Vol. 5 No. 8

# FEDERAL HOME LOAN BANK REVIEW

MAY
1939

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

# CONTENTS FOR MAY 1939

# FEDERAL HOME LOAN BANK REVIEW

Published monthly by the
FEDERAL HOME LOAN BANK BOARD



FEDERAL HOME LOAN BANK SYSTEM

FEDERAL SAVINGS AND LOAN ASSOCIATIONS

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

HOME OWNERS' LOAN CORPORATION

## SPECIAL ARTICLES



## STATISTICS



## REPORTS



SUBSCRIPTION PRICE OF REVIEW. The FEDERAL HOME LOAN BANK REVIEW is the Board's medium of communication with member institutions of the Federal Home Loan Bank System and is the only official organ or periodical publication of the Board. The REVIEW will be sent to all member institutions without charge. To others the annual subscription price, which covers the cost of paper and printing, is $1. Single copies will be sold at 10 cents. Outside of the United States, Canada, Mexico, and the insular possessions, subscription price is $1.60; single copies, 15 cents. Subscriptions should be sent to and copies ordered from Superintendent of Documents, Government Printing Office, Washington, D. C. APPROVED BY THE BUREAU OF THE BUDGET.

143691—39——1

# BUSINESS PROMOTION EXPENDITURES OF SAVINGS AND LOAN ASSOCIATIONS DURING 1938

***First in a series of articles based upon 900 replies to the second "Hunt for Facts" questionnaire on promotional programs. This article is recommended to executives who determine, and directors who approve, advertising budgets.***

■ THE second "Hunt for Facts" questionnaire, distributed at the end of February by the Public Relations Department of the Federal Home Loan Bank Board to every savings and loan member of the Bank System, has met with a remarkable response. To date, replies have been received from 900 associations—almost one of every four members of the Federal Home Loan Bank System. Of these, 838 included data about their 1938 expenditures for business promotion. The assets of these institutions range from $17,500 to a maximum of almost $49,000,000 and account for more than one-third of the total amount of savings and loan assets held by the membership of the Bank System. The replies represent 592 communities, distributed in every Bank District, in 46 States, the District of Columbia, and the Territory of Hawaii.

In the case of Federal associations and of insured State members, assets of reporting institutions amount to nearly one-half of all assets held by these two groups, with one-third of their total memberships represented. For uninsured State members, the reporting sample is smaller: replies suitable for analysis were received from 127 associations holding about one-sixth of all the assets in their group, and representing 7 percent of this group's total number of members.

Such a volume of spontaneous response has resulted in the accumulation of a great mass of material representing the most extensive study of savings and loan business promotional activity undertaken up to this time. Because this study is so wide in its scope, so thoroughly distributed throughout the country, the conclusions reached from analysis of these returns are significant and are recommended for careful attention by executives who determine, and directors who approve, business development budgets.

Preliminary work with these returns reveals certain highlights in the 1938 pattern of business promotion of savings and loan associations.

### Total Business Promotion Expenditures in 1938

These 838 reporting associations spent a total of $1,834,407 last year for various types of business promotion—an average of $2,189 for each institution in the survey. One fact is clear: the total business development expenditures of savings and loan associations constitute an important contribution to advertising revenues. The need for an intelligent approach to the problem of how much to appropriate for promotional activity, how to apportion the funds among the different media and different forms of activity, how to check the results from the institutions' merchandising programs, was never more strikingly apparent.

The 1938 Hunt for Facts brings definite proof of the fact that savings and loan expenditures for business promotion have taken on the aspects of "big business". The primary need now is the development of techniques which will assure adequate results in return for the disbursement of such large sums of money. Expenditures ranging into millions of dollars demand careful study of markets, they demand definite methods for tracing and recording results, they demand thorough advance planning and then consistent adherence to the plan.

### Marked Increase in Budgets for Advertising in 1939

Some gauge of the progress savings and loan associations have made in developing techniques to guide them in the disbursement of advertising appropriations more effectively is the number which report that they are making precise plans and developing definite budgets. The 1938 Hunt for Facts shows that 3 percent of the reporting members had planned their business promotion in advance on either a calendar year or a 6-month basis in 1938.

Most striking fact, however, was that whereas 298 reporting associations used advertising budgets in 1938, 536 (approximately two-thirds of the total number) have already estimated their business development plans for 1939. Greatest increases in such advance planning were reported by insured and uninsured State members: in each of these two groups the number of associations establishing such programs for 1939 was more than twice as great as for last year. In 1938, four out of every 10 reporting Federal associations followed a predetermined promotional schedule. For the current year, this ratio increased to seven out of every 10 reporting associations.

These figures indicate that it is rapidly becoming general practice to allot business promotion a definite place in the association's yearly budget. They do not tell to what extent this appropriation is distributed among the different promotional media according to known results from previous programs. They do not tell to what extent these associations are studying their markets. They do not tell whether these budgeted funds, once disbursed, will be checked to see what results they actually produced in the form of new business. Nevertheless, one primary stage in the development of a technique to guide the business promotion of savings and loan associations is very evidently attracting greater attention—the budgeting of funds in advance.

### How Much Did These Associations Spend in Relation to Assets? To Gross Operating Income?

Average expenditures for business promotion in 1938 were: for Federal associations—$2,573; for insured State-chartered associations—$1,863; and for uninsured State-chartered members—$1,358.

The typical association spent 2.75 percent of its gross operating income during 1938 for promotional purposes. Tables 1 and 2 show for each class of institution the ratio of the total expenditure for business promotion to gross operating income and to total assets. In each instance, only those institutions for which complete figures were reported were included in the tabulation. Reporting Federal associations disbursed 3.64 percent of their gross operating income for business development, insured State members used 2.11 percent, and uninsured State members employed 1.24 percent.

**Table 1.—Ratio of business promotion expense to gross operating income of 796 members of the F. H. L. B. System, by class of association**

[Calendar year 1938]

| Class of association | Number of associations | Gross operating income | Total expenditure for business promotion | Relation to gross operating income |
|---|---|---|---|---|
| | | | | *Percent* |
| Federals | 461 | $32, 094, 926 | $1, 169, 346 | 3. 64 |
| Insured State | 224 | 19, 004, 224 | 400, 956 | 2. 11 |
| Uninsured State | 111 | 10, 969, 376 | 135, 479 | 1. 24 |
| Total | 796 | 62, 068, 526 | 1, 705, 781 | 2. 75 |

Two of the most frequently mentioned standard ratios of an association's appropriation for business development are an amount equal either to 3 percent of gross operating income, or to one-quarter of 1 percent of assets. Table 1 shows that the average promotional expenditure in 1938 came fairly close to the standard of 3 percent of gross operating income. Table 2, which summarizes the relationship of business promotion expense to total assets of members on December 31, 1938, shows an average expenditure equivalent to about one-seventh of 1 percent of assets.

### Effectiveness and Relative Cost of Business Promotion

One test of the effectiveness of savings and loan business promotion campaigns is the acquisition of new private share capital. Approximately 90 percent of the associations reported the amount of new

**Table 2.—Ratio of business promotion expense to total assets of 829 members of the F. H. L. B. System, by class of association**

[Calendar year 1938]

| Class of association | Number of associations | Total assets, Dec. 31, 1938 | Total expenditure for business promotion | Relation to total assets |
|---|---|---|---|---|
| | | | | *Percent* |
| Federals | 475 | $637, 719, 604 | $1, 222, 254 | 0. 192 |
| Insured State | 231 | 390, 234, 725 | 435, 230 | 0. 112 |
| Uninsured State | 123 | 266, 926, 620 | 169, 537 | 0. 064 |
| Total | 829 | 1,294,880,949 | 1, 827, 021 | 0. 141 |

private share capital which they had obtained during the past year. The 452 Federal associations received new private share capital of $93,864,000 or more than $207,000 for each institution. Almost 200 insured State members gained $38,288,000 or an average of $192,000, and the 92 uninsured State members covered in this survey received $9,867,000 new capital—$107,000 per association.

Analysis of the relation of business promotion expenditures to amounts of new private share capital gained during 1938 reveals that the 743 associations for which complete figures were obtained actually spent 1⅕ cents for each dollar of new private share capital received (Table 3). For each dollar of new private share capital obtained in 1938, Federal associations disbursed 1¼ cents, insured State members spent 1 cent, and uninsured State members used 1⅖ cents, for business promotion.

**Table 3.—Ratio of business promotion expense to new private share capital acquired by 743 members of the F. H. L. B. System, by class of association**

[Calendar year 1938]

| Class of association | Number of associations | New private share capital received | Total expenditure for business promotion | Relation to new private share capital received |
|---|---|---|---|---|
| | | | | *Percent* |
| Federals | 452 | $93, 863, 670 | $1, 166, 422 | 1. 24 |
| Insured State | 199 | 38, 288, 395 | 387, 108 | 1. 01 |
| Uninsured State | 92 | 9, 866, 683 | 138, 895 | 1. 41 |
| Total | 743 | 142, 018, 748 | 1, 692, 425 | 1. 19 |

In addition to attracting new private share capital, these expenditures for business promotion had a certain value in retaining the investments of old investors and in building the volume of loans. Taking this fact into consideration, it may be assumed that the actual net business promotion cost for each dollar of new private share capital obtained was less than 1 cent. This is a very modest annual investment for the purpose of creating new business in comparison with prevailing ratios in many other fields.

### Larger Promotional Expenditures Anticipated in 1939

Apparently the associations themselves felt that their promotional campaigns had been productive. More than 500 of the reporting members indicated the amounts that they intend to devote to business promotion during 1939, and these estimates a[ver]age 9.2 percent above the actual amounts disbursed for these purposes in 1938. Uninsured State-chartered associations intend to spend 13.6 percent more than they did in 1938; Federal associations report a 9.6-percent increase, and insured State members estimate that their combined expenditures will be 6.7 percent greater than in 1938.

### Current Trends

From the great mass of information accumulated, two trends stand out in this preliminary analysis of salient features. The first is the increase in business promotion expenditures planned by these associations for the current year. The second is that, accompanying this expanding promotional expenditure, there is a truly noteworthy improvement in the number of associations establishing definite budgets to provide for a more scientific use of these business development funds. Taken together, the two trends seem to indicate not only an added emphasis upon public relations, but, equally important, a growing conviction that promotion expenditures must be carefully planned in advance to assure maximum productiveness. The merchandising of the services of savings and loan associations has reached the point at which a scientific technique must be developed with appropriate yardsticks to measure the results.

*     *     *     *     *

Later articles based on the 1938 Hunt for Facts will present in greater detail the topics summarized in this preliminary survey. Business development expenditures and programs will be analyzed according to size of institution. Distribution of promotional expenditures among the different advertising media will be discussed. Cooperative programs will be treated. Studies covering other phases of 1938 business promotion can be made if sufficient requests for a special analysis are received from savings and loan executives. Address recommendations and inquiries to the Editor.

## F. H. L. B. Director Announced

Due to the resignation of George A. Mortimer, the Board recently appointed Sam H. Dehnert as Class B Director of the Federal Home Loan Bank of Portland—to serve for the remainder of the year 1939. Mr. Dehnert is Secretary-Treasurer of the First Federal Savings and Loan Association of Coeur d'Alene, Idaho.

# ..ESERVE POLICIES OF SAVINGS AND LOAN ASSOCIATIONS

***Greater emphasis is placed on reserves for savings and loan associations, not only as increased protection against losses, but to assure more flexible operating policies.***

MORE adequate reserve policies for savings and loan associations have been developed during recent years. This trend has been due in part to the establishment of new minimum reserve requirements under Federal regulations and State enactments. Of equal importance, however, have been the decisions of boards of directors, conscious of their responsibilities as trustees of investors' funds; in many cases associations are building reserves substantially in excess of minimum requirements to afford added protection to investors. Management in general has not only welcomed the setting of definite reserve requirements, but has adopted a policy of building reserves larger than those required for two reasons: (1) adequate reserves are a cushion against unusual losses and contingencies; (2) substantial reserves permit management to vary interest rates, to alter dividend rates, and to meet other problems arising from changing conditions; this is possible because the larger the reserves, the larger the amount of assets in excess of the invested capital and borrowed money on which dividends and interest must be computed.

At the latest date for which complete figures are available, general reserves, undivided profits and surplus of Federal Home Loan Bank System member savings and loan associations amounted to approximately 7 percent of their total assets. Not all associations have been able to establish so large a ratio of reserves, but the following accounts, illustrative of important current trends, indicate that management is placing more and more stress upon their steady accumulation.

### Reserve Problems Due to Rapid Growth

Occasionally a rapidly growing association will find that it is expanding much faster than it is able to accumulate reserves against the additional risks. The A association is a good illustration of such a problem. It began active operation in early 1934, yet by the end of 1937 its assets amounted to $2,000,000.

### *Association A.*—Statement of condition, Dec. 31, 1937

| | |
|---|---|
| *Assets* | |
| Mortgage loans | $1, 720, 000 |
| Real estate contracts | 150, 000 |
| Real estate owned | 25, 000 |
| Investments | 30, 000 |
| Cash | 50, 000 |
| Office building, furniture and equipment | 45, 000 |
| Other assets | 10, 000 |
| | $2, 030, 000 |
| *Capital and liabilities* | |
| Share accounts | $1, 740, 000 |
| F. H. L. B. advances | 200, 000 |
| Loans in process | 30, 000 |
| Specific reserves | 20, 000 |
| General reserves | 34, 000 |
| Undivided profits | 6, 000 |
| | $2, 030, 000 |

General reserves amounted to slightly less than 1.7 percent of assets at the end of these four years of rapid expansion, although all the required minimum transfers to reserves had been made. A comparison of Association A's operating statements in 1937 and in 1938 will show how they analyzed the problem and what they did about it.

### *Association A.*—Income and expense statements

| | *1937* | *1938* |
|---|---|---|
| Gross operating income (5½ percent) | $100, 000 | $125, 000 |
| Operating expense | 40, 000 | 37, 500 |
| Net operating income | $60, 000 | $87, 500 |
| Interest on F. H. L. B. advances | 6, 000 | 9, 000 |
| Net income | $54, 000 | $78, 500 |
| Distribution: | | |
| To general reserves | $5, 000 | $14, 000 |
| Dividends (3 percent) | 46, 000 | 58, 000 |
| To undivided profits | 3, 000 | 6, 500 |
| | $54, 000 | $78, 500 |

The major problem faced by Association A was that of reducing operating expense (40 percent of gross income in 1937), to permit the building up of more adequate reserves. Analysis of the expenditure items showed that during 1937 advertising expenditure amounted to $10,000, or 10 percent of gross income—a proportion far in excess of the percentage of gross income generally expended for promotion purposes by savings and loan associations.

Association A decided to reduce its advertising program substantially. From the advertising experience gained during the preceding four years, the manager was able to determine the most productive forms of advertising in the community and to concentrate expenditures in these three or four media. He recognized that the association might not grow as rapidly on the reduced advertising budget, but found the board of directors in complete agreement with him that the accumulation of reserves over and above the minimum requirements was far more important than continued rapid growth.

Following this plan, the advertising budget in 1938 was limited to 3.5 percent of anticipated gross income, or $4,375. As a result, operating expense during 1938 was cut from 40 percent to 30 percent of gross income, in spite of the fact that the savings on advertising expenditure (over $5,500) were partly offset by increased operating expense involved in handling the larger volume of business during 1938.

The balance sheet at the end of 1938, after one year's trial of the new policy, presents a satisfactory trend picture: a net growth in assets of $600,000 during the year, and a 50-percent increase in the general reserves and undivided profits of the association, which were augmented by the addition of

### *Association A.*—Statement of condition, Dec. 31, 1938

| | |
|---|---|
| *Assets* | |
| Mortgage loans | $2, 241, 000 |
| Real estate contracts | 200, 000 |
| Real estate owned | 15, 000 |
| Investments | 35, 000 |
| Cash | 80, 000 |
| Office building, furniture and equipment | 40, 000 |
| Other assets | 25, 500 |
| | $2, 636, 500 |
| *Capital and liabilities* | |
| Share accounts | $2, 150, 000 |
| F. H. L. B. advances | 350, 000 |
| Loans in process | 46, 000 |
| Specific reserves | 30, 000 |
| General reserves | 48, 000 |
| Undivided profits | 12, 500 |
| | $2, 636, 500 |

$20,500 during the year, and amounted to 2.3 percent of assets. (The increase of $10,000 in the specific reserves was due largely to the increase in the reserve for uncollected interest, which represents all uncollected interest.)

### Specific Reserves Distinguished From General Reserves

The growing use of more understandable balance sheets reflects the increasingly general agreement that the financial statement of an association can be a very important factor in its relations with the public. The tendency today is to distinguish clearly between specific and general reserves, since their consolidation tends to conceal the identity or type of losses the reserves are intended to cover. An example of this would be Association B, in which the general reserves are apparently ample—10 percent of share capital. No further additions to reserves would be required by Federal regulations or by most State statutes. The balance sheet presents this picture:

| | |
|---|---|
| *Assets* | |
| Mortgage loans | $600, 000 |
| Real estate contracts | 100, 000 |
| Real estate | 200, 000 |
| Investments | 20, 000 |
| Cash | 60, 000 |
| Furniture and fixtures | 15, 000 |
| Other assets | 55, 000 |
| | $1, 050, 000 |
| *Capital and liabilities* | |
| Share accounts | $863, 000 |
| F. H. L. B. advances | 65, 000 |
| Loans in process | 10, 000 |
| Specific reserves | 2, 000 |
| General reserves | 90, 000 |
| Undivided profits | 20, 000 |
| | $1, 050, 000 |

Appraisal of the real estate owned by the association, however, indicates an aggregate book value $30,000 in excess of the total appraised values. An investor would have a more informative picture of this particular asset item if $30,000 were deducted from general reserves and set up as a clearly indicated specific reserve against the depreciation of the real estate. It would then be evident that the true reserve against unknown losses is $60,000—or 7 percent of share capital, and that annual additions to general reserves are still necessarily dictated by sound business judgment.

Distinctions can be clearly drawn between specific and general reserves in a financial statement to re^ ^t the basis upon which reserves are determined and what they are intended to cover. Provided that the total amount is the same, the actual protection to the shareholder is precisely the same whether specific reserves are earmarked or merged into a lump sum, but an investor can scarcely judge the wisdom or soundness of the reserve policy unless he is certain that all assets are stated at their realizable value, insofar as this is known.

### Reserves and Flexible Management Policies

Even a small association can make its modification in reserve policy a pivotal point for improvement of the general operating conditions, permitting more flexible management policies. Association C is an example. In 1936, this comparatively new association was charging a relatively high rate of interest, and operating at a high expense ratio. Reserves amounted to $6,000, only 1½ percent of share capital, in spite of the fact that all minimum requirements had been met.

### *Association* C.—Statement of condition, Dec. 31, 1936

| | |
|---|---|
| *Assets* | |
| Mortgage loans | $450, 000 |
| Real estate contracts | 50, 000 |
| Investments | 10, 000 |
| Cash | 28, 000 |
| Furniture and fixtures | 10, 000 |
| Other assets | 55, 000 |
| | $603, 000 |
| *Capital and liabilities* | |
| Share accounts | $565, 000 |
| F. H. L. B. advances | 25, 000 |
| Loans in process | 5, 000 |
| Specific reserves | 1, 000 |
| General reserves | 6, 000 |
| Undivided profits | 1, 000 |
| | $603, 000 |

This association had over $500,000 in earning assets which produced a gross operating income of $35,000. Operating expenses, however, amounted to $14,000, leaving net operating income of only $21,000 in 1936.

| | |
|---|---|
| Gross operating income (7 percent) | $35, 000 |
| Operating expenses | 14, 000 |
| Net operating income | $21, 000 |
| Interest on F. H. L. B. advances | 750 |
| Net income | $20, 250 |

Dividends were paid at the rate of 3 percent ($17,000), which left $2,250 to carry to reserves, covering the minimum requirements, and $1,000 for undivided profits in 1936.

It was about this time that Association C began to feel the effect of the downward trend of home-mortgage interest rates. It was evident that the association would have to lower its interest rates in order to continue to secure the best loans in its area.

The manager can show how a sounder reserve policy was established under these conditions: "I realized that the first thing we must do was to cut our operating expense, which included an item of $9,000 for compensation. The position was placed squarely before the officers and employees: We needed to retrench in every possible way in order to lower our interest rates and at the same time to build up a more satisfactory reserve position. Here is what we did. We adopted a budget and reduced salaries from $9,000 to $7,500 and held our normal operating expenses in 1937 and in 1938 to about the same level as in 1936. At the same time, by aggressive personal efforts, we were able to build up our volume of mortgage loans.

"At the end of 1938, our balance sheet shows an institution which has increased $200,000 in size in two years, with earning assets amounting to $700,000. All of our new mortgage loans are made at rates of 5½ percent or less, and our average return on mortgage loans is a flat 6 percent today.

"At the end of 1938 here is the way our income and expense statement looks:

| | |
|---|---|
| Gross operating income (6 percent on $700,000) | $42, 000 |
| Gross operating expense | 12, 500 |
| Net operating income | $29, 500 |
| Interest on F.H.L.B. advances | 1, 000 |
| Net income | $28, 500 |

"We have maintained our dividend rate at 3 percent and declared dividends in the amount of $21,600 on December 31, 1938. This left us a total of $6,900 to transfer to reserves and undivided profits, which is more than twice as much as we were able to transfer at the end of 1936.

"As a result of these changes our association is able to meet the lending competition in our territory on its own terms with a variable interest rate which goes down as low as 5 percent on the best risks. There is less risk in our loan portfolio, and in addition we now have $19,900 in our general reserves and undivided profits account, as compared with $7,000 two years ago. Our general reserves and undivided profits are now equivalent to almost 2½ percent of

*(Continued on p. 247)*

# DOES HOME OWNERSHIP PAY?

***Yes—is the conclusion one reaches in studying the report of 25,802 nonrelief Chicago families. The first published report by the U. S. Department of Labor[1] of its urban consumer purchases series reveals the economic characteristics of owners and renters.***

■ GIVEN two families with the same monetary income and the same living standards, if one group owns their home and the other rents, it is quite likely that the owning family will have more money left for other purchases after they have paid the operating expenses of their home than will the renting family after the rent has been paid.[2] This difference between owning a home and renting the same piece of property in the city of Chicago has been estimated to average $224 a year or almost $19 per month.

Although this additional income is not in the form of money, it must be added to the monetary income of an owning family to provide a comparable basis for studying consumer purchases by both owning and renting families. How great the income from owning will be depends upon the living standards of the individuals, and whether or not the home is mortgaged. However, even the lowest income group (under $1,000) added $150 a year or $12.50 a month to their income by owning rather than renting.

The average rental value of mortgage-free homes of nonrelief native white families in the city of Chicago was $466, from which it was necessary to subtract estimated annual expenses of $120. This left a sum of $346 a year, or almost $29 per month for the average home-owning family whose residential property was free from debt.

If there was a mortgage on the homestead, as there was on two-thirds of the dwellings, the additional factor of interest was equal to 37 percent of the rental value. The interest charges on mortgaged homes averaged $171 and when other expenses of $116 had been deducted from the average rental value of mortgaged property ($458), there remained an imputed income of $169 or more than $14 monthly for those home owners.

[1] "Family Incomes in Chicago, 1935-1936", U. S. Department of Labor, study of consumer purchases: urban series.

[2] Operating expenses include taxes, interest, insurance, and repairs, but do not include depreciation, or neighborhood deterioration. Tenant rental statistics are affected to a degree by variations in the amount of services which are included in payment of rent.

The net amount of imputed income derived through home ownership increased consistently as the income of the families rose indicating a higher standard of living in the upper income brackets. The addition of this income to the monetary earnings of an owning family was believed to have been of sufficient value in most cases to advance that family at least one notch on the income scale. This partly accounts for the fact that the median family income among native white home owners was $340 higher than for renters.

A second reason which supports the position of the home owner is found in the rental statistics of this study. At any given income level, it appears that an owner is provided with a higher standard of housing facilities than is a renter. With only minor exceptions, the average rental value of property owned exceeded the rent paid by tenants in every earnings bracket up to $1,750 (Table 1). Note that the estimated rental value of the home of a wage-earning owner in the $1,000–$1,249 income group and the rent of a wage-earning tenant in the $1,500–

***Table 1.*—Comparison of monthly rent paid by tenants and estimated rental value of owned homes among Chicago families in a given income class**

| Income class | Wage earner | | Clerical | | Business and professional | |
|---|---|---|---|---|---|---|
| | Renter | Owner | Renter | Owner | Renter | Owner |
| Total | $27.60 | $33.00 | $36.60 | $39.80 | $46.30 | $48.40 |
| Under $500 | 20.60 | 24.30 | 30.00 | 27.10 | 28.90 | 26.50 |
| $500–$749 | 20.60 | 25.20 | 25.90 | 30.10 | 27.10 | 32.00 |
| $750–$999 | 20.60 | 27.40 | 25.60 | 28.10 | 29.20 | 32.10 |
| $1,000–$1,249 | 23.20 | 28.60 | 28.20 | 30.60 | 32.40 | 31.80 |
| $1,250–$1,499 | 25.90 | 30.00 | 30.50 | 34.60 | 33.00 | 34.80 |
| $1,500–$1,749 | 28.40 | 30.90 | 32.40 | 33.80 | 35.60 | 39.30 |
| $1,750–$1,999 | 31.00 | 31.70 | 36.30 | 35.90 | 37.90 | 39.60 |
| $2,000–$2,499 | 34.40 | 34.50 | 39.10 | 37.50 | 43.30 | 42.70 |
| $2,500–$2,999 | 37.10 | 37.90 | 43.30 | 41.60 | 45.60 | 45.00 |
| $3,000–$4,999 | 41.00 | 39.20 | 50.90 | 48.00 | 55.60 | 51.30 |
| $5,000 and over | 62.60 | 46.90 | 66.30 | 61.20 | 82.10 | 77.50 |

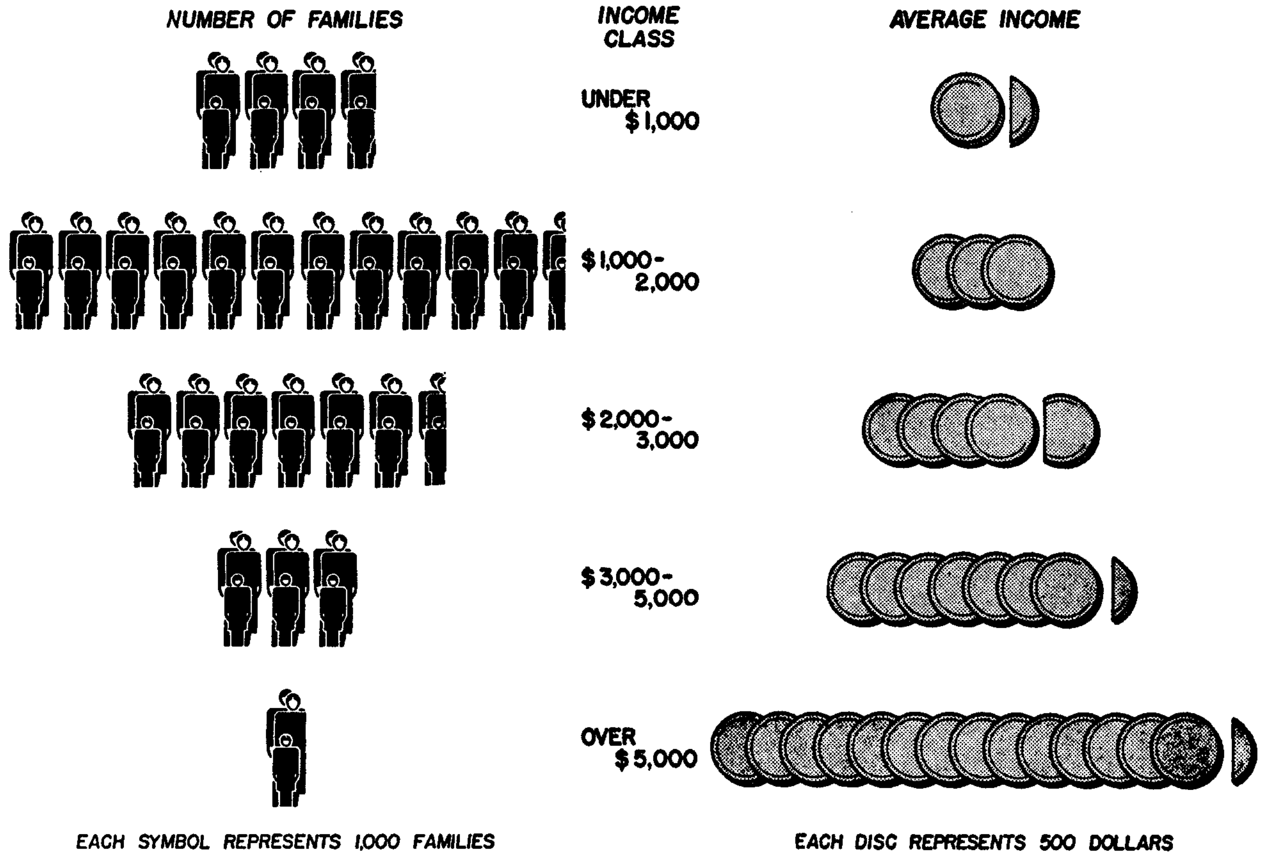
$1,749 class are almost identical—this in spite of a difference of $500 in annual incomes. Bearing in mind that the "nonmoney" income has already advanced the average home owner one earnings bracket, it is evident that the advantage of better living accommodations applies to home owners in virtually all income and occupational classifications.

### A Guide to the Housing Market

This new economic study was designed "to throw light on the patterns of consumption prevailing among families of different income levels, occupations, and family types." Included in its material is the relationship of family incomes to home ownership, a field in which the collection of data had hitherto been inadequate. This information offers lending institutions an excellent opportunity to study the economic characteristics of present and prospective home owners as a guide to mortgage-lending policies, and as a basis for directing effective advertising and promotional campaigns. It points the spotlight on the housing market and outlines the boundaries within which the desire for the attainment of home ownership is most likely to be realized.

Data were collected from one family out of ten of Chicago's 822,687 families as enumerated by the Civil Works Administration census of 1934. This meant an accumulation of more than 82,000 individual records on such subjects as the amount and source of income, the occupation and number of income contributors, family composition, home ownership, and biographical material such as the age, color, race, and nativity. In addition, a complete record of the family expenditures for a 12-month period was obtained for 25,802 complete (i. e., containing both husband and wife) native white nonrelief families. The material for this article is based upon the data contained in this restricted family sample.

DISTRIBUTION OF FAMILIES IN CHICAGO BY THEIR AVERAGE ANNUAL INCOME, 1935-1936
*(Complete native white non-relief families)*




Source: U.S. Department of Labor -"Family Incomes in Chicago, 1935-1936"

### Family Income

Expenditures for the average American family are necessarily determined in any given period of time by its income. In studying the market for houses an analysis of just how much a family takes in is the surest method of discovering how much it can spend for housing facilities.

The median annual income for nonrelief white families was $1,798, a figure higher than that in any of the 33 cities studied with the exception of New York City. Approximately one-seventh (14.8 percent) of the families were classed as having received incomes of less than $1,000, while an additional 44.6 percent were in the income range between $1,000 and $2,000. The chart on the preceding page shows the distribution of these 25,802 Chicago families according to income classes, together with the average income of each group.

Six out of every 10 independent native white families received less than $2,000 during the period of this survey. In the light of a suggested housing formula equal to two and a half times annual income, these family groups should not pay more than $3,000 to $5,000 for residential properties. Actually, 65 percent of the residential building permits issued in the city of Chicago between 1929 and 1935 were for structures costing between $6,000 and $10,000, including an estimated $1,000 average cost for building site. This is one more set of data added to the accumulated evidence that America has not been building homes within the economic reach of the typical American family.

### The Influence of Occupation in Family Income

The variation between the incomes of various occupations is self-evident, but the relationship of this factor to housing is not as easily discernible. In our restricted sample, we find that wage earners constitute 45.4 percent of the entire group, and that almost three-fourths of the families in this earning group received less than $2,000. The clerical group of families, next largest, contains 30.5 percent of the total. Two-thirds of this classification are located within the $1,000 to $2,500 incomes (Table 2).

By combining the independent and salaried business and professional groups into one classification, the remaining 22 percent of these nonrelief families are accounted for. (An additional 2 percent of the families were reported as having no gainfully employed members.) Two-thirds of these business and professional families are in the levels above $2,000 and more than a third are above $3,000. The median income of this group is more than half again as large as that of the median wage-earning unit.

***Table 2.*—Distribution and median income of all complete native white nonrelief families in the Chicago sample**

| Occupational group | Number of families | Percent | Median income |
|---|---|---|---|
| All occupational groups | 25, 802 | 100. 0 | $1, 798 |
| Wage earners | 11, 705 | 45. 4 | 1, 557 |
| Clerical | 7, 864 | 30. 5 | 1, 934 |
| Business and professional | 5, 714 | 22. 1 | 2, 377 |
| No gainfully employed members | 519 | 2. 0 | 225 |

### Home Ownership and Income

Having determined the relative proportion of families at various income levels, and in accordance with occupational grouping, a key to some of the problems of lending institutions and the building industry is hidden in the statistics on renting and owning among these classifications.

With the exception of the very lowest income classes, the percentage of home owners among the native white families increased with each succeeding money bracket (see chart). The surprising number of families with incomes in the lower brackets who owned homes is accounted for probably by the fact that these were made up of individuals in retirement or of families which had undertaken these dwellings in previous years under more favorable conditions.

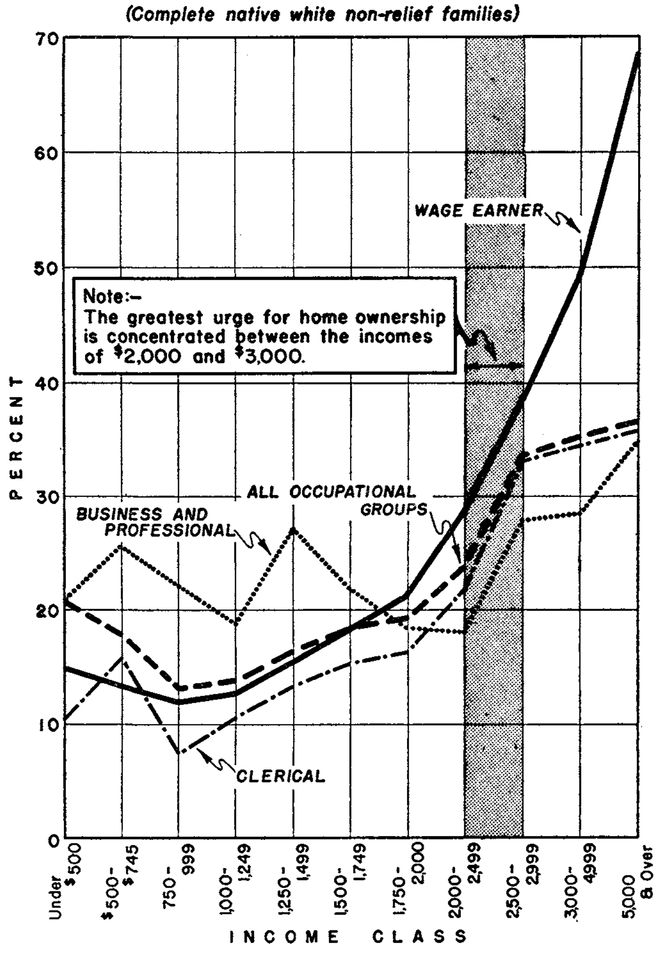
Among these nonrelief families home ownership was *least* common among those with incomes between $500 and $2,000 and yet, it was in this income grouping that more than 55 percent of the total number of families were found. Owned homes were most prevalent among the families with incomes above $5,000.

There are striking variations within the occupational grouping which merit additional analysis. In relation to the totals of each employment classification the business and professional families have a slight excess in the percentage of home owners. This occupational group showed the highest percentage of owners with incomes from zero to $1,750 and the lowest percentage in all classes above $1,750 in relation to the other vocational groups.

Wage earners are apparently more anxious to become home owners as quickly as their income will all. There is a steady increase in each succeeding income level from $750 through the top bracket. At the $2,000 level, 28.7 percent of this group are owners, as compared with 21 percent and 18 percent for the clerical and business groups. Almost half of the wage earners whose annual income was at least $3,000 were property owners, and in the maximum earnings range the ratio was increased to seven out of every 10 families. The pattern of ownership among clerical families is very similar to that of wage earners, but the extent of their participation in owning homes is not as great.

The figures of this study prove that the greater a family's income the more likely that the family will be able to realize home ownership. The dominance of ownership among the wage-earning group in all incomes above $1,750 indicates their importance in the entire field of construction and home finance.

**PERCENTAGE OF HOME OWNERS AMONG OCCUPATIONAL GROUPS AT GIVEN INCOME LEVELS**
*(Complete native white non-relief families)*




*Source: U.S. Department of Labor- "Family Incomes in Chicago, 1935-1936"*

CONCLUSION

In reviewing any statistical survey, allowance must always be made for the economic conditions which prevailed at the time of the study. Considering the fact that this survey was undertaken during 1935–1936 it is quite likely that were a similar study to be completed at the present time the balance would swing farther in the direction of home ownership. The index of housing rentals is now considerably above the levels of those years, and would thereby add to the rental value of owned properties and thus increase the nonmoney income. Secondly, there have been innumerable changes in the home-mortgage field with regard to interest rates and methods of financing. These have had the effect of reducing interest charges and again the imputed income of mortgaged properties would be increased.

These facts are significant: (1) this report confirms the fact that the greatest portion of our families are in the earnings levels under $2,000 even in a metropolis like Chicago where families had the second highest median income in the cities studied; (2) the greatest *urge* for home ownership is found in the income groups between $2,000 and $3,000, although home ownership is most prevalent among those with incomes above $5,000; (3) wage earners when provided with sufficient income prove to be the greatest home buyers; (4) home ownership offers a family in a given income group a higher standard of housing than can be afforded by renting families in the same income bracket; and (5) home ownership returns an economic addition to income sufficient to increase the total family earnings of the median family approximately 10 percent.

## Undigested Property

■ ACCORDING to the Sixth Annual Report of the Federal Home Loan Bank of New York, "An opportunity exists in many localities for prospective home owners to buy housing for less than the cost of reproduction. Rather than ignoring that fact, it would be better for the economic health of the country that this condition be frankly faced, that the general public be so informed, that institutional owners of repossessed real estate prepare their marketing plans accordingly, and that those civic, social, and economic minded citizens, who earnestly desire an acceleration in the building curve, should first lend their efforts to aid in the absorption by the public of this high volume of undigested property."

# MORTGAGE RECORDINGS DURING THE FIRST QUARTER OF 1939

■ MORE than three-quarters of a billion dollars in nonfarm mortgages were recorded during the first quarter of 1939, according to the recently developed monthly study of this field by the Division of Research and Statistics of the Federal Home Loan Bank Board. Savings and loan associations accounted for 29 percent of the total dollar volume of recordings during this period—a greater proportion than that shared by any other class of mortgagee. Among institutional lenders, savings and loan associations ranked first in relation to the total volume, followed by banks and trust companies, "other" mortgagees, insurance companies, and mutual savings banks.

This new survey of all nonfarm mortgages of $20,000 or less is the first nationwide summary of recordings by all types of lenders.[1] Now in its fourth month, the coverage of this report has been broadened considerably. Figures for the month of March were based upon statistics gathered from 491 counties, containing 49.6 percent of the total nonfarm population and located in 45 States and the District of Columbia.

The estimated total of nonfarm mortgages recorded during March is $312,465,000—an increase of 38 percent over the preceding month. While this increase is to be expected at this time of the year, comparison with closely related series indicates that the rise this spring is considerably larger than the normal February-to-March advance. Added significance lies in the widespread geographic distribution of the improvement with 40 States and the District of Columbia contributing to the March increase.

Savings and loan associations maintained their position as the most active lender by recording mortgages aggregating more than $92,000,000 during March. This accounted for 33 percent of the number and 30 percent of the dollar amount of all mortgages registered. Insurance companies, "other" mortgagees, mutual savings banks, and banks and trust companies, however, showed greater percentage gains over their February volume of business.

The per capita rate of mortgages recorded increased almost one dollar to $3.38, with the greatest gains shown in the States of California, Connecticut, Nebraska, Nevada, and the District of Columbia.

[1] For a complete description of the development of this survey, together with a discussion of its use by individual associations, see p. 202 of the April 1939 FEDERAL HOME LOAN BANK REVIEW, "Mortgage recordings—a new statistical service."

### *Table 1.*—Estimated volume of nonfarm 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 | 31. 9 | 5, 491 | 5. 3 | 21, 970 | 21. 2 | 3, 601 | 3. 5 | 25, 927 | 25. 1 | 13, 424 | 13. 0 | 103, 347 | 100. 0 |
| 1939 | | | | | | | | | | | | | | |
| January | 27, 283 | 30. 1 | 4, 866 | 5. 4 | 20, 003 | 22. 1 | 2, 143 | 2. 4 | 24, 974 | 27. 6 | 11, 286 | 12. 4 | 90, 555 | 100. 0 |
| February | 27, 666 | 32. 5 | 3, 688 | 4. 3 | 19, 138 | 22. 5 | 2, 059 | 2. 4 | 22, 903 | 26. 9 | 9, 706 | 11. 4 | 85, 160 | 100. 0 |
| March | 36, 008 | 32. 8 | 5, 547 | 5. 1 | 23, 764 | 21. 6 | 2, 895 | 2. 6 | 28, 729 | 26. 1 | 12, 930 | 11. 8 | 109, 873 | 100. 0 |
| Amount: | | | | | | | | | | | | | | |
| December 1938 | $80,838 | 29. 0 | $27,217 | 9. 8 | $71,061 | 25. 5 | $10,838 | 3. 9 | $48,582 | 17. 5 | $39,786 | 14. 3 | $278, 322 | 100. 0 |
| 1939 | | | | | | | | | | | | | | |
| January | 66, 114 | 27. 1 | 22, 704 | 9. 3 | 62, 697 | 25. 7 | 7, 525 | 3. 1 | 49, 032 | 20. 1 | 35, 943 | 14. 7 | 244, 015 | 100. 0 |
| February | 68, 840 | 30. 3 | 19, 278 | 8. 5 | 57, 843 | 25. 5 | 7, 031 | 3. 1 | 42, 528 | 18. 7 | 31, 471 | 13. 9 | 226, 991 | 100. 0 |
| March | 92, 337 | 29. 5 | 28, 316 | 9. 1 | 79, 920 | 25. 6 | 9, 822 | 3. 1 | 57, 036 | 18. 3 | 45, 034 | 14. 4 | 312, 465 | 100. 0 |

## Table 2.—Summary of estimated nonfarm mortgage recordings[1] under $20,000, during March 1939

(Amounts shown are in thousands of dollars)

| Federal Home Loan Bank Districts and States | Savings & Loan Associations | | Insurance Companies | | Banks And Trust Companies | | Mutual Savings Banks | | Individuals | | Other Mortgagees | | Total | | Amount per capita (nonfarm) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number | Amount | Number | Amount | Number | Amount | Number | Amount | Number | Amount | Number | Amount | Number | Amount | |
| United States | 36,008 | $92,337 | 5,547 | $28,316 | 23,764 | $79,920 | 2,895 | $9,822 | 28,729 | $57,036 | 12,930 | $45,034 | 109,873 | $312,465 | $ 3.38 |
| No. 1--Boston | 2,166 | 6,325 | 70 | 583 | 819 | 2,764 | 1,453 | 4,496 | 2,081 | 4,648 | 404 | 1,393 | 6,993 | 20,209 | |
| Connecticut | 190 | 636 | 68 | 573 | 307 | 1,344 | 344 | 1,110 | 508 | 1,228 | 257 | 928 | 1,674 | 5,819 | 3.83 |
| Maine | 277 | 721 | ------ | ------ | 151 | 265 | 260 | 413 | [2]323 | [2]381 | ------ | ------ | 1,011 | 1,780 | 2.84 |
| Massachusetts | 1,317 | 3,951 | ------ | ------ | 227 | 850 | 620 | 2,189 | [2]1,050 | [2]2,591 | ------ | ------ | 3,214 | 9,581 | 2.32 |
| New Hampshire | 162 | 425 | ------ | ------ | ------ | ------ | 173 | 606 | 68 | 82 | 5 | 1 | 408 | 1,114 | 2.77 |
| Rhode Island | 113 | 404 | 2 | 10 | 60 | 224 | 56 | 178 | 99 | 239 | 126 | 416 | 456 | 1,471 | 2.19 |
| Vermont | 107 | 188 | ------ | ------ | 74 | 81 | ------ | ------ | 33 | 127 | 16 | 48 | 230 | 444 | 1.80 |
| No. 2--New York | 2,530 | 7,800 | 455 | 2,864 | 2,338 | 9,672 | 1,032 | 4,055 | 3,241 | 7,676 | 1,378 | 5,413 | 10,974 | 37,480 | |
| New Jersey | 1,010 | 3,110 | 180 | 1,070 | 1,087 | 4,521 | 31 | 116 | 1,232 | 3,368 | 609 | 2,153 | 4,149 | 14,338 | 3.67 |
| New York | 1,520 | 4,690 | 275 | 1,794 | 1,251 | 5,151 | 1,001 | 3,939 | 2,009 | 4,308 | 769 | 3,260 | 6,825 | 23,142 | 1.95 |
| No. 3--Pittsburgh | 2,340 | 6,143 | 250 | 1,493 | 1,756 | 6,459 | 33 | 71 | 1,639 | 3,664 | 1,063 | 4,009 | 7,081 | 21,839 | |
| Delaware | 55 | 142 | 7 | 37 | 32 | 122 | 1 | 6 | 38 | 92 | 20 | 78 | 153 | 477 | 2.49 |
| Pennsylvania | 1,730 | 4,666 | 230 | 1,394 | 1,370 | 5,385 | 10 | 33 | 1,346 | 3,272 | 953 | 3,721 | 5,639 | 18,471 | 2.11 |
| West Virginia | 555 | 1,335 | 13 | 62 | 354 | 952 | 22 | 32 | 255 | 300 | 90 | 210 | 1,289 | 2,891 | 2.26 |
| No. 4--Winston-Salem | 5,663 | 13,793 | 1,181 | 5,083 | 1,868 | 4,990 | 60 | 274 | 4,205 | 8,011 | 2,050 | 6,007 | 15,027 | 38,158 | |
| Alabama | 239 | 319 | 113 | 467 | 188 | 365 | ------ | ------ | 459 | 534 | 350 | 876 | 1,349 | 2,561 | 1.96 |
| District of Columbia | 475 | 2,320 | 87 | 500 | 73 | 453 | ------ | ------ | 312 | 968 | 329 | 1,570 | 1,276 | 5,811 | 11.95 |
| Florida | 389 | 1,375 | 280 | 1,064 | 325 | 736 | ------ | ------ | 461 | 1,052 | 826 | 1,960 | 2,281 | 6,187 | 5.20 |
| Georgia | 550 | 1,247 | 229 | 1,018 | 304 | 747 | ------ | ------ | 295 | 507 | 115 | 226 | 1,493 | 3,745 | 2.51 |
| Maryland | 1,104 | 2,531 | 41 | 323 | 213 | 918 | 60 | 274 | 336 | 904 | 159 | 568 | 1,913 | 5,518 | 3.96 |
| North Carolina | 2,000 | 3,415 | 66 | 279 | 50 | 57 | ------ | ------ | 612 | 839 | 165 | 643 | 2,893 | 5,233 | 3.33 |
| South Carolina | 356 | 800 | 75 | 384 | 165 | 330 | ------ | ------ | 473 | 440 | 55 | 79 | 1,124 | 2,033 | 2.47 |
| Virginia | 550 | 1,786 | 290 | 1,048 | 550 | 1,384 | ------ | ------ | 1,257 | 2,767 | 51 | 85 | 2,698 | 7,070 | 4.81 |
| No. 5--Cincinnati | 5,717 | 15,522 | 481 | 2,558 | 2,246 | 7,372 | 48 | 174 | 1,777 | 3,291 | 1,217 | 3,928 | 11,486 | 32,845 | |
| Kentucky | 1,057 | 2,592 | 60 | 271 | 351 | 810 | ------ | ------ | 158 | 200 | 91 | 259 | 1,717 | 4,132 | 2.87 |
| Ohio | 4,245 | 12,295 | 323 | 1,892 | 1,498 | 5,769 | 48 | 174 | 1,096 | 2,068 | 808 | 2,997 | 8,018 | 25,195 | 4.47 |
| Tennessee | 415 | 635 | 98 | 395 | 397 | 793 | ------ | ------ | 523 | 1,023 | 318 | 672 | 1,751 | 3,518 | 2.51 |
| No. 6--Indianapolis | 2,320 | 4,528 | 416 | 2,129 | 2,072 | 6,157 | 72 | 134 | 1,014 | 1,730 | 764 | 2,811 | 6,658 | 17,489 | |
| Indiana | 1,659 | 2,855 | 160 | 789 | 681 | 1,580 | 72 | 134 | 473 | 657 | 263 | 551 | 3,308 | 6,566 | 2.71 |
| Michigan | 661 | 1,673 | 256 | 1,340 | 1,391 | 4,577 | ------ | ------ | 541 | 1,073 | 501 | 2,260 | 3,350 | 10,923 | 2.69 |
| No. 7--Chicago | 2,158 | 5,980 | 304 | 1,723 | 1,313 | 4,948 | 13 | 27 | 1,582 | 3,623 | 1,238 | 6,039 | 6,608 | 22,340 | |
| Illinois | 1,579 | 4,415 | 226 | 1,346 | 917 | 3,701 | ------ | ------ | 779 | 2,139 | 1,075 | 5,256 | 4,576 | 16,857 | 2.54 |
| Wisconsin | 579 | 1,565 | 78 | 377 | 396 | 1,247 | 13 | 27 | 803 | 1,484 | 163 | 783 | 2,032 | 5,483 | 2.66 |
| No. 8--Des Moines | 2,555 | 5,936 | 496 | 2,139 | 1,384 | 2,829 | 51 | 100 | 2,084 | 3,864 | 789 | 2,395 | 7,359 | 17,263 | |
| Iowa | 615 | 1,210 | 45 | 157 | 567 | 1,188 | ------ | ------ | 428 | 667 | 73 | 144 | 1,728 | 3,366 | 2.25 |
| Minnesota | 892 | 2,534 | 336 | 1,398 | 260 | 563 | 51 | 100 | 498 | 958 | 117 | 374 | 2,154 | 5,927 | 3.55 |
| Missouri | 839 | 1,829 | 109 | 577 | 493 | 972 | ------ | ------ | 1,016 | 2,070 | 571 | 1,846 | 3,028 | 7,294 | 2.90 |
| North Dakota | 99 | 234 | ------ | ------ | 31 | 43 | ------ | ------ | 54 | 57 | 17 | 14 | 201 | 348 | 1.23 |
| South Dakota | 110 | 129 | 6 | 7 | 33 | 63 | ------ | ------ | 88 | 112 | 11 | 17 | 248 | 328 | 1.08 |
| No. 9--Little Rock | 2,885 | 7,616 | 655 | 3,417 | 827 | 2,414 | ------ | ------ | 2,200 | 4,389 | 1,767 | 5,932 | 8,334 | 23,768 | |
| Arkansas | 285 | 554 | 30 | 136 | 218 | 419 | ------ | ------ | 202 | 299 | 100 | 168 | 835 | 1,576 | 2.14 |
| Louisiana | 846 | 2,691 | 26 | 215 | 21 | 59 | ------ | ------ | 272 | 756 | 140 | 679 | 1,305 | 4,400 | 3.46 |
| Mississippi | 232 | 576 | 51 | 244 | 93 | 189 | ------ | ------ | 171 | 291 | 207 | 512 | 754 | 1,812 | 2.80 |
| New Mexico | 102 | 164 | ------ | ------ | 41 | 77 | ------ | ------ | 254 | 287 | 10 | 1 | 407 | 529 | 2.00 |
| Texas | 1,420 | 3,631 | 548 | 2,822 | 454 | 1,670 | ------ | ------ | 1,301 | 2,756 | 1,310 | 4,572 | 5,033 | 15,451 | 4.45 |
| No. 10--Topeka | 2,666 | 5,852 | 349 | 1,549 | 826 | 1,894 | ------ | ------ | 1,645 | 2,647 | 1,019 | 2,845 | 6,505 | 14,787 | |
| Colorado | 313 | 798 | 28 | 286 | 125 | 352 | ------ | ------ | 607 | 1,166 | 275 | 813 | 1,348 | 3,415 | 4.54 |
| Kansas | 679 | 1,320 | 105 | 424 | 278 | 573 | ------ | ------ | 255 | 310 | 230 | 694 | 1,547 | 3,321 | 2.83 |
| Nebraska | 583 | 1,359 | 153 | 528 | 92 | 268 | ------ | ------ | 189 | 302 | ------ | ------ | 1,017 | 2,457 | 3.10 |
| Oklahoma | 1,091 | 2,375 | 63 | 311 | 331 | 701 | ------ | ------ | 594 | 869 | 514 | 1,338 | 2,593 | 5,594 | 4.08 |
| No. 11--Portland | 1,721 | 3,679 | 414 | 1,591 | 1,336 | 3,076 | 133 | 491 | 1,174 | 1,766 | 387 | 1,014 | 5,165 | 11,617 | |
| Idaho | 313 | 487 | 13 | 32 | 138 | 307 | ------ | ------ | 200 | 270 | 12 | 20 | 676 | 1,116 | 4.35 |
| Montana | 152 | 470 | 94 | 426 | 116 | 230 | ------ | ------ | 130 | 195 | 36 | 125 | 528 | 1,446 | 4.34 |
| Oregon | 354 | 750 | 74 | 313 | 108 | 352 | 13 | 52 | 303 | 418 | 127 | 440 | 979 | 2,325 | 3.18 |
| Utah | 113 | 287 | 19 | 72 | 300 | 821 | ------ | ------ | 75 | 107 | 68 | 114 | 575 | 1,401 | 3.57 |
| Washington | 707 | 1,423 | 212 | 742 | 620 | 1,221 | 120 | 439 | 392 | 629 | 115 | 243 | 2,166 | 4,697 | 3.73 |
| Wyoming | 82 | 262 | 2 | 6 | 54 | 145 | ------ | ------ | 74 | 147 | 29 | 72 | 241 | 632 | 4.15 |
| No. 12--Los Angeles | 3,287 | 9,163 | 476 | 3,187 | 6,979 | 27,345 | ------ | ------ | 6,087 | 11,727 | 854 | 3,248 | 17,683 | 54,670 | |
| Arizona | 195 | 528 | 9 | 21 | 239 | 846 | ------ | ------ | 165 | 259 | 44 | 95 | 652 | 1,749 | 5.20 |
| California | 3,051 | 8,529 | 462 | 3,147 | 6,664 | 26,259 | ------ | ------ | 5,870 | 11,378 | 799 | 3,128 | 16,846 | 52,441 | 10.37 |
| Nevada | 41 | 106 | 5 | 19 | 76 | 240 | ------ | ------ | 52 | 90 | 11 | 25 | 185 | 480 | 6.43 |

[1] Based upon county reports submitted through the cooperation of savings and loan associations, the U. S. Building and Loan League, the Mortgage Bankers Association, and the American Title Association.

[2] Includes Insurance Companies and Other Mortgagees.

# SUMMARY OF RESIDENTIAL CONSTRUCTION AND HOME-FINANCING ACTIVITY

*I. First quarter mortgage lending by savings and loan associations, showing improvement in all 12 Bank Districts, increased 14 percent over 1938.*

*A. Total mortgage recordings for first quarter of 1939: $783,000,000. $227,000,000 (29 percent—the largest single share) recorded by savings and loan associations.*

*B. New construction and home-purchase loans by savings and loan associations during first quarter: 61 percent of total savings and loan lending in 1939; 57 percent in 1938.*

*II. Seasonally adjusted index of residential construction declined during March for the first time in 1939, due to absence of expanding building volume.*

*A. All Bank Districts except New York reported greater volume of residential building permits for first quarter of 1939, compared with same period in 1938.*

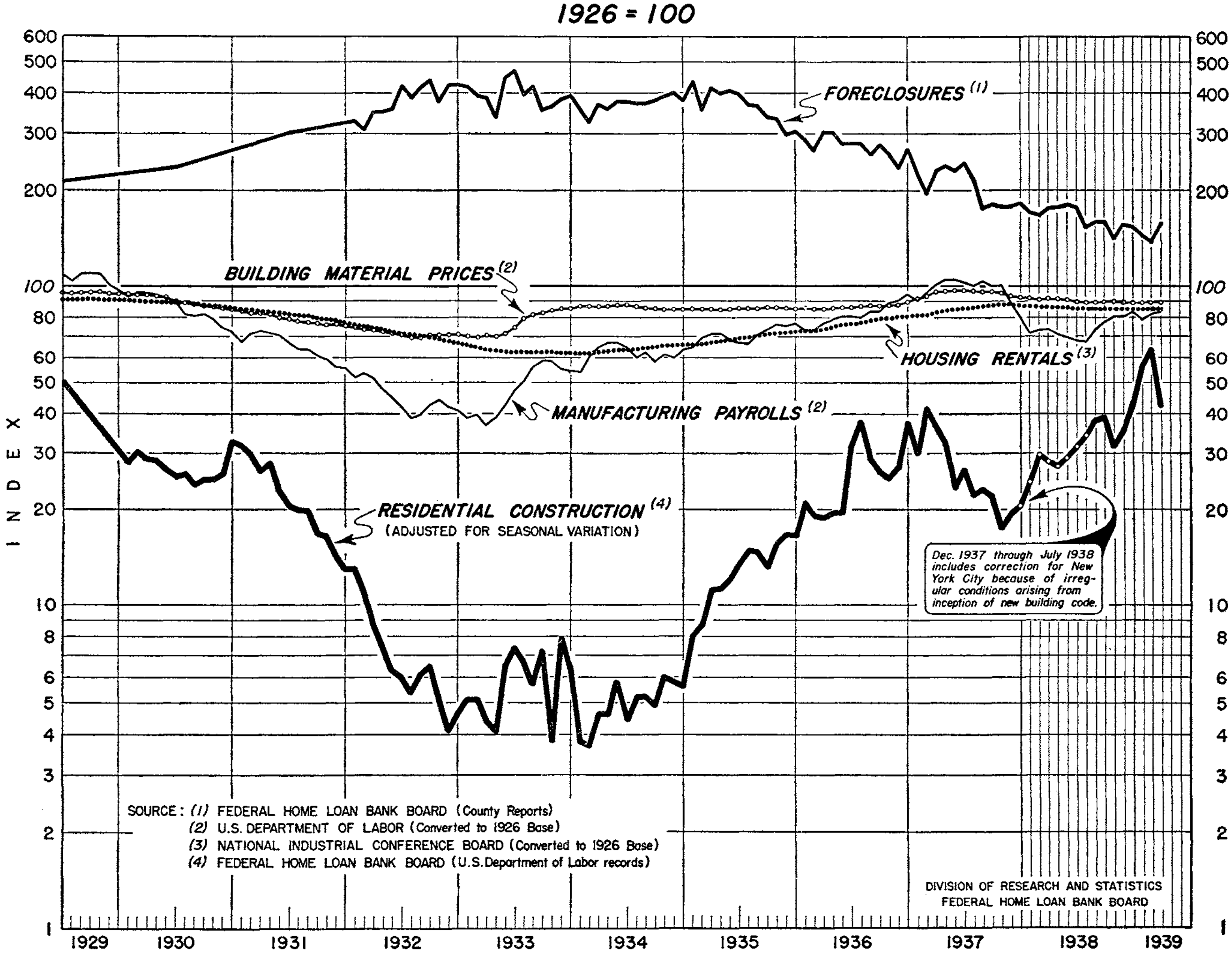
*III. March trends in building costs: wholesale prices of building materials gently upward. Retail prices of building materials unchanged from February. Labor costs rise fractionally for second successive month.*

*IV. Foreclosures evidence a purely seasonal rise from February to March. Comparisons for the first quarter show foreclosures 13 percent below 1938 and 63 percent below 1933.*

*V. The normal seasonal expansion in industrial production was still not evident in March and early April as business activity continued at about the level of February.*

*VI. Interest rates: average yield on long-term Treasury bonds continues to decline, reaching new record low levels below 2.3 percent in April.*

RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS
*1926 = 100*



## RESIDENTIAL CONSTRUCTION and HOME-FINANCING ACTIVITY

WHOLESALE building material prices in March continued the gentle upward trend registered during the three preceding months. Paint and paint material prices led the February-to-March rise. As compared with the same month of last year, March wholesale material prices were down 2 percent.

Dealers' prices for home-building materials have not as yet reflected the recent rises shown in the wholesale series. For several months now the price index for materials used in constructing a standard house has remained practically unchanged, after a steady decline which had continued for over a year.

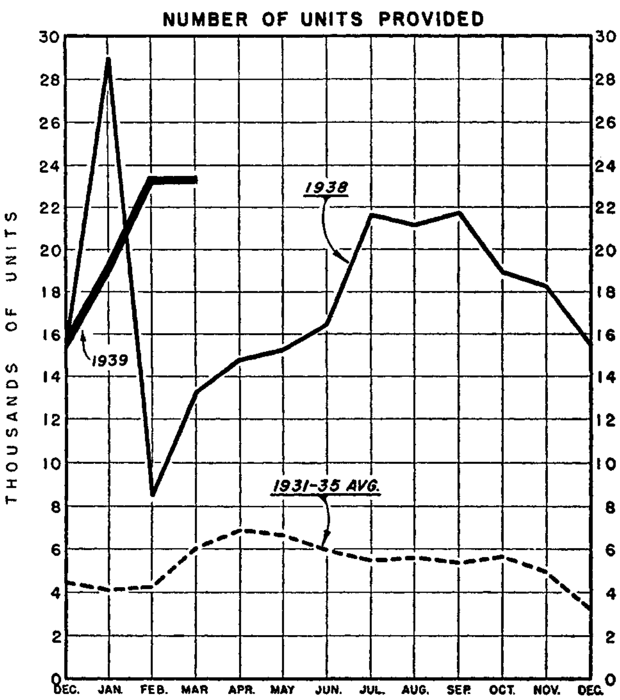
Construction labor costs have risen fractionally for two successive months, again continuing the movement toward higher levels which had been checked at the turn of the year.

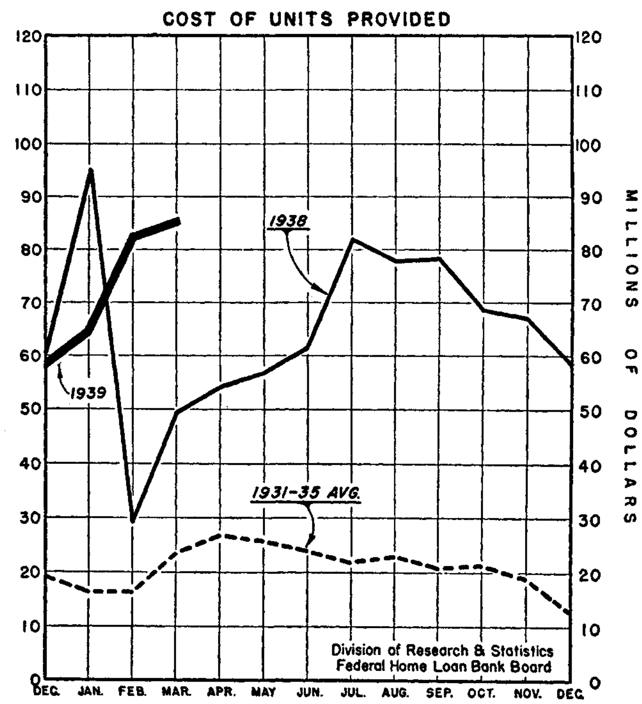
Residential construction volume, which rose rapidly in 1938, expanded very little in March of this year, due principally to a slackening of government low-cost housing activity in New York City. However, other sections of the country responded to favorable seasonal influences so that total residential construction for the United States remained practically unchanged from February. As the normal increase between February and March is better than 50 percent, the seasonally corrected index of residential building for March of this year receded 34 percent from February. March residential construction was one and one-half times the volume of March 1938.

A year ago the 1937–1938 recession was close to the bottom: industrial output currently stands about one-fourth above that level. Business activity in general, however, continues to reflect the absence of the usual seasonal expansion. The Federal Reserve index of industrial production, adjusted for seasonal variation, remained unchanged in March at the February level of 91 (1926=100). During the first three weeks of April, industrial output on a seasonally corrected basis was lower than in March, being affected by the reduced volume of bituminous coal production and the decline in steel ingot output. National income payments have declined slightly on a seasonally adjusted basis. One favor-

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)



able sign was the further substantial advance, resulting mainly from larger domestic bookings, recorded in machine-tool orders during March—a continuation of the better volumes in evidence since last fall.

During the past two months, the average yield of long-term Treasury bonds declined from 2.40 percent to new record low levels below 2.30 percent, indicating that the decline in long-term interest rates has by no means come to a halt.

All types of lenders (savings and loan associations, insurance companies, banks and trust companies, mutual savings banks, individuals, and others) reported a greater volume of mortgage recordings in March than in the preceding month. Savings and loan associations recorded $227,000,000 in mortgages during the first quarter of 1939, or 36 percent of the business done by all *institutional* lenders.

[1926=100]

| Type of index | Mar. 1939 | Feb. 1939 | Percent change | Mar. 1938 | Percent change |
|---|---|---|---|---|---|
| Residential construction [1] | 42.3 | 63.9 | −33.8 | 28.2 | +50.0 |
| Foreclosures (metro. cities) | 157.0 | 138.0 | +13.8 | 176.0 | −10.8 |
| Rental index (N. I. C. B.) | 85.0 | 85.0 | 0.0 | 86.4 | −1.6 |
| Building material prices | 89.8 | 89.6 | +0.2 | 91.5 | −1.9 |
| Manufacturing employment | 89.8 | 89.2 | +0.7 | 86.3 | +4.1 |
| Manufacturing pay rolls | 83.3 | 81.9 | +1.7 | 74.0 | +12.6 |
| Average wage per employee | 92.8 | 91.8 | +1.1 | 85.7 | +8.3 |

[1] Corrected for normal seasonal variation.

Savings and loan associations of all classes and in all sections of the country shared in the spring rise in mortgage-lending activity evidenced in March. Construction and home-purchase loans in the first quarter of this year accounted for 61 percent of all loans by savings and loan associations; during the corresponding period of last year only 57 percent was loaned for these purposes.

## Residential Construction

■ THE total number of residential dwelling units placed under construction in March was practically unchanged from February. Reference to Table 1 on page 248 reveals that while each of the three groups—1-family, 2-family, and joint home and business—each showed sizeable increases, the volume of multifamily units receded by nearly 6,000 units. This decline in apartment house construction is due entirely to the sharp decline of 7,500 units in New York City where unusual activity was registered for February in government financed low-cost housing projects.

Since there is normally a rise of over 50 percent in total construction for the United States as a whole between February and March, the fact that totals for these months of this year remained constant does not on the surface appear encouraging. Even after subtracting the number of government financed housing units from the totals, a rise of only 34 percent is indicated. However, since March is the first month this year in which a decline in the seasonally corrected index is registered, no conclusions as to the significance of this movement can be drawn at this time.

New York is the only one of the 12 Federal Home Loan Bank Districts to show a decline (10 percent) from the first quarter of last year to the same 1939 period in the total volume of residential building permits issued. Four of the 11 remaining Districts more than doubled their activity during the first three months of this year as compared with last. Quarterly totals for 1-family dwellings indicate a rise of over 50 percent from 1938 to 1939, while data for multifamily units show a rise of about 15 percent. The inception of a new building code in the opening months of 1938 caused a rush of permit applicants for apartment structures; otherwise the percentage increase for this type of structure would probably be much greater than the 15 percent registered.

The chart on page 251 portrays the rate of residential building expressed in terms of the number of units per 100,000 population for each of the Federal Home Loan Bank Districts. Insofar as possible, this represents only privately financed construction for 1938 and 1939 compared with the low levels established in the 1931–1935 period. The Los Angeles District, which usually shows a higher rate than any other District, again increased in March—bringing its rate to a new post-depression high level of 97 units per 100,000 population in that month. The Winston-Salem and Little Rock Districts were the only other areas to show rates of over 40 units.

## Small-House Building Costs

[*Table 3*]

■ PRICES for materials used in constructing a standard 6-room frame house remained unchanged in March at a level 3 percent above the 1936 average; declines during the past year have brought this index of dealers' prices 3 percent below the March 1938 level.

Labor costs in the home-building trades showed a fractional rise from February, and stood in March

### Construction costs for the standard house

[1936=100]

| Element of cost | Mar. 1939 | Feb. 1939 | Percent change | Mar. 1938 | Percent change |
|---|---|---|---|---|---|
| Material | 103.0 | 103.0 | 0.0 | 105.7 | −2.6 |
| Labor | 112.4 | 112.2 | +0.2 | 111.4 | +0.9 |
| Total | 106.1 | 106.0 | +0.1 | 107.6 | −1.4 |

more than 12 percent higher than the average 1936 month and 1 percent above March of last year.

Those cities reporting cost data for both April and January of this year indicated mixed trends, but with a tendency to rise on the average (Table 3, page 250). Of the 25 cities in this group (covering the New York, Indianapolis, Des Moines, and Portland Districts) six reported increases of over $100 in total cost, while only three cities reported declines of over $100.

## Foreclosures

THE 14-percent rise of real estate foreclosures in metropolitan communities during March, which brought the index from 138 for February to 157 (1926=100), was purely seasonal. In relation to the same month of last year, March foreclosure activity was 11 percent less.

For the first quarterly period of this year, foreclosures in these communities were 13 percent and 63 percent, respectively, below those for like periods of 1938 and 1933.

Of the 82 communities reporting for March, 58 (70 percent) showed increases and 21 decreases, while three indicated no change in foreclosure activity from February.

## Mortgage-Lending Activity of Savings and Loan Associations

[*Tables 4 and 5*]

NEARLY $73,400,000 was loaned by savings and loan associations in March, a gain of $8,200,000, or 13 percent from the same 1938 month. The gain was largely due to increased loans for construction of homes, which rose $4,600,000, or 28 percent from March of last year. Each loan class indicated large rises from February to March of this year, with construction and home-purchase loans showing the greatest increases.

### Mortgage loans distributed by purpose

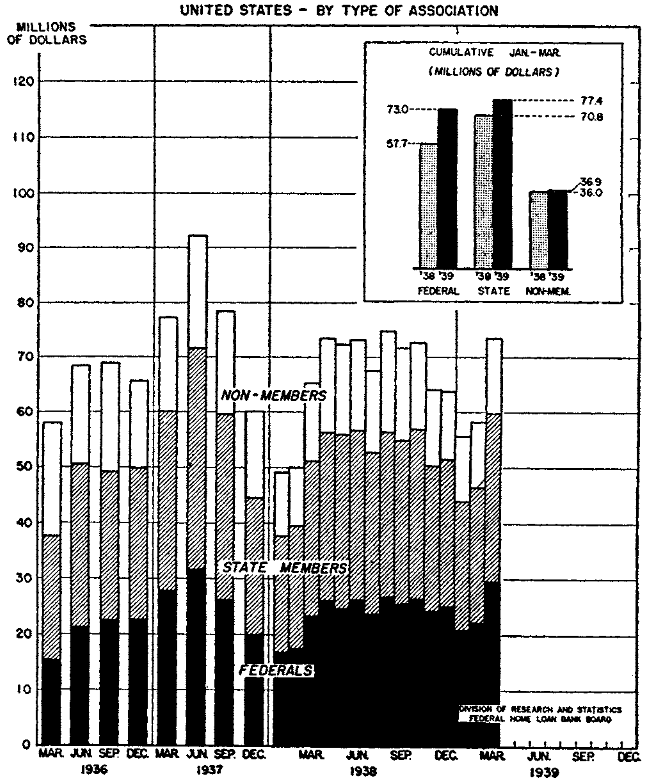
[Amounts are shown in thousands of dollars]

| Purpose | Mar. 1939 | Feb. 1939 | Percent change | Mar. 1938 | Percent change |
|---|---|---|---|---|---|
| Construction | $21,254 | $16,027 | +33 | $16,648 | +28 |
| Home purchase | 24,705 | 19,118 | +29 | 21,056 | +17 |
| Refinancing | 14,871 | 12,551 | +18 | 14,391 | +3 |
| Reconditioning | 4,211 | 3,593 | +17 | 4,953 | −15 |
| Other purposes | 8,337 | 7,020 | +19 | 8,170 | +2 |
| Total | 73,378 | 58,309 | +26 | 65,218 | +13 |

During the first three months of this year, total loans of all savings and loan associations rose 14 percent from the corresponding period of last year. Federals, during the first quarter, loaned 27 percent more than in the same 1938 period, while State members increased their activity by 9 percent, and nonmembers, 3 percent (Table 4, page 252).

Comparison of first quarter figures for 1939 and 1938 reveals that total lending volume improved in each of the Federal Home Loan Bank Districts. Increases ranged from 5 percent in the Boston District to over 20 percent in the Cincinnati, Indianapolis, and Little Rock Districts.

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



# Federal Home Loan Bank System

[*Table 9*]

■ DURING the month of March 1939 the daily total of advances outstanding continued the downward trend initiated since the beginning of the year. Total new advances made by the Banks during March amounted to $3,900,000 and repayments amounted to $12,900,000, resulting in a net reduction of $9,000,000 in advances outstanding to a balance of $161,600,000 on March 31.

The average balance of advances outstanding during the calendar year 1938 was $189,700,000—a figure closely approximating the balance outstanding in all 12 Banks during each of the four months of August, September, October, and November of 1938. Advances outstanding at the end of March 1939 constituted approximately 85 percent of the average balance outstanding during 1938. The largest reduction in advances outstanding has occurred in the Southeastern area while the Pittsburgh and Des Moines Banks have sustained the smallest reductions.

The daily reports on advances during the latter part of March indicate that outstanding advances of the Pittsburgh, Portland, and Los Angeles Banks are on the upward trend while the decline of advances in the Winston-Salem, Des Moines, Little Rock, and Topeka Banks is levelling off. During March the Portland Bank was the only one to report advances made during the month in excess of repayments. Although the net gain was small it is significant that this is the first end-of-month increase reported by any of the Banks since December 1938.

During the first three months of this year total new advances have amounted to $9,155,000, while repayments have totaled $46,384,000. As Table 9 shows, new advances for the first quarter of 1939 are substantially below new advances for the same period in 1938 and in 1937 while repayments during the current year have amounted to an appreciably larger total than in either 1938 or 1937.

The admission of 12 new members and the withdrawal of six members during the month of March resulted in a net gain of six members during the month and a total membership of 3,950 members on March 31, 1939.

### Interest Rates

The Federal Home Loan Bank of Portland has announced a reduction from 3½ to 3 percent in its interest rate charged on advances to member institutions. Although new advances will be written ε percent, interest will be collected on both new and outstanding advances at the rate of 3 per centum per annum.

# Federal Savings and Loan System

[*Table 7*]

■ THE Federal system of privately owned mutual savings and loan associations has grown rapidly since its inception nearly five years ago, and as of March 31, 1939, consisted of 1,375 institutions with total assets of $1,354,000,000, a mortgage investment of $1,068,000,000, and nearly 1,250,000 private investors with repurchasable accounts aggregating $928,000,000.

Inflow of investment funds to Federals has been considerably in excess of the lending requirements over the past quarter year, according to a study recently completed by the Division of Research and Statistics.

Mortgages held by Federal savings and loan associations increased $38,100,000 from December 1938 through March of this year, while during this same period outstanding private repurchasable capital rose $69,000,000, and the number of shareholders increased by 85,000.

In the February-to-March summary presented in Table 7, page 254, it may be seen that mortgages held and private repurchasable capital of 1,301 identical Federal savings and loan associations each increased approximately the same amount, $14,-300,000, or over 1 percent. Mortgage loans made by these associations amounted to $29,100,000, a rise of $7,600,000, or 35 percent, from February; each of the five loan types participated in this increase. New investment by private shareholders amounted to $26,100,000—more than twice the amount of repayments for the month.

**Progress in number and assets of Federal savings and loan associations**

| Type of association | Number | | Approximate assets | |
|---|---|---|---|---|
| | Mar. 31, 1939 | Feb. 28, 1939 | Mar. 31, 1939 | Feb. 28, 1939 |
| New | 639 | 638 | $364, 593, 000 | $356, 209, 000 |
| Converted | 736 | 736 | 988, 969, 000 | 977, 521, 000 |
| Total | 1, 375 | 1, 374 | 1, 353, 562, 000 | 1, 333, 730, 000 |

For the third consecutive month, Federal Home Loan Bank advances declined for Federal associations. The 1,301 associations reporting in both February and March had $6,100,000, or 7 percent less borrowings outstanding from their respective Banks in the latter month; borrowings from other sources decreased $300,000, or 12 percent during March.

# Federal Savings and Loan Insurance Corporation

[*Tables 7 and 8*]

■ SIX more State-chartered savings and loan associations were insured at the end of March than at the close of the preceding month. Assets of the 753 State institutions covered by insurance on March 31 amounted to $842,300,000, a rise of $17,200,000 from assets of the 747 associations insured as of February 28.

Borrowings both from the Federal Home Loan Banks and from other sources declined from February to March in the reporting sample of 640 comparable State-insured associations (Table 7, page 000). This is the third consecutive month that loan repayments have exceeded new borrowings.

Mortgage loan balance of the comparable reporting sample of State associations rose more rapidly than the balance of private repurchasable capital during March; mortgage loans outstanding increased $4,500,000 from February to a total of $528,800,000 while private capital showed a net rise of $2,700,000 to a net balance of $551,500,000. Accelerated lending activity in all loan classes was responsible for the large rise in mortgages outstanding.

# F. H. L. B. Directors Announced

■ THE Federal Home Loan Bank Board announced recently the appointment of Lucius R. Eastman, President of Hills Brothers Company, New York City, as Public Interest Director of the Federal Home Loan Bank of New York. Mr. Eastman will serve for the unexpired portion of a 4-year term ending December 31, 1939.

Former Vice Chairman Will C. Jones, Jr. of the Federal Home Loan Bank of Little Rock has been designated by the Federal Home Loan Bank Board to serve as Chairman for the remainder of the year 1939, due to the recent death of Chairman J. Gilbert Leigh. Wilbur P. Gulley, President of the Pulaski Federal Savings and Loan Association of Little Rock, has been appointed to the Board of Directors of the Little Rock Bank and designated Vice Chairman to succeed Mr. Jones. Mr. Gulley will serve as Director-at-Large and Vice Chairman for the balance of the calendar year.

# Reserve Policies

(*Continued from p. 235*)

our assets, giving our shareholders more than double the protection which they had two years ago. The most important fact of all, in the opinion of our board of directors, is that we have definitely established an operating policy which provides for sound reserves."

### Desirability of Exceeding Minimum Aggregate Requirements

Recent studies show that many States require periodic transfer of earnings to reserve accounts until aggregate reserves are equal to at least 5 percent of assets or share capital.[1] Although there has been a marked tendency during recent years on the part of legislative and regulatory bodies to increase the aggregate reserve requirements to be established by savings and loan associations, management today is voluntarily planning to create substantial undivided profits accounts and reserve accounts in excess of minimum requirements.

The establishment of reserves in excess of minimum statutory requirements has been recognized by management as increasing the association's ability to absorb unforeseen losses and a substantial undivided profits account as promoting a greater flexibility in operation. The greater the amount of previous earnings retained and transferred to reserve and undivided profits accounts by an association, the greater is its ability to increase its earning assets, thereby making available to the association an additional amount of income to be used for operating expenses, interest on borrowed money, and also, if desired, to aid in the payment of future dividends. The resulting increase in earnings made possible by the increased amount of invested assets equivalent to reserves and undivided profits accounts likewise permits lending at lower rates of interest to meet local competition.

[1] See "Mandatory loss reserve requirements for savings and loan associations operating under State laws," Federal Home Loan Bank Review, November 1938, p. 38.

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

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

[Amounts are shown in thousands of dollars]

| Type of dwelling | Number of family units provided | | | | | Total cost of units | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Monthly totals | | | Jan.–Mar. totals | | Monthly totals | | | Jan.–Mar. totals | |
| | Mar. 1939 | Feb. 1939 | Mar. 1938 | 1939 | 1938 | Mar. 1939 | Feb. 1939 | Mar. 1938 | 1939 | 1938 |
| 1-family dwellings | 14, 842 | 9, 447 | 10, 060 | 33, 484 | 22, 100 | $58, 755. 4 | $36, 707. 5 | $39, 835. 6 | $130, 896. 4 | $84, 473. 3 |
| 2-family dwellings | 1, 092 | 652 | 918 | 2, 462 | 2, 622 | 2, 782. 5 | 1, 774. 3 | 2, 549. 4 | 6, 249. 9 | 6, 619. 6 |
| Joint home and business [2] | 93 | 44 | 97 | 188 | 189 | 379. 0 | 160. 9 | 273. 1 | 719. 5 | 575. 6 |
| 3-and-more-family dwellings | 7, 294 | 13, 135 | 2, 215 | 29, 626 | 25, 891 | 23, 517. 3 | 43, 227. 5 | 6, 746. 4 | 93, 956. 8 | 82, 258. 4 |
| Total residential | 23, 321 | 23, 278 | 13, 290 | 65, 760 | 50, 802 | 85, 434. 2 | 81, 870. 2 | 49, 404. 5 | 231, 822. 6 | 173, 926. 9 |

[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 March 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 | |
| | Mar. 1939 | Mar. 1938 | Mar. 1939 | Mar. 1938 | Mar. 1939 | Mar. 1938 | Mar. 1939 | Mar. 1938 |
| UNITED STATES | 23, 321 | 13, 290 | $85, 434. 2 | $49, 404. 5 | 16, 027 | 11, 075 | $61, 916. 9 | $42, 658. 1 |
| No. 1—Boston | 607 | 629 | 2, 783. 8 | 2, 862. 3 | 537 | 574 | 2, 537. 8 | 2, 707. 3 |
| Connecticut | 219 | 123 | 982. 6 | 596. 4 | 157 | 111 | 755. 4 | 553. 4 |
| Maine | 11 | 18 | 31. 4 | 57. 8 | 11 | 18 | 31. 4 | 57. 8 |
| Massachusetts | 250 | 364 | 1, 274. 9 | 1, 764. 4 | 242 | 321 | 1, 256. 1 | 1, 652. 4 |
| New Hampshire | 12 | 31 | 21. 8 | 75. 4 | 12 | 31 | 21. 8 | 75. 4 |
| Rhode Island | 115 | 89 | 473. 1 | 353. 7 | 115 | 89 | 473. 1 | 353. 7 |
| Vermont | 0 | 4 | 0. 0 | 14. 6 | 0 | 4 | 0. 0 | 14. 6 |
| No. 2—New York | 4, 941 | 2, 160 | 19, 108. 8 | 8, 819. 8 | 1, 747 | 1, 295 | 7, 634. 5 | 5, 817. 1 |
| New Jersey | 475 | 299 | 1, 639. 8 | 1, 449. 6 | 285 | 230 | 1, 375. 3 | 1, 283. 7 |
| New York | 4, 466 | 1, 861 | 17, 469. 0 | 7, 370. 2 | 1, 462 | 1, 065 | 6, 259. 2 | 4, 533. 4 |
| No. 3—Pittsburgh | 1, 333 | 730 | 5, 924. 3 | 3, 635. 7 | 1, 171 | 691 | 5, 385. 8 | 3, 570. 5 |
| Delaware | 22 | 11 | 141. 0 | 51. 8 | 13 | 11 | 71. 0 | 51. 8 |
| Pennsylvania | 1, 190 | 634 | 5, 329. 3 | 3, 258. 6 | 1, 040 | 599 | 4, 864. 3 | 3, 205. 4 |
| West Virginia | 121 | 85 | 454. 0 | 325. 3 | 118 | 81 | 450. 5 | 313. 3 |
| No. 4—Winston-Salem | 3, 452 | 1, 848 | 10, 787. 9 | 6, 276. 3 | 2, 151 | 1, 522 | 7, 350. 9 | 5, 268. 1 |
| Alabama | 145 | 127 | 274. 4 | 266. 8 | 145 | 119 | 274. 4 | 250. 8 |
| District of Columbia | 897 | 285 | 3, 482. 6 | 1, 327. 7 | 341 | 184 | 1, 893. 1 | 1, 056. 2 |
| Florida | 943 | 362 | 2, 921. 5 | 1, 280. 9 | 584 | 350 | 1, 950. 3 | 1, 241. 9 |

## Tr 'le 2.—Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in March 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 | |
| | Mar. 1939 | Mar. 1938 | Mar. 1939 | Mar. 1938 | Mar. 1939 | Mar. 1938 | Mar. 1939 | Mar. 1938 |
| No 4.—Winston-Salem—Continued. | | | | | | | | |
| Georgia | 224 | 209 | $675.8 | $561.0 | 220 | 205 | $668.2 | $554.0 |
| Maryland | 398 | 152 | 1,074.3 | 565.4 | 247 | 146 | 785.7 | 559.4 |
| North Carolina | 399 | 290 | 924.4 | 783.0 | 275 | 263 | 634.7 | 697.7 |
| South Carolina | 129 | 100 | 286.0 | 281.3 | 126 | 96 | 283.9 | 266.3 |
| Virginia | 317 | 323 | 1,148.9 | 1,211.2 | 213 | 159 | 860.6 | 641.8 |
| No. 5—Cincinnati | 1,207 | 732 | 5,156.4 | 3,216.4 | 862 | 606 | 3,858.4 | 2,780.4 |
| Kentucky | 121 | 118 | 351.5 | 405.4 | 121 | 118 | 351.5 | 405.4 |
| Ohio | 950 | 483 | 4,430.5 | 2,494.6 | 605 | 369 | 3,132.5 | 2,068.6 |
| Tennessee | 136 | 131 | 374.4 | 316.4 | 136 | 119 | 374.4 | 306.4 |
| No. 6—Indianapolis | 1,952 | 866 | 8,868.4 | 3,731.8 | 1,498 | 776 | 6,935.9 | 3,514.8 |
| Indiana | 581 | 263 | 2,447.4 | 708.6 | 305 | 190 | 1,168.9 | 548.6 |
| Michigan | 1,371 | 603 | 6,421.0 | 3,023.2 | 1,193 | 586 | 5,767.0 | 2,966.2 |
| No. 7—Chicago | 810 | 395 | 4,033.6 | 2,209.0 | 663 | 391 | 3,604.9 | 2,190.0 |
| Illinois | 521 | 272 | 2,953.7 | 1,641.8 | 517 | 272 | 2,939.7 | 1,641.8 |
| Wisconsin | 289 | 123 | 1,079.9 | 567.2 | 146 | 119 | 665.2 | 548.2 |
| No. 8—Des Moines | 771 | 557 | 3,065.4 | 2,073.1 | 689 | 514 | 2,755.4 | 1,968.6 |
| Iowa | 195 | 128 | 740.5 | 507.6 | 195 | 124 | 740.5 | 496.2 |
| Minnesota | 189 | 195 | 947.8 | 803.0 | 147 | 192 | 752.8 | 787.9 |
| Missouri | 355 | 198 | 1,298.4 | 690.9 | 315 | 162 | 1,183.4 | 612.9 |
| North Dakota | 9 | 9 | 26.2 | 26.8 | 9 | 9 | 26.2 | 26.8 |
| South Dakota | 23 | 27 | 52.5 | 44.8 | 23 | 27 | 52.5 | 44.8 |
| No. 9—Little Rock | 2,183 | 1,716 | 6,414.5 | 4,124.9 | 1,898 | 1,627 | 5,290.2 | 3,922.5 |
| Arkansas | 63 | 66 | 113.8 | 145.3 | 51 | 61 | 102.3 | 131.9 |
| Louisiana | 229 | 217 | 544.2 | 522.1 | 215 | 205 | 512.8 | 501.6 |
| Mississippi | 183 | 101 | 271.6 | 218.3 | 172 | 101 | 266.3 | 218.3 |
| New Mexico | 62 | 47 | 189.7 | 131.1 | 57 | 47 | 178.7 | 131.1 |
| Texas | 1,646 | 1,285 | 5,295.2 | 3,108.1 | 1,403 | 1,213 | 4,230.1 | 2,939.6 |
| No. 10—Topeka | 733 | 530 | 2,385.9 | 1,729.1 | 671 | 500 | 2,301.4 | 1,674.3 |
| Colorado | 199 | 85 | 593.1 | 304.5 | 152 | 77 | 536.1 | 284.5 |
| Kansas | 159 | 154 | 468.8 | 492.4 | 148 | 140 | 442.8 | 475.6 |
| Nebraska | 77 | 68 | 290.6 | 230.7 | 77 | 64 | 290.6 | 220.7 |
| Oklahoma | 298 | 223 | 1,033.4 | 701.5 | 294 | 219 | 1,031.9 | 693.5 |
| No. 11—Portland | 664 | 535 | 2,170.6 | 1,680.8 | 607 | 487 | 2,046.5 | 1,584.3 |
| Idaho | 11 | 28 | 30.0 | 75.1 | 11 | 21 | 30.0 | 60.1 |
| Montana | 44 | 45 | 94.4 | 128.8 | 44 | 42 | 94.4 | 126.8 |
| Oregon | 160 | 120 | 540.5 | 448.7 | 141 | 116 | 499.0 | 442.2 |
| Utah | 129 | 69 | 456.6 | 200.1 | 115 | 69 | 430.8 | 200.1 |
| Washington | 289 | 220 | 921.4 | 646.3 | 275 | 214 | 899.6 | 636.3 |
| Wyoming | 31 | 53 | 127.7 | 181.8 | 21 | 25 | 92.7 | 118.8 |
| No. 12—Los Angeles | 4,668 | 2,592 | 14,734.6 | 9,045.3 | 3,533 | 2,092 | 12,215.2 | 7,660.2 |
| Arizona | 64 | 31 | 215.5 | 76.2 | 59 | 31 | 208.5 | 76.2 |
| California | 4,575 | 2,545 | 14,380.9 | 8,891.7 | 3,445 | 2,045 | 11,868.5 | 7,506.6 |
| Nevada | 29 | 16 | 138.2 | 77.4 | 29 | 16 | 138.2 | 77.4 |

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

NOTE.—These figures are subject to correction

[Source: Federal Home Loan Bank Board]

| Federal Home Loan Bank Districts and cities | Cubic-foot cost | | Total cost | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1939 | 1938 | 1939 | | 1938 | | | 1937 | 1936 |
| | Apr. | Apr. | Apr. | Jan. | Oct. | July | Apr. | Apr. | Apr. |
| No. 2—New York: | | | | | | | | | |
| Atlantic City, N. J. | $0.239 | -------- | $5,745 | $5,790 | $5,907 | $5,932 | -------- | $6,546 | $5,806 |
| Camden, N. J. | .237 | $0.237 | 5,676 | 5,581 | 5,559 | 5,705 | $5,688 | 5,873 | 5,157 |
| Newark, N. J. | .231 | .226 | 5,536 | 5,539 | 5,537 | 5,479 | 5,427 | 5,658 | 5,093 |
| Albany, N. Y. | .246 | -------- | 5,906 | 5,800 | 5,847 | 5,957 | -------- | 5,782 | 5,162 |
| Buffalo, N. Y. | .250 | .253 | 6,007 | 6,115 | 6,303 | 6,149 | 6,073 | 6,136 | 5,499 |
| Utica, N. Y. | .247 | -------- | 5,938 | 5,726 | 5,660 | 5,524 | -------- | -------- | -------- |
| No. 6—Indianapolis: | | | | | | | | | |
| Evansville, Ind. | .240 | .240 | 5,750 | 5,854 | 5,742 | -------- | 5,770 | 5,816 | 5,570 |
| Indianapolis, Ind. | .249 | .242 | 5,966 | 5,831 | 5,765 | 5,806 | 5,812 | 5,836 | 5,458 |
| South Bend, Ind. | .248 | .248 | 5,947 | 5,821 | 5,750 | 5,739 | 5,964 | 6,374 | 5,860 |
| Detroit, Mich. | .255 | .251 | 6,118 | 6,181 | 6,166 | 6,142 | 6,026 | 6,055 | 5,265 |
| Grand Rapids, Mich. | .243 | .246 | 5,834 | 5,900 | 5,871 | 5,914 | 5,911 | 5,541 | 5,118 |
| No. 8—Des Moines: | | | | | | | | | |
| Des Moines, Iowa | .261 | .256 | 6,275 | 6,279 | 6,164 | 6,117 | 6,139 | 6,399 | 6,032 |
| Duluth, Minn. | .250 | .258 | 5,995 | 5,975 | 6,186 | 6,199 | 6,195 | 5,898 | 5,616 |
| St. Paul, Minn. | .274 | .272 | 6,569 | 6,529 | 6,532 | 6,546 | 6,539 | 6,371 | 5,233 |
| Kansas City, Mo. | .248 | .239 | 5,959 | 5,808 | -------- | 5,751 | 5,730 | 5,787 | 5,304 |
| St. Louis, Mo. | .252 | .255 | 6,053 | 6,078 | 5,989 | 6,027 | 6,122 | 6,597 | 6,064 |
| Fargo, N. Dak. | .236 | .245 | 5,655 | 5,658 | 5,832 | 5,843 | 5,868 | 5,985 | 5,542 |
| Sioux Falls, S. Dak. | .259 | .258 | 6,210 | [2] 6,272 | 6,436 | 6,374 | 6,196 | 5,995 | 5,665 |
| No. 11—Portland: | | | | | | | | | |
| Boise, Idaho | .257 | .244 | 6,161 | 6,078 | 6,002 | 5,860 | 5,848 | 6,128 | 5,648 |
| Great Falls, Mont. | .293 | .297 | 7,035 | 6,996 | -------- | 7,109 | 7,137 | 7,023 | 6,508 |
| Portland, Oreg. | .224 | .225 | 5,366 | 5,495 | 5,455 | 5,397 | 5,391 | 5,829 | 5,234 |
| Salt Lake City, Utah | .251 | .248 | 6,026 | 5,880 | 5,880 | 5,911 | 5,961 | 5,923 | 5,707 |
| Seattle, Wash. | .263 | .268 | 6,304 | 6,272 | 6,259 | 6,256 | 6,428 | 6,623 | 5,624 |
| Spokane, Wash. | .254 | .273 | 6,089 | 6,001 | 6,286 | 6,620 | 6,545 | 6,543 | 5,892 |
| Casper, Wyo. | .272 | [2] .270 | 6,532 | 6,456 | [2] 6,430 | [2] 6,452 | [2] 6,486 | [2] 6,382 | -------- |

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

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

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

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

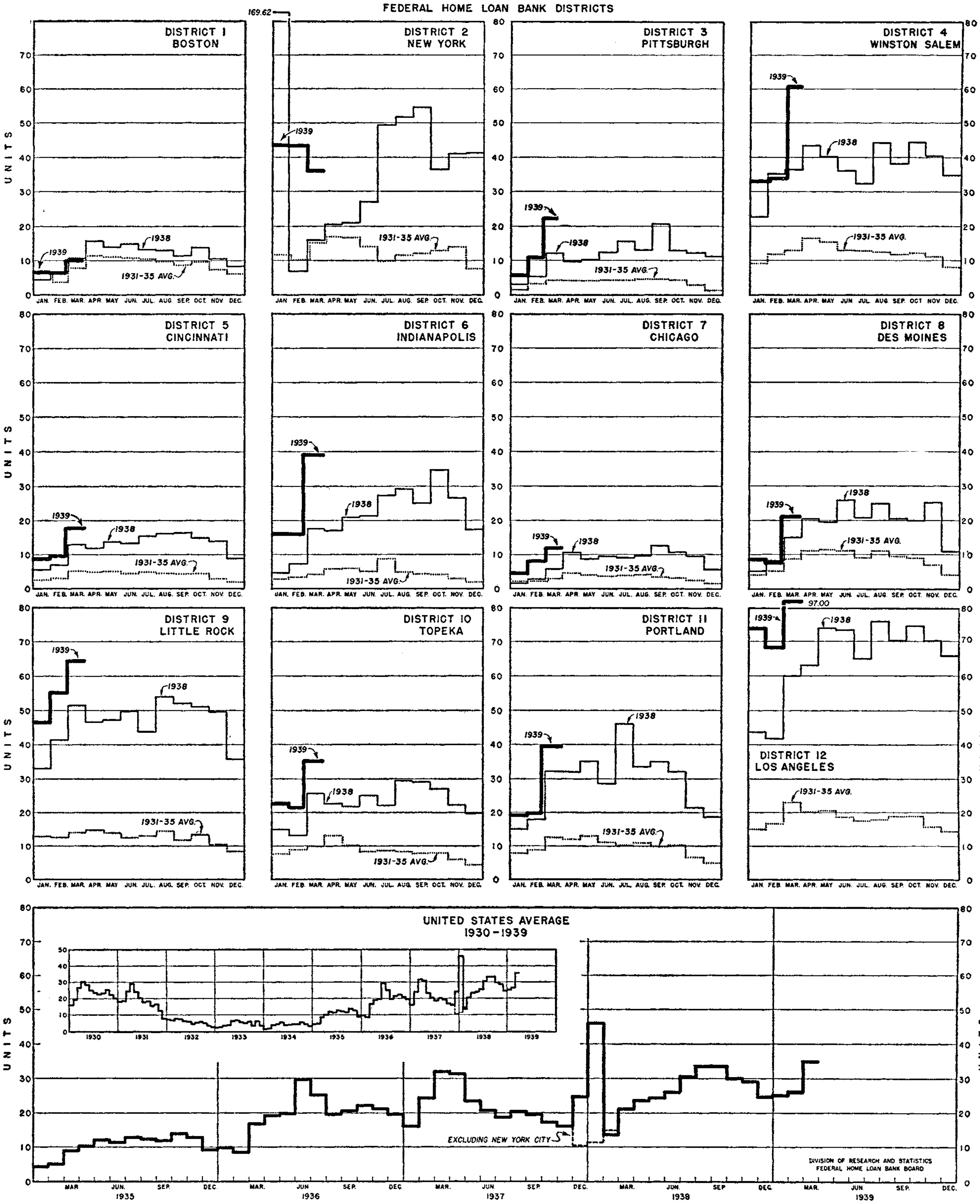
In figuring costs, current prices on the same building materials list are obtained every 3 months from the same dealers, and current wage rates are obtained from the same reputable contractors and operative builders.

[2] Revised.

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

*REPRESENTS THE ESTIMATED NUMBER OF PRIVATELY FINANCED FAMILY DWELLING UNITS PROVIDED PER 100,000 POPULATION*

Source: Federal Home Loan Bank Board. Compiled from Building Permits reported to U.S. Department of Labor.



## *Table 4.*—Estimated volume of new lending activity of savings and loan associations, classified 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, Feb. 1939 to Mar. 1939 | New loans, Mar. 1938 | Percent change, Mar. 1938 to Mar. 1939 | Cumulative new loans (3 months) | | |
|---|---|---|---|---|---|---|---|---|
| | Mar. 1939 | Feb. 1939 | | | | 1939 | 1938 | Percent change |
| United States: Total | $73, 378 | $58, 309 | +25. 8 | $65, 218 | +12. 5 | $187, 254 | $164, 413 | +13. 9 |
| Federal | 29, 811 | 22, 298 | +33. 7 | 23, 356 | +27. 6 | 73, 003 | 57, 657 | +26. 6 |
| State member | 30, 124 | 24, 191 | +24. 5 | 27, 835 | +8. 2 | 77, 386 | 70, 787 | +9. 3 |
| Nonmember | 13, 443 | 11, 820 | +13. 7 | 14, 027 | −4. 2 | 36, 865 | 35, 969 | +2. 5 |
| No. 1: Total | 5, 270 | 4, 415 | +19. 4 | 5, 132 | +2. 7 | 14, 576 | 13, 920 | +4. 7 |
| Federal | 1, 597 | 1, 271 | +25. 6 | 1, 338 | +19. 4 | 4, 148 | 3, 630 | +14. 3 |
| State member | 2, 382 | 2, 125 | +12. 1 | 2, 569 | −7. 3 | 6, 911 | 6, 802 | +1. 6 |
| Nonmember | 1, 291 | 1, 019 | +26. 7 | 1, 225 | +5. 4 | 3, 517 | 3, 488 | +0. 8 |
| No. 2: Total | 5, 713 | 4, 854 | +17. 7 | 5, 845 | −2. 3 | 16, 300 | 14, 320 | +13. 8 |
| Federal | 2, 095 | 1, 377 | +52. 1 | 1, 727 | +21. 3 | 5, 349 | 3, 876 | +38. 0 |
| State member | 1, 544 | 1, 252 | +23. 3 | 1, 662 | −7. 1 | 4, 146 | 4, 144 | 0. 0 |
| Nonmember | 2, 074 | 2, 225 | −6. 8 | 2, 456 | −15. 6 | 6, 805 | 6, 300 | +8. 0 |
| No. 3: Total | 6, 059 | 4, 051 | +49. 6 | 5, 249 | +15. 4 | 14, 483 | 13, 480 | +7. 4 |
| Federal | 1, 459 | 1, 076 | +35. 6 | 1, 061 | +37. 5 | 3, 427 | 2, 614 | +31. 1 |
| State member | 1, 791 | 1, 106 | +61. 9 | 1, 715 | +4. 4 | 4, 130 | 4, 193 | −1. 5 |
| Nonmember | 2, 809 | 1, 869 | +50. 3 | 2, 473 | +13. 6 | 6, 926 | 6, 673 | +3. 8 |
| No. 4: Total | 9, 771 | 8, 778 | +11. 3 | 8, 237 | +18. 6 | 26, 214 | 22, 440 | +16. 8 |
| Federal | 3, 938 | 3, 274 | +20. 3 | 3, 084 | +27. 6 | 10, 150 | 7, 844 | +29. 4 |
| State member | 4, 261 | 3, 636 | +17. 2 | 3, 715 | +14. 7 | 11, 171 | 10, 453 | +6. 9 |
| Nonmember | 1, 572 | 1, 868 | −15. 8 | 1, 437 | +9. 4 | 4, 893 | 4, 143 | +18. 1 |
| No. 5: Total | 12, 821 | 9, 585 | +33. 8 | 10, 277 | +24. 8 | 30, 947 | 25, 095 | +23. 3 |
| Federal | 5, 255 | 3, 259 | +61. 2 | 4, 006 | +31. 2 | 12, 032 | 9, 961 | +20. 8 |
| State member | 5, 900 | 4, 794 | +23. 1 | 4, 549 | +29. 7 | 14, 767 | 11, 228 | +31. 5 |
| Nonmember | 1, 666 | 1, 532 | +8. 7 | 1, 722 | −3. 3 | 4, 148 | 3, 906 | +6. 2 |
| No. 6: Total | 3, 309 | 3, 215 | +2. 9 | 2, 712 | +22. 0 | 8, 965 | 7, 353 | +21. 9 |
| Federal | 1, 515 | 1, 566 | −3. 3 | 1, 200 | +26. 3 | 4, 214 | 3, 354 | +25. 6 |
| State member | 1, 571 | 1, 450 | +8. 3 | 1, 283 | +22. 4 | 4, 221 | 3, 430 | +23. 1 |
| Nonmember | 223 | 199 | +12. 1 | 229 | −2. 6 | 530 | 569 | +6. 9 |
| No. 7: Total | 6, 820 | 5, 444 | +25. 3 | 6, 482 | +5. 2 | 17, 398 | 15, 658 | +11. 1 |
| Federal | 2, 418 | 1, 787 | +35. 3 | 2, 208 | +9. 5 | 5, 870 | 5, 139 | +14. 2 |
| State member | 3, 049 | 2, 561 | +19. 1 | 2, 995 | +1. 8 | 7, 661 | 7, 635 | +0. 3 |
| Nonmember | 1, 353 | 1, 096 | +23. 4 | 1, 279 | +5. 8 | 3, 867 | 2, 884 | +34. 1 |
| No. 8: Total | 4, 348 | 3, 305 | +31. 6 | 3, 991 | +8. 9 | 10, 229 | 8, 915 | +14. 7 |
| Federal | 2, 033 | 1, 498 | +35. 7 | 1, 707 | +19. 1 | 4, 598 | 3, 738 | +23. 0 |
| State member | 1, 406 | 1, 057 | +33. 0 | 1, 268 | +10. 9 | 3, 443 | 2, 945 | +16. 9 |
| Nonmember | 909 | 750 | +21. 2 | 1, 016 | −10. 5 | 2, 188 | 2, 232 | −2. 0 |
| No. 9: Total | 5, 089 | 4, 235 | +20. 2 | 4, 428 | +14. 9 | 13, 177 | 10, 759 | +22. 5 |
| Federal | 2, 081 | 1, 772 | +17. 4 | 1, 727 | +20. 5 | 5, 454 | 4, 201 | +29. 8 |
| State member | 2, 766 | 2, 253 | +22. 8 | 2, 464 | +12. 3 | 7, 056 | 5, 869 | +20. 2 |
| Nonmember | 242 | 210 | +15. 2 | 237 | +2. 1 | 667 | 689 | −3. 2 |
| No. 10: Total | 4, 187 | 2, 888 | +45. 0 | 3, 646 | +14. 8 | 10, 098 | 9, 286 | +8. 7 |
| Federal | 2, 189 | 1, 234 | +77. 4 | 1, 607 | +36. 2 | 4, 817 | 4, 059 | +18. 7 |
| State member | 1, 028 | 923 | +11. 4 | 1, 256 | −18. 2 | 2, 824 | 2, 928 | −3. 6 |
| Nonmember | 970 | 731 | +32. 7 | 783 | +23. 9 | 2, 457 | 2, 299 | +6. 9 |
| No. 11: Total | 2, 720 | 1, 915 | +42. 0 | 2, 712 | +0. 3 | 6, 356 | 5, 957 | +6. 7 |
| Federal | 1, 619 | 1, 174 | +37. 9 | 1, 613 | +0. 4 | 3, 755 | 3, 532 | +6. 3 |
| State member | 1, 014 | 581 | +74. 5 | 794 | +27. 7 | 2, 263 | 1, 907 | +18. 7 |
| Nonmember | 87 | 160 | −45. 6 | 305 | −71. 5 | 338 | 518 | −34. 7 |
| No. 12: Total | 7, 271 | 5, 624 | +29. 3 | 6, 507 | +11. 7 | 18, 511 | 17, 230 | +7. 4 |
| Federal | 3, 612 | 3, 010 | +20. 0 | 2, 077 | +73. 9 | 9, 189 | 5, 709 | +61. 0 |
| State member | 3, 412 | 2, 453 | +39. 1 | 3, 565 | −4. 3 | 8, 793 | 9, 253 | −5. 0 |
| Nonmember | 247 | 161 | +53. 4 | 865 | +71. 4 | 529 | 2, 268 | −76. 7 |

## 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: Mortgage loans on homes: Construction | Home purchase | Refinancing | Reconditioning | Loans for all other purposes | Total loans | Type of association: Federals | State members | Nonmembers |
|---|---|---|---|---|---|---|---|---|---|
| 1937 | $234, 102 | $326, 629 | $180, 804 | $62, 143 | $92, 901 | $896, 579 | $307, 278 | $379, 286 | $210, 015 |
| January–March | 23, 841 | 30, 898 | 33, 952 | 9, 597 | 20, 155 | 118, 443 | 39, 179 | 51, 418 | 27, 846 |
| March | 9, 725 | 11, 920 | 12, 842 | 3, 677 | 8, 474 | 46, 638 | 15, 310 | 19, 776 | 11, 552 |
| 1938 | 220, 458 | 265, 485 | 160, 167 | 58, 623 | 93, 263 | 797, 996 | 286, 899 | 333, 470 | 177, 627 |
| January–March | 40, 889 | 52, 069 | 37, 018 | 12, 024 | 22, 413 | 164, 413 | 57, 657 | 70, 787 | 35, 969 |
| 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–March | 53, 380 | 61, 326 | 39, 171 | 11, 193 | 22, 184 | 187, 254 | 73, 003 | 77, 386 | 36, 865 |
| 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 |
| March | 21, 254 | 24, 705 | 14, 871 | 4, 211 | 8, 337 | 73, 378 | 29, 811 | 30, 124 | 13, 443 |

## 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 [1] | Lumber | Paint and paint materials | Plumbing and heating | Structural steel | Other |
|---|---|---|---|---|---|---|---|---|
| 1937: March | 93. 3 | 91. 0 | 89. 1 | 99. 0 | 83. 4 | 77. 4 | 104. 7 | 95. 0 |
| 1938: January | 91. 8 | 91. 8 | 89. 8 | 92. 6 | 80. 1 | 79. 6 | 114. 9 | 95. 8 |
| February | 91. 1 | 91. 5 | 89. 8 | 91. 0 | 79. 2 | 79. 6 | 114. 9 | 95. 3 |
| March | 91. 5 | 91. 1 | 89. 8 | 91. 3 | 82. 2 | 78. 9 | 114. 9 | 94. 8 |
| April | 91. 2 | 90. 4 | 89. 9 | 91. 1 | 81. 4 | 77. 2 | 114. 9 | 94. 8 |
| May | 90. 4 | 90. 5 | 90. 1 | 89. 3 | 80. 9 | 77. 2 | 114. 9 | 94. 1 |
| June | 89. 7 | 90. 6 | 89. 9 | 88. 7 | 80. 1 | 77. 2 | 113. 0 | 93. 3 |
| July | 89. 2 | 90. 7 | 91. 0 | 88. 8 | 80. 5 | 79. 5 | 107. 3 | 91. 2 |
| August | 89. 4 | 90. 6 | 91. 0 | 90. 2 | 80. 5 | 79. 2 | 107. 3 | 91. 3 |
| September | 89. 5 | 90. 9 | 90. 7 | 90. 4 | 80. 4 | 78. 5 | 107. 3 | 91. 3 |
| October | 89. 8 | 91. 1 | 90. 7 | 90. 3 | 81. 1 | 78. 5 | 107. 3 | 91. 7 |
| November | 89. 2 | 91. 5 | 90. 6 | 90. 2 | 80. 9 | 78. 7 | 107. 3 | 89. 7 |
| December | 89. 4 | 91. 5 | 90. 6 | 90. 9 | 81. 0 | 78. 7 | 107. 3 | 89. 7 |
| 1939: January | 89. 5 | 92. 4 | 90. 6 | 91. 7 | 81. 0 | 78. 7 | 107. 3 | 89. 6 |
| February | 89. 6 | 92. 4 | 91. 2 | 92. 6 | 80. 5 | 79. 2 | 107. 3 | 89. 3 |
| March | 89. 8 | 92. 5 | 91. 5 | 92. 1 | 81. 5 | 79. 3 | 107. 3 | 89. 8 |
| Change: | | | | | | | | |
| Mar. 1939–Feb. 1939 | +0. 2% | +0. 1% | +0. 3% | −0. 5% | +1. 2% | +0. 1% | 0. 0% | +0. 6% |
| Mar. 1939–Feb. 1939 | −1. 9% | +1. 5% | +1. 9% | +0. 9% | −0. 9% | +0. 5% | −6. 6% | −5. 3% |

[1] Based on delivered prices at 48 cities and introduced into the calculation of the Bureau's general indexes of wholesale prices beginning with March 1939.

## *Table 7.*—Monthly operations of 1,301 identical Federal and 640 identical insured State-chartei savings and loan associations reporting during February and March 1939

[Amounts are shown in thousands of dollars]

| Type of operation | 1,301 Federals | | | 640 insured State members | | |
|---|---|---|---|---|---|---|
| | March | February | Change February to March | March | February | Change February to March |
| Share liability at end of month: | | | *Percent* | | | *Percent* |
| Private share accounts (number) | 1, 210, 236 | 1, 192, 976 | +1. 4 | 801, 225 | 798, 280 | +0. 4 |
| Paid on private subscriptions | $901, 314. 9 | $887, 041. 3 | +1. 6 | $551, 506. 0 | $548, 768. 5 | +0. 5 |
| Treasury and H. O. L. C. subscriptions | 210, 051. 2 | 210, 001. 2 | (1) | [2] 39, 573. 2 | [2] 39, 264. 2 | +0. 8 |
| Total | 1, 111, 366. 1 | 1, 097, 042. 5 | +1. 3 | 591, 079. 2 | 588, 032. 7 | +0. 5 |
| Private share investments during month | 26, 096. 4 | 25, 267. 9 | +3. 3 | 11, 119. 8 | 10, 455. 1 | +6. 4 |
| Repurchases during month | 12, 059. 2 | 11, 975. 4 | +0. 7 | 8, 118. 4 | 7, 744. 1 | +4. 8 |
| Mortgage loans made during month: | | | | | | |
| a. New construction | 10, 579. 4 | 7, 468. 5 | +41. 7 | 4, 214. 8 | 2, 847. 3 | +48. 0 |
| b. Purchase of homes | 8, 105. 6 | 6, 052. 7 | +33. 9 | 4, 219. 1 | 3, 187. 0 | +32. 4 |
| c. Refinancing | 6, 287. 6 | 4, 776. 4 | +31. 6 | 2, 521. 4 | 1, 916. 4 | +31. 6 |
| d. Reconditioning | 1, 530. 1 | 1, 090. 4 | +40. 3 | 677. 5 | 523. 9 | +29. 3 |
| e. Other purposes | 2, 574. 6 | 2, 099. 2 | +22. 6 | 1, 413. 0 | 1, 198. 8 | +17. 9 |
| Total | 29, 077. 3 | 21, 487. 2 | +35. 3 | 13, 045. 8 | 9, 673. 4 | +34. 9 |
| Mortgage loans outstanding end of month | 1, 037, 039. 1 | 1, 022, 762. 3 | +1. 4 | 528, 849. 8 | 524, 340. 5 | +0. 9 |
| Borrowed money as of end of month: | | | | | | |
| From Federal Home Loan Banks | 76, 873. 2 | 82, 956. 8 | −7. 3 | 32, 994. 7 | 33, 979. 9 | −2. 9 |
| From other sources | 2, 499. 5 | 2, 828. 2 | −11. 6 | 2, 758. 0 | 2, 939. 6 | −6. 2 |
| Total | 79, 372. 7 | 85, 785. 0 | −7. 5 | 35, 752. 7 | 36, 919. 5 | −3. 2 |
| Total assets, end of month | 1, 315, 159. 3 | 1, 300, 948. 4 | +1. 1 | 743, 692. 8 | 739, 623. 4 | +0. 6 |

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

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

[Amounts are shown in thousands of dollars]

| 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 | Feb. 28, 1939 | Mar. 31, 1939 | Mar. 31, 1939 | Mar. 31, 1939 | Mar. 31, 1939 |
| State-chartered associations | 136 | 382 | 566 | 737 | 747 | 753 | 1, 007, 600 | $842, 297 | $624, 554 |
| Converted F. S. and L. A | 406 | 560 | 672 | [2] 723 | [3] 728 | [4] 730 | 912, 700 | 988, 253 | 712, 245 |
| New F. S. and L. A | 572 | 634 | 641 | 637 | 638 | 639 | 335, 500 | 364, 593 | 215, 005 |
| Total | 1, 114 | 1, 576 | 1, 879 | 2, 097 | 2, 113 | 2, 122 | 2, 255, 800 | 2, 195, 143 | 1, 551, 804 |

[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, 8 Federals with assets of $1,291,000 had been approved for conversion but had not been insured as of Feb. 28.
[4] In addition, 6 Federals with assets of $716,000 had been approved for conversion but had not been insured as of Mar. 31.

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

[Thousands of dollars]

| Federal Home Loan Banks | March 1939 | | February 1939 | | Advances outstanding at the end of the month |
|---|---|---|---|---|---|
| | Advances | Repayments | Advances | Repayments | |
| Boston | $30 | $883 | $94 | $505 | $6, 369 |
| New York | 228 | 837 | 547 | 653 | 16, 800 |
| Pittsburgh | 416 | 710 | 225 | 626 | 16, 277 |
| Winston-Salem | 353 | 2, 147 | 119 | 1, 929 | 12, 433 |
| Cincinnati | 611 | 1, 791 | 480 | 1, 998 | 21, 283 |
| Indianapolis | 89 | 1, 225 | 120 | 683 | 10, 427 |
| Chicago | 155 | 1, 999 | 175 | 1, 232 | 27, 626 |
| Des Moines | 491 | 770 | 69 | 683 | 14, 424 |
| Little Rock | 134 | 495 | 152 | 469 | 8, 445 |
| Topeka | 323 | 742 | 57 | 516 | 10, 089 |
| Portland | 240 | 212 | 30 | 575 | 4, 856 |
| Los Angeles | 828 | 1, 088 | 266 | 702 | 12, 585 |
| Total | 3, 898 | 12, 899 | 2, 334 | 10, 571 | 161, 614 |
| Jan.–Mar. 1939 | 9, 155 | 46, 384 | ------ | ------ | ------- |
| March 1938 | 4, 901 | 9, 293 | ------ | ------ | 183, 125 |
| Jan.–Mar. 1938 | 12, 694 | 29, 663 | ------ | ------ | ------- |
| March 1937 | 8, 591 | 7, 077 | ------ | ------ | 142, 720 |
| Jan.–Mar. 1937 | 19, 421 | 22, 102 | ------ | ------ | ------- |

## *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–Mar.1939: | | | | |
| Number | 73 | 864 | 4, 512 | 5, 449 |
| Amount | $4, 648 | $54, 074 | $196, 165 | $254, 887 |
| March 1939: | | | | |
| Number | 4 | 5 | 8 | 17 |
| Amount | $600 | $299 | $240 | $1, 139 |
| Subscriptions: | | | | |
| Oct.1935–Mar.1939: | | | | |
| Number | 16 | 701 | 4, 121 | 4, 838 |
| Amount | $808 | $42, 293 | $173, 319 | $216, 420 |
| March 1939: | | | | |
| Number | 0 | 6 | 3 | 9 |
| Amount | 0 | $184 | $20 | $204 |

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

## *Table. 11.*—Reconditioning Division—Summary of all reconditioning operations of H. O. L. C. through Mar. 31, 1939 [1]

| Type of operation | June 1, 1934, through Feb. 28, 1939 | Mar. 1, 1939, through Mar. 31, 1939 | Cumulative through Mar. 31, 1939 |
|---|---|---|---|
| Cases received [2] | 1, 032, 130 | 12, 435 | 1, 044, 565 |
| Contracts awarded: | | | |
| Number | 656, 555 | 8, 090 | 664, 645 |
| Amount | $128, 384, 619 | $1, 902, 193 | $130, 286, 812 |
| Jobs completed: | | | |
| Number | 649, 070 | 8, 533 | 657, 603 |
| Amount | $124, 976, 637 | $2, 016, 719 | $126, 993, 356 |

[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 propety 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 |
| March | 3, 410 |
| Grand total to Mar. 31, 1939 | 132, 136 |

[1] Does not include 10,006 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 132,136 completed cases, 707 properties were sold at foreclosure sale to parties other than the H. O. L. C. and 17,582 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 MARCH 16, 1939, AND APRIL 15, 1939[1]

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

DISTRICT NO. 1

CONNECTICUT:
Bridgeport:
Bridgeport Savings & Loan Association, 900 Varnum Street.

DISTRICT NO. 2

NEW JERSEY:
East Rutherford:
Boiling Springs Building & Loan Association, Railroad Avenue.
Passaic:
New Jersey Building & Loan Association, 625 Main Avenue.

DISTRICT NO. 3

PENNSYLVANIA:
Philadelphia:
Cahill Building & Loan Association, 3014 North Seventh Street.
Locomotive Engineers Building Association, 542 Real Estate Trust Building.

DISTRICT NO. 4

DISTRICT OF COLUMBIA:
Washington:
Anacostia Building Association, 2014 Nichols Avenue, Southeast.

DISTRICT NO. 5

OHIO:
Chillicothe:
Mutual Loan & Savings Association of Chillicothe, Ohio, 24 West Second Street.
Columbus:
Allemania Building & Loan Company, 24 East Main Street.

DISTRICT NO. 6

INDIANA:
Gary:
First State Savings & Loan Association of Gary, 2300 Washington Street.
Indianapolis:
Turner Building & Savings Association of Indianapolis, Indiana, 1000 Lemcke Building

DISTRICT NO. 7

ILLINOIS:
Granite City:
State Loan Association, 1933 Edison Avenue.

DISTRICT NO. 8

IOWA:
Burlington:
Mississippi Valley Savings & Loan Association.

DISTRICT NO. 10

COLORADO:
Montrose:
Montrose Building & Loan Association.

DISTRICT NO. 11

OREGON:
Grants Pass:
Josephine County Building & Loan Association, Masonic Temple.

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

CALIFORNIA:
San Francisco:
Globe Mutual Building & Loan Association, 465 California Street (voluntary withdrawal).
IDAHO:
Lewiston:
Lewiston Land & Building Company (sale of assets to First Federal Savings & Loan Association of Lewiston, Lewiston, Idaho).
NEW JERSEY:
East Rutherford:
East Rutherford Savings Loan & Building Association (voluntary withdrawal).
Passaic:
Union Loan & Building Association of Passaic, New Jersey, 34 Broadway (voluntary withdrawal).
Rutherford:
Rutherford Mutual Loan & Building Association, Corner Glen Road & Park Avenue (voluntary withdrawal).
PENNSYLVANIA:
Pittsburgh:
Juniata Premium Building & Loan Association, 1601 Beaver Avenue (voluntary withdrawal).
VIRGINIA:
Norfolk:
State Building Association of Norfolk, Incorporated, 23 Seldon Arcade (sale of assets to Norfolk Federal Savings & Loan Association, Norfolk, Virginia).
WISCONSIN:
Milwaukee:
Sobieski Building & Loan Association, 515 West Mitchell Street (voluntary withdrawal).

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

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

DISTRICT NO. 3

PENNSYLVANIA:
Washington:
First Federal Savings & Loan Association of Washington, 28 Court Square Arcade (converted from Industrial Building & Loan Association of Washington).
Philadelphia:
Harry T. Rosenheim Federal Savings & Loan Association, 1616 Walnut Street (converted from Harry T. Rosenheim Building & Loan Association).

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

KANSAS:
Wichita:
Sedgwick County Federal Savings & Loan Association of Wichita (merger with First Federal Savings & Loan Association of Wichita).
MARYLAND:
Baltimore:
Bond Street Federal Savings & Loan Association (merger with Atlantic Federal Savings and Loan Association, Baltimore, Maryland).

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

DISTRICT NO. 2

NEW JERSEY:
East Rutherford:
Boiling Springs Building & Loan Association, Railroad Avenue.
Passaic:
North Jersey Building & Loan Association, 34 Broadway.
NEW YORK:
Fredonia:
Fredonia Savings & Loan Association, 25 West Main Street.
Long Island City:
Long Island City Savings & Loan Association, 35-01 Broadway.

DISTRICT NO. 4

DISTRICT OF COLUMBIA:
Washington:
Anacostia Building Association, 1338 Good Hope Road, Southeast.

DISTRICT NO. 5

OHIO:
Cleveland:
Progress Savings & Loan Company, 5454 Broadway.

DISTRICT NO. 6

INDIANA:
Gary:
First State Savings & Loan Association of Gary, 2300 Washington Street.
MICHIGAN:
Dowagiac:
Dowagiac Savings & Loan Association, 114 Commercial Street.

DISTRICT NO. 7

ILLINOIS:
Chicago:
"Zgoda" Building & Loan Association, 1424 South Leavitt Street.
WISCONSIN:
West Bend:
West Bend Building & Loan Association, 120 North Main Street.

DISTRICT NO. 8

IOWA:
Burlington:
Mississippi Valley Savings & Loan Association, Medical Arts Building.

DISTRICT NO. 9

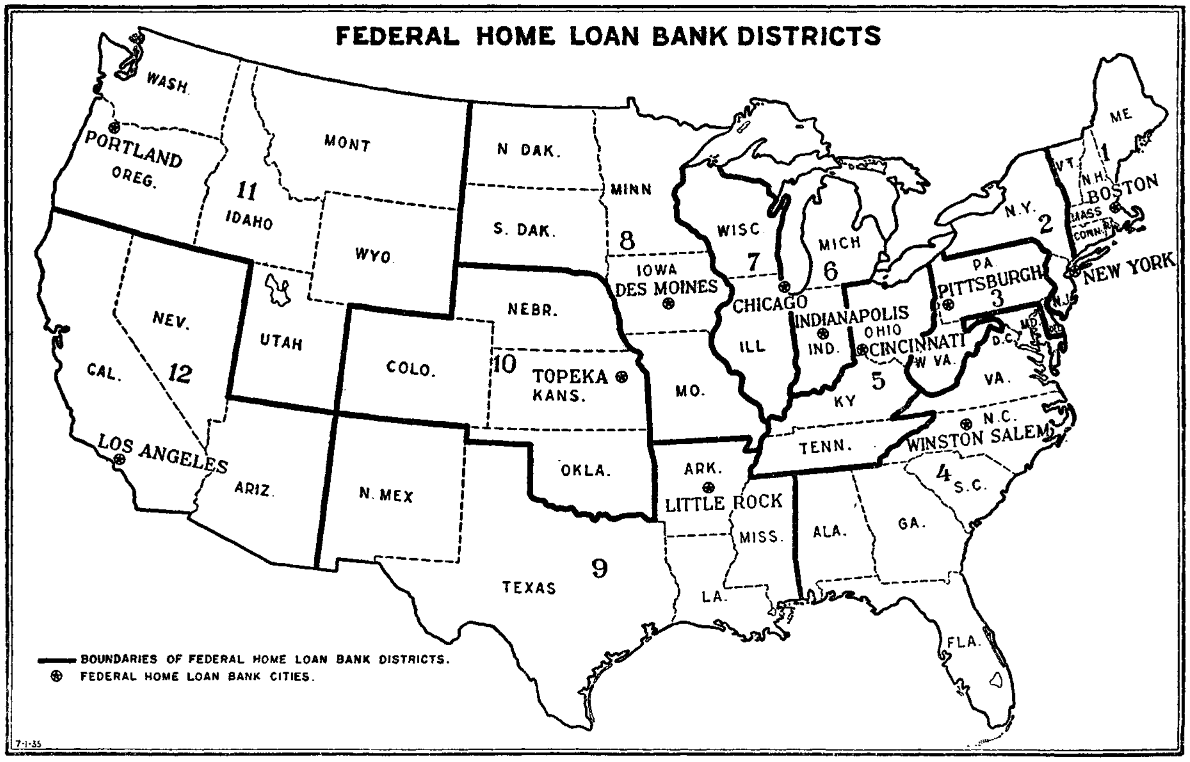
LOUISIANA:
Alexandria:
First Federal Savings & Loan Association of Alexandria, Guaranty Bank Building.

DISTRICT NO. 10

KANSAS:
Council Grove:
Morris County Savings & Loan Association, 116 West Main Street.
NEBRASKA:
Plattsmouth:
Plattsmouth Loan & Building Association.



U. S. GOVERNMENT PRINTING OFFICE: 1939




# OFFICERS OF FEDERAL HOME LOAN BANKS

### Boston

B. J. Rothwell, Chairman; E. H. Weeks, Vice Chairman; W. H. Neaves, President; H. N. Faulkner, Vice President; Frederick Winant, Jr., Treasurer; L. E. Donovan, Secretary; P. A. Hendrick, Counsel.

### New York

George MacDonald, Chairman; F. V. D. Lloyd, Vice Chairman; G. L. Bliss, President; F. G. Stickel, Jr., Vice President-General Counsel; Robert G. Clarkson, Vice President-Secretary; Denton C. Lyon, Treasurer.

### Pittsburgh

E. T. Trigg, Chairman; C. S. Tippetts, Vice Chairman; R. H. Richards, President; G. R. Parker, Vice President; H. H. Garber, Secretary-Treasurer; R. A. Cunningham, Counsel.

### Winston-Salem

S. F. Clabaugh, Chairman; E. C. Baltz, Vice Chairman; O. K. LaRoque, President-Secretary; G. E. Walston, Vice President-Treasurer; Jos. W. Holt, Assistant Secretary; Ratcliffe, Hudson & Ferrell, Counsel.

### Cincinnati

Theo. H. Tangeman, Chairman; Wm. Megrue Brock, Vice Chairman; Walter D. Shultz, President; W. E. Julius, Vice President; Dwight Webb, Jr., Secretary; A. L. Maddox, Treasurer; Taft, Stettinius & Hollister, General Counsel; R. B. Jacoby, Assigned Attorney.

### Indianapolis

F. S. Cannon, Chairman-Vice President; S. R. Light, Vice Chairman; Fred T. Greene, President; B. F. Burtless, Secretary-Treasurer; Jones, Hammond, Buschmann & Gardner, Counsel.

### Chicago

C. E. Broughton, Chairman; H. G. Zander, Jr., Vice Chairman; A. R. Gardner, President; J. P. Domeier, Vice President-Treasurer; Constance M. Wright, Secretary; Ungaro & Sherwood, Counsel.

### Des Moines

C. B. Robbins, Chairman; E. J. Russell, Vice Chairman; R. J. Richardson, President-Secretary; W. H. Lohman, Vice President-Treasurer; J. M. Martin, Assistant Secretary; A. E. Mueller, Assistant Treasurer; E. S. Tesdell, Counsel.

### Little Rock

W. C. Jones, Jr., Chairman; W. P. Gulley, Vice Chairman; B. H. Wooten, President; H. D. Wallace, Vice President; W. F. Tarvin, Treasurer; J. C. Conway, Secretary; W. H. Clark, Jr., Counsel.

### Topeka

G. E. McKinnis, Chairman; P. F. Good, Vice Chairman; C. A. Sterling, President-Secretary; R. H. Burton, Vice President-Treasurer; John S. Dean, Jr., General Counsel.

### Portland

F. S. McWilliams, Chairman; B. H. Hazen, Vice Chairman; F. H. Johnson, President-Secretary; Irving Bogardus, Vice President-Treasurer; Mrs. E. M. Sooysmith, Assistant Secretary.

### Los Angeles

D. G. Davis, Chairman; J. F. Twohy, Vice Chairman; M. M. Hurford, President; C. E. Berry, Vice President; F. C. Noon, Secretary-Treasurer; Vivian Simpson, Assistant Secretary; Richard Fitz-Patrick, General Counsel.