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TABLE OF CONTENTS

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21897—35——1

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Combined Incomes and Expenditures of 314 Member Associations of the Fifth Federal Home Loan Bank

THE accompanying tables present composite pictures of the percentages of income derived from different sources during 1934 by an important group of building and loan associations, and of the percentages of expenditure devoted to different purposes. Such essential operating information is bound to be of interest to every building and loan association but it should not be accepted as a picture of permanent conditions nor as a norm by which to judge the activities of any association.

The drawback to such use of the composite picture of a single year's operations is that we have as yet nothing with which to compare it. If 1934 was an abnormal year, that abnormality is bound to be reflected in composite operating statistics and to vitiate their usefulness as a standard. What are needed are composite pictures over a series of years, and to be nationally useful the pictures should include representative associations by classes from all States. It is the purpose of the Federal Home Loan Bank Board to collect and present such composite statistics every year. Thus, trends in the building and loan business will reveal themselves and the conditions of successful operation for a building and loan association according to size will gradually be defined. The accompanying statistics are accordingly presented without any suggestion of finality but rather to make a beginning and to show what the Board seeks eventually to obtain. Because of our lack of comparative data no extensive analyses nor deductions are possible.

District 5 is one of the largest districts of the Home Loan Bank System, ranking first in number of building and loan association members and in building and loan association assets. The accompanying tables include reports from 314 member associations, with adjusted net assets as of December 31, 1934, totaling $421,835,437.

The combined statement of incomes and expenses of these 314 associations for the District and by States is presented in table 1. In Ohio and Kentucky, the associations derived their incomes principally from 2 sources: over 80 percent from interest on mortgage loans and over 9 percent from real estate other than office buildings. In the Tennessee associations, however, income from mortgage loans represented only 62.5 percent, while income from real estate represented 5.6 percent. Premiums furnished 13.7 percent of the Tennessee associations' incomes and various fees and fines 12.6 percent, whereas all these items combined supplied only 1 percent of the income of Ohio associations and only 2.5 percent of the income of Kentucky associations.

The probable explanation of this divergence lies in the relatively smaller size of the reporting Tennessee associations and in the fact that the State law makes it necessary for them to compensate for fixed low interest rates by charging premiums. Of the 24 reporting Tennessee associations, 20 had assets of less than $100,000 and many of these were newly organized Federals. It is obvious that in the early days of an association, its fees must bulk large in comparison with the small returns from its loans.

OPERATING EXPENSES

OPERATING expenses consume 19.5 percent of gross income for all associations reporting and range from 13.7 percent in the Kentucky associations to 27.2 percent in the Tennessee associations. This divergence is explained by the heavier burden which salaries represent in the Tennessee group—16.4 percent as compared with 6.9 percent for Kentucky. The explanation is not, of course, that Tennessee associations pay higher salaries, but that they must maintain a minimum of personnel and as their small size makes their incomes small, the amount they must expend for this purpose appears disproportionately high.

In the group of "other expenses" attention should be called to items 25 and 27 which together comprise the expense imposed on the associations by real estate owned other than office buildings. For all the associations, these expenses amounted to 13.8 percent of gross income. When this is compared with the gross income from "other real estate" of 9.3 percent, it is clear that their other real-estate holdings caused the reporting associations a net loss of 4.5 percent. The Kentucky associations alone show a net profit (amounting to 1 percent) in their "other real estate."

Interest on deposits and on investment certificates is carried as an expense, and is, of course, largest for Ohio associations with their larger proportion of depositors. However, to give a correct picture, a comparison of net incomes should be on the basis of incomes before any payment of profits to investors—whether they be depositors or shareholders—is deducted. On this basis, the net income of all reporting associations is revealed as 62 percent of gross income; of Ohio associations, 61.1 percent; of Kentucky associations, 71.8 percent; and of Tennessee associations, 57.8 percent.

OPERATING STATEMENTS BY SIZE OF ASSOCIATION

TABLE 2 presents the income and expense items for groups of associations classified on the basis of total adjusted assets. That is, the 314 associations were grouped into 8 categories according to the amount of their assets.

The 8 categories, the number of associations in each, and the combined assets of each group are as follows:

Size of classes in terms of total adjusted assets	Number of associations	Amount of combined adjusted assets
$0 to $25,000	27	$339,857
25,001 to 50,000	8	273,169
50,001 to 100,000	15	1,093,589
100,001 to 250,000	52	8,845,577
250,001 to 500,000	62	23,675,605
500,001 to 1,000,000	73	51,453,379
1,000,001 to 5,000,000	60	117,095,690
Over 5,000,000	17	219,058,571
Total	314	421,835,437

The combined statement of incomes and expenditures for each group is given separately in table 2. These groupings make it possible to compare the peculiarities of the income and expense items in small associations with the corresponding items in larger associations.

The results bear out the conclusions drawn from table 1, particularly with respect to sources of income for small associations. It will be noticed that "other operating expenses" absorb 20.2 percent of gross incomes of associations under $25,000 and 15.3 percent of associations under $50,000. These undoubtedly represent the extraordinary expenditures attendant upon organization. The final item—net income before interest on dividends to investors—reveals a rather curious uniformity for all size groups. The largest associations with 59.9 percent showed the lowest ratio of earnings, and the $250,000 to $500,000 associations, with 67.6 percent, the highest. The under-$25,000 associations showed net income representing 67 percent of gross income. In view of the great differences in sources of income and in distribution of expenditures, this similarity of operating ratios is surprising.

TABLE 1.—*Combined statement of incomes and expenses of 314 reporting building and loan member associations in Federal Home Loan Bank District No. 5, for the year ended Dec. 31, 1934* [1]

[Percentages are based on total gross income as 100 percent]

Items	District total	Ohio	Kentucky	Tennessee
INCOME	*Percent*	*Percent*	*Percent*	*Percent*
1. Interest on mortgage loans	80.3	80.2	83.1	62.5
2. Interest on other loans	2.3	2.4	1.8	2.9
3. Premiums on loans	0.8	0.7	0.4	13.7
4. Loan fees and commissions	0.3	0.2	0.9	4.3
5. Other fees and fines	0.2	0.1	1.2	8.3
6. Gross profit from sale of real estate	3.2	3.4	0.1	2.4
7. Gross profit from sale of investments	0.2	0.2	0.4	0.1
8. Gross income—office building	2.3	2.4	1.2	....
9. Gross income—other real estate	9.3	9.3	9.6	5.6
10. Dividends retained on withdrawals	0.1	0.1	0.0	....
11. Miscellaneous income	1.0	1.0	1.3	0.3
12. Total gross income	100.0	100.0	100.0	100.0
EXPENSES				
Operating expenses				
13. Salaries	8.7	8.9	6.9	16.4
14. Legal service	1.1	1.1	0.5	0.3
15. Rent, heat, light, etc	1.2	1.2	1.2	1.3
16. Depreciation—Furniture and fixtures	0.3	0.3	0.2	0.4
17. Depreciation—office building	0.7	0.8	0.3	....
18. Office building expenses (maintenance and tax)	2.0	2.1	0.7	....
19. Advertising	0.4	0.3	0.9	0.9
20. Federal insurance premium	0.0	0.0	0.0	0.0
21. Other operating expenses	5.1	5.3	3.0	7.9
22. Total operating expenses	19.5	20.0	13.7	27.2
Other expenses				
23. Interest on borrowed money	3.1	2.9	4.9	4.5
24. Interest—deposits and investment certificates	20.7	22.3	2.4	4.0
25. Maintenance and tax on other real estate	9.0	9.3	6.8	7.1
26. Foreclosure expense	0.3	0.3	0.2	....
27. Other real estate expense	4.8	5.1	1.8	0.0
28. Loss charged to current earnings	1.3	1.3	0.8	3.4
29. Total expenses	58.7	61.2	30.6	46.2
30. Net profit	41.3	38.8	69.4	53.8
31. Net income before interest or dividends to investors	62.0	61.1	71.8	57.8

[1] Out of the 314 reports, 65 were for dates near the end of 1934 instead of for the year ending 1934.

Table 2.—*Distribution of income and expense items by size of association for 314 member building and loan associations in Federal Home Loan Bank District No. 5, for the year ended Dec. 31, 1934* [1]

[Percentages are based upon total gross income as 100 percent]

Items	District total	Size of members in terms of net assets [2]: 0 to 25,000	25,001 to 50,000	50,001 to 100,000	100,001 to 250,000	250,001 to 500,000	500,001 to 1,000,000	1,000,001 to 5,000,000	Over 5,000,000
INCOME	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
1. Interest on mortgage loans	80.3	33.7	53.5	75.2	85.3	86.8	82.2	79.5	79.3
2. Interest on other loans	2.3	0.4	1.8	0.7	1.0	1.5	1.6	3.3	2.2
3. Premiums on loans	0.8	......	0.2	......	1.9	0.3	1.3	2.1	0.0
4. Loan fees and commissions	0.3	33.1	27.1	1.1	0.5	0.7	0.1	0.5	0.2
5. Other fees and fines	0.2	30.8	3.3	13.5	0.7	0.3	0.5	0.2	0.0
6. Gross profit from sale of real estate	3.1	......	......	0.3	1.4	1.0	1.4	1.8	4.6
7. Gross profit from sale of investments	0.2	......	......	......	0.1	0.2	0.6	0.2	0.1
8. Gross income—office building	2.3	0.1	......	0.6	0.7	0.7	1.4	1.5	3.2
9. Gross income—other real estate	9.3	......	0.1	3.9	7.2	7.0	10.1	9.5	9.4
10. Dividends retained on withdrawals	0.1	......	......	0.2	0.2	0.0	0.0	0.2	0.1
11. Miscellaneous income	1.0	1.3	14.1	4.5	1.0	1.4	0.8	1.2	0.9
12. Total gross income	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
EXPENSES									
Operating expenses									
13. Salaries	8.7	7.7	9.6	13.5	11.4	11.1	9.8	9.9	7.5
14. Legal service	1.1	0.0	1.8	0.2	0.7	0.7	0.9	1.2	1.0
15. Rent, heat, light, etc	1.2	0.5	2.4	2.0	1.9	1.5	2.0	1.6	0.8
16. Depreciation—Furniture and fixtures	0.3	0.4	0.5	0.3	0.2	0.2	0.3	0.3	0.2
17. Depreciation—office building	0.7	......	......	......	0.3	0.3	0.4	0.6	0.9
18. Office building expenses (maintenance and tax)	2.0	......	......	0.4	0.9	0.7	0.8	1.5	2.8
19. Advertising	0.4	1.0	2.1	1.1	0.3	0.4	0.4	0.6	0.3
20. Federal insurance premium	0.0	0.1	......	0.0	......	0.0	......	......	......
21. Other operating expenses	5.1	20.2	15.3	7.3	5.3	4.7	4.5	5.7	5.0
22. Total operating expenses	19.5	31.4	31.7	24.8	21.0	19.8	19.1	21.4	18.5
Other expenses									
23. Interest on borrowed money	3.1	1.3	4.1	4.8	5.1	4.4	3.8	3.4	2.4
24. Interest—deposits and investment certificates	20.7	0.2	......	......	5.6	12.9	15.7	25.8	21.6
25. Maintenance and tax on other real estate	9.0	0.3	0.1	2.6	6.4	6.3	9.9	9.1	9.3
26. Foreclosure expense	0.3	......	......	......	0.3	0.3	0.4	0.3	0.4
27. Other real estate expense	4.8	0.0	0.2	0.3	0.7	1.0	1.4	1.8	7.9
28. Loss charged to current earnings	1.3	......	......	0.2	0.7	0.6	0.7	0.2	2.2
29. Total expenses	58.7	33.2	36.1	32.7	39.8	45.3	50.9	61.9	61.7
30. Net profit	41.3	66.8	63.9	67.3	60.2	54.7	49.1	38.1	38.3
31. Net income before interest or dividends to investors	62.0	67.0	63.9	67.3	65.8	67.6	64.8	63.9	59.9

[1] Out of the 314 reports, 65 were for dates near the end of 1934 instead of for the year ending 1934.
[2] Asset classifications are in terms of adjusted net assets which exclude contra items.

Neighborhood Standards as They Affect Investment Risk

This is the third in a series of articles defining the neighborhood standards essential to safety of investment.

THE conditions that sustain most centers of human habitation, whether they be great cities or hamlets, are employment and means of communication. Residential neighborhoods cannot exist without employment to support the occupants and suitable means of access thereto. Thus, in determining the desirability of a neighborhood as an investment risk the employment possibilities and the transportation facilities connecting the homes with the places of work must be carefully studied. In weighing them, account must be taken of the competition from other neighborhoods that may be either more accessible or more inviting.

These 3 tests constitute items III, IV, and VI of the Outline for Analysis of a Neighborhood, published in the August issue of the REVIEW, and the first 6 items of which are here repeated:

I. Natural hazards, such as risk of flood and difficulty of drainage.
II. Created hazards, such as incompatible uses, smoke, odor, noise, and unsightly features.
III. Location in relation to places of employment.
IV. Accessibility—transportation and highways.
V. Population trends of the neighborhood.
VI. Competition from other neighborhoods that are either more accessible or more inviting.

It will be remembered that items I and II were discussed in the preceding article of this series. The population trends of the neighborhood, item V, by themselves furnish an important guide to the stability of the area and also facilitate judgment on the other tests. Accordingly, items III to VI will be discussed as a group in this article.

SUPPLY OF DWELLINGS IN RELATION TO NEED

THE location of a neighborhood in relation to places of employment brings up the prior question of how much employment is available and whether the city as a whole is overbuilt or underbuilt with regard to dwellings for the population it can economically support. There is probably only one practical means of answering this question satisfactorily. That is to take at least an annual inventory of the real-estate operations of the city. This inventory should include enumeration of new subdivisions and new dwelling units provided by type, enumeration of demolitions, vacancies, families doubled up, and foreclosures, determination of rental trends, and of population movements. With such information for the city as a whole and for each neighborhood separately, lending institutions can discover at once when the community is beginning to overbuild or what additional building is justified and where.

The home-financing and real-estate interests of Utica, New York, have taken such annual inventories for the last 15 years with such satisfactory results that the vacancy ratio in Utica even at the height of the depression never exceeded 5.7 percent and the city is said to be practically the only one in New York in which mortgage money was available throughout the depression. Without such exact information, it is difficult to see how any home-financing institution can do other than guess the degree of risk involved in investments in new subdivisions. This subject is a matter of such importance to home-financing institutions that it will be dealt with more extensively in later articles.

III. AND IV. NEIGHBORHOOD LOCATION AND ACCESSIBILITY

IF THE housing needs of the community as a whole are definitely known, relative desirability of individual neighborhoods can be better judged. In our ill-planned cities of almost every size, failure to relate residential neighborhoods to places of employment causes a tremendous economic waste in movement between the home and industry and a tremendous social waste in time and fatigue. In dealing with existing built-up neighborhoods, there is nothing much the individual home-financing institution can do to avoid this waste and thus protect its investments. However, in financing the building of homes in new subdivisions, the lending institution has an opportunity to eliminate the evil of inaccessibility and to reduce the evil of bad location. To do either is to add to the safety of its investment.

It must not be forgotten that what a man pays to go to and from his place of work is part of the cost of his home. In the more expensive developments, housing the well-to-do, this consideration may be in part overlooked, but the lower the income of the home owner, the more serious becomes the item of transportation cost. The speculative builder who puts up workingmen's houses in suburbs far distant from available employment may get out before the buyers discover the insupportable economic cost of misplaced homes. But the home-financing institution which carries the mortgages is apt to find itself carrying distressed borrowers. No home-financing institution can afford to take mortgages in a neighborhood, particularly of low-cost homes, without giving careful consideration to where the people who live in those homes are going to work, how they are going to get to and from their work, and whether they can afford the cost of this transportation.

The accessibility of a neighborhood is measured, of course, by the facilities connecting it with industry, business, recreational centers, and other neighborhoods. Possible facilities include mass transportation—streetcars, buses, and rapid-transit lines—and arterial highways permitting easy access by automobile. If the neighborhood houses members of the lower-income group, a lending institution should make sure that it is adequately served by mass transportation before investing in it. The better any neighborhood is served with arterial highways, the more satisfactory it is bound to be to its residents and consequently the better risk it is. Congested approaches have destroyed residential values in more than one neighborhood.

Given adequate transportation facilities, the comparative desirability of residential areas of the same class is determined by the cost, time, and convenience of travel to and from each. Other things being equal, the home owner is going to prefer the neighborhood which he can reach in a half hour on a 5-cent fare to the one an hour away and costing 10 cents to reach. Lending institutions that finance home owners in the low-income group can perform a constructive service to their borrowers and contribute to the efficient development of their communities by giving careful consideration to the transportation needs of prospective home owners.

V. POPULATION TRENDS

The location of the neighborhood in relation to places of employment and its accessibility are not, of course, the only factors that are reflected in the population trends of a neighborhood. Probably the commonest of the causes that drive home owners out of neighborhoods are the encroachment of incompatible uses and loss of character by the community. In any event, the numerical movements of population in and out of neighborhoods constitute important indicators of the residential desirability of the neighborhood. If there is a steady net exodus of owners, however slow, it is safe to assume that the stability of residential investment in the neighborhood is decreasing. If there is a great deal of moving in and out of a single-family residential neighborhood even though there be no net loss of population, some drawback to the desirability of the neighborhood may well be suspected. Population movements should be carefully watched, and the most practical method of checking them is the yearly real property inventory.

VI. COMPETITION FROM OTHER NEIGHBORHOODS

In weighing the competition from other neighborhoods that are either more accessible or more inviting, the comparative cost of housing in the 2 areas must be kept in mind. If the cost is about the same and one neighborhood is the more inviting, the ultimate result must be the adaptation of the losing neighborhood to a lower-income group. This does not mean that a home-financing institution should cease investing in the less desirable neighborhood. On the contrary, as was pointed out in the preceding article in this series, the constructive approach is to adjust the loans to lower values and to continue to extend reasonable financing facilities so that homes in the area may be maintained decently and pay their own way.

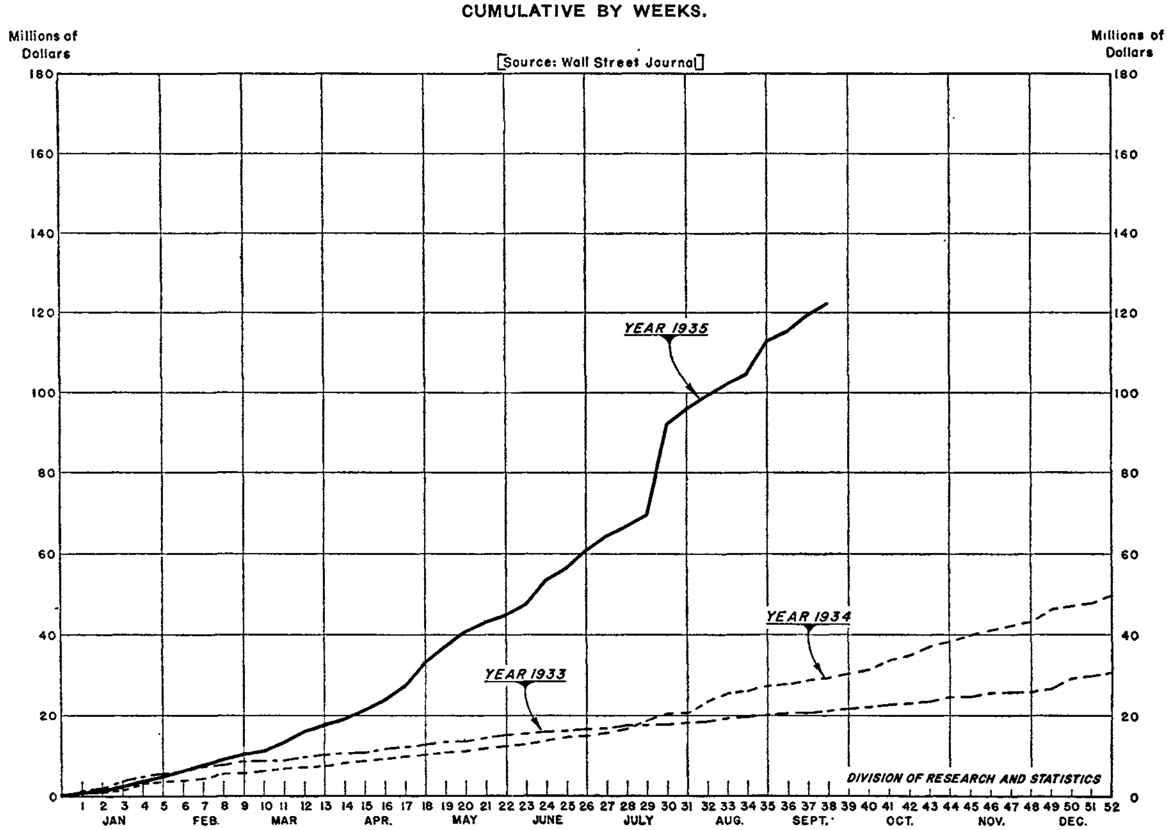
21897—35——2

Current Investments in Mortgages by Leading Life Insurance Companies

BY THE third week of September 1935, 47 leading life insurance companies had already invested in urban mortgages 2½ times as much as in the entire year 1934 (see chart). The figures, as reported by the Wall Street Journal, were $122,251,484 for the period January 1–September 22, 1935, as compared with $49,508,508 for 1934 (table 1).

The steady expansion in purchases of urban mortgages by these insurance companies began in February after 2 years of virtual withdrawal from the mortgage field. In 1933, they devoted 3.7 percent of their currently available funds to urban mortgages and only 2.7 percent in 1934. By July 1935, this percentage had risen to 8.6 percent (table 2). However, this figure is

VOLUME OF MORTGAGE LOANS ON CITY PROPERTY MADE BY INSURANCE COMPANIES—CUMULATIVE BY WEEKS.



still a long way from the monthly average of 49.1 percent of total investments devoted to urban mortgages during the last 6 months of 1928.

The investments of these representative insurance companies in farm mortgages have failed to rise above the level of the depression years. The heavier buying of public utility securities, which began in February, has been maintained, absorbing more of the insurance companies' funds than any other single class of investments except government securities. During July and August the percentage devoted to all types of government securities fell off to the lowest levels since 1932, but for the first 3 weeks in September, it was again up to 65.5 percent.

TABLE 1.—*Investments in new mortgages on urban property made by leading life insurance companies, by months, 1934–35*

[Source: Weekly reports of 47 companies taken from the Wall Street Journal]

Month	1934	1935
January	$3, 138, 158	$4, 827, 574
February	2, 335, 078	5, 503, 067
March	1, 909, 765	7, 184, 725
April	2, 615, 746	9, 610, 016
May	2, 384, 263	17, 639, 142
June	2, 570, 082	16, 211, 770
July	5, 471, 379	35, 096, 603
August	6, 665, 409	16, 822, 722
September	3, 106, 553	[1] 9, 355, 865
October	6, 818, 903	....
November	6, 226, 100	....
December	6, 267, 072	....
Yearly total	49, 508, 508	122, 251, 484

[1] For the first 3 weeks of September only.

TABLE 2.—*Percentage distribution of new investments by 47 leading life insurance companies, 1928–35*

Source: 1928–33, Weekly reports of 25 companies in New York Evening Post and Wall Street Journal. 1934–35, Weekly reports of 47 companies in Wall Street Journal]

Period	Total	Mortgages		Railroad securities	Public utilities	Government securities	Miscellaneous securities
		Farm property	Dwellings and business property				
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
1928 (6 months)	100.0	11.1	49.1	10.6	13.6	10.1	5.5
1929	100.0	8.7	43.3	8.4	7.4	11.3	20.9
1930	100.0	10.1	44.8	9.9	15.4	11.1	8.7
1931	100.0	7.6	36.5	10.3	20.4	20.1	5.1
1932	100.0	9.3	31.3	1.1	9.9	44.0	4.4
1933	100.0	3.5	3.7	3.5	6.5	80.4	2.4
1934	100.0	1.6	2.7	5.9	7.2	76.6	6.0
1934							
1st quarter	100.0	1.4	2.2	4.6	6.6	81.8	3.4
2nd quarter	100.0	1.9	2.1	9.0	6.4	72.5	8.1
3rd quarter	100.0	1.1	3.0	6.3	6.4	77.7	5.5
4th quarter	100.0	1.9	3.0	4.6	8.3	75.5	6.7
1935							
January	100.0	1.5	2.1	4.7	7.2	65.1	19.4
February	100.0	2.7	3.1	5.9	9.1	72.5	6.7
March	100.0	1.5	3.6	5.2	10.9	72.0	6.8
April	100.0	1.6	5.1	7.8	13.8	67.1	4.6
May	100.0	1.7	6.7	3.8	14.8	60.4	12.6
June	100.0	1.2	6.3	3.5	12.4	65.6	11.0
July	100.0	1.1	8.6	2.3	33.5	48.2	6.3
August	100.0	1.5	8.4	7.8	17.1	53.3	11.9
September [1]	100.0	2.4	7.0	6.0	11.0	65.5	8.1

[1] Percentage distribution in September is based on totals for the first 3 weeks only.

Share Repurchase

This is the eighth in a series of articles on practices prescribed for Federal savings and loan associations.

IT BECOMES increasingly clear that savings and loan associations occupy a position midway between deposit institutions on the one hand and stock companies on the other. What happens when this special type of thrift, home-financing institution slips over the line into the deposit group, either by accepting demand deposits or promising to pay withdrawals on a given notice, was brought out in the preceding article in this series appearing in the August REVIEW. In 1934 the Survey Committee of the New Jersey Building and Loan League stressed failure to make payments on withdrawal requests as promised as a major cause of investor criticism of building and loan associations after 1929.

To protect Federal savings and loan associations from the loss of public confidence that comes when an association fails to make repurchases it has promised, the surest method is to prevent them from making such promises. Accordingly, the organic law forbids Federal savings and loan associations to accept deposits or to issue certificates of indebtedness (except for borrowed money) both of which, of course, imply the right to withdraw in full on demand or on a given notice. The law further provides that Federal associations may raise their capital only in the form of payments on the 4 types of shares authorized in their charters.

For a savings and loan association to step over into the category of stock companies by making no provision to permit an investor to withdraw would be as undesirable as to accept deposits. To do so would be to make necessary the establishment of a stock market on which savings and loan shares could be bought and sold. This would take the associations out of the class of cooperative savings institutions and make their shares speculative investments subject to the whims of the market and destructive to the practice of systematic thrift. Accordingly, the law guarantees to shareholders in Federal savings and loan associations the right of having their shares repurchased by the associations, and the charter clearly defines the terms under which repurchase shall take place. Such definition is essential to secure fair treatment to the individual investor and to protect the interests of all the other investors who compose the corporate entity.

OPPOSING VIEWS ON REPURCHASE

THE conditions of repurchase laid down in the charters of Federal savings and loan associations are based upon the experience of thousands of building and loan associations which for many years have tried out a variety of methods for dealing with the withdrawal problem. Two schools of thought in the building and loan movement have approached this problem from opposite points of view. The conservative group argued that withdrawal should be made difficult in order to encourage long-term investment. The liberal group argued that withdrawal should be as easy as from a savings bank in order to attract the largest possible volume of investment. In the preceding article of this series we saw the flaw in the reasoning of the liberal group when carried to the logical conclusion of permitting withdrawal on demand. The weakness in the argument of the extreme conservatives is that they fail to take into account the very real emergencies which must occasionally confront investors. The small investor who puts his savings in a savings and loan association is usually laying by for a rainy day. When that rainy day comes, whether in the form of sickness or unemployment, to make it either impossible or unduly expensive for him to realize on his savings is unjust. The most successful associations have been those which found a middle ground between too easy and too difficult terms of withdrawal. It is this middle ground which has been adopted for Federal savings and loan associations.

TERMS OF REPURCHASE

SHAREHOLDERS in Federal savings and loan associations have the right to apply for the repurchase of their shares in part or in full at any time. The association shall number and file such written applications in the order received. After 30 days from the receipt of such applications, it shall either pay the shareholder the value thereof or apply at least one third of the receipts from its shareholders and borrowers to the repurchase of such shares in numerical order. Furthermore, in order to permit Federal associations to relieve a pressing emergency need of any shareholder, the directors have a right to repurchase not exceeding $100 of any share account in any order and regardless of whether or not such shareholder has filed an application for repurchase. To protect the small shareholders from suffering for the benefit of the large shareholders, there is also a provision that no more than $1,000 shall be repurchased from a single shareholder until all other waiting applicants have had their repurchase applications met. This means that when a shareholder asks for the repurchase of shares amounting to more than $1,000 his application is renumbered after each $1,000 has been paid and placed at the end of the list.

Every shareholder in a Federal association is thus reasonably assured of some favorable action on an application to repurchase without undue delay. At the same time, the interests of the association and of the investors who are not seeking repurchase of their shares are fully protected. A "run" is rendered impossible and the shareholder's responsibilities and risks are made clear. Thus, the association may continue to use up to two thirds of the receipts from its shareholders and borrowers to carry on its regular business and make new loans to home owners. These provisions emphasize and preserve the long-term character of an investment in a Federal savings and loan association and help it to continue fulfilling its responsibilities as a home-financing institution even in a period of depression and money shortage. To further clarify and emphasize the nature of an investment in a Federal association, the charter contains a provision to the effect that "Shareholders filing written application for the repurchase of their shares shall remain shareholders until paid and shall not become creditors."

Perhaps it should again be pointed out that the safety and ultimate availability of the investment up to $5,000 for each investor in Federal associations are insured by the Federal Savings and Loan Insurance Corporation. The insurance of accounts in all Federal savings and loan associations with this Corporation also eliminates the possibility of recapture of dividends. As soon as a semiannual dividend is declared, it becomes a part of the member's capital investment and is protected by insurance.

DETERMINING THE REPURCHASE VALUE

WE come now to the method of arriving at the repurchase value of shares. For obvious reasons long-term money is usually worth more than short-term money. Savings and loan institutions pay relatively high dividends on the assumption that they shall have the use of the funds invested with them for a long term. When that expectation is disappointed and they are asked to repurchase shares in advance of maturity, it is clear that the funds thus returned to the investor have earned less than the dividends credited to them.

Accordingly, the charter of Federal savings and loan associations provides that on shares repurchased within 1 year of the date of investment, the association shall retain a sum equal to one half of the dividends declared on the amount so repurchased; on shares repurchased between 1 and 3 years of the date of investment, the association shall retain one fourth of the dividends declared. But on shares repurchased any time after 3 years, the association shall pay the full amount paid in thereon together with all dividends through the latest semiannual dividend date. Any member who applies for repurchase between dividend dates loses the right to any earnings subsequent to the latest dividend date.

The reasoning on which these provisions are based is unquestionably sound. In some communities, however, the very practical problem of competition from other thrift institutions, which either do not retain dividends or which pay on demand, requires special consideration.

Meanwhile, it may be pointed out that the charter of Federal associations does provide a means of enabling shareholders to obtain part of their savings to meet emergencies, without loss of dividends or of their status as shareholders. The provision in question authorizes Federal associations to make loans against their shares up to 75 percent of the amount actually credited to the borrower's account. Such loans may not be made when the association has applications to repurchase remaining on file for more than 30 days.

THE REPURCHASE FEE

THE wisdom of a repurchase fee to be charged all withdrawing members has caused much argument. It is certain that in the past the method of determining the fee has often been irrational and unfair. Many building and loan officials claim that the fee brings in too small a return to the association to justify the irritation it frequently causes the retiring investor.

In reaching a decision authorizing Federal savings and loan associations to charge a repurchase fee, the Federal Home Loan Bank Board was actuated by the special consideration that Federal associations are denied other sources of income, such as membership fees, which many building and loan associations charge. Such limitations on their revenues inevitably work a hardship on new and small associations. They feel more keenly than a large association the retirement of any shares. Their earnings from mortgage loans are not sufficient to permit them to carry on an aggressive effort to grow. At the same time, they are mutual cooperative institutions. Therefore, the charter of Federal associations provides that under certain conditions they may charge a repurchase fee, *but only if the shareholders themselves so vote.* The Federal Home Loan Bank Board questions the advisability of use of this permission by any but small associations. However, on this matter, as on the retention of dividends on repurchased shares, it is probable that competition will make the final decision for every association.

The charter reads that in any State in which the law allows a building and loan association to charge any repurchase, withdrawal, membership, or like fee, the Federal association may charge a repurchase fee. The maximum amount of the possible fee is carefully limited. It may not be in excess of that allowed to be charged by State-chartered associations in the State, and in no case in excess of a sum equal to 2 percent of the par value of the share subscribed, and in no case in excess of $25 to any one shareholder except on full-paid income shares. The most serious evil of the repurchase fee, namely, that the investor is ignorant of it until he seeks to withdraw, is guarded against by the provision that the amount of the fee shall be clearly indicated on each share certificate issued.

The secret of good investor relations—as of good borrower relations—for savings and loan associations is absolute frankness and honesty. No law nor charter provisions will ever take the place of conscientious management in insuring such frankness.

Residential Construction Activity in the United States

RESIDENTIAL building in September for the second time this year showed a better-than-seasonal upturn (chart 3). The average daily value of residential construction contracts awarded in 37 Eastern States, based on reports for the first 22 days in September from the F. W. Dodge Corporation, increased 16.5 percent over August. This exceeds by a sizeable margin the 10.9 percent average August-to-September increase for the three years 1932–1934 (table 1). In comparison with September of last year, the average daily value of construction showed an increase of 135 percent.

For the period January 1 to September 22 residential construction amounted to $326,836,000, which exceeded by 78.2 percent the value of residential contracts awarded during the same period in 1934 (chart 2). Though this volume of construction surpassed that for the corresponding period in any one of the past 3 years, it amounted to only 21.6 percent of the $1,516,230,000 of residential construction contracts awarded in the comparative period of 1929.

After a slow start in the early months of the year, nonresidential construction has gained momentum until during the first 3 weeks of September it exceeded activity in the comparative period of 1934 by 25 percent. The effect of this increase in nonresidential building combined with the continued expansion in residential construction has expanded the volume of total construction contracts for the year to a point where by September 22 it was less

VALUE OF RESIDENTIAL CONSTRUCTION CONTRACTS AWARDED IN 1932-1935

(Based on F.W.Dodge Corp. Reports for 37 Eastern States)

CHART - 1 SEPTEMBER 1 - 22*

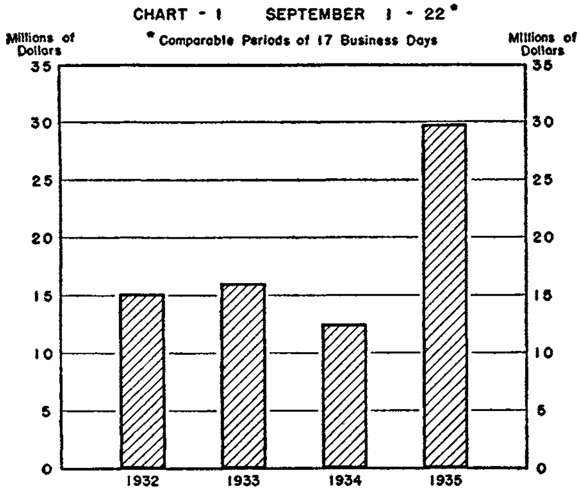


CHART - 2 JAN. 1 - SEPT. 22

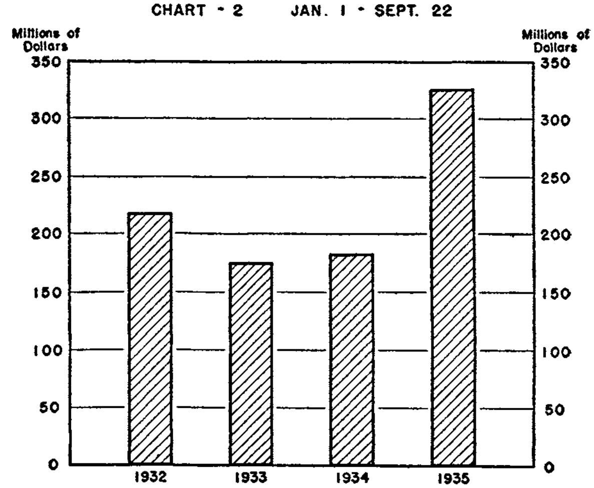
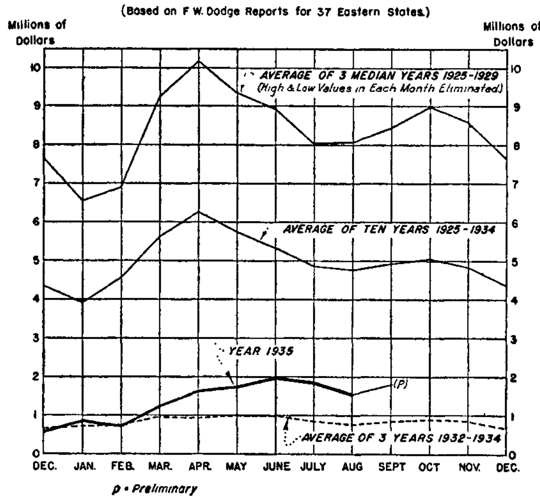


CHART 3.—AVERAGE DAILY VALUE OF RESIDENTIAL CONSTRUCTION CONTRACTS AWARDED IN 1935 COMPARED WITH SELECTED PERIODS.

(Based on F W. Dodge Reports for 37 Eastern States.)



than 3 percent below the total volume of construction contracts in the corresponding period of 1934 (table 1).

Housing rentals in August (as compiled by the National Industrial Conference Board) increased 1.6 percent from July, thus continuing the upward trend which has prevailed for the past 19 months. The Board's index of housing rentals for August advanced to 69.1 percent of the 1923–1925 base. This level compares with 68.1 percent in July 1935, and 63.2 percent in August 1934.[1] The 1929 level of average rentals was between 88 and 89 percent of this same base period.

The cost of construction as measured by the Federal Reserve Bank of New York advanced slightly in August over July. The index for the current month stood at 88.9 percent of the 1923–1925 base as compared with 88.8 percent in July 1935, 89.5 percent in August 1934, and 100.6 percent in August 1929. Thus, it is clear that the disparity between rentals and building costs remains large as a hampering factor upon residential building and reemployment in the construction industries.

In spite of the improved showing in building activity of all kinds, total construction activity remains far behind gen-

[1] It should be pointed out that some other national indexes of rents, taken on different bases, do not reveal a movement upward of similar extent. Evidence from many sources, however, indicates that the Conference Board's index reflects fairly accurately the movement in rental values of dwelling units currently leased.

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]					
	Sept. 1–22			Jan. 1–Sept. 22			(000 omitted)			Percent change		
	(000 omitted)		Percent change	(000 omitted)		Percent change	Sept.[2] 1935	Aug. 1935	Sept. 1934	Sept. 1935 from Aug. 1935	Sept. from Aug. 3-year average [3]	Sept. 1935 from Sept. 1934
	1935	1934		1935	1934							
Residential	$29, 739	$13, 139	+126. 3	$326, 836	$183, 368	+78. 2	$1, 749	$1, 501	$744	+16. 5	+10. 8	+135. 1
Nonresidential [4]	90, 534	72, 171	+25. 4	817, 759	995, 658	−17. 9	5, 326	4, 742	3, 846	+12. 3	+9. 2	+38. 5
Total	120, 273	85, 310	+41. 0	1, 144, 595	1, 179, 026	−2. 9	7, 075	6, 243	4, 590	+13. 3	+9. 3	+54. 1

[1] Based on the following number of business days: September 1935—17; August 1935—27; September 1934—24.
[2] Based on preliminary reports for the first 22 days (17 business days).
[3] Represents the geometric average of the percent change in September from August for the 3 years 1932–34.
[4] Includes contracts for commercial buildings, public works, and utilities.

21897—35——3

eral industrial production as measured by the Federal Reserve Board. The index of total construction contracts awarded in August, after adjustment for seasonal variation, rose to 37 percent of the 1923–1925 base level, as compared with 35 percent in July 1935, and 27 percent in August 1934. Industrial production, on the other hand, while being unchanged from July, maintained a level of 86 percent of the 1923–1925 base in August, which compares with 73 percent in August 1934. Thus, while industrial production is within 14 percent of the base-year activity, total construction is still 63 percent below this same base.

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

THE estimated number of new dwelling units authorized in August 1935, was almost 3 times the number authorized in August of last year. According to building permits issued in all cities of 10,000 population or over, collected by the Bureau of Labor Statistics, 8,010 family units were provided by all housekeeping dwellings in August this year as compared with 2,858 in August 1934 (table 2).

For the first 8 months of 1935, the number of new residential units for which permits were issued totaled 50,036. This was an increase of 151 percent over the 19,942 units provided in the first 8 months of 1934. Increased residential building activity was reported by cities of all sizes, but the greatest improvement in August as compared with last year was found in the larger metropolitan centers.

All types of dwellings, except the joint home-and-business structure, showed increases of more than 175 percent in August of this year as compared with August 1934. In the current month, structures of the 1- and 2-family type accounted for 82.6 percent and multifamily homes for 17.4 percent of all housekeeping dwelling units provided. For the first 8 months of this year, dwelling units of the multiple type accounted for 28 percent of all dwelling units as compared with 23.2 percent during the first 8 months of 1934. Multifamily structures are accounting for a greater proportion of all residential structures in the larger urban centers than in smaller sized cities.

In August of this year the average cost of 1-family units for which permits were issued was $4,077, an increase of 15 percent over the average cost of $3,545 in

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 Aug. 1935* [1]

[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		
	Aug. 1935	Aug. 1934	Percent change	Aug. 1935	Aug. 1934	Percent change	Aug. 1935	Aug. 1934	Percent change
All housekeeping dwellings	8, 010	2, 858	+180. 3						
Total 1- and 2-family dwellings	6, 616	2, 374	+178. 7	$26, 301. 0	$8, 291. 6	+217. 2	$3, 975	$3, 493	+13. 8
1-family dwellings	6, 172	2, 211	+179. 1	25, 162. 2	7, 837. 0	+221. 1	4, 077	3, 545	+15. 0
2-family dwellings	394	136	+189. 7	1, 024. 3	371. 0	+176. 1	2, 600	2, 728	−4. 7
Joint home and business [2]	50	27	+85. 2	114. 5	83. 6	+37. 0	2, 290	3, 096	−26. 0
Multifamily dwellings	1, 394	484	+188. 0						

[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.

August 1934. Between the same periods the trend in the average cost of 2-family dwelling units declined almost 5 percent to $2,600 in August of this year.

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

TABLE 3 shows the estimated cost of all new residential building in cities of 10,000 population or over for which permits were issued in August 1935 to have been $30,511,600. This represents an increase of 212 percent over the estimated cost of residential construction authorized in August 1934. Of the total authorized expenditure for building in the current month, $26,301,000 went for the construction of 1- and 2-family dwellings. The increase in volume of permits granted for the month as compared with the same period of the previous year was more than 150 percent in each of the Home Loan Bank Districts except District 1, where the gain was 59 percent.

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

TABLE 3.—*Estimated cost of new residential buildings for which permits were issued in all cities of 10,000 population or over, in August 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)		
	August 1935	August 1934	Percent change	August 1935	August 1934	Percent change
UNITED STATES	$30, 511. 6	$9, 775. 5	+212. 1	$26, 301. 0	$8, 291. 6	+217. 2
No. 1—Boston	2, 257. 8	1, 419. 7	+59. 0	2, 222. 2	1, 389. 3	+60. 0
Connecticut	443. 0	166. 0	+166. 9	443. 0	160. 0	+176. 9
Maine	82. 1	105. 6	−22. 3	82. 1	90. 2	−9. 0
Massachusetts	1, 465. 3	860. 2	+70. 3	1, 429. 7	851. 2	+68. 0
New Hampshire	56. 2	87. 0	−35. 4	56. 2	87. 0	−35. 4
Rhode Island	176. 7	166. 1	+6. 4	176. 7	166. 1	+6. 4
Vermont	34. 5	34. 8	−0. 9	34. 5	34. 8	−0. 9
No. 2—New York	6, 844. 7	2, 714. 7	+152. 1	3, 917. 4	1, 496. 2	+161. 8
New Jersey	1, 266. 0	308. 8	+310. 0	1, 266. 0	308. 8	+310. 0
New York	5, 578. 7	2, 405. 9	+131. 9	2, 651. 4	1, 187. 4	+123. 3
No. 3—Pittsburgh	2, 255. 8	510. 3	+342. 1	1, 950. 6	510. 3	+282. 2
Delaware	48. 0	22. 0	+118. 2	48. 0	22. 0	+118. 2
Pennsylvania	1, 948. 7	473. 7	+311. 4	1, 652. 6	473. 7	+248. 9
West Virginia	259. 1	14. 6	[2]	250. 0	14. 6	[2]
No. 4—Winston-Salem	3, 996. 8	1, 017. 7	+292. 7	3, 733. 5	969. 2	+285. 2
Alabama	387. 3	25. 6	[2]	387. 3	25. 6	[2]
District of Columbia	1, 378. 8	482. 9	+185. 5	1, 199. 3	454. 9	+163. 6
Florida	693. 4	131. 3	+428. 1	676. 6	131. 3	+415. 3
Georgia	281. 7	48. 2	+484. 4	281. 7	48. 2	+484. 4
Maryland	353. 1	49. 9	+607. 6	338. 1	49. 9	+577. 6
North Carolina	414. 9	135. 8	+205. 5	362. 9	118. 8	+205. 5
South Carolina	165. 8	59. 8	+177. 3	165. 8	59. 8	+177. 3
Virginia	321. 8	84. 2	+282. 2	321. 8	80. 7	+298. 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 August 1935, by Federal Home Loan Bank Districts and by States* —Continued

[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)		
	August 1935	August 1934	Percent change	August 1935	August 1934	Percent change
No. 5—Cincinnati	1, 640. 3	577. 3	+184. 1	1, 602. 3	550. 3	+191. 2
Kentucky	139. 0	82. 6	+68. 3	134. 0	82. 6	+62. 2
Ohio	1, 307. 0	461. 7	+183. 1	1, 277. 0	434. 7	+193. 8
Tennessee	194. 3	33. 0	+488. 8	191. 3	33. 0	+479. 7
No. 6—Indianapolis	1, 706. 9	486. 3	+251. 0	1, 706. 9	486. 3	+251. 0
Indiana	238. 3	113. 1	+110. 7	238. 3	113. 1	+110. 7
Michigan	1, 468. 6	373. 2	+293. 5	1, 468. 6	373. 2	+293. 5
No. 7—Chicago	1, 539. 7	339. 5	+353. 5	1, 431. 6	339. 5	+321. 7
Illinois	703. 9	183. 3	+284. 0	628. 9	183. 3	+243. 1
Wisconsin	835. 8	156. 2	+435. 1	802. 7	156. 2	+413. 9
No. 8—Des Moines	1, 889. 5	702. 9	+168. 8	1, 857. 6	687. 9	+170. 0
Iowa	357. 5	125. 8	+184. 2	357. 5	125. 8	+184. 2
Minnesota	620. 0	281. 5	+120. 2	620. 0	281. 5	+120. 2
Missouri	734. 3	365. 9	+176. 2	711. 4	265. 9	+167. 5
North Dakota	100. 0	27. 3	+266. 3	91. 0	12. 3	+639. 8
South Dakota	77. 7	2. 4	(2)	77. 7	2. 4	(2)
No. 9—Little Rock	2, 473. 7	770. 9	+220. 9	2, 423. 3	695. 0	+248. 7
Arkansas	52. 9	7. 9	+569. 6	52. 9	7. 9	+569. 6
Louisiana	191. 0	62. 8	+204. 1	191. 0	62. 8	+204. 1
Mississippi	201. 6	5. 6	(2)	193. 8	5. 6	(2)
New Mexico	47. 4	13. 6	+248. 5	47. 4	2. 5	(2)
Texas	1, 980. 8	681. 0	+190. 9	1, 938. 2	616. 2	+214. 5
No. 10—Topeka	867. 7	197. 3	+339. 8	849. 7	195. 3	+335. 1
Colorado	180. 1	64. 8	+177. 9	180. 1	64. 8	+177. 9
Kansas	153. 2	38. 5	+297. 9	153. 2	36. 5	+319. 7
Nebraska	158. 5	30. 0	+428. 3	158. 5	30. 0	+428. 3
Oklahoma	375. 9	64. 0	+487. 3	357. 9	64. 0	+459. 2
No. 11—Portland	958. 6	200. 7	+377. 6	948. 9	189. 5	+400. 7
Idaho	34. 7	11. 2	+209. 8	25. 0	11. 2	+123. 2
Montana	77. 3	18. 6	+315. 6	77. 3	18. 6	+315. 6
Oregon	26. 8	42. 3	−36. 6	26. 8	42. 3	−36. 6
Utah	48. 7	18. 3	+166. 1	48. 7	18. 3	+166. 1
Washington	713. 4	102. 5	+596. 0	713. 4	91. 3	+681. 4
Wyoming	57. 7	7. 8	+639. 7	57. 7	7. 8	+639. 7
No. 12—Los Angeles	4, 080. 1	838. 2	+386. 8	3, 657. 0	782. 8	+367. 2
Arizona	137. 9	0	(3)	137. 9	0	(3)
California	3, 939. 2	836. 2	+371. 1	3, 516. 1	780. 8	+350. 3
Nevada	3. 0	2. 0	+50. 0	3. 0	2. 0	+50. 0

[2] Increase of 1,000 percent or over.
[3] Represents an infinite percentage increase due to comparison with zero in the particular period.

Growth and Lending Operations of the Federal Home Loan Banks

THE Federal Home Loan Banks' net balance of loans outstanding to mem-

have played a part in financing this much-needed revival of real-estate activity, thus

The $86,000,000 of balances outstanding at the end of August was distributed among 1,960 member institutions. As the total membership of the System was 3,371 institutions, the number making use of its reserve facilities represented 58 percent.

CORRECTION IN DIVIDEND RATE REPORTED

THE August issue of the REVIEW carried a table showing the dividends declared by the various Federal Home Loan Banks as of June 30. In that table, the rate reported for the Boston Bank was .50 percent and that for the Indianapolis Bank was .75 percent. These rates were on a 6-month basis. To conform with the rates reported for other Banks they should have been on a yearly basis, which would have made them 1 percent and 1.50 percent, respectively.

Federal Savings and Loan System

A NET increase of 4.8 percent in the combined volume of loans outstanding at the end of August as compared with the end of July was reported by 254 converted Federal associations (table 1). This increase is perhaps the most reliable index to the vitality of these savings and loan associations.

The 691 new and converted Federal associations from which reports were received together completed new mortgage loans totaling $9,464,600 during August, an increase of 7.7 percent over their July activity. The proportion of loans for new construction has grown each month since February and amounted to 29 percent in dollar volume of all loans made in August. Purchase of homes accounted for another 24 percent, bringing the total for these 2 purposes to 53 percent, as compared with only 39 percent for refinancing. This steady shift from refunding to new mortgage activity can only be interpreted to mean that the real-estate and home-financing markets are reviving.

In August, for the first time since the inception of the System, the reporting converted associations registered a greater per-

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

	437 new associations			254 converted associations		
	August	July	Change July to August	August	July	Change July to August
Total subscriptions at end of month:			*Percent*			*Percent*
Private share accounts	51, 650	49, 907	+3. 5	230, 849	219, 987	+4. 9
Shares privately subscribed	515, 828	510, 972	+. 9	2, 729, 865	2, 566, 492	+6. 4
Shares per account (average)	10	10	0	11. 9	11. 7	+1. 7
Share liability at end of month:						
Paid on private subscriptions	$17, 492, 892	$16,575,610	+5. 5	$160,987,291	$158, 002, 810	+1. 9
Treasury subscriptions	19, 104, 200	16, 757, 700	+14. 0	18, 311, 900	16, 273, 000	+12. 5
Total	36, 597, 092	33, 333, 310	+9. 8	179, 299, 191	174, 275, 810	+2. 9
Average paid on private subscriptions	339	332	+2. 1	700	721	−3. 0
Repurchases during month	246, 759	256, 664	−3. 9	3, 516, 066	3, 930, 992	−10. 5
Mortgage loans made during month:						
a. Reconditioning	332, 951	297, 201	+12. 0	369, 144	439, 379	−16. 0
b. New construction	1, 507, 631	1, 149, 028	+31. 2	1, 266, 568	948, 956	+33. 5
c. Refinancing	1, 701, 369	1, 690, 750	+. 6	2, 017, 569	2, 102, 153	−4. 0
d. Purchase of homes	737, 304	699, 115	+5. 4	1, 532, 103	1, 459, 619	+5. 0
Total for month	4, 279, 255	3, 836, 094	+11. 5	5, 185, 384	4, 950, 107	+4. 7
Loans outstanding end of month [1]	36, 882, 695	32, 850, 265	+12. 3	153, 275, 539	146, 161, 258	+4. 8
Borrowed money as of end of month:						
From Federal Home Loan Banks	3, 539, 258	2, 919, 223	+21. 2	13, 031, 851	11, 791, 612	+10. 5
From other sources	97, 762	76, 279	+28. 1	2, 310, 155	1, 832, 233	+26. 1
Total	3, 637, 020	2, 995, 502	+21. 4	15, 342, 006	13, 623, 845	+12. 6

[1] These totals include loans made for other purposes than those listed.

centage increase in number both of new shareholders and of new share subscriptions than the reporting new Federals. This indicates that many converted associations have had time to make the necessary adjustments to their Federal charters and are aggressively seeking new business.

To help finance the heavy increase in new loans made during the month, the 691 reporting Federal associations borrowed an additional $1,860,274 from the Federal Home Loan Banks, an increase of 12 percent over the amount borrowed at the end of July. They also obtained $4,375,400 from additional subscriptions to their shares by the United States Treasury.

TREASURY SUBSCRIPTIONS

THE Treasury completed 148 subscriptions totaling $4,909,500 to shares of Federal associations during August (table 2). This brought the total of all Treasury subscriptions to $41,954,000.

Table 3 reveals that 8 new and 20 converted Federal savings and loan associations joined the System during August with combined assets of $26,138,714, making the total number of associations in the System 922 with $391,945,282 in assets.

DIVIDENDS DECLARED BY FEDERALS

THE average rate of semiannual dividends declared as of June 30, 1935, by the 545 Federal savings and loan associations from whom reports have been received was 3.76 percent. The combined total of the dividends declared by these associations amounted to $3,334,200, of which $357,152 went to the Treasury. The average rate represents an increase over the average rate of 3.55 percent paid by 287 Federal associations in 1934.

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

	June 30, 1934	Dec. 31, 1934	July 31, 1935	Aug. 31, 1935
Requests received:				
Number	184	707	1, 636	1, 790
Amount	$2, 726, 500	$14, 839, 600	$43, 094, 500	$47, 941, 500
Subscriptions;				
Number	71	536	1, 475	1, 623
Amount	$1, 229, 300	$10, 725, 400	$37, 044, 500	$41, 954, 000

The number of Federal associations in active operation on June 30 was 817. How many of these, in addition to the 545 reporting, paid dividends is not known. In view of the number of associations organized or converted less than 6 months prior to the dividend date, however, the known figure of 545 paying dividends is most satisfactory.

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	July 31, 1935	July 31, 1935	Aug. 31, 1935	Aug. 31, 1935
New	57	321	481	554	564	$36, 875, 037	572	$37, 216, 790
Converted	2	49	158	297	330	328, 931, 531	350	354, 728, 492
Total	59	370	639	851	894	365, 806, 568	922	391, 945, 282

Federal Savings and Loan Insurance Corporation

MANY building and loan executives have been uncertain as to whether a sound and liquid association needs or will benefit from insurance of its share accounts. A letter from a California building and loan association is reproduced in facsimile on this page because it throws the light of practical experience on this question. The association has found that its own unbroken record of liquidity and high dividends could not equal Federal insurance of its share accounts in winning investor confidence.

MUTUAL BUILDING AND LOAN ASSOCIATION OF PASADENA

36 SOUTH LOS ROBLES AVENUE

PASADENA, CALIFORNIA

September 12, 1935

Mr. Fred W. Catlett, Trustee
Federal Savings and Loan
Insurance Corporation
Washington, D. C.

Dear Mr. Catlett:

You may be interested in having the following information concerning the effect on our certificate holders of our insurance of accounts:

We received our certificate of insurance on August 21, 1935. The next day the first of our advertisements announcing the insurance appeared in the local papers. In the seventeen office days since August 21st our certificates have increased 22%. During this period our advertisements carrying the insurance information have appeared weekly, and sometimes bi-weekly, in the local papers and we have written a number of personal and form letters. However, the interesting thing is that it is the "insured account" idea that is bringing in the funds.

The Mutual has been in business in Pasadena for the past ten years, has always paid all withdrawals on demand, has never paid less than 4% interest, and has maintained the market on its certificates at 100¢ on the dollar. But it is not this reputation alone that is drawing new accounts to us; it is the Government insurance.

I am pleased to inclose several clippings of advertisements, et cetera, in which you may also be interested.

Yours very truly,

R. W. Caspers
President

Another State-chartered association in California reports that since insurance of its accounts, it has been obliged to limit the amount of investment per person. The letter reads in part as follows:

Our association is quite a booster for insurance, for, at this time, we are not only making more loans than we have for several years and advertising constantly for loans, but have been obliged to limit investments to $100 per person per month, due to the quantity of funds being offered us.

At this time we are advertising in the newspaper for loans, both in the display and classified columns, we are contacting the realtors by direct mail, as well as all of the title companies, and are making personal calls on the lumber yards and material dealers within 50 miles of this city.

PROGRESS OF THE INSURANCE CORPORATION

THE resources of savings and loan associations applying for insurance of share accounts had passed the $900,000,000 mark by September 21, less than 1 year from the date on which the Insurance Corporation began to function. As of September 21, applications had been received from 1,230 associations, of which 668 were old-established institutions (see table).

The number of associations actually insured as of September 21, was 975, and their combined assets as of date of insurance totaled $544,914,593. The period August 24 to September 21 witnesses an increase of nearly 100,000 in the number of shareholders who gained protection of their accounts by insurance. The number of insured accounts reached 807,764 on September 21.

Information received as this REVIEW goes to press indicates that on October 7 conditional approval had been given to the insurance applications of 50 State-chartered associations, with combined assets of $87,000,000. Conditional approval means that only minor technical difficulties remain to be cleared up before the insurance certificate is granted.

GROUP ADVERTISING OF INSURANCE

Two advertisements of insurance are reproduced on the page following this article. Special attention is called to the possibilities of group advertising illustrated by the upper advertisement. This is one of four nearly full-page displays announcing insurance which were used by the New Orleans group. By combining their resources, a number of insured institutions in the same community can get the benefits of extensive and striking advertising at a nominal cost to each member of the group.

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

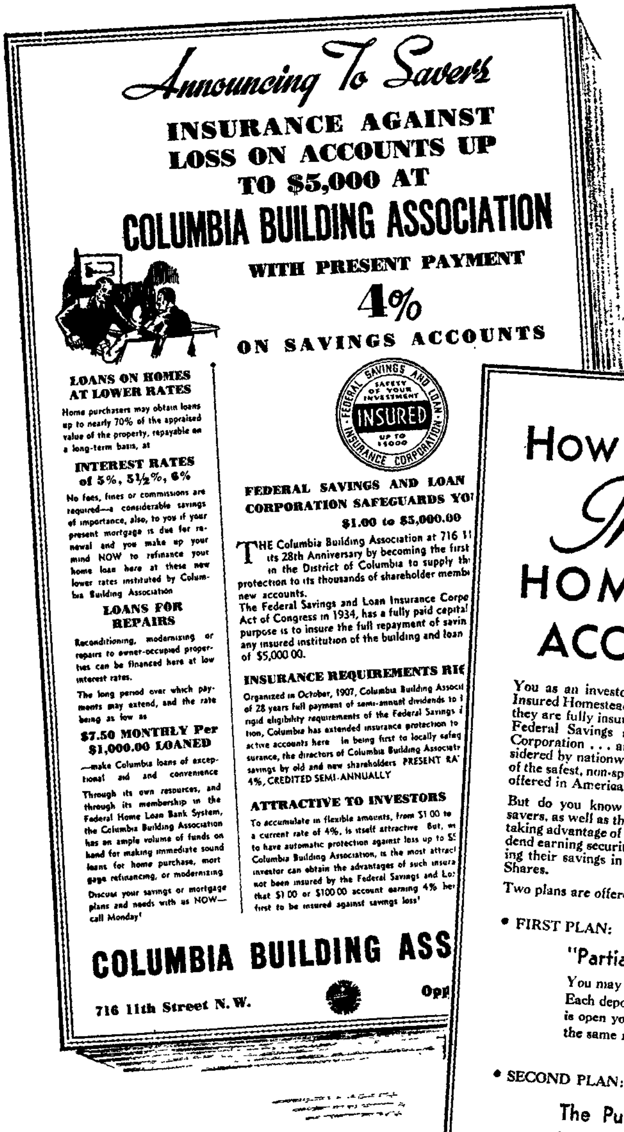
APPLICATIONS RECEIVED

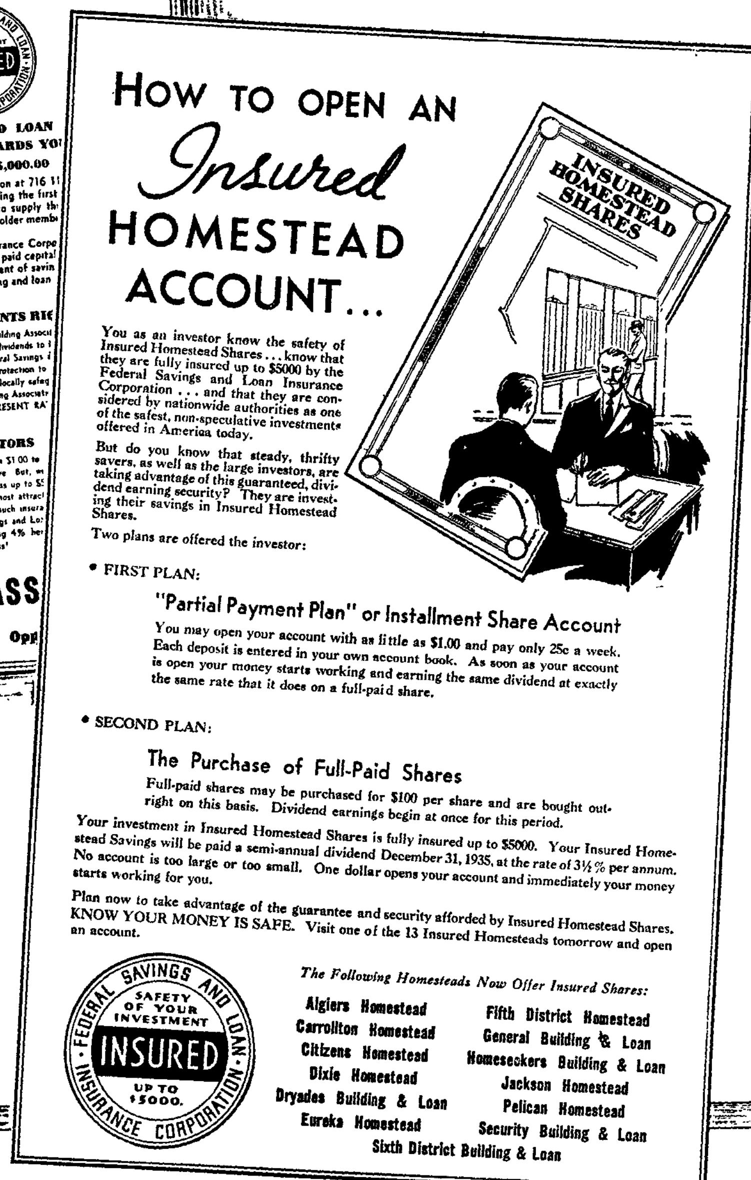
	Number			Assets (as of date of application)		
	Dec. 31, 1934	Aug. 24, 1935	Sept. 21, 1935	Dec. 31, 1934	Aug. 24, 1935	Sept. 21, 1935
State-chartered associations	53	239	268	$110, 681, 409	$399, 947, 510	$467, 174, 566
Converted F. S. and L. A.	134	403	420	128, 907, 073	418, 661, 514	424, 470, 240
New F. S. and L. A.	393	538	542	7, 578, 870	9, 156, 431	9, 427, 830
Total	580	1, 180	1, 230	247, 167, 352	827, 765, 455	901, 072, 636

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	Aug. 24, 1935	Sept. 21, 1935	Sept. 21, 1935	Sept. 21, 1935	Sept. 21, 1935
State-chartered associations	4	70	81	220, 440	$158, 615, 977	$176, 208, 635
New and converted F. S. and L. A.	447	862	894	587, 324	338, 105, 472	368, 705, 958
Total	451	932	975	807, 764	496, 721, 449	544, 914, 593

ADVERTISEMENTS USED BY INSURED STATE CHARTERED ASSOCIATIONS





	Combined	Boston	New York	Pittsburgh	Winston-Salem
ASSETS					
Cash on hand in Banks and U. S. Treasury	$8, 534, 105. 66	$862, 454. 59	$969, 766. 64	$160, 111. 95	$133, 783. 07
Loans outstanding:					
Members	86, 021, 347. 22	2, 363, 305. 86	14, 084, 987. 02	10, 640, 390. 25	6, 677, 760. 69
Other	4, 086. 62	0	0	0	0
Total loans	86, 025, 433. 84	2, 363, 305. 86	14, 084, 987. 02	10, 640, 390. 25	6, 677, 760. 69
Accrued interest receivable	493, 667. 32	33, 711. 75	65, 802. 53	56, 082. 45	40, 822. 88
Investments, U. S. Government	18, 676, 855. 09	4, 350, 000. 00	159, 606. 25	137, 900. 00	1, 482, 752. 52
Other assets	24, 706. 94	1, 948. 25	2, 911. 68	887. 34	3, 078. 35
Total assets	113, 754, 768. 85	7, 611, 420. 45	15, 283, 074. 12	10, 995, 371. 99	8, 338, 197. 51
LIABILITIES AND CAPITAL					
Liabilities:					
Current	5, 019, 634. 55	506, 417. 65	105, 015. 07	494, 896. 09	500, 120. 55
Fixed	0	0	0	0	0
Total liabilities	5, 019, 634. 55	506, 417. 65	105, 015. 07	494, 896. 09	500, 120. 55
Capital:					
Capital stock, fully paid, issued and outstanding:					
Members	22, 729, 800. 00	2, 000, 500. 00	3, 275, 700. 00	1, 674, 900. 00	1, 882, 500. 00
U. S. Government	82, 345, 700. 00	5, 000, 000. 00	11, 500, 000. 00	8, 500, 000. 00	5, 700, 000. 00
	105, 075, 500. 00	7, 000, 500. 00	14, 775, 700. 00	10, 174, 900. 00	7, 582, 500. 00
Subscription to capital stock:					
Members and applicants	1, 440, 900. 00	38, 500. 00	169, 900. 00	139, 200. 00	101, 400. 00
Less balance due	517, 435. 13	24, 050. 00	90, 950. 13	70, 725. 00	23, 125. 00
	923, 464. 87	14, 450. 00	78, 949. 87	68, 475. 00	78, 275. 00
U. S. Government	42, 395, 300. 00	7, 467, 500. 00	7, 463, 200. 00	2, 646, 300. 00	3, 508, 200. 00
Less balance due	42, 395, 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, 602, 436. 95	35, 206. 43	174, 912. 86	135, 608. 45	102, 120. 69
Total surplus	2, 736, 169. 43	90, 052. 80	323, 409. 18	257, 100. 90	177, 301. 96
Total capital	108, 735, 134. 30	7, 105, 002. 80	15, 178, 059. 05	10, 500, 475. 90	7, 838, 076. 96
Total liabilities and capital	113, 754, 768. 85	7, 611, 420. 45	15, 283, 074. 12	10, 995, 371. 99	8, 338, 197. 51

LOAN BANKS

condition as at Aug. 31, 1935

Cincinnati	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	Portland	Los Angeles
$1,255,127.98	$1,833,210.62	$377,712.59	$94,705.30	$591,696.23	$1,250,336.65	$638,308.12	$366,891.92
15,994,469.03	4,250,702.05	13,801,729.96	3,946,975.68	4,655,903.12	3,718,514.87	2,553,074.95	3,333,533.74
0	0	0	0	0	0	0	4,086.62
15,994,469.03	4,250,702.05	13,801,729.96	3,946,975.68	4,655,903.12	3,718,514.87	2,553,074.95	3,337,620.36
74,229.05	38,725.70	72,726.29	38,413.20	20,583.04	16,933.50	13,892.55	21,744.38
3,032,689.82	2,088,240.49	121,742.43	1,986,018.89	2,416,725.00	1,053,046.88	710,075.00	1,138,057.81
1,084.33	1,166.31	5,896.74	697.09	361.32	1,011.11	376.05	5,288.37
20,357,600.21	8,212,045.17	14,379,808.01	6,066,810.16	7,685,268.71	6,039,843.01	3,915,726.67	4,869,602.84
1,806,865.03	55,486.91	1,122,370.94	176,017.40	92,656.88	103,657.77	30,130.26	26,000.00
0	0	0	0	0	0	0	0
1,806,865.03	55,486.91	1,122,370.94	176,017.40	92,656.88	103,657.77	30,130.26	26,000.00
4,733,700.00	1,953,800.00	2,266,400.00	1,016,000.00	1,316,100.00	983,400.00	511,500.00	1,115,300.00
12,775,700.00	6,000,000.00	10,500,000.00	4,700,000.00	6,100,000.00	4,700,000.00	3,310,000.00	3,560,000.00
17,509,400.00	7,953,800.00	12,766,400.00	5,716,000.00	7,416,100.00	5,683,400.00	3,821,500.00	4,675,300.00
609,400.00	85,100.00	110,800.00	53,800.00	41,600.00	51,800.00	22,900.00	16,500.00
106,075.00	53,300.00	68,240.00	22,650.00	20,770.00	13,750.00	13,600.00	10,200.00
503,325.00	31,800.00	42,560.00	31,150.00	20,830.00	38,050.00	9,300.00	6,300.00
0	577,400.00	3,673,900.00	2,694,900.00	2,672,400.00	2,633,600.00	2,650,000.00	6,407,900.00
0	577,400.00	3,673,900.00	2,694,900.00	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
301,254.91	78,635.83	295,276.64	87,776.84	67,161.78	173,899.62	24,862.03	125,720.87
538,010.18	170,958.26	448,477.07	143,642.76	155,681.83	214,735.24	54,796.41	162,002.84
18,550,735.18	8,156,558.26	13,257,437.07	5,890,792.76	7,592,611.83	5,936,185.24	3,885,596.41	4,843,602.84
20,357,600.21	8,212,045.17	14,379,808.01	6,066,810.16	7,685,268.71	6,039,843.01	3,915,726.67	4,869,602.84

Home Owners' Loan Corporation

Applications received and loans closed by months [1]

Period	Applications received (number)	Loans closed	
		Number	Amount
1933			
From date of opening through Sept. 30	403, 114	593	$1, 688, 787
From Oct. 1 through Dec. 31	319, 682	36, 656	104, 231, 556
1934			
From Jan. 1 through June 30	790, 836	307, 651	933, 082, 197
From July 1 through Dec. 31	[2] 228, 246	381, 341	1, 157, 985, 268
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	140, 585	13, 142	40, 557, 636
July		13, 413	41, 569, 800
August		14, 623	44, 775, 321
Sept. 1 to Sept. 19		7, 657	25, 493, 934
Grand total to Sept. 19, 1935	1, 885, 377	917, 148	2, 772, 516, 067

[1] These figures are subject to adjustment.
[2] Receipt of applications stopped Nov. 13, 1934, and was not resumed until May 28, 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 Sept. 19, 1935

Period	Number of applications received for reconditioning loans	Total contracts executed		Total jobs competed	
		Number	Amount	Number	Amount
June 1, 1934 through Aug. 21, 1935 [1]	598, 885	277, 979	$51, 072, 443	239, 224	$42, 313, 894
Aug. 22, 1935 through Sept. 19, 1935 [2]	22, 304	9, 159	2, 045, 959	15, 717	2, 848, 809
Grand total through Sept. 19, 1935	621, 189	287, 138	53, 118, 402	254, 941	45, 162, 703

[1] The totals for this period differ from those published in the September 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.

Reconditioning Activity of the Home Owners' Loan Corporation

OF THE 917,000 homes which had been refinanced by the Home Owners' Loan Corporation through September 19, about 339,000, or more than one-third, had been or were being put in good repair under the direction of the Corporation's Reconditioning Division. The cost of this work, approximating $60,000,000, was advanced by the Corporation and incorporated in the loans made to the home owners benefited.

It is roughly estimated that the Reconditioning Division will be called upon to service some 175,000 additional properties from among those on which the Corporation has made or is making refinancing loans. These reconditioning contracts are expected to aggregate about $30,000,000 in the next 10 months. On this basis, the Corporation's expenditure for reconditioning will amount to some $90,000,000.

DISTRIBUTION OF REPAIR EXPENDITURES

AN analysis of the total volume of reconditioning shows the following division among the various construction trades on the basis of each $100 expended:

Papering, painting	$41.92
Roofing	22.11
Carpentry	15.36
Masonry	4.91
Heating	4.51
Plumbing	4.12
Plastering	2.86
Sheet Metal	2.22
Miscellaneous	1.34
Wiring	.65
	100.00

The average repair job entails an expenditure of $180. Engaging more than 125,000 contractors and providing some 8,000,000 " working days " to construction labor, this program has stimulated employment nationally in the building trades as well as in the industries that produce the materials used. It is estimated that of every dollar spent on reconditioning, 75 cents goes for labor at the site.

To assure sound materials and competent workmanship at the minimum cost to the borrower, trained employees of the Corporation, at the time the loan is closed, inspect the home and advise the owner on the proposed repairs, prepare and secure bids, approve contracts, and supervise the progress of the actual work. In cases of serious fire or storm damage to homes under mortgage to the Corporation, such as resulted from the recent hurricane on the South Atlantic coast, inspectors of the Reconditioning Division cooperate with insurance adjusters to provide for repair or rebuilding that will be fair and satisfactory to the owner. More than 17,000 cases of this nature have been handled by the Division at an outlay averaging more than $40,000 a week and paid for by the insurance companies. Employees of the Division also make special inspections of the mortgaged properties at the request of field managers of the Corporation.

Working under a complete set of approved master specifications and organized to supervise economically a large number of small jobs distributed throughout the nation, the Reconditioning Division represents a development of significance to the home-construction industry and all lending institutions.

Resolutions of the Board

I.—PROVIDING FOR HEARINGS ON AMENDMENTS TO THE RULES AND REGULATIONS FOR INSURANCE OF ACCOUNTS

The Board adopted the following resolution on October 3:

Be it resolved by the Board of Trustees of the Federal Savings and Loan Insurance Corporation that Section 22 of the Rules and Regulations for Insurance of Accounts be amended so that the section reads as follows:

"Section 22. The Board expressly reserves the right to alter, amend, or repeal these rules and regulations in whole or in part.

(a) Amendments or changes deemed by the Board to be major, affecting matters of general principle or policy, and not of an emergency character, submitted to the Board of Trustees by a Member thereof, or by the Federal Savings and Loan Advisory Council, if passed by the Board, shall not go into effect until thirty days from a date to be fixed by the Secretary to the Board and published in the Federal Home Loan Bank Review at the time of the publication of the amendment or change. If at any time prior to the effective date, as thus fixed, a hearing thereon is requested of the Secretary to the Board in writing by at least seven members of the Federal Savings and Loan Advisory Council (provided the amendment or change has not been proposed by the council in the exact form passed) the Board shall fix a time and place for a hearing thereon of which the Secretary to the Board shall in writing notify the members of the Advisory Council, and the amendment or change shall be suspended until after the hearing and until further action of the Board.

(b) If a hearing has not been requested by seven members of the Advisory Council, but within sixty days after the date fixed by the Secretary to the Board and published in the Federal Home Loan Bank Review at the time of the publication of the amendment or change, at least fifty insured institutions, or institutions eligible to apply for insurance under Section 403 (a) of the National Housing Act, shall request a hearing, the Board shall fix the time and place thereof, and the Secretary to the Board shall give written notice thereof to the Advisory Council and to each of the associations requesting such hearings.

(c) Amendments or changes deemed by the Board to be of a minor, procedural, or emergency character, may be adopted, effective immediately, but in such case any seven members of the Advisory Council, or any fifty insured institutions, or institutions eligible to apply for insurance under Section 403 (a) of the National Housing Act, may within sixty days after the adoption of such amendment, or change, file a written request with the Secretary to the Board for a hearing thereon. Changes or amendments will be published in the issue of the Home Loan Bank Review following the date of the adoption of the amendment or change. In the issue following the receipt of the required number of written requests for a hearing, a notice will be published fixing the time and place of such hearing.

(d) A request for a hearing from an association shall be evidenced by resolution of the Board of Trustees or Directors thereof, certified by the Secretary. Except as provided in paragraph (a) the amendment or change shall not be suspended by such request for a hearing, but after such hearing the Board shall reconsider the change or amendment and take such action thereon as it deems appropriate.

Any member of the Advisory Council, or any institution requesting a hearing, or any other institution eligible to apply for insurance, may, prior to the date of any hearing, file with the Secretary to the Board a written brief or argument bearing upon the amendment or change, or the general subject matter involved therein, and, in addition thereto, if he or it so desires, such individual or institution may appear in person or by its representative at the time of the hearing before the Board.

Such hearing will not be confined to those proposing or suggesting a modification in the amendment or change, but shall be open to individuals or representatives of any institution favoring such amendment or change, or some action on the subject matter involved.

(e) Recommendations of the Federal Savings and Loan Advisory Council will be requested on all amendments or changes made or published within thirty days of a meeting of the Council, and the members of the Board will, upon request from the Council, attend the meeting of the Council to permit the presentation of its views thereon. The provisions heretofore made for hearings at the request of seven members of the Council shall not apply to amendments or changes which have already been submitted to the Council as a body.

Recommendations of groups of institutions affected, or that may be affected, or from an organized trade association, or associations, may be filed with the Secretary to the Board either prior to or at the time of any hearing, and such group of institutions or organized trade association or associations may appear at the hearing by a representative or representatives and be entitled to be heard."

II.—AMENDING THE RULES AND REGULATIONS FOR INSURANCE OF ACCOUNTS TO REQUIRE SOUND MANAGEMENT

On September 5, the Board wrote into the Rules and Regulations for the Insurance of Accounts the requirement that insured institutions shall maintain sound management and pursue financial policies consistent with economical home financing. The resolution reads as follows:

Be it resolved by the Board of Trustees of the Federal Savings and Loan Insurance Corporation, that the first sentence of Section 13 (a) of the Rules and Regulations for Insurance of Accounts be, and it is hereby, amended to read as follows:

"For the protection of its insured members and other insured institutions each insured institution shall maintain safe and sound management, pursue financial policies safe and consistent with economical home financing and the purposes of insurance of accounts and shall be examined and/or audited at least annually by the Corporation."

III.—AMENDING THE RULES AND REGULATIONS FOR INSURANCE OF ACCOUNTS CONCERNING DETERMINATION OF THE AMOUNT OF EACH INSURED ACCOUNT IN EVENT OF DEFAULT BY AN INSURED INSTITUTION

The Board adopted the following resolution on October 3:

Be it resolved by the Board of Trustees of the Federal Savings and Loan Insurance Corporation, that Section 18 (b) of the Rules and Regulations for the Insurance of Accounts be amended by inserting after the first sentence of Section 18 (b) the following:

"The amount of each insured account will be determined from the books and records of the association and the evidence of the account held by the insured member without regard to the value of the assets of the insured institutions."

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

On September 5, the Board rescinded its action of August 28, 1935, directing 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.

Directory of Member, Federal, and Insured Institutions

Added during August–September

I. INSTITUTIONS ADMITTED TO MEMBERSHIP IN THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN AUGUST 26, 1935, AND SEPTEMBER 28, 1935 [1]

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

DISTRICT NO. 1

CONNECTICUT:
- New London:
  - New London Building & Loan Association, Room 201, Dewart Building.

NEW HAMPSHIRE:
- Concord:
  - Concord Building & Loan Association.

DISTRICT NO. 2

NEW JERSEY:
- Westville:
  - Old Buck Building & Loan Association.

DISTRICT NO. 3

PENNSYLVANIA:
- Freeland:
  - Freeland Building & Loan Association, 923 Center Street.
- Philadelphia:
  - Marconi Italian Building & Loan Association of Philadelphia, 1913 South Broad Street.
  - Matoaca Building & Loan Association, 2117 South Twentieth Street.
  - St. Charles Building & Loan Association, No. 2, 5431 Cedar Avenue.
- Prospect Park:
  - Ridley Building Association.

DISTRICT NO. 4

GEORGIA:
- Covington:
  - Newton County Building & Loan Association, Public Square.
- Toccoa:
  - Stephens County Building & Loan Association.

MARYLAND:
- Baltimore:
  - Bohemian American Building Association, 730 North Collington Avenue.
  - Fullerton Permanent Loan Association, 7405 Belair Road.
  - Progress Building Association, 1640 East Chase Street.

[1] During this period 5 Federal savings and loan associations were admitted to membership in the System.

DISTRICT NO. 5

OHIO:
- Delaware:
  - Fidelity Building Association & Loan Company.
- Lakewood:
  - Midwest Savings & Loan Company.
- Marysville:
  - Union County Savings & Loan Company, 109 South Main Street.

DISTRICT NO. 6

INDIANA:
- East Chicago:
  - Peoples Building & Loan Association, 4902 Indianapolis Boulevard.

DISTRICT NO. 7

ILLINOIS:
- Chicago:
  - Grunwald Building & Loan Association, 3925 South Kedzie Avenue.
- Cicero:
  - Zajmy Lidu Building & Loan Association, 2333 South Fifty-sixth Avenue.
- Clinton:
  - DeWitt County Building Association.
- Minonk:
  - Minonk Building & Loan Association.
- Nokomis:
  - Nokomis Building Association.

WISCONSIN:
- Milwaukee:
  - Residence Park Building & Loan Association, 3418 West Fond du Lac Avenue.

DISTRICT NO. 8

MINNESOTA:
- Pipestone:
  - Pipestone Building & Loan Association.

MISSOURI:
- Kansas City:
  - Santa Fe Savings & Loan Association, 916 Baltimore Avenue.

DISTRICT NO. 9

LOUISIANA:
- New Orleans:
  - Carrollton Homestead Association, 925 Maritime Building.
  - General Building & Loan Association, Maritime Building.
  - Pelican Homestead Association, 626 Canal Bank Building.

DISTRICT NO. 10

KANSAS:
  Garnett:
    Garnett Savings & Loan Association.

NEBRASKA:
  Chadron:
    Chadron Building & Loan Association.

DISTRICT NO. 11

MONTANA:
  Deer Lodge:
    Powell Building & Loan Association, 311 Missouri Avenue.

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

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN AUGUST 26, 1935, AND SEPTEMBER 28, 1935

INDIANA:
  Indianapolis:
    Ashland Savings & Loan Association, 226 East Ohio Street.

LOUISIANA:
  Baton Rouge:
    Peoples Building & Loan Association, 525 Third Street.

TEXAS:
  Beaumont:
    Provident Building & Loan Association, 203 Wiess Building.

II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN AUGUST 27, 1935, AND SEPTEMBER 28, 1935

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

DISTRICT NO. 1

CONNECTICUT:
  Branford:
    Branford Federal Savings & Loan Association.
  Stamford:
    Stamford Federal Savings & Loan Association, 41 Bank Street (converted from Stamford Building & Loan Association, Incorporated).

NEW HAMPSHIRE:
  Manchester:
    Manchester Federal Savings & Loan Association, 992 Elm Street (converted from Manchester Building & Loan Association).

DISTRICT NO. 2

NEW YORK:
  Brooklyn:
    Brooklyn Federal Savings & Loan Association, 91 Court Street (converted from Brooklyn City Savings & Loan Association).
  Sayville:
    Sayville Federal Savings & Loan Association.
  Wallkill:
    Wallkill Valley Federal Savings & Loan Association (converted from Wallkill Valley Savings & Loan Association).

DISTRICT NO. 3

WEST VIRGINIA:
  Ravenswood:
    First Federal Savings & Loan Association of Ravenswood, First National Bank Building (converted from Conservative Building & Loan Association).

DISTRICT NO. 4

MARYLAND:
  Baltimore:
    Bradford Federal Savings & Loan Association, 159 North Luzerne Avenue (converted from Bradford Loan & Savings Association of Baltimore City).
    Irvington Federal Savings & Loan Association of Baltimore City, 4106 Frederick Avenue (converted from Irvington Building & Savings Association of Baltimore City).

VIRGINIA:
  Alexandria:
    First Federal Savings & Loan Association of Alexandria, 803 King Street.
  Norfolk:
    Mutual Federal Savings & Loan Association of Norfolk, 121–23 West Tazewell Street (converted from Mutual Building Association of Norfolk, Virginia).
    Norfolk Federal Savings & Loan Association, 116 West Plume Street.

DISTRICT NO. 5

OHIO:
  Bellefontaine:
    Citizens Federal Savings & Loan Association of Bellefontaine, 106 North Main Street (converted from Citizens Building & Loan Company of Bellefontaine, Ohio).
  Canton:
    Stark Federal Savings & Loan Association of Canton, 213 Tuscarawas Street (converted from Stark County Savings & Loan Company).
  Columbus:
    Central Ohio Federal Savings & Loan Association of Columbus, 78 South Third Street (converted from Central Ohio Building & Loan Company).
    Clintonville Federal Savings & Loan Association of Columbus, 3527 North High Street (converted from Clintonville Savings & Loan Company).
    Ohio State Federal Savings & Loan Association, 85 East Gay Street (converted from Ohio State Savings Association).
  Lakewood:
    First Federal Savings & Loan Association of Lakewood (No. 2) (converted from Midwest Savings & Loan Company).
  Ripley:
    Ripley Federal Savings & Loan Association, 109 Main Street (converted from Ripley Building, Loan & Savings Company).
  Wooster:
    First Federal Savings & Loan Association of Wooster, Southeast Side Public Square (converted from Home Building & Loan Company).

DISTRICT NO. 6

MICHIGAN:
  Plymouth:
    Plymouth Federal Savings & Loan Association, 1550 South Main Street (converted from Plymouth Savings & Loan Association of Plymouth, Michigan).

DISTRICT NO. 7

ILLINOIS:

Charleston:

Charleston Federal Savings & Loan Association, 700 Jackson Street (converted from Charleston Homestead & Loan Association).

Fairbury:

Fairbury Federal Savings & Loan Association, Duell Block (converted from Fairbury Building & Loan Association).

WISCONSIN:

Prairie du Chien:

Prairie du Chien Federal Savings & Loan Association, 106½ West Blackhawk Avenue.

DISTRICT NO. 8

MINNESOTA:

Minneapolis:

Home Federal Savings & Loan Association, 217–20 Plymouth Building (converted from Home Building & Loan Association).

DISTRICT NO. 9

TEXAS:

Columbus:

Colorado County Federal Savings & Loan Association.

Denison:

Denison Federal Savings & Loan Association, 122 West Main Street (converted from Denison Building & Loan Association).

DISTRICT NO. 10

KANSAS:

El Dorado:

Mid-Continent Federal Savings & Loan Association of El Dorado (converted from Mid-Continent Building & Loan Association).

DISTRICT NO. 11

MONTANA:

Deer Lodge:

Deer Lodge Federal Savings & Loan Association, 311 Missouri Avenue (converted from Powell Building & Loan Association).

DISTRICT NO. 12

CALIFORNIA:

Alhambra:

First Federal Savings & Loan Association of Alhambra, 15 South Garfield Avenue (converted from San Gabriel Valley Building-Loan Association).

Colton:

Orange Belt Federal Savings & Loan Association, 124 East I Street (converted from Orange Belt Building-Loan Association).

Los Angeles:

First Federal Savings & Loan Association of Wilmington.

San Francisco:

Bay View Federal Savings & Loan Association, 4749 Third Street (converted from Bayview Building & Loan Association).

III. INSTITUTIONS INSURED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION BETWEEN AUGUST 31, 1935, AND SEPTEMBER 30, 1935 [1]

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

DISTRICT NO. 2

NEW YORK:

Geneva:

Geneva Permanent Loan & Saving Association, 89 Seneca Street.

Oswego:

Security Building & Loan Association.

DISTRICT NO. 4

DISTRICT OF COLUMBIA:

Washington:

Columbia Building Association, 716 Eleventh Street, Northwest.

DISTRICT NO. 5

KENTUCKY:

Covington:

Kentucky Perpetual Building & Loan Association of Covington, Kentucky, Northeast Corner Eleventh Street & Scott Boulevard.

Newport:

Standard Savings, Building & Loan Association of Newport, Kentucky, 821 York Street.

OHIO:

Cleveland:

Cuyahoga Savings & Loan Company, 128 The Arcade, Euclid Level.

DISTRICT NO. 7

WISCONSIN:

Milwaukee:

Northern Building & Loan Association, 2746 North Teutonia Avenue.

DISTRICT NO. 9

LOUISIANA:

Donaldsonville:

Ascension Building & Loan Association.

Ruston:

Ruston Building & Loan Association, Price Building, 100 North Vienna Street.

TEXAS:

Waco:

Pioneer Building & Loan Association, 520 Franklin Avenue.

DISTRICT NO. 12

CALIFORNIA:

Berkeley:

Berkeley Guarantee Building & Loan Association, 2101 Shattuck Avenue.

Los Angeles:

State Mutual Building & Loan Association, 415 West Fifth Street.

Palo Alto:

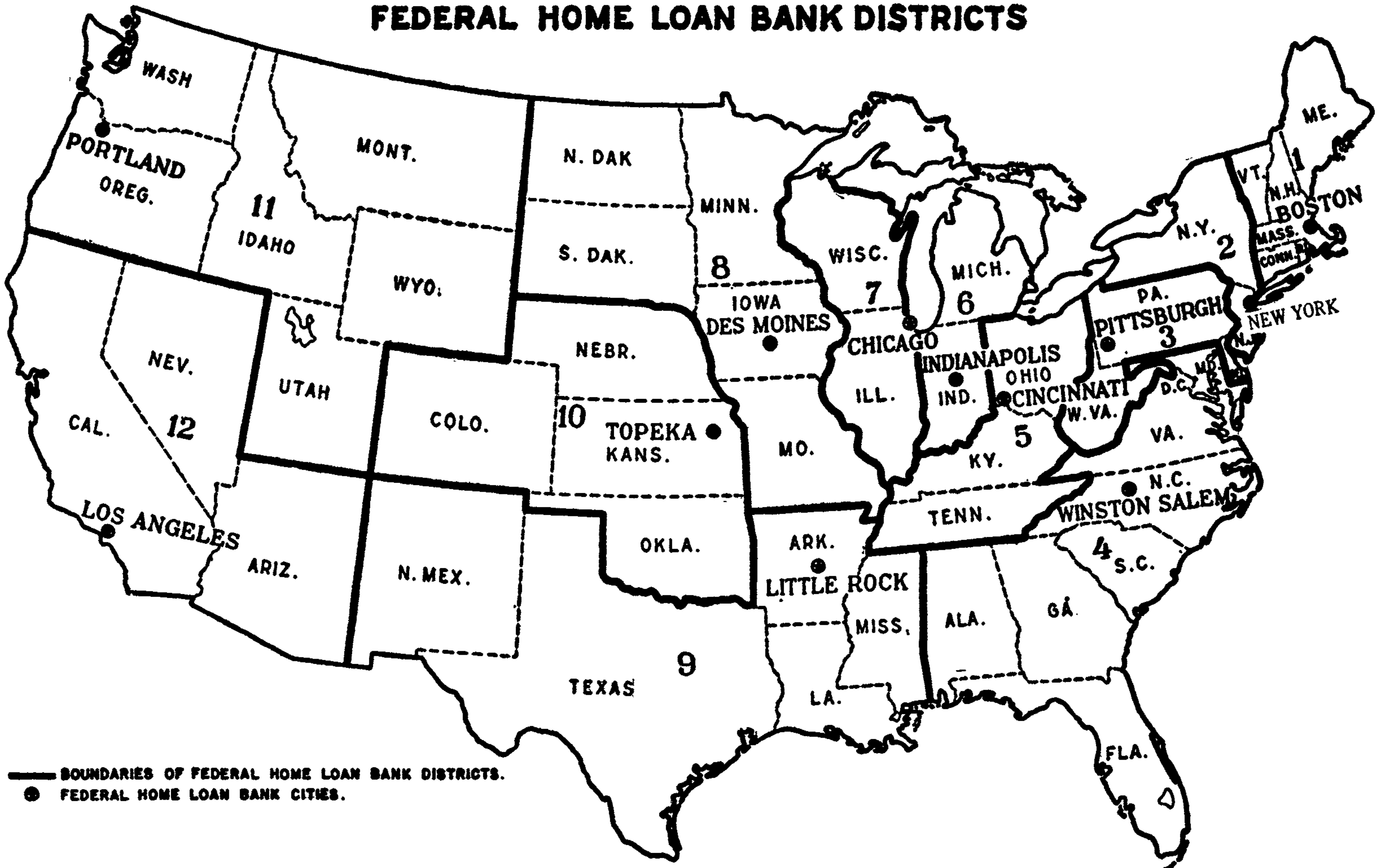
Palo Alto Mutual Building & Loan Association, 257 University Avenue.

Pomona:

Home-Builders' Loan Association, Second at Thomas Street.

[1] During this period 32 Federal savings and loan associations were insured.

FEDERAL HOME LOAN BANK DISTRICTS



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