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THE SIXTH ANNIVERSARY OF THE FEDERAL HOME LOAN BANKS

OCTOBER 15, 1938

THE Federal Home Loan Bank Act was approved on July 22, 1932. Within the short space of a few weeks, the members of the Federal Home Loan Bank Board were appointed and the many pressing details of initial organization were completed. On October 15, 1932, less than three months after the approval of the Act itself, the 12 Federal Home Loan Banks were formally opened for business. There had been earlier attempts to organize a national system of banks which would provide a permanent reservoir of home-mortgage credit. Economists and students of finance in the years immediately following the Armistice had seen the need for such a national financial structure to supply urban home-mortgage credit. The Federal Reserve System had been in existence since 1913, and the Federal Land Banks since 1916, so that commercial and agricultural credit were already organized on a national scale. The development of a national reserve system of home-mortgage credit was a logical complementary step.

In spite of the efforts of those who recognized the necessity for such a reserve system, it was not until the creation of the Federal Home Loan Banks that the thrift and home-financing institutions in the country, standing at that time as isolated units, were at last given the opportunity to join together in the membership of a national reserve banking system in the home-mortgage field. For that reason, the beginning of active operations by the Federal Home Loan Banks was indeed significant: it marked the end of a tradition that home-mortgage finance was solely a local problem, in no way intimately connected with the national credit structure.

During the six years that the Federal Home Loan Banks have been in operation, the use which has been made of their facilities has confirmed the judgment of the many leaders who advocated the establishment of such a national credit reservoir. The Federal Home Loan Bank System has taken its place in the financial structure of the country, helping to maintain economic stability. The 12 Banks and their members are a national organization, lessening the disturbances to the national economy arising from unusual expansions and contractions in home-building activity and home-mortgage credit. Member institutions use the Bank System's credit facilities to maintain and to expand their lending, and to protect themselves against sudden withdrawals of funds. Through its power to issue debentures, the Bank System can call upon the general credit resources of the country to meet the needs of its members. In addition to supplying credit, the Bank System helps to equalize the distribution of home-mortgage credit throughout the country. Funds can be transferred from areas of heavy supply and little demand to those localities where home-mortgage funds are most needed.

The Consolidated Statement of Condition of the Federal Home Loan Banks

In reviewing the progress of the Federal Home Loan Bank System during these six years, it is necessary to differentiate between the 12 Federal Home Loan Banks themselves and their 3,956 member institutions. The consolidated statement of condition of the Federal Home Loan Banks, published in the August Review, is shown in Table 1 on a percentage basis for each of the fiscal years from 1933 through 1938 to reflect major operating trends since organization.

Assets

Total assets of the 12 Federal Home Loan Banks have risen from $53,125,000 on June 30, 1933, to

Figures are Millions of Dollars

$265,750,000 on June 30, 1938. A rapid glance at the percentage distribution of assets in Table 1 shows that at the present time roughly three-quarters of the assets of the Federal Home Loan Banks consist of advances to member institutions. In other words, the Federal Home Loan Banks are fulfilling their primary function of providing their member thrift and home-mortgage institutions with additional funds by means of advances which supplement local capital, thus increasing the ability of members to serve their communities and giving them an opportunity to widen their lending activities.

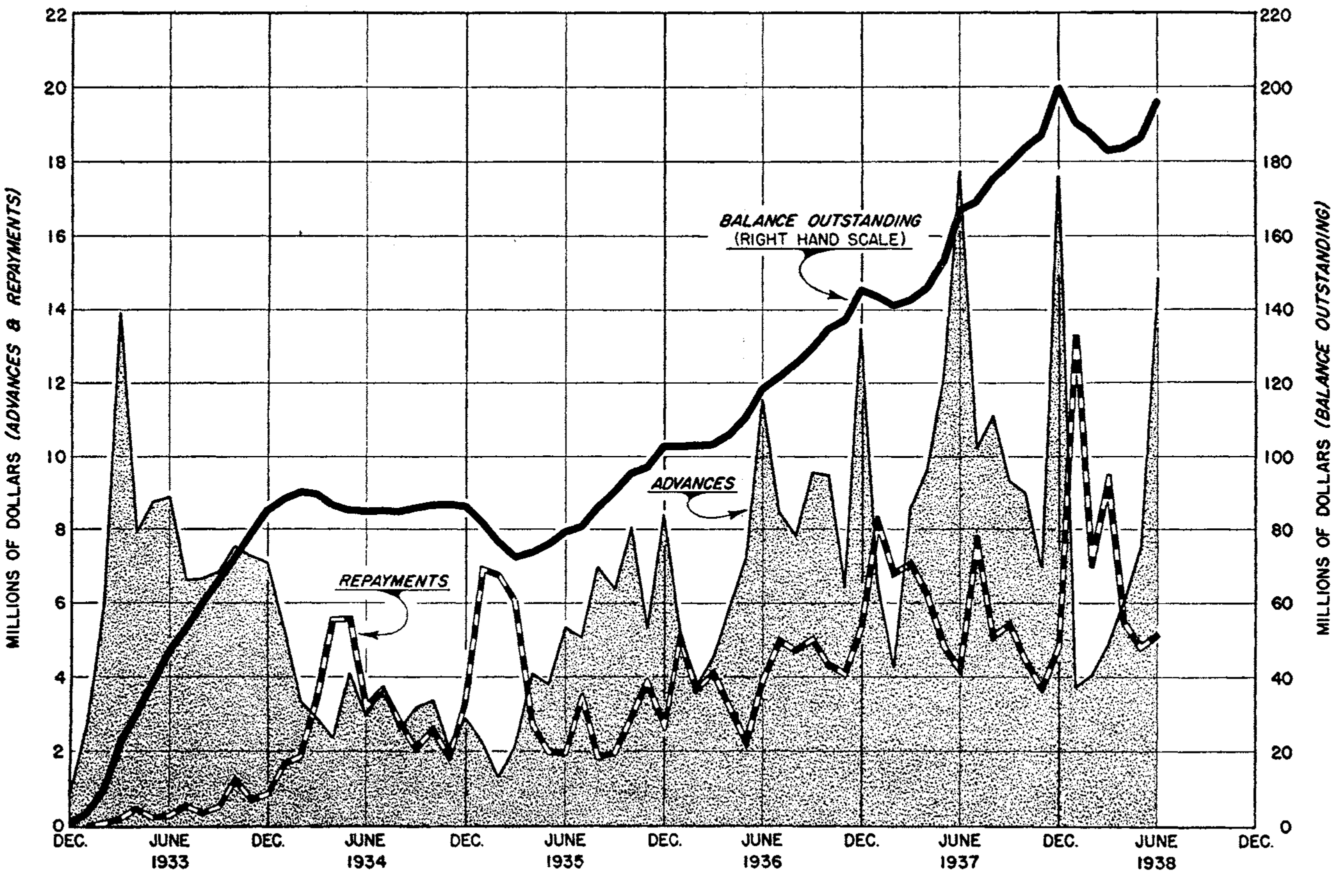
During these six years the Federal Home Loan Banks have advanced a total of $446,000,000 for these purposes. At the end of 1937, advances outstanding had reached a record level of $200,000,000. Despite declines in subsequent months, on June 30, 1938, the balance of advances outstanding was $196,000,000, as home building activity continued its resistance to the declines which were generally displayed during these months in other businesses. The accompanying chart shows pictorially the trend of advances and repayments by months and the balance of advances outstanding from December 1932 through June 1938.

As the balance of advances outstanding has increased, member institutions have been increasingly inclined to borrow funds on a long-term basis. This means that member institutions are following the sound financial principle that long-term investments such as amortized home-mortgage loans should be made with long-term funds. On June 30, 1933, the amount of advances for terms of not more than one year was nearly twice as great as the amount of long-term advances. As the following table shows, on June 30, 1938, for every dollar loaned to members for terms not exceeding one year, the Federal Home Loan Banks had loaned three dollars for periods up to 10 years.

Percentage of long-term and short-term advances to members as of June 30, 1938

Year	*Long-term*	*Short-term*
1933	36. 6	63. 4
1934	68. 0	32. 0
1935	64. 4	35. 6
1936	63. 0	37. 0
1937	70. 8	29. 2
1938	76. 0	24. 0

ADVANCES AND REPAYMENTS BY MONTHS AND BALANCE OF ADVANCES OUTSTANDING



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The growing credit requirements of members during recent years are not evidenced alone by the increasing total of advances outstanding. There has been an increase in the number of borrowing members as compared with non-borrowing members in the System. The ratio of borrowing members to total membership was 54.6 at the close of the fiscal year 1935; 63.6 at the end of June 30, 1936; 67.3 at June 30, 1937; and 67.8 at June 30, 1938. Interest rates on advances have been kept low. As of June 30, 1938, interest rates charged on advances to members ranged from 3 percent to 3¾ percent, with consequent savings in interest charged to borrowers from member institutions.

Another important item among the assets of the Federal Home Loan Banks is the total of cash and investments (obligations of, or guaranteed by, the United States). Both of the primary asset elements of liquidity have shown significant increases in proportion to total assets since June 30, 1933, when cash and investments amounted to 9.76 percent of total assets. On June 30, 1938, cash and investments amounted to 25.88 percent of total assets. During the same period, due to the increased liquidity of the Banks, advances outstanding dropped from 89.72 percent to 73.84 percent of total assets, although there was a substantial increase in the dollar amount of advances outstanding.

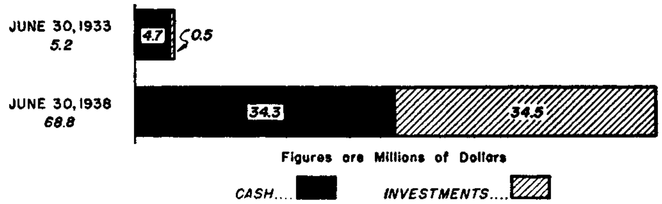


Table 1.—Percentage distribution of asset, liability and capital items of the Federal Home Loan Banks, computed on a consolidated basis

	June 30, 1938	June 30, 1937	June 30, 1936	June 30, 1935	June 30, 1934	June 30, 1933
ASSETS	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Cash	12. 92	4. 06	4. 45	17. 89	5. 00	8. 89
Investments	12. 96	10. 79	9. 87	10. 64	12. 32	0. 87
Total cash and investments	25. 88	14. 85	14. 32	28. 53	17. 32	9. 76
Advances outstanding	73. 84	84. 82	85. 34	71. 06	82. 04	89. 72
(For not more than one year)	(24. 00)	(29. 20)	(37. 00)	(35. 60)	(32. 00)	(63. 40)
(For more than one year)	(76. 00)	(70. 80)	(63. 00)	(64. 40)	(68. 00)	(36. 60)
Accrued interest receivable	0. 24	0. 30	0. 32	0. 39	0. 41	0. 35
Deferred charges	0. 04	0. 03	0. 01	0. 01	0. 05	0. 05
Other assets	0. 00	0. 00	0. 01	0. 01	0. 18	0. 12
Total assets	100. 00	100. 00	100. 00	100. 00	100. 00	100. 00
LIABILITIES AND CAPITAL						
Liabilities:						
Deposits of members	7. 48	7. 61	6. 88	3. 35	1. 18	2. 33
Deposits of applicants	0. 04	0. 10	0. 09	0. 00	0. 00	0. 00
Accrued interest payable	0. 14	0. 06	0. 01	0. 00	0. 00	0. 00
Dividends payable	0. 32	0. 28	0. 33	0. 49	0. 24	0. 00
Accounts payable	0. 00	0. 00	0. 01	0. 00	0. 00	0. 00
Premiums on debentures	0. 03	0. 00	0. 00	0. 00	0. 00	0. 00
Consolidated debentures outstanding	28. 79	12. 54	0. 00	0. 00	0. 00	0. 00
Total liabilities	36. 80	20. 59	7. 32	3. 84	1. 42	2. 33
Capital:						
Paid in on capital stock:						
U. S. Government	46. 93	61. 19	71. 49	73. 22	78. 48	80. 88
Members	13. 84	16. 01	19. 01	20. 83	18. 60	16. 89
Total paid in capital	60. 77	77. 20	90. 50	94. 05	97. 08	97. 77
Surplus:						
Reserve Section 16 of Act	1. 26	1. 22	1. 20	1. 02	0. 54	0. 00
Undivided profits	1. 17	0. 99	0. 98	1. 09	0. 96	[1] 0. 10
Total capital	63. 20	79. 41	92. 68	96. 16	98. 58	97. 67
Total liabilities and capital	100. 00	100. 00	100. 00	100. 00	100. 00	100. 00

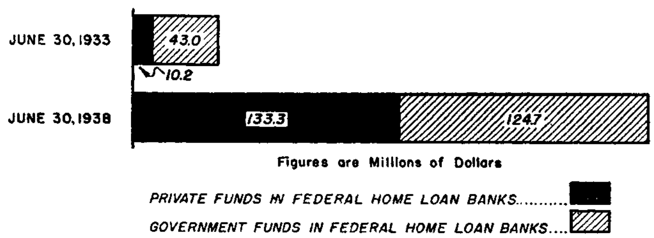
[1] Deficit.

The entrance of the Bank System into the private money market through the issuance of consolidated debentures has also increased the creditor liabilities of the Federal Home Loan Banks and the higher proportion of liquidity shown in the consolidated statement of condition for June 30, 1938, reflects the allowance made in the liquidity program of the Banks to cover debenture issues. As long as the Banks had funds available from uncalled Treasury subscriptions to capital stock it was not deemed necessary for each Bank to maintain a liquidity reserve in excess of the legal requirements in the form of cash and securities, but with the initiation of independent financing in 1937, the reserve policy of the Banks was altered to conform to the changed conditions.

Capital

The sources of funds which may be advanced to members are the capital stock of the Federal Home Loan Banks, debentures, and deposits of member institutions in the Banks.

To provide the initial capital for a national home-mortgage reserve system the Congress authorized the Treasury to subscribe to the capital of the Federal Home Loan Banks up to a total amount of $125,000,000. On June 30, 1938, the paid-in Treasury subscription amounted to $124,741,000. Member institutions had paid in $36,771,000, making the total paid-in capital stock of the Federal Home Loan Banks $161,512,000.



The accompanying bars show that the ratio of Government funds to private funds invested in the Federal Home Loan Banks was greater than 4 to 1 at the end of the fiscal year 1933. Since that time, the proportion of Government funds has decreased steadily until on June 30, 1938, the total of private funds (deposits, subscriptions paid in by members on capital stock, and consolidated debentures) was greater than the total amount of Government investment in the Federal Home Loan Bank System. (Neither the deficit on June 30, 1933, nor the surplus and undivided profits on June 30, 1938, were taken into consideration in computing the Government and private investments on those dates.)

This increase of private funds was due to the augmented purchase of stock in the Banks by member institutions, to mounting deposits by members in the Banks, and to the sale of consolidated debentures of the Bank System. As a result of the sale of consolidated debentures in the private money market, capital had decreased from more than 90 percent of combined assets to slightly over 63 percent on June 30, 1938.

The Federal Home Loan Bank Act provided that each Federal Home Loan Bank must carry to a reserve account semiannually 20 percent of its net earnings until the reserve account showed a credit balance equal to 100 percent of the paid-in capital. This reserve account has increased steadily each year in relation to total resources and amounted to $3,363,000 or 1.26 percent of total capital and liabilities on June 30, 1938. Undivided profits had also increased to a total amount of $3,106,000.

Total capital stock, reserves, and undivided profits of the 12 Federal Home Loan Banks amounted to $167,981,000 on June 30, 1938, a gain of more than $11,000,000 during the fiscal year. The annual dividend rate on the average capital stock of the 12 Banks for the fiscal year averaged 1.57 percent. Since the beginning of operations the 12 Banks have declared dividends amounting to $10,297,000.

Liabilities

Chiefly because of the increase in member deposits and because of the issuance of consolidated debentures, liabilities of the Federal Home Loan Banks increased from 2.33 percent of combined resources on June 30, 1933, to 36.8 percent on June 30, 1938.

During the fiscal year ending June 30, 1936, deposits of member institutions doubled in relation to total liabilities and capital and have been maintained at these higher levels, now standing at 7.48 percent.

Until the middle of 1937 the capital stock of the Federal Home Loan Banks was sufficient to meet the demands of members for advances. In April 1937 the Bank System arranged to offer its first issue of consolidated debentures to private investors. Up to July 1, 1938, five issues of these debentures have been offered, amounting to a total of $142,700,000, of which two issues amounting to $52,700,000 were repaid at maturity.

The debentures were favorably accepted in the private money market. Each of the offers was heavily oversubscribed, thus establishing the issues of the Federal Home Loan Banks in an extremely favorable position. The following table summarizes the debenture issues of the Federal Home Loan Banks.

Debenture issues of the Federal Home Loan Banks

Number of series	Date of issue	Maturity	Amount	Interest rate
				Percent
A[1]	Apr. 1, 1937	Apr. 1, 1938	$24, 700, 000	1½
B[1]	July 1, 1937	July 1, 1938	28, 000, 000	1¼
C	Dec. 1, 1937	Dec. 1, 1940	25, 000, 000	2
D	Apr. 1, 1938	Apr. 1, 1943	23, 500, 000	2
E	July 1, 1938	July 1, 1939	41, 500, 000	1

[1] Series A and B have been repaid.

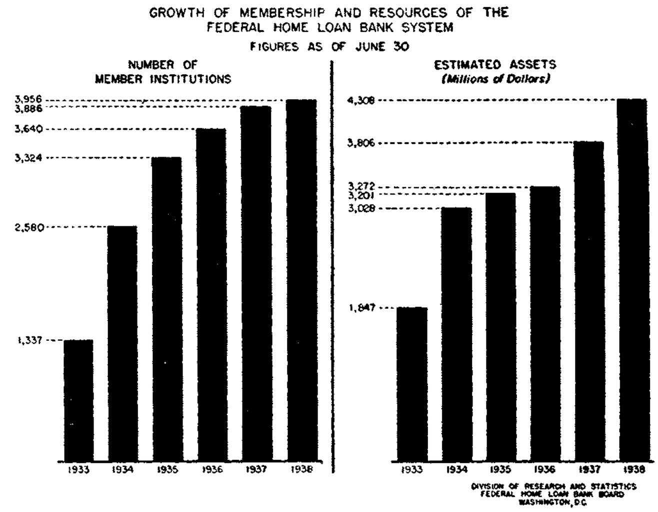
On July 1, 1938, the total amount of debentures outstanding was $90,000,000. Of this total, $41,500,000 was offered for a term of one year and $48,500,000 for terms of more than one year.

Membership of the Federal Home Loan Bank System

The progress shown in the operations of the 12 Federal Home Loan Banks in the preceding analysis of the consolidated statement of condition has resulted from the progress by the membership of the Federal Home Loan Banks. At the present time, the 3,956 member institutions hold total assets amounting to $4,308,000,000. Nearly every community in the country is now actively served by one or more member thrift and home-financing institution.

The accompanying bar chart shows the continuous growth in the membership and resources of the Federal Home Loan Bank System during the past six years. The members of the Federal Home Loan Banks are institutions of the savings and loan type, mutual savings banks and insurance companies, engaged in making long-term home-mortgage loans.

The importance of these member institutions in the field of home-mortgage finance has been demonstrated. It is estimated that since 1933 about 40 percent of the amount of all home-mortgage loans written annually by private financial institutions (including savings and loan associations, commercial banks, exclusive of trust departments, savings banks, and insurance companies) has been loaned by these



member institutions of the Federal Home Loan Bank System. At present, savings and loan associations constitute the great majority of the membership. Since the size of the average loan made by member savings and loan associations is much smaller than that of other financial institutions, it will be seen that the number of homes financed by the members of the Bank System has greatly exceeded the aggregate number financed by all nonmember financial institutions during these four years.

In the savings and loan field itself, the member institutions of the Bank System play an increasingly important part. During the calendar year 1937, it is estimated that member savings and loan associations loaned 75 percent of the total amount loaned by all savings and loan associations in the country.

At the end of the calendar year 1937, member institutions of the Bank System are estimated to have held home-mortgage loans in an amount of $2,230,000,000, or 25 percent of the estimated total amount of home-mortgage loans held by all private institutional lenders on that date. During 1937, however, these member institutions made *40 percent* of the total amount of new home-mortgage loans made by all private institutional lenders—$623,590,000 out of the estimated total of $1,559,000,000.

The Future Role of the Federal Home Loan Bank System

An important result of the operations of the Federal Home Loan Bank System during these six years has been the development throughout the country of sound and more uniform policies for the

(Continued on p. 488)

SEASONAL VARIATIONS IN THE RESIDENTIAL CONSTRUCTION INDEX

The basic seasonal pattern for residential construction is eight months of building, four months of slack times. Specific data for representative areas indicate the extent to which climatic and geographic differences, as well as custom, affect this problem, one of current interest to all mortgage lenders.

DURING the past eight years of low activity seasonal movements in the building of residential structures have been largely eclipsed by erratic fluctuations. During the depression years, residential building for the United States as a whole fell as low as 4 percent of the 1926 level, while in many communities it virtually ceased. Hence, any recorded construction project of any size introduced into the series a sharp increase which was followed by a corresponding slump during the following month. The fundamental seasonal tendencies were further obscured by the fact that at this low level the series was extremely sensitive to waves of optimism and pessimism so that, to the casual observer, practically no order existed in the residential construction field.

When the effect of random fluctuations is eliminated from the residential building data for purposes of comparative analysis, and an average computed for each month, a high degree of regularity appears in the resulting "normal" seasonal curve for the United States as a whole. The graph superimposed upon the map of the United States indicates that the volume of residential construction generally reaches the lowest level in January and February. During March and April, the seasonal curve turns sharply upward as the spring building season gets under way—the highest activity being recorded in April and May. Throughout the summer residential construction tapers off, followed by a minor

SEASONAL VARIATION IN RESIDENTIAL CONSTRUCTION IN THE UNITED STATES

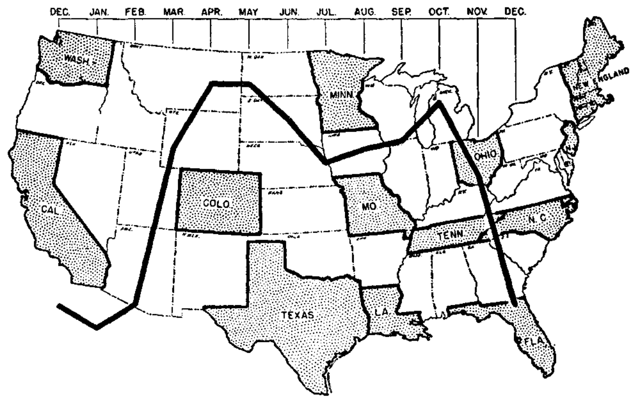


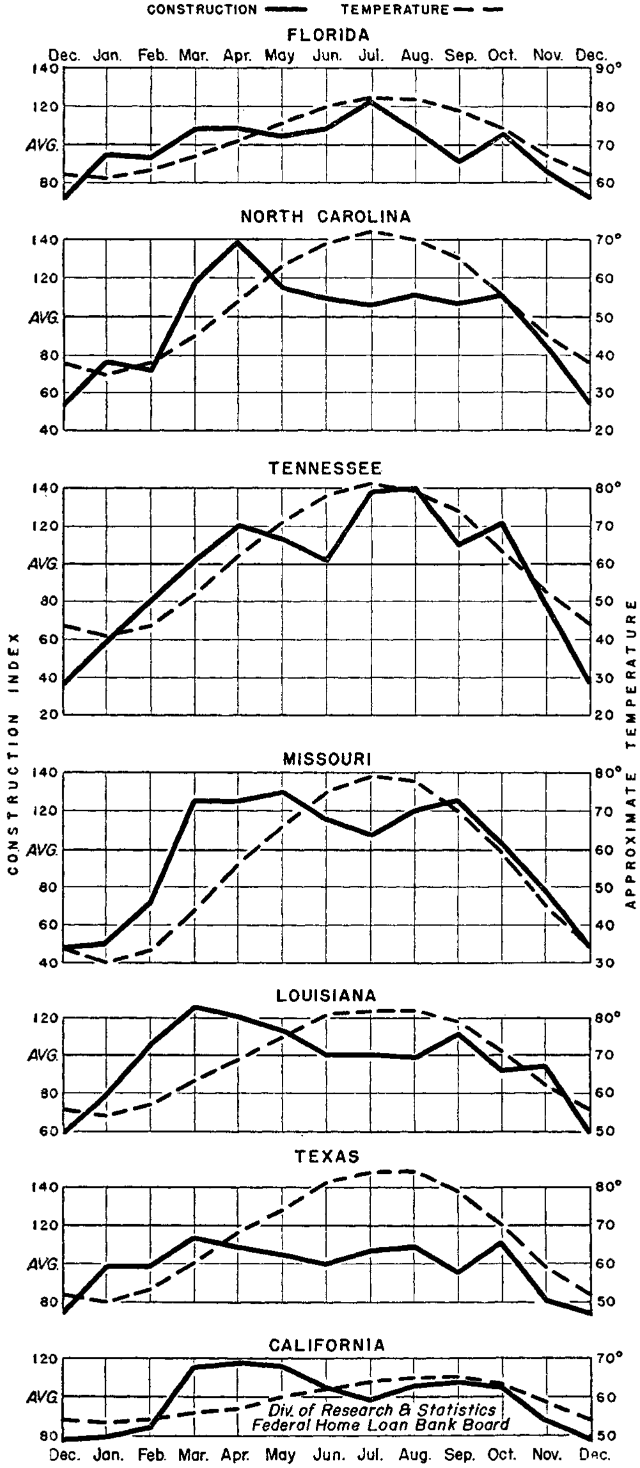
***Table 1.*—Seasonal indexes of residential construction activity in selected areas**

[Source: Federal Home Loan Bank Board. Based upon building permits issued as reported to the U. S. Department of Labor

[Average month=100]

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
New England	54	29	66	115	131	131	132	127	110	125	103	78
New Jersey	50	53	114	114	111	111	120	100	112	118	113	85
Ohio	57	55	104	116	126	125	129	123	120	107	81	58
Minnesota	41	37	80	129	137	132	111	136	114	121	103	59
Colorado	52	73	121	141	121	121	118	111	116	95	85	47
Washington	68	75	130	128	130	105	96	109	117	102	84	56
Florida	95	94	108	108	104	108	122	108	91	105	85	72
North Carolina	77	72	118	139	115	109	105	111	106	110	84	54
Tennessee	59	80	102	120	113	102	138	140	110	121	78	37
Missouri	50	72	125	125	130	115	107	120	125	103	78	48
Louisiana	79	106	126	121	113	100	100	99	112	92	94	59
Texas	99	99	113	109	105	100	106	109	96	111	81	74
California	79	83	116	118	117	105	99	106	108	105	87	78

SEASONAL VARIATION IN RESIDENTIAL CONSTRUCTION AND APPROXIMATE TEMPERATURES BY MONTHS IN SELECTED AREAS



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rally in the fall which precedes the sharp retrenchment during the winter months.

The pattern described above is typical of that indicated for building construction in the selected areas which have been studied individually—the shaded portion of the United States map—although many variations are shown among the several States. Areas generally scattered over the country have been chosen in order that individual analyses may be made which are representative of varied climates and building practices.

The charts on the following pages illustrate the tendency for the seasonal variations in building activity among the individual States to correlate fairly well with the temperature changes for selected cities among the respective States. The Northern States which show sharp rises in temperature from the frigid winter months to midsummer, also tend to indicate drastic seasonal upswings in the volume of residential construction from winter to spring or summer. For example, in St. Paul the temperature rises from an average of 13 degrees in midwinter to 72 degrees in July—an increase of nearly 60 degrees; while the construction of residences in Minnesota rises nearly 300 percent from the February low to the May high level. On the other hand, most of the Southern States that were observed showed less variation in temperature throughout the year, accompanied by a correspondingly low seasonal range in construction activity. The same tendency is observed in California where the temperature, as measured by monthly averages, varies only 12 degrees during the year, while the seasonal index of residential building indicates a rise of but 50 percent from the lowest month to the peak level for the year.

In each of the States studied, as well as in the United States as a whole, the lowest level in the volume of residential building occurs in the winter months, while the peaks in construction occur in the various States at different months, ranging from March in some Southern States to July and August in certain Northern areas (Table 1). During the winter season the building of residences falls to an extremely low ebb for several months in most of the States observed, but the recovery is rapid in the spring, and the bulk of the construction business is spread out over about eight months in the majority of the States. This tendency may indicate that cold weather is considered to be a more common deterrent to favorable construction conditions than hot weather, except in the most Southern areas where the summer slump is very pronounced.

The Department of Labor, in a survey made by a special agent who interviewed leaders of the construction industry in various cities, found that, in the opinion of these leaders, sharp seasonal fluctuations in the building of large projects, including apartment houses, was no longer necessary. According to the views of architects and builders in the North, even operations which are most adversely affected by freezing temperatures could be easily accomplished without excessive cost.[1]

"The architects and contractors no longer need to be educated as to the practicability of winter construction work. The amount of winter operations in the construction industry, however, will be determined by the extent toward which the general public, and particularly the prospective builders, are educated to the safety, feasibility, and desirability of building in the off season."

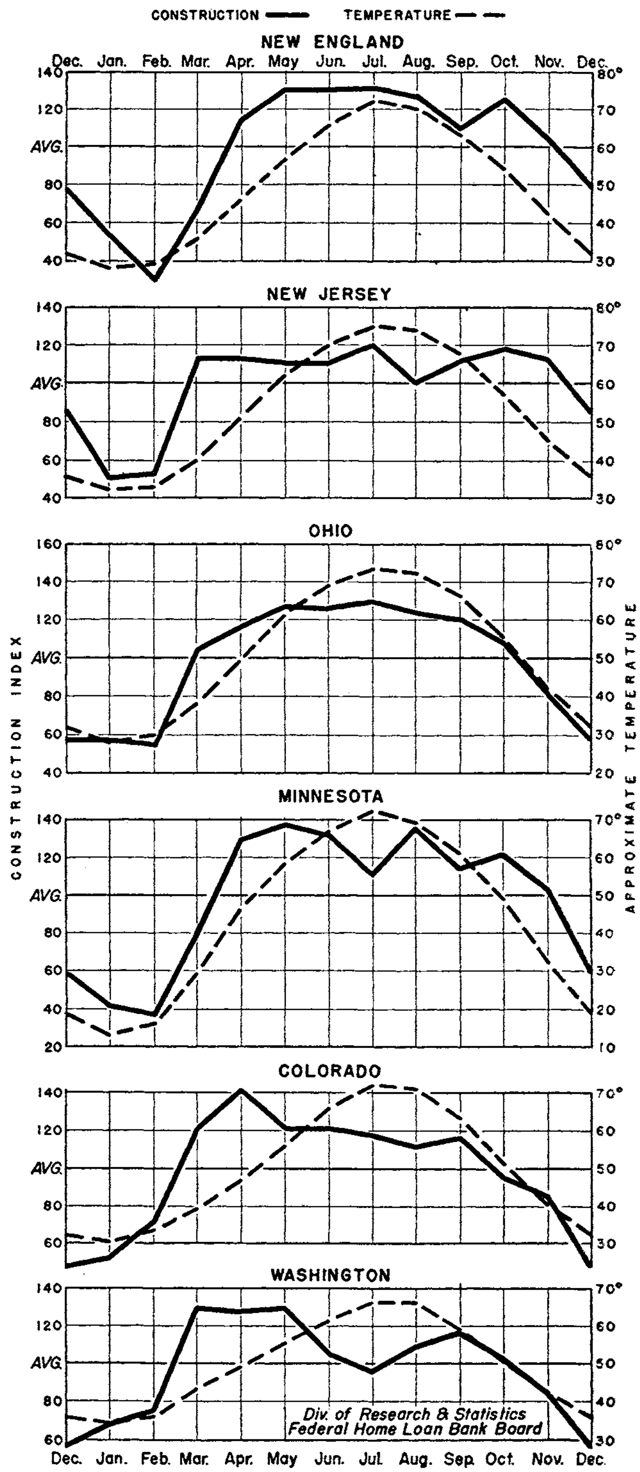
However, the Department of Labor found that, "In the construction of smaller buildings, and particularly of the smaller houses, the season of the year is still an important factor. The opinion of architects and builders in this field was more or less divided. Some favored winter operations in all buildings, while others were opposed to winter work on houses as uneconomical and more or less hazardous . . ."

Those authorities interviewed by the Department of Labor in the two Southern cities of Atlanta and New Orleans agreed that the most important factor causing seasonal fluctuations in those areas was the established custom of having but one "moving date" in each city, which occurs in the autumn. Thus, as the builder finds it difficult to rent at any other time of the year, he plans his projects so they will be ready for occupancy by fall. Hence, for several months after the standard lease date very little building is done, and the winter remains the dull season despite the fact that in general the cooler months offer more favorable weather and cheaper labor than is available in the present building season.

An intense advertising and publicity campaign was carried on in Chicago from 1928 to 1933, under the sponsorship of the Chicago Real Estate Board, with the cooperation of renting agents, moving

[1] Handbook of Labor Statistics, 1936 Edition, p. 224.

SEASONAL VARIATION IN RESIDENTIAL CONSTRUCTION AND APPROXIMATE TEMPERATURES BY MONTHS IN SELECTED AREAS



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companies, and various community organizations. The peak leasing loads around May 1 and October 1 were drastically cut and in 1930 it was estimated that property owners had saved one and one-half million dollars. If the savings accruing to tenants, agents, and utility companies were added, the estimated saving would total about 10 million dollars. The success of the Chicago campaign demonstrates that public psychology, which is such an important factor in creating winter recessions, can be altered.

Advantages of Year-Round Construction

Programs designed to correct seasonal variations in residential construction have often been considered by many interested groups. If the peaks and valleys of building activity were leveled off, tremendous direct and indirect savings would accrue: to labor, for they would be more sure of continuous employment and a larger gross annual income; to contractors, for their equipment and organizations would be put to continuous productive use; to owners, for they would get the benefits of earlier rentals and savings of interest and taxes on idle investments; to buyers, for the building costs of their homes would be lower without any seasonal exaggeration; to material manufacturers, transportation units, and mortgage lenders.

The reasons for seasonal fluctuations in building activity are probably more emotional and traditional than practical. The charts showing the seasonal variation in residential construction in many different areas throughout the entire country illustrate the fact that the bulk of construction business is spread out during eight months and that even within this active 8-month period itself, there are precipitous rises and declines. The data show that custom, as well as climate, is an influential factor in determining building activity. In some areas, the mean temperature never falls below 55 or 60 degrees, yet the seasonal pattern of residential construction is very similar to that existing in more northerly areas where the temperature during the winter months is well below freezing. The seasonal upswings and declines in building, it is true, are more drastic in those areas where sharp changes in temperature are the rule, but all regions of the country studied follow more or less closely the fundamental pattern of eight months of building, four months of slack times.

In the Review for January 1937, the article "Winter Construction" pointed out that mortgage lenders have the same common interest as owners and builders in smoothing out the peaks and valleys of the building industry. The holder of a mortgage has a special interest in seeing that the building which constitutes the physical security for his loan is not constructed at unduly high prices due to seasonal fluctuations in building activity. Encouragement of winter construction by lending institutions will not only enable their borrowing members to build at lower labor and material costs but will also relieve the staff of the lending institution from some of the pressure which currently arises from the fact that the lending season is dictated by the building season. Since increased winter construction is not held in check by practical causes but rather by public psychology in many areas, lending institutions, through their position as sources of credit for building, can exert a substantial influence in lengthening the present 8-month construction period to a full year and thus in stabilizing building activity itself.

A Refinancing Program in New York

■ THE Federal Home Loan Bank of New York recently announced a program to make available millions of dollars for the purchase of mortgages still held by the closed mortgage guaranty companies and similar institutions in liquidation in New York City. Through the 70 member institutions of the Federal Home Loan Bank in the metropolitan area, funds totalling $65,000,000 can be directed immediately to the purchase of these mortgages. These funds will also be used to make new mortgage loans to purchasers of foreclosed real estate now held by the liquidating agencies.

The program is offered in cooperation with the State Insurance Department, the State Banking Department, the State Mortgage Commission, and the trustees appointed by the Courts for the various mortgage certificate issues. Its benefits are believed to be threefold: it will enable the holders of mortgage certificates to get back a substantial percentage of their investment at an earlier date; it will help to bring about the return of a normal mortgage market, which is necessary before a normal real estate market can be restored; and it will provide a practical means for home owners to transfer their indebtedness, which in many cases is written on a straight mortgage basis, from the liquidating agencies to home-financing institutions providing a monthly payment plan of amortization.

OBTAINING THE COOPERATION OF YOUR MEMBERS

Associations describe their experience in developing new business through the aid of their investors and borrowers.

■ A FEW months ago the Federal Home Loan Bank Board, through its Public Relations Department, sent a questionnaire, "The Hunt for Facts", to a number of member associations which had made outstanding progress during 1937. In response to 20 selected questions they were asked to tell what means of advertising and other promotional effort they had found most productive. The purpose was to obtain ideas and formulae which might be used for the benefit of all.

Some 290 replies came in, many in detail. They represent the opinions of executives of both small and large associations, broadly distributed in communities of all sizes in almost every State. After the mass of material on hand has been collated, digested and summarized, it will be placed at the disposal of member institutions.

One of the most important questions asked was: "What methods are best to enlist cooperation of your members?" Many of the managers made definite response to this question. It is generally agreed in the industry that, beyond the immediate circle of directors, officers and employees, the body of members forms the logical nucleus for growth of the organization. Projecting this to a national scale, we see that there are nearly six million investors and borrowers in member associations, a potential army of salesmen and saleswomen for sound thrift and home-financing units. The premise is equally true for the large institution and for the small, although in those of lesser size, there is, of course, more opportunity for the staff to know the members personally. The cost of such a form of advertising is relatively small.

As with the other points discussed in the questionnaire, there was a wide divergence of expression on how best to stimulate membership cooperation. A surprising number of associations had made little aggressive effort in this direction. One thought, however, which ran thread-like through the replies, was that because of the mutual nature of savings and loan institutions constant cultivation of the support of investors and borrowers affords an opportunity for expansion that is found in almost no other line of business.

Building Goodwill of Members

Although the replies to this question are not suitable for statistical analysis, a number of conclusions can be drawn from them. The foundation stones on which to build an active goodwill of members, it was brought out, are: (1) courtesy, (2) dissemination of informative material to members so that they will have a thorough understanding of the work of the association, and (3) direct solicitation of their aid by the institution. These three factors appear to be inseparable in any program directed toward substantial growth of an association through the medium of its membership.

Several managers took pains to point out that courtesy is more than a matter of mere politeness, a casual greeting, and a bored smile. It comprehends a genuine interest in the member as a friend and one of the owners of the business, not simply as "an account" on the books. It adds the personal touch, calls the member by name, lets him know that his call is appreciated. It bespeaks promptness and keen attention at the desk and window. It implies that the officers of the association are readily accessible to the members. If a member's patience is tried by a long wait in line, a brief and cheerful apology will restore his good humor. As a word, "service" is perhaps worn threadbare but there is no substitute.

"Make the customer feel important", wrote one secretary. Another association printed 11 suggestions for tellers to follow in handling callers. It treated clearness and modulation of voice, tactful identifications, pleasant greetings, and the avoidance of argument or a superior attitude. Included were: "Our rules for doing business may seem strange to the average person. Bear this in mind when making explanations that may seem technical", and "Never forget that the customer is the person creating the salaries for everyone in the association." Another manager said, "Courtesy is what retains our old accounts."

Accurate and Detailed Information Supplied to Members

Associations reported many channels for conveying a more complete understanding of their work to members. They act on the theory that if the member is familiar with the workings of his institution he is in a position to tell his brother-in-law, his grocer, or the worker at the next lathe all about it. A North Carolina secretary wrote, "Fully explain what you have to sell in order that they may intelligently lay facts before anyone desiring investment."

The first aim of an association is education on the historic importance of savings and loan in American life and home finance. Often persons who have been members for years have no conception of the nation-wide scope and significance of savings and loan. Such enlightenment is followed by a description of the attractive features of the modern investment and loan plans. The guiding policies of the association are explained clearly.

Informative material tells why the association is sound and safe and what sort of loans it makes. It emphasizes the mutual nature of savings and loan, which distinguishes it from so many other types of business. It fosters the saver's pride as part owner of a thriving financial institution with a voice in its management. Older associations relate their long history of usefulness. The necessity and wisdom of maintaining large reserves is made plain. The member learns how the dividend rate is determined, the purpose of appraisals and why one type of property deserves a lower interest rate and larger loan than another. If the institution is eligible for the investment of trust funds, he becomes acquainted with that selling point. "A well-conducted association has nothing to hold back from its members", declared a secretary. "Management should tell them what it is doing and why, and what are the plans for the future."

The member is impressed with the fact that his association is a recognized asset to the community, encouraging sensible thrift, creating new homes, new business, and expanded employment.

Maintaining Contact With Members

Most associations make effective contact with their members at dividend time, sending them a financial statement and a review of the institution's record. Some employ the occasion to urge members to tell their friends of the advantages of such investment. Quotations from secretaries follow:

"We take our shareholders into our confidence and let them know about the operation of the association. . . . These letters were productive of very good results"; "We keep all our present members informed. . . . Expressing appreciation for their cooperation, further request that they induce their friends to become members. This letter is mailed two or three times a year."

"Well-written letters to present and old customers and dormant accounts get results"; ". . . a semi-annual 'pep' letter discussing general features of our progress and urging them to inform their friends. We also try to be of every possible service to our members in a multitude of ways in order to enlist their goodwill. . . ."; "Convince them that their savings and loan association is a mutual and coopertive organization and that each member is a 'spoke in the wheel' or a 'link in the chain' . . . when sending out announcements of dividends"; "Always refer to them as *members* in correspondence and conversation—always refer to the association as *their* institution".

From a large Federal in New England: "Constant letters and booklets reminding them that as the association succeeds so do they. . . ."; from California: "Mail them a complete and easily understood financial statement. . . . "; "We keep in close touch with both investing and borrowing members monthly by mailing to them information . . . ." ". . . frequent statement or reports on our progress, gotten up in simple, understandable form"; "We do not hesitate to ask them for help in obtaining new prospects for loans and investments".

"Giving them booklets to leave with their friends"; "Goodwill established . . . both our investors and borrowers go out of their way to recommend us. . . ."; "Letters at each dividend date . . . giving details of operations and telling them what they are getting appears to be the only one they actually pay real attention to"; "Keep them posted on your growth in assets and membership, but be sure you convey the idea that their account is important. . . ."; "They seem glad to comply with reasonable requests for cooperation"; "Promptness in handling all transactions including withdrawals".

The following brief letter brought many valuable prospects:

To SHAREHOLDERS:

As a shareholder, you are vitally interested in the success of your association. This success can only be continued by your interest in helping secure new shareholders and the securing of new loans on residential property in............

Year by year, for the past 25 years the bond of confidence between the membership of our association and its officers has grown steadily until today the oneness of purpose is evidenced in making .... one of the outstanding building and loan associations in the State.

We want to go further and to serve many more shareholders as savers and borrowers. To this end, won't you who have enjoyed the benefits of our association take the time to send us the names and addresses of five or more persons who should be interested in having a copy of our new leaflet, "*How Much Shall I Save and How Shall I Save It?*" (Copy enclosed.)

Your assistance in sending a list of names by return mail will be appreciated. Your name will not be mentioned without your consent. A self-addressed envelope is enclosed. No postage necessary. Thanks.

Sincerely yours,

...................., *President.*

One association wrote that it is planning to reproduce clippings of several of its exceptionally good newspaper stories and enclose them with letters to members in order to illustrate its progress and the recognition given to it by the press.

To maintain contact with members, many associations utilize house organs either of their own creation or those sold by service organizations. One association recommended a booklet prepared by the institution itself and published quarterly.

The enterprising president of a large and growing institution clipped a Washington news story on the financial progress of the Federal Savings and Loan Insurance Corporation and mailed it in facsimile to his members. His message on the same page said, "As an investor in this association, whose accounts are insured, I feel you would be interested in having this article brought to your attention . . . ."

Meetings are often relied on to arouse member interest, especially annual meetings of shareholders, sometimes accompanied by a banquet. One secretary replied, "Annual or semiannual dinner with free feed and invitations to the whole membership. A first-class speaker, then an appeal for new savings. Having a group of three or four hundred people together gives a splendid chance to sell the association and its aims." ',Insist that they attend the shareholders' meetings", said another. "Tell them about the association and treat them with every consideration"; "Through special group meetings", was the reply of a third.

The importance of enlisting the cooperation of women, who constitute a large proportion of the typical membership, was emphasized by one association.

The executive of an Eastern association which made a remarkable record of progress gets his best results through his borrowers. "As a source of new business, there is nothing like a satisfied borrower," he said. "He will bring you new investors and applicants for loans without much urging. His interest and willingness arise from the appreciation of the simplicity and economy of his direct-reduction loan. When the mortgagor has a book showing the exact amount of his indebtedness and the application of his payments to interest and principal, with no mystery as to credits or debits, he is well pleased and will be glad to talk to his friends."

Geographical Distribution of Member Institutions

■ A RECENT study made by the Federal Home Loan Bank Board revealed that the member home-financing institutions of the Federal Home Loan Bank System are located in 1,963 cities and towns in the United States. These 1,963 communities have a population of 58,590,902, which comprises 85 percent of the estimated total populations of 69,000,000 in all urban areas of the United States. Since most of these thrift and home-financing institutions can make loans within a wide radius of their offices, it is believed that almost the entire nonfarm area of the country is now being served by member institutions.

The 3,960 member institutions of the Federal Home Loan Bank System are located in all of the 48 States and Hawaii, Alaska and the District of Columbia. They include 3,913 savings, building and loan associations, cooperative banks, homestead associations, 38 insurance companies and nine mutual savings banks. The total assets of these institutions are more than $4,308,000,000.

The Winston-Salem Bank District has the largest number of cities—246—in which are located member institutions. The Cincinnati Bank District has the second largest number, 223; and the New York Bank District is third with 217.

LOWER DIVIDEND RATES AND INCREASED PRIVATE INVESTMENTS

The experience of 11 insured savings and loan associations, located in a large urban area in the midwest, in attracting a substantial and increasing volume of private investment at dividend rates not in excess of 3 per centum per annum is of particular current significance.

■ THERE have been many indications in recent months that the careful investor will not refuse to save, even though the prospective return on his investment is lower than has been customary in former years, provided that he is satisfied as to the safety of his funds. Certainly this theory is borne out by a current study made by the Federal Home Loan Bank Board of 11 insured savings and loan associations in a large urban area in the midwest, where these insured associations hold more than two-thirds of the assets of all active savings and loan associations.

During the first six months of 1938, nine of the 11 insured savings and loan associations in this area showed a greater net increase in private investment than during the entire 12 months of 1937. More than that, *all 11* associations recorded a greater dollar amount and a greater percentage of gain in private investments during this 6-month period than during the preceding six months.

The significance of these gains, from the viewpoint of the present discussion, lies in the fact that during the entire period in which the increases were registered, the semiannual rate of dividend on shares remained static at 1½ percent.

The trend in dividend rates paid by savings and loan associations has been downward in recent years. This has followed as a direct result of the downward movement in the general structure of all interest rates. As interest rates on home-mortgage loans have steadily decreased, savings and loan associations have reduced the rate of dividends paid upon invested capital in order to maintain a spread between operating income and dividend payments sufficient to meet operating costs and to build up adequate reserves.

Although such studies as have been made have indicated that there is no direct relation between a high dividend rate and a steady flow of funds into a savings and loan association, member institutions in general are interested in obtaining more data on the results of lower dividend policies over a period of years. The experience of the 11 insured associations, as shown by a study made by the Office of the Governor of the Federal Home Loan Bank System, is a distinct contribution to the meagre data in this field.

Analysis of the Trends in Private Investment

The following table shows that five of these associations recorded a net increase in private investment of more than $100,000 during the first six months of 1938.

Net increases in dollar amount of private investment during first six months of 1938

	Number of associations
$20,000–$49,999	4
$50,000–$99,999	2
$100,000–$199,999	2
$200,000–$299,999	1
Over $300,000	2

Likewise, five associations showed a percentage gain of more than 30 percent during this same period.

Percent increases in private investment during first six months of 1938

	Number of associations
Under 10 percent	1
10 percent to 20 percent	2
20 percent to 30 percent	3
30 percent to 40 percent	2
Over 40 percent	3

Dividend Policies

Table 1 shows that this trend of increased private investment is not a phenomenon of any single 6-month period. Four of these associations have been insured for more than three years; five have been operating as insured associations for more than two years; and only two have an operating experience as insured associations of less than two years. Moreover, *from the date of issuance of the certificate of insurance until the present time*, the basic dividend policy of all 11 associations has been to declare a semiannual dividend at a rate not in excess of 1½ per centum per annum.

Four associations increased the amount of private capital invested in each semiannual period from the date of insurance. Three associations recorded a single 6-month period in which private investment decreased slightly before net increases in private capital were shown. One association showed no gain in private capital invested for two 6-month periods; two associations experienced a decrease for three successive semiannual periods; and one association recorded a net gain in private investment only after five successive declines. The record as a whole is impressive: 7 out of 11 associations were able to attract a substantial and increasing volume of investment with a maximum of a single 6-month period after insurance of share accounts in which no gain was recorded.

The gains have accelerated. At the end of the first six months of 1935 there were two insured associations which were able to make comparisons with the preceding 6-month period, and of these, one showed a net increase and one a decrease in private capital. During the last six months of 1937, 10 out of 11 reported a net gain in private capital invested, and during the first six months of 1938, all 11 of the associations were attracting an increasing volume of private funds.

How Were These Results Obtained?

In spite of the fact that the dividend rate of these associations has been maintained at the level of 3 per centum per annum, a rate lower than that paid by several competing institutions, the public has left invested funds with these associations, and has brought additional investments to them. It is impossible to analyze all the individual factors which have contributed toward the maintenance of this steady flow of private funds into these institutions. However, three different cooperative advertising campaigns have been conducted to acquaint the public with insurance of share accounts, with the inherent soundness of the home-mortgage loans in which the associations invest the private capital entrusted to them, and with the various other safeguards which a savings and loan association can offer to the investor.

The experience of these insured associations confirms the results of other studies in many different parts of the country. Associations can successfully attract a sufficient volume of private capital at lower dividend rates than generally prevail today. In order to succeed, however, they must inform the investing public of the many attractive features of their investment and savings plans.

***Table 1.*—Trends in private capital invested in 11 insured savings and loan associations in a large midwestern urban area**

[Source: Office of the Governor, Federal Home Loan Bank System]

Association	Basic semiannual dividend rate	Number of months from date of insurance to June 30, 1938	Percent increase (+) or decrease (−) in private investment during 6-month period ending:						
			June 30, 1935	Dec. 31, 1935	June 30, 1936	Dec. 31, 1936	June 30, 1937	Dec. 31, 1937	June 30, 1938
	Percent								
A	1½	47	--------	+2.8	−16.0	+4.4	+15.7	+14.4	+50.0
B	1½	47	+166.7	+114.2	+38.5	+165.0	+42.8	+26.6	+38.9
C	1½	45	−8.9	[1] −7.1	−8.4	−4.5	−1.2	+2.2	+9.3
D	1½	41		−7.9	+11.6	+15.0	+23.6	+27.0	+45.9
E	1½	35	--------	--------	+41.5	+62.1	+39.9	+26.8	+38.2
F	1½	35	--------	--------	[1] −3.4	+1.2	+10.5	+8.1	+26.5
G	1½	33	--------	--------	−12.6	−2.0	−0.1	+3.3	+16.5
H	1½	30	--------	--------	−21.9	−2.0	−1.1	+4.6	+44.7
I	1½	28	--------	--------	--------	+3.4	+11.0	+7.4	+22.3
J	1½	21	--------	--------	--------	--------	−11.8	−1.9	+14.1
K	1½	17	--------	--------	--------	--------	--------	+2.7	+24.7

[1] Semiannual dividend rate: 1¼ percent.

SUMMARY OF MOST SIGNIFICANT POINTS IN RESIDENTIAL CONSTRUCTION AND HOME-FINANCING ACTIVITY

I. Business in general rallied strongly during August for the first time in 1938.
- *A. First marked rises of the year occur in manufacturing employment, pay rolls, industrial production, machine tool orders.*
- *B. Trend of national income payments upward, foreshadowing increased consumer purchasing.*
- *C. Volume of business activity still substantially below August 1937 level despite increases.*

II. Residential construction index for August at highest monthly level since 1929 (February 1937 alone excepted).
- *A. Current recovery in residential building continues general: rate of building increased during August as compared with July in eight Federal Home Loan Bank Districts.*
- *B. All Southern areas recorded 1938 high levels of building activity in August.*

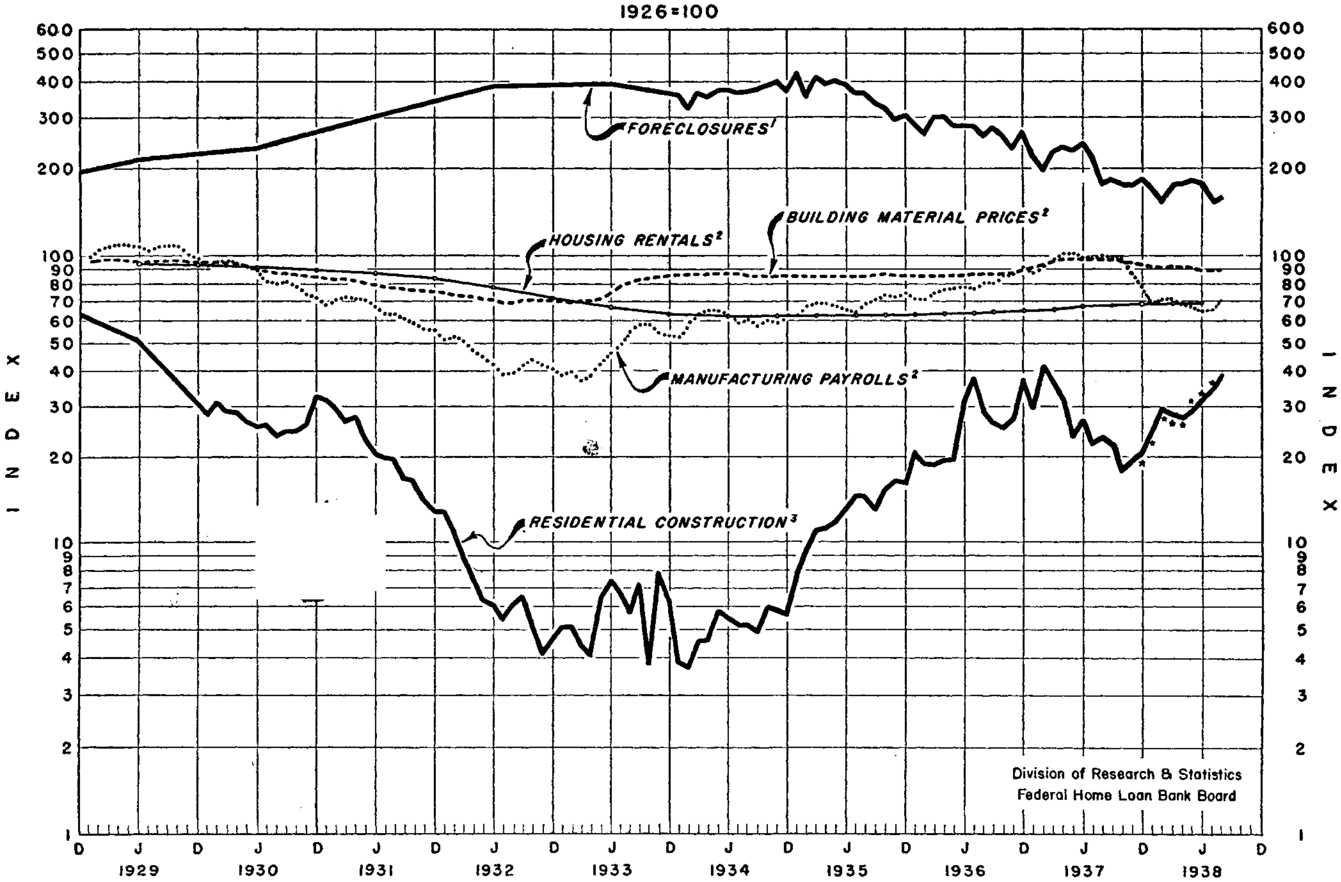
III. Building Costs: upward trend indicated by August reports from the Southwest, Ohio, Kentucky and Tennessee not evidenced by September reports from other sections of the country. Decreases in costs general throughout the Southeast and in Illinois and Wisconsin.
- *A. In relation to January 1936 levels, material costs are now 5 percent higher, and labor costs 15 percent higher.*
- *B. Wholesale prices of building materials steady, except lumber prices, which showed a marked increase for first time since early 1937.*

IV. Mortgage lending activity of savings and loan associations in August showed definite improvement for the first time this year. Volume of loans advanced, contrary to usual seasonal trend.

V. Real estate market:
- *A. Rentals: unchanged from July.*
- *B. Foreclosures: rose slightly and contra-seasonally.*

RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS

1926=100



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

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

RESIDENTIAL CONSTRUCTION and HOME-FINANCING ACTIVITY

GENERAL business rallied strongly in August from the depressed level of the early summer months. While the seasonally corrected index of the volume of residential construction has risen fairly steadily since the latter part of 1937, indexes of manufacturing employment, pay rolls and production indicated their first significant rises during the year in August. Machine tool orders, usually a sensitive index of increasing business activity, increased sharply in August from July. The index of machine tool orders in August was the highest since last December and stood more than one-third above the monthly average for the first half of 1938.

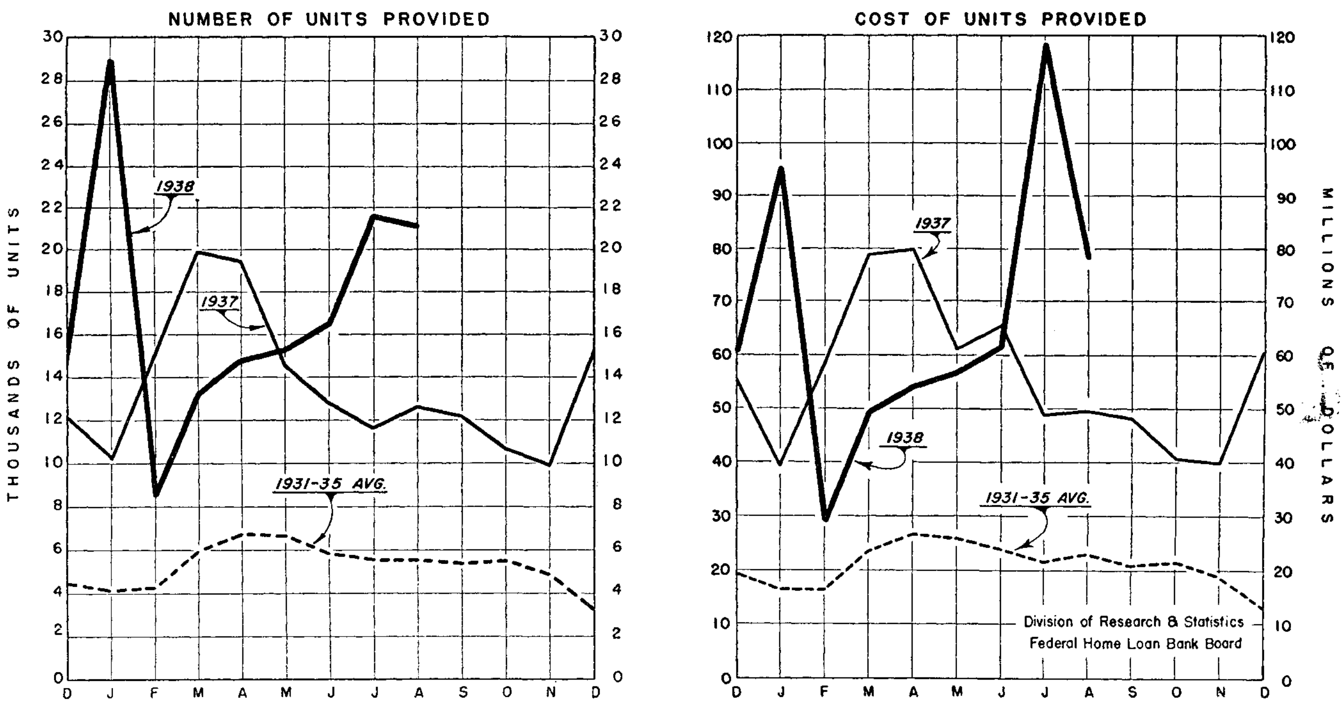
The residential construction index stood in August at a level higher than any month since 1929 with the single exception of February 1937. This index has been corrected for normal seasonal variations and was adjusted earlier in the year to compensate for the sharp fluctuations occasioned by the introduction of a new building code in New York City.

It is notable that the volume of business activity remains substantially below the level of a year ago, yet residential construction activity now stands well above the level of August 1937. During July the seasonally corrected index of national income payments advanced 1 percent and interrupted a downward movement which had extended over a period of 10 months. The *Survey of Current Business* regards this index as a reliable guide to the trend of consumer income because of its inclusive character. Therefore, the upward movement in the index of national income payments is significant because it foreshadows a probable increase in consumer purchasing.

Rentals on homes remained at the same level in August as was indicated for the preceding month, according to the National Industrial Conference Board index, while only fractional increases occurred in the composite index of building material prices. Lumber costs accounted for practically all of the

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

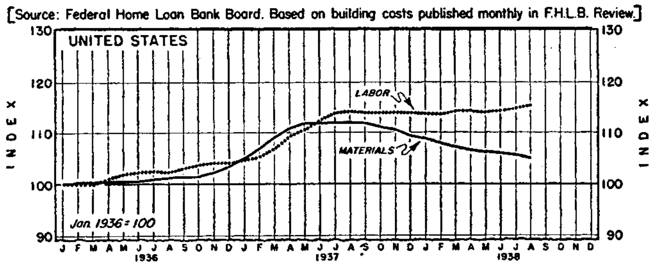
(Source: Federal Home Loan Bank Board. Compiled from residential building permits reported to U. S. Dept. of Labor)



increase in the composite index for August—this being the first month in which the price of lumber has risen significantly since early in 1937. During August there was a more than seasonal increase in the movement of forest products reflecting in part the relatively favorable volume of residential building. Plumbing and heating supplies and brick and tile recorded fractional declines.

Trends in the cost of material and labor used in the construction of the standard 6-room frame house have diverged widely during the past year, as indicated by the accompanying chart. Material prices, which rose sharply from the close of 1936 to the summer months of 1937, have tapered off since then, and by August of this year practically all of the advance in material prices made from the beginning of 1937 to the peak had been cancelled. Labor wages, which increased rapidly from the early months of 1936 until July of last year, have leveled off somewhat, showing only fractional rises since that time. The cost of labor now stands about 15 percent above January 1936, while material prices are only 5 percent higher than at that time. The peak of material costs was reached in August 1937, when the index stood at 112.1; in August of this year, the index had fallen to 104.9. The index of labor costs during this same period rose from 114.2 to 115.1

TREND OF MATERIAL AND LABOR COSTS
FOR CONSTRUCTING A STANDARD FRAME HOUSE
UNITED STATES
[Source: Federal Home Loan Bank Board. Based on building costs published monthly in F.H.L.B. Review.]



In comparing the building material price index of the United States Department of Labor with that of the Federal Home Loan Bank Board standard house it must be pointed out that the former index is of a more general character, and considerable weight is given in its computation to cement, brick, tile, and structural steel prices. The standard house is of frame construction, therefore no structural steel and relatively little concrete, brick, and tile go into its construction. Hence, it is interesting to note that the two indexes, despite the differences in method of computation, agree as to the significant trends in the building material field.

[1926=100]

	August 1938	July 1938	Percent change	August 1937	Percent change
Residential construction [1]	38.5	34.2	+12.6	23.0	+67.4
Foreclosures (metro. cities)	159.0	153.0	+3.9	176.0	−9.7
Rental index (N. I. C. B.)	85.5	85.5	0.0	86.7	−1.4
Building material prices	89.4	89.2	+0.2	96.3	−7.2
Manufacturing employment [2]	84.8	80.8	+5.0	107.7	−21.3
Manufacturing pay rolls [2]	74.2	68.1	+9.0	104.3	−28.9
Average wage per employee [2]	87.5	84.3	+3.8	96.8	−9.6

[1] Corrected for normal seasonal variations.
[2] Revised series.

Foreclosures, which have been diminishing in number over the past three years, indicated a rise in August, although the normal seasonal movement from July to August is slightly downward.

Lending activity of savings and loan associations rose from July to August, although there is normally a seasonal decline in this period. This is the first month of this year in which definite signs of improvement were evident, as the increases earlier in the year were apparently seasonal in nature. The improvement during August was shared by all loan-purpose classifications, and in total loans for each type of institution; associations in each of the 12 Federal Home Loan Bank Districts participated in the accelerated lending activity evidenced last month.

Residential Construction

■ DURING August, over 21,100 family dwelling units were provided by building permits issued in communities having 10,000 or more population. This represents a rise of 8,500 units or 68 percent, as compared with a year ago.

The volume of such residential building activity in August increased nearly $29,000,000 or 58 percent from the same month of last year.

Through August of this year, 140,100 dwelling units have been provided. Of this total, 89,200 units or 64 percent were of the 1 and 2 family type. In the first eight months of 1937 nearly as many units were built in structures housing 1 or 2 families (85,900) as in the same period of this year. However, these units amounted to 72 percent of the total because of the relatively small number of multifamily structures built last year. The increase in number of multifamily units in 1938 was attributable to the unusual conditions in New York City where a new building code has been instituted, causing a rush of applications for permits in the early months of this year.

Residential construction indicated increases in August as compared with July in eight of the Federal Home Loan Bank Districts, while the New England area showed practically no change (see chart on page 483). The New York and Portland Districts registered sharp declines in August from the unusually high levels recorded in July. On the other hand, new high levels for activity during 1938 were recorded in half of the Federal Home Loan Bank Districts including *all* of the Southern areas.

The highest rate of activity for the month of August (76 units per 100,000 population) occurred in the Los Angeles District while the Chicago District was lowest with less than 10 units.

From Table 2 on page 480 it may be seen that nearly all of the States reported more units built in August than during the corresponding month of last year; rises in the total cost of these units from August 1937 were also widespread, except in the Boston District where all States except Connecticut and Rhode Island indicated declines.

The Department of Labor reports that during the first half of 1938, the number of dwelling units provided in 65 out of the 94 cities having a population of 100,000 or over was higher than the number provided during the corresponding period of any year since 1929.

The number of family dwelling units provided in communities of 10,000 population or over during the first eight months of 1938 increased over the same period of last year in only four Districts; the New York District was first with a rise of 78 percent due to the unusual conditions prevailing in New York City. Thus, although total units during the January–August period in the United States indicated an increase of 17 percent from a year ago, when New York City is deducted a decline of 1 percent is shown for the rest of the country.

ERRATUM

A correction received as the REVIEW goes to press indicates that the estimated cost of multifamily units for the Borough of Queens, New York City, was erroneously reported in July at $51,089,800, instead of $15,089,800 which is the correct amount; hence, the cost of 3-or-more-family dwellings in the United States, as indicated on Table 1, amounted to $32,621,500 in July, and the cumulative January–August total was $164,754,300. The July estimate for the cost of all residential dwelling units in New York State, as corrected, is $33,083,000 (Table 2, September REVIEW), while the cost of all units in the United States in July, indicated in the chart on page 475 of the current issue, is $82,248,400 on the corrected basis.

Indexes of Small-House Building Costs

[*Table 3*]

■ PRICES of materials used in the construction of the standard 6-room frame house continued downward in most of the cities reporting for September, while labor rates for the group increased slightly. A net decline in total cost of the house from June occurred in all but seven of the 27 reporting communities. This trend is not similar to that shown for the group reporting last month, when 10 out of 23 cities evidenced rises. The reports of these two series cannot be directly compared as entirely different sections of the country were surveyed. Reports for July indicated that increases in costs were general throughout the Southwest, and in Ohio, Kentucky, and Tennessee, but that costs were continuing to decrease in the Pittsburgh and Los Angeles Bank Districts. Reports for August showed that decreases in costs were general throughout the Southeast and in Illinois and Wisconsin, while costs in New England and in the Topeka Bank District moved less uniformly.

Foreclosures

■ FORECLOSURES in metropolitan areas increased in August to 159 percent of the average month of 1926 as compared with 153 percent in July (revised). This represents an increase of 3.9 percent which compares unfavorably with the normal seasonal decrease of 0.1 percent.

As compared with the same month of last year, foreclosures in metropolitan communities declined 9.7 percent in August. During the January–August period of this year the foreclosure index was 22.8 percent less than for the first eight months of 1937.

Increased foreclosure activity was shown in 41 of the 82 reporting communities, while 37 indicated decreases, and four no change.

Mortgage-lending Activity of Savings and Loan Associations

[*Tables 4 and 5*]

■ ON the basis of a special survey recently conducted by the Division of Research and Statistics, the lending activity estimates of the Federal Home Loan Bank Board have been revised. The survey on which these new estimates are based is believed to have a more comprehensive coverage than any study previously made on the volume of mortgage financing by savings and loan associations.[1]

New mortgage loans were estimated at $74,700,000 for the month of August by savings, building and loan associations. Of this total, loans for the purchase of homes amounted to $23,800,000, and home construction loans totaled $22,600,000. Hence, 62 percent of all loans written by all institutions were for these purposes.

Contrary to the usual changes from July to August, loans of savings and loan institutions increased during this period in 1938 by 10 percent. Each of the five "purpose" classifications shared in this rise—construction loans advancing $3,500,000 or 18 percent from July.

Each of the three institutional types—Federals, State members, and nonmembers—indicated increases over July in total volume of lending activity. However, the rise in the amount of commitments made by State members was not as great as with the other classes. Although new highs for the year were reached in August by loans of Federals and nonmembers, the State member class had not yet regained the losses incurred in July. As compared with a year ago, loans by institutions of this latter class registered a decline, in contrast to slight gains in the remaining types.

Lending activity increased from July to August for savings and loan associations in each of the 12 Federal Home Loan Bank Districts; however, in half of these areas declines from the same month of last year were recorded.

Federal Savings and Loan System

[*Table 7*]

■ DURING the month of August, seven newly converted and one newly chartered Federal associations were approved by the Board for membership in the Federal Home Loan Bank System; however, as a merger took place between two Federals the net growth of the Federal Savings and Loan System was seven institutions. There were 11 approved Federals which had not as yet been insured on August 31. Total assets of all approved Federals increased $10,500,000 from July to $1,233,200,000 as of the end of August.

New private investments in shares of Federals amounted to $7,700,000 more than repurchases during August, according to reports received from 1,289 reporting associations. This rise in the volume of private repurchasable capital was supplemented by a net increase of over $100,000 in the amount of investment by the Home Owners' Loan Corporation. The combined investment of United States Treasury and the Home Owners' Loan Corporation in these institutions stood at $211,000,000 as of the end of August.

Progress in number and assets of Federal savings and loan associations

	Number		Approximate assets	
	July 31, 1938	Aug. 31, 1938	July 31, 1938	Aug. 31, 1938
New	639	640	$306,594,000	$315,079,000
Converted	707	713	916,109,000	918,107,000
Total	1,346	1,353	1,222,703,000	1,233,186,000

Federal Home Loan Bank advances outstanding to the 1,289 reporting institutions under Federal charter amounted to $93,000,000, a decline of nearly $2,000,000 in August, while money borrowed from other sources rose $400,000.

Mortgage lending activity for the construction of homes increased 20 percent from July in the reporting sample. Each of the other classes of loans indicated significant rises, although there is a normal seasonal decline for each loan classification. A total of $26,100,000 was loaned during the month of August, resulting in a net increase of $12,900,000 in the volume of loans outstanding, after taking into consideration repayments on loans.

Federal Home Loan Bank System

[*Tables 10 and 11*]

■ ADVANCES by the Federal Home Loan Banks during August were at a lower level than during July and were less than one-half of the amount of new advances made during August 1937. Repayments during August showed a marked decrease over the exceptionally heavy July total, but for the second consecutive month total repayments exceeded the total amount of new advances. Consequently, the balance of advances outstanding declined to $189,-418,000 on August 31, 1938. This total is, however,

[1] Further information regarding the revised method for computing these estimates, as well as the revisions by type of association and according to loan purposes, may be obtained from the Editor of the REVIEW.

approximately $14,000,000 greater than the balance of advances outstanding on August 31, 1937.

The cumulative total of new advances for the first eight months of 1938 is still much less than the amount advanced during the same period in 1937, as Table 11 shows, and is slightly less than the cumulative total of advances for the same period in 1936. The cumulative total of repayments, in contrast, is greater than in 1937, and nearly twice as great as in 1936.

Five of the Federal Home Loan Banks made a greater amount of advances during August than during July. Repayments were greater in August than in July in only four Bank Districts. The balance of advances outstanding showed small increases in the Pittsburgh, Chicago, Des Moines, and Topeka Districts. The Topeka Bank showed the greatest monetary and percentage increases in outstanding advances and the Cincinnati Bank showed the greatest monetary and percentage decreases.

Long-term advances on August 31, 1938 represented 79.1 percent of the total advances outstanding. This is a significant increase over the relationship between long and short-term advances at the end of August 1937, when long-term advances constituted only 71.4 percent of the total outstanding. On August 31, 1938, the Federal Home Loan Banks had advances outstanding to two out of every three members. The number of borrowing members constituted 66.5 percent of the 3,960 institutions which represented the total membership of the Federal Home Loan Bank System on that date.

Interest Rates

A change in the rate of interest on advances to members has been announced by the Federal Home Loan Bank of Portland. On and after October 1, 1938, all advances shall be written and collected at 3½ per centum per annum.

Federal Savings and Loan Insurance Corporation

[*Tables 7 and 8*]

■ THE 2,041 savings and loan associations insured on August 31, 1938, had total assets of $2,007,000,000. In these institutions the savings of 1,989,200 investors were protected. Total share and creditor liabilities amounted to $1,816,000,000, while the potential risk of the Insurance Corporation in these institutions approximated $1,423,000,000. During August, 13 associations with assets of $3,800,000 were insured.

Applications for insurance were received during August from 35 savings and loan associations having total assets of about $24,200,000. All but two insurance applications came from State-chartered associations.

Comparable reports for July and August received from 1,888 identical insured associations indicated that new mortgage loans made were $4,000,000 greater in August than in the previous month. The greater part of this gain is attributable to construction loans. During August an increase of $8,000,000 occurred in private repurchasable capital, with each of the Bank Districts except Indianapolis and Topeka contributing towards this growth.

Total assets of the Insurance Corporation at the end of August amounted to $114,925,218, an increase of $387,000 over the preceding month and a gain of almost $5,200,000 from August 1937. Total income from insurance premiums and admission fees ($181,200) was $40,000 greater than in August 1937 and expenditures showed an increase of almost $10,500. Net income for the first two months of the current fiscal year amounted to $894,000, an increase of $105,000 over the first two months of the 1938 fiscal year.

Total investments owned by the Corporation, including premiums less discounts on investments, had a book value on August 31 of slightly more than $113,000,000. At that time the market value of these securities exceeded the book value by almost $6,500,000.

Resolution of The Board

Amendment to rules and regulations for the Federal Home Loan Bank System, regarding membership applications: Approved September 13, 1938.

Paragraph d of Section 3.002[1] of the Rules and Regulations for the Federal Home Loan Bank System was amended by the Federal Home Loan Bank Board by adding the following sentence at the end:

> The effective date of the membership of an applicant, if the application is approved, shall be the date set forth in the resolution of the Board approving the membership, or, in the event the resolution contains no effective date, the membership shall become effective upon the date the resolution approving the membership is adopted by the board.

[1] Since copies of recodified Rules and Regulations for Federal agencies may not as yet be available to all readers, the old number is listed for the convenience of the readers:
Section 3.002: Section 25.

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]

[Sources: Federal Home Loan Bank Board. Compiled from residential building permits reported to U. S. Department of Labor

[Amounts are shown in thousands of dollars]

	Number of family units provided					Total cost of units				
	Monthly totals			January–August totals		Monthly totals			January–August totals	
	August 1938	July 1938	August 1937	1938	1937	August 1938	July 1938	August 1937	1938	1937
1-family dwellings	13, 150	11, 707	9, 426	81, 368	78, 566	$52, 665. 2	$47, 162. 3	$38, 717. 0	$321, 208. 9	$343, 931. 8
2-family dwellings	1, 044	742	678	7, 196	6, 556	2, 850. 1	2, 141. 8	1, 866. 6	18, 776. 2	18, 035. 2
Joint home and business [2]	116	80	95	627	741	338. 8	322. 8	408. 1	2, 190. 4	2, 738. 9
3-and-more family dwellings	6, 816	9, 131	2, 402	50, 942	34, 028	22, 300. 3	68, 621. 5	8, 373. 0	200, 754. 3	115, 712. 7
Total residential	21, 126	21, 660	12, 601	140, 133	119, 891	78, 154. 4	118, 248. 4	49, 364. 7	542, 929. 8	480, 418. 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.

Table 2.—Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over in August 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	
	August 1938	August 1937	August 1938	August 1937	August 1938	August 1937	August 1938	August 1937
United States	21, 126	12, 601	$78, 154. 4	$49, 364. 7	14, 310	10, 199	$55, 854. 1	$40, 991. 7
No. 1—Boston	785	684	3, 255. 9	3, 298. 2	762	666	3, 187. 9	3, 257. 3
Connecticut	179	177	861. 9	836. 3	179	174	861. 9	827. 8
Maine	57	43	142. 7	147. 1	57	40	142. 7	137. 1
Massachusetts	392	325	1, 695. 4	1, 741. 4	369	313	1, 627. 4	1, 719. 0
New Hampshire	42	31	73. 6	87. 4	42	31	73. 6	87. 4
Rhode Island	110	95	459. 5	430. 2	110	95	459. 5	430. 2
Vermont	5	13	22. 8	55. 8	5	13	22. 8	55. 8
No. 2—New York	7, 057	1, 954	26, 260. 1	9, 701. 2	1, 682	1, 113	7, 260. 1	5, 243. 8
New Jersey	254	206	1, 375. 4	1, 269. 2	254	202	1, 375. 4	1, 236. 2
New York	6, 803	1, 748	24, 884. 7	8, 432. 0	1, 428	911	5, 884. 7	4, 007. 6
No. 3—Pittsburgh	789	691	3, 715. 7	3, 616. 6	738	585	3, 543. 4	3, 213. 0
Delaware	5	1	26. 0	13. 0	5	1	26. 0	13. 0
Pennsylvania	665	541	3, 245. 1	3, 039. 2	614	498	3, 072. 8	2, 884. 1
West Virginia	119	149	444. 6	564. 4	119	86	444. 6	315. 9

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

Federal Home Loan Bank Districts and States	All residential dwellings				All 1- and 2-family dwellings			
	Number of family dwelling units		Estimated cost		Number of family dwelling units		Estimated cost	
	August 1938	August 1937	August 1938	August 1937	August 1938	August 1937	August 1938	August 1937
No. 4—Winston-Salem	2, 260	1, 998	6, 899. 7	5, 841. 1	1, 682	1, 126	5, 793. 8	3, 901. 2
Alabama	130	113	294. 3	232. 0	125	101	281. 8	221. 6
District of Columbia	493	739	2, 054. 7	2, 002. 1	215	112	1, 257. 7	784. 1
Florida	497	382	1, 646. 1	1, 145. 8	463	313	1, 555. 7	1, 015. 2
Georgia	189	160	452. 0	344. 7	181	160	443. 2	344. 7
Maryland	345	144	694. 5	546. 2	151	125	585. 5	526. 2
North Carolina	339	301	777. 4	1, 009. 7	304	166	736. 1	470. 3
South Carolina	90	68	251. 2	176. 8	87	64	247. 2	170. 3
Virginia	177	91	729. 5	383. 8	156	85	686. 6	368. 8
No. 5—Cincinnati	915	911	4, 041. 8	3, 872. 6	849	821	3, 824. 3	3, 602. 9
Kentucky	137	144	440. 3	469. 1	133	129	432. 8	437. 7
Ohio	630	624	3, 101. 8	3, 001. 4	568	549	2, 891. 8	2, 773. 6
Tennessee	148	143	499. 7	402. 1	148	143	499. 7	391. 6
No. 6—Indianapolis	1, 450	994	6, 754. 6	4, 169. 9	1, 430	983	6, 687. 5	4, 136. 3
Indiana	292	314	1, 149. 8	1, 077. 3	283	308	1, 120. 2	1, 064. 8
Michigan	1, 158	680	5, 604. 8	3, 092. 6	1, 147	675	5, 567. 3	3, 071. 5
No. 7—Chicago	665	583	3, 177. 8	2, 923. 2	641	583	3, 105. 3	2, 923. 2
Illinois	387	340	1, 978. 4	1, 804. 4	376	340	1, 951. 9	1, 804. 4
Wisconsin	278	243	1, 199. 4	1, 118. 8	265	243	1, 153. 4	1, 118. 8
No. 8—Des Moines	911	600	3, 284. 6	2, 213. 5	873	590	3, 198. 0	2, 197. 0
Iowa	233	138	884. 8	486. 2	227	138	870. 7	486. 2
Minnesota	308	216	1, 209. 4	878. 0	308	216	1, 209. 4	878. 0
Missouri	286	192	1, 022. 2	722. 9	254	185	949. 7	711. 9
North Dakota	24	17	73. 1	54. 0	24	14	73. 1	48. 5
South Dakota	60	37	95. 1	72. 4	60	37	95. 1	72. 4
No. 9—Little Rock	1, 812	1, 153	4, 953. 1	2, 893. 8	1, 724	1, 087	4, 736. 6	2, 740. 8
Arkansas	48	55	116. 9	145. 6	48	48	116. 9	137. 1
Louisiana	245	111	799. 3	335. 3	237	99	767. 1	297. 6
Mississippi	149	99	237. 2	190. 5	100	90	169. 9	165. 7
New Mexico	45	37	171. 4	101. 0	45	34	171. 4	94. 0
Texas	1, 325	851	3, 628. 3	2, 121. 4	1, 294	816	3, 511. 3	2, 046. 4
No. 10—Topeka	612	453	1, 897. 3	1, 332. 0	574	393	1, 848. 5	1, 244. 7
Colorado	143	108	507. 6	308. 2	138	72	492. 6	260. 2
Kansas	143	119	363. 5	292. 9	113	103	331. 8	269. 6
Nebraska	81	62	268. 1	206. 4	81	54	268. 1	190. 4
Oklahoma	245	164	758. 1	524. 5	242	164	756. 0	524. 5
No. 11—Portland	557	430	1, 874. 8	1, 323. 6	539	414	1, 853. 2	1, 302. 6
Idaho	21	9	56. 8	30. 9	17	9	54. 8	30. 9
Montana	45	67	135. 8	135. 5	45	55	135. 8	116. 5
Oregon	138	96	497. 3	376. 1	132	96	491. 3	376. 1
Utah	92	66	310. 4	215. 8	92	62	310. 4	213. 8
Washington	232	177	767. 6	511. 4	224	177	754. 0	511. 4
Wyoming	29	15	106. 9	53. 9	29	15	106. 9	53. 9
No. 12—Los Angeles	3, 313	2, 150	12, 039. 0	8, 179. 0	2, 816	1, 838	10, 815. 5	7, 228. 9
Arizona	45	44	264. 4	156. 4	45	41	264. 4	146. 4
California	3, 257	2, 093	11, 726. 0	7, 972. 6	2, 760	1, 784	10, 502. 5	7, 032. 5
Nevada	11	13	48. 6	50. 0	11	13	48. 6	50. 0

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 cost					
	1938 Sept.	1937 Sept.	1936 Sept.	1938			1937		1936 Sept.
				Sept.	June	March	Dec.	Sept.	
No. 1—Boston:									
Hartford, Conn.	$0.242	$0.264	$0.234	$5,807	[2] $5,659	[2] $5,823	[2] $6,076	[2] $6,346	$5,626
New Haven, Conn.	.234	.246	.231	5,620	5,616	5,771	5,832	5,903	5,544
Portland, Me.	.221	.242	.219	5,307	[2] 5,526	[2] 5,543	[2] 5,708	5,796	5,245
Boston, Mass.	.262	.278	.249	6,298	[2] 6,079	6,191	6,601	6,667	5,984
Manchester, N. H.	.226	.242	.228	5,431	[2] 5,392	[2] 5,440	5,601	5,814	5,478
Providence, R. I.	.246	.247	.232	5,910	5,933	5,991	6,000	5,929	5,577
Rutland, Vt.	.231	.244	.223	5,547	[2] 5,676	5,739	5,846	5,844	5,359
No 4—Winston-Salem:									
Birmingham, Ala.	.244	.253	.232	5,857	6,068	6,068	6,068	6,068	5,566
Washington, D. C.	.243	[2] .251	[2] .210	5,833	[2] 5,989	[2] 5,988	[2] 6,019	[2] 6,019	[2] 5,034
Tampa, Fla.	.231	.238	.226	5,545	[2] 5,608	[2] 5,666	[2] 5,578	5,717	5,414
West Palm Beach, Fla.	.242	.269	.249	5,806	6,166	6,260	6,393	6,461	5,985
Atlanta, Ga.	.211	.227	.207	5,063	5,207	5,190	5,267	5,458	4,957
Baltimore, Md.	.206	.224	.216	4,955	4,983	5,105	5,171	5,386	5,185
Cumberland, Md.	.230	.237	.228	5,511	5,535	5,603	5,643	5,696	5,482
Asheville, N. C.	.212	----	----	5,090	5,194	5,408	5,410	----	----
Raleigh, N. C.	.221	.236	.215	5,298	5,430	5,444	5,515	5,669	5,168
Columbia, S. C.	.203	.203	.196	4,868	4,776	4,755	4,860	4,874	4,698
Richmond, Va.	.215	.222	.203	5,169	5,249	5,337	5,370	5,326	4,871
Roanoke, Va.	.221	[2] .212	[2] .195	5,299	[2] 5,268	[2] 5,269	[2] 5,198	[2] 5,099	[2] 4,677
No. 7—Chicago:									
Chicago, Ill.	.282	.299	.283	6,767	6,935	7,021	7,226	7,178	6,786
Peoria, Ill.	.270	.284	.260	6,469	6,695	6,700	6,705	6,807	6,243
Springfield, Ill.	.284	----	.271	6,812	[2] 6,965	[2] 6,961	----	----	6,502
Milwaukee, Wis.	.240	[2] .251	[2] .222	5,752	[2] 5,754	[2] 5,800	[2] 6,023	[2] 6,024	[2] 5,326
Oshkosh, Wis.	.246	.256	.235	5,907	6,040	6,040	6,027	6,144	5,630
No. 10—Topeka:									
Denver, Colo.	.274	.282	.254	6,569	6,464	6,562	6,625	6,762	6,084
Wichita, Kan.	----	----	----	----	----	----	----	----	----
Omaha, Neb.	.242	.255	.232	5,808	5,814	5,841	5,975	6,111	5,568
Oklahoma City, Okla.	.243	.243	.227	5,827	5,840	5,850	5,850	5,838	5,449

[1] The house on which costs are reported is a detached 6-room home of 24,000 cubic feet volume. Living room, dining room, kitchen, and lavatory on first floor; 3 bedrooms and bath on second floor. Exterior is wide-board siding with brick and stucco as features of design. Best quality materials and workmanship are used throughout.

The house is *not* completed ready for occupancy. It includes all fundamental structural elements, an attached 1-car garage, an unfinished cellar, an unfinished attic, a fireplace, essential heating, plumbing, and electric wiring equipment and complete insulation. It does *not* include wall-paper nor other wall nor ceiling finish on interior plastered surface, lighting fixtures, refrigerators, water heaters, ranges, screens, weather stripping, nor window shades.

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

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

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

[2] Revised.

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 December 1937 and January and February 1938.

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.

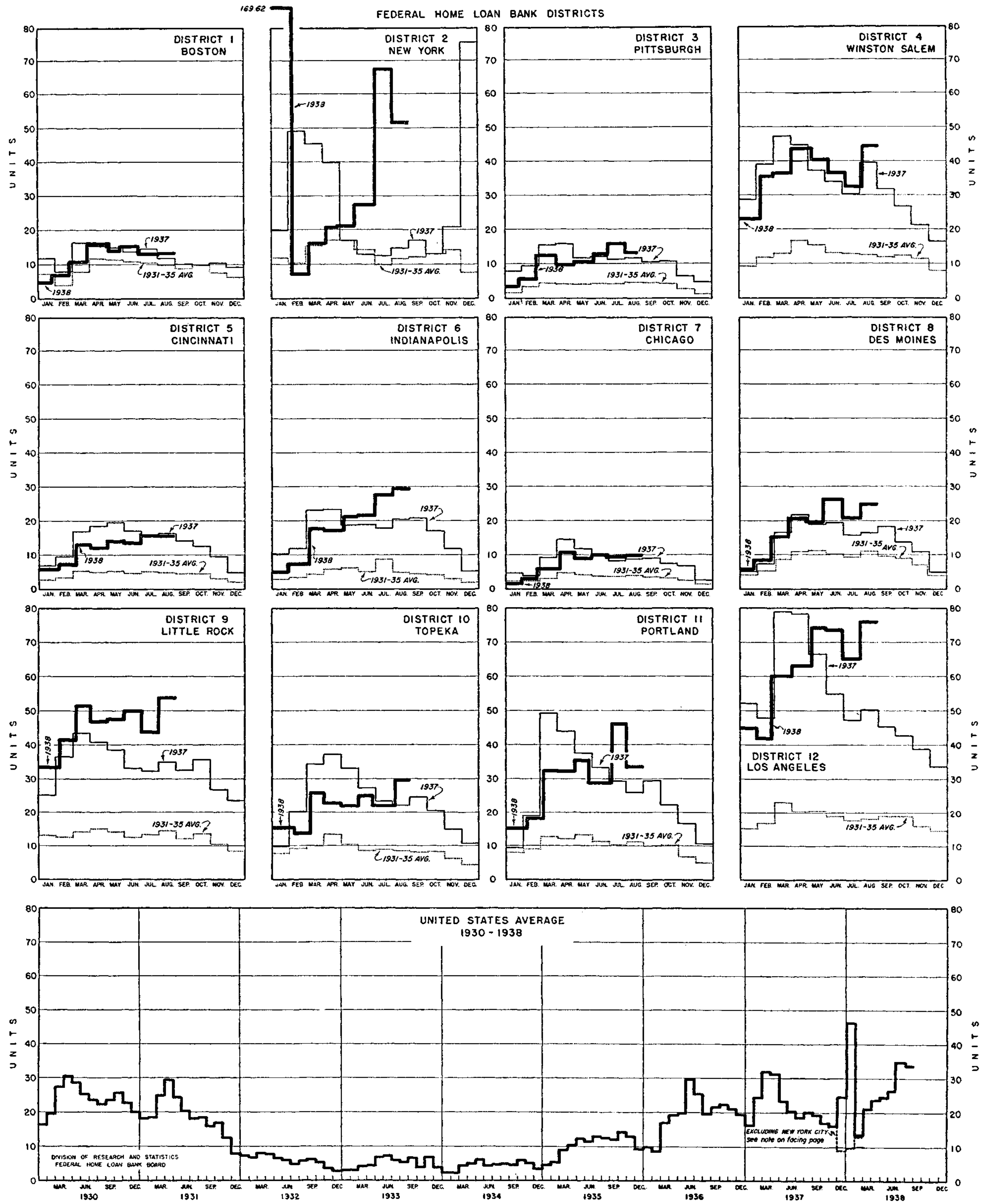


Table 4.—Estimated volume of new lending activity of savings and loan associations, classified by district and type of association [1]

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and type of association	New loans Aug. 1938	New loans July 1938	Percent increase, Aug. 1938 over July 1938	New loans, Aug. 1937	Percent increase, Aug. 1938 over Aug. 1937
United States: Total	$74,709	$67,639	+10	$77,017	−3
Federal	26,858	23,823	+13	26,768	0
State member	29,506	28,973	+2	32,334	−9
Nonmember	18,345	14,843	+24	17,915	+2
District 1: Total	7,128	7,004	+2	7,007	+2
Federal	2,003	2,078	−4	1,808	+11
State member	3,312	3,325	0	3,271	+1
Nonmember	1,813	1,601	+13	1,928	−6
District 2: Total	7,381	6,969	+6	7,333	+1
Federal	2,096	1,879	+12	1,733	+21
State member	1,838	1,828	+1	1,836	0
Nonmember	3,447	3,262	+6	3,764	−8
District 3: Total	5,281	5,263	0	5,516	−4
Federal	1,115	1,132	−2	1,071	+4
State member	1,404	1,390	+1	1,998	−30
Nonmember	2,762	2,741	+1	2,447	+13
District 4: Total	11,366	9,927	+14	10,857	+5
Federal	3,615	3,289	+10	3,576	+1
State member	4,555	4,996	−9	4,880	−7
Nonmember	3,196	1,642	+95	2,401	+33
District 5: Total	11,546	10,166	+14	13,660	−15
Federal	4,603	3,808	+21	5,022	−8
State member	5,144	5,016	+3	6,182	−17
Nonmember	1,799	1,342	+34	2,456	−27
District 6: Total	3,616	3,206	+13	3,752	−4
Federal	1,768	1,551	+14	1,664	+6
State member	1,569	1,368	+15	1,715	−9
Nonmember	279	287	−3	373	−25
District 7: Total	7,413	6,467	+15	7,981	−7
Federal	2,511	2,121	+18	2,568	−2
State member	2,904	2,884	+1	3,953	−27
Nonmember	1,998	1,462	+37	1,460	+37
District 8: Total	4,739	4,222	+12	4,771	−1
Federal	1,958	1,629	+20	1,971	−1
State member	1,529	1,501	+2	1,398	+9
Nonmember	1,252	1,092	+15	1,402	−11
District 9: Total	4,105	4,041	+2	3,539	+16
Federal	1,544	1,619	−5	1,338	+15
State member	2,419	2,231	+8	2,096	+15
Nonmember	142	191	−26	105	+35
District 10: Total	3,302	2,980	+11	4,011	−18
Federal	1,463	1,264	+16	1,797	−19
State member	956	987	−3	1,014	−6
Nonmember	883	729	+21	1,200	−26
District 11: Total	2,699	2,318	+16	2,693	0
Federal	1,485	1,126	+32	1,549	−4
State member	871	778	+12	1,042	−16
Nonmember	343	414	−17	102	+236
District 12: Total	6,133	5,076	+21	5,897	+4
Federal	2,697	2,327	+16	2,671	+1
State member	3,005	2,669	+13	2,949	+2
Nonmember	431	80	+439	277	+56

[1] Revised.

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

[Amounts are shown in thousands of dollars]

Period	Purpose					Total loans	Type of association		
	Mortgage loans on homes				Loans for all other purposes		Volume of loans		
	Construction	Home purchase	Refinancing	Reconditioning			Federals	State members	Nonmembers
1937	$234, 102	$326, 627	$180, 804	$62, 143	$92, 901	$896, 577	$307, 278	$379, 284	$210, 015
January–July	141, 034	198, 025	111, 336	36, 791	54, 005	541, 191	188, 915	229, 904	122, 372
August	21, 082	28, 011	15, 362	5, 147	7, 415	77, 017	26, 768	32, 334	17, 915
1938									
January	12, 572	14, 896	11, 334	3, 409	6, 891	49, 102	16, 781	20, 879	11, 442
February	11, 669	16, 117	11, 293	3, 662	7, 352	50, 093	17, 520	22, 073	10, 500
March	16, 648	21, 056	14, 391	4, 953	8, 170	65, 218	23, 356	27, 835	14, 027
April	17, 710	25, 494	15, 772	5, 683	8, 648	73, 307	26, 107	30, 238	16, 962
May	19, 400	24, 123	15, 281	5, 416	8, 059	72, 279	24, 721	31, 196	16, 362
June	19, 892	25, 636	13, 885	5, 211	8, 443	73, 067	26, 310	30, 350	16, 407
July	19, 096	21, 924	13, 194	5, 397	8, 028	67, 639	23, 823	28, 973	14, 843
August	22, 575	23, 833	14, 701	5, 528	8, 072	74, 709	26, 858	29, 506	18, 345

[1] Revised.

Table 6.—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	83. 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
March	91. 5	91. 1	95. 5	91. 3	82. 2	78. 9	114. 9	94. 8
April	91. 2	90. 4	95. 5	91. 1	81. 4	77. 2	114. 9	94. 8
May	90. 4	90. 5	95. 5	89. 3	80. 9	77. 2	114. 9	94. 1
June	89. 7	90. 6	95. 5	88. 7	80. 1	77. 2	113. 0	93. 3
July	89. 2	90. 7	95. 5	88. 8	80. 5	79. 5	107. 3	91. 2
August	89. 4	90. 6	95. 5	90. 2	80. 5	79. 2	107. 3	91. 3
Change:								
Aug. 1938–July 1938	+0. 2%	−0. 1%	0. 0%	+1. 6%	0. 0%	−0. 4%	0. 0%	+0. 1%
Aug. 1938–Aug. 1937	−7. 2%	−5. 1%	0. 0%	−9. 3%	−4. 3%	+0. 5%	−6. 6%	−9. 6%

Table 7.—Monthly operations of 1,289 identical Federal savings and loan associations and 599 identical insured State-chartered savings and loan ssociaations reporting during July and August 1938

[Amounts are shown in thousands of dollars]

	1,289 Federals			599 insured State members		
	July	August	Change July to August	July	August	Change July to August
			Percent			*Percent*
Share liability at end of month:						
Private share accounts (number)	1, 017, 544	1, 031, 813	+1. 4	760, 168	761, 535	+0. 2
Paid on private subscriptions	$752, 696. 5	$760, 357. 3	+1. 0	$509, 459. 9	$510, 304. 1	+0. 2
Treasury and H. O. L. C. subscriptions	210, 932. 1	211, 037. 2	(1)	[2] 33, 706. 7	[2] 33, 807. 1	+0. 3
Total	963, 628. 6	971, 394. 5	+0. 8	543, 166. 6	544, 111. 2	+0. 2
Private share investments during month	34, 219. 0	19, 544. 4	−42. 9	16, 756. 7	9, 062. 1	−45. 9
Repurchases during month	21, 526. 6	11, 827. 8	−45. 1	16, 085. 9	8, 191. 2	−49. 1
Mortgage loans made during month:						
a. New construction	8, 364. 4	10, 058. 3	+20. 3	3, 088. 0	3, 679. 9	+19. 2
b. Purchase of homes	6, 508. 1	7, 029. 2	+8. 0	2, 907. 6	3, 233. 4	+11. 2
c. Refinancing	4, 835. 0	5, 180. 9	+7. 2	1, 874. 5	1, 805. 9	−3. 7
d. Reconditioning	1, 414. 6	1, 601. 6	+13. 2	693. 7	707. 6	+2. 0
e. Other purposes	1, 854. 5	2, 213. 6	+19. 4	1, 165. 9	1, 304. 8	+11. 9
Total	22, 976. 6	26, 083. 6	+13. 5	9, 729. 7	10, 731. 6	+10. 3
Mortgage loans outstanding end of month	925, 080. 6	938, 003. 7	+1. 4	487, 906. 7	490, 794. 4	+0. 6
Borrowed money as of end of month:						
From Federal Home Loan Banks	95, 007. 9	93, 046. 2	−2. 1	36, 053. 5	34, 930. 8	−3. 1
From other sources	2, 253. 6	2, 672. 9	+18. 6	3, 374. 0	3, 346. 1	−0. 8
Total	97, 261. 5	95, 719. 1	−1. 6	39, 427. 5	38, 276. 9	−2. 9
Total assets, end of month	1, 172, 159. 9	1, 185, 087. 9	+1. 1	694, 962. 8	697, 762. 5	+0. 4

[1] Less than 0.1 percent.
[2] Includes only H. O. L. C. subscriptions.

Table 8.—Institutions insured by the Federal Savings and Loan Insurance Corporation [1]

[Amounts are shown in thousands of dollars]

	Cumulative number at specified dates						Number of investors	Assets	Private repurchasable capital
	Dec. 31, 1934	Dec. 31, 1935	Dec. 31, 1936	Dec. 31, 1937	July 31, 1938	Aug. 31, 1938	Aug. 31, 1938	Aug. 31, 1938	Aug. 31, 1938
State-chartered associations	4	136	382	566	691	699	921, 600	$780, 477	$571, 021
Converted F. S. and L. A	108	406	560	672	[2] 700	[4] 702	800, 900	910, 968	[5] 628, 085
New F. S. and L. A	339	572	634	641	[3] 638	640	266, 700	315, 079	158, 900
Total	451	1, 114	1, 576	1, 879	2, 029	2, 041	1, 989, 200	2, 006, 524	1, 358, 006

[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.
[2] In addition, 7 Federals with assets of $12,374,000 had been approved for conversion but had not been insured as of July 31.
[3] In addition, 1 new Federal with assets of $11,000 had been approved for membership but had not been insured as of July 31.
[4] In addition, 11 Federals with assets of $7,139,000 had been approved for conversion but had not been insured as of August 31.
[5] According to revised estimates, private repurchasable capital amounted to $624,642,000 on July 31, 1938.

Table 9.—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
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, 103
Mar. 31, 1938	[2] 100	[2] 4, 992, 210	711	45, 975, 130	4, 368	188, 885, 900	5, 179	239, 853, 240
Apr. 30, 1938	[2] 95	5, 062, 210	739	47, 324, 670	4, 382	189, 693, 900	5, 216	242, 080, 780
May 31, 1938	[2] 89	[2] 4, 772, 210	761	48, 424, 670	4, 399	190, 528, 900	5, 249	243, 725, 780
June 30, 1938	91	4, 972, 210	774	49, 318, 670	4, 418	191, 375, 900	5, 283	245, 666, 780
July 31, 1938	[2] 82	[2] 4, 471, 010	799	50, 684, 870	4, 434	192, 202, 900	5, 315	247, 358, 780
Aug. 31, 1938	82	4, 471, 010	813	51, 618, 370	4, 443	192, 616, 900	5, 338	248, 706, 280
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
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
Mar. 31, 1938	[2] 33	[2] 1, 401, 000	596	37, 714, 270	4, 033	170, 057, 800	4, 662	209, 173, 070
Apr. 30, 1938	[2] 29	[2] 1, 326, 000	613	38, 590, 570	4, 039	170, 147, 800	4, 681	210, 064, 370
May 31, 1938	[2] 26	[2] 1, 126, 000	632	39, 566, 310	4, 049	170, 772, 800	4, 707	211, 465, 110
June 30, 1938	26	1, 126, 000	642	39, 876, 310	4, 058	170, 995, 300	4, 726	211, 997, 610
July 31, 1938	[2] 25	[2] 1, 101, 000	649	40, 155, 310	4, 065	171, 300, 300	4, 739	212, 556, 610
Aug. 31, 1938	25	1, 101, 000	656	40, 405, 310	4, 072	171, 532, 800	4, 753	213, 039, 110

[1] Refers to numbers of separate investments, not to number of associations in which investments are made.
[2] Reduction due to insurance or federalization of associations.

Table 10.—Federal Home Loan Bank advances to member institutions by Districts

[Thousands of dollars]

Federal Home Loan Banks	Advances made during August 1938	Advances made during July 1938	Advances outstanding at end of August 1938
No. 1—Boston	$128	$199	$8, 107
No. 2—New York	425	521	17, 191
No. 3—Pittsburgh	634	533	17, 461
No. 4—Winston-Salem	675	1, 182	18, 077
No. 5—Cincinnati	257	469	26, 371
No. 6—Indianapolis	152	288	11, 897
No. 7—Chicago	351	353	32, 519
No. 8—Des Moines	359	247	14, 863
No. 9—Little Rock	268	233	10, 561
No. 10—Topeka	501	395	11, 645
No. 11—Portland	172	238	6, 557
No. 12—Los Angeles	372	286	14, 169
Total	4, 294	4, 944	189, 418

Table 11.—Lending operations of the Federal Home Loan Banks

[Thousands of dollars]

Period	Advances monthly	Repayments monthly	Balance outstanding at end of month
1936			
January–August	$54, 308	$31, 884	----------
August	7, 830	4, 714	$125, 218
1937			
January–August	80, 338	50, 131	----------
August	11, 116	5, 080	175, 607
1938			
January–August	50, 419	61, 096	----------
August	4, 294	6, 768	189, 418

Table 12.—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, 875
1937: Jan. 1 through June 30	23, 225
July 1 through Dec. 31	26, 981
1938: January	4, 807
February	4, 339
March	4, 961
April	4, 851
May	4, 695
June	4, 733
July	4, 056
August	3, 886
Grand total to Aug. 31, 1938	107, 964

[1] Does not include 14,408 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 107,964 completed cases, 595 properties were sold at foreclosure sale to parties other than the H. O. L. C. and 14,648 cases have been withdrawn due to payment of delinquencies by borrowers after foreclosure proceedings were authorized.

Figures for periods from July 1, 1936, to current month have been revised.

Table 13.—Reconditioning Division—Summary of all reconditioning operations of H. O. L. C. through August 31, 1938 [1]

	June 1, 1934 through July 31, 1938	Aug. 1, 1938 through Aug. 30, 1938	Cumulative through Aug. 30, 1938
Cases received [2]	955, 699	11, 951	967, 650
Contracts awarded:			
Number	586, 380	11, 965	598, 345
Amount	$112, 727, 228	$2, 841, 230	$115, 568, 458
Jobs completed:			
Number	575, 361	12, 339	587, 700
Amount	$108, 528, 337	$2, 801, 411	$111, 329, 748

[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 April 15, 1937.

Federal Home Loan Banks

(Continued from p. 464)

operation of home-financing institutions. Interest charges to borrowers have been substantially reduced. Savings and investment plans have been widely adopted which any investor can accept as both safe and understandable, thus encouraging the growth of private thrift to provide funds for home-financing.

Many member institutions are cooperating in the development of the Federal Home Building Service Plan to provide a complete and supervised construction service for prospective home owners. The importance of the cooperation of member institutions in the development of a plan of technical control in small house building can be appreciated in view of the fact that during the fiscal years 1937 and 1938 construction and reconditioning loans made up approximately 35 percent of the total dollar amount of loans made by members of the Federal Home Loan Bank System.

Public understanding of the purposes of the Federal Home Loan Bank System has grown steadily during the six years the Banks have been in existence. In all sections of the country, the general public has seen the important part which member institutions have taken in financing homes and in promoting sound habits of thrift. Increasing public knowledge of these services, and recognition of their value, is shown by the favorable reception given by private investors to the consolidated debentures issued by the Federal Home Loan Banks, and by the steadily growing interest in the activities of the Banks and their members displayed by the newspapers and magazines throughout the country.

Increasing public interest and recognition means not only that the Federal Home Loan Bank System is steadily increasing its usefulness, both nationally and locally, but it also means that in the future, even more than today, the ability of each member institution to serve its own community will be enhanced by the prestige which membership in the Federal Home Loan Bank System carries in the public mind.

Directory of Member, Federal and Insured Institutions

Added during August–September

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

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

DISTRICT NO. 2

NEW JERSEY:
- Millington:
  - Millington Building & Loan Association.
- Union City:
  - Palisade Building & Loan Association, 349 New York Avenue.

NEW YORK:
- Utica:
  - Cornhill Building & Loan Association, Deveroux & Charlotte Streets.

DISTRICT NO. 3

PENNSYLVANIA:
- New Brighton:
  - Beaver County Building & Loan Association, 823 Third Avenue.
- Radnor:
  - Radnor Building & Loan Association.
- Wayne:
  - Wayne Building & Loan Association.

DISTRICT NO. 5

OHIO:
- Cincinnati:
  - Anderson Ferry Building & Loan Company, 4400 Liston Avenue.
  - South Side Loan and Building Company, 1805 Powers Street.
- Newark:
  - Licking County Building & Savings Company, 42 North Third Street.

DISTRICT NO. 7

ILLINOIS:
- Berwyn:
  - Olympic Building & Loan Association, 6211 West Cermak Road.
- Calumet City:
  - Calumet City Building & Loan Association, Box 29.
- Chicago:
  - Alliance Building & Loan Association, 5315 Fullerton Avenue.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN AUGUST 16, 1938, AND SEPTEMBER 15, 1938

ILLINOIS:
- Chicago:
  - Ben Franklin Building & Loan Association, 1814 South Ashland Avenue (voluntary withdrawal).
- Niles:
  - Village of Niles Building & Loan Association (voluntary withdrawal).

MARYLAND:
- Baltimore:
  - Homewood Savings & Loan Association, 138 West Twenty-fifth Street (voluntary withdrawal).
  - Linwood Building & Loan Association of Baltimore City, Incorporated, 2545 Eastern Avenue (voluntary withdrawal).
  - Walbrook Park Permanent Building Association of Baltimore City, 3118 West North Avenue (removal from membership).

MICHIGAN:
- Detroit:
  - National Loan & Investment Company, 1250 Griswold Street (sale of assets to Surety Savings & Loan Association, Detroit, Michigan).

MISSISSIPPI:
- Winona:
  - Winona Building & Loan Association, North Front Street (voluntary withdrawal).

NEW JERSEY:
- East Orange:
  - Hollywood Building & Loan Association, 131 Main Street (transfer of stock to Triumph Building & Loan Association, East Orange, New Jersey).
- Summit:
  - Overlook Building & Loan Association, 401 Springfield Avenue (merger with Summit Building & Loan Association, Summit, New Jersey).[1]

VIRGINIA:
- Richmond:
  - Virginia Building & Loan Company, 302 East Grace Street (voluntary withdrawal).

[1] After the merger, the Summit Building & Loan Association changed its name to Summit-Overlook Building & Loan Association of Summit, New Jersey.

II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN AUGUST 16, 1938, AND SEPTEMBER 15, 1938

DISTRICT NO. 3

PENNSYLVANIA:
- Philadelphia:
  - New Southwark Federal Savings & Loan Association, 916 Walnut Street (converted from New Southwark Building Association).
- Pittsburgh:
  - Security Ten Cent Federal Savings & Loan Association, 506 South Main Street (converted from Security Ten Cent Loan Association of Pittsburgh, Pennsylvania).
  - West End Federal Savings & Loan Association, 506 South Main Street (converted from West End Building & Loan Association of Pittsburgh).
- Wayne:
  - First Wayne Federal Savings & Loan Association, 114 Audubon Avenue (converted from Wayne Building & Loan Association).
  - Radnor Federal Savings & Loan Association, 114 Audubon Avenue (converted from Radnor Building & Loan Association).
- Wilmerding:
  - Air Brake Federal Savings & Loan Association, 204 Westinghouse Avenue (converted from Air Brake Building & Loan Association).

DISTRICT NO. 5

KENTUCKY:
- Covington:
  - Suburban Federal Savings & Loan Association of Covington, 1829 Madison Avenue (converted from Suburban Perpetual Building & Loan Association).
- Owensboro:
  - First Home Federal Savings & Loan Association, 216 West Third Street (converted from United Savings & Building Association).

OHIO:
- Cleveland:
  - Orleans Federal Savings & Loan Association of Cleveland, 3649 East Ninety-third Street (converted from Orleans Building & Loan Association).

DISTRICT NO. 9

TEXAS:
- Beaumont:
  - Home Federal Savings & Loan Association of Beaumont, 471 Pearle Street (converted from Home Building & Loan Association).

DISTRICT NO. 10

KANSAS:
- Topeka:
  - Capitol Federal Savings & Loan Association, 534 Kansas Avenue (converted from Capitol Building & Loan Association of Topeka).

DISTRICT NO. 12

CALIFORNIA:
- Whittier:
  - Quaker City Federal Savings & Loan Association, 117 South Greenleaf Avenue (converted from Mutual Building & Loan Association of Whittier).

CANCELATIONS OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTERS BETWEEN AUGUST 16, 1938, AND SEPTEMBER 15, 1938

CALIFORNIA:
- San Diego:
  - Bay City Federal Savings & Loan Association (merger with First Federal Savings & Loan Association of San Diego, California).

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

DISTRICT NO. 3

PENNSYLVANIA:
- Trevose:
  - Trevose Building & Loan Association, Corner Street & Brownsville Roads.

DISTRICT NO. 4

FLORIDA:
- Pensacola:
  - Mutual Building & Savings Association, 33 West Garden Street.

NORTH CAROLINA:
- Canton:
  - Canton Building & Loan Association, 23 Academy Street.

DISTRICT NO. 5

KENTUCKY:
- Owensboro:
  - First Home Federal Savings & Loan Association, 216 West Third Street.

OHIO:
- Cleveland:
  - Saint Hyacinth's Savings & Loan Association, 2968 East Sixty-first Street.
- Cleveland Heights:
  - Ivanhoe Savings Company, 1838 Coventry Road.
- Trenton:
  - Trenton Building & Loan Association, Box 293.

DISTRICT NO. 6

MICHIGAN:
Dearborn:
Dearborn Savings & Loan Association, 924 Mason Street.

DISTRICT NO. 7

ILLINOIS:
Belleville:
Greater Belleville Building & Loan Association, 18 East Washington Street.
Berwyn:
Olympic Building & Loan Association, 6211 West Cermak Road.
Chicago:
Alliance Building & Loan Association, 5315 Fullerton Avenue.
Amerikan Building Loan & Homestead Association, 1824 West Forty-seventh Street.
Cragin Building & Loan Association, 2300 North Lorel Avenue.

A Study of Mortgages Recorded

■ THAT a home-financing institution will find accurate current information on mortgages recorded in its community to be a valuable yardstick as a check of operations and as an index of the activity of other types of lending institutions was stressed in the widely-read article, "Cooperation in the Collection of Mortgage Data" in the July issue of the REVIEW. The Serial Federal Savings and Loan Association of New York has recently conducted a comprehensive survey of the 10,000 mortgages filed in Nassau and Queens Counties from January 1 to July 30, 1938. They found that in Nassau County 26 percent of the mortgages by number were made by individuals, 21 percent by commercial banks, 18 percent by savings and loan associations, 8 percent by savings banks, 5 percent by insurance companies, and 22 percent by others. In Queens County they found similar relationships between the different types of lenders: 25 percent of total mortgages by number were made by commercial banks, 22 percent by individuals, 17 percent by savings banks, 14 percent by savings and loan associations, 3 percent by insurance companies and 19 percent by others. Practically all of the mortgages made during this 7-month period were of the type that savings and loan associations would ordinarily make. Only three percent of the mortgages in each county involved an amount in excess of $10,000.

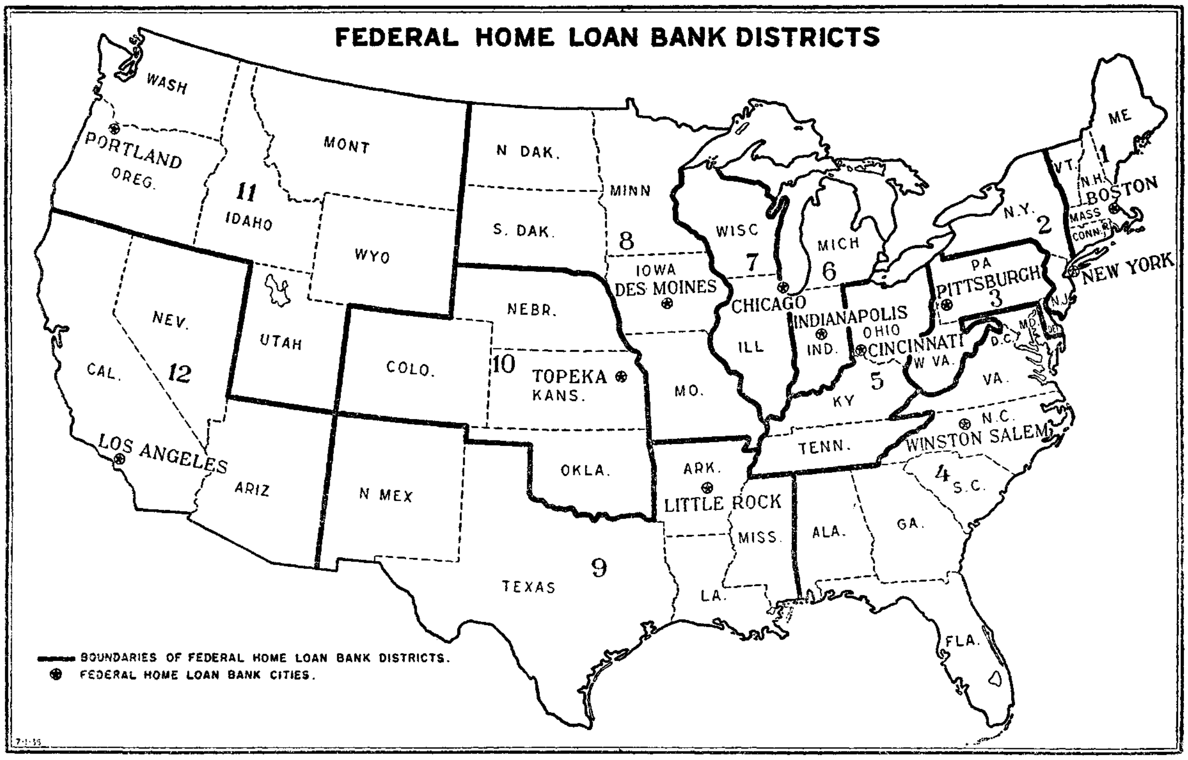
The survey not only revealed the proportion of the total mortgage loans which savings and loan associations were making in these two counties and the current trend, but it also showed significant movements in the interest rates currently charged on these mortgage loans. Since the first of the year the Serial Federal found that there had been a pronounced decrease in the average of the interest rates on the mortgages filed. (In many cases the interest ratt was not recorded, but a definite trend in interese rates was found to exist in the average of all of the interest rates which were obtainable from the records.)

This study of mortgages recorded by the Serial Federal Savings and Loan Association has created wide interest in mortgage-lending circles in the New York area. The Division of Research and Statistics of the Federal Home Loan Bank Board will be glad to send forms to be used in making mortgage recordings, together with complete instructions, to anyone wishing to make similar studies of the mortgages recorded in his county. The only request of the Division is that a copy of the recordings be returned to Washington in a postage-paid envelope. Any institution cooperating in this project will be sent a summary of the recording data available as well as a break-down of data on communities comparable to its own.

Sponsorship of Better Low-Cost Home Design

■ The Union Co-operative Federal Savings and Loan Association of Pittsfield, Massachusetts, has offered a prize of $100 for the best designed low-priced house built in Pittsfield during 1938. The house must be one built in the period between April 1, 1938, and December 1, 1938, and financed by the association. It must not cost more than $6,000, including the lot; it must have at least four rooms and not more than six; must be located within the city limits; and occupied by the owner. The award will not be presented until May 31, 1939, thereby giving an opportunity to builders who did not start until the latter part of this season to grade the lots, seed the lawns, and complete the landscaping. The design of the interior and exterior of the house will be taken into consideration when awarding the prize, and also the grading and landscaping of the lot.

U. S. GOVERNMENT PRINTING OFFICE: 1938



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