Vol. 5 No. 12

FEDERAL HOME LOAN BANK REVIEW

SEPTEMBER
1939

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

NOTICE

FEDERAL HOME LOAN BANK REVIEW
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FEDERAL HOME LOAN BANK REVIEW

Published monthly by the
FEDERAL HOME LOAN BANK BOARD

FEDERAL HOME LOAN BANK SYSTEM

FEDERAL SAVINGS AND LOAN ASSOCIATIONS

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

HOME OWNERS' LOAN CORPORATION

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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.

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NEW TECHNIQUES IN LOAN SERVICE—PART 1

Experience of the Loan Service Division of the Home Owners' Loan Corporation has resulted in the introduction of new techniques in loan service which may well serve as contributions to the pattern of loan service in the future.

■ NEW techniques are being developed today by the mortgage-lending industry to meet the changing conditions arising from the trends toward lower interest rates, higher percentages of appraised value, and longer loan terms. Many of these changes are being introduced quietly and unobtrusively.

Playing an active part in the development and general use of these innovations is the Loan Service Division of the Home Owners' Loan Corporation. With more than 1,000,000 loans originally placed on its books, every kind of difficulty which a mortgage-lending institution could logically expect to confront is met and dealt with as a matter of daily routine in the Home Owners' Loan Corporation operation. As a result of the large scale on which its operations are conducted, the Division naturally has a wider range of experience each day in the servicing of home-mortgage loans than many lenders have in the course of a year.

Problems arise out of delinquent taxes, out of insurance of borrowers' properties, out of the difficulties engendered by the various legal details in every State law and local ordinance. From day to day, necessary repairs are made to prevent deterioration of mortgaged homes. Adjustments are concluded in the cases of deceased borrowers, and negotiations carried on in the maze of complexities resulting from claims filed on estates.

Floods and hurricanes, tornadoes and fires, have all played a part in the Division's operations. In Louisville, a mortgagor's house is washed two blocks down the street by flood waters: is it possible to restore it to the original site, and, if so, what means shall be used? A divorce suit involving a borrower is initiated in Boston: pending settlement of the court action, the Loan Service Division must adjust the terms of payment temporarily. A borrower dies in Savannah: while the estate is under adjudication, a satisfactory agreement with the heirs must be negotiated. Such cases are part of the every-day work.

This is a fundamental fact about the H. O. L. C. experience: H. O. L. C. borrowers were in distress and utterly without private credit; the average was delinquent two years in both principal and interest and from two to three years in taxes. The H. O. L. C. has been successful in the majority of cases in fulfilling the purpose for which it was created—to prevent loss of homes by foreclosure and to keep those people in their homes. During its six years of experience the Corporation has learned incidentally what all other mortgagees are interested in learning: *how* to keep them in their homes.

Today nearly every lender has to face the same problem which has confronted the H. O. L. C., because of the general adoption of the long-term amortized loan. During the first years of such a loan, he must assist the borrower in every way to build a steadily increasing equity in the property or be prepared to take the highly probable loss when the borrower defaults on his obligation and turns the house back to the lending institution. Many a high percentage loan, although soundly made, will show a net loss to the mortgagee if the mortgagor defaults on his obligation within a very few months from the granting of the loan, even before the factors of obsolescence and depreciation begin to take their toll. The only profitable procedure for a mortgage-lending institution today is to help keep the majority of its mortgagors in their homes on an economically sound basis.

One prime fact stands out from the experience of the Loan Service Division: too often a lending institution places undue emphasis upon dollar delinquency, upon the standing of the loan upon its ledger, and pays too little attention to the basic difficulty, the borrower's problem. The fundamental belief of the Loan Service Division has been that, when circumstances justify, payments other than those called for in the contract should be temporarily accepted from the mortgagor, pending an anticipated solution of his difficulties. New techniques in mortgage lending have resulted, and new functions have been developed for existing techniques, in carrying out this philosophy.

Because this H. O. L. C. experience may well contribute to the pattern of loan service in the future, all mortgage-lending institutions have a vital interest in the methods which the Loan Service Division has employed and the results they have obtained. It is the purpose of this, and later articles, to examine the procedures they have followed.

H. O. L. C. Loan Service Procedures

For the great majority of H. O. L. C. borrowers, the rendering of a monthly bill is all that is necessary. Payments are then made either by mail or in person at the nearest office. The Loan Service Division enters the picture only when the mortgagor becomes delinquent in his payments.

From the time that delinquency begins, each borrower is a special case set aside for individual service by the Division. The basic policy of H. O. L. C. loan service is that case analysis, not bulk treatment, is essential for successful operation. Following out this principle, an examination of the mortgagor's loan history is made and a *personally* dictated letter goes out from the Regional Office when a second payment is missed, and no word has been received from the borrower. Men who have been specially trained in letter-writing communicate with the mortgagor, asking him to make his payment, or if he is unable to do so, to explain the circumstances.

In many cases, this reminder brings a prompt payment, or else a partial payment with an explanation of the situation, and a proposal to make up the arrears within a definite time. In other instances, the reply from the borrower reveals conditions that apparently make it impossible for him to make any payments at all, or it may be that no answer is received.

Depending on the individual case, but usually no later than 60 days after the first payment has been missed, a field representative of the Loan Service Division makes a personal call upon the borrower. His object is not simply to arrange for the payment of the amount due. He is trained to ascertain the facts about the borrower's position so that a proper analysis of the account can be made and the real problem of the borrower determined. His aim is to suggest a possible cure for the mortgagor's difficulties.

This is a fundamentally different approach from the methods of earlier years, when inability to make repayment according to the terms of the mortgage contract was solely the borrower's problem, and it was up to him to find his own solution. The H. O. L. C. Loan Service Division believes that under present conditions the borrower's problem is also the lender's problem. The personal contact with a delinquent borrower is designed primarily as a cooperative effort to find a solution to this common problem.

The advice of a highly trained specialist in the loan service field has proved invaluable to many borrowers who, unaided, saw no way out of apparently hopeless situations which confronted them. Often home owners are not familiar with existing means of solving their problems. They do not know that in one State, a widow is entitled to a reduction in the assessments upon her home; that in another, a mortgagor is eligible to apply for homestead tax exemption. In other cases, H. O. L. C. borrowers have been qualified to receive assistance in the form of shelter allowance, or pensions from Federal and local welfare agencies, but have been ignorant of the existence of these aids.

The Loan Service Division sends an experienced representative to the H. O. L. C. mortgagors who have become delinquent in their payments to acquaint them with just such means of preserving their homes and restoring their accounts to a current status. The resourcefulness of these advisors has often been severely taxed to find ways and means of solving the borrowers' problems. They have worked in close cooperation with the employment services, making sure that all delinquent borrowers were correctly registered; this has often made it possible for those without jobs to find employment. They have guided to the proper agencies those entitled to shelter allowance; they have helped those borrowers whose mortgages represented a burden beyond their income to rent or sell their properties.

A Typical Mortgagor Interview

Because the collection of each account is placed on a personalized basis, the field representative goes with a definite knowledge of certain important facts about the loan. His job is to secure additional information of a specific kind. He carries with him a permanent history of the loan, known as the Service History, obtained from the control desk of the Regional Office (see illustration on next page).

The technique of interviewing the mortgagor to obtain sufficient information for proper analysis of the case follows certain general principles which can be illustrated by a typical interview. Representative Smith calls upon mortgagor Roe, who has missed two payments in succession after maintaining his account in a current status over a period of months. From servicing records, Field Representative Smith finds that the original loan in the amount of $3,400 has been paid down to $2,600; that on an earlier

HOLC FORM 515
REVISED 7-10-36

SERVICE HISTORY

Refin. Loan No. ______
Record. Loan No. ______
Phone No. 2301

Original Borrower Richard M. Roe
Mailing Address 164 Sycamore Street, Any Town — Property Address 164 Sycamore Street, Any Town
New Owner ______ — Co-Signer or Guarantor ______
Mailing Address ______ — Mailing Address ______

I PROPERTY: Type 1½ story frame — Age 11 — Rooms 5 — Heat HA — Lot Size 32½ X 40
Other Buildings None
Fee Appraisal: Lot $ 950 — Bldgs. $ 3,550 — Total $ 4,500

II OUR LOAN: Date May 15, 1934 Amount $ 3,400 At 5 % — Optional Note: [ ] Yes [X] No
Payments $ 26.89 Monthly For 15 Yrs: Junior Lienholders None

III PREVIOUS LOAN HISTORY & OTHER INFORMATION (IF DESIRED)

FIELD REPORT

Date June 15, 1939

Borrower's Age 47, Color W — How Long Resident in Property 11 years
Employed By (or business) Brown Machine Company
For How Long? 10 years — Borrower's Former Employment History and Earnings Employed steadily for 10 years with Brown Machine Company. Wages have ranged from $40 to $15 weekly. At present $18. Prior to 1929, owned small garage and auto repair shop.
Borrower's Other Sources of Financial Assistance Wife has worked for past nine years as stenographer and clerk. Until her recent illness, employed as typist at $20 weekly at the National Hotel.

NAMES, AGES, AND RELATIONSHIP OF OTHERS IN FAMILY OR HOUSEHOLD, EMPLOYED OR EMPLOYABLE.

NAME	AGE	RELATION	WHERE EMPLOYED	MTHLY INCOME	CONTRIBUTED TO HOUSEHOLD
Mary	44	Wife	National Hotel	$80	$80
			(not working at present, but will		
			return when recovered from recent		
			illness)		

Any Dependents? Frank - 16 - Son - 3rd year High School

MONTHLY INCOME AND EXPENSES

INCOME		EXPENSES	ACTUAL	BEING PAID
Borrower's Earnings	$ 72.00	2nd Mortgage & Other Liens	$ None	$ None
Contributed by Family	-	Taxes & Assessments	6.25	None
Rental Income (this property)	-	Insurance & Maintenance	2.00	None
Welfare Allowance	-	Living Expenses, Food, Fuel, Clothing Etc.	85.00	62.00
Other Income (show source) None		Auto Expense		
		Other Install. Debts (list) Doctor and hospital	10.00	10.00
TOTAL INCOME	$ 72.00	TOTAL EXPENSES	$ 103.25	$ 72.00

Available For Payments To H. O. L. C $ None at present (income less "being paid" expense)
Attitude of Mortgagor and His Family Cooperative. Anxious to retain the home and to meet obligations.

(over)

occasion when Mr. Roe fell behind with his monthly payments, he faithfully carried out his commitment to make up the arrears within a definite period.

Mortgagor Roe explains frankly that his present problem is due primarily to the fact that an emergency operation for his wife exhausted his small reserves, and slackening employment at the factory, where he is employed as a machinist at a normal wage of $30 a week, has resulted in a reduction in his earnings to $18 weekly. Until his wife's illness, she had been contributing $20 weekly from stenographic work, but that income has also been cut off.

Mortgagor Roe is anxious to do all in his power to preserve his home, and sits down with Representative Smith to make a detailed analysis of family income and expense. H. O. L. C. payments are $26.89 monthly, but at present he has available not a cent above his bare living expenses to make such payments (see Service History).

Careful check with his employer reveals that Mr. Roe has been employed steadily for more than 10 years, and is regarded as capable and dependable. There is a possibility that he will be given more work within the next two months. An interview with the superintendent of the hospital shows that some of the doctors' bills can be repaid a little at a time over the next few months.

Representative Smith discusses the whole situation with mortgagor Roe, and it is agreed that Mr. Roe will try to resume current payments three months later, with an additional sum each month to begin the liquidation of the arrears. This is decided when it seems probable that Mrs. Roe will be able to resume her stenographic work within six weeks, and that Mr. Roe's earnings at the factory will begin to increase.

Representative Smith then lists on the Service History all the important information he has obtained, and in addition, sends a detailed report to the Regional Office, summarizing the situation and recommending that no further contact be made with the mortgagor until the expiration of this period in which Mr. Roe's situation is expected to improve.

When the period expires, if the mortgagor is able to carry out the schedule agreed upon, no further contact is required. In those cases where the mortgagor is still unable to meet the terms, a second interview is held, and the whole situation re-examined. Sometimes conditions will have so changed that an entirely different approach is needed to work out the borrower's difficulties. In every instance, however, the same personal and sympathetic attempt is made to develop all pertinent facts and to survey all opportunities for a favorable solution.

It takes patient and untiring work on the part of the field representatives, but this thoroughness has paid dividends. There are many cases on the H. O. L. C. books where borrowers are still being given a chance to rehabilitate themselves, despite the fact that they are considerably in arrears at present. By keeping in close personal touch with those who have fallen behind, encouraging them to maintain such payments as are within their means, the Loan Service Division has been able to bring thousands of mortgagors into current standing after long periods of serious delinquency. Often this has meant a considerable number of interviews by field representatives, trying first one remedy and then another, until a successful solution is reached.

The careful analysis of the facts collected from personal interviews enables the Loan Service Division to make the temporary adjustments in the mortgagor's payments which will assist him in solving his problem. In taking inventory of its borrowers, classifications have been adopted which show currently the status of the different groups, according to their ability to live up to the terms of existing mortgage contracts and according to the type of cure which might solve the difficulty of a delinquent borrower.

Results of H. O. L. C. Loan Service Methods

How successful the Corporation has been in working out its techniques for protecting the interest of these borrowers is apparent from the fact that out of its original 1,018,000 loans, more than 53,000 have been paid in full, 672,500 others are in satisfactory condition, and 126,000 more are being kept open by adjusted payments which give hope that the majority will be liquidated without loss. Approximately 84 percent of present H. O. L. C. accounts are in entirely satisfactory standing; the rest are being carefully serviced to explore every resource by which they can be brought to such a status. Borrowers have paid back $614,000,000, or 19 percent of their principal indebtedness.

Later articles will examine the cures which the Loan Service Division has worked out for the difficulties of borrowers, and show how these cures have been developed on the basis of the data secured through the personal interviews described in this article. These general remedies have accompanied, and been largely responsible for, the Division's success in dealing with delinquent borrowers.

A PROFESSIONAL SAVINGS AND LOAN SCHOOL

A 5-day graduate school for savings and loan executives, sponsored by the Federal Home Loan Banks of Little Rock and Topeka, was held at the University of Arkansas with an attendance of 300 savings and loan officers at the end of July. The fundamental objective of this school was to study, analyze, and propose solutions for, executive problems in the savings and loan industry.

■ "WITHIN the past decade many developments in practices, methods, policies, and procedures have taken place in the home-financing field. The directors and officers of the Southwestern Building and Loan Conference and of the Federal Home Loan Banks of Little Rock and Topeka believe that it would be helpful to the executives of our thrift and home-financing institutions to take full cognizance of these changed conditions. They believe that association executives might well take counsel together and consider in an objective, scientific manner the new financial and managerial problems which confront them in the light of recent governmental, economic, and social trends."

In these words, leaders of the savings and loan industry in the Southwest announced last spring the initiation of a professional savings and loan graduate school. It was organized as a distinctly serious educational institution. It was dedicated to a thorough, hard-headed study of operating and administrative problems of the savings and loan industry of the Southwest and of the present and prospective economic situation in which savings and loan associations must operate in this region.

Authoritative and distinguished lecturers on practical subjects and general economic topics were invited to participate. The instruction was to combine lecture, discussion, and case-experience methods, making it possible to establish a realistic basis for the analysis and examination of special problems.

These preliminary plans resulted in the first Southwest Graduate School for savings and loan executives, which was held July 24–28 at the University of Arkansas in Fayetteville, Arkansas. Savings and loan officers listened to lectures by a well-balanced faculty drawn from the ranks of university professors, from savings and loan executives, from the United States Building and Loan League. Also included among the instructors were such authorities as the President of the Real Estate Board of New York, the Manager of the Housing Guild of the Johns-Manville Corporation, the Deputy General Manager of the Federal Savings and Loan Insurance Corporation, the Real Estate Editor of the New Orleans *Times-Picayune*, and the head of a well-known Texas advertising agency.

Every effort had been made to attract a large attendance of executives, but the results far exceeded expectations. Nearly 300 association officers were present at the lectures, participating in the open forum discussions of cases and operating problems which followed each talk. The 10 States comprising the Southwestern Building and Loan Conference sent 285 representatives, and a scattering of savings and loan executives from five other States and the District of Columbia brought the grand total of attendance to 296. Among these savings and loan executives were one or more representatives of 209 savings and loan associations out of the 507 associations which are members of the Federal Home Loan Banks of Little Rock and Topeka—better than 40 percent representation.

Interest in the School was not confined to savings and loan officials. Six regional and State managers of the Federal Housing Administration and six regional and State managers of the Home Owners' Loan Corporation attended and took an active part in the program and discussions. Eighteen undergraduates of the College of Business Administration of the University of Arkansas also attended the classes, receiving university credits toward their degrees in recognition of their participation. These students were especially welcome, since the savings and loan executives were anxious to interest ambitious young men in entering the industry as a business career.

The number of requests that the School be conducted again next year, and the widespread interest created in other sections of the country, indicate that the influence of the first Southwest Graduate School has not ended with the award of Certificates of Attendance to the participants. A brief sketch of the development of the School will assist other groups interested in organizing similar graduate courses in other sections of the country.

Organization of the Graduate School

The Federal Home Loan Banks of Little Rock and Topeka sponsored this 5-day Graduate School in the belief that the technical knowledge and judgment requisite to successful administration of savings and loan associations give executives of the industry a professional status. Just as members of other professions in active service assemble periodically at clinics and universities for conference and graduate study, in the same way it was regarded as a sound step forward in the professional field of savings and loan association management to create similar educational opportunities of an advanced character.

This plan originated in the late autumn of 1938, when it was first conceived as an undertaking restricted to a few selected key men desirous of studying present-day savings and loan problems. Gradually the plan broadened in scope until it included officers, attorneys, and department heads of savings and loan associations (whether Federal Home Loan Bank members or not), supervisors and their staffs, and League officials in the 10 States comprising the Southwestern Building and Loan Conference. (The nine States in the Federal Home Loan Bank Districts of Little Rock and Topeka plus the State of Missouri make up this Conference.)

The University of Arkansas agreed to join in sponsoring the Graduate School and, in line with

Southwest Graduate School
for
Savings and Loan Executives

Sponsored by the

Southwestern Building and Loan Conference
and the
University of Arkansas

Be it known that

JOHN DOE

having been enrolled in the 1939 Southwest Graduate School for Savings and Loan Executives and having satisfactorily completed its attendance requirements is entitled to this award.

President, Southwestern Building & Loan Conference

Director, General Extension Service

Dean, College of Business Administration

FAYETTEVILLE, ARKANSAS
JULY 28, 1939

its policy of encouraging a general extension service, offered the use of its facilities without charge. The Federal Home Loan Bank Board approved and heartily endorsed the budgets established by the directorates of the Little Rock and Topeka Banks to cover the compensation and expenses of the instructors, and the costs of organizing and promoting the program.

By March, the technical arrangements had been made, securing the facilities of the University of Arkansas and outlining in a general way the plans for the meeting. A prospectus announcing the School was then issued, stating that the administrative costs would be borne by the two Banks as a service to their members, and that no registration or tuition fee would be charged. Rooming accommodations and daily breakfasts and luncheons were to be provided at reasonable rates by the University.

Preparation of the Program

To Southwest Graduate School for Savings and Loan Executives:

☐ Please mail ...... copies of final program, available in June.

☐ I expect to attend } the conference, July 24-28, 1939.
☐ I may attend

In preparation of the instructional program, I suggest emphasis on:

☐ Accounting, Fin'l Analyses, etc. ☐ Legislation, Taxation

☐ Economic Conditions and Trends of Savings and Loan Industry ☐ Role of Government in Real Estate Finance

☐ Home Construction, Real Estate Valuation ☐ Public Relations, Selling, Advertising

Other Topics (specify)...

I nominate as lecturer Mr...

Signed...

Address... State..................

The announcement of the School was sent to a mailing list of over 500 savings and loan associations in the Little Rock and Topeka Districts; a card was enclosed asking for opinions of executives as to what subjects should be emphasized in the instructional program. As the illustration shows, there were six broad general topics which could be selected, with the opportunity to write in other topics and to nominate experts in the field as instructors. On the basis of replies received by May 1, it appeared that the School might look forward to an attendance of approximately 100 to 125.

The questionnaire showed that there were three broad fields of primary interest: *Public Relations, Selling, and Advertising* was ranked first in order of preference, followed closely by *Economic Conditions and Trends of the Savings and Loan Industry*, and by *Home Construction and Real Estate Valuation.*

The postcard questionnaire served to determine the larger fields of interest, and also the extent to which savings and loan executives were ready to cooperate in a mutual exchange of experience. A number of additional topics were suggested, and the names of several instructors were added to the list.

Announcement of the Final Program

To stimulate interest in this School the officers of the two Federal Home Loan Banks devoted much time to the details of organization and promotion. They, together with the officers of the Southwestern Building and Loan Conference, took advantage of every opportunity to encourage attendance at the School. Two large panels were prepared, displaying U. S. Forestry Service photographs of beauty spots in the Ozark and the Ouachita National Forests. These panels were displayed in regional and State savings and loan conventions in San Antonio, New Orleans, Oklahoma City, Tupelo, and other central meeting places throughout the Southwest. The monthly bulletin of the Little Rock Bank also carried regular notes on the progress made with the School.

At the end of May an announcement of the final program was sent out, giving a schedule of courses and lectures and enclosing a registration blank for savings and loan executives. The registration blank and final announcement were accompanied by a letter from the President of the respective Bank, urging savings and loan executives to attend the School and calling their attention to some of the benefits which the management could logically expect to obtain from a teaching program combining the lecture method, the round-table discussion procedure, and the case system, under the leadership of faculty members carefully selected from leading experts on their particular subjects.

Reaction to the Graduate School

Participants in the School stress the importance of the fact that 300 savings and loan executives were willing to devote a week to lectures and discussion of their problems. They find it significant that the subject matter treated in four lecture periods each morning covered so much of current interest to the industry. For example, the courses offered under the general topic of "Public Relations, Selling, and Advertising", which received first place in the original voting, were: "Business Development Plans that Work", "Advertising Media: Tests, Budgets",

(Continued on p. 383)

FACTORY-BUILT HOMES

Most recent contribution to the low-cost housing field is the prefabricated steel house. Long in the experimental stage, manufacture and sale of "Panelbilt" homes will begin in November.

■ PREFABRICATION, although highly developed in many fields of industry, has made little progress in residential building. A step in this direction is the factory-built all-steel house which made its debut last fall. Since that time, its production has been limited for experimental purposes. These experiments have been considered so successful by the producers that in November a complete assembly line of prefabricated buildings will be put on the market for sale to builders, contractors, and large-volume purchasers. This new system utilizing prefabricated panels and sections of steel was developed by the Tennessee Coal, Iron and Railroad Company of Birmingham, Alabama—a subsidiary of the United States Steel Corporation—in cooperation with the Construction Division of the Farm Security Administration.

The use of steel in home construction is by no means a new idea with the Tennessee Company. Its first experiment in this field took place in Birmingham in 1936 with the development of the Tennesteel Model Homestead, featuring "steel-clad" construction. This term applied to a method of sheathing the wooden frame of the house in galvanized sheet steel.

The new "Panelbilt" system developed in cooperation with Farm Security Administration uses many times as much steel as other earlier systems. Twelve and one-half tons of steel were used in the construction of each of 12 "Panelbilt" farm units erected last fall by T. C. I. on Farm Security Administration project sites in Alabama, Florida, Georgia, and South Carolina. Of this amount, approximately one-half went into the construction of the house alone, which, except for floors, doors, and interior wall finish, was all steel. The other buildings which made up the 5-building farm unit were a barn, poultry house, smoke house, and privy. These were built entirely of steel.

The total cost of construction and erection of each farm unit amounted to approximately $3,100. Prices on individual buildings ranged from $1,700 to $1,900 for dwellings; $700 to $900 for barns; $150 and $140 respectively for poultry and smoke houses; and for privies, $55.

Technical Difficulties Overcome

Low cost and long life-expectancy were the objectives of the creators of these factory-built homes in developing a new system of construction which would meet the requirements of the Bankhead-Jones Farm Tenant Act, which proposes to help farm tenants become farm owners with the aid of Government loans. In carrying out these objectives, wall sections were made of steel framework fabricated from sheet metal, covered on the inside with insulating wall board and on the other by galvanized sheet steel. Foundation piers were formed of two hot-rolled steel channel sections and were asphalt-coated and welded to a steel footing before delivery to the site.

Since the component parts were all factory assembled, there were difficulties in conforming these units to conventional means of shipping and handling. One of the means of shipping these prefabricated sections will be by truck to the building site. These trucks carry a special steel framework upon which the factory-built panels and sections are hung, thus preventing bending or scratching in shipment.

It was evident from the start that these homes would find use over a widespread geographic area and therefore it was essential that the dwellings be adaptable to all kinds of weather variations. Pre-

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liminary tests indicate that the new method of ventilating the attic and the area between outer and inner walls, and the type of insulating wall board used in constructing these houses, give the walls a lower heat and cold conductivity than brick walls a foot thick. These tests were made by T. C. I. at the plant and also on the completed houses in the South and at Greenbelt, Maryland. More exhaustive tests are now being conducted by the Battelle Memorial Institute of Columbus, Ohio.

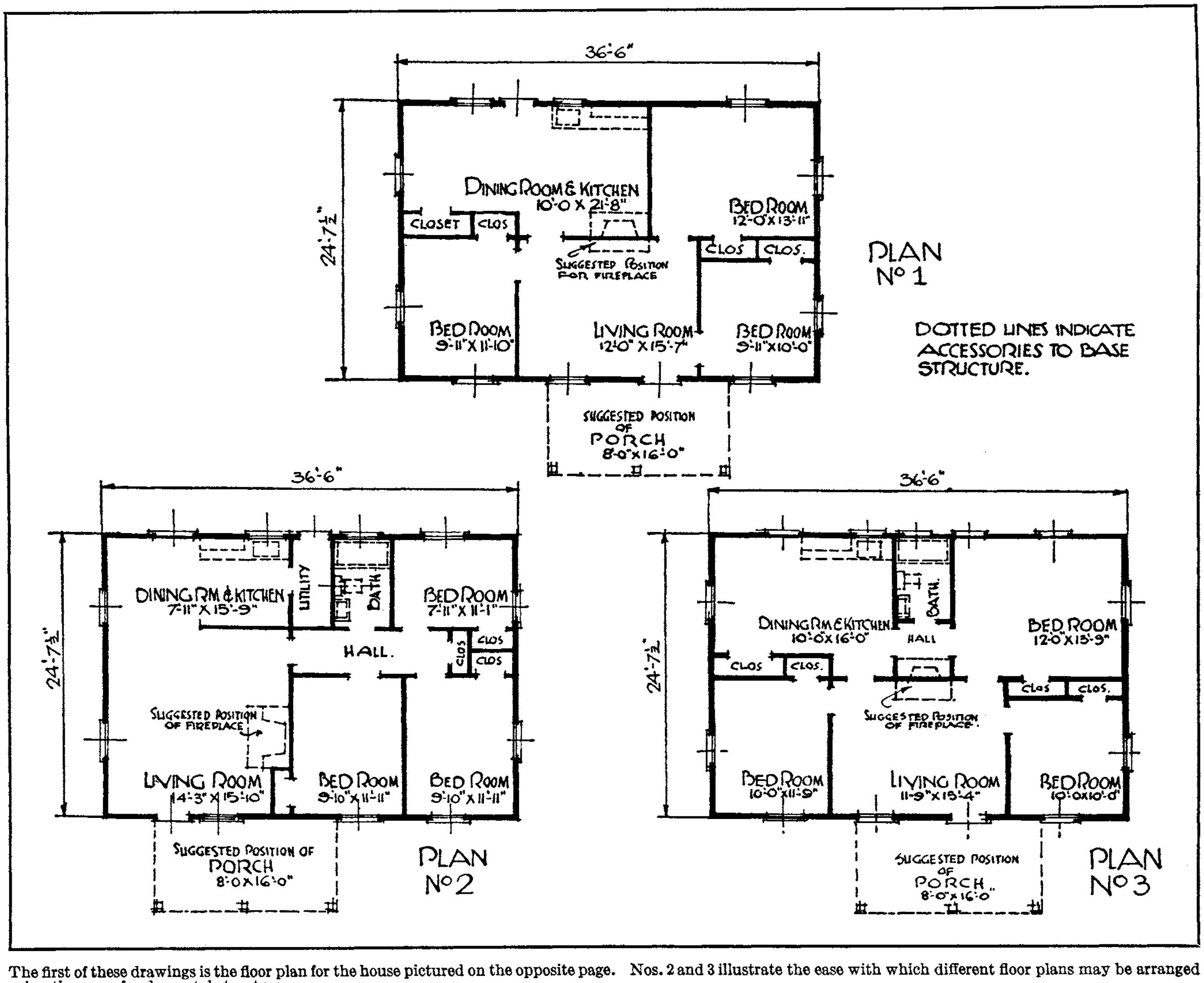
The prospect of broad general usage carried with it special problems of erection. The framework of the house had to be designed so that it could be put together by the labor available at the site. This was especially important in rural sections of the country. Floor joists, wall panels, and interior partition frames have been built so that it is necessary only to bolt or interlock them to the steel footing plate. When these are in place, the steel ceiling and roof panels can be easily joined in the same manner.

Appearance was also an element of considerable importance. So that the structures could be erected in a wide variety of sizes and types, the dimensions of all buildings were made in multiples of four feet, with varying eave heights. An interesting feature affording many floor plan variations is the interchangeable nature of the 4-foot wide window, door, and wall panels. T. C. I. will offer more than a dozen different styles of "Panelbilt" houses, ranging from a 3-room home to a 2-family dwelling with six rooms and two baths. The standardized building unit system provides the opportunity for a wide variation in the plan and appearance of the buildings. (See floor plans on opposite page.) Both the appearance and utility of the basic structure may be enhanced by the addition of optional accessories, which will also be available. Included among these extra features are: (1) several types and sizes of porches; (2) neatly designed steel blinds; (3) a small canopy; (4) steel awnings in many sizes for windows, doors, or terraces; (5) a combined fireplace and hot-air furnace; and (6) all-steel chimneys to fit over flues.

Serviceability with security was the last important factor which had to be considered. Steel construction provides maximum protection against fire, lightning, weather, and vermin; repair costs as a result are kept to a minimum. Since steel will not burn, owners of these factory-built all-steel homes will be saved the added expense of fire insurance. Damage by lightning is eliminated by grounding structures to the earth. Deterioration by weather is prevented by the use of high-grade rust-resistant alloys and coatings. And it goes without saying that pests such as termites, mice, and rats cannot gnaw through sheet steel, thus saving money in property and storage damages.

An unusual feature of this "Panelbilt" system is the 100-percent salvage value. Buildings built under the system can be easily dismantled, moved, and re-erected at a small cost with practically no loss to the owner. With slight changes, it is also possible to convert them into many other types of buildings, such as service stations, offices, garages, tourist cabins, and industrial buildings.

The prefabricated steel house, with its combined advantages of long life and low initial and maintenance costs, therefore is considered by many to be a definite contribution to the low-cost housing field.



The first of these drawings is the floor plan for the house pictured on the opposite page. Nos. 2 and 3 illustrate the ease with which different floor plans may be arranged using the same fundamental structure.

FINGERPRINTING THE ADVERTISING DOLLAR

Tracing the results of advertising programs is a serious problem for all business executives. This article suggests methods which savings and loan managers may use to measure the results of their advertising campaigns and test the productiveness of various advertising media.

■ THE fact that the vast majority of savings and loan associations have not made adequate provisions for checking the results of their advertising programs is one of the outstanding revelations of the analysis of the "Hunt for Facts" questionnaires on promotional programs during the last two years. Hundreds of reports have been received by the Public Relations Department of the Federal Home Loan Bank Board which gave no indication of the use of any methods for measuring the productiveness of advertising expenditures.

In the interests of efficient operations, every association manager should be able to present definite proof to his board of directors that the money which had been allocated for promotional purposes was justified on the basis of known results. Obviously, at the *end* of any fiscal period an association may determine the approximate efficiency of its business development efforts by weighing the total amount of money spent against the total amount of new business obtained during that period. In a general way, and as far as *total* advertising expenditures are concerned, executives can decide whether the cost of obtaining this new business has been favorable, reasonable, or excessive.

Conclusions reached in this manner at the close of an operating period are far better than none at all, Because of the general nature of these deductions. however, there is a tendency to blanket from sight the weak spots in advertising programs. These inefficient elements may have produced negligible, or at least insufficient, results as compared with the amount of money spent and the results obtained from other types of advertising.

If these weaknesses had been discovered earlier by a system which permitted an accurate estimation of pulling power, the non-producing parts of the program could have been eliminated and the money involved either saved or directed into more productive channels. The prompt elimination of non-profitable phases of an advertising program is a direct reduction of wasteful expenditures. An association benefits in one of two ways: either it obtains more business for the same amount of money spent; or, it spends less money to get the same amount of new business.

The Selection of the Proper Medium Is All-Important

An association usually has the choice of several different media. For example, there may be three newspapers in a town, and an association has the choice of using any of these to inform the public of its services. To determine which of the papers would be the most productive, it would be advisable for a manager to run experimental ads, keeping accurate records of the returns from each paper.

Too often the selection of a medium is pure guesswork, or it is based on the personal appeal of a medium to the executive in charge of the advertising program, or because its chief virtue is apparent low cost. A sound choice must be predicated on *factual analysis* which determines the superior ability of a particular method to reach that portion of the general public from which the association may expect to obtain new business.

The *proper* medium is the one which will reach the greatest number of logical prospects of an institution at the least cost. One of the easiest ways for an association to waste money is to select any advertising channel which does not qualify under this definition. Even though advertising copy is of the highest quality and of current timeliness, its productive value is reduced considerably unless it is used in an effective medium.

With a method of recording the responses received, an association can make a comparison on the basis of actual cost-to-result ratios of the different media, and decide for itself the most effective way of investing advertising appropriations.

Methods for Checking Results

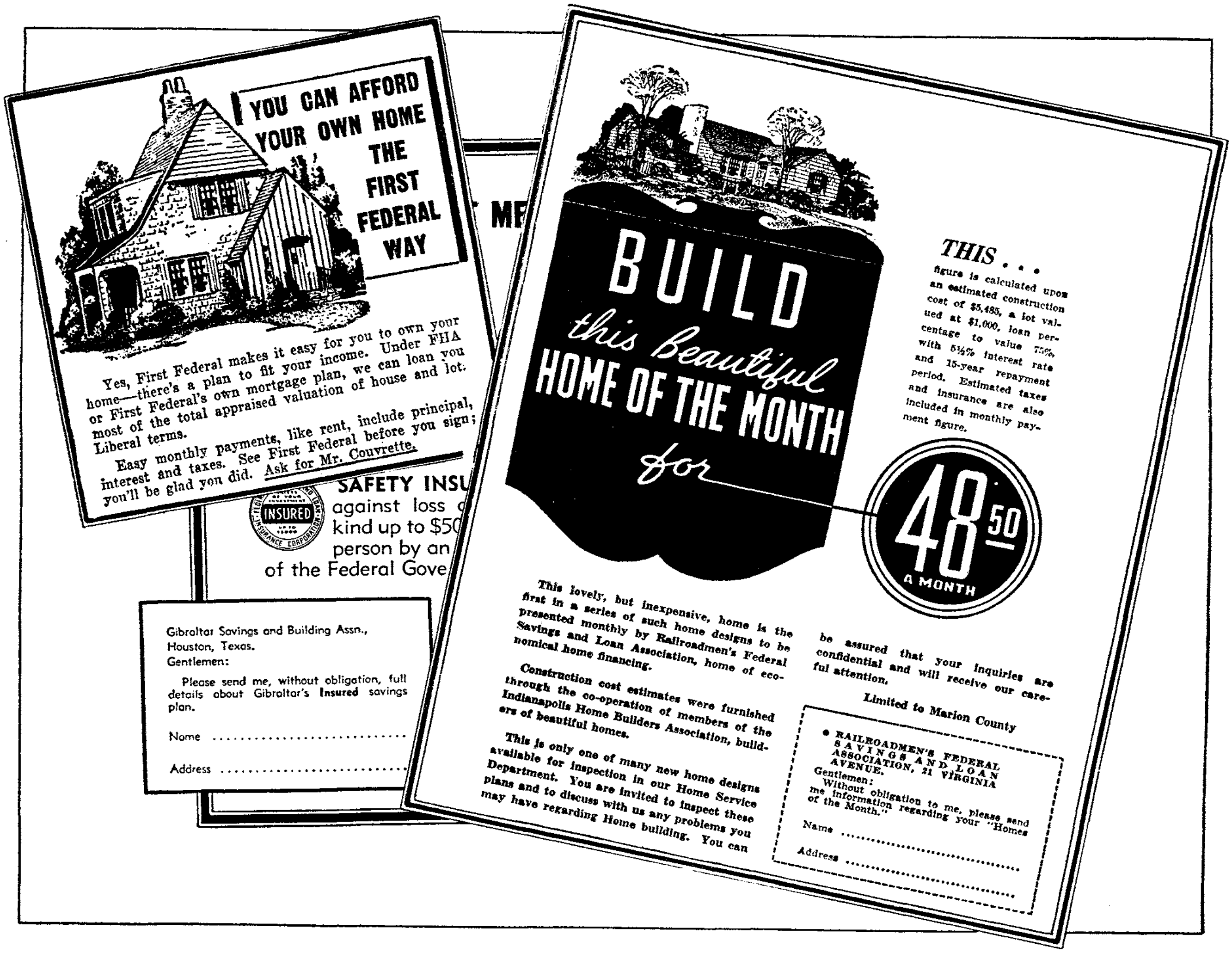
What are the different methods of checking the results of advertising programs, and how may an individual association use them? Judging from the fact that three out of every five of the 838 associations which replied to the "Hunt for Facts" questionnaire apparently failed to use any method of verifying returns, it is evident that few associations either appreciate the importance of, or know how to go about, making such analysis.

Obviously, an easy way in which an association may learn of the success of its advertising efforts is through a tactful questioning of each new investor or borrower at the time of the opening of an account. This is the method used most frequently by associations, as it fits logically into the sequence of filling out application forms and signature cards when the first transaction is completed. More than 40 percent of the institutions which did report making attempts to discover the influence of their advertising indicated that they asked each new customer how he became acquainted with the association.

Some associations have hesitated to follow this procedure on the ground that such questioning might be resented at a time when an association is intent on making a good impression on the new customer. This is extremely unlikely, if the executive is casual and courteous in his manner, and indicates the fact that the inquiry is made in the interests of efficient operations.

In some instances the new customer may not be able to make a specific answer to such an inquiry, for his selection of that institution may have been the result of a combination of factors. Nevertheless, a complete record of these replies over a period of time will give a good indication of the chief source of an association's new business, and single out those media which produce the most new customers.

A second method of measuring the effectiveness of promotional programs involves the use of coupons,



The REVIEW desires to express its appreciation to the following associations for the use of these ads: the First Federal Savings and Loan Association of Syracuse, N. Y.; the Gibraltar Savings and Building Association of Houston, Texas; the Railroadmen's Federal Savings and Loan Association, Indianapolis, Indiana.

reply cards, or single-sheet inserts in direct-mail matter. The return of these to an association depends upon a positive action by prospective investors and borrowers—an indication of their definite interest in obtaining the additional information or special benefits offered for the replies. In addition, the association has the opportunity of a direct contact with its potential customer from the name, address, and any other data written on the returnable form.

The coupon and separately printed piece for return are among the most common methods used by advertisers generally to gauge the pulling power of newspapers and magazines, of certain types of advertising copy, and of restricted mailing lists. By varying the shape, size, and color, together with the further use of symbols, it is possible to make a careful check on the results from several different media during the same or different periods of time. (See section on "keying" ads.)

Another method of tracing replies is based upon the technique of using special advertising copy concerning a particular phase of an association's operations, and distributing this either through a single medium, or a selective mailing list. As an example, let us assume that an association is desirous of obtaining new loan business from a restricted low-risk area in its community. Perhaps this association may have a choice of using a progressive neighborhood weekly newspaper, or of sending direct-mail literature to a list of residents in this locality.

Applying the principle of selectivity, using first one medium and then the other, the association should be able to establish a definite cost-to-result relationship for the different media. In this way, it can determine how it can plan its advertising program to reach the greatest number of logical prospects in this section of the city at the least cost.

"Keying" Ads Is Essential

Closely allied with these methods of measuring returns from money spent in the promotion of an institution is a definite way of identifying the source from which a new customer learned of the association. Usually this is done by some form of *keying* which leaves little doubt as to which ad brought the individual to the office.

If a new borrower, for example, asks to see "Mr. Couvrette" (as he might do after reading the ad on the preceding page), the association knows at once which paper was responsible for that new prospect. If the customer had asked for another individual, it would have indicated another paper.

This is only one form of keying and there are many others. If a written response is expected, the office address may be varied slightly from that which appears on the regular association stationery. All mail which is received bearing this irregular address is segregated and credited to the proper medium. Where coupons are being used in several media simultaneously, it is possible to number them, or to alter their size, shape, or even the text of the copy in order to establish the media in which the coupon appeared.

There is virtually no limit to the ways in which ads may be keyed. The important things to keep in mind are twofold: first, identifying the medium in which the ad was carried; and second, keeping accurate records of all responses. The increasing number of keyed savings and loan ads received by the Department of Public Relations is evidence of the growing interest on the part of savings and loan executives in this phase of conducting advertising programs on the basis of known results.

Advertising Budgets During the Coming Year

Within recent years, savings and loan executives have greatly increased their efforts in arranging advertising and promotional programs. Each year more associations set aside definite advertising appropriations as a part of the yearly operating budget—well in advance of the actual need for funds.

There is no question but that the savings and loan industry is rapidly awakening to the fact that it must be aggressive in telling the public about its services—must merchandise its wares—if it is to go forward in this modernized day. It is encouraging to note the progress being made in this direction. The next step involves a scientific analysis of the results obtained from the money as it is being spent, and using these data as the basis for future expenditures. An intensive study of association advertising during the last quarter of 1939 would enable managers to prepare 1940 budgets with a knowledge of the productiveness of the available media, and an idea of how much it will cost to obtain the amount of new business which they desire during the coming year.

Why waste money? Fingerprint that advertising dollar, and make certain that your association is reaching the greatest number of its logical prospects at the lowest possible cost!

OUTLOOK: "Present indications point to good construction during the remainder of the year, although comparisons with the corresponding months of 1938 will be less spectacular than in the past six months . . . . Even with an ever-narrowing spread between 1939 and 1938 monthly totals from now on, the year will probably close as the sixth consecutive one of construction volume increase."

Thomas S. Holden, Vice President, F. W. Dodge Corporation. Wall Street Journal, July 12, 1939.

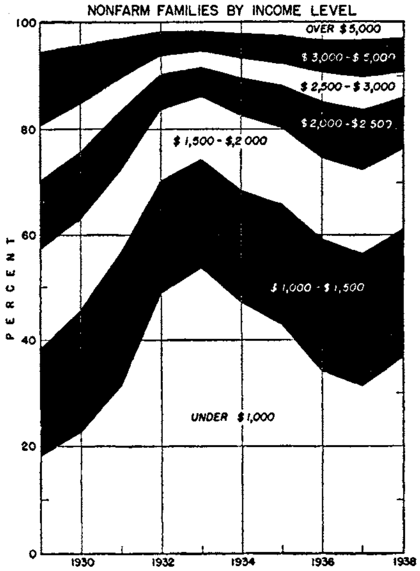
STIMULANT: "A reduction of the burden of rate charges (taxes) on the one hand, and of mortgage interest on the other, would do more to stimulate the construction of small-type houses than any other orthodox action."

Building Industries Survey, London, England, Vol. 4, No. 9.

POLICY: "The wisest policy for institutional lenders owning real estate to follow would seem to be the middle course of pushing the sale of their least promising properties even at a considerable sacrifice in value while proceeding with less haste in disposing of their more promising properties."

Henry Bruere, President, Bowery Savings Bank, before the Temporary National Economic Committee.

ESTIMATED PERCENTAGE DISTRIBUTION OF NONFARM FAMILIES BY INCOME LEVEL



This chart illustrates the magnitude of the group of low-income families which constitutes the greatest untapped market for housing. In 1938, more than 75 percent of the nonfarm families in the United States received less than $2,000.

Federal Home Loan Bank Board.

H.O.L.C. reduction of interest rate . . . . .

The Federal Home Loan Bank Board and the Board of Directors of the Home Owners' Loan Corporation adopted the following resolution on September 7, 1939:

"In the case of payments becoming due on and after October 16, 1939, and until further notice, interest will be accepted at the rate of of 4½ per centum per annum on the indebtedness of a home owner to the Home Owners' Loan Corporation arising from a loan, advance, or sale of property, which carries an interest rate of 5 per centum or 6 per centum per annum."

The national income in 1938. . . . .

"In 1938 the national income in the United States, which measures the net value of goods and services produced, totaled 64 billions of dollars, or nearly $500 per man, woman, and child in the country. . . . Over the 10 years from 1929 to 1938, inclusive, the national income of the United States has averaged slightly less than 60 billions of dollars annually. . . . While the national income increased by 24 billion dollars, or 60 percent, from 1932 to 1938, the wholesale price index rose 21 percent and the cost of living increased only 10 percent, thus indicating a real income in 1938 nearly half again as large as the 1932 output."

Survey of Current Business, June 1939.

Whither thou goest? . . . . .

"It is truthfully said, 'It's not where you are but where you're headed that counts.' A single balance sheet tells the manager (of a savings and loan association) where his business is, but comparison of a number of balance sheets in succession discloses *trends* which tell the manager where he is headed."

Robert Walker, American Association News, August 1939.

Housing by 1942 . . . . .

"This question was recently put to 2,000 of the outstanding research men in the United States, Canada, England, France, and Germany: 'What will be the outstanding contribution from your field of research during the next three years?' A summary of replies in the housing field showed that we may expect . . . houses of glass, steel and plastics, fireproof and weatherproof, with rubber windows; new cooling and lighting methods; mass fabrication; insulation; use of fans in attics for cooling; plywood wall panels; increased use of porcelain enameled metals; glass tile insertions in roofs to admit light; panel type heating; electric ignition of furnaces and automatic coal feeds; vacuum non-cracking concrete; air sterilizers; glass of synthetic resin; new safety glass; glass insulation for stoves and refrigerators; colored glass in furniture; sales of completely furnished homes at $3,099 and up."

Domestic Commerce, July 10, 1939.

HOW TO USE STATISTICS IN THE FEDERAL HOME BANK REVIEW—PART 3

Every home-financing institution is vitally affected by increases or decreases in the cost of building a house. The Federal Home Loan Bank Board index of costs involved in constructing a standard 6-room house provides valuable information for use in determining the present or future trends of this important factor so closely allied with savings and loan operations.

■ WHAT about building costs, are they going up or down? Is this the time to build or buy a home?

Every association manager is called upon to answer these questions which are in the minds of prospective borrowers. Often, the answer to them is the deciding factor in determining whether or not a house is built and a loan made. Accurate and adequate knowledge about the present and probable future trends of building costs within an individual locality and for the country as a whole is an essential part of the background of information which every loan officer should possess. It is more than that: it is a fundamental part of the knowledge which managing officers must absorb to formulate association operating policies.

To assist loan officers, executive managers, and boards of directors who desire to be well-informed on the subject of residential building costs, there are two tables which appear each month in the statistical section of the REVIEW: Table 3, "The cost of building the same standard house in representative cities in specific months", page 394; and Table 6, "The index of the wholesale price of building materials in the United States", page 397.

The first of these is a product of the desire of the Federal Home Loan Bank Board to make available to all members of the Bank System and the entire home-building industry exact information on the cost of building a house in various cities throughout the country. The index of wholesale building material prices is developed by the U. S. Department of Labor and is one of the oldest series of the Bureau of Labor Statistics.

THE SMALL-HOUSE BUILDING COST INDEX [1]

The series of statistics on small-house building costs was begun in January 1936, when figures for the first group of 27 cities were published. The 12 Federal Home Loan Bank Districts have been di-

[1] For a complete discussion of the basis of the index and a description of the specifications of the standard house, see the January and February 1936 issues of the FEDERAL HOME LOAN BANK REVIEW. A limited number of reprints of these two articles are available and will be sent upon request to the Editor.

Indexes of costs in the construction of a standard 6-room frame house

[Average month of 1936=100]

Month	Total costs [1]				Material cost				Labor cost			
	1936	1937	1938	1939	1936	1937	1938	1939	1936	1937	1938	1939
January	98.5	103.6	108.4	106.0	98.7	104.0	107.2	103.0	98.1	102.7	110.9	111.9
February	98.7	104.9	108.0	106.0	99.0	105.6	106.5	103.0	98.1	103.4	110.0	112.2
March	98.8	106.7	107.6	106.1	99.1	107.7	105.7	103.0	98.2	104.7	111.4	112.4
April	99.1	108.3	107.2	105.9	99.2	109.1	105.2	102.9	98.8	106.7	111.4	111.9
May	99.4	109.2	106.9	105.6	99.4	110.0	104.8	102.7	99.4	107.7	111.3	111.5
June	99.7	110.0	106.9	105.4	99.5	110.2	104.6	102.5	99.9	109.5	111.5	111.3
July	100.1	110.5	106.8	105.3	99.9	110.5	104.2	102.4	100.3	110.6	112.0	111.3
August	100.4	110.7	106.4		100.3	110.6	103.4		100.5	110.9	112.3	
September	100.6	110.5	106.4		100.4	110.3	103.4		101.0	111.0	112.4	
October	101.0	110.2	106.2		100.7	109.8	103.3		101.5	111.2	112.1	
November	101.6	109.9	106.1		101.4	109.2	103.2		102.0	111.2	112.1	
December	102.4	109.1	106.1		102.5	108.1	103.1		102.2	111.0	112.1	

[1] For an explanation of what these total costs include, see Table 3, page 394.

vided into groups of four, and each group reports every three months. This month, as shown in Table 3, reports were received from 24 representative cities in the Pittsburgh, Cincinnati, Little Rock, and Los Angeles Districts.

Behind the publication of these figures is the work which was done by the field representatives of the Reconditioning Division of the Home Owners' Loan Corporation in each of these cities. Quarterly, they interview the same contractors, operative builders, and material dealers, and with the cooperation of these individuals, they fill out the standard cost specification sheets containing some 110 material items and the major labor groups included in building the average small house. The procedure is exactly as though a dwelling were actually to be constructed according to the specifications of the standard house.

The total of these estimates for materials and labor provide the basis for a theoretical "builder's cost" for the house. To this it is necessary to add an amount sufficient to cover public liability and compensation insurance, the operating expenses of the builder, and a reasonable profit for the work done. The grand total of these is the figure which appears in the monthly table as the "builder's estimate" of the cost of constructing the standard house.

The movement of costs in individual cities has demonstrated that a general pattern is followed that can be presented compositely to indicate national trends. In response to numerous requests, the monthly indexes of small-house building costs for the whole country for the period January 1936 through July 1939 are published in the table at the bottom of the facing page.

A Guide to Construction Cost Trends

An individual association may find several possible uses for this index of small-house building costs. Primarily, however, it is most useful in gauging the current level of construction costs, and of judging what the future trend of this vital factor will be. It is only natural that a prospective home builder should want to build at that point in the business cycle when costs are lowest. In being able to advise loan applicants of the current conditions in the building market, an association can provide a real service to its members.

A brief study of the trend of this standard house cost index since its inception will illustrate its usefulness in this respect. At the outset it must be remembered that the relationship between building materials and labor in the total cost of a dwelling is greater than two to one, and that therefore any changes in the cost of materials will have a more decided effect upon the aggregate cost index than would similar variations in the labor factor.

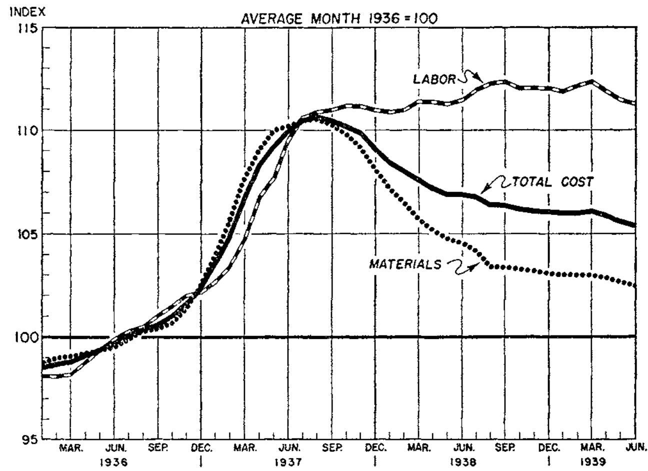
From January 1936 through August 1937 there was a sharp rise in both materials and labor, and, of course, a parallel movement in the combined index (see Chart A). From that point to the present month, however, the decline in the price of materials has been almost as rapid as was its rise to the August peak. There has not been a single month since August 1937 in which the building material cost index has increased over the preceding 30-day period.

A cursory glance at the curve for the labor cost involved in building the standard house reveals an

Chart A

INDEXES OF MATERIAL AND LABOR COSTS FOR CONSTRUCTING A STANDARD SIX-ROOM FRAME HOUSE

AVERAGE MONTH 1936 = 100



opposite trend since the middle of 1937. The increases in the cost of labor continued with only minor interruptions and reached peaks in September of 1938 and March of this year. The fractional decline registered during the second quarter of 1939 brought the trend line to the level of early 1938. An extension of this decline in the cost of labor would be regarded by prospective home builders as an extremely favorable sign in view of the current downward course of building material prices.

Comparison With the Wholesale Building Material Index

Each month, Table 6 of the Review statistical tables presents the index of the U. S. Department of Labor of wholesale building material prices. This is one of the oldest statistical series of the Bureau of

Labor Statistics, and its trends may be traced as far back as the turn of the century. It includes such items as brick and tile, cement, lumber, paint and paint materials, plumbing and heating, structural steel, and a miscellaneous classification. With the exception of structural steel, the majority of these materials are used regularly in the home-construction field.

There is apparently a definite relationship between this index and the cost index of materials used in the standard house. This may be seen clearly from Chart B, which graphs these two indexes from January 1936 to the present, and uses the average month of 1936 as a common base. A study of this chart shows that there is a time lag between fluctuations of the wholesale building material prices and the cost of materials delivered at the site of construction. Usually a rise or fall of the wholesale index precedes a similar action by the material index of the standard house.

On the basis of this correlation, in May of 1938 the following statement appeared in the Review: "Recently, the decline of wholesale prices has been sharper than the decline of the standard house material prices, so a further decline in the material costs of the standard house may be expected." That prediction was realized. During recent months, the movement of these indexes has been sideways with the level of wholesale prices slightly above the material costs of the standard house.

By watching the action of the Department of Labor index, association managers have an opportunity to anticipate future changes in the prices of materials which will be delivered for the construction of homes in their communities.

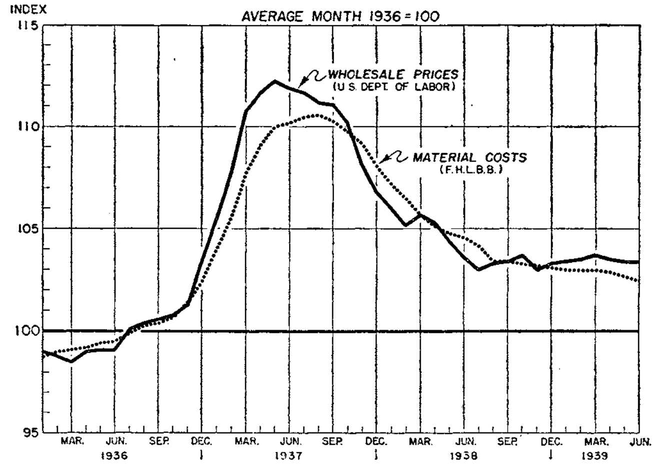
Building Costs vs. Rentals

Another of the ways in which an individual association may use these building-cost indexes is to study their relationship to the cost of rented properties. It is an accepted fact that the relationship between building costs and housing rentals determines to a large extent the volume of home construction. That is to say, if the index of building costs is rising faster than the rental index, the situation is unfavorable to any substantial amount of new private construction. This is particularly true of that portion of new residential dwellings which are built for immediate sale.

Within the last 18 months, the index of building costs for the standard house has declined steadily as a result of reduction in the materials proportion of the total cost. The index of housing rentals on the other hand has remained virtually unchanged. An association manager should not be misled into thinking that a study of these indexes will necessarily reflect the variations in the demand for new construction within his own community. It will, however, provide an executive with a better knowledge of national conditions which indirectly affect the operating policies of every institution.

Chart B

INDEXES OF MATERIAL COSTS FOR CONSTRUCTING A STANDARD FRAME HOUSE AND WHOLESALE BUILDING MATERIAL PRICES



A knowledge of the probable trend of building costs is useful in other ways to the savings and loan executive. If an association owns any considerable amount of real estate, the extent and timing of reconditioning operations may depend to a certain degree upon the building cost trend. Even more important is the problem of appraising newly constructed dwellings when building costs fluctuate widely over a relatively short period of time. The problem may be stated briefly as follows: a building constructed during the spring of 1937 could have been constructed during the preceding spring for approximately 10 percent less and it could probably be constructed today for 5 percent less. On the basis of reproduction costs, what is this dwelling really worth, from the point of view of the lender?

A Word of Caution

While there are many uses for the small-house building cost index, there are several ways in which it should *not* be used. In the first place, *the total cost in one city cannot be compared directly with the total cost in another city.*

The same specification sheets are used in every reporting city, and therefore it is impossible to allow for differences in local requirements. Southern communities, for example, furnish estimates on the cost of a cellar and heating plant although in actual construction of a house in these areas, these items might be eliminated. Local building codes and customs often prescribe regulations which would alter the specifications and either increase or decrease the cost of the dwelling.

That leads to the second major limitation: *The estimated total cost figure of the index house for a given city is not comparable with the actual cost of constructing a 6-room house in that city.* The standard house is *not* a completed dwelling. Special attention is directed to the footnote appearing at the bottom of Table 3, page 394, which outlines briefly the factors which have been considered in arriving at the estimated total costs. Again, any variation in specifications from those used for obtaining the estimates on the standard house would result in different costs.

These limitations, however, do not invalidate in any way a study of the *trend* of costs within an individual reporting community or a comparison of the trends in different cities and Bank Districts. The original purpose of the index was to provide for this type of analysis and it has been achieved. The costs of labor and of an identical list of materials are obtained every three months by the same personnel and from the same sources. Any price fluctuations which result may be construed to represent actual changes in the cost of building within that community.

* * * * *

Building cost index data are now received from approximately 80 cities. Members of the Federal Home Loan Bank System and other qualified institutions which desire to cooperate in extending the coverage of this study of building costs may obtain further information by writing to the Editor of the Review.

Resolution of the Board

Amendment to rules and regulations for federal savings and loan system, prohibiting federals from investing in participations in mortgages: Adopted August 1, 1939; effective August 2, 1939.

Section 203.10 of the Rules and Regulations for the Federal Savings and Loan System was amended by the Federal Home Loan Bank Board by adding at the end of this Section the following new subsection (e):

(e) *Participation in mortgages.* No Federal association may invest any of its funds in participations in mortgages or deeds of trust in the absence of prior specific approval by the Board.

Graduate School

(Continued from p. 372)

"Detailed Public Relations Policies", "The Proper Use of Insurance of Accounts in Customer Relations" and "Association News and How to Get It Published".

Under the general heading of "Economic Conditions and Trends of the Savings and Loan Industry" fell such discussions as: "The Relationship of the Savings and Loan Industry to the Present Financial Situation", "Dividends and Interest Trends", and "The Economic and Financial Situation". Under "Home Construction and Real Estate Valuation" were included: "Merchandising Home Construction", "Residential Appraisals", "Public Housing and Its Effect on the Real Estate of the Community", and "The Real Estate Account—An Open Forum".

There were other topics which aroused much discussion among the participants—"Taxation as It Relates to the Savings and Loan Business", "Compensation and Retirement Plans for Employees", and "The Progressive Manager and the Progressive Director Under Changing Conditions".

Those who attended the School emphasize the fact that these meetings took place in a quiet academic atmosphere which fostered serious though informal discussion outside the classroom, where instructor and students continued the analyses begun in the morning, where the managers of small associations exchanged ideas freely with the executive officers of associations many times as large.

They found it stimulating and valuable to discuss in open forum both general policies and specific cases that related to their operating problems, under the leadership of experts in each field.

Above all, there was general agreement that the response to this first professional school for savings and loan executives showed clearly that the officers of the industry are ready to assume the responsibilities of professional status. Confirmation of this belief is found in the fact that an overflow registration developed for the 2-week session of the Graduate School for Savings and Loan officials sponsored by the American Savings and Loan Institute and held at Northwestern University in Chicago in early August. Indications are that similar educational opportunities of an advanced character will be created for the savings and loan industry in coming months in other areas of the country.

SUMMARY OF RESIDENTIAL CONSTRUCTION AND HOME-FINANCING ACTIVITY DURING JULY

I. Total amount of nonfarm home mortgages recorded drops 9 percent during July in a recession general through the country, except New England.

A. Savings and loan associations record higher proportion (32.1 percent) of total mortgage activity in July than in any previous month this year. Savings and loan proportion of total mortgage recordings has increased almost without interruption since the first of the year (January—27.1 percent).

II. New mortgage loans by savings and loan associations in July: $85,000,000. This is a 10-percent decrease from June, and greater than normal seasonal contraction.

A. Total loan volume of savings and loan associations during first seven months of 1939 is 20 percent greater than last year. Percentage increases over 1938: Federals—36 percent; State members—13 percent; nonmembers—7 percent.

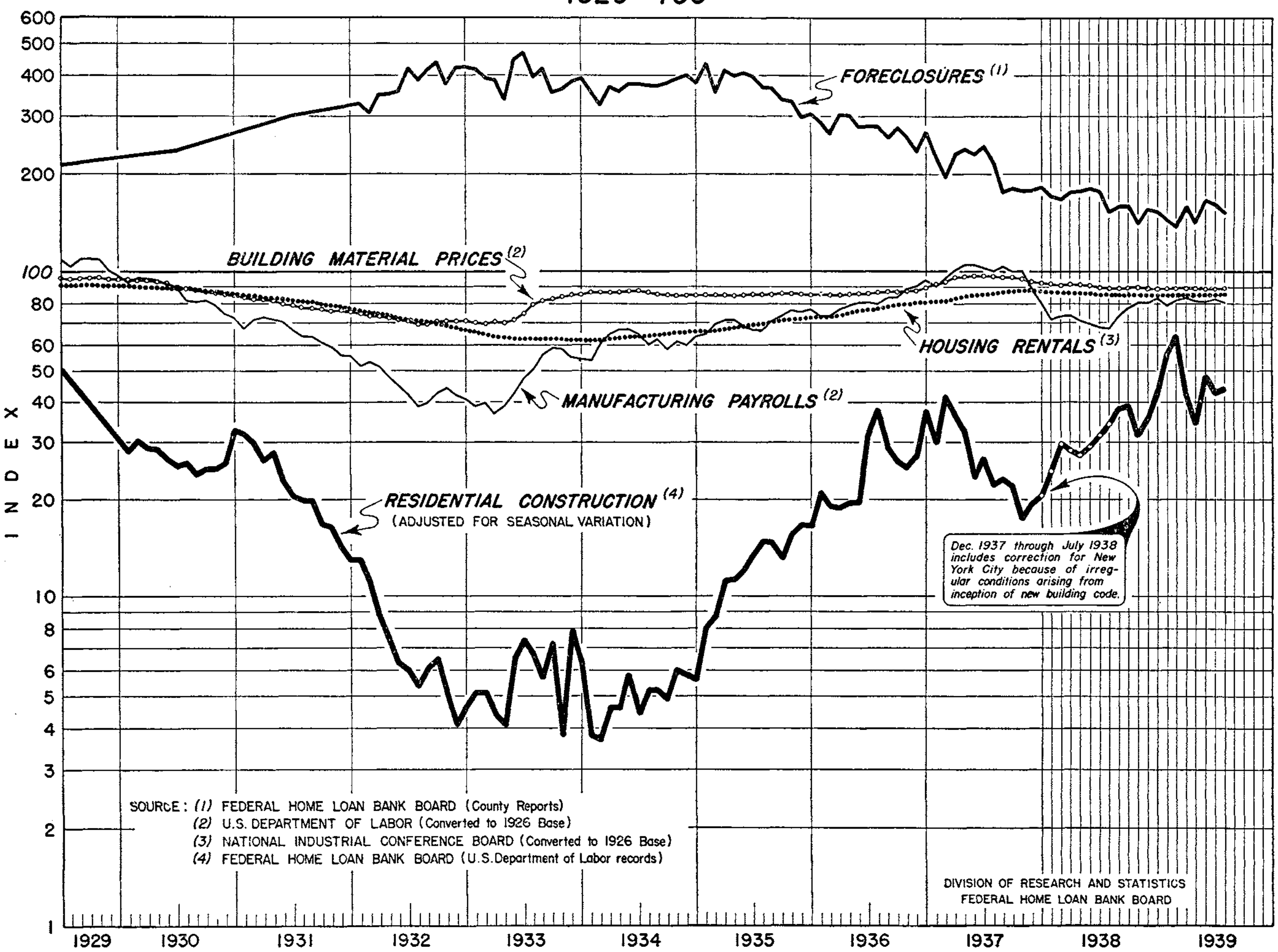
B. Savings and loan association lending for new construction and home purchase shows significant rise: July 1939—66 percent of total loans; July 1938—61 percent.

III. Small-house building costs tend to level off during July, while the rental index shows an upturn: favorable to increased building.

V. General business activity during August was maintained at the high levels reached in the June–July advance.

V. Seasonally adjusted index of residential building turns upward slightly in July, as construction of multifamily units proceeds at an accelerated pace.

RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS
1926 = 100



RESIDENTIAL CONSTRUCTION and HOME-FINANCING ACTIVITY

ALTHOUGH savings and loan associations reported a reduced volume of mortgage-financing activity in July, this downward movement was not as great as the average for all types of lenders. According to mortgage-recording statistics, the percentage decline for institutions of the savings and loan type was less than one-half that shown by banks and trust companies, as well as miscellaneous lenders, but was less favorable than changes indicated by the remaining classes of mortgagees. Sharp rises in mortgage recordations for mutual savings banks were largely due to better conditions in New England where a large proportion of such institutions are located.

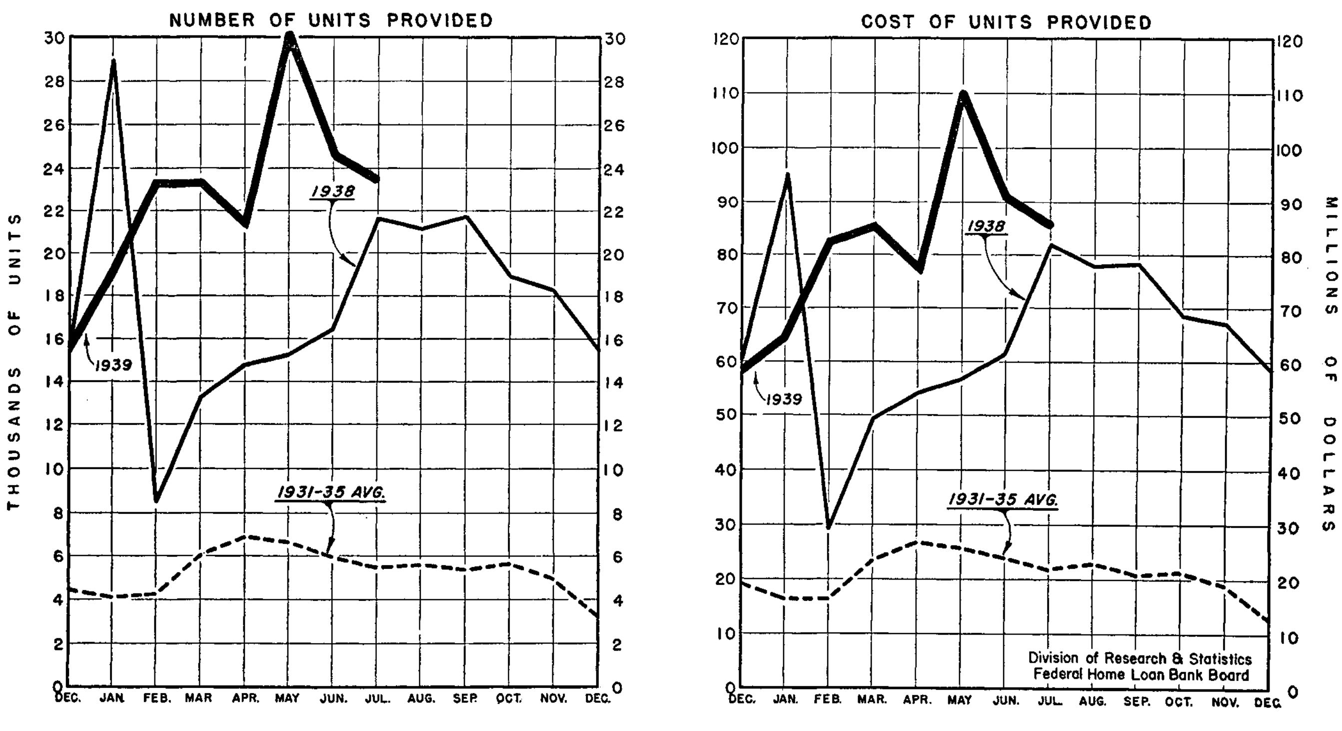
Among the various types of savings and loan associations, State-chartered members of the Federal Home Loan Bank System showed the greatest resistance to normal mid-summer contraction in new mortgage-lending activity; loans by this class dropped 6 percent as compared to the 13-percent decline of Federal associations from June to July. Despite their current reversal, Federals have continued as the most active class of savings and loan institution; during the first seven months of this year they loaned 36 percent more than in the same 1938 period, nearly three times the percentage rise shown for State members, and more than five times that for nonmembers.

New loans made by savings and loan associations for the construction of new homes, and for the purchase, refinancing, and reconditioning of existing dwellings, as well as for miscellaneous purposes, all shared in the decreases from June. However, the recent trend in home-mortgage lending activity has been toward a greater predominance of loans for construction and purchase of homes at the expense of other classes; during July, nearly two-thirds of all loans were for these two purposes, a significant upward shift from the 61 percent reported in the corresponding month of last year.

Increased residential building activity has been one of the most favorable aspects of the real estate situation, and so far this year, has raised the lending activity of home-financing institutions to new high levels. Construction volume in July did not recede

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)



from June as much as is normally expected at that time of the year; hence, the seasonally adjusted index turned upward slightly. (See article, "How to Use Statistics in the FEDERAL HOME LOAN BANK REVIEW—Part 2," page 338, August 1939 REVIEW.) During the opening seven months of 1939 the construction of 1-family, 2-family, and multifamily dwellings was considerably above a year ago, although the volume of new joint home and business properties receded.

One of the principal causes for the recovery in building activity in 1938, and so far this year, has been the downward trend in building costs which had risen excessively previous to that time. (See article on page 380.) Although the index for the cost of constructing a standard 6-room frame house still showed a fractional decline from June to July, the recent tendency has been for residential construction costs to level off; the U. S. Department of Labor's wholesale building material price index showed a slight rise in July, thus indicating the possibility of a rise in the near future in dealers' prices, on which the cost of the standard house is based. Lumber was the only cost item in the Department of Labor's index to register a significant rise from June.

The relationship between rental levels and construction costs is an extremely important element in determining the incentive to build. On page 382 the effect of divergent trends between these items is explained and the current situation analyzed. During the early part of the year, rentals declined less than building costs, and thus provided an inducement for more building. The upturn in July rentals should have a similar encouraging effect.

During the first three weeks of August, business activity was maintained at the high levels reached in the June-July advance. The Federal Reserve seasonally adjusted index of industrial production (1926=100) stood at 95 in July, at 91 in June, and at 85 in April and May. The present rate is only two points below the highest level reached in 1938, and may be contrasted to the low of 70 recorded in May 1938.

Recent activity in the lumber and other building materials industries has been much larger than during the summer of 1938. Corporation profits in the second quarter of 1939 were almost three-fourths larger than for the same 1938 period.

The *Federal Reserve Bulletin* points out that during the first half of this year prices of U. S. Treasury long-term bonds advanced substantially with the result that the average yield declined from 2.48 percent at the end of 1938 to 2.17 percent on August 19, 1939. Treasury notes showed similar changes. Outstanding U. S. Savings Bonds totaled $1,868,000,000 on June 30, 1939. During the six months from July through December 1938, there was an increase of $204,000,000 in the amount of U. S. Savings Bonds outstanding, and from January to June 1939, there was an increase of more than twice this amount—$427,000,000.

According to a special study of construction activity during the first half of 1939 in the August issue of the *Survey of Current Business:* "For the first six months of 1939, residential contracts have increased nearly two-thirds over the first half of 1938. If, during the remainder of the year, residential contracts should follow the expected seasonal changes, and should continue, after adjustment for seasonal variation, the recent sidewise movements, the increase for the year as a whole would be about half that shown for the first six months."

It is pointed out, however, that contracts for public residential construction will probably be substantially larger during the latter part of the year than they were for the first six months, since under the program of the U. S. Housing Authority work may be started on as many as 50,000 dwelling units, or about three times as many as were started under this program during the first half of the year. Also, a certain amount of privately financed rental housing which was delayed from the first half of the year will go under construction in the second half. These two factors may help to maintain the present rate of increase in residential building.

[1926=100]

Type of index	July 1939	June 1939	Percent change	July 1938	Percent change
Residential construction [1]	43.9	42.7	+2.8	34.2	+28.4
Foreclosures (metro. cities)	152.0	161.0	−5.6	153.0	−0.7
Rental index (N. I. C. B.)	85.2	84.9	+0.4	85.5	−0.4
Building material prices	89.7	89.5	+0.2	89.2	+0.6
Industrial production [1]	94.5	90.8	+4.1	76.9	+22.9
Manufacturing employment	89.0	89.1	−0.1	80.6	+10.4
Manufacturing pay rolls	80.4	82.4	−2.4	67.7	+18.8
Average wage per employee	90.3	92.5	−2.4	84.0	+7.5

[1] Corrected for normal seasonal variation.

Residential Construction

[Tables 1 and 2]

■ ALTHOUGH the total number of dwelling units built in July was slightly less than the number built in June, the decrease in volume was less than is usual at this time of the year in communities of

10,000 or more population. For this reason, the seasonally adjusted index of residential building increased 3 percent from June to a level nearly 30 percent above the same 1938 month. Accelerated activity in the construction of multifamily units was especially marked in July.

The 165,000 units placed under construction during the first seven months of the year represents an improvement of 46,600, or 40 percent, over the corresponding period of last year; of the total units provided so far this year, 60 percent were of the 1- and 2-family types (see Table 1, page 392).

The estimated cost of all residential dwelling units built during the first seven months of this year in cities of 10,000 or more population amounted to nearly $600,000,000, an average of $3,600 per family dwelling, thus approximating the average that was reported by these communities in the same period of 1938. So far this year, 1-family units have averaged $3,900 and apartment units, $3,200 apiece. These average costs, of course, exclude the cost of land on which the structures were built, and in the case of speculator-built residences, presumably do not include the builders' profit; hence, the average cost of construction must not be confused with the cost of the completed structure to the eventual occupant. (See article, "How to Use Statistics in the FEDERAL HOME LOAN BANK REVIEW—Part 2," page 340 of the August issue.)

Most sections of the country showed accelerated building volume in July from the same month of last year; Table 2, page 392, shows that New York, West Virginia, and Washington State were the only ones showing sizeable declines in both number and valuation of dwelling units built.

Small-House Building Costs

[*Tables 3 and 6*]

■ DECLINES in building costs, which have continued since the early fall of 1937, first precipitously and then at a more gradual rate, had by July virtually ceased at a level more than 5 percent above the average month of 1936. The chart on page 381 of the article, "How to Use Statistics in the FEDERAL HOME LOAN BANK REVIEW—Part 3", clearly indicates that, although labor used in the construction of a standard 6-room frame house shared equally with materials in the cost rises of 1936 and the greater part of 1937, labor did not participate as did materials in the subsequent decline of costs.

Of the 24 cities giving the cost of constructing a standard 6-room frame house, only San Diego reported a drop of over $100, while no rises as large as this were recorded. In the remaining cities, a lowering of costs continued to prevail, with nine receding and only three rising more than $25 in total. Costs in 11 cities remained practically unchanged.

Construction costs for the standard house

[1936=100]

Element of cost	July 1939	June 1939	Percent change	July 1938	Percent change
Material	102. 4	102. 5	−0. 1	104. 2	−1. 7
Labor	111. 3	111. 3	0. 0	112. 0	−0. 6
Total	105. 3	105. 4	−0. 1	106. 8	−1. 4

Mortgage Recordings

[*Tables 13 and 14*]

■ HOME-mortgage financing activity in July ($329,983,000) declined 9 percent from June. This decrease may be largely attributed to the fewer business days and the holiday weekend in July. The recession was general throughout the country with the exception of the New England States where all States except Maine showed an improvement from June.

Mutual savings banks were the only mortgagees showing an increase (13.5 percent) in mortgage recordings from June to July. This unusual in-

Mortgage recordings by type of mortgagee

[Amounts are shown in thousands of dollars]

Type of lender	Percent change from June	Percent of July amount	Cumulative recordings (seven months)	Percent of total recordings
Savings and loan associations	−6. 7	32. 1	$651, 169	30. 6
Insurance companies	−0. 8	9. 0	186, 853	8. 8
Banks and trust companies	−16. 3	22. 7	523, 720	24. 6
Mutual savings banks	+13. 5	4. 2	72, 408	3. 4
Individuals	−1. 5	17. 6	380, 739	17. 9
Others	−16. 2	14. 4	313, 238	14. 7
Total	−8. 6	100. 0	2, 128, 127	100. 0

crease occurred because of the concentration of these institutions in the New England area where a general expansion in mortgage-financing activity was reported. Savings and loan associations throughout the country reported a 6.7-percent decrease in mortgage business while the activity of banks and other mortgagees was off 16.3 percent and 16.2 percent, respectively. Individuals and insurance companies reported smaller declines.

Although reporting a decline in the dollar volume of business, savings and loan associations recorded $105,890,000 of mortgages in July, a higher proportion (32.1 percent) of total mortgage activity (mortgages of $20,000 or less) than in any previous month this year. The percentage of all home-financing activity done by these institutions has increased almost without interruption since the first of the year, following the improvement in residential construction and the greater demand for home-financing funds. Banks and their trust departments accounted for 22.7 percent of home-mortgage recordings in July, a smaller portion than in any previous month.

New Mortgage-Lending Activity of Savings and Loan Associations

[*Tables 4 and 5*]

ALTHOUGH savings and loan associations reported a reduced volume of mortgage-financing activity in July, this downward movement was not as great as the average for all types of lenders. Mortgage-lending statistics reported by savings and loan associations show a slightly greater drop from June to July than that shown by mortgage recordings for these same institutions. Since mortgage recordings include recast loans previously held by the recording associations they are not directly comparable with new lending activity reported by individual institutions.

The 10-percent drop in new mortgage loans from June to July exceeded the normal seasonal contraction, but savings and loan association lending activity was still 26 percent above the same 1938 month.

Loans for the purchase of existing structures continue to predominate as the leading purpose for which loans were made. However, during the past year new home construction loans have gained most rapidly (see table). Reconditioning loans showed the greatest June-to-July drop, and constituted the only purpose classification to show a decline from last year.

Of the $85,200,000 loaned by savings and loan associations in July, nonmembers loaned 20 percent, while Federals and State-chartered members of the Federal Home Loan Bank System each loaned 40 percent. During the past year Federals have gained in proportion of total lending activity principally at the expense of nonmembers.

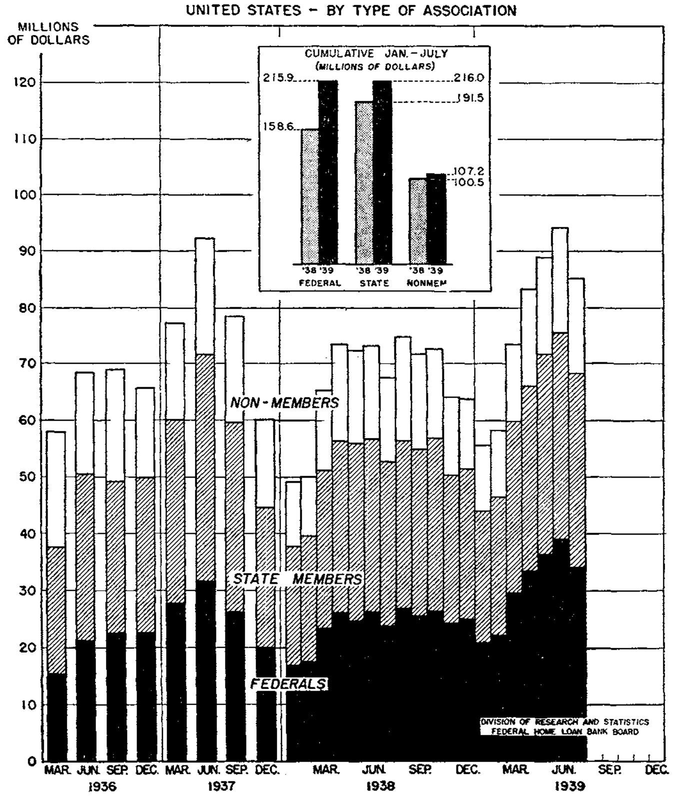
The Winston-Salem Federal Home Loan Bank District (Southeastern States) was the only one

New mortgage loans distributed by purpose

[Amounts are shown in thousands of dollars]

Purpose	July 1939	June 1939	Percent change	July 1938	Percent change
Construction	$26, 865	$29, 919	−10. 2	$19, 096	+40. 7
Home purchase	29, 638	32, 228	−8. 0	21, 924	+35. 2
Refinancing	15, 353	17, 123	−10. 3	13, 194	+16. 4
Reconditioning	5, 133	5, 802	−11. 5	5, 397	−4. 9
Other purpose	8, 183	9, 082	−9. 9	8, 028	+1. 9
Total	85, 172	94, 154	−9. 5	67, 639	+25. 9

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



to show a rise in total lending activity from June to July. During the first seven months of 1939 the Indianapolis District led in the increase over the corresponding period of last year; Federals showed accelerated activity in all areas, while State members declined in two Districts and nonmembers receded in four Districts.

Foreclosures

■ THE 6-percent decline from June in real estate foreclosure activity in metropolitan communities is slightly less than the usual June-to-July seasonal decrease of 7 percent. Foreclosures in July of this year were less than 1 percent below July 1938, the index numbers standing at 152 and 153 (1926=100), respectively.

Foreclosure cases during the first seven months of 1939 were only a little more than one-third the figure reported for the same period of 1933 (a 63-percent decline), and were 11 percent below those for the corresponding period of last year.

Of the 83 communities reporting for July, 51 indicated decreases and 28 indicated increases, while four showed no change in foreclosure activity from the preceding month.

Federal Home Loan Bank System

[*Table 9*]

■ AFTER registering increases during May and June, the balance of advances outstanding again declined during the month of July. Advances during the month totaled $6,800,000, while repayments amounted to $14,200,000, bringing the balance of advances outstanding at the end of the month to $161,600,000—a decline of $7,400,000 from June. This balance of advances outstanding was considerably less than that reported as of the the end of the same month last year, but was only slightly less than the July 1937 balance of advances outstanding.

The amount of advances made during July 1939 was approximately $2,000,000 greater than that made during July 1938; repayments during this month were also greater this year than last. New advances for the period January through July 1939 totaled $42,705,000, which was $3,400,000 less than the amount of advances made during the same period in 1938; repayments received during this period in 1939 amounted to $79,960,000—$25,600,000 greater than last year.

Advances outstanding at the end of July 1939 constituted approximately 85 percent of the average of monthly advances outstanding for the year 1938 ($189,700,000), which is about four points less than the previous month's percentage.

During July, repayments exceeded advances in all but two Federal Home Loan Bank Districts. The resulting decrease in advances outstanding ranged from $46,000 in the Boston Bank to $2,800,000 in the Los Angeles Bank. In the New York and Winston-Salem Districts, advances were greater than repayments; each Bank reported an increase in advances outstanding of $200,000. Every Bank District reported a greater amount of repayments during July than during June, while only the New York and Cincinnati Banks reported a larger volume of advances in July.

The membership of the Federal Home Loan Bank System reached 3,948 at the end of July. This is a net increase of two members over the preceding month, resulting from the admission of six institutions to membership and the withdrawal of four.

Interest Rates

Due to a reduction from 3¾ to 3 percent in the contract rate on secured advances, member institutions of the Federal Home Loan Bank of Indianapolis can now obtain 10-year advances on which a rate not in excess of 3 percent is guaranteed for the entire 10-year period. The rate on unsecured advances was reduced also from 3½ to 3 per centum per annum. These changes became effective August 1, 1939.

Also effective August 1, the interest rate charged on all advances—both outstanding and new—to member borrowers of the Federal Home Loan Bank of Winston-Salem was reduced from 3½ to 3 per centum per annum. However, contracts will carry a provision permitting the Bank, on 30 days' written notice, to increase the rate to a maximum of 4½ percent.

Federal Savings and Loan Insurance Corporation

[*Tables 7 and 8*]

■ THE amount of funds invested in insured savings and loan associations by private shareholders was unusually high during the year ending June 30, while the demand for such money by new mortgagors has not quite kept pace with this trend.

A study recently completed by the Division of Research and Statistics indicates that although private repurchasable capital of institutions insured by the Federal Savings and Loan Insurance Corporation rose 26 percent from June 1938 to the corresponding month of this year, first mortgages and total assets of these associations increased less than 20 percent. Advances to these institutions by the 12 Federal Home Loan Banks dropped 11 percent despite the fact that there was a net rise of 155 insured savings and loan associations during this 12-month period.

Selected balance sheet items for all insured associations

[Amounts are shown in thousands of dollars]

Item	All insured		Percent change	Percent of assets	
	June 1939	June 1938		1939	1938
Number of associations	2,170	2,015	+8	------	------
Assets	$2,339,411	$1,978,476	+18	100.0	100.0
First mortgages held	1,769,113	1,481,893	+19	75.6	74.9
Federal Home Loan Bank advances	127,062	143,004	−11	5.4	7.2
Borrowed money	6,173	6,259	−1	0.3	0.3
Government investment	259,943	258,403	+1	11.1	13.1
Private repurchasable capital	1,657,859	1,316,517	+26	70.9	66.5
General reserves and undivided profits	136,280	106,423	+28	5.8	5.4

Selected balance sheet items of an identical group of insured State-chartered savings and loan associations showed from June to July similar trends to those of Federals (see Table 7, page 398). One notable variation was the decline in total assets shown by identical insured State-chartered institutions. This drop was due principally to offsetting items cleared in the closing of their books and subsequent payments of dividends and post-dividend withdrawals.

Federal Savings and Loan System

[*Table 7*]

■ THE typical Federal savings and loan association is located in a community of between 10,000 and 25,000 population, and has assets of between $100,000 and $250,000, according to a recent survey conducted by the Division of Research and Statistics. This study showed that not only did a larger number of Federals fall within the asset bracket of $100,000 to $250,000 than within any other size grouping, but also that more Federals were found in communities with populations ranging from 10,000 to 25,000 than in any other grouping of cities.

The table below indicates the growth of the Federal System from June 1934 through the corresponding month of this year. From it may be seen the progress made in the establishment of these local thrift institutions of the savings and loan type. Although practically all Federals organized during the past two years have been converted from existing State-chartered institutions, the assets of new associations formed by subscription to shares have grown more rapidly. Recent declines in the number of "new" Federals have been due to mergers and consolidations with previously existing institutions insured by the Federal Savings and Loan Insurance Corporation.

More Government share investments were repurchased by Federals in July than in any previous period, due largely to requests by the Board for the repayment of 10 percent of all U. S. Treasury money which had been invested in Federal associations for a period of five years or more on June 30, 1939, after first ascertaining that such associations were reasonably able to make such repayments. In addition, a large volume of repurchases was made voluntarily.

Number and estimated assets of Federal savings and loan associations

[Amounts are shown in thousands of dollars]

Date	Number of associations			Estimated assets		
	Total	New	Converted	Total	New	Converted
June 30, 1934	370	320	50	$41,402	$3,198	$38,204
June 30, 1935	851	554	297	304,569	36,145	268,424
June 30, 1936	1,135	637	498	655,192	116,670	538,522
June 30, 1937	1,286	647	639	986,297	222,528	763,769
June 30, 1938	1,346	640	706	1,213,874	301,242	912,632
June 30, 1939	1,386	636	750	1,442,069	397,239	1,044,830

(Table 10, page 399, shows the cumulative amount of repurchases made by savings and loan associations through July, together with net outstanding investments by the U. S. Treasury and the Home Owners' Loan Corporation.)

From Table 7, page 398, it may be seen that in addition to a net decrease of $8,100,000 in Government investment during July, comparable reporting Federals showed a drop in Federal Home Loan Bank advances which is characteristic of the first month after each dividend declaration. The number of private shareholders and the amount of their investments as well as the balance of mortgage loans outstanding continued to increase from June to July.

Progress in number and assets of Federal savings and loan associations

Type of association	Number		Approximate assets	
	July 31, 1939	June 30, 1939	July 31, 1939	June 30, 1939
New	635	636	$398, 338, 000	$397, 239, 000
Converted	750	750	1, 045, 327, 000	1, 044, 830, 000
Total	1, 385	1, 386	1, 443, 665, 000	1, 442, 069, 000

Directory of Member, Federal, and Insured Institutions

Added during July–August

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

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

DISTRICT NO. 2

NEW JERSEY:
- Camden:
  - Fidelity Mutual Building & Loan Association, 423 Market Street.
- Elizabeth:
  - North Park Building & Loan Association, 1147 East Jersey Street.
- Kearney:
  - Schuyler Building & Loan Association, 134 Schuyler Avenue.
- New Brunswick:
  - Freedom Building & Loan Association, 112 Church Street.
- Newark:
  - Court South End Building & Loan Association, Springfield Avenue & South Tenth Street.

DISTRICT NO. 3

PENNSYLVANIA:
- Philadelphia:
  - Germania Building & Loan Association, 6740 Sprague Street.
  - Public Ledger Company Building & Loan Association, 600 Chestnut Street.

DISTRICT NO. 4

MARYLAND:
- Baltimore:
  - Great Eastern Permanent Building & Loan Association Number One of Baltimore City, 74 North Central Avenue.

DISTRICT NO. 7

WISCONSIN:
- Hales Corners:
  - Hales Corners Building & Loan Association, Milwaukee County.

DISTRICT NO. 8

IOWA:
- Glenwood:
  - Mills County Savings & Loan Association.

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

ILLINOIS:
- Chicago:
  - Economy Building & Loan Association, 2400 South Homan Avenue (merger with Adams Savings & Loan Association, Chicago, Illinois).

INDIANA:
- Terre Haute:
  - Lincoln Savings & Loan Association, 20 South Sixth Street (merger with Wabash Federal Savings & Loan Association, Terre Haute, Indiana).

NEW JERSEY:
- Orange:
  - Orange Valley Building & Loan Association of Orange, N. J., 38 Collinwood Road (termination of membership—voluntary).
- West Paterson:
  - Passaic Valley Building & Loan Association, 654 McBride Avenue (termination of membership—voluntary).

OKLAHOMA:
- Holdenville:
  - Holdenville Building & Loan Association (termination of membership—voluntary).

PENNSYLVANIA:
- Philadelphia:
  - Third Bluecher Building Association, 3314 Germantown Avenue (merger with, and 100-percent transfer of Bank stock to, National Security Building Association, Philadelphia, Pennsylvania).

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

DISTRICT NO. 5

OHIO:
- Leetonia:
  - Peoples Federal Savings & Loan Association of Leetonia, 543 Main Street (converted from Peoples Savings and Loan Company of Leetonia, Ohio).

DISTRICT NO. 10

KANSAS:
- Topeka:
  - Aetna Federal Savings & Loan Association, 112 West Seventh Street (converted from Aetna Building & Loan Association).

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

CALIFORNIA:
- Los Angeles:
  - Founders Federal Savings & Loan Association of Los Angeles (merger with Los Angeles Federal Savings & Loan Association, Los Angeles, California).

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

DISTRICT NO. 2

NEW JERSEY:
- Elizabeth:
  - North Park Building & Loan Association, 1147 East Jersey Street.

DISTRICT NO. 5

OHIO:
- Leetonia:
  - Peoples Federal Savings & Loan Association of Leetonia, 543 Main Street.

DISTRICT NO. 7

WISCONSIN:
- Hales Corners:
  - Hales Corners Building & Loan Association, Milwaukee County.
- Milwaukee:
  - Pulaski Building & Loan Association, 2616-18 North Holton Street.

DISTRICT NO. 9

TEXAS:
- Tyler:
  - Texas Building & Loan Association of Tyler, Texas, 206 West Ferguson Street.

DISTRICT NO. 10

OKLAHOMA:
- Miami:
  - Miami Building & Loan Association, 8 East Central Avenue.

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

[Source: Federal Home Loan Bank Board. Compiled from residential building permits reported to U. S. Department of Labor]
[Amounts are shown in thousands of dollars]

Type of dwelling	Number of family units provided					Total cost of units				
	Monthly totals			January–July totals		Monthly totals			January–July totals	
	July 1939	June 1939	July 1938	1939	1938	July 1939	June 1939	July 1938	1939	1938
1-family dwellings	13, 789	15, 538	11, 707	93, 603	68, 218	$54, 011. 3	$62, 181. 2	$47, 162. 3	$367, 596. 6	$268, 543. 7
2-family dwellings	910	1, 028	742	6, 636	6, 152	2, 366. 8	2, 544. 4	2, 141. 8	16, 815. 5	15, 926. 1
Joint home and business [2]	76	67	80	451	511	327. 8	299. 9	322. 8	1, 944. 0	1, 851. 6
3-and-more family dwellings	8, 704	8, 188	9, 131	64, 896	44, 126	28, 904. 2	25, 870. 5	32, 621. 5	209, 313. 1	142, 454. 0
Total residential	23, 479	24, 821	21, 660	165, 586	119, 007	85, 610. 1	90, 896. 0	82, 248. 4	595, 669. 2	428, 775. 4

[1] Estimate is based on reports from communities having approximately 95 percent of the population of all cities with population of 10,000 or over.
[2] Includes 1- and 2-family dwellings with business property attached

Table 2.—Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in July 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	
	July 1939	July 1938	July 1939	July 1938	July 1939	July 1938	July 1939	July 1938
UNITED STATES	23, 479	21, 660	$85, 610. 1	$118, 248. 4	14, 775	12, 529	$56, 705. 9	$49, 626. 9
No. 1—Boston	1, 112	788	4, 580. 3	3, 397. 2	892	725	3, 906. 9	3, 254. 9
Connecticut	227	169	1, 083. 8	876. 1	224	166	1, 072. 8	868. 0
Maine	40	84	114. 5	255. 8	40	84	114. 5	255. 8
Massachusetts	636	368	2, 522. 5	1, 634. 5	419	308	1, 860. 1	1, 500. 3
New Hampshire	64	31	248. 9	127. 7	64	31	248. 9	127. 7
Rhode Island	135	125	562. 4	462. 7	135	125	562. 4	462. 7
Vermont	10	11	48. 2	40. 4	10	11	48. 2	40. 4
No. 2—New York	3, 426	9, 149	15, 013. 5	71, 122. 1	1, 433	1, 552	6, 355. 2	6, 929. 4
New Jersey	703	480	2, 849. 4	2, 039. 1	337	287	1, 592. 6	1, 353. 2
New York	2, 723	8, 669	12, 164. 1	69, 083. 0	1, 096	1, 265	4, 762. 6	5, 576. 2
No. 3—Pittsburgh	2, 767	944	11, 167. 4	3, 742. 6	917	690	4, 493. 6	3, 199. 4
Delaware	21	2	108. 3	18. 0	12	2	73. 3	18. 0
Pennsylvania	2, 627	615	10, 565. 2	2, 862. 2	795	587	3, 939. 9	2, 801. 5
West Virginia	119	327	493. 9	862. 4	110	101	480. 4	379. 9
No. 4—Winston-Salem	3, 339	1, 651	10, 427. 1	5, 783. 0	1, 896	1, 464	6, 040. 7	5, 228. 0
Alabama	191	115	380. 1	258. 8	178	111	367. 6	246. 3
District of Columbia	303	301	1, 148. 8	1, 277. 0	149	223	761. 5	1, 067. 5
Florida	816	409	2, 463. 1	1, 366. 3	692	372	2, 126. 8	1, 216. 8

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

[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	
	July 1939	July 1938	July 1939	July 1938	July 1939	July 1938	July 1939	July 1938
No. 4—Winston-Salem—Continued.								
Georgia	1, 017	177	$3, 340. 9	$537. 1	211	177	$582. 7	$537. 1
Maryland	167	134	552. 0	522. 1	151	134	522. 0	522. 1
North Carolina	246	220	635. 9	655. 4	218	204	591. 4	625. 6
South Carolina	267	87	742. 6	304. 1	105	79	312. 6	285. 5
Virginia	332	208	1, 163. 7	862. 2	192	164	776. 1	727. 1
No. 5—Cincinnati	1, 412	869	5, 615. 6	3, 862. 9	897	756	3, 874. 3	3, 380. 3
Kentucky	129	126	339. 2	357. 4	118	126	307. 6	357. 4
Ohio	701	585	3, 374. 2	3, 008. 9	634	486	3, 141. 4	2, 535. 8
Tennessee	582	158	1, 902. 2	496. 6	145	144	425. 3	487. 1
No. 6—Indianapolis	1, 929	1, 352	7, 677. 8	6, 246. 8	1, 648	1, 315	7, 081. 6	6, 102. 8
Indiana	690	307	1, 972. 7	1, 174. 4	412	273	1, 384. 3	1, 039. 4
Michigan	1, 239	1, 045	5, 705. 1	5, 072. 4	1, 236	1, 042	5, 697. 3	5, 063. 4
No. 7—Chicago	1, 002	625	4, 479. 0	3, 220. 2	837	572	3, 980. 1	2, 950. 2
Illinois	565	355	2, 899. 6	1, 977. 5	548	355	2, 835. 8	1, 977. 5
Wisconsin	437	270	1, 579. 4	1, 242. 7	289	217	1, 144. 3	972. 7
No. 8—Des Moines	1, 006	759	3, 732. 6	2, 943. 0	953	737	3, 601. 9	2, 856. 6
Iowa	285	185	1, 044. 1	675. 5	279	180	1, 027. 6	648. 4
Minnesota	335	276	1, 385. 1	1, 181. 8	326	276	1, 364. 4	1, 181. 8
Missouri	299	230	1, 062. 5	919. 4	275	213	998. 0	860. 1
North Dakota	34	27	107. 8	82. 4	28	27	99. 8	82. 4
South Dakota	53	41	133. 1	83. 9	45	41	112. 1	83. 9
No. 9—Little Rock	3, 303	1, 471	8, 740. 2	3, 872. 5	1, 616	1, 398	4, 444. 9	3, 716. 5
Arkansas	67	63	198. 1	142. 8	67	63	198. 1	142. 8
Louisiana	246	177	725. 2	475. 3	212	173	602. 7	461. 3
Mississippi	140	66	271. 0	127. 3	140	54	271. 0	107. 5
New Mexico	52	50	160. 9	132. 4	43	42	140. 9	119. 4
Texas	2, 798	1, 115	7, 385. 0	2, 994. 7	1, 154	1, 066	3, 232. 2	2, 885. 5
No. 10—Topeka	639	458	2, 056. 7	1, 545. 7	594	429	1, 947. 6	1, 503. 9
Colorado	167	124	539. 8	413. 7	142	102	474. 8	374. 7
Kansas	130	95	308. 6	275. 2	117	88	281. 6	272. 4
Nebraska	96	60	377. 9	235. 3	89	60	360. 8	235. 3
Oklahoma	246	179	830. 4	621. 5	246	179	830. 4	621. 5
No. 11—Portland	675	767	2, 156. 7	2, 534. 5	600	465	1, 989. 7	1, 533. 5
Idaho	46	20	153. 9	72. 4	23	20	105. 4	72. 4
Montana	46	46	103. 7	130. 7	46	46	103. 7	130. 7
Oregon	164	106	556. 2	408. 6	136	106	491. 7	408. 6
Utah	106	78	362. 3	259. 3	94	78	329. 5	259. 3
Washington	301	497	928. 3	1, 579. 0	289	195	907. 1	578. 0
Wyoming	12	20	52. 3	84. 5	12	20	52. 3	84. 5
No. 12—Los Angeles	2, 869	2, 827	9, 963. 2	9, 977. 9	2, 492	2, 426	8, 989. 4	8, 971. 4
Arizona	113	49	405. 3	169. 3	113	41	405. 3	159. 3
California	2, 739	2, 761	9, 457. 8	9, 740. 9	2, 362	2, 368	8, 484. 0	8, 744. 4
Nevada	17	17	100. 1	67. 7	17	17	100. 1	67. 7

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

NOTE.—These figures are subject to correction

[Source: Federal Home Loan Bank Board]

Federal Home Loan Bank District and city	Cubic-foot cost		Total cost						
	1939 Aug.	1938 Aug.	1939			1938		1937	1936
			Aug.	May	Feb.	Nov.	Aug.	Aug.	Aug.
No. 3—Pittsburgh:									
Harrisburg, Pa	$0.239	$0.237	$5,724	$5,724	$5,711	$5,681	$5,682	$5,995	$5,584
Philadelphia, Pa	.229	.226	5,485	5,422	5,392	5,379	5,416	5,972	4,962
Pittsburgh, Pa	.268	.270	6,440	6,415	6,458	6,409	6,487	6,786	5,816
Charleston, W. Va	.242	.246	5,813	5,848	5,864	5,886	5,905	6,282	5,458
Wheeling, W. Va	.263	.252	6,314	6,299	6,193	6,005	6,042	6,503	--------
No. 5—Cincinnati:									
Lexington, Ky	.231	.222	5,556	5,650	5,671	5,474	5,325	5,702	5,223
Louisville, Ky	.218	.216	5,230	5,250	5,239	5,239	5,189	5,461	5,119
Cincinnati, Ohio	.239	.243	5,744	5,764	5,746	5,839	5,836	6,056	5,604
Cleveland, Ohio	.270	.267	6,492	6,477	6,426	6,416	6,404	6,981	6,165
Columbus, Ohio	.234	.247	5,618	5,645	5,684	5,726	5,919	6,429	5,659
Memphis, Tenn	.220	.221	5,269	5,339	5,451	5,367	5,299	5,467	5,095
Nashville, Tenn	.206	.212	4,956	4,995	5,082	5,116	5,090	5,504	5,120
No. 9—Little Rock:									
Little Rock, Ark	.218	.215	5,225	5,236	5,195	5,199	5,150	5,208	5,202
New Orleans, La	.235	.244	5,641	5,631	5,688	5,802	5,865	5,865	5,063
Jackson, Miss	.246	.253	5,894	5,911	6,017	6,064	6,079	6,086	5,373
Albuquerque, N. Mex	.267	.277	6,398	6,407	6,516	6,539	6,648	6,690	6,169
Dallas, Tex	.226	.245	5,431	5,464	5,628	5,748	5,888	6,068	5,634
Houston, Tex	.245	.250	5,882	5,910	5,903	5,915	5,993	6,162	5,733
San Antonio, Tex	.244	.252	5,867	5,878	5,882	5,929	6,055	6,231	5,535
No. 12—Los Angeles:									
Phoenix, Ariz	.255	.270	6,129	6,043	6,157	6,468	6,489	6,802	6,088
Los Angeles, Calif	.218	.238	5,231	[2] 5,287	5,410	5,469	5,704	6,001	5,285
San Diego, Calif	.234	.243	5,605	5,721	5,783	5,822	5,834	6,144	5,468
San Francisco, Calif	.263	.264	6,314	6,352	6,393	6,369	6,329	6,452	5,999
Reno, Nev	.274	.273	6,574	6,563	6,573	6,567	6,560	6,666	6,313

[1] The house on which costs are reported is a detached 6-room home of 24,000 cubic feet volume. Living room, dining room, kitchen, and lavatory on first floor; 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.

[2] Revised.

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

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

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

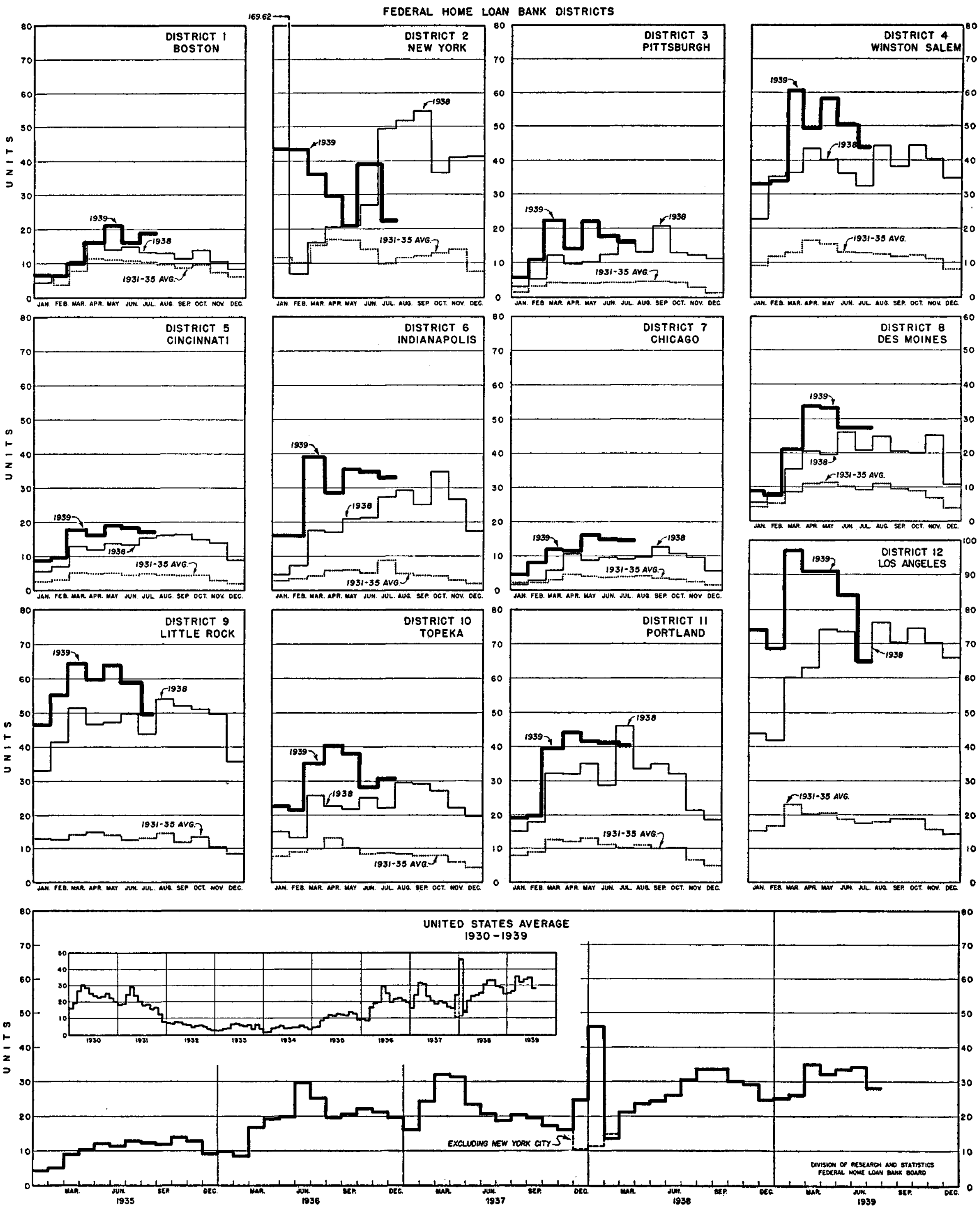


Table 4.—Estimated volume of new lending activity of savings and loan associations, classified by District and type of association

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and type of association		New loans		Percent change, June 1939 to July 1939	New loans, July 1938	Percent change, July 1938 to July 1939	Cumulative new loans (7 months)		
		July 1939	June 1939				1939	1938	Percent change
United States:	Total	$85,172	$94,154	-9.5	$67,639	+25.9	$539,128	$450,705	+19.6
	Federal	34,055	39,094	-12.9	23,823	+43.0	215,910	158,618	+36.1
	State member	34,146	36,465	-6.4	28,973	+17.9	215,985	191,544	+12.8
	Nonmember	16,971	18,595	-8.7	14,843	+14.3	107,233	100,543	+6.7
District No. 1:	Total	8,759	9,254	-5.3	7,004	+25.1	46,787	42,088	+11.2
	Federal	2,649	3,110	-14.8	2,078	+27.5	14,471	11,685	+23.8
	State member	4,088	3,966	+3.1	3,325	+22.9	21,511	20,317	+5.9
	Nonmember	2,022	2,178	-7.2	1,601	+26.3	10,805	10,086	+7.1
District No. 2:	Total	8,699	9,909	-12.2	6,969	+24.8	51,911	42,328	+22.6
	Federal	3,354	4,223	-20.6	1,879	+78.5	19,535	12,030	+62.4
	State member	1,884	2,116	-11.0	1,828	+3.1	11,849	11,288	+5.0
	Nonmember	3,461	3,570	-3.1	3,262	+6.1	20,527	19,010	+8.0
District No. 3:	Total	6,753	8,338	-19.0	5,263	+28.3	45,509	36,155	+25.9
	Federal	1,770	2,707	-34.6	1,132	+56.4	11,516	7,224	+59.4
	State member	1,970	1,944	+1.3	1,390	+41.7	12,215	10,854	+12.5
	Nonmember	3,013	3,687	-18.3	2,741	+9.9	21,778	18,077	+20.5
District No. 4:	Total	12,167	11,853	+2.6	9,927	+22.6	72,922	61,921	+17.8
	Federal	5,179	5,158	+0.4	3,289	+57.5	29,391	21,242	+38.4
	State member	5,075	4,881	+4.0	4,996	+1.6	31,729	30,092	+5.4
	Nonmember	1,913	1,814	+5.5	1,642	+16.5	11,802	10,587	+11.5
District No. 5:	Total	13,005	14,474	-10.1	10,166	+27.9	85,011	68,821	+23.5
	Federal	5,113	5,867	-12.9	3,808	+34.3	33,862	26,504	+27.8
	State member	6,370	7,084	-10.1	5,016	+27.0	40,943	30,934	+32.4
	Nonmember	1,522	1,523	-0.1	1,342	+13.4	10,206	11,383	-10.3
District No. 6:	Total	3,913	4,084	-4.2	3,206	+22.1	25,108	19,099	+31.5
	Federal	1,832	1,904	-3.8	1,551	+18.1	11,788	8,854	+33.1
	State member	1,822	1,852	-1.6	1,368	+33.2	11,587	8,790	+31.8
	Nonmember	259	328	-21.0	287	-9.8	1,733	1,455	+19.1
District No. 7:	Total	8,288	9,771	-15.2	6,467	+28.2	53,266	45,092	+18.1
	Federal	3,158	3,389	-6.8	2,121	+48.9	18,243	15,244	+19.7
	State member	3,665	4,240	-13.6	2,884	+27.1	23,081	19,905	+16.0
	Nonmember	1,465	2,142	-31.6	1,462	+0.2	11,942	9,943	+20.1
District No. 8:	Total	5,444	6,113	-10.9	4,222	+28.9	32,796	26,439	+24.0
	Federal	2,579	2,856	-9.7	1,629	+58.3	15,391	10,793	+42.6
	State member	1,641	1,543	+6.4	1,501	+9.3	9,775	8,773	+11.4
	Nonmember	1,224	1,714	-28.6	1,092	+12.1	7,630	6,873	+11.0
District No. 9:	Total	4,575	5,184	-11.7	4,041	+13.2	33,566	28,115	+19.4
	Federal	1,638	2,011	-18.5	1,619	+1.2	13,811	10,883	+26.9
	State member	2,724	3,083	-11.6	2,231	+22.1	18,360	15,804	+16.2
	Nonmember	213	90	+136.7	191	+11.5	1,395	1,428	-2.3
District No. 10:	Total	3,955	4,501	-12.1	2,980	+32.7	26,808	23,597	+13.6
	Federal	1,871	2,282	-18.0	1,264	+48.0	13,263	10,111	+31.2
	State member	1,023	1,140	-10.3	987	+3.6	6,963	7,303	-4.7
	Nonmember	1,061	1,079	-1.7	729	+45.5	6,582	6,183	+6.5
District No. 11:	Total	3,270	3,608	-9.4	2,318	+41.1	19,377	16,137	+20.1
	Federal	1,855	1,915	-3.1	1,126	+64.7	11,570	8,826	+31.1
	State member	1,166	1,413	-17.5	778	+49.9	6,747	5,556	+21.4
	Nonmember	249	280	-11.1	414	-39.9	1,060	1,755	-39.6
District No. 12:	Total	6,344	7,065	-10.2	5,076	+25.0	46,067	40,913	+12.6
	Federal	3,057	3,672	-16.7	2,327	+31.4	23,069	15,222	+51.6
	State member	2,718	3,203	-15.1	2,669	+1.8	21,225	21,928	-3.2
	Nonmember	569	190	+199.5	80	+611.3	1,773	3,763	-52.9

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

[Amounts are shown in thousands of dollars]

Period	Purpose of loans: Mortgage loans on homes: Construction	Home purchase	Refinancing	Reconditioning	Loans for all other purposes	Total loans	Type of association: Federals	State members	Nonmembers
1937	$234, 102	$326, 629	$180, 804	$62, 143	$92, 901	$896, 579	$307, 278	$379, 286	$210, 015
January–July	141, 034	198, 027	111, 336	36, 791	54, 005	541, 193	188, 825	229, 906	122, 372
July	22, 224	30, 624	16, 014	5, 703	7, 669	82, 234	28, 693	35, 758	17, 783
1938	220, 458	265, 485	160, 167	58, 623	93, 263	797, 996	286, 899	333, 470	177, 627
January–July	116, 987	149, 246	95, 150	33, 731	55, 591	450, 705	158, 618	191, 544	100, 543
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–July	160, 537	184, 384	102, 718	33, 171	58, 318	539, 128	215, 910	215, 985	107, 233
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
July	26, 865	29, 638	15, 353	5, 133	8, 183	85, 172	34, 055	34, 146	16, 971

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

[1926=100]

[Source: U. S. Department of Labor]

Period	All building materials	Brick and tile	Cement [1]	Lumber	Paint and paint materials	Plumbing and heating	Structural steel	Other
1937: July	96. 7	95. 4	88. 9	101. 3	83. 9	78. 7	114. 9	101. 0
1938: 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
July	89. 7	90. 6	91. 5	91. 8	82. 2	79. 3	107. 3	89. 6
Change:								
July 1939–June 1939	+0. 2%	−0. 5%	0. 0%	+1. 2%	−0. 2%	0. 0%	0. 0%	+0. 1%
July 1939–July 1938	+0. 6%	−0. 1%	+0. 5%	+3. 4%	+2. 1%	−0. 3%	0. 0%	−1. 8%

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

Table 7.—Monthly operations of 1,326 identical Federal and 705 identical insured State-chartered savings and loan associations reporting during June and July 1939

[Amounts are shown in thousands of dollars]

Type of operation	1,326 Federals			705 insured State members		
	July	June	Change June to July	July	June	Change June to July
Share liability at end of month:			*Percent*			*Percent*
Private share accounts (number)	1, 254, 690	1, 238, 643	+1. 3	866, 791	859, 819	+0. 8
Paid on private subscriptions	$971, 702. 6	$952, 171. 6	+2. 1	$630, 837. 1	$625, 309. 5	+0. 9
Treasury and H. O. L. C. subscriptions	198, 643. 5	206, 777. 3	−3. 9	[1] 40, 472. 7	[1] 40, 848. 2	−0. 9
Total	1, 170, 346. 1	1, 158, 948. 9	+1. 0	671, 309. 8	666, 157. 7	+0. 8
Private share investments during month	47, 086. 0	25, 950. 6	+81. 4	24, 115. 5	12, 906. 2	+86. 9
Repurchases during month	30, 199. 6	7, 791. 7	+287. 6	19, 780. 0	7, 783. 5	+154. 1
Mortgage loans made during month:						
a. New construction	12, 721. 1	13, 891. 4	−8. 4	4, 792. 5	5, 347. 6	−10. 4
b. Purchase of homes	9, 385. 8	10, 391. 5	−9. 7	4, 609. 4	4, 716. 3	−2. 3
c. Refinancing	6, 248. 9	6, 756. 0	−7. 5	2, 732. 1	2, 990. 1	−8. 6
d. Reconditioning	1, 608. 5	1, 867. 3	−13. 9	773. 0	945. 0	−18. 2
e. Other purposes	2, 433. 1	3, 002. 3	−19. 0	1, 457. 3	1, 625. 8	−10. 4
Total	32, 397. 4	35, 908. 5	−9. 8	14, 364. 3	15, 624. 8	−8. 1
Mortgage loans outstanding end of month	1, 105, 574. 9	1, 089, 284. 7	+1. 5	596, 955. 1	592, 090. 4	+0. 8
Borrowed money as of end of month:						
From Federal Home Loan Banks	77, 768. 4	83, 321. 5	−6. 7	36, 578. 7	37, 983. 8	−3. 7
From other sources	2, 646. 6	2, 384. 2	+11. 0	3, 273. 8	3, 489. 2	−6. 2
Total	80, 415. 0	85, 705. 7	−6. 2	39, 852. 5	41, 473. 0	−3. 9
Total assets, end of month	1, 381, 173. 5	1, 380, 691. 8	(2)	840, 420. 3	841, 310. 3	−0. 1

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

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

[Amounts are shown in thousands of dollars]

Type of association	Cumulative number at specified dates						Number of private investors in repurchasable shares [2]	Assets	Private repurchasable capital
	Dec. 31, 1935	Dec. 31, 1936	Dec. 31, 1937	Dec. 31, 1938	June 30, 1939	July 31, 1939	July 31, 1939	July 31, 1939	July 31, 1939
State-chartered associations	136	382	566	737	787	788	945, 000	$899, 068	$675, 959
Converted F. S. and L. A	406	560	672	[3] 723	[4] 747	[5] 747	963, 500	1, 044, 329	769, 886
New F. S. and L. A	572	634	641	637	636	635	353, 400	398, 338	243, 617
Total	1, 114	1, 576	1, 879	2, 097	2, 170	2, 170	2, 261, 900	2, 341, 735	1, 689, 462

[1] Beginning Dec. 31, 1936, figures on number of associations insured include only those associations which have remitted premiums. Earlier figures include all associations approved by the Board for insurance.
[2] This series revised to agree with schedules submitted each month by insured institutions. Private investors in repurchasable shares in insured State-chartered members numbered 931,600 in June 1939: no other association type revised.
[3] In addition, 6 Federals with assets of $1,505,000 had been approved for conversion but had not been insured as of Dec. 31.
[4] In addition, 3 Federals with assets of $1,011,000 had been approved for conversion but had not been insured as of June 30.
[5] In addition, 3 Federals with assets of $998,000 had been approved for conversion but had not been insured as of July 31.

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

[Thousands of dollars]

Federal Home Loan Bank	July 1939 Advances	July 1939 Repayments	June 1939 Advances	June 1939 Repayments	Advances outstanding at the end of the month
No. 1—Boston	$324	$370	$665	$227	$6, 323
No. 2—New York	1, 512	1, 311	1, 058	482	17, 127
No. 3—Pittsburgh	462	982	894	437	16, 064
No. 4—Winston-Salem	1, 412	1, 212	2, 076	685	13, 152
No. 5—Cincinnati	654	1, 423	455	888	18, 960
No. 6—Indianapolis	275	1, 189	1, 100	737	9, 601
No. 7—Chicago	592	1, 322	1, 640	891	26, 689
No. 8—Des Moines	143	839	2, 048	302	14, 778
No. 9—Little Rock	142	708	1, 185	230	8, 614
No. 10—Topeka	449	751	915	257	10, 459
No. 11—Portland	132	556	733	139	5, 175
No. 12—Los Angeles	726	3, 535	4, 070	514	14, 645
Total	6, 823	14, 198	16, 839	5, 789	161, 587
Jan.–July 1939	42, 705	79, 960			
July 1938	4, 944	9, 277			191, 892
Jan.–July 1938	46, 125	54, 327			
July 1937	10, 221	7, 707			169, 571
Jan.–July 1937	69, 221	45, 051			

Table 10.—Government investments in savings and loan associations [1]

[Amounts are shown in thousands of dollars]

Type of operation	Treasury: Federals [2]	Home Owners' Loan Corporation: Federals	Home Owners' Loan Corporation: State members	Home Owners' Loan Corporation: Total
Oct. 1935–July 1939:				
Applications:				
Number	1, 862	4, 566	958	5, 524
Amount	$50, 401	$198, 962	$61, 722	$260, 684
Investments:				
Number	1, 831	4, 161	730	4, 891
Amount	$49, 300	$174, 624	$44, 881	$219, 505
Repurchases	$6, 619	$3, 118	$1, 992	$5, 110
Net outstanding investments	$42, 681	$171, 506	$42, 889	$214, 395
July 1939:				
Applications:				
Number		3	6	9
Amount		$112	$265	$377
Investments:				
Number		1	7	8
Amount		$100	$255	$355

[1] Refers to number of separate investments, not to number of associations in which investments are made.
[2] Investments in Federals by the Treasury were made between December 1933 and November 1935.

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

Type of operation	June 1, 1934, through June 30, 1939	July 1, 1939, through July 31, 1939	Cumulative through July 31, 1939
Cases received [2]	1, 071, 418	7, 719	1, 079, 137
Contracts awarded:			
Number	685, 573	6, 386	691, 959
Amount	$135, 984, 229	$1, 567, 828	$137, 552, 057
Jobs completed:			
Number	677, 592	7, 341	684, 933
Amount	$132, 568, 402	$1, 849, 372	$134, 417, 774

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

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

Table 12.—Properties acquired by H. O. L. C. through foreclosure and voluntary deed [1]

Period	Number
Prior to 1935	9
1935: Jan. 1 through June 30	114
July 1 through Dec. 31	983
1936: Jan. 1 through June 30	4, 449
July 1 through Dec. 31	15, 875
1937: Jan. 1 through June 30	23, 225
July 1 through Dec. 31	26, 981
1938: Jan. 1 through June 30	28, 386
July 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
July	2, 773
Grand total to July 31, 1939	144, 837

[1] Does not include 9,437 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 144,837 completed cases, 790 properties were sold at foreclosure sale to parties other than the H. O. L. C. and 19,373 cases have been withdrawn due to payment of delinquencies by borrowers after foreclosure proceedings were authorized.

Table 13.—Summary of estimated nonfarm mortgage recordings,[1] $20,000 and under, during July 1939

(Amounts shown are in thousands of dollars)

Federal Home Loan Bank District and State	Savings & loan associations		Insurance companies		Banks and trust companies		Mutual savings banks		Individuals		Other mortgagees		Total		Amount per capita (nonfarm)
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	
United States	41,048	$105,890	5,946	$29,777	22,860	$74,960	3,909	$13,679	30,209	$58,056	14,693	$47,621	118,665	$329,983	$3.57
No. 1--Boston	3,770	11,098	73	553	895	3,359	1,904	6,309	2,792	6,778	493	1,799	9,927	29,896	
Connecticut	308	1,134	67	514	282	1,078	433	1,600	505	1,236	347	1,253	1,942	6,815	4.48
Maine	420	1,009	------	------	111	290	144	324	[2]339	[2]625	------	------	1,014	2,248	3.59
Massachusetts	2,429	7,417	------	------	316	1,212	981	3,229	[2]1,677	[2]4,454	------	------	5,403	16,312	3.95
New Hampshire	240	609	------	------	------	------	193	697	105	126	------	------	538	1,432	3.56
Rhode Island	151	531	6	39	87	309	128	444	117	222	109	362	598	1,907	2.84
Vermont	222	398	------	------	99	470	25	15	49	115	37	184	432	1,182	4.79
No. 2--New York	3,335	10,771	525	3,106	2,362	9,739	1,277	4,677	3,972	8,886	1,568	5,879	13,039	43,058	
New Jersey	974	3,130	268	1,353	1,126	4,756	77	334	1,131	2,997	644	2,244	4,270	14,814	3.79
New York	2,361	7,641	257	1,753	1,236	4,983	1,200	4,343	2,791	5,889	924	3,635	8,769	28,244	2.38
No. 3--Pittsburgh	3,061	8,408	308	1,764	1,912	6,719	289	1,017	1,808	3,876	1,167	4,060	8,545	25,844	
Delaware	52	138	22	127	63	265	29	109	69	147	43	113	278	899	4.69
Pennsylvania	2,355	6,756	259	1,502	1,459	5,461	233	880	1,448	3,320	970	3,758	6,724	21,677	2.47
West Virginia	654	1,514	27	135	390	993	27	28	291	409	154	189	1,543	3,268	2.55
No. 4--Winston-Salem	6,451	15,577	1,223	5,608	2,027	5,851	72	192	4,767	7,889	2,842	7,084	17,382	42,201	
Alabama	209	337	85	301	162	346	------	------	391	475	414	976	1,261	2,435	1.86
District of Columbia	452	2,052	71	436	80	506	------	------	251	750	240	1,010	1,094	4,754	9.77
Florida	499	1,925	312	1,334	295	949	------	------	614	1,221	726	2,231	2,446	7,660	6.44
Georgia	537	1,100	284	1,215	337	685	6	5	469	762	178	382	1,811	4,149	2.78
Maryland	1,108	2,581	46	263	252	854	66	187	277	785	151	411	1,900	5,081	3.64
North Carolina	2,257	3,800	63	197	268	746	------	------	931	904	316	913	3,835	6,560	4.18
South Carolina	551	1,298	84	487	300	850	------	------	718	556	551	580	2,204	3,771	4.50
Virginia	838	2,484	278	1,375	333	915	------	------	1,116	2,436	266	581	2,831	7,791	5.30
No. 5--Cincinnati	5,849	15,223	583	3,221	2,525	7,624	79	591	2,403	3,897	1,216	3,810	12,655	34,366	
Kentucky	1,121	2,691	143	955	344	1,123	------	------	188	372	55	274	1,851	5,415	3.77
Ohio	4,270	11,777	300	1,846	1,667	5,844	79	591	1,590	2,764	855	2,907	8,761	25,729	4.57
Tennessee	458	755	140	420	514	657	------	------	625	761	306	629	2,043	3,222	2.30
No. 6--Indianapolis	2,758	5,441	612	2,897	2,715	8,427	26	59	1,053	1,926	1,026	4,100	8,190	22,850	
Indianapolis	1,961	3,384	267	1,199	1,008	2,915	26	59	396	565	305	833	3,963	8,955	3.69
Michigan	797	2,057	345	1,698	1,707	5,512	------	------	657	1,361	721	3,267	4,227	13,895	3.42
No. 7--Chicago	2,849	7,789	281	1,497	1,362	5,131	5	11	1,675	3,932	1,321	5,393	7,493	23,753	
Illinois	2,048	5,610	187	1,077	797	3,212	------	------	705	1,856	1,098	4,584	4,835	16,339	2.46
Wisconsin	801	2,179	94	420	565	1,919	5	11	970	2,076	223	809	2,658	7,414	3.60
No. 8--Des Moines	3,136	7,362	626	2,800	1,690	3,969	89	322	2,207	3,479	920	2,426	8,668	20,358	
Iowa	774	1,765	88	306	632	1,550	2	6	369	648	242	741	2,107	5,016	3.36
Minnesota	1,160	2,973	390	1,790	371	947	87	316	554	1,063	163	527	2,725	7,616	4.56
Missouri	923	2,000	105	498	553	1,220	------	------	1,163	1,621	486	1,090	3,230	6,429	2.56
North Dakota	193	474	28	141	55	118	------	------	63	94	23	55	362	882	3.11
South Dakota	86	150	15	65	79	134	------	------	58	53	6	13	244	415	1.37
No. 9--Little Rock	3,201	8,410	837	3,855	796	2,334	6	15	2,214	4,177	1,667	5,277	8,721	24,068	
Arkansas	262	513	29	95	144	318	------	------	154	286	94	211	683	1,423	1.94
Louisiana	916	2,968	30	195	28	102	------	------	339	727	146	425	1,459	4,417	3.48
Mississippi	265	714	57	242	81	170	------	------	191	309	121	294	715	1,729	2.67
New Mexico	418	809	------	[illegible]	97	184	------	------	293	380	84	38	892	1,411	5.33
Texas	1,340	3,406	721	3,323	446	1,560	6	15	1,237	2,475	1,222	4,309	4,972	15,088	4.35
No. 10--Topeka	2,426	5,052	207	925	652	1,720	9	10	1,484	2,239	1,018	2,934	5,796	12,880	
Colorado	289	743	27	105	129	331	------	------	569	895	322	902	1,336	3,026	4.02
Kansas	740	1,320	43	128	236	558	------	------	217	267	126	267	1,362	2,540	2.16
Nebraska	533	1,226	65	327	25	37	9	10	201	343	124	374	957	2,317	2.92
Oklahoma	864	1,763	72	365	262	744	------	------	497	734	446	1,391	2,141	4,997	3.64
No. 11--Portland	1,747	3,897	191	733	1,267	3,097	153	476	1,029	1,564	672	1,986	5,059	11,753	
Idaho	197	349	------	------	144	433	------	------	160	207	88	203	589	1,192	4.64
Montana	289	739	35	135	89	216	------	------	160	259	31	53	604	1,402	4.21
Oregon	312	644	66	260	133	322	17	120	287	454	153	548	968	2,348	3.22
Utah	96	256	27	100	254	752	------	------	55	82	64	207	496	1,397	3.56
Washington	762	1,673	61	220	592	1,219	136	356	290	406	296	833	2,137	4,757	3.78
Wyoming	91	236	2	18	55	155	------	------	77	156	40	92	265	657	4.31
No. 12--Los Angeles	2,465	6,862	480	2,818	4,657	16,990	------	------	4,805	9,413	783	2,873	13,190	38,956	
Arizona	82	208	12	72	106	411	------	------	195	359	32	67	427	1,117	3.32
California	2,349	6,571	462	2,720	4,495	16,407	------	------	4,559	8,953	741	2,779	12,606	37,430	7.40
Nevada	34	83	6	26	56	172	------	------	51	101	10	27	157	409	5.48

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

[2] Includes Insurance Companies and Other Mortgagees.

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	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Combined total	Percent
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
July	41, 048	34. 6	5, 946	5. 0	22, 860	19. 3	3, 909	3. 3	30, 209	25. 4	14, 693	12. 4	118, 665	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
July	105, 890	32. 1	29, 777	9. 0	74, 960	22. 7	13, 679	4. 2	58, 056	17. 6	47, 621	14. 4	329, 983	100. 0

Resolutions of the Board

AMENDMENT TO RULES AND REGULATIONS FOR FEDERAL SAVINGS AND LOAN SYSTEM, PERMITTING FEDERALS TO PURCHASE MORTGAGES FROM INSTITUTIONS IN LIQUIDATION WITHOUT BOARD APPROVAL: Adopted August 28, 1939; effective September 1, 1939.

Paragraph (b) of Section 203.13 of the Rules and Regulations for the Federal Savings and Loan System was amended by the Board 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.

AMENDMENT TO RULES AND REGULATIONS FOR INSURANCE OF ACCOUNTS, PROVIDING FOR MAINTENANCE OF FIDELITY BONDS BY INSURED INSTITUTIONS: Adopted August 28, 1939; effective September 1, 1939.

Section 301.16 of the Rules and Regulations for Insurance of Accounts was amended by the Board of Trustees of the Federal Savings and Loan Insurance Corporation to read as follows:

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 the 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 cancelation 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 cancelation 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.

AMENDMENT TO RULES AND REGULATIONS FOR FEDERAL SAVINGS AND LOAN SYSTEM, PROVIDING THAT FEDERALS SHALL MAINTAIN FIDELITY BONDS REQUIRED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION: Adopted August 28, 1939; effective September 1, 1939.

The Board amended Section 202.12 of the Rules and Regulations for the Federal Savings and Loan System to read as follows:

202.12 *Bonds for directors, officers, employees, and agents.* Each Federal association shall provide and maintain a fidelity bond covering its directors, officers, employees, or agents in the form and amount required by the Federal Savings and Loan Insurance Corporation.

AMENDMENT TO RULES AND REGULATIONS FOR INSURANCE OF ACCOUNTS, AUTHORIZING INSURED INSTITUTIONS TO MAKE 90-PERCENT LOANS ON MORTGAGES INSURED BY THE FEDERAL HOUSING ADMINISTRATOR: Adopted August 30, 1939; effective August 31, 1939.

The words included within the parentheses in the second sentence of paragraph (4) of subsection (d) of Section 301.11 of the Rules and Regulations for Insurance of Accounts were amended by the Board of Trustees of the Federal Savings and Loan Insurance Corporation to read as follows:

in no event greater than the per centum of appraised value permitted to be insured by the Federal Housing Administrator under the National Housing Act, as amended

Advisory Council Membership

THE annual selections of members of the Federal Savings and Loan Advisory Council who will confer with the Federal Home Loan Bank Board during the fiscal year, 1939–1940, on thrift and home-financing problems have been announced by the Board. Each of the 12 Federal Home Loan Banks selected a member of the Council and six were named by the Federal Home Loan Bank Board.

Representatives of the 12 Federal Home Loan Banks are:

Boston: Raymond P. Harold, Worcester Cooperative Federal Savings and Loan Association, Worcester, Massachusetts.

New York: LeGrand W. Pellett, The Building and Loan Association of Newburgh, Newburgh, New York.

Pittsburgh: James J. O'Malley, First Federal Savings and Loan Association of Wilkes-Barre, Wilkes-Barre, Pennsylvania.

Winston-Salem: George W. West, First Federal Savings and Loan Association of Atlanta, Atlanta, Georgia.

Cincinnati: Herman F. Cellarius, San Marco Building and Loan Association, Cincinnati, Ohio.

Indianapolis: William C. Walz, Ann Arbor Federal Savings and Loan Association, Ann Arbor, Michigan.

Chicago: William E. Hodnett, Lincoln Savings and Loan Association, Lincoln, Illinois.

Des Moines: John F. Scott, Minnesota Federal Savings and Loan Association, St. Paul, Minnesota.

Little Rock: I. Friedlander, Gibraltar Savings and Building Association, Houston, Texas.

Topeka: George E. McKinnis, First Federal Savings and Loan Association of Shawnee, Shawnee, Oklahoma.

Portland: Frank S. McWilliams, Fidelity Savings and Loan Association, Spokane, Washington.

Los Angeles: Paul Endicott, Home Builders' Loan Association, Pomona, California.

Members appointed by the Federal Home Loan Bank Board are:

Eustace Seligman, Sullivan & Cromwell (lawyers), New York, New York.

W. Waverly Taylor, Waverly Taylor, Inc. (real estate), Washington, D. C.

Theodore H. Tangeman, The Columbus Mutual Life Insurance Company, Columbus, Ohio.

Henry G. Zander, Jr., Henry G. Zander & Co. (real estate), Chicago, Illinois.

Charles B. Robbins, Cedar Rapids Life Insurance Company, Cedar Rapids, Iowa.

J. W. Maxwell, The National Bank of Commerce, Seattle, Washington.

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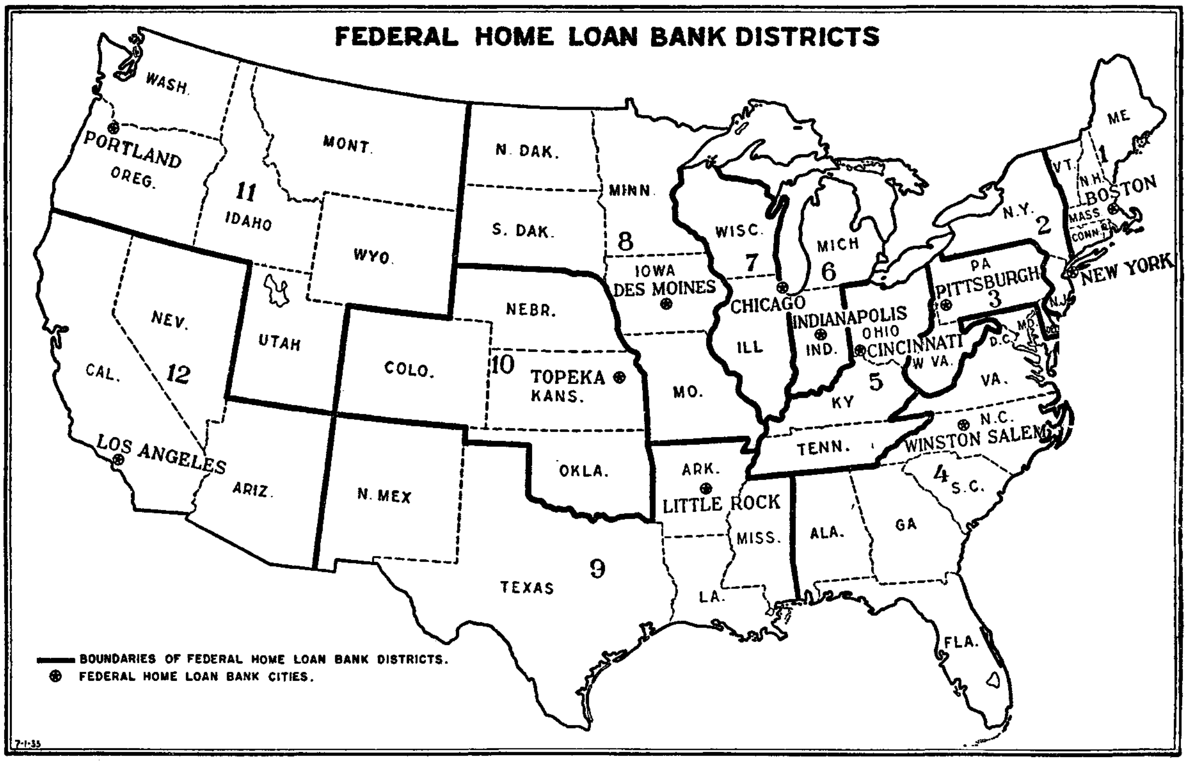

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