Vol. 2 No. 6

FEDERAL HOME LOAN BANK REVIEW

MARCH
1936

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

Federal Home Loan Bank Review

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SUBSCRIPTION PRICE OF REVIEW

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

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Progress in the Strengthening of the Nation's Thrift and Home-Financing Structure

THE year just passed witnessed the shift of emphasis from the relief of distressed home owners and the rehabilitation of urban home-financing institutions to the resumption of normal lending operations. With nearly $3,000,000,000 loaned on homes, the Home Owners' Loan Corporation came within sight of the end of its refinancing operations. Among private mortgage institutions, the single-minded passion for liquidity which had characterized them since 1931 began to give way to a desire to make good loans.

Perhaps no other class of mortgage institutions has progressed so far on the road to normal lending activity as the thrift and home-financing institutions affiliated with the Federal Home Loan Bank System. This is probably largely because no other class of institutions has been so extensively aided nor so effectively encouraged to meet the needs of the home owner. This encouragement has taken various forms, of which the most readily measurable is the provision of Federal cash and credit. Savings and loan associations have received nearly a billion dollars in liquid funds from the Home Owners' Loan Corporation. Supplementing this contribution to their rehabilitation, $300,000,000 of Home Owners' Loan Corporation's funds have been earmarked for investment in the securities of savings and loan associations and in Federal Home Loan Bank bonds. This sum is in addition to the $50,000,000 invested by the Treasury in the shares of Federal savings and loan associations. Finally, potential resources of approximately $800,000,000 are at present available to these same institutions as short-term or long-term advances from the Federal Home Loan Banks.

Because they are specific sums, these aids of cash and credit loom large. Certainly they represent a stimulant powerful enough to explain why savings and loan associations in many communities are proving the most active lenders on home mortgages. In the long run, however, home-financing institutions must get the bulk of their funds from local investors. Federal insurance of share accounts is designed to attract the savings of private investors. The effectiveness of insurance in building up the resources of savings and loan associations is indicated by the following extract from a letter written by the head of a prominent savings and loan association in Illinois:

> I am writing this letter to say that insured shares of our Association are becoming increasingly popular. As a matter of fact, we are receiving money from other cities in the State and even from other States. Our accounts come to us through the recommendation of our shareholders who visit in other places or who have relatives living in other cities. People living outside of the normal trading area of this city could have no possible interest in our Association as an investment medium, unless they were attracted by some peculiarly distinct outstanding feature, because we do not do any national advertising. In our opinion, the feature that attracts them is the insured account. This, coupled with the splendid reputation of the Association in former years, presents in many cases, an irresistible appeal to those who have money to invest.
>
> Another thing,—heretofore business men and attorneys have been rather reluctant to recommend investments to widows or women who might have received lump sum legacies or insurance policy payments. At the present time many inquiries as to safe avenues of investment

for such funds are answered by a reference to our Association. Just the other day, a widow placed $5,000 with us and she stated, while talking to us about this account, that she had been recommended to place her money in this Association by a prominent banker of this locality with whose bank we do not even have a deposit. Other instances of like nature have come to our attention.

THE ULTIMATE PURPOSES OF GOVERNMENTAL AID

WHAT the Government (which represents society) does to aid and encourage any one group is justifiable only in so far as such aid returns benefits to society. Governmental aid to savings and loan associations seeks to encourage two basic social goods—thrift and home ownership. This point is sometimes lost sight of, and it is, therefore, heartening to take stock of the steady gains being made in behalf of these ultimate objectives.

There is no need to explain what share insurance does for thrift by providing safety for savings. What is not so generally known, however, is the encouragement that Federal savings and loan associations have given to thrift by serving large areas which formerly had no local thrift and home-financing institutions. When Federal associations were first authorized, 1,554 of the 3,073 counties in the United States lacked thrift and home-financing facilities. By the close of 1935, Federal associations were in position to serve in whole or in part all but 302 counties.

INCREASE IN THE VOLUME OF FUNDS FOR HOME FINANCING

ENCOURAGEMENTS to home ownership include first of all an increase in the volume of credit available for home financing. The Federal funds listed at the beginning of this article constitute a partial measure of that additional volume. For example, of the Treasury and Home Owners' Loan Corporation funds made available for investment in savings and loan associations, 596 associations had received a combined total of $69,146,500 up to January 1, 1936. The stimulus that this money has given to home financing is revealed by the lending activities of the Federal associations in which most of it has been invested. Though Federal associations held less than one sixth of the combined assets of member institutions of the Federal Home Loan Banks at the end of 1935, they had made during the year nearly one third of the loans. That is, of the estimated total of $334,214,000 loaned by all member institutions in 1935, Federal associations are known to have loaned $106,931,000, and not all reports are in.

The Federal Home Loan Banks ended the year 1935 with a peak balance of $102,795,000 in advances outstanding to members. Most of this sum has undoubtedly been reloaned to home owners. In measuring the effectiveness of the Bank System as a stimulus to home financing, however, it would be a mistake to put undue emphasis on its lending activities. What is of primary importance is not the amount that the Banks lend to their members; it is rather the encouragement and confidence their existence as a reservoir of credit gives to member institutions to meet the home-financing needs of home owners in every community of the country. From this point of view, the increase in loans to home owners by member institutions is more significant than the increase in advances made by the Federal Home Loan Banks to these members. The following table is enlightening.

Year	Loans to home owners by member institutions during year [1] (000 omitted)	Percent change from previous year	Balance of F. H. L. B. advances outstanding at end of year (000 omitted)	Percent change from previous year
1933	$139,077	....	$85,442	....
1934	208,694	+50	86,658	+1
1935	334,214	+60	102,795	+18

[1] Estimates made by the 12 Federal Home Loan Banks.

Compared with an increase of only 18 percent between 1934 and 1935 in advances from the Federal Home Loan Banks, member institutions increased their loans to home owners by 60 percent. This differential indicates that the confidence which the System has done so much to inspire is more effective than the actual funds it makes available. With a national reservoir of credit to which they can turn either in an emergency or to supplement their long-term resources, savings and loan executives again feel safe in making loans to home owners. The general attitude is very well expressed in the following quotation from the annual report of a $13,500,000 Ohio association: "As a member of the Federal Home Loan Bank System, we are now provided with adequate credit facilities and a safe depository for reserve cash."

SAFER AND MORE LIBERAL TERMS FOR THE HOME OWNER

In addition to increasing the volume of funds for home financing, the Government's activities in behalf of thrift and home-financing institutions have helped to make those funds available on safer and more liberal terms to the home owner. Thanks largely to the influence of the Home Owners' Loan Corporation and of the Federal savings and loan associations, the direct-reduction, long-term mortgage loan has been adopted by an ever-increasing number of institutions. However hesitantly many associations may have made the switch from the old share-account, sinking-fund plan, they have with one accord been gratified by the results obtained. This satisfaction was well expressed by Mr. Erwin Carothers, president of the South Carolina Building and Loan League in his address to the League's convention in August 1935. Mr. Carothers said:

> Probably the most important thing affecting our business that has occurred during the past year has been the introduction of the monthly direct-reduction type of loan. . . . As the managing officer of a converted Federal association, it was with a considerable degree of trepidation that I contemplated the changing of our loans from the sinking-fund plan to the monthly direct-reduction plan, but after about six months experience with this type of loans, I can truthfully say I would not think of changing back to the old plan even if we were permitted to do so. It is a loan that is much easier to sell to the prospective borrower, it is easy for him to understand, which cannot be said of the old sinking-fund plan, it is fairer to the borrower as he pays interest only on the unpaid balance and he knows he is paying only the rate of interest set out in the note and mortgage, and from an accounting standpoint it is no more difficult to handle on your books than the old type loan. It is my firm conviction that the sinking-fund type of loan is definitely on the way out. To all associations in the State still operating on the old sinking-fund plan I would earnestly recommend that they seriously study their lending plans with a view of transferring their loans to some type of direct-reduction loan plan. This must be done, if they are to successfully meet the competition which will probably be encountered within the near future.

LOWER INTEREST RATES

There has also been a general lowering of interest rates on loans to home owners. For example, in the six Northwestern States comprising the eleventh Federal Home Loan Bank District, average interest rates charged by member institutions at the end of 1935 ranged from 6 percent to 8 percent as compared with a range of 8 percent to 10 percent prior to 1933. In the address quoted above, Mr. Carothers referred to a widespread reduction from 8 percent to 7 percent and 6 percent on mortgage loans in his State during 1935. A Florida association reports interest-rate reduction from 7.2 percent to 6 percent and finally to 5.4 percent within a period of 18 months. Urging lower interest rates to stimulate building, a New York association reports a sharp increase in lending as the result of a reduction from 6 percent to 5½ percent.

In a recent article Mr. Philip Lieber, past-president of the United States Building and Loan League, wrote: "The statements I have made during the last five years, that building and loan associations were going to lend for longer periods and at lower interest than they had ever dreamed of have been proved. Not only our association but others have established lower rates on mortgage loans than the dividends they paid even two or three years ago and the 20-year mortgage is now a fact. After all, these are the only ways in which home-financing institutions can help the average American citizen to obtain a home."

These lower interest rates have been inspired largely by increased competition but they have been made possible for savings and loan associations by the Federal program to aid thrift and home-financing institutions. Most important, of course, is the Federal Savings and Loan Insurance Corporation's activities. Insurance has enabled many associations to cut their dividends from 6 percent and 5 percent to 4 percent and 3 percent without loss of a single investor.

A second important factor permitting lower interest rates to home owners is the reduction in rates on advances to member institutions charged by the Federal Home Loan Banks. As of January 1, 1936, five of the twelve Banks were charging 3 percent on all advances and the highest effective rate charged by any Bank was 3¾ percent. A year earlier, the lowest rate was 4 percent and the highest was 5 percent. Long-term money, secure against unforeseeable withdrawal, has never before been available to home-financing institutions in this country at such low rates. It is enabling member institutions to meet the competitive lower rates on home loans.

In summarizing the contributions of the Federal Home Loan Bank Board and its affiliated agencies to thrift, home-financing institutions and through them to home ownership, emphasis must be placed on the soundness and permanence of the structure which is being built. Applying principles proved by long experience, the needs of the financing institution for ample funds and reserve protection are being met. The investor is assured of the safety and reasonable liquidity of his savings and of a fair return on them. The home-owner borrower is provided with more ample, safer, and cheaper mortgage money. The fairness of the program is an assurance of its success.

Investments in Mortgages by Life Insurance Companies

IN THE single month of January 1936, 47 leading life insurance companies invested $29,576,632 in urban mortgages as compared with only $27,143,382 in the first four months of 1935 (see chart). Their January mortgage purchases, as reported by the Wall Street Journal, represented 14.7 percent of all investments, the highest of any month since 1932 (table 1).

The investments of these life insurance companies in urban mortgages rose sharply in May 1935 and maintained a high level throughout the rest of the year. They totaled $195,269,398 for the year as compared with $49,529,408 in 1934 and $29,918,123 in 1933.

Balancing the January increase in urban-mortgage investments, purchase of governmental securities and of miscellaneous securities dropped perceptibly.

DISTRIBUTION OF ASSETS OF LIFE INSURANCE COMPANIES

TABLE 2 reveals the growth in total assets of all United States life insurance com-

VOLUME OF MORTGAGE LOANS ON CITY PROPERTY MADE BY 47 LEADING LIFE INSURANCE COMPANIES—CUMULATIVE BY WEEKS

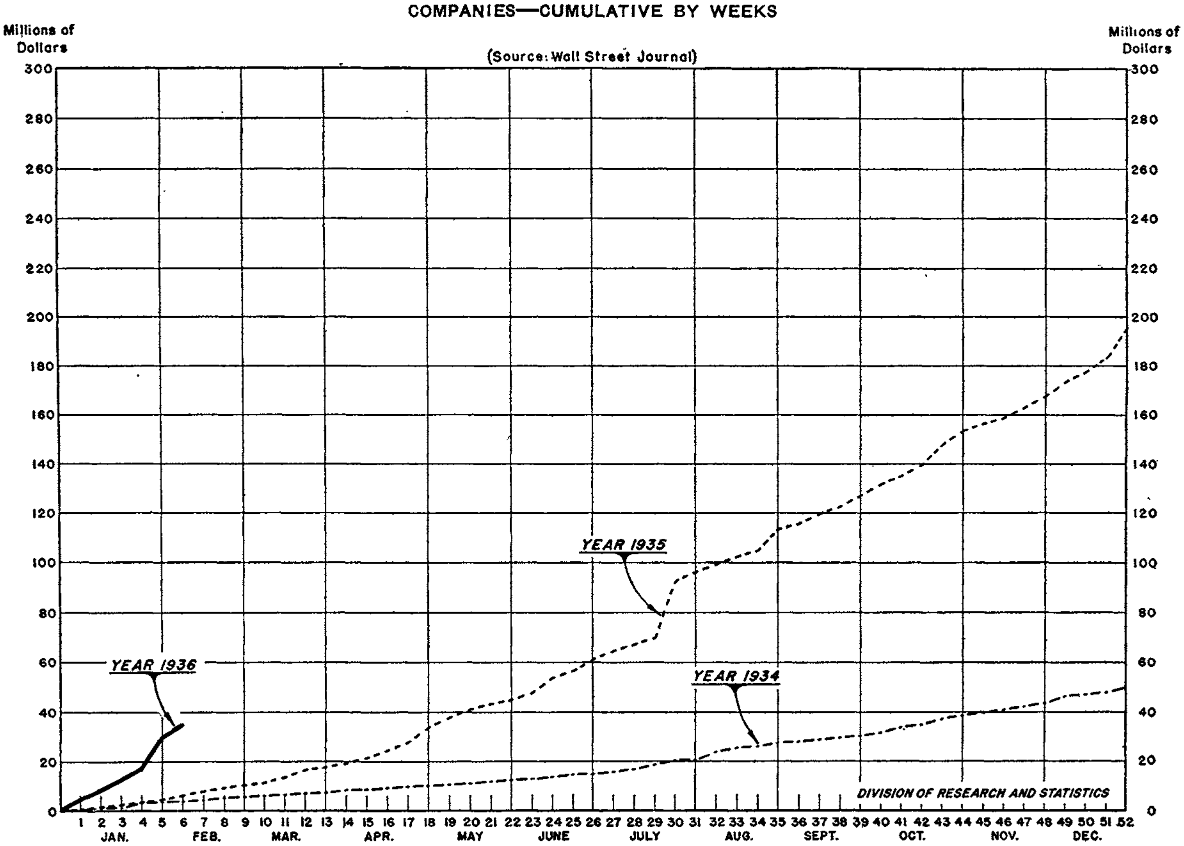

TABLE 1.—*Percentage distribution of new investments by 47 leading life insurance companies, 1928–36*

[Source: 1928–33, Weekly reports of 25 companies in New York Evening Post and Wall Street Journal. 1934–36, Weekly reports of 47 companies in Wall Street Journal]

Period	Total	Mortgages: Farm property	Mortgages: Dwellings and business property	Railroad securities	Public utilities	Government securities	Miscellaneous securities
1928 (6 months)	100.0	11.1	49.1	10.6	13.6	10.1	5.5
1929	100.0	8.7	43.3	8.4	7.4	11.3	20.9
1930	100.0	10.1	44.8	9.9	15.4	11.1	8.7
1931	100.0	7.6	36.5	10.3	20.4	20.1	5.1
1932	100.0	9.3	31.3	1.1	9.9	44.0	4.4
1933	100.0	3.5	3.7	3.5	6.5	80.4	2.4
1934	100.0	1.6	2.7	5.9	7.2	76.6	6.0
1935	100.0	1.4	6.2	3.8	16.5	62.9	9.2
1936							
January	100.0	2.7	14.7	7.3	13.7	58.7	2.9

TABLE 2.—*Total assets and estimated amounts of mortgage loans and other principal investments held by all United States life insurance companies for selected years*

[Source: Federal Home Loan Bank Board. Compiled from statistics furnished by the Association of Life Insurance Presidents, representing companies holding over 90 percent of the total assets of all United States companies]

Year	Combined assets: Amount (000 omitted)	All mortgages: Amount (000 omitted)	All mortgages: Percent of total assets	Nonfarm mortgages: Amount (000 omitted)	Nonfarm mortgages: Percent of total assets	Real estate owned [1]: Amount (000 omitted)	Real estate owned [1]: Percent of total assets	Real estate owned [1]: Percent of all mortgages held
1925	$11,537,615	$4,741,960	41.1	$2,699,802	23.4	$207,677	1.8	4.4
1930	18,879,611	7,646,242	40.5	5,588,365	29.6	453,111	2.4	5.9
1931	20,159,940	7,741,417	38.4	5,725,423	28.4	564,478	2.8	7.3
1932	20,754,112	7,409,218	35.7	5,562,102	26.8	830,164	4.0	11.2
1933	20,895,726	6,770,215	32.4	5,140,349	24.6	1,191,056	5.7	17.6
1934	21,843,794	5,963,356	27.3	4,674,572	21.4	1,616,441	7.4	27.1
1935	[2] 23,200,000	5,266,400	22.7	4,245,600	18.3	2,064,800	8.9	39.2

Year	Cash: Amount (000 omitted)	Cash: Percent of total assets	U. S. Government bonds: Amount (000 omitted)	U. S. Government bonds: Percent of total assets	Other Government bonds: Amount (000 omitted)	Other Government bonds: Percent of total assets	All other bonds and stocks: Amount (000 omitted)	All other bonds and stocks: Percent of total assets
1925	$108,455	.94	$680,719	5.9	$692,257	6.0	$3,265,145	28.3
1930	135,933	.72	339,833	1.8	1,113,897	5.9	5,645,004	29.9
1931	161,280	.80	383,039	1.9	1,270,076	6.3	5,906,862	29.3
1932	315,463	1.52	456,590	2.2	1,328,263	6.4	5,831,905	28.1
1933	451,348	2.16	877,620	4.2	1,379,118	6.6	5,746,325	27.5
1934	611,626	2.79	1,878,566	8.6	1,594,597	7.3	5,985,200	27.4
1935	812,000	3.50	2,714,000	11.7	1,809,600	7.8	6,449,600	27.8

[1] Includes branch and home office properties amounting possibly to 300 to 400 million dollars which has probably not increased materially since 1929.

[2] Estimated by the Association of Life Insurance Presidents.

panies between 1925 and 1935 and the distribution of total investments among various securities. It is noteworthy that total assets in 1935 again increased on a scale comparable with the increases in the years preceding the depression.

There has been a steady and increasing drop in the percentage of all mortgages held to total assets since the peak of 43.1 percent in 1927. By the end of 1935 the ratio had dropped to 22.7 percent. The net liquidation of farm mortgages seems to have been somewhat greater than that of urban-property mortgages. It is obvious that this liquidation is in large part accounted for by foreclosures. Thus, real estate held jumped from 1.8 percent of total assets in 1925 to 8.9 percent in 1935. The $2,064,800,000 worth of real estate held in 1935 represented nearly 40 percent of all

TABLE 3.—*Estimated amount and number of mortgages and real-estate investments held by all United States life insurance companies as of Dec. 31, 1934*

[Source: Federal Home Loan Bank Board. Based in the main on data supplied by companies holding 82 percent of assets of all companies. As all reporting companies did not report all items, some estimates are based on reports from companies holding between 27 percent and 82 percent]

Type of property securing investment	Amount	Percent of total amount	Number	Percent of total number	Average loan
I. Mortgage loans, including mortgage bonds:[1]					
1. Nonfarm homes (1 to 4 families) [2]	$1, 505, 195, 221	25. 9	341, 391	56. 4	$4, 409
2. Apartment buildings (5 or more family units)	1, 046, 081, 621	18. 0	24, 277	4. 0	43, 088
3. Hotels	158, 166, 246	2. 7	1, 176	0. 2	134, 460
4. Office buildings	1, 088, 555, 933	18. 7	8, 849	1. 5	123, 010
5. Other nonfarm property	758, 267, 594	13. 1	14, 066	2. 3	53, 907
6. Farm property	1, 255, 297, 945	21. 6	215, 390	35. 6	5, 828
Total group I	[4] 5, 811, 564, 560	100. 0	605, 149	100. 0	....
II. Equity in real estate sold under contract:					
1. Nonfarm homes (1 to 4 families)	12, 041, 562	35. 5	6, 486	42. 7	1, 856
2. Apartment buildings (5 or more family units)	1, 046, 082	3. 1	49	0. 3	21, 348
3. Other nonfarm property	2, 004, 990	5. 9	48	0. 3	41, 770
4. Farm property	18, 829, 469	55. 5	8, 616	56. 7	2, 185
Total group II	33, 922, 103	100. 0	15, 199	100. 0	....
III. Real estate owned outright:[3]					
1. Nonfarm homes (1 to 4 families)	275, 450, 725	23. 4	49, 160	41. 5	5, 603
2. Apartment buildings (5 or more family units)	212, 354, 569	18. 0	2, 938	2. 5	72, 278
3. Other nonfarm property	216, 538, 895	18. 3	2, 433	2. 0	89, 000
4. Farm property	475, 757, 921	40. 3	63, 971	54. 0	7, 437
Total group III	1, 180, 102, 110	100. 0	118, 502	100. 0	....
IV. Real estate owned subject to redemption:					
1. Nonfarm homes (1 to 4 families)	48, 166, 247	33. 2	8, 193	47. 3	5, 878
2. Apartment buildings (5 or more family units)	14, 645, 143	10. 1	680	3. 9	21, 536
3. Other nonfarm property	18, 044, 908	12. 5	699	4. 0	25, 815
4. Farm property	64, 020, 195	44. 2	7, 754	44. 8	8, 256
Total group IV	144, 876, 493	100. 0	17, 326	100. 0	....

[1] Excludes real estate owned outright, properties held subject to redemption, and those sold under contract. Includes, if possible, mortgages on rural properties which are used exclusively as homes.

[2] Mortgages on joint home and business structures are classed as home mortgages if the stores or other business units constitute only an incidental and not the primary use of the structure. Where the home is only incidental to the business structure, it is classed as a mortgage on "other nonfarm property" and should be included in Section I, Item 5.

[3] Includes all real estate owned outright through foreclosure, and all properties held for investment, such as special housing developments. Excludes all properties held subject to redemption and those sold under contract, as well as offices and other such properties used in carrying on the business.

[4] The slight variation between this total and the comparable total shown in Table 2 is explained by the difference in the samples on which the two estimates are based.

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mortgages held as compared with only 4.4 percent in 1925.

While there has been very little change in the ratio of stocks and bonds held to total assets throughout the years, investments in United States Government bonds jumped from a ratio of 1.8 percent in 1930 to 11.7 percent in 1935. Cash holdings have likewise shown a heavy increase. With $812,000,000 in cash and $2,714,000,000 in low-yield Government bonds it is evident that life insurance companies will be strong competitors for good home-mortgage loans.

A breakdown of mortgage loans by types of property as of December 31, 1934 is shown in table 3. This breakdown, with the additional information given, represents estimates for all life insurance companies based upon statistics furnished by a substantial proportion of companies. The assets held by reporting companies vary (depending on the item involved) from 27 percent to 82 percent of assets of all companies.

Of special interest is the fact that investments in 1- to 4-family urban homes represented 25.9 percent of all mortgages held and that the average loan on urban homes was $4,409. The estimated number of urban-home mortgages held was 341,391 as compared with 215,390 farm mortgages.

The Home-Building Service Plan

IN RESPONSE to the requests of several hundred member institutions, the Federal Home Loan Bank Board has authorized further development of the program to make available to such members as may desire it a complete home-building service plan. After several months of preliminary study the proposal was submitted to the membership in the January issue of the REVIEW. This article was followed by a questionnaire to member institutions which sought to determine their interest in the proposal. Two questions were asked: (1) Would your association be interested in having your District Bank with the assistance of the Federal Home Loan Bank Board, develop the facilities to permit your association, if it so desired, to offer a complete home-building service to the home-owner borrower? (2) Would your association be interested in further information on the proposed home-building service plan?

By the middle of February, replies from 928 associations had been received in Washington. An analysis of these returns shows the following results:

	Did not answer	Yes	Percent of total	No	Percent of total
Question No. 1.	149	637	81.7	142	18.3
Question No. 2.	28	782	86.9	118	13.1

Perhaps more significant than the high percentage of affirmative replies were the number of favorable comments received. These indicated that several institutions were already planning to install a home-building service. They also revealed widespread realization that some practical means of improving small-house-construction standards is essential to protect the investments of home-financing institutions and to revive the desire for home ownership. Space will not permit publication of more than a few of these comments. Those reproduced below come from associations in every section of the country.

From an association in Connecticut: "I feel that a service of this type properly advertised would aid definitely in improving the construction and types of homes which might be built in future."

From an association in New York: "Your questionnaire concerning the 'Proposal for a Home Building Service Plan' is very timely. We were just about to embark on a plan somewhat similar to that one outlined in your REVIEW. We shall therefore, hold up on the launching of our program until we get further information from you."

From an association in North Carolina: "We think this is a wonderful idea and hope that it can be developed, and at comparatively small cost. We financed 93 new houses last year, and only the most expensive ones were planned by architects. If the cost were not so great I am convinced that a larger number of them would have been under the supervision of architects."

From an association in Ohio: "This is a service that, had it existed since 1920, would have saved home owners and their financing institutions many a headache."

From an association in Michigan: "A cooperative service of this kind would raise building standards eventually and we would all benefit."

From an association in Missouri: "In my humble opinion our type of lending institution cannot over-emphasize any service to the home-owner-borrower. Lending on homes is the peculiar field for our institutions. We should do everything, not to crowd out competition, but to service home-owner-borrowers so that their first thought will be to come to us for advice *and money.* We are specialists in this field."

From an association in Arkansas: "We feel that if a plan like this was worked out it would be the salvation of the small Building and Loans developing its growth and that a service of this kind would sell this institute to the public and certainly to the home-owner-borrower and builders."

From an association in Washington: "Not only will it cause 'Saving & Loan' to fulfill its duty, but it will give them an ever increasing volume of the choicest loan business, together with developing a vast volume of construction business which now lies dormant. There is a vast stored up demand for home ownership. However, the building and financing of a home is still a deep mystery, and an involved subject for the average man. A 'Federal Home (building or financing) plan' will lead them from desire to reality. This, in my opinion, is one of the keys to the problem of 'Idle men—Idle money, and Idle materials.'"

Such comments as these indicate that the time is ripe for the adoption by home-financing institutions of a service that will improve the quality of construction, reduce waste, reduce investment risk, and increase the volume of first-class loans. At its recent meeting in Washington, the Advisory Council of the Federal Home Loan Banks recommended to the Board the continuation of the home-building service program on an experimental basis. As so developed, the program will impose no expense on the Banks. The Board has accordingly adopted a resolution authorizing "the organization and development of a home-building service plan to be made available through such channels as may appear appropriate from time to time."

At the present moment the Board is supervising the experimental installation of a home-building service in institutions in several cities. It is probable that these experimental installations will be made in other strategic centers throughout the country. This will have several advantages. In addition to improving the service and supplying concrete proof of its value to savings and loan associations and to home owners, it will permit of the relatively easy spread of the service to neighboring institutions that wish to install it.

At the same time, the Home-Building Service Manual, which constitutes a complete guide with necessary forms for the operation of the service, is nearing completion. It will be made available at a nominal cost to member institutions desiring it. The Manual will be supplemented by educational material developed for and proved by the experimental installations now under way.

As was pointed out in the January REVIEW, directors of the American Institute of Architects authorized the establishment, through the chapters of the Institute, of local groups of architects prepared to furnish plans, specifications, and supervision of construction to home owners through the home-financing institutions. This program has already been endorsed by several of the Institute's 67 local chapters and cooperative architectural groups have been formed in Buffalo, Baltimore, Boston, New York, Washington, and other cities. The Board will make arrangements for cooperation between these local architectural groups and member institutions which desire to install the service. As before pointed out, the cost of this architectural service, representing about 2 percent of the loan, will be borne by the home-owner-borrower.

The development of the program will be reported in succeeding issues of the REVIEW.

Neighborhood Standards as They Affect Investment Risk

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

NO HOME owner wants a grocery or drugstore in his side yard. Neither is he willing to walk a mile for a loaf of bread or a bottle of iodine. Yet a vast number of American householders must submit to one or the other of these undesirable situations whether they like it or not. In fact, they often have to submit to both. If the grocery is next door, the drugstore, the meat market, or some other source of current necessities is altogether too frequently a mile away.

The problem involves more than human inconvenience. It involves property values and investments in homes. It is probable that the unnecessary encroachment of shops on homes has destroyed more values in residential real estate than have all our depressions combined. (We do not refer to the legitimate advance of commercial and industrial uses in growing communities but to the spotty misplacement of local shops in areas destined to remain residential.) Home-financing institutions have suffered only less than the equity holders. Moreover, the risk of encroachment and of consequent loss of values is ever present. Even zoning has not always proved an effective protection against it for if adequate provision is not made for local shops, some enterprising merchant will sooner or later secure the permission of the courts to break the zoning regulation on the basis of manifest need.

It is amazing how our people have submitted to the inconveniences and the economic waste of ill-placed shops as if there were no remedy for the evil. The inconvenience, risk, and waste are alike unnecessary and avoidable. It is another merit of the neighborhood-unit plan of residential development, which this series of articles is exploring, that it solves the problem of neighborhood shops. It lays down two very simple rules: (1) that shops should be included in the neighborhood unit where the residents can have easy access to them; and (2) that they should be bunched rather than miscellaneously scattered throughout the unit area.

KINDS OF LOCAL SHOPS

BEFORE adequate provision can be made for the shops serving a residential neighborhood housing, let us say, 5,000 people, we must know the kind and number of shops they need. The only clue to this problem is current practice. How many people on the average does each kind of shop actually serve? The Regional Survey of New York and Its Environs made such a study for the year 1923 in the seven cities of Chicago, Brooklyn and Queens (New York), Cincinnati, New Haven, Hartford, Bridgeport, and Waterbury. The average population per business concern for the seven cities is shown in the accompanying table. In making the study the entire metropolitan area served by each city was included. To say that in a large city every residential neighborhood housing 5,000 people must make provision for a hotel is, of course, foolish. Hotels serving an entire city tend to be grouped in a few major centers. Nevertheless, the table does suggest how many of each kind of essential shop may be required in each neighborhood.

Studies made in several cities indicate that the actual business frontage required for local shops in residential neighborhoods is 50 feet for every 100 persons. This figure makes it easy to determine the amount of space which should be reserved for local shops in a residential community of any given size. In new developments, sufficient business space should be set aside in advance to meet the ultimate needs of the community.

LOCATION OF SHOPS

THE proper place for shops is the natural place, namely, the junction of main highways. As main highways or arterial streets form the boundaries of neighborhood units, the best location for shopping districts is at the corners of the units where arterial streets cross. This location satisfies the residents of the neighborhood, the great majority of whom will be within one quarter mile of a shopping center. It satisfies the shop owners because it puts them upon the routes of trucking companies and it puts them in a better position to get the trade of through traffic. Also, it enables each shop to benefit from the custom attracted by other shops. A junction where four neighborhood units meet should become a secondary business center of the city.

It cannot be too strongly emphasized that the shops should be bunched at the corners, that they should not be permitted—as is unfortunately the American custom—to spread along the length of the arterial highway. To permit such straggling destroys the residential values along such streets and reduces the serviceability of the shopping areas.

As usual the establishment of shopping areas in new subdivisions is relatively easy if only those responsible will make intelligent provisions in the beginning. In existing neighborhoods already partially blighted by misplaced stores, we are again faced with the alternative of continuing the blight or drastically reorganizing the neighborhood. There is no doubt about which alternative in the long run will be the least expensive.

Average population per business concern based on data of seven cities

[Source: Regional Survey of New York and its Environs, Volume VII]

Type of concern	Population	Type of concern	Population
1. Grocery	641	17. Shoe	5, 619
2. Meat market	1, 023	18. Clothier	5, 656
3. Restaurant	1, 406	19. Florist	6, 117
4. Druggist	1, 681	20. Jewelry	6, 416
5. Garage	2, 185	21. Millinery	6, 531
6. Merchant tailor	2, 204	22. Hardware	6, 647
7. Plumber	2, 259	23. Cleaner and dyer	6, 928
8. Confectionery	2, 714	24. Delicatessen	7, 568
9. Bakery	2, 749	25. Laundry	7, 772
10. Fruit and vegetable	3, 728	26. Musical instruments	9, 785
11. Hotel	4, 494	27. Bank	10, 836
12. Furniture	4, 522	28. Furrier	20, 467
13. Dry goods	4, 552	29. Typewriter	34, 421
14. Cigar and tobacco	4, 957	30. Sporting goods	38, 241
15. Undertaking	5, 590	31. Department store	45, 914
16. Coal	5, 599		

Group Advertising of Insurance Increases Business for Savings and Loan Associations

GROUP advertising of share insurance is proving an economical means of increasing the resources of insured savings and loans associations. In Seattle, where it has most recently been adopted, it has helped to effect the first gain in savings and loan assets in nearly five years. Seven insured associations—five of them old-established institutions which recently converted to Federal charters, and the other two newly organized Federals—have shared in the upturn.

These associations recognized that this insurance protection of savings is new to investors and that it must be brought forcibly to their attention if it is to pull its full weight in restoring public confidence in savings and loan associations. Accordingly they decided to pool their advertising efforts. They, like the insured associations of New Orleans, reasoned that only by so doing could they afford to buy the space they needed. The joint advertising campaign got under way near the close of 1935. On February 4, the president of one association reported as follows:

> Five advertisements have been prepared to date together with billboards. . . . The advertisements were run in each of the three metropolitan dailies in Seattle, having a combined daily circulation of approximately 293,000.
>
> In each of the Federal associations, the *private share accounts purchased exceeded the withdrawals requested during the period these adds were being run. This is the first gain shown by any savings and loan associations in Seattle since June of 1931.*
>
> The expense of this campaign was approximately $2,000, which was divided as follows: 40 percent of the cost was divided equally among the seven associations, with the exception of the outlying institutions, which were given a credit, because of the limited population in their trade areas. The other 60 percent of the expense was divided according to the assets of the respective associations. The Federal associations also employed a public relations adviser to keep contact with the daily papers during the progress of this campaign. His efforts resulted in securing numerous favorable news stories.

The fact that every one of the seven associations registered an increase of private investment over withdrawals indicates that share insurance does not require individual advertising by each institution. Unlike such distinctive features as the long-established character of an association or the attractiveness of its lending terms, share insurance operates for any and all insured associations in precisely the same manner and consequently lends itself more readily to group publicity than to individual effort.

In employing group instead of individual advertising of insurance, each association pays only a fraction of the total cost of the advertising. It gains the tremendous advantage of ample space. In smaller space, the message would be lost among other advertisements competing for the readers' eye.

Where group advertising is undertaken, however, each participating association should capitalize the results achieved by supplementary individual advertising over its own name. The effect of group advertising is *not* primarily to sell the *associations to the public,* but to *show the public what insurance is* and how it protects savings.

Several group advertisements used by the Seattle associations are reproduced on the accompanying page. Attention is called to the prominence given to the circular insurance emblem. This emblem presents with the greatest economy of words the fundamental importance of ininsurance, no matter how hastily the investor may glance through his daily paper. The other reading matter is brief, and set in clear, readable type.

EXAMPLES OF GROUP ADVERTISING OF INSURANCE

A New Estimate of the Urban Home-Mortgage Debt[1]

THE total mortgage debt on 1- to 4-family urban homes in the United States as of December 31, 1934 is estimated by the Division of Research and Statistics of the Federal Home Loan Bank Board to have been $17,740,000,000. This figure, based on more complete data than has before been available, supplants the estimate of $21,000,000,000, which was made in 1931. The new estimate was obtained by adding together the known home-mortgage holdings of four major groups of home-financing institutions, and combining with this sum estimates of the holdings of the remaining lending agencies, for which exact figures are not available.

The accompanying table breaks down the new total by types of lending agencies. The first four groups of agencies are those whose total urban home-mortgage holdings are known with relative exactness. The last five groups, holding 35.1 percent of the estimated total, include those institutions for which estimates had to be made. It will be noted that savings and loan associations with 23.1 percent held the largest volume of urban home mortgages. Individuals were second with 21.4 percent, and all banks with 20.9 percent were third.

The value of the present computation lies in the fact that the estimated figures are for the first time based upon a certain proportion of specific information. Hitherto, they have been almost pure guesswork. The information on which the estimates were based was provided by the Financial Survey of Urban Housing, which in 1934 collected mortgage data in 61 cities, representing every State. This survey was conducted by the Bureau of Foreign and Domestic Commerce as a Civil Works Administration project.

The principal defect of the information collected by the Survey as a basis for determining the proportion of mortgages held by different agencies is that in some cities the samplings represented too small a coverage. A second defect is that as all types of mortgage lenders are not equally active in all cities, the proportions in the cities studied may not be typical of the country as a whole. Consequently, this estimate, though it is probably the best that can be obtained at this time, must be used with caution.

For the benefit of students, we summarize below sources of information on which fairly satisfactory determinations of the ur-

Estimated urban home-mortgage debt as of Dec. 31, 1934 [1]

Agency holding mortgage	Amount	Percent
Savings and loan associations	$4, 100, 000, 000	23. 1
All banks	3, 700, 000, 000	20. 9
Life insurance companies	1, 500, 000, 000	8. 5
Home Owners' Loan Corporation	2, 200, 000, 000	12. 4
Sub-total	11, 500, 000, 000	64. 9
Mortgage companies	1, 090, 000, 000	6. 1
Construction companies	80, 000, 000	0. 5
Title and trust companies	500, 000, 000	2. 8
Individuals	3, 800, 000, 000	21. 4
All others	770, 000, 000	4. 3
Total	17, 740, 000, 000	100. 0

[1] A home is defined as a dwelling built to accommodate 1, 2, 3, or 4 families, and used primarily for residential purposes.

[1] In this study, a home is defined as a dwelling built to accommodate 1, 2, 3, or 4 families, and used primarily for residential purposes.

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ban home-mortgage holdings of savings and loan associations, banks, insurance companies, and the Home Owners' Loan Corporation were obtained.

1. *For savings and loan associations:* Annual reports of State banking and loan commissioners, reports of the Savings and Loan Division of the Federal Home Loan Bank Board, and a special survey of savings and loan associations made by the Board in March 1933.

From the survey made in 1933, it was estimated that 90 percent of the real-estate loans held by savings and loan associations were on 1- to 4-family urban homes.

2. *For all banks:* Reports to the Comptroller of the Currency, the Federal Reserve Board, the Federal Deposit Insurance Corporation, a survey made by the Federal Housing Administration, and a survey made of mutual savings banks by the Federal Home Loan Bank Board.

Annual reports of the Comptroller of the Currency gave the amount of mortgages held by all banks on nonfarm properties as of June 1933 and June 1934. Information obtained from the call reports of member banks to the Federal Reserve Board and of insured banks to the Federal Deposit Insurance Corporation enabled the Division of Research and Statistics to estimate the amount of mortgages held by all banks as of December 1933 and December 1934.

In May 1935, the Federal Housing Administration obtained reports from nearly all banks in the United States except mutual savings banks which showed that 40.6 percent of all nonfarm real-estate mortgages held by these banks were on 1- to 4-family dwellings

The survey of mutual savings banks in March 1933 revealed that 50 percent of all urban mortgages held by these institutions were on 1- to 4-family homes. Combining the results of these two surveys, it was estimated that 47 percent of the nonfarm real-estate mortgages held by all banks were on 1- to 4-family homes.

3. *For life insurance companies:* Best's Life Insurance Reports and special survey of life insurance companies by the Federal Home Loan Bank Board in November 1935.

The Board's survey showed that 25.7 percent of the total mortgage loans of life insurance companies were on 1- to 4-family urban homes. Reports were received from 37 companies holding 82 percent of all assets of all life insurance companies.

4. *For the Home Owners' Loan Corporation:* Monthly reports of loans closed.

Indexes of Small-House-Building Costs

PRELIMINARY figures on the costs of building the same typical house in 30 cities, situated in 14 States and four Federal Home Loan Bank Districts, are shown in the accompanying table. These figures complete the first cycle in the publication of small-house-building costs which was begun with reports from 27 cities in the January issue and continued with reports from 25 additional cities in the February issue. The April issue will inaugurate the second cycle with the publication of the second reports from the group of cities which first reported in January. Thereafter, each group will report every three months, providing a basis for the development of cost indexes for each locality.

It must again be pointed out that the initial figures in a study of such magnitude are subject to correction and that no conclusions should be drawn from them and no final comparisons made between cities until the necessarily involved reporting system has had time to be perfected and possible errors largely eliminated. With this warning in mind, it may be observed that the accompanying preliminary figures show a low of $4,764 for Fort Smith, Arkansas, and a high of $6,113 for Phoenix, Arizona. The range in cost per cubic foot is from 19.9 cents to 25.5 cents.

The mountain States of New Mexico, Arizona, and Nevada are the only three to show costs above 25 cents per cubic foot. These figures conform to the high costs reported in February for the adjoining States of Idaho, Montana, and Wyoming.

DETERMINING THE CUBIC-FOOT COST

In determining the cubic-foot cost of the "standard" house, the REVIEW has adopted what is believed to be the most acceptable practice in determining the length, width, and height of the building. Length and width are taken as the actual measurements of the outside walls. Height is the distance from six inches below the finished surface of the cellar floor to a point one-half way between the ridge of the roof and the attic floor beams. These three factors multiplied together give the gross cube.

In different sections of the country there are wide variations in methods of determining the cubic-foot cost of a building. Sometimes the factor for height is adjusted arbitrarily to suit certain features. For example, if there is an unfinished cellar, the height measurement may begin from a point half way between the cellar floor and its ceiling, so as to show a volume smaller than the actual. If there are furnished rooms in the attic, something may be added to the height factor to show a volume greater than the actual. This procedure is obviously incorrect. Inasmuch as it does not produce the true volume of the house. Clearly, the variation should be figured in the unit cost rather than in the total volume.

It should be noted that this method of cubing a house can be used only where the roof is a simple gable. In a later issue, the REVIEW will publish a study on methods of cubing various types of roof construction.

Total costs and cubic-foot costs of building the same standard house in 30 cities in March 1936

NOTE.—It must be understood that these figures are preliminary and subject to correction. No conclusions should be drawn until the reporting system has had time to be perfected and possible errors largely eliminated.

These figures do not represent the cost of a completed house, but only the cost of the basic elements that go into a house.

[Source: Federal Home Loan Bank Board]

Federal Home Loan Bank Districts, States, and cities	Total cost	Cost per cubic foot
No. 3—Pittsburgh:		
Delaware:		
Wilmington	$5, 360	$0. 223
Pennsylvania:		
Harrisburg	5, 583	. 233
Philadelphia	5, 494	. 229
West Virginia:		
Buckhannon	5, 214	. 217
Charleston	5, 355	. 223
Wheeling	5, 819	. 242
District average	5, 471	. 228
No. 5—Cincinnati:		
Kentucky:		
Ashland	5, 439	. 227
Covington	5, 673	. 236
Lexington	5, 039	. 210
Louisville	5, 484	. 229
Paducah	5, 170	. 215
Ohio:		
Cleveland	5, 888	. 245
Columbus	5, 559	. 232
Tennessee:		
Chattanooga	5, 217	. 217
Knoxville	4, 979	. 207
Memphis	5, 079	. 212
Nashville	4, 886	. 204
District average	5, 310	. 221
No. 9—Little Rock:		
Arkansas:		
Fort Smith	$4, 764	$0. 199
Little Rock	5, 202	. 217
Texarkana	4, 892	. 204
Louisiana:		
New Orleans	5, 328	. 222
Mississippi:		
Hattiesburg	4, 846	. 202
Jackson	5, 198	. 217
Meridian	5, 272	. 220
New Mexico:		
Albuquerque	6, 067	. 253
Texas:		
San Antonio	5, 958	. 248
District average	5, 281	. 220
No. 12—Los Angeles:		
Arizona:		
Phoenix	6, 113	. 255
California:		
Los Angeles	5, 177	. 216
San Diego	5, 520	. 230
Nevada:		
Reno	6, 006	. 250
District average	5, 704	. 238

Residential Construction Activity in the United States

THIS issue of the REVIEW inaugurates in charts 1 and 2 a new and more vivid method of reporting monthly home-building activity for the country and for each Federal Home Loan Bank District. Chart 1 will show month-by-month the number and cost of dwelling units for which permits were granted in all cities of 10,000 or more population during 1936 as compared with 1935 and with the average for the three-year period 1932-1934.

For January, chart 1 and tables 2 and 3 show that permits exceeded by 163 percent in number and 229 percent in cost the permits granted in January 1935. In numbers and dollars this means that 7,063 dwelling units, costing $30,953,900, were authorized in the first month of this year as compared with 2,686 units costing $9,408,600 in the first month of last year. It thus appears that 1936 will continue the expansion in home building which got under way in March of last year.

Chart 2 will show the current monthly *rate of residential building activity* for each of the 12 Federal Home Loan Bank Districts (heavy black line) compared with the monthly rate for each District in 1935 and the 1936 monthly rate for the United States as a whole (dotted line). These Dis-

CHART I.—NUMBER AND COST OF FAMILY DWELLING UNITS FOR WHICH PERMITS WERE GRANTED, BY MONTHS

CITIES OF 10,000 OR MORE POPULATION: 1936 COMPARED WITH SELECTED PERIODS

SOURCE:- Federal Home Loan Bank Board. Compiled from Residential Building Permits reported to U. S. Department of Labor.

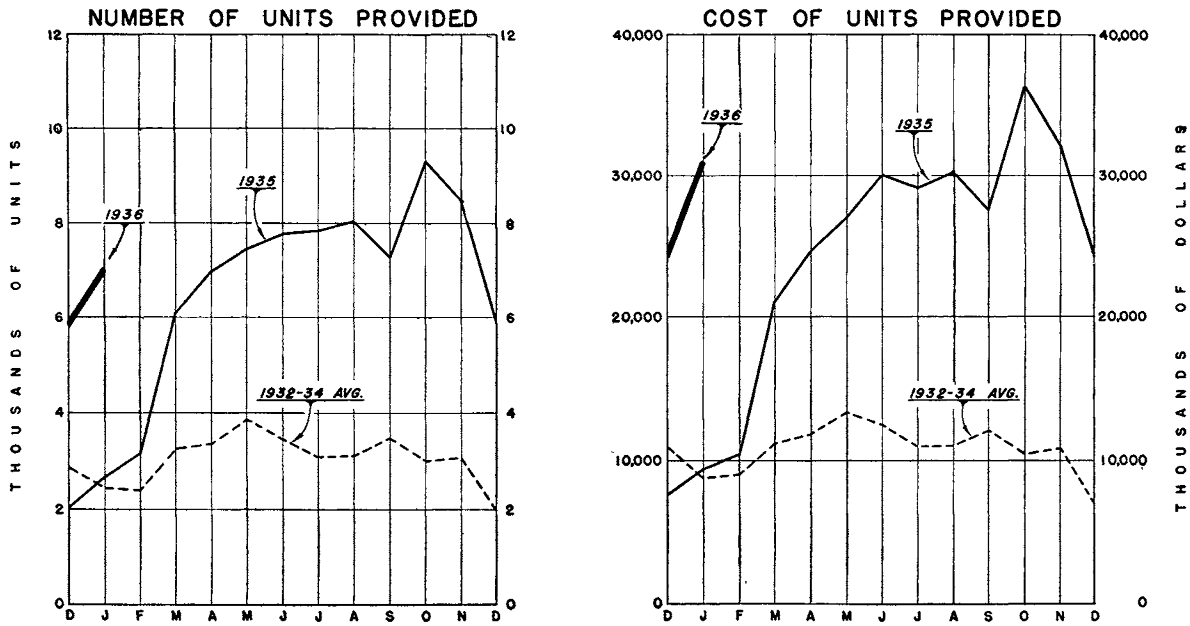
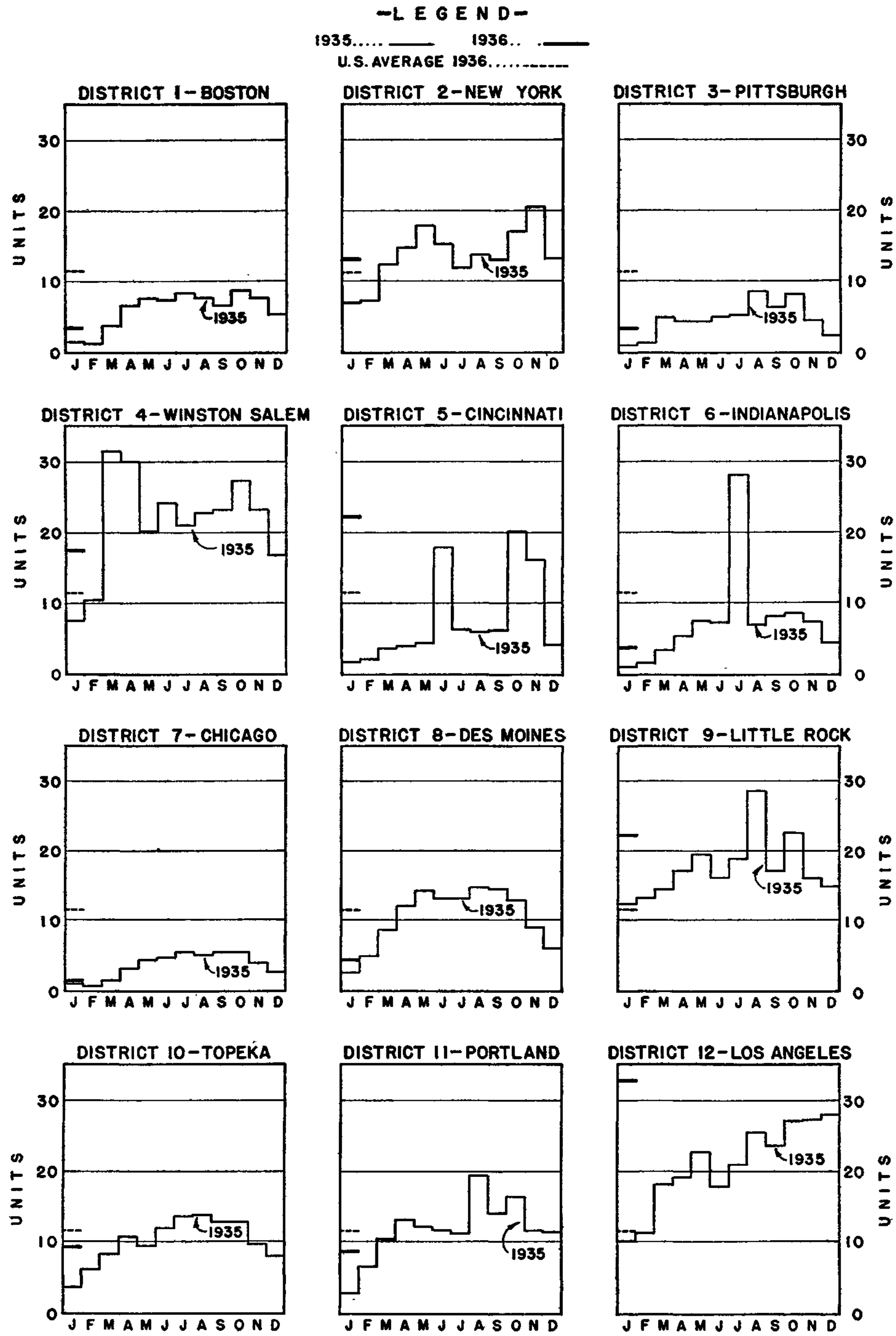


CHART 2.—RATE OF RESIDENTIAL BUILDING IN THE UNITED STATES AND IN EACH FEDERAL HOME LOAN BANK DISTRICT BY MONTH

Represents the estimated number of family dwelling units provided per 100,000 population; based upon building permit records for all cities of 10,000 or more inhabitants

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



trict charts will permit member institutions to see at a glance whether the rate of home-building activity in their District is lower or higher than the rate for the United States as a whole. Read in conjunction with table 3, the charts should also enable them to determine whether they are getting their share of the construction-financing loans in their District.

The rate pictured in the chart represents the number of family dwelling units provided in all cities of 10,000 and more inhabitants per 100,000 of the combined total of inhabitants in these cities. For example, in District 1, the heavy black line on the chart shows that in January permits were granted for 3½ dwelling units per 100,000 population in cities of 10,000 and over. This compares with a rate shown by the dotted line of 11.4 dwelling units per 100,000 for all cities of 10,000 and more population in the United States as a whole.

The population figures used are estimates for the current year based upon the United States Census Bureau's figures of population for 1934.

BUILDING ACTIVITY VARIES GREATLY AMONG DISTRICTS

CHART 2 and table 3 indicate that the benefits of the substantial residential building activity in January were spottily distributed over the country. Although every District showed some gain over January 1935, that gain was very slight in the New England District, and in the Pittsburgh, Indianapolis, Chicago, Des Moines, Topeka, and Portland Districts. By contrast, the California, Ohio, Texas, and District of Columbia areas showed such great gains as to pull up the national average.

The distribution of permits by type of dwelling is indicated in tables 2 and 3. Translating the figures into percentages, 1- and 2-family dwellings accounted for only 58.3 percent of all units authorized in January 1936 as compared with 68.4 percent in January 1935. In contrast, multifamily units accounted for 41.7 percent of the total this year as compared with only 31.6 percent last year. This gain is accounted for in part by an increase in publicly financed housing projects in the first month of this year.

BUILDING COSTS AND HOUSING RENTALS

THE National Industrial Conference Board's index of housing rentals for January was 71.4 percent of the 1923–1925 base as compared with 70.9 percent in December 1935 and as compared with 64.7 percent in January 1935. Cost of building in January, according to the index compiled by the Federal Reserve Board of New York, climbed from 88.9 percent of the 1923–1925 base level in December to 89.1 percent in January.

DWELLING UNITS PROVIDED LAST YEAR

IN A study of the building cycle in relation to types of dwellings and size of city published in the February REVIEW, the number of dwelling units provided annually in cities of different size between 1921 and 1934 were shown. (See REVIEW for February 1936, pages 162–3.) Figures for the number of units provided in 1935 are now available and published in table 1. Those who have occasion to work with these figures may find it convenient to write them in the full tables published in February.

Table 1.—*Total number of family dwelling units provided in 1935 in cities classified by size*

[Source: Federal Home Loan Bank Board, Division of Research and Statistics. Compiled from reports to the U. S. Department of Labor]

Cities by size groups	Number of family dwelling units by type of dwelling				
	Total Residential	1-family	2-family	Joint home and business	3- and more-family
25,000 or more	64, 098	38, 150	3, 296	366	22, 286
100,000 or more	49, 423	26, 056	2, 382	194	20, 791
50,000–100,000	7, 304	5, 560	574	83	1, 087
25,000–50,000	7, 371	6, 534	340	89	408

Table 2.—*Number and estimated cost of new housekeeping dwelling units for which permits were issued in all cities of 10,000 population or over in the United States in January 1936* [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		
	Jan. 1936	Jan. 1935	Percent change	Jan. 1936	Jan. 1935	Percent change	Jan. 1936	Jan. 1935	Percent change
All housekeeping dwellings	7, 063	2, 686	+163. 0	$30, 953. 9	$9, 408. 6	+229. 0	$4, 382. 5	$3, 502. 8	+25. 1
Total 1- and 2-family dwellings	4, 121	1, 838	+124. 2	17, 073. 6	6, 717. 1	+154. 2	4, 143. 1	3, 654. 6	+13. 4
1-family dwellings	3, 762	1, 648	+128. 3	16, 065. 5	6, 098. 6	+163. 4	4, 270. 5	3, 700. 6	+15. 4
2-family dwellings	324	172	+88. 4	889. 3	478. 7	+85. 8	2, 744. 8	2, 783. 1	−1. 4
Joint home and business [2]	35	18	+94. 4	118. 8	139. 8	−15. 0	3, 394. 3	7, 766. 7	−56. 3
Multifamily dwellings	2, 942	848	+246. 9	13, 880. 3	2, 691. 5	+415. 7	4, 718. 0	3, 173. 9	+48. 6

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

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

TABLE 3.—*Number and estimated cost of new residential buildings for which permits were issued in all cities of 10,000 population or over, in January 1936, by Federal Home Loan Bank Districts and by States*

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

Federal Home Loan Bank Districts and States	All residential dwellings				All 1- and 2-family dwellings			
	Number of units		Estimated cost (000 omitted)		Number of units		Estimated cost (000 omitted)	
	Jan. 1936	Jan. 1935	Jan. 1936	Jan. 1935	Jan. 1936	Jan. 1935	Jan. 1936	Jan. 1935
UNITED STATES	7,063	2,686	$30,953.9	$9,408.6	4,121	1,838	$17,073.6	$6,717.1
No. 1—Boston	208	87	1,210.1	496.2	204	87	1,203.4	496.2
Connecticut	61	20	349.8	108.5	61	20	349.8	108.5
Maine	3	5	7.1	10.5	3	5	7.1	10.5
Massachusetts	114	49	762.6	321.2	110	49	755.9	321.2
New Hampshire	4	4	5.0	7.0	4	4	5.0	7.0
Rhode Island	26	9	85.6	49.0	26	9	85.6	49.0
Vermont	....	....	....	....	....	....	....	....
No. 2—New York	1,747	925	7,183.0	3,467.7	430	203	2,135.0	1,039.7
New Jersey	98	28	629.8	185.3	98	28	629.8	185.3
New York	1,649	897	6,553.2	3,282.4	332	175	1,505.2	854.4
No. 3—Pittsburgh	186	57	1,402.5	321.1	182	54	1,398.5	316.2
Delaware	....	4	....	18.0	....	4	....	18.0
Pennsylvania	168	44	1,337.9	257.5	168	41	1,337.9	252.6
West Virginia	18	9	64.6	45.6	14	9	60.6	45.6
No. 4—Winston-Salem	859	373	2,768.2	1,046.7	614	343	2,168.9	997.7
Alabama	35	12	47.6	12.2	35	12	47.6	12.2
District of Columbia	347	96	1,293.4	455.2	110	70	712.4	409.2
Florida	253	121	784.8	292.0	249	121	770.5	292.0
Georgia	33	38	110.2	66.3	33	38	110.2	66.3
Maryland	43	15	147.1	26.5	43	15	147.1	26.5
North Carolina	56	34	137.1	71.5	52	30	133.1	68.5
South Carolina	49	32	117.1	62.9	49	32	117.1	62.9
Virginia	43	25	130.9	60.1	43	25	130.9	60.1
No. 5—Cincinnati	1,225	98	8,373.3	466.8	179	90	939.3	425.3
Kentucky	33	22	110.0	67.4	27	22	99.0	67.4
Ohio	1,149	59	8,187.6	373.8	109	51	764.6	332.3
Tennessee	43	17	75.7	25.6	43	17	75.7	25.6
No. 6—Indianapolis	177	46	989.1	245.1	177	46	989.1	245.1
Indiana	22	10	77.3	39.1	22	10	77.3	39.1
Michigan	155	36	911.8	206.0	155	36	911.8	206.0
No. 7—Chicago	80	69	408.8	245.6	80	33	408.8	169.6
Illinois	28	55	183.2	175.7	28	19	183.2	99.7
Wisconsin	52	14	225.6	69.9	52	14	225.6	69.9

TABLE 3.—*Number and estimated cost of new residential buildings for which permits were issued in all cities of 10,000 population or over, in January 1936, by Federal Home Loan Bank Districts and by States*—Continued

Federal Home Loan Bank Districts and States	All residential dwellings				All 1- and 2-family dwellings			
	Number of units		Estimated cost (000 omitted)		Number of units		Estimated cost (000 omitted)	
	Jan. 1936	Jan. 1935	Jan. 1936	Jan. 1935	Jan. 1936	Jan. 1935	Jan. 1936	Jan. 1935
No. 8—Des Moines	160	96	$675.3	$300.6	152	96	$647.3	$300.6
Iowa	19	7	74.0	24.3	11	7	46.0	24.3
Minnesota	36	11	185.4	23.0	36	11	185.4	23.0
Missouri	103	71	409.6	246.2	103	71	409.6	246.2
North Dakota	....	1	....	1.0	....	1	....	1.0
South Dakota	2	6	6.3	6.1	2	6	6.3	6.1
No. 9—Little Rock	723	396	1,885.8	964.4	651	386	1,736.3	955.2
Arkansas	19	5	78.6	6.7	19	5	78.6	6.7
Louisiana	40	20	101.1	72.6	36	20	91.9	68.1
Mississippi	8	7	40.0	15.5	8	7	40.0	15.5
New Mexico	14	3	48.4	7.1	14	3	48.4	7.1
Texas	642	361	1,617.7	862.5	574	351	1,477.4	857.8
No. 10—Topeka	185	73	664.0	216.6	181	73	662.0	216.6
Colorado	36	23	182.9	104.1	32	23	180.9	104.1
Kansas	26	11	90.8	17.6	26	11	90.8	17.6
Nebraska	8	7	30.2	34.2	8	7	30.2	34.2
Oklahoma	115	32	360.1	60.7	115	32	360.1	60.7
No. 11—Portland	141	50	449.7	129.6	126	43	427.4	126.2
Idaho	11	2	27.4	1.1	11	2	27.4	1.1
Montana	18	1	29.0	0.8	14	1	23.0	0.8
Oregon	37	8	146.4	28.1	37	8	146.4	28.1
Utah	7	4	22.4	11.8	7	4	22.4	11.8
Washington	66	31	214.7	68.2	55	24	198.4	64.8
Wyoming	2	4	9.8	19.6	2	4	9.8	19.6
No. 12—Los Angeles	1,372	416	4,944.1	1,508.2	1,145	384	4,357.6	1,428.7
Arizona	14	6	35.7	16.3	14	6	35.7	16.3
California	1,357	410	4,903.4	1,491.9	1,130	378	4,316.9	1,412.4
Nevada	1	....	5.0	....	1	....	5.0	....

Growth and Lending Operations of the Federal Home Loan Banks

FOR the first time in many months advances to their member institutions by the 12 Federal Home Loan Banks registered practically no net increase during January. Although the volume of combined advances made during the month attained the substantial total of $5,071,000, repayments almost equaled this amount.

It is rather surprising that the balance of Bank advances outstanding did not fall appreciably during January. The severity of the winter weather throughout the country has, of course, accentuated the usual seasonal lull in building activity.

The number of institutions obtaining membership in the Federal Home Loan Bank System during the first month of 1936 was 33. This brought the total membership as of January 31 to 3,501 institutions with combined assets of $3,160,048,000.

It is noteworthy that at the end of 1935, the number of member institutions borrowing from the Banks totaled 2,192 or 63.2 percent of all members.

There were no changes in interest rates on advances to member institutions during January.

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
December	3, 468	3, 131, 019	266, 035	188, 675	8, 414	2, 708	102, 795	163, 240
1936								
January	3, 501	3, 160, 048	267, 846	193, 746	5, 071	5, 065	102, 800	165, 046

[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.

	Combined	Boston	New York	Pittsburgh	Winston-Salem
ASSETS					
Cash:					
On hand	$27,597.79	$500.00	0	$1,000.00	$10.00
On deposit with U. S. Treasurer	4,440,610.03	116,720.68	$577,421.21	3,242.69	632,810.82
On deposit with U. S. Treasurer, members' demand deposits	1,579,693.60	0	0	0	0
On deposit with other Federal Home Loan Banks	3,400,000.00	0	400,000.00	0	0
On deposit with commercial banks	2,421,099.28	823,152.44	224,950.21	23,401.16	12,586.88
Total cash	11,869,000.70	940,373.12	1,202,371.42	27,643.85	645,407.70
Loans outstanding:					
Members	102,745,119.82	3,134,586.61	15,339,962.63	11,555,058.47	7,625,381.02
Nonmembers, secured by F. H. A. mortgages	51,000.00	0	0	51,000.00	0
Other	3,952.86	0	0	0	0
Total loans outstanding	102,800,072.68	3,134,586.61	15,339,962.63	11,606,058.47	7,625,381.02
Accrued interest receivable:					
Members	342,256.76	7,945.25	69,812.09	42,065.46	34,240.54
Nonmembers	5.59	0	0	5.59	0
Other Federal Home Loan Banks, deposits	5,316.96	0	677.60	0	0
Securities	225,131.82	56,490.51	2,038.84	1,638.23	18,575.61
Other	2,181.22	0	0	0	0
Total accrued interest	574,892.35	64,435.76	72,528.53	43,709.28	52,816.15
Investments, U. S. Government	18,855,995.85	4,350,000.00	205,985.94	142,900.00	1,481,622.37
Furniture and fixtures (net)	8.00	0	0	1.00	0
Stock subscriptions receivable, members	343,625.00	29,475.00	44,925.00	19,125.00	24,625.00
Deferred charges:					
Prepaid assessment, F. H. L. B. B.	6,357.50	1,657.50	0	0	1,807.50
Prepaid bond premium	14,496.54	1,183.15	1,774.36	1,530.77	725.00
Other	3,741.69	0	2,075.03	0	0
Total deferred charges	24,595.73	2,840.65	3,849.39	1,530.77	2,532.50
Other assets:					
Accounts receivable	8,457.15	0	0	0	906.34
Other	764.73	0	0	0	0
Total other assets	9,221.88	0	0	0	906.34
Total assets	134,477,412.19	8,521,711.14	16,869,622.91	11,840,968.37	9,833,291.08
LIABILITIES AND CAPITAL					
Liabilities:					
Deposits:					
Members, time	4,258,442.12	1,006,906.11	506,000.00	14,000.00	163,000.00
Members, demand	1,579,693.60	0	0	0	0
Applicants	193,524.87	13,175.00	21,949.87	28,225.00	4,250.00
Other Federal Home Loan Banks	3,400,000.00	0	0	100,000.00	0
Other, members' loan prepayments	45,318.07	0	0	21,796.07	0
Accrued interest:					
Members' deposits	5,050.51	485.61	603.67	12.27	291.57
Other Federal Home Loan Bank deposits	169.86	0	0	169.86	0
Accounts payable	3,638.57	0	0	0	0
Total liabilities	9,485,837.60	1,020,566.72	528,553.54	164,203.20	167,541.57
Capital:					
Capital stock, issued and outstanding:					
Fully paid:					
Members	24,416,700.00	2,041,700.00	3,400,300.00	1,770,500.00	1,999,400.00
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	27,345,300.00	7,167,500.00	6,463,200.00	1,546,300.00	1,708,200.00
	97,395,700.00	5,300,000.00	12,500,000.00	9,600,000.00	7,500,000.00
Partially paid:					
Members	662,800.00	61,700.00	78,800.00	46,500.00	40,800.00
Total capital stock outstanding	122,475,200.00	7,403,400.00	15,979,100.00	11,417,000.00	9,540,200.00
Surplus:					
Reserves:					
As required under section no. 16 of act	1,389,307.61	67,843.94	194,400.20	146,609.47	100,015.02
Surplus, unallocated	1,127,066.98	29,900.48	167,569.17	113,155.70	25,534.49
Total surplus	2,516,374.59	97,744.42	361,969.37	259,765.17	125,549.51
Total capital	124,991,574.59	7,501,144.42	16,341,069.37	11,676,765.17	9,665,749.51
Total liabilities and capital	134,477,412.19	8,521,711.14	16,869,622.91	11,840,968.37	9,833,291.08

LOAN BANKS

condition as at Jan. 31, 1936

Cincinnati	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	Portland	Los Angeles
$16,010.00	0	$9,492.79	$25.00	$25.00	$25.00	0	$510.00
754,270.28	$259,805.22	382,582.41	545,642.54	163,036.38	637,343.49	$316,567.31	51,167.00
1,105,066.30	62,033.02	0	0	163,091.92	25,457.77	126,378.67	97,665.92
0	1,000,000.00	0	0	0	0	2,000,000.00	0
205,130.93	328,412.08	628,117.72	15,238.57	0	9,236.37	57,000.00	93,872.92
2,080,477.51	1,650,250.32	1,020,192.92	560,906.11	326,153.30	672,062.63	2,499,945.98	243,215.84
18,360,015.10	4,617,806.28	17,255,788.93	5,390,998.19	7,256,587.63	4,764,350.00	3,153,067.67	4,291,517.29
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	3,952.86
18,360,015.10	4,617,806.28	17,255,788.93	5,390,998.19	7,256,587.63	4,764,350.00	3,153,067.67	4,295,470.15
59,419.13	13,015.58	41,557.20	16,621.48	21,718.56	11,815.85	13,779.47	10,266.15
0	0	0	0	0	0	0	0
0	1,606.57	0	0	0	0	3,032.79	0
36,916.67	24,694.95	1,494.68	23,736.96	25,952.55	14,125.00	5,541.45	13,926.37
0	2,161.12	0	0	0	0	0	20.10
96,335.80	41,478.22	43,051.88	40,358.44	47,671.11	25,940.85	22,353.71	24,212.62
3,031,511.62	1,987,234.14	156,611.18	1,985,447.79	2,416,725.00	1,050,000.00	710,075.00	1,337,882.81
1.00	1.00	1.00	1.00	1.00	1.00	1.00	0
131,400.00	11,400.00	28,300.00	2,225.00	10,575.00	8,700.00	2,575.00	30,300.00
0	0	2,892.50	0	0	0	0	0
1,504.00	968.22	569.71	1,037.16	1,536.13	1,162.66	1,250.00	1,255.38
1,666.66	0	0	0	0	0	0	0
3,170.66	968.22	3,462.21	1,037.16	1,536.13	1,162.66	1,250.00	1,255.38
139.90	0	0	0	21.80	0	0	7,389.11
0	0	734.17	0	0	0	0	30.56
139.90	0	734.17	0	21.80	0	0	7,419.67
23,703,051.59	8,309,138.18	18,508,142.29	7,980,973.69	10,059,270.97	6,522,217.14	6,389,268.36	5,939,756.47
395,000.00	21,259.31	1,937,276.70	215,000.00	0	0	0	0
1,105,066.30	62,033.02	0	0	163,091.92	25,457.77	126,378.67	97,665.92
26,850.00	22,425.00	27,175.00	5,825.00	625.00	3,025.00	1,575.00	38,425.00
3,300,000.00	0	0	0	0	0	0	0
23,522.00	0	0	0	0	0	0	0
373.19	0	3,284.20	0	0	0	0	0
0	0	0	0	0	0	0	0
0	968.22	0	0	0	0	0	2,670.35
4,850,811.49	106,685.55	1,967,735.90	220,825.00	163,716.92	28,482.77	127,953.67	138,761.27
5,276,100.00	1,999,600.00	2,629,800.00	1,136,500.00	1,390,800.00	1,051,300.00	533,200.00	1,187,500.00
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	673,900.00	894,900.00	472,400.00	2,033,600.00	300,000.00	5,507,900.00
12,775,700.00	6,000,000.00	13,500,000.00	6,500,000.00	8,300,000.00	5,300,000.00	5,660,000.00	4,460,000.00
276,800.00	18,500.00	45,300.00	5,100.00	20,300.00	19,200.00	5,200.00	44,600.00
18,328,600.00	8,018,100.00	16,175,100.00	7,641,600.00	9,711,100.00	6,370,500.00	6,198,400.00	5,692,100.00
277,528.27	108,966.28	191,361.62	69,305.97	102,362.17	49,250.17	37,345.98	44,318.52
246,111.83	75,386.35	173,944.77	49,242.72	82,091.88	73,984.20	25,568.71	64,576.68
523,640.10	184,352.63	365,306.39	118,548.69	184,454.05	123,234.37	62,914.69	108,895.20
18,852,240.10	8,202,452.63	16,540,406.39	7,760,148.69	9,895,554.05	6,493,734.37	6,261,314.69	5,800,995.20
23,703,051.59	8,309,138.18	18,508,142.29	7,980,973.69	10,059,270.97	6,522,217.14	6,389,268.36	5,939,756.47

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

Federal Home Loan Bank	Rate in effect on March 1	Type of loan
	Percent	
1. Boston	3	All advances.
2. New York	3¼	All advances for 1 year or less.
	3¾	All advances for more than 1 year shall be written at 4 percent, but interest collected at 3¾ percent during 1936. This rate shall be applicable to balances outstanding on Jan. 1, 1936.
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	3	All secured advances are to be written at 3½ percent, but interest collected at 3 percent.
	3½	All unsecured advances.
8. Des Moines	3½	All advances for 1 year or less.
	3½-4	All advances for more than 1 year shall bear an interest rate of 3½ percent 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, if less than 4 percent. All advances outstanding at May 1, 1935, written at a rate 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

A TOTAL of 31,383 new accounts were opened by private investors in 881 reporting Federal savings and loan associations during January (table 1). This increase of approximately 7 percent in number of new members is the highest reported for any one month to date. It reflects the strength of the appeal of insured shares and emphasizes the value of advertising this new type of high-class investment to the public.

It is especially significant that this increase in number of new investors took place just after the semiannual dividend date when repurchases are always at their heaviest. In fact, the gain for 370 converted associations took place in the face of a slight net loss of total payments on private subscriptions due to heavy repurchases.

In keeping with the customary January recession in home-financing activity, the total volume of new loans made fell off 18.8 percent from December 1935. Nevertheless, the 881 reporting Federals loaned in all $9,319,391 during the month. Loans for refinancing led the list with 37.8 percent of the total, followed by 33.5 percent for new construction, 21.9 percent for purchase of homes, and 6.8 percent for reconditioning.

The 881 associations received an additional $4,291,200 from the Home Owners' Loan Corporation in share investments. Repayments to the Federal Home Loan Banks exceeded new advances from the Banks causing a slight net decrease. In contrast, short-term borrowings from sources other than the Federal Home Loan Banks registered a sharp increase during the month.

NEW FEDERAL CHARTERS GRANTED

CONVERSIONS continued to account for the greatest increase in Federal associations during January when former State-chartered associations obtained 16 of the 21 charters granted (table 2). The additions raised the total number of Federal associations to 1,044 with combined assets of $508,597,259.

TABLE 1.—*Federal Savings and Loan System—Combined summary of operations for January 1936 as compared with December 1935 for associations reporting in both months*

	511 new associations			370 converted associations		
	January	December	Change December to January	January	December	Change December to January
Share liability at end of month:			*Percent*			*Percent*
Private share accounts (number)	80, 291	75, 154	+6. 8	386, 392	360, 146	+7. 3
Paid on private subscriptions	$30, 960, 395	$27, 862, 532	+11. 1	$269, 207, 169	$273, 740, 695	−1. 7
Treasury and H. O. L. C. subscriptions	31, 434, 500	30, 197, 000	+4. 7	36, 692, 500	33, 638, 800	+9. 1
Total	62, 394, 895	58, 059, 532	+7. 5	305, 899, 669	307, 379, 495	−. 5
Average paid on private subscriptions	386	370	+3. 7	678	758	−10. 5
Repurchases during month	675, 024	287, 243	+134. 8	5, 921, 421	2, 496, 567	+137. 2
Mortgage loans made during month:						
a. Reconditioning	220, 098	316, 008	−30. 3	407, 758	541, 182	−24. 6
b. New construction	1, 733, 750	2, 021, 806	−14. 2	1, 387, 915	1, 992, 205	−30. 4
c. Refinancing	1, 491, 491	1, 869, 705	−20. 1	2, 032, 539	2, 200, 451	−7. 6
d. Purchase of homes	769, 006	836, 391	−8. 1	1, 276, 834	1, 693, 154	−24. 6
Total for month	4, 214, 345	5, 043, 910	−16. 4	5, 105, 046	6, 426, 992	−20. 6
Loans outstanding end of month [1]	62, 925, 701	60, 102, 829	+4. 7	254, 720, 475	255, 580, 293	−. 3
Borrowed money as of end of month:						
From Federal Home Loan Banks	6, 878, 539	6, 931, 917	−. 8	20, 277, 100	20, 957, 965	−3. 2
From other sources	121, 673	86, 840	+40. 1	2, 214, 463	1, 601, 499	+38. 3
Total	7, 000, 212	7, 018, 757	−. 3	22, 491, 563	22, 559, 464	−. 3

[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	Dec. 31, 1935	Jan. 31, 1936	Dec. 31, 1935	Jan. 31, 1936 [1]
New	57	321	481	554	605	610	$59, 033, 893	$75, 119, 589
Converted	2	49	158	297	418	434	414, 437, 212	433, 837, 670
Total	59	370	639	851	1, 023	1, 044	473, 471, 105	508, 597, 259

[1] The large increase in assets reported for new associations in January is due to adjustments in the assets of all associations to conform with current figures. Such an adjustment is made every three months.

Federal Savings and Loan Insurance Corporation

IN A communication addressed to all savings and loan associations under its jurisdiction, the Department of Banking and Securities of Kentucky made the following statement: "The Banking and Securities Department is extremely anxious to see all the building associations in the State relieved of their withdrawal lists and take on new life by securing new accounts which would help them regain the high standing and confidence they enjoyed prior to the depression. In many instances we believe this can only be done by the insurance of accounts with the Federal Savings and Loan Corporation. . . ."

The communication reproduced in full an address made by Mr. Glenn W. Lane, Deputy Banking Commissioner of Kentucky, before the Supervisors' Division of the United States Building and Loan League in Cincinnati last November. We quote below an extract from Mr. Lane's address:

> I can see no future growth for some of the associations in my State unless they are able to reverse the liquidation procedure they are now undergoing and do it soon. This is of vital importance to the employees, also, as continued liquidation means that the volume of business is reduced and net earnings cut down and salaries must also come down, therefore from a selfish standpoint it is up to the management to try and revitalize the associations. I know of nothing that can be of greater assistance in a rehabilitation program than the insurance of shares and being able to assure the public that the safety of their funds is guaranteed by a Federal Agency.

PROGRESS OF THE INSURANCE CORPORATION

TWENTY-THREE associations, with combined assets of $23,758,403, were insured by the Federal Savings and Loan Insurance Corporation between January 18 and February 15 (see table). Of this number, 10 associations operate under State charters, 6 are converted, and 7 are newly organized Federal savings and loan associations. The addition of these 23 associations brought the number of insured associations as of February 15 to 1,178, the combined assets (as of date of insurance) to $721,605,018, and the number of insured shareholders to 1,028,725.

During the January 18—February 15 period, applications for insurance were received from 39 associations, bringing the cumulative total of applicants to 1,458, with combined assets as of date of application of $1,110,274,128.

It is noteworthy that between February 20, 1935 and February 15, 1936, the average assets of insured institutions have about doubled. A year ago, assets averaged $319,000; on February 15 last, they averaged $613,000. This indicates that an increasing number of larger associations are giving their shareholders the protection of insurance.

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

APPLICATIONS RECEIVED

	Number at 6-month intervals			Number		Assets (as of date of application)	
	Dec. 31, 1934	June 30, 1935	Dec. 31, 1935	Jan. 18, 1936	Feb. 15, 1936	Jan. 18, 1936	Feb. 15, 1936
State-chartered associations	53	188	351	359	400	$614, 471, 376	$629, 251, 700
Converted F. S. and L. A.	134	360	480	483	469	474, 281, 271	468, 920, 450
New F. S. and L. A.	393	517	575	577	589	10, 807, 080	12, 101, 978
Total	580	1, 065	1, 406	1, 419	1, 458	1, 099, 559, 727	1, 110, 274, 128

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	Dec. 31, 1935	Jan. 18, 1936	Feb. 15, 1936	Feb. 15, 1936	Feb. 15, 1936	Feb. 15, 1936
State-chartered associations	4	45	136	160	170	349, 905	$286, 276, 785	$258, 958, 571
Converted F. S. and L. A.	108	283	406	418	424	638, 829	424, 385, 760	386, 599, 383
New F. S. and L. A.	339	512	572	577	584	39, 991	10, 942, 473	10, 312, 934
Total	451	840	1, 114	1, 155	1, 178	1, 028, 725	721, 605, 018	655, 870, 888

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. 31, 1935	27	1, 131, 700	33	2, 480, 000	553	21, 139, 000	613	24, 750, 700
Jan. 31, 1936	30	1, 301, 700	42	3, 150, 000	662	24, 681, 600	734	29, 133, 300
Feb. 20, 1936	37	2, 491, 700	44	3, 210, 000	762	28, 240, 100	843	33, 941, 800
Subscriptions:								
Sept. 30, 1935	......	....	3	150, 000	......	....	3	150, 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. 31, 1935	2	100, 000	24	1, 980, 000	474	17, 766, 500	500	19, 846, 500
Jan. 31, 1936	6	285, 000	35	2, 525, 000	594	22, 233, 500	635	25, 043, 500
Feb. 20, 1936	8	485, 000	37	2, 650, 000	661	24, 471, 600	706	27, 606, 600

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] 226, 877	381, 341	1, 157, 985, 268
1935			
From Jan. 1 through June 30	143, 638	155, 214	463, 689, 204
From July 1 through Dec. 31	....	90, 335	279, 352, 039
1936			
January	....	14, 192	44, 409, 162
Feb. 1 to Feb. 13	....	4, 211	13, 657, 634
Grand total to Feb. 13, 1936	1, 884, 147	990, 193	2, 998, 095, 847

[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 Feb. 13, 1936

Period	Number of applications received for reconditioning loans	Total contracts executed		Total jobs completed	
		Number	Amount	Number	Amount
June 1, 1934 through Jan. 16, 1936 [1]	665, 251	326, 358	$63, 307, 024	297, 005	$55, 473, 312
Jan. 17, 1936 through Feb. 13, 1936 [2]	2, 583	7, 086	1, 749, 994	3, 962	1, 028, 522
Grand total through Feb. 13, 1936	667, 834	333, 444	65, 057, 018	300, 967	56, 501, 834

[1] The totals for this period differ from those published in the February 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 [3]
Prior to 1935	30	0	6
1935			
Jan. 1 through June 30	536	7	72
July	341	5	64
August	546	7	50
September	370	23	91
October	687	36	180
November	950	66	389
December	1, 010	53	341
1936			
January	1, 281	28	334
Grand total to Jan. 31, 1936	5, 751	225	1, 527

[1] All figures through November 1935 are as of the month they were received by the Corporation. Beginning with December the figures represent the actual operations taking place during the month.
[2] Due to payment of delinquencies by borrowers after foreclosure proceedings had been entered.
[3] Does not include 418 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 1,527 completed cases, 8 properties were sold at foreclosure sale to parties other than H. O. L. C.

Resolutions of the Board

I.—AMENDING THE RULES AND REGULATIONS FOR FEDERAL SAVINGS AND LOAN ASSOCIATIONS AFFECTING THE ANNUAL AUDIT OF FEDERAL ASSOCIATIONS

To eliminate possible expense and duplication of effort for Federal associations, the Board on January 25 passed the following resolution:

Whereas Section 18 of the Rules and Regulations for Federal Savings and Loan Associations (Revised Edition June 1935) requires that each Federal savings and loan association shall be audited at least annually by a qualified accountant not otherwise employed by the association and that it shall also be examined at least annually as prescribed by the Board, and

Whereas the Board considers it advisable that ordinarily such association should be audited as well as examined, and

Whereas such requirements in some cases may involve a duplication of work and expense which it is desired to eliminate, now, therefore

Be it resolved by the Federal Home Loan Bank Board that said Section 18 of the Rules and Regulations for Federal Savings and Loan Associations be and it hereby is amended to read as follows:

"Sec. 18. For the protection of its members and the public, each Federal savings and loan association shall be examined and audited (with appraisals when deemed advisable) at least annually by the Examining Division of the Board. The cost as determined by the Board, of such examination including office analyses thereof, audit, and any appraisals made in connection therewith shall be paid by the institution examined. In any case where an association secures an audit of its affairs annually by a qualified accountant not otherwise employed by the association and in a manner satisfactory to the Board, a copy of such audit, signed and certified by the auditor making it, shall be filed promptly with the Board. In such case the audit provided for in connection with the examination shall be eliminated at the request of the association."

Be it further resolved, that resolution adopted January 2, 1936, amending Section 18 of the Rules and Regulations for Federal Savings and Loan Associations is hereby rescinded and revoked.

II.—AMENDING THE RULES AND REGULATIONS FOR FEDERAL SAVINGS AND LOAN ASSOCIATIONS AFFECTING CONVERSION

The Board adopted the following resolution on January 22:

Be it resolved by the Federal Home Loan Bank Board, that Section 32 of the Rules and Regulations for the Federal Savings and Loan Associations be amended by the addition of the following:

"Organization under any charter so issued shall not be complete until compliance with this section, with any specific condition attached by the Board in the granting of such charter, and complete compliance with all provisions of State law authorizing such conversion. Between the time of the granting of the charter and the completion of organization thereunder, as is herein provided, such association may take the steps provided for by this section, or by any pertinent State law and such other action as may be necessary or appropriate in the operation of the association and the completion of its conversion, but all the action necessary to the completion of organization under the charter shall be taken as promptly as is practicable."

III.—AMENDING THE RULES AND REGULATIONS FOR FEDERAL SAVINGS AND LOAN ASSOCIATIONS GOVERNING THE APPRAISAL OF REAL ESTATE SITUATED MORE THAN FIFTY MILES FROM THE HOME OFFICE OF A CONVERTED ASSOCIATION ON WHICH IT DESIRES TO MAKE LOANS

The Board adopted the following resolution on February 7:

Be it resolved by the Federal Home Loan Bank Board that the Rules and Regulations for Federal Savings and Loan Associations, Section 50, paragraph (c) subparagraph (1), be amended to read as follows:

"(1) It must be appraised in person by an officer, director, or appraiser of the association, (and the compensation of such officer, director, or appraiser shall not in any way be affected by the granting or declining of the loan applied for), and also independently by an appraiser living in the community in which the real estate is situated."

IV.—AMENDING THE RULES AND REGULATIONS FOR INSURANCE OF ACCOUNTS GOVERNING THE APPRAISAL OF REAL ESTATE SITUATED MORE THAN FIFTY MILES FROM THE HOME OFFICE OF AN INSURED ASSOCIATION ON WHICH IT DESIRES TO MAKE LOANS

The Board adopted the following resolution on February 7:

Whereas the subject dealt with below has been considered by the Federal Savings and Loan Advisory Council and the substance of the proposed amendment has been approved by said Council, and the same is deemed by the Board of Trustees to be a minor amendment, therefore

Be it resolved by the Board of Trustees of Federal Savings and Loan Insurance Corporation that Section 10, paragraph (d), subparagraph (2) of the Rules and Regulations for Insurance of Accounts be amended to read as follows:

"(2) It must be appraised in person by an officer, director, or appraiser of the insured institution, (and the compensation of such officer, director, or appraiser shall not in any way be affected by the granting or declining of the loan applied for), and also independently by an appraiser living in the community in which the real estate is situated."

Directory of Member, Federal, and Insured Institutions

Added during January–February

I. INSTITUTIONS ADMITTED TO MEMBERSHIP IN THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN JANUARY 20, 1936, AND FEBRUARY 22, 1936 [1]

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

DISTRICT NO. 1

MASSACHUSETTS:
- Cambridge:
  - Reliance Co-operative Bank, 15 Dunster Street.
- Ipswich:
  - Ipswich Co-operative Bank.

DISTRICT NO. 3

PENNSYLVANIA:
- Philadelphia:
  - Carver Building Association, Corner Twentieth Street & Passyunk Avenue.
  - East Girard Building & Loan Association, 1500 East Susquehanna Avenue.
  - Greater Fox Chase Building & Loan Association, 7981 Oxford Avenue.
  - Thomas E. Coale Building & Loan Association, Frankford Library Building.

WEST VIRGINIA:
- New Martinsville:
  - Doolin Building & Loan Association.

DISTRICT NO. 4

NORTH CAROLINA:
- Hickory:
  - First Building & Loan Association of Hickory.

DISTRICT NO. 5

OHIO:
- Dayton:
  - Washington Loan & Savings Association, 7 North Jefferson Street.

DISTRICT NO. 6

INDIANA:
- Elwood:
  - Elwood Rural Savings & Loan Association.
- Evansville:
  - Mid-West Savings & Loan Association, 324 Sycamore Street.
- Vincennes:
  - North Side Building & Loan Association of Vincennes, Indiana.

DISTRICT NO. 7

ILLINOIS:
- Dundee:
  - Dundee Loan & Homestead Association, 111 West Main Street.
- Paris:
  - Home Building & Loan Association of Paris.

DISTRICT NO. 9

LOUISIANA:
- New Orleans:
  - Equitable Homestead Association, 821 Perdido Street.

TEXAS:
- Beaumont:
  - Home Building & Loan Association.
- Fort Worth:
  - Tarrant County Building & Loan Association of Fort Worth, 615 Main Street.

DISTRICT NO. 10

OKLAHOMA:
- Vinita:
  - Phoenix Building & Loan Association.

DISTRICT NO. 11

OREGON:
- McMinnville:
  - American Savings & Loan Association, 445 Third Street.

WASHINGTON:
- Seattle:
  - Roosevelt Savings & Loan Association, 4243 University Way.
- Vancouver:
  - Metropolitan Savings & Loan Association.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN JANUARY 20, 1936, AND FEBRUARY 22, 1936

CALIFORNIA:
- North Hollywood:
  - Lankershim Building & Loan Association, 5213 Lankershim Boulevard.

ILLINOIS:
- Chicago:
  - Zdar Building & Loan Association, 3707 West Twenty-sixth Street.

INDIANA:
- Bedford:
  - Bedford Rural Loan & Savings Association, Masonic Temple Building.
- East Chicago:
  - East Chicago Building, Loan & Savings Association, Corner One Hundred & Forty-ninth Street & Magrew Avenue.

IOWA:
- Algona:
  - Algona Building, Loan & Savings Association, 7 North Dodge Street.

MARYLAND:
- Baltimore:
  - Prudent Permanent Building & Loan Association of Baltimore City, Corner Caroline & Preston Streets.

NEW JERSEY:
- Pennsauken Township:
  - Wellwood Building & Loan Association of Pennsauken Township, N. J.

TEXAS:
- Fort Worth:
  - Tarrant County Building & Loan Association of Fort Worth, Texas.

[1] During this period 10 Federal savings and loan associations were admitted to membership in the System.

II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN JANUARY 24, 1936, AND FEBRUARY 22, 1936

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

DISTRICT NO. 1

MAINE:
Rumford:
Rumford Federal Savings & Loan Association, 18 Hartford Street.
Waterville:
Kennebec Federal Savings & Loan Association of Waterville.

VERMONT:
Burlington:
Burlington Federal Savings & Loan Association.

DISTRICT NO. 4

FLORIDA:
Gainesville:
First Federal Savings & Loan Association of Gainesville.
Jacksonville:
Fidelity Federal Savings & Loan Association of Jacksonville, 16 Laura Street.

GEORGIA:
Perry:
Perry Federal Savings & Loan Association.

NORTH CAROLINA:
Asheville:
Asheville Federal Savings & Loan Association, 9 Howland Road.

SOUTH CAROLINA:
Anderson:
First Federal Savings & Loan Association of Anderson, 112 North Main Street (converted from Anderson Building & Loan Association).

DISTRICT NO. 5

OHIO:
Van Wert:
Van Wert Federal Savings & Loan Association, 123 West Main Street (converted from Van Wert Building & Savings Company).

DISTRICT NO. 8

MINNESOTA:
Minneapolis:
Twin City Federal Savings & Loan Association, 801 Marquette Street (converted from Twin City Building & Loan Association).
St. Cloud:
Security Federal Savings & Loan Association, 822 St. Germain Street (converted from Security Building & Loan Association).

MISSOURI:
St. Louis:
Washington Federal Savings & Loan Association of St. Louis, 722 Chestnut Street (converted from Washington Savings & Building Association of St. Louis).

DISTRICT NO. 10

NEBRASKA:
Sidney:
Sidney Federal Savings & Loan Association (converted from Sidney Loan & Building Association).

DISTRICT NO. 11

OREGON:
McMinnville:
First Federal Savings & Loan Association of McMinnville, 445 Third Street (converted from American Savings & Loan Association).

WASHINGTON:
Seattle:
Roosevelt Federal Savings & Loan Association, 4243 University Way (converted from Roosevelt Savings & Loan Association).
Vancouver:
Second Federal Savings & Loan Association of Vancouver, 105 West Eighth Street (converted from Metropolitan Savings & Loan Association).

CANCELATIONS OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTERS BETWEEN JANUARY 24, 1936, AND FEBRUARY 22, 1936

ILLINOIS:
Cicero:
Zajmy Lidu Federal Savings & Loan Association, 2333 South Fifty-sixth Avenue.

WISCONSIN:
Racine:
First Federal Savings & Loan Association of Racine, 1136 Hayes Avenue.

III. INSTITUTIONS INSURED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION BETWEEN JANUARY 25, 1936, AND FEBRUARY 22, 1936 [1]

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

DISTRICT NO. 2

NEW YORK:
Elmira:
Elmira Savings & Loan Association, 212 Water Street.

DISTRICT NO. 3

PENNSYLVANIA:
Philadelphia:
North Philadelphia Mutual Building & Loan Association, 3218 North Front Street.
St. Gabriel Building & Loan Association, 2608 North Twenty-ninth Street.

DISTRICT NO. 5

OHIO:
Akron:
Akron Savings & Loan Company, 156 South Main Street.
Cleveland:
Ohio Savings & Loan Company, 1866 West Twenty-fifth Street.
Piqua:
Third Savings & Loan Company, 215 North Wayne Street.

DISTRICT NO. 9

LOUISIANA:
Houma:
Community Homestead Association, Belanger Street.

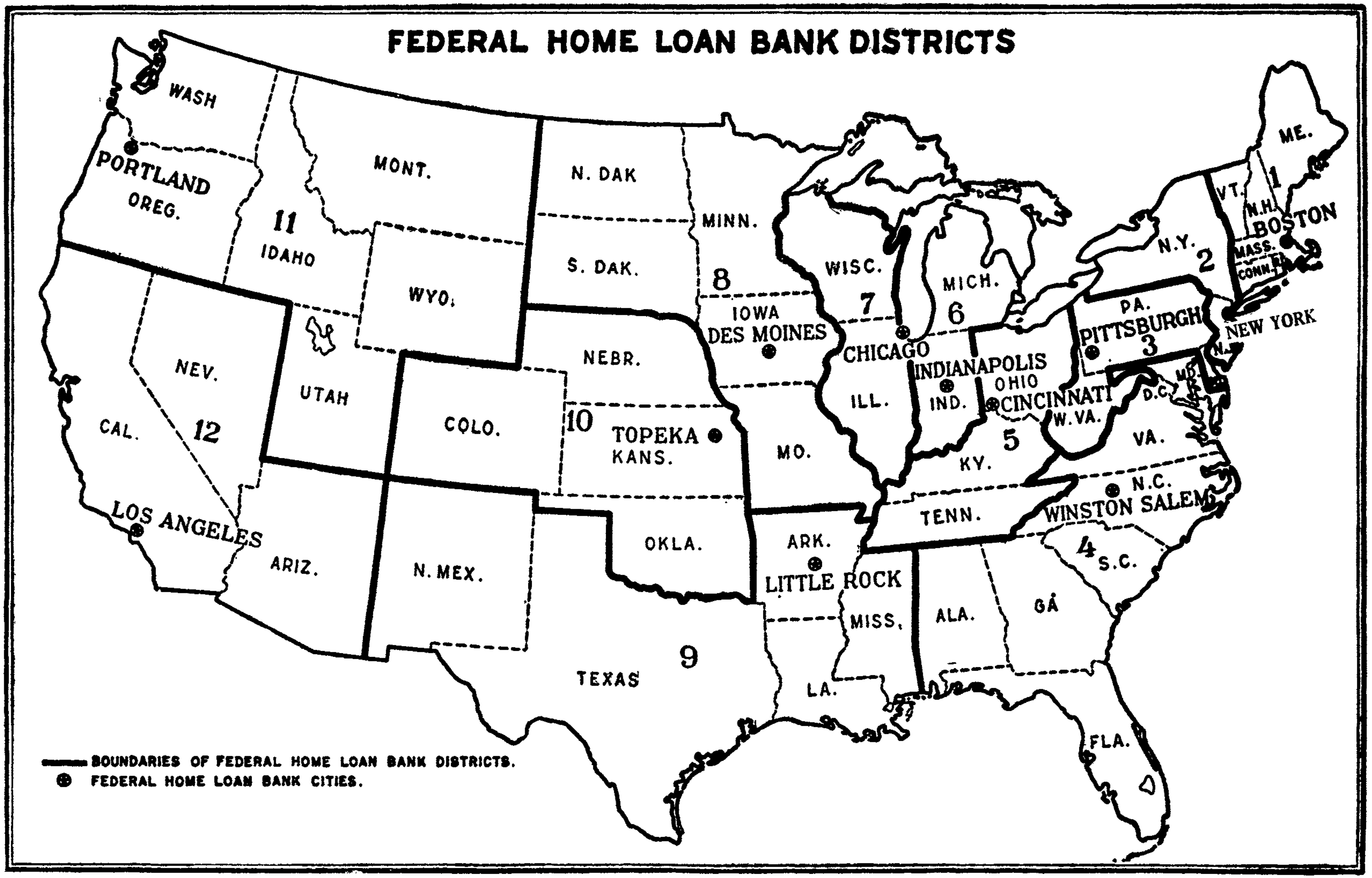
TEXAS:
Fort Worth:
Tarrant County Building & Loan Association of Fort Worth, 615 Main Street.
Galveston:
Bankers Home Building & Loan Association, 420 American National Insurance Building.

DISTRICT NO. 12

CALIFORNIA:
Bakersfield:
Kern County Mutual Building & Loan Association, 805 Baker Street.

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

U. S. GOVERNMENT PRINTING OFFICE: 1936


FEDERAL HOME LOAN BANK DISTRICTS
WASH
PORTLAND
OREG.
11
IDAHO
MONT.
WYO.
N. DAK
S. DAK.
MINN.
8
IOWA
DES MOINES
NEBR.
10
TOPEKA
KANS.
COLO.
UTAH
NEV.
12
CAL.
LOS ANGELES
ARIZ.
N. MEX.
OKLA.
TEXAS
9
MO.
ARK.
LITTLE ROCK
LA.
MISS.
ALA.
GA
FLA.
S.C.
4
N.C.
WINSTON SALEM
TENN.
KY.
5
VA.
W. VA.
D.C.
MD.
OHIO
CINCINNATI
IND.
INDIANAPOLIS
ILL.
CHICAGO
7
WISC.
MICH.
6
PA.
PITTSBURGH
3
N.J.
NEW YORK
N.Y.
2
CONN.
MASS.
R.I.
BOSTON
VT.
N.H.
1
ME.
BOUNDARIES OF FEDERAL HOME LOAN BANK DISTRICTS.
FEDERAL HOME LOAN BANK CITIES.