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Federal Savings and Loan Charter and Rules and Regulations Revised

FOR many years savings and loan leaders have recognized that, out of the multiplicity of practices and policies followed by managers of associations in various sections of the country, some were more effective than others. This brought about continuous discussions and finally resulted in the organization of a committee to formulate a model savings and loan program based upon the most effective practices. After several years of study and investigation, such a plan was evolved.

In 1933, the leaders of the industry seized the opportunity to make practical application of this plan by adapting it to the Federal savings and loan associations authorized by Congress in that year. The Charter and the Rules and Regulations under which this type of association has operated for three years embody the essential principles of this model program.

Since 1933, this model plan has been put to the test of experience. Its success has been beyond question. Nevertheless, those who have had experience with it found out of this experience reasons for modifications, particularly in the direction of greater flexibility of operation. The cumulative effects of such requests for amendment of the plan, indicating a general agreement upon certain specific features of it, resulted in a restudy of the entire program, out of which has now developed a revised Charter and Rules and Regulations, which become effective December 1, 1936.

This study was participated in by every operator of a Federal savings and loan association, the Federal Savings and Loan Committee of the United States Building and Loan League, the Federal Savings and Loan Advisory Council, the officers of the Federal Home Loan Banks, and a special committee appointed by the Federal Home Loan Bank Board.

The Board has accepted the recommendations of the groups mentioned above to the extent that the revised Charter has the unanimous approval of all groups, and the revised Rules and Regulations differ in but few particulars from the proposals made by those most interested in working under them. As a matter of fact, the inability to obtain an agreement on a few recommendations justifies further trial of such Rules and Regulations to determine what further changes, if any, should be made. Frequent changes in either Charter or Rules and Regulations are undesirable, although when years of experience indicate improvements, they should be considered.

Although the new Charter will be used by all Federal savings and loan associations organized after December 1, 1936, the Federal Home Loan Bank Board has no thought of attempting to force existing Federal associations to substitute this new Charter for the one they are now using. The Charter constitutes the contract between the association and the Board. The latter may not violate it any more than the former.

Copies of the revised Charter and Rules and Regulations are now available. It is recommended that those associations

which will wish to present the new Charter for adoption at the annual meeting of their members in January, make immediate preparation for that change. Questions which may arise before any decision upon adoption is made will receive prompt replies. Please send these to the REVIEW.

The changes in the Charter, By-Laws, and Rules and Regulations are not only of interest to Federal associations and those which are contemplating conversion, but to those associations which retain their State charters and State supervision, as they wish to be informed of the results of this comprehensive study of the best practices in the thrift and home-financing field.

Following is a summary of the principal changes in the new Charter and in the revised Rules and Regulations and By-Laws:

1. Section 2 of the new Charter and Section 45 of the Rules and Regulations liberalize the use of branch offices and agencies.

2. Section 4 of the Charter entitles each member to cast one vote for each $100 invested or a fraction thereof, instead of one vote for each share subscribed. The provision limiting the number of votes for each member to 50 is continued, as is the provision that each borrowing member is entitled to one vote. The former limitation that no person shall cast by proxy more than 10 percent of the total votes is eliminated.

3. Section 6 deals with the share structure. All reference to preferred shares has been eliminated. Two classes of accounts are authorized, viz.: investment share accounts, issued in units of $100 each with dividends payable by check, and savings share accounts, for all other purposes. This reduces from four the types of accounts through the elimination of installment thrift shares and prepaid shares. The Rules and Regulations have been amended to provide for a briefer form of certificate for passbooks and investment share accounts. In lieu of much of the language formerly printed in passbooks and certificates, Section 9 of the Rules and Regulations provides that each Federal association shall make available to all members at all times a certified copy of its Charter and By-Laws.

4. Section 7 of the Charter provides great latitude in membership. Share accounts may be purchased and held, either absolutely or in trust, for any person, including an individual, male, female, adult or minor, single or married, partnership, association or corporation. Fiduciaries may hold share accounts in trust. Provision for a repurchase fee under certain conditions is eliminated, as is the retention of dividends on repurchases. There is a direct prohibition against the charging of any membership, admission, repurchase, withdrawal or any other fee for the privilege of becoming, remaining or ceasing to be a member.

5. While a Federal association may not borrow in excess of 10 percent of share capital, other than from a Federal Home Loan Bank, Section 8 of the Charter states an association may borrow an amount equal to 50 percent of its share capital from the Federal Home Loan Bank of which it is a member, instead of 35 percent.

6. The dividend provisions, in Section 9 of the Charter, are not essentially changed. Dividends need not be credited on dormant accounts of $5 or less. They shall commence on the date share payments are received, unless the directors fix a date not later than the tenth of the month for either or both classes of share accounts as constituting a grace period, when subsequent payments shall earn from the first of the following month.

7. The old Charter required that 5 percent of net earnings be transferred to reserves until reserves are equal to 5 percent of share capital; also that transfer to the Federal Insurance Reserve be made as required of insured associations. The new Charter provides that an association's minimum reserve requirement is either the transfer of insurance reserve or 5 percent

of net earnings, whichever is greater, and makes possible the continuance of such appropriation until aggregate reserves are equal to 10 percent of share capital. The directors are authorized to carry, in their discretion, additional sums to reserves or to an undivided profits account. Section 33 of the Rules and Regulations provides that the reserves for uncollected interest shall be maintained for all interest in default for more than 90 days, instead of for more than 30 days.

8. By vote of the members, a bonus may be provided for regular savers. For regular payments on the short-term plan (at the rate of $1 per month for each $100 subscribed) a bonus is authorized at the rate of one-half of 1 percentum per annum. The plan authorizes a bonus at the rate of 1 percentum per annum for systematic payments on a savings share account of 50 cents for each $100 subscribed.

9. Section 11 provides that an association with surplus funds may call for redemption any of its share accounts on a dividend date by giving proper notice, and thereafter dividends shall cease as long as funds remain on hand to pay such shares.

10. Section 13 of the Charter contains authorization to make share loans up to 90 percent of the repurchase value of share accounts, instead of 75 percent.

11. The restrictions on mortgage loans in Section 13 of the Charter provide that loans on home properties shall not exceed 75 percent of the value unless a higher percentage is authorized by the members and approved by the Board. Section 39 of the Rules and Regulations provides that if authorized by the members the Board will approve the making of loans up to 80 percent of the value until further notice. Mortgage loans on improved real estate other than homes may not, however, exceed 50 percent of the value. The old Charter provided that 15 percent of the assets of an association might be loaned on properties more than 50 miles from its office, or in amounts more than $20,000, but Section 13 of the new Charter also authorizes the making of straight mortgages if included within such 15 percent limitation.

12. In Section 14 the lending plans are more specifically set forth than in the old Charter. Amortized loans may be made for not more than 20 years, instead of not less than 5 nor more than 20 years. Monthly payments must be made on all such loans, but in the case of construction loans, a four months' grace period is permitted. Straight mortgages may be made, repayable within five years, subject to the limitations in Section 13, previously described. Section 40 of the Rules and Regulations provides that the loan contract shall clearly state the rate of interest charged. If any additional charge is to be made on account of late payments, the provision for such additional rate shall be plainly stated in the form of an increased rate of interest on the unpaid balance of the loan for the period of delinquency. Loan contracts may provide that the stipulated rate of interest may be increased at the option of the association, but not less than three years from the date of the loan and then only upon four months' notice, within which period the borrower may prepay the loan without penalty. Section 42 of the Rules and Regulations provides a Federal association may incidentally purchase loans of a type it was permitted to make originally and may sell insured mortgages subject to certain conditions, but the purchase and sale of mortgages shall not constitute its major activity. Section 39 of the Rules and Regulations provides no director, officer or employee of a Federal association shall receive any fee or other compensation in the procuring of a loan, although borrowers may be required to pay to anyone rendering the service the necessary initial charges and expenses in connection with the making of a loan.

13. In Section 13 of the old Charter were certain limitations on sales contracts and

other expenses which have been eliminated in the revision.

14. Section 46 of the Rules and Regulations, dealing with the book value of assets, provides that each parcel of real estate is required to be appraised by the association at the time of acquisition. Any asset, to the extent that it has depreciated in value, is to be charged off unless the Board approves a special reserve equal to the depreciation in value.

15. Section 3 of the Rules and Regulations provides that for the organization of a new Federal association in a community of not more than 10,000 inhabitants, 30 persons must make total cash subscriptions of at least $5,000 instead of $2,500 as heretofore. The former requirement for cities of 10,000 to 100,000 population was that 40 subscribers should pay in at least $5,000. The new requirement is that in cities of from 10,000 to 25,000 inhabitants, cash subscriptions of at least $7,500 must come from 35 persons; from 25,000 to 50,000 inhabitants, cash subscriptions of at least $10,000 from 50 persons; and from 50,000 to 100,000 inhabitants, cash subscriptions of at least $15,000 from 75 persons. In cities of a population of more than 100,000, at least 100 persons shall subscribe a minimum of $20,000.

16. Section 8 of the Rules and Regulations prescribes that when a petition for a charter for a new association (not a conversion) is filed, the Board will fix a date for a public hearing at Washington, D. C., or such other place as the Board shall determine, at which all persons interested may be heard for or against the granting of the charter. The applicants for the charter will be required to publish a notice of the hearing in a newspaper of general circulation in the community in which the proposed association will have its office.

17. Section 48 of the Rules and Regulations provides that two or more Federal associations may merge solely upon the majority vote of each of the boards of directors of the associations, and upon approval of the Federal Home Loan Bank Board.

18. Section 50 of the Rules and Regulations deals with the procedure for the conversion of a Federal to a State-chartered association. Provided legal titles are protected and proper conveyance of legal titles is made, conversion may be accomplished in the manner provided by the laws of the State in which the Federal association is located for converting a State-chartered into a Federal association.

19. Model By-Laws for Federal associations are published as Exhibit H in the revised Rules and Regulations and are effective upon the acceptance by an association of the revised Charter, until amendments are adopted and approved by the Board. The model By-Laws will be found to be elastic to meet normal requirements. Changes in the By-Laws may be made with the approval of the Board. A uniform date for annual meetings is set for the third Wednesday in January. No notice is required unless the place or hour of the meeting is changed. Special meetings are provided for and provision is made for regular meetings of the board of directors at least once a month. The powers of the directors to appoint committees, to fix the compensation of directors, officers and employees, to extend leniency to delinquent borrowers, to reject applicants for membership, and to limit share payments are set forth.

20. Section 54 of the Rules and Regulations provides amendments of a major character affecting a matter of general principle or policy, and not of an emergency character, shall not be effective until 30 days following the date published in the next succeeding issue of the FEDERAL HOME LOAN BANK REVIEW. If, prior to such date, a hearing is requested by at least seven members of the Federal Savings and Loan

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Renovation

THE renovation of dwelling houses is a business bordering closely upon an art that has enlisted many men of talent and some of unmistakable genius. During 1936 there was an impressive amount of renovation under way in the United States but a great deal more is needed, due to the neglect of upkeep during the depression years. The present expectation is that the greater part of the needed renovation will be accomplished. In view of this fact, the FEDERAL HOME LOAN BANK REVIEW has obtained interviews with outstandingly successful renovators in the hope that their comments on their work may prove of value to the many thousands who face the same problems that the experts confront, but without equal experience.

Broad generalizations on the subject of renovation are of almost no practical value. The work is highly specialized in each subdivision, and even to catalogue the subdivisions would be a waste of words. Let us begin without additional introductory remarks with:

Interview No. 1: "I have been renovating 1-family dwellings for 20 years. They were about equally divided between 1- and 2-story houses; very few were larger, and not many of brick or stone. Most of these houses I bought, and usually from owners who had received them through foreclosures of mortgages. That means, of course, that the houses had not been kept in a reasonably good state of repair.

"Renovation and repair overlap. Theoretically, and by definition, they ought not to do so, but in fact they almost always do. If repairs are necessary, they naturally come first. A door that doesn't close tightly enough to keep out the wind, or a similarly defective window, or a leaking roof, or an inadequate heating plant, or bad plumbing need no discussion. Repair or replacement would be the solution in those cases. But very often I have found that the painting and wall paper had become dull, dingy and dirty. The floors were also darkened by dirt and wear or the wrong kinds of paint or stain. These conditions change the essential character of a house. In considering renovation we must regard a house almost as a personality. If the paper and interior painting have become darkened, as is usually the case, that house is exactly comparable to a person with a very dirty face or mud bespattered clothing. Everyone expects small detached houses to be well lighted, and the dominant colors bright. The prospective purchaser demands this, and quite reasonably. Unfortunately, however, the prospective purchaser very frequently does not recognize the fact that the house merely has a dirty face. He, or more often she, looks at it and says, 'This place is dark. I don't like it.'

"The owner really ought to do his or her own renovating; that would be much better, but just as the prospective purchaser

does not realize what is wrong, so he also does not know how to achieve the effect he desires. Consequently, we must do the renovating for him. If we do it well, it will be profitable.

"Recently I renovated a small brick house that had two steps leading from the brick-paved sidewalk to the front door. There was also a landing about 4 feet wide, and for some unaccountable reason these steps and the landing were of wood. The boards were about 12 inches wide and 4 inches thick. Whoever had put them there was not saving expense; he thought they were attractive. But they were not; they took away from that house its essential character. If they had been twice as heavy, they still would have looked flimsy in front of that sturdy brick front. The original builder of the house had been unable to sell it and he had difficulty even renting it at a moderate price. I made many improvements in the interior of the house but I do not think any of them equaled in importance, so far as the sale of the property was concerned, the removal of the wooden steps and landing. I replaced them with brick matching the brick in the wall. The expense was a small item but the effect of the change was startling. Now the excellent architectural lines of the building are accentuated, whereas before they were blurred. I sold the house immediately.

"Another house that I renovated was of gray stucco that had become dark and streaked with the dirt and rust from leaking gutters that were supposed to carry the rain water from the roof. When I first saw this house, it suggested a dismal and ancient county jail. It had a frontage of about 30 feet and sat well forward on a large lot with a lawn and garden in the rear. I made the stucco glistening white, put in new gutters to protect it, painted the window blinds black, and put black window boxes in every front window. The effect of this sharp contrast in colors was to accentuate the size of those excellent windows, also the number. No one could be in any doubt now that the place was light and well ventilated. Instead of looking like a county jail, it looked gay and very new. Even the dimensions of the lawn and garden at the rear became more readily discernable. I am sure that the effect I achieved was precisely what the original builder had in mind. I sold this place readily at a good profit."

Interview No. 2: "Before undertaking the renovation of a house I always have in mind the sort of people who are going to occupy it. I am guided not only by my estimate of what their income will be but by their opinions on decoration and modern conveniences. I take into consideration the neighborhood and the sort of people who live there. I know from experience what the prospective buyer or renter will consider essential; I also know his opinions on the subject of plumbing and heating. These naturally vary with different price ranges. The nature of the house, itself, is, of course, important and so is the character of the neighborhood, but more important than either to the renovator is a clear mental picture of the people he is going to serve. He should have in mind also the size of the family.

"Recently I did a job of renovating with the idea in mind that I was preparing this house for a young couple with one or two babies. When the job was finished, I had many applicants who wished to inspect it. If they did not meet my specifications, I did not even show it. I knew that I had something very special and very attractive for the sort of young couple I had pictured when I planned the work so I waited until they came along. It had more value for them than for any other sort of family. For the practical renovator, the creation of value is the only hope of profit. Aiming at a very specific type of purchaser is the only way of which I am certain to put the maximum of value into a house for every dollar of expenditure."

Interview No. 3: "I have done practically all of my work in the Georgetown section of Washington, D. C. Here renovation is highly specialized because the character of the neighborhood is such an important consideration. Georgetown is very old and one of the most beautiful residential sections on this continent. There are several types of houses, both frame and brick, that are characteristic of Georgetown. In addition to the architecture, beautiful gardens are also characteristic of Georgetown. No matter how small the lot, there must be a garden, preferably surrounded by a brick wall if the home is to be in harmony with the best in that section. To do successful and profitable work there the renovator should know its architectural history. One glance at the mortar between the bricks of a building should tell him approximately when it was built.

"Because this part of Washington is within 30 to 45 minutes walking distance from the center of the city, various builders have erected homes there for sale or rent without considering the prevailing traditions. All they seemed to notice was the availability of space not too far out. And they put up the types of houses with which they had had successful experience elsewhere, not noticing that these clashed with their surroundings. I am not speaking of shabby, cheap houses. I am thinking of excellent modern types that, given harmonious environment, would instantly attract favorable notice. I have taken over a number of these, torn out the front walls, and made the buildings look like they belong in Georgetown. After that, they sell readily. Renovation of this type is for persons who will pay $100 to $200 a month for each dwelling unit, either as rent or as monthly payments for purchase.

"In Georgetown I have found neglected and dilapidated houses that were originally well built with lines and materials in the best tradition. I have bought and renovated a number of these. I am sure that many other American cities, especially the older ones, have high-class residential sections comparable to Georgetown where similar work can be done by specialists with equal success.

"I have also built new houses in Georgetown but all of them are faithful to the very best architectural traditions exemplified in the older houses. My houses have a price range of from about $15,000 to $35,000. I have never hesitated to construct such homes in neighborhoods where most of the buildings would be valued at from $5,000 to $2,000 or even less. Indeed, many of them I would regard as having no value at all because of their dilapidated condition and lack of modern plumbing, heating, and lighting. In my own small way I have been engaged in what might be called slum clearance for more than 10 years. I have been told repeatedly that what I am still doing and have been doing for a decade with uniform success cannot be done. However, let me revert to the point I made in the beginning, that the character of the neighborhood here is dominant; by neighborhood I mean, of course, the whole Georgetown section. I might not be successful elsewhere in a relatively new residential section no matter how excellent, if it had been invaded by slums because in the newer high-class residential sections we might find that the ancient rule that a few rotten apples ruin the barrel applied. But in Georgetown the feeling is that the inferior structures do not belong. When I go right into the midst of them and build a $35,000 dwelling, I find that I create value in that neighborhood and other owners are able to borrow money, as the result of appreciated values, with which to improve their properties. I want to emphasize this point because many experienced building and loan men are still convinced that what I am doing is impossible. They think that the shacks in the neighborhood will necessarily depreciate the value of the homes I build. The essential point they overlook is that the occupants of a beautiful, even palatial, house surrounded

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Appraisal Methods and Policies

This is the second in a series of articles.

A CAREFUL, systematic appraisal requires a fourfold analysis: (1) of general economic and social factors and trends which affect real-estate values; (2) of the economic background of the community; (3) of the condition and trend of the neighborhood; (4) of the particular property being appraised. Each of these four phases of the appraisal process involves important factors which cannot be neglected if appraising is to be more than shrewd, or in some cases crude, guesswork. This article will be devoted to a discussion of the first of these phases.

General Economic and Social Factors

THE function of the appraiser for a mortgage-lending institution is more than that of a stock ticker, more than simply reporting current sales prices. He is as much concerned with what property is going to be worth in 5, 10, or 20 years as he is with what it is worth today. Therefore, he must study carefully the factors which determine the fair value of real estate.

Real-estate prices, like all other prices, are determined by influences operating through supply and demand. One of the basic factors determining the demand is the number of families to be housed. The appraiser who wants to have an intelligent idea about future real-estate values must be familiar with population statistics and trends. He should know that the rate of population growth has been steadily declining in recent decades. He should be acquainted with the best estimates as to the probable growth of population during the next two decades and the effect this will have upon the demand for housing. The appraiser should then be able to interpret the extent to which this factor may apply within the specified district in which he is appraising.

Other population factors, however, than simply the number of people, affect the demand for housing. The basic factor determining this demand is the total number of family units. As the size of the average family has been declining, the number of families has been increasing relatively more rapidly than the total population. In 1900, the average size was 4.60 persons per family; in 1930, 4.01 persons, a decline of approximately two-tenths of a person per decade. Thus, in 1900, 1,000 persons constituted 217 families; in 1930, 250 families; and, assuming the same rate of change, will constitute 262 families in 1940. This decrease in the size of the average family tends to offset somewhat the effect of the decline in the rate of growth of total population on the demand for housing.

An increase in population may be the result of immigration or of an excess of births over deaths. For many years immigration was a very important factor in creating a demand for housing in the United States but in recent years demand from this source has been negligible. An excess of births over deaths in any given year, it should be noted, does not create a material demand for more housing until some 20 or 25 years later, as it is marriages, not births, that most immediately affect the housing situation. This data is valuable in assisting an appraiser to analyze future trends and transitions. An important modifying influence, however, is the stage of the business cycle.

The number of marriages always falls off during a period of depression and increases with business recovery. This variation in the number of marriages is a rather important factor in causing a cyclical fluctuation in the demand for housing. The addition of the postponed marriages during the period following a depression to those that would normally take place then is undoubtedly a significant influence in producing the building boom that is usually characteristic of such a period.

As savings and loan associations are primarily concerned with financing urban real estate, as distinguished from rural, it is the growth of the urban rather than of the total population that is of the most significance to them. Ever since 1830 there has been a decided decrease in the proportion of the total population engaged in agriculture, and a corresponding increase in the proportion of the population living in towns and cities. In 1830 only about 7 percent of the population was living in cities of 8,000 or more population, while a century later it had increased to more than 49 percent. This shift of population has made our towns and cities grow at an even more rapid rate than the country as a whole and has been another important item in creating a demand for urban housing. New subdivisions are often the result of these population movements. There is much difference of opinion as to how long this shifting may be expected to continue and how far it may go, which makes it an uncertain factor in predicting the growth of the urban population.

All these various population factors—total population and its trend, birth rates, marriage rates, and shifting of population—are important considerations in analyzing the trend of real-estate values and are carefully watched and studied by professional appraisers.

The Real-Estate Cycle

An increase in population or in the number of family units, it may be pointed out, in itself simply means an increase in the need and desire for more housing, which may be a quite different thing from effective demand, which is commonly defined as desire coupled with willingness and ability to pay. The extent to which desire may differ from demand is affected to a very considerable degree by the fluctuations of the business cycle.

A general real-estate boom or depression is simply one phase of the general business cycle. During a depression incomes are decreased, families move together, vacancies increase, rents decline, foreclosures depress prices, building ceases. As recovery begins, the demand for houses increases, rents and values rise until prices exceed replacement costs, and the boom is on. Houses are built more rapidly than the market can absorb until the break comes.

Although the real-estate cycle grows out of the general business cycle, they do not always parallel each other in their movements. Conditions existing at a particular time may be favorable to general business and unfavorable to the real-estate market. During the World War the real-estate market was inactive except in certain localities, while other business was flourishing. Several million men and many thousands of women were living in military quarters, thus decreasing the demand for regular housing. Many marriages were postponed, limiting the normal increase in the number of family units, which is the basic factor determining the demand for housing. The needs of war financing absorbed most of the available credit. People bought Liberty Bonds instead of homes.

As soon as the War was over these conditions changed. The collapse of the short-lived post-War boom in 1920 did not carry real-estate activity back to the low levels of the War period. In 1922 began the real-estate boom that reached its peak in the period from 1923 to 1925. By the end of 1926 the boom period was definitely past, almost three years ahead of the general collapse. Foreclosures, which are a good in-

dicator of the real-estate situation, began to increase in 1925. The real depression in real estate, however, did not begin until 1929 and reached its depth in 1933.

In the past 50 years there have been three boom periods in the urban real-estate market. These periods reached their peaks in 1890–1892, 1905–1906, and 1923–1925, with a short-lived boom in 1920. Needless to say, these exact dates will not hold true for every city or locality. Although it would be unwise to draw fixed conclusions from these limited data, it is significant to note that the length of these cycles was from 15 to 18 years each. On this basis, the usual association loan covers a large part or all of a real-estate cycle. To what extent and in what manner should the appraiser make allowances in his valuations for these cyclical fluctuations?

First of all, it may be said, the appraiser should follow closely the various indicators of the general trend of the real-estate market, so that he may recognize when a boom is developing or a depression threatening. Statistics relating to volume of new construction, building costs, amount of real-estate financing, mortgages recorded, sales, rentals, and foreclosures are all valuable for this purpose. Much of the data compiled by the Division of Research and Statistics of the Federal Home Loan Bank Board and published currently in the REVIEW relates directly to these matters.

During the boom period the problem of the appraiser is to decide how much current sale prices and rents should be discounted in order to arrive at a safe value for a long-term loan. In a period of depression, the problem becomes one of determining whether appraisals may safely be made above the prices being obtained in current sales, most of which are forced or "distress" transactions.

One of the characteristics of a real-estate boom is that property can be sold for more than its replacement costs. It is the wide margin of profit obtainable that calls forth the large volume of new construction which is indicative of the boom.

But costs themselves may be inflated and therefore in need of discounting before they can be accepted as a factor in appraising. The current prices for land, labor, and materials may all involve an element of temporary inflation. The course of these prices should be studied carefully in an effort to determine how much, if any, of the increase is due to sound economic causes and therefore is likely to continue indefinitely. Those costs that have risen most rapidly and are most out of line with other prices are usually those that should be most subject to discount. The same type of studies should be made in cases of sudden deflation as well as inflation.

Another test of the validity and permanence of boom prices for real estate is comparison with rents. If the boom is largely speculative and far exceeds any actual increase in the demand for more housing, the increase in realty prices will usually exceed that of rents. The appraiser should consider further the probable future level of rents in the community. If the boom has resulted in a considerable amount of overbuilding, rents may drop even below the pre-boom level, with a corresponding decline of property values.

The problems of the appraiser during a period of depression are as perplexing, if not more so, as they are in a boom period. He may be certain that realty prices have been carried below the level justified by current costs and by the probable long-run demand but he cannot be certain until recovery has become well established that they may not decline still more. He may believe that a house that has a current market price of $8,000 in one stage of a depression is worth $10,000 as a long-term investment, but it may possibly decline to a $7,000 price level before the bottom is reached. Because of this uncertainty as to when prices have reached their lowest point, the appraiser must be very cautious about valu-

ing property particularly if sales prices appear to be in advance of actual reproduction costs. Such instances serve as a warning to the appraiser that he must carefully analyze and weigh each sale transaction in determining what effect it may have upon the value of any specific property.

The method of appraisal developed and used by the Home Owners' Loan Corporation was designed especially to discount the extremes to which undue pessimism or optimism may carry realty prices. The Corporation's solution to this problem was embodied in its well-known "three-way" formula. This formula arrived at a valuation by determining (1) the present market price of the property; (2) the summation value, which was defined as justified value of the land plus the depreciated reproduction cost of the improvements; (3) the capitalized value based on the average rents for the past 10-year period. The H. O. L. C. formula value was then arrived at through taking one-third of the combined total of the value estimates as previously outlined. The inclusion of one or more of these factors might result in an appraisal somewhat above the current sale price during a depression and somewhat below during a boom period. The appraiser was therefore requested to make a thorough analysis and comparison of these representative prices and values, selecting a final certified value which was the most justifiable one for the property appraised in view of all the apparent valuation factors and future trends.

Indeed, during a boom period the first factor may also be something of a discounting influence. The present market price was defined to mean the price at which the property should attract a buyer with a substantial cash payment. It was not contemplated, however, that distress sales such as sales through discounted pass books or other similar circumstances should be taken as determining a fair sale price. Thus it ordinarily would not exceed the cost of replacement for the well-informed buyer would not be expected to pay more than this cost except under unusual circumstances. But it is characteristic of a boom that property often does sell for more than its cost, and thus for more than its justified market price, as just defined. Thus all three factors in the formula may serve to discount the excessively high sale prices produced by a boom.

It must be admitted that there is no ideal solution for the problem created for the appraiser by cyclical changes in prices and business conditions. A study of the behavior of realty prices in past cycles may give us a general clue as to how they will behave in the future but we cannot be certain just when changes will come and how far they will go. The appraiser from his study and experiences of past cycles and his knowledge of present conditions should be able to recognize the approximate stage of the cycle existing at any given time. He should take into consideration all the accepted evidences of value and then temper his judgments with conservatism or optimism, as the current circumstances may justify.

The supply of available credit is another of the general economic factors affecting realty values. Since a large part of all real-estate sales are financed by some form of credit, the effective demand for housing is in large part dependent upon the amount of credit available. Therefore, the supply of funds held by mortgage-credit institutions and the attitudes and policies of these institutions are important causes and indicators of the future trend of real-estate prices. The appraiser, accordingly, should be alert to note all statistics and other data which throw light on the credit situation. Are insurance companies increasing or decreasing their real-estate loans? What are banks and trust companies doing in the field? Are the building and loan associations receiving more or less funds than they can lend? The answers to these and similar questions are important guides to the future course of real-estate values.

Duties of the Managing Officer of a Savings and Loan Association

This is the fourth in a series of articles.

THE instant that the final loan papers are signed, the problem of the savings and loan manager is completely reversed. Up to that moment, he has been directing his efforts towards transferring funds from his control to that of the borrower. Now he becomes concerned with getting those funds back again. The ease or difficulty with which this can be done depends in large part upon the care and judgment that has been exercised in making the loan. It has been well said that a loan properly made does not need to be collected—it will repay itself.

But because of lack of sufficient care in making certain loans or because of unforeseen circumstances developing after they were made, delinquencies are inevitable. Furthermore, it is very probable that some of these delinqencies will eventually result in foreclosures. It is the task of the manager to keep the number and duration of the delinquencies to a minimum, to prevent those that do develop from becoming foreclosures, and when foreclosures must be made, to dispose of the acquired properties to the best advantage.

The first step in such a program, after the loan has been approved, is to impress upon the mind of the borrower his obligations under the terms of the loan contract. It is important for the purpose of preventing future misunderstandings that he understand clearly the plan of repayment. If the association uses the direct-reduction plan, the manager will find this task a relatively simple one, as it is undoubtedly the easiest of all the plans in current use for the average borrower to understand.

The manager should receive a daily report on delinquent payments, showing the amount and duration of each delinquency. As a general policy, no delinquency should be allowed to go for more than a week without some action being taken in regard to it. In most cases a telephone call or a simple statement, by mail, calling the borrower's attention to the overdue payment, is sufficient as the first step in the collection procedure. If necessary, this should be followed within a short time by a stronger statement and possibly by a request to the borrower to come to the office and explain personally why he is not able to make his payments. If they are of more than a few days' duration, the manager or some other responsible member of the staff should investigate, by personal call, if necessary, the reasons for all delinquencies.

The investigator must determine whether the delinquency is due to carelessness and indifference, poor financial management, or unavoidable circumstances. If notices and warnings are not sufficient to secure payment from the borrower, taking the first steps toward foreclosure will frequently do it. If poor financial management has been the cause, it may be possible to work out a financial plan that will enable the borrower to make his payments. If the reason is unemployment, sickness, or other unavoidable circumstances, it becomes a matter requiring the exercise of judgment and discretion as to the best policy to pursue. The borrower's past payment record, the possibility of the elimination of the conditions which have caused the delinquency, and the existing real-estate situation must all receive

consideration. If the borrower's past record has been good and if he already has paid a considerable amount on the loan, in some cases the best policy may be to reduce the amount of the monthly payments and spread them out over a longer period of time. In formulating his foreclosure policy, the manager should bear in mind that one of the competitive advantages of the savings and loan association lies in the fact that, since it is a local, mutual institution, it can give individual consideration to each borrower. There is no more effective way to build up goodwill in a community than to be considerate with an honest borrower who, because of some misfortune, is temporarily unable to continue payments. To know when such consideration can be safely given, however, requires experience and keen judgment of human nature. Moreover, the manager should always make the protection of the best interests of his shareholders his primary obligation.

While the necessary steps involved in foreclosure may be taken by the association's attorney rather than by the manager, the latter should be familiar with the essential steps in the process, the length of time necessary to complete them, and the rights of both creditor and debtor under the foreclosure laws of the State.

When the foreclosures have been completed and the properties acquired, the association manager finds himself in the real-estate business. If the foreclosures have been numerous, he will probably find it to his advantage to secure the services of a capable, experienced real-estate man to take over the management and sale of the properties. Some associations have placed their properties in the hands of real-estate brokers, while others have added full-time men to their staffs to take charge of this work. The real-estate manager, whether broker or staff member, should be required to make a detailed monthly report on each piece of property held, and a financial report covering all sales, rentals, rehabilitations, and other items. The association manager should at all times keep in close touch with the work of the real-estate division and take an active part in the determination of its policies.

The first step after taking possession of a property should be a careful inspection and appraisal. Then it must be decided whether to attempt to sell the property immediately or to hold it for a better market, perhaps renting it in the meantime. In making this decision, the manager should take into consideration the condition of the real-estate market as well as that of the association. If the market is already badly depressed, as it is likely to be at a time when foreclosures are heavy, "dumping" of property upon the market will still further depress values, which will bring on more foreclosures and so intensify the downward spiral. So far as possible the property should be marketed at a time and at a price that will prevent such a reaction.

In many cases, this will necessitate holding the property for a considerable period of time, during which it may be rented. This gives rise to the problems of securing renters, investigating their credit standing and general desirability as renters, collection of rents, and proper maintenance of the property.

When possession of the property is first assumed, it should be inspected thoroughly to determine how much reconditioning is necessary to rent or sell it effectively. In some few cases nothing need be done but usually the manager will find it profitable to do a certain amount of repairing, refinishing, or modernizing. If the property is to be rented for some time, the amount of rehabilitation may be kept to a minimum, as much of it may have to be repeated when the property is offered for sale.

One of the large insurance companies has described its reconditioning policy as follows:

> If a house is selected as a sale house, it is gone over thoroughly and all defects, so far as possible, are eliminated and the entire property placed in

first class condition. The decorating must be attractive, floors scraped, hardware cleaned or replaced, settlement cracks eliminated, and yard placed in good condition with well trimmed lawn and shrubs. In fact, our sale houses must be attractive, free of defect and "as good as new" without the extravagant expenditure of money. In this we do not pinch pennies but we do insist on getting full value for every dollar expended.

The manager should be careful, however, that the improvements are not too far beyond the standards of the neighborhood and that they are adapted to it in other respects. Excessive improvements and misplaced improvements are as possible in reconditioning and modernizing as they are in original construction.

In considering the amount of reconditioning work that may profitably be done, the manager should give due weight to the important indirect effects that are frequently produced. The Real Estate Management Committee of the New Jersey Building and Loan League has cited the following example:

In one block on a Newark street one modernization job done by a local building and loan produced such a startling physical and income improvement that one other association altered a large 1-family house into a fine paying 2-family, and three other private owners, encouraged and emboldened, started to improve their properties so that a wholesale "face-lifting" has taken place in this section. Higher rents are being obtained and values substantially increased.

A problem that frequently arises in the liquidation of loans is that created by the borrower who wants to refinance his loan in order to secure a lower rate of interest and possibly a reduction in the amount of the monthly payment on the principal. It may be that the general level of mortgage interest rates has declined since the loan was secured or possibly the borrower has reduced the principal to an amount which he can borrow from some other source at a lower rate. In some such cases, the manager may be able to show the borrower that the superior services and accommodations offered by his association more than compensate for the slightly higher rate of interest. Or it may be pointed out to the borrower that the association made home ownership possible for him by lending a high percentage of the value of the property and that it was only reasonable to expect that he would reciprocate by leaving the loan with the association. In many cases, however, the manager will find it necessary to lower the interest rate if he is to retain the loan.

Some associations have found that the best solution to the refinancing problem is to provide in the original loan contract that the interest rate will be lowered according to a systematic plan as the principal is reduced. As was pointed out in an article in the REVIEW for June 1936, such a plan serves to attract borrowers to the association, to retain for it the loans of best quality, and to do this at a surprisingly small cost. Every manager who finds that he is losing a significant number of his good loans by refinancing should give serious consideration to the adoption of a variable interest rate plan. Needless to say, the schedule of variations should be worked out carefully, with due regard to the competition and the money rates existing in the territory.

Revised Charter

(Continued from page 72)

Advisory Council, the amendments shall be suspended until after such hearing. Similarly, a hearing shall be held if within 60 days at least 50 Federal associations shall request such a hearing. If the amendments are minor, procedural or emergency in character, the Board may put such amendments into immediate effect, but in case seven members of the Advisory Council, or any 50 Federal associations, shall within 60 days file a written request therefor, a hearing shall then be held.

Indexes of Small-House Building Costs

BETWEEN August and November the cost of building the same typical 6-room house went up 1 percent or more in 8 of the 24 cities making comparable reports for the two periods. In 4 cities the costs went down 1 percent or more and in 12 cities costs remained the same or the change was less than 1 percent. Wheeling, West Virginia, has been added to the list of reporting cities in District 3. The first report from that city was received for November.

The largest increase of 9 percent, or 2.1 cents per cubic foot, was reported by Pittsburgh, Pennsylvania. This change was principally due to wage increases. New Orleans, Louisiana, reported an increase of 5.3 percent; and Los Angeles and San Diego, California, of 3.7 percent and 3.1 percent respectively. Cincinnati, Ohio, and Phoenix, Arizona, both registered a drop of 3.1 percent. This was principally due, in Cincinnati, to a drop in labor costs, and in Phoenix, to a general drop in materials prices.

Comparing costs in November between cities, we find that Reno, Nevada, reported the highest cost with 26.5 cents per cubic foot. Cleveland, Ohio, was second with 26.2 cents per cubic foot; and San Francisco, California, third with 25.9 cents per cubic foot.

In contrast, Philadelphia, by reporting 20.9 cents a cubic foot, registered the lowest cubic-foot cost. The two Tennessee cities, Memphis and Nashville, tied for second with 21.2 cents a cubic foot.

Special attention is called to the description of the standard house on which costs are obtained, appearing as a footnote to the accompanying table. It should be emphasized that the 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			
	November	August	May	February	November	August	May	February
No. 3—Pittsburgh:								
Delaware:								
Wilmington	$5,258	$5,259	$5,290	$5,213	$0.219	$0.219	$0.220	$0.217
Pennsylvania:								
Harrisburg	5,408	5,405	5,439	5,371	.225	.225	.227	.224
Philadelphia	5,010	4,929	4,870	4,584	.209	.205	.203	.191
Pittsburgh	5,920	5,433	5,405	5,474	.247	.226	.225	.223

[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 wide-board 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 not 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.

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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			
	November	August	May	February	November	August	May	February
No. 3—Pittsburgh—Continued								
West Virginia:								
Charleston	$5,696	$5,564	$5,477	$5,475	$0.237	$0.232	$0.228	$0.228
Wheeling	5,763	.....	.....	.....	.240	.....	.....	.....
No. 5—Cincinnati:								
Kentucky:								
Lexington	5,183	5,196	5,079	4,952	.216	.216	.212	.206
Louisville	5,456	5,338	5,326	5,384	.227	.222	.222	.224
Ohio:								
Cincinnati	5,748	5,932	5,827	5,809	.239	.247	.243	.242
Cleveland	6,288	6,240	6,222	6,051	.262	.260	.259	.252
Columbus	5,778	5,850	5,529	5,522	.241	.244	.230	.230
Tennessee:								
Memphis	5,092	5,080	5,120	4,841	.212	.212	.213	.202
Nashville	5,094	5,096	5,089	5,030	.212	.212	.212	.210
No. 9—Little Rock:								
Arkansas:								
Little Rock	5,136	5,202	5,215	5,215	.214	.217	.217	.217
Louisiana:								
New Orleans	5,395	5,124	5,075	5,075	.225	.214	.211	.211
Mississippi:								
Jackson	5,412	5,365	5,333	5,319	.225	.224	.222	.222
New Mexico:								
Albuquerque	5,827	5,779	5,625	5,625	.243	.241	.234	.234
Texas:								
Dallas	5,641	5,641	5,618	.....	.235	.235	.234	.....
Houston	5,759	5,759	5,883	.....	.240	.240	.245	.....
San Antonio	5,538	5,532	5,532	5,464	.231	.231	.231	.228
No. 12—Los Angeles:								
Arizona:								
Phoenix	5,843	6,032	6,112	6,044	.243	.251	.255	.252
California:								
Los Angeles	5,489	5,301	5,239	5,316	.229	.221	.218	.221
San Diego	5,338	5,177	5,198	5,225	.222	.216	.217	.218
San Francisco	6,222	6,152	6,017	.....	.259	.256	.251	.....
Nevada:								
Reno	6,354	6,313	6,324	6,097	.265	.263	.263	.254

Monthly Lending Activity of Savings and Loan Associations

FOR October, 2,502 savings and loan associations representing 47 States, the District of Columbia, and Hawaii, reported total new loans made for all purposes of $43,688,700. No associations reported from the State of Nevada. The number of reporting associations actually making loans during October was 2,057, while 445 reported no loans made. Combined assets of all reporting associations (for the most part as of October 31, 1936) were $2,325,612,700.

The accompanying table breaks down by States and by Federal Home Loan Bank Districts the number and volume of loans and the purposes for which they were made. For the United States as a whole, the reporting associations made mortgage loans on 1- to 4-family nonfarm homes to 16,780 borrowers in the amount of $39,887,900. Analyzing these nonfarm home loans by purpose, we find that 31.2 percent of the total volume went for new construction. Home purchase accounted for 37.6 percent, refinancing for 23.6 percent, and reconditioning for 7.6 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 2,502 savings and loan associations in October 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 October according to purpose										Total assets Oct. 31, 1936 [3]
			Mortgage loans on 1- to 4-family nonfarm homes						Loans for all other purposes		Total loans, all purposes		
			Construction		Home purchase [1]		Refinancing and reconditioning [2]						
							Amount						
	Submitting reports	Reporting loans made	Number	Amount	Number	Amount	Number	Refinancing	Reconditioning	Number	Amount	Number	Amount	
UNITED STATES....	2,502	2,057	3,919	$12,430.1	5,696	$15,014.7	7,165	$9,426.7	$3,016.4	2,532	$3,800.8	19,312	$43,688.7	$2,325,612.7
No. 1—Boston.....	135	125	202	683.6	473	1,512.6	560	735.0	323.3	219	431.9	1,454	3,686.4	240,108.6
Connecticut.....	29	25	48	164.6	41	158.5	47	111.7	10.5	24	10.5	160	455.8	22,762.0
Maine.....	19	17	9	11.4	36	60.2	37	24.2	16.5	14	14.8	96	127.1	10,677.4
Massachusetts..	70	67	109	409.6	266	932.6	327	422.7	250.7	111	238.0	813	2,253.6	167,567.9
New Hampshire.	9	9	13	26.2	24	41.1	39	54.5	12.1	19	121.9	95	255.8	12,434.7
Rhode Island....	4	3	19	68.8	95	279.2	96	109.0	30.7	47	44.1	257	531.8	24,783.6
Vermont.....	4	4	4	3.0	11	41.0	14	12.9	2.8	4	2.6	33	62.3	1,883.0
No. 2—New York....	284	175	364	1,402.3	352	1,266.0	386	671.4	186.8	195	193.2	1,297	3,719.7	342,224.8
New Jersey.....	157	71	28	107.2	40	135.4	81	99.4	50.4	38	96.0	187	488.4	122,123.3
New York.....	127	104	336	1,295.1	312	1,130.6	305	572.0	136.4	157	97.2	1,110	3,231.3	220,101.5

[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 its 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 Oct. 31, 1936. A few reports have been submitted as of the first of the year.

Monthly lending activity and total assets as reported by 2,502 savings and loan associations in October 1936—Continued

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

[Dollar amounts are shown in thousands of dollars]

Federal Home Loan Bank Districts and States	Number of associations		Loans made in October according to purpose										Total assets Oct. 31, 1936
			Mortgage loans on 1- to 4-family nonfarm homes						Loans for all other purposes		Total loans, all purposes		
			Construction		Home purchase		Refinancing and reconditioning						
								Amount					
	Submitting reports	Reporting loans made	Number	Amount	Number	Amount	Number	Refinancing	Reconditioning	Number	Amount	Number	Amount	
No. 3—Pittsburgh	239	147	99	272.3	256	592.7	251	289.5	98.4	75	104.9	681	1,357.8	104,126.6
Delaware	8	6	4	14.5	18	49.8	9	33.0	2.9	9	8.9	40	109.1	5,747.5
Pennsylvania	208	122	55	175.1	193	459.9	169	205.7	64.3	46	57.1	463	962.1	85,566.2
West Virginia	23	19	40	82.7	45	83.0	73	50.8	31.2	20	38.9	178	286.6	12,812.9
No. 4—Winston-Salem	269	243	624	1,920.6	924	2,630.1	992	1,364.2	405.2	304	471.9	2,844	6,792.0	230,100.1
Alabama	14	13	23	32.9	33	67.5	35	72.9	6.8	12	37.1	103	217.2	13,358.5
District of Columbia	14	13	81	416.6	285	1,370.4	244	445.2	84.5	70	115.9	680	2,432.6	103,262.3
Florida	45	42	156	673.3	88	208.1	130	156.2	65.0	39	93.7	413	1,196.3	16,886.8
Georgia	40	38	84	180.2	64	123.6	114	134.6	35.9	44	30.6	306	504.9	10,628.1
Maryland	47	36	29	117.6	132	339.3	99	204.6	31.5	24	40.2	284	733.2	30,856.6
North Carolina	44	42	113	244.2	182	220.9	188	161.7	93.3	60	76.2	543	796.3	27,218.6
South Carolina	34	30	89	152.9	41	69.6	75	67.3	41.0	23	26.9	228	357.7	9,169.6
Virginia	31	29	49	102.9	99	230.7	107	121.7	47.2	32	51.3	287	553.8	18,719.6
No. 5—Cincinnati	356	298	483	1,720.7	1,112	3,064.4	1,114	1,434.7	618.4	376	752.4	3,085	7,590.6	430,622.9
Kentucky	55	49	54	184.3	108	284.8	164	239.5	63.3	68	75.6	394	847.5	43,259.7
Ohio	270	219	296	1,268.6	951	2,678.3	755	992.4	405.1	299	657.7	2,301	6,002.1	375,009.8
Tennessee	31	30	133	267.8	53	101.3	195	202.8	150.0	9	19.1	390	741.0	12,353.4
No. 6—Indianapolis	153	145	246	697.7	489	1,378.8	702	598.7	245.6	255	325.5	1,692	3,246.3	194,220.3
Indiana	105	101	126	237.3	394	1,139.0	539	424.3	165.2	136	117.6	1,195	2,083.4	99,735.4
Michigan	48	44	120	460.4	95	239.8	163	174.4	80.4	119	207.9	497	1,162.9	94,484.9
No. 7—Chicago	265	225	196	617.2	435	1,020.9	781	1,244.9	322.8	176	218.8	1,588	3,424.6	182,735.0
Illinois	196	164	110	359.8	335	793.4	668	1,066.3	280.1	163	200.4	1,276	2,700.0	136,129.2
Wisconsin	69	61	86	257.4	100	227.5	113	178.6	42.7	13	18.4	312	724.6	46,605.8
No. 8—Des Moines	173	151	198	569.8	253	519.7	524	724.1	197.2	143	155.8	1,118	2,166.6	84,866.5
Iowa	47	43	47	113.6	76	140.8	117	116.1	22.8	48	19.7	288	413.0	16,714.0
Minnesota	37	33	78	257.9	71	184.6	206	351.1	76.2	38	67.9	393	937.7	25,091.5
Missouri	67	59	48	154.4	78	141.3	153	228.7	80.1	33	39.7	312	644.2	33,459.5
North Dakota	16	12	18	34.9	22	44.4	40	27.8	14.5	22	24.0	102	145.6	8,227.5
South Dakota	6	4	7	9.0	6	8.6	8	0.4	3.6	2	4.5	23	26.1	1,374.0
No. 9—Little Rock	245	208	461	1,228.2	421	813.4	508	475.3	214.4	187	281.6	1,577	3,012.9	135,288.0
Arkansas	38	36	51	119.4	42	50.1	79	65.2	30.1	39	44.5	211	309.3	8,890.1
Louisiana	55	48	106	303.0	151	367.9	112	93.5	72.3	73	129.6	442	966.3	64,689.8
Mississippi	28	20	23	39.4	11	14.6	36	25.6	8.9	16	26.6	86	115.1	4,506.6
New Mexico	11	9	14	35.2	7	11.3	12	14.4	4.3	4	7.1	37	72.3	2,037.0
Texas	113	95	267	731.2	210	369.5	269	276.6	98.8	55	73.8	801	1,549.9	55,164.5
No. 10—Topeka	159	136	203	626.0	347	670.2	433	402.1	155.2	257	399.6	1,240	2,253.1	114,004.9
Colorado	29	24	34	134.9	50	97.9	58	77.2	16.0	12	12.9	154	338.9	10,194.8
Kansas	60	51	45	122.7	95	172.9	89	53.2	31.1	47	66.5	276	446.4	33,098.5
Nebraska	28	23	42	159.6	68	124.5	127	113.0	34.8	77	67.8	314	499.7	23,912.7
Oklahoma	42	38	82	208.8	134	274.9	159	158.7	73.3	121	252.4	496	968.1	46,798.9
No. 11—Portland	104	92	272	671.5	264	533.4	479	631.9	115.1	159	232.2	1,174	2,184.1	64,865.7
Idaho	7	7	33	76.7	26	40.5	26	39.4	4.2	7	5.0	92	165.8	4,217.0
Montana	8	6	24	68.1	27	54.7	35	26.5	19.6	22	44.1	108	213.0	7,951.5
Oregon	22	20	36	84.3	37	81.6	66	81.5	18.7	17	25.7	156	291.8	6,737.6
Utah	7	7	19	56.6	16	29.9	39	47.7	16.1	7	9.4	81	159.7	7,090.1
Washington	50	44	153	361.5	149	306.2	290	403.9	51.2	103	146.2	695	1,269.0	35,665.9
Wyoming	10	8	7	24.3	9	20.5	23	32.9	5.3	3	1.8	42	84.8	3,203.6
No. 12—Los Angeles	120	112	571	2,020.2	370	1,012.5	435	854.9	134.0	186	233.0	1,562	4,254.6	202,449.3
Arizona	1	1	8	36.6	0	0.0	12	30.6	0.0	0	0.0	20	67.2	528.8
California	118	110	562	1,979.1	370	1,012.5	420	806.2	134.0	186	233.0	1,538	4,164.8	201,637.1
Nevada	0	0	0	0.0	0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0
Hawaii	1	1	1	4.5	0	0.0	3	18.1	0.0	0	0.0	4	22.6	283.4

Residential Construction Activity and Real-Estate Conditions

THE estimated number of family dwelling units, provided by permits issued in all cities of 10,000 or more population, was 15,148 in October. This was an increase of 505 units over September (chart 1 and table 1). But when the October and September figures are adjusted for seasonal variation their position is reversed; the adjusted September figure was 26 percent of the 1926 base of 100 and the October figure was 25 percent (chart 2).

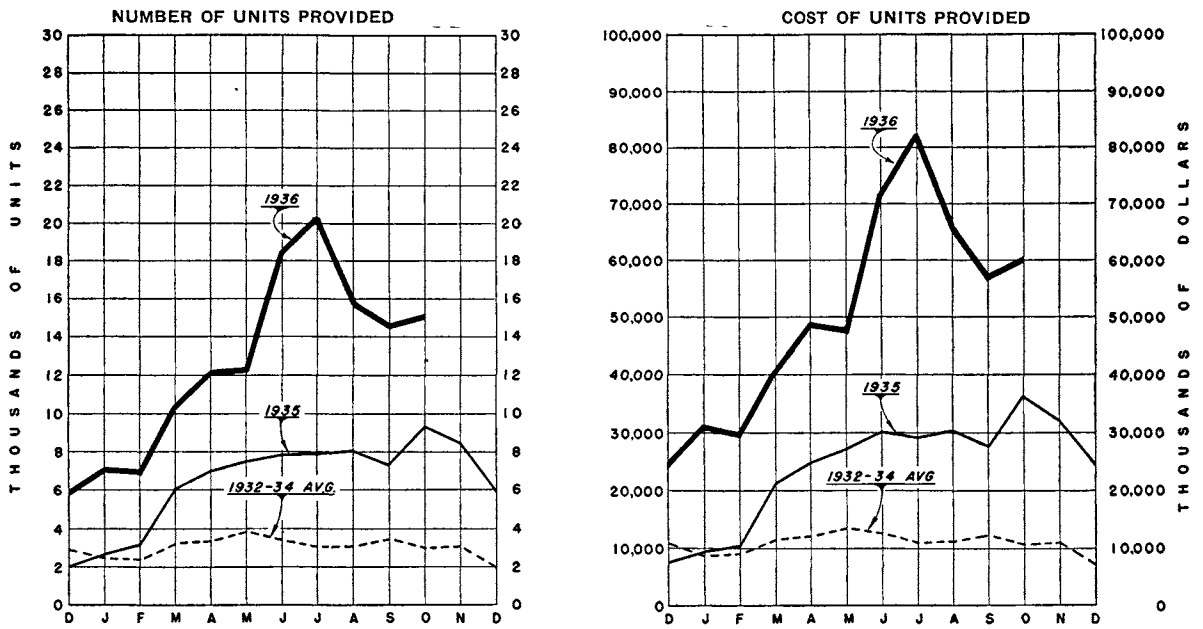
The 15,148 October units involved an estimated cost of $60,087,100. These figures represented an increase over October 1935 of 62.7 percent in the number of units and 65.5 percent in the estimated cost.

In October, buildings containing 3- and more-family units accounted for 29 percent of the total number authorized and 1- and 2-family units for 71 percent. This was almost the same proportion as in September—in contrast to the wide fluctuations in previous months. The same thing was true of the cost of units. Multifamily units accounted for 27 percent of the total cost in both September and October.

The average cost of dwellings was practically the same in October 1936 as in Octo-

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]



ber 1935. One-family units cost $4,101 and multifamily units $3,637 on the later date.

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.

The reports for October are favorable except in residential construction. The index of rentals increased from 79 in September to 80 in October and industrial production remained 1 percent above the 1926 base. The preliminary index of foreclosures in 78 large urban counties, after increasing to 278 in September, dropped to 257 in October—the lowest point since its rapid ascent in 1930. This sharp change was due to violent declines in Philadelphia, Pennsylvania, and Memphis, Tennessee. Both cities have reported considerable variations in the number of foreclosures in recent months. Actually, of the 75 urban counties reporting in time to be included in the index, 42 reported a greater number of foreclosures in October than in September, and 33 reported a lower number. A seasonal increase in foreclosures of .7 percent is normal in October.

[1926=100]

Series	Oct. 1936	Sept. 1936	Percent change	Oct. 1935	Percent change
Residential construction	25	26	−4	15	+67
Industrial production	[1] 101	101	0	88	+15
Rentals	80	79	+1	72	+11
Foreclosures	[1] 257	278	−8	333	−23

[1] Preliminary.

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

(1926=100)

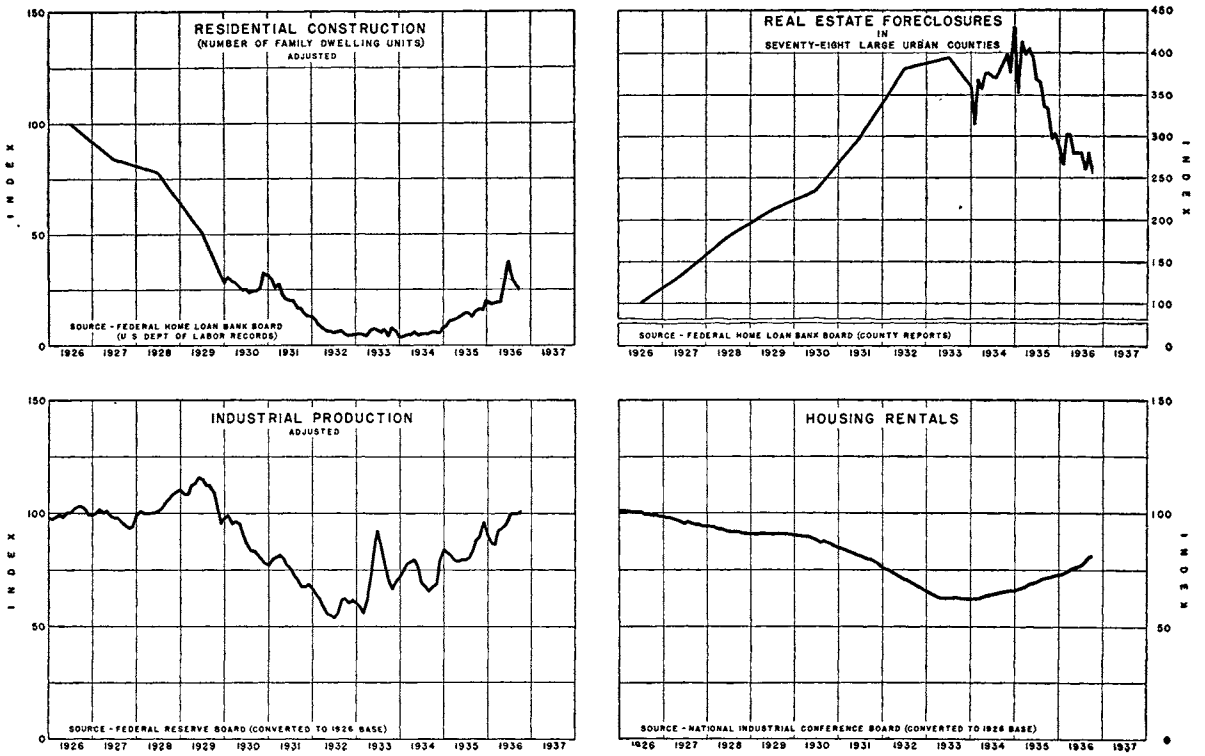


CHART 3.—RATE OF RESIDENTIAL BUILDING IN THE UNITED STATES AND IN EACH FEDERAL HOME LOAN BANK DISTRICT, BY MONTHS

Represents the estimated number of family dwelling units provided per 100,000 population; based upon building permits 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]

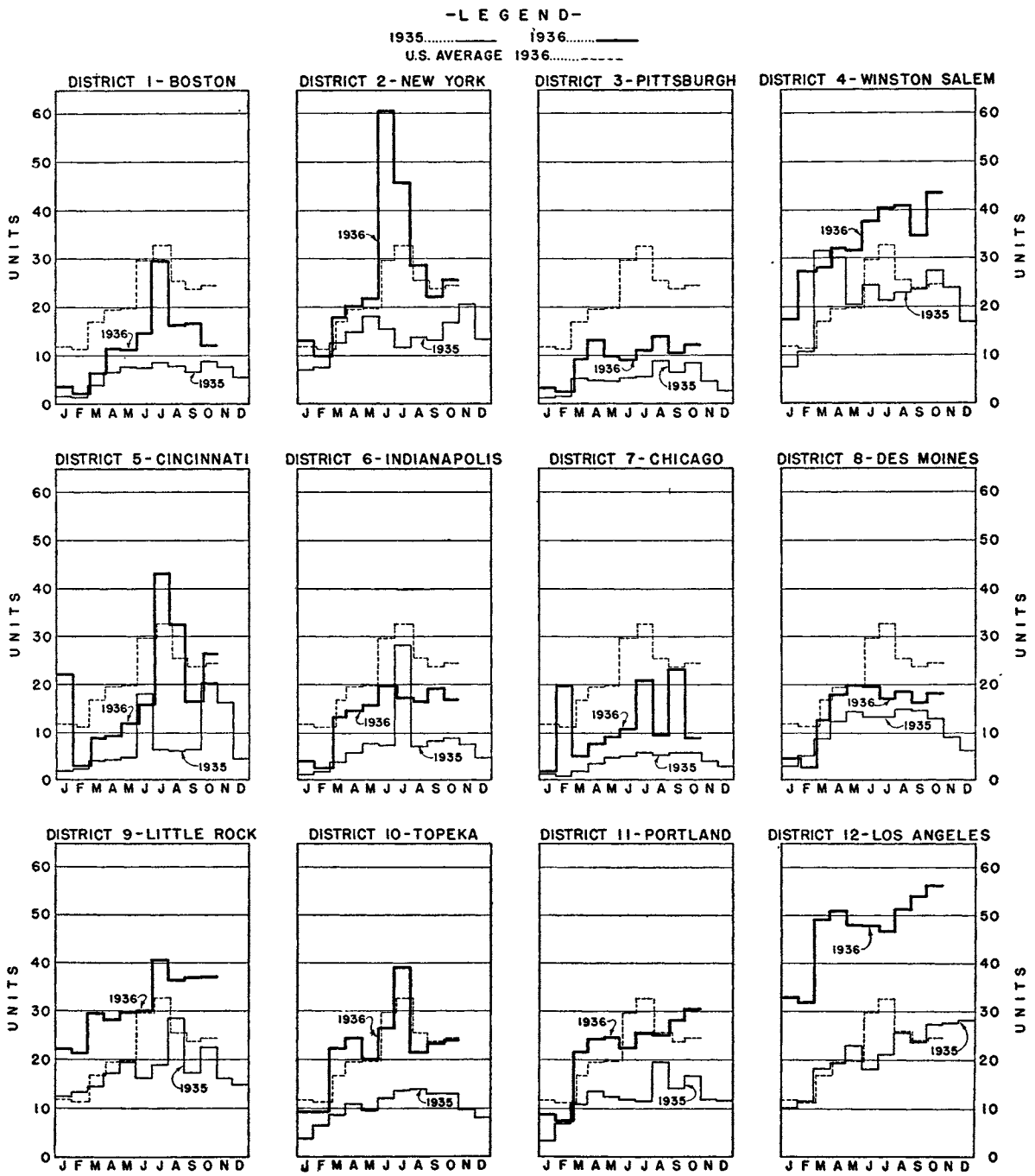


TABLE 1.—*Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over in the United States in October 1936* [1]

[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		
	October 1936	October 1935	Percent change	October 1936	October 1935	Percent change	October 1936	October 1935	Percent change
All housekeeping dwellings...	15, 148	9, 313	+62. 7	$60, 087. 1	$36, 309. 3	+65. 5	$3, 967	$3, 899	+1. 7
Total 1- and 2-family dwellings.....	10, 755	6, 579	+63. 5	44, 109. 0	26, 500. 6	+66. 4	4, 101	4, 028	+1. 8
1-family dwellings.....	9, 900	6, 112	+62. 0	41, 704. 6	25, 098. 4	+66. 2	4, 213	4, 106	+2. 6
2-family dwellings.....	768	404	+90. 1	2, 092. 8	1, 185. 1	+76. 6	2, 725	2, 933	−7. 1
Joint home and business [2]....	87	63	+38. 1	311. 6	217. 1	+43. 5	3, 582	3, 446	+3. 9
3- and more-family dwellings.	4, 393	2, 734	+60. 7	15, 978. 1	9, 808. 7	+62. 9	3, 637	3, 588	+1. 4

[1] Estimate is based on reports from communities having approximately 95 percent of the population of all cities with population of 10,000 or over.
[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 October 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)	
	October 1936	October 1935	October 1936	October 1935	October 1936	October 1935	October 1936	October 1935
UNITED STATES.....	15, 148	9, 313	$60, 087. 1	$36, 309. 3	10, 755	6, 579	$44, 109. 0	$26, 500. 6
No. 1—Boston.....	724	511	3, 568. 5	2, 374. 6	712	499	3, 513. 5	2, 358. 6
Connecticut.....	214	124	1, 064. 7	613. 7	202	124	1, 009. 7	613. 7
Maine.....	50	24	139. 7	46. 6	50	24	139. 7	46. 6
Massachusetts.....	347	241	1, 976. 6	1, 256. 4	347	241	1, 976. 6	1, 256. 4
New Hampshire.....	21	27	55. 9	112. 8	21	27	55. 9	112. 8
Rhode Island.....	81	82	280. 1	293. 4	81	70	280. 1	277. 4
Vermont.....	11	13	51. 5	51. 7	11	13	51. 5	51. 7
No. 2—New York.....	3, 439	2, 239	14, 335. 3	9, 661. 2	1, 352	924	5, 936. 0	4, 229. 5
New Jersey.....	352	241	1, 758. 9	1, 336. 3	283	228	1, 548. 9	1, 306. 3
New York.....	3, 087	1, 998	12, 576. 4	8, 324. 9	1, 069	696	4, 387. 1	2, 923. 2
No. 3—Pittsburgh.....	723	487	3, 542. 2	2, 100. 7	650	424	3, 239. 1	1, 945. 1
Delaware.....	6	10	38. 0	50. 6	6	10	38. 0	50. 6
Pennsylvania.....	630	404	3, 198. 7	1, 808. 2	571	371	2, 960. 3	1, 723. 4
West Virginia.....	87	73	305. 5	241. 9	73	43	240. 8	171. 1
No. 4—Winston-Salem.....	2, 172	1, 346	6, 738. 4	4, 058. 3	1, 384	910	4, 456. 2	3, 083. 1
Alabama.....	648	167	1, 883. 5	439. 4	99	50	197. 2	77. 1
District of Columbia.....	344	419	1, 448. 0	1, 420. 9	172	141	1, 013. 5	889. 9
Florida.....	414	256	1, 255. 5	834. 1	387	244	1, 168. 9	809. 8
Georgia.....	169	117	262. 0	229. 9	159	111	251. 8	228. 0
Maryland.....	109	121	437. 7	402. 7	106	121	430. 7	402. 7
North Carolina.....	257	121	694. 6	343. 2	238	118	660. 6	341. 5
South Carolina.....	106	79	270. 8	210. 4	106	59	270. 8	156. 4
Virginia.....	125	66	486. 3	177. 7	117	66	462. 7	177. 7

TABLE 2.—*Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in October 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)	
	October 1936	October 1935	October 1936	October 1935	October 1936	October 1935	October 1936	October 1935
No. 5—Cincinnati	1,464	1,108	$6,372.3	$4,661.4	628	392	$3,052.0	$1,850.9
Kentucky	107	60	384.3	189.0	91	54	333.8	175.0
Ohio	480	947	2,630.9	4,271.5	417	247	2,403.4	1,480.0
Tennessee	877	101	3,357.1	200.9	120	91	314.8	195.9
No. 6—Indianapolis	817	415	4,285.0	2,166.9	792	411	4,187.0	2,155.9
Indiana	146	103	618.3	393.2	146	103	618.3	393.2
Michigan	671	312	3,666.7	1,773.7	646	308	3,568.7	1,762.7
No. 7—Chicago	596	367	3,178.6	1,918.9	577	355	3,136.2	1,895.7
Illinois	285	159	1,793.7	904.7	266	154	1,751.3	897.2
Wisconsin	311	208	1,384.9	1,014.2	311	201	1,384.9	998.5
No. 8—Des Moines	663	460	2,308.6	1,570.0	647	460	2,271.4	1,570.0
Iowa	131	82	419.8	269.0	131	82	419.8	269.0
Minnesota	196	134	769.5	507.9	196	134	769.5	507.9
Missouri	284	175	993.8	674.6	268	175	956.6	674.6
North Dakota	20	37	56.2	68.0	20	37	56.2	68.0
South Dakota	32	32	69.3	50.5	32	32	69.3	50.5
No. 9—Little Rock	1,199	727	2,962.0	1,937.2	1,115	695	2,882.6	1,855.3
Arkansas	46	15	136.0	36.6	46	15	136.0	36.6
Louisiana	132	58	362.6	161.1	124	52	354.1	146.7
Mississippi	67	53	120.0	155.0	57	53	101.7	155.0
New Mexico	64	21	164.4	55.7	57	21	150.4	55.7
Texas	890	580	2,179.0	1,528.8	831	554	2,140.4	1,461.3
No. 10—Topeka	487	257	1,811.5	924.3	385	250	1,348.7	915.0
Colorado	75	60	293.9	319.0	75	56	293.9	316.0
Kansas	102	53	387.4	150.2	92	53	347.4	150.2
Nebraska	71	41	244.8	114.4	71	38	244.8	108.1
Oklahoma	239	103	885.4	340.7	147	103	462.6	340.7
No. 11—Portland	500	270	1,495.7	725.5	439	254	1,402.5	719.3
Idaho	58	19	170.9	68.4	46	19	148.9	68.4
Montana	58	38	127.2	90.4	37	38	88.2	90.4
Oregon	107	37	417.9	150.2	107	37	417.9	150.2
Utah	70	35	215.3	89.3	62	35	208.3	89.3
Washington	197	125	518.9	269.5	177	109	493.7	263.3
Wyoming	10	16	45.5	57.7	10	16	45.5	57.7
No. 12—Los Angeles	2,364	1,126	9,489.0	4,210.3	2,074	1,005	8,683.8	3,922.2
Arizona	52	17	202.8	52.1	52	17	202.8	52.1
California	2,298	1,104	9,195.9	4,140.2	2,008	983	8,390.7	3,852.1
Nevada	14	5	90.3	18.0	14	5	90.3	18.0

Building Activity By Federal Home Loan Bank Districts and States

As may be seen in table 2, the States of New York and California continue to hold the lead in the number of dwelling units authorized. During October, New York accounted for 3,087 units and California for 2,298 units. Their nearest competitors were Texas with 890 units and Tennessee with 877 units.

In chart 3 this volume of building is translated into rate of building (the number of family dwelling units provided per 100,000 population) by Federal Home Loan Bank Districts. In rate of building, the Los Angeles District continues to hold the lead with 56 units while the New York District is in sixth place. Winston-Salem was second with 44 units and Little Rock third with 37 units.

Method of Compiling Statistics for Construction Article

FOR a period of 21 months the Federal Home Loan Bank Review has published regularly a series of residential construction statistics showing by States and Bank Districts the number of family units and the estimated cost of these units, based upon building permits reported to the U. S. Department of Labor. Because of the current interest being manifested in the real-estate market, especially in the volume of residential building activity, readers of the Review may be interested in the procedure employed in the development of this information.

Each month the U. S. Department of Labor through its Bureau of Labor Statistics receives summaries of building permits issued from approximately 1,500 cities, of which about 750 are cities having more than 10,000 inhabitants. Due to the fact that reports from those cities having less than 10,000 inhabitants have been available only from January 1936, and because this organization has been interested in developing and studying various trends in residential construction, our material has been based upon those cities having more than 10,000 inhabitants. Accordingly, a file record of individual cards has been developed in this office covering each city having more than 10,000 inhabitants from which the Department of Labor receives building-permit reports. Each card record contains a detailed breakdown of residential construction within a city showing the number of units and the estimated cost segregated by type of dwelling unit; such as 1-family, 2-family, multifamily, etc. Each month employees of the Division of Research and Statistics of the Federal Home Loan Bank Board transcribe the reports for all of these reporting cities from the U. S. Department of Labor records.

After all reports have been transcribed, the card records are returned to this office, sorted by Bank Districts, by States within Bank Districts, and finally into four population size groups within each State, namely: Group A—10,000 to 25,000; Group B—25,000 to 50,000; Group C—50,000 to 100,000; and Group D—100,000 and over. Each of these population groups in each State is considered as a separate unit in the method of estimation which follows.

In each population group within each State an identical group of reporting cities is maintained which is used as the base for making the required estimated projections. In most of the population groups the same identical cities consistently send in their records, and about these there is never any question. At times, however, certain cities send in their reports too late to be used. For such missing cities which are in our

identical group, construction records are estimated for the current month based upon the activity shown by all of the other cities in this same population group within the State. When the records for the group of identical cities within a population group are complete, summary totals are run of all of the items for all cities in the group and these totals are listed on master cards.

At this point, when we have the totals of all items by size of community, we are ready to make our projected estimates which eventually result in total construction figures for all cities having more than 10,000 population. This projection is done in the following manner: Using the 1930 census, the total population has been derived for all cities in each of the four population size groups indicated above, within each State. The projection factor used to expand our construction information is based upon the relationship which the total population of the reporting cities in the size group bears to the total population for all cities in that group. For example, in the State of New York, reporting cities in the 10,000 to 25,000 population group had a total population of 631,287. The population of all cities in this same size group within the State is 730,349. The factor based upon the relationship of 631,287 to 730,349 is 1.157, which is used in expanding the construction statistics of the reporting cities to secure an estimate for all cities in this population group within the State. A similar procedure is employed in each of the other three size groups and within each State. It might be pointed out that, since all cities having more than 100,000 inhabitants submit regular reports, the expansion factor is always unity, and hence the totals secured by adding the figures from the reporting cities will represent a 100-percent coverage of all cities in this group. Furthermore, practically all cities of 50,000 to 100,000 population report regularly, so that the job of expansion occurs mainly in those population groups below 50,000.

When the construction data for all population groups within each State have been estimated by means of an expansion factor as indicated in the above example, the material is in shape for final summation. These estimated totals for the four population groups within a State are added and a State total derived. Within each Bank District, totals for all items of residential construction are secured by population size groups. The State and Bank District totals by type of dwelling, both number of units and dollar amount, are prepared in tabular form and a United States total built up. In this form the material is presented in each issue of the FEDERAL HOME LOAN BANK REVIEW. Such supplementary information as comparisons by type of dwelling unit, and construction trends by size of community are developed as an integral part of the estimating procedure and, while not regularly published, are always kept available for reference.

In conclusion, it might well be pointed out that certain recognized weaknesses exist in the foregoing technic. The greatest weakness arises in some of the Western States where, for instance, there exist cities in only one size group such as in Montana and Nevada. At times our actual reports are limited to only one of the two existing cities in this group, which accordingly, means that our estimate for the whole represents approximately a 100-percent expansion of reported figures. With this exception, however, the base upon which our estimates are developed in general represents more than 75 percent of the total population of all cities in the individual population size group. The maintenance of an identical group of cities to serve as a base for expansion and the method followed in determining this base are felt to be sound and practicable. Experience has shown that in those instances where the records for an individual city are estimated in the development of our identical base, subsequent reports have indicated only a negligible amount of error in the data reported.

Federal Home Loan Banks

DURING October, the balance outstanding of Federal Home Loan Bank advances to member institutions increased $5,174,000, making total advances outstanding $134,941,000 at the end of the month. Approximately the same amount was advanced in loans as during September. Attention is called to footnote 2 of table 2 which reinterprets the meaning of the borrowing capacity of members of the Federal Home Loan Banks. In October, the number of member institutions increased by 22, bringing the total to 3,729.

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

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

Federal Home Loan Bank	Rate in effect on Dec. 1	Type of loan
	Percent	
1. Boston	3	All advances.
2. New York	3½	All advances for 1 year or less.
	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."

TABLE 2.—*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
October	3,729	.....	262,046	9,487	4,313	134,941	911,000

[1] Estimates of assets are brought up to date semiannually.

[2] Based upon the amount for which the members may legally obligate themselves, or 50 percent of their net assets, whichever is lower.

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

Urban Housing

(Bulletin No. 2, of the Public Works Administration)

IN AUGUST 1936, the Housing Division of the Public Works Administration published its second housing bulletin. This bulletin, as a sequel to the first bulletin, "Slums and Blighted Areas in the United States", by Dr. Edith Elmer Wood, is intended as a handbook of the Housing Division. Prepared by the editorial section of the Branch of Research and Information, its purpose is to show the relationship between the Division and the urban housing movement.

The booklet is divided into four parts, dealing with present-day urban living conditions; the purpose, policy, function, and structure of the Housing Division; its history; and its present program. The authors state that although centralization was at first necessary in the pioneering efforts at slum clearance, later low-cost housing must be undertaken by local authorities with Government financial aid. At such a time, the 50 projects now in process of construction by the P. W. A. will serve as yardsticks. The failures and successes of these efforts will, it is hoped, guide future projects from the many pitfalls in such undertakings.

The second half of the bulletin is devoted to appendices dealing with more general aspects of the housing problem as well as listing and describing the P. W. A. projects undertaken. Appendix A gives a brief history of housing in Europe as well as in the United States. Appendix B summarizes housing legislation and gives in full the Wagner-Ellenbogen Bill which failed to pass the 74th Congress. Official State and Regional housing agencies are also listed. Appendix C lists the projects of the Housing Division.

Copies of this Housing Bulletin No. 2 may be obtained for 25 cents from the Superintendent of Documents, Government Printing Office, Washington, D. C.

Federal Savings and Loan System

A LARGER volume of mortgage loans were made during October by the 1,051 reporting Federal savings and loan associations than during any previous month. Mortgage loans made by these associations amounted to $22,328,400 during October, which was an increase of $1,118,200 over September. The largest part of this increase was due to refinanced loans and loans for home purchase. Approximately the same amount was loaned for new construction in October as in September.

Analyzing the mortgage loans of these 1,051 associations according to the purposes for which they were made, new construction and reconditioning accounted for 39.9 percent in dollar volume, home purchase for 28.8 percent, and refinancing for 24.9 percent. At the end of October, their combined mortgage loans outstanding amounted to $518,254,700. This was $15,000,000 more than at the beginning of the month.

The combination of a 12-percent decrease in repurchases and a 12-percent increase in private share investments resulted in a substantial gain in net private share investments during October. At the end of the month, private shareholders had paid in $423,138,200 and the Treasury and Home Owners' Loan Corporation $128,911,700. During the month, H. O. L. C. increased its investments in these associations by $9,891,900, exceeding H. O. L. C. investments in reporting Federals during any previous month.

By October 31, the advances outstanding to these 1,051 associations from the Federal Home Loan Banks amounted to $49,618,300. This was 36.8 percent of total Bank advances outstanding to all associations on that date.

New Charters Granted

During October, two newly organized associations were chartered as Federal savings and loan associations and nine associations which had been in operation under State charter were converted to the Federal charter. The net increase in Federals, as shown in table 1, was nine associations. At the end of the month there were 1,192 Federal associations with approximately $693,000,000 in assets.

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	Sept. 30, 1936	Oct. 31, 1936	Sept. 30, 1936	Oct. 31, 1936
New	57	481	605	643	643	$116, 942, 621	$116, 952, 726
Converted	2	158	418	540	549	570, 896, 573	576, 694, 716
Total	59	639	1, 023	1, 183	1, 192	687, 839, 194	693, 647, 442

TABLE 2.—*Monthly operations of 1,051 identical Federal savings and loan associations reported during September and October 1936*

	September	October	Change September to October
			Percent
Share liability at end of month:			
Private share accounts (number)	592, 429	597, 357	+0. 8
Paid on private subscriptions	$419, 967, 000	$423, 138, 200	+0. 8
Treasury and H. O. L. C. subscriptions	119, 019, 800	128, 911, 700	+8. 3
Total	538, 986, 800	552, 049, 900	+2. 4
Private share investments during month	7, 137, 900	8, 027, 300	+12. 5
Repurchases during month	6, 008, 400	5, 264, 700	−12. 4
Mortgage loans made during month:			
a. New construction	7, 549, 900	7, 551, 100	0
b. Purchase of homes	5, 968, 900	6, 418, 000	+7. 5
c. Refinancing	5, 000, 500	5, 558, 400	+11. 2
d. Reconditioning	1, 257, 300	1, 366, 600	+8. 7
e. Other purposes	1, 433, 600	1, 434, 300	0
Total	21, 210, 200	22, 328, 400	+5. 3
Mortgage loans outstanding end of month	503, 050, 300	518, 254, 700	+3. 0
Borrowed money as of end of month:			
From Federal Home Loan Banks	47, 235, 400	49, 618, 300	+5. 0
From other sources	1, 818, 400	1, 857, 400	+2. 1
Total	49, 053, 800	51, 475, 700	+4. 9
Total assets, end of month	669, 325, 200	687, 231, 600	+2. 7

The Evolving House

SHORTLY before his death, Mr. Alfred F. Bemis completed the third volume of his trilogy entitled "The Evolving House." These three volumes treat in turn the history of the home, the economics of shelter, and rational design. They are concerned with the economic causes for housing as it is today, the effect of such housing on our social, economic, and esthetic life, and then offer, in the third volume, Mr. Bemis' proposed solution of our housing difficulties.

The title of the third volume, Rational Design, gives the key to what Mr. Bemis says is the first necessary step in the organization of the building industry. He sees present-day housing as structurally out of step with manufacture and engineering. We are dependent upon such machines of mechanical efficiency as the automobile, telephone, electric refrigerator, etc. It is one of the paradoxes of our time that with this mechanization we continue to live in houses that are structurally in the Middle Ages—this, in spite of the fact that the accessories of the home are highly mechanized. It is to show what is necessary to bring the house into step that Mr. Bemis has written these books.

Up to the present time there have been several efforts towards the rationalization of the structure of the house and standardization of building materials. Credit for pioneering in these fields must go to such men as Grosvenor Atterbury, who urged a re-

formed house structure 30 years ago, to Ernest Flagg, designer, and to Frank Lloyd Wright, architect.

However, early efforts were directed principally at the rationalization of some particular material or group of materials, not of building materials in general. Today, significant work is being done by both the Government and private institutions. The Bureau of Standards, in Washington, D. C., tests materials and processes; the Forest Products Laboratory, a division of the Department of Agriculture, studies and creates new uses for wood; the University of Illinois attacks the problem of insulation, heating, and air conditioning. The list could include a great many of our universities and institutions. But Mr. Bemis feels that before these efforts can be truly effective they must be coordinated and harmonized by a new conception of structural design.

Although he recognizes the other factors that are involved in the proper orientation of the house to society such as social customs, living standards, public welfare, property, finance, esthetics, etc., he feels that these factors cannot be brought into balance until the structure itself, which is the basis of the entire problem, is made rational. This rationalization of the house structure is purely an engineering problem. He attacks it as such and "subordinates all other aspects however vital". In general terms Mr. Bemis defines this rationalization as follows: "Rationalization is the ever-continuing, evolutionary process by which an activity, a custom, a technique, an industry is brought up to date, into balance, into harmony—that is, becomes rational with respect to other things."

At present, building materials bear little relation to one another as to size and shape; they are not designed with the view in mind of their final incorporation together into one structure. Brick, tile, steel, and wood are produced in sizes dictated by custom; are brought to the site and are then cut to fit the needs of the individual job. The resultant waste is obvious. It could, Mr. Bemis felt, be eliminated if all such materials were standardized in their relation to one another. They need, literally, some common denominator. Mr. Bemis and his co-workers after a great deal of research took the cube as that denominator. They evolved a scheme that would permit the manufacture of all materials on the basis of that cube which was, in dimensions, evolved by balancing the many factors involved in determining the structural wall thickness necessary for dwellings.

This scheme was patented as the "cubical modular theory". In Mr. Bemis' own words, it means: "Cubical modular design in itself simply requires that all parts of the house, including particularly the means of interconnection, be proportioned to the same module in all three dimensions. The size of that module is determined by practical considerations of materials, structure, type, and planning."

The natural end of cubical modularity, as Mr. Bemis sees it, would be prefabrication in a factory and assembly on the plot. He says that houses would, under such a system, be more varied in appearance than they are now. They would, however, have a common structural basis.

The question naturally arises: How would such a rationalization affect home-financing institutions? Mr. Bemis states that it would immediately provide a simplified basis of value on which to determine risk and rate.

Dwellings would be flexible in structure, permitting adaptation to individual needs and preferences. Such a flexibility would be a dominant factor in preventing loss should foreclosure be necessary. Mr. Bemis felt that if the building industry were coordinated and rationalized, a period of unparalleled building activity would follow with its consequent advantages for all financing institutions.

Regardless of the advantages or disadvantages to savings and loan associations in the rationalization of building, they should acquaint themselves with all possible changes in the field. By so doing, they will

be better equipped to adapt themselves to such changes when and if they occur.

A History of the Home

In Volume I is traced the evolution of shelter from its probable beginnings in prehistoric times up to about 1920. This volume was largely the work of John Burchard, 2nd. He traced the development of cities and industrialization with their attendant evils of slums and overcrowding, and reviewed the social and economic forces influencing their development.

The Economics of Shelter

The second volume, The Economics of Shelter, gives a careful analysis of the economic factors influencing the demand for housing. It concludes with Mr. Bemis' proposal for coordination of all aspects of present-day housing.

Building codes, for example, obviously need to be unified throughout the country and the defects eliminated. Title and mortgage laws also need to be standardized.

As for the part to be played by the Government, Mr. Bemis felt that there should be no direct competition with private enterprise. The Government should, rather, coordinate and unify financial and building practices.

In this respect, he writes, the Federal Home Loan Banks, by averaging the risks between individuals and territorial sections would further broaden the availability of home credit as an object for general public investment. By thus increasing its liquidity individually lower mortgage rates would be justified and would result.

The Evolving House (three volumes) was published by the Technology Press, Massachusetts Institute of Technology, Cambridge, Massachusetts. In a supplement to the third volume John Burchard, 2nd, describes the more important efforts to design a house suited to prefabrication.

Federal Savings and Loan Insurance Corporation

THE share accounts of 40 savings and loan associations were insured by the Federal Savings and Loan Insurance Corporation between October 15 and November 15. By far the largest number (26) of these newly insured associations operate under State charter. The remaining 14 are Federal savings and loan associations, 5 being newly organized and 9 converted to Federal charter from State charter.

The net increase in the number of insured associations during this period was 33, bringing the total number to 1,510 as of November 15. Their assets as of the latest obtainable data were $1,122,634,665 and their share and creditor liabilities, $1,026,-

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	Oct. 15, 1936	Nov. 15, 1936	Oct. 15, 1936	Nov. 15, 1936
State-chartered associations	53	351	612	631	$760, 432, 975	$776, 194, 579
Converted F. S. and L. A.	134	480	594	601	588, 261, 490	594, 083, 796
New F. S. and L. A.	393	575	644	646	14, 352, 113	14, 408, 499
Total	580	1, 406	1, 850	1, 878	1, 363, 046, 578	1, 384, 686, 874

INSTITUTIONS INSURED [1]

	Cumulative number at specified dates				Number of shareholders	Assets	Share and creditor liabilities
	Dec. 31, 1934	Dec. 31, 1935	Oct. 15, 1936	Nov. 15, 1936	Nov. 15, 1936	Nov. 15, 1936	Nov. 15, 1936
State-chartered associations	4	136	309	331	583, 429	$446, 454, 342	$395, 326, 701
Converted F. S. and L. A.	108	406	538	545	571, 373	561, 601, 419	519, 432, 676
New F. S. and L. A.	339	572	630	634	103, 264	114, 578, 904	112, 160, 445
Total	451	1, 114	1, 477	1, 510	1, 258, 066	1, 122, 634, 665	1, 026, 919, 822

[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.

919,822. They represented 1,258,066 share accounts, each of which is protected up to $5,000.

Applications for insurance during this period were received from 28 savings and loan associations, with $21,640,296 in assets. Two are new Federal savings and loan associations, 7 are converted Federals, and 19 are State-chartered associations.

Comparable reports were received from 158 insured State-chartered associations during September and October (table 2). As of October 31, these associations had combined assets totaling $212,833,100 which was an increase of 1.2 percent during the month. Their share liability amounted to $125,847,400. Of this amount, $7,770,900 was subscribed by the Treasury and the Home Owners' Loan Corporation. During October the H. O. L. C. increased its subscriptions in the shares of these associations by $933,500. Private share investments also showed a substantial gain of 10.0 percent, while repurchases decreased 3.1 percent.

These 158 associations made a slightly smaller volume of mortgage loans during October than September. However, during the latter month a larger proportion of the loans made were for home construction. Of the total loans made during October, 32.9 percent was for new construction, 33.1 percent for home purchase, 16.3 percent for refinancing, 7.8 percent for reconditioning, and 9.9 percent for other purposes than those listed. At the end of October the total mortgage loans outstanding were $139,359,800. This was an increase of 1.6 percent during the month.

Of the 158 reporting insured State-chartered associations, 152 are members of the Federal Home Loan Bank System. Bank advances outstanding to them as of the end of October were $9,299,000—6.1 percent over the previous month.

TABLE 2.—*Monthly operations of 158 insured State-chartered savings and loan associations reporting during September and October 1936*

	September	October	Change September to October
Share liability at end of month:			*Percent*
Private share accounts (number)	222, 104	222, 458	+0. 2
Paid on private subscriptions	$119, 047, 700	$119, 076, 500	
Treasury and H. O. L. C. subscriptions	6, 837, 400	7, 770, 900	+13. 6
Total	125, 885, 100	126, 847, 400	+0. 8
Private share investments during month	2, 144, 000	2, 357, 200	+10. 0
Repurchases during month	2, 383, 700	2, 309, 000	−3. 1
Mortgage loans made during month:			
a. New construction	1, 194, 600	1, 389, 300	+16. 3
b. Purchase of homes	1, 411, 400	1, 398, 100	−0. 9
c. Refinancing	760, 200	685, 900	−9. 8
d. Reconditioning	343, 400	330, 100	−3. 8
e. Other purposes	519, 400	416, 500	−19. 8
Total	4, 229, 000	4, 219, 900	−0. 2
Mortgage loans outstanding end of month	137, 222, 900	139, 359, 800	+1. 6
Borrowed money as of end of month:			
From Federal Home Loan Banks	8, 764, 900	9, 299, 000	+6. 1
From other sources	2, 086, 700	2, 048, 500	−1. 8
Total	10, 851, 600	11, 347, 500	+4. 6
Total assets, end of month	210, 350, 400	212, 833, 100	+1. 2

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. 31, 1936	76	3, 114, 910	229	17, 846, 400	2, 260	92, 123, 400	2, 565	113, 084, 710
Nov. 20, 1936	82	3, 575, 710	244	18, 868, 900	2, 354	96, 236, 700	2, 680	118, 681, 310
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. 31, 1936	44	1, 647, 200	212	16, 629, 900	2, 182	88, 362, 300	2, 438	106, 639, 400
Nov. 20, 1936	43	1, 672, 200	225	17, 118, 900	2, 284	92, 378, 600	2, 552	111, 169, 700

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

TABLE 2.—*Reconditioning Division—Summary of all reconditioning operations through Nov. 11, 1936*

Period	Cases received [1]	Total contracts awarded		Total jobs completed	
		Number	Amount	Number	Amount
June 1, 1934, through Oct. 15, 1936	731, 985	396, 401	$76, 590, 321	386, 933	$73, 674, 007
Oct. 16, 1936, through Nov. 11, 1936 [2]	7, 126	4, 255	707, 040	5, 040	1, 022, 630
Grand total through Nov. 11, 1936	739, 111	400, 656	77, 297, 361	391, 973	74, 696, 637

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

[2] The figures for this period are subject to correction.

NOTE.—Prior to the organization of the Reconditioning Division on June 1, 1934, the Corporation had completed 52,269 reconditioning jobs amounting to approximately $6,800,000.

TABLE 3.—*Foreclosure cases dispatched to State Counsel and properties acquired by the Home Owners' Loan Corporation* [1]

Period	Foreclosure cases dispatched to State Counsel	Withdrawn and suspended cases [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	1,440
July	8,016	249	1,380
August	8,203	335	1,802
September	7,278	1,375	2,420
October	6,265	1,114	3,665
Grand total to Oct. 31, 1936	57,413	3,753	14,822

[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 5,525 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 14,822 completed cases, 67 properties were sold at foreclosure sale to parties other than H. O. L. C.

Renovation

(Continued from page 76)

by a brick wall are not interested in nor even aware of the occupants of the run-down houses across the street.

"In estimating the value of work of this kind you will readily see that the dominant factor is not the cost of construction. Proceeding on that basis, one would estimate the value of a beautiful painting by the cost of the canvas, frame, and oils.

"I have always maintained that there is need for greater specialization in appraisal work. The assumption that one man is an expert appraiser for a large part of any one community seems to me absurd. For really expert appraisal I should say that a city of 350,000 population naturally divides itself into at least 10 districts, if not indeed 15 or more."

Interview No. 4: "I have specialized in renovating old buildings for new uses. Incidentally, some of the buildings were not so very old either. The principal obstacle I have met in this work is the tendency of all lending agencies to estimate the amount they would be willing to advance upon the basis of appraisal of the value of the building in its dilapidated condition and while either vacant or almost so. The sort of renovation I do calls for imagination and enterprise. These qualities need the cooperation of the lender.

"There are uncounted thousands of buildings in this country now losing money that can be made to produce more revenue than they yielded when new. Investment for renovation in this field should be based upon an estimate of what the building will be worth after the job is finished and not upon the amount now unprofitably tied up in it.

"Hundreds of millions of dollars should be invested in renovation in this country

immediately. The holders of uncounted thousands of foreclosed properties are at this moment puzzling over their renovation problems. A great many of these foreclosed properties are going to be renovated according to the orders of persons with very little experience in that field. Some of them, of course, will prove to have sound judgment; others will not. If I were today confronting a problem and lacked experience, I should look about in my community for the man who has been successful in this field and I should try to turn the job over to him, preferably by making him the new owner. If he really knows his business and if the property in question has excellent possibilities for profitable renovation, he ought to be willing to pay a price for it that would lift it out of the lending agency's red portfolio. Renovation is a specialized field and the successful men in it are never numerous in any one community but my observation leads me to venture the statement that there are always a few who have been successful in good times and bad because of their outstanding talent."

In view of the great importance of the whole broad subject of renovation, the REVIEW would welcome letters stating actual experiences that might prove of practical value. These will be published without names in order to encourage complete frankness. What we want is the story of the property in question, the problem it presented, and the outcome of an effort to solve that problem. The names of financially interested persons are not important.

Directory of Member, Federal, and Insured Institutions

Added during October–November

I.—INSTITUTIONS ADMITTED TO MEMBERSHIP IN THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN OCTOBER 19, 1936, AND NOVEMBER 14, 1936 [1]

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

DISTRICT NO. 2

NEW YORK:
Buffalo:
Black Rock-Riverside Savings & Loan Association, 52 Amherst Street.

DISTRICT NO. 3

PENNSYLVANIA:
East Pittsburgh:
Electric Building & Loan Association, 663 Braddock Avenue.
Philadelphia:
First American-Hungarian Building & Loan Association, 339 West Girard Avenue.
WEST VIRGINIA:
Charleston:
West Virginia Building & Loan Association, 226½ Capitol Street.

DISTRICT NO. 4

MARYLAND:
Baltimore:
State Mutual Building Association of Baltimore City, 809 Howard Street.

DISTRICT NO. 6

INDIANA:
Butler:
Peoples Savings & Loan Association of DeKalb County, Ind.
Princeton:
Peoples Building, Loan & Savings Association of Princeton, Ind.
Shelbyville:
Mutual Loan & Savings Company.
South Bend:
Jan III Sobieski Building & Loan Association.

DISTRICT NO. 7

ILLINOIS:
Alton:
Home Building & Loan Association of Alton, 12 West Third Street.
Chicago:
Economy Building & Loan Association, 2400 South Homan Avenue.
Sacramento Avenue Building & Loan Association, 2103 West Twenty-fifth Street.
WISCONSIN:
Shawano:
Shawano County Building & Loan Association.

DISTRICT NO. 8

IOWA:
Des Moines:
Insurance Plan Savings & Loan Association, 522 Marks Building.

DISTRICT NO. 10

KANSAS:
Manhattan:
Manhattan Building, Loan & Savings Association.
NEBRASKA:
Beatrice:
State Savings & Loan Association.

DISTRICT NO. 12

HAWAII:
Hilo:
Hawaii Building & Loan Association, Limited, 125 Kamehameha Avenue.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN OCTOBER 19, 1936, AND NOVEMBER 14, 1936

LOUISIANA:
Baton Rouge:
Jefferson Homestead Association, 545 Lafayette Street (consolidated with Baton Rouge Building & Loan Association).
MARYLAND:
Baltimore:
Belvedere Building & Loan Association, 2327 Hartford Avenue.
NEW YORK:
Buffalo:
Riverside Co-operative Savings & Loan Association, 1911 Niagara Street (consolidated with Black Rock Savings & Loan Association, now operating as Black Rock-Riverside Savings & Loan Association).

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

New York—Continued.
St. George:
St. George Building, Savings & Loan Association, 26 Bay Street (consolidated with Tompkinsville Federal Savings & Loan Association, Tompkinsville, New York).
North Carolina:
Wilmington:
Progressive Building & Loan Association, 222 Princess Street.
Pennsylvania:
Ambler:
Community Building Association of Ambler, Corner Main Street & Butler Avenue.

II.—FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN OCTOBER 19, 1936, AND NOVEMBER 14, 1936

DISTRICT NO. 2

New York:
Tompkinsville:
Tompkinsville Federal Savings & Loan Association, 150 Bay Street (converted from Tompkinsville Cooperative Savings & Loan Association).

DISTRICT NO. 4

Maryland:
Baltimore:
Fraternity Federal Savings & Loan Association, 726 Washington Boulevard (converted from Fraternity Building & Loan Association, Incorporated).
Glen Burnie:
United Federal Savings & Loan Association of Glen Burnie (converted from United Building & Loan Association of Glen Burnie, Incorporated).
Virginia:
Altavista:
Piedmont Federal Savings & Loan Association.

DISTRICT NO. 5

Kentucky:
Covington:
Kentucky Federal Savings & Loan Association, 1209 Scott Street (converted from Kentucky Perpetual Building & Loan Association of Covington, Ky.).
Ohio:
Leesburg:
Leesburg Federal Savings & Loan Association (converted from Leesburg Building & Loan Association Company).

DISTRICT NO. 6

Indiana:
South Bend:
Sobieski Federal Savings & Loan Association of South Bend (converted from Jan III Sobieski Building & Loan Association).

DISTRICT NO. 7

Illinois:
Gibson City:
Gibson Federal Savings & Loan Association, 127 Sangamon Avenue (converted from Gibson Savings & Loan Association).
Mattoon:
Mattoon Federal Savings & Loan Association, 1519 Broadway (converted from Mattoon Building & Loan Association).

DISTRICT NO. 8

South Dakota:
Mitchell:
First Federal Savings & Loan Association of Mitchell.

DISTRICT NO. 10

Kansas:
Hutchinson:
Salt City Federal Savings & Loan Association, 17 East Second Street (converted from Salt City Building, Loan & Savings Association).

DISTRICT NO. 11

Alaska:
Juneau:
Alaska Federal Savings & Loan Association.

DISTRICT NO. 12

California:
Los Angeles:
Southland Federal Savings & Loan Association, 670 North Robertson Boulevard (converted from Southland Building-Loan Association).
Newport Beach:
Newport-Balboa Federal Savings & Loan Association, Box 277.

III.—INSTITUTIONS INSURED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION BETWEEN OCTOBER 19, 1936, AND NOVEMBER 14, 1936[1]

New York: DISTRICT NO. 2
Buffalo:
Black Rock-Riverside Savings & Loan Association, 52 Amherst Street.
Westerleigh:
Westerleigh Building, Loan & Savings Association, 832 Jewett Street.

Pennsylvania: DISTRICT NO. 3
Philadelphia:
Eighth Street Business Men's Building & Loan Association, 322 North Eighth Street.
Keystone State Building & Loan Association of Germantown, 5026 Wayne Avenue.

South Carolina: DISTRICT NO. 4
Hartsville:
Mutual Savings & Loan Association.

Kentucky: DISTRICT NO. 5
Fulton:
Fulton Building & Loan Association, 214 Main Street.
Ohio:
Cleveland:
Lithuanian Savings & Loan Association, 6712 Superior Avenue.
Crestline:
Crestline Building & Loan Association.
Lorain:
Citizens' Home & Savings Association Company of Lorain, Ohio, 559 Broadway.
Sandusky:
The Savings Building & Loan Company, 117 West Washington Row.
South Euclid:
South Euclid Savings & Loan Company, 4461 Mayfield Road.
Youngstown:
Home Savings & Loan Company of Youngstown, Ohio, 275 West Federal Street.

Indiana: DISTRICT NO. 6
Newcastle:
Citizens Building & Loan Association, 116 South Main Street.
Richmond:
West End Building & Loan Association, 409 East Main Street.
South Bend:
Industrial Savings & Loan Association of South Bend, 207 South Main Street.
Whiting:
Liberty Savings & Loan Association of Whiting, 1916 Indianapolis Boulevard.

Iowa: DISTRICT NO. 8
Ames:
Ames Building & Loan Association, 300 Main Street.
Carroll:
United Savings & Loan Association.
Des Moines:
Home Savings & Loan Association, 904 Grand Avenue.
Insurance Plan Savings & Loan Association, 522 Marks Building.
Missouri:
St. Louis:
Surety Home Building & Loan Association, 2011 South Broadway.
South Dakota:
Yankton:
Yankton Building & Loan Association, 214 West Third Street.

Kansas: DISTRICT NO. 10
Osawatomie:
Consolidated Building & Loan Association, 557 Main Street.

California: DISTRICT NO. 12
San Jose:
Guaranty Building & Loan Association, 69 South First Street.
Hawaii:
Honolulu:
International Building & Loan Association, Limited, 1030 Smith Street.

[1] During this period 11 Federal savings and loan associations were insured.

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