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APPROVED BY THE BUREAU OF THE BUDGET.

53048—38——1

MECHANICS' LIEN LAWS

. . . . As They Exist Today:

1. *Add* to the costs of construction and financing.
2. *Discourage* lending for reconditioning and new construction.
3. *Increase* tendencies to "jerry-building."
4. *Contribute* to the expense of title examination and title insurance.

■ HOME-FINANCING institutions are looking forward with much interest to the completion of the draft of the Uniform Mechanic's Lien Act currently being undertaken by the Sub-Committee on Law and Legislation of the Central Housing Committee. Mechanics' lien laws in present form have proved a serious handicap to lending for reconditioning or for new construction, since in many instances a mechanic's lien may take precedence over a previously recorded lien securing a mortgage indebtedness. Further, the multiplicity of statutory provisions, the technical decisions, and the conflicting judicial interpretations have vexed owners and prospective owners of small homes, and increased the cost of financing, reconditioning, or new construction. The laws in their present form have also encouraged incompetence of contractors in the small construction field, and have generally added burdens and costs to the ownership of small homes.

Delay has been the essence of precautionary measures used to avoid the risks which a home-financing institution may run under existing mechanics' lien laws. The REVIEW for May 1937 presented an outline of construction loan procedure in which it was emphasized that particular care is needed to prevent mechanics' liens from attaching to the property during course of construction. Proper precautions demanded a carefully planned method of disbursing the loan and other technical procedures.

These cumbersome and hampering procedures in lending for repairs or for new construction are not necessary. Much can be done to eliminate them. Adoption of a satisfactory uniform mechanic's lien act by the various States would be one method of reducing the delay and of simplifying present procedures. The history of the growth of mechanics' liens, and the diversity in this phase of the law which exists among the various States, show that legislative action has now become a necessity, and that the Uniform Act now being drafted merits close attention and study by home-financing institutions.

RESULTS OF MECHANICS' LIEN LAWS

The earlier lien statutes were limited in scope to the protection of wage earners. To secure their passage, it was urged that the protection of the wages of building-trade mechanics through the establishment of a right to a lien against the real estate for wages unpaid, the lien to have priority over all other encumbrances, would attract employment to the building field and aid in the building up of the country. Other States followed the lead of Maryland in 1791 and rapidly enacted similar legislation.

By gradual amendment and enlargement of the mechanics' lien acts already in force, practically every segment composing the construction industry—including contractors, subcontractors, material dealers, laborers, artisans, architects, landscape architects, engineers, surveyors—is granted liens of varying extent under varying conditions for the labor, services, or materials furnished or contracted to be furnished for the particular improvement.

These laws grew, and their validity became established, as the courts held that the building business did not have the protection inherent in the widespread distribution of credit risk common to other businesses, and therefore needed this broader and special protection. Contractors, subcontractors, materialmen, and other building groups were frequently obliged to extend credit in larger amounts, and for longer time, than other businesses. Such parties might have their entire capital, or a substantial part of it, tied up in one or two, or ten or twenty, projects under construction.

In actual practice, these laws have created a

number of problems in the field of housing. The effect of existing laws can be clearly shown by discussing the three parts of a typical mechanic's lien statute which most vitally affect (a) the owner; (b) the contractor and parties such as subcontractors and material dealers working with him; and (c) the lending institution. The three parts relate to (1) the right to, and the extent and duration of, a lien; (2) the priority of liens; and (3) the owner's responsibility and risk in making payments to the general contractor.

The Right to, and the Extent and Duration of, a Lien

The statutes are not uniform in specifying who shall be entitled to a lien nor under what conditions, although practically all statutes give a lien to laborers. However, in spite of the many variations existing between different States, it may be said generally that present statutes permit a claimant to effect a cloud on the title to real estate with comparative facility. Moreover, some statutes permit an unreasonable period to elapse without requiring the claimant to have his claim adjudicated. The cost of filing a claim is nominal, and it is easy and cheap for a disgruntled and even undeserving claimant to effect a cloud on title. This furnishes the claimant with a strong lever to force unfair settlements from the owner, particularly if the owner needs to clear title in order to mortgage or transfer the property.

Mechanics' lien laws in present form are a cause of cumbersome and hampering procedures in lending for reconditioning or for new construction. Effects of existing statutes are briefly analyzed, and a uniform mechanic's lien act proposed to remedy major existing defects is discussed. The Sub-Committee on Law and Legislation of the Central Housing Committee is now re-drafting the proposed uniform mechanic's lien act to provide a still more simple procedure.

Every State prescribes the place and method for *filing* a lien; and the period fixed by statute for fiilng varies from 30 days to six months. Once filed, stipulated statutory conditions governing the foreclosure and enforcement of the claim must be complied with. Otherwise, a claim loses its legal vitality. The claimant must commence foreclosure at any time within six years in three States, two years in six States, and one year in 16 States, and within periods ranging downward to a minimum of 60 days in other States.

There is a long continuing risk under certain circumstances in many States that mechanics' liens may take precedence over liens securing a mortgage indebtedness. Consequently, this has the effect of increasing the *financing* cost of reconditioning or new construction because conservative mortgage-lending institutions charging low interest rates find that they must either forego this type of lending entirely or else establish extensive service facilities to make the necessary checks to protect against such liens. The cost of this service is necessarily passed on to the owner in the nature of loan service charges. This increased probability of liens also operates to increase the cost of title examination as well as the cost of title insurance.

Priority of Liens

In every State, mechanics' liens take priority over subsequent encumbrances; in seven or more States such liens, under varying conditions, even take priority over previously existing encumbrances as, for example, Oregon, where a mechanic's lien for improvements erected on the land takes priority over an antecedent mortgage against the land. There are other States which follow a "severability" doctrine which permits the antecedent lien against the land to take priority as to the land, whereas the mechanic's lien takes priority as to the improvements only. In States following this view the improvements may be severed and removed when no damage to the land will result.

The general lack of uniformity in this vital phase of the mechanics' lien laws constitutes a manifest danger from the lenders' point of view. The foregoing represent only the main theories as to lien priority. Many States have adapted these theories by introducing variations to meet given local conditions.

Regulation of Payments by Owner to Contractor

In about three-fourths of the States the owner pays the general contractor at his peril. In these States,

notwithstanding the fact that the general contractor may be the only person with whom the owner had a direct contract for the construction, and even though the owner may not know the names of potential claimants and has not been notified of any claims for liens by unpaid eligible claimants, the owner may nevertheless have to make double payment unless he has taken the precautionary measures prescribed by the statutes.

In most of the remaining 25 percent of the States, if the owner makes payments to the contractor before he receives notice of a claim for lien by an unpaid and otherwise eligible claimant, he is protected to the extent of such prior payment. However, a duty is imposed upon him to apply the unpaid balance as the statute prescribes. In some States, there is only one way the owner can be certain of protection from loss. He must withhold payment to the general contractor until the statutory period for filing (not foreclosing) liens has expired so that he may ascertain whether liens will arise.

Thus many statutes place a premium on delayed payments. Under such circumstances, payment is never a simple task. Moreover, the statutory provisions governing payment are usually wordy, technical, and so involved that an owner lacking experience in such matters may be wholly at sea. Building a home is an enterprise undertaken by the average citizen but once in a lifetime and the ordinary inexperienced and uninformed person, especially the prospective owner of a small home, is frequently put to the expense of engaging an attorney or other competent agent before he can proceed in what should be a reasonably simple and expeditious transaction—namely, the payment with safety, of the cost of constructing his own home.

In a great many States the mechanics' lien laws impose upon the owner the responsibility of seeing to it that his general contractor and others discharge the debts incurred by them in building or repairing his home. This condition makes for the continuance of an unsound credit system at the expense of the owner, and to the detriment of contractors who endeavor to operate on an efficient and business-like basis. In the small-home field a general credit laxity to contractors and others prevails—a condition due in large part to the fact that material dealers and other creditors realize that the particular improvement can be made available, through the medium of the mechanic's lien law, to secure the credit extended.

Under such circumstances, there is but little need for a contractor to manage his business with efficiency in order to acquire and maintain a credit standing. The resultant waste is often reflected in higher construction costs or what amounts to the same thing, construction of a shoddy and unsound character.

A Uniform Mechanic's Lien Act

The complete lack of uniformity in the various mechanics' lien laws of this country is well illustrated by the preceding analysis of three important parts of existing statutes. Naturally, these wide variations have produced general dissatisfaction. In response to a formal request from the owners of buildings, trade associations, and leading men in the construction industry seeking the aid of the Department of Commerce, Mr. Hoover, as Secretary of Commerce, appointed a Standard Mechanic's Lien Act Committee in 1924 to consider the question and to draft a uniform mechanics' lien act.

The Committee concluded that there were two principal classes of cases in which those who performed labor or other services or who furnished materials for the building required protection under lien laws. In the first class are defaults by the contractor or subcontractor. A solvent owner should know at once of such failures to make payments, so that he will not go on making installment payments to the contractor, which may not be used to pay off obligations for the particular improvement. The lien law should enable the solvent owner to proceed with construction with the least possible delay and uncertainty.

Cases of the second class usually arise when the owner becomes insolvent and a forced sale of the property is necessary to satisfy the claims of lienors. A lien law should therefore state under what circumstances a lien will take priority over a mortgage, building loan, or other obligation attaching to the property, and provide for prompt action so that the building may be completed without delay.

The Committee then considered the existing diversity in both the substantive and procedural provisions of the laws of the various States to determine to what extent protection was actually afforded in these two principal classes of cases. They found that the various acts could be roughly classified as: (1) the Pennsylvania type of act, under which liens are not limited to the price fixed by the contract between the owner and the general contractor. The owner might pay his general contractor in full on a $10,000 contract, but still find his property liable for addi-

tional liens of $2,000 or $3,000 if the general contractor had failed to satisfy claims for materials furnished or labor performed; (2) the New York type of act, under which liens are limited to the amount unpaid on the indebtedness of the owner to the general contractor as determined by their contract at the time the claimant files his claim of lien. In case liens are filed, the owner has merely to see that lien claimants are satisfied up to the amount unpaid to the contractor. In the case of a $10,000 contract, for example, the owner might pay out $8,000 according to the contract when the work is nine-tenths completed and thereafter be liable to lienors to the extent of only $2,000 although claims later filed might total $2,500 or more; (3) a third type of act, followed in the legislation of four States, in general limits the lien liability of the owner's property to the amount of the contract price, as does the New York type of act, but requires in addition that the owner act at all times in good faith, by obtaining from the contractor at the time of each progress payment a statement under oath disclosing the contractor's indebtedness to those engaged upon the improvement. The owner is then required, unless waivers of lien are presented, to withhold from the contractor sums sufficient to meet the claims of such persons and to make payment direct to them. Claimants also may notify the owner of indebtedness to them and the owner must then withhold the sums claimed.

The Standard State Mechanic's Lien Act Committee of the Department of Commerce found in this third type of act the nucleus of an orderly procedure for the protection of the various interests involved and they used this type of act as a model upon which to construct their uniform act. The Committee, in cooperation with a special committee of the National Conference of Commissioners on Uniform State Laws, concluded its efforts in December 1932 after eight years of study and annual public hearings. A uniform mechanic's lien act was promulgated which has since been endorsed by the American Bar Association.

Discussion of the Proposed Uniform Act

For the purpose of the present survey only the sections of the proposed uniform act will be considered which bear upon the three phases of the law discussed in connection with the existing statutes.

Briefly, regarding the first, "The Right to, and Extent and Duration of, a Lien," the proposed Uniform Act: gives a lien to contractors, subcontractors, materialmen, laborers, architects, landscape architects, and engineers; provides for the lien to be against both the land and the improvements without provision for severability; limits the liability of the owner to the contract price provided he has complied with the provisions of the Act governing the making of payments; fixes the "visible commencement of operations" as the event for the attaching date of the lien; establishes the period for filing a claim of lien as not later than three months after final performance and the period for commencing suit as not later than one year after filing.

All these provisions appear to be an improvement over the provisions now found in most laws. It is believed, however, that better practices in the small construction field would result, and that the burden which these acts impose upon small-home owners would be more tenable, if the time for filing, and the time for foreclosing after filing, were reduced. A reduction in the time period would not deprive one of his lien; it would but require the exercise of more diligence. This shorter period would also lessen the likelihood that an owner would be harassed by unworthy claimants seeking to effect a cloud on the owner's title for purposes of forcing a settlement.

As to the matter of "Priority of Liens," since this factor is so important, the applicable Section 21 of the Uniform Act will be quoted:

"Section 21. Priority of Liens. Liens provided by this act shall have priority over a conveyance, mortgage, building loan contract, attachment, judgment, or other encumbrance or demand against such real property which was not recorded, docketed or filed at the time of the visible commencement of operations. All liens provided by this act except those of laborers shall, subject to the provisions of sections 4, 5, and 6 of this act, be on a parity and shall be settled pro rata; all liens of laborers shall be on a parity one with another and shall have preference over all other liens under this act."

The courts of many jurisdictions do not regard a construction loan as taking lien priority over supervening mechanics' liens which are filed before actual payout of the loan proceeds. This risk is an element which increases financing costs for construction loans and discourages mortgage-lending institutions from entering the field. Section 21 of the Uniform Act does not make any distinction between advance-money mortgages and others. In the absence of clear and express statutory provision to the contrary, the courts of these jurisdictions would probably construe Section 21 to limit the lien priority of the lending insti-

tution to the amount actually paid out before the mechanic's lien claim arose, notwithstanding the fact that the mortgage institution may have obligated itself to make the entire advance.

It is believed therefore that the language of Section 21 should be strengthened and clarified so that no doubt can exist regarding this important point.

In dealing with the regulation of payments by the owner, the Act offers advantages from the viewpoint of the industry, but the owner himself may find disadvantages. For example, the owner may pay the general contractor without risk of additional liability, except perhaps for the claims of unpaid laborers, provided that he makes "proper payment" as defined in the Act before he receives a written notice of intention to claim a lien, or before a lien claim has been filed. However, laborers have a continuing right of lien until the expiration of the 3-month period for filing claims, and the owner must therefore hold back sufficient money to meet any claims of laborers that may be filed during this period.

Another seeming advantage to the owner is the provision limiting his liability to the contract price, but here again the provision is surrounded with so many limitations as practically to nullify it. The owner must follow the method prescribed in the Act governing the matter of payments, if he desires protection against liens, but the methods prescribed are so technical and involved that an ordinary small-home owner would find it necessary to engage professional advice to ascertain the procedure to be followed in a given situation.

A Simplified Uniform Mechanic's Lien Act

The Sub-Committee on Law and Legislation of the Central Housing Committee, after making an intensive study of the Uniform Mechanic's Lien Act drafted by the Department of Commerce Committee in collaboration with the National Conference of Commissioners on Uniform State Laws, came to the conclusion that the Act could be improved and simplified.[1] It is, therefore, now engaged in redrafting this Act.

The general adoption of such a Uniform Mechanic's Lien Act would greatly simplify and improve the existing mechanic's lien procedure of the various States. It would eliminate many of the uncertainties now inherent in such existing legislation and afford greater protection both to home owners and home-financing institutions. In addition, such uniform mechanic's lien legislation in all the States would better enable those contractors, subcontractors, and materialmen who now operate on a national scale to carry on their business.

The objective of the Sub-Committee on Law and Legislation in redrafting the proposed Uniform Mechanic's Lien Act is to provide simplicity and clarity, and to assure a procedure which will protect all parties which have the right to secure a mechanic's lien, but which at the same time affords the maximum convenience and protection to the small-home owner and to the financing institution. Home mortgage lenders will be particularly interested in following closely the progress of such a proposed act. The Sub-Committee will be very glad to receive comments and suggestions with respect to the proposed draft, as well as statements of the experience of lending institutions under existing statutes. Communications should be directed to the Editor of the Review, who will bring them to the attention of the proper members of the Sub-Committee.

[1] Special Report No. 8, "Mechanics' Lien Laws," was prepared on the basis of the legal experience of the Home Owners' Loan Corporation in handling more than 500,000 separate reconditioning contracts in the small-house field, aggregating an expenditure of approximately $100,000,000. A copy of this report may be obtained upon request to the Editor of the Review, or to the Secretary of the Sub-Committee on Law and Legislation, Room 7032, North Interior Building, Washington, D. C.

Effective Advertising

■ THERE are several ways of arousing reader interest through advertisement by the use of headlines and illustrations, according to a quotation from "Why an Advertisement Succeeds or Fails," in *Domestic Commerce*.

Effective headlines which can be used for better advertising are those that contain news, arouse curiosity, promise the customer something he wants, or mention the product or service. Certain illustrations and layouts can also be used with sure success. For example, illustrations which invite the prospect to project himself into the pictured situation, and layouts which, through skillful use of white space, locate elements in an eye-inviting design, are ways in which these two important factors in advertising may be used to attract attention and create public interest.

Model Mortgage Loan Dockets

This is the second in a series of articles discussing means of reducing examination time and expense. The first article on "Contractual Arrearages" appeared in the January issue

■ WHEN an unbiased outsider through his official duties is required to study the method of operation of any institution, he may sometimes recognize where procedure could be simplified to advantage. This is particularly true if he has previously analyzed the operations of many similar institutions.

The examiners of the Federal Home Loan Bank Board as well as State examiners of building and loan associations are particularly fortunate in this respect. In the course of a year, each examiner studies the books of many dozens of associations and consequently forms opinions as to what seem to him the best practices for savings and loan operation.

A model mortgage loan docket in use by many savings and loan associations helps to reduce the time and cost of examination and at the same time simplifies the daily operations of the association using it. The flat folder type filed numerically is widely favored, but most important is the development of a uniform system, consistently followed.

Best practices from the examining point of view will quite naturally be those which simplify the business of examination, and consequently reduce its cost, but to be valid they should first of all simplify the daily business of running a savings and loan association. If the practices suggested by examiners satisfy both these points of view, they should certainly be of interest to savings and loan managers. The examiner's viewpoint is foreshortened and intensified as he must do in a few days the work which an operator may spread out over an entire year. A procedure which will make the examiner's task easier will usually save time and effort for the manager and his assistants as well.

Because examiners must study the mortgage loan papers of a savings and loan association, the method used in filing those papers is an important determinant of the cost of examination and is frequently mentioned as an item tending to raise that cost. It is also one which vitally affects the efficiency of operation of the association. Further, when no definite filing procedure is followed the mortgage papers may be almost inaccessible and their security seriously endangered. When all the papers connected with a particular mortgage are not filed together, an adequate check is difficult and sometimes impossible.

The mortgage loan papers are the physical evidence of the principal security of the savings and loan association. It is through them that most operations evolve. Consequently, it is logical that the important papers connected with each mortgage loan should be filed together, as a single unit, and should preferably be fastened in some way so that no papers may be lost.

A model mortgage loan docket and filing system should permit a facile technique in handling documents which in addition to facilitating examination would reflect on office routine. It should provide security for documents and a fair assurance that all necessary transactions in connection with a loan are carried to completion. Further, it should be simple in operation and adaptable to the needs of the small association as well as the large one.

The fact that expert opinion is generally agreed as to the best type of mortgage loan docket indicates that each association need not invent a system for its own use. A sensible model has already been worked out.

Type of Docket

There are two general alternatives to the separate filing of mortgage instruments, the jacket or pocket type and the flat folder. The former requires that papers be folded or rolled and tied together with a cord, the latter that they be filed flat.

Of the two, the flat folder of legal size is generally

Name _____

Address of Property _____

Type of Property _____

Original Amount of Loan _____ Appraised Value _____

Date of Loan _____ Loan No. _____

INVENTORY

	IN	OUT	IN	OUT	IN	OUT	IN	OUT	IN	OUT
Abstract										
Attorney's Letter of Opinion										
Guarantee Policy (Owners)										
Guarantee Policy (Mortgage)										
Note										
Mortgage										
Rent Assignment										
Application										
Credit Report										
Appraisal Report										
Tax and Ass't. Receipts										
Fire Insurance										
Windstorm Insurance										

REMARKS

DATE	

Insurance

Tax & Assessment Receipts

Mortgage Rent Assignment

Title Papers

Appraisal

Credit Reports

Application

considered best because it holds all papers without folding, except, perhaps, bulky abstracts which should be filed separately but *uniformly* in vaults or other filing space available. With the flat folder, waiving consideration of the method of fastening the papers, immediate access may be had to the pertinent information regarding any mortgage loan. Nothing needs to be untied or unfolded. Every item is accessible. The dockets may be kept in order in fireproof filing equipment.

The flat type of mortgage loan docket, because of its simplicity, may be adapted to the needs of any association, small or large. Also, it is flexible enough to handle any type of mortgage loan from an uncomplicated purchase loan to a construction loan with its paid bills, invoices, lien releases, and other papers.

The illustration on the facing page is of a flat folder loan docket supplied for the use of savings and loan associations by the American Savings and Loan Institute. In this folder the documents are clipped to the heavy pressboard cover, and are separated by clearly marked tabs. Any flat binder of this type would be satisfactory as long as it is clearly marked to indicate its contents.

Note that one of the most conspicuous parts of the folder is the check list or inventory on the first flap. This permits a record of papers which are removed from the docket. Some managers, as a further precaution, insert slips in the place of absent documents. Note also that the first flap has a place for the name of the borrower, his address, the type of property, original amount of the loan, the appraised value of the property, the date of the loan, and the loan number. Such information might be even more convenient if placed on the outside of the docket. However, all such matters will depend on personal preferences.

A criticism of the flat folder type with the permanent clip at the top is that it does not permit the easy handling of documents before the loan is closed, but most such folders have an auxiliary pocket either at the front or back in which papers may be kept temporarily until the preliminary business is completed. Then the documents are clipped in, and the docket filed with the other dockets in its proper place.

Papers Filed in Mortgage Loan Docket

The purpose of a mortgage loan docket is to provide a place where all papers which support a loan may be conveniently and safely kept. It is a place for pertinent papers, actual documents necessary for the transaction of the association's business. Consequently, secondary papers such as letters and memoranda should, in general, be kept out. The most important factor, however, is that a uniform system be followed. The documents filed in one loan docket should be filed in the same order as those in every other.

Although the papers which should be included depend in general upon the legal requirements under which the institution is operating, certain of them have a logical place in the docket. Variations in needs will certainly exist within the individual institution, but these variations are really compromises with the easiest and most logical system. For example, some small associations or associations without fireproof equipment may feel that such important documents as abstracts and mortgages and notes should be kept in vaults to insure their safety, even though it would be more convenient to keep all papers in one place.

From the point of view that the loan docket is a history of each loan, the first paper which should be included would be the *application* which has a logical place in the docket as it summarizes much preliminary information which may later be of value.

If the association requires a *credit report*, this would be the second item. However, many associations in small towns cannot get credit reports nor do they find them vital in developing the applicant's history. Such reports assume a much greater importance in large cities where the personnel of the lending institution do not know many applicants personally.

The third item would then be the *appraisal report*. In addition, some associations may find it important to have a *property survey* made. If this is done, an engineer's blue print should be included as evidence that the property lines are correct as stated in the appraisal.

The next major group of papers which should be in the docket are those connected with *proof of title*. Regardless of the regulations under which the association operates, all the important papers in this group should be included. The title, Torrens certificate, abstract, title insurance policy, attorney's preliminary and final opinion, each should be included if used.

The sixth group of items in the docket would be the *mortgage or deed of trust and note*. These will have to comply with the regulations under which

(*Continued on p. 264*)

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Place of the Budget in Business Management

EXPERIENCE of both manufacturing industries and financial institutions shows that the budget is steadily becoming an essential instrument of business management. This introductory article discusses the progress they have made to date and the results obtained in the development and use of budgets. The second and third articles in this series will discuss budgets which have been developed for use by savings and loan associations.

■ RECENTLY growing interest in the development of adequate budgets for savings and loan associations shows that the budget, as an instrument of business management and control, is now definitely emerging from its trial period of experimental development. Savings and loan associations and other home-financing institutions are beginning to experiment with budgetary controls. Many of them in the past have not formally established budgets but they have set goals to be attained in a given year. They have anticipated the return which they expected from their mortgage loans and from their real estate during the following 6 or 12 months. They have attempted to estimate their probable expenses and to make rough approximations of income and outgo. They have compared their estimates with actual results.

In attempting to set up a more formal budget the difficulty has always been that there have been few experience records of budgetary control for savings and loan associations. For that reason, many associations have been hesitant to attempt to perfect budgets of their own or have questioned the value of such controls to them. The experience of other businesses in manufacturing industries and finance with budgetary control shows that the budget today in business management is flexible enough to be of value to any home-financing institution. Financial institutions such as commercial banks have proved that a budget and cost system is of as practical use to financial institutions as it is to a manufacturing plant.

The General Theory Underlying All Budget Practice

The budget as an active aid to business management is still young. It was not until after 1900 that governmental and institutional budgets came into common use in the United States. It is true that the early years of the twentieth century found business men experimenting with budgets, especially in their advertising and sales-development programs, but it was only in the years following the World War that the great expansion of budgetary control in business occurred.

The early history of the use of budgets in business management in this country is marked by a process of trial and error development. Many businesses attempting a budget for the first time made the fundamental mistake of believing that budgetary control could replace active management. They found that the budget is not, and never could be, a substitute for management, but is rather a tool which management can use in the more efficient operation of its particular business. Other businesses confused budgeting with accounting. The distinction may be drawn that budgeting seeks to lock the stable door before the horse is stolen, while accounting merely reports whether the horse has been stolen or not. It is for this reason that budgeting is sometimes called "accounting in advance".

Business finds that the main value of a budget is in securing better internal control. A well-organized budget system provides a number of essentials to managerial control: (1) It establishes a definite goal for a business and for every individual in that business to attain; (2) It compels management to study its costs, its production, its methods and its services; (3) It prevents waste in that it regulates the spending of money for a definite purpose in accordance with appropriations established by executives. Responsibility for such expenditures is definitely assigned; (4) It places the responsibility for each operation in the business squarely upon an

individual; (5) It enables management to use cost data for purposes of control rather than simply as historical information; (6) It acts as a measuring stick to compare actual performances with promises and with standards. As a guide by which to measure costs, operating efficiency, standards of performance and other major factors entering into business operation, it indicates not only what may be done, but what should be done; (7) It enables management to make comparisons which are in themselves safety signals for management. They provide an authentic check on the judgment of executives.

An adequate budget is really a chart by which to steer the business sea. It has the advantage that it can be undertaken by degrees according to the facilities available. When we speak of budgeting we should be careful to distinguish several important steps in the process. The budget itself may consist simply of assembling information which will affect operations during a stated ensuing period. True *control*, however, will mean applying this information in order to forecast trends and to formulate a program which is actually employed currently in order to measure operations.

Executives who have had years of experience with budgeting readily admit that there are major limitations. In the first place, a budget must be based on estimates. Again, any plan which is formulated will not be automatically executed. In other words, the budget can never replace management and administration. A further limitation is that a budget cannot be immediately perfected. It has to be instituted by degrees and shaped to the needs of the particular business in the light of actual experience.

Budgets in Manufacturing Industries

During the summer of 1930, the National Industrial Conference Board made a survey of 294 manufacturing companies representing from one to nine companies in each of 76 industrial groups. Fifty-five percent of these companies reported that they were using budgets and there was a practically unanimous verdict that budgetary control was more than justifying its use. Only four companies reported unfavorably or were noncommittal.

The survey showed, however, that the development of budgetary control in these manufacturing companies had occurred in a hit or miss fashion. It was notable that among those making the greatest progress in budgeting were those in which trade associations had been active advocates of budgetary practices.

The experience in these industries was, irrespective of the size of the companies, that at the end of the first year, to the extent that a budget plan was in operation, it showed whether it were properly designed, whether it were on a sound basis, and whether it had the support of the managing personnel. At the end of the second year, the budget showed financial results justifying time and expense required. The experience of these reporting manufacturing companies was further that at the end of the third and succeeding years such budgetary control showed results commensurate with, if not actually exceeding, the original expectations of management.

In manufacturing, the sales budget is the first to be established in a system of budgetary control so that it would be natural to look here for the most favorable results. In actual practice, one company forecasted its sales quarterly for four quarters in advance during 1926 through 1929 within an average of 1.26 percent of actual sales.

Other companies reported that they were able to budget satisfactorily more than a year in advance. The American Telephone and Telegraph Company, for example, has made outstanding use of long-term budgeting by studying currently all trends affecting the type, quantity, and location of telephone facilities in the future, such as a shift in industries, as of cotton manufacturing from New England to the South, or the redistribution of urban populations in metropolitan areas. They base their plans on such studies and translate their plans into terms of costs and revenues. On the basis of these data, each company prepares an annual budget of expected results, in detail for one year, and in less detail for several succeeding years.

Experience of Financial Institutions With Budgetary Controls

For some time it was felt that although budgets could be used extensively in manufacturing industries where the sales budget was of disproportionate importance, financial institutions did not have this justification. However, recent years have seen vast strides in the use of budgetary controls by such financial institutions as commercial banks. To them, a mere statement of estimated income and expense is no budget in the full sense of the word. The banks have found that a good cost system must form the basis of adequate budgetary control in their operations. Many commercial banks have developed a cost system which results in the proper

(*Continued on page 247*)

A New Source of Investment Funds For Federals

FEDERAL credit unions may now invest their funds in the share accounts of Federal savings and loan associations. This article discusses Federal credit unions, their number, assets, membership, and geographical location. State Credit Union League managing directors from whom more detailed information may be obtained are listed.

■ OF special interest to Federal savings and loan associations is the recent amendment to the Federal Credit Union Act of June 26, 1934, authorizing such Federal credit unions to invest their funds in the share accounts of Federal savings and loan associations.

These credit unions are cooperative associations organized for the purpose of encouraging thrift among their members and of creating a source of credit for provident or productive purposes. Membership is not open to the general public. The Act limits membership in Federal credit unions to persons having a common bond of association or occupation, or to groups within a well-defined neighborhood or community. However, by far the largest number of credit unions serve employee groups.

Although credit unions chartered by the States and the District of Columbia have been in existence since 1909, when the State of Massachusetts passed the first law authorizing the organization of such institutions, it was not until 1934 that credit unions were granted Federal charters. Comparison shows that State and Federal credit unions are similar. This is not surprising since the law of 1909 is used as the basic principle of both types. Whereas Federal credit unions are all alike in their basic pattern of operation, each State credit union may be slightly different, depending on the individual State law governing such credit unions.

With the new amendment in force, a Federal credit union is given the power to invest its surplus funds in:

1. Loans to members;
2. Obligations of the United States of America, or in securities fully guaranteed thereby as to both principal and interest;
3. Loans to other credit unions in the total amount not exceeding 25 per centum of its paid-in and unimpaired capital and surplus, in accordance with rules and regulations prescribed by the Governor (of the Farm Credit Administration);
4. Shares or accounts of Federal savings and loan associations.

Surplus funds means all funds over and above the amount of the cash reserve, equal to 5 percent of the paid-in capital, maintained at all times to meet possible withdrawals.

Prior to the enactment of these last two provisions, the only long-term investment open to Federal credit unions was U. S. Government bonds, which, although assuring safety, paid a comparatively small rate of return on money invested. Not only are investments in Federal savings and loan associations assured of safety but they are currently yielding a larger return and are free from market fluctuations.

Federal savings and loan associations will be benefited by the new set-up as it means an additional source of funds for them. From the point of view of the community, through investments in local Federal savings and loan associations money might be retained in the community that otherwise might be invested elsewhere. However, the association manager should stress to the investing credit union the importance to the association of long-term money, since the funds which the association receives are invested almost entirely in long-term mortgage loans. Furthermore, it is unfair to the association to incur the administrative expenses incidental to both investment and repurchase unless it is to realize some profit through the use of these funds over a period of years.

Naturally a credit union may experience at certain periods of the year heavy seasonal demands for funds. However, it can be explained to a prospective investing credit union that on such occasions there is no necessity for the repurchase of its funds invested in the Federal savings and loan association since its share account may be pledged to the association as security for a loan or may be hypothecated to a reputable local bank for the same purpose.

Although resources of the average Federal credit

union approximate $8,200, of which $500 to $1,000 could be invested in the shares of Federal savings and loan associations, depending on the extent to which funds are needed for loans to members, the assets of Federal credit unions vary from a few dollars in a newly organized credit union to about $400,000 in the largest. However, the older and larger Federal credit unions will have a greater percentage of assets available for investments other than in loans to members.

As will be seen from the accompanying table, in September 1937 there were approximately 2,300 Federal credit unions located in all 48 States, Hawaii, and the District of Columbia. This number had grown to 2,500 by the end of the year—an increase of about 50 new organizations a month—with assets of $20,000,000 and a membership of 500,000. Loans in the aggregate of $50,000,000 had been made to members throughout the country. Of this amount less than one-twenty-fifth of 1 percent had been charged off against the reserve for bad loans.

A large number of Federal savings and loan associations have written to the Farm Credit Administration requesting the names of Federal credit unions in their respective States. Associations desiring this or other information regarding Federal and other credit unions are asked to direct inquiries to the managing director of their State Credit Union League. For the convenience of association managers, the names and addresses of all 39 State League managing directors are listed below.

Alabama Credit Union League,
Clyde C. Parker, Managing Director,
1242 Brown-Marx Building,
Birmingham, Alabama.

Arizona Credit Union League,
William Oldewage, Managing Director,
20 East Second Street,
Tucson, Arizona.

California Credit Union League,
John L. Moore, Managing & National Director,
1307 Harrison Street,
Oakland, California.

Colorado Credit Union League,
Frank L. Hays, Managing Director,
City Hall,
Denver, Colorado.

Connecticut Credit Union League,
Leonard R. Nixon, Managing Director,
46 Hillcrest Avenue,
New Britain, Connecticut.

District of Columbia Credit Union League,
A. W. Thomas, Managing Director,
606 District National Bank Building,
1406 G Street, Northwest,
Washington, D. C.

Florida Credit Union League,
George Gross, Managing & National Director,
Box 149,
Tallahassee, Florida.

Georgia Credit Union League,
Moses C. Davis, National & Managing Director,
Box 2044,
Atlanta, Georgia.

Hawaii Credit Union League,
B. M. Johnson, Managing Director,
Box 15,
Honolulu, Hawaii.

Idaho Credit Union League,
George J. Keller, Managing & National Director,
Post Office,
Idaho Falls, Idaho.

Illinois Credit Union League,
Joseph S. Deramus, Managing & National Director,
Room 627,
332 South LaSalle Street,
Chicago, Illinois.

Indiana Credit Union League,
G. A. Millett, Managing Director,
926 North Pennsylvania Street,
Indianapolis, Indiana.

Iowa Credit Union League,
A. Neal Hutchins, Managing & National Director,
510 Securities Building,
Des Moines, Iowa.

Kansas Credit Union League,
G. E. Minturn, Managing Director,
Route No. 1,
Arkansas City, Kansas.

Kentucky Credit Union League,
Garfield Seibert, Managing & National Director,
Federal Building,
Louisville, Kentucky.

Louisiana Credit Union League,
C. F. Wikel, Jr., Managing Director,
Palic Federal Credit Union,
Whitney Building,
New Orleans, Louisiana.

Maine Credit Union League,
Boris Blumenthal, Managing Director,
223 Post Office Building,
Portland, Maine.

Maryland Credit Union League,
James D. M. Marquette, Managing & National Director,
222 Post Office Building,
Baltimore, Maryland.

Massachusetts Cuna Association, Inc.,
Richard L. Courtenay, Managing Director,
5 Park Square,
Boston, Massachusetts.

Michigan Credit Union League,
Karl W. Guenther, Managing Director,
19181 Centralia,
Redford Station,
Detroit, Michigan.

Minnesota Credit Union League,
V. S. Petersen, Managing Director,
Office 6,
1945 University Avenue,
St. Paul, Minnesota.

Missouri Mutual Credit League,
B. F. Hillebrandt, Managing & National Director,
1330 Baltimore Street,
Kansas City, Missouri.

Mississippi Credit Union League,
P. P. McGee, Managing Director,
1618 Twenty-fifth Avenue,
Meridian, Mississippi.

Nebraska Credit Union League,
Lee A. Borders, Managing & National Director,
1408 Woodmen of the World Building,
Omaha, Nebraska.

New Jersey Credit Union League,
Henry Stricker, Jr., Managing & National Director,
1129 Bergen Street,
Newark, New Jersey.

New York State Credit Union League, Inc.,
Sidney Stahl, Managing Director,
55 West Forty-second Street,
New York, New York.

North Carolina Credit Union League,
H. N. Sturdivant, Managing & National Director,
208 North Caldwell Street,
Charlotte, North Carolina.

North Dakota Credit Union League,
E. W. Wolfe, Managing Director,
U. S. Post Office,
Fargo, North Dakota.

Ohio Credit Union League,
Louise McCarren, Managing Director,
519 Main Street,
Cincinnati, Ohio.

Oklahoma Credit Union League,
Haney Hoskins, Managing Director,
c/o Armour & Company,
Oklahoma City, Oklahoma.

Oregon Credit Union League,
Hugh G. Stout, Managing & National Director,
Third Floor, Studio Building,
Portland, Oregon.

Pennsylvania Credit Union League,
Julia D. Connor, Managing Director,
312 Kline Building,
Harrisburg, Pennsylvania.

Rhode Island Credit Union League,
Amos L. Lachapelle, Managing Director,
301 Main Street,
Pawtucket, Rhode Island.

South Carolina Credit Union League,
J. Gorman Thomas, Managing Director,
Post Office Building,
Charleston, South Carolina.

Tennessee Credit Union League,
I. A. Martin, Managing & National Director,
Box 763,
Knoxville, Tennessee.

Texas Credit Union League,
G. W. Elder, Managing & National Director,
122 Federal Building,
Houston, Texas.

Utah State Credit Union League,
Karl S. Little, Managing Director,
1064 Lincoln Street,
Salt Lake City, Utah.

Washington Credit Union League,
Paul A. Boberg, Managing Director,
U. S. Post Office,
Spokane, Washington.

Wisconsin Credit Union League,
Joseph Kuemmel, Managing Director,
259 East Wells Street,
Milwaukee, Wisconsin.

Number of Federal credit unions, by States

State	Number of charters granted Sept. 30, 1937	Number in operation Sept. 30, 1937	State	Number of charters granted Sept. 30, 1937	Number in operation Sept. 30, 1937
Alabama	10	10	Montana	13	13
Arizona	10	9	Nebraska	19	18
Arkansas	14	13	Nevada	3	3
California	163	157	New Hampshire	2	2
Colorado	17	17	New Jersey	111	108
Connecticut	116	110	New Mexico	10	10
Delaware	10	10	New York	280	264
District of Columbia	74	72	North Carolina	28	23
Florida	88	82	North Dakota	32	29
Georgia	27	26	Ohio	128	122
Hawaii	56	56	Oklahoma	20	20
Idaho	21	21	Oregon	27	26
Illinois	45	45	Pennsylvania	272	264
Indiana	93	91	Rhode Island	12	11
Iowa	3	3	South Carolina	24	21
Kansas	13	13	South Dakota	14	13
Kentucky	4	4	Tennessee	51	48
Louisiana	53	51	Texas	157	146
Maine	21	21	Utah	22	20
Maryland	16	16	Vermont	4	3
Massachusetts	57	52	Virginia	49	44
Michigan	53	52	Washington	32	31
Minnesota	10	10	West Virginia	27	23
Mississippi	10	9	Wisconsin	1	1
Missouri	19	18	Wyoming	15	13
			Total	2,356	2,244

Home Financing in Relation to Business Fluctuations

■ "INCOME is the determining factor in the demand for housing. It fluctuates with the business cycle . . . Rentals and vacancies, purchases and refinancing, are elements caught in the resulting vortex."

This is the conclusion reached by Dr. John H. Cover, Professor of Business Statistics at the University of Chicago, in a survey of the Seventh Federal Home Loan Bank District. His study deals with the trend of wages, of construction and real estate activities, and of mortgage foreclosures in Illinois and Wisconsin during the past two critical decades.

A special committee of the directors of the Federal Home Loan Bank of Chicago, in cooperation with Professor Cover, prepared a synopsis and analysis of his report.[1] The committee submitted this synopsis, emphasizing the fact that there was no liability or official recommendation on the part of the Bank, but with the conviction that the data obtained on the cyclical movements of residential construction and real estate in general deserve very careful study on the part of home-financing institutions, because these cycles constantly recur.

The relationships of wages, occupancy, foreclosures and construction in Chicago during the past two critical decades are significant indicators of the cyclical movements of residential construction and real estate in general. The chart, which presents graphically the building cycle in Chicago, 1919–1937, is of particular interest to home-financing institutions. It shows that occupancy declined, foreclosures increased, but building permit values remained at peak levels for several more years in Chicago during the "frenzied decade".

Income and Residential Construction

A significant part of this analysis is the emphasis placed upon the rise and fall in average weekly earnings per worker in industries in seven important cities of Illinois and Wisconsin. To a very large proportion of our city population, income means wages. The committee found that practically every one of its charts relating to the volume of residential building, to occupancy, and to foreclosures could be related more or less directly to the fall and rise of wages shown in its two charts over the period of the last seven to nine years.

The Building Cycle in Chicago

A study of the building permits during the years 1913 to 1936 showed that three distinct periods were evident—normal years (1913–1920), the frenzied decade (1921–1929) and the famine years (1930–1936). The nature of the building cycle in Chicago can be indicated by four significant observations.

First, the amplitude and the violence of the changes in the construction cycle were notable. The total average building permit values in the second period were over three times as great as in the first period of "normal years" and over 12 times as great as in the "famine years."

Second, the value of residential building permits dropped from an annual average of 190 million dollars in the period 1926–1929 down to an average of 6 million dollars in the famine years—a shrinkage of almost 97 percent.

Third, as the income of the wage earners fell during this depression, construction also dropped, but to a far greater extent, until residential construction almost disappeared in 1932–1933. In 1933 permits were issued for only $546,000 of residential building, exclusive of additions, alterations, and repairs in Chicago, in contrast to a total of over $242,000,000 in 1926.

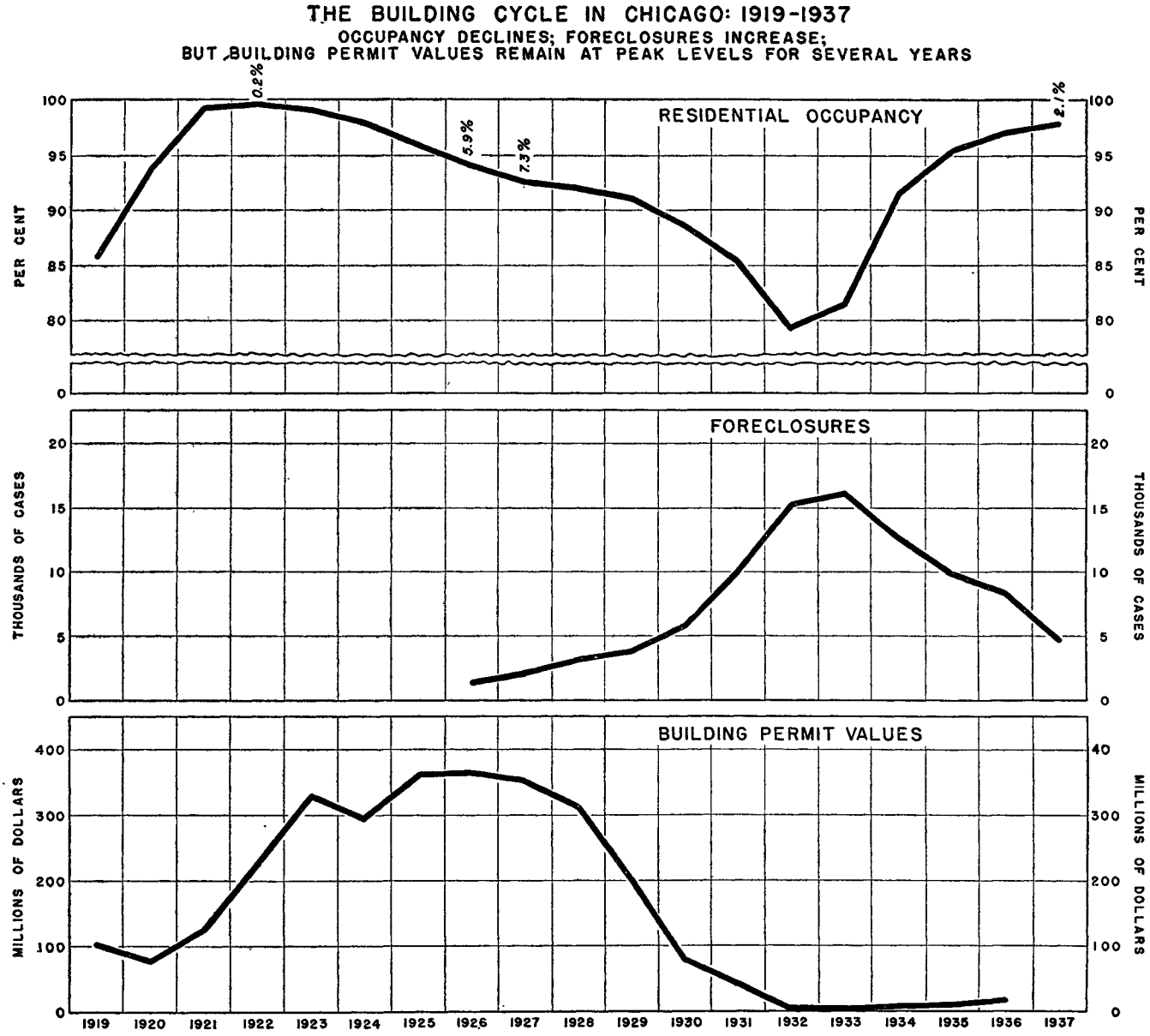
The fourth significant point which Professor Cover makes is that there has been only the slightest revival of the construction industry in Chicago in 1934, 1935, and 1936. No type of building had, up to the end of 1936, made any appreciable approach to the normal volume of 1913–1920, with total construction in 1936 being only one-fifth of the average for those years. The practical disappearance of construction was true both of 1-family dwellings and of all residential units.

[1] A limited number of copies of the printed summary of the report are available for general distribution. Requests should be directed to the Federal Home Loan Bank of Chicago, 7 South Dearborn Street, Chicago, Illinois.

Professor Cover suggests a number of interesting points for discussion, including the generalization that construction is more influenced by the alternative rent level than by changes in construction costs. He makes a very significant comparison between occupancy, which he regards as the index of effective demand, and wages. High occupancy, he says, keeps step with high employment, and he finds the following relationship between the trend of wages in Chicago and the trend of occupancy:

	Wages	*Occupancy*
October–November 1931	100	84
December 1932, January 1933	85	76
Decrease	15 (or 15%)	8 (or 10%)

Many home-financing institutions will regard as highly significant the fact that the boom of the "frenzied decade" in Chicago began in 1921 when there was an average occupancy of 99.4 percent. The accompanying chart is equally significant, for it shows that the percentage of occupancy started to go down as early as 1923 and by the end of 1926 had assumed a



well-defined trend. Moreover, foreclosures as early as 1926 had begun to show a significant rise.

Nevertheless, although as early as 1926 there were data available on the decline in the percentage of occupancy and the increase in mortgage foreclosures, which should have indicated the necessity for caution to lenders of real estate money, the chart shows that apparently the warning went unheeded. Building construction in Chicago in 1927 and 1928 was almost on a par with the peak year of 1926.

Significance of This Study to All Lending Institutions

Professor Cover's study and the analysis by the committee of the Chicago Bank should provoke a good deal of discussion and thought among the institutions which are lending funds today upon real estate security. Professor Cover stresses the fact, and his analysis bears him out, that mortgage lending demands a very high degree of managerial talent both to analyze the trends and to be guided by that analysis rather than by popular activities. During the frenzied decade in Chicago, "Everybody is building, so why shouldn't we?" was the watchword. Even though the trends were already apparent which indicated a possible collapse of the building boom, heavy financing continued during the closing years of this decade.

Professor Cover concluded his analysis with a number of suggestions as to policies. Two of the most interesting suggestions are: (1) "Encourage the construction of dwellings and emphasize mortgage loans upon construction at once since production costs are advancing rapidly and may reach very high levels by 1939"; (2) "Be relatively more liberal in financing the small compact dwelling, even in the suburbs". Professor Cover also sees the financing of multiple units and of large-scale housing projects for rental purposes as a healthy development when regarded as an investment rather than as a speculative venture. In his opinion, this field is in need of a "building and loan approach."

The Place of the Budget

(Continued from p. 241)

distribution of expenses by departments or by operating functions, or in a similar segregation of gross income.

A number of commercial banks in this country have developed extensive accounting systems which are used as the basis for the budgetary controls which they employ. A New York bank finds not only that it knows fairly well in advance what its expenses are going to be under a budget system, but also finds that a definite incentive is given to department heads to keep expenses within estimates. A Boston bank reported that its actual expenses have been consistently less than conservative budget estimates due to better internal control. Another bank, by the development and refinement of its budgetary control over a period of years, can now check actual figures of department estimates covering every item of expense so closely that the discrepancies of the actual figures from the estimate is seldom greater than 1 percent, and often runs as low as one-tenth of 1 percent.

The essential principles of budgeting for banks are simply forecasting of income, forecasting of expense, and a comparison of the estimated and the actual results. The banks which have followed these principles, and have endeavored to perfect them as instruments of operating control, find in general that at least three major results are obtained: (1) Tests for advertising expenditures are developed and a definite program formulated for the New Business department; (2) Further analysis of the profitable character of accounts is promoted; (3) Ratios of expenses are established in greater detail. Operating costs and profits become not matters of historical record but definite means for improving the operation of the bank.

Budgets for Savings and Loan Associations

Many savings and loan associations, although not in a position to require the more elaborate cost accounting techniques developed by commercial banks, are anxious to build increasingly accurate forecasts of income and expense, and to use these estimates for comparison with actual results as a means of effective business control. The second and third articles in this series will discuss budgets which have been developed for the use of savings and loan associations, and the specific steps which can be taken to make effective budgeting possible.

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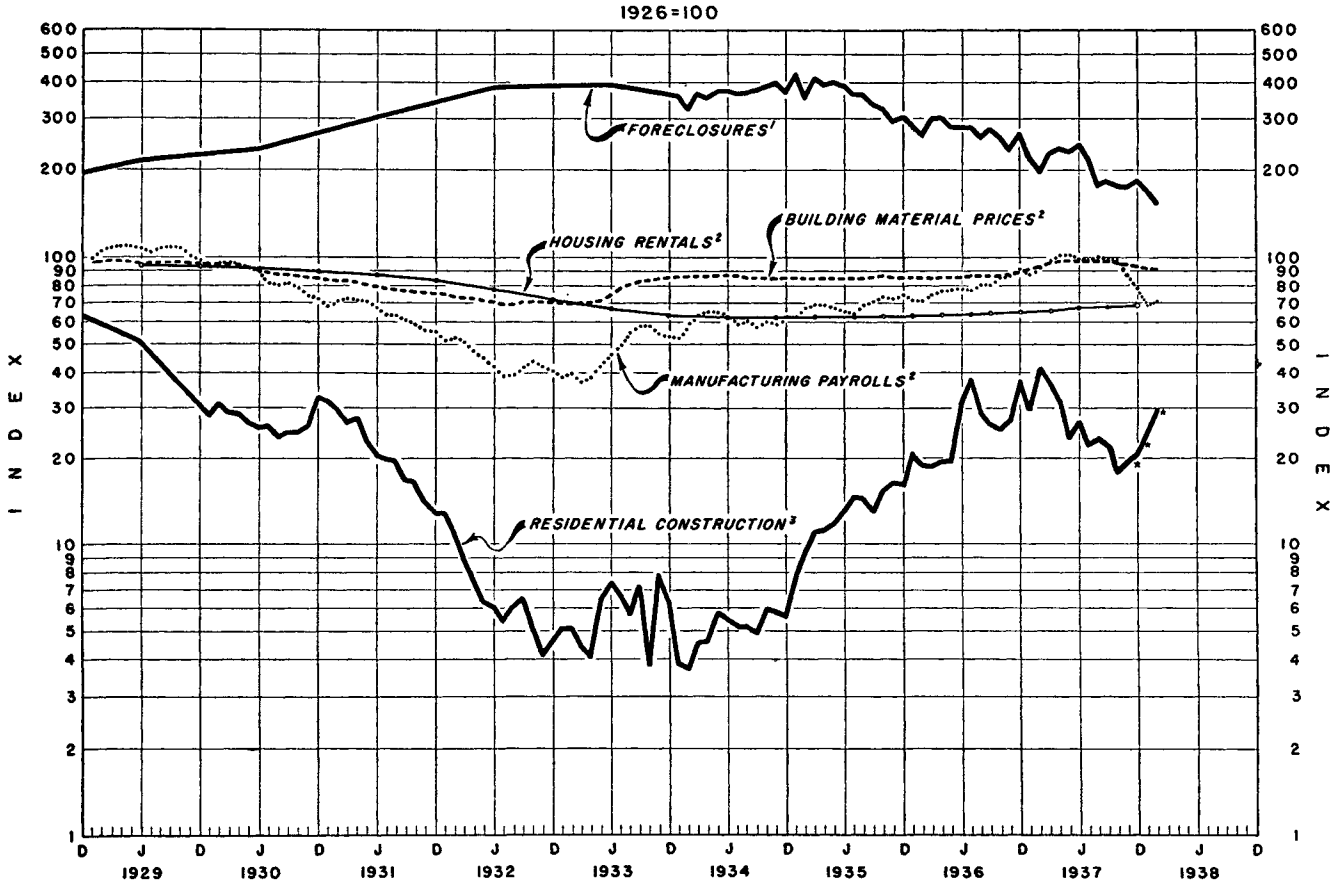
RESIDENTIAL CONSTRUCTION and HOME-FINANCING ACTIVITY

■ THE factors which are analyzed each month in the REVIEW indicate a favorable trend of residential building and financing in January and February. The volume of residential construction and mortgage lending by savings and loan associations both increased between the two months. The adjusted construction index reveals a 3-month nationwide increase which was previously obscured by the unusual conditions in New York City, while the volume of savings and loan lending turned upward for the first time since June 1937. Also favorable was a decline in the volume of foreclosures, and in wholesale building material prices. The indexes of manufacturing employment and payrolls presaged a possible spring upturn in business activity by increasing slightly and ending the drastic declines of the previous six months.

Factors which were less favorable but which give little indication of an unfavorable spring trend are a slight falling off of rent levels and a decline for the second consecutive month in Federal Home Loan Bank advances outstanding.

Of considerable interest in connection with this apparent improvement is the response of financing agencies to the National Housing Act Amendments. The Federal Housing Administration reports a record

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)

* Includes correction for New York City because of irregular conditions arising from inception of new building code.

volume of activity during the week ending March 5. This response may be some indication of a trend during the coming year.

For both December and January enough building permits were issued in New York City alone to throw the country totals completely out of line. This increase did not represent an improvement in building activity but was due to a new building code going into effect and a rush of applicants to come under the old code. The large volume of permits issued during these two months will probably be represented by building during the entire year. Consequently, New York City has been eliminated from the index of residential construction in the chart on page 248 and from the total rate of building chart on page 251.

Because of the effect of New York City, Table 1 shows a decrease from 29,017 dwelling units in January to 8,495 in February. Eliminate New York and the totals are: January—6,231; February—8,173. This 22-percent increase compares very favorably with a normal seasonal increase of 8 percent. That it was nation-wide is shown by the fact that 35 States and the District of Columbia participated. Further, in 15 States the February volume was above that of February last year. The total cost of all the dwellings built in February was $29,145,700.

Manufacturing employment was at an index of 101 last August—the 1926 yearly average being equal to 100. Following that high point, it declined until in January 1938 it stood at 81.1—a drop of nearly 20 percent. The upturn in February was only four-tenths of 1 percent, but it does suggest a break in the decline.

[1926=100]

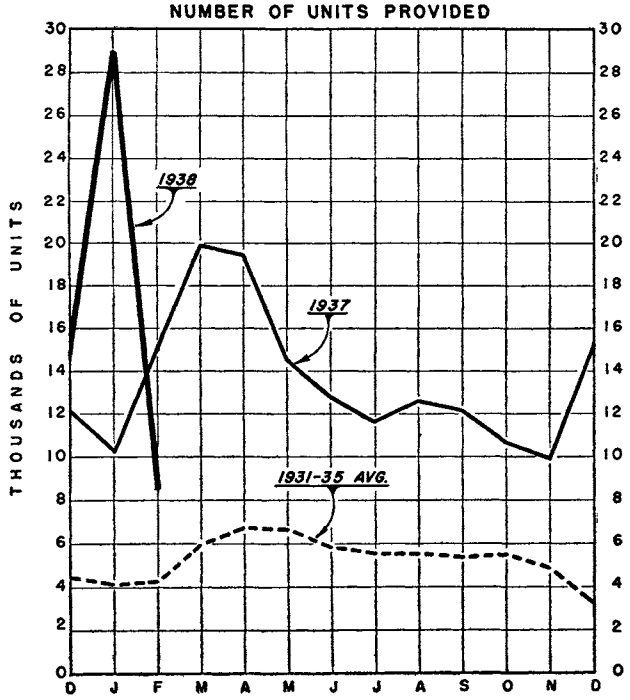
	Feb. 1938	Jan. 1938	Percent change	Feb. 1937	Percent change
Residential construction [1]	[2] 29.7	[2] 24.4	+21.7	41.6	−28.6
Foreclosures (metro. cities)	157.0	170.0	−7.6	196.0	−19.9
Rental market (N. I. C. B.)	86.7	87.0	−0.3	81.7	+6.1
Building material prices	91.1	91.8	−0.8	93.3	−2.4
Manufacturing employment	81.4	81.1	+0.4	97.7	−16.7
Manufacturing pay rolls	70.9	69.0	+2.8	92.4	−23.3
Average wage per employee	87.1	85.1	+2.4	94.6	−7.9

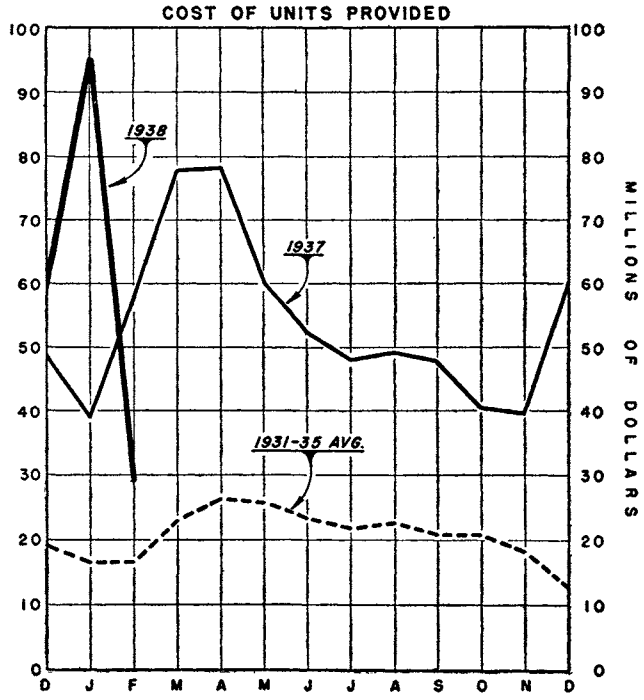
[1] Corrected for normal seasonal variations.
[2] Includes a correction for New York City because of irregular conditions arising from inception of new building code.

Factory pay rolls also reached a peak in August 1937 of 100.1—slightly less than employment—and then declined through January to 69.0. However, in February pay rolls increased 1.9 points or 2.8 percent. This correspondingly greater increase is reflected in an increase in the average wages paid during the month.

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)





The index of real estate foreclosures in metropolitan communities for February was 157 as compared with 170 for the previous month. This index is also based on 1926 as equal to 100. The decrease between these two months of slightly more than 7 percent, was below the 6-year average January to February drop of 10.1 percent. However, the index is below the 1928 average index and is less than half the index for February in 1933, 1934, and 1935. It is 20 percent less than the February 1937 index of 196. For the first two months of 1938, the index shows foreclosures to be 21.8 percent less than for the corresponding period of last year.

Of the 82 communities reporting in February, 36 showed increases in foreclosures from January, 44 indicated decreases, and 2 indicated no change. The rises and recessions were generally scattered throughout the country.

Wholesale building material prices have been declining since last May according to the Department of Labor index. However, as Table 8 shows, all types of materials have not participated in this decline. Cement and structural steel have remained stationary during that period—the former at an index of 95.5 and the latter at 114.9. Other materials have declined generally so that the average stood in February at 91.1 percent of the 1926 base of 100.

Between January and February the decline amounted to 0.8 percent, four of the seven groups of materials reported declines and three remained the same. Besides cement and structural steel, plumbing and heating materials remained stationary at 79.6.

Rate of Building

The estimated number of family dwelling units provided per 100,000 population declined in 3 Federal Home Loan Bank Districts and increased in 9 Districts between January and February. The greatest increase was in the Winston-Salem District which rose from 22 units per 100,000 population to 35 units, continuing the increase from the December level of 16 units.

There were no very drastic changes in the rate between January and February except in the New York District which dropped from 170 units to 7 units, as a result of the large volume of advance applications for building permits in January to avoid the new building code in New York City.

Because of this distorted condition the United States average excluding New York City is shown as a dotted line for the last three reporting months. It reveals a reversal of the total trend; there was a decline in the rate of building during December and January from 25 to 10 units and an increase in February to 14 units.

Indexes of Small-House Building Costs

[*Table 3*]

■ BETWEEN December 1937 and March 1938 the cost of building the same standard house declined more than 1 percent in 14 of the 27 reporting cities and increased more than 1 percent in only 2 cities. In the remaining 11 cities, the changes were less than 1 percent. This is a continuation of the falling off in costs which started in the fall of 1937. The principal cause of the decline was material prices.

The greatest decline between September and March was reported from Milwaukee, Wisconsin, where the cost dropped 5.8 percent to $6,351. Second was Hartford, Connecticut, with a 3.8-percent decrease to $5,869. In Columbia, South Carolina, a city where costs have been consistently low, a decline of 2.4 percent was reported. The cubic-foot cost in this city went below 20 cents for the first time since March of 1937.

Tampa, Florida, and Salisbury, North Carolina, are the only two cities reporting increases in costs. It is significant that in both these cities the total cost has in the past been low. The increase of 2 percent in Tampa brought the total cost to $5,731, and in Salisbury a 1.3-percent increase raised the total to $4,608—still the lowest total cost in any of the reporting cities.

Of this group of 27 reporting cities, Springfield and Chicago, Illinois report the highest total cost, but costs dropped 2.8 percent in Chicago, making Springfield the highest cost city in this group.

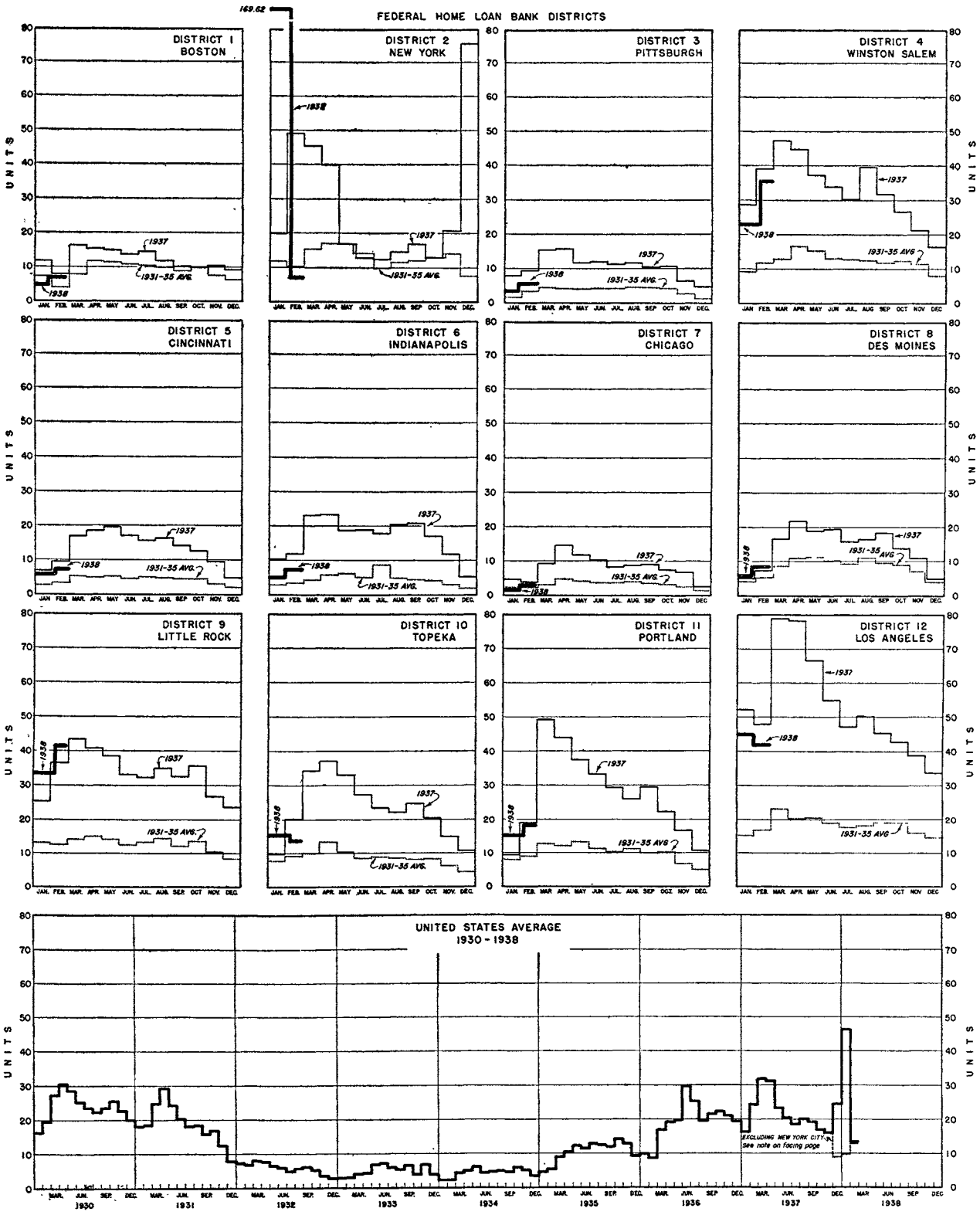
NOTE FOR CHART ON FACING PAGE:

A new building code in New York City, effective January 1938, caused an unusual spurt of applications for permits which threw the United States total out of balance. The dotted line shows that total excluding New York City for the last three reporting months.

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

REPRESENTS THE ESTIMATED NUMBER OF PRIVATELY FINANCED 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.



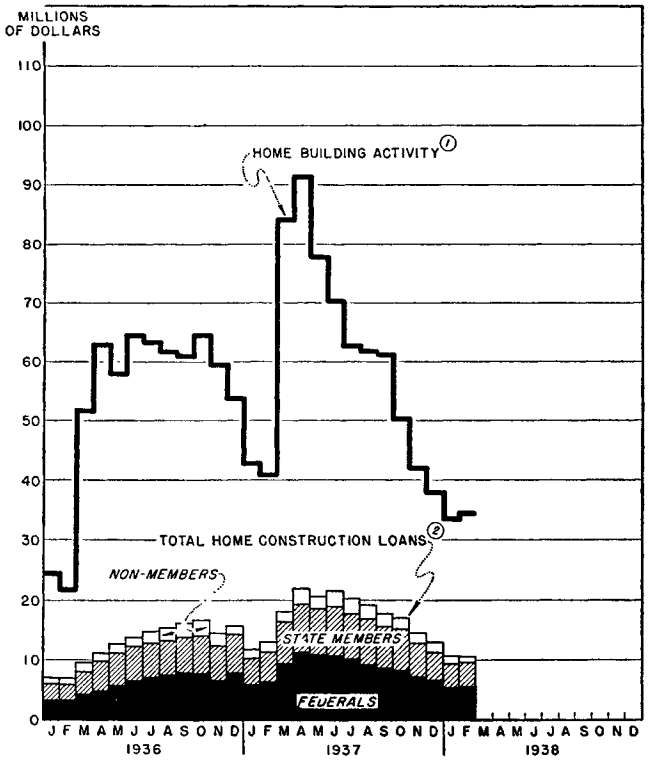
Monthly Lending Activity of Savings and Loan Associations

[*Tables 4, 5, 6, and 7*]

■ ALL types of savings and loan associations loaned 5.2 percent more during February than during January. That is the first time that an increase has been reported between any two consecutive months since the peak was reached in June 1937. The $43,290,000 loaned in February was, however, 11.8 percent below the volume for February 1937.

An increase in volume of loans made in February over January was reported by savings and loan associations during both 1936 and 1937 indicating that the trend this year may be due to a seasonal upturn. Loans for home purchase made up 80 percent of the total increase, amounting to $13,632,000 during February which was 31.5 percent of total loans made. Other types of loans changed slightly. Construction and refinancing loans were down; reconditioning and other purpose loans were up. Whereas 26.2 percent of total lending in January was for new construction, 24.6 percent was for this purpose in February. Refinancing loans amounted to 23.0 percent, reconditioning loans to 6.9 percent, and loans for other purposes to 14.0 percent.

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



① Estimated cost of all 1 and 2 family dwellings privately financed in all cities of 2,500 or more population. Based on building permits reported to U. S. Dept. of Labor.

② Estimated for all active associations by Federal Home Loan Bank Board.

Estimated savings and loan lending in February was higher than in January in 8 of the 12 Federal Home Loan Bank Districts and was higher than in February 1937 in 3 Districts. The greatest increase over January was in the Des Moines District. All savings and loan associations in that North Central area loaned $2,704,000 in February. The second greatest January-February increase was in the Indianapolis District, the third greatest in the Cincinnati District, and the fourth in the Little Rock District.

State-chartered members of the Federal Home Loan Bank System made 45 percent of total loans made in February by all savings and loan associations. Federal savings and loan associations made 41 percent and nonmembers made 14 percent.

Federal Savings and Loan Insurance Corporation

[*Tables 9 and 10*]

■ FOR the first month since April 1937 identical insured State-chartered associations reported that the volume of mortgage loans made during the month showed an increase over the preceding month's total. This is particularly significant in view of the upward trend shown during February for identical Federal savings and loan associations and indicates that increased activity in the field of home building and purchase is likely to become more pronounced during the spring months. Four hundred and fourteen insured State-chartered savings and loan associations reported an 11-percent increase in the amount of mortgage loans made during February in comparison with the total amount advanced during January.

Changes in the proportion of the total amount loaned are also significant during February. For this month these identical associations reported that new construction loans amounted to 26 percent of the total as compared with 23.9 percent in January. Home purchase loans increased from 30.7 percent to 33.4 percent, while loans for refinancing decreased from 22.1 percent in January to 19.3 percent in February.

The number of private share accounts and the amount paid in on private subscriptions remained

almost unchanged during February in these associations. Private share investments amounted to a little less than one-half of the January total and were slightly exceeded by repurchases.

There was a net increase of 21 in the number of insured savings and loan associations during February as a result of the insurance of 16 State-chartered associations and of 5 converted Federal savings and loan associations. As of February 28, 1938, there were 1,924 institutions insured by the Federal Savings and Loan Insurance Corporation.

Federal Savings and Loan System

[*Table 11*]

■ IN February, identical reporting Federal savings and loan associations advanced 2.9 percent more on the security of mortgages than during January. This is the first increase between any two consecutive months since June 1937. The 1,250 Federals reported $16,971,100 loaned for all purposes in February as against $16,501,100 in January.

The principal purpose for which loans were made was new construction, but it is interesting that this was the only category in which there was a decline between the two months—amounting to 1.8 percent. New construction loans in February were 31.1 percent of the total amount made. Loans for the purchase of homes amounted to 27.7 percent; while refinancing loans were 24.8 percent; reconditioning loans, 6.5 percent; and loans for other purposes, 9.8 percent.

Compared with the seasonal January flurry of investments and repurchases, a considerable slowing down of activity was reported for February. But the decline was uniform, so investments remained about 70 percent above repurchases Consequently, the number of private share accounts increased 1.9 percent to a total of 927,362, or an average of 740 for the 1,250 Federal associations. H. O. L. C. share investments were practically at a standstill, indicating that present mortgage lending is being financed almost entirely with private funds.

Progress in number and assets of Federal savings and loan associations

	Number		Approximate assets	
	Jan. 31, 1938	Feb. 28, 1938	Jan. 31, 1938	Feb. 28, 1938
New	645	645	$270, 674, 572	$270, 674, 572
Converted	687	689	856, 489, 655	862, 341, 073
Total	1, 332	1, 334	1, 127, 164, 227	1, 133, 015, 645

With share investments increasing steadily, there was a decline in borrowed money outstanding at the end of the two reporting months. Advances outstanding from the Federal Home Loan Banks declined 2.9 percent to $90,907,900, and money borrowed from other sources declined 12.0 percent to $1,744,500.

The assets of associations reporting for December and January decreased slightly while the assets of those reporting for January and February made slight increases. At the end of February they amounted to $1,098,823,000.

During February three State-chartered savings and loan associations were converted to the Federal charter, and two converted Federals were merged. No new Federals were chartered. On February 28 there were 645 new Federal associations, and 689 converted associations. Together they had $1,133,015,645 in assets.

Federal Home Loan Bank System

[*Tables 12 and 13*]

■ FOR the second consecutive month, repayments exceeded new advances made during the month, which resulted in a net reduction of advances outstanding by $3,020,000, leaving a balance of $187,518,000 in advances outstanding as of February 28. Advances made during the first two months of 1938 were less than they were for the first two months of either 1936 or 1937, while repayments during the same period exceeded those for any two months since the beginning of operations.

During February, seven Banks made new advances in amounts exceeding their new advances during January. This is in sharp contrast to the reports for the preceding month, for no Bank during the month of January made advances which even approached closely its December total.

The New York, Indianapolis, and Chicago Banks showed slight increases in advances outstanding in comparison with January 31, while the remaining Banks reported reductions ranging from 0.3 percent in the Pittsburgh Bank to 5.5 percent in the case of Portland.

(*Continued on p. 265*)

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]

	Number of family units provided					Total cost of units (thousands of dollars)				
	Monthly totals			January–February totals		Monthly totals			January–February totals	
	February 1938	January 1938	February 1937	1938	1937	February 1938	January 1938	February 1937	1938	1937
1-family dwellings	5, 785	6, 255	7, 300	12, 040	13, 884	$21, 935. 8	$22, 701. 9	$32, 453. 8	$44, 637. 7	$61, 432. 9
2-family dwellings	594	1, 110	788	1, 704	1, 458	1, 490. 5	2, 579. 7	2, 141. 5	4, 070. 2	3, 746. 8
Joint home and business [2]	50	42	83	92	170	182. 9	119. 6	339. 9	302. 5	645. 7
3- and more-family dwellings	2, 066	21, 610	6, 985	23, 676	9, 870	5, 536. 5	69, 975. 5	23, 397. 5	75, 512. 0	31, 716. 9
Total residential	8, 495	29, 017	15, 156	37, 512	25, 382	29, 145. 7	95, 376. 7	58, 332. 7	124, 522. 4	97, 542. 3
Private housing	8, 495	29, 017	15, 148	37, 512	25, 343	29, 145. 7	95, 376. 7	58, 319. 7	124, 522. 4	97, 416. 7
Public housing [3]	0	0	8	0	39	0. 0	0. 0	13. 0	0. 0	125. 6

[1] Estimate is based on reports from communities having approximately 95 percent of the population of all cities with population of 10,000 or over.
[2] Includes 1- and 2-family dwellings with business property attached.
[3] Includes only Government-financed low-cost housing project units 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 February 1938, 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	
	February 1938	February 1937	February 1938	February 1937	February 1938	February 1937	February 1938	February 1937
UNITED STATES	8, 495	15, 156	$29, 145. 7	$58, 332. 7	6, 429	8, 171	$23, 609. 2	$34, 935. 2
No. 1—Boston	406	459	1, 701. 7	2, 510. 8	322	443	1, 499. 7	2, 448. 7
Connecticut	95	118	465. 8	705. 0	92	114	457. 8	694. 0
Maine	6	9	22. 1	37. 7	6	9	22. 1	37. 7
Massachusetts	255	255	1, 069. 1	1, 470. 2	192	252	899. 1	1, 457. 2
New Hampshire	29	15	56. 5	44. 8	11	15	32. 5	44. 8
Rhode Island	21	47	88. 2	180. 2	21	47	88. 2	180. 2
Vermont	0	15	0. 0	72. 9	0	6	0. 0	34. 8
No. 2—New York	960	6, 614	3, 838. 6	24, 224. 0	487	904	2, 340. 6	4, 189. 7
New Jersey	137	233	690. 4	1, 260. 0	137	167	690. 4	1, 079. 0
New York	823	6, 381	3, 148. 2	22, 964. 0	350	737	1, 650. 2	3, 110. 7
No. 3—Pittsburgh	323	542	1, 755. 9	3, 074. 0	297	522	1, 687. 7	3, 042. 0
Delaware	2	33	36. 8	150. 8	2	33	36. 8	150. 8
Pennsylvania	271	443	1, 543. 0	2, 661. 7	253	439	1, 493. 8	2, 653. 7
West Virginia	50	66	176. 1	261. 5	42	50	157. 1	237. 5

Table 2.—Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in February 1938, by Federal Home Loan Bank Districts and by States—Contd.

[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	
	February 1938	February 1937	February 1938	February 1937	February 1938	February 1937	February 1938	February 1937
No. 4—Winston-Salem	1, 792	1, 963	$5, 416. 8	$6, 311. 2	1, 105	1, 338	$3, 671. 3	$4, 692. 2
Alabama	92	78	182. 5	156. 9	85	73	163. 8	147. 9
District of Columbia	252	629	965. 0	2, 251. 1	80	158	525. 0	978. 1
Florida	378	423	1, 227. 5	1, 311. 6	351	374	1, 171. 0	1, 190. 7
Georgia	115	152	269. 4	416. 4	105	152	250. 9	416. 4
Maryland	489	159	1, 417. 6	575. 0	101	155	417. 5	565. 0
North Carolina	200	242	500. 8	658. 7	174	200	465. 6	593. 8
South Carolina	69	108	141. 0	279. 3	69	97	141. 0	255. 3
Virginia	197	172	713. 0	662. 2	140	129	536. 5	545. 0
No. 5—Cincinnati	397	529	1, 605. 0	2, 377. 0	333	441	1, 411. 0	2, 070. 5
Kentucky	98	25	303. 5	85. 6	94	18	295. 5	66. 6
Ohio	212	385	1, 072. 2	2, 009. 9	162	308	904. 2	1, 727. 8
Tennessee	87	119	229. 3	281. 5	77	115	211. 3	276. 1
No. 6—Indianapolis	361	577	1, 663. 6	3, 293. 9	357	564	1, 656. 6	3, 239. 9
Indiana	79	76	282. 2	320. 9	75	76	275. 2	320. 9
Michigan	282	501	1, 381. 4	2, 973. 0	282	488	1, 381. 4	2, 919. 0
No. 7—Chicago	191	254	1, 100. 0	1, 751. 6	187	227	1, 093. 3	1, 651. 7
Illinois	121	176	735. 0	1, 329. 2	117	149	728. 3	1, 229. 3
Wisconsin	70	78	365. 0	422. 4	70	78	365. 0	422. 4
No. 8—Des Moines	308	260	1, 077. 0	1, 184. 0	264	244	955. 1	1, 150. 5
Iowa	65	21	216. 8	146. 1	47	21	163. 8	146. 1
Minnesota	104	62	445. 7	282. 5	95	62	409. 7	282. 5
Missouri	127	165	394. 7	727. 9	110	149	361. 8	694. 4
North Dakota	2	3	3. 1	7. 3	2	3	3. 1	7. 3
South Dakota	10	9	16. 7	20. 2	10	9	16. 7	20. 2
No. 9—Little Rock	1, 381	1, 208	3, 414. 1	3, 509. 3	1, 197	1, 132	2, 754. 8	3, 321. 3
Arkansas	53	34	77. 3	78. 7	46	34	66. 3	78. 7
Louisiana	130	137	366. 0	428. 0	130	125	366. 0	392. 0
Mississippi	53	133	84. 1	271. 6	49	123	73. 7	248. 8
New Mexico	43	44	125. 9	98. 3	39	44	114. 9	98. 3
Texas	1, 102	860	2, 760. 8	2, 632. 7	933	806	2, 133. 9	2, 503. 5
No. 10—Topeka	275	409	956. 1	1, 431. 9	249	374	913. 2	1, 377. 8
Colorado	51	84	170. 5	320. 0	40	68	156. 1	295. 0
Kansas	84	76	211. 1	285. 8	69	72	182. 6	275. 8
Nebraska	14	39	74. 7	139. 5	14	39	74. 7	139. 5
Oklahoma	126	210	499. 8	686. 6	126	195	499. 8	667. 5
No. 11—Portland	299	311	851. 1	1, 005. 3	234	249	707. 1	957. 1
Idaho	10	9	20. 0	29. 2	10	9	20. 0	29. 2
Montana	4	9	16. 2	17. 7	4	9	16. 2	17. 7
Oregon	76	89	285. 2	381. 9	69	89	270. 2	381. 9
Utah	29	75	70. 0	153. 7	25	35	66. 0	128. 0
Washington	150	119	381. 3	386. 3	120	97	306. 3	363. 8
Wyoming	30	10	78. 4	36. 5	6	10	28. 4	36. 5
No. 12—Los Angeles	1, 802	2, 030	5, 765. 8	7, 659. 7	1, 397	1, 733	4, 918. 8	6, 793. 8
Arizona	32	33	87. 3	110. 3	29	25	82. 5	100. 3
California	1, 768	1, 991	5, 666. 4	7, 476. 8	1, 366	1, 702	4, 824. 2	6, 620. 9
Nevada	2	6	12. 1	72. 6	2	6	12. 1	72. 6

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]

	Cubic-foot cost			Total building cost					
	1938 March	1937 March	1936 March	1938 March	1937				1936 March
					Dec.	Sept.	June	March	
No. 1—Boston:									
Connecticut:									
Hartford	$0.245	$0.255	$0.235	$5,869	$6,101	$6,355	$6,365	$6,132	$5,647
New Haven	.242	.242	.230	5,819	5,857	5,933	5,933	5,804	5,509
Maine:									
Portland	.234	.219	.214	5,606	5,756	5,792	5,702	5,252	5,124
Massachusetts:									
Boston	.268	.266	.241	6,433	6,625	6,636	6,639	6,384	5,780
New Hampshire:									
Manchester	.227	.235	.226	5,440	5,611	5,814	5,784	5,641	5,416
Rhode Island:									
Providence	.250	.240	.228	5,991	6,000	5,929	5,927	5,768	5,478
Vermont:									
Rutland	.238	.237	.222	5,709	5,808	5,810	5,756	5,685	5,329
No. 4—Winston-Salem:									
Alabama:									
Birmingham	.254	--------	.217	6,089	6,089	6,089	6,077	--------	5,210
District of Columbia:									
Washington	.260	.246	.205	6,232	6,286	6,286	6,234	5,907	4,918
Florida:									
Tampa	.239	.234	.224	5,731	5,621	5,728	5,716	5,619	5,379
West Palm Beach	.259	.264	.245	6,226	6,360	6,405	6,411	6,346	5,889
Georgia:									
Atlanta	.220	.218	.202	5,282	5,359	5,570	5,410	5,228	4,854
Maryland:									
Baltimore	.214	.225	.184	5,142	5,211	5,428	5,409	5,399	4,427
Cumberland	.233	.236	.226	5,603	5,643	5,696	5,743	5,670	5,419
North Carolina:									
Asheville	.227	--------	.199	5,446	5,449	--------	4,968	--------	4,778
Raleigh	.226	.227	.211	5,433	5,534	5,656	5,580	5,443	5,070
Salisbury	.192	--------	--------	4,608	4,551	4,855	4,746	--------	--------
South Carolina:									
Columbia	.199	.195	.193	4,769	4,884	4,883	4,874	4,682	4,634
Virginia:									
Richmond	.220	.217	.207	5,277	5,393	5,223	5,248	5,207	4,964
Roanoke	.233	.221	.190	5,592	5,639	5,228	5,391	5,292	4,566
No. 7—Chicago:									
Illinois:									
Chicago	.293	.295	.273	7,021	7,226	7,178	7,260	7,081	6,555
Peoria	.280	.274	.259	6,724	6,723	6,825	6,817	6,566	6,212
Springfield	.294	.289	.271	7,056	--------	--------	6,992	6,931	6,502
Wisconsin:									
Milwaukee	.265	.275	.224	6,351	6,740	6,728	6,668	6,589	5,386
Oshkosh	.251	.232	.229	6,033	6,020	6,138	6,072	5,576	5,502
No. 10—Topeka:									
Colorado:									
Denver	.273	.260	.254	6,562	6,625	6,762	6,712	6,250	6,098
Nebraska:									
Omaha	.243	.247	.233	5,830	5,965	6,101	5,954	5,936	5,582
Oklahoma:									
Oklahoma City	.244	.237	.220	5,850	5,850	5,838	5,823	5,693	5,282

[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; 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

[Thousands of dollars]

Month	Mortgage loans on homes				Loans for all other purposes	Total loans, all purposes
	Construction	Home purchase	Refinancing	Reconditioning		
1936	$155, 463	$188, 637	$152, 067	$50, 618	$80, 838	$627, 623
January	7, 089	9, 298	10, 265	2, 691	5, 995	35, 338
February	7, 027	9, 680	10, 845	3, 229	5, 686	36, 467
1937	209, 851	267, 509	161, 393	49, 435	76, 301	764, 489
January	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
December	13, 043	16, 351	11, 350	3, 285	6, 461	50, 490
1938						
January	10, 796	11, 904	10, 057	2, 745	5, 640	41, 142
February	10, 628	13, 632	9, 964	2, 989	6, 077	43, 290

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

[Amounts are shown in thousands of dollars]

Month	Volume of loans				Percent of total		
	Total	Federal	State members	Nonmembers	Federal	State members	Nonmembers
1936	$627, 623	$228, 896	$275, 972	$122, 755	36	44	20
January	35, 338	11, 764	16, 436	7, 138	33	47	20
February	36, 467	12, 105	15, 206	9, 156	33	42	25
1937	764, 489	307, 278	338, 174	119, 037	40	44	16
January	44, 414	17, 543	18, 671	8, 200	39	42	19
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	16
August	67, 261	26, 768	29, 866	10, 627	40	44	14
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
December	50, 490	20, 038	21, 797	8, 655	40	43	17
1938							
January	41, 142	16, 781	17, 885	6, 476	41	43	16
February	43, 290	17, 520	19, 600	6, 170	41	45	14

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

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and type of association	New loans		Percent increase, Feb. 1938 over Jan. 1938	New loans, February 1937	Percent increase, Feb. 1938 over Feb. 1937
	February 1938	January 1938			
United States: Total	$43, 290	$41, 142	+5	$49, 083	−12
Federal	17, 520	16, 781	+4	19, 360	−10
State member	19, 600	17, 885	+10	21, 509	−9
Nonmember	6, 170	6, 476	−5	8, 214	−25
District 1: Total	3, 969	3, 986	0	4, 360	−9
Federal	1, 128	1, 164	−3	1, 087	+4
State member	2, 001	1, 939	+3	1, 871	+7
Nonmember	840	883	−5	1, 402	−40
District 2: Total	3, 110	3, 447	−10	3, 612	−14
Federal	1, 142	1, 007	+13	1, 254	−9
State member	894	1, 141	−22	996	−10
Nonmember	1, 074	1, 299	−17	1, 362	−21
District 3: Total	2, 501	2, 836	−12	2, 188	+14
Federal	822	731	+12	595	+38
State member	881	1, 127	−22	852	+3
Nonmember	798	978	−18	741	+8
District 4: Total	6, 316	6, 271	+1	6, 360	−1
Federal	2, 365	2, 394	−1	2, 468	−4
State member	2, 993	2, 971	+1	2, 695	+11
Nonmember	958	906	+6	1, 197	−20
District 5: Total	6, 086	5, 232	+16	9, 018	−33
Federal	3, 147	2, 808	+12	3, 555	−11
State member	2, 806	2, 272	+24	4, 977	−44
Nonmember	133	152	−13	486	−73
District 6: Total	2, 450	2, 083	+18	2, 895	−15
Federal	1, 192	962	+24	1, 359	−12
State member	1, 083	915	+18	1, 248	−13
Nonmember	175	206	−15	288	−39
District 7: Total	3, 833	3, 696	+4	4, 895	−22
Federal	1, 531	1, 400	+9	1, 859	−18
State member	2, 117	2, 012	+5	2, 620	−19
Nonmember	185	284	−35	416	−56
District 8: Total	2, 704	2, 175	+24	2, 412	+12
Federal	1, 060	971	+9	1, 106	−4
State member	942	719	+31	730	+29
Nonmember	702	485	+45	576	+22
District 9: Total	3, 299	2, 873	+15	3, 174	+4
Federal	1, 244	1, 230	+1	1, 232	+1
State member	1, 821	1, 496	+22	1, 606	+13
Nonmember	234	147	+59	336	−30
District 10: Total	2, 904	2, 663	+9	3, 044	−5
Federal	1, 185	1, 267	−6	1, 126	+5
State member	973	638	+53	825	+18
Nonmember	746	758	−2	1, 093	−32
District 11: Total	1, 732	1, 804	−4	2, 375	−27
Federal	927	992	−7	1, 477	−37
State member	610	512	+19	752	−19
Nonmember	195	300	−35	146	+34
District 12: Total	4, 386	4, 076	+8	4, 750	−8
Federal	1, 777	1, 855	−4	2, 242	−21
State member	2, 479	2, 143	+16	2, 337	+6
Nonmember	130	78	+67	171	−24

Table 7.—Monthly lending activity and total assets as reported by 2,702 savings and loan associations in February 1938

[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 February according to purpose											Total assets, Feb. 28, 1938 [3]	Total number of savings and loan associations [4]
			Mortgage loans on 1- to 4-family nonfarm homes							Loans for all other purposes		Total loans, all purposes			
			Construction		Home purchase [1]		Refinancing and reconditioning [2]								
								Amount							
	Submitting reports	Reporting loans made	Number	Amount	Number	Amount	Number	Refinancing	Reconditioning	Number	Amount	Number	Amount		
UNITED STATES	2,702	2,198	2,862	$8,559.9	4,122	$9,719.2	5,428	$7,613.7	$2,103.5	3,126	$4,130.2	15,538	$32,126.5	$2,806,781.3	9,763
Federal	1,255	1,119	1,739	5,342.5	2,010	4,763.3	2,943	4,227.9	1,111.2	1,268	1,678.7	7,960	17,123.6	1,109,048.5	1,330
State member	1,058	862	1,004	2,924.1	1,804	4,319.2	2,107	3,043.9	802.3	1,556	2,136.9	6,471	13,226.4	1,390,596.0	2,567
Nonmember	389	217	119	293.3	308	636.7	378	341.9	190.0	302	314.6	1,107	1,776.5	307,136.8	5,866
No. 1—Boston	170	142	151	621.1	319	1,002.7	391	528.2	171.6	245	268.8	1,106	2,592.4	317,291.9	366
Connecticut	27	22	30	116.3	15	45.7	40	99.1	8.8	11	18.2	96	288.1	19,099.0	53
Maine	24	21	4	4.8	18	35.6	37	30.7	8.7	32	36.8	91	116.6	13,316.6	42
Massachusetts	94	80	90	394.0	214	716.3	242	321.2	137.7	132	138.6	678	1,707.8	239,332.2	218
New Hampshire	11	9	6	24.4	18	36.3	29	20.8	5.0	33	34.3	86	120.8	11,550.9	30
Rhode Island	8	6	17	70.1	45	137.9	30	47.3	4.1	26	35.2	118	294.6	29,663.2	9
Vermont	6	4	4	11.5	9	30.9	13	9.1	7.3	11	5.7	37	64.5	4,330.0	14
No. 2—New York	276	162	182	665.4	216	633.8	259	458.6	186.3	137	142.5	794	2,086.6	372,915.1	1,786
New Jersey	142	58	9	24.4	44	121.8	47	84.5	20.3	37	14.8	137	265.8	133,333.2	1,498
New York	134	104	173	641.0	172	512.0	212	374.1	166.0	100	127.7	657	1,820.8	239,581.9	288
No. 3.—Pittsburgh	225	135	72	200.0	188	447.3	177	301.1	57.7	65	134.2	502	1,140.3	102,680.3	2,521
Delaware	5	2	0	0.0	11	36.3	0	0.0	0.0	10	11.8	21	48.1	4,049.0	43
Pennsylvania	195	111	41	148.0	153	362.3	132	230.6	44.0	48	112.9	374	897.8	84,552.2	2,410
West Virginia	25	22	31	52.0	24	48.7	45	70.5	13.7	7	9.5	107	194.4	14,079.1	68
No. 4—Winston-Salem	298	263	468	1,294.9	431	1,106.5	746	1,269.4	214.3	420	832.4	2,065	4,717.5	257,670.9	1,044
Alabama	17	17	12	13.6	11	15.1	29	21.1	9.0	10	9.2	62	68.0	6,235.9	42
District of Columbia	13	13	38	202.8	35	150.6	160	598.5	18.0	116	368.8	349	1,338.7	95,491.4	28
Florida	46	42	93	346.7	34	121.5	82	106.8	34.8	47	102.5	256	712.3	30,073.0	101
Georgia	48	43	50	96.3	63	106.1	114	100.2	41.6	49	47.8	276	392.0	16,797.0	63
Maryland	58	44	21	65.5	130	386.5	45	68.6	10.9	25	44.8	221	576.3	37,053.0	450
North Carolina	46	44	97	195.0	73	133.1	138	149.3	39.0	102	147.4	410	663.8	31,700.3	189
South Carolina	39	33	102	204.0	34	74.9	78	87.2	26.0	39	70.8	253	462.9	16,096.6	79
Virginia	31	27	55	171.0	51	118.7	100	137.7	35.0	32	41.1	238	503.5	24,223.7	92
No. 5—Cincinnati	387	330	373	1,270.6	738	1,923.5	933	1,187.7	355.1	537	564.8	2,581	5,301.7	550,362.3	973
Kentucky	58	47	45	110.0	110	270.5	193	240.3	59.5	90	93.9	438	774.2	58,179.4	185
Ohio	292	249	258	1,010.7	602	1,612.7	636	838.1	255.1	424	425.7	1,920	4,142.3	474,085.6	732
Tennessee	37	34	70	149.9	26	40.3	104	109.3	40.5	23	45.2	223	385.2	18,097.3	56
No. 6—Indianapolis	201	178	142	379.7	537	914.7	517	429.1	179.5	308	321.4	1,504	2,224.4	226,529.1	379
Indiana	143	130	87	203.4	478	777.8	430	294.9	156.5	230	220.8	1,225	1,653.4	133,105.6	304
Michigan	58	48	55	176.3	59	136.9	87	134.2	23.0	78	100.6	279	571.0	93,423.5	75
No. 7—Chicago	266	212	128	371.4	286	743.8	507	866.9	226.0	256	347.1	1,177	2,555.2	224,851.3	1,070
Illinois	204	165	70	237.8	239	606.8	428	769.8	193.8	201	245.7	938	2,053.9	175,007.4	863
Wisconsin	62	47	58	133.6	47	137.0	79	97.1	32.2	55	101.4	239	501.3	49,843.9	207
No. 8—Des Moines	187	157	104	322.8	203	427.7	381	546.6	120.2	173	194.2	861	1,611.5	125,135.0	447
Iowa	52	45	16	53.9	73	149.0	108	150.2	19.0	34	48.2	231	420.3	26,138.2	100
Minnesota	45	36	46	167.9	43	108.7	85	136.4	28.5	50	80.4	224	521.9	35,528.3	78
Missouri	64	59	31	88.0	74	149.2	161	244.7	60.7	47	25.8	313	568.4	52,204.2	227
North Dakota	17	10	6	5.3	11	19.8	20	11.7	7.6	35	33.9	72	78.3	8,606.3	24
South Dakota	9	7	5	7.7	2	1.0	7	3.6	4.4	7	5.9	21	22.6	2,658.0	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 Feb. 28, 1938.

[4] The number of member associations of the Federal Home Loan Bank System reported as of Feb. 28, 1938, and the number of nonmembers based upon the most recent available data for 1936 or 1937, with adjustment for conversion through Feb. 28, 1938, except for Maryland where the number of nonmembers is estimated.

Table 7.—Monthly lending activity and total assets as reported by 2,702 savings and loan associations in February 1938—Continued

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank Districts and States	Number of associations		Loans made in February according to purpose											Total assets, Feb. 28, 1938	Total number of savings and loan associations
			Mortgage loans on 1- to 4-family nonfarm homes							Loans for all other purposes		Total loans, all purposes			
			Construction		Home purchase		Refinancing and reconditioning								
								Amount							
	Submitting reports	Reporting loans made	Number	Amount	Number	Amount	Number	Refinancing	Reconditioning	Number	Amount	Number	Amount		
No. 9—Little Rock	265	241	355	$877.3	482	$985.9	484	$502.2	$225.9	276	$400.0	1,597	$2,991.3	$169,431.2	409
Arkansas	38	37	31	58.0	38	53.0	60	54.4	19.7	60	55.7	189	240.8	10,912.7	66
Louisiana	71	69	89	235.5	180	369.3	142	122.7	124.5	83	175.4	494	1,027.4	83,808.5	89
Mississippi	28	25	23	29.3	24	41.7	59	55.6	16.3	18	28.6	124	171.5	5,149.0	50
New Mexico	12	10	8	14.2	6	12.4	11	12.8	3.5	12	16.4	37	59.3	3,788.3	22
Texas	116	100	204	540.3	234	509.5	212	256.7	61.9	103	123.9	753	1,492.3	65,772.7	182
No. 10—Topeka	186	158	149	424.2	342	695.1	341	390.3	109.3	321	381.0	1,153	1,999.9	143,417.0	373
Colorado	32	28	20	45.6	55	108.6	57	91.4	6.9	29	36.4	161	288.9	19,230.4	62
Kansas	72	60	47	129.6	96	165.3	105	102.4	29.2	101	96.2	349	522.7	42,480.3	152
Nebraska	35	25	25	64.8	49	85.5	64	51.3	27.4	75	82.1	213	311.1	31,245.3	90
Oklahoma	47	45	57	184.2	142	335.7	115	145.2	45.8	116	166.3	430	877.2	50,461.0	69
No. 11—Portland	114	101	175	360.6	140	255.7	263	368.0	91.5	175	228.9	753	1,304.7	92,525.7	176
Idaho	8	8	13	21.7	14	29.9	13	5.6	9.3	8	11.7	48	78.2	5,661.1	13
Montana	13	10	25	39.1	9	28.9	16	6.6	5.6	19	30.0	69	110.2	8,724.0	21
Oregon	24	23	49	108.9	28	44.6	62	151.5	17.2	28	38.7	167	360.9	23,418.5	36
Utah	8	6	9	30.6	7	15.6	12	18.7	5.5	8	14.5	36	84.9	8,165.4	20
Washington	51	45	75	153.7	69	112.9	152	172.6	53.0	103	125.6	399	617.8	42,538.0	71
Wyoming	10	9	4	6.6	13	23.8	8	13.0	0.9	9	8.4	34	52.7	4,018.7	14
Alaska	0	0	0	0.0	0	0.0	0	0.0	0.0	0	0.0	0	0.0	0.0	1
No. 12—Los Angeles	127	119	563	1,771.9	240	582.5	429	765.6	166.1	213	314.9	1,445	3,601.0	223,971.5	219
Arizona	3	3	11	26.8	0	0.0	7	8.0	2.0	6	9.2	24	46.0	2,040.4	4
California	120	112	549	1,729.9	234	560.7	418	749.5	162.0	203	302.0	1,404	3,504.1	219,130.2	198
Nevada	1	1	0	0.0	1	3.0	0	0.0	0.0	0	0.0	1	3.0	616.3	5
Hawaii	3	3	3	15.2	5	18.8	4	8.1	2.1	4	3.7	16	47.9	2,184.6	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
1937								
January	91.3	89.7	95.5	93.0	83.7	77.1	104.7	92.9
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
December	92.5	92.0	95.5	93.8	80.2	79.6	114.9	96.9
1938								
January	91.8	91.8	95.5	92.6	80.1	79.6	114.9	95.8
February	91.1	91.5	95.5	91.0	79.2	79.6	114.9	95.3
Change:								
Feb. 1938–Jan. 1937	−0.8%	−0.2%	0.0%	−1.7%	−1.1%	0.0%	0.0%	−0.5%
Feb. 1938–Feb. 1937	−2.4%	+0.5%	0.0%	−8.1%	−5.0%	+2.8%	+9.7%	+0.3%

Table 9.—Institutions insured by the Federal Savings and Loan Insurance Corporation [1]

	Cumulative number at specified dates						Number of share holders	Assets	Share and creditor liabilities
	Dec. 31, 1934	Dec. 31, 1935	Dec. 31, 1936	Dec. 31, 1937	Jan. 31, 1938	Feb. 28, 1938	Feb. 28, 1938	Feb. 28, 1938	Feb. 28, 1938
State-chartered associations	4	136	382	566	583	599	800, 810	$636, 963, 332	$553, 497, 351
Converted F. S. and L. A.	108	406	560	669	676	681	718, 448	761, 800, 764	697, 978, 087
New F. S. and L. A.	339	572	634	645	644	644	133, 319	166, 979, 495	155, 606, 438
Total	451	1, 114	1, 576	1, 880	1, 903	1, 924	1, 652, 577	1, 565, 743, 591	1, 407, 081, 876

[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 414 identical insured State-chartered savings and loan associations reporting during January and February 1938

	January	February	Change January to February
Share liability at end of month:			*Percent*
Private share accounts (number)	532, 141	532, 792	+0. 1
Paid on private subscriptions	$387, 832, 500	$387, 754, 900	(1)
H. O. L. C. subscriptions	30, 174, 000	30, 214, 300	+0. 1
Total	418, 006, 500	417, 969, 200	(1)
Private share investments during month	12, 805, 100	6, 193, 600	−51. 6
Repurchases during month	12, 391, 100	6, 293, 300	−49. 2
Mortgage loans made during month:			
a. New construction	1, 276, 500	1, 540, 100	+20. 7
b. Purchase of homes	1, 635, 900	1, 978, 600	+21. 0
c. Refinancing	1, 180, 300	1, 143, 700	−3. 1
d. Reconditioning	435, 300	389, 900	−10. 4
e. Other purposes	809, 000	868, 900	+7. 4
Total	5, 337, 000	5, 921, 200	+11. 0
Mortgage loans outstanding end of month	364, 379, 500	365, 769, 700	+0. 4
Borrowed money as of end of month:			
From Federal Home Loan Banks	24, 663, 500	24, 212, 200	−1. 8
From other sources	2, 291, 000	2, 167, 500	−5. 4
Total	26, 954, 500	26, 379, 700	−2. 1
Total assets, end of month	525, 543, 400	526, 919, 300	+0. 3

[1] Less than one-tenth of 1 percent change.

Table 11.—Monthly operations of 1,250 identical Federal savings and loan associations reporting during January and February 1938

	January	February	Change January to February
Share liability at end of month:			*Percent*
Private share accounts (number)	909, 917	927, 362	+1. 9
Paid on private subscriptions	$681, 690, 100	$688, 800, 700	+1. 0
Treasury and H. O. L. C. subscriptions	211, 400, 000	211, 864, 500	+0. 2
Total	893, 090, 100	900, 665, 200	+0. 9
Private share investments during month	33, 631, 900	17, 016, 000	−49. 4
Repurchases during month	19, 618, 100	10, 170, 500	−48. 2
Mortgage loans made during month:			
a. New construction	5, 376, 700	5, 279, 900	−1. 8
b. Purchase of homes	4, 373, 200	4, 707, 300	+7. 6
c. Refinancing	4, 136, 700	4, 210, 200	+1. 8
d. Reconditioning	1, 020, 800	1, 109, 300	+8. 7
e. Other purposes	1, 593, 700	1, 664, 400	+4. 4
Total	16, 501, 100	16, 971, 100	+2. 9
Mortgage loans outstanding end of month	843, 626, 000	850, 993, 200	+0. 9
Borrowed money as of end of month:			
From Federal Home Loan Banks	93, 571, 000	90, 907, 900	−2. 9
From other sources	1, 981, 400	1, 744, 500	−12. 0
Total	95, 552, 400	92, 652, 400	−3. 0
Total assets, end of month	1, 089, 043, 600	1, 098, 823, 000	+0. 9

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

Federal Home Loan Banks	Advances made during Feb. 1938	Advances made during Jan. 1938
No. 1—Boston	$142, 000. 00	$178, 400. 00
No. 2—New York	994, 000. 00	563, 500. 00
No. 3—Pittsburgh	461, 050. 00	500, 000. 00
No. 4—Winston-Salem	421, 000. 00	592, 200. 00
No. 5—Cincinnati	478, 750. 00	118, 250. 00
No. 6—Indianapolis	132, 500. 00	84, 800. 00
No. 7—Chicago	512, 722. 57	287, 180. 00
No. 8—Des Moines	127, 000. 00	110, 200. 00
No. 9—Little Rock	295, 000. 00	252, 500. 00
No. 10—Topeka	210, 600. 00	635, 500. 00
No. 11—Portland	108, 500. 00	221, 500. 00
No. 12—Los Angeles	187, 500. 00	178, 700. 00
Total	4, 070, 622. 57	3, 722, 730. 00

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

[Thousands of dollars]

Month	Loans advanced monthly	Repayments monthly	Balance outstanding at end of month
December 1935	$8, 414	$2, 708	$102, 795
June 1936	11, 560	3, 895	118, 587
December 1936	13, 473	5, 333	145, 401
1937			
January through June	59, 000	37, 344	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
December	17, 591	4, 832	200, 095
1938			
January	3, 723	13, 280	190, 538
February	4, 071	7, 091	187, 518

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
Dec. 31, 1937	112	5, 357, 210	666	43, 490, 020	4, 324	187, 015, 400	5, 102	235, 862, 630
Jan. 31, 1938	113	5, 382, 210	675	44, 055, 020	4, 342	187, 668, 400	5, 130	237, 105, 630
Feb. 28, 1938	106	5, 197, 210	692	44, 816, 020	4, 360	188, 535, 900	5, 158	238, 549, 130
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, 003, 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
Dec. 31, 1937	40	1, 526, 000	564	36, 331, 270	3, 997	168, 762, 300	4, 601	206, 619, 570
Jan. 31, 1938	40	1, 526, 000	573	36, 843, 270	4, 009	169, 035, 300	4, 622	207, 404, 570
Feb. 28, 1938	36	1, 491, 000	582	37, 073, 270	4, 024	169, 670, 300	4, 642	208, 234, 570

[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: Jan. 1 through June 30	23, 459
July 1 through Dec. 31	26, 899
1938: January	4, 811
February	4, 334
Grand total to Feb. 28, 1938	80, 704

[1] Does not include 19,578 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 80,704 completed cases, 441 properties were sold at foreclosure sale to parties other than the H. O. L. C. and 10,005 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 Feb. 28, 1938 [1]

	June 1, 1934, through Jan. 31, 1938	Feb. 1, 1938, through Feb. 28, 1938	Cumulative through Feb. 28, 1938
Cases received [2]	885, 424	8, 721	894, 145
Contracts awarded:			
Number	518, 377	8, 219	526, 596
Amount	$99, 032, 451	$1, 704, 140	$100, 736, 591
Jobs completed:			
Number	509, 131	8, 247	517, 378
Amount	$95, 238, 105	$1, 753, 639	$96, 991, 744

[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.

Mortgage Loan Dockets

(*Continued from page 239*)

the association operates but should thoroughly safeguard both the mortgagor and the mortgagee. Of course, wherever a short form of mortgage is permitted, such as was described in the November 1937 issue of the REVIEW, the association would be wise to adopt it. Some associations use a form which includes both the mortgage and note in one sheet with perforations for separation.

Following the mortgage and note would probably be a copy of the *loan settlement statement*, or statement of costs to the borrower. The original of this statement would be sent to the borrower, but a copy in the files provides a convenient summary of the costs involved in making and servicing a loan.

If *additional collateral* is pledged as security for the loan, it should, of course, be included in the docket.

The last item to be included would be the *current insurance policies* for fire and windstorm including properly executed loss payable clauses in favor of the association. Note the fact that it is only current policies which are kept in the docket. Expired policies should be removed.

Some dockets provide a place for tax and assessment receipts, but as many associations either do not receive them or return them to the borrower it is not a vital element.

It must be emphasized that if a mortgage loan docket is to serve the association to best advantage all unimportant papers should be kept out, although there are optional items such as a photograph of the property which might be included. Further, the papers which are included should always be filed in the same order in each docket. The order listed here may be satisfactory or the association may prefer some other; the flat folder system is flexible enough to accommodate the papers in almost any order, but the system will be seriously harmed if each document does not have its well-defined position in each folder.

METHOD OF LISTING DOCKETS

Mortgage loan dockets may be listed either alphabetically or numerically. Although some prefer to file by the name of the mortgagor, probably because the name may be most easily remembered, the numerical system is generally considered simpler and more convenient to operate. With a numerical system, loan dockets are numbered as the mortgage loans are made, the number corresponding to the number on the loan ledger card. This permits dockets to be filed chronologically, a considerable time saver for examiners and for the association's own auditors and personnel. The ledger card file may serve as an alphabetical index for the dockets.

Whenever a mortgage is foreclosed, the docket may be transferred with the same number to a dead file and a new docket opened in the real estate file, in which case, reference will be facilitated by entering the loan number on the real estate record. On the other hand, the original loan number and docket may be retained no matter what the history of the loan. This system has certain advantages. All the papers connected with any property are retained in one docket even though it may pass from the mortgage loan file to the real estate owned file, and then to the real estate sold on contract file. That one docket is always represented by a single number—no number is used more than once during the history of the association.

To be used most effectively the mortgage loan docket file should be the responsibility of one person. That applies regardless of the size of the association, as a single responsible person consistently checking the position of documents can provide more uniformity and security than if the files are open to any number of employees.

Associations which have adopted a modern flat folder type of mortgage loan docket can testify not only to its convenience but to its direct value in assisting the smooth operation of the association's business. One savings and loan operator testified in the December 1937 *Savings and Loans* that:

". . . the convenience to our own staff in the handling of loan papers is beyond measure. Now when talking to a borrower about his loan, we know that all the papers pertaining to it are in this single folder and what a relief it is to turn directly to the particular paper desired without having to uncurl a batch of unruly document files."

F. H. L. B. System

(*Continued from page 253*)

There was a net increase of three members during February occasioned by 12 additions and nine deductions in the membership rolls of the Banks. Four insurance companies became members during the month. Total membership of the Federal Home Loan Bank System on February 28 amounted to 3,938.

The Fourth Issue of Debentures

The Governor of the Federal Home Loan Bank System announced the offering on March 22, 1938 of a new issue of $23,500,000 of 5-year, 2-percent, consolidated debentures, Series D, of the Federal Home Loan Banks, due April 1, 1943. This offering was immediately oversubscribed, as was the case with the three earlier issues. The debentures were offered at 100, but shortly after the offering, the debentures were quoted at a premium of 100¾ bid, 100⅞ offered.

The books of the Federal Home Loan Bank System were opened for subscriptions on March 22, and so great was the demand for the debentures that the books were closed a little more than an hour after they were opened. It was announced that the major portion of the offers to buy these debentures came from towns and cities aside from metropolitan New York, with the total subscriptions from such subscribers approximating three times the amount received from New York subscribers. Banks, insurance companies, corporations and even individuals participated in the eager demand for the new debentures.

The purpose of the issue is to refund the major part of the $24,700,000 of 1-year, 1½-percent debentures of the Banks due April 1. The remainder of the maturing issue will be met out of current assets of the Federal Home Loan Banks.

The Governor of the Federal Home Loan Bank System pointed out in his statement in connection with this offering that of the $764,000,000 loaned by savings and loan associations during 1937, approximately 84 percent was advanced by member associations of the Federal Home Loan Bank System. This was a gain of 4 percent over the 1936 ratio. New loans made by members of the Bank System in 1937 aggregated $645,000,000 as compared with $504,000,000 in 1936.

Interest Rates

The Federal Home Loan Bank of Indianapolis announced a reduction in the interest rate charged upon all secured advances, effective February 1, 1938. Although all secured advances will continue to be written at 3¾ percent, interest will be collected at 3 percent instead of 3¼ percent until further action by the board of directors. All unsecured advances to members whose creditor liabilities to others do not exceed 5 percent of such members' net assets will be written and interest collected at the rate of 3½ percentum per annum.

Retail Sales in 1937

■ FINAL estimates compiled by the Market Research Division of the Bureau of Foreign and Domestic Commerce show that total retail sales in 1937 increased slightly more than 5 percent over the 1936 volume. Of the estimated net sales during 1937, building materials and house furnishings comprised 11 percent. The lumber, building materials, and hardware group recorded an increase of 8 percent for 1937 over 1936, and the furniture and household appliances group, an increase of 6½ percent. However, the 1937 net sales of these two groups amounted to only about two-thirds of the 1929 level.

All trade groups recorded gains in dollar volume for 1937 over 1936. The automotive group, which was second only to the food group in retail sales volume, recorded a gain of 3½ percent. Of each dollar spent in retail establishments in 1937, more than one-fifth went for automobiles, auto accessories, and gasoline.

The automotive group receded relatively further from 1929 to 1933 than any other group, with a decrease of 72 percent. The net sales of this group in 1932 were only 28 percent of the 1929 level but increased to 75 percent by 1937. In comparison, the net sales of the lumber, building and hardware group, which in 1933 were only 35 percent of their 1929 level, increased to 67 percent in 1937. Likewise, the furniture and household goods group, with a low of 32 percent of the 1929 level in 1932, increased to 63 percent in 1937. It is significant that the automotive group has contributed more than any of the other groups to the recovery of retail trade, while the building industry, which has often been considered the backbone of economic recovery, has lagged behind.

Administrative Rulings, Board Resolutions, and Counsel's Opinions

Digest of A–B–C Book Opinion

ANY member may obtain from a Federal Home Loan Bank a copy of any administrative ruling, Board resolution, or the complete text of any opinion of the Legal Department of the Board, the digest of which is printed in the REVIEW. "A" indicates administrative rulings by the Governor; "B" indicates resolutions of the Board; and "C" indicates Counsel's opinions. In requesting any such copy, its A–B–C Book reference number and date, as given at the end of each of the following digests, should be cited. Copies of the A–B–C Book itself are not available for distribution.

POWERS—Incidental and implied. H. O. L. Act. Sec. 5(a); Fed. Charter E, Secs. 1, 3, 18; Fed. Charter K, Sec. 3.

Charter K, Section 3 provides in part that, in addition to the expressly enumerated powers, "the association shall have power to do all things reasonably incident to the accomplishment of its express objects and the performance of its express powers." Section 18 and Section 3 of Charter E confer substantially the same incidental powers upon associations operating under Charter E. Section 3 of both Charter E and Charter K states in substantially the language of Section 5 (a) of Home Owners' Loan Act of 1933, as amended, that the objects of a Federal association are to promote thrift and to provide for the sound and economical financing of homes. Charter E, Section 1 and Charter K, Section 3 confer various express powers normally possessed by corporations.

From the above statutory and charter provisions, it is clear that to justify any more or less unusual act by an association as being within its incidental or implied powers, it must be shown that such operation is incidental to or necessary for the accomplishment of such express objects or powers. In other words, it must clearly appear that the proposed action is reasonably connected with the association's efforts to promote thrift and home ownership by providing a convenient and safe method for saving and investing money and by providing for the sound and economical financing of homes. The mere fact that a particular operation would prove beneficial to the association is not sufficient. Reasonable connection with the objects for which the association was incorporated must be shown but the determination of what is and what is not too remote must depend upon the facts of each particular case. The exercise of incidental corporate power is subject to supervision and regulation by the Federal Home Loan Bank Board.

Ordinarily, a Federal savings and loan association has no power, either express or implied, to act as an insurance agent even though such agency was for the limited purpose of affording insurance protection for property securing loans made by the association. Insurance protection is essential to sound lending but acting as an insurance agent cannot be deemed to be necessary for the accomplishment of the lending purposes of a Federal association unless there be no other means of causing property securing such loans to be properly insured.

The conduct of a safe deposit vault business as incidental to the promotion of thrift must be deemed remote to such object unless there be no other means available within the community to be served of satisfying a substantial and existent demand on the part of the members of the association for the services to be rendered by the conduct of a safe deposit vault business.

Under its incidental and implied powers, a Federal association would have authority to expend its funds for membership in savings and loan leagues, chambers of commerce, and other similar organizations. Such affiliations give members up-to-date information as to changing business conditions, new ideas as to management and operation, and an opportunity to cooperate in developing sound and economical general policies to be pursued.

Contributions to the support of community funds are ordinarily within the express or implied powers of Federal associations. Such contributions are in effect a method of advertising and also the support of the community from such funds has a direct relationship to the promotion of thrift and the development of home ownership. Unless some method is provided whereby the unfortunate of a community may be cared for, the general thrift of the community and the development of home ownership is seriously retarded.

Contributions in support of organizations engaged in advertising and promoting savings and loan business are clearly within the power of Federal associations as one of the legitimate methods of advertising. Any advertising material which tends to make the inhabitants of a community conscious of the facilities and usefulness of savings and loan associations must redound to the benefit of each such association in that community.

Federal associations may not make political contributions. Section 251 of Title II of the United States Code provides in effect that any political contribution by any corporation organized under Federal law is prohibited, that any corporation which violates this section is subject to a fine of not more than $5,000, and that any officer or director of a corporation who consents to any such contribution is subject to a fine of not more than $5,000 or imprisonment for not more than one year, or both.

This opinion supersedes A–B–C Book Opinions, C–059, C–120, and C–147.

(A–B–C Book, C–059, November 1, 1937)

Creditor Liabilities—Definition of. F. H. L. B. Act, Sec. 11 (g) (4); Bk. Reg., Sec. 4; N. H. Act, Sec. 404 (a); Ins. Reg., Sec. 12 (a).

The terms "creditor liabilities" and "creditor obligations" as used in Section 11 (g) (4) of the Federal Home Loan Bank Act, as amended and Section 404 (a) of the National Housing Act, as amended, are subject to the same interpretation and should be treated as synonymous. Section 4 of the Bank Regulations defines the term creditor liabilities to mean "deposits, investment certificates, certificates of indebtedness, mortgages and taxes on real estate owned and all forms of debt." "Deposits," "investment certificates," and "certificates of indebtedness" are self-explanatory. "Mortgages," of course, refers to the indebtedness of the institution, secured by mortgage on its property. "Taxes" are creditor liabilities only when the institution is directly liable therefor but are not creditor liabilities when the tax is merely a charge against the real estate. From this definition and from the words themselves, it is clear that the determination of whether a particular item not specifically enumerated above constitutes a creditor liability depends upon whether or not a debtor-creditor relationship exists between the member or insured institution, as the case may be, and the other party by virtue of such item.

Advance payments by borrowers for taxes and insurance premiums are normally handled in one of four ways, to-wit; (1) by placing the payments in a share account in the borrower's name and withdrawing the same therefrom when taxes or insurance premiums become due; (2) by applying advance payments as a direct credit against the borrower's indebtedness to the institution, the institution paying or advancing funds to be used in paying taxes and insurance premiums when the same become due and then charging such amounts to the borrower's indebtedness; (3) by holding such payments in a special trust account, ear-marked for the sole purpose of paying taxes and insurance premiums; and (4) by holding such payments in an open account, carried on its books as, for example, "advance payments by borrowers for taxes and insurance premiums." As none of the above methods of carrying such payments create a debtor-creditor relationship, they do not constitute creditor liabilities. When the share account method is used and at the time the taxes or insurance premiums become due the amounts so paid in cannot be withdrawn under the withdrawal or repurchase rule of the institution, there would be a contractual obligation on the part of the institution to advance to the borrower the amount so due, but any such obligation would be founded upon contract and would not be a creditor liability. When advance payments are applied as a direct credit against the borrower's indebtedness, there is an obligation on the part of the institution to pay taxes and insurance premiums when the same become due, but this obligation is also contractual in nature and failure to perform would entitle the borrower to sue only for damages incurred through such breach while the advance payments could not be recovered and would not be a creditor liability. When advance payments are held in trust and the institution violates its trust duty by failing to pay taxes and insurance premiums when the same become due, the borrower may sue for damages incurred through such breach of trust and assuming such breach of trust may terminate the trust relationship, may sue in assumpsit for money had and received. If the borrower does not elect, however, to terminate the trust relationship by such a suit for money had and received, the trust relationship continues, the association remaining under trust duty thereafter to use such funds in the payment of taxes and insurance premiums when the same become due. The borrower's right to terminate the trust relation arises only because of a breach in the trust duty. The relationship is not that of creditor and debtor, although incidentally, as mentioned above, the borrower may elect, by terminating the trust relation, to sue for money had and received as though a creditor of the institution. Only when such election has been made is the item to be deemed a creditor liability. When the institution holds such payments in an open account carried on its books as, for example, "advance payments by borrowers for taxes and insurance premiums," the relationship is, nevertheless, that of a trust, imposing upon the institution a trust duty to pay taxes and insurance premiums when the same become due. The remedies of the borrower, therefore, when the institution violates its trust duty to pay taxes and insurance premiums when the same become due, are the same as those mentioned above. The main difference in the relationship between the borrower and the institution when, on the one hand, a special trust account is opened for advance payments of borrowers for taxes and insurance premiums and, on the other hand, the holding of such advance payments in an open account, is as follows: if the institution sets up a trust account, not on its own books, but by deposit in a bank, and the bank in which such trust account is held by the institution fails, the institution (unless it shall have been negligent in the choice of such bank) would not be liable for a breach of trust duty if, because of its inability to withdraw such trust funds from such closed bank, it were not in a position to pay the taxes and insurance premiums when the same became due, whereas, if the institution had held the advance payments by the borrower in a trust account set up on its own books, or in open account, there is no basis upon which it can avoid the absolute trust duty of paying the taxes and insurance premiums when the same become due.

When a member or insured institution has lawfully declared a dividend payable in cash, the institution becomes a debtor to the amount of the dividend so declared when the dividend payment date is reached, and upon such date a debtor-creditor relationship is established. When a member or insured institution has finally declared interest to be paid or credited to the account of the owner of a deposit, investment certificate, or certificate of indebtedness of an institution, such interest becomes a debtor-creditor relationship upon the date which such institution has declared such interest to be payable or credited.

When an institution closes a loan in the ordinary course of business and advances a portion of the money, and carries the balance in its statement as "due borrowers," such amount does not constitute a creditor liability. If the institution refuses to make any additional advances thereunder, the borrower could not sue for the money but would be compelled to sue for such damage as might accrue to the borrower as a result of the breach of contract to advance money. Accordingly, "due borrowers" accounts constitute contract obligations rather than creditor liabilities.

(A–B–C Book, C–094, November 8, 1937)

Resolutions of the Board

AMENDMENT TO RULES AND REGULATIONS FOR INSURANCE OF ACCOUNTS REQUIRING INSURED INSTITUTIONS TO SUBMIT MONTHLY REPORTS: Adopted March 15, 1938; effective April 15, 1938.

Individual associations as well as the whole Federal Home Loan Bank System are benefiting by the operating information obtained from monthly reports which are now filed by most insured institutions. Because of the importance of these reports to directors of an association in keeping informed of its operations, their importance in connection with both Federal and State legislation, their publicity value, and the fact that most insured associations are already filing such reports, the Board of Trustees of the Insurance Corporation has amended Section 14 of the Rules and Regulations for Insurance of Accounts to require the filing of a simple form of report. This form consists chiefly of a balance sheet with a small amount of easily compiled supplemental information. A set of blank forms together with a brief explanatory note is being sent to all insured associations by the office of the General Manager of the Federal Savings and Loan Insurance Corporation.

Section 14 of the Regulations was amended by adding at the end thereof the following:

> The officers of each insured institution shall make a monthly report to the board of directors on forms prescribed by the Corporation which shall be filed as follows: One copy shall be forwarded to the Federal Home Loan Bank of the District in which the insured institution is located and two copies to the Governor of the Federal Home Loan Bank System, Washington, D. C.

AMENDMENT TO RULES AND REGULATIONS FOR INSURANCE OF ACCOUNTS PROVIDING FOR DETERMINING THE AMOUNT OF EACH INSURED ACCOUNT AND DEFINING AN "ACCOUNT OF AN INSURED MEMBER": Adopted March 15, 1938; effective immediately.

The following amendment to Section 18 (b) of the Rules and Regulations for Insurance of Accounts is applicable only to serial associations. Its purpose is to eliminate any misunderstanding which may have existed as to the extent of insurance coverage over apportioned profits in a serial association. In accordance with the revised Section 18 (b), the members of a serial association are insured up to $5,000 on the amount standing to their credit in the form of dues payments and their share of apportioned profits.

1. The second sentence of subsection (b) of Section 18 of the Rules and Regulations is hereby amended to read as follows:

> The amount of each insured account will be determined from the security contract and from the books and records of the insured institution as of the last dividend or apportionment date, plus payments on, and less repurchases and withdrawals from, such insured account subsequent to such date, without regard to the actual value of the assets of the insured institution, without regard to provisions of the security contract which authorize the insured institution to retain or deduct, in the event of voluntary withdrawal or repurchase, any amount on account of premature withdrawal or repurchase, without regard to whether or not dividends are subject to recapture, and without regard to whether dividends are credited or apportioned to a series (being apportionable to each share account of the series).

2. The first sentence of subsection (e) of Section 1 of the Rules and Regulations for Insurance of Accounts was amended to read as follows:

> An "account of an insured member" is the total amount credited (or when dividends are not credited, apportionable after having been apportioned to a series) to any member in withdrawable or repurchasable accounts, whether or not such accounts are subject to any pledge, whether or not such accounts are insured in full, and whether or not dividends are subject to recapture.

THE SETTLEMENT OF INSURANCE UPON DEFAULT

A recent statement by the General Manager of the Federal Savings and Loan Insurance Corporation is of interest because it gives pertinent information with respect to Section 18 of the Rules and Regulations for Insurance of Accounts which deals with the settlement of insurance upon default.

According to the General Manager, the option as to a new account or a cash and debenture settlement belongs to the shareholder. It is believed that the majority will demand an equivalent account in an open, solvent, nearby insured association in that this will give them what they most desire, namely, a savings account earning a respectable return and the reasonable withdrawal privileges which the State and Federal laws permit.

The first effort of the Insurance Corporation, in making such accounts available to shareholders, will be to interest nearby insured associations in issuing certificates against good assets of the defaulting institution. The amount of the impairment caused by slow or poor assets would have to be made up from the funds of the Insurance Corporation.

If circumstances prove that there are no such nearby associations, the Insurance Corporation could be a party to the establishment of a new sound, well-managed association on the foundation of the old one and it would be the shares of this new association which would be offered. Business judgment would require that this new association, or any nearby association participating in the program, be attractive to the shareholders and that its management and solvency be above question.

For those who request the cash and debenture settlement, 10 percent in cash will be promptly supplied and the cash and debentures will be distributed upon proof of claim and surrender of the shares in the defaulting association. It would then become the obligation of the Insurance Corporation to meet these debentures on their due dates—50 percent one year after the date of default and 50 percent three years after the date of default.

This spacing should make the liquidation of the defaulting institution under normal conditions a reasonable accomplishment, but regardless of the conditions or the progress of the liquidation, the debenture holder would be assured of his money on its due date by a Corporation today worth over $111,000,000 and with a yearly net income of approximately $5,000,000, both of which amounts are increasing steadily.

Directory of Member, Federal, and Insured Institutions

Added during February–March

I. INSTITUTIONS ADMITTED TO MEMBERSHIP IN THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN FEBRUARY 16, 1938, AND MARCH 15, 1938

[Listed by Federal Home Loan Bank Districts, States, and cities]

DISTRICT NO. 2

NEW JERSEY:
- River Edge:
  - River-Edge Building & Loan Association, Borough Hall.

DISTRICT NO. 4

NORTH CAROLINA:
- Lenoir:
  - Mutual Building & Loan Association, 104 West Avenue.

DISTRICT NO. 5

OHIO:
- Germantown:
  - Germantown Building & Savings Association.
- Urbana:
  - Peoples Savings & Loan Company, 108 North Main Street.

DISTRICT NO. 6

INDIANA:
- Crawfordsville:
  - Montgomery Savings Association, 202 East Main Street.

MICHIGAN:
- Port Huron:
  - Port Huron Loan & Building Association, 505 Water Street.

DISTRICT NO. 7

WISCONSIN:
- Madison:
  - Anchor Savings Building & Loan Association, 101 Saint Hamilton Street.

DISTRICT NO. 8

IOWA:
- Waterloo:
  - Perpetual Building & Loan Association, 329 East Fourth Street.

MISSOURI:
- Crystal City:
  - Crystal City Savings & Loan Association, Crystal City Bank Building.
- St. Louis:
  - Equality Savings & Building Association, 712 Chestnut Street.
  - Reliable Life Insurance Company, 3639 Olive Street.

DISTRICT NO. 11

WASHINGTON:
- Seattle:
  - Franklin Savings & Loan Association, 1908 Third Avenue.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN FEBRUARY 16, 1938, AND MARCH 15, 1938

ILLINOIS:
- Chicago:
  - Uhland Building & Loan Association of Chicago, 106 North Pulaski Avenue (merger with Apollo-Uland Building & Loan Association, Chicago, Illinois).
  - Union Building & Loan Association, 1126 West Eighteenth Street (voluntary withdrawal).

INDIANA:
- Washington:
  - Industrial Savings & Loan Association of Washington, Daviess County, 15 Northeast Third Street (merger with Home Building & Loan Association of Washington, Indiana).

MARYLAND:
- Baltimore:
  - Alta Building & Loan Association of Baltimore City, 2227 West Baltimore Street (voluntary withdrawal).
  - David Reus Permanent Loan & Savings Company of Baltimore City, 1024 West Baltimore Street (removal from membership).
  - Fidelity Permanent Building & Loan Association, Inc., Fidelity Trust Company Building (voluntary withdrawal).
  - Utility Savings & Loan Association, Inc., 607 Mercantile Trust Building (voluntary withdrawal).

MISSOURI:
- St. Louis:
  - Reserve Building & Loan Association of St. Louis, 1710 Railway Exchange Building (transfer of Bank stock to Roosevelt Federal Savings & Loan Association of St. Louis, St. Louis, Missouri).

NEW JERSEY:
- Hoboken:
  - Guardian Building & Loan Association, Corner Fourteenth & Washington Streets (voluntary withdrawal).

OHIO:
- Dayton:
  - Dayton Building Association (sale of assets to State Federal Savings & Loan Association, Dayton, Ohio).
- East Liverpool:
  - Union Savings & Loan Company, 114 West Sixth Street (voluntary withdrawal).

PENNSYLVANIA:
- Malvern:
  - Malvern & Duffryn Mawr Building & Loan Association, Corner King Street & Warren Avenue (voluntary withdrawal).

WYOMING:
- Buffalo:
  - Buffalo Building & Loan Association (voluntary withdrawal).

II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN FEBRUARY 16, 1938, AND MARCH 15, 1938

DISTRICT NO. 4

MARYLAND:
- Baltimore:
  - Atlantic Federal Savings & Loan Association, 1617 East Federal Street (converted from J. F. Wiessner Building Association of Baltimore City).

DISTRICT NO. 5

OHIO:
- *Ironton:*
  - Liberty Federal Savings & Loan Association, 313½ Center Street (converted from Liberty Building & Loan Company).

CANCELATIONS OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTERS BETWEEN FEBRUARY 16, 1938, AND MARCH 15, 1938

NEBRASKA:
- Hastings:
  - Hastings Federal Savings & Loan Association, Corner Second & Hastings Streets (merger with Home Federal Savings & Loan Association of Hastings, Hastings, Nebraska).

NEVADA:
- Las Vegas:
  - Las Vegas Federal Savings & Loan Association (failure to complete conversion).

III. INSTITUTIONS INSURED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION BETWEEN FEBRUARY 16, 1938, AND MARCH 15, 1938

DISTRICT NO. 2

NEW JERSEY:
- Asbury Park:
  - Keystone Building & Loan Association, 228 Main Street.
- Point Pleasant Beach:
  - Point Pleasant Building & Loan Association of Point Pleasant Beach, New Jersey, 701 Arnold Avenue.
- Rahway:
  - Axia Building & Loan Association of Rahway, 1498 Irving Street.

DISTRICT NO. 3

PENNSYLVANIA:
- Philadelphia:
  - Grand Union Building Association, 2036 Seventy-second Avenue.
  - Walnut Street Federal Savings & Loan Association, 916 Walnut Street.
- Upper Darby:
  - First Federal Savings & Loan Association of Upper Darby, 7049 West Garrett Road.
- Wyomissing:
  - Wyomissing Federal Savings & Loan Association, 801 Penn Avenue.

DISTRICT NO. 4

NORTH CAROLINA:
- Fayetteville:
  - Fayetteville Building & Loan Association, 310 Hay Street.
- Reidsville:
  - Rockingham Building & Loan Association, Scales Street.

SOUTH CAROLINA:
- Anderson:
  - Perpetual Building & Loan Association of Anderson, 207 South Main Street.

DISTRICT NO. 5

OHIO:
- Ironton:
  - Liberty Federal Savings & Loan Association, 313½ Center Street.
- West Jefferson:
  - West Jefferson Building & Loan Company, 2 West Main Street.

DISTRICT NO. 6

INDIANA:
- Noblesville:
  - Indiana Loan Association, 938 Conner Street.

MICHIGAN:
- Bay City:
  - Mutual Building & Loan Association of Bay County, 808 North Jefferson Street.

DISTRICT NO. 7

ILLINOIS:
- Chicago:
  - Gediminas Building & Loan Association, 4425 South Fairfield Avenue.
  - Lawn Building & Loan Association, 3517 West Sixty-third Street.
  - Lithuanian Building, Loan & Savings Association, 1739 South Halstead Street.
- East Peoria:
  - Tazewell Building & Loan Association, 113 East Washington Street.
- Mt. Carmel:
  - American Building & Loan Association, 418½ Market Street.
- Springfield:
  - Merchants and Mechanics Building & Loan Association of Springfield, 602 Myers Building.
  - Sangamon Building & Loan Association, 312 South Fourth Street.

WISCONSIN:
- Madison:
  - Anchor Savings Building & Loan Association, 101 South Hamilton Street.

DISTRICT NO. 8

MISSOURI:
- Springfield:
  - Systematic Savings & Loan Association, 308 South Avenue.

NORTH DAKOTA:
- Grand Forks:
  - Grand Forks Building & Loan Association, Security Building.

DISTRICT NO. 10

COLORADO:
- Denver:
  - Capitol Federal Savings & Loan Association of Denver, 1665 Broadway Avenue.

DISTRICT NO. 11

MONTANA:
- Butte:
  - First Federal Savings & Loan Association of Butte, 79–81 West Park Street.

DISTRICT NO. 12

CALIFORNIA:
- San Francisco:
  - Home Mutual Deposit Loan Company, 228 Montgomery Street.

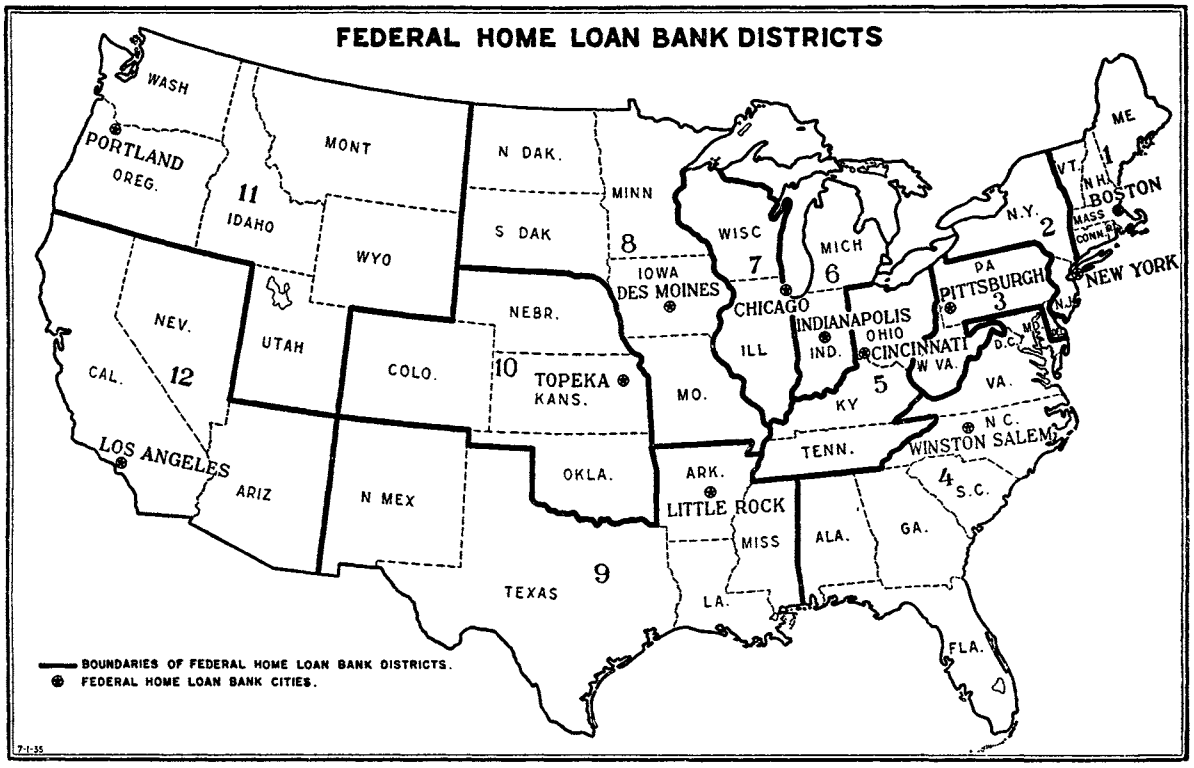
Income of Employees in Finance and Construction

■ In 1936 the average annual income of employees in the financing business was higher than in any other industry, according to the survey of national income made by the Department of Commerce. The average is calculated on the basis of full-time employment throughout the year.

In finance the average was $1,677, whereas the national average for all types of industry was $1,244. Finance also led in 1933 and 1935, but in 1929 was second with an average of $1,805. Employees in the construction industry had the highest annual average in 1929 of $1,895. This declined to $1,032 in 1933—although it rose to $1,234 by 1936, it was tenth out of the 12 groups listed. This, of course, applies to all types of construction.

Lowest full-time annual incomes were paid by agriculture; in 1936 the average was $525.

U. S. GOVERNMENT PRINTING OFFICE: 1938



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