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The Bank System Offers its Debentures

THE Federal Home Loan Bank System was created by Act of Congress in July 1932. It grew out of one of the lessons of the depression which clearly indicated the need for a central reserve for institutions engaged in mortgage financing. While it was recognized that it would be quite impossible, and even undesirable, to set up machinery to insure complete liquidity for thrift funds loaned on a long time basis, it was felt that a great deal could be done toward providing a *measure* of such liquidity and also toward cushioning the disastrous effects which resulted from the complete lack of such facilities during the recent debacle. The commercial banks had long had their protection in the Federal Reserve System. Agriculture, through the Land Banks and Intermediate Credit Banks, had for several years realized the benefits of such facilities. In creating a reserve system for urban home financing, the Congress simply took the logical step to complete the national organization of credit.

GROWTH OF SYSTEM

IN THE five brief years of its existence, the growth of the Federal Home Loan Bank System has been an interesting confirmation of the position that such an instrumentality was urgently needed in the home as well as in the farm and commercial fields of national finance. Inaugurated in July of 1932, the System has grown from 118 members with resources of \$217,000,000 as of December 31 of that year to 3,799 members with \$3,300,000,000 resources as of March 31, 1937. Its advances to members have increased as of the same dates from \$837,000 to \$142,700,000.

The framers of the original legislation setting up the Federal Home Loan Bank System discarded the theory of a central mortgage bank of discount as unsuited to a country of such wide

frontiers and such pronounced differences in the background and psychology of its people. They preferred to place the emphasis on local thrift and local responsibility and with that in mind they created a system singularly impregnable from the standpoint of risk but at the same time sufficiently wide in its authority and powers to knit together the many classes of institutions engaged in home financing. Their aim was to provide for that measure of liquidity which the industry so urgently needed and also to set up a mechanism for the easy transfer of funds from areas of abundance to areas of scarcity.

FEDERAL CAPITAL

CARRYING out this conception it was provided that the Government should advance original capital up to \$125,000,000 to supplement the capital furnished by the private member institutions. This was to testify to the Government's interest and concern in the new System and to give impetus to the first experimental steps in a new field. While strong requirements of liquidity were thrown around the investment of member deposits and member subscriptions for capital stock, the Government's funds invested in the System were made immediately available for either long- or short-term loans. The wisdom of this latter provision becomes apparent when it is realized that the Government's stock interest of \$120,000,000 as progressively subscribed has made possible five years of valuable experience and a reasonable maturity before the System presented itself in the market place for funds with which to enlarge and develop its services.

In a way it may be said that with its first public financing, which is now at hand, the Federal Home Loan Bank System comes of age. It passes from the period of its neophytage and dependence

upon the Government Treasury to one of independence and of competency based upon five years of steady growth. Because of the rigid conservatism with which this youngest of the reserves was set up, it is in a singularly fortunate position to ask for funds with which to carry on its work. By law and regulation it cannot borrow more than five times its paid-in capital and it can never have outstanding any indebtedness in excess of the amount of the secured notes of its members. Collateralized advances to members are by law limited to 65 percent of the unpaid principal balances or 60 percent of the appraised value of the properties, whichever is less, and in some instances the permissible ratios are even lower. The one exception is made in the case of FHA loans which are insured by the United States Government, and upon which the System will loan to 90 percent of unpaid principal balances. No loans to members may exceed 12 times the borrower's stock ownership in the System. Because of the mutual nature of the great majority of member institutions, present advances of some \$140,000,000 constitute a first claim on the assets of borrowing institutions whose total resources in the aggregate are over \$2,000,000,000. The System has an inconsequential delinquency record. Its net earnings since its inception total \$11,157,791, of which \$2,045,336 has been set aside as reserves, \$2,302,136 as undivided profits, and \$6,810,319 has been paid in dividends to the owners of the stock. Its present earning rate is 2.72 percent and dividends are being paid by the various regional banks ranging from 1 percent to 2 percent.

PREVIOUS EXPERIENCE

SOME months ago when it became apparent that the Bank System's expanding demand for advances would necessitate the issuance of public securities, the Board instituted a survey of the general problem with particular attention to any precedents which might exist. Fortunately, the Land Banks and the Intermediate Credit Banks had several years of experience to be drawn upon in this connection. There was also available to the Federal Home Loan Bank Board the invaluable advice of the officials of the United States Treasury and the Federal Reserve Banks. Com-

mercial bankers in New York and other financial centers were of great assistance.

In any approach to this problem of financing, it is early discovered that a primary consideration is to understand the wide difference which obtains between a Reserve Banking System and a commercial enterprise. The same rules do not apply. The Bank System does not operate as an adventure for profit but as the servant of its members. It should, of course, pay its way and accumulate certain reserves, but its main concern is not its earnings but the proper performance of its function to the industry and to the public. The amount of its advances is not the criterion of its success any more than the total discounts of the Federal Reserve measure the usefulness of that institution in the realm of commercial banking.

IDEAL BALANCE

THE ideal financial situation in the field of home financing would be one in which the total public savings available for long-term mortgage lending just about balanced the legitimate demand for such funds. Under such a condition the advances of the Federal Home Loan Bank System would be limited to seasonal and local demands for liquidity and to the transfer of cash balances to smooth out the geographical inequalities of supply and demand.

For some time there has been no such desirable balance in the home-financing market. We have been passing through one of the great depressions of history. It was inevitable that during the black days of that period there should develop a passion for liquidity, and that thrift funds should be withdrawn from their conventional function in the long-term market. They naturally sought refuge in Postal Savings and other demand deposit institutions, where they could be immediately turned into cash without notice. During such a period it was obviously the duty of the Federal Home Loan Bank System to make long time funds available at low rates, thus filling the gap left by the flight of normal capital and permitting the industry to carry on.

There are now some encouraging signs that private capital is returning to the mortgage market. This vitally affects any long range financing plan for the System. If this return

trend of private capital develops into a sustained movement and the member institutions once again accumulate the peoples' savings in amounts sufficient to meet the demand for home financing, the basic policy of the Federal Home Loan Bank System must be amended accordingly—its long-term rates raised above the market cost of long-term funds, and its influence exercised toward the reduction of such member borrowings as can be replaced by private share investment. This will be only the normal protection which a reserve system should set up for its members against the recurrence of a downswing in the business cycle.

With these many and various considerations in mind, the specific questions to be answered in developing an initial financing program may be stated as follows:

1. Should the offering be made in the form of consolidated or individual bank debentures?
2. Should it be secured or unsecured?
3. What financing intervals?
4. Should the issue be short or long term?

There is very little difficulty with the first two questions. The advantages of a consolidated issue are compelling from the various viewpoints of convenience, expense, and market rate. As to collateralization, investigation has proved it unnecessary. The provisions of the law are so strong that practical collateralization is achieved without physical pledging of assets. The market advantage of any specific pledge has been found to be nil, and the cost prohibitive.

QUARTERLY PERIODS

IN THE matter of financing intervals judgment becomes more difficult. Obviously, the shorter the intervals between offerings the less excess cash the regional banks will have to carry and the closer can be their estimates of requirements. On the other hand, the market must not be worn out with too frequent issues, and the program must mesh with the practice of the Treasury and the Intermediate Credit Banks. The quarterly periods decided upon, while not as close as desired, should not impose unduly burdensome cash requirements on the banks. They should permit reasonable estimates of requirements.

As to the question of maturity: Several members of the Advisory Council and of the regional bank directorates have expressed themselves in favor of a long-term initial issue. This opinion is based on the theory that the Bank System's function is primarily the making of long-term advances, and its short-term function merely incidental. However, a careful analysis of five years of operation rather indicates the importance of the short-term phase of the System's work and, as pointed out above, this function may well increase as recovery quickens and thrift funds return to the member institutions. At the present time \$55,570,304 of the System's \$142,719,537 advances are due within one year. During the last six months cash repayments to the regional banks have averaged \$5,973,535 monthly.

Under these conditions expert opinion leans heavily toward an initial offering of 1-year paper, to be followed by similar maturities at quarterly intervals until the total approaches the amount of the System's liquids plus its advances due within the 1-year period. Beyond that amount maturities of offerings should be gradually extended to conform to the System's expected repayments. This would seem to be entirely orthodox financing. It is sanctioned by the most conservative Wall Street practice.

There is one other consideration of importance in connection with these present plans. Under the provisions of the Home Owners' Loan Act of 1933, As Amended, the HOLC is authorized to invest up to the sum of \$300,000,000 in Federal Home Loan Bank debentures and/or the shares of State and federally chartered savings and loan associations. Up to the present time this fund has been used solely to purchase savings and loan shares but there remains an unexpended balance of \$152,466,700, any or all of which can be diverted to meet the needs of the Bank System should the occasion arise. The ability to draw on this fund is comfortable insurance that irrespective of market conditions, the System will be able to dispose of its securities at its convenience and upon reasonable terms.

EDITOR'S NOTE: The \$25,000,000 issue of the first debentures of the Federal Home Loan Banks was offered at one and one-half percent on May 5, and oversubscribed within a few hours.

Home Ownership and Income

This article, dealing with a metropolis, is the first in a series which will discuss home ownership and income in cities of various sizes.

WHAT types of families offer the home-financing institution its greatest opportunity in the promotion of home ownership? The answer may be partially provided for cities of every population group by the "Study of Consumer Purchases", for which field surveys were recently completed by the Bureau of Labor Statistics and other Federal agencies.

If the families that do not own homes in a community are classified first by the amount of their income, and next by the type of their occupation, a savings and loan association can then judge among which groups it can most profitably expand its lending activities. How much each type of family pays for rent, how large a proportion of each type own their homes, and how the cost of shelter is related to other items in the family budget are three of the many questions that the Study of Consumer Purchases will help to answer when final figures become available.

For practical purposes, the savings and loan association wants information about groups of families as near as possible like those which are its potential customers, rather than national averages in which such information is diluted with data about families of entirely different types. The Study of Consumer Purchases answers questions with respect to specific income and occupational groups in 50 cities. The data on each should be of value to business men in cities of comparative size.

DATA ON CHICAGO

THIS series of articles will give data selected from statistics gathered by this Study on specific cities of various sizes, beginning in this number with a metropolis, Chicago. The figures are based on a survey during 1935-1936 of every tenth family in the city. All data given in this article

refer only to those native white families that include both husband and wife.

HIGH MEDIAN INCOME

THE median income of families thus selected at random in Chicago is comparatively high, since half of the families received an annual income of

*Proportion of home owners to all families in Chicago, classified by income and occupational groups*¹

Non-relief native white families with both husband and wife, 1935-1936

[Based on a 10-percent random sample]

[Source: U. S. Bureau of Labor Statistics, Urban Study of Consumer Purchases]

Income group	Percent of home owners			
	All occupations	Wage earners	Clerical	Business and professional
Under \$500	20.8	14.4	9.8	21.1
\$500 to \$750	17.7	13.1	15.6	25.1
\$750 to \$1,000	13.1	11.9	7.4	21.6
\$1,000 to \$1,250	13.5	12.8	10.4	18.1
\$1,250 to \$1,500	16.6	15.2	13.0	25.8
\$1,500 to \$1,750	18.4	18.1	14.8	21.6
\$1,750 to \$2,000	18.9	20.9	15.8	17.6
\$2,000 to \$2,250	21.7	25.5	19.3	17.5
\$2,250 to \$2,500	25.8	32.3	24.0	17.6
\$2,500 to \$3,000	33.3	38.2	32.7	27.4
\$3,000 to \$3,500	33.8	47.7	32.2	25.6
\$3,500 to \$4,000	33.6	51.2	33.0	26.1
\$4,000 to \$4,500	36.5	52.9	39.3	28.7
\$4,500 to \$5,000	39.4	46.0	35.6	39.1
\$5,000 to \$7,500	35.9	70.2	34.6	33.0
\$7,500 to \$10,000	41.0	.....	27.3	42.3
\$10,000 and over	33.6	.....	57.1	32.7

¹ These preliminary figures are based on a survey of 28,520 families.

\$1,683 or more. Only 22.9 percent received less than \$1,000. Only 20.1 percent of the families owned their own homes, but the tendency to buy

a home when economically practicable is illustrated by the fact that home ownership increases along with increases in the family income. For example, only 13.1 percent of the non-relief families with incomes of between \$750 and \$1,000 owned their homes, but 36.2 percent of those with incomes of \$5,000 or more were home owners.

The inclination to home ownership is not something that is present only in the business and professional man, although his income tends to be higher. Wage-earning families, who make up 45 percent of the non-relief native white families, are most likely to own their homes when their incomes are high enough to make it practicable. In every one of the \$250 income brackets from the \$1,750 level up, the proportion of home owners among wage earners is higher than the proportion for corresponding groups of those in clerical occupations, or in business and professional occupations. Even below the \$1,750 level, the proportion of wage earners owning homes exceeds that of clerical workers who are home owners. The fact that the business and professional families with less than \$1,750 income are more often home owners is probably partially explained by the ownership of joint commercial and residential properties.

LOW-COST MARKET

SINCE more than two-thirds of the non-relief wage-earning families receive between \$1,000 and \$2,500 annual income, it would be reasonable to infer that homes within their financial reach would find a ready sale. This possibility adds emphasis to the current trend toward the lower cost residential market.

The immediate economic addition to income effected by home ownership is illustrated by the findings of this study. In computing the effective income rather than the nominal money income of families, the Bureau of Labor Statistics added to the money income of home owners the amount by which the net rental value of their homes exceeded the expense of home ownership. This resulted in increasing the total family income figures for all home owners by 9.5 percent, raising most of them from one \$250 income bracket into the next higher one. Certain qualifications to this argument for home ownership must be

mentioned. The computation does not take into account the depreciation in the investment in a home, the risk involved in fluctuations in neighborhood values, nor the cost to the home owner of services occasionally covered by the rental payments. In computing income it takes into consideration the full rental value of the owned home, and after deducting only interest, taxes, and repairs, adds the remainder to the net money income. The rental value of the homes in ques-

*Rent paid in Chicago by renting families, classified by income and occupational groups*¹

Non-relief native white families with both husband and wife, 1935-1936

[Based on a 10-percent random sample]

[Source: U. S. Bureau of Labor Statistics, Urban Study of Consumer Purchases]

Income group	Amount of average monthly rent			
	All occu- pations	Wage earner	Cler- ical	Business and pro- fessional
Under \$500	\$25. 90	\$20. 70	\$29. 60	\$29. 10
\$500 to \$750	22. 90	20. 60	26. 10	26. 90
\$750 to \$1,000	22. 80	20. 70	25. 60	29. 20
\$1,000 to \$1,250	26. 00	23. 20	28. 20	32. 30
\$1,250 to \$1,500	28. 10	25. 90	30. 50	33. 00
\$1,500 to \$1,750	30. 80	28. 50	32. 50	35. 50
\$1,750 to \$2,000	34. 20	31. 00	36. 20	38. 20
\$2,000 to \$2,250	36. 80	33. 50	37. 70	41. 60
\$2,250 to \$2,500	40. 60	36. 00	41. 20	45. 80
\$2,500 to \$3,000	42. 10	37. 20	43. 30	45. 60
\$3,000 to \$3,500	47. 40	39. 20	46. 90	51. 50
\$3,500 to \$4,000	53. 60	44. 00	52. 80	56. 70
\$4,000 to \$4,500	55. 40	40. 70	55. 20	58. 40
\$4,500 to \$5,000	64. 90	44. 40	57. 00	64. 70
\$5,000 to \$7,500	70. 00	59. 90	64. 60	71. 30
\$7,500 to \$10,000	87. 20	.....	75. 60	88. 10
\$10,000 and over	125. 40	.....	79. 00	127. 40

¹ These preliminary figures are based on a survey of 28,520 families.

tion was calculated by checking carefully the owners' estimates against the rents paid for homes of the same size and type in the same neighborhood.

The increase in the effective income of home owners is, however, in consumer's enjoyment rather than cash savings. The home owner prefers to take his saving in better housing accommodations rather than in money. Thus the renting family with an income of \$1,000 to

\$1,250 pays \$26.00 monthly rent, and the renting family with an income of \$1,500 to \$1,750 pays \$30.80. But the home owner with an effective income of only \$1,000 to \$1,250 has a home practically as desirable as that of the renting family with \$500 more income, for his home is appraised at a monthly rental value of \$30.06.

The burden of rent payments on lower income families is shown by this study. Rent took 23.5 percent of total income of all renting families. In terms of dollars, there was practically no difference in the amount of rent paid by families with net incomes between \$250 and \$1,000, and so the difference in rent in terms of percentage of income consequently varies tremendously. Families with incomes of between \$1,000 and \$3,000, which made up three-fifths of the total, spent 22.6 percent of their incomes for rent, whereas at the \$7,500 income level, rent took only 11.2 percent of family income. In each income class over \$500, the business and professional group paid the highest rent, and the wage-earning group the lowest.

RENT PROPORTION RISES

IN CONNECTION with these proportions, it is interesting to note that although incomes rise as cities increase in size, the proportion of income spent for rent also increases. Preliminary figures show, for example, that while the median family income for Chicago is \$1,683, and for Gastonia, North Carolina, only \$1,100, yet the Chicago family receiving between \$1,500 and \$1,750 income paid 23.1 percent of its income for rent, while the Gastonia family paid but 10 percent of its income. In spite of the sectional differences,

these preliminary figures are of general interest. The levels of rent in large cities would obviously add to the desire of wage-earning families to buy low-cost homes that would be sound investments.

ENCOURAGING TRENDS

THE general trends shown by the Chicago survey will encourage those who believe that home ownership is desirable and practicable for families in our metropolitan cities, where renting has been most prevalent. As Chicago families become more financially able to buy homes, they do so in greater proportions. The greatest tendency to home ownership at the various income levels is generally found among wage-earning families. These families, however, are most often in the lower-middle income groups, where home ownership has been financially more difficult than for the more fortunate families. Those who do manage to own their homes have been willing to make special efforts to obtain better standards of shelter and environment.

Since metropolitan wage-earning families, as compared with families in smaller cities, spend a larger proportion of their larger incomes for rent, the opportunity for the home-financing and home-building business seems clear. As soon as neighborhood stability assures the thrifty wage earner of the soundness of his residential investment, and homes are built within his financial reach, a tremendous market will be opened to the home-financing institutions in our metropolitan cities.

* * * *

The next article in the series will deal with the city of about 300,000 population.

Construction Loan Procedure

THE steadily rising graph of residential construction is pointing the attention of home-financing institutions more directly each month toward the subject of construction loans. The increased responsibilities that such loans involve, however, require greater attention to a proper procedure. The lending institution, by advancing a considerable proportion of the funds needed to build a home, in effect accepts a measure of responsibility for the coordination of the local technical facilities for construction.

A lender who advances money for the purchase of a home already completed accepts responsibility for the quality of its construction, although he had no control over it while it was being built. By making a construction loan, the lender is in a better position to control, through careful supervision, the cost and quality of the security on which the mortgage loan is to be made. Such control has become more important since longer term loans became a matter of course. The quality of security for a 15-year loan is obviously more important than the quality of security for a 5-year loan. To insure the proper quality, a lending institution should apply checks that will go far toward coordinating the various phases of the business of providing buyers with homes.

Because local laws and requirements vary, a local thrift institution is best able to perform this service and to handle the loans which result. Certain fundamental points of sound procedure, however, must be observed. It may be of interest here to examine the procedure followed by several savings and loan associations which have been especially successful with construction loans in the past. This article will deal only with the additional problems which are encountered in construction loans, omitting those involved in ordinary lending activity as well.

PLANS AND SPECIFICATIONS

WHEN a borrower submits a formal loan application, he should of course include with it the plans and specifications of the proposed home. Some

institutions give considerable preference to applications when the plans have been drawn by a competent architect. The blueprints should be accompanied by detailed specifications, showing exactly what materials are to be used. These plans and specifications should be checked by an individual qualified to appraise them, whether a member of the lending association's staff or a fee employee. One association has the city building inspector, as well as its own staff appraiser, check the plans submitted.

An alternative method is to arrange for the plans, specifications, and cost estimates to be checked, and the construction and disbursements supervised, by an independent local architect or technical organization. In this way control can be maintained without unduly increasing the burden on the association's staff.

CHECK ON CONTRACTORS

A VARYING amount of reliance must naturally be placed on the reputation of the contractor who is to build the home. It is better practice, however, to consider a good reputation as an additional safeguard in dealing with a builder, rather than to assume that it will be an adequate substitute for detailed plans and specifications. More businesslike procedure in this respect is a help rather than a hindrance to the competent contractor. It is desirable to have more than one contractor's bid on a job, and as many as three bids are occasionally required. These bids must be carefully checked by a competent architect or appraiser, however, unless the lender is willing to depend entirely on the borrower's and builder's character to prevent collusion. A contractor's bond is an extra safeguard that some associations consider well worth the additional expense.

Of particular interest is the system devised by one association on the Pacific Coast. This association has drafted a standard set of supplemental specifications, which it requires both borrower and contractor to sign in addition to the ordinary plans and specifications. The supplemental form

is designed to insure proper construction and to eliminate any loopholes in the ordinary specifications submitted. The contractor, whose credit standing and reputation are checked with a local service, must also fill out an estimate sheet furnished by the association, giving the amounts of all sub-bids, material costs, and payments for labor. All this material is then submitted to an appraiser and an architect, working on a fee basis, who propose any desirable changes in the details and check on the estimated costs. Thus as complete a control as possible is maintained over the quality of the plans for the home that is the mortgagee's security.

Neighborhood influences must always be considered in appraising property. But in making a construction loan the lender must be sure that special technical attention is given to the relationship between the house and the lot, for it is more difficult to envisage this relationship with respect to blueprints than to a house already constructed. Homes which are in harmony with the neighborhood, and which are well adapted to the size and topography of the lot, are more reliable values than misplaced and misfit dwellings. Homes designed by architects are usually superior in this respect to those built according to even the best stock plans, since they are designed for the specific lots on which they are to be constructed.

SUPERVISION OF CONSTRUCTION

CAREFUL checks on the various stages of construction are necessary if the lender is to be sure that the home is sound security. Whether administered by a fee architect or appraiser, or an employee of the lending institution, supervision can be a real service to the borrower without being expensive. Some associations have found it desirable to arrange for the public building inspector to check on the construction as well as on the plans and specifications of the residence. At least five or six inspections are necessary for thoroughness. The lender may either charge a fixed sum for this service, or furnish it along with other technical services for a percentage of the loan. Special care must be taken to avoid investment of more money in a home than is warranted by the present and future characteristics of the neighborhood, and the size and shape of the lot.

Any changes made in plans or specifications during construction should be approved by the lending institution, which should report to the borrower any failure to comply with the details of the contract.

When construction cost is to be greater than the amount of the loan, some associations depend on the credit rating of the borrower, and on the accuracy of the contractor's estimates, to insure that enough money will be available to complete construction. The lending institution can be more certain, however, by requiring the borrower to put his cash equity in escrow, or to put it on deposit with the amount of the loan.

If this method is followed, the association must decide, when it has credited the amount of the loan to the "Loans in Process" account, at what time the borrower's cash equity should be paid out with relation to the disbursement of the loan. Some associations put additional funds supplied by the borrower in escrow merely to cover unforeseen contingencies. Others disburse them along with the amount of the loan. Still others advertise to the prospective borrower the advantages of a third procedure, in which the association disburses the borrower's deposit first, in order to save him a certain amount of interest charges.

With the last method it is appropriate to charge interest only on each advance from the date that it is actually disbursed, rather than on the full amount of the loan from the date that it goes on the books. This policy offers a special inducement to the borrower to invest his equity first in the construction, and thereby gives the association some extra margin of protection.

An alternative method, which provides somewhat less control by the association, is to permit the borrower to pay the bills as they become due until he has expended the required amount of his cash equity. When this is done, the association should take steps to assure itself that such payments have actually been made, and that their full value has gone into the house in question.

PRIORITY OF LIEN

ASIDE from the usual legal safeguards taken to make sure that there is a clear title to the property and no lien prior to that of the lender, special care is needed in handling a construction loan. If

work on the house is already in progress, the association must make sure that all outstanding debts have been settled, or that provision to settle them will be made. If work has not been begun, the lender should secure evidence that no work has been done on the property, and no materials delivered to it, before the lending institution's lien is recorded. Some associations go so far as to photograph the site immediately after having the mortgage or trust deed recorded, and to include with the photograph an affidavit by an inspector to the effect that nothing has been done on the property which might affect the lien of the association. If any lien has attached, it is essential that no disbursement be made until a waiver has been signed by all possible lienors.

In connection with the subject of liens on the property, before the procedure of disbursement is discussed, it should be emphasized that particular care is needed to prevent mechanics' liens from attaching to the property during course of construction. Since the proper precautions are closely linked with the method of disbursement of the loan, they will be discussed in that connection.

DISBURSEMENTS

DISBURSEMENTS of the loan must be made only on the authority of both the borrower and the contractor or architect who is responsible for the construction. When any disbursement is made, proper receipts should be obtained, and waivers of mechanics' liens with respect to any labor or material provided in the process of construction. There are several possible methods of accomplishing this. One is to make checks for disbursements payable to both the borrower and to the builder, so that both must endorse them. Canceled checks and receipted bills then furnish a valuable record for the loan docket.

A more detailed procedure to obtain such receipts and waivers which is of special interest is as follows: The borrower is required to authorize the association to make loan disbursements upon order of the contractor. He is then furnished with a book of non-negotiable orders against the association, which are drawn by the contractor in favor of the subcontractor or materials dealer, describing the work done and specifying the amount to be paid. On the reverse side of the

order the party to whom it is payable signs off all lien rights as a condition of the payment, and attaches to the order receipted bills for materials furnished and labor releases signed by all those employed in the work.

In some places the materials and supply dealers maintain a credit bureau where the contractors and sub-contractors must make affidavits as to the materials purchased and to their payroll requirements.

There are various methods of arranging for periodic disbursements during the course of construction. Some associations make weekly payments for the labor payrolls, and intermittent payment for materials whenever they are actually delivered on the premises. More popular is the plan of making a specified number of disbursements at specific stages of construction. When this is done, the association may tie its schedule of disbursements in with its schedule of supervision, and thus obtain more effective control over the methods and quality of the construction.

Perhaps the four stages at which payment is most frequently made are: first, when the foundation is in and the floor joists or rough floors have been laid; second, when the frame is completed and the roof on; third, when the building is plastered and all mechanical equipment except lighting is installed; and fourth, when the work is absolutely completed. Occasionally as many as six payments are made, with the two extra payments occurring most frequently when the cabinet and interior work is completed after the building is plastered, and also at the date when the lien period has expired, or until all liens are definitely cleared. It is desirable to obtain from the borrower a written approval of the work before making the final settlement with the contractor.

The proportion of the total cost to be disbursed at each stage of construction depends, of course, on the amount required at that degree of completion. If one payment is held back until the date when the lien period has expired, or until all liens have definitely been cleared, it may well amount to at least the proportion of the cost that will be the contractor's profit.

An unusually close control of the construction and disbursements may be maintained if the

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The Future of Suburbs

THE problems in the development and future growth of residential suburban areas, where improved transportation facilities have let urban employees escape urban congestion, are of particular significance for mortgage lenders. In these areas a large part of the best mortgage loans are made. And today, with mortgage loans being made for periods up to 20 years, the stability of these areas assumes a new importance.

These suburban problems, along with the general subject of urban development, were under discussion in the March issue of the *Annals of the American Academy of Political and Social Science*, which was devoted entirely to "Current Developments in Housing". This issue contains two dozen articles presenting the opinions of as many authorities on the diverse aspects of housing. Some of these opinions bear directly on the problems and the future of the mortgage lender, especially if he holds a portfolio of suburban loans.

The first factor bearing directly on the suburbs is population fluctuations. Warren S. Thompson, Director of the Scripps Foundation for Research in Population Problems, in his article on population growth estimates that the housing demand for the country as a whole will be approximately 35 percent greater in 1955 than in 1930, in spite of the fact that the population will have increased only 19 percent. He bases his argument on the fact that the birth rate is declining and we are rapidly becoming an older population. As regards the suburbs specifically, census figures show that in the past there has been a decided drift to these areas. The rate of increase in population of rural satellite districts between 1920 and 1930 was almost 2.5 times as great as the rate of increase in the population of the cities themselves. Mr. Thompson concludes "that the housing demands of these less densely settled areas around the great cities may soon surpass those of the central areas."

There are, however, several contrary factors which must be considered. Suburban development was in part an escape from blight and city congestion, but in many cases little was learned

from the cities' mistakes. The very fact that the population of satellite areas has increased so rapidly has encouraged the same unplanned subdivision that doomed the urban areas, and the same rash of jerry-building that endangers stability. In the words of Miles L. Colean, who contributes the article on "Economic and Social Significance of Housing Design", city dwellers were "planlessly endeavoring to escape from planlessness." But no one could foresee the extent of expansion, so rigid rectangular street patterns were laid out which provided for the necessities of the hour without providing permanent stability.

TREND OF INDUSTRY

ONE trend which may change the very character of suburban communities and may contribute to uncertainty is the gradual change in the location of industries, according to Edgar M. Hoover's article on "Industrial Location and the Housing Market." It is his argument that as staple goods become less expensive through improved technology there is greater demand for services, trading facilities, and accessories. Since the service and trade groups of industry by their very nature demand central location, they are forcing the heavy industries into the suburban zones that zoning laws fail to protect. Mr. Hoover says that there is no likelihood of a general scattering of manufacturing to small cities and towns outside the industrial urban areas. The trend is rather toward the suburban zones on the periphery of cities. There are, of course, many other factors that are contributing to this decentralization. Some of them are: high land costs in urban centers, the differences in the cost of living and in wage levels between urban and suburban areas, greatly improved transportation for both men and materials, and the increased use of electricity for power.

This evolution in the character of cities makes the estimation of housing demand much more complex. Some suburbs, especially the less

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Deficiency Judgments

WHEN a borrower defaults on a mortgage debt, a deficiency judgment may be the last resort for the protection of the lending institution, since by this legal means it may be able to collect that portion of its loan which the proceeds of a foreclosure sale fail to cover. In obtaining and enforcing such judgments, a well-considered policy is necessary to do justice to both parties and insure sound bookkeeping. The laws of the various States offer little guidance toward a uniform policy, however, for they vary considerably. Two variations of particular interest are those that pertain to the length of the period within which a deficiency judgment may be enforced, and the amount that can be obtained thereby.

When it is impossible to collect a deficiency judgment immediately, the lending institution must decide whether there is enough chance that collection will be profitable in the future to justify carrying the debt on its books. In many cases, failure to write off a bad debt of this kind means refusal to admit an unpleasant fact, and involves inaccurate accounting. State laws, however, permit a wide variety of practice. In Connecticut, for example, a lending institution must move for a deficiency judgment within 10 days; in Iowa, it may wait two years; in some cases, its right is affected only by the general statute of limitations. In a number of States the deficiency judgment follows the sale as a matter of course, and the statute of limitations then runs against it.

When the mortgagee buys the property at foreclosure sale for less than the amount of the debt and much less than its true value, he must decide how much to try to collect. In some cases, he may be permitted to collect the entire difference between the amount of the debt and the sale price at foreclosure, whether or not such sale price reflected the property's true value. If, for example, the mortgagee buys a property fairly appraised at \$3,500 for \$500 at a foreclosure sale,

and the mortgage debt was \$4,000, it may be possible for him to claim \$3,500 when he applies for a deficiency judgment. From a long-range point of view, however, greater leniency is both more equitable and economic, since all sound lending must be based on fair dealing between the parties concerned.

REQUIRED BY LAW

SUCH leniency is now required by law in a number of States. In Pennsylvania, for example, the deficiency judgment may be granted only for the difference between the amount of the mortgage claim and the value of the mortgaged property, as determined by appraisers appointed by the court. In Idaho, the amount granted by the deficiency judgment is determined in a similar manner, except that the court itself has final discretion. An Alabama statute of 1935 provides that the debtor may set off against his debt the fair market value of his security, no matter what the amount obtained at foreclosure sale, and this provision has been upheld by the Supreme Court of the State. Statutory provisions and judicial practice are gradually bringing about similar policies in a number of States.

On the other hand, there is a very definite limit to the benefit that borrowers in general will receive from leniency in the law on deficiency judgments. It is to the interest of both borrowers and lenders that a deficiency judgment should protect the lender up to the exact amount of the obligation, so that he may confidently lend as much, at as low a rate of interest, as the borrower's security and credit justify. But when the legislation or practice makes the collection of deficiency judgments unduly difficult or impossible, as it is becoming in several States, the lender may not be willing to extend as liberal terms as he otherwise would.

In contrast to the variety of policies prescribed by statute and custom, the Home Owners' Loan

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Appraisal Methods and Policies

This is the seventh in a series of articles.

THE cost of reproducing a house, when properly interpreted, is a significant indicator of its value. It is important, however, that the appraiser realize that it is only an indicator, not final and conclusive proof.

The cost of replacement of any property ordinarily establishes an approximate upper limit to its value. While property may under some circumstances be sold for more, an appraiser is seldom justified in valuing it at a higher figure, for such circumstances may be uncertain and temporary. It is recognized, of course, that there are houses that have a historical or sentimental interest that gives them a value greater than the cost of physical replacement but in such cases there are intangible elements of value in the property that cannot be reproduced.

The sound, reasonable appraisal value of property that has only residential utility rarely exceeds its replacement cost, although it may often be below it. Unless the house is new, some allowance must be made for depreciation. And even if new, it may not be worth what it would cost to replace it, if it has been improperly designed, planned and located. Likewise, unusual boom conditions or distress periods, of short or long duration, may cause fluctuations in the cost of material, labor or land which will tend to distort the "cost" picture to such an extent that comparatively few students of appraising, after studying economic and cost trends far beyond their immediate vicinity and period, are capable of correctly interpreting their normal position. Thus, the appraiser's task is not ended when he has estimated the value of the lot and computed the cost of reproducing the house. The method of appraisal, in which the value of the property is determined by adding together the value of the house and the value of the lot, each of which has been appraised independently of the other, is justly condemned by good appraisers and appraisal organizations. The house and the lot must be viewed in their relationship to each other,

and as a unit, before a final valuation is placed upon them.

It should be noted that the cost-of-replacement method is not concerned with the original cost of constructing a house, but rather with the cost of reproducing it anew at the present time with the prevailing costs, methods, and efficiency. The prices of existing goods in a free competitive market must always adjust themselves to current changes in the cost of production. Thus it is reproduction cost rather than actual cost which the appraiser must determine. In the case of new construction, however, which has been produced with average efficiency and at prevailing costs, this differentiation between reproduction and actual costs is unnecessary.

With this understanding of the part which cost plays in the determination of value and of the limitations upon the use of costs as an evidence of value, we may proceed to a consideration of the various methods of dwelling-cost estimation.

Four general methods of estimating the cost of reproducing a house are available to the appraiser. They may be designated as follows:

1. Detailed cost estimates.
2. Inplace unit method.
3. Cost per square foot method.
4. Cost per cubic foot method.

The use of either of the first two of these methods is most practicable in appraising a newly constructed house or one before it is built, upon the basis of plans, specifications, and construction bids. In the case of newly constructed buildings an exact record of all expenditures incurred in the construction process may be available to the appraiser. The appraiser, however, should never accept such figures as the basis of his appraisal without carefully checking their accuracy and reasonableness. Collusion between unscrupulous real-estate operators and contractors in submitting fictitious and inflated cost estimates or expense accounts as a means of securing excessive loans has not been

entirely unknown. If the operators and contractors have an established reputation for being honest and capable builders, their figures can naturally be accepted with more confidence and with less need of detailed checking.

In making construction loans the association should insist upon having plans, specifications, and construction bids on the proposed building before passing upon the application. Unless plans and specifications are submitted, there is no basis upon which an appraisal can be made. Construction bids are an aid to the appraiser and an assurance to the association that the house will be completed within a certain cost limit. The appraiser should carefully check the bids against the plans and specifications to determine whether they are fair and reasonable. If he considers them to be excessive, his appraised value would then be less than the proposed cost, unless lower bids could be obtained. Incidentally, such an appraisal service not only protects the association against making insecure, excessive loans but also protects the borrower against having to pay unreasonably high construction costs.

THE INPLACE UNIT PRICE METHOD

THE inplace unit price method is based upon the determination of unit costs for the construction of the various parts into which the house for this purpose may be divided. These parts, in the method as it is used by the Federal Housing Administration in estimating replacement cost, are as follows: (1) excavation, (2) foundations, exterior steps, and chimneys, (3) floors and ceiling, (4) roof and sheet metal, (5) exterior walls, (6) interior partitions, (7) millwork, (8) plumbing, (9) heating, and (10) electric light and power.

In excavation the unit is the cubic yard and the cost per unit is determined simply upon the basis of contractors' charges or estimates. In items (2) to (6) above, the square foot is adopted as the unit of cost. The appraiser carefully estimates, for example, the cost of constructing one square foot of the foundation wall, including in the cost labor, materials and necessary wastage and incidentals. The quantity of material necessary for constructing one square foot of a certain part of the house is termed the factor for that part. Thus if in constructing one square foot of a 12-inch

foundation wall, the cost of the brick, stone or concrete in place price for a cubic foot would be determined; for example, in constructing one square foot of a 12-inch brick foundation wall 19.5 bricks are used, that number becomes the factor. If the appraiser finds that the "inplace" cost of one brick, including the price of the brick itself and the cost of the labor and mortar used, is 3 cents, the square-foot unit cost is 58.5. If the wall was 4 or 6 inches thick, the quantity required for each square foot of surface would be 0.33 or 0.50 cubic foot and the factor would be 0.33 or 0.50. The square-foot unit cost would then be determined by multiplying the cost per cubic foot by the factor 0.33 or 0.50.

It is obviously impossible to reduce items (7) to (10), as listed above, to square-foot unit costs and so their actual costs, fully installed, are carefully calculated or are determined upon the basis of contractors' bids or estimates. Thus in determining the cost of an exterior door, the price of the door itself and the cost of the frame, trim, hardware, labor and paint would be estimated separately and then added to secure the "inplace" cost of the door.

The cost of garages and other outbuildings would be determined in the same way as that of the main building, although since there are fewer parts the process would be simpler.

Unit costs for the various types of construction commonly used in a community should be calculated, and revised from time to time, as changes in material or labor costs may make it necessary. In applying this method, after the unit costs have been compiled, it is simply necessary to secure the measurements of the house being appraised, and the other quantity data, reduce them to the square-foot or other units used, and multiply by the proper unit price.

Because of variations in the quality of the workmanship or of the materials it may be necessary to make an adjustment in some cases, which can usually be done satisfactorily by increasing or decreasing the total cost by a certain percentage. Included in the final total cost should be an allowance for builder's overhead and profit and the architectural fee, all of which should be calculated at the rate customary in the locality.

The accuracy of the method depends chiefly upon the care with which the unit costs are determined and kept up-to-date. Costs determined with reasonable accuracy require an amount of detailed and painstaking calculation that is likely to deter anyone but a professional appraiser from undertaking the task. The method is practical for the nonprofessional appraiser only if a central appraising bureau or some other interested organization makes the necessary unit cost data available to him. An excellent detailed presentation of this method is to be found in the Underwriting Manual of the Federal Housing Administration.

THE CUBIC- AND SQUARE-FOOT COST METHODS

WHILE the cubic- and square-foot methods are less accurate than the in-place unit price method, they are more practical for the nonprofessional appraiser and therefore are more widely and commonly used. The cubic-foot method is commonly considered to be the more accurate of the two and if only one method is used, it is to be preferred. However, some appraisal authorities strongly recommend that both methods should be used in estimating reproduction costs, using one method as a check against the other.

With either method the first step is the selection of certain standard types and sizes of houses, which can be considered as typical of all those which the appraiser is likely to be called upon to evaluate, such as a 5-room brick bungalow, a 6-room 2-story frame, etc. What these selected standard types should be will vary, of course, with different communities. The greater the number of types used, the more accurate will be the results obtained.

Standard specifications, which should be typical of those used in the community, should be drawn up for these houses. The total cost of constructing each of these typical houses must then be determined. The appraiser may make a detailed cost estimate himself, or he may secure estimates on each part from one or more reliable contractors. If estimates are obtained from a number of different sources and averaged, excluding any which are excessively high or low, the result can be accepted with greater assurance than if only one is used.

The number of square feet or of cubic feet contained in each of the typical houses must then be determined. Measurements should extend to the outer surface of exterior walls and to the lower surface of the basement floor, and should include bays, dormers, exterior chimneys, inclosed porches, and built-in garages.

The actual number of cubic feet inclosed by the house thus measured is then easily determined. Noninclosed porches may then be added at a fraction of their total volume, the fractions commonly used being one-half if the porch is an extension to the house and two-thirds if it is within the house.

To determine the number of square feet, the finished and livable floor area above the basement, measured as indicated above, is calculated. Finished portions of the basement, such as a game room or servants' quarters, and semifinished parts of the attic should be included at half their area. Noninclosed porches should be counted at one-half or two-thirds of their area.

The square-foot and cubic-foot costs of the standard houses can then easily be determined by dividing the total cost of each by the number of square and cubic feet that it contains.

In applying these methods, the number of cubic feet or of square feet, or both, which the house under appraisal contains should be determined in the same way and the result multiplied by the proper unit cost of the most similar standard house. In many cases, however, before the final reproduction cost is fixed, adjustments must be made for particulars in which the appraised house differs from the standard one. If the difference is in size, the price per cubic foot, or per square foot, may be varied slightly. For example, 1 cent may be added for each 5,000 cubic feet below, or subtracted for each 5,000 cubic feet above the standard size, as the cost of construction does not increase in exact proportion to the size.

It may also be necessary to make adjustments for differences in finish and equipment between the standard house and the one being appraised. The latter, for example, may have an oil burner while the former has a coal furnace, or a wood floor in the bathroom instead of tile. Such adjustments may be made by estimating the actual differences in cost, and then adding the amount

to the total cost, or subtracting it from it, as the case may be.

Many appraisers, however, prefer to make the adjustment by varying the cost per cubic or square foot. Thus, if the house has an oil burner instead of a coal furnace, 1.5 cents may be added to the cubic-foot cost, or 0.2 cents may be subtracted because of the wood floor in the bathroom. The exact amount to be added or subtracted would vary, of course, with the size and type of house.

In place of using one unit price for the total volume of the house, some appraisers believe more accurate results can be obtained by calculating separate unit costs for the basement, the main section, and the roof volume. In the actual appraisal by this method of a 5-room brick bungalow in St. Louis (reported in the *Real Estate Analyst* for April 1936), the cost per cubic foot of the basement was found to be 9.4 cents; of the main section, 32.6 cents; and of the roof volume, 11.5 cents, resulting in an average cost for the whole house of 19.8 cents. But if that figure should be used as a standard and applied to a house in which the volumes of the three parts were in quite different proportions, the result would be considerably in error. While granting that this refinement of the cubic-foot method may produce more accurate results, many appraisers feel that it is not necessary, inasmuch as the reproduction cost, however carefully calculated, is only an estimate of one indication of the value of the house and in most cases must be modified by other factors in a degree largely dependent upon the judgment of the appraiser.

As was emphasized in the beginning of this article, an appraisal should never be based upon replacements costs alone. In the case of a newly constructed house, deductions may be necessary because it has been poorly planned or designed or because it is poorly adapted to its location. With older houses, depreciation due to obsolescence or physical depreciation must be taken into consideration. The following article in this series will be devoted to a discussion of depreciation allowances.

Appraisal Forum Planned

A PERMANENT office for the accumulation and distribution of appraisal data is being established in Washington through the cooperation of three Federal agencies with three private organizations. The Society of Residential Appraisers, the American Institute of Real Estate Appraisers, and the National Association of Housing Officials are cooperating with representatives of the Federal Home Loan Bank Board, the Federal Housing Administration, and the Farm Credit Administration in a "Joint Committee on Appraisal and Mortgage Analysis", which is preparing to classify appraisal data, indicate sources of such material, and make it available for private use.

The first annual National Appraisal Forum, to which representatives of such organizations as the United States Building and Loan League, the Association of Life Insurance Presidents, and the National Association of Savings Banks will be invited, will be held this September in Washington. It is expected that the collaboration of these representatives with leading academic authorities will furnish lending institutions with appraisal material of considerable value.

The Committee intends to list the sources and set forth the types of data which should be used by both large lending institutions with specialized appraisal departments, and by small organizations which must handle their appraisal work with a very limited personnel. Lending institutions are invited to submit any questions dealing with appraisal or mortgage analysis to the Committee, which will either answer them or refer them to the proper sources of information.

The Committee may be addressed through any of its three officials: Frederick M. Babcock, of the Federal Housing Administration, chairman; E. L. Ostendorf, of the American Institute of Real Estate Appraisers, first vice-chairman; and Donald H. McNeal, of the Federal Home Loan Bank Board, second vice-chairman.

Indexes of Small-House Building Costs

THE cost of building the standard house rose between January and April in 25 of the 26 cities reporting for these two months. The increases reported were substantial, ranging from 2 percent to 16 percent, and causing the most drastic fluctuations in cost levels reported since the Indexes were first compiled.

This general increase was due in greater part to a rise in the price of materials than in the cost of labor. This tendency is corroborated by the steady month-by-month increase during the past year in the cost of wholesale building materials, as reported by the national index compiled by the Bureau of Labor Statistics. Wholesale prices of

building materials during March were higher than the 1929 average for the first time since that year, and they exceeded their level for March 1936 by more than 10 percent.

The standard house rose in cost to \$7,125 in Great Falls, increasing 9 percent since January. This figure is the highest reported since the compilation of these Indexes was begun. The only other case in which the \$7,000 mark was exceeded was in the Chicago report for February 1937. The sharpest proportionate increases over the previous months were shown in Detroit, with a rise of 16 percent, and in Seattle, Atlantic City, and Albany, each with 10-percent increases.

Cost 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	Cubic-foot cost		Total building cost					
	April 1937	April 1936	April 1937	January 1937	October 1936	July 1936	April 1936	January 1936
No. 2—New York:								
New Jersey:								
Atlantic City.....	\$0. 279	\$0. 240	\$6, 702	\$6, 107	\$5, 641	\$5, 725	\$5, 768	\$5, 860
Camden.....	. 244	. 215	5, 864	5, 489	5, 183	5, 073	5, 170	5, 101
Newark.....	. 267	. 241	6, 400	6, 071	5, 811	5, 794	5, 787	5, 771
New York:								
Albany.....	. 254	. 216	6, 098	5, 569	5, 302	5, 341	5, 198	5, 218
Buffalo.....	. 255	. 228	6, 108	5, 820	5, 661	5, 680	5, 483	5, 487
Syracuse.....	. 245	. 232	5, 890	5, 575	5, 567	5, 580	5, 580	5, 628
White Plains.....	. 254	. 238	6, 100	6, 137	5, 777	5, 779	5, 718	5, 652

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 nor ceiling finish on interior plastered surfaces, lighting fixtures, refrigerators, water heaters, ranges, screens, weather stripping, nor window shades.

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

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

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

The only city of the 26 that went contrary to the general trend was White Plains, which reported a 1-percent decrease in costs. Grand Rapids maintained its January position by reporting the lowest cost of \$5,547. The next lowest totals were reported by Kansas City and Evansville.

The April cost level in each of the cities was higher than that reported for the same month in the previous year. St. Paul showed the greatest increase over the preceding year by reporting a rise of 22 percent in the total cost. The next greatest increases for the year were reported by

Detroit, 20 percent; Seattle, 19 percent; and Albany, 17 percent. On the other hand, the least increases were reported by the following cities: Indianapolis, 3 percent; Evansville, 4 percent; and Sioux Falls, 5 percent.

Although the national trend toward higher costs is unmistakable, local variations are considerable. The fluctuation is obviously not a sectional one. The greatest increases in cost for the period of April 1936 to April 1937 were reported by four cities, one of which is located in each of the four Bank Districts represented.

Cost of building the same standard house in representative cities in specific months—Continued

Federal Home Loan Bank Districts, States, and cities	Cubic-foot cost		Total building cost					
	April 1937	April 1936	April 1937	January 1937	October 1936	July 1936	April 1936	January 1936
No. 6—Indianapolis:								
Indiana:								
Evansville.....	\$0. 242	\$0. 232	\$5, 816	\$5, 518	\$5, 586	\$5, 585	\$5, 570	.....
Indianapolis.....	. 247	. 240	5, 921	5, 540	5, 558	5, 802	5, 755	\$5, 739
South Bend.....	. 265	. 243	6, 349	6, 180	5, 906	5, 849	5, 844	5, 894
Michigan:								
Detroit.....	. 262	. 219	6, 278	5, 398	5, 297	5, 293	5, 265	5, 136
Grand Rapids.....	. 231	. 216	5, 547	5, 294	5, 138	5, 174	5, 174	.....
No. 8—Des Moines:								
Iowa:								
Des Moines.....	. 269	. 253	6, 444	6, 090	6, 246	6, 130	6, 072	6, 003
Minnesota:								
Duluth.....	. 250	. 234	5, 990	5, 697	5, 765	5, 671	5, 616	.....
St. Paul.....	. 268	. 220	6, 442	6, 049	5, 628	5, 523	5, 284	5, 287
Missouri:								
Kansas City.....	. 239	. 221	5, 731	5, 387	5, 240	5, 311	5, 304	5, 229
St. Louis.....	. 275	. 249	6, 590	6, 227	5, 918	5, 915	5, 976	5, 997
North Dakota:								
Fargo.....	. 250	. 230	6, 002	5, 743	5, 524	5, 614	5, 529	5, 491
South Dakota:								
Sioux Falls.....	. 250	. 237	5, 999	5, 839	5, 716	5, 711	5, 688	5, 655
No. 11—Portland:								
Idaho:								
Boise.....	. 259	. 241	6, 214	6, 045	5, 691	5, 604	5, 784	5, 750
Montana:								
Great Falls.....	. 297	. 270	7, 125	6, 548	6, 540	6, 598	6, 474	6, 457
Oregon:								
Portland.....	. 248	. 220	5, 951	5, 591	5, 561	5, 307	5, 277	5, 278
Utah:								
Salt Lake City.....	. 257	. 241	6, 166	5, 820	5, 915	5, 793	5, 793	5, 778
Washington:								
Seattle.....	. 277	. 233	6, 659	6, 045	5, 977	5, 690	5, 587	5, 575
Spokane.....	. 273	. 238	6, 543	6, 375	6, 173	5, 712	5, 712	.....
Wyoming:								
Casper.....	. 266	.....	6, 381	6, 253	6, 445	6, 255	.....	.....

Monthly Lending Activity of Savings and Loan Associations

REPORTS from 2,833 savings and loan associations from every State, Hawaii, and the District of Columbia show that 31.8 percent of the total amount of new mortgages on 1- to 4-family nonfarm homes made by these associations during March was for loans on new construction. Loans for home purchase accounted for 35.8 per-

cent of the total; for refinancing, 26.1 percent; and for reconditioning, 6.3 percent.

Of the total number of associations reporting, 2,290 made loans during the month amounting to a total of \$50,513,500. Mortgage loans on 1- to 4-family nonfarm homes accounted for \$45,802,900 of this sum.

Monthly lending activity and total assets as reported by 2,833 savings and loan associations in March 1937

[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 March according to purpose										Total assets March 31, 1937 ²		
	Submitting reports	Reporting loans made	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								
			Number	Amount	Number	Amount	Number	Amount		Number	Amount	Number		Amount	
								Refinancing	Reconditioning						
UNITED STATES.....	2,833	2,290	4,277	\$14,580.0	6,554	\$16,369.4	7,770	\$11,964.1	\$2,889.4	3,325	\$4,710.6	21,926	\$50,513.5	\$2,747,784.5	
Federal.....	1,170	1,059	2,607	9,172.1	3,103	7,759.9	4,041	6,298.3	1,483.8	1,290	1,835.4	11,041	26,549.5	841,859.3	
State-member....	1,071	873	1,430	4,780.6	2,758	7,091.6	3,020	4,988.4	1,035.9	1,573	2,194.9	8,781	20,091.4	1,446,213.6	
Nonmember.....	592	358	240	627.3	693	1,517.9	709	677.4	369.7	462	680.3	2,104	3,872.6	459,711.6	
No. 1—Boston.....	156	134	180	840.7	364	1,201.7	493	861.7	259.7	225	226.4	1,262	3,390.2	312,190.8	
Connecticut.....	28	22	51	204.0	23	66.8	53	197.5	22.4	3	4.1	130	494.8	23,131.4	
Maine.....	20	15	7	20.0	27	59.7	35	43.3	11.9	7	2.2	76	137.1	11,617.8	
Massachusetts..	89	81	103	548.0	200	740.3	310	505.7	190.6	136	156.9	749	2,141.5	236,399.1	
New Hampshire..	10	10	8	19.8	33	70.4	42	50.4	21.3	32	23.4	115	185.3	12,945.9	
Rhode Island....	5	4	11	45.4	68	222.2	48	58.9	13.1	39	32.0	166	371.6	25,643.6	
Vermont.....	4	2	0	3.5	13	42.3	5	5.9	0.4	8	7.8	26	59.9	2,453.0	
No. 2—New York..	340	186	254	999.6	355	1,185.5	408	791.6	263.3	152	168.6	1,169	3,408.6	420,428.8	
New Jersey.....	195	67	27	130.4	68	241.5	72	149.1	54.8	53	54.5	220	630.3	179,386.0	
New York.....	145	119	227	869.2	287	944.0	336	642.5	208.5	99	114.1	949	2,778.3	241,042.8	
No. 3—Pittsburgh..	247	150	64	224.0	260	710.6	185	288.7	86.2	88	89.6	597	1,399.1	107,533.2	
Delaware.....	7	7	2	4.5	19	68.7	8	20.8	2.0	11	3.5	40	100.4	5,913.5	
Pennsylvania....	216	125	38	152.9	215	596.1	119	219.7	48.8	57	80.5	429	1,098.0	90,318.9	
West Virginia..	24	18	24	66.6	26	45.8	58	48.2	34.5	20	5.6	128	200.7	11,300.8	

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

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

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

³ Assets are reported principally as of Mar. 31, 1937.

Monthly lending activity and total assets as reported by 2,833 savings and loan associations in March 1937—
Continued

Federal Home Loan Bank Districts and States	Number of associations		Loans made in March according to purpose										Total assets March 31, 1937	
	Submitting reports	Reporting loans made	Mortgage loans on 1- to 4-family nonfarm homes						Loans for all other purposes		Total loans, all purposes			
			Construction		Home purchase		Refinancing and reconditioning		Number	Amount	Number	Amount		
			Number	Amount	Number	Amount	Number	Refinancing						Reconditioning
No. 4—Winston-Salem.....	308	267	692	\$2,283.0	642	\$1,499.4	998	\$1,846.8	\$330.5	326	\$530.6	2,658	\$6,490.3	\$239,898.5
Alabama.....	18	17	26	35.9	31	42.0	48	49.4	15.5	13	15.4	118	158.2	5,210.2
District of Columbia.....	11	11	48	429.6	24	128.8	264	1,011.4	39.3	30	83.2	366	1,692.3	93,703.2
Florida.....	49	46	152	684.6	74	243.0	106	192.6	70.3	39	89.7	371	1,280.2	21,374.5
Georgia.....	45	40	83	202.0	102	203.1	134	144.3	46.1	36	28.8	355	624.3	12,659.7
Maryland.....	72	51	47	181.0	142	336.1	83	127.5	25.6	48	98.2	320	768.4	43,929.6
North Carolina.....	45	43	162	327.8	154	303.9	197	160.6	72.3	89	112.1	602	976.7	32,949.8
South Carolina.....	36	34	125	269.5	63	133.8	75	64.6	21.8	37	39.6	300	529.3	9,739.8
Virginia.....	32	25	49	152.6	52	108.7	91	96.4	39.6	34	63.6	226	460.9	20,331.7
No. 5—Cincinnati.....	395	343	446	1,686.6	1,623	4,483.5	1,449	1,955.6	628.8	622	904.7	4,140	9,659.2	523,129.0
Kentucky.....	62	52	38	118.7	226	572.9	259	251.4	139.4	87	123.5	610	1,205.9	50,829.2
Ohio.....	298	261	314	1,348.8	1,358	3,832.8	1,041	1,533.5	405.3	506	729.1	3,219	7,849.5	457,786.3
Tennessee.....	35	30	94	219.1	39	77.8	149	170.7	84.1	29	52.1	311	603.8	14,513.5
No. 6—Indianapolis.....	180	163	206	611.1	494	839.4	628	525.7	214.1	306	303.2	1,634	2,493.5	197,155.6
Indiana.....	129	122	107	212.3	384	596.7	484	323.1	178.6	212	167.8	1,187	1,478.5	113,148.6
Michigan.....	51	41	99	398.8	110	242.7	144	202.6	35.5	94	135.4	447	1,015.0	64,007.0
No. 7—Chicago.....	288	238	176	631.2	582	1,636.2	767	1,670.0	230.3	226	468.3	1,751	4,636.0	213,148.7
Illinois.....	202	167	101	372.6	494	1,397.8	635	1,446.5	181.4	143	328.4	1,373	3,726.7	145,535.1
Wisconsin.....	86	71	75	258.6	88	238.4	132	223.5	48.9	83	139.9	378	909.3	67,613.6
No. 8—Des Moines.....	196	171	197	622.2	375	784.8	518	786.4	183.1	203	217.0	1,293	2,593.5	122,989.5
Iowa.....	50	42	32	89.7	90	135.8	112	134.1	31.8	36	33.6	270	425.0	18,018.5
Minnesota.....	44	38	52	214.7	105	270.1	155	211.5	66.4	42	69.4	354	832.1	28,447.0
Missouri.....	77	69	92	283.9	155	341.6	213	392.8	75.8	91	71.2	551	1,165.3	65,174.7
North Dakota.....	16	15	10	19.4	19	29.8	24	29.8	4.9	27	36.2	80	120.1	8,797.6
South Dakota.....	9	7	11	14.5	6	7.5	14	18.2	4.2	7	6.6	38	51.0	2,551.7
No. 9—Little Rock.....	262	226	462	1,258.6	459	914.6	617	672.7	185.1	268	372.1	1,806	3,403.1	143,173.1
Arkansas.....	40	37	50	125.9	43	62.5	100	97.6	25.3	44	52.2	242	363.5	9,690.9
Louisiana.....	66	56	76	234.1	175	419.9	112	107.3	72.0	83	176.5	446	1,009.8	67,820.9
Mississippi.....	25	22	28	37.6	21	32.6	34	35.3	11.3	9	10.7	92	127.5	3,841.8
New Mexico.....	14	11	13	36.6	8	9.6	15	18.5	6.9	9	7.3	45	78.9	3,302.0
Texas.....	117	100	295	824.4	207	390.0	356	414.0	69.6	123	125.4	981	1,823.4	58,517.5
No. 10—Topeka.....	208	174	291	1,018.1	591	1,242.9	513	604.4	196.2	422	583.5	1,817	3,645.1	167,548.8
Colorado.....	37	33	54	205.4	99	238.5	63	89.7	13.0	48	161.5	264	708.1	19,282.4
Kansas.....	79	64	86	218.2	163	286.9	155	134.4	69.7	88	117.9	492	827.1	53,847.2
Nebraska.....	41	30	54	212.6	111	244.8	148	212.8	66.8	122	137.7	435	874.7	44,089.5
Oklahoma.....	51	47	97	381.9	218	472.7	147	167.5	46.7	164	166.4	626	1,235.2	50,329.7
No. 11—Portland.....	116	107	395	1,118.3	370	723.3	609	893.6	179.1	259	428.3	1,633	3,342.6	84,537.1
Idaho.....	8	8	28	67.5	16	21.4	38	22.2	26.2	11	7.5	93	144.8	4,805.3
Montana.....	13	12	24	54.0	21	32.3	35	46.9	14.5	7	63.8	87	211.5	6,942.1
Oregon.....	27	21	80	262.6	54	112.4	124	206.3	44.6	52	36.1	310	662.0	21,383.8
Utah.....	9	9	46	168.9	29	73.7	69	85.0	23.9	19	60.9	163	412.4	10,209.5
Washington.....	49	49	207	529.3	235	458.1	325	499.9	57.2	159	220.9	926	1,765.4	37,622.3
Wyoming.....	10	8	10	36.0	15	25.4	18	33.3	12.7	11	39.1	54	146.5	3,574.1
No. 12—Los Angeles.....	137	131	914	3,286.6	439	1,147.5	585	1,066.9	133.0	228	418.3	2,166	6,052.3	216,051.4
Arizona.....	1	1	9	44.2	2	7.2	5	17.5	0.0	1	0.2	17	69.1	970.3
California.....	134	128	903	3,239.4	437	1,140.3	580	1,049.4	133.0	226	418.0	2,146	5,980.1	214,767.6
Nevada.....	1	1	2	3.0	0	0.0	0	0.0	0.0	0	0.0	2	3.0	153.3
Hawaii.....	1	1	0	0.0	0	0.0	0	0.0	0.0	1	0.1	1	0.1	160.2

Residential Construction Activity and Real-Estate Conditions

THE volume of residential construction, as measured by the estimated number of family dwelling units authorized by building permits issued in cities of 10,000 population and over, has risen sharply, along with the cost of building materials and of construction, during both the past year and the past few months. The number of dwelling units provided in March 1937 was 92 percent higher than the number for the same month in 1936. It amounted to 19,962, at an estimated total cost of \$78,000,000, as compared with the February figures of 15,156 units at a cost of \$58,000,000.

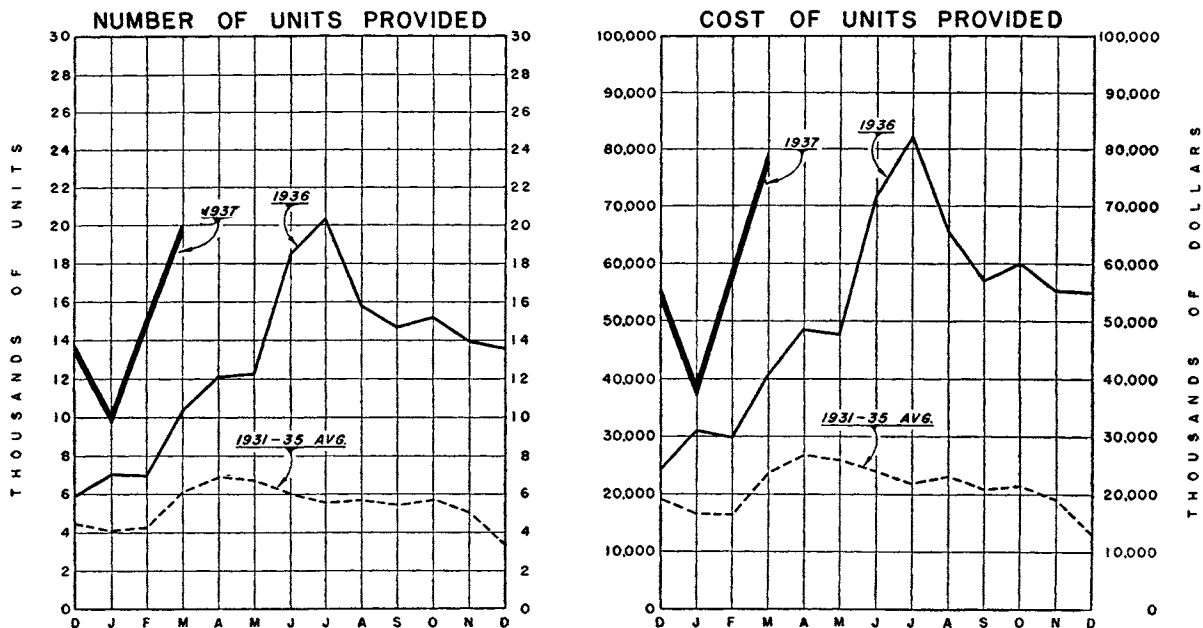
UNITS PROVIDED

THE 1-family dwelling has provided the bulk of the increase of 4,800 between February and March in the number of dwelling units provided. The number of dwelling units in buildings containing three or more units decreased about 5 percent. The number of 2-family dwellings and of joint home and business buildings both increased slightly.

The increase between March 1936 and March 1937, on the other hand, has been due in about equal proportion to 1-family dwellings and multi-

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]



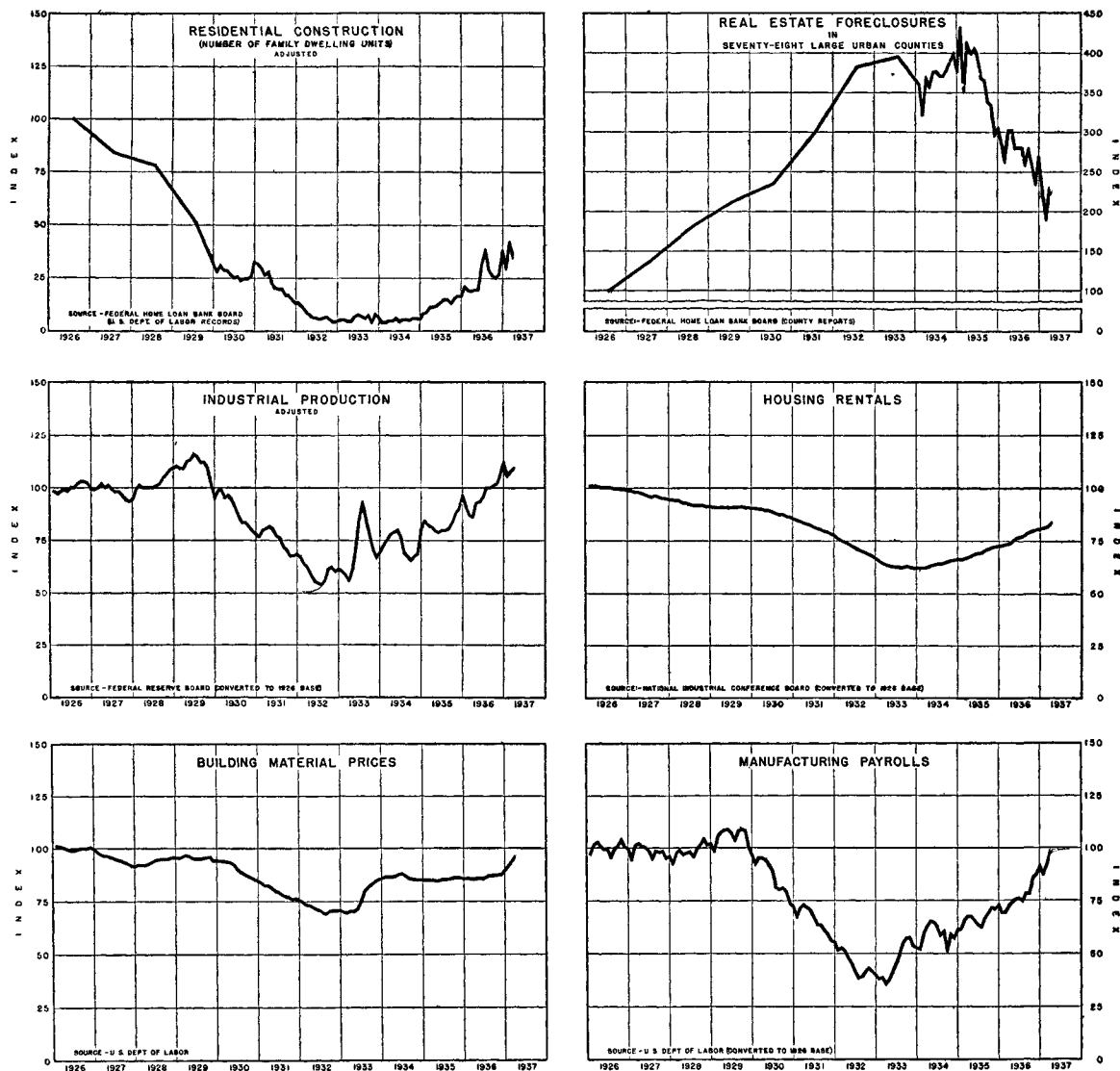
family dwellings. In the latter month, 1-family dwellings amounted to 61 percent of the total number authorized, and multifamily dwelling units to 33 percent.

When pictured on a graph adjusted for seasonal variation, however, on the basis of an index number of 100 for 1926, the March activity, as compared with that of February, showed a distinct drop.

CHART ENLARGED

CHART 2, which pictures the relationship between residential real-estate conditions and industrial production, has been enlarged to include other factors affecting the real-estate market. In this issue it shows fluctuations in wholesale prices of building materials and in manufacturing payrolls as well as the movement of residential con-

CHART 2.—COMPARISON OF RESIDENTIAL REAL-ESTATE CONDITIONS AND INDUSTRIAL PRODUCTION IN THE UNITED STATES [1926-100]



struction, industrial production, real-estate foreclosures, and housing rentals. The building material price index is based on materials used in both residential and other construction. The movement of this national index since the first part of 1936, however, has closely paralleled the fluctuations in the cost of materials as reported for the Indexes of Small-House Building Costs, published each month in the REVIEW. The graph of manufacturing payrolls has been included to show fluctuations in purchasing power. It is not necessarily coincident with the graph of industrial production.

FORECLOSURES

AFTER reaching, in February, the lowest point since 1930, the index of foreclosures in 80 large

Comparison of real estate conditions and industrial production

[1926=100]

	March 1937	Feb. 1937	Per-cent change	March 1936	Per-cent change
Residential construction.....	36	42	-14	19	+89
Foreclosures.....	230	196	+17	302	-24
Industrial production.....	109	108	+1	86	+27
Rentals.....	83	82	+1	74	+12
Building material prices.....	96	93	+3	85	+13
Manufacturing payrolls.....	98	92	+7	73	+34

urban counties rose 17 percent in March to an index of 230. It was still 24 percent below the March 1936 index of 302. The 17 percent increase

compares with the normal seasonal increase for March of 14 percent, an increase which is quite apparent on chart 2.

Of the 80 urban counties which reported foreclosures for March, 51 reported increases over February, and 30 reported increases over March 1936.

As may be seen in table 2, New York continued to lead the country in the volume of building activity during March by authorizing the construction of 5,695 dwelling units with a total value of \$20,467,000. This number was 10 percent less than that reported for New York during February, but 170 percent more than the number for March 1936. California was second during March with 3,295 units—an increase of 65 percent over her February figure.

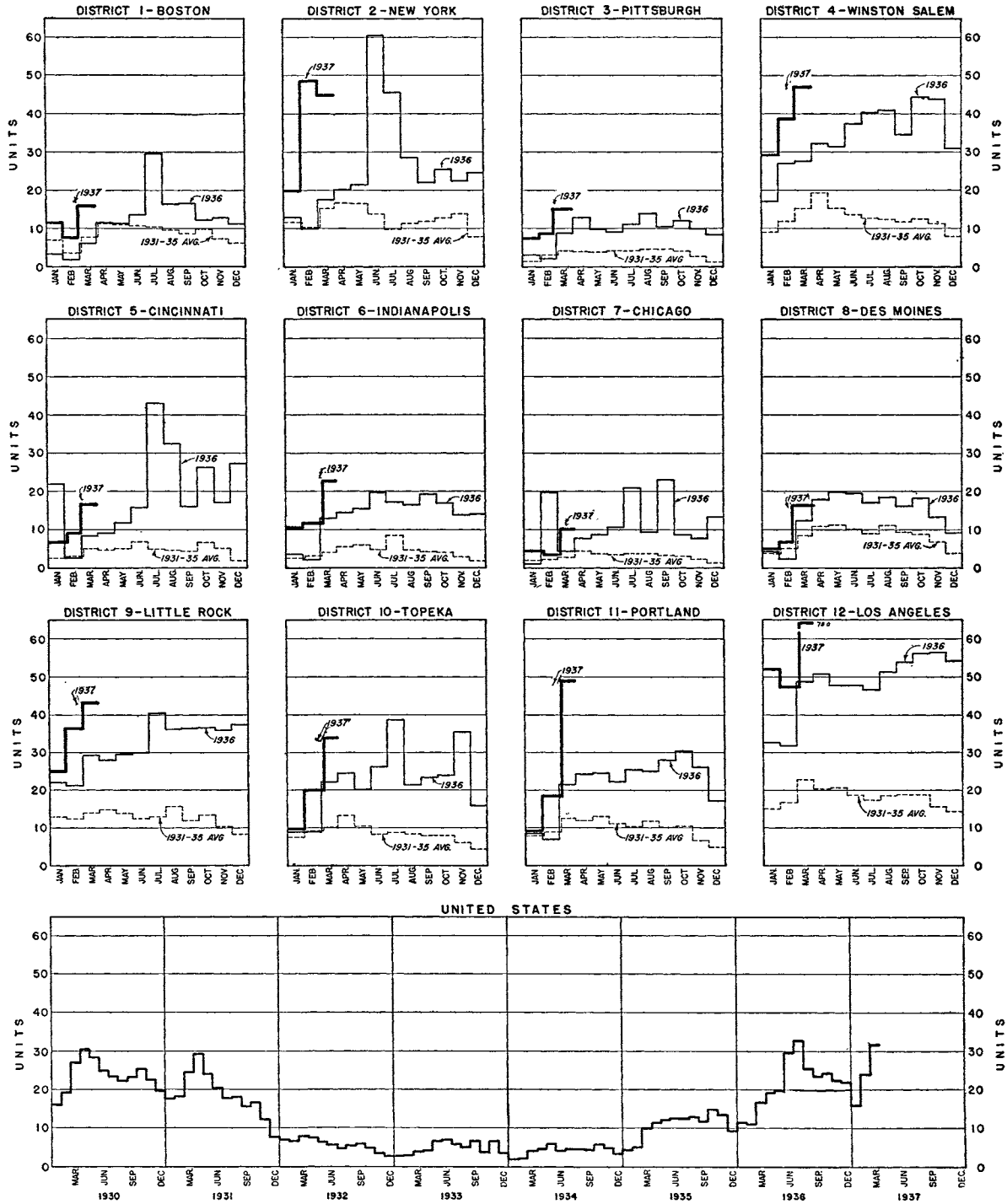
In rate of building, as distinguished from volume of building, however, the California activity put the Los Angeles Bank District far in the lead. The larger number of building permits granted there during March raised the number of dwelling units provided per 100,000 population to unprecedented levels. In March, 79 dwelling units were provided for each 100,000 of population. The comparable figure for February was 48, and for March 1936, 49.

The New York District was the only one to report a decrease in rate of building, showing a drop of 4 units per 100,000 population. All other Districts reported substantial increases, four of them doubling their rate for February. As a result, the United States average jumped from 24 to 32 units per 100,000 population between February and March. The marked increase during the past year is shown by the fact that the rate for March 1936 was only 17 units.

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

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

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



May 1937

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 March 1937 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	
	March 1937	March 1936	Percent change	March 1937	March 1936	Percent change	March 1937	March 1936
All housekeeping dwellings	19,962	10,381	+92.3	\$78,709.5	\$40,606.8	+93.8	\$3,943	\$3,912
Total 1- and 2-family dwellings	13,328	8,273	+61.1	57,479.1	34,847.7	+64.9	4,313	4,212
1-family dwellings	12,246	7,616	+60.8	54,402.6	33,033.5	+64.7	4,442	4,337
2-family dwellings	988	608	+62.5	2,731.4	1,627.4	+67.8	2,765	2,677
Joint home and business ²	94	49	+91.8	345.1	186.8	+84.7	3,671	3,812
3- and more-family dwellings	6,634	2,108	+214.7	21,230.4	5,759.1	+268.6	3,200	2,732

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 March 1937, 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)	
	March 1937	March 1936	March 1937	March 1936	March 1937	March 1936	March 1937	March 1936
UNITED STATES	19,962	10,381	\$78,709.5	\$40,606.8	13,328	8,273	\$57,479.1	\$34,847.7
No. 1—Boston	955	373	4,948.4	2,240.6	855	373	4,771.8	2,240.6
Connecticut	194	86	1,123.9	530.6	188	86	1,107.3	530.6
Maine	48	12	162.4	39.9	42	12	152.4	39.9
Massachusetts	543	210	2,908.4	1,415.3	455	210	2,758.4	1,415.3
New Hampshire	17	6	45.9	8.9	17	6	45.9	8.9
Rhode Island	147	54	673.0	212.9	147	54	673.0	212.9
Vermont	6	5	34.8	33.0	6	5	34.8	33.0
No. 2—New York	6,091	2,383	22,805.2	8,808.5	1,428	1,126	7,169.6	5,028.9
New Jersey	396	279	2,337.8	1,708.2	288	237	1,958.3	1,540.2
New York	5,695	2,104	20,467.4	7,100.3	1,140	889	5,211.3	3,488.7
No. 3—Pittsburgh	907	531	4,392.0	2,651.9	810	508	4,219.0	2,569.9
Delaware	38	15	194.0	75.4	38	15	194.0	75.4
Pennsylvania	764	458	3,833.4	2,339.8	684	449	3,707.4	2,291.8
West Virginia	105	58	364.6	236.7	88	44	317.6	202.7
No. 4—Winston-Salem	2,373	1,382	8,106.2	4,466.1	1,779	1,044	6,607.7	3,695.9
Alabama	149	41	289.6	89.2	126	27	257.7	60.2
District of Columbia	690	391	2,611.7	1,535.6	233	142	1,451.2	938.8
Florida	455	317	1,710.0	889.7	434	273	1,641.3	821.0
Georgia	212	116	502.0	242.9	208	110	500.0	220.3
Maryland	212	140	846.6	569.0	212	140	846.6	569.0
North Carolina	294	164	850.2	444.5	254	160	735.6	435.4
South Carolina	137	72	410.0	174.8	133	72	403.0	174.8
Virginia	224	141	886.1	520.4	179	120	772.3	476.4

TABLE 2.—Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in March 1937, 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)	
	March 1937	March 1936	March 1937	March 1936	March 1937	March 1936	March 1937	March 1936
No. 5—Cincinnati.....	941	479	\$4, 479. 6	\$2, 656. 1	807	467	\$4, 022. 6	\$2, 622. 1
Kentucky.....	135	71	346. 5	278. 7	135	71	346. 5	278. 7
Ohio.....	656	304	3, 725. 1	2, 092. 7	525	292	3, 272. 6	2, 058. 7
Tennessee.....	150	104	408. 0	284. 7	147	104	403. 5	284. 7
No. 6—Indianapolis.....	1, 117	631	5, 802. 6	3, 601. 5	1, 117	610	5, 802. 6	3, 561. 0
Indiana.....	228	117	942. 2	548. 9	228	109	942. 2	536. 9
Michigan.....	889	514	4, 860. 4	3, 052. 6	889	501	4, 860. 4	3, 024. 1
No. 7—Chicago.....	686	325	4, 582. 3	1, 894. 4	601	295	3, 886. 5	1, 822. 6
Illinois.....	490	206	3, 510. 1	1, 296. 5	414	181	2, 853. 3	1, 236. 2
Wisconsin.....	196	119	1, 072. 2	597. 9	187	114	1, 033. 2	586. 4
No. 8—Des Moines.....	602	450	2, 204. 6	1, 741. 0	555	425	2, 113. 3	1, 689. 9
Iowa.....	125	79	530. 3	295. 2	125	70	530. 3	281. 1
Minnesota.....	139	74	560. 8	324. 2	134	74	551. 5	324. 2
Missouri.....	294	275	1, 012. 1	1, 091. 0	257	259	937. 6	1, 054. 0
North Dakota.....	14	1	48. 3	2. 7	14	1	48. 3	2. 7
South Dakota.....	30	21	53. 1	27. 9	25	21	45. 6	27. 9
No. 9—Little Rock.....	1, 428	962	3, 950. 4	2, 482. 0	1, 303	904	3, 704. 8	2, 344. 0
Arkansas.....	35	35	92. 3	113. 1	35	35	92. 3	113. 1
Louisiana.....	171	131	479. 4	405. 4	149	120	446. 1	355. 2
Mississippi.....	151	20	244. 4	68. 5	128	20	210. 2	68. 5
New Mexico.....	53	18	137. 6	49. 7	53	18	137. 6	49. 7
Texas.....	1, 018	758	2, 996. 7	1, 845. 3	938	711	2, 818. 6	1, 757. 5
No. 10—Topeka.....	696	451	2, 506. 8	1, 590. 9	666	425	2, 418. 4	1, 565. 8
Colorado.....	192	85	845. 4	377. 3	178	85	782. 4	377. 3
Kansas.....	151	118	465. 3	347. 0	142	103	446. 9	333. 6
Nebraska.....	103	42	383. 0	156. 9	100	38	381. 0	149. 4
Oklahoma.....	250	206	813. 1	709. 7	246	199	808. 1	705. 5
No. 11—Portland.....	811	355	2, 635. 8	1, 116. 4	641	355	2, 212. 6	1, 116. 4
Idaho.....	33	25	95. 4	74. 9	23	25	75. 4	74. 9
Montana.....	49	56	166. 5	131. 7	49	56	166. 5	131. 7
Oregon.....	302	70	1, 023. 2	246. 5	166	70	669. 7	246. 5
Utah.....	96	46	330. 5	139. 1	89	46	309. 5	139. 1
Washington.....	302	129	912. 9	392. 5	293	129	896. 2	392. 5
Wyoming.....	29	29	107. 3	131. 7	21	29	95. 3	131. 7
No. 12—Los Angeles.....	3, 355	2, 059	12, 295. 6	7, 357. 4	2, 766	1, 741	10, 550. 2	6, 590. 6
Arizona.....	40	29	139. 0	100. 1	40	29	139. 0	100. 1
California.....	3, 295	2, 011	12, 030. 2	7, 158. 2	2, 706	1, 696	10, 284. 8	6, 409. 4
Nevada.....	20	19	126. 4	99. 1	20	16	126. 4	81. 1

Federal Savings and Loan System

KEEPING in step with the general seasonal advance in residential construction, the 1,157 identical Federal savings and loan associations reporting for both February and March made a larger volume of mortgage loans during the latter month than at any time in their history. Their loans during March amounted to \$26,380,800, which was 44 percent more than during February, and approximately 3 percent of their assets. As a result of this unusual lending activity, mortgage loans outstanding had increased at the end of the month 2.6 percent, to \$626,906,700.

The general growth of all Federal savings and loan associations is reflected most strikingly in figures comparing their activity during the first quarter of 1937 with that during the same period in 1936. For the first quarter of 1937 they made combined loans in the amount of \$60,693,000.

This is 40 percent more than the \$35,777,000 they loaned during the first quarter of 1936. Roughly half of this increase may be attributed to growth in number of associations; the remainder is due to increased activity—the growth of the associations themselves.

These reporting associations, besides increasing their lending activity during March, received substantial increases in share investments, and attracted numerous new private holders of share accounts. During the month, private investments increased \$5,000,000 and H. O. L. C. investments \$7,000,000. On the other hand, the volume of repurchases in March decreased by comparison with the amount reported for February. The number of holders of private share accounts increased at a greater rate during March than during any month since January 1936.

(Continued on p. 275)

TABLE 1.—Monthly operations of 1,157 identical Federal savings and loan associations reporting during February and March 1937

	February	March	Change February to March
			<i>Percent</i>
Share liability at end of month:			
Private share accounts (number).....	698, 537	708, 742	+1. 5
Paid on private subscriptions.....	\$511, 217, 600	\$516, 223, 500	+1. 0
Treasury and H. O. L. C. subscriptions.....	158, 938, 500	165, 864, 000	+4. 4
Total.....	670, 156, 100	682, 087, 500	+1. 8
Private share investments during month.....	11, 498, 000	11, 952, 100	+4. 0
Repurchases during month.....	7, 974, 500	7, 222, 100	-9. 4
Mortgage loans made during month:			
a. New construction.....	6, 165, 200	9, 127, 000	+48. 0
b. Purchase of homes.....	5, 053, 400	7, 684, 000	+52. 0
c. Refinancing.....	4, 684, 700	6, 263, 800	+33. 7
d. Reconditioning.....	943, 800	1, 479, 400	+57. 0
e. Other purposes.....	1, 455, 200	1, 826, 600	+25. 5
Total.....	18, 302, 300	26, 380, 800	+44. 2
Mortgage loans outstanding end of month.....	611, 211, 500	626, 906, 700	+2. 6
Borrowed money as of end of month:			
From Federal Home Loan Banks.....	56, 584, 900	58, 260, 100	+3. 0
From other sources.....	1, 801, 700	1, 709, 900	-5. 0
Total.....	58, 386, 600	59, 970, 000	+2. 7
Total assets, end of month.....	815, 243, 600	835, 318, 000	+2. 5

Federal Home Loan Bank System

THE balance outstanding of advances made by the 12 Federal Home Loan Banks to member institutions increased during March, reflecting the seasonal expansion of home-building activity. During the month, members borrowed \$8,591,000 and repaid \$7,077,000, leaving a net increase of one and one-half million dollars. On March 31 the balance outstanding was \$142,719,000, the estimated borrowing capacity of members was almost one billion dollars, and the Banks had made cumulative advances of \$301,353,000. During March, the number of member institutions of the Banks was increased by 28, bringing the total at the end of the month to 3,799.

Growth and trend of lending operations

[000 omitted]

Month	Loans advanced monthly	Repayments monthly	Balance outstanding at end of month
December 1935.....	\$8, 414	\$2, 708	\$102, 795
June 1936.....	11, 560	3, 895	118, 587
December 1936.....	13, 473	5, 333	145, 401
1937			
January.....	6, 570	8, 225	143, 745
February.....	4, 260	6, 800	141, 205
March.....	8, 591	7, 077	142, 719

The Indianapolis Bank is the only one which has reported a change in interest rates from those published in the April REVIEW. This change is

slight, affecting only the way in which long-term advances will be written. Secured advances for three months or over will be written at 3½ percent, but interest will be collected at 3 percent. Secured advances for three months or less will remain at 3 percent, and unsecured advances, none of which may be made for more than six months, will remain at 3½ percent.

1936 MORTGAGE LENDING

IN THIS connection, estimates compiled for the Federal Home Loan Bank Board show that the position of the savings and loan associations in the mortgage lending field improved considerably in 1936, since such associations made 34 percent of the total home mortgage loans in that year as compared with 24 percent of the total during 1935.

The estimates show that the savings and loan associations' 1936 total of mortgage loans was approximately \$667,000,000. This figure is 55 percent greater than the corresponding sum for 1935. Of the 1936 total, 28 percent, or \$186,000,000 was for new construction.

The part played by members of the Federal Home Loan Bank System in this activity has been considerable. Member associations provided 78 percent of the 1936 total of mortgage loans by all associations. State-chartered member associations loaned \$310,000,000, and Federal savings and loan associations loaned \$208,000,000 on home mortgages in 1936.

Federal Savings and Loan System

[(Continued from p. 274)]

Of the total mortgage loans made during March, 34.6 percent were for new construction. During February, 33.6 percent of total loans were for this purpose. This reflection of a continued demand for funds for new home building comes in spite of a considerable increase in building costs as shown by the Bank Board's index on page 264 of this issue.

Of the total loans made, home purchase accounted for 29.2 percent; refinancing accounted for 23.7 percent; and reconditioning for 5.6 percent. Federal Home Loan Bank advances to

Federal associations increased 3 percent during the month. At the end of March total advances to them represented 40.8 percent of total Bank advances outstanding to all members.

TABLE 2.—Progress in number and assets of Federal savings and loan associations

	Number		Approximate assets	
	Feb. 28, 1937	Mar. 31, 1937	Feb. 28, 1937	Mar. 31, 1937
New.....	645	644	\$169,255,240	\$169,262,020
Converted.....	595	605	678,838,868	682,901,485
Total.....	1,240	1,249	848,094,108	852,163,505

Federal Savings and Loan Insurance Corporation

MORTGAGE loans made during March by 281 State-chartered savings and loan associations insured by the Federal Savings and Loan Insurance Corporation amounted to 45.5 percent more than the loans made during February by the same institutions. The March total was \$7,751,200, in comparison with the February figure of \$5,329,100.

That insured State member associations are participating in the general increase in home construction activity is shown by the fact that their mortgage loans for new construction rose from \$1,590,300 during February to \$2,152,200 during March. Mortgage loans for other purposes also rose considerably. Home purchase loans were up 48.9 percent over February; refinancing loans, 62.6 percent; reconditioning loans, 16.8 percent; and loans for other purposes, 48.2 percent.

The Home Owners' Loan Corporation's new investment in insured associations in March repre-

sented about one-third of the net increase in their mortgage loans outstanding during the same period. Repurchases exceeded the sum of private share investments during the month.

The number of institutions insured by the Federal Savings and Loan Insurance Corporation increased, between March 15 and April 15, by 25. Of this number, 16 were State-chartered associations and 8 were converted Federal savings and loan associations. The assets of insured institutions rose, during the March-April period, by \$120,312,031, from \$1,247,645,996 to \$1,367,958,127.

The number of investors in all insured institutions has grown during the past eight months from 1,100,102 to 1,432,394, an increase of 322,292, it was recently announced. During that same period, savings accounts in the same associations increased in volume from \$962,000,000 to \$1,367,958,127, or \$405,958,127.

TABLE 1.—*Institutions insured by the Federal Savings and Loan Insurance Corporation*¹

	Cumulative number at specified dates					Number of shareholders	Assets	Share and creditor liabilities
	Dec. 31, 1934	Dec. 31, 1935	Dec. 31, 1936	Mar. 15, 1937	Apr. 15, 1937	Apr. 15, 1937	Apr. 15, 1937	Apr. 15, 1937
State-chartered associations.	4	136	382	425	441	680, 059	\$532, 140, 103	\$466, 779, 729
Converted F. S. and L. A. . . .	108	406	560	588	597	620, 203	670, 392, 810	613, 244, 786
New F. S. and L. A.	339	572	634	637	637	132, 132	165, 425, 214	155, 109, 342
Total	451	1, 114	1, 576	1, 650	1, 675	1, 432, 394	1, 367, 958, 127	1, 235, 133, 857

¹ Beginning Dec. 31, 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 Dec. 31 each year.

TABLE 2.—Monthly operations of 281 identical insured State-chartered savings and loan associations reporting during February and March 1937

	February	March	Change February to March
Share liability at end of month:			<i>Percent</i>
Private share accounts (number).....	428, 030	424, 754	+0. 2
Paid on private subscriptions.....	\$291, 195, 400	\$290, 881, 900	-0. 1
H. O. L. C. subscriptions.....	16, 478, 200	17, 575, 100	+6. 7
Total.....	307, 673, 600	308, 457, 000	+0. 3
Private share investments during month.....	4, 435, 200	4, 675, 000	+5. 4
Repurchases during month.....	4, 444, 100	5, 041, 400	+13. 4
Mortgage loans made during month:			
a. New construction.....	1, 590, 300	2, 152, 200	+35. 3
b. Purchase of homes.....	1, 849, 000	2, 752, 500	+48. 9
c. Refinancing.....	988, 800	1, 607, 500	+62. 6
d. Reconditioning.....	307, 200	358, 800	+16. 8
e. Other purposes.....	593, 800	880, 200	+48. 2
Total.....	5, 329, 100	7, 751, 200	+45. 5
Mortgage loans outstanding end of month.....	254, 221, 200	257, 553, 200	+1. 3
Borrowed money as of end of month:			
From Federal Home Loan Banks.....	15, 129, 200	14, 755, 000	-2. 5
From other sources.....	1, 997, 900	2, 059, 100	+3. 1
Total.....	17, 127, 100	16, 814, 100	-1. 8
Total assets, end of month.....	385, 246, 300	387, 252, 700	+0. 5

Deficiency Judgments

(Continued from p. 259)

Corporation has found a uniform national policy desirable. The soundness and liberality of this national policy, forged from experience with loans under the legal procedure of every State, make it worth consideration by private lending institutions. In the first place, it does not retain a deficiency claim on its books when there is no reasonable prospect of realizing on a judgment, and when there has been no wilful default. In such a case, after foreclosure and the expiration of any redemption period, it writes off the remainder of the claim as a bad debt and accepts its loss. Next, it does not try to collect the entire difference between the sale price and the amount of the debt when it has

been able to buy the property at less than the amount that it considers a fair value. It instead reduces the claim to the difference between the debt and the appraised value of the property. The appraisal is not on the probable sale price for cash in the current market, but the price that could be obtained in a sale for 10 percent cash, with the balance amortized at 5 percent interest over a 15-year period.

These specific terms, however, may be of less interest to private lending institutions than the general policy on which they are based. That policy, which involves an equitable adjustment with the borrower and an early adjustment of the books, may point the way to somewhat more uniform practices in the difficult questions arising under deficiency judgments.

Home Owners' Loan Corporation

SUBSCRIPTIONS by the Home Owners' Loan Corporation to the shares of Federal savings and loan associations, and of State-chartered associations that are members of the Federal Home Loan Banks or insured by the Federal Savings and Loan Insurance Corporation, have proved an excellent investment in addition to supplying lending institutions with additional funds.

To the end of 1936 these share investments, made primarily to increase the resources of associations, had yielded a return of 3.45 percent a year, or a total amount of \$2,332,278 on a cumulative investment to December 31, 1936, of approximately \$125,000,000. By April 20, 1937, a

H. O. L. C. investments in Federal savings and loan associations and in State-chartered savings and loan associations, and cumulative dividends received to Jan. 31, 1937

	H. O. L. C. investment (cumulative)	Cumulative dividends received	Rate of earning (dollar day basis)
Federal associations..	\$109,493,700	\$1,977,193	Percent 3.49
State-chartered associations.....	22,479,900	355,085	3.28
	131,973,600	2,332,278	3.46

cumulative total of \$155,386,500 had been allocated out of the fund of \$300,000,000 set up for that and other purposes by Act of Congress in 1935, to the purchase of such share investments.

The accompanying table gives the cumulative dividends received from Federal savings and loan associations and from State-chartered savings and loan associations. As the former uniformly make

declaration of dividends at the end of the year the Home Owners' Loan Corporation is able to show returns from them as of December 31, 1936. The State-chartered associations, however, show no such regularity in declaring dividends so the closing date was moved forward one month to January 31, 1937 to include reports made at odd periods. These dividends have, of course, been

TABLE 1.—*Properties acquired by the Home Owners' Loan Corporation*¹

Period	Properties acquired by voluntary deed and foreclosure ²
Prior to 1935.....	9
1935	
Jan. 1 through June 30.....	114
July 1 through Dec. 31.....	983
1936	
Jan. 1 through June 30.....	4,449
July 1 through Dec. 31.....	15,646
1937	
January.....	3,059
February.....	3,290
March.....	4,143
Grand total to Mar. 31, 1937.....	31,693

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 Does not include 14,735 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 31,693 completed cases, 157 properties were sold to parties other than the H. O. L. C. and 4,124 cases have been withdrawn due to payment of delinquencies by borrowers after foreclosure proceedings have been entered.

computed on the basis of the actual time the H. O. L. C. funds were invested in the associations. Consequently no deductions can be made directly from the cumulative amount invested in them.

The cumulative amount received in dividends from Federals was \$1,977,193 at an annual rate of 3.49 percent. Seven investments in Federal

associations were made too late to receive dividends, and no dividends were declared on 11 subscriptions. All but one of the subscriptions in State-chartered associations received a dividend, although the average return was 3.28 percent. Six subscriptions were made too late to receive dividends.

TABLE 2.—H. O. L. C. subscriptions to shares of savings and loan associations—
Requests and subscriptions¹

	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
Dec. 31, 1936.....	89	3,845,710	279	21,016,900	2,617	108,591,900	2,985	133,454,510
Jan. 30, 1937.....	97	4,105,910	297	21,921,900	2,746	113,794,300	3,140	139,822,110
Feb. 28, 1937.....	99	3,762,910	317	23,341,900	2,874	120,320,300	3,290	147,425,110
Mar. 31, 1937.....	109	4,230,710	356	25,622,800	3,061	130,816,500	3,526	160,670,010
Apr. 20, 1937.....	117	4,820,710	373	26,503,800	3,181	136,784,500	3,671	168,109,010
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
Dec. 31, 1936.....	45	1,688,000	262	19,455,900	2,538	104,477,400	2,845	125,621,300
Jan. 30, 1937.....	46	1,738,000	280	20,741,900	2,663	109,493,700	2,989	131,973,600
Feb. 28, 1937.....	50	1,553,200	300	21,746,900	2,771	115,156,200	3,121	138,456,300
Mar. 31, 1937.....	55	1,828,200	322	23,159,400	2,928	122,545,700	3,305	147,533,300
Apr. 20, 1937.....	60	2,106,000	349	24,738,800	3,043	128,541,700	3,452	155,386,500

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

TABLE 3.—Reconditioning Division—Summary of all reconditioning operations through Apr. 15, 1937¹

Period	Cases received ²	Contracts awarded		Jobs completed	
		Number	Amount	Number	Amount
June 1, 1934 through Mar. 17, 1937.....	766,818	425,633	\$81,783,155	417,019	\$79,172,628
Mar. 18, 1937 through Apr. 15, 1937.....	4,544	2,876	640,527	2,881	538,799
Grand total through Apr. 15, 1937.....	771,362	428,509	82,423,682	419,900	79,711,427

¹ All figures are subject to correction. Figures do not include 52,269 reconditioning jobs, amounting to approximately \$6,800,000, completed by the Corporation prior to the organization of the Reconditioning Division on June 1, 1934.

² Includes all property management, advance, insurance, and loan cases referred to the Reconditioning Division which were not withdrawn prior to preliminary inspection or cost estimate.

Construction Loan Procedure

(Continued from p. 257)

association prepares an estimate sheet, classifying in detail the amounts of all sub-bids, materials and labor costs, and furthermore specifying the amount under each classification which will be distributed to the various subcontractors or materials dealers out of each of the prearranged disbursements. One association which follows this procedure reports that the contractors, far from considering this detailed supervision a burden, welcome the use of these estimate sheets because it gives them a convenient means by which to plan the detail of their work in advance.

AFFIDAVIT USED

BEFORE final disbursement is made, it is desirable to obtain a sworn statement by the contractor as to the amount of bills outstanding, if any. One association prepares for the contractor's signature such a statement in affidavit form. The affidavit folds so as to form an envelope, addressed to the association, and requiring no postage to be paid by the sender. When the contractor signs such an affidavit and mails it to the association, he is liable, if he submits an untruthful statement, to charges of perjury and of using the mails to defraud.

To make sure that neither the borrower nor lender will suffer loss from damage to the building, it is necessary to see that fire insurance policies, properly endorsed to protect the lender, should always be adequate to cover possible loss at any stage of construction. The same warning applies with respect to windstorm insurance insofar as the local risk of such damage exists.

The careful handling of the detail involved in a construction loan requires additional effort on the

part of a savings and loan association or other home-financing institution, and sometimes makes necessary the employment, probably on a fee basis, of additional personnel. The Federal Home Building Service Plan was devised to equip such lending institutions to make construction loans safely without expanding their regular staff, or buying extra equipment. In those sections where the Plan has been tried, it has given associations, at a moderate charge to their borrowers, both responsible technical supervision of construction and assurance that disbursements will proceed only in proportion to the work completed.

RESPONSIBILITY AN ASSET

BUT the additional responsibility involved in construction loans should not be considered a liability to the association. On the contrary, it is a definite asset, because it offers a distinct service and appeals to the prospective borrower, while insuring adequate security to the lender. Homes built by those who have no permanent interest in them, and financed by institutions which consider a home as a mere bookkeeping transaction rather than a continuing responsibility, may well prove to be poor security, because inferior structurally. Homes built without sufficient attention to financial and legal procedure may contain unjustified expenditures in their total cost. In either case, they will be poorer security for a permanent loan than if the technical phases of their construction had been coordinated by a responsible local institution, with an active interest in the soundness of the social and economic values of its investment. The more fictitious values that can be eliminated from a home by careful supervision of its construction, the safer it will be to accept it as security for a high percentage, long-term loan.

The Future of Suburbs

(Continued from p. 258)

desirable, unprotected ones, will become industrial and lose their value as residential districts. Others, because of the mobility of their population and their freedom from encroaching industries, will have their future doubly assured.

Of particular interest to the savings and loan association are the sections on "The Production of Housing" and "Special Aspects of the Housing

Market" in this number of the Annals. In the former section are seven articles, dealing with the economic factors involved, the problems of industrial organization, and other subjects. In the latter section are the three articles cited above, with two others: J. Bion Philipson's "Consumption Standards and Housing", and Ira S. Robbins' "Methods of Holding Residential Property". The symposium brings together a number of political and social points of view on problems of considerable interest to the mortgage lender.

Directory of Member, Federal, and Insured Institutions

Added during March-April

I.—INSTITUTIONS ADMITTED TO MEMBERSHIP IN THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN MARCH 22, 1937, AND APRIL 17, 1937¹

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

DISTRICT NO. 1

MASSACHUSETTS:

- Boston:
 - Faneuil Co-operative Bank, 598 Washington Street.
 - Meeting House Hill Co-operative Bank, 240 Bowdoin Street.
 - North Dorchester Co-operative Bank, 39 Savin Hill Avenue.
- Dorchester:
 - Codman Co-operative Bank, 563 Washington Street.
- Milton:
 - Milton Co-operative Bank, 541 Adams Street.
- West Roxbury:
 - Bellevue Co-operative Bank, 1882 Centre Street.

DISTRICT NO. 2

NEW JERSEY:

- Englewood:
 - Englewood Mutual Loan & Building Association, 33 Park Place.

NEW YORK:

- Bellmore:
 - Bellmore Savings & Loan Association, East Grand Avenue.

DISTRICT NO. 3

PENNSYLVANIA:

- Kane:
 - Kane Building & Loan Association.
- Philadelphia:
 - Front & Huntingdon Building & Loan Association, 2558 North Front Street.
 - Roxborough Building & Loan Association, 2809 Queens Lane.
 - Visitation-Meteor Building & Loan Association, 4618 North Eighth Street.

DISTRICT NO. 4

MARYLAND:

- Baltimore:
 - Sterling Permanent Savings & Loan Association of Baltimore County, 2407 Fairmount Avenue.

SOUTH CAROLINA:

- Clinton:
 - Citizens Building & Loan Association of Clinton, 1 Broad Street.

DISTRICT NO. 5

KENTUCKY:

- Catlettsburg:
 - Catlettsburg Building, Loan & Savings Association.

OHIO:

- Cincinnati:
 - Spring Garden Loan & Building Company, Corner Westwood & Harrison Avenues.
- Cleveland:
 - Progress Building, Savings & Loan Company, 5454 Broadway.
- Columbus:
 - Lilley Building & Loan Company, 150 East State Street.
 - Scioto Building & Loan Company, 44 East Broad Street.
- London:
 - Citizens Loan & Savings Company, 1 South Main Street.
- Painesville:
 - Lake County Savings & Loan Company.
- Sharonville:
 - Peoples Building & Loan Association Company.
- Strasburg:
 - Strasburg Savings & Loan Company.

DISTRICT NO. 7

ILLINOIS:

- Taylorville:
 - Home Building & Loan Association of Taylorville, Illinois.

WISCONSIN:

- Milwaukee:
 - West Side Building & Loan Association, 2800 West Lisbon Avenue.

DISTRICT NO. 8

IOWA:

- Cedar Rapids:
 - Bohemian Savings & Loan Association.

MINNESOTA:

- Minneapolis:
 - Mutual Building & Loan Association of Minneapolis, 829 Marquette Avenue.

DISTRICT NO. 9

LOUISIANA:

- New Orleans:
 - Central Homestead Association, 400 Audubon Building.
 - Commonwealth Homestead Association, 615 Maritime Building.
 - Globe Homestead Association, 820 Maison Blanche Building.
 - Guaranty Savings & Homestead Association, 612 Gravier Street.
 - Home Building & Loan Association, 625 Common Street.

DISTRICT NO. 10

OKLAHOMA:

- Durant:
 - Durant Building & Loan Association.

DISTRICT NO. 11

WASHINGTON:

- Tacoma:
 - American Savings & Loan Association, 305 Rust Building.

¹During this period 4 Federal savings and loan associations were admitted to membership in the System.

DISTRICT NO. 12

CALIFORNIA:
Albany:
Albany Guarantee Building & Loan Association.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN MARCH 22, 1937, AND APRIL 17, 1937

CALIFORNIA:
Montebello:
Montebello Building & Loan Association, 424 Whittier Boulevard.

II.—FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN MARCH 22, 1937, AND APRIL 17, 1937

DISTRICT NO. 1

MASSACHUSETTS:
Cambridge:
Cambridge Federal Savings & Loan Association, 1295 Cambridge Street (converted from Inman Co-operative Bank).

DISTRICT NO. 3

PENNSYLVANIA:
Irwin:
First Federal Savings & Loan Association of Irwin, 53 Broadway Street.

DISTRICT NO. 4

NORTH CAROLINA:
Greenville:
First Federal Savings & Loan Association of Greenville.

SOUTH CAROLINA:
Clinton:
Citizens Federal Savings & Loan Association, 1 Broad Street (converted from Citizens Building & Loan Association of Clinton).

DISTRICT NO. 5

OHIO:
Bowling Green:
Mutual Federal Savings & Loan Association of Bowling Green, 129 East Court Street (converted from Mutual Savings & Loan Company).

Cincinnati:
Northside Federal Savings & Loan Association, 1612 Hoffner Street (converted from North Side #449 Building Association Company).

TENNESSEE:
Nashville:
Fidelity Federal Savings & Loan Association of Nashville, 405 Union Street.

DISTRICT NO. 7

ILLINOIS:
Mount Vernon:
King City Federal Savings & Loan Association, Ham National Bank Building (converted from King City Building & Loan Association).

DISTRICT NO. 9

MISSISSIPPI:
Laurel:
Laurel Federal Savings & Loan Association.

DISTRICT NO. 12

CALIFORNIA:
Compton:
Compton Federal Savings & Loan Association, 501 East Compton Boulevard (converted from Compton Building & Loan Association).
North Sacramento:
Fort Sutter Federal Savings & Loan Association of North Sacramento, 1454 Del Paso Boulevard (converted from Fort Sutter Building & Loan Association).

CANCELATIONS OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTERS BETWEEN MARCH 22, 1937, AND APRIL 17, 1937

MISSOURI:
Kansas City:
Home Federal Savings & Loan Association of Kansas City, 108 West Eleventh Street (charter canceled on account of dissolution and merger with the First Federal Savings & Loan Association of Kansas City).

TERRITORY OF HAWAII:

Honolulu:
First Federal Savings & Loan Association of Honolulu, 929 Fort Street (charter canceled on account of consolidation with the First Federal Savings & Loan Association of Hawaii, Honolulu, Hawaii).

III.—INSTITUTIONS INSURED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION BETWEEN MARCH 22, 1937, AND APRIL 17, 1937 *

DISTRICT No. 3

PENNSYLVANIA:
Ambridge:
Ambridge Building & Loan Association, 500 Merchant Street.
Philadelphia:
Forty Third Ward Building & Loan Association, Northwest Corner Sixth Street & Erie Avenue.
Stephen Girard Saving, Loan & Building Association, 1604 West Oxford Street.

Pittsburgh:
Steel City Building & Loan Association, 433 Fourth Avenue.

DISTRICT No. 5

OHIO:
Cuyahoga Falls:
Falls Savings & Loan Association, 2140 Front Street.
Miamisburg:
Miamisburg Building & Loan Association, 24 East Central Avenue.

DISTRICT No. 6

INDIANA:
Mishawaka:
Mishawaka Building & Loan Association, 115 South Church Street.
Terre Haute:
Phoenix Building, Loan & Savings Association, 17 South Sixth Street.

DISTRICT No. 9

LOUISIANA:
New Orleans:
Central Homestead Association, 400 Audubon Building.
Commonwealth Homestead Association, 615 Maritime Building.
Globe Homestead Association, 820 Maison Blanche Building.
Guaranty Savings & Homestead Association, 612 Gravier Street.
Home Building & Loan Association, 625 Common Street.

DISTRICT No. 10

KANSAS:
Pleasanton:
Linn County Savings & Rural Credit Association.

OKLAHOMA:
Muskegee:
Victor Building & Loan Association, 224 Wall Street.

DISTRICT No. 11

MONTANA:
Billings:
Security Building & Loan Association, 2701 Second Avenue, North.

WASHINGTON:
Kelso:
Commercial Savings & Loan Association, 106 South Second Street.

DISTRICT No. 12

CALIFORNIA:
Los Angeles:
Coast Mutual Building-Loan Association, 530 West Sixth Street.

* During this period 12 Federal savings and loan associations were insured.

FEDERAL HOME LOAN BANK DISTRICTS

