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MORTGAGE RECORDINGS— A NEW STATISTICAL SERVICE

With the cooperation of savings and loan associations and other mortgage lenders, the Division of Research and Statistics presents the first State and national study of mortgage recordings by all types of lenders.

■ SAVINGS and loan associations are continuing as a predominant factor in the field of home finance in the United States. This is clearly evidenced by a new study of the Division of Research and Statistics of the Federal Home Loan Bank Board which revealed that 33 percent of the number and 30 percent of the dollar amount of all nonfarm mortgages of not more than $20,000 recorded during the month of February were registered by these associations. This was a greater volume both in number and dollar amount than that of any other class of mortgage lender.

It is estimated that there were 85,160 mortgages valued at $227,000,000 recorded against nonfarm property during February. Although this mortgage activity represented a 7-percent decline from the volume in January, this can hardly be attributed to a reversal in the progress of real estate financing, but rather to a normal decline at this period of the year, together with the fact that February was a short month.

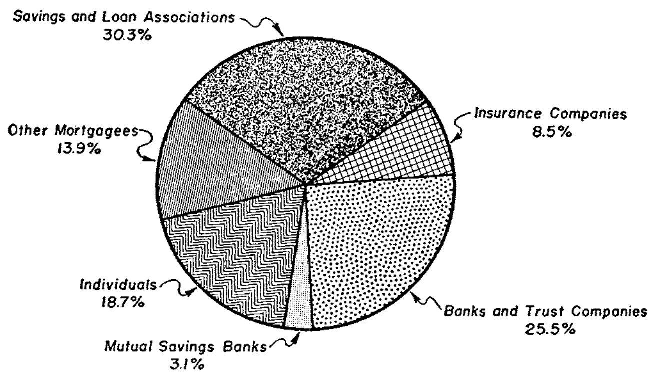
The relative participation of each class of lender is shown in the accompanying "pie" chart which indicates that banks and trust companies were second to savings and loans in the dollar volume of recordings; however, a sizeable portion of their recordings is ascribable to the activity of trust departments which function within these institutions. These were followed in order by individuals, "other" mortgagees, insurance companies, and mutual savings banks.

Insurance companies recorded the highest average size mortgage during February, ($5,200,); mutual savings banks were next with $3,400; the "other" mortgagee classification registered an average mortgage of $3,200; banks and trust companies, $3,000; savings and loan associations, $2,500; and individuals the lowest at $1,900.

The First Individualized Survey

That a reader may appreciate the significance of this mortgage-recording project, the Review desires to point out that this is the *first* time that a State and national survey of mortgages segregated by class of mortgage lender has ever been available. Never before have those engaged in the business of making loans on urban properties been able to gauge accurately the extent of their participation in the total mortgage market as compared with that of other classes of lenders. Beginning with this issue, the Review will present each month a picture of the mortgage-recording activity in every State. (See Table 1.) Readers and lenders may follow the trend of activities and determine the extent of various mortgagee participation by reference to this material in forthcoming issues.

DISTRIBUTION OF THE TOTAL DOLLAR VOLUME OF MORTGAGES RECORDED DURING FEBRUARY BY TYPE OF MORTGAGEE



The recording of mortgages is necessarily a local function, for every mortgage to be most effective and assure priority of lien must be registered by the county clerk or similar local official in charge of maintaining the records of land ownership. The data which accumulate in these local offices are a guide to general real estate conditions and provide an index of mortgage-financing activity.

As an index of mortgage-financing activity, however, it is evident that the inherent nature of mortgage-recording procedure will not allow for a direct comparison between the totals of mortgage recordings and the totals of mortgage lending as reported

Table 1.—Estimated volume of mortgage recordings on nonfarm property in February 1939

[Based upon county reports submitted by cooperating savings and loan associations]

STATE and DISTRICT	(Amounts shown are in thousands of dollars) SAVINGS & LOAN ASSOCIATIONS		INSURANCE COMPANIES		BANKS AND TRUST COMPANIES		MUTUAL SAVINGS BANKS		INDIVIDUALS		OTHER MORTGAGEES		TOTAL		Amount Per Capita (Non-Farm)
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	
UNITED STATES	27,666	$68,840	3,688	$19,278	19,138	$57,843	2,059	$7,031	22,903	$42,528	9,706	$31,471	85,160	$226,991	$2.46
District Number 1:	2,049	5,619	10	59	467	1,953	994	3,375	1,468	3,424	328	973	5,316	15,403	
Connecticut	117	323	3	9	86	355	187	830	224	434	165	544	782	2,495	1.64
Maine	264	554	-	-	47	133	107	187	145	261	16	26	579	1,161	1.85
Massachusetts	1,149	3,359	-	-	199	825	490	1,639	960*	2,482*	-	-	2,798	8,305	2.01
New Hampshire	157	443	-	-	-	-	131	464	47	86	5	9	340	1,002	2.49
Rhode Island	91	335	7	50	53	217	63	230	67	131	117	324	398	1,287	1.92
Vermont	271	605	-	-	82	423	16	25	25	30	25	70	419	1,153	4.67
District Number 2:	2,308	7,658	357	2,356	2,233	9,099	700	2,438	2,999	7,874	1,051	4,169	9,648	33,594	
New Jersey	915	3,184	127	838	1,088	4,566	15	86	1,226	3,444	590	2,250	3,961	14,368	3.67
New York	1,393	4,474	230	1,518	1,145	4,533	685	2,352	1,773	4,430	461	1,919	5,687	19,226	1.62
District Number 3:	1,659	4,387	213	1,271	1,359	4,595	6	13	1,222	2,528	759	2,868	5,218	15,662	
Delaware	39	95	5	28	21	83	1	5	27	58	15	64	108	333	1.74
Pennsylvania	1,205	3,145	157	1,047	894	3,483	5	8	926	2,044	657	2,568	3,844	12,295	1.40
West Virginia	415	1,147	51	196	444	1,029	-	-	269	426	87	236	1,266	3,034	2.37
District Number 4:	3,465	7,872	721	3,461	2,991	6,294	60	354	4,163	5,535	1,720	4,467	13,120	27,983	
Alabama	198	245	65	285	160	277	-	-	328	389	234	638	985	1,834	1.40
District of Columbia	305	1,492	46	310	53	325	-	-	217	621	166	688	787	3,436	7.06
Florida	368	1,273	198	790	224	707	-	-	463	902	417	1,343	1,670	5,015	4.22
Georgia	475	798	123	567	484	1,091	-	-	546	650	128	183	1,756	3,289	2.21
Maryland	718	1,559	8	41	159	550	60	354	230	569	121	876	1,296	3,949	2.83
North Carolina	483	562	-	-	1,268	1,413	-	-	1,148	483	363	399	3,262	2,857	1.82
South Carolina	389	618	11	69	251	281	-	-	274	169	194	178	1,119	1,315	1.60
Virginia	529	1,325	270	1,399	392	1,650	-	-	957	1,752	97	162	2,245	6,288	4.27
District Number 5:	3,546	8,281	520	2,557	1,853	4,447	62	237	1,444	2,301	838	2,888	8,263	20,711	
Kentucky	665	1,542	97	418	233	637	-	-	163	232	62	175	1,220	3,004	2.09
Ohio	2,390	6,240	311	1,764	994	3,360	62	237	893	1,668	528	2,027	5,178	15,296	2.72
Tennessee	491	499	112	375	626	450	-	-	388	401	248	686	1,865	2,411	1.72
District Number 6:	2,196	4,224	444	2,227	1,862	5,839	30	67	995	1,795	707	2,579	6,234	16,731	
Indiana	1,662	2,838	213	980	879	2,445	30	67	471	624	261	642	3,516	7,596	3.13
Michigan	534	1,386	231	1,247	983	3,394	-	-	524	1,171	446	1,937	2,718	9,135	2.25
District Number 7:	1,797	4,931	247	1,439	893	3,503	-	-	1,120	2,867	920	4,063	4,977	16,803	
Illinois	1,254	3,475	170	1,043	579	2,476	-	-	479	1,395	814	3,571	3,296	11,960	1.80
Wisconsin	543	1,456	77	396	314	1,027	-	-	641	1,472	106	492	1,681	4,843	2.35
District Number 8:	2,019	4,613	362	1,515	1,050	2,408	51	155	1,618	2,535	653	1,866	5,753	13,092	
Iowa	545	1,059	81	362	403	1,077	8	15	395	555	89	157	1,521	3,225	2.16
Minnesota	673	1,994	213	832	209	428	43	140	385	713	75	192	1,598	4,299	2.58
Missouri	614	1,212	68	321	363	830	-	-	701	1,043	460	1,462	2,206	4,868	1.94
North Dakota	102	208	-	-	36	43	-	-	44	57	29	55	211	363	1.28
South Dakota	85	140	-	-	39	30	-	-	93	167	-	-	217	337	1.11
District Number 9:	2,461	6,679	293	2,277	742	2,316	113	282	1,708	3,387	1,167	3,696	6,484	18,637	
Arkansas	268	520	23	84	153	497	-	-	167	220	101	154	712	1,475	2.01
Louisiana	633	1,979	23	191	23	39	-	-	333	978	109	257	1,121	3,444	2.71
Mississippi	138	338	28	142	52	120	-	-	108	197	118	300	444	1,097	1.70
New Mexico	101	258	21	184	44	144	2	5	104	178	82	262	354	1,031	3.90
Texas	1,321	3,584	198	1,676	470	1,516	111	277	996	1,814	757	2,723	3,853	11,590	3.34
District Number 10:	1,754	3,601	187	677	654	1,412	-	-	1,235	1,861	764	2,057	4,594	9,608	
Colorado	183	433	23	92	101	281	-	-	407	791	192	607	906	2,204	2.93
Kansas	504	879	53	185	264	439	-	-	276	381	141	347	1,238	2,231	1.90
Nebraska	376	717	40	87	58	97	-	-	111	85	13	47	598	1,033	1.30
Oklahoma	691	1,572	71	313	231	595	-	-	441	604	418	1,056	1,852	4,140	3.02
District Number 11:	1,341	2,824	151	550	888	2,200	43	110	808	1,188	320	620	3,551	7,492	
Idaho	171	417	16	72	78	180	-	-	140	193	31	37	436	899	3.50
Montana	244	545	36	192	44	175	-	-	89	191	31	37	444	1,140	3.42
Oregon	203	405	36	108	120	301	-	-	215	225	24	36	598	1,075	1.47
Utah	61	149	20	53	221	508	-	-	36	50	71	124	409	884	2.25
Washington	599	1,088	43	125	367	849	43	110	269	417	98	221	1,419	2,810	2.23
Wyoming	63	220	-	-	58	187	-	-	59	112	65	165	245	684	4.49
District Number 12:	3,071	8,151	183	889	4,146	13,777	-	-	4,123	7,233	479	1,225	12,002	31,275	
Arizona	112	339	12	50	136	417	-	-	171	232	44	135	475	1,173	3.49
California	2,929	7,730	168	827	3,958	13,201	-	-	3,909	6,931	426	1,069	11,390	29,758	5.88
Nevada	30	82	3	12	52	159	-	-	43	70	9	21	137	344	4.61

* Includes Insurance Companies, Individuals, and Other Corporations

in Table 4 on page 224. The period covered by mortgages recorded and loans made is not necessarily the same. Lending statistics are reported as of the date of loan commitment, while recording figures reflect the actual date of mortgage registration. Further, any alteration in the terms of an existing contract necessitates a new registration. In the refinancing (recasting) of an association's own mortgage, for example, the face amount of the instrument would appear in the recording totals whereas only that portion which represented an increase of funds loaned would be included in the monthly lending figures. From this fact it may be seen that the mortgage-recording data will usually show a greater volume of activity than will the information on mortgage lending.

Despite the usefulness of the mortgage-recording material it is only recently that there has been any country-wide arrangement for gathering together these statistics and making them available in detail to the general public. It is true that there have been regional and local studies made in some parts of the country. Almost a year ago, the REVIEW pointed to the valuable contributions which were being made by the various "Business Reviews" published by the Business Administration departments of many of the colleges and universities. These publications contain a variety of business analyses and usually include material on building permits, lending activity, mortgage recordings, and other measurements of real estate activity.

One association in a large metropolitan area undertook the study of mortgages recorded in its and a neighboring county to learn the facts about the mortgage-financing activity in its lending area. After a 7-month survey, sufficient information had been gathered to enable the Board of Directors of this institution to make a complete appraisal of their lending policies in comparison with other mortgagees with which it competed for loan business. The report itself suggested changes in policy which would offer that association an opportunity to extend its participation in the mortgage activity of that community.

In some of the larger metropolitan areas such as Wayne County (Detroit), Cuyahoga County (Cleveland), Marion County (Indianapolis), Cook County (Chicago), and Los Angeles County, there were individual studies made by mortgage companies, title and abstract firms, and others interested in home-mortgage statistics. In July of last year, the Division of Research and Statistics gathered together the mortgage-recording data available at that time and was able to present a summary of the first quarter of 1938 which included only eight large cities and the State of Massachusetts—a combined population of about 16,000,000. Many important areas were not represented at all and no reports were received from communities smaller than 350,000 population.

From this small sample it was clearly evident that a wealth of information would be available if the data could be collected in a uniform manner throughout the whole country. Keeping in mind the possible benefits of such a survey, the initial steps to organize a cooperative program for monthly reports of nonfarm mortgage recordings were begun last summer through the voluntary response of several associations to an appeal made in the July issue of the REVIEW.

Encouraged by the results of this cooperative program, and motivated by the realization that a national and State trend analysis could be developed if data were secured from a sufficient number of communities, the Division of Research and Statistics during the latter months of 1938 undertook a definite program to extend the coverage of this initial study of mortgage recording by type of mortgagee. Through the cooperation of savings and loan executives, the active support of the United States Building and Loan League home office and its State league secretaries, and endorsement by the National Association of Title Companies, and the National Association of Mortgage Bankers, the report has grown until in February it included 408 counties, which contained 42.4 percent of the total nonfarm population of the country and were located in 46 States. Early returns for the information on March recording activity indicate that the survey for that month will be even more inclusive.

SIGNIFICANCE OF STATE AND NATIONAL TOTALS

The question which naturally arises in the mind of every savings and loan executive is: "What can I learn from this new statistical service of mortgage recordings that will be helpful in conducting my association's lending program?"

First of all one must remember that the structure of home finance is built upon a foundation of conditions in the local residential market and that a thorough knowledge of the mortgage activity in one's own community is a prime requisite. However, to gauge one's position in the entire financial picture accurately, one must be able to correlate his knowledge of local conditions with the situation in his own State and in the neighboring or comparable areas.

This will now be possible monthly through the State and national estimates of mortgage recordings which will be prepared for the Review by the Division of Research and Statistics. By comparing his local information with the more comprehensive State and national figures, the manager has a story which should prove to be very valuable. If the comparison is a favorable one, the shareholders will welcome the results, and if it is not the Board of Directors may well find it a suitable topic for consideration and action at their next meeting.

From the table on page 203, it will be possible for any lender to compute the average size of mortgage made by all types of mortgagees operating within his State. Such a ratio may be used in testing the safety of the mortgage portfolio as well as a guide to future lending. From these figures it is clear that there are variations in the size of mortgage written by the same type of lending institution in different States. There was $1,800 difference during February in the average size mortgage made by insurance companies in the New York Bank District ($6,600) and those made in the Winston-Salem Region of the Federal Home Loan Bank System, where the average size mortgage recorded was approximately $4,800.

The extent to which various lenders are participating in home-financing activity in a given region is another important analysis which may be made from these figures. This can be done by dividing the mortgages recorded by each class of mortgagee by the total for all lenders in that area, with regard to both the number and the dollar amount of these instruments. The percentages will vary in accordance with the difference in the average size of mortgage made. In Illinois, during February, savings and loans reported 38 percent of the total number of mortgages registered, but due to a smaller average size loan ($2,800) these institutions accounted for only 29 percent of the dollar volume.

This leads to another possibility of analysis, that of comparing a mortgagee's percentage of participation in different parts of the country. A study of this nature will show the dominance of savings and loan associations in such States as Maryland, South Carolina, Ohio, Nebraska, and the District of Columbia, while banks and trust companies obtain the greatest share of mortgages in the States of California and Michigan.

By studying these reports over a period of several months (Table 2) it will be possible to discover whether there is a trend toward or away from a particular type of lender as a source of mortgage money. It will surely be significant if, next September in Michigan, savings and loan associations are recording 30 percent of all mortgages, whereas in February these institutions were making only 20 percent of the urban home-property registrations.

One other provision for comparisons between States is already included in the "amount per capita" column of the summary table. These figures are derived by dividing the total dollar amount of mortgages recorded in a State by the 1930 population in

(Continued on p. 213)

Table 2.—Estimated volume of mortgages recorded, by type of mortgagee

[Amounts are shown in thousands of dollars]

Period	Savings and loan associations		Insurance companies		Banks and trust companies		Mutual savings banks		Individuals		Other mortgagees		All mortgagees	
	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Combined Total	Percent
Number:														
December 1938	32, 934	32	5, 491	5	21, 970	21	3, 601	4	25, 927	25	13, 424	13	103, 347	100
1939														
January	27, 283	30	4, 866	5	20, 003	22	2, 143	2	24, 974	28	11, 286	13	90, 555	100
February	27, 666	33	3, 688	4	19, 138	23	2, 059	2	22, 903	27	9, 706	11	85, 160	100
Amount:														
December 1938	$80, 838	29	$27, 217	10	$71, 061	26	$10, 838	4	$48, 582	17	$39, 786	14	$278, 322	100
1939														
January	66, 114	27	22, 704	9	62, 697	26	7, 525	3	49, 032	20	35, 943	15	244, 015	100
February	68, 840	30	19, 278	9	57, 843	25	7, 031	3	42, 528	19	31, 471	14	226, 991	100

THE HOUSING INDUSTRY—A KEY TO RECOVERY

The Temporary National Economic Committee hearings reveal the extent to which the smooth working of our economic system depends upon the continued revival of house building.

IN 1937, this country reached a peak in its economic recovery. In that year, the output of shoes, of cotton textiles, of cigarettes and similar non-durable goods stood at the highest levels in history. Yet in that same year, we built less than half as many houses as we built annually on the average during the decade 1920–1929. We produced less pig iron, cement, lumber, automobiles and other durable goods than in earlier years.

Why did this marked difference exist between the production of durable goods such as houses and the output of non-durable necessities of every day life such as shoes and clothing? Testimony before the Temporary National Economic Committee by Dr. Isador Lubin, Commissioner of Labor Statistics, in his review of the performance of the American economic system in recent years, revealed that "apparently the modern depression is a durable goods depression".[1] When we speak of durable goods we mean goods that are consumed over a period of years: houses, automobiles, refrigerators, furniture, machinery, transportation equipment. These are among the first things which people stop buying. Some of these products are used directly by consumers, and some are used in producing other goods. A rule-of-thumb definition would include under durable goods most products for which we postpone our expenditures. We must have food from day to day, we must have clothes and shoes, but we often make an automobile last an extra year or two and we defer a proposed expenditure for building or modernizing a house, or for renting better quarters.

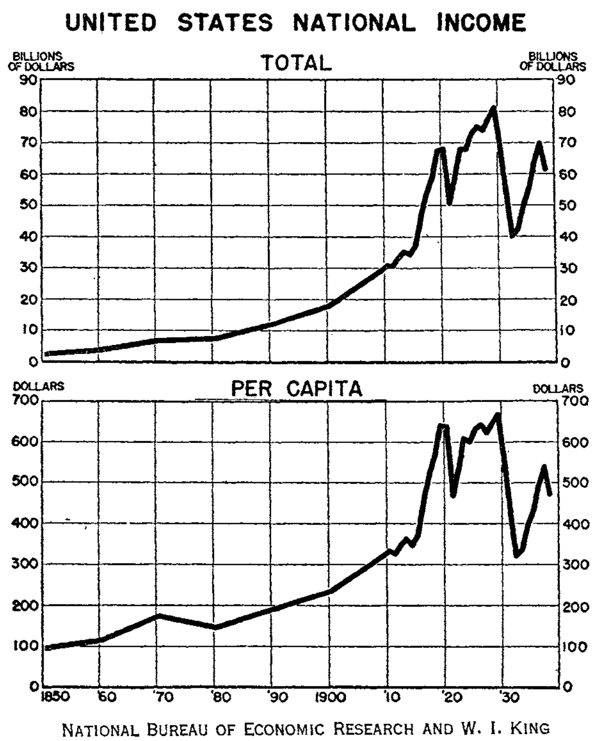
Yet Commissioner Lubin's review of the ways in which our economic system has operated in the past and during recent years makes it clear that for continued recovery it is of prime importance today to stimulate the durable goods industries. The housing industry is expected to play the key role in supplying this stimulus.

[1] The Temporary National Economic Committee, suggested by the President in a message on Apr. 29, 1938, was authorized by a joint resolution of the Senate and the House of Representatives, approved June 16, 1938. Included in the duties of the Committee was a thorough study of the basic factors underlying the operation of our national economy.

TRENDS IN OUR NATIONAL ECONOMY

These hearings revealed that from 1850 to 1929 our physical output of goods was increasing more rapidly than our population was growing. The infrequent declines were brief and previous high levels were soon surpassed. In 1929 our manufacturing industries were producing approximately three times as much in total as in 1899, and twice as much for each consumer.

Since 1929, however, there has been a sharp contrast to these trends. In no one of the last nine years has the total output of American industry



NATIONAL BUREAU OF ECONOMIC RESEARCH AND W. I. KING

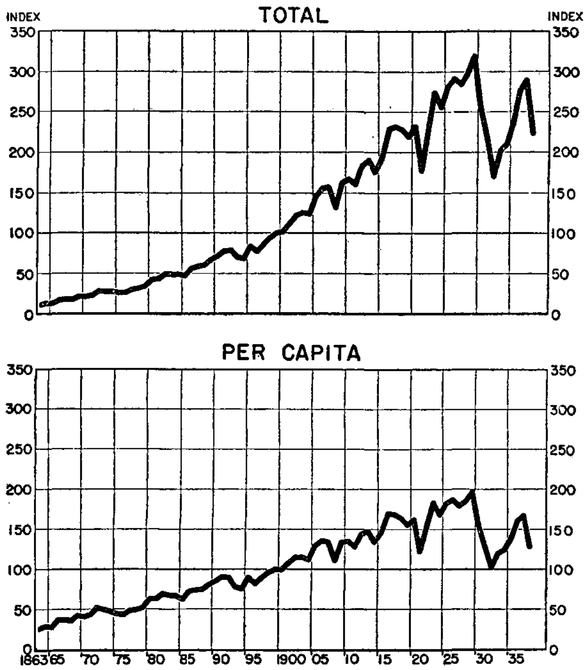
The national income is a reasonably accurate measure in dollar terms of the net volume of goods and services made available to the people of the United States each year. There was an almost uninterrupted increase from 1850 until 1929 both in total national income and in per capita national income. Since 1929, both figures have dropped off sharply and have in no succeeding year approached the 1929 level.

reached the high levels of earlier years. As a result, in 1932 the per capita volume of industrial production was at the level of 1899. In 1938, it was estimated, the per capita volume had risen only to the 1905 level.

What has been the result of this nine years of maladjustment in our economic system? One answer was supplied by Commissioner Lubin in graphic terms. He pointed out as a result of the failure of our economic system to function smoothly and regularly, that, eliminating the effect of price changes,

UNITED STATES INDUSTRIAL PRODUCTION

1899=100

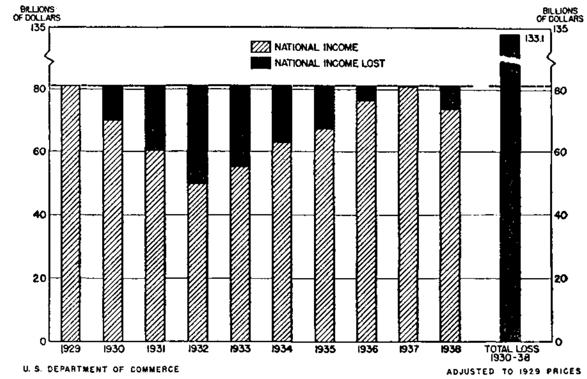


From the Civil War to 1929 output of factories increased much more rapidly than the population, with the exception of a few scattered years. From 1870 to 1900 total output multiplied 5 times; per capita output 2½ times. In 1929 twice as much goods were being produced for each consumer as had been produced in 1899. For the nine years, 1930-1938, industrial production has averaged nearly 15 percent smaller than in the preceding nine years, despite an increasing population.

there was a real loss in national income over the last nine years of over $130,000,000,000. In other words, had our economic system functioned as effectively in the nine years from 1930 to 1938 as it did in 1929, and this amount of income in terms of physical goods had not been lost, there would have been available an additional thousand dollars for every man, woman, and child in this country.

This basic weakness in the operation of our national economy can be reduced to a simple state-

NATIONAL INCOME LOST IN DEPRESSION



If our economic system had functioned as effectively in the nine years from 1930 to 1938 as it did in 1929, the people of this country would have had 133 billion dollars more real income than they actually had.

ment: Although from 1930 to 1938 we had an increasing number of people to clothe, to feed, and to shelter, our industry in no year produced as much in total output as in the late 1920's.

It is notable that the sharpest declines after 1929 took place in the industries producing durable goods. The chart of the Federal Reserve index of manufacturing production on the following page shows clearly that during this period of time non-durable goods production varied very little. Every break in the index of total manufacturing was caused primarily by a break in the durable goods industry.

One factor which made the sharp declines in durable goods production even more important to our national economy was that over the course of time durable goods have come to play an increasingly important part. In 1879, for example, durable goods made up 31 percent of our industrial output but by 1929 they constituted 44 percent, according to estimates of the National Bureau of Economic Research. In the years following 1929 industrial production has averaged nearly 15 percent smaller than in the preceding nine years and the proportion of the total output which is made up of durable goods has fallen relatively swiftly. In 1933, durable goods constituted only 27 percent of our total output of commodities.

Residential Construction

Industries which produce durable goods include a large group intimately allied with building. Iron, steel, steel products, lumber and furniture, stone, clay, glass, brick and tile are all vitally affected by the condition of the building industry, in which residential construction is the most significant factor. The actual number of nonfarm residences which were built fell from 937,000 units in 1925 to 54,000 in 1933. Even in 1938, residential construction is estimated at only 347,000 units.

We are now experiencing a revival in home building, but the rate of this recovery varies greatly in different parts of the country. In the South, for example, home building is moving much faster relatively than in the Northeast. The North Central States occupy a place intermediate between the Northeast and the South, but the South is building new houses at a greater rate than any other part of the United States.

Industrial production itself never moved in such violent swings from peak activity to depression lows as did residential building, but those durable goods industries dependent in large part upon home-construction activity have been seriously retarded in their recovery. Lumber, for example, shows this picture: 41 billion feet produced in 1925, 10 billion produced in 1932—a drop of 75 percent. In 1937 the lumber industry was not even back to the 1921 production level. This same general trend is shown by the cement industry and by other major industries which depend upon home building.

The Housing Industry and Recovery

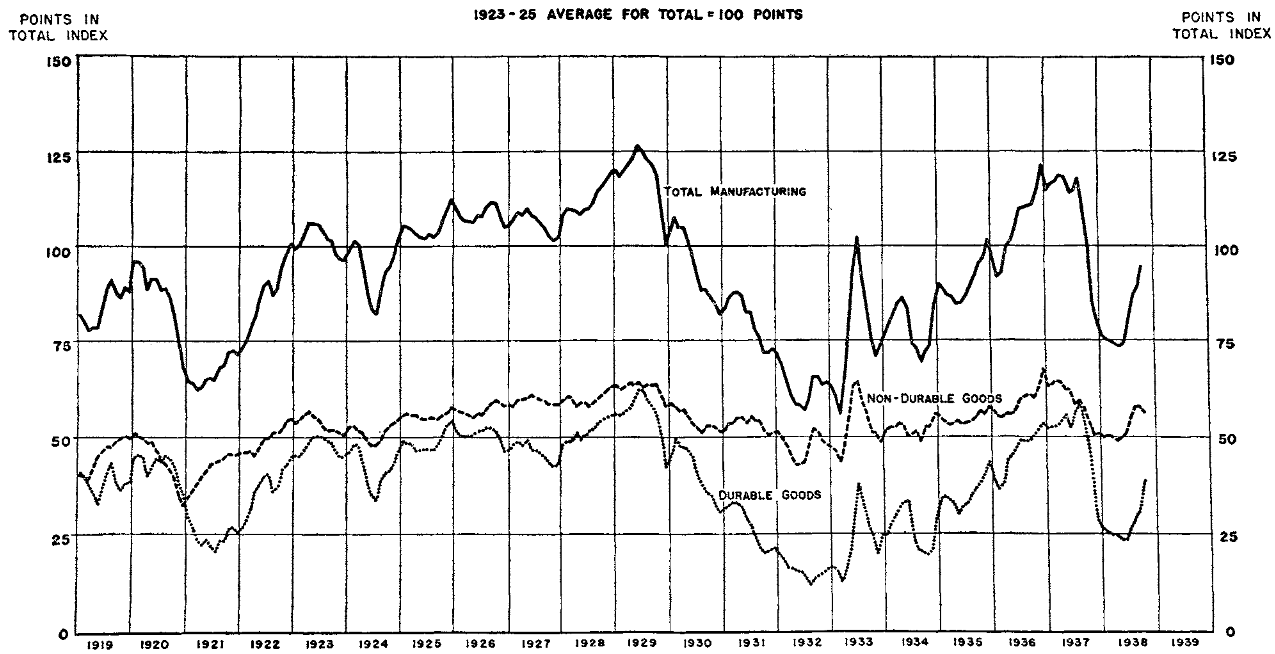
It was clearly indicated in the testimony that the recovery which reached its peak in 1937 was most marked in durable goods industries, but with a few exceptions the output of these products failed to regain the ground lost since 1929. In large part this was due to the slow rate of improvement of the construction industry. Commissioner Lubin summed up his analysis with the statement that we must keep the durable goods industries going if we are to have continued recovery, and that the requisite stimulus may be looked for immediately in the housing industry. He pointed out that housing still has a tremendous distance to go before its output even approaches the present rate of total industrial production.

Home-financing institutions will be especially interested in Commissioner Lubin's conclusions as to the outlook for home building. In brief, he stated that prior to the last decade we had more and more people to house, and that in itself created

FEDERAL RESERVE INDEX OF MANUFACTURING PRODUCTION

ADJUSTED FOR SEASONAL VARIATION

1923-25 AVERAGE FOR TOTAL = 100 POINTS



PREPARED BY THE STAFFS OF THE CENTRAL STATISTICAL BOARD AND THE NATIONAL RESOURCES COMMITTEE

During the past few years, production of non-durable goods varied very little. The production of durable goods was much more severely affected by the depression, and showed the most marked improvement during the recovery which reached its peak in 1937. Every break in the index of total manufacturing was primarily caused by a break in the production of durable goods.

a (rket for industry. The rate of growth of our population, however, is declining. In 1960 it is estimated that there will be but 10 percent more people in the United States than there will be in 1940. This means in turn that the housing industry, like all industrial production, will have to find its market not in a growing population but in a higher standard of living for the people already here.

In his opinion, if we are able to stimulate and keep going the durable goods industries, the income of workers will be increased and factory pay rolls will remain more or less stable. The opportunities for building, selling, and renting houses will likewise increase. We cannot expect, however, to maintain house building at high levels unless we have some stability in the incomes of our wage earners, bearing in mind that approximately half of the people in the country are wage earners.

Family Incomes and the Housing Market

The fact was stressed that American industry cannot expect to maintain itself profitably in the future on sales to the income group that receives $2,500 or more (less than 13 percent of all our families, and in numbers a population approximately equal to that of the State of New York). Even in the income range of $1,250 and above, we only reach approximately one-half of our families. "Half our market in this country for these industries that produce these goods and employ our laborers lies in families that earn less than $1,250 a year."

Two points stand out clearly from the mass of data submitted at the hearings: (1) The market for homes in the future is going to depend more and more on a higher standard of product for a relatively static population, less and less on a need for new homes to accomodate a steadily increasing number of families; (2) the housing industry, like other industrial producers, must build good houses in volume for the families of moderate means in order to tap this vast potential market in which one family out of every two has an income below $1,250.

From 1930–1938, American industry, geared for the most part to large-scale production, failed to operate at full capacity. Wider markets are needed for its products today if the necessary expansion is to take place. The home-building industry, which is expected to provide the essential stimulus to the durable goods industries, can find a vast outlet for its products by finding means of meeting more adequately the needs of the 16 million American families which receive incomes of $1,250 or less.

Resolution of the Board

Amendment to rules and regulations for federal savings and loan system, authorizing federals to convert into state-chartered thrift and home-financing institutions: Adopted March 13, 1939; effective March 14, 1939.

A new section 204.6 was added to the Rules and Regulations for the Federal Savings and Loan System, which reads as follows:

204.6 *Conversion into a State-chartered institution.* Any Federal association may convert itself into a State-chartered thrift and home-financing institution, upon the vote, cast at a legal meeting called to consider such action, specified by the law of the State in which the home office of the Federal association is located, as required by such law for a State-chartered institution to convert itself into a Federal association, and upon compliance with other requirements reciprocally equivalent to the requirements of such State law for the conversion of a State-chartered institution into a Federal association, provided legal titles are protected by such conversion or provided proper conveyances of legal titles are made.

Spending Habits of Factory Workers

IN the majority of cases, from 75 to 100 percent of the earnings of factory workers' families are spent by the end of the day following pay day, according to a recent study of factory wage earners and their families in 16 cities. Home-financing institutions will find interesting data disclosed by this study by the Ross Federal Research Corporation, reported in the United States Department of Labor's *Monthly Labor Review* for January 1939. Approximately one family out of every two would spend a moderate increase in pay in moving to a better home, in making the present home more attractive, or in buying or building a house. Important from the point of view of market study was the fact that more men than women stated that they would use an increase in salary to buy or build a house, but that women are apparently more interested than men in improving the attractiveness of their present dwellings.

Institutions seeking investments from the public will pay attention to the fact that more women than men would use a moderate increase in pay to increase savings. Very few wage earners in any group or city expected earnings in 1939 to be less than in 1938, with one-third expecting them to be greater and one-third expecting them to be the same.

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DUTY: "I believe it is the duty of every private citizen and every public official to cooperate in creating in every community in this land institutions directed and managed by worthy citizens of that commnuity who provide thrift and savings facilities, and who take the leadership in assisting people to own, build, buy, or repair homes."

Frank W. Hancock, Jr., Member, Federal Home Loan Bank Board, Meeting of the North Central Conference of the U. S. Building and Loan League.

NO TRUCE: "To date there has been no real reconciliation between technical improvements and labor displacements in the construction industry, but for that matter, there has never been any such reconciliation in any industry."

M. H. Hedges, Director of Research, International Brotherhood of Electrical Workers, Public Housing Progress, February 1939.

AGREEMENT: "While the 200 specialists present showed substantial agreement on the virtues of standardization, prefabrication of parts, integration of structure and equipment, and modular planning, there was little concrete evidence that the building industry was, except in isolated cases, doing anything about it."

Report of the Yale-Life Conference on House Building Technics, Architectural Forum, March 1939.

PROTECTION: "It is sometimes said that the F. D. I. C. insures liquidity and the F. S. L. I. C. insures safety. The statement is not true, for both insure both liquidity and safety, and to the same degree."

Ray B. Westerfield in Bankers' Monthly, March 1939.

NEED: "More than a good five-cent cigar, this country needs a better dwelling unit at a price to fit the purse of the great mass of our people. The satisfaction of this great need could busy the nation for years and years and do more to dispel the unemployment of both men and money than any pursuit of a mythical golden calf."

L. Seth Schnitman, Barron's Financial Weekly, February 27, 1939.

Monetary Ease . . . . .

"In recent years it has been the policy of the Government and of the Federal Reserve System to encourage the expansion of credit. This has constituted the so-called policy of monetary ease, which has been directed at keeping banks supplied with an abundant volume of reserves, so as to encourage them to expand their loans and investments. This policy has been one of the factors in the creation of the existing large volume of deposits in the hands of business enterprises and of individual and corporate investors, and has resulted in reducing interest rates to the lowest level in history. It has been reflected in a decline in the carrying charges on mortgage debt for farmers and urban householders, has enabled many corporations to refund their debt at lower rates, and has lightened the cost of current financing to commerce, industry, and agriculture.

"Nor is there any immediate reason for considering a reversal of this policy. There is nothing in the present monetary or banking situation that would point to a proximate danger of injurious credit expansion."

Annual Report of Board of Governors, Federal Reserve System, for 1938.

Competitive Efficiency . . . . . .

"The need for housing in the United States is estimated in millions of units. I can't say that I am prepared to challenge the figure, but there are some questions I'd like to ask about it. For instance, what is a housing shortage? It isn't like a shortage of wheat or cotton, produced by drought or other natural causes, nor does it appear to be a shortage due to lack of architects or builders . . . . It's a shortage based on industry's failure to produce better housing than now exists at the same or lower prices and rentals now paid . . . . The price of housing is based on a series of controlled prices and artificial costs—materials, labor, land, and financing. And until such time as competitive efficiency in building is restored all along the line, there can be no real increase in the value of housing received per dollar cost."

Beardsley Ruml, Treasurer R. H. Macy & Co., Architectural Forum, March 1939.

Inventory Trends . . . . .

Manufacturers and wholesalers during 1938 curtailed inventories by 8 percent while independent retailers decreased their stocks by only 5 percent. Wholesalers, however, were the only group ending the year below the 1936 level. Inventories reached their low point in many trades during the fall of 1938, about one year after the high point of inventory holdings in the fall of 1937. Some reaccumulation had started apparently by the close of 1938.

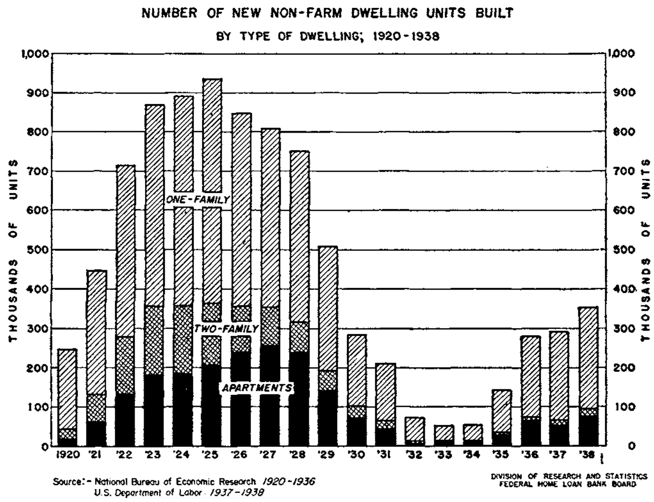
More than half of the 455 lumber and building material dealers reported lower inventories at the end of 1938 than at the end of the previous year, the average being about 3 percent less. They sold 5 percent less in 1938 dollar volume in spite of the fact that both total and residential building contracts were 9 percent greater.

Survey of Business Trends—1938, Dun's Review for March 1939.

OBSTACLES TO HOUSING

LEADING forecasters of the country predict that 1939 residential building activity will exceed that of any year since 1929. Even with a revival of residential construction, the country has a long way to go toward an adequate rate of construction that will reduce the accumulated housing need. During the depression years, supply failed to keep pace with need and today many observers estimate that we need between 1,500,000 and 3,000,000 dwelling units. *In addition*, estimates show that in order to meet the normal annual rate of replacement and the normal increase of families some 500,000 units must be erected in nonfarm areas each year. In 1938, it is estimated by the U. S. Department of Labor that 346,600 were built—a total far below the average building of the decade of 1920–1929, when the yearly construction rate averaged slightly more than 700,000 residential units (Chart A).

CHART A



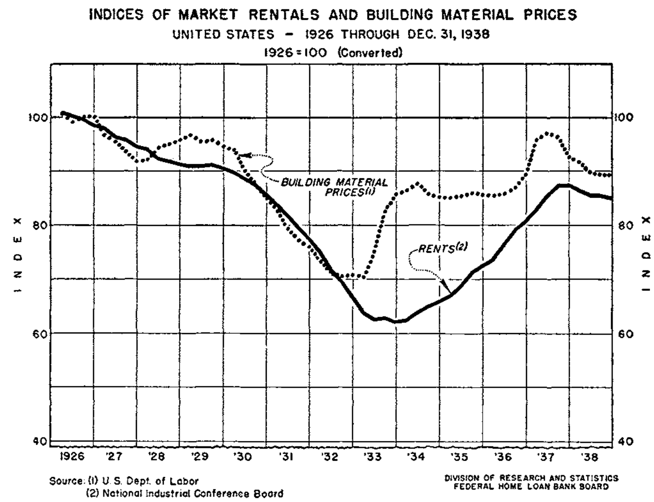
The relationship between rents and building costs, the "overhang" of repossessed real estate, high building costs, existing building industry practices, inadequate real estate laws, and high real estate taxes are the primary impediments to a more substantial recovery of home building. In its Sixth Annual Report[1] covering the fiscal year 1937–1938, from which the following facts and quotations are taken, the Federal Home Loan Bank Board points out these various obstacles and suggests possible solutions.

[1] Copies of this report may be secured from the Superintendent of Documents, Government Printing Office, Washington, D. C., for 30 cents each.

Rent Levels and Building Costs

The movement of market rentals has always been a determining factor for new construction. Since the early 1930's, rentals have been at considerably lower levels in relation to a 1926 base than building material prices, which are indicative of building costs (Chart B). So long as this condition existed, there was very little inducement to private building. However, since midyear 1937, building costs have been on the down-grade while rents have remained comparatively stable, and the two curves have tended to close the gap, indicating an improving rent-cost relationship.

CHART B



Repossessed Real Estate

Another factor hindering the revival of new construction is the existence of a large number of residential properties awaiting sale. During the period 1929–1936, the volume of institutionally-owned real estate increased tenfold. Although during 1937 there was a slight reduction of this "overhang", estimates by the Federal Home Loan Bank Board show that at the end of 1937 a total of $4,000,000,000 in repossessed real estate of all types was held by commercial and mutual savings banks, life insurance companies, and savings and loan associations. One- to four-family nonfarm dwellings alone represented $2,600,000,000 of this "overhang"—or about 870,000 dwelling units.

Best indications are that the improvement noted in 1937 continued throughout 1938, although at a less rapid rate. Savings and loan associations and commercial banks, on the basis of preliminary figures, showed an improved position. Real estate holdings of life insurance companies increased slightly during 1938, but so substantial was the increase in their other assets that for the second successive year the ratio of real estate owned to total assets was lowered.

The Board stressed the fact that "the reduction of the 'overhang' will in part determine the time and extent of any further revival of private building activity."

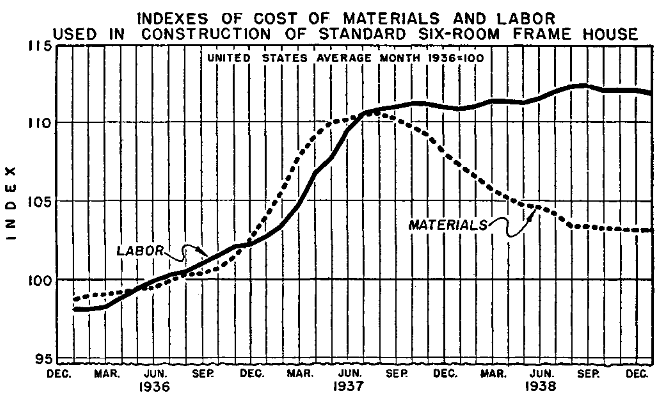
Building Costs and Practices

Between the early months of 1936 and summer of 1937 the costs of both labor and building materials increased by 14 percent and 12 percent, respectively. Since that time, labor has remained at the same high level but material prices have declined (Chart C). However, according to the Annual Report, "High building costs are not due exclusively to prices of materials and labor. Equally responsible, among other factors, are excessive waste, faulty construction, poor methods of distribution, the present small-scale operation of the building industry, lack of standardization, and frequently extravagant profits of contractors and sales agents."

Modern mass production has been applied to many fields of American industry, yet in the home-building field little has been done. It is true that today building standards and qualities are somewhat better and costs are lower, but the prospective home builder as yet is not offered benefits comparable to those offered by other fabricated products.

"Cooperative agreements which will eliminate jurisdictional labor disputes and bring about a revision of prevailing wage rates for the sake of steadier employment and higher annual income would also help to reduce the cost of building."

Chart C



Inadequate Real Estate Laws

Also retarding new construction are present-day real estate mortgage and foreclosure laws, many of which are cumbersome and obsolete. Studies made by the Home Owners' Loan Corporation show that legal procedures are extremely varied and in many States are both costly and time-consuming, forcing lenders to raise interest charges on home mortgages and to lend smaller amounts than could be safely granted under more equitable statutes. "Simplification of such wasteful procedures would be instrumental in protecting real estate as an investment and in encouraging building activity." "From the standpoint of the consumer, . . . it is highly desirable that the several States give consideration to the passage of a modernized and standardized real estate mortgage and mortgage foreclosure law which would give adequate protection to the mortgagor and to the mortgagee, prevent waste, and encourage liberal home finance."

The time and cost of title examination and proof impose a similar burden on the borrower. "The same considerations hold true of a reform of land title registration and for a modernization of antiquated building codes and zoning ordinances. Simple, rapid, inexpensive, and secure methods of dealing with land and buildings are imperative. Regional variations should be reduced."

Real Estate Taxes

The burden of taxes on real estate is also a drag on the revival of residential building. During the 20-year period, 1912–1932, the per capita total levies of the general property tax for all States, their subdivisions, and the District of Columbia almost trebled. Estimates show that this average per capita levy has continued to increase.

In many States and communities, at the present time, taxes on real property are out of proportion to those on other, and particularly on less tangible, forms of wealth. Apart from excessively high taxes based on assessed value rather than on earning power, the Board pointed out that in many cases small homes are overassessed, while the reverse is true of many large ones. "A revision of real estate taxes would be a desirable incentive for the revival of private building activity. As a general rule, the tax burden

(*continued on p. 228*)

Mortgage Recordings

(Continued from p. 205)

that area adjusted to include only the nonfarm element. These per capita rates offer a comparison of trends from a national perspective. In February, for example, it was found that the highest per capita rate occurred in the District of Columbia ($7.06) and that 20 States were above the national average of $2.46. An institution with a full knowledge of its own lending position can measure the per capita rating of its own community with that of its State as well as the national figure.

The use of this new statistical service by administrative agencies such as State savings and loan leagues will indirectly reap further benefits for the individual association manager. These organizations will find a great utility value in this material for making comparisons of the activity of their State with that of neighboring or comparable States. It will also provide them with an additional method of checking the progress of the participation by their membership in the mortgage activity within their own State. From an educational standpoint, the dissemination of this information may reveal regional variations which can be remedied only through reform or revision of existing legislation. Correction of such inconsistencies will result in improving the entire field of home-mortgage finance.

Members of the Federal Home Loan Bank System which are interested in this material on mortgage recordings may secure further information by writing directly to the Division of Research and Statistics of the Federal Home Loan Bank Board, Washington, D. C.

Albert Farwell Bemis Foundation

AMONG the newer organizations devoted to research and study in the field of building materials and construction methods is the Albert Farwell Bemis Foundation which operates as a division of the Massachusetts Institute of Technology.

Through the broad provisions of its charter, this Foundation is permitted to conduct any type of study in the "search for, and dissemination of, knowledge pertaining to adequate, economical, and more abundant shelter". At the outset, however, it is believed that the major emphasis will be given to problems to which objective physical measurements may be applied—particularly the behavior of materials, singly and in combination, under conditions of use—together with supporting economic studies.

The late Mr. Bemis, whose sons established this Foundation, was a recognized authority in the field of housing. In 1919, as a member of the National Civic Federation's Commission, he was sent abroad to study the economic situation and housing problems in Great Britain and France following the War. His three-volume work, "The Evolving House", dealing with the history of housing, the economics of shelter, and rational design, is an important component of housing literature. In 1918, Mr. Bemis formed an organization known as "Housing Company" through which he operated a research laboratory and built houses using more than 20 different methods of construction in an effort to produce individual houses of low cost.

The endowment was designed to provide an organization to act as a clearing house for the latest scientific knowledge pertinent to the building industry. It was planned to coordinate existing information in this field, to instigate new research activities, and ultimately to publish its findings. It was intended that eventually anyone interested in obtaining accurate, scientific data concerning housing could turn to the Foundation not only as a source for information, but also for direction to other agencies where studies were being made.

At the present time the staff is exploring those problems in housing which seem to the architectural profession of most urgent importance. Work in the interpretation of the science of materials began with the synthetic resins and the researchers have now attacked the related subject of paints. These will be followed later by studies of the use of light metals, and other building materials.

Although there will not be any printed material for distribution immediately, available information is obtainable through personal interviews, or through correspondence with Mr. John E. Burchard, who was chosen as Director when the Foundation was organized. Address: Albert Farwell Bemis Foundation, Massachusetts Institute of Technology, Cambridge, Massachusetts.

SUMMARY OF RESIDENTIAL CONSTRUCTION AND HOME-FINANCING ACTIVITY

I. More than doubling the February 1938 rate of building, the seasonally corrected index of residential construction reached a new post-depression high in February.
A. Improvement noted in all Federal Home Loan Bank Districts except Boston and Des Moines.

II. Striking advance in business which marked last half of 1938 not extended during first 10 weeks of 1939.
A. Industrial production holds to a steady rate without the usual seasonal expansion.

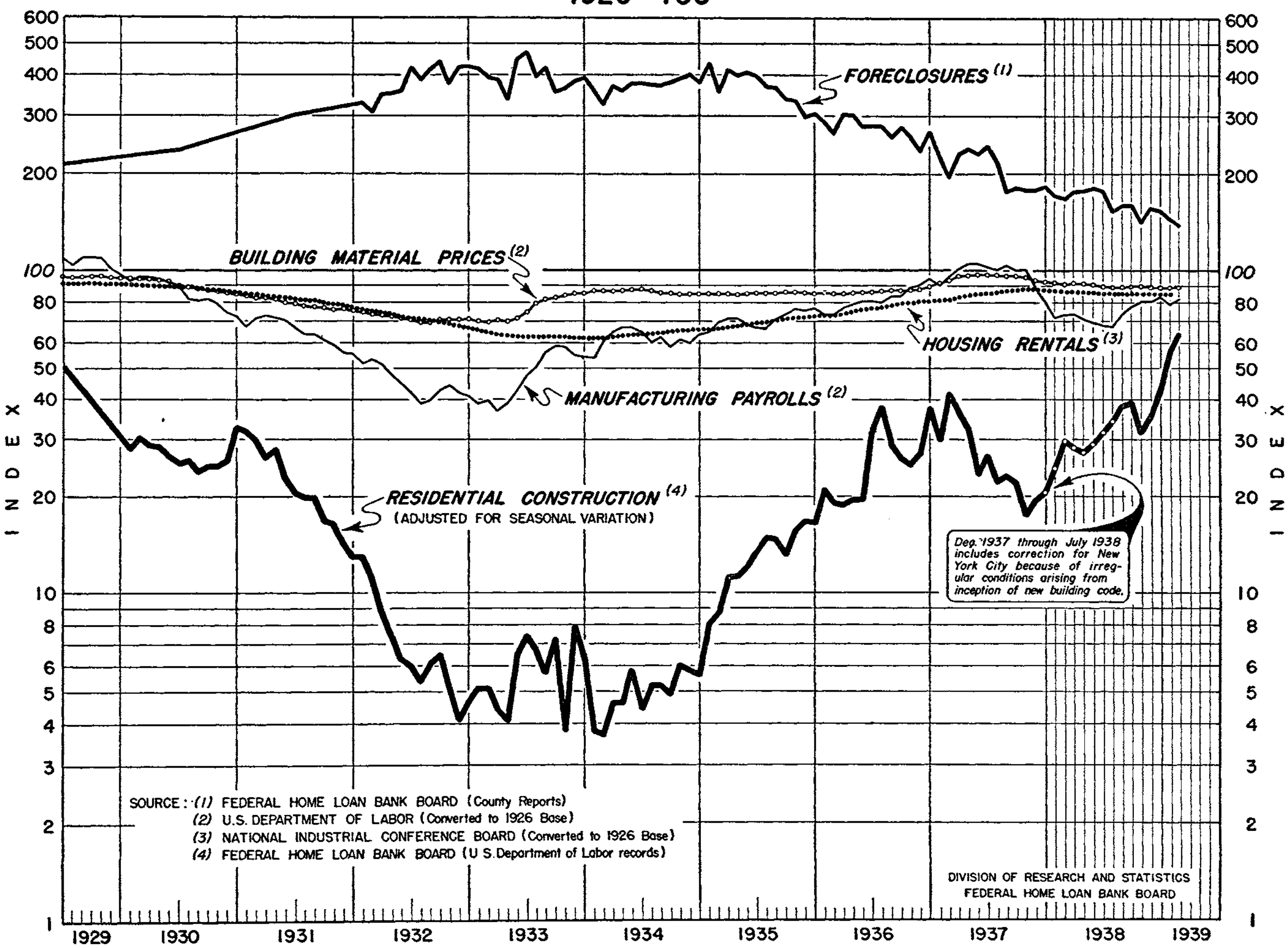
III. Savings and loan associations only class of lender to increase loan volume from January to February, according to mortgage-recording study.
A. All Federal Home Loan Bank Districts record improved lending activity for savings and loan associations, comparing first two months of 1939 with same period of 1938.

IV. Increase in wholesale prices of building materials for third successive month indicates possible rise in dealers' prices in near future.
A. Dealers' prices firmed in February, halting the very gradual but persistent downward trend of 1938.

V. Decrease in amount of real estate owned by savings and loan associations indicated by study of trends in insured institutions during last half of 1938.

VI. Foreclosures continue down.

RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS
1926 = 100



RESIDENTIAL CONSTRUCTION and HOME-FINANCING ACTIVITY

■ OPENING months of this year have indicated favorable conditions in the real estate market, and according to most forecasts are probably the forerunners of the best residential construction year since 1929.

Foreclosure activity, which has been subsiding since the late depression years, has continued down thus far in 1939, largely because of seasonal influences. The persistent downward trend of foreclosures, as portrayed on the opposite page, indicates the returning confidence of mortgagees in the ability of borrowers to repay and in the fundamental soundness of real estate values.

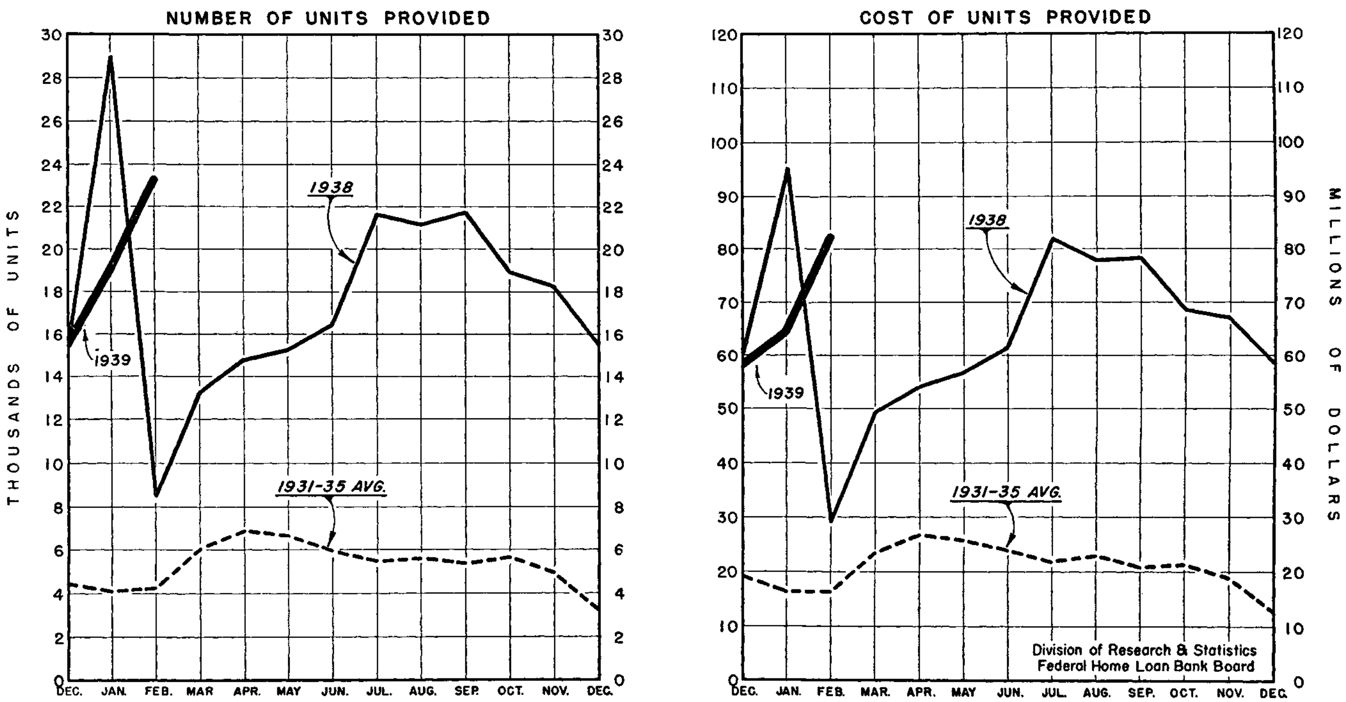
That borrowers are now better able to pay their debts than in the early 1930's is evident from increases exhibited in the indexes of purchasing power (manufacturing pay rolls and total income payments) and declines shown in the cost of living. It is true that 1938 totals indicated a recession from the previous year in each of these series, but a decided turn for the better was felt in the latter half of 1938 which bids fair to continue into this year.

No adequate over-all measure of real estate values is available. However, with the rapid recovery of residential construction continuing into this year at a fairly stable cost level (as shown by our index of standard house costs), it appears that the psychological reaction of builders and home-financing institutions is favorable insofar as real estate conditions are concerned. More favorable interest rates and more convenient financing terms of recent years are no doubt partially responsible for renewed residential building activity, which in February reached a new post-depression high level.

Construction cost indexes have indicated little change so far this year. Labor costs for home construction tapered off at the end of last year and in January 1939, whereas the February index moved slightly upward. Dealers' prices for materials used in home building steadied in February after moving fractionally downward during the latter part of 1938 and in January of this year, and have not as yet reflected the recent increases shown by wholesale material prices.

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)



Savings and loan associations increased their lending activity in February for each loan purpose except "construction", where the volume remained practically unchanged from the preceding months. Most sections of the country indicated greater mortgage-lending activity in February than in January.

An independent study of mortgage recordings, which is introduced in the article on page 202 of this issue, shows that all types of lenders other than savings and loan associations registered declines in financing activity from January to February. Accelerated mortgage-investment activity of savings and loan institutions brought their proportion from 27 percent of the total dollar amount of recordings in January to 30 percent in the following month.

[1926=100]

Type of index	Feb. 1939	Jan. 1939	Percent change	Feb. 1938	Percent change
Residential construction [1]	63.9	56.9	+12.3	29.7	+115.2
Foreclosures (metro. cities)	138.0	145.0	−4.8	157.0	−12.1
Rental index (N. I. C. B.)	85.0	85.1	−0.1	86.7	−2.0
Building material prices	89.6	89.5	+0.1	91.1	−1.6
Manufacturing employment	89.4	88.0	+1.6	86.8	+3.0
Manufacturing pay rolls	81.8	79.8	+2.5	73.8	+10.8
Average wage per employee	91.5	90.7	+0.9	85.0	+7.6

[1] Corrected for normal seasonal variations.

The striking advance in business activity which characterized the closing months of 1938 has not extended through the opening months of 1939. Since the beginning of the year, industrial volume has remained steady, but the seasonally adjusted indexes have recorded declines because of the absence of the usual seasonal expansion in activity. Industrial activity during February and the first half of March approximated the January rate. Improvement was noted, however, in the capital-goods industries, evidenced by larger operating revenues of railroads and a larger volume of new orders for machine tools during February. During the first two months of 1939, expanding construction activity was reflected by an increased volume of orders to industries supplying construction materials.

Residential Construction

■ A NEW high level for the seasonally adjusted index of residential construction was established in February, due principally to increased multifamily building activity. Several low-cost housing projects contributed to the January-to-February rise.

In comparison with February of last year, multi-family units as well as total units reflected a [illegible] precipitous rise, due to a slump during February 1938 in the volume of permit applications for New York City following a rush in December and January to get under the deadline before a new building code went into effect. The index of total residential construction has been adjusted for the bias which would otherwise be introduced by the inclusion of New York City figures during the first half of last year.

According to the index of residential building, February activity was 12 percent higher than January, even after adjustment had been made for the 8-percent seasonal rise which usually occurs between these months. Rises over the past 12 months have brought the February index to a level more than double that of the same 1938 month, and within 36 percent of the average month of 1926.

All Federal Home Loan Bank Districts, other than Boston and Des Moines, showed a greater number of units built in February than in February of last year. Eight of the 11 States within these two Districts recorded declines, while only 7 of the remaining 37 States showed less activity in February (Table 2, page 220).

Small-House Building Costs

[*Table 3*]

■ FOR three consecutive months wholesale lumber prices have risen rapidly, and by the end of February were at the January 1938 level, having regained all the ground lost in the early months of 1938. Other material prices have also steadied and most of them have increased slightly so that the combined index of wholesale material prices of the U. S. Department of Labor has now risen continuously for three months.

In the meantime, however, dealers' prices for materials used in building a standard 6-room frame house, which had continued a very gradual but per-

Construction costs for the standard house

[1936=100]

Element of cost	Feb. 1939	Jan. 1939	Percent change	Feb. 1938	Percent change
Material	103.0	103.0	0.0	105.6	−2.5
Labor	112.2	111.9	+0.3	103.4	+8.5
Total	106.0	106.0	0.0	104.9	+1.0

sistent downward trend in 1938, finally firmed in February and remained unchanged from the January level, 3 percent higher than the average month of 1936. There seems to be a definite tendency for dealers' prices to lag behind wholesale material costs; hence, increases in the dealers' price series may be expected in the near future in line with recent wholesale movements.

Costs for labor used in the standard house moved up fractionally in February, after slight declines in the preceding two months. The index in February stood 12 percent above the average 1936 month.

Two of the 29 cities reporting as of March 1, 1939, indicated rises of over $100 in the total cost for constructing the standard house from the preceding quarter-year; only one community (Atlanta) reported a decline of over $100; most of the cooperating cities showed very little change.

Foreclosures

■ REAL estate foreclosures in metropolitan communities during February dropped 4.8 percent below those for January to attain a new low in the decline from the peak period of 1933. This downward movement from the preceding month, however, was somewhat short of the usual seasonal January-to-February decline of 6.9 percent. The February index number of 138 (1926=100) stands only one point above the average month of 1927.

February foreclosures in these communities in relation to those for February 1938 were 12.1 percent lower. For the first two months of 1939, the index shows metropolitan foreclosures to be 13.5 percent less than for the corresponding period of last year. Of the 82 communities reporting, 45 showed decreases in foreclosures from January, while 31 indicated increases, and 6 reported no change.

Mortgage-Lending Activity of Savings and Loan Associations

[*Tables 4 and 5*]

■ SEASONAL rises in lending activity were felt generally throughout the savings and loan industry in February. Total loans for the United States were 5 percent higher than in January, and 16 percent above February 1938.

Federal savings and loan associations led other types of institutions in the February increase, both as compared with the previous month and with the corresponding month of last year. Nonmembers' loans for the first two months of this year were only 7 percent above the same period of 1938, while volume of State members' rose 10 percent, and of Federals', 26 percent.

The table below affords a valuable comparison of the relative activity of the various types of savings and loan associations. In each year Federals maintained by far the highest rate of activity. The rates were successively lower for State members and nonmembers. The rate of lending activity in terms of total assets allows a direct comparison between different classes of associations, taking into consideration the affiliation of nonmembers with the Federal Home Loan Bank Board program, and the conversion of State-chartered institutions to Federal charter. Federal associations which are newly organized have a much higher lending rate than other institutions, but this margin has steadily diminished due to the rapid growth in assets of new Federals.

New mortgage loans as a percent of assets

Class of association	1938	1937	1936
	Percent	*Percent*	*Percent*
Federal	24	31	38
State member	13	15	12
Nonmember	9	10	9
Total	14	16	13

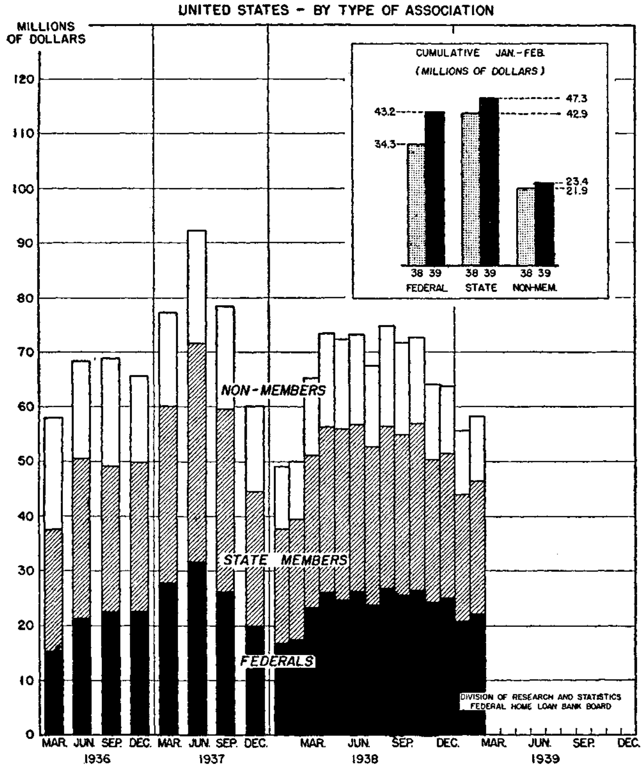
February construction loan volume remained constant in comparison with January, while all other classes of loans—home purchase in particular—recorded increases. Gains over February 1938 indicate greater emphasis on construction loans especially, and on home-purchase loans to a lesser extent, as may be seen from the following table. Although refinancing loans increased in volume from a year ago, this increase was below the average recorded by loans for all purposes.

Mortgage loans distributed by purpose

[Amounts are shown in thousands of dollars]

Purpose	Feb. 1939	Jan. 1939	Percent change	Feb. 1938	Percent change
Construction	$16, 027	$16, 009	0	$11, 669	+37
Home purchase	19, 118	17, 503	+9	16, 117	+19
Refinancing	12, 551	11, 749	+7	11, 293	+11
Reconditioning	3, 593	3, 389	+6	3, 662	−2
Other	7, 020	6, 827	+3	7, 352	−5
Total	58, 309	55, 567	+5	50, 093	+16

TOTAL LOANS MADE BY ALL SAVINGS AND LOAN ASSOCIATIONS
UNITED STATES - BY TYPE OF ASSOCIATION



Associations in eight Federal Home Loan Bank Districts made more loans in February than in the preceding month. Three of the four remaining Districts—Boston, New York, and Pittsburgh—were located in the Northeastern section of the country (Table 4, page 224). All sections of the United States showed improved lending activity in the first two months of this year as compared with the same period of 1938.

Federal Home Loan Bank System

[*Table 9*]

■ DURING the month of February 1939 the current declining trend in total advances outstanding was again evidenced, although the decline during this month was less than half as great as that of January 1939. Total new advances made by the Banks during February amounted to $2,300,000, and repayments amounted to $10,500,000 (only half of the volume of repayments reported for the month of January). This resulted in a net reduction in advances outstanding for the month of $8,200,000, and brought the total of advances outstanding to $170,600,000, a slight decline from the balance of advances outstanding reported for the same month last year.

Although the amount of new advances made during February 1939 was only about half of the amount of advances made during February 1938 and February 1937, total repayments during February 1939 exceeded those in February of both the preceding years.

Only four of the Federal Home Loan Banks made a larger volume of new advances during February than in January. Repayments during the month of February exceeded the amount of new advances in every Bank District, although every Bank received less repayments during February than January 1939. Of the total advances outstanding at the end of February 1939, 81.3 percent were long-term advances and 18.7 percent were short-term advances.

There were two additions to the membership of the Federal Home Loan Bank System during the month of February, and 10 withdrawals (three due to mergers and sale of assets, six due to liquidations, and one voluntary withdrawal), which resulted in a net membership of 3,944 at the end of the month.

Federal Savings and Loan Insurance Corporation

[*Tables 7 and 8*]

■ MORTGAGES held by insured savings and loan associations increased during the last six months of 1938, while real estate owned declined, according to a recent survey conducted by the Division of Research and Statistics. It was revealed that private repurchasable funds continued in the latter half of the year the rising trend of recent years. In actual volume outstanding, Government investment in insured savings and loan associations remained almost unchanged in the June–December 1938 period; however, the proportion of this item to total assets declined.

In the development of this survey, the factual data were combined from a group of identical institutions in order to eliminate the expansion influence resulting from insurance of associations at any time during the period under consideration.

The pronounced difference in the distribution of balance sheet items between new Federals and the two classes of older institutions is exemplified in the table on the facing page. In those associations organized in recent years it is natural that mortgage holdings are large and real estate owned small; while on the liability side, reserves have not yet been built up

ercentage distribution of principal balance-sheet items of identical insured savings and loan associations, June and December 1938

Asset and liability items	State-chartered		Converted Federals		New Federals	
	Dec. 31, 1938	June 30, 1938	Dec. 31, 1938	June 30, 1938	Dec. 31, 1938	June 30, 1938
ASSETS	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
First mortgages held	71.7	70.0	74.9	73.8	89.7	89.7
Real estate owned	10.5	11.3	9.7	10.6	0.6	0.6
Cash and Government obligations	6.2	(1)	5.6	(1)	6.2	(1)
Other assets	11.6	(1)	9.8	(1)	3.5	(1)
Total assets	100.0	100.0	100.0	100.0	100.0	100.0
LIABILITIES						
Private repurchasable capital	73.3	72.0	69.8	68.3	52.4	47.5
Government investment	5.4	5.3	12.5	13.0	29.6	33.3
Reserves and undivided profits	7.1	(1)	5.7	(1)	2.4	(1)
Other liabilities	14.2	(1)	12.0	(1)	15.6	(1)
Total liabilities	100.0	100.0	100.0	100.0	100.0	100.0

[1] Not compiled for periods prior to December 1938.

to the same extent as in older institutions. Due to their relatively small average size and their infancy, new Federal associations have a larger proportion of Government investment than other associations but as indicated in the above table this proportion diminished during the last six months of 1938.

State-chartered institutions and converted Federals showed some similarity in the ratios for their respective asset and liability items. In both of these classes of institution first mortgages increased in relative importance, while real estate declined from June to December 1938. Repurchasable capital of these two classes rose during this same period while Government investment remained nearly stationary.

Referring to the monthly operations of insured State-chartered associations, as shown by Table 7 for comparable associations on page 226, it may be seen that both private repurchasable capital and investments of the Home Owners' Loan Corporation increased in February from January as did the number of private shareholders. Advances from the Federal Home Loan Banks to insured State institutions, as well as borrowings by these institutions from other sources, declined in February.

Lending activity of comparable State-Charted insured associations increased in February due to sharp rises in the repair loan classification. As a result of this accelerated activity, the balance of mortage loans outstanding in these institutions rose about $3,000,000 during the month of February.

Federal Savings and Loan System

[*Table 7*]

■ REPAYMENTS by Federals on advances from the Federal Home Loan Banks and repurchases of Treasury and H. O. L. C. shares continued to exceed new advances and new Government investments in February although at an abated pace from the unusually large January repayment activity. Table 7, page 226, shows that private repurchasable capital in a group of 1,307 Federals reporting in both months increased over $13,500,000.

New mortgage-lending activity by these comparable Federal associations expanded for each purpose from January to February. The balance of mortgage loans outstanding rose $9,600,000 in these 1,307 associations, and total assets were reported as rising $12,500,000.

Progress in number and assets of Federal savings and loan associations

Type of association	Number		Approximate assets	
	Feb. 28, 1939	Jan. 31, 1939	Feb. 28, 1939	Jan. 31, 1939
New	638	638	$356, 209, 000	$349, 828, 000
Converted	736	732	977, 521, 000	969, 056, 000
Total	1, 374	1, 370	1, 333, 730, 000	1, 318, 884, 000

Table 1.—Number and estimated cost of new family dwelling units provided in all cities of 10, 0 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]

Type of dwelling	Number of family units provided					Total cost of units				
	Monthly totals			Jan.–Feb. totals		Monthly totals			Jan.–Feb. totals	
	Feb. 1939	Jan. 1939	Feb. 1938	1939	1938	Feb. 1939	Jan. 1939	Feb. 1938	1939	1938
1-family dwellings	9, 447	9, 195	5, 785	18, 642	12, 040	$36, 707. 5	$35, 433. 5	$21, 935. 8	$72, 141. 0	$44, 637. 7
2-family dwellings	652	718	594	1, 370	1, 704	1, 774. 3	1, 693. 1	1, 490. 5	3, 467. 4	4, 070. 2
Joint home and business [2]	44	51	50	95	92	160. 9	179. 6	182. 9	340. 5	302. 5
3-and-more-family dwellings	13, 135	9, 197	2, 066	22, 332	23, 676	43, 227. 5	27, 212. 0	5, 536. 5	70, 439. 5	75, 512. 0
Total residential	23, 278	19, 161	8, 495	42, 439	37, 512	81, 870. 2	64, 518. 2	29, 145. 7	146, 388. 4	124, 522. 4

[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 February 1939, 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	
	Feb. 1939	Feb. 1938	Feb. 1939	Feb. 1938	Feb. 1939	Feb. 1938	Feb. 1939	Feb. 1938
UNITED STATES	23, 278	8, 495	$81, 870. 2	$29, 145. 7	10, 143	6, 429	$38, 642. 7	$23, 609. 2
No. 1—Boston	406	406	2, 049. 1	1, 701. 7	337	322	1, 724. 1	1, 499. 7
Connecticut	87	95	445. 4	465. 8	87	92	445. 4	457. 8
Maine	4	6	18. 0	22. 1	4	6	18. 0	22. 1
Massachusetts	219	255	1, 161. 9	1, 069. 1	184	192	1, 011. 9	899. 1
New Hampshire	6	29	22. 0	56. 5	6	11	22. 0	32. 5
Rhode Island	89	21	398. 0	88. 2	55	21	223. 0	88. 2
Vermont	1	0	3. 8	0. 0	1	0	3. 8	0. 0
No. 2—New York	11, 899	960	41, 292. 9	3, 838. 6	1, 142	487	5, 071. 1	2, 340. 6
New Jersey	269	137	1, 273. 7	690. 4	169	137	841. 0	690. 4
New York	11, 630	823	40, 019. 2	3, 148. 2	973	350	4, 230. 1	1, 650. 2
No. 3—Pittsburgh	653	323	3, 119. 9	1, 755. 9	635	297	3, 043. 4	1, 687. 7
Delaware	0	2	0. 0	36. 8	0	2	0. 0	36. 8
Pennsylvania	590	271	2, 927. 5	1, 543. 0	572	253	2, 851. 0	1, 493. 8
West Virginia	63	50	192. 4	176. 1	63	42	192. 4	157. 1
No. 4—Winston-Salem	1, 879	1, 792	5, 664. 1	5, 416. 8	1, 388	1, 105	4, 452. 7	3, 671. 3
Alabama	207	92	314. 0	182. 5	127	85	214. 0	163. 8
District of Columbia	369	252	1, 374. 9	965. 0	140	80	809. 1	525. 0
Florida	439	378	1, 488. 4	1, 227. 5	434	351	1, 477. 7	1, 171. 0
Georgia	139	115	386. 9	269. 4	139	105	386. 9	250. 9

Table 2.—Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in February 1939, 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	
	Feb. 1939	Feb. 1938	Feb. 1939	Feb. 1938	Feb. 1939	Feb. 1938	Feb. 1939	Feb. 1938
No. 4—Winston-Salem—Continued.								
Maryland	103	489	$342. 6	$1, 417. 6	99	101	$334. 6	$417. 5
North Carolina	229	200	521. 1	500. 8	212	174	497. 1	465. 6
South Carolina	228	69	661. 6	141. 0	88	69	189. 6	141. 0
Virginia	165	197	574. 6	713. 0	149	140	543. 7	536. 5
No. 5—Cincinnati	992	397	3, 537. 9	1, 605. 0	503	333	2, 292. 0	1, 411. 0
Kentucky	505	98	1, 159. 3	303. 5	67	94	167. 4	295. 5
Ohio	385	212	2, 034. 2	1, 072. 2	334	162	1, 780. 2	904. 2
Tennessee	102	87	344. 4	229. 3	102	77	344. 4	211. 3
No. 6—Indianapolis	946	361	4, 416. 6	1, 663. 6	798	357	3, 782. 6	1, 656. 6
Indiana	118	79	442. 5	282. 2	118	75	442. 5	275. 2
Michigan	828	282	3, 974. 1	1, 381. 4	680	282	3, 340. 1	1, 381. 4
No. 7—Chicago	554	191	2, 893. 7	1, 100. 0	348	187	1, 885. 7	1, 093. 3
Illinois	475	121	2, 551. 3	735. 0	273	117	1, 551. 3	728. 3
Wisconsin	79	70	342. 4	365. 0	75	70	334. 4	365. 0
No. 8—Des Moines	285	308	1, 089. 0	1, 077. 0	252	264	1, 015. 8	955. 1
Iowa	41	65	156. 1	216. 8	41	47	156. 1	163. 8
Minnesota	77	104	350. 2	445. 7	77	95	350. 2	409. 7
Missouri	162	127	574. 6	394. 7	129	110	501. 4	361. 8
North Dakota	0	2	0. 0	3. 1	0	2	0. 0	3. 1
South Dakota	5	10	8. 1	16. 7	5	10	8. 1	16. 7
No. 9—Little Rock	1, 877	1, 381	5, 290. 0	3, 414. 1	1, 568	1, 197	4, 253. 7	2, 754. 8
Arkansas	41	53	84. 7	77. 3	41	46	84. 7	66. 3
Louisiana	316	130	1, 020. 7	366. 0	172	130	462. 1	366. 0
Mississippi	115	53	217. 5	84. 1	99	49	186. 0	73. 7
New Mexico	43	43	148. 6	125. 9	39	39	140. 0	114. 9
Texas	1, 362	1, 102	3, 818. 5	2, 760. 8	1, 217	933	3, 380. 9	2, 133. 9
No. 10—Topeka	448	275	1, 597. 3	956. 1	400	249	1, 509. 3	913. 2
Colorado	147	51	629. 7	170. 5	99	40	541. 7	156. 1
Kansas	71	84	199. 7	211. 1	71	69	199. 7	182. 6
Nebraska	29	14	109. 9	74. 7	29	14	109. 9	74. 7
Oklahoma	201	126	658. 0	499. 8	201	126	658. 0	499. 8
No. 11—Portland	331	299	1, 058. 2	851. 1	319	234	1, 035. 2	707. 1
Idaho	3	10	5. 3	20. 0	3	10	5. 3	20. 0
Montana	14	4	27. 9	16. 2	14	4	27. 9	16. 2
Oregon	111	76	410. 7	285. 2	107	69	399. 7	270. 2
Utah	29	29	66. 8	70. 0	29	25	66. 8	66. 0
Washington	165	150	508. 5	381. 3	157	120	496. 5	306. 3
Wyoming	9	30	39. 0	78. 4	9	6	39. 0	28. 4
No. 12—Los Angeles	3, 008	1, 802	9, 861. 5	5, 765. 8	2, 453	1, 397	8, 577. 1	4, 918. 8
Arizona	53	32	165. 4	87. 3	53	29	165. 4	82. 5
California	2, 946	1, 768	9, 673. 4	5, 666. 4	2, 391	1, 366	8, 389. 0	4, 824. 2
Nevada	9	2	22. 7	12. 1	9	2	22. 7	12. 1

Table 3.—Cost of building the same standard house in representative cities in specific month[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 Mar.	1938 Mar.	1939 Mar.	1938 Dec.	1938 Sept.	1938 June	1938 Mar.	1937 Mar.	1936 Mar.
No. 1—Boston:									
Hartford, Conn	$0.244	$0.243	$5,865	$5,877	$5,807	$5,659	$5,823	$6,043	$5,636
New Haven, Conn	.235	.240	5,629	5,617	5,620	5,616	5,771	5,775	5,500
Portland, Me	.219	.231	5,264	5,259	5,307	5,526	5,543	5,252	5,124
Boston, Mass	.266	.258	6,377	6,384	6,298	6,079	6,191	6,412	5,717
Manchester, N. H	.229	.227	5,507	5,554	5,431	5,392	5,440	5,652	5,427
Providence, R. I	.247	.250	5,938	5,893	5,910	5,933	5,991	5,768	5,478
Rutland, Vt	.228	.239	5,472	5,472	5,547	5,676	5,739	5,723	5,329
No. 4—Winston-Salem:									
Birmingham, Ala	.236	.253	5,663	5,668	5,857	6,068	6,068	--------	5,351
Washington, D. C	.242	.249	5,813	5,854	5,833	5,989	5,988	5,742	4,838
Tampa, Fla	.231	.236	5,536	5,513	5,545	5,608	5,666	5,578	5,373
West Palm Beach, Fla	.241	.261	5,788	5,834	5,806	6,166	6,260	6,374	5,923
Atlanta, Ga	.203	.216	4,876	5,006	5,063	5,207	5,190	5,228	4,911
Baltimore, Md	.205	.213	4,916	4,922	4,955	4,983	5,105	5,385	4,769
Cumberland, Md	.230	.233	5,529	5,443	5,511	5,535	5,603	5,670	5,399
Asheville, N. C	.212	.225	5,085	5,074	5,090	5,194	5,408	--------	4,784
Raleigh, N. C	.219	.227	5,251	5,273	5,298	5,430	5,444	5,468	4,991
Salisbury, N. C	.197	.196	4,719	4,741	4,744	--------	4,703	--------	--------
Columbia, S. C	.202	.198	4,838	4,888	4,868	4,776	4,755	4,789	4,629
Richmond, Va	.212	.222	5,080	5,081	5,057	5,249	5,337	5,215	4,868
Roanoke, Va	.223	.220	5,355	5,306	5,299	5,268	5,269	5,051	4,572
No. 7—Chicago:									
Chicago, Ill	.285	.293	6,829	6,838	6,805	6,904	7,021	7,037	6,734
Peoria, Ill	.268	.279	6,441	6,441	6,469	6,695	6,700	6,557	6,108
Springfield, Ill	.284	.290	6,812	6,811	6,812	6,965	6,961	6,917	6,502
Milwaukee, Wis	.249	.242	5,974	5,752	5,752	5,754	5,800	5,920	5,056
Oshkosh, Wis	.245	.252	5,874	5,898	5,907	6,040	6,040	5,812	5,466
No. 10—Topeka:									
Denver, Colo	.265	.273	6,353	6,431	6,569	6,464	6,562	6,445	5,964
Wichita, Kan	.254	.237	6,087	5,964	--------	5,866	5,677	5,593	5,164
Omaha, Neb	.241	.243	5,787	5,717	5,808	5,814	5,841	5,918	5,565
Oklahoma City, Okla	.245	.244	5,883	5,875	5,827	5,840	5,850	5,693	5,217

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

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

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

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

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

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

REPRESENTS THE ESTIMATED NUMBER OF 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.

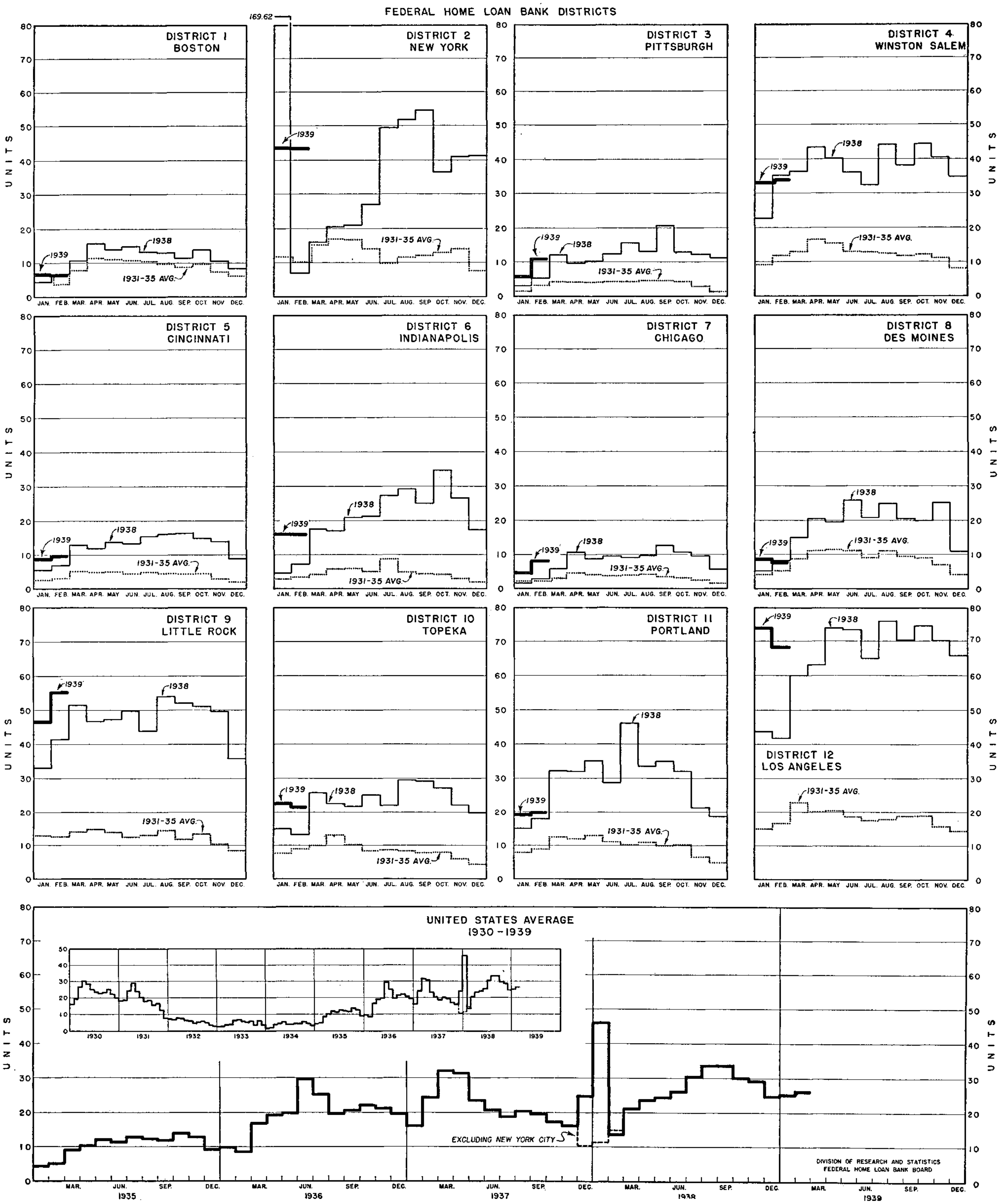


Table 4.—Estimated volume of new lending activity of savings and loan associations, classifie ' by District and type of association

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and type of association	New loans		Percent change, Jan. 1939 to Feb. 1939	New loans, Feb. 1938	Percent change, Feb. 1938 to Feb. 1939	Cumulative new loans (2 months)		
	Feb. 1939	Jan. 1939				1939	1938	Percent change
United States: Total	$58,309	$55,567	+4.9	$50,093	+16.4	$113,876	$99,195	+14.8
Federal	22,298	20,894	+6.7	17,520	+27.3	43,192	34,301	+25.9
State member	24,191	23,071	+4.9	22,073	+9.6	47,262	42,952	+10.0
Nonmember	11,820	11,602	+1.9	10,500	+12.6	23,422	21,942	+6.7
No. 1: Total	4,415	4,891	−9.7	4,381	+0.8	9,306	8,788	+5.9
Federal	1,271	1,280	−0.7	1,128	+12.7	2,551	2,292	+11.3
State member	2,125	2,404	−11.6	2,150	−1.2	4,529	4,233	+7.0
Nonmember	1,019	1,207	−15.6	1,103	−7.6	2,226	2,263	−1.6
No. 2: Total	4,854	5,733	−15.3	3,818	+27.1	10,587	8,475	+24.9
Federal	1,377	1,877	−26.6	1,142	+20.6	3,254	2,149	+51.4
State member	1,252	1,350	−7.3	1,084	+15.5	2,602	2,482	+4.8
Nonmember	2,225	2,506	−11.2	1,592	+39.8	4,731	3,844	+23.1
No. 3: Total	4,051	4,373	−7.4	3,806	+6.4	8,424	8,231	+2.3
Federal	1,076	892	+20.6	822	+30.9	1,968	1,553	+26.7
State member	1,106	1,233	−10.3	1,069	+3.5	2,339	2,478	−5.6
Nonmember	1,869	2,248	−16.9	1,915	−2.4	4,117	4,200	−2.0
No. 4: Total	8,778	7,665	+14.5	6,838	+28.4	16,443	14,203	+15.8
Federal	3,274	2,938	+11.4	2,365	+38.4	6,212	4,759	+30.5
State member	3,636	3,274	+11.1	3,312	+9.8	6,910	6,738	+2.6
Nonmember	1,868	1,453	+28.6	1,161	+60.9	3,321	2,706	+22.7
No. 5: Total	9,585	8,541	+12.2	7,890	+21.5	18,126	14,818	+22.3
Federal	3,259	3,518	−7.4	3,147	+3.6	6,777	5,955	+13.8
State member	4,794	4,073	+17.7	3,701	+29.5	8,867	6,679	+32.8
Nonmember	1,532	950	+61.3	1,042	+47.0	2,482	2,184	+13.6
No. 6: Total	3,215	2,441	+31.7	2,554	+25.9	5,656	4,641	+21.9
Federal	1,566	1,133	+38.2	1,192	+31.4	2,699	2,154	+25.3
State member	1,450	1,200	+20.8	1,184	+22.5	2,650	2,147	+23.4
Nonmember	199	108	+84.3	178	+11.8	307	340	−9.7
No. 7: Total	5,444	5,134	+6.0	4,437	+22.7	10,578	9,176	+15.3
Federal	1,787	1,665	+7.3	1,531	+16.7	3,452	2,931	+17.8
State member	2,561	2,051	+24.9	2,160	+18.6	4,612	4,640	−0.6
Nonmember	1,096	1,418	−22.7	746	+46.9	2,514	1,605	+56.6
No. 8: Total	3,305	2,576	+28.3	2,730	+21.1	5,881	4,924	+19.4
Federal	1,498	1,067	+40.4	1,060	+41.3	2,565	2,031	+26.3
State member	1,057	980	+7.9	951	+11.1	2,037	1,677	+21.5
Nonmember	750	529	+41.8	719	+4.3	1,279	1,216	+5.2
No. 9: Total	4,235	3,853	+9.9	3,396	+24.7	8,088	6,331	+27.8
Federal	1,772	1,601	+10.7	1,244	+42.4	3,373	2,474	+36.3
State member	2,253	2,037	+10.6	1,869	+20.5	4,290	3,405	+26.0
Nonmember	210	215	−2.3	283	−25.8	425	452	−6.0
No. 10: Total	2,888	3,023	−4.5	2,949	−2.1	5,911	5,640	+4.8
Federal	1,234	1,394	−11.5	1,185	+4.1	2,628	2,452	+7.2
State member	923	873	+5.7	1,012	−8.8	1,796	1,672	+7.4
Nonmember	731	756	−3.3	752	−2.8	1,487	1,516	−1.9
No. 11: Total	1,915	1,721	+11.3	1,615	+18.6	3,636	3,245	+12.0
Federal	1,174	962	+22.0	927	+26.6	2,136	1,919	+11.3
State member	581	668	−13.0	604	−3.8	1,249	1,113	+12.2
Nonmember	160	91	+75.8	84	+90.5	251	213	+17.8
No. 12: Total	5,624	5,616	+0.1	5,679	−1.0	11,240	10,723	+4.8
Federal	3,010	2,567	+17.3	1,777	+69.4	5,577	3,632	+53.6
State member	2,453	2,928	−16.2	2,977	−17.6	5,381	5,688	−5.4
Nonmember	161	121	+33.1	925	−82.6	282	1,403	−79.9

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 oans	Type of association		
	Mortage 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
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	27, 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
1939									
January	16, 099	17, 503	11, 749	3, 389	6, 827	55, 567	20, 894	23, 071	11, 602
February	16, 027	19, 118	12, 551	3, 593	7, 020	58, 309	22, 298	24, 191	11, 820

Table 6.—Index of wholesale price of building materials in the United States

[1926=100]

[Source: U. S. Department of Labor]

Period	All building materials	Brick and tile	Cement	Lumber	Paint and paint materials	Plumbing and heating	Structural steel	Other
1937								
February	93. 3	91. 0	95. 5	99. 0	83. 4	77. 4	104. 7	95. 0
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
1939								
January	89. 5	92. 4	95. 5	91. 7	81. 0	78. 7	107. 3	89. 6
February	89. 6	92. 4	95. 5	92. 6	80. 5	79. 2	107. 3	89. 3
Change:								
Feb. 1939–Jan. 1939	+0. 1%	0. 0%	0. 0%	+1. 0%	−0. 6%	+0. 6%	0. 0%	−0. 3%
Feb. 1939–Feb. 1938	−1. 6%	+1. 0%	0. 0%	+1. 8%	+1. 6%	−0. 5%	−6. 6%	−6. 3%

Table 7.—Monthly operations of 1,307 identical Federal and 657 identical insured State-chartered savings and loan associations reporting during January and February 1939

[Amounts are shown in thousands of dollars]

Type of operation	1,307 Federals			657 insured State members		
	February	January	Change January to February	February	January	Change January to February
Share liability at end of month:			*Percent*			*Percent*
Private share accounts (number)	1, 188, 025	1, 174, 201	+1. 2	809, 899	804, 380	+0. 7
Paid on private subscriptions	$881, 689. 5	$868, 145. 4	+1. 6	$562, 559. 7	$559, 821. 4	+0. 5
Treasury and H. O. L. C. subscriptions	209, 224. 3	209, 503. 8	−0. 1	[1] 37, 778. 7	[1] 37, 454. 2	+0. 9
Total	1, 090, 913. 8	1, 077, 649. 2	+1. 2	600, 338. 4	597, 275. 6	+0. 5
Private share investments during month	25, 336. 7	53, 232. 5	−52. 4	10, 651. 5	22, 580. 9	−52. 8
Repurchases during month	11, 983. 7	24, 909. 1	−51. 9	7, 901. 2	16, 164. 6	−51. 1
Mortgage loans made during month:						
a. New construction	7, 594. 0	7, 471. 6	+1. 6	2, 979. 6	3, 033. 8	−1. 8
b. Purchase of homes	6, 051. 7	5, 452. 7	+11. 0	3, 291. 9	2, 903. 7	+13. 4
c. Refinancing	4, 769. 2	4, 604. 7	+3. 6	1, 935. 9	2, 152. 2	−10. 1
d. Reconditioning	1, 106. 9	1, 022. 6	+8. 2	544. 6	446. 3	+22. 0
e. Other purposes	2, 070. 5	1, 661. 6	+24. 6	1, 230. 4	1, 259. 9	−2. 3
Total	21, 592. 3	20, 213. 2	+6. 8	9, 982. 4	9, 795. 9	+1. 9
Mortgage loans outstanding end of month	1, 019, 284. 5	1, 009, 658. 7	+1. 0	536, 642. 5	533, 681. 5	+0. 6
Borrowed money as of end of month:						
From Federal Home Loan Banks	82, 019. 8	88, 235. 0	−7. 0	34, 057. 2	35, 343. 6	−3. 6
From other sources	2, 722. 1	2, 172. 0	+25. 3	3, 236. 4	3, 473. 4	−6. 8
Total	84, 741. 9	90, 407. 0	−6. 3	37, 293. 6	38, 817. 0	−3. 9
Total assets, end of month	1, 293, 067. 7	1, 280, 538. 3	+1. 0	755, 258. 9	751, 360. 0	+0. 5

[1] Includes only H. O. L. C. subscription.

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, 1935	Dec. 31, 1936	Dec. 31, 1937	Dec. 31, 1938	Jan. 31, 1939	Feb. 28, 1939	Feb. 28, 1939	Feb. 28, 1939	Feb. 28, 1939
State-chartered associations	136	382	566	737	746	747	991, 100	$825, 060	$614, 498
Converted F. S. and L. A.	406	560	672	[2] 723	[3] 725	[4] 728	902, 600	976, 230	704, 234
New F. S. and L. A.	572	634	641	637	638	638	321, 600	356, 209	204, 482
Total	1, 114	1, 576	1, 879	2, 097	2, 109	2, 113	2, 215, 300	2, 157, 499	1, 523, 214

[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, 6 Federals with assets of $1,505,000 had been approved for conversion but had not been insured as of Dec. 31.

[3] In addition, 7 Federals with assets of $1,467,000 had been approved for conversion but had not been insured as of Jan. 31.

[4] In addition, 8 Federals with assets of $1,291,000 had been approved for conversion but had not been insured as of Feb. 28.

Ta[illegible] 9.—Lending operations of the Federal Home Loan Banks

[Thousands of dollars]

Federal Home Loan Banks	February 1939		January 1939		Advances outstanding at the end of the month
	Advances	Repayments	Advances	Repayments	
Boston	$94	$505	$210	$1, 144	$7, 222
New York	547	653	690	1, 430	17, 408
Pittsburgh	225	626	428	846	16, 571
Winston-Salem	119	1, 929	247	3, 910	14, 227
Cincinnati	480	1, 998	165	2, 102	22, 463
Indianapolis	120	683	94	2, 271	11, 563
Chicago	175	1, 232	246	1, 522	29, 470
Des Moines	69	683	110	1, 887	14, 703
Little Rock	152	469	86	1, 482	8, 806
Topeka	57	516	330	971	10, 508
Portland	30	575	74	1, 184	4, 828
Los Angeles	266	702	243	4, 165	12, 845
Total	2, 334	10, 571	2, 923	22, 914	170, 614
Jan.–Feb. 1939	5, 257	33, 485			
February 1938	4, 071	7, 090			187, 518
Jan.–Feb. 1938	7, 793	20, 370			
February 1937	4, 260	6, 800			141, 205
Jan.–Feb. 1937	10, 829	15, 025			

Table 10.—H. O. L. C. subscriptions to shares of savings and loan associations [1]

[Amounts are shown in thousands of dollars]

Requests and subscriptions	State-chartered		Federal savings and loan associations	Total
	Uninsured F. H. L. B. members	Insured associations		
Requests:				
Oct. 1935–Feb. 1939:				
Number	[2] 70	862	4, 500	5, 432
Amount	$4, 098	$53, 860	$195, 790	$253, 748
February 1939:				
Number	0	8	3	11
Amount	0	$385	$62	$447
Subscriptions:				
Oct. 1935–Feb. 1939:				
Number	[2] 16	699	4, 114	4, 829
Amount	$808	$42, 244	$173, 164	$216, 216
February 1939:				
Number	0	9	4	13
Amount	0	$399	$75	$474

[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 11.—Reconditioning Division—Summary of all reconditioning operations of H. O. L. C. through Feb. 28, 1939 [1]

Type of operation	June 1, 1934 through Jan. 31, 1939	Feb. 1, 1939 through Feb. 28, 1939	Cumulative through Feb. 28, 1939
Cases received [2]	1, 023, 229	8, 973	1, 032, 202
Contracts awarded:			
Number	649, 451	7, 125	656, 576
Amount	$126, 869, 999	$1, 544, 264	$128, 414, 263
Jobs completed:			
Number	641, 986	7, 084	649, 070
Amount	$123, 417, 330	$1, 558, 886	$124, 976, 216

[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 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: Jan. 1 through June 30	28, 386
July	4, 056
August	3, 886
September	3, 856
October	3, 616
November	3, 534
December	3, 585
1939: January	3, 400
February	2, 771
Grand total to Feb. 28, 1939	128, 726

[1] Does not include 10,435 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 128,726 completed cases, 694 properties were sold at foreclosure sale to parties other than the H. O. L. C. and 17,149 cases have been withdrawn due to payment of delinquencies by borrowers after foreclosure proceedings were authorized.

Directory of Member, Federal, and Insured Institutions

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

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

DISTRICT NO. 1

MASSACHUSETTS:
Winthrop:
Winthrop Co-operative Bank, 15 Bartlett Road.

DISTRICT NO. 4

MARYLAND:
Baltimore:
Govanstown Land Loan & Building Association of Baltimore County, 5304 York Road.

DISTRICT NO. 5

OHIO:
Galion:
Guaranty Savings & Loan Company.
Hicksville:
Hicksville Building, Loan & Savings Company, 100 North Main Street.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN FEBRUARY 16, 1939, AND MARCH 15, 1939

NEW JERSEY:
Ridgewood:
Godwinville Building & Loan Association, 6 South Broad Street (merger with Glen Rock Building & Loan Association, Ridgewood, New Jersey, which changed its name to Community Building & Loan Association of Ridgewood).

OHIO:
Wellsburg:
Brooke County Building & Loan Association (voluntary withdrawal).

II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN FEBRUARY 16, 1939, AND MARCH 15, 1939

DISTRICT NO. 3

PENNSYLVANIA:
Philadelphia:
E. F. Houghton Federal Savings & Loan Association, 240 West Somerset Street (converted from E. F. Houghton Building & Loan Association).
Waynesburg:
First Federal Savings & Loan Association of Greene County (converted from Home Building & Loan Association of Greene County, Carmichaels, Pennsylvania).

DISTRICT NO. 4

MARYLAND:
Baltimore:
Vermont Federal Savings & Loan Association, 2830 Edmondson Avenue (converted from Vermont Building & Loan Association, Incorporated).

DISTRICT NO. 6

MICHIGAN:
Ann Arbor:
Ann Arbor Federal Savings & Loan Association, 116 North Fourth Avenue (converted from Huron Valley Building & Savings Association).

DISTRICT NO. 12

CALIFORNIA:
Los Angeles:
Republic Federal Savings & Loan Association, 761 South Olive Street (converted from Coast Mutual Building-Loan Association).

CANCELATIONS OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTERS BETWEEN FEBRUARY 16, 1939, AND MARCH 15, 1939

PENNSYLVANIA:
Mt. Lebanon:
Mt. Lebanon Federal Savings & Loan Association (merger with Fort Pitt Federal Savings & Loan Association, Pittsburgh, Pennsylvania).

III. INSTITUTIONS INSURED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION BETWEEN FEBRUARY 16, 1939, AND MARCH 15, 1939

DISTRICT NO. 4

MARYLAND:
Baltimore:
Govanstown Land Loan & Building Association of Baltimore County, 5304 York Road.

DISTRICT NO. 5

OHIO:
Painesville:
Lake County Federal Savings & Loan Association, 172 Main Street.

DISTRICT NO. 6

MICHIGAN:
Albion:
Homestead Loan & Building Association, 403 South Superior Street.
Ann Arbor:
Ann Arbor Federal Savings & Loan Association, 116 North Fourth Avenue.
Detroit:
Standard Savings & Loan Association, 405 Griswold Street.

[1] During this period 1 Federal savings and loan association was admitted to membership in the System.

F. H. L. B. Directors Announced

THE appointment of Horace S. Wilson, President of the Southern California Building and Loan Association, Los Angeles, California, to the Board of Directors of the Federal Home Loan Bank of Los Angeles has been recently announced by the Federal Home Loan Bank Board. Mr. Wilson will serve as Class A Director for the unexpired portion of the 2-year term ending December 31, 1939.

The Board has announced also the appointment of Horace S. Haworth as Public Interest Director of the Federal Home Loan Bank of Winston-Salem. Mr. Haworth, member of the firm of Roberson, Haworth, & Reese, Attorneys, at High Point, North Carolina, will fill the unexpired portion of a 4-year term ending December 31, 1942.

Obstacles to Housing

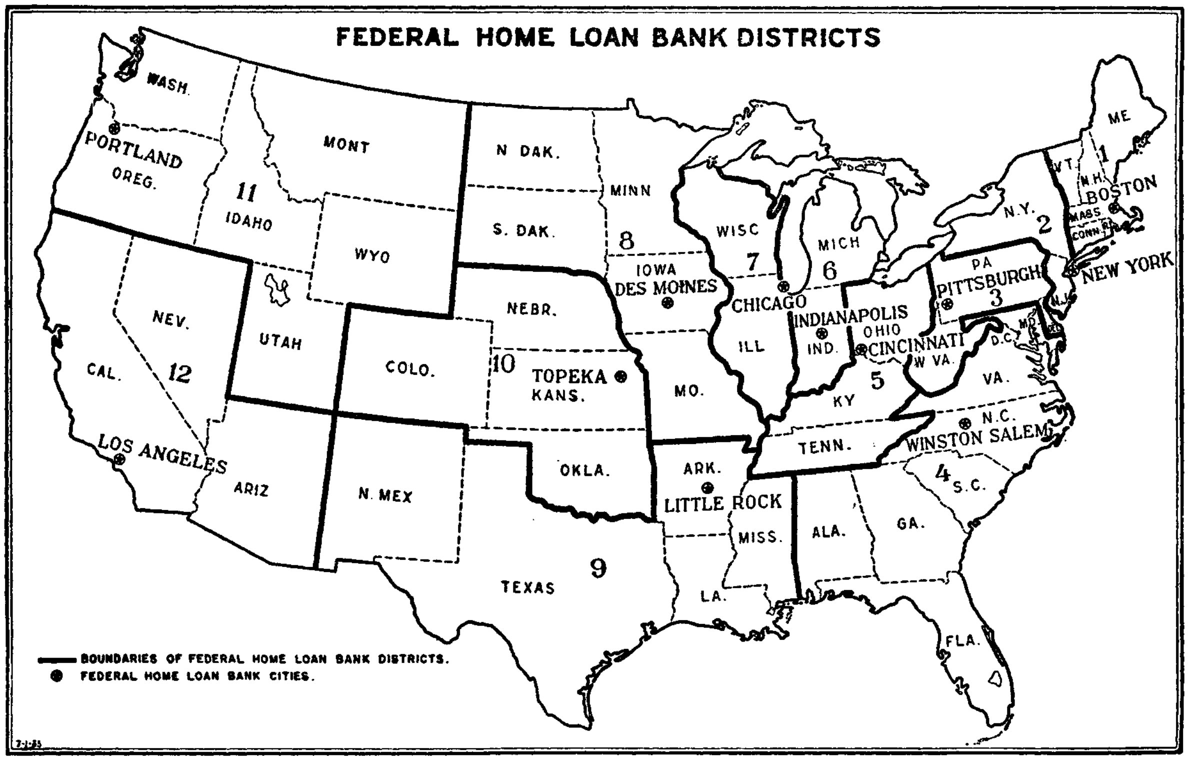
(*Continued from p. 212*)

on real property should be more nearly equalized with that borne by other forms of property, and similarly, the burden upon home properties should be reduced and more nearly equalized with that borne by other types of real property."

The exemption of homesteads from taxation also has a bearing on home ownership. Up to the present time, approximately 30 States have had homestead tax exemption bills before their legislatures and half of these have passed laws exempting homesteads or reducing the tax rates.

The Federal Home Loan Bank Board pointed out that removal or alleviation of these obstacles would contribute to a substantial recovery of residential construction, which "is an important, if not essential, element in any decisive upturn of the business cycle. The building industry holds a key position in the national economy. It is the largest industrial employer of labor. If building flourishes, the country generally is prosperous. If it languishes, other economic progress is impeded."

U. S. GOVERNMENT PRINTING OFFICE: 1939



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