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RESIDENTIAL NEIGHBORHOODS: THEIR STRUCTURE AND GROWTH

What is the pattern of residential neighborhoods in American cities, and in what directions do they move? A recent study of real property surveys suggests general principles and techniques for use by mortgage lenders in analyzing their own cities.

■ AN outstanding development in photography in recent years has been infra-red technique, producing pictures with perfect clarity even on cloudy days for distances of several hundred miles. Similarly, mortgage lenders are striving to develop a technique which will pierce the haze of economic uncertainties and more clearly portray the risks involved in making a residential loan to run for 15 to 25 years into the future.

Basis for important advances towards such a technique have been the various real property surveys, making available within the past five years a vast storehouse of information about the structure of more than 200 American cities. From such data, a scientific analysis of city structure is slowly being made, and tools are being devised and tested to guide mortgage-lending policies.

A recent study of the real property surveys by Dr. Homer Hoyt [1] is of particular interest to savings and loan associations and other mortgage lenders because it suggests how to acquire an intimate understanding of the character of residential neighborhoods and the forces that have created them as they are and that are constantly exerting pressures to change them in any American city. Even for those cities for which no real property survey has yet been made, techniques are described which will make possible generalizations on city structures and growth.

The Structure of Residential Neighborhoods

Although a city may appear to the observer in an airplane as a chaotic jumble of structures, without any orderly pattern, three steps can be taken to differentiate and relate its integral parts. First, by use of land survey, land coverage, and settled area maps, the shape of the entire community is revealed. By examining the city as a unit, one determines the ground plan, the pattern of streets, the increase in the amount of vacant land from the center to the periphery. The hundreds of thousands of separate buildings form various types of patterns around the central business area like a scattering of iron filings about a magnetic core.

As a second step, land use maps are consulted. They make it clear that structures devoted to different functions are segregated in definite areas. Residential areas are set apart, and tend to be distributed in a certain definite way with respect to commercial and industrial districts.

Once the shape of the city and the internal pattern of the different types of structures have been determined, the third step—and the most important for mortgage lenders—is to analyze the characteristics of the different residential sections. For the 177 cities for which data *by blocks* have been tabulated in real property surveys, Dr. Hoyt suggests an intensive technique which permits the delineation of numerous types of neighborhoods.

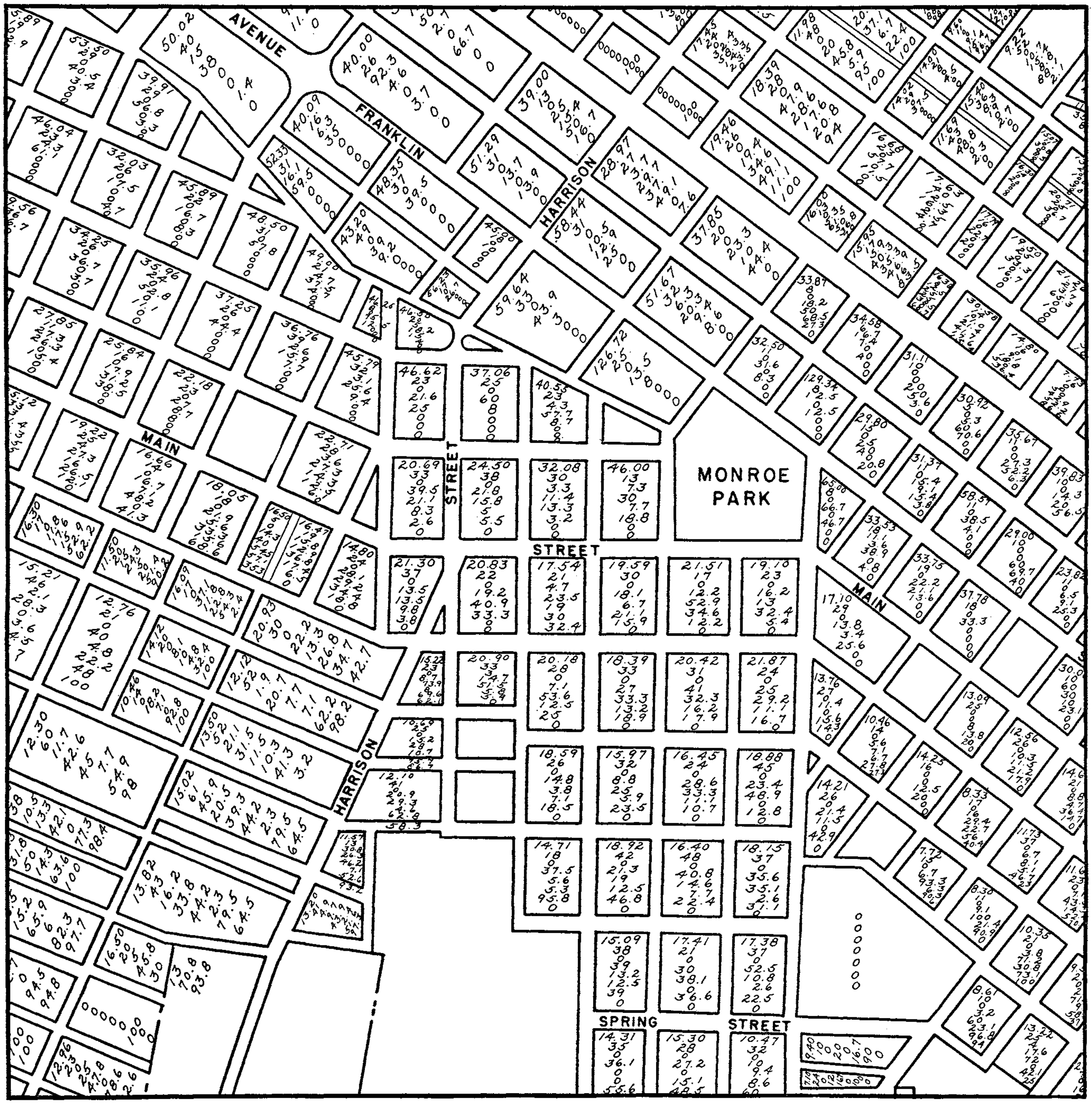
In brief, using the real property survey, eight or more factors significant of the quality of housing are tabulated for each city block. Such factors might include average rental for the block, percentage of total dwelling units that are owner-occupied, percentage of structures needing major repairs, percentage of structures less than 15 years old, etc. Plotting these figures in each city block on a map then reveals a definite series of patterns. Dwelling units that are similar in rental, or in age, or similar with respect to other indicators of quality of housing, tend to be concentrated in certain areas. This is shown in the section of the block data map for Richmond reproduced on the facing page.

In making intensive studies of Richmond and other cities for which data had been tabulated by blocks and transferred to maps, it was found that a number

[1] "The Structure and Growth of Residential Neighborhoods in American Cities", by Dr. Homer Hoyt, Principal Housing Economist of the Federal Housing Administration, upon which this article is based, may be obtained from the Superintendent of Documents, Government Printing Office, Washington, D. C., for $1.50.

Block data map—Section of Richmond, Virginia—1934

[Source: U. S. Department of Commerce, "Richmond Real Property Inventory, 1934"; Federal Housing Administration, Division of Economics and Statistics]



The figures in each block of this section of a map of Richmond are factors revealing the housing conditions in that block. Listed from top to bottom in each block are: (1) average rental of the dwelling units; (2) total number of residential structures; (3) percentage of total number of residential structures less than 15 years old; (4) percentage of total number of dwelling units that are owner-occupied; (5) percentage of total number of residential structures that need major repairs; (6) percentage of total number of structures used for commercial purposes; (7) percentage of total number of dwelling units that have no private bath; (8) percentage of total number of residents that are nonwhite.

The basic figures for each block are derived from the real property survey for the city. Such a map shows the general pattern of neighborhoods, and helps the mortgage lender to recognize and interpret trends which may change the character of neighborhoods. Dwelling units that are similar in rental, in age, in condition, or similar with respect to other indicators of quality of housing, tend to be concentrated in certain areas. Note how few of the structures in the lowest rental blocks are in good condition, or are owner-occupied. In the better-grade areas, structures are newer, there are more owner-occupants, and dwellings are generally in good condition.

of characteristics of the quality of housing were associated and tended to fall in the same general areas of the city. For example, in ascertaining the areas where the worst housing conditions prevailed in Richmond, factors indicating poor housing (less than $15 average monthly rent, 75 percent of structures 35 years old or more, 25 percent of structures in poor condition, and 50 percent or more nonwhite occupancy) tended to concentrate in homes in low-rent blocks. As average block rent increased, these factors became less prevalent.

Similar results were found in other cities, leading to the development of a simple alternative technique which can be used in analyzing residential neighborhoods in cities where block data from real property surveys are not available. Essence of this technique is the fact that average rent of dwelling units in a block reflects the housing characteristics of that block: both those which can be measured (like age and condition of structure) and those more difficult to evaluate (such as style of architecture, topography, and accessibility).

Stressing the fact that rent is the basic tool which may be used for rough analysis where other data are lacking, the monograph points out that this alternative technique is not so flexible and not so accurate as one developed from real property surveys, where a judicious selection of the required factors for measurement permits the description of numerous types of neighborhoods. However, rent is an absolute figure and an average block rental can be readily computed. It is the only characteristic used in measuring quality of housing about which much information is available concerning the past, as well as the present. For all these reasons, Dr. Hoyt's conclusion is that "patterns of rent may be fully relied upon to serve as a guide to the structure of residential neighborhoods."

The average rent of dwelling units in a block can be quickly ascertained on a sample basis, either from a door-to-door survey or by use of records of rental units handled through real estate agents. High, low, and intermediate rental areas may be defined for sections of the city including a number of blocks, making possible a quick analysis of city structure and comparison of the extent and location of the various rental areas in a short time.

The Pattern of Residential Areas in the City

In determining mortgage-lending policies, the pattern of the distribution of rent areas within the city is most important of all. Although each urban center has a pattern that is to a certain extent unique, study of the maps of 142 cities reveals that in every city there are one or more clusters of blocks in which average rents paid for residences are highest. These high-rent areas, although of extremely limited extent, are peaks: all other rent areas slope upward towards them.

The rental area map of Trenton, New Jersey, developed from maps showing rents by individual blocks, groups blocks of similar rents in relatively homogeneous areas, bringing out in sharp relief the location of the main rental sections and the gradation downward from the high-rent poles, with successive areas of lower and lower average rents.

It has been suggested in the past that rental areas fall into a series of concentric circles, with a gradation of rents upward from the center to the periphery in all sections of the city. Rental area maps, however, conform to a pattern of sectors. In no city examined was the concentric circle pattern observed. Rather, there is an upward gradation of rents in the one or more sectors in which the highest rental area is located, and there are also low-rent sectors in which there is no increase in rents as one goes from the center to the periphery of the city.

Some conclusions of fundamental importance with respect to main tendencies of city structure can be summarized from these rental area maps:

1. The highest rental neighborhood is in every case located in one or more sectors on the side of the city, and in most cases on the periphery.

2. High-rent areas may form wedges extending in certain sectors along radial lines from the center to the periphery (as in Dallas, Providence, Indianapolis) or may fall into rectangular or circular segments on the periphery of one sector (Des Moines, Peoria, Jacksonville).

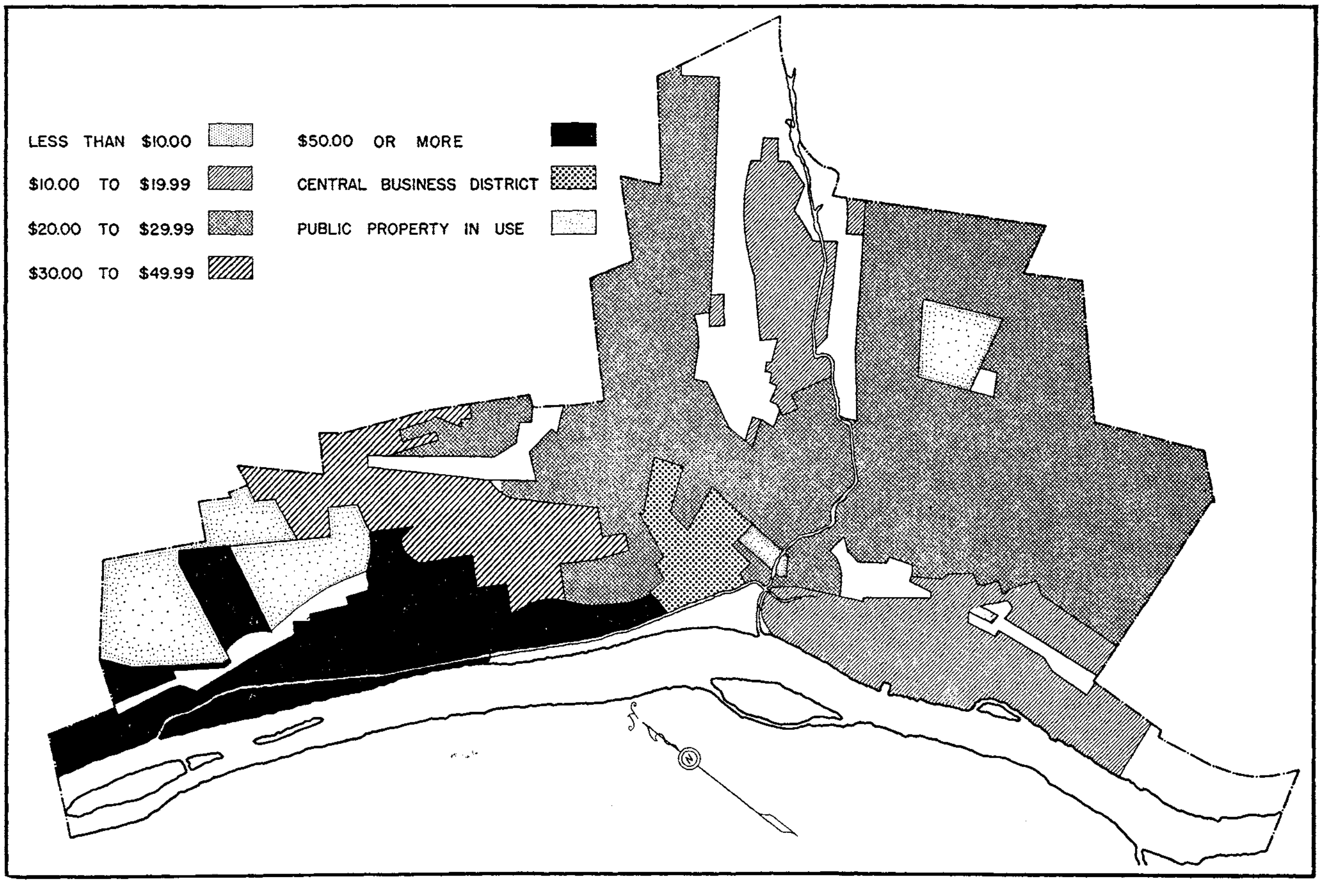
3. Intermediate rental areas tend to surround the highest rental neighborhoods, or to adjoin them on one side.

4. Intermediate rental areas are sometimes found on the periphery of sectors of the city other than those in which highest rental neighborhoods are located; they then represent peak rental neighborhoods of the lower grade sectors (Atlanta, Minneapolis).

5. Low-rent areas extending from the center to the edge of settlement on one side or in certain sectors are found in practically every city (Trenton, Oklahoma City, Knoxville, Seattle are examples). One or more sectors thus acquire a low-rent character,

Average rents in residential areas, Trenton, New Jersey—1934

[Source: U. S. Department of Commerce, "Trenton Real Property Inventory, 1934"; Federal Housing Administration, Division of Economics and Statistics]



By grouping blocks of similar rents in relatively homogeneous areas, this rental area map brings out in sharp relief the location of the main rental sections in Trenton, and shows that the other rent areas slope upward towards the peak represented by the high-rent pole. The map also illustrates the general principle that the high, intermediate, and low-grade areas tend to move out from the center of the city in definite sectors. Of prime importance to mortgage lenders is the fact that the outward shift of the best residential neighborhood to the rim of the city leaves behind a zone in which rentals are declining and mortgage risks increasing. By making loans on properties in the forefront of the movement of the better-grade areas, the mortgage lender is well protected against loss from declining neighborhood trends.

and in these sectors there is no tendency for rents to increase as one leaves the center and approaches the periphery.

The Growth of Residential Neighborhoods

To know the present pattern of distribution of residential neighborhoods in the city is vital to mortgage lenders, but this in itself is not enough for sound long-term lending. The structure of the city does not remain static, and the pattern of neighborhoods changes as the city grows. A knowledge of the dynamic forces which produce shifts in the boundaries of existing types of neighborhoods is therefore extremely valuable, especially in cities of rapid growth, where sudden transitions occur in the land uses or residential occupancy of an area.

One general conclusion advanced in this study is that "the speed with which a residential area of a given type shifts to a new location appears to vary with the rate of population growth of the city". Whenever a large number of new people enter a city, factories may invade residential areas, newcomers of different standards of living may hasten changes in the characters of neighborhoods, and the building of new homes to take care of added population causes a shifting and filtering process that profoundly affects every neighborhood in the city.

In the relatively static city, on the other hand, the pattern of land uses and neighborhoods remains unchanged for long periods of time. For example, comparing Charleston, South Carolina, and Charleston, West Virginia—two cities that were approximately the same size in 1930—we find that from

1900 to 1930, the population of the South Carolina city increased 11.6 percent. The fashionable residential area still remains near the location established over 100 years ago. Room for expanding the high-grade home area was obtained by filling in land on the Ashley River, a few blocks from the sites of the first mansions. In contrast, in Charleston, West Virginia, where population gain was nearly six-fold from 1900 to 1930, the fashionable neighborhoods moved eastward, with two new sections developed, one across the river on the heights. The present high-grade areas occupy districts a mile or more from the point of origin.

A second general conclusion is that population growth itself depends on the forces which will tend to attract industries or trade, or make a given city a favorable spot for recreation. Therefore, in order to estimate the future rate of movement of a neighborhood, these economic forces must be analyzed. If they hold promise of increased economic opportunities, population will grow, and will tend to anticipate major changes in building activity by a year or two. When population increase stimulates a building boom, cities tend to add successive rings of new residential structures by a series of spurts, with solid rows of new homes being erected on the fringe of the city, but with few houses constructed in old neighborhoods even where vacant lots are available.

When population increase and new building in any city cause the settled area to expand, the question of prime interest to the home owner or the mortgage lender is: In what direction will the city grow and what areas will be affected?

Unfortunately, there is no series of real property surveys that will permit an exact comparison of rental areas at different time intervals. It is a fact that high-rent neighborhoods in American cities have been moving outward, for most of these fashionable sections today are located in outlying parts of the city *beyond* the areas occupied by houses at a relatively recent period.

Use of "dynamic factor" maps, constructed from evidence gleaned from old inhabitants as to location of rental extremes in the city at time intervals a number of years apart, reveals a fundamental principle of neighborhood growth: "If one sector of a city first develops as a low-rent residential area, it will tend to retain that character for long distances as the sector is extended through process of the city's growth." In the same way, a high-rent area established in another sector of the city will tend to expand within that sector, and now high-rent areas will establish themselves in the outward extension of the sector.

Since movement of the high-rent area tends to pull the growth of the entire city in the same direction, the principle that high-rent neighborhoods follow a definite path in one or more sectors of the city is fundamental to analysis. Sometimes the high-rent pole jumps to new areas on the periphery of the city (as Shaker Heights in Cleveland or Coral Gables in Miami) but usually these new areas are in the line of growth of the original sector.

In all of the cities examined, the high-rent area originated near the retail and office center. Direction and pattern of future growths tended to be governed by some combination of these considerations:

1. Progress along established lines of travel or toward another existing nucleus of buildings or trading centers.

2. Progress toward high ground and along water fronts not used for industry.

3. Growth toward the section of the city with free, open country beyond the edges.

4. Growth toward homes of the leaders of the community.

5. Development along the fastest existing transportation lines.

6. Paralleling the trend of movement of office buildings, banks, and stores. (These usually follow, rather than lead, the movement of the high-rent neighborhood.)

Intermediate rental groups tend to occupy the sectors in each city adjacent to the high-rent area. New growth of these middle-class sections takes place on the periphery of the city near high-grade areas, or sometimes at points beyond the edge of older middle-class sections.

Occupants of houses in the low-rent categories tend to move out in bands from the center of the city mainly by filtering up into houses left behind by high-income groups, or by erecting shacks on the periphery—usually in the extension of a low-rent sector.

Development of Individual City Studies

The general conclusions and techniques suggested by Dr. Hoyt's monograph should assist savings and loan associations and other mortgage lenders in improving their own studies of residential neighbor-

(*Continued on p. 258*)

DIVIDEND RATES OF SAVINGS AND LOAN ASSOCIATIONS

A RECENT study indicated that until the end of 1938 there was no great evidence that dividend rates were moving down generally in the savings and loan industry.[1] Examination of dividend rates of savings and loan associations during the first half of 1939 led to the conclusion that a more pronounced downward trend appeared to be in the making last year.

As yet, figures covering dividend rates of the entire membership of the Bank System at the December 31, 1939 declaration period are not available. However, there are reports from five of the 12 Federal Home Loan Banks which indicate that the downward movement was continued throughout the latter half of 1939.

Although these reports do not constitute a representative sample of the membership of the Federal Home Loan Bank System, they are straws which indicate the direction in which the wind is blowing.

Summary of Reports

For example, the 64 Federal associations in the State of New York during the last six months of 1939 reported six reductions in dividend rates and no increases. This followed 12 reductions and no increases during the first six months of the year. As a result, on December 31, 1939, no Federal association in New York or New Jersey was paying dividends at a rate higher than 3½ per centum per annum. The number of Federals declaring dividends at rates of 2½ percent or less on December 31, 1939 was 26, two more than at the close of June 1939 and 15 more than on June 30, 1938. Although the major change during the first half of the year was the general reduction among the Federals in the metropolitan New York area to a 2½-percent rate on June 30, 1939, the reductions in dividend rates which took place during the latter half of the year were mainly in the sections of the State outside of the metropolitan area. In his seventh annual report, the President of the Federal Home Loan Bank of New York stated: "Many savings, building and loan associations have brought their rates of return on savings down to a 3-percent level, and there is a definite trend to a 2½-percent scale, particularly in the larger centers. Until there is some change in basic economic conditions, it is my opinion that this trend will continue. The managements of such institutions as are resisting this trend apparently do not realize that in order to maintain rates paid on savings above the market, they must inevitably maintain their mortgage interest rates above the market, thereby limiting their investment field to the less desirable and higher risk mortgages."

Reports from the Federal Home Loan Bank of Indianapolis reveal that although 3 percent was the lowest dividend rate paid by member savings and loan associations for the year 1939 in the Sixth District, more than half (125) of the 213 members paid this rate.

Evidence of a downward trend in rate paid by members in Illinois and Wisconsin during 1939 is found in the following excerpt from the annual report of the Federal Home Loan Bank of Chicago: "In face of this plentiful and easy money condition, the trend of dividend rates has continued downward. A number of institutions reduced annual rates to 3 percent and 3½ percent June 30 and others followed December 31. For instance, by common agreement all savings and loan associations in Milwaukee County, whose accounts are insured, are now upon a uniform annual rate of 3 percent. In the main, experience has shown that money can be attracted and held at these lower rates and there are no signs on the business horizon to indicate that there will be any stiffening of either dividend or loan rates in 1940."

The Federal Home Loan Bank of Des Moines reported that the average numerical rate of dividend paid on savings in Federal associations in the Eighth District for the year 1939 was 3.60 percent—a slight reduction from the rate paid by these institutions in 1938. For the first six months of 1939 the average numerical rate was 3.62 percent, moving downward to 3.59 percent for the last half. Many of the larger Federals in this District are in the lower dividend brackets. In view of this fact, weighted averages were computed to give effect to the dollar amounts of private share capital on which the various rates were paid and credited.

(*Continued on p. 287*)

[1] "A Trend in Dividend Rates?", Federal Home Loan Bank Review, November 1939, p. 38.

THE THIRD ANNUAL "HUNT FOR FACTS" PART 2

This second article, based on analysis of replies from one out of every three members of the Bank System, gives the national picture of business promotional expenditures during 1939 by savings and loan associations.

■ OFFICERS and directors have a primary interest in the answers to three questions about the business development programs of savings and loan associations during 1939: How much did these reporting members spend? How did they allocate their funds among the different forms of promotion and advertising? What tangible results, in the form of new mortgage loans and new private share capital, did they obtain?

This article discusses the national pattern in terms of these three questions. Later articles will explore the trends in each Bank District, and by size of association, to establish yardsticks enabling an institution to compare its own promotional activity in 1939 with the record of other associations of similar size in its District, in neighboring Districts, and in the country as a whole.

How Much Did These Associations Spend?

Analysis of the third annual "Hunt for Facts" questionnaire reveals that 1,222 members reported a grand total of $2,303,284 spent last year for various types of business promotion—$1,885 for each institution in the survey. The *average* reporting association had assets of $1,490,000 on December 31, 1939, and a gross operating income of $76,000 for the calendar year 1939. The expenditure for business promotion of $1,885 per association amounted to 2.48 percent of gross operating income, and to one-eighth of 1 percent (0.127 percent) of total assets as of the end of 1939.

These averages conceal wide variations in the size and range of business promotion expenditures. Actual dollar disbursements varied from the maximum of $46,614 reported by an association in the Northwest to a low of $2.00.[1]

These variations are made strikingly clear when we look at the actual distribution of the number of reporting members by the size of their 1939 business promotion expenditures. This distribution is summarized in the following table, in which the outstanding facts are that only 9 percent of the members spent $5,000 or more last year, that 30 percent spent between $1,000 and $4,999, and that 61 percent devoted less than $1,000 to business development.

It is evident that although these disbursements *in total* are large, running into several million dollars, the typical savings and loan association is operating on a limited budget for promotion—in the majority of cases, less than $1,000 a year. Under such conditions, it is all the more important for them to study their markets, to apportion their funds among the different media in accordance with the results that they have checked and proven from earlier merchandising programs. In brief, where funds are limited, it is vital to make every advertising dollar count by assuring its investment in productive forms of promotion.[2]

***Table 1.*—Distribution of 1,222 member savings and loan associations, according to amount of business promotion expenditure in 1939**

1939 business promotion expenditure groups	Percent of reporting associations	Cumulative percent of reporting associations
Over $5,000	8.92	8.92
$2,500 to $4,999	10.89	19.81
$2,000 to $2,499	4.00	23.81
$1,500 to $1,999	6.06	29.87
$1,000 to $1,499	9.33	39.20
$500 to $999	15.30	54.50
$250 to $499	14.40	68.90
$100 to $249	16.20	85.10
Under $100	14.90	100.00

[1] The analysis of business promotion expenditures in this article is confined to the 1,222 members that reported disbursement of some funds for this purpose in 1939, and excludes 39 members that returned schedules showing no promotional spending last year.

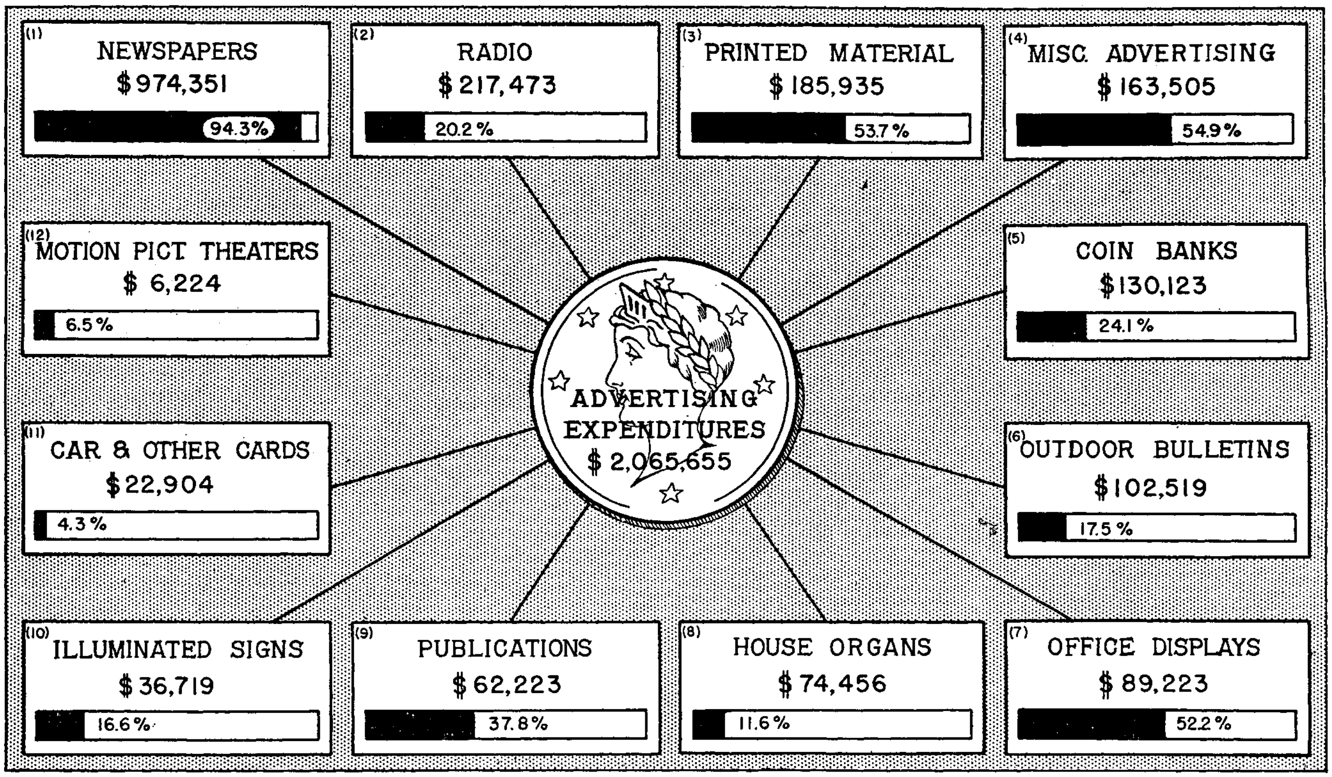
[2] Recent articles in the Federal Home Loan Bank Review describing methods of allocating funds for business promotion and testing results of programs are: "Savings and Loan Cooperative Advertising—Part 2," March 1940, p. 190; "Customer Analysis as a Guide in Advertising," November 1939, p. 46; and "Fingerprinting the Advertising Dollar," September 1939, p. 377.

There is a growing conviction that carefully planned public relations programs produce results, and that the merchandising of the services of savings and loan associations is steadily becoming a more important factor in their daily operation. Evidence of this belief is found in successive increases in the average amount allocated to business development. In the current survey, actual business promotion expenditures were reported by 1,222 associations for 1939, by 1,005 members for 1938 as well, and by 1,058 that estimated the figure for 1940. Although the samples are not identical, the coverage is sufficiently broad to give a fairly close approximation of the trend toward larger disbursements. Total promotional spending per association averaged $1,776 in 1938, $1,885 in 1939, and was estimated at $2,068 for 1940. The $109 increase in the average amount disbursed during 1939 represented a 6.1-percent gain over the preceding year, and the estimated increase of $183 per association for 1940 would be a 9.7-percent expansion of the 1939 average figure.

We know from these statistics *how much* the reporting members spent. The second step is to determine *how* these funds were used. Approximately 90 cents out of every dollar expended for all forms of business promotion was used by associations to advertise their own institutions and individual services. Of the remaining 10 cents, 3 cents was invested in cooperative advertising, and 7 cents went to pay solicitors and for other miscellaneous and undesignated uses. The actual dollar figures are:

Association individual advertising	$2, 065, 655
Association cooperative advertising	76, 370
Solicitors	126, 239
Miscellaneous	35, 020
Total business promotion expenditure	2, 303, 284

The following discussion is concerned solely with analysis of the 90 cents out of every dollar that associations spent for individual advertising, issued exclusively under the name of the association. The summary tabulation (Table 2) is the national picture of the number of associations using each of the 12 media, and the relative proportion of association individual advertising expenditure devoted to each classification.



Only four out of the 12 different classes of advertising media which were tabulated in this survey were used by more than half the reporting members: newspapers, miscellaneous, printed material, and office displays. Publications were used by nearly 40 percent of the members, while one association in every four employed coin banks, and one member out of five listed radio. The other five media were used less frequently: the range was from 18 percent in the case of outdoor bulletins to 4 percent for car and other cards. The bars in this chart indicate the percentage of reporting associations using each medium.

Table 2.—**Distribution of association individual advertising expenditures for 1939, according to advertising medium**

Medium	Associations using medium		Advertising expenditure	Percent of total advertising expenditure
	Number	Percent of total number of associations		
Newspapers	1, 150	94. 3	$974, 351	47. 2
Radio	247	20. 2	217, 473	10. 5
Printed material	655	53. 7	185, 935	9. 0
Miscel. advertising	670	54. 9	163, 505	7. 9
Coin banks	294	24. 1	130, 123	6. 3
Outdoor bulletins	213	17. 5	102, 519	5. 0
Office displays	637	52. 2	89, 223	4. 3
House organs	142	11. 6	74, 456	3. 6
Publications	461	37. 8	62, 223	3. 0
Illuminated signs	203	16. 6	36, 719	1. 8
Car and other cards	53	4. 3	22, 904	1. 1
Motion pictures	79	6. 5	6, 224	0. 3
Total			2,065,655	100. 0

Examining Table 2, we find that approximately 47 cents of the association's dollar for individual advertising was spent in newspapers in 1939, 11 cents for radio, 9 cents for printed material, 8 cents for miscellaneous advertising, 6 cents for coin banks, and 5 cents for outdoor bulletins. The remaining 14 cents was divided among the other six media, with no classification receiving more than 4 cents out of every dollar.

One fact stands out: the favorite advertising medium of savings and loan associations is still the newspaper. More than nine out of every 10 associations used newspapers to reach prospective borrowers and investors, and they spent almost half of their total advertising funds for this purpose. One-twelfth of the members in the survey devoted their entire association individual advertising expenditure to newspapers last year.

Comparing the results of the 1939 survey with those for 1938, one finds few major changes in the rankings of the different media. Addition of two new categories, publications and coin banks, in the 1939 "Hunt for Facts" resulted in a more accurate analysis and an accompanying reduction in the disbursements listed as miscellaneous. The most pronounced upward shift in expenditure was for radio advertising, which accounted for 10.5 cents out of every dollar spent in 1939, as compared with 8.1 cents in 1938. There was no increase noted, however, in the proportion of total members *using* the air waves.

We have now blocked in the rough outlines of the national picture, showing *how much* reporting members spent and *how* they used their promotional funds. The question which remains to be answered is, "Were these programs productive?"

Since the effectiveness of advertising programs is usually measured in terms of growth, executives will want to know how much new private share capital these associations received and the dollar volume of their new mortgage loans.

Analysis of the record of 1,110 associations that reported their total volume of new business in 1939 reveals that they made $357,890,000 in new mortgage loans—more than one-third of the total amount of mortgage loans estimated to have been made by all savings and loan associations last year. They received $300,421,000 in new private share capital. For the average association, this represented new loans of $322,423 and new investments of $270,649.

Relating the aggregate promotional expenditures of this group of associations ($2,190,000) to their total volume of new business ($658,311,000) we find that for every dollar of new business these associations placed on their books, only *one-third of 1 cent* was spent for promotion.

Although this is a modest expenditure for the purpose of creating new business in comparison with the amounts spent in other fields, it cannot be emphasized too strongly that if all associations were using scientific techniques to assure maximum productiveness, the cost could be still lower to obtain the same results, or greater results could be obtained for the expenditure of the same amount of money.

Neighborhood Trends

(*Continued from p. 254*)

hoods in their communities. Of greatest interest is the fact that growth of the high-rent neighborhoods is the key to future changes in other residential areas. Since this growth continues in the same direction for a long period of time, mortgage lenders can predict with some accuracy the basic movement even for a number of years into the future. Determination of the rate and general direction of this growth will help in estimating the risk involved in making a long-term mortgage loan in any particular residential neighborhood.

THE EFFECT OF THE WAR UPON BRITISH BUILDING SOCIETIES

Building societies, English counterparts of the American savings and loan association, have been operating for more than eight months under war conditions. This is the first of two articles describing some of the difficulties which management has encountered.

THE month of May usually signifies the peak of home-construction and home-financing activity in the United States, and normally embodies the same connotation throughout the British Isles. May 1940, however, will mean little more to the building industry or financial institutions of Great Britain than any other month since the first weeks of September 1939 when hostilities in the long-threatened European war actually began.

The restrictions subsequently imposed in England upon normal living conditions have brought building operations almost to a complete standstill. Only those buildings that were near completion and required materials that were still available were finished, and practically no new construction has been undertaken except for the purposes of defense or furthering the war.

Primary reason for the dearth of building has been the stringent Government regulations regarding the use of building materials. Although apparently there are ample supplies of most materials (lumber is the outstanding exception) the Ministry of Supply has exercised rigid inventory controls and special permits must be obtained for the use of practically all products. Another contributing factor has been the lowered incomes of many families which do not permit the assumption of increased debt-loads. Further, housing built with the financial assistance of public authorities has been drastically curtailed under instructions from the Government.

These factors have all tended to create a situation which, in the opinion of many British building authorities, may have serious consequences. They have thrown into unemployment thousands of skilled and unskilled workers whose only means of livelihood is through the building industry. Similar circumstances during the War of 1914–1918 led to a general disintegration of the whole industry and resulted in a serious shortage of housing facilities. The Building Industries National Council has expressed "the immediate need for the industry as a whole to be brought into consultation with the Government to assist in the organisation of the building programme, and to ensure consideration of the industry's position."

Perhaps the most discouraging element in the construction outlook, however, is one which would prevail even though there were no restrictions upon the use of building materials. It is difficult for anyone to think about building a new home or dwelling of any type when there exists the possibility that it may be blown to bits even before it has been occupied. The problem of compensation for war damage to properties, then, is of extreme significance to every owner and particularly to the English building societies.

War Damage to Properties

The backbone of the English building society system, as of the savings and loan industry in this country, is its huge investment in mortgages secured by real estate—more than 90 percent of total assets. Consequently, eventualities which endanger the properties securing these loans are of vital concern not only to the property-owner, but to the mortgage-holder and to the individuals whose savings have been invested in this type of security. Contemplation of the threatened widespread air bombardments has prompted the managers and directors of the societies to petition the Government concerning its policy of compensation for damage resulting from war action.

The position taken by the Government on the all-important point has not been entirely satisfactory to lending institutions and owners who are primarily interested in preserving the security and safety of their investments. Briefly, the Government proposes to pay compensation only after the end of hostilities "in the light of the country's financial circumstances at that time, and of the total damage suffered." Payments will be linked to the material costs and property values in March 1939, and all claims will be met on that basis, regardless of the actual cost of repairs which must be made within a reasonable time after the damage occurs.

Because the provisions of this scheme have seemed vague and indecisive to many Englishmen, numerous attempts have been made to set up private mutual benefit arrangements whereby the property owners contribute to a common pool out of which those suffering losses are paid. Even these plans have now been placed under the careful supervision and regulation of one of the Government bureaus. It is the Government's contention that voluntary or compulsory contributory programs discriminate against the property owners, whereas the responsibility for such damage should be shared by the community as a whole.

Fortunately, the large number of mortgages and broad geographical distribution of the properties which secure them tend to diversify and minimize the amount of risk for the individual society. For the owner-occupant or real-estate speculator, however, the insecurity of present provisions for war damage has a detrimental effect on values and presents a definite barrier to the sale of properties.

The Effect Upon the Normal Functions of Building Societies

Turning to the conventional functions of the building societies—making mortgage loans, securing their repayment, accepting savings deposits and investments, and paying withdrawal requests upon notice—it would seem that most of these are being performed with a regularity which approaches normalcy. The exception, which is obvious from the discussion of the stalemate in construction, is the granting of mortgage loans. New advances are limited almost entirely to those arising out of the buying and selling of existing properties and refinancing activities. There were many projects in the "consideration" stage at the outbreak of the war, and as a general rule such commitments were followed through where materials were available.

Mortgage Repayments

With the economic livelihood of mortgagors completely upset by war conditions, the problem of loan repayments becomes an increasingly important element in the operation of these societies. Borrowers who have been drafted, or whose incomes have been drastically reduced, are finding it difficult to adhere to amortization schedules arranged previously under normal circumstances.

"The treatment of the borrower in war-time is a matter of great importance," said the President of an association of building societies. "Every manager," he continued, "could tell of instances of almost unbelievable distress directly due to war conditions, mostly arising in small businesses of one kind or another, but there is the larger field where men serving in the forces have suffered a reduction in income, and they must be the subject of our utmost consideration. . . . The task of deciding what is fair is not always easy, but there is a very remote chance of any society suffering vital damage by leaning to the generous side, when in doubt."

In addition to this attitude of management, the British Government has taken several positive steps to provide material assistance for the civilian population as well as those engaged in actual war work. The Military Service Committee has made possible the granting of a special allowance to enlisted men amounting to as much as £2 per week (approximately \$8 to \$10) which may be applied directly to the payment of rent or mortgage interest. Also, a special act of Parliament [The Courts (Emergency Powers) Act, 1939] places specific limitations on foreclosure and repossession procedures where it can be shown that "the debtor is unable to pay the debt or perform the obligation by reason of circumstances directly or indirectly attributable to the war."

The experience of the societies to date, as evidenced by printed reports, would not indicate that payment arrearages have been accumulating at much more than a normal rate. One explanation for this may lie in the fact that the majority of persons directly involved in the war thus far have not been "householders", but as the older age groups are called to service, delinquencies may tend to appear.

Investments and Withdrawals

"Nervous funds" are usually a problem for all financial institutions in crisis times, but the record of the building society group during the first few months of the war would seem to be an exception. Several organizations reported that the volume of withdrawals and notices during the last part of 1939

(*Continued on p. 287*)

« « « FROM THE MONTH'S NEWS » » »

ADVERTISING: "Budgets for this purpose will be increased by 30 percent of American banks, according to a questionnaire sent out by the Financial Advertisers Association. Of the remainder, 65 percent will operate under the same appropriations. Only 5 percent will decrease their budgets for the year."

The Month's Work, March 1940.

REEXAMINE: "Good low-cost housing, available to much lower incomes than we now reach, need not wait upon a long, drawn out research program. What we need most is to reexamine tools that are now available and to use them more intelligently."

Raymond V. Parsons, *Survey Graphic,* February 1940.

TAKE A LEAF: "The modern savings and loan association is taking a leaf from the merchandising of successful retailers in that it is endeavoring to have on its shelves loan plans that will meet the needs of all the desirable borrowers in the community."

J. C. Morden, Stockholders' meeting of the Federal Home Loan Bank of Indianapolis, Mar. 21, 1940.

STATISTICS: ". . . investment in housing represents one-fourth of the national wealth, and the Federal Government has an interest of approximately $10,000,000,000 in the form of loans, commitments, or guaranties, in that field. Yet this is one branch of our national economy where reliable statistical information is sorely lacking."

Excerpt from the 1939 Majority Reports of the House and Senate Committees on the Census. *Housing Legal Digest,* February 1940.

FRENCH CONFIDENCE: "Preliminary statements of the operations of ordinary savings banks for 1939 . . . are particularly encouraging as a proof of the confidence of small savers in the destiny of France. For the period August 16 to October 15, withdrawals exceeded deposits by 1,800,000,000 francs, but from October 16 to the end of the year each half-month showed an excess of deposits. For the year as a whole, deposits exceeded withdrawals by about 234,000,000,000 francs."

La Situation Economique et Financiere, Jan. 26, 1940. (Quoted in *Weekly Review of Periodicals,* Federal Reserve System, Mar. 12, 1940.)

Construction in suburban areas . . . . .

". . . to a larger extent than formerly was the case, the construction of single-family houses is taking place in suburban areas and beyond city limits. While, to some degree, this may be attributed to the increasing influence of the automobile upon our social and economic life, a substantial cause is the desire to avoid the increasingly heavy taxation on city real estate. It should be noted that one of the effects of this trend is to depress the already stagnant market for the older houses in the cities."

Annual report of the President of the Federal Home Loan Bank of New York.

Population and building . . . . .

" 'In spite of the fact that our population in 1949 will be growing at the rate of barely one-third the rate of the decade of the 'twenties, nevertheless more people of home-owning age will be looking for homes in 1949 than in 1925, the year of our greatest building boom.' The reason for this is that these people will have been born in the decades of the 'tens and 'twenties of this century when the birth rates were very much higher than they are today or than they will be in 1949."

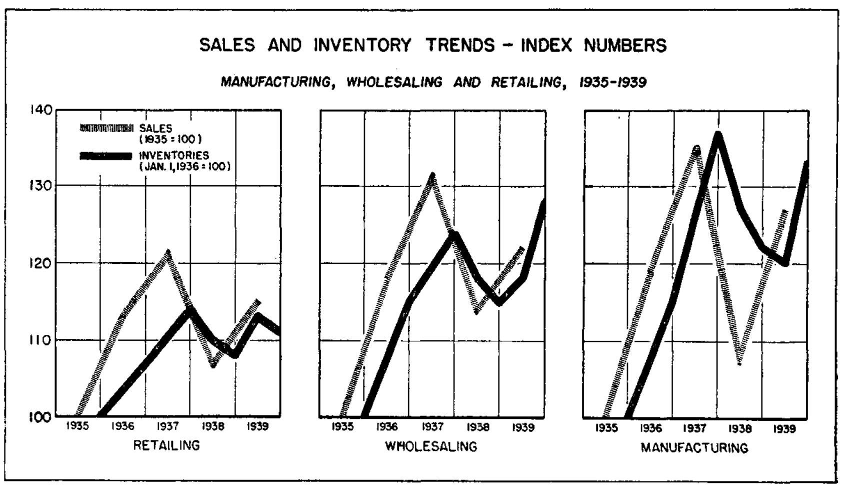
W. C. Bober, *National City Bank Letter,* April 1940.

Business trends—1939 . . . . .

"Though still short of their 1937 positions, manufacturers' 1939 sales were more than 57 billion dollars, 18 percent higher than in the previous year; wholesale dollar volume increased to 21½ billion dollars, a gain of 7 percent; and retail sales were approximately 38 billion dollars, 7 percent greater than in 1938." (See chart below.)

The value of inventories in all three of these fields increased during 1939, very largely as a result of a rapid building-up during the second half of the year. Retailers reported a net increase of only 3 percent in value of their stocks; manufacturers' inventories registered a 9-percent net gain; and wholesalers increased their stocks by 11 percent during the year, the report said.

Dun's Review, March 1940.



SIGNIFICANT TRENDS IN THE HOME-FINANCING AND SAVINGS OPERATIONS OF INSURED INSTITUTIONS DURING 1939

Statistical information on the trends in operations of commercial banks in the field of residential real estate is available this year for the first time. These data, together with similar material for savings and loan associations, are presented in this article.

■ WITHIN the last two years, considerable progress has been made in broadening the base of statistical information in the field of residential construction and home financing. A little more than a year ago, the Division of Research and Statistics of the Federal Home Loan Bank Board initiated its study of the monthly volume of mortgage recordings by each type of mortgagee in all parts of the country. During last month, the Nation's first complete census of housing was begun. When these returns are assembled, tabulated, and analyzed, they will provide an entirely new source of basic data.

One of the most recent additions to this field of statistics resulted from revisions in the call reports required of all commercial banks insured by the Federal Deposit Insurance Corporation. Effective as of December 31, 1938, these new forms redefined the loan classifications of banks largely in terms of the purposes for which the credit was extended and also added a break-down of the real estate assets according to the type of property. Figures for the end of 1939 have been made available during the past month and these, when compared with the 1938 year-end reports, make possible for the first time a study of the significant trends in the home-financing as well as savings operations of these financial institutions. To complete the picture for insured institutions, a similar analysis has been prepared for 1,978 insured savings and loan associations which reported in both 1938 and 1939.

Cognizance must be taken, however, of the variation in the scope of the institutions included in this report to evaluate properly the significance of all figures. The deposits of commercial banks which offer insurance of accounts include more than 95 percent of the deposits of *all* commercial banks. Insured savings and loan associations, on the other hand, account for only about 45 percent of the assets of *all* operating savings and loan associations. The group of 1,978 insured institutions used in this study includes all associations which reported throughout the entire year which were not affected by mergers or consolidations.

Trends in Private Savings in Insured Institutions

Although there was a net decrease of 124 in the number of insured commercial banks during 1939, their total dollar volume of savings deposits[1] rose more than $426,000,000. These funds were invested in 13,535 institutions on December 30, 1939, and represented an average dollar increase over 1938 of approximately $40,000 per bank.[2] Private repurchasable capital in 1,978 insured savings and loan associations at the end of 1939 totaled $1,622,000,000, a net gain of almost $255,000,000 in the 12-month period. The average dollar increase per insured savings and loan association equaled $129,000, reflecting the smaller number of these institutions.

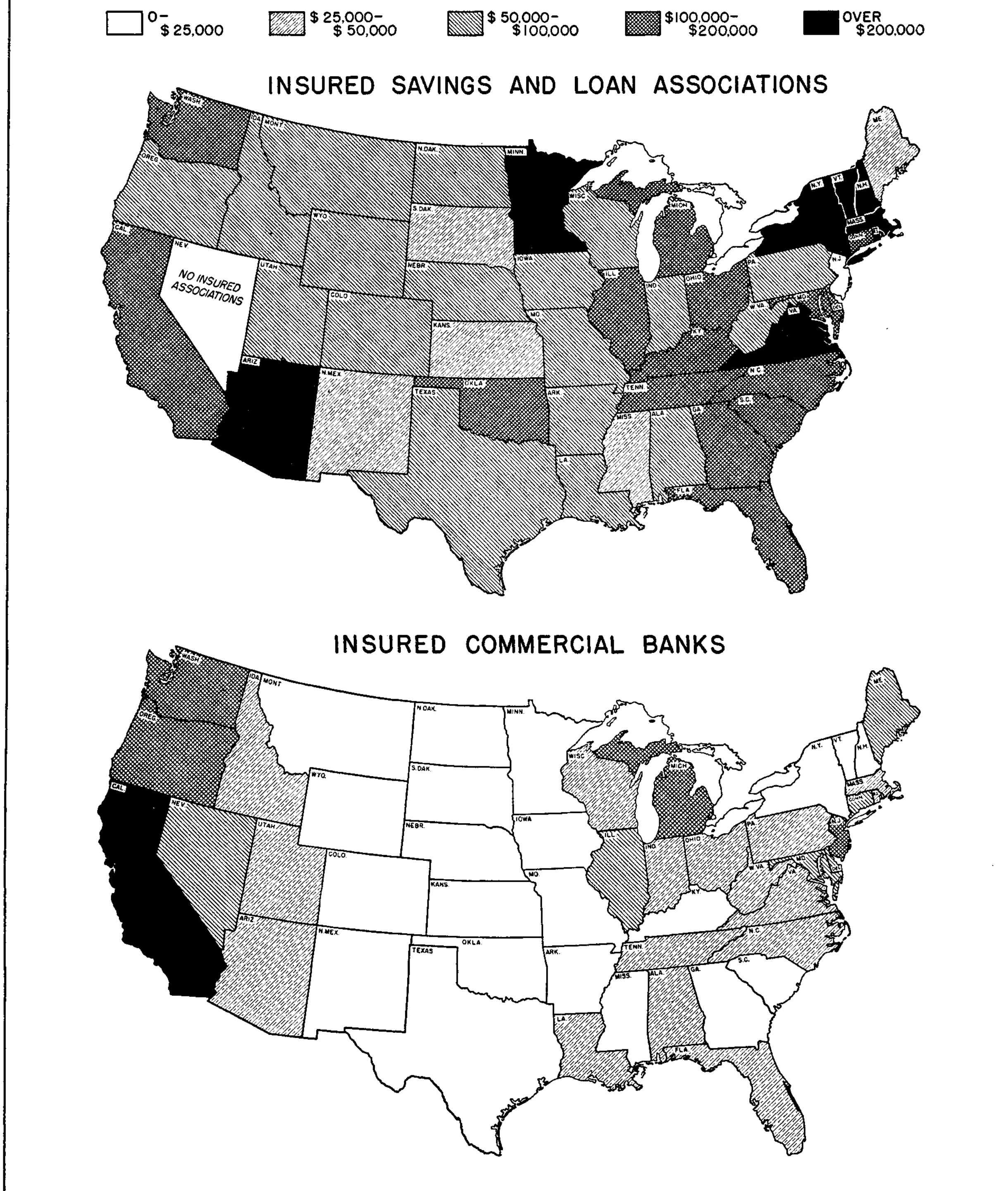
On the basis of the net increment in the total dollar amount of savings held, commercial banks led in seven of the 12 Federal Home Loan Bank Districts, but the group of insured associations showed larger gains in the Boston, New York, Cincinnati, Little Rock, and Topeka regions. To compensate for the difference in the number of the two types of insured institutions, the shaded maps on the opposite page indicate the *average* dollar increase per *unit* in each State. For the United States as a whole, savings in the average insured commercial bank at the end of 1939 totaled $932,600; in the insured savings and loan association, $820,200.

[1] The savings deposit figures used in this article refer to the time deposits of individuals, partnerships, and corporations as evidenced by savings passbooks. They exclude certificates of deposit, Christmas savings and similar accounts, and open accounts.

[2] Total savings deposits in 13,659 insured commercial banks at the end of 1938 amounted to $12,195,956,000—an average of $892,900 per bank. On December 30, 1939, there were 13,535 insured commercial banks with savings deposits of $12,622,325,000—an average of $932,600.

DOLLAR INCREASES IN LONG-TERM SAVINGS, BY STATES FOR 1939

— AVERAGE PER INSURED INSTITUTION —



To indicate gains in long-term savings during 1939, total savings at the end of 1938 and 1939 were divided by the number of insured institutions on those dates. Increases in the averages were then plotted on the maps above. This means that in Ohio, for example, private share capital invested in the average insured association rose $154,000. Savings deposits in the average insured commercial bank increased $48,000

Table 1.—Changes in residential loans outstanding during 1939 [1]

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District	Insured commercial banks			Insured savings and loan associations		
	Actual dollar volume	Percent change	Average dollar change per bank	Actual dollar volume	Percent change	Average dollar change per association
United States	+$180, 280	+7. 5	+$15. 0	+$247, 099	+16. 4	+$124. 9
No. 1—Boston	−1, 755	−0. 8	−1. 0	+15, 566	+19. 0	+288. 2
No. 2—New York	−10, 046	−2. 4	−1. 4	+24, 770	+17. 5	+195. 0
No. 3—Pittsburgh	+9, 896	+3. 2	+9. 2	+11, 319	+21. 5	+83. 8
No. 4—Winston-Salem	+17, 800	+11. 5	+12. 1	+37, 348	+30. 1	+157. 6
No. 5—Cincinnati	+12, 805	+4. 9	+10. 5	+32, 684	+9. 4	+108. 5
No. 6—Indianapolis	+22, 943	+14. 2	+27. 1	+10, 896	+11. 1	+72. 6
No. 7—Chicago	+29, 778	+29. 8	+22. 3	+26, 431	+20. 9	+129. 6
No. 8—Des Moines	+20, 836	+19. 7	+10. 2	+21, 737	+23. 2	+146. 9
No. 9—Little Rock	+5, 734	+12. 7	+4. 5	+19, 975	+14. 1	+78. 0
No. 10—Topeka	+3, 414	+13. 5	+2. 7	+11, 467	+14. 7	+81. 3
No. 11—Portland	+8, 540	+19. 0	+20. 1	+12, 103	+16. 8	+114. 1
No. 12—Los Angeles	+60, 052	+10. 3	+281. 0	+22, 413	+15. 3	+194. 9
Possessions	+283	+19. 7	+70. 7	+390	+17. 8	+97. 6

[1] In studying Tables 1 and 2, attention is again called to the fact that it was impossible to obtain an identical sample of institutions for the insured commercial banks. Inasmuch as the total number of insured institutions decreased during the year, it is possible that the totals for commercial banks may be understated in certain areas. Reduction of the figures to an average per institution tends to minimize the influence of this factor.

The Mortgage-Lending Pattern

Total investments of insured commercial banks in residential real estate loans amounted to almost $2,600,000,000 at the end of 1939. This was an increase of $180,000,000, or about 7.5 percent over the previous year-end balance. Approximately one-third of this gain was registered by banks in the Los Angeles Federal Home Loan Bank District as is evident from Table 1. Indications of the trends in the Indianapolis and Los Angeles Districts were apparent almost from the start of the development of the mortgage-recording statistics last year. The chart on page 149 of the February Review demonstrated the dominant position of the banks and trust companies in the mortgage-financing business in these areas during 1939.

Although the aggregate mortgages held at the end of 1939 by the group of insured savings and loan associations ($1,755,000,000) was less than that of the banks, the net increase during the year was somewhat larger. The balance of first mortgage loans was up almost a quarter of a million dollars and showed a 16.4-percent improvement over 1938 totals. Reflecting again the difference in the number of institutions, this signified a $125,000 increase for each insured savings and loan association, as against a $15,000 rise for the average commercial bank. Table 2 shows by States and Federal Home Loan Bank Districts the amount of residential real estate loans outstanding at the end of last year for each type of institution, and also indicates the change from the previous year's balance.

The Liquidation of Owned Real Estate

Many people have estimated the "residential overhang" in this country to be approximately $4,000,000,000. If this be true, then it can be said that only about one-twelfth of it is held by commercial banks insured by the FDIC and savings and loan associations by the FSLIC. Residential properties owned by *operating* insured commercial banks at the end of 1939 amounted to slightly less than $182,700,000, while the total for the group of 1,978 insured savings and loan associations in this study was just over $150,000,000. The total real estate owned by insured savings and loan associations at the end of 1939 was equal to 8.55 percent of their outstanding mortgage loans. For insured commercial banks, the comparable ratio was 7.03 percent. On a "per institution" basis, the average real estate holdings of insured commercial banks amounted to $13,500; of the average insured savings and loan association, $75,900.

Net reductions in residential real estate holdings of these banks during 1939 equaled $40,700,000, or about 18 percent of the balance at the end of

1938. Almost 40 percent, or two-fifths, of this decrease was attributed to the State of New Jersey. It is not likely, however, that all of this property was completely removed from the "overhang" position. Extensive reconstruction activities were carried on in New Jersey by the FDIC last year and a part of this decline is probably due to changes in the status of banks from an operating to a non-operating classification during the time that their assets are being liquidated.

The net reduction in real estate owned by the savings and loan group reached almost $25,500,000—14.5 percent of the holdings at the close of the previous year. The net dollar volume of dispositions exceeded that of the commercial banks in five out of the six Midwestern and Southwestern Federal Home Loan Bank Districts (Des Moines was the exception). The Cincinnati region showed the largest dollar decrease with the Indianapolis District next in line. The Portland District was the only one to show an increase (up 1.1 percent), and this was due primarily to a 4.5-percent rise of savings and loan real estate holdings in the State of Washington, although the total increase amounted to only $40,000.

Summary

The year 1939 was marked by increases in the volume of long-term savings and mortgage loan investments of these insured institutions. The net increase in the mortgage loans outstanding of insured savings and loan associations was equal to 97 percent of the net gain in their private repurchasable capital accounts. The corresponding ratio for insured commercial banks was slightly above 40 percent. This relationship is the natural result of the investment programs of commercial banks: mortgage loans ordinarily make up only a small portion of the broad and diversified field of loans and securities in which they invest. Both types of institutions indicated substantial improvement in their real estate owned positions—liquidating approximately one-sixth of the aggregate total holdings at the start of the year.

With this new source of data, and with complete information for members of the Federal Home Loan Bank System and for *all* savings and loan associations when it is available, it is to be hoped that some day it will be possible to prepare complete summaries of the operations of all types of institutions operating in these important phases of American economic life—commercial banks, savings and loan associations, mutual savings banks, insurance companies, and the HOLC.

Table 2.—Total residential mortgage loans outstanding at the end of 1939

[Amounts are shown in thousands of dollars]

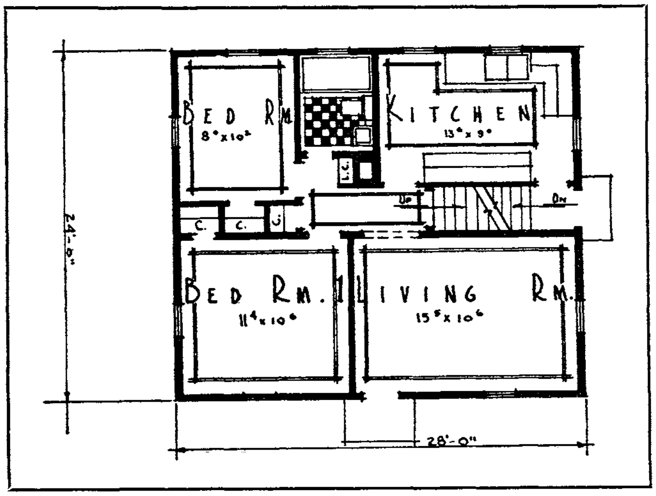
Federal Home Loan Bank District and State	Insured commercial banks		Insured savings and loan associations	
	Dec. 30, 1939	Change during 1939	Dec. 30, 1939	Change during 1939
United States	$2,596,999	+$180,280	$1,754,981	+$247,099
No. 1—Boston	211,685	−1,755	97,593	+15,566
Connecticut	52,127	−1,716	13,565	+2,995
Maine	14,258	+415	791	+237
Massachusetts	94,336	−3,250	73,966	+10,921
New Hampshire	7,151	+468	6,408	+629
Rhode Island	24,009	+1,041	837	+319
Vermont	19,804	+1,287	2,026	+465
No. 2—New York	401,794	−10,046	165,915	+24,770
New Jersey	171,926	−6,693	17,234	+721
New York	229,868	−3,353	148,681	+24,049
No. 3—Pittsburgh	319,182	+9,896	64,048	+11,319
Delaware	10,970	−333	268	+149
Pennsylvania	276,669	+8,606	48,797	+9,036
West Virginia	31,543	+1,623	14,983	+2,134
No. 4—Winston-Salem	172,935	+17,800	161,628	+37,348
Alabama	10,369	+1,102	6,328	+1,215
District of Columbia	32,659	+3,636	20,710	+5,727
Florida	12,956	+1,462	31,263	+8,677
Georgia	20,723	+2,378	22,915	+4,087
Maryland	33,291	+2,412	25,159	+5,751
North Carolina	12,340	+1,367	17,843	+3,854
South Carolina	4,353	+160	20,340	+3,956
Virginia	46,244	+5,283	17,070	+4,081
No. 5—Cincinnati	272,583	+12,805	380,954	+32,684
Kentucky	30,306	+1,436	47,420	+4,187
Ohio	225,811	+11,963	312,114	+25,236
Tennessee	16,466	−594	21,420	+3,261
No. 6—Indianapolis	184,752	+22,943	109,222	+10,896
Indiana	70,540	+7,709	75,269	+5,465
Michigan	114,212	+15,234	33,953	+5,431
No. 7—Chicago	129,866	+29,778	152,710	+26,431
Illinois	82,494	+18,576	127,321	+22,493
Wisconsin	47,372	+11,202	25,389	+3,938
No. 8—Des Moines	126,437	+20,836	115,515	+21,737
Iowa	30,743	+5,638	14,608	+3,502
Minnesota	29,402	+5,587	40,488	+10,068
Missouri	60,406	+8,817	54,532	+7,420
North Dakota	1,958	−83	3,830	+435
South Dakota	3,928	+877	2,057	+312
No. 9—Little Rock	51,035	+5,734	161,981	+19,975
Arkansas	5,742	+659	11,937	+1,846
Louisiana	12,813	+2,519	70,192	+5,828
Mississippi	6,643	−30	5,166	+1,006
New Mexico	2,684	+154	4,192	+556
Texas	23,153	+2,432	70,494	+10,739
No. 10—Topeka	28,665	+3,414	89,590	+11,467
Colorado	9,335	+1,760	19,686	+4,046
Kansas	9,188	+585	22,641	+1,802
Nebraska	3,592	+909	6,417	+917
Oklahoma	6,550	+160	40,846	+4,702
No. 11—Portland	53,464	+8,540	84,241	+12,103
Idaho	4,457	+1,326	4,957	+460
Montana	2,656	+262	6,816	+472
Oregon	9,712	+723	12,728	+2,354
Utah	13,708	+1,159	11,366	+1,313
Washington	20,495	+4,803	45,540	+6,822
Wyoming	2,436	+267	2,834	+682
No. 12—Los Angeles	642,883	+60,052	168,996	+22,413
Arizona	7,264	+967	3,213	+957
California	631,597	+57,878	165,783	+21,456
Nevada	4,022	+1,207	------	------
Possessions	1,718	+283	2,588	+390

REGISTERED HOMES BUILT UNDER THE HOME BUILDING SERVICE PLAN

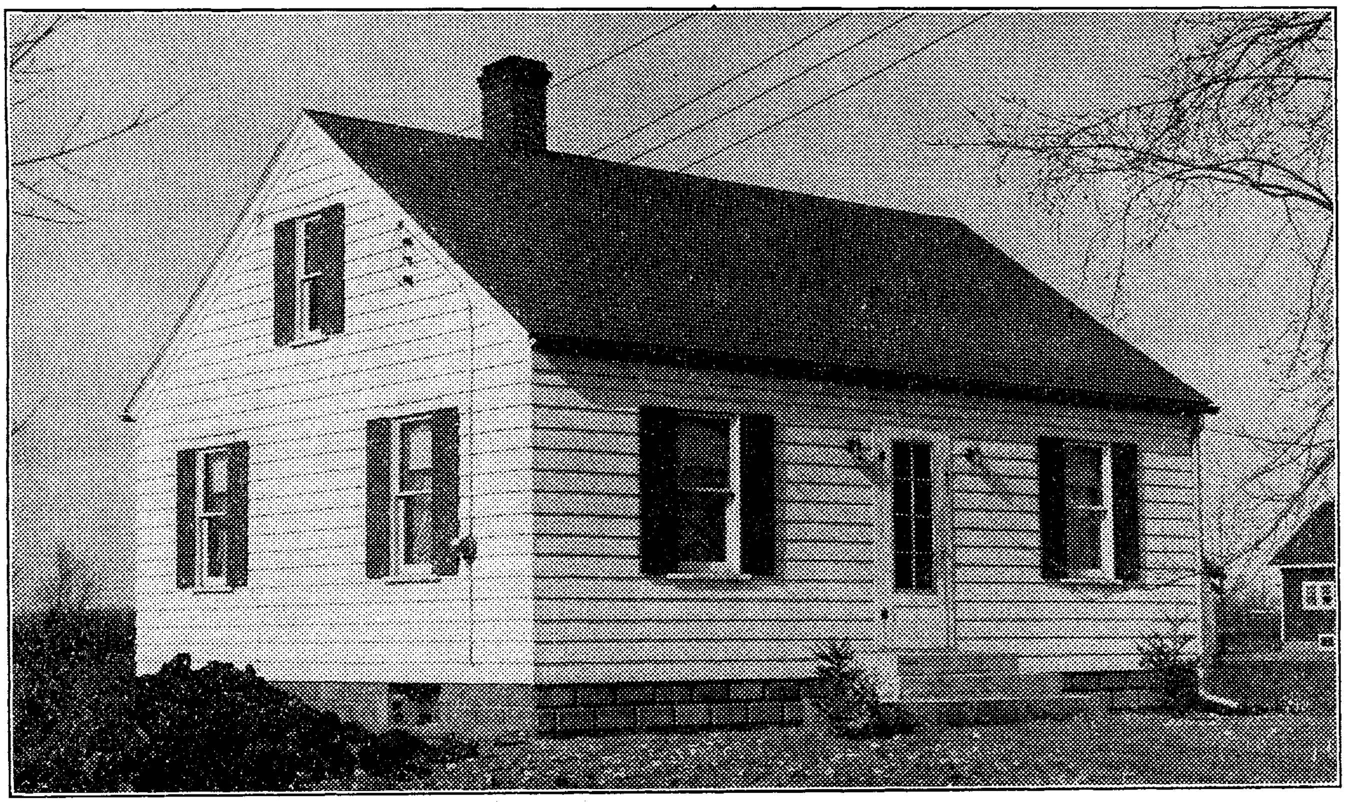
■ WILL the security outlast the mortgage? This is the question that mortgage lenders are asking today as applications for construction loans with terms of 15 to 25 years become more numerous.

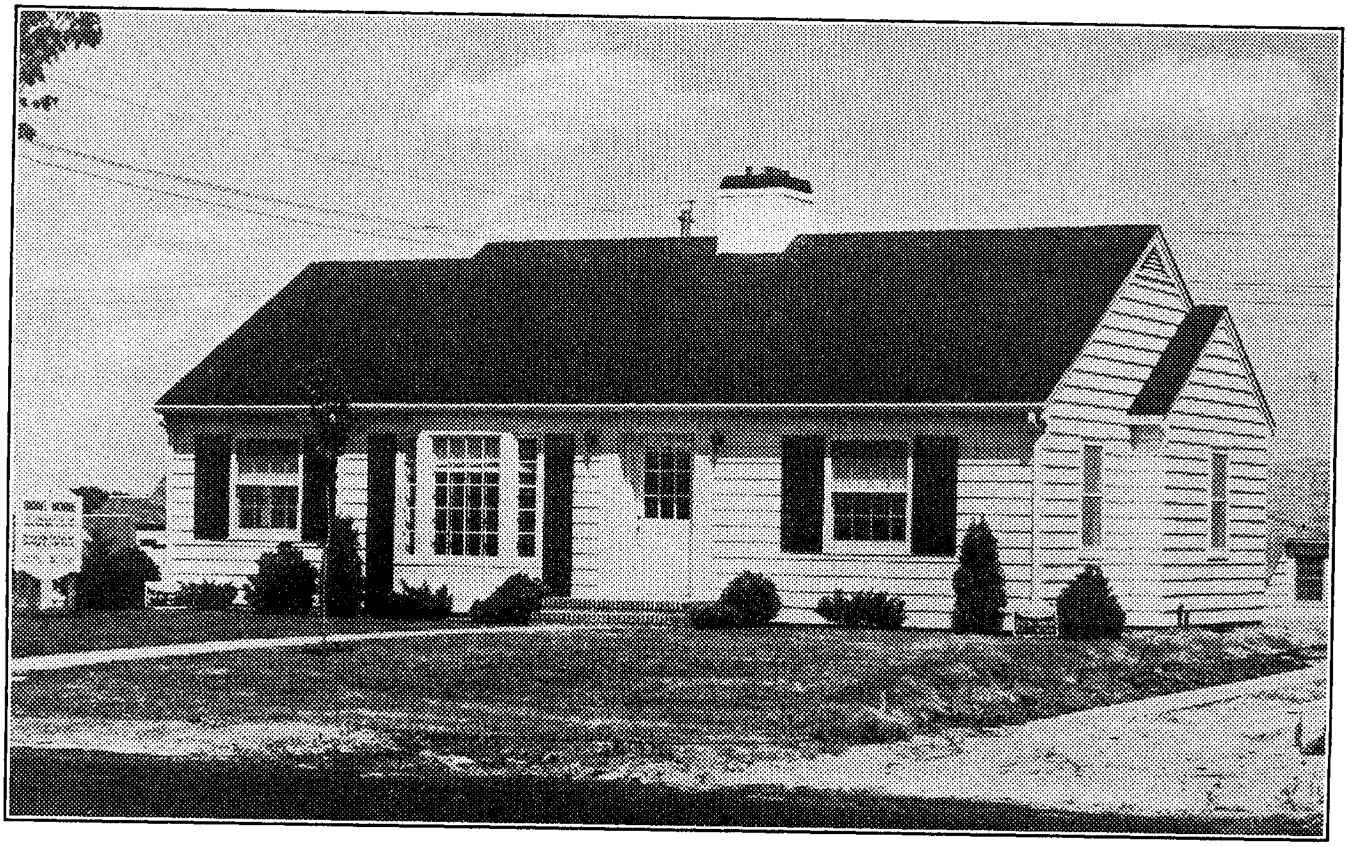
To this important question the Bank Board's Federal Home Building Service Plan is providing affirmative answer, for it is bringing to the small-house field an architectural advisory and construction supervisory service which simplifies and strengthens the lending institution's procedure of handling construction loans. The result of adequate supervision of construction is definite safeguards for underlying mortgage security.

Equally advantageous to home owners, the Plan's architecturally approved designs, the technical supervision of construction and the "Certificate of Registration" which is awarded upon the house's completion, all are finding acceptance in the small-house market where the Plan has been made available through local lending institutions.

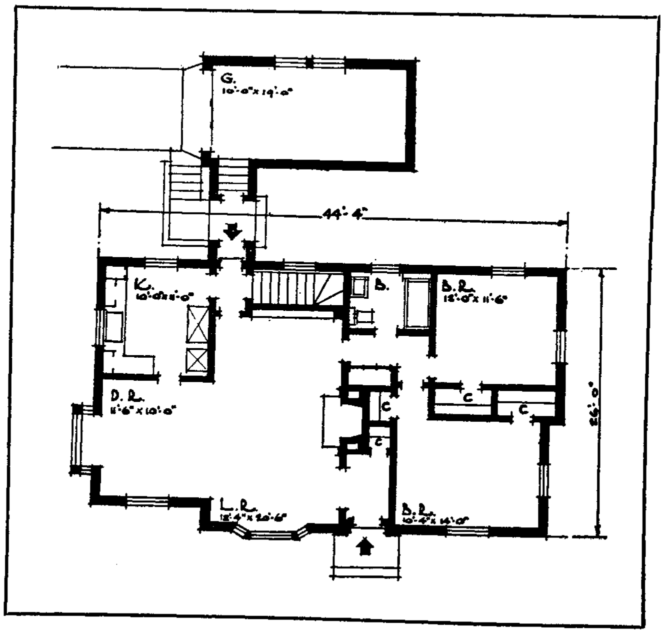


This 2-bedroom small house represents one of the minimum cost dwellings approved, built, and registered under the Home Building Service Plan. Construction cost of this house at Kalamazoo, Michigan, was approximately $2,500, with a lot cost of an additional $200. The cost of construction includes the nominal architectural fees incidental to the service. Construction was of wood frame with wide siding. Stone and Wagner, Inc., of Kalamazoo, were the architects. It was financed by the First Federal Savings and Loan Association of Kalamazoo.





One of the most desirable features of this 4-room frame house is the large playroom with an open fireplace in the full basement. Laundry, heating and storage facilities also are provided below stairs. Sleeping quarters are isolated from the rest of the house for quiet, and a covered passage affords sheltered access to the garage in stormy weather. This attractive house was built in St. Paul, Minnesota, at an approximate cost of $6,000, exclusive of land. The exterior finish is wood siding, the ceiling height eight feet. It was designed by Santo & Selles, and financed under the Home Building Service Plan by the Minnesota Federal Savings and Loan Association.



Two registered homes recently built illustrate the flexibility and variety of the Plan's portfolio of small houses, which now contains over 425 approved designs, with a price range of $2,500 to $7,500. In addition, the Home Building Service Plan has approved 292 home designs for local use. The photograph of the attractive small house built in Kalamazoo, reproduced on the opposite page, is an example of the introduction of architectural planning into the small-house field for families of moderate incomes. Construction cost of this 2-bedroom small house was approximately $2,500.

At the top of this page is another home, built from an approved design and registered under the Home Building Service Plan. This attractive St. Paul house offers an unusually spacious L-shaped, combined living-dining room. Plenty of windows supply good light and cross-ventilation throughout. Good planning and simple structural form assure an attractive and liveable dwelling. A highly desirable feature is the large playroom with an open fireplace in the full basement.

Design sheets for these houses are available to lending institutions, approved by the Bank Board to offer the Plan, upon request.

SUMMARY OF RESIDENTIAL CONSTRUCTION AND HOME-FINANCING ACTIVITY

I. Highlights of 1940's first quarter:

A. General business conditions: increased export trade. Industrial production down 19.6 percent from December all-time high.

B. Residential construction: 1-family dwellings, up 5.5 percent; total, up 2.8 percent over first-quarter 1939.

C. Savings and loan mortgage lending: 3-month total 22 percent higher than a year ago. Total volume: $230,000,000.

D. Building costs: no significant trends in evidence. Material prices slightly higher than in 1939, but labor rates a shade lower.

E. Foreclosures: new post-depression lows established. Totals 29 percent below the same period last year.

II. The 50-percent increase in building of 1- and 2-family homes during March was partially offset by a 13-percent decline in multi-family units. Result: total residential construction volume failed to keep pace with usual seasonal change.

III. March mortgage recordings totaled $300,000,000, a 6-percent gain over March 1939.

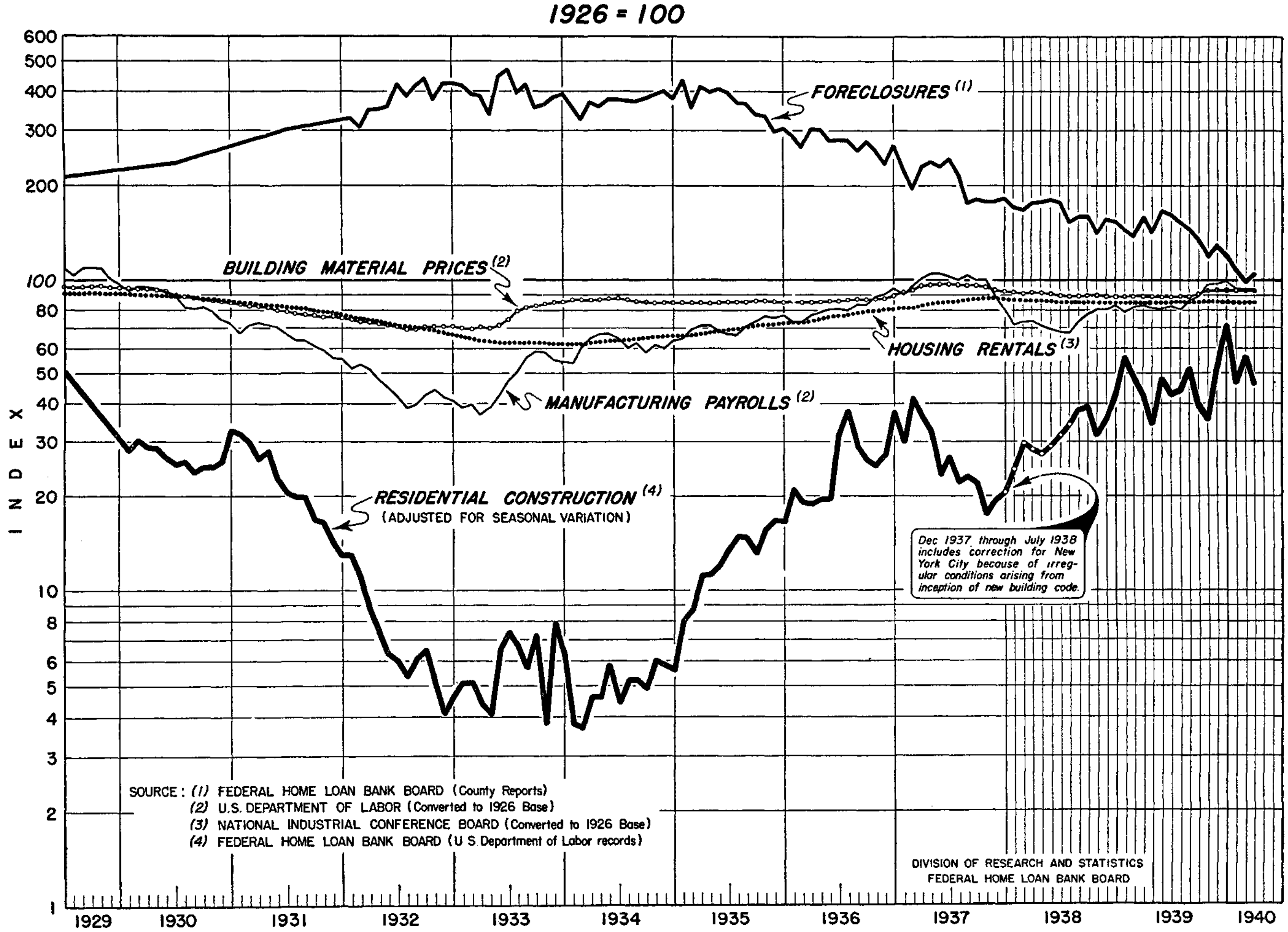
A. Recordings by savings and loan associations during March increased $19,000,000—more than the combined increase reported by all other institutional lenders.

B. Increase of $20,000,000 in new mortgage loans of savings and loan associations during March: greatest percentage gain recorded by loans for reconditioning.

IV. Fractional reduction in cost of building a standard house reported in March. Building materials: wholesale price index in March was 4 percent above August 1939; dealers' prices of building materials were only 2 percent above.

V. After three months of successive declines, there was a slight increase in foreclosures during March, although the rise was less than normal for the period.

RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS
1926 = 100



RESIDENTIAL CONSTRUCTION and HOME-FINANCING ACTIVITY

SAVINGS and loan associations are continuing as one of the predominant factors in the entire field of home financing. Nearly one-third of all mortgages of $20,000 and under now being recorded in nonfarm areas of the United States are originated by these mutual home-financing and thrift institutions. Banks and trust companies, which are their nearest competitors, are recording slightly more than one-quarter of the total.

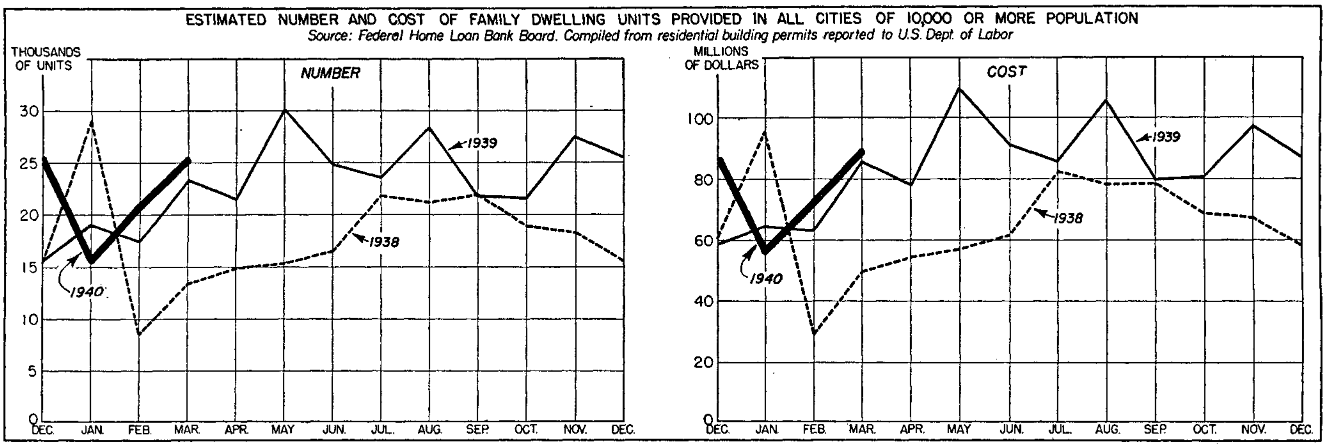
In spite of the pressure of excess funds for which other lenders are seeking sound and profitable investment outlets, savings and loan associations during the first quarter of this year increased their volume of new mortgage recordings over the opening months of 1939 more rapidly than did any other segment of the home-financing structure.

Nearly two-thirds of all loans made by savings and loan associations in current months are for the purchase or construction of homes. This proportion has been increasing slowly, but fairly steadily, since the depression when home owners through necessity placed more emphasis on repairing their properties, on meeting current operating expenses, and when occasion arose on refinancing their loans.

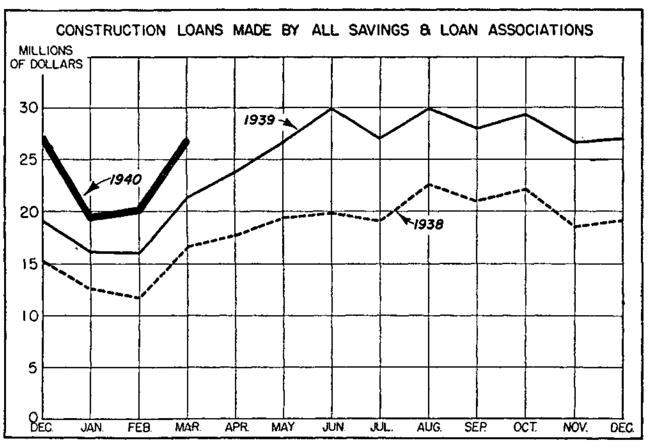
Single-family home building activity during the first quarter of this year was somewhat higher than in the corresponding period of 1939, while a decline has been noted in apartment house construction over this same period.

Expansion in the area of conflict in Europe, with the increased use of military and non-military supplies and equipment, again raises the question whether there will be diversion of materials and labor from the building industry which in coming months may raise building costs.

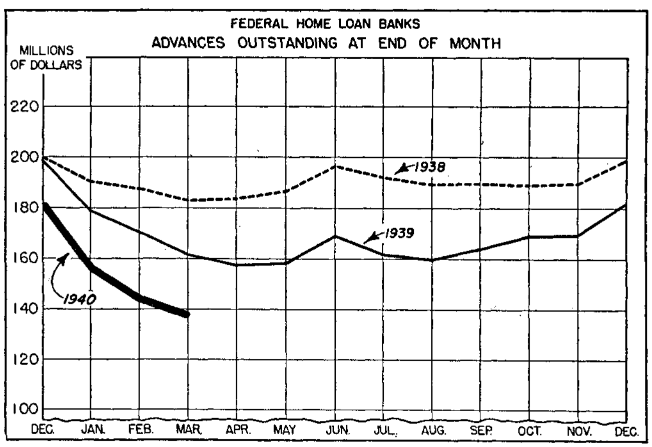
To date no evidence of such increases is evident. During the past four months dealers' prices of building materials used in home construction have re-



ESTIMATED NUMBER AND COST OF FAMILY DWELLING UNITS PROVIDED IN ALL CITIES OF 10,000 OR MORE POPULATION
Source: Federal Home Loan Bank Board. Compiled from residential building permits reported to U.S. Dept. of Labor



CONSTRUCTION LOANS MADE BY ALL SAVINGS & LOAN ASSOCIATIONS



FEDERAL HOME LOAN BANKS
ADVANCES OUTSTANDING AT END OF MONTH

[1926=100]

Type of index	Mar. 1940	Feb. 1940	Percent change	Mar. 1939	Percent change
Residential construction [1]	45.8	57.1	−19.8	42.3	+8.3
Foreclosures (metro. cities)	104.0	99.0	+5.1	157.0	−33.8
Rental index (NICB)	85.5	85.5	0.0	85.0	+0.6
Building material prices	93.3	93.2	+0.1	89.8	+3.9
Industrial production [1]	95.4	101.0	−5.5	90.8	+5.1
Manufacturing employment	99.1	99.7	−0.6	92.8	+6.8
Manufacturing pay rolls	93.9	93.7	+0.2	84.0	+11.8
Average wage per employee	94.8	94.0	+0.9	90.5	+4.8

[1] Corrected for normal seasonal variation.

mained remarkably steady, while corresponding labor costs have declined slightly in this period. Paint materials and plumbing are the only building material groups on which the U. S. Department of Labor has reported sizeable rises in wholesale price during the November-to-March period.

General Business Conditions

■ ALTHOUGH the rate of decline was slowing, the first quarter of 1940 ended with industrial activity still on the downgrade. After a 7-month climb through December to the highest levels since 1929, production began to dwindle almost as rapidly as it had risen. By the end of March, the seasonally adjusted Federal Reserve index had declined almost 20 percent from the December peak to a level similar to that of August 1939. April is also likely to show a slight recession, judging from reports for the first three weeks of the month.

Exports continued to play an important part in the current level of business activity. Merchandise shipped during the first three months of this year totaled more than a billion dollars—a substantial improvement over the levels of a year ago. The rise has been highly concentrated in iron and steel mill products, metal-working machinery, nonferrous metals, aircraft, industrial chemicals, and unmanufactured cotton, but the total of other exports during February was 21 percent above the same month of 1939. Shipments to the Northern European countries—Norway, Sweden, Denmark, and Finland—which will now be restricted because of the extension of war operations amounted to $20,000,000 in March, or approximately 6 percent of the total volume.

Aside from foreign trade influences, the key to business prospects in the immediate future seems to lie in inventories. Accumulations were smaller in February than in January, and in the opinion of Federal Reserve economists, "it appears likely that consumption currently is at least as large as production". This would indicate that inventories are not getting any larger, although there is still the possibility that for a time production may lag behind consumption to equalize the effect of recent months when the opposite condition prevailed.

Income payments, a guide to consumer purchasing power, have also declined during the first quarter of the year from December levels. They are considerably above the levels of last summer, however, and if maintained at the volume of the last three months would yield an annual total of about $72,000,000,000—equal to the 1937 payments.

Wholesale commodity prices continued to recede gradually during March. Building material prices were almost unchanged, but during the second week of April dropped to the lowest point of the year (92.8). This compares with 90.1 in the second week of last September.

Foreclosures

■ REAL estate foreclosures in metropolitan communities were 29 percent less for the first quarter of this year than for the same period a year ago. This represents a substantially greater decline than that shown between the first quarterly periods of 1938 and 1939.

Although March foreclosure activity was 5 percent above that for the short month of February, the movement is favorable in light of the normal seasonal rise of about 14 percent. This advance brought the index (1926=100) from 99 for February to 104. In relation to the corresponding month of last year, this March was 34 percent lower in foreclosure activity.

Of the 83 communities reporting for both February and March, 52 showed increases and 27 showed decreases, while four indicated no change from February.

Residential Construction

[Tables 1 and 2]

■ ACTIVITY among builders of 1- and 2-family homes increased approximately 50 percent from February to March in line with the usual seasonal change experienced by total residential construction in this period. This rise, however, was partially offset by a drop of 13 percent in the building of apartment units, so that total family dwelling units placed under construction averaged only 21 percent higher in March than in the preceding month.

Due to the failure of total residential building volume to grow in March to the extent that it normally does, the seasonally adjusted index which is compiled from these figures dropped 20 percent from February, thus counteracting the unusually large increase shown in the previous month. The March index, however, stood 8 percent above the same month of 1939.

Nine of the 12 Federal Home Loan Bank Districts had higher residential building volume in March than in February, with no particular geographical concentration of increases by States. Approximately one-half of all residential building during March in communities of 10,000 population or over was located in the Los Angeles, New York, and Winston-Salem Districts which together contain only about 36 percent of the total population located in cities of similar size in the country as a whole.

Small-House Building Costs

[*Tables 3 and 6*]

■ COSTS involved in the construction of a standard 6-room frame house receded fractionally in March due to a slight drop in the material price element. In comparison with the corresponding month of last year, however, material prices charged by dealers have increased over 1 percent in contrast to a decline of 2 percent in labor rates.

Wholesale building material prices reported by the U. S. Department of Labor rose much more rapidly than dealers' costs from the outset of the European War in September through December of 1939. Since the close of the year both of these series have remained fairly stationary, but the wholesale index for March was still 4 percent above the August 1939 level as compared with a net rise of only 2 percent in the dealers' price series.

Among the 25 communities reporting cost estimates for a standard 6-room frame house in April, declines in total cost of $100 or more during the preceding quarter were reported in only two cities (Atlantic City, New Jersey, and Casper, Wyoming). No city reported an increase of this magnitude during the past quarter year. There was no pronounced concentration of rising and falling prices within geographical areas. (See Table 3, page 276.)

Construction costs for the standard house

[Average month of 1936=100]

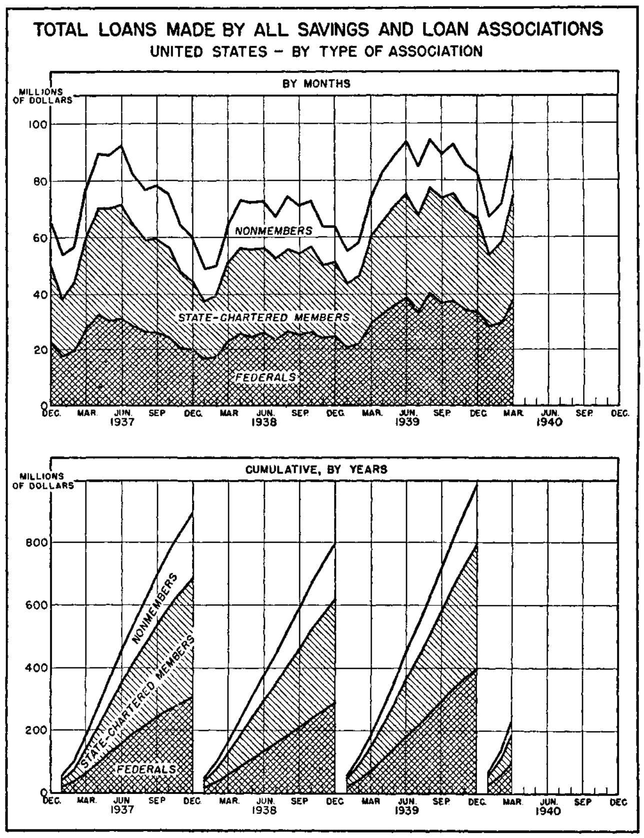
Element of cost	Mar. 1940	Feb. 1940	Percent change	Mar. 1939	Percent change
Material	104.4	104.5	−0.1	103.0	+1.4
Labor	110.3	110.3	0.0	112.4	−1.9
Total	106.4	106.5	−0.1	106.1	+0.3

New Mortgage-Lending Activity of Savings and Loan Associations

[*Tables 4 and 5*]

■ MARCH lending activity was up nearly $20,000,000, or 26 percent, from the February total for all savings and loan associations. This rise was seasonal in nature and was distributed among all classes of associations and loan-purpose groups. Greatest acceleration was shown in loans for reconditioning, which rose over 35 percent during the month. As may be seen in the following table, the refinancing group was the only one not rising at least 26 percent in March.

Savings and loan associations made nearly $230,000,000 in new loans during the first three



New mortgage loans distributed by purpose

[Amounts are shown in thousands of dollars]

Purpose	March 1940	Feb. 1940	Percent change	March 1939	Percent change
Construction	$26,711	$20,152	+32.5	$21,254	+25.7
Home purchase	32,168	25,389	+26.7	24,705	+30.2
Refinancing	16,769	14,590	+14.9	14,871	+12.8
Reconditioning	4,657	3,437	+35.5	4,211	+10.6
Other purposes	10,063	7,954	+26.5	8,337	+20.7
Total	90,368	71,522	+26.3	73,378	+23.2

months of this year—a 22-percent increase over the same 1939 period. Although each class of loan picked up in volume during the opening quarter of 1940, home-purchase loans have been the leaders in the rise, followed closely by loans for new construction.

Among the different classes of associations, each of which has improved its lending activity in comparison with the opening months of 1939, Federal savings and loan associations indicated the greatest gains. During the first quarter of this year, Federal and State-member savings and loan associations each accounted for about 40 percent of total loans made.

New loans of all savings and loan associations in the Chicago District were nearly 40 percent higher in the first quarter of 1940 than in the corresponding period of last year. This was the greatest expansion of lending activity recorded in any District. Smallest gains were shown by associations in the Little Rock and Topeka areas, where lending volume rose 1 percent and 7 percent, respectively, over the first three months of 1939.

Mortgage Recordings

[*Tables 13 and 14*]

■ DURING March, $300,420,000 of nonfarm mortgages of $20,000 or less were recorded, representing an increase of almost $17,000,000 or 6 percent from March 1939. All lenders except life insurance companies participated in this rise, although with the exception of the increases shown by savings and loan associations (16 percent) and mutual savings banks (14 percent) the gains were relatively small.

March mortgages recorded were 17.5 percent greater than in February, with all types of lenders sharing in the advance. This increase, however, was well under the rise of 32 percent occurring in the February-to-March period of 1939. Moreover, the gain reported by each type of lender from February to March was below that which occurred between these same months last year. Savings and loan associations accounted for more than $19,000,000 of the February-to-March increase, an amount greater than the combined increase reported by all other institutional lenders.

Nonfarm home mortgages recorded during the first quarter of this year amounted to $818,731,000, a gain of 12 percent over mortgage-financing activity in the same period in 1939. All types of mortgage lenders contributed to this rise, with increases ranging from 22 percent for mutual savings banks to 6 percent for banks and trust companies. Expanding their volume of recordings during the first three months of 1940 by $42,668,000 over the same period in 1939, savings and loan associations accounted for almost half of the increased business shown by all mortgagees.

Mortgage recordings by type of mortgagee

[Amounts are shown in thousands of dollars]

Type of lender	Percent change from February 1940	Percent of March 1940 amount	Cumulative recordings (3 months)	Percent of total recordings
Savings and loan associations	+25.1	32.0	$247,899	30.3
Insurance companies	+8.1	7.7	66,423	8.1
Banks, trust companies	+21.9	25.2	204,057	24.9
Mutual savings banks	+11.2	3.5	30,548	3.7
Individuals	+13.8	17.2	144,955	17.7
Others	+7.1	14.4	124,849	15.3
Total	+17.5	100.0	818,731	100.0

Federal Savings and Loan System

[*Table 7*]

■ THE accelerated lending activity of Federals during March, in which all purpose classifications participated, was responsible for a sharp rise in the outstanding loans of these institutions. An identical group of 1,371 Federal associations reported total new loans of $37,400,000 in March. The balance of mortgage loans outstanding increased by $19,300,000,

Progress in number and assets of Federal savings and loan associations

[Amounts are shown in thousands of dollars]

Type of association	Number		Approximate assets	
	Mar. 31, 1940	Feb. 29, 1940	Mar. 31, 1940	Feb. 29, 1940
New	632	632	$465, 319	$454, 772
Converted	778	773	1, 158, 934	1, 143, 242
Total	1, 410	1, 405	1, 624, 253	1, 598, 014

indicating repayments of principal during the month of approximately $18,100,000. (See Table 7, page 280.)

Private repurchasable capital invested in this group of Federals rose $19,200,000, or approximately equal to the net growth in their mortgage portfolios. This indicates that the flow of funds through Federals is in balance, with funds being received through repayment of mortgages and from new share investments at the same rate that money is being disbursed for loans on mortgage security and for repurchases of share capital.

Federal Home Loan Bank advances outstanding in Federally chartered savings and loan associations receded by $4,800,000 in March in the comparable reporting group, while the balance of funds borrowed from other sources was reduced by $100,000.

Five more associations were operating as converted Federals at the close of March than at the end of February, bringing the total to 778; associations organized by subscription to shares remained at 632. The 1,410 members of the Federal System at the end of March had assets of $1,624,000,000.

Federal Savings and Loan Insurance Corporation

[*Tables 7 and 8*]

■ BY the end of March, 2,217 savings and loan associations with assets of $2,580,000,000 had their 2,528,000 accounts covered up to $5,000 each under this system of Federal share insurance; total private investments in insured associations amounted to $1,929,000,000 at that time.

Reserves of $22,155,000 have been accumulated by the Federal Savings and Loan Insurance Corporation since its inception in 1934. Sources of these funds are primarily insurance premiums, admission fees, and interest on investments, less expenses of administration and examination. As of the close of March, the potential liability of the Corporation, which includes all private capital up to $5,000 per investor plus total creditor obligations of all insured associations, amounted to $1,947,000,000.

Federal Home Loan Bank advances to insured savings and loan associations continued in March the decline started at the turn of the year. A net of nearly $6,000,000 was repaid during March by 2,110 comparable reporting associations, despite the fact that funds were being loaned on mortgage security in amounts greater than were being returned through the repayment of loans and the investment of new capital. (See Table 7, page 280.)

Federal Home Loan Bank System

[*Table 9*]

■ AT the end of the first three months of 1940, the balance of advances outstanding of the 12 Federal Home Loan Banks had dropped to $137,-642,000. This was a decrease of $43,671,000 since the beginning of the year and resulted in bringing the balance of advances outstanding to the lowest point reached since November 1936. However, advances totaling $10,772,000 for these three months were slightly greater than those during the same period last year, and repayments, which amounted to $54,443,000, were only approximately $8,000,000 greater. More than one-half of the repayments was received during the month of January following the high volume of advances (a total of $18,724,000) made during December for year-end dividend and withdrawal demands.

Advances during March 1940 amounted to $4,375,-000, and repayments totaled $11,248,000, which caused a decrease of $6,873,000 in the balance of advances outstanding. Advances during March increased more than $2,000,000 over the preceding month's volume and were slightly greater than during March of last year, while repayments were approximately $3,000,000 less than in February and were also less than the volume received for the same month of last year.

Although every Bank District, with the exception of Portland, reported repayments greater than advances during the month, eight of the Banks

(*Continued on p. 287*)

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: Monthly totals: Mar. 1940	Feb. 1940	Mar. 1939	Jan.-Mar. totals: 1940	1939	Total cost of units: Monthly totals: Mar. 1940	Feb. 1940	Mar. 1939	Jan.-Mar. totals: 1940	1939
1-family dwellings	16, 283	10, 779	14, 842	35, 334	33, 484	$61, 500. 3	$41, 689. 4	$58, 755. 4	$135, 112. 7	$130, 896. 4
2-family dwellings	1, 154	1, 000	1, 092	2, 920	2, 462	2, 720. 1	2, 266. 1	2, 782. 5	6, 809. 6	6, 249. 9
Joint home and business [2]	42	65	93	147	188	215. 4	272. 0	379. 0	664. 8	719. 5
3-and-more family dwellings	7, 780	8, 960	7, 294	23, 319	23, 924	24, 082. 6	28, 029. 6	23, 517. 3	74, 523. 5	75, 228. 7
Total residential	25, 259	20, 804	23, 321	61, 720	60, 058	88, 518. 4	72, 257. 1	85, 434. 2	217, 110. 6	213, 094. 5

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

Table 2.—Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in March 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: Number of family dwelling units: Mar. 1940	Mar. 1939	Estimated cost: Mar. 1940	Mar. 1939	All 1- and 2-family dwellings: Number of family dwelling units: Mar. 1940	Mar. 1939	Estimated cost: Mar. 1940	Mar. 1939
UNITED STATES	25, 259	23, 321	$88, 518. 4	$85, 434. 2	17, 479	16, 027	$64, 435. 8	$61, 916. 9
No. 1—Boston	972	607	4, 119. 1	2, 783. 8	635	537	2, 997. 6	2, 537. 8
Connecticut	449	219	1, 958. 5	982. 6	224	157	1, 111. 0	755. 4
Maine	12	11	35. 0	31. 4	12	11	35. 0	31. 4
Massachusetts	361	250	1, 491. 4	1, 274. 9	249	242	1, 217. 4	1, 256. 1
New Hampshire	27	12	80. 5	21. 8	27	12	80. 5	21. 8
Rhode Island	115	115	532. 1	473. 1	115	115	532. 1	473. 1
Vermont	8	0	21. 6	0. 0	8	0	21. 6	0. 0
No. 2—New York	4, 067	4, 941	15, 976. 9	19, 108. 8	1, 507	1, 747	6, 958. 1	7, 634. 5
New Jersey	434	475	1, 961. 1	1, 639. 8	361	285	1, 702. 9	1, 375. 3
New York	3, 633	4, 466	14, 015. 8	17, 469. 0	1, 146	1, 462	5, 255. 2	6, 259. 2
No. 3—Pittsburgh	1, 048	1, 333	4, 636. 6	5, 924. 3	983	1, 171	4, 454. 6	5, 385. 8
Delaware	1	22	10. 0	141. 0	1	13	10. 0	71. 0
Pennsylvania	945	1, 190	4, 219. 5	5, 329. 3	884	1, 040	4, 042. 5	4, 864. 3
West Virginia	102	121	407. 1	454. 0	98	118	402. 1	450. 5
No. 4—Winston-Salem	3, 942	3, 452	11, 914. 2	10, 787. 9	2, 474	2, 151	7, 814. 2	7, 350. 9
Alabama	211	145	395. 5	274. 4	186	145	336. 4	274. 4
District of Columbia	523	897	2, 101. 4	3, 482. 6	232	341	1, 326. 9	1, 893. 1
Florida	685	943	2, 336. 5	2, 921. 5	629	584	2, 260. 5	1, 950. 3

Table 2.—Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in March 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	
	Mar. 1940	Mar. 1939	Mar. 1940	Mar. 1939	Mar. 1940	Mar. 1939	Mar. 1940	Mar. 1939
No. 4—Winston-Salem—Contd.								
Georgia	648	224	$1,426.0	$675.8	326	220	$595.7	$668.2
Maryland	1,013	398	3,343.2	1,074.3	304	247	1,085.2	785.7
North Carolina	403	399	931.2	924.4	350	275	859.9	634.7
South Carolina	190	129	404.6	286.0	186	126	398.3	283.9
Virginia	269	317	975.8	1,148.9	261	213	951.3	860.6
No. 5—Cincinnati	1,404	1,207	5,334.3	5,156.4	1,035	862	4,252.1	3,858.4
Kentucky	144	121	343.8	351.5	126	121	301.8	351.5
Ohio	1,004	950	4,319.6	4,430.5	653	605	3,279.4	3,132.5
Tennessee	256	136	670.9	374.4	256	136	670.9	374.4
No. 6—Indianapolis	2,051	1,952	8,477.4	8,868.4	1,725	1,498	7,362.4	6,935.9
Indiana	622	581	2,270.5	2,447.4	317	305	1,208.5	1,168.9
Michigan	1,429	1,371	6,206.9	6,421.0	1,408	1,193	6,153.9	5,767.0
No. 7—Chicago	818	810	4,090.7	4,033.6	773	663	3,974.0	3,604.9
Illinois	632	521	3,315.3	2,953.7	608	517	3,257.6	2,939.7
Wisconsin	186	289	775.4	1,079.9	165	146	716.4	665.2
No. 8—Des Moines	845	771	2,982.2	3,065.4	728	689	2,694.6	2,755.4
Iowa	263	195	863.8	740.5	228	195	829.1	740.5
Minnesota	184	189	809.9	947.8	172	147	745.0	752.8
Missouri	363	355	1,228.5	1,298.4	293	315	1,040.5	1,183.4
North Dakota	16	9	38.8	26.2	16	9	38.8	26.2
South Dakota	19	23	40.2	52.5	19	23	41.2	52.5
No. 9—Little Rock	3,231	2,183	8,649.3	6,414.5	2,393	1,898	5,870.1	5,290.2
Arkansas	107	63	222.7	113.8	103	51	213.5	102.3
Louisiana	1,067	229	3,523.0	544.2	319	215	880.1	512.8
Mississippi	279	183	476.2	271.6	274	172	471.1	266.3
New Mexico	66	62	182.9	189.7	66	57	182.9	178.7
Texas	1,712	1,646	4,244.5	5,295.2	1,631	1,403	4,122.5	4,230.1
No. 10—Topeka	1,052	733	3,377.0	2,385.9	733	671	2,421.5	2,301.4
Colorado	215	199	638.5	593.1	192	152	609.5	536.1
Kansas	161	159	444.3	468.8	141	148	416.7	442.8
Nebraska	379	77	1,321.0	290.6	103	77	422.1	290.6
Oklahoma	297	298	973.2	1,033.4	297	294	973.2	1,031.9
No. 11—Portland	1,186	664	4,093.6	2,170.6	890	607	3,180.6	2,046.5
Idaho	40	11	132.4	30.0	36	11	126.4	30.0
Montana	308	44	960.4	94.4	72	44	170.6	94.4
Oregon	270	160	940.4	540.5	241	141	885.9	499.0
Utah	140	129	475.4	456.6	126	115	455.4	430.8
Washington	19	289	84.7	921.4	19	275	84.7	899.6
Wyoming	409	31	1,500.3	127.7	396	21	1,457.6	92.7
No. 12—Los Angeles	4,643	4,668	14,867.1	14,734.6	3,603	3,533	12,456.0	12,215.2
Arizona	99	64	251.4	215.5	87	59	234.4	208.5
California	4,525	4,575	14,521.3	14,380.9	3,497	3,445	12,127.2	11,868.5
Nevada	19	29	94.4	138.2	19	29	94.4	138.2

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 Apr.	1939 Apr.	1940 Apr.	1940 Jan.	1939 Oct.	1939 July	1939 Apr.	1938 Apr.	1937 Apr.	1936 Apr.
No. 2—New York:										
Atlantic City, N. J	$0.253	$0.239	$6,084	$6,262	$6,272	$5,867	$5,745	--------	$6,546	$5,806
Camden, N. J	.248	.237	5,956	5,942	5,829	5,574	5,676	$5,688	5,873	5,157
Newark, N. J	.238	.231	5,708	5,705	5,654	5,492	5,536	5,427	5,658	5,093
Albany, N. Y	.237	.233	5,682	5,619	5,602	5,522	5,585	--------	5,717	5,162
Buffalo, N. Y	.238	.236	5,703	5,683	5,914	5,607	5,662	5,722	5,836	5,354
White Plains, N. Y	.233	.229	5,580	5,600	5,538	5,433	5,501	5,556	5,906	5,535
No. 6—Indianapolis:										
Evansville, Ind	.255	.240	6,110	6,116	6,095	5,897	5,750	5,770	5,816	5,570
Indianapolis, Ind	.229	.249	5,486	5,582	5,725	5,956	5,966	5,812	5,836	5,458
South Bend, Ind	.246	.229	5,898	5,804	5,848	5,553	5,506	5,567	6,040	5,538
Detroit, Mich	.243	.255	5,822	5,816	5,935	6,118	6,118	6,026	6,055	5,265
Grand Rapids, Mich	.230	.243	5,515	5,490	5,672	5,824	5,834	5,911	5,541	5,118
No. 8—Des Moines:										
Des Moines, Iowa	.264	.261	6,342	6,339	6,303	6,287	6,275	6,139	6,399	6,032
Duluth, Minn	.258	.250	6,188	6,198	6,043	6,000	5,995	6,195	5,898	5,616
St. Paul, Minn	.271	.274	6,497	6,525	6,550	6,548	6,569	6,539	6,371	5,233
Kansas City, Mo	.250	.248	5,998	6,022	5,960	6,116	5,959	5,730	5,787	5,304
St. Louis, Mo	.255	.252	6,114	6,159	6,052	5,959	6,053	6,122	6,597	6,064
Fargo, N. Dak	.244	.236	5,847	5,863	5,841	5,605	5,655	5,868	5,985	5,542
Sioux Falls, S. Dak	.257	.259	6,168	6,099	6,051	6,016	6,210	6,196	5,995	5,665
No. 11—Portland:										
Boise, Idaho	.261	.257	6,253	6,220	6,112	6,161	6,161	5,848	6,128	5,648
Great Falls, Mont	.288	.293	6,906	6,956	6,887	6,932	7,035	7,137	7,023	6,508
Portland, Oreg	.223	.212	5,351	5,345	5,283	5,132	5,098	5,081	5,829	5,234
Salt Lake City, Utah	.251	.251	6,014	6,035	5,998	6,016	6,026	5,961	5,923	5,707
Seattle, Wash	.265	.263	6,357	6,315	6,310	6,255	6,304	6,428	6,623	5,624
Spokane, Wash	.263	.254	6,310	6,313	6,282	6,114	6,089	6,545	6,543	5,892
Casper, Wyo	.261	.272	6,263	6,435	6,594	6,522	6,532	6,486	6,382	--------

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

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

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

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

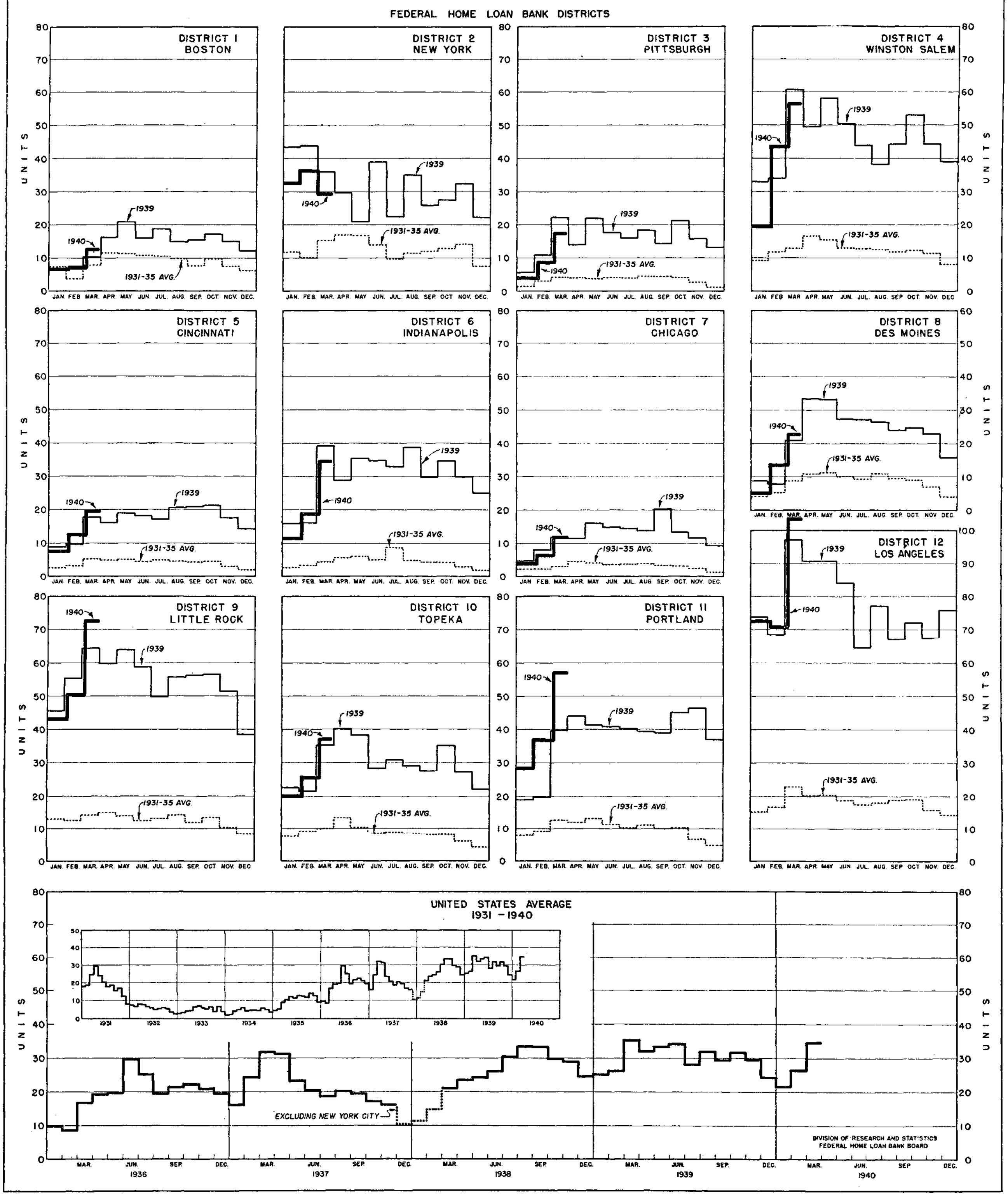


Table 4.—Estimated volume of new mortgage lending activity of savings and loan associations classified by District and type of association

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and type of association		New loans: March 1940	New loans: February 1940	Percent change, Feb. 1940 to Mar. 1940	New loans, Mar. 1939	Percent change, Mar. 1939 to Mar. 1940	Cumulative new loans (3 months): 1940	Cumulative new loans (3 months): 1939	Cumulative new loans (3 months): Percent change
United States:	Total	$90, 368	$71, 522	+26. 3	$73, 378	+23. 2	$228, 834	$187, 254	+22. 2
	Federal	38, 241	29, 786	+28. 4	29, 811	+28. 3	96, 035	73, 003	+31. 5
	State member	36, 484	28, 941	+26. 1	30, 124	+21. 1	91, 162	77, 386	+17. 8
	Nonmember	15, 643	12, 795	+22. 3	13, 443	+16. 4	41, 637	36, 865	+12. 9
District No. 1:	Total	6, 063	6, 155	−1. 5	5, 270	+15. 0	18, 080	14, 576	+24. 0
	Federal	2, 062	2, 079	−0. 8	1, 597	+29. 1	6, 347	4, 148	+53. 0
	State member	2, 945	2, 790	+5. 6	2, 382	+23. 6	8, 430	6, 911	+22. 0
	Nonmember	1, 056	1, 286	−17. 9	1, 291	−18. 2	3, 303	3, 517	−6. 1
District No. 2:	Total	6, 491	5, 694	+14. 0	5, 713	+13. 6	19, 164	16, 300	+17. 6
	Federal	1, 859	1, 658	+12. 1	2, 095	−11. 3	6, 064	5, 349	+13. 4
	State member	2, 001	1, 669	+19. 9	1, 544	+29. 6	5, 341	4, 146	+28. 8
	Nonmember	2, 631	2, 367	+11. 2	2, 074	+26. 9	7, 759	6, 805	+14. 0
District No. 3:	Total	7, 231	6, 272	+15. 3	6, 059	+19. 3	18, 905	14, 483	+30. 5
	Federal	2, 916	2, 041	+42. 9	1, 459	+99. 9	6, 713	3, 427	+95. 9
	State member	1, 767	1, 332	+32. 7	1, 791	−1. 3	4, 457	4, 130	+7. 9
	Nonmember	2, 548	2, 899	−12. 1	2, 809	−9. 3	7, 735	6, 926	+11. 7
District No. 4:	Total	13, 643	10, 048	+35. 8	9, 771	+39. 6	33, 988	26, 214	+29. 7
	Federal	6, 374	5, 013	+27. 1	3, 938	+61. 9	15, 950	10, 150	+57. 1
	State member	5, 421	3, 844	+41. 0	4, 261	+27. 2	13, 402	11, 171	+20. 0
	Nonmember	1, 848	1, 191	+55. 2	1, 572	+17. 6	4, 636	4, 893	−5. 3
District No. 5:	Total	15, 627	11, 639	+34. 3	12, 821	+21. 9	36, 791	30, 947	+18. 9
	Federal	5, 647	4, 167	+35. 5	5, 255	+7. 5	13, 540	12, 032	+12. 5
	State member	7, 824	5, 902	+32. 6	5, 900	+32. 6	17, 858	14, 767	+20. 9
	Nonmember	2, 156	1, 570	+37. 3	1, 666	+29. 4	5, 393	4, 148	+30. 0
District No. 6:	Total	4, 227	3, 878	+9. 0	3, 309	+27. 7	11, 443	8, 965	+27. 6
	Federal	1, 836	1, 812	+1. 3	1, 515	+21. 2	5, 249	4, 214	+24. 6
	State member	2, 179	1, 791	+21. 7	1, 571	+38. 7	5, 450	4, 221	+29. 1
	Nonmember	212	275	−22. 9	223	−4. 9	744	530	+40. 4
District No. 7:	Total	10, 096	7, 153	+41. 1	6, 820	+48. 0	24, 130	17, 398	+38. 7
	Federal	3, 695	2, 699	+36. 9	2, 418	+52. 8	8, 803	5, 870	+50. 0
	State member	4, 165	3, 209	+29. 8	3, 049	+36. 6	10, 385	7, 661	+35. 6
	Nonmember	2, 236	1, 245	+79. 6	1, 353	+65. 3	4, 942	3, 867	+27. 8
District No. 8:	Total	5, 232	3, 819	+37. 0	4, 348	+20. 3	12, 793	10, 229	+25. 1
	Federal	2, 444	1, 805	+35. 4	2, 033	+20. 2	5, 775	4, 598	+25. 6
	State member	1, 508	1, 226	+23. 0	1, 406	+7. 3	3, 899	3, 443	+13. 2
	Nonmember	1, 280	788	+62. 4	909	+40. 8	3, 119	2, 188	+42. 6
District No. 9:	Total	5, 300	4, 248	+24. 8	5, 089	+4. 1	13, 357	13, 177	+1. 4
	Federal	2, 276	1, 618	+40. 7	2, 081	+9. 4	5, 458	5, 454	+0. 1
	State member	2, 812	2, 387	+17. 8	2, 766	+1. 7	7, 313	7, 056	+3. 6
	Nonmember	212	243	−12. 8	242	−12. 4	586	667	−12. 1
District No. 10:	Total	4, 526	3, 326	+36. 1	4, 187	+8. 1	10, 757	10, 098	+6. 5
	Federal	2, 505	1, 748	+43. 3	2, 189	+14. 4	5, 690	4, 817	+18. 1
	State member	973	782	+24. 4	1, 028	−5. 4	2, 452	2, 824	−13. 2
	Nonmember	1, 048	796	+31. 7	970	+8. 0	2, 615	2, 457	+6. 4
District No. 11:	Total	3, 604	2, 577	+39. 9	2, 720	+32. 5	8, 452	6, 356	+33. 0
	Federal	2, 234	1, 643	+36. 0	1, 619	+38. 0	5, 299	3, 755	+41. 1
	State member	1, 182	889	+33. 0	1, 014	+16. 6	2, 827	2, 263	+24. 9
	Nonmember	188	45	+317. 8	87	+116. 1	326	338	−3. 6
District No. 12:	Total	8, 328	6, 713	+24. 1	7, 271	+14. 5	20, 974	18, 511	+13. 3
	Federal	4, 393	3, 503	+25. 4	3, 612	+21. 6	11, 147	9, 189	+21. 3
	State member	3, 707	3, 120	+18. 8	3, 412	+8. 6	9, 348	8, 793	+6. 3
	Nonmember	228	90	+153. 3	247	−7. 7	479	529	−9. 5

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: Mortgage loans on homes: Construction	Home purchase	Refinancing	Reconditioning	Loans for all other purposes	Total loans	Type of association: Federals	State members	Nonmembers
1938	$220,458	$265,485	$160,167	$58,623	$93,263	$797,996	$286,899	$333,470	$177,627
Jan.–Mar.	40,889	52,069	37,018	12,024	22,413	164,413	57,657	70,787	35,969
March	16,648	21,056	14,391	4,953	8,170	65,218	23,356	27,835	14,027
1939	301,039	339,629	182,025	59,463	104,227	986,383	400,337	396,041	190,005
Jan.–Mar.	53,380	61,326	39,171	11,193	22,184	187,254	73,003	77,386	36,865
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									
Jan.–Mar.	66,351	79,596	45,358	11,549	25,980	228,834	96,035	91,162	41,637
January	19,488	22,039	13,999	3,455	7,963	66,944	28,008	25,737	13,199
February	20,152	25,389	14,590	3,437	7,954	71,522	29,786	28,941	12,795
March	26,711	32,168	16,769	4,657	10,063	90,368	38,241	36,484	15,643

[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: March	91.5	91.1	89.8	91.3	82.2	78.9	114.9	94.8
1939: 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
February	93.2	91.2	91.4	97.6	86.8	79.1	107.3	92.9
March	93.3	90.4	91.2	97.8	87.2	81.0	107.3	92.7
Change:								
Mar. 1940–Feb. 1940	+0.1%	−0.9%	−0.2%	+0.2%	+0.5%	+2.4%	0.0%	−0.2%
Mar. 1940–Mar. 1939	+3.9%	−2.3%	−0.3%	+6.2%	+7.0%	+2.1%	0.0%	+3.2%

[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 1,371 identical Federal and 739 identical insured State-chartered savings and loan associations reporting during February and March 1940 [1]

[Amounts are shown in thousands of dollars]

Type of operation	1,371 Federals			739 insured State members		
	March	February	Change February to March	March	February	Change February to March
Share liability at end of month:			*Percent*			*Percent*
Private share accounts (number)	1, 491, 406	1, 475, 497	+1. 1	970, 945	966, 894	+0. 4
Paid on private subscriptions	$1, 175, 251. 7	$1, 156, 068. 2	+1. 7	$697, 864. 3	$693, 072. 6	+0. 7
Treasury and HOLC subscriptions	192, 680. 2	192, 680. 2	0. 0	[2] 38, 837. 1	[2] 38, 762. 1	+0. 2
Total	1, 367, 931. 9	1, 348, 748. 4	+1. 4	736, 701. 4	731, 834. 7	+0. 7
Private share investments during month	34, 935. 1	36, 278. 5	−3. 7	14, 692. 2	14, 770. 5	−0. 5
Repurchases during month	15, 920. 8	15, 746. 6	+1. 1	10, 173. 2	9, 698. 8	+4. 9
Mortgage loans made during month:						
a. New construction	14, 286. 2	11, 056. 6	+29. 2	5, 155. 5	4, 123. 0	+25. 0
b. Purchase of homes	11, 260. 6	8, 431. 6	+33. 6	5, 931. 8	4, 393. 6	+35. 0
c. Refinancing	7, 487. 8	6, 544. 3	+14. 4	3, 341. 9	2, 676. 4	+24. 9
d. Reconditioning	1, 492. 2	1, 044. 4	+42. 9	866. 4	529. 7	+63. 6
e. Other purposes	2, 919. 8	2, 189. 4	+33. 4	1, 922. 5	1, 804. 9	+6. 5
Total	37, 446. 6	29, 266. 3	+28. 0	17, 218. 1	13, 527. 6	+27. 3
Mortgage loans outstanding end of month	1, 292, 302. 7	1, 273, 023. 9	+1. 5	660, 044. 0	652, 110. 4	+1. 2
Borrowed money as of end of month:						
From Federal Home Loan Banks	73, 120. 6	77, 942. 6	−6. 2	28, 922. 9	29, 711. 4	−2. 7
From other sources	3, 362. 3	3, 463. 4	−2. 9	2, 755. 1	3, 009. 0	−8. 4
Total	76, 482. 9	81, 406. 0	−6. 0	31, 678. 0	32, 720. 4	−3. 2
Total assets, end of month	1, 592, 146. 8	1, 569, 683. 5	+1. 4	907, 735. 6	901, 194. 4	+0. 7

[1] The total of 2,110 associations represents 95 percent of all insured institutions operating during February.
[2] Includes only HOLC subscriptions.

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

[Amounts are shown in thousand of dollars]

Type of association	Cumulative number at specified dates						Number of private investors in repurchasable shares [1]	Assets	Private repurchasable capital
	Dec. 31, 1936	Dec. 31, 1937	Dec. 31, 1938	Dec. 31, 1939	Feb. 29, 1940	Mar. 31, 1940	Mar. 31, 1940	Mar. 31, 1940	Mar. 31, 1940
State-chartered associations	382	566	737	799	809	808	1, 013, 200	$953, 118	$730, 953
Converted Federals	560	672	723	763	[2] 772	[3] 777	1, 094, 000	1, 158, 675	887, 173
New Federals	634	641	637	634	632	632	421, 200	465, 319	310, 875
Total	1, 576	1, 879	2, 097	2, 196	2, 213	2, 217	2, 528, 400	2, 577, 112	1, 929, 001

[1] 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.
[2] In addition, 1 Federal with assets of $237,000 had been approved for conversion but had not been insured as of Feb. 29.
[3] In addition, 1 Federal with assets of $259,000 had been approved for conversion but had not been insured as of Mar. 31.

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

[Thousands of dollars]

Federal Home Loan Banks	March 1940		February 1940		Advances outstanding, Mar. 31, 1940
	Advances	Repayments	Advances	Repayments	
Boston	$64	$539	$22	$703	$4, 838
New York	553	1, 102	506	1, 379	18, 600
Pittsburgh	336	781	264	715	13, 830
Winston-Salem	633	1, 381	424	2, 423	12, 135
Cincinnati	213	1, 471	91	2, 159	13, 906
Indianapolis	686	980	12	612	8, 756
Chicago	239	1, 417	315	948	21, 394
Des Moines	232	1, 195	75	1, 018	12, 681
Little Rock	210	451	60	1, 048	7, 046
Topeka	116	662	56	991	8, 475
Portland	335	149	37	527	4, 303
Los Angeles	758	1, 120	149	1, 761	11, 678
Total	4, 375	11, 248	2, 011	14, 284	137, 642
Jan.–March 1940	10, 772	54, 443			
March 1939	3, 898	12, 899			161, 614
Jan.–March 1939	9, 155	46, 384			
March 1938	4, 901	9, 293			183, 125
Jan.–March 1938	12, 694	29, 663			

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

[Amounts are shown in thousands of dollars]

Type of operation	Treasury	Home Owners' Loan Corporation		
	Federals [2]	Federals	State members	Total
Oct. 1935–Mar. 1940:				
Applications:				
Number	1, 862	4, 607	970	5, 577
Amount	$50, 401	$200, 592	$63, 039	$263, 631
Investments:				
Number	1, 831	4, 191	723	4, 914
Amount	$49, 300	$175, 635	$44, 448	$220, 083
Repurchases	$15, 158	$13, 158	$4, 071	$17, 229
Net outstanding investments	$34, 142	$162, 477	$40, 377	$202, 854
March 1940:				
Applications:				
Number	0	3	3	6
Amount	0	$70	$100	$170
Investments				
Number	0	0	3	3
Amount	0	0	$75	$75
Repurchases	0	0	$215	$215

[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 Mar. 31, 1940 [1]

Type of operation	June 1, 1934 through Feb. 29, 1940	Mar. 1, 1940 through Mar. 31, 1940	Cumulative through Mar. 31, 1940
Cases received [2]	1, 132, 500	7, 158	1, 139, 658
Contracts awarded:			
Number	731, 273	4, 308	735, 581
Amount	$147, 708, 814	$1, 019, 197	$148, 728, 011
Contracts completed:			
Number	726, 471	4, 078	730, 549
Amount	$145, 478, 697	$1, 062, 965	$146, 541, 662

[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 deed [1]

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
February	1, 311
March	1, 657
Grand total to Mar. 31, 1940	161, 420

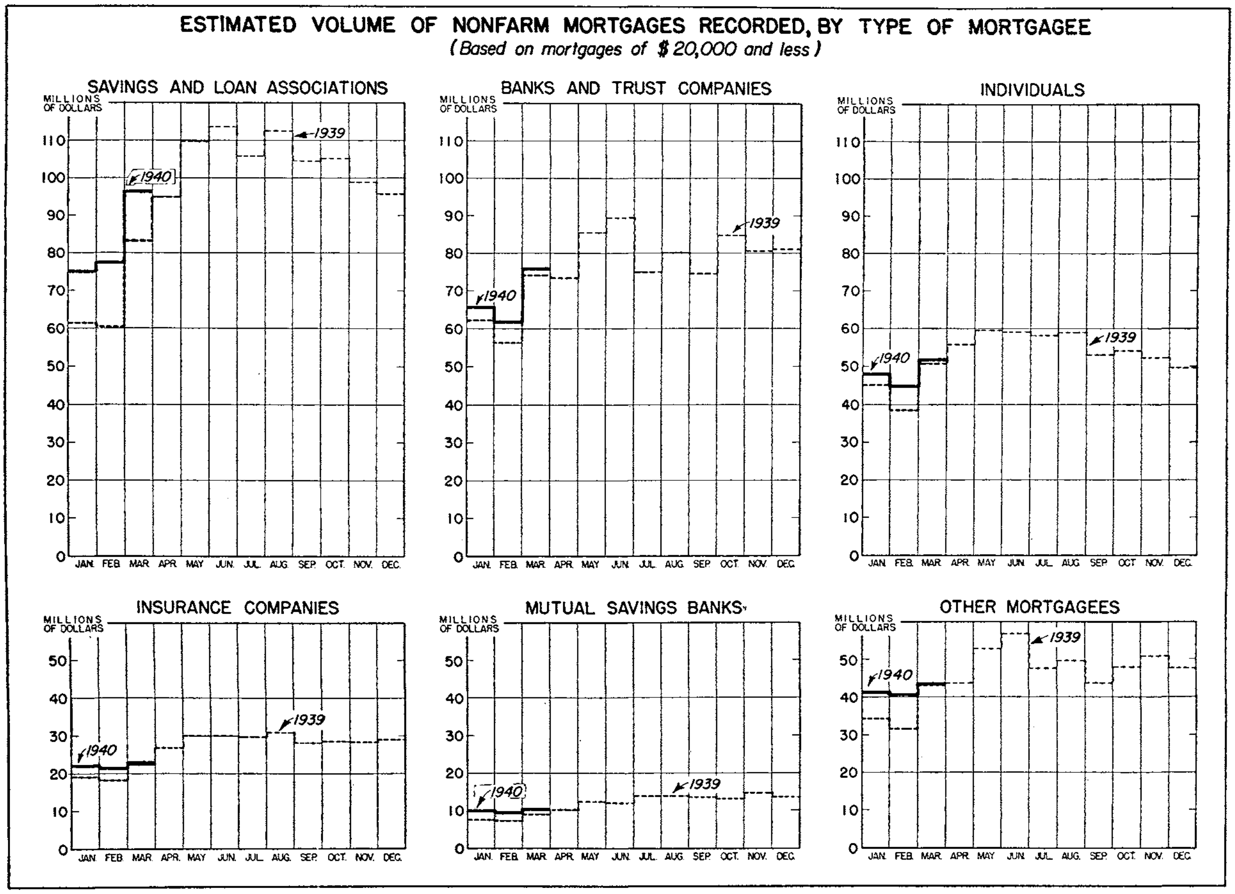
[1] Does not include 9,296 properties bought in by HOLC at foreclosure sale but awaiting expiration of the redemption period before title in absolute fee can be obtained.

In addition to the 161,420 completed cases 926 properties were sold at foreclosure sale to parties other than the HOLC and 24,784 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 March 1940

Federal Home Loan Bank District and State	(Amounts shown are in thousands of dollars) Savings & loan associations		Insurance companies		Banks and trust companies		Mutual savings banks		Individuals		Other mortgagees		Total		Amount per capita (nonfarm)
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	
UNITED STATES	38,734	$96,244	4,631	$23,084	24,288	$75,650	2,823	$10,543	27,658	$51,596	13,655	$43,303	111,789	$300,420	$3.25
No. 1--Boston	2,505	7,806	206	1,180	740	2,778	1,415	4,563	1,387	3,364	825	2,607	7,078	22,298	
Connecticut	225	777	47	304	222	953	313	1,101	399	1,015	219	835	1,425	4,985	3.28
Maine	255	500	13	46	115	297	183	288	124	252	55	88	745	1,471	2.35
Massachusetts	1,622	5,256	119	683	270	1,069	727	2,576	655	1,653	417	1,258	3,810	12,495	3.03
New Hampshire	151	465	11	58	34	121	73	229	65	156	40	117	374	1,146	2.85
Rhode Island	159	522	10	53	78	264	74	228	104	193	69	237	494	1,497	2.23
Vermont	93	286	6	36	21	74	45	141	40	95	25	72	230	704	2.85
No. 2--New York	1,911	5,400	238	1,494	1,405	5,627	952	4,511	2,334	5,526	1,264	4,865	8,103	27,423	
New Jersey	895	2,585	113	697	811	3,496	70	338	1,013	2,372	550	1,946	3,452	11,434	2.92
New York	1,016	2,815	125	797	594	2,131	881	4,173	1,321	3,154	714	2,919	4,651	15,989	1.35
No. 3--Pittsburgh	2,383	6,674	201	1,011	1,974	6,231	135	467	1,660	3,690	892	3,043	7,245	21,116	
Delaware	59	157	32	175	58	274	26	98	106	202	24	117	305	1,023	5.33
Pennsylvania	2,062	5,939	143	695	1,430	5,031	102	364	1,352	3,155	775	2,804	5,864	17,988	2.05
West Virginia	262	578	26	141	486	926	7	5	202	333	93	122	1,076	2,105	1.64
No. 4--Winston-Salem	6,150	13,928	672	2,786	2,176	5,850	28	137	4,641	7,277	2,039	5,093	15,706	35,071	
Alabama	303	462	73	298	195	502	------	-------	482	651	231	543	1,284	2,456	1.88
District of Columbia	469	2,249	32	249	79	499	------	-------	216	681	273	1,134	1,069	4,812	9.89
Florida	830	2,255	234	917	292	634	------	-------	755	1,826	406	1,090	2,517	6,722	5.65
Georgia	698	1,161	110	468	405	807	------	-------	711	636	113	246	2,037	3,318	2.23
Maryland	862	2,013	26	141	243	757	28	137	358	853	201	470	1,718	4,371	3.14
North Carolina	1,753	3,227	114	376	332	956	------	-------	920	1,017	427	789	3,546	6,365	4.05
South Carolina	384	628	32	112	217	560	------	-------	539	439	102	93	1,274	1,832	2.23
Virginia	851	1,933	51	225	413	1,135	------	-------	660	1,174	286	728	2,261	5,195	3.53
No. 5--Cincinnati	6,321	17,156	501	2,520	2,853	8,575	84	293	1,682	2,602	1,724	3,849	13,165	34,995	
Kentucky	1,012	2,330	98	356	425	1,196	------	-------	209	250	80	205	1,824	4,337	3.02
Ohio	4,950	14,047	297	1,734	1,886	6,351	84	293	1,179	2,094	659	2,211	9,055	26,730	4.74
Tennessee	359	779	106	430	542	1,028	------	-------	294	258	985	1,433	2,286	3,928	2.80
No. 6--Indianapolis	2,732	5,301	490	2,347	2,612	7,074	30	41	1,022	1,703	646	2,192	7,532	18,658	
Indiana	1,973	3,448	185	803	879	2,093	30	41	402	566	218	513	3,687	7,464	3.08
Michigan	759	1,853	305	1,544	1,733	4,981	------	-------	620	1,137	428	1,679	3,845	11,194	2.76
No. 7--Chicago	3,094	8,276	258	1,430	1,293	4,670	8	18	1,472	3,465	1,036	4,704	7,161	22,563	
Illinois	2,241	6,216	193	1,017	783	2,996	1	2	661	1,826	842	4,136	4,721	16,193	2.44
Wisconsin	853	2,060	65	413	510	1,674	7	16	811	1,639	194	568	2,440	6,370	3.10
No. 8--Des Moines	2,699	5,692	404	2,080	1,859	4,061	23	69	2,367	4,164	1,273	3,972	8,625	20,038	
Iowa	812	1,613	109	579	572	1,172	------	-------	416	684	147	323	2,056	4,371	2.93
Minnesota	817	2,009	169	814	424	908	23	69	509	921	174	536	2,116	5,257	3.15
Missouri	899	1,709	94	594	725	1,783	------	-------	1,328	2,413	886	2,897	3,932	9,396	3.74
North Dakota	94	265	9	34	72	94	------	-------	71	70	61	189	307	652	2.30
South Dakota	77	96	23	59	66	104	------	-------	43	76	5	27	214	362	1.20
No. 9--Little Rock	3,059	7,107	660	3,117	824	2,115	------	-------	2,139	3,927	1,375	4,327	8,057	20,593	
Arkansas	329	623	23	67	107	212	------	-------	201	316	85	152	745	1,370	1.86
Louisiana	1,036	2,888	80	411	87	209	------	-------	290	731	194	684	1,687	4,923	3.87
Mississippi	200	344	30	116	96	226	------	-------	217	307	100	220	643	1,213	1.87
New Mexico	83	182	------	-------	70	250	------	-------	129	196	11	30	293	658	2.49
Texas	1,411	3,070	527	2,523	464	1,218	------	-------	1,302	2,377	985	3,241	4,689	12,429	3.58
No. 10--Topeka	2,531	5,278	202	813	859	2,151	------	-------	1,714	2,409	861	2,179	6,167	12,830	
Colorado	338	833	19	80	120	277	------	-------	648	1,085	204	670	1,329	2,945	3.91
Kansas	677	1,199	61	221	324	712	------	-------	300	364	161	381	1,523	2,877	2.45
Nebraska	507	1,021	59	240	49	179	------	-------	173	223	103	224	891	1,887	2.38
Oklahoma	1,009	2,225	63	272	366	983	------	-------	593	737	393	904	2,424	5,121	3.73
No. 11--Portland	1,796	3,905	281	906	1,380	3,087	149	444	1,347	1,987	671	2,057	5,624	12,386	
Idaho	107	222	16	57	90	313	------	-------	194	204	88	138	495	934	3.64
Montana	160	350	21	87	51	121	------	-------	119	227	13	40	364	825	2.48
Oregon	411	891	68	219	194	336	8	25	458	713	166	578	1,305	2,762	3.78
Utah	195	427	48	134	303	716	------	-------	170	264	30	52	746	1,593	4.06
Washington	856	1,828	128	409	687	1,459	141	419	320	453	352	1,205	2,484	5,773	4.59
Wyoming	67	187	------	-------	55	142	------	-------	86	126	22	44	230	499	3.27
No. 12--Los Angeles	3,553	9,721	518	3,400	6,313	23,431	------	-------	5,893	11,482	1,049	4,415	17,326	52,449	
Arizona	76	181	8	22	138	422	------	-------	288	770	27	68	537	1,463	4.34
California	3,460	9,500	508	3,373	6,145	22,915	------	-------	5,541	10,541	1,016	4,332	16,670	50,661	10.02
Nevada	17	40	2	5	30	94	------	-------	64	171	6	15	119	325	4.36

[1]Based 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.


ESTIMATED VOLUME OF NONFARM MORTGAGES RECORDED, BY TYPE OF MORTGAGEE
(Based on mortgages of $20,000 and less)
SAVINGS AND LOAN ASSOCIATIONS
BANKS AND TRUST COMPANIES
INDIVIDUALS
INSURANCE COMPANIES
MUTUAL SAVINGS BANKS
OTHER MORTGAGEES
MILLIONS OF DOLLARS
1939
1940
JAN. FEB. MAR. APR. MAY JUN. JUL. AUG. SEP. OCT. NOV. DEC.

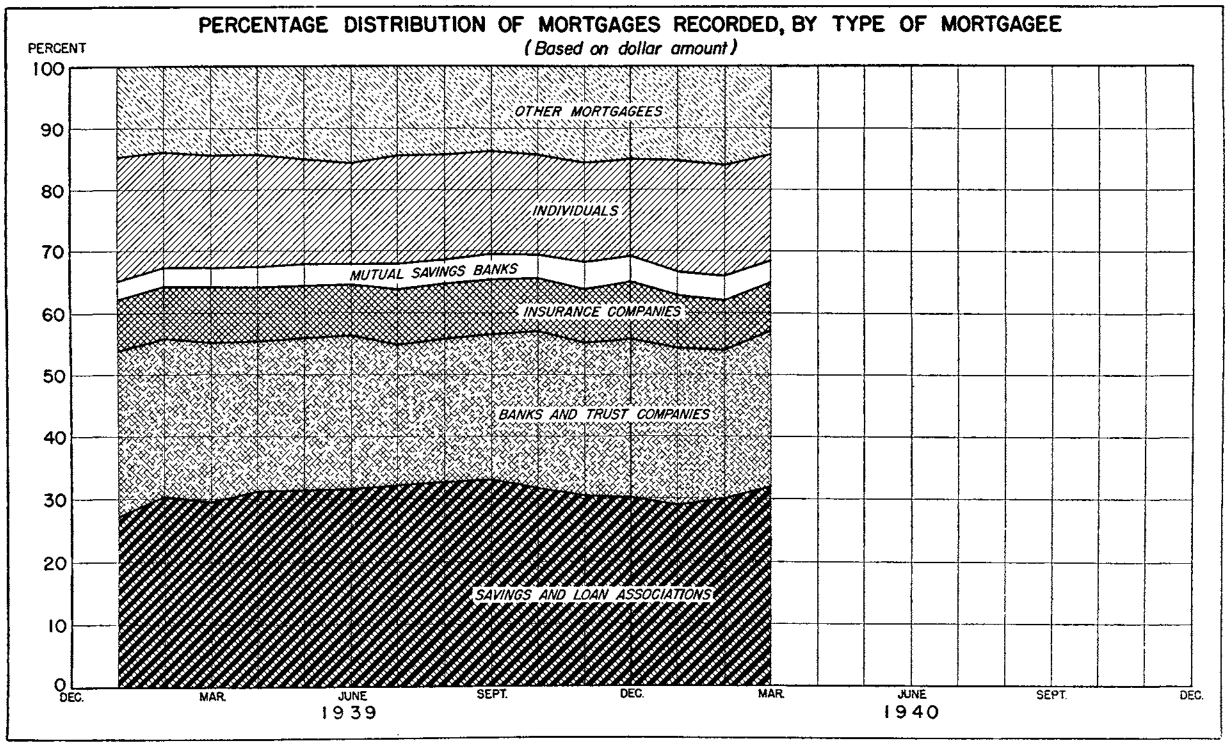

PERCENTAGE DISTRIBUTION OF MORTGAGES RECORDED, BY TYPE OF MORTGAGEE
(Based on dollar amount)
PERCENT
OTHER MORTGAGEES
INDIVIDUALS
MUTUAL SAVINGS BANKS
INSURANCE COMPANIES
BANKS AND TRUST COMPANIES
SAVINGS AND LOAN ASSOCIATIONS
DEC. MAR. JUNE SEPT. DEC. MAR. JUNE SEPT. DEC.
1939
1940

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

[Amounts are shown in thousands of dollars]

Period	Savings and loan associations		Insurance companies		Banks and trust companies		Mutual savings banks		Individuals		Other mortgagees		All mortgagees	
	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Combined total	Percent
Number:														
1939: March [1]	34, 002	32. 4	4, 498	4. 3	23, 553	22. 4	2, 522	2. 4	27, 198	25. 9	13, 187	12. 6	104, 960	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 [1]	30, 005	31. 3	4, 392	4. 6	21, 061	22. 0	2, 675	2. 8	24, 884	25. 9	12, 844	13. 4	95, 861	100. 0
February [1]	31, 015	32. 8	4, 240	4. 5	20, 110	21. 2	2, 548	2. 7	24, 193	25. 6	12, 548	13. 2	94, 654	100. 0
March	38, 734	34. 7	4, 631	4. 2	24, 288	21. 7	2, 823	2. 5	27, 658	24. 7	13, 655	12. 2	111, 789	100. 0
Amount:														
1939: March [1]	83, 268	29. 4	23, 143	8. 2	74, 099	26. 1	9, 264	3. 3	50, 625	17. 8	43, 216	15. 2	283, 615	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, 484	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 [1]	74, 711	28. 4	21, 989	8. 4	66, 342	25. 3	10, 520	4. 0	48, 026	18. 3	41, 095	15. 6	262, 683	100. 0
February [1]	76, 944	30. 1	21, 350	8. 4	62, 065	24. 3	9, 485	3. 7	45, 333	17. 7	40, 451	15. 8	255, 628	100. 0
March	96, 244	32. 0	23, 084	7. 7	75, 650	25. 2	10, 543	3. 5	51, 596	17. 2	43, 303	14. 4	300, 420	100. 0

[1] Revised.

Directory of Member, Federal, and Insured Institutions

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

DISTRICT NO. 1

VERMONT:
Middlebury:
Middlebury Co-operative Savings & Loan Association.

DISTRICT NO. 5

OHIO:
Portsmouth:
The Commercial Building & Loan Company, 843 Gallia Street.

DISTRICT NO. 7

WISCONSIN:
Milwaukee:
Consolidated Savings & Loan Association, 212 West Wisconsin Avenue.
First Bohemian Savings & Loan Association, 1872 North Twelfth Street.
Sherman Savings & Loan Association, 2800 West Center Street.
Sterling Savings & Loan Association, 707 North Broadway.

DISTRICT NO. 12

CALIFORNIA:
San Jose:
Nucleus Building & Loan Association, First & Santa Clara Streets.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN MARCH 16 AND APRIL 15, 1940

MARYLAND:
Baltimore:
North Gay Street Permanent Building Association No. 1 of Baltimore City, 737 North Gay Street (voluntary withdrawal).

MISSOURI:
Kansas City:
Missouri Valley Savings & Loan Association, 909 Baltimore Avenue (liquidation and transfer of 15 shares of Bank stock to First Federal Savings & Loan Association of Kansas City).

WISCONSIN:
Milwaukee:
Residence Park Building & Loan Association, 3418 West Fond du Lac Avenue (voluntary withdrawal).
Sterling Savings, Loan & Building Association, 707 North Broadway (voluntary withdrawal).

II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN MARCH 16 AND APRIL 15, 1940

DISTRICT NO. 3

PENNSYLVANIA:
Bristol:
First Federal Savings & Loan Association of Bucks County, 118 Mill Street (converted from The Merchants & Mechanics Building Association).
Philadelphia:
Allegheny Avenue Federal Savings & Loan Association, 1847 Allegheny Avenue (converted from The Alleghany Avenue Building & Loan Association).
Rochester:
Rochester Federal Savings & Loan Association, 361 Brighton Avenue (converted from Rochester Building & Loan Association).

PENNSYLVANIA—Contd.
Willow Grove:
Willow Grove Federal Savings & Loan Association, 75 North York Road (converted from Willow Grove Building & Loan Association).

DISTRICT NO. 4

NORTH CAROLINA:
Charlotte:
First Federal Savings & Loan Association of Charlotte, 119 West Fourth Street (new association).

DISTRICT NO. 5

OHIO:
Marion:
Home Federal Savings & Loan Association, 116 South Main Street (converted from The Home Building, Savings & Loan Company).

DISTRICT NO. 7

WISCONSIN:
Milwaukee:
Green Bay Avenue Federal Savings & Loan Association, 3346 North Green Bay Avenue (converted from Green Bay Avenue Mutual Building & Loan Association).

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

DISTRICT NO. 2

NEW JERSEY:
Ridgewood:
The Ridgewood Building & Loan Association, 27 North Broad Street.

DISTRICT NO. 5

KENTUCKY:
Hopkinsville:
Hopkinsville Federal Savings & Loan Association, First City Bank Building.

OHIO:
Celina:
The Mercer County Building & Loan Association Company, 130 West Market Street.
Marion:
Home Federal Savings & Loan Association, 116 South Main Street.

DISTRICT NO. 7

WISCONSIN:
Milwaukee:
Consolidated Savings & Loan Association, 212 West Wisconsin Avenue.
First Bohemian Savings & Loan Association, 1872 North Twelfth Street.
Sherman Savings & Loan Association, 2800 West Center Street.
Sterling Savings and Loan Association, 707 North Broadway.

Resolutions of the Board

AMENDMENT TO RULES AND REGULATIONS FOR INSURANCE OF ACCOUNTS, RELATIVE TO METHOD OF PAYMENTS TO EACH INSURED MEMBER IN EVENT OF DEFAULT: Adopted April 8, 1940; effective April 10, 1940.

In order to provide for prompt settlement of insurance in the event of a default by an insured institution, the Board of Trustees of the Federal Savings and Loan Insurance Corporation amended Insurance Regulation 301.19 (b) by striking from the third sentence the words "15 days'." This eliminates a waiting period after notification and enables insured members to come in at once and receive their new share accounts or cash and debentures.

On April 22, 1940, the Federal Home Loan Bank Board and the Board of Trustees of the Federal Savings and Loan Insurance Corporation adopted resolutions changing the amendatory provisions of the Regulations for the Federal Savings and Loan System, for Insurance of Accounts, and for the Federal Home Loan Bank System. The revisions to both the Federal Regulations and the Insurance Regulations are similar and provide that, unless a later date is set in the amendment itself, all amendments will become effective upon filing with the Federal Register. The changes made in the Bank System Regulations place the amendatory provisions on a parity, except for minor variations, with those of the Federal and Insurance Regulations.

AMENDMENT TO RULES AND REGULATIONS FOR FEDERAL SAVINGS AND LOAN SYSTEM, RELATIVE TO AMENDATORY PROVISIONS: Adopted April 22, 1940; effective April 24, 1940.

Paragraphs (a) and (c) of Section 201.2 of the Rules and Regulations for the Federal Savings and Loan System were amended as follows, and a new paragraph (f) added to the section:

(a) *Reservation of right to amend.* The Board expressly reserves the right to amend (including the right to alter or repeal) these rules and regulations in whole or in part.

(c) *Minor, procedural, or emergency amendments.* Any amendment deemed to be of a minor, procedural, or emergency character may be adopted by the Board without complying with the requirements of paragraphs (b) and (d) hereof.

(f) *Effective date.* Every amendment of these rules and regulations shall be effective as soon as it has been filed with the Division of the Federal Register and a copy made available for public inspection as provided in the Federal Register Act (49 Stat. 500, 44 U. S. C. Sup. Ch. 8A) unless a later effective date shall be expressed in the resolution adopting such amendment.

AMENDMENT TO RULES AND REGULATIONS FOR INSURANCE OF ACCOUNTS, RELATIVE TO AMENDATORY PROVISIONS: Adopted April 22, 1940; effective April 24, 1940.

Paragraphs (a) and (c) of Section 301.22 of the Rules and Regulations for Insurance of Accounts were amended as follows, and a new paragraph (f) added to the section:

(a) *Reservation of right to amend.* The Board expressly reserves the right to amend (including the right to alter or repeal) these rules and regulations in whole or in part.

(c) *Minor, procedural, or emergency amendments.* Any amendment deemed to be of a minor, procedural, or emergency character may be adopted by the Board without complying with the requirements of paragraphs (b) and (d) hereof.

(f) *Effective date.* Every amendment of these rules and regulations shall be effective as soon as it has been filed with the Division of the Federal Register and a copy made available for public inspection as provided in the Federal Register Act (49 Stat. 500, 44 U. S. C. Sup. Ch. 8A) unless a later effective date shall be expressed in the resolution adopting such amendment.

AMENDMENT TO RULES AND REGULATIONS FOR FEDERAL HOME LOAN BANK SYSTEM, RELATIVE TO AMENDATORY PROVISIONS: Adopted April 22, 1940; effective April 24, 1940.

Section 8.3 of the Rules and Regulations for the Federal Home Loan Bank System was amended to read as follows:

Sec. 8.3. *Amendments*—(a) *Reservation of right to amend.* The Board expressly reserves the right to amend (including the right to alter or repeal) these rules and regulations in whole or in part.

(b) *Minor, procedural, or emergency amendments.* Any amendment deemed to be of a minor, procedural, or emergency character may be adopted by the Board without complying with the requirements of paragraphs (c) and (d) hereof.

(c) *Thirty-day notice of major amendments not of an emergency character.* No amendment deemed to be major affecting a matter of general principle or policy, and not of an emergency character, will be adopted by the Board until at least 30 days have elapsed after the proposed amendment has been mailed to each member of the Federal Savings and Loan Advisory Council and to the president of each Bank. A copy of each such proposed amendment shall be filed with the Federal Home Loan Bank Review and shall be published in the next available issue of such Review.

(d) *Hearings on regulations.* After receipt of the written requests therefor to the Secretary to the Board of at least seven members of the Federal Savings and Loan Advisory Council, or of at least four of the Banks (accompanied by certified resolutions of the boards of directors thereof), or of at least 25 members of the Federal Home Loan Bank System (accompanied by certified resolutions of the boards of directors thereof), the Board will fix a time and place for a hearing on a proposed amendment or upon an existing regulation to which petitioners object. The Secretary to the Board will give written notice of the time and place of such hearing to all the members of the Federal Savings and Loan Advisory Council, to the president of each of the Banks, and to each of the members of the Federal Home Loan Bank System which requested such hearing. If such requests for such hearing have been received before 30 days have elapsed from the date such proposed amendment was mailed to each member of the Federal Savings and Loan Advisory Council and to the president of each of the Banks, the Board will not take final action upon the proposed amendment prior to such hearing. The filing of a request for a hearing upon an existing regulation to which petitioners object shall not suspend the operation of such regulation. Any member of the Federal Savings and Loan Advisory Council, any Bank, or any member of the Federal Home Loan Bank System may, prior to the date of such hearing, file with the Secretary to the Board a written brief regarding the proposed amendment or existing regulation involved; in addition thereto, such member of the Federal Savings and Loan Advisory Council, such Bank, or such member of the Federal Home Loan Bank System may appear in person at such hearing before the Board or may be represented at such hearing by any of its directors, officers, employees, agents, or attorneys-at-law; and may offer evidence and examine witnesses.

(e) *Recommendations and representations at hearings by persons other than those requesting hearing.* No hearing upon a proposed amendment or existing regulation to which the petitioners object will be confined to persons requesting such hearing; but each such hearing will be open to any interested persons or to representatives of any Bank or member of the Federal Home Loan Bank System. Recommendations of other persons or institutions that may be affected, or from an organized trade association, may be filed with the Secretary to the Board either prior to or during any hearing, and such persons, institutions or associations may appear in person at such hearing before the Board or may be represented at such hearing by any of their directors, officers, employees, agents, or attorneys-at-law; and be entitled to be heard.

(f) *Effective date.* Every amendment of these rules and regulations shall be effective as soon as it has been filed with the Division of the Federal Register and a copy made available for public inspection as provided in the Federal Register Act (49 Stat. 500, 44 U. S. C. Sup. Ch. 8A) unless a later effective date shall be expressed in the resolution adopting such amendment.

Proposed Amendment

Proposed amendment to rules and regulations for Federal Home Loan Bank System, relative to adoption of budgets and employment and compensation of officers, etc.

The proposed amendments of subsection (b) of Section 2.4, and subsection (a) of Section 2.5 and a proposed amendment to Section 4.4 of the Rules and Regulations for the Federal Home Loan Bank System are as follows:

1. The word "semi-annual" is deleted from subsection (b) of Section 2.4.

2. There is inserted between the third and fourth sentences of subsection (a) of Section 2.5 the following:

The board of directors of each Bank shall adopt appropriate resolutions annually showing the contemplated compensation of officers, counsel or attorneys, including any proposed changes in compensation and any contemplated appointments and compensation of any additional officers, counsel or attorneys to be effective during the next calendar year. Such resolutions shall be forwarded to the Governor so as to reach him not later than October 1. The Board will, for each Bank, either approve or disapprove, in whole or in part, such proposed compensation of existing officers, counsel and attorneys, including any changes therein, and any contemplated appointments of additional officers, counsel or attorneys, and the Governor shall advise the Bank of the action of the Board relating to it.

3. Section 4.4 is revised to read as follows:

Sec. 4.4. *Budgets.*—Each Bank shall prepare and submit to the Governor for the Board's approval a budget of operations in the manner and according to the procedure prescribed in its bylaws. Each budget shall set out in detail the compensation and expenses of directors and compensation of officers, counsel and attorneys. Each Bank shall submit to the Governor with its budget a certificate signed by its president as to the compliance by each of its officers, counsel, attorneys, and employees with the provisions of subsection (a) of Section 2.5 of these Rules and Regulations, and (a) properly certified copy of the resolutions of its board of directors electing officers, counsel and attorneys required by said subsection (a). The Board will either approve the budget as submitted by each Bank or approve such budget with such adjustments therein as to it appear proper, provided that the Board will not disapprove any item set forth in such budget for compensation of officers, counsel or attorneys which shall have been theretofore approved by it. The budget of each Bank as approved by the Board shall become the budget of such Bank for the ensuing calendar year. However, a Bank may at any time adopt and request the Board's approval of such further changes in its approved budget as in its opinion may appear desirable or necessary; and upon approval of any such amendment by the Board, such Bank shall be operated within such amended budget.

This proposed revision will not be approved until at least 30 days after the mailing date to the Advisory Council.

Dividend Rates

(*Continued from p. 255*)

For the year ending December 31, 1939, the weighted average dividend rate paid by all Federal associations on share accounts was 3.34 percent. This reflects the fact that 56 Federal associations in this District paid dividends at an annual rate of 3½ percent or less during 1939 as compared with 47 associations in 1938.

During the year 1938 the average numerical dividend rate of all Federal associations in the Topeka Federal Home Loan Bank District remained constant at 3.8 per centum per annum. Examination of the statements of individual Federal associations in this District reveals that during 1938 there were three slight increases in dividend rates and only one reduction. During 1939, however, the average rate dropped from 3.73 percent for the first half to 3.67 percent for the last six months. During the year there were 12 reductions and only two increases. One of these associations placed an increase in effect on June 30, 1939 but a reduction was made to the original level on December 31.

Federal Home Loan Bank System

(*Continued from p. 273*)

evidenced a leveling off in the downward trend of advances outstanding. Every Bank except Chicago had a greater volume of advances for March than during the previous month, and eight Banks received a smaller volume of repayments.

The average monthly balance of advances outstanding for the year 1939 was $169,038,769—approximately $20,000,000 less than that for 1938. Advances outstanding at the close of the first quarter of 1940 constituted 81.4 percent of the average of monthly advances outstanding for the year 1939. The New York Bank alone continues to have advances outstanding in excess of its 1939 average.

During the month of March, six institutions were added to the membership of the Bank System and seven were eliminated, which resulted in a net decrease of one member and brought the total membership on March 31, 1940, to 3,912.

Interest Rates

The Federal Home Loan Bank of Boston recently announced the following reduction in interest rates on advances to member institutions: on long-term advances (amortized within 10 years), a 2½-percent rate; and on short-term (amortized within one year), a 1½-percent rate. These rates became effective April 15, 1940, for all new advances; and effective May 1, 1940, all advances outstanding will carry these rates.

British Building Societies

(*Continued from p. 260*)

was actually smaller than in the Munich crisis of September 1938. This indicates, they believe, that barring unforeseen changes in dividend rates or income tax provisions, the bulk of the investment will remain throughout the duration of the war.

Withdrawals have been generally heavier than normal, however, and the societies are requiring full notice of withdrawals as prescribed by their rules, but are following the usual practice of paying out on demand the smaller sums required for current needs.

A certain amount of new money is being received although the total is less than might be expected if conditions were normal. These new funds, together with the mortgage loans repayments, have been used largely to reinforce the liquidity position because management has been severely handicapped by the lack of favorable opportunities to re-invest these new savings.

One reason for the falling off of new investments, it is said, has been the desire on the part of the average man to observe that particular financial creed which would be most beneficial to the Government in its efforts to win the war. The justification of his position in depositing regularly small amounts of money in a savings account had been subject to considerable question. A recent speech by Lord Stamp, Chief Economic Adviser to the Government and President of one of the largest British building societies, has outlined the status of the war-time saver and outlined his contribution to the war effort.

The Importance of Thrift in War-Time

"It is the duty of the individual man," said Lord Stamp, "to save as much as possible and to consume just what is necessary to his needs from day to day." He emphasized the fact that the important thing is saving, and it matters little what channels the savings flow through if eventually they reach the coffers of the Government to be utilized for national purposes. Presumably, it is the concern of building societies to see that the money is put to its best uses on the way through.

The position of the building societies has been clarified greatly by this expression of the Government views. *The Building Societies Gazette*, official publication of their Association, in reporting this pronouncement indicated that ". . . the building societies have no cause to apologise for the continuation of their operations in war-time. Their investors have the assurance of the man who is largely responsible for shaping the economic policy of the country that, apart from the direct contribution of the movement to the war effort by way of war loan, their money is being properly applied to national uses when it flows through the normal channels of their everyday business. Such a judgment virtually silences the controversy over the place of thrift in the life of a country fighting for its existence under modern conditions."

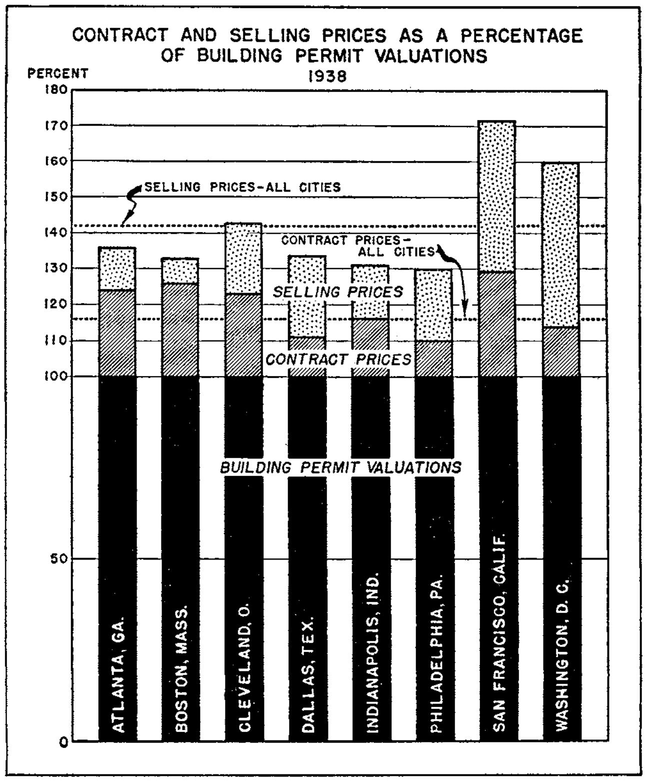
Permit Valuations vs. Price of Houses

■ THE estimated cost of a house as reported in its building permit is seldom representative of the actual contract or selling price of the completed structure. This is a fact which has long been recognized by those who work with building permit data and estimates have been made at frequent intervals to determine the amount of variance in these figures.

It is apparent from the latest report of a study of these differences published in a recent issue of the *Monthly Labor Review*,[1] that the variations are influenced greatly by local conditions. The survey, which covered eight large cities in various parts of the United States, revealed that on the average the spread between the building permit valuation and the contract price of 1-family houses in 1938 was 16 percent. The selling price of a completed dwelling in these communities averaged 42 percent more than the value declared at the time a permit was obtained.

The ratios for the individual cities are illustrated graphically in the chart in this column which shows the contract and selling prices expressed as a percentage of the building permit reported. Variations from city to city may be accounted for in part, says the report, ". . . by differences in the building ordinances, in their enforcement, in the uses to which tax assessors put the information filed in permit applications, and in many other local practices of both city officials and builders. In Washington, D. C., for example, the average ratio of contract price to permit valuation was among the lowest, but the ratio of selling price to permit valuation was next to the highest of the eight cities."

Statistics on the contract prices of the dwellings in this study were obtained from contractors and operative builders, and estimates from this latter source were based on construction cost, excluding profit and overhead. In no case was the value of land included. The selling prices, on the other hand, included profit and overhead, sales commissions, land, and all other items making up the total cost to the purchaser.



[1] *Monthly Labor Review*, U. S. Department of Labor, Vol. 49, No. 4.

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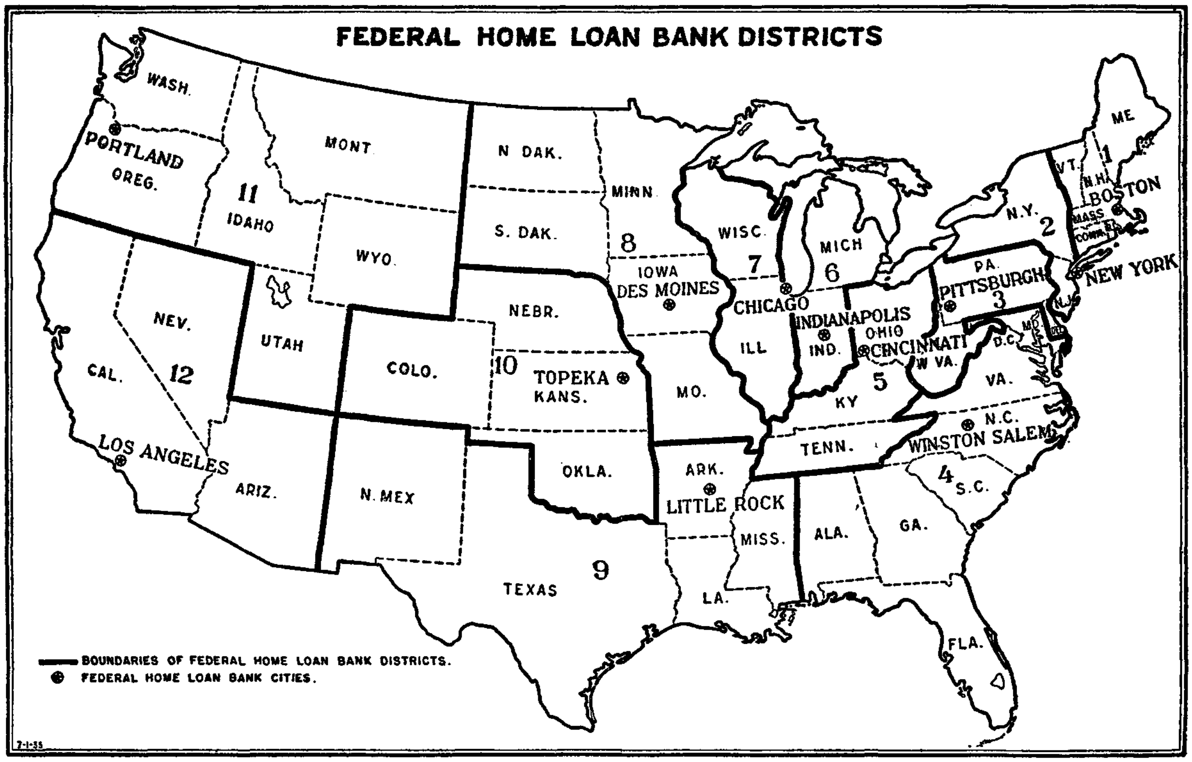

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