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# FEDERAL HOME LOAN BANK REVIEW

AUGUST  
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WASHINGTON D.C.



# FEDERAL HOME LOAN BANK REVIEW

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**FEDERAL HOME LOAN  
BANK BOARD**

John H. Fahey, Chairman  
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F. W. Hancock, Jr.

**FEDERAL HOME LOAN  
BANK SYSTEM**

**FEDERAL SAVINGS AND LOAN  
ASSOCIATIONS**

**FEDERAL SAVINGS AND LOAN  
INSURANCE CORPORATION**

**HOME OWNERS' LOAN  
CORPORATION**



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1939

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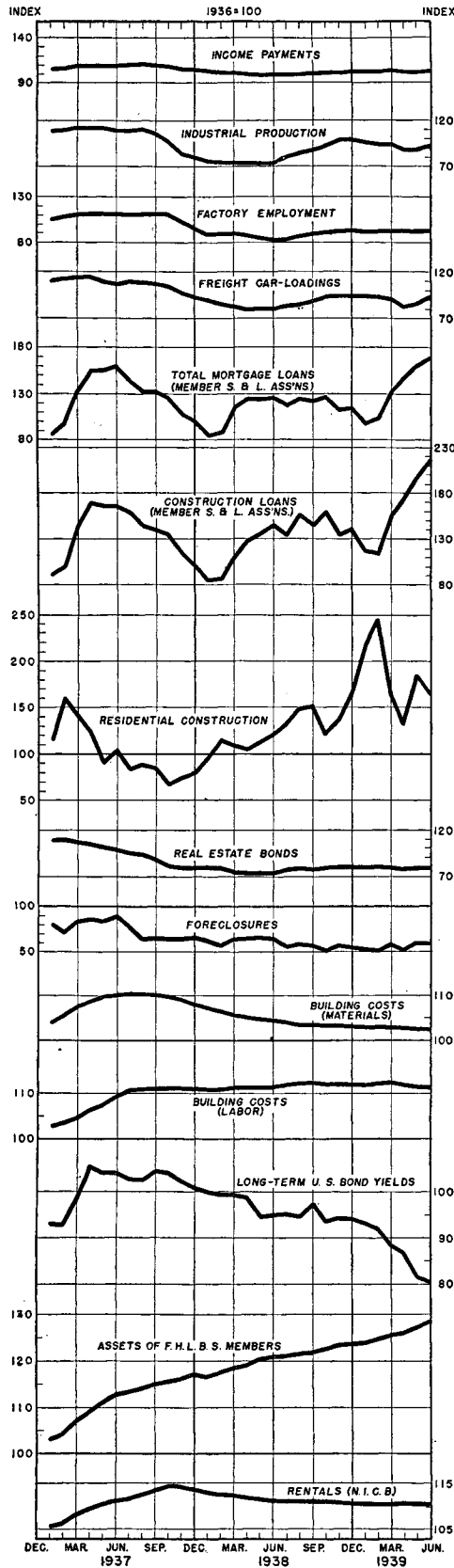
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**SUBSCRIPTION PRICE OF REVIEW.** The **FEDERAL HOME LOAN BANK REVIEW** is the Board's medium of communication with member institutions of the Federal Home Loan Bank System and is the only official organ or periodical publication of the Board. The **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.

## MIDWAY IN 1939



**INCOME PAYMENTS:** Monthly income payments, although declining slightly during the second quarter of this year, have fluctuated within a narrow range. In each month of 1939, the index has been above the index of the corresponding month of 1938.

**INDUSTRIAL PRODUCTION:** Level of industrial production substantially above that of the first six months of 1938, although the two trends are strikingly similar: five months of downward movement, with definite recovery in June.

**FACTORY EMPLOYMENT:** Virtually no change in this index since the close of 1938, in contrast to a sharp decline from January to June of last year. Employment levels still considerably below those of 1937.

**FREIGHT CAR-LOADINGS:** Reduced volume of freight car-loadings reached the lowest levels in April as a result of coal strikes and curtailed steel output. Improving general business conditions are reflected in their rise during May and June.

**MEMBER TOTAL MORTGAGE LOANS:** Distinct improvement over every month of 1938, with the June level at the highest point since the establishment of the Bank System in 1932. [Cumulative new loans by members: 1939 (six months)—\$364,000,000; 1938 (six months)—\$297,000,000.]

**MEMBER CONSTRUCTION LOANS:** Accompanying the expanding volume of residential building, construction loans by members were greater in amount each month so far in 1939, than in the corresponding months of 1938, and 1937.

**RESIDENTIAL CONSTRUCTION:** In cities of 10,000 population or over, residential construction during the first six months of 1939 totaled 142,000 units costing \$510,000,000. This was a 47-percent increase in dollar amount and a 46-percent increase in number of units, over the corresponding period in 1938.

**REAL ESTATE BOND PRICES:** The index of real estate bond prices remained fairly stable during the January-June period of this year, as compared with a steady downward trend in the early months of 1938.

**FORECLOSURES:** The volume of foreclosures in the first six months of this year was approximately 13 percent less than that of a year ago, and less than half of that during the first half of 1935. Recently, the trend of the index has been mixed.

**BUILDING MATERIAL PRICES:** This index continued its gradual decline which has been in evidence since the last quarter of 1937. Prices are about 2 percent below a year ago, and 7 percent below the 1937 peak.

**BUILDING LABOR COSTS:** Labor costs, as reported in building the standard house, were lowered slightly during the second quarter. The index is unchanged from the first half of 1938, but stands more than 11 percent above the 1936 average cost.

**BOND YIELDS:** The yield on long-term U. S. Government bonds declined each month from January through June. Money rates are the lowest on record and the yield on U. S. Government bonds due or callable after 12 years is less than 2.25 percent.

**MEMBER ASSETS:** The index of member assets displayed an increase during each successive month of the first half of the year. Total assets as of June 30, were approximately \$3,936,000,000—an increase of \$149,000,000 during the 6-month period.

**RENTALS:** The N. I. C. B. index, which is sensitive to the effect of newly tenanted properties, remained constant throughout the period at a level fractionally under that of the same months of 1938. At present, rents are 10 percent higher than the 1936 average.

# SIX MONTHS OF MORTGAGE-RECORDING STATISTICS—WHAT THEY REVEAL

*The total amount of nonfarm mortgages of \$20,000 and less recorded during the first half of 1939 exceeded one and three-quarters billion dollars. Analysis of recordings by individual Federal Home Loan Bank Districts indicates the dominant position of savings and loan associations in the home-financing activity of most geographic areas.*

■ FOR the first time in the history of home financing, it is now possible to present within six weeks after the completion of the first half of the year a comprehensive analysis of the mortgage-financing activity of the different types of mortgage lenders during that period.

One year ago an accurate summary of the home-mortgage financing activity of the different types of mortgage lenders during the first half of 1938 could not have been written. There were no figures available which permitted a breakdown by geographic areas and by type of mortgagee. Late in 1938, however, the Division of Research and Statistics of the Federal Home Loan Bank Board inaugurated a new series of statistics on mortgage recordings in an effort to supply the figures necessary for such an analysis.

Each month a report of the recordings of all nonfarm mortgages under \$20,000 is forwarded to Washington from more than 500 counties or similar geographic areas which contain in all more than 50 percent of the total nonfarm population of the United States. By combining the reports from all the reporting areas within a single State, estimates are made of the total volume of mortgage-recording activity in that State, and the percentage of the total business which was done by each type of mortgagee is calculated. The State estimates are consolidated into Federal Home Loan Bank District totals, which in turn are combined to show the number and dollar volume of nonfarm mortgages recorded throughout the entire country.

This analysis is divided first of all into a discussion of the trends in the national and Bank District figures, and second, into a demonstration of how these figures may be used by savings and loan executives to study the progress of the savings and loan industry within an individual State or even smaller geographic area.

## THE NATIONAL TREND

Almost 650,000 nonfarm mortgages of \$20,000 and under were recorded during the first half of this year, and the total amount of these mortgages exceeded \$1,798,000,000. Those totals include all types of mortgage instruments whether for new loans for financing the construction or purchase of homes, or for the refinancing of existing mortgages.

The peak of activity was reached in June when nearly \$361,000,000 in mortgages were recorded with county officers. The monthly average, however, was slightly under \$300,000,000 because of the seasonal decline during January and February.

Savings and loan associations accounted for the highest percentage of the total home-financing activity in every month from January through June, and succeeded in increasing the extent of their participation from 27.1 percent in January to 31.5 percent of the total in June. Bank and trust company business (embracing the activity of their trust departments) indicated that these institutions rank second as a source of mortgage funds, and showed a slight decline from the January top of 25.7 percent.

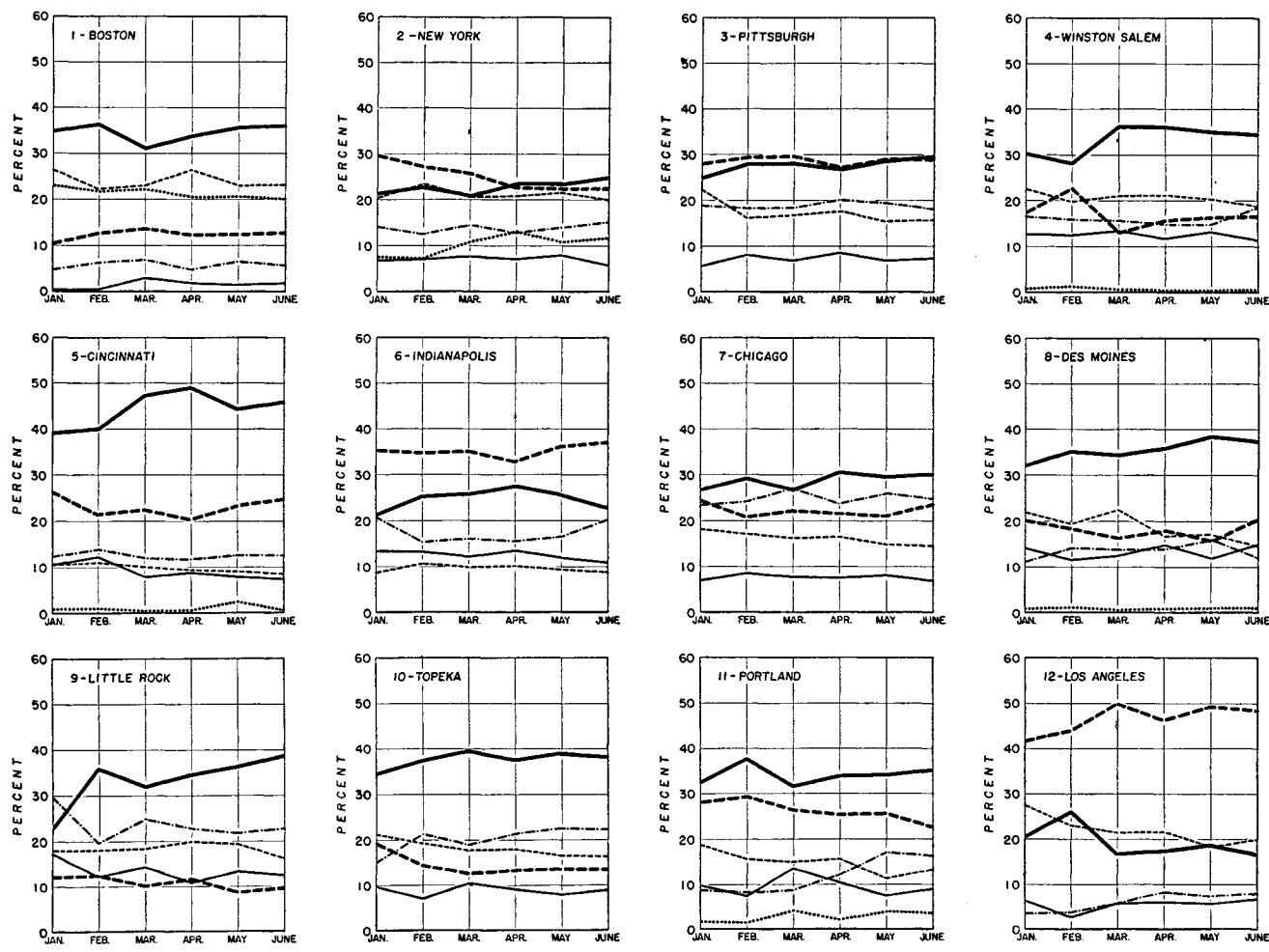
Savings and loan associations invest their funds almost exclusively in mortgages on home property, while other mortgagees make real estate loans on industrial and commercial properties, in addition to homes. The participation of banks, for example, in home-mortgage financing is overstated to the extent that commercial and industrial loans on real estate are included in their mortgages of \$20,000 and less.

The percentage of mortgages recorded by individuals dropped almost steadily during the 6-month period. This is not likely to be attributed entirely to an actual decline in the activity of individuals in the mortgage field. Rather, possibly it represents a more accurate classification of persons originally reported as individual mortgagees who are actually agents for other types of institutional lenders.

# MORTGAGE RECORDINGS DURING THE FIRST HALF OF 1939

Percent of dollar volume made by type of mortgagee in each F.H.L.B. District

Savings & Loan Associations ——— Insurance Companies ——— Banks & Trust Companies ———  
Mutual Savings Banks - - - - - Individuals - - - - - Others - - - - -



**BOSTON:** The strongest curve of mutual savings banks was shown here, but it followed a gradual downward trend during the period. Savings and loan institutions dropped in March but were climbing back during the remaining months. Bank and trust companies, insurance companies, and "other" mortgagees indicated a slight improvement.

**NEW YORK:** Outstanding was the steady decline of the percentage share of bank and trust companies. Mutual savings banks improved during the period and registered their second highest percentages in this District. Insurance companies and "other" mortgagees were stable. Savings and loan associations took the lead in April.

**PITTSBURGH:** The narrowing parallel trend of bank and trust companies and savings and loan associations is significant, as it enabled the latter to ascend to first place in June. Individual lenders exhibited a decline which was probably absorbed by the insurance companies and "other" mortgagees.

**WINSTON-SALEM:** Savings and loan associations strengthened their position considerably. Bank and trust companies tended to vary and dropped sharply from a February peak. Individuals were down a shade during the period, while insurance company activity was stable, and "other" mortgagees were up.

**CINCINNATI:** The highest curve of savings and loan participation was found in this District. Bank and trust companies declined during the first four months of the year, but recovered some during May and June. "Other" mortgagees remained about the same, while individuals and insurance companies were down slightly.

**INDIANAPOLIS:** Savings and loan institutions gained considerably during the first four months, but slipped during May and June. They were unable to approach the 35-percent level of bank and trust companies. Individual lenders and insurance companies declined slightly, but "other" mortgagees started and ended the period at the same level.

**CHICAGO:** Individual mortgagees and bank and trust companies declined during the first half of the year, but the feature of this District was the high position of the "other" mortgagee classification which topped all lenders in March. Savings and loan activity showed a "step" improvement.

**DES MOINES:** Savings and loan associations showed steady improvement. Bank and trust companies recovered sharply in June. Individuals declined substantially during the period, while insurance companies and "other" mortgagees ended June at their January levels.

**LITTON ROCK:** Decreases in the participation percentages of bank and trust companies, "other" mortgagees, insurance companies, and individual lenders were offset by the strong gains of savings and loan associations. These institutions recorded almost 40 percent of the total volume in June.

**TOPEKA:** Savings and loan recordings in this District showed a steady improvement, as did those of the "other" mortgagee classification. Bank and trust companies and individual lenders revealed declines in their percentage levels, while the activity of insurance companies varied between 8 and 10 percent.

"Other" mortgagees averaged 14.7 percent of the total dollar volume of recording activity and ended June with a slight upward tilt of their participation curve. The percentage of insurance company recordings varied between 8.3 and 9.3 percent of the total volume and exhibited an inclination to decline during the early summer months. Nationally, mutual savings banks accounted for but a little more than 3 percent of the total volume; however, the geographic distribution of these institutions makes them a more important factor in certain areas. This fact is shown clearly in the Bank District and State analyses.

#### TRENDS IN THE INDIVIDUAL BANK DISTRICTS

The opportunity for detailed analysis of these statistics by individual Federal Home Loan Bank Districts and other geographic areas is one of the outstanding advantages of this new series of nonfarm mortgage-recording data. The chart on the opposite page shows for each of the 12 Bank Districts the percentage of the total mortgage-recording activity accounted for by each of the six different classifications of mortgagees during each of the first six months of 1939.

Significant is the fact that in nine out of the 12 Bank Districts the curve of savings and loan association mortgage recordings was clearly higher than any of the other types of mortgagees. The exceptions included: (1) the Pittsburgh District, where bank

**PORTLAND:** Mutual savings banks and "other" mortgagees were the only classifications to register upward trends. Savings and loan and insurance company activity was varied, but ended the period slightly above January. Bank and trust companies and individual lenders showed declines.

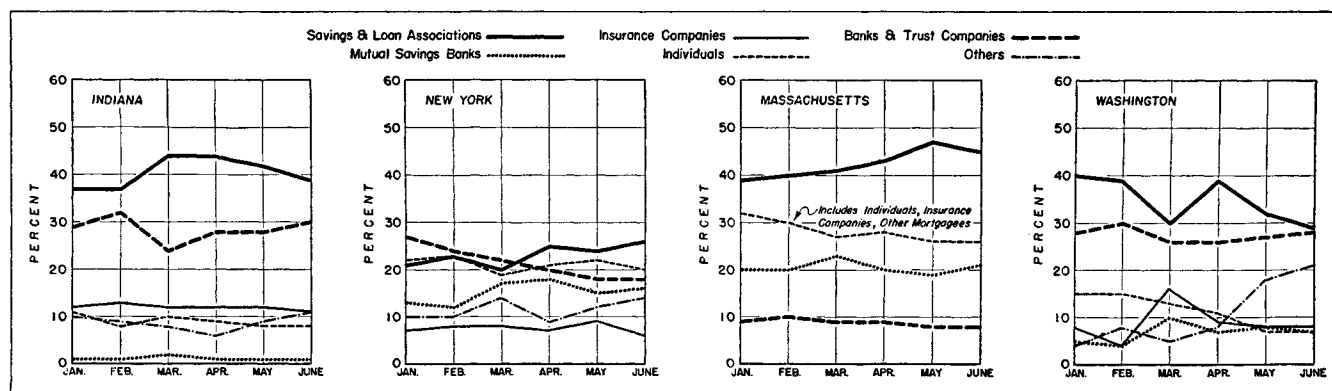
**LOS ANGELES:** The dominance of bank and trust companies is evidenced by the fact that these institutions accounted for from 42 to 50 percent of the total recordings. A steady downward trend of the curve for individuals, improvement by "other" mortgagees, and a second-quarter decrease in the percentage of savings and loan activity were also noted.

and trust companies had a slightly higher percentage of the total activity than did the savings and loan associations during the first five months. In June, however, savings and loan institutions were on top in this District; (2) the Indianapolis District, where again bank and trust company mortgage activity exceeded that of savings and loan institutions largely because of their dominance in the State of Michigan; and (3) the Los Angeles District, the area in which bank and trust companies registered their highest percentage of the total mortgages recorded.

In the New York Bank District, bank and trust companies also led during the first quarter, but their percentage declined with each succeeding month through May. Beginning in April, savings and loan activity surpassed these institutions, and raised the total number of Districts in which savings and loan associations had the top percentage curve to nine.

#### THE VALUE OF INDIVIDUAL STATE ANALYSIS

As an example of what may be done to relate these statistics even more closely to the current operation of a home-financing institution in its own community, the chart on this page shows the trend of home financing by type of mortgagee in four selected States: Indiana, New York, Massachusetts, and Washington. Similar charts may be made easily for any other State, and charts could likewise be made for geographic areas as small as a town, city, or county.



In reviewing the chart of the Indianapolis Bank District which appears on page 328, we noted that the activity of the bank and trust companies exceeded the savings and loan business in that territory. By studying the graph of the State of Indiana shown below, however, it is evident that at least in the State of Indiana the situation is reversed. In June, savings and loan associations in Indiana accounted for almost 40 percent of the total dollar volume of recordings, having increased their percentage since the first of this year. Bank and trust company activity on the other hand remained at about the same level during this period. Thus it may be seen that these State analyses are essential to a complete understanding of the distribution of mortgages recorded within an individual Bank District.

Two facts stand out from an analysis of the graph of the State of New York: first, the sharp downward trend of the bank and trust company curve; and second, the irregular improvement of the savings and loan association activity. As an indication of the influence of the activity of this State on the Bank District totals, it may be seen that as savings and loan institutions took the lead in the State during April, they also assumed top position in the chart of the New York Bank District (page 328).

Individual lenders accounted for approximately 20 percent of the lending in this State, and during the second quarter, they outranked bank and trust companies for second place. Mutual savings banks, active participants in the home-mortgage field in New York, contributed 15 percent of the total dollar volume of recordings during the first half of the year.

The pattern of savings and loan activity in Massachusetts is one of steady improvement during the 6-month period, and reflects a gradual strengthening of the industry in that State. It is interesting to note also the importance of mutual savings banks in this area. Approximately one-fifth of the total dollar volume of recordings is attributable to these institutions—a higher percentage than they obtained in any other State. The trend of individual mortgagees, which in this State included also the activity of insurance companies and “other” mortgagees, was distinctly downward during most of the first half of the year. Bank and trust company participation in the total volume remained very stable throughout the period.

Washington, the last State in the chart, was chosen because of the unfavorable trend which savings and loan associations established during the first six months of 1939. “Other” mortgagees

showed the greatest improvement in this State by increasing their participation from 4 percent in January to 21 percent in June. Again, individual mortgagees indicated the opposite trend, dropping 8 percentage points during the same length of time.

#### SUMMARY<sup>1</sup>

It is evident from this detailed analysis of the mortgages recorded by all types of mortgagees during the first half of 1939, that in general savings and loan associations are maintaining their position as the leading source of credit for the financing of homes.

The value of these reports in checking on the progress of institutions in counties, States, Bank Districts, and throughout the country has exceeded all expectations. Its success is due largely to the splendid cooperation of more than 500 contributors which furnish each month the mortgage-recording statistics for their own localities.

Members of the Federal Home Loan Bank System and others who are interested in extending the coverage of these reports, or in obtaining additional material on mortgage recordings, may secure further information by writing directly to the Division of Research and Statistics, Federal Home Loan Bank Board, Washington, D. C.

<sup>1</sup> An analysis and summary of mortgage-recording activity during the month of June may be found on page 346.

## Public Interest Directors Appointed

■ ANNOUNCEMENT of the appointments of three Public Interest Directors has been made recently by the Federal Home Loan Bank Board. The Board appointed Richard P. Dietzman of Louisville, Kentucky, to the Board of Directors of the Federal Home Loan Bank of Cincinnati. Mr. Dietzman will serve for the unexpired portion of a 4-year term ending December 31, 1942.

Clarence W. Reuling of Peoria, Illinois, was also appointed a Public Interest Director. Mr. Reuling, General Agent for the Massachusetts Mutual Life Insurance Company for central Illinois, will serve on the Board of Directors of the Chicago Bank for the balance of a 4-year term ending December 31, 1941.

The third appointment was that of Benjamin A. Perham of Yakima, Washington, who is a director of the Guaranty Trust Company of Yakima and owner-manager of the Perham Fruit Company. Mr. Perham's term extends until December 31, 1942.

# TRENDS IN THE COMBINED BALANCE SHEET OF MEMBER ASSOCIATIONS

*Detailed analysis of the combined statement of condition of the 3,895 savings and loan members of the Federal Home Loan Bank System reveals the general improvement of these institutions last year. Increases in the first mortgage loan and private repurchasable capital accounts, together with substantial reductions in the amount of owned real estate, featured the business operations of member associations during 1938.*

■ SEVERAL milestones have marked the improvement of the general trend of the savings and loan industry within the last three years. In 1936, the total dollar amount of real estate held by all savings and loan associations declined for the first time in this decade. In 1937, the first increase in the amount of outstanding mortgage loans was registered. In 1938, the total assets of all associations showed an increase over the previous 12-month period for the first time since 1930.

Although it will be well toward the end of 1939 before all the data necessary to prepare a 1938 consolidated statement for all savings and loan associations will be available, it is possible at this point to present a complete picture of the 3,895 savings and loan institutions which were members of the Federal Home Loan Bank System at the close of the year.

Assets of the savings and loan members of the Bank System have increased each year since the organization of the System, and last year showed a growth of \$205,000,000, or 5.8 percent. This was due to admission of new members as well as to growth of assets of existing members. The fact that there was a net addition of only five members during the year indicates that much of the progress in the last year was attained through the continued strengthening of the financial structures of member institutions by mergers, reorganizations, and consolidations.

## ASSET ACCOUNTS

### Trends of selected balance sheet items in relation to total assets

Item	1938	1937	1936
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
First mortgage loans.....	74.41	72.82	69.89
Real estate owned.....	11.99	13.77	16.49
Real estate contracts.....	3.78	3.61	2.97
Cash and other investments....	6.32	6.15	6.47

The assets of the average savings and loan member at the year-end totaled \$963,600, against \$912,000 on December 31, 1937, and \$843,700 in 1936.

*First mortgage loans:* A \$209,000,000 increase in the amount of first mortgage loans outstanding at the end of the year, raising the ratio of this item to total assets from 72.8 percent in 1937 to 74.4 percent at the end of 1938, constituted a significant improvement from the standpoint of savings and loan earnings. The \$2,800,000,000 in first mortgages held by members of the Bank System is an increase of 8 percent over the balance at the end of 1937, and represents approximately 71.8 percent of the \$3,900,000,000 in mortgages held by all (both member and nonmember) savings and loan associations.

Member associations made \$620,400,000 in new mortgage loans during the 12-month period. Using the mid-year assets of these institutions as a base, the new loans made were 16.8 percent of the total. This is a marked decline from the 20.9-percent rate shown during 1937.

*Real estate owned:* Members of the Federal Home Loan Bank System continued to effect substantial reductions in their volume of owned real estate. Improved real estate conditions during the latter half of the year enabled these institutions to decrease their owned real estate accounts by more than \$38,000,000, or 7.9 percent of the amount held at the beginning of the period. The ratio of this item to the total assets reached a new low point since the depression of 11.99 percent.

*Real estate contracts:* Reflecting the disposal of property held by these associations, the real estate sold on contract account had increased \$14,000,000 at the end of 1938 to a total of \$142,000,000, or 3.78 percent of the total assets. This was 11 percent more than the outstanding contracts at the close of 1937.

*Cash and other investments:* An indication of the liquidity position of associations, these balance



**Table 1.—Combined statement of condition for all savings and loan**

NOTE.—Percentage figures show the ratio  
[Amounts are shown in

Balance sheet item	Combined	Boston	New York	Pittsburgh	Winston-Salem
Number of members	3,895	204	419	558	402
<b>ASSETS</b>					
First mortgage loans (including interest and advances)	\$2,792,720 74.41%	\$330,157 77.51%	\$304,271 65.90%	\$171,192 74.87%	\$308,810 88.85%
Junior mortgage liens (including interest and advances)	5,545 0.15%	19 0.00%	468 0.10%	3,920 1.71%	156 0.04%
Other loans (including share loans)	29,763 0.79%	5,167 1.21%	4,858 1.05%	2,718 1.19%	2,614 0.75%
Real estate sold on contract	141,916 3.78%	453 0.11%	8,316 1.80%	5,068 2.22%	3,561 1.02%
Real estate owned	450,139 11.99%	46,745 10.98%	102,504 22.20%	35,892 15.70%	9,964 2.87%
Federal Home Loan Bank stock	37,049 0.99%	3,292 0.77%	4,229 0.92%	2,521 1.10%	3,499 1.01%
Other investments (including accrued interest)	79,378 2.12%	16,950 3.98%	11,821 2.56%	680 0.30%	1,474 0.43%
Cash on hand and in Banks	157,716 4.20%	17,081 4.01%	17,697 3.83%	5,046 2.21%	13,488 3.88%
Office building (net)	43,656 1.16%	2,889 0.68%	6,138 1.33%	729 0.32%	3,008 0.87%
Furniture, fixtures and equipment (net)	3,846 0.10%	260 0.06%	563 0.12%	150 0.07%	327 0.09%
Other assets <sup>2</sup>	11,384 0.31%	2,920 0.69%	876 0.19%	7,19 0.31%	647 0.19%
Total assets	\$3,753,112 100.00%	\$425,933 100.00%	\$461,741 100.00%	\$228,635 100.00%	\$347,548 100.00%
<b>LIABILITIES AND CAPITAL</b>					
U. S. Government investment (shares and deposits)	\$258,877 6.90%	\$7,517 1.76%	\$33,890 7.35%	\$10,639 4.65%	\$31,099 8.96%
Private repurchasable shares	2,444,312 65.13%	332,000 77.95%	317,779 68.82%	143,061 62.57%	250,235 72.00%
Mortgage pledged shares	180,040 4.80%	46,661 10.96%	34,639 7.50%	31,861 13.94%	15,864 4.57%
Deposits and investment certificates	273,035 7.27%	195 0.05%	0 0.00%	0 0.00%	217 0.06%
Advances from Federal Home Loan Banks	198,149 5.28%	8,507 2.00%	18,130 3.93%	17,423 7.62%	19,543 5.62%
Other borrowed money	18,334 0.49%	2,235 0.52%	5,871 1.27%	2,060 0.90%	1,532 0.44%
Loans in process	30,073 0.80%	1,953 0.46%	2,023 0.44%	893 0.39%	3,403 0.98%
Advance payments by borrowers	7,867 0.21%	255 0.06%	514 0.11%	291 0.13%	1,157 0.33%
Other liabilities	18,670 0.50%	1,595 0.37%	1,076 0.23%	864 0.38%	1,466 0.42%
Permanent, reserve or guaranty stock	26,580 0.71%	0 0.00%	0 0.00%	0 0.00%	935 0.27%
Deferred credits to future operations	15,603 0.41%	51 0.01%	823 0.18%	284 0.12%	628 0.18%
Specific reserves	13,198 0.35%	223 0.05%	1,239 0.27%	795 0.35%	1,133 0.33%
General reserves	185,989 4.95%	14,685 3.45%	32,800 7.10%	19,017 8.32%	7,034 2.02%
Bonus on shares	359 0.01%	21 0.00%	197 0.04%	11 0.00%	15 0.00%
Undivided profits	82,026 2.19%	10,035 2.36%	12,760 2.76%	1,436 0.63%	13,287 3.82%
Total liabilities and capital	\$3,753,112 100.00%	\$425,933 100.00%	\$461,741 100.00%	\$228,635 100.00%	\$347,548 100.00%

<sup>1</sup> This information has been supplied by the 12 Federal Home Loan Banks who advise that in a few instances reports from member institutions could not be obtained as of Dec. 31, 1938, and that either estimates or reports as of some other date were used.

# members of the Federal Home Loan Bank System as of Dec. 31, 1938 <sup>1</sup>

of the item listed to total assets  
thousands of dollars]

Cincinnati	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	Portland	Los Angeles
566	209	483	242	275	229	135	173
\$567,352	\$155,492	\$260,770	\$141,449	\$159,178	\$109,299	\$90,694	\$194,056
73.57%	64.72%	66.67%	79.02%	82.14%	69.78%	76.60%	81.25%
233	162	35	60	105	91	45	251
0.03%	0.07%	0.01%	0.03%	0.05%	0.06%	0.04%	0.11%
2,527	691	6,360	1,331	1,259	761	904	573
0.33%	0.29%	1.63%	0.74%	0.65%	0.49%	0.76%	0.24%
24,477	29,194	25,162	7,516	4,592	12,388	10,006	11,183
3.17%	12.15%	6.43%	4.20%	2.37%	7.91%	8.45%	4.68%
84,272	27,824	74,794	15,824	14,150	21,859	4,346	11,965
10.93%	11.58%	19.12%	8.84%	7.30%	13.96%	3.67%	5.01%
7,096	2,636	4,484	2,123	1,895	1,611	1,081	2,582
0.92%	1.10%	1.15%	1.19%	0.98%	1.03%	0.92%	1.08%
25,750	7,362	2,502	2,205	2,206	1,829	3,471	3,128
3.34%	3.06%	0.64%	1.23%	1.14%	1.17%	2.93%	1.31%
39,915	12,410	13,999	6,177	8,454	5,364	6,231	11,854
5.18%	5.17%	3.58%	3.45%	4.36%	3.43%	5.26%	4.96%
16,026	3,952	1,464	1,151	1,335	3,010	1,267	2,687
2.08%	1.64%	0.37%	0.64%	0.69%	1.92%	1.07%	1.13%
689	275	319	197	277	237	213	339
0.08%	0.11%	0.08%	0.11%	0.14%	0.15%	0.18%	0.14%
2,879	255	1,255	987	335	164	137	210
0.37%	0.11%	0.32%	0.55%	0.18%	0.10%	0.12%	0.09%
\$771,216	240,253	391,144	179,020	193,786	156,613	118,395	238,828
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
\$37,807	14,515	28,555	20,462	18,121	12,925	21,431	21,916
4.90%	6.04%	7.30%	11.43%	9.35%	8.25%	18.11%	9.18%
441,695	184,801	263,590	122,397	137,541	110,768	67,583	72,862
57.27%	76.92%	67.39%	68.37%	70.97%	70.73%	57.08%	30.51%
9,307	2,782	22,384	5,974	4,312	4,631	570	1,055
1.21%	1.15%	5.73%	3.33%	2.22%	2.96%	0.48%	0.44%
167,467	0	0	0	0	0	11,372	93,784
21.72%	0.00%	0.00%	0.00%	0.00%	0.00%	9.61%	39.27%
25,739	14,289	31,924	17,118	10,437	11,359	6,527	17,154
3.34%	5.95%	8.16%	9.56%	5.38%	7.25%	5.51%	7.18%
2,372	89	2,146	464	617	269	228	451
0.31%	0.04%	0.55%	0.26%	0.32%	0.17%	0.19%	0.19%
3,634	1,364	3,338	1,517	1,754	1,228	1,788	6,978
0.50%	0.57%	0.85%	0.85%	0.91%	0.79%	1.51%	2.92%
1,625	481	1,129	192	1,176	499	334	214
0.21%	0.20%	0.29%	0.11%	0.61%	0.32%	0.28%	0.09%
3,109	938	4,347	697	2,396	942	393	847
0.40%	0.39%	1.11%	0.39%	1.24%	0.60%	0.33%	0.35%
14,349	113	0	24	790	801	1,161	8,407
1.86%	0.05%	0.00%	0.01%	0.41%	0.51%	0.98%	3.52%
5,294	2,620	2,275	726	242	618	473	1,569
0.69%	1.09%	0.58%	0.41%	0.12%	0.39%	0.40%	0.66%
2,877	1,003	2,210	643	535	777	237	1,526
0.37%	0.42%	0.57%	0.36%	0.28%	0.50%	0.20%	0.64%
37,967	11,141	23,519	5,927	12,615	8,996	3,896	8,392
4.92	4.64%	6.01%	3.31%	6.51%	5.74%	3.29%	3.51%
7	7	17	32	17	14	18	3
0.00%	0.00%	0.00%	0.02%	0.01%	0.01%	0.02%	0.00%
17,767	6,111	5,710	2,847	3,233	2,786	2,384	3,670
2.30%	2.54%	1.46%	1.59%	1.67%	1.78%	2.01%	1.54%
771,216	240,253	391,144	179,020	193,786	156,613	118,395	238,828
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

<sup>2</sup> Includes deferred charges, "other assets" accounts on individual statements, and various miscellaneous asset items peculiar to only a few institutions.

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sheet ratios showed a sharp increase during 1938, as contrasted with a decline during 1937. The ratio of the two items to the total assets at the end of 1938 was 6.32 percent, as compared with 6.15 percent in 1937, and 6.47 percent in 1936. Cash on hand rose more than 25 percent (\$32,000,000) during the year to a total of \$158,000,000. Other investments showed a steady decline in their relationship to total assets during the 3-year period.

Three reasons have been advanced for this increase in the liquidity position of member associations: first, that members were attempting to maintain larger amounts of cash on hand at all times to meet repurchase requests; second, that the amortization of loans, providing monthly repayments of interest and principal, was creating a revolving fund of considerable proportions for relending purposes; and third, that the flow of new private share capital into these institutions was exceeding the opportunities for placing funds in good mortgage loans.

#### LIABILITY AND CAPITAL ACCOUNTS

#### Trends in selected balance sheet items in relation to total liabilities and capital

Item	1938	1937	1936
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
Private repurchasable capital....	72.40	71.03	73.23
Government share subscriptions....	6.90	7.13	5.41
Pledged shares.....	4.80	5.77	6.03
F. H. L. B. advances and other borrowed money.....	5.77	6.09	5.06
General reserves and undivided profits.....	7.15	6.76	7.03

*Private repurchasable capital:* Movements in the principal balance sheet items on the liabilities side of the ledger were generally favorable during 1938. Outstanding was the increase in private investments. On December 31, 1938, the average amount of private repurchasable capital per member association was \$698,000—an increase of \$50,000 during the year.

During 1938, subscriptions by the Government to shares of member associations virtually ceased; the net increase amounted to only \$6,000,000. In contrast, the net gain in private repurchasable capital during the year amounted to \$197,000,000. Members held approximately \$10 in private repurchasable capital for every \$1 of Government subscription.

Highest ratios of Government subscription to private capital are naturally found in Federal associations, many of which required substantial backing from Government capital during the period of initial

organization and growth. At the end of 1938, Federal associations showed \$4 in private capital for every \$1 in Government subscription—a marked gain over the ratio of \$3 for every \$1 of Government subscription which prevailed at the end of 1937.

*Reserves:* In recent years, savings and loan associations have placed increasing emphasis upon reserves. A leading policy-making group of the industry urges that associations strive to maintain true total reserves equivalent to at least 10 percent of assets. Evidence that Bank System members were strengthening reserves during 1938 is the fact that the \$28,000,000 increase in their general reserves and undivided profits meant a more rapid rate of growth than that shown either for mortgage loans outstanding or for private repurchasable capital.

The average amount of general reserves and undivided profits of member associations shows this favorable trend over the past three years:

December 31, 1936.....	\$59,250
December 31, 1937.....	61,600
December 31, 1938.....	69,000

*Pledged shares:* A decrease of approximately \$25,000,000 in the amount of mortgage pledged shares was shown during 1938. This is an indication of the increasing popularity of the direct-reduction loan plan, and is a reversal of the trend which existed between the year-ends of 1937 and 1936, when the average amount of mortgage pledged shares per member association increased slightly.

*Borrowed money:* The increased volume of private investments in member associations, coupled with a lowered lending activity in 1938, kept borrowings nearly stationary. Approximately the same amount of Federal Home Loan Bank advances was outstanding to members at the year-ends in 1938 and 1937. "Other borrowed money" increased slightly during this period, but the *ratio* of total borrowings to total assets fell from 6.09 percent to 5.77 percent.

During the first half of 1939, there has been a marked reduction in borrowings by members as a result of the increasingly large volume of private capital investments. At the end of May, F. H. L. B. advances to members had declined 20 percent (\$41,000,000) from the December 31, 1938 level.

For more detailed figures, refer to Table 1 on the preceding page, which shows the dollar amount and percentage share of each balance sheet item for each Bank District. Table 2, on the opposite page, shows the percentage distribution of balance sheet items for all savings and loan members over the 3-year period, 1936-1938, by class of association.

**Table 2.—Percentage distribution of balance sheet items for all savings and loan members of the Federal Home Loan Bank System, 1936–1938<sup>1</sup>**

Balance sheet item	All savings and loan members			Federal			Insured State			Uninsured State		
	1938	1937	1936	1938	1937	1936	1938	1937	1936	1938	1937	1936
Number of member institutions.....	3,895 <i>Percent</i>	3,890 <i>Percent</i>	3,746 <i>Percent</i>	1,362 <i>Percent</i>	1,319 <i>Percent</i>	1,199 <i>Percent</i>	735 <i>Percent</i>	560 <i>Percent</i>	365 <i>Percent</i>	1,796 <i>Percent</i>	2,011 <i>Percent</i>	2,182 <i>Percent</i>
<b>ASSETS</b>												
First mortgage loans (including interest and advances)	74.41	72.82	69.89	79.80	79.39	76.26	73.42	72.03	68.82	70.57	69.67	67.53
Junior mortgage liens (including interest and advances)	0.15	0.17	0.27	0.06	0.06	0.15	0.17	0.16	0.15	0.21	0.24	0.35
Other loans (including share loans).....	0.79	0.88	0.97	0.40	0.42	0.34	0.53	0.58	0.63	1.24	1.26	1.32
Real estate sold on contract.....	3.78	3.61	2.97	3.43	3.33	2.93	4.83	4.55	3.53	3.54	3.45	2.84
Real estate owned.....	11.99	13.77	16.49	7.46	8.41	10.82	11.15	12.61	15.01	16.06	17.48	19.23
Federal Home Loan Bank stock.....	0.99	0.96	0.89	1.13	1.15	1.00	0.88	0.91	0.85	0.87	0.87	0.85
Other investments (including accrued interest).....	2.12	2.61	2.73	1.26	1.68	1.72	2.36	2.90	3.63	2.67	3.07	2.92
Cash on hand and in Banks.....	4.20	3.54	3.74	4.94	4.05	4.77	4.70	4.21	4.35	3.36	2.99	3.16
Office building (net).....	1.16	1.18	1.25	1.20	1.16	1.26	1.33	1.53	1.66	1.05	1.08	1.13
Furniture, fixtures, and equipment (net).....	0.10	0.10	0.13	0.14	0.13	0.18	0.12	0.10	0.16	0.07	0.07	0.11
Other assets.....	0.31	0.36	0.67	0.18	0.22	0.57	0.39	0.42	1.21	0.36	0.42	0.56
Total assets.....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
<b>LIABILITIES AND CAPITAL</b>												
U.S. Government investment (shares and deposits).....	6.90	7.13	5.41	16.58	19.65	19.46	5.01	5.42	3.21	0.05	0.07	0.15
Private repurchasable shares.....	65.13	63.59	64.72	65.88	61.27	61.54	55.09	53.91	54.69	69.53	68.56	68.67
Mortgage pledged shares.....	4.80	5.77	6.03	1.17	1.62	1.49	2.89	2.82	2.53	8.67	9.40	8.84
Deposits and investment certificates.....	7.27	7.44	8.51	0.09	0.18	0.44	18.19	19.49	22.22	7.61	7.47	8.27
Advances from Federal Home Loan Banks.....	5.28	5.59	4.53	8.13	9.31	7.67	5.36	5.21	4.38	2.94	3.45	3.27
Other borrowed money.....	0.49	0.50	0.53	0.24	0.21	0.28	0.51	0.41	0.51	0.68	0.69	0.64
Loans in process.....	0.80	0.63	0.30	1.37	1.18	1.85	0.30	0.64	0.93	0.29	0.29	0.50
Other liabilities.....	1.12	1.19	0.84	1.21	1.22	1.20	1.43	1.28	0.94	0.90	1.15	0.67
Capital, permanent reserve or guaranty stock.....	0.71	0.71	0.67	0.00	0.01	0.00	2.51	2.58	2.25	0.38	0.48	0.53
Specific reserves.....	0.35	0.69	0.63	0.36	0.48	0.32	0.40	0.72	0.78	0.32	0.80	0.80
General reserves.....	4.95	4.87	5.24	3.45	3.47	3.80	5.78	5.69	5.90	5.75	5.43	5.66
Undivided profits.....	2.20	1.89	1.79	1.52	1.40	1.35	1.93	1.83	1.66	2.88	2.21	2.00
Total liabilities and capital.....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

<sup>1</sup>All figures are taken as of December 31, or nearest available date.

# HOW TO USE STATISTICS IN THE FEDERAL HOME LOAN BANK REVIEW—PART 2

*The building of homes goes hand in hand with the demand for housing and the provision of credit. Accurate knowledge of residential construction trends is essential to any home-financing institution.*

■ “WHAT is the demand for mortgage money from our association likely to be during the next few months?” Upon the answer to this question depend many important details of the operation of a savings and loan association. The necessity for an aggressive campaign to obtain a greater volume of private investments to meet increased lending demand, the probability of more extensive use of Federal Home Loan Bank advances, the planning of a well-balanced budget, are all affected by the trend in loan volume.

Mortgage-lending activity of an association in turn is closely related to the progress of residential building and repairs in its community. During 1938, for example, 35 cents out of every dollar loaned by savings and loan associations was employed to finance either new construction or reconditioning. Because of the importance of accurate information on residential construction, the REVIEW each month publishes certain current statistics which trace the movement of building throughout the country.

The basic construction figures are tabulated in Table 1, showing the number and the estimated cost of new family dwelling units provided in all cities of 10,000 population and over in the United States, analyzed according to type of dwelling. Table 2 lists similar information for each State and for each Bank District. Important State trends are revealed by these figures. For example, in Connecticut during the first six months of this year, there were 1,273 units on which construction was started, compared with 847 for the same period in 1938—a 50-percent increase. Table 2, however, in its month-to-month listings, shows that the building of 1- and 2-family dwelling units—the primary lending field of savings and loan associations—increased only 22 percent during this same period.

These tables enable a manager who is watching the trend of residential building in his own community to compare the local movement with those in his State, his Bank District, and in the country as a whole. To assist him in keeping these regional and

**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 <sup>1</sup>**

[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			January-June totals		Monthly totals			January-June totals	
	June 1939	May 1939	June 1938	1939	1938	June 1939	May 1939	June 1938	1939	1938
1-family dwellings.....	15, 538	16, 520	12, 121	79, 814	56, 511	\$62, 181. 2	\$65, 020. 4	\$48, 265. 1	\$313, 585. 3	\$221, 381. 4
2-family dwellings.....	1, 028	1, 154	978	5, 726	5, 410	2, 544. 4	3, 035. 1	2, 552. 3	14, 448. 7	13, 784. 3
Joint home and business <sup>2</sup> .....	67	59	86	375	431	299. 9	303. 5	347. 6	1, 616. 2	1, 528. 8
3-and-more family dwellings.....	8, 188	12, 351	3, 284	56, 192	34, 995	25, 870. 5	41, 207. 0	10, 299. 6	180, 408. 9	109, 832. 5
Total residential.....	24, 821	30, 084	16, 469	142, 107	97, 347	90, 896. 0	109, 566. 0	61, 464. 6	510, 059. 1	346, 527. 0

<sup>1</sup> Estimate is based on reports from communities having approximately 95 percent of the population of all cities with population of 10,000 or over.

<sup>2</sup> 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 June 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 District and State	All residential dwellings				All 1- and 2-family dwellings			
	Number of family dwelling units		Estimated cost		Number of family dwelling units		Estimated cost	
	June 1939	June 1938	June 1939	June 1938	June 1939	June 1938	June 1939	June 1938
UNITED STATES.....	24, 821	16, 469	\$90, 896. 0	\$61, 464. 6	16, 633	13, 185	\$65, 025. 5	\$51, 165. 0
No. 1—Boston.....	957	894	4, 029. 9	3, 859. 2	902	806	3, 914. 8	3, 571. 2
Connecticut.....	223	200	970. 9	923. 2	219	197	960. 9	913. 2
Maine.....	57	56	160. 7	145. 6	46	56	147. 9	145. 6
Massachusetts.....	480	455	2, 135. 2	2, 137. 2	446	370	2, 055. 2	1, 859. 2
New Hampshire.....	51	34	180. 8	130. 8	51	34	180. 8	130. 8
Rhode Island.....	122	143	490. 2	488. 1	116	143	477. 9	488. 1
Vermont.....	24	6	92. 1	34. 3	24	6	92. 1	34. 3
No. 2—New York.....	5, 537	3, 707	20, 035. 0	14, 136. 1	1, 947	1, 715	8, 559. 4	7, 413. 8
New Jersey.....	644	708	2, 785. 2	2, 679. 7	442	248	1, 925. 6	1, 369. 8
New York.....	4, 893	2, 999	17, 249. 8	11, 456. 4	1, 505	1, 467	6, 633. 8	6, 044. 0
No. 3—Pittsburgh.....	1, 477	753	6, 633. 4	3, 183. 8	1, 053	606	4, 931. 2	2, 807. 6
Delaware.....		22		102. 5		4		27. 5
Pennsylvania.....	1, 377	650	6, 170. 3	2, 790. 5	957	533	4, 483. 1	2, 520. 3
West Virginia.....	100	81	463. 1	290. 8	96	69	448. 1	259. 8
No. 4—Winston-Salem.....	3, 217	1, 845	9, 923. 5	6, 829. 2	2, 000	1, 644	6, 786. 7	6, 232. 3
Alabama.....	205	130	421. 6	293. 4	189	130	388. 6	293. 4
District of Columbia.....	457	304	1, 815. 8	1, 695. 9	198	243	1, 089. 8	1, 502. 9
Florida.....	1, 182	475	3, 603. 6	1, 673. 1	592	433	2, 095. 8	1, 578. 5
Georgia.....	235	197	566. 4	584. 9	231	185	548. 8	557. 2
Maryland.....	307	149	1, 052. 5	557. 5	194	149	701. 5	557. 5
North Carolina.....	362	279	859. 3	777. 8	267	264	726. 2	757. 2
South Carolina.....	85	72	229. 1	233. 6	82	69	219. 5	228. 6
Virginia.....	384	239	1, 375. 2	1, 013. 0	247	171	1, 016. 5	757. 0
No. 5—Cincinnati.....	2, 757	756	10, 526. 5	3, 226. 1	971	699	4, 209. 4	3, 025. 6
Kentucky.....	115	117	306. 0	319. 6	111	117	299. 0	319. 6
Ohio.....	1, 314	525	5, 906. 4	2, 528. 9	679	468	3, 361. 7	2, 328. 4
Tennessee.....	1, 328	114	4, 314. 1	377. 6	181	114	548. 7	377. 6
No. 6—Indianapolis.....	1, 736	1, 052	7, 737. 6	4, 773. 7	1, 598	1, 039	7, 099. 7	4, 745. 3
Indiana.....	348	250	1, 254. 5	911. 2	344	242	1, 244. 5	901. 1
Michigan.....	1, 388	802	6, 483. 1	3, 862. 5	1, 254	797	5, 855. 2	3, 844. 2
No. 7—Chicago.....	1, 017	656	5, 226. 6	3, 290. 7	1, 008	622	5, 193. 7	3, 212. 4
Illinois.....	692	372	3, 820. 3	2, 140. 4	686	364	3, 794. 9	2, 120. 4
Wisconsin.....	325	284	1, 406. 3	1, 150. 3	322	258	1, 398. 8	1, 092. 0
No. 8—Des Moines.....	1, 005	953	3, 897. 7	3, 380. 8	894	783	3, 519. 7	2, 818. 3
Iowa.....	309	247	1, 109. 1	894. 8	303	228	1, 102. 1	840. 3
Minnesota.....	344	397	1, 581. 0	1, 503. 9	298	301	1, 349. 0	1, 140. 2
Missouri.....	282	231	989. 7	792. 6	227	188	866. 7	689. 8
North Dakota.....	34	19	125. 8	54. 0	34	14	125. 8	42. 0
South Dakota.....	36	59	92. 1	135. 5	32	52	76. 1	106. 0

**Table 2.—Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in June 1939, by Federal Home Loan Bank Districts and by States—Contd.**

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and State	All residential dwellings				All 1- and 2-family dwellings			
	Number of family dwelling units		Estimated cost		Number of family dwelling units		Estimated cost	
	June 1939	June 1938	June 1939	June 1938	June 1939	June 1938	June 1939	June 1938
No. 9—Little Rock.....	2,001	1,670	\$5,611.7	\$4,335.5	1,943	1,622	\$5,416.5	\$4,219.7
Arkansas.....	95	54	205.1	82.7	91	54	196.1	82.7
Louisiana.....	291	172	804.8	501.4	277	164	772.5	490.4
Mississippi.....	183	118	322.0	212.9	183	114	322.0	204.1
New Mexico.....	64	41	167.4	109.4	64	41	167.4	109.4
Texas.....	1,368	1,285	4,112.4	3,429.1	1,328	1,249	3,958.5	3,333.1
No. 10—Topeka.....	593	518	1,898.2	1,651.7	569	514	1,853.9	1,644.7
Colorado.....	179	103	569.2	337.5	167	103	544.4	337.5
Kansas.....	105	111	301.9	302.4	99	107	293.4	295.4
Nebraska.....	88	84	324.8	330.8	82	84	313.8	330.8
Oklahoma.....	221	220	702.3	681.0	221	220	702.3	681.0
No. 11—Portland.....	686	478	2,385.1	1,503.6	660	472	2,338.6	1,490.6
Idaho.....	27	21	91.8	59.1	27	15	91.8	46.1
Montana.....	61	46	161.4	137.2	53	46	150.4	137.2
Oregon.....	152	99	562.1	332.0	137	99	528.6	332.0
Utah.....	93	83	285.3	268.7	90	83	283.3	268.7
Washington.....	339	203	1,190.9	592.3	339	203	1,190.9	592.3
Wyoming.....	14	26	93.6	114.3	14	26	93.6	114.3
No. 12—Los Angeles.....	3,838	3,187	12,990.8	11,294.2	3,088	2,663	11,201.9	9,983.5
Arizona.....	62	42	201.7	122.3	62	42	201.7	122.3
California.....	3,757	3,120	12,683.0	11,058.4	3,007	2,596	10,894.1	9,747.7
Nevada.....	19	25	106.1	113.5	19	25	106.1	113.5

national trends clearly in mind, a column of text in the REVIEW each month summarizes the major changes. (See "Residential Construction and Home-Financing Activity," page 344.)

#### RESIDENTIAL BUILDING CHARTED MONTHLY

Three charts are used to present these residential building movements in graphic form. First, in the chart dealing with "Residential Building Activity and Selected Influencing Factors," (page 342), the seasonally corrected national index of residential construction is plotted each month. In all regions of the country, residential building follows more or less closely the fundamental pattern of eight months of building, four months of slack times.<sup>1</sup> For this reason, an unadjusted index of construction would show sharp rises in the spring months, and sharp de-

clines in the late autumn, simply in response to seasonal changes. To give a more accurate picture of the movement, an index is developed which eliminates the effect of these purely seasonal variations. For example, from February to March building volume usually increases 52 percent. Therefore, it will take an actual increase in residential construction greater than 52 percent to cause the curve of the seasonally adjusted index to rise between these two months. It is clear, then, that when the seasonally corrected index goes up, the building volume is greater than that which ordinarily occurs. When the index goes down, the actual change which has occurred is less favorable than that normally expected at this time of the year.

Comparing the slope of the curve of the residential construction index, it is apparent that residential building activity has been increasing more rapidly in recent months than rentals, building material

<sup>1</sup> See "Seasonal Variations in the Residential Construction Index," page 465, FEDERAL HOME LOAN BANK REVIEW, October 1938.

prices, or manufacturing pay rolls. (See chart, page 34.) The actual number and valuation of dwelling units provided each month are plotted in the accompanying chart, which interprets the figures of Table 1. This shows that after a sluggish start in January, the number and total valuation of dwelling units has been well above corresponding monthly levels of 1938, and in fact above the peak levels of that year.

These two charts deal with the national trends. To show the movement in each Bank District, a third chart expresses the number of dwelling units provided per 100,000 population. ("Rate of Residential Building in All Cities of 10,000 or More Population," page 351.) It is clear that in every Bank District at the present time, the rate of building is above the 1938 rate.

#### LOCAL USES OF BUILDING-PERMIT DATA

Building-permit data from the State, from the region, and from the country as a whole are valuable as supplementary material. They reveal definite trends in the pattern of building which are regional and national in scope. Every savings and loan executive, however, should be able to obtain from the building commissioner or corresponding official

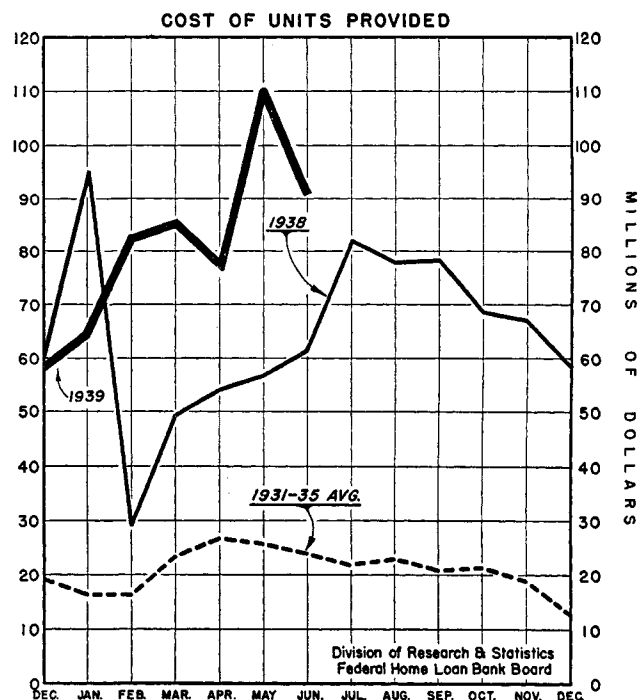
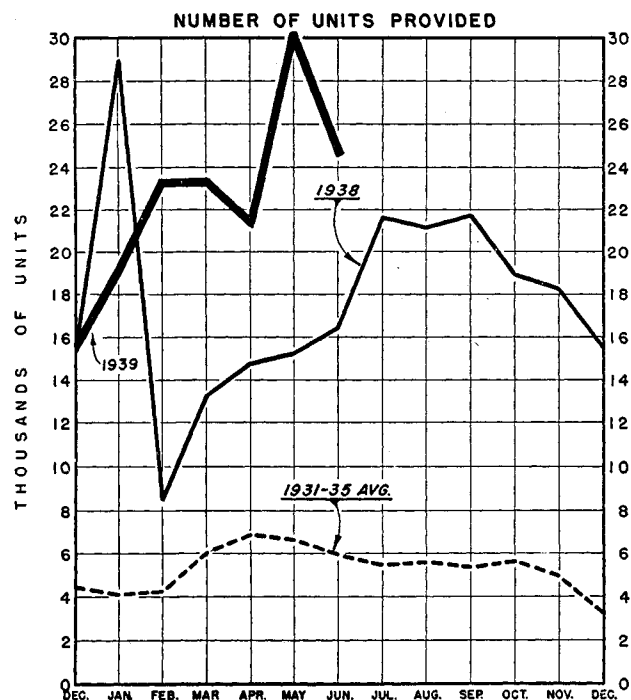
the number and value of building permits issued each month in his own community, or can secure this information from the U. S. Department of Labor's Division of Construction and Public Employment. With this information at hand, he can readily compare the trend of building in his own lending area with the movement for the State or region.

Such information, collected at regular intervals, is a clue to probable lending volume in coming months. It is also a check on the amount of business available in a given community. If in your city residential building permits amounted to \$200,000 over a period of six months, and your association made \$50,000 in new construction and reconditioning loans, you have some gauge of the share of the business you obtained, and can judge more accurately the success of your efforts to secure a larger proportion. Accurate records of building permits, used in conjunction with the F. H. L. B. B. study of mortgage recordings, give a home-financing institution today a better and more detailed picture of the volume and type of business available, and the shifting sources of mortgage credit in its community, than has ever before been available.

Building permits may also point the way to profitable business opportunities which are being over-

#### 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)





looked. For example, savings and loan associations have apparently been paying less attention in recent months to the reconditioning of existing properties. Out of every dollar loaned by associations in 1936, nine cents went for reconditioning loans, but only seven cents out of every dollar in 1937 and 1938. Each year a smaller dollar amount has been loaned for reconditioning, yet building permit data show that expenditures for residential additions, alterations, and repairs increased more than 12 percent from 1936 to 1937, and after a decline in 1938 are once again reaching high levels. For the first six months of 1939, however, reconditioning loans by savings and loan associations amounted to approximately six cents out of the loan dollar.

The W. P. A. survey of urban housing, conducted in 203 urban areas during the years 1934-36, revealed that only two out of every five residential structures in this country could qualify as being in "good condition." Nearly 45 percent of our residential structures needed minor repairs and an additional 14 percent would require major reconditioning to provide satisfactory housing facilities. Do building-permit data in your community reveal a market for reconditioning loans in which your association could participate more fully? The renewal of Title I of the National Housing Act for the 2-year period ending July 1, 1941, should provide additional stimulus for modernization and repairs by creating an active interest among home owners in coming months.

#### OTHER USES OF BUILDING-PERMIT DATA

The value of careful study of building-permit data is apparently not confined to matters directly affecting the operation of a home-financing institution. One savings and loan executive has for some time made it a regular practice to analyze building permits issued in his community and to compare the association's lending volume with the valuation of these residential permits. His reports on the trend of building have created wide interest, and have earned favorable attention for him and for the association in the local press. In his advertising, he has featured such statements as—"152 new houses were built here last year. The Blank Savings and Loan Association financed over half of them."

Discussions with other executives have pointed to the fact that building-permit information can be closely related to campaigns to promote more winter construction. Under present conditions there is a lending season dictated by the building season, de-

spite the fact that the reasons for spring and early summer construction are largely emotional and traditional, rather than practical, in many areas of this country. During the rush months, appraisers, inspectors, indeed the entire lending organization, must work under pressure. Home-financing institutions are in a position to increase their winter loan volume, and at the same time help in leveling out the peaks and valleys in the building industry by acquainting the prospective home builder with the financial and other direct advantages of avoiding the rush season. Some executives feel that a great deal can be done by savings and loan associations, in conjunction with the building industry, to increase the volume of loans for winter building and reconditioning, by spotlighting the declining volume of building permits in the community as autumn comes, and educating the public in the advantages of off-season construction.

#### BUILDING PERMITS

Our knowledge of residential building in this country is steadily becoming more reliable and more comprehensive. This is due in large part to the fact that since 1920 the Bureau of Labor Statistics of the U. S. Department of Labor has been collecting data on building permits, and has steadily increased the number of reporting cities. From 1920 to 1932 reports were received from cities with a population of 25,000 or over. In January 1933, the coverage was extended to include cities having a population of 10,000 or over; in 1936, to cities with 2,500 and over population; and in January 1938, to cities with a population of 1,000 or over.

Data concerning building permits issued are collected by the Bureau of Labor Statistics from local building officials, except in the States of Illinois, Massachusetts, New Jersey, New York, North Carolina, and Pennsylvania where State departments of labor collect and forward the information to the Bureau.

The cost figures are estimates made by prospective builders on applying for permits to build. No land costs are included, and data are shown only for buildings within the corporate limits of the reporting cities.

These data are important in showing present construction activity as measured by the number and value of permits issued. They also constitute important basic material for estimating the probable future trend in construction.

*(Continued on p. 364)*

**COSTS:** "Unreasonable restraints of trade are, in my opinion, the most conspicuous reason for high construction costs. They appear at every level of the building industry."

Thurman W. Arnold, Asst. Attorney General, Housing Legal Digest, June 1939.

**NEW HIGH:** "For the first time since the bank holiday period in March 1933, money in circulation has topped the \$7,000,000,000 level."

Wall Street Journal, July 7, 1939.

**BUILDING:** "Declaring that too great a proportion of houses have been built for high income groups in the past two years, Isador Lubin, chief of the Bureau of Labor Statistics told the Temporary National Economic Committee that *over half of the urban families* can afford only to buy or rent houses selling for \$2,000 to \$4,000, and that only 15 percent of the houses built in 1938 were in that range."

Barron's Financial Weekly, July 3, 1939.

**SAVINGS:** "Only that portion of his (the home owner's) monthly payment which goes for interest and taxes can be logically considered as rent. The part which goes towards reducing the mortgage loan is actually a savings item because it is gradually freeing the home from the mortgage."

Walter T. Chamberlain, American Building Association News, June 1939.

**SHORTCOMINGS:** "When we run across major deficiencies (in a house), we have found it profitable to remedy them, otherwise the house will probably drag on the market, become utterly stale, and will finally sell only at a price reduction much greater than the cost of overcoming the defect."

Harold P. Rogers, Freehold, June 16, 1939.

**POLISH BUILDING:** "The building improvement in Poland inaugurated to a large extent the upward movement of the economic trend. The sharp rise in the production index should be largely ascribed to the revival in the building movement, the index for capital investments in industry and machinery having been on a considerably lower level."

Monthly Review, National Economic Bank of Warsaw, Poland, April 1939.

## When to lend . . . . .

"The time to collect a loan is when you make it. Fix the terms so the borrower can repay the loan when it is due and you won't have to worry about bad debts. If the money is not likely to be repaid in a generously allotted time, don't lend it. Make the loan if you can conscientiously, but remember that one of the greatest disservices you can do a man is to lend him money that he can't pay back."

Jesse Jones, Administrator, Federal Loan Agency. New York Times Magazine, July 2, 1939.

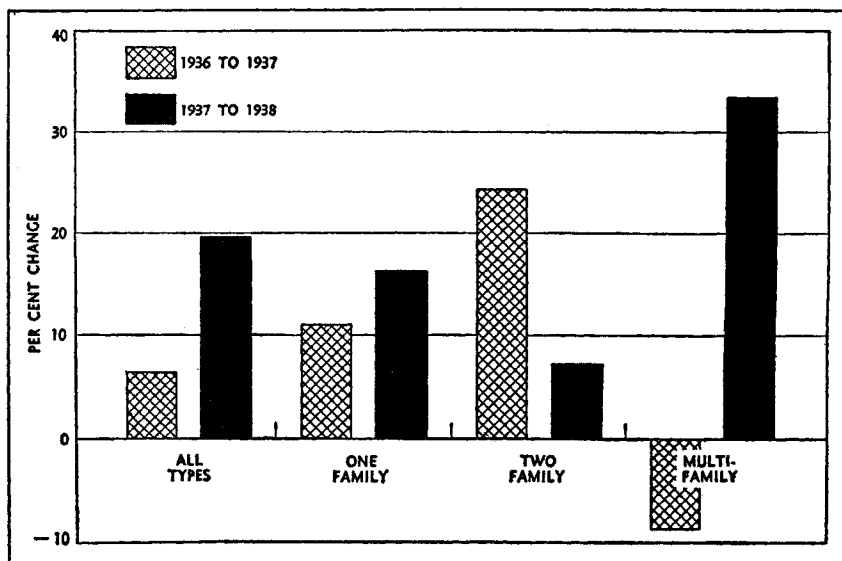
## Reduction of F. H. A. interest rates . . . . .

The Federal Housing Administration announced recently a one-half of 1 percent reduction in the interest rate on all mortgages which it insures. The decrease was effective August 1, 1939, and the maximum rate on small-home mortgages is now 4½ percent, while the rate on large-scale rental housing projects is 4 percent. There is an additional annual charge to all borrowers, however, of one-half of 1 percent for mortgage insurance premiums.

The Federal Housing Administrator said: "With these reductions, small homes can be purchased on terms as low as 10 percent down and average monthly payments of \$5.81 per thousand dollars borrowed, including principal, interest, and mortgage insurance premium."

The reduction will not effect commitments, whether conditional or firm, issued on or before July 31, 1939, which are, on that date, outstanding and in full force and effect.

## Construction of family dwelling units . . . . .



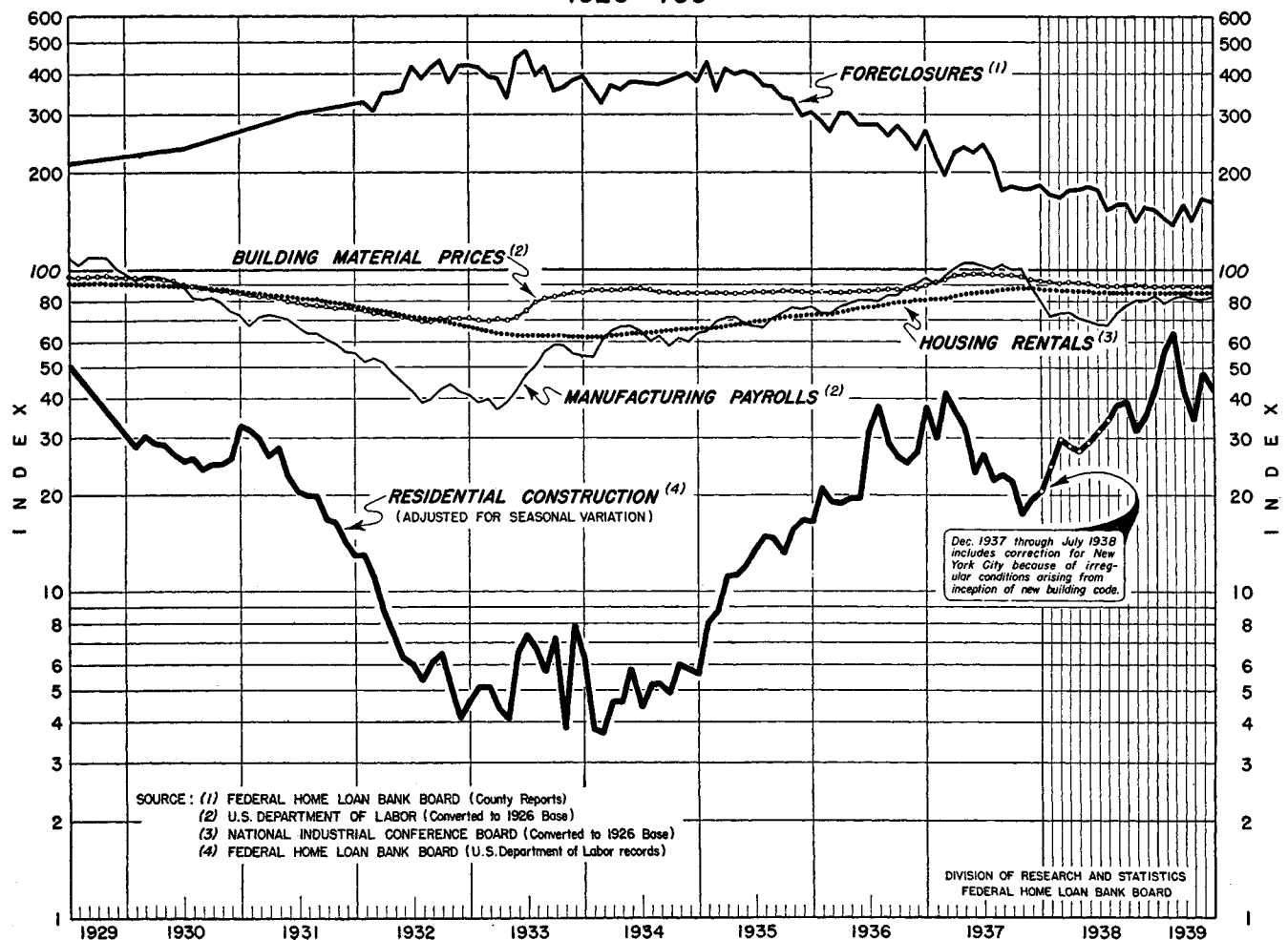
With the exception of 2-family units, all types of urban dwellings provided by new construction showed a larger percentage increase between 1937 and 1938, than between 1936 and 1937.

Dun's Review, June 1939

# SUMMARY OF RESIDENTIAL CONSTRUCTION AND HOME-FINANCING ACTIVITY DURING JUNE

- I. Mortgage-lending activity of savings and loan associations totaled more than \$94,000,000—the highest monthly level since the depression.
  - A. Loans for new construction purposes were 50 percent ahead of last year and constituted a larger proportion of the total loans made (first six months of 1939—29.4 percent; of 1938—25.6 percent).
  - B. Total mortgages recorded were the highest for the year to date (\$361,000,000). Savings and loan associations accounted for the largest percentage (31.5 percent)—their third successive monthly increase.
- II. General business indexes recovered sharply: industrial production, income payments, freight car-loadings, factory employment and pay-roll figures all show distinct improvement over May.
- III. Residential construction: 50 percent more dwelling units were provided during June 1939 than in June 1938. The decline from May was due entirely to a smaller number of Government-financed housing projects.
  - A. Six-month totals of permits for single-family dwellings were 41 percent ahead of last year.
  - B. There was virtually no change in the average cost of the dwellings produced during the early part of 1939 and 1938 (1938 compared with 1937 revealed a decline in average cost).
- IV. Material and labor costs in constructing the standard 6-room frame house each showed a 0.2-percent decline.
  - A. Composite index was nearly 1.5 percent below June 1938.
  - B. U. S. Department of Labor index of wholesale prices was unchanged after two months of small decreases.
- V. Foreclosures were 2 percent less than in May: a contra-seasonal trend. Total foreclosures during the first six months of 1939 were 13 percent below the same period of 1938.

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



# RESIDENTIAL CONSTRUCTION and HOME-FINANCING ACTIVITY

[The chart of "Estimated Number and Cost of Family Dwelling Units Provided in all Cities of 10,000 or More Population" which usually appears on this page may be found on page 339]

■ NEW mortgage-lending activity of savings and loan associations, which has been rising rapidly in the early months of this year, reached a new high level in June. Loans for new home construction have been primarily responsible for establishing this new record, as they have far exceeded each of the other loan classifications in the rises from May and from June of last year.

During the first six months of this year over \$450,-000,000 of new loans were made on mortgage security by savings and loan institutions; Federals and State-chartered members each loaned about 40 percent, while nonmembers accounted for 20 percent of the total.

Savings and loan associations have continued to occupy a more and more important position in the home-mortgage financing field during 1939, as shown by the study of mortgage recordings presented on page 327 of this issue. During the April-June period of this year savings and loan institutions accounted for 31 percent of total mortgage recordings of \$20,000 and less as compared with only 29 percent in the first quarter.

It is quite possible that the rise in the proportion of mortgage recordings accounted for by savings and loan associations may be due to the fact that they deal more exclusively in home mortgages, especially those for construction; therefore, they would be more responsive to the strong rally of home-building activity experienced so far this year.

Building activity in the residential construction field was 46 percent higher in the first six months of 1939 than in the same period of last year. Most leading forecasters estimated 1939 to be from 40 percent to 60 percent higher than last year and experience during the first half seems to substantiate their general optimism. However, in order to show this same favorable rise for the entire year, residential construction volume must continue to rise throughout the rest of 1939. The index of residential construction, which has been corrected for normal seasonal variation, was at the highest levels since 1929 during the opening months of this year, but receded rapidly in March and April. A larger volume of United States Housing Authority projects

were placed under construction in May than in any other month of this year, thus continuing to carry the index upward; June residential building was lower than in May due to a retrenchment in Government-subsidized low-cost housing activity. So far this year privately financed home construction has climbed fairly consistently to new high levels.

Housing rentals, as reported by the National Industrial Conference Board, have been fluctuating within a narrow range, gradually tapering downward until in June rents were nearly 1 percent below a year ago. This decline in the income received from tenanted properties is not quite as great as the 1.4-percent drop in the cost of constructing a standard 6-room frame house; therefore, there should be a growing incentive to build homes as long as this relationship persists.

June marked a strong revival in general business activity after a 2-month recession. This recovery, which was due to a considerable extent to the settlement of strikes in the coal industry and to increased steel production, was reflected by sharp rises in the indexes of income payments, industrial production and freight-car loadings (see article "Midway in 1939," page 326); while factory employment and pay-roll indexes rose counter to normal seasonal declines.

[1926=100]

Type of index	June 1939	May 1939	Percent change	June 1938	Percent change
Residential construction <sup>1</sup> .....	42.7	48.0	-11.0	31.5	+35.6
Foreclosures (metro. cities).....	161.0	165.0	-2.4	177.0	-9.0
Rental index (N. I. C. B.).....	84.9	85.1	-0.2	85.6	-0.8
Building material prices.....	89.5	89.5	0.0	89.7	-0.2
Industrial production.....	89.9	85.3	+5.4	71.4	+25.9
Manufacturing employment.....	89.2	88.6	+0.7	80.3	+11.1
Manufacturing pay rolls.....	82.7	81.0	+2.1	67.9	+21.8
Average wage per employee.....	92.7	91.4	+1.4	84.6	+9.6

<sup>1</sup> Corrected for normal seasonal variation.

Although foreclosures as reported by principal metropolitan communities usually accelerate during June, there was a favorable decline from May of this year. Totals for the first half of this year reveal much lower foreclosure activity than in the same 1938 period, and portray a most encouraging picture for home owners and home-financing institutions.

## Residential Construction

[Tables 1 and 2, p. 336]

■ FAMILY dwelling units totaling 24,800 were placed under construction during June in communities of 10,000 population and over, according to estimates based upon building-permit records. This represents a decline of 5,300 from May and was due entirely to a falling off in Government-financed housing projects.

Construction of single-family, 2-family, and multi-family units showed recessions from May to June, although building activity in each of these classifications was reported to be higher than in the identical months of last year.

Total residential construction for the first six months of this year amounted to 142,100 units in cities of 10,000 population or over, a gain of 44,800 units, or 46 percent, from corresponding 1938 data. Somewhat over half of these additional dwellings were of the 1- and 2-family type, although multi-family units showed the larger percentage rise.

The estimated cost of units built in the first half of 1939 amounted to \$510,100,000—nearly half again as large as the cost figures for 1938. The average cost of the various types of units are presented below:

Type of dwelling	Average cost, January-June inclusive		
	1939	1938	1937
1-family.....	\$3, 930	\$3, 920	\$4, 440
2-family.....	2, 520	2, 550	2, 750
Joint home and business.....	4, 310	3, 550	3, 570
Multifamily.....	3, 210	3, 140	3, 340

As may be seen from the above table, there has been little change in average cost during the past year except in the joint home and business classification where very little activity is reported; the average cost for each of the four classes had declined in the first half of 1938 as compared with 1937.

Declines in residential construction activity from May to June were general throughout most sections of the country. Each of the Federal Home Loan Bank Districts, with the exception of New York, shared in this recession which is a normal seasonal action in most sections of the country. Of the 13 States in which residential building volume rose in June, five of the most active were located in the Winston-Salem District (Southeastern States); Michigan and Washington were the only other States of major importance in which construction increased.

## Small-House Building Costs

[Tables 3 and 6]

■ THE cost of material used in building a standard 6-room frame house continued in June the downward trend which has now been evidenced for nearly two years; the consistent decline over the past year brought this index 2 percent below June of last year, and to within 2½ percent above the average month of 1936.

In contrast to material-cost trends, wage rates for labor used in constructing the standard house continued to maintain a fairly constant level for the past year and a half, after rising more than 11 percent from the 1936 level. The composite index of materials and labor for June was nearly 1½ percent below a year ago.

### Construction costs for the standard house

[1936=100]

Element of cost	June 1939	May 1939	Percent change	June 1938	Percent change
Material.....	102. 5	102. 7	—0. 2	104. 6	—2. 0
Labor.....	111. 3	111. 5	—0. 2	111. 5	—0. 2
Total.....	105. 4	105. 6	—0. 2	106. 9	—1. 4

Among those communities reporting costs for building the same standard house as of July 1, declines from April were largely concentrated in the New York Bank District (New Jersey and New York), although Sioux Falls, South Dakota, and Great Falls, Montana, were among the four cities reporting drops of more than \$100. Only one of the 26 reporting communities (Kansas City, Missouri) reported an increase in cost greater than \$100.

## Foreclosures

■ REAL estate foreclosure activity in the metropolitan communities this year is apparently keeping well below that of last year. Figures reported for the first half of 1939 stand 13 percent under those for the corresponding period of 1938. A similar comparison with the first six months of 1933, the peak year, shows 63 percent fewer foreclosures for the current year.

During June, foreclosures numbered 2 percent less than in the preceding month which compares favorably with the customary seasonal rise of 3

percent. However, this contra-seasonal movement which brought the index from 165 (1926=100) for May to 161 for June, largely resulted from the sharp unseasonal rise occurring in May. June of this year, in relation to the same month of 1938, showed a 9-percent decline in foreclosure activity.

Of the 83 metropolitan communities reporting for June, 44 showed decreases and 35 showed increases, while four reported no change in foreclosure activity.

## New Mortgage-Lending Activity of Savings and Loan Associations

[Tables 4 and 5]

■ JUNE lending activity of savings and loan associations (\$94,200,000) was greater than in any month since the early 1930's, and was two million dollars above the previous high level of June 1937.

New mortgage loans increased five million dollars, or 6 percent, from May to June—a more favorable rise than usually experienced at that time. This increase continues the encouraging upward trend

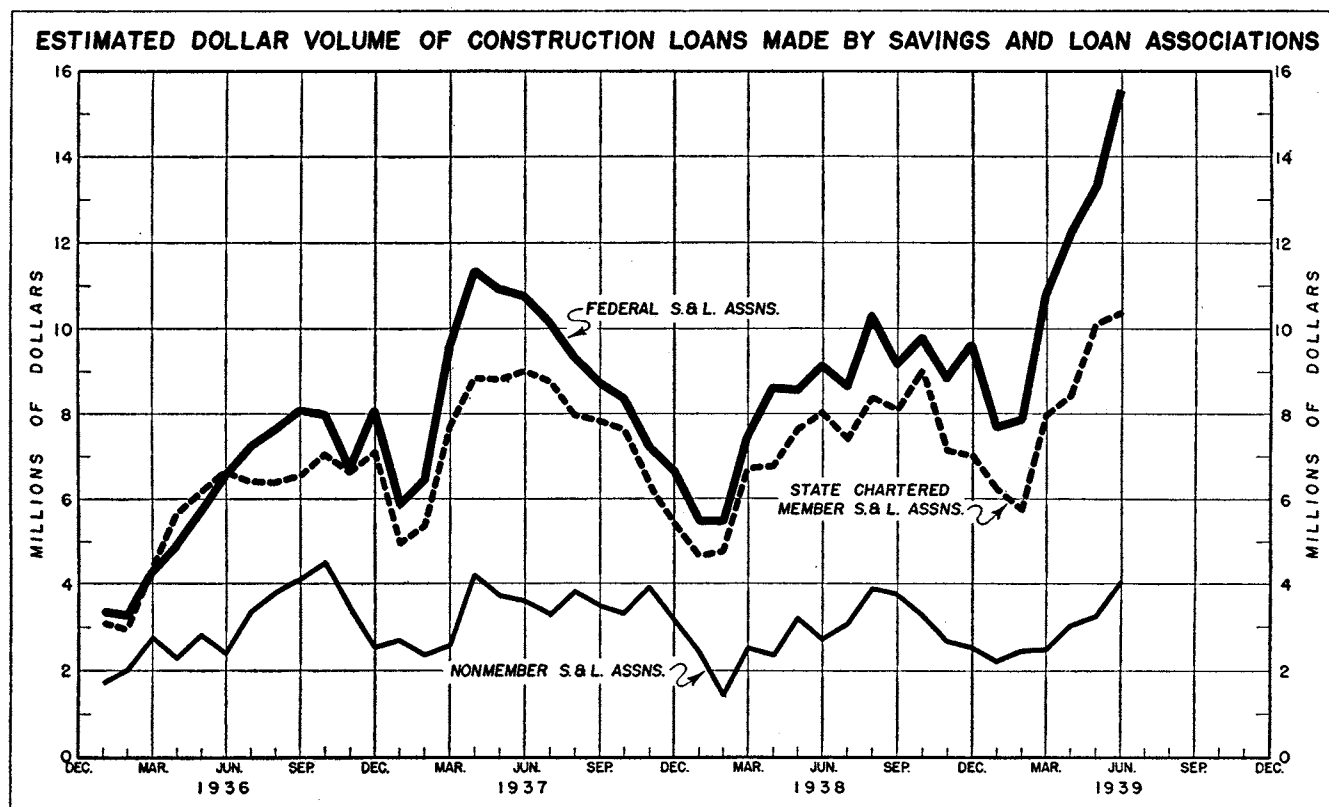
## New mortgage loans distributed by purpose

[Amounts are shown in thousands of dollars]

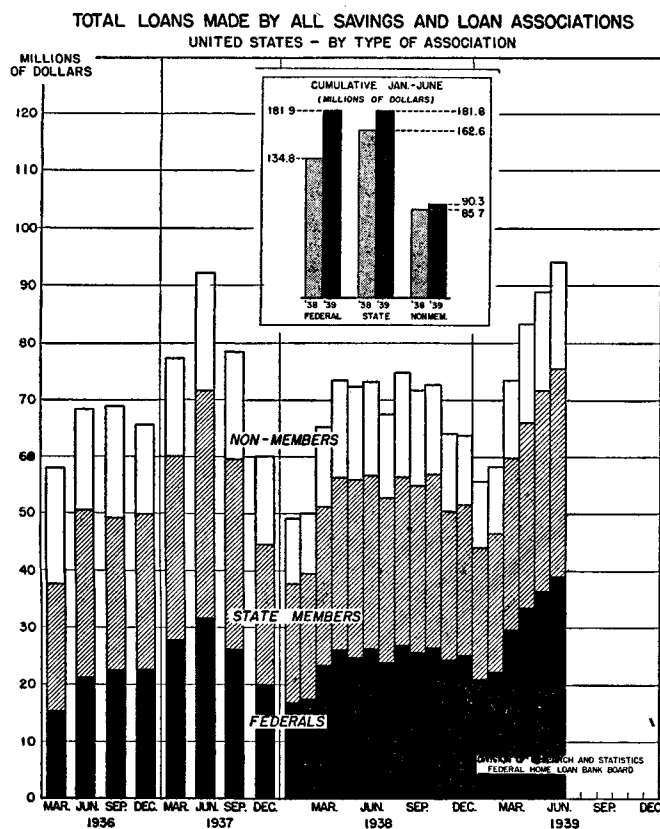
Purpose	June 1939	May 1939	Per- cent change	June 1938	Per- cent change
Construction.....	\$29,919	\$26,646	+12	\$19,892	+50
Home purchase.....	32,228	31,289	+3	25,636	+26
Refinancing.....	17,123	15,687	+9	13,885	+23
Reconditioning.....	5,802	6,069	-4	5,211	+11
Other purposes.....	9,082	9,432	-4	8,443	+8
Total.....	94,154	89,123	+6	73,067	+29

indicated for the early months of this year—June volume being nearly 30 percent above the same 1938 month.

Total lending activity of savings and loan associations for the first half of this year amounted to \$454,000,000, or \$70,900,000 more than in the same period of 1938; Federals accounted for \$47,100,000 of this increase. These institutions have continued to grow in lending volume until in the second quarter of this year they loaned more funds on mortgage security than all State members combined.



During the entire second quarter of 1939, member associations were lending more money for new construction than at any other time since the creation of the Bank System. In June, the dollar volume of construction loans by Federals and by State members reached new highs, with a combined total of \$26,000,000—28 percent above the record level of earlier years, established in April 1937. Out of every dollar loaned by members in June, 34 cents went to finance new construction.



Loans for the construction of homes have been increasing at an extremely rapid rate this year, and constitute a larger proportion of total loans made by savings and loan associations. In the first six months of 1939, 29.4 percent of all loans made were for construction, as compared with 25.6 percent in the first half of last year; the dollar volume of construction loans was 50 percent greater than a year ago.

Each of the 12 Federal Home Loan Bank Districts participated in the improvement during the January-June period of this year as compared with the first six months of 1938; the Indianapolis District (Indiana and Michigan) led the rise, while the Boston District (New England) showed the least increase.

## Mortgage Recordings

[Tables 13 and 14]

[A complete analysis of mortgage recordings for the first six months of 1939 appears on page 327]

■ ALMOST \$1,800,000,000 of nonfarm home mortgages were recorded by all types of lenders in the first six months of this year. Financing

activity in the second quarter of the year (\$1,055,000,000) was almost a quarter billion dollars greater than that reported in the first three months. Savings and loan associations accounted for almost one-third of the semiannual volume, while banks and trust companies contributed one-fourth, and individuals about one-sixth.

Trends in home financing, as shown by these six months' recording of all nonfarm mortgages of \$20,000 and less, reveal the increasing importance of savings and loan associations and miscellaneous lenders including mortgage companies. Banks and trust companies, and individuals have tended to account for a smaller proportion of the home-financing business, while insurance companies and mutual savings banks have remained rather constant in their relative share of such financing activity.

June activity in home-mortgage recordings increased 3.3 percent from May, establishing a new high monthly level. All types of mortgagees showed increases from May to June except individuals and mutual savings banks. Savings and loan associations recorded \$113,479,000 of mortgages in June, a larger volume than any other mortgagee. However, banks and trust companies showed the largest dollar increase (\$4 million) from May, while "other mortgagees" reported the largest percentage improvement.

The average size mortgage recorded during June was \$2,800. By type of mortgagee, the averages were: insurance companies, \$4,700; bank and trust companies and other mortgagees, \$3,300; savings and loan associations, \$2,600; and individuals, \$1,900.

The mortgage activity of various types of lenders is shown in the following table for the month of June, and for the first six months of this year.

### Mortgage recordings by type of mortgagee

[Amounts are shown in thousands of dollars]

Type of lender	Per- cent change from May	Per- cent of June amount	Cumula- tive re- cordings (six months)	Per- cent of total record- ings
Savings and loan asso- ciations.....	+3.5	31.5	\$545,279	30.3
Insurance companies....	+0.3	8.3	157,076	8.7
Banks and trust com- panies.....	+4.9	24.8	448,760	25.0
Mutual savings banks....	-1.2	3.3	58,729	3.3
Individuals.....	-0.8	16.4	322,683	17.9
Others.....	+7.5	15.7	265,617	14.8
Total.....	+3.3	100.0	1,798,144	100.0

# Federal Home Loan Bank System

[Table 9; Supplemental Tables A, B, C, D, and E]

■ DURING the semiannual period ended June 30, 1939, the Federal Home Loan Banks' outstanding advances declined from a high of \$198,800,000 at the beginning of the year to a low of \$156,600,000 during May, but recovered to \$169,000,000 at the period's close. The underlying cause of this 15-percent reduction during the period has been attributed to increases in private share investments in member associations. Gross advances for the 6-month period ended June 30, 1939, aggregated \$35,900,000 as compared to \$41,200,000 and \$59,000,000 during the corresponding periods of 1938 and 1937, respectively. Repayments, on the other hand, for these comparable periods amounted to \$65,800,000 in 1939, \$45,100,000 in 1938, and \$37,300,000 in 1937.

Total advances made during the month of June amounted to \$16,800,000. This was an increase of \$10,500,000 over the advances made in May, and

was the third largest volume of advances made in any one month since the inception of the System. Repayments on advances totaled \$5,800,000, a slight increase over the amount received in May. The Los Angeles Bank was the only one to show an increase in advances outstanding on June 30 over December 31, 1938.

The membership in the System has been slightly reduced since December 31, 1938. On June 30, 1939, the number of members on the Banks' rosters totaled 3,946 through the addition of 56 new members and the withdrawal of 61 members, 23 of such withdrawing members having been merged with other institutions. During the 6-month period, 37 members were converted from a State-chartered status to Federal charters.

The total assets of the 12 Federal Home Loan Banks on June 30, 1939, amounted to more than \$296,000,000 as is shown by the condensed consoli-

**Supplemental Table A.—Condensed consolidated statement of condition of the Federal Home Loan Banks as of June 30, 1939**

ASSETS			LIABILITIES AND CAPITAL		
CASH	(12.30%)	\$36,498,295.38	LIABILITIES		
Cash on hand and on deposit in the U. S. Treasury and Commercial Banks.			DEPOSITS		\$32,275,394.33
CASH ON DEPOSIT IN SPECIAL ACCOUNTS IN THE U. S. TREASURY	(14.07%)	41,725,192.50	Demand and time deposits of members totaled \$32,191,665.72 and the deposits of applicants on stock subscribed in connection with membership applications, \$83,728.61.		
To provide for retirement of consolidated debentures and debenture interest due July 1, 1939 in the amount of \$41,707,500 and \$17,692.50 for consolidated debentures and interest previously matured, but not presented for redemption.			ACCRUED INTEREST PAYABLE		405,372.21
INVESTMENTS	(16.42%)	48,702,246.89	Interest accrued but not due on members' time deposits, \$38,705.62 and on consolidated debentures, \$366,666.59.		
Book value of obligations of the U. S. Government and securities fully guaranteed by it.			DIVIDENDS PAYABLE		758,426.42
ADVANCES OUTSTANDING	(56.96%)	168,961,563.10	Dividends declared on stock as of record June 30, 1939 and payable in July 1939.		
Advances made under provisions of the Federal Home Loan Bank Act.			ACCOUNTS PAYABLE		17,773.30
ACCRUED INTEREST RECEIVABLE	(0.17%)	513,637.65	Debentures matured and interest accrued on certificates not presented for payment totaled \$17,692.50, while miscellaneous items totaled \$80.80.		
Interest accrued, but not due on investments and advances outstanding.			DEBENTURES OUTSTANDING		90,000,000.00
DEFERRED CHARGES	(0.08%)	223,539.94	Consolidated debentures issued which are the joint and several obligations of the Federal Home Loan Banks:		
Prepaid expense items applicable to future operations.			Series C—2%—12-1-40—\$25,000,000		
OTHER ASSETS	(0.00%)	5,377.37	Series D—2%—4-1-43—\$23,500,000		
Accounts receivable and miscellaneous assets.			Series E—1%—7-1-39—\$41,500,000		
TOTAL ASSETS	(100.00%)	\$296,629,852.83	PREMIUMS ON DEBENTURES		44,270.87
			Unamortized portion of premiums received on sale of consolidated debentures.		
			TOTAL LIABILITIES		\$123,501,237.13
			CAPITAL		
			CAPITAL STOCK:		
			Fully paid issued and outstanding		\$164,291,900.00
			Subscribed for and partially paid		\$58,200.00
			Less unpaid balance		22,925.00
					35,275.00
			Total paid in		\$164,327,175.00
			SURPLUS:		
			Legal reserve (20% of net earnings to date)		4,261,328.42
			Reserve for contingencies		482,607.86
			Total surplus		4,743,936.28
			UNDIVIDED PROFITS		4,057,504.42
			TOTAL CAPITAL		\$173,128,615.70
			TOTAL LIABILITIES AND CAPITAL		\$296,629,852.83

As of June 30, 1939, the U. S. Treasury held 75.9 percent of the total capital stock in the Federal Home Loan Banks which represented an investment of \$124,741,000. The capital stock of the Banks owned by members totaled \$39,609,100, an increase of \$1,583,100 or 4.2 percent over December 31, 1938. The members owed a balance of \$22,925 on outstanding Bank stock.

The surplus, reserve, and undivided profits accounts of the several Banks reflect an increase from \$7,578,696 at the close of 1938 to \$8,801,441 on June 30, 1939, which is a gain of 16.1 percent.



**Supplemental Table B.—F. H. L. B. System—Dividends paid or declared through June 30, 1939**

Federal Home Loan Bank	Jan. 1, 1939, through June 30, 1939				Cumulative through June 30, 1939		
	Rate per annum	Government	Members	Total	Government	Members	Total
	<i>Percent</i>						
No. 1—Boston.....	1	\$62, 337. 50	\$18, 964. 47	\$81, 301. 97	\$720, 792. 11	\$191, 388. 31	\$912, 180. 42
No. 2—New York.....	1	94, 816. 00	21, 625. 61	116, 441. 61	1, 495, 852. 75	358, 589. 84	1, 854, 442. 59
No. 3—Pittsburgh <sup>1</sup> .....					834, 111. 39	160, 915. 95	995, 027. 34
No. 4—Winston-Salem <sup>1</sup> .....					603, 825. 29	184, 291. 96	788, 117. 25
No. 5—Cincinnati.....	2	127, 757. 00	72, 968. 63	200, 725. 63	1, 563, 506. 79	679, 875. 85	2, 243, 382. 64
No. 6—Indianapolis.....	1½	49, 330. 50	20, 081. 46	69, 411. 96	624, 317. 09	212, 718. 47	837, 035. 56
No. 7—Chicago.....	2	141, 739. 00	45, 731. 80	187, 470. 80	1, 519, 948. 45	360, 817. 37	1, 880, 765. 82
No. 8—Des Moines.....	1¾	46, 218. 13	13, 491. 42	59, 709. 55	680, 531. 44	144, 523. 16	825, 054. 60
No. 9—Little Rock.....	1	43, 862. 00	10, 159. 65	54, 021. 65	595, 166. 62	115, 726. 61	710, 893. 23
No. 10—Topeka.....	1	36, 668. 00	8, 367. 94	45, 035. 94	349, 920. 56	68, 408. 76	418, 329. 32
No. 11—Portland.....	¾	22, 350. 00	4, 098. 58	26, 448. 58	372, 140. 88	53, 678. 24	425, 819. 12
No. 12—Los Angeles.....	1¾	62, 299. 38	17, 036. 90	79, 336. 28	489, 032. 73	118, 551. 08	607, 583. 81
Total.....		687, 377. 51	232, 526. 46	919, 903. 97	9, 849, 146. 10	2, 649, 485. 60	12, 498, 631. 70

<sup>1</sup> These Banks declare dividends as of December 31.

dated statement of condition, which presents the principal balance sheet items in dollar and percentage figures (Supplemental Table A on the preceding page).

The decision of the Federal Home Loan Bank Board to retire, rather than to refund, Series E of the consolidated debentures maturing July 1, 1939, is indicative of the increased liquidity of the Federal Home Loan Banks due to repayments of advances by members. Such repayments have been made possible by increased investments by the public in the shares of member institutions.

Dividends for the 6-month period ended June 30 were declared by 10 Banks at annual rates ranging from three-fourths of 1 percent to 2 percent. Four of the Banks lowered their dividend rate from the rate declared as of December 31, 1938. The Banks of Pittsburgh and Winston-Salem, in conformity with their usual annual dividend policy, deferred action until the end of the year. Details relative to current dividends are set forth in Supplemental Table B at the top of this page.

#### INTEREST RATES

Interest rates on advances to members were further reduced by the Banks of Boston, New York, Chicago, and Portland during the past six months. The greatest interest rate change was in the New York Bank where the short-term rate on advances amortized within one year was reduced from 2½ percent to 1½ percent (Supplemental Table C).

The consolidated statement of condition of the Federal Home Loan Banks as of June 30, 1939, and the consolidated statement of profit and loss for the 6-month period ending June 30, 1939, will be found on pages 358 and 360 (Supplemental Tables D and E).

#### Supplemental Table C.—Effective interest rates on advances to member institutions of the Federal Home Loan Banks as of July 1, 1939<sup>1</sup>

Federal Home Loan Bank	Type of advance		
	Long-term secured	Short-term secured	Short-term unsecured
	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
No. 1—Boston.....	3	<sup>2</sup> 2½ or 3	<sup>2</sup> 2½ or 3
No. 2—New York.....	3	<sup>2</sup> 1½ or 3	<sup>2</sup> 1½ or 3
No. 3—Pittsburgh.....	3¾	3¾	3¾
No. 4—Winston-Salem.....	3½	3½	3½
No. 5—Cincinnati.....	3	3	3
No. 6—Indianapolis.....	3	3	3½
No. 7—Chicago.....	3	3	3¾
No. 8—Des Moines.....	3	3	3
No. 9—Little Rock.....	3	3	3
No. 10—Topeka.....	3	3	3
No. 11—Portland.....	3	3	3
No. 12—Los Angeles.....	3	3	3

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

<sup>2</sup> To obtain the lesser rate the advance must be repaid in installments within one year.

## Federal Savings and Loan System

[Table 7]

■ THE first half of 1939 was characterized by a sharp curtailment in the issuance of Federal charters to previously existing State-chartered associations, and an almost total lack of formation of new Federal associations by the subscription of shares. There were, however, a large number of reorganizations resulting in mergers of Federals and the acquisition of assets of State-chartered associations by Federal savings and loan associations.

On June 30, there were 1,386 Federal charters outstanding, and these associations held \$1,442,000,-000 in assets. This represents a net rise of three associations from May (seven additional charters, less four cancelations due to mergers).

The 1,316 Federal associations reporting in both May and June revealed conditions conforming with the usual fiscal year-end balance-sheet statement changes. Borrowings of these institutions from their respective Federal Home Loan Banks and from other sources rose in anticipation of dividend requirements and increased withdrawals. Private capital rose more rapidly than usual due to dividends being credited to individual accounts.

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

Type of association	Number		Approximate assets	
	June 30, 1939	May 31, 1939	June 30, 1939	May 31, 1939
New-----	636	637	\$397, 239, 000	\$381, 946, 000
Converted-----	750	746	1, 044, 830, 000	1, 023, 801, 000
Total---	1, 386	1, 383	1, 442, 069, 000	1, 405, 747, 000

## Federal Savings and Loan Insurance Corporation

[Tables 7 and 8]

■ AS of the end of June, 2,170 associations and 2,376,100 private investors holding repurchasable capital of \$1,657,859,000 were protected by the nation-wide system of share account insurance afforded by the Federal Savings and Loan Insurance Corporation.

The large increase in the number of insured associations (32) was caused by the extension of the

insurance program in Wisconsin. During June, 26 of the 35 institutions insured in the United States were located in this State. There were three mergers of Federal associations with other Federal institutions during the month of June.

The 657 comparable insured State-member associations supplying monthly statements currently reported in June an increase of 4,100 private investors and a rise in private repurchasable capital of \$8,100,-000. A large part of this rise was due to the crediting of semiannual dividends to individual share accounts.

Federal Home Loan Bank advances climbed sharply in June for the first time this year; many savings and loan associations borrow at this period as well as at the year-end in order to meet cash dividend requirements and post-dividend withdrawals without curtailing lending activity or otherwise disturbing the investment portfolio.

## Directory of Member, Federal, and Insured Institutions

### I. INSTITUTIONS ADMITTED TO MEMBERSHIP IN THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN JUNE 16, 1939, AND JULY 15, 1939

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

#### DISTRICT NO. 3

PENNSYLVANIA:  
Hulmeville:  
Benevolent Building & Saving Fund Association.

#### DISTRICT NO. 4

MARYLAND:  
Annapolis:  
Annapolis & Eastport Building Association of the City of Annapolis.

#### DISTRICT NO. 5

OHIO:  
Martins Ferry:  
Fidelity Savings & Loan Company, 22 South Fourth Street.

#### DISTRICT NO. 6

INDIANA:  
Indianapolis:  
Columbian Savings & Loan Association.  
Monticello:  
People's Building Association of Monticello, Indiana, 105½ East Broadway.

#### DISTRICT NO. 10

KANSAS:  
Neodesha:  
Neodesha Building & Loan Association, 105 South Fifth Street.

#### DISTRICT NO. 12

CALIFORNIA:  
Long Beach:  
Long Beach Building & Loan Association, 201 East First Street.

### WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN JUNE 16, 1939, AND JULY 15, 1939

ILLINOIS:  
Chicago:  
Fraternal Building & Loan Association, 3030 Wentworth Avenue (termination of membership—association liquidating).  
Mt. Vernon:  
Royal Loan & Building Company (merger with Mt. Vernon Loan & Building Association, Mt. Vernon, Illinois).

INDIANA:  
Indianapolis:  
Columbian Savings & Loan Association (merger with Union Federal Savings & Loan Association, Indianapolis, Indiana).

(Continued on p. 364)

**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**

(See p. 336)

**Table 2.—Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in June 1939, by Federal Home Loan Bank Districts and by States**

(See p. 337)

**Table 3.—Cost of building the same standard house in representative cities in specific months <sup>1</sup>**

NOTE.—These figures are subject to correction

[Source: Federal Home Loan Bank Board]

Federal Home Loan Bank District and city	Cubic-foot cost		Total cost						
	1939 July	1938 July	1939			1938		1937 July	1936 July
			July	Apr.	Jan.	Oct.	July		
<b>No. 2—New York:</b>									
Atlantic City, N. J.-----	\$0. 240	\$0. 247	\$5, 763	\$5, 745	\$5, 790	\$5, 907	\$5, 932	\$6, 176	\$5, 743
Camden, N. J.-----	. 232	. 238	5, 574	5, 676	5, 581	5, 559	5, 705	5, 872	5, 160
Newark, N. J.-----	. 229	. 228	5, 492	5, 536	5, 539	5, 537	5, 479	5, 660	5, 100
Albany, N. Y.-----	. 243	. 248	5, 840	5, 906	5, 800	5, 847	5, 957	6, 089	5, 301
Buffalo, N. Y.-----	. 248	. 256	5, 952	6, 007	6, 115	6, 303	6, 149	6, 461	5, 707
Utica, N. Y.-----	. 238	. 230	5, 706	5, 938	5, 726	5, 660	5, 524		
White Plains, N. Y.-----	. 254		6, 094	6, 165	6, 180	6, 236		6, 539	5, 757
<b>No. 6—Indianapolis:</b>									
Evansville, Ind.-----	. 239		5, 744	5, 750	5, 854	5, 742		5, 816	5, 585
Indianapolis, Ind.-----	. 248	. 242	5, 956	5, 966	5, 831	5, 765	5, 806	5, 866	5, 486
South Bend, Ind.-----	. 231	<sup>2</sup> . 223	5, 553	<sup>2</sup> 5, 506	<sup>2</sup> 5, 424	<sup>2</sup> 5, 353	<sup>2</sup> 5, 343	<sup>2</sup> 6, 032	<sup>2</sup> 5, 541
Detroit, Mich.-----	. 255	. 256	6, 118	6, 118	6, 181	6, 166	6, 142	6, 334	5, 293
Grand Rapids, Mich.-----	. 243	. 246	5, 824	5, 834	5, 900	5, 871	5, 914	5, 795	5, 118
<b>No. 8—Des Moines:</b>									
Des Moines, Iowa-----	. 262	. 255	6, 287	6, 275	6, 279	6, 164	6, 117	6, 464	6, 089
Duluth, Minn.-----	. 250	. 258	6, 000	5, 995	5, 975	6, 186	6, 199	6, 272	5, 671
St. Paul, Minn.-----	. 273	. 273	6, 548	6, 569	6, 529	6, 532	6, 546	6, 820	5, 472
Kansas City, Mo.-----	. 255	. 240	6, 116	5, 959	5, 808		5, 751	6, 239	5, 311
St. Louis, Mo.-----	. 248	. 251	5, 959	6, 053	6, 078	5, 989	6, 027	6, 517	6, 108
Fargo, N. Dak.-----	. 234	. 243	5, 605	5, 655	5, 658	5, 832	5, 843	6, 029	5, 608
Sioux Falls, S. Dak.-----	. 251	. 266	6, 016	6, 210	6, 272	6, 436	6, 374	6, 174	5, 705
<b>No. 11—Portland:</b>									
Boise, Idaho-----	. 257	. 244	6, 161	6, 161	6, 078	6, 002	5, 860	6, 134	5, 656
Great Falls, Mont.-----	. 289	. 296	6, 932	7, 035	6, 996		7, 109	7, 027	6, 615
Portland, Oreg.-----	. 225	. 225	5, 400	5, 366	5, 495	5, 455	5, 397	5, 936	5, 281
Salt Lake City, Utah-----	. 251	. 246	6, 016	6, 026	5, 880	5, 880	5, 911	6, 064	5, 707
Seattle, Wash.-----	. 261	. 261	6, 255	6, 304	6, 272	6, 259	6, 256	6, 600	5, 728
Spokane, Wash.-----	. 255	. 276	6, 114	6, 089	6, 001	6, 286	6, 620	6, 796	5, 892
Casper, Wyo.-----	. 272	. 269	6, 522	6, 532	6, 456	6, 430	6, 452		6, 144

<sup>1</sup> 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; three 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.

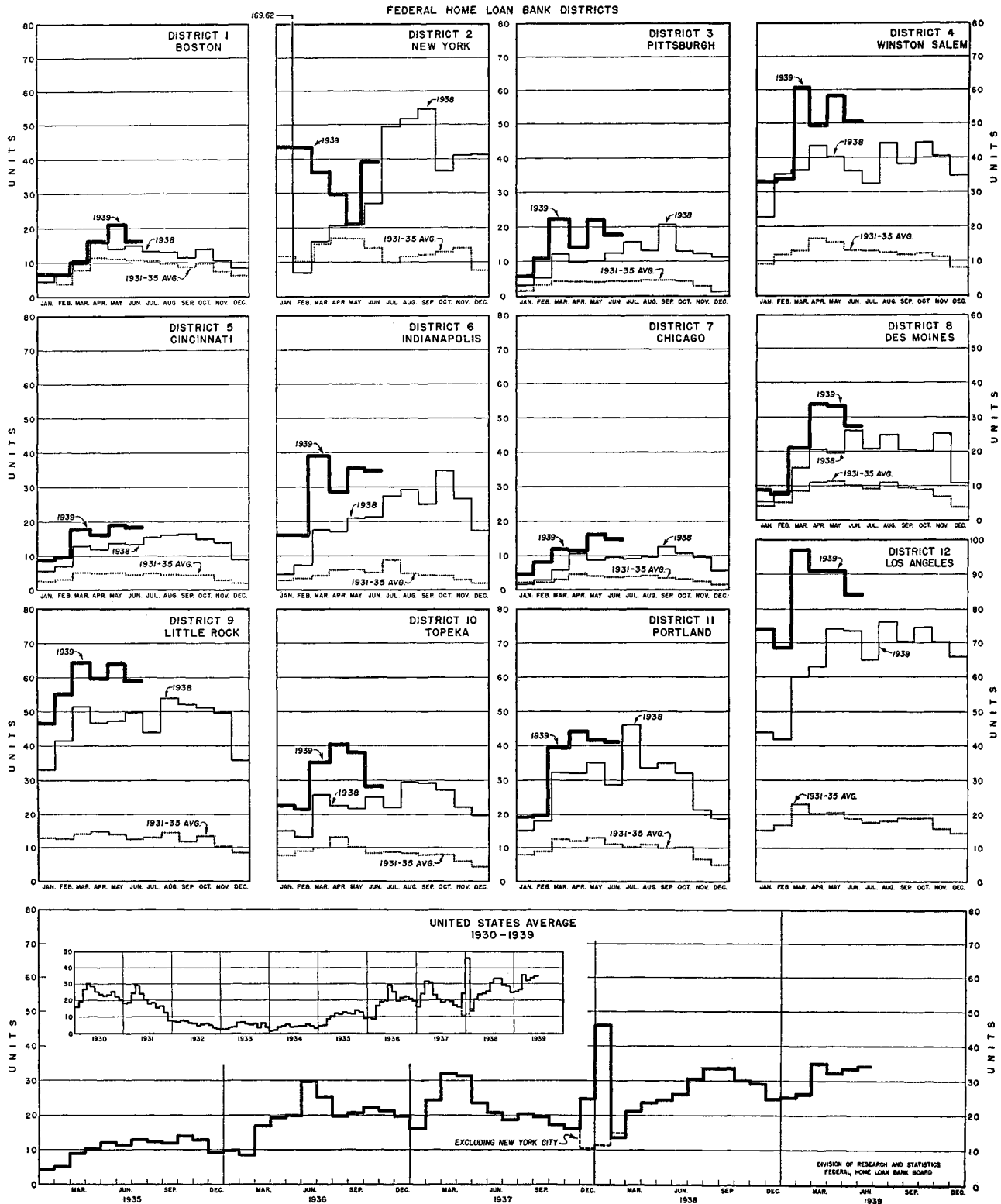
In figuring costs, current prices on the same building materials list are obtained every three months from the same dealers, and current wage rates are obtained from the same reputable contractors and operative builders.

<sup>2</sup> 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.



August 1939

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

**District and type of association**

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and type of association	New loans		Percent change, May 1939 to June 1939	New loans, June 1938	Percent change, June 1938 to June 1939	Cumulative new loans (six months)		
	June 1939	May 1939				1939	1938	Percent change
United States: Total.....	\$94, 154	\$89, 123	+ 5. 6	\$73, 067	+28. 9	\$453, 956	\$383, 066	+18. 5
Federal.....	39, 094	36, 358	+7. 5	26, 310	+48. 6	181, 855	134, 795	+34. 9
State member.....	36, 465	35, 426	+2. 9	30, 350	+20. 1	181, 839	162, 571	+11. 9
Nonmember.....	18, 595	17, 339	+7. 2	16, 407	+13. 3	90, 262	85, 700	+5. 3
District No. 1: Total.....	9, 254	7, 794	+18. 7	7, 415	+24. 8	38, 028	35, 084	+8. 4
Federal.....	3, 110	2, 594	+19. 9	2, 211	+40. 7	11, 822	9, 607	+23. 1
State member.....	3, 966	3, 352	+18. 3	3, 607	+10. 0	17, 423	16, 992	+2. 5
Nonmember.....	2, 178	1, 848	+17. 9	1, 597	+36. 4	8, 783	8, 485	+3. 5
District No. 2: Total.....	9, 909	8, 174	+21. 2	7, 510	+31. 9	43, 212	35, 359	+22. 2
Federal.....	4, 223	3, 135	+34. 7	2, 217	+90. 5	16, 181	10, 151	+59. 4
State member.....	2, 116	1, 851	+14. 3	1, 731	+22. 2	9, 965	9, 460	+5. 3
Nonmember.....	3, 570	3, 188	+12. 0	3, 562	+0. 2	17, 066	15, 748	+8. 4
District No. 3: Total.....	8, 338	7, 692	+8. 4	5, 638	+47. 9	38, 756	30, 892	+25. 5
Federal.....	2, 707	1, 911	+41. 7	1, 159	+133. 6	9, 746	6, 092	+60. 0
State member.....	1, 944	2, 202	-11. 7	1, 822	+6. 7	10, 245	9, 464	+8. 3
Nonmember.....	3, 687	3, 579	+3. 0	2, 657	+38. 8	18, 765	15, 336	+22. 4
District No. 4: Total.....	11, 853	12, 058	-1. 7	9, 486	+25. 0	60, 755	51, 994	+16. 9
Federal.....	5, 158	4, 802	+7. 4	3, 524	+46. 4	24, 212	17, 953	+34. 9
State member.....	4, 881	5, 613	-13. 0	4, 616	+5. 7	26, 654	25, 096	+6. 2
Nonmember.....	1, 814	1, 643	+10. 4	1, 346	+34. 8	9, 889	8, 945	+10. 6
District No. 5: Total.....	14, 474	13, 531	+7. 0	10, 839	+33. 5	72, 006	58, 655	+22. 8
Federal.....	5, 867	5, 665	+3. 6	4, 328	+35. 6	28, 749	22, 696	+26. 7
State member.....	7, 084	6, 556	+8. 1	4, 641	+52. 6	34, 573	25, 918	+33. 4
Nonmember.....	1, 523	1, 310	+16. 3	1, 870	-18. 6	8, 684	10, 041	-13. 5
District No. 6: Total.....	4, 084	4, 243	-3. 7	3, 137	+30. 2	21, 195	15, 893	+33. 4
Federal.....	1, 904	1, 918	-0. 7	1, 449	+31. 4	9, 956	7, 303	+36. 3
State member.....	1, 852	1, 970	-6. 0	1, 467	+26. 2	9, 765	7, 422	+31. 6
Nonmember.....	328	355	-7. 6	221	+48. 4	1, 474	1, 168	+26. 2
District No. 7: Total.....	9, 771	9, 304	+5. 0	7, 364	+32. 7	44, 978	38, 625	+16. 4
Federal.....	3, 389	2, 957	+14. 6	2, 721	+24. 5	15, 085	13, 123	+15. 0
State member.....	4, 240	3, 772	+12. 4	2, 834	+49. 6	19, 416	17, 021	+14. 1
Nonmember.....	2, 142	2, 575	-16. 8	1, 809	+18. 4	10, 477	8, 481	+23. 5
District No. 8: Total.....	6, 113	5, 894	+3. 7	4, 637	+31. 8	27, 352	22, 217	+23. 1
Federal.....	2, 856	2, 975	-4. 0	1, 911	+49. 5	12, 812	9, 164	+39. 8
State member.....	1, 543	1, 626	-5. 1	1, 508	+2. 3	8, 134	7, 272	+11. 9
Nonmember.....	1, 714	1, 293	+32. 6	1, 218	+40. 7	6, 406	5, 781	+10. 8
District No. 9: Total.....	5, 184	5, 450	-4. 9	4, 541	+14. 2	28, 991	24, 074	+20. 4
Federal.....	2, 011	2, 153	-6. 6	1, 560	+28. 9	12, 173	9, 264	+31. 4
State member.....	3, 083	3, 030	+1. 7	2, 853	+8. 1	15, 636	13, 573	+15. 2
Nonmember.....	90	267	-66. 3	128	-29. 7	1, 182	1, 237	-4. 4
District No. 10: Total.....	4, 501	4, 555	-1. 2	4, 052	+11. 1	22, 853	20, 617	+10. 8
Federal.....	2, 282	2, 463	-7. 3	1, 711	+33. 4	11, 392	8, 847	+28. 8
State member.....	1, 140	1, 091	+4. 5	1, 201	-5. 1	5, 940	6, 316	-6. 0
Nonmember.....	1, 079	1, 001	+7. 8	1, 140	-5. 4	5, 521	5, 454	+1. 2
District No. 11: Total.....	3, 608	3, 234	+11. 6	2, 547	+41. 7	16, 107	13, 819	+16. 6
Federal.....	1, 915	2, 210	-13. 3	1, 269	+50. 9	9, 715	7, 700	+26. 2
State member.....	1, 413	936	+51. 0	963	+46. 7	5, 581	4, 778	+16. 8
Nonmember.....	280	88	+218. 2	315	-11. 1	811	1, 341	-39. 5
District No. 12: Total.....	7, 065	7, 194	-1. 8	5, 901	+19. 7	39, 723	35, 837	+10. 8
Federal.....	3, 672	3, 575	+2. 7	2, 250	+63. 2	20, 012	12, 895	+55. 2
State member.....	3, 203	3, 427	-6. 5	3, 107	+3. 1	18, 507	19, 259	-3. 9
Nonmember.....	190	192	-1. 0	544	-65. 1	1, 204	3, 683	-67. 3

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

[Amounts are shown in thousands of dollars]

Period	Purpose of loans					Total loans	Type of association		
	Mortgage loans on homes				Loans for all other purposes		Federals	State members	Non- members
	Construc- tion	Home purchase	Refinanc- ing	Recondi- tioning					
1937-----	\$234, 102	\$326, 629	\$180, 804	\$62, 143	\$92, 901	\$896, 579	\$307, 278	\$379, 286	\$210, 015
January-June-----	118, 810	167, 403	95, 322	31, 088	46, 336	458, 959	160, 132	194, 148	104, 589
June-----	23, 395	35, 235	18, 405	6, 495	8, 681	92, 211	31, 577	39, 965	20, 669
1938-----	220, 458	265, 485	160, 167	58, 623	93, 263	797, 996	286, 899	333, 470	177, 627
January-June-----	97, 891	127, 322	81, 956	28, 334	47, 563	383, 066	134, 795	132, 221	85, 700
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-June-----	133, 672	154, 746	87, 365	28, 038	50, 135	453, 956	181, 855	181, 839	90, 262
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
April-----	23, 727	29, 903	15, 384	4, 974	9, 437	83, 425	33, 400	32, 562	17, 463
May-----	26, 646	31, 289	15, 687	6, 069	9, 432	89, 123	36, 358	35, 426	17, 339
June-----	29, 919	32, 228	17, 123	5, 802	9, 082	94, 154	39, 094	36, 465	18, 595

**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 <sup>1</sup>	Lumber	Paint and paint materials	Plumbing and heating	Structural steel	Other
1937: June.....	96. 9	95. 0	89. 0	102. 2	83. 6	78. 7	114. 9	101. 1
1938: 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
April.....	89. 6	93. 0	91. 5	91. 5	81. 3	79. 3	107. 3	89. 7
May.....	89. 5	91. 7	91. 5	91. 2	81. 6	79. 3	107. 3	89. 6
June.....	89. 5	91. 1	91. 5	90. 7	82. 4	79. 3	107. 3	89. 5
Change:								
June 1939—May 1939.....	0. 0%	-0. 7%	0. 0%	-0. 5%	+1. 0%	0. 0%	0. 0%	-0. 1%
June 1939—June 1938.....	-0. 2%	+0. 6%	+2. 3%	+2. 3%	+2. 9%	+2. 7%	-5. 0%	-4. 1%

<sup>1</sup> 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 1,316 identical Federal and 657 identical insured State-chartered savings and loan associations reporting during May and June 1939**

[Amounts are shown in thousands of dollars]

Type of operation	1,316 Federals			657 insured State members		
	June	May	Change May to June	June	May	Change May to June
Share liability at end of month:						
Private share accounts (number)-----	1, 244, 203	1, 231, 526	Percent +1. 0	858, 181	854, 095	Percent +0. 5
Paid on private subscriptions-----	\$951, 253. 2	\$929, 056. 5	+2. 4	\$601, 911. 3	\$593, 807. 5	+1. 4
Treasury and H. O. L. C. subscriptions-----	205, 228. 6	205, 187. 7	( <sup>1</sup> )	<sup>2</sup> 38, 492. 1	<sup>2</sup> 38, 173. 2	+0. 8
Total-----	1, 156, 481. 8	1, 134, 244. 2	+2. 0	640, 403. 4	631, 980. 7	+1. 3
Private share investments during month-----	25, 876. 4	23, 533. 2	+10. 0	12, 670. 8	11, 090. 7	+14. 2
Repurchases during month-----	7, 782. 6	9, 824. 1	-20. 8	7, 087. 1	7, 548. 1	-6. 1
Mortgage loans made during month:						
a. New construction-----	14, 565. 5	12, 528. 8	+16. 3	5, 253. 4	5, 137. 7	+2. 3
b. Purchase of homes-----	10, 535. 5	10, 677. 6	-1. 3	4, 767. 2	4, 716. 3	+1. 1
c. Refinancing-----	6, 834. 3	6, 672. 9	+2. 4	3, 018. 8	2, 889. 9	+4. 5
d. Reconditioning-----	1, 866. 7	1, 993. 0	-6. 3	871. 6	1, 004. 6	-13. 2
e. Other purposes-----	2, 894. 4	2, 761. 9	+4. 8	1, 659. 6	1, 670. 2	-0. 6
Total-----	36, 696. 4	34, 634. 2	+6. 0	15, 570. 6	15, 418. 7	+1. 0
Mortgage loans outstanding end of month-----	1, 087, 316. 3	1, 066, 898. 3	+1. 9	576, 615. 4	570, 944. 1	+1. 0
Borrowed money as of end of month:						
From Federal Home Loan Banks-----	83, 129. 5	74, 190. 5	+12. 0	34, 259. 1	33, 297. 7	+2. 9
From other sources-----	2, 369. 5	2, 137. 8	+10. 8	3, 103. 2	2, 760. 8	+12. 4
Total-----	85, 499. 0	76, 328. 3	+12. 0	37, 362. 3	36, 058. 5	+3. 6
Total assets, end of month-----	1, 379, 117. 2	1, 349, 023. 3	+2. 2	805, 636. 2	797, 330. 2	+1. 0

<sup>1</sup> Less than 0.1 percent.

<sup>2</sup> Includes only H. O. L. C. subscriptions.

**Table 8.—Institutions insured by the Federal Savings and Loan Insurance Corporation <sup>1</sup>**

[Amounts are shown in thousands of dollars]

Type of association	Cumulative number at specified dates						Number of investors	Assets	Private re-purchasable capital
	Dec. 31, 1935	Dec. 31, 1936	Dec. 31, 1937	Dec. 31, 1938	May 31, 1939	June 30, 1939	June 30, 1939	June 30, 1939	June 30, 1939
State-chartered associations-----	136	382	566	737	758	787	1, 077, 000	\$898, 353	\$667, 611
Converted F. S. and L. A.-----	406	560	672	<sup>2</sup> 723	<sup>3</sup> 743	<sup>4</sup> 747	953, 200	1, 043, 819	757, 303
New F. S. and L. A.-----	572	634	641	637	637	636	345, 900	397, 239	232, 945
Total-----	1, 114	1, 576	1, 879	2, 097	2, 138	2, 170	2, 376, 100	2, 339, 411	1, 657, 859

<sup>1</sup> 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.

<sup>2</sup> In addition, 6 Federals with assets of \$1,505,000 had been approved for conversion but had not been insured as of Dec. 31.

<sup>3</sup> In addition, 3 Federals with assets of \$1,816,000 had been approved for conversion but had not been insured as of May 31.

<sup>4</sup> In addition, 3 Federals with assets of \$1,011,000 had been approved for conversion but had not been insured as of June 30.

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

[Thousands of dollars]

Federal Home Loan Bank	June 1939		May 1939		Advances outstanding at the end of June
	Advances	Re-payments	Advances	Re-payments	
No. 1—Boston.....	\$665	\$227	\$250	\$392	\$6,369
No. 2—New York.....	1,058	482	1,148	779	16,926
No. 3—Pittsburgh.....	894	437	545	620	16,584
No. 4—Winston-Salem.....	2,076	685	653	579	12,952
No. 5—Cincinnati.....	455	888	652	885	19,728
No. 6—Indianapolis.....	1,100	737	165	246	10,516
No. 7—Chicago.....	1,640	891	390	448	27,419
No. 8—Des Moines.....	2,048	302	584	682	15,475
No. 9—Little Rock.....	1,185	230	272	214	9,179
No. 10—Topeka.....	915	257	193	152	10,761
No. 11—Portland.....	733	139	270	178	5,599
No. 12—Los Angeles.....	4,070	514	1,185	397	17,454
Total.....	16,839	5,789	6,307	5,572	168,962
Jan.—June 1939.....	35,882	65,762			
June 1938.....	14,846	5,131			196,225
Jan.—June 1938.....	41,181	45,050			
June 1937.....	17,769	4,203			167,057
Jan.—June 1937.....	59,000	37,344			

**Table 11.—Reconditioning Division—Summary of all reconditioning operations of H. O. L. C. through June 30, 1939<sup>1</sup>**

Type of operation	June 1, 1934 through May 31, 1939	June 1, 1939 through June 30, 1939	Cumulative through June 30, 1939
Cases received <sup>2</sup> .....	1,061,571	9,829	1,071,400
Contracts awarded:			
Number.....	677,505	8,040	685,545
Amount.....	\$133,940,505	\$2,052,334	\$135,992,839
Cases completed:			
Number.....	669,511	8,029	677,540
Amount.....	\$130,523,740	\$2,025,731	\$132,549,471

<sup>1</sup> 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.

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

**Table 10.—H. O. L. C. subscriptions to shares of savings and loan associations<sup>1</sup>**

[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–June 1939:				
Number.....	52	900	4,563	5,515
Amount.....	\$3,458	\$57,999	\$198,851	\$260,308
June 1939:				
Number.....	0	8	2	10
Amount.....	0	\$310	\$150	\$460
Subscriptions:				
Oct. 1935–June 1939:				
Number.....	13	710	4,160	4,883
Amount.....	\$508	\$44,118	\$174,524	\$219,150
June 1939:				
Number.....	0	27	2	29
Amount.....	0	\$2,085	\$35	\$2,120

<sup>1</sup> Refers to number of separate investments, not to number of associations in which investments are made.

**Table 12.—Properties acquired by H. O. L. C. through foreclosure and voluntary deed<sup>1</sup>**

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 1 through Dec. 31.....	22,533
1939: January.....	3,400
February.....	2,771
March.....	3,410
April.....	2,998
May.....	3,506
June.....	3,424
Grand total to June 30, 1939.....	142,064

<sup>1</sup> Does not include 9,126 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 142,064 completed cases, 777 properties were sold at foreclosure sale to parties other than the H. O. L. C. and 18,872 cases have been withdrawn due to payment of delinquencies by borrowers after foreclosure proceedings were authorized.



**Table 13.—Summary of estimated nonfarm mortgage recordings,<sup>1</sup> \$20,000 and under, during June 1939**

Federal Home Loan Bank District and State	(Amounts shown are in thousands of dollars)														Amount per capita (nonfarm)
	Savings & loan associations		Insurance companies		Banks and trust companies		Mutual savings banks		Individuals		Other mortgagees		Total		
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	
United States	43,655	\$113,479	6,335	\$30,017	26,779	\$89,563	3,524	\$12,048	30,710	\$58,967	17,002	\$56,794	128,005	\$360,868	\$ 3.91
No. 1--Boston	3,348	9,714	75	487	952	3,429	1,732	5,430	2,660	6,221	456	1,558	9,223	26,839	
Connecticut	248	860	74	483	303	1,279	418	1,347	446	1,071	330	1,114	1,819	6,154	4.05
Maine	460	1,033			138	318	151	248	324	263			1,073	2,252	3.59
Massachusetts	2,248	6,754			318	1,153	921	3,085	1,634	3,963			5,121	14,955	3.62
New Hampshire	173	455			10	52	125	413	65	117	5	4	381	1,041	2.59
Rhode Island	147	443	1	4	75	256	93	307	116	265	97	350	533	1,630	2.43
Vermont	72	164			104	371	24	30	72	152	24	90	296	807	3.27
No. 2--New York	3,325	11,022	435	2,586	2,569	10,041	1,262	5,187	3,944	8,902	1,742	6,750	13,277	44,488	
New Jersey	1,045	3,621	130	827	1,216	4,889	86	400	1,122	3,138	735	2,681	4,334	15,556	3.98
New York	2,280	7,401	305	1,759	1,353	5,152	1,176	4,787	2,822	5,764	1,007	4,069	8,943	28,932	2.44
No. 3--Pittsburgh	3,049	8,176	404	2,036	2,253	8,047	54	128	1,827	4,389	1,369	5,063	8,962	27,839	
Delaware	57	151	24	139	69	290	32	120	76	161	47	124	305	985	5.13
Pennsylvania	2,349	6,322	318	1,687	1,648	6,486			1,466	3,655	1,160	4,706	6,941	22,856	2.60
West Virginia	643	1,703	62	210	542	1,271	22	8	285	573	162	233	1,716	3,998	3.12
No. 4--Winston-Salem	6,642	15,642	1,098	5,155	2,201	7,560	48	214	5,203	8,480	3,202	8,389	18,394	45,440	
Alabama	229	338	135	523	160	303			378	494	344	925	1,246	2,583	1.98
District of Columbia	484	2,205	74	513	94	548			275	766	271	1,099	1,198	5,131	10.55
Florida	614	2,161	228	956	379	1,342			580	1,255	756	2,480	2,557	8,194	6.89
Georgia	1,092	1,712	114	541	421	929			830	1,058	284	438	2,741	4,678	3.14
Maryland	1,165	2,766	60	261	160	1,652	43	214	401	1,220	190	627	2,024	6,740	4.83
North Carolina	1,805	2,897	135	472	235	452			803	1,007	298	823	3,276	5,651	3.60
South Carolina	565	1,332	86	500	308	872			737	571	565	595	2,261	3,870	4.71
Virginia	688	2,231	266	1,369	444	1,462			1,199	2,109	494	1,402	3,091	8,593	5.84
No. 5--Cincinnati	6,507	17,642	528	2,899	3,075	9,529	78	217	1,863	3,289	1,582	4,853	13,633	38,429	
Kentucky	1,561	3,619	178	812	484	1,731			169	221	102	225	2,494	6,608	4.60
Ohio	4,400	13,390	281	1,751	1,786	6,678	78	217	1,317	2,538	1,032	3,770	8,894	28,344	5.03
Tennessee	546	633	69	336	805	1,120			377	530	448	858	2,245	3,477	2.48
No. 6--Indianapolis	2,643	5,441	547	2,577	2,855	8,835	61	114	1,074	2,093	1,193	4,795	8,373	23,855	
Indiana	1,832	3,380	228	980	905	2,544	61	114	389	659	323	949	3,738	8,626	3.56
Michigan	811	2,061	319	1,597	1,950	6,291			685	1,434	870	3,846	4,635	15,229	3.75
No. 7--Chicago	3,059	8,913	360	2,058	1,697	6,993	15	40	1,792	4,326	1,652	7,348	8,575	29,678	
Illinois	2,274	6,766	271	1,636	1,164	5,115			776	2,207	1,451	6,550	5,936	22,274	3.36
Wisconsin	785	2,147	89	422	533	1,878	15	40	1,016	2,119	201	798	2,639	7,404	3.60
No. 8--Des Moines	3,470	8,327	999	3,296	1,806	4,484	91	222	2,108	3,277	1,023	2,707	9,497	22,313	
Iowa	883	1,894	148	598	674	1,754			398	641	253	791	2,356	5,678	3.80
Minnesota	1,317	3,705	703	2,104	392	1,109	86	221	570	936	201	561	3,269	8,706	5.22
Missouri	1,029	2,217	134	532	603	1,404	5	1	1,040	1,495	553	1,312	3,364	6,961	2.77
North Dakota	186	337	3	24	49	84			72	126	10	22	320	593	2.09
South Dakota	55	174	11	38	88	133			28	29	6	1	188	375	1.24
No. 9--Little Rock	3,784	9,535	656	3,087	763	2,345	8	29	2,281	4,004	1,706	5,596	9,198	24,596	
Arkansas	479	813	8	29	160	336			210	182	63	75	920	1,435	1.95
Louisiana	1,001	3,198	26	152	74	343	2	15	416	817	142	423	1,661	4,948	3.89
Mississippi	322	852	41	175	78	193			215	340	122	321	778	1,881	2.91
New Mexico	390	758			42	142			195	216			627	1,116	4.22
Texas	1,592	3,914	581	2,731	409	1,331	6	14	1,245	2,449	1,379	4,777	5,212	15,216	4.38
No. 10--Topeka	2,778	6,475	344	1,525	858	2,322	4	9	1,615	2,781	1,306	3,788	6,905	16,900	
Colorado	350	969	22	108	170	458			610	1,211	398	1,156	1,550	3,902	5.18
Kansas	889	1,885	130	470	330	909			289	468	259	735	1,897	4,467	3.81
Nebraska	622	1,453	104	498	73	198	4	9	214	313	110	333	1,127	2,804	3.54
Oklahoma	917	2,168	88	449	285	757			502	789	539	1,564	2,331	5,727	4.17
No. 11--Portland	2,044	4,595	292	1,154	1,257	2,978	171	458	1,207	1,758	739	2,159	5,710	13,102	
Idaho	202	406	8	59	167	478			152	193	86	235	615	1,371	5.34
Montana	333	751	80	376	62	125			160	323	31	52	666	1,627	4.89
Oregon	397	901	69	253	159	390	25	54	392	548	192	614	1,234	2,760	3.78
Utah	199	637	6	13	115	266			97	130	24	33	441	1,099	2.80
Washington	806	1,617	127	448	696	1,551	146	404	302	407	361	1,132	2,438	5,559	4.42
Wyoming	107	263	2	5	58	148			104	157	45	93	316	686	4.50
No. 12--Los Angeles	3,006	7,997	597	3,157	6,487	23,000			5,136	9,447	1,032	3,788	16,258	47,389	
Arizona	130	391	32	117	210	674			145	214	44	134	561	1,530	4.55
California	2,836	7,503	558	3,010	6,196	22,086			4,936	9,132	976	3,622	15,502	45,353	8.97
Nevada	40	103	7	30	81	240			55	101	12	32	195	506	6.78

<sup>1</sup> 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.

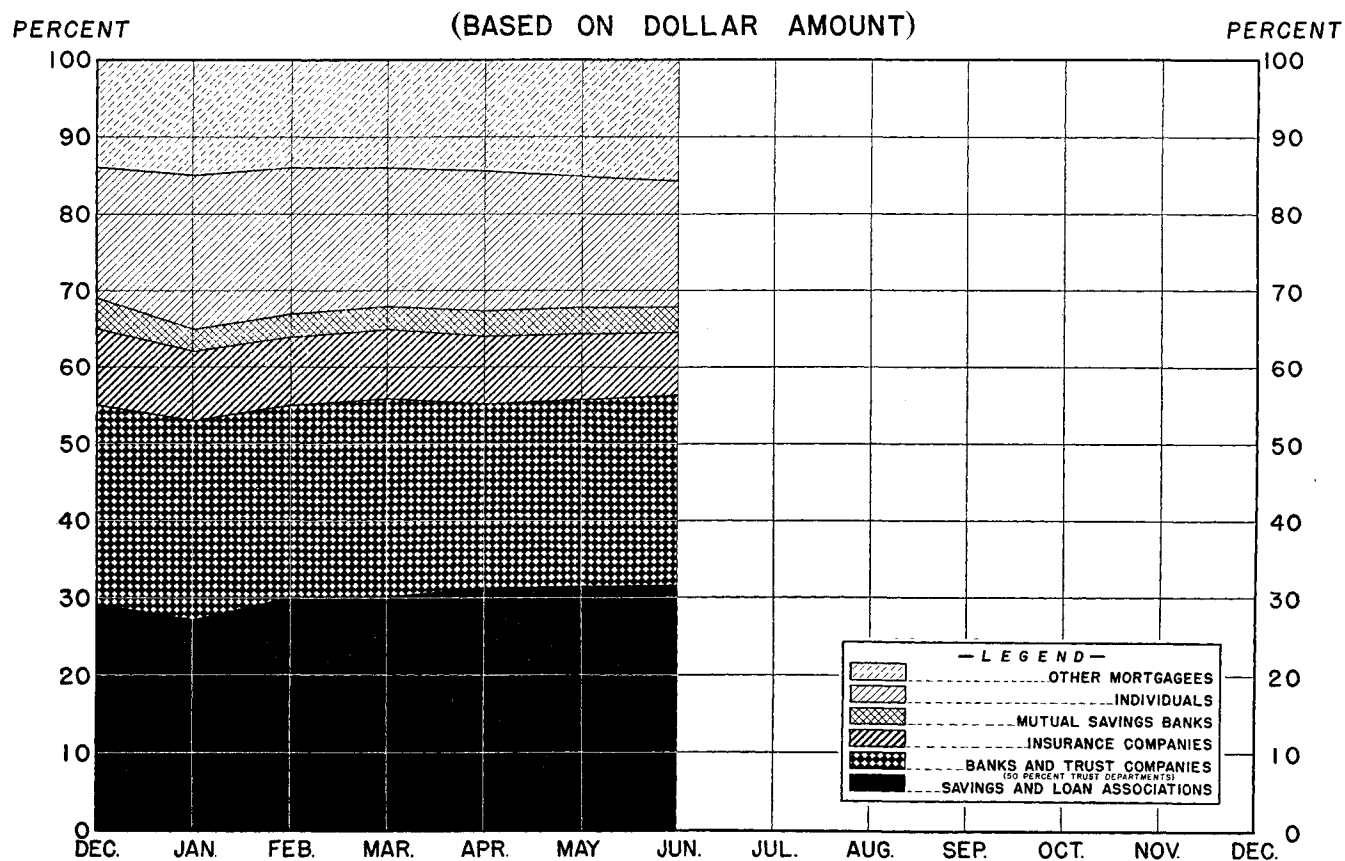
<sup>2</sup> Includes Insurance Companies and Other Mortgagees.

**Table 14.—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	Per-cent	Total	Per-cent	Total	Per-cent	Total	Per-cent	Total	Per-cent	Total	Per-cent	Com-bined total	Per-cent
Number:														
1938: December	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
April	38, 167	34. 5	5, 240	4. 7	22, 768	20. 6	2, 978	2. 7	28, 441	25. 7	12, 976	11. 8	110, 570	100. 0
May	43, 648	34. 8	6, 009	4. 8	25, 658	20. 4	3, 825	3. 0	30, 904	24. 6	15, 560	12. 4	125, 604	100. 0
June	43, 655	34. 1	6, 335	4. 9	26, 779	20. 9	3, 524	2. 8	30, 710	24. 0	17, 002	13. 3	128, 005	100. 0
Amount:														
1938: December	\$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
April	94, 857	31. 2	26, 839	8. 8	73, 320	24. 1	10, 108	3. 3	55, 667	18. 3	43, 560	14. 3	304, 351	100. 0
May	109, 652	31. 4	29, 922	8. 6	85, 417	24. 4	12, 195	3. 5	59, 453	17. 0	52, 815	15. 1	349, 454	100. 0
June	113, 479	31. 5	30, 017	8. 3	89, 563	24. 8	12, 048	3. 3	58, 967	16. 4	56, 794	15. 7	360, 868	100. 0

## DISTRIBUTION OF MORTGAGES RECORDED BY TYPE OF MORTGAGEE



August 1939

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# Supplemental Table D.—Statement of condition of

Balance sheet item	Consolidated	Combined	Boston	New York	Pittsburgh
<b>ASSETS</b>					
<b>CASH:</b>					
On hand	\$ 24,164.75	\$ 24,164.75	\$ 500.00	\$ 500.00	\$ 1,200.00
On deposit with:					
U. S. Treasurer	23,845,359.93	23,845,359.93	1,655,328.73	8,250,487.96	103,107.99
*U. S. Treasurer - Special Accounts No. 17-677 & No. 17-678	41,707,500.00	41,707,500.00	0	0	3,015,000.00
Commercial Banks	12,613,688.51	12,613,688.51	3,867,698.35	254,957.65(a)	642,294.42
F. H. L. Bank of New York, Agent	15,000.00	15,000.00	1,250.00	1,250.00	1,250.00
Other Federal Home Loan Banks	0	3,300,000.00	0	0	0
In transit	82.12	0	0	0	0
Total Cash	78,205,795.38	81,505,713.19	5,524,777.08	8,507,195.61(a)	3,762,852.41
Deposit with U. S. Treasurer for matured obligations	17,692.50	0	0	0	0
<b>INVESTMENTS:</b>					
U. S. Government obligations and securities fully guaranteed by United States	48,702,246.89	48,702,246.89	7,940,517.60	3,942,194.14	4,998,770.85
<b>ADVANCES, OUTSTANDING - Members</b>	168,961,563.10	168,961,563.10	6,368,675.99	16,925,006.24	16,584,498.07
<b>ACCRUED INTEREST RECEIVABLE:</b>					
Deposits - other F. H. L. Banks	0	176.71	0	0	0
Investments	206,508.90	206,508.90	31,033.22	21,366.39	24,383.41
Advances to members	307,128.75	307,128.75	7,298.96	53,221.95	61,072.48
Total Accrued Interest Receivable	513,637.65	513,614.36	38,332.18	74,588.34	85,455.89
<b>DEFERRED CHARGES:</b>					
Prepaid debenture expense	73,576.56	73,576.56	0	0	9,270.77
Prepaid assessment - F. H. L. B. Board	141,607.45	141,607.45	8,267.12	12,692.66	13,724.49
Prepaid surety bond and insurance premiums	8,034.21	8,034.21	562.50	529.36	583.13
Other	321.72	321.72	0	0	0
Total Deferred Charges	223,539.94	223,539.94	8,829.62	13,622.02	23,578.39
<b>OTHER ASSETS:</b>					
Accounts receivable	4,202.37	4,202.37	121.60	250.00	1,983.91
Miscellaneous	1,175.00	1,175.00	0	0	0
Total Other Assets	5,377.37	5,377.37	121.60	250.00	1,983.91
<b>TOTAL ASSETS</b>	<b>\$296,623,852.83</b>	<b>\$299,312,254.85</b>	<b>\$19,881,354.07</b>	<b>\$29,463,856.35</b>	<b>\$25,456,439.52</b>
<b>LIABILITIES AND CAPITAL</b>					
<b>LIABILITIES:</b>					
<b>DEPOSITS:</b>					
Members - time	\$ 27,723,407.60	\$ 27,723,407.60	\$ 2,906,957.95	\$ 4,588,721.43	\$ 660,049.14
Members - demand	4,462,258.12	4,462,258.12	130,000.00	582,968.00	30,000.00
Applicants	83,723.61	83,723.61	4,500.00	12,025.00	15,028.81
Other Federal Home Loan Banks	0	3,300,000.00	0	0	1,500,000.00
Total Deposits	32,275,389.33	35,575,389.33	3,041,457.95	5,163,714.43	2,205,077.95
<b>ACCRUED INTEREST PAYABLE:</b>					
Deposits - members	38,705.62	38,705.62	7,233.42	1,942.63	3,261.52
Deposits - other F. H. L. Banks	0	94.52	0	0	82.19
Debentures	366,666.59	366,666.59	0	0	37,499.66
Total Accrued Interest Payable	405,372.21	405,466.73	7,233.42	1,942.63	40,843.69
<b>DIVIDENDS PAYABLE:</b>					
U. S. Government	555,893.51	555,893.51	62,337.50	0	0
Members	202,532.91	202,532.91	18,964.47	0	0
Total Dividends Payable	758,426.42	758,426.42	81,301.97	0	0
<b>ACCOUNTS PAYABLE</b>	80.80	80.80	0	0	0
<b>PREMIUMS ON DEBENTURES</b>	44,270.87	44,270.87	0	0	2,656.25
<b>**CONSOLIDATED DEBENTURES:</b>					
1% Series E due July 1, 1939	41,500,000.00	41,500,000.00	0	0	3,000,000.00
2% Series C due December 1, 1940	25,000,000.00	25,000,000.00	0	0	1,500,000.00
2% Series D due April 1, 1943	23,500,000.00	23,500,000.00	0	0	4,000,000.00
Total Consolidated Debentures	90,000,000.00	90,000,000.00	0	0	8,500,000.00
<b>MATURED OBLIGATIONS:</b>					
Consolidated debentures	15,000.00	0	0	0	0
Interest on consolidated debentures	2,692.50	0	0	0	0
Total	17,692.50	0	0	0	0
<b>Total Liabilities</b>	<b>\$123,501,237.13</b>	<b>\$126,783,639.15</b>	<b>\$ 3,129,993.34</b>	<b>\$ 5,165,657.06</b>	<b>\$10,748,577.69</b>
<b>CAPITAL:</b>					
<b>CAPITAL STOCK (PAR):</b>					
Members (fully paid)	\$ 39,550,900.00	\$ 39,550,900.00	\$ 3,895,100.00	\$ 4,421,700.00	\$ 2,570,700.00
Members (partially paid)	58,200.00	58,200.00	700.00	11,700.00	2,300.00
Total	39,609,100.00	39,609,100.00	3,895,800.00	4,433,400.00	2,573,000.00
Less: Unpaid subscriptions	22,925.00	22,925.00	200.00	5,150.00	1,000.00
U. S. Government (fully paid)	39,588,175.00	39,588,175.00	3,895,600.00	4,425,250.00	2,572,000.00
Total paid in on Capital Stock	124,741,000.00	124,741,000.00	12,467,500.00	18,963,200.00	11,146,300.00
164,327,175.00	164,327,175.00	16,363,100.00	23,368,450.00	13,718,300.00	
<b>SURPLUS:</b>					
Reserve as required under Sec. 16 of Act	4,261,328.42	4,261,328.42	260,125.22	552,896.03	396,917.83
Reserve for contingencies	482,607.86	482,607.86	0	43,660.09	0
Total Surplus	4,743,936.28	4,743,936.28	260,125.22	596,556.12	396,917.83
<b>UNDIVIDED PROFITS:</b>					
Total Surplus and Undivided Profits	4,057,504.42	4,057,504.42	128,135.51	313,203.17	532,644.00
Total Capital	8,801,440.70	8,801,440.70	388,260.73	909,749.29	989,561.83
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$173,128,615.70</b>	<b>\$173,128,615.70</b>	<b>\$16,751,350.73</b>	<b>\$24,298,199.29</b>	<b>\$14,707,361.83</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$296,623,852.83</b>	<b>\$299,312,254.85</b>	<b>\$19,881,354.07</b>	<b>\$29,463,856.35</b>	<b>\$25,456,439.52</b>

a As of June 30, 1939 the New York Bank also administered as Agent for the 12 Banks an imprest fund of \$15,000, from which expenses of issuing debentures, other than  
 \* Funds deposited with the U. S. Treasurer as Special Agent for the purpose of maturing Series E - Consolidated Federal Home Loan Bank Debentures and interest coupons due  
 \*\* Consolidated Federal Home Loan Bank Debentures issued by the Federal Home Loan Bank Board and now outstanding are the joint and several obligations of all Federal

# the Federal Home Loan Banks as of June 30, 1939

Winston-Salem	Cincinnati	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	Portland	Los Angeles
\$ 10.00	\$ 510.00	\$ 8,271.26	\$ 2,733.16	\$ 10,155.33	\$ 25.00	\$ 25.00	\$ 0	\$ 235.00
3,576,750.25	2,228,586.01	1,901,137.04	1,005,136.28	2,006,974.07	1,945,128.62	450,754.56	628,401.14	95,265.28
3,517,500.00	9,145,500.00	1,758,750.00	9,258,250.00	2,010,000.00	2,010,000.00	2,010,000.00	2,035,125.00	6,909,375.00
550,223.59	1,298,721.32	741,319.93	4,267,278.69	248,898.92	0	5,106.15	40,000.00	697,188.49
1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00
3,300,000.00	0	0	0	0	0	0	0	0
10,945,739.64	12,674,867.33	4,410,728.23	14,572,645.13	4,277,278.32	3,956,403.62	2,467,135.71	2,702,776.14	7,703,313.77
0	0	0	0	0	0	0	0	0
363,875.00	9,224,416.74	6,777,635.06	4,590,000.00	1,367,000.00	2,450,000.00	1,938,750.00	1,855,000.00	3,214,687.50
2,951,918.83	1,9728,295.42	10,515,984.89	27,418,752.14	15,474,581.91	9,179,484.75	10,760,610.22	5,599,006.89	17,453,737.75
176.71	0	0	0	0	0	0	0	0
1,227.63	43,499.63	21,833.21	16,244.20	11,086.12	13,011.87	11,525.75	2,948.55	8,348.92
42,329.95	68,343.98	867.20	6,540.07	11,243.80	24,906.43	10,270.17	15,352.28	5,681.43
43,734.29	111,843.61	22,700.41	22,784.27	22,329.92	37,916.35	21,795.92	18,300.83	14,036.35
8,229.33	7,934.02	7,048.54	15,069.45	11,979.23	3,402.82	4,635.48	0	6,008.92
15,755.22	18,203.94	10,573.68	20,374.91	15,273.46	0	8,798.38	7,291.85	10,651.74
325.44	1,411.54	487.64	1,203.18	500.41	560.88	476.65	541.69	445.79
65.50	255.22	0	0	0	0	0	0	0
24,376.49	27,804.72	18,109.86	36,653.54	27,753.10	3,963.70	13,910.51	7,833.54	17,104.45
136.10	252.83	150.10	225.00	0	148.20	0	75.00	859.63
650.00	0	100.00	0	0	0	0	0	425.00
786.10	252.83	250.10	225.00	0	148.20	0	75.00	1,284.63
\$24,330,430.55	\$41,767,480.65	\$21,745,418.55	\$46,641,060.08	\$21,168,943.25	\$15,667,916.62	\$15,202,202.36	\$10,182,992.40	\$28,404,158.45
\$ 1,139,306.68	\$ 4,113,000.00	\$ 5,267,014.78	\$ 6,208,557.62	\$ 1,369,800.00	\$ 71,363.54	\$ 915,000.00	\$ 335,000.00	\$ 561,000.00
0	1,500,913.70	291,750.53	0	7,500.00	0	0	0	1,532,762.35
4,750.00	26,200.00	1,450.00	7,025.00	5,250.00	0	0	0	7,500.00
0	0	0	0	0	0	0	360,000.00	1,500,000.00
1,144,056.68	5,640,113.70	5,560,215.31	6,215,582.62	1,382,550.00	71,363.54	915,000.00	635,000.00	3,601,262.35
1,110.85	190.17	15,099.97	7,531.77	284.74	0	2,050.55	0	0
0	0	0	0	0	0	0	12.33	0
35,000.00	62,583.33	24,583.30	74,583.33	37,500.00	18,333.33	21,250.00	10,125.00	45,208.32
36,110.55	62,773.50	39,683.27	82,115.10	37,784.74	18,333.33	23,300.55	10,137.33	45,208.32
0	127,757.00	49,330.50	141,739.00	46,218.13	43,862.00	0	22,350.00	62,299.38
0	72,968.63	20,081.46	45,731.80	13,491.42	10,159.65	0	4,098.58	17,036.90
0	200,725.63	69,411.56	187,470.80	59,709.55	54,021.65	0	26,448.58	79,336.28
0	0	50.00	0	0	0	0	0	30.80
5,312.50	4,869.76	3,541.73	14,166.57	5,312.50	885.48	1,328.03	0	6,197.95
3,500,000.00	9,100,000.00	1,750,000.00	9,250,000.00	2,000,000.00	2,000,000.00	2,000,000.00	2,025,000.00	6,875,000.00
3,000,000.00	2,750,000.00	2,000,000.00	8,000,000.00	3,000,000.00	500,000.00	750,000.00	0	3,500,000.00
2,500,000.00	2,500,000.00	2,500,000.00	3,000,000.00	4,500,000.00	1,500,000.00	2,000,000.00	0	1,000,000.00
9,000,000.00	14,350,000.00	6,250,000.00	20,250,000.00	9,500,000.00	4,000,000.00	4,750,000.00	2,025,000.00	11,375,000.00
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
\$10,165,480.03	\$20,258,482.69	\$11,922,902.27	\$26,749,335.19	\$10,985,356.79	\$ 4,144,604.00	\$ 5,689,628.58	\$ 2,696,585.91	\$15,107,035.70
\$ 3,879,400.00	\$ 7,422,200.00	\$ 2,748,300.00	\$ 4,650,000.00	\$ 2,230,500.00	\$ 2,093,700.00	\$ 1,704,900.00	\$ 1,128,000.00	\$ 2,805,500.00
4,600.00	33,800.00	500.00	1,100.00	1,000.00	0	1,400.00	1,100.00	0
3,884,000.00	7,456,000.00	2,748,800.00	4,652,000.00	2,231,500.00	2,093,700.00	1,706,300.00	1,129,100.00	2,805,500.00
3,050.00	8,675.00	375.00	275.00	500.00	0	350.00	350.00	0
3,880,950.00	7,447,325.00	2,748,425.00	4,651,725.00	2,231,000.00	2,093,700.00	1,705,950.00	1,128,750.00	2,805,500.00
9,208,200.00	12,775,700.00	6,577,400.00	14,173,600.00	7,494,900.00	8,772,400.00	7,333,600.00	5,960,000.00	9,967,900.00
13,089,150.00	20,223,025.00	9,325,825.00	18,825,625.00	9,625,500.00	10,866,100.00	9,039,550.00	7,088,750.00	12,773,400.00
368,783.54	706,051.70	266,755.05	569,373.14	276,608.33	273,633.60	178,971.83	164,701.89	226,520.26
44,474.22	194,473.55	0	0	0	0	0	103,000.00	100,000.00
413,257.76	900,525.25	266,755.05	589,373.14	276,608.33	273,633.60	178,971.83	264,701.89	326,520.26
642,542.76	385,447.61	229,936.23	476,726.75	281,078.13	383,581.02	264,051.95	132,954.60	197,202.49
1,055,800.52	1,285,973.06	496,691.28	1,066,099.89	557,686.46	657,214.62	473,623.78	387,656.49	523,722.75
\$14,144,950.52	\$21,508,998.06	\$ 9,822,516.28	\$16,891,724.83	\$10,183,586.46	\$11,523,314.62	\$ 9,512,573.78	\$ 7,486,406.49	\$13,297,122.75
\$24,330,430.55	\$41,767,480.65	\$21,745,418.55	\$46,641,060.08	\$21,168,943.25	\$15,667,916.62	\$15,202,202.36	\$10,182,992.40	\$28,404,158.45

brokerage commissions, are paid. In addition the New York Bank held as Agent \$119.60 for the payment of premiums on employees' group life insurance in the several Banks, and payable on July 1, 1939.  
Home Loan Banks.

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

	Consolidated	Combined	Boston	New York	Pittsburgh
<b>GROSS OPERATING INCOME:</b>					
Interest earned on advances	\$2,587,269.42	\$2,587,269.42	\$ 99,332.67	\$247,392.17	\$266,622.69
Interest earned on investments	499,089.65	499,089.65	63,325.47	38,922.85	49,137.55
Interest earned on deposits - other F. H. L. Banks	0	752.07	0	0	0
Gross Operating Income	3,086,359.07	3,087,111.14	162,658.14	286,315.02	315,760.14
<b>LESS - OPERATING CHARGES:</b>					
Compensation, travel, etc. (Detail below)	483,037.31	483,037.31	31,043.80	64,129.22	60,691.53
Interest on debentures	560,155.54	560,155.54	0	0	60,625.00
Debenture expense - commissions	29,261.17	29,261.17	0	0	2,562.53
Debenture expense - other	9,454.23	9,454.23	783.82	783.82	787.42
Interest on deposits - members	140,765.80	140,765.80	7,880.00	18,063.02	4,921.35
Interest on deposits - other F. H. L. Banks	0	752.07	0	0	82.19
Assessment for expenses of F. H. L. B. Board	150,000.00	150,000.00	7,444.56	13,492.20	13,676.39
Total Operating Charges	1,372,674.05	1,373,426.12	47,152.18	96,468.26	143,346.41
NET OPERATING INCOME	1,713,685.02	1,713,685.02	115,505.96	189,846.76	172,413.73
<b>ADD - NONOPERATING INCOME:</b>					
Profit on sale of investments	470,747.99	470,747.99	0	29,281.36	0
Discount on investments credited	2,000.00	2,000.00	0	0	0
Total Nonoperating Income	472,747.99	472,747.99	0	29,281.36	0
<b>LESS - NONOPERATING CHARGES:</b>					
Premium charged off on investments	43,628.36	43,628.36	0	0	0
Loss on sale of investments	156.25	156.25	0	0	0
Total Nonoperating Charges	43,784.61	43,784.61	0	0	0
NET INCOME	\$2,142,648.40	\$2,142,648.40	\$115,505.96	\$219,128.12	\$172,413.73
<b>DETAIL OF COMPENSATION, TRAVEL AND OTHER EXPENSES:</b>					
<b>COMPENSATION:</b>					
Directors' fees	\$ 19,470.00	\$ 19,470.00	\$ 1,240.00	\$ 2,790.00	\$ 1,625.00
Officers' salaries	132,450.00	132,450.00	12,875.00	12,100.02	10,050.00
Counsel's compensation	22,800.00	22,800.00	1,600.00	3,250.00	2,800.00
Other salaries	129,826.39	129,826.39	4,525.00	22,230.00	25,731.23
Total Compensation	304,546.39	304,546.39	20,240.00	40,370.02	40,206.23
<b>TRAVEL EXPENSE:</b>					
Directors	14,839.05	14,839.05	590.36	1,185.70	1,711.42
Officers	17,164.62	17,164.62	1,379.65	2,009.41	2,215.85
Other	8,786.25	8,786.25	23.97	2,405.38	870.26
Total Travel Expense	40,789.92	40,789.92	1,993.98	5,600.49	4,797.53
<b>OTHER EXPENSES:</b>					
Telephone and telegraph	11,346.22	11,346.22	443.82	1,405.64	1,535.59
Postage and express	10,739.89	10,739.89	308.84	1,481.05	1,122.92
Light, power, etc.	4,176.16	4,176.16	163.99	1,389.61	90.37
Stationery, printing and supplies	13,666.28	13,666.28	643.81	2,790.06	955.44
Insurance and surety bond premiums	11,731.07	11,731.07	957.96	1,327.50	1,005.40
Furniture and fixtures purchased	2,961.95	2,961.95	295.02	360.45	860.14
Rent - less rental charged Examining Division - FHLB Board	28,050.58	28,050.58	1,600.02	4,174.98	3,253.08
Services of Examining Division	32,704.99	32,704.99	1,480.31	3,542.19	4,625.38
Miscellaneous Operating expense	22,283.86	22,283.86	2,896.05	1,687.23	2,235.45
Total Other Expenses	137,701.00	137,701.00	8,809.82	18,158.71	15,587.77
<b>TOTAL</b>	<b>\$483,037.31</b>	<b>\$483,037.31</b>	<b>\$31,043.80</b>	<b>\$64,128.22</b>	<b>\$60,691.53</b>

## Analysis of Surplus - Reserves

<b>SURPLUS - RESERVE SECTION 16 OF ACT:</b>					
Credit Balance - December 31, 1938	\$3,832,798.73	\$3,832,798.73	\$237,024.03	\$509,060.40	\$362,435.08
Add: 20% net earnings first half 1939	428,529.69	428,529.69	23,101.19	43,825.63	34,482.75
Credit Balance - June 30, 1939	4,261,328.42	4,261,328.42	260,125.22	552,886.03	396,917.83
<b>SURPLUS - RESERVE FOR CONTINGENCIES:</b>					
Credit Balance - December 31, 1938	262,021.01	262,021.01	0	20,235.01	0
Added during first half 1939	220,586.85	220,586.85	0	23,425.08	0
Credit Balance - June 30, 1939	482,607.86	482,607.86	0	43,660.09	0
<b>UNDIVIDED PROFITS:</b>					
Credit Balance - December 31, 1938	3,483,876.53	3,483,876.53	117,032.71	277,767.37	454,713.02
Add: Profit first half 1939	2,142,648.40	2,142,648.40	115,505.96	219,128.12	172,413.73
Total	5,626,524.93	5,626,524.93	232,538.67	496,895.49	627,126.75
Deduct: Dividends declared June 30, 1939 - U. S. Government	667,377.51	667,377.51	62,337.50	94,816.00	0
- Members	232,526.46	232,526.46	18,964.47	21,625.61	0
Allocation to legal reserve	428,529.69	428,529.69	23,101.19	43,825.63	34,482.75
Allocation to contingency reserve	220,586.85	220,586.85	0	23,425.08	0
Total Deductions	1,569,020.51	1,569,020.51	104,403.16	183,692.32	34,482.75
Credit Balance - June 30, 1939	\$4,057,504.42	\$4,057,504.42	\$128,135.51	\$313,203.17	\$592,644.00

# Loan Banks for the period Jan. 1, 1939, through June 30, 1939

Winston-Salem	Cincinnati	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	Portland	Los Angeles
\$233,666.44 19,641.36 176.71	\$380,435.96 91,069.39 0	\$165,941.14 49,090.32 0	\$461,780.63 36,442.82 0	\$216,021.45 33,284.74 0	\$129,705.18 34,461.81 0	\$155,210.96 23,609.33 0	\$ 79,979.99 30,428.60 0	\$201,180.20 29,715.41 575.36
253,484.51	421,445.35	215,031.46	498,223.45	249,306.23	164,186.99	178,820.29	110,408.59	231,470.97
39,049.13 60,781.17 2,968.76 788.03 6,534.47 0 14,263.88	54,237.04 70,687.34 4,614.72 794.01 22,703.39 0 20,578.86	32,055.66 47,578.13 2,005.34 786.03 21,401.49 575.36 9,646.96	43,055.48 125,234.23 6,974.11 794.73 42,609.76 0 21,607.36	31,582.93 77,499.37 3,000.03 786.50 8,448.09 0 11,572.03	38,254.53 24,062.45 1,208.37 786.09 0 0 8,688.04	29,032.16 31,406.18 1,437.53 786.15 5,789.77 0 8,472.03	20,461.68 4,429.63 632.87 786.00 0 12.33 6,753.88	39,446.15 57,851.44 3,856.91 791.63 2,414.46 82.19 13,581.76
124,405.44	173,615.36	114,254.97	240,275.67	132,869.55	72,999.48	76,923.67	33,096.39	118,018.54
129,079.07	247,829.99	100,776.49	257,947.78	116,436.68	91,187.51	101,896.42	77,312.20	113,452.43
105,854.02 0	121,608.46 0	21,146.88 0	2,125.00 0	106,655.89 0	0 0	0 0	84,076.38 2,000.00	0 0
105,854.02	121,608.46	21,146.88	2,125.00	106,655.89	0	0	86,076.38	0
809.98 0	0 156.25	900.00 0	2,700.00 0	16,962.33 0	0 0	600.00 0	20,156.05 0	1,500.00 0
809.98	156.25	900.00	2,700.00	16,962.33	0	600.00	20,156.05	1,500.00
\$234,123.11	\$369,282.20	\$121,023.37	\$257,372.78	\$206,130.24	\$91,187.51	\$101,256.42	\$143,232.53	\$111,952.43
\$ 900.00 9,400.00 1,200.00 12,078.40	\$ 2,275.00 15,900.00 2,500.00 14,367.74	\$ 1,175.00 8,049.88 1,500.00 9,491.48	\$ 1,860.00 11,575.00 2,150.00 9,630.18	\$ 1,775.00 11,350.00 1,650.00 4,108.00	\$ 1,620.00 13,900.00 1,650.00 8,167.50	\$ 2,030.00 8,250.00 1,200.00 6,634.79	\$ 780.00 7,300.00 1,200.00 3,506.27	\$ 1,400.00 11,700.00 2,100.00 9,285.80
23,578.40	35,062.74	20,216.46	25,265.18	18,883.00	25,337.50	18,114.79	12,786.27	24,485.80
1,403.94 1,858.37 2,774.30	1,392.21 1,143.80 522.63	661.53 714.13 1,349.92	1,096.04 933.54 82.23	1,449.73 1,665.61 51.82	1,674.70 1,404.71 367.79	1,805.07 925.90 131.28	998.50 598.51 135.76	669.85 2,360.14 75.91
6,036.61	3,063.64	2,725.58	2,111.81	3,167.16	3,447.20	2,862.25	1,682.77	3,306.90
962.19 1,164.40 128.63 963.84 697.18 72.76 1,432.50 2,963.48 1,045.08	1,246.18 1,296.05 446.74 1,611.76 1,601.18 295.48 3,600.02 3,979.36 2,033.84	870.86 601.12 249.54 536.18 886.19 295.30 1,590.00 2,283.92 1,802.61	963.33 1,416.99 868.94 1,385.96 1,000.63 48.58 5,400.00 3,570.94 1,022.92	511.06 466.21 165.50 1,008.67 742.94 254.64 1,999.98 1,982.22 2,381.55	1,220.17 865.25 359.45 1,007.43 1,167.77 146.55 960.00 1,962.07 1,839.14	523.41 390.92 0 648.26 814.94 258.00 2,100.00 2,228.72 1,090.87	560.97 368.91 0 371.69 702.63 236.15 1,350.00 1,086.77 1,335.52	1,103.00 1,257.20 233.33 1,743.18 824.55 (162.12) 630.00 2,995.61 2,909.70
9,434.12	16,110.66	9,117.62	15,676.49	9,512.77	9,469.83	8,055.12	6,012.64	11,653.45
\$ 39,049.13	\$ 54,237.04	\$ 32,059.66	\$ 43,055.48	\$ 31,562.93	\$ 38,254.53	\$ 29,032.16	\$ 20,481.68	\$ 39,440.15

and Undivided Profits

\$321,958.92 46,824.62 366,783.54	\$632,195.26 73,856.44 706,051.70	\$242,550.36 24,204.67 266,755.05	\$537,898.56 51,474.56 589,373.14	\$235,382.28 41,226.05 276,608.33	\$255,396.10 18,237.50 273,633.60	\$158,712.55 20,259.28 178,971.83	\$136,055.38 28,646.51 164,701.89	\$204,129.77 22,390.49 226,520.26
44,474.22 0 44,474.22	97,311.78 97,161.77 194,473.55	0 0 0	0 0 0	0 0 0	0 0 0	0 0 0	0 100,000.00 100,000.00	100,000.00 0 100,000.00
455,244.27 234,123.11 689,367.38 0 0 46,824.62 0 46,824.62	387,909.45 369,282.20 757,191.65 127,757.00 72,968.63 73,856.44 97,161.77 371,743.84	202,525.49 121,023.37 323,552.86 49,330.50 20,081.46 24,204.67 0 93,616.63	458,299.33 257,372.78 715,672.11 141,739.00 45,731.80 51,474.56 0 238,545.36	175,883.49 206,130.24 382,013.73 46,218.13 13,491.42 41,226.05 0 100,935.60	364,652.66 91,187.51 455,840.17 43,862.00 10,159.65 18,237.50 0 72,259.15	258,050.75 101,296.42 359,347.17 36,666.00 8,367.94 20,259.28 0 65,295.22	144,817.16 143,232.53 288,049.69 22,350.00 4,098.58 28,646.51 100,000.00 155,095.09	186,976.53 111,952.43 298,929.26 62,299.38 17,036.90 22,390.49 0 101,726.77
\$642,542.76	\$385,447.81	\$229,936.23	\$476,726.75	\$281,078.13	\$383,581.02	\$294,051.05	\$132,954.60	\$197,202.49

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## Resolutions of the Board

■ TO facilitate the voluntary retirement of Government funds invested in Federal and State-chartered savings and loan associations, the Federal Home Loan Bank Board has adopted the following two amendments to the Regulations of the Federal Savings and Loan System, and the Home Owners' Loan Corporation. Heretofore, associations could not make any advance retirement of H. O. L. C. investments until all Treasury investments had been retired. The revision eliminated the requirement that all Treasury investments be retired first; institutions now are authorized to make advance retirements of investments simultaneously, if in the same order in which those agencies are entitled to call for repurchase installments.

AMENDMENT TO RULES AND REGULATIONS FOR FEDERAL SAVINGS AND LOAN SYSTEM, PROVIDING A METHOD FOR CREDITING VOLUNTARY RETIREMENTS OF INVESTMENTS IN FEDERAL SAVINGS AND LOAN ASSOCIATIONS BY THE SECRETARY OF THE TREASURY AND THE HOME OWNERS' LOAN CORPORATION: Adopted July 20, 1939; effective July 20, 1939.

By resolution of the Federal Home Loan Bank Board, subsection (d) of Section 203.8 of the Rules and Regulations for the Federal Savings and Loan System was amended to read as follows:

(d) *Retirement of investments by the Secretary of the Treasury or Home Owners' Loan Corporation.* Retirement of investments by the Secretary of the Treasury or by Home Owners' Loan Corporation in Federal associations may be effected in accordance with procedure and using forms approved by the Board, which procedure and forms may be obtained from the Federal Home Loan Bank of which the Federal association is a member. No request for the privilege of retiring investments by the Secretary of the Treasury will be approved by the Board unless such request is received by the Board at its office in Washington, D. C., within 30 days subsequent to the last preceding dividend date, accompanied by a check, postal money order, or bank draft in the amount of the investment sought to be retired, together with any dividends declared, but unpaid, on such investment to the last preceding dividend date. Any Federal association may request from time to time the voluntary repurchase of investments by the Secretary of the Treasury and by Home Owners' Loan Corporation in the same order as applications for repurchase of such investments may be made by the Secretary of the Treasury and Home Owners' Loan Corporation under subsection (j) of Section 5 and subsection (n) of Section 4 of Home Owners' Loan Act of 1933, as amended. All such voluntary repurchases will be deducted from the next succeeding requests for repurchase which the Secretary of the Treasury or Home Owners' Loan Corporation is permitted by law to make.

AMENDMENT TO RULES AND REGULATIONS FOR INVESTMENT BY HOME OWNERS' LOAN CORPORATION IN SECURITIES OF SAVINGS AND LOAN ASSOCIATIONS, PROVIDING A METHOD FOR CREDITING VOLUNTARY RETIREMENTS OF INVESTMENTS IN SAVINGS AND LOAN ASSOCIATIONS BY HOME OWNERS' LOAN CORPORATION: Adopted July 20, 1939; effective July 20, 1939.

Paragraph (b) of Section 58 of the Rules and Regulations for Investment by Home Owners' Loan Corporation in Securities of Savings and Loan Associations has been amended to read as follows:

(b) Any institution may request from time to time the voluntary retirement of investments held by Home Owners' Loan Corporation in the same order as applications for retirement of such investments may be made by Home Owners' Loan Corporation under subsection (n) of Section 4 of Home Owners' Loan Act of 1933, as amended. All such voluntary retirements will be deducted from the next succeeding requests for retirement which Home Owners' Loan Corporation is permitted by law to make.

The Board also passed a resolution repealing paragraph (c) of Section 58 of the H. O. L. C. Regulations. Repeal became effective on July 14, 1939.

STATEMENT OF POLICY IN CONNECTION WITH THE INTERPRETATION OF CERTAIN REQUIREMENTS SET UP AS CONDITIONS FOR INSURANCE OF ACCOUNTS

The following resolution was adopted on July 18 by the Board of Trustees of the Federal Savings and Loan Insurance Corporation:

*Whereas*, conditions for insurance of accounts of applicant associations frequently include a requirement that the association adopt lending policies, terms, and rates satisfactory to the Board of Trustees, and

*Whereas*, from time to time questions have been raised as to the meaning of this requirement,

*Be it resolved*, That it is the policy of the Board to approve an application for insurance of accounts only when it is supported by evidence that the applicant association will establish and maintain such interest rates on loans as will enable it to attract and hold the best mortgage loans available in the territory it serves and that, consistent with its purpose of providing economical home financing, the association will continue to reduce interest rates and initial loan charges whenever feasible.

RESOLUTION CONCERNING ELIGIBILITY EXAMINATIONS IN SUPPORT OF INSURANCE APPLICATIONS

On July 19, the Insurance Corporation Trustees adopted the following resolution relating to eligibility examinations:

*Whereas*, at the last Presidents' Conference the recommendation was made that the Board require eligibility examinations in support of all applications for insurance of accounts, and

*Whereas*, after consideration of this question the Review Committee recommends that routine eligibility examinations

be required in all cases involving applications for insurance of accounts, provided, however, that in any case where the Board finds the condition of the applicant association, based on available information from State supervisory reports or other acceptable sources, to be such as to preclude the necessity for a complete routine eligibility examination, only such examination shall be made as is necessary to establish the dependability of the data submitted in support of the application and to supply whatever information is lacking with respect to management, office quarters, operating methods, and prospects for successful future operation, and

*Whereas*, the Board of Trustees has reviewed such recommendation,

*Be it resolved*, That the recommendation of the Review Committee is hereby approved.

#### RESOLUTION COVERING REVISION OF THE FEDERAL FORMS RELATING TO JOINT TENANTS

The revision of the Federal forms (Federal Regulation 203.5) is covered by the following resolution, which was adopted by the Federal Home Loan Bank Board on June 28:

*Be it resolved*, That all forms for use by Federal associations having a Charter K, which have been heretofore approved by the Board and which have language substantially in the following form included therein: "Co-tenants (with the right of survivorship) are one member as a partnership is one member. One signature is binding" are hereby amended by changing such language to read: "Signature of any one co-tenant (with right of survivorship) is binding on the others", except that such Federal associations may continue to use any of such forms which they have available on the date of this resolution until such supply has been exhausted.

#### PROPOSED AMENDMENTS

In order that the requirements regarding bonds, provided for in the Federal and Insurance Regulations, be made uniform, the Board of Trustees of the Federal Savings and Loan Insurance Corporation on June 30 proposed the following amendment to Section 301.16 of the Rules and Regulations for Insurance of Accounts, which will not be approved until at least 30 days after the mailing date to the Federal Savings and Loan Advisory Council. If this amendment is finally adopted, the Bank Board will simultaneously adopt a corresponding amendment to the Federal Regulations, providing that Federals shall provide and maintain fidelity bonds in the form and amount required by the Insurance Corporation.

#### PROPOSED AMENDMENT TO RULES AND REGULATIONS FOR INSURANCE OF ACCOUNTS, RELATIVE TO BONDS FOR DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS

301.16. *Bonds for directors, officers, employees, and agents—*  
(a) *Persons covered by; form of, and amount of bonds.* Each insured institution shall provide and maintain a fidelity bond in form acceptable to the Corporation covering each director,

officer, or employee who has control over or access to cash or securities of the institution. Such bond may be in the form of individual bonds, a schedule fidelity bond, or a blanket bond covering all such persons. Each such bond shall be executed by a responsible surety company or other surety acceptable to the Corporation in minimum amounts as follows: (1) for institutions that have up to \$1,250,000 in assets plus the unpaid balance of mortgages which the institution has contracted to service for others, \$2,500 or 2 percent of such assets plus the unpaid balance of such mortgages, whichever is greater; (2) for institutions that have from \$1,250,000 to \$2,500,000 in assets plus the unpaid balance of mortgages which the institution has contracted to service for others, \$25,000; (3) for institutions that have over \$2,500,000 and not over \$5,000,000 in assets plus the unpaid balance of mortgages which the institution has contracted to service for others, 1 percent of such assets plus the unpaid balance of such mortgages; (4) for institutions that have over \$5,000,000 and not over \$10,000,000 in assets plus the unpaid balance of mortgages which the institution has contracted to service for others, \$50,000; (5) for institutions that have over \$10,000,000 and not over \$20,000,000 in assets plus the unpaid balance of mortgages which the institution has contracted to service for others, one-half of 1 percent of such assets plus unpaid balance of such mortgages; (6) for institutions that have \$20,000,000 or more in assets plus the unpaid balance of mortgages which the institution has contracted to service for others, \$100,000. Such bond shall be approved by the board of directors of the insured institution and the premium thereon shall be paid by it. A true copy of such bond shall be filed with the Federal Home Loan Bank of which such insured institution is a member or, if such insured institution is not a member, then with the Federal Home Loan Bank of the District in which such insured institution is located, as agent for the Corporation, and either the original of such bond or a true copy thereof shall be kept in the principal office of such institution. If such insured institution is subject to inspection and supervision of some governmental agency having legal power and authority to inspect and supervise, such bonds shall contain a clause, in form approved by the Corporation, requiring the surety to notify such Federal Home Loan Bank before cancellation or termination of the bond. For all other insured institutions such bonds shall contain clauses in form approved by the Corporation, empowering such Federal Home Loan Bank, in the case of any loss covered by such bond, to give notice thereof to the surety within the periods limited therefor in such bond and requiring the surety to notify such Federal Home Loan Bank before cancellation or termination of the bond. The use by an insured institution of a fidelity bond which covers in addition to the directors, officers, and employees of such insured institution the directors, officers, or employees of any other institution, agency, or business is prohibited.

(b) *Special types of bond coverage with Corporation approval: bonds for agents.* Upon application by any insured institution to the Corporation, together with a statement of the duties and responsibilities of its directors, officers, or employees, the Corporation may approve a bond on a different basis. In lieu of the bond provided in paragraph (a) of this section, in the case of agents appointed by an insured institution, the bond may be provided in an amount at least twice the average monthly collections of such agents, provided such agents shall be required to make settlement with the



insured institution at least monthly, and provided such bond is approved by the board of directors of the insured institution. No bond need be obtained for any agent which is an insured institution or a bank insured by the Federal Deposit Insurance Corporation.

(c) *Safe deposit business.* The bond or bonds required by this section shall protect the insured institution in a manner and amount satisfactory to the Corporation with respect to the operation of any safe deposit business transacted by such insured institution.

#### PROPOSED AMENDMENT TO RULES AND REGULATIONS FOR FEDERAL SAVINGS AND LOAN SYSTEM, RELATIVE TO PURCHASE OF LOANS

On June 26, the Federal Home Loan Bank Board adopted a resolution proposing to amend paragraph (b) of Section 203.13 of the Rules and Regulations for the Federal Savings and Loan System to read as follows:

(b) *Purchase of loans.* Federal associations shall primarily engage in lending their funds, but may incidentally purchase loans of a type which they are permitted to make, provided that no Federal association may purchase any mortgage from an affiliated institution, or of a type that it is not authorized to make originally, without the prior approval of the Board.

This proposed revision, which will not be approved until at least 30 days after the mailing date to the Advisory Council, eliminates from the present Regulations the requirement of prior approval by the Federal Home Loan Bank Board of purchases of mortgages by Federals from institutions in liquidation.

## How To Use Statistics

(Continued from p. 340)

The charts and tables relating to residential construction in the REVIEW are based upon building permits reported to the Bureau, although the analysis and estimates are made by the Division of Research and Statistics of the Federal Home Loan Bank Board. Each month the Bureau receives summaries of building permits issued in over 2,000 cities. The F. H. L. B. B. Division of Research and Statistics transcribes these reports on individual cards. The cards relating to about 750 cities having approximately 95 percent of the population of all cities with population of 10,000 and over are then separated, sorted by Bank Districts, by States, and by four population size groups, and from these basic figures an estimate is made of total residential construction for *all* cities having more than 10,000 population. Data published in the REVIEW exclude permits for additions, alterations, and repairs.

## Directory

(Continued from p. 349)

MISSOURI:  
Kansas City:  
Guardian Savings & Loan Association, 220 East Tenth Street (termination of membership).

NEW JERSEY:  
Paterson:  
Home Lovers Building & Loan Association (termination of membership—association liquidating).

PENNSYLVANIA:  
Philadelphia:  
Home Makers Building & Loan Association (merger with Merrick-Annual Building & Loan Association, Philadelphia, Pennsylvania).

### II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN JUNE 16, 1939, AND JULY 15, 1939

#### DISTRICT NO. 2

NEW YORK:  
Rochester:  
Profit Federal Savings & Loan Association of Rochester, 17 State Street (converted from Rochester Savings & Loan Association).

#### DISTRICT NO. 3

PENNSYLVANIA:  
Philadelphia:  
North Philadelphia Federal Savings & Loan Association, 915 West Lehigh Avenue (converted from Cahill Building & Loan Association).

#### DISTRICT NO. 12

CALIFORNIA:  
Alhambra:  
Alhambra Federal Savings & Loan Association, 200 West Main Street (converted from Alhambra Building & Loan Association).

### CANCELATIONS OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTERS BETWEEN JUNE 16, 1939, AND JULY 15, 1939

IDAHO:  
Boise:  
Boise Federal Savings & Loan Association (merger with First Federal Savings & Loan Association of Boise, Boise, Idaho).

NEW YORK:  
Rochester:  
Profit Federal Savings & Loan Association of Rochester (merger with First Federal Savings & Loan Association of Rochester, Rochester, New York).

TENNESSEE:  
Coal Creek:  
Coal Creek Federal Savings & Loan Association (dissolution of association by transfer of all of its assets to Home Federal Savings & Loan Association of Knoxville, Knoxville, Tennessee).

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

#### DISTRICT NO. 2

NEW JERSEY:  
East Orange:  
Main Mutual Building & Loan Association, 74 Dodd Street.

NEW YORK:  
Saint George (Staten Island):  
New Brighton Savings & Loan Association, 7 Hyatt Street.

#### DISTRICT NO. 3

PENNSYLVANIA:  
Pittsburgh:  
Franklin Federal Savings & Loan Association of Pittsburgh, 5819 Forbes Street.

#### DISTRICT NO. 5

OHIO:  
Lynchburg:  
Lynchburg Building & Loan Association Company, 322 Main Street.

#### DISTRICT NO. 7

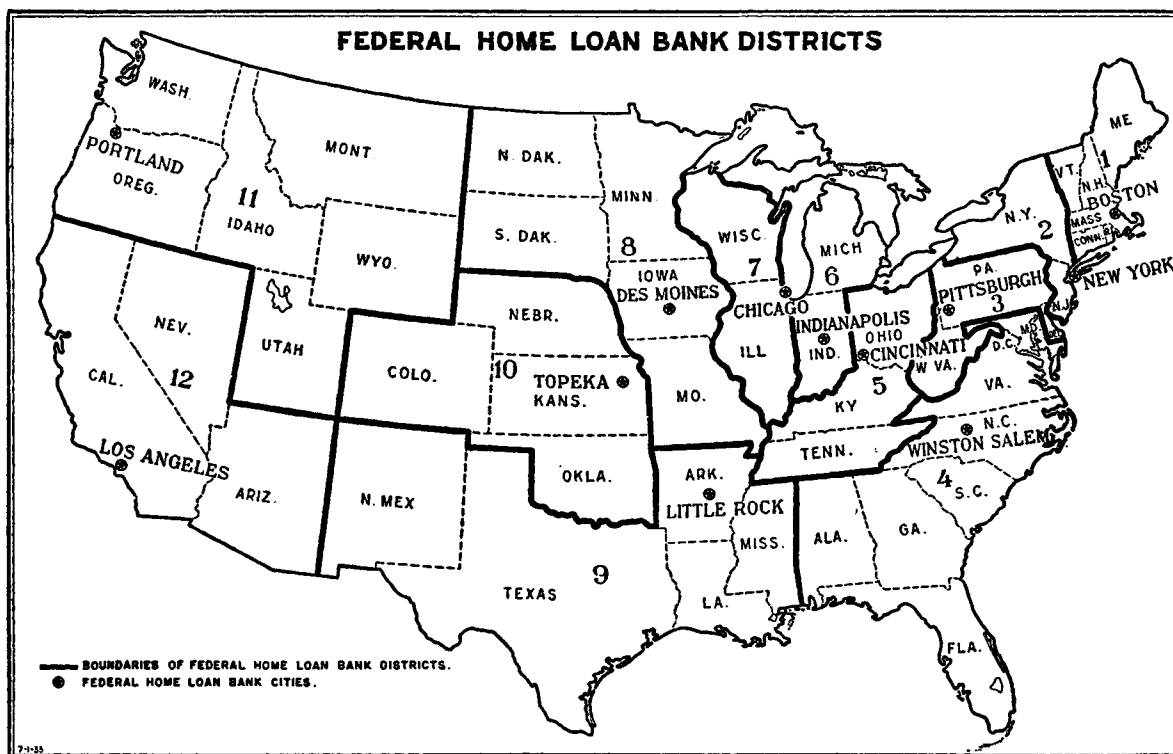
WISCONSIN:  
Green Bay:  
Green Bay Building & Loan Association, 232 East Walnut Street.

#### DISTRICT NO. 10

KANSAS:  
Neodesha:  
Neodesha Building & Loan Association, 105 South Fifth Street.

#### DISTRICT NO. 12

CALIFORNIA:  
Salinas:  
Salinas Valley Building-Loan Association, 7 East Gabilan Street.



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