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**FEDERAL
HOME
LOAN
BANK
REVIEW**

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**FEDERAL HOME LOAN
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**FEDERAL SAVINGS AND LOAN
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**HOME OWNERS' LOAN
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COSTS OF TITLE EXAMINATION AND PROOF

The experience of the Home Owners' Loan Corporation in proving title is analyzed, and the following paradox discussed:

■ PREVAILING practices in the examination and proof of title to real property in this country are paradoxical. It seems contrary to common sense that the methods most widely used in proving title are those very methods under which *minimum* average costs range well above *maximum* average costs under the less well known but potentially as efficient system of land title registration. In the November REVIEW, it was shown that costly and time-consuming procedures required by various mortgage and foreclosure laws now in force in the several States benefited neither mortgagor nor mortgagee, and could in no way be justified as necessary. Now a study based on the experience of the Home Owners' Loan Corporation permits the REVIEW to discuss another costly paradox—existing methods of title examination and proof.

With the re-entry of increasing numbers of private lenders into the home mortgage field there is a growing recognition of the fact that the legal expense incidental to title examination and proof is of sufficient importance to merit careful analysis. Methods of title proof which are too expensive mean that the costs of home mortgage borrowing or lending, or the costs of the conveyance of real property, are increased. Furthermore, each lending institution soon finds that the item of the legal expense which must be incurred in proving title is an important competitive element in the home mortgage market today.

The mortgage lender first of all wants to know that the prospective borrower's title to the real estate which will secure the loan is valid and marketable. The borrower is more concerned with the total cost involved in furnishing the lender with just such good evidence of title, since the borrower is usually called upon to pay the costs of the title search. As a result of the borrower's greater interest in the cost of proving title, increasing competition in the market for home mortgage loans by lending institutions sometimes leads to lower standards in securing proof of the marketability of title.

A study made by the Sub-Committee on Law and Legislation of the Central Housing Committee of more than 8,500 loans selected at random from those made by the Home Owners' Loan Corporation in 10 States throws a very interesting light upon this current problem.¹ The four principal methods of title examination and proof were all represented in this study, for which approximately 500 loans were studied under each system in each State which was employing that particular system.

The four systems of title examination or proof which were studied were: (1) abstract and attorney system, which covered the cases where an abstract of title was obtained from an abstract company and was delivered to an attorney who rendered an opinion on the title based on his examination of the abstract; (2) attorney system, which covered cases where the entire examination of the title and preparation of the opinion was entrusted to an attorney, and where the title was not registered under a Torrens or any other land title registration system; (3) title company system, which covered cases where the examination of the title was entrusted to a title company which generally insured the lien or the title; and (4) land title registration system, which covered cases where titles were registered under the Torrens or similar land title registration laws, and where the examination of title was entrusted to an attorney.

TIME AND COST ELEMENTS IN TITLE PROOF

It is apparent from Chart A and Table 1, which summarize the results of this study of H. O. L. C. experience, that no one system shows marked superiority over another in the amount of time elapsing between the reference of a case to the title examiner and the receipt of the preliminary certificate of title. The authors of the study state that conditions and practices in the 10 States studied varied

¹ The Sub-Committee on Law and Legislation, composed of the General Counsel of the Federal agencies concerned with housing or home financing, will supply copies of this report free upon application to the Secretary, Room 7032, North Interior Building, Washington, D. C.



HIGHEST average title cost per \$1,000 of loan under land title registration: \$10.38

LOWEST average title cost per \$1,000 of loan under other methods: \$9.42



so greatly that no conclusions should be based on the time element, although the figures set forth are factually accurate. However, wide variations in the cost of closing loans under the different systems of title proof in these 10 States are evident. Furthermore, as Table 2 and Chart B make clear, there are great differences in the average total title cost per thousand dollars of loan even under the same system of title proof in different States. The average cost in Illinois under the abstract and attorney system is nearly twice that in New York, and similar proportions exist under the attorney system, the title company method, and the Torrens laws.

The average total cost in proving title, less the costs of recording, varies under these four systems from an average cost of \$6.02 to \$19.89 per thousand dollars of loan. As an illustration, under the Torrens laws in Massachusetts the average total title cost is only \$6.02 per thousand dollars of loan, whereas under the abstract and attorney system in Illinois or the attorney system in Virginia or examination by title companies in Washington, this average cost per thousand dollars of loan varies between \$19 and \$20.

These time and cost elements are of interest to every home mortgage lending institution. The 10 States which are studied reflect existing differences in nine of the Federal Home Loan Bank Districts. During days of increasing competition the active manager will find it worth while to compare the actual cost and the actual time involved in proving title under the system which his institution generally employs with comparable costs under the same or different systems in other States.

It was the opinion of the Sub-Committee on Law and Legislation that both the average time and average cost elements involved in proving title may be and should be reduced. Since a decrease in the cost of proving title results in a substantial decrease in the initial cost of a home mortgage loan, this is a very important factor in a mortgage market in which every effort is being made to stimulate home ownership by decreasing the current charges for the

credit which an average man finds necessary in buying a home.

ELEMENTS OF TOTAL TITLE COST

The major elements of average total title cost not only vary widely in amount under the different methods of title examination, but even swing within a broad range under the same system of title proof in different States. Setting aside the various special charges which are not ordinarily incurred as a part of average title cost, Table 3 shows the major elements composing average title costs under each system in the 10 States. Reading the figures opposite each State across the page shows the *relationship* between the different elements which go to make up average title cost in each of these States. It is important to note that Table 3 includes only the major elements in average total title cost, and that these major elements are themselves expressed as averages. The figure given in the last column as "average total title cost" therefore is not the mathematical sum of the major elements in preceding columns, but is given to serve as a guide in judging the relative importance of each major element in total title cost. Even a casual reading of the various vertical columns shows how great the variations are in each major element.

Under the abstract and attorney system, for example, the major elements will be seen to be abstract fee, title examination fee, recording fee, and in some instances, a closing fee. Reading down the column headed "average title examination fee", it will be seen that the average cost of title examination in Indiana is less than one-third of that in Illinois. Under this same method of title proof, similar variations will be seen to exist in the other major elements composing the total cost.

Under the attorney system, the variations in each of the major elements of cost are not so extreme in the 4 States in which H. O. L. C. experience was studied. Under the title insurance system, on the other hand, there are extreme differences in average

Table 1.—Analysis of time and cost elements under different methods of title proof, based on H. O. L. C. experience

[Source: Special Report No. 3, "Land Title Procedure," Sub-Committee on Law and Legislation, Central Housing Committee]

State	Method	Average loan	Average time in days ¹	Average total title cost, less recording ²	Average total title cost ³	Average total title cost per \$1,000 of loan
California	Title company	\$2, 571. 96	40. 4	\$30. 80	\$35. 35	\$13. 74
Georgia	Attorney	2, 258. 58	24. 6	35. 55	42. 00	18. 59
Illinois	Abstract and attorney	2, 392. 57		41. 90	(43.87) 46. 79	19. 55
	Title company	3, 409. 31		49. 07	54. 33	15. 93
Indiana	Torrens	4, 657. 97		35. 45	38. 50	8. 26
	Abstract and attorney	2, 267. 42	19. 4	38. 09	(37.06) 40. 43	17. 83
Massachusetts	Attorney	4, 179. 43	19. 2	33. 07	39. 39	9. 42
	Torrens	5, 283. 01	16. 5	26. 59	31. 82	6. 02
Minnesota	Abstract and attorney	2, 196. 87	51. 4	29. 70	(34.20) 34. 20	15. 56
	Torrens	2, 406. 51	46. 1	21. 12	25. 00	10. 38
New York	Abstract and attorney	5, 539. 91		53. 57	59. 96	10. 82
	Attorney	3, 672. 94		35. 40	39. 50	10. 75
Texas	Title company ⁴	5, 760. 76		55. 78	⁴ 62. 13	⁴ 10. 78
	Abstract and attorney	2, 386. 28	36. 5	33. 75	(36.64) 37. 00	15. 50
Virginia	Title company	2, 155. 05	36. 6	32. 47	35. 67	16. 55
Virginia	Attorney ⁵	3, 003. 54		53. 19	⁵ 57. 81	⁵ 19. 24
Washington	Title company	1, 831. 59	71. 4	30. 27	36. 44	19. 89

Table 2.—Comparative time and cost elements under identical methods of title proof, based on H. O. L. C. experience

State	Method	Average loan	Average time in days ¹	Average total title cost, less recording ²	Average total title cost ³	Average total title cost per \$1,000 of loan
Illinois	Abstract and attorney	\$2, 392. 57		\$41. 90	(43.87) \$46. 79	\$19. 55
Indiana		2, 267. 42	19. 4	38. 09	(37.06) 40. 43	17. 83
Minnesota		2, 196. 87	51. 4	29. 70	(34.20) 34. 20	15. 56
New York		5, 539. 91		53. 57	59. 96	10. 82
Texas		2, 386. 28	36. 5	33. 75	(36.64) 37. 00	15. 50
Georgia		2, 258. 58	24. 6	35. 55	42. 00	18. 59
Massachusetts	Attorney	4, 179. 43	19. 2	33. 07	39. 39	9. 42
New York		3, 672. 94		35. 40	39. 50	10. 75
Virginia ⁵		3, 003. 54		53. 19	⁵ 57. 81	⁵ 19. 24
California	Title company	2, 571. 96	40. 4	30. 80	35. 35	13. 74
Illinois		3, 409. 31		49. 07	54. 33	15. 93
New York ⁴		5, 760. 76		55. 78	⁴ 62. 13	⁴ 10. 78
Texas		2, 155. 05	36. 6	32. 47	35. 67	16. 55
Washington		1, 831. 59	71. 4	30. 27	36. 44	19. 89
Illinois		4, 657. 97		35. 45	38. 50	8. 26
Massachusetts	Torrens	5, 283. 01	16. 5	26. 59	31. 82	6. 02
Minnesota		2, 406. 51	46. 1	21. 12	25. 00	10. 38

¹ Time elapsing between reference of the case to the title examiner and receipt of preliminary certificate of title. Where no figures are given, elapsed time was not tabulated.

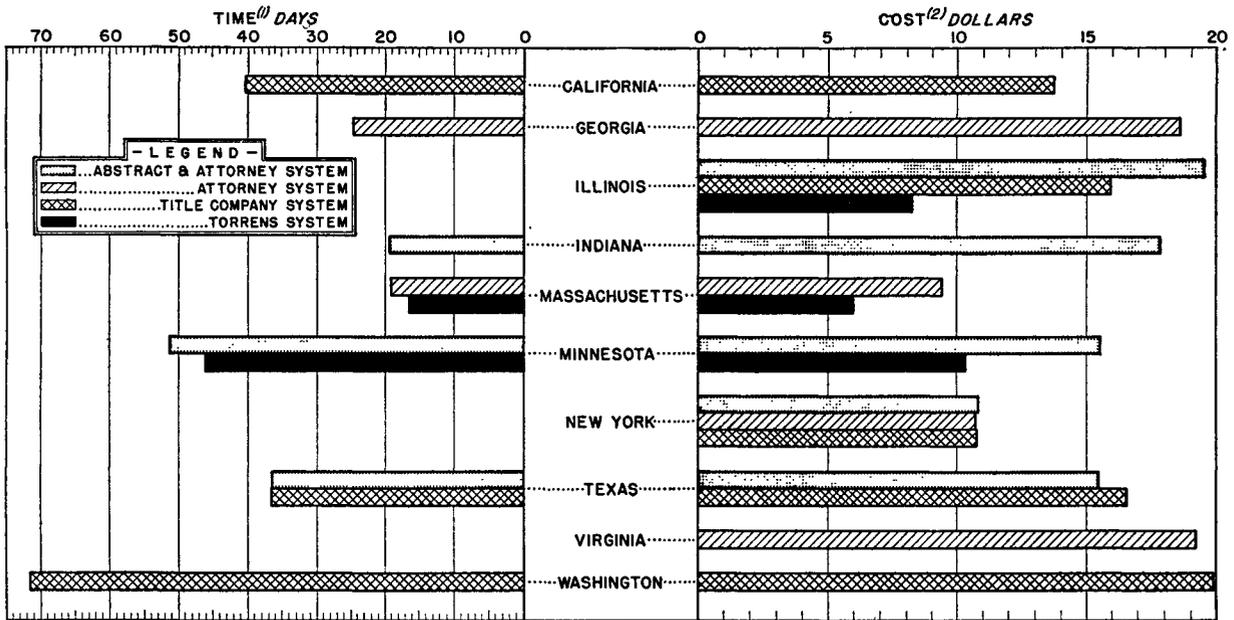
² Difference between total cost and cost of recording the instrument evidencing the lien taken by H. O. L. C.

³ Figures in parentheses represent average cost in continuation abstract cases.

⁴ These titles are not insured.

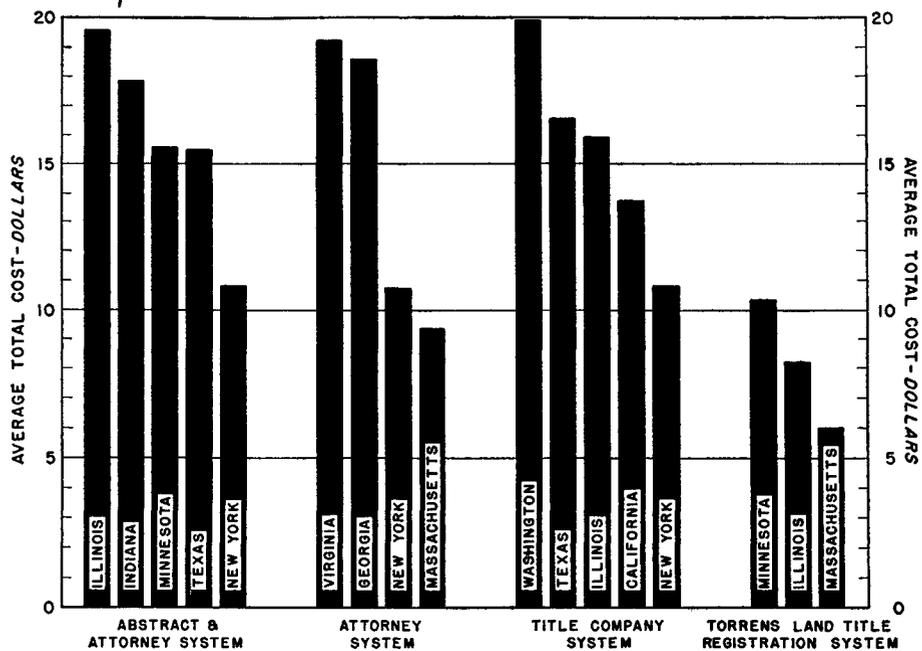
⁵ These titles are also insured.

CHART A
SYSTEMS OF TITLE PROOF: AVERAGE TIME REQUIRED COMPARED
WITH AVERAGE COST PER \$1,000 OF LOAN, BASED ON H. O. L. C. EXPERIENCE



(1) Time elapsing between reference of the case to the title examiner and the receipt of preliminary certificate of title.
 (2) Average total title cost per \$1,000 of loan includes the cost of recording the instrument evidencing the lien taken by H. O. L. C.

CHART B
VARIATIONS IN AVERAGE TOTAL COST PER \$1,000
OF LOAN, BASED ON H. O. L. C. EXPERIENCE



closing fee, as well as lesser variations between the States in the cost of title insurance. Under the Torrens system, which is notably less expensive than the other three methods in the 3 States which used it out of the group of 10 which were studied, it is also to be noted that there are two examples of disparity in costs. For instance, the average title examination fee in Minnesota under the Torrens system is only two-thirds as great as in Massachusetts, while the average closing fee in Illinois is more than twice as great as in Massachusetts.

Study of the various columns in Table 3, by reading each column vertically, enables a number of interesting comparisons to be made between the average cost of one major element of total title cost under one method of title proof with the cost of that same element under several of the other methods.

OTHER CRITICISMS OF EXISTING METHODS OF PROVING TITLE

The lending institution, however, cannot afford to confine its analysis of the different systems of title examination to the time and cost elements. It has to consider also the various criticisms which can legitimately be made of each of our four existing methods.

For instance, the abstract and attorney system does not afford an absolute guarantee as to title since the attorney's opinion is based almost entirely on the abstract, and the certification of the abstract company is sometimes drafted so as to protect it against any liability for errors or omissions in the abstract.

Furthermore, an institution which follows the attorney system must rely entirely on the accuracy of the record search made by the individual attorney. If he is negligent in searching the records and rendering an opinion, the institution's only recourse is in an action against him personally.

In some instances the title insurance certificate or policy is couched with exceptions that substantially limit the liability of the issuing company in case of defective title.

Use of better forms of title evidence is necessary in any attempt to remedy these defects usually present in these three methods of title proof. The Subcommittee on Law and Legislation has collected a set of forms which it recommends for this purpose.¹ The forms, which have been approved and used by Federal agencies when acquiring title to or making loans on the security of real estate, include an Abstractor's Certificate for the 17 States where the abstract-attorney system of land title examination is followed; an attorney's preliminary title opinion and final title opinion; a Title Company Certificate of Title, and the Standard Mortgage Title insurance policy forms of the American Title Association and the Association of Life Insurance Counsel. Use of better forms of title evidence, such as these, would mean less risk in lending on the security of real estate or in its purchase.

All four of these methods of title proof are also subject to a criticism which is directed not so much

¹ Special Report No. 6, "Forms of Title Evidence," may be obtained free on application to the Secretary of the Sub-Committee on Law and Legislation.

Table 3.—Elements of total title cost, based on H. O. L. C. experience in 10 States

System	State	Average abstract fees			Average title examination fee	Average recording fees		Average closing fee	Average attorney fees	Average survey cost	Average title insurance fee	Average escrow fee	Average release fee	Average Torrens fee	Average total title cost
		New	Continuation	Federal title search		Original papers	Releases, waiver, etc.								
Abstract and attorney	Illinois.....	\$41.96	\$13.96	\$1.78	\$23.27	\$4.89	\$1.32								\$46.79
	Indiana.....	54.61	21.73	1.02	6.98	2.34	1.65	\$6.58							40.43
	Minnesota.....		10.97		16.31	4.50	0.76								34.20
	New York.....	29.93				6.39	6.59	16.70							59.96
	Texas.....		14.08		12.26	3.25	2.38	4.13							37.00
Attorney	Georgia.....					6.45	1.15		\$30.03	\$6.57					42.00
	Massachusetts.....				24.86	6.32		9.17							39.39
	New York.....				33.53	4.10	1.79			8.88					39.50
	Virginia.....				34.15	4.62	0.62			7.10	\$9.48				57.81
	California.....					4.55	3.16				20.80	\$7.53			35.35
Title company	Illinois.....					5.28	2.39	18.65			25.47		\$3.90		54.33
	New York.....				\$33.81	6.35	6.18	15.84		14.95					62.13
	Texas.....					3.20	2.01	5.00			28.73				35.67
	Washington.....	39.89	12.02	2.00		6.17	1.09		9.14		19.98	7.69			36.44
Torrens	Illinois.....					3.05	7.05	18.65					3.81	\$3.13	38.50
	Massachusetts.....				20.12	5.23		8.94							31.82
	Minnesota.....				14.23	3.88	0.62							5.67	25.00

¹ Includes fee escrow service costs.

² Includes abstract, certificate, closing, and title insurance fees.

³ Average of recording fees both for original papers and release.

⁴ These titles are also insured.

⁵ These titles are not insured.

⁶ Average title certificate fee.

⁷ For continuation of owner's duplicate certificate of title.

at the method of title proof as at the extent to which the examination covers the recorded evidence which might affect the title. In many cases no search is made of liens or changes in title arising by virtue of decrees rendered in Federal district and bankruptcy courts and liens arising by virtue of Federal law, such as those attaching to property for the non-payment of certain Federal taxes. In most States today all conveyances and liens affecting real property arising by virtue of State law are required to be recorded in the recording office of the political subdivision in which the real property affected is located.

Since the records of the local recording offices do not generally contain notice of these Federal judgments and liens and, since in some cases title proof under all four of these methods is based entirely upon a search of the local records, it is apparent that sometimes the title opinion or certificate is based upon an inadequate search of the records which might affect title. Savings and loan institutions should therefore insist upon an opinion or certificate of title which is based upon a search of all the records which might affect the title to the real estate which is offered as security for the loan.

The Sub-Committee on Law and Legislation of the Central Housing Committee, after making an intensive study of this problem, has drafted two proposed Federal acts which would require notice of liens arising by virtue of Federal law and decrees of adjudication in bankruptcy to be filed in the recording office of the political subdivision where any real property affected by such liens or decrees is situated. The enactment of such Federal legislation, together with State legislation where needed, would mean the consolidation in the various recording offices of notice of practically all liens, whether arising by virtue of Federal or State law, affecting real property located within the jurisdiction of the recording office. Such a consolidation would, of course, decrease the risk and the expense of proving title to real estate under all four methods of title proof. (These two proposed Federal acts are contained in the Sub-Committee's Special Report No. 7 to the Central Housing Committee.)

EXPERIENCE OF LARGE LENDING INSTITUTIONS

The Sub-Committee supplemented its study of the lending operations of the Home Owners' Loan Corporation by correspondence and conference with nine large lending institutions having wide experience over substantial areas of the country. Although the ex-

perience varied according to the locality in which the majority of loans were made, five institutions favored the general use of title companies, while three made general use of the abstract and attorney system, and one stated no preference. Only three of the reporting institutions made any general use of the attorney system.

Some of the institutions have made little use of Torrens titles, for the most part because the system is not well enough established in any but three or four jurisdictions in their lending territory. Yet one lender accepts Torrens certificates without further evidence of title in Massachusetts and Minnesota and has never had any unfavorable experience with the certificates in these two States. Another lender reports that its experience with the Torrens system in Illinois over a period of years has been very satisfactory. However, other lending institutions find several weaknesses in present land title registration laws which make them unenthusiastic about such methods of title proof. The principal objection is the financial weakness of many of the systems. A further objection is that some lenders do not feel that the system as now in operation can furnish the services in connection with mortgage loans which a non-resident investor should have.

THE TORRENS LAND TITLE REGISTRATION LAWS

The success which some of these large lending institutions have experienced in connection with use of Torrens certificates as proof of title makes it seem paradoxical that other lenders have had no experience with the method. The Torrens system of land title registration, when it is well administered, minimizes the ultimate cost of title examination and the risk of defective title, as Table 2 makes very clear. The *highest* average total title cost per thousand dollars of loan under the Torrens system is \$10.38 in Minnesota. The *minimum* average total cost per thousand dollars of loan under any of the other three systems is \$9.42. This minimum of \$9.42 per thousand dollars of loan, is attained in Massachusetts when the entire examination of the title and the preparation of an opinion is entrusted to an attorney. The average cost per thousand dollars of loan of a Torrens title in Massachusetts is \$6.02—less than two-thirds of this minimum.

Under the Torrens system, the owner of a piece of real estate receives a certificate of title from the State land court or other judicial body having charge of land title registration. Subject to the specific or

blanket exceptions¹ noted on it, this certificate of title is good against everyone, and any subsequent claimant who can show better title is compensated by the assurance fund. Once the original registration has been accomplished, all subsequent dealings with the land are entered upon the certificate and no new examination is needed.

Torrens or similar land title registration laws are already in effect in the following 17 jurisdictions:

California	North Carolina
Colorado	North Dakota
Georgia	Ohio
Hawaii	Oregon
Illinois	South Dakota
Massachusetts	Tennessee
Minnesota	Virginia
Nebraska	Washington
New York	

It must be admitted, however, that so far the land title registration system has not met great success in any of these jurisdictions, with the exception of Hawaii, Illinois, Massachusetts, and Minnesota. The following list, expressed in terms of percentage of total loans, shows the extent to which the Home Owners' Loan Corporation has made its loans on Torrens titles. From this table, it is apparent that in only 8 of the 17 jurisdictions in which land title registration laws are in effect has the Home Owners' Loan Corporation made any use of Torrens certificates and in only the 4 jurisdictions already named can the use of Torrens certificates be said to amount to any considerable portion of the total evidence of title.

	<i>Percent of total loans</i>
Hawaii.....	31.00
Minnesota.....	12.50
Illinois.....	8.00
Massachusetts.....	6.00
Ohio.....	3.00
Washington.....	0.20
Colorado.....	0.10
South Dakota.....	0.03

There are three probable reasons for the lack of success of land title registration of this type in most of the States. The first reason is that in many jurisdictions the legislation which provides for such a system is almost unworkable due to successful opposition by adverse interests at the time of its

¹ For example, liens which are not required by law to appear of record on the and records in order to be valid against subsequent purchasers; recent taxes; short-term leases; etc.

enactment, resulting in an ineffective law. A second difficulty is that the expense of the original registration of title, which averages \$150, including attorney's fees, is probably too high to justify greater demand for this type of title proof on the part of the small-home owner. A third probable reason is that the credit of the State has not been pledged or a sufficient assurance fund accumulated to assure prospective registrants in many States of the ability of the fund to satisfy any claims that might arise in case of defective title.

Although the Sub-Committee on Law and Legislation believes that the original cost of land title registration is actually commensurate with the protection received in Hawaii, Illinois, Massachusetts, and Minnesota, it also believes that the initial or original cost of registration can be and should be reduced in those States where the system is in successful operation. Even in those States where the system has not been in operation sufficiently long to build up an assurance fund, the original fee could well be reduced if the credit of the State were pledged.

Substantial assurance funds have been accumulated in Massachusetts, Illinois, and Minnesota. Although there is no assurance fund in Hawaii, the credit of the Territory of Hawaii is pledged to guarantee the titles. During 38 years of successful operation of the Torrens law in Massachusetts, an assurance fund in excess of \$244,000 has been accumulated. A registered title is furnished, which is backed not only by such assurance funds but also by the credit of the Commonwealth. During this entire period only three claims, in a total amount of \$2,300, have been filed against the Massachusetts fund.

WHAT IS THE FUTURE OF LAND TITLE REGISTRATION LAWS IN THIS COUNTRY?

We have seen from the experience of the Home Owners' Loan Corporation that in only a few jurisdictions having a Torrens Act is the system extensively used. The chief objections are the high initial cost of registering a title and also the inadequacy of financial guarantee of a registered title. On the other hand, because the cost of closing loans on Torrens certificates is materially less than for any of the other three principal methods of title examination and proof, it is probable that as title costs become an increasingly important competitive element in the placing of home mortgage loans, Torrens or similar land title registration laws will come into more general use. The experience of the nine large lending institutions shows that the Torrens system is satisfactory

in those States where the financial responsibility of the assurance fund is strong, either because of the pledge of credit of the State itself, or because of the accumulation of a sufficient reserve fund to take care of all probable losses arising from awards to successful claimants against the fund.

The National Conference of Commissioners on Uniform State Laws has drafted a uniform land title registration law which it has recommended to the various States for enactment. A thorough study of this proposed legislation has been made by the Sub-Committee on Law and Legislation of the Central Housing Committee. As a result of conclusions which were reached on the basis of this study, the Sub-Committee has undertaken to redraft this Act.

The redrafting of this Act and the subsequent steps which may be taken in the various States to secure its enactment are of major importance to all mortgage-lending institutions. A major improvement which will be incorporated in this new draft will be the reduction of the high average initial cost which makes our present land title registration entirely out of the question in many instances for small-home owners. The Act as it is proposed will also eliminate all exceptions from the certificate of title. In addition, there will be three methods under which land titles may be registered with the State.

The first will be the long and expensive method of State examination of title with court confirmation prior to registration, similar to that now in effect in those States having such laws. This, of course, would necessitate a high initial cost for registration but would insure the title against all defects, both prior to and after registration.

In addition to this first method, the uniform land title registration law would provide two other shorter and less expensive methods. Under the first of these the State would register the land upon presentation of a responsible title certificate or an attorney's opinion. This fee would be approximately one-half of that required under the first method described and the fee would cover, in addition to the expense of registration, the insurance of the title up to a designated maximum amount against any defects, both before and after registration.

There would be also a third method, still shorter

and less expensive, under which the land would be registered by the State on the basis of a title certificate or an attorney's opinion. After the expiration of the statute of limitations provided for in the Act, a title registered under either the second or third methods of registration would be as perfect as those registered under the first method with its high initial cost.

Under this new proposed draft of the Act, if the ordinary purchaser finds the expense of the original registration of his land too high under the first system of State examination of title with court confirmation, he would have the alternative of the other two methods.

At the same time, however, the proposed Act would permit the developer of a new subdivision to register his whole tract under the first method outlined before any subdivision takes place. Such action would make the cost of registered title per lot a nominal amount. The developer would save his purchasers the expense of securing an absolutely guaranteed title, or the necessity of taking a certificate which is not absolutely guaranteed.

We have seen that land title registration as it exists today is extensively used in only a few of the jurisdictions where legislation has been enacted to permit this method of title proof. Even in those States where the greatest use of Torrens titles is made, the high average initial cost of registration is a serious handicap. The proposed legislation which the Sub-Committee on Law and Legislation is now drafting will enable many of these defects in our present system of land title registration to be remedied. Those States which do not now have such a system in use can adopt a method of land title registration similar to that which will be embodied in the Sub-Committee's draft. Likewise, those States which now have land title registration laws which are defective can amend the existing legislation in accordance with the newly revised draft. It is believed that the adoption of such a land title registration system would ultimately relieve home buyers and owners of a large part of the burden of the title expenses incurred in the purchase or the mortgage of home properties, and would at the same time make for better and more stable titles to real property.

CONTRACTUAL ARREARAGES

The first of a series of articles upon topics of current interest in savings and loan operation and accounting discusses one of major importance: Association managers find today that an efficient lending policy requires adequate records not only of interest delinquency but of principal delinquency as well.

■ A MAJOR change in the home mortgage lending field has arisen from the present trend towards increasing the ratio of loan to appraised value. In earlier years the limit customarily set as a maximum amount that could be borrowed on first mortgages was 66% percent of the appraised value, and 60 percent was in effect the limit for many lenders. The maximum term was usually 12 years. Today home-financing institutions are making loans up to 80 percent of appraised value for terms which in some cases may approximate 20 years.

This increase in maximum loanable value and in term of amortization has necessitated the development of more accurate operating controls on the part of the lending association. It demanded first of all the improved and more scientific appraisal procedure which has been an outstanding development of recent years. It required greater care in rating the credit risk involved in any lending transaction. It was essential to know more not only of the prospective borrower's ability to meet his payments easily within his income, but also of his past record in meeting his obligations.

All these controls, however, are essentially only some of the factors which an institution considers in determining whether or not it will make the loan in the amount requested to a given applicant. They are initial controls. For controls to protect the lending institution once the loan has been made, it has often been the practice in the past to rely on the record of the status of the loan as shown by the interest delinquency.

At a time when many institutions restricted their lending to straight mortgage loans upon which only periodical interest payments were required, and the principal amount fell due and was payable in a lump sum at the end of a 3- or 5-year term, recording of interest delinquency was a good index of loan status. In the same way, when amortized loans were written for 50 or 60 percent of appraised value, some associations were primarily concerned with the current payments of interest, and maintained in most instances no current record of principal payments. Today with the widespread adoption of the long-term amortized home mortgage by even our commercial

banking institutions, in view of the experience of the past, there is a growing feeling that a record of interest delinquency alone is no longer a satisfactory operating control.

The lack of records adequate to reflect the true current status of each loan by showing both the delinquency in interest payments and also the arrearages in principal payments, resulted often in giving the directorate a false picture of the association's condition. By considering loans on an interest basis only, they were content to regard as current those loans on which interest alone had been paid, even though the original contract with the borrower provided for amortization of principal, and the board of directors had granted the loan on such a basis. The fallacy was that after a serious business depression the directors found that the association had mortgages on properties equivalent in amount to the mortgages originally granted during normal times, and that the properties securing these loans had depreciated so far in value that the loans were no longer good risks because the principal of the loan had not been amortized.

The one major fact which the association's operating records did not show was the total contractual delinquency on its entire portfolio of mortgage loans. To take an extreme example: If there are two associations, one of which receives interest only on its mortgage loans while the other receives the complete contractual payments of interest and principal on the majority of its loans, and if we analyze these associations from the point of view of interest delinquency alone, both the associations would be reported as equally sound. However, it is evident that there is a great difference between the loan balances in these two associations.

WHAT IS MEANT BY CONTRACTUAL DELINQUENCY?

Such experience has led an increasing number of managers to adopt the position that the only sound basis to follow in reporting an association's condition must be that of total contractual delinquency. When we speak of contractual delinquency, we mean the total amount now due and unpaid by a borrower

under a contract, taking into account any modified agreements between the borrower and the association. In other words, suppose that the mortgagor has assumed the obligation of paying \$50 per month of interest and principal upon his total indebtedness. If the borrower fails to meet a single monthly payment, although the unpaid interest represents a portion of the monthly payments required, the total contractual delinquency is, nevertheless, \$50. It is the contractual delinquency of \$50 which is the true index of the status of that particular loan. The contract includes not only the payment on principal and interest which the mortgagor has agreed to make, but if he has agreed to keep the premises constantly insured, to pay all taxes, bills for repairs, and any and all expense incidental to ownership of the mortgaged property so that no liens superior to that of the mortgagee may be created against the property during the term of the mortgage, these advances for such charges must also be accounted for in recording contractual delinquency. In other words, the mortgage form should provide that in case of failure of the mortgagor to comply with these further provisions of the mortgage, the mortgagee may pay out the necessary sums. All sums so paid should be added to the unpaid balance of the obligation and therefore become part of the mortgage indebtedness. Consequently, such additional advances by the mortgagee for insurance, taxes, or repairs must be computed in determining the total contractual delinquency. Compare the amount of the current unpaid balance of a loan (including advances) with the unpaid balance as it would be had no additional advances been made and had all the agreed monthly payments been made when due: the actual contractual delinquency is seen to be the difference between these two sums.

By maintaining records of contractual delinquency, the association is in a better position to determine quickly whether a loan should be recast or modified. The experience of managers has been that in recasting a mortgage, the same careful consideration should be given as though the officers and directors were making new loans. A loan should not be recast merely because it is delinquent. The ability of the borrower to meet the new contractual payments must be given careful consideration. Since the law in different States varies substantially as to the effect of recasting loans and some danger may be encountered under certain jurisdictions where junior liens exist, the association's attorney must determine the actual procedure to be followed.

A large part of the business done by member institutions of the Federal Home Loan Bank System consists of loans to be repaid in monthly installments of principal and interest. For this reason the management needs to know the exact status of the performance of borrowers. If the association writes its contracts on the basis of amortized loans but keeps no record of repayment of principal so long as interest is current, in effect, the association is granting a straight mortgage loan when its entire analysis of the credit risk and of the physical collateral security has been predicated on the assumption that the funds which it lends will be repaid not in a single lump sum but in equal monthly installments.

When an association's account records show at a glance the contractual arrearage of every loan, prompt follow-up can be initiated to prevent the loan from becoming seriously delinquent. Systematic reduction of the principal amount of the mortgage loan assures an association that it has a constantly diminishing amount of money invested in a security which is steadily depreciating in value. What is more, amortization helps to protect the lending institution in case of a general decline in real-estate values—a type of depreciation which is far more drastic than the ordinary physical depreciation of the real property securing its loan. Amortization of principal may not be able to reduce a loan sufficiently to afford an association complete protection against a general deflation in all real estate values, but it does diminish the association's risk of heavy loss should this occur.

When a manager knows the exact status of the performance of the borrowers under their contracts by maintaining a record which shows the unpaid balance of each loan and the contractual delinquency for each loan account, he is in a position to operate more intelligently in a field in which major changes occurring rapidly over a short period of time have necessitated an equally rapid development of more adequate operating controls. Incidentally, also, the managers have found that the maintenance of such efficient records has resulted in a considerable saving on examination costs to their associations.

RECORDING CONTRACTUAL ARREARAGES

Because the computation of contractual arrearages is a logical part of the monthly or periodic record of borrower payments, those arrearages may be most easily recorded on the individual loan ledger cards. The addition of a single column is all that

is needed and the operation entails at most a simple addition or subtraction.

The accompanying illustration shows how this column (entitled "delinquency") is set up in connection with a direct-reduction loan. The card shown is one supplied by the American Savings and Loan Institute and is for use with the direct-reduction loan plan. The delinquency account may, of course, be used in connection with share-account sinking-fund loans or any others.

Name.....		John Doe		Loan Account No.....		L - 52	
Address.....		1557 North Street		Amount of Loan.....		1,000	
Address of Property.....		1557 North Street		Date of Loan.....		July 1, 1935	
		Chicago, Illinois		Monthly Payment.....		10.00	

Date	Interest Charged	Interest Paid	Balance Interest Due	Total Payment	Miscellaneous Charges	Balance	Delinquency
July 1						1000 00	
July	5 00		5 00			1005 00	
July 30		5 00		10 00		995 00	
Aug	4 98		4 98			999 98	
Aug 28		4 98		10 00		989 98	
Sept	4 95		4 95			994 93	
Sept 30		4 95		10 00		984 93	
Oct	4 93		4 93			989 86	
Oct 21		4 93		10 00		979 86	
Nov	4 90		4 90			984 76	-10 00
Dec	4 93		9 83			989 69	-20 00
Jan	4 95		14 78			994 64	
Jan 30		14 78		20 00		974 64	-10 00
Feb	4 87		4 87			979 51	
Feb 28		4 87		20 00		959 51	00 00

Form 14—Supplied by American Savings, Building and Loan Institute, 104 South Michigan Avenue, Chicago, Illinois.

If the regular monthly payment is made it is listed under "total payment" and is subtracted from the "balance" column. (Note that each month the interest due is added to the balance before the monthly payments are recorded.) On the other hand, if the monthly payment is *not* made, it is listed in the delinquency column, and, of course, no change is made in the balance column except to record the monthly interest due.

In the example shown, the borrower remained current on his obligation until November because each month his required payment of \$10.00 was listed in the "total payment" column.

However, in November he failed to make that monthly payment. Witness the \$10.00 in the delinquency column; also, that the interest due was added to the balance of the outstanding obligation.

In December he also failed to make his payment and the same procedure was repeated. The balance due was increased again by the amount of the monthly interest, and the amount in the delinquency column had doubled in size.

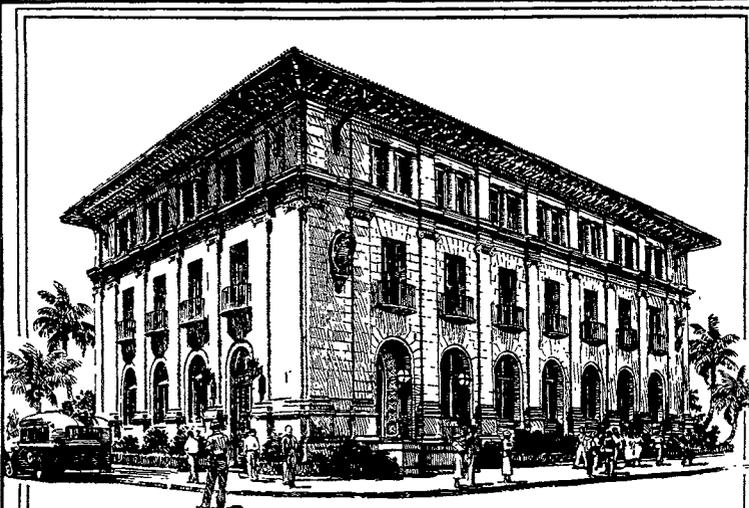
In January, as usual, the interest charged was listed first, then the balance interest due (which had been accumulating for three months) and finally the balance of the debt which included those three months of interest owed. But in January the borrower made a payment of \$20.00: twice his usual monthly payment. This was enough to pay for January and for one month of arrearage, leaving his delinquency at \$10.00. This payment went first to reduce the balance, but remember that that balance had been increased each month by the interest. Consequently, the \$14.78 in the balance interest due column was wiped out.

In February, the borrower again paid double his regular monthly payment which wiped out the rest of the delinquency.

The delinquency column has another use besides that of recording arrearages. Payments made in advance may be listed by the simple expedient of marking them plus and the arrearages minus. When such an advance payment is made the procedure is the reverse of the one we have just described. The total amount of the advance payment is subtracted from the balance column. Then, in each subsequent month when no payments were made, the advance would be reduced by the amount of the monthly obligation: care being taken that the interest due be properly credited to the balance account.

These examples show the ease with which such an account can be operated. It is, in fact, easier to be with than without a contractual arrearage account. Suppose a borrower who had been sporadically in arrears as to principal for several years asked the association manager: "How much am I in arrears as to principal?" With a delinquency column, the answer would be on the card. Without that column, the manager would have to go back over each year since the loan had been made and calculate the delinquencies. Such uncertainty does nothing to enhance the borrower's confidence in the association and certainly offers no incentive for him to keep up

(Continued on p. 129)



Our New Home, First Avenue and First Street, N. E.
(Formerly the Old Post Office Building)

OUR PROGRESS IS MIAMI'S PROGRESS

THE FIRST FEDERAL announces the opening today of its new building at First Avenue and First Street, N. E., in the service of the public. On this first day in its new home, the Association will be open for business and inspection from 9 o'clock in the morning until 9 o'clock in the evening. Everyone is invited to inspect the new quarters and facilities of the First Federal, which will be dedicated today to the permanent service of South Florida. All visiting ladies will receive thrift calendars to commemorate the opening of America's oldest Federal in its new home. Each visitor will also receive tickets to attend the dedication program tonight. This program will consist of a message to the public of South Florida by the Honorable Fred W. Catlett, member of the Federal Home Loan Bank Board of Washington, D. C., following which the University of Miami Symphony Orchestra, under the direction of Arnold Volpe, conductor, will render a concert of unusual excellence.

You are cordially invited to visit the new quarters of the Association today and to attend the opening program and concert this evening.

RESOURCES OVER \$8,500,000.00

FIRST FEDERAL

SAVINGS AND LOAN ASSOCIATION OF MIAMI

FIRST AVENUE AND FIRST ST., N. E.

Formerly the Old Post Office Building
W. H. WALKER, President

Here are two advertisements which have proved successful. The Miami advertisement capitalizes upon the occasion of the opening of its new building to point out that its growth is an integral part of the growth of the community it serves. The Lima copy is straightforward in its analysis of savings and loan operation, and emphasizes one fact of outstanding interest to its own community—that local funds are invested locally.

THREE SAFE PLANS FOR YOUR SAVINGS

POSTAL SAVINGS

Established in 1911
to prevent hoarding

BABY BONDS

Ten Year Maturity

and now

FEDERAL SAVINGS

For your convenience and whose funds are invested right here in your own city.

In all three plans every possible safeguard has been provided for the protection of your savings.

A Federal Savings & Loan Association is a local, mutual, thrift organization set up, operated and controlled by those who invest in the association, subject to strict federal rules and regulations. Any investment in the Association is insured up to a total of \$5000.

There is no guaranteed interest rate that might embarrass the association in lean years. The law provides that at the end of each six month period, the expense of operation and required reserves are taken from the earnings, the balance shall be paid as a dividend, and that each account shall get its pro rata share of the earnings.

1937 Rate Was 3%

Your savings here on or before the 10th earn for the full month.



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Loan Classification In Relation To Variable Interest Rates

■ IN preparing to make a mortgage loan, the competent lender will collect as much information concerning the borrower and the property as is pertinent to gauge the risk involved. It is his business to know such factors as the credit standing of the borrower, his ability to pay, his reputation. He must know the present worth of the property, its age, possible life. Also, he must know the neighborhood in which it is located so as to judge its future.

Some of these facts are found through the appraisal of the property, others through contact with the borrower. But no matter how they are found, their assembly and proper analysis form the basis of sound mortgage lending. The more efficient an appraisal system, the more detailed a credit analysis, the better able an association manager will be to judge his prospects. That is why the collection of detailed neighborhood, city, and regional information through surveys and scientific appraisals is so important. They are tools which help to eliminate some of the uncertainties in mortgage lending.

After the mortgage lender has collected all the available information concerning his prospect, he proceeds to weigh this information and to draw conclusions as to whether the borrower will be an acceptable risk. Thus, he is dividing all applicants into two classes; those to whom he will lend and those to whom he will not. But at the same time he is necessarily making mental notes in regard to each particular borrower: Mr. A is a good credit risk but he has bought somewhat beyond his means. Mr. B's loan for reconditioning his property in a run-down neighborhood is almost on the border line. Mr. C has a good property and good credit—there's nothing to worry about in his case—and so on. Actually, therefore, the lender has a whole scale of borrowers, all the way from the border-line case to Mr. C's loan, the best in his portfolio.

It is this disparity between borrowers which brings up the question whether the good risk should pay the same as the poor risk (which amounts to carrying part of the burden of the poor risk). If the answer is "yes", then the mortgage-lending

institution finds itself charging a single interest rate in competition with a wide variety of rates charged by other lending institutions. This "spot" position was discussed in the November issue of the REVIEW, in connection with a study of interest rates charged by Federal savings and loan associations. It was pointed out at that time that in reality such a "spot" position means that the association is offering a set interest rate in competition with a wide range of rates. As a consequence, the very best risks are lost to other institutions, and the best loans in its portfolio may also be lost when reduction of principal brings these loans into the "low risk" class which competitors are refinancing at lower rates.

On the other hand, if the answer is "no", then some method must be developed for classifying those risks to determine what rates should be charged. This method must be as unbiased as possible. First, to protect the lending institution; the primary purpose of such varying terms is to charge for potential loss, i. e., greater risk, and for greater servicing costs. Without a basis for classification, the risks and costs cannot be accurately appraised. Second, an unbiased means of classification is necessary to protect the borrower and to preserve his goodwill. Without a formal procedure, even the most experienced mortgage lender—an excellent judge of values and risk—will be liable to error with consequent unfairness to the borrower. Also, decision without a formal procedure will probably be subject to the charge of favoritism which is the forerunner of illwill towards the lending institution.

To classify risks for the purpose of varying the interest charge, many savings and loan associations have developed "loan classification sheets" which attempt to list the most pertinent information under probably a dozen headings at the most. Such a plan can make no attempt to cover all the problems which enter into mortgage lending and for this reason it has been severely criticized. But in spite of its many limitations it can serve as a guide and a basis for judgment. Even though personal judgment plays the largest single part in borrower analysis,

a check-up is needed to see that no items have been overlooked in making the judgment and to assign proper values to each of the factors considered.

It has been suggested that a loan classification sheet be used even though no variation in lending terms is offered. The sheet grades borrowers against each other. A proper file of these records, together with a reclassification every year or so, would permit a check of borrower condition at any time during the life of the loan. Thus, the lender would be continually apprised of the actual condition of his portfolio of loans, and if at any time he wished to institute a system of variable interest rates he would have a valuable basic foundation.

Although the subject of loan classification sheets has been discussed in detail in previous issues of the REVIEW, a discussion of the various items involved, in the light of actual experience, may be valuable.

The factors to be classified may be divided into three general groups: (1) property and neighborhood, (2) borrower, and (3) mortgage pattern. Outside of such unpredictable elements as the possibilities of loss from changes in world conditions or from natural catastrophes such as drought and flood, all the elements of risk will fall under these headings.

Two sample risk rating sheets have been reproduced on pages 126 and 127. One is quite detailed and complete. The other represents a simplified form similar to the sheet reproduced in the May 1935 issue of the REVIEW. Although these two sheets are in active use, they are not reproduced as recommended models. There can be no ideal uniform standard of such sheets. The variations in lending practice, in community characteristics, even in building regulations, and above all in the personal preference of the association manager prevent the development of a sheet satisfactory to all associations.

The more simplified sheet entitled "loan classification and rating analysis" carries many of the general items related to mortgage risk. It will be noted, particularly, that a great deal of leeway has been left for the judgment of hazards in addition to those listed and for credits arising, perhaps, from a favorable relationship of items which could not possibly be formally accounted for. For example, the association gives credits for an extremely short loan maturity, or for excellent moral security.

The method by which a loan is classified under this plan is as follows: The characteristics of the property, borrower, and mortgage pattern will logically fall in one of the categories in each of the nine headings. To each of the categories is assigned a

number, the "deficiency point", which increases as the risk to the mortgagee increases. After the risk factors have been analyzed, the points for each category are totaled to find the gross deficiency rating of the borrower, and, after any credits are subtracted, are then assigned against an interest rate at the bottom of the sheet.

The predominant rate charged under this plan, which allows an interest rate spread of from 6 to 7½ percent, is about 6 percent.

PROPERTY AND NEIGHBORHOOD

In using property and neighborhood factors in rating a loan application, the question of duplication with the appraisal report comes up. It has frequently been urged against loan classification sheets that the borrower is penalized twice for his property's deficiencies, once in the appraisal and once in the loan classification. Consequently, those items which are strictly concerned with appraisal have been eliminated from many rating sheets. On the other side, it may be argued that the rating sheet supplements the appraisal; it is a means of using the findings of the appraiser to advantage.

In one of the sheets reproduced on page 126, the rating of the property and neighborhood has been analyzed in great detail. The design, both interior and exterior, has been considered as well as the type of construction and occupancy. Also, the residential desirability, salability, and rentability have been included.

All these factors are, of course, closely interrelated. For example, a home which qualified under all other factors but was located in an unrestricted and unzoned area which has been only recently developed may be a good risk for a short-term loan, but the current growth of the city may make it seem an extremely hazardous risk for a 15- or 20-year loan.

This classification sheet rates the effective age of the dwelling rather than the actual age (although both are listed under item 2 in the physical security column, the rating is determined by the effective age of the dwelling). Obviously, the actual age is no indication of the condition of a dwelling. Proper construction and maintenance are vital to prevent deterioration of value. The association using this sheet determines the effective age from its appraisal report.

Some of the factors included under physical security actually fall under a "mortgage pattern" heading which is not listed in this sheet. For con-

MORTGAGE RATING SHEET

NAME: _____
 PROP. ADDRESS: _____
 INCOME: SALARY: \$ _____
 RENTAL: \$ _____
 INVESTMENTS: \$ _____
 DEPENDENTS: \$ _____
 TOTAL INCOME: \$ _____

TYPE LOAN: _____
 AMT. DESIRED: \$ _____
 APPRAISED VALUE: \$ _____
 APPRAISED BY: _____
 DATE: _____
 TIME DESIRED: _____
 Est. of Total Monthly Paym'ts: \$ _____

PHYSICAL SECURITY RATING

1. OCCUPANCY.
 OWNER: SINGLE HOME: _____ 0
 TENANT: SINGLE HOME: _____ 2
 DUPLEX: OWNER AND 1 TENANT: _____ 3
 COMB. HOME AND BUSINESS: _____ 4
 APARTMENTS: 3 OR MORE: _____ 5
2. AGE: (Actual _____ Yrs.; Effective _____ Yrs.)
 CONSTRUCTION LOAN = 0; 0 TO 5 YRS. = 1.
 6 TO 10 YRS. = 2; 11 TO 15 YRS. = 4; OVER 15 YRS. = 6.
3. DESIGN EXTERIOR.
 EXCELLENT = 0; GOOD = 1; FAIR = 2.
 ACCEPTABLE = 3; POOR = 5; BAD = 6.
4. DESIGN INTERIOR.
 EXCELLENT = 0; GOOD = 1; FAIR = 2.
 ACCEPTABLE = 3; POOR = 5; Bad = 6.
5. CONSTRUCTION: BRICK-FRAME.
 (ADD 1 POINT ALL CLASSES FOR FRAME)
 SPECIAL = 0; EXCELLENT = 1; GOOD = 2.
 MEDIUM = 3; CHEAP = 5; VERY CHEAP = 6.
6. PROTECTION OF SITE.
 RESTRICTED TO SINGLE HOMES _____ 0
 RESTRICTED 1 & 2 FAMILY HOMES _____ 2
 NOT RESTRICTED BUT ZONED FOR RES. ONLY _____ 3
 NOT RESTRICTED AND NOT ZONED _____ 6
7. RESIDENTIAL DESIRABILITY.
 BEST = 0; GOOD = 2; FAIR = 3; POOR = 5; SLUM = 6.
8. SALABILITY.
 READILY SALABLE = 0; SLOW = 3; DIFFICULT = 6.
9. RENTABILITY.
 10% OF APPRAISED VALUE-YEARLY = 0.
 9% = 1; 8% = 3; 7% = 5; 6% = 6.
10. RATIO TO APPR'D VALUE-REG. LOAN.
 60% OR LESS _____ 0
 64% _____ 1
 66 2/3% _____ 2
 70% _____ 3
 75% _____ 5
11. RATIO TO APPR'D VALUE-F. H. A. LOAN.
 66 2/3% OR LESS _____ 0
 70% _____ 1
 72 1/2% _____ 3
 75% _____ 4
 80% _____ 6

PERSONAL RATING

1. AGE OF BORROWER.
 BETWEEN 26 AND 30 YRS. = 1; 30/45 YRS. = 0.
 46/50 YRS. = 1; 51/55 YRS. = 2; 56/60 YRS. = 3.
 61/65 YRS. = 5; OVER 65 YRS. = 6.
2. LENGTH OF LOAN. REG. FHA
 NOT OVER 12 YRS. _____ 0
 12 TO 15 YRS. _____ 0
 15 TO 17 YRS. _____ 1
 17 TO 18 YRS. _____ 2
 18 TO 19 YRS. _____ 3
 19 TO 20 YRS. _____ 4
3. CERTAIN INCOME.
 5 TO 1 OF MONTHLY MTG. PAYMENTS. = 0.
 4 TO 1 = 2; 3 1/2 TO 1 = 4; 3 TO 1 = 6.
4. RESERVES AND SAVINGS.
 APPR. EQUITY-THIS PROPERTY. \$ _____
 CASH-STOCKS-BONDS-LIFE INS. \$ _____
 OTHER REALIZABLE ASSETS \$ _____
 TOTAL \$ _____
 100% OR BETTER OF MTG. = 0; 100% = 2.
 75% = 3; 50% = 4; 25% = 5; 0% = 6.
5. LIFE INSURANCE.
 FULL MTG. INSURANCE POLICY-ASSIGNED _____ 0
 FULL AMT. OF MTG. NOT ASSIGNED _____ 2
 75% OF MTG. NOT ASSIGNED _____ 3
 50% OF MTG. NOT ASSIGNED _____ 4
 NO INSURANCE _____ 6
6. APPRAISED VALUE TO YEARLY INCOME.
 2 TIMES = 0; 2 1/2 = 2; 3 = 4; 3 1/2 = 6.
7. TOTAL MTG. TO YEARLY INCOME.
 1 1/2 TIMES = 0; 2 = 1; 2 1/2 = 2; 3 = 4; 3 1/2 = 6.
8. OTHER MTG. INDEBTEDNESS.
 NONE = 0; 10% OF INCOME PLEDGED = 1.
 15% = 2; 20% = 4; 25% = 6.
9. INDEBTEDNESS OTHER THAN MTG.
 NONE = 0; 10% OF INCOME PLEDGED = 2.
 20% = 4; 25% = 5; 30% = 6.
10. CREDIT.
 A1 _____ 0
 GOOD _____ 2
 SLOW BUT GOOD _____ 3
 UNFAVORABLE REPORT OR REPUTATION _____ 4
 BAD _____ 18

TOTAL PHYSICAL RATING

AA=0/7; A=3/10; B=11/14; C=15/18; D=19/26; E=27/___

TOTAL PERSONAL RATING

AA=0/4; A=5/7; B=8/11; C=12/15; D=16/24; E=25/___

CONSTRUCTION LOAN

PURCHASE LOAN

REFINANCE LOAN

Lot Cost or Appraised Value: \$ _____	Actual Purchase Price: \$ _____	Present Mtg. on Prop.: \$ _____
Bldg. Cost or Estimate: \$ _____	Estimate of Nec. Repairs: \$ _____	Estimate of Nec. Repairs: \$ _____
Estimate Expenses & Reserves: \$ _____	Est. of Expenses and Reserves: \$ _____	Est. of Expenses and Reserves: \$ _____
TOTAL -Cost or Estimate: \$ _____	TOTAL Cost to Owner: \$ _____	TOTAL: \$ _____

TOTAL CASH EQUITY OR NEC.: \$ _____ CASH AVAILABLE: \$ _____ ESTIMATE OF REPAIRS NEEDED: \$ _____

Credits gained if specified conditions are complied with. Physical _____ = _____
 Personal _____ = _____

Approved For: \$ _____

Final Classification: Physical: _____ Analyzed By: _____
 Personal: _____ Date: _____

Approved By: _____ Date: _____ : App. Taken By: _____

LOAN CLASSIFICATION AND RATING ANALYSIS

Loan No. _____

Name: _____ Amount \$ _____

Location: _____

Improvements: _____

EXPLANATION: "Basic" rate of 6% per annum is rate on loan secured by (1) a single family dwelling occupied (2) by owner, who is a borrower having (3) an apparent definite and certain income, and who (4) assigns sufficient life insurance to protect Association in event of death; the home to be (5) not more than three years old, and to be (6) of good design and best construction and located in (7) a highly-restricted residential addition having paved streets and all public utilities, etc.; the ratio of loan to value (8) not to exceed 50%, and the note to run for a period (9) not to exceed 12 years; the (10) contracted monthly payments to include a sufficient amount to pay taxes and insurance premiums.

BASIC RATE (as described above) _____ Class "A1" 6%

ADDITIONAL HAZARDS:

DEFICIENCY POINTS

1. Tenant Occupancy _____	2			
2. Age of Property:				
3 to 5 years _____	2			
6 to 10 years _____	4			
3. Design and Construction:				
"B" _____	2			
"C" _____	4			
"D" _____	6			
4. No life insurance protection _____	1			
5. Location of Security:				
"B" Restrictions _____	2			
"C" Restrictions _____	6			
No Restrictions _____	10			
6. Ratio of Contracted Payments to Income _____	4			
7. Lengthened Maturity:				
12 yrs. — 15 yrs. _____	2			
16 yrs. — 18 yrs. _____	4			
Over 18 yrs. _____	6			
8. Ratio to Value:				
50%—55% _____	2			
56%—60% _____	4			
61%—65% _____	6			
66%—75% _____	8			
9. Exceptional Hazards _____				
Describe: _____				
TOTAL DEBIT DEFICIENCY: _____				
CREDITS				
10. Explanation: _____				
11. FINAL NET DEFICIENCY POINTS _____				*CLASS
LOAN RATE (as per above Classification) _____				%

*BASIS OF CLASSIFICATION

- (1). Class "A-1" —No Deficiencies Rate 6%.
- (2). Class "A" —From 1 to 5 Deficiency Points—Rate 6½%.
- (3). Class "B" —From 6 to 15 Deficiency Points—Rate 6¾%.
- (4). Class "C" —From 16 to 25 Deficiency Points—Rate 7%.
- (5). Class "D" —Over 25 Deficiency Points . . . —Rate 7½%.

venience in studying, the factors directly related to the characteristics of the mortgage such as ratio to appraised value, length of loan term, etc., might be listed separately, but on the other hand such a breakdown would increase the complexity of the plan.

At first glance it might seem that certain items were duplicated in this sheet. The itemizations, ratio to appraised value, certain income, appraised value to yearly income, and total mortgage to yearly income all refer to the size of the loan and the mortgagor's ability to pay it. But the association feels that such apparent duplication does not unduly penalize the borrower. These items are used in an effort to reveal potential weakness. Too frequently borrowers are more optimistic about their future than the association can possibly be. It must ferret out those who are trying to undertake an obligation beyond their means.

Although this detailed sheet has six rate groupings under physical security rating and six under personal rating, listed from AA to E just under the total for each column, only two different interest rates are charged. If a borrower receives an A rating or better in each column, and if the loan is to be for not more than 60 percent of the appraised value, the interest rate is 5 percent, otherwise it is 6 percent. However, the 5-percent rate remains in effect only so long as the borrower makes his monthly payments within five days of the due date. Because of this provision and because the low rate attracts the best class of borrowers, the association can boast that out of \$2,800,000 of loans on June 30, 1937, only \$220 of interest had not been collected. The large reduction from 6 to 5 percent offers a constant incentive to borrowers to reduce their loans below the 60-percent level and to improve their standing. The requirements are strict enough, however, to exclude all but 10 percent of the borrowers from receiving the lower rate. Of the remainder, 45 percent received regular 6-percent loans and 45 percent received F. H. A. loans.

Another association which uses no formal rating sheet bases its interest charge entirely on the property. It can do this because it makes 75-80 percent of all its loans on new single-family residences. This type of property requires only a 5.4-percent interest rate, while upon other dwelling properties the charge is 6 percent. Apartments and commercial properties require 6 to 6.6 percent. But these rates are not the effective rates as a loan fee of \$30 per \$1,000 is charged.

The borrower is the big question mark in any lending transaction. A property can be appraised, evaluated, and classified but the borrower risk is more intangible. In attempting to judge the borrower, the lender in a small community has an advantage in knowing personally a majority of his potential customers. The great problems are gauging a man's willingness to pay as contrasted with his ability to pay, also, his pride of ownership. The possession of these intangibles makes a potential mortgagor a good risk as much as any other single factor in loan classification.

Stressing this point even further, some lenders feel that the qualifications of the borrower are so important that they should determine whether the loan be made or not and should not, therefore, be used in the loan classification sheet. Such an attitude must be based on the assumption that a man is either a good or a bad credit risk; that there are no median values in character. This question can only be decided according to the personal philosophy of the individual manager. It reveals again how much any classification of risk depends on individual judgement.

One item which is frequently not listed on loan classification sheets is the age of the borrower. This has a very definite relationship to the length of the loan. In contrast, the factor of life insurance is usually included even though it has not so direct a relationship with the risk involved and can very easily be discontinued by the borrower during the life of the loan unless the lender takes adequate precautions.

MORTGAGE PATTERN

The factors which make up the mortgage pattern seem to be most directly related to the risk involved in lending. The ratio of the loan to the appraised value, for example, is a fair gauge of the mortgage lender's security. Therefore, many associations which, in a strict sense, have no loan classification sheet, vary their interest rate on the much simplified basis of factors in the mortgage pattern. Starting on the premise of a well built and located house, one association charges 5 percent for a loan for 55 percent of the appraised valuation, 5½ percent for 55-65 percent, and 6 percent for over 65 percent. Such a system has the additional advantage of holding loans after the principal has been reduced, by reducing the rate after repayment has brought the debt within the percentage limits set. The loans on poor properties,

of course, must be content with the higher rates. This spread of rates has enabled the association to compete effectively with other types of mortgage lenders charging low rates but not offering so generous terms.

Because of the direct relation factors in the mortgage pattern have to loan classification, the tendency is frequently to include items which are duplications. Thus, the mortgagee may be interested to know not only the ratio of the loan to the appraised value but also the ratio of the monthly mortgage payments to the monthly rental value, and the ratio of the life of the mortgage to the economic life of the building. These last two factors are used by the Federal Housing Administration in its mortgage analysis. The former directly affects the borrower's willingness to pay and the latter shows whether the lender has sufficient security.

Although such ratios are valuable in judging risks, the lender must be extremely cautious in not penalizing a borrower more than once for the same item. Such a double penalty may relegate the borrower to the "reject" group when actually other factors in the general pattern make him seem an acceptable risk.

A proper study of the factors which are involved in mortgage analysis should better acquaint the lender with the operations of his institution, and should assist him in being of greater service to his shareholders by creating a sounder lending policy. But beyond that, mortgage analysis and risk rating should fulfill a more general part of the philosophy of building and loan operation. By putting a premium on good construction and good design, the savings

and loan association is indirectly fostering the use of architectural services and is combatting the evils of jerry-building. The basic worth of the rating plans, however, depends on whether it answers one question: Does it pay? Such a question can be answered only by the individual operator using his own methods. Some may not find it suited to their needs, others may discover that it has revealed hidden discrepancies in their judgment of borrowers and that it has put their loan portfolios on a sound basis.

Contractual Arrearages

(Continued from p. 122)

on his payments. He may argue that if the association does not know the status of his loan there is little reason why he should worry about making monthly principal payments.

Because this single extra column can be so easily set up and operated and because it has so many uses, the number of savings and loan associations using it is steadily increasing. However, many managers do not find it practical to go over their entire loan portfolio at once and figure all the arrearages. Instead, they adopt the delinquency column on all their new accounts, which is very easily done, and work on older loans at odd times. In this way a delinquency record is gradually built up to the point where it includes all loans. Then, the association can know at any time the current status of its loans and has a check against the undermining of its security.

Announcement of Election of Federal Home Loan Bank Directors

■ THE Federal Home Loan Bank Board announces the election of the following directors of the Federal Home Loan Banks. Elections are for a 2-year term beginning January 1, 1938, unless otherwise noted. Announcement of the appointment of Public Interest Directors has not yet been made.

DISTRICT NO. 1: FEDERAL HOME LOAN BANK OF BOSTON

Class A—Edward H. Weeks, Old Colony Cooperative Bank, Providence, Rhode Island.

Class B—R. A. Cooke, Burlington Building and Loan Association, Burlington, Vermont.

Class C—Sumner W. Johnson, Homestead Loan and Building Association, Portland, Maine.

Director-at-Large—Philip A. Damon, Pittsfield Cooperative Bank, Pittsfield, Massachusetts.

DISTRICT NO. 2: FEDERAL HOME LOAN BANK OF NEW YORK

Class A—John Eden Farwell, Geneva Permanent Loan and Savings Association, Geneva, New York.

Class B—Harry J. Stevens, Holland Building and Loan Association, Newark, New Jersey.

Harry Hodge, Montclair Building and Loan Association, Montclair, New Jersey—elected for the unexpired portion of a 2-year term ending December 31, 1938.

Class C—Francis V. D. Lloyd, Peoples Mutual Building and Loan Association, Ridgefield Park, New Jersey.

Director-at-Large—LeGrand W. Pellett, Building and Loan Association of Newburgh, Newburgh, New York.

DISTRICT NO. 3: FEDERAL HOME LOAN BANK OF PITTSBURGH

Class A—H. R. Smith, Ellwood City Building and Loan Association, Ellwood City, Pennsylvania.

Class B—Charles Warner, Brandywine Building and Loan Association, Wilmington, Delaware.

Class C—William A. Wood, Equitable Building and Loan Association of Washington, Washington, Pennsylvania.

Director-at-Large—James J. O'Malley, First Federal Savings and Loan Association of Wilkes-Barre, Wilkes-Barre, Pennsylvania.

Tom G. Moore, First Federal Savings and Loan Association of Logan, Logan, West Virginia—elected for the unexpired portion of 2-year term ending December 31, 1938.

DISTRICT NO. 4: FEDERAL HOME LOAN BANK OF WINSTON-SALEM

Class A—William H. Walker, First Federal Savings and Loan Association, Miami, Florida.

Class B—J. Newton Gordon, Co-operative Building and Loan Association, Lynchburg, Virginia.

Class C—E. W. Saucier, First Federal Savings and Loan Association of Alabama, Birmingham, Alabama.

Director-at-large—P. W. Spencer, Mechanics Federal Savings and Loan Association, Rock Hill, South Carolina.

DISTRICT NO. 5: FEDERAL HOME LOAN BANK OF CINCINNATI

Class A—James M. McKay, Home Savings and Loan Company of Youngstown, Youngstown, Ohio.

W. B. Furgerson, Portland Federal Savings and Loan Association of Louisville, Louisville, Kentucky—elected for the unexpired portion of a 2-year term ending December 31, 1938.

Class B—Fred B. Bassman, Monmouth Street Federal Savings and Loan Association, Newport, Kentucky.

Class C—H. F. Cellarius, San Marco Building and Loan Association, Cincinnati, Ohio.

Director-at-Large—W. Megrue Brock, The Gem City Building and Loan Association, Dayton, Ohio.

DISTRICT NO. 6: FEDERAL HOME LOAN BANK OF INDIANAPOLIS

Class A—William C. Walz, Huron Valley Building and Savings Association, Ann Arbor, Michigan.

Class B—Mark L. Dickover, First Federal Savings and Loan Association, Valparaiso, Indiana.

Class C—Earl C. Bucher, Peoples Savings and Loan Association, Huntington, Indiana.

Director-at-Large—Myron H. Gray, Muncie Federal Savings and Loan Association, Muncie, Indiana.

DISTRICT NO. 7: FEDERAL HOME LOAN BANK OF CHICAGO

Class A—Arthur G. Erdmann, Bell Savings, Building and Loan Association, Chicago, Illinois.

Class B—Allen R. Calhoun, Standard Building and Loan Association, Milwaukee, Wisconsin.

Class C—August A. Moths, West Bend Building and Loan Association, West Bend, Wisconsin.

Director-at-Large—B. F. Kuehlhorn, Northern Building and Loan Association, Milwaukee, Wisconsin.

DISTRICT NO. 8: FEDERAL HOME LOAN BANK OF DES MOINES

Class A—William E. West, Standard Federal Savings and Loan Association of Kansas City, Kansas City, Missouri.

Class B—Louis H. Kelley, Hennepin Federal Savings and Loan Association of Minneapolis, Minneapolis, Minnesota.

Class C—L. A. Boyles, Yankton Building and Loan Association, Yankton, South Dakota.

Director-at-Large—Fred E. Hodgson, Fergus Falls Building and Loan Association, Fergus Falls, Minnesota.

DISTRICT NO. 9: FEDERAL HOME LOAN BANK OF LITTLE ROCK

Class A—Allen H. Generes, Central Homestead Association, New Orleans, Louisiana.

Class B—O. W. Boswell, First Federal Savings and Loan Association, Paris, Texas.

Class C—Louis D. Ross, St. Tammany Homestead Association, Covington, Louisiana.

Director-at-Large—J. Gilbert Leigh, Commonwealth Federal Savings and Loan Association, Little Rock, Arkansas.

DISTRICT NO. 10: FEDERAL HOME LOAN BANK OF TOPEKA

Class A—George E. McKinnis, First Federal Savings and Loan Association, Shawnee, Oklahoma.

Class B—L. E. Roush, National Savings and Loan Association, Wichita, Kansas.

Class C—Frank S. Powell, Argentine Building and Loan Association, Kansas City, Kansas.

Director-at-Large—Charles F. Quaintance, Colorado Building and Loan Association, Denver, Colorado.

DISTRICT NO. 12: FEDERAL HOME LOAN BANK OF LOS ANGELES

Class A—C. H. Wade, State Mutual Building and Loan Association, Los Angeles, California.

Class B—George W. Pardy, La Jolla Federal Savings and Loan Association, La Jolla, California.

Class C—William E. Bouton, Golden Gate Federal Savings and Loan Association, San Francisco, California.

Director-at-Large—Edwin M. Einstein, Fresno Guarantee Building and Loan Association, Fresno, California.

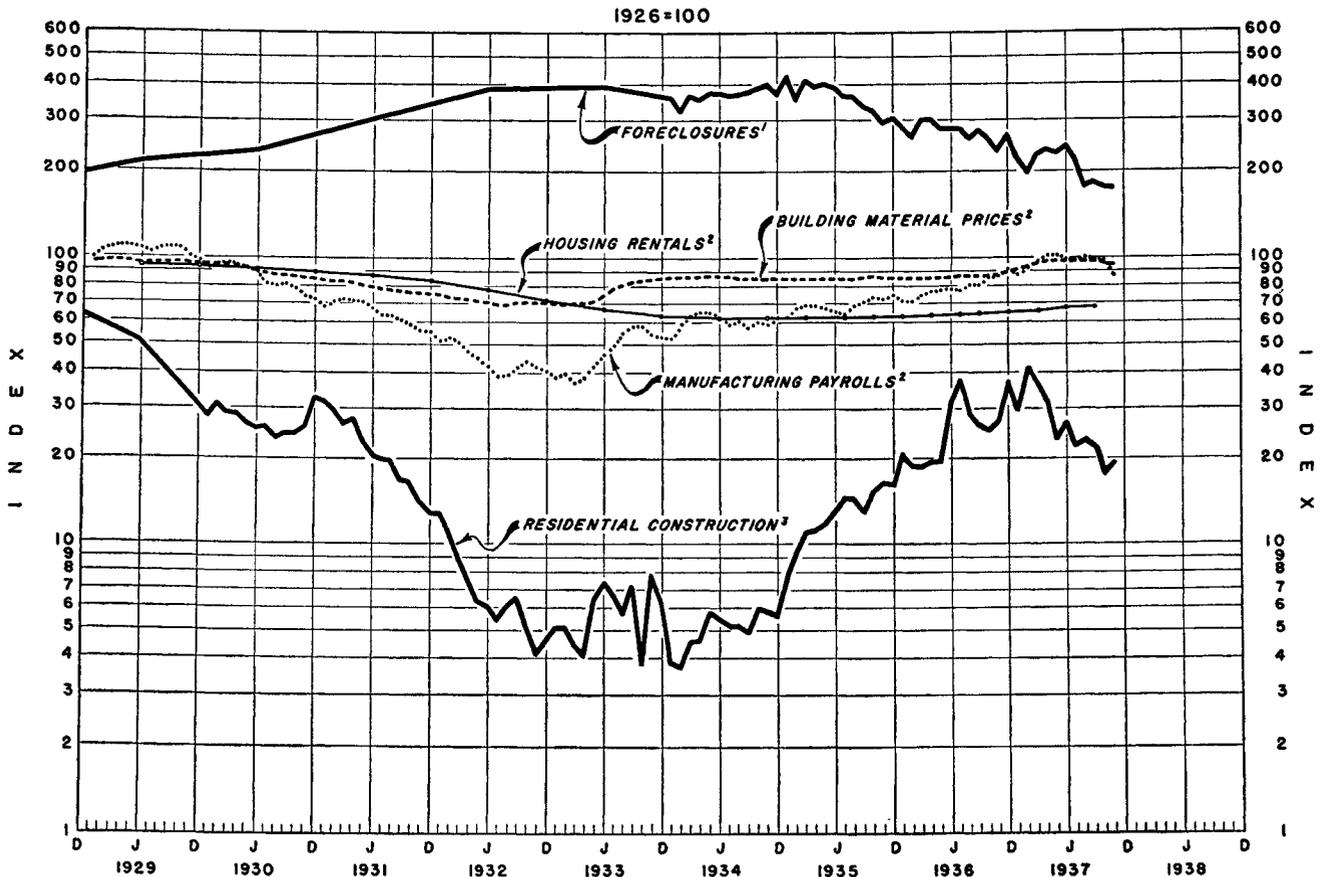
RESIDENTIAL CONSTRUCTION and HOME-FINANCING ACTIVITY

■ THE trend for November in building permits issued on urban residential properties is still downward but the decline from October to November is less than the normal seasonal variation between these two months. Consequently, the index of residential construction shown on the logarithmic chart on this page shows an upward movement of 10.2 percent because it has been adjusted for seasonal fluctuations. This upward turn due to seasonal adjustments is hardly encouraging in view of the nation-wide decline in the volume of building.

Whereas during the summer and early fall the trends of payrolls, material prices, rentals, and foreclosures have been favorable to an increased volume of building, two of these factors reversed their direc-

tion in November. Manufacturing payrolls dropped 10.8 percent between October and November from 96.5 percent to 86.1 percent of the 1926 base of 100, placing this index at its lowest point this year and 1.6 percent below the index for November 1936. This drop reflects the drastic slowing down of business reported this fall. The second factor to reverse its direction slightly was the rental market index which declined only 0.1 percent but this was the first decline since the depression low of January 1934. This wavering in the steady increase in market rentals reflects a degree of pessimism on the part of real estate agents and others close to the real estate market, as the index represents the composite opinion of this group.

RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS



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)

On the side favorable to building was the decline in the wholesale price of building materials from an index of 95.4 to 93.7. All the building materials listed in Table 8 declined except structural steel and cement, both of which remained the same. The greatest decline was in paint and paint materials which dropped 3.2 percent. Lumber declined 2.6 percent. Plumbing and heating materials, declining 1.2 percent, stand at an index of 79.6—the lowest of any of the listed materials. Structural steel, at 114.9, is the only item with an index over 100.

The total number of new family dwelling units provided in cities of 10,000 population or over, as measured by building permits issued, was 9,961 in November. This was 6.5 percent less than in October and 28.4 percent less than in November 1936. Private agencies were responsible for all of these units which represented a dollar volume of building of \$39,741,500 (see Table 2). There were no permits reported in November for Government-financed low-cost housing projects.

Single-family dwellings continue to represent much the largest part of total building in cities of over 10,000 population, while multifamily dwelling units represent the second largest amount. The 1-family

dwelling units accounted for 66.2 percent of the total constructed in November; the multifamily, for 27.2 percent; the 2-family, for 5.9 percent; and the joint home and business, for 0.7 percent.

For the first 11 months of 1937, 152,666 dwelling units were provided at a total cost of \$608,770,000. During the same months in 1936, 147,021 units at a cost of \$589,775,200 were provided.

INDEX OF FORECLOSURES

The index of real estate foreclosures in metropolitan communities declined from 177 in October to 176 in November. Thus, for the fourth consecutive month the index did not exceed the average for 1928.

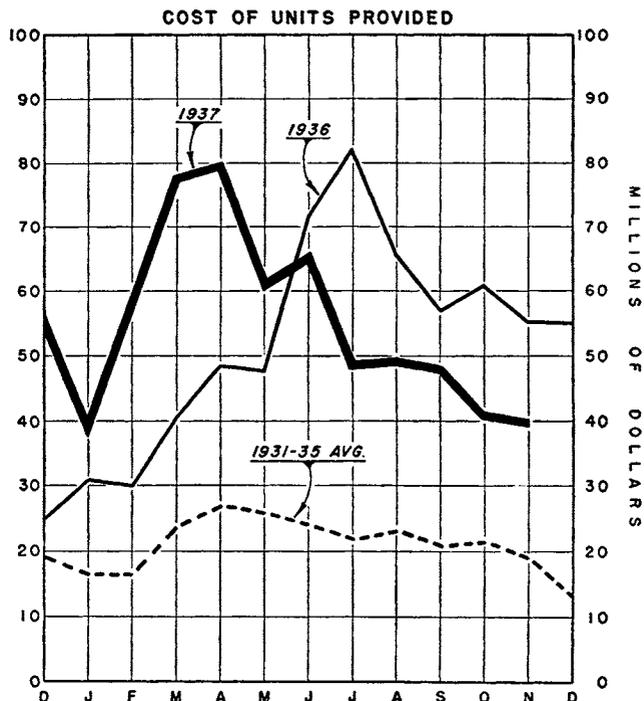
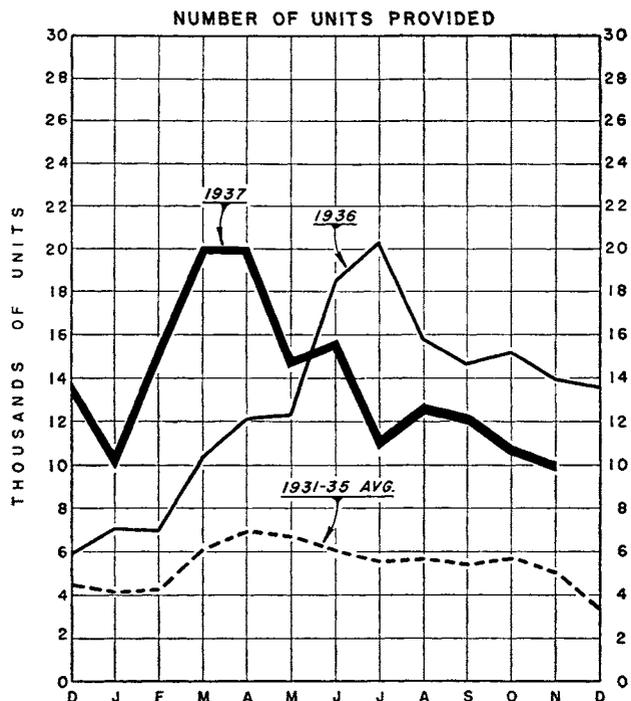
[1926=100]

	Nov. 1937	Oct. 1937	Percent change	Nov. 1936	Percent change
Residential construction ¹	19.4	17.6	+10.2	27.0	-28.1
Foreclosures (metro. cities).....	176.0	177.0	-0.6	235.0	-25.1
Rental market (N. I. C. B.).....	87.9	88.0	-0.1	80.3	+9.5
Building material prices.....	93.7	95.4	-1.8	87.7	+6.8
Manufacturing employment.....	93.5	99.2	-5.7	95.7	-2.3
Manufacturing payrolls.....	86.1	96.5	-10.8	87.5	-1.6
Average wage per employee.....	92.1	97.3	-5.3	91.4	+0.8

¹ Corrected for normal seasonal variations.

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)



This decline of less than 1 percent compared favorably with the customary seasonal October to November rise of 2 percent. The index stood 25 percent below the level of November 1936, when the figure was 235. Rises and recessions appeared rather scattered geographically. Of the 82 communities reporting in November, 43 showed decreases in foreclosures from October, while 36 indicated increases, and 3 no change.

The map of the United States on page 134 shows the rate of nonfarm real estate foreclosures per 1,000 nonfarm cases for the 12-month period ending October 31, 1937. The average rate for the country as a whole during this period was 8.5, but the rate of foreclosures was by no means evenly distributed. From the map it is at once evident that the concentration of foreclosures during this 12-month period has been in the Northeast and particularly in the three States of New York, New Jersey, and Massachusetts. The States to the south and west of these three also show a heavy concentration of foreclosures of between 10.0 and 12.4 per 1,000 cases as do three States in the Middle West.

In all of the Western States with the exception of California and Utah, which have a foreclosure rate of from 5.0 to 7.4 cases, the rate is less than 5.0 cases per 1,000 dwellings.

RATE OF BUILDING

The rate of building dropped in all of the Federal Home Loan Bank Districts except Districts 1 and 2 (see chart page 139). In consequence, the United States average fell from 17.0 dwelling units per 100,000 population in October to 15.9 units in November.

The increase in the New York District of 7.9 units between these two months brings the rate of building in that District to 20.7 units per 100,000 population—the highest point reached there since last April. The increase in the Second Bank District is due to an increase in the number of building permits issued in New York State from 1,563 in October to 2,636 in November. In New Jersey, the only other State in the Second District, less permits were issued in the latter month. Although District 1 also showed an increase in the rate of building, it was so slight as to be negligible.

The building picture for the rest of the Federal Home Loan Bank Districts is contrary to the favorable increase shown in District 2. There were only

six States besides New York which showed an increase in building permits between October and November. These States were Massachusetts, New Hampshire, Alabama, Georgia, South Dakota, and Louisiana, but none of the increases were sufficient to change the District totals, except in the First District.

The greatest drop in the rate of building, 9.0 units per 100,000 population, was in the Ninth District, which placed the rate for November at 26.7 units—the lowest level since the first of the year. Declines in other Districts have reduced the rate of building to comparably low levels.

Indexes of Small-House Building Costs

[Table 3]

■ THE cost of residential construction as reflected by the Federal Home Loan Bank Board's index of small-house building costs, decreased between September and December in some areas and remained stationary in many others—with a characteristic lack of geographic uniformity. Out of the 26 cities reporting for these two months, 12 showed decreases of more than 1 percent (6 of which ranged from 4 to 6 percent); 10 reported changes of less than 1 percent; and only 4 showed increases in costs of more than 1 percent.

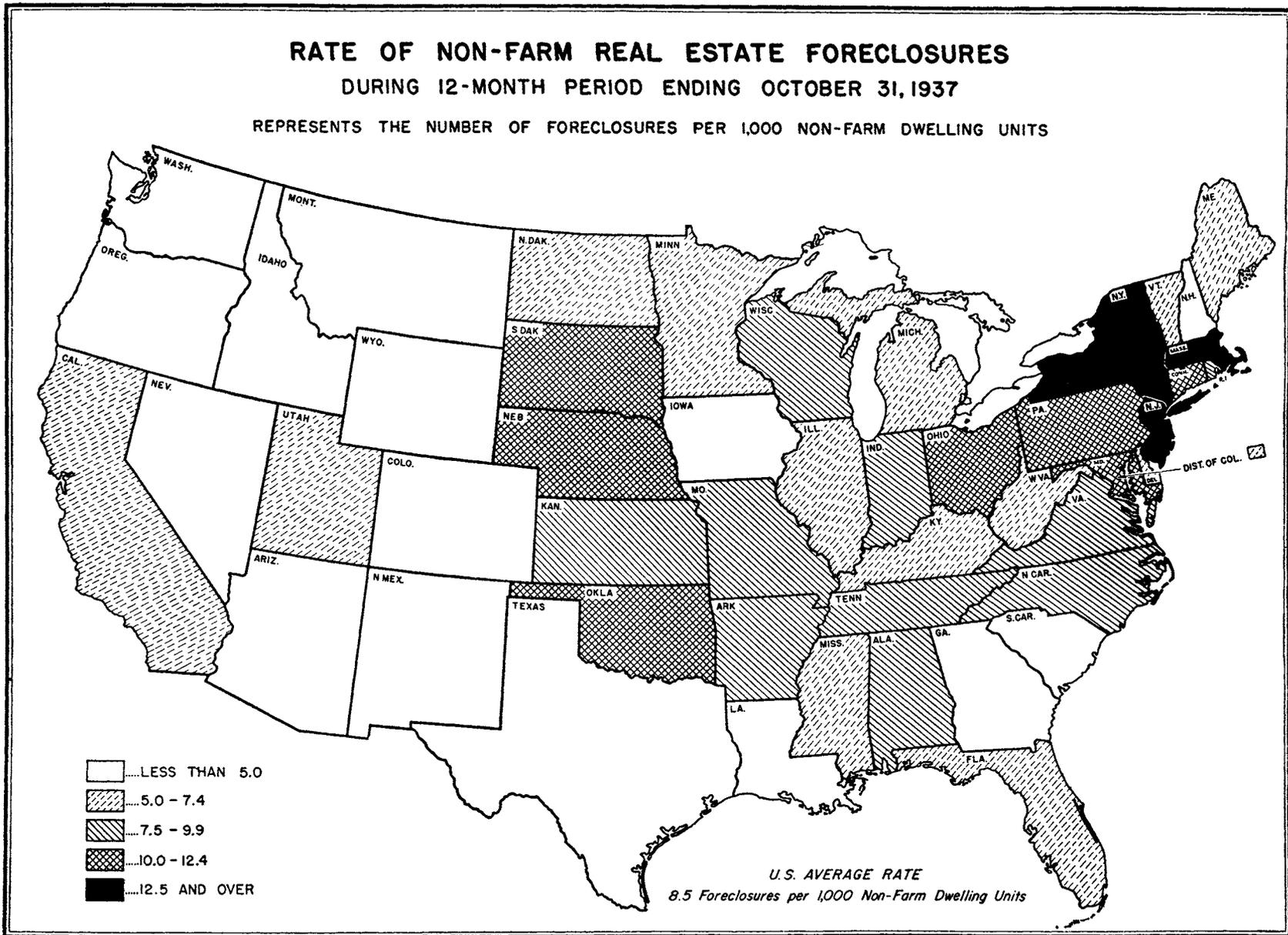
In Columbia, South Carolina, where it costs only \$4,932 to build the standard house of 24,000 cubic feet volume—the lowest total cost of any of the three groups of reporting cities—there was no change in costs, while in Roanoke, Virginia, one of the comparatively low-cost cities, costs increased 10 percent. Further, in Chicago, where the cost is over \$2,000 higher than in Columbia, there was a slight increase in costs of 0.7 percent following a June–September decline of 11 percent.

The general trend during this period was for labor costs to remain almost stationary and for material costs to be responsible for the declines. However, the 10-percent increase in Roanoke was due to both materials and labor and the increase in Richmond of 4.8 percent was due to labor. A 1.2-percent increase in Providence, Rhode Island, was due to labor, the effect of which was counteracted somewhat by declines in materials costs. This is the first time during the past year that labor costs have increased

RATE OF NON-FARM REAL ESTATE FORECLOSURES

DURING 12-MONTH PERIOD ENDING OCTOBER 31, 1937

REPRESENTS THE NUMBER OF FORECLOSURES PER 1,000 NON-FARM DWELLING UNITS



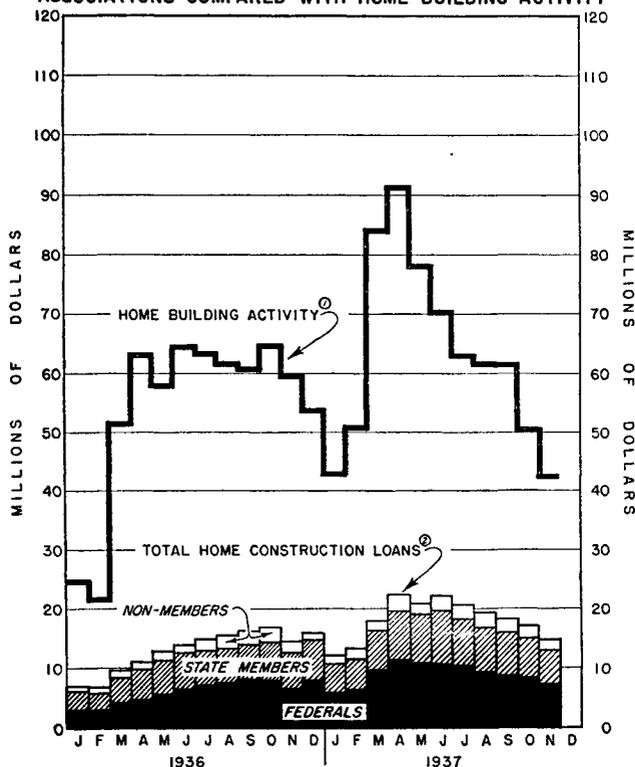
appreciably in Providence and, consequently, the jump between September and December may have been due to an accumulated lag which forced the costs up during one reporting period.

Monthly Lending Activity of Savings and Loan Associations

[Tables 4, 5, 6, and 7]

■ THE estimated volume of loans made by all savings and loan associations during November was 15.5 percent less than during October and 1 percent more than during November 1936. This was by far the greatest drop in lending activity between any two months of this year, and was evidenced in all the categories for which loans are reported. The decline was nation-wide. In no Federal Home Loan Bank District did the estimated total of mortgage loans increase between October and November.

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.

Of the total of \$53,770,000 loaned on the security of mortgages in November, 39 percent was by Fed-

eral savings and loan associations, 46 percent was by State-chartered member associations, and 15 percent was by nonmember savings and loan associations. The largest part of these funds was expended for home purchase, with loans for new construction second. The proportions are as follows: home purchase, 33.9 percent; new construction, 27.1 percent; refinancing, 20.5 percent; reconditioning, 7.6 percent; and all other purposes, 10.9 percent.

The decrease in the volume of construction loans by all savings and loan associations from \$17,114,000 in October to \$14,582,000 in November is paralleled by the drop in the estimated volume of home building activity in all cities of 2,500 population and over. In October, \$50,237,000 was spent for 1- and 2-family dwellings in these cities, according to building permit estimates, and in November, \$42,021,000 was spent.

Federal Savings and Loan Insurance Corporation

[Tables 9 and 10]

■ DURING November, the number of State-chartered insured associations increased from 541 to 550; the number of Federal savings and loan associations insured increased from 1,298 to 1,305. Of the Federals, 659 had been converted from State institutions. On November 30, there were 1,855 insured institutions with \$1,502,057,970 in assets and with 1,578,824 shareholders.

For both October and November comparable reports were received from 372 identical insured State-chartered savings and loan associations. During November these associations, which have combined assets of \$479,260,000, loaned \$6,164,000 on the security of mortgages. This was 17.4 percent less than they loaned in October and parallels closely the decline in estimated lending for all savings and loan associations. With the exception of loans for reconditioning, which remained almost the same during both months, all other classes declined drastically. In consequence, there was almost no increase in the volume of loans outstanding at the end of both months, as the low volume of new loans was offset by repayments.

A similar slowing down in activity was also evidenced in investments in these savings and loan associations. They reported a 15.0-percent decrease in investments and a 19.9-percent decrease in repur-

chases, leaving both these items at about \$5,100,000 with repurchases slightly in the lead. In spite of the slowing down in the lending of funds, these 372 associations increased their outstanding advances from the Federal Home Loan Banks by 2.7 percent to a total of \$22,797,600.

Federal Savings and Loan System

[Table 11]

■ THE 1,194 Federal savings and loan associations reporting for both October and November shared proportionately in the decline in mortgage lending by all savings and loan associations for these two months: Federal, State member, and non-member associations each showed decreases in mortgage lending of approximately 15 percent.

These reporting Federal associations loaned \$22,929,600 on first mortgages in October. In November they loaned only \$19,506,700. The most interesting aspect of this volume is that, in spite of the sharp recession in residential building, a greater part of it was loaned for new construction than for any other single purpose. The Federals made 34.7 percent of all their loans for new construction. Second was the loans made for home purchase which accounted for 30.3 percent, while refinancing loans represented 20.3 percent, reconditioning loans 6.6 percent, and loans for other purposes 8.1 percent of total loans.

Progress in number and assets of Federal savings and loan associations

	Number		Approximate assets	
	Oct. 31, 1937	Nov. 30, 1937	Oct. 31, 1937	Nov. 30, 1937
New.....	649	649	\$242, 460, 483	\$242, 460, 483
Converted.....	662	669	800, 597, 235	811, 913, 122
Total...	1,311	1,318	1,043,057,718	1,054,373,605

Regardless of the reduction in lending between October and November, the 1,194 reporting Federal associations showed a 1.2-percent increase in mortgage loans outstanding. At the end of November these outstanding loans amounted to \$782,494,900.

Although their new private share investments decreased as between these two months by 9.2 percent, repurchases decreased 36.4 percent, leaving a favorable increase in the total share liability during November of 0.9 percent.

During November, 7 State-chartered associations were converted to the Federal charter, bringing the total number of converted institutions to 669. No new Federal associations were organized during the month. On November 30, there were 1,318 Federals with \$1,054,373,605 in assets.

Federal Home Loan Bank System

[Tables 12 and 13]

■ DURING November, the 12 Federal Home Loan Banks advanced \$7,001,000 to member institutions and received in repayments \$3,707,000. At the end of the month the balance of advances outstanding amounted to \$187,336,000, a 1.8-percent increase during the month.

However, advances during November represented a slackening from October of 22.2 percent. The volume of advances by all but three of the District Banks was reduced from the previous month. The Winston-Salem Bank increased its lending slightly in November by advancing \$1,380,700. This was the largest amount loaned by any of the Banks during the month. The Indianapolis and Chicago Banks were the only other ones which reported a greater volume of lending in November than in October.

INTEREST RATES

The New York Bank has extended the period during which its present rate on long-term advances will be in effect from January 1, 1938, to January 1, 1939. In other words, all advances for more than one year shall be written at 4 percent, but interest collected at 3½ percent during 1938.

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 residential 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–November totals		Monthly totals			January–November totals	
	November 1937	October 1937	November 1936	1937	1936	November 1937	October 1937	November 1936	1937	1936
1-family dwellings.....	6,593	7,920	8,828	102,157	89,961	\$27,108.9	\$32,146.6	\$37,649.2	\$440,970.9	\$386,038.4
2-family dwellings.....	590	698	710	8,740	6,930	1,632.8	1,690.5	1,833.7	23,650.2	18,956.9
Joint home and business ²	69	74	83	997	776	170.4	258.0	241.4	3,571.8	2,745.2
3- and more-family dwellings.....	2,709	1,960	4,299	40,772	49,354	10,829.4	6,497.0	15,660.5	140,577.1	182,034.7
Total residential.....	9,961	10,652	13,920	152,666	147,021	39,741.5	40,592.1	55,384.8	608,770.0	589,775.2
Private housing.....	9,961	10,650	13,074	149,055	132,183	39,741.5	40,557.2	51,026.8	592,400.8	512,062.9
Public housing ³	0	2	846	3,611	14,838	0	34.9	4,358.0	16,369.2	77,712.3

¹ Estimate is based on reports from communities having approximately 95 percent of the population of all cities with population of 10,000 or over.

² Includes 1- and 2-family dwellings with business property attached.

³ Includes only Government-financed low-cost housing project units as reported by U. S. Department of Labor.

Table 2.—Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in November 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	
	November 1937	November 1936	November 1937	November 1936	November 1937	November 1936	November 1937	November 1936
UNITED STATES.....	9,961	13,920	\$39,741.5	\$55,384.8	7,252	9,621	\$28,912.1	\$39,724.3
No. 1—Boston.....	605	751	2,940.9	3,877.0	584	627	2,881.4	3,442.7
Connecticut.....	143	188	707.0	1,111.6	143	182	707.0	1,101.6
Maine.....	27	55	123.6	183.4	27	40	123.6	156.1
Massachusetts.....	330	375	1,660.2	2,031.2	309	291	1,600.7	1,686.2
New Hampshire.....	20	31	69.9	110.8	20	31	69.9	110.8
Rhode Island.....	78	79	352.9	373.8	78	79	352.9	373.8
Vermont.....	7	23	27.3	66.2	7	4	27.3	14.2
No. 2—New York.....	2,810	3,083	12,804.4	11,800.0	726	1,170	3,547.2	5,390.1
New Jersey.....	174	274	948.7	1,650.1	174	237	948.7	1,525.2
New York.....	2,636	2,764	11,855.7	10,149.9	552	933	2,598.5	3,864.9
No. 3—Pittsburgh.....	381	591	1,866.8	2,982.4	361	529	1,808.4	2,845.0
Delaware.....	2	33	17.0	124.5	2	33	17.0	124.5
Pennsylvania.....	320	456	1,657.8	2,487.7	304	416	1,615.4	2,392.3
West Virginia.....	59	102	192.0	370.2	55	80	176.0	328.2

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

[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	
	November 1937	November 1936	November 1937	November 1936	November 1937	November 1936	November 1937	November 1936
No. 4—Winston-Salem.....	1, 071	2, 197	\$3, 866. 2	\$7, 283. 7	883	1, 277	\$3, 451. 5	\$4, 329. 7
Alabama.....	97	99	158. 9	204. 9	92	91	148. 9	186. 9
District of Columbia.....	190	928	1, 329. 9	3, 576. 8	86	157	1, 088. 4	887. 7
Florida.....	306	421	986. 1	1, 305. 9	271	371	906. 8	1, 186. 9
Georgia.....	129	122	249. 4	268. 4	121	119	238. 3	265. 2
Maryland.....	62	175	245. 4	587. 9	62	175	245. 4	587. 9
North Carolina.....	166	235	462. 5	712. 0	138	200	407. 0	657. 3
South Carolina.....	59	123	154. 2	299. 7	51	85	136. 9	244. 2
Virginia.....	62	94	279. 8	328. 1	62	79	279. 8	313. 6
No. 5—Cincinnati.....	535	954	2, 256. 0	5, 169. 8	444	460	2, 003. 1	2, 265. 4
Kentucky.....	89	104	263. 1	812. 7	81	54	248. 1	252. 7
Ohio.....	373	741	1, 838. 6	4, 075. 5	290	297	1, 600. 7	1, 731. 1
Tennessee.....	73	109	154. 3	281. 6	73	109	154. 3	281. 6
No. 6—Indianapolis.....	575	678	2, 494. 4	3, 513. 0	571	675	2, 488. 4	3, 503. 0
Indiana.....	147	143	484. 3	600. 5	143	143	478. 3	600. 5
Michigan.....	428	535	2, 010. 1	2, 912. 5	428	532	2, 010. 1	2, 902. 5
No. 7—Chicago.....	458	527	2, 449. 1	2, 974. 6	426	503	2, 339. 6	2, 887. 4
Illinois.....	243	300	1, 464. 3	1, 938. 6	228	296	1, 396. 9	1, 916. 9
Wisconsin.....	216	227	984. 8	1, 036. 0	198	207	942. 7	970. 5
No. 8—Des Moines.....	393	483	1, 424. 5	1, 741. 4	356	454	1, 326. 8	1, 664. 3
Iowa.....	101	124	370. 6	432. 8	101	99	370. 6	362. 2
Minnesota.....	162	166	624. 1	686. 2	133	166	549. 4	686. 2
Missouri.....	108	170	389. 6	569. 4	100	170	366. 6	569. 4
North Dakota.....	6	7	10. 1	16. 5	6	7	10. 1	16. 5
South Dakota.....	16	16	30. 1	36. 5	16	12	30. 1	30. 0
No. 9—Little Rock.....	886	1, 182	2, 115. 1	2, 958. 4	848	1, 079	2, 023. 3	2, 731. 1
Arkansas.....	30	47	61. 5	160. 1	23	47	44. 6	160. 1
Louisiana.....	99	147	241. 0	417. 0	90	135	224. 4	382. 0
Mississippi.....	48	138	94. 5	228. 6	48	100	94. 5	177. 3
New Mexico.....	24	27	65. 7	60. 9	24	23	65. 7	54. 9
Texas.....	685	823	1, 652. 4	2, 091. 8	663	774	1, 594. 1	1, 956. 8
No. 10—Topeka.....	304	723	982. 2	2, 836. 6	294	411	968. 7	1, 377. 3
Colorado.....	61	103	231. 1	387. 2	61	79	231. 1	337. 2
Kansas.....	71	101	181. 7	251. 8	64	101	171. 7	251. 8
Nebraska.....	33	345	118. 4	1, 613. 1	33	61	118. 4	208. 8
Oklahoma.....	139	174	451. 0	584. 5	136	170	447. 5	579. 5
No. 11—Portland.....	274	428	820. 9	1, 452. 0	258	387	793. 5	1, 349. 5
Idaho.....	10	16	33. 2	43. 1	10	16	33. 2	43. 1
Montana.....	43	31	110. 2	89. 1	40	31	105. 2	89. 1
Oregon.....	58	91	186. 4	345. 2	45	91	164. 0	345. 2
Utah.....	40	56	133. 6	166. 9	40	43	133. 6	148. 9
Washington.....	117	217	333. 0	737. 4	117	189	333. 0	652. 9
Wyoming.....	6	17	24. 5	70. 3	6	17	24. 5	70. 3
No. 12—Los Angeles.....	1, 668	2, 368	5, 721. 0	8, 795. 9	1, 501	2, 049	5, 280. 2	7, 938. 8
Arizona.....	27	45	83. 4	162. 0	23	41	73. 4	157. 5
California.....	1, 634	2, 308	5, 622. 6	8, 548. 3	1, 471	1, 993	5, 191. 8	7, 695. 7
Nevada.....	7	15	15. 0	85. 6	7	15	15. 0	85. 6

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.]

FEDERAL HOME LOAN BANK DISTRICTS

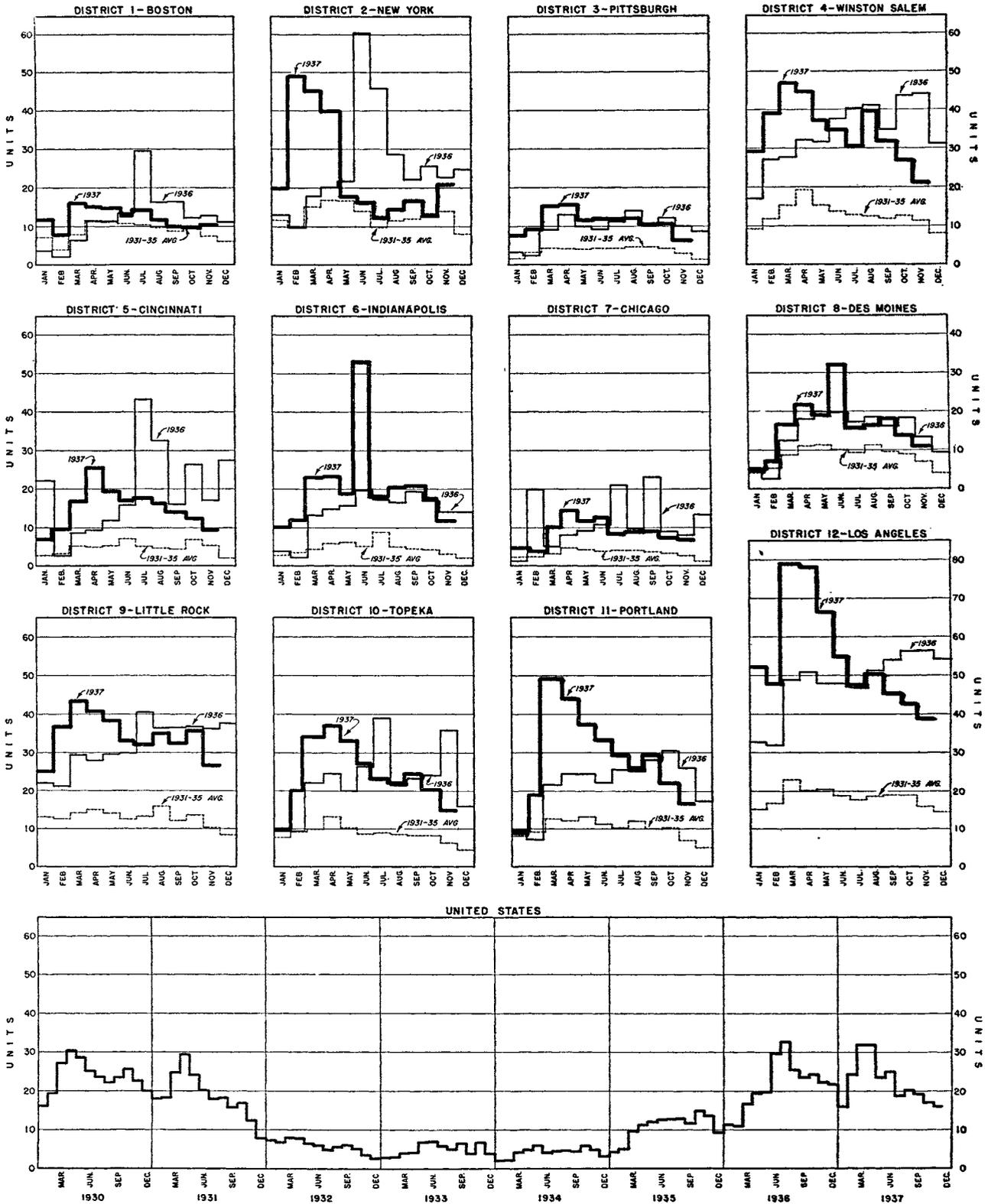


Table 3.—Cost of building the same standard house in representative cities in specific months ¹

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									
	Dec. 1937	Dec. 1936	Dec. 1937	Sept. 1937	June 1937	Mar. 1937	Dec. 1936	Sept. 1936	June 1936	Mar. 1936	Dec. 1935	
No. 1—Boston:												
Connecticut:												
Hartford.....	\$0. 254	\$0. 240	\$6, 101	\$6, 355	\$6, 365	\$6, 132	\$5, 768	\$5, 589	\$5, 657	\$5, 647	\$5, 655	
New Haven.....	. 235	. 235	5, 632	5, 933	5, 933	5, 804	5, 636	5, 503	5, 544	5, 509	-----	
Maine:												
Portland.....	. 240	. 219	5, 756	5, 792	5, 916	5, 252	5, 252	5, 245	5, 132	5, 124	5, 103	
Massachusetts:												
Boston.....	. 273	. 241	6, 543	6, 596	6, 487	6, 275	5, 781	5, 876	5, 773	5, 779	5, 699	
New Hampshire:												
Manchester.....	. 234	. 231	5, 611	5, 904	5, 888	5, 641	5, 545	5, 467	5, 462	5, 416	5, 467	
Rhode Island:												
Providence.....	. 250	. 235	6, 004	5, 933	5, 932	5, 768	5, 633	5, 577	5, 496	5, 478	5, 574	
Vermont:												
Rutland.....	. 242	. 221	5, 815	5, 714	5, 710	5, 696	5, 305	5, 305	5, 329	5, 329	5, 337	
No. 4—Winston-Salem:												
Alabama:												
Birmingham.....	. 254	-----	6, 089	6, 089	6, 077	-----	-----	5, 073	5, 013	5, 059	5, 002	
District of Columbia:												
Washington.....	. 262	. 232	6, 286	6, 286	6, 234	5, 907	5, 569	5, 150	4, 973	4, 918	4, 850	
Florida:												
Tampa.....	. 234	. 229	5, 621	5, 728	5, 716	5, 619	5, 500	5, 483	5, 360	5, 379	-----	
West Palm Beach.....	. 266	. 252	6, 382	6, 405	6, 411	6, 367	6, 038	5, 974	5, 911	5, 889	5, 895	
Georgia:												
Atlanta.....	. 222	. 215	5, 323	5, 653	5, 410	5, 228	5, 150	4, 897	4, 889	4, 854	4, 849	
Maryland:												
Baltimore.....	. 217	. 225	5, 211	5, 495	5, 402	5, 388	5, 401	4, 899	4, 908	4, 427	4, 543	
Cumberland.....	. 235	. 229	5, 643	5, 696	5, 732	5, 659	5, 491	5, 482	5, 424	5, 419	5, 358	
North Carolina:												
Asheville.....	. 221	. 198	5, 300	-----	4, 968	-----	4, 762	-----	4, 768	4, 778	4, 791	
Raleigh.....	. 231	. 217	5, 534	5, 656	5, 580	5, 443	5, 197	5, 148	5, 061	5, 070	4, 967	
Salisbury.....	. 190	-----	4, 551	4, 855	4, 746	-----	-----	-----	-----	-----	-----	
South Carolina:												
Columbia.....	. 206	. 200	4, 932	4, 932	4, 886	4, 674	4, 804	4, 697	4, 712	4, 634	4, 505	
Virginia:												
Richmond.....	. 227	. 203	5, 452	5, 203	5, 248	5, 207	4, 870	5, 026	5, 026	4, 964	5, 062	
Roanoke.....	. 240	. 209	5, 766	5, 228	5, 391	5, 331	5, 014	4, 760	4, 843	4, 566	4, 491	
No. 7—Chicago:												
Illinois:												
Chicago.....	. 301	. 284	7, 226	7, 178	7, 260	7, 081	6, 825	6, 745	6, 639	6, 555	6, 498	
Peoria.....	. 279	. 263	6, 686	6, 760	6, 833	6, 585	6, 312	6, 331	6, 420	6, 212	-----	
Wisconsin:												
Milwaukee.....	. 286	. 253	6, 852	6, 840	6, 780	6, 701	6, 081	5, 838	5, 540	5, 386	-----	
Oshkosh.....	. 253	. 231	6, 082	6, 200	6, 087	5, 576	5, 555	5, 658	5, 612	5, 502	5, 357	
No. 10—Topeka:												
Colorado:												
Denver.....	. 275	. 254	6, 606	6, 786	6, 712	6, 250	6, 105	6, 133	6, 047	6, 098	-----	
Nebraska:												
Omaha.....	. 248	. 233	5, 950	6, 116	5, 969	6, 008	5, 601	5, 578	5, 582	5, 582	5, 554	
Oklahoma:												
Oklahoma City.....	. 244	. 229	5, 861	5, 838	5, 823	5, 816	5, 486	5, 449	5, 561	5, 282	5, 215	

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.

Table 4.—Estimated volume of new loans by all savings and loan associations, classified according to purpose ¹

[Thousands of dollars]

Month	Mortgage loans on homes				Loans for all other purposes	Total loans, all purposes
	Construction	Home purchase	Refinancing	Reconditioning		
November 1936	\$14, 526	\$15, 987	\$12, 367	\$4, 268	\$5, 860	\$53, 008
January 1937	11, 884	14, 510	10, 643	2, 583	4, 794	44, 414
February	13, 084	16, 629	11, 405	2, 667	5, 298	49, 083
March	18, 251	22, 007	15, 502	3, 915	6, 501	66, 176
April	22, 098	27, 381	15, 811	4, 949	7, 261	77, 500
May	20, 600	28, 831	15, 113	4, 862	7, 016	76, 422
June	21, 628	28, 696	15, 905	5, 069	7, 369	78, 667
July	20, 283	24, 934	14, 668	4, 472	6, 317	70, 674
August	19, 342	23, 172	14, 382	4, 339	6, 026	67, 261
September	17, 942	24, 277	12, 919	4, 691	6, 582	66, 411
October	17, 114	22, 494	12, 695	4, 527	6, 791	63, 621
November	14, 582	18, 227	11, 000	4, 076	5, 885	53, 770

¹ 1937 data are on a revised basis.

Table 5.—Estimated volume of new loans by all savings and loan associations, classified according to type of association ¹

[Amounts are shown in thousands of dollars]

Month	Volume of loans				Percent of total		
	Total	Federal	State members	Non-members	Federal	State members	Non-members
November 1936	\$53, 008	\$19, 771	\$23, 489	\$9, 748	37	44	19
January 1937	44, 414	17, 543	18, 671	8, 200	40	42	18
February	49, 083	19, 360	21, 509	8, 214	39	44	17
March	66, 176	27, 829	28, 325	10, 022	42	43	15
April	77, 500	32, 915	33, 153	11, 432	42	43	15
May	76, 422	30, 998	34, 616	10, 808	41	45	14
June	78, 667	31, 577	35, 221	11, 869	40	45	15
July	70, 674	28, 693	31, 799	10, 182	41	45	14
August	67, 261	26, 768	29, 866	10, 627	40	44	16
September	66, 411	26, 189	29, 673	10, 549	39	45	16
October	63, 621	24, 539	29, 020	10, 062	38	46	16
November	53, 770	20, 829	24, 524	8, 417	39	46	15

¹ 1937 data are on a revised basis.

Table 6.—Estimated volume of new lending activity of savings and loan associations, classified by District and type of association ¹

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and type of association	New loans		Percent increase, Nov. 1937 over Oct. 1937	New loans, November 1936	Percent increase, Nov. 1937 over Nov. 1936
	November 1937	October 1937			
United States: Total.....	\$53, 770	\$63, 621	-15	\$53, 007	+1
Federal.....	20, 829	24, 539	-15	19, 771	+5
State member.....	24, 524	29, 020	-15	23, 488	+4
Nonmember.....	8, 417	10, 062	-16	9, 748	-14
District 1: Total.....	6, 596	6, 830	-3	6, 172	+7
Federal.....	1, 549	1, 561	-1	799	+94
State member.....	3, 638	3, 395	+7	3, 152	+15
Nonmember.....	1, 409	1, 874	-25	2, 221	-37
District 2: Total.....	4, 154	5, 271	-21	4, 310	-4
Federal.....	1, 666	1, 906	-13	1, 687	-1
State member.....	1, 315	1, 750	-25	1, 285	+2
Nonmember.....	1, 173	1, 615	-27	1, 338	-12
District 3: Total.....	3, 487	3, 555	-2	2, 631	+33
Federal.....	964	1, 116	-14	909	+6
State member.....	1, 105	1, 284	-14	832	+33
Nonmember.....	1, 418	1, 155	+23	890	+59
District 4: Total.....	7, 848	8, 755	-10	8, 912	-12
Federal.....	2, 740	3, 402	-19	2, 942	-7
State member.....	4, 073	4, 243	-4	4, 527	-10
Nonmember.....	1, 035	1, 110	-7	1, 443	-28
District 5: Total.....	7, 812	10, 323	-24	7, 766	+1
Federal.....	3, 405	4, 745	-28	3, 703	-8
State member.....	4, 152	5, 293	-22	3, 653	+14
Nonmember.....	255	285	-11	410	-38
District 6: Total.....	3, 036	3, 760	-19	2, 998	+1
Federal.....	1, 423	1, 775	-20	1, 301	+9
State member.....	1, 299	1, 582	-18	1, 431	-9
Nonmember.....	314	403	-22	266	+18
District 7: Total.....	5, 087	6, 139	-17	4, 464	+14
Federal.....	2, 188	2, 236	-2	1, 686	+30
State member.....	2, 525	3, 387	-25	2, 217	+14
Nonmember.....	374	516	-28	561	-33
District 8: Total.....	3, 108	4, 474	-31	2, 764	+12
Federal.....	1, 401	1, 644	-15	1, 257	+11
State member.....	950	1, 456	-35	787	+21
Nonmember.....	757	1, 374	-45	720	+5
District 9: Total.....	3, 172	3, 737	-15	2, 832	+12
Federal.....	1, 070	1, 286	-17	1, 009	+6
State member.....	2, 000	2, 191	-9	1, 378	+45
Nonmember.....	102	260	-61	445	-77
District 10: Total.....	3, 351	3, 640	-8	3, 323	+1
Federal.....	1, 321	1, 439	-8	1, 133	+17
State member.....	840	993	-15	891	-6
Nonmember.....	1, 190	1, 208	-1	1, 299	-8
District 11: Total.....	1, 977	2, 381	-17	2, 432	-19
Federal.....	1, 043	1, 248	-16	1, 267	-18
State member.....	643	929	-31	1, 144	-44
Nonmember.....	291	204	+43	21	+129
District 12: Total.....	4, 142	4, 756	-13	4, 403	-6
Federal.....	2, 059	2, 181	-6	2, 078	-1
State member.....	1, 984	2, 517	-21	2, 191	-9
Nonmember.....	99	58	+71	134	-26

¹ 1937 data are on a revised basis.

Table 7.—Monthly lending activity and total assets as reported by 2,638 savings and loan associations in November 1937

[Source: 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 November according to purpose										Total assets, Nov. 30, 1937 ³	Total number of savings and loan associations ⁴	
	Submitting reports	Reporting loans made	Mortgage loans on 1- to 4-family nonfarm homes						Loans for all other purposes		Total loans, all purposes				
			Construction		Home purchase ¹		Refinancing and reconditioning ²								
			Number	Amount	Number	Amount	Number	Refinancing	Reconditioning	Number	Amount	Number			Amount
UNITED STATES.....	2,638	2,215	3,755	\$11,192.1	5,173	\$12,791.0	6,215	\$7,948.5	\$2,783.9	2,913	\$4,145.5	18,056	\$38,861.0	\$2,731,443.4	9,764
Federal.....	1,207	1,102	2,223	6,822.0	2,453	6,008.5	3,136	4,022.4	1,289.9	1,165	1,578.5	8,977	19,721.3	1,021,193.4	1,313
State member.....	1,048	865	1,306	3,882.3	2,285	5,833.9	2,595	3,473.8	1,276.0	1,444	2,251.2	7,630	16,717.2	1,413,248.7	2,580
Nonmember.....	383	248	226	487.8	435	948.6	484	482.3	218.0	304	315.8	1,449	2,422.5	297,001.3	5,871
No. 1—Boston.....	161	152	270	972.9	597	1,926.8	693	916.2	362.7	313	370.7	1,873	4,549.3	338,887.9	367
Connecticut.....	28	27	73	244.0	38	133.6	61	120.2	19.9	14	13.0	186	530.7	20,977.1	53
Maine.....	21	17	17	41.0	59	34.8	64	149.5	16.5	21	10.5	141	252.3	12,709.5	42
Massachusetts.....	94	93	130	510.1	400	1,408.3	469	537.4	273.9	204	234.6	1,203	2,964.3	266,935.8	219
New Hampshire.....	9	8	12	25.8	30	56.9	43	37.8	18.7	33	25.1	118	164.3	8,408.8	30
Rhode Island.....	5	4	31	126.1	77	252.4	47	65.0	29.5	25	45.6	180	518.6	26,658.6	9
Vermont.....	4	3	7	25.9	13	40.8	9	6.3	4.2	16	41.9	45	119.1	3,198.1	14
No. 2—New York.....	268	186	252	888.7	267	889.7	334	589.5	227.5	115	218.6	968	2,814.0	348,160.7	1,787
New Jersey.....	141	74	20	60.2	64	175.3	47	59.0	23.2	29	41.2	160	358.9	140,692.9	1,498
New York.....	127	112	232	828.5	203	714.4	287	530.5	204.3	86	177.4	808	2,455.1	207,467.8	289
No. 3—Pittsburgh.....	231	146	121	319.0	278	655.6	228	319.3	89.5	57	67.0	684	1,450.4	105,879.4	2,520
Delaware.....	7	6	3	8.8	17	47.0	6	11.5	2.7	9	5.5	35	75.5	5,637.9	42
Pennsylvania.....	201	120	73	227.5	225	534.8	155	227.8	60.4	31	37.7	484	1,088.2	86,922.9	2,410
West Virginia.....	23	20	45	82.7	36	73.8	67	80.0	26.4	17	23.8	165	286.7	13,313.6	68
No. 4—Winston-Salem.....	276	247	555	1,823.7	627	1,485.9	730	1,275.6	256.1	408	865.9	2,320	5,707.2	241,567.7	1,044
Alabama.....	17	16	20	31.3	39	37.1	37	17.5	16.4	14	24.2	110	126.5	6,143.9	42
District of Columbia.....	13	13	49	502.4	73	290.6	231	805.2	44.5	163	475.2	516	2,117.9	91,855.1	29
Florida.....	43	39	105	474.2	44	117.4	59	74.8	42.9	20	52.6	228	761.9	24,693.5	102
Georgia.....	48	44	91	181.2	58	90.8	69	49.8	26.1	41	49.1	259	397.0	16,200.4	62
Maryland.....	54	42	35	88.5	221	597.9	50	57.3	15.4	29	77.0	335	836.1	36,129.9	450
North Carolina.....	36	34	100	204.2	111	185.8	141	110.9	52.6	79	87.3	431	640.8	29,909.7	188
South Carolina.....	36	33	103	198.3	35	67.2	73	68.5	26.0	25	25.0	236	385.0	14,679.8	79
Virginia.....	29	26	52	143.6	46	99.1	70	91.6	32.2	37	75.5	205	442.0	21,955.4	92
No. 5—Cincinnati.....	383	330	479	1,448.6	978	2,706.3	1,058	1,221.3	480.2	481	581.9	2,996	6,438.3	529,665.9	975
Kentucky.....	60	49	82	263.4	120	326.0	175	141.7	57.4	80	92.3	457	880.8	55,990.5	186
Ohio.....	287	249	313	988.7	831	2,331.3	826	1,019.1	396.6	380	459.3	2,350	5,195.0	458,569.6	733
Tennessee.....	36	32	84	196.5	27	49.0	57	60.5	26.2	21	30.3	189	362.5	15,105.8	5
No. 6—Indianapolis.....	196	180	296	746.6	509	874.8	648	501.4	254.9	281	308.0	1,734	2,685.7	226,610.4	374
Indiana.....	141	130	179	387.2	435	723.8	512	347.4	181.3	217	241.9	1,343	1,881.6	130,642.3	303
Michigan.....	55	50	117	359.4	74	151.0	136	154.0	73.6	64	66.1	391	804.1	95,968.1	71
No. 7—Chicago.....	266	221	288	846.0	433	1,175.0	533	904.3	244.7	185	337.0	1,439	3,507.0	224,353.5	1,071
Illinois.....	192	162	159	555.0	347	944.2	438	776.9	191.9	147	299.7	1,091	2,767.7	162,607.4	864
Wisconsin.....	74	59	129	291.0	86	230.8	95	127.4	52.8	38	37.3	348	739.3	61,746.1	207
No. 8—Des Moines.....	185	162	202	575.6	250	496.9	447	540.4	215.5	139	168.6	1,038	1,997.0	118,685.8	445
Iowa.....	51	45	45	127.0	71	140.1	105	120.4	40.7	43	72.7	264	500.9	23,732.2	100
Minnesota.....	42	40	88	265.6	71	176.1	142	191.6	68.7	28	53.5	329	755.5	34,540.7	78
Missouri.....	70	62	54	148.8	96	155.1	173	204.0	88.6	57	32.7	380	629.2	51,950.8	225
North Dakota.....	14	8	8	20.1	6	11.3	16	19.0	16.2	8	7.1	38	73.7	5,745.6	24
South Dakota.....	8	7	7	14.1	6	14.3	11	5.4	1.3	3	2.6	27	37.7	2,716.6	18

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 Nov. 30, 1937.

⁴ Number of members as of Nov. 30, 1937. Number of nonmembers as reported for year 1936 adjusted for conversion through Nov. 30, 1937, except for Maryland and Illinois where the number of nonmembers is estimated.

Table 7.—Monthly lending activity and total assets as reported by 2,638 savings and loan associations in November 1937—Continued

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank Districts and States	Number of associations		Loans made in November according to purpose										Total assets, Nov. 30, 1937	Total number of savings and loan associations	
	Submitting reports	Reporting loans made	Mortgage loans on 1- to 4-family nonfarm homes												
			Construction		Home purchase		Refinancing and reconditioning †		Loans for all other purposes		Total loans, all purposes				
			Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount			
No. 9—Little Rock.....	263	229	400	\$980.1	409	\$845.7	468	\$419.1	\$258.3	259	\$434.9	1,536	\$2,938.1	\$164,598.7	409
Arkansas.....	37	36	27	62.9	54	74.7	73	47.4	28.7	50	54.6	204	268.3	10,580.9	66
Louisiana.....	68	60	87	234.0	173	435.7	155	195.5	113.2	114	245.5	529	1,223.9	81,420.4	89
Mississippi.....	27	22	27	45.4	7	14.4	34	9.6	17.5	16	13.4	84	100.3	4,518.7	50
New Mexico.....	14	11	21	42.1	5	7.9	11	5.6	3.3	8	14.6	45	73.5	3,739.7	22
Texas.....	117	100	233	595.7	170	313.0	195	161.0	95.6	71	106.8	674	1,272.1	64,339.0	182
No. 10—Topeka.....	178	147	219	601.6	361	693.1	368	333.0	144.6	322	345.2	1,270	2,117.5	137,105.7	375
Colorado.....	33	27	33	84.0	60	125.7	53	67.8	8.5	28	28.1	174	314.1	19,765.7	63
Kansas.....	67	55	49	114.0	76	110.9	119	99.8	53.1	98	83.8	342	461.6	36,793.3	153
Nebraska.....	33	23	38	119.7	105	187.2	87	61.2	39.1	85	84.3	315	491.5	34,184.8	90
Oklahoma.....	45	42	99	283.9	120	269.3	109	104.2	43.9	111	149.0	439	850.3	46,361.9	69
No. 11—Portland.....	112	103	195	472.7	175	317.7	300	320.4	110.7	172	223.3	842	1,444.8	93,245.9	178
Idaho.....	9	9	18	32.2	20	33.3	29	31.5	8.1	15	3.2	82	108.3	6,175.1	13
Montana.....	12	10	29	82.5	16	30.8	33	22.0	21.8	10	10.7	88	167.8	8,243.6	23
Oregon.....	25	23	45	98.0	35	69.2	71	75.6	23.6	23	38.3	174	304.7	22,748.8	36
Utah.....	6	6	20	72.1	4	12.3	12	16.2	3.1	5	4.6	41	108.3	8,054.6	20
Washington.....	50	45	73	146.8	90	150.9	144	159.0	46.8	110	136.2	417	639.7	43,889.8	71
Wyoming.....	10	10	10	41.1	10	21.2	11	16.1	7.3	9	30.3	40	116.0	4,134.0	14
Alaska.....	0	0	0	0.0	0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0	0
No. 12—Los Angeles.....	119	112	478	1,516.6	289	723.5	408	608.0	139.2	181	224.4	1,356	3,211.7	202,681.8	219
Arizona.....	3	3	18	57.7	7	12.2	14	26.4	8.2	2	17.3	41	119.8	1,928.2	4
California.....	114	107	454	1,438.0	275	683.1	388	577.0	131.3	178	206.6	1,295	3,036.0	198,436.7	198
Nevada.....	1	1	1	0.7	1	0.7	2	4.6	0.0	0	0.0	4	6.0	678.2	5
Hawaii.....	1	1	6	20.2	6	27.5	4	0.0	1.7	1	0.5	16	49.9	1,638.7	12

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
November 1936.....	87.7	88.8	95.5	86.6	80.5	76.7	97.1	90.9
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
September.....	96.2	95.0	95.5	99.0	84.6	80.6	114.9	100.8
October.....	95.4	93.4	95.5	97.3	84.2	80.6	114.9	100.2
November.....	93.7	92.9	95.5	94.8	81.5	79.6	114.9	98.7
Change:								
Nov. 1937—Oct. 1937.....	-1.8%	-0.5%	0.0%	-2.6%	-3.2%	-1.2%	0.0%	-1.5%
Nov. 1937—Nov. 1936.....	+6.8%	+4.6%	0.0%	+9.5%	+1.2%	+3.8%	+18.3%	+8.6%

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	Oct. 31, 1937	Nov. 30, 1937	Nov. 30, 1937	Nov. 30, 1937	Nov. 30, 1937
State-chartered associations	4	136	382	541	550	762,263	\$607,960,494	\$530,178,546
Converted F. S. and L. A.	108	406	560	653	659	683,292	728,148,444	665,973,633
New F. S. and L. A.	339	572	634	645	646	133,269	165,949,032	155,574,930
Total	451	1,114	1,576	1,839	1,855	1,578,824	1,502,057,970	1,351,727,109

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 372 identical insured State-chartered savings and loan associations reporting during October and November 1937

	October	November	Change October to November
Share liability at end of month:			<i>Percent</i>
Private share accounts (number)	493,043	490,119	-0.6
Paid on private subscriptions	\$346,746,700	\$346,682,700	0.0
H. O. L. C. subscriptions	22,871,800	23,185,100	+1.4
Total	369,618,500	370,047,800	+0.1
Private share investments during month	6,053,500	5,145,700	-15.0
Repurchases during month	6,444,400	5,169,600	-19.8
Mortgage loans made during month:			
a. New construction	1,840,600	1,546,300	-16.0
b. Purchase of homes	2,764,400	2,193,500	-20.7
c. Refinancing	1,249,800	1,021,400	-18.3
d. Reconditioning	561,700	561,800	0.0
e. Other purposes	1,050,000	841,000	-19.9
Total	7,466,500	6,164,000	-17.4
Mortgage loans outstanding end of month	329,561,500	330,304,100	+0.2
Borrowed money as of end of month:			
From Federal Home Loan Banks	22,200,400	22,797,600	+2.7
From other sources	1,997,200	1,883,600	-5.7
Total	24,197,600	24,681,200	+2.0
Total assets, end of month	477,092,300	479,260,000	+0.5

Table 11.—Monthly operations of 1,194 identical Federal savings and loan associations reporting during October and November 1937

	October	November	Change October to November
Share liability at end of month:			<i>Percent</i>
Private share accounts (number).....	808,960	819,102	+1.3
Paid on private subscriptions.....	\$602,208,500	\$608,740,200	+1.1
Treasury and H. O. L. C. subscriptions.....	166,974,600	167,220,500	+0.2
Total.....	769,183,100	775,960,700	+0.9
Private share investments during month.....	13,437,300	12,207,600	-9.2
Repurchases during month.....	8,122,800	5,169,400	-36.4
Mortgage loans made during month:			
a. New construction.....	7,649,500	6,760,200	-11.6
b. Purchase of homes.....	7,687,900	5,916,500	-23.0
c. Refinancing.....	4,411,900	3,968,700	-10.1
d. Reconditioning.....	1,472,000	1,285,700	-12.7
e. Other purposes.....	1,708,300	1,575,600	-7.8
Total.....	22,929,600	19,506,700	-14.9
Mortgage loans outstanding end of month.....	773,207,800	782,494,900	+1.2
Borrowed money as of end of month:			
From Federal Home Loan Banks.....	83,831,900	86,499,200	+3.2
From other sources.....	2,921,900	2,939,100	+0.6
Total.....	86,753,800	89,438,300	+3.1
Total assets, end of month.....	999,125,100	1,011,178,300	+1.2

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

Federal Home Loan Banks	Advances made during Nov. 1937	Advances made during Oct. 1937
No. 1—Boston.....	\$140,500.00	\$603,300.00
No. 2—New York.....	504,000.00	963,200.00
No. 3—Pittsburgh.....	457,200.00	859,486.84
No. 4—Winston-Salem.....	1,380,700.00	1,244,150.00
No. 5—Cincinnati.....	529,000.00	923,000.00
No. 6—Indianapolis.....	581,000.00	471,900.00
No. 7—Chicago.....	880,723.74	660,910.00
No. 8—Des Moines.....	592,000.00	761,808.00
No. 9—Little Rock.....	293,500.00	408,400.00
No. 10—Topeka.....	329,700.00	527,800.00
No. 11—Portland.....	270,800.00	491,800.00
No. 12—Los Angeles.....	1,042,000.00	1,075,500.00
Total.....	7,001,123.74	8,991,254.84

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

[Thousands of dollars]

Month	Loans advanced monthly	Repay- ments monthly	Balance outstand- ing 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
September.....	9,330	5,426	179,511
October.....	8,991	4,461	184,041
November.....	7,001	3,707	187,336

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
Sept. 30, 1937-----	126	6, 082, 210	623	41, 510, 420	4, 217	182, 523, 000	4, 966	230, 115, 630
Oct. 31, 1937-----	127	6, 192, 210	639	42, 148, 470	4, 255	184, 052, 200	5, 021	232, 392, 880
Nov. 30, 1937-----	² 116	² 5, 757, 210	665	43, 308, 470	4, 285	185, 109, 200	5, 066	234, 174, 880
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
Sept. 30, 1937-----	47	1, 901, 000	510	33, 675, 720	3, 849	164, 226, 200	4, 406	199, 802, 920
Oct. 31, 1937-----	48	1, 931, 000	535	34, 954, 770	3, 918	166, 447, 700	4, 501	203, 333, 470
Nov. 30, 1937-----	² 38	² 1, 426, 000	559	36, 086, 770	3, 950	167, 154, 600	4, 547	204, 667, 370

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

² Reduction due to insurance or federalization of associations.

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
September-----	4, 657
October-----	4, 409
November-----	4, 225
Grand total to Nov. 30, 1937-----	66, 675

¹ Does not include 20,946 properties bought in by H. O. L. C. at foreclosure sale but awaiting expiration of the redemption period before title in absolute fee can be obtained.

In addition to the 66,675 completed cases, 379 properties were sold at foreclosure sales to parties other than the H. O. L. C. and 8,408 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 Dec. 15, 1937 ¹

	June 1, 1934, through Nov. 15, 1937	Nov. 16, 1937, through Dec. 15, 1937	Cumulative through Dec. 15, 1937
Cases received ² -----	859, 608	11, 730	871, 338
Contracts awarded:			
Number-----	495, 102	10, 718	505, 820
Amount-----	\$94, 246, 131	\$2, 026, 695	\$96, 272, 826
Jobs completed:			
Number-----	484, 853	10, 901	495, 754
Amount-----	\$90, 381, 708	\$2, 023, 695	\$92, 405, 403

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 prior to Apr. 15, 1937.

Resolutions of the Board

AMENDMENT TO RULES AND REGULATIONS FOR FEDERAL HOME LOAN BANKS: Adopted December 6, 1937.

Be it resolved, That pursuant to authority vested in the Federal Home Loan Bank Board by Section 17 of the Federal Home Loan Bank Act (12 U. S. C. 1437), the paragraph numbered (5) of Exhibit "E" of the Rules and Regulations for Federal Home Loan Banks is hereby amended to read as follows:

"(5) If admitted to membership, it will submit to such examinations and appraisals as the said bank and/or Federal Home Loan Bank Board may consider necessary from time to time, and will pay the cost thereof, as computed by said Board, including overhead, per diem, and travel expense."

AMENDMENT TO THE BOARD RESOLUTION REGARDING THE FEDERAL HOME BUILDING SERVICE PLAN: Adopted December 8, 1937.

Experience gained locally in introducing the Federal Home Building Service Plan has indicated the desirability, in specific instances, of extending the Plan's facilities to nonmembers as well as members of the Federal Home Loan Bank System. Particularly will this be desirable where nonmembers indicate willingness to cooperate with member institutions in a joint program for better located, better planned, and better built homes. Not only will such joint action promote a broader use of the Plan to the benefit of home owners, but also it will increase its speed of penetration into local building practice. Such an expanded program was previously approved by the Board for Little Rock, Arkansas.

Therefore, to permit of maximum effectiveness of the Plan, the Federal Home Loan Bank Board has amended certain portions of its resolution of September 25, 1936 and revised Appendix A of this resolution so as to provide means of cooperation with all home building and home selling factors. The full text of the amended resolution follows:

Whereas properly planned and constructed homes are essential to sound and economical home building and financing; and

Whereas the Federal Home Loan Bank Board, under Federal Home Loan Bank Act, as amended, Home Owners' Loan Act of 1933, as amended, and the National Housing Act, as amended, created to promote thrift and preserve home ownership, has a responsibility to encourage and establish sound and economical home building and financing and accordingly did, on September 25, 1936, adopt the Federal Home Building Service Plan purposed to attain these objectives; and

Whereas it is deemed desirable to extend official operation under the Plan to approved lending institutions whether members or nonmembers of the Federal Home Loan Banks and to provide for a broader use of the Plan; Now, Therefore,

Be it resolved, That paragraphs numbered one to six inclusive of the resolution of the Federal Home Loan Bank

Board of September 25, 1936 are hereby amended to read as follows:

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

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

"3. Architectural plans may be submitted to the Federal Home Loan Bank Board, and when approved by the Architectural Adviser to said Board or the Architectural Adviser to one of its agencies, may be used as a part of the Federal Home Building Service Plan, but no other architectural plans shall be used and represented as a part of said Plan. The Technical Director shall cause the functioning Architectural Adviser to establish and file with the Board procedure for the approval, recordation, and distribution of such plans.

"4. Members of the Federal Home Loan Banks will be approved to operate under the Plan upon application to the Technical Director. Any other home mortgage lending institution shall have the right to official operation upon application to the Technical Director provided such institution satisfies the Technical Director that it has the qualifications and will meet the conditions governing the lending requirements under the Plan as established by the Technical Director and approved by the General Counsel and filed with the Board. In the event of disapproval of an application, the applicant shall have the right of appeal to the Board.

"5. The Technical Director is authorized to develop and administer said Plan, and to do all things necessary to put said Plan into operation and expand its use in accordance with the specific provisions set forth in Revised Exhibit 'A.'

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

AMENDMENT TO RULES AND REGULATIONS FOR FEDERAL HOME LOAN BANKS REGARDING BONUSES OR GRATUITIES TO OFFICERS AND EMPLOYEES: Adopted December 13, 1937.

Be it resolved, That, pursuant to authority vested in the Federal Home Loan Bank Board by Section 17 of the Federal Home Loan Bank Act (12 U. S. C. 1437), Paragraph (2) of subsection (b) of Section 19 of the Rules and Regulations for Federal Home Loan Banks is hereby amended to read as follows:

"(2) Regulations. Annual salaries set forth in an approved budget shall represent the total compensation of officers and employees, except that bonuses or gratuities of not more than ten dollars per officer or employee per year may be granted."

Directory of Member, Federal, and Insured Institutions

Added during November-December

I. INSTITUTIONS ADMITTED TO MEMBERSHIP IN THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN NOVEMBER 16, 1937, AND DECEMBER 15, 1937¹

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

DISTRICT NO. 1

MASSACHUSETTS:

Lynn:

Lynn Co-operative Bank, 9 Willow Street.

Medway:

Medway Cooperative Bank, Main Street.

Taunton:

Weir Co-operative Bank, 43 Taunton Green.

DISTRICT NO. 3

PENNSYLVANIA:

Philadelphia:

Dauphin Building Association, Hancock & Diamond Streets.
Square Deal Building & Loan Association, 517 Perry Building.

DISTRICT NO. 4

ALABAMA:

Montgomery:

All States Life Insurance Company, 116 Catoma Street.

NORTH CAROLINA:

Raleigh:

Occidental Life Insurance Company, Professional Building.

DISTRICT NO. 6

INDIANA:

Lawrenceburg:

Dearborn County Loan & Building Association.

DISTRICT NO. 9

LOUISIANA:

Donaldsonville:

Ascension Building & Loan Association.

New Orleans:

Investors Homestead Association, 901 Carondelet Building.

DISTRICT NO. 12

ARIZONA:

Phoenix:

State Building & Loan Association, 116 West First Avenue.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN NOVEMBER 16, 1937, AND DECEMBER 15, 1937

ARKANSAS:

Fort Smith:

Fort Smith Building & Loan Association, 18 North Sixth Street (voluntary withdrawal).

KENTUCKY:

Covington:

Permanent Building & Loan Association of Covington, Kentucky, 407 Scott Street (voluntary withdrawal).

MARYLAND:

Baltimore:

Progressive Building Association, 874 Linden Avenue (removal from membership).

NEBRASKA:

Columbus:

Globe Savings & Loan Association (transfer of stock to Columbus Land, Loan & Building Association, Columbus, Nebraska).

NEW YORK:

New York:

Enterprise Savings & Loan Association, 1123 Broadway (merger with American Cooperative Savings & Loan Association, New York, New York).

NORTH CAROLINA:

Mooresville:

Mooresville Building & Loan Association (sale of assets to Mooresville Federal Savings & Loan Association, Mooresville, North Carolina).

TEXAS:

Dallas:

Texpolite Building & Loan Association, 614 Interurban Building (sale of assets to Dallas Building & Loan Association, Dallas, Texas).

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

II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN NOVEMBER 16, 1937, AND DECEMBER 15, 1937

DISTRICT NO. 3

PENNSYLVANIA:

Ellwood City:

Ellwood City Federal Savings & Loan Association, Corner Lawrence Avenue & Sixth Street (converted from Ellwood City Building & Loan Association).

Mt. Lebanon:

First Federal Savings & Loan Association of Mt. Lebanon, 695 Washington Road (converted from Lehigh Building & Loan Association).

Philadelphia:

Benjamin Franklin Federal Savings & Loan Association, 1001 North American Building (converted from General Lawton Building & Loan Association).

Northern Liberties Federal Savings & Loan Association, 16 West Queen Lane, Germantown (converted from Northern Liberties Building & Loan Association of Philadelphia).

Walnut Street Federal Savings & Loan Association, 916 Walnut Street (converted from Walnut Street Building & Loan Association of Philadelphia).

DISTRICT NO. 4

MARYLAND:

Baltimore:

Sun Federal Savings & Loan Association, 741 North Central Avenue (converted from Sun Building & Loan Association of Baltimore, Incorporated).

DISTRICT NO. 10

KANSAS:

Topeka:

Shawnee Federal Savings & Loan Association, 119 East Eighth Street (converted from Shawnee Building & Loan Association).

DISTRICT NO. 11

IDAHO:

Boise:

Provident Federal Savings & Loan Association, 1005 Main Street (converted from Provident Savings & Loan Association).

MONTANA:

Butte:

First Federal Savings & Loan Association of Butte, 79-81 West Park Street (converted from United States Building & Loan Association).

CANCELATIONS OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTERS BETWEEN NOVEMBER 16, 1937, AND DECEMBER 15, 1937

KANSAS:

Pratt:

First Federal Savings & Loan Association of Pratt (dissolution).

WISCONSIN:

Elkhorn:

Walworth County Federal Savings & Loan Association (dissolution and sale of assets to Harvard Federal Savings & Loan Association, Harvard, Illinois).

III. INSTITUTIONS INSURED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION BETWEEN NOVEMBER 16, 1937, AND DECEMBER 15, 1937²

DISTRICT NO. 1

CONNECTICUT:

Bridgeport:

Park City Building & Loan Association, 886 Main Street.

DISTRICT NO. 2

NEW JERSEY:

Newark:

Mohawk Building & Loan Association, 535 High Street.

NEW YORK:

Buffalo:

NY

Aetna Permanent Savings & Loan Association, 42 Grant Street.

DISTRICT NO. 3

PENNSYLVANIA:

Alliquippa:

Woodlawn Building & Loan Association, 392 Franklin Avenue.

Ambridge:

Economy Savings & Loan Association, 828 Merchant Street.

Bridgeville:

Reliable Building & Loan Association of Bridgeville, 437 Railroad Street.

² During this period 7 Federal savings and loan associations were insured.

PENNSYLVANIA—Continued.

Monessen:
Monessen Home Building & Loan Association, 100 Sixth Street.

Philadelphia:
Provident Building & Loan Association of Philadelphia, 1626 Arch Street.

DISTRICT NO. 4

NORTH CAROLINA:

Rocky Mount:
New Home Building & Loan Association, 119 Tarboro Street.

VIRGINIA:

Norfolk:
Atlantic Building & Loan Association, Incorporated, of Norfolk, Virginia,
123 West Berkeley Avenue.

DISTRICT NO. 5

OHIO:

Bedford:
Bedford Savings & Loan Company, 686 Broadway.

DISTRICT NO. 6

INDIANA:

Connersville:
Union Savings & Loan Association.

Fort Wayne:
Home Loan & Savings Association, 132 East Berry Street.

MICHIGAN:

Benton Harbor:
Peoples Savings Association of Benton Harbor, Michigan, 173 Michigan Street.

DISTRICT NO. 7

ILLINOIS:

Chicago:
Concordia Building & Loan Association, 815 West Sixty-third Street.
Hoyne Building, Loan & Homestead Association, 2301 West Cermak Road.

WISCONSIN:

Madison:
Provident Loan & Building Association, 117 South Pickney Street.

DISTRICT NO. 8

MISSOURI:

Sedalia:
Sedalia Savings & Loan Association, 110 West Third Street.

DISTRICT NO. 9

LOUISIANA:

New Orleans:
Greater New Orleans Homestead Association, 740 Poydras Street.
Investors Homestead Association, 901 Carondelet Building.

TEXAS:

Austin:
Mutual Deposit & Loan Company of Austin, Texas, 905 Congress Avenue.
San Antonio:
San Antonio Building & Loan Association of San Antonio, Texas, 433 North St. Mary's Street.

DISTRICT NO. 10

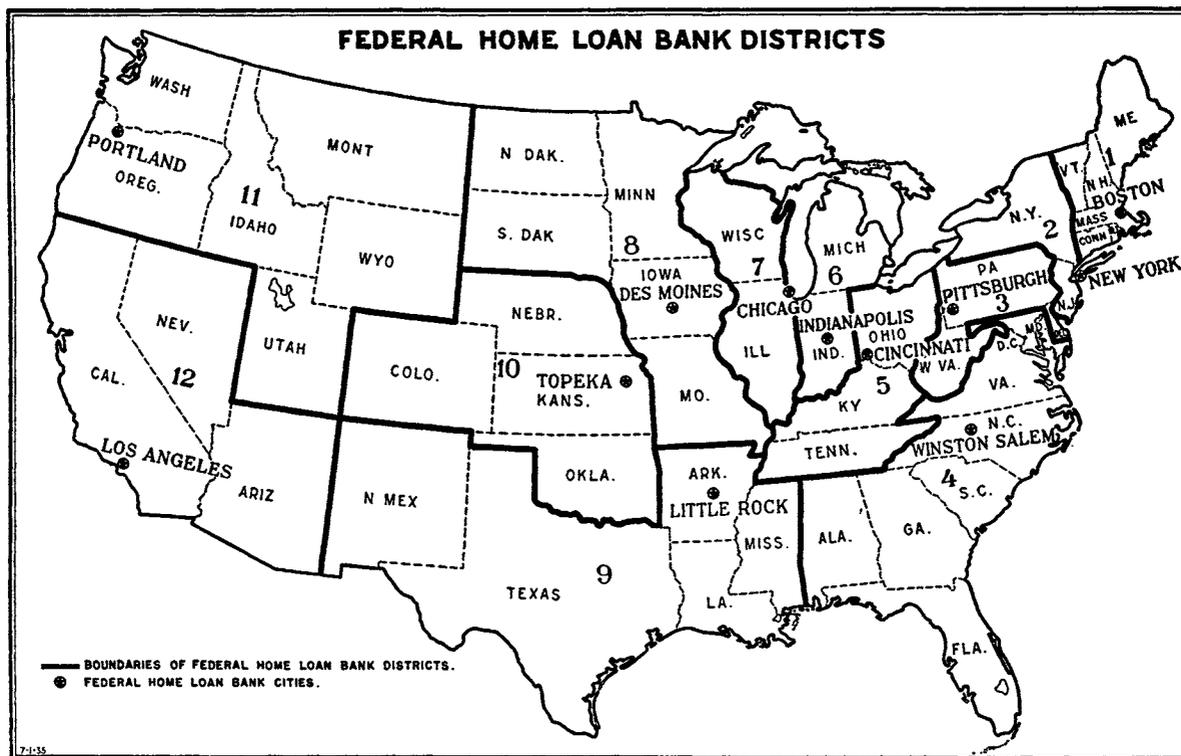
NEBRASKA:

Wymore:
Wymore Building & Loan Association, 113 West F Street.

Construction Statistics: An Explanatory Note

■ IN September, the REVIEW made brief mention of the Census of the Construction Industry for 1935, pointing out the fact that figures for work performed were in accordance with the location of the reporting contracting establishments. To avoid any possible misunderstanding, the REVIEW wishes to make it clear that this statement with respect to residential construction contracts awarded applied

only to a portion of the study carried on by the Bureau of the Census, and had no application to other studies or statistics developed by those private agencies which have been collecting for many years valuable figures on residential construction contracts awarded, computed according to job location.



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