Vol. 5

FEDERAL HOME LOAN BANK REVIEW

FEBRUARY
1939

ISSUED BY
FEDERAL HOME LOAN BANK BOARD
WASHINGTON D.C.

The FEDERAL HOME LOAN BANK REVIEW continues its annual custom of surveying the preceding year in its February issue, which is primarily a year-end statistical number. In addition to the narrative discussion of the general significance of trends indicated by the year-end figures, this issue contains the usual monthly statistics and also selected statistical reports for the entire year 1938. It is the most valuable issue for reference that is published during the year.

FEDERAL HOME LOAN BANK REVIEW

Published monthly by the
FEDERAL HOME LOAN BANK BOARD

FEDERAL HOME LOAN BANK SYSTEM

FEDERAL SAVINGS AND LOAN ASSOCIATIONS

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

HOME OWNERS' LOAN CORPORATION

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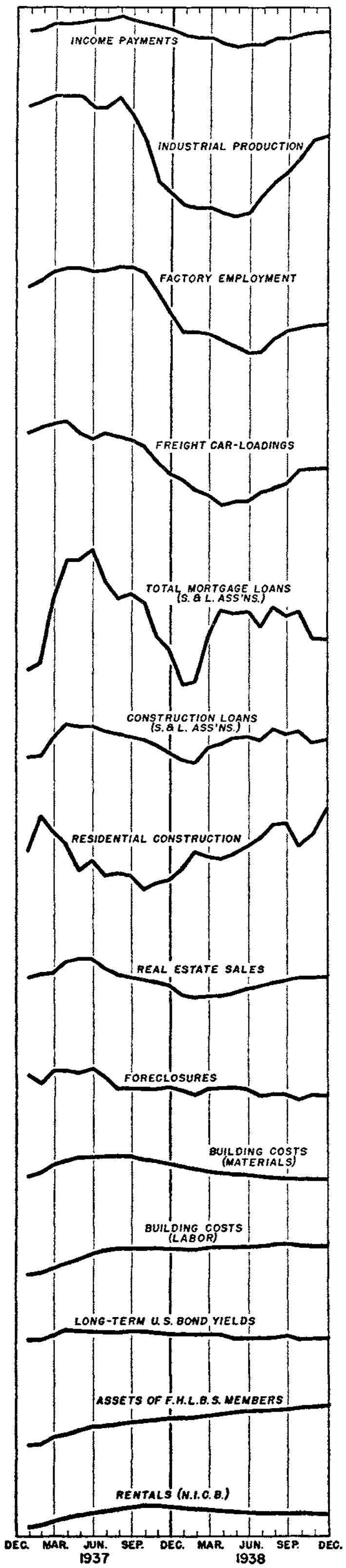
SUMMARY: "REVIEW OF 1938"



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VI. Savings and loan associations, in keeping with trends to improve public relations, give increased thought and attention to office location and appearance, preparation of statements of condition, and adequate use of effective advertising media.

REVIEW OF 1938

"How good was your business in 1938?": the* REVIEW *invites savings and loan officials to compare trends in their own associations during 1938 with regional and national vital statistics of the savings and loan industry, and with the general economic pattern.

■ THE savings and loan industry had good reason to mark 1938 as an eventful and progressive year. In 1938, for the first time since the years prior to the depression, there were some definite indications that total resources of all savings and loan associations in the country registered an upturn. The growth in total assets of an identical group of member associations of the Federal Home Loan Bank System was evidence of a continuation of the improvement shown by all savings and loan associations during 1937. Of particular significance was the fact that in 1938 for the first time in years a majority of each class of member associations showed increases in assets.

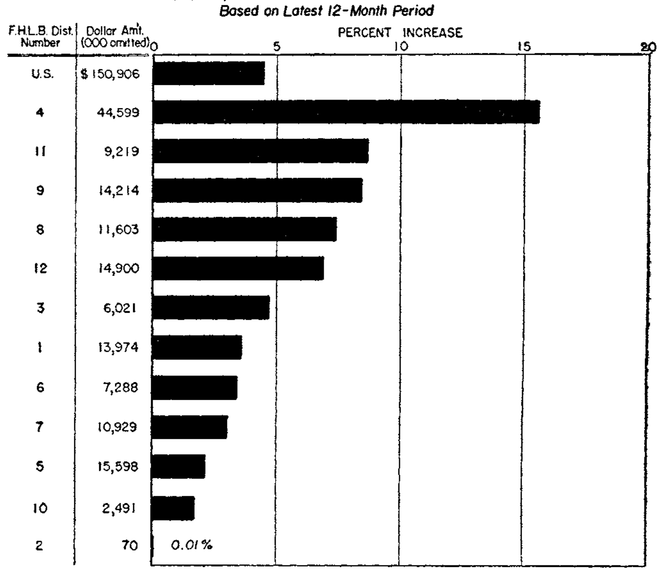
Year-end trends of 1938 and 1937 moved in opposite directions. The year 1937 ended with the savings and loan industry resisting the downward spiral of one of the sharpest recessions in general business ever recorded in this country. As far as is possible at this early date, the Division of Research and Statistics has analyzed the pattern of savings and loan operations in 1938 against the background of general business conditions. The object: to reveal the timing and extent of these changes in the industry compared with changes in the entire national economy during 1938, and so to indicate probable trends in 1939.

Study of an identical group of 3,500 member savings and loan associations of the Federal Home Loan Bank System, including both Federal and State-chartered and insured and uninsured associations, showed that during the latest 12-month period for which statements are available (primarily the year ending in September 1938), these associations reported an increase in assets of $151,000,000, or 4.5 percent, over 1937. This improvement, while affected by the sizeable gains in Federal associations, appears to have been general throughout the United States, since assets of identical members in each of the Bank Districts contributed to the favorable showing with a majority of members of all classes registering increases.

To permit executives to compare the 1938 rate of growth of their associations with the norm in their Districts, the dollar and percentage increases in assets have been charted. The most striking advance was made by members in the Winston-Salem District, where an increase of more than 15 percent ($45,000,000) was shown. Increases of more than 5 percent were recorded by member associations in the Portland, Little Rock, Des Moines and Los Angeles Districts in addition to Winston-Salem. Although the smallest amount of gain was reported by members in the New York District, this trend is largely attributable to the condition existing in associations in the State of New Jersey.

This survey, covering principally the recession months and ending before the effect of the favorable trends of the final quarter of 1938 could be estimated, is particularly significant because it shows that the majority of the member uninsured State-chartered institutions recorded a growth in assets. Although it has been usual for assets of Federal and insured State-chartered associations to increase, the 1938 expan-

GROWTH IN ASSETS OF 3,491 IDENTICAL FEDERAL HOME LOAN BANK MEMBERS
Based on Latest 12-Month Period



sion of assets of most of the member uninsured institutions effects a reversal of the trend of recent years.

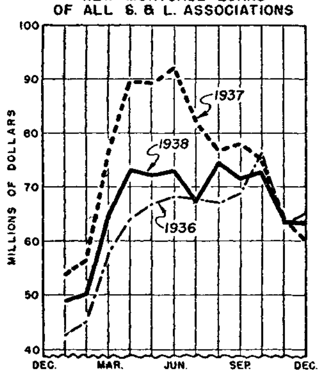
Despite the encouraging growth in their total resources, lending of savings and loan associations followed recession trends downward. The salient fact about 1938 was that every month, through November, showed a lower volume of mortgage loans than the corresponding month of 1937. There were two consolations: first, although in June lending activity stood 21 percent below 1937, in December, loan volume was 6 percent greater than 1937; and second, during each of the last five months of the year the construction loan volume was exceeding 1937 levels.

From the standpoint of the volume of home financing by savings and loan associations, 1938 occupied an intermediate position between 1936—the year in which the first pronounced revival took place—and 1937, a year characterized by a striking growth in lending during the first six months and a sharp decline during the last half.

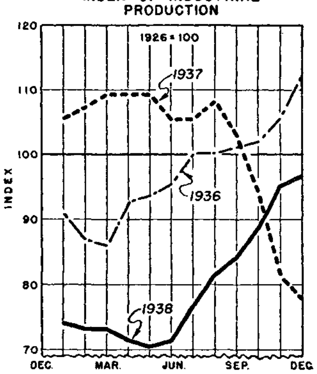
Compare the loan volume chart with the chart of seasonally adjusted monthly indexes of industrial production. Industrial activity during the first six months of 1938 fluctuated within a narrow range at about the production level of 1933 and 1934. Savings and loan lending, although dropping below the recovery peak levels attained in 1937, did not recede appreciably below the monthly levels of 1936, and did not fall as far nor as rapidly as did major indexes of general business conditions such as industrial production.

Decreases in lending activity varied widely from District to District. The accompanying chart, which shows that only the Little Rock District increased its loan volume over 1937, permits comparison of an individual association's percentage change in mortgage loan volume between 1938 and 1937 with the change in the loan volume in its District.

NEW MORTGAGE LOANS
OF ALL S. & L. ASSOCIATIONS

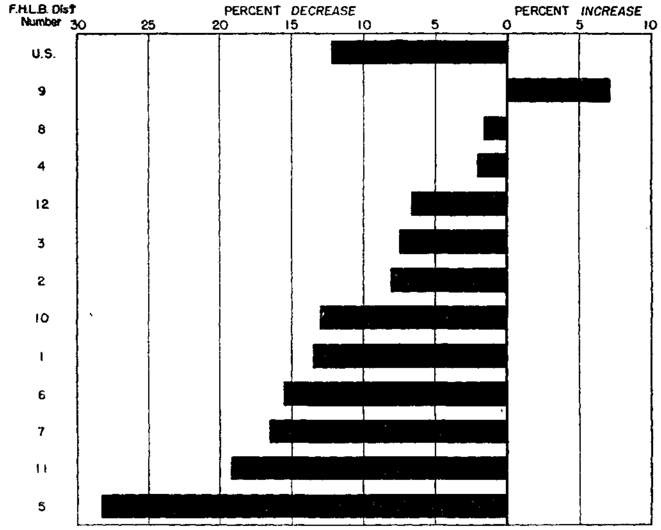


INDEX OF INDUSTRIAL
PRODUCTION



Although mortgage lending slumped in 1938 there were indications that savings and loan associations received a substantial increase in private investments, in spite of the fact that national income was substantially reduced. Study of a comparable number of Federal savings and loan associations reveals that during the year 1938 the increase in private repurchasable capital amounted to 20 percent—an increase greater than the gain recorded for the year 1937. There was also a substantial increase in the number of shareholders in 1938. During the year, all Federal associations increased the number of their investing members from 893,000 to 1,164,000 (including the growth due to the net gain of 43 in the number of Federals.) Private repurchasable capital increased from 60.8 percent of total liabilities to 65.5 percent.

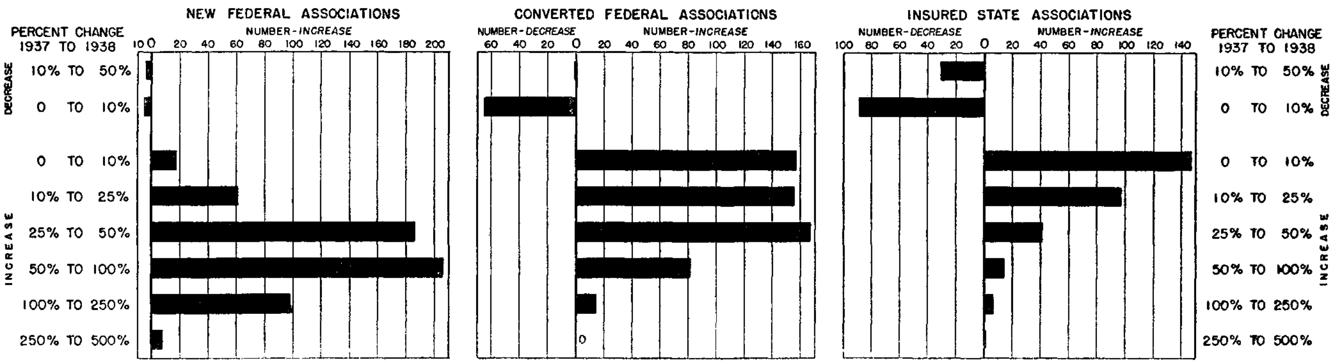
PERCENT CHANGE IN CUMULATIVE (11 MONTHS) LENDING ACTIVITY
OF ALL SAVINGS AND LOAN ASSOCIATIONS
From 1937 to 1938 - By F.H.L.B. Districts



Further comparison of the rate of flow of investments into savings and loan associations during 1938 is offered by the bar chart at top of facing page which shows that approximately one-half of the 1,653 identical reporting insured associations increased their private repurchasable capital by more than 25 percent during the year. Two-thirds of the associations reported increases of more than 10 percent, and another group of 322 associations showed increases of 10 percent or less. Decreases were recorded in only 195 associations.

As is natural, new Federal associations clustered in the higher ranges of percentage gains, since they are newly organized and are growing rapidly from a relatively small base. State-chartered insured

CHANGE IN PRIVATE REPURCHASABLE CAPITAL IN 1,653 IDENTICAL INSURED ASSOCIATIONS REPORTING AS OF DECEMBER 1937 AND DECEMBER 1938



associations showed definite growth with the largest number found in the range of 0 to 10 percent increases in 1938.

Publication by the F. H. L. B. B. of the 1937 consolidated balance sheet for all savings and loan associations reveals the extent to which savings and loan associations have been liquidating their real estate holdings. During 1937 the $130,000,000 drop in their real estate holdings represented a 11.3-percent decline, a very significant improvement over the 1.1-percent reduction in 1936, the first year of this decade in which a downward trend was shown.

During the first six months of 1938, associations continued to dispose of owned real estate, although apparently not so rapidly as in 1937. Real estate owned by 1,736 insured associations declined 1.4 percent in the first half of 1938, before pronounced business revival began.

The Pattern of General Business Conditions During 1938

■ BUSINESS conditions during 1938 may be divided generally into two definite periods: (1) five months of a gradual slowing up of the downward tendency of business indexes which plumbed the depths in May and the early part of June; and, (2) seven monthly periods from June through December, each one of which was a distinct improvement over the preceding one.

The Federal Reserve index of industrial production (converted to a 1926 base) opened the year at 74, and floated down to the year's low of 70 in May. Then, in one of the most spirited recoveries on record, the average reached 96 in December. The annual average for 1938, however, was 80 as compared with 101 in 1937. Production of steel, automobiles, and electric power finished the year above the levels at the end of 1937. The index of the production of durable goods did not rise as fast as that of nondurables; and its previous decline had been more severe.

The factory pay rolls index of the Bureau of Labor Statistics may be summed up thus: A slight rise during the first quarter; an abrupt plunge to July's low point of the year; a rapid increase during the fall, with pay rolls higher than any month since November 1937 at the close of the year.

Retail sales slumped 12 percent from activity of the previous year according to Department of Commerce estimates. Sales of department stores, however, did not experience such a drastic decline, and December sales were ahead of the 1937 Christmas business, emphasizing again the upturn during the closing months of 1938. Declines in wholesale commodity prices have brought the index to the lowest point in four years, although its firmness during the second half of last year may presage a reversal of this movement. A sizeable excess of exports over imports has existed each month since the autumn of 1937. Bank debits throughout 1938 ranged from 72 to 77 percent of the 1926 level, as compared with 82 to 94 percent during 1937.

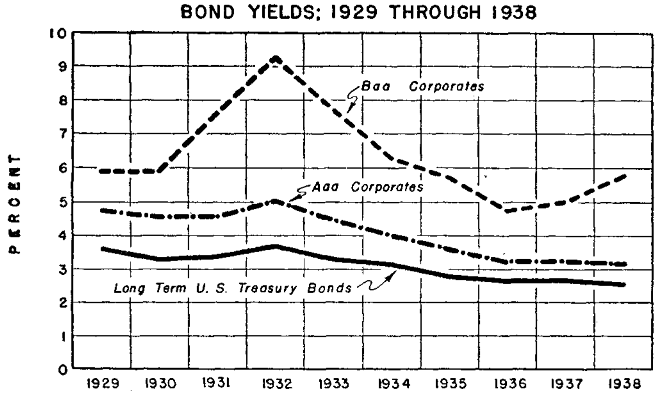
Inventories of manufactured goods, built up too rapidly and contributing largely to the 1937 recession, appear to be at more satisfactory levels. *Survey of Current Business* third-quarter statistics show that building material stocks were physically lower than in 1937, with only a 2-month supply of oak flooring and cement on hand. Freight-car loadings increased considerably during the closing months, and finished the year above the final 1937 levels.

National income is estimated at $64,000,000,000, a decrease of 5 billion dollars from 1937 which was the highest year since 1930.

Savings and loan managers are particularly interested in the trend in yields of long-term investments because of their comparability to dividend rates and their ultimate effect upon home-mortgage interest charges. Conditions during 1938 showed that the downward trend of the past nine years in the general money market had not come to an end. This is evident from the accompanying chart which pictures the yield pattern of investments from 1929–1938.

Yields on U. S. Government and high-grade corporate bonds established new lows in December. The return on low-grade corporates which rose sharply during 1937 and early 1938 was reduced considerably in the last three quarters of 1938, but the average yield on Baa-rated Bonds (Moody) was still 21 percent above 1936.

BOND YIELDS: 1929 THROUGH 1938



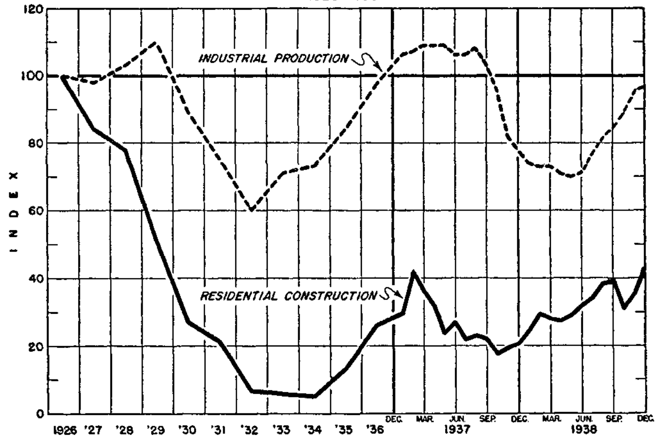
Many people believe that the decline in interest rates is purely a result of the depression years. Actually, long-term interest rates were showing a tendency to decline prior to 1929, and the depression merely increased their momentum.

Residential Construction

■ BACKBONE of a considerable portion of the 1938 economic recovery, residential construction at the close of the year showed a rate within a few points of the building recovery peak—February 1937. Whereas 1937 was a year marked with almost continual receding from that top, 1938 brought a complete reversal of trend, and promises a continuation of its upward march throughout 1939.

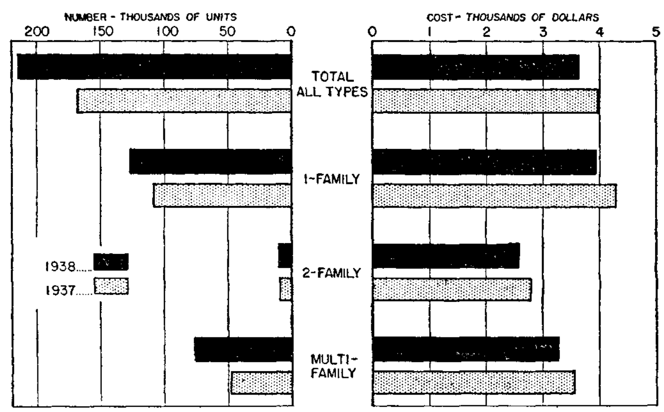
Preliminary estimates of the U. S. Department of Labor, based on permits for public and private building, indicate the total of residential construction in nonfarm areas during 1938 to be 356,000 units costing in aggregate $1,330,000,000: a rise of 23 percent in terms of dwelling units; and an increase of 17 percent in their total cost above 1937. The bar chart on this page illustrates the decreasing average cost of each type of unit, and the structural distribution in all cities of over 10,000 in 1938.

INDEX OF RESIDENTIAL CONSTRUCTION AND INDUSTRIAL PRODUCTION
1926 = 100



Considering the increases of 1938 on the basis of Federal Home Loan Bank Districts, the greatest rise (65 percent) was shown in the New York region, attributable partly to a new building code in New York City which became effective early in the year. Next in the order of their improvement over 1937 were Little Rock, Los Angeles, and Des Moines, with 39, 25, and 21 percent respectively. Only four Districts compared unfavorably: Cincinnati, Boston, Chicago, and Topeka. In the rate of dwelling units per 100,000 population, Los Angeles again led the way, while Little Rock and Winston-Salem were generally higher than the remaining Districts. Chicago and Boston recorded the lowest rates on this basis.

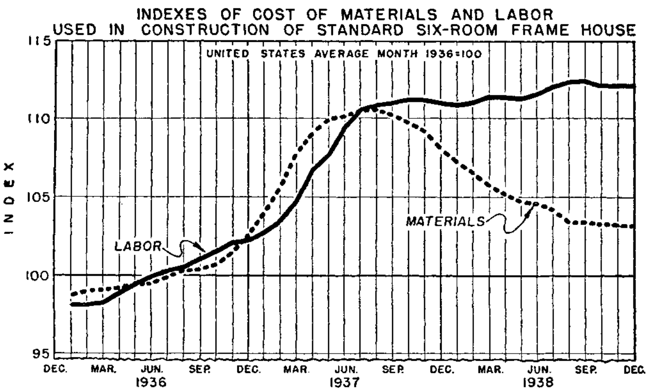
NUMBER AND AVERAGE COST OF FAMILY DWELLING UNITS PROVIDED
BY TYPE OF STRUCTURE – 1938 compared with 1937



Building Costs

Virtually every forecast for residential construction activity during 1939 is "hedged" with statements regarding the possibilities of increased building costs. During the 12-month period ending in December the average cost of the standard 6-room frame house declined 2.8 percent due to reductions in material prices (4.7 percent) rather than labor costs (up 1.0 percent). The last quarter of 1938 interrupted the gradual upward trend of labor rates continuous since the autumn of 1937. The decreases were nominal and will bear watching for indications of the direction of their next movement.

Material prices with the exception of the Cincinnati and Indianapolis Bank Districts have been on the decline since the middle of 1937, with the greatest reduction in the cost of lumber. The final months of 1938 indicated a levelling off of the index, which might foretell a reversal of trend.



Federal Home Building Service Plan

The Federal Home Building Service Plan, which has been developed by the Bank Board to assist in the proper planning, sound construction, and adequate financing of small homes, grew out of the extensive reconditioning experience of the H. O. L. C. The achievement of its purposes depends upon the earnest cooperation of all the elements of the building field: The architect, the material manufacturer and dealer, the contractor, and the mortgage lender. It provides the means whereby private industry may do its part in improving the appearance and quality of the Nation's small homes. In this field are opportunities for an expanded volume of building.

Although it is as yet only a minor factor in the total volume of residential construction, during 1938 the Plan continued to attract increasing support, as efforts were made to broaden the area of field extension activity. The provisions of the Plan were revised to include other types of mortgage lenders, augmenting the savings and loan associations already participating.

The year 1939 should witness further progress in the acceptance of the Federal Home Building Service Plan, as it is now recognized that increased volume in the low-priced field is directly dependent upon convincing the average American family, which can afford only a \$3,000–\$6,000 home property, that the dollar value obtained in purchasing a home is as great as that obtainable from any basic national industry.

Housing Market for 1939

Approximately three-fifths of the annual total of residential units built are single-family detached houses. It is this type of property with which the average savings and loan association is most often concerned.

If we agree that the average family is not justified in investing more than 2½ times its annual income in a house and lot, the National Resources Committee analysis of urban nonrelief family incomes in 1935–1936 shows that only one family out of three could afford a house and lot costing more than \$5,000. Construction statistics from 1929–1935 indicate that with two-thirds of the Nation's families needing less than \$5,000 homes (including lots), at the most only 47 percent of all 1-family dwellings were built below that limit. Further, half of the American families needed a house (including lot) costing less than \$4,000, but the proportion of such units built during this period was only 29 percent of the total single-family construction.

The following table, based upon the acceptance for insurance by F. H. A. of mortgage loans for new home construction, provides statistics on the current trend of unit dwelling costs and shows clearly that we are still shooting wide of the vast housing market for home properties costing \$4,000 and less. Some encouragement is found in the \$350 reduction of the average cost of 1-family homes according to U. S. Department of Labor building-permit figures for 1938, indicating an attempt to build for the wider market existing at the lower income levels.

Property valuation (house and lot) of new single-family homes accepted for insurance	Percent of total number of homes accepted for insurance		Percent of total number of urban families needing houses in this price range
	Calendar year 1937	April–June 1938	
Less than \$5,000	39.6%	40.6%	69.7%
Less than \$4,000	19.5%	17.8%	51.0%

Forecast of 1939

If we can assume that the trend toward increased residential building continues at the accelerated rate evidenced in the last nine months of 1938, the dollar volume of residential dwellings built in 1939 will be approximately 50 percent above 1938, or about $2,000,000,000. The estimated total for 1938 was $1,330,000,000. However, with the present unsettled European conditions and their possible reactions in the country, the trends indicated by the latter part of 1938 may be seriously interrupted.

Analyzing the conditions leading to greatly increased residential building next year, we find a material housing need resulting from many lean years of building; business and industrial improvement with resultant advances in consumer purchasing power; and an ample supply of mortgage money at the lowest interest rates and for the longest lending periods in the country's history. Other favorable influences include increased construction of low-cost rental housing through the use of private credit and F. H. A. insurance, and building for low-income groups under the United States Housing Authority; increased tapping of the market in the $3,000–$4,000 price range; and the downward trend of foreclosures.

Outstanding among possible unfavorable factors would be increased building costs; decreased rent levels; the problem of residential overhang; and the unstable condition of international affairs.

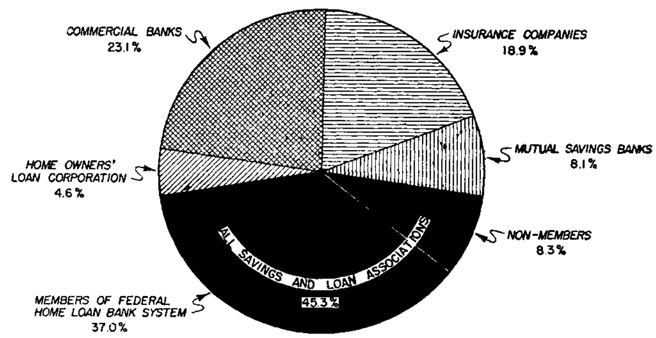
Relative Part Played by Savings and Loan Associations in 1938 Mortgage Lending

■ SURPRISING was the fact that during the first six months of 1938 the estimated volume of home-mortgage loans written by institutional lenders decreased only 11 percent as compared with the corresponding period of 1937—a small reduction in view of the drop in general economic activity. During the first six months, savings and loan association home-mortgage lending had fallen off 19 percent but picked up rapidly during the last half of the year and the estimated 1938 volume was only about 12 percent behind the 1937 total.

That the drop in savings and loan lending activity was simply part of the general decline was indicated by F. H. L. B. B. estimates of new home-mortgage lending by private institutional lenders. Savings and loan associations continued their record for maintaining an annual average of about one-half of the total loan volume. In 1937 savings and loan associations loaned $804,000,000 out of an estimated total of $1,559,000,000, or 51.9 percent. In the first six months of 1938 the savings and loan share was $334,000,000 out of an estimated total of $703,000,-000. (This total excludes all mortgage financing by individuals, trust departments of banks, and miscellaneous lenders.)

It was evident again in 1938, as in former years, that the number of homes financed by savings and loan associations greatly exceeded the aggregate financed by other institutions, since the average size of a home-mortgage loan written by savings and loan associations was $2,200—a decline of over $100 from the 1937 average. The average size new mortgage

DISTRIBUTION OF ESTIMATED INSTITUTIONAL HOME MORTGAGE LENDING
FIRST 6 MONTHS 1938



written for construction purposes likewise declined over $100 to approximately $3,200—the smallest average size construction loan of any institutional lender. Recent studies of mortgages recorded throughout the United States, based on reports received the last three months of 1938 from communities located in almost every State, possessing approximately one-fifth of the total nonfarm population, showed that only individual lenders make mortgage loans of smaller average size. These same reports revealed that in general, life insurance companies write the largest size loan, followed by commercial banks and trust companies. In size of loan, mutual savings banks are next in order and are followed in turn by savings and loan associations. Individuals hold the lowest place because of the recording of numerous, miscellaneous small loans and second mortgages.

Federal Housing Administration Activity

A significant development in home-mortgage lending in 1938 was the expansion of Federal Housing Administration activity under the stimulus of the February amendments to the National Housing Act. Premium-paying mortgages increased $473,000,000 during 1938, a gain of 11.5 percent over the $424,000,000 of such business in 1937. For the first 11 months of 1938 F. H. A. reported 4,772 mortgagee institutions making insured loans during 1938, including 1,036 building and loan associations.

During 1938 mortgage companies greatly increased their actual and relative shares of F. H. A. business although commercial banks remained by far the largest institutional lenders under Title II. Participation by savings and loan associations in F. H. A. business was relatively less than in 1937.

Distribution of total amount of gross mortgages accepted for insurance by F. H. A., by type of institution

[*Source: "Insured Mortgage Portfolio," December 1938, p. 17*]

Type of institution	Percent of total		Net cumulative total through Sept. 1938
	1937	Jan.-Sept. 1938	
	Percent	*Percent*	*Percen*
National banks	28.4	29.8	30.2
State banks and trust companies	25.3	24.0	26.7
Total commercial banks	53.7	53.8	56.9
Building and loan associations	14.4	10.5	13.7
Mortgage companies	14.2	20.0	13.7
Insurance companies	11.2	8.7	8.8
Savings banks	2.7	2.1	2.9
All others	3.8	4.9	4.0
Total	100.0	100.0	100.0

Property improvement loans, revived under the amended National Housing Act, were made principally by commercial banks, which financed 81 percent of the total volume during the first six months of 1938. Savings and loan associations financed approximately 1 percent of the total volume of Title I notes during this same time.

At the close of 1938 after 10 months of operation, the Federal National Mortgage Association, owned and controlled by the R. F. C., had purchased over 20,000 insured mortgages amounting to almost $82,000,000. It was committed to buy an additional 4,000 of a value of $16,000,000.

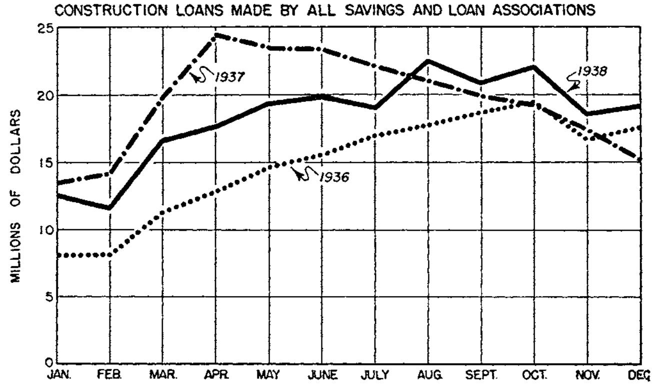
Analysis of 1938 Lending by Savings and Loan Associations

The increase in lending activity of savings and loan associations in 1936 and 1937 must be attributed almost exclusively to the greater volume of loans for the acquisition of homes by prospective owners, either through construction or purchase loans. Other classes of loans were not under the pressure for expansion caused by the increase in building activity and hence continued to occupy a smaller and smaller proportion of the new business of these institutions. As the recession began in 1937, however, loans for the building or purchase of homes decreased rapidly while refinancing and reconditioning loans tended to continue as usual and gradually constituted a greater percentage of total funds loaned.

A bright spot in the 1938 lending picture has been that as the decline in lending volume was checked, loans for new construction or home purchase have expanded and in December 1938 savings and loan associations were lending 63 cents out of every dollar for the building or purchase of homes—exactly the same proportion as during the entire year 1937 and substantially above the 54 cents out of every dollar used for these purposes in 1936. (The estimated volume of mortgage loans made by savings and loan associations is based upon monthly reports received by the Federal Home Loan Bank Board.)

Construction loans by savings and loan associations amounted to $220,000,000 for the year 1938—a $14,000,000 or 6-percent decline from the corresponding 1937 period. Total loans by savings and loan associations during this same time declined by 11 percent, a fact which lends support to the belief that the increasing volume of construction loans by

CONSTRUCTION LOANS MADE BY ALL SAVINGS AND LOAN ASSOCIATIONS



savings and loan institutions during the latter half of 1938 is an indicator of markedly increased lending volume during 1939. It is significant that in every month from August 1938 through December, more new construction mortgages were written than in the same months of 1937. From January through July 1938, lending activity for the building of new homes had been below the same period of 1937.

The following table summarizes new loans made by all savings and loan associations classified by purpose for the full year of 1938 as compared with 1937 and 1936:

Purpose of loan	Number of cents out of every dollar loaned in—1936	1937	1938
Construction	$0.24	$0.26	$0.28
Home purchase	.30	.37	.33
Refinancing	.23	.20	.20
Reconditioning	.09	.07	.07
Other purposes	.14	.10	.12
	1.00	1.00	1.00

The decline in savings and loan lending activity in 1938 was not shared equally by all classes of associations. Total loans of all savings and loan associations declined 11 percent during the January–December period. The corresponding decline for Federal associations was 7 percent, for State members 12 percent, and for nonmembers 15 percent.

Mortgage-Lending Policies in 1938

Three tendencies were outstanding in mortgage-lending policies during 1938: toward longer term loans, toward higher percentages of appraised value, and toward lower interest rates.

Although complete statistics on all mortgage lending are not available, an indication of the extension of loan terms is found in an analysis by F. H. A. of its premium-paying mortgages. During 1937 the average terms granted by each type of lending institution were longer than in 1936. Those savings and loan associations making insured loans raised their average mortgage term by six months as indicated in the following table:

Average duration of Federal Housing Administration mortgages insured (1936 and 1937)

[*Source: "Insured Mortgage Portfolio," July 1938, p. 19*]

Type of lending institution	New home 1936	New home 1937	Existing home 1936	Existing home 1937	All mortgages 1936	All mortgages 1937
	Yr. mo.	*Yr. mo.*	*Yr. mo.*	*Yr. mo.*	*Yr. mo.*	*Yr. mo.*
Savings and loan associations	18 1	18 5	16 4	16 4	16 9	17 3
All types	17 9	18 4	16 2	16 5	16 6	17 1

Notable also was the greater uniformity of loan terms among the different types of lending institutions. The greatest spread between the average of the different lending institutions in 1937 was only 16 months with the emphasis clearly on even greater uniformity. Increasing concentration of insured mortgages are found in the 19- to 20-year and 15- to 16-year groups. (58 percent of all mortgages insured were classed in the 19- to 20-year group in 1937 as compared with 50 percent in 1936.)

Exact figures are not yet available for 1938, but it is believed that the trend towards longer term loans, which was evident in 1936 and 1937, was accelerated by the amendments to the National Housing Act permitting the insurance of certain restricted types of mortgages for terms up to 25 years.

These same amendments have also played a large part in revising upward the average lending institution's concept of the percentage of appraised value which may be loaned on new home property. Based on a survey of mortgages accepted on new homes from April through June 1938, F. H. A. found that two out of every three new home loans accepted for insurance fell into the new high ratio range of 80 to 90 percent of appraised value and that one out of every two new home mortgages accepted was within four percentage points of the 90-percent maximum permitted—a distinct upward shift from 1937.

Progress Toward Greater Neighborhood Stability During 1938

The emphasis upon higher ratio and longer term loans during 1938 prompted many a lending institution to make more diligent inquiries than usual into neighborhood trends and prospects for neighborhood stability in granting its loans. City surveys conducted by the Division of Research and Statistics show that two-thirds of the average city are threatened with blight. In recent years mortgage-lending institutions have come to realize that a primary problem of cities of all sizes—how to rezone and replan to check urban blight and tax delinquency—is also a problem seriously affecting their own interests.

During 1938 there were signs of progress towards better planning control throughout the country. Chicago completed a land use survey and city officials declared that sensible rezoning of the city and development of adequate plans for rehabilitating blighted areas were fundamental to Chicago's welfare. The city of Memphis became one of the first cities to undertake a complete revision of the present city plan, when it called in an experienced consultant to develop a practical procedure for rehabilitation of blighted city areas.

General approval was given the initiation of a trial neighborhood rehabilitation program, sponsored by the Baltimore Housing Authority and backed by the H. O. L. C., the United States Housing Authority, and the Works Progress Administration, in Waverly, one of Baltimore's old residential subdivisions. There are many fine homes in this community of 1,600 residential properties and values are essentially sound although threatened in recent years by the encroachment of slums, the deterioration of a comparatively few houses within the district itself, and negligence in providing civic improvements. It is hoped that through rehabilitation of the area home owners and the H. O. L. C. will benefit by increased property values, mortgages will be made more secure, sounder tax values will be obtained, and future slums avoided. Lending institutions hope that the success of such a trial program will permit its development in other urban areas.

How great the need is for local planning bodies, actively operating under adequate budgets, was shown by the study of the New Jersey Planning Board of existing practices in subdividing land. In this State alone there are enough vacant lots to accommodate an additional 4,000,000 people. Approximately 60 percent of the land subdivided is entirely unoccupied with nearly 185,000 acres—sufficient to supply more than one million 50 by 120 foot lots—vacant. One-third of this acreage has been plotted since 1915. The result has been the development of phantom towns, where now are left only a few vacant houses, miles of fast-disappearing dirt streets, and some thousands of worthless deeds.

Other signs of progress in 1938: National Resources Committee organized a local planning committee which will devote special attention to the progress of local planning, and prepare recommendations and proposals concerning appropriate relationships between Federal, State, and local agencies. Purdue University held its first planning school, and a number of universities opened new planning departments. Many of the annual reports of American cities carried in 1938 for the first time good accounts of activities and progress in planning and zoning.

General Real Estate Conditions

■ ALTHOUGH the average monthly sales of real estate were below those of 1937, the chart of real estate activity on the next page indicates its parallel with general business conditions. Some improve-

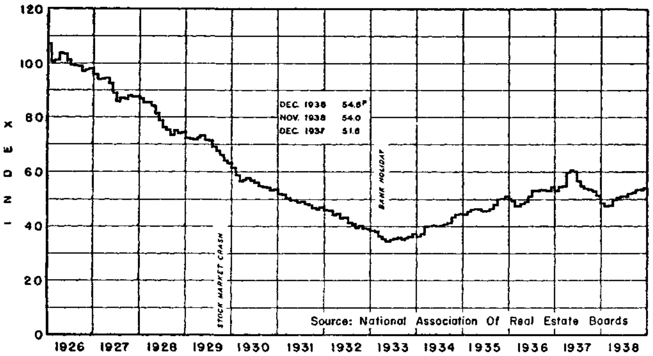
Wisconsin Test Case Withdrawn From Supreme Court Docket

■ The United States Supreme Court on January 16, 1939, upon the motion of the Attorney General and the members of the Banking Commission of the State of Wisconsin, dismissed the writ of certiorari to the United States Circuit Court of Appeals for the Seventh Circuit in the case of Loomis et al. v. First Federal Savings and Loan Association of Wisconsin (No. 277, U. S. S. C., October Term, 1938). The Attorney General and the members of the Banking Commission had petitioned the United States Supreme Court to reverse the decision of the United States Circuit Court of Appeals (Seventh Circuit) of May 20, 1938, which affirmed the decision of the District Court of the United States for the Western District of Wisconsin enjoining such officers of the State of Wisconsin from interfering with the transaction of business in Wisconsin by the First Federal Savings and Loan Association of Wisconsin. Such decision had upheld the constitutionality of the provisions of Home Owners' Loan Act of 1933 providing for the chartering of Federal savings and loan associations.

The case originated when the First Federal Savings and Loan Association of Wisconsin, located in Milwaukee, filed a bill of complaint in the District Court of the United States and obtained the injunction and ruling as to constitutionality above mentioned. The Attorney General and the members of the Banking Commission of Wisconsin contended that the First Federal Savings and Loan Association of Wisconsin was usurping a corporate franchise which only the State of Wisconsin had the power to grant, and that the provisions of Home Owners' Loan Act of 1933, under which a Federal corporate charter was granted to the association, were unconstitutional.

With such dismissal of the writ of certiorari, the decision of the United States Circuit Court of Appeals for the Seventh Circuit, upholding the constitutionality of the chartering of Federal savings and loan associations, becomes final.

REAL ESTATE SALES ACTIVITY IN THE UNITED STATES
1926=100



ment in the reduction of institutionally owned real estate has been made during the last two years. The "Real Estate Owned" account of Federal Reserve member banks, the bulk of which is residential property, shrank 2 percent during the first nine months of 1938, reflecting a decline in their portion of the "overhang".

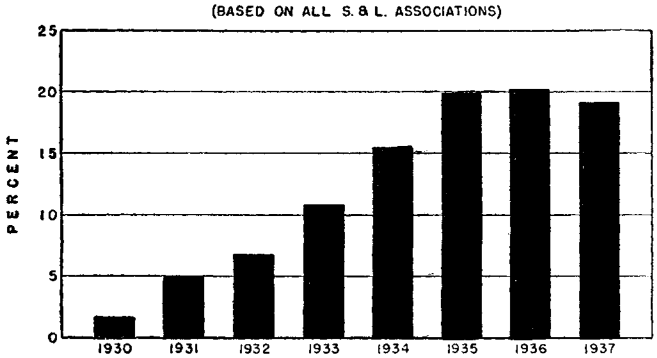
Savings and loan associations in 1937 reduced their owned residential real estate 11 percent ($130,000,000), and preliminary reports indicate that further reductions were accomplished during 1938. The table below, which contains figures from an identical group of 1,736 insured associations, assumes added significance in view of the real estate improvement during the last half of the year.

Real estate owned by an identical group of associations

[Amounts are shown in thousands of dollars]

Type of association	Number of associations	June 1938	December 1937	Percent change
Federal	1, 298	$91, 236	$91, 680	−0. 5
State-chartered	438	65, 853	67, 649	−2. 7
Total	1, 736	157, 089	159, 329	−1. 4

OWNED REAL ESTATE
AS A PERCENT OF TOTAL ASSETS; 1930-1937
(BASED ON ALL S. & L. ASSOCIATIONS)

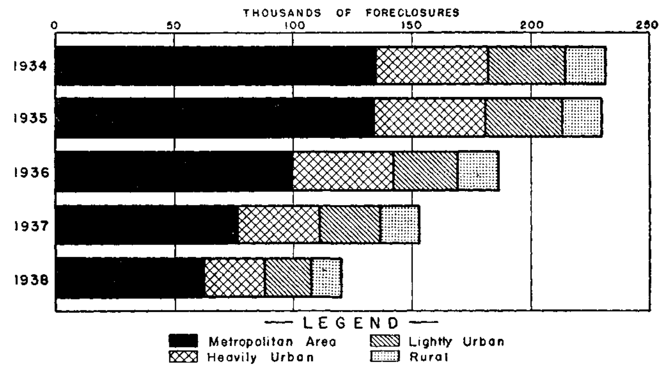


Although there was a slight increase in the real estate owned by insurance companies during 1938, their other assets increased so substantially that the ratio of real estate owned to total assets was lowered for the second successive year.

Any reduction in the volume of this residential "overhang" is an encouraging factor in general real estate conditions. The existence of a large amount of real estate awaiting sale has a depressing effect upon the general market for houses, as well as the construction of new homes. Also, it is influential in causing a price differentiation between used houses and new ones, which according to the National Association of Real Estate Boards is now larger than we have ever seen.

The story of five consecutive years of declining foreclosure rates on nonfarm dwellings is probably the brightest spot in the real estate picture. Foreclosures during 1938 were 22 percent less than 1937

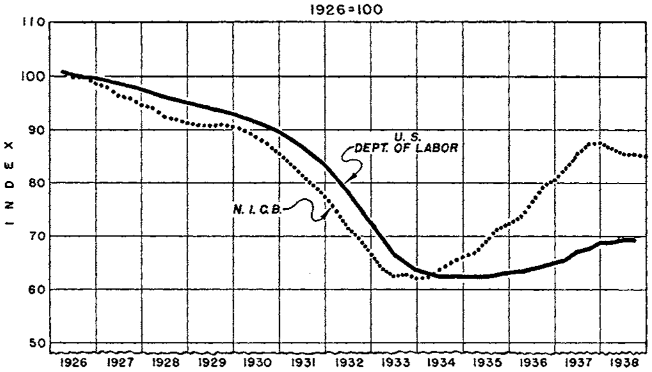
TREND OF NON-FARM FORECLOSURE BY SIZE OF COMMUNITY



and 50 percent under 1934. In fact, every month in 1938 was an improvement over the previous year. Geographically, every Federal Home Loan Bank District and all but seven States bettered their 1937 nonfarm foreclosure rates. Distribution of the percentage of total foreclosures, and the rate of cases per 1,000 dwellings varied in direct proportion to the number of nonfarm dwellings in each county: the larger the county, the higher percentage of total cases, and higher the rate per 1,000 dwellings.

Two interrelated factors of importance when considering general real estate conditions are the level of rents and the number of vacancies in existing properties. The chart of occupied dwelling rentals as compared with the N. I. C. B. index (which is more sensitive to the effect of rental levels of newly tenanted structures) appears on the facing page and pictures the steady downward trend of the latter during 1938.

INDEXES OF RESIDENTIAL RENTALS
1926=100



Keeping in mind that vacancies are peculiarly subject to local conditions, the Department of Commerce estimated that residential vacancies increased slightly during the first half of 1938, reversing a 5-year trend. Figures of the National Association of Real Estate Boards indicate that there is an undersupply of 1-family dwellings in 34 percent of 274 reporting cities, despite the revival of home building, and the doubling-up of families during the recession.

December real estate bond prices were 1.8 percent above the corresponding month of 1937. This compares favorably with a decline of 26.4 percent between the Decembers of 1936 and 1937.

Stressed in the annual report of the Board as one of the chief obstacles to a spirited construction recovery, some progress was made in 1938 toward a more equitable taxation of real estate. November elections revealed concerted efforts on the part of voters to resist further tax-rate increases. At least nine States are now using an over-all limit on the levy to spread the tax base, and to restrict easy sources of taxable funds for unlimited spending.

Progress in the spread of homestead tax exemption received somewhat of a setback in the States of Arizona, California, and Missouri when voters rejected various proposals of this nature. The movement continues to grow, however, and there are now 14 States which have provided for the exemption of homesteads under varying limitations. During 1938, homestead tax exemption laws became effective in five States: Alabama, Arkansas, Georgia, Minnesota, and Mississippi. In addition, the electorate of the State of Louisiana, as an inducement to new construction, adopted a constitutional amendment exempting from all taxes for three years new homes built since January 1, 1938.

The following table shows that the average tax rates (adjusted to be comparable) of 248 cities increased slightly during 1938. A nominal rise in assessed valuations marked the third year urban property values have remained virtually unchanged.

Comparisons of 1938 and 1937 average adjusted tax rates of 248 American cities

[Source: National Municipal Review, December 1938, p. 597]

Population group	Average adjusted rates per $1,000 assessed value		
	1938	1937	Increase
500,000 and over	$28.67	$28.39	$0.28
300,000 to 500,000	29.68	27.98	1.70
100,000 to 300,000	27.22	26.50	.72
50,000 to 100,000	25.83	25.06	.77
30,000 to 50,000	25.75	25.31	.44
Total	26.49	25.84	.65

Private Savings in 1938

THE financing of the homes in this country has always been carried on primarily as the result of a flow of savings from individuals to institutions and then to other individuals needing the loan of funds upon mortgage security. In 1938 the rate of flow of individual savings into the various types of institutions and investments varied greatly, as Table A on the following page indicates.

A most pronounced increase in savings during 1938 was shown by the cash value of sales of United States Savings Bonds. The increase in the demand for Baby Bonds is evidenced by their resistance to redemption and by the $72,000,000 increase in the volume of actual sales in 1938 as compared to 1937. The 48-percent increase (see Table A) in the savings represented by Baby Bonds during 1938 was by far the largest percentage increase recorded in any of these media of long-term savings. Time deposits of individuals, partnerships, and corporations in all member banks of the Federal Reserve System showed a decline of $17,000,000 during the first nine months of 1938, which is in direct contrast to the trend shown by time deposits during 1937. Demand deposits in Federal Reserve Bank members during the first nine months of 1938 increased 3.5 percent ($691,000,000).

Postal Savings have shown relatively little change during the past three years and at the end of 1938 showed a decrease of $18,000,000 in the outstanding total from December 31, 1937.

Table A.—Trend of selected individual long-term savings, 1938

[Amounts are shown in millions of dollars]

	Latest available date in 1938	Dec. 31, 1937	Increase or decrease (−)	Percentage increase or decrease (−) during	
				1938	1937
				Percent	*Percent*
U. S. Savings Bonds [1]	$1,404	$948	$456	48.0	81.0
Postal Savings	1,252	1,270	−18	−1.4	0.8
Mutual savings banks	10,235	10,126	109	1.1	1.1
All member banks of Federal Reserve System [2]	10,789	10,806	−17	−0.2	3.6
Federal savings and loan associations [3]	860	674	186	28.0	41.0

[1] Cumulative cash value, less redemptions.
[2] Time deposits evidenced by savings passbooks, certificates of deposit, open accounts, and Christmas savings or similar accounts.
[3] Private repurchasable capital: Includes growth due to net gain of 43 in number of Federal associations.

From the point of view of savings and loan operation, an outstanding feature of 1938 was the continued high rate of increase in the private repurchasable capital of Federal savings and loan associations. During 1938 private repurchasable capital in all Federal associations increased 28 percent, from $674,000,000 to $860,000,000. This growth, however, includes that private capital which was gained through conversion of State-chartered associations. Eliminating the effect of changes in the membership list by studying a comparable group of Federal associations from month to month, it was found that the increase in private repurchasable capital was 20 percent for 1938—a rate of increase greater than the 1937 rate. The rate of increase slowed down slightly in the second half of 1937, but during the first six months of 1938 private investments increased rapidly at a rate exceeding that of the corresponding period of 1937, despite the unfavorable economic conditions and the reduced family income in 1938.

During the past eight years there has been a substantial growth in the amount of money in circulation, in contrast to the tendency during the decade ending in 1930 when the general level of currency in circulation showed little change, since in this period there was a growth in the use of bank checks for making payments. From 1936 up to the present time we have been maintaining currency in circulation at a level over $2,000,000,000 above the $4,476,000,000 level of 1929. The increase in the amount of large bills in circulation reflects in part "the holding of savings in the form of currency rather than in bank deposits, securities, or other property", according to the *Federal Reserve Bulletin* which believes that the banking difficulties in the early 1930's are partly responsible and that another factor is the reduction in interest rates paid on savings and other time deposits.

Whatever the causes, the facts are that money in circulation has increased nearly 50 percent since 1930, and that large denomination currency in circulation has more than doubled. There was a pronounced increase in the amount of large bills outstanding in 1935 and 1936 but very little change in 1937. During 1938, however, the amount of large denomination currency in circulation increased by $172,000,000.

One reason for increased holdings of large denomination currency as savings is that the determining factor in the money market at the present time is the pressure of surplus funds, and individuals, like financial institutions, find it hard to obtain a safe investment at a rate of return at all comparable to investment yields of earlier years. Since February 1, 1935, the maximum rate of interest which member banks of the Federal Reserve System have been permitted to pay on savings deposits has been 2½ percent, and in many sections of the country commercial banks are paying an interest rate substantially below the maximum authorized level. United States Savings Bonds, if held for 10 years to maturity, return a maximum of 2.9 percent. The interest paid on Postal Savings deposits is a flat 2 percent. Many legal reserve life insurance companies have already announced that effective in the early months of 1939 there will be a reduction in the return guaranteed on new policies from 3 percent to 2.5 percent. Dividend rates of savings and loan associations have been affected by these general influences on the money market. A study of the average annual weighted dividend rates of Federal savings and loan associations shows a reduction from 3.69 percent to 3.48 percent during the years 1935 through 1937.

Savings and Loan Associations Place Increased Emphasis Upon Public Relations During 1938

■ WITH the passing of each year it is more evident that the business and commercial world is becoming "consumer-conscious". The principle of public relations is being widely accepted by savings and loan associations as a factor in successful business operation. Virtually every gathering of institutional officialdom during 1938 discussed some of its phases: the association's office building, popular presentation of its balance sheet, and its budget for advertising.

Constant personal contact with investor and borrower is an important part of the routine in savings and loan associations. The psychological effect of the surroundings in which these transactions take place has too frequently been overlooked, for the office of an association is in itself an advertisement of the organization's character. To be located near a center of commercial activity is a desirable requisite. Where feasible, the consensus holds that it should be situated on the ground floor for the convenience of its patrons. An attractive interior and exterior add to its favorable impression upon the public mind.

Consistent with the experience of other types of corporate enterprise which have revised the form of their reports to the public is that of savings and loan associations which have re-written their statements of condition in understandable terms and found that the confidence of their investors has been increased. The extension of this practice has been clearly demonstrated in 1938 year-end statements which have reached the office of the REVIEW.

Four trends are indicated in their preparation, in addition to the revision in terminology: (1) a more complete analysis of mortgage loans; (2) additional emphasis upon the "community-cooperation" aspect of the savings and loan industry, and the mutuality under which each investor shares equally in resources and earnings; (3) supplemental year-to-year comparisons of major balance sheet items as an indication of the progress of the association; and (4) use of a simplified statement of income and expense, together with a reconcilement of the undivided profits account to show the distribution of earnings.

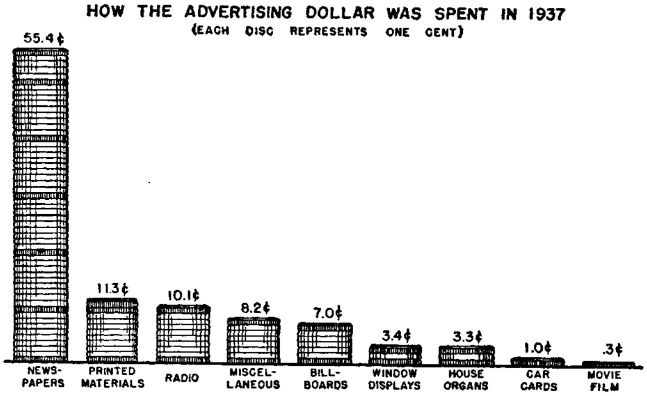
"Convention Spotlights Advertising" is the headline of the article in the official publication of the United States Building and Loan League recording its annual convention in Chicago. It is indicative of the thought of leaders in the savings and loan field throughout the year. Advertising is one of the prime factors in promoting public relations, and aggresive associations are vitally interested in using the most productive advertising media and in measuring accurately the effectiveness of their campaigns.

"How much should our association spend for advertising?" is a query which may be answered only through a careful study of the financial condition and possibilities for growth of every institution. An important study by the Federal Home Loan Bank Board's Department of Public Relations showed that 271 of the most successful insured associations actually spent an average of 2.8 percent of their gross income for advertising. Their favorite media in order of preference were newspapers first, followed by printed material, radio, billboards, and window displays.

A provocative question raised by the survey: If the often suggested norm of one-quarter of 1 percent had been applied to the average assets of the 271 associations studied by the Board, what would their advertising expenditures have been during 1937? The result would have been advertising expenditures of 5 percent of the gross income of these associations, practically doubling their actual aggregate advertising expenditures for that year.

Cooperative advertising programs were numerous throughout the year and culminated in the "Middlemen's Campaign" sponsored by the United States Building and Loan League and directed toward the building industry trade journals. Important proposals by many associations for the year 1939 included a study of the market in their communities, a definite place allotted to advertising in the association's budget, and initiation or expansion of a plan of tracing and recording results from the association's various advertising activities.

HOW THE ADVERTISING DOLLAR WAS SPENT IN 1937
(EACH DISC REPRESENTS ONE CENT)



Forecast for 1939

■ THE year 1939—a decade following the peak of our previous period of prosperity—dawns with possibilities for a far better year than we have experienced recently. The upward trend of the last half of 1938 is perhaps the best indication of this, for recoveries, like depressions, have a cumulative nature which accelerate their movement when once started.

In the Presidential message on the State of the Union addressed to the opening session of Congress, predictions were made to include a national income in the neighborhood of 80 billion dollars. "That is by no means an excessive aspiration", according to the January 15, *Cleveland Trust Bulletin* which is generally conceded to express the views of Col. Leonard P. Ayres, Vice-President, and noted American economist. "We had a national income of about 80 billions in 1929, and now we have nine million more people in our population than we had then. In order to have a national income of 80 billion dollars we should have to do about five-fourths as much business as we did in 1937, and that ought not to be too difficult an achievement."

Other forecasters, however, agree that a national income about equal to that of 1937 ($69,000,000,000) is highly probable. It is quite likely that a new high for the recovery period will be established.

Any improvement in general business conditions will be reflected in increased national income. There are several favorable signs which foretell a continued revival of economic activity. The excess reserves of commercial banks are more than adequate to meet business needs, and interest rates are at unprecedented low levels. The inventories of current goods are considerably lower than they were at the beginning of 1938, and wholesale prices have been relatively stable during the last half of the year. Retail sales, shown to be above 1937 levels at the close of the year, are expected to benefit from any increase in national income.

Savings and loan associations will take particular interest in a statement by Mr. A. D. Whiteside, president of Dun & Bradstreet, Inc., who has this to say about the opening of 1939, ". . . but probably the most important single factor which may serve as the broad supporting base for a period of prosperity is the evidence that construction throughout this country of every nature, including the renovation of urban structures, is shaping up as it has not done for more than a decade".

Although we have discussed the prospects for residential building during 1939 at some length earlier in this article, its significance from the standpoint of the likely effect upon home-financing institutions is worthy of added emphasis. A prominent increase in construction activity will result in a corresponding larger amount of home-mortgage lending. In view of the fact that construction loans made by savings and loans declined approximately 6 percent in 1938, if home building lives up to expectations, the coming year should witness a sharp increase in this, an important phase of savings and loan operations.

Sectional opinion as to the percentage increases of 1939 residential building volume compared with 1938 has been gathered by *Architectural Forum*, as follows: Boston (up), Chicago (45), Cleveland (35), Detroit (40), Houston (15), Kansas City (20), Los Angeles (20), Louisville (15), Miami (10), New Orleans (85), New York (15), Philadelphia (35), San Francisco (15), Seattle (35), and Washington (20). Two-thirds of the 212 cities surveyed by the National Association of Real Estate Boards expected a greater volume of home building in the new year, indicating the universality of the anticipated increases.

Improvement in business conditions will also enlarge the demand for home purchase and reconditioning loans. Opportunities for an increased volume of mortgage lending, however, have emphasized fundamental changes in loan policies and have made it increasingly evident to savings and loan managers that a more analytical approach is necessary for sound lending today.

We have seen a very substantial extension of the periods for which loans are made, a marked increase in the percentage of the loans to assessed valuation and in many instances, due to the lowering of interest rates, a very marked reduction of the spread between cost of money plus overhead, and interest charged. All of these factors have required and will continue to require improved technique and better management if mortgage-lending institutions are to meet the mortgage requirements of the next few years at a profit.

Best indications are that mortgage lenders in 1939 will pay increasing attention to the need for better information. Extension of the mortgage-recording data coverage by the Division of Research and Statistics of the Federal Home Loan Bank Board with the cooperation of mortgage lenders is one example of this development. Another indication is the growing recognition of the value of "security area maps",

(Continued on p. 167)

« « « FROM THE MONTH'S NEWS » » »

Real estate in the average American city during 1939 . . . . .

Median City's volume of sales decidedly higher than in 1938, about 10 percent. Prices for residential property—some of it—15 percent higher. But a price differential beginning to be very visible between used houses and new. . . . Apartment situation beginning to be affected by private building under F. H. A. rental housing and large-scale housing insurance. Biggest single influence on construction totals and rent levels, however, is the local U. S. H. A. building scheduled to become reality this year. . . . Vacant lots in greatest demand since 1929. . . . Home building really beginning to go places. Definitely better than last year. . . . Liquidation of repossessed properties passed beyond the center of the stage. . . . Mortgage money plentiful. Interest rates low. The low rates a shade more generally available. A feeling in Median City that rates are beginning to be pretty well stabilized. . . . Taxes actually about the same as in 1938, but a fear in the air that they are going higher. Worry over unequitable assessments, especially for downtown properties.

First forecast by real estate boards ever made. Survey of 274 cities by National Association of Real Estate Boards. Freehold, Jan. 1, 1939.

Building forecast: 1939. . . . .

With the possible exception of material costs and labor wages, all of the factors are presently bullish for building. . . . There is, however, one factor which tends to tone down this optimism—the possibility of another large-scale war threat such as gripped the world last fall. . . . Actual war or the threat of it would overnight change public opinion, kick all forecasts for 1939 into a cocked hat. . . . *The Architectural Forum* concludes residential construction will advance 30 percent over 1938; total construction, over 20 percent.

Architectural Forum, January 1939.

Each January I have selected the industry I felt had the most promising outlook for the coming 12 months. . . . Building creates jobs in 26 separate businesses, and indirectly it makes work in hundreds of others. . . . A heavy volume of building is the keystone of general prosperity. . . . Today for the first time in 20 years, the building cycle and the business cycle are moving ahead together. This is why I am bullish on 1939 building and why I am picking building as the "industry of the year".

Roger W. Babson, noted statistician and financial adviser.

A definitely bright prospect for all building fields during 1939. . . . An increase of 40 to 60 percent in residential building during 1939 as compared with 1938. . . . An increase of 25 to 50 percent in all types of building for the country at large.

Roy T. Wenzlick, President, Real Estate Analysts.

1939 looks good. . . . The nearest thing we have had to the 1920's. . . . More money invested and more calls for loans will combine to make the associations grow. . . . There will be a definitely decreased percentage of real estate owned. . . . As I see it, probably a third more dwelling units will be built this year than last. . . . There will be more small, unpretentious new houses than America has ever built before. . . . This is likely to be an advertising year of great moment.

Clarence T. Rice, President, United States Building and Loan League.

It appears likely that residential building in 1939 will be substantially larger than it has been during the past three years, possibly by as much as 40 percent. This appears to be likely in view of the low vacancies, recent increases in family income, and the substantial increments in the number of families each year.

Lowell J. Chawner, Chief, Division of Economic Research, U. S. Department of Commerce.

It now seems wholly probable that unless some international calamity intervenes, 1939 will be a definitely better business year than 1938 has been. . . . The coming year now promises to be a period of better employment, rising national income, and increased volume of industrial production. . . . Building construction is advancing, and the volume of privately financed building will almost surely be greater next year than it has been in this one.

The Cleveland Trust Company, Business Bulletin, Dec. 15, 1938.

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SUMMARY OF RESIDENTIAL CONSTRUCTION AND HOME-FINANCING ACTIVITY

I. December was the only month during 1938 in which the mortgage-lending activity of savings and loan associations exceeded the corresponding period of 1937.

A. Total loan volume was almost unchanged from November in contrast to usual downward movement during winter months.

B. Districts in Southwest and Far West—Little Rock, Topeka, Portland, and Los Angeles,—together with the Indianapolis District showed improvement over the November volume of loans.

II. Foreclosure rates resumed their 5-year downward trend after November interruption. Volume of cases only one-third that of December 1934.

III. Wholesale and dealer prices for building materials showed mixed trend.

A. Combined wholesale building material price index increased slightly in December.

B. Dealers' prices for materials in the standard house declined fractionally during December, although the tendency for these prices to level off will bear watching.

C. Labor costs were unchanged for the second successive month.

IV. The seasonally adjusted index of residential construction climbed to the highest levels since 1929, although the total construction in December was less than November totals.

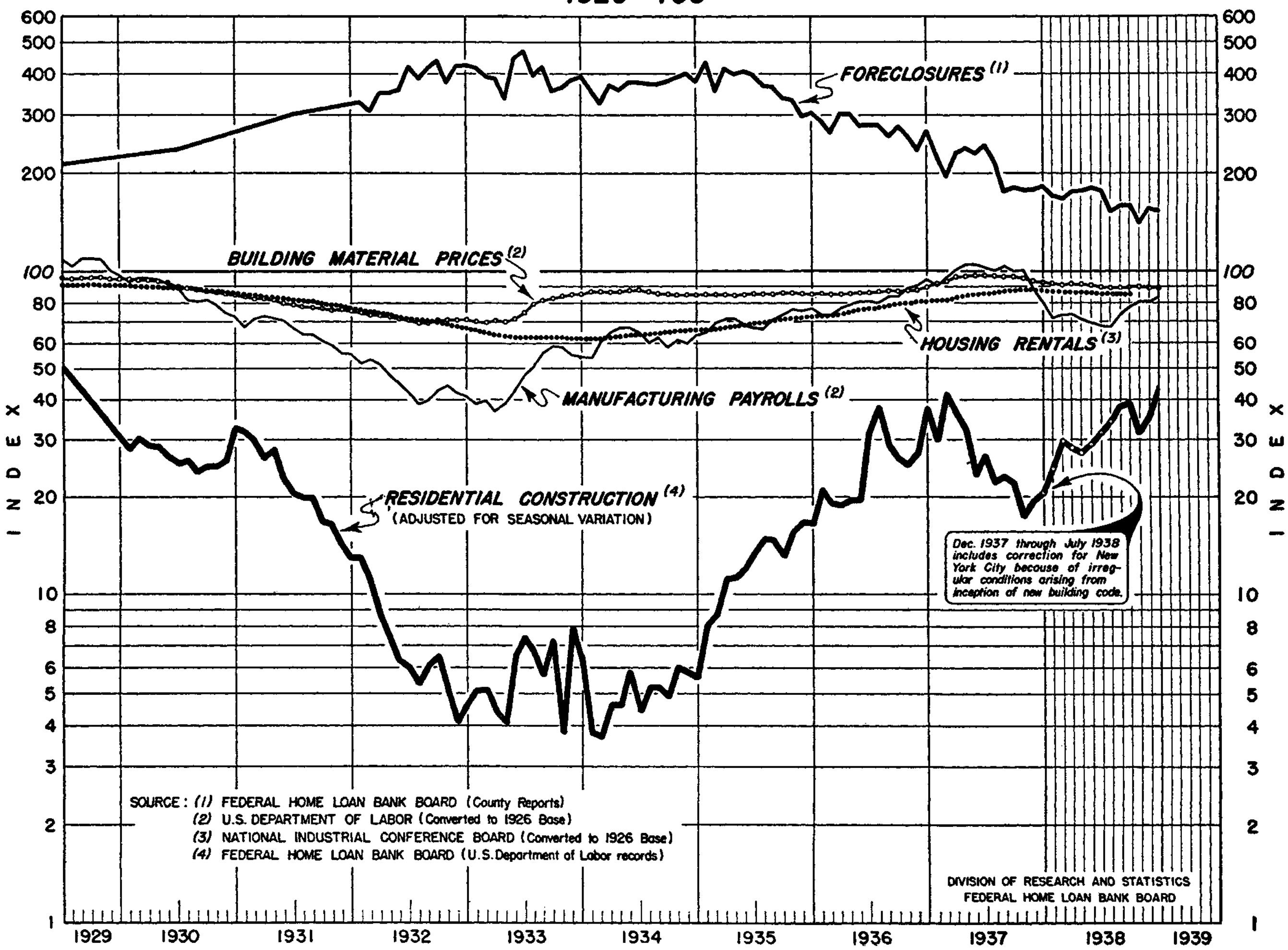
A. Six Federal Home Loan Bank Districts more than doubled their building-permit activity as compared with the closing month of 1937.

B. All Bank Districts, with the exception of New York, reported less construction activity per 100,000 population than in November—a usual seasonal reaction.

V. Purchasing power, as indicated by industrial production, pay rolls, and employment, continued to reflect the improvement of general business conditions.

RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS

1926 = 100



RESIDENTIAL CONSTRUCTION and HOME-FINANCING ACTIVITY

■ DECEMBER 1938 was in general a favorable month insofar as real estate and home-financing conditions were concerned. Although a decline in the total volume of residential building was recorded from November, this decline was not as great as is normally reflected during the early winter months. The index of residential construction, which has been adjusted for usual seasonal variation, increased in December to the highest level of any month since 1929. Rising trends in residential construction during the 1938 months brought the index at the end of the year to more than double the December 1937 index.

Foreclosure activity in metropolitan centers eased off in December after a temporary November interruption of the 5-year downward trend. Foreclosures for 1938 in those counties in which at least one city of 100,000 population or over is located were 20 percent below those of 1937 and were about 10 percent below those for 1928. In the later months of 1938 foreclosures averaged only about one-third the volume recorded during the closing months of 1934. Of the 82 reporting communities, 39 showed decreases and 39 increases, while 4 indicated no change in foreclosure activity.

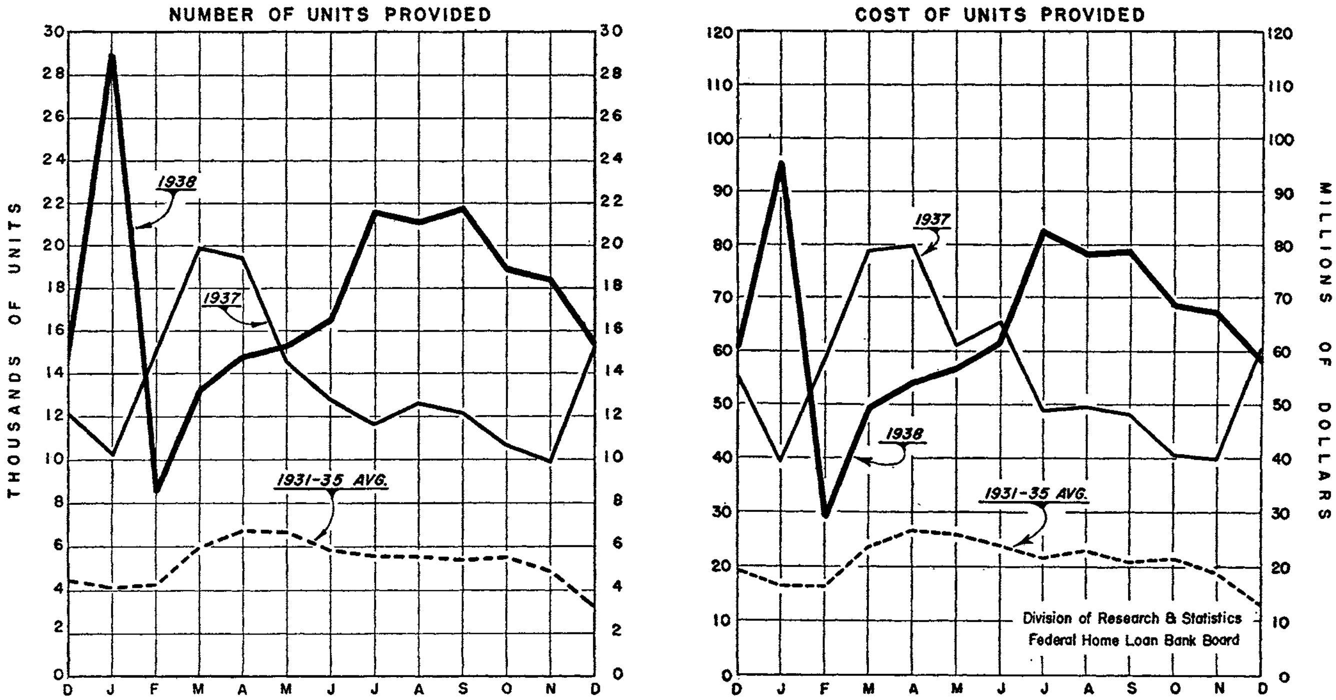
The United States Department of Labor reported increases in the wholesale price of lumber and paint materials in December compared with November; both of these groups have risen fairly consistently from the June 1938 low level. Combined wholesale building material prices increased slightly in December.

Dealers' prices for materials used in constructing a standard 6-room frame house continued in December the downward trend of the past 16 months, although the tendency during the later months of the year was for material costs to level off. December labor costs were unchanged from November.

Purchasing power of factory workers, as indicated by indexes of industrial production, pay rolls, and employment, increased in December, thus continuing the favorable trends described on page 133 of this issue.

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)



[1926=100]

	Dec. 1938	Nov. 1938	Percent change	Dec. 1937	Percent change
Residential construction [1]	43.2	35.5	+21.7	20.6	+109.7
Foreclosures (metro. cities)	151.0	155.0	−2.6	182.0	−17.0
Rental index (N. I. C. B.)	85.1	85.3	−0.2	87.5	−2.7
Building material prices	89.4	89.2	+0.2	92.5	−3.4
Manufacturing employment	89.6	89.0	+0.7	93.0	−3.7
Manufacturing pay rolls	83.1	80.7	+3.0	80.8	+2.8
Average wage per employee	92.7	90.7	+2.2	86.9	+6.7

[1] Corrected for normal seasonal variations.

December was the first month in 1938 to show greater mortgage-lending activity by savings and loan associations than the corresponding 1937 month, and continued the increasingly favorable trend recorded during each month in the latter half of 1938. The volume of loans made in December was practically unchanged from November, although there is usually a downward movement at the beginning of winter. Resistance to normal seasonal declines in lending activity at the close of 1938 was due largely to improved real estate conditions which raised construction loan volume substantially above that of late 1937. Home purchase and refinancing loans increased somewhat in December over the same month of the preceding year. Federals and State-chartered members have each shared in the current rise in lending volume, with Federals making the better showing.

December improvement over November in lending activity was concentrated in Districts located in the Southwest and Far West—Little Rock (No. 9), Topeka (No. 10), Portland (No. 11) and Los Angeles (No. 12)—with the Indianapolis District (No. 6) also showing a slight increase over the total for November. Lending activity for December was higher than in the same month of 1937 in 8 of the 12 Federal Home Loan Bank Districts.

Current operating statistics of comparable reporting Federal and insured State-chartered institutions revealed similar November to December trends: unusual gains in private capital, increased borrowings, and accelerated lending activity in construction, purchase, and refinancing loans.

Residential Construction

■ CONSTRUCTION of single-family homes in all communities of 10,000 population or over was substantially greater in December 1938 than in the same month of 1937, while the building of apartment units declined. Table 1, on page 154, indicates that for every 10 single-family units constructed in December 1937, 14 were built during the closing month of 1938, although similar comparisons showed only four 2-family and eight multifamily units were provided for every 10 in 1937.

Table 2, page 154, presents a comparison of December 1938 and December 1937 building activity as indicated by the number and estimated cost of new family dwelling units, by States within their respective Federal Home Loan Bank Districts. In New York where the inception of a new building code inflated the December 1937 building-permit data, a sharp drop occurred to the same month of 1938; only five other States registered declines in construction totals over this period. The Pittsburgh, Winston-Salem, Indianapolis, Chicago, Des Moines, and Los Angeles Districts more than doubled their volume of building-permit activity in December 1938 as compared with the corresponding month of 1937.

Rates of residential construction, as shown in the chart on page 157, declined from November in each of the Federal Home Loan Bank Districts with the exception of New York, where a fractional increase was recorded. The Los Angeles District had the highest rate of any of the areas, and was followed by the New York, Little Rock, and Winston-Salem Districts. The rate in the Chicago District, which has almost consistently built fewer residential units per 100,000 population than any other area, continued down in December to a rate of only 6 as compared with the high rate of 66 in the Los Angeles District; Boston and Cincinnati Districts also had rates indicating less than 10 dwelling units per 100,000 population.

Small-House Building Costs

[*Table 3*]

■ EACH of the five reporting cities in the Indianapolis District (Evansville, Indianapolis, South Bend, Detroit, and Grand Rapids) reported increases in building costs from the third-quarter to the end of the year (Table 3, page 156). This group of cities had leveled off in the preceding quarter from the downward trend started in 1937. Of the total 23

Construction costs for the standard house

[1936=100]

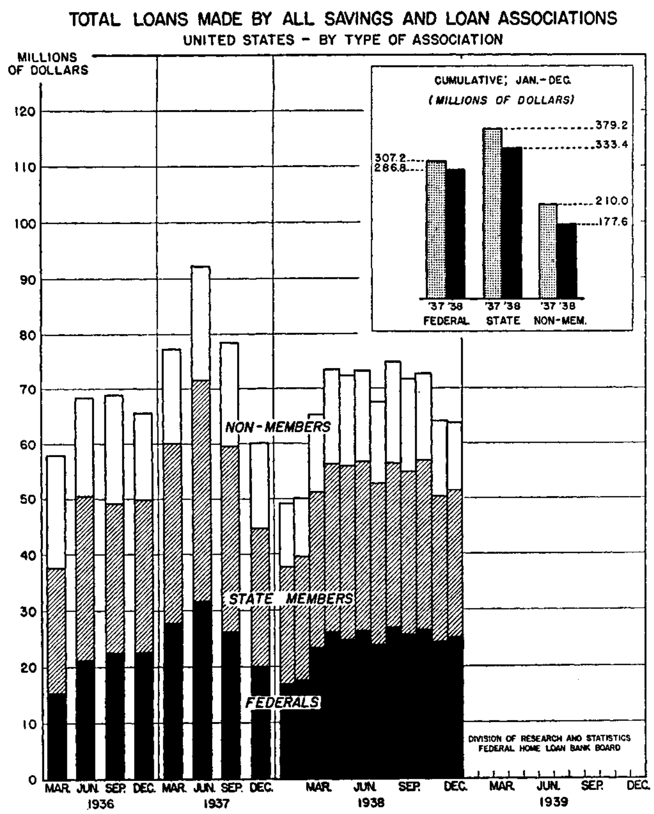
	Dec. 1938	*Nov. 1938*	*Percent change*	*Dec. 1937*	*Percent change*
Material	103.1	103.2	−0.1	108.1	−4.6
Labor	112.1	112.1	0.0	111.0	+1.0
Total	106.1	106.1	0.0	109.1	−2.7

cities reporting in January 1939 as well as in October 1938, only 5 showed declines of over $100 and 3 remained practically stationary.

Mortgage-Lending Activity of Savings and Loan Associations

[*Tables 4 and 5*]

■ TOTAL loans for the year declined in every Bank District with the exception of Little Rock where Federals and State members registered significant rises. Greatest percentage decline in loan volume occurred in the Cincinnati District (27 percent) followed by Portland with a drop of 17 percent. For the United States as a whole, loan volume of each class of institution (Federal, State-member, and nonmember) declined, as indicated by yearly totals in Table 4, page 158. Federal associations increased in annual volume of lending activity in the New York, Pittsburgh, and Little Rock Districts; loan volume of State members increased in the Des Moines, Little Rock, and Los Angeles Districts; nonmembers had greater 1938 activity in the Winston-Salem, Portland, and Los Angeles Districts.



Federal Savings and Loan System

[*Table 7*]

■ FEDERAL savings and loan associations effected several consolidations in December—reducing the total number of new associations by two and the number of converted Federals by four; assets grew, however, in both of these classifications as indicated in the accompanying table.

A group of Federal associations which presented statements for both November and December of 1938 reported a considerable growth in private capital, largely due to the crediting of dividends to individual accounts at the year-end (Table 7, page 160). Book closing adjustments in December altered total resources and tended to check the usual monthly growth in assets of reporting institutions.

Rather heavy borrowing on a short-term basis from Federal Home Loan Banks occurred in December. All Federals are required to close their books at the end of the year, and many associations prefer to use their credit in the Banks temporarily, rather than curtail lending activity or disturb their investment portfolio to raise funds to meet year-end withdrawal requirements.

Unusually favorable December lending activity was recorded by reporting Federals, although there is normally a seasonal recession at the end of the year. Rising trends in building activity, which continued into December, were responsible for increased construction loans for Federals in that month; accelerated refinancing operations and a slight rise in home purchase loan volume also contributed to increased total mortgage-loan commitments made by Federal savings and loan associations in December.

Progress in number and assets of Federal savings and loan associations

	Number		Approximate assets	
	Dec. 31, 1938	Nov. 30, 1938	Dec. 31, 1938	Nov. 30, 1938
New	637	639	$343, 946, 000	$335, 827, 000
Converted	729	733	968, 639, 000	961, 695, 000
Total	1, 366	1, 372	1, 312, 585, 000	1, 297, 522, 000

Federal Savings and Loan Insurance Corporation

[*Tables 7 and 8*]

■ CONTINUED sound, steady growth was typical of insured associations during 1938. Despite the fact that economic activity was low during the first six months, 1,736 identical insured institutions increased their private capital $69,390,000—*13 percent* on an annual basis.

Every Bank District reflected increases in private repurchasable capital. During the first six months of the year, Winston-Salem had the largest percentage rise (19), followed by Pittsburgh (16). Winston-Salem showed the most increase in dollar volume ($12,000,000), followed by Cincinnati and New York with over $8,600,000.

During 1938, 244 associations with assets of $186,429,000 were insured. Of these, 192 were State-chartered institutions, and 52 were Federal savings and loan associations. The chart below shows the distribution of assets of all insured associations. The largest proportion (45.4 percent) is held by those institutions which have converted to Federal charters.

The Insurance Corporation settled all loss and liquidation cases placed in its custody during 1938. Of the four insured institutions which were taken over last year, two were reorganized and are now operating on a solvent basis, and two were liquidated and all investors paid in full with cash.

Assets of the Corporation on December 31, 1938, totaled $116,878,103 of which $116,196,261 was in cash and Government or Government-guaranteed bonds. There were 2,097 insured associations with assets of $2,129,000,000 and 2,100,000 protected savers, at the close of 1938.

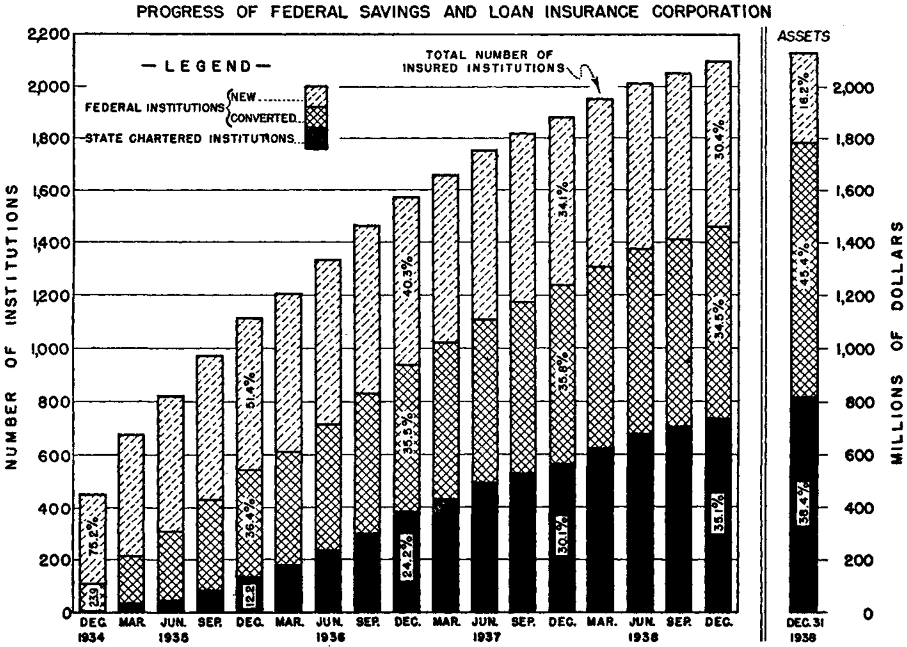
During December applications for insurance were received from 26 associations, of which 19 were State-chartered institutions. Identical insured associations (1,897) reporting in November and December showed a $26,000,000 increase in private repurchasable capital. New mortgage loans were $1,384,000 higher than November.

Private repurchasable capital of 1,736 identical insured associations

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank Districts	Number of associations	June 30, 1938	Dec. 31, 1937	Percent increase
				Percent
Boston	51	$74, 387. 4	$68, 743. 8	8. 2
New York	112	119, 013. 3	110, 382. 8	7. 8
Pittsburgh	75	18, 976. 3	16, 379. 2	15. 9
Winston-Salem	217	74, 539. 5	62, 538. 6	19. 2
Cincinnati	282	322, 386. 6	313, 621. 9	2. 8
Indianapolis	144	95, 863. 5	93, 603. 1	2. 4
Chicago	142	62, 261. 9	56, 201. 7	10. 8
Des Moines	129	63, 614. 2	58, 256. 9	9. 2
Little Rock	249	108, 987. 3	103, 191. 9	5. 6
Topeka	128	65, 074. 8	62, 998. 2	3. 3
Portland	109	51, 179. 1	47, 361. 8	8. 1
Los Angeles	98	87, 687. 9	81, 301. 7	7. 9
Total	1, 736	1,143,971.8	1,074,581.6	6. 5

PROGRESS OF FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION



Federal Home Loan Bank System: Progress in 1938

[Table 9; Supplemental Tables A, B]

THE membership growth in the year 1938, while not numerically impressive, was most encouraging from the standpoint of a strengthening of the Federal Home Loan Bank System. In addition to the admission of new members, the fact that numerous mergers and consolidations were effected should prove beneficial. The net increase in members during the year was 19 which brought the total to 3,951 as of December 31, 1938 with estimated assets in excess of 4.4 billions of dollars.

From an all-time high of $200,095,000 in advances outstanding on December 31, 1937, the Banks report a reduction of $1,253,000 to a figure of $198,842,000 as of the close of 1938. Advances during the year amounted to $81,958,000 and repayments totaled $83,211,000. Although it was the first time in six years of operation that the Banks have failed to reflect an increase in the total advances outstanding over the close of the prior year's balance, the average monthly balance of advances outstanding in 1938 was some 26 million dollars higher than in 1937, as is clear from the bar chart on this page.

Since the inception of the Banks, 487 million dollars have been advanced to member institutions and repayments on these advances have amounted to 288 million dollars.

Dividends ranging from 1 to 2 percent were declared by the 12 Federal Home Loan Banks during the year 1938 in a total amount of $2,405,622.44, as tabulated at the bottom of the page. The United States Treasury received $1,845,635 in 1938 on its capital stock investments in the Banks, which brings the cumulative total received during the past six years to $9,161,768.59. Members were paid $559,987.44 in dividends during 1938 to bring the amounts received from this source since the inception of the Banks to a total of $2,416,959.14. The rates of dividends declared in 1938 by the Banks were the same as those declared in 1937 with the exception of the Portland Bank, where the rate was reduced from

AVERAGE MONTHLY BALANCE OF ADVANCES OUTSTANDING

Supplemental Table A.—F. H. L. B. System—Dividends paid or declared through Dec. 31, 1938

Federal Home Loan Bank	Total for 1938				Cumulative through Dec. 31, 1938		
	Rate per annum	Government	Members	Total	Government	Members	Total
	Percent						
No. 1—Boston	1½	$52, 305. 17	$187, 012. 50	$239, 317. 67	$172, 423. 84	$658, 454. 61	$830, 878. 45
No. 2—New York	[2] 1½	61, 523. 89	284, 448. 00	345, 971. 89	336, 964. 23	1, 401, 036. 75	1, 738, 000. 98
No. 3—Pittsburgh [1]	1	23, 952. 05	111, 463. 00	135, 415. 05	160, 915. 95	834, 111. 39	995, 127. 34
No. 4—Winston-Salem [1]	1	35, 418. 12	92, 082. 00	127, 500. 12	184, 291. 96	603, 825. 29	788, 117. 25
No. 5—Cincinnati	2	139, 027. 85	255, 514. 00	394, 541. 85	606, 907. 22	1, 435, 749. 79	2, 042, 657. 01
No. 6—Indianapolis	1½	37, 892. 04	98, 661. 00	136, 553. 04	192, 637. 01	574, 986. 59	767, 623. 60
No. 7—Chicago	2	85, 539. 64	283, 478. 00	369, 017. 64	315, 085. 57	1, 378, 209. 45	1, 693, 295. 02
No. 8—Des Moines	2	39, 019. 14	147, 898. 00	186, 917. 14	131, 031. 74	634, 313. 31	765, 345. 05
No. 9—Little Rock	1	19, 577. 12	87, 724. 00	107, 301. 12	105, 566. 96	551, 304. 62	656, 871. 58
No. 10—Topeka	1	15, 410. 00	73, 336. 00	88, 746. 00	60, 040. 82	313, 252. 56	373, 293. 38
No. 11—Portland	1¼	13, 159. 65	74, 500. 00	87, 659. 65	49, 579. 66	349, 790. 88	399, 370. 54
No. 12—Los Angeles	1½	37, 162. 77	149, 518. 50	186, 681. 27	101, 514. 18	426, 733. 35	528, 247. 53
Total		559, 987. 44	1, 845, 635. 00	2, 405, 622. 44	2, 416, 959. 14	9, 161, 768. 59	11, 578, 727. 73

[1] Dividends declared as of Dec. 31, 1938, for the calendar year 1938; other Banks declared semiannual dividends.
[2] Annual rate 2 percent for first six months, 1 percent for last six months.

Condensed consolidated statement of condition of the Federal Home Loan Banks as of Dec. 31, 1938

ASSETS

CASH	(13.33%)	$37,849,688.54
Cash on hand and on deposit in the U. S. Treasury and commercial banks.		
INVESTMENTS	(16.35%)	46,404,368.99
Book value of obligations of the U. S. Government and securities fully guaranteed by it.		
ADVANCES OUTSTANDING	(70.04%)	198,842,438.15
Advances to members total $198,839,803.15, and to nonmember mortgagee $2,635.00, made under provisions of the Federal Home Loan Bank Act.		
ACCRUED INTEREST RECEIVABLE	(0.21%)	601,536.10
Interest accrued but not due on investments and advances outstanding.		
DEFERRED CHARGES	(0.04%)	118,063.17
Prepaid expense items applicable to future operations.		
OTHER ASSETS	(0.03%)	80,098.42
Accounts receivable and miscellaneous assets. Of this amount, $75,000 represents a refund credit on Federal Home Loan Bank Board assessments applicable to the assessments for the first half of 1939.		
TOTAL ASSETS	(100.00%)	$283,896,193.37

As of December 31, 1938, the U. S. Treasury held 76.6 percent of the total capital stock in the Federal Home Loan Banks which represented an investmentof $124,741,000. The capital stock of the Banks owned by members totaled $38,026,000 on which there was an unpaid balance of $54,875. This amount represents an increase of 8.6 percent over December 31, 1937, or $3,008,700.

The surplus, reserve, and undivided profits accounts of the several Banks reflect an increase from $5,204,423 at the close of 1937 to $7,578,696 on December 31, 1938, which is a gain of 45.6 percent.

LIABILITIES AND CAPITAL

Liabilities

DEPOSITS			$21,975,062.42
Demand and time deposits of members totaled $21,900,108.81, and the deposits of applicants on stock subscribed in connection with membership applications $74,953.61.			
ACCRUED INTEREST PAYABLE			398,845.23
Interest accrued, but not due on members' time deposits $32,178.65 and on consolidated debentures $366,666.58.			
DIVIDENDS PAYABLE			1,027,560.34
Portion of 1938 dividends declared payable in January 1939.			
ACCOUNTS PAYABLE			27,288.77
Debentures matured and interest accrued on certificates not presented for payment totals $21,185 while $5,000 was held for stock certificates canceled but not presented by former member institutions for refund. Miscellaneous items are in an amount of $1,103.77.			
DEBENTURES OUTSTANDING			90,000,000.00
Consolidated debentures issued which are the joint and several obligations of the Federal Home Loan Banks.			
Series C—2%—12-1-40—$25,000,000.			
Series D—2%— 4-1-43—$23,500,000.			
Series E—1%— 7-1-39—$41,500,000.			
PREMIUMS ON DEBENTURES			176,615.34
Unamortized premiums received on sales of consolidated debentures.			
TOTAL LIABILITIES			$113,605,372.10
Capital			
CAPITAL STOCK:			
Fully paid issued and outstanding		$162,622,900.00	
Subscribed and partially paid	$144,100.00		
Less unpaid balance	54,875.00	89,225.00	
Total paid in		$162,712,125.00	
SURPLUS:			
Legal reserve (20% of net earnings to date)		3,832,798.73	
Reserve for contingencies (future investment transactions)		262,021.01	
Total surplus		$4,094,819.74	
UNDIVIDED PROFITS		3,483,876.53	
TOTAL CAPITAL			$170,290,821.27
TOTAL LIABILITIES AND CAPITAL			$283,896,193.37

1½ percent to 1¼ percent, and the New York Bank where the rate was reduced from 2 percent to 1 percent for the second half of 1938. The Los Angeles Bank rate was ½ percent higher in the first half of 1938 than the rate declared for the first half of 1937.

From the comparative consolidated statement of condition of the Federal Home Loan Banks at the close of the years 1938, 1937, and 1936 on the opposite page, it is to be noted that total resources of the Banks increased from $161,935,296 to $256,877,295 and to $283,896,193 representing a change of 58.6 percent from 1936 to 1937 and of 10.5 percent from 1937 to 1938. The issuance of consolidated debentures in May 1937 reflected a change in the financing policy of the Banks and is the main factor in the growth of resources. Of the 95 million dollar increase in resources in 1937, 77.7 millions are directly attributable to debentures, while of the 27 million dollar increase in 1938 additional debentures issued accounted for 12.3 millions. The fact that cash and investment items now constitute 29.7 percent of the resources as compared to 9.9 percent on December 31, 1936, and that advances outstanding represent only 70 percent of the resources as against 90 percent on December 31, 1936 is indicative of the influence the debenture issues have had on the financial structures of the Banks.

Consolidated debentures outstanding amounted to 90 million dollars on December 31, 1938, compared to 77.7 million dollars at the end of 1937. There were two series, D and E, issued during 1938 in amounts of 23.5 and 41.5 million dollars respectively. The proceeds of these issues were used primarily to retire series A and B which were 1-year debentures maturing during the past year.

Detailed statements of condition and of profit and loss for the 12 Federal Home Loan Banks will be found in Supplemental Tables A and B on pages 162 and 164.

Current Operations

Although the usual semiannual increase in lending activities of the Banks in December proved insufficient to return the balance of advances outstanding

(*Continued on p. 168*)

Consolidated statements of condition of the Federal Home Loan Banks compared for the years 1938, 1937, and 1936

	December 31, 1938		December 31, 1937 (Revised)		December 31, 1936 (Revised)	
	Amounts	Percentage Distribution	Amounts	Percentage Distribution	Amounts	Percentage Distribution
ASSETS						
CASH:						
On hand and on deposit	$ 37,849,688.54	13.33	$ 23,203,071.96	9.03	$ 6,513,650.44	4.02
INVESTMENTS:						
U. S. Government obligations and securities guaranteed by U. S.	46,404,368.99	16.35	32,620,157.86	12.70	9,479,973.70	5.86
ADVANCES OUTSTANDING:						
Members	198,839,803.15		200,091,653.48		145,393,904.37	
Nonmembers	2,635.00		2,975.00		3,315.00	
Other (direct to home owners)	0		0		3,510.58	
Total Advances Outstanding	198,842,438.15	70.04	200,094,628.48	77.90	145,400,729.95	89.79
ACCRUED INTEREST RECEIVABLE:						
Investments	210,887.15		218,592.18		83,980.41	
Advances to members	390,625.71		470,254.37		361,790.44	
Advances to nonmembers	23.24		26.24		29.17	
Other	0		0		1.16	
Total Accrued Interest	601,536.10	.21	688,872.79	.27	445,801.18	.28
DEFERRED CHARGES:						
Prepaid debenture expense	102,837.73		97,291.87		0	
Prepaid assessment - F. H. L. B. Board	0		0		72,631.25	
Prepaid surety bond and insurance premiums	15,101.94		15,645.96		14,458.48	
Other	123.50		9.50		401.90	
Total Deferred Charges	118,063.17	.04	112,947.33	.04	87,491.63	.05
OTHER ASSETS:						
Accounts receivable - F. H. L. B. B. assessment refund	75,000.00		152,439.70		0	
Accounts receivable - other	3,927.17		4,302.14		6,844.85	
Miscellaneous	1,171.25		874.97		804.44	
Total Other Assets	80,098.42	.03	157,616.81	.06	7,649.29	-
TOTAL ASSETS	$ 283,896,193.37	100.00	$ 256,877,295.23	100.00	$161,935,296.19	100.00
LIABILITIES AND CAPITAL						
LIABILITIES:						
DEPOSITS:						
Members - time	$ 19,801,365.98		$ 11,372,635.28		$ 9,355,575.18	
Members - demand	2,098,742.83		1,193,167.53		1,390,017.68	
Applicants	74,953.61		149,125.00		226,850.00	
Prepayments on advances	0		56,932.50		173,708.75	
Total Deposits	21,975,062.42	7.74	12,771,860.31	4.97	11,146,151.61	6.88
ACCRUED INTEREST PAYABLE:						
Deposits - members	32,178.65		16,536.19		14,744.49	
Debentures	366,666.58		309,291.65		0	
Total Accrued Interest Payable	398,845.23	.14	325,827.84	.13	14,744.49	.01
DIVIDENDS PAYABLE:						
U. S. Government	770,938.75		914,864.05		933,348.58	
Members	256,621.59		262,514.15		239,241.83	
Total	1,027,560.34	.36	1,177,378.20	.46	1,172,590.41	.73
ACCOUNTS PAYABLE	27,288.77	.01	3,035.21	0	472.82	0
ACCOUNTS PAYABLE (Interest refund)	0		0		0	
**CONSOLIDATED DEBENTURES OUTSTANDING	90,000,000.00	31.70	77,700,000.00	30.24	0	0
PREMIUMS ON DEBENTURES	176,615.34	.07	120,045.74	.05	0	0
Total Liabilities	113,605,372.10	40.02	92,098,147.30	35.85	12,333,959.33	7.62
CAPITAL:						
CAPITAL STOCK (Par):						
Members (fully paid)	37,881,900.00		34,577,000.00		28,126,200.00	
Members (partially paid)	144,100.00		440,300.00		365,300.00	
Total	38,026,000.00		35,017,300.00		28,491,500.00	
Less unpaid subscriptions	54,875.00		183,575.00		175,925.00	
	37,971,125.00	13.37	34,833,725.00	13.56	28,315,575.00	17.48
U. S. Government subscriptions	124,741,000.00		124,741,000.00		124,741,000.00	
Less amount uncalled	0		0		6,871,600.00	
	124,741,000.00	43.94	124,741,000.00	48.56	117,869,400.00	72.79
Total paid in on Capital Stock	162,712,125.00	57.31	159,574,725.00	62.12	146,184,975.00	90.27
SURPLUS:						
Reserve as required under Sec. 16 of Act	3,832,798.73		2,876,819.56		2,045,336.23	
Reserve for contingencies	262,021.01		0		0	
Total Surplus	4,094,819.74		0		0	
UNDIVIDED PROFITS	3,483,876.53		2,327,603.37		1,371,025.63	
Total Surplus and Undivided Profits	7,578,696.27	2.67	5,204,422.93	2.03	3,416,361.86	2.11
Total Capital	170,290,821.27	59.98	164,779,147.93	64.15	149,601,336.86	92.38
TOTAL LIABILITIES AND CAPITAL	$ 283,896,193.37	100.00	$ 256,877,295.23	100.00	$161,935,296.19	100.00

**Consolidated Federal Home Loan Bank debentures issued by the Federal Home Loan Bank Board and now outstanding are the joint and several obligations of all Federal Home Loan Banks.

Table 1.—Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in the United States [1]

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

[Amounts are shown in thousands of dollars]

	Number of family units provided					Total cost of units				
	Monthly totals			Year		Monthly totals			Year	
	Dec. 1938	Nov. 1938	Dec. 1937	1938	1937	Dec. 1938	Nov. 1938	Dec. 1937	1938	1937
1-family dwellings	8, 924	11, 479	6, 444	127, 052	108, 601	$36, 178. 9	$49, 897. 4	$24, 252. 5	$501, 083. 0	$465, 223. 4
2-family dwellings	600	782	1, 386	10, 340	10, 126	1, 551. 4	2, 299. 9	4, 630. 0	26, 651. 4	28, 280. 2
Joint home and business [2]	47	53	34	906	1, 031	172. 3	261. 2	120. 2	3, 194. 4	3, 692. 0
3- and more-family dwellings	6, 020	5, 998	7, 503	76, 435	48, 275	20, 463. 1	16, 236. 2	31, 400. 8	248, 874. 0	171, 977. 9
Total residential	15, 591	18, 312	15, 367	214, 733	168, 033	58, 365. 7	68, 694. 7	60, 403. 5	779, 802. 8	669, 173. 5

[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 December 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	
	Dec. 1938	Dec. 1937	Dec. 1938	Dec. 1937	Dec. 1938	Dec. 1937	Dec. 1938	Dec. 1937
UNITED STATES	15, 591	15, 367	$58, 365. 7	$60, 403. 5	9, 571	7, 864	$37, 902. 6	$29, 002. 7
No. 1—Boston	500	533	2, 399. 8	3, 838. 6	432	428	2, 177. 1	2, 198. 6
Connecticut	121	123	609. 2	586. 3	109	123	601. 7	586. 3
Maine	16	11	54. 1	45. 2	16	11	54. 1	45. 2
Massachusetts	270	334	1, 374. 8	2, 952. 2	214	229	1, 159. 6	1, 312. 2
New Hampshire	17	13	38. 9	47. 0	17	13	38. 9	47. 0
Rhode Island	73	49	308. 2	199. 0	73	49	308. 2	199. 0
Vermont	3	3	14. 6	8. 9	3	3	14. 6	8. 9
No. 2—New York	5, 654	10, 223	20, 962. 4	40, 176. 1	1, 135	3, 248	5, 050. 7	11, 681. 0
New Jersey	189	229	995. 8	1, 039. 5	189	127	995. 8	723. 5
New York	5, 465	9, 994	19, 966. 6	39, 136. 6	946	3, 121	4, 054. 9	10, 957. 5
No. 3—Pittsburgh	679	285	3, 756. 4	1, 371. 9	462	274	2, 579. 7	1, 335. 9
Delaware	3	-------	26. 0	---------	3	-------	26. 0	---------
Pennsylvania	620	250	3, 528. 1	1, 213. 0	413	247	2, 372. 4	1, 203. 0
West Virginia	56	35	202. 3	158. 9	46	27	181. 3	132. 9
No. 4—Winston-Salem	1, 780	832	5, 774. 7	2, 765. 0	1, 253	734	4, 285. 3	2, 525. 0
Alabama	123	58	232. 8	122. 6	123	50	232. 8	109. 1
District of Columbia	418	119	1, 754. 5	594. 7	188	79	1, 074. 5	498. 7
Florida	681	281	2, 243. 5	828. 0	420	261	1, 478. 9	767. 5

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

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank Districts and States	All residential dwellings				All 1- and 2-family dwellings			
	Number of family dwelling units		Estimated cost		Number of family dwelling units		Estimated cost	
	Dec. 1938	Dec. 1937	Dec. 1938	Dec. 1937	Dec. 1938	Dec. 1937	Dec. 1938	Dec. 1937
No. 4—Winston-Salem—Continued.								
Georgia	110	59	$290. 4	$148. 2	110	55	$290. 4	$145. 2
Maryland	123	71	379. 8	361. 9	118	71	373. 8	361. 9
North Carolina	167	133	375. 4	321. 3	140	117	342. 6	271. 3
South Carolina	66	40	150. 9	104. 0	66	36	150. 9	96. 0
Virginia	92	71	347. 4	284. 3	88	65	341. 4	275. 3
No. 5—Cincinnati	512	263	2, 239. 6	1, 260. 5	414	225	1, 960. 1	1, 127. 5
Kentucky	36	40	119. 1	104. 6	36	40	119. 1	104. 6
Ohio	408	190	1, 922. 8	1, 101. 9	310	152	1, 643. 3	968. 9
Tennessee	68	33	197. 7	54. 0	68	33	197. 7	54. 0
No. 6—Indianapolis	863	257	4, 208. 2	1, 300. 9	863	257	4, 208. 2	1, 087. 0
Indiana	131	34	504. 6	113. 1	131	34	504. 6	113. 1
Michigan	732	223	3, 703. 6	1, 187. 8	732	223	3, 703. 6	973. 9
No. 7—Chicago	387	177	2, 176. 4	1, 228. 4	379	177	2, 157. 1	1, 228. 4
Illinois	270	103	1, 669. 6	873. 3	265	103	1, 658. 3	873. 3
Wisconsin	117	74	506. 8	355. 1	114	74	498. 8	355. 1
No. 8—Des Moines	398	179	1, 533. 6	649. 4	389	155	1, 502. 6	606. 9
Iowa	89	37	316. 0	145. 8	84	37	302. 0	145. 8
Minnesota	146	91	652. 8	357. 9	146	76	652. 8	330. 9
Missouri	145	39	526. 9	118. 8	141	35	509. 9	110. 8
North Dakota	0	2	0. 0	5. 0	0	2	0. 0	5. 0
South Dakota	18	10	37. 9	21. 9	18	5	37. 9	14. 4
No. 9—Little Rock	1, 207	780	3, 309. 6	1, 808. 3	1, 173	716	3, 235. 1	1, 711. 4
Arkansas	75	20	129. 4	32. 8	75	20	129. 4	32. 8
Louisiana	135	86	397. 2	260. 5	135	86	397. 2	260. 5
Mississippi	77	50	129. 6	70. 2	77	50	129. 6	70. 2
New Mexico	34	13	102. 7	29. 8	34	13	102. 7	29. 8
Texas	886	611	2, 550. 7	1, 415. 0	852	547	2, 476. 2	1, 318. 1
No. 10—Topeka	410	217	1, 209. 0	693. 6	362	217	1, 119. 8	693. 6
Colorado	103	41	318. 3	160. 1	71	41	257. 3	160. 1
Kansas	84	53	196. 4	124. 0	72	53	173. 2	124. 0
Nebraska	42	21	136. 4	66. 3	42	21	136. 4	66. 3
Oklahoma	181	102	557. 9	343. 2	177	102	552. 9	343. 2
No. 11—Portland	311	176	1, 011. 1	504. 5	311	176	1, 011. 1	504. 5
Idaho	4	4	12. 7	12. 0	4	4	12. 7	12. 0
Montana	21	12	45. 5	37. 7	21	12	45. 5	37. 7
Oregon	90	47	345. 0	139. 7	90	47	345. 0	139. 7
Utah	40	31	111. 7	65. 4	40	31	111. 7	65. 4
Washington	146	78	460. 4	236. 7	146	78	460. 4	236. 7
Wyoming	10	4	35. 8	13. 0	10	4	35. 8	13. 0
No. 12—Los Angeles	2, 890	1, 445	9, 784. 9	4, 806. 3	2, 398	1, 257	8, 615. 8	4, 302. 9
Arizona	56	17	160. 4	52. 6	40	17	123. 4	52. 6
California	2, 798	1, 421	9, 481. 2	4, 738. 7	2, 341	1, 233	8, 409. 1	4, 235. 3
Nevada	36	7	143. 3	15. 0	17	7	83. 3	15. 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]

Federal Home Loan Bank Districts and cities	Cubic-foot cost			Total cost					
	1939 Jan.	1938 Jan.	1937 Jan.	1939 Jan.	1938 Oct.	1938 July	1938 Apr.	1938 Jan.	1937 Jan.
No. 2—New York:									
Atlantic City, N. J.	$0.241	[2] $0.247	$0.256	$5,790	[2] $5,907	[2] $5,932	--------	[2] $5,934	$6,138
Camden, N. J.	.233	.238	.230	5,581	[2] 5,559	[2] 5,705	$5,688	5,710	5,529
Newark, N. J.	.231	.223	.223	5,539	5,537	5,479	5,427	5,363	5,346
Albany, N. Y.	.242	.258	.233	5,800	5,847	5,957	--------	6,200	5,590
Buffalo, N. Y.	.255	.261	.243	6,115	6,303	6,149	6,073	6,260	5,833
Utica, N. Y.	.239	--------	--------	5,726	[2] 5,660	[2] 5,524	--------	--------	--------
White Plains, N. Y.	.258	.262	.249	6,180	6,236	--------	6,198	6,291	5,966
No. 6—Indianapolis:									
Evansville, Ind.	.244	.240	.230	5,854	5,742	--------	5,770	5,769	5,518
Indianapolis, Ind.	.243	.238	.229	5,831	5,765	5,806	5,812	5,711	5,505
South Bend, Ind.	.243	.258	.256	5,821	5,750	5,739	5,964	6,193	6,138
Detroit, Mich.	.258	.254	.229	6,181	6,166	6,142	6,026	6,108	5,494
Grand Rapids, Mich.	.246	.246	.219	5,900	5,871	5,914	5,911	5,908	5,257
No. 8—Des Moines:									
Des Moines, Iowa	.262	.261	.256	6,279	6,164	6,117	6,139	6,264	6,139
Duluth, Minn.	.249	.260	.237	5,975	6,186	6,199	6,195	6,248	5,697
St. Paul, Minn.	.272	--------	.249	6,529	6,532	6,546	6,539	--------	5,973
Kansas City, Mo.	.242	.243	.227	5,808	--------	5,751	5,730	5,840	5,444
St. Louis, Mo.	.253	.259	.259	6,078	5,989	6,027	6,122	6,207	6,224
Fargo, N. D.	.236	.248	.239	5,658	5,832	5,843	5,868	5,957	5,732
Sioux Falls, S. D.	.271	.264	.243	6,515	6,436	6,374	6,196	6,339	5,837
No. 11—Portland:									
Boise, Idaho	.253	.247	.249	6,078	6,002	5,860	5,848	5,934	5,972
Great Falls, Mont.	.291	.292	.274	6,996	--------	7,109	7,137	7,004	6,582
Portland, Oreg.	.229	.232	.222	5,495	5,455	5,397	5,391	5,563	5,322
Salt Lake City, Utah	.245	.252	.237	5,880	5,880	5,911	5,961	6,039	5,692
Seattle, Wash.	.261	.271	.255	6,272	6,259	6,256	6,428	6,503	6,114
Spokane, Wash.	.250	.273	.266	6,001	6,286	6,620	6,545	6,548	6,375

[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.

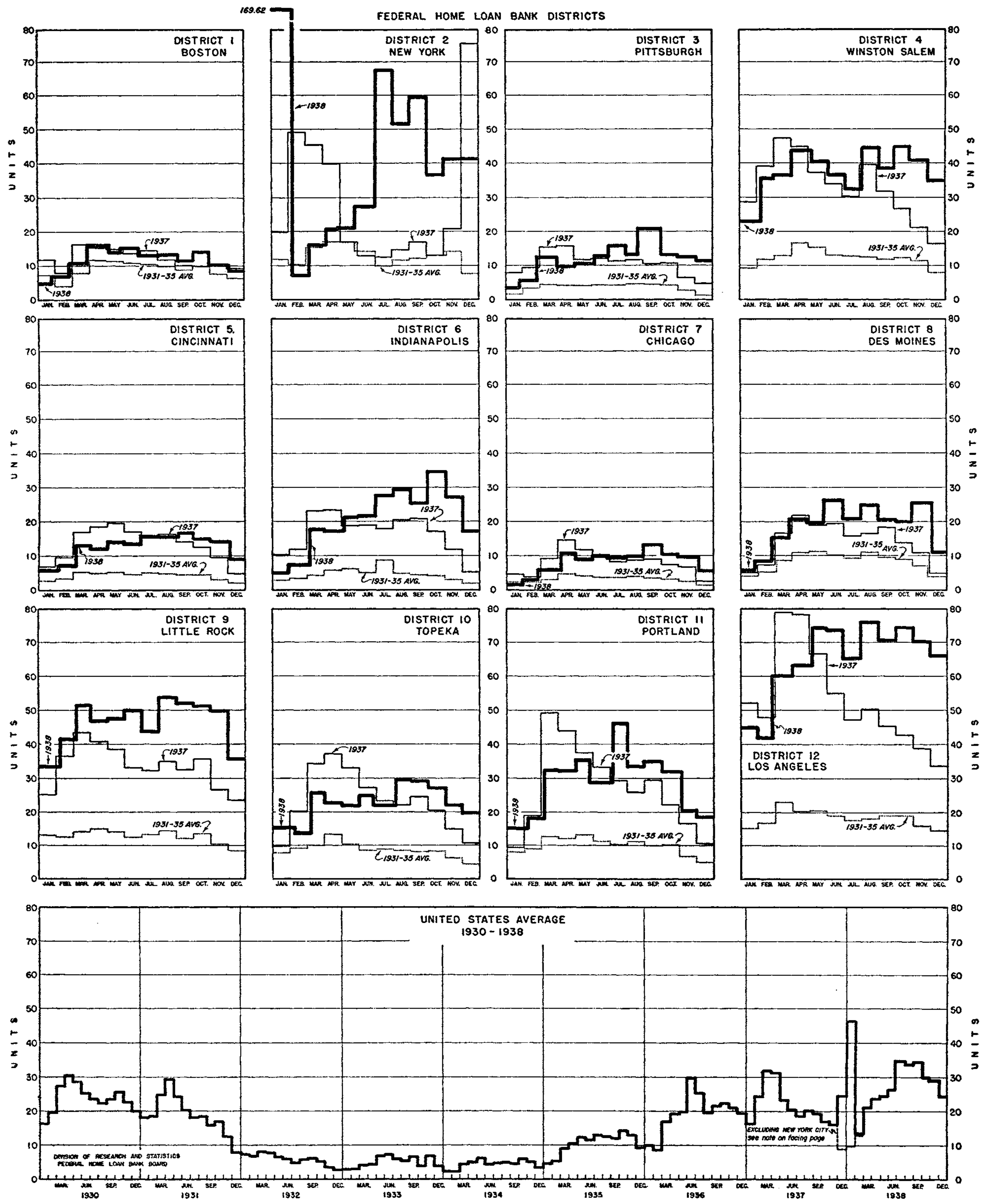


Table 4.—Estimated volume of new lending activity of savings and loan associations, classified by District and type of association

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and type of association	New loans		Percent increase, Dec. 1938 over Nov. 1938	New loans, Dec. 1937	Percent increase, Dec. 1938 over Dec. 1937	Total new loans		
	Dec. 1938	Nov. 1938				1938	1937	Percent increase
United States: Total	$63, 934	$64, 070	−0. 2	$60, 096	+6. 4	$797, 996	$896, 579	−11. 0
Federal	25, 019	24, 220	+3. 3	20, 038	+24. 9	286, 899	307, 278	−6. 6
State member	26, 504	26, 115	+1. 5	24, 522	+8. 1	333, 470	379, 286	−12. 1
Nonmember	12, 411	13, 735	−9. 6	15, 536	−20. 1	177, 627	210, 015	−15. 4
District 1: Total	5, 600	6, 243	−10. 3	5, 663	−1. 1	74, 733	85, 627	−12. 8
Federal	1, 580	1, 772	−10. 8	1, 323	+19. 4	20, 744	20, 902	−0. 8
State member	2, 887	2, 799	+3. 1	2, 648	+9. 0	36, 096	39, 113	−7. 7
Nonmember	1, 133	1, 672	−32. 2	1, 692	−33. 0	17, 893	25, 612	−30. 1
District 2: Total	6, 219	6, 351	−2. 1	5, 767	+7. 8	77, 617	83, 335	−6. 9
Federal	2, 128	2, 417	−12. 0	1, 405	+51. 5	22, 807	20, 761	+9. 9
State member	1, 699	1, 609	+5. 6	1, 950	−12. 9	19, 999	22, 072	−9. 4
Nonmember	2, 392	2, 325	+2. 9	2, 412	−0. 8	34, 811	40, 502	−14. 1
District 3: Total	5, 043	5, 117	−1. 4	5, 682	−11. 2	62, 561	67, 781	−7. 7
Federal	1, 329	1, 090	+21. 9	1, 037	+28. 2	12, 981	12, 438	+4. 4
State member	1, 392	1, 348	+3. 3	1, 436	−3. 1	17, 842	19, 102	−6. 6
Nonmember	2, 322	2, 679	−13. 3	3, 209	−27. 6	31, 738	36, 241	−12. 4
District 4: Total	8, 962	8, 980	−0. 2	8, 032	+11. 6	111, 104	112, 307	−1. 1
Federal	3, 479	3, 213	+8. 3	2, 881	+20. 8	39, 102	40, 377	−3. 2
State member	3, 964	4, 546	−12. 8	3, 762	+5. 4	52, 197	52, 673	−0. 9
Nonmember	1, 519	1, 221	+24. 4	1, 389	+9. 4	19, 805	19, 257	+2. 8
District 5: Total	9, 248	9, 335	−0. 9	9, 578	−3. 4	121, 652	166, 270	−26. 8
Federal	3, 698	3, 674	+0. 7	3, 375	+9. 6	47, 212	57, 278	−17. 6
State member	4, 559	4, 350	+4. 8	4, 105	+11. 1	55, 556	80, 096	−30. 6
Nonmember	991	1, 311	−24. 4	2, 098	−52. 8	18, 884	28, 896	−34. 6
District 6: Total	3, 195	3, 060	+4. 4	2, 661	+20. 1	35, 617	41, 032	−13. 2
Federal	1, 389	1, 634	−15. 0	1, 302	+6. 7	16, 520	18, 900	−12. 6
State member	1, 430	1, 168	+22. 4	1, 131	+26. 4	16, 021	18, 026	−11. 1
Nonmember	376	258	+45. 7	228	+64. 9	3, 076	4, 106	−25. 1
District 7: Total	6, 175	6, 597	−6. 4	5, 957	+3. 7	78, 865	93, 037	−15. 2
Federal	2, 270	2, 056	+10. 4	1, 861	+22. 0	26, 519	28, 474	−6. 9
State member	2, 420	2, 564	−5. 6	2, 518	−3. 9	33, 709	45, 194	−25. 4
Nonmember	1, 485	1, 977	−24. 9	1, 578	−5. 9	18, 637	19, 369	−3. 8
District 8: Total	3, 726	3, 849	−3. 2	3, 975	−6. 3	48, 239	49, 211	−2. 0
Federal	1, 860	1, 665	+11. 7	1, 445	+28. 7	20, 251	21, 224	−4. 6
State member	1, 198	1, 394	−14. 1	1, 479	−19. 0	16, 102	15, 980	+0. 8
Nonmember	668	790	−15. 4	1, 051	−36. 4	11, 886	12, 007	−1. 0
District 9: Total	4, 131	3, 958	+4. 4	3, 451	+19. 7	48, 699	45, 081	+8. 0
Federal	1, 555	1, 626	−4. 4	1, 176	+32. 2	18, 778	16, 186	+16. 0
State member	2, 361	2, 109	+11. 9	2, 022	+16. 8	27, 591	25, 950	+6. 3
Nonmember	215	223	−3. 6	253	−15. 0	2, 330	2, 945	−20. 9
District 10: Total	3, 759	3, 276	+14. 7	3, 503	+7. 3	41, 148	46, 476	−11. 5
Federal	1, 793	1, 465	+22. 4	1, 310	+36. 9	18, 116	18, 979	−4. 5
State member	1, 016	949	+7. 1	919	+10. 6	12, 290	12, 421	−1. 1
Nonmember	950	862	+10. 2	1, 274	−25. 4	10, 742	15, 076	−28. 7
District 11: Total	2, 191	2, 024	+8. 3	1, 872	+17. 0	28, 007	33, 839	−17. 2
Federal	1, 204	1, 067	+12. 8	1, 039	+15. 9	15, 426	19, 755	−21. 9
State member	730	733	−0. 4	625	+16. 8	9, 608	12, 266	−21. 7
Nonmember	257	224	+14. 7	208	+23. 6	2, 973	1, 818	+63. 5
District 12: Total	5, 685	5, 280	+7. 7	3, 955	+43. 7	69, 754	72, 583	−3. 9
Federal	2, 734	2, 541	+7. 6	1, 884	+45. 1	28, 443	32, 004	−11. 1
State member	2, 848	2, 546	+11. 9	1, 927	+47. 8	36, 459	36, 393	+0. 2
Nonmember	103	193	−46. 6	144	−28. 5	4, 852	4, 186	+15. 9

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

[Amounts are shown in thousands of dollars]

Period	Purpose of loans					Total loans	Type of association		
	Mortgage loans on homes				Loans for all other purposes		Federals	State members	Non-members
	Construction	Home purchase	Refinancing	Reconditioning					
1937	$234, 102	$326, 629	$180, 804	$62, 143	$92, 901	$896, 579	$307, 278	$379, 286	$210, 015
December	15, 281	20, 167	12, 677	4, 175	7, 796	60, 096	20, 038	24, 522	15, 536
1938	220, 458	265, 485	160, 167	58, 623	93, 263	797, 996	286, 899	333, 470	177, 627
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
September	21, 018	25, 698	12, 416	4, 791	7, 724	71, 647	25, 650	29, 255	16, 742
October	22, 099	24, 677	12, 913	5, 727	7, 515	72, 931	26, 534	30, 546	15, 851
November	18, 627	21, 205	12, 182	4, 821	7, 235	64, 070	24, 220	26, 115	13, 735
December	19, 152	20, 826	12, 805	4, 025	7, 126	63, 934	25, 019	26, 504	12, 411

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
September	89. 5	90. 9	95. 5	90. 4	80. 4	78. 5	107. 3	91. 3
October	89. 8	91. 1	95. 5	90. 3	81. 1	78. 5	107. 3	91. 7
November	89. 2	91. 5	95. 5	90. 2	80. 9	78. 7	107. 3	89. 7
December	89. 4	91. 5	95. 5	90. 9	81. 0	78. 7	107. 3	89. 7
Change:								
Dec. 1938–Nov. 1938	+0. 2%	0. 0%	0. 0%	+0. 8%	+0. 1%	0. 0%	0. 0%	0. 0%
Dec. 1938–Dec. 1937	−3. 4%	−0. 5%	0. 0%	−3. 1%	+1. 0%	−1. 1%	−6. 6%	−7. 4%

Table 7.—Monthly operations of 1,278 Federal savings and loan associations and 619 identical insured State-chartered savings and loan associations reporting during November and December 1938

[Amounts are shown in thousands of dollars]

	1,278 Federals			619 insured State members		
	December	November	Change November to December	December	November	Change November to December
Share liability at end of month:			*Percent*			*Percent*
Private share accounts (number)	1, 114, 251	1, 093, 623	+1. 9	773, 614	769, 277	+0. 6
Paid on private subscriptions	$824, 267. 3	$805, 135. 9	+2. 4	$522, 213. 6	$515, 572. 1	+1. 3
Treasury and H. O. L. C. subscriptions	207, 954. 9	207, 863. 8	(1)	[2] 38, 494. 7	[2] 38, 185. 9	+0. 8
Total	1, 032, 222. 2	1, 012, 999. 7	+1. 9	560, 708. 3	553, 758. 0	+1. 3
Private share investments during month	22, 830. 9	19, 074. 8	+19. 7	10, 595. 1	8, 649. 9	+22. 5
Repurchases during month	6, 449. 6	7, 586. 5	−15. 0	6, 147. 1	6, 300. 1	−2. 4
Mortgage loans made during month:						
a. New construction	9, 186. 9	8, 465. 6	+8. 5	3, 275. 0	2, 966. 1	+10. 4
b. Purchase of homes	6, 405. 7	6, 385. 4	+0. 3	3, 502. 2	3, 166. 3	+10. 6
c. Refinancing	5, 092. 9	4, 751. 4	+7. 2	2, 015. 0	1, 803. 5	+11. 7
d. Reconditioning	1, 178. 1	1, 402. 6	−16. 0	510. 3	525. 0	−2. 8
e. Other purposes	1, 939. 0	2, 251. 8	−13. 9	1, 138. 7	1, 142. 2	−0. 3
Total	23, 802. 6	23, 256. 8	+2. 3	10, 441. 2	9, 603. 1	+8. 7
Mortgage loans outstanding end of month	988, 931. 8	979, 188. 4	+1. 0	509, 440. 7	506, 577. 0	+0. 6
Borrowed money as of end of month:						
From Federal Home Loan Banks	100, 786. 5	93, 680. 1	+7. 6	37, 000. 5	35, 772. 4	+3. 4
From other sources	3, 039. 7	2, 884. 2	+5. 4	3, 739. 9	3, 377. 4	+10. 7
Total	103, 826. 2	96, 564. 3	+7. 5	40, 740. 4	39, 149. 8	+4. 1
Total assets, end of month	[3] 1, 256, 299. 5	1, 244, 373. 4	+1. 0	[3] 715, 767. 8	719, 176. 7	−0. 5

[1] Less than 0.1 percent.
[2] Includes only H. O. L. C. subscriptions.
[3] Cumulated operating expense for period is deducted from reported December assets.

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

[Amounts are shown in thousands of dollars]

Type of association	Cumulative number at specified dates						Number of investors	Assets	Private repurchasable capital
	Dec. 31, 1934	Dec. 31, 1935	Dec. 31, 1936	Dec. 31, 1937	Nov. 30, 1938	Dec. 31, 1938	Dec. 31, 1938	Dec. 31, 1938	Dec. 31, 1938
State-chartered associations	4	136	382	566	725	737	936, 100	$817, 626	$596, 490
Converted F. S. and L. A	108	406	560	672	[2] 721	[3] 723	865, 200	967, 134	677, 860
New F. S. and L. A	339	572	634	641	639	637	297, 500	343, 946	181, 406
Total	451	1, 114	1, 576	1, 879	2, 085	2, 097	2, 125, 800	2, 128, 706	1, 455, 756

[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, 12 Federals with assets of $2,483,000 had been approved for conversion but had not been insured as of November 30.
[3] In addition, 6 Federals with assets of $1,505,000 had been approved for conversion but had not been insured as of December 31.

Table 9.—Lending operations of the Federal Home Loan Banks

[Thousands of dollars]

Federal Home Loan Banks	December 1938		November 1938		Advances outstanding at end of December
	Advances	Repayments	Advances	Repayments	
Boston	$156	$245	$586	$236	$8, 566
New York	1, 327	445	888	726	18, 255
Pittsburgh	718	463	324	684	17, 390
Winston-Salem	2, 193	733	675	747	19, 700
Cincinnati	959	575	524	462	25, 918
Indianapolis	2, 095	585	372	32	14, 303
Chicago	1, 028	986	328	257	31, 804
Des Moines	1, 179	422	499	140	17, 094
Little Rock	921	141	328	831	10, 518
Topeka	817	534	125	237	11, 608
Portland	647	130	48	340	6, 484
Los Angeles	2, 956	582	550	87	17, 202
Total	14, 996	5, 841	5, 247	4, 779	198, 842
Jan.–Dec. 1938	81, 958	83, 211			
December 1937	17, 591	4, 832			200, 095
Jan.–Dec. 1937	123, 251	68, 557			
December 1936	13, 473	5, 333			145, 401
Jan.–Dec. 1936	93, 257	50, 651			

Table 10.—Reconditioning Division — Summary of all reconditioning operations of H. O. L. C. through Dec. 31, 1938 [1]

	June 1, 1934 through Nov. 30, 1938	Dec. 1, 1938 through Dec. 31, 1938	Cumulative through Dec. 31, 1938
Cases received [2]	1, 004, 198	9, 819	1, 014, 017
Contracts awarded:			
Number	632, 235	8, 916	641, 151
Amount	$123, 005, 980	$1, 923, 669	$124, 929, 649
Jobs completed:			
Number	622, 276	10, 726	633, 002
Amount	$118, 896, 054	$2, 420, 291	$121, 316, 345

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

[2] Includes all property management, advance, insurance, and loan cases referred to the Reconditioning Division which were not withdrawn prior to preliminary inspection or cost estimate prior to Apr. 15, 1937.

Table 11.—H. O. L. C. subscriptions to shares of savings and loan associations [1]

[Amounts are shown in thousands of dollars]

	State-chartered		Federal savings and loan associations	Total
	Uninsured F.H.L.B. members	Insured associations		
Requests:				
Oct.1935–Dec.1938:				
Number	[2] 78	841	4, 495	5, 414
Amount	$4, 401	$52, 968	$195, 710	$253, 079
December 1938:				
Number	1	12	6	19
Amount	$100	$695	$433	$1, 228
Subscriptions:				
Oct.1935–Dec.1938:				
Number	[2] 21	682	4, 109	4, 812
Amount	$951	$41, 576	$173, 014	$215, 541
December 1938:				
Number	0	15	6	21
Amount	0	$895	$128	$1, 023

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

[2] Reduction due to insurance or federalization of associations.

Table 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
September	3, 856
October	3, 616
November	3, 534
December	3, 585
Grand total to Dec. 31, 1938	122, 555

[1] Does not include 11,286 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 122,555 completed cases, 662 properties were sold at foreclosure sale to parties other than the H. O. L. C. and 16,266 cases have been withdrawn due to payment of delinquencies by borrowers after foreclosure proceedings were authorized.

	Consolidated	Combined	Boston	New York	Pittsburgh
ASSETS					
On hand	$ 21,164.22	$ 21,164.22	$ 500.00	$ 500.00	$ 1,200.00
On deposit with:					
U. S. Treasurer	22,822,073.26	22,822,073.26	1,504,382.90	4,107,136.69	323,320.73
*U. S. Treasurer - Special Account No. 17-678	207,500.00	207,500.00	0	0	15,000.00
Commercial Banks	14,762,766.06	14,762,766.06	2,737,286.53	189,679.16a	665,866.03
F. H. L. Bank of New York, Agent	15,000.00	15,000.00	1,250.00	1,250.00	1,250.00
Other Federal Home Loan Banks	0	1,000,000.00	0	0	0
Total Cash	37,828,503.54	38,828,503.54	4,243,419.43	4,298,565.85a	1,006,636.76
Deposit with U. S. Treasurer for matured obligations	21,185.00	0	0	0	0
INVESTMENTS:					
U. S. Government obligations and securities fully guaranteed by U. S.	46,404,368.99	46,404,368.99	5,636,022.56	4,472,397.86	5,010,114.76
ADVANCES OUTSTANDING:					
Members	198,839,803.15	198,839,803.15	8,566,355.99	18,254,855.72	17,389,608.12
Nonmember mortgagees	2,635.00	2,635.00	0	0	0
Total Advances Outstanding	198,842,438.15	198,842,438.15	8,566,355.99	18,254,855.72	17,389,608.12
ACCRUED INTEREST RECEIVABLE:					
Deposits - other F. H. L. Banks	0	82.19	0	0	0
Investments	210,887.15	210,887.15	27,659.05	21,978.70	24,452.21
Advances to members	390,625.71	390,625.71	13,355.15	58,344.37	69,114.52
Advances to nonmember mortgagees	23.24	23.24	0	0	0
Total Accrued Interest Receivable	601,536.10	601,618.29	41,014.20	80,323.07	93,566.73
DEFERRED CHARGES:					
Prepaid debenture expense	102,837.73	102,837.73	0	0	11,833.30
Prepaid surety bond and insurance premiums	15,101.94	15,101.94	1,312.50	2,099.36	1,756.93
Other	123.50	123.50	0	0	0
Total Deferred Charges	118,063.17	118,063.17	1,312.50	2,099.36	13,590.23
OTHER ASSETS:					
Accounts Receivable:					
F. H. L. B. B. - Assessment refund	75,000.00	75,000.00	4,807.50	8,625.00	6,615.00
Other	3,927.17	3,927.17	149.00	250.00	2,033.90
Miscellaneous	1,171.25	1,171.25	0	0	0
Total Other Assets	80,098.42	80,098.42	4,956.50	8,875.00	8,648.90
TOTAL ASSETS	$283,896,193.37	$ 284,875,090.56	$ 18,493,081.18	$ 27,117,116.86	$ 23,522,165.50
LIABILITIES AND CAPITAL					
LIABILITIES:					
DEPOSITS:					
Members - time	$ 19,801,365.98	$ 19,801,365.98	$ 1,858,957.95	$ 2,721,176.13	$ 333,212.30
Members - demand	2,098,742.83	2,098,742.83	50,000.00	380,500.00	0
Applicants	74,953.61	74,953.61	500.00	6,350.00	13,478.61
Other Federal Home Loan Banks	0	1,000,000.00	0	0	0
Total Deposits	21,975,062.42	22,975,062.42	1,909,457.95	3,108,026.13	346,690.91
ACCRUED INTEREST PAYABLE:					
Deposits - members	32,178.65	32,178.65	8,197.92	77.95	1,830.21
Deposits - other F. H. L. Banks	0	82.19	0	0	0
Debentures	366,666.58	366,666.58	0	0	37,499.98
Total Accrued Interest Payable	398,845.23	398,927.42	8,197.92	77.95	39,330.19
DIVIDENDS PAYABLE:					
U. S. Government	770,938.75	770,938.75	93,506.25	0	111,463.00
Members	256,621.59	256,621.59	26,512.32	0	23,952.05
Total Dividends Payable	1,027,560.34	1,027,560.34	120,018.57	0	135,415.05
ACCOUNTS PAYABLE	6,103.77	6,103.77	0	0	5,000.00
PREMIUMS ON DEBENTURES	176,615.34	176,615.34	0	0	12,031.25
**CONSOLIDATED DEBENTURES:					
1% Series E due July 1, 1939	41,500,000.00	41,500,000.00	0	0	3,000,000.00
2% Series C due December 1, 1940	25,000,000.00	25,000,000.00	0	0	1,500,000.00
2% Series D due April 1, 1943	23,500,000.00	23,500,000.00	0	0	4,000,000.00
Total Consolidated Debentures	90,000,000.00	90,000,000.00	0	0	8,500,000.00
MATURED OBLIGATIONS:					
Consolidated debentures	15,000.00	0	0	0	0
Interest on consolidated debentures	6,185.00	0	0	0	0
Total	21,185.00	0	0	0	0
Total Liabilities	113,605,372.10	114,584,269.29	2,037,674.44	3,108,104.08	9,038,467.40
CAPITAL:					
CAPITAL STOCK (PAR):					
Members (fully paid)	37,881,900.00	37,881,900.00	3,631,400.00	4,231,000.00	2,508,500.00
Members (partially paid)	144,100.00	144,100.00	4,900.00	16,500.00	20,000.00
Total	38,026,000.00	38,026,000.00	3,636,300.00	4,247,500.00	2,528,500.00
Less: Unpaid subscriptions	54,875.00	54,875.00	2,450.00	8,750.00	8,250.00
	37,971,125.00	37,971,125.00	3,633,850.00	4,238,750.00	2,520,250.00
U. S. Government (fully paid)	124,741,000.00	124,741,000.00	12,467,500.00	18,963,200.00	11,146,300.00
Total paid in on Capital Stock	162,712,125.00	162,712,125.00	16,101,350.00	23,201,950.00	13,666,550.00
SURPLUS:					
Reserve as required under Sec. 16 of Act	3,832,798.73	3,832,798.73	237,024.03	509,060.40	362,435.08
Reserve for contingencies	262,021.01	262,021.01	0	20,235.01	0
Total Surplus	4,094,819.74	4,094,819.74	237,024.03	529,295.41	362,435.08
UNDIVIDED PROFITS	3,483,876.53	3,483,876.53	117,032.71	277,767.37	454,713.02
Total Surplus and Undivided Profits	7,578,696.27	7,578,696.27	354,056.74	807,062.78	817,148.10
Total Capital	170,290,821.27	170,290,821.27	16,455,406.74	24,009,012.78	14,483,698.10
TOTAL LIABILITIES AND CAPITAL	$283,896,193.37	$284,875,090.56	$18,493,081.18	$27,117,116.86	$23,522,165.50

a As of December 31, 1938 the New York Bank also held as Agent for the 12 Banks an imprest fund of $15,000, from which expenses of issuing debentures, other than brokerage commissions, are to be paid.

* Funds deposited with the U. S. Treasurer as Special Agent for the purpose of maturing interest coupons due and payable January 1, 1939 on Series E 1% Consolidated Federal Home Loan Bank Debentures dated 7-1-38.

the Federal Home Loan Banks as of Dec. 31, 1938

Winston-Salem	Cincinnati	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	Portland	Los Angeles
$ 10.00	$ 510.00	$ 5,845.61	$ 300.00	$ 12,013.61	$ 25.00	$ 25.00	$ 0	$ 235.00
1,716,026.57	3,470,456.87	1,377,956.97	1,476,561.48	243,538.67	2,512,190.61	1,522,848.53	563,578.22	4,004,075.02
17,500.00	45,500.00	8,750.00	46,250.00	10,000.00	10,000.00	10,000.00	10,125.00	34,375.00
682,052.94	866,334.48	710,303.67	7,980,281.22	80,887.82	0	5,197.39	40,000.00	804,876.82
1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00
0	0	0	0	0	0	0	0	1,000,000.00
2,416,839.51	4,384,051.35	2,104,106.25	9,504,642.70	347,690.10	2,523,465.61	1,539,320.92	614,953.22	5,844,811.84
0	0	0	0	0	0	0	0	0
1,896,052.41	10,001,080.16	3,993,000.00	3,550,000.00	2,878,631.48	2,490,000.00	1,698,750.00	2,283,632.26	2,494,687.50
19,699,472.77	25,918,225.14	14,303,163.44	31,803,704.54	17,094,463.05	10,518,026.85	11,608,197.63	6,483,922.08	17,199,807.82
0	0	0	0	0	0	0	0	2,635.00
19,699,472.77	25,918,225.14	14,303,163.44	31,803,704.54	17,094,463.05	10,518,026.85	11,608,197.63	6,483,922.08	17,202,442.82
0	0	0	0	0	0	0	0	82.19
9,308.79	38,756.55	13,497.41	11,127.99	23,915.07	17,095.20	11,247.22	6,156.00	5,692.96
75,889.12	91,456.41	4,090.26	6,815.55	10,121.84	24,687.94	6,979.05	20,550.26	9,221.24
0	0	0	0	0	0	0	0	23.24
85,197.91	130,212.96	17,587.67	17,943.54	34,036.91	41,783.14	18,226.27	26,706.26	15,019.63
11,198.09	12,548.74	9,053.88	22,043.56	14,979.26	4,611.19	6,073.01	632.87	9,863.83
715.92	1,400.76	1,137.62	578.71	1,145.07	1,522.32	1,126.65	1,191.67	1,114.43
9.50	96.00	0	0	0	0	18.00	0	0
11,923.51	14,045.50	10,191.50	22,622.27	16,124.33	6,133.51	7,217.66	1,824.54	10,978.26
6,585.00	10,830.00	4,627.50	11,107.50	5,865.00	4,417.50	3,412.50	2,977.50	5,130.00
135.05	249.18	149.95	225.00	0	113.90	0	150.00	471.19
625.00	0	100.00	0	0	0	0	0	446.25
7,345.05	11,079.18	4,877.45	11,332.50	5,865.00	4,531.40	3,412.50	3,127.50	6,047.44
$ 24,116,831.16	$ 40,458,694.29	$ 20,432,926.31	$ 44,910,245.55	$ 20,376,810.87	$ 15,583,940.51	$ 14,875,124.98	$ 9,414,165.86	$ 25,573,987.49
$ 1,148,406.68	$ 4,010,200.00	$ 3,112,430.75	$ 4,675,607.17	$ 751,000.00	$ 0	$ 685,375.00	$ 0	$ 505,000.00
0	744,625.46	295,570.86	0	40,000.00	83,254.83	143.39	5,000.00	499,648.29
4,475.00	29,650.00	2,750.00	9,925.00	2,000.00	0	2,075.00	0	3,750.00
0	0	1,000,000.00	0	0	0	0	0	0
1,152,881.68	4,784,475.46	4,410,751.61	4,685,532.17	793,000.00	83,254.83	687,593.39	5,000.00	1,008,398.29
4,290.62	2,177.28	7,625.50	5,925.70	332.03	0	1,721.44	0	0
0	0	82.19	0	0	0	0	0	0
35,000.00	62,583.33	24,583.30	74,583.32	37,500.00	18,333.33	21,250.00	10,125.00	45,208.32
39,290.62	64,760.61	32,290.99	80,509.02	37,832.03	18,333.33	22,971.44	10,125.00	45,208.32
92,082.00	127,757.00	49,330.50	141,739.00	73,949.00	43,862.00	0	37,250.00	0
35,418.12	70,652.31	19,234.74	43,960.00	20,125.54	10,043.56	0	6,722.95	0
127,500.12	198,409.31	68,565.24	185,699.00	94,074.54	53,905.56	0	43,972.95	0
0	0	0	0	351.00	0	0	0	752.77
17,031.33	32,182.42	9,713.60	45,182.45	12,812.53	6,823.03	7,421.85	5,695.37	27,721.51
3,500,000.00	9,100,000.00	1,750,000.00	9,250,000.00	2,000,000.00	2,000,000.00	2,000,000.00	2,025,000.00	6,875,000.00
3,000,000.00	2,750,000.00	2,000,000.00	8,000,000.00	3,000,000.00	500,000.00	750,000.00	0	3,500,000.00
2,500,000.00	2,500,000.00	2,500,000.00	3,000,000.00	4,500,000.00	1,500,000.00	2,000,000.00	0	1,000,000.00
9,000,000.00	14,350,000.00	6,250,000.00	20,250,000.00	9,500,000.00	4,000,000.00	4,750,000.00	2,025,000.00	11,375,000.00
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
10,336,703.75	19,429,827.80	10,771,321.44	25,246,922.64	10,438,070.10	4,162,316.75	5,467,986.68	2,089,793.32	12,457,080.89
3,747,700.00	7,115,000.00	2,633,500.00	4,473,800.00	2,124,800.00	2,023,400.00	1,651,400.00	1,083,500.00	2,657,900.00
4,100.00	36,900.00	7,500.00	26,600.00	11,800.00	7,700.00	8,100.00	0	0
3,751,800.00	7,151,900.00	2,641,000.00	4,500,400.00	2,136,600.00	2,031,100.00	1,659,500.00	1,083,500.00	2,657,900.00
1,550.00	16,150.00	1,875.00	7,175.00	4,025.00	1,925.00	2,725.00	0	0
3,750,250.00	7,135,750.00	2,639,125.00	4,493,225.00	2,132,575.00	2,029,175.00	1,656,775.00	1,083,500.00	2,657,900.00
9,208,200.00	12,775,700.00	6,577,400.00	14,173,900.00	7,394,900.00	8,772,400.00	7,333,600.00	5,960,000.00	9,967,900.00
12,958,450.00	19,911,450.00	9,216,525.00	18,667,125.00	9,527,475.00	10,801,575.00	8,990,375.00	7,043,500.00	12,625,800.00
321,958.92	632,195.26	242,550.88	537,898.58	235,382.28	255,396.10	158,712.55	136,055.38	204,129.77
44,474.22	97,311.78	0	0	0	0	0	0	100,000.00
366,433.14	729,507.04	242,550.38	537,898.58	235,382.28	255,396.10	158,712.55	136,055.38	304,129.77
455,244.27	387,909.45	202,529.49	458,299.33	175,883.49	364,652.66	258,050.75	144,817.16	186,976.83
821,677.41	1,117,416.49	445,079.87	996,197.91	411,265.77	620,048.76	416,763.30	280,872.54	491,106.60
13,780,127.41	21,028,866.49	9,661,604.87	19,663,322.91	9,938,740.77	11,421,623.76	9,407,138.00	7,324,372.54	13,116,906.60
$ 24,116,831.16	$ 40,458,694.29	$ 20,432,926.31	$ 44,910,245.55	$ 20,376,810.87	$ 15,583,940.51	$ 14,875,124.98	$ 9,414,165.86	$ 25,573,987.49

** Consolidated Federal Home Loan Bank Debentures issued by the Federal Home Loan Bank Board and now outstanding are the joint and several obligations of all Federal Home Loan Banks.

Supplemental Table B.—Statement of profit and loss for the Federal

	Consolidated	Combined	Boston	New York	Pittsburgh
GROSS OPERATING INCOME:					
Interest earned on advances	$ 6,108,288.42	$ 6,108,288.42	$ 251,838.85	$ 619,049.39	$ 593,342.68
Interest earned on investments	802,068.61	802,068.61	58,079.99	56,564.83	84,248.99
Interest earned on deposits - other F.H.L. Banks	0	42,599.99	32,260.27	8,798.62	0
Gross Operating Income	6,910,357.03	6,952,957.02	342,179.11	684,412.84	677,591.67
LESS - OPERATING CHARGES:					
Compensation, travel, etc. (Detail below)	906,745.73	906,745.76	60,429.87	122,357.94	111,730.71
Interest on debentures	1,150,723.89	1,150,723.89	0	0	113,866.57
Debenture expense - commissions	79,143.06	79,143.06	0	0	6,831.54
Debenture expense - other	39,114.66	39,114.66	1,736.76	1,736.77	3,997.85
Interest on deposits - members	201,140.15	201,140.15	16,540.77	34,903.43	3,733.94
Interest on deposits - other F.H.L. Banks	0	42,599.96	0	0	123.29
Assessment for expenses of F.H.L.B. Board	302,439.70	302,439.70	21,897.53	31,200.21	26,026.51
Total Operating Charges	2,679,307.19	2,721,907.18	100,604.93	190,198.35	266,310.41
NET OPERATING INCOME	$ 4,231,049.84	$ 4,231,049.84	$ 241,574.18	$ 494,214.49	$ 411,281.26
ADD - NONOPERATING INCOME:					
Profit on sale of investments	$ 556,428.37	$ 556,428.37	$ 90,768.22	$ 25,293.77	$ 0
F.H.L.B. Board assessment refund	75,000.00	75,000.00	4,807.50	8,625.00	6,615.00
Miscellaneous	555.62	555.62	0	0	0
Total Nonoperating Income	631,983.99	631,983.99	95,575.72	33,918.77	6,615.00
LESS - NONOPERATING CHARGES:					
Premium charged off on investments	82,419.29	82,419.29	0	0	159.81
Loss on sale of investments	718.76	718.76	0	0	0
Total Nonoperating Charges	83,138.05	83,138.05	0	0	159.81
NET INCOME	$ 4,779,895.78	$ 4,779,895.78	$ 337,149.90	$ 528,133.26	$ 417,736.45
DETAIL OF COMPENSATION, TRAVEL AND OTHER EXPENSES:					
COMPENSATION:					
Directors' fees	$ 36,635.00	$ 36,635.00	$ 2,500.00	$ 5,130.00	$ 3,250.00
Officers' salaries	261,713.14	261,713.14	25,750.00	24,200.04	20,100.00
Counsel's salary	43,810.92	43,810.92	3,200.00	6,000.00	5,300.00
Other salaries	251,001.75	251,001.75	8,840.00	42,099.84	49,047.34
Total Compensation	593,160.81	593,160.81	40,290.00	77,429.88	77,697.34
TRAVEL EXPENSE:					
Directors	28,261.22	28,261.22	1,161.81	2,266.06	3,398.85
Officers	34,459.66	34,459.66	3,400.85	4,148.71	3,499.20
Other	17,118.24	17,118.24	19.50	3,907.51	1,844.15
Total Travel Expense	79,839.12	79,839.12	4,582.16	10,322.28	8,742.20
OTHER EXPENSES:					
Telephone and telegraph	20,625.30	20,625.30	1,032.92	2,533.58	2,799.98
Postage and express	20,151.66	20,151.66	714.15	2,894.10	2,374.01
Heat, light, power, ice, etc.	7,298.93	7,298.93	348.68	2,482.52	198.88
Stationery, printing and supplies	26,597.76	26,597.76	1,000.79	4,277.47	2,190.64
Insurance and surety bond premiums	21,268.16	21,268.16	1,619.18	2,675.85	2,345.03
Furniture and fixtures purchased	16,457.89	16,457.89	225.09	3,068.33	707.27
Rent - less rental charged Examining Division - Federal Home Loan Bank Board	49,736.70	49,736.70	3,200.04	7,649.96	6,506.08
Examinations and analyses	37,256.52	37,256.52	2,391.19	6,222.52	5,027.71
Miscellaneous operating expense	34,352.88	34,352.91	5,025.67	2,801.45	3,241.57
Total Other Expense	233,745.80	233,745.83	15,557.71	34,605.78	25,291.17
TOTAL	$ 906,745.73	$ 906,745.76	$ 60,429.87	$ 122,357.94	$ 111,730.71

Analysis of Surplus - Reserves

	Consolidated	Combined	Boston	New York	Pittsburgh
SURPLUS - RESERVE SECTION 16 OF ACT:					
Credit Balance - December 31, 1937	$ 2,876,819.56	$ 2,876,819.56	$ 169,594.05	$ 403,433.74	$ 278,887.79
Add: 20% Net Earnings Year 1938	955,979.17	955,979.17	67,429.98	105,626.66	83,547.29
Credit Balance - December 31, 1938	3,832,798.73	3,832,798.73	237,024.03	509,060.40	362,435.08
SURPLUS - RESERVE FOR CONTINGENCIES:					
Credit Balance - December 31, 1937	0	0	0	0	0
Added during year 1938	262,021.01	262,021.01	0	20,235.01	0
Credit Balance - December 31, 1938	262,021.01	262,021.01	0	20,235.01	0
UNDIVIDED PROFITS:					
Credit Balance - December 31, 1937	2,327,598.00	2,327,598.00	86,630.46	221,467.67	255,932.30
Add: Profit - Year 1938	4,779,895.78	4,779,895.78	337,149.90	528,133.26	417,736.45
Adjustment Dividends - 1937	6.61	6.61	0	0	0
Total Addition	4,779,902.39	4,779,902.39	337,149.90	528,133.26	417,743.06
Deduct: Dividends declared year 1938	2,405,622.44	2,405,622.44	239,317.67	345,971.89	135,415.05
Allocation to legal reserve	955,979.17	955,979.17	67,429.98	105,626.66	83,547.29
Allocation to contingency reserve	262,021.01	262,021.01	0	20,235.01	0
Adjustment Dividends - 1937	1.24	1.24	0	0	0
Total Deductions	3,623,623.86	3,623,623.86	306,747.65	471,833.56	218,962.34
Credit Balance - December 31, 1938	$ 3,483,876.53	$ 3,483,876.53	$ 117,032.71	$ 277,767.37	$ 454,713.02

Home Loan Banks for the period Jan. 1, 1938, through Dec. 31, 1938

Winston-Salem	Cincinnati	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	Portland	Los Angeles
$ 624,423.67	$ 837,368.33	$ 370,785.61	$ 1,038,144.37	$ 489,096.49	$ 320,348.25	$ 323,125.57	$ 210,637.50	$ 430,127.71
40,887.10	122,837.03	80,326.99	56,824.27	79,735.18	68,073.61	35,819.43	48,500.49	70,170.70
0	0	160.27	135.62	16.44	0	0	0	1,228.77
665,310.77	960,205.36	451,272.87	1,095,104.26	568,848.11	388,421.86	358,945.00	259,137.99	501,527.18
74,414.39	104,680.43	57,734.92	78,294.05	56,465.41	75,435.41	53,170.72	40,808.55	71,223.36
125,500.29	167,307.17	95,012.69	258,610.67	153,702.09	47,159.84	54,827.93	14,979.28	119,757.36
8,016.04	14,790.66	5,592.75	17,560.27	9,004.78	3,350.16	3,047.71	2,024.11	8,925.04
3,593.34	4,340.64	3,252.11	5,123.68	4,255.07	2,696.06	2,924.74	2,007.95	3,449.69
7,655.77	32,889.33	23,952.03	60,514.70	9,471.80	0	6,490.73	0	4,987.65
197.26	739.72	7,602.70	31,857.53	0	850.68	1,097.26	131.52	0
26,561.68	39,276.49	20,419.71	42,329.47	23,579.52	18,584.74	16,081.61	13,934.08	22,548.15
245,938.77	364,024.44	213,566.91	494,290.37	256,478.67	148,076.89	137,640.70	73,885.49	230,891.25
$ 419,372.00	$ 596,180.92	$ 237,705.96	$ 600,813.89	$ 312,369.44	$ 240,344.97	$ 221,304.30	$ 185,252.50	$ 270,635.93
$ 44,474.22	$ 121,639.72	$ 29,944.31	$ 111,277.33	$ 0	$ 0	$ 0	$ 0	$ 133,030.80
6,585.00	10,830.00	4,627.50	11,107.50	5,865.00	4,417.50	3,412.50	2,977.50	5,130.00
0	0	119.75	8.20	0	302,67	0	0	125.00
51,059.22	132,469.72	34,691.56	122,393.03	5,865.00	4,720.17	3,412.50	2,977.50	138,285.80
0	0	45,494.38	3,233.85	0	0	12,500.00	0	21,031.25
0	0	718.76	0	0	0	0	0	0
0	0	46,213.14	3,233.85	0	0	12,500.00	0	21,031.25
$ 470,431.22	$ 728,650.64	$ 226,184.38	$ 719,973.07	$ 318,234.44	$ 245,065.14	$ 212,216.80	$ 188,230.00	$ 387,890.48
$ 1,925.00	$ 4,000.00	$ 2,020.00	$ 3,280.00	$ 2,850.00	$ 3,145.00	$ 3,900.00	$ 1,660.00	$ 2,975.00
18,800.00	30,250.00	14,520.00	26,091.48	22,000.00	27,799.96	15,100.00	14,630.00	22,471.66
2,800.00	5,001.00	3,010.00	3,799.92	3,000.00	3,300.00	1,800.00	2,400.00	4,200.00
23,724.18	30,339.27	18,011.67	15,866.16	6,960.00	16,542.50	13,054.93	8,324.54	18,191.32
47,249.18	69,590.27	37,561.67	49,037.56	34,810.00	50,787.46	33,854.93	27,014.54	47,837.98
2,698.01	2,395.95	1,599.34	1,807.33	2,860.44	3,290.84	3,277.64	1,579.90	1,925.05
4,309.34	2,534.61	1,567.55	1,329.23	2,605.32	3,614.23	1,497.75	1,829.48	4,123.39
4,101.69	1,436.94	2,666.93	132.06	125.82	693.76	751.80	1,397.08	41.00
11,109.04	6,367.50	5,833.82	3,268.62	5,591.58	7,598.83	5,527.19	4,806.46	6,089.44
1,719.96	2,171.22	1,484.46	1,493.95	823.48	3,058.93	955.51	901.20	1,650.11
2,023.21	2,082.18	1,307.27	2,374.99	750.91	1,593.20	889.35	636.48	2,611.81
251.46	867.23	436.02	1,331.12	298.30	731.18	0	0	353.54
2,695.11	3,591.19	1,157.27	2,373.67	2,019.15	2,018.09	1,488.77	1,000.97	2,784.64
1,012.77	2,196.10	1,582.81	1,916.48	1,437.62	2,243.02	1,331.13	1,396.89	1,511.28
349.78	1,171.34	440.01	2,127.87	1,625.75	1,960.36	2,243.63	500.25	2,038.21
2,865.00	7,200.04	3,180.00	5,034.62	3,999.96	1,800.00	4,200.00	2,721.00	1,380.00
3,384.07	5,693.13	2,232.44	5,004.13	1,621.13	1,463.03	1,532.90	688.64	1,995.63
1,754.81	3,750.23	2,519.15	4,331.04	3,487.53	2,181.31	1,147.31	1,142.12	2,970.72
16,056.17	28,722.66	14,339.43	25,987.87	16,063.83	17,049.12	13,788.60	8,987.55	17,295.94
$ 74,414.39	$ 104,680.43	$ 57,734.92	$ 78,294.05	$ 56,465.41	$ 75,435.41	$ 53,170.72	$ 40,808.55	$ 71,223.36

and Undivided Profits

Winston-Salem	Cincinnati	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	Portland	Los Angeles
$ 227,872.68	$ 486,465.13	$ 197,313.50	$ 393,903.96	$ 171,735.39	$ 206,383.08	$ 116,269.19	$ 98,409.38	$ 126,551.67
94,086.24	145,730.13	45,236.88	143,994.62	63,646.89	49,013.02	42,443.36	37,646.00	77,578.10
321,958.92	632,195.26	242,550.38	537,898.58	235,382.28	255,396.10	158,712.55	136,055.38	204,129.77
0	0	0	0	0	0	0	0	0
44,474.22	97,311.78	0	0	0	0	0	0	100,000.00
44,474.22	97,311.78	0	0	0	0	0	0	100,000.00
250,874.87	296,842.57	158,135.03	251,338.52	108,213.08	275,901.66	177,023.31	81,892.81	163,345.72
470,431.22	728,650.64	226,184.38	719,973.07	318,234.44	245,065.14	212,216.80	188,230.00	387,890.48
0	0	0	0	0	0	0	0	0
470,431.22	728,650.64	226,184.38	719,973.07	318,234.44	245,065.14	212,216.80	188,230.00	387,890.48
127,500.12	394,541.85	136,553.04	369,017.64	186,917.14	107,301.12	88,746.00	87,659.65	186,681.27
94,086.24	145,730.13	45,236.88	143,994.62	63,646.89	49,013.02	42,443.36	37,646.00	77,578.10
44,474.22	97,311.78	0	0	0	0	0	0	100,000.00
1.24	0	0	0	0	0	0	0	0
266,061.82	637,583.76	181,789.92	513,012.26	250,564.03	156,314.14	131,189.36	125,305.65	364,259.37
$ 455,244.27	$ 387,909.45	$ 202,529.49	$ 458,299.33	$ 175,883.49	$ 364,652.66	$ 258,050.75	$ 144,817.16	$ 186,976.83

Counsel's Opinions and Board Resolutions

Digest of A–B–C Book Opinion [1]

Amortized Loans—Definition of. Char. E, Sec. 12; Char. K, Sec. 14.

Under the provisions of Charter E, Section 12, an amortized loan must be payable in equal monthly installments sufficient to retire the indebtedness, interest and principal, in not less than five nor more than 20 years. The only justifiable difference in the amount of monthly payments is such slight variations of the first or last payment as may be necessary to adjust the loan plan to a regular periodic monthly basis.

Section 14 (a) of Charter K describes an amortized loan within the meaning of that charter. Under this section, monthly payments may be either equal or unequal but must be sufficient to retire the debt, interest and principal, within 20 years. No loan contract under this section can provide for any subsequent monthly installment in an amount larger than any previous monthly installment.

The amortization payments required by both Charter E and Charter K must be applied monthly, first to interest on the unpaid balance of the debt and the remainder to the reduction of the debt until the same is paid in full. These provisions require monthly application of such payments, and "interest on the unpaid balance", as used therein, means interest on the unpaid balance during the preceding month, thus requiring monthly computation of interest on the unpaid balance in all such cases.

As stated above, no amortized loan made under either Charter E or Charter K may provide for a subsequent monthly payment in excess of any previous monthly installment. Similarly, no amortized loan under either charter can require an additional payment on principal at any time during the life of the loan regardless of whether such extra payment takes the place of, or is in addition to, the regular monthly installment.

This opinion replaces A–B–C Book Opinion, C–051.

(A–B–C Book, C–051, May 27, 1938)

Federal Associations—Dividend credit or payment and bonus credit on share account transferred. Char. K, Secs. 7, 9, 10; Char. E, Secs. 6, 7.

A transferee of a share account in either a Charter E or Charter K Federal association has the same rights as to dividend credits or payments and bonus credits as the transferor would have had if such transfer had not been made. Under the provisions of Sections 6 and 7 of Charter E and Sections 7, 9, and 10 of Charter K no cessation of dividend credits or payments or bonus continuity may be effected by a Federal association because of a transfer of a share account.

(A–B–C Book, C–016, April 7, 1938)

Board Resolutions

On January 12, 1939, the Federal Home Loan Bank Board and the Board of Trustees of the Federal Savings and Loan Insurance Corporation adopted resolutions approving Standard Form No. 22 of Savings and Loan Blanket Bond as an acceptable form of Fidelity bond for use by Federals in complying with Section 102.012 of the Rules and Regulations for the Federal Savings and Loan System and by member insured institutions in complying with Section 201.016 of the Rules and Regulations for Insurance of Accounts.

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

Proposed amendments to rules and regulations for Federal Savings and Loan System and for Insurance of Accounts, relative to loans beyond the 50-mile area.

The Federal Home Loan Bank Board on January 31 passed a resolution proposing to amend subparagraph (1) of paragraph c of Section 103.012 (old Section 41 (c) (1)) of the Rules and Regulations for the Federal Savings and Loan System to read as follows:

(1) The real estate security for any such loans shall be appraised as directed by the charter; and the compensation of the appraisers shall not be affected by the granting or declining of the loan.

A similar resolution proposing to amend subparagraph (2) of paragraph d of Section 201.011 (old Section 10 (d) (2)) of the Rules and Regulations for Insurance of Accounts as follows, was adopted by the Board of Trustees of the Federal Savings and Loan Insurance Corporation on the same date.

(2) It must be appraised by at least two qualified persons and the compensation of such persons shall not be affected in any way by the granting or declining of the loan.

A recently adopted regulation [1] of the Board provided for the publication in the earliest possible issue of the Review of all proposed amendments affecting a matter of general principle or policy and not of an emergency character. The amendments listed above which will affect the regulations relative to loans by Federals and insured institutions beyond the 50-mile lending limit are presented in accordance with this provision. They will not be approved by the Board until at least 30 days after the mailing date to the Advisory Council (Feb. 3, 1939).

[1] See December 1938 Review, pp. 86-87.

Directory of Member, Federal, and Insured Institutions

Added during December–January

I. INSTITUTIONS ADMITTED TO MEMBERSHIP IN THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN DECEMBER 16, 1938, AND JANUARY 15, 1939 [1]

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

DISTRICT NO. 3

PENNSYLVANIA:
Philadelphia:
Burton C. Simon Building & Loan Association, Corner Twentieth Street & Passyunk Avenue.
E. F. Houghton Building & Loan Association, 240 West Somerset Street.

DISTRICT NO. 4

MARYLAND:
Baltimore:
Bond Street Perpetual Building Association of Baltimore City, Corner Broadway & Gay Streets.

DISTRICT NO. 5

OHIO:
Millersburg:
Holmes County Savings & Loan Company, West Jackson Street.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN DECEMBER 16, 1938, AND JANUARY 15, 1939

CALIFORNIA:
Inglewood:
People's Building & Loan Association, 150 South Market Street (voluntary withdrawal and cancelation of insurance).
ILLINOIS:
Chicago:
Lithuanian Building, Loan & Homestead Association (voluntary withdrawal).
MARYLAND:
Baltimore:
New Baltimore Loan & Savings Association of Baltimore City (voluntary withdrawal).
MASSACHUSETTS:
Boston:
Federal Cooperative Bank (voluntary withdrawal).
NEW JERSEY:
Hoboken:
American Homes Building & Loan Association of Hoboken, N. J. (voluntary withdrawal).
PENNSYLVANIA:
Dormont:
Dormont Building & Loan Association (voluntary withdrawal).
Shamokin:
Black Diamond Building & Loan Association of Shamokin (merger with West Ward Building & Loan Association of Shamokin, Shamokin, Pennsylvania).

II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN DECEMBER 16, 1938, AND JANUARY 15, 1939

DISTRICT NO. 2

NEW YORK:
Brooklyn:
Mutual Federal Savings & Loan Association of Brooklyn, 312 Ashland Place (converted from Brooklyn Mutual Building & Loan Association).

DISTRICT NO. 3

PENNSYLVANIA:
Carnegie:
First Federal Savings & Loan Association of Carnegie, 242 East Main Street (converted from Fidelity Building & Loan Association of Carnegie).

DISTRICT NO. 10

KANSAS:
Wichita:
Sedgwick County Federal Savings & Loan Association of Wichita, 207 South Broadway (converted from National Savings and Loan Association).

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

CANCELATIONS OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTERS BETWEEN DECEMBER 16, 1938, AND JANUARY 15, 1939

COLORADO:
Glenwood Springs:
First Federal Savings & Loan Association of Glenwood Springs (voluntary dissolution).
ILLINOIS:
Monmouth:
Security Federal Savings & Loan Association of Monmouth (voluntary dissolution by sale of assets to Fidelity Federal Savings & Loan Association, Galesburg, Illinois).
MINNESOTA:
Hibbing:
Hibbing Federal Savings & Loan Association (voluntary dissolution).
PENNSYLVANIA:
Cynwyd:
Bala-Cynwyd Federal Savings & Loan Association (merger with Benjamin Franklin Federal Savings & Loan Association, Philadelphia, Pennsylvania).
Philadelphia:
Anchor Federal Savings & Loan Association (merger with Benjamin Franklin Federal Savings & Loan Association, Philadelphia, Pennsylvania).
City of Penn Federal Savings & Loan Association (merger with Benjamin Franklin Federal Savings & Loan Association, Philadelphia, Pennsylvania).
Householders' Federal Savings & Loan Association (merger with Benjamin Franklin Federal Savings & Loan Association, Philadelphia, Pennsylvania).

III. INSTITUTIONS INSURED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION BETWEEN DECEMBER 16, 1938, AND JANUARY 15, 1939

DISTRICT NO. 2

NEW JERSEY:
Hoboken:
Haven Building & Loan Association of Hoboken, New Jersey, 41 Newark Street.
Westfield:
Mutual Building & Loan Association of Westfield, N. J., 112 Elm Street.

DISTRICT NO. 3

PENNSYLVANIA:
Philadelphia:
Holmesburg Building Association, 7930 Frankford Avenue.
North East Federal Savings & Loan Association, 1847 East Allegheny Avenue.

DISTRICT NO. 4

GEORGIA:
Rome:
Rome Building & Loan Association, 201 Broad Street.

DISTRICT NO. 5

OHIO:
Xenia:
Peoples Building & Savings Company, 11 Green Street.
TENNESSEE:
Chattanooga:
Chattanooga Federal Savings & Loan Association, 117 East Eighth Street.

DISTRICT NO. 7

ILLINOIS:
Chicago:
Chicago Lithuanian Savings & Loan Association, 2502 West Sixty-ninth Street.
Deerfield:
Deerfield Building & Loan Association, 841 Waukegan Road.
Watseka:
Watseka Building & Loan Association, 109 South Second Street.

DISTRICT NO. 8

NORTH DAKOTA:
Grand Forks:
First Federal Savings & Loan Association of Grand Forks.

DISTRICT NO. 10

OKLAHOMA:
Duncan:
Duncan Building & Loan Association, 906 Main Street.

DISTRICT NO. 12

CALIFORNIA:
Inglewood:
Peoples' Federal Savings & Loan Association, 150 South Market Street.
Santa Rosa:
Santa Rosa Building & Loan Association, 629 Fourth Street.

Review of 1938

(*Continued from p. 144*)

which reflect graphically the trend of security for long-term mortgages, based on the theory that desirability in neighborhoods is a predominant factor in sound residential lending.

The most useful surveys break down pertinent information obtained for a city as a whole and correlate it to various geographic areas within the city. Such area surveys include analyses of the volume and type of lending, the distribution of the business among the different lenders, population trends, real estate conditions, transportation, utility rates, taxation, and other factors affecting mortgage security. It is this trend on the part of management to analyze the basic economic elements of the community which support, influence, and forecast probable conditions in the mortgage field which constitutes an outstanding challenge to lenders during 1939.

Savings and loan executives cannot afford to overlook the factors which may alter the present outlook completely. There is still considerable uncertainty with regard to the status and outcome of international differences. The effect of world affairs upon general business conditions is evident from the experience preceding and immediately following the Munich conference last September. The momentary pause, then, which checked commercial activity if only for a short time, is an indication of the influence of world conditions upon public opinion.

Further, unpredictable increases in building costs would undoubtedly undermine the rise in construction activity. Because the economic structure is depending upon the housing revival and the expansion of the heavy industries, disruption of these might readily jeopardize the upward trend of the entire statistical pattern.

Serious though these obstacles may be, it must be remembered that they are for the moment, hypothetical. If they remain possibilities and do not become actualities, the savings and loan industry may well mark 1939 as an even more eventful and prosperous year than 1938.

F. H. L. B. System

(*Continued from p. 152*)

to the 200 million dollar mark reached on December 31, 1937, the balance of $198,842,000 at the close the year was slightly more than $9,000,000 higher than the amount reported on November 30 (Table 9).

Nearly twice as many advances were made in December as in November, and all Banks except the Boston Bank reported increases in advances outstanding. The Banks of Pittsburgh, Indianapolis, Des Moines, Topeka, and Los Angeles reported a larger balance of advances outstanding on December 31, 1938 than on December 31, 1937, while the remaining seven Banks reflected lower balances.

Interest Rates

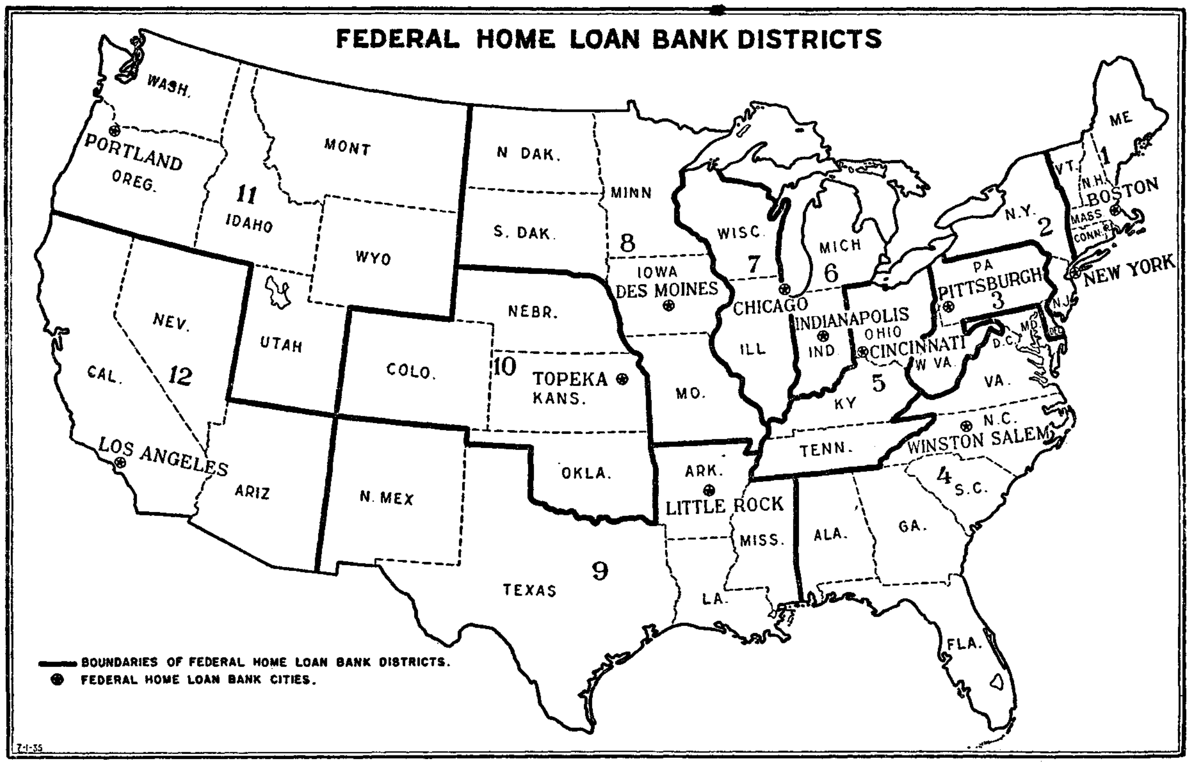
The following table lists the interest rates in effect on advances to members of the Federal Home Loan Banks as of January 1, 1939. In the case of five of the Banks, the effective interest rates are lower than on January 1, 1938.

Interest rates on advances to members [1]

Federal Home Loan Bank	Rate in effect on Dec. 31, 1938	Type of loan
	Percent	
No. 1—Boston	3	All advances.
No. 2—New York	2½	All short-term advances amortized within one year.
	3	All other advances.
No. 3—Pittsburgh	3¼	All advances.
No. 4—Winston-Salem	3½	All advances.
No. 5—Cincinnati	3	All advances.
No. 6—Indianapolis	3	All secured advances.
	3½	All unsecured advances.
No. 7—Chicago	3¼	All secured advances.
	3½	All unsecured advances.
No. 8—Des Moines	3	All advances.
No. 9—Little Rock	3	All advances.
No. 10—Topeka	3	All advances.
No. 11—Portland	3½	All advances.
No. 12—Los Angeles	3	All advances.

[1] On May 29, 1935, the Board passed a resolution to the effect that all advances to nonmember institutions upon the security of insured mortgages, insured under Title II of the National Housing Act, "shall bear interest at rates of interest one-half of 1 per centum in excess of the current rates of interest prevailing for member institutions."

U. S. GOVERNMENT PRINTING OFFICE: 1939



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