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FEDERAL HOME LOAN BANK REVIEW

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OPERATING RATIOS OF SAVINGS AND LOAN ASSOCIATIONS

For the first time, the REVIEW presents a study of certain significant ratios between the operating expense, operating income, and average net assets of savings and loan associations. The large number of requests which have been received for such information indicates the interest of savings and loan executives in this topic.

OPERATING ratios are one of the yardsticks by which all forms of business measure the efficiency of management. The definite need for this type of statistical material about savings and loan operations has been evidenced by the substantial number of requests which have been received for it.

This article offers managers and boards of directors an opportunity to compare the ratios of their own individual associations with similar data which have been developed for a substantial majority of the entire savings and loan membership of the Federal Home Loan Bank System. It provides certain important ratios existing between the fundamental elements of association operations prepared from a nation-wide sample of institutions: an analysis of the source of gross operating income, and its distribution; and a study of the effect of the size of an association upon the relationship of income and expense to average net assets.

It must be emphasized that the presentation of these figures does not constitute in any sense a recommendation as to the soundness or unsoundness of any particular ratio. They are submitted solely for their significance as *actual* ratios derived by consolidating the operating statements of 3,094 member associations for the calendar year 1938. Analysis was carried on by the Office of the Governor and the Division of Research and Statistics of the Federal Home Loan Bank Board with the cooperation of the 12 Federal Home Loan Banks. Reports were received from every Bank District, from every State, and from every type of association. They reflect the diverse operating conditions in different sections of the country, and for this reason are believed to be representative and useful.

Selected Operating Ratios

From the table at the bottom of the facing page (Table 1), it may be seen that each dollar of gross operating income received by the average savings and loan association is made up as follows: interest on outstanding mortgage loans, 85.2 cents; interest on real estate sold on contract, 3.8 cents; net income from institutionally owned real estate, 3.5 cents; receipts from premiums, commissions, appraisal fees, fines, etc., 3.2 cents; and miscellaneous income, 4.3 cents.

It is apparent from the breakdown by type of association in this same table that the influencing factor in any variation from these average ratios may be attributed largely to the status of the real estate owned and real estate sold on contract accounts. As associations liquidate their owned real estate through contract sales and otherwise, the percentage of gross operating income which is derived from real estate sold on contract will tend to increase, and income from owned real estate will constitute an increasingly smaller portion of gross income. If the real estate account increases in proportion to the total assets of an association, the percentage of gross operating income received from the ordinary collections of interest on outstanding mortgage loans has a tendency to decrease.

The distribution of gross operating income may also be traced from these statistics. A little more than one out of every four dollars (25.9 percent) of the income of an average association is used to meet the normal expense arising out of its daily operations. About one-half of the total operating expense is accounted for by the compensation paid to employees, officers, and directors. The remainder is divided among such items as maintenance of the association office, advertising, insurance and bond premiums, depreciation of buildings and equipment, and ordinary operating supplies.

In addition to routine operations, there are always transactions of an extraordinary nature which are not a part of the normal functioning of an institution. The revenue received from, and the expense incurred in, the handling of these non-recurring items must be taken into consideration before arriving at a *net* income for the year. On the basis of this study, it is evident that last year the non-operating charges were greater than the non-operating income for the same period. In view of the concerted effort on the part of many associations to sell institutionally owned real estate, a portion of these non-operating charges appears to have been brought about by losses in the sale of real estate.

Total expense for the year, in relation to gross operating income, is found by adding together the operating expense (25.94 percent) and the excess of non-operating charges over non-operating income (0.56 percent)—a total of 26.50 percent. This leaves a *net* income (before interest charges) equal to 73.50 percent of the gross operating income. In other words, almost three-fourths of all of the income of the average savings and loan association during 1938 was available for dividends and interest paid for the use of capital and for strengthening the financial structure through additions to reserves and undivided profits.

Analysis of the 9.2 percent of gross operating income which is paid out in the form of interest charges reveals that less than half of this amount is actually interest on money borrowed either from the Federal Home Loan Banks or other outside sources. The substantial volume of deposit accounts in Ohio, and of investment certificates in California, is responsible for more than half of the income devoted to these charges. Almost the entire amount of these accounts is found in the State-chartered institutions of the Cincinnati and Los Angeles Bank Districts.

The disposition of net income is explained on the next page (Table 2), but it is interesting to note that for every $100.00 of net income almost $77.00 was paid out in dividends or as interest on deposits and in-

***Table 1.*—Selected operating ratios for 3,094 reporting savings and loan members of the Federal Home Loan Bank System**

[Calendar year 1938]

Item	All	Federals	Insured State-chartered	Uninsured State-chartered
Number of institutions	3, 094	1, 355	588	1, 151
Interest income:	*Percent*	*Percent*	*Percent*	*Percent*
On mortgage loans	85. 23	86. 77	83. 21	84. 80
On real estate sold on contract	3. 82	3. 73	5. 28	2. 96
Net income on real estate owned	3. 44	2. 39	3. 82	4. 38
Premiums, fees, commissions, etc	3. 24	3. 90	2. 97	2. 67
All other operating income	4. 27	3. 21	4. 72	5. 19
Total gross operating income	100. 00	100. 00	100. 00	100. 00
Compensation	12. 71	13. 27	13. 92	11. 27
Maintenance of office quarters	2. 57	2. 88	2. 53	2. 22
Advertising	2. 06	3. 13	1. 92	0. 93
All other operating expense	8. 60	9. 29	11. 19	6. 17
Total operating expense	25. 94	28. 57	29. 56	20. 59
Total non-operating income	2. 91	2. 61	3. 25	3. 03
Total non-operating charges	3. 47	2. 44	2. 31	5. 39
Total expense for the year	26. 50	28. 40	28. 62	22. 95
Net income (before interest charges)	73. 50	71. 60	71. 38	77. 05
Interest charges on:				
Deposits, investment certificates, etc	5. 70	0. 06	13. 39	7. 06
F. H. L. B. advances	3. 18	4. 69	2. 78	1. 73
Other borrowed money	0. 31	0. 15	0. 37	0. 46
Total interest charges	9. 19	4. 90	16. 54	9. 25
Net income (after interest charges)	64. 31	66. 70	54. 84	67. 80

vestment certificates; $13.00 was credited to various reserve accounts; and nearly $6.00 was placed in the undivided profits account.

Table 2.—Disposition of net income for the year

[Before interest charges]

Item	All	Federals	Insured State-chartered	Uninsured State-chartered
Number of institutions	3,094	1,355	588	1,151
	Percent	*Percent*	*Percent*	*Percent*
Total net income	100.0	100.0	100.0	100.0
For bonus on shares	0.1	0.3	0.1	(1)
Legal reserves	2.7	0.2	3.1	5.0
Federal insurance reserve	3.2	5.1	4.8	(1)
For contingencies	5.2	6.6	2.5	5.4
Real estate reserve	1.2	1.0	0.8	1.7
For other purposes	0.7	0.3	1.0	1.0
Total transfers to reserves	13.1	13.5	12.3	13.1
Dividends (including interest on deposits and investment certificates)	76.6	72.6	76.2	81.0
Interest on F. H. L. B. advances	4.3	6.5	3.9	2.3
Interest on other borrowed money	0.4	0.2	0.5	0.6
Balance to undivided profits	5.6	7.2	7.1	3.0

[1] Less than 0.1 percent.

Operating Ratios by Size of Association

Every manager is primarily interested in how his association compares with others of a similar size. To provide data which would permit this analysis, a separate study by size of association was made by the Office of the Governor of the Federal Home Loan Bank System of the operating statements of 1,345 Federal associations during 1938.

Operating expense to gross operating income.—With but one exception, the pattern of the ratios of operating expense to gross operating income in the different asset groups followed a bell-shaped curve with the peak registered by those associations with assets in the $1,000,000–$1,499,999 group (see chart). The lowest ratio was found among those institutions with the largest assets (over $6,000,000), but the next lowest was produced by the smallest associations ($0–$74,999). Associations in the $4,000,000–$5,999,999 classification were the exception and their income-expense ratio registered an increase in the face of a decreasing trend line. This increase was due largely to the abnormal ratio of compensation and advertising expenses which were higher than the trend line for this size of association would indicate. The average ratio for the entire group of associations was 28.2 percent, and there were seven size groups above that point and four below it.

Gross operating income to average net assets.—Apparently there can be little doubt about the fact that as associations increase in size, their income, expressed as a percentage of their assets, declines (see chart). There is a slight increase between the ratios of the two groups of smallest associations ($0–$74,999 and $75,000–$149,999), but aside from this every asset group exhibits a smaller ratio of income-to-assets as the size increases.

Operating expense to average net assets.—The trend line of the ratios of operating expense to average net assets for the different size groups follows generally the pattern shown by the income-asset relationships.

It is now evident that as associations grow, operating *income* decreases as a percentage of average net assets. It is also true that this decrease is offset by a decline in the relationship of operating *expense* to average net assets.[1] Concretely, the problem involved is this: as an association increases in size, does it operate with more, or less, or the same efficiency? The question is whether expense will assume a larger, smaller, or the same proportionate share of operating income.

Glancing back at the chart of operating expense to operating income ratios, one is led to the conclusion that until associations accumulate assets of from $1,000,000–$1,499,999, expense increases faster than the additional gross operating income received. Therefore, the ratio of expense to income is growing and its trend is upward. This means that there will be less of the income received by the association available for building reserves and payment of dividends.

For associations above $1,500,000 (allowing for the exception which has been noted in the $4,000,000–$5,999,999 group), there seem to be indications that the opposite situation prevails; i. e., operating income is advancing more rapidly than the expense involved in operating these larger associations. With the trend reversed, expense is shown as a decreasing

[1] This does not mean, of course, that actual dollar amounts of income and expense will decrease. For example, an association with average net assets of $500,000 and an operating income ratio of 6 percent would have an income of $30,000. This same association, if it increased its assets to $1,000,000 and its income-assets ratio dropped to 5.5 percent, would receive an income of $55,000.

proportion of gross operating income, resulting in a larger percentage of *net* income.

Derivation of These Operating Ratios

To enable any savings and loan association to compute its own income and expense ratios on a basis comparable to that employed in the preparation of data for this article, the following explanation of each item is given. The Statement of Operations contained in the standard form of annual report was used as the basis for this analysis.

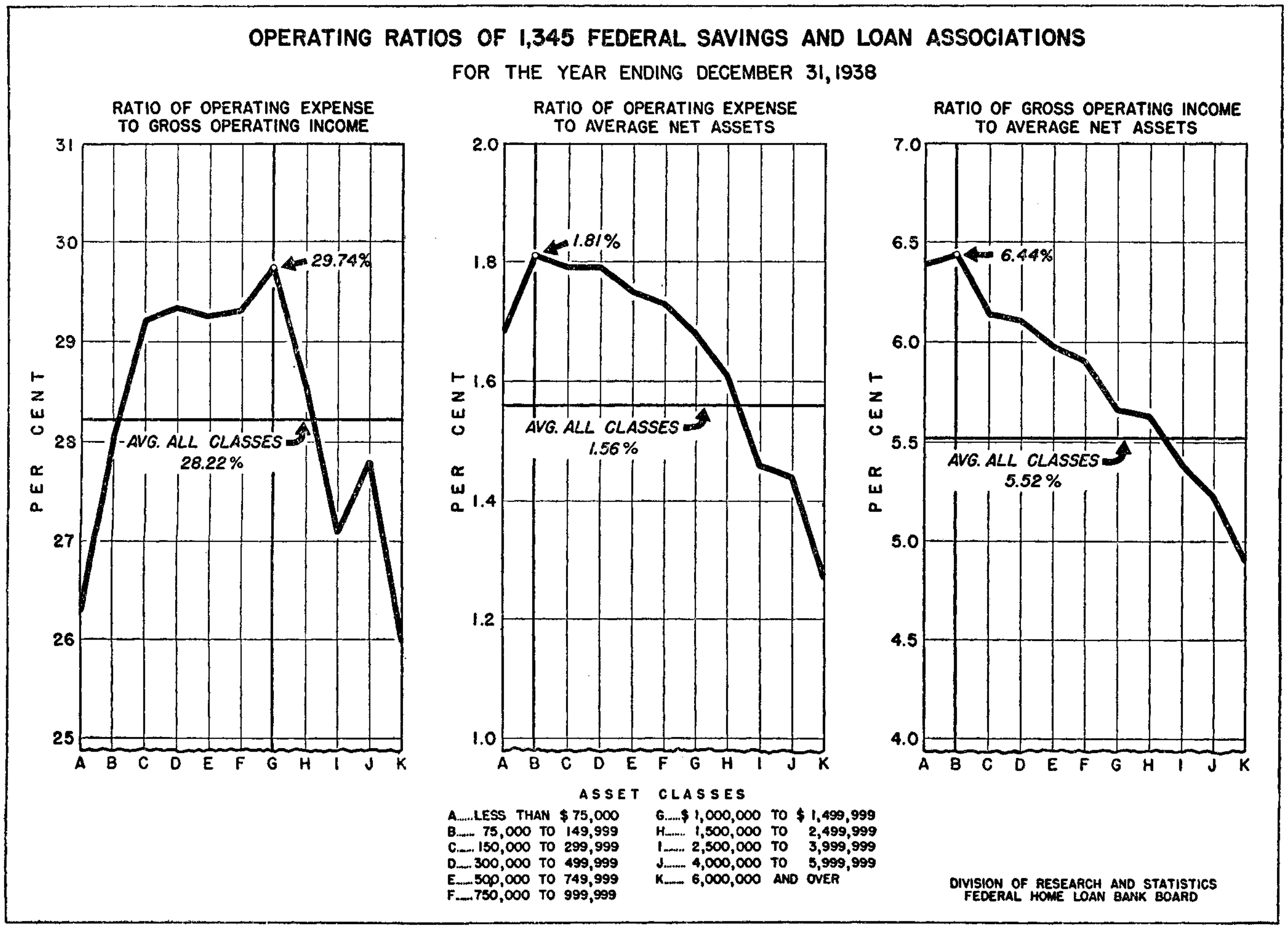
Ratio of operating expense to gross income.—This ratio is the result of dividing Item 25 of the Statement of Operations (total operating expense) by Item 9 (gross operating income). Total operating expense includes only normal operating items. Non-operating income and non-operating charges or interest charges are not included.

Ratio of gross operating income to average net assets.—This ratio is derived by dividing Item 9 (gross operating income) by the average net assets.

Ratio of operating expense to average net assets.—Item 25 of the standard form of Statement of Operations (total operating expense) is divided by the average net assets to obtain this percentage.

Average net assets were computed in the following manner: Net assets as of December 31, 1937, were added to net assets as of December 31, 1938, and the sum of these two figures divided by two. Associations may have some difficulty in determining what to include under net assets,[1] but for all practical purposes net assets may be defined in terms of gross assets less mortgage pledged shares, unapplied mortgage credits, loans in process, and current expense.

[1] See Rules and Regulations for the Federal Home Loan Bank System, Section 1.011, definition of net assets.



The variation in operating ratios for institutions of different sizes is shown clearly in the three charts above. The ratio of operating expense to gross operating income actually expresses the relationship existing between the other two charts. Its bell-shaped curve indicates that until associations accumulate assets of from $1,000,000-$1,499,999, expense increases faster than gross operating income, but above that figure apparently the opposite is the case. The consistent downward trend lines in the second and third charts are illustrative of the fact that as associations increase in size, their expense and gross operating income expressed as a percentage of assets decline.

A TREND IN DIVIDEND RATES?

Within the next six weeks, boards of directors of savings and loan associations will meet to declare dividends. Trends in home-mortgage interest rates and dividend rates of prime importance to directors and officers are discussed in this article.

■ IN recent years a number of basic factors have combined to lower the return paid on savings in this country. Of greatest importance has been the downward movement of the entire structure of interest rates, with both long-term and short-term rates declining sharply. Home-mortgage interest rates, which are fundamental in savings and loan operations, have been carried down in this general shift.

Accompanying the general decline in interest rates has been the growth of a highly competitive market for home-mortgage loans. A home-financing institution that is truly serving its community today must offer interest rates and loan terms which will attract the best applicants for mortgage credit in this competitive market. Prime loans can be made only at interest rates markedly lower than in earlier years. Since dividend rates of savings and loan associations are directly dependent upon home-mortgage interest rates, reduced return from loans means lower dividend payments to investors in the long run.

These economic changes have taken place against a background of altered public opinion about investments. It has been clearly demonstrated that the public today looks primarily for *safety*, and only secondarily for return, as the essential test of a sound investment. Insurance of accounts places savings and loan associations in a position to offer the public what it wants.

The primary assurance of safety to the investor consists, of course, in good management and adequate reserves. Insurance of accounts supplements these two fundamental requisites. In these days of increasing competition, the savings and loan industry has intensified its efforts to build more substantial reserves. Dividend rate reduction permits the accumulation of these reserves more rapidly, and thus places an association in a stronger position to meet any contingency. At the same time, public confidence is increased. Reference to the table on page 36 of this issue, which shows the disposition of net income for the year 1938 by reporting members of the Federal Home Loan Bank System, reveals that insured institutions were adding a greater proportion of net income to reserves and undivided profits than were uninsured members. Total transfers to reserves and undivided profits amounted to 20.7 percent of net income for Federal associations, to 19.4 percent for insured State-chartered members, and to 16.1 percent for uninsured members.

Trends in Home-Mortgage Interest Rates in 1939

All of these factors up to now have pointed to an inevitable lowering of dividend rates of savings and loan associations. With the outbreak of a European war, there has been much discussion among home-financing leaders centering on the question: Will interest rates stiffen? In the first few weeks there has been some evidence that interest rates in the general money market have tended to become firmer. This is shown by a higher average yield on long-term U. S. Treasury and high-grade corporate bonds and increases in the rate of return on medium and short-term obligations.

There is increasingly general agreement, however, that the stiffening of interest rates which developed toward the end of the World War is not likely to follow a similar pattern this time. Economists point to the abundance of funds now lying idle awaiting profitable investment, to the extensive system of Governmental checks and balances designed to protect our national economy against any artificial credit stringency. In addition, there is the fact that the public is gradually becoming aware of the value of simple loan contracts and moderate interest charges. It is estimated that the reduction of interest rates on home mortgages which has taken place in the last five years represents an annual saving to home owners of at least half a billion dollars.

Two recent events tend to confirm the belief that home-mortgage interest rates are not likely to rise above present levels in the next few months. The Federal Housing Administration announced that effective August 1, the maximum interest rate on home mortgages insured under Title II would be 4½ percent, to which is added an annual charge of one-half of 1 percent to all borrowers for mortgage insurance premium. Following closely upon this announcement came the notice that the Home Owners' Loan Corporation was reducing its interest charge to home owners from 5 percent to 4½ per centum per annum. This 4½-percent rate is applied to all loans, advances, and to all sales of properties.

Present-day conditions are regarded as radically changed in comparison with the conditions that existed during the World War. Home-financing institutions recognize that moderated interest rates and liberal long-term amortized loans have helped to restore public confidence in home ownership. For the immediate future, at least, this means that an association must continue to mould its policies in terms of 5- to 5½-percent interest rates if it is to secure the best risks for its loan portfolio.

Current Position of Dividend Rates

Recognition of the continued necessity for low home-mortgage interest rates is clearly evident in reports from savings and loan associations in all sections of the country. Progressive management is taking into account not only the prevalent and prospective interest rates on home-mortgage loans, but also the fact that all over the country rates paid on money placed in savings institutions have declined. In many sections, they are down to 2 percent and 2½ percent, while 3 percent is common. Although member banks of the Federal Reserve System are authorized to pay a maximum of 2½ percent on savings deposits, there are many areas where commercial banks are paying an interest rate substantially below the authorized level. In New Jersey, a recent ruling by the State banking commissioner and banking board limited the maximum interest to be paid on savings deposits by banking institutions under their supervision, including savings banks, to 1 percent. As a corollary, all member banks of the Federal Reserve System in New Jersey lowered their maximum interest rates to 1 percent, and the Post Office Department officials announced a reduction in the interest rate on postal savings in New Jersey to 1 percent. This was the first break in the uniform 2-percent rate which has prevailed throughout the country since the Postal Savings System began in January 1911.

Mutual savings banks also report a continuation of the reduction in the interest paid to depositors. Since 1935, the average interest rate paid by mutual savings banks has been at steadily lower levels below 3 percent. In announcing the record of payments on June 30, 1939, the National Association of Mutual Savings Banks stated that interest rates on deposits continued downward, with a number of banks placing reductions to 1 and 1½ percent in effect for the last half of 1939. On a "per deposit" basis, the average interest rate paid by all mutual savings banks on July 1, 1939, was 2.17 percent.

These facts indicate that general conditions of the money market are continually bringing about the establishment of still lower rates of return on savings. Savings and loan associations are directly affected by these same influences. In the long run, declining home-mortgage interest rates mean lower dividend rates, for there must be a sufficient spread between the cost of money and the rates secured on mortgages to assure competent management and the accumulation of adequate reserves. Under such conditions, payment of a dividend at a rate substantially higher than the market, no matter what the loan plan may be, places a real burden of responsibility on directors and management.

What Are the Facts About Savings and Loan Association Dividend Rates?

There is not complete current information on dividend rates of savings and loan associations which will settle the question: "Have dividend rates been lowered sufficiently in recent years to keep step with the downward movement of the general money market?" There is evidence from many sections of the country, however, which is worth examining.

As a general indication of the national pattern of dividend payments, statistics of Federal savings and loan associations are useful. They are complete, provide a reasonably comparable base from year to year, and have the merit of being average dividend rates *weighted* by the amount of invested capital. From 1935 to 1937, the average annual dividend rate of Federal associations declined from 3.69 percent to 3.50 percent. During 1938, dividend rates were again lowered. Twenty-three of the 46 States for which comparable information is available showed decreases in average dividend rates; no change in dividend rate was indicated in eight States; and slight increases were shown in 15.

Until the end of 1938, however, there was no clear indication that dividend rates were moving downward generally for the savings and loan industry. The available evidence did indicate a tendency for average rates to decline but the movement was not uniform throughout the country and in several areas the tendency was clearly for rates to remain stable or even to increase.

By contrast, examination of more recent data makes one important fact stand out sharply: A more pronounced downward trend appears to be in the making during the current year. For example, of the 64 Federal associations in the State of New York, only three made reductions in dividend rates between June 30, 1938, and December 31, 1938. At the end of the first six months of 1939, however, there were 12 reductions and no increases. The major change was the general reduction among Federals in the metropolitan New York area to a 2.5-percent rate on June 30, 1939. There was little shift in rates in the State outside this area. The trend, however, is important: Out of these 64 Federals on June 30, 1938, there were only 11 paying 2.5 percent or less; on December 31, 1938, there were 14; and on June 30, 1939, there were 24.

It is natural for dividend rates to reach lower levels in such a financial center as the metropolitan New York area, but this same tendency to reduce rates is confirmed in many other parts of the country and is not limited to Federal associations, but is found among all classes of associations. The following summaries of results of questionnaires sent out by a number of Federal Home Loan Banks to their members in recent months show that lowered dividend rates are becoming increasingly common.

The Federal Home Loan Bank of Winston-Salem sent out a questionnaire in mid-August to all members. Out of 239 replies, 17 associations stated that they had already announced to their shareholders that the next dividend would be at a lesser rate. In addition, 25 other associations contemplated reduction at the next dividend period.

The Federal Home Loan Bank of Indianapolis made a survey of members in the 50 largest cities in Indiana and Michigan which showed that out of 113 associations, 75 were paying 3-percent dividends. The Advisory Committee of the Board of Directors of this Bank reported that interest rates were continuing their very definite downward trend and that the great majority of associations paying 3 percent were able to show substantial growth in private share capital during 1938.

In Illinois and Wisconsin, a questionnaire sent by the Federal Home Loan Bank of Chicago to 222 Federal and insured State-chartered members at the end of April brought 184 replies. Eleven associations reported that a rate reduction had already been announced for June 30, 1939. Even more striking was the fact that an additional 35 associations said they intended to reduce dividends for the period following July 1, 1939. If these reductions are carried out, there will be a substantial downward movement in the average dividend rate in this District. On December 31, 1938, 123 associations declared dividends at the rate of 4 percent or more; 61 associations paid either 3 percent or 3½ percent. The contemplated dividend reductions would result in 92 paying 4 percent or more, and 92 paying 3 percent or 3½ percent.

This same trend is evidenced by the member associations of the Federal Home Loan Bank of Des Moines. Out of 230 member associations replying to a questionnaire on June 1, 1939, 30 reported that they were planning to reduce dividend rates. This number included 14 Federals, 3 insured State-chartered and 13 uninsured State-chartered members. In addition, 19 replied that such a dividend reduction was "possible". Comparison of the over-all average dividend rate for the current period with the rate one year ago shows that member institutions of all classes in these five States have already effected some reductions in dividend rates.

A similar questionnaire was sent to 102 members of the Los Angeles Bank in early June. Analysis of the 86 replies revealed that 13 associations, or 15 percent, were contemplating reduction of interest rates at the next semiannual period.

These figures do not cover the entire membership of the Bank System nor do they cover all sections of the country. It is notable, however, that there is no area from which replies were received which does not support the belief that the trend of dividend rates is downward at present.

Three Points Related to Dividend Rate Reductions

Supplementing these statistics which indicate voluntary reductions in dividend rates of savings and loan associations, there are three points which stand out and deserve consideration by managers and directors. First of these is the fact that a number of institutions replying to Bank questionnaires stated that they would be willing to reduce their dividend rates if other institutions in their immediate community would do likewise. In response to the question, "Would you be willing to reduce rates

(Continued on p. 45)

« « « FROM THE MONTH'S NEWS » » »

EXPERIMENTATION: "My own industry . . . has been experimenting with all wood construction with joistless floors, studless walls, and rafterless roofs. We are developing types which are structurally sound but use perhaps one-fifth less lumber and one-fourth less labor . . . ."

Wilson Compton, Secretary, National Lumber Manufacturers' Association, before U. S. Building and Loan League Convention, Atlantic City, Sept. 29, 1939.

RETURN: The average interest rate paid in the first six months of 1939 by all mutual savings banks, figured on a "per deposit" basis, was 2.17 percent. For the corresponding period in 1938, the average interest rate was 2.22 percent.

The Month's Work, September 1939.

TAX EXEMPTION: "Although three States—Arkansas, Georgia, and Oklahoma—liberalized slightly their existing homestead exemption laws this year, no new States joined the 13 which already had adopted such acts."

National Municipal Review, September 1939.

CONSISTENCY: "The advertising percentage is one of the relatively fixed parts of the cost of doing business. . . . Great damage is done by turning the faucet of advertising on and off. Morale is disturbed; customers are not cultivated; sales are lost irretrievably."

Keith Collins, Assistant General Manager, New York Times. California, September 1939.

WAR: "In 1914 the Federal Home Loan Bank System was non-existent. Today, thanks to this well-established agency, the home-mortgage business may be entirely divorced from the Nation's commercial credit structure. If commercial banks desert the mortgage market en masse in favor of industrial 'war baby' investments (an unlikely step), the F. H. L. B. System can supply Home Building with most of the money it needs to carry on a stable program."

Architectural Forum, October 1939.

Lost from idleness: $200,000,000,000 . . . . .

The National Resources Committee in its latest report estimates that unemployment of men and machines during the years 1930 through 1937 caused a loss of 200 billions of dollars in the national income of the United States. "If all the idle men and machines could have been employed in making houses, the extra income would have been enough to provide a new $6,000 house for every family in the country. . . . Of such is the magnitude of the depression loss in income through failure to use available resources."

"The Structure of the American Economy", report by the National Resources Committee.

Housing research . . . . .

"I do not believe we will get full recovery in the (housing) industry until we develop a radically new type of low-cost housing, through centralized, impartial, and amply financed research. An organization for this purpose might follow the research set-up of the National Advisory Committee on Aeronautics, with equal representation from Government, industry, and the professions. Such an organization would be able within 18 months to show a reduction in the cost of multifamily dwelling construction of from 25 to 50 percent."

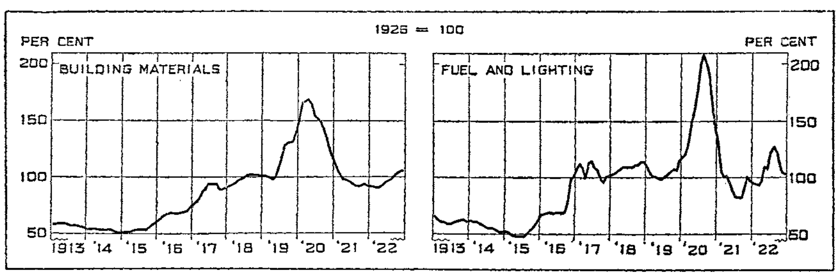
Robert L. Davison, Director of Housing Research, John B. Pierce Foundation. Dun's Review, October 1939.

Factors for lending volume . . . . .

"The factors for today's increasing savings and loan lending volume appear to be (1) competitive interest rates; (2) competitive loan terms; (3) greater contacts with the 'middlemen'; (4) adequate loan construction service; (5) prompt commitments; (6) quick loan closing service; (7) more advertising; and (8) more specifically worded advertising."

Fred T. Greene, President, Federal Home Loan Bank of Indianapolis. Building Loan Journal, August 1939.

Selected wholesale commodity price indexes . . . . .



The U. S. Bureau of Labor Statistics' indexes show that prices of building materials and of fuel and lighting did not begin to rise sharply until the latter half of 1915. From 1919 to 1920 a rapid advance in these prices occurred, followed by an equally sharp decline in 1921.

"Business Conditions", Federal Reserve Bank of Chicago, September 1939.

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YEAR-END REPORTS IN A PUBLIC RELATIONS PROGRAM

The publication of year-end statements of condition is no longer regarded as a routine operation to fulfill legal requirements. Savings and loan managers have learned to use attractive, educational annual reports as a definite part of public relations programs.

■ THE laws of many States, the uniform bylaws of Federal associations, and the regulations of many charters provide that savings and loan associations must prepare annual statements of condition for the information of their members and the general public. In another six weeks, associations throughout the country will be sending copies of these 1939 reports to printers and local newspapers for publication in conformity with these legal requirements. This year, with greater emphasis than ever before, these institutions will be incorporating the publication of these annual statements as a part of their regular public relations activities.

The number of associations which realize and appreciate the genuine opportunity for making a direct educational and informative approach through these reports to all present and prospective investors and borrowers of their institutions is continually increasing. The conviction of this group of associations parallels the opinion of other types of enterprise that the dissemination of complete information on business operations is an inherent part of any program designed to build goodwill.

The general attitude of business management today toward the publication of balance sheet data is a complete reversal of the position which it took during earlier years of American industry. In 1866, the New York Stock Exchange was advised by a well-known company, in response to a request for a financial report, that it "made no reports and published no statements and had not done anything of the kind for the last five years".[1] Recently, the New York Stock Exchange reported that of the now listed active domestic companies, 73 percent issue income statements at *quarterly* intervals or more frequently, 15 percent announce the financial results of their operations semiannually, and only about 12 percent make such reports to their stockholders no more often than annually.

[1] New York Stock Exchange Bulletin, August 1939.

There is scarcely a major corporation at the present time which does not consider its annual statement of condition and report of operations as a definite part of its permanent consumer education program. The larger financial institutions, generally speaking, have made considerable progress along these lines within recent years. The same individual may be a shareholder in a savings and loan association, a depositor in a commercial bank, and a stockholder or employee in a domestic corporation. All of these institutions have an equal opportunity to use this method of keeping the individual customer informed of their progress. Industrial and commercial organizations have not overlooked its advantages, and the increasing enthusiasm of savings and loan executives for intelligible year-end reports is therefore commendable.

The Necessary Approach

Every step in the preparation of these summaries must be made with consideration for one central thought: the finished product must be easily understood by everyone who picks it up.

Primarily these reports were developed through a desire to bring about a better understanding between employee and employer, between stockholder and management. To accomplish this, it is necessary to bear in mind that balance sheets and operating statements in their conventional forms are bewildering to the typical employee or stockholder who has not had the technical background in economic and accounting principles necessary to analyze properly these statistical reports.

Those experienced in producing successful annual reports and statements of condition in revised style say that account and operation titles must be reduced to their most simple implications. Assets, for instance, may be referred to as "what we own", in contrast to the liability or equity side of the balance sheet which may be listed as "what we owe" or "where the money comes from".

The significance of a long column of figures is increased for most people if there is a clear, concise explanation of the meaning of the different accounts. A good example of this technique is found in the statement of the Waltham Federal Savings and Loan Association illustrated on this page. First mortgage loans of $5,691,924.99 takes on added significance through the paragraph which says, "Your association holds first mortgage loans on 1,743 home and other properties in Waltham and its vicinity in the amount shown above. The average loan is $3,200."

Considerable interest may be added to these reports through the use of suitable illustrations. Charts may be used extensively to highlight certain features of the report. Graphic presentation is especially advantageous in showing the progressive trend of an association's operations. A pie chart picturing the proportionate distribution of the asset accounts, a line graph presenting the increase in private share capital, and a pictograph outlining the growth of new members of the association are more easily understood by the typical reader than are figures alone.

The completed report, if written in simple terms and arranged in an attractive, pleasing-to-the-eye typographical form, has made a significant contribution toward the fulfillment of the purpose of these humanized financial statements.

Ways in Which an Association May Use an Understandable Balance Sheet

The examples of understandable balance sheets and of mid-year and year-end reports which accompany this article are only a few of those which have been received by the Public Relations Department of the Federal Home Loan Bank Board. They reveal the extent to which many savings and loan associations have used this technique for improving customer relationships. It is evident from these samples that this type of statement may be used

THESE ARE OUR

ASSETS

FIRST MORTGAGE LOANS	**$5,691,924.99**

Your Association holds first mortgage loans on 1,743 home and other properties in Waltham and its vicinity in the amount shown above. The average loan is $3,200.

LOANS ON SHARES	**50,850.00**

Loans to our savings and investment members which are secured by their own accounts in this institution.

REAL ESTATE OWNED	**439,553.63**

The assessed value of these properties is $558,900. All are renovated and rented, producing a return on the investment . . . While our real estate owned has been selling satisfactorily, there still remain on our list many desirable properties which represent unusually fine values for persons seeking homes for occupancy or for investment. These homes may be acquired with a small down payment and on attractive, long-term financing.

CASH AND SECURITIES	**564,422.07**

We endeavor at all times to maintain an adequate amount of cash on hand together with quickly marketable securities. In addition to the amount shown above, we have at the Federal Home Loan Bank of Boston a liquidity reserve of $2,100,000.00 available at any time for any purpose.

The above total consists of the following:

Cash on hand and in banks	$341,240.92
U. S. Government Bonds	170,981.15
Federal Home Loan Bank Stock	52,200.00

OTHER REAL ESTATE OWNED	**25,000.00**
TAXES AND INSURANCE ADVANCED FOR MORTGAGORS	**4,797.12**
FURNITURE AND FIXTURES	**2,731.65**
OTHER ASSETS	**40,515.31**
TOTAL ASSETS AND RESOURCES	**$6,819,794.77**

THESE ARE OUR

LIABILITIES

SHAREHOLDERS' SAVINGS AND INVESTMENTS	**$6,333,607.55**

This is the amount entrusted to this institution by 4,552 individuals, partnerships and corporations. Each account, as you know, shares in the resources and net profits of the Waltham Federal Savings, and each account is insured up to $5,000 by the Federal Savings & Loan Insurance Corporation.

DIVIDENDS PAYABLE JANUARY 10, 1939	**91,540.18**

This amount is set aside for distribution in cash or for crediting to savers and investors as their semi-annual dividends.

LOANS IN PROCESS	**38,603.44**

This item covers funds allocated, but not actually disbursed, for financing homes and home repairs on uncompleted loans.

MISCELLANEOUS ACCOUNTS	**2,026.16**
ACCRUED TAXES ON REAL ESTATE OWNED	**5,466.08**
TOTAL LIABILITIES	**6,471,243.41**
RESERVES OVER AND ABOVE LIABILITIES	**$348,551.36**

This amount is the margin of safety maintained for the protection of members and their savings against unforeseen contingencies. It classifies as follows:

For Contingencies	$127,514.00
For Federal Insurance	34,250.00
For Real Estate Owned	35,835.00
For Uncollected Interest	3,547.72
For Bonus on Share Accounts	2,000.00
Undivided Profits	145,404.64

TOTAL LIABILITIES AND RESERVES	**$6,819,794.77**

A FINANCIAL STATEMENT

Everyone Can Understand

We Have *(Assets:)*

Mortgage Loans **$1,710,176.51**

Here's where the money is—invested in good, sound loans on 772 pieces of property, appraised at $2,877,000. We are helping high type, carefully selected families own their own homes.

Cash .... **$ 38,528.59**

Most of our money is at work—earning dividends for our shareholders. Add to this an unusual cash reservoir with the Federal Home Loan Bank of over a third of a million dollars, instantly available.

Stock in Federal Home Loan Bank .... **$ 27,900.00**

Miscellaneous Other Assets ...... **$ 28,072.08**

Mainly our office building and furniture.

Repossessed Real Estate .... **None**

We have none, but we list this to repeat that all our money is at work.

TOTAL **$1,804,677.10**

We Owe *(Liabilities:)*

Our Shareholders **$1,308,187.08**

And each shareholder's investment

LIABILITIES

Savings and Investment Share Accounts ..$2,075,729.02
This item represents the payments and credited dividends of the 2,047 shareholders who constitute the Association. Investment shares purchased in units of $100.00 on which dividends are paid semi-annually in cash amount to $1,344,551.24. Savings shares which represent both systematic monthly payments and irregular savings plans amount to $731,177.79.

Federal Home Loan Bank Advance 711,050.50
This Federal mortgage reserve system provides such long or short term credits, in accordance with the provisions of the Federal Home Loan Bank Act, as the business of the Association may require.

Mortgage Loans in Process 150,107.28
The Association has made loans to build, repair, refinance, or buy homes on which these funds have not yet been disbursed.

Miscellaneous Liabilities 14,984.02
This item consists of borrowers' deposits for taxes and insurance in the amount of $12,618.52, accounts payable amounting to $806.16, prepaid interest and principal amounting to $574.40, and reserve for accrued interest $984.54.

Reserves
CONTINGENT RESERVE ....$ 32,500.00
Earnings set aside for contingencies as a further assurance of safety.
FEDERAL INSURANCE RESERVE 10,000.00
Reserve required by Federal Savings and Loan Insurance Corporation in addition to other reserves as further protection to investors.
RESERVE FOR ADVANCE INCOME 5,281.48
Advance income from loans not used for expense, dividends or reserves, except as taken into income over a period of five years.

Total $ 47,781.4

Undivided Profits
UNDISTRIBUTED NET INCOME ....$ 7,009.61
Net earnings of the Association, remaining as free surplus.

DIVIDENDS - POLICIES

In a cooperative mutual association such as ours, the rate of dividends paid depends upon *net earnings*. Earnings, in turn, depend upon these major factors: (1) general business conditions; (2) the volume of home-financing we do; (3) the average rate of return on the home mortgages and government bonds and notes in which the institution's funds (your savings) are invested.

Earnings for the first six months of 1939 have been influenced by several factors. General business activity has been below normal. Although the volume of conservative home-loans secured by your institution has held up remarkably well considering the present real-estate market, there is a definite trend downward in interest rates on these preferred loans, together with further reduction on government securities. This is a condition which, in our opinion, will continue for some time to come.

It is our duty, first and foremost, to safeguard the *safety and availability* of funds which you (and more than 20,000 other members) entrust to our care. We must set aside, before dividends can be declared, a substantial part of earnings as reserve against emergencies and contingencies.

FINANCIAL STA

ASSETS

Mortgage Loans $841,339.56
Secured by deeds of trust on 504 homes in Bakersfield and immediate vicinity. Monthly payments are made on both interest and principal at the rate of $12 or more per $1000.

Loans on Shares 3,595.26
Temporary loans to the association's members secured by their share accounts.

Shares in Federal Home Loan Bank 12,000.0
As a member of the Federal Home Loan Bank system this association owned 120 shares of stock in Federal Home Loan Bank of Los Angeles.

Real Estate Owned .... 552.
One vacant lot.

Furniture and Equipment .... 521.

Cash on Hand and in Banks 44,869
Working capital deposited in local banks.

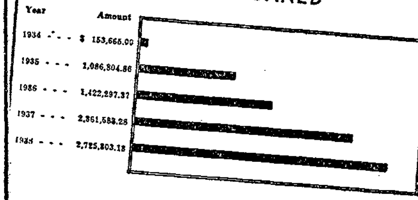
TOTAL RESOURCES $902,88

HOME LOANS MADE IN 1938

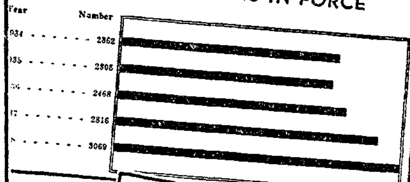
For construction	164	$ 728,145.00
For purchase	294	1,096,962.07
For repairs, refinancing, etc.	238	415,275.52
For other purposes	192	484,920.59
Total Home Loans made in 1938	888	$2,725,303.18
Home Loans in Force	3069	$7,132,673.46

* * *

AMOUNT LOANED



NUMBER OF LOANS IN FORCE



SUMMARY FOR THE YEAR 1938

The following summary of operations for the year 1938 will aid in understanding the condition of the Association. An explanation appears under each item in the statement of assets and liabilities to give additional information, and each item is also expressed as a percentage of the total to show the relationship between each item and the total.

PROFITS: The profits of the Association for the year were $23,737.53 or 4.15% on the average share capital of $572,112.13. These profits were distributed as follows: Depreciation on furniture and fixtures $239.00 or 1.0%, contingent loss fund $3,401.83 or 14.3%, installment stock dividends credited $5,293.31 or 22.3%, and paid-up stock dividends paid $14,803.39 or 62.4%.

DIVIDENDS: Dividends at the rate of three and one-half (3½) per cent per annum were credited on installment shares and paid on paid-up shares during 1938. The dividend on December 31 was the Association's thirty-seventh consecutive semi-annual dividend since organization in 1920. The Association has never omitted a dividend, and its dividend rate has never been less than three (3) per cent per annum. The total dividends distributed during the year amount to $20,096.70 or 84.7% of the profits.

RESERVES: The total reserve accounts amount to $38,774.35 or 6.56% of the share capital of $591,304.33. The reserve accounts represent surplus profits withheld for the payment of losses that may occur, and for other undetermined purposes. The two reserve accounts are contingent loss fund totaling $30,774.35, and undivided profits of $8,000.00. During 1938 the Association added $4,271.75 to its reserve accounts from operating profits and profits from the sale of real estate owned, and withdrew $1,011.30 for depreciation on real estate owned and oth

Sometimes Quality Means More Than Si

WE OWN

FIRST MORTGAGE LOANS ON RESIDENCES, Worth $246,5
(On 118 Chicago and Suburban Properties)

REAL ESTATE CONTRACTS ON RESIDENCES, Balance 7
(These Four Homes Were Sold for $11,325.00)

REAL ESTATE (Four Residential Properties) 1
(These Are Appraised at More Than Our Valuation)

STOCK IN THE FEDERAL HOME LOAN BANK OF CHICAGO ....

OFFICE EQUIPMENT, Worth Much More Than ....

We Paid 1939 Expenses in Advance, in the Amount of ....

The Federal Home Loan Bank Owes Us A Dividend of ....

And AFTER WE PAID OUR USUAL DIVIDEND ON DECEMBER 31, 1938, WE HAD CASH ON HAND AND IN BANKS of ....

MAKING TOTAL ASSETS of ....

OUR SHAREHOLDERS HAVE INVESTED ....

THE FEDERAL HOME LOAN BANK OF CHICAGO H The Sum of ....

OUR CURRENT DEBTS Amount to ....
(This Includes Provision for 1938 Taxes on the Properties W

OUR BORROWING MEMBERS HAVE PAID US ALL T OWE EXCEPT ....

SO WE OWE OUR MEMBERS AND CREDITORS A T(

OUR TOTAL ASSETS EXCEED THIS BY ....
(This Excess Is Our Shareholders' Protection Against Future Losses. It is Large In Proportion to Our Size (10.7% of Total Share Investments) Because We Have Always Operated Economically.)

Comparison of Major Balance Sheet Items

	December 31, 1938	December 31, 1937	Volume of Increase for Year	Percentage Increase
Assets	$5,093,099.56	$3,899,557.59	$1,193,541.97	35
Mortgage Loans	4,426,055.95	3,254,616.17	1,171,439.78	36
Investment by Members	4,459,727.94	3,277,873.67	1,181,854.27	36
Reserves and Undivided Profits	211,136.12	191,809.13	19,326.99	10
Interest Earned During Year	197,518.91	171,754.55	25,764.36	15
Dividend Paid During Year	111,947.65	90,253.36	21,694.29	23
Number of Investors	4,962	3,114	1,848	59
Number of Borrowers	1,002	779	223	28

The REVIEW desires to express its appreciation to the following associations for the use of these reports: First Federal Savings and Loan Association, Davenport, Iowa; Guaranty Savings and Homestead Association, New Orleans, La.; Oklahoma City Federal Savings and Loan Association, Oklahoma City, Okla.; Worcester Co-operative Federal Savings and Loan Association, Worcester, Mass.; Valentine Federal Savings and Loan Association, Cicero, Ill.; Watertown Building and Loan Association, Watertown, Wis.; First Federal Savings and Loan Association of Bakersfield, Bakersfield, Calif.; West Side Federal Savings and Loan Association, New York, N. Y.

with equal effectiveness in newspaper advertisements and the small folding reports prepared by most institutions.

Newspapers.—It is not unusual to find in newspapers on the first of January or July entire pages of statements of condition of every description, printed in the smallest available type. These advertisements accomplish little beyond the exact fulfillment of legal regulations. Their cost is therefore high in proportion to their productiveness. Expediency and sound management echo the thought that "as long as we have to spend this money to satisfy the law, we might better devise some other way of presenting this statistical information which will produce more tangible results".

The publication of an intelligible balance sheet need not require additional space, although the potential productiveness of revitalized forms may justify it. The increased response received by those associations which have tried this newer method has more than compensated for any extra cost.

Printed material.—The prevailing type of small booklet, or folding leaflet, which many associations issue for displaying year-end statements, is easily adapted to this thought. These reports are usually sent to present investors and borrowers and distributed to prospective customers. With this circulation there are innumerable opportunities to employ this material in a selling capacity as well as part of an educational and informative program.

Many associations supplement the statistical information in the report with a review of the year's operations and a general discussion of management policies. They stress the progress made during the fiscal period just ended, and emphasize such factors as the reduction of owned real estate, the increasing volume of new mortgage loans, or the opening of new office quarters in a more favorable location. Often, they touch on the relationship between the operations of the institution and general business conditions, and the influence of these outside factors upon association policies.

Of interest to prospective investors are the safety of funds left with the association, the rate of dividends paid, and the outlook for future returns. Those contemplating the construction of a new home or the purchase of an existing dwelling should be informed of the advantages of an association's loan servicing program and lending policies: interest rates, amortization plans, length of loan terms, and the facilities for adequate advice on construction or purchase of homes.

A summary of the conditions under which an institution operates from day to day may complement the snapshot-like view of its financial condition in a balance sheet. A personal letter from the managing officer accompanying the distribution of these pamphlets can re-emphasize the friendliness and mutuality upon which his institution is based.

The preparation of simple, self-explanatory statements of condition does not involve costly experimentation with untried theories. The results obtainable have been demonstrated by those associations which have put such a program into effect.

The Review hopes to receive copies of statements of this type prepared at the end of 1939 for study and for preparation of further articles on this subject.

Dividend Rates

(*Continued from p. 40*)

if other associations in your community would do the same?", 146 out of 252 members of the Federal Home Loan Bank of Cincinnati replied, "Yes". All of this points to the possibility of cooperative efforts by associations in a community to effect simultaneous uniform reductions in dividend rates.

A second important factor in successful dividend reductions is insurance of accounts. The Federal Home Loan Bank of Indianapolis noted that in this District in most cases an association can attract money at a dividend rate of 3 percent only if at the same time it offers insurance of accounts to the public. Only a very few uninsured associations were able to obtain an increase in private capital on a 3-percent basis.

Third, lower dividend rates permit the building of reserves at a more rapid rate. This was emphasized by the Advisory Committee of the Board of Directors of the Indianapolis Bank. Their study showed that member associations which paid dividends at the rate of 3 percent over the 3-year period 1936–1938 were able to increase their reserves from 3.95 percent to 5.51 percent of net assets. During this same 3-year period, member associations paying 4-percent dividends showed a slight decrease in the ratio of combined reserves to net assets: from 8.43 percent to 8.39 percent. The Committee pointed out the fact that the lower reserve position of the associations paying 3-percent dividends was largely the result of the fact that many of these associations were newly organized in the period 1933–1936, and started without reserves.

CUSTOMER ANALYSIS AS A GUIDE IN ADVERTISING

How an association benefits from a thorough analysis of its present customers, and the advertising media available for contacting its potential investors and borrowers.

■ SAVINGS and loan associations investigate thoroughly every aspect of a loan application before investing their funds in a mortgage loan. Yet, many of these same institutions often spend a considerable amount of money for advertising without exercising a comparable degree of caution to make certain that the expenditures will not be unproductive and wasteful

The Department of Public Relations of the Federal Home Loan Bank Board, which is studying the promotional activities of savings and loan associations, frequently does come across institutions which adhere to the widely accepted principle of "investigate first—then invest". Such was the case with a $3,000,000 association located in one of the Midwestern States.

About a year ago, the management of this institution was considering its 1939 advertising budget. Not entirely satisfied with the results of its promotional efforts during 1938, this association determined to devise a more effective plan for distributing its 1939 appropriations.

The president of this association tells his own story of what they discovered after making a scientific analysis of their present customers and a study of the available means of reaching that portion of the general public from which this association could logically expect to seek additional business:

"In making up our budget for 1939," he says, "we began with a search for facts. In order to ascertain where we were getting our loans and where we were getting our money, we mounted a city map on a celotex board, dividing it into six sections: northern, eastern, southern, western, suburban, and out-of-town accounts. In locating our loan accounts, we inserted a black tack where each house was situated.

"In spotting our savings and investment accounts, we made up a sheet setting up as many columns as we had districts. We then had one of our secretaries check our accounts, allocating all accounts of $500.00 and over to the respective columns. When she had finished and recorded the totals on the map, we had a record that disclosed the neighborhoods that patronized our institution and those that did not.

"We were somewhat surprised at the results. It showed that our best borrowing territory, especially for construction loans, is on the outer rim of the city, while our best territory for money is in the next zone inside of that, made up of an older group of people whose families have been raised and educated, and who are now building up reserves.

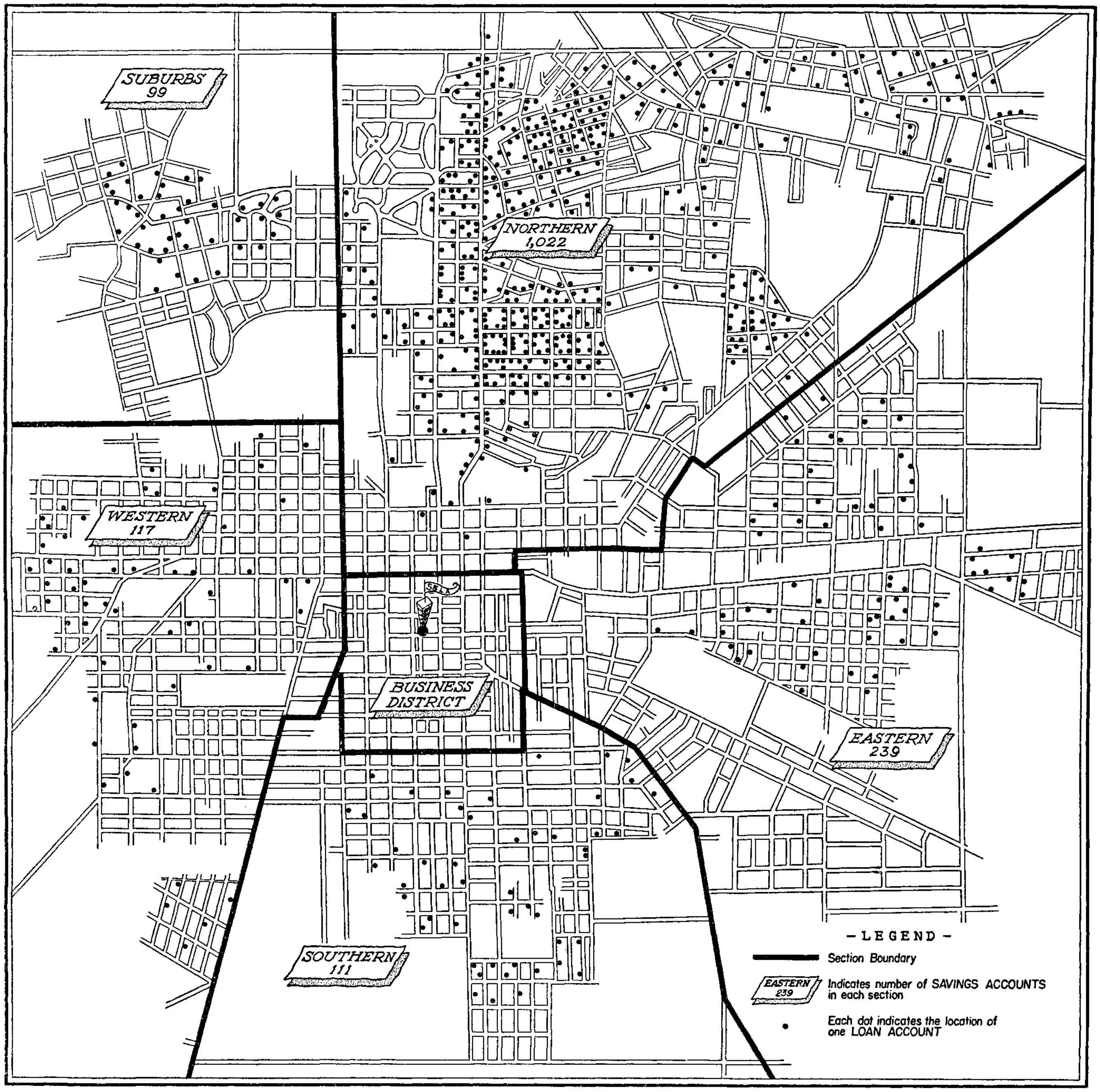
"We had 1,022 savings accounts, or more than half of those in excess of $500.00, in the northern part of the city, where we were formerly located. The remainder of the accounts were distributed as follows: in the western part, 117; eastern, 239; southern, 111; suburban sections, 99; and out-of-town accounts, 332.

"After considering these facts, we made up a budget for 1939. In the neighborhoods from which we got most of our business, we made up mailing lists of home owners and those who had telephones. To these groups, depending upon whether we want mortgages or savings, we are sending postal cards about once a month. The north end of the city and the suburban areas are served by three neighborhood newspapers. These papers are distributed to every home of their respective localities and each has a coverage of approximately 2,000 homes. It is from these areas that we are now getting most of our construction loans.

"Our program is concentrated on certain periods of the year. We are advertising for loans during March, April, and May, that being the peak of the construction period; and for new money from June 1 to July 15, and from November 1 to January 15, the two periods when many people shift their investments."

A Scientific Approach

This association has adopted a scientific approach in solving its advertising problems. It is an accepted



EXPLANATION: To show managers and boards of directors how a customer analysis map might be constructed, the Division of Research and Statistics of the Federal Home Loan Bank Board has prepared this *hypothetical* map drawing upon the experience of the association mentioned in this article. The three steps involved in preparing a map such as this include:

(1) *The determination of the boundaries of the sections of the city.* These are indicated on this map by the heavy black lines. The association headquarters are located in the business district near the center of the community's commercial activity.

(2) *The analysis of the savings and investment accounts.* A work-sheet is prepared with one column for each of the districts outlined on the map. A survey is then made of each account, checking the address of the investor and locating it in the proper section. When this is completed, the totals may be shown in summary form as they are in the rectangular areas above.

(3) *The analysis of the mortgage loan accounts.* For purposes of studying the location of loan accounts in relation to security areas, it is essential that the loan accounts be plotted individually. In this map, each loan is represented by a black dot, and the geographic distribution indicates the heavy concentration of loans in the northern and outlying sections of the city.

fact in modern advertising technique that the present and former customers of any organization furnish the key to potential sources of *new* business. They constitute a representative group of the general public which has already found a need for the products which the business offers. Advertising programs directed to the attention of this proven element of the total population are almost certain to be the most effective and least costly.

By analyzing the accounts of its mortgage loan portfolio and by studying the characteristics of its present investors, this association knew in what geographic areas to concentrate its efforts to develop additional mortgage loan prospects and sources of new private share capital. It might have gone even further and classified these accounts: what percentage belonged to men, to women, children, institutions, or were jointly held? With information as to the sex, age, location, and perhaps even the occupation and income of present and past members of an association over a period of years, it would be possible to construct advertising messages to be aimed directly at, with more than average appeal for, these particular types of individuals.

From the standpoint of dollars and cents, this association found it could more profitably reach a proportionately larger group of its potential prospects by using the small neighborhood newspapers than by taking space in the larger city dailies. There are three daily papers in this city, with a coverage of 94 percent, 44 percent, and 21 percent, respectively, of the homes.

No matter which of these the association chose as an advertising medium, it would pay for space on the basis of the newspaper's total circulation: the larger the circulation, the greater the cost. Yet, probably only a small percentage of that total circulation consists of genuine prospects for savings and loan services, based on the association's study of its present customers.

The space rates of the neighborhood newspapers were materially lower, and furthermore, they were far more certain of reaching the potential customers. In addition to reducing the amount of money spent for newspaper advertising, the association was increasing the efficiency of its promotional program.

The net result of this detailed study is that the association is either obtaining more business for the same amount of money spent, or, it is spending less for the same amount of new business.

Knowing one's market is one of the keys to sales success.

Labor and Material Costs in Small-House Construction

■ IN a series of eight small demonstration houses erected at a total reported cost of $23,000 in a small community near Washington, D. C., $8,000 (35 percent) went for pay roll at the site, and $15,000 (65 percent) was cost of materials, according to the Bureau of Labor Statistics.[1] These figures did not include cost of land, contractor's profit, or certain other items.

The plans for the eight houses were developed by the National Small Homes Demonstration. This is a project sponsored by the National Lumber Manufacturers' Association, the National Retail Lumber Dealers' Association, and a number of building-materials manufacturers and organizations. During 1938 some 2,000 demonstration houses were built in over 1,000 communities for the purposes of encouraging improved design and local economy in building and financing small low-cost homes. It also served to demonstrate new and varied uses of wood. The houses varied in size from two to seven rooms, and kitchen and bath.

Analysis of the reported costs revealed that "in the eight demonstration homes, about $11,000 was spent for carpentry, including about $4,000 for labor and $7,000 for materials. The material and installation costs of kitchen cabinet and sink combinations, of hardware, and of insulation were classed as carpentry as well as the lumber, millwork, and roofing. Of this $7,000, the cost of lumber and millwork accounted for $5,000. Expenditures for masonry and concrete work, for electrical work including stoves and refrigerators, for plumbing, heating, painting, plastering and lathing, each made up more than 5 percent of the total reported cost."

About 11,000 man-hours of labor at the site were reported for the construction of the eight demonstration homes. Carpenters and carpenters' helpers accounted for 4,400 hours; painters, 1,700 hours; and there were 2,400 hours of common labor.

For each man-hour of labor on the site, it is estimated that about 1½ man-hours of off-site labor were required. This is based upon an estimate that the materials orders resulted in 16,000 or 17,000 man-hours off the site, in fabrication, transportation, office and sales, and similar operations.

[1] "Labor and Material Costs in Small-House Construction," prepared under the direction of Herman B. Byer, Chief of the Bureau's Division of Construction and Public Employment, and published in the *Monthly Labor Review*, Vol. 48, No. 5.

THE NONFARM HOME-MORTGAGE DEBT

Final estimates by the Federal Home Loan Bank Board indicate a $220,000,000 increase in the estimated outstanding home-mortgage debt last year. Analysis of home-mortgage holdings of the different classes of lenders during the decade 1929–1938 reveals important shifts in their distribution.

■ PRELIMINARY studies by the Federal Home Loan Bank Board showed that last year for the first time since 1930 there was a substantial increase in the total outstanding volume of funds invested in mortgages on 1- to 4-family nonfarm homes. [1] Since annual changes in outstanding home-mortgage indebtedness have closely paralleled annual changes in net capital formation in residential real estate, this indicated that we added a little to the value of our existing stock of residential buildings. We built new units and brought sub-standard units up to par in sufficient quantities to offset the depreciation of existing dwellings and their loss through demolition, fire, and similar causes.

After exhaustive study of recent surveys of mortgages recorded throughout the country by type of mortgagee, and comparison of these analyses with reported statistics of the mortgage holdings of savings and loan associations, life insurance companies, mutual savings banks, commercial banks, and the Home Owners' Loan Corporation, the Federal Home Loan Bank Board has made public its estimates of the outstanding balance of nonfarm home-mortgage loans held by the different types of lenders on December 31, 1938.

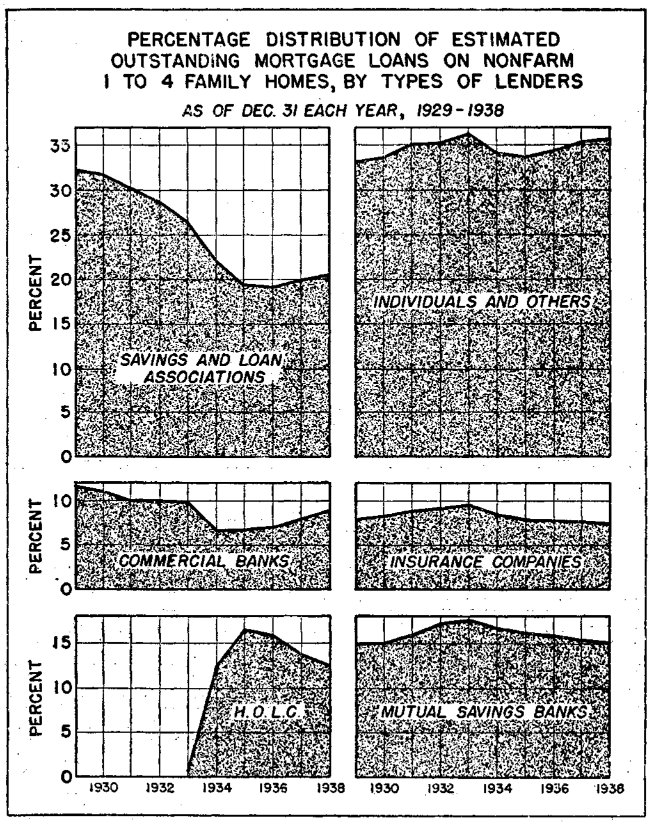
Two facts have enabled the Board to make more accurate estimates of the home-mortgage debt than have been possible up to this time: first, the initiation of a national study of mortgage recordings ($20,000 and under) at the end of 1938 makes currently available for the first time a State and national survey of new mortgages segregated by class of mortgage lender; second, in recent reports for national banks, the Comptroller of the Currency provided a segregation of mortgage holdings that has permitted a check on earlier estimates for commercial banks and a more trustworthy guide to their 1938 activity.

Outstanding Urban Home-Mortgage Debt

The balance of outstanding mortgage loans on nonfarm 1- to 4-family homes on December 31, 1938, was estimated by the Division of Research and Statistics as $17,721,000,000—an increase of $220,000,000 over the previous year-end figure. Table 1 shows in detail the estimated total home-mortgage debt for the decade 1929–1938, analyzed according to type of holder.

The only private lenders to show smaller estimated total balances of home-mortgage loans outstanding at the end of 1938 than on December 31, 1937, were insurance companies and mutual savings banks. In each case, the differences were slight. The Home Owners' Loan Corporation, since the completion of

Chart A



This flow chart shows the trends in the percentages of the total home-mortgage debt held by different classes of lenders during the decade 1929 through 1938. Savings and loan associations and commercial banks held their highest percentages of the total in 1929; insurance companies, mutual savings banks, and "individuals and others" reached peaks in 1933.

[1] "A Safer Home-Mortgage Debt", Federal Home Loan Bank Review, June 1939, p. 262.

its lending operations in 1936, has shown a steadily declining balance of loans held. Changes in the balance of loans outstanding between the year-ends of 1937 and 1938 may be summarized as follows:

[Millions of dollars]

Type of lender	Increase or decrease during 1938
Commercial banks	+$200
Individuals and others	+152
Savings and loan associations	+150
Insurance companies	−23
Mutual savings banks	−30
Home Owners' Loan Corporation	−229

Trends in the percentages of the total home-mortgage debt held by different classes of mortgagees are shown for the 10-year period from 1929 through 1938 in Chart A. During this period, savings and loan associations and commercial banks held their highest percentages of the total in 1929, while insurance companies, mutual savings banks, and "individuals and others" reached peaks in 1933. With the beginning of H. O. L. C. refinancing operations in the latter half of 1933, holdings of all private lenders began to shrink, until at the end of 1935, H. O. L. C. held approximately one-sixth of the total debt.

In 1936, there were indications of a pronounced revival in home financing by private institutions. H. O. L. C. lending came to a close, with the greatest distress in the home real estate market alleviated. Recent trends in the percentages of total home-mortgage debt held by different types of lenders have been: for commercial banks—upward since 1935; individuals and others—upward since 1936; savings and loan associations—upward since 1936; insurance companies—downward since 1931; mutual savings banks—downward since 1933; H. O. L. C.—downward since 1935.

Current Trends

Comparison of the percentage distribution of the estimated home-mortgage debt on December 31, 1938, among the different classes of lenders with the volume of mortgages of $20,000 and less recorded by these same types of lenders during the first eight months of 1939 shows that savings and loan associations are clearly gaining a larger share of outstanding home-mortgage investments. These institutions held 20.5 percent of the home-mortgage debt at the end of 1938, but have made 31 percent of the total volume of mortgages recorded so far this year.

Similar comparisons reveal that commercial banks and their trust departments are increasing their home-mortgage holdings rapidly. "Individuals and others" are also increasing their participation. Insurance companies have made 9 percent of total volume of mortgage recordings in 1939, and held 7.5 percent of the total home-mortgage debt at the end of 1938. Mutual savings banks, which held 15.1 percent of the total, have made only 3.5 percent of the home mortgages recorded so far this year.

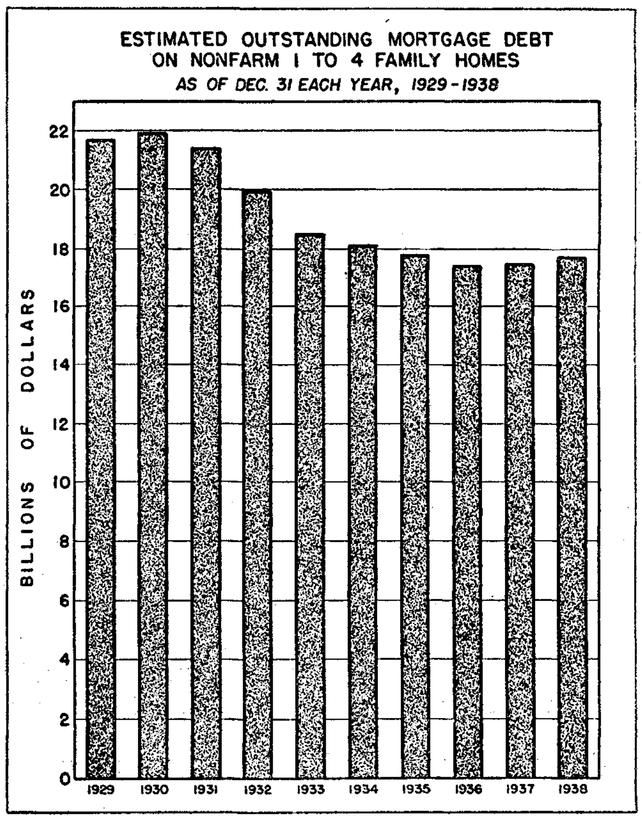
Revisions in Earlier Estimates

As a result of more complete information available for this study just completed, the estimate of total home-mortgage debt for the 1937 year-end has been revised upward to $17,501,000,000.[1] This increase of $193,000,000 has been made in the light of additional data on the 1937 holdings of "individuals and others,"

(Continued on p. 68)

[1] "The Nonfarm Home-Mortgage Debt in the United States: a Review". Federal Home Loan Bank Review, August 1938, p. 388.

Chart B



The estimated outstanding volume of mortgage loans on nonfarm 1- to 4-family homes reached a peak of $21,953,000,000 at the end of 1930. After six successive years of declines, the total stood at $17,462,000,000 at the end of 1936. A slight rise was shown in 1937, but 1938 marked the first year since 1930 that a substantial increase took place.

Table 1.—Estimated outstanding mortgage loans on nonfarm 1- to 4-family homes, by type of lender

[End of year. Amounts are shown in millions of dollars]

Type of lender	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938
Savings and loan associations	$7, 008	$6, 984	$6, 485	$5, 756	$4, 906	$4, 012	$3, 467	$3, 361	$3, 480	$3, 630
Mutual savings banks	3, 225	3, 300	3, 375	3, 375	3, 200	3, 000	2, 850	2, 750	2, 700	2, 670
Commercial banks	2, 500	2, 425	2, 145	1, 995	1, 810	1, 189	1, 189	1, 230	1, 400	1, 600
Insurance companies	1, 731	1, 844	1, 899	1, 835	1, 767	1, 547	1, 415	1, 358	1, 343	1, 320
Home Owners' Loan Corporation					103	2, 209	2, 897	2, 763	2, 398	2, 169
Individuals and others [1]	7, 200	7, 400	7, 500	7, 000	6, 700	6, 200	6, 000	6, 000	6, 180	6, 332
Total	21, 664	21, 953	21, 404	19, 961	18, 486	18, 157	17, 818	17, 462	17, 501	17, 721

[1] Includes trust departments of commercial banks, fiduciaries, real estate and bond companies, title and mortgage companies, philanthropic and educational institutions, fraternal organizations, construction companies, RFC Mortgage Company, etc.

Sources of estimates on outstanding mortgage loans on nonfarm 1- to 4-family homes:

These estimates have been developed by the Division of Research and Statistics of the Federal Home Loan Bank Board from comprehensive analyses of recent surveys of mortgages recorded throughout the country by type of mortgagee, used in conjunction with reported statistics and special studies. Chief sources of basic information are summarized below.

Savings and loan associations: figures based on a compilation of the annual reports of Federal savings and loan associations to the Federal Home Loan Bank Board, and of the annual reports of State-chartered savings and loan associations to their supervisors and to the Federal Home Loan Bank Board.

Insurance companies: estimates developed from study and summary of detailed reports received from a sample group of insurance companies holding more than 85 percent of life insurance company assets. These schedules provide a detailed breakdown of their mortgage loan portfolios.

Mutual savings banks: basic figures are their total mortgage holdings reported by the Comptroller of the Currency. A special investigation by the Division of Research and Statistics made it possible to segregate these mortgage holdings into the farm and nonfarm element and further to separate the nonfarm element into mortgages on homes and other-than-home property. This project covered mutual savings banks in the States of New York and Massachusetts, and involved institutions containing more than 50 percent of all mutual savings bank assets.

Commercial banks: a study conducted at the end of 1934 by the Federal Housing Administration in conjunction with the Comptroller of the Currency, the Federal Reserve Board, and the Federal Deposit Insurance Corporation segregated mortgages on homes from other nonfarm realestate holdings of the reporting commercial banks. The relationships shown then have been applied to total mortgage holdings of the banks for earlier years. In recent reports the Comptroller of the Currency has provided a segregation of mortgage holdings by national banks. Adjustments have been made in the estimated data on the basis of the Comptroller's reports as well as the Federal Housing Administration reports indicating increased mortgage lending by commercial banks.

Home Owners' Loan Corporation: figures reflect the actual balance of mortgage loans held and advances outstanding.

Individuals and others: estimates for recent years developed on the basis of studies of mortgage recordings by type of mortgagee conducted by the Division of Research and Statistics. For earlier years the estimates have been prepared after reviewing many studies, bulletins, and researches of various Government and private agencies. Included in these sources are the Financial Survey of Urban Housing, the refinancing operations of the H. O. L. C. by type of mortgagee, local surveys conducted by the National Association of Real Estate Boards, special surveys of the Federal Home Loan Banks, figures supplied by the New York State Mortgage Commission, sundry reports of the Mortgage Bankers' Association, and hearings of the Sabath Committee investigating real-estate bond holdings committees.

SUMMARY OF RESIDENTIAL CONSTRUCTION AND HOME-FINANCING ACTIVITY

I. Industrial and commercial activity continues to gain during October, but consumer purchasing still lags behind increases in production.

II. Residential construction volume in September when adjusted for normal seasonal variation showed a drop of 24 percent.
- *A. The 39-percent decline in multifamily housing units was a major factor.*
- *B. The number of 1- and 2-family units for which permits were granted decreased only 11 percent.*

III. Rapid rises in building material prices shown by September and early October reports.
- *A. Cost of material for the F. H. L. B. B. standard house increases in September for the first time in two years.*
- *B. Labor rates indicate no significant fluctuations as yet.*

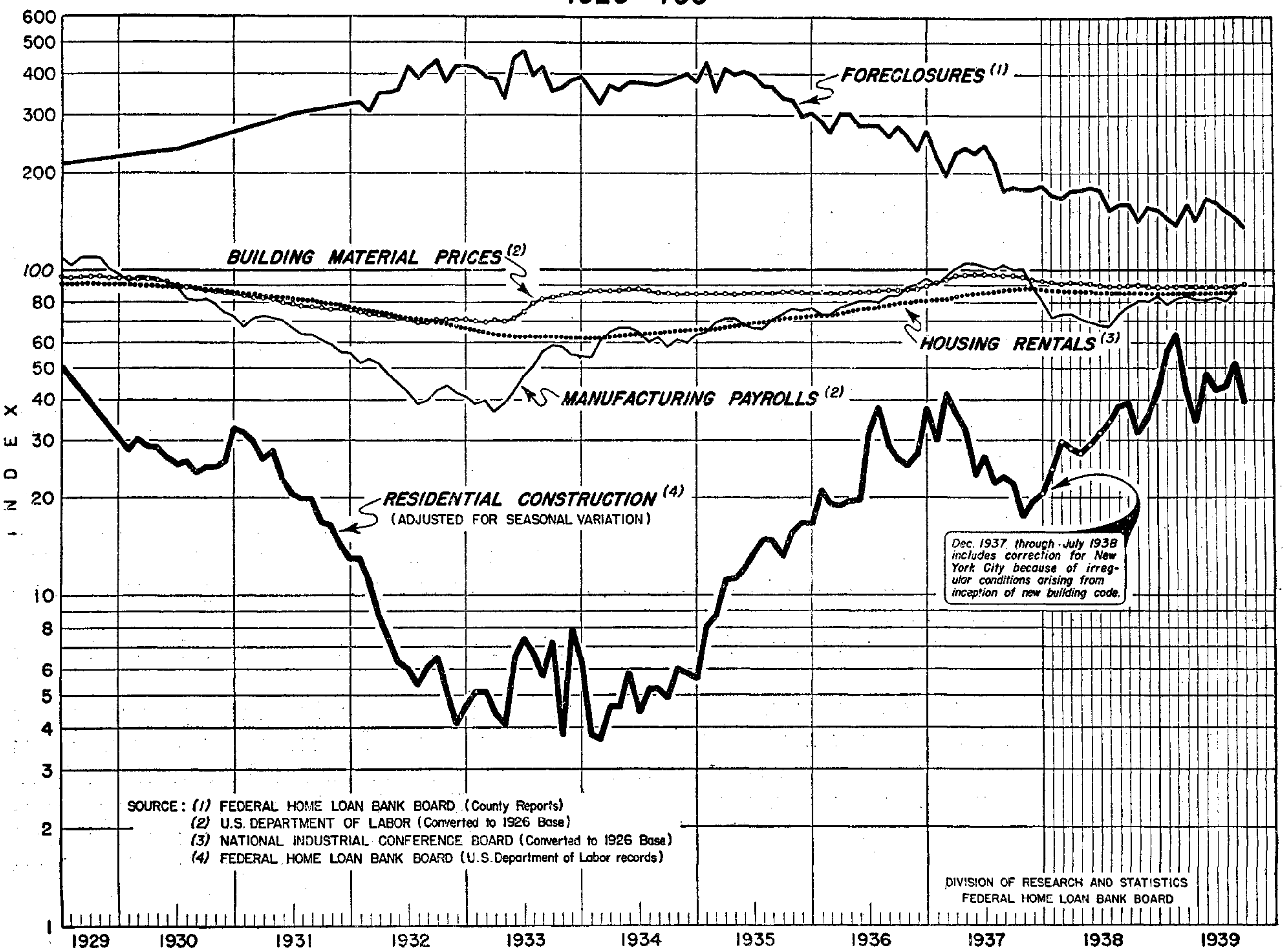
IV. Decline in total volume of nonfarm home-mortgage recordings accompanied the decline in residential construction in September.
- *A. Volume of mortgage recordings in 1939, first quarter: $784,000,000; second quarter: $1,014,000,000; third quarter: $993,000,000.*
- *B. Savings and loan associations' share of total financing volume increased from 29 percent during first quarter of 1939 to 33 percent in third quarter.*

V. New mortgage loans of savings and loan associations totaled $90,000,000 in September, a decline of 6 percent from the record level reached in August.
- *A. Home-purchase loans showed greatest resistance to this decline.*

VI. The index of foreclosures in metropolitan communities set a new post-depression low during September in the face of a normal seasonal increase during the August-September period.

VII. Reports over a 3-month period from a substantial group of insured associations indicate that the demand for mortgage funds exceeds the flow of incoming share investment, resulting in increased F. H. L. B. borrowings.

RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS
1926 = 100



RESIDENTIAL CONSTRUCTION and HOME-FINANCING ACTIVITY

■ GREATER volumes of orders for equipment and supplies, together with an accompanying rising price level, continue to drive industrial and commercial activity to higher levels.

The seasonally adjusted index of residential construction declined 24 percent from August to September. Although building material prices have been rising since mid-August, the greater part of this reduction in the volume of residential building was caused by a slackening of activities of the U. S. Housing Authority, which grants loans and rental subsidies to local governments for use in slum clearance programs.

Abated home-building activity in September was reflected in a decrease in the volume of construction loans of savings and loan associations. While all loan classifications shared in the drop during September, loans for the purchase of existing homes receded much less than the remaining groups.

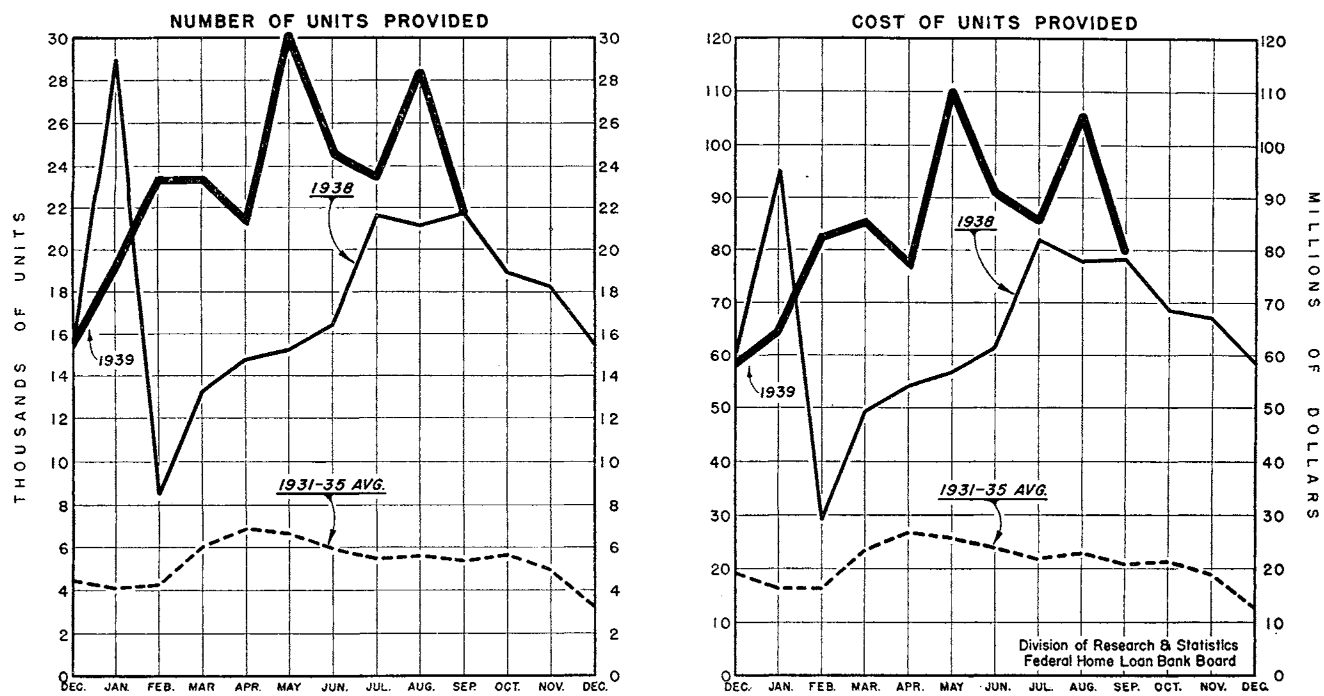
Total mortgage-financing volume of all savings and loan associations declined slightly less in September than did that of other home lenders combined. According to mortgage-recording statistics, savings and loan associations have now increased their relative share of the total mortgage-lending business from 29 percent during the first quarter of 1939 to 33 percent during the quarter ending in September.

General Business Conditions

■ ATTENTION of businessmen, economists, and laymen has been focused more and more on indicators of business activity and prices since early September, due to the effect that violent changes brought about by the European war might have on their respective economic situations. In the residential real estate and home-financing fields there is always the danger that war conditions might lead to general stagnation, that labor and materials might be diverted to other industries, and that the demand for homes except in areas of industrial concentration might slacken.

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)



At the end of September the rate of production at mines and factories was the highest in two years and substantially above the level reached during the November–December peak in 1938. The first three weeks of October were marked by a further expansion of business with volumes well ahead of September. The railway-equipment, machine-tool, and steel industries showed exceptional advances, but these have not been duplicated generally, although lumber and other durable goods industries have received large orders in recent weeks.

Indicators of consumer purchasing do not yet show a rise similar to the advance in production. Consumer purchasing is improving, however, according to the most recent available data. The seasonally adjusted index of income payments, a measure of consumer purchasing power, showed a substantial rise in September. Department store trade, an indicator of the buying of general merchandise by consumers, expanded more than seasonally in September, reaching the highest point since the autumn of 1937.

The sharp rise in wholesale commodity prices following the outbreak of a European war subsided considerably during the first two weeks of October, according to the Bureau of Labor Statistics. The average wholesale price of building materials, however, rose to the highest level reached since the end of 1937 with quotations higher for lumber, gravel, and prepared roofing. The weekly index of average wholesale prices for building materials has not decreased in any week since mid-August. On August 19, this index stood at 89.5 (1926=100); on October 28, the index had increased to 93.0 percent.

Commercial loans by banks began to increase in an irregular fashion in the spring of this year. Since the first of September commercial loans have increased sharply. The Department of Commerce reports that the usual seasonal movement was reinforced by growing demand for working capital as inventories and industrial operations increased. In the four weeks ended September 27, reporting member banks in 101 leading cities added more than $200,000,000 to their business loans.

After the sharp decline in the prices of U. S. Treasury long-term bonds which occurred between mid-August and the end of September, prices moved upward slightly and the average yield on these long-term Government obligations dropped from 2.74 percent on September 30 to 2.51 percent on October 28.

[1926=100]

Type of index	Sept. 1939	Aug. 1939	Percent change	Sept. 1938	Percent change
Residential construction [1]	39.1	51.7	−24.4	39.1	0.0
Foreclosures (metro. cities)	136.0	146.0	−6.8	157.0	−13.4
Rental index (N. I. C. B.)	85.4	85.2	+0.2	85.5	−0.1
Building material prices	90.9	89.6	+1.5	89.5	+1.6
Industrial production [1]	101.9	95.4	+6.8	84.3	+20.9
Manufacturing employment [2]	98.5	94.8	+3.9	90.5	+8.8
Manufacturing pay rolls [2]	89.9	86.2	+4.3	78.3	+14.8
Average wage per employee	91.3	90.9	+0.4	86.5	+5.5

[1] Corrected for normal seasonal variation.
[2] Revised.

Residential Construction

[Tables 1 and 2]

■ WHILE the manufacturing sector of American industry has been stimulated by increased demands, the construction of privately financed residences has remained relatively stationary with a tendency to decline.

Usually there is a slight seasonal increase in the volume of residential construction from August to September, but the adjusted index shows a 24-percent decline during this period. The major part of the decline in total residential construction during September was accounted for by the coincidental slackening of U. S. Housing Authority projects, although privately financed building activity receded slightly. Multifamily construction activity in communities of 10,000 population or over suffered a drop of 4,800 units, or 39 percent, from August, while the number of 1- and 2-family houses decreased only 1,800 units, or 11 percent.

Residential building for the first nine months of 1939 amounted to over 215,000 dwelling units, a rise of 33 percent from the same period of last year. Single-family, 2-family, and multifamily units all shared in this rise, while joint home and business structures, which represent a relatively small proportion of the total, recorded a decline.

Foreclosures

■ THE seasonally adjusted index of foreclosures in metropolitan communities registered a new post-depression low mark during September and carried the index to 136 (1926=100). This was the lowest individual month in more than 10 years, and was fractionally below the average for the year 1927.

The index of September foreclosures stood 7 percent under that for August, and 13 percent below that for September of last year. The August-to-September decline appears even more favorable in the light of the customary 1-percent seasonal increase for this period.

Foreclosure activity in these metropolitan communities during the first three quarters of 1939 was 11 percent under that for the same period of 1938. Of the 81 communities for which comparable data were available, 58 showed declines and 23 showed increases from the first nine months of last year.

Mortgage Recordings

[*Tables 13 and 14*]

■ MORTGAGE-recording activity in September ($317,156,000) decreased 8.2 percent from August, with each type of lender reporting declines in mortgage financing. Although reporting a decrease of almost $8,000,000 from August, savings and loan associations recorded $104,548,000 of mortgages in September, which was the fifth consecutive month in which these institutions have recorded more than $100,000,000 of such mortgages.

More than $2,750,000,000 of nonfarm mortgages of $20,000 or less were recorded by all types of mortgagees during the first nine months of 1939. The volume of recordings in the third quarter ($993,000,000) practically equaled the second quarter activity, and was $200,000,000 greater than recordings in the first three months of the year. Of the 9-month total, savings and loan associations accounted for 31.1 percent; commercial banks and trust companies, 24.3 percent; and individuals, 17.6 percent; with the remaining 27.0 percent coming from insurance companies, savings banks, and miscellaneous lenders including mortgage companies.

The trend of these mortgage recordings points to the increasing importance of savings and loan associations as a source of home-mortgage credit. Quarterly totals of mortgage recordings show a steady gain in the proportion of savings and loan association business. From 29 percent of all recordings of $20,000 or less in the first three months of this year, savings and loan associations expanded their relative share of business to 31 percent of the second quarter's volume, and accounted for 33 percent of such business in the third quarter of the year. Savings banks have increased their share from 3 percent in each of the first two quarters to 4 percent in the July–September period. Insurance companies have contributed 9 percent of the recordings in each quarter; while banks and trust companies, individuals, and other lenders have accounted for decreasing proportions of this business.

Small-House Building Costs

[*Tables 3 and 6*]

■ A GENERAL rise in building material costs has been experienced since the middle of August. According to the U. S. Department of Labor, sharp upturns in the cost of paint and paint materials, as well as lumber, were the dominant influences effecting a rise of nearly 2 percent in the index of the wholesale price of building materials.

Total cost of material used in the construction of a standard 6-room frame house rose in September

Mortgage recordings by type of mortgagee

Type of lender	Percent change from August	Percent of September amount	Cumulative recordings (9 months) (thousands of dollars)	Percent of total recordings	Mortgage recordings by quarters (Millions of dollars)			Mortgage recordings by quarters (Percent of total)		
					First quarter	Second quarter	Third quarter	First quarter	Second quarter	Third quarter
Savings and loan associations	−7.1	33.0	$868,233	31.1	$227	$318	$323	29	31	33
Insurance companies	−8.8	8.9	245,735	8.8	70	87	89	9	9	9
Banks and trust companies	−6.8	23.5	678,346	24.3	201	248	229	26	25	23
Mutual savings banks	−2.7	4.2	99,722	3.6	24	34	41	3	3	4
Individuals	−9.9	16.7	492,583	17.6	149	174	170	19	17	17
Others	−12.3	13.7	406,244	14.6	113	153	141	14	15	14
Total	−8.2	100.0	2,790,863	100.0	784	1,014	993	100	100	100

by one-half of 1 percent—*the first month in which this series has shown an increment in over two years.* Recent rises in wholesale material prices charged to dealers are now beginning to be reflected in the prices actually quoted by the dealer to the buyer.

Both wholesalers' and dealers' building material prices prior to September had been following an extremely even course for over a year. Now prices are showing at least a temporary tendency to rise rapidly. Labor rates in the home-construction industry have held much more closely to 1937 peak levels than have material prices, and do not indicate as yet any significant fluctuations.

Ten of the 25 cities reporting costs for building a standard 6-room frame house in October showed rises of more than $100 from July. Most of these cities were located in the East. Only four cities, all of which were located in the Midwest, reported declines greater than $100 (Table 3, page 60).

Construction costs for the standard house

[Average month of 1936=100]

Element of cost	Sept. 1939	Aug. 1939	Percent change	Sept. 1938	Percent change
Material	102. 9	102. 3	+0. 6	103. 4	−0. 5
Labor	111. 2	111. 2	0. 0	112. 4	−1. 1
Total	105. 7	105. 2	+0. 5	106. 4	−0. 7

New Mortgage-Lending Activity of Savings and Loan Associations

[Tables 4 and 5]

■ SAVINGS and loan associations made new mortgage loans amounting to approximately $90,000,000 during the month of September, a decline of over $5,000,000, or 6 percent, from the record level reached in August; September lending volume, however, was still 25 percent above the same 1938 month.

Home-purchase loans, although showing a 3-percent decrease from August, indicated much stronger resistance to the general contraction in volume than did other loan classes which registered drops ranging from nearly 6 percent to over 10 percent. Favorable comparisons with September 1938 were shown by each of the five major loan classifications (see table); new loans for the construction of homes led this recovery with a 33-percent rise.

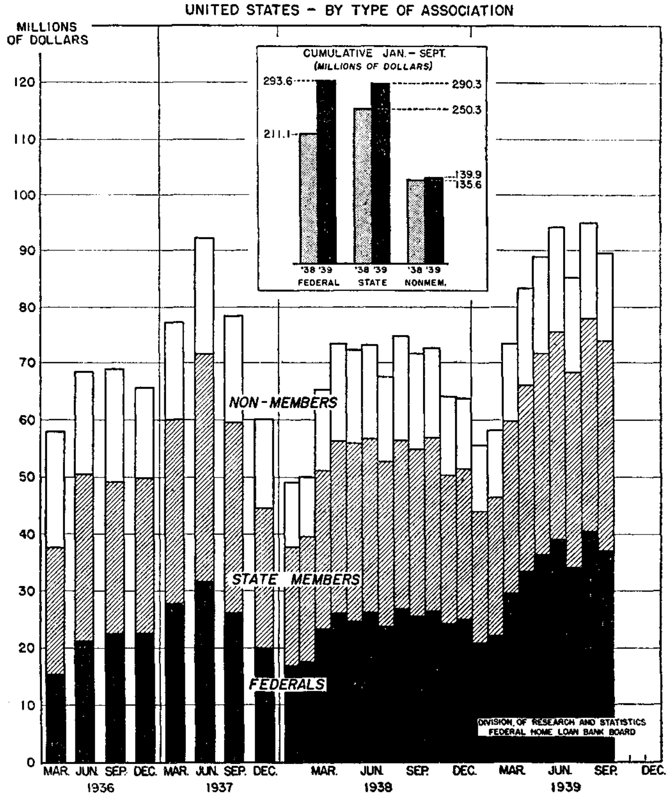
New mortgage loans distributed by purpose

[Amounts are shown in thousands of dollars]

Purpose	Sept. 1939	Aug. 1939	Percent change	Sept. 1938	Percent change
Construction	$27, 854	$29, 863	−6. 7	$21, 018	+32. 5
Home purchase	31, 367	32, 282	−2. 8	25, 698	+22. 1
Refinancing	16, 021	17, 005	−5. 8	12, 416	+29. 0
Reconditioning	5, 544	5, 909	−6. 2	4, 791	+15. 7
Other purposes	8, 946	9, 979	−10. 4	7, 724	+15. 8
Total	89, 732	95, 038	−5. 6	71, 647	+25. 2

While new mortgage loans of Federal savings and loan associations and nonmember institutions each receded more than 8 percent, State-chartered members of the Federal Home Loan Bank System recorded a decline in loan volume of less than 1 percent from August to September. However, September loans of Federals were 45 percent above the same 1938 month, and those of State members rose 26 percent, whereas nonmember loans were down nearly 7 percent.

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



During the first nine months of this year nearly $724,000,000 was loaned on mortgage security by savings and loan associations—$127,000,000 over the total for the same period of last year. Increases during this period were general throughout the country, although nonmembers as a whole did not show greatly accelerated activity.

Federal Savings and Loan System

[*Table 7*]

GROWTH in the number of savings and loan associations operating under Federal charter has been checked considerably during the past year or so primarily because of the strengthening process of mergers and consolidations of existing institutions, and because many of the State-chartered associations eligible to convert and desiring to do so have already become Federals.

Few Federal charters are being issued to new savings and loan associations since it is felt that most urban communities are being adequately serviced by existing home-financing institutions.

Only two more converted associations were operating under Federal charter at the end of September than on August 31, bringing the total number of such institutions to 759; new Federals remained unchanged at 635. On September 30, members of the Federal System had nearly $1,500,000,000 in assets.

Federal associations which reported in August, as well as in September, showed similar trends and relationships to those of insured State-chartered associations (Table 7, page 64); namely, more rapid flow of funds into mortgages than received from new share investments, rising volume of borrowings, and increase in total assets.

Progress in number and assets of Federal savings and loan associations

Type of association	Number		Approximate assets	
	Sept. 30, 1939	Aug. 31, 1939	Sept. 30, 1939	Aug. 31, 1939
New	635	635	$412, 926, 000	$408, 593, 000
Converted	759	757	1, 072, 486, 000	1, 064, 336, 000
Total	1, 394	1, 392	1, 485, 412, 000	1, 472, 929, 000

Federal Home Loan Bank System

[*Table 9*]

SEPTEMBER was the best month, with regard to total lending operations by the Banks, since October 1937 (excluding the sharp semiannual increases in Bank advances which usually take place in June and December). During this month, advances outstanding recovered $4,200,000—nearly one-half of the total decline of the preceding two months. Total advances amounted to $10,100,000 and repayments amounted to $5,900,000, which brought the balance of advances outstanding to $163,700,000 at the end of the month.

Advances made by the Banks for the first nine months of 1939 totaled $60,600,000, which was $3,600,000 greater than advances made for the same period last year; repayments for the period were $28,300,000 greater this year than last. Total advances during September were nearly $2,400,000 greater than the advances for the preceding month and nearly $3,600,000 greater than for September of last year. Repayments received during September were $3,950,000 less than those during August and $494,000 less than for September of the preceding year.

Advances outstanding at the end of September 1939 constituted approximately 86 percent of the average of monthly advances outstanding for the year 1938 ($189,700,000), which is two points higher than last month's percentage.

Eight Banks reported advances greater than repayments for the month, resulting in increases in their advances outstanding, while the four remaining Banks reported reductions in advances outstanding ranging from $25,545 in the Boston District to $482,740 in Cincinnati. The New York Bank had the largest monetary and percentage increase in advances outstanding—$1,235,835, or 7.6 percent. All but two Banks made greater advances during September than during August and all but three of the Banks received less repayments.

A tabulation presenting the percentage of the Banks' current assets to current liabilities on September 30, 1939, reveals that this figure was 444 percent, or the equivalent of four dollars of current assets to one dollar of current liabilities.

The month of September reflected no change in the total membership of the Federal Home Loan Bank System over the preceding month's figure of

(*Continued on p. 67*)

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–September totals		Monthly totals			January–September totals	
	Sept. 1939	Aug. 1939	Sept. 1938	1939	1938	Sept. 1939	Aug. 1939	Sept. 1938	1939	1938
1-family dwellings	13, 252	14, 934	12, 550	121, 789	93, 918	$50, 608. 0	$58, 940. 7	$47, 780. 1	$477, 154. 3	$368, 989. 0
2-family dwellings	932	1, 088	778	8, 656	7, 974	2, 389. 5	2, 828. 3	2, 075. 6	22, 033. 3	20, 851. 8
Joint home and business [2]	87	63	107	601	734	479. 8	268. 2	381. 3	2, 692. 0	2, 571. 7
3- and-more family dwellings	7, 469	12, 257	8, 324	84, 622	59, 266	25, 859. 8	43, 454. 4	28, 332. 1	278, 627. 3	193, 086. 4
Total residential	21, 740	28, 342	21, 759	215, 668	161, 892	79, 337. 1	105, 491. 6	78, 569. 1	780, 497. 9	585, 498. 9

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

[2] Includes 1- and 2-family dwellings with business property attached.

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

[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	
	Sept. 1939	Sept. 1938	Sept. 1939	Sept. 1938	Sept. 1939	Sept. 1938	Sept. 1939	Sept. 1938
United States	21, 740	21, 759	$79, 337. 1	$78, 569. 1	14, 271	13, 435	$53, 477. 3	$40, 479. 8
No. 1—Boston	1, 939	678	7, 190. 5	2, 998. 3	881	627	3, 815. 3	2, 865. 0
Connecticut	248	224	1, 095. 9	944. 1	242	173	1, 071. 9	728. 0
Maine	36	44	126. 2	148. 7	36	44	126. 2	66. 1
Massachusetts	1, 446	285	5, 215. 0	1, 453. 8	397	285	1, 868. 8	1, 546. 9
New Hampshire	73	31	172. 0	89. 1	73	31	172. 0	124. 4
Rhode Island	125	81	535. 6	322. 1	122	81	530. 6	367. 6
Vermont	11	13	45. 8	40. 5	11	13	45. 8	32. 0
No. 2—New York	4, 041	8, 103	16, 314. 6	28, 854. 4	1, 245	1, 443	5, 617. 6	5, 156. 5
New Jersey	862	598	3, 381. 0	2, 286. 7	330	240	1, 562. 3	1, 121. 4
New York	3, 179	7, 505	12, 933. 6	26, 567. 7	915	1, 203	4, 055. 3	4, 035. 1
No. 3—Pittsburgh	858	1, 237	3, 843. 3	4, 677. 1	817	1, 091	3, 770. 1	3, 424. 1
Delaware	8	0	49. 1	0. 0	8	0	49. 1	29. 3
Pennsylvania	726	1, 149	3, 299. 4	4, 356. 4	689	1, 003	3, 241. 2	3, 053. 9
West Virginia	124	88	494. 8	320. 7	120	88	479. 8	340. 9

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

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and State	All residential dwellings				All 1- and 2-family dwellings			
	Number of family dwelling units		Estimated cost		Number of family dwelling units		Estimated cost	
	Sept. 1939	Sept. 1938	Sept. 1939	Sept. 1938	Sept. 1939	Sept. 1938	Sept. 1939	Sept. 1938
No. 4—Winston-Salem	3, 787	1, 954	$11, 790. 3	$6, 382. 7	1, 940	1, 571	$6, 103. 5	$4, 605. 3
Alabama	220	121	357. 7	207. 3	181	113	337. 2	198. 7
District of Columbia	720	346	2, 930. 3	1, 643. 3	243	248	1, 194. 3	1, 108. 2
Florida	630	434	2, 156. 6	1, 432. 5	575	411	1, 945. 6	1, 278. 3
Georgia	640	175	1, 691. 1	478. 5	204	171	389. 1	332. 5
Maryland	533	338	1, 856. 9	1, 083. 7	235	190	733. 6	603. 9
North Carolina	728	246	1, 803. 1	639. 9	256	214	743. 2	454. 2
South Carolina	109	89	249. 8	212. 4	105	85	240. 8	162. 2
Virginia	207	205	744. 8	685. 1	141	139	519. 7	467. 3
No. 5—Cincinnati	1, 207	934	4, 984. 0	4, 099. 8	971	753	4, 181. 8	3, 494. 3
Kentucky	138	99	423. 0	301. 5	127	99	391. 4	372. 3
Ohio	907	640	4, 150. 0	3, 180. 2	690	515	3, 399. 4	2, 863. 9
Tennessee	162	195	411. 0	618. 1	154	139	391. 0	258. 1
No. 6—Indianapolis	1, 494	1, 246	6, 508. 2	5, 647. 1	1, 459	1, 242	6, 413. 6	4, 182. 4
Indiana	368	250	1, 393. 5	939. 2	364	246	1, 388. 3	891. 5
Michigan	1, 126	996	5, 114. 7	4, 707. 9	1, 095	996	5, 025. 3	3, 290. 9
No. 7—Chicago	1, 399	856	6, 226. 4	4, 098. 7	827	574	3, 934. 1	2, 913. 2
Illinois	1, 024	643	4, 656. 0	3, 215. 9	467	369	2, 401. 7	1, 794. 7
Wisconsin	375	213	1, 570. 4	882. 8	360	205	1, 532. 4	1, 118. 5
No. 8—Des Moines	887	752	3, 172. 3	2, 653. 9	815	708	2, 984. 4	2, 030. 8
Iowa	224	199	818. 3	753. 4	224	199	818. 3	497. 3
Minnesota	296	255	1, 205. 0	995. 2	292	242	1, 192. 1	691. 7
Missouri	291	229	911. 2	755. 9	223	198	736. 2	714. 3
North Dakota	39	19	141. 9	61. 8	39	19	141. 9	48. 2
South Dakota	37	50	95. 9	87. 6	37	50	95. 9	79. 3
No. 9—Little Rock	1, 921	1, 748	5, 356. 0	4, 581. 2	1, 722	1, 693	4, 069. 0	2, 788. 7
Arkansas	72	61	167. 0	138. 8	72	57	167. 0	82. 3
Louisiana	230	159	613. 8	462. 5	226	155	605. 6	356. 6
Mississippi	144	111	215. 9	184. 7	141	111	211. 8	128. 2
New Mexico	46	39	137. 5	161. 7	46	39	137. 5	86. 0
Texas	1, 429	1, 378	4, 221. 8	3, 633. 5	1, 237	1, 331	2, 947. 1	2, 135. 6
No. 10—Topeka	577	604	1, 919. 8	1, 806. 4	543	523	1, 847. 5	1, 420. 3
Colorado	158	177	574. 8	528. 1	135	112	526. 0	378. 5
Kansas	107	123	280. 5	332. 6	99	111	264. 5	234. 8
Nebraska	104	62	405. 6	246. 4	101	62	398. 1	185. 8
Oklahoma	208	242	658. 9	699. 3	208	238	658. 9	621. 2
No. 11—Portland	655	581	2, 261. 8	1, 859. 5	623	566	2, 174. 3	1, 317. 4
Idaho	30	18	111. 8	57. 5	30	18	111. 8	66. 5
Montana	59	52	147. 9	121. 7	55	49	137. 4	104. 5
Oregon	138	120	500. 6	486. 9	125	116	464. 6	336. 0
Utah	99	110	341. 4	394. 5	99	110	341. 4	262. 2
Washington	313	250	1, 089. 9	667. 6	298	242	1, 048. 9	497. 5
Wyoming	16	31	70. 2	131. 3	16	31	70. 2	50. 7
No. 12—Los Angeles	2, 975	3, 066	9, 769. 9	10, 910. 0	2, 428	2, 644	8, 566. 1	6, 281. 8
Arizona	31	39	83. 3	153. 2	27	39	71. 3	122. 1
California	2, 928	3, 005	9, 586. 0	10, 628. 9	2, 385	2, 583	8, 394. 2	6, 096. 1
Nevada	16	22	100. 6	127. 9	16	22	100. 6	63. 6

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	1938	1939				1938	1937	1936
	Oct.	Oct.	Oct.	July	Apr.	Jan.	Oct.	Oct.	Oct.
No. 2—New York:									
Atlantic City, N. J	$0. 261	$0. 246	$6, 272	[2]$5, 867	$5, 745	$5, 790	$5, 907	$6, 056	$5, 701
Camden, N. J	. 243	. 232	5, 829	5, 574	5, 676	5, 581	5, 559	5, 884	5, 258
Newark, N. J	. 236	. 231	5, 654	5, 492	5, 536	5, 539	5, 537	--------	5, 117
Buffalo, N. Y	. 261	. 263	6, 255	5, 952	6, 007	6, 115	6, 303	6, 496	5, 706
Utica, N. Y	. 241	. 236	5, 786	5, 706	5, 938	5, 726	5, 660	--------	--------
White Plains, N. Y	. 258	. 260	6, 198	6, 094	6, 165	6, 180	6, 236	6, 381	5, 757
No. 6—Indianapolis:									
Evansville, Ind	. 254	. 239	6, 095	[2] 5, 897	5, 750	5, 854	5, 742	--------	5, 586
Indianapolis, Ind	. 239	. 240	5, 725	5, 956	5, 966	5, 831	5, 765	--------	5, 492
South Bend, Ind	. 244	. 223	5, 848	5, 553	5, 506	5, 424	5, 353	--------	5, 583
Detroit, Mich	. 247	. 257	5, 935	6, 118	6, 118	6, 181	6, 166	6, 221	5, 251
Grand Rapids, Mich	. 236	. 245	5, 672	5, 824	5, 834	5, 900	5, 871	5, 829	5, 189
No. 8—Des Moines:									
Des Moines, Iowa	. 263	. 257	6, 303	6, 287	6, 275	6, 279	6, 164	6, 463	6, 140
Duluth, Minn	. 252	. 258	6, 043	6, 000	5, 995	5, 975	6, 186	6, 279	5, 765
St. Paul, Minn	. 273	. 272	6, 550	6, 548	6, 569	6, 529	6, 532	6, 822	5, 606
Kansas City, Mo	. 248	--------	5, 960	6, 116	5, 959	5, 808	--------	6, 090	5, 300
St. Louis, Mo	. 252	. 250	6, 052	5, 959	6, 053	6, 078	5, 989	6, 437	6, 102
Fargo, N. Dak	. 243	. 243	5, 851	5, 605	5, 655	5, 658	5, 832	5, 975	5, 586
Sioux Falls, S. Dak	. 252	. 268	6, 051	6, 016	6, 210	6, 272	6, 436	6, 344	5, 676
No. 11—Portland:									
Boise, Idaho	. 255	. 250	6, 112	6, 161	6, 161	6, 078	6, 002	6, 159	5, 712
Great Falls, Mont	. 287	--------	6, 887	6, 932	7, 035	6, 996	--------	7, 039	6, 574
Portland, Oreg	. 230	. 227	5, 528	5, 400	5, 366	5, 495	5, 455	6, 032	5, 353
Salt Lake City, Utah	. 250	. 245	5, 998	6, 016	6, 026	5, 880	5, 880	--------	5, 694
Seattle, Wash	. 263	. 261	6, 310	6, 255	6, 304	6, 272	6, 259	6, 532	6, 009
Spokane, Wash	. 262	. 262	6, 282	6, 114	6, 089	6, 001	6, 286	6, 851	6, 175
Casper, Wyo	. 275	. 268	6, 594	6, 522	6, 532	6, 456	6, 430	6, 563	6, 206

[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.

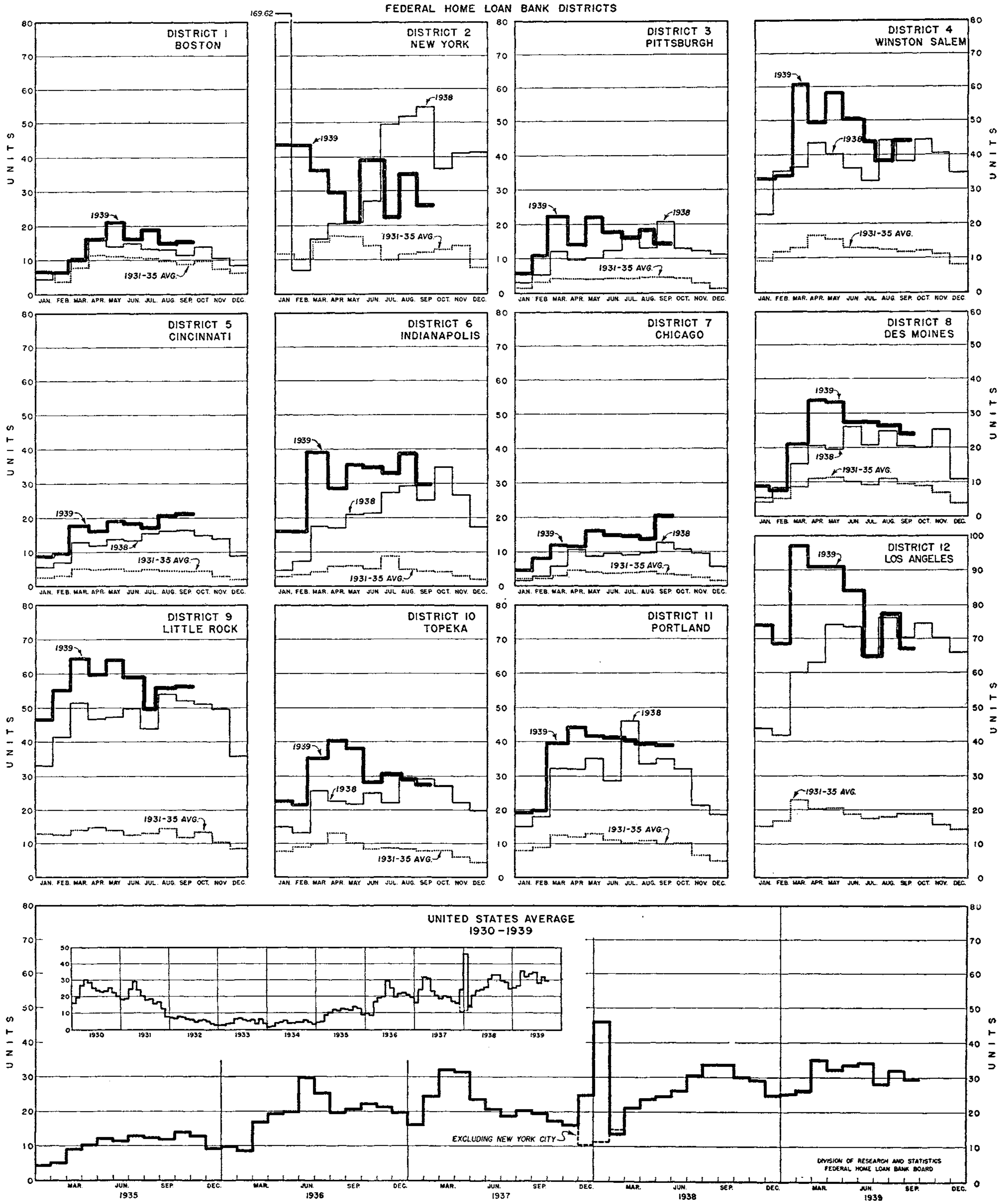


Table 4.—Estimated volume of new lending activity of savings and loan associations, classified by District and type of association

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and type of association		New loans		Percent change, Aug. 1939 to Sept 1939	New loans, Sept. 1938	Percent change, Sept. 1938 to Sept. 1939	Cumulative new loans (nine months)		
		Sept. 1939	Aug. 1939				1939	1938	Percent change
United States:	Total	$89,732	$95,038	−5.6	$71,647	+25.2	$723,898	$597,061	+21.2
	Federal	37,090	40,645	−8.7	25,650	+44.6	293,645	211,126	+39.1
	State member	36,989	37,340	−0.9	29,255	+26.4	290,314	250,305	+16.0
	Nonmember	15,653	17,053	−8.2	16,742	−6.5	139,939	135,630	+3.2
District No. 1:	Total	8,279	9,302	−11.0	7,064	+17.2	64,368	56,280	+14.4
	Federal	2,676	2,905	−7.9	1,829	+46.3	20,052	15,517	+29.2
	State member	4,037	4,858	−16.9	3,544	+13.9	30,406	27,173	+11.9
	Nonmember	1,566	1,539	+1.8	1,691	−7.4	13,910	13,590	+2.4
District No. 2:	Total	8,642	10,026	−13.8	7,248	+19.2	70,579	56,957	+23.9
	Federal	3,639	4,484	−18.8	1,822	+99.7	27,658	15,948	+73.4
	State member	2,353	2,213	+6.3	1,789	+31.5	16,415	14,915	+10.1
	Nonmember	2,650	3,329	−20.4	3,637	−27.1	26,506	26,094	+1.6
District No. 3:	Total	6,938	6,805	+2.0	5,323	+30.3	59,252	46,759	+26.7
	Federal	2,179	2,128	+2.4	1,150	+89.5	15,823	9,489	+66.8
	State member	1,573	1,645	−4.4	1,419	+10.9	15,433	13,677	+12.8
	Nonmember	3,186	3,032	+5.1	2,754	+15.7	27,996	23,593	+18.7
District No. 4:	Total	12,871	12,728	+1.2	9,937	+29.6	98,521	83,224	+18.4
	Federal	5,483	5,730	−4.3	3,823	+43.4	40,604	28,680	+41.6
	State member	5,569	4,988	+11.6	4,224	+31.8	42,286	38,871	+8.8
	Nonmember	1,819	2,010	−9.5	1,890	−3.8	15,631	15,673	−0.3
District No. 5:	Total	14,475	14,691	−1.5	11,253	+28.6	114,177	91,620	+24.6
	Federal	5,577	6,701	−16.8	4,240	+31.5	46,140	35,347	+30.5
	State member	7,197	6,577	+9.4	5,233	+37.5	54,717	41,311	+32.5
	Nonmember	1,701	1,413	+20.4	1,780	−4.4	13,320	14,962	−11.0
District No. 6:	Total	4,850	5,090	−4.7	3,159	+53.5	35,048	25,874	+35.5
	Federal	2,246	2,236	+0.4	1,309	+71.6	16,270	11,931	+36.4
	State member	2,259	2,423	−6.8	1,485	+52.1	16,269	11,844	+37.4
	Nonmember	345	431	−20.0	365	−5.5	2,509	2,099	+19.5
District No. 7:	Total	9,564	10,332	−7.4	6,753	+41.6	73,162	59,258	+23.5
	Federal	3,250	3,533	−8.0	2,206	+47.3	25,026	19,961	+25.4
	State member	4,567	4,298	+6.3	2,633	+73.5	31,946	25,442	+25.6
	Nonmember	1,747	2,501	−30.1	1,914	−8.7	16,190	13,855	+16.9
District No. 8:	Total	5,823	6,521	−10.7	5,046	+15.4	45,140	36,224	+24.6
	Federal	2,742	3,179	−13.7	2,131	+28.7	21,312	14,882	+43.2
	State member	1,890	2,010	−6.0	1,659	+13.9	13,675	11,961	+14.3
	Nonmember	1,191	1,332	−10.6	1,256	−5.2	10,153	9,381	+8.2
District No. 9:	Total	5,005	5,126	−2.4	4,148	+20.7	43,697	36,368	+20.2
	Federal	1,994	1,947	+2.4	1,469	+35.7	17,752	13,896	+27.7
	State member	2,924	3,037	−3.7	2,495	+17.2	24,321	20,718	+17.4
	Nonmember	87	142	−38.7	184	−52.7	1,624	1,754	−7.4
District No. 10:	Total	4,251	4,471	−4.9	3,581	+18.7	35,530	30,480	+16.6
	Federal	2,144	2,129	+0.7	1,572	+36.4	17,536	13,146	+33.4
	State member	1,076	1,238	−13.1	1,113	−3.3	9,277	9,372	−1.0
	Nonmember	1,031	1,104	−6.6	896	+15.1	8,717	7,962	+9.5
District No. 11:	Total	3,265	3,149	+3.7	2,530	+29.1	25,791	21,366	+20.7
	Federal	1,900	1,975	−3.8	1,411	+34.7	15,445	11,722	+31.7
	State member	1,191	1,086	+9.7	933	+27.7	9,024	7,360	+22.6
	Nonmember	174	88	+97.7	186	−6.5	1,322	2,284	−42.1
District No. 12:	Total	5,769	6,797	−15.1	5,605	+2.9	58,633	52,651	+11.4
	Federal	3,260	3,698	−11.8	2,688	+21.3	30,027	20,607	+45.7
	State member	2,353	2,967	−20.7	2,728	−13.7	26,545	27,661	−4.0
	Nonmember	156	132	+18.2	189	−17.5	2,061	4,383	−53.0

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–Sept.	182, 119	255, 731	141, 341	47, 728	69, 605	696, 524	241, 872	295, 547	159, 105
September	20, 003	29, 693	14, 643	5, 790	8, 185	78, 314	26, 189	33, 307	18, 818
1938	220, 458	265, 485	160, 167	58, 623	93, 263	797, 996	286, 899	333, 470	177, 627
January–Sept.	160, 580	198, 777	122, 267	44, 050	71, 387	597, 061	211, 126	250, 305	135, 630
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–Sept.	218, 254	248, 033	135, 744	44, 624	77, 243	723, 898	293, 645	290, 314	139, 939
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
August	29, 863	32, 282	17, 005	5, 909	9, 979	95, 038	40, 645	37, 340	17, 053
September	27, 854	31, 367	16, 021	5, 544	8, 946	89, 732	37, 090	36, 989	15, 653

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: September	96. 2	95. 0	88. 6	99. 0	84. 6	80. 6	114. 9	100. 8
1938: 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
August	89. 6	90. 5	91. 3	91. 8	82. 1	79. 3	107. 3	89. 5
September	90. 9	91. 0	91. 3	93. 7	84. 7	79. 3	107. 3	90. 3
Change:								
Sept. 1939–Aug. 1939	+1. 5%	+0. 6%	0. 0%	+2. 1%	+3. 2%	0. 0%	0. 0%	+0. 9%
Sept. 1939–Sept. 1938	+1. 6%	+0. 1%	+0. 7%	+3. 7%	+5. 3%	+1. 0%	0. 0%	−1. 1%

[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 1,347 identical Federal and 710 identical insured State-chartered savings and loan associations reporting during August and September 1939

[Amounts are shown in thousands of dollars]

Type of operation	1,347 Federals			710 insured State members		
	September	August	Change August to September	September	August	Change August to September
Share liability at end of month:			*Percent*			*Percent*
Private share accounts (number)	1, 319, 906	1, 308, 095	+0. 9	894, 848	893, 766	+0. 1
Paid on private subscriptions	$1, 015, 800. 6	$1, 008, 357. 0	+0. 7	$639, 568. 8	$638, 595. 8	+0. 2
Treasury and H. O. L C. subscriptions	203, 080. 9	203, 055. 9	(1)	[2] 39, 873. 7	[2] 39, 823. 7	+0. 1
Total	1, 218, 881. 5	1, 211, 412. 9	+0. 6	679, 442. 5	678, 419. 5	+0. 2
Private share investments during month	24, 113. 1	29, 602. 6	−18. 5	11, 367. 5	13, 930. 1	−18. 4
Repurchases during month	16, 811. 1	16, 119. 7	+4. 3	11, 122. 6	10, 439. 0	+6. 5
Mortgage loans made during month:						
a. New construction	14, 046. 7	14, 867. 9	−5. 5	5, 018. 7	5, 076. 9	−1. 1
b. Purchase of homes	11, 384. 1	11, 923. 5	−4. 5	5, 374. 9	5, 380. 2	−0. 1
c. Refinancing	6, 349. 7	7, 279. 4	−12. 8	3, 014. 3	3, 275. 8	−8. 0
d. Reconditioning	1, 964. 7	1, 918. 0	+2. 4	931. 1	918. 3	+1. 4
e. Other purposes	2, 453. 3	3, 801. 0	−35. 5	1, 752. 0	1, 539. 4	+13. 8
Total	36, 198. 5	39, 789. 8	−9. 0	16, 091. 0	16, 190. 6	−0. 6
Mortgage loans outstanding end of month	1, 176, 211. 5	1, 156, 579. 0	+1. 7	614, 647. 3	608, 314. 4	+1. 0
Borrowed money as of end of month:						
From Federal Home Loan Banks	85, 346. 4	82, 171. 2	+3. 9	33, 865. 8	33, 550. 5	+0. 9
From other sources	3, 666. 4	3, 266. 8	+12. 2	3, 111. 4	3, 138. 5	−0. 9
Total	89, 012. 8	85, 438. 0	+4. 2	36, 977. 2	36, 689. 0	+0. 8
Total assets, end of month	1, 448, 843. 3	1, 435, 482. 6	+0. 9	847, 658. 2	845, 042. 1	+0. 3

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

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

[Amounts are shown in thousands of dollars]

Type of association	Cumulative number at specified dates						Number of private investors in repurchasable shares [2]	Assets	Private repurchasable capital
	Dec. 31, 1935	Dec. 31, 1936	Dec. 31, 1937	Dec. 31, 1938	Aug. 31, 1939	Sept. 30, 1939	Sept. 30, 1939	Sept. 30, 1939	Sept. 30, 1939
State-chartered associations	136	382	566	737	793	794	956, 000	$915, 635	$684, 341
Converted F. S. and L. A	406	560	672	[3] 723	[4] 749	[5] 751	986, 600	1, 071, 286	789, 044
New F. S. and L. A	572	634	641	637	635	635	364, 600	412, 926	252, 144
Total	1, 114	1, 576	1, 879	2, 097	2, 177	2, 180	2, 307, 200	2, 399, 847	1, 725, 529

[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, 8 Federals with assets of $1,215,000 had been approved for conversion but had not been insured as of Aug. 31.

[5] In addition, 8 Federals with assets of $1,200,000 had been approved for conversion but had not been insured as of Sept. 30.

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

[Thousands of dollars]

Federal Home Loan Bank	September 1939 Advances	September 1939 Repayments	August 1939 Advances	August 1939 Repayments	Advances outstanding at the end of the month
No. 1—Boston	$196	$222	$153	$167	$6, 283
No. 2—New York	1, 851	616	1, 385	2, 192	17, 556
No. 3—Pittsburgh	1, 000	496	354	903	16, 018
No. 4—Winston-Salem	1, 646	663	2, 444	523	16, 056
No. 5—Cincinnati	543	1, 026	454	1, 401	17, 530
No. 6—Indianapolis	296	138	245	642	9, 363
No. 7—Chicago	1, 114	1, 258	320	1, 517	25, 349
No. 8—Des Moines	1, 223	313	751	409	16, 030
No. 9—Little Rock	650	214	354	590	8, 813
No. 10—Topeka	312	370	238	197	10, 441
No. 11—Portland	268	120	315	297	5, 341
No. 12—Los Angeles	1, 053	499	755	1, 047	14, 907
Total	10, 152	5, 935	7, 768	9, 885	163, 687
Jan.–Sept. 1939	60, 625	95, 780			
September 1938	6, 561	6, 429			189, 550
Jan.–Sept. 1938	56, 980	67, 525			
September 1937	9, 330	5, 426			179, 511
Jan.–Sept. 1937	89, 668	55, 558			

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–Sept.1939:				
Applications:				
Number	1, 862	4, 570	967	5, 537
Amount	$50, 401	$199, 188	$62, 257	$261, 445
Investments:				
Number	1, 831	4, 164	734	4, 898
Amount	$49, 300	$174, 660	$45, 081	$219, 741
Repurchases	$9, 621	$5, 815	$2, 627	$8, 442
Net outstanding investments	$39, 679	$168, 845	$42, 454	$211, 299
September 1939:				
Applications:				
Number		1	7	8
Amount		$100	$435	$535
Investments:				
Number		2	2	4
Amount		$25	$100	$125
Repurchases				

[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 Sept. 30, 1939 [1]

Type of operation	June 1, 1934 through Aug. 31, 1939	Sept. 1, 1939 through Sept. 30, 1939	Cumulative through Sept. 30, 1939
Cases received [2]	1, 088, 475	8, 362	1, 096, 837
Contracts awarded:			
Number	699, 352	6, 182	705, 534
Amount	$139, 692, 601	$1, 666, 089	$141, 358, 690
Cases completed:			
Number	692, 499	6, 523	699, 022
Amount	$136, 277, 032	$1, 824, 074	$138, 101, 106

[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
August	2, 857
September	2, 590
Grand total to Sept. 30, 1939	150, 284

[1] Does not include 9,937 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 150,284 completed cases, 819 properties were sold at foreclosure sale to parties other than the H. O. L. C. and 20,516 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 September 1939

Federal Home Loan Bank District and State	(Amounts shown are in thousands of dollars)														Amount per capita (nonfarm)
	Savings & loan associations		Insurance companies		Banks and trust companies		Mutual savings banks		Individuals		Other mortgagees		Total		
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	
United States	41,946	$104,548	5,352	$28,086	23,627	$74,577	3,924	$13,470	29,055	$53,018	14,009	$43,457	117,913	$317,156	$ 3.44
No. 1--Boston	3,511	10,629	229	1,306	1,101	3,983	2,090	6,407	2,166	3,897	1,074	3,150	10,171	29,372	
Connecticut	222	776	48	303	289	1,245	425	1,406	517	1,196	287	1,112	1,788	6,038	3.97
Maine	395	951	25	147	263	515	373	694	387	355	171	270	1,614	2,932	4.68
Massachusetts	2,455	7,603	145	787	302	1,254	922	3,144	998	1,904	520	1,449	5,342	16,141	3.91
New Hampshire	234	622	-----	------	10	45	212	700	103	145	5	26	564	1,538	3.82
Rhode Island	157	592	3	27	67	242	121	411	101	192	58	215	507	1,679	2.50
Vermont	48	85	8	42	170	682	37	52	60	105	33	78	356	1,044	4.23
No. 2--New York	3,414	10,938	349	2,184	2,126	8,570	1,240	5,130	3,603	7,699	1,489	5,433	12,221	39,954	
New Jersey	980	3,267	150	852	1,078	4,453	71	325	1,110	2,903	648	2,229	4,037	14,029	3.59
New York	2,434	7,671	199	1,332	1,048	4,117	1,169	4,805	2,493	4,796	841	3,204	8,184	25,925	2.18
No. 3--Pittsburgh	2,524	6,486	267	1,334	1,881	5,761	170	685	1,600	3,462	885	2,903	7,327	20,631	
Delaware	59	155	32	172	56	269	26	97	105	200	22	116	300	1,009	5.26
Pennsylvania	1,811	4,671	190	995	1,368	4,532	144	588	1,303	2,900	706	2,554	5,522	16,240	1.85
West Virginia	654	1,660	45	167	457	960	------	------	192	362	157	233	1,505	3,382	2.64
No. 4--Winston-Salem	6,456	14,226	1,027	5,330	2,322	6,889	30	120	4,413	7,359	2,077	5,255	16,325	39,179	
Alabama	404	606	73	258	187	388	------	------	350	462	210	516	1,224	2,230	1.71
District of Columbia	460	2,199	55	390	115	737	------	------	231	652	245	953	1,106	4,931	10.14
Florida	666	1,969	224	1,057	352	998	1	3	605	1,148	595	1,582	2,443	6,757	5.68
Georgia	795	1,407	243	1,242	413	1,165	------	------	417	545	118	224	1,986	4,583	3.08
Maryland	931	2,158	28	167	290	1,288	29	117	427	921	132	260	1,837	4,911	3.52
North Carolina	1,736	2,861	91	377	316	721	------	------	576	498	473	1,072	3,192	5,529	3.52
South Carolina	808	1,426	84	578	310	595	------	------	908	1,175	166	311	2,276	4,085	4.97
Virginia	656	1,600	229	1,261	339	997	------	------	899	1,958	138	337	2,261	6,153	4.18
No. 5--Cincinnati	6,515	17,167	698	3,774	3,006	9,023	114	366	1,924	3,152	1,808	5,425	14,065	38,907	
Kentucky	850	1,824	160	593	496	1,260	------	------	248	431	88	261	1,842	4,369	3.04
Ohio	4,941	14,107	364	2,514	2,008	7,141	114	366	1,407	2,475	879	3,309	9,713	29,912	5.31
Tennessee	724	1,236	174	667	502	622	------	------	269	246	841	1,855	2,510	4,626	3.30
No. 6--Indianapolis	3,221	6,418	534	2,543	2,563	7,204	55	100	1,464	2,875	787	3,005	8,624	22,145	
Indiana	2,180	4,022	243	1,112	922	2,395	55	100	399	642	263	712	4,062	8,983	3.70
Michigan	1,041	2,396	291	1,431	1,641	4,809	------	------	1,065	2,233	524	2,293	4,562	13,162	3.24
No. 7--Chicago	2,820	7,566	285	1,471	1,429	4,534	24	63	1,697	3,694	1,010	4,056	7,265	21,384	
Illinois	1,987	5,341	210	1,135	818	2,828	------	------	692	1,681	821	3,463	4,528	14,448	2.18
Wisconsin	833	2,225	75	336	611	1,706	24	63	1,005	2,013	189	593	2,737	6,936	3.37
No. 8--Des Moines	3,155	7,093	529	2,363	1,725	3,457	64	201	2,496	3,818	996	2,352	8,965	19,284	
Iowa	741	1,587	85	339	570	1,152	------	------	480	712	185	474	2,061	4,264	2.86
Minnesota	1,243	3,233	289	1,171	526	1,023	64	201	681	1,151	171	480	2,974	7,259	4.35
Missouri	863	1,682	134	771	469	1,006	------	------	1,146	1,675	604	1,329	3,216	6,463	2.57
North Dakota	147	329	11	53	89	145	------	------	78	107	26	50	351	684	2.41
South Dakota	161	262	10	29	71	131	------	------	111	173	10	19	363	614	2.03
No. 9--Little Rock	3,324	7,826	586	3,113	995	2,910	4	13	2,325	4,281	1,595	4,355	8,829	22,498	
Arkansas	335	655	21	63	140	307	------	------	174	245	95	148	765	1,418	1.93
Louisiana	1,165	3,085	39	238	153	405	------	------	449	864	299	702	2,105	5,294	4.17
Mississippi	228	478	28	120	123	358	------	------	264	461	103	290	746	1,707	2.64
New Mexico	217	304	------	-------	59	133	------	------	313	473	81	56	670	966	3.65
Texas	1,379	3,304	498	2,692	520	1,707	4	13	1,125	2,238	1,017	3,159	4,543	13,113	3.78
No. 10--Topeka	2,575	5,266	208	1,124	692	1,651	5	6	1,586	2,225	788	2,318	5,854	12,590	
Colorado	350	901	19	83	151	431	------	------	636	974	226	653	1,382	3,042	4.04
Kansas	746	1,412	61	289	226	519	------	------	260	340	207	446	1,500	3,006	2.56
Nebraska	646	1,175	67	293	71	148	------	------	244	421	69	227	1,097	2,264	2.86
Oklahoma	833	1,778	61	459	244	553	5	6	446	490	286	992	1,875	4,278	3.12
No. 11--Portland	1,818	3,972	202	722	1,181	3,274	128	379	1,252	1,876	630	1,872	5,211	12,095	
Idaho	108	221	12	75	106	426	------	------	219	283	79	158	524	1,163	4.53
Montana	245	589	39	125	124	467	------	------	164	276	33	47	605	1,504	4.52
Oregon	349	794	40	133	137	327	16	59	298	520	138	463	978	2,296	3.14
Utah	201	525	16	69	205	617	------	------	111	122	58	107	591	1,440	3.67
Washington	837	1,650	91	310	570	1,265	108	319	369	509	290	991	2,265	5,044	4.01
Wyoming	78	193	4	10	39	172	4	1	91	166	32	106	248	648	4.25
No. 12--Los Angeles	2,613	6,961	438	2,822	4,606	17,321	------	------	4,529	8,680	870	3,333	13,056	39,117	
Arizona	52	183	4	42	98	371	------	------	103	148	35	97	292	841	2.50
California	2,524	6,699	430	2,761	4,487	16,891	------	------	4,382	8,456	818	3,189	12,641	37,996	7.51
Nevada	37	79	4	19	21	59	------	------	44	76	17	47	123	280	3.75

[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.

Table 14.—Estimated volume of nonfarm mortgages recorded, by type of mortgagee

[Amounts are shown in thousands of dollars]

Period	Savings and loan associations		Insurance companies		Banks and trust companies		Mutual savings banks		Individuals		Other mortgagees		All mortgagees	
	Total	Per-cent	Total	Per-cent	Total	Per-cent	Total	Per-cent	Total	Per-cent	Total	Per-cent	Combined total	Per-cent
Number:														
1938: December	32, 934	31. 9	5, 491	5. 3	21, 970	21. 2	3, 601	3. 5	25, 927	25. 1	13, 424	13. 0	103, 347	100. 0
1939: January	27, 283	30. 1	4, 866	5. 4	20, 003	22. 1	2, 143	2. 4	24, 974	27. 6	11, 286	12. 4	90, 555	100. 0
February	27, 666	32. 5	3, 688	4. 3	19, 138	22. 5	2, 059	2. 4	22, 903	26. 9	9, 706	11. 4	85, 160	100. 0
March	36, 008	32. 8	5, 547	5. 1	23, 764	21. 6	2, 895	2. 6	28, 729	26. 1	12, 930	11. 8	109, 873	100. 0
April	38, 167	34. 5	5, 240	4. 7	22, 768	20. 6	2, 978	2. 7	28, 441	25. 7	12, 976	11. 8	110, 570	100. 0
May	43, 648	34. 8	6, 009	4. 8	25, 658	20. 4	3, 825	3. 0	30, 904	24. 6	15, 560	12. 4	125, 604	100. 0
June	43, 655	34. 1	6, 335	4. 9	26, 779	20. 9	3, 524	2. 8	30, 710	24. 0	17, 002	13. 3	128, 005	100. 0
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
August	44, 224	35. 3	6, 014	4. 8	24, 750	19. 7	3, 908	3. 1	31, 174	24. 9	15, 339	12. 2	125, 409	100. 0
September	41, 946	35. 6	5, 352	4. 5	23, 627	20. 0	3, 924	3. 3	29, 055	24. 7	14, 009	11. 9	117, 913	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
August	112, 516	32. 6	30, 796	8. 9	80, 049	23. 2	13, 844	4. 0	58, 826	17. 0	49, 549	14. 3	345, 580	100. 0
September	104, 548	33. 0	28, 086	8. 9	74, 577	23. 5	13, 470	4. 2	53, 018	16. 7	43, 457	13. 7	317, 156	100. 0

Bank System

(*Continued from p. 57*)

3,942. Although there were 10 associations admitted to membership and 10 associations withdrawn from membership during the month, the majority of these withdrawals were due to mergers and transfers of stock in a progressive rehabilitation program strengthening the savings and loan industry.

Federal Savings and Loan Insurance Corporation

[*Tables 7 and 8*]

■ REPORTS received from an identical group of insured savings and loan associations indicate that the demand for funds to be used in making new mortgage loans is currently exceeding the flow of new share investments into these institutions. This excess is reflected in increased borrowings from the Federal Home Loan Banks (Table 7, p. 64).

The 2,180 savings and loan associations insured by the Federal Savings and Loan Insurance Corporation as of September 30, 1939, had total assets of $2,400,000,000. Of these insured associations, 1,386 were operating under Federal charter and 794 under State charter. Investors in private repurchasable shares numbered 2,307,200 at the end of September, and held private capital amounting to $1,725,500,000. Of this amount, an estimated total of $1,637,000,000 was covered by insurance.

During the third quarter of 1939, 14 institutions were insured (only about one-fourth the number insured in the second quarter), having assets of $17,476,000. Only two of these associations were Federally chartered institutions. The 14 associations insured during the third quarter of this year compare with 44 insured during the same quarter of 1938 and 69 during the corresponding period of 1937.

The 710 insured State-chartered associations reporting in both August and September indicated a rise of $6,300,000 in the balance of mortgage loans outstanding as compared with slightly over $1,000,000 increase in total repurchasable capital; during

September a net rise of over $300,000 was reported in the Federal Home Loan Bank borrowings of these institutions.

On September 30, 1939, total assets of the Federal Savings and Loan Insurance Corporation were $120,700,000. During the first three months of the 1940 fiscal year, income from insurance premiums and admission fees totaled $627,000: an increase of $78,000 over similar income in the previous fiscal period. Net income during the first quarter of this fiscal year amounted to $1,409,000: an increase of almost $71,000 over net income for the corresponding period in 1939.

Directory of Member, Federal, and Insured Institutions

Added during September-October

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

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

DISTRICT NO. 5

KENTUCKY:
- Madisonville:
  - Madisonville Building & Loan Association, Main Street.

OHIO:
- Cincinnati:
  - Losantiville Building & Saving Company, 603 First National Bank Building.

DISTRICT NO. 6

INDIANA:
- Edinburg:
  - Blue River Building & Loan Association, 117 Main Cross Street.

DISTRICT NO. 8

IOWA:
- Waterloo:
  - Home Building & Loan Association, 529 Commercial Street.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN SEPTEMBER 16 AND OCTOBER 15, 1939

MASSACHUSETTS:
- Boston:
  - Homestead Cooperative Bank, 36 Bromfield Street (voluntary withdrawal).

MISSOURI:
- St. Louis:
  - Midland Building & Loan Association, 801 Chestnut Street (voluntary withdrawal).

NEW JERSEY:
- Hackensack:
  - Citizens Building & Loan Association of Hackensack, N. J., 15 Main Street.[1]
  - Excel Building & Loan Association, 103 Hudson Street.[1]
- North Bergen:
  - Victory Building & Loan Association of North Bergen, 823 Bergen Turnpike (voluntary withdrawal).

PENNSYLVANIA:
- Minersville:
  - Minersville Progressive Building & Loan Association, 240 Sunbury Street (voluntary withdrawal).

WISCONSIN:
- Milwaukee:
  - Pioneer Building & Loan Association, 1727 West Lincoln Avenue (voluntary withdrawal).

[1] The Citizens Building & Loan Association of Hackensack and the Excel Building & Loan Association merged with the United Building & Loan Association of Hackensack, N. J., the name of the resulting association being "Oritani Building & Loan Association of Hackensack, N. J."

II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN SEPTEMBER 16 AND OCTOBER 15, 1939

DISTRICT NO. 3

PENNSYLVANIA:
- Cheltenham:
  - Cheltenham Federal Savings & Loan Association, 503 Central Avenue (converted from Rowland Building & Loan Association).
- Philadelphia:
  - Grand Union Federal Savings & Loan Association, 2105 Seventy-second Avenue (converted from Grand Union Building Association).

DISTRICT NO. 5

KENTUCKY:
- Covington:
  - Star Federal Savings & Loan Association, 258 Pike Street (converted from Star Permanent Building Association of Covington, Kentucky).

CANCELATIONS OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTERS BETWEEN SEPTEMBER 16 AND OCTOBER 15, 1939

OHIO:
- Norwood:
  - Elsmere Federal Savings & Loan Association of Norwood (voluntary dissolution by transfer of assets to the Fidelity Federal Savings & Loan Association, Cincinnati, Ohio).

PENNSYLVANIA:
- Philadelphia:
  - Lansdowne Avenue Federal Savings & Loan Association of Philadelphia (merger with Second Federal Savings & Loan Association of Philadelphia, Philadelphia, Pennsylvania).

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

DISTRICT NO. 2

NEW JERSEY:
- Garfield:
  - Spencer Building & Loan Association, Passaic Street and Spencer Avenue.
- Hackensack:
  - Oritani Building & Loan Association of Hackensack, New Jersey, 200 State Street.
- Newark:
  - Carteret Building & Loan Association of Newark, New Jersey, 866 Broad Street.
- Westfield:
  - Westfield-Home Building & Loan Association, 30 East Broad Street.

DISTRICT NO. 3

PENNSYLVANIA:
- Philadelphia:
  - North Philadelphia Federal Savings & Loan Association, 3014 North Seventh Street.

DISTRICT NO. 8

IOWA:
- Sioux City:
  - Home Building-Loan & Savings Association, 617 Badgerow Building.

DISTRICT NO. 10

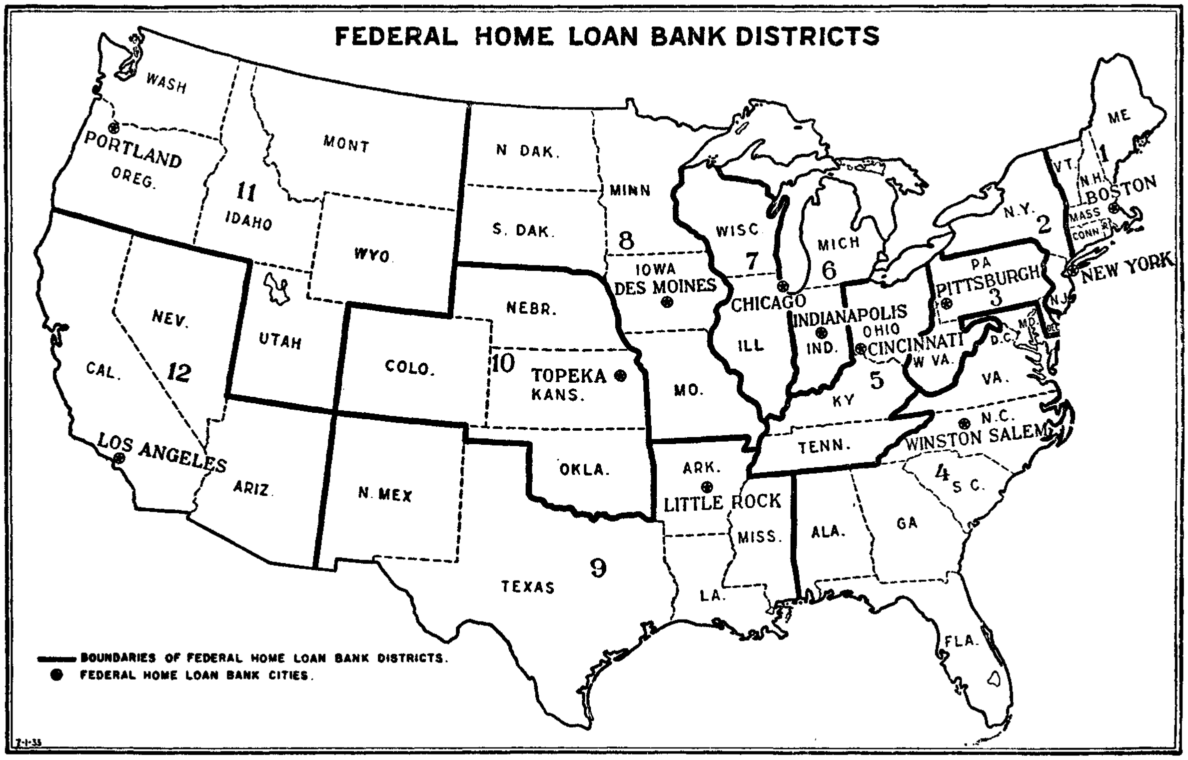
KANSAS:
- Goodland:
  - Goodland Building & Loan Association, 1114 Main Street.

Home-Mortgage Debt

(Continued from p. 50)

including trust departments of commercial banks, and of a slight revision in estimated holdings of insurance companies. Result of the change is to increase estimated holdings of "individuals and others" from $6,000,000,000 to $6,180,000,000, of insurance companies from $1,330,000,000 to $1,343,000,000, and to raise the estimated total debt from $17,308,000,000 to $17,501,000,000. This means that a slight increase ($39,000,000) in the estimated outstanding home-mortgage debt took place during 1937, and that 1938 marked the first year since 1930 that a substantial increase was shown.

U. S. GOVERNMENT PRINTING OFFICE: 1939



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