporation be prescribed as follows:

1. When notice has been given to all Federal savings and loan associations that the funds made available to the Secretary of the Treasury for the purchase of their shares have been exhausted, any Federal savings and loan associa-

tion may request the Corporation to purchase its full-paid income shares on the form identified as *Exhibit 1*, supported by:

- a. Statement of condition on the form identified as *Exhibit 2*.
- b. Statement of loans (aggregating approximately the amount of the last preceding purchase by the Secretary of the Treasury of the United States or the Corporation) made since such last request to the Secretary of the Treasury or the Corporation (if any such previous request has been made), using the form identified as *Exhibit 3*.
- c. Applicant shall tender a duly executed certificate of full-paid income shares for the amount of such shares requested to be purchased, issued in the name of "Home Owners' Loan Corporation". Such tender shall be made with the understanding that if the request for purchase is approved and such purchase is made by the Corporation, certificates evidencing the interest purchased shall be delivered to the Corporation and such securities shall become issued and outstanding securities on the date of such purchase by the Corporation.

2. Any institution which is a member of a Federal Home Loan Bank or whose accounts are insured under Title IV of the National Housing Act as amended may make application to the Corporation requesting it to purchase the shares, certificates of deposit or investment certificates of the applicant in the form identified as *Exhibit 4*, and supported as follows:

a. If the applicant is an insured institution, such application shall be supported by:

- (1). Statement of condition on the form identified as *Exhibit 5*.
- (2). Statement of loans (aggregating approximately the amount of the last preceding purchase by the Corporation) made since such last request to the Corporation (if any such previous request has been made), using the form identified as *Exhibit 3*.
- (3). If the applicant issues only one class of shares which participate equally in dividends and assets with all other shares, and does not accept deposits, applicant shall tender fully executed certificates of share interest for an amount equal to the amount of shares of such association requested to be purchased, issued in the name of "Home Owners' Loan Corporation". If the applicant issues more than one class of securities (that is, different classes of shares which participate unequally in assets or earnings with other

classes of shares or certificates of deposit or investment certificates), the applicant shall tender fully executed certificates issued in the name of "Home Owners' Loan Corporation" evidencing the type of share interest or of creditor interest which gives to the holder of such security the most preferred participation in the assets and earnings of the institution. Such tender shall be made with the understanding that if the request for purchase is approved and such purchase is made by the Corporation, certificates evidencing the interest purchased shall be delivered to the Corporation and such securities shall become issued and outstanding securities on the date of such purchase by the Corporation. The securities tendered shall expressly provide how income thereon shall accrue and be payable in accordance with the charter and by-laws of the applicant.

b. If the applicant is a member of a Federal Home Loan Bank but not an insured institution, such application shall be supported by:

(1). The financial report forms containing statements regarding the financial policies, condition, and management, which applicants for membership in a Federal Home Loan Bank are at the time of this application required to file in support of such application for membership, together with Schedules 17 and 18 (known as supplemental information to Form 1).

(2). Statement of loans on the form identified as *Exhibit 3*.

(3). Executed forms of securities shall be tendered in the manner and upon the conditions set forth in Section 2-a-(3) above.

3. Upon receipt by the Corporation of any such request, properly authorized, executed, and supported, the applicant will be informed either:

a. That the Corporation rules that such request is approved without further examination, in which event the applicant will be required to pay the cost of office analysis of the application, as computed by the Corporation, or

b. That such request cannot be approved on the data submitted and that further examination and/or appraisal is necessary to determine whether the Corporation will make such purchase.

In the latter event, the applicant may either:

(1). Withdraw its application, or

(2). Request the Corporation to make such examination and/or appraisal as in its judgment may be necessary to determine whether the financial condition and the

character of the management are such that the purchase may be safely made by the Corporation. The examination shall be made in such manner as may be prescribed by the Corporation, the cost, as computed by the Corporation, of any such examination of applicant, including office analysis, audit, and appraisals made in connection with such examination, overhead, per diem and travel expense, shall be paid by the applicant before any such purchase will be consummated. If the Corporation rules that appraisals are necessary in connection with any such examination, such appraisals will be conducted in accordance with the procedure governing appraisals made by the Federal Home Loan Bank Board in connection with examinations conducted by said Board. All assets appraised shall be appraised at what may be reasonably expected to be realized therefrom in the orderly and proper conduct of the business of the applicant. The responsibility of the mortgagor and the person or persons who shall have assumed the mortgage debt, the possibilities and costs of collection and the value of the security shall be weighed in making appraisals of mortgages.

It will be the policy of the Corporation by such purchases to make such funds available for the encouragement of local home financing in the community to be served and for the reasonable financing of homes in such community. It is expected that substantially all of such funds will be employed in the financing of homes and that applicants for such funds shall have used on a reasonable basis their own credit to secure funds for such purpose before applying to the Corporation for investment in its securities.

4. Purchases of shares, certificates of deposit and investment certificates will be made by the Corporation only upon the understanding and agreement that no request will be made by the Corporation for the repurchase or withdrawal of such shares, certificates of deposit or investment certificates for a period of five years from the date of such purchase and that thereafter no institution shall be requested to repurchase or pay withdrawal requests in any one year in excess of 10 percent of the total amount invested by the Corporation in such institution. If the applicant proposes at any time after the Corporation has purchased any of its securities to issue securities having participation in assets or earnings which is preferred as to the time or amount of payment to securities which the Corporation has pur-

chased, the applicant will give the Corporation notice in writing of such intention and of the form of certificates evidencing such securities and a 30 days' option to surrender the certificates held by the Corporation in exchange for a like amount of securities having such preferred participation. If the applicant fails to grant such option, to give such notice or to issue to the Corporation in exchange for certificates held by the Corporation certificates for a like amount representing such preferred participation, the Corporation shall have the right forthwith to request the repurchase or withdrawal of such shares.

5. An approved list of applicants for investment by the Corporation shall be established and maintained in the following manner:

a. Simultaneous with the approval by the Board of the first request for investment by the Corporation in the securities of an applicant, such institution shall be placed upon such an approved list which will be maintained by the General Manager and shall be made available to the Federal Home Loan Banks and such divisions of the Board's activities as the Board shall direct.

b. Each institution which is placed upon such approved list and which is under the supervision of the Board, as to examination and periodical reports resulting, either from rules and regulations governing its present status, or from its voluntary request for such supervision, shall remain thereon until such time as the Board by its action, based upon information contained in periodic reports filed by such institution or contained in reports of supervisory field examinations or from other sources, removes the institution from such approved list.

c. Each other institution shall remain on such approved list for a period of six months from the date when placed thereon, unless by action of the Board, based upon information received in reports filed by the institution or upon reports of examinations made by its supervisory authority or from other sources, it is removed from the list before the expiration of the six months period; but any such institution may be reinstated at any time upon such approved list by action of the Board after complying with the provisions as set forth in Section 2-b hereof, except that it shall not be necessary for such institution to support such subsequent application with instruments or documents which are exact duplicates of instruments or documents previously filed with its original application as provided in said Section.

So long as any institution remains upon such approved list, it may request investment by the Corporation by filing only Exhibits 1 and 3, or Exhibits 3 and 4, as the case may be, and duly executed forms of securities in the manner and upon the conditions set forth in Section 1-c or 2-a-(3) hereof, whichever is applicable.

Be it further resolved, that all resolutions or portions of resolutions heretofore adopted in conflict herewith are hereby rescinded and revoked.

Nothing herein contained shall be construed as in any way limiting the freedom of action or discretion of the Corporation in investing in the shares of applicant institutions.

Truth In Savings and Loan Advertising

ACCURACY in financial advertising is essential to hold public confidence. One of the direct causes of the financial crisis of 1929-1933 was the misleading character of high-powered salesmanship and advertising by which a minority of irresponsible financial concerns secured the stewardship of savings running into hundreds of millions. When the day of reckoning came, the contrast between the facts and the promises of this small group shook public confidence in all financial institutions and so prolonged the disaster.

The operation of long-term mutual thrift institutions has never been prone to the worst abuses of such "security" salesmanship as were exemplified in the 1920's by the promotional type of financial institution. Savings and loan shares were never dangled before small savers as an easy means of doubling their money overnight. On the other hand, the experience of the past 6 years has revealed that misrepresentation was practised by a few associations, to the injury of numbers of people of small means. The usual purpose of misrepresentation was to confuse investors with regard to the merits of savings and loan investment from the triple viewpoint of security, liquidity, and dividend yield.

The fact that misleading claims were made by only a small proportion of all institutions in the field did not protect the great majority of worthy institutions of the building and loan type from some loss of public confidence when the test demonstrated the fallacy of expecting high income and 100 percent liquidity on demand from any single form of investment. The inevitable result of the failure of a few associations to keep their promises was to alarm the public, and thus to make build-

ing and loan investment far less liquid and less profitable from an income standpoint than would have been the case had its strength been more clearly understood and its limitations more definitely set forth in the past.

Once destroyed, public faith is slow and difficult to rebuild. As far as the building and loan business is concerned, much has already been done to create clearer public understanding and to expand savings operations through straightforward informative statements of the advantages and limitations of the savings plans which these institutions offer.

It now seems probable that building and loan shares in the future will have a somewhat different investment basis than in the past. The former competitive advantage of a relatively high yield is giving way to a greater measure of liquidity and a somewhat lower, but perhaps more stable and dependable, rate of return. This trend is the result of such salutary developments as the preference of investors for safety rather than exorbitant yield from the use of their money; insurance of share accounts; the creation of larger reserves, in the Home Loan Banks and in the thrift institutions themselves; and the lower interest rates now prevailing on home mortgage loans.

On accompanying pages there are reproduced a number of savings and mortgage loan advertisements which have been used recently by insured, State-chartered associations or by Federal savings and loan associations. They illustrate the way in which the more progressive institutions are seeking business. These advertisements may contain useful suggestions for other institutions, and thus help to encourage

steadily more effective advertising methods. Incidentally, if all member institutions, including savings banks and life insurance companies, will cooperate by sending clear proofs or clippings of their current home mortgage loan advertising and thrift advertising to the REVIEW, it will be possible each month to reproduce a selection of representative advertisements for the benefit of the home-financing business as a whole.

Clear and exact statements of the fundamental facts about building and loan investment should go far to restore public confidence. They will attract new savings from people of large and small means who clearly recognize that their investment in long-term thrift institutions does not correspond to a demand deposit in a bank, but that it should give them an income yield from 25 percent to 100 percent greater than could safely be expected if instant liquidity were their prime consideration.

In this connection, the Federal Savings and Loan Division has taken various steps to enlist the far-sighted cooperation of all Federal savings and loan associations in sales promotion methods based upon accurate presentation of the facts. The following list of detailed principles was recently sent to every Federal association for the purpose of assisting them to develop public confidence in their communities by avoiding claims or forecasts which cannot safely be carried out in the normal operation of any well-managed Federal savings and loan association.

“DONT’S” ON ADVERTISING FOR FEDERAL SAVINGS AND LOAN ASSOCIATIONS

1. *Do not refer to loans made by Federal associations as “Federal loans”.* Such loans are not “Federal loans”, but loans by privately-owned and privately-managed home financing institutions operating under Federal charter and supervision.

2. *Do not call dividends on share payments “interest”.* Earnings credited or distributed on shares of Federal savings and loan associations are *dividends* and should be so designated wherever reference is made thereto.

3. *Do not directly or by implication advertise a definite rate of return on share payments.* Any reference to a definite rate of dividend should be limited strictly to what has been done in the past. Such references should be so worded that the public may not have cause to interpret them as a guaranty or assurance of future earnings. Not “Dividends 3 percent”, but “Latest dividend at rate of 3 percent per annum”.

4. *Do not refer to the shares of Federal associations as being “fully insured”.* Such shares are only insured up to \$5,000.00 for each individual investor.

5. *Do not refer to shares as being “insured by the Federal Government”.* They are not. The Federal Savings and Loan Insurance Corporation is, of course, a Government agency, but the protection by that agency is in no sense a Government guaranty.

6. *Do not advertise the shares of Federal associations as being “as safe as a United States Government bond”.* No other type of security is as safe as a United States Government bond.

7. *Do not use the word “withdrawal” in connection with advertising or printed matter of any sort.* Stick to the terminology of the charter; that is, “repurchase”.

8. *Do not refer to subscription to shares by the Secretary of the Treasury as being a “guaranty of safety”.* Treasury subscriptions (except Preferred shares) are not different from shares held by private shareholders. The Federal Savings and Loan Insurance Corporation provides the guaranty of safety—not the Secretary of the Treasury.

9. *Do not say “the Federal Government will subscribe \$3.00 for each \$1.00 paid by private shareholders”.* An association is eligible under the statutes to apply for Treasury subscription up to three times the amount standing to the credit of other shareholders, but the Board must first approve. *Stick to the facts.*

10. *Do not say, “Sponsored and supervised by the United States Government”.* Rather use the term, “Chartered and supervised by the United States Government”.

11. *Do not advertise in such a way as to reflect discredit upon any other sound form of thrift.*

FEDERAL SAVINGS AND LOAN



AVAILABLE IMMEDIATELY
\$100,000.00
for HOME LOANS

On the Direct Reduction Plan for Which Interest is Charged Only on the Unpaid Balance. : : :

The safest, surest, least expensive method of paying off a home loan over a convenient term of years. Repaid by moderate monthly cash installments suited to your income.

You do not have Shares in order to a Piedmont fed


PIEDMONT SAVINGS & LOAN
 N. MITCHELL, Sec.

SAVE WITH INSURED SAFETY

Invest 50c to \$100 a month in our thrift shares.

Each investment insured up to \$5000 by the Federal Savings and Loan Insurance Corporation, Washington, D. C.

No repurchase fee is charged.



FEDERAL SAVINGS AND LOAN ASSOCIATION OF MEMPHIS
 MARX & BENSCHORF BUILDING
 Second at Monroe

-It's SAFE
-It's EASY
-It's PROFITABLE

...to SAVE

-for a HOME
-for TRAVEL
-for OLD AGE
-for EDUCATION

THRU THE PIEDMONT FEDERAL SAVINGS & LOAN ASSOCIATION.

3

POPULAR SAVINGS PLANS

- 1.—INSTALLMENT THRIFT SHARES.
- 2.—PREPAID SHARES
- 3.—OPTIONAL SAVINGS SHARES

	Share Dividend Rate*		
	3%	4%	5%
5 years	\$ 223.05	\$ 321.20	\$ 332.90
10 years	688.90	734.65	774.50
15 years	1151.15	1227.15	1284.80
20 years	1626.50	1827.15	2012.95
25 years	2124.20	2528.10	2741.50

	Share Dividend Rate*		
	3%	4%	5%
\$ 25.00	\$ 26.00	\$ 27.00	\$ 28.00
50.00	52.00	54.00	56.00
75.00	78.25	80.50	82.75
100.00	104.50	109.00	113.50
125.00	130.75	136.25	141.75

	Share Dividend Rate*		
	3%	4%	5%
\$ 10.00	\$ 10.40	\$ 10.80	\$ 11.20
20.00	20.80	21.60	22.40
30.00	31.20	32.40	33.60
40.00	41.60	43.20	44.80
50.00	52.00	54.00	56.00

There's the Old Way and the New Federal Way To Finance Your Home

HAVE YOU IDLE MONEY?

If so, you can put it to work, at a good rate of interest, and have its safety insured while invested in first mortgage loans on homes—the very best security in America.

Place it with one or more of these 10 Kansas City Federal Savings Associations—each having insurance up to \$5,000 per investor, with a Government Insurer.

Notwithstanding the fact that the past 3 years have been the most difficult in financial history, none of these associations has omitted a dividend in that period. They are now paying 3% to 4%.

WRITE OR PHONE
 any of these Kansas City Associations

BLUE VALLEY FEDERAL Savings & Loan Association 8111 Winner Road 115 East 5th Street COMMUNITY FEDERAL Savings & Loan Association 201 N. Main St. FIRST FEDERAL Savings & Loan Association 102 East 10th Street HOME FEDERAL Savings & Loan Association 11th and Baltimore St.	ROCKHILL FEDERAL Savings & Loan Association 1001 1/2 4534 11th Avenue BENTONVILLE FEDERAL Savings & Loan Association 21 West 10th Street SOUTH SIDE FEDERAL Savings & Loan Association 3024 West 10th Street STANDARD FEDERAL Savings & Loan Association 922 Walnut SUCCESS FEDERAL Savings & Loan Association 17 East 10th Street
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Suppose you place a loan of \$5,000 on your home. There are two ways to handle that debt—an old-fashioned, costly way—a new, economical, sensible way.

Short term straight loan plan:
 1. You borrow \$5,000.
 2. Every month you pay \$35.80 which is applied first to interest on unpaid balance at rate of 6% and remainder to return principal.
 3. Each time you reduce the principal you also reduce the interest.
 4. In 20 years you pay only \$3,592.50 interest at 6% with no additional on account of renewal or recharges.
 5. And after 20 years you owe nothing.

The new long term Federal loan plan:
 1. You borrow \$5,000.
 2. Every month you pay \$35.80 which is applied first to interest on unpaid balance at rate of 6% and remainder to return principal.
 3. Each time you reduce the principal you also reduce the interest.
 4. In 20 years you pay only \$3,592.50 interest at 6% with no additional on account of renewal or recharges.
 5. And after 20 years you owe nothing.

This new Federal type of long-term, low-cost loan is being offered to home-owners on the better types of residences. It is also available for new construction.

We will be glad to consider your application.



FEDERAL SAVINGS AND LOAN ASSOCIATION OF ATLANTA



Old Fashioned?

Maybe so—but we are still old fashioned enough to believe in saving.

And old fashioned enough to stick to the principles that have made this institution "Safe for Savings" since 1905.

YAKIMA FEDERAL SAVINGS and Loan Association.

114 East Yakima Ave.

Safety of Your Investment Insured up to \$5,000.

LOANS ON A NEW PLAN

OKLAHOMA CITY FEDERAL SAVINGS & LOAN ASSOCIATION now offers its new Direct Reduction Loan plan. In addition to being a long-term loan—10½ to 15 years, with no renewal charges—this loan is made at moderate cost. Monthly payments range from \$9.25 per \$1,000 on new construction to \$11.50 per \$1,000 on older types of construction.

You can make convenient payments on a monthly basis well fitted to repayment from the average home owner's regular wage or salary income. Since each successive payment pays off an additional part of the principal, a correspondingly smaller part of each subsequent monthly payment is needed as interest. Thus, a larger part is applied for reduction of the principal.

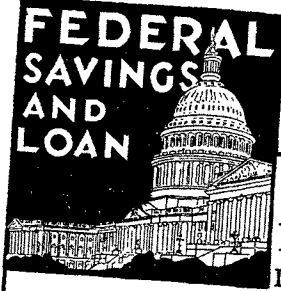
Whether you contemplate buying, building, improving or refinancing a home of your own, we suggest that you consult one of the officers of this Association. Our facilities will be useful to you in securing a safe, economical, convenient loan to meet your own circumstances and requirements.

SAFETY OF YOUR INVESTMENT INSURED UP TO \$5,000.00

Oklahoma City Federal Savings & Loan Association's loanable funds are ample, drawn as they are from the investor of large and small means seeking a combination of safety and income. The safeguard of each individual account being insured up to \$5,000 makes the shares of this Association particularly attractive to such investors. Thus, a substantial volume of private capital is available at all times, as well as additional resources under our membership in the Federal Home Loan Bank System.

Oklahoma City Federal Savings & Loan Association has always had the confidence of its shareholders and the public through its 38 years of business life. The same management that founded this Association in 1898 is still in charge, maintaining the same, sound policies through the years. This capable management has enabled this Association to enjoy a "GOOD NAME" always.

OKLAHOMA CITY FEDERAL SAVINGS AND LOAN ASSOCIATION
Formerly
OKLAHOMA CITY BUILDING AND LOAN ASSOCIATION
 125 North H Street



ON JULY 1st.
INVESTORS
 In This Association

Will Receive a 4% Dividend

YOU TOO MAY BUILD FINANCIAL INDEPENDENCE.

Savings can be invested in this Association in any amount from as little as 50 cents a month up to any multiple of \$100.00.

SAFETY of YOUR investment up to \$5,000.00 assured by the United States Government Federal Savings and Loan Insurance Corporation of Washington, D. C., thereby offering investors in this Association the same safety as any Governmental Agency.

Our full paid income shares, per value \$100.00, is the ideal investment for funds on which a good cash return must be earned regularly with full safety. The United States Treasury is empowered to invest its own funds in shares of this Association.

Money invested on or before July 10th will earn dividends as of July 1st. Your investment may be converted into cash at your option through the sound withdrawal provisions which are a part of every contract.

We invite you to come in and talk over your plans at any time.

Chartered and Supervised by the United States Government

The FIRST FEDERAL SAVINGS & LOAN ASSOCIATION OF CHARLESTON

39 BROAD ST.

DIRECTORS

Hasell E. Rivers
 Edward M. Miller

Clarence B. Schachtel
 Frank A. Sires
 Gordon Smith
 Ralph Bailey

PHONE 528

SAVINGS INSURED UP TO \$5,000

SECURITY LIQUIDITY RETURN

- Because the Government insures all investments up to \$5,000
- Because under Government supervision reserves are in mortgages allow larger returns to be paid shareholders
- Because investments almost exclusively in monthly mortgages allow larger returns to be paid shareholders

OPTIONAL PAY AS YOU PLEASE DIVIDENDS CREDITED SEMI-ANNUALLY

PAID INCOME FIRST PAYMENT DIVIDENDS CREDITED

FOUR SAVINGS SHARE METHODS

INSTALL
 PAY 1
 DIV
 BONUS
 FULL
 DE

FEDERAL SAVINGS AND LOAN ASSOCIATION OF SOUTH BEND
 122-124 North Main Street

Double The Income on Your Savings
 It can be done

Question: If I invest my money in the First Federal Savings and Loan Association, how and when can I get my money back?

Answer: If the amount desired is less than \$100.00 in any one month, you present your pass book, and the secretary will enter the withdrawal and pay you the money. Should you want more than \$100.00 in any one month, you notify the secretary that at the end of thirty days you will want a certain amount. The secretary enters your order on a book for that purpose. At the end of thirty days you present your pass book and the secretary will pay you the amount.

Question: What assurance have I that this will be done?

Answer: The Federal Savings and Loan Insurance Corporation insures you up to \$5,000.00 that this Association is new and will continue to be solvent until you are repaid.

Question: What dividends will I receive?

Answer: This Association has paid 4% per annum since organization. "It is believed this rate can be maintained."

NOTE—A new dividend period begins the first of each month on all accounts opened by letter or call for free booklet.

MONEY TO LOAN

Property in Larchmont, or in Westchester County in vicinity of New York City. We can merge first and second mortgages in one plan. We can help put up new homes. Consult us on any mortgage completed house. You can have from 12 to 15 years to pay.

Federal Savings and Loan
 AVENUE
 TELEPHONE

FEDERAL HOME LOAN BANK PLAN

\$2,500 HOME LOAN

AMORTIZED FOR 15 YEARS

Monthly Payments: \$25.00

Plus 1-1/2% of taxes and fire insurance.

HOME LOANS

for Building a Home
 Modernizing a Home
 Purchasing a Home
 or Refinancing an Existing Mortgage

We loan only on homes in
 Energy and suburbs.

Renewals never needed.

Small monthly payments, like rent, cover principal, interest, taxes and fire insurance.

Attractive privileges for paying off or reducing loans.

MINIMUM LOAN EXPENSE

WE OFFER!

A preliminary investigation without cost or obligation on your part to determine whether the property is in mortgage would be acceptable to the Association.

Safety of Your Investment Insured Up to \$5,000 Federal Savings and Loan Insurance Corporation, Washington, D. C.

Consult **The Industrial Building and Loan Association**
 17th at Stout.
 Est. 1891.
 KEystone 7165.

Residential Construction Activity in the United States

AUGUST marks the first month of this year in which nonresidential construction contracts awarded showed an increase over a comparable period in 1934. Such contracts awarded for the first 22 days of August (as reported for 37 Eastern States by the F. W. Dodge Corporation) registered an increase of 29 percent over the same period of 1934. Contracts for residential construction awarded during this 22-day period constituted an increase of 135 percent over the similar period of the previous year (chart 1).

The average daily value of residential construction, however, declined 16.6 percent from July to August. This decline was greater than the seasonal July-to-August decline based upon the 3-year period 1932-1934 (chart 3), but it must be remembered that July building this year was unseasonably high.

For the entire period, January 1 to August 22, residential construction amounted to \$286,075,000, representing a gain of more than 70 percent over the same period in 1934 (chart 2). It remains, however, at only 20.6 percent of the \$1,389,799,000 of residential construction contracts awarded in the comparative period of 1929.

Housing rentals in July increased very slightly over June, thereby maintaining the steady advance which began in the early part of 1934. The index of housing rentals in July rose to 68.1 percent of the 1923-1925 base as computed by the National Industrial Conference Board. This may be compared with 67.6 percent in June 1935, and 62.5 percent in July 1934. In 1929 rentals were between 88 percent and 89 percent of the base period level.

The cost of building as measured by the Federal Reserve Bank of New York de-

VALUE OF RESIDENTIAL CONSTRUCTION CONTRACTS AWARDED IN 1932-35
(Based on F.W.Dodge Corp. Reports for 37 Eastern States)

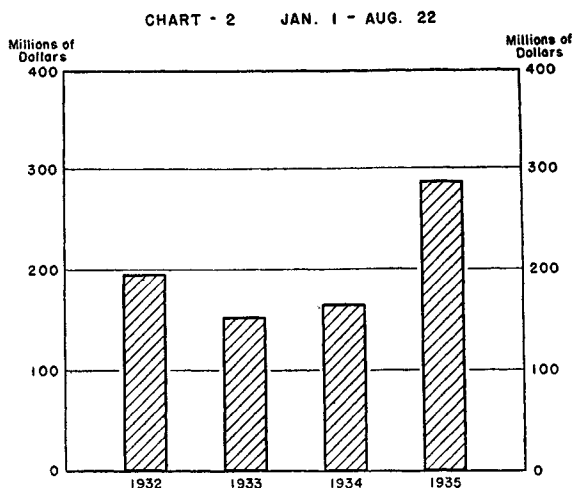
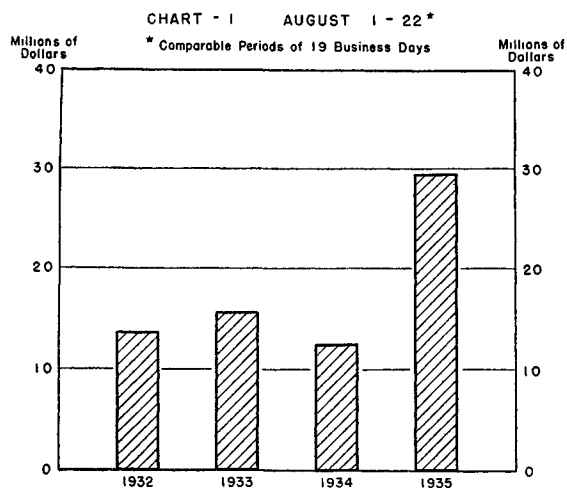
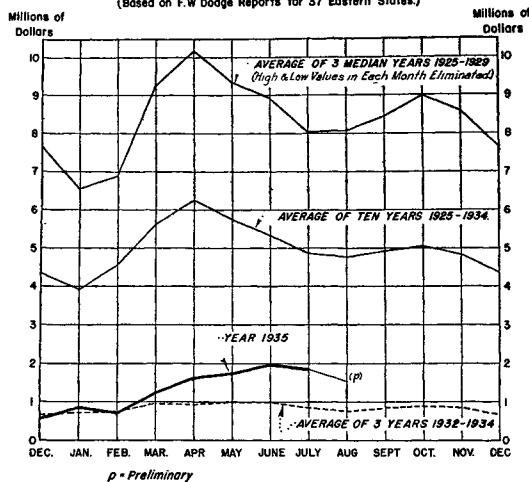


CHART 3.—AVERAGE DAILY VALUE OF RESIDENTIAL CONSTRUCTION CONTRACTS AWARDED IN 1935 COMPARED WITH SELECTED PERIODS
(Based on F.W Dodge Reports for 37 Eastern States.)



clined slightly in July. In that month the index stood at 88.8 percent of the 1923-1925 base, as compared with 88.9 percent in June 1935, and 89.5 percent in July 1934.

The comparison between the level of industrial production and construction of all kinds is indicated by indexes prepared by the Federal Reserve Board. The index of

industrial production which is adjusted for seasonal variation was 86 percent of the 1923-1925 average in July as compared with 86 percent in June 1935, and 76 percent in July 1934. Total construction contracts awarded, on the other hand, after correction for seasonal variation were 36 percent of the 1923-1925 average in July, as compared with 30 percent in June and 27 percent in July 1934.

NUMBER OF FAMILIES FOR WHICH NEW DWELLING UNITS WERE PROVIDED IN JULY

HOMES were provided in July 1935 for more than 2½ times as many families as in July 1934, according to data on building permits in all cities of 10,000 population or over collected by the Bureau of Labor Statistics (table 2). Total housekeeping units for which permits were granted in July numbered 7,849 as compared with 2,817 in the same month of 1934.

One- and 2-family structures registered the largest increases, with 182 percent and

TABLE 1.—Value of construction contracts awarded in 37 Eastern States and percentage changes for comparative periods

[Source: F. W. Dodge Corporation]

Type	Total for the period						Average daily ¹					
	Aug. 1-22			Jan. 1-Aug. 22			(000 omitted)			Percent change		
	(000 omitted)		Percent change	(000 omitted)		Percent change	Aug. ² 1935	July 1935	Aug. 1934	Aug. 1935 from July 1935	Aug. from July, 3-year average ³	Aug. 1935 from Aug. 1934
	1935	1934		1935	1934							
Residential	29, 506	12, 543	+135. 2	286, 075	164, 136	+74. 3	1, 553	1, 861	690	-16. 6	-10. 0	+125. 1
Nonresidential ⁴ .	97, 144	75, 246	+29. 1	696, 340	897, 777	-22. 4	5, 113	4, 264	3, 739	+19. 9	+7. 3	+36. 7
Total	126, 650	87, 789	+44. 3	982, 415	1,061,913	-7. 5	6, 666	6, 125	4, 429	+8. 8	+2. 6	+50. 5

¹ Based on the following number of business days: August 1935—19; July 1935—26; August 1934—27.

² Based on preliminary reports for the first 22 days (19 business days).

³ Represents the average of the percent change in August from July for the 3 years 1932-34.

⁴ Includes contracts for commercial buildings, public works, and utilities.

203 percent respectively. Also, 1- and 2-family units accounted for 74.7 percent of all residential units authorized in July and multifamily units accounted for 25.3 percent. In the first 7 months of 1935, multifamily units constituted 30 percent of all dwellings as compared with 24.3 percent in the similar 1934 period.

For the present year up to August 1, the number of new residential units authorized was 42,027. This is an increase of 146 percent over the 17,087 units provided in the similar period of 1934. Cities of all sizes show an increase in residential construction over last year but the expansion is especially noticeable in the larger urban centers.

In July the average cost of all 1-family dwellings for which permits were issued was \$4,146, an increase of 10.4 percent over the average cost of \$3,755 in July 1934. The average cost of 2-family units was \$2,785, which was a gain of 1.8 percent over the cost of this type of structure in the same month of last year.

NEW RESIDENTIAL CONSTRUCTION BY STATES IN THE FEDERAL HOME LOAN BANK DISTRICTS

TABLE 3 reveals that the estimated cost of all new residential building in cities of 10,000 population or over for which permits were issued in July was \$29,879,000. Of this amount, 1- and 2-family dwellings accounted for \$235,805,000, or 80 percent. As noted above, 1- and 2-family dwellings accounted for only 75 percent of the number of new dwelling units provided. This offers an interesting comparison as to the average cost of construction between 1- and 2-family dwellings and multifamily units.

The amount of money expended for housing in every Federal Home Loan Bank District except the Boston, New York, and Little Rock Districts, showed an increase of more than 200 percent in July 1935 as compared with July 1934.

Members of the Federal Home Loan Banks can discover how much money is being expended every month for new residential building in their Districts and in their States by reference to table 3.

TABLE 2.—Number and estimated cost of new housekeeping dwelling units for which permits were issued in all cities of 10,000 population or over in the United States in July 1935¹

[Source: Federal Home Loan Bank Board. Compiled from reports to U. S. Department of Labor]

Type of structure	Number of family units provided			Total cost of units (000 omitted)			Average cost of family units		
	July 1935	July 1934	Percent change	July 1935	July 1934	Percent change	July 1935	July 1934	Percent change
All housekeeping dwellings..	7,849	2,817	+178.6	.....	.....	.....	.....	.....	.....
Total 1- and 2-family dwellings.....	5,866	2,081	+181.9	\$23,805.9	\$7,698.0	+209.2	\$4,058	\$3,699	+9.7
1-family dwellings.....	5,405	1,917	+182.0	22,408.1	7,197.9	+211.3	4,146	3,755	+10.4
2-family dwellings.....	418	138	+202.9	1,164.0	377.6	+208.3	2,785	2,736	+1.8
Joint home and business ² ...	43	26	+65.4	233.8	122.5	+90.9	5,437	4,712	+15.4
Multifamily dwellings.....	1,983	736	+169.4	.....	.....	.....	.....	.....	.....

¹ Estimate is based on reports from communities having approximately 95 percent of the population of all cities with population of 10,000 or over.

² Includes 1- and 2-family dwellings with business property attached.

TABLE 3.—Estimated cost of new residential buildings for which permits were issued in all cities of 10,000 population or over, in July 1935, by Federal Home Loan Bank Districts and by States ¹

[Source: Federal Home Loan Bank Board. Compiled from reports to U. S. Department of Labor]

Federal Home Loan Bank Districts and States	Cost of all new residential building (000 omitted)			Cost of all 1- and 2-family dwellings (000 omitted)		
	July 1935	July 1934	Percent change	July 1935	July 1934	Percent change
UNITED STATES	\$29,879.5	\$9,469.2	+215.5	\$23,805.9	\$7,698.0	+209.2
No. 1—Boston	2,191.3	1,487.1	+47.4	2,191.3	1,386.7	+58.0
Connecticut.....	531.3	333.2	+59.5	531.3	333.2	+59.5
Maine.....	139.7	42.3	+230.3	139.7	42.3	+230.3
Massachusetts.....	1,189.6	857.0	+38.8	1,189.6	826.8	+43.9
New Hampshire.....	93.2	122.6	-24.0	93.2	52.4	+77.9
Rhode Island.....	237.5	108.0	+119.9	237.5	108.0	+119.9
Vermont.....	0	24.0	-100.0	0	24.0	-100.0
No. 2—New York	6,437.1	3,225.7	+99.6	4,163.1	1,656.1	+151.4
New Jersey.....	1,593.9	1,110.3	+43.6	1,593.9	398.7	+299.8
New York.....	4,843.2	2,115.4	+128.9	2,569.2	1,257.4	+104.3
No. 3—Pittsburgh	1,603.6	521.5	+207.5	1,566.8	508.4	+208.2
Delaware.....	84.6	51.7	+63.6	84.6	51.7	+63.6
Pennsylvania.....	1,346.3	450.1	+199.1	1,309.5	437.0	+199.7
West Virginia.....	172.7	19.7	+776.6	172.7	19.7	+776.6
No. 4—Winston-Salem	3,626.7	948.5	+282.4	3,294.8	912.3	+261.2
Alabama.....	168.9	11.6	(²)	154.6	11.6	(²)
District of Columbia.....	1,390.0	412.0	+237.4	1,128.5	401.8	+180.9
Florida.....	600.9	107.7	+457.9	579.4	107.7	+438.0
Georgia.....	349.0	68.1	+412.5	339.7	68.1	+398.8
Maryland.....	177.4	67.3	+163.6	177.4	67.3	+163.6
North Carolina.....	390.7	101.1	+286.4	379.4	90.1	+321.1
South Carolina.....	155.1	105.0	+47.7	141.1	90.0	+56.8
Virginia.....	394.7	75.7	+421.4	394.7	75.7	+421.4
No. 5—Cincinnati	1,800.0	453.9	+296.6	1,770.5	430.4	+311.4
Kentucky.....	248.7	49.7	+400.4	248.7	35.7	+596.6
Ohio.....	1,399.5	363.5	+285.0	1,370.0	354.0	+287.0
Tennessee.....	151.8	40.7	+273.0	151.8	40.7	+273.0
No. 6—Indianapolis	3,981.2	288.7	(²)	1,499.6	282.8	+430.3
Indiana.....	2,729.5	52.5	(²)	288.6	52.5	+449.7
Michigan.....	1,251.7	236.2	+429.9	1,211.0	230.3	+425.8
No. 7—Chicago	2,162.5	400.8	+439.5	1,729.7	398.4	+334.2
Illinois.....	827.5	215.1	+284.7	697.5	212.7	+227.9
Wisconsin.....	1,335.0	185.7	+618.9	1,032.2	185.7	+455.8

¹ Estimate is based on reports from communities having approximately 95 percent of the population of all cities with population of 10,000 or over.

² Increase of 1,000 percent or over.

TABLE 3.—Estimated cost of new residential buildings for which permits were issued in all cities of 10,000 population or over, in July 1935, by Federal Home Loan Bank Districts and by States—Continued

Federal Home Loan Bank Districts and States	Cost of all new residential building (000 omitted)			Cost of all 1- and 2-family dwellings (000 omitted)		
	July 1935	July 1934	Percent change	July 1935	July 1934	Percent change
No. 8—Des Moines.....	1, 724. 5	425. 6	+305. 2	1, 717. 9	425. 6	+303. 6
Iowa.....	339. 5	93. 1	+264. 7	332. 9	93. 1	+257. 6
Minnesota.....	471. 0	160. 3	+193. 8	471. 0	160. 3	+193. 8
Missouri.....	848. 9	159. 5	+432. 2	848. 9	159. 5	+432. 2
North Dakota.....	10. 0	6. 5	+53. 8	10. 0	6. 5	+53. 8
South Dakota.....	55. 1	6. 2	+787. 1	55. 1	6. 2	+788. 7
No. 9—Little Rock.....	1, 417. 3	542. 9	+161. 1	1, 399. 9	535. 8	+161. 3
Arkansas.....	23. 6	1. 4	(²)	23. 6	1. 4	(²)
Louisiana.....	147. 1	23. 8	+518. 1	147. 1	23. 8	+518. 1
Mississippi.....	59. 2	62. 3	-5. 0	59. 2	62. 3	-5. 0
New Mexico.....	29. 0	3. 2	+806. 3	29. 0	3. 2	+806. 3
Texas.....	1, 158. 4	452. 2	+156. 2	1, 141. 0	445. 1	+156. 3
No. 10—Topeka.....	1, 198. 0	214. 4	+458. 8	913. 5	214. 4	+426. 1
Colorado.....	537. 7	112. 0	+380. 1	268. 7	112. 0	+139. 9
Kansas.....	210. 4	33. 3	+531. 8	194. 9	33. 3	+485. 3
Nebraska.....	133. 2	34. 5	+286. 1	133. 2	34. 5	+286. 1
Oklahoma.....	316. 7	34. 6	+815. 3	316. 7	34. 6	+815. 3
No. 11—Portland.....	536. 5	135. 9	+294. 8	536. 5	122. 9	+336. 5
Idaho.....	8. 2	7. 5	+9. 3	8. 2	7. 5	+9. 3
Montana.....	118. 5	25. 5	+364. 7	118. 5	25. 5	+364. 7
Oregon.....	79. 0	14. 8	+433. 8	79. 0	1. 8	(²)
Utah.....	71. 7	17. 5	+309. 7	71. 7	17. 5	+309. 7
Washington.....	174. 0	61. 4	+183. 4	174. 0	61. 4	+183. 4
Wyoming.....	85. 1	9. 2	+825. 0	85. 1	9. 2	+825. 0
No. 12—Los Angeles.....	3, 200. 8	824. 2	+288. 4	3, 022. 3	824. 2	+266. 7
Arizona.....	62. 2	15. 9	+291. 2	62. 2	15. 9	+291. 2
California.....	3, 135. 6	808. 3	+288. 0	2, 957. 1	808. 3	+265. 8
Nevada.....	3. 0	0	(³)	3. 0	0	(³)

² Increase of 1,000 percent or over.

³ Represents an infinite percentage increase due to comparison with zero in the particular period.

FEDERAL HOME

Combined statement of condi

	Combined	Boston	New York	Pittsburgh	Winston-Salem
ASSETS					
Cash on hand in Banks and U. S. Treasury	\$13,169,056.49	\$1,332,784.45	\$882,919.30	\$208,570.01	\$178,775.12
Loans outstanding:					
Members	80,872,687.01	2,354,905.86	14,072,596.30	10,272,314.41	6,106,826.28
Other	4,175.68	0	0	0	0
Total loans	80,876,862.69	2,354,905.86	14,072,596.30	10,272,314.41	6,106,826.28
Accrued interest receivable	508,023.27	54,997.39	67,591.66	37,460.30	41,994.58
Investments, U. S. Government	17,516,798.41	3,854,062.50	159,606.25	137,900.00	1,482,752.52
Other assets	29,235.68	2,137.28	1,977.38	1,238.22	3,214.75
Total assets	112,099,976.54	7,598,887.48	15,184,690.89	10,657,482.94	7,813,563.25
LIABILITIES AND CAPITAL					
Liabilities:					
Current	4,521,093.40	502,974.35	55,000.00	201,651.86	0
Fixed	0	0	0	0	0
Total liabilities	4,521,093.40	502,974.35	55,000.00	201,651.86	0
Capital:					
Capital stock, fully paid, issued and outstanding:					
Members	22,489,700.00	1,999,100.00	3,246,900.00	1,651,500.00	1,881,600.00
U. S. Government	81,645,700.00	5,000,000.00	11,500,000.00	8,500,000.00	5,700,000.00
Total	104,135,400.00	6,999,100.00	14,746,900.00	10,151,500.00	7,581,600.00
Subscription to capital stock:					
Members and applicants	1,498,800.00	36,900.00	210,800.00	146,000.00	97,800.00
Less balance due	598,401.18	23,225.00	113,075.13	79,550.00	24,025.00
Total	900,398.82	13,675.00	97,724.87	66,450.00	73,775.00
U. S. Government	43,095,300.00	7,467,500.00	7,463,200.00	2,646,300.00	3,508,200.00
Less balance due	43,095,300.00	7,467,500.00	7,463,200.00	2,646,300.00	3,508,200.00
Surplus:					
Reserves:					
As required under section no. 16 of act	1,133,732.48	54,846.37	148,496.32	121,492.45	75,181.27
Surplus, unallocated	1,409,351.84	28,291.76	136,569.70	116,388.63	83,006.98
Total surplus	2,543,084.32	83,138.13	285,066.02	237,881.08	158,188.25
Total capital	107,578,883.14	7,095,913.13	15,129,690.89	10,455,831.08	7,813,563.25
Total liabilities and capital	112,099,976.54	7,598,887.48	15,184,690.89	10,657,482.94	7,813,563.25

LOAN BANKS

tion as at July 31, 1935

Cincinnati	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	Portland	Los Angeles
\$1,792,432.01	\$1,953,017.06	\$948,895.90	\$286,259.77	\$1,702,677.66	\$1,677,462.39	\$1,399,311.34	\$805,951.48
15,448,971.46	4,113,399.05	12,699,679.44	3,569,648.68	3,555,608.12	3,286,114.87	2,391,041.30	3,001,581.24
0	0	0	0	0	0	0	4,175.68
15,448,971.46	4,113,399.05	12,699,679.44	3,569,648.68	3,555,608.12	3,286,114.87	2,391,041.30	3,005,756.92
101,557.70	39,865.31	37,749.44	35,054.03	41,659.11	21,084.89	8,942.31	20,066.55
3,032,925.46	2,088,441.76	121,742.43	1,986,133.11	2,377,000.00	1,053,046.88	212,075.00	1,011,112.50
2,205.62	1,521.77	6,208.26	920.55	600.46	1,395.26	501.06	7,315.07
20,378,092.25	8,196,244.95	13,814,275.47	5,878,016.14	7,677,545.35	6,039,104.29	4,011,871.01	4,850,202.52
1,903,800.31	57,832.19	1,181,587.83	215,365.35	117,656.88	117,094.37	130,130.26	38,000.00
0	0	0	0	0	0	0	0
1,903,800.31	57,832.19	1,181,587.83	215,365.35	117,656.88	117,094.37	130,130.26	38,000.00
4,733,100.00	1,951,800.00	2,166,900.00	992,900.00	1,296,200.00	971,200.00	511,000.00	1,087,500.00
12,775,700.00	6,000,000.00	10,000,000.00	4,500,000.00	6,100,000.00	4,700,000.00	3,310,000.00	3,560,000.00
17,508,800.00	7,951,800.00	12,166,900.00	5,492,900.00	7,396,200.00	5,671,200.00	3,821,000.00	4,647,500.00
607,700.00	82,500.00	120,800.00	61,700.00	34,800.00	57,500.00	23,400.00	18,900.00
146,950.00	53,550.00	77,990.00	23,725.00	16,095.00	15,800.00	13,850.00	10,566.05
460,750.00	28,950.00	42,810.00	37,975.00	18,705.00	41,700.00	9,550.00	8,333.95
0	577,400.00	4,173,900.00	2,894,900.00	2,672,400.00	2,633,600.00	2,650,000.00	6,407,900.00
0	577,400.00	4,173,900.00	2,894,900.00	2,672,400.00	2,633,600.00	2,650,000.00	6,407,900.00
236,755.27	92,322.43	153,200.43	55,865.92	88,520.05	40,835.62	29,934.38	36,281.97
267,986.67	65,340.33	269,777.21	75,909.87	56,463.42	168,274.30	21,256.37	120,086.60
504,741.94	157,662.76	422,977.64	131,775.79	144,983.47	209,109.92	51,190.75	156,368.57
18,474,291.94	8,138,412.76	12,632,687.64	5,662,650.79	7,559,888.47	5,922,009.92	3,881,740.75	4,812,202.52
20,378,092.25	8,196,244.95	13,814,275.47	5,878,016.14	7,677,545.35	6,039,104.29	4,011,871.01	4,850,202.52

Growth and Lending Operations of the Federal Home Loan Banks

EXPANSION of lending activity by the Federal Home Loan Banks led to calls on the United States Treasury for additional stock subscriptions from 2 regional Banks during August. This is the first month since October 1934 that any such calls have been made. At the same time, inter-Bank lending was resumed on a considerable scale after 4 months complete suspension of such activity. Finally, be-

tween July 31 and August 17 the combined balance of loans outstanding on advances to member institutions rose from \$80,877,000 to \$83,230,000.

These data reflect both the degree to which member institutions are taking advantage of the low interest rates offered by the Federal Home Loan Banks on long- and short-term advances, and the pick-up in home-financing activity.

Growth, trend of lending operations, line of credit, and unused credit of the Federal Home Loan Banks

Month	Members		Line of credit (cumulative) (000 omitted)	Loans advanced (cumulative) (000 omitted)	Loans advanced (monthly) (000 omitted)	Repayments (monthly) (000 omitted)	Balance outstanding at end of month (000 omitted)	Unused line of credit ² (000 omitted)
	Number	Assets ¹ (000 omitted)						
1932								
December	118	\$216, 613	\$23, 630	\$837	\$837	.....	\$837	\$22, 793
1933								
June	1, 337	1, 846, 775	146, 849	48, 817	8, 825	\$270	47, 600	99, 249
December	2, 086	2, 607, 307	211, 224	90, 835	7, 102	859	85, 442	125, 782
1934								
June	2, 579	3, 027, 999	232, 926	111, 767	2, 950	3, 143	85, 148	147, 778
December	3, 072	3, 305, 088	254, 085	129, 545	2, 904	3, 360	86, 658	167, 426
1935								
June	3, 326	3, 201, 671	260, 726	148, 450	5, 353	1, 957	79, 233	181, 493
July	3, 340	3, 185, 822	260, 984	153, 523	5, 074	3, 429	80, 877	180, 107

¹ Where declines occur they are due to adjustments based on current reports from State building and loan commissioners. In this connection it should be stated that assets of member institutions are reported when they join the System and are subsequently brought up to date once a year as periodic reports are received either from the institutions or from State building and loan supervisors.

² Derived by deducting the balance outstanding from the line of credit.

NOTE.—All figures, except loans advanced (monthly) and repayments, are as of the end of month.

*Interest rates, Federal Home Loan Banks: rates on advances to member institutions*¹

Federal Home Loan Bank	Rate in effect on Sept. 1	Type of loan
	<i>Percent</i>	
1. Boston	3	All advances for 2 years or less, made between July 1 and Dec. 31, 1935, with right to renew for period up to 10 years at not more than 4 percent. During 6-month period, July 1 to Dec. 31, 1935, interest will be collected at 3 percent on all outstanding 10-year advances.
2. New York	3½	All advances for 1 year or less, and amortized within that time.
3. Pittsburgh	4 3½	All other advances. All advances for 1 year or less. All advances for more than 1 year are to be written at 4 percent, but until further notice credit will be given on all outstanding advances for the difference between the written rates of 5, 4½, or 4 percent and 3½ percentum per annum.
4. Winston-Salem	4	All advances secured by H. O. L. C. bonds.
5. Cincinnati	4	All advances for 1 year or less. All advances for more than 1 year are written at 4½ percent, but interest collected at 4-percent rate.
6. Indianapolis	3	All advances for 2 years or less. All advances for more than 2 years are to be written at 3½ percent, but billed at 3 percent during the period in which short-term advances carry this rate.
7. Chicago	3 3½ 3½	All secured advances for 1 year or less. All unsecured advances, none of which may be made for more than 6 months. All secured advances for more than 1 year.
8. Des Moines	3½ 3½-4	All advances written for 1 year or less. All advances for more than 1 year are to be written at 4½ percent, but billed at 3½ percent during the period in which short-term advances carry this rate. All advances for 1 year or less.
9. Little Rock	3	All new advances for more than 1 year shall be written at 3½-percent interest rate for the first year and 4 percent for subsequent years. However, the rate of interest collectible quarterly after the first year shall be the same as the then effective rate on short-term advances. On all existing advances written at 4½ percent only 4 percent will be collected on and after May 1, 1935 so long as these lower rates remain in effect. Further, all advances outstanding at May 1, 1935 written in excess of 3½ percent will, on Dec. 31, 1935, and semiannually thereafter, receive a refund of such portion of the interest collected above 3½ percent as the Board of Directors shall deem justifiable. Such refund will be granted only on loans on which no payments in advance of maturity are made.
10. Topeka	3	All advances.
11. Portland	3	Do.
	3	All advances to members secured by mortgages insured under Title II of National Housing Act.
	3½	All advances for 1 year or less. All advances for more than 1 year to be written at 4 percent, but interest collected at 3½ percent so long as short-term advances carry this rate.
12. Los Angeles	3	All advances.

¹ On May 29, 1935 the Board passed a resolution to the effect that all advances to nonmembers institutions upon the security of insured mortgages, insured under Title II of the National Housing Act, "shall bear interest at rates of interest one half on 1 per centum per annum in excess of the current rates of interest prevailing for member institutions."

Federal Savings and Loan System

BETWEEN January and July, the percentage of all mortgage loans made by reporting Federal savings and loan associations for new construction and purchase of homes rose from 29.4 percent to almost 50 percent. During this period, the percentage of loans for reconditioning remained practically stationary around 8 percent, but the percentage for refinancing fell from 61.3 percent in January to 43.2 percent in July. This gradual shift away from refinancing and towards construction and purchase loans, though due in part to seasonal factors, is nevertheless an encouraging sign of the revival of confidence and of real-estate and home-building activity.

Table 1 reveals the degree to which both new and converted associations not only expanded their lending activity for all purposes but gained in share subscriptions in the month of July as compared with June. As a result of the semiannual declaration of dividends, the item "repurchases during month" showed its usual seasonal advance for both new and converted associations.

Table 2 reveals an increase during July of nearly \$7,000,000 in total Treasury subscriptions to shares of Federal savings and loan associations. As of July 31, the Treasury had subscribed a total of \$37,044,500 to associations' shares. At that time, requests were in for an additional \$6,000,000.

July saw the addition of 33 converted and 10 new Federal associations. This brought the total as of July 31 to 794 with assets of \$365,800,000 (table 3).

REPORTS ON EFFECTS OF FEDERALIZATION

A NUMBER of associations converted from State charters have recently reported

progress made as a result of federalization. Extracts from these reports are given below.

From a converted association in Tennessee, which began business under Federal charter on July 1:

We were not especially interested in increasing stock sales for the time being, because we had been compelled to place a limit on sales in the State association, but we were anxious for an increase in good loan demand. We are pleased with the increase in both departments. But even with the increase in loans, we still find a limit on sales necessary. Otherwise we will not get to the place where we can use the Banks 3½ percent money.

I would say that our loan demand has increased at least 50 percent. The direct reduction loan is very popular and I feel that the association which does not adopt it is headed for liquidation. We made a net increase of 5 percent in loans during the first 30 days. Insurance of shares is also a stimulus to stock sales.

From a converted association in New York:

We have been operating as a Federal association since January 8, 1935, after having given considerable thought to conversion for over a period of a year. Our only regret is that we did not federalize in January 1934.

. . . we are enjoying a good volume of unsolicited subscriptions to shares. We believe that this new business, coming to the association from people not previously known to us, is a healthy sign.

From a converted association in North Carolina:

Following receipt of this charter and the certificate of insurance, we announced to the public the advantages of a Federal association, and the response to this announcement has been phenomenal. When our plan of loans was announced we immediately began to receive applications of the highest type for loans—an entirely different

class of business than the old State-chartered association had always been accustomed to handling. Since that time, we have made more loans than in the previous 2½ years—and with respect to investments—all of our old shareholders seem to be well pleased with the addi-

tional safety offered under the insured plan, and new investments since that time aggregate more than \$25,000. Applications for repurchase of shares are confined strictly to absolute necessity.

It has become necessary for us to increase our office force.

TABLE 1.—Federal Savings and Loan System—Combined summary of operations for July 1935 compared with June 1935

	435 new associations			223 converted associations		
	July	June	Change June to July	July	June	Change June to July
Total subscriptions at end of month:			<i>Percent</i>			<i>Percent</i>
Private share accounts.....	48, 893	45, 949	+6. 4	207, 622	200, 251	+3. 7
Shares privately subscribed.....	454, 415	422, 737	+7. 5	2, 538, 921	2, 509, 594	+1. 2
Shares per account (average).....	10	10	0	12. 5	12. 2	+2. 4
Share liability at end of month:						
Paid on private subscriptions.....	\$14, 483, 312	\$12,564,535	+15. 3	\$151, 637, 453	\$154, 204, 863	-1. 6
Treasury subscriptions.....	16, 948, 600	14, 854, 300	+14. 1	16, 200, 900	13, 446, 900	+20. 5
Total.....	31, 431, 912	27, 418, 835	+14. 6	167, 838, 353	167, 651, 763	+ . 1
Average paid on private subscriptions...	297	274	+8. 4	730	770	-5. 2
Repurchases during month.....	234, 843	114, 723	+104. 7	4, 218, 988	1, 753, 924	+140. 5
Mortgage loans made during month:						
a. Reconditioning.....	317, 681	247, 218	+28. 5	418, 819	292, 370	+43. 2
b. New construction.....	1, 179, 956	1, 015, 004	+16. 2	951, 714	757, 771	+25. 6
c. Refinancing.....	1, 693, 274	1, 463, 657	+15. 7	2, 067, 819	2, 035, 380	+1. 6
d. Purchase of homes.....	695, 262	573, 602	+21. 2	1, 373, 994	1, 384, 645	- . 8
Total for month.....	3, 886, 173	3, 299, 481	+17. 8	4, 812, 346	4, 470, 166	+7. 7
Loans outstanding end of month.....	131, 331, 805	27, 070, 117	+15. 7	140, 840, 463	138, 129, 282	+2. .
Borrowed money as of end of month:						
From Federal Home Loan Banks....	2, 789, 482	2, 403, 276	+16. 1	11, 294, 737	10, 709, 919	+5. 4
From other sources.....	68, 179	50, 854	+34. .	1, 803, 508	1, 858, 786	-3. .
Total.....	2, 857, 661	2, 454, 130	+16. 4	13, 098, 245	12, 568, 705	+4. 2

*This total includes loans made for other purposes than those listed.

TABLE 2.—Treasury subscriptions to stock of Federal savings and loan associations—Request and subscriptions

	Dec. 31, 1933	June 30, 1934	Dec. 31, 1934	June 30, 1935	July 31, 1935
Requests received:					
Number.....	0	184	707	1, 490	1, 636
Amount.....	0	\$2, 726, 500	\$14, 839, 600	\$38, 098, 000	\$43, 094, 500
Subscriptions:					
Number.....	0	71	536	1, 293	1, 475
Amount.....	0	\$1, 229, 300	\$10, 725, 400	\$30, 606, 700	\$37, 044, 500

TABLE 3.—Progress in number and assets of the Federal Savings and Loan System

	Number				Assets	Number	Assets
	Dec. 31, 1933	June 30, 1934	Dec. 31, 1934	June 30, 1935	June 30, 1935	July 31, 1935	July 31, 1935
New.....	57	321	481	554	\$36, 145, 430	564	\$36, 875, 037
Converted.....	2	49	158	297	268, 423, 577	330	328, 931, 531
Total.....	59	370	639	851	304, 569, 007	894	365, 806, 568

Federal Savings and Loan Insurance Corporation

BUILDING and loan associations that are debating the desirability of having their shareholders' accounts insured by the Federal Savings and Loan Insurance Corporation, frequently request information on the experience of associations already insured. To satisfy this demand and extend the benefits of the information to the largest group possible, the REVIEW will publish regularly pertinent extracts from letters and reports currently received.

The following excerpts are taken from a letter dated August 7, from a North Carolina association whose accounts were insured on June 8. Particular attention is called to the last paragraph which indicates the importance of educating the public concerning the significance of Federal insurance.

The announcement to our old members has met with universal satisfaction and approval and has resulted in many of them increasing their investments in the association since that time, and has also attracted a great number of new investors and has resulted in more money coming into the association for investments since that time than we had received over the previous 2-year period. . . .

With regard to the stimulation of applications for home loans, we desire to say that we are being offered a higher class of security for loans, and that we have received applications, and made more loans since that time than we had in the previous 2 years.

Our association is the first association in this part of North Carolina to convert from a State to a Federal charter, and naturally the public at first did not understand it, but as they are beginning to understand that we are offering this protection to our members it is very gratifying to us to note the results, and we cannot too highly recommend the insurance of shares to all associations that are not insured.

From a converted association in New York:

The insurance of share accounts was felt to be needed by this association before we converted. Old members are now adding to their share credits more rapidly and consistently than before conversion, and we are attracting as members people of our community from whom we could not get accounts in the past.

An association in the State of Washington wrote in part as follows 10 days after receipt of its insurance certificate:

We have been more than pleased with the reception the public has given us to date. Our old members that had damned us and blamed the entire depression upon us have been most enthusiastic in their endorsement . . .

We are for the first time since 1931 receiving new investments and are aggressively in the loan business again for the first time in over 4 years.

We have the above to report during the hardest times this county has had due to a 15-week lumber strike with no let-up in sight.

From a converted association in Idaho:

On April 1 the First Federal Savings and Loan Association of . . . , Idaho, began business fully protected by Federal savings and loan insurance on all share accounts, and it was immediately recognized by the manager of the institution and the Board of Directors that confidence was, among the shareholders and public, immediately restored.

After operating 3 months, on July 1, after taking care of all the organization expenses, and the expenses required under the charter, we were able to pay the shareholders a dividend on the basis of 4 percent per year.

The fact that we are insured has not brought any large amount of new accounts, at the same time we can see day by day the atmosphere is clearing and confidence is completely restored.

PROGRESS OF THE INSURANCE CORPORATION

A LARGER number of associations had their shareholders' accounts insured during the period July 20 to August 24 than in any comparable period for the preceding 6 months. Of a total of 71 associations receiving their certificate of insurance, 23 were State-chartered associations and 48 were converted Federal savings and loan associations. The total assets of the 932 associations insured as of August 24 was

\$475,824,281 and the total number of shareholders whose accounts up to \$5,000 were protected by insurance was 714,378.

During this same period, the Insurance Corporation received applications for insurance from 83 associations, bringing the total of applicant associations to 1,180, with combined assets of \$827,765,455. Of the 83 applicants, 40 were State-chartered associations, 28 Federal savings and loan associations converted from State charters, and 15 new Federal associations.

Progress of the Federal Savings and Loan Insurance Corporation—Applications received and institutions insured

APPLICATIONS RECEIVED

	Number			Assets (as of date of application)		
	Dec. 31, 1934	July 20, 1935	Aug. 24, 1935	Dec. 31, 1934	July 20, 1935	Aug. 24, 1935
State-chartered associations.....	53	199	239	\$110,681,409	\$370,000,180	\$399,947,510
Converted F. S. and L. A.....	134	375	403	128,907,073	356,659,511	418,661,514
New F. S. and L. A.....	393	523	538	7,578,870	8,893,767	9,156,431
Total.....	580	1,097	1,180	247,167,352	735,553,458	827,765,455

INSTITUTIONS INSURED

	Number			Number of shareholders (as of date of insurance)	Share and creditor liabilities (as of date of insurance)	Assets (as of date of insurance)
	Dec. 31, 1934	July 20, 1935	Aug. 24, 1935			
State-chartered associations.....	4	47	70	184,844	\$126,560,462	\$140,778,835
New and converted F. S. and L. A.....	447	814	862	529,534	306,888,002	335,045,446
Total.....	451	861	932	714,378	433,448,464	475,824,281

Home Owners' Loan Corporation

Applications received and loans closed by months ¹

Month	Applications received (number)	Loans closed	
		Number	Amount
1933			
From date of opening through Sept. 30	403, 114	593	\$1, 688, 787
October.....	129, 504	3, 424	10, 164, 678
November.....	99, 232	10, 946	31, 445, 827
December.....	90, 946	22, 286	62, 621, 051
1934			
January.....	123, 189	30, 339	86, 143, 838
February.....	136, 132	32, 940	93, 499, 995
March.....	168, 273	52, 260	150, 213, 639
April.....	145, 772	56, 172	171, 490, 768
May.....	119, 791	64, 172	208, 293, 766
June.....	97, 679	71, 768	223, 440, 191
July.....	66, 157	78, 046	235, 467, 606
August.....	72, 022	69, 738	202, 442, 864
September.....	39, 317	59, 240	179, 299, 857
October.....	35, 675	65, 813	201, 211, 532
November.....	² 13, 913	54, 468	170, 544, 562
December.....		54, 036	169, 018, 847
1935			
January.....		54, 990	166, 836, 150
February.....		36, 542	104, 919, 941
March.....		23, 140	70, 664, 400
April.....		13, 807	39, 475, 180
May.....	³ 2, 914	13, 593	41, 235, 897
June.....	139, 260	13, 142	40, 557, 636
July.....		13, 413	41, 569, 800
Aug. 1 to Aug. 22.....		9, 927	30, 065, 530
Grand total to Aug. 22, 1935.....	1, 882, 890	904, 795	2, 732, 312, 342

¹ These figures are subject to adjustment.

² Receipt of applications stopped Nov. 13, 1934, and was not resumed until May 23, 1935.

³ Represents applications received in 3 days. Order to receive applications for a 30-day period was issued May 28, 1935.

Reconditioning Division—Summary of all reconditioning operations through Aug. 22, 1935

Period	Number of applications received for reconditioning loans	Total contracts executed		Total jobs completed	
		Number	Amount	Number	Amount
June 1, 1934 through July 24, 1935 ¹	577, 707	269, 359	\$49, 138, 161	221, 034	\$39, 121, 517
July 25, 1935 through Aug. 22, 1935 ²	22, 380	9, 039	2, 007, 230	18, 393	3, 234, 945
Grand total through Aug. 22, 1935.....	600, 087	278, 398	51, 145, 391	239, 427	42, 356, 462

¹ The totals for this period differ from those published in the August REVIEW due to subsequent corrections.

² The figures for this period are subject to correction.

NOTE.—Prior to the organization of the Reconditioning Division on June 1, 1934, the Corporation had completed 52,269 reconditioning jobs amounting to approximately \$6,800,000.

Resolutions of the Board

I.—PROVIDING FOR THE RETIREMENT OF SHARES OF FEDERAL SAVINGS AND LOAN ASSOCIATIONS PURCHASED BY THE SECRETARY OF THE TREASURY

The Board adopted the following resolution on August 12:

Whereas the Federal statute provides for the retirement of shares of Federal savings and loan associations purchased by the Secretary of the Treasury of the United States on the approval of this Board beginning at the expiration of five years from the time of the investment in such shares, and in the case of preferred shares, such retirement to take place from one third of the receipts from the investing and borrowing shareholders, and in the case of full-paid income shares, such retirement shall be made in accordance with the rules and regulations prescribed by the Board for such associations, and

Whereas no provision by law is made for the retirement of such shares by such associations prior to such dates, and

Whereas some associations desire to begin the retirement of their shares held by the Secretary of the Treasury prior to the statutory period, therefore

Be it resolved by the Federal Home Loan Bank Board that, subject to the approval of the Secretary of the Treasury, Federal savings and loan associations having issued receipts to the Secretary of the Treasury for subscription to shares and desiring to repurchase such shares in whole or in part prior to the expiration of the statutory period may retire such shares in whole or in part as follows:

1. Such associations shall execute in quadruplicate request to the Secretary of the Treasury for the retirement of such shares in whole or in part on the form approved by the Board and filed on Page 200 of the Exhibit Book, properly filled out and executed for repurchase in units of \$100 shares which shall be accompanied by check, money order, or draft for the amount indicated.

2. Requests to repurchase shares held by the Secretary of the Treasury when made prior to

the end of the statutory period shall be made as of a dividend date with remittance within 30 days thereafter and with dividends as declared to such dividend date.

3. Such requests to repurchase shall be forwarded by the association to the Federal Savings and Loan Division, and after approval by the Board, shall be transmitted to the Secretary of the Treasury.

4. The Secretary of the Treasury will cause to be executed an acceptance of such request to repurchase and will mail acknowledgment to the association and to the Federal Savings and Loan Division.

II.—CONCERNING THE JOINT USE OF THE SAME OFFICE BY A FEDERAL SAVINGS AND LOAN ASSOCIATION AND ANOTHER INSTITUTION ENGAGED IN THE FINANCING OF HOMES

The Board adopted the following resolution on August 22:

Whereas it appears to be undesirable for Federal savings and loan associations to operate in the same office with another institution engaged principally in the business of the financing of homes, and

Whereas several such associations were organized and are operating in the same offices with other institutions engaged principally in the financing of homes, therefore

Be it resolved that the General Manager of the Federal Savings and Loan Division be directed to make a survey of the situation of Federal savings and loan associations which are operating in the offices of other institutions engaged principally in the business of financing homes and report to the Board, and

Be it further resolved that all such associations be required to enter into a written agreement with the institution occupying space with it, setting out clearly the basis of such joint occupancy and in a form approved by the General Manager of the Federal Savings and Loan Division, and

Be it further resolved that if a satisfactory basis of joint occupancy is not arranged within

a reasonable time such Federal savings and loan association be required to secure for itself separate space.

III.—AMENDING THE RULES AND REGULATIONS FOR FEDERAL SAVINGS AND LOAN ASSOCIATIONS CONCERNING THE DATE AT WHICH THE ANNUAL AUDIT SHALL BE MADE

On August 22, the Board adopted the following resolution:

Be it resolved by the Federal Home Loan Bank Board that Section 18 of the Rules and Regulations for Federal Savings and Loan Associations, Revised Edition, June 1935, be amended by the addition of the following:

“The audit herein provided for shall be made as nearly as practicable six months after the official examination, and in the event the official examination is delayed may be delayed until six months after such examination.”

IV.—CONCERNING CALLS ON THE HOME OWNERS' LOAN CORPORATION FOR SUBSCRIPTIONS TO SHARES OF FEDERAL SAVINGS AND LOAN ASSOCIATIONS

On August 28, the Board directed that the Federal Savings and Loan Division

shall handle calls by Federal savings and loan associations for subscriptions to shares by the Home Owners' Loan Corporation in the same manner as the Federal Savings and Loan Division has heretofore handled calls on the Secretary of the Treasury by such associations.

V.—AUTHORIZING OFFICIAL ABBREVIATIONS OF AGENCIES UNDER THE BOARD

On August 21, the Board approved the following resolution:

Be it resolved that in the interest of economy in the transmission of telegrams, the following code words shall be used for names as shown:

FSLIC for Federal Savings and Loan Insurance Corporation

BLA for Building and Loan Association

HOLC for Home Owners' Loan Corporation

FHLBB for Federal Home Loan Bank Board

FHLB for individual Banks as “FHLB BOSTON”

FSLA for Federal Savings and Loan Association

FSLD for Federal Savings and Loan Division.

Directory of Member, Federal, and Insured Institutions

Added during July-August

I. INSTITUTIONS ADMITTED TO MEMBERSHIP IN THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN JULY 29, 1935, AND AUGUST 24, 1935¹

(Listed by Federal Home Loan Bank Districts, States, and cities)

DISTRICT NO. 2

NEW JERSEY:

Paterson:

Benefactor Building & Loan Association, 64 Hamilton Street.

Pompton Lakes:

Pompton Lakes Building & Loan Association, 115 Wanaque Avenue.

Rutherford:

Rutherford Mutual Loan & Building Association, Glen Road & Park Avenue.

NEW YORK:

Baldwinsville:

Baldwinsville Savings & Loan Association, 2 West Genesee Street.

DISTRICT NO. 3

PENNSYLVANIA:

New Castle:

Equitable Building & Loan Association of New Castle, 33 North Mercer Street.

Philadelphia:

St. Charles Building & Loan Association, 5431 Cedar Avenue.

Wharton Building Association No. 3, 1802 South Broad Street.

Washington:

Industrial Building & Loan Association of Washington, 28 Court Square Arcade.

DISTRICT NO. 5

KENTUCKY:

Newport:

Standard Savings, Building & Loan Association, 821 York Street.

OHIO:

Canton:

First Savings & Loan Company of Canton, Ohio.

Van Wert:

Van Wert Building & Savings Company, 123 West Main Street.

West Milton:

Milton Loan & Savings Association, 102 North Miami Street.

¹ During this period 11 Federal savings and loan associations were admitted to membership in the System.

DISTRICT NO. 7

ILLINOIS:

Chicago:

Lawndale Building & Loan Association, 2340 South Kedzie Avenue.

WISCONSIN:

Milwaukee:

Bay View Building & Loan Association, 2671 South Kinnickinnic Avenue.

Home Mutual Building & Loan Association, 2613 West North Avenue.

Sherman Park Building & Loan Association, 2800 West Center Street.

State Building & Loan Association, 634 West Mitchell Street.

West Allis:

West Allis Building & Loan Association, 7028 West Greenfield Avenue.

DISTRICT NO. 10

KANSAS:

Wichita:

Southwest Building & Loan Association, 109 North Topeka Avenue.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN JULY 29, 1935, AND AUGUST 24, 1935

IOWA:

Mason City:

Mason City Building & Loan Association.

McGregor:

Home Savings & Loan Association.

MASSACHUSETTS:

Waltham:

Watch City Co-operative Bank, 7 Moody Street.

NEW JERSEY:

Trenton:

White Horse Building & Loan Association, 73 Locust Avenue.

II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN JULY 30, 1935, AND AUGUST 26, 1935

(Listed by Federal Home Loan Bank Districts, States, and cities)

DISTRICT NO. 1

CONNECTICUT:

Bristol:

Bristol Federal Savings & Loan Association, 5 Prospect Street (converted from Bristol Building & Loan Association, Incorporated).

Groton:

New London Federal Savings & Loan Association.

DISTRICT NO. 2

- NEW YORK:**
Albany:
 West End Federal Savings & Loan Association of Albany, 854 Madison Avenue (converted from West End Savings & Loan Association).
Kenmore:
 First Federal Savings & Loan Association of Kenmore, 2830 Delaware Avenue (converted from Kenmore Savings & Loan Association).

DISTRICT NO. 4

- ALABAMA:**
Birmingham:
 Birmingham Federal Savings & Loan Association, 2028 First Avenue, North (converted from Birmingham Building & Loan, Incorporated).
FLORIDA:
Eustis:
 First Federal Savings & Loan Association of Eustis.
GEORGIA:
Athens:
 Athens Federal Savings & Loan Association, 231 Washington Street (converted from Mutual Building & Loan Association).
Atlanta:
 Atlanta Federal Savings & Loan Association, 74 Plaza Way (converted from Atlanta Building & Loan Association).
NORTH CAROLINA:
Tryon:
 Tryon Federal Savings & Loan Association.

DISTRICT NO. 5

- KENTUCKY:**
Hopkinsville:
 First Federal Savings & Loan Association of Hopkinsville.
Newport:
 Clifton-Southgate Federal Savings & Loan Association of Newport, 1009 Monmouth Street (converted from Clifton-Southgate Loan & Building Association).
OHIO:
Chillicothe:
 First Federal Savings & Loan Association of Chillicothe, 166 East Main Street (converted from East End Building & Loan Company).
Cincinnati:
 Cincinnati Federal Savings & Loan Association, 3115 Warsaw Avenue (converted from Library Savings & Loan Company).
Galion:
 First Federal Savings & Loan Association of Galion, Public Square (converted from Home Savings & Loan Company of Galion, Ohio).
Niles:
 McKinley Federal Savings & Loan Association of Niles, 36 South Main Street (converted from McKinley Savings & Loan Company).
TENNESSEE:
Waynesboro:
 First Federal Savings & Loan Association of Waynesboro.

DISTRICT NO. 6

- INDIANA:**
East Chicago:
 East Chicago Federal Savings & Loan Association.

INDIANA:—Continued

- Gary:**
 Steel City Federal Savings & Loan Association, 1134 Broadway.
Richmond:
 First Federal Savings & Loan Association of Richmond, 21 North Ninth Street (converted from Richmond Loan & Savings Association).

DISTRICT NO. 7

- ILLINOIS:**
Lawrenceville:
 Lawrenceville Federal Savings & Loan Association, 614 Twelfth Street (converted from Lawrenceville Investment & Loan Association).
Wheaton:
 Home Federal Savings & Loan Association of Wheaton, 107 North Main Street (converted from Home Building & Loan Association of Wheaton).

DISTRICT NO. 8

- IOWA:**
Algona:
 Algona Federal Savings & Loan Association, 7 North Dodge Street (involving transfer of assets of Algona Building, Loan & Savings Association).
NORTH DAKOTA:
Fargo:
 First Federal Savings & Loan Association of Fargo, 13 Broadway (converted from Fargo Building & Loan Association).

DISTRICT NO. 9

- ARKANSAS:**
Little Rock:
 Guaranty Federal Savings & Loan Association, 123 Main Street.

DISTRICT NO. 10

- COLORADO:**
Denver:
 Industrial Federal Savings & Loan Association of Denver, 740 Seventeenth Street (converted from Industrial Building & Loan Association).
NEBRASKA:
Nebraska City:
 Second Federal Savings & Loan Association of Nebraska City, 115 South Eighth Street (converted from Nebraska City Building & Loan Association).

DISTRICT NO. 11

- UTAH:**
Salt Lake City:
 Prudential Federal Savings & Loan Association, 49 West South Temple Street (converted from Prudential Building Society).

DISTRICT NO. 12

- CALIFORNIA:**
Los Angeles:
 Los Angeles Federal Savings & Loan Association, 215 West Seventh Street.
San Francisco:
 Eureka Federal Savings & Loan Association of San Francisco, 465 California Street (converted from Eureka Building & Loan Association).
Santa Monica:
 First Federal Savings & Loan Association of Santa Monica, 222 Santa Monica Boulevard (converted from Citizens Guarantee Building-Loan Association of Santa Monica).

III. INSTITUTIONS INSURED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION BETWEEN AUGUST 2, 1935, AND AUGUST 30, 1935 ¹

(Listed by Federal Home Loan Bank Districts, States, and cities)

DISTRICT NO. 5

OHIO:

- Bellefontaine:
Bellefontaine Building & Loan Company, 149 West Columbus Avenue.
- Canton:
Citizens Building & Loan Company, 114 Market Avenue.
- Cincinnati:
Market Building & Savings Company, 1717 Vine Street.

DISTRICT NO. 6

INDIANA:

- Franklin:
Mutual Building & Loan Association, 40 North Water Street.
- Huntington:
People's Savings & Loan Association, 450 North Jefferson Street.

DISTRICT NO. 9

LOUISIANA:

- Algiers:
Algiers Homestead Association, 644 Bonny Street.
- Covington:
St. Tammany Homestead Association, 311 New Hampshire Street.
- New Orleans:
Carrollton Homestead Association, 923 Maritime Building.

¹ During this period 45 Federal savings and loan associations were insured.

LOUISIANA—Continued.

New Orleans—Continued.

- Citizens Homestead Association, 1117 Canal Bank Bldg.
- Dixie Homestead Association, 404 American Bank Building.
- Dryades Building & Loan Association, 1701 Dryades Street.
- Eureka Homestead Society, 451 Camp Street.
- Fifth District Homestead Society, 518 Verret Street.
- General Building & Loan Association, Maritime Building.
- Homesekers Building & Loan Association, 542 Frenchman Street.
- Jackson Homestead Association, 722 Common Street.
- Pelican Homestead Association, 625-26 Canal Bank Building.
- Security Building & Loan Association, 801 Masion Blanche Building.
- Sixth District Building & Loan Association, 4322 Magazine Street.

TEXAS:

- Dallas:
Dallas Building & Loan Association, 1319 Commerce Street.
- Greenville:
Mutual Building & Loan Company, 306-7 Graham-Fagg Building.

DISTRICT NO. 11

WASHINGTON:

- Seattle:
Puget Sound Savings & Loan Association, 1414 Fourth Avenue.

DISTRICT NO. 12

CALIFORNIA:

- Pasadena:
Mutual Building & Loan Association of Pasadena, 38 South Los Robles Avenue.

Suggestions for Binding the Completed First Volume of the Federal Home Loan Bank Review

WITH this issue, the FEDERAL HOME LOAN BANK REVIEW completes its first 12-months of existence and consequently its first volume. The October issue will be Number 1 of Volume 2. Those who wish to preserve past issues for ready reference will find it preferable to have the volume bound. The cost of such work is slight and can be done locally.

To facilitate the use of a bound volume, the pages have been numbered consec-

utively through the 12 issues.¹ Also, a complete index of the 12 numbers has been prepared and is published in the last pages of this issue, so that it will come at the end of the volume.

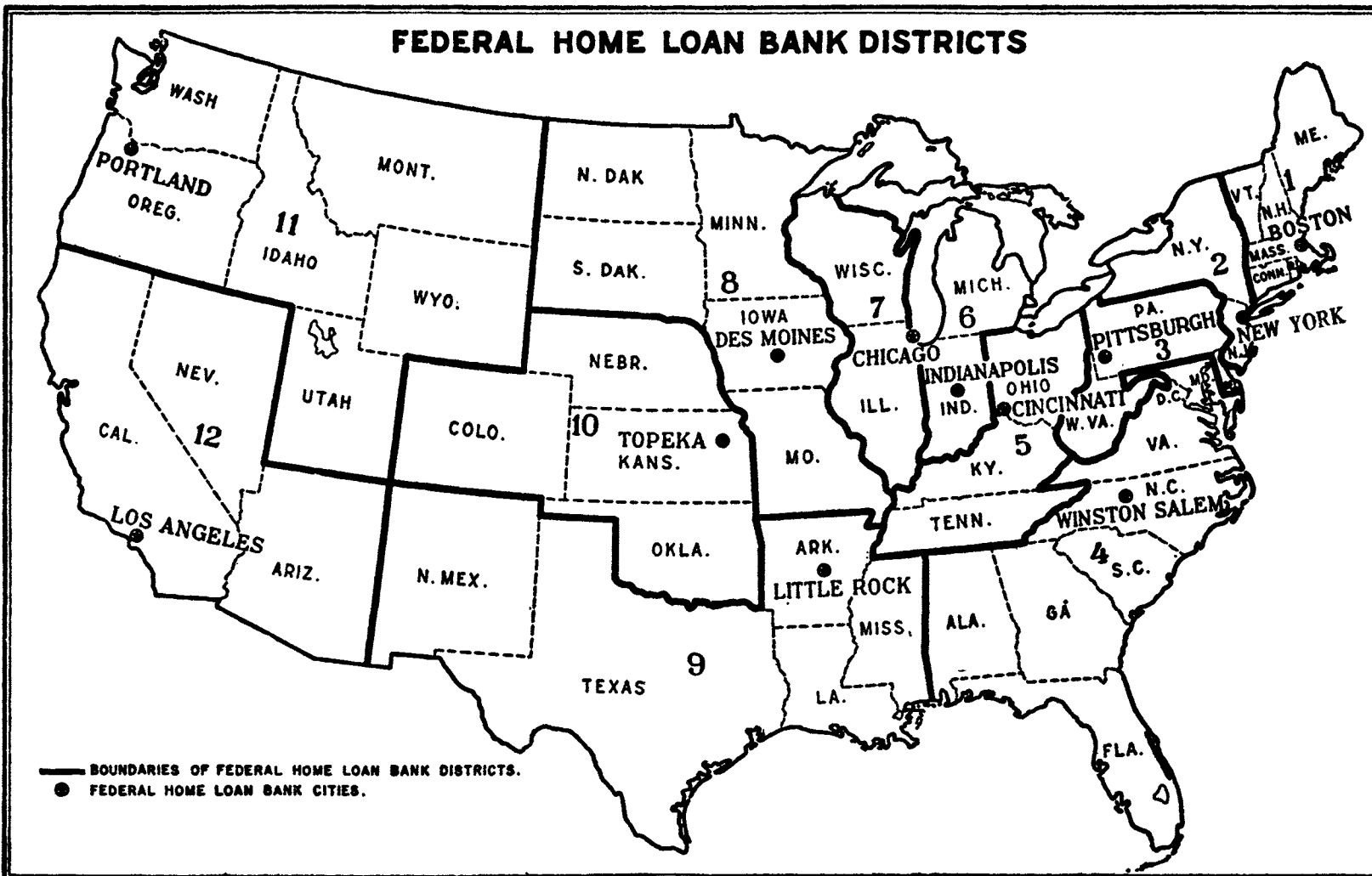
¹ Due to an oversight, the pages of issue Number 2, published in November 1934, were numbered beginning at 1 instead of 29. However, the correct consecutive number appears on the first page of Number 3. The pages of issue Number 2 should therefore be renumbered in ink beginning with 29 and ending with 64. The page references in the index are to the corrected page numbers.

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FEDERAL HOME LOAN BANK DISTRICTS



— BOUNDARIES OF FEDERAL HOME LOAN BANK DISTRICTS.
 ● FEDERAL HOME LOAN BANK CITIES.