Vol. 2 No. 4

FEDERAL HOME LOAN BANK REVIEW

JANUARY
1936

ISSUED BY
FEDERAL HOME LOAN BANK BOARD
WASHINGTON D.C.

Federal Home Loan Bank Review

TABLE OF CONTENTS

SUBSCRIPTION PRICE OF REVIEW

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

APPROVED BY THE BUREAU OF THE BUDGET

Federal Home Loan Bank Board

John H. Fahey, *Chairman* T. D. Webb, *Vice Chairman*
William F. Stevenson F. W. Catlett H. E. Hoagland

OFFICERS OF FEDERAL HOME LOAN BANKS

Boston:

B. J. Rothwell, Chairman; W. H. Neaves, President; H. N. Faulkner, Vice President; Frederick Winant, Jr., Secretary-Treasurer.

New York:

George MacDonald, Chairman; G. L. Bliss, President; F. G. Stickel, Jr., Vice President-General Counsel; Robert G. Clarkson, Vice President-Secretary; Denton C. Lyon, Treasurer.

Pittsburgh:

E. T. Trigg, Chairman; R. H. Richards, President; G. R. Parker, Vice President; H. H. Garber, Secretary-Treasurer.

Winston-Salem:

Ivan Allen, Chairman; O. K. LaRoque, President-Secretary; G. E. Walston, Vice-President-Treasurer.

Cincinnati:

H. S. Kissell, Chairman; H. F. Cellarius, President; W. E. Julius, Executive Vice President; H. J. Brodbeck, Second Vice President; W. B. Furgerson, Treasurer; T. Dwight Webb, Jr., Secretary-Comptroller.

Indianapolis:

F. S. Cannon, Chairman; Fred T. Greene, President; B. F. Burtless, Secretary-Treasurer.

Chicago:

H. G. Zander, Chairman; A. R. Gardner, President; Harold Wilson, Vice President; E. H. Burgess, Treasurer; Constance M. Wright, Secretary.

Des Moines:

C. B. Robbins, Chairman; R. J. Richardson, President-Secretary; W. H. Lohman, Vice President-Treasurer; J. M. Martin, Assistant Secretary; A. E. Mueller, Assistant Treasurer.

Little Rock:

J. Gilbert Leigh, Chairman; B. H. Wooten, President; H. D. Wallace, Vice President; J. C. Conway, Secretary; W. F. Tarvin, Treasurer.

Topeka:

C. B. Merriam, Chairman; C. A. Sterling, President; W. L. Bowersox, Vice President; R. H. Burton, Secretary-Treasurer.

Portland:

F. S. McWilliams, Chairman; C. H. Stewart, President; Irving Bogardus, Vice President-Treasurer; W. H. Campbell, Secretary; Mrs. E. M. Sooysmith, Assistant Secretary.

Los Angeles:

C. H. Wade, Chairman; M. M. Hurford, President; F. C. Noon, Secretary-Treasurer.

Indexes of Small-House-Building Costs Developed by the Federal Home Loan Bank Board

WITH the publication of the actual costs of building the same typical house in 27 cities, this issue of the REVIEW inaugurates the first attempt to develop exact local indexes of the cost of small-house construction for cities in all parts of the country. In view of the vital influence exercised by construction costs on the volume of home building, and on the value of existing security for mortgages, the Federal Home Loan Bank Board feels that exact information on costs is essential to all member institutions and to the entire construction industry.

The 27 cities, for which costs are reported in this article, are situated in 4 of the 12 Federal Home Loan Bank Districts. In the next two months similar cost figures will be published for approximately 40 more cities situated in the 8 other Districts. Thereafter, each city will report four times a year and comparisons with previous reports will provide an exact guide to the trend in home-building costs in each city.

Local factors—such as accessibility of materials, labor supply, and transportation facilities—play an important part in the building costs of small houses. A movement up or down in home-construction costs in the Eastern States may be important enough to affect the national index but still have no influence on costs in Pacific Coast States. Therefore, to be of greatest value, a home-building index must be localized as much as possible. This consideration determined the Board to make use of its nation-wide facilities to obtain accurate local information upon which local indexes can be built.

The ultimate objective is to have as nearly as possible every area of uniform building costs represented and an index prepared for each area. An area may consist of an entire State or more than one State or it may consist of only part of a State where cost conditions are diverse. It will not be possible to decide these matters until initial cost figures have been obtained from a sufficient number of cities.

CHANNEL FOR OBTAINING COST DATA

THE Board has created, in the Reconditioning Division of the Home Owners' Loan Corporation, a body of trained men peculiarly well fitted to gather the accurate information essential to a building-cost index. This field personnel is attached to the Corporation's Regional, State, and District offices throughout the country and includes architects, builders, and engineers experienced in local home-building problems. Many of them are formally trained in the compilation of cost data. All are familiar with local building requirements and practices. To these selected correspondents is assigned the duty of obtaining the basic information on which the cost indexes can be worked out.

NATURE OF THE BASIC INFORMATION

THE basic information required is the exact cost of materials and labor necessary to construct a specified typical house. The house is a detached home of 24,000 cubic feet volume, of good design, containing a living room, lavatory, dining room and kitchen on the first floor, and three bedrooms and bath on the second floor. There is an open attic which may be used for storage or may be finished into one or two usable rooms. The cellar or basement is without partitions and contains the heating plant and laundry facilities. The exterior treatment is assumed to be a combination of wideboard siding, with brick and stucco as features of design. A one-car attached garage is included. The plot is assumed to be approximately level and no unusual soil conditions have been taken into consideration. The materials and finish and workmanship specified are standard and such as are commonly employed in all parts of the country by reputable small-house builders. The structural design is sufficient to meet all reasonable requirements of a municipal building code. Unusual materials or practices, such as prefabrication of walls, have purposely been avoided. Should they at any time become common the specifications for the composite house will be modified to allow for them. The home might be placed in the $6,000 class.

METHOD OF COLLECTING BASIC INFORMATION

AN EXACT specification of quality and quantity of the material required for such a house is sent every three months to each correspondent. He obtains current delivered prices on these listed materials from leading local dealers (whose cooperation the REVIEW gratefully acknowledges). Quantities for each of the major items are accurately listed just as a supply house would set up its quotations for builders. The list carries the following instructions: "Quote truck load (or mixed truck load) lots on all items. Delivery point within one mile. Terms, net 30 days."

The labor factor is similarly handled. At the same time that he gets the material cost data, the field correspondent reports the prevailing hourly wage rate for each of the principal trades involved in the construction of this house. This labor information is then transmitted to headquarters where a master labor " take off " is applied. The number of labor hours required to build into this house each quantity of the items contained on the master materials list has been fixed on the basis of estimates which are known to be correct within close limits.

The combined labor price and material price give an assumed " builder's cost " for the house. To this total is added a fixed amount to cover the overhead items—such as public liability and workmen's compensation insurance, and equipment charge—and then a profit item of 10 percent is added to the whole, giving a reasonable " builder's estimate " on the house. (The estimate does not include planting, gas range, gas water heater, refrigerator, insect screens, shades, wall decoration, nor lighting fixtures, as these are usually items of owner-preference and in many localities are not usually included in a general contract estimate. Of course, the estimate does not include land.)

ACCURACY OF THE INDEXES

PRICES on exactly the same list of materials are obtained from the same supply houses by the same technical personnel every three months. Likewise, exactly comparable labor factors are reported every three months. Thus, in a very simple and direct manner, an exact record of the movement up or down in the cost of building a small house in at least 65 cities will be obtained. It is obvious that the complexities of the calculations and the personal factor will render the data liable to some margin of error but this should and will be reduced as the process becomes increasingly familiar to the personnel. Furthermore, as the same men get exactly the same information every three months the dangers of error in the index for any one city are greatly reduced. Caution must be exercised in making comparisons of actual costs between cities and between Federal Home Loan Bank Districts, but comparisons in *movements* of costs between different cities and Districts may, for the reasons mentioned above, be made with little hesitation.

Care must be taken against assuming that the cost of construction of any given 6-room house with bath in a reporting city would be the same as the reported cost of the index house. Any variation in specifications from those used in the composite typical house would result in different costs. What the comparative costs for individual cities do supply are an exact record of the trend in home-building costs in each city.

POSSIBLE USES OF THE INDEXES

THE possible uses of accurate local indexes of small-house construction costs are many. The movement of building costs in relation to rentals contracts or expands the volume of home construction. It is, therefore, one of the factors that must be known to all agencies—home-financing institutions, builders, materials dealers, and real-estate operators—concerned in the building or financing of homes. This is particularly true if the home is being built to sell. In addition, current costs of construction determine what the replacement cost of any existing building would be and so must be known in the making of any appraisal.

From the point of view of a national housing policy, whose purpose is to provide adequate housing for all productive citizens, accurate information on local home-building costs and of the trends in home-building costs is essential. Without such information it is impossible to know how many families may be expected to provide their own housing.

Long-continued cost indexes will reveal what effect, if any, improved materials and methods of construction are having on home-building costs. Breakdowns of the basic data will indicate aspects of the home-building process in which increases in efficiency should be effected.

COSTS FROM TWENTY-SEVEN CITIES FOR JANUARY

THE accompanying table gives the total cost and the cubic-foot cost of building the same house in each of 27 cities, situated in 19 States and the District of Columbia. All States in four Federal Home Loan Bank Districts are represented by at least one city.

It will be noted that the lowest cost—$4,337 for the house or 18 cents a cubic foot—is reported from Columbia, South Carolina. Reported building costs on the same house vary upwards through a range of more than $2,000 to a high of $6,442 or 26.8 cents a cubic foot in Providence, Rhode Island.

The group of Southern States in the Winston-Salem Bank District report the lowest average—21.1 cents per cubic foot—and the two States in the Chicago District average highest with 25.3 cents. The wide differences in costs between some cities in the same State, for example, between Cumberland and Baltimore, Maryland, Montgomery and Birmingham, Alabama, and Pensacola and West Palm Beach, Florida, are worthy of note.

It should again be pointed out that these initial reports are to be accepted cautiously. It will be wiser to defer the drawing of conclusions until the reporting system has had time to be perfected and possible errors largely eliminated. Eventually, the REVIEW hopes to analyze the factors that explain the wide difference in reports from different cities and sections.

Cities in four Federal Home Loan Bank Districts report each month and the cycle is repeated every three months. The following list indicates the Districts, States, and cities reporting and the months in which each reports. The numbers in parentheses behind the States refer to the Bank District in which the State is found. Attention is called to the map of Bank Districts on the inside rear cover of the REVIEW.

Cities Reporting in January, April, July, October

Bank Districts: No. 1, Boston; No. 4, Winston-Salem; No. 7, Chicago; No. 10, Topeka

STATE	CITY
Alabama (4)	Birmingham
Colorado (10)	Colorado Springs
Connecticut (1)	Hartford
District of Columbia (4)	Washington
Florida (4)	West Palm Beach, Pensacola
Georgia (4)	Atlanta
Illinois (7)	Chicago, Springfield
Kansas (10)	Wichita
Maine (1)	Portland
Maryland (4)	Baltimore, Cumberland
Massachusetts (1)	Boston, Springfield
Nebraska (10)	Omaha
New Hampshire (1)	Manchester
North Carolina (4)	Raleigh, Asheville
Oklahoma (10)	Oklahoma City
Rhode Island (1)	Providence
South Carolina (4)	Columbia
Vermont (1)	Rutland
Virginia (4)	Richmond, Roanoke
Wisconsin (7)	Oshkosh

Cities Reporting in February, May, August, November

Bank Districts: No. 2, New York; No. 6, Indianapolis; No. 8, Des Moines; No. 11, Portland

STATE	CITY
New York (2)	White Plains, Albany, Syracuse
Idaho (11)	Boise
Indiana (6)	South Bend, Indianapolis
Iowa (8)	Des Moines
Michigan (6)	Detroit
Minnesota (8)	St. Paul
Missouri (8)	Springfield
Montana (11)	Great Falls
North Dakota (8)	Bismarck
New Jersey (2)	Newark, Camden
Oregon (11)	Portland
South Dakota (8)	Sioux Falls
Utah (11)	Salt Lake City
Washington (11)	Seattle
Wyoming (11)	Cheyenne

Cities Reporting in March, June, September, December

Bank Districts: No. 3, Pittsburgh; No. 5, Cincinnati; No. 9, Little Rock; No. 12, Los Angeles

STATE	CITY
Arizona (12)	Phoenix
Arkansas (9)	Little Rock
California (12)	San Francisco, San Diego
Delaware (3)	Wilmington
Kentucky (5)	Lexington
Louisiana (9)	New Orleans, Shreveport
Mississippi (9)	Jackson
Nevada (12)	Reno
New Mexico (9)	Albuquerque
Ohio (5)	Cleveland
Pennsylvania (3)	Harrisburg, Pittsburgh, Philadelphia
Tennessee (5)	Memphis
Texas (9)	Amarillo, Houston
West Virginia (3)	Charleston

Total costs and cubic-foot costs of building the same typical house in 27 cities in January 1936

[Source: Federal Home Loan Bank Board]

Federal Home Loan Bank Districts, States, and cities	Total cost	Cost per cubic foot
No. 1—Boston:		
Connecticut:		
Hartford	$5,846	$0.244
Maine:		
Portland	4,813	.200
Massachusetts:		
Boston	5,861	.244
Springfield	5,963	.248
New Hampshire:		
Manchester	5,380	.224
Rhode Island:		
Providence	6,442	.268
Vermont:		
Rutland	5,507	.229
District average	5,696	.237
No. 4—Winston-Salem:		
Alabama:		
Birmingham	5,456	.227
Montgomery	4,359	.181
District of Columbia:		
Washington	4,977	.207
Florida:		
Pensacola	5,095	.212
West Palm Beach	5,911	.246
Georgia:		
Atlanta	5,367	.223
Maryland:		
Baltimore	5,028	.209
Cumberland	6,033	.251
No. 4—Winston-Salem—Con.		
North Carolina:		
Asheville	$4,960	$0.206
Raleigh	5,056	.210
South Carolina:		
Columbia	4,337	.180
Virginia:		
Richmond	5,046	.210
Roanoke	4,508	.187
District average	5,087	.211
No. 7—Chicago:		
Illinois:		
Chicago	6,361	.265
Springfield	6,202	.258
Wisconsin:		
Oshkosh	5,703	.237
District average	6,088	.253
No. 10—Topeka:		
Colorado:		
Colorado Springs	5,972	.249
Kansas:		
Wichita	5,386	.224
Nebraska:		
Omaha	5,487	.228
Oklahoma:		
Oklahoma City	5,756	.239
District average	5,650	.235

Proposal For A Home-Building Service Plan

THE wide-spread adoption of the long-term amortized loan has deprived savings and loan associations of a tremendous competitive advantage they formerly had. At the same time, many types of lending institutions are offering such inducements to the borrower as lowered interest rates, minimum service charges, the direct-reduction loan, adjustment of the term of loan to meet the borrower's capacity to pay, and loans up to a high percentage of appraised value. With the establishment of the Federal Housing Administration, these competitive advantages are available to every type of sound financing institution in the country. Because home loans offer a desirable outlet to accumulating investable funds, many commercial banks are entering increasingly into this field of investment. This situation confronts thrift, home-financing institutions, specialized as they are almost solely for the making of loans on homes, with a critical sales problem. To get that share of the most desirable home-financing business which will enable them to prosper, many of them must find some distinctive appeal to the home-owner borrower.

Such an appeal exists. It is one that has been tried and found satisfactory by savings and loan associations in Louisiana, Ohio, Pennsylvania, California, Florida, and elsewhere. It consists of the protection that a construction supervisory service offers the home owner. The Louisiana association of which Mr. Philip Lieber, a past president of the United States Building and Loan League, is the head, has furnished such a service successfully for 13 years. What it can do for a savings and loan association is summarized in the following recent statement from an association that has tried it.

> Most of our loans are on new dwellings, as a result of a thorough and complete construction loan service which the Association has developed over the past year and a half. These mortgages are generally better security than those upon older dwellings, both as to the borrowers and the property. It is believed that we are handling at least 60 percent of all residential construction loans taken by lending institutions in this district. We are told that this construction loan service is the most thorough in this region, but have no direct means of knowing whether or not that is true. It gives us a preferred position in obtaining the best loans upon new properties. . . . The obvious advantages of this system to the owner, and to contractors and material concerns, has stimulated a large volume of new home construction and has almost swamped us with new business. . . . The Association plan, adequately publicized, has itself stimulated a large part of the new construction which it is financing.

VALUE TO THE HOME-OWNER BORROWER

THERE is no mystery about the appeal of the home-building service plan to borrowers. It offers families of modest means the first assurance they have ever had of protection against poor housing. The loss to their owners during the depression of hundreds of thousands of homes has taught large numbers of people the need for such protection. They realize that the average family cannot without competent aid provide itself a well-built, well-designed home in a protected neighborhood within its capacity to pay for. Accordingly, they are wary of home ownership and many of them will not risk it unless they are assured such protection as the home-building service plan can give them.

That in a nutshell is why the home-building service plan as already operated by several savings and loan associations attracts borrowers and even induces families that would otherwise remain tenants to undertake home ownership. The plan makes home ownership economically worth the risk for the following reasons:

1. It insures lasting value in design, an efficient plan, standard materials, and good workmanship.
2. It eliminates excessive costs resulting from waste in using unsuitable materials, from shoddy workmanship, and immature plans.
3. It reduces future repair bills and gives longer life to the house.
4. It insures a house suitable to the neighborhood.
5. It relieves borrowers of both the details and disappointments incidental to home building.
6. It insures more readily marketable properties.

VALUE OF THE PLAN TO ASSOCIATIONS

THE decisive appeal of the plan to the savings and loan associations must be its ability to attract new business. As a matter of fact, the plan has all the sales value of new goods—new goods that meet a pressing and universal need. It provides unlimited material for fresh advertising, a new approach to clients. At the same time, it provides a new stimulus to the association's staff. It gives them a new pride in the importance and value of their product.

From the point of view of sales promotion the home-building service plan offers the savings and loan business a magnet to attract the most responsible type of home-owner borrowers. It offers associations the opportunity to make themselves the headquarters for technical advice and guidance in home construction, home purchase, and all the other problems involved in home ownership. Once any association's reputation as an advisory institution is established, prospective home owners will almost automatically turn to it for advice and ultimately for a loan.

However, there are two other major considerations that recommend the adoption of a home-building service plan by savings and loan associations. One is that the service will greatly increase the safety of their investments. Mr. Lieber has the following to say on the subject:

> By now, even the most ignorant building and loan man in the world, and I must confess that a great many of us have been ignorant, realizes that this country has suffered from the results of defective construction methods. We have had our experience with the developers of real estate who had the one idea of quick profit. The vast number of properties foreclosed on by all classes of financial institutions, the necessity to rebuild, to remodel, to change obsolete houses of no value into those that the American public would be willing to live in today should have taught us lessons that even human nature, so quick to forget, would remember for a while. But human memory is so short that I already see evidences of the desire for volume of business, throwing caution to the winds, and a repetition of other practices of the past which created so much trouble for so many institutions of our class throughout the country.

The other major advantage to be gained from the use of a home-building service by an association is that as the plan increases the safety of an institution's investments and as it focuses the community's attention upon the association, it is bound to attract increased savings to the associations. For many associations, this consideration may well be of decisive importance.

VALUE OF PLAN TO OTHER ELEMENTS OF THE BUILDING INDUSTRY

THE home-building service plan in no way puts the financing institution in competi-

38548—36——2

tion with nor in control of the architect, the builder, nor the materials dealer. Rather, it facilitates their smooth coordination, and they welcome it. This is a matter of experience. The Reconditioning Division of the Home Owners' Loan Corporation has financed nearly $65,000,000 of home reconditioning throughout the country, employing just such a supervisory system as this now recommended to private institutions. All sound elements of the building industry have found that the Division's supervisory service actually gives them additional protection and insures them fair treatment.

Where the supervisory service has been tried by individual home-financing agencies, building supply dealers have found it to be a new safety device which has actual merchandising value, and have adopted it as a part of their selling equipment in developing new business.

Finally, for the responsible operative builder, the supervisory service plan secures benefits which he is quick to recognize and reward by throwing new business in the way of the financing institution. The principal benefits to him under the plan are:

1. Technical advice and service at minimum cost.
2. Certified construction providing added sales value.
3. Relief from construction problems of planning, design and supervision, permitting increased freedom of action in the development of sales phases of his program.
4. Assurance to the prospective home buyers of minimum financing and construction costs.

PROPOSAL THAT BOARD MAKE SERVICE AVAILABLE

SEVERAL associations have used a home-building service plan and found that it gives them a great competitive advantage. Because they specialize in home financing, devoting themselves almost exclusively to that business, savings and loan associations are in a most favorable position to operate a service plan. At the same time, the plan offers an immediate and practical means to better housing and safer investment, which is particularly important now that the country seems on the eve of a great expansion in housing construction. For these reasons, the Federal Home Loan Bank Board has been urged to make available the material and guidance necessary to install the supervisory service in any member institutions that may want it. The Board is willing to undertake this task, provided a sufficient number of member institutions indicate their desire to adopt a home-building service.

The Board is able to offer this aid to members only because it already has in the Reconditioning Division of the Home Owners' Loan Corporation the builders, architects, and engineers capable of providing it.

ELEMENTS OF THE PROPOSED HOME-BUILDING SERVICE

THE aid that the Board's technical staff could make available *through the 12 Federal Home Loan Banks* to their member institutions may be listed in a brief outline.

I. *Explanation of the service.*—A simple statement of what the program is, what it will accomplish and how it can be put in operation.

II. *Instructions for operating the service, constituting a Service Guide.*—This would be a manual to assist an association's executives in adapting the plan to the particular operating conditions of the association. The Guide will contain in addition to general educational material:

1. Suggested procedure and forms to be printed by the association.
2. Fundamental construction information.
3. Suggestions for establishing minimum property standards adapted to local conditions.

4. Method of qualifying contractors.
5. List of publications and books for reference and distribution to home owners.

The Service Guide would be supplemented periodically by current material capable of incorporation in the Guide.

III. *Technical services.*—The Board would assist member institutions in organizing the technical services required in connection with the construction of a new house or the reconditioning of an existing property. The Board is in a position to provide this assistance solely because technical elements of the home-building industry, particularly the architects, have promised their cooperation if the plan goes through.

For the first time, the architects as a profession, represented by the American Institute of Architects, have endorsed the idea of a home-building service plan and offered to furnish satisfactory architectural service to the home-owner borrower, through the home-financing institution, at a fee commensurate with the cost of a moderate-priced house. Local groups of architects would be organized through the 67 local chapters of the American Institute of Architects.

The elements of the service which the architects agree to provide through the home-financing institution are the following:

1. *Working Drawings and Specifications* for a representative variety of homes costing less than $7,500 adapted to the requirements and customs of each community would be made available to each member institution.
2. *Alterations or Changes in Plans* for new construction or special plans for improvements to existing property.
3. *Technical Advisory Service.*—Either the architect who prepared the plans or another qualified technician would assist the owner in selection of a house plan suitable to the site and to the neighborhood. Technical advice would similarly be available to the home owner who wishes to modernize or improve an existing property.
4. *Secure Bids and Award Contracts.*—The architectural adviser or the association would secure bids from qualified contractors and assist the owner in awarding the contract.
5. *Supervision and Inspection of Construction Work.*—The construction work would be supervised and inspected for the owner as a part of the complete service.

The experience of a local architectural group which is now providing such service to home-financing institutions in Buffalo, New York, and whose plan the American Institute of Architects has recommended to all local groups, indicates that the architectural service listed above may be furnished to the home-owner borrower for approximately 2 percent of the construction cost of a new house. Any technical services in addition to those listed would be charged for on the basis of $5 for each technical consultation or inspection, or of $2.50 an hour for office work in altering plans.

IV. *Authentic information on any aspect of home building.*—A service department would be maintained in Washington to answer all requests for technical information. This department would regularly supplement the Service Guide with current information on pertinent phases of home building.

V. *Aid in selling the service to the home-owner borrower.*

1. Suggested advertising programs to announce and stimulate interest in the association's complete home-building service.

2. Copy and layout for various advertising media—to be sent periodically.
3. Models of homes and other display material of homes.[1]
4. Certificate of construction, to be issued to the home owner attesting architectural merit, construction by a responsible builder, and competent technical supervision during construction.

COSTS OF THE PROPOSED PROGRAM

THERE are two elements of cost in the proposed program: (1) the cost of the home-building service furnished by the association to the home owner; (2) the cost of the Board's technical aid in preparing the material for the service. The cost to the home owner for plans, specifications, technical advice, and technical supervision of construction would be, as indicated above, approximately 2 percent of the cost of the building.

[1] A nominal charge would have to be made to member institutions desiring these.

The cost of preparing the basic material and of operating the Board's advisory service would depend on how many member institutions would like to adopt the plan. In any event, the cost would be nominal.

There has already been considerable discussion of the proposal that the Board make the home-building service plan generally available to members through the 12 Federal Home Loan Banks, and much interest has been aroused among other elements of the building industry as well as home-financing institutions. In order to determine what interest associations have in the plan, members are asked to write their views to their respective District Federal Home Loan Banks.

All that is wanted is an expression of opinion. A letter will in no way obligate any member institution. There will never, of course, be anything compulsory about the service, nor will its use subject an association to any regulation whatsoever. It is intended merely as an aid to home owners and lending institutions alike. Any member institution would be free to modify the service in any way it say fit, or to drop it at any time.

The Potential Demand For New Home Building

IN 1935 twice as many urban family dwelling units were built as in any year since 1931. This spectacular improvement indicates that people are again becoming able and willing to buy new homes. The gates have opened to a pent-up demand. The reality of that demand is certified by the decrease in vacancies in many cities to the point where new building must take place, and by the steady rise in rentals. For the first time, therefore, it becomes permissible and practical to analyze the nature and the volume of that demand to see how many new homes are likely to be built in 1936 and thereafter.

The term "potential demand" as used in this article means the actual reservoir of economic demand which has slowly piled up over the last six years. It does not refer to an elusive social "need" for more and better housing, nor to changing basic social attitudes which make home-ownership desired by greater numbers, nor to economic developments—such as less expensive financing—which make it more convenient. Seven factors contribute to the present potential demand:

1. Stagnation of building during the depression.
2. The large marriage reserve.
3. The decreasing size of the average family.
4. The wide-spread doubling-up of families.
5. The accumulated obsolescence and depreciation.
6. The desire of home owners to escape from run-down neighborhoods.
7. The net population movement from farms to cities.

STAGNATION OF BUILDING DURING THE DEPRESSION

ESTIMATES of building permits in all cities of 25,000 and more population show a drop from 411,775 family dwelling units in 1928 to less than 24,000 in 1934.[1] In the seven years, 1921–1927, an average of 446,400 dwelling units were provided each year; in the succeeding seven years, 1928–1934, the yearly average dropped to 142,800. In the worst years, 1932, 1933, and 1934, permits for new dwelling units dropped to about 7, 6, and 5 percent respectively of the 1921–1927 average.

It seems, therefore, that new building failed to keep step even with the increase in the number of families during these poorest years—to say nothing of providing for necessary replacements on account of demolitions, obsolescence, and depreciation.

THE LARGE MARRIAGE RESERVE

ONE of the most significant forces affecting the demand for homes is the net increase in the number of families from year to year. This growth depends on an excess of new marriages over marriages broken up. Dissolutions of marriages are caused by deaths of married persons, divorces, and separations. None of these is influenced by the business cycle sufficiently to have an important influence on the number of families. However, experience proves that the marriage rate is acutely sensitive to the ups and downs of general business activity. In periods of prosperity, the marriage

[1] Estimates compiled by the Division of Research and Statistics of the Federal Home Loan Bank Board from permit data reported to the Bureau of Labor Statistics.

rate rises and more families are created than are dissolved by the fairly constant death and divorce rates. In periods of depression, the marriage rate falls and new families created tend to fall short of the dissolutions. Thus, the decline in marriages in 1893 and 1894, 1904, 1908, 1921, and 1922 undoubtedly reflects the pressure of the financial depression of those years. Beginning in 1929 the drop was extremely rapid, marriages falling on the average of about 83,600 each year from 1929 to 1932, or from 10.14 marriages per 1,000 total population in 1929 to 7.87 in 1932, the lowest number ever reported, and the latest date for which a Census figure is available. The small number of marriages from 1929 to 1932 was undoubtedly a major influence in reducing the demand for homes during that period.

But the depression only postpones marriages; it does not permanently eliminate them. For the most part, the couples who were forced to forego marriage in bad years will get married in the succeeding good years. This can be predicted on the basis of an exhaustive study made by Real Estate Analysts, Inc., of marriage rates in the metropolitan St. Louis area going back to 1881. Without fail, each major depression was accompanied by an exceedingly low number of marriages, during which period a marriage "reserve" accumulated. As prosperity returned, the marriage rate rose sufficiently above normal to absorb this reserve.[1]

Real Estate Analysts, Inc., reports a present marriage reserve in metropolitan St. Louis of about 33,000 couples. Other cities have been found to have reserves of comparable size, in proportion to the total number of marriageable adults. On the basis of these surveys, most cities at present are estimated to have an accumulated reserve of 1½ times the normal annual number of marriages. When these delayed marriages take place, they will greatly increase the demand for new homes. In the opinion of Real Estate Analysts, Inc., delayed marriages have been the biggest contributing factor to the building booms which followed former depressions.[2]

THE DECREASING SIZE OF THE AVERAGE FAMILY

IT MUST also be noted that the average size of the American family is constantly decreasing and that in the future more dwelling units will be required per 1,000 population than in the past. The Census estimates that the average size of the family is falling at the rate of about two tenths of a unit per decade. In 1900 it was 4.60 persons per family, whereas it had dropped to 4.01 in 1930. In other words, 1,000 persons constituted 217 families in 1900, 250 families in 1930, and upon the basis of the Census estimate, will constitute 262 families in 1940. This means that 1,000 people required 15.2 percent more dwelling units in 1930 than they did 30 years before, and will probably require 4.8 percent more in 1940 than in 1930. While this phenomenon is slow-moving and not likely to augment measurably the immediate demand for homes, it is a tendency which has the long-run effect of offsetting the slower rate of population growth.

In this connection, there seems to be an increasing tendency in modern life for families to "split" when they are financially able. That is, married children cease to live with their parents, mothers-in-law take separate quarters, older children set up for themselves, and roomers move into apartments. Referring to this movement in England, *The Economist* (London) of November 2, 1935, remarks:

[1] Provisional estimates made by Dr. Warren S. Thompson of the Scripps Foundation for Research in Population Problems on information obtained from only 10 States indicate that marriages rose sharply in 1933 to 8.6 per 1,000 total population, and in 1934 to 9.8. This brought the rate above that in 1931 and even 1930. If more complete data confirm his estimates, it would seem that the accumulated deficit was being made up even before the business recovery got well under way. Dr. Thompson's explanation is that the belief in a better future led many people who had long postponed marriage to marry even though a job had not actually been secured.

[2] *The Real Estate Analyst*, May 1935.

The Registrar-General estimated an increase of 771,000 "families" in ten years, but there has been an increase of nearly 1,000,000 in four. This most significant social phenomenon is explainable only by a widespread tendency for families to "split" . . . .

These 600,000 or so families that have appeared in England since 1931 in excess of the number which was predicted on the basis of birth and marriage rates represent approximately 6 percent of the total number of families. While we have no statistics to gauge the amount of "splitting" which normally takes place in this country, it is reasonable to believe that financial hardships of the depression years have kept thousands of families united in single homes who in better times will take more than one dwelling unit each.

THE WIDE-SPREAD DOUBLING-UP OF FAMILIES

THE basic reason that the growth in families during the depression did not express itself in an increased demand for homes was the artificial contraction in the use of housing space resulting from the doubling-up of families. Just as in the case of delayed marriages, doubling-up keeps individuals in other people's homes when they would normally have homes of their own. A measure of the number of families that used this method to cut down expenses is contained in the findings of the 1934 Real Property Inventory of 64 cities, representing 14.7 percent of the total national urban population. This Inventory disclosed that 183,200 families, or 7 percent of the 2,612,107 families canvassed, were living with other families and reported a desire to take separate quarters as soon as they were able. The greatest doubling-up was reported in the South Atlantic States and the least in the Pacific States.

If these 183,200 doubled-up families are compared with the 187,372 vacant dwellings reported by the Real Property Inventory as fit for use, it appears that there were only 4,172 excess habitable dwelling units in 64 cities. These figures must not be taken too literally, for many of these families will never "undouble". However, a proportion will when they can, and this will contribute to the housing shortage.

We have now seen that the normal "new-family" demand for homes has been constrained in recent years by: (1) a subnormal marriage rate; (2) extensive doubling-up; and (3) reduced splitting-up. These are all artificial limitations in the use of housing space which oppose deeply rooted social desires of our people and for that reason cannot last forever.

ACCUMULATED OBSOLESCENCE AND DEPRECIATION

REPLACEMENT of homes during the depression approached zero. Aside from recent slum-clearance projects, the demolition of a dwelling to erect another on its site has been a rare occurrence. Properties were permitted to decay to such a degree that new construction is now more advisable in many cases than repair. Of the 2,633,135 dwelling units included in the Real Property Inventory, 58,747, or 2.2 percent, were found to be unfit for human use; 405,847, or 15.4 percent, were in need of major repairs; and 1,167,950, or 44.4 percent, required minor repairs. Only 998,111, or 37.9 percent, were discovered to be in good condition.

While the rate of replacement may be expected to increase slowly in view of the wide difference in costs of old and new properties, accumulated depreciation and obsolescence have certainly made demolition and rebuilding economic in an increased number of circumstances.

RUN-DOWN NEIGHBORHOODS AND CHANGING LAND USES

DETERIORATION of the neighborhood is just as real a liability to the home owner as physical deterioration of the dwelling itself. The intrusion of uses that make neighborhoods undesirable for residential purposes is constantly taking place in our cities. In times of financial distress home owners make the best of such a situation, but in prosperity many can and do move to more desirable neighborhoods. This desire to desert run-down neighborhoods is undoubtedly a real part of the pent-up demand for homes.

Also, in normal years a certain number of residential sites give way to light-manufacturing plants, filling stations, stores, and other income-producing enterprises. Old homes are razed and new ones provided elsewhere. This evolution in land use has been largely halted because of industrial stagnation, thereby creating a potential demand for new homes which will be active when business expansion restores this trend in residential land conversion.

THE NET POPULATION MOVEMENT FROM FARMS TO CITIES

In 1930 for the first time in our history the net movement from farms to cities was reversed. Unemployment in large cities forced thousands to migrate to rural areas where their chances of making a living were better. The Bureau of Agricultural Economics of the Department of Agriculture reports a net movement of 764,000 city dwellers to farms during the three years, 1930, 1931, and 1932. The demand for urban housing, of course, suffered accordingly. Today large numbers of these people are again finding work in factories, mills, and city shops, and as a result, the cities are once more attracting more than they send away. According to the Bureau of Agricultural Economics, there was a net movement from farms to cities of 227,000 persons in 1933 and of 211,000 in 1934. If industrial recovery continues, this movement will persist, and thousands of people now making their homes in rural areas may be counted as potential occupants of urban dwellings.

LOWER VACANCIES AND HIGHER RENTALS INDICATE RELEASE OF POTENTIAL DEMAND

As already pointed out, there are two signs which show when this potential demand is ready to translate itself into new building. One is a low percentage of vacancies and the other is a rise in rentals.

According to *The Real Estate Analyst,* vacancies for all types of family dwelling units in St. Louis stood at 3.9 percent in November 1935. This represented a progressive drop from 5.4 percent in November 1934, 9.1 percent in November 1933, and from 12.8 percent in November 1932. The Detroit Real Estate Board's survey of the housing situation in Detroit reported vacancies and units-for-sale at the end of 1934 of 4.3 percent for single-family dwellings, 2.6 percent for 2-family dwellings, and 2.6 percent for apartment houses. A study made last spring by the Federal Home Loan Bank Board, extending to 2,000 savings and loan associations and mutual savings banks, revealed that the vacancy ratio was falling in nearly all cities except in New England and stood at about 5.2 percent. The National Association of Real Estate Boards, in its semiannual survey of July 1935, discovered less than 5 percent vacancies in 69 percent of the cities included.

It has been the experience of real estate experts that when the vacancy ratio approaches 3 percent, new construction expands rapidly. Obviously, we are near that point.

Rentals will naturally go up as vacancies go down. The National Association of Real Estate Boards reported rentals on the up-grade for 1-family houses in 71 percent of the 251 cities included in its July 1935 semiannual survey; for 2-family houses, in 57 percent; and for apartments, in 65 percent. The National Industrial Conference Board's index of housing rentals (compiled on the basis of leasings actually made during the month in 173 cities), based upon 1923–1925 as 100, has risen without a setback since the depression low of 60.6 percent registered in January 1934. In November 1935 it stood at 70.6 percent, contrasted to 64.4 in the same month of the previous year.

HOME BUILDING POSSIBILITIES

New building has started, the potential demand for homes is great, the economic factors are increasingly favorable. What, then, may we expect of 1936 in new building? Estimates vary widely. One forecast sees 500,000 new dwelling units in 1936; another nearly 1,000,000 in the next two years. We shall perhaps be safer to follow the guidance of the industrialists who have money at stake and so can little afford to be wrong. Thus, manufacturers of building materials are said to be budgeting an increase of 75 to 100 percent in home-building activity next spring over 1935. One manufacturer in a recent address said there should be about a 100 percent increase in 1936.

It may be acknowledged that a physical shortage of homes exists, that increases in rentals and prices are closing the gap between existing and new construction values, and that increased national income and easier financing are improving the Nation's ability to pay for homes. These factors are still somewhat offset by the continued disequilibrium between construction costs and rentals which tends to discourage new building.

However, if only the same percentage of gain is experienced in 1936 as in 1935, the new year will see over 200,000 homes built. Compared to the low levels of the last five years, that will be a boom.

38548—36——3

Analysis of the Supreme Court's Decision On Conversion by the General Counsel of the Board

ON December 9, 1935, the United States Supreme Court decided the case of Hopkins Federal Savings and Loan Association of Milwaukee versus Peter A. Cleary, et al, involving the attempt of that Association to convert into a Federal savings and loan association against the expressed objection of Peter A. Cleary, et al, as the Banking Commission of the State of Wisconsin. A copy of the 14-page opinion in the case has been made available to all of the Federal associations, and other interested parties may secure the same in the published reports of the decisions of the Supreme Court. In view of the wide-spread interest in the decision, the General Counsel of the Federal Home Loan Bank Board has made the following analysis.

The case involved directly the construction of Subsection (i), Section 5, of Home Owners' Loan Act of 1933, As Amended. This Subsection provides for conversion of members of Federal Home Loan Banks, in effect, without regard to State law.

ARGUMENT OF THE PETITIONERS

THE petitioners took the position, first, that the United States has constitutional power to create such associations on 3 counts: (1) as fiscal agencies; (2) as agencies for the regulation of the value of money; and (3) as agencies for the administration of funds appropriated for the general welfare.

The power of Congress to create fiscal agencies has been well established in a long line of bank cases, including the Federal Land Bank case which validated the Farm Loan Act. The petitioners contended that Federal savings and loan associations are reasonably adapted as fiscal agencies of the Government.

The contention that the Federal Government has power to create agencies for the regulation of the value of money was based upon the express grant of authority in Article I, Section 8, Clause 5 of the Constitution of the United States: "To coin money and regulate the value thereof." The petitioners argued that the value of money is directly and substantially affected by expansions and contractions of credit and that, therefore, the Government has power to create Federal savings and loan associations in an effort to regulate the value of money through the stabilization of credit.

The constitutional provision expressly authorizing appropriations of funds for the general welfare served as the basis for the contention that Congress has the power to create agencies for the administration of such funds; that the Federal funds made available for investment in Federal savings and loan associations represent appropriations for the general welfare; and that the Federal associations are suitable agencies for the administration of such funds.

Advancing from the position that Congress has power to create Federal savings and loan associations, the petitioners next maintained that Subsection (i), Section 5, of the Home Owners' Loan Act of 1933, As Amended, permits conversion without regard to State law, and that the Government, having power to act in this field, may act without regard to State law. This position was argued on the strength of the National Banking Act of 1864 and cases thereunder, converting State banks without regard to State law.

DECISION OF THE COURT

THE Court decided that the subsection in question, properly construed, provided for conversion without regard to State law; and that, so construed, in a case where the State objects, is unconstitutional. The Court said:

> Confining ourselves now to the precise and narrow question presented upon the records here before us, we hold that the conversion of petitioners from state into federal associations is of no effect when voted against the protest of Wisconsin. Beyond that we do not go.

The Court's opinion contains some discussion of fields, such as that of interstate commerce, where the Government has supreme power, and where it may do whatever it finds necessary, provided it stays within that field. There are, of course, fields in which the States and the Federal Government have concurrent power, and in these cases, the Court said:

> For anything here shown, the two classes of associations, federal and state, may continue to dwell together in harmony and order.

SIGNIFICANCE OF THE DECISION

FROM the fact that this statute has been before the Court and the Court has not denied the power of Congress concurrent with the States in this field, my confidence in the statute authorizing original creation of Federal savings and loan associations, and conversion with State consent, is strengthened. I have no question as to the power of the Government to create such agencies, nor do I have any question as to the validity of the remainder of the statute.

The decision does not affect the 599 new Federal savings and loan associations heretofore chartered, nor does it affect the converted associations which have converted pursuant to State enabling legislation. Such legislation has been adopted in 37 States. More than 900 of the existing associations are not affected in any way whatsoever by the decision. The three Wisconsin associations, parties to these cases, must remain Wisconsin associations. The comparatively few converted associations in States having no enabling legislation, or which converted before enabling legislation, are not directly affected by the decision, inasmuch as the States have not objected in these cases. It is worthy of comment that no stockholder, nor creditor, nor other interested party has ever objected to any conversion, although conversions have been effected involving more than $400,000,000 in outstanding resources.

Some of the associations in States now having enabling legislation, but which converted before such statutes were passed, may easily comply at this time with such statutes and remove all question. Eleven States have no enabling legislation, but the legislatures of several of these States are meeting in January and will doubtless have such legislation before them.

The original draft of this legislation, as passed, provided for conversion " as provided by the law under which it operates ", and this position apparently would have been sustained by the United States Supreme Court. The emergency was so great and the delays in securing State legislation were so damaging that, in view of the early bank conversion cases, the statute was amended in 1934. It was this amended language providing for conversion under the Federal statute alone that was held to be inoperative where the State objects.

To sum up, this decision affects only three associations directly and only a few converted associations indirectly, and halts conversion in only 11 States. Nearly all converted associations or those proposing to convert can go forward without change of previous plans. This is encouraging as these Federal associations loaned last month more than $12,000,000, which represents a percentage of their total assets out of all proportion to the lending ratios of other home-financing institutions, and is one of the principal factors in the present recovery in real estate and home building.

Neighborhood Standards as They Affect Investment Risk

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

PARKS and playgrounds are cash assets to a neighorhood's property holders. For example, rentals of rooms overlooking Gramercy Park in New York City are at least 30 percent higher than of rooms overlooking the avenue around the corner. Mr. J. C. Nichols, whose development of the Country Club District in Kansas City, Missouri, has earned him a place among the country's most successful subdividers, regarded the provision of parks and boulevards as a luxury in his first developments. Later, to quote his own words, he "paid enormous prices for the privilege of affording customers these parks."

Public open spaces were an organic part of America's earliest neighborhoods, as witness the New England green and the Southern courthouse square. They performed an essential service to homes in these early communities, and it gives food for thought to the practical that in many New England towns the greens have preserved and increased the residential values of the homes facing on them through the centuries. In the unregulated haste that has marked the growth of our cities, and in the hurry of many of our speculative builders to cash in and get out, the necessity and value of public open space have been forgotten. As a result, in large areas of our cities we do not have neighborhoods but only streets of rundown houses from which the values and the desirable occupants alike have melted away. As a result, also, many financing institutions are holding property on which they will never realize their investment and a goodly number have seen their market for safe and profitable investment in homes disappear altogether.

Families want green spaces that give air and charm to their home areas and above all they want spaces where their children can play in safety. That is why the absence of small parks and playgrounds lowers the investment stability of a home neighborhood. That is also why adequate public open spaces form an essential part of the neighborhood-unit scheme for urban development which we have been expounding in this series of articles. As usual, the problem of neighborhood open spaces must be discussed from 2 angles: (1) the relatively easy provision of such spaces in new subdivisions, and (2) their restoration in built-up neighborhoods which seemingly have no place for them.

DESIRABLE STANDARDS FOR PUBLIC OPEN SPACE

IN DISCUSSING parks and playgrounds in a new subdivision we can discuss the ideal. Obviously, the immediate need for public open spaces varies with the proportion of private open space retained about the individual homes. Large yards about homes provide both essential room for the play of younger children and the space for trees and grass which communities of more congested homes must look for in land belonging to the community. Nevertheless, every urban residential neighborhood needs public play fields for the organized games of children of the school age. Furthermore, in our country, home areas of spacious private yards have a way of degenerating sooner or later into streets of closely packed homes, housing families of lower incomes. Side yards and even back yards give way to dwelling sites. The vacant lots on which the boys play baseball are eventually covered by buildings. Then, when the need for public open spaces is pressing, the cost of securing and clearing the sites has become prohibitive. Manhattan's Central Park was created from rural goat pastures, not by the demolition of densely packed buildings. Foresight alone made it possible; hindsight would have been helpless.

There is only one safe rule for an urban residential community and that is to assign at the very beginning of its development at least 10 percent of the total area for public open spaces. The late Mr. W. E. Harmon, who had a long and successful experience in the handling of real-estate subdivisions, believed a dedication of 10 percent to parks and recreational spaces was a wise business practice. He believed in it so firmly that he sought legislation to make it compulsory.

Ten percent of a neighborhood's area devoted to recreational open spaces is essential to insure the residential desirability of the neighborhood and so to maintain investment stability. How that area should be allotted and distributed through the community is a problem that must vary with each neighborhood. Certainly, each neighborhood unit should contain: (1) playgrounds for the younger children which may very well adjoin the elementary school; (2) baseball, football, and hockey fields for the older boys and girls; and (3) commons, greens, and small planted areas.

PUBLIC OPEN SPACES PROVIDED WITHOUT COST

Merely to list these items as essential parts of every residential neighborhood unit must sound hopelessly Utopian. That is because we are so unaccustomed to them that we are led to think they must be too costly for practical purposes. As a matter of fact, practical developers have shown that in a scientifically planned subdivision their addition actually produces a net increase in total value, because of the greater desirability they give to building lots. In addition, most land devoted to parks and playgrounds should be that which is least desirable for home sites—such as low-lying land, natural ravines, and rocky soil. To fill or otherwise prepare such land for building often costs more than the possible profit from its sale justifies. Finally, wise planning of park and playground sites can eliminate the cost of surrounding them with streets and other public utilities which cannot be economically used.

The home-financing institution that is asked to make long-term loans on homes in new subdivisions cannot afford to ignore what provision has been made for public open spaces in determining the desirability of investment and the degree of risk involved. By exerting its powerful influence to insist on adequate small parks and playgrounds, it can not only protect its immediate loans but it can help to insure a volume of desirable lending business from succeeding generations of home owners.

OPEN SPACES FOR BUILT-UP NEIGHBORHOODS

The truth of this last statement needs no further emphasis than a glance at existing overcrowded intown areas (in which many financing institutions now have troublesome investments) will give. Had investors insisted upon adequate parks and playgrounds when these deteriorated areas were new subdivisions, many of them would have continued to be desirable home neighborhoods and even the blighted ones would have been much easier to rehabilitate. Such regions are proof that public open spaces are good business. So insistently have our people demanded playgrounds to protect their children from death in the streets that the larger cities have been forced to spend millions in acquiring and transforming expensive building sites into playgrounds. This is a costly process and yet it is less costly economically and socially than to condemn intown residential areas to permanent blight by leaving them without public open spaces.

Complete dependence upon the municipality for initiative and action in all aspects of the restoration of intown neighborhoods, including provision of public open spaces, is generally futile and in any event, it involves the maximum expense. The group that can most efficiently and cheaply rehabilitate an area is the group with the most immediate financial interest, namely, the property owners and the institutions that finance them. Because the home-financing institutions usually have the widest interest in an area, they may very properly be the ones to take the lead in getting land owners in a blighted area to pool their interests for mutual protection. In certain sections of San Francisco, Chicago, and El Paso, voluntary pooling of interests by local property owners is said to have corrected defective standards in these sections.

The movement of the National Association of Real Estate Boards to obtain State legislation authorizing the creation of Neighborhood Protective and Improvement Districts merits the closest study by all those who have a financial interest in blighted areas. Whatever action is taken—and some action must be taken to protect the investment in public services and in private property in intown areas—the necessity for providing adequate parks and recreational spaces must not be forgotten.

Effective Advertising by Federal Savings and Loan Associations

THE business a savings and loan association obtains will be the business it creates. Neither investors nor desirable borrowers will come without active solicitation from soundly managed institutions. If Federal savings and loan associations constitute the most active single factor in the home-financing field at the present time, it is largely because they are advertising their product with energy and enthusiasm.

On July 3, 1935, a Minnesota building and loan association, with some $3,700,000 in assets, converted to Federal charter. Between that time and the end of November 1935, the association made new mortgage loans totaling $810,000, and increased its assets by 16 percent. To accomplish this remarkable expansion in its lending business, this old-established association developed an advertising program directed especially to potential home-owner borrowers that is suggestive in its inclusiveness.

Extending beyond paid newspaper advertisements to the sport pages, the radio, the housewife's kitchen, the streets, and even the neighborhood movie, this campaign has been intelligently planned to win the attention of all classes of people in the area which it serves. To attract radio listeners, sport fans, movie audiences, newspaper and magazine readers, housewives, motorists, pedestrians, the association developed:

1. A weekly radio program featuring a popular sports commentator.
2. Two crack bowling teams wearing the colors of the association, that appear before large crowds at least twice a week.
3. A one-minute educational film to stimulate home building, reconditioning, and refinancing which went the rounds of 80 neighborhood theaters.
4. Informative newspaper and magazine advertisements.
5. Direct mail advertising.
6. Appealing kitchen calendars with menus, recipes, household and beauty hints included.
7. Outdoor advertising, including some illuminated boards.

Extensive as this program appears, the association reports that it spent only $8,000 for all types of advertising during the five-month period. As stated above, the advertising program is directed particularly at borrowers. In this connection, the president of the association writes as follows:

> We are making a concerted drive for loan business and letting the saving account business, in a measure, take care of itself, as we know our Federal Home Loan Bank is ready and willing and very able to supply us with our full line of credit at the rate of 3½ percentum per annum on 24 hours notice.
>
> We also know that the Home Owners' Loan Corporation is ready, willing and able to subscribe for our Full-paid Income Shares, and with these two great institutions to back us up we have no fear, and are out after loans and can meet any competition which spells Increased Assets for us.

On the following page are reproduced several of the advertisements run by the Minnesota association. Attention is called particularly to the care with which the association avoids any misleading statement or implication without loss of appeal. Because it exemplifies this same accuracy of statement and effective appeal, there is also reproduced a full-page newspaper advertisement recently run by a Federal savings and loan association in a New York suburban city.

HOME FINANCING

WHY THE FEDERAL LOAN PLAN IS PREFERRED

1 The safest, surest, least expensive method of paying off a home loan over a convenient term of years.

2 Repaid by moderate monthly cash installments suited to your income.

3 Ends all future commission and renewal expense.

4 Reduces interest cost each month.

5 Reduces each month the amount still owed.

6 Has a definite unchanging payment each month, for which you can plan in advance from the moment your loan is made.

7 Supervised by the Federal Government.

5% to 6% Interest

Depending Upon Desirability. Twin Cities Area. From 5 to 20 Years to Pay

Minnesota Federal Savings and Loan Association

Robert at Fifth
Saint Paul
CEdar 0730.

We can finance your home.

WE OFFER A HOME LOAN that never comes due because you pay it off in small monthly cash installments.

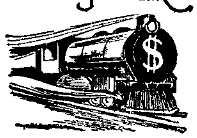
5% to 6%

The monthly cash payments, reasonable interest rates and freedom from renewals all help you to save money and avoid worry in financing your home

Every month your unpaid mortgage balance decreases

It will pay you to consult us if you have a mortgage

Put your money on the right track



NOW! INSURANCE for your long-term SAVINGS

Your savings in this Association are fully insured up to $5,000 by the Federal Savings and Loan Insurance Corporation, an instrumentality of the Federal Government.

Come in and let us tell you about our

Installment Thrift Shares

Optional Savings Shares.

Prepaid Shares

Full-Paid Income Shares

ANNOUNCING

The surrender of its State Charter and the acceptance of a new Charter from the United States Government issued by the Federal Home Loan Bank Board, the MINNESATA BUILDING AND LOAN ASSOCIATION gives notice that it is now operating as the

Minnesota Federal Savings and Loan Association

Having met all the requirements of the National Housing Act, all accounts up to $5,000 to any one individual are insured by the Federal Savings and Loan Corporation of Washington, D. C. Accounts up to $10,000 from any one person will be accepted.

For Refinancing, Modernization and Construction of homes, ample funds are available to supply every need of this community, at the lowest cost and for the longest term on the monthly payment plan.

Before you Invest—Investigate

Before you Borrow—Consult Us

John F. Scott
PRESIDENT

Minnesota Federal Savings and Loan Association

ROBERT AT FIFTH—CEdar 0730 SAINT PAUL, MINNESOTA

Investigate our Plan for Home Owning

NOW'S THE TIME!

SAVE ON BUILDING REMODELING REFINANCING

Through the Federal Loan Plan which provides the easiest and best way to complete home ownership.

Building costs are down, mortgage money is available. The combination spells opportunity for the home builder! Costs WILL go up and loans will become more difficult to obtain. This is the time for the family that hopes to obtain its home under favorable conditions to act! Investigate!

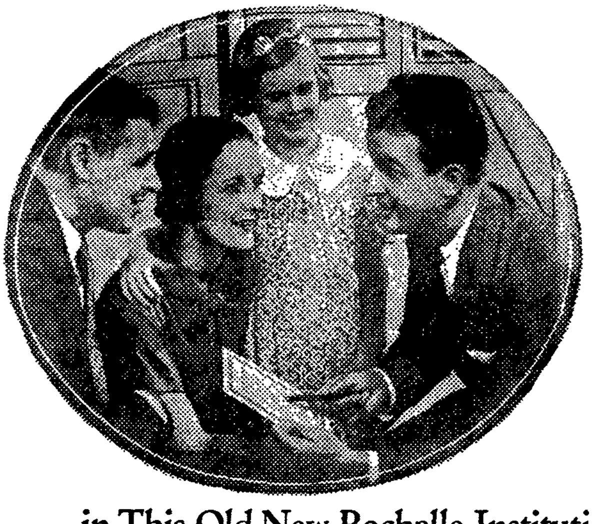
Our plan requires a definite, unchanging payment each month, suited to your income, which pays off the debt over a term of 5 to 20 years by reducing both interest and principal monthly. A complete "on or before" privilege enables you to amortize the principal in less time than contracted by making larger payments whenever you desire to do so.

5% to 6% Interest

Depending Upon Desirability, Twin Cities Area.

Minnesota Federal Savings and Loan Association.

Robert at Fifth
Saint Paul
CEdar 0730.



There is a SAVINGS PLAN *for* EVERY FAMILY

AND FOR EVERY INCOME

in This Old New Rochelle Institution - ESTABLISHED IN 1888

ORGANIZED in September, 1888, as the New Rochelle Co-Operative Building and Loan Association, this local, mutual thrift and home-financing institution, fostered and guided by New Rochelle citizens, has established an enviable record for more than forty-seven years. In all that time, thousands of thrifty New Rochelleans and others have used its facilities to establish a nest-egg, to send their children to school, to establish business funds, to build or finance a home and for a hundred and one other uses pertaining to savings, investment and home-building.

IN ITS long record of achievement it has never failed to pay a dividend to its shareholders, has passed through many depressions, and today is firmly established as one of the soundest thrift and home-financing institutions in Westchester County.

IN JUNE of this year its officers and directors recommended to its membership that advantage be taken of the Federal legislation permitting the establishment of Federal Savings and Loan Associations. Not satisfied with the many advantages already being offered, it was felt that still further good could be accomplished for the community by securing a Federal Charter and its attendant Insurance of Shares and many other attractive features. Again the association proved its merit when in face of troublous times in many other financial institutions, it qualified for a Federal Charter and thus became the New Rochelle Federal Savings and Loan Association.

FEELING that its full advantages may not be entirely understood by some in the community, its officers and directors offer herewith a few of its salient features. More complete information is available through printed pamphlets which will be sent upon request. More welcome still will be a call at the office of the association where one of our officers will answer any and all questions.

THREE CLASSES OF SHARES TO SUIT YOUR NEEDS

ALL INSURED UP TO $5,000.00 BY THE FEDERAL SAVINGS & LOAN INSURANCE CORPORATION

SYSTEMATIC SAVING

Installment Thrift Shares

Most people find that the easiest way to save money is to put aside a definite sum each month. Installment Thrift Shares are designed for precisely this type of investor. They can be bought by regular monthly payments, at the rate of 50 cents each month for each share subscribed for. Thus anyone who is able to save $5 a month would subscribe for 10 such shares at one time, while a $25-a-month savings plan would call for the purchase of 50 shares on a single subscription.

A special bonus is provided for every Installment Thrift shareholder whether his regular payment is as little as 50 cents, or as much as $1,000 a month. When his payments are made regularly, without being delinquent more than 60 days at any one time, and without repurchase by the Association the shareholder receives a bonus equal to 1% a year when his shares reach their maturity value of $100 a share.

Thus one share matures at $100—5 shares at $500—10 shares at $1,000, and so on.

Build financial independence on the installment plan.

LUMP-SUM INVESTMENT

Full-Paid Income Shares

Among the three types of shares which the New Rochelle Federal offers to the public, the one which meets the needs of investors who wish to have dividends paid to them regularly in cash is the Full-Paid Income Share.

This type of share has a par value of $100, and can be purchased only by lump sum payment of the full value. Dividends upon such shares are paid in cash semi-annually. The rate paid depends upon the earnings of the Association, which in turn vary with general business conditions.

SAVE-AS-YOU-WILL

Optional-Savings Shares

This type of Federal Savings and Loan share is designed for the convenience of individuals who are able to save money only in irregular amounts, and at irregular times. Such shares can be purchased gradually, by payments of varying sums of money, in any amount from $1 upward. They are especially suited to professional men—doctors, lawyers, architects—and merchants and other non-salaried people, whose incomes fluctuate from month to month, making it difficult for them to save a regular, fixed amount each month.

Optional Savings Shares are likewise useful for investors who are carrying out a regular monthly savings plan through Federal Savings and Loan Installment Thrift Shares, but who wish to have a safe place in which to invest odd amounts, over and above the definite sum which they set aside as a fixed monthly installment for their main financial reserve. All payments made prior to the tenth of each month begin to participate in the earnings of the Association from the first of that month.

MONEY TO BUILD OR REFINANCE YOUR HOME

AMPLE FUNDS NOW AVAILABLE TO RESPONSIBLE CITIZENS DESIRING TO BUILD OR REFINANCE

—— A FEW OF THE ADVANTAGES OF OUR PLAN ——

1. First mortgages on one, two or three family dwellings within Westchester County.
2. Loans from $500 to $20,000.
3. Monthly amortization payments paying off loans together with interest in terms from five to twenty years. Length of term arranged to suit your needs and the risk involved.
4. Building loans for those wishing to build a home. Money advanced as work on house progresses.
5. No loan made for more than 75% of appraised value depending on risk involved.
6. Moderate financing charges.
7. Quick action and courteous service.
8. Competent advice on your building plans.

OFFICERS

JOHN F. MAHAFFEY
President

RAYMOND D. PORTER
Vice-President

SELDEN W. OSTROM
Secretary-Manager

G. E. HARVEY
Assistant Secretary

PAUL SAUER
Treasurer

NEW ROCHELLE FEDERAL SAVINGS & LOAN ASSOCIATION

254 HUGUENOT STREET — CORNER LAWTON

DIRECTORS

GEORGE M. AMBROSE
JAMES J. BOYAN
E. LESLIE BURWELL
HARRY D. GOSS
G. E. HARVEY
GEORGE L. KETTING
JOHN F. MAHAFFEY
SELDEN W. OSTROM
ALFRED W. PENNDORF
RAYMOND D. PORTER
PAUL SAUER
HARRY M. SCOBLE

Residential Construction Activity in the United States

BY THE middle of the month, December threatened to break all construction records for the year 1935. Based on the F. W. Dodge Corporation's reports from 37 Eastern States for the first 15 days of December, the estimated average daily value of residential contracts awarded was $2,087,000 (table 1). This may be compared with an average daily value of $2,041,000 for October, which was the year's previous peak month. Compared with the usual seasonal drop from November to December of about 22 percent, the estimated daily average for December 1935 represents an increase of 26 percent over November. This contra-seasonal upward movement is shown clearly in chart 3.

Chart 1 reveals graphically how far the $25,040,000 of total residential construction contracts awarded exceeded the totals for the comparable period in the preceding three years.

The first half of December registered an even greater expansion in nonresidential than in residential construction (table 1). Nonresidential contracts awarded during the period totaled $113,343,000, an increase of 225 percent over December 1–15, 1934. As a result of greater activity in the last few months, total nonresidential construction for the year to December 15 was almost equal to the 1934 total for the same period, and all construction was 12.3 percent greater.

The November index of rentals (as compiled by the National Industrial Conference Board) stood at 70.6 percent of the 1923–1925 base level, compared with 70.3 percent the month before, and 64.4 percent in November 1934. The index of the cost of

VALUE OF RESIDENTIAL CONSTRUCTION CONTRACTS AWARDED IN 1932-35

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

CHART-1 DEC. 1 - 15*

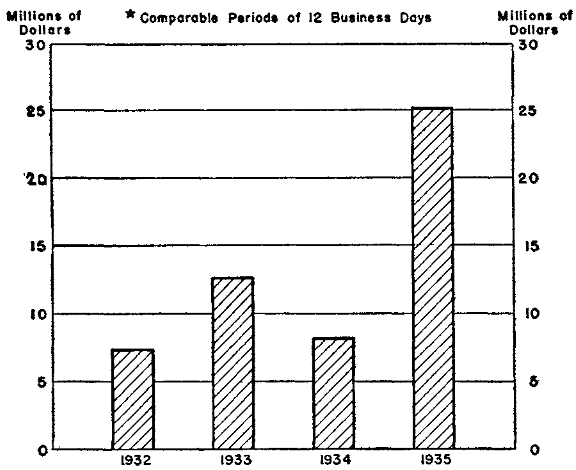


CHART-2 JAN. 1 - DEC. 15

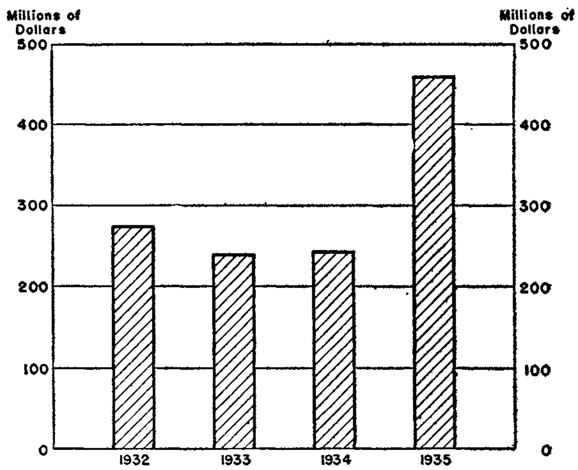
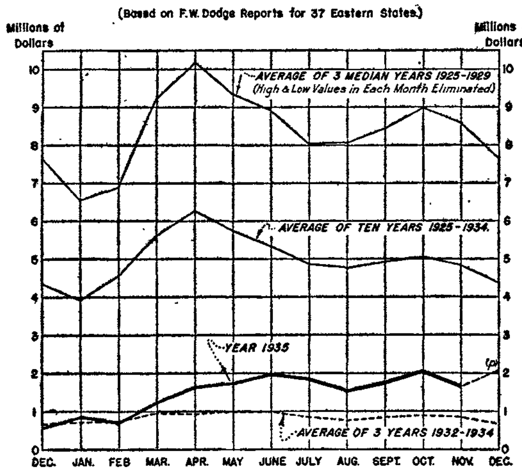


CHART 3.—AVERAGE DAILY VALUE OF RESIDENTIAL CONSTRUCTION CONTRACTS AWARDED IN 1935 COMPARED WITH SELECTED PERIODS

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



p = Preliminary

building (as compiled by the Federal Reserve Bank of New York) fell from 89.3 percent of the 1923–1925 base in October to 89.1 percent in November. However, it still remained almost 1 percent higher than November 1934.

The Federal Reserve Board's preliminary November index of industrial production stood at 97 percent of the 1923–1925 base period, whereas the Board's unadjusted index of residential construction stood at 24 percent, and total construction at 46 percent, of the same base. The industrial production index represented a rise of 25 points over November 1934, while the residential construction index had climbed only 13 points, and total construction 18 points, during the year.

WHERE HOME BUILDING TOOK PLACE IN 1935

THE New York, Winston-Salem, and Los Angeles Bank Districts led in the number of new family dwelling units for which permits were granted during the first 11 months of 1935 (table 2). For all cities over 10,000 population in the United States, estimated permits issued for the year to the end of November provided for 75,084 dwelling units, as compared with 29,323 during the corresponding 1934 period.

Single-family dwelling units, totaling 49,170, accounted for 65 percent and units in buildings holding 3 or more families made up 29.7 percent of all units authorized during the first 11 months of 1935. In 1934, the percentages were 70 for the 1-family units and 23 for the multifamily. The increase in the proportion of income-produc-

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]					
	Dec. 1–15			Jan. 1–Dec. 15			(000 omitted)			Percent change		
	(000 omitted)		Percent change	(000 omitted)		Percent change	Dec.[2] 1935	Nov. 1935	Dec. 1934	Dec. 1935 from Nov. 1935	Dec. from Nov. 3-year average [3]	Dec. 1935 from Dec. 1934
	1935	1934		1935	1934							
Residential....	$25, 040	$8, 805	+184. 4	$458, 743	$243, 096	+88. 7	$2, 087	$1, 654	$582	+26. 2	−21. 8	+258. 6
Nonresidential[4].	113, 343	34, 830	+225. 4	1, 260, 004	1, 287, 991	−2. 2	9, 445	6, 186	3, 125	+52. 7	−5. 0	+202. 2
Total...	138, 383	43, 635	+217. 1	1, 718, 747	1, 531, 087	+12. 3	11, 532	7, 840	3, 707	+47. 1	−7. 7	+211. 1

[1] Based on the following number of business days: December 1935—12; November 1935—24; December 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 December from November for the 3 years, 1932–34.
[4] Includes contracts for commercial buildings, public works, and utilities.

ing home units built in 1935 evidences a revival of the real-estate market. Fifty-seven percent of the total number of multifamily units authorized in 1935 were in the New York District, and 42.3 percent of all units provided in that District were of the multifamily type.

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

For the month of November 1935, the estimated number of all new dwelling units provided by building permits issued in all cities with 10,000 or more inhabitants, was 8,463 (table 3). With the exception of October, this was the largest volume of dwelling units provided in any month during the past 3-year period.

The average cost of all 1-family dwelling units for which permits were issued in November was $4,201, or 8.9 percent higher than the average cost of $3,857 in November 1934 (table 3).

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

During the month of November, the estimated cost of all new residential construction for which permits were granted in cities of 10,000 or more population amounted to $32,211,000 (table 4). This represents a decline of slightly more than $4,000,000 from building activity in October, but was almost $22,000,000, or 203 percent greater than the estimated cost of residential construction in November 1934.

Large increases in new residential building over November 1934 were shown in each of the Federal Home Loan Bank Districts, with the exception of Topeka where an increase of only 15 percent was registered. Declines in residential construction activity were reported by New Hampshire, Delaware, North Dakota, and Oklahoma in November 1935 as compared with November of last year.

Table 2.—*Estimated number of family dwelling units provided during the first eleven months of 1934 and 1935 in all cities of 10,000 population or over in the United States and each Federal Home Loan Bank District* [1]

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

Federal Home Loan Bank District	Number of family dwelling units by type of dwelling									
	Total residential		1-family		2-family		Joint home and business [2]		Multifamily	
	1935	1934	1935	1934	1935	1934	1935	1934	1935	1934
United States	75, 084	29, 323	49, 170	20, 350	3, 952	1, 908	446	256	21, 516	6, 809
1—Boston	3, 938	2, 640	3, 605	2, 435	200	128	49	25	84	52
2—New York	20, 048	9, 075	7, 078	3, 028	660	486	81	68	12, 229	5, 493
3—Pittsburgh	3, 177	1, 379	2, 579	999	154	128	95	29	349	223
4—Winston-Salem	11, 966	3, 246	7, 405	2, 707	630	236	22	25	3, 909	278
5—Cincinnati	4, 894	1, 254	2, 650	1, 148	120	46	11	13	2, 113	47
6—Indianapolis	4, 073	923	2, 810	889	110	16	27	6	1, 126	12
7—Chicago	2, 712	919	2, 421	792	144	52	36	12	111	63
8—Des Moines	4, 305	1, 763	4, 017	1, 695	178	40	20	8	90	20
9—Little Rock	6, 303	2, 790	5, 277	2, 296	654	328	33	28	339	138
10—Topeka	2, 266	866	1, 993	745	92	36	51	3	130	82
11—Portland	2, 124	934	1, 948	815	82	26	1	15	93	78
12—Los Angeles	9, 278	3, 534	7, 387	2, 801	928	386	20	24	943	323

[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.—*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 November 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		
	Nov. 1935	Nov. 1934	Percent change	Nov. 1935	Nov. 1934	Percent change	Nov. 1935	Nov. 1934	Percent change
All housekeeping dwellings	8, 463	3, 017	+180. 5	....	....	....	....	....	....
Total 1- and 2-family dwellings	5, 153	2, 346	+119. 7	$21, 059. 5	$8, 726. 9	+141. 3	$4, 086	$3, 720	+9. 8
1-family dwellings	4, 696	2, 108	+122. 8	19, 725. 9	8, 130. 8	+142. 6	4, 201	3, 857	+8. 9
2-family dwellings	408	212	+92. 5	1, 102. 3	505. 7	+118. 0	2, 702	2, 385	+13. 3
Joint home and business [2]	49	26	+88. 5	231. 3	90. 4	+155. 9	4, 720	3, 477	+35. 7
Multifamily dwellings	3, 310	671	+393. 3	....	....	....	....	....	....

[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 4.—*Estimated cost of new residential buildings for which permits were issued in all cities of 10,000 population or over, in November 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)		
	November 1935	November 1934	Percent change	November 1935	November 1934	Percent change
UNITED STATES	$32, 211. 0	$10, 636. 5	+202. 8	$21, 059. 5	$8, 726. 9	+141. 3
No. 1—Boston	2, 373. 3	1, 133. 2	+109. 4	2, 351. 4	1, 120. 2	+109. 9
Connecticut	609. 7	272. 5	+123. 7	609. 7	267. 5	+127. 9
Maine	85. 4	50. 3	+69. 8	63. 5	50. 3	+26. 2
Massachusetts	1, 441. 7	593. 5	+142. 9	1, 441. 7	585. 5	+146. 2
New Hampshire	33. 7	52. 1	−35. 3	33. 7	52. 1	−35. 3
Rhode Island	179. 3	145. 8	+23. 0	179. 3	145. 8	+23. 0
Vermont	23. 5	19. 0	+23. 7	23. 5	19. 0	+23. 7
No. 2—New York	10, 117. 0	3, 117. 3	+224. 5	3, 541. 2	1, 519. 6	+133. 0
New Jersey	1, 364. 8	399. 7	+24. 5	1, 271. 6	395. 3	+221. 7
New York	8, 752. 2	2, 717. 6	+222. 1	2, 269. 6	1, 124. 3	+101. 9
No. 3—Pittsburgh	1, 305. 7	611. 3	+113. 6	1, 258. 7	611. 3	+105. 9
Delaware	18. 0	50. 3	−64. 2	18. 0	50. 3	−64. 2
Pennsylvania	1, 170. 4	507. 4	+130. 7	1, 141. 4	507. 4	+125. 0
West Virginia	117. 3	53. 6	+118. 8	99. 3	53. 6	+85. 3
No. 4—Winston-Salem	3, 260. 3	1, 324. 2	+146. 2	2, 406. 6	1, 214. 2	+98. 2
Alabama	48. 2	10. 1	+377. 2	48. 2	10. 1	+377. 2
District of Columbia	1, 263. 1	643. 9	+96. 2	595. 6	550. 9	+8. 1
Florida	637. 1	242. 1	+163. 2	623. 1	227. 1	+174. 4
Georgia	264. 7	55. 3	+378. 7	186. 6	55. 3	+237. 4
Maryland	248. 6	89. 4	+178. 1	238. 2	89. 4	+166. 4

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

TABLE 4.—*Estimated cost of new residential buildings for which permits were issued in all cities of 10,000 population or over, in November 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)		
	November 1935	November 1934	Percent change	November 1935	November 1934	Percent change
No. 4—Winston-Salem—Continued.						
North Carolina	$308.4	$88.9	+246.9	$279.4	$86.9	+221.5
South Carolina	194.1	71.4	+171.8	156.1	71.4	+118.6
Virginia	296.1	123.1	+140.5	279.4	123.1	+127.0
No. 5—Cincinnati	4,302.3	484.0	+788.9	1,232.6	469.0	+162.8
Kentucky	132.5	82.9	+59.8	132.5	67.9	+95.1
Ohio	4,119.8	370.4	(2)	1,050.1	370.4	+183.5
Tennessee	50.0	30.7	+62.9	50.0	30.7	+62.9
No. 6—Indianapolis	1,777.6	386.3	+360.2	1,719.0	386.3	+345.0
Indiana	282.8	43.5	+550.1	280.7	43.5	+545.3
Michigan	1,494.8	342.8	+336.1	1,438.3	342.8	+319.6
No. 7—Chicago	1,331.8	465.7	+186.0	1,261.0	365.7	+244.8
Illinois	724.6	277.3	+161.3	675.1	177.3	+280.8
Wisconsin	607.2	188.4	+222.3	585.9	188.4	+211.0
No. 8—Des Moines	1,287.2	626.3	+105.5	1,283.6	626.3	+104.9
Iowa	253.4	144.0	+76.0	253.4	144.0	+76.0
Minnesota	555.8	126.9	+338.0	555.8	126.9	+338.0
Missouri	409.1	311.9	+31.2	409.1	311.9	+31.2
North Dakota	6.6	9.0	−26.7	6.6	9.0	−26.7
South Dakota	62.3	34.5	+80.6	58.7	34.5	+70.1
No. 9—Little Rock	1,402.7	635.8	+120.6	1,347.6	626.3	+115.2
Arkansas	52.9	2.3	(2)	31.5	2.3	(2)
Louisiana	179.5	72.1	+149.0	179.5	65.6	+173.6
Mississippi	112.4	15.1	+644.4	112.4	15.1	+644.4
New Mexico	23.5	1.3	(2)	23.5	1.3	(2)
Texas	1,034.4	545.0	+89.8	1,000.7	542.0	+84.6
No. 10—Topeka	602.5	524.2	+14.9	594.0	505.7	+17.5
Colorado	144.2	106.0	+36.0	144.2	92.0	+56.7
Kansas	160.9	28.2	+470.6	152.4	28.2	+440.4
Nebraska	117.9	37.3	+216.1	117.9	32.8	+259.5
Oklahoma	179.5	352.7	−49.1	179.5	352.7	−49.1
No. 11—Portland	547.8	128.1	+327.6	523.8	118.3	+342.8
Idaho	43.5	5.6	+676.8	25.5	5.6	+355.4
Montana	50.5	22.3	+126.5	50.5	22.3	+126.5
Oregon	102.0	11.3	+802.7	102.0	11.3	+802.7
Utah	104.6	27.3	+283.2	98.6	27.3	+261.2
Washington	211.2	51.2	+312.5	211.2	51.2	+312.5
Wyoming	36.0	10.4	+246.2	36.0	0.6	(2)
No. 12—Los Angeles	3,902.8	1,200.1	+225.2	3,540.0	1,164.0	+204.1
Arizona	28.5	7.9	+260.8	28.5	7.9	+260.8
California	3,849.8	1,184.6	+225.0	3,487.0	1,148.5	+203.6
Nevada	24.5	7.6	+222.4	24.5	7.6	+222.4

[2] Increase of 1,000 percent or over.

Combined statement of

	Combined	Boston	New York	Pittsburgh	Winston-Salem
ASSETS					
Cash:					
On hand	$7, 482. 79	$500. 00	0	$1, 000. 00	$10. 00
On deposit with U. S. Treasurer	3, 224, 466. 26	99, 393. 29	$500, 631. 31	121, 569. 96	541, 915. 46
On deposit with U. S. Treasurer, members demand deposits	1, 642, 699. 12	0	0	60, 000. 00	0
On deposit with other Federal Home Loan Banks	2, 600, 000. 00	0	400, 000. 00	0	0
On deposit with commercial banks	1, 288, 597. 42	172, 117. 42	99, 811. 42	16, 895. 18	3, 982. 25
Total cash	8, 763, 245. 59	272, 010. 71	1, 000, 442. 73	199, 465. 14	545, 907. 71
Loans outstanding:					
Members	97, 084, 614. 26	3, 062, 175. 61	15, 234, 117. 64	11, 282, 555. 21	7, 353, 774. 70
Other	4, 017. 09	0	0	0	0
Total loans	97, 088, 631. 35	3, 062, 175. 61	15, 234, 117. 64	11, 282, 555. 21	7, 353, 774. 70
Accrued interest receivable:					
Members	432, 559. 94	12, 607. 46	67, 076. 75	54, 957. 58	36, 703. 45
Other Federal Home Loan Banks, deposits	4, 197. 25	136. 99	657. 53	0	0
Securities	141, 405. 47	36, 313. 44	964. 03	886. 67	11, 842. 21
Other	1, 354. 20	0	0	0	0
Total accured interest	579, 516. 86	49, 057. 89	68, 698. 31	55, 844. 25	48, 545. 66
Investments, U. S. Government	18, 609, 250. 02	4, 350, 000. 00	159, 606. 25	137, 900. 00	1, 481, 932. 09
Furniture and fixtures (net)	4, 634. 41	0	3, 865. 50	111. 16	0
Stock subscriptions receivable, members	287, 450. 00	26, 125. 00	22, 400. 00	20, 200. 00	25, 325. 00
Deferred charges:					
Prepaid assessment, F. H. L. B. B.	6, 357. 50	1, 657. 50	0	0	1, 807. 50
Prepaid bond premium	12, 369. 38	1, 503. 77	0	1, 858. 79	0
Other	3, 289. 83	0	1, 937. 50	0	19. 00
Total deferred charges	22, 016. 71	3, 161. 27	1, 937. 50	1, 858. 79	1, 826. 50
Other assets:					
Accounts receivable	5, 102. 70	0	0	0	599. 86
Other	1, 131. 01	0	0	0	250. 00
Total other assets	6, 233. 71	0	0	0	849. 86
Total assets	125, 360, 978. 65	7, 762, 530. 48	16, 491, 067. 93	11, 697, 934. 55	9, 458, 161. 52
LIABILITIES AND CAPITAL					
Liabilities:					
Deposits:					
Members, time	2, 306, 369. 22	550, 399. 99	100, 000. 00	0	0
Members, demand	1, 642, 699. 12	0	0	60, 000. 00	0
Applicants	205, 649. 87	1, 125. 00	32, 124. 87	38, 550. 00	4, 700. 00
Other Federal Home Loan Banks	2, 600, 000. 00	0	0	0	0
	6, 754, 718. 21	551, 524. 99	132, 124. 87	98, 550. 00	4, 700. 00
Accrued interest, members' deposits	4, 141. 12	2, 113. 40	256. 16	0	0
Accounts payable	4, 452. 94	0	39. 76	0	0
Members' loan prepayments	5, 142. 50	0	0	5, 142. 50	0
Total liabilities	6, 768, 454. 77	553, 638. 39	132, 420. 79	103, 692. 50	4, 700. 00
Capital:					
Capital stock, issued and outstanding:					
Fully paid:					
Members	23, 938, 900. 00	2, 036, 900. 00	3, 370, 200. 00	1, 732, 100. 00	1, 972, 900. 00
U. S. Government:					
Subscriptions, authorized	124, 741, 000. 00	12, 467, 500. 00	18, 963, 200. 00	11, 146, 300. 00	9, 208, 200. 00
Subscriptions, uncalled	34, 045, 300. 00	7, 467, 500. 00	6, 463, 200. 00	1, 646, 300. 00	2, 008, 200. 00
	90, 695, 700. 00	5, 000, 000. 00	12, 500, 000. 00	9, 500, 000. 00	7, 200, 000. 00
Partially paid:					
Members	563, 500. 00	46, 200. 00	50, 100. 00	41, 900. 00	38, 600. 00
Total capital stock outstanding	115, 198, 100. 00	7, 083, 100. 00	15, 920, 300. 00	11, 274, 000. 00	9, 211, 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	75, 181. 27
Surplus, unallocated	2, 260, 691. 40	70, 945. 72	289, 850. 82	198, 749. 60	166, 780. 25
Total surplus	3, 394, 423. 88	125, 792. 09	438, 347. 14	320, 242. 05	241, 961. 52
Total capital	118, 592, 523. 88	7, 208, 892. 09	16, 358, 647. 14	11, 594, 242. 05	9, 453, 461. 52
Total liabilities and capital	125, 360, 978. 65	7, 762, 530. 48	16, 491, 067. 93	11, 697, 934. 55	9, 458, 161. 52

LOAN BANKS

condition as at Nov. 30, 1935

Cincinnati	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	Portland	Los Angeles
$1,100.56	0	$4,287.23	$25.00	$25.00	$25.00	0	$510.00
466,045.28	$202,423.98	337,926.22	406,705.84	10,165.21	329,907.00	$165,011.81	42,770.90
1,245,983.82	63,617.23	0	0	112,656.88	28,313.77	69,161.50	62,965.92
0	1,200,000.00	0	0	0	0	1,000,000.00	0
439,660.92	317,820.71	100,878.92	24,603.28	0	11,265.29	67,000.00	34,562.03
2,152,790.58	1,783,861.92	443,092.37	431,334.12	122,847.09	369,511.06	1,301,173.31	140,808.85
17,657,144.84	4,503,789.30	15,983,045.63	4,660,560.43	6,006,542.48	4,551,821.25	2,802,731.89	3,986,355.28
0	0	0	0	0	0	0	4,017.09
17,657,144.84	4,503,789.30	15,983,045.63	4,660,560.43	6,006,542.48	4,551,821.25	2,802,731.89	3,990,372.37
60,417.50	24,390.95	79,245.00	26,162.79	21,519.12	20,303.02	11,011.54	18,164.78
0	2,115.07	0	0	0	0	1,287.66	0
22,854.16	15,576.10	714.59	14,857.51	14,719.60	9,291.67	4,064.41	9,321.08
0	1,327.78	0	0	0	0	0	26.42
83,271.66	43,409.90	79,959.59	41,020.30	36,238.72	29,594.69	16,363.61	27,512.28
3,031,982.90	1,987,636.68	156,611.18	1,985,676.23	2,416,725.00	1,053,046.88	710,075.00	1,138,057.81
1.00	162.95	156.75	87.91	1.00	147.94	1.00	99.20
108,750.00	5,100.00	36,975.00	4,000.00	10,600.00	16,425.00	2,075.00	9,475.00
0	0	2,892.50	0	0	0	0	0
1,858.00	0	895.27	1,450.68	1,920.03	1,516.30	0	1,406.30
833.33	0	0	0	0	0	0	500.00
2,691.33	0	3,787.77	1,450.68	1,920.03	1,516.30	0	1,906.30
148.90	64.00	0	0	2.00	0	0	4,287.94
0	0	881.01	0	0	0	0	0
148.90	64.00	881.01	0	2.00	0	0	4,287.94
23,036,781.21	8,324,024.75	16,704,509.30	7,124,129.67	8,594,876.32	6,022,063.12	4,832,419.81	5,312,519.75
295,000.00	26,778.77	1,108,190.46	226,000.00	0	0	0	0
1,245,983.82	63,617.23	0	0	112,656.88	28,313.77	69,161.50	62,965.92
36,125.00	18,925.00	18,700.00	5,425.00	4,450.00	5,000.00	550.00	39,975.00
2,600,000.00	0	0	0	0	0	0	0
4,177,108.82	109,321.00	1,126,890.46	231,425.00	117,106.88	33,313.77	69,711.50	102,940.92
143.83	0	1,610.33	17.40	0	0	0	0
0	1.00	300.00	1,500.00	0	0	0	2,651.94
0	0	0	0	0	0	0	0
4,177,252.65	109,322.00	1,128,800.79	232,942.40	117,106.88	33,313.77	69,711.50	105,592.86
5,215,100.00	1,989,400.00	2,464,700.00	1,101,900.00	1,363,000.00	1,019,400.00	522,900.00	1,150,400.00
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
0	577,400.00	1,673,900.00	1,794,900.00	1,872,400.00	2,633,600.00	1,800,000.00	6,107,900.00
12,775,700.00	6,000,000.00	12,500,000.00	5,600,000.00	6,900,000.00	4,700,000.00	4,160,000.00	3,860,000.00
232,600.00	9,800.00	62,900.00	7,800.00	23,700.00	32,400.00	4,400.00	13,100.00
18,223,400.00	7,999,200.00	15,027,600.00	6,709,700.00	8,286,700.00	5,751,800.00	4,687,300.00	5,023,500.00
236,755.27	92,322.43	153,200.43	55,865.92	88,520.05	40,835.62	29,934.38	36,281 97
399,373.29	123,180.32	394,908.08	125,621.35	102,549.39	196,113.73	45,473.93	147,144.92
636,128.56	215,502.75	548,108.51	181,487.27	191,069.44	236,949.35	75,408.31	183,426.89
18,859,528.56	8,214,702.75	15,575,708.51	6,891,187.27	8,477,769.44	5,988,749.35	4,762,708.31	5,206,926.89
23,036,781.21	8,324,024.75	16,704,509.30	7,124,129.67	8,594,876.32	6,022,063.12	4,832,419.81	5,312,519.75

Growth and Lending Operations of the Federal Home Loan Banks

CLIMBING at the rate of $1,000,000 a week during the first two weeks of December, the 12 Federal Home Loan Banks' combined balance of advances outstanding stood at $99,036,000 on December 14, 1935, according to preliminary reports from the Banks. The increase in balance outstanding during the first half of December was greater than occurred during the entire month of November. It represents a return to the summer and fall rate, and is not to be expected at this season of the year.

Presumably, the continued demand for loans from responsible home owners coupled with the extremely favorable rates on long-term advances offered by the Federal Home Loan Banks led to this contraseasonal increase in the use of the credit facilities of the Banks. In any event, it augurs well for the vitality of home-building and home-buying activity and for a rapid expansion therein with the return of more favorable weather for building.

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
November	3, 443	3, 125, 291	265, 448	180, 261	5, 329	3, 836	97, 089	168, 359

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

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

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

INTEREST RATES ON ADVANCES TO MEMBER INSTITUTIONS

The only change in interest rates charged by the Banks on advances to members is a reduction from 4 percent to 3½ percent in the effective rate on all loans by the Winston-Salem Bank. The new rate went into effect on January 1. All advances for one year or less are to be written at 3½ percent. All advances for more than one year are written at 4½ percent, but interest is to be collected at a 3½-percent rate until the Bank's Board of Directors orders otherwise.

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

Federal Home Loan Bank	Rate in effect on Jan. 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	3½	All advances for 1 year or less. All advances for more than 1 year are written at 4½ percent, but interest collected at 3½-percent rate until further notice.
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 per centum per annum in excess of the current rates of interest prevailing for member institutions."

Federal Savings and Loan System

DURING November 1935, 851 new and converted Federal savings and loan associations made home-mortgage loans totaling $10,746,000 (table 1). This was only $1,396,000 or 11 percent less than they loaned during the very active month of October. There seems no question that the Federal savings and loan associations are supplying more than their share of the energy to the revival of real-estate and home-construction activity.

The distribution of mortgage loans made by the Federals during November remained about the same as in October, with new construction and purchase of homes representing about 51 percent of all loans. Refinancing accounted for 42 percent and reconditioning for the remaining 7 percent.

Private investors increased their payments on shares in 503 reporting new Federal associations by $1,700,000 during November. Due to the bookkeeping adjustments attendant on shifting from the share-account sinking-fund plan to the direct-reduction plan of loan amortization on the part of many newly converted associations, the apparent private share payments to the reporting 348 converted Federals registered only a slight increase.

Both new and converted associations reduced slightly the combined volume of their borrowings from the Federal Home Loan Banks. It is encouraging to note that reduction in advances from sources other than the Banks were at a higher rate.

The associations' major sources of funds for their heavy volume of loans to home owners during November were investments in their shares by the Treasury and the Home Owners' Loan Corporation. During the month, the 851 associations reporting received $5,227,000 in share investments from the Federal Government. From the table on monthly investments in all savings and loan associations made by the Home Owners' Loan Corporation on page 148, it will be seen that all Federals received $7,608,000 during November.

The number of Federal savings and loan associations—new and converted—has passed the thousand mark (table 2). With an addition of nine new and 14 converted associations during the month, the total rose to 1,002. These Federal associations reported resources of $456,404,143 at the end of November.

INVESTMENT APPEAL OF FEDERAL SHARES

THE degree of safety, which insurance and Federal supervision assure, coupled with the relatively high return is attracting investment in shares of Federal savings and loan associations from many unexpected quarters. The following self-explanatory letter was recently received by a Western field representative of the Savings and Loan Division from a man charged with the investment of institutional funds. The representative reports that the sender of the letter has already built accounts up to $5,000 in several Federal associations in his territory.

> Please send me the names of the Federal savings and loan associations that you have organized as well as the names of the new ones, as you organize them, here in . . ., as I wish to invest as a beginning $500 with each one.
>
> Being of Scotch descent, I have always favored diversified sound investments with reasonable returns in preference to questionable investments with supposingly large returns.
>
> Having studied the careful plan on which the Federal savings and loan association must operate, I can't help but feel that my investments in the various loan associations will be safe ones.

TABLE 1.—*Federal Savings and Loan System—Combined summary of operations for November 1935 as compared with October 1935 for associations reporting in both months*

	503 new associations			348 converted associations		
	November	October	Change October to November	November	October	Change October to November
Share liability at end of month:			*Percent*			*Percent*
Private share accounts (number)	74, 157	72, 469	+2. 2	349, 453	351, 443	−. 6
Paid on private subscriptions	$25, 540, 144	$23,841,491	+7. 1	$257, 119, 732	$256, 958, 150	+. 1
Treasury and H. O. L. C. subscriptions	26, 781, 200	24, 393, 200	+9. 8	28, 794, 300	25, 955, 800	+10. 9
Total	52, 321, 344	48, 234, 691	+8. 5	285, 914, 032	282, 913, 950	+1. 1
Average paid on private subscriptions	345	329	+4. 9	735	732	+. 4
Repurchases during month	285, 218	357, 019	−21. 2	2, 923, 087	3, 414, 738	−1. 4
Mortgage loans made during month:						
a. Reconditioning	321, 046	393, 482	−18. 5	406, 057	536, 655	−24. 4
b. New construction	1, 830, 573	1, 810, 284	+1. 1	1, 506, 493	1, 695, 307	−11. 1
c. Refinancing	1, 777, 293	1, 850, 882	−4. 0	2, 746, 500	2, 993, 843	−8. 3
d. Purchase of homes	824, 302	850, 006	−3. 0	1, 334, 156	2, 012, 031	−33. 7
Total for month	4, 753, 214	4, 904, 654	−3. 1	5, 993, 206	7, 237, 836	−17. 2
Loans outstanding end of month [1]	54, 703, 322	50, 361, 772	+8. 6	240, 776, 785	239, 262, 804	+. 6
Borrowed money as of end of month:						
From Federal Home Loan Banks	5, 626, 552	5, 911, 821	−4. 8	19, 198, 912	19, 221, 514	−. 1
From other sources	107, 975	120, 750	−10. 6	3, 383, 632	3, 493, 450	−3. 2
Total	5, 734, 527	6, 032, 571	−4. 9	22, 582, 544	22, 714, 964	−. 6

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

TABLE 2.—*Progress in number and assets of the Federal Savings and Loan System*

	Number at 6-month intervals				Number		Assets	
	Dec. 31, 1933	June 30, 1934	Dec. 31, 1934	June 30, 1935	Oct. 31, 1935	Nov. 30, 1935	Oct. 31, 1935	Nov. 30, 1935
New	57	321	481	554	590	599	$57, 972, 995	$59, 338, 401
Converted	2	49	158	297	389	403	389, 395, 253	397, 065, 742
Total	59	370	639	851	979	1, 002	447, 368, 248	456, 404, 143

Federal Savings and Loan Insurance Corporation

THE safety of insured shares has obtained for insured savings and loan associations in Pennsylvania, South Carolina, and Tennessee a distinct advantage among thrift institutions for savings. By recent action of the legislatures of these three States, shares of savings and loan associations which are insured with the Federal Savings and Loan Insurance Corporation are made legal investments for trust funds. For the first time in these States, this renders savings and loan associations—provided only that they are insured—eligible to receive participation in the large sums of investable funds in the hands of administrators, guardians, conservators, and other fiduciaries. Unquestionably, this step will result gradually in a diversion of some of this important volume of funds to these insured institutions and so into the long-term home-financing field.

Four other States—Florida, California, Ohio, and Texas—have specific statutes authorizing investment of trust funds in shares issued by Federal savings and loan associations, a fact which also acknowledges the safety of share insurance which all federally chartered associations must carry.

While many trusts created by will or agreement are not subject to general laws relating to the investment of trust funds, it is to be noted that fiduciaries are specifically permitted by law to invest in shares of all types of building and loan associations in Arkansas, if the association is capitalized at $100,000 or more; in Florida, under certain prescribed conditions; in North Carolina and Oregon, on order of a proper court; and in Texas, Virginia, and Wisconsin, subject to restrictions as to the percentage of the trust so invested.

PROGRESS OF THE INSURANCE CORPORATION

THE steady expansion in number of savings and loan associations insured continued with an addition of 41 during the monthly period November 16 to December 14, 1935. Of this number, 19 were State-chartered associations and 10 were associations formerly under State charter that had converted to Federal charter. For some months the number of old-established savings and loan associations obtaining insurance of shares has exceeded the number of newly organized Federal associations.

On December 14, 1935, 912,394 shareholders were receiving the protection of insurance granted to 1,085 associations. These institutions—120 State-chartered, 397 converted, and 568 new Federals—owned combined assets (as of date of insurance) of $626,780,404. On the same date, 1,376 associations of all types (counting those insured), with resources of more than a billion dollars, had made application for share insurance. Nineteen State-chartered and 19 converted associations made application during the period November 16 to December 14, as compared with 12 newly organized Federals.

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

APPLICATIONS RECEIVED

	Number and assets at 6-month intervals				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	Nov. 16, 1935	Dec. 14, 1935	Nov. 16, 1935	Dec. 14, 1935
State-chartered associations.......	53	188	$110, 681, 409	$361, 023, 238	319	338	$588, 308, 550	$601, 316, 635
Converted F. S. and L. A............	134	360	128, 907, 073	348, 317, 418	447	466	442, 043, 119	459, 065, 558
New F. S. and L. A.	393	517	7, 578, 870	8, 836, 390	562	572	10, 437, 763	10, 741, 152
Total.......	580	1, 065	247, 167, 352	718, 177, 046	1, 328	1, 376	1,040,789,432	1, 071, 123, 345

INSTITUTIONS INSURED

	Number at 6-month intervals		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	Nov. 16, 1935	Dec. 14, 1935	Dec. 14, 1935	Dec. 14, 1935	Dec. 14, 1935
State-chartered associations............	4	45	101	120	274, 256	$222, 312, 665	$200, 922, 983
Converted F. S. and L. A...............	108	283	387	397	599, 194	393, 987, 107	369, 479, 821
New F. S. and L. A...	339	512	556	568	38, 944	10, 480, 632	
Total..........	451	840	1, 044	1, 085	912, 394	626, 780, 404	570, 402, 804

Home Owners' Loan Corporation

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. 30, 1935	21	1, 087, 500	21	1, 875, 000	407	16, 062, 000	449	19, 024, 500
Dec. 20, 1935	28	1, 186, 700	29	2, 375, 000	508	19, 711, 500	565	23, 273, 200
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. 30, 1935	3	115, 000	15	1, 460, 000	305	11, 496, 500	323	13, 071, 500
Dec. 20, 1935	4	165, 000	18	1, 660, 000	433	16, 500, 000	455	18, 325, 000

Applications received and loans closed by months [1]

Period	Applications received (number)	Loans closed	
		Number	Amount
1933			
From date of opening through Sept. 30	403, 114	593	$1, 688, 787
From Oct. 1 through Dec. 31	319, 682	36, 656	104, 231, 556
1934			
From Jan. 1 through June 30	790, 836	307, 651	933, 082, 197
From July 1 through Dec. 31	[2] 227, 156	381, 341	1, 157, 985, 268
1935			
From Jan. 1 through June 30	143, 634	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
November	....	15, 634	47, 927, 454
Dec. 1 to Dec. 12	....	7, 125	22, 504, 591
Grand total to Dec. 12, 1935	1, 884, 422	961, 401	2, 908, 517, 828

[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 Dec. 12, 1935

Period	Number of applications received for reconditioning loans	Total contracts executed		Total jobs completed	
		Number	Amount	Number	Amount
June 1, 1934 through Nov. 14, 1935 [1]	646, 613	306, 641	$58, 518, 316	278, 393	$51, 063, 349
Nov. 15, 1935 through Dec. 12, 1935 [2]	7, 744	9, 464	2, 261, 556	10, 555	2, 369, 028
Grand total through Dec. 12, 1935	654, 357	316, 105	60, 779, 872	288, 948	53, 432, 377

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

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
November	950	66	587
Grand total to Nov. 30, 1935	3, 460	144	[3] 1, 050

[1] All figures are as of the month they were received by the Corporation.
[2] Due to payment of delinquencies by borrowers after foreclosure proceedings had been entered.
[3] The 1,050 properties acquired include 196 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 1,050 completed cases, 6 properties were sold at foreclosure sale to parties other than H. O. L. C.

Resolution of the Board

I.—AMENDING THE RULES AND REGULATIONS FOR FEDERAL SAVINGS AND LOAN ASSOCIATIONS CONCERNING REAL ESTATE CARRIED ON THE BOOKS

The Board adopted the following resolution on December 6, 1935:

Be it resolved that the Rules and Regulations for Federal Savings and Loan Associations be amended by the addition of a new section, as follows:

"Section 56. No real estate shall be carried upon the books of an association for a sum in excess of the total amount invested by the association on account of such real estate, including advances, costs and improvements but excluding accrued but uncollected interest, nor shall any real estate be carried upon the books of an association at a sum in excess of its value as appraised by the association at the time of acquisition, plus actual cost of original reconditioning."

Directory of Member, Federal, and Insured Institutions

Added during November–December

I. INSTITUTIONS ADMITTED TO MEMBERSHIP IN THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN NOVEMBER 18, 1935, AND DECEMBER 14, 1935 [1]

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

DISTRICT NO. 1

MASSACHUSETTS:
- Boston:
  - Home Owners Co-operative Bank.

DISTRICT NO. 2

NEW JERSEY:
- Wortendyke:
  - Wortendyke Building & Loan Association.

NEW YORK:
- Brooklyn:
  - South Brooklyn Savings & Loan Association, 44 Willoughby Street.

DISTRICT NO. 3

PENNSYLVANIA:
- Millvale:
  - Grant Building & Loan Association of Millvale, 322 Grant Avenue.
- Somerton:
  - Somerton Building & Loan Association.

[1] During this period 12 Federal savings and loan associations were admitted to membership in the System.

DISTRICT NO. 5

KENTUCKY:
- Middlesboro:
  - Middlesboro Savings & Building Association.

OHIO:
- Kenton:
  - Home Savings & Loan Company of Kenton, Ohio, 116 North Detroit Street.
- Piqua:
  - Third Savings & Loan Company, 215 North Wayne Street.
- Tippecanoe City:
  - Monroe Building & Loan Association.

DISTRICT NO. 6

INDIANA:
- Evansville:
  - Howell Building & Loan Association.

DISTRICT NO. 7

ILLINOIS:
- Lombard:
  - Lombard Building & Loan Association of DuPage County.

DISTRICT NO. 9

LOUISIANA:
- Covington:
  - St. Tammany Homestead Association, 311 New Hampshire Street.

DISTRICT NO. 11

WASHINGTON:
- Tacoma:
  - State Savings & Loan Association.

DISTRICT NO. 12

CALIFORNIA:
- Claremont:
  - Claremont Building & Loan Association.

Withdrawals from the Federal Home Loan Bank System Between November 18, 1935, and December 14, 1935

MASSACHUSETTS:
- Springfield:
  - Hampden Co-operative Bank, 7 William Street.

PENNSYLVANIA:
- St. Marys:
  - St. Marys Savings & Investment Association.

II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN NOVEMBER 18, 1935, AND DECEMBER 18, 1935

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

DISTRICT NO. 1

CONNECTICUT:
- East Hartford:
  - East Hartford Federal Savings & Loan Association, 1112 Main Street (converted from East Hartford Building & Loan Association, Incorporated).
- Windsor:
  - Windsor Federal Savings & Loan Association.

MAINE:
- Lewiston:
  - First Federal Savings & Loan Association, 138 Lisbon Street.

DISTRICT NO. 2

NEW YORK:
- New York:
  - Lincoln Federal Savings & Loan Association of Ridgewood, 160–14 Eighty-fourth Road.
- Walden:
  - Walden Federal Savings & Loan Association, 1 Orange Avenue (converted from Walden Building, Savings & Loan Association).

DISTRICT NO. 3

PENNSYLVANIA:
- Brentwood:
  - First Federal Savings & Loan Association of Brentwood, 304 East Garden Road.
- Philadelphia:
  - Celtic Federal Savings & Loan Association of Philadelphia, 5213 North Sixteenth Street (converted from Celtic Building & Loan Association of Philadelphia.
  - Irish American Federal Savings & Loan Association of Philadelphia, 5144 North Fifteenth Street (converted from Irish American Building & Loan Association).
  - Michael Davitt Federal Savings & Loan Association of Philadelphia, 848 Corinthian Avenue (converted from Michael Davitt Building & Loan Association).
  - T. J. Keohane Federal Savings & Loan Association of Philadelphia, 5213 North Sixteenth Street (converted from T. J. Keohane Building & Loan Association).

DISTRICT NO. 5

KENTUCKY:
- Morehead:
  - Morehead Federal Savings & Loan Association.

OHIO:
- Cincinnati:
  - Avondale Federal Savings & Loan Association of Cincinnati, 300 Melish Avenue (converted from Highland Avenue Loan & Building Company of Cincinnati, Ohio).
- Cleveland:
  - Park View Federal Savings & Loan Association of Cleveland, 3199 East Ninety-third Street (converted from Park View Savings & Loan Association).
- Van Wert:
  - First Federal Savings & Loan Association of Van Wert, 118 West Main Street (converted from Fraternal Building, Loan & Savings Company).
- West Milton:
  - Milton Federal Savings & Loan Association, 102 North Miami Street (converted from Milton Loan & Savings Association).

TENNESSEE:
- Trenton:
  - Trenton Federal Savings & Loan Association.

DISTRICT NO. 6

MICHIGAN:
- Grand Rapids:
  - Mutual Home Federal Savings & Loan Association, 88 Market Avenue, Northwest (converted from Mutual Home & Savings Association).

DISTRICT NO. 7

ILLINOIS:
- Chicago:
  - Hegewisch Federal Savings & Loan Association of Chicago, 13330 Baltimore Avenue (converted from Hegewisch Building & Loan Association).
- Momence:
  - Momence Federal Savings & Loan Association, 128 East Washington Street (converted from Momence Building & Loan Association).
- Peru:
  - Peru Federal Savings & Loan Association, First National Bank (converted from Workmen's Loan Association of Peru).

WISCONSIN:
- Milwaukee:
  - City Federal Savings & Loan Association, 726 North Forty-ninth Street.
  - Empire Federal Savings & Loan Association, 703 Caswell Block.
  - Milwaukee Federal Savings & Loan Association, 416 Caswell Block.

DISTRICT NO. 8

MINNESOTA:
- Minneapolis:
  - Peoples Federal Savings & Loan Association of Minneapolis, 123 South Seventh Street (converted from Equitable Building & Loan Association).

MISSOURI:
- St. Louis:
  - St. Louis Federal Savings & Loan Association, 209 North Eighth Street (converted from St. Louis Building & Loan Association).
- Springfield:
  - Guaranty Federal Savings & Loan Association of Springfield, 427 St. Louis Street (converted from Guaranty Savings & Loan Association).

DISTRICT NO. 9

ARKANSAS:

Little Rock:

Commonwealth Federal Savings & Loan Association, 212 Louisiana Street (converted from Commonwealth Building & Loan Association).

TEXAS:

San Antonio:

First Federal Savings & Loan Association of San Antonio.

DISTRICT NO. 10

COLORADO:

Denver:

Colorado Federal Savings & Loan Association, 1608 Welton Street.

DISTRICT NO. 12

CALIFORNIA:

Escondido:

Escondido Federal Savings & Loan Association, 111 North Broadway (converted from Escondido Mutual Building & Loan Association).

San Diego:

La Jolla Federal Savings & Loan Association, 1051 Wall Street (converted from La Jolla Building-Loan Association).

Cancelations of Federal Savings and Loan Association Charters Between November 18, 1935, and December 18, 1935

CALIFORNIA:

Vallejo:

First Federal Savings & Loan Association of Vallejo, 831 Sonoma Street.

OHIO:

Columbus:

Columbus Federal Savings & Loan Association, 150 East State Street.

Medina:

First Federal Savings & Loan Association of Medina.

SOUTH CAROLINA:

Allendale:

Mutual Federal Savings & Loan Association of Allendale.

TEXAS:

Abilene:

First Federal Savings & Loan Association of Abilene, Box 349.

III. INSTITUTIONS INSURED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION BETWEEN NOVEMBER 23, 1935, AND DECEMBER 19, 1935 [1]

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

DISTRICT NO. 3

PENNSYLVANIA:

Ellwood City:

Ellwood City Building & Loan Association, 635 Lawrence Avenue.

PENNSYLVANIA—Continued.

Philadelphia:

National Security Building Association, 507 East Tulpehocken Street.

DISTRICT NO. 4

NORTH CAROLINA:

Gastonia:

Gastonia Mutual Building & Loan Association, 195 West Main Street.

High Point:

High Point Perpetual Building & Loan Association, 203 South Main Street.

Mount Gilead:

People's Mutual Building & Loan Association.

Wilmington:

Peoples Building & Loan Association, 112 Princess Street.

DISTRICT NO. 5

OHIO:

Cleveland:

Peoples Savings & Loan Association of Cleveland, Ohio, 4401 Clark Avenue.

Cleveland Heights:

Heights Savings & Loan Company, 1856 Coventry Road.

Uniontown:

Uniontown Savings & Loan Association.

DISTRICT NO. 6

INDIANA:

Goodland:

Newton County Loan & Savings Association of Indiana.

Oakland City:

Peoples State Building & Loan Association of Oakland City, Indiana.

Spencer:

Owen County Savings & Loan Association, Corner Market & Main Streets.

Terre Haute:

Indiana Savings, Loan & Building Association, 31 South Seventh Street.

Vigo County Loan & Savings Association, 28 South Eighth Street.

Zionsville:

Zionsville Building & Loan Association.

DISTRICT NO. 10

KANSAS:

Hiawatha:

Hiawatha Savings & Loan Association.

Lyons:

Lyons Building & Loan Association, 112 East Avenue, South.

DISTRICT NO. 11

WASHINGTON:

Olympia:

Capital Savings & Loan Association, Fifth Avenue & Washington Street.

Shelton:

Mason County Savings & Loan Association, 126 Railroad Avenue.

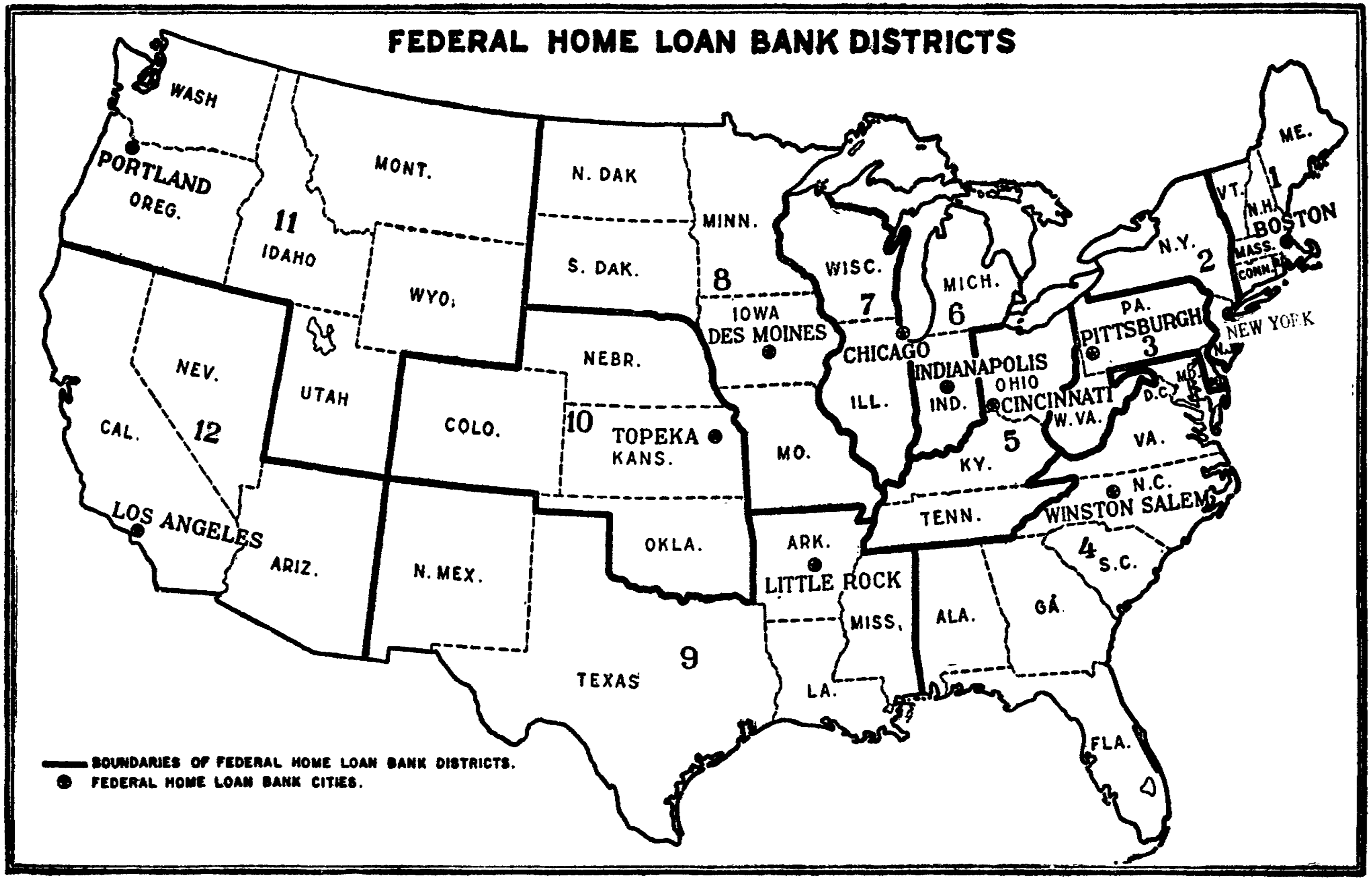
DISTRICT NO. 12

CALIFORNIA:

Claremont:

Claremont Building & Loan Association.

[1] During this period 19 Federal savings and loan associations were insured.



U. S. GOVERNMENT PRINTING OFFICE: 1936