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

APPROVED BY THE BUREAU OF THE BUDGET.

CONSTRUCTION SUPERVISION IN THE TWIN CITIES

The Central Bureau, established under the Federal Home Building Service Plan, illustrates the flexibility of this program, and the results which may be achieved through the co-operative efforts of financial institutions and architects.

■ A PROGRAM for supervised construction, established through the Federal Home Building Service Plan, in the Twin Cities of Minneapolis and St. Paul has attracted wide attention throughout the country because it holds promise of solving several long-standing problems relating to architectural supervision in the small-house field. It has provided lending institutions with a procedure for handling construction loans with a minimum of time and expense and a maximum of protection for their loan security; it has brought the price of such a service within the moderate means of small-home seekers; it has provided supervising architects with a profitable volume of work; and it has made available the designs of other cooperating architects who were willing to assign the actual construction supervisory duties to experienced technicians.

Officials of the Plan long had recognized that it must be adapted to meet the problems of individual communities and the pattern which was found to be most satisfactory in the Twin Cities was effected through the establishment of a Central Inspection Bureau. This Bureau in the past few months has been responsible for the supervision of more than 200 homes. Some 40 of these 200 homes were built under the regulations of the Federal Home Building Service Plan and have been issued certificates of registration because the designs were approved under the Plan, and because all of its protective features were followed. Although the other home designs did not meet registration requirements, they were supervised throughout construction by the Central Bureau to see that good materials and the proper quality of workmanship were used.

At the present time, one lending institution in the Twin Cities will not make construction loans unless the homes are to be built in accordance with Federal Home Building Service Plan procedures. Other institutions, while urging the services provided under the Plan, insist as a minimum requirement that

home builders accept the Central Bureau's supervision of construction. Thus, standards are being established in this area which should improve all home construction and add to the security of the investments of all home-financing institutions there.

In common with other communities throughout the country, Minneapolis and St. Paul faced a situation wherein a real demand for a quality product existed in the small-house market, yet adequate technical service to assure such a product was lacking. Lenders as a rule did not examine projects submitted for construction loans to determine



In addition to the registration certificate which is presented to the owner by the lending institution upon completion of his home, the chromium-finished metal plaque illustrated above is fastened directly on the house in some readily visible location.

whether they were well-planned and adapted to site and family requirements. Nor did they provide adequate supervision during construction to assure conformance to blueprints and specifications, and to sound construction practice. The need for a technical service within the means of a small-home buyer, which would offer some method of improving the quality of the collateral offered for loans, became increasingly apparent.

More than two years of experience in evolving a workable service for the Twin Cities has demonstrated that such a problem *can* be solved if continuous effort is made to develop a plan *adjusted to local conditions*.

DEVELOPMENT OF THE TWIN CITIES PROGRAM

Early in 1937, the first discussions took place between lending institutions, architects, and local newspapermen as to the most effective method of establishing the Federal Home Building Service Plan in this area. A group of local architects agreed to organize for the purpose of rendering a modified service, but because lenders lacked adequate financing funds at the time, little or no promotion was given the Service.

In the spring of 1938 local conditions changed swiftly; funds began to flow into all types of lending institutions. The resulting keen competition for construction loans still prevented successful introduction of any technical plan unless offered at a nominal cost, because the average owner was reluctant to incur what seemed to him an additional, unnecessary expense. Of course, lenders could have refused to make loans unless the projects were developed under technical supervision, but the severe degree of competition was a deterrent to any such policy. Thus, the problem of securing architectural supervision at a price the prospective owner would pay remained the obstacle in the path of putting the service into operation.

About a year ago, a field representative of the Federal Home Building Service Section interested two members of the original group of architects in the development of a centralized service to meet the requirements of lending institutions, owners, and contractors in the medium and low-priced fields. It was felt that this service would draw a sufficient volume of business to make it possible to reduce costs to a point commensurate with the building budget of the small-home buyer. In addition, an organization of this type offered an opportunity for other local architects to furnish a number of well-

designed, small-house plans particularly adaptable to local conditions. The use of such technically proper designs was another factor in the reduction of supervisory costs.

The establishment of the Central Bureau to perform a modified technical service, with fees based on a sliding scale proportioned to construction costs, was then endorsed by Twin Cities architects. To date the operations of the Bureau have proven satisfactory both from the standpoint of volume and service.

HOW THE CENTRAL BUREAU FUNCTIONS

When a prospective builder makes application to a lending institution for a mortgage loan, and has agreed to the modest fee, the Central Bureau's services begin. Lenders have experienced little difficulty in "selling" Bureau services by stressing the advantages of protection, economy, and increased value resulting from supervised construction and the fact that, if the design used meets the architectural standards of the Federal Home Building Service Plan, the home will be "registered" by the Federal Home Loan Bank Board upon completion.

The plans, specifications, and legal description of the property site upon which the house will be built first must be submitted by the lending institution to the Bureau. Within 48 hours a report in duplicate is returned to the lender covering the following points:

1. *Acceptability of site.* A report is made on the suitability of the design and plan and their adaptability to adjacent property and neighborhood environment; and on the general condition of the site with reference to location of trees, alleys, and other facilities.

2. *Approval of plans.* Plans are appraised as to conformity with proper architectural design, economic planning, and as to structural soundness of footings, walls, and framing.

3. *Choice of materials.* Specifications are checked to determine that materials are suitable for the purpose intended, and consistent with the design and the normal expected life of the house. They are also verified with the plans and for the coverage of items not appearing in the plans. This is important as discrepancies between plans and specifications invariably create misunderstandings between owner, contractor, and lender.

4. *Estimate of total construction costs.* The Bureau also renders an independent appraisal of what the project should cost.

If the project does not measure up to acceptable standards, the Bureau suggests changes in the plans and specifications, or, if the design requires other than minor alterations, recommends plans from the

Federal Home Building Service portfolio. If the lending institution is unable to influence the borrower to use a better plan, and yet wishes to finance the original project, the Bureau will still supervise

Job No. INSPECTION REPORT NO. 5
Final

Job No. INSPECTION REPORT NO. 4
Plastering
Finish (before interior painting)

Job No. INSPECTION REPORT NO. 3
Framing before Lathing

Job No. INSPECTION REPORT NO. 2
Foundations

Job No. INSPECTION REPORT NO. 1
Excavation
Footings

On we inspected the above job and found the soil to be and satisfactory for building.
The excavation is satisfactory.
Footings have been installed in accordance with plans and specifications or required standards.

Remarks: A set of complete contract plans and specifications is to be available the job at all times.

October 4, 1939

██████████ Savings and Loan Association
Minneapolis, Minn.

Gentlemen: Attention: Mr. ██████████
Re: Inspection ██████████ Project # ██████████

This is to advise that we made a special inspection of the above job just prior to the time when insulation was being installed and went over several minor matters of framing, etc. with the foreman on the job, who, incidentally appeared to be a very good carpenter and one who understands his business. In addition to certain framing, which he will take care of, we advised him also to see that the foundation for the front porch is properly anchored into the main wall and also that the corners of the siding should be mitred and painted with lead and oil and that no metal corners should be used.

In general, the work on this job, under the direction of this foreman, is proceeding very satisfactorily.

Yours very truly
CENTRAL BUREAU

CENTRAL BUREAU
Accredited Plan, Technical, and Inspection Service
State Registered Personnel Approved by Federal Home Loan Bank Board
490 No. Snelling and 1593 University Avenue, St. Paul, Minn., Nestor 6800

Reports of the five minimum inspections by the Central Bureau are made on the above forms, and copies are prepared for the lending institution, the contractor or builder, and the owner. Although it is impossible to show the detail of each report, it is apparent from the subjects indicated that every stage of construction is thoroughly supervised. The letter shown is from an actual report of one of the random inspections which the Bureau makes.

the construction to assure conformance to good building practice, but will not approve the house for registration by the Bank Board.

In instances where a prospective borrower has not already chosen a design, the Bureau is prepared to offer an advisory service in the selection of a design suited to his family requirements, the physical facilities of his site, and his income. A complete library of local small-house designs, as well as the collection of the Federal Home Building Service Plan, is maintained at the Bureau offices.

CONSTRUCTION SUPERVISION

When the loan has been granted, the Bureau is notified of the contractor selected, and the project automatically is transferred to the "inspection files". A letter stressing the importance and the advantages of the service is written to the owner by the Bureau; and with this letter five cards of "request for inspection" are enclosed. These five postcards are to be filled out by his builder and returned directly to the Bureau when construction has reached specified stages at which inspections are mandatory. In addition, the Bureau maintains a field inspector who makes examinations *at random and without notification to the builder*.

Reports of all inspections are furnished in writing to the lender with copies to the owner and contractor within 48 hours, unless the findings indicate that some adjustment should be made before construction proceeds further—in which case, a telephone report is made immediately and later confirmed in writing.

RESULTS AND ACCEPTANCE OF THE PROGRAM

From the standpoint of the lending institution, the availability of such fundamental data has considerably revised and improved construction-loan procedures. Now, upon receipt of the Bureau's preliminary report, a lender may confer with the prospective owner on the amount and terms of a loan, knowing that such negotiations are based on the sound and unbiased information he has received through the Bureau. As a result, there has developed a distinct preference for loans on projects which meet Central Bureau standards.

The secretary of one association writes: "If a building will not pass the inspection bureau's O. K. and qualify for a registration certificate, we will not accept the loan. . . ." Another association evaluates the activities of the Bureau by saying: "We feel sure that the inspection service has resulted in

an improvement in the type of buildings constructed, and more pleasing than that is the interest taken by the public in the better construction. . . ."

Still another institution sums up the Bureau's progress in this way: "Several contractors expressed their contempt at the stringent requirements at first, but have now changed their attitude the other way. One contractor has said that it has saved him a great deal of trouble and money by letting the architect settle controversies. One loan applicant stated he would be willing to pay double the cost of our inspection service rather than go without it. . . ."

The ultimate benefits to the home buyer are expressed by one lender who declared: "Their (the Bureau's) plan of operation seems to me to be so sound and practical that no association could afford to dispense with their service. . . . They have not

NOTICE OF REQUEST FOR INSPECTION

(Date) _____

(Contractor or Builder's Name) _____ advises

that construction on premises located at _____

(Street Address) _____ (City) _____

will be ready on _____ (Month) _____ (Day) _____

for inspection of item checked below thus [x].

- Excavation (before walls and footings are installed)
- Foundations (before backfilling)
- Framing and insulation (before plastering)
- Finishing (before painting)
- Final (complete except for minor adjustments)

This is a sample of the "request for inspection" cards which are sent to the owner by the Central Bureau upon notification that the loan has been granted and that construction will begin. The owner then turns the five cards over to his builder whose responsibility it is to notify the Central Bureau when construction reaches the stages indicated on the card.

only saved us a great deal of trouble and expense, but they have been of inestimable value to the mortgagors. . . . In one case the service of the Bureau saved one of our borrowers a minimum of \$1,000."

Through the simplified operations of the Central Bureau, the Federal Home Building Service Plan is fulfilling its original objective — "greater value through supervised construction"—and is proving its value to home owners, lending institutions, architects, contractors, and material dealers.

A detailed report of the operations of the Plan and the Central Bureau in the Twin Cities has been prepared by the Federal Home Building Service Section and will be supplied to interested lending institutions upon written request to the Editor of the REVIEW.

HOW FAMILIES SPEND THEIR INCOMES

How much do families in different income groups spend for housing, home maintenance, and household equipment? For other important consumer items? What is the pattern of savings among families in different income groups? This article presents some pertinent data on these questions.

■ OF the aggregate income received by the Nation's consumers during a 12-month period in 1935-1936, approximately 85 percent was spent for current consumption, 5 percent was used for gifts and direct taxes, and 10 percent was saved. Shelter, including household operation and furnishings, accounted for 27.3 percent of total consumer income, or almost as large a share as food which absorbed 28.5 percent of income. Expenditures for clothing of 8.9 percent, and for automobiles 6.4 percent, were the next largest items.

These are some of the highlights from the second volume in the first effort to study incomes and expenditures of all strata of our communities simultaneously in order to reveal how the consumption pattern of one group in the population differs from that of families in another occupational group or income class.¹ For the first time in American statistical history, we have an extensive and comparable body of information on incomes, spending habits, and savings of the various major groups of consumers.

Savings and loan associations have a primary interest in this study, for when the publication of the Urban Study of Consumer Purchases is finally completed, every home-financing institution should be able to secure a detailed analysis of incomes, expenditures, and the pattern of savings for a community roughly comparable in size and location to its own city. The average spending patterns for the various consumer groups give a picture of the potential market for home ownership, reveal those groups most capable of saving, and spotlight the claims of competing expenditures to housing and of competing media for investment of savings.

¹ *Consumer Expenditures in the United States*, from which these facts and figures are taken, is a publication of the National Resources Planning Board and may be obtained from the Superintendent of Documents, Government Printing Office, Washington, D. C., for 50 cents. The earlier publication, *Consumer Incomes in the United States*, was discussed in the December 1938 FEDERAL HOME LOAN BANK REVIEW, p. 70.

REPORTS FOR INDIVIDUAL COMMUNITIES

This current report deals with the over-all picture of income and expenditure for the country as a whole. Evidence of the variations in spending patterns of families at different income levels, however, will be presented in even greater detail in later publications showing the findings for individual cities.

The communities covered by the study include 51 cities, 140 villages, and 66 farm counties. In all, 30 States are represented in the sample. The accompanying map shows the location of the communities for which reports will be published, setting forth in detail data on family incomes, expenditures, and savings. There are separate volumes on New York and Chicago, and volumes dealing with cities in the following regions: East Central, Northeastern, West Central and Rocky Mountain, Southeastern, and Pacific Northwest. All may be obtained, upon publication, from the Superintendent of Documents.

THE AMERICAN CONSUMER MARKET

The combined incomes of the 39,000,000 families and single individuals who make up the American consumer market amounted to \$59,000,000,000 in 1935-1936. The national picture of the aggregate disbursements of American consumers—their allocation among the major groups of consumption items, gifts, personal taxes, and savings—is shown in the table on page 188. Nearly two-thirds (\$38 billion) of this aggregate consumer income was disbursed for the three principal consumer wants—food, shelter, and clothing. The remaining \$12 billion which was spent for current consumption was divided among nine major categories of expenditure. Of these, however, only the expenses of automobile ownership (\$3.8 billion), covering the purchase of cars as well as of their operation, accounted for more than 5 percent of total income.

Ranking next in importance was medical care, for which \$2.2 billion was paid out, followed by expenditures for recreation and for personal care, totaling a little over \$1.6 billion and \$1 billion, respectively. Expenditures for four minor groups of items—tobacco, transportation other than automobile, reading, and education—ranged in amount from \$1 billion to \$500 million each.

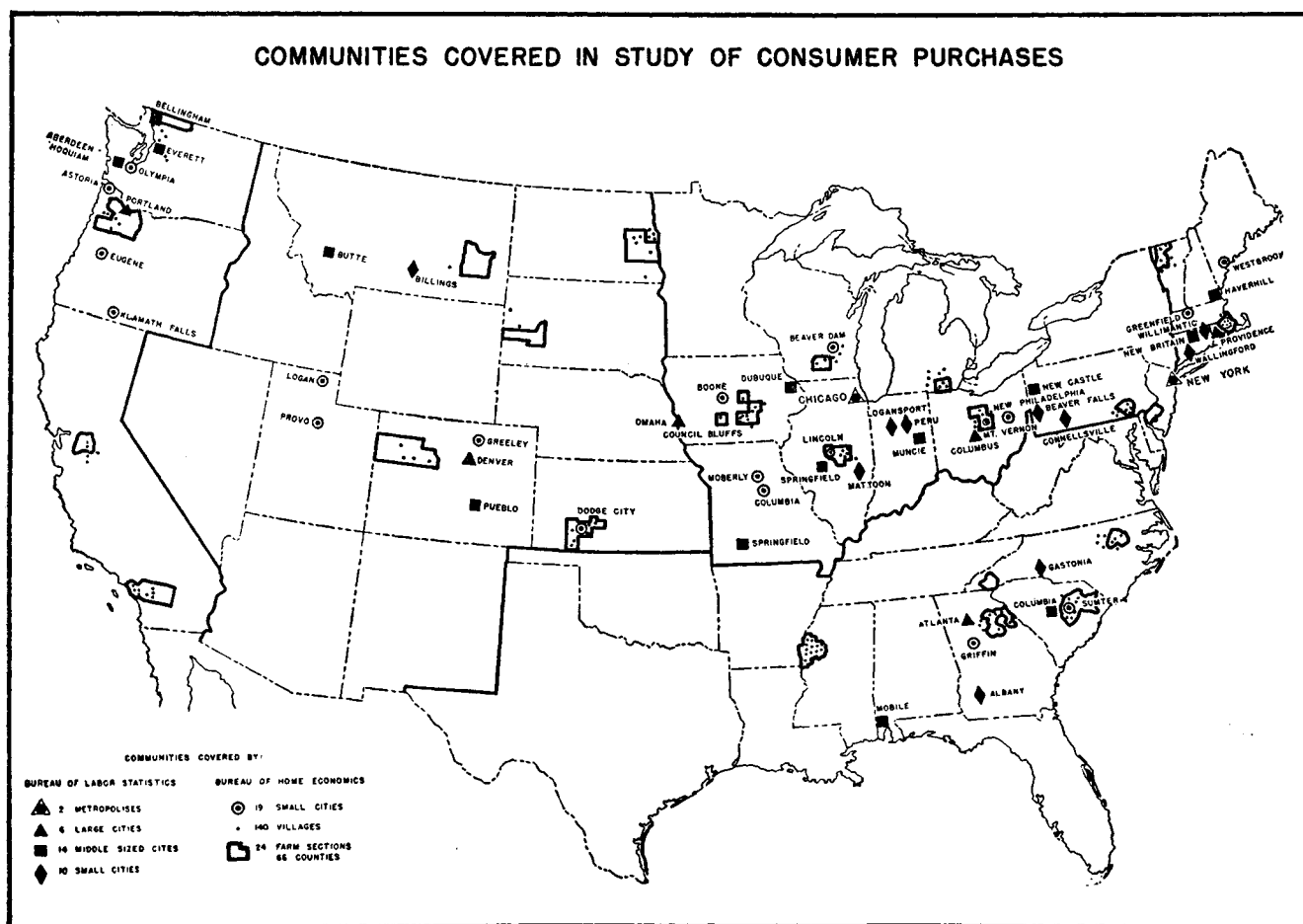
With over \$50 billion expended for all consumption items, the remaining \$9 billion of aggregate income was allocated to gifts, personal taxes, and savings. Transfers of consumer income in the form of gifts to individuals, churches, and other organizations are estimated at more than \$2 billion. Direct personal taxes of less than \$1 billion represent only a small part of the total tax burden of the Nation. Various other taxes levied upon consumers, such as sales

taxes, gasoline taxes, and taxes on automobiles and owned homes, are merged with the expenditures for the particular goods and services to which they apply.

Of prime interest to all thrift institutions is the estimate of total net savings for the year of almost \$6 billion (10 percent of aggregate income). The fact is stressed that the high income classes accumulate most of the consumer savings of the Nation.

VARIATIONS FROM THE AVERAGE SPENDING PATTERN

Although the following table gives an accurate estimate of aggregate disbursements of consumers, the study makes it clear that the ways in which American families use their incomes vary widely at different income levels. Successful market analysis



COMMUNITIES COVERED IN STUDY OF CONSUMER PURCHASES

The Study of Consumer Purchases was conducted during a 12-month period in 1935-1936 in the communities indicated on this map. The U. S. Bureau of Labor Statistics surveyed 32 cities varying in size and representing different sections of the country. This was paralleled by a study of small city, village, and farm families carried on by the Bureau of Home Economics of the U. S. Department of Agriculture. Requests for information as to publication date and cost of surveys dealing with the small cities, villages, and farm counties should be addressed to Dr. Day Monroe, Chief, Economics Division, Bureau of Home Economics, Department of Agriculture, Washington, D. C. For information about the other 32 communities surveyed, requests should be addressed to the Cost of Living Division, Bureau of Labor Statistics, Department of Labor, Washington, D. C.

Aggregate disbursements of American consumers, 1935-1936

[Source: *Consumer Expenditures in the United States*]

[Amounts are shown in millions of dollars]

Category of disbursement	Aggregate disbursements	Percentage of total consumer income
Current consumption:		
Food.....	\$16,865	28.5
Housing (money expense).....	7,125	12.0
(imputed value).....	2,381	4.0
Household operation.....	5,285	8.9
Furnishings.....	1,422	2.4
Clothing.....	5,261	8.9
Automobile.....	3,781	6.4
Other.....	8,094	13.6
All consumption items.....	50,214	84.7
Gifts.....	2,178	3.7
Personal taxes.....	889	1.5
Savings.....	5,978	10.1
Total.....	59,259	100.0

is based upon accurate knowledge of these variations in spending patterns with changes in income level, occupation, or size of family.

The fact is stressed that half the families in the United States received less than \$1,160 income in 1935-1936, and half received more. In other words, the spending pattern of the median (or "typical") family resembled closely the average pattern shown for families in the \$1,000 to \$1,250 income class. Families in this group had average expenditures somewhat in excess of average income. They were using four-fifths of their total incomes for food, shelter, and clothing, and taken as a combined group, were unable to show any savings, recording an average deficit per family of \$122.

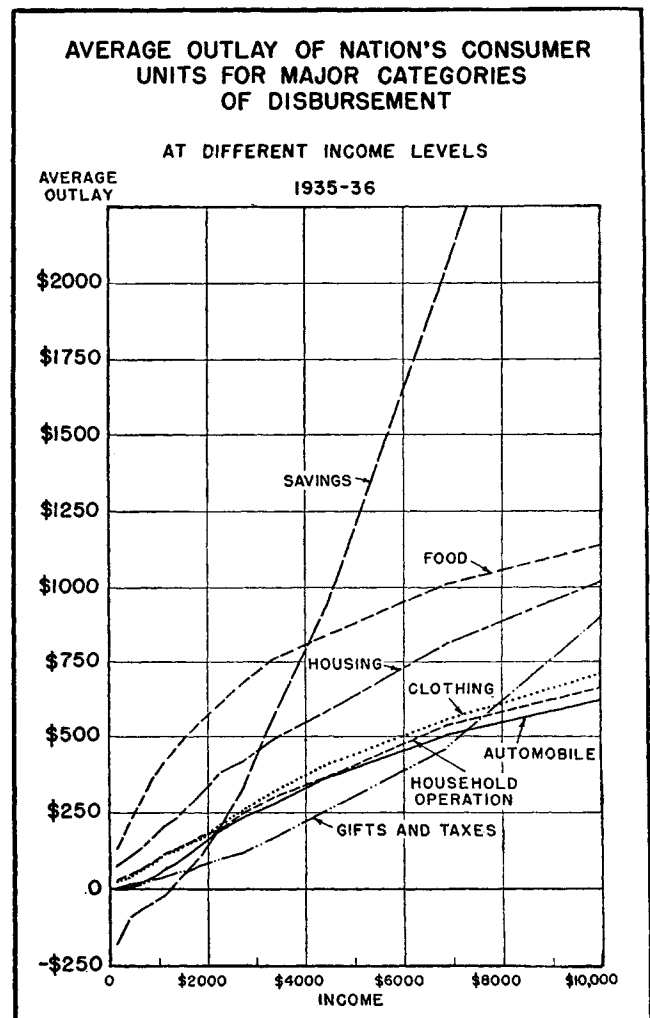
The accompanying chart makes the extent of these variations in spending patterns at different income levels stand out. Although the dollar outlay for every major category increases as income advances, some increase much more rapidly than others.

The savings curve stands out in a striking manner. Starting with average savings of \$25 (a bare 2 percent of income) in the \$1,250 to \$1,500 group of families and single individuals, the proportion saved increases rapidly to nearly 6 percent (\$107) in the \$1,750 to \$2,000 class, and to 16 percent (\$548) in the \$3,000 to \$4,000 group.

This reflects the fact that if we divide the 39,000,000 consumer units in the Nation into 10 equal

groups according to their income status, an excess of expenditures over current income prevails for each tenth up to, and including, the sixth. Net positive savings do not appear except in the highest four-tenths of the consumers. The national picture of savings could be expressed in this way: The groups with incomes over \$1,450 saved a total of \$7.4 billion—nearly one-fifth of the total income of this upper third of the Nation; offsetting these positive savings, however, is the net deficit of \$1.4 billion incurred by the poorer two-thirds of the Nation.

In contrast to the curve for savings, the housing curve approaches more nearly a straight line. There



When we consider the spending patterns of all consumer units at different income levels, we find that the dollar outlay for every major category of disbursement increases as income advances. Some increase more rapidly than others, however, as this chart shows. The savings curve, for example, is much the steepest of all the curves at incomes above \$2,000—that is, it shows the greatest increase in outlay for every additional \$100 of income. On the other hand, for all five of the major categories of current consumption (food, housing, household operation, clothing, and automobiles), the amount of expenditure increases with each increase in income, but the share in each successive income increment steadily diminishes.

is only a slight falling off in the amount of increase in outlay with each addition to income. This is also true of household operation. Housing and household operation combined take 30 percent of income at the \$1,000 to \$1,250 level, 25 percent in the \$2,000 to \$2,500 group, and 24 percent in the \$3,000 to \$4,000 income class.

KNOW YOUR OWN COMMUNITY

Later reports will show the relationship of incomes, spending patterns, and savings in specific communities. Studying "Family Expenditure in Chicago", one of the detailed surveys already released, one finds, for example, that income and occupational status are much more important in determining expenditures for housing than composition of family. Wage earners showed the lowest, and business and professional families the highest, outlays for housing in proportion to income.

The claims of competing expenditures are clearly revealed. Even in a large metropolitan center like Chicago, where, because of better transportation facilities, the ownership of an automobile may not be as necessary as it is in smaller communities, many families of moderate incomes make substantial outlays for the purchase and operation of a car. Ownership of an automobile appears to be chiefly a question of whether the family budget can be stretched to include it. The report states that "the rapid growth within a generation in automobile expenditures to rank among the major categories in the average family budget probably represents a more striking change in spending habits than has ever before occurred in an equal period of time."

Of importance to the savings and loan association is the way in which the consumers in its community save their money. The Chicago study makes it clear that at every income level some families spent more than their current annual incomes, while others saved something during the year. To make up the difference when expenditures were greater than income, the families drew on savings, bought on credit, or borrowed. Most of the families "in the red" for the year reported some surplus items; most of them, for example, paid insurance premiums.

There is evidence of the importance attributed to insurance by urban families in the remarkably constant ratio of insurance premiums paid to money income. The proportion was 5 or 6 percent among all families at every income level from \$500 to \$4,000. At higher incomes, it was somewhat greater.

With successively higher levels of family income, the change from average net deficit to average net surplus is chiefly the result of the growing importance of items increasing assets: principally insurance, bank accounts, and at upper income levels, investments in business, real property, or securities. These items totaled less than \$100 among families with less than \$1,750 income, but more than \$1,000 in the \$5,000-\$7,500 levels.

Increases in bank accounts were relatively unimportant among families with incomes of less than \$1,750, but above \$2,500, such increases were about as important as insurance. Savings habits vary, however, among occupational groups, even at the same income level. For example, insurance was always the chief item in increases in assets, at least to the \$2,500 income level, except among salaried professional families. These families tended to increase bank accounts more than insurance payments at several income levels below \$2,500.

Taking the Chicago survey as an example of the type of material which will be available for many other representative communities, it may be said that the Study of Consumer Purchases closes an important gap in our knowledge of residential financing and thrift. The Financial Survey of Urban Housing and the Real Property Inventories gave more adequate statistics on many aspects of this country's housing than had ever been available. The Study of Consumer Purchases widens the horizons further by providing basic material for reliable market analysis by executives of home-financing institutions, both as to home-ownership and thrift.

Housing Radio Program Begins March 24

"Roof Over America", a radio series dealing with the housing problems of this country, will begin Sunday, March 24, and continue for 13 consecutive Sundays. It is sponsored by the U. S. Office of Education.

"Roof Over America" consists of documentary dramatizations of one-half hour each and is part of an Office of Education radio series entitled "Democracy in Action". It goes on the air at 2 p. m., E. S. T., over the national network of the Columbia Broadcasting System.

SAVINGS AND LOAN COOPERATIVE ADVERTISING—PART 2

Concluding article in a series discussing the extent of savings and loan cooperative advertising and the essentials of organizing a successful campaign.

■ EARLY in the discussion of these articles, the statement was made that the accumulated experience of savings and loan associations with cooperative advertising indicated the productive possibilities of this type of program when operated under favorable external and internal conditions. The question which now must be answered is, "What are these conditions?" In other words, what are the fundamental circumstances under which a savings and loan cooperative advertising campaign appears to be justified?

The best results from joint advertising are obtainable, ordinarily, where the cooperating associations are as homogeneous as possible. Fortunately, by the very nature of the savings and loan business, all member institutions of the Bank System actually have a unanimity of purpose and objectives: the encouragement of thrift and home ownership.

Any differences which may exist between the organizations in a particular community have to do almost entirely with methods of operation and the objective which at the moment is most desirable. Variations in size, location, quality of management, methods of operation, and public relation policies deserve careful consideration. Of primary importance, however, is any marked disparity in the types of services rendered, in either dividend or interest rates, or in the matter of insurance of accounts. Differences in these fundamentals may jeopardize the value of joint activity for those institutions which lack a competitive equality.

Some managers and boards of directors who have given too little consideration to these factors before committing themselves to a cooperative advertising campaign have found out later that while other associations of the group have profited substantially, their own institutions have not benefited in like proportion. Justification for entering into a program of this type, therefore, would seem to depend upon a careful analysis of each individual situation to determine whether the prospective participants do possess a reasonable degree of homogeneity.

A HYPOTHETICAL CAMPAIGN

The success of any cooperative advertising campaign will depend largely upon the procedures followed by those charged with the conduct of the campaign. Let us assume that several associations in a community whose services to the saving, investing, and borrowing public are similar have decided to undertake a cooperative advertising program. They have agreed upon its objectives, and an equitable method of apportioning the expenses, and have also selected a small, representative committee to assume responsibility for managing the campaign. From this hypothetical situation, what steps should this committee take to produce the very highest results with the amount of money at their disposal?

The duties of this committee may be classified under five different headings (see chart): (1) analyzing the savings and loan market; (2) selecting the media to be used; (3) determining the size of appropriation necessary; (4) preparing the advertising material; and (5) checking the results *currently* from the different media selected.

1. ANALYSIS OF THE MARKET

The committee has an obligation to the participating associations to make sure that every dollar spent will bring maximum results with an absolute minimum of waste expenditure. This requires not only good judgment, but also an advance, impartial analysis of the market conditions of their community.

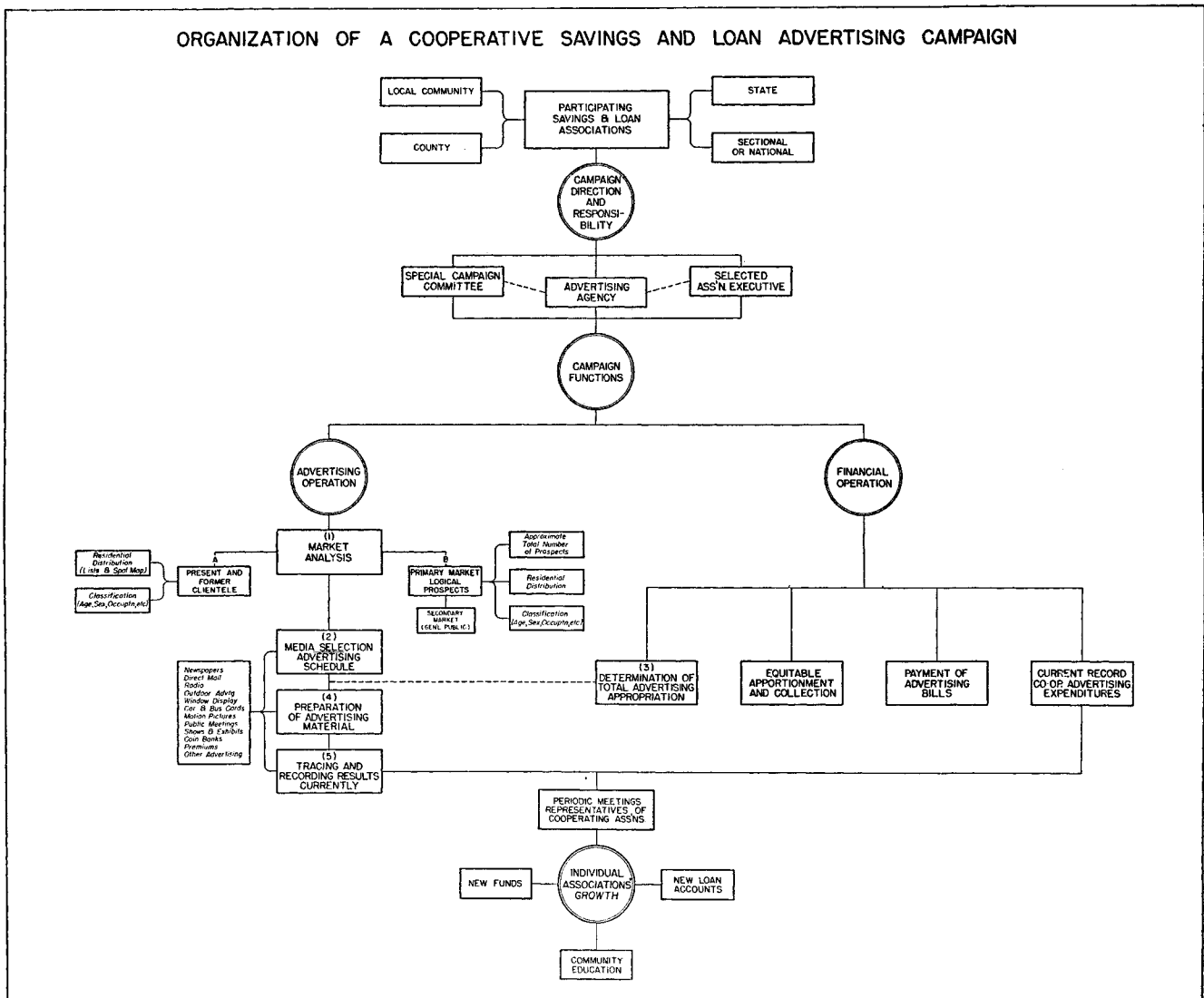
In laying an advertising plan—and this applies equally as well to the advertising campaign of an individual association as to a cooperative program—the first step should be to determine the nature, extent, and location of the logical market for savings and loan services. Experience shows that many advertising campaigns, both of individual associations and those of a cooperative nature, are launched without first having such market information in advance of planning the expenditures. The potential market for savings and loan business in any

locality is not the total general public of that area. It is only a fraction of it. Therefore, a primary function of the committee is to find out approximately how many savings and loan prospects there are, where they live, and as much as possible regarding their characteristics.

The next step is to ascertain the neighborhoods within reach of the participating associations in which the greatest density of prospects occurs. One practical method of obtaining the geographic concentration of these potential customers is to use the present clientele of these institutions as an index. This is based on the assumption that the present shareholders and borrowers represent the particular

types of individuals in the community that are likely to be influenced by savings and loan advertising. It is logical to believe that in the neighborhoods where these persons live there will be more good prospects than will be found in other parts of the community.

It would be desirable to prepare a composite list of the addresses of all present members and then by use of pins on a "spot" map, show the geographical dispersion. Different colored pins can be used to distinguish between investors and borrowers if a differentiation is desired. With this type of information at hand, the committee is now ready to make its selection of media.



This functional chart of a typical savings and loan cooperative advertising campaign was developed by the Public Relations Department of the Federal Home Loan Bank Board. Although of particular application in this instance to cooperative promotional activities, the actual steps in the advertising operations may be applied with equal effect to the campaigns of an individual association.

2. SELECTION OF THE MEDIA

The advantage of being able to make the choice of a medium on a scientific basis—knowing exactly those portions of the community which must be reached—is applicable to all types of advertising. A committee which is aware of its market limitations will not make its selection of a newspaper, for instance, on the basis of *total* circulation, but rather as a result of studying a breakdown of its coverage in the specific areas which must be contacted. If the newspapers cannot furnish such an analysis of their circulation, a postcard or telephone inquiry of a representative sample of the present members of the participating associations will enable the committee to determine first, if the newspaper is the logical medium to use; second, if there are competing newspapers in the community, which paper or combination of papers to select; and third, what proportion of the total business promotion appropriation should be spent for this type of advertising. Information regarding the most popular section of a newspaper is frequently helpful in deciding matters of position, size of space, and the frequency and time of insertion.

If conditions make it appear that direct-mail advertising should be a part of the campaign, then the mailing lists used should consist largely of names of persons enjoying approximately the same economic status as the present patrons and located in the same *or similar* neighborhoods. If outdoor advertising is being used, displays in the neighborhoods where the greatest number of logical prospects live or work should bring better results than central downtown locations of those on main highways leading to outside points. The placement of car and bus cards or other indoor posters should be governed by the same selective principle—to have them displayed on the routes patronized by the greatest number of logical prospects rather than simply on the routes most heavily traveled by the general public.

In using radio, both the choice of program and the air time should be made with these facts in mind. There have been instances where both individual associations and cooperating groups have included radio in their advertising plans, but owing to lack of knowledge as to the size, location, and characteristics of their potential market and their inability to spend sufficient money for suitable time and program, they have found that the traceable results were not in proportion to the cost.

3. THE ADVERTISING APPROPRIATION

Having first determined the magnitude and dispersion of the market for savings and loan services, and then having selected the medium or media needed to reach the maximum number of logical prospects at the lowest cost, the committee is now ready to decide upon an intelligent advertising budget for the campaign and present it to the participating associations. If in the judgment of the cooperating institutions the plan is feasible, funds should be made available in accordance with the predetermined method for apportioning the expenses. An additional 10-percent contingent fund has often been suggested as sufficient to cover unforeseen circumstances. The use of this extra money may be left wholly to the discretion of the campaign managers, or it may require the approval of the contributing associations.

4. PREPARATION OF THE ADVERTISING MATERIAL

With the provision of sufficient financial resources, the next matters to be considered are the form and content of the advertising messages which serve as the initial point of contact between the associations and their prospective members, and are therefore of great importance.

Of these, the *form* of the advertisement is perhaps the more significant, because in newspapers, for example, unless dominating space can be used, each advertisement is in direct competition for reader attention with every other advertisement and with the news and editorial matter on the same and facing pages. Unless the visibility of an advertisement is such that it captures and holds the attention of the majority of readers, there cannot be an adequate return for the time, effort, and money spent regardless of how convincing or original the content may be. It is essential, therefore, that those in charge of a campaign make certain that every advertising message is given strong, clear-cut physical form and individuality through proper layout and typography. Again, this principle may be applied to direct-mail material, and to all forms of outdoor and indoor display; in radio, where visibility is lacking, the same quality is achieved through the choice of program and broadcasting technique.

The *content* of the advertisements will be determined by two factors: the objectives of the campaign and the types of persons comprising the logical market. The objectives, if clearly defined at the

(Continued on p. 210)

THE MORNING AFTER: "American cities have been on a 100-year 'bender'—a century of wild, reckless, unplanned growth! This is the cold, grey dawn of the morning after, a time to find out where we are, what we have done, and where we are going."

Sherman S. Sheppard, *National Municipal Review*, January 1940.

CITY PLANNING: "There's a growing realization among planners that zoning, solution of traffic problems, provision of recreation areas, development of civic centers, are not in themselves planning. A master plan to be effective must provide for proper balance of all factors and must have behind it sufficient executive power to make possible the realization of the plan."

Freehold, Jan. 15, 1940.

REPORTS: "Annual reports for 1939 . . . reveal many innovations over past years. The trend toward pictures, charts, use of color and simple, understandable language has strengthened; so has that toward better paper, better typography. For the first time, banks and life insurance companies in important numbers are brightening up their operating stories."

Forbes, Feb. 15, 1940.

CHANGE: "While improved transportation has developed the wide open spaces, it has also produced an impact on the centers of commercial and social life. . . . I am of the opinion that very few, if any of us, fully realize what this sudden and astounding transportation change has already done in the way of shifting real estate values."

Geo. W. Drennan, *National Real Estate Journal*, December 1939.

HOUSING NEED: "In most countries the need for housing has increased at a higher rate than the population. . . . This is mainly due to changes in the age distribution, the proportion of people of marrying age, and setting up separate households tending steadily to increase."

International Documents Service of the Columbia University Press, *N. Y. Herald-Tribune*, Dec. 31, 1939.

Lenders hold the purse strings

" . . . in the final analysis, they can say whether the American public is to have good, sound homes or be at the mercy of inexperienced or unethical operators Let them give their support to the ethical contractor, who uses quality materials and builds houses on good basic designs, and penalize the unethical competitor The completed house that passes into a home buyer's hands should be worth all the money that has been spent on it."

John H. Fahey, Chairman, Federal Home Loan Bank Board. *American Savings and Loan News*, January 1940.

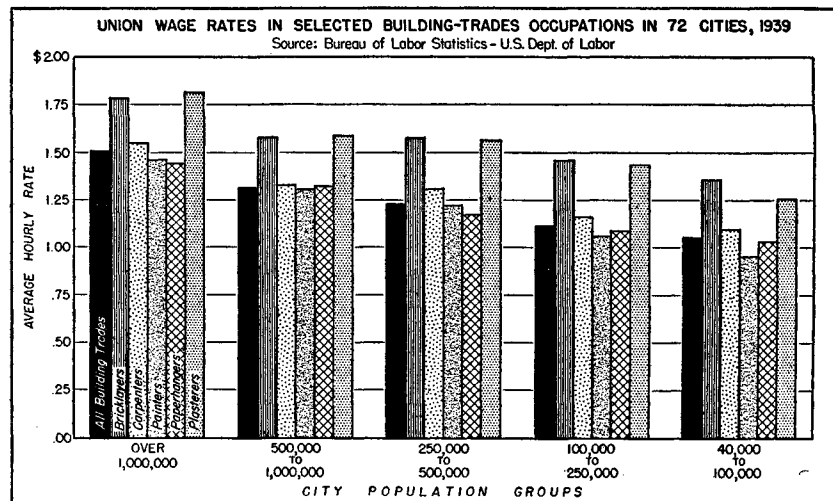
Savings and loan modernization

" . . . what the associations have been doing in recent months, in the way of dressing up, is certainly a matter of news, not only to the associations themselves but to the entire banking and financial world.

"For in the short span since the depression era there has been a notable transformation, particularly among the smaller associations. From the status of small neighborhood groups meeting occasionally in the back rooms of stores, in members' offices, or in unimpressive rented quarters, with part-time secretaries handling the clerical chores, a surprising number of these associations have evolved into the category of full-fledged financial institutions with full-time operations."

"Savings and Loan Modernization", an article in *The Burroughs Clearing House*, February 1940.

Union wage rates



The great majority of union workers employed in the building trades received about the same rate of pay on June 1, 1939, as on June 1, 1938, according to the latest annual survey of the Bureau of Labor Statistics of the U. S. Department of Labor. The 1939 average union rate for all journeymen in the building trades of the 72 cities covered by the study was \$1.47 per hour. With few exceptions, the union scale averaged higher in the larger cities than in the medium-sized and small cities. To show how the rates varied within the same population group, the average union rate for building craftsmen in cities of more than one million people ranged from \$1.19 per hour in Los Angeles to \$1.76 per hour in New York City.

Labor Information Bulletin, January 1940.

STATE STATUTES ON MANDATORY RESERVES FOR SAVINGS AND LOAN ASSOCIATIONS

■ SINCE the publication of the summary table of mandatory loss reserve requirements for savings and loan associations operating under State statutes in the November 1938 REVIEW, a number of States have enacted legislation creating such requirements for the first time, or strengthening existing provisions. Prior to the 1939 legislative sessions, 39 States and the Territory of Hawaii had laws making it mandatory for savings and loan associations to build reserves against losses. (This figure includes two States—Tennessee and West Virginia—whose statutes, though mandatory in nature, do not set a minimum measure, and one—Georgia—in which the reserve requirements are set forth in regulations promulgated by the Secretary of State pursuant to statutory authority.)

During the year 1939, the States of Alabama, Iowa, and Vermont enacted statutes creating minimum reserve requirements for savings and loan associations for the first time, making a total of 42 States

and Hawaii which now have such laws. Six States and the District of Columbia still lack legislation of this type. There are no institutions of the savings and loan type operating under charters granted by Alaska or Puerto Rico, and no legislation creating minimum reserve requirements has been enacted in these jurisdictions.

In 1939, Colorado, Michigan, Texas, and Hawaii strengthened the provisions of their existing laws by amendments. Technical adjustments were made in Minnesota, New York, Pennsylvania, and Wisconsin, while minor and clarifying changes were enacted by the legislatures of the States of Illinois and New Hampshire.

The following table may be used to bring up to date the summary of the text of the various State statutes establishing mandatory loss reserve requirements, compiled as of January 1, 1939. These changes include all major amendments made during the 1939 legislative sessions.

Summary of changes during 1939 in mandatory requirements for loss reserve for savings and loan associations operating under State statutes

State	Type of reserve	Minimum measure of periodic transfers	Ultimate reserve required	Miscellaneous provisions	Present citation and history
Alabama	General reserve.	5 percent of net earnings.	10 percent of capital.	Bonus reserve mandatory if bonus plan adopted. Reserve for accrued and uncollected interest on loans.	Sec. 13, Act of September 21, 1939. (Gov's. No. 459, Laws 1939).
Colorado	Reserve for contingent losses.	5 percent of net earnings.	10 percent of "Invested capital" less permanent stock. May be increased by board of directors.		Colo. Stats. Anno. (1935), Vol. 2, Ch. 25, Sec. 94. Originally enacted in 1933. (Amended by Laws 1939, H. B. 472, Sec. 30, approved May 17, 1939.)
Hawaii	General reserve.	Not less than 5 percent nor more than 20 percent of net earnings for each year; in lieu thereof, if insured, the minimum credit required by the Federal Savings and Loan Insurance Corporation.	10 percent of aggregate book value of outstanding withdrawable shares and investment certificates; in lieu thereof, if insured, the reserve required by the Federal Savings and Loan Insurance Corporation.	Special reserves are required for each type of loss unless the loss is charged to the general reserve. Also a reserve for uncollected interest is required if interest receivable on loans is accrued. Also a reserve for taxes in the amount of accrued taxes payable by the association.	Rev. Laws of Hawaii (1935), Secs. 6661, 6662, and 6663, as amended by Session Laws of Hawaii (1935), D-131, Sec. 4, as amended by Session Laws of Hawaii (1939), c. 141. Originally enacted in 1927; substantially changed in 1931 and 1935.
Illinois				Minor and clarifying adjustments.	Ill. Rev. Stats. (1937), Ch. 32, Sec. 241. Originally enacted in 1919; substantially strengthened in 1935. H. B. 1043, Laws 1939 approved July 7, 1939 (Sec. 29).

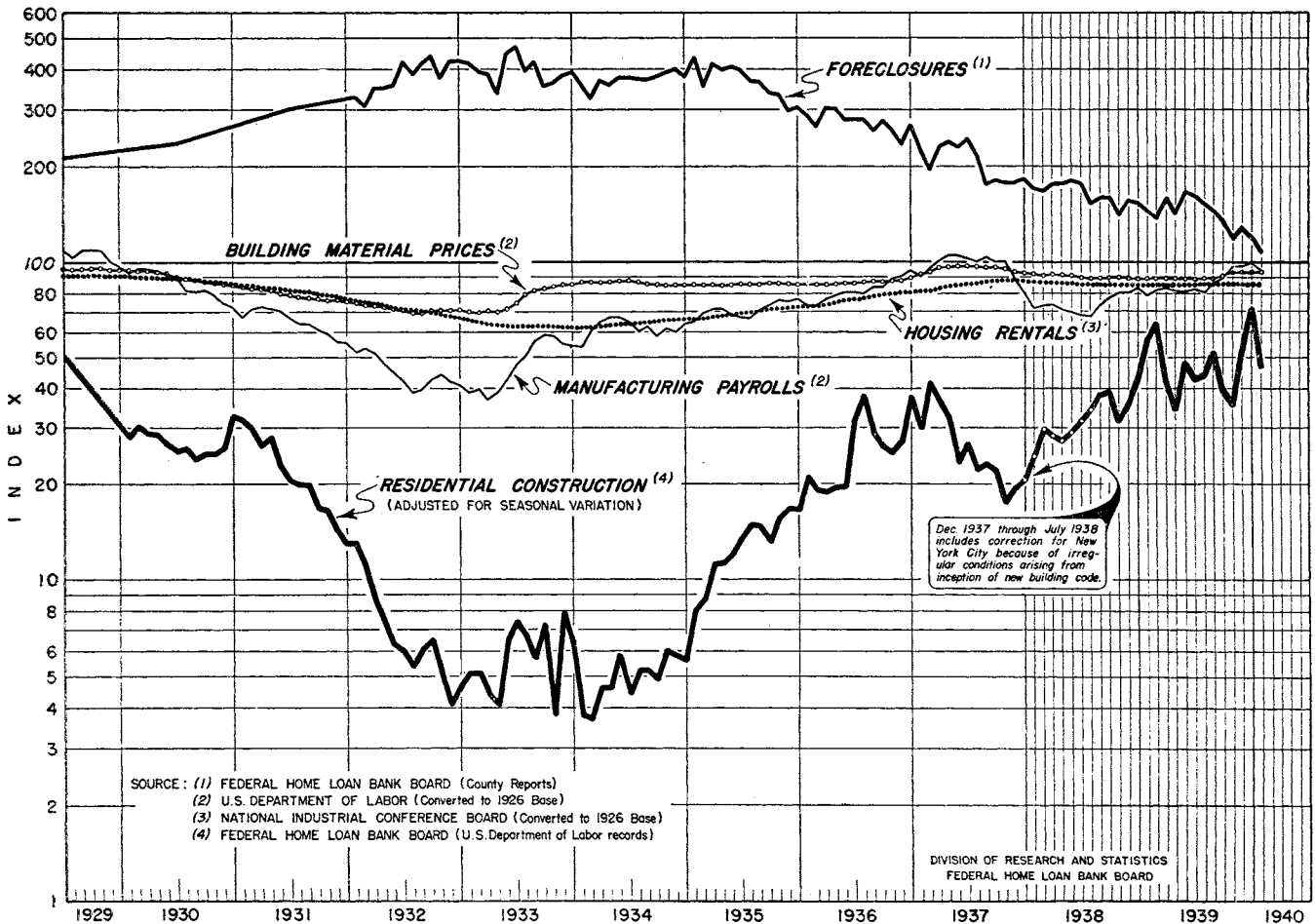
Summary of changes during 1939 in mandatory requirements for loss reserve for savings and loan associations operating under State statutes—Contd.

State	Type of reserve	Minimum measure of periodic transfers	Ultimate reserve required	Miscellaneous provisions	Present citation and history
Iowa	General reserve account.	2 percent of net earnings for preceding six months.	5 percent of total amount paid in by members and credited on shares.	Directors may order additional special reserves.	S. B. 147, Sec. 6, Regular Session Laws 1939, approved March 13, 1939.
Michigan	Legal reserve.	2 percent of gross earnings remaining after payment of all expenses.	10 percent of liabilities to shareholders, consisting of legal reserve and outstanding full paid reserve shares together.	If an association has the insurance protection provided for by the F. S. L. I. C., any portion of the legal reserve of such association may be considered as constituting a portion of the Federal insurance reserve.	Mich. Stats. Anno., Vol. 17, Sec. 23.505; Mich. Compiled Laws, Sec. 12157. Mandatory requirements in force since 1901; substantially strengthened in 1917; provision for Federal Insurance Reserve added in 1935; 2 percent of net earnings requirement imposed in 1937 in lieu of prior requirement of 1 percent. Amended by Laws (1939). H. B. 404, Sec. 24. Approved June 12, 1939.
Minnesota				Bonus reserve is mandatory only if members have voted to adopt a bonus plan.	Laws of Minn. (1939), S. B. 1202, Sec. 24, approved April 21, 1939. Originally enacted in 1925.
New Hampshire				Minor and clarifying adjustments.	N. H. Laws (1937), ch. 106, Sec. 14b. Originally enacted in 1937. However, statutory provision for a discretionary guaranty fund was made in 1933. Amended by Laws 1939, Page 75, H. B. 148.
New York	Surplus account.		10 percent of capital or 50 percent of book value of real estate owned, whichever is larger. If surplus plus undivided profits exceed 25 percent of capital, the directors must report such excess to banking department, and upon direction of superintendent, with the approval of the banking board, shall declare such extra dividends as may be necessary to distribute such excess among its shareholders.		McKinney's Consol. Laws of N. Y., Secs. 385 and 387, of Book 4 (Pocket part). Mandatory requirements in force since 1914; substantially strengthened in 1937. Amended by Laws of 1939, Assembly Int. No. 1088. Approved April 24, 1939.
Pennsylvania	Reserve for contingent losses.		5 percent of assets. (Cannot exceed 15 percent of assets unless State supervisory department approves or requires a different measure.)		Purdon's Penna. Stats. Anno., Title 15, Sec. 1074-620. Originally enacted in 1933. Amended by Laws of 1939, H. B. 1086. Approved June 24, 1939.
Texas	Contingent reserve fund.	5 percent of net profits.	5 percent of capital		Vernon's Anno. Tex. Stats. (Civil Stats.), Articles 881a-41 and 881a-42. Substantially the same since 1913. Amended by Laws of 1939, S. B. 13, Sec. 42, approved May 8, 1939.
Vermont	Guaranty fund.	5 percent of net earnings.	10 percent of capital		S. B. 36, Sec. 27, Reg. Session, approved April 4, 1939.
Wisconsin	Fund for contingent losses.	$\frac{3}{4}$ of 1 percent of share and creditor liability.	5 percent of share and creditor liability.		Wis. Stats. (1937), Sec. 215.24. Substantially the same since 1911. Amended by Laws (1939). S. B. 315, approved July 14, 1939.

SUMMARY OF RESIDENTIAL CONSTRUCTION AND HOME-FINANCING ACTIVITY

- I. The decline in residential construction from December to January was more than seasonal due to unusual weather conditions which extended as far South as the Gulf of Mexico.
 - A. January construction volume in cities of 10,000 or more population was down over 38 percent from December and 18 percent below the opening month of 1939.
 - B. Curtailed U. S. Housing Authority activity was responsible for the sharp recession in multifamily permits.
- II. Foreclosure actions dropped to another new post-depression low—8 percent above the average month of 1926. January foreclosures were 11 percent below the preceding month and more than one-fourth less than the total for January 1939.
- III. Savings and loan home-financing activity was down seasonally from December totals but remained well above the figures for the same month in 1939.
 - A. The first year-to-year comparison of mortgage-recording data revealed that mutual savings banks, savings and loan associations, and "other mortgagees" made the largest gains in January.
 - B. January mortgage-lending totals were 20 percent below the closing month of 1939, but 20 percent above the opening month of last year, with construction and home-purchase loans showing the best comparative records.
- IV. The index of costs for constructing the standard 6-room house declined in the majority of cities reporting in November and February although wholesale prices of building materials continued to resist the declines evidenced by other commodities.
- V. Industrial production receded during January from the record high levels established in December, and continued reaction during the early part of February indicated that the anticipated adjustment of production to actual consumption was under way.

RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS
1926 = 100



RESIDENTIAL CONSTRUCTION and HOME-FINANCING ACTIVITY

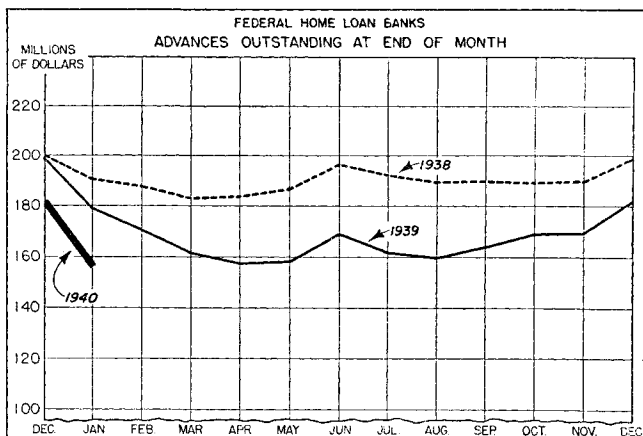
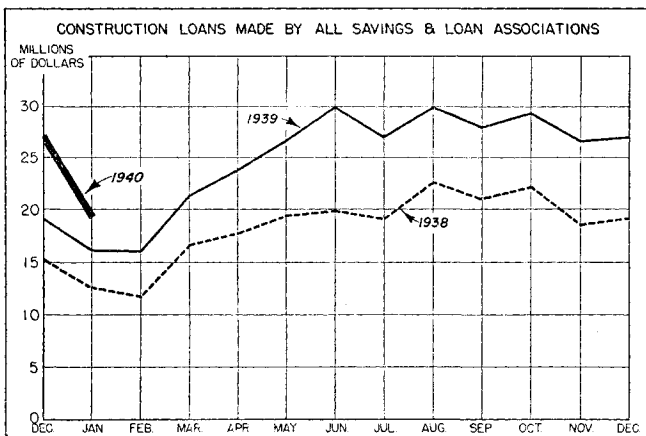
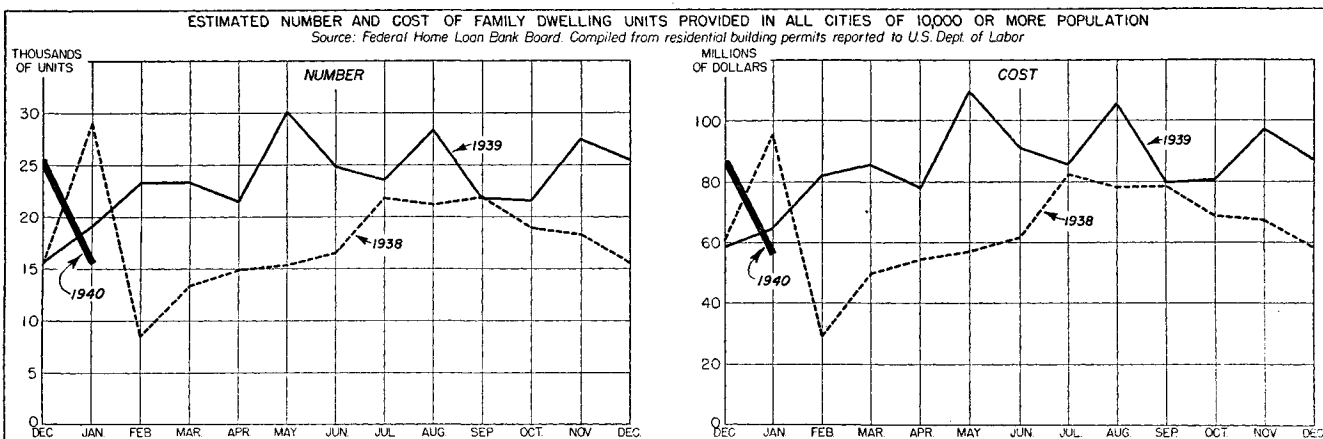
SEVERAL sharp reversals occurred in January among the various factors relating to the real estate market. A slackening in the volume of slum-clearance operations, together with prolonged cold weather which extended southward to the Gulf of Mexico, caused the residential construction index to drop sharply from the post-depression high level recorded during December.

Prices of materials used in building a standard 6-room frame house have tended to level off during the past few months, and in January actually registered a fractional decline. Labor costs in connection with the standard house also receded in January, thus continuing the trend established during the latter half of 1939. The wholesale price of building materials as indicated by the index of the U. S. Department of Labor, however, held to its recent gains in the face of declines for the all-

commodity index which by the middle of February had receded to the levels of September 9, 1939.

The relationship between total home-building costs and housing rentals is essentially the same as a year ago, with both these series rising approximately one-half of 1 percent during the past 12 months. A continuance of recent declines, as shown by the standard-house costs, will provide additional incentive to build if a strong rental market prevails.

During the closing months of last year industrial production was stimulated in anticipation of increased demand from belligerent nations, endangered neutrals, and other countries whose usual sources of supply had been severed. It was apparent by the end of the year that this production which had reached an all-time high level was not being moved rapidly enough—hence, the accumulation of excess



inventories. As was pointed out in the "Review of 1939" (pages 154-155, February issue), a reaction in the rate of production sufficient to absorb these excesses would be almost necessary in the near future. A sharp curtailment in January and early February production is initial evidence that such adjustment is occurring.

Home-financing volume was universally lower in January among the various classes of mortgage lenders. Mortgages recorded by mutual savings banks, led in the drop at the turn of the year, while loans made by individuals receded relatively little from December. All types of lenders showed higher volume in January than in the same month of last year, with the exception of banks and trust companies which showed a slight decline.

Savings and loan associations participated in the decline in home-financing volume from December, with loans for each purpose classification showing reduced activity. In comparison with January 1939, all purpose groups showed rises, being led by home-purchase loans; loans for reconditioning of homes showed only a slight increase in volume.

[1926=100]

Type of index	Jan. 1940	Dec. 1939	Percent change	Jan. 1939	Percent change
Residential construction ¹	46.5	70.5	-34.0	56.9	-18.3
Foreclosures (metro. cities).....	108.0	121.0	-10.7	145.0	-25.5
Rental index (NICB).....	85.5	85.5	0.0	85.1	+0.5
Building material prices.....	93.4	93.0	+0.4	89.5	+4.4
Industrial production ¹	111.2	118.6	-6.2	93.6	+18.8
Manufacturing employment.....	99.9	102.4	-2.4	90.7	+10.1
Manufacturing pay rolls.....	94.1	99.4	-5.3	80.3	+17.2
Average wage per employee.....	94.2	97.1	-3.0	88.5	+6.4

¹ Corrected for normal seasonal variation.

Residential Construction

[Tables 1 and 2]

■ LESS than 15,700 dwelling units were constructed in communities of 10,000 population and over in January, a drop of nearly 9,800 units from the closing month of last year. Each type of dwelling shared in the January decline, with multifamily volume receding to less than one-half the December level due entirely to curtailed activity on the part of the United States Housing Authority.

Lowered residential construction volume was widespread geographically with 38 States and the District of Columbia showing decreases from December. All Federal Home Loan Bank Districts, with the exceptions of New York and Little Rock, shared in the January decline in total number of dwelling units.

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In comparison with January of last year, residential building activity subsided in eight of the 12 Districts; no particular geographic concentrations among these areas is evident. For the country as a whole, January construction volume fell 18 percent below the opening month of 1939.

Foreclosures

■ REAL estate foreclosure activity in metropolitan communities (counties with at least one city of 100,000 or more in population) was lower in January than for any month since 1927. The index, with the average month of 1926 as a base, recorded this new low at 108 which is 11 percent and 26 percent, respectively, below December and January of 1939 and, only 8 percent above the average month in the base year. This drop of 11 percent from the preceding month also compares quite favorably with the customary December-to-January seasonal decline of about 5 percent.

Of the 83 communities reporting for both December and January, 49 showed decreases and 32 showed increases, while two indicated no change in foreclosure activity between the two months.

Small-House Building Costs

[Tables 3 and 6]

■ THE recent tendency for home-building costs to level off has now been translated into a definite downward movement for those communities reporting in February. Of the 25 cities reporting changes from November 1939 to February of this year, practically none reflect rises of any real significance, while the majority of cities moved downward in total cost of constructing a standard 6-room frame house—costs were reported as falling more than \$100 in Harrisburg, Pittsburgh, and Cincinnati.

Although the average cost of labor used in home building for the United States as a whole has been

Construction costs for the standard house

[Average month of 1936=100]

Element of cost	Jan. 1940	Dec. 1939	Percent change	Jan. 1939	Percent change
Material.....	104.4	104.5	-0.1	103.0	+1.4
Labor.....	110.2	110.6	-0.4	111.9	-1.5
Total.....	106.4	106.6	-0.2	106.0	+0.4

Federal Home Loan Bank Review

declining persistently since mid-year 1939, this item still stands more than 10 percent above the 1936 level. On the other hand, the cost of materials used in the house rose considerably during the closing months of last year to a point 4 percent above the average month of 1936, and so far in 1940 has decreased but slightly.

The U. S. Department of Labor index of wholesale building material prices has displayed strong resistance to the downward trend exhibited by other commodity indexes during recent weeks. Releases by the Department of Labor show that the building material group was the only classification which failed to register a decline from January 20 to February 17. By this latter date, the index for the entire group of commodities had dropped to the levels of September 9, 1939, or just after the outbreak of hostilities in Europe. Building materials, on the other hand, have retained nearly all of the September-December increases.

New Mortgage-Lending Activity of Savings and Loan Associations

[Tables 4 and 5]

■ JANUARY lending activity of all savings and loan associations fell 20 percent below December in line with the usual seasonal movement at the turn of the year. The \$66,900,000 of January new mortgage loans, however, represents a 20-percent rise from the corresponding 1939 month, and an increase of 36 percent from the opening month of 1938.

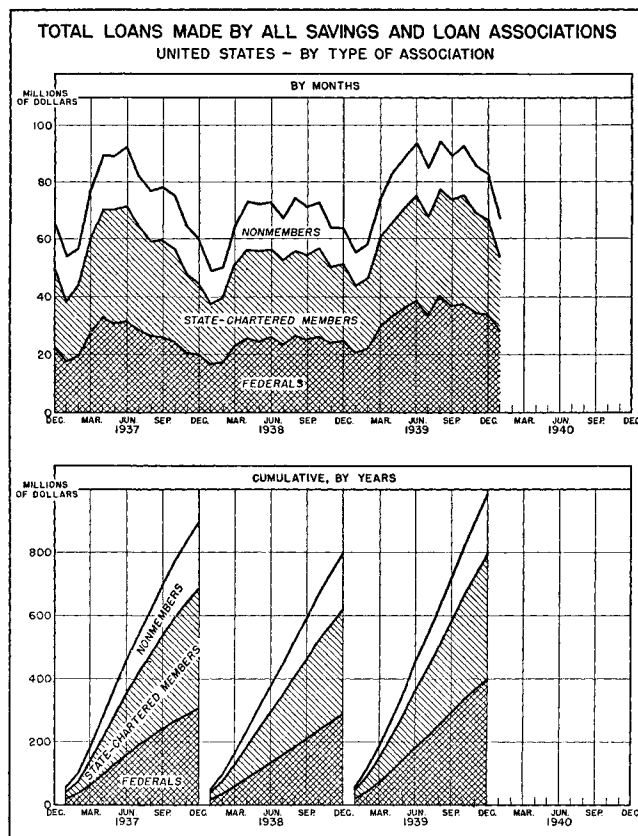
Construction and home-purchase loans, although showing greater declines from December than other loan classes, were still in the lead when compared with January of last year. Loans for the reconditioning of homes lagged behind other classes with a rise of only 2 percent over January 1939.

New mortgage loans distributed by purpose

[Amounts are shown in thousands of dollars]

Purpose	January 1940	December 1939	Percent change	January 1939	Percent change
Construction.....	\$19,488	\$26,923	-27.6	\$16,099	+21.1
Home purchase.....	22,039	27,779	-20.7	17,503	+25.9
Refinancing.....	13,999	15,001	-6.7	11,749	+19.2
Reconditioning.....	3,455	4,335	-20.3	3,389	+1.9
Other purposes.....	7,963	9,074	-12.2	6,827	+16.6
Total.....	66,944	83,112	-19.5	55,567	+20.5

March 1940



Although Federals, State-chartered members, and nonmembers each shared in the decline from December, nonmember savings and loan associations showed the greatest resistance to depressing seasonal influences. Federals, however, showed a much greater rise over January of last year than did the remaining classes.

Each of the 12 Federal Home Loan Bank Districts had less new lending activity in January than in December, while all but the Little Rock and Topeka Districts had loan volumes well above the opening month of 1939.

Mortgage Recordings

[Tables 13 and 14]

■ MORTGAGES of \$20,000 and less recorded by all types of lenders in January amounted to \$258,516,000, a decline of 18 percent from December. Despite this decline, the January dollar volume was 8 percent higher and the number (94,783), 7 percent greater, than in the corresponding month a year ago.

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Mortgage recordings by type of mortgagee

[Amounts are shown in thousands of dollars]

Type of lender	Percent change from December 1939	Percent of January 1940 amount	January 1940 volume	Percent change, Jan. 1939-Jan. 1940
Savings and loan associations.....	-21.7	29.0	\$74,933	+15.9
Insurance companies.....	-23.9	8.5	22,059	+7.0
Banks, trust companies.....	-19.1	25.3	65,472	(¹)
Mutual savings banks.....	-26.0	3.9	10,032	+32.3
Individuals.....	-5.8	18.1	46,781	+1.2
Others.....	-17.6	15.2	39,239	+14.8
Total.....	-18.3	100.0	258,516	+8.3

¹ Decrease—less than 0.05 percent.

In both dollar volume and number of mortgages recorded, all types of mortgagees participated in the January recession. The proportionate share of business done by each lender remained relatively unchanged, with savings and loan associations declining slightly as did banks and trust companies. Insurance companies, mutual savings banks, and other mortgagees did the same proportion of business as in December, while individuals slightly increased their percentage.

With year-to-year comparisons available for the first time, trends in the relative importance of various lenders as sources of home-mortgage funds are more readily apparent (see table above and Table 14, page 210). Savings and loan associations increased the dollar amount of their recordings 16 percent over January 1939, with the result that their share of total recordings increased from 27.1 percent to 29.0 percent. Banks and trust companies, the nearest competitor in terms of total dollar volume, showed only a slight decline in the amount of their business the same month last year, but their proportion of recordings was reduced from 27.4 to 25.3 percent.

Federal Savings and Loan System

[Table 7]

■ AT the end of January there were two less Federals which were originally formed by subscription of shares, and five less converted Federals in operation, than at the close of 1939. This reduction in number is the result of a series of mergers among Federals, many of which were granted charters in the preceding month.

Assets of the 1,402 Federals operating on January 31, amounted to \$1,575,000,000, a decline of \$3,000,000 from the preceding month. This asset decline resulted from the repurchase of over \$12,000,000 in shares from the U. S. Treasury and Home Owners' Loan Corporation, most of which was repaid at the initiative of the individual associations.

In studying Table 7, it may be seen that the comparable group of reporting Federals followed in January the characteristic pattern for the turn of the year: private capital rose sharply due to dividend credits to share accounts; repurchases increased sharply; Federal Home Loan Bank advances were repaid; while new mortgage-lending activity receded from December to January.

Progress in number and assets of Federal savings and loan associations

[Amounts are shown in thousands of dollars]

Type of association	Number		Approximate assets	
	Jan. 31, 1940	Dec. 31, 1939	Jan. 31, 1940	Dec. 31, 1940
New.....	632	634	\$447,033	\$446,915
Converted.....	770	775	1,128,052	1,131,066
Total.....	1,402	1,409	1,575,085	1,577,981

Federal Savings and Loan Insurance Corporation

[Tables 7 and 8]

■ AT the end of January, 2,461,000 accounts in savings and loan associations were insured by the Federal Savings and Loan Insurance Corporation. These accounts, which contained an investment of \$1,869,000,000, were located in 2,205 associations having total assets of \$2,514,000,000.

Repurchases of Government money by State-chartered insured institutions were on a much smaller scale than among Federal associations. A group of 705 comparable associations submitting monthly statements showed a net repayment of less than \$1,000,000, as compared with a drop of over \$12,000,000 in Government money held by reporting Federals.

Repayments to the Federal Home Loan Banks increased sharply in January, thus diminishing the

balance outstanding as reported by identical institutions. A comparable group of insured associations reported a net reduction of \$21,000,000 in advances from the Banks, and over \$4,000,000 in the borrowings from other sources.

A large excess of supply of capital over demand for new loans was reported in January with private capital outstanding in comparable insured associations rising \$48,000,000 as compared with an increase of \$10,000,000 in net mortgage loans outstanding.

Federal Home Loan Bank System

[Table 9]

■ THE January total of repayments to the 12 Federal Home Loan Banks on advances was the largest in the history of the Bank System and reduced the balance outstanding to \$156,800,000—the lowest point since the early summer of 1937. Almost \$29,000,000, or approximately 16 percent of the amount outstanding at the beginning of the year were repaid during January. This is a normal seasonal pattern following the high volume of advances made during December for year-end dividend and withdrawal demands. It also indicates that increases in private share investments were greater than the demand for loans.

The New York Bank was the only Bank to report an increase (up \$200,000) in advances outstanding over the balance at the end of December. Of the 11 Banks indicating decreases, the greatest percentage decline was experienced by the Portland Bank (—26.6 percent of the total), but the largest dollar reduction occurred in the Winston-Salem region (—\$4,900,000).

Of interest is the fact that long-term advances have been decreasing as a proportion of the total borrowings. On January 31, 1940 they accounted for 74.6 percent of the total, as compared to 80.3 percent at the end of January a year ago. This reflects in part the lower interest rate of the Boston and New York Banks on advances amortized within one year which has resulted in a perceptible shift toward the short-term obligations in those Districts.

January is the fifth consecutive month for which a reduction in the total membership has been reported. As of January 31, the total number of members was 3,912—a net decrease of eight from December, resulting from 12 withdrawals (three for mergers, nine for liquidations), one removal, and the addition of five new members.

March 1940

INTEREST RATES

A new low interest rate of 2½ per centum per annum on all long-term advances to member institutions of the Federal Home Loan Bank of New York will become effective March 1, 1940. This rate will be applicable to both long-term advances made on and after that date and the unpaid balances of advances then outstanding.

Directory of Member, Federal, and Insured Institutions

I. INSTITUTIONS ADMITTED TO MEMBERSHIP IN THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN JAN. 16, 1940, AND FEB. 15, 1940

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

DISTRICT NO. 2

NEW JERSEY:

Lodi:

Lodi Building & Loan Association of Lodi, N. J., 67 Main Street.

DISTRICT NO. 3

PENNSYLVANIA:

Coatesville:

Industrial Building & Loan Association of Coatesville, 251 East Lincoln Highway.

Philadelphia:

Cayuga Building & Loan Association of Philadelphia, 1816 Girard Trust Building.

Edmunds-Bouvier Savings & Loan Association, 1500 Chestnut Street.

Equity Building & Loan Association of Philadelphia, Seventh & Dauphin Streets.

Hamilton Building & Loan Association of Philadelphia, 6780 Germantown Avenue.

North Star Building & Loan Association, 1546 North Seventh Street.

Old Timers' Building & Loan Association, Germantown & Chelton Avenues.

William L. Craven Building & Loan Association, 2019 West Columbia Avenue.

DISTRICT NO. 4

ALABAMA:

Decatur:

North Alabama Building & Loan Association, 524 Bank Street.

DISTRICT NO. 5

OHIO:

Fremont:

Sandusky County Savings & Loan Company, 312 Croghan Street.

Lima:

Central Building & Loan Company.

Norwalk:

Home Savings & Loan Company, 16 East Main Street.

DISTRICT NO. 7

WISCONSIN:

Milwaukee:

Atlas Savings & Loan Association, 4700 West North Avenue.

DISTRICT NO. 11

MONTANA:

Dillon:

Interstate Building & Loan Association.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN JAN. 15, 1940, AND FEB. 15, 1940

COLORADO:

Greeley:

Old Colony Building & Loan Association, 920 Ninth Street (voluntary liquidation).

ILLINOIS:

Chicago:

Bessemer Building & Loan Association, 9036 Commercial Avenue (voluntary liquidation).

Lawndale Building & Loan Association, 2346 South Kedzie Avenue (voluntary liquidation).

Cicero:

Austin Mutual Building & Loan Association, 5937 West Roosevelt Road (voluntary liquidation).

(Continued on p. 211)

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			Year		Monthly totals			Year	
	Jan. 1940	Dec. 1939	Jan. 1939	1939	1938	Jan. 1940	Dec. 1939	Jan. 1939	1939	1938
1-family dwellings.....	8, 272	11, 115	9, 195	161, 821	127, 052	\$31, 923. 0	\$43, 955. 4	\$35, 433. 5	\$636, 070. 5	\$501, 083. 0
2-family dwellings.....	766	806	718	11, 406	10, 340	1, 823. 4	1, 925. 9	1, 693. 1	28, 859. 2	26, 651. 4
Joint home and business ²	40	47	51	790	906	177. 4	203. 8	179. 6	3, 512. 3	3, 194. 4
3-and-more family dwellings.....	6, 579	13, 467	9, 197	115, 975	76, 435	22, 411. 3	40, 705. 9	27, 212. 0	376, 265. 3	248, 874. 0
Total residential.....	15, 657	25, 435	19, 161	289, 992	214, 733	56, 335. 1	86, 791. 0	64, 518. 2	1, 044, 707. 3	779, 802. 8

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 January 1940, 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	
	Jan. 1940	Jan. 1939	Jan. 1940	Jan. 1939	Jan. 1940	Jan. 1939	Jan. 1940	Jan. 1939
UNITED STATES.....	15, 657	19, 161	\$56, 335. 1	\$64, 518. 2	9, 078	9, 964	\$33, 923. 8	\$37, 306. 2
No. 1—Boston.....	850	413	3, 321. 1	1, 941. 0	385	376	1, 871. 4	1, 782. 3
Connecticut.....	554	85	1, 980. 5	402. 0	109	85	576. 9	402. 0
Maine.....	2	17	2. 0	61. 8	2	17	2. 0	61. 8
Massachusetts.....	239	220	1, 104. 2	1, 122. 0	219	183	1, 058. 1	963. 3
New Hampshire.....	12	10	49. 8	36. 6	12	10	49. 8	36. 6
Rhode Island.....	39	80	170. 0	314. 8	39	80	170. 0	314. 8
Vermont.....	4	1	14. 6	3. 8	4	1	14. 6	3. 8
No. 2—New York.....	4, 618	6, 646	18, 441. 8	23, 220. 9	981	1, 068	4, 372. 5	4, 760. 8
New Jersey.....	337	130	1, 449. 7	723. 1	190	130	887. 1	723. 1
New York.....	4, 281	6, 516	16, 992. 1	22, 497. 8	791	938	3, 485. 4	4, 037. 7
No. 3—Pittsburgh.....	245	661	1, 255. 0	2, 622. 1	234	311	1, 229. 4	1, 554. 8
Delaware.....	0	2	0. 0	8. 0	0	2	0. 0	8. 0
Pennsylvania.....	213	599	1, 125. 7	2, 382. 2	202	253	1, 100. 1	1, 322. 9
West Virginia.....	32	60	129. 3	231. 9	32	56	129. 3	223. 9

Table 2.—Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in January 1940, 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	
	Jan. 1940	Jan. 1939	Jan. 1940	Jan. 1939	Jan. 1940	Jan. 1939	Jan. 1940	Jan. 1939
No. 4—Winston-Salem.....	1, 893	1, 854	\$5, 250. 1	\$5, 995. 1	1, 190	1, 441	\$3, 674. 3	\$4, 949. 6
Alabama.....	107	81	208. 0	180. 8	87	76	186. 0	170. 9
District of Columbia.....	300	314	886. 9	1, 525. 7	62	184	400. 9	1, 133. 7
Florida.....	893	413	2, 729. 9	1, 498. 7	501	405	1, 733. 6	1, 474. 8
Georgia.....	142	328	274. 7	869. 5	126	161	255. 7	423. 0
Maryland.....	68	201	256. 3	647. 5	68	201	256. 3	647. 5
North Carolina.....	150	279	320. 6	578. 1	139	196	308. 8	430. 2
South Carolina.....	101	88	187. 8	168. 3	101	80	187. 8	160. 3
Virginia.....	132	150	385. 9	526. 5	106	138	345. 2	509. 2
No. 5—Cincinnati.....	432	2, 302	2, 045. 9	6, 174. 1	408	453	1, 986. 4	2, 007. 4
Kentucky.....	34	872	122. 1	943. 0	34	49	122. 1	141. 4
Ohio.....	306	1, 303	1, 665. 7	4, 884. 3	286	277	1, 608. 7	1, 519. 2
Tennessee.....	92	127	258. 1	346. 8	88	127	255. 6	346. 8
No. 6—Indianapolis.....	579	792	2, 656. 6	3, 659. 8	575	739	2, 654. 8	3, 475. 9
Indiana.....	71	96	272. 6	341. 4	67	96	270. 8	341. 4
Michigan.....	508	696	2, 384. 0	3, 318. 4	508	643	2, 384. 0	3, 134. 5
No. 7—Chicago.....	290	323	1, 553. 8	1, 681. 8	285	316	1, 542. 3	1, 661. 8
Illinois.....	228	242	1, 301. 9	1, 297. 6	228	235	1, 301. 9	1, 277. 6
Wisconsin.....	62	81	251. 9	384. 2	57	81	240. 4	384. 2
No. 8—Des Moines.....	183	324	707. 7	1, 154. 3	172	284	675. 6	1, 068. 3
Iowa.....	37	57	134. 6	180. 0	37	57	134. 6	180. 0
Minnesota.....	100	121	464. 5	519. 4	93	114	442. 4	497. 4
Missouri.....	23	134	66. 5	436. 5	23	105	66. 5	378. 0
North Dakota.....	12	6	10. 9	11. 5	12	2	10. 9	6. 0
South Dakota.....	11	6	31. 2	6. 9	7	6	21. 2	6. 9
No. 9—Little Rock.....	2, 435	1, 660	7, 400. 9	4, 502. 0	1, 449	1, 529	4, 159. 6	4, 142. 5
Arkansas.....	46	60	108. 6	92. 6	46	60	108. 6	92. 6
Louisiana.....	1, 023	218	3, 434. 3	596. 5	165	214	500. 4	581. 5
Mississippi.....	183	131	424. 0	158. 0	86	131	187. 6	158. 0
New Mexico.....	38	34	120. 5	112. 3	35	34	116. 0	112. 3
Texas.....	1, 145	1, 217	3, 313. 5	3, 542. 6	1, 117	1, 090	3, 247. 0	3, 198. 1
No. 10—Topeka.....	423	472	1, 366. 7	1, 398. 9	192	427	609. 0	1, 358. 9
Colorado.....	255	125	839. 8	326. 2	60	80	196. 8	286. 2
Kansas.....	19	81	48. 7	208. 8	19	81	48. 7	208. 8
Nebraska.....	26	35	76. 5	132. 0	18	35	59. 5	132. 0
Oklahoma.....	123	231	401. 7	731. 9	95	231	304. 0	731. 9
No. 11—Portland.....	475	318	1, 691. 5	1, 039. 3	440	298	1, 593. 1	1, 000. 8
Idaho.....	10	1	27. 4	2. 5	10	1	27. 4	2. 5
Montana.....	12	17	27. 5	40. 2	12	17	27. 5	40. 2
Oregon.....	119	80	468. 7	284. 4	111	75	450. 7	269. 4
Utah.....	42	30	119. 5	104. 5	39	30	112. 5	104. 5
Washington.....	289	184	1, 034. 9	577. 0	265	169	961. 5	553. 5
Wyoming.....	3	6	13. 5	30. 7	3	6	13. 5	30. 7
No. 12—Los Angeles.....	3, 234	3, 396	10, 644. 0	11, 128. 9	2, 767	2, 722	9, 555. 4	9, 543. 1
Arizona.....	51	62	177. 7	164. 2	51	62	177. 7	164. 2
California.....	3, 169	3, 327	10, 407. 0	10, 931. 8	2, 702	2, 653	9, 318. 4	9, 346. 0
Nevada.....	14	7	59. 3	32. 9	14	7	59. 3	32. 9

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							
	1940 Feb.	1939 Feb.	1940 Feb.	1939				1938 Feb.	1937 Feb.	1936 Feb.
				Nov.	Aug.	May	Feb.			
No. 3—Pittsburgh:										
Wilmington, Del.....	\$0. 225	\$0. 240	\$5, 389	\$5, 389	\$5, 416	\$5, 593	\$5, 762	\$5, 914	\$5, 500	\$5, 281
Harrisburg, Pa.....	. 245	. 238	5, 882	6, 105	5, 724	5, 724	5, 711	5, 817	5, 765	5, 354
Philadelphia, Pa.....	. 233	. 225	5, 595	5, 583	5, 485	5, 422	5, 392	5, 531	5, 524	4, 807
Pittsburgh, Pa.....	. 261	. 269	6, 254	6, 398	6, 440	6, 415	6, 458	6, 512	6, 356	5, 650
Charleston, W. Va.....	. 243	. 244	5, 843	5, 843	5, 813	5, 848	5, 864	6, 218	5, 652	5, 365
Wheeling, W. Va.....	. 263	. 258	6, 323	6, 346	6, 314	6, 299	6, 193	-----	5, 894	-----
No. 5—Cincinnati:										
Lexington, Ky.....	. 246	. 236	5, 905	5, 912	5, 715	5, 650	5, 671	5, 392	-----	4, 979
Louisville, Ky.....	. 225	. 218	5, 408	5, 402	5, 230	5, 250	5, 239	5, 272	-----	5, 004
Cincinnati, Ohio.....	. 230	. 239	5, 525	5, 808	5, 744	5, 764	5, 746	5, 957	5, 686	5, 544
Cleveland, Ohio.....	. 283	. 268	6, 794	6, 836	6, 492	6, 477	6, 426	6, 569	6, 320	6, 028
Columbus, Ohio.....	. 242	. 237	5, 799	5, 774	5, 618	5, 645	5, 684	5, 687	5, 938	5, 426
Memphis, Tenn.....	. 225	. 227	5, 400	5, 415	5, 269	5, 339	5, 451	5, 314	5, 436	4, 855
Nashville, Tenn.....	. 207	. 212	4, 980	5, 022	4, 956	4, 995	5, 082	5, 144	5, 281	5, 039
No. 9—Little Rock:										
Little Rock, Ark.....	. 216	. 216	5, 180	5, 183	5, 225	5, 236	5, 195	5, 164	5, 195	5, 184
New Orleans, La.....	. 243	. 237	5, 829	5, 860	5, 641	5, 631	5, 688	5, 950	5, 545	5, 004
Jackson, Miss.....	. 251	. 251	6, 033	6, 015	5, 894	5, 911	6, 017	6, 061	5, 621	5, 325
Albuquerque, N. Mex.....	. 261	. 272	6, 260	6, 316	6, 398	6, 407	6, 516	6, 586	6, 452	6, 016
Dallas, Tex.....	. 226	. 235	5, 414	5, 335	5, 431	5, 464	5, 628	-----	5, 903	-----
Houston, Tex.....	. 247	. 246	5, 927	5, 866	5, 882	5, 910	5, 903	5, 981	5, 927	-----
San Antonio, Tex.....	. 233	. 245	5, 590	5, 688	5, 867	5, 878	5, 882	6, 099	5, 830	5, 467
No. 12—Los Angeles:										
Phoenix, Ariz.....	. 258	. 257	6, 199	6, 223	6, 129	6, 043	6, 157	6, 695	6, 053	5, 986
Los Angeles, Calif.....	. 219	. 225	5, 256	5, 303	5, 231	5, 287	5, 410	5, 874	5, 800	5, 285
San Diego, Calif.....	. 226	. 241	5, 419	5, 471	5, 605	5, 721	5, 783	6, 098	6, 137	5, 385
San Francisco, Calif.....	. 263	. 266	6, 308	6, 301	6, 314	6, 352	6, 393	6, 363	6, 280	-----
Reno, Nev.....	. 281	. 274	6, 745	6, 701	6, 574	6, 563	6, 573	6, 634	6, 360	6, 097

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 builders' 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.

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, Dec. 1939 to Jan. 1940	New loans, Jan. 1939	Percent change, Jan. 1939 to Jan. 1940	Total new loans			
	January 1940	Decem- ber 1939				1939	1938	1937	1936
United States: Total.....	\$66,944	\$83,112	-19.5	\$55,567	+20.5	\$986,383	\$797,996	\$896,579	\$754,997
Federal.....	28,008	34,053	-17.8	20,894	+34.0	400,337	286,899	307,278	228,896
State member.....	25,737	33,209	-22.5	23,071	+11.6	396,041	333,470	379,286	309,521
Nonmember.....	13,199	15,850	-16.7	11,602	+13.8	190,005	177,627	210,015	216,580
District No. 1: Total.....	5,862	7,657	-23.4	4,891	+19.9	90,379	74,733	85,627	83,253
Federal.....	2,206	2,294	-3.8	1,280	+72.3	28,013	20,744	20,902	8,040
State member.....	2,695	3,850	-30.0	2,404	+12.1	43,800	36,096	39,113	34,931
Nonmember.....	961	1,513	-36.5	1,207	-20.4	18,566	17,893	25,612	40,282
District No. 2: Total.....	6,979	7,716	-9.6	5,733	+21.7	96,233	77,617	83,335	65,089
Federal.....	2,547	2,576	-1.1	1,877	+35.7	36,890	22,807	20,761	19,222
State member.....	1,671	1,834	-8.9	1,350	+23.8	22,602	19,999	22,072	19,511
Nonmember.....	2,761	3,306	-16.5	2,506	+10.2	36,741	34,811	40,502	26,356
District No. 3: Total.....	5,402	6,075	-11.1	4,373	+23.5	79,284	62,561	67,781	39,770
Federal.....	1,756	2,140	-17.9	892	+96.9	22,726	12,981	12,438	7,736
State member.....	1,358	1,539	-11.8	1,233	+10.1	20,597	17,842	19,102	13,325
Nonmember.....	2,288	2,396	-4.5	2,248	+1.8	35,961	31,738	36,241	18,709
District No. 4: Total.....	10,297	13,071	-21.2	7,665	+34.3	138,817	111,104	112,307	113,017
Federal.....	4,563	5,472	-16.6	2,938	+55.3	57,368	39,102	40,377	30,265
State member.....	4,137	5,413	-23.6	3,274	+26.4	59,287	52,197	52,673	48,554
Nonmember.....	1,597	2,186	-26.9	1,453	+9.9	22,162	19,805	19,257	34,198
District No. 5: Total.....	9,525	13,101	-27.3	8,541	+11.5	156,944	121,652	166,270	101,114
Federal.....	3,726	4,654	-19.9	3,518	+5.9	62,054	47,212	57,278	43,305
State member.....	4,132	6,386	-35.3	4,073	+1.4	75,059	55,556	80,096	46,684
Nonmember.....	1,667	2,061	-19.1	950	+75.5	19,831	18,884	28,896	11,125
District No. 6: Total.....	3,338	4,192	-20.4	2,441	+36.7	48,310	35,617	41,032	42,504
Federal.....	1,601	2,123	-24.6	1,133	+41.3	22,734	16,520	18,900	12,459
State member.....	1,480	1,852	-20.1	1,200	+23.3	22,258	16,021	18,026	21,109
Nonmember.....	257	217	+18.4	108	+138.0	3,318	3,076	4,106	8,936
District No. 7: Total.....	6,881	7,908	-13.0	5,134	+34.0	98,382	78,865	93,037	64,557
Federal.....	2,409	3,071	-21.6	1,665	+44.7	34,286	26,519	28,474	19,645
State member.....	3,011	3,448	-12.7	2,051	+46.8	43,685	33,709	45,194	32,255
Nonmember.....	1,461	1,389	+5.2	1,418	+3.0	20,411	18,637	19,369	12,657
District No. 8: Total.....	3,742	5,862	-36.2	2,576	+45.3	61,776	48,239	49,211	52,111
Federal.....	1,526	2,826	-46.0	1,067	+43.0	29,301	20,251	21,224	18,782
State member.....	1,165	2,055	-43.3	980	+18.9	18,841	16,102	15,980	14,631
Nonmember.....	1,051	981	+7.1	529	+98.7	13,634	11,886	12,007	18,698
District No. 9: Total.....	3,809	4,260	-10.6	3,853	-1.1	56,917	48,699	45,081	46,931
Federal.....	1,564	1,664	-6.0	1,601	-2.3	23,029	18,778	16,186	13,569
State member.....	2,114	2,431	-13.0	2,037	+3.8	31,796	27,591	25,950	22,873
Nonmember.....	131	165	-20.6	215	-39.1	2,092	2,330	2,945	10,489
District No. 10: Total.....	2,905	4,126	-29.6	3,023	-3.9	47,505	41,148	46,476	56,063
Federal.....	1,437	2,001	-28.2	1,394	+3.1	23,340	18,116	18,979	14,545
State member.....	697	962	-27.5	873	-20.2	12,162	12,290	12,421	13,579
Nonmember.....	771	1,163	-33.7	756	+2.0	12,003	10,742	15,076	27,939
District No. 11: Total.....	2,271	2,507	-9.4	1,721	+32.0	34,673	28,007	33,839	32,971
Federal.....	1,422	1,531	-7.1	962	+47.8	20,550	15,426	19,755	16,917
State member.....	756	786	-3.8	668	+13.2	12,028	9,608	12,266	14,110
Nonmember.....	93	190	-51.1	91	+2.2	2,095	2,973	1,818	1,944
District No. 12: Total.....	5,933	6,637	-10.6	5,616	+5.6	77,163	69,754	72,583	57,617
Federal.....	3,251	3,701	-12.2	2,567	+26.6	40,046	28,443	32,004	24,411
State member.....	2,521	2,653	-5.0	2,928	-13.9	33,926	36,459	36,393	27,959
Nonmember.....	161	283	-43.1	121	+33.1	3,191	4,852	4,186	5,247

Table 5.—Estimated volume of new loans by all savings and loan associations, classified according to purpose and type of association ¹

[Amounts are shown in thousands of dollars]

Period	Purpose of loans					Total loans	Type of association		
	Mortgage loans on homes				Loans for all other purposes		Federals	State members	Nonmembers
	Construction	Home purchase	Refinancing	Reconditioning					
1938.....	\$220, 458	\$265, 485	\$160, 167	\$58, 623	\$93, 263	\$797, 996	\$286, 899	\$333, 470	\$177, 627
January.....	12, 572	14, 896	11, 334	3, 409	6, 891	49, 102	16, 781	20, 879	11, 442
1939.....	301, 039	339, 629	182, 025	59, 463	104, 227	986, 383	400, 337	396, 041	190, 005
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
October.....	29, 255	33, 383	15, 835	5, 784	9, 040	93, 297	37, 854	37, 847	17, 596
November.....	26, 607	30, 434	15, 445	4, 720	8, 870	86, 076	34, 785	34, 671	16, 620
December.....	26, 923	27, 779	15, 001	4, 335	9, 074	83, 112	34, 053	33, 209	15, 850
1940.....									
January.....	19, 488	22, 039	13, 999	3, 455	7, 963	66, 944	28, 008	25, 737	13, 199

¹ Revised figures for 1936, 1937, and for the first 10 months of 1938 appear on p. 93 of the December 1938 issue.

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
1938: January.....	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
October.....	92. 8	91. 5	91. 3	98. 0	85. 7	79. 3	107. 3	91. 9
November.....	93. 0	91. 6	91. 3	98. 3	84. 9	79. 3	107. 3	92. 9
December.....	93. 0	91. 6	91. 3	97. 8	85. 5	79. 3	107. 3	92. 7
1940: January.....	93. 4	91. 6	91. 4	97. 6	87. 2	79. 3	107. 3	93. 2
Change:								
Jan. 1940—Dec. 1939.....	+0. 4%	0. 0%	+0. 1%	-0. 2%	+2. 0%	0. 0%	0. 0%	+0. 5%
Jan. 1940—Jan. 1939.....	+4. 4%	-0. 9%	+0. 9%	+6. 4%	+7. 7%	+0. 8%	0. 0%	+4. 0%

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 1,316 identical Federal and 705 identical insured State-chartered savings and loan associations reporting during December 1939 and January 1940

[Amounts are shown in thousands of dollars]

Type of operation	1,316 Federals			705 insured State members		
	January	December	Change December to January	January	December	Change December to January
Share liability at end of month:			<i>Percent</i>			<i>Percent</i>
Private share accounts (number)-----	1, 401, 228	1, 358, 968	+3. 1	917, 419	904, 241	+1. 5
Paid on private subscriptions-----	\$1, 102, 215. 7	\$1, 066, 524. 7	+3. 3	\$664, 168. 9	\$652, 349. 0	+1. 8
Treasury and HOLC subscriptions--	187, 572. 2	199, 943. 3	-6. 2	¹ 36, 004. 2	¹ 36, 947. 2	-2. 6
Total-----	1, 289, 787. 9	1, 266, 468. 0	+1. 8	700, 173. 1	689, 296. 2	+1. 6
Private share investments during month--	68, 435. 5	30, 829. 2	+122. 0	28, 812. 8	15, 582. 1	+84. 9
Repurchases during month-----	36, 136. 9	8, 840. 0	+308. 8	17, 916. 2	7, 950. 6	+125. 3
Mortgage loans made during month:						
a. New construction-----	10, 024. 4	12, 976. 8	-22. 8	3, 424. 4	4, 651. 5	-26. 4
b. Purchase of homes-----	7, 306. 6	9, 303. 4	-21. 5	3, 968. 9	4, 592. 2	-13. 6
c. Refinancing-----	5, 804. 6	5, 957. 9	-2. 6	2, 172. 6	2, 848. 8	-23. 7
d. Reconditioning-----	1, 113. 8	1, 472. 9	-24. 4	513. 3	755. 2	-32. 0
e. Other purposes-----	2, 242. 8	2, 595. 6	-13. 6	1, 542. 9	1, 695. 8	-9. 0
Total-----	26, 492. 2	32, 306. 6	-18. 0	11, 622. 1	14, 543. 5	-20. 1
Mortgage loans outstanding end of month--	1, 225, 403. 1	1, 217, 312. 4	+0. 7	626, 032. 4	624, 518. 2	+0. 2
Borrowed money as of end of month:						
From Federal Home Loan Banks-----	82, 937. 0	100, 278. 2	-17. 3	30, 396. 8	34, 400. 7	-11. 6
From other sources-----	4, 053. 2	7, 527. 6	-46. 2	3, 143. 0	3, 859. 2	-18. 6
Total-----	86, 990. 2	107, 805. 8	-19. 3	33, 539. 8	38, 259. 9	-12. 3
Total assets, end of month-----	1, 507, 978. 4	1, 511, 900. 0	-0. 3	860, 376. 8	858, 977. 5	+0. 2

¹ Includes only HOLC 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	Dec. 31, 1939	Jan. 31, 1940			
State-chartered associations---	136	382	566	737	799	805	998, 300	\$939, 497	\$719, 326
Converted Federals-----	406	560	672	³ 723	⁴ 763	⁵ 768	1, 063, 400	1, 127, 235	857, 139
New Federals-----	572	634	641	637	634	632	399, 300	447, 033	292, 271
Total-----	1, 114	1, 576	1, 879	2, 097	2, 196	2, 205	2, 461, 000	2, 513, 765	1, 868, 736

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, 12 Federals with assets of \$3,667,000 had been approved for conversion but had not been insured as of Dec. 31.

⁵ In addition, 2 Federals with assets of \$817,000 had been approved for conversion but had not been insured as of Jan. 31.

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

[Thousands of dollars]

Federal Home Loan Banks	January 1940		December 1939		Advances outstanding, Jan. 31, 1940
	Advances	Repayments	Advances	Repayments	
Boston.....	\$159	\$1,576	\$979	\$187	\$5,993
New York.....	1,801	1,598	1,834	900	20,023
Pittsburgh.....	251	1,784	705	728	14,726
Winston-Salem.....	595	5,532	3,935	916	14,883
Cincinnati.....	489	1,597	1,144	565	17,232
Indianapolis.....	210	1,504	1,179	282	9,650
Chicago.....	335	3,012	1,661	1,228	23,205
Des Moines.....	106	3,138	1,351	546	14,587
Little Rock.....	173	1,742	1,109	231	8,275
Topeka.....	120	1,111	824	245	9,956
Portland.....	50	1,717	1,043	119	4,607
Los Angeles.....	97	4,600	2,960	286	13,651
Total.....	4,386	28,911	18,724	6,233	156,788
January 1939.....	2,923	22,914			178,851
January 1938.....	3,723	13,279			190,538

Table 10.—Government investments in savings and loan associations¹

[Amounts are shown in thousands of dollars]

Type of operation	Treas-ury	Home Owners' Loan Cor-poration		
	Fed-erals ²	Fed-erals	State mem-bers	Total
Oct. 1935—Jan. 1940:				
Applications:				
Number.....	1,862	4,594	975	5,569
Amount.....	\$50,401	\$200,179	\$63,207	\$263,386
Investments:				
Number.....	1,831	4,181	727	4,908
Amount.....	\$49,300	\$175,327	\$44,633	\$219,960
Repurchases.....	\$14,336	\$12,540	\$3,606	\$16,146
Net outstanding in-vestments.....	\$34,964	\$162,787	\$41,027	\$203,814
January 1940:				
Applications:				
Number.....	0	2	6	8
Amount.....	0	\$30	\$292	\$322
Investments:				
Number.....	0	2	1	3
Amount.....	0	\$24	\$10	\$34
Repurchases.....	\$4,715	\$6,724	\$949	\$7,673

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.—Summary of operations of HOLC Reconditioning Division through Jan. 31, 1940¹

Type of operation	June 1, 1934 through Dec. 31, 1939	Jan. 1, 1940 through Jan. 31, 1940	Cumulative through Jan. 31, 1940
Cases received ²	1,119,626	6,741	1,126,367
Contracts awarded:			
Number.....	722,956	4,599	727,555
Amount.....	\$145,552,221	\$1,201,179	\$146,753,400
Contracts completed:			
Number.....	717,871	4,614	722,485
Amount.....	\$143,253,648	\$1,232,995	\$144,486,643

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 HOLC through foreclosure and voluntary deed¹

Period	Number
Prior to 1935.....	9
1935: Jan. 1 through Dec. 31.....	1,097
1936: Jan. 1 through Dec. 31.....	20,324
1937: Jan. 1 through Dec. 31.....	50,206
1938: Jan. 1 through Dec. 31.....	50,919
1939: Jan. 1 through June 30.....	19,509
July.....	2,773
August.....	2,857
September.....	2,590
October.....	2,445
November.....	2,356
December.....	1,800
1940: January.....	1,567
Grand total to Jan. 31, 1940.....	158,452

¹ Does not include 9,462 properties bought in by HOLC at foreclosure sale but awaiting expiration of the redemption period before title in absolute fee can be obtained.

In addition to the 158,452 completed cases, 897 properties were sold at foreclosure sale to parties other than the HOLC and 23,832 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 January 1940

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 Mortgages		Total		
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	
UNITED STATES-----	30,055	\$74,933	4,428	\$22,059	20,721	\$65,472	2,607	\$10,032	24,494	\$46,781	12,478	\$39,239	94,783	\$258,516	\$2.80
No. 1--Boston-----	2,699	8,537	232	1,253	753	2,850	1,451	5,072	1,622	3,594	883	2,457	7,640	23,783	
Connecticut-----	223	735	38	302	277	1,174	305	1,144	436	1,120	153	587	1,432	5,052	3.33
Maine-----	233	525	19	53	119	207	182	296	194	278	92	121	839	1,480	2.36
Massachusetts-----	1,821	5,939	142	732	246	1,052	760	2,952	781	1,775	496	1,349	4,246	13,809	3.35
New Hampshire-----	142	448	11	55	27	97	66	225	68	142	42	108	356	1,075	2.67
Rhode Island-----	193	615	15	77	67	251	98	316	101	192	74	236	548	1,697	2.53
Vermont-----	87	275	7	34	17	59	40	139	42	87	26	66	219	660	2.67
No. 2--New York-----	1,808	5,597	181	1,144	1,142	4,925	792	3,651	1,932	4,921	1,130	4,272	6,985	24,510	
New Jersey-----	897	2,618	70	434	579	2,616	57	341	769	1,969	474	1,592	2,846	9,670	2.47
New York-----	911	2,979	111	710	563	2,309	735	3,310	1,163	2,952	656	2,580	4,139	14,840	1.25
No. 3--Pittsburgh-----	2,039	5,242	188	1,087	1,753	6,398	136	503	1,538	3,368	1,046	3,355	6,700	19,953	
Delaware-----	64	170	35	189	62	295	29	106	115	219	24	127	329	1,106	5.76
Pennsylvania-----	1,642	4,331	108	599	1,331	5,131	104	396	1,182	2,779	893	3,099	5,260	16,335	1.86
West Virginia-----	333	741	45	299	360	972	3	1	241	370	129	1,029	1,111	2,512	1.96
No. 4--Winston-Salem-----	4,888	11,139	630	2,800	2,290	5,701	21	86	3,912	6,550	1,961	4,710	13,202	30,985	
Alabama-----	174	211	56	254	175	283			547	792	188	476	1,140	1,996	1.53
District of Columbia-----	369	1,732	45	266	89	507			227	666	227	883	957	4,054	8.33
Florida-----	541	1,609	223	957	324	888			781	1,700	410	1,046	2,279	6,200	5.21
Georgia-----	721	1,260	131	548	601	1,291			363	476	199	446	2,015	4,021	2.70
Maryland-----	758	1,982	19	69	193	627	21	86	297	707	134	352	1,422	3,823	2.74
North Carolina-----	1,346	2,368	67	256	296	560			544	587	383	426	2,636	4,197	2.67
South Carolina-----	300	446	38	168	229	542			574	583	144	283	1,285	2,022	2.46
Virginia-----	679	1,531	51	282	383	1,023			579	1,039	276	798	1,968	4,673	3.18
No. 5--Cincinnati-----	3,986	10,895	532	2,761	2,200	6,252	62	333	1,590	2,741	1,226	3,487	9,596	26,469	
Kentucky-----	620	1,389	84	425	344	776			198	267	88	285	1,334	3,142	2.18
Ohio-----	3,100	9,013	364	2,063	1,533	4,805	62	333	1,080	2,120	609	2,081	6,748	20,415	3.62
Tennessee-----	266	493	84	273	323	671			312	354	529	1,121	1,514	2,912	2.08
No. 6--Indianapolis-----	2,114	4,448	618	2,948	2,365	6,893	14	24	1,092	2,076	737	2,573	6,940	18,962	
Indiana-----	1,413	2,556	232	1,045	792	2,092	14	24	404	659	258	666	3,113	7,042	2.90
Michigan-----	701	1,892	386	1,903	1,573	4,801			688	1,417	479	1,907	3,827	11,920	2.94
No. 7--Chicago-----	2,273	6,474	285	1,593	1,186	4,355	2	3	1,475	3,508	1,112	5,214	6,333	21,147	
Illinois-----	1,688	5,014	230	1,279	752	3,150			609	1,708	915	4,581	4,194	15,732	2.37
Wisconsin-----	585	1,460	55	314	434	1,205	2	3	866	1,800	197	633	2,139	5,415	2.63
No. 8--Des Moines-----	1,947	4,140	409	1,786	1,541	3,096	23	80	1,974	3,297	804	2,300	6,698	14,699	
Iowa-----	493	884	88	371	516	1,063			447	694	212	555	1,756	3,567	2.39
Minnesota-----	635	1,615	187	790	431	850	23	80	544	1,032	89	289	1,909	4,656	2.79
Missouri-----	676	1,388	97	503	477	982			875	1,364	440	1,308	2,565	5,545	2.20
North Dakota-----	80	147	18	80	49	95			53	96	47	135	247	553	1.95
South Dakota-----	63	106	19	42	68	106			55	111	16	13	221	378	1.25
No. 9--Little Rock-----	2,395	5,664	636	2,771	714	1,678			1,714	3,253	1,250	3,594	6,709	16,970	
Arkansas-----	255	426	35	162	128	245			179	344	122	253	719	1,430	1.95
Louisiana-----	688	1,946	92	467	104	261			112	190	228	538	1,224	3,502	2.75
Mississippi-----	136	202	29	132	96	161			230	360	98	231	589	1,086	1.68
New Mexico-----	112	239	4	24	58	154			143	314	68	129	385	860	3.25
Texas-----	1,204	2,851	476	1,986	328	857			1,050	2,055	734	2,343	3,792	10,092	2.91
No. 10--Topeka-----	1,791	3,571	176	829	687	1,582			1,335	2,085	676	1,616	4,665	9,683	
Colorado-----	234	525	21	109	115	343			499	1,008	166	416	1,035	2,401	3.19
Kansas-----	424	735	48	199	247	433			210	214	163	291	1,092	1,872	1.59
Nebraska-----	386	703	56	313	39	89			149	300	69	249	699	1,654	2.09
Oklahoma-----	747	1,608	51	208	286	717			477	563	278	660	1,839	3,756	2.74
No. 11--Portland-----	1,408	2,748	171	562	1,118	2,778	106	280	1,169	1,679	691	2,245	4,663	10,292	
Idaho-----	94	156	16	40	114	355			196	279	55	169	475	999	3.89
Montana-----	158	336	16	61	108	352			143	336	40	170	465	1,255	3.77
Oregon-----	335	598	50	191	121	283	8	32	402	465	166	535	1,082	2,104	2.88
Utah-----	140	319	14	45	192	533			92	98	59	105	497	1,100	2.80
Washington-----	626	1,187	75	225	542	1,164	98	248	271	348	339	1,170	1,951	4,342	3.45
Wyoming-----	55	152			41	91			65	153	32	96	193	492	3.23
No. 12--Los Angeles-----	2,707	6,478	370	2,525	4,972	18,954			5,141	9,699	962	3,406	14,152	41,062	
Arizona-----	61	144	11	77	106	387			300	619	31	59	509	1,286	3.82
California-----	2,641	6,327	359	2,448	4,844	18,478			4,811	8,996	930	3,345	13,585	39,594	7.83
Nevada-----	5	7			22	89			30	84	1	2	58	182	2.44

¹Based upon county reports submitted through the cooperation of savings and loan associations, the U. S. Savings 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	Com-bined total	Per-cent
Number:														
1939: January ¹ ----	26, 905	30. 5	4, 077	4. 6	19, 785	22. 4	2, 264	2. 5	24, 835	28. 1	10, 500	11. 9	88, 366	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
October-----	42, 091	34. 6	5, 636	4. 6	25, 589	21. 0	3, 718	3. 0	29, 577	24. 3	15, 195	12. 5	121, 806	100. 0
November-----	38, 671	33. 3	5, 443	4. 7	24, 594	21. 2	3, 994	3. 5	27, 955	24. 1	15, 336	13. 2	115, 993	100. 0
December-----	38, 018	33. 6	5, 694	5. 0	24, 433	21. 6	3, 692	3. 2	27, 034	23. 9	14, 370	12. 7	113, 241	100. 0
1940: January-----	30, 055	31. 7	4, 428	4. 7	20, 721	21. 9	2, 607	2. 7	24, 494	25. 8	12, 478	13. 2	94, 783	100. 0
Amount:														
1939: January ¹ ----	\$64, 656	27. 1	\$20, 620	8. 6	\$65, 490	27. 4	\$7, 580	3. 2	\$46, 245	19. 4	\$34, 175	14. 3	\$238, 766	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
October-----	105, 229	31. 6	28, 503	8. 6	84, 678	25. 4	12, 966	3. 9	53, 909	16. 2	47, 794	14. 3	333, 079	100. 0
November-----	98, 889	30. 4	28, 286	8. 7	80, 434	24. 7	14, 571	4. 5	52, 183	16. 1	50, 699	15. 6	325, 112	100. 0
December-----	95, 724	30. 2	28, 990	9. 2	80, 971	25. 6	13, 550	4. 3	49, 677	15. 7	47, 629	15. 0	316, 541	100. 0
1940: January-----	74, 933	29. 0	22, 059	8. 5	65, 472	25. 3	10, 032	3. 9	46, 781	18. 1	39, 239	15. 2	258, 516	100. 0

¹ Revised.

Cooperative Advertising

(Continued from p. 192)

beginning of a campaign, will present little difficulty. The knowledge the committee has gained relative to the characteristics of the persons comprising the savings and loan market, however, may suggest a specialized form of copy with appeal to one or more particular groups. It is clear that the advertising message for a group of prospective investors and borrowers whose occupations were predominantly of the professional type would vary considerably from one designed for a group of factory workers.

5. TRACING AND RECORDING THE RESULTS

The committee managing our hypothetical cooperative advertising campaign has now planned its campaign, selected its media, secured its funds, and

prepared the advertising material to be used. The question is, "How effectively has it performed these functions?" Whether that question can be answered will depend upon the use of some practical method which will permit the tracing of results, and a comparison with current expenditures from the beginning to the end of the campaign.¹ This makes it possible to spot promptly any weaknesses in the plan, in media selections, or in advertising copy which only practical application will disclose.

If the committee waits until the completion of the campaign to measure the *total* results against the *total* expenditures, weaknesses which may have developed will remain blanketed from view. This involves an unproductive expenditure of funds which, if they had been switched earlier into more productive channels, would have augmented the

¹ See "Fingerprinting the Advertising Dollar", FEDERAL HOME LOAN BANK REVIEW, September 1939, p. 376.

total results for spending the same amount of money, or have developed equally as satisfactory results for a lower total cost.

It should be the responsibility of the managing committee to distribute periodic reports to all of the participating associations based upon these known results. In this way, each association is given a written record of the progress made, an analysis of the money spent, and an outline of the highlights of the campaign which are yet to come. This gives each institution an opportunity to relate its own advertising policies to those of the campaign. Periodic reports and meetings are essential factors in maintaining the interest and cooperation of all participants throughout the duration of the campaign.

SUMMARY

Throughout the discussion of these articles, it is evident that cooperative group advertising frequently offers associations much more in the way of results, in proportion to their shares of the total cost, than if the individual institutions had spent the same amount of money in separate advertising. This is especially true in the larger communities where the cost of advertising may be relatively high. It is of equal importance to the smaller associations with limited business promotion budgets.

The increased interest of savings and loan associations in advertising based on specialized procedures such as these indicates that in the future more savings and loan groups will be reporting a greater degree of success with their cooperative advertising.

Directory

(Continued from p. 201)

- INDIANA:**
Muncie:
 Guaranty Savings & Loan Association, 116 East Main Street (sale of assets and transfer of 44 shares of Bank stock to Muncie Federal Savings & Loan Association, Muncie, Indiana).
Terre Haute:
 Vigo County Loan & Savings Association, 28 South Eighth Street (conversion by way of merger with, and under name of "Central Federal Savings & Loan Association", Terre Haute, Indiana).
- PENNSYLVANIA:**
Philadelphia:
 Bouvier Building & Loan Association of Philadelphia, 332 Commercial Trust Company Building (consolidated with nonmember Henry R. Edmunds Building & Loan Association to form an entirely new association under the name of "Edmunds-Bouvier Savings & Loan Association", Philadelphia, Pennsylvania—new association admitted to membership on Feb. 1, 1940).
 Twenty-second Street Building & Loan Association, Bankers Securities Building (voluntary liquidation).
- VIRGINIA:**
Norfolk:
 Twin City Permanent Building Association of Norfolk, Virginia, 113 West Freemason Street (sale of assets to Mutual Federal Savings & Loan Association of Norfolk, Norfolk, Virginia).
- WASHINGTON:**
Hoquiam:
 Twin Cities Savings & Loan Association, 720 Simpson Avenue (voluntary liquidation).
Tacoma:
 Evergreen Savings & Loan Association, 115 South Eleventh Street (merger with, and under name of, "American Savings & Loan Association", Tacoma, Washington).

- WISCONSIN:**
Milwaukee:
 Guardian Savings & Loan Association, 1727 West Lincoln Avenue (liquidation).
 Holton Street Building & Loan Association, 2714 North Holton Street (merger with, and under name of, "Hopkins Street Building & Loan Association", Milwaukee, Wisconsin).
 Progressive Building & Loan Association, 4417 West North Avenue (voluntary liquidation).

II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN JAN. 16, 1940, AND FEB. 15, 1940

DISTRICT NO. 7

- WISCONSIN:**
Madison:
 First Federal Savings & Loan Association of Madison, 124 State Street (converted from Northwestern Savings, Building & Loan Association).
Milwaukee:
 Bay View Federal Savings & Loan Association, 2671 South Kinnickinnic Avenue (converted from Bay View Building & Loan Association).
 East Side Federal Savings & Loan Association, 2850 North Oakland Avenue (converted from East Side Mutual Building & Loan Association).
 Kinnickinnic Federal Savings & Loan Association, 2252 South Kinnickinnic Avenue (converted from Kinnickinnic Mutual Loan & Building Association).

DISTRICT NO. 10

- KANSAS:**
Arkansas City:
 First Federal Savings & Loan Association of Arkansas City, 112 East Central Avenue.

CANCELATIONS OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTERS BETWEEN JAN. 16, 1940, AND FEB. 15, 1940

- FLORIDA:**
Tampa:
 Lafayette Federal Savings & Loan Association of Tampa, 607 Tampa Street (merger with, and under name of, "First Federal Savings & Loan Association of Tampa", Tampa, Florida).
- PENNSYLVANIA:**
Philadelphia:
 Hestonville Federal Savings & Loan Association, Fifteenth & Locust Streets (merger with, and under name of, "Mid-City Federal Savings & Loan Association of Philadelphia", Philadelphia, Pennsylvania).

III. INSTITUTIONS INSURED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION BETWEEN JAN. 16, 1940, AND FEB. 15, 1940

DISTRICT NO. 2

- NEW JERSEY:**
Arlington:
 Kearny Building & Loan Association, 614 Kearney Avenue.
Cateret:
 United Roosevelt Building & Loan Association, 17 Cooke Avenue.
Elizabeth:
 City Building & Loan Association, 1180 East Jersey Street.
Harrison:
 Peoples Security Building & Loan Association, 315 Harrison Avenue.

DISTRICT NO. 3

- PENNSYLVANIA:**
Coatesville:
 Industrial Building & Loan Association of Philadelphia, 251 East Lincoln Highway.
Philadelphia:
 Edmunds-Bouvier Savings & Loan Association, 1500 Chestnut Street.
 Elmwood Federal Savings & Loan Association of Philadelphia, 7042 Elmwood Avenue.
 Hamilton Building & Loan Association of Philadelphia, 6780 Germantown Avenue.
Pittsburgh:
 Friendship Federal Savings & Loan Association of Pittsburgh, 4625 Liberty Avenue.

DISTRICT NO. 6

- INDIANA:**
Crawfordsville:
 Montgomery Savings Association, 202 East Main Street.
- MICHIGAN:**
Detroit:
 Peoples Federal Savings & Loan Association of Detroit, 1121 National Bank Building.

DISTRICT NO. 7

- ILLINOIS:**
Chicago:
 United Savings & Loan Association, 953 West Thirty-first Street.
- WISCONSIN:**
Milwaukee:
 Atlas Savings & Loan Association, 4700 West North Avenue.

DISTRICT NO. 12

- CALIFORNIA:**
Banning:
 San Geronio Building-Loan Association, 50 South First Street.

Resolutions of the Board

■ ON January 31, 1940 the Federal Home Loan Bank Board and the Trustees of the Federal Savings and Loan Insurance Corporation amended the Federal Regulations and the Insurance Regulations to bring the two sets of Regulations in conformity with the policy previously adopted providing that current appraisals of real estate security should be made on the basis of realistic market values.

AMENDMENT TO RULES AND REGULATIONS FOR FEDERAL SAVINGS AND LOAN SYSTEM, RELATING TO LOANS BEYOND THE 50-MILE AREA: Adopted January 31, 1940; effective February 2, 1940.

1. Section 202.22 was repealed.
2. The first sentence of paragraph (4) of subsection (c) of Section 203.12 was amended to read:

(4) Within the six months' period following the date upon which a copy of the report of examination, made pursuant to each examination of a Federal association under Section 203.2 of these rules and regulations, is delivered to a Federal association, one of its officers or directors shall inspect and appraise the real estate securing each loan listed in such report as subject to comment or criticism.

AMENDMENT TO RULES AND REGULATIONS FOR INSURANCE OF ACCOUNTS, RELATING TO LOANS BEYOND THE 50-MILE AREA: Adopted January 31, 1940; effective February 2, 1940.

1. Subsection (b) of Section 301.4 was repealed.
2. The first sentence of paragraph (5) of subsection (d) of Section 301.11 was amended to read:

(5) Within the six months' period following the date upon which a copy of the report of examination, made pursuant to each examination of an insured institution under Section 301.14 of these rules and regulations, is delivered to an insured institution, one of its officers or directors shall inspect and appraise the real estate securing each loan listed in such report as subject to comment or criticism.

AMENDMENT TO RULES AND REGULATIONS FOR INSURANCE OF ACCOUNTS, RELATING TO LONG-FORM MEMBERSHIP CERTIFICATES: Adopted February 14, 1940; effective February 19, 1940.

Subsection (c) of Section 301.8 of the Rules and Regulations for Insurance of Accounts was amended by providing that the Corporation may waive certain requirements respecting provisions appearing in long-form membership certificates, and now reads:

(c) *Long form of membership certificate.* Every share or membership certificate, passbook, or other instrument certifying investment hereafter issued by an insured institution, which pays or proposes to pay a different rate of dividends or interest upon different classes of shares or securities, which

prefers, or proposes to prefer, either as to time or amount of participation in earnings or assets (except by way of a bonus plan), any one or more classes of shares or securities, or which charges directly or indirectly any membership, admission, repurchase, withdrawal, or any other fee or sum of money for the privilege of becoming, remaining, or ceasing to be an investor in the institution, must, except by express permission of the Corporation, include in its provisions, and display the same in easily read type, a full and understandable statement of the method of maturing such contracts, the rate of interest paid, or the dividend provisions under which the institution operates, and the charge or charges, if any, for the privilege of becoming, remaining, or ceasing to be an investor in the institution.

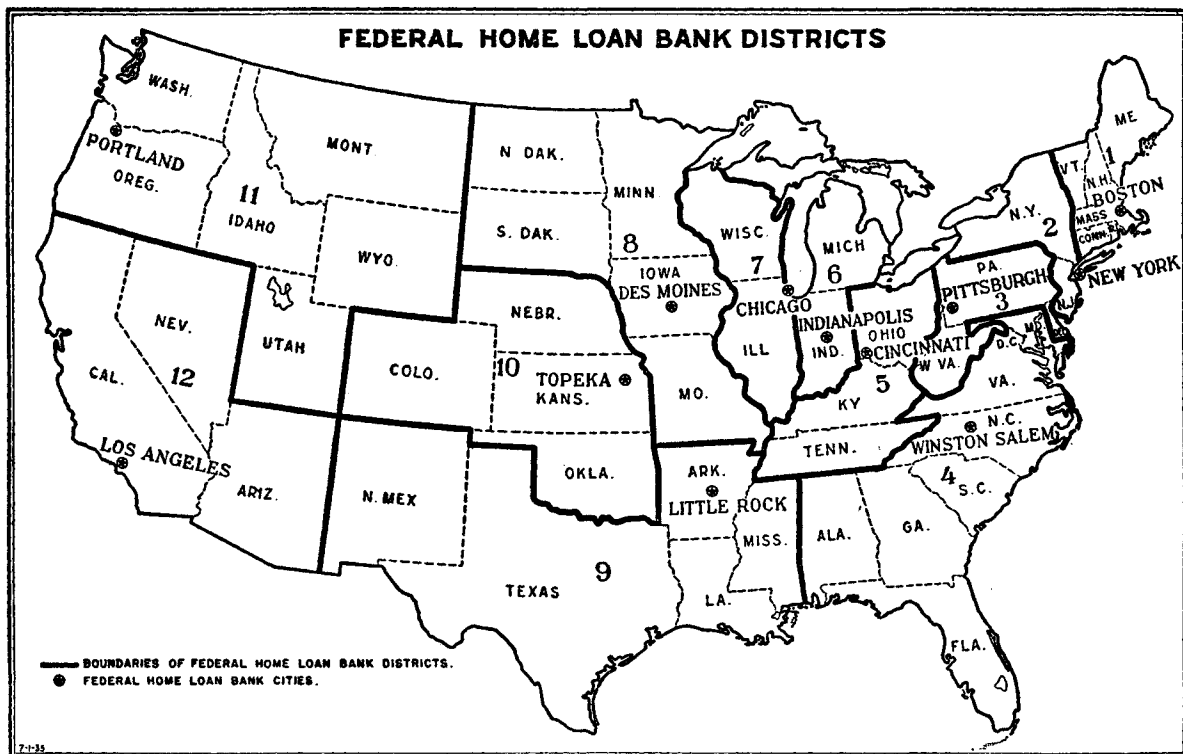
AMENDMENT TO RULES AND REGULATIONS FOR FEDERAL SAVINGS AND LOAN SYSTEM, RELATING TO PROOF AND DISALLOWANCE OF CLAIMS AGAINST FEDERALERS IN LIQUIDATION: Adopted February 19, 1940; effective February 21, 1940.

The Board amended Federal Regulation 204.5 by adding at the end the following sentences, which provide for notice to creditors of a Federal association in receivership to present their claims to such receivers within 90 days, and for disallowance of claims not so presented:

In any case in which the Board enters an order for the liquidation of a Federal association, the receiver, on direction of the Board, shall publish, in form approved by the Board, in a newspaper or newspapers printed in the English language and of general circulation in the county in which the home office of such Federal association is located a notice to all creditors of such Federal association to present their claims with legal proof thereof to such receiver, at a place designated in said notice, within 90 days of the day of the first publication of such notice, Sundays and holidays included, and claims not filed within such 90-day period shall be disallowed except as they may thereafter be allowed by the Board for payment in whole or in part out of the assets of said Federal association then remaining undistributed. Such notice shall be similarly published approximately one month and two months, respectively, after the date of such first publication except that such supplemental notices shall expressly state the last date on which such claims may be presented.

EFFECTIVE DATE CHANGED

The Board of Trustees of the Federal Savings and Loan Insurance Corporation amended Section 301.13 of the Rules and Regulations for Insurance of Accounts, eliminating additional insurance premiums in connection with mergers, consolidations, and purchase of bulk assets involving increases in creditor obligations (February 1940 REVIEW, page 156). On February 12, the Board amended this resolution to show the effective date as *February 14, 1940*, instead of January 23, 1940.



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