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FEDERAL HOME LOAN BANK REVIEW

OCTOBER
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FEDERAL HOME LOAN BANK REVIEW

Issued Monthly by the

Federal Home Loan Bank Board

Federal Home Loan Bank System

Federal Savings and Loan Associations

Federal Savings and Loan Insurance Corporation

Home Owners' Loan Corporation

SUBSCRIPTION PRICE OF REVIEW

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

APPROVED BY THE BUREAU OF THE BUDGET

Federal Home Loan Bank Review

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The Little Rock Public Relations Program

BETWEEN June 15 and September 15 three public relations representatives of the Federal Home Loan Bank of Little Rock visited 229 insured savings and loan or homestead associations located in the five States over which that Bank has jurisdiction. They were sent to help association managers clarify their relations with the public; to help associations establish adequate advertising budgets; and to advise the public, through its leading citizens and civic clubs and printed media, as to the meaning and function of the local savings and loan associations, the Federal Home Loan Bank System, the Federal Savings and Loan Insurance Corporation, and the Federal Savings and Loan System.

The results which have been tabulated show that this unique experiment of direct contact with local conditions and needs has met with a very favorable response. That there was need for such services is apparent when only 61 out of the total of 229 associations visited could show adequate existing advertising programs. The campaign revealed the important fact that the general public was not at all well acquainted with the Federal agencies concerned with home financing nor even with the activities of their local savings and loan associations.

This program followed a series of group conferences held throughout the Little Rock District during April and May to bring together managers of member associations and representatives of the Little Rock Bank, mentioned in the July REVIEW. At these conferences many problems of interest to both groups were discussed.

Introducing this second step, the president of the Bank wrote to the local association managers and to the editors of local papers announcing the representative and stating the date of his arrival in their town. Consequently, his visit was anticipated and he was assured of a good hearing.

In the offices of each association the representative conferred on how a local program in regard to advertising, news stories, service club work, and civic club activities should be carried out. He met with the manager and discussed specific problems of the association and, if necessary, an afternoon meeting of the board of directors of the association was arranged for him. In the meantime, he visited local newspapers and discussed savings and loan news releases and advertising, and interviewed bankers, the postmaster, lumbermen, and real-estate agents. With these individuals he left a little booklet explaining in question-and-answer form the agencies under the Board. He was frequently called upon to speak before local clubs. Then, when he met the directors of the association later in the same day, he was in a position to outline his observations of the public attitude toward the association and to suggest a program to meet the local situation. He tried in every case to secure formal approval of a budget program for publicity in keeping with the size and potentialities of the association. And, upon leaving, he gave the manager a brochure of "Public Relations Policies Suggested by the Federal Home Loan Bank of Little Rock."

This brochure gave detailed suggestions for public relations operations on the premise that the subject has these two principal phases: "The indirect promotion of the association through the individual who manages it, along with the board of directors, and advertising and publicity more specifically about the association itself."

In it is the insistence that releases given to newspapers should have definite news value. "Puff" publicity, as such, can have none but an unfortunate effect on the relations between the association and the local editor. Examples of the types of releases which have news value were included, such as the Bank is sending out regularly to 160 daily and 160 weekly papers.

One problem which admits no definite solution is the amount which should be spent for advertising. The brochure suggests, with reservations, one-fourth of 1 percent of assets as an average annual expenditure, and lists the purposes for which it might be spent. The obvious rule is, however, to find where it will produce the greatest returns.

Results of Program

As the representatives state in their report, the real results of this public relations program cannot be fully measured. There exist a better understanding between the Bank and its members, an increased knowledge of home-financing institutions on the part of "key" citizens, and improvement in

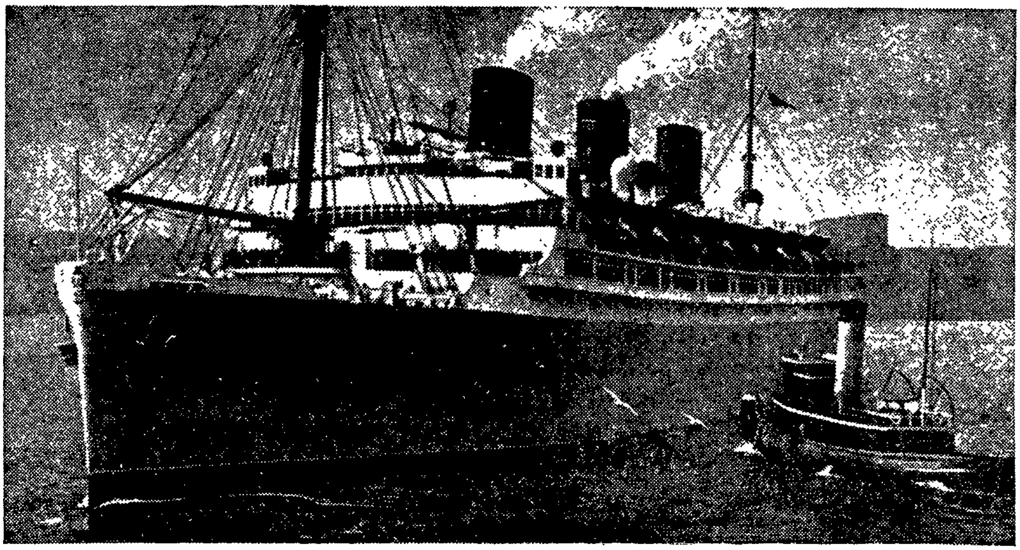
the relations between the institution and the local editorial offices and news agencies. Nevertheless, a cross section of the reaction to the program can be given. For example, of the 168 associations with inadequate public relations programs, 50 adopted advertising budgets, 58 increased their budgets, while 43 would not immediately commit themselves to the program, and 17 could not be interested in participation. In meeting public officials, the results of the interviews were somewhat as follows: Of interviews with postmasters, 72 percent were satisfactory; with bankers, the proportion was 86 percent; with representatives of chambers of commerce, 86 percent; and with editors, 90 percent.

During a part of the time the program was in effect (June 1 to September 1), 621 newspaper stories were published and six cities published special sections on savings and loan activity.

Cooperative Advertising

One trend, which was exemplified particularly by "Insured Savings Week" in New Orleans, is that towards cooperative activity. Associations which are parallel in structure and operations will benefit by pooling their advertising resources in a common effort. In Fort Smith, Arkansas, five associations, with the assistance of the Bank, combined to carry on a cooperative program for three months preceding and following their June 30 declaration of dividends. This was possible because (1) they had identical lending plans, (2) they declared identical dividends, and (3) they were all insured. Also, 10 Federal savings and loan associations located within a radius of 100 miles of San Antonio, Texas, have covered the preliminary work in organizing a joint radio program. And in Little Rock, a group of associations is sponsoring a movement among all associations in the southwest to use uniform advertising so that they may achieve unity in the minds of the people by saying the same thing well and simultaneously in all sections. The illustrations on these pages are samples of the type of cooperative newspaper advertising which was undertaken.

All these developments point to a healthy cooperation among all operators. It is by means of such cooperation that the best practices may be preserved and, at the same time, presented to a public whose confidence is increased in direct proportion to its understanding.



Design Value in Low-Cost Housing

IN LARGE buildings the design is usually self-evident. The types of materials, the shape and style of the cornice, the form of the columns and pilasters all point to the guiding hand of a designer. But in single-family homes such design is not always evident to the uninitiated. The spectator may stop to admire but he will seldom be conscious of the house as a work of art. Cheaper materials for one thing and simplicity and lack of pretension for another do not attract the attention to the less obvious quality of the building. Consequently, whereas it would be patently silly to suggest that a 40-story office building be built without architectural supervision, few people are concerned whether their prospective home is well designed or not.

Nevertheless, competent architectural services are essential to the maximum of usefulness and beauty in the small house. Not only will such services insure a plan which will fit the needs of its occupants with the greatest economy but they will give the house *proportion* and *design*.

In the house shown on the opposite page, the design is a natural development of the plan. First, taste and careful planning have determined the proportions, fenestration, and selection of materials. Second, well proportioned plain surfaces have been used without ornamentation. This is particularly important in the small house. If, for example, the architect had used heavy round columns in place of the delicate latticework on the porch, this one incongruous element would have completely destroyed the character of the design.

The simplicity of structural lines and carefully studied details of Mr. Evans' design is in marked contrast to the all too frequent attempts to imitate a traditional style *by means of applying architectural details for effect.*

But the architect's efforts to strip all needless elements from his design serves another purpose. Simplicity of structural form and design assures a minimum of depreciation and low maintenance costs—important considerations for both the small-home owner and the mortgage-lending institution which has a long-term equity in the property.

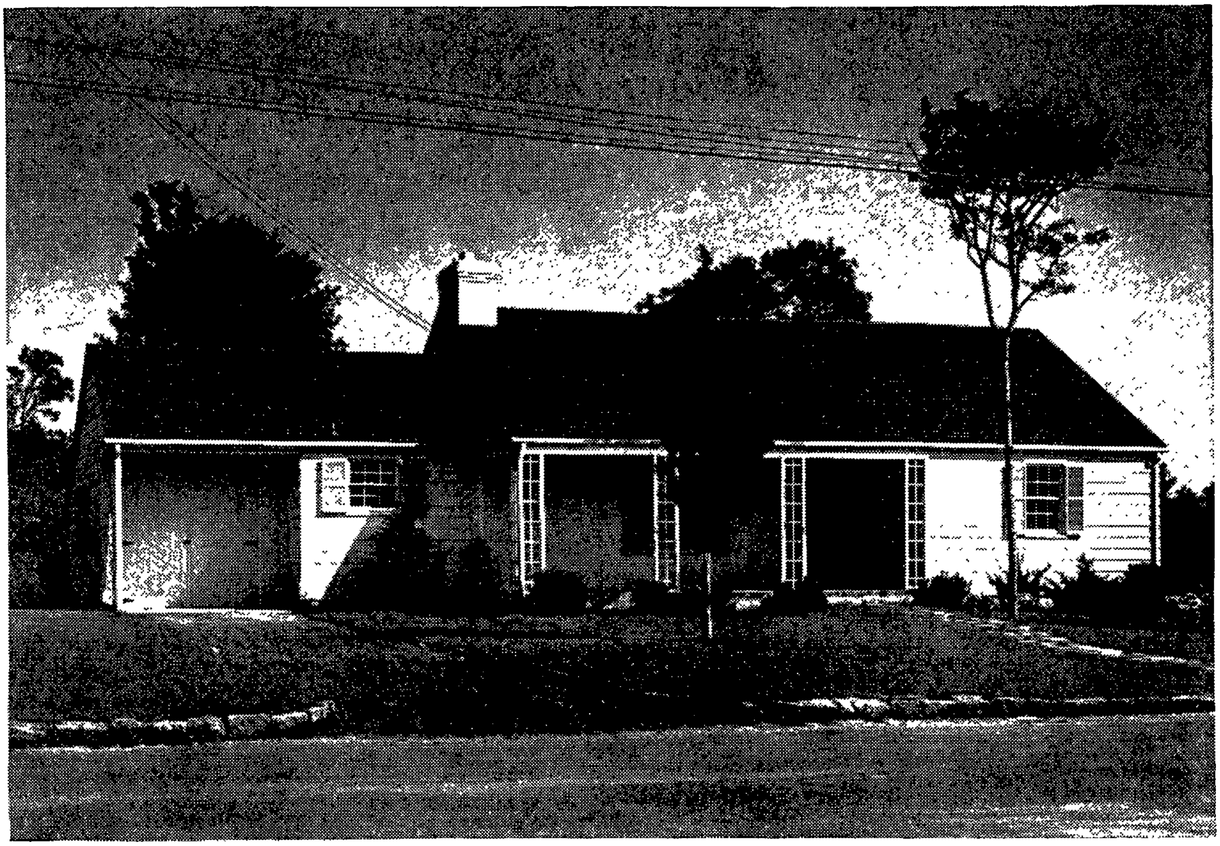
The plan of this house is simple and direct. The sleeping area is separated from the living and dining area, insuring privacy and yet retaining convenience. The rooms are arranged so the flow of traffic will cause a minimum of friction. With properly arranged furniture there should be no necessity for walking around anything to get from one part of the house to another.

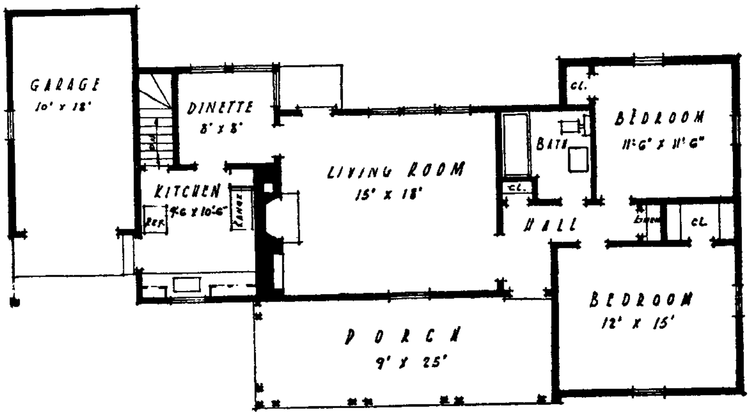
The entrance in the corner formed by the house proper and the garage serves a dual purpose. It is conveniently located for kitchen service and forms a protected passage to the garage. This makes an inside communicating door, which would complicate the design, unnecessary.

The closet which faces the front door forms one side of a hall which prevents a too abrupt entrance into the living room. Although it is sometimes supposed that halls are waste space, a hall such as this is indispensable in cold or wet climates.

Unfortunately, designs such as this are not very common. And that is because efforts in the direction of small-house design have too frequently been sporadic and individualistic. If the small house is to keep pace with changing needs and technical progress it must be subject to continual change. At present, results of research in this field have not been easily available and have not been widely adopted. But through the Federal Home Building Service Plan it should be possible to marshal the important elements in the small-house construction industry, having as a principal objective continued improvement of plan, design, and construction technique.

NOTE: Information concerning working drawings of the plan shown on the opposite page may be procured by writing to the Editor of the REVIEW.





FIRST FLOOR PLAN

ONE
STORY
HOUSE

DESIGNED BY

RANDOLPH EVANS, A. I. A.

Architect, New York City

Homestead Tax Exemption

EIGHT years ago the exemption of homesteads from taxation was virtually unknown. The laws of only one State, Vermont, provided for exemption, and Kansas was the only other State which had considered such a law.

Today, 14 States have passed laws providing for exemption or for a reduced tax rate on homesteads, 2 States have passed constitutional amendments making such laws possible, and in 3 States constitutional amendments are awaiting approval of the people (see chart beginning on next page). During the past five years 30 different States have had bills for homestead tax exemption before their legislatures.

Such widespread growth makes homestead tax exemption the concern of everyone. It brings up the problems of who shall be exempt, how this exemption will affect other forms of taxes, and how it will burden other groups of taxpayers. It is certainly the concern of home-financing institutions because of its probable effect on real-estate conditions and home ownership.

The dictionary gives the legal definition of the homestead as "the land and building thereon occupied by the owner as a home for himself and his family, if any, and more or less protected by law from the claims of creditors." Although a majority of the States concur in general to this definition, each State has its own variations. For example, five States limit the property to 160 acres in area, while Texas limits it to 200 acres of rural land and in a town or city to a property valued at not more than $5,000, used as a home or for business purposes.

Neither is there any uniformity in the type of taxes from which the property is exempt. In some cases the exemption applies only to State property taxes, and in other cases to all forms of ad valorem or general property taxation, including taxation by municipalities and special taxing jurisdictions. In all States having exemption laws except Arkansas and Oklahoma, the homesteads are not exempt from taxation for pre-existing bonded indebtedness.

As has been mentioned, Vermont was the pioneer in the homestead tax exemption movement, even though its law is quite different from those enacted later by most of the other States. The law of this State, adopted in 1917, provided for local option—permitting cities and towns to exempt new dwelling houses for a limited period of time. This law remained in effect until 1929 when it was amended to give cities and towns power to exempt all dwelling houses from taxation for five years. The new law was extremely liberal, not restricting the exemption to owner-occupied dwelling houses, and exempting up to $5,000. A direct statement of the exemption is given in the accompanying table.

In the same year that Vermont amended her exemption law, the Kansas legislature considered such a law but it was defeated. But after that, the movement grew by leaps and bounds. In 1933, eight States considered homestead tax exemption laws and the States of Texas and West Virginia adopted such laws through constitutional amendment. During the following years, bills for adoption were brought before State legislatures in quick succession: in 1934, three States; in 1935, thirteen States; in 1936, five States; and in 1937, eighteen States.

Opinions Concerning Exemption

Opinion as to the justification for homestead tax exemption has been widely divided. Advocates of it cite the handicap that taxation places on home ownership and argue that exemption would have several beneficial effects. These effects have been well summarized as follows by the Committee on Home Taxation in recommending such exemption to the 1934 Convention of the United States Building and Loan League.

> First, and most obvious, will be a rise in home values. Following it, no doubt, there will be a period of new construction by those people who have been deterred from building their own homes because of the tax load which they have considered as being too great. That this is true is shown in the case of the State of Ohio where the decrease in taxation through limitation has been an important factor in the rise of real property values. Financing of homes will be easier, because the uncertainty of risk which makes up a part of the financing charge will be clari-

(Continued on p. 14)

HOMESTEAD TAX EXEMPTION LAWS IN EFFECT ON JULY 23, 1937

Laws making specific exemption of homesteads

State	Reference	Amount	Property exempt	Taxes to which exemption applies
Alabama.....	General and Local Acts Alabama Extra Session 1936–1937, No. 107, page 113. Approved February 20, 1937.	Not to exceed $2,000 in assessed value.	"Homestead" as defined at date of enactment by constitution and laws of State, not to exceed 160 acres in area.	All State ad valorem taxes.
Arkansas.....	Constitution of Arkansas Article XVI, Section 8, Constitutional Amendment No. 23, Laws of 1936. (Adopted at election November 3, 1936.) Put in force by Act No. 247, Laws of 1937, approved March 17, 1937.	$1,000. (Legislature empowered to fix amount between $1,000 and $2,500.)	Homesteads of residents, married or unmarried, male or female. See definition in Act No. 247, Laws of 1937.	All State taxes referred to in Section 8 of Article XVI of Constitution of Arkansas, i.e., General property taxes.
Georgia......	H.B. No. 26, Laws of 1937 (Regular Session). Approved March 30, 1937. Constitutional amendment adopted at election June 8, 1937.	Now fixed at $2,000. (Subject to reduction by General Assembly to not less than $1,250 as the fiscal conditions of the State, counties, or schools may warrant.)	Homesteads while occupied by owners as a residence, etc.	All ad valorem taxation for State, county and school purposes, with exception of taxation to pay interest on and retire bonded indebtedness.
Louisiana....	Constitution Article X, Section 4 as amended at general election November 3, 1936. See Acts of Louisiana, Regular Session 1936, page 888.	To value of $2,000.	Bona fide homestead, consisting of lands not exceeding 160 acres, buildings and appurtenances, rural or urban, owned and occupied by head of family or person having a mother or father or a person or persons dependent on him or her for support.	State, parish and special taxes: Exemption does not extend to municipal or city taxes, except in Orleans Parish. Applicable in Orleans Parish to State, general, city and school, levee, and levee board taxes. Not exempt from taxes to an amount greater than the necessary funds available in the Property Tax Relief Fund to make the reimbursement provided for.
Minnesota...	Mason's Minnesota Statutes 1927, Section 1993 as amended; (last amendment approved July 23, 1937).	First $4,000 of full and true value. Preferred reduced assessment valuation on the first $4,000 for homesteads where they do not fall within the total exemption provisions as follows: Platted homesteads to be valued and assessed at 25 percent, unplatted at 20 percent of full value.	Real estate used as a homestead, except that containing iron ore.	All taxation for State purposes except that the first $4,000 remains subject to taxation for the purpose of raising funds for the discharge of State indebtedness incurred prior to and existing on July 23, 1937.

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Laws making specific exemption of homesteads—Continued

State	Reference	Amount	Property exempt	Taxes to which exemption applies
Mississippi...	Laws of Mississippi, Extra Session, 1935, pages 136–43. Approved November 14, 1935.	To extent of $2,500 of assessed value.	Homestead of resident head of a family. Not over 160 acres. See Section 2 of Act for definition of homestead.	All State ad valorem taxes.
Oklahoma....	H. B. No. 3, Laws 1937, First Special Session. Approved January 8, 1937.	To extent of $1,000 of assessed valuation.	Actual residence of natural person, citizen of State, owner residing and domiciled thereon. Not over 160 acres and improvements if rural; urban to include lot or lots or unplatted tract, with dwelling, garage, barn and other outbuildings necessary to family use, etc.	All forms of ad valorem taxation. Except that all assessments, levies, encumbrances, and other contract obligations incurred or made prior to the taking effect of the act shall not be affected by it.
South Dakota	H. B. No. 230, Laws 1937, Regular Session. Approved March 11, 1937.	To extent of homestead.	Homestead of every family resident of State, consisting of one or more contiguous lots not over one acre in town or 160 acres if not in town plat and one dwelling house and buildings appurtenant thereto. See Code 1929, Vol. I, Sections 449–469.	Any tax imposed by legislature to defray expenses of State or pay any deficiency thereof. Not to exempt from county, township, city, town, or school taxes.
Texas.......	Constitution, Article VIII, Section 1–a.	$3,000 of assessed taxable value.	Homestead of a family, not in town or city, consisting of not over 200 acres, in one or more parcels, with improvements. City or town homestead consisting of lot or lots not valued over $5,000 at time of designation as homestead, with no reference to value of improvements thereon; provided it is used as a home or for business or calling of head of family. Temporary rental does not change character if no other homestead is acquired. See Vernon's Annotated Texas Statutes (Civil), Vol. 12, Title 57, Article 3833.	All taxation for all State purposes; provided this exemption shall not apply to a portion of State ad valorem taxes levied for State purposes remitted within those counties or other political subdivisions now receiving any remission of State taxes until the remission has ceased, etc.

Laws making specific exemption of homesteads—Continued

State	Reference	Amount	Property exempt	Taxes to which exemption applies
Vermont.....	Public Laws, Chapter XXXIII, Section 596 and Section 601.	Not to exceed $5,000.	Buildings erected after June 1, 1922 used and occupied exclusively as a home and dwelling houses erected after April 1, 1929 whether for sale or rent and appraised, etc., exclusive of land at not over $5,000, may be exempted for period of not over 5 years if town where buildings, etc., are located so votes. Also applies where person purchases for home and occupies and improves land unoccupied and neglected or pasturage for 2 years prior to purchase, if town so votes to exempt for 5 years.	All taxation except State taxes on dwelling houses erected after April 1, 1929.
Wyoming....	S. B. No. 2, Regular Session. Chapter 140, page 290, Laws 1937. Approved March 3, 1937.	$500 of assessed valuation.	Homestead real property of all persons occupying same as a home in State of Wyoming.	All general taxation.

Laws preferring homesteads

State	Reference	Amount	Property exempt	Taxes to which exemption applies
Iowa........	S. B. No. 184, Laws 1937 (Regular Session). Approved March 20, 1937.	Not to exceed $2,500 credit on total assessed valuation.	Homestead as defined in Sections 19–20.	Total tax exclusive of special assessments. S. B. No. 184, Section 4 creates Homestead Credit Fund to give a credit against the assessed value of each eligible homestead. A credit to and not exemption from taxation is provided.
West Virginia.	Acts of West Virginia Legislature, Extraordinary Session 1932, page 17. Amending Section 1 of Article 10 of the Constitution. Adopted by the people November 8, 1932.	Homesteads taxed at not over 1 percent of assessed value which is a preferred rate over non-homestead property.	Property used, owned and occupied exclusively for residence by owner and farms occupied and cultivated by owners or bona fide tenants.	State and all local taxes.

Constitutional amendment not self-executing upon which the legislature has not acted

State	Reference	Amount	Property exempt	Taxes to which exemption applies
North Carolina.	Constitution of North Carolina, Section 5 of Article 5 as amended by Laws 1935, Chapter 444, page 745. Adopted at general election November 3, 1936.	Not exceeding $1,000 in value, at the discretion of legislature.	Property held and used as a place of residence by the owner.	All State and local taxation.
Utah..........	Laws of Utah 1935, page 257. Constitutional Amendment adopted at general election, November 3, 1936.	Not to exceed $2,000.	Up to $2,000 value of all homesteads at the discretion of the legislature.	The State and all local taxes.

Constitutional amendments submitted by the legislature but requiring approval by the people

State	Reference	Amount	Property exempt	Taxes to which exemption applies
Florida........	Laws of Florida Permanent Supplement Vol. I, 897 (2) (3) S. J. R. No. 21, Laws 1937 (Regular Session). Approved June 9, 1937. Constitutional Amendment for approval by the people.	Up to valuation of $5,000.	Homestead as defined in Article X of Constitution of Florida. S. J. R. No. 21 increases property exempt and legislature to prescribe laws regulating establishment of exemption, etc.	All taxation other than special assessments for benefits.
Pennsylvania...	H. B. No. 1, Laws 1937 Regular Session. To amend Article IX, Section 1 of Constitution. Filed with Secretary of State March 17, 1937 and subject to approval by the people.	General Assembly may by general laws exempt from taxation a uniform value in money of the taxable value of homesteads.		
Rhode Island...	H. B. No. 522–X, First Special Session, Laws 1936, approved December 8, 1936. Constitutional amendment for approval by the people.	To value of $3,000.	Real estate owned and occupied by head of family, citizen and resident, as a home.	All taxation other than special assessments for benefits.

CHANGE IN MEMBERSHIP OF THE FEDERAL HOME LOAN BANK BOARD

ON OCTOBER 1, Dr. Henry E. Hoagland resigned as a member of the Federal Home Loan Bank Board to return to his post as Professor of Business Finance and Organization at the Ohio State University. He was on a leave of absence from the university while serving as a Board member.

President Roosevelt has appointed Dr. William H. Husband to fill Dr. Hoagland's unexpired term of three years. Dr. Husband has been associated with the Bank Board for more than a year. He was formerly Professor of Economics and Business Administration and advisor to the Investment Committee at Ohio Wesleyan University.

Reconditioning Real Estate

ALTHOUGH depression experiences in the savings and loan business have been generally unpleasant, the knowledge gained in certain fields of operation should not be forgotten. Instead, as an aid to future activities, savings and loan operators should store their experiences of those years when foreclosure proceedings dominated the activities of the association and the big problem was handling real estate. The psychologist studies the extremes of human conduct to have a better knowledge of normal behavior because in the extremes cause and effect are more easily discernible. A similar procedure is also applicable to savings and loan operation.

For the purpose of studying the "case histories" of associations which have been faced with large real-estate holdings and have successfully handled their holdings with profit, information has been requested from several large associations in different sections of the country. The original request was for data only on reconditioning real estate held by the association, but replies indicated that the subject could be much broader. The reports which were submitted reflect, of course, the wide experience of those who wrote them. In reconditioning as well as in nearly every other savings and loan operation personal judgment and experience are dominating factors. For convenience in discussing the activities of these savings and loan associations, they will be referred to as associations A, B, and C.

Essentially, the handling of real estate is a transient problem and not a permanent one. Savings and loan associations are thrift and home-financing institutions and not real-estate agencies, but that does not mean that property acquired through foreclosure should be immediately disposed of. When there is no demand for property, or when there is a falling market, it is usually considered better to rent the property until conditions change. This may not be for a period of years, so a large association owning many properties is forced to set up departments for handling rentals and sales as well as reconditioning. It may in all probability find it economical to have its own reconditioning crews and warehouses.

Although a successful solution of the problem of disposing of acquired property depends on the personal judgment of the managing head of the association, there is no reason why he should handicap his decision by an inadequacy of information. According to the report from association A, the well ordered savings and loan association does not wait until it owns a property to be well acquainted with its characteristics. Rather, it makes periodic inspections and appraisals of all the real estate on which it has placed loans, which form a valuable history of the property in the event of foreclosure. This history is the foundation on which decisions as to disposal are made.

In addition, all the associations from which reports have been received emphasized the value of immediate inspections at the time of foreclosure. Association B requires a detailed inspection report in written form with a picture attached immediately upon transfer of the asset to the real-estate account. The report states: "This inspection should include the following items:

"Lot size, building size, interior layout, structure, garage and driveway, location, neighborhood trend, estimated present rental, estimated ability to sell as is, estimated items for present rental, estimated items for rehabilitation and approximate cost and probable sale price if rehabilitated. . . .

"A sufficiently experienced real-estate personnel should constitute the real-estate department, so that this inspection report has a definite meaning. It has been the policy . . . that the inspection itself be attended by the managing officer of the company, and if he is unable in some instances to be present at that inspection, to immediately discuss it with the property inspectors. In this manner the asset is at once placed in an operating position and very often prevents serious damage and loss in and about the property; particularly is this true if the property is vacant. If the weather is freezing or likely to be of freezing temperature, immediate steps must be taken to safeguard plumbing.

"The above procedure, in my judgment, constitutes one of the fundamental rules involved in real-estate operation."

Wholesale Reconditioning Operations

But such inspections, important as they are, constitute only one step in the operation of the association handling a foreclosed property. Association C, the third savings and loan association reporting, supplied an outline of the actual procedure followed in connection with its large reconditioning operations. This procedure is as follows:

"1. The foreclosure action or the taking of deeds to satisfy mortgage obligations begins its operations in the loan supervisor's office. The foreclosure order issued by the supervisor of loans is forwarded to the attorney's office and a letter is written by the attorney to the defaulting mortgagee. This procedure has made possible the negotiation of deeds for many properties. If no satisfactory response is forthcoming, then action is started in court. In the search for information regarding the parties to the title the supervisor is of great assistance in reducing the elapsed time of foreclosure. In Indiana, the time required for completing foreclosure varies from 14 to 18 months. The present law provides for sheriff's sale of property about a year from the date the suit is filed.

"2. With the completion of the sheriff's sale the title passes to the association. At this point, notices are filed with the supervisor of loans to clear his records and the property is transferred to the rental manager in the real estate division and recorded by the auditor in the 'property owned' account. The house is immediately inspected. If owner-occupied, notice of ownership is served and rent rate determined. If rented, the house is usually in fairly good general repair and the tenant is permitted to remain if the rent payment record of the receiver has been satisfactory.

"When the real-estate market is on the upward trend, the houses most likely to sell are ordered vacated on 30 days' notice.

"As rapidly as the houses are vacated, the rental department notifies the inspection department. It is the duty of this department to cooperate with the head of the real-estate division in the inspection and disposition of the property. Again a series of decisions are made. The house is either wrecked and the lot cleared or major repair and remodeling may be called for in order to put the house on the market. In the case of minor repairs, such as furnace repair, new roof, tinwork, painting, decorating, we use our 'shinola' crew. If major repairs are scheduled the preparation for bids is performed by a trained architect who prepares plans and specifications, and obtains bids for the work subject to the approval of the manager of the real estate division. If minor repairs are ordered the matter of preparing for bids is based on a brief specification and bid sheet for each job. These bid sheets and specifications are then submitted to carefully selected contractors for bids. The low bidder is awarded the work and the usual protective building insurance carefully checked.

"When the work is completed on a property, the inspection department certifies as to payment of all bills and at the same time protects the association against the acceptance of improper workmanship and shoddy materials. All bills are easily audited by the assistant auditor assigned to the operations of the real-estate division."

Classification of Property

As has been mentioned, when the property is acquired the responsible officials of the association must make an office analysis of the property so that it may be classified according to its physical value, income value, market value, and future possibilities. The decision must then be made whether the association will rent the property as is, repair it at a minimum cost for renting, rehabilitate it for renting or for sale, or sell it without improvement.

To facilitate this decision property may be arbitrarily classified under three heads: salvage properties, average properties, and high-grade properties.

Salvage properties: Because of their obsolescence or because they are located in a deteriorating neighborhood, the association is not willing to invest further in them. Consequently, they are sold immediately for cash or are rented with a minimum of maintenance.

Properties with average values: This type will probably benefit by reconditioning. According to association A: "The manager of the real-estate department and one or more of the officers make a thorough personal examination to verify the conclusions of the field appraisers. These conclusions being verified, estimates of cost of reconditioning or rehabilitation and modernization are made. If the expenditure is judged to produce a compensatory value to reestablish or improve the rental value of the property and the market value of the property, invitations to contractors are sent out. The contractors' bids are then classified and the work awarded. Upon completion of the work, a final inspection and appraisal are made."

High-grade properties: This type may need conditioning but such work as is done must necessarily be individual and the work authorized must be justified by the particular circumstances.

The report from association A states further: "The problems arising out of possession of real estate, classified within the above three broad groups, necessarily depend on the previous owner or occupant. Just as some people keep their clothes well brushed and pressed, while others are indifferent and still others absolutely negligent, so may be the condition of the property which has constituted their shelter. It is of course elementary to require that the field inspections and appraisal reports shall have brought to light any defects in the structural soundness, and the proper drainage of the property; as well as its conformity to local building codes and zoning regulations. Equally important is past neglect of painting which may have caused an appearance of abnormal obsolescence. Another problem is the adequacy and condition of plumbing and heating facilities. Still another extremely important problem is that of modernity in comparison with more recent construction in the same locality. In the older type of house, frequently a serious problem has arisen because of penetration of insects, such as termites."

In regard to making the decision about the property the correspondent from association B says: "In arriving at a decision as to which course should be pursued, I think that this should not be delegated, but should be actually made by the managing officer of the company. It is not necessarily true that by spending money on a property, a recovery can be made which will justify the expense, either out of operation or from sale. However, in the majority of instances it has been our experience that rehabilitation more readily produces a market, and in many instances a sale price which justifies the rehabilitation cost."

Types of Reconditioning Work

The types of reconditioning work may be classified under the following five general heads as suggested by association A:

1. Structural alterations, roof replacements, and drainage repairs to offset natural depreciation and to restore structural soundness.
2. Painting and decorating to make property attractive.
3. Repairing, renewing, or replacing plumbing and heating systems to make property as comfortable as neighborhood conditions demand.
4. Eliminating and preventing noxious and pest penetration.
5. Installing modern conveniences to meet competitive conditions, including maintenance or installation of garage when land area permits.

If the property is to be rehabilitated, it should be handled under the authority of the managing head of the real estate department, according to association B. The report states:

"I think that rehabilitation is one of the most difficult problems in the handling of real estate. In many instances it is necessary to entirely change the character of the structure, and this requires both experience and technical knowledge in marketing, as well as handling men and current information on costs. If a rehabilitation job is indicated, its estimated cost should be fairly accurate; otherwise, when the actual work is let it might prove impracticable. We have obtained the best results by doing all major rehabilitation jobs under contract. A control is kept on costs by issuing a purchase order, one copy of which goes to the contractor, which includes the specifications, one copy is retained in the real-estate department and one copy is sent to the accounting department. As work progresses the managing head of the real-estate department follows with daily inspection. We have also found that it is good business to meet all payments for material and labor promptly when billing is presented. This means that inspection must closely follow the work in order to determine whether or not invoices are proper. Of course, in all closed construction, the inspector must be there before the work is closed in. We have no hesitancy in requiring the tearing out of work if it does not conform to specification.

"The purpose of the triplicate purchase order is to permit the accounting department to furnish figures to the managing official of the company at all times indicating the outstanding expense accruing; and further, to check against approval when the head of the real-estate department has made his inspection and matched the invoice for work or labor with the copy of the purchase order in his files. We then forward that approved purchase order to the accounting department, which in turn matches it with the original purchase order forwarded to it. This furnishes a good check-up against altered invoices.

"If the work is of substantial character we also follow a division of contract to see that the general contractor on the job stays within his limits, and we can then disburse with the general contractor and the subcontractor jointly by voucher to prevent liens. On rehabilitation of a less extensive character, we handle material and labor bills direct. We have found considerable saving by quantity purchase in some types of material. We have been buying paint in 5-ton lots and have obtained a very favorable price. In doing this we require the seller of the paint to warehouse it for us to withdraw on purchase order; although we have previously paid for the entire shipment. Inventory from time to time guards against shrinkage and prevents the delivery of more paint to a job than the job should require. We have found it more practicable to make all selections as to colors of paint, types of wallpaper, methods of refinishing interiors, etc. If you permit the tenant to make these selections you will soon find that they are often not satisfied with their selections and that upon vacating the premises the entire work must be redone due to the fact that the tastes of the tenant were probably unique."

In carrying out these detailed and difficult operations it is important that the association not lose sight of the essential purpose of all reconditioning work. This purpose is well expressed in the report from association C which explains, in addition, the value of maintaining high standards in all reconditioning work done by the association. The report reads as follows:

"The whole rehabilitation problem is for one end, that of assuring the easy sale of the property. The whole process of reconditioning should at all times be based on reasonable standards acceptable to the respective neighborhoods in which the houses are located. Too much money invested is a waste of money; but it is important to establish standards in performance of rehabilitation work in order that a definite idea of the assured quality of the repairs may be built up in the mind of our buying public that reconditioned houses reconditioned by our association are well and properly equipped for their use. To have attained such a reputation is priceless and it is one which should be carefully protected at all times. It will mean relatively easy and ready sales of the completed property."

Tax Exemption

(Continued from p. 6)

fied. Lenders will be more willing to extend credit, and at higher ratios, since they will be assured that their first mortgage is in reality a first lien and not one subject to prior lien indefinite in amount. Since the cost of the money is also one of the factors making up the price of property, a tax reduction will result in substantial improvement in the home realty market. The final effect of such a homestead exemption will then transfer a large mass of individuals who are now in the tenant class to the home owning group, where previously the confiscatory nature of taxation on homes was the chief reason for their not undertaking home ownership.

On the other hand, the Twentieth Century Fund's recent study called "Facing the Tax Problem" denounces homestead tax exemptions. It says:

> From the point of view of a just distribution of the tax burden we can see no merit in the homestead exemptions recently adopted in Florida and several other States. The most obvious injustice in such exemptions is that they discriminate against the tenant, who must bear in his rent at least part of the real estate tax burden on his dwelling, and favor the person who happens to be able and willing to own his home.

It argues, furthermore, that the families which benefit from homestead exemption are usually forced to pay an equal amount through some other form of taxation.

An Example of Coordinating Technical Research in Home Building

THE industrial units that have made the most spectacular progress during the past few decades are those which have conducted scientific and technical research on a comprehensive scale. The home-building industry has had no agency large enough to conduct scientific research on the wide variety of materials and methods of construction used in the production of our homes. It is frequently charged, therefore, that there has been comparatively little technical progress in the home-building business.

The home-financing institution realizes that it is desirable to keep in touch with the changes that are constantly being made in the use of building materials and equipment. The mortgage lender is always uncertain which will prove to be sound security. The lender cannot afford to accept new departures until he is assured of their soundness. On the other hand, he should help prospective home owners to take advantage of every constructive economy which progressive practice makes possible.

Such economy and progress depend, to a large extent, on two things: reform of the building and safety codes of our cities, and the coordination of the research conducted by various trade associations representing their particular aspects of the industry.

An example of effective work in this field is that of the National Bureau of Standards of the Department of Commerce. This Bureau is the Federal agency that is doing the most to promote such progress, by coordinating its technical studies with building code reform and trade association research. With an appropriation granted it during the last session of Congress, it is now planning to expand its research in the technical aspects of low-cost housing. Its findings will be available for the guidance of the builder, and the protection of the home owner and his financing institution.

Normally, the Bureau of Standards conducts research at the request of Federal departments and other tax-supported agencies. It does not conduct tests desired by private citizens in competition with private research laboratories. The results of its studies, however, are made available to the general public in various ways.

Among other publications the Bureau issues bulletins bearing the general title of "Technical Information on Building Materials". These bulletins, the TIBM series, discuss briefly conclusions drawn from scientific laboratory tests and practical experience on the use of various types of materials. One bulletin, for example, discusses "Wall Plaster Mixing and Application"; another deals with "Varnish and Lacquer". The bulletins are sent, upon request, to interested parties, such as architects, builders, home-financing institutions, or technical departments of universities.

Another service of the Bureau is to answer specific requests for information, especially from local governments and the building trades. It furnishes whatever data are available and cites the proper sources of further information. This service is particularly valuable because of its correlation with the work of the Bureau on building codes, simplified practice, and trade standards. The Bureau cooperates with States and municipalities in the development of building code requirements to provide adequate safety without excessive cost. It works with industry to develop recommendations for simplified practice, by agreement on schedules of sizes and varieties of products, such as brick, tile, and lumber. At the request of business and consumer groups directly concerned, the Bureau helps establish nationally recognized specifications and commercial standards for manufactured products.

To encourage private business to take advantage of its research, the Bureau permits trade associations to assign scientific workers to its plant, giving them the privilege of using its equipment, as well as working with its technicians. By cooperating with scientists who are working for organized groups of manufacturers, the Bureau can direct its research to the most practical aspects of the problems involved. It can also make sure that inventions or discoveries will be used for the

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benefit of the public, since it requires that any discoveries made, or information collected, by these research associates must be made freely available, and not patented.

Working with an appropriation of $75,000, the Bureau conducted investigations, throughout 1936 and the first half of 1937, on the durability of building materials used in low-cost houses. The materials studied for durability were brick and masonry; plaster, stucco, and wallboard; floor coverings and finishes; thermal insulating materials; plumbing pipes and joints; and metals used in dwelling construction. Interior partitions and roofing materials were studied for both durability and fire resistance.

By the Appropriation Act for 1938, the Bureau was granted $200,000 to expand its studies on low-cost housing. It will give particular emphasis to the free standing house of comparatively low cost. The outline of its research includes studies of foundations, bearing walls and partitions, floors, roofs, heating and ventilating equipment, and plumbing. Particular attention will be given to the study of walls and partitions, to determine their qualities of strength and stiffness, fire resistance, thermal insulation, sound insulation, and durability. In carrying out this research, the Bureau will have the benefit of the advice of technicians of the Federal Home Loan Bank Board and other Federal agencies concerned with housing.

The Bureau does not expect, in carrying out its new program, to prepare new house plans, but will study building materials as assembled in the structural elements of houses. Entirely new materials and methods of building, as well as those already in use, will be included. Its research is intended to have a profound effect on residential construction. It should provide the technical information necessary to determine minimum standards which will insure safety of construction and reasonable durability. It should indicate numerous possible economies in design, and improvements in materials and methods. These findings, when put into effect along with the necessary building code reforms, should be of great value to the home owner and the financing institution with which he deals.

The Appraisal Forum

THE date on which the national Appraisal Forum will hold its first convention has been set finally for November 19 and 20, and the place will be Washington, D. C. This meeting of 30 major organizations in the country concerned with real-estate appraisal is sponsored by the Joint Committee on Appraisal and Mortgage Analysis, a permanent group consisting of equal representation from Federal and nongovernmental agencies.

As was mentioned in the May REVIEW, the Forum will be concerned with a discussion of sources of appraisal information and will not attempt to interpret the material collected. The Joint Committee will present the results of the two major projects it has undertaken: (1) the compilation of a bibliography concerning all phases of appraisal, under the direction of one of the foremost bibliographers in the country, and (2) the classification of urban and rural appraisal data which, because of its general character, can be utilized repeatedly in many valuations. The information for these projects has been collected from scientific bodies, societies, associations, universities, and governmental agencies.

In addition to the presentation of this information, speeches will be made by authorities in the field of property valuation, commenting on such subjects as the general aspects of the appraisal data problem and the usefulness and inadequacies of the available data. With the growing realization of the importance of applying substantiating data to methods of appraising as a safeguard to the mortgage lender, the results of these discussions should eventually be of great assistance to the individual appraiser.

At present, the plans are to distribute copies of the bibliography and the appraisal classification only to those who have been invited to attend the Forum. But it is expected that this valuable information will eventually be made public.

Any inquiries for information regarding the Forum should be directed to Henry E. Price, Secretary, Joint Committee on Appraisal and Mortgage Analysis, North Interior Building, Washington, D. C.

State Legislation and the Insurance Program

STATE-CHARTERED associations, whether or not members of the Federal Home Loan Bank System, were offered the benefits of share account insurance by the Federal Savings and Loan Insurance Corporation under Title IV of the National Housing Act. Their response was prompt, and the number of State-chartered institutions granted insurance since the end of 1935 has been greater than that of Federal associations chartered and insured during the same period. But many associations find it difficult to obtain insurance of accounts for their members because of various features in their respective State laws.

A number of recent State statutes may be cited as typical of those which facilitate the insurance of share accounts. These statutes, it is significant to note, have not all been enacted with that aim in view, even incidentally, since some of them were passed before the Federal Savings and Loan Insurance Corporation was created by Congress. They are, therefore, examples of the way in which the most progressive savings and loan practices are adaptable to the program of the agencies under the direction of the Federal Home Loan Bank Board. Let us examine several such typical statutes, and see how they benefit savings and loan investors by promoting at once more modern savings and loan practice and the insurance of share accounts.

During the recent depression the assets of many associations became frozen, withdrawal and repurchase payments were delayed, and the investing public in some instances may still be uncertain whether losses will be suffered. To promote public confidence, it was desirable for State legislation to outline methods of reorganization of savings and loan associations, so that insured shares can be issued against those assets which are currently earning, and certificates of participation against frozen assets. Such provisions were contained in, for example, an Ohio statute which facilitated reorganizations in that State before the Federal Savings and Loan Insurance Corporation began to insure share accounts, and thus removed in advance one of the worst difficulties to obtaining share account insurance. This statute, Ohio Code 693–1, became effective on June 29, 1934.

To maintain protection against losses, it is of course advisable for a savings and loan association to set up a reserve account for the sole purpose of absorbing them. In a number of States, however, the statutory provisions requiring the establishment of reserves are not adequate. Some of them permit associations to charge extraordinary expenses of various kinds out to the reserve fund. A reserve account of this kind clearly does not give the most complete protection to share investors, since it may be used for purposes other than that of meeting losses of the contingency type. Furthermore, it does not comply with the requirements for share account insurance, since it would permit certain associations in a mutual system of insurance to avoid their share of the responsibility by maintaining less protection against their losses than do other associations. An example of recent State legislation which clearly required that savings and loan associations maintain a reserve account that complies with the regulations for share account insurance is a Nebraska statute, approved on April 19, 1937. This statute requires associations to use their reserve fund only to meet losses.

The procedure required by statute for liquidating a savings and loan association is of direct concern to all shareholders. If an institution is insured, the Federal Savings and Loan Insurance Corporation has an obvious interest in the liquidation, for the insurance contract provides that upon liquidation being ordered the insurance of accounts must be settled.

To protect the interests of the shareholders and the Insurance Corporation, a Kansas statute, enacted on March 11, 1937, contains splendid provisions. First, it provides that the Federal Savings and Loan Insurance Corporation shall be notified before the State supervisory authority

(Continued on p. 35)

Residential Construction and Home-Financing Activity

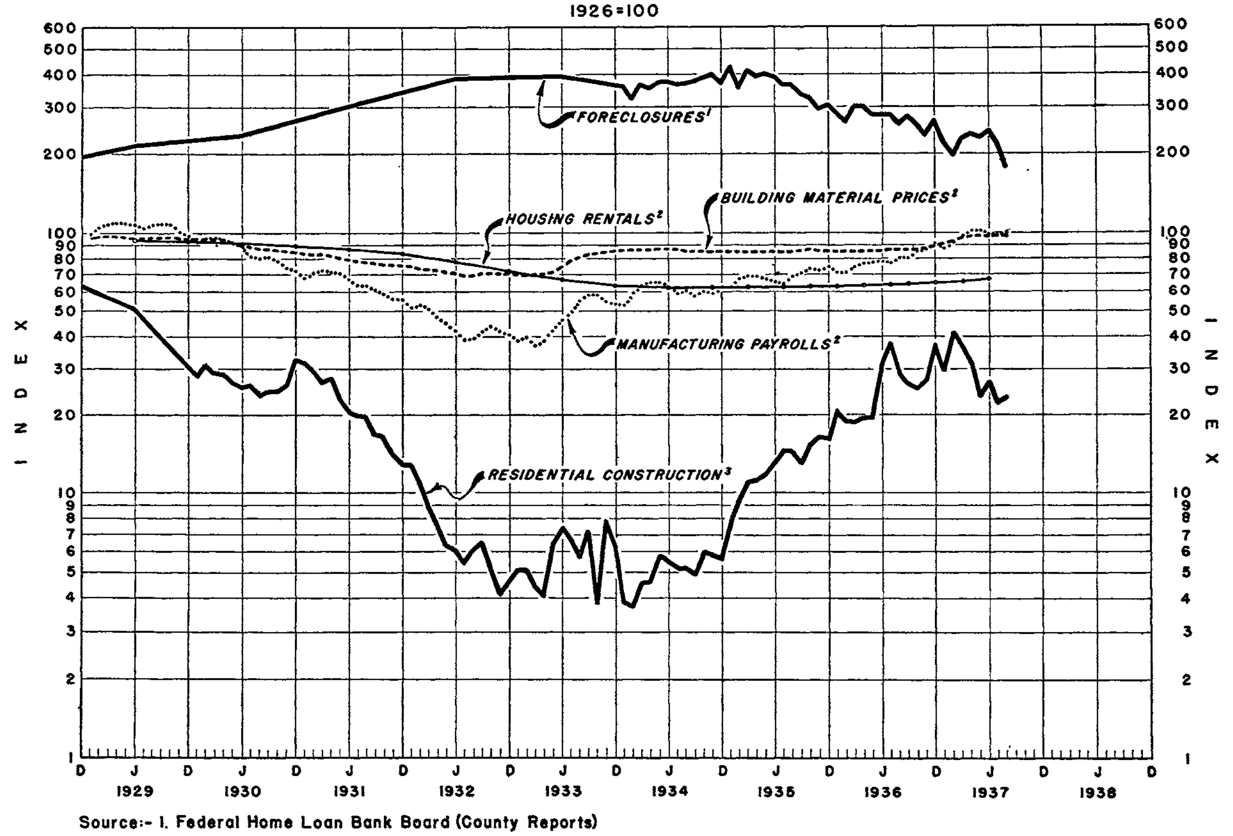
GENERAL residential building conditions improved somewhat in August compared to July. The seasonally adjusted index of construction for cities of 10,000 and more population increased 5 percent; foreclosures fell to new low levels; market rentals rose one unit; and manufacturing payrolls increased 3 percent. The Federal Home Loan Bank Board's index of building costs showed signs of leveling off in a majority of reporting cities in all parts of the country.

The increase of residential construction in cities of 10,000 population and over was due entirely to private building; the number of units provided by Government financed low-cost projects dropped from 116 units in July to zero in August.

But the slight increase in building between July and August, as reflected in the index and in the number of units provided, is not indicative of a uniform upturn in residential construction. For building in the larger cities increased more substantially during August than in smaller cities. The number of 1- and 2-family units constructed in cities of 10,000 population and over increased 5 percent while the estimated cost increased 1 percent in August from July. But in communities from 2,500 to 10,000 population the construction of this type of dwelling *declined* between these two months: the number of units decreased 3 percent and the cost 7 percent. It is interesting to note that in the smallest group,

RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS

1926=100



Source:- 1. Federal Home Loan Bank Board (County Reports)
2. U. S. Dept. of Labor (Converted to 1926 Base)
3. Federal Home Loan Bank Board (U. S. Dept. of Labor Records)

the towns with populations between 2,500 and 5,000, the number of units increased 4 percent and the cost decreased 0.8 percent. This was contrary to the reduction in the other small city groups. And it must be remembered that 1- and 2-family dwellings constitute the bulk of residences in these smaller cities.

Because of this decline, the total building of 1- and 2-family dwelling units in all cities of 2,500 and over increased 2 percent while costs declined 2 percent as may be seen in the chart on page 21.

The percent change between July and August in the number and cost of 1- and 2-family dwelling units authorized for construction in cities of various sizes is as follows:

Population	*Percent change Number*	*Cost*
2,500–5,000	+4.0	−0.8
5,000–10,000	−9.6	−12.8
10,000–25,000	+0.1	−7.3
25,000–50,000	+10.6	+9.1
50,000–100,000	+4.7	+2.6
100,000 and over	+5.4	+3.6

There were 12,601 dwelling units authorized by building permits issued in all cities of 10,000 population or over in August. The estimated cost of these units was $49,364,700. This was 7.2 percent more than the number authorized in July but 20.3 percent less than in August 1936. Seventy-five percent of the total were for single-family dwellings as compared to 60 percent in August 1936 (see table 1).

For the first eight months of 1937 building permits were issued for 119,891 dwelling units at a total cost of $480,418,600. In spite of the recession during recent months this was 16 percent more units than were authorized during the same period of 1936.

The volume of public residential building through August of this year is only a third of that constructed during the January–August period last year. In fact, no public low-cost projects were reported from cities of 10,000 population or over during August even though an additional appropriation of $10,500 was granted the T. V. A. project in Nashville, Tennessee.

Breaking down the number of units by States, we find that 2,093 units were authorized in California and 1,748 units in New York. In no other States were over 1,000 units authorized.

Rate of Building

When this volume of building is translated into the rate of building, i. e., the number of family dwelling units authorized per 100,000 population, the Twelfth Bank District, in which California is located, leads with 50.3 units per 100,000 population, while the New York District has a rate of only 14.4 units (see chart on page 27).

[1926=100]

	Aug. 1937	July 1937	Percent change	Aug. 1936	Percent change
Residential construction [1]	23	22	+5	29	−21
Foreclosures	176	214	−18	259	−32
Rentals (NICB)	87	86	+1	78	+12
Building material prices	96	96	0	87	+10
Manufacturing payrolls	100	97	+3	81	+23

[1] Adjusted for seasonal variation.

There were no major fluctuations in the rate of building between July and August, but the change was favorable enough to increase the United States total from 18.8 to 20.2 units. The largest increase took place in the Winston-Salem District which rose from 30.3 units in July to 39.6 units in August.

Several factors affecting residential construction improved in August. Building materials prices declined 1 percent while rentals, as measured by the National Industrial Conference Board, increased 1 percent. Manufacturing payrolls reached 100 from the July index of 97—a normal seasonal change. But most arresting of all was a decline in the index of foreclosures from 214 in July to 176 in August, a new low for the recovery period which brings the index down to the 1928 average.

A seasonal increase of 2 percent in foreclosures is usual for August but declines were reported from all sections of the country. The August index was 32 percent below the August 1936 index of 259.

INDEXES OF SMALL-HOUSE BUILDING COSTS

[TABLE 3]

Building costs during September as reported for a group of 26 cities were changed very slightly from June compared to the rapid increases reported by this same group of cities earlier in the year. This tendency for costs to level off was evident in the reports for July and August from the two other groups of cities on which costs are estimated for the Federal Home Loan Bank Board index.

For September as compared with June the cost of building the standard house on which the index is based changed less than 1 percent in 14 of the 26 reporting cities, and in 4 cities costs decreased more than 1 percent. In the remaining cities costs increased, but less drastically than in earlier reporting periods. The tendency during the June–September period was for labor costs to level off but for materials costs to fluctuate slightly. In 17 of the 26 cities labor costs did not change, in 2 they decreased, and in 7 they increased; while materials costs rose in 16 cities, dropped in 9 cities, and remained unchanged in 1 city.

The greatest rise was 4.5 percent, reported for Atlanta, Georgia. Atlanta is, however, not one of the high-cost cities. A cost of 23.6 cents a cubic foot there compares very favorably with costs in other southern cities, particularly in Florida and Alabama. But it is higher than cities in comparable areas such as Salisbury, North Carolina, with 20.2 cents per cubic foot—a 2.3 percent rise over June—and Columbia, South Carolina, with 20.4 cents a cubic foot.

The greatest decrease was reported for Roanoke, Virginia, where costs dropped 3 percent. More interesting, however, is the leveling off of costs in such cities as Birmingham, Alabama, and Washington, D. C. In these cities costs have risen 20.0 percent and 22.0 percent respectively during the past year—increases of more than $1,000 in each city. After such steady rises, the tendency to level off is a healthy change.

In spite of a drop of 1.1 percent, the cost of $7,178 in Chicago is still higher than in any other city on which costs are reported. This slight decrease was due to a drop in materials costs which was counteracted somewhat by an increase in labor costs. Next to it in this group of cities is Milwaukee with a cost of $6,840 and then Peoria, Illinois, with a cost of $6,780. All these cities are in the Chicago District.

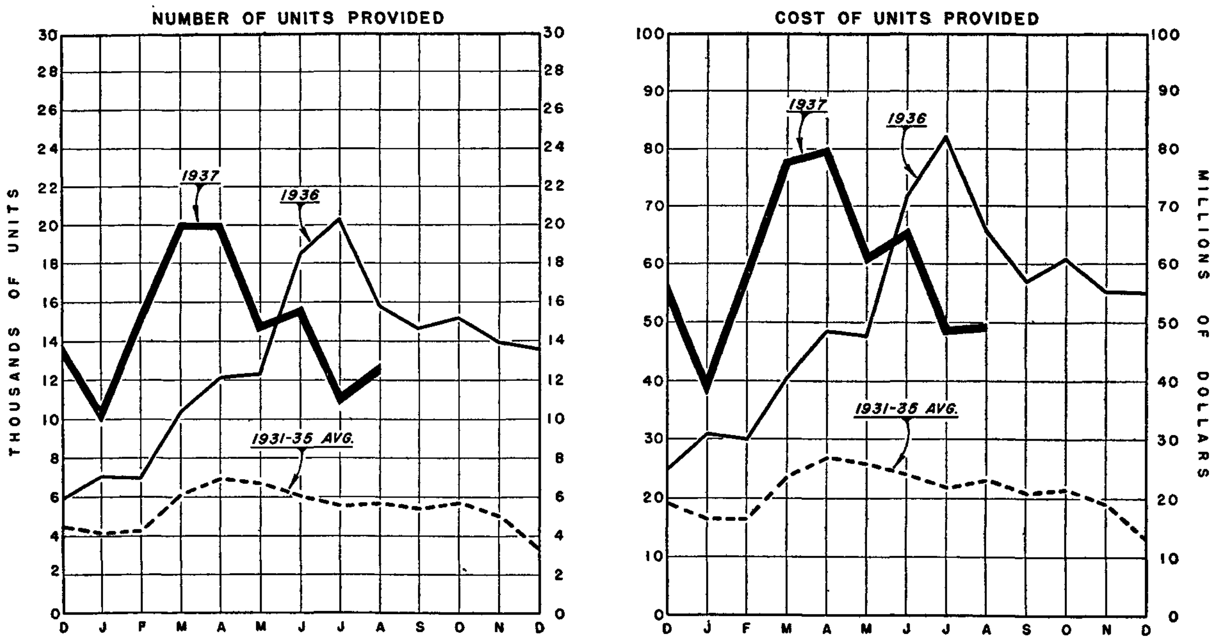
MONTHLY LENDING ACTIVITY OF SAVINGS AND LOAN ASSOCIATIONS

[TABLES 4, 5, 6, AND 7]

The estimated total volume of mortgage loans made by all savings and loan associations declined for the second consecutive month from $72,057,000 in July to $68,539,000 in August. These estimates are based on reports to the Federal

ESTIMATED NUMBER AND COST OF FAMILY DWELLING UNITS PROVIDED IN ALL CITIES OF 10,000 OR MORE POPULATION

(Source: Federal Home Loan Bank Board. Compiled from residential building permits reported to U. S. Dept. of Labor)

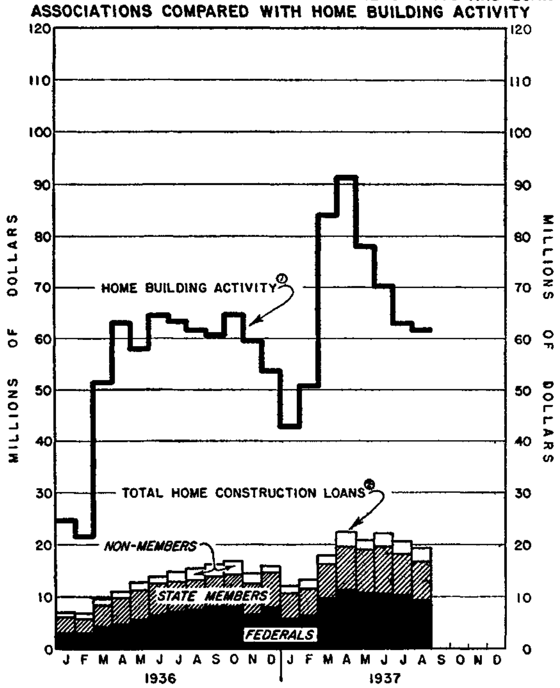


Home Loan Bank Board from 2,503 associations. Of the total loans made in August, 28 percent went for new construction, 34 percent for home purchase, 22 percent for refinancing, 7 percent for reconditioning, and 9 percent for other purposes. Each of these categories represented a smaller volume of lending than in July.

Breaking down the estimated total by type of institution we find that Federal savings and loan associations and State-chartered members of the Federal Home Loan Bank System were responsible for the July to August decline. Nonmember institutions increased their lending 4.4 percent. As a consequence, this last type of lending institution was again responsible for 15 percent of total loans made, after dropping to 14 percent in July.

As may be seen in the chart below, the drop in the volume of loans for new construction by all savings and loan associations was accompanied by a drop in home-building activity in all cities of 2,500 or more population from $62,700,000 to $61,700,000. This reduction is principally due to a slackening of activity in the small cities, as cities of over 10,000 population showed appreciable gains in August over July.

HOME CONSTRUCTION LOANS MADE BY ALL SAVINGS AND LOAN ASSOCIATIONS COMPARED WITH HOME BUILDING ACTIVITY



⊘ Estimated for all cities of 2,500 or more population based on building permits for 1 & 2 family dwellings reported to U.S. Department of Labor.
⊕ Estimated for all active associations by Federal Home Loan Bank Board.

FEDERAL SAVINGS AND LOAN SYSTEM

[TABLE 11]

The 1,168 Federal savings and loan associations reporting their activities for both July and August loaned 5.7 percent less on home mortgages in the latter month than in the former but showed a favorable increase during August in loans outstanding of 2 percent or $14,575,400. This falling-off in lending activity was similar to that reported for July and August of both 1935 and 1936.

Every category listed contributed to the drop except loans for home purchase which remained almost stationary. In August loans for this purpose represented 32.2 percent of total lending as compared to 30.2 percent in July. More funds were advanced for new construction than for any other purpose. This class, together with reconditioning, represented 40.9 percent of total mortgage loans.

Progress in number and assets of Federal savings and loan associations

	Number		Approximate assets	
	July 31, 1937	Aug. 31, 1937	July 31, 1937	Aug. 31, 1937
New	648	[1] 647	$222,481,875	$222,576,383
Converted	645	649	767,932,165	772,437,901
Total	1,293	1,296	990,414,040	995,014,284

[1] Reduction due to cancelation of charters.

In August private share investments amounted to $13,059,900 while repurchases were $9,061,200. In consequence, there was an increase in the total share liability at the end of August of 1 percent. The large volume of investment and repurchase activity in July normally follows the semiannual dividend period. Consequently, the slowing-down in August was expected.

The steady growth of these Federal associations is shown by the increase of 1.5 percent in their combined assets to $950,505,300. As of August 31, 1937, advances outstanding from the 12 District Federal Home Loan Banks to them amounted to $78,156,300 or 4.3 percent more than at the end of July. Advances from other sources decreased 1.3 percent during the month, amounting to slightly over two million dollars.

At the end of August there were 1,296 chartered Federal savings and loan associations: a net increase of three during the month. Of the total, 647 were newly organized associations and 649 were Federals converted from State institutions. This is the first month in the history of the Federal System that the number of converted associations has exceeded the number of new associations.

FEDERAL HOME LOAN BANK SYSTEM

[TABLES 12 AND 13]

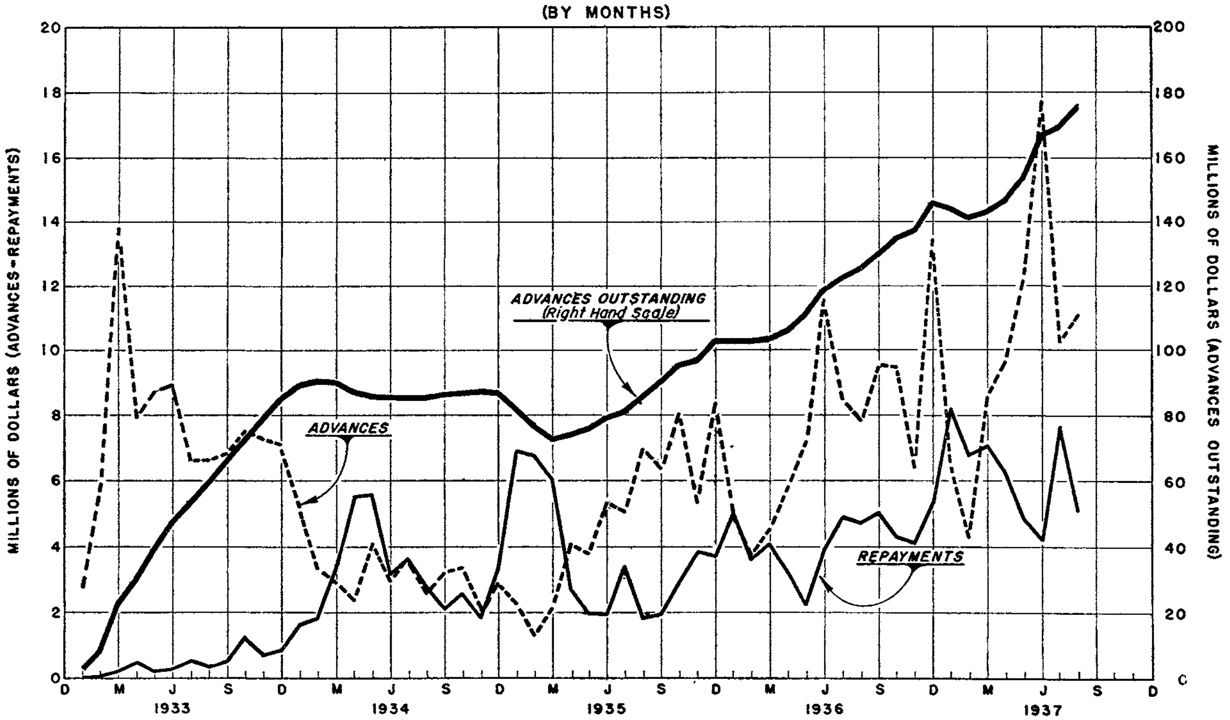
FIVE years ago, in October 1932, the Federal Home Loan Bank System was organized to bring a long-needed credit reserve to home-financing institutions. Since that time it has grown steadily until in August of this year 3,919 mortgage-lending institutions were members of the System. These associations had combined assets of approximately $3,900,000,000 and could borrow a potential sum of over $1,000,000,000 from the District Banks.

Up to the end of August the Banks had advanced a cumulative total of $362,270,000, almost all of which has gone to member institutions. And as total repayments by borrowers to the Banks have amounted to $186,663,000, the balance outstanding on August 31, 1937 was $175,607,000.

The growth in the activities of the Banks is shown in the accompanying chart. The balance of advances outstanding has increased, with only one slight reduction, since March 1935—the month-by-month fluctuations in advances and repayments reflecting the seasonal needs of local lending institutions for this type of credit reserve.

In June of this year $17,769,000 was advanced. This was the largest amount advanced in any one month during the five years of operation of the System. In July the volume dropped to $10,221,000 but rose slightly in August, when $11,116,000 was advanced and $5,080,000 was repaid. The accompanying chart shows that repayments have exceeded advances in only three periods during the history of the System.

FEDERAL HOME LOAN BANK SYSTEM
ADVANCES OUTSTANDING, ADVANCES, AND REPAYMENTS
(BY MONTHS)

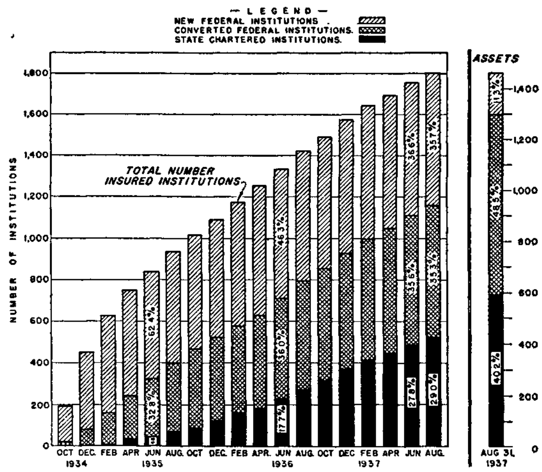


FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

[TABLES 9 AND 10]

At the end of August there were 1,803 institutions insured by the Federal Savings and Loan Insurance Corporation: the result of almost three years of steady growth. As may be seen on the accompanying chart, 29.0 percent of this number were State-chartered institutions, 35.3 percent were Federals converted from State charter, and 35.7 percent were newly organized Federals. The assets of this last group represented a much smaller proportion of the combined assets of all insured associations, as the bar at the extreme right shows. This chart illustrates the rapidity with which the Insurance Corporation has been accepted as an integral part of the Nation's home-financing structure. It is interesting to note that although the number of Federal associations has begun to level off, the number of insured State institutions has been increasing steadily. In June 1935 only 5.4 percent of all insured institutions operated under State charters. In June 1936 this proportion had increased to 17.7 percent, and in June 1937 it was 27.7 percent.

PROGRESS OF FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION



The volume of mortgage lending by reporting State-chartered insured associations continued to fall off sharply from previous levels. The 304 identical associations reporting for both July and August loaned 10.6 percent less during the latter month than during the former. This drop probably results from the general slackening of building activity—evidenced in a drop of 17.1 percent in loans for new construction and of 17.9 percent in loans for reconditioning.

(Continued on p. 35)

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 [1]

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

Type of structure or agency	Number of family units provided					Total cost of units (thousands of dollars)				
	Monthly totals			January-August totals		Monthly totals			January-July totals	
	August 1937	July 1937	August 1936	1937	1936	August 1937	July 1937	August 1936	1937	1936
1-family dwellings	9,426	9,060	9,425	78,566	61,520	$38,717.0	$38,507.0	$39,031.1	$343,931.8	$267,356.2
2-family dwellings	678	632	668	6,556	4,794	1,866.6	1,747.1	1,743.1	18,035.2	13,228.9
Joint home and business [2]	95	67	86	741	488	408.1	265.2	256.5	2,738.9	1,769.5
3- and more-family dwellings	2,402	1,993	5,632	34,028	36,508	8,373.0	8,276.2	24,614.8	115,712.7	134,935.6
Total residential	12,601	11,752	15,811	119,891	103,310	49,364.7	48,795.5	65,645.5	480,418.6	417,290.2
Private housing	12,601	11,636	12,133	116,282	92,010	49,354.2	48,190.4	46,732.2	464,084.3	355,671.6
Public housing [3]	0	116	3,678	3,609	11,300	[4] 10.5	605.1	18,913.3	16,334.3	61,618.6

[1] Estimate is based on reports from communities having approximately 95 percent of the population of all cities with population of 10,000 or over.
[2] Includes 1- and 2-family dwellings with business property attached.
[3] Includes only Government-financed low-cost housing project units as reported by U. S. Department of Labor.
[4] Additional appropriation for Government project in Nashville, Tennessee. No more family units provided.

Table 2.—Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in August 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]

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank Districts and States	All residential dwellings				All 1- and 2-family dwellings			
	Number of family dwelling units		Estimated cost		Number of family dwelling units		Estimated cost	
	August 1937	August 1936	August 1937	August 1936	August 1937	August 1936	August 1937	August 1936
UNITED STATES	12, 601	15, 811	$49, 364. 7	$65, 645. 5	10, 199	10, 179	$40, 991. 7	$41, 030. 7
No. 1—Boston	684	965	3, 298. 2	4, 493. 1	666	643	3, 257. 3	3, 223. 1
Connecticut	177	434	836. 3	1, 911. 3	174	147	827. 8	744. 6
Maine	43	62	147. 1	147. 1	40	51	137. 1	118. 5
Massachusetts	325	346	1, 741. 4	1, 984. 2	313	330	1, 719. 0	1, 934. 6
New Hampshire	31	30	87. 4	81. 2	31	22	87. 4	56. 1
Rhode Island	95	90	430. 2	355. 3	95	90	430. 2	355. 3
Vermont	13	3	55. 8	14. 0	13	3	55. 8	14. 0
No. 2—New York	1, 954	3, 853	9, 701. 2	18, 117. 2	1, 113	1, 279	5, 243. 8	5, 622. 3
New Jersey	206	788	1, 296. 2	4, 113. 8	202	261	1, 236. 2	1, 483. 4
New York	1, 748	3, 065	8, 432. 0	14, 003. 4	911	1, 018	4, 007. 6	4. 138. 9
No. 3—Pittsburgh	691	831	3, 616. 6	4, 560. 4	585	537	3, 213. 0	2, 872. 6
Delaware	1	16	13. 0	78. 4	1	16	13. 0	78. 4
Pennsylvania	541	743	3, 039. 2	4, 220. 1	498	453	2, 884. 1	2, 544. 3
West Virginia	149	72	564. 4	261. 9	86	68	315. 9	249. 9
No. 4—Winston-Salem	1, 998	2, 048	5, 841. 1	7, 025. 8	1, 126	1, 326	3, 901. 2	4, 599. 2
Alabama	113	106	232. 0	173. 7	101	101	221. 6	148. 7
District of Columbia	739	583	2, 002. 1	2, 163. 4	112	189	784. 1	1, 198. 4
Florida	382	466	1, 145. 8	1, 326. 9	313	398	1, 015. 2	1, 170. 0
Georgia	160	142	344. 7	415. 8	160	126	344. 7	298. 6
Maryland	144	123	546. 2	526. 7	125	119	526. 2	518. 7
North Carolina	301	201	1, 009. 7	535. 0	166	193	470. 3	520. 7
South Carolina	68	298	176. 8	1, 362. 0	64	82	170. 3	238. 6
Virginia	91	129	383. 8	522. 3	85	118	368. 8	505. 5
No. 5—Cincinnati	911	1, 808	3, 872. 6	8, 282. 8	821	667	3. 602. 9	3, 092. 6
Kentucky	144	111	469. 1	386. 5	129	95	437. 7	349. 5
Ohio	624	479	3, 001. 4	2, 557. 1	549	436	2, 773. 6	2, 419. 1
Tennessee	143	1, 218	402. 1	5, 339. 2	143	136	391. 6	324. 0
No. 6—Indianapolis	994	798	4, 169. 9	3, 867. 7	983	785	4, 136. 3	3, 844. 2
Indiana	314	167	1, 077. 3	669. 7	308	167	1, 064. 8	669. 7
Michigan	680	631	3, 092. 6	3, 198. 0	675	618	3. 071. 5	3, 174. 5
No. 7—Chicago	583	642	2, 923. 2	2, 993. 4	583	579	2, 923. 2	2, 843. 9
Illinois	340	305	1, 804. 4	1, 667. 0	340	291	1, 804. 4	1, 603. 5
Wisconsin	243	337	1, 118. 8	1, 326. 4	243	288	1, 118. 8	1, 240. 4
No. 8—Des Moines	600	673	2, 213. 5	2, 183. 6	590	649	2, 197. 0	2, 132. 6
Iowa	138	148	486. 2	476. 9	138	134	486. 2	430. 9
Minnesota	216	206	878. 0	814. 0	216	206	878. 0	814. 0
Missouri	192	237	722. 9	772. 1	185	227	711. 9	767. 1
North Dakota	17	32	54. 0	71. 9	14	32	48. 5	71. 9
South Dakota	37	50	72. 4	48. 7	37	50	72. 4	48. 7

Table 2.—Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in August 1937, by Federal Home Loan Bank Districts and by States—Continued

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank Districts and States	All residential dwellings				All 1- and 2-family dwellings			
	Number of family dwelling units		Estimated cost		Number of family dwelling units		Estimated cost	
	August 1937	August 1936	August 1937	August 1936	August 1937	August 1936	August 1937	August 1936
No. 9—Little Rock	1, 153	1, 189	$2, 893. 8	$3, 097. 0	1, 087	1, 097	$2, 740. 8	$2, 949. 8
Arkansas	55	46	145. 6	114. 8	48	46	137. 1	114. 8
Louisiana	111	144	335. 3	517. 4	99	144	297. 6	517. 4
Mississippi	99	68	190. 5	156. 4	90	68	165. 7	156. 4
New Mexico	37	51	101. 0	117. 4	34	48	94. 0	111. 4
Texas	851	880	2, 121. 4	2, 191. 0	816	791	2, 046. 4	2, 049. 8
No. 10—Topeka	453	434	1, 332. 0	1, 409. 2	393	407	1. 244. 7	1, 351. 7
Colorado	108	102	308. 2	435. 8	72	94	260. 2	415. 8
Kansas	119	116	292. 9	373. 2	103	107	269. 6	355. 7
Nebraska	62	56	206. 4	187. 3	54	56	190. 4	187. 3
Oklahoma	164	160	524. 5	412. 9	164	150	524. 5	392. 9
No. 11—Portland	430	414	1, 323. 6	1, 278. 1	414	379	1, 302. 6	1, 213. 2
Idaho	9	47	30. 9	149. 0	9	34	30. 9	116. 0
Montana	67	63	135. 5	132. 6	55	50	116. 5	113. 1
Oregon	96	84	376. 1	305. 6	96	84	376. 1	305. 6
Utah	66	50	215. 8	156. 0	62	50	213. 8	156. 0
Washington	177	159	511. 4	489. 0	177	150	511. 4	476. 6
Wyoming	15	11	53. 9	45. 9	15	11	53. 9	45. 9
No. 12—Los Angeles	2, 150	2, 156	8, 179. 0	8, 337. 2	1, 838	1, 831	7, 228. 9	7, 285. 5
Arizona	44	42	156. 4	194. 6	41	42	146. 4	194. 6
California	2, 093	2, 101	7, 972. 6	8, 076. 2	1, 784	1, 776	7, 032. 5	7, 024. 5
Nevada	13	13	50. 0	66. 4	13	13	50. 0	66. 4

Table 3.—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							
	Sept. 1937	Sept. 1936	Sept. 1937	June 1937	Mar. 1937	Dec. 1936	Sept. 1936	June 1936	Mar. 1936	Dec. 1935
No. 1—Boston:										
Connecticut:										
Hartford	$0. 265	$0. 233	$6, 355	$6, 365	$6, 131	$5, 768	$5, 589	$5, 657	$5, 647	$5, 655
New Haven	. 247	. 228	5, 933	5, 933	5, 753	5, 636	5, 468	5, 544	5, 509	......
Maine:										
Portland	. 241	. 219	5, 792	5, 916	5, 252	5, 252	5, 245	5, 132	5, 124	5, 103
Massachusetts:										
Boston	. 275	. 245	6, 596	6, 487	6, 275	5, 781	5, 876	5, 773	5, 780	5, 699

See footnote at end of table.

Table 3.—Cost of building the same standard house in representative cities in specific months—Continued

[Source; Federal Home Loan Bank Board]

Federal Home Loan Bank Districts, States, and cities	Cubic-foot cost		Total building cost							
	Sept. 1937	Sept. 1936	Sept. 1937	June 1937	Mar. 1937	Dec. 1936	Sept. 1936	June 1936	Mar. 1936	Dec. 1935
No. 1—Boston—Continued.										
New Hampshire:										
Manchester	$0. 246	$0. 228	$5, 904	$5, 888	$5, 641	$5, 545	$5, 467	$5, 462	$5, 416	$5, 467
Rhode Island:										
Providence	. 247	. 232	5, 933	5, 932	5, 768	5, 633	5, 577	5, 496	5, 531	5, 574
Vermont:										
Rutland	. 238	. 221	5, 714	5, 710	5, 696	5, 305	5, 305	5, 329	5, 329	5, 337
No. 4—Winston-Salem:										
Alabama:										
Birmingham	. 254	. 211	6, 089	6, 077	......	......	5, 073	5, 013	5, 059	5, 002
District of Columbia:										
Washington	. 262	. 215	6, 286	6, 234	5, 906	5, 569	5, 150	4, 973	4, 918	4, 850
Florida:										
Tampa	. 239	. 228	5, 728	5, 716	5, 619	5, 500	5, 483	5, 360	5, 379	......
West Palm Beach	. 267	. 249	6, 405	6, 411	6, 367	6, 038	5, 974	5, 911	5, 889	5, 894
Georgia:										
Atlanta	. 236	. 204	5, 653	5, 410	5, 228	5, 150	4, 897	4, 889	4, 854	4, 849
Maryland:										
Baltimore	. 229	. 204	5, 495	5, 402	5, 388	5, 401	4, 899	4, 909	4, 427	4, 543
Cumberland	. 237	. 228	5, 696	5, 711	5, 659	5, 491	5, 482	5, 424	5, 419	5, 358
North Carolina:										
Asheville	......	......	......	4, 968	......	4, 762	......	4, 768	4, 778	4, 791
Raleigh	. 236	. 214	5, 656	5, 580	5, 443	5, 197	5, 148	5, 060	5, 070	4, 967
Salisbury	. 202	......	4, 855	4, 746	......	......	......	......	......	......
South Carolina:										
Columbia	. 205	. 196	4, 932	4, 886	4, 674	4, 804	4, 697	4, 712	4, 634	4, 505
Virginia:										
Richmond	. 217	. 209	5, 203	5, 248	5, 207	4, 870	5, 026	5, 026	4, 964	5, 062
Roanoke	. 218	. 198	5, 228	5, 391	5, 331	5, 014	4, 760	4, 843	4, 544	4, 491
No. 7—Chicago:										
Illinois:										
Chicago	. 299	. 281	7, 178	7, 260	7, 081	6, 825	6, 745	6, 639	6, 608	6, 498
Peoria	. 282	. 264	6, 760	6, 833	6, 585	6, 312	6, 331	6, 420	6, 212	......
Springfield	......	......	......	6, 980	6, 908	6, 625	6, 459	6, 459	6, 459	6, 451
Wisconsin:										
Milwaukee	. 285	. 243	6, 840	6, 780	6, 701	6, 081	5, 838	5, 540	5, 386	......
Oshkosh	. 245	. 236	5, 872	5, 760	5, 576	5, 555	5, 658	5, 612	5, 502	5, 357
No. 10—Topeka:										
Colorado:										
Denver	. 283	. 256	6, 786	6, 606	6, 250	6, 105	6, 133	6, 047	6, 098	......
Kansas:										
Wichita	......	. 216	......	5, 927	5, 794	5, 290	5, 192	5, 164	5, 164	5, 200
Nebraska:										
Omaha	. 255	. 233	6, 116	5, 969	6, 008	5, 601	5, 578	5, 582	5, 582	5, 554
Oklahoma:										
Oklahoma City	. 243	. 227	5, 838	5, 823	5, 816	5, 486	5, 449	5, 561	5, 282	5, 214

[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 surface, 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.

RATE OF RESIDENTIAL BUILDING IN ALL CITIES OF 10,000 OR MORE POPULATION

Represents the estimated number of family dwelling units provided per 100,000 population.
[Source: Federal Home Loan Bank Board. Compiled from Building Permits reported to U.S. Department of Labor.]

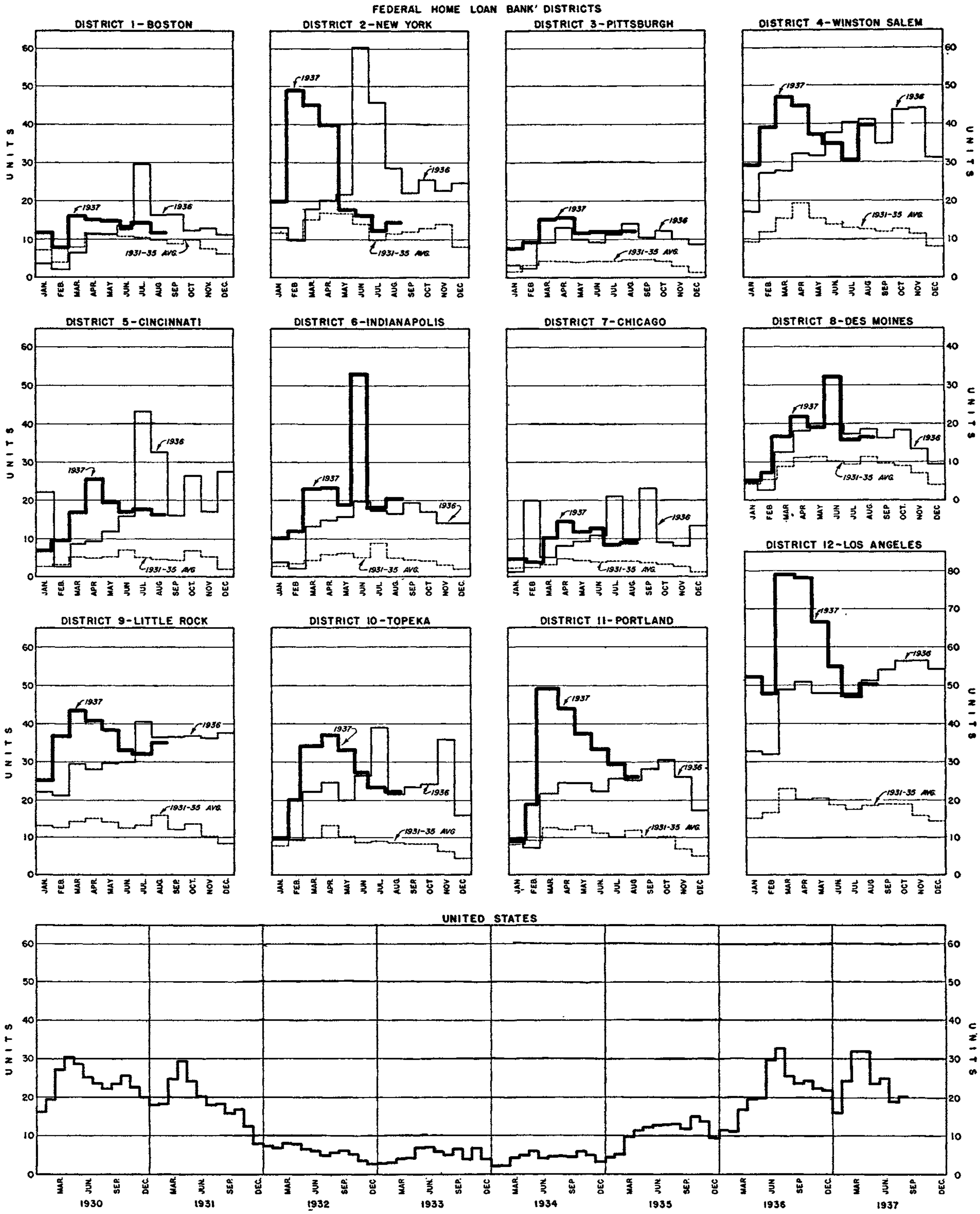


Table 4.—Estimated volume of new loans by all savings and loan associations, classified according to purpose

[Thousands of dollars]

Month	Mortgage loans on homes				Loans for all other purposes	Total loans, all purposes
	Construction	Home purchase	Refinancing	Reconditioning		
1936	$155,463	$188,637	$152,067	$50,618	$80,838	$627,623
January	7,089	9,298	10,265	2,691	5,995	35,338
February	7,027	9,680	10,845	3,229	5,686	36,467
March	9,725	11,920	12,842	3,677	8,474	46,638
April	11,251	15,296	15,728	4,703	6,413	53,391
May	12,811	16,736	12,961	5,207	7,668	55,383
June	13,853	17,396	13,462	4,334	8,357	57,402
July	14,857	17,975	12,008	4,601	7,414	56,855
August	15,485	17,577	12,262	4,333	6,477	56,134
1937						
January	12,170	14,859	10,641	2,585	5,018	45,273
February	13,275	16,648	11,611	2,727	5,601	49,862
March	17,938	22,323	15,768	3,959	6,582	66,570
April	22,512	27,849	16,398	5,070	7,548	79,377
May	21,210	29,243	15,547	4,934	7,147	78,081
June	22,225	29,325	16,403	5,176	7,381	80,510
July	20,584	25,244	15,104	4,599	6,526	72,057
August	19,473	23,584	14,746	4,507	6,229	68,539

Table 5.—Estimated volume of new loans by all savings and loan associations, classified according to type of association

[Amounts are shown in thousands of dollars]

	Volume of loans				Percent of total		
	Total	Federal	State members	Nonmembers	Federal	State members	Nonmembers
1936	$627,623	$228,896	$275,972	$122,755	36	44	20
January	35,338	11,764	16,436	7,138	33	47	20
February	36,467	12,105	15,206	9,156	33	42	25
March	46,638	15,310	19,776	11,552	33	42	25
April	53,391	17,740	25,497	10,154	33	48	19
May	55,383	18,965	25,113	11,305	34	45	21
June	57,402	21,247	26,033	10,122	37	45	18
July	56,855	21,491	24,874	10,490	38	44	18
August	56,134	21,571	23,871	10,692	38	43	19
1937							
January	45,273	17,762	19,311	8,200	39	43	18
February	49,862	19,580	22,068	8,214	39	44	17
March	66,570	28,147	28,401	10,022	42	43	15
April	79,377	33,301	34,644	11,432	42	44	14
May	78,081	31,488	35,785	10,808	40	46	14
June	80,510	32,121	36,520	11,869	40	45	15
July	72,057	29,213	32,662	10,182	41	45	14
August	68,539	27,220	30,692	10,627	40	45	15

Table 6.—Estimated volume of new lending activity of savings and loan associations, classified by District and type of association

[Amounts are shown in thousands of dollars]

		New loans, August 1937	New loans, July 1937	Percent increase, Aug. 1937 over July 1937	New loans, August 1936	Percent increase, Aug. 1937 over Aug. 1936
United States:	Total	$68, 539	$72, 057	−5	$56, 134	+22
	Federal	27, 220	29, 213	−7	21, 571	+26
	State member	30, 692	32, 662	−6	23, 871	+29
	Nonmember	10, 627	10, 182	+4	10, 692	−1
District 1:	Total	6, 578	8, 273	−20	5, 753	+14
	Federal	1, 910	2, 510	−24	781	+145
	State member	3, 156	3, 963	−20	3, 062	+3
	Nonmember	1, 512	1, 800	−16	1, 910	−21
District 2:	Total	5, 023	6, 005	−16	4, 692	+7
	Federal	1, 734	2, 014	−14	1, 963	+12
	State member	1, 591	1, 600	−1	1, 185	+34
	Nonmember	1, 698	2, 391	−29	1, 544	+10
District 3:	Total	3, 834	3, 764	+2	2, 589	+48
	Federal	1, 085	1, 253	−13	741	+46
	State member	1, 671	1, 479	+13	1, 041	+61
	Nonmember	1, 078	1, 032	+4	807	+34
District 4:	Total	9, 435	9, 393	(1)	8, 246	+14
	Federal	3, 626	3, 886	−7	3, 025	+20
	State member	4, 439	4, 408	+1	3, 727	+19
	Nonmember	1, 370	1, 099	+25	1, 495	−8
District 5:	Total	10, 765	11, 475	−6	7, 731	+39
	Federal	5, 120	5, 356	−4	3, 940	+30
	State member	5, 351	5, 779	−7	3, 370	+59
	Nonmember	294	340	−14	421	−30
District 6:	Total	4, 046	3, 762	+8	3, 045	+33
	Federal	1, 675	1, 684	−1	1, 164	+44
	State member	1, 867	1, 852	+1	1, 514	+23
	Nonmember	504	226	+123	367	+37
District 7:	Total	7, 534	7, 780	−3	5, 430	+39
	Federal	2, 582	2, 471	+4	1, 947	+33
	State member	4, 336	4, 535	−4	2, 809	+54
	Nonmember	616	774	−20	674	−9
District 8:	Total	4, 844	4, 911	−1	4, 310	+12
	Federal	2, 090	2, 325	−10	1, 796	+16
	State member	1, 385	1, 592	−13	1, 256	+10
	Nonmember	1, 369	994	+38	1, 257	+9
District 9:	Total	3, 704	4, 003	−7	3, 486	+6
	Federal	1, 354	1, 568	−14	1, 147	+18
	State member	2, 195	2, 268	−3	1, 790	+23
	Nonmember	155	167	−7	550	−72
District 10:	Total	4, 063	3, 830	+6	3, 706	+10
	Federal	1, 791	1, 665	+8	1, 219	+47
	State member	1, 088	1, 103	−1	1, 055	+3
	Nonmember	1, 184	1, 062	+11	1, 432	−17
District 11:	Total	2, 986	3, 253	−8	2, 632	+13
	Federal	1, 583	1, 701	−7	1, 593	−1
	State member	1, 168	1, 331	−12	952	+23
	Nonmember	235	221	+6	88	+167
District 12:	Total	5, 727	5, 608	+2	4, 515	+27
	Federal	2, 670	2, 780	−4	2, 256	+18
	State member	2, 445	2, 752	−11	2, 111	+16
	Nonmember	612	76	+705	60	+920

[1] Less than 0.5 percent.

Table 7.—Monthly lending activity and total assets as reported by 2,503 savings and loan associations in August 1937

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

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank Districts and States	Number of associations		Loans made in August according to purpose												Total assets Aug. 31, 1937 [3]
			Mortgage loans on 1- to 4-family nonfarm homes							Loans for all other purposes		Total loans, all purposes		
			Construction		Home purchases [1]		Refinancing and reconditioning [2]							
	Submitting reports	Reporting loans made	Number	Amount	Number	Amount	Number	Amount: Refinancing	Amount: Reconditioning	Number	Amount	Number	Amount	
UNITED STATES	2,503	2,140	4,290	$14,012.9	6,208	$15,567.2	6,855	$9,690.2	$2,808.7	2,794	$3,954.1	20,147	$46,033.1	$2,496,028.4
Federal	1,174	1,081	2,624	8,824.6	3,251	8,153.2	3,541	4,941.0	1,478.3	1,189	1,872.3	10,605	25,269.4	956,319.1
State member	935	800	1,401	4,515.2	2,495	6,382.7	2,764	4,228.0	1,098.8	1,241	1,670.4	7,901	17,895.1	1,275,727.3
Nonmember	394	259	265	673.1	462	1,031.3	550	521.2	231.6	364	411.4	1,641	2,868.6	263,982.0
No. 1—Boston	145	133	250	978.2	511	1,584.9	579	809.2	284.9	222	283.2	1,562	3,940.4	303,083.8
Connecticut	23	20	60	224.6	36	103.2	39	88.1	7.5	10	10.4	145	433.8	16,852.6
Maine	19	15	15	24.5	30	66.0	51	65.6	12.5	11	12.4	107	181.0	12,232.8
Massachusetts	85	81	135	602.9	335	1,113.7	388	515.1	232.2	153	147.8	1,011	2,611.7	233,925.4
New Hampshire	10	10	10	17.8	35	67.8	38	44.8	13.6	20	38.1	103	182.1	11,276.9
Rhode Island	4	3	26	102.9	63	190.3	53	88.0	13.8	19	39.1	161	434.1	26,035.5
Vermont	4	4	4	5.5	12	43.9	10	7.6	5.3	9	35.4	35	97.7	2,760.6
No. 2—New York	273	190	326	1,199.2	328	1,052.9	309	549.6	178.2	142	313.3	1,105	3,293.2	351,133—
New Jersey	143	73	23	89.1	75	202.9	47	47.9	27.1	19	38.9	164	405.9	132,120.2
New York	130	117	303	1,110.1	253	850.0	262	501.7	151.1	123	274.4	941	2,887.3	219,013.7
No. 3—Pittsburgh	214	141	127	316.2	303	750.2	217	313.0	81.7	63	70.0	710	1,531.1	95,649.2
Delaware	7	6	6	16.7	13	44.8	4	6.3	2.3	11	8.2	34	78.3	6,235.4
Pennsylvania	184	115	68	206.2	249	605.1	153	236.4	54.2	39	45.8	509	1,147.7	77,422.3
West Virginia	23	20	53	93.3	41	100.3	60	70.3	25.2	13	16.0	167	305.1	11,991.5
No. 4—Winston-Salem	274	246	648	2,339.5	642	1,592.0	967	2,046.1	312.5	337	534.5	2,594	6,824.6	231,932.8
Alabama	15	13	18	30.3	25	38.6	26	27.2	7.9	13	12.3	82	116.3	4,649.3
District of Columbia	12	12	67	548.9	57	253.0	358	1,372.4	66.0	55	49.1	537	2,289.4	96,446.6
Florida	48	42	136	607.3	58	168.8	92	140.0	42.9	42	144.1	328	1,103.1	25,721.2
Georgia	47	42	113	259.5	77	147.2	119	123.2	36.2	37	42.8	346	608.9	16,775.0
Maryland	46	39	43	258.2	189	502.7	34	57.3	14.5	51	115.4	317	948.1	29,069.2
North Carolina	42	38	124	267.8	88	161.8	155	97.2	82.3	67	79.0	434	688.1	27,023.9
South Carolina	36	34	68	144.3	43	78.1	84	86.0	30.1	14	21.1	209	359.6	10,837.3
Virginia	28	26	79	223.2	105	241.8	99	142.8	32.6	58	70.7	341	711.1	21,410.3
No. 5—Cincinnati	352	312	612	2,011.0	1,405	3,763.2	1,228	1,633.6	493.8	484	658.4	3,729	8,560.0	501,210.7
Kentucky	55	47	73	214.4	186	516.8	173	184.0	84.8	88	97.6	520	1,097.6	49,433.0
Ohio	263	236	452	1,617.0	1,169	3,152.0	962	1,320.5	389.7	373	503.3	2,956	6,982.5	437,436.1
Tennessee	34	29	87	179.6	50	94.4	93	129.1	19.3	23	57.5	253	479.9	14,341.6
No. 6—Indianapolis	179	173	322	891.0	560	1,023.1	608	460.9	244.0	311	313.6	1,801	2,932.6	193,168.6
Indiana	125	123	179	398.4	421	726.5	450	281.0	175.5	159	156.1	1,209	1,737.5	107,297.5
Michigan	54	50	143	492.6	139	296.6	158	179.9	68.5	152	157.5	592	1,195.1	85,871.1
No. 7—Chicago	246	212	262	927.3	541	1,496.8	682	974.9	398.0	225	337.8	1,710	4,134.8	182,298.9
Illinois	182	153	137	578.1	395	1,026.3	581	843.3	330.7	167	254.9	1,280	3,033.3	131,444.6
Wisconsin	64	59	125	349.2	146	470.5	101	131.6	67.3	58	82.9	430	1,101.5	50,854.3
No. 8—Des Moines	162	143	202	600.4	327	831.9	471	699.7	156.0	116	165.5	1,116	2,453.5	97,793.9
Iowa	41	36	37	106.0	65	128.2	122	142.2	49.7	16	11.4	240	437.5	15,216.7
Minnesota	43	37	83	285.1	161	457.8	186	301.8	60.3	46	71.1	476	1,176.1	32,379.8
Missouri	58	55	65	188.5	85	210.9	137	237.3	31.1	45	68.0	332	735.8	42,577.9
North Dakota	12	9	7	8.6	12	24.0	11	4.7	10.3	6	14.4	36	62.0	4,643.1
South Dakota	8	6	10	12.2	4	11.0	15	13.7	4.6	3	0.6	32	42.1	2,976.4

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

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

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

[3] Assets are reported principally as of Aug. 31, 1937.

Table 7.—Monthly lending activity and total assets as reported by 2,503 savings and loan associations in August 1937—Continued

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank Districts and States	Number of associations		Loans made in August according to purpose												Total assets Aug. 31, 1937
			Mortgage loans on 1- to 4-family nonfarm homes							Loans for all other purposes		Total loans, all purposes		
			Construction		Home purchase		Refinancing and reconditioning							
								Amount						
	Submitting reports	Reporting loans made	Number	Amount	Number	Amount	Number	Refinancing	Reconditioning	Number	Amount	Number	Amount	
No. 9—Little Rock...	254	223	408	$1,107.4	507	$1,080.4	523	$465.5	$244.8	252	$345.0	1,690	$3,243.1	$157,245.8
Arkansas........	39	37	38	108.5	63	92.4	73	52.2	25.4	47	40.7	221	319.2	10,459.9
Louisiana........	68	60	100	292.1	198	500.0	146	172.8	101.8	88	137.5	532	1,204.2	81,517.6
Mississippi.......	25	25	29	53.6	18	31.3	58	40.0	24.4	16	15.1	121	164.4	4,396.6
New Mexico.....	10	8	16	36.1	11	24.5	16	10.6	9.6	2	7.4	45	88.2	2,571.2
Texas...........	112	93	225	617.1	217	432.2	230	189.9	83.6	99	144.3	771	1,467.1	58,300.5
No. 10—Topeka......	185	159	304	991.3	488	1,057.6	401	460.3	140.2	285	309.0	1,478	2,958.4	147,793.5
Colorado........	34	28	36	109.7	88	188.9	63	81.3	18.3	29	27.7	216	425.9	18,784.0
Kansas..........	72	59	64	154.4	113	242.1	102	112.6	39.2	51	57.0	330	605.3	38,559.8
Nebraska........	32	26	62	198.1	101	190.7	114	98.4	39.3	116	115.1	393	641.6	40,482.0
Oklahoma.......	47	46	142	529.1	186	435.9	122	168.0	43.4	89	109.2	539	1,285.6	49,967.7
No. 11—Portland.....	110	105	334	811.0	282	546.5	430	464.1	171.1	154	265.8	1,200	2,258.5	90,568.4
Idaho...........	9	9	36	81.8	25	44.1	31	43.1	10.8	9	11.8	101	191.6	6,043.5
Montana........	12	11	38	97.9	33	65.4	23	10.6	14.7	12	40.0	106	228.6	10,225.9
Oregon..........	25	22	89	222.4	64	102.8	104	138.7	33.8	23	29.9	280	527.6	22,297.0
Utah............	7	7	33	96.7	17	40.3	16	31.0	2.1	12	20.5	78	190.6	8,023.8
Washington......	47	47	124	258.3	133	266.6	233	210.7	98.1	93	158.8	583	992.5	41,868.0
Wyoming........	9	8	12	39.4	10	27.3	21	26.0	11.6	5	4.8	48	109.1	2,018.9
Alaska..........	1	1	2	14.5	0	0.0	2	4.0	0.0	0	0.0	4	18.5	91.3
No. 12—Los Angeles..	109	103	495	1,840.4	314	787.7	440	813.3	103.5	203	358.0	1,452	3,902.9	144,148.9
Arizona.........	2	2	11	24.2	2	19.9	6	4.2	5.2	0	0.0	19	53.5	1,349.5
California........	105	99	480	1,800.0	305	738.7	430	808.1	96.5	198	353.0	1,413	3,796.3	140,532.4
Nevada.........	1	1	2	10.6	0	0.0	2	1.0	0.7	0	0.0	4	12.3	681.5
Hawaii..........	1	1	2	5.6	7	29.1	2	0.0	1.1	5	5.0	16	40.8	1,585.5

Table 8.—Index of wholesale price of building materials in the United States

[1926=100]
[Source: U. S. Department of Labor]

	All building materials	Brick and tile	Cement	Lumber	Paint and paint materials	Plumbing and heating	Structural steel	Other
August 1936............	86.9	89.1	95.5	83.8	81.0	76.5	97.1	90.3
1937								
January................	91.3	89.7	95.5	93.0	83.7	77.1	104.7	93.9
February...............	93.3	91.0	95.5	99.0	83.4	77.4	104.7	95.0
March..................	95.9	91.8	95.5	102.1	83.9	77.6	112.9	98.9
April..................	96.7	94.9	95.5	103.0	82.9	78.7	114.9	99.9
May....................	97.2	95.0	95.5	103.0	83.7	78.7	114.9	101.3
June...................	96.9	95.0	95.5	102.2	83.6	78.7	114.9	101.1
July...................	96.7	95.4	95.5	101.3	83.9	78.7	114.9	101.0
August.................	96.3	95.5	95.5	99.5	84.1	78.8	114.9	101.0
Change:								
Aug. 1937–July 1937.....	−0.4%	+0.1%	0.0%	−1.8%	+0.2%	+0.1%	0.0%	0.0%
Aug. 1937–Aug. 1936....	+10.8%	+7.2%	0.0%	+18.7%	+3.8%	+3.0%	+18.3%	+11.8%

Table 9.—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	July 31, 1937	Aug. 31, 1937	Aug. 31, 1937	Aug. 31, 1937	Aug. 31, 1937
State-chartered associations	4	136	382	507	522	737, 529	$589, 148, 246	$513, 604, 992
Converted F. S. and L. A.	108	406	560	631	637	656, 356	709, 579, 354	648, 871, 250
New F. S. and L. A.	339	572	634	643	644	133, 034	165, 860, 933	155, 488, 090
Total	451	1, 114	1, 576	1, 781	1, 803	1, 526, 919	1, 464, 588, 533	1, 317, 964, 332

[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 December 31 each year.

Table 10.—Monthly operations of 304 identical insured State-chartered savings and loan associations reporting during July and August 1937

	July	August	Change July to August
Share liability at end of month:			*Percent*
Private share accounts (number)	438, 361	438, 198	0. 0
Paid on private subscriptions	$311, 795, 100	$310, 343, 100	−0. 5
H. O. L. C. subscriptions	21, 409, 200	22, 340, 000	+4. 3
Total	333, 204, 300	332, 683, 100	−0. 2
Private share investments during month	10, 342, 100	5, 416, 400	−47. 6
Repurchases during month	10, 212, 800	6, 613, 300	−35. 2
Mortgage loans made during month:			
a. New construction	2, 023, 400	1, 676, 800	−17. 1
b. Purchase of homes	2, 953, 600	2, 748, 300	−7. 0
c. Refinancing	1, 325, 700	1, 190, 000	−10. 2
d. Reconditioning	504, 800	414, 500	−17. 9
e. Other purposes	753, 100	732, 800	−2. 7
Total	7, 560, 600	6, 762, 400	−10. 6
Mortgage loans outstanding end of month	285, 183, 300	287, 398, 800	+0. 8
Borrowed money as of end of month:			
From Federal Home Loan Banks	16, 362, 100	16, 792, 200	+2. 6
From other sources	2, 335, 100	2, 395, 600	+2. 6
Total	18, 697, 200	19, 187, 800	+2. 6
Total assets, end of month	419, 503, 300	418, 776, 500	−0. 2

Table 11.—Monthly operations of 1,168 identical Federal savings and loan associations reporting during July and August 1937

	July	August	Change July to August
Share liability at end of month:			*Percent*
Private share accounts (number)	759, 578	768, 063	+1. 1
Paid on private subscriptions	$568, 805, 400	$572, 517, 000	+0. 7
Treasury and H. O. L. C. subscriptions	193, 286, 700	196, 857, 500	+1. 8
Total	762. 092, 100	769, 374, 500	+1. 0
Private share investments during month	23, 165, 500	13, 059, 900	−43. 6
Repurchases during month	15, 108, 500	9, 061, 200	−40. 0
Mortgage loans made during month:			
a. New construction	9, 437, 300	8, 796, 600	−6. 8
b. Purchase of homes	8, 059, 100	8, 084, 300	+0. 3
c. Refinancing	5, 498, 000	4, 916, 400	−10. 6
d. Reconditioning	1, 541, 300	1, 471, 100	−4. 6
e. Other purposes	2, 122, 600	1, 867, 400	−12. 0
Total	26, 658, 300	25, 135, 800	−5. 7
Mortgage loans outstanding end of month	718, 927, 300	733, 502. 700	+2. 0
Borrowed money as of end of month:			
From Federal Home Loan Banks	74, 966, 200	78, 156, 300	+4. 3
From other sources	2, 201, 200	2, 172, 500	−1. 3
Total	77, 167, 400	80, 328, 800	+4. 1
Total assets, end of month	936, 913, 500	950, 505, 300	+1. 5

Table 12.—Federal Home Loan Bank advances to member institutions by Districts

Federal Home Loan Bank	Advances made during Aug. 1937	Advances made during July 1937
No. 1—Boston	$322, 000. 00	$509, 000. 00
No. 2—New York	393, 000. 00	793, 700. 00
No. 3—Pittsburgh	993, 558. 62	713, 275. 00
No. 4—Winston-Salem	1, 625, 650. 00	2, 379, 335. 48
No. 5—Cincinnati	1, 267, 400. 00	850, 600. 00
No. 6—Indianapolis	1, 537, 863. 75	517, 425. 00
No. 7—Chicago	1, 163, 175. 36	723, 906. 86
No. 8—Des Moines	1, 029, 550. 00	1, 040, 887. 50
No. 9—Little Rock	721, 300. 00	532, 100. 00
No. 10—Topeka	525, 400. 00	490, 400. 00
No. 11—Portland	794, 400. 00	959, 200. 00
No. 12—Los Angeles	743, 121. 29	711, 600. 00
Total	11, 116, 419. 02	10, 221, 429. 84

Table 13.—Lending operations of the Federal Home Loan Banks

[Thousands of dollars]

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
April	9, 640	6, 214	146, 146
May	12, 170	4, 825	153, 491
June	17, 769	4, 203	167, 057
July	10, 221	7, 707	169, 571
August	11, 116	5, 080	175, 607

Table 14.—H. O. L. C. subscriptions to shares of savings and loan associations—Requests and subscriptions [1]

	Uninsured State-chartered members of the F. H. L. B. System		Insured State-chartered associations		Federal savings and loan associations		Total	
	Number (cumulative)	Amount (cumulative)	Number (cumulative)	Amount (cumulative)	Number (cumulative)	Amount (cumulative)	Number (cumulative)	Amount (cumulative)
Requests:								
Dec. 31, 1935	27	$1, 131, 700	33	$2, 480, 000	553	$21, 139, 000	613	$24, 750, 700
Dec. 31, 1936	89	3, 845, 710	279	21, 016, 900	2, 617	108, 591, 900	2, 985	133, 454, 510
June 30, 1937	125	5, 400, 710	473	32, 873, 600	3, 669	159, 298, 600	4, 267	197, 572, 910
July 31, 1937	125	5, 655, 210	515	35, 410, 100	3, 838	166, 884, 100	4, 478	207, 949, 410
Aug. 31, 1937	126	6, 007, 210	586	39, 633, 420	4, 088	177, 603, 700	4, 800	223, 244, 330
Subscriptions:								
Dec. 31, 1935	2	100, 000	24	1, 980, 000	474	17, 766, 500	500	19, 846, 500
Dec. 31, 1936	45	1, 688, 000	262	19, 455, 900	2, 538	104, 477, 400	2, 845	125, 621, 300
June 30, 1937	63	2, 381, 000	440	30, 283, 600	3, 509	150, 368, 400	4, 012	183, 033, 000
July 31, 1937	52	1, 934, 000	465	31, 176, 600	3, 647	155, 917, 000	4, 164	189, 027, 600
Aug. 31, 1937	48	1, 926, 000	492	32, 950, 600	3, 742	159, 511, 500	4, 282	194, 388, 100

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

Table 15.—Properties acquired by H. O. L. C. through foreclosure and voluntary deed [1]

Period	Number
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
April	3, 887
May	4, 472
June	4, 608
July	4, 476
August	4, 298
Grand total to Aug. 31, 1937	53, 434

[1] Does not include 22,051 properties bought in by H. O. L. C. at foreclosures sale but awaiting expiration of the redemption period before title in absolute fee can be obtained.

In addition to the 53,434 completed cases, 301 properties were sold at foreclosure sale to parties other than the H. O. L. C. and 6,807 cases have been withdrawn due to payment of delinquencies by borrowers after foreclosure proceedings were authorized.

Table 16.—Reconditioning Division—Summary of all reconditioning operations of H. O. L. C. through Sept. 15, 1937 [1]

	June 1, 1934 through Aug. 15, 1937	Aug. 16, 1937 through Sept. 15, 1937	Cumulative through Sept. 15, 1937
Cases received [2]	826, 115	11, 188	837, 303
Contracts awarded:			
Number	466, 940	8, 415	475, 355
Amount	$88, 609, 415	$1, 842, 713	$90, 452, 128
Jobs completed:			
Number	456, 605	8, 078	464, 683
Amount	$85, 275, 411	$1, 489, 979	$86, 765, 390

[1] All figures are subject to adjustment. 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.

State Legislation and Share Insurance

(Continue from p. 17)

takes over an insured institution for liquidation. The Corporation is authorized to take certain steps to restore defaulting institutions to normal operations. It is of course in a better position to help an association out of its difficulties if it is enabled to cooperate with State supervisory authorities whenever liquidation is contemplated.

Second, it provides that the Federal Savings and Loan Insurance Corporation, if it wishes, may serve as co-liquidator of State-chartered institutions which have been taken over by the State supervisory authority for liquidation. This provision enables the Insurance Corporation to have access to the books and records of the association, and thus to keep in touch with the progress of liquidation. As co-liquidator the Insurance Corporation is in the position of trustee, and its requests for advice on questions involving the trust would be welcomed by courts of equity. It could appear in equity at any time to restrain actions which might dissipate the association's assets, or to compel action to protect them. It is therefore in a better position to protect the interests of insured members.

Third, the statute gives the Federal Savings and Loan Insurance Corporation first option to purchase the assets of the institution which is being liquidated, and thereby to assure that fair value is obtained in the sale of assets.

Although a savings and loan association, under the theory of implied powers of corporations, does not need statutory permission to obtain insurance, in some cases a specific law authorizing insurance of share accounts is beneficial. Occasionally a State may wish to clarify by legislation the right of an association to insure its accounts. An example is the State of New Jersey, in which no association had insured its accounts up to April 1937. A statute enacted in New Jersey on April 27, 1937, gave associations the right to insure their accounts, and 20 New Jersey associations have obtained such insurance since that date.

The Federal Savings and Loan Insurance Corporation offers the benefits of a national system of share account insurance to State-chartered institutions and to Federal savings and loan associations. The success of its program in any State depends to a great extent on the willingness of that State to cooperate by passing laws favorable to insurance of accounts and to progressive home-financing practices.

Insurance Corporation

(Continued from p. 23)

Loans for home purchase decreased 7.0 percent, loans for refinancing 10.2 percent, and loans for other purposes 2.7 percent. Nevertheless, these associations kept a favorable balance of loans outstanding with a slight increase of 0.8 percent. In August the amount loaned for home purchase represented 40.7 percent of the total. Construction and reconditioning loans made up 30.9 percent, refinancing 17.6 percent, and other purposes 10.8 percent.

Overshadowed by the usual semiannual flurry of share investment and repurchase in July, August exhibits a calming down of such activity. About half as much was invested in these associations during August as during July, while 35.2 percent less was repurchased. The smaller reduction in repurchases caused a slight net decrease in their private share liability. At the end of August $310,343,100 had been paid in on private share subscriptions to these 304 associations, and they had $22,340,000 of H. O. L. C. subscriptions. The total share liability amounted to 80 percent of their $418,776,500 of assets.

Counsel's Opinion and Board Resolution

Digest of A–B–C Book Opinion

In requesting copy of digests, their A–B–C Book reference number and date should be cited.

Share Accounts—Retention of dividends on shares repurchased. Fed. Charter E, Sec. 10; Fed. Charter K, Sec. 6.

Section 6 of Charter K requires the association to continue to treat repurchased shares issued while the association was operating under Charter E in accordance with the provisions regarding retention of dividends of Charter E until such shares are exchanged for investment or savings share accounts.

(A–B–C Book, C–011, June 21, 1937)

Resolution of the Board

The Federal Home Loan Bank Board, on September 16, adopted the following resolution amending Form 1, application for membership in the Bank System:

Whereas, certain changes have been recommended by the Regulations Committee in that part of Form 1, as revised February 5, 1937, entitled "Miscellaneous Data" and in Schedule 20 of Form 1, to clarify certain provisions and to require additional information;

Be it resolved, That Item 11 of that part of Form 1 entitled "Miscellaneous Data" is hereby amended to read as follows:

"11. (a) What are the usual initial charges in connection with the making of a loan, particularly as to:
- (1) Cost of title examination $.....................
- (2) Appraisal $...............
- (3) Credit reports $...........
- (4) Survey $.................
- (5) Drawing of papers $.......
- (6) Closing of loan $..........
- (7) Miscellaneous $...........

(b) What additional charges, if any does:
- (1) The association make against borrowers for services in connection with loans?
- (2) Your counsel, solicitor or title company make against borrowers for services in connection with loans?

(c) Does the borrower pay any or all of the charges in 11 (a) and 11 (b) directly to the persons rendering the services or are such charges collected by the association from the borrower and disbursed by it to the persons rendering the services?

(d) If any of such charges (or any part thereof) are paid directly or indirectly to an officer or director, explain fully."

Be it further resolved, That Items 27, 28, and 29 be added to that part of Form 1 entitled "Miscellaneous Data", at the end thereof, to read, respectively, as follows:

"27. Give complete information as to the largest loan you have outstanding, showing date of loan, original amount, present balance, advances, unpaid taxes, delinquent interest, delinquent dues, type of property and appraisal."

"28. State in what name bank account is kept."

"29. Does your association occupy office quarters which are also occupied by one or more other financial institutions or mortgage companies which are not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation? If so, explain fully and in detail the relationships between such joint occupants and your association."

The Topeka Bank Polls Its Insured Associations

Associations contemplating share insurance often ask: "Are there any concrete examples of the experience of associations operating under insurance?"

To answer this question the Federal Home Loan Bank of Topeka in a questionnaire asked all insured associations in its District if the advantages of share insurance justified the cost. Replies were received from 94 associations.

The most persistent note sounded by the answers was that insurance creates confidence in the institution. The following excerpts reflect this attitude:

Insurance of accounts has inspired a feeling of security, and the mere mention of such a protection produces confidence.

In my judgment, it is worth all it costs in quieting the spoken or unspoken questions in the minds of shareholders and prospective shareholders concerning the security of their investment. This is especially true of elderly investors and, also, of women who are not accustomed to handling money.

During the short time since we obtained Insurance of Shares, we have found it very beneficial and helpful in restoring confidence. It is our experience that the investors are looking for safety more than a large return. . .

A few of the associations expected more of an increase in the volume of money flowing into the association after insurance. They stated that although insurance was enthusiastically received by the public, money had been slow in coming in. Most of them blamed economic and climatic conditions, as the following excerpt shows:

While we have not gotten a great deal of new money, we have had several who say they will buy our shares when the crop is harvested or their CD's at the Bank mature. The relief of the withdrawal situation is worth the cost.

One enthusiastic association writes:

We regard the date of our Federal Charter and consequent Insurance of Shares as the turning point in the affairs of this Association. Since that date, November 18, 1936, our assets have increased 30.6 percent, our old membership is apparently much better satisfied and we have many more inquiries from prospective investors. In this part of the country, at least, we feel that Insurance of Shares is essential to the future welfare of the business.

Directory of Member, Federal, and Insured Institutions

Added during August–September

I.—INSTITUTIONS ADMITTED TO MEMBERSHIP IN THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN AUGUST 16, 1937, AND SEPTEMBER 15, 1937 [1]

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

DISTRICT NO. 1

MASSACHUSETTS:
- Boston:
  - Roslindale Co-operative Bank of Boston, Mass., 3 Corinth Street.
- North Easton:
  - North Easton Co-operative Bank.
- Winchester:
  - Winchester Co-operative Bank, 77 Central Street.

DISTRICT NO. 2

NEW JERSEY:
- Bogata:
  - Bogata Building & Loan Association, 8 Fort Lee Road.
- East Orange:
  - Lackawanna Building & Loan Association, 62 Heddon Place.

NEW YORK:
- Buffalo:
  - Aetna Permanent Savings & Loan Association, 77–79 Seventeenth Street.

DISTRICT NO. 3

PENNSYLVANIA:
- Monessen:
  - Monessen Home Building & Loan Association, 100 Sixth Street.
- New Brighton:
  - Home Protective Savings & Loan Association, 1036 Fifth Avenue.
- Rockledge:
  - Rockledge Building & Loan Association, 32 Robbins Avenue.

DISTRICT NO. 4

NORTH CAROLINA:
- Greensboro:
  - Gate City Life Insurance Company, 301 South Elm Street.

SOUTH CAROLINA:
- Greenville:
  - Southeastern Life Insurance Company.

DISTRICT NO. 5

KENTUCKY:
- Frankfort:
  - Greater Frankfort Building & Loan Association, 205 St. Clair Street.

OHIO:
- Sebring:
  - Buckeye Building & Loan Company, 291 North Fifteenth Street.

DISTRICT NO. 6

INDIANA:
- Connersville:
  - Union Savings & Loan Association.

DISTRICT NO. 9

LOUISIANA:
- New Orleans:
  - Pan American Life Insurance Company, Whitney Building.

DISTRICT NO. 10

NEBRASKA:
- Fremont:
  - Equitable Building & Loan Association of Fremont, Nebraska.
- McCook:
  - McCook Co-operative Building & Savings Association, 103 West C Street.
- Omaha:
  - United Benefit Life Insurance Company, Faidley Building.

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

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN AUGUST 16, 1937, AND SEPTEMBER 15, 1937

INDIANA:
- St. Bernice:
  - St. Bernice Building, Loan & Savings Association (voluntary).

KENTUCKY:
- Covington:
  - Covington Building Association, 728 Madison Avenue (merged with General Building Association of Covington, Covington, Kentucky).

NEW JERSEY:
- Collingswood:
  - Knight Park Building & Loan Association of Collingswood, New Jersey, 608 Haddon Avenue (voluntary).
- Westville:
  - Old Buck Building & Loan Association (voluntary).

WEST VIRGINIA:
- Fairmont:
  - East Side Building & Loan Association, Corner Merchant & Market Streets (voluntary).

II.—FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN AUGUST 16, 1937, AND SEPTEMBER 15, 1937

DISTRICT NO. 3

PENNSYLVANIA:
- Monaca:
  - Monaca Federal Savings & Loan Association, Monaca National Bank Building (converted from Phillipsburgh Building & Loan Association of Beaver County).
- Pittsburgh:
  - Foster Federal Savings & Loan Association, 3509 Butler Street (converted from Foster Building & Loan Association).

DISTRICT NO. 4

NORTH CAROLINA:
- Raleigh:
  - First Federal Savings & Loan Association of Raleigh, 201 South Salisbury Street.

VIRGINIA:
- Lynchburg:
  - Lynchburg Federal Savings & Loan Association, 616 Church Street (converted from Pilot Building & Loan Association, Incorporated).

DISTRICT NO. 5

OHIO:
- Columbus:
  - Ohio Federal Savings & Loan Association of Columbus, 24 East Gay Street (converted from Ohio Building & Loan Company).

DISTRICT NO. 6

MICHIGAN:
- Port Huron:
  - Citizens Federal Savings & Loan Association of Port Huron, 409 Peoples Bank Building.

DISTRICT NO. 7

ILLINOIS:
- Abingdon:
  - Abingdon Federal Savings & Loan Association (converted from Abingdon Building & Loan Association).
- Chicago:
  - Marquette Federal Savings & Loan Association, 111 West Washington Street.
  - Southwest Federal Savings & Loan Association of Chicago, 6239 South Ashland Avenue (converted from Arnoldsville Building & Loan Association).

DISTRICT NO. 8

SOUTH DAKOTA:
- Sioux Falls:
  - First Federal Savings & Loan Association of Sioux Falls, Corner Tenth Street & Main Avenue.

DISTRICT NO. 9

MISSISSIPPI:
- Bay St. Louis:
  - Peoples Federal Savings & Loan Association, 121 Main Street.

DISTRICT NO. 12

CALIFORNIA:
- Glendale:
  - Fidelity Federal Savings & Loan Association of Glendale, 1550 Golf Club Drive.

CANCELATIONS OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTERS BETWEEN AUGUST 16, 1937, AND SEPTEMBER 15, 1937

KANSAS:
- Augusta:
  - First Federal Savings & Loan Association of Butler County, 512 State Street (merged with Mid-Kansas Federal Savings & Loan Association of Wichita, Wichita, Kansas).
- Hays:
  - Hays Federal Savings & Loan Association, 1012 Main Street (dissolved and assets transferred to Hays Building & Loan Association, Hays, Kansas).

MINNESOTA:
- Moorhead:
  - Moorhead Federal Savings & Loan Association (merged with First Federal Savings & Loan Association of Fargo, Fargo, North Dakota).

III.—INSTITUTIONS INSURED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION BETWEEN AUGUST 16, 1937, AND SEPTEMBER 15, 1937 [1]

DISTRICT NO. 5

OHIO:
- Ada:
  - Home Savings & Loan Company, 107 North Main Street.
- Coshocton:
  - Citizens Building & Loan Association, 413½ Main Street.
- Lynchburg:
  - Home Builders Association, Farmers Exchange Bank Building.

DISTRICT NO. 7

WISCONSIN:
- Milwaukee:
  - Pyramid Building & Loan Association, 2423 West North Avenue.

DISTRICT NO. 8

IOWA:
- Mt. Pleasant:
  - Insurance Plan Savings & Loan Association, 130 North Main Street.

DISTRICT NO. 9

TEXAS:
- Houston:
  - Liberty Loan & Building Association, 803 Bankers Mortgage Building.

DISTRICT NO. 10

COLORADO:
- Trinidad:
  - Century Building & Loan Association, Turner Building.

KANSAS:
- Iola:
  - Security Building & Loan Association, 20 North Washington Street.

NEBRASKA:
- Chadron:
  - Chadron Building & Loan Association.

DISTRICT NO. 11

MONTANA:
- Missoula:
  - Western Montana Building & Loan Association, Corner Higgins & Broadway.

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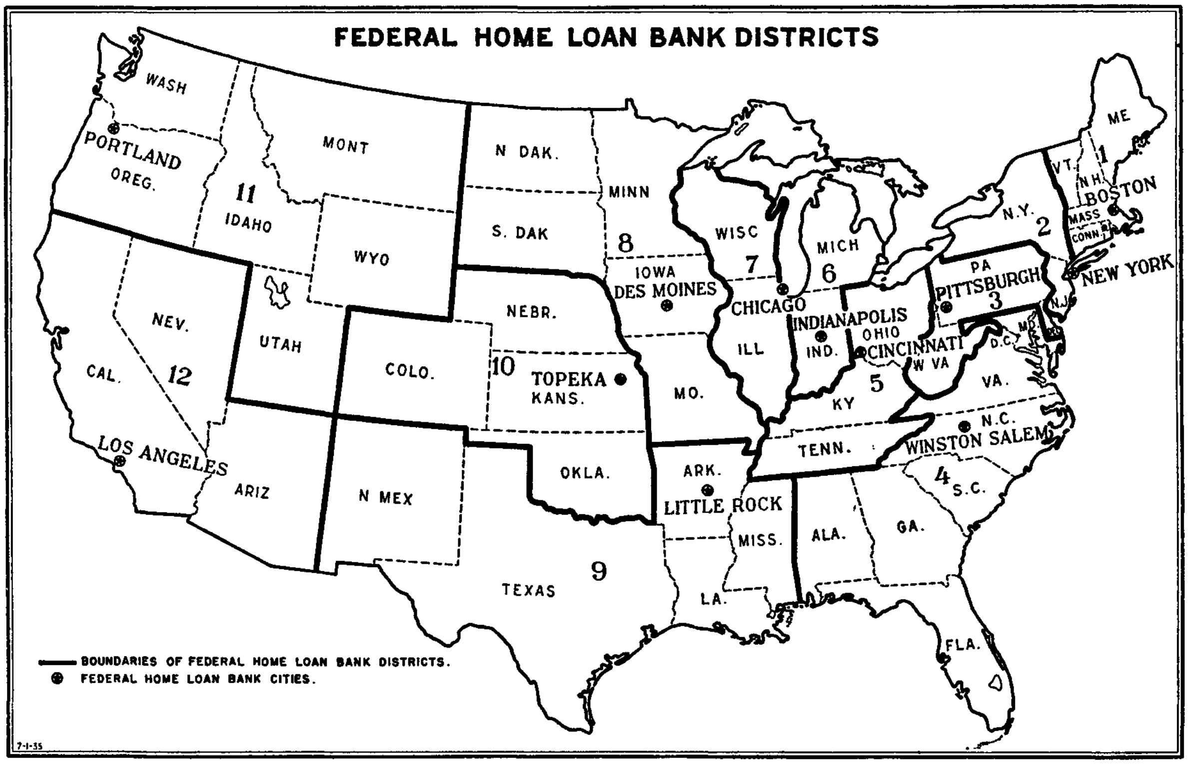
[1] During this period 7 Federal savings and loan associations were insured.

U. S. GOVERNMENT PRINTING OFFICE: 1937



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