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Appraisal Methods and Policies

This is the first in a series of articles.

SOUND appraisals are the cornerstone of successful building and loan practice. This fundamental truth has been impressed more deeply than ever upon the minds of building and loan officials by the experiences of the past decade. The depression subjected every practice and policy of the associations to the severest strain. One which was frequently found to be defective and a source of weakness was the appraisal policy. The following frank statement by a building and loan executive undoubtedly is typical of the experiences of thousands of associations throughout the country: "Upon inspection of these (foreclosed) properties, the question always comes up, 'Why in the world did we ever make that loan?' Nine times out of ten the answer is apparent when we look back to the records. We made the loan and we are going to take a loss because someone made a mistake in appraising. Shoddy construction was overlooked, deterioration of the neighborhood was not noticed, subtraction from appraised value should have been made for poor or unusual room arrangement, the building costs too much for the neighborhood in which it is located. . . . We are resolved not to repeat that experience."

The soundness and solvency of the 11,000 associations of the country and the safety of the $6,500,000,000 entrusted to their care by the 8,500,000 members, all alike depend on the correctness and accuracy of the appraisals. The fallacies of the old excuses for careless appraisal practices are now painfully obvious. The long-cherished belief that real-estate values are always upward bound and that this movement could be depended upon to correct any over-appraisal has, it is to be hoped, finally received a death blow. Likewise, recent experience has conclusively demonstrated the danger that lies in the assumption that the monthly payments of the borrower soon compensate for any over-appraisal and so make exact appraisals unnecessary. There are no substitutes for sound appraisal practices; there are no valid excuses for unsound practices.

As important as correct appraisals have always been, recent developments in building and loan practices have made them even more essential. The use of variable interest rates, which is becoming increasingly prevalent, necessitates correct, uniform appraisal policies. If a 40-percent loan is to receive an especially low rate of interest because of the wide margin of safety which it affords, the association must be certain that that margin actually exists.

In order to promote home ownership there has developed a definite trend towards making loans for longer periods of time and for higher percentages of the value of the property. An association making such loans must be doubly certain that its appraisals are correct, as its margin of protection is small at the beginning and increases slowly.

Because of increasing competition from other institutions, many savings and loan associations in the coming years will probably have to operate on smaller margins of profit than they have in the past. The experience of industry has amply shown that the safest way to meet such a situation is through increased efficiency, the adoption of improved methods of operation, and the elimination of waste and losses. For savings and loan associations this means in large part the avoidance of foreclosure losses through proper appraisal policies.

All too frequently appraising has been looked upon merely as a necessary formality in the loan procedure, or as an additional source of revenue for the association and its officers. Its function as the first and chief line of defense against loss for the association and its members has not been sufficiently appreciated. As one prominent appraising authority has said, "Some of the associations have followed a sound appraisal policy and others have considered this of no importance. The appraisers made a holiday of their appraisal trips, and as one secretary actually told me, their appraisers worked at the rate of 35 miles per hour—which is proven when one looks back to a case in which the house, according to the report of the appraisers, had a modern steam-heating plant. Imagine the astonishment of the association's officers when they foreclosed the property, examined the house, and discovered that it never had a heating plant of any description."

An appreciation of the vital importance of appraising is the first step towards avoiding the mistakes of the past. But an equally necessary step is the recognition of the complexity and difficulty of correct appraising. The appraisal systems of many associations have been based upon two assumptions: first, that any one who had any contact with the real-estate business and a general knowledge of real-estate values was competent to serve as an appraiser; and secondly, that a brief inspection of the property to note its location, size, type, and general condition was a sufficient basis for an appraisal.

Before any great progress can be made in improving appraisal practice it must be recognized that, to quote a well-known building and loan executive, "Soundness of appraisal demands now as never before, the truly professional standard." It is impractical to expect that every association shall have a professional appraiser on its staff but certainly it should not be out of the question to expect that those who are assigned by the associations the duty of making appraisals should be willing to give a reasonable amount of time and effort to familiarizing themselves with the fundamental principles and methods used by professional appraisers. And having acquired such a knowledge, they should furthermore be willing to apply it to every property they are called upon to appraise. Every appraisal should be performed from the professional point of view and by professional methods.

The sole objective of the savings and loan appraiser is the determination of the value of the property offered to the association as security for loans. The determination of this value in any rational way requires a systematic and careful analysis of a multitude of factors ranging, in particular cases, from construction costs to marriage rates. Moreover, the appraiser is concerned not only with the present factors which influence the value of the property but with the future factors as well.

In fact, whether he consciously realizes it and thinks in those terms, the work of the appraiser is basically that of forecasting. A durable good, such as a house, has value because of the stream of income which it will produce during the coming months and years. In the case of a rented house, this income consists of the rent received, less the expenses of ownership. With an owner-occupied house the income is of a different nature; it is made up of the satisfactions and amenities that result from owning and occupying the house and is some-

times called "imputed" income. In either case, the income that determines the value of the property is *future* income.

An investor in real estate is concerned primarily not with what rents have been in the past nor even with what they are at present, but rather with what they are going to be in the future. Past and present rents are of significance to him only insofar as they indicate what future rents are likely to be. When an appraisal committee of an association appraises a house at $10,000 for a 15-year loan, they are not only expressing their opinion as to what the house is worth today but also as to what it is going to be worth during the next 15 years. The present value is important in making mortgage loans only as an indicator of what the future value will probably be.

In forecasting the future value of a house, however, the most practical starting point is the present value. What is the property worth at present? What is its rental value? What changes are likely to take place that will affect its value? When will they take place? To what extent will they increase or decrease the value? A careful appraisal should take into consideration every factor that will aid in answering these questions.

The number of such factors is almost unlimited. The appraiser should be familiar with construction costs and with building specifications and standards. He should have an accurate idea of the selling prices and rental values of various types and classes of property. He should be able to estimate the extent of past depreciation and to predict the probable rate of future depreciation. He should follow closely changes in architectural styles and methods of construction. He will do well to keep himself informed as to population trends and marriage rates, for they directly affect the demand for houses. Neighborhood changes and developments should be observed closely.

This discussion of the factors which influence real-estate values could be continued indefinitely. Price levels, consumer purchasing power, volume of employment, industrial and transportation developments, monetary and banking conditions, all enter into the problem.

Qualifications of an Appraiser

Does all this mean, it may be asked, that an appraiser must be a combination of architect, economist, statistician, real-estate expert, and practical business man, all in one? Undoubtedly the more familiar an appraiser is with these various fields, the more he is able to draw upon them for pertinent facts and methods, and the better appraiser he will be. This is not to deny that many a savings and loan man has become a shrewd and capable judge of real-estate values without any formal training in these professional fields and without making conscious use of principles and methods. Good judgment, keen observation, and long experience are more to be relied upon than fixed rules and methods alone.

But fortunately there is no compelling reason why either should be relied upon exclusively. Judgment and experience, on the one hand, and rules and methods, on the other, should be used to supplement and fortify each other. When an appraiser makes use of accepted rules and methods he is but taking advantage of the experience of countless other persons.

Undoubtedly the decade following 1930 will witness more improvements in the savings and loan system than any previous decade in their history. One evidence of this is the increasing attention that is being given to the problem of appraisals. What has been aptly characterized as the "look, spit, and guess" method is definitely on its way out. Building and loan men generally are alive to the dangers of haphazard, careless, off-hand appraisals. The importance and the difficulty of making sound appraisals are realized as never before.

As a result, there is a general desire among the associations for an interchange

of experience and information; an eagerness to know what methods and policies have been found most successful; a desire to learn the views and opinions of the accepted leaders in the field. In response to this need, The Society of Residental Appraisers was organized in October 1935, under the leadership of the United States Building and Loan League. Membership in the Society is open to any one interested in appraisal work, although certain classes of membership are reserved for those who can meet stipulated requirements as to training and experience. The objectives of the Society, as stated in its by-laws, are: "The purpose of this Corporation is, without profit to itself, to promote high standards of residential appraising for lending institutions in the United States; to assist in instructing those appraising residential property for such institutions; to compile and disseminate information regarding such appraisings; to establish the qualifications of persons making such appraisals; and to further the interests of residential appraisers and of trustee-lending institutions in general."

The official monthly publication of the Society, the *Residential Appraisers' Review,* is devoted to articles dealing with appraisal problems of savings and loan associations. It constitutes a valuable medium for the interchange of ideas and for the presentation of methods and policies which have been found to be successful.

The work of the American Savings, Building and Loan Institute in appraisal education is also noteworthy. Its textbooks and its classes in appraising, which it has been organizing and conducting for several years, are designed particularly for building and loan workers.

Another organization with which building and loan appraisers should be familiar is the American Institute of Real Estate Appraisers, organized under the auspices of the National Association of Real Estate Boards. The Institute and its quarterly journal, *The Journal of the American Institute of Real Estate Appraisers,* have contributed greatly towards making appraising a real profession.

During the coming months the REVIEW will publish a series of articles dealing with appraisal problems and policies. These articles will not attempt to give detailed instructions as to appraisal technic but will be concerned with the general principles and methods which underlie good appraisal practice.

Duties of the Managing Officer of a Savings and Loan Association

This is the third in a series of articles.

IN PLANNING the investment of the funds entrusted to his care, the manager must first decide what proportion may be safely invested in mortgage loans and what proportion should be kept available to meet withdrawals and repurchases, and to pay cash dividends, taxes, and current expenses. If the amount maintained for these latter purposes is larger than needed, the earnings of the association will be unnecessarily reduced; if too small, it may find its standing in the community impaired by being unable to meet legitimate withdrawal requests. As the cash demands upon the association are subject to considerable variation, this problem requires the constant attention of the manager. This problem, of course, is simplified for members of the Federal Home Loan Bank System because of their ability to obtain advances from that System for the purpose of meeting cash demands.

Furthermore, he is confronted with the question whether the fund to meet withdrawals and pay expenses should be kept entirely in cash or partly in securities, preferably Government obligations, which can be easily and quickly liquidated. If some bonds are held, a small rate of return will be received but there is the possibility that a loss may be incurred if they have to be liquidated at an unfavorable time. Federal savings and loan associations, of course, cannot invest in other than Government obligations.

Frequently, also, the manager must decide how to make use of funds for which there is no demand in the community. He can choose between the various alternatives which are permitted by the laws and regulations governing his association; in some cases these are very broad and general. Temptation is strong, in such circumstances, to invest in securities yielding a high rate of return, in order to maintain earnings at a high level, but the manager should remember that a high return is usually accompanied by a high degree of risk. When the manager purchases such securities he must usually rely upon the advice of others.

Another investment problem that frequently arises is whether the association should invest funds in the purchase or construction of its own office building. This problem often involves another: Should the building be simply a rent-saver or should it be also an income-producer? In other words, should it be only large enough to meet the association's needs or should it also provide space which can be rented for offices or for other purposes? Such problems require a careful analysis of the present and future needs of the association and of the local real-estate situation. Some associations have found the ownership of their own buildings sound and profitable investments while others, especially those that have invested too heavily, have found them to be "white elephants".

Formulation of General Loan Plan

THE major investment problems of the manager, however, are those connected with his mortgage loans. These problems may be divided on a chronological basis

into three categories: (1) the formulation of the general loan plan and policies; (2) the securing and consideration of applications and the making of the loans; and (3) the servicing and protection of the loans.

The questions that may be included within the scope of the general loan plan and policies are numerous. Upon what types of property should loans be made? What should be the maximum amount and the maximum percentage that will be loaned? For what length of time should loans be made? Should all loans be made upon an amortization basis or should straight loans be made in some cases? What plan of repayment should be used? These questions indicate something of the number and variety of the problems which are continuously confronting the manager. They are problems for which there is no one definite and final solution. They change with changing conditions, necessitating unceasing vigilance upon the part of the manager. If an association is to grow and prosper, its manager must be constantly alert to adapt his policies to meet new situations.

Economic Conditions as Loan Factors

Many of the loan policies and practices of an association must be adapted to current economic conditions. Appraisals, interest rates, percentage of the value of property loaned, the duration of loans, all are affected by both general and local business conditions and trends. The fluctuations of the business cycle are as highly significant to the savings and loan manager as they are to any other business leader. He should have a broad and accurate knowledge of the current business situation and an intelligent opinion as to its probable future trend. Especially should he be familiar with those business indices which directly affect his business, such as the statistics relating to volume of construction, construction costs, real-estate sales, foreclosures, volume of employment, pay rolls, and similar data. The amount of such data available to the manager is becoming increasingly large, as its significance is becoming more widely understood and appreciated. Most of the statistical material published in the Review has been developed in the belief that it gives savings and loan managers information that is valuable in formulating their plans and policies. The alert manager will avail himself of all such sources of information.

The economic background of his community should be well known to the association manager. In particular, he should study the trend of those local industries upon which the community is dependent. This is especially important in those centers which are devoted largely to a single industry; some communities are dominated by a single corporation. The decline of the single industry, or its removal to some other locality, or the decline or failure of the single dominant corporation may result in serious shrinkage of real-estate values. It is the responsibility of the manager to foresee, so far as possible, any such development and to adapt his lending policies accordingly.

Neighborhood Changes

One of the most important causes of decline of residential property values and consequent loss to mortgage institutions is neighborhood deterioration. General business conditions may be sound, the community as a whole may be prosperous, but nevertheless property in certain sections may be steadily declining in value because such sections are losing favor as residential areas. The most effective preventive of blighted areas is proper neighborhood planning before the area is developed. Mortgage-financing institutions can play their part in securing such planning by refusing to finance new developments which do not comply with certain minimum standards. This necessitates, of course, a knowledge on the part of the management of the generally accepted principles of neighborhood planning, such as are set forth in the recent

series of articles in the REVIEW on neighborhood standards.

Because of the lack of proper community planning in the past, however, there exist in every large city today neighborhoods varying from high degrees of investment desirability to the extreme opposite. To protect his association as fully as possible against the dangers inherent in this situation, the manager, after making a careful survey and analysis of his entire lending territory, should grade each neighborhood according to the degree of risk it holds for long-term mortgage loans. In practically every city there are some neighborhoods that should be avoided entirely, and others in which loans should be made only if the individual security is exceptionally good. Many managers have found it valuable as a guide to their lending practices to indicate upon a large map of the city the grading of the various neighborhoods and also the location of all property upon which the association has outstanding loans. The procedure and technic for making such a security map, and also for making a neighborhood analysis and classification, were discussed in some detail in the REVIEW for August 1936.

OTHER PHASES OF THE LOAN PLAN

ONE of the most vital parts of the general loan plan is the appraisal system. Improper appraisal practices are probably the source of more trouble than any other controllable cause. The adoption and use of a sound appraisal system is one of the most important duties or responsibilities falling upon the manager of an association. Whoever makes the appraisals or participates in the work as a member of the appraisal committee should be thoroughly familiar with the essentials of good appraisal practice. Sound appraising is so essential to the success of the association that the manager should be in close touch with the appraisal work at all times and should take an active part in the determination of general appraisal policies.

The determination of the interest rates to be charged upon loans is another phase of the general loan policy which requires the exercise of keen analysis and good judgment upon the part of the manager. While the rate which he charges need not be exactly the same as that charged by other lenders, it cannot be too far out of line with theirs. If he charges a somewhat higher rate he must be able to justify it on the grounds of the greater service and accommodations which his association renders to its borrowers. Moreover, he should bear in mind that even though he has no trouble in lending all his available funds at rates higher than his competitors are charging, this fact would probably indicate that he is getting more than his share of low-grade risks.

Some of the most able savings and loan managers of today have adopted the plan of classifying their loans according to the risk involved and varying their interest charges accordingly. In some associations the rate of interest is systematically lowered as the outstanding principal is reduced. The practice of collecting taxes and insurance charges in advance as part of the monthly payment is becoming increasingly popular. Every manager owes it to his association to be familiar with all such recent developments in the savings and loan field and to consider carefully whether they can profitably be adopted by his institution. To this end he should be familiar with the current literature in his field and should take advantage of the opportunities for the exchange of ideas and experience afforded by membership in building and loan organizations.

SECURING LOAN APPLICATIONS

AFTER having formulated the loan plan which he considers to be best suited to the needs and conditions of his community, the manager must make the plan and its merits known to prospective borrowers. The ex-

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tent to which active measures to attract borrowers need be taken varies, of course, with the condition of the loan market. If the demand for loans greatly exceeds the supply of available funds, an aggressive campaign would be uncalled for but even under such conditions a definite effort should be made to make all loan applicants understand and appreciate the merits of the loan plan. The goodwill and understanding that can be created in this way may serve the association well at a later time when easier money market conditions may lead many borrowers to consider refinancing their loans in order to obtain more favorable terms.

If conditions are such as to render it desirable to make active efforts to secure new borrowers, the manager must see to it that those efforts are carefully planned and directed. By proper advertising through the newspaper, radio, and other channels, he may inform the public of the favorable terms on which money may be borrowed from his institution by responsible borrowers. The merits of home ownership may be stressed, as well as the advantages of buying or building a home at that particular time. In planning and carrying out his advertising campaign the manager may find it desirable to take advantage of the services of an advertising agency.

The shareholders of the association constitute a group to which the manager may well pay special attention in a compaign to secure new borrowers. Some who have been intending to become home owners some time in the indefinite future may be brought to see that the present is a favorable time to start. Others may be able to report the names of prospective borrowers. All may promote the interests of their association by speaking a favorable word for it on every opportune occasion both as a savings and as a lending institution. As they have already expressed their goodwill and confidence in the association by becoming shareholders, the manager will usually find it not difficult to secure their active cooperation in thus promoting the interests of their own institution.

Granting of Loans

As a result of these various activities, the association may receive a gratifying number of loan applications; but as every manager knows, the conversion of applications into actual loans is a process fraught with many casualties. The manager should make it a cardinal point to have every application considered and passed upon as promptly as possible, including the appraisal of the property. Some few applications will be rejected immediately because either the borrower or the property is an obviously poor risk. The rejections should be made as tactfully as possible so as not to incur the illwill of the applicant. Some applications will be approved for the full amount requested but probably a greater number for reduced amounts. The latter, in many cases, will be refused by the applicants. The manager in such instances should carefully go over the whole situation with the applicants to see if feasible financial plans, upon the basis of the reduced loans, can be worked out. If reduction in the amount of the loan should make it necessary for the borrower to assume a burdensome second mortgage, it might be well for the association to reject the loan entirely.

Undoubtedly the use of a home-building service plan is of great help to a manager in converting inquiries and applications into actual loans. The convenience and helpfulness of such a plan will be a deciding factor for many borrowers. The association may also be justified in lending a relatively larger amount on homes which are constructed under its supervision.

Protection of Loans

After the loan has been granted it is the responsibility of the manager to protect it as fully as possible. If the loan is for construction purposes, the association should

at least insist upon certain minimum specifications and standards, if a home-building service is not provided or used. For disbursing the loan a plan should be used which will insure complete payment of construction expenses. This will eliminate the possibility of mechanics' liens being created against the property.

Another contingency which the manager may guard against is the untimely death of the borrower. The value of the property should be sufficient to protect the association against loss in such an event but it may lose in community goodwill if it forecloses, let us assume, on a widow with dependent children, or forces her to sell. It would be much more satisfactory for all concerned if there was insurance for the specific purpose of paying off the loan. A few associations have made arrangements with well-established, reputable, insurance companies to provide a special insurance policy for this purpose. Other managers might well investigate the advantages of such a plan for their associations.

The proper investment of the funds entrusted to his care requires from the manager accurate knowledge, broad experience, and good judgment in a wide variety of fields. Many of the duties discussed here may be passed on by the manager to his subordinates, many of the responsibilities are shared with the directors, and many of the decisions as to policy are officially made by them but nevertheless he remains the central figure. The directors are largely dependent upon his opinion and advice in determining matters of policy; the staff is dependent upon him for organization and instructions.

Slums and Housing

SLUMS AND HOUSING—WITH SPECIAL REFERENCE TO NEW YORK CITY—2 Volumes. By James Ford, with the collaboration of Katherine Morrow and George N. Thompson, and An Appendix, Mainly Architectural, by I. N. Phelps Stokes. Prepared and published under the auspices of the Phelps-Stokes Fund; Harvard University Press, 1936

ALTHOUGH these two volumes deal primarily with New York City the facts stated will be familiar in virtually every American city. The principal difference will be in the dimensions and not in the fundamental problems. Slums represent neighborhood deterioration and bad city planning, or no planning at all. From this angle the record of New York City is of interest to the vast majority of the readers of the FEDERAL HOME LOAN BANK REVIEW. In offering the following digest of Professor Ford's work, the thought in the mind of the reviewer is not that the reader is going to rush out tomorrow morning to eliminate slums in his community, but that the problems here presented and discussed are ever-present in all municipalities, and that they bear upon the long-range operations of building and loan associations.

The long record of efforts to eradicate and prevent slums furnishes a valuable statement of practical experience. The fact that such a large proportion of these efforts ended in failure need not be regarded as a certain indication of failure in the future. Wisdom is acquired through failure no less than by success. At present there is a new social consciousness destined to support vigorously all practical measures to improve housing conditions.

One of the chief values of Professor Ford's work is that he has concerned himself primarily with a careful recording of history rather than advocating theories of his own. Dealing with New York City he finds certain phases of common problems more clearly visible simply because of the

gigantic size of the community he is studying. The microscope is not necessary because his guinea pig is a colossus.

New Amsterdam was founded in 1625, and a detailed city plan was drawn up, but it was not fully followed. (How familiar that is!) The first city condemnation laws became effective in 1658, and a special tax was levied on vacant lots to force construction. So here we have a phase of Henry George's theory at work a long time before Henry George was born. Zoning according to use was attempted in 1664 and failed. The first slum rehabilitation law was enacted in 1676; it required that "ruinated and decayed" houses be disposed of to persons willing to repair them (pp. 17–40).

Recurring epidemics of disease resulted in the appointment in 1797 of three Commissioners of Health whose primary concern was housing. In 1807 they were ready with a plan that called for north-south avenues 100 feet wide and east-west streets 60 feet wide. This arrangement, along with a standard 25-foot front for lots, laid the foundation for the present fact that one-third of all New York City rooms face the north and lack sufficient sunlight (pp. 255–263). At the time, however, the arrangement seemed excellent, spacious, and far-sighted. No one seems to have estimated how rapidly the city would grow. Immigrants came in millions. Land values reached unpredicted altitudes, and a large number of tenements were built, especially during the years 1830–1850, offering housing vastly inferior to much that is vigorously condemned today (pp. 72–122).

In 1856 the first legislative committee to study tenement-house conditions prepared a report that shocked not only New York City but the Nation. It is interesting to note how slowly legislation moved. In 1867 the Tenement House Law required a ventilating window or transom to each room without outside exposure, a fire escape for each building, and one toilet to every 20 occupants.

Studies of housing conditions went steadily on. About the turn of the century they were numerous and there was great interest in them. A new Tenement House Law was enacted in 1901. On the credit side of these efforts is the fact that Manhattan today has a sanitary water supply available inside every building; no small achievement. But it also has 100,000 inside rooms with no windows.

The stubborn longevity of slums even after they have been identified and officially called by that ugly name is amazing. Professor Ford reports that in 1885 the immediate demolition of 23 tenements in New York City was officially recommended on the ground that they were unfit for human habitation, but in 1926, 14 of these very buildings were still used for residential purposes.

Part of the failure to get results under the law was due to bad strategy. Land titles in New York City (and generally throughout the United States) are much less limited than in Europe and Great Britain. Thus an order from an American authority to demolish a building is likely to run head-on into adverse court decisions. New York finally discovered that a much more potent weapon was the "order to vacate". Under our conceptions of law it is quite logical for the Tenement House Department to say in effect: "You may not rent your building for residential purposes because it is unfit for human habitation." The results will be just as satisfactory as ordering it torn down. But the one course is easy and the other extremely difficult even where it is not impossible.

Old Law Tenements of New York City are being torn down at the rate of from 200 to 500 a year. Compensation is based upon a combination of the following factors: fair rental value, condition and state of repair, and value of the materials in the building. Under New York law a building cannot be ordered demolished if its unfit condition can be abated.

New York probably got off to the wrong start in its earlier attacks on slums by studying too closely the procedure in England where no compensation is required in a case where a building is ordered to be torn down because it is unfit for habitation.

The tearing down of old buildings was given a strong impetus in 1934 when the Federal Government offered free demolition. At that time many buildings that were in a state of advanced delapidation produced very little return. There was an advantage to owners of such structures in having them torn down free and thus obtaining a reduction in taxes. This worked out as a practical and acceptable subsidy that cleared the ground for new and better structures. Professor Ford points out, however, that this sort of attack has its limitations because if adequate provision is not made for the evicted families they will be forced to create new slum areas elsewhere. In this connection New York City offers an interesting problem in Harlem where much of the housing is of quite good quality but is so seriously overcrowded that the results become apparent in mortality rates, illness, and child delinquency. Professor Ford also points out that the common belief that transportation facilities to enable slum dwellers to reside elsewhere will solve the problem is an error. Some of them will go but others will take their places and the slum remains.

Hamburg, Germany, built new tenements in advance of tearing down the old ones. London built new homes in the suburbs in advance of tearing down tenements. Amsterdam did likewise and took an even more advanced step in providing training colonies to test families as to their willingness to accept and appreciate better housing facilities. Professor Ford makes it clear that slum elimination requires the education of tenants no less than builders to demand higher standards.

Surveying the entire field of efforts toward slum elimination and prevention, both in New York City and abroad, Professor Ford reaches the general conclusion that private capital alone cannot win the fight. He also doubts that cities, States, or the Federal Government or all three cooperating can solve the problem. But he does think that private capital assisted by government can make great progress. He especially commends lending by the government on long terms at low rates of interest, together with a certain amount of subsidy and in some cases special concessions in the matter of taxes. Philanthropic efforts to establish model housing centers that shall stimulate emulation by private capital, he reports, have not been very successful. The principal reason, he finds, is that they are often not economically sound from an investor's point of view. Their commonest faults are placing too many of the improvements outside and not enough inside the apartments; and cutting down on service to save expense. Moreover, the model tenements seldom reach many low-income renters. Professor Ford suggests that efforts to provide cheap and excellent housing for persons in the lower income brackets would achieve a higher score if intelligent and successful managers of existing apartments were consulted as frequently and as earnestly as architects. They know best what the tenants really want; which luxuries can be eliminated to save expense, and which the tenants will gladly pay for and appreciate.

It is interesting to note how very different the basic elements of the housing problem in New York City are today as compared with those of 50 to 30 years ago. Nearly all of the original problems go directly to the fact that the city out-grew all expectations. Today one of the basic problems is how to provide suitable housing for 2,500,000 unmarried, widowed or divorced persons more than 15 years of age. This is an astonishingly high percentage of the entire population. Moreover, the vast majority of these people are not prospective home owners. They are renters and are going to remain

renters. Eighty-five thousand of them live in boarding houses which Professor Ford characterizes as usually in a poor state of repair, lacking through ventilation, not fireproof, with inadequate means for escape in the event of fire, with insufficient natural light, antiquated plumbing, and inadequate provision for receiving guests.

Professor Ford faces bluntly the fact that the modern city houses millions of workers who really should not attempt to become home owners because of the nature of their employment. They are likely to have to move from city to city. Mobility is so important to them that home ownership becomes economically impossible even though their incomes would theoretically bear the cost. New York City has 1,750,000 families, only 20 percent of whom own their own homes. Thirty percent live in Old-Law Tenements. Only 2 percent of the New-Law Tenements are rented to low-income families.

In every American city it is apparent that there is a growing proportion of residents who will not own homes. We are now in process of adjustment to this relatively new social phenomenon. It is not a factor that can be placed entirely on the debit side of the ledger so far as the housing problem is concerned—and especially so far as the housing problem is concerned from an investment point of view. The lender has long had to contend with an appraisal problem growing out of the fact that vast numbers of houses are constructed for sale at a profit but eventually become rental properties. The American theory has always been that every family should endeavor to own its own home; the fact has been that millions tried it and failed. Thus about half of the rented dwelling units in this country were not built as such. And, today, when one attempts to appraise such a house he is confronted very often with two sharply conflicting bases of valuation; namely: What did the house originally cost? and, What revenue does it produce? As more dwelling units are constructed as rental properties this problem will be simplified.

On the subject of city planning Professor Ford warns against rushing too far ahead of present visible needs. The obvious functions of planning he thinks are: to widen streets, plant trees, preserve natural beauty, distribute population to prevent excessive density, plan subdivisions to prevent excessive land coverage, dedicate frequent land tracts for civic and recreational purposes. As for industrial decentralization, he thinks the economic factors are now on the side of common sense; in other words, the advantages of taking an industry out of an already congested area are financial as well as social and we may count on a certain amount of wholesome decentralization prompted by profit.

One of the most important comments Professor Ford makes, is that the attitude of the public toward slums is today that they can be eliminated and must be eliminated. This changed attitude is reflected in legislation. For many years the attitude reflected in legislation, he writes, was that the slum was inevitable; public control might help a little, but could not win a real victory. Now, nothing less would be acceptable.

Indexes of Small-House Building Costs

BETWEEN July and October the building cost of the standard house went up 1 percent or more in 10 of the 25 cities making comparable reports for the two periods. In 3 cities the cost went down 1 percent or more and in 12 cities costs remained the same or the change was less than 1 percent.

The largest increases were reported from the States of Washington and Oregon. Building costs in Spokane went up 8.1 percent or 1.9 cents per cubic foot; in Seattle, 5.1 percent; and in Portland, 4.8 percent. Casper, Wyoming, reported an increase of 3 percent. Increased building costs in the reporting Western cities were principally due to labor costs. The city registering the greatest drop was Indianapolis, Indiana, in which the cost of construction fell 4.1 percent. Following it were Atlantic City, New Jersey, with 1.5 percent and Fargo, North Dakota, with 1.4 percent.

Comparing costs for October between cities we find that Great Falls, Montana, reported the highest cost with $6,540. It was followed by another Northwestern city, Casper, Wyoming, with $6,445, and by Des Moines, Iowa, with $6,246.

On the other hand, the cities reporting the lowest costs were all located farther east. Grand Rapids, Michigan, was lowest with $5,138 but was closely followed by Camden, New Jersey, with $5,183. Detroit, Michigan, was third with $5,297.

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 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.

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			
	October	July	April	January	October	July	April	January
No. 2—New York:								
New Jersey:								
Atlantic City	$5,641	$5,725	$5,768	$5,860	$0.235	$0.239	$0.240	$0.244
Camden	5,183	5,073	5,170	5,102	.216	.211	.215	.213
Newark	5,811	5,794	5,787	5,771	.242	.241	.241	.240

[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			
	October	July	April	January	October	July	April	January
No. 2—New York—Continued.								
New York:								
Albany	$5,303	$5,341	$5,198	$5,218	$0.221	$0.222	$0.216	$0.217
Buffalo	5,661	5,680	5,483	5,487	.236	.237	.228	.229
Syracuse	5,567	5,580	5,580	5,628	.232	.232	.232	.234
White Plains	5,777	5,779	5,718	5,652	.241	.241	.238	.235
No. 6—Indianapolis:								
Indiana:								
Evansville	5,586	5,585	5,570	.....	.233	.233	.232	.....
Indianapolis	5,558	5,802	5,755	5,740	.232	.242	.240	.239
South Bend	5,906	5,849	5,844	5,894	.246	.244	.243	.245
Michigan:								
Detroit	5,297	5,293	5,265	5,136	.221	.221	.219	.214
Grand Rapids	5,138	5,174	5,174	.....	.214	.216	.216	.....
No. 8—Des Moines:								
Iowa:								
Des Moines	6,246	6,130	6,072	6,003	.260	.255	.253	.250
Minnesota:								
Duluth	5,765	5,671	5,616	.....	.240	.236	.234	.....
St. Paul	5,628	5,523	5,284	5,287	.235	.230	.220	.220
Missouri:								
St. Louis	5,918	5,915	5,976	5,997	.247	.246	.249	.250
North Dakota:								
Fargo	5,524	5,614	5,530	5,491	.230	.234	.230	.229
South Dakota:								
Sioux Falls	5,716	5,711	5,688	5,655	.238	.238	.237	.236
No. 11—Portland:								
Idaho:								
Boise	5,691	5,604	5,784	5,750	.237	.234	.241	.240
Montana:								
Great Falls	6,540	6,598	6,474	6,457	.272	.275	.270	.269
Oregon:								
Portland	5,561	5,307	5,277	5,278	.232	.221	.220	.220
Utah:								
Salt Lake City	5,915	5,793	5,793	5,778	.246	.241	.241	.241
Washington:								
Seattle	5,977	5,690	5,587	5,575	.249	.237	.233	.232
Spokane	6,173	5,712	5,712	.....	.257	.238	.238	.....
Wyoming:								
Casper	6,445	6,255	.....	.....	.269	.261	.....	.....

Monthly Lending Activity of Savings and Loan Associations

REPORTS of activities during September were received from 2,628 savings and loan associations representing 47 States, the District of Columbia, and Hawaii. Of this number, 2,129 associations reported total loans made during the month of $41,900,700. The remaining 499 reported no loans made. The combined assets of these 2,628 savings and loan associations (for the most part as of September 30, 1936) were $2,358,065,200.

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 16,810 mortgage loans on 1- to 4-family nonfarm homes in the amount of $37,823,000. Analyzing these nonfarm home loans by purpose, we find that new construction accounted for 33.4 percent of the total volume; home purchase for 32.8 percent; refinancing for 25.6 percent; and reconditioning for 8.2 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 2,628 savings and loan associations in September 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 Districts and States	Number of associations		Loans made in September according to purpose											Total assets Sept. 30, 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]							
								Amount						
	Submitting reports	Reporting loans made	Number	Amount	Number	Amount	Number	Refinancing	Reconditioning	Number	Amount	Number	Amount	
UNITED STATES.	2,628	2,129	3,970	$12,646.8	5,235	$12,387.7	7,605	$9,692.4	$3,096.1	2,636	$4,077.7	19,446	$41,900.7	$2,358,065.2
No. 1—Boston.....	145	133	205	782.6	439	1,350.7	539	652.0	261.6	154	258.1	1,337	3,305.0	265,073.0
Connecticut....	26	21	48	172.6	15	45.6	53	146.4	7.9	8	7.2	124	379.7	15,768.3
Maine.....	19	15	10	17.2	17	29.9	37	32.9	20.5	7	8.8	71	109.3	7,949.0
Massachusetts..	80	78	119	525.2	311	999.9	341	360.2	195.5	85	150.0	856	2,230.8	202,051.4
New Hampshire	12	12	13	23.2	24	47.7	38	34.5	13.5	16	54.5	91	173.4	12,875.0
Rhode Island...	2	1	9	34.0	63	202.8	59	65.1	17.5	30	28.1	161	347.5	22,533.9
Vermont.....	6	6	6	10.4	9	24.8	11	12.9	6.7	8	9.5	34	64.3	3,895.4
No. 2—New York...	306	180	380	1,415.9	306	1,036.1	358	513.1	195.4	215	246.1	1,259	3,406.6	333,155.3
New Jersey....	181	76	42	124.8	46	125.3	62	64.5	32.3	56	99.7	206	446.6	127,345.7
New York.....	125	104	338	1,291.1	260	910.8	296	448.6	163.1	159	146.4	1,053	2,960.0	205,809.6

[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 Sept. 30, 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 2,628 savings and loan associations in September 1936—Continued

Federal Home Loan Bank Districts and States	Number of associations		Loans made in September according to purpose											Total assets Sept. 30, 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..	255	149	96	$246.3	284	$631.7	273	$267.0	$143.5	40	$56.8	693	$1,345.3	$110,990.0
Delaware.....	9	6	4	7.9	21	69.8	5	2.1	4.0	5	10.6	35	94.4	5,921.7
Pennsylvania...	221	119	55	166.1	215	487.8	186	205.3	95.0	22	29.2	478	983.4	92,967.0
West Virginia...	25	24	37	72.3	48	74.1	82	59.6	44.5	13	17.0	180	267.5	12,101.3
No. 4—Winston-Salem.....	280	252	678	2,194.8	606	1,438.8	1,137	2,065.4	404.6	311	418.0	2,732	6,521.6	222,619.9
Alabama.....	18	15	23	35.1	50	71.5	37	32.6	28.0	15	17.0	125	184.2	5,529.0
District of Columbia.....	13	13	79	564.0	55	217.5	371	1,197.4	80.1	52	66.3	557	2,125.3	100,911.5
Florida.....	47	42	151	692.4	74	209.7	122	145.0	63.5	31	92.9	378	1,203.5	15,746.3
Georgia.....	44	42	110	219.7	56	103.2	105	133.3	30.5	46	65.8	317	552.5	10,931.5
Maryland.....	41	32	40	144.5	124	342.1	80	137.4	36.4	26	46.2	270	706.6	30,538.5
North Carolina.	50	49	128	247.2	107	190.5	201	166.8	83.5	82	84.8	518	772.8	28,117.6
South Carolina.	35	30	92	189.5	32	55.8	86	72.0	29.5	23	14.6	233	361.4	8,633.0
Virginia.....	32	29	55	102.4	108	248.5	135	180.9	53.1	36	30.4	334	615.3	22,212.5
No. 5—Cincinnati...	366	301	428	1,447.6	1,035	2,605.8	1,214	1,462.1	578.5	479	842.2	3,156	6,936.2	427,951.9
Kentucky.....	52	47	45	119.1	109	261.3	171	222.3	72.1	81	61.7	406	736.5	42,050.8
Ohio.....	278	224	274	1,096.5	868	2,220.8	862	990.3	435.5	386	765.5	2,390	5,508.6	373,949.5
Tennessee.....	36	30	109	232.0	58	123.7	181	249.5	70.9	12	15.0	360	691.1	11,951.6
No. 6—Indianapolis.	150	141	263	706.3	364	587.9	687	530.8	255.3	176	182.0	1,490	2,262.3	179,304.8
Indiana.....	102	95	136	234.2	296	445.5	493	330.7	173.1	107	85.1	1,032	1,268.6	103,363.6
Michigan.....	48	46	127	472.1	68	142.4	194	200.1	82.2	69	96.9	458	993.7	75,941.2
No. 7—Chicago.....	278	231	206	551.6	416	1,051.7	768	1,045.7	385.8	219	211.9	1,609	3,246.7	183,795.5
Illinois.....	204	166	94	254.3	333	828.5	609	814.0	284.5	182	162.5	1,218	2,343.8	134,043.4
Wisconsin.....	74	65	112	297.3	83	223.2	159	231.7	101.3	37	49.4	391	902.9	49,752.1
No. 8—Des Moines..	180	150	202	623.2	255	533.7	569	723.1	173.9	203	358.3	1,229	2,412.2	95,651.5
Iowa.....	49	42	44	91.2	71	123.5	147	160.4	26.7	89	32.4	351	434.2	20,258.6
Minnesota.....	42	35	91	373.5	96	226.5	175	226.2	66.3	33	267.3	395	1,159.8	24,989.1
Missouri.....	72	61	53	139.0	76	156.9	194	307.2	41.4	67	23.7	390	668.2	44,378.0
North Dakota..	13	9	8	13.2	11	26.2	34	18.7	30.4	13	34.4	66	122.9	4,752.4
South Dakota..	4	3	6	6.3	1	0.6	19	10.6	9.1	1	0.5	27	27.1	1,273.4
No. 9—Little Rock..	254	217	367	1,000.6	453	915.7	565	536.3	251.1	203	300.2	1,588	3,003.9	132,671.0
Arkansas.....	40	37	40	99.7	48	72.4	72	60.0	23.0	33	22.5	193	277.6	8,872.3
Louisiana.....	57	52	91	328.0	183	468.1	125	102.4	106.6	83	154.1	482	1,159.2	64,526.3
Mississippi.....	26	24	29	48.3	18	15.9	44	28.4	16.6	14	19.8	105	129.0	3,632.4
New Mexico....	14	11	10	22.3	15	20.8	17	9.9	5.4	2	4.0	44	62.4	2,378.9
Texas.....	117	93	197	502.3	189	338.5	307	335.6	99.5	71	99.8	764	1,375.7	53,261.1
No. 10—Topeka....	173	148	219	685.4	428	803.9	463	414.2	163.5	302	380.4	1,412	2,447.4	133,463.5
Colorado.....	33	27	39	147.8	69	151.2	56	60.3	23.8	16	9.6	180	392.7	11,081.5
Kansas.....	65	55	51	132.2	114	173.3	121	74.1	43.8	61	66.4	347	489.8	34,319.2
Nebraska.....	30	24	48	190.3	97	167.0	158	149.9	44.4	113	153.4	416	705.0	41,695.8
Oklahoma.....	45	42	81	215.1	148	312.4	128	129.9	51.5	112	151.0	469	859.9	46,367.0
No. 11—Portland...	109	104	328	853.3	265	527.8	583	750.6	190.4	188	576.6	1,364	2,898.7	75,341.9
Idaho.....	8	8	43	117.6	24	45.9	42	44.2	16.9	7	6.2	116	230.8	4,374.2
Montana.....	11	11	20	51.2	52	109.3	47	52.3	28.7	20	39.4	139	280.9	9,445.2
Oregon.....	26	24	78	179.8	36	64.6	155	215.6	44.7	46	343.5	315	848.2	18,415.8
Utah.....	7	7	23	57.3	16	39.1	32	37.5	15.6	12	33.3	83	182.8	6,267.6
Washington....	47	45	152	408.9	131	252.0	294	383.0	76.9	99	149.4	676	1,270.2	33,655.3
Wyoming.....	10	9	12	38.5	6	16.9	13	18.0	7.6	4	4.8	35	85.8	3,183.8
No. 12—Los Angeles	132	123	598	2,139.2	384	903.9	449	732.1	92.5	146	247.1	1,577	4,114.8	198,046.9
Arizona.....	1	1	9	39.4	10	27.9	0	0.0	0.0	1	0.5	20	67.8	457.2
California.....	129	120	585	2,082.6	370	862.1	446	729.0	92.1	144	241.1	1,545	4,006.9	196,217.8
Nevada.....	0	0	0	0.0	0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Hawaii.....	2	2	4	17.2	4	13.9	3	3.1	0.4	1	5.5	12	40.1	1,371.9

Residential Construction Activity and Real-Estate Conditions

RESIDENTIAL construction, as measured by the number of family dwelling units for which building permits were granted in all cities of 10,000 or more population, fell off in September to 14,643 units from 15,811 units in August (chart 1 and table 1). The September figure represented, however, an increase over September 1935 of 101.4 percent. The units authorized in September of this year involved an estimated cost of $57,013,100 which was 107.2 percent above the total cost in September of last year. The index of September construction, adjusted for seasonal variation, was 26 percent of the 1926 base line of 100—just 100 percent greater than the September 1935 index. In August the index was 29 (chart 2).

The proportion of multifamily dwelling units authorized continued to decline in September. Buildings containing 3- and more-family units accounted for only 28 percent of total residential construction whereas 1- and 2-family dwellings constituted 72 percent. In August 36 percent were multifamily units and in July 49 percent.

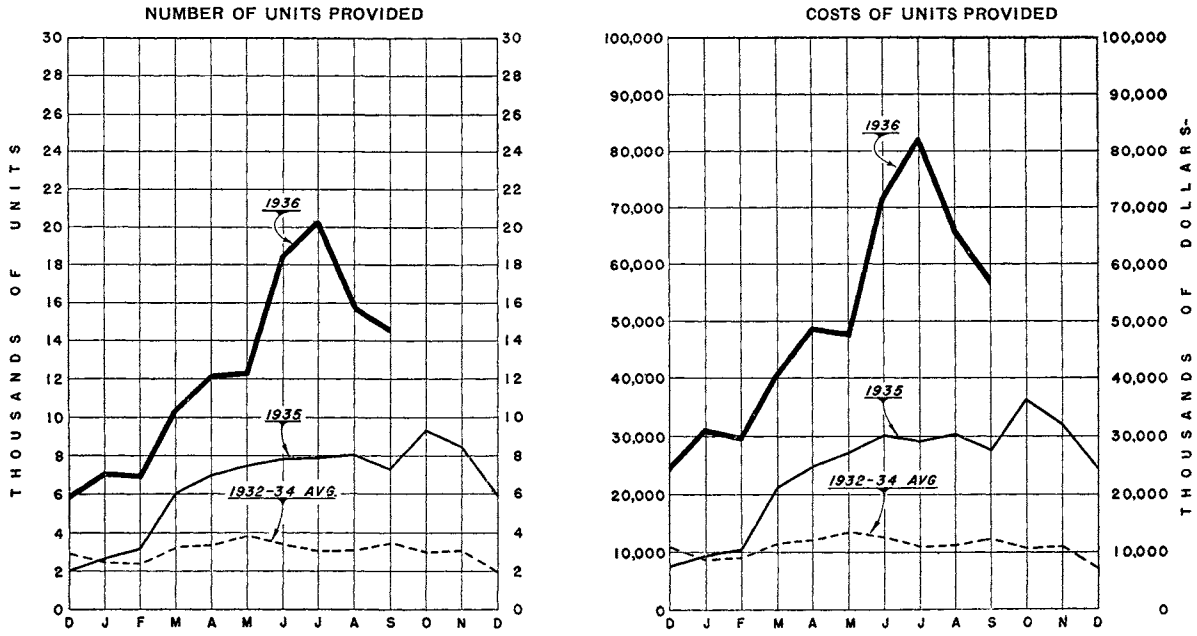
It is noteworthy that the average cost of 1- and 2-family dwellings in September declined 2.0 percent from September 1935 whereas the average cost of multifamily units increased 35.2 percent. As a result, the average cost per unit in these two types of structure was almost equal, being $3,962 for the 1- and 2-family dwellings and $3,722 for the multifamily dwellings.

Foreclosures and Other Real-Estate Conditions

Chart 2 pictures the movement of residential construction, industrial production, real-estate foreclosures, and housing rentals. All of 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.

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]



During September, the index of foreclosures in 78 large urban counties increased for the first time since March. It rose 7 percent, from 259 in August to 278 in September—returning almost to the July index of 279. A seasonal decline of 3.1 percent is normal for September. For the first nine months of 1936, foreclosures were 26.9 percent below the corresponding period of 1935. Out of the 78 urban counties included in the index, 41 reported a greater number of foreclosures in September than in August, 35 reported a lower number, and in 2 counties the number was unchanged.

Building Activity by Federal Home Loan Bank Districts and States

Table 2 reveals that New York continues to hold the lead in the number of dwelling units authorized each month. In spite of the fact that it accounted for 2,661 units in September as compared with 3,065 in August, its nearest competitor was California with 2,216 units. Illinois was third with 1,185 units; Texas fourth with 877; and Michigan fifth with 739.

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 continues to be far in the lead with 54 units per 100,000 population. Little Rock moved up to second place with 37 units. The greatest increase over the previous month was made in the Chicago District which jumped from 10 units to 23 units.

[1926-100]

Series	Sept. 1936	Aug. 1936	Percent change	Sept. 1935	Percent change
Residential construction	26	29	−10	13	+100
Industrial production	[1] 100	100	0	83	+20
Rentals	79	78	+1	71	+11
Foreclosures	278	259	+7	337	−18

[1] Preliminary.

CHART 2.—COMPARISON OF RESIDENTIAL REAL ESTATE CONDITIONS AND INDUSTRIAL PRODUCTION IN THE UNITED STATES
(1926=100)

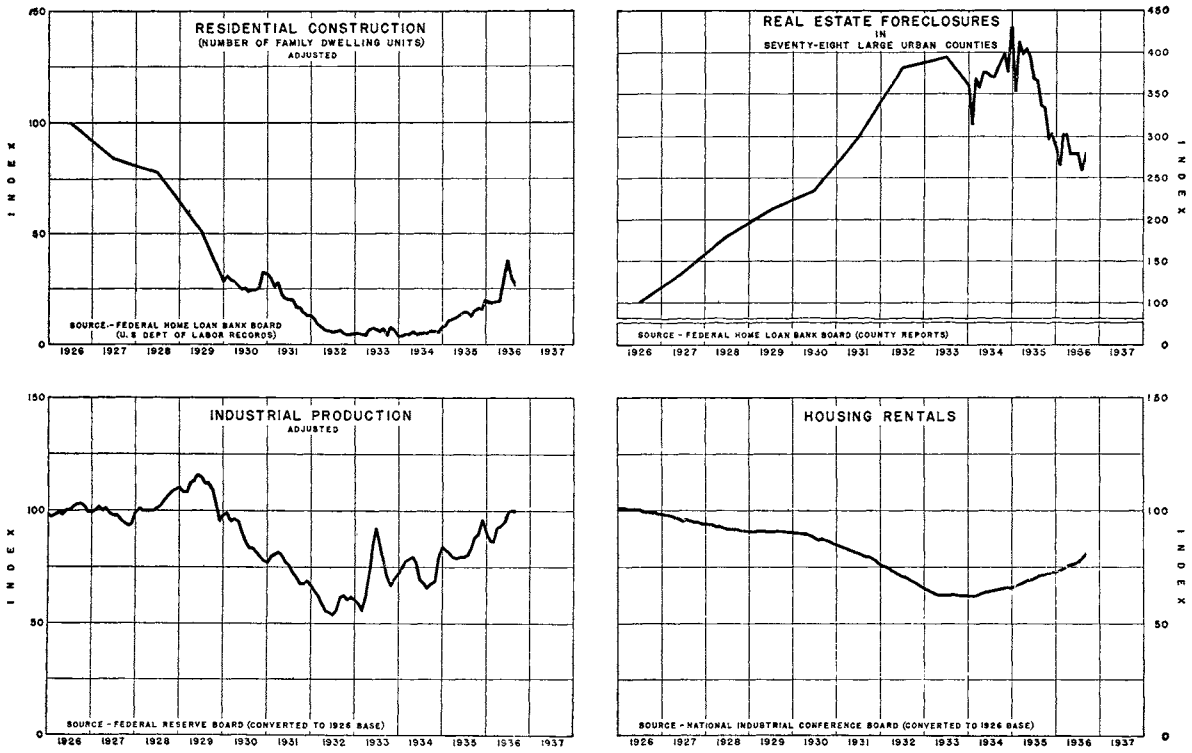


CHART 3.—RATE OF RESIDENTIAL BUILDING IN THE UNITED STATES AND IN EACH FEDERAL HOME LOAN BANK DISTRICT, BY MONTHS

Represents the estimated number of family dwelling units provided per 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]

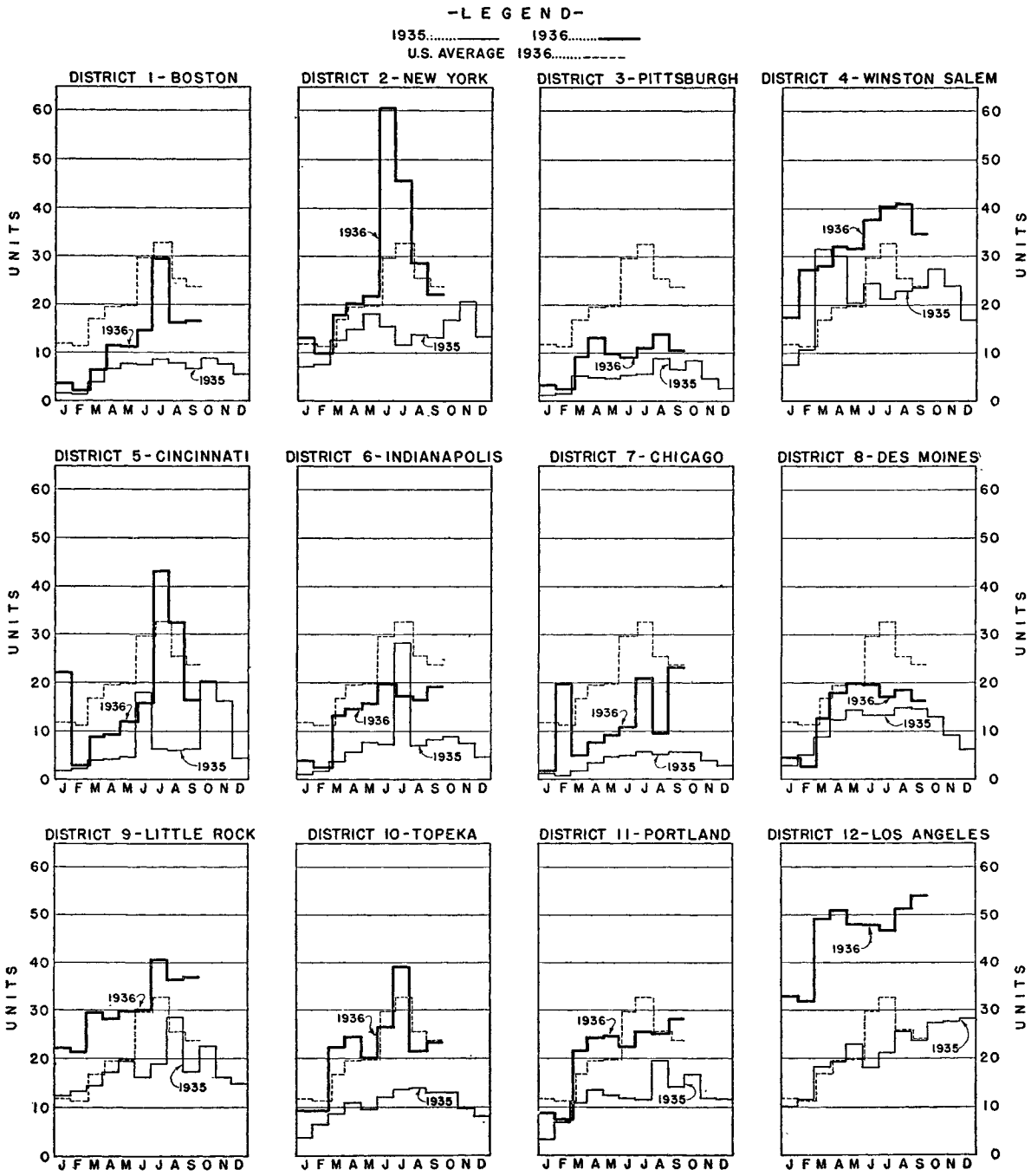


TABLE 1.—*Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over in the United States in September 1936* [1]

[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		
	September 1936	September 1935	Percent change	September 1936	September 1935	Percent change	September 1936	September 1935	Percent change
All housekeeping dwellings	14, 643	7, 271	+101. 4	$57, 013. 1	$27, 521. 2	+107. 2	$3, 894	$3, 785	+2. 9
Total 1- and 2-family dwellings	10, 489	5, 817	+80. 3	41, 552. 6	23, 518. 8	+76. 7	3, 962	4, 043	−2. 0
1-family dwellings	9, 713	5, 337	+82. 0	39, 328. 4	22, 062. 0	+78. 3	4, 049	4, 134	−2. 0
2-family dwellings	658	428	+53. 7	1, 801. 5	1, 264. 4	+42. 5	2, 738	2, 954	−7. 3
Joint home and business [2]	118	52	+126. 9	422. 7	192. 4	+119. 7	3, 582	3, 700	−3. 2
3- and more-family dwellings	4, 154	1, 454	+185. 7	15, 460. 5	4, 002. 4	+286. 3	3, 722	2, 753	+35. 2

[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 September 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				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)	
	September 1936	September 1935	September 1936	September 1935	September 1936	September 1935	September 1936	September 1935
UNITED STATES	14, 643	7, 271	$57, 013. 1	$27, 521. 2	10, 489	5, 817	$41, 552. 6	$23, 518. 8
No. 1—Boston	970	378	4, 489. 7	1, 750. 5	685	366	3, 243. 3	1, 731. 6
Connecticut	145	60	738. 4	319. 6	145	60	738. 4	319. 6
Maine	62	36	182. 6	68. 6	51	36	149. 8	68. 6
Massachusetts	625	191	3, 034. 0	995. 1	351	179	1, 820. 4	976. 2
New Hampshire	37	29	160. 5	134. 0	37	29	160. 5	134. 0
Rhode Island	95	58	348. 8	222. 4	95	58	348. 8	222. 4
Vermont	6	4	25. 4	10. 8	6	4	25. 4	10. 8
No. 2—New York	2, 968	1, 738	11, 329. 2	6, 669. 3	1, 199	866	5, 058. 4	3, 937. 2
New Jersey	307	219	1, 518. 1	1, 174. 2	217	195	1, 126. 3	1, 131. 5
New York	2, 661	1, 519	9, 811. 1	5, 495. 1	982	671	3, 932. 1	2, 805. 7
No. 3—Pittsburgh	622	366	3, 083. 0	1, 809. 1	622	329	3, 083. 0	1, 714. 4
Delaware	30	20	141. 5	99. 6	30	20	141. 5	99. 6
Pennsylvania	503	260	2, 581. 3	1, 399. 5	503	260	2, 581. 3	1, 399. 5
West Virginia	89	86	360. 2	310. 0	89	49	360. 2	215. 3
No. 4—Winston-Salem	1, 730	1, 156	5, 655. 5	3, 599. 3	1, 316	862	4, 518. 8	3, 025. 0
Alabama	93	45	147. 8	90. 7	93	45	147. 8	90. 7
District of Columbia	505	443	1, 945. 3	1, 603. 6	160	188	946. 8	1, 106. 9
Florida	432	242	1, 354. 7	668. 4	412	211	1, 295. 9	606. 1
Georgia	141	104	319. 5	214. 8	136	104	317. 1	214. 8
Maryland	128	51	532. 2	219. 5	128	51	532. 2	219. 5
North Carolina	244	130	744. 7	317. 4	208	122	678. 0	302. 1
South Carolina	66	67	186. 6	243. 5	66	67	186. 6	243. 5
Virginia	121	74	424. 7	241. 4	113	74	414. 4	241. 4

TABLE 2.—*Number and estimated cost of new family dwelling units provided in all cities of 10,00 population or over, in September 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)	
	September 1936	September 1935	September 1936	September 1935	September 1936	September 1935	September 1936	September 1935
No. 5—Cincinnati	899	341	$3, 982. 1	$1, 688. 2	696	324	$3, 225. 3	$1, 631. 7
Kentucky	227	52	907. 7	201. 4	98	48	323. 4	193. 4
Ohio	534	233	2, 686. 1	1, 354. 6	460	223	2, 513. 6	1, 314. 1
Tennessee	138	56	388. 3	132. 2	138	53	388. 3	124. 2
No. 6—Indianapolis	933	390	4, 457. 0	1, 822. 6	881	356	4, 288. 5	1, 762. 1
Indiana	194	125	696. 8	435. 8	170	108	609. 3	419. 7
Michigan	739	265	3, 760. 2	1, 386. 8	711	248	3, 679. 2	1, 342. 4
No. 7—Chicago	1, 540	367	7, 945. 5	1, 988. 7	581	346	3, 019. 3	1, 928. 9
Illinois	1, 185	171	6, 343. 3	1, 115. 2	252	162	1, 485. 3	1, 078. 4
Wisconsin	355	196	1, 602. 2	873. 5	329	184	1, 534. 0	850. 5
No. 8—Des Moines	586	522	2, 084. 7	1, 747. 7	582	518	2, 079. 7	1, 739. 2
Iowa	134	112	476. 1	382. 7	134	112	476. 1	382. 7
Minnesota	191	131	734. 6	468. 3	191	131	734. 6	468. 3
Missouri	195	214	751. 8	791. 6	195	210	751. 8	783. 1
North Dakota	21	33	49. 9	61. 9	21	33	49. 9	61. 9
South Dakota	45	32	72. 3	43. 2	41	32	67. 3	43. 2
No. 9—Little Rock	1, 196	553	2, 918. 1	1, 273. 9	1, 107	513	2, 819. 5	1, 185. 4
Arkansas	36	19	110. 1	43. 4	36	19	110. 1	43. 4
Louisiana	183	62	451. 8	130. 1	183	54	451. 8	120. 3
Mississippi	56	19	108. 6	39. 1	56	19	108. 6	39. 1
New Mexico	44	4	118. 7	20. 6	41	4	116. 2	20. 6
Texas	877	449	2, 128. 9	1, 040. 7	791	417	2, 032. 8	962. 0
No. 10—Topeka	473	256	1, 411. 5	929. 6	376	244	1, 309. 5	895. 6
Colorado	111	56	427. 6	309. 4	99	50	403. 6	290. 4
Kansas	163	54	299. 1	142. 1	86	48	236. 1	127. 1
Nebraska	75	51	353. 7	195. 9	75	51	353. 7	195. 9
Oklahoma	124	95	331. 1	282. 2	116	95	316. 1	282. 2
No. 11—Portland	462	229	1, 480. 3	768. 4	424	226	1, 444. 9	764. 4
Idaho	35	23	88. 1	75. 7	26	23	71. 6	75. 7
Montana	63	30	122. 3	52. 7	49	27	114. 8	48. 7
Oregon	114	21	429. 9	91. 8	114	21	429. 9	91. 8
Utah	72	23	233. 9	73. 4	72	23	233. 9	73. 4
Washington	164	81	539. 1	322. 2	149	81	527. 7	322. 2
Wyoming	14	51	67. 0	152. 6	14	51	67. 0	152. 6
No. 12—Los Angeles	2, 264	975	8, 176. 5	3, 473. 9	2, 020	867	7, 462. 4	3, 203. 3
Arizona	38	10	143. 5	37. 9	38	10	143. 5	37. 9
California	2, 216	957	7, 964. 1	3, 397. 2	1, 972	849	7, 250. 0	3, 126. 6
Nevada	10	8	68. 9	38. 8	10	8	68. 9	38. 8

Federal Home Loan Banks

CONTINUING the steady rise since March 1935, the balance outstanding of Federal Home Loan Bank advances to member institutions reached a new peak of $129,767,000 in September 1936. In August the balance outstanding was $125,218,000. During September, Bank loans amounted to $9,576,000 and repayments to $5,027,000. There were 29 savings and loan associations added to the list of member institutions during the month, making the total number of members 3,707.

No changes were reported during October in the interest rates charged by the 12 Banks.

TABLE 1.—*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
September	3,707	.....	252,559	9,576	5,027	129,767	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 2.—*Interest rates, Federal Home Loan Banks: rates on advances to member institutions* [1]

Federal Home Loan Bank	Rate in effect on Nov. 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

CONTINUING the trend in July and August the 1,076 reporting Federal savings and loan associations again made a larger volume of mortgage loans than in any previous month. These associations, representing 91 percent of all Federal associations, loaned $21,580,100 during September—3.2 percent more than they loaned in August. As a result of this activity the net increase during September in mortgage loans outstanding was 3 percent.

The purposes for which these mortgage loans were made are shown in table 2. Analyzing these mortgage loans according to such purposes, new construction accounted for 35.8 percent in dollar volume; home purchase for 27.8 percent; and reconditioning, 6.2 percent. The proportion of loans made for refinancing was 23.5 percent.

As the amount paid in on private subscriptions was almost negligible, these 1,076 associations met the heavy demand for mortgage loans by borrowing from the Federal Home Loan Banks, increasing the total Bank advances to these associations as of the end of the month to $48,660,800. This was 37.5 percent of total Bank advances outstanding to all member institutions on that date. During September, the Home Owners' Loan Corporation increased its share subscriptions in these associations by $9,841,900, increasing the total Treasury and Home Owners' Loan Corporation share subscriptions in them by 8.8 percent.

The amount of private share investments was 6.8 percent less during September than August. Share repurchases also decreased 20.6 percent, leaving a $1,213,500 net increase in private investment.

New Charters Granted

DURING the month of September, Federal charters were granted to 12 savings and loan associations. Eleven of this number were converted from old-established State charters and one was a newly organized Federal savings and loan association. Table 1, however, shows a net decrease of three new associations due to the cancelation during the month of the charters of four 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	Aug. 31, 1936	Sept. 30, 1936	Aug. 31, 1936	Sept. 30, 1936
New	57	481	605	646	643	$116, 946, 803	$116, 942, 621
Converted	2	158	418	529	540	558, 637, 745	570, 896, 573
Total	59	639	1, 023	1, 175	1, 183	675, 584, 548	687, 839, 194

TABLE 2.—*Monthly operations of 1,076 identical Federal savings and loan associations reporting during August and September 1936*

	August	September	Change August to September
Share liability at end of month:			*Percent*
Private share accounts (number)	602, 261	605, 005	+0. 5
Paid on private subscriptions	$429, 908, 800	$430, 554, 000	+0. 2
Treasury and H. O. L. C. subscriptions	111, 950, 100	121, 792, 000	+8. 8
Total	541, 858, 900	552, 346, 000	+1. 9
Private share investments during month	7, 788, 500	7, 258, 800	−6. 8
Repurchases during month	7, 607, 900	6, 045, 300	−20. 6
Mortgage loans made during month:			
a. New construction	7, 467, 300	7, 732, 900	+3. 6
b. Purchase of homes	5, 500, 300	6, 002, 900	+9. 1
c. Refinancing	5, 458, 100	5, 058, 000	−7. 3
d. Reconditioning	1, 220, 100	1, 341, 900	+10. 0
e. Other purposes	1, 261, 600	1, 444, 400	+14. 5
Total	20, 907, 400	21, 580, 100	+3. 2
Mortgage loans outstanding end of month	497, 852, 100	512, 743, 500	+3. 0
Borrowed money as of end of month:			
From Federal Home Loan Banks	46, 550, 100	48, 660, 800	+4. 5
From other sources	2, 042, 900	1, 816, 200	−11. 1
Total	48, 593, 000	50, 477, 000	+3. 9
Total assets, end of month	670, 562, 800	685, 682, 300	+2. 3

Federal Savings and Loan Insurance Corporation

ON October 25, 1934, the first thrift, home-financing institution received the protection of share insurance through the Federal Savings and Loan Insurance Corporation. By October 15, 1936, almost two years later, 1,477 such thrift and home-financing institutions with assets of over one billion dollars had been insured. These associations represent the share accounts of 1,160,000 people whose individual savings are insured up to $5,000 by the Insurance Corporation. Such rapid and extensive growth is proof of the appeal of share insurance and of its acceptance as a corollary to a stable home-financing business.

During the monthly period, September 15 to October 15, 36 savings and loan associa-

TABLE 1.—*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	Sept. 15, 1936	Oct. 15, 1936	Sept. 15, 1936	Oct. 15, 1936
State-chartered associations	53	351	578	612	$728, 196, 394	$760, 432, 975
Converted F. S. and L. A.	134	480	585	594	585, 264, 565	588, 261, 490
New F. S. and L. A.	393	575	641	644	14, 333, 341	14, 352, 113
Total	580	1, 406	1, 804	1, 850	1, 327, 794, 300	1, 363, 046, 578

INSTITUTIONS INSURED [1]

	Cumulative number at specified dates				Number of shareholders	Assets	Share and creditor liabilities
	Dec. 31, 1934	Dec. 31, 1935	Sept. 15, 1936	Oct. 15, 1936	Oct. 15, 1936	Oct. 15, 1936	Oct. 15, 1936
State-chartered associations	4	136	290	309	505, 123	$395, 720, 464	$348, 285, 075
Converted F. S. and L. A.	108	406	526	538	573, 019	534, 287, 589	490, 393, 991
New F. S. and L. A.	339	572	630	630	83, 197	76, 847, 406	75, 116, 464
Total	451	1, 114	1, 446	1, 477	1, 161, 339	1, 006, 855, 459	913, 795, 530

[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.

tions were insured. Of this number, 19 operate under State charter, 14 under Federal charter converted from State charter, and 3 under new Federal charter. Table 1, however, shows a total net increase of only 31 associations as the certificates of 5 associations were canceled—4 of which were due to mergers with other associations. At the same time, the assets of all insured associations increased approximately $27,000,000 and the number of insured shareholders 35,000.

Applications for insurance were made by 46 associations during the same monthly period. Thirty-four of these associations were State-chartered, 9 were converted Federals, and 3 were new Federals. By October 15, 1,850 applications for insurance had been received.

Beginning with this issue, the REVIEW will publish each month a table showing the comparative activities of an identical group of insured savings and loan associations reporting over a 2-month period. The table will be limited to insured associations operating under State charters. As it is identical in form to the table on page 59, which is limited to Federal savings and loan associations, it affords an interesting comparison between the activities of these two types of institution.

For the two months, August and September, comparable reports were received from 135 associations (table 2). These reporting associations represent 47 percent of the total number of insured State-chartered associations as of September 15. All such associations are urged to send in monthly reports in order that the picture of their activities may be complete.

During September these 135 reporting associations made $3,637,400 in mortgage loans—17 percent more than they made during August. These loans were dis-

TABLE 2.—*Monthly operations of 135 insured State-chartered savings and loan associations reporting during August and September*

	August	September	Change August to September
Share liability at end of month:			*Percent*
Private share accounts (number)	194, 163	192, 911	−0. 6
Paid on private subscriptions	$106, 094, 600	$106, 254, 500	+0. 2
Treasury and H. O. L. C. subscriptions	5, 188, 700	6, 767, 700	+30. 5
Total	111, 283, 300	113, 022, 200	+1. 6
Private share investments during month	2, 663, 000	2, 101, 500	−21. 1
Repurchases during month	2, 937, 200	2, 241, 300	−23. 7
Mortgage loans made during month:			
a. New construction	830, 200	899, 800	+8. 4
b. Purchase of homes	1, 165, 100	1, 377, 400	+18. 2
c. Refinancing	583, 800	647, 200	+10. 8
d. Reconditioning	228, 200	269, 200	+18. 0
e. Other purposes	295, 800	443, 800	+50. 0
Total	3, 103, 100	3, 637, 400	+17. 2
Mortgage loans outstanding end of month	120, 612, 100	122, 498, 400	+1. 6
Borrowed money as of end of month:			
From Federal Home Loan Banks	7, 442, 800	7, 299, 000	−1. 9
From other sources	2, 372, 600	2, 453, 400	+3. 4
Total	9, 815, 400	9, 752, 400	−0. 6
Total assets, end of month	183, 925, 500	185, 602, 200	+0. 9

tributed as follows: 24.8 percent went for new construction; 37.8 percent for home purchase; 17.8 percent for the refinancing of loans other than those already on their books; 7.4 percent for reconditioning; and 12.2 percent for other purposes. This activity increased the loans outstanding on their books on September 30 by 1.6 percent to $122,498,400.

Although there was little change between August and September in the total amount paid in on private subscriptions, the share investments by the Home Owners' Loan Corporation increased $1,579,000 during the latter month. At the end of September, the Treasury and the Home Owners' Loan Corporation together had subscribed for $6,767,700 in the shares of these 135 associations. On the other hand, there was a net decrease of 1.9 percent in money borrowed from the Federal Home Loan Banks.

The Mail Bag

THE following letters from two Federal savings and loan associations give evidence of the effect of insurance on public confidence.

From an old-established converted Federal:

Our institution, organized in 1880, for more than 50 years rendered a real public service in this community, until hit by the depression.

It had steadily grown in public favor and confidence until its assets amounted to well over two million dollars, when the slump came and it wilted to $1,789,340.

We were federalized on July 27, 1936. With federalization and insurance of accounts, public confidence was again restored and the old machine soon went into high gear. Our outstanding certificates amounting to $789,900 have been exchanged for Federal Insured Shares until today we have less than $12,000 old certificates and we expect them all to be exchanged within the next week or so.

We have opened quite a number of new accounts, and are getting in new money every day.

We have made quite a large number of new loans, and are advertising "Money to Loan" in every issue of our local paper.

From another converted association:

Our experience since receiving our certificate of insurance has been very satisfactory. We know from actual experience that it has been a great factor in reestablishing public confidence, in stopping withdrawals in many cases and in attracting new accounts.

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. 30, 1936	71	2, 789, 700	192	15, 478, 900	2, 026	80, 414, 200	2, 289	98, 682, 800
Oct. 20, 1936	75	3, 104, 900	217	17, 186, 400	2, 180	88, 248, 200	2, 472	108, 539, 500
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. 30, 1936	38	1, 312, 000	171	13, 671, 400	1, 903	75, 155, 600	2, 112	90, 139, 000
Oct. 20, 1936	37	1, 287, 000	192	14, 944, 900	2, 071	81, 491, 600	2, 300	97, 723, 500

[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
September	7, 278	1, 375	2, 420
Grand total to Sept. 30, 1936	51, 148	2, 639	11, 158

[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 3,919 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 11,158 completed cases, 54 properties were sold at foreclosure sale to parties other than H. O. L. C.

TABLE 3.—*Reconditioning Division—Summary of all reconditioning operations through Oct. 15, 1936*

Period	Cases received [1]	Total contracts awarded		Total jobs completed	
		Number	Amount	Number	Amount
June 1, 1934, through Sept. 17, 1936 [2]	726, 432	393, 699	$75, 933, 658	381, 383	$72, 354, 869
Sept. 18, 1936, through Oct. 15, 1936 [3]	5, 553	2, 702	653, 944	5, 571	1, 321, 643
Grand total through Oct. 15, 1936	731, 985	396, 401	76, 587, 602	386, 954	73, 676, 512

[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 have been adjusted slightly on the basis of a recent field inventory.
[3] 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.

Resolutions of the Board

I.—REGULATING THE SALE OF SEGREGATED ASSETS AT LESS THAN BOOK VALUE

The Board adopted the following resolution on September 21:

Whereas Chapters IV, V and VII of the Corporate Procedure for Federal Savings and Loan Associations, approved by the Legal Department, require that, in cases of the segregation of assets pursuant to the Rules and Regulations for Federal Savings and Loan Associations, there be a covenant that the liquidation corporation or liquidation trustees will not sell segregated assets at less than book value, except upon written approval by a nominee of the Federal Home Loan Bank Board; and

Whereas the by-laws of the various liquidation corporations and deeds of trust, in cases of segregation of assets pursuant to Section 36 of the Rules and Regulations for Federal Savings and Loan Associations, generally contain such a provision; and

Whereas this Board deems it expedient to designate any one of the officers of each of the twelve Federal Home Loan Banks as its nominee to approve such sales at below book value when, in their discretion, it is deemed appropriate: Therefore

Be it resolved, That the President or any Vice President of each of the twelve Federal Home Loan Banks is hereby designated and authorized to approve in writing when, in their discretion, it is deemed appropriate, the sale of segregated assets at less than book value by liquidation corporations or liquidation trustees, which have been set up in cases of the segregation of assets pursuant to the Rules and Regulations for Federal Savings and Loan Associations.

II.—APPRAISAL GUIDE AND APPRAISAL FORM APPROVED

The Board adopted the following resolution on September 24:

The Board approved an appraisal guide, an appraisal form, and an appraisal application for use by Federal savings and loan associations, a copy of which will be found in the Minute Exhibit File, No. 249.

III.—FEDERAL HOME BUILDING SERVICE PLAN APPROVED

The Board adopted the following resolution on September 25:

Whereas the Federal Home Loan Bank Board, under the Federal Home Loan Bank Act, as amended, Home Owners' Loan Act of 1933, as amended, and the National Housing Act, as amended, created to promote thrift and preserve and protect home ownership, has a responsibility to establish sound and economical home building and financing; and

Whereas properly planned and constructed homes are essential to these objectives and to the general welfare; now, therefore

Be it resolved, That:

1. The plan herein stated and the "Exhibit A—Statement of Purpose, Administration, and Operation of the Plan" are hereby adopted. The Plan shall be known as the Federal Home Building Service Plan and shall be so administered as to enable approved members of the Federal Home Loan Banks to offer home builders a complete home building service, including architectural advisory and supervisory facilities, as set forth in Exhibit "A".

2. The Federal Home Building Service Plan shall be uniformly referred to by its proper name and shall consist of and be entitled to the exclusive use of the official insignia shown on Exhibit "B", the official slogan "Greater Value Through Supervised Construction", and literature, operating guides and forms, and Certificates of Construction, as approved by the authorized agent of the Federal Home Loan Bank Board, and in form approved by the General Counsel.

3. Architectural plans may be submitted to the Federal Home Loan Bank Board, and when approved by the Architectural Adviser to said Board or to one of its agencies, may be used as a part of the Federal Home Building Service Plan, but no other architectural plans shall be used and represented as a part of said Plan.

4. Only members of the Federal Home Loan Banks shall have the right to official operation

under said Plan. This right shall be contingent upon approval of application by the Deputy to the General Manager of the Home Owners' Loan Corporation or other officer designated by the Board. In event of disapproval of such application by said Deputy, the member institution may have the right of appeal to the Board.

5. The Deputy to the General Manager of the Home Owners' Loan Corporation, or other officer designated by the Board, under the direction of the Governor of the Federal Home Loan Bank System and in cooperation with the Federal Home Loan Banks, is authorized to develop and administer this Plan, and to do all things necessary to put said Plan into operation, in accordance with the specific provisions set forth in Exhibit "A".

6. The Federal Home Building Service Plan shall be protected against infringement and no person, firm or corporation shall represent any service, plan or product, presented to the public as the Federal Home Building Service Plan unless the same is in accord with the provisions of this Resolution.

IV.—IMPROVED FORMS AND ACCOUNTING PRACTICES

The Board adopted the following resolution on October 9:

Whereas, the American Savings and Loan Institute has waived all copyrights with respect to all forms contained in the Standard Accounting Manual for Savings, Building and Loan Associations, and

Whereas, it is the desire of the American Savings and Loan Institute that the Federal Home Loan Bank Board approve such forms, and

Whereas, the Federal Home Loan Bank Board desires to cooperate in securing the use of uniform and improved forms and accounting practices,

Therefore, be it resolved, That the forms contained in such manual be approved for use by the associations when such use would not conflict with the law, charter, by-laws or rules and regulations under which an association is operating.

V.—RELATIVE TO ACTING AS FISCAL AGENTS OF THE UNITED STATES GOVERNMENT

The Board adopted the following resolution on October 12:

The Board approved for transmission to Federal savings and loan associations two form letters over the signature of Mr. Fahey and one form letter over the signature of Mr. Delano relative to acting as Fiscal Agents of the United States in connection with the sale of United States Savings Bonds, and the collection of delinquent accounts under Title I of the National Housing Act.

Directory of Member, Federal, and Insured Institutions

Added during September–October

I.—INSTITUTIONS ADMITTED TO MEMBERSHIP IN THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN SEPTEMBER 21, 1936, AND OCTOBER 17, 1936 [1]

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

DISTRICT NO. 2

NEW YORK:
New York:
American Co-operative Savings & Loan Association, 1123 Broadway.

DISTRICT NO. 3

PENNSYLVANIA:
Bangor:
Slate Belt Building & Loan Association, 26 Main Street.
Shamokin:
West Ward Building & Loan Association of Shamokin, 8 East Market Street.

DISTRICT NO. 4

NORTH CAROLINA:
Kenly:
Kenly Building & Loan Association.

DISTRICT NO. 5

KENTUCKY:
Carrollton:
Carrollton Building & Loan Association.
Stanford:
Lincoln County Building & Loan Association.

OHIO:
Cincinnati:
North Side #449 Building Association Company, 1612 Hoffner Street.
Columbiana:
Home Savings & Loan Company.
Crestline:
Crestline Building & Loan Association.
East Palestine:
East Palestine Building & Loan Association, 132 North Market Street.

DISTRICT NO. 6

INDIANA:
Frankton:
Frankton Building & Loan Association.
Mishawaka:
Mishawaka Building & Loan Association, 115 South Church Street.
Peru:
Peru Building & Loan Association.
Sullivan:
Builders Savings & Loan Association.

DISTRICT NO. 7

WISCONSIN:
Milwaukee:
Atlas Mutual Building & Loan Association, 4714 West North Avenue.

[1] During this period 2 Federal savings and loan associations were admitted to membership in the System.

DISTRICT NO. 8

IOWA:
Carroll:
United Savings & Loan Association.

MISSOURI:
Carthage:
Jasper County Building & Loan Association, 409 South Main Street.

DISTRICT NO. 10

COLORADO:
Salida:
Salida Building & Loan Association, 130 South F Street.

NEBRASKA:
Columbus:
Columbus Land Loan & Building Association.

DISTRICT NO. 12

CALIFORNIA:
San Jose:
San Jose Pacific Building & Loan Association, 81 West Santa Clara Street.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN SEPTEMBER 21, 1936, AND OCTOBER 17, 1936

MARYLAND:
Baltimore:
Locust Point Building & Loan Association No. 2, 1521 East Fort Avenue.
New Home Building & Loan Association of Baltimore City, 1304 Edmondson Avenue.

WASHINGTON:
Seattle:
Washington Title Insurance Company, 114 Columbia Street.

II.—FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN SEPTEMBER 21, 1936, AND OCTOBER 17, 1936

DISTRICT NO. 2

NEW YORK:
Oneida:
Oneida Federal Savings & Loan Association, 181 Main Street (converted from Oneida Saving, Building & Loan Association).

DISTRICT NO. 3

WEST VIRGINIA:
Lewisburg:
Blue Grass Federal Savings & Loan Association of Lewisburg (converted from Blue Grass Building & Loan Association).

DISTRICT NO. 5

OHIO:
Arcanum:
Arcanum Federal Savings & Loan Association, 1 George Street (converted from Arcanum Building & Loan Company).

DISTRICT NO. 6

INDIANA:
Peru:
Peru Federal Savings & Loan Association (converted from Peru Building & Loan Association).
Sullivan:
First Federal Savings & Loan Association of Sullivan, 101 South Main Street (converted from Builders Savings & Loan Association).
South Bend:
Fourth Federal Savings & Loan Association of South Bend, 122 North Main Street (converted from Indiana Savings & Loan Association of South Bend).
Washington:
First Federal Savings & Loan Association of Washington, Corner Fourth & Main Streets (converted from Union Savings & Loan Association of Washington, Indiana).

DISTRICT NO. 7

ILLINOIS:
Mattoon:
First Federal Savings & Loan Association of Mattoon, 1608 Broadway (converted from National Building & Loan Association).

DISTRICT NO. 8

MINNESOTA:
St. Paul:
Ben Franklin Federal Savings & Loan Association, 92 East Fourth Street (converted from Ben Franklin Building Loan Association).
MISSOURI:
St. Louis:
Economy Federal Savings & Loan Association of St. Louis, 722 Chestnut Street (converted from Economy Building & Loan Association).

CANCELATIONS OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTERS BETWEEN SEPTEMBER 21, 1936, AND OCTOBER 17, 1936

COLORADO:
Grand Junction:
First Federal Savings & Loan Association of Grand Junction, 119 West Fifth Street (charter canceled by reason of dissolution and transfer of assets to Mutual Savings & Building Association, Grand Junction, Colorado).
CONNECTICUT:
New Britain:
Co-operative Federal Savings & Loan Association, 24 Washington Street (consolidation with New Britain Federal Savings & Loan Association, New Britain, Connecticut).
ILLINOIS:
Arlington Heights:
Northwest Federal Savings & Loan Association of Arlington Heights, 114 North Dunton (consolidation with Chicago Federal Savings & Loan Association, Chicago, Illinois).
OHIO:
Lakewood:
Midwest Federal Savings & Loan Association of Lakewood, 14836 Detroit Avenue (consolidation with First Federal Savings & Loan Association of Lakewood, Lakewood, Ohio).
Mansfield:
First Federal Savings & Loan Association of Mansfield, Walpath Building.
OKLAHOMA:
Altus:
Altus Federal Savings & Loan Association (charter canceled because of failure to complete organization).

III.—INSTITUTIONS INSURED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION BETWEEN SEPTEMBER 21, 1936, AND OCTOBER 17, 1936 [1]

DISTRICT NO. 2

NEW YORK:
Richmond Hill:
Savings & Loan Association of Richmond Hill, 11106 Liberty Avenue.
Syracuse:
Fair City Cooperative Savings & Loan Association, 612 City Bank Building.

DISTRICT NO. 4

DISTRICT OF COLUMBIA:
Washington:
District Building & Loan Association, 1 Thomas Circle.
VIRGINIA:
Norfolk:
Commonwealth Building & Loan Association, Incorporated, 314 Boush Street.

DISTRICT NO. 5

OHIO:
Akron:
William H. Evans Building & Loan Association, 355–57 South Main Street.
Covington:
Covington Building & Loan Association, 117 North High Street.
East Cleveland:
East Cleveland Savings & Loan Company, 1373 Hayden Avenue.
Sandusky:
Peoples Loan & Savings Company, 202 West Market Street.

DISTRICT NO. 6

INDIANA:
Evansville:
Howell Building & Loan Association, 3000 Broadway.
MICHIGAN:
Grand Rapids:
Grand Rapids Mutual Building & Loan Association, 201 Monroe Avenue.

DISTRICT NO. 7

WISCONSIN:
Milwaukee:
Equitable Savings, Building & Loan Association, 312 East Wisconsin Avenue.

DISTRICT NO. 8

MISSOURI:
Independence:
Independence Savings & Loan Association, 210 West Maple Avenue.
Monett:
Monett Building & Loan Association, 504 Broadway.

DISTRICT NO. 12

CALIFORNIA:
La Habra:
La Habra Valley Building-Loan Association, 135 West Central Avenue.

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[1] During this period 18 Federal savings and loan associations were insured.

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