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Collection of Taxes and Insurance Premiums by the Mortgagee

DELINQUENT taxes have reduced many first mortgages to the position of junior liens. Taxes are a prior claim and when unpaid they reduce and endanger the equity of the mortgage holder. In fact, a lending institution probably runs less risk from mortgage delinquencies than from tax delinquencies. One savings and loan official has stated: "In my opinion more home-financing institutions came to grief during the depression period through failure to watch the tax situation on its mortgage loans than from any other cause." In many communities borrowers who were well able to pay their taxes did not do so because of nonpayment by their neighbors. Tax delinquency can spread like a contagious disease. It is a common temptation for taxpayers to think they can meet their payments more readily next year than now. They almost invariably find that the delinquency has increased, rather than solved, their problems.

Because of the attitude of tax officials in many States in recent years, taxpayers have been allowed to accumulate delinquencies for a number of years before being pressed for payment. Such a situation is almost certain to create trouble for mortgage institutions. Should the borrower find that the accrued taxes plus the unpaid principal on his loan amount to more than the value of the property, the chances are that he will hand over the property, with its tax debt, to the mortgagee. What can happen when a mortgage institution has a number of such borrowers is well illustrated by the experience (referred to in an earlier issue of the REVIEW) of a large savings and loan association, situated in a Middlewestern State, which the depression forced into liquidation. This association took over properties on which it had loaned approximately $2,000,000, only to find that the unpaid taxes and assessments exceeded both the value of the properties and the balance of the principal outstanding on the loans. The association had no alternative but to turn the properties over to the city in settlement of tax claims and write off a $2,000,000 loss.

TAX COLLECTION BY THE MORTGAGEE

SELF-INTEREST requires that the mortgagee should know at all times the tax situation of each piece of property on which it has made a loan. It should keep a record of the amount of taxes assessed and of their payment. In order to secure this information, many institutions require the borrower to submit his receipted tax bills. Others go directly to the tax records. If the institution is a large one it may be desirable to employ a tax-service agency to do this.

In recent years, however, an increasing number of home-financing institutions that make long-term amortized loans have adopted the policy of paying the taxes on behalf of the borrower and collecting from him in advance on a monthly basis. Such a plan has great merit from the point of view of the lender and of the borrower alike. It is certainly the surest and probably the least costly method of protecting the lender against the troubles arising from a large accumulation of delinquent taxes. It makes the payment of taxes easier and less burdensome for the borrower. It enables him to include taxes in his monthly budget of fixed payments, so that the taxes cease to be a heavy extra burden.

The plan has been tried long enough and by a sufficient number of institutions, operating under different methods, to prove that it is practical and can be operated successfully by virtually all types of institutions making long-term home loans amortized on a monthly basis. It should be recognized, however, that any institution adopting such a plan will probably at first encounter some difficulties, make some mistakes, and possibly meet with some opposition from its borrowers. But the benefits will more than compensate for the trouble and expense incurred.

Under the plan, the mortgagee collects as a part of the regular monthly payment an amount equal to one-twelfth of the estimated amount of taxes and assessments for the current year. Some institutions using the plan also collect the insurance premiums in the same way. As property insurance policies are usually written and paid for on a 3-year basis, an amount equal to one thirty-sixth of the premium is collected as a part of each monthly payment.

Where the tax rate varies from year to year and cannot be forecast, the problem may be somewhat complicated. Some mortgagees have met this situation by requiring a monthly payment large enough so that in all probability it will provide sufficient funds. If a surplus remains after the taxes and insurance have been paid, this may be made the basis for a reduction in the charge for the next year.

Possible Accounting Methods

Three principal methods have been developed of using and accounting for these monthly prepayments as they are received. The first method can be used only by institutions that employ the direct-reduction plan for the repayment of loans. Under this method, the amount included in the monthly payment which is allotted to taxes and insurance, instead of being accumulated, is applied each month to the reduction of the principal. The principal is thus for a period of months reduced more rapidly than it otherwise would be. However, when the taxes and insurance premiums become due, the association pays them and adds the amount to the unpaid balance of the loan. It should be noted that the net effect of thus canceling the monthly prepayment of taxes and insurance against the principal is to allow the borrower interest on the prepayment at the same rate he is paying on his loan. The result to the borrower is the same as if he were to put the prepayments in some form of savings account, in which they would draw the same rate of interest that he pays on the loan, and then used the accumulated savings to pay the taxes and insurance when due.

The following illustration has been used by one of the old but progressive savings and loan associations of the country to demonstrate to its borrowers the advantage of this plan. The illustration assumes that a borrower has secured a loan of $4,000, at 6-percent interest, repayable under the direct-reduction plan in monthly instalments of $40, with taxes and insurance on the property amounting to $120 annually. At the end of the first year he will owe $3,753.31 on the principal, in addition to the taxes and insurance that will be due. If the borrower, however, has been paying $10 per month into a separate savings account, bearing interest at 6 percent, compounded semiannually, he will have at the end of the year $123.32. After paying his taxes and insurance he will have $3.32 remaining, which, if applied to the principal of the loan would reduce it to $3,749.99.

Now let us assume that instead of following the above plan, the borrower has paid $50 per month on his loan, with the association paying his taxes and insurance and adding it to the unpaid principal. At the end of the year, the principal would be reduced to $3,749.97, practically the same amount as in the other plan. However, as a matter of convenience, the second method would be preferable. Instead of making two payments each month, one on his loan and one to his savings account, and having the trouble of paying his tax and insurance bills himself, he makes a single regular monthly payment to the association and everything else is taken care of for him.

In this illustration it has been assumed that the borrower would receive the same rate of interest on his savings account that he pays on his loan. If the rate received were less than the rate paid, as it practically always would be, he would find that it is slightly more profitable, as well as more convenient, to include the necessary amount for taxes and insurance premiums in his regular monthly payment to the mortgagee, rather than to establish a separate savings account. If he should receive only 2-percent interest, instead of 6 percent, the difference in the above illustration would amount to $2.22.

The greatest difficulty in the use of this plan lies in educating the borrowers to understand it. When, at tax-paying time, the borrower sees that his unpaid principal is increased by the amount of the taxes, which he thinks he has already paid by the tax allowance in his regular monthly payment, he may think that he is being cheated in some way. The only way to avoid this difficulty is by a very careful explanation of some such illustration as that given.

The Share-Account Method

Some savings and loan associations have preferred to require the borrower to subscribe for one or more shares, depending upon the amount of his taxes and insurance premiums. The monthly payment for taxes and insurance is then credited to this share account and when taxes or insurance bills fall due, they are charged to it. In effect, this amounts to repurchase of the share or shares.

From the borrower's point of view, this method has three possible disadvantages as compared with the direct-reduction plan. In the first place, the borrower does not receive as favorable a rate of return on his payments, as the dividend rate he receives on his shares will not be as high as the interest rate he is paying on his loan. Also, if the association charges a withdrawal or repurchase fee, the charges to the share account for payment of taxes or insurance are subject to it, since such charges are, in effect, repurchases. Furthermore, if the association should go upon a deferred basis for repurchase of its shares, the account might not be available when needed and the borrower might find himself called upon to pay his taxes and insurance premiums himself. The fact that he had already paid the necessary amount to the association would not relieve him of his obligation to the taxing authorities.

These drawbacks are believed to be sufficient to render the share-account method of collecting taxes and insurance premiums unsatisfactory. This plan is, therefore, not recommended.

The Special-Account Method

The third method of handling advance payments by borrowers is to set up a separate account under the major-control account in the general ledger. This account is entitled "Advance Payments by Borrower for Taxes and Insurance." These funds may be deposited in a separate trust account in order to insure their availability when payments are due. It should be pointed out, however, that though payment on time is assumed under this method, the borrower receives no return on his advance payments. The method is easy to explain to borrowers and the records are clear.

The direct-reduction plan would seem to be preferable for those institutions that can make use of it. Officers of mortgage institutions that have used the plan have described it as the fairest and most satisfactory solution of this vexing problem.

Any particular association, however, will have to adopt the plan that is best suited to its own methods and to the needs and atti tude of its borrowers. The Savings and Loan Division of the Federal Home Loan Bank Board has stated, "We are much more interested in the monthly collection of taxes and insurance by Federal associations than we are in the particular plan that may be adopted for the recording of such collections. The mortgage-loan history of the past few years brings out only too clearly the desirability of protecting the interests of the mortgagees by advance collection of taxes and insurance."

Sample Operating Budgets for Savings and Loan Associations

THE more competition a business has to meet the greater is its need for careful cost accounting. Savings and loan associations no longer have the spread they once had between the income they receive and the price they must pay for money. Insofar as it conduces to more efficient operation, this is a salutary situation. In any event, interest in the costs of operation is growing among savings and loan associations of all sizes.

The question of how much an association of a given size can afford to spend for overhead is especially important to the many new Federal associations that have begun operations in recent years. In an attempt to provide a practical guide, the Federal Home Loan Bank of New York has prepared sample operating budgets for associations with assets ranging from $200,000 to $5,000,000. The accompanying table gives the budgets suggested for associations of five different sizes.

The reproduction of these budgets in the REVIEW must not be understood to mean that they represent a recommendation of

Sample operating budgets for Federal savings and loan associations with assets ranging from $250,000 to $5,000,000

	Association with assets of—									
	$250,000		$500,000		$1,000,000		$2,500,000		$5,000,000	
	Amount	Percent of gross income	Amount	Percent of gross income	Amount	Percent of gross income	Amount	Percent of gross income	Amount	Percent of gross income
Gross income (6 percent of assets)	$15,000	100.0	$30,000	100.0	$60,000	100.0	$150,000	100.0	$300,000	100.0
Operating expenses:										
Compensation	2,290	15.2	5,100	17.0	6,600	11.0	14,500	9.7	25,000	8.4
Rent, light, and heat	835	5.6	900	3.0	1,800	3.0	3,400	2.3	6,000	2.0
Furniture and fixtures	500	3.3	500	1.7	500	0.8	1,000	0.7	1,000	0.3
Advertising	450	3.0	900	3.0	1,800	3.0	4,500	3.0	9,000	3.0
Office supplies, printing, postage, and telephone	100	0.7	100	0.3	300	0.5	3,200	2.1	5,000	1.7
Insurance and bond premium	100	0.7	200	0.7	450	0.8	1,000	0.7	1,500	0.5
Federal insurance premium	332	2.2	625	2.1	1,246	2.1	3,125	2.1	6,250	2.1
Audit and examination	150	1.0	200	0.7	400	0.7	1,250	0.8	2,500	0.8
Organization dues	71	0.5	99	0.3	142	0.2	381	0.2	708	0.2
Other	63	0.4	135	0.4	124	0.2	3,244	2.1	6,542	2.2
Total	4,891	32.6	8,759	29.2	13,362	22.3	35,600	23.7	63,500	21.2
Net income	10,109	67.4	21,241	70.8	46,638	77.7	114,400	76.3	236,500	78.8
Distribution of profits:										
Bonus on shares	300	2.0	550	1.8	1,050	1.7	2,500	1.7	5,000	1.7
Legal reserves (5 percent of net income)	525	3.5	1,095	3.7	2,400	4.0	5,720	3.8	11,825	3.9
Federal insurance reserves (0.3 percent of insured accounts)	750	5.0	1,500	5.0	3,000	5.0	7,500	5.0	15,000	5.0
Dividends (3 percent of assets)	7,500	50.0	15,000	50.0	30,000	50.0	75,000	50.0	150,000	50.0
Total	9,075	60.5	18,145	60.5	36,450	60.7	90,720	60.5	181,825	60.6
Surplus to undivided profits	1,034	6.9	3,096	10.3	10,188	17.0	23,680	15.8	54,675	18.2

the Board. They are presented merely as the results of careful studies by competent students of the subject. Obviously, no sample budget can fit every association of the same size. The variations in salaries and rentals between one city and another and even between districts in the same city preclude finality. Estimates based on experience, however, must be of value to any institution as a check on its own operations.

For purposes of the table, gross income has been arbitrarily assumed to be 6 percent of assets. All expenses and distribution of net income to dividends, insurance, and reserves are shown as percentages of gross income as well as in dollars. As an association grows, of course, the margins become more substantial. The proportion of gross income required for major items of expense falls off rapidly. For instance, the $5,100 assigned to compensation in a $500,000 association represents 17 percent of gross income, whereas the $25,000 assigned in a $5,000,000 association represents only 8.4 percent. As the New York Bank points out, this merely confirms the desirability of energetic campaigns to get new business.

Larger assets and larger income permit much larger expenditures on such essential aids to success as advertising. Yet the proportion of gross income so expended remains the same.

In the organization of any new association, it is expected that the managing officer will make a contribution of his time in anticipation of ultimate adequate compensation. It seems clear from the table that no association with assets of less than one-half million dollars can pay the salaries necessary to retain competent personnel. The New York Bank emphasizes the fact that a competent and experienced executive, *serving full time and with no other business interests*, is essential to the success of any savings and loan association. If it is to meet the thrift and home-financing needs of its community, an association should also have its own independent office and observe designated office hours.

Duties of the Managing Officer of a Savings and Loan Association

This is the second in a series of articles.

THE managing officer of a savings and loan association combines the duties of a production manager and of a sales manager. He must direct an organization making and servicing loans and he must sell his association's lending facilities and investing facilities to the public. The mere juxtaposition of these diverse tasks emphasizes the need of the business for men of exceptional ability.

To obtain funds, that is, to sell an investment in his association to the public, the managing officer must do three things: (1) he must have a good product; (2) he must make it look attractive; and (3) he must convince the public of its merits. Recent events have conspired to render all these tasks more difficult for savings and loan associations in general than they have been in the past. Such steps as the insurance of the liquidity of deposits in commercial banks and the issuance of savings bonds by the Government create new and powerful appeals for the saved dollar. A widespread decline in interest rates on home mortgages has made it difficult for savings and loan associations to pay the high dividend rates on which they formerly placed heavy reliance to attract investors. At the same time, the savings and loan business in many communities must combat an overhang of public suspicion engendered by the inability of some associations to meet promised withdrawals during the years of distress. If a savings and loan association is to attract and retain its share of the community's savings, the managing officer must, therefore, devote more effort and talent to the task than has heretofore been necessary. He must make use of all the aids to sale of shares that are available.

A Good Product

To THE saving public, a good investment must be first of all a safe investment. The results of a survey made by the American Savings and Loan Institute a few years ago bore out the experience of all financial institutions that investors demand primarily safety. A managing officer can usually provide safety by making sound mortgage loans and liquidating them efficiently. The resultant record of solvency is an association's best asset. Even with such an asset, however, a manager's sales problem will be much simplified if he can offer share insurance to the investing public. Such insurance constitutes a reassuring stamp of safety which even strangers to the institution can recognize and accept. Furthermore, it is a protection against unreasoning panics and "runs", which in the past have closed even the soundest institutions.

Second only to safety, the investor demands availability of his savings. The inability of savings and loan associations to promise to repurchase shares on demand presents the managing officer with a very delicate problem. The experiences of the depression bear witness to the evil effects of failing to inform investors clearly that they may not be able to get their savings on demand. On the other hand, many in-

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vestors will be alienated if they feel there is any uncertainty about the availability of their funds. The solution is complete frankness and a thorough explanation of the nature of an investment in a savings and loan share. Every investor, when he first starts an account, should be informed of his legal repurchase rights. He should be informed of the association's policy with regard to repurchase fees or retention of dividends, if any. At the same time, of course, the manager should be in a position to point to the association's liquid reserves—both those in its own vaults and those in the Federal Home Loan Banks—to indicate the probable ability of the association to meet normal repurchases. The same policy of frankness and of reserves should hold true for maturities as for repurchases.

The third attribute of a good investment is the rate of return upon it. Managers of savings and loan associations were once able to rely principally upon this attribute in selling their shares to the public. As we have already pointed out, it is partly because they can do so no longer that they must now devote more energy and care to the sale of shares. Dividend rates, interest rates charged on loans, and operating expenses are all interdependent parts of the same problem. Interest rates must be low enough to attract good loans, dividend rates must be sufficient to pay the investor a reasonable return, and the spread between them must be enough to build up proper reserves and to pay the costs of efficient operation. Keeping all these factors in proper balance without resorting to financial juggling demands a competent manager.

An Attractive Product

An investment may be safe, liquid, and profitable and yet fail to attract investors. It may not meet the specific needs of the saving public in a given community. For instance, where income is intermittent as in an agricultural community, instalment-payment shares are obviously at a disadvantage. Where the population consists of wage earners, full-paid income shares will be in little demand. It is the manager's business to study the potential market for his product and to provide the product that will have the largest sale.

It may be that the community is not "savings-conscious." Thrift is a habit which requires example, precept, and practice and which can lapse in a community as well as among individuals. The aggressive manager of a savings and loan association will keep himself informed on the volume of savings currently put aside in his community. He will watch the growth of all types of thrift institutions, compare the growth of his own association with that of others, and compare the savings record of his community with those of similar communities. If his community shows up unfavorably in this comparison, the manager will have the double duty of making attractive thrift in general as well as the particular form of thrift on which his association depends.

Convincing the Public

This task of education merges into that of advertising the association and its product. People will not buy that with which they are unfamiliar. The market survey conducted by the American Savings and Loan Institute in 1934 indicated how little the public knew about savings and loan shares as an investment opportunity compared with competitive types of investment. Of the people interviewed, only 9.2 percent would have recommended an investment in savings and loan associations, whereas 28.7 percent would have recommended an investment in insurance, 27.7 percent, an investment in United States bonds, and 24.9 percent, an investment in savings banks.

There seems no question that the savings and loan business as a whole and most associations individually have so far missed a chance to tap a much larger share of the public's savings through their failure to advertise and publicize their business. The objective of advertising and publicity is to build up goodwill based on knowledge. The means are varied and their full use requires varied abilities in the managing officer. Advertising through the usual media—newspapers, direct mail, radio, posters, leaflets, window displays—is essential to every institution that expects to grow to a size adequate to maintain a suitable staff and function efficiently. Such advertising is a specialized job. It should be carried out as a fully rounded campaign and, if financially possible, with professional advice.

To get the right kind and the deserved amount of publicity for his association, the managing officer must depend largely on his own efforts, initiative, and contacts. Facts and current achievements constitute the sole basis of legitimate publicity. What the association does to help the community in taking care of the community's savings and in financing the community's homes is of vital interest to the community. The responsibility of the managing officer is to see that these facts are periodically given to the press. A clear and comprehensive statement of condition will help tremendously.

The savings and loan business has always depended largely on word-of-mouth advertising. Such advertising is, of course, invaluable. It begins with the contacts established with the public by the manager and his staff. The manager should make sure that the public receives prompt, intelligent, and friendly service in all its contacts with the association. He, himself, should represent the association in community activities, and should make a good appearance and speak well. It is almost traditional in this country for the banker to be a leader in community life. If savings and loan associations are to grow in public esteem and consequently to gain a greater share of public savings, their officers must also merit and accept community leadership.

In concluding this discussion of the duties of a managing officer in connection with the securing of funds for the association, it should be pointed out that the manager must sometimes reject investments. He should hesitate to accept short-term investments. To accept funds that he knows may be withdrawn at any moment is to accept a liability. Such funds are of no value to an institution lending its money on long-term mortgages. Also, there are times in the business cycle or in the development of individual communities when the wise manager will place a limit on new investments or stop them altogether. Too much money prior to the depression tempted many institutions to make unwise loans.

Indexes of Small-House Building Costs

BEGINNING with this issue the date assigned each group of reports on the cost of building the same typical 6-room house in selected cities will be moved back one month. This has been found necessary in order to make the date of the published reports coincide more closely with the date the figures are compiled in the field. Thus, in the table published in this issue, reports are listed for December 1935, March, June, and September 1936, rather than for January, April, and July 1936, as they were in the July issue.

Between June and September the building cost of the standard house went up 1 percent or more in 10 of the 27 cities making comparable reports for the two periods. In 5 cities the costs went down 1 percent or more and in 12 cities costs remained the same or the change was less than 1 percent.

The largest increase of 5.4 percent, or 1.2 cents per cubic foot, was reported by Milwaukee, Wisconsin. Washington, D. C., reported an increase of 3.6 percent; Tampa, Florida, and Boston, Massachusetts, of 2.3 percent; and Portland, Maine, of 2.2 percent. The city registering the greatest drop was Roanoke, Virginia, in which the cost of construction fell 2.9 percent. Following it were Oklahoma City, Oklahoma, with 2.0 percent; New Haven, Connecticut, and Peoria, Illinois, both with 1.4 percent; and Hartford, Connecticut, with 1.2 percent.

Comparing costs for September between cities we find that Columbia, South Carolina, reported the lowest cost with $4,697, or 19.6 cents per cubic foot, but was closely followed by Roanoke, Virginia, with $4,705, which is also 19.6 cents per cubic foot. Baltimore, Maryland, and Atlanta, Georgia, were tied for third with 20.4 cents.

At the other end of the scale, the three cities reporting from Illinois lead the list, Chicago being first with 27.7 cents a cubic foot and Springfield and Peoria following with 26.9 cents and 26.4 cents respectively. These and Denver, Colorado, are the only cities reporting costs above 25 cents a cubic foot.

Special attention is called to the description of the standard house on which costs are obtained, appearing as a footnote to the accompanying table. It should be emphasized that the cubic-foot costs reported do not represent the cost of building a completed house in any of the cities. The purpose of the reports is rather to give a true picture of *movements* of costs within each city and a reliable comparison of costs among all reporting cities.

Method of Calculating Building Volume

THERE are in use throughout the country several methods of computing the cubic-foot volume of buildings. Unfortunately, not all the methods will produce identical results when applied to any given building. To insure uniformity in the reports from its appraisers and reconditioning inspectors, the Home Owners' Loan Corporation has adopted the method of measuring volume which is illustrated in the accompanying cuts. This same method is used in determining the volume of the typical house on which the Board's indexes of small-house building costs are based. It is believed that an explanation of the method used will increase the value of the indexes to appraisers.

The cubic content is considered to be the actual area inclosed within the outer surface of the outside walls and between the outer surface of the roof and a distance 6 inches below the finish floor of the basement. Bay windows, dormers, and porches with walls and sash are allowed the full volume contained therein. Open porches are allowed one-third volume as indicated in section D of chart 1.

Total costs and cubic-foot costs of building the same standard house in representative cities in specific months [1]

NOTE.—These figures are subject to correction.

[Source: Federal Home Loan Bank Board]

Federal Home Loan Bank Districts, States, and cities	Total building cost				Cubic-foot cost			
	1936			1935	1936			1935
	September	June	March	December	September	June	March	December
No. 1—Boston:								
Connecticut:								
Hartford	$5, 589	$5, 657	$5, 647	$5, 655	$0. 233	$0. 236	$0. 235	$0. 236
New Haven	5, 462	5, 538	5, 524	....	.228	.231	.230	....
Maine:								
Portland	5, 227	5, 115	5, 106	5, 103	.218	.213	.213	.213
Massachusetts:								
Boston	5, 905	5, 773	5, 780	5, 699	.246	.241	.241	.237
Worcester	....	5, 727	5, 895	....	....	.239	.246	....
New Hampshire:								
Manchester	5, 467	5, 462	5, 416	5, 467	.228	.228	.226	.228
Rhode Island:								
Providence	5, 577	5, 496	5, 531	5, 574	.232	.229	.230	.232
Vermont:								
Rutland	5, 305	5, 329	5, 329	5, 337	.221	.222	.222	.222
No. 4—Winston-Salem:								
Alabama:								
Birmingham	5, 073	5, 013	5, 059	5, 002	.211	.209	.211	.208
District of Columbia:								
Washington	5, 150	4, 973	4, 918	4, 850	.215	.207	.205	.202
Florida:								
Tampa	5, 483	5, 360	5, 379	....	.228	.223	.224	....
West Palm Beach	5, 904	5, 911	5, 889	5, 895	.246	.246	.245	.246
Georgia:								
Atlanta	4, 888	4, 880	4, 845	4, 849	.204	.203	.202	.202
Maryland:								
Baltimore	4, 899	4, 909	4, 427	4, 543	.204	.205	.184	.189
Cumberland	5, 482	5, 424	5, 419	5, 358	.228	.226	.226	.223
North Carolina:								
Asheville	....	4, 752	4, 763	4, 791	....	.198	.198	.200
Raleigh	5, 148	5, 061	5, 070	4, 967	.214	.211	.211	.207
South Carolina:								
Columbia	4, 697	4, 712	4, 634	4, 505	.196	.196	.193	.188
Virginia:								
Richmond	5, 026	5, 026	4, 964	5, 062	.209	.209	.207	.211
Roanoke	4, 705	4, 843	4, 544	4, 491	.196	.202	.189	.187

[1] The house on which costs are reported is a detached 6-room home of 24,000 cubic-feet volume. Living room, dining room, kitchen, and lavatory on first floor; 3 bedrooms and bath on second floor. Exterior is wideboard siding with brick and stucco as features of design. Best quality materials and workmanship are used throughout.

The house is *not* completed ready for occupancy. It includes all fundamental structural elements, an attached 1-car garage, an unfinished cellar, an unfinished attic, a fireplace, essential heating, plumbing, and electric wiring equipment, and complete insulation. It does *not* include wall-paper nor other wall nor ceiling finish on interior plastered surfaces, lighting fixtures, refrigerators, water heaters, ranges, screens, weather stripping, nor window shades.

Reported costs include, in addition to material and labor costs, compensation insurance, an allowance for contractor's overhead and transportation of materials, plus 10 percent for builder's profit.

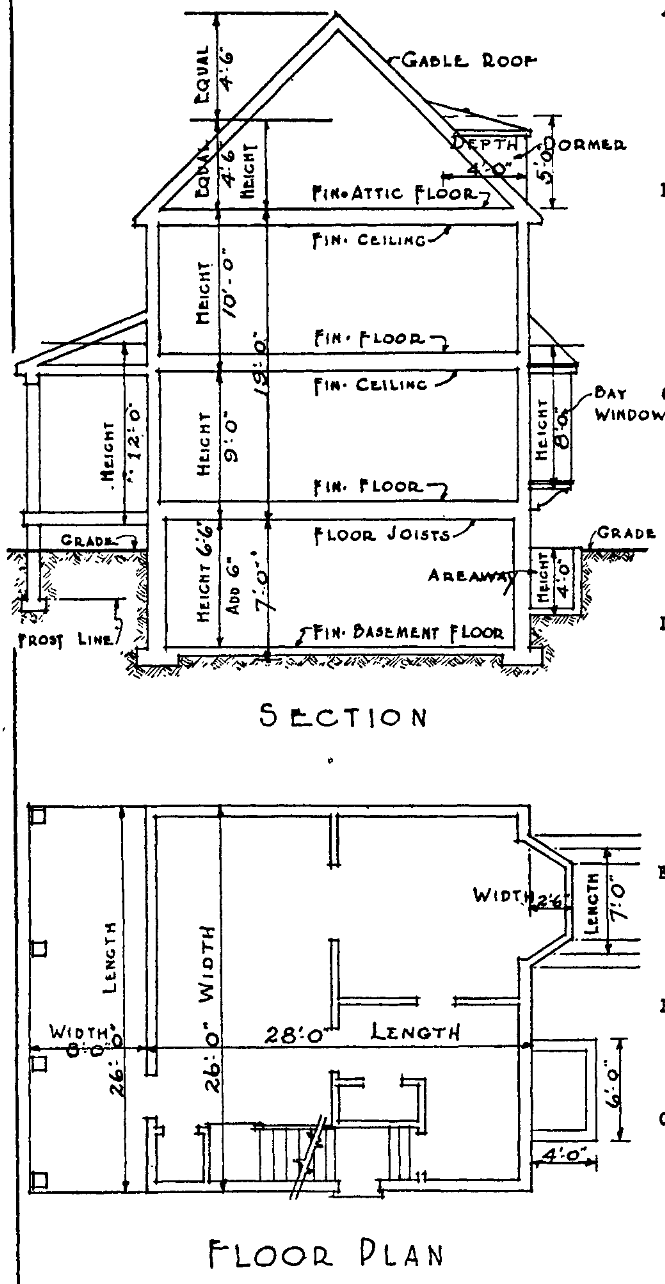
Reported costs do *not* include the cost of land nor of surveying the land, the cost of planting the lot, nor of providing walks and driveways; they do not include architect's fee, cost of building permit, financing charges, nor sales costs.

In figuring costs, current prices on the same building materials list are obtained every 3 months from the same dealers, and current wage rates are obtained from the same reputable contractors and operative builders.

Total costs and cubic-foot costs of building the same standard house in representative cities in specific months—Continued

Federal Home Loan Bank Districts, States, and cities	Total building cost				Cubic-foot cost			
	1936			1935	1936			1935
	September	June	March	December	September	June	March	December
No. 7—Chicago:								
Illinois:								
Chicago	$6, 651	$6, 639	$6, 608	$6, 498	$0. 277	$0. 277	$0. 275	$0. 271
Peoria	6, 331	6, 420	6, 212	....	. 264	. 267	. 259	....
Springfield	6, 459	6, 459	6, 459	6, 451	. 269	. 269	. 269	. 269
Wisconsin:								
Milwaukee	5, 838	5, 540	5, 386	....	. 243	. 231	. 224	....
Oshkosh	5, 658	5, 612	5, 502	5, 357	. 236	. 234	. 229	. 223
No. 10—Topeka:								
Colorado:								
Denver	6, 133	6, 047	6, 098	....	. 256	. 252	. 254	....
Kansas:								
Wichita	5, 163	5, 164	5, 164	5, 200	. 215	. 215	. 215	. 217
Nebraska:								
Omaha	5, 578	5, 582	5, 582	5, 554	. 233	. 233	. 233	. 231
Oklahoma:								
Oklahoma City	5, 449	5, 561	5, 282	5, 215	. 227	. 232	. 220	. 217

D = Depth W = Width L = Length H = Height
All in linear feet.



TYPICAL EXAMPLE

A. BASEMENT: Full Volume - LxWxH
Height Measured from finished surface of basement floor to bottom of 1st floor joists plus 6"
Length - 28')
Width - 26')28x26x7 = 5096 cu ft
Height - 7')

B. MAIN STRUCTURE: Full Volume-LxWxH
Bottom 1st Floor Joists to top of Ceiling Joists.
Example:
Length - 28'
Width - 26'
Height - 19'
28x26x19 = 13,832 cu ft

C. ATTIC - Full Volume - LxWxH
Top of Ceiling Joists to Average Height of Roof
Example:
Length - 28'
Width - 26'
Height - 4½' (½ of height to roof peak)
28x26x4½ = 3276 cu ft

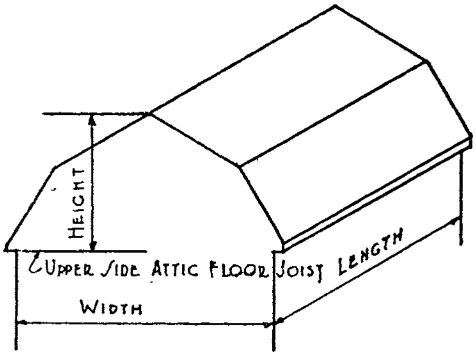
D. EXTERIOR PORCH - Open - Part Volume LxWxHx1/3
Length - 26'
Width - 8'
Height - 12'
26x8x12x1/3 = 832 cu ft
Note: The proportion of full volume taken depends upon the type of construction and its cost.

E. BAY WINDOW - Full Volume - LxWxH
Length - 7'
Width - 2½'
Height - 8'
7x2½x8 = 140 cu ft

F. OPEN OUTSIDE AREAWAY - Full Volume
Length - 6'
Width - 4'
Height - 4' 6x4x4 = 96 cu ft

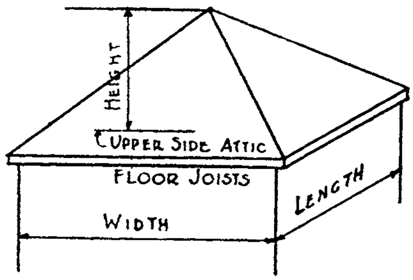
G. DORMER - Full Volume - $\frac{LxDxH}{2}$
Measurements to be made as shown on Diagram
Length - 8'
Depth - 4'
Height - 5' $\frac{8x4x5}{2}$ = 80 cu ft

H. SUMMARY
5096 + 13,832 + 3276 + 832 + 140 + 96 + 80 = 23,352



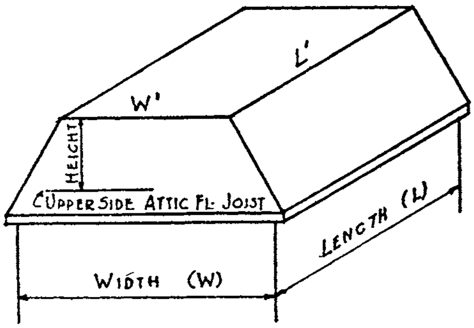
GAMBREL ROOF

CUBIC CONTENT $\frac{W \times L \times H \times 2}{3}$



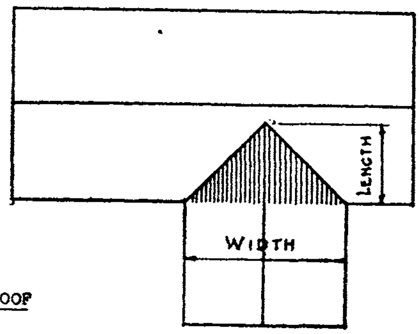
PYRAMID ROOF

CUBIC CONTENT $\frac{W \times L \times H}{3}$



MANSARD ROOF

CUBIC CONTENT $[(W \times L)+(W' \times L')] \times \frac{H}{2}$



GABLE ROOF

CUBIC CONTENT $\frac{W \times L \times H}{2}$

See illustration on reverse side.

CONNECTING GABLE ROOF

H = HEIGHT FROM UPPER SIDE OF ATTIC JOIST TO TOP OF RIDGE

CUBIC CONTENT SAME AS FOR GABLE ROOF PLUS $\frac{W \times L \times H}{6}$

HIP ROOFS FIGURE SAME AS FOR GABLE ROOF AND DEDUCT $\frac{W \times L \times H}{6}$ FOR SINGLE HIP: DEDUCT $\frac{W \times L \times H}{3}$ FOR DOUBLE HIP.

Monthly Lending Activity of Savings and Loan Associations

DURING August, 2,685 savings and loan associations representing every State, the District of Columbia, and Hawaii, reported total new loans made for all purposes of $41,372,000. The number of reporting associations actually making loans during the month was 2,148 while 537 reported no loans made. Combined assets of all reporting associations (for the most part as of August 31, 1936) were $2,460,940,500.

The accompanying table breaks down by States and by Federal Home Loan Bank Districts the number and volume of loans and the purposes for which they were made. For the United States as a whole, the reporting associations made mortgage loans on 1- to 4-family nonfarm homes to 16,365 borrowers in the amount of $36,899,700. Analyzing these nonfarm home loans by purpose, we find that 33.5 percent of the total volume went for new construction. Home purchase accounted for 33.3 percent, refinancing for 25.5 percent, and reconditioning for 7.7 percent.

The number of associations reporting their monthly lending activities continues to represent a regrettably small proportion of the industry. The value of a complete picture of current lending activities as a means of increasing public respect of and goodwill towards the savings and loan business is generally admitted. Associations are, therefore, urged to cooperate in making this complete picture available.

Monthly lending activity and total assets as reported by 2,685 savings and loan associations in August 1936

[Source: Monthly reports from savings and loan associations to the Federal Home Loan Bank Board]

[Dollar amounts are shown in thousands of dollars]

Federal Home Loan Bank District and State	Number of associations		Loans made in August according to purpose											Total assets Aug. 31, 1936 [3]
			Mortgage loans on 1- to 4-family nonfarm homes							Loans for all other purposes		Total loans all purposes		
			Construction		Home purchase [1]		Refinancing and reconditioning [2]							
	Submitting reports	Reporting loans made	Number	Amount	Number	Amount	Number	Amount: Refinancing	Amount: Reconditioning	Number	Amount	Number	Amount	
United States	2,685	2,148	3,954	$12,335.7	5,170	$12,295.2	7,241	$9,416.4	$2,852.4	2,803	$4,472.3	19,168	$41,372.0	$2,460,940.5
No. 1—Boston	149	133	198	771.6	516	1,487.2	491	701.3	238.1	199	317.3	1,404	3,515.5	264,310.9
Connecticut	33	28	44	147.0	25	77.1	63	182.1	18.7	10	8.5	142	433.4	24,030.3
Maine	18	13	15	37.1	48	82.0	55	49.0	28.2	11	5.0	129	201.3	10,860.1
Massachusetts	78	74	104	502.1	334	1,011.0	271	340.2	156.0	111	200.9	820	2,210.2	190,440.8
New Hampshire	10	9	11	27.6	24	51.8	39	32.0	13.3	19	39.1	93	163.8	10,073.6
Rhode Island	4	4	16	47.2	67	216.3	47	60.7	18.3	36	38.0	166	380.5	25,090.0
Vermont	6	5	8	10.6	18	49.0	16	37.3	3.6	12	25.8	54	126.3	3,816.1
No. 2—New York	289	166	345	1,306.0	294	993.8	353	520.5	190.8	200	189.3	1,192	3,200.4	316,280.5
New Jersey	168	65	29	85.3	35	101.7	89	122.6	44.0	27	41.9	180	395.5	122,960.1
New York	121	101	316	1,220.7	259	892.1	264	397.9	146.8	173	147.4	1,012	2,804.9	193,320.4

[1] Loans for home purchase include all those involving both a change of mortgagor and a new investment by the reporting institution on a property already built, whether new or old.

[2] Because many refinancing loans also involve reconditioning it has been found necessary to combine the number of such loans, though amounts are shown separately.

Amounts shown under refinancing include solely new money invested by each reporting institution and exclude that part of all recast loans involving no additional investment by the reporting institution.

[3] Assets are reported principally as of Aug. 31, 1936. A few reports have been submitted as of the first of the year.

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Monthly lending activity and total assets as reported by 2,685 savings and loan associations in August 1936—Continued

[Source: Monthly reports from savings and loan associations to the Federal Home Loan Bank Board]

[Dollar amounts are shown in thousands of dollars]

Federal Home Loan Bank District and State	Number of associations		Loans made in August according to purpose												Total assets Aug. 31, 1936
			Mortgage loans on 1- to 4-family nonfarm homes							Loans for all other purposes		Total loans all purposes		
			Construction		Home purchase		Refinancing and reconditioning							
								Amount						
	Submitting reports	Reporting loans made	Number	Amount	Number	Amount	Number	Refinancing	Reconditioning	Number	Amount	Number	Amount	
No. 3—Pittsburgh	267	152	78	$215.3	260	$570.9	274	$361.2	$100.6	42	$68.8	654	$1,316.8	$123,197.3
Delaware	6	4	0	0.0	6	17.0	2	1.2	1.0	3	3.5	11	22.7	4,381.8
Pennsylvania	237	127	46	138.8	199	464.9	197	247.8	80.5	34	61.3	476	993.3	106,619.1
West Virginia	24	21	32	76.5	55	89.0	75	112.2	19.1	5	4.0	167	300.8	12,196.4
No. 4—Winston-Salem	289	258	695	2,277.8	536	1,235.5	955	1,318.5	372.2	486	1,343.4	2,672	6,547.4	233,603.8
Alabama	17	15	26	55.5	39	63.2	33	51.5	9.5	14	13.8	112	193.5	13,982.4
District of Columbia	16	16	88	540.3	34	153.6	184	377.0	61.3	224	946.3	530	2,078.5	100,627.8
Florida	49	44	172	823.7	78	190.6	127	180.9	77.1	34	107.6	411	1,379.9	15,184.7
Georgia	42	39	74	133.6	77	159.2	135	187.2	46.3	34	31.2	320	557.5	11,214.8
Maryland	46	35	51	206.1	109	288.5	63	89.0	26.5	27	49.4	250	659.5	32,093.2
North Carolina	52	51	138	235.8	87	139.2	193	158.3	83.0	75	118.9	493	735.2	29,390.8
South Carolina	32	28	73	130.8	23	50.4	51	40.5	17.9	26	24.8	173	264.4	7,874.7
Virginia	35	30	73	152.0	89	190.8	169	234.1	50.6	52	51.4	383	678.9	23,235.4
No. 5—Cincinnati	379	307	459	1,507.5	973	2,567.0	1,125	1,544.9	471.1	351	435.5	2,908	6,526.0	473,476.8
Kentucky	56	46	46	156.6	93	216.2	176	213.1	67.9	62	36.4	377	690.2	42,086.7
Ohio	289	229	290	1,129.0	839	2,283.0	792	1,113.7	360.8	274	375.4	2,195	5,261.9	420,016.2
Tennessee	34	32	123	221.9	41	67.8	157	218.1	42.4	15	23.7	336	573.9	11,373.9
No. 6—Indianapolis	163	149	228	564.3	365	616.2	672	440.2	277.8	212	297.1	1,477	2,195.6	176,915.3
Indiana	114	105	107	187.3	277	417.8	518	306.0	210.4	122	122.8	1,024	1,244.3	102,656.2
Michigan	49	44	121	377.0	88	198.4	154	134.2	67.4	90	174.3	453	951.3	74,259.1
No. 7—Chicago	280	229	207	597.7	430	1,148.9	823	1,401.1	322.4	191	200.0	1,651	3,670.1	203,804.1
Illinois	201	160	90	279.9	333	862.2	654	1,125.1	231.3	161	154.2	1,238	2,652.7	142,043.0
Wisconsin	79	69	117	317.8	97	286.7	169	276.0	91.1	30	45.8	413	1,017.4	61,761.1
No. 8—Des Moines	182	156	205	600.4	287	616.2	602	733.1	190.3	185	258.4	1,279	2,398.4	94,964.3
Iowa	53	45	50	121.1	89	168.0	144	96.4	54.6	36	46.1	319	486.2	21,657.4
Minnesota	43	34	68	241.9	75	171.1	210	326.9	70.7	39	116.1	392	926.7	23,013.4
Missouri	62	59	59	182.7	91	203.2	185	264.3	35.5	81	67.6	416	753.3	40,767.3
North Dakota	17	12	17	35.8	18	61.4	40	27.7	23.3	22	23.6	97	171.8	7,618.6
South Dakota	7	6	11	18.9	14	12.5	23	17.8	6.2	7	5.0	55	60.4	1,907.6
No. 9—Little Rock	260	216	392	1,013.1	443	861.1	499	454.2	219.4	211	379.3	1,545	2,927.1	134,733.8
Arkansas	40	34	44	88.8	40	50.5	73	49.2	29.7	22	29.1	179	247.3	8,540.8
Louisiana	61	54	87	282.6	178	433.2	131	161.9	69.3	95	237.9	491	1,184.9	65,603.0
Mississippi	26	21	26	40.7	23	26.7	60	20.6	29.1	26	31.2	135	148.3	4,208.4
New Mexico	12	8	17	32.1	15	28.3	9	14.1	2.2	5	5.3	46	82.0	1,944.6
Texas	121	99	218	568.9	187	322.4	226	208.4	89.1	63	75.8	694	1,264.6	54,437.0
No. 10—Topeka	175	147	233	606.0	405	730.2	496	512.5	181.0	324	412.0	1,458	2,441.7	137,768.3
Colorado	33	26	44	141.5	55	125.3	63	91.6	13.4	18	27.1	180	398.9	10,079.8
Kansas	68	55	63	127.8	117	181.1	150	128.5	63.3	81	104.0	411	604.7	40,828.9
Nebraska	30	24	40	125.2	100	170.1	145	132.0	47.8	111	142.2	396	617.3	40,154.6
Oklahoma	44	42	86	211.5	133	253.7	138	160.4	56.5	114	138.7	471	820.8	46,705.0
No. 11—Portland	111	104	313	764.1	250	493.5	478	626.8	179.7	179	263.4	1,220	2,327.5	77,454.[illegible]
Idaho	7	7	45	109.6	21	47.5	43	53.3	17.9	13	13.4	122	241.7	3,896.8
Montana	11	10	20	54.4	32	69.8	27	17.5	19.6	13	18.0	92	179.3	9,493.7
Oregon	25	21	69	169.6	35	85.2	104	161.1	51.2	43	92.2	251	559.3	17,983.4
Utah	7	7	29	91.7	21	50.1	47	55.3	17.3	2	3.3	99	217.7	5,991.3
Washington	51	50	143	320.3	132	221.9	236	317.1	62.6	105	134.2	616	1,056.1	36,984.9
Wyoming	10	9	7	18.5	9	19.0	21	22.5	11.1	3	2.3	40	73.4	3,104.3
No. 12—Los Angeles	141	131	601	2,111.9	411	974.7	473	802.1	109.0	223	307.8	1,708	4,305.5	224,431.0
Arizona	2	2	6	18.3	2	6.9	7	14.9	0.0	0	0.0	15	40.1	533.8
California	135	125	588	2,070.5	402	942.8	455	764.3	106.0	214	292.0	1,659	4,175.6	221,718.4
Nevada	2	2	0	0.0	4	15.2	0	0.0	0.0	4	3.7	8	18.9	826.0
Hawaii	2	2	7	23.1	3	9.8	11	22.9	3.0	5	12.1	26	70.9	1,352.8

Residential Construction Activity and Real-Estate Conditions

THE index of residential construction, as measured by building permits granted in all cities of 10,000 and more population, fell off in August to 28.9 percent of the 1926 base of 100. This figure has been adjusted for seasonal variation. The adjusted index for July was 37.9 percent (charts 1 and 2).

The estimated number of family dwelling units authorized in the cities covered was 15,811 in August, involving an estimated cost of $65,645,500 (table 1). These figures represented an increase over August 1935 of 97.4 percent in the number of units and 117.2 percent in estimated cost.

August also witnessed a drop in the high proportion of multifamily dwelling units which has characterized building activity in recent months. Buildings containing 3- and more-family units accounted for only 36 percent of total residential construction whereas 1- and 2-family dwellings constituted 64 percent. The ratio in July was almost 50-50.

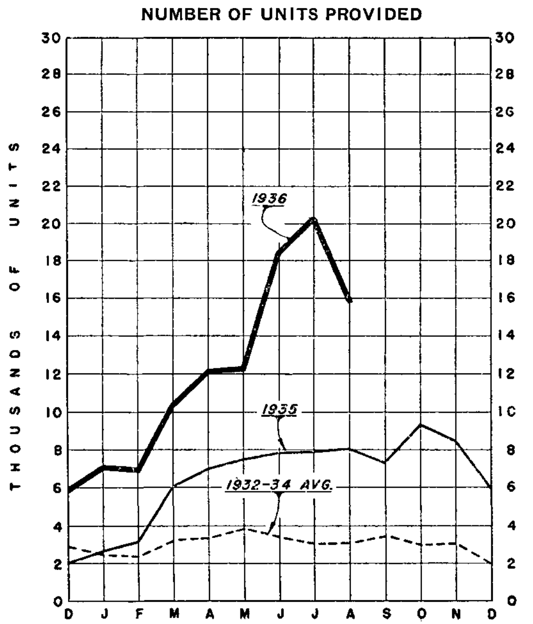
The average cost of 1-family dwelling units authorized in August was $4,141, remaining practically unchanged from the average cost in August 1935, whereas the average cost of multifamily units jumped 55 percent from $2,815 in August 1935 to $4,371 in August 1936. The average cost of such multifamily units was 8.8 percent greater in August 1936 than in July 1936.

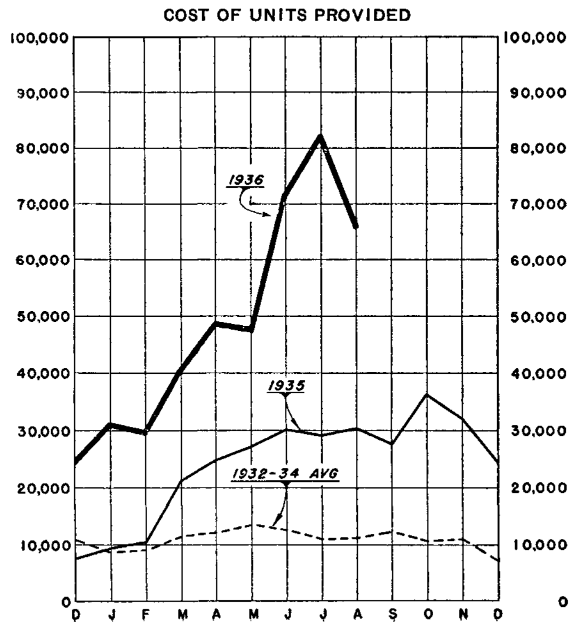
Foreclosures and Other Real-Estate Conditions

CHART 2 pictures the movement of residential construction, industrial production, real-estate foreclosures, and housing rentals. All these activities are shown in comparison to a base line of 100 for the year 1926. The following brief table gives the story of the charts in percentages of this base. It is notable that rentals, as measured by the National Industrial Conference

CHART 1.—NUMBER AND COST OF FAMILY DWELLING UNITS FOR WHICH PERMITS WERE GRANTED, BY MONTHS, IN 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]





Board, continued the unbroken rise which began in 1934, reaching 78.3 percent of the 1926 base of 100.

The preliminary index of foreclosures in 78 large urban counties dropped sharply from 279 in July to 259 in August, the lowest point since 1931. The drop brought the August index 29 percent under the figure for August 1935. For the first eight months of 1936, foreclosures were 27.9 percent below the corresponding period of 1935. Out of the 78 urban counties included in the index, 35 reported a greater number of foreclosures in August than in July, 41 reported a lower number, and in 2 cities, the number was unchanged.

Building Activity by Federal Home Loan Bank Districts and States

Table 2 reveals that, as in June and July, New York is far in the lead in the number of dwelling units authorized in August. It accounted for 3,065 units. California was second with 2,101; Tennessee was third with 1,218, most of which were multifamily units; Texas, fourth; and New Jersey, fifth.

Chart 3 compares graphically the rate of building (as distinguished from volume of building) among Federal Home Loan Bank Districts. In rate of building, the Los Angeles District again took a commanding lead with 51 units per 100,000 urban population. Winston-Salem was second with 41 units, and New York dropped back to fifth place.

[1926=100]

Series	Aug. 1936	July 1936	Percent change	Aug. 1935	Percent change
Residential construction	28.9	37.9	−23.7	14.6	+97.9
Industrial production	[1] 99.2	99.2	0	80.6	+23.1
Rentals	78.3	77.1	+1.6	70.6	+10.9
Foreclosures	[1] 259.0	279.0	−7.2	365.0	−29.0

[1] Preliminary.

CHART 2.—COMPARISON OF RESIDENTIAL REAL-ESTATE CONDITIONS AND INDUSTRIAL PRODUCTION IN THE UNITED STATES

(1926=100)

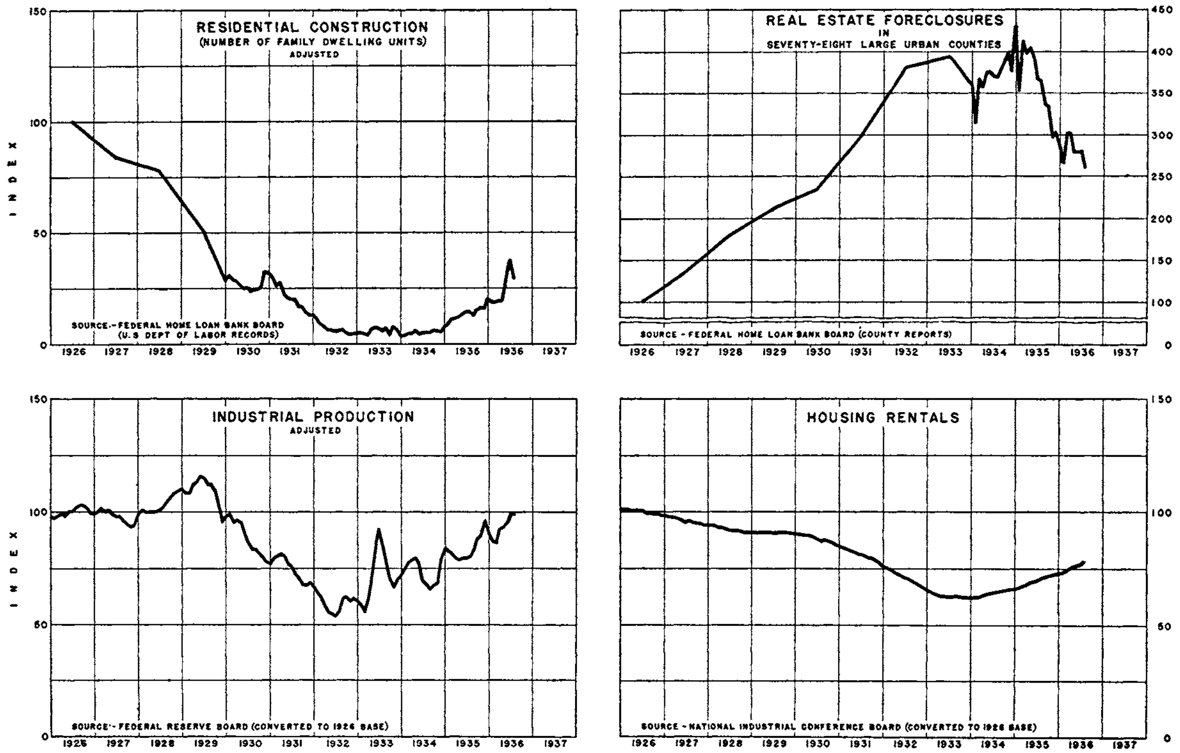


CHART 3.—RATE OF RESIDENTIAL BUILDING IN THE UNITED STATES AND IN EACH FEDERAL HOME LOAN BANK DISTRICT, BY MONTHS

Represents the estimated number of family dwelling units provided per 10,000 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]

—LEGEND—

1935........———— 1936........━━━━

U.S. AVERAGE 1936........-----

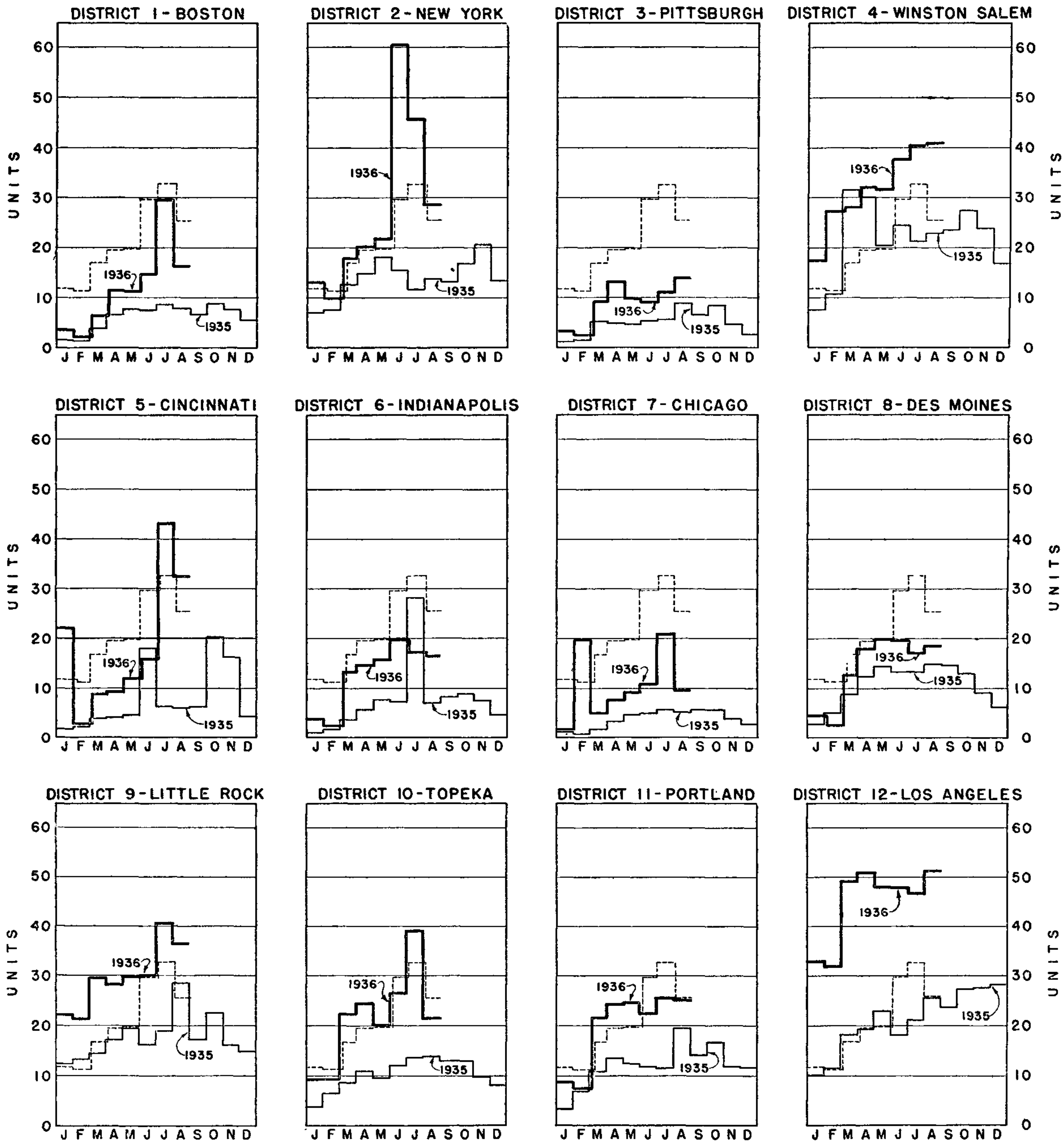


TABLE 1.—*Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over in the United States, in August 1936* [1]

[Source: Federal Home Loan Bank Board. Compiled from residential building permits reported 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		
	August 1936	August 1935	Percent change	August 1936	August 1935	Percent change	August 1936	August 1935	Percent change
All housekeeping dwellings	15, 811	8, 010	+97. 4	$65, 645. 5	$30, 224. 5	+117. 2	$4, 152	$3, 773	+10. 0
Total 1- and 2-family dwellings	10, 179	6, 616	+53. 9	41, 030. 7	26, 301. 0	+56. 0	4, 031	3, 975	+1. 4
1-family dwellings	9, 425	6, 172	+52. 7	39, 031. 1	25, 162. 2	+55. 1	4, 141	4, 077	+1. 6
2-family dwellings	668	394	+69. 5	1, 743. 1	1, 024. 3	+70. 2	2, 609	2, 600	+0. 3
Joint home and business [2]	86	50	+72. 0	256. 5	114. 5	+124. 0	2, 983	2, 290	+30. 3
3- and more-family dwellings	5, 632	1, 394	+304. 0	24, 614. 8	3, 923. 5	+527. 4	4, 371	2, 815	+55. 3

[1] Estimate is based on reports from communities having approximately 95 percent of the population of all cities with population of 10,000 or over.
[2] Includes 1- and 2-family dwellings with business property attached.

TABLE 2.—*Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in August 1936, by Federal Home Loan Bank Districts and by States*

[Source: Federal Home Loan Bank Board. Compiled from residential building permits reported to U. S. Department of Labor]

Federal Home Loan Bank Districts and States	All residential dwellings: Number of family dwelling units		All residential dwellings: Estimated cost (thousands of dollars)		All 1- and 2-family dwellings: Number of family dwelling units		All 1- and 2-family dwellings: Estimated cost (thousands of dollars)	
	August 1936	August 1935	August 1936	August 1935	August 1936	August 1935	August 1936	August 1935
UNITED STATES	15, 811	8, 010	$65, 645. 5	$30, 224. 5	10, 179	6, 616	$41, 030. 7	$26, 301. 0
No. 1—Boston	965	455	4, 493. 1	2, 257. 8	643	438	3, 223. 1	2, 222. 2
Connecticut	434	100	1, 911. 3	443. 0	147	100	744. 6	443. 0
Maine	62	22	147. 1	82. 1	51	22	118. 5	82. 1
Massachusetts	346	250	1, 984. 2	1, 465. 3	330	233	1, 934. 6	1, 429. 7
New Hampshire	30	20	81. 2	56. 2	22	20	56. 1	56. 2
Rhode Island	90	57	355. 3	176. 7	90	57	355. 3	176. 7
Vermont	3	6	14. 0	34. 5	3	6	14. 0	34. 5
No. 2—New York	3, 853	1, 828	18, 117. 2	6, 809. 7	1, 279	842	5, 622. 3	3, 917. 4
New Jersey	788	216	4, 113. 8	1, 266. 0	261	216	1, 483. 4	1, 266. 0
New York	3, 065	1, 612	14, 003. 4	5, 543. 7	1, 018	626	4, 138. 9	2, 651. 4
No. 3—Pittsburgh	831	510	4, 560. 4	2, 255. 8	537	435	2, 872. 6	1, 950. 6
Delaware	16	12	78. 4	48. 0	16	12	78. 4	48. 0
Pennsylvania	743	423	4, 220. 1	1, 948. 7	453	354	2, 544. 3	1, 652. 6
West Virginia	72	75	261. 9	259. 1	68	69	249. 9	250. 0
No. 4—Winston-Salem	2, 048	1, 124	7, 025. 8	3, 996. 8	1, 326	986	4, 599. 2	3, 733. 5
Alabama	106	108	173. 7	387. 3	101	108	148. 7	387. 3
District of Columbia	583	280	2, 163. 4	1, 378. 8	189	184	1, 198. 4	1, 199. 3
Florida	466	234	1, 326. 9	693. 4	398	225	1, 170. 0	676. 6
Georgia	142	120	415. 8	281. 7	126	120	298. 6	281. 7
Maryland	123	82	526. 7	353. 1	119	78	518. 7	338. 1
North Carolina	201	150	535. 0	414. 9	193	121	520. 7	362. 9
South Carolina	298	51	1, 362. 0	165. 8	82	51	238. 6	165. 8
Virginia	129	99	522. 3	321. 8	118	99	505. 5	321. 8

TABLE 2.—*Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in August 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 family dwelling units		Estimated cost (thousands of dollars)		Number of family dwelling units		Estimated cost (thousands of dollars)	
	August 1936	August 1935	August 1936	August 1935	August 1936	August 1935	August 1936	August 1935
No. 5—Cincinnati	1, 808	331	$8, 282. 8	$1, 634. 3	667	319	$3, 092. 6	$1, 602. 3
Kentucky	111	38	386. 5	139. 0	95	34	349. 5	134. 0
Ohio	479	221	2, 557. 1	1, 304. 0	436	213	2, 419. 1	1, 277. 0
Tennessee	1, 218	72	5, 339. 2	191. 3	136	72	324. 0	191. 3
No. 6—Indianapolis	798	328	3, 867. 7	1, 706. 9	785	328	3, 844. 2	1, 706. 9
Indiana	167	64	669. 7	238. 3	167	64	669. 7	238. 3
Michigan	631	264	3, 198. 0	1, 468. 6	618	264	3, 174. 5	1, 468. 6
No. 7—Chicago	642	335	2, 993. 4	1, 464. 7	579	324	2, 843. 9	1, 431. 6
Illinois	305	123	1, 667. 0	628. 9	291	123	1, 603. 5	628. 9
Wisconsin	337	212	1, 326. 4	835. 8	288	201	1, 240. 4	802. 7
No. 8—Des Moines	673	530	2, 183. 6	1, 889. 5	649	511	2, 132. 6	1, 857. 6
Iowa	148	104	476. 9	357. 5	134	104	430. 9	357. 5
Minnesota	206	154	814. 0	620. 0	206	154	814. 0	620. 0
Missouri	237	206	772. 1	734. 3	227	191	767. 1	711. 4
North Dakota	32	36	71. 9	100. 0	32	32	71. 9	91. 0
South Dakota	50	30	48. 7	77. 7	50	30	48. 7	77. 7
No. 9—Little Rock	1, 189	920	3, 097. 0	2, 473. 7	1, 097	891	2, 949. 8	2, 423. 3
Arkansas	46	17	114. 8	52. 9	46	17	114. 8	52. 9
Louisiana	144	57	517. 4	191. 0	144	57	517. 4	191. 0
Mississippi	68	65	156. 4	201. 6	68	60	156. 4	193. 8
New Mexico	51	16	117. 4	47. 4	48	16	111. 4	47. 4
Texas	880	765	2, 191. 0	1, 980. 8	791	741	2, 049. 8	1, 938. 2
No. 10—Topeka	434	275	1, 409. 2	867. 7	407	267	1, 351. 7	849. 7
Colorado	102	37	435. 8	180. 1	94	37	415. 8	180. 1
Kansas	116	62	373. 2	153. 2	107	62	355. 7	153. 2
Nebraska	56	51	187. 3	158. 5	56	51	187. 3	158. 5
Oklahoma	160	125	412. 9	375. 9	150	117	392. 9	357. 9
No. 11—Portland	414	316	1, 278. 1	958. 6	379	313	1, 213. 2	948. 9
Idaho	47	13	149. 0	34. 7	34	10	116. 0	25. 0
Montana	63	28	132. 6	77. 3	50	28	113. 1	77. 3
Oregon	84	8	305. 6	26. 8	84	8	305. 6	26. 8
Utah	50	16	156. 0	48. 7	50	16	156. 0	48. 7
Washington	159	239	489. 0	713. 4	150	239	476. 6	713. 4
Wyoming	11	12	45. 9	57. 7	11	12	45. 9	57. 7
No. 12—Los Angeles	2, 156	1, 058	8, 337. 2	3, 909. 0	1, 831	962	7, 285. 5	3, 657. 0
Arizona	42	34	194. 6	137. 9	42	34	194. 6	137. 9
California	2, 101	1, 023	8, 076. 2	3, 768. 1	1, 776	927	7, 024. 5	3, 516. 1
Nevada	13	1	66. 4	3. 0	13	1	66. 4	3. 0

Federal Home Loan Banks

OCTOBER 15, 1936 marks the fourth anniversary of the opening of the Federal Home Loan Banks. Some measure both of their success and of their present healthy condition is given in the accompanying charts. Chart 1 shows combined gross income, expenses, and net income of the 12 Banks by months during 1935 and 1936. The overhead of the Banks remains relatively constant with the result that any increase in gross income such as has taken place during the last year results in a practically parallel increase in net income. For the month of August 1936, the combined gross income of the 12 Banks was $383,801.39. Their combined expenses, including the Federal Home Loan Bank Board's assessment, totaled $103,197.00, leaving a net profit of $280,604.39.

It is perhaps worthy of note that this increase in growth and net income has been coincident with a lowering of interest rates on advances made by the Banks to member institutions. The Banks have been oper-

FEDERAL HOME LOAN BANK SYSTEM

CHART 1.—GROSS INCOME, EXPENSES, AND NET INCOME (BY MONTHS)

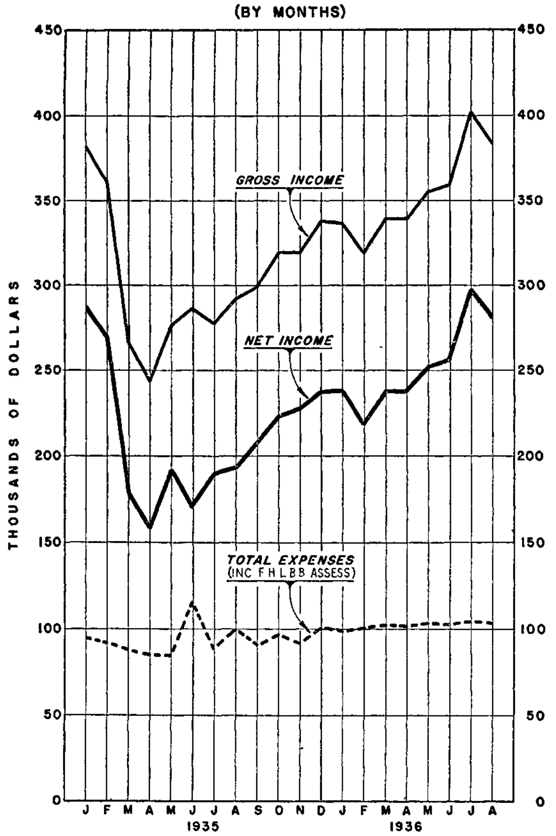


CHART 2.—ADVANCES, REPAYMENTS, AND BALANCE OUTSTANDING (BY MONTHS)

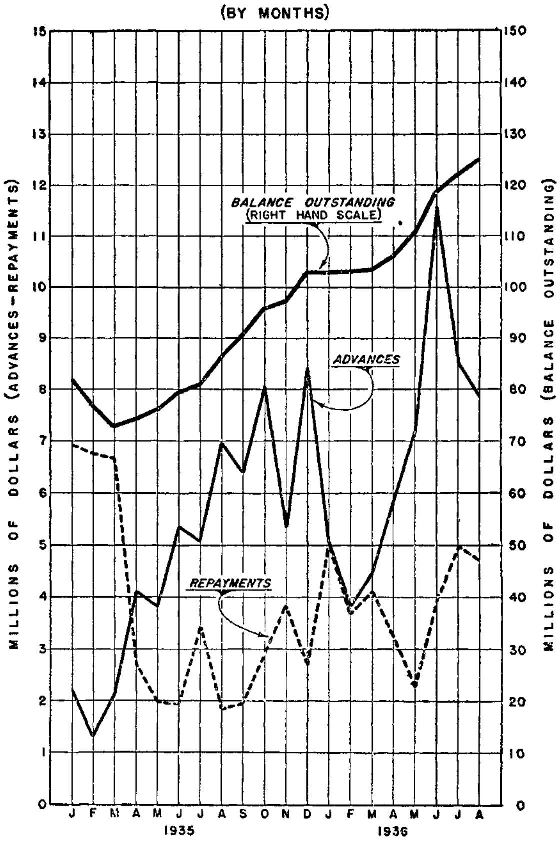


Table 1.—*Comparison of the actual building and loan membership of the Federal Home Loan Bank System with all building and loan associations, by Federal Home Loan Bank Districts*

District	All building and loan associations[1]		Member building and loan associations		Proportion of member building and loan associations to all building and loan associations	Proportion of assets of member building and loan associations to assets of all building and loan associations
	Number	Assets	Number as of Aug. 31, 1936	Assets[1]		
					Percent	*Percent*
United States	10, 597	$5, 928, 156, 000	. 3, 666	$3, 122, 042, 000	34. 61	52. 66
No. 1—Boston	368	564, 250, 000	157	280, 888, 000	42. 66	49. 78
No. 2—New York	1, 808	1, 297, 641, 000	408	476, 580, 000	22. 62	36. 73
No. 3—Pittsburgh	2, 788	792, 136, 000	527	231, 770, 000	18. 90	29. 26
No. 4—Winston-Salem	1, 383	413, 959, 000	425	213, 231, 000	30. 66	51. 51
No. 5—Cincinnati	976	884, 715, 000	517	686, 704, 000	52. 97	77. 62
No. 6—Indianapolis	451	300, 561, 000	175	239, 811, 000	38. 80	79. 79
No. 7—Chicago	1, 103	583, 877, 000	457	320, 535, 000	41. 43	54. 90
No. 8—Des Moines	490	223, 076, 000	222	131, 836, 000	45. 51	59. 10
No. 9—Little Rock	443	216, 022, 000	264	142, 497, 000	59. 59	65. 96
No. 10—Topeka	386	268, 044, 000	220	150, 499, 000	57. 25	56. 15
No. 11—Portland	188	109, 679, 000	130	76, 622, 000	69. 15	69. 86
No. 12—Los Angeles	213	274, 191, 000	164	171, 062, 000	77. 00	62. 39

[1] Latest available figures.

Table 2.—*Comparison of the actual savings bank membership of the Federal Home Loan Bank System with all savings banks, by Federal Home Loan Bank Districts*

District	All mutual savings banks[1]		Member mutual savings banks		Proportion of member mutual savings banks to all mutual savings banks	Proportion of assets of member mutual savings banks to assets of all mutual savings banks
	Number	Assets	Number as of Aug. 31, 1936	Assets[1]		
					Percent	*Percent*
United States	554	$11, 212, 393, 000	8	$154, 477, 000	1. 44	1. 38
No. 1—Boston	356	3, 659, 113, 000	7	151, 879, 000	1. 97	4. 15
No. 2—New York	158	6, 320, 272, 000	0	0	0	0
No. 3—Pittsburgh	9	620, 937, 000	0	0	0	0
No. 4—Winston-Salem	13	231, 152, 000	0	0	0	0
No. 5—Cincinnati	3	125, 767, 000	0	0	0	0
No. 6—Indianapolis	5	23, 253, 000	0	0	0	0
No. 7—Chicago	4	4, 354, 000	1	2, 597, 000	25. 00	59. 66
No. 8—Des Moines	1	67, 315, 000	0	0	0	0
No. 9—Little Rock	...	...	...	...	...	...
No. 10—Topeka	...	...	...	...	...	...
No. 11—Portland	4	58, 660, 000	0	0	0	0
No. 12—Los Angeles	1	101, 564, 000	0	0	0	0

[1] As of Dec. 31, 1935.

ated economically. In spite of the low rates charged on advances, they had up to August 31, 1936, set aside reserves aggregating $1,677,255. They had paid dividends totaling $1,072,233 to their members as well as dividends totaling $4,308,250 to the Federal Government. They had also accumulated a total unallocated surplus of $1,906,976.

Chart 2 pictures the advances, repayments, and balance outstanding by months over the same 1935–1936 period. As of August 31, 1936, the balance of loans outstanding had risen to an all-time high of $125,217,759.53. During the month, advances to member institutions totaled $7,830,488.60 while $4,713,861.22 was repaid by member institutions.

Actual and Potential Membership

The membership of the Federal Home Loan Bank System as of August 31, 1936, is compared with all savings and loan associations, savings banks, and insurance companies in tables 1, 2, and 3. It is, of course, not correct to assume that all institutions of these types may become members of the System for not all of them can meet the requirements.

The Bank System has drawn its membership principally from building and loan associations. Of the 10,597 associations reported in existence, 3,668 had joined the System by August 31. Member institutions represented only 34.61 percent in number of all building and loan associations, but they possessed 52.66 percent of all assets. It is interesting to note the growth which has taken place since the previous publication of these tables in the November 1934 issue of the Review. At that time, member building and loan associations represented 26.66 percent in number and held 41.86 percent of the assets of all associations.

Another indication that the Bank System includes the stronger institutions in its membership is given by a comparison of the average gross assets. Thus, whereas the average building and loan association has gross assets of $560,000, the average member institution has gross assets of $850,000.

Table 3.—*Comparison of the actual insurance company membership of the Federal Home Loan Bank System with all insurance companies, by Federal Home Loan Bank Districts*

District	All insurance companies [1]		Member insurance companies		Proportion of member insurance companies to all insurance companies	Proportion of assets of member insurance companies to assets of all insurance companies
	Number	Assets	Number as of Aug. 31, 1936	Assets as of Dec. 31, 1935		
					Percent	Percent
United States	857	$24, 412, 981, 000	4	$16, 660, 000	0. 47	0. 07
No. 1—Boston	72	4, 293, 667, 000	0	0	0	0
No. 2—New York	136	13, 386, 080, 000	0	0	0	0
No. 3—Pittsburgh	68	1, 373, 055, 000	1	4, 744, 000	1. 47	0. 35
No. 4—Winston-Salem	91	533, 049, 000	1	8, 708, 000	1. 10	1. 63
No. 5—Cincinnati	57	753, 400, 000	0	0	0	0
No. 6—Indianapolis	40	418, 968, 000	0	0	0	0
No. 7—Chicago	105	1, 622, 216, 000	0	0	0	0
No. 8—Des Moines	101	905, 331, 000	0	0	0	0
No. 9—Little Rock	65	279, 063, 000	1	1, 129, 000	1. 54	0. 40
No. 10—Topeka	77	394, 501, 000	0	0	0	0
No. 11—Portland	20	90, 135, 000	1	2, 079, 000	5. 00	2. 31
No. 12—Los Angeles	25	363, 511, 000	0	0	0	0

[1] As of December 1934. All life insurance companies, and those fire, marine, and casualty companies carrying mortgage loans as shown by Best's Insurance Companies, are included.

As has been previously pointed out in the REVIEW, the Federal Home Loan Bank System provides a credit reservoir for institutions which finance urban homes. As the business of building and loan associations is almost entirely of this sort, their use of the System has been more immediate and extensive than that of either savings banks or insurance companies, whose financing activities are much more diversified. The extent to which savings banks and insurance companies have accepted the privileges and responsibilities of membership is indicated in tables 4 and 5.

CHANGES IN GROWTH TABLE

TABLE 4 on growth and trend of lending operations shows some slight revisions from tables previously published in the number and assets of member institutions as of specific dates. Hitherto, the number of members reported have represented the institutions approved by the Federal Home Loan Bank Board for membership. It has been decided to correct the figures to show instead the number of members as reported at each date by the 12 Federal Home Loan Banks. In view of the fact that assets of member institutions change monthly and can, therefore, only be estimated, it has been decided to report them only at the semiannual periods nearest the dates on which members make their annual or semiannual reports.

No changes were made in interest rates on advances to member institutions during the month.

COMBINED STATEMENT OF CONDITION OF THE FEDERAL HOME LOAN BANKS

WITH this issue the REVIEW ceases the regular monthly publication of the "Combined Statement of Condition of the Federal Home Loan Banks." Since the current activities of the Banks which are of the most general interest are recorded in the monthly table on growth and lending operations, it has been decided to publish the combined statement of condition twice a year. The February issue will show condition of the Banks as of the end of the year and the August issue will show their condition as of June 30.

TABLE 4.—*Growth and trend of lending operations*

Month	Members		Loans advanced (cumulative) (000 omitted)	Loans advanced (monthly) (000 omitted)	Repayments (monthly) (000 omitted)	Balance outstanding at end of month (000 omitted)	Borrowing capacity [2] (000 omitted)
	Number	Estimated assets [1] (000 omitted)					
December 1932	119	$217,000	$837	$837	....	$837	....
December 1933	2,086	2,607,000	90,865	7,132	$889	85,442	....
December 1934	3,072	3,305,000	129,545	2,904	3,360	86,658	....
December 1935	3,460	3,020,000	188,675	8,414	2,708	102,795	....
1936							
January	3,495	....	193,746	5,071	5,065	102,800	....
February	3,516	....	197,530	3,784	3,642	102,942	....
March	3,538	....	202,041	4,511	4,095	103,358	....
April	3,581	....	207,878	5,836	3,222	105,972	....
May	3,604	....	215,085	7,207	2,258	110,922	....
June	3,640	3,250,000	226,645	11,560	3,895	118,587	$869,000
July	3,659	....	235,152	8,507	4,993	122,101	869,000
August	3,678	....	242,983	7,830	4,714	125,218	869,000

[1] Estimates of assets are brought up to date semiannually.
[2] Based upon the potential stock holdings and the legal borrowing capacity of member institutions.

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

TABLE 5.—*Interest rates, Federal Home Loan Banks: rates on advances to member institutions*[1]

Federal Home Loan Bank	Rate in effect on Oct. 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.
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 per centum per annum.
4. Winston-Salem	3½	All advances, with the provision that the interest rate may be increased to not more than 4½ percent after 30-days written notice.
5. Cincinnati	3	All advances.
6. Indianapolis	3	All secured advances.
	3½	All unsecured advances, none of which may be made for more than 6 months.
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	3–3½	On all advances up to $1,000,000, the interest rate shall be 3½ percent. If the balance of loans outstanding to any one member equals or exceeds $1,000,000, the interest rate thereon shall be at the rate of 3 percent.
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 are 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 in excess of the current rates of interest prevailing for member institutions."

Federal Savings and Loan System

FEDERAL savings and loan associations in August again set a new peak in the volume of mortgage loans made. One thousand and ninety-five reporting associations loaned $21,043,000.

Comparable reports of monthly operations for both July and August were received from 1,025 identical Federal savings and loan associations. The summary of their activities for each month is shown in table 2. These associations made $20,060,000 in new mortgage loans during August, which is 1.6 percent more than they made during the unusually active month of July. As a result of their August activity, they registered a net increase of 3 percent in the business on their books.

Analyzing the mortgage loans of these 1,025 associations according to the purposes for which they were made, new construction accounted for 36.2 percent in dollar volume, the highest proportion devoted to this purpose since Federals began operations. Loans for home purchase represented 26.3 percent and loans for reconditioning 5.9 percent of the total loans made. Loans for refinancing were 25.6 percent.

To meet this heavy demand for funds for mortgage loans, the 1,025 Federal associations increased their net borrowings from the Federal Home Loan Banks by $1,320,200 during August. This sum brought the total of Bank advances outstanding to these associations to $45,162,100. During the same month, share subscriptions by the Home Owners' Loan Corporation increased $6,832,700. At the end of August, Treasury and Home Owners' Loan Corporation subscriptions in these associations together amounted to $108,954,000. As of the same date, private shareholders had paid in $413,199,200 on their shares.

The reporting associations received 45 percent less in new private share investments in August than in July. Monthly repurchases declined 33 percent during the same period.

New Charters Granted

Federal charters were granted to 12 associations during the month of August. Three of these associations were newly organized while the remaining 9 were formerly State-chartered associations that converted to Federal charter. Table 1, however, shows a net increase of only 10 associations, due to cancelation during the month of the charters of 2 recently organized associations.

Table 1.—*Progress in number and assets of Federal savings and loan associations*

	Number at specified dates					Approximate assets	
	Dec. 31, 1933	Dec. 31, 1934	Dec. 31, 1935	July 31, 1936	Aug. 31, 1936	July 31, 1936	Aug. 31, 1936
New	57	481	605	645	646	$116, 884, 603	$116, 946, 803
Converted	2	158	418	520	529	555, 669, 387	558, 637, 745
Total	59	639	1, 023	1, 165	1, 175	672, 553, 990	675, 584, 548

TABLE 2.—*Monthly operations of 1,025 identical Federal savings and loan associations reporting during July and August 1936*

	July	August	Change July to August
Share liability at end of month:			*Percent*
Private share accounts (number)	579, 920	580, 908	+0. 2
Paid on private subscriptions	$412, 427, 000	$413, 199, 200	+0. 2
Treasury and H. O. L. C. subscriptions	102, 121, 300	108, 954, 000	+6. 7
Total	514, 548, 300	522, 153, 200	+1. 5
Private share investments during month	13, 594, 200	7, 480, 900	−45. 0
Repurchases during month	10, 876, 000	7, 279, 700	−33. 1
Mortgage loans made during month:			
a. New construction	6, 599, 800	7, 264, 100	+10. 1
b. Purchase of homes	5, 562, 700	5, 268, 700	−5. 3
c. Refinancing	4, 722, 900	5, 139, 800	+8. 8
d. Reconditioning	1, 305, 200	1, 181, 000	−9. 5
e. Other purposes	1, 550, 700	1, 206, 400	−22. 2
Total	19, 741, 300	20, 060, 000	+1. 6
Mortgage loans outstanding end of month	465, 681, 500	479, 616, 500	+3. 0
Borrowed money as of end of month:			
From Federal Home Loan Banks	43, 841, 900	45, 162, 100	+3. 0
From other sources	2, 264, 600	2, 047, 300	−9. 6
Total	46, 106, 500	47, 209, 400	+2. 4
Total assets, end of month	634, 377, 700	646, 233, 800	+1. 9

Federal Savings and Loan Insurance Corporation

BETWEEN August 15 and September 15 share investments in 38 savings and loan associations received the protection of insurance by the Federal Savings and Loan Insurance Corporation. Of the 38 associations, 22 operate under State charter, and 9 recently converted from State to Federal charter. The remaining 7 are newly organized Federal savings and loan associations. The addition of these institutions brought the total number of insured savings and loan associations as of September 15 to 1,446, with combined assets of approximately $979,754,589 and with 1,125,818 shareholders.

During the same monthly period, applications for insurance were made by 56 associations with assets of $26,876,742. During the past year the Corporation has received an average of 48 applications each month.

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

APPLICATIONS RECEIVED

	Cumulative number at specified dates				Assets (as of date of application)	
	Dec. 31, 1934	Dec. 31, 1935	Aug. 15, 1936	Sept. 15, 1936	Aug. 15, 1936	Sept. 15, 1936
State-chartered associations	53	351	547	578	$712, 327, 118	$728, 196, 394
Converted F. S. and L. A.	134	480	567	585	574, 515, 594	585, 264, 565
New F. S. and L. A.	393	575	634	641	14, 074, 846	14, 333, 341
Total	580	1, 406	1, 748	1, 804	1, 300, 917, 558	1, 327, 794, 300

INSTITUTIONS INSURED[1]

	Cumulative number at specified dates				Number of shareholders	Assets	Share and creditor liabilities
	Dec. 31, 1934	Dec. 31, 1935	Aug. 15, 1936	Sept. 15, 1936	Sept. 15, 1936	Sept. 15, 1936	Sept. 15, 1936
State-chartered associations	4	136	268	290	475, 766	$372, 399, 459	$327, 688, 915
Converted F. S. and L. A.	108	406	517	526	566, 939	530, 520, 018	486, 915, 826
New F. S. and L. A.	339	572	623	630	83, 113	76, 835, 112	75, 104, 170
Total	451	1, 114	1, 408	1, 446	1, 125, 818	979, 754, 589	889, 708, 911

[1] Beginning May 15, 1936, figures on number of associations insured include only those associations which have remitted premiums. Earlier figures include all associations approved by the Board for insurance.

Number of shareholders, assets, and share and creditor liabilities of insured associations are as of latest obtainable date and will be brought up to date after June 30 and December 31 each year.

Reserves of the Insurance Corporation

As of August 31, 1936, after only two years of operation, the Federal Savings and Loan Insurance Corporation had reserves amounting to $4,532,174.35. This protection to investors in insured associations is, of course, in addition to the $100,000,000 of capital stock subscribed by the Home Owners' Loan Corporation. The statement of the Corporation as of August 31, 1936, follows:

Statement of the Federal Savings and Loan Insurance Corporation as of the close of business on Aug. 31, 1936

Assets	
Cash	$237, 676. 67
Accounts and other receivables	365, 644. 05
Investments—U. S. Government and H. O. L. C. bonds	103, 336, 500. 00
Accrued interest	1, 036, 863. 43
Deferred charges—premium on bonds purchased	56, 235. 68
Total assets	105, 032, 919. 83
Liabilities	
Accounts payable	16, 719. 28
Deferred income—unearned premiums, etc	484, 026. 20
Capital and surplus	104, 532, 174. 35
Total liabilities	105, 032, 919. 83

Reports From Insured Associations

Evidence that investors in savings and loan associations are becoming increasingly "insurance-minded" is furnished by an Ohio association, which writes as follows:

The outstanding fact that we cannot overlook in our experience with our patrons since announcing insurance, is the small amount of cash, relatively speaking, that it has required to meet the needs of our shareholders. Our association was on notice for five years. We fully expected three times as much cash to go out when we lifted our restrictions than was actually needed.

I am satisfied that the public is insurance-minded. We have had numerous examples of the effect of insurance on individual patrons. For instance, one of our investment certificate holders had steadfastly declined to either accept reduced interest on his original certificate or permit us to exchange that original certificate to a reduced interest basis and had better than $9,000 invested with us. He had allowed his interest to accumulate to more than $1,000 to prevent the rewriting of his original certificate on a lower interest-paying rate and had simply ignored our request to sign a conversion agreement. However, after our charter had been received, we wrote him to come in and advised him that we had a check ready for him for all or part of his account, whichever he wanted. He was well-informed as to insurance of his account up to $5,000 and indicated that he would leave that amount with us and take a check for the balance and would bring in his certificates in a few days. A few days elapsed, and when he came in, he had come to the conclusion that, if he could obtain insurance on his account up to $5,000, he could also feel safe in leaving his entire account, which he did. He added almost $1,000 to his principal investment.

Home Owners' Loan Corporation

TABLE 1.—*H. O. L. C. subscriptions to shares of savings and loan associations—Requests and subscriptions* [1]

	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:								
Dec. 31, 1935	27	$1, 131, 700	33	$2, 480, 000	553	$21, 139, 000	613	$24, 750, 700
June 30, 1936	60	2, 506, 700	130	10, 636, 200	1, 478	56, 880, 600	1, 668	70, 023, 500
July 31, 1936	66	2, 826, 700	150	11, 856, 200	1, 642	63, 173, 400	1, 858	77, 856, 300
Aug. 31, 1936	70	2, 740, 700	172	14, 134, 900	1, 824	72, 325, 700	2, 066	89, 201, 300
Sept. 21, 1936	71	2, 864, 700	181	14, 603, 900	1, 951	77, 501, 700	2, 203	94, 970, 300
Subscriptions:								
Dec. 31, 1935	2	100, 000	24	1, 980, 000	474	17, 766, 500	500	19, 846, 500
June 30, 1936	21	689, 000	118	9, 636, 600	1, 392	52, 817, 100	1, 531	63, 142, 700
July 31, 1936	27	1, 069, 000	134	10, 873, 700	1, 558	59, 055, 800	1, 719	70, 998, 500
Aug. 31, 1936	33	1, 144, 000	150	12, 158, 700	1, 683	65, 387, 500	1, 866	78, 690, 200
Sept. 21, 1936	34	1, 178, 000	165	13, 246, 400	1, 851	73, 353, 600	2, 050	87, 778, 000

[1] Refers to number of separate investments, not to number of associations in which investments are made.

TABLE 2.—*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	35	0	9
1935			
Jan. 1 through June 30	535	7	114
July 1 through Dec. 31	3, 900	189	983
1936			
January	1, 281	28	324
February	1, 544	49	447
March	3, 190	59	605
April	4, 365	87	669
May	4, 688	145	964
June	8, 113	116	1, 441
July	8, 016	249	1, 380
August	8, 203	335	1, 802
Grand total to Aug. 31, 1936	43, 870	1, 264	8, 738

[1] Figures prior to 1936 are as of the month in which the action took place. Subsequent figures are as of the month in which the action was reported in Washington.

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

[3] Does not include 2,829 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 the total of 8,738 completed cases, 46 properties were sold at foreclosure sale to parties other than H. O. L. C.

TABLE 3.—*Reconditioning Division—Summary of all reconditioning operations through Sept. 17, 1936*

Period	Cases received [1]	Total contracts awarded		Total jobs completed	
		Number	Amount	Number	Amount
June 1, 1934 through Aug. 13, 1936	717, 767	392, 151	$75, 867, 796	373, 916	$69, 993, 241
Aug. 14, 1936 through Sept. 17, 1936 [2]	7, 154	3, 629	987, 391	9, 873	2, 291, 417
Grand total through Sept. 17, 1936	724, 921	395, 780	76, 855, 187	383, 789	72, 284, 658

[1] Includes all cases referred to the Reconditioning Division whether applications from borrowers during period these were being received, property management cases, insurance loss cases, and miscellaneous reconditioning.

[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.

Changes in Public Relations Department of the Federal Home Loan Bank Board

THIS issue of the FEDERAL HOME LOAN BANK REVIEW concludes the editorship of John R. Ellingston, who has directed its publication for the past two years. Mr. Ellingston has resigned to resume independent writing, particularly on the subjects of housing and home financing.

On Tuesday, October 6, Howard Acton, of New York, assumed his duties as Director of Public Relations for the Board, the position formerly held by George Dock, Jr.

Beginning with the preparation of the November issue, Chester T. Crowell, of Washington, assumes the editorship of the FEDERAL HOME LOAN BANK REVIEW.

Directory of Member, Federal, and Insured Institutions

Added during August–September

I.—INSTITUTIONS ADMITTED TO MEMBERSHIP IN THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN AUGUST 24, 1936, AND SEPTEMBER 19, 1936 [1]

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

DISTRICT NO. 1

MASSACHUSETTS:
- Avon:
  - Avon Co-operative Bank, 27 Robbins Street.
- Whitman:
  - Whitman Co-operative Bank.

DISTRICT NO. 2

NEW YORK:
- Herkimer:
  - Herkimer Co-operative Savings & Loan Association, 100 Park Avenue.
- Norwich:
  - Chenango Co-operative Savings & Loan Association of Norwich, N. Y., 11 South Broad Street.

DISTRICT NO. 3

PENNSYLVANIA:
- Millvale:
  - Millvale Building & Loan Association of Millvale Borough, 510 Grant Avenue.
- Philadelphia:
  - Greene & Logan Building & Loan Association, 5203 Germantown Avenue.
  - New Concordia Building Association, 1728 South Broad Street.
  - Thirty-Sixth Ward Building & Loan Association, Corner Twenty-seventh & Wharton Streets.

DISTRICT NO. 5

OHIO:
- Ashtabula:
  - Ashtabula County Building & Savings Company, 4617 Main Street.
- Dayton:
  - Dayton Building Association.
- Glandorf:
  - Glandorf German Building & Loan Company.
- Lynchburg:
  - Home Builders Association, Farmers Exchange Bank Building.
- Toledo:
  - United Savings & Loan Association, 228 Superior Street.

DISTRICT NO. 6

INDIANA:
- Fort Branch:
  - Fort Branch Building & Loan Association Number Eight.

DISTRICT NO. 7

ILLINOIS:
- Chicago:
  - King Zygmunt the First Building & Loan Association, 1758 West Forty-eighth Street.
  - West Highland Building & Loan Association, 1432 West Seventy-ninth Street.
  - Workmen Building & Loan Association, 2703 West Forty-seventh Street.
- Mackinaw:
  - Mackinaw Building, Loan & Homestead Association.

WISCONSIN:
- Appleton:
  - Home Building & Loan Association of Appleton, 200 First National Bank Building.
- Milwaukee:
  - North Avenue Savings, Building & Loan Association, 3709 West North Avenue.

DISTRICT NO. 8

IOWA:
- Des Moines:
  - Home Savings & Loan Association, 900 Grand Avenue.

[1] During this period 8 Federal savings and loan associations were admitted to membership in the System.

DISTRICT NO. 11

WASHINGTON:
- Spokane:
  - Citizens Savings & Loan Society, 126 Wall Street.

DISTRICT NO. 12

CALIFORNIA:
- Los Angeles:
  - Southland Building-Loan Association, 670 North Robertson Boulevard.
- Redlands:
  - Redlands Building-Loan Association, 2 North Fifth Street.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN AUGUST 24, 1936, AND SEPTEMBER 19, 1936

KENTUCKY:
- Bellevue:
  - Home Savings, Loan & Building Association, 217 Fairfield Avenue.
- Fort Thomas:
  - Highland Building & Loan Association, 16 North Fort Thomas Avenue.

MARYLAND:
- Annapolis:
  - Annapolis & Eastport Building Association, Church Circle.
- Baltimore:
  - Raspeburg Building & Loan Association, 5718 Belair Road.

MICHIGAN:
- Birmingham:
  - Oakland Building & Loan Association, 243 East Maple Avenue (consolidated with Birmingham Federal Savings & Loan Association).

MISSISSIPPI:
- Tunica:
  - Tunica Building & Loan Association, First East Avenue & Harris Street.

OHIO:
- Cincinnati:
  - Clinton Loan & Building Company, 415 Clinton Street (partial consolidation with Business Men's Federal Savings & Loan Association).

PENNSYLVANIA:
- Philadelphia:
  - Citizens Building & Loan Association of Philadelphia, 4115 Lancaster Avenue.
- Pittston:
  - Pittston Building & Loan Association, No. 1, 49 South Main Street.

II.—FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN AUGUST 24, 1936, AND SEPTEMBER 19, 1936

DISTRICT NO. 1

RHODE ISLAND:
- Providence:
  - First Federal Savings & Loan Association of Providence, 111 Westminster Street.

DISTRICT NO. 3

PENNSYLVANIA:
- Philadelphia:
  - Penn Federal Savings & Loan Association of Philadelphia, Northeast Corner Broad & Locust Streets (converted from Southwark Building & Loan Association).

DISTRICT NO. 4

SOUTH CAROLINA:
- Greenville:
  - Fidelity Federal Savings & Loan Association, 1 Pendleton Street (converted from American Building & Loan Association).

DISTRICT NO. 5

OHIO:
- Alliance:
  - Midland Federal Savings & Loan Association, 37 South Arch Avenue (converted from Midland Savings & Loan Company).
- Lima:
  - First Federal Savings & Loan Association of Lima, 207 West High Street (converted from Mutual Savings & Loan Company).

DISTRICT NO. 6

INDIANA:
Evansville:
Union Federal Savings & Loan Association of Evansville, 10 North Sixth Street (converted from Union Building & Loan Association).

DISTRICT NO. 7

ILLINOIS:
East St. Louis:
St. Clair Federal Savings & Loan Association, Corner Broadway & Main Street (converted from St. Clair Building & Loan Association).
Shelbyville:
First Federal Savings & Loan Association of Shelbyville (converted from People's Mutual Loan Association).

DISTRICT NO. 11

IDAHO:
Nampa:
Home Federal Savings & Loan Association of Nampa, 121 Twelfth Avenue, South (converted from Home Building & Loan Association of Nampa).

CANCELATIONS OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTERS BETWEEN AUGUST 24, 1936, AND SEPTEMBER 19, 1936

CALIFORNIA:
Berkeley:
University Federal Savings & Loan Association of Berkeley, 2122 Shattuck Avenue (charter canceled by reason of dissolution and transfer of assets to Community Federal Savings & Loan Association of Berkeley).
OHIO:
Bowling Green:
First Federal Savings & Loan Association of Bowling Green (failure to complete organization).
OKLAHOMA:
Muskogee:
First Federal Savings & Loan Association of Muskogee, 437 West Broadway (consolidated with Phoenix Federal Savings & Loan Association).
WASHINGTON:
Seattle:
Founders Federal Savings & Loan Association of Seattle, 515 Union Street (consolidated with Northern Federal Savings & Loan Association of Seattle).

III.—INSTITUTIONS INSURED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION BETWEEN AUGUST 24, 1936, AND SEPTEMBER 19, 1936 [1]

DISTRICT NO. 1

CONNECTICUT:
Shelton:
Shelton Building & Loan Association, Incorporated, 480 Howe Avenue.

DISTRICT NO. 2

NEW YORK:
Lancaster:
Lancaster Savings & Loan Association, 10 West Main Street.

DISTRICT NO. 3

PENNSYLVANIA:
Ambler:
Ambler Building & Loan Association, Knight Building.
Carmichaels:
Home Building & Loan Association of Greene County, High Street.
Darby:
Sharon Building Association of the County of Delaware, Corner Ninth & Main Streets.

DISTRICT NO. 4

DISTRICT OF COLUMBIA:
Washington:
Brookland Building Association, 1001 G Street, Northwest.
Eastern Building & Loan Association of Washington, D. C., 336 Pennsylvania Avenue, Southeast.

DISTRICT NO. 5

KENTUCKY:
Elizabethtown:
Elizabethtown Building & Loan Association, 102 West Dixie Avenue.
OHIO:
Cincinnati:
East Walnut Hills Building & Loan Company, 2725 Woodburn Avenue.
Cleveland:
Cleveland Savings & Loan Company, 515 Euclid Avenue.
Toledo:
United Savings & Loan Association, 228 Superior Street.

DISTRICT NO. 6

MICHIGAN:
Kalamazoo:
Kalamazoo Building & Savings Association, 216 East Michigan Avenue.

DISTRICT NO. 9

NEW MEXICO:
Carlsbad:
Carlsbad Building & Loan Association.
Roswell:
Chaves County Building & Loan Association.
Equitable Building & Loan Association, 107 West Third Street.
Roswell Building & Loan Association, 117 West Third Street.

DISTRICT NO. 11

UTAH:
Salt Lake City:
State Building & Loan Association, 61 West South Temple.

[1] During this period 13 Federal savings and loan associations were insured.

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FEDERAL HOME LOAN BANK DISTRICTS