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Federal Home Loan Bank Review

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SUBSCRIPTION PRICE OF REVIEW

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Standard Report Forms for Savings and Loan Associations

A STEP that will save expense and time to savings and loan associations throughout the country was consummated in Cincinnati on November 14. At that time a joint convention of (1) State supervisors of building and loan associations, (2) members of the Executive Committee of the Accounting Division of the United States Building and Loan League, and (3) representatives of the Federal Home Loan Bank Board unanimously agreed on standard forms for reporting the financial condition of savings and loan, building and loan, and homestead associations and cooperative banks.

The need for a standard method of presenting the facts and figures of the savings and loan business has been recognized for many years. State supervisory authorities have, of course, long required periodic reports, but due to the different laws and practices obtaining in the various States, these reports frequently do not contain comparable information. When the Federal Home Loan Banks were established, they found it necessary to develop their own forms because of the 48 different types used by the States. As a result, associations were faced with the necessity of preparing one type of report for their State supervisors and another for the Federal Home Loan Bank. This added burden brought to a head the need for essential uniformity.

Accordingly, some months ago, the three groups mentioned above appointed subcommittees to explore the possibilities of developing standard reporting forms. The work was under the leadership of George L. Bliss, chairman of the Accounting Division of the United States Building and Loan League. The State supervisors were represented in this exploratory work by L. E. Roush of Kansas, W. E. Wood of Louisiana, and Ira A. McBride of Missouri, and the Federal Home Loan Bank Board assigned to the task representatives of the several agencies under it most immediately interested.

PURPOSES FOR WHICH REPORTS ARE REQUIRED

AS A FIRST step, the subcommittees reached an agreement as to what are the types of and purposes for which reports might be required from savings and loan associations. They listed 5 such types:

1. Periodic reports to the officers and directors of associations for management purposes.
2. Periodic reports to supervising authority for purposes of supervision and examination.
3. Periodic reports for credit purposes, as to a Federal Home Loan Bank.
4. Statistical reports to State and national trade organizations.
5. Published reports made generally available.

The subcommittees came to the conclusion that standard report forms which would be suitable for all the foregoing purposes could be drafted and they undertook the task. The forms they drafted and which the conference unanimously approved consist of 4 basic elements:

1. The balance sheet or statement of condition.
2. The profit and loss statement or statement of operations.
3. The distribution of earnings or reconcilement of reserves and undivided profits.
4. Supporting schedules, the extent of which depends upon the purpose for which the report is prepared.

The first three of these are reproduced in the accompanying pages. Their extreme simplicity and the conciseness with which they present all essential information is at once apparent. However, this conciseness does not prevent them from being sufficiently inclusive for all purposes. Provision is made for reporting every type of transaction known to take place in the savings and loan field. A particular association—or the associations in an entire State, for that matter—may find no need for a specific line. Obviously, such associations merely disregard that line. Yet, because of the inclusiveness of the forms a consolidated tabulation of condition of all the associations in the country or in a particular State or other unit can be readily prepared. Hitherto, it has been impossible to obtain such national pictures of the savings and loan business on a comprehensive basis.

PRESENT STATUS OF STANDARD REPORT FORMS

Officially, these standard report forms are presented as recommendations of the Accounting Division of the United States Building and Loan League. They have already been adopted by the Federal Home Loan Bank Board and will be used by the 12 Federal Home Loan Banks, the Federal Savings and Loan Insurance Corporation, and the Savings and Loan Division. That is, all periodic reports to these agencies from associations concerned will be made on these forms and the forms will be used in connection with all applications for membership, insurance, and conversion to Federal charter.

The standard report forms were unanimously approved by the National Association of Building and Loan Supervisors in Cincinnati for adoption by all State supervisors. Under such a uniform reporting system a State-chartered savings and loan association that is a member of the Federal Home Loan Bank System or whose accounts are insured with the Federal Savings and Loan Insurance Corporation will be able to satisfy the requirements of these agencies and of its State supervisory authorities with identical reports.

It is believed that many associations will find it convenient to make some revision in their accounting records in order more easily to assemble the information required in the standard report forms. In anticipation of this desire, the subcommittees which drafted the report forms also worked out a suitable standard accounting system. This was likewise unanimously approved by the joint convention at Cincinnati and was turned over to the American Savings and Loan Institute to be made available to such associations as desire it.

Copies of the three basic schedules in the standard report form may be secured from the Accounting Division, United States Building and Loan League, 104 South Michigan Avenue, Chicago, Illinois.

STANDARD REPORT FORM
as recommended by
ACCOUNTING DIVISION, UNITED STATES BUILDING AND LOAN LEAGUE
for adoption by the
NATIONAL ASSOCIATION OF BUILDING AND LOAN SUPERVISORS
AND THE FEDERAL HOME LOAN BANK BOARD

EXHIBIT A

STATEMENT OF CONDITION

(Name of Institution) ....

(St. & No.) ....

(City & State) ....

as of close of business on .... 193......

ASSETS

1-a.	First mortgage direct reduction loans	$..........	
1-b.	First mortgage share account sinking fund loans	$..........	
1-c.	First mortgage straight loans	$..........	
1-d.	Accrued interest receivable on first mortgage loans (unless included above)	$..........	
1-e.	Advances for taxes, insurance, etc., on first mortgage loans (unless included above)	$..........	$..........
2-a.	Second mortgage loans	$..........	
2-b.	Accrued interest receivable on second mortgage loans	$..........	
2-c.	Advances for taxes, insurance, etc., on second mortgage loans	$..........	$..........
3-a.	Loans secured by shares of this association	$..........	
3-b.	Loans on deposit accounts and certificates of investment	$..........	
3-c.	Accrued interest receivable on items 3-a and 3-b (unless included in 3-a and 3-b)	$..........	$..........
4-a.	Loans on all other security	$..........	
4-b.	Unsecured loans	$..........	
4-c.	Accrued interest receivable on items 4-a and 4-b	$..........	$..........
5-a.	Real estate sold on contract	$..........	
5-b.	Accrued interest receivable on real estate sold on contract (unless included in 5-a)	$..........	
5-c.	Advances for taxes, insurance, etc., on real estate sold on contract (unless included in 5-a)	$..........	$..........
6.	Real estate owned		$..........
7.	Real estate equitably owned (in dummy holder)		$..........
8.	Real estate in judgment and subject to redemption		$..........
9-a.	Stock in Federal Home Loan Bank	$..........	
9-b.	Federal Home Loan Bank Bonds	$..........	
9-c.	U. S. Government Obligations (including H. O. L. C.)	$..........	
9-d.	Other investment securities	$..........	$..........
10.	Accrued interest receivable on investments		$..........
11.	Cash on hand and in banks		$..........
12-a.	Office Building	$..........	
12-b.	Less Allowance for depreciation	$..........	$..........
13-a.	Furniture, fixtures and equipment	$..........	
13-b.	Less Allowance for depreciation	$..........	$..........
14.	Deferred charges		$..........
15.	Other assets		$..........
16.	....		$..........
17.	....		$..........
18.	....		$..........
19.	Total Assets		$..........

CAPITAL AND LIABILITIES

20.	Repurchasable or free shares		
x.	Instalment share dues credited	$	
	Deduct—Delinquent dues (if carried)	$	
	Sub-total	$	
	Add—Dividends (unless included in 20-x)	$	
a.	Net free instalment shares		$
b.	Optional shares (payments and dividends)		$
c.	Prepaid shares	$	
	Add—Dividends (unless included in 20-c)	$	$
d.	Full paid shares		$
e.	Matured shares		$
f.			$
g.			$
	Total repurchasable or free shares		$
21.	Mortgage pledged shares	$	
	Deduct—Delinquent dues (if carried)	$	
	Sub-total	$	
	Add—Dividends	$	
	Net mortgage pledged shares		$
22.	Deposits, investment certificates (by classes)		
a.		$	
b.		$	
c.		$	
d.		$	$
23.	Interest accrued on Item 22		$
24.	Advances from Federal Home Loan Bank		$
25.	Borrowed money		
a.	From banks and other associations	$	
b.	From others	$	$
26.	Mortgages on real estate owned		$
27.	Interest accrued on items 24, 25 and 26		$
28.	Dividends declared and unpaid		$
29.	Taxes accrued and unpaid on real estate owned		$
30.	Accounts payable		$
31.	Loans in process		$
32-a.	Advance payments by borrowers for taxes and insurance (if carried separately)	$	
32-b.	Unapplied mortgage credits	$	$
33.	Other liabilities		$
34.	Permanent, reserve or guaranty stock		$
35.	Deferred credits to future operations		
a.	For unearned profit on real estate sold	$	
b.	For income collected in advance	$	
c.		$	$
36.	Specific reserves		
a.	For uncollected interest	$	
b.	For junior liens	$	
c.		$	$
37.	General reserves		
a.	Legal reserve	$	
b.	Federal insurance reserve (if insured)	$	
c.	For contingencies	$	
d.	Real estate reserve	$	
e.		$	$
38.	Bonus on shares		$
39.	Undivided profits		$
40.	Reserve for estimated dividend requirements		$
41.	Current earnings (if interim statement)		$
42.	Total Liabilities		$

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11-12-35

EXHIBIT B

STATEMENT OF OPERATIONS

for.......................months period ended.......................193.......

I.	GROSS OPERATING INCOME		
1.	Interest		
a.	On mortgage loans—ordinary cash collections	$	
b.	On mortgage loans—all other	$	$
c.	On loans on shares, passbooks and certificates		$
d.	On real estate sold on contract		$
e.	On investments and bank deposits		$
f.	Other		$
2.	Premium or commission on loans (current instalments and amortizations only)		$
3.	Appraisal fees, legal fees and initial service charges		$
4.	Other fees and fines		$
5-a.	Gross income from operation of real estate owned	$	
5-b.	Less—Cost of repairs, taxes and maintenance	$	
	Net income or loss from real estate owned (black or red)		$
6.	Gross income from office building		$
7.	Dividends		
a.	On stock in Federal Home Loan Bank	$	
b.	Other dividends	$	$
8.	Miscellaneous operating income		$
9.	Gross Operating Income		$
II.	LESS OPERATING EXPENSE		
10-a.	Compensation to directors, officers, employees, etc.		$
10-b.	Collection expense (agents, etc.)		$
11.	Legal services—retainer, traveling expenses and special services		$
12.	Expense accounts of directors, officers and employees		$
13.	Rent, light, heat, etc.		$
14-a.	Repairs, taxes and maintenance of office building	$	
14-b.	Depreciation of office building	$	$
15.	Furniture, fixtures and equipment, including depreciation		$
16.	Advertising		$
17.	Stationery, printing, and office supplies		$
18.	Telegraph, telephone, postage and express		$
19.	Insurance and bond premiums		$
20.	Federal insurance premium (if insured)		$
21.	Audit		$
22.	Supervising examinations and assessments		$
23.	Organization dues		$
24.	Other operating expense		$
25.	Total operating expense		$
III.	Net Operating Income Before Interest and Other Charges		$
IV.	LESS INTEREST CHARGES		
26.	On deposits, investment certificates, etc.		$
27.	On advances from Federal Home Loan Bank		$
28.	On borrowed money		$
29.	Total interest		$
V.	Net Operating Income		$
VI.	ADD NON-OPERATING INCOME		
30.	Dividends retained on repurchases and withdrawals		$
31.	Profit on sale of real estate		$
32.	Profit on sale of investments		$
33.	Other non-operating income		$
34.	Total non-operating income		$
VII.	Net Income After Interest and Before Charges		$
VIII.	LESS NON-OPERATING CHARGES (do not use lines herein for items charged direct to reserves)		$
35.	Foreclosure costs and back taxes on real estate acquired (unless capitalized or charged to reserves)		$
36.	Loss on sale of real estate		$
37.	Loss on sale of investments		$
38.	Other non-operating charges		$
IX.	Net income for Period		$

STANDARD REPORT FORM

11-12-35

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EXHIBIT C

RECONCILEMENT OF UNDIVIDED PROFITS ACCOUNT

for............months period ended............193....

1.	Balance of Undivided profits at beginning of period			$
2.	Net income for current period (Item IX of Exhibit B)		$	
	Less distribution of net profit			
3.	Transfers to reserves			
a.	For bonus on shares	$		
b.	Legal reserve	$		
c.	Federal insurance reserve (if required)	$		
d.	For contingencies	$		
e.	Real estate reserve	$		
f.	....	$		
	Total transfers to reserves	$		
4.	To dividends	$	$	
5.	Balance to Undivided profits (black or red)			$
6.	Balance before adjustments			$
7.	Other additions (itemize)			
a.	....		$	
b.	....		$	
c.	....		$	$
8.	Sub-total			$
9.	Other deductions (itemize)			
a.	....		$	
b.	....		$	
c.	....		$	$
10.	Balance of Undivided profits at end of period			$

RECONCILEMENT OF RESERVES

DESCRIPTION	Legal Reserve	Federal Insurance Reserve	Reserve for Contingencies	Real Estate Reserve	Other Reserves
Balance at beginning of period					
Additions during the period					
a. From Undivided profits					
b.					
c.					
d.					
Total					
Less—Deductions during period					
a. Loss on sale of real estate					
b. Loss on sale of Investments					
c.					
d.					
e.					
Total deductions					
Balance at end of period					

Neighborhood Standards as They Affect Investment Risk

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

THE instability of America's home neighborhoods constitutes the major risk in the financing of America's homes. This instability is no longer inevitable. In a country as highly developed as ours, the factors that condemn the desirable home district of today to become the blighted area of tomorrow are no longer beyond our control. As we saw in the preceding article in this series, the secret of protecting new neighborhoods from decay and of restoring a measure of stability to existing neighborhoods lies in a gradual subdivision of our cities into neighborhood cells or units.

The areas between through-traffic boulevards will constitute the units. To make them into neighborhoods, we must enable them to provide the essential services for which the home is dependent on the neighborhood. There are 4 such services or qualities: (1) the elementary school; (2) small parks and playgrounds; (3) local shops; and (4) residential environment. These make a residential area desirable and consequently insure property values. They are not the result of chance, but can be provided by definite planning.

The first requirement to be satisfied is that of size. A neighborhood that is too small cannot support the essential services, particularly the elementary school. Neither can it maintain the distinctive identity which is vital if its inhabitants are to have a neighborhood consciousness and pride. At the other extreme, a neighborhood that is too large cannot fulfill its functions efficiently nor can it usually resist the intrusion of the through-traffic highway which is a major destroyer of neighborhoods. Fortunately, the right size for a neighborhood need not be left to guesswork. The right size is that which permits the smoothest working of the neighborhood functions and it may be worked out logically from a consideration of those functions.[1]

EFFECT OF TRAVEL DISTANCE ON NEIGHBORHOOD SIZE

As THE primary function of the residential neighborhood is to provide elementary educational facilities, travel distance to school and the population necessary to support an elementary school are fundamental determinants of size. The population should range from 2,000 to 6,000, insuring from 300 to 1,000 children of elementary school age. In congested intown areas such a population might be found within a radius of one quarter mile from a given point; in more spacious suburban communities the same number of families might require an area with a radius of one half mile. If the elementary school and playgrounds were located near the center of either of these areas, the maximum travel distance would impose no hardship on any pupils. Thus, the most important single service of the neighborhood—the elementary school—is provided

[1] See Regional Survey of New York and Its Environs, Volume 7, Monograph I, on which the general discussion in this article is largely based.

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for. At the same time, shopping districts at the outside corners or scattered along the boundary streets of the areas mentioned would enable all housewives to find groceries and markets within one half mile from their doors.

Another consideration which affects the question of the right area for a model residential community is that of safety from automobile traffic. Fast-moving through automobile traffic is fatal to a residential neighborhood and it must be kept out. Above all, children should not be forced to cross a through-traffic street to get to an elementary school. As was pointed out in the November issue, hope for the reestablishment of intown areas lies in fixing arterial highways as boundaries for neighborhoods and in excluding through traffic from the interior of the neighborhood. The question obviously arises as to how far apart arterial highways leading out from the center of the city can be and still meet the city's traffic needs. Would an area from one half to one mile on a side be too large and would through traffic insist upon cutting across it rather than going around on each side?

This subject has been thoroughly investigated by the traffic engineers, and their conclusions, based upon actual traffic counts, may be summarized as follows: The main thoroughfares in single-family residence districts should be spaced not to exceed 3,000 feet apart; in 2-family house districts, not to exceed 2,000 feet apart; and in multifamily house districts, not to exceed 1,250 feet apart. From the standpoint, therefore, of the channels needed for through traffic the neighborhood unit cell with a one half mile or 2,640-foot dimension fits nicely into a desirable street pattern in an intown area of single-family homes. The farther out from the center one travels the more widely separated may be the arterial highways, so that the one-mile dimension becomes feasible in the suburbs. In other words, the neighborhood unit can be of such size as to perform its services efficiently and safely and still meet the needs of through traffic.

SIZE AND NEIGHBORHOOD CHARACTER

We come now to the final consideration to be taken into account in determining the right area for a neighborhood, namely, its character or "tone." What transforms a residential district into a real neighborhood with a distinct identity is what people think about it, particularly the people who occupy it. In order that its inhabitants shall identify themselves with a neighborhood, take pride in it, and protect it, it must be large enough to have a character of its own and not too large for the mind to visualize and grasp. It has often been said that great cities cannot inspire an active loyalty because they are physically too big and contain too many diverse and unfamiliar elements for the mind to assimilate.

Their citizens are proud of New York and Chicago and Los Angeles but in none of these cities have all the citizens ever voluntarily organized themselves into a unit for the protection and development of the entire city. On the other hand, the residents of certain sections of our great cities have and do organize themselves to promote the welfare of their individual sections. The city of Washington, for example, has a large number of neighborhood associations organized by the people themselves to secure for their home areas proper streets, transportation, schools, and other public services, to prevent the intrusion of undesirable uses, to maintain standards of architecture and of civic neatness. Obviously, the typical size of the sections so organized will constitute the successful size for a neighborhood so far as its residential character is concerned. It is, therefore, highly significant that neighborhood organizations rarely develop in areas occupied by more than 5,000 people. In other words, the maximum efficient size for a neighborhood from the point of view of its functioning and traffic safety corresponds roughly with the maximum size which produces a voluntary organization of residents to further a neighborhood's welfare.

The importance of these voluntary neighborhood organizations, and consequently the necessity of fixing the size of the neighborhood to encourage their development, cannot be over-emphasized. The National Association of Real Estate Boards has now under way a national movement for the stabilization and protection of property values by giving legal status and legal powers to just such voluntary neighborhood organizations. Obviously, the Association must go a step further and seek to delimit neighborhoods which would encourage neighborhood organizations to spring up.

It must by now be obvious that the size of a successful neighborhood — which means a permanent neighborhood of stable values—is dictated by very tangible considerations. An area measuring from one half mile to one mile on a side (depending on its location) is ideal for a community of medium-cost single-family homes because it encourages efficient neighborhood services, safety, and neighborhood character. The home-financing institution, therefore, should keep this standard in mind when considering investment in a new subdivision. Its establishment as an ideal in the minds of those who lend money for the development of homes will encourage both city authorities and realtors to work toward such a standard.

Existing intown neighborhoods and particularly apartment-house communities may cover a much smaller area and still possess many of the essential characteristics of a neighborhood. In any event, the transformation of built-up areas into more or less successful neighborhood units requires many compromises with the ideal. The practical steps to effect such reorganization will be presented in later articles in this series. Before they can be considered, we must complete the description of the requirements to be met to produce an ideal neighborhood.

PHYSICAL LIMITS OF THE UNIT

OF ALMOST equal importance with size are the boundaries of a neighborhood unit. Without boundaries, the physical integrity of a community is soon destroyed. Boundaries are essential to a neighborhood consciousness. Without such consciousness the values we have been describing—convenience of education and shopping services, safety of life on the streets, and the preservation of residential character—are not usually achieved or attained simply because nobody sets them up as deliberate objectives.

Advantage should be taken of any natural boundaries, such as a park, a cliff, or a stream, in delimiting neighborhood units. However, for the future protection of the community from through traffic, these natural boundaries should almost always be supplemented and paralleled by arterial highways. The through-traffic boulevard is the " natural " boundary of the neighborhood unit under modern urban conditions. As it has cut into the neighborhoods of the past, it must cut off the neighborhoods of the future to give them that identity and unity which is essential to their functioning.

Small Cities Lead in Rate of Home-Building Activity

THE rate of home-building activity is greater in the smaller cities than in the larger for the country as a whole and greater in both the Southeastern and Southwestern Coastal States than elsewhere. These facts are revealed by a study of building permits granted during the first nine months of 1934 and 1935 in all cities of 10,000 or more population. The study was made by the Division of Research and Statistics of the Federal Home Loan Bank Board from building permit records compiled by the United States Department of Labor in order to determine the location of the greatest activity in new residential construction.

During the first nine months of 1935, permits were granted for 41 percent more dwelling units per each 10,000 of the population in cities of 10,000 to 25,000 inhabitants than in cities of 100,000 and over. In other words the smaller cities authorized 13.45 new dwelling units per 10,000 population, while cities of 100,000 and over authorized only 9.55 new units per 10,000 people. It is curious that for the country as a whole, the slowest rate of home-building activity took place in the two medium-sized city

TABLE 1.—*Estimated number of family dwelling units provided per 10,000 population by new residential building in the first nine months of 1934 and 1935 in all cities of 10,000 or more inhabitants classified by size of community*

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

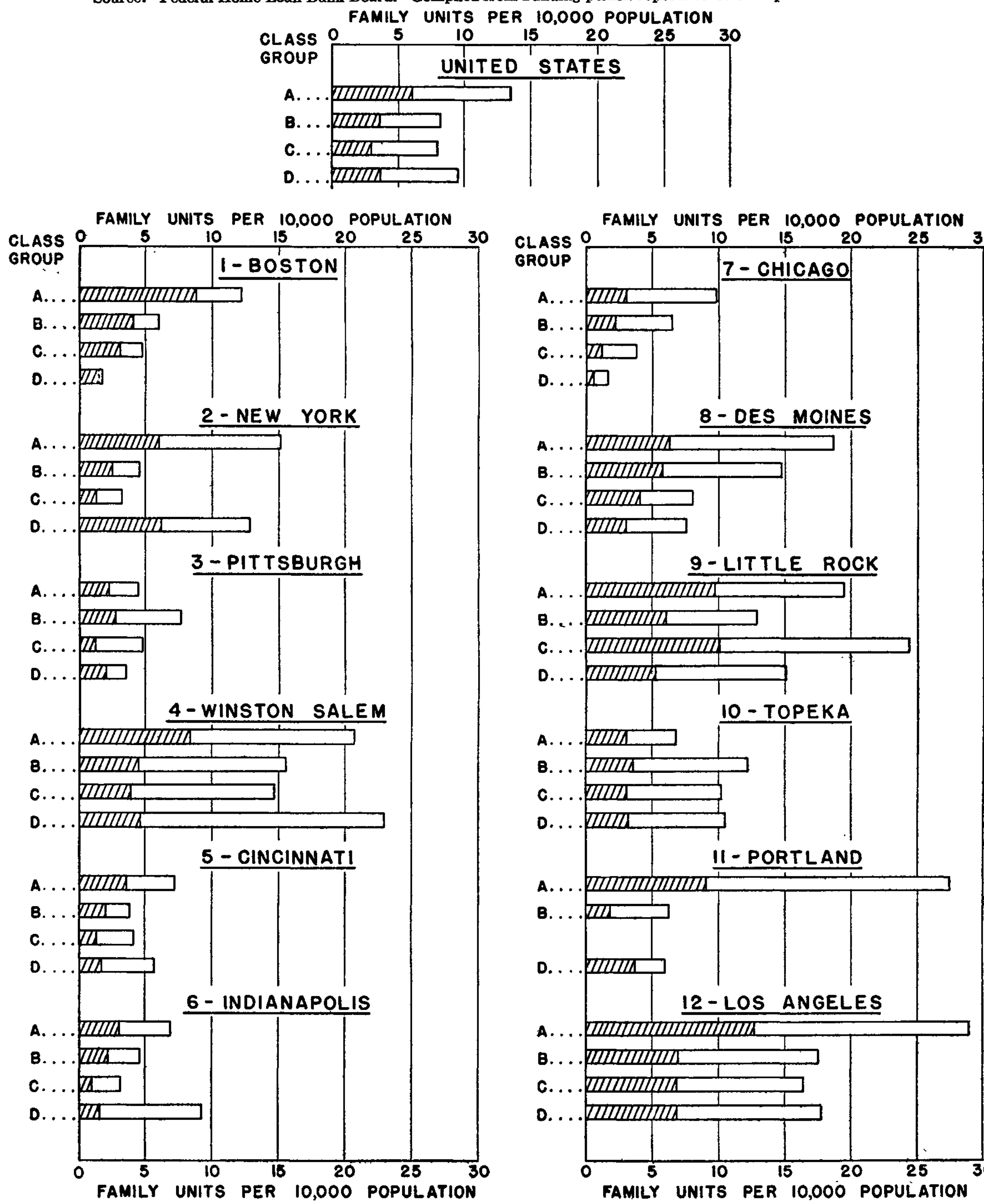
Federal Home Loan Bank District	Number of family dwelling units provided per 10,000 population in cities of different size[1]									
	1935					1934				
	Total 10,000 and over	10,000 to 25,000	25,000 to 50,000	50,000 to 100,000	100,000 and over	Total 10,000 and over	10,000 to 25,000	25,000 to 50,000	50,000 to 100,000	100,000 and over
UNITED STATES	9.83	13.45	8.22	7.85	9.55	3.89	6.01	3.50	2.89	3.61
No. 1—Boston	5.22	12.13	5.92	4.65	1.70	3.78	8.72	4.09	3.08	1.42
No. 2—New York	11.84	15.18	4.53	3.12	12.82	5.55	6.08	2.42	1.25	6.14
No. 3—Pittsburgh	4.24	4.43	7.60	4.78	3.49	1.94	2.15	2.71	1.14	1.96
No. 4—Winston-Salem	20.18	20.69	15.64	14.67	22.87	5.16	8.37	4.55	3.83	4.65
No. 5—Cincinnati	5.56	7.23	3.80	4.16	5.69	1.91	3.45	2.01	1.24	1.68
No. 6—Indianapolis	7.47	6.94	4.62	3.11	9.22	1.69	3.06	2.17	0.90	1.51
No. 7—Chicago	3.35	9.85	6.48	3.70	1.52	1.06	3.07	2.12	1.11	0.50
No. 8—Des Moines	10.17	18.65	14.74	8.07	7.51	3.98	6.28	5.70	4.04	3.08
No. 9—Little Rock	17.05	19.49	12.92	24.33	15.05	6.98	9.74	6.05	10.03	5.19
No. 10—Topeka	9.59	6.78	12.21	10.15	10.58	3.12	3.03	3.54	3.00	3.14
No. 11—Portland	10.63	27.41	6.22	[2]	5.89	4.61	9.06	1.78	[2]	3.68
No. 12—Los Angeles	18.87	28.97	17.53	16.31	17.78	7.48	12.62	6.92	6.80	6.81

[1] Based on 1930 census.
[2] No cities in this population group.

VARIATION IN RESIDENTIAL BUILDING IN CITIES OF DIFFERENT SIZE IN THE FIRST NINE MONTHS OF 1934 AND 1935

Represents the established number of family dwelling units provided per 10,000 population in all cities of 10,000 or more inhabitants, classified by size of community for the United States and for each Federal Home Loan Bank District

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



— CLASS GROUPS —

A = POPULATION OF 10,000 TO 25,000
B = POPULATION OF 25,000 TO 50,000
C = POPULATION OF 50,000 TO 100,000
D = POPULATION OF 100,000 AND MORE

— LEGEND —

YEAR 1934..............
YEAR 1935...........

groups, those with populations ranging from 25,000 to 100,000. Cities are grouped according to the populations given in the 1930 census.

The accompanying chart and table 1 reveal considerable variations in rate of residential construction activity among the 12 Federal Home Loan Bank Districts as well as among cities of different sizes within each District. It should be noted that the shaded section of each bar on the chart represents the number of family dwelling units for which permits were authorized per each 10,000 population during the first nine months of 1934. The full length of the bars, including shaded as well as white portions, shows the same data for the comparable period of 1935. To see what States are included in each Federal Home Loan Bank District, readers are referred to the map on the inside rear cover of the Review.

The longest bars, reflecting the most active building, appear in the two West Coast Districts and represent cities of 10,000 to 25,000 population. The rate of new building for the first nine months of 1935 in these small cities in the Los Angeles District was 28.97 new dwelling units per 10,000 population.

However, when new building in all cities of 10,000 population and over is considered, the Winston-Salem District leads with 20.18 new dwelling units per 10,000 population. This District includes Washington, whose high rate of building activity may explain the good record of cities of 100,000 population and over in this area.

The Los Angeles District with 18.87 new dwelling units per 10,000 people, and the Little Rock District with 17.05 are not far behind District Number 4. At the other end of the scale the Chicago District, including Illinois and Wisconsin, shows the lowest rate of new building with only 3.35 new units per 10,000 population. The Pittsburgh, Boston, and Cincinnati Districts do not make much better showings.

Comparing the first three quarters of 1935 with the same period of 1934, it will be

Table 2.—*Estimated number of family dwelling units provided by new residential building in the first nine months of 1934 and 1935 in all cities of 10,000 or more inhabitants classified by size of community*

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

Federal Home Loan Bank District	Number of family dwelling units provided in cities of different size									
	1935					1934				
	Total 10,000 and over	10,000 to 25,000	25,000 to 50,000	50,000 to 100,000	100,000 and over	Total 10,000 and over	10,000 to 25,000	25,000 to 50,000	50,000 to 100,000	100,000 and over
United States...	57, 307	12, 234	5, 281	5, 096	34, 696	22, 695	5, 471	2, 248	1, 875	13, 101
No. 1—Boston........	2, 981	1, 507	653	397	424	2, 152	1, 084	451	263	354
No. 2—New York.....	15, 080	2, 034	380	280	12, 386	7, 063	814	203	112	5, 934
No. 3—Pittsburgh.....	2, 423	552	362	427	1, 082	1, 107	268	129	102	608
No. 4—Winston-Salem.	9, 445	1, 702	862	1, 218	5, 663	2, 409	689	251	318	1, 151
No. 5—Cincinnati.....	2, 898	472	249	128	2, 049	1, 000	225	132	38	605
No. 6—Indianapolis...	3, 310	392	236	210	2, 472	750	173	111	61	405
No. 7—Chicago.......	2, 092	696	536	244	616	670	217	175	73	205
No. 8—Des Moines....	3, 522	1, 110	489	270	1, 653	1, 377	374	189	135	679
No. 9—Little Rock....	5, 058	1, 241	510	1, 036	2, 271	2, 069	620	239	427	783
No. 10—Topeka.......	1, 814	353	145	193	1, 123	590	158	42	57	333
No. 11—Portland......	1, 664	935	122	(1)	607	723	309	35	(1)	379
No. 12—Los Angeles...	7, 020	1, 240	737	693	4, 350	2, 785	540	291	289	1, 665

[1] No cities in this population group.

seen that every District and every size group of cities show a distinct increase in rate of new building in 1935.

Table 2 reveals the total number of dwelling units for which permits were granted in the first nine months of 1934 and 1935 in all cities of 10,000 population and over, classified by size of city. The information is given for the United States and for each Federal Home Loan Bank District. The dwelling units authorized in the 1935 period totaled 57,307 as compared with 22,695 in the 1934 period. In both years, by far the greatest number of units were authorized in cities of 100,000 and over. This was to be expected in view of the large proportion of the total population contained by these cities. However, as we have seen, the rate per 10,000 population was much lower in these larger cities than in the 10,000 to 25,000 class. A study of this table will enable home-financing institutions to see the extent and approximate location of building activity in their districts.

No attempt has been made in this article to explain the apparent differences in rate of new home-building activity between small and large cities. In any interpretation of the data, however, it should be remembered that the permit figures given are for construction *within* the city limits, only. Consequently, if (as is happening in Washington, D. C.) the increased economic activity within the city is giving rise to much home building in unincorporated suburban areas outside the city limits, the permit data for such city does not reflect a true picture of its home-building activity.

Reserve Requirements and Undivided Profit Accounts

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

THE need for reserves is an index of the changing character of savings and loan associations. There was a time when a reserve buffer against losses met no vital requirement of these mutual, thrift, home-financing institutions and so were seldom found. The early terminating and serial associations represented a simple pooling of funds by a group of neighbors on a partnership basis. The members themselves actually managed their own association at weekly or monthly meetings. Being thus on a truly partnership footing, it was quite natural that book profits should be allotted to shares in full as they were earned. If, in any year, through foreclosure or nonreceipt of payments due, the association suffered a loss, it was charged against current earnings; if that loss exceeded current earnings, it was charged against the book value of all shares. The members fully understood that they were equal partners in a mutual enterprise and if they chose not to insure themselves against loss, their right to do so could not be questioned.

However, as soon as associations grew away from their simple neighborhood beginnings progressively into serial, permanent, and Dayton plan associations, their relations with their members underwent a subtle change. Instead of simple pools of partners' funds, the associations became trustees of the savings of many people, whose participation in the affairs of the institutions was necessarily limited and passive. In consequence of this trustee character of the management of modern savings and loan associations, its responsibilities increased and the need for substantial reserves to protect investors' savings against losses became imperative.

These facts are quite clear now in the light of the experience of the past few years. But it is wholly understandable that they should not have been so clear to those who did not have the benefit of that experience. The record of building and loan associations for solvency was such as to make the danger of loss appear remote indeed. The affluent years preceding the depression, during which experience led us all to believe that large earnings would always attract new funds and that new funds would always earn large sums, seemed to justify both promises to pay on demand and guaranties of high dividends. These promises and guaranties increased the basic need for substantial reserves at the very time when any reserves seemed unnecessary.

This attitude was reflected in the inadequacy of the laws of many States requiring building and loan associations to set up reserves. In some States, more concern was expressed about preventing excess reserves than requiring minimum reserves. For example, prior to 1929, the State law of New Jersey prevented building and loan associations from setting up reserves in excess of 5 percent of their assets. It is, therefore, the more remarkable that great numbers of conservatively managed associations had the foresight and the strength to set up reasonable buffers against losses.

RESERVE REQUIREMENTS FOR FEDERAL ASSOCIATIONS

INSPIRING the original reserve requirements fixed for Federal savings and loan associations was a clear conception of the trustee character of these associations. It was recognized that they have, if possible, an even greater responsibility than other such trustees because funds invested with them are frequently not the surplus cash of well-to-do people but the sole protection of wage earners against disaster. Since the establishment of the Federal Savings and Loan Insurance Corporation with which all Federal savings and loan associations are required to insure their investors' accounts, the Corporation's regulations largely govern the practice of Federals in the matter of reserves.

It is clear that the object for which a savings and loan association must provide reserves is solely to protect its investors against losses. This, of course, is the specific purpose of the Federal Savings and Loan Insurance Corporation. It follows, therefore, that the premium paid to the Corporation is the most efficient possible reserve fund in insuring to investors protection against loss up to $5,000. In addition to the annual premium payments, each insured association is required to build up within a reasonable period, not exceeding 20 years, a private reserve account equal to 5 percent of all insured accounts. Thus, investors in Federal and all other insured associations have a double guaranty against loss of their savings.

AN UNDIVIDED PROFIT ACCOUNT TO EQUALIZE DIVIDENDS

PROTECTION against loss is the duty of a reserve account. Under modern conditions, however, competition is compelling savings and loan associations to perform services that require buffer funds different in character from reserves. There are 2 such services: (1) to equalize dividends in bad years and good; (2) to provide a greater measure of availability to investors' funds.

The regulations of the Insurance Corporation prohibit the payment of dividends from the association's insurance reserve account or the payment of any dividends if any losses are chargeable to such reserves, except where the specific approval of the Corporation for the payment of such dividends is obtained. The purpose of this exception is obviously to protect a sound and well-managed association from being placed at a disadvantage with competing institutions, especially during the years in which it is building up its Federal insurance reserve account. However, sound business principles require that neither insured associations nor the Insurance Corporation permit any delay in the building up of this reserve account nor any diminution in it once it has been established, except under the most unusual circumstances. Accordingly, insured institutions are encouraged to provide contingent reserves or undivided-profit accounts for the absorption of losses which cannot be charged to its Federal insurance reserve account without interrupting dividend payments. In other words, Federal associations are urged to set up a fund especially to permit them to maintain dividends in bad years.

Under any circumstances it is risky to depend on reserves to equalize dividends, because reserves usually are invested in long-term home mortgages. Consequently, it is quite likely that they would not be available in a bad year. This consideration indicates the need for sharply differentiating between reserves and a fund that could be of any use in providing liquidity to investors' savings.

AVAILABILITY OF INVESTORS' FUNDS

AVAILABILITY of his investment has a considerable appeal, particularly to the man

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of small means who constitutes the principal client of thrift, home-financing institutions. His building and loan shares often represent the investor's only reserve against a rainy day and when that rainy day comes he wants to be able to obtain cash. The wide-spread practice of promising payment on demand or on a given notice followed by building and loan associations prior to the depression was tacit recognition of the importance of liquidity as an invitation to investors. Of the 2,289 investors interviewed in the course of the national survey conducted under the auspices of the American Savings, Building and Loan Institute in 1934, 84.3 percent expressed a preference for liquidity with a low rate of return over a high rate of return and nonliquidity.

As has been repeatedly emphasized in these pages, the depression made clear once for all that the thrift, long-term, home-financing institution cannot guarantee payment on demand. Consequently, it should never make promises of such payment. It should, on the contrary, take pains to make clear to investors the long-term nature of their investments and the impossibility of guaranteeing payment on demand at all times. Nevertheless, the practice of meeting repurchase demands within a reasonable period will unquestionably give a savings and loan association a sales advantage, and with the increasing competition for funds among thrift institutions such an advantage is not to be ignored. In other words, the ideal is "provide liquidity but do not promise it."

In this connection, it may be pointed out that one of the great merits of English building societies has been their capacity to meet repurchase demands with little or no delay in bad times as well as in good. It seems that the English societies have been able to do this largely because of their practice of maintaining from 15 percent to 20 percent of their total assets in the form of liquid funds. That is, they have kept this percentage of their funds either in cash or invested in readily negotiable Government bonds.

It may be said at once that there is a very good reason why savings and loan associations in this country have no need to follow the English example. That reason is the existence of the Federal Home Loan Bank System. This System is a national reserve of liquid funds available to all member institutions. Membership gives an association immediate access to cash representing a larger percentage of its assets than it could possibly afford to maintain in low-interest-bearing Government bonds. Unquestionably, the System enables Federal and other member associations to offer greater liquidity to investors than ever before.

In view of this situation the proportion of an association's assets that should be carried in the contingent reserve or undivided-profit account and invested in readily negotiable securities or placed on interest-bearing deposit with the Federal Home Loan Banks may properly be relatively small. Probably 5 percent of assets in such an account would be ample for all purposes.

Keeping to the Facts in Savings and Loan Advertising

SAVINGS and loan associations are entering into a new prominence. If they capitalize the opportunity offered them today, they are destined both to receive in trust a larger portion of the Nation's savings and to finance a larger percentage of its homes than ever before. The inherent soundness of their long-term amortized home-financing plan, the safety provided by share insurance, and the national attention concentrated on savings and loan associations by the many Federal agencies created to encourage and strengthen them—all these factors are combining to enlist public confidence in these associations.

In proportion as confidence and business improve, it is imperative that better public understanding should develop. As they cross the threshold into a larger sphere of activity, savings and loan associations can do nothing more effective to consolidate their new position than to tell the public exactly what they are, what they can do, and what they cannot do. Above all, they must avoid misleading impressions. Public misunderstanding arising from opportunistic methods of sales promotion now will surely exact its price in public resentment later.

It is, therefore, not to exercise censorship but in the interest of more stable business for the associations concerned that the Federal Home Loan Bank Board has consistently urged that advertisements by Federal and insured State-chartered associations keep strictly to the facts. To do so requires constant vigilance. Carelessness in the selection of words may easily result in a failure to give the true picture. For example, it may seem merely a trifling deviation from the facts to refer to dividends as "interest", but in the long run much can be lost and nothing gained by the implication that share yield is a fixed obligation of the association.

Again, insurance under the Federal Savings and Loan Insurance Corporation represents a powerful, mutual method for the protection of shareholders in well-managed associations. It is in no degree whatever a guaranty or obligation of the U. S. Government. Any such suggestion in advertising defeats its own purpose by placing the advertiser before the public in the same light as any other merchant who makes misleading claims.

Share accounts are not of the same nature as bank deposits or savings bank accounts. Misleading advertising efforts by savings and loan associations to make them appear so are simply an invitation to disaster for themselves in some future period of financial stress. When new investments exceed repurchases, there is usually a strong temptation to advertise that any investor can obtain any desired amount from his account practically on demand.

The recent evidence of the extent of the financial calamity which can result from just such short-sighted sales methods should serve as a sufficient deterrent to that form of public appeal. It is, therefore, surprising to find that a few institutions of the savings and loan type are again making such claims in their newspaper advertisements and through other media.

The REVIEW published in its issue of September 1935, eleven suggestions for advertising to serve as a guide for the avoidance of statements likely to be misunderstood by the public. The final suggestion was "Don't advertise in such a way as to reflect discredit upon any other sound form of thrift." This principle is fundamental to the acquisition of enduring public confidence. It challenges each institution to stand on its own feet and to make its way on its own positive merits. The real services which savings and loan associations can render both savers and borrowers are distinct enough and valuable enough in themselves. They do not need to be supplemented by insupportable claims. They do not need overstatement. Their desirability will not appear any greater through comparisons that reflect unfavorably on other sound types of thrift institutions. In advertising, honesty is merely foresight and common sense.

Residential Construction Activity in the United States

ALTHOUGH experiencing a greater than usual seasonal drop, residential building in November, based upon reports for the first 15 days, was still more than double the volume for the same month last year. According to reports compiled for the 37 Eastern States by the F. W. Dodge Corporation, the average daily value of contracts awarded in the period November 1–15 was \$1,623,000 (table 1). This was a 20.5 percent decline from October and compares with a 5 percent average seasonal falling off in November during the three years 1932–1934 (chart 3). However, the average daily value of contracts awarded in November of this year was 104 percent greater than in November 1934.

The total value of residential contracts awarded in the first half of November is compared in chart 1 with the values in the corresponding periods of 1932, 1933, and 1934. Chart 2 indicates graphically that residential contracts awarded from January 1 to November 15 this year totaled \$413,486,000 as compared with \$224,961,000 during the same length of time in 1934. In spite of the improvement over last year, the total still remains at only 23.7 percent of the \$1,744,981,000 of residential contracts awarded in the same period of 1929.

Nonresidential construction in the first 15 days of November registered a 49 percent jump over the same period in 1934, thus sharply reversing the trend evident in early months of 1935. As a result of this sharp upswing, together with the increased construction of homes already noted, the cumulative value of all types of construction up to November 15 was 6 percent greater than for the first 10½ months of last year. Up to October 15, it was only one half of 1 percent greater.

VALUE OF RESIDENTIAL CONSTRUCTION CONTRACTS AWARDED IN 1932–35

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

CHART - I NOV. 1 - 15*

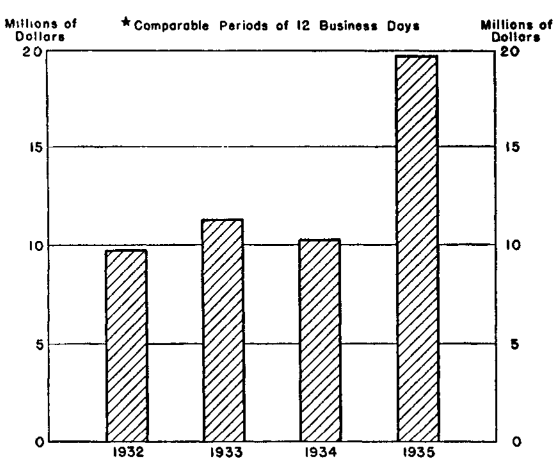


CHART - 2 JAN. 1 - NOV. 15

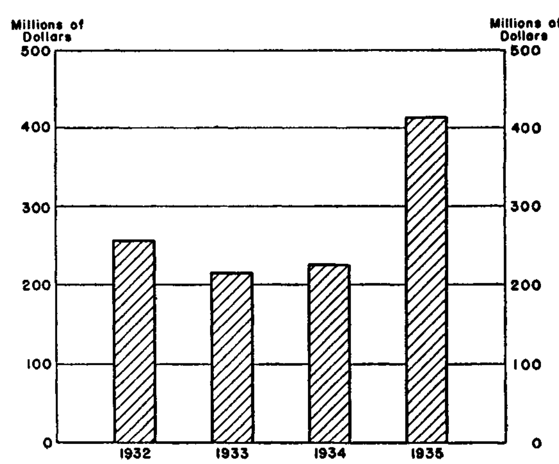
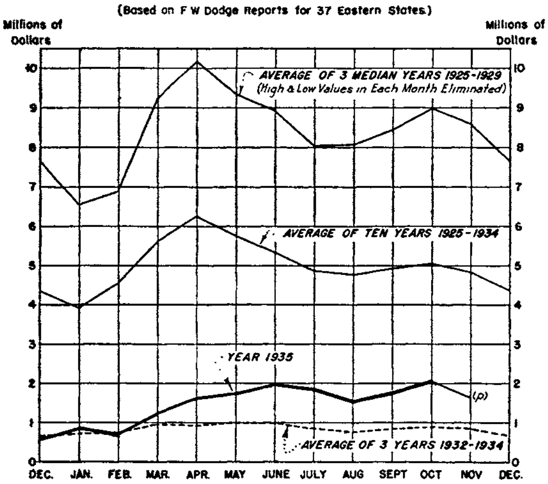


CHART 3.—AVERAGE DAILY VALUE OF RESIDENTIAL CONSTRUCTION CONTRACTS AWARDED IN 1935 COMPARED WITH SELECTED PERIODS

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



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The National Industrial Conference Board's index of rentals has been climbing for 21 consecutive months. In October it increased about 1 percent over September and stood at 70.3 percent of the 1923–1925 base level, or 9.5 percent higher than the index of 64.2 for October 1934.

The cost of building index (as compiled by the Federal Reserve Bank of New York) registered another slight advance in October. It equaled 89.3 percent of the 1923–1925 base as compared with 88.5 percent in October of last year.

Indexes compiled by the Federal Reserve Board reveal that all types of construction are lagging far behind industrial production. The October index of industrial production unadjusted went up to 96 percent of the 1923–1925 base, while the unadjusted residential construction index reached only 25 percent, and the unadjusted total construction index only 44 percent of the same base.

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

During October, a greater number of dwelling units were authorized by permits in all cities of 10,000 or more inhabitants than in any other month within the past three years. They totaled 9,313—a gain of 2,000 units over September, and an increase of 5,700 units, or 158 percent, over October of last year (table 2).

During the first 10 months of this year, permits had been issued for 66,621 family

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]					
	Nov. 1–15			Jan. 1–Nov. 15			(000 omitted)			Percent change		
	(000 omitted)		Percent change	(000 omitted)		Percent change	Nov.[2] 1935	Oct. 1935	Nov. 1934	Nov. 1935 from Oct. 1935	Nov. from Oct. 3-year average [3]	Nov. 1935 from Nov. 1934
	1935	1934		1935	1934							
Residential	$19,478	$10,578	+84.1	$413,486	$224,961	+83.8	$1,623	$2,041	$796	−20.5	−5.1	+103.9
Nonresidential [4]	66,991	44,940	+49.1	1,065,277	1,169,749	−8.9	5,583	5,388	3,671	+3.6	+3.6	+52.1
Total	86,469	55,518	+55.7	1,478,763	1,394,710	+6.0	7,206	7,429	4,467	−3.0	+1.9	+61.3

[1] Based on the following number of business days: November 1935—12; October 1935—27; November 1934—25.
[2] Based on preliminary reports for the first 15 days (12 business days).
[3] Represents the geometric average of the percent change in November from October for the 3 years 1932–34.
[4] Includes contracts for commercial buildings, public works, and utilities.

dwelling units of all types. This represented an increase of 153.3 percent over the 26,305 units provided during the corresponding period last year. In October, dwellings of the 1- and 2-family types accounted for 70 percent of all family units, and multifamily homes, 30 percent.

The average cost of all 1-family dwelling units for which permits were issued in October 1935 was $4,106, or 13.5 percent higher than the $3,618 average cost in October 1934.

NEW RESIDENTIAL CONSTRUCTION IN THE FEDERAL HOME LOAN BANK DISTRICTS

THE estimated cost of all new residential construction for which permits were issued in October was $36,721,000 (table 3). This represented an increase of $9,000,000 over September, and $24,000,000, or 195 percent, over October of last year. The estimated cost of all 1- and 2-family dwelling units—$26,500,600—made up the lowest proportion of the total cost of all residential building in any month since April 1935.

Substantial increases in new residential building were shown in each of the Federal Home Loan Bank Districts; and every State, without exception, registered an increase this month over October 1934, in total residential building, as well as in 1- and 2-family unit construction. By consulting table 3, member institutions can readily ascertain the estimated cost of new residential construction in their States and Bank Districts.

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 October 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		
	Oct. 1935	Oct. 1934	Percent change	Oct. 1935	Oct. 1934	Percent change	Oct. 1935	Oct. 1934	Percent change
All housekeeping dwellings	9, 313	3, 611	+157. 9						
Total 1- and 2-family dwellings	6, 579	2, 729	+141. 1	$26, 500. 6	$9, 869. 1	+168. 5	$4, 028	$3, 616	+11. 4
1-family dwellings	6, 112	2, 453	+149. 2	25, 098. 4	8, 874. 2	+182. 8	4, 106	3, 618	+13. 5
2-family dwellings	404	248	+62. 9	1, 185. 1	870. 7	+36. 1	2, 933	3, 511	−16. 5
Joint home and business [2]	63	28	+125. 0	217. 1	124. 2	+74. 8	3, 446	4, 436	−22. 3
Multifamily dwellings	2, 734	882	+210. 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.

TABLE 3.—*Estimated cost of new residential buildings for which permits were issued in all cities of 10,000 population or over, in October 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)		
	October 1935	October 1934	Percent change	October 1935	October 1934	Percent change
UNITED STATES	$36,721.0	$12,435.3	+195.3	$26,500.6	$9,869.1	+168.5
No. 1—Boston	2,558.8	1,223.1	+109.2	2,358.6	1,203.8	+95.9
Connecticut	797.9	203.2	+292.7	613.7	203.2	+202.0
Maine	46.6	30.4	+53.3	46.6	19.6	+137.8
Massachusetts	1,256.4	808.8	+55.3	1,256.4	800.3	+57.0
New Hampshire	112.8	44.2	+155.2	112.8	44.2	+155.2
Rhode Island	293.4	115.6	+153.8	277.4	115.6	+140.0
Vermont	51.7	20.9	+147.4	51.7	20.9	+147.4
No. 2—New York	9,674.6	4,095.0	+136.3	4,229.5	2,013.5	+110.1
New Jersey	1,336.3	443.9	+201.0	1,306.3	433.9	+201.1
New York	8,338.3	3,651.1	+128.4	2,923.2	1,579.6	+85.1
No. 3—Pittsburgh	2,110.9	699.5	+201.8	1,945.1	675.8	+187.8
Delaware	50.6	34.1	+48.4	50.6	34.1	+48.4
Pennsylvania	1,818.4	626.1	+190.4	1,723.4	602.4	+186.1
West Virginia	241.9	39.3	+515.5	171.1	39.3	+335.4
No. 4—Winston-Salem	4,058.3	1,319.4	+207.6	3,083.1	1,279.7	+140.9
Alabama	439.4	38.5		77.1	31.5	+144.8
District of Columbia	1,420.9	457.5	+210.6	889.9	441.5	+101.6
Florida	834.1	285.8	+191.8	809.8	276.1	+193.3
Georgia	229.9	55.7	+312.7	228.0	55.7	+309.3
Maryland	402.7	68.8	+485.3	402.7	68.8	+485.3
North Carolina	343.2	183.6	+86.9	341.5	176.6	+93.4
South Carolina	210.4	74.2	+183.6	156.4	74.2	+110.8
Virginia	177.7	155.3	+14.4	177.7	155.3	+14.4
No. 5—Cincinnati	4,661.4	515.5	+804.2	1,850.9	515.5	+259.0
Kentucky	189.0	46.4	+307.3	175.0	46.4	+277.2
Ohio	4,271.5	419.1	+919.2	1,480.0	419.1	+253.1
Tennessee	200.9	50.0	+301.8	195.9	50.0	+291.8
No. 6—Indianapolis	2,166.9	442.5	+389.7	2,155.9	422.1	+410.8
Indiana	393.2	99.1	+296.8	393.2	78.7	+399.6
Michigan	1,773.7	343.4	+416.5	1,762.7	343.4	+413.3
No. 7—Chicago	1,973.9	492.6	+300.7	1,895.7	467.8	+305.2
Illinois	959.7	280.2	+242.5	897.2	263.9	+240.0
Wisconsin	1,014.2	212.4	+377.5	998.5	203.9	+389.7
No. 8—Des Moines	1,570.0	635.8	+146.9	1,570.0	630.1	+149.2
Iowa	269.0	141.2	+90.5	269.0	139.5	+92.8
Minnesota	507.9	131.8	+285.4	507.9	131.8	+285.4
Missouri	674.6	315.5	+113.8	674.6	315.5	+113.8
North Dakota	68.0	18.0	+277.8	68.0	18.0	+277.8
South Dakota	50.5	29.3	+72.4	50.5	25.3	+99.6

[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 October 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)		
	October 1935	October 1934	Percent change	October 1935	October 1934	Percent change
No. 9—Little Rock	2, 086. 1	865. 5	+141. 0	1, 855. 3	832. 1	+123. 0
Arkansas	36. 6	33. 2	+10. 2	36. 6	32. 3	+13. 3
Louisiana	161. 1	41. 0	+292. 9	146. 7	41. 0	+257. 8
Mississippi	155. 0	21. 4	+624. 3	155. 0	21. 4	+624. 3
New Mexico	55. 7	15. 8	+252. 5	55. 7	15. 8	+252. 5
Texas	1, 677. 7	754. 1	+122. 5	1, 461. 3	721. 6	+102. 5
No. 10—Topeka	924. 3	336. 6	+174. 6	915. 0	329. 1	+178. 0
Colorado	319. 0	131. 0	+143. 5	316. 0	131. 0	+141. 2
Kansas	150. 2	51. 9	+189. 4	150. 2	51. 9	+189. 4
Nebraska	114. 4	97. 5	+17. 3	108. 1	90. 7	+19. 2
Oklahoma	340. 7	56. 2	+506. 2	340. 7	55. 5	+513. 9
No. 11—Portland	725. 5	300. 8	+141. 2	719. 3	270. 7	+165. 7
Idaho	68. 4	12. 4	+451. 6	68. 4	12. 4	+451. 6
Montana	90. 4	47. 0	+92. 3	90. 4	47. 0	+92. 3
Oregon	150. 2	77. 9	+92. 8	150. 2	77. 9	+92. 8
Utah	89. 3	23. 9	+273. 6	89. 3	23. 9	+273. 6
Washington	269. 5	87. 2	+209. 1	263. 3	84. 5	+211. 6
Wyoming	57. 7	52. 4	+10. 1	57. 7	25. 0	+130. 8
No. 12—Los Angeles	4, 210. 3	1, 509. 0	+179. 0	3, 922. 2	1, 228. 9	+219. 2
Arizona	52. 1	38. 3	+36. 0	52. 1	2. 9	(2)
California	4, 140. 2	1, 470. 7	+181. 5	3, 852. 1	1, 226. 0	+214. 2
Nevada	18. 0	0	(3)	18. 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.

	Combined	Boston	New York	Pittsburgh
ASSETS				
Cash:				
On hand	$3, 032. 40	$500. 00	0	$1, 000. 00
On deposit with U. S. Treasurer	2, 515, 342. 19	42, 293. 29	$202, 786. 31	26, 069. 96
On deposit with U. S. Treasurer, members demand deposits	1, 515, 361. 37	0	0	60, 000. 00
On deposit with other Federal Home Loan Banks	2, 700, 000. 00	200, 000. 00	400, 000. 00	0
On deposit with commercial banks	1, 193, 720. 83	207, 515. 58	96, 149. 84	29, 841. 02
Total cash	7, 927, 456. 79	450, 308. 87	698, 936. 15	116, 910. 98
Loans outstanding:				
Members	95, 591, 397. 58	2, 906, 915. 14	14, 975, 547. 55	11, 086, 709. 85
Other	4, 017. 09	0	0	0
Total loans	95, 595, 414. 67	2, 906, 915. 14	14, 975, 547. 55	11, 086, 709. 85
Accrued interest receivable:				
Members	325, 438. 15	6, 787. 96	71, 308. 02	38, 304. 51
Other Federal Home Loan Banks, deposits	3, 616. 43	213. 70	679. 45	0
Securities	107, 357. 69	26, 224. 90	1, 923. 41	536. 67
Other	917. 72	0	0	0
Total accrued interest	437, 329. 99	33, 226. 56	73, 910. 88	38, 841. 18
Investments, U. S. Government	18, 610, 268. 51	4, 350, 000. 00	159, 606. 25	137, 900. 00
Furniture and fixtures (net)	4, 611. 70	0	3, 076. 87	222. 33
Stock subscriptions receivable, members	232, 875. 00	29, 200. 00	22, 900. 00	27, 300. 00
Deferred charges:				
Prepaid assessment, F. H. L. B. B	6, 357. 50	1, 657. 50	0	0
Prepaid bond premium	7, 513. 43	41. 57	134. 92	63. 24
Other	3, 610. 16	0	1, 875. 00	0
Total deferred charges	17, 481. 09	1, 699. 07	2, 009. 92	63. 24
Other assets:				
Accounts receivable	3, 280. 78	0	0	0
Other	1, 131. 01	0	0	0
Total other assets	4, 411. 79	0	0	0
Total assets	122, 829, 849. 54	7, 771, 349. 64	15, 935, 987. 62	11, 407, 947. 58
LIABILITIES AND CAPITAL				
Liabilities:				
Deposits:				
Members, time	2, 134, 882. 23	575, 521. 91	100, 000. 00	0
Members, demand	1, 515, 361. 37	0	0	60, 000. 00
Applicants	182, 874. 87	125. 00	33, 049. 87	38, 525. 00
Other Federal Home Loan Banks	2, 700, 000. 00	0	0	0
Accrued interest, members deposits	4, 124. 29	1, 648. 67	173. 97	0
Accounts payable	576. 11	0	0	0
Members loan prepayments	140, 067. 50	0	0	140, 067. 50
Total liabilities	6, 677, 886. 37	577, 295. 58	133, 223. 84	238, 592. 50
Capital:				
Capital stock, issued and outstanding:				
Fully paid:				
Members	23, 704, 700. 00	2, 031, 200. 00	3, 349, 800. 00	1, 714, 600. 00
U. S. Government:				
Subscriptions, authorized	124, 741, 000. 00	12, 467, 500. 00	18, 963, 200. 00	11, 146, 300. 00
Subscriptions, uncalled	35, 945, 300. 00	7, 467, 500. 00	6, 963, 200. 00	2, 046, 300. 00
	88, 795, 700. 00	5, 000, 000. 00	12, 000, 000. 00	9, 100, 000. 00
Partially paid:				
Members	484, 700. 00	49, 300. 00	54, 100. 00	55, 900. 00
Total capital stock outstanding	112, 985, 100. 00	7, 080, 500. 00	15, 403, 900. 00	10, 870, 500. 00
Surplus:				
Reserves:				
As required under section no. 16 of act	1, 133, 732. 48	54, 846. 37	148, 496. 32	121, 492. 45
Surplus, unallocated	2, 033, 130. 69	58, 707. 69	250, 367. 46	177, 362. 63
Total surplus	3, 166, 863. 17	113, 554. 06	398, 863. 78	298, 855. 08
Total capital	116, 151, 963. 17	7, 194, 054. 06	15, 802, 763. 78	11, 169, 355. 08
Total liabilities and capital	122, 829, 849. 54	7, 771, 349. 64	15, 935, 987. 62	11, 407, 947. 58

LOAN BANKS

condition as at Oct. 31, 1935

Winston-Salem	Cincinnati	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	Portland	Los Angeles
$10.00	$637.40	0	$300.00	$25.00	$25.00	$25.00	0	$510.00
233,459.19	400,320.28	$169,936.48	262,926.22	2,815.84	423,151.57	622,439.41	$128,422.74	720.90
0	1,179,345.00	99,617.23	0	0	0	47,157.77	68,485.65	60,755.72
0	0	1,400,000.00	0	0	0	0	700,000.00	0
8,201.65	250,753.25	310,626.46	199,717.81	9,859.90	0	9,115.86	67,000.00	4,939.46
241,670.84	1,831,055.93	1,980,180.17	462,944.03	12,700.74	423,176.57	678,738.04	963,908.39	66,926.08
7,820,161.70	17,573,655.27	4,330,456.30	15,309,265.33	4,793,959.43	5,579,991.55	4,251,633.75	3,126,393.89	3,836,707.82
0	0	0	0	0	0	0	0	4,017.09
7,820,161.70	17,573,655.27	4,330,456.30	15,309,265.33	4,793,959.43	5,579,991.55	4,251,633.75	3,126,393.89	3,840,724.91
33,225.27	60,086.45	12,278.28	41,434.94	14,149.82	18,078.89	10,266.70	10,457.40	9,059.91
0	0	2,032.87	0	0	0	0	690.41	0
8,534.18	15,822.90	11,149.43	1,958.11	10,230.28	9,320.64	7,625.00	7,257.01	6,775.16
0	0	911.11	0	0	0	0	0	6.61
41,759.45	75,909.35	26,371.69	43,393.05	24,380.10	27,399.53	17,891.70	18,404.82	15,841.68
1,482,086.95	3,032,218.54	1,987,837.95	156,611.18	1,985,790.45	2,417,037.50	1,053,046.88	710,075.00	1,138,057.81
0	1.00	325.91	313.49	175.83	1.00	295.87	1.00	198.40
16,575.00	67,475.00	4,425.00	30,275.00	1,675.00	12,150.00	14,025.00	3,375.00	3,500.00
1,807.50	0	0	2,892.50	0	0	0	0	0
136.50	2,035.00	129.48	1,058.05	78.71	2,110.03	52.50	125.02	1,548.41
28.50	1,706.66	0	0	0	0	0	0	0
1,972.50	3,741.66	129.48	3,950.55	78.71	2,110.03	52.50	125.02	1,548.41
386.80	148.95	63.00	0	0	2.00	0	0	2,680.03
250.00	0	0	881.01	0	0	0	0	0
636.80	148.95	63.00	881.01	0	2.00	0	0	2,680.03
9,604,863.24	22,584,205.70	8,329,789.50	16,007,633.64	6,818,760.26	8,461,868.18	6,015,683.74	4,822,283.12	5,069,477.32
0	130,000.00	25,828.77	1,014,874.67	176,000.00	112,656.88	0	0	0
0	1,179,345.00	99,617.23	0	0	0	47,157.77	68,485.65	60,755.72
9,050.00	33,150.00	14,700.00	17,800.00	5,425.00	4,200.00	2,225.00	225.00	24,400.00
200,000.00	2,500,000.00	0	0	0	0	0	0	0
0	0	0	2,284.25	17.40	0	0	0	0
0	0	129.48	300.00	0	0	0	0	146.63
0	0	0	0	0	0	0	0	0
209,050.00	3,842,495.00	140,275.48	1,035,258.92	181,442.40	116,856.88	49,382.77	68,710.65	85,302.35
1,948,300.00	5,199,900.00	1,979,400.00	2,406,100.00	1,063,600.00	1,341,600.00	1,009,900.00	517,100.00	1,143,200.00
9,208,200.00	12,775,700.00	6,577,400.00	14,173,900.00	7,394,900.00	8,772,400.00	7,333,600.00	5,960,000.00	9,967,900.00
2,008,200.00	0	577,400.00	2,173,900.00	1,994,900.00	1,972,400.00	2,633,600.00	1,800,000.00	6,307,900.00
7,200,000.00	12,775,700.00	6,000,000.00	12,000,000.00	5,400,000.00	6,800,000.00	4,700,000.00	4,160,000.00	3,660,000.00
27,600.00	162,700.00	8,900.00	52,400.00	6,100.00	26,700.00	27,400.00	8,100.00	5,500.00
9,175,900.00	18,138,300.00	7,988,300.00	14,458,500.00	6,469,700.00	8,168,300.00	5,737,300.00	4,685,200.00	4,808,700.00
75,181.27	236,755.27	92,322.43	153,200.43	55,865.92	88,520.05	40,835.62	29,934.38	36,281.97
144,731.97	366,655.43	108,891.59	360,674.29	111,751.94	88,191.25	188,165.35	38,438.09	139,193.00
219,913.24	603,410.70	201,214.02	513,874.72	167,617.86	176,711.30	229,000.97	68,372.47	175,474.97
9,395,813.24	18,741,710.70	8,189,514.02	14,972,374.72	6,637,317.86	8,345,011.30	5,966,300.97	4,753,572.47	4,984,174.97
9,604,863.24	22,584,205.70	8,329,789.50	16,007,633.64	6,818,760.26	8,461,868.18	6,015,683.74	4,822,283.12	5,069,477.32

Growth and Lending Operations of the Federal Home Loan Banks

ALTHOUGH the 12 Federal Home Loan Banks' net balance of advances outstanding continued to climb to new highs in the first two weeks of November, the rate of increase was slower due to the seasonal falling off in real-estate activity. An all-time peak of $95,907,000 in advances outstanding was reached on November 16, according to preliminary reports from the 12 Banks. This represents an increase of $312,000 during the first two weeks of November as compared with weekly increases of well over $1,000,000 for the 13 preceding weeks. Unless the admitted shortage in housing facilities gives rise to an unprecedented contraseasonal activity in building and buying of homes, a further falling off in calls on the Banks may be anticipated for the next three months. In any event, the Federal Home Loan Banks will be prepared to meet the cash needs of their members when the housing shortage is translated into a heavy demand for home loans.

Twenty-one institutions were added to the Federal Home Loan Bank System during October, raising the total membership

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
August	3, 371	3, 213, 556	262, 410	160, 496	6, 972	1, 823	86, 025	176, 385
September	3, 395	3, 149, 515	262, 786	166, 865	6, 370	1, 963	90, 432	172, 354
October	3, 416	3, 123, 161	263, 722	174, 932	8, 067	2, 904	95, 595	168, 127

[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.

to 3,416. The average number of monthly additions for the first 10 months of the year was 34.

The interest rates charged by Federal Home Loan Banks to member institutions remain unchanged from November 1. As this REVIEW goes to press, the Winston-Salem Bank announces a reduction from 4 percent to 3½ percent on all loans. This reduction will take effect on January 1, 1936.

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

Federal Home Loan Bank	Rate in effect on Dec. 1	Type of loan
	Percent	
1. Boston	3	All advances.
2. New York	3½	All advances for 1 year or less, and amortized within that time.
	4	All other advances.
3. Pittsburgh	3½	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.
	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.
5. Cincinnati	3	All advances.
6. Indianapolis	3	All secured advances for 1 year or less.
	3½	All unsecured advances, none of which may be made for more than 6 months.
	3½	All secured advances for more than 1 year.
7. Chicago	3½	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.
8. Des Moines	3½	All advances for 1 year or less.
	3½–4	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.
9. Little Rock	3	All advances.
10. Topeka	3	Do.
11. Portland	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 nonmember 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 of 1 percentum per annum in excess of the current rates of interest prevailing for member institutions."

Federal Savings and Loan System

WITHIN an average period of 15 months after they opened for business, 10 new Federal savings and loan associations situated in 10 different States made a combined total of $7,132,667 in mortgage loans and received $2,281,876 in share payments from private investors (table 1). To supplement these private investments and meet the demands of borrowers, these 10 associations, up to October 31, had obtained a combined total of $4,065,000 from the United States Treasury and the Home Owners' Loan Corporation, representing investments in their shares. They had also made use of the lending facilities of the Federal Home Loan Banks to a maximum combined total of $1,205,177.

The 10 States in which these associations are situated represent almost every economic area in the country, so that their activity is no reflection of a specially favorable business situation. As a matter of fact, five of the associations—those in New Haven, Chicago, Omaha, Cleveland, and Springfield, Tenn.—are in areas in which new home-building activity is at the lowest levels. (See page 78 of this REVIEW.)

OPERATIONS OF FEDERALS DURING OCTOBER

OCTOBER witnessed a rise of more than 18.5 percent over September in the volume of mortgage loans made by 496 new and 332 converted Federal associations. The combined net business on the books of these 828 associations jumped from $264,000,000 to $273,000,000 or 3.4 percent in this one month.

Refinancing loans amounting to $4,933,257 headed the list of purposes for which funds were disbursed and constituted about 41 percent of all loans. New construction was in second place with a volume of $3,419,151, or over 28 percent of total disbursements. Combined loans for new construction and the purchase of homes made up about 51 percent of the loans for all purposes. New associations completed a slightly larger volume of loans for new construction than did the converted institutions. On the other hand, loans made by converted Federals for the purchase of homes in October were more than double the volume of those made by the new Federals.

To finance this expansion in lending activity, the 828 Federal associations received a combined increase of $3,172,000 in private investment in shares, a combined increase of $5,585,000 in Treasury and Home Owners' Loan Corporation investments, and increased their borrowings from the Federal Home Loan Banks by $2,549,000 or 12 percent.

Table 3 reveals an increase during October of $3,328,800 in total Treasury subscriptions to shares in all Federal savings and loan associations. As of October 31, total Treasury subscriptions in associations' shares amounted to $49,045,800, which exhausts the fund. Federal associations also received, during October, a total of $3,888,500 from the Home Owners' Loan Corporation in subscriptions to shares.

In table 4, the steady progress of the Federal Savings and Loan System can be viewed from the end of its first year of operation down to October 31 of this year. The growth is indicated by six-month periods and by a comparison of the last two months for which figures can be published. October saw 13 new and 17 converted associations added to the System, making a total of 979 Federal savings and loan associations, both new and converted, by the end of the month. These institutions owned assets totaling $447,368,248.

TABLE 1.—*Growth of 10 new Federal savings and loan associations between date of organization and Oct. 31, 1935*

Location of association	Private share payments (cumulative)	Treasury subscriptions (cumulative)	Federal Home Loan Bank advances [1] (cumulative)	Mortgage loans outstanding (cumulative)
Calif., Coronado:				
Commenced business Oct. 3, 1934	$5,644			
Dec. 31, 1934	12,596			$32,329
Oct. 31, 1935	114,619	$256,000	$111,950	469,495
Conn., New Haven:				
Commenced business Jan. 2, 1935	9,295			
Oct. 31, 1935	79,716	192,000	29,227	249,034
Fla., Miami:				
Commenced business Apr. 4, 1934	9,777	7,000		11,305
Dec. 31, 1934	89,916	57,000	44,375	188,371
Oct. 31, 1935	439,954	557,000	225,000	1,231,974
Ill., Chicago:				
Commenced business Apr. 6, 1934	18,202			
Dec. 31, 1934	128,672	[2] 270,000		373,899
Oct. 31, 1935	274,939	[2] 670,000	189,250	1,089,567
Mich., Detroit:				
Commenced business May 5, 1934	14,057			
Dec. 31, 1934	61,477	60,000	18,000	122,815
Oct. 31, 1935	99,347	260,000	36,000	418,769
Nebr., Omaha:				
Commenced business Sept. 13, 1934	59,155			
Dec. 31, 1934	93,607			72,278
Oct. 31, 1935	304,358	500,000		742,579
N. Y., New York:				
Commenced business Apr. 30, 1934	8,087			
Dec. 31, 1934	95,266	[2] 190,000		225,988
Oct. 31, 1935	346,402	[2] 840,000	148,750	1,191,664
N. C., Winston-Salem:				
Commenced business May 5, 1934	5,690			
Dec. 31, 1934	117,611	162,500	30,000	231,560
Oct. 31, 1935	156,165	300,000	145,000	602,053
Ohio, Cleveland:				
Commenced business June 6, 1934	9,469			
Dec. 31, 1934	110,252	181,000		299,314
Oct. 31, 1935	284,826	440,000	125,000	846,536
Tenn., Springfield:				
Commenced business Mar. 21, 1934	11,706			
Dec. 31, 1934	29,934	50,000		73,754
Oct. 31, 1935	181,550	50,000	45,000	290,996

[1] As some associations have repaid advances made by the Federal Home Loan Banks between the dates listed, this column does not show a complete picture of their Bank transactions.

[2] Includes share subscriptions made by the Home Owners' Loan Corporation.

TABLE 2.—*Federal Savings and Loan System—Combined summary of operations for October 1935 as compared with September 1935*

	496 new associations			332 converted associations		
	October	September	Change September to October	October	September	Change September to October
Share liability at end of month:			*Percent*			*Percent*
Private share accounts (number)...	70, 436	66, 996	+5. 1	338, 089	339, 824	—. 5
Paid on private subscriptions......	$22, 574, 580	$20,869,423	+8. 2	$242, 120, 725	$240, 653, 235	+. 6
Treasury and H. O. L. C. subscriptions........................	24, 409, 300	22, 741, 700	+7. 3	25, 640, 300	21, 722, 800	+18. 0
Total........................	46, 983, 880	43, 611, 123	+7. 7	267, 761, 025	262, 376, 035	+2. 0
Average paid on private subscriptions...	322	311	+3. 5	716	710	+. 8
Repurchases during month............	322, 209	253, 288	+27. 2	3, 067, 898	3, 422, 723	—10. 3
Mortgage loans made during month:						
a. Reconditioning................	395, 974	317, 338	+24. 6	510, 159	460, 657	+10. 7
b. New construction..............	1, 793, 053	1, 619, 432	+10. 7	1, 626, 098	1, 422, 920	+14. 3
c. Refinancing...................	1, 878, 181	1, 540, 841	+21. 9	3, 055, 076	2, 179, 131	+40. 2
d. Purchase of homes............	876, 020	858, 924	+2. 0	1, 910, 433	1, 772, 504	+7. 8
Total for month................	4, 943, 228	4, 336, 535	+14. 0	7, 101, 766	5, 835, 212	+21. 7
Loans outstanding end of month [1]......	48, 966, 962	44, 071, 768	+11. 1	224, 111, 576	219, 980, 115	+1. 9
Borrowed money as of end of month:						
From Federal Home Loan Banks...	5, 738, 043	4, 485, 154	+27. 9	18, 002, 518	16, 706, 215	+7. 8
From other sources...............	115, 500	154, 700	—25. 0	3, 353, 150	3, 339, 315	+. 4
Total........................	5, 853, 543	4, 639, 854	+26. 0	21, 355, 668	20, 045, 530	+6. 5

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

TABLE 3.—*Treasury subscriptions to shares of Federal savings and loan associations—Requests and subscriptions*

	Growth by six-month periods			Sept. 30, 1935	Oct. 31, 1935
	June 30, 1934	Dec. 31, 1934	June 30, 1935		
Requests received:					
Number....................	184	707	1, 490	1, 859	1, 862
Amount....................	$2, 726. 500	$14, 839, 600	$38, 098, 000	$50, 363, 300	$50, 401, 300
Subscriptions:					
Number....................	71	536	1, 293	1, 739	1, 831
Amount....................	$1, 229, 300	$10, 725, 400	$30, 606, 700	$45, 717, 000	$49, 045, 800

TABLE 4.—*Progress in number and assets of the Federal Savings and Loan System*

	Growth in number by six-month periods				Number		Assets	
	Dec. 31, 1933	June 30, 1934	Dec. 31, 1934	June 30, 1935	Oct. 31, 1935	Sept. 30, 1935	Oct. 31, 1935	Sept. 30, 1935
New........................	57	321	481	554	590	577	$57, 972, 995	$37, 876, 366
Converted..................	2	49	158	297	389	372	389, 395, 253	380, 184, 930
Total................	59	370	639	851	979	949	447, 368, 248	418, 061, 296

Federal Savings and Loan Insurance Corporation

THE period October 19 to November 16 was marked by the addition of 15 State-chartered associations to the ranks of insured institutions. This number has been exceeded in only one previous monthly period. It is also noteworthy that 23 State-chartered associations applied for insurance between October 19 and November 16, bringing the total of such institutions that have sought insurance to 319 with combined assets (as of date of application) to $588,308,550.

Up to November 16, the number of all insured associations stood at 1,044, of which 101 were State-chartered, 387 were State-chartered that had converted to Federal charter, and 556 were new Federal associations. The number of protected shareholders reached 894,789 and the combined assets of insured associations (as of date of insurance) rose to $610,891,220.

Beginning with this issue of the REVIEW, the accompanying table, showing the progress of the Federal Savings and Loan Insurance Corporation, will indicate the growth in number of applications received and institutions insured by six-month periods and also compare the current month with the preceding month.

EXPERIENCE OF AN OHIO ASSOCIATION

EXCESSIVE demand for repurchase of shares is usually inspired by lack of confidence on the part of investors. Share insurance restores the confidence of investors in the safety of their savings. Consequently, it brings the demand for withdrawals to normal. This has been the experience of every insured association that had a withdrawal problem prior to receipt of its insurance certificate. An Ohio association faced, because of conditions beyond its control, with a particularly serious demand for funds, reports its experience in the following words:

With the announcement of insurance of the accounts of members, our Association has been able to resume normal operation, after four years of restricted withdrawals.

Our city has suffered severely from the usual results of depressions, and in addition to other problems, one half of the banking assets and over one half of the Building and Loan assets have been taken over by State authorities for liquidation.

Under these circumstances it was with some trepidation that we approached the idea of removing the restrictions on withdrawals. However, the results have been most satisfactory, the demand for withdrawals has been considerably less than was anticipated and we are receiving new money and new accounts daily.

Approval of an association for insurance of accounts certifies the soundness of its assets and this, together with the protection against future misfortunes which the insurance provides, is, according to our experience, quite sufficient to satisfy the customer that his savings are entirely safe.

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

APPLICATIONS RECEIVED

	Growth by six-month periods							
	Number		Assets (as of date of application)		Number		Assets (as of date of application)	
	Dec. 31, 1934	June 30, 1935	Dec. 31, 1934	June 30, 1935	Oct. 19, 1935	Nov. 16, 1935	Oct. 19, 1935	Nov. 16, 1935
State-chartered associations	53	188	$110, 681, 409	$361, 023, 238	296	319	$515, 485, 069	$588, 308, 550
Converted F. S. and L. A.	134	360	128, 907, 073	348, 317, 418	434	447	430, 008, 370	442, 043, 119
New F. S. and L. A.	393	517	7, 578, 870	8, 836, 390	547	562	9, 458, 562	10, 437, 763
Total	580	1, 065	247, 167, 352	718, 177, 046	1, 277	1, 328	945, 952, 001	1, 040, 789, 432

INSTITUTIONS INSURED

	Growth in number by six-month periods		Number		Number of shareholders (as of date of insurance)	Assets (as of date of insurance)	Share and creditor liabilities (as of date of insurance)
	Dec. 31, 1934	June 30, 1935	Oct. 19, 1935	Nov. 16, 1935	Nov. 16, 1935	Nov. 16, 1935	Nov. 16, 1935
State-chartered associations	4	45	86	101	262, 535	$211, 466, 732	$191, 039, 504
Converted F. S. and L. A.	108	283	369	387	594, 319	389, 356, 938	364, 889, 161
New F. S. and L. A.	339	512	547	556	37, 935	10, 067, 550	
Total	451	840	1, 002	1, 044	894, 789	610, 891, 220	555, 928, 665

Investments by Home Owners' Loan Corporation in Savings and Loan Securities

IN ACCORDANCE with the authorization given by Congress, the Home Owners' Loan Corporation has for some months been receiving requests for and making investments in the securities of eligible institutions. There are 3 groups of such institutions: (1) Members of a Federal Home Loan Bank (which includes savings and loan associations, savings banks, and insurance companies); (2) State-chartered associations whose accounts are insured with the Federal Savings and Loan Insurance Corporation; and (3) Federal savings and loan associations. For purchase of securities of these institutions and of obligations of the Federal Home Loan Banks, the Home Owners' Loan Corporation was authorized to make available $300,000,000. Beginning with this issue, the REVIEW will publish monthly a table of requests to the Corporation for subscriptions and of subscriptions actually made by the Corporation.

It will be seen from the accompanying table that up to November 20, the Corporation had received a total of 382 requests, of which only 19 were from uninsured State-chartered associations that are members of the Federal Home Loan Bank System and only 19 were from insured State-chartered associations, while 344 were from Federal savings and loan associations. Of the $17,080,800 requested, Federal associations accounted for $14,356,000, insured associations $1,725,000, and member associations approximately $1,000,000.

By November 20, 269 requests had been granted involving total subscriptions of $10,894,000. State-chartered insured associations with 13 out of 19 had the largest percentage of subscriptions completed. Federal associations were second and uninsured State-chartered member associations were third. The reason for the

H. O. L. C. subscriptions to shares of savings and loan associations—Requests and subscriptions

	Uninsured State-chartered members of the F. H. L. B. System		Insured State-chartered associations		Federal savings and loan associations		Total	
	Number (cumulative)	Amount (cumulative)	Number (cumulative)	Amount (cumulative)	Number (cumulative)	Amount (cumulative)	Number (cumulative)	Amount (cumulative)
Requests:								
Sept. 30, 1935	7	$465, 800	6	$525, 000	11	$1, 301, 000	24	$2, 291, 800
Oct. 31, 1935	12	615, 800	13	1, 205, 000	229	8, 888, 500	254	10, 709, 300
Nov. 20, 1935	19	999, 800	19	1, 725, 000	344	14, 356, 000	382	17, 080, 800
Subscriptions:								
Sept. 30, 1935	....	....	2	100, 000	....	....	2	100, 000
Oct. 31, 1935	1	50, 000	7	900, 000	130	3, 888, 500	138	4, 838, 500
Nov. 20, 1935	3	115, 000	13	1, 380, 000	253	9, 399, 000	269	10, 894, 000

greater length of time required to complete subscriptions requested by uninsured associations is that more extensive examination of the financial condition of such institutions is necessary. Sufficient examination of insured associations, whether State-chartered or Federal, is made when insurance is granted, and to bring the financial picture of the association up-to-date subsequently is a relatively easy task.

Subscriptions to shares of Federal savings and loan associations did not begin until October because the $50,000,000 made available in the Treasury for this purpose had not previously been exhausted.

Foreclosures by the Home Owners' Loan Corporation

OF THE more than 945,000 loans to distressed home owners made by the Home Owners' Loan Corporation, it had by November 15, 1935, authorized foreclosure proceedings on 2,963. This is equivalent to one foreclosure proceeding to every 320 loans made. Since the Corporation made practically all its loans to home owners who were in such acute financial distress that they were faced with foreclosure of their original mortgages held by private agencies, this proportion is extremely small and is bound to grow larger in the normal operation of a home-financing institution in the distress field.

In fact, in the belief that it was the intent of Congress that the Corporation should extend aid to the worthy during the emergency, the Corporation has to date deliberately pursued a policy of proceeding against only 3 classes of delinquent borrowers: (1) the wilful defaulters; (2) those who have abandoned the mortgaged property; and (3) those who seek to profit from the use of the property as long as possible without maintaining it or attempting to pay their debt. As the emergency passes, the Corporation's responsibility for the taxpayers' money will require the adoption of a more severe policy. Consequently, the volume of foreclosures must eventually increase.

It is indicative of the Corporation's foreclosure policy that of the 2,963 proceedings instituted up to November 15, more than half—1,591—involve borrowers who have deliberately refused to meet their monthly payments, although actually able to do so. When foreclosure proceedings were begun against 98 of these wilful defaulters, they immediately paid up their past-due accounts and thus saved their homes. The other proceedings instituted involve 1,004 voluntary abandonments of property, 287 deaths of borrowers where the heirs declined to assume the loan, and 81 instances in which legal complications forced the Corporation to protect its interest.

PAYMENTS TO THE CORPORATION

THE majority of borrowers from the Home Owners' Loan Corporation are making regular payments. Moreover, the proportion of total payments made promptly to total payments due has risen steadily in each of the last eight months. This trend indicates improved circumstances on the part of many borrowers through reemployment or increased earnings; improved servicing by the Corporation and clearer understanding of borrowers of the necessity of making their convenient instalment payments each month when due; and underlying recovery in rentals and property values, due to a growing housing shortage and the stabilization of home-mortgage finance.

Preliminary analysis shows an improvement of 16 percent between March and October in the monthly proportion of all Home Owners' Loan Corporation payments which were made promptly by borrowers. As of October 31, over 66.6 percent of all payments due the Corporation had either been paid or were not more than 20 days past due. In a number of States, the Home Owners' Loan Corporation is now receiving each month a larger sum from its borrowers than it is currently billing, showing not only that a majority of its borrowers are making their current payments promptly, but that a considerable number of borrowers are also reimbursing the Corporation on earlier payments which had previously been in arrears.

The Home Owners' Loan Corporation is taking every step to effect punctual monthly payment by all its borrowers, in order to prevent them from falling behind and thus piling up an amount of past-due indebtedness which would again place them in danger of losing their properties.

The accompanying table, showing the number of foreclosures authorized and of properties acquired by the Corporation, will be kept up to date monthly in the REVIEW.

Foreclosures authorized and properties acquired by the Home Owners' Loan Corporation [1]

Period	Foreclosures authorized	Foreclosures stopped [2]	Properties acquired by voluntary deed and foreclosure
Prior to 1935	30	0	6
1935			
January	39	0	6
February	30	1	1
March	59	2	6
April	100	2	8
May	153	1	24
June	155	1	27
July	341	5	64
August	546	7	50
September	370	23	91
October	687	36	180
Nov. 1 to Nov. 15	453	20	193
Total to Nov. 15	2, 963	98	[3] 656

[1] All figures are as of the month they were received by the Corporation. Consequently the monthly figures shown represent actual operations taking place approximately two weeks earlier.

[2] Due to payment of delinquencies by borrowers after foreclosure proceedings had been entered.

[3] The 656 properties acquired include 111 properties bought in by H. O. L. C. at foreclosure sale but awaiting expiration of the redemption period before title and possession can be obtained.

In addition to this total of 656 completed cases, 5 properties were sold at foreclosure sale to parties other than H. O. L. C.

Home Owners' Loan Corporation

Applications received and loans closed by months [1]

Period	Applications received (number)	Loan 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] 227, 775	381, 341	1, 157, 985, 268
1935			
From Jan. 1 through June 30	143, 624	155, 214	463, 689, 204
July		13, 413	41, 569, 800
August		14, 623	44, 775, 321
September		12, 892	41, 180, 881
October		16, 259	49, 882, 769
Nov. 1 to Nov. 14		7, 097	21, 779, 825
Grand total to Nov. 14, 1935	1, 885, 031	945, 739	2, 859, 865, 608

[1] These figures are subject to adjustment.
[2] Receipt of applications stopped Nov. 13, 1934, and was resumed for a 30-day period beginning May 28, 1935.

Reconditioning Division—Summary of all reconditioning operations through Nov. 14, 1935

Period	Number of applications received for reconditioning loans	Total contracts executed		Total jobs completed	
		Number	Amount	Number	Amount
June 1, 1934 through Oct. 17, 1935 [1]	634, 748	295, 062	$55, 831, 087	264, 722	$48, 248, 020
Oct. 18, 1935 through Nov. 14, 1935 [2]	10, 444	11, 259	2, 631, 696	13, 471	2, 777, 087
Grand total through Nov. 14, 1935	645, 192	306, 321	58, 462, 783	278, 193	51, 025, 107

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

Opinion of the General Counsel

I.—CONCERNING REPURCHASES OF HOME OWNERS' LOAN CORPORATION'S INVESTMENTS IN SAVINGS AND LOAN ASSOCIATIONS

Section 4(i) of the Home Owners' Loan Act of 1933 reads as follows: "Any person indebted to the Corporation may make payment to it in part or in full by delivery to it of its bonds which shall be accepted for such purpose at face value." In response to an inquiry as to whether investments by the Home Owners' Loan Corporation in savings and loan associations come under the terms of this clause and could be paid off in Home Owners' Loan Corporation bonds at their face value, the Board on October 30 authorized the General Counsel to transmit the following letter to Mr. A. D. Theobald, Director of Research, American Savings, Building and Loan Institute, 104 South Michigan Avenue, Chicago, Illinois:

I have your letter of October 8, 1935 in reference to Section 4(i) and Section 4(n) of Home Owners' Loan Act of 1933.

Section 4(i) was enacted as a part of the original Act and Section 4(n) was a part of the amendment approved May 28, 1935. At the time Section 4(i) was enacted no provision was made for the purchase of building and loan shares, certificates, or deposits. Therefore, it cannot be said that at the time of the enactment of Section 4(i) of the Act the Congress intended that such provision should apply to any debt owing on account of such purchase. Section 4(n) was added, as stated, by the Act approved May 28, 1935, and does not exclude the possibility of payment of a debt arising under it by bonds, but it is not the intention of the Corporation to accept settlement of any debt arising under Section 4(n) in bonds.

Under Section 4(n) of the Act the Corporation will buy shares and certificates and make deposits in building and loan associations and like institutions. It appears to be clear that the share obligations purchased by Home Owners' Loan Corporation will not constitute an indebtedness owing by the issuing associations to the Corporation, and, therefore, it appears to be clear that such share purchase transactions may not legally be settled by the delivery of bonds at face value. It is not so clear as a legal proposition when we come to the investment certificates and deposits. The Corporation has made its loans to individuals as was intended by the original Act with a provision in the loan contract that the debtor might pay in bonds at the face value. It will not purchase any certificates of investment or accept any deposit certificates or other deposit contracts except such as are payable in lawful money of the United States. In other words, the Corporation takes the position that it is investing cash in these securities and that it must be paid off in cash at the time of the retirement of the same, and it will not buy any certificates or accept any deposit contracts providing for payment in anything but cash.

You refer to the fact that the bond market may be supported by associations purchasing bonds to pay Home Owners' Loan Corporation upon the retirement of the securities which it may purchase. I call attention to the fact that every dollar of principal paid to the Corporation is required by law to be put by it into the retirement of bonds, and, therefore, the bond market will be supported by the return of these funds as rapidly as the same come in.

Directory of Member, Federal, and Insured Institutions

Added during October–November

I. INSTITUTIONS ADMITTED TO MEMBERSHIP IN THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN OCTOBER 21, 1935, AND NOVEMBER 16, 1935[1]

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

DISTRICT NO. 3

PENNSYLVANIA:
- Oreland:
  - Oreland Building Association.
- Philadelphia:
  - First Italo-American Building Association of Philadelphia, 924 East Passyunk Avenue.

DISTRICT NO. 4

NORTH CAROLINA:
- Goldsboro:
  - Citizens Building & Loan Association.
- Valdoze:
  - Valdoze Building & Loan Association.

DISTRICT NO. 5

OHIO:
- Lakewood:
  - Orol Savings & Loan Company.
- Toledo:
  - Home Building & Savings Company, 902 Broadway.

DISTRICT NO. 6

INDIANA:
- Oakland City:
  - Peoples State Building & Loan Association of Oakland City, Indiana.
- Zionsville:
  - Zionsville Building & Loan Association.

DISTRICT NO. 7

ILLINOIS:
- Chicago:
  - Plzen Building & Loan Association, 1942 South Fisk Street.

WISCONSIN:
- Milwaukee:
  - Second Bohemian Loan & Building Association of Milwaukee, Wisconsin, 1414 West Fond du Lac Avenue.
- Racine:
  - Lincoln Building & Loan Association of Racine, 1800 Douglas Avenue.
- West Allis:
  - Liberty Building & Loan Association, 5910 West Burnham Street.

[1] During this period 9 Federal savings and loan associations were admitted to membership in the System.

DISTRICT NO. 9

LOUISIANA:
- New Orleans:
  - Algiers Homestead Association, 161 Delaronde Street.

DISTRICT NO. 10

COLORADO:
- Loveland:
  - Loveland Building & Loan Association.

DISTRICT NO. 12

CALIFORNIA:
- Bakersfield:
  - Kern County Mutual Building & Loan Association, 803 Baker Street.
- Rialto:
  - Rialto Building & Loan Association, 102 North Riverside Avenue.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN OCTOBER 21, 1935, AND NOVEMBER 16, 1935

WEST VIRGINIA:
- Buckhannon:
  - Buckhannon Building & Loan Association, Main Street.

II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN OCTOBER 15, 1935, AND NOVEMBER 16, 1935

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

DISTRICT NO. 1

MAINE:
- Bath:
  - First Federal Savings & Loan Association of Bath, 239 Water Street.

DISTRICT NO. 2

NEW YORK:
- Brooklyn:
  - Hamilton Federal Savings & Loan Association of Brooklyn, 498 Court Street (converted from Hamilton Savings & Loan Association).
- Buffalo:
  - Carlton Federal Savings & Loan Association of Buffalo, 132 Peach Street (converted from Carlton Street Permanent Savings & Aid Association).

DISTRICT NO. 3

PENNSYLVANIA:
- Philadelphia:
  - Nicholson Federal Savings & Loan Association, 1308 South Sixteenth Street (converted from Nicholson Building & Loan Association).

PENNSYLVANIA—Continued.
Pittsburgh:
Tunnel Federal Savings & Loan Association of Pittsburgh, 1612 Broadway Street (converted from Tunnel Building & Loan Association).

WEST VIRGINIA:
Morgantown:
First Federal Savings & Loan Association, Price Building.
United Federal Savings & Loan Association of Morgantown.

DISTRICT NO. 4

GEORGIA:
Carrollton:
Carrollton Federal Savings & Loan Association (converted from Carrollton Building & Loan Association).

MARYLAND:
Baltimore:
Leeds Federal Savings & Loan Association, 10 Leeds Avenue (converted from Leeds Building Association, Incorporated).

NORTH CAROLINA:
Rocky Mount:
Builders Federal Savings & Loan Association of Rocky Mount, 132 South Main Street (converted from Builders & Savers Loan Association).
West Durham:
First Federal Savings & Loan Association, Ninth Street.

DISTRICT NO. 5

KENTUCKY:
Lexington:
First Federal Savings & Loan Association of Lexington, 604 Security Trust Building.
Lexington Federal Savings & Loan Association, 150 North Upper Street (converted from Lexington Building & Loan Association).

OHIO:
Canton:
First Federal Savings & Loan Association of Canton, 206 Tuscarawas Street, West (converted from First Savings & Loan Company of Canton, Ohio).
Cincinnati:
Business Men's Federal Savings & Loan Association, 3535 Reading Road (converted from Business Men's Building Association & Loan Company).
Lancaster:
Fairfield Federal Savings & Loan Association of Lancaster, 110 East Main Street (converted from Fairfield Savings & Loan Company).
Middletown:
Middletown Federal Savings & Loan Association, 1000 Central Avenue (converted from Middletown Building & Deposit Association).
Springfield:
Springfield Federal Savings & Loan Association, 28 East Main Street (converted from Springfield Building & Loan Association).
Xenia:
Home Federal Savings & Loan Association, 4–6 North Detroit Street (converted from Home Building & Savings Company).

DISTRICT NO. 6

INDIANA:
Anderson:
Anderson Federal Savings & Loan Association, 1000 Meridian Street (converted from American Standard Savings & Loan Association).

DISTRICT NO. 7

WISCONSIN:
Elkhorn:
Walworth County Federal Savings & Loan Association.
Milwaukee:
Beacon Federal Savings & Loan Association, 133 East Wells Street.

DISTRICT NO. 8

IOWA:
Spencer:
Northwest Federal Savings & Loan Association of Spencer.

DISTRICT NO. 9

MISSISSIPPI:
Aberdeen:
First Federal Savings & Loan Association of Aberdeen.

TEXAS:
Pecos:
Pecos Federal Savings & Loan Association, care of Chamber of Commerce.

DISTRICT NO. 12

CALIFORNIA:
Los Angeles:
Coast Federal Savings & Loan Association of Los Angeles, 4451 Wilshire Boulevard.
Rialto:
Rialto Federal Savings & Loan Association, 102 North Riverside Avenue (converted from Rialto Building & Loan Association).
San Francisco:
Citizens Federal Savings & Loan Association, 165 Sutter Street (converted from Citizens Building & Loan Association of San Francisco).

CANCELATIONS OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTERS BETWEEN OCTOBER 17, 1935, AND NOVEMBER 16, 1935

NEBRASKA:
Nebraska City:
Second Federal Savings & Loan Association of Nebraska City, 115 South Eighth Street.

III. INSTITUTIONS INSURED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION BETWEEN OCTOBER 19, 1935, AND NOVEMBER 22, 1935 [1]

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

DISTRICT NO. 5

KENTUCKY:
Covington:
Suburban Perpetual Building & Loan Association, 1829 Madison Avenue.

OHIO:
Bellaire:
Belmont Savings & Loan Company.
Cincinnati:
Woodburn Avenue Loan & Building Company, 3308 Montgomery Road.
Cleveland:
Liberty Savings & Loan Company, 142 The Arcade.
Lincoln Savings & Loan Company, 3124 West Twenty-fifth Street.

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[1] During this period 30 Federal savings and loan associations were insured.

OHIO—Continued.

Columbus:

North High Savings & Loan Company, 1206 North High Street.

Massillon:

First Savings & Loan Company, 151 Lincoln Way, East.

St. Marys:

Union Building & Loan Company, 118 East Spring Street.

DISTRICT NO. 6

INDIANA:

Hammond:

Calumet Building & Loan Association, 423 Fayette Street.

Newcastle:

Henry County Building & Loan Association, 1311 Broad Street.

Terre Haute:

Fort Harrison Savings Association, 724 Wabash Avenue.

Twelve Points Savings & Loan Association, Maple Avenue at Thirteenth Street.

DISTRICT NO. 9

TEXAS:

Fort Worth:

Equitable Building & Loan Association, 803 Lamar Street.

DISTRICT NO. 10

KANSAS:

Eureka:

Eureka Building & Loan Association.

NEBRASKA:

Norfolk:

Allied Building & Loan Association of Norfolk, Nebraska, 119 South Fourth Street.

DISTRICT NO. 12

CALIFORNIA:

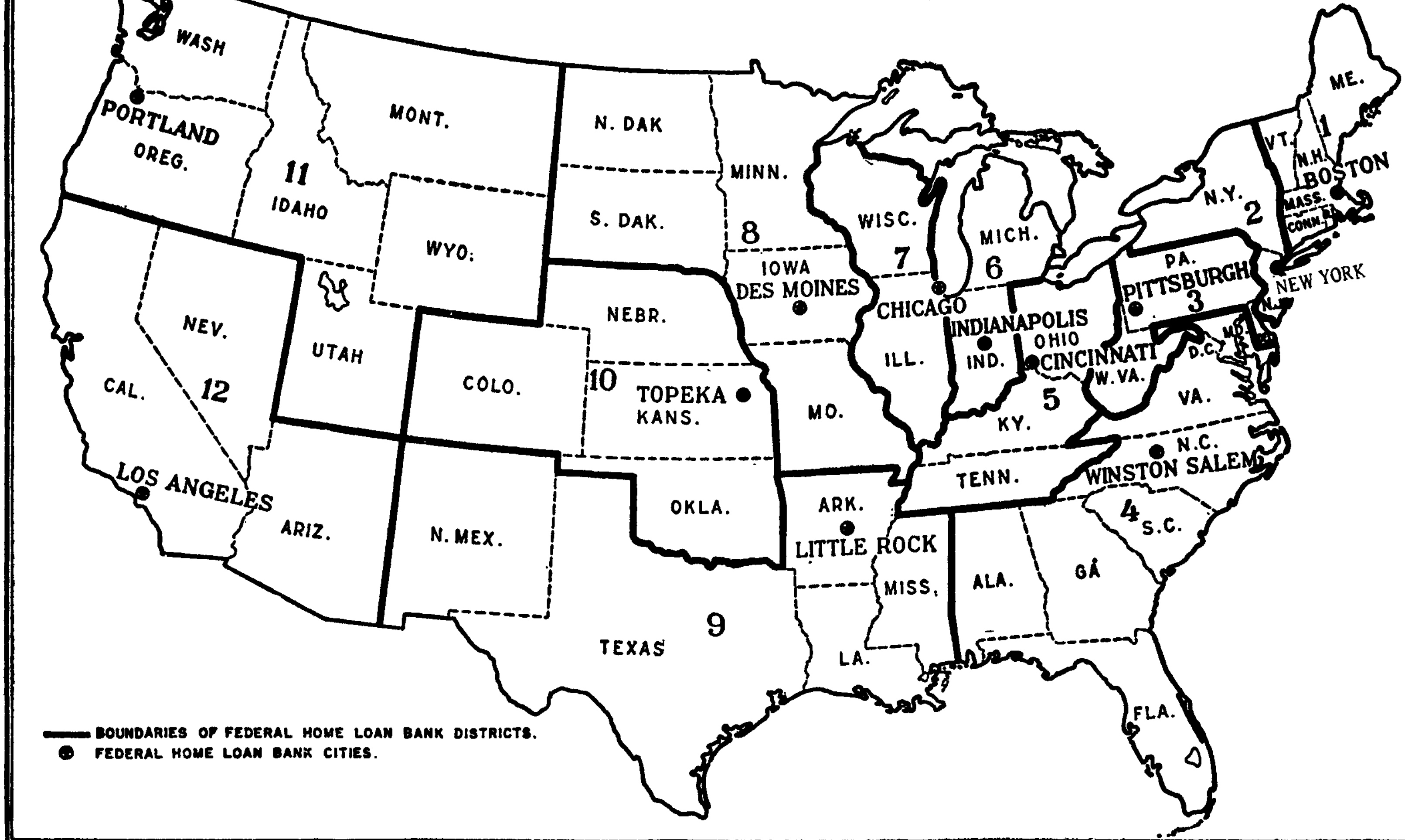
Chula Vista:

Chula Vista Building-Loan Association.

Marysville:

Marysville Guarantee Building & Loan Association, 405 D Street.

FEDERAL HOME LOAN BANK DISTRICTS



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