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FEDERAL HOME LOAN BANK REVIEW

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CONTENTS FOR JULY 1940

SPECIAL ARTICLES

STATISTICS

REPORTS

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INSURANCE AS A FACTOR OF STABILITY

The sixth anniversary of the Federal Savings and Loan Insurance Corporation affords an opportunity to review the operations of this Government instrumentality in the light of its effect upon the stability of the savings and home-financing fields.

■ FROM earliest times, the principle of insurance has been the same. A Select Committee of the House of Commons phrased this principle in admirable fashion over a hundred years ago: "Whenever there is a contingency, the cheapest way of providing against it is by uniting with others, so that each man may subject himself to a small deprivation in order that no man may be subjected to a great loss."

Insurance, as a tool of management, is one of the means by which progressive executives in every type of business have sought to reduce or eliminate the risks which threaten to undermine the stability of a going concern. For this reason, they are accustomed to use health, accident, life, fire, theft, flood, windstorm, and other types of policies as a primary means of making certain that the normal balance of everyday operations is safeguarded against unforeseen and unpredictable events which might destroy this equilibrium.

Operations of the Federal Savings and Loan Insurance Corporation during the past six years have proven to savings and loan executives that risks involved in savings and loan operations can be met successfully with the added protection of insurance of accounts. This is possible through the ability of the FSLIC to strengthen public confidence by restoring an impaired association to normal operations or, if necessary, by bringing about an orderly, business-like liquidation without loss to investors within the limit of the insurance protection—$5,000.

In addition, the effect of insurance protection on the morale of investors in institutions not directly affected by impairment or liquidation provides a supplementary, preventive benefit not usually found in ordinary forms of insurance. For example, a life insurance policy cannot prevent the death of the insured, although it may provide adequately for his beneficiary. In marked contrast, insurance of accounts tends to maintain confidence and to prevent the spreading of panic among investors in an insured association in the same area in which another institution may have encountered difficulties.

Classification of Risks

The experience gained by the Federal Savings and Loan Insurance Corporation in dealing with savings and loan associations has led to the conclusion that there are certain definite categories into which the risks applicable to savings and loan operations may be classified. In all, 17 settlement cases have been handled by the Insurance Corporation since its creation on June 27, 1934 under Title IV of the National Housing Act. The fact that the losses to date have been in 11 scattered States indicates that there is no geographic area in which savings and loan associations are immune to these major risks.

Management is the guiding hand in the operations of every business. If this driving force directs these activities along the wrong paths, it is only natural that the business will eventually run into difficult situations of one kind or another. Hence, the first risk classification involves management—both present and future. Fortunately, the management of most savings and loan associations is well-established and operations are based on sound, normal foundations. The passage of years, however, brings about inescapable transfers of authority from present managing officers to their successors. The responsibility of today's leaders, therefore, for the protection of present and future investors is to guard against the risks which may be involved in future operations under different management.

Weak, inefficient, or dishonest management has been the principal cause of the majority of trouble cases which have been handled thus far by the Insurance Corporation. In several instances, weak executive control has been indicated by lax collection methods, by an inability or unwillingness to carry on an orderly liquidation of owned real estate, or by a lack of initiative or desire to keep the association growing through the acquisition of new business. Dishonest management has taken its toll either through outright defalcations, or conspiracy and collusion in connection with any one of the various savings and loan functions.

A second type of risk in savings and loan operations against which it appears necessary to take precautions, judging from the experience in these loss cases, includes "acts of God" such as floods, tornadoes, earthquakes, hurricanes, and other types of emergency situations which are wholly unpredictable and which even the best efforts of management cannot always overcome. The New England hurricane of September 1938 is an excellent example of this type of risk and the reassurance furnished to insured associations in this area at that time strengthened the courage not only of investors, but of executive officers as well—it was a factor of stability in their continued successful operations.

Another type of risk which has been singled out among those factors vitally affecting association operations includes those uncertainties arising out of the sweeping effects of general economic trends. While it is true that the home-financing industry is largely a local community enterprise, it is usually impossible to isolate an individual city or town from the influence of major fluctuations in the Nation's business conditions. The devastating results of the last depression were felt by every part of the country and by every savings and loan association. Granting that economic changes of such proportions may be foreseen and prepared for by wide-awake executives, even this important factor has been overbalanced in the past by the runs and panics which feature crisis periods. The added support now available to savings and loan associations through the insurance of accounts by the Federal Savings and Loan Insurance Corporation and the credit resources of the Federal Home Loan Bank System provides the stability and investor protection essential to successful operations.

Often an individual community or area experiences temporary unfavorable economic conditions or faces a general downward trend in spite of improving business prospects elsewhere. Thus we are led to a fourth type of risk—individual community declines. These may be brought about by the cumulative effects of continued droughts and crop failures like those in the "dust-bowl" regions of the Southwest, or by the fact that the principal industry of a community decides to move away, or that the demand for the primary income-producing product may have shifted to a newer, more advanced, perhaps even synthetic, invention. Again, these community declines are beyond the control of management except in so far as association executives through their participation in civic activities may assist in taking steps to prevent such occurrences.

The fifth and final type of risk is perhaps the most difficult to visualize for the reason that insurance of accounts acts in a preventive way as well as in a remedial sense. When the examination of a large institution reveals a substantial impairment, experience has shown that word usually spreads that the organization is unsound and likely to close. The immediate effect upon investors in other institutions in that locality is obvious and without insurance protection it is entirely conceivable that perfectly sound and safe associations would be threatened by these conditions.

In a sense, the standard alibi—"It was the other fellow's fault"—may actually be the real reason behind difficulties encountered by executives whose associations have been victimized by the unfortunate situation in which other institutions have found themselves. Investors holding insured accounts, on the other hand, have the assurance and confidence that their funds are protected and that the stability of their association is reinforced by the resources of the Insurance Corporation. Managers of insured asso-

Financial Statement
Federal Savings and Loan Insurance Corporation
Washington, D. C.
At the Close of Business, May 31, 1940

* * *

ASSETS

Cash in U. S. Treasury	$374, 346. 51
Accounts receivable	724, 143. 41
Investments—U. S. Government and Government guaranteed bonds	122, 682, 208. 46
Accrued interest	406, 855. 36
Deferred charges	10, 421. 00
Other assets	189, 705. 84
TOTAL ASSETS	124, 387, 680. 58

LIABILITIES AND CAPITAL

Accounts payable	$330. 50
Deferred income	1, 250, 471. 91
Capital and surplus	123, 136, 878. 17
TOTAL LIABILITIES AND CAPITAL	124, 387, 680. 58

Note: A contingent liability of $323,756.46 exists due to tentative commitments to insured associations.

ciations, therefore, are able to prepare against this type of risk through insurance of accounts.

Summarizing, it appears that risks contingent upon operations in the savings and loan industry may be arranged in five distinct classifications: (1) management; (2) emergencies or "acts of God"; (3) general economic trends; (4) declining community patterns; and (5) the contagious nature of fear and lack of confidence. From the experience of the Insurance Corporation to date in sharing the menace of these risks with individual associations and with groups of institutions, it is evident that insurance is a factor of stability—not only for the protection of the insured investors but also for the protection and service of competent management.

Restoring Stability to the Community

When the Insurance Corporation was created, one of its chief functions was to strengthen the confidence of the public in savings and loan associations. To accomplish this purpose, the Insurance Corporation was faced immediately with remedying the serious effect of one of these risks—the results of the broad downward economic trend during the early 1930's. Consequently a considerable portion of its energy during these last six years has been devoted to the restoration and rehabilitation of the savings and loan industry in communities which were drastically affected by the declines in real estate values and depression conditions.

This program has generally taken shape in the form of broad reorganization and consolidation movements molding together the best assets into strong progressive institutions worthy of insurance of accounts and of the confidence and support of the community as a whole. It has been based on thorough community surveys and careful analyses of each area's need in relation to existing and potential facilities. The Insurance Corporation has coöperated to the fullest extent with executives and boards of directors of individual associations and with State supervisory authorities in these regions. In many cases, State legislatures have passed necessary enabling legislation to permit the execution of the plans. That stability and confidence have been restored is evidenced by the progress registered by these revitalized institutions.

The best indication of what may be expected ultimately from these community rehabilitation programs is found in the experience of the 32 insured associations which emerged from the reorganization plan for New Orleans. Originally in this area there were 53 inactive associations with assets having a book value of $87,386,000. After a number of consolidations, mergers, segregations of assets, and liquidations, the remaining active institutions had sound assets of approximately $53,215,000 on July 1, 1938. By July of last year their resources had increased 8.2 percent to $57,563,000, and a further gain has been evidenced during the last 11 months. Improvement in the private repurchasable capital held by these institutions has been even more striking: a 13-percent rise from July 1, 1938 to June 30, 1939 has also been followed by additional increases during the succeeding 11 months through May 1940.

Programs in Chicago, Milwaukee, Baltimore, Philadelphia, Altoona, and numerous cities in New Jersey are in various stages of completion, and although most of the rehabilitation work is now finished, its long-range beneficial effect upon the strengthening of the entire savings and loan industry will undoubtedly prove to be one of the significant contributions of the Insurance Corporation to the home-financing and savings fields.

Individual Settlement Cases

When these risks actually become imminent in the operations of an individual association, it is inevitable that in some cases the Insurance Corporation will be called upon to fulfill its obligations under the insurance contract. Under the provisions of the National Housing Act,[1] there are several ways in which the Corporation may act to prevent the default of an insured association.

First of all it may arrange for a contribution to facilitate the continued operation of the institution under new management, if this is necessary, or its merger with another institution provided that the amount of loss incurred by the Insurance Corporation is less than would have been entailed in the complex proceedings of a forced liquidation.

Examples of this type of settlement are found in the following cases which have been handled by the FSLIC:

Because of poor management and a decline of real estate values in its community, an association in the Northeast developed a considerable impairment. A detailed audit of the institution and a study of the local conditions revealed that the most desirable method of settlement in this case was to restore the association's capital and to merge it with a strong well-maintained institution in the same community. An original contribution of almost $247,000 and a contingent

[1] Section 406 (f) of Title IV, of the National Housing Act, as amended.

commitment of $104,629 were made and the merger was then effected.

In another case, a thorough examination and audit of a Midwestern institution disclosed an impairment of $102,098. Finding that this amount was less than the loss which would undoubtedly be sustained through liquidation proceedings and also that the association was valuable to its community and had good prospects for future success, the Corporation in this instance made a contribution equal to the impairment in order that the association might continue on a solvent basis and under new management.

Settlements by Liquidation

In some instances, it does not seem practical to provide for the continued operation of an association which has become a problem case. Perhaps there are already ample home-financing and thrift facilities in the community, or the economic conditions of the area will not support an institution of this type. In these situations, the Insurance Corporation may arrange for a voluntary liquidation of the association after making a contribution sufficient to prevent loss by the investors of the insured portion of their accounts. Usually this procedure is less costly than going into receivership which involves added legal and administrative expenses. To show how this has been worked out, the following example may be cited from the Corporation's records:

Demonstrating the effect of unpredictable circumstances, a New England association experienced difficulties due to local floods and poor community business conditions. The board of directors of this institution unanimously decided to dissolve and requested the Insurance Corporation to contribute a sum sufficient to permit all investors to be paid without loss. Because the required amount of $530 was obviously less than that which would be involved in formal liquidation proceedings, the Corporation contributed this sum and the association then proceeded to liquidate voluntarily.

If it does not seem feasible to arrange for either the continued operation or voluntary dissolution of an association in default, the remaining alternative is that of receivership and forced liquidation. At this point the Insurance Corporation must make available to each of the insured investors in that institution either (1) a new account in another insured association equal to his insured investment (up to $5,000) in the institution in default, or (2) at the option of the investor, the full insured amount of his account—10 percent in cash, 45 percent in debentures payable within one year, and 45 percent in debentures payable within three years from the date of default.

During the past six months, the Insurance Corporation has been called upon to make its first settlements under the share or debenture option plan. The financial conditions of two associations had reached such a serious stage that the supervisory authorities ordered the institutions closed for liquidation.

In February, the Federal Home Loan Bank Board appointed the FSLIC as receiver for the Security Federal Savings and Loan Association of Guymon, Guymon, Oklahoma. This institution, with assets of $227,000 and located in the heart of the "dust bowl", had experienced a downward trend for several years during which the economic conditions of the community had grown steadily worse as crops failed and inhabitants moved from the region. Within a month, the Insurance Corporation had determined the insured balance of the investors' accounts and requested these individuals to appear at the office of the association to accept, at their option, either an equal amount of shares in another insured institution, or 10 percent of their investment in cash and the remainder in negotiable non-interest-bearing debentures of the Corporation due within one and three years from the date of default.

All of the investors preferred to have a new account and shares were issued by another insured association in that State. At the end of each day of the pay-off, the Insurance Corporation forwarded its check to this institution covering the total of the accounts presented to investors during the day. In accordance with the current policy of the issuing association, these new accounts are immediately repurchasable, or, if not disturbed will earn dividends in the same manner as other shares in the institution. By the end of June, settlement had been made on 99.8 percent of the original amount of the insured accounts. The balance belonged to individuals who had either failed to respond to notices, or who had moved from the community leaving no forwarding address. When these investors are contacted, the same optional settlement will be made available to them.

The Insurance Corporation, as receiver, has taken possession of the assets of the Guymon association and stationed its agent in that city to supervise their disposal. Liquidation is proceeding as rapidly as possible under such unfavorable economic conditions, always with the ultimate aim of minimizing the Corporation's final loss.

The second liquidation case handled by the Insur-

(*Continued on p. 358*)

WAVERLY: A DEMONSTRATION OF NEIGHBORHOOD CONSERVATION—Part 2

The preceding article traced the life cycle of a residential neighborhood—the growth and decay of the hundreds of "Waverlys" in the cities of this country. The following discussion deals specifically with the Waverly district in Baltimore: the field survey that was made, the results of the survey, and the broad methods followed in the technical analysis upon which the Master Plan for conservation of the area is based.

■ NEIGHBORHOOD deterioration is the process which invariably precedes and eventually produces the slum. The initial point of infection is a single neglected property. Like the one rotten apple in the barrel which may infect all the others, from such a property neighborhood blight may spread gradually throughout an area until decay is complete and only total demolition remains as the final solution.

In seeking a simple and practical preventive remedy for this malady that leads to slums, the Federal Home Loan Bank Board is cooperating in a test conservation program in the Waverly area of Baltimore, where a plan has been worked out by which vigilant groups of home owners can themselves halt and reverse the process of community decline.

Waverly was chosen because it is not a hopelessly depressed area. On the contrary, it is essentially sound structurally, economically, and socially. It is worth preserving and it can be preserved. Yet without the cooperative action of its residents, disintegration, gradual though it may be, is inevitable.

The Waverly Area

Waverly has by no means deteriorated so far that extraordinary community effort will be necessary to halt its downward trend, yet group decay is clearly foreshadowed. Somewhat depressed within and definitely menaced from without, its location, prevailing land use, structural character and general condition make its preservation both practical and highly desirable from a social and financial standpoint.

Waverly contains many old homes—half of them exceed 25 years in age and some are more than 50 years old. It also includes block after block of fine modern residences, largely of the brick row type. Most of these have been erected since the World War; they are well built, well maintained, and, of their kind, excellent in architectural and functional design. These more modern homes have obscured Waverly's gradual but definite downward trend and have given its residents a sense of security which community conditions and trends do not warrant.

The great majority of the 1,610 residential structures in Waverly are well located and maintained, and provide desirable homes. Considerable pride of ownership is apparent, social and cultural activities are established, and, for the present at least, satisfactory neighbors are generally assured. But the useful life of the community is threatened by (1) the adverse influence of a few scattered blocks, in which are houses that have been permitted to degenerate below the level of normal usefulness and now constitute definite sources of blight contagion; by (2) the presence of 26 scattered converted residential structures, now being used for non-conforming commercial purposes, which likewise act as centers of infection; and by (3) the pressure of a large substandard area which extends from the northern border of the city's downtown business district almost to the southern boundary of Waverly.

The Field Survey

These were some of the factors that made Waverly so well suited to a Test Conservation Program. The first step was a field survey during the 5-month period of March 15–August 15, 1939. Under the direction of a supervisor provided by the HOLC, with the assistance of an HOLC appraiser, WPA enumerators surveyed each residential and commercial structure in the area to ascertain its physical condition. Photographs were made of each building, front and rear. Inspections were supplemented by a personal interview with an occupant of each dwelling to learn the family's social and economic status.

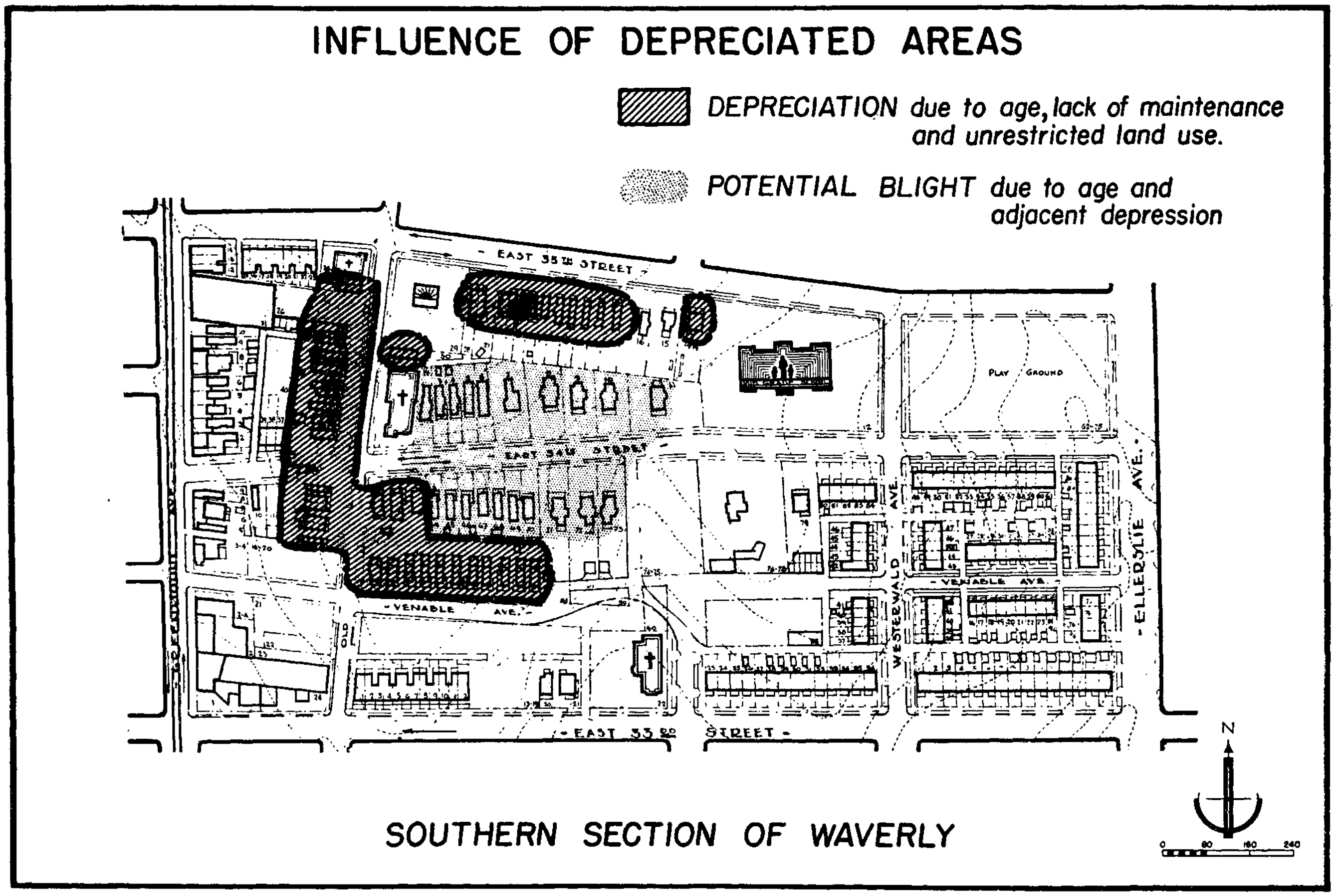
Concurrently, city records were searched to reveal assessments, tax levies, tax delinquencies, mortgage status of each property, sales, and similar basic data.

Studies were made of installed utilities and present street and alley patterns, park facilities, playground provision, land use, block improvement schemes, and zoning ordinances. With the cooperation of city officials, practical adjustments were mapped.

When the data had been assembled from the field, there was a basis for an analysis of each improved property, and for determination of deficiencies. For each depreciated structure, a proposal for rehabilitation was developed. Estimates were made of needed repair and its cost; desirable remodeling and architectural treatment were indicated. In some cases, pencil sketches were made to portray recommended changes in architectural treatment. The object of this careful study of the characteristics of each housing unit was to bring each dwelling to the highest feasible standard.

When these individual projects were finished, a thorough examination of the completed field report was made, drawing upon photographs, statistical data, and schedule of proposed rehabilitation and architectural treatment of each property for supplementary information. By careful study of the data and frequent field inspections, recommended reconditioning was evaluated and estimates were made of present values of each property and anticipated change in value when proposed structural and community improvements had been completed.

This intensive field survey and planning stage was the prerequisite to the production of a final comprehensive Master Plan for the conservation of Waverly. The survey schedule contained 132 main items, which were filled in for each structure by a crew of 10 persons: a supervisor and appraiser from HOLC, and a photographer, two record searchers, two field



The useful life of Waverly as a community is threatened by the adverse influence of a few scattered blocks, in which there are houses which have been permitted to degenerate below the level of normal usefulness and now constitute definite sources of blight contagion. There are about 100 detached and semi-detached homes, 35 to 50 years in age, located singly and in groups, which show definite physical and functional depreciation. The potential effect of one of these neighborhood sore spots is shown in the drawing above.

Exhibit A.—Dominant factors in Waverly

Item	Favorable	Unfavorable
Social		
Race	All white.	
Health	Slightly above Baltimore average.	
Overcrowding	None.	
Evidence of ownership pride	Generally present.	Absent in areas needing rehabilitation.
Economic		
Income	No destitution—weekly average $30 to $50.	4 out of 7,000 receiving general public assistance.
Mortgages	Low ratio—mortgaged to unmortgaged.	
Foreclosures	Below national average.	
HOLC mortgage delinquency		Above national average.
Tax delinquency	Better than Baltimore average.	
Neighborhood		
Population density	No overcrowding.	
Areas of deterioration		Several badly deteriorated spots endanger whole area.
Street pattern		Not good.
Street condition	Fair average.	Occasional repairs and new pavements needed.
Alley condition		Unsatisfactory.
Traffic circulation		Not good.
Utilities	Ample provision.	
Educational facilities	Ample provision.	
Recreational areas		Inadequate provision.
Transportation	Ample provision.	
Structural		
Type	98.84 percent residential.	
Placement	Satisfactory in large new areas.	Numerous examples of bad spacing and line.
Demolition	None recommended.	
Physical condition	1,510 need no or minor repairs. Basic condition good.	100 need major reconditioning.
Functional condition	Mixed—92½ percent adequate for their type and kind.	Mixed—7½ percent need mechanical and similar modernization.
Conformance		Scattered non-conforming structures.
Construction	85 percent brick, largely modern.	15 percent frame, largely old.
Age	55 percent under 25 years.	45 percent over 25 years.
Occupancy		
Type	Owner 80 percent—tenant 20 percent.	
For rent For sale	Low ratio for each.	
Rent scale	Slightly above comparative areas in Baltimore.	
Turnover	Average around once in 20 years.	
Vacancies	Low ratio—1.2 percent.	
Overhang of unsold houses	Low ratio to total number of structures.	
Contiguous neighborhoods	High class residential on east—north—west.	A developed slum virtually touches southern border.

enumerators, and three social investigators, furnished by the Works Progress Administration. Office personnel, engaged in tabulating the data gathered by the field force and in analysis, study, and planning, were also 10 in number: an administrator, a reviewer, a city planning technician, and an analyst, detailed by HOLC, and a typist, a draftsman, and four tabulators, provided by WPA. Total pay-roll cost for survey and planning was $12,791, or at the rate of $7.85 per structure. It is believed that the unit cost figure for Waverly constitutes a fairly accurate base on which to project the pay-roll expense of comparable operations elsewhere.

Findings of the Field Survey

Thorough study of the findings of the field survey revealed that although trends and relationships within the area were frequently obscure and sometimes contradictory, they permitted only one conclusion: that the incoming tide of neighborhood disintegration in Waverly had only just begun its advance. The dominant factors, favorable and unfavorable, disclosed by the painstaking investigation of the area are summarized in the tabulation on the facing page (Exhibit A).

The findings of the field survey are really a picture of Waverly. A cross-section of the 7,000 residents closely resembles that of the average small American city, populated by substantial families of moderate means. Health conditions are satisfactory, nowhere is there evidence of overcrowding, and pride of ownership is generally evident.

The economic status of the neighborhood is good. Family income averages $30 to $50 a week; outright relief is being extended to less than one area resident in 2,000. Tax delinquencies are slightly lower than for Baltimore as a whole. Less than 40 percent of the residential property is mortgaged, and the original amount of indebtedness represents less than one-third of the value of the structural improvements upon the mortgaged properties. (This exceedingly favorable mortgage status, however, is subject to qualification. Peculiar to Baltimore and the vicinity is the system of residential land tenure, known as "ground rent". Under this system, the nominal home owner does not own the land on which his house stands. He may continue to occupy his dwelling only so long as he pays ground rent, taxes, and assessments—or purchases the ground fee for cash. The lessor thus not only has the equivalent of a mortgage on all structural improvements, but his lien is also senior to that of any "first mortgage" recorded after the date of land lease. Much of the property in Waverly, whether mortgaged or free, is subject to an additional ground rent lien.)

The major factors relating to the *occupancy* of Waverly are favorable. Four out of five families own their homes, and the current rent scale is somewhat higher in Waverly than for dwellings of similar age and type elsewhere in Baltimore. Only 4 percent of the homes in the area are for sale, and only 1.2 percent of all units are available for rent. Market conditions are good: although terms vary to fit the needs of the purchaser, in general existing ground leases are permitted to stand and mortgages representing from 70 percent to 80 percent of the value of the improvements on the land for terms of 10 to 25 years are accepted by vendors.

Foreclosures in Waverly have not been excessive. For the 20-year period 1919-1939, the annual rate of foreclosure was slightly over six-tenths of 1 percent—a noteworthy record, in view of foreclosure volume in the country in 1931–1933. The Home Owners' Loan Corporation holds mortgages on 122 Waverly dwellings (7½ percent of the 1,610 homes in the area).

Of these 122 loans, 12 were delinquent for 12 months or more and one was in process of foreclosure —a percentage of loans in default substantially above the national average. The HOLC has acquired title to 28 properties in this area, of which eight have been resold. Of the 20 it still owns, 14 have been rented and six are being held vacant for reconditioning, as a precedent to sale or rental.

The buildings in Waverly are predominantly residential structures, in good basic condition. The majority of residences are single-family, attached, brick, "row" houses. (Masonry structures, largely erected within the decade 1915–1925, comprise 85 percent of the homes.) There are, however, about 100 detached and semi-detached homes, 35 to 50 years old, located singly and in groups, which show definite physical and functional depreciation. They constitute neighborhood sore spots, and require extensive reconditioning.

Another unfavorable factor is that building setback lines have never been established in Waverly, and too frequently throughout the older sections of the area, proper spacing and alignment have been totally disregarded. This impairs free traffic flow and safety at street intersections.

Viewing the neighborhood as a whole, an observer finds no overcrowding and no surplus of residences.

(*Continued on p. 359*)

SALES: "Business of leading building supply firms in May exceeded the most optimistic expectations, reflecting the boom in small-home construction. Sales gains over a year ago ranged to 20 percent and higher, and the industry expects the rate of increase to be maintained in the present month."

Wall Street Journal, June 4, 1940.

TERMITES: "How subterranean termites can be kept out of homes: metallic shields embedded in concrete walls; brick walls can be capped with mortar and a metal shield; pipes can be ringed with metal shields; timber can be insulated from the ground with concrete and protected by metal shields."

Consumers' Guide, Apr. 15, 1940.

STATISTICS: "Statistics are not a substitute for common sense."

Edith Elmer Wood, "Introduction to Housing: Facts and Principles."

INTEREST COSTS: "Interest costs, however, are much lower than in former periods. In 1939, the interest paid by member banks (of the Federal Reserve System) on time and savings deposits amounted to about 1.4 percent of such deposits, compared with an average of between 3 and 3½ percent in the late 1920's."

Roland I. Robinson, *Federal Reserve Bulletin,* May 1940.

COMPETITION: "In competition with an almost inexhaustible supply of money, which costs from nothing to 2 percent, savings and loan must obtain its funds at a lesser rate than ever before. It cannot afford to relinquish the best loans to its competitors; and there is no longer any protected territory into which it can withdraw. It can no longer retreat; it must stand up and fight for the business."

Fred W. Catlett, Member of the Federal Home Loan Bank Board, *American Savings and Loan News,* May 1940.

HEAT AND LIGHT: "Good discussion depends on two conditions—opinions not finally and emphatically fixed, and a real interest in the other person's point of view. Many people talk solely for the purpose of winning converts to their own inflexible beliefs."

Willard L. Thorp, *Dun's Review,* May 1940.

Question: The end of a cycle? . . . . .

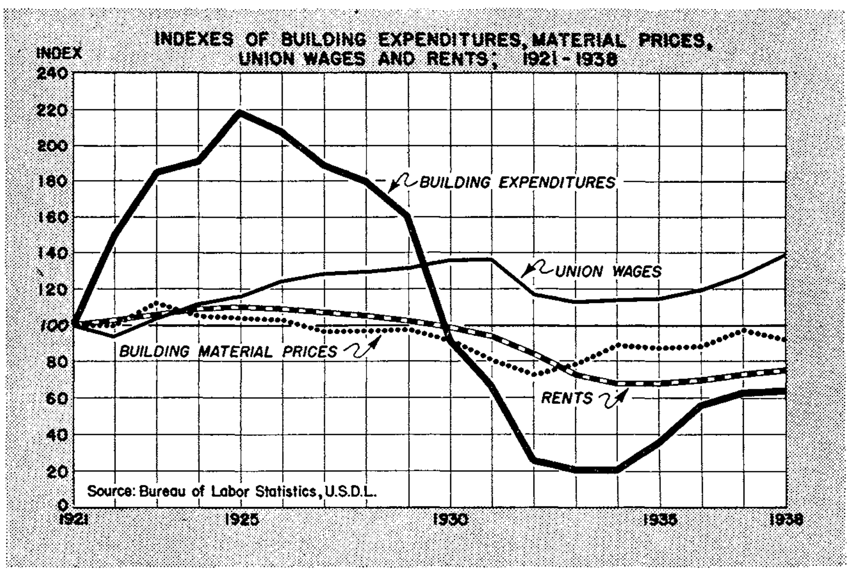
"The number of units started in 1939 was not much below the annual average number started during the last complete cycle—that is, from the low point in 1918 to the low point in 1933. On the other hand, the current level is far below that reached at the peak of the cycle, with the 1939 figure only about 50 percent of that for 1925 . . . . The present relatively low rate of population growth, the apparent lack of the speculative enthusiasm which was responsible for over-building in the 1920's, the magnitude and duration of the advance which has already taken place, and the failure of residential construction to show much increase during the past year and a half, at least raise the question whether the expansionary phase of the present cycle may be approaching its end under present conditions."

Samuel J. Dennis, *Survey of Current Business,* May 1940.

Synthetic lumber . . . . .

"In recent years many a U. S. researcher has experimented with artificial wood made cheaply from waste agricultural products such as cornstalks, corncobs, straw, hulls, burs. This stuff is ground up, made into 'planks' and 'boards' by compression plus a binder. Last week Chemical Engineer Orland Russell Sweeney of Iowa State College exhibited synthetic lumber harder than stone, stronger pound for pound than iron. Knotless, grainless, free of blemishes, some of his samples were heavier than teak, others lighter than balsa."

Time, Apr. 22, 1940.



Data charted in the above table are compiled from regular monthly reports of the U. S. Department of Labor on the wholesale prices of building materials, from its annual reports on wage rates of union labor in the building trades, and from its semi-annual reports on rents in 32 cities.

In the 18-year period covered by this study, the peak of building material prices was reached two years before the construction expenditures peak (1925) which also coincided with the highest level of rents. Labor rates set a pre-depression high mark in 1931, but surpassed this point during 1938.

"Building Construction, 1921 to 1938", Bulletin No. 668, U. S. Department of Labor.

RETIREMENT AND PENSION PLANS

In the past year, there has been considerable discussion of various types of retirement and pension plans for savings and loan employees. This article describes the plans now in use by five associations.

■ FOR many years, savings and loan associations have been stressing the primary importance of systematic saving. They have urged the general public to build up reserves for protection in emergencies, for purchase of a home, for provision of a retirement income. Carrying out these principles by putting them in actual practice in their own operations, savings and loan associations have emphasized to their own employees the advantages of providing for retirement by planned savings programs. There has been a growing realization, however, that it is not only the responsibility of the employee to build up this backlog of savings for himself, but equally the responsibility of the association which receives the benefit of his services, to go part of the way in creating that shock absorber.

Aside from this obligation to its employees, the initiation of a retirement plan is a matter of good business to an association. Personal interest in the welfare of an employee without a doubt will reap invaluable returns in the way of employee loyalty and efficiency, both of which are essential to the successful operation of a sound and profitable institution. In addition, officers have found that a satisfied employee is as instrumental in bringing in new business as is a satisfied customer.

Savings and loan association retirement plans are coming to be regarded as necessary complements to the Social Security program, since the Government program provides only the foundation or beginning of a satisfactory retirement income. The maximum monthly benefit, under the Social Security Act, is $85—much less for most junior employees and clerks. To illustrate how this works, let us take the hypothetical case of a person employed at the age of 30 at a yearly salary of $1,000. After five years' service, his salary is increased to $2,400, which he continues to receive for the next 10 years. Then when he is 45, his salary is stepped up to $3,000, which may or may not be his final increase before retiring at the age of 65. Assuming that this is his last salary change, his monthly benefit will amount to only $40.50 if he is single; if married, $60.75—necessitating a lower standard of living than he enjoyed before retirement. In view of this, some form of private retirement arrangement to supplement the Social Security program is considered desirable by many.

Already some few associations have developed and put into practice several types of retirement systems for the benefit of their personnel. The presentation of these plans does not constitute a recommendation by the Federal Home Loan Bank Board of any specific type of program, but since so much interest has been shown and since they have been the subject of recent articles and discussions among savings and loan groups, the following summaries of five of the pension and retirement plans now in operation are presented.

Summaries of Four Compulsory Plans

The first savings and loan association to set up some form of retirement fund for its employees appears to have been the Albert Lea Building and Loan Association of Albert Lea, Minnesota, where a compulsory savings plan has been in operation since December 1, 1935. With assets of $2,000,000 and a full-time personnel of only four, this association is the smallest of the five whose plans are described here. This plan requires the association to put a certain stated monthly amount into a separate installment thrift account for each employee to which is added a like amount deducted from the employee's salary.

In the Albert Lea association, monthly employee contributions range from $2.50 to $15.00, depending on length of service in the association, rather than on the amount of salary paid. For example, during the first year of service an employee is required to set aside $2.50 a month; the second year, $5.00 each month. His monthly compulsory saving from the third to the fifth year is $7.50, which is stepped up to $10.00 from the sixth to the eighth year of service and to $12.50 for the ninth and tenth years. Finally, when he has been with the institution for 10 years, his monthly contribution thereafter is $15.00. In the case of the manager, monthly contributions range from a minimum of $5.00 to a maximum of $25.00. The Albert Lea Building and Loan Association matches these amounts dollar for dollar. To protect these individuals who had been serving for some time before this plan became effective, their payments were scaled in accordance with their service record.

This fund is not available for withdrawal by the employee until he leaves the association, and is kept in trust by one of the association's officers. Therefore, the total amount collectible by each person at the termination of his employment is a combination of his contributions, a like amount invested by the association itself, and the accumulated compound dividends earned on this installment account. There is no tie-up with the purchase of annuities or life insurance, so employees receive their savings in a lump sum upon retirement.

Somewhat larger in assets and in number of employees is the Peoples Federal Savings and Loan Association of Peoria, Illinois. This $6,500,000 institution has 18 full-time employees who are participating in a compulsory plan which went into effect on January 1, 1939. The plan requires all new employees to join after six months of employment. There is no set monthly payment which participants must put aside. However, they are required to contribute from 2 to 5 percent of their salaries up to $200 a year. To this fund, the association itself makes an annual payment of 5 percent of its undivided profits.

Upon retirement, each employee receives a lump-sum payment equal to his total contributions plus a like amount paid by the association plus dividends on these two amounts. If, however, he resigns before retirement age, he may withdraw only his own payments plus the amount these have earned while in the fund.

A third type of compulsory retirement plan is that in use since January 1, 1938 by the 33 full-time employees of the Capitol Savings and Loan Company of Lansing, Michigan, which has assets of about $12,000,000. In this institution, contributions are based entirely on the amount of salary received, instead of on length of service as in the case of the Albert Lea association. Three percent of the monthly salary of an employee earning less than $5,000 a year is deducted each month and invested in a savings share account in the institution. On salaries of $5,000 and over, deductions are made on the basis of 3 percent of $5,000. The Company in turn invests an equal amount in a savings share account complementary to the employee's account.

This plan is administered by a committee of five, three of whom are appointed by the directors of the association and two by the employees. In order to be eligible to receive a pension from the Company, an employee must have retired from its services and have reached the age of 65 years or have been in the service of the Company for 25 years. The amount of the pension will be computed on the basis of the amount of monthly annuity which the combined employee's account and the Company's complementary account will purchase on the date of the employee's retirement based on actuarial schedules.

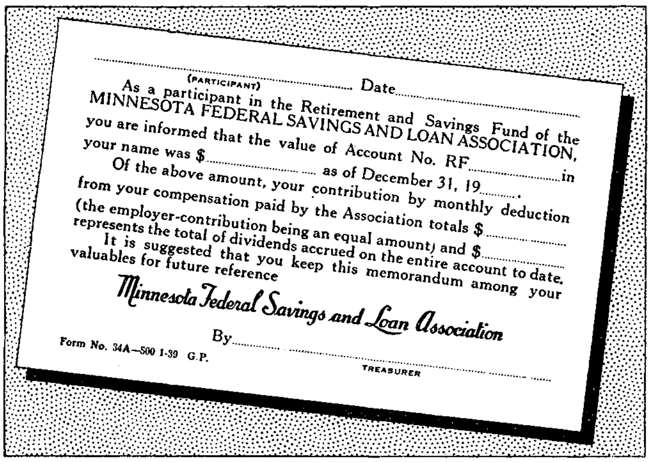
Only in the case of death or resignation before the pension age (65 years) can these funds be withdrawn. In either case the amount available to the employee or his estate would be only his own contributions plus dividends earned on his account. Those put aside by the association revert to a "guaranty fund", the chief purpose of which is to guarantee the payment of pensions throughout the life of employees after they have reached pension age. However, upon termination of employment the employee shall have the privilege of leaving his contribution account intact, in which case the Company's complementary account shall also be left intact, and a pension paid at 65 years of age based on the combined accounts. In the case of permanent disability of a participant, both his contributions and the association's complementary account are made available to him on the basis of a 10-year annuity.

Another compulsory plan also installed on January 1, 1938 is that of the Minnesota Federal Savings and Loan Association of St. Paul, Minnesota—an $18,000,000 institution which employs approximately 70 persons. Although the plan compels all salaried officers and full-time employees to join, no one can participate in it until he has completed a year's service in the institution. After this probationary period, a contract is drawn up and is executed both by the association and the individual. From then on, 5 percent of his salary is deducted monthly and, together with an equal amount contributed by the Minnesota Federal, is placed in a separate savings share account in the association. Under this plan, payments are limited to not more than $500 for any one participant in any one calendar year. The accompanying illustration shows the type of card which the Minnesota Federal uses to keep each participant posted as to the status of his account.

As to withdrawal privileges, an employee may resign at any time and withdraw all of his own contributions plus what these have earned in the way of dividends. However, if he leaves the association in less than five years after joining the fund, neither the association's payments nor their earnings are available to him. If he has served five years and then resigns, he may withdraw all that has been deducted from his salary plus their earnings, and in addition, 25 percent of the employer's contributions and 25 percent of what these have earned. For each additional year after the fifth, the amount of employer contributions which can be withdrawn is stepped up 5 percent so that if a participant leaves after 21 years of employment, he will receive everything put into the fund by both the institution and himself, plus all dividends earned.

The entire amount in the savings share account is paid to the beneficiary in the event of death. It is also withdrawable if the participant becomes physically or mentally disabled or if asked to resign and his accounts are not short.

Upon retirement, an employee may use his retirement fund as he chooses, or he may purchase an annuity, or leave the money with the association to be paid out to him on a monthly basis.



.... Date................................
(PARTICIPANT)

As a participant in the Retirement and Savings Fund of the MINNESOTA FEDERAL SAVINGS AND LOAN ASSOCIATION, you are informed that the value of Account No. RF......................in your name was $................ as of December 31, 19..........

Of the above amount, your contribution by monthly deduction from your compensation paid by the Association totals $.................. (the employer-contribution being an equal amount) and $.................. represents the total of dividends accrued on the entire account to date.

It is suggested that you keep this memorandum among your valuables for future reference

Minnesota Federal Savings and Loan Association

By..
TREASURER

Form No. 34A—500 1-39 G.P.

At the end of each year, the Minnesota Federal Savings and Loan Association of St. Paul presents one of these cards to each participant in its retirement plan. The card indicates the total amount of his savings, the sum of his monthly contributions (the employer contributions being an equal amount), and the total of dividends accrued on the account to date.

A Voluntary Plan

Of the five plans discussed in this article, only one is non-compulsory—that of the $32,000,000 Railroadmen's Federal Savings and Loan Association of Indianapolis, Indiana, with more than 80 employees of whom 79 are participants. In operation since January 1, 1938, the plan requires each employee between the ages of 21 and 65 to decide within a year from the time of employment whether he wishes to join the fund. After this period he has no opportunity to join at a later date. Payments are made monthly by the employee on the basis of his age and salary, and range from a minimum of $1.75 per month on a monthly salary of $60.00 or less when the employee is between the ages of 21 and 29 to a maximum of $60.00 per month when his salary is $1,000 or over a month and he is between 50 and 65. In addition to the regular benefits provided under this pension plan, additional benefits are provided on the basis of "past service" to each participant at a rate of 1 percent for each full year of regular salaried service up to December 31, 1937. Service before attaining the age of 35 is excluded.

To start the pension fund, $10,000 was contributed by the association at the outset. Therefore, during the first year of operation the institution's monthly payments were small and were finally increased to a normal basis. At the present time, the association is paying twice as much as the employee in order to take care of the allowances for past services when these benefits become due. Aside from this, it is anticipated that the monthly payments for current services by the association will be approximately equal to periodic amounts contributed by the employees from their salaries.

Upon resignation or disablement, an employee may withdraw an amount equal to his net payments to the pension fund plus interest at the rate of 3 per centum per annum compounded semiannually as of January 1 and July 1. At the option of the trustees, the withdrawal benefits may be paid either in one payment or in 12 equal monthly installments. Upon retirement, however, the association will purchase an ordinary life annuity yielding the amount of accumulated monthly benefits accrued to each participant.

Recommendations of League's Committee

Over the past three years the Committee on Compensation of Management and Staff of the United States Savings and Loan League has been studying pension and retirement plans in operation in savings and loan associations and banks, as well as the group retirement programs proposed by life insurance companies. In its report included in the 1939 *Savings and Loan Annals*, the Committee recommends two types of retirement plan—one which they consider most suitable for the average savings and loan

(*Continued on p. 343*)

TRENDS IN THE COMBINED BALANCE SHEET OF MEMBER ASSOCIATIONS

General improvement made by the savings and loan members of the Bank System last year was evidenced by a stronger cash position, increases in the first mortgage loan and private repurchasable capital accounts, and by continued reductions in the amount of owned real estate.

■ A COMPLETE picture of the 3,868 savings and loan associations which were members of the Federal Home Loan Bank System at the close of 1939 reveals marked improvement during last year. The combined statement of condition of savings and loan members, recently completed by the Division of Research and Statistics, shows that cash, first mortgage loans, and private repurchasable shares increased over 1938 both in dollar amount and in relation to total resources. U. S. Government investment, owned real estate, and junior mortgage liens declined in both respects. General reserves increased in dollar amount, but dropped off slightly in relation to assets. Since there was a substantial reduction in owned real estate and other slow assets during 1939, the reserve position of members was strengthened appreciably during the year.

Aggregate resources of all savings and loan members have increased each year since the organization of the Bank System, and last year gained $295,000,000—a rise of almost 8 percent. This increase, greater both in dollar amount and in percentage than the expansion in member resources during 1938, occurred despite the fact that 1939 was the first year in which the number of members of the Bank System actually declined. There were 27 fewer savings and loan association members at the end of 1939 than at the end of 1938. Nearly one-half of the 1939 membership terminations, however, were due to mergers and consolidations in connection with applications for insurance of accounts by the Federal Savings and Loan Insurance Corporation.

Asset Accounts

The assets of the average savings and loan member amounted to $1,046,600 at the end of 1939. This gain of $83,000 in average size during the year reflects the strengthening of the industry through merger and consolidation, as well as the maintenance of normal growth. (Average size of members at the end of preceding years was: 1938—$963,600; 1937—$912,000; 1936—$843,700.)

Trends of selected balance sheet items in relation to total assets

Item	1939	1938	1937	1936
	Pct.	*Pct.*	*Pct.*	*Pct.*
First mortgage loans	76.76	74.41	72.82	69.89
Real estate owned	9.30	11.99	13.77	16.49
Real estate contracts	3.84	3.78	3.61	2.97
Cash and other investments	6.81	6.32	6.15	6.47

First mortgage loans: A $315,000,000 increase in the balance of first mortgage loans outstanding at the end of the year marked 1939 as the best lending year in nearly a decade. New mortgage loans made during 1939 by all savings and loan members amounted to 20.2 percent of their midyear assets, as compared with 16.8 percent in 1938. In all Federal Home Loan Bank Districts, new mortgage loans of members bore a higher ratio to total resources in 1939 than in 1938. Important from the standpoint of earnings was the steady upward trend in ratio of first mortgages held to total assets: up from 74 percent at the end of 1938 to nearly 77 percent on December 31, 1939.

First mortgage holdings of member associations amounted to $3,100,000,000 at the close of 1939, and constituted approximately three-fourths of the mortgage holdings of all operating savings and loan associations in the country. It is estimated that Bank System members made four-fifths of all new mortgage loans by savings and loan associations last year, and accounted for about 25 percent of the home-mortgage financing done by all types of lenders including individuals.

Real estate owned: By disposing of a net amount of $74,000,000 in owned real estate during 1939, member associations doubled the net reductions made

Table 1.—Percentage distribution of balance sheet items for all savings and loan members of the Federal Home Loan Bank System, 1936–1939[1]

Balance sheet item	All savings and loan members				Federal				Insured State				Uninsured State			
	1939	1938	1937	1936	1939	1938	1937	1936	1939	1938	1937	1936	1939	1938	1937	1936
Number of member institutions	3,868	3,895	3,890	3,746	1,400	1,362	1,319	1,199	795	735	560	365	1,673	1,798	2,011	2,182
ASSETS	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
First mortgage loans (including interest and advances)	76.76	74.41	72.82	69.89	81.52	79.80	79.39	76.26	74.67	73.42	72.03	68.82	73.16	70.57	69.07	67.53
Junior mortgage liens (including interest and advances)	0.12	0.15	0.17	0.27	0.05	0.06	0.06	0.15	0.12	0.17	0.16	0.15	0.18	0.21	0.24	0,35
Other loans (including share loans)	0.71	0.79	0.83	0.97	0.41	0.40	0.42	0.34	0.53	0.53	0.58	0.63	1.12	1.24	1.26	1.32
Real estate sold on contract	3.84	3.78	3.61	2.97	3.46	3.43	3.33	2.93	4.88	4.83	4.55	3.53	3.59	3.54	3.45	2.84
Real estate owned	9.30	11.99	13.77	16.49	5.70	7.46	8.41	10.82	9.61	11.15	12.61	15.01	12.81	16.06	17.48	19.23
Federal Home Loan Bank stock	0.99	0.99	0.96	0.89	1.09	1.13	1.15	1.00	1.00	0.98	0.91	0.85	0.87	0.87	0.87	0.85
Other investments (including accrued interest)	1.72	2.12	2.61	2.73	0.83	1.26	1.68	1.72	1.96	2.38	2.90	3.63	2.49	2.67	3.07	2.92
Cash on hand and in Banks	5.09	4.20	3.54	3.74	5.58	4.94	4.05	4.77	5.48	4.70	4.21	4.35	4.37	3.36	2.99	3.16
Office building (net)	1.10	1.16	1.18	1.25	1.10	1.20	1.16	1.26	1.32	1.33	1.53	1.66	0.97	1.05	1.08	1.13
Furniture, fixtures, and equipment (net)	0.10	0.10	0.10	0.13	0.13	0.14	0.13	0.18	0.12	0.12	0.10	0.16	0.06	0.07	0.07	0.11
Other assets	0.27	0.31	0.36	0.67	0.13	0.18	0.22	0.57	0.31	0.39	0.42	1.21	0.38	0.36	0.42	0.56
Total assets	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
LIABILITIES AND CAPITAL																
U.S. Government investment (shares and deposits)	6.17	6.90	7.13	5.41	13.21	16.58	19.65	19.46	4.43	5.01	5.42	3.21	0.02	0.05	0.07	0.15
Private repurchasable shares	67.43	65.13	63.59	64.72	70.81	65.88	61.27	61.54	58.12	55.09	53.91	54.69	69.58	69.53	68.56	68.67
Mortgage pledged shares	4.11	4.80	5.77	6.03	0.88	1.17	1.62	1.49	2.41	2.89	2.82	2.53	8.42	8.67	9.40	8.84
Deposits and investment certificates	7.20	7.27	7.44	8.51	0.02	0.09	0.18	0.44	17.52	18.19	19.49	22.22	8.32	7.61	7.47	8.27
Advances from Federal Home Loan Banks	4.49	5.28	5.59	4.53	6.72	8.13	9.31	7.67	4.23	5.30	5.21	4.38	2.36	2.94	3.45	3.27
Other borrowed money	0.44	0.49	0.50	0.53	0.31	0.24	0.21	0.28	0.42	0.51	0.41	0.51	0.58	0.68	0.69	0.64
Loans in process	1.12	0.80	0.63	0.90	1.78	1.37	1.18	1.85	1.19	0.90	0.64	0.93	0.40	0.29	0.29	0.50
Other liabilities	1.09	1.12	1.19	0.84	1.15	1.21	1.22	1.20	1.34	1.43	1.28	0.94	0.89	0.90	1.15	0.67
Capital, permanent reserve or guaranty stock	0.63	0.71	0.71	0.67	0.00	0.00	0.01	0.00	2.20	2.51	2.58	2.25	0.34	0.38	0.48	0.53
Specific reserves	0.28	0.35	0.69	0.83	0.26	0.30	0.48	0.92	0.33	0.40	0.72	0.78	0.26	0.32	0.80	0.80
General reserves	4.89	4.95	4.87	5.24	3.27	3.45	3.47	3.80	5.63	5.78	5.69	5.90	6.11	5.75	5.43	5.66
Undivided profits	2.15	2.20	1.89	1.79	1.59	1.52	1.40	1.35	2.18	1.93	1.83	1.66	2.72	2.88	2.21	2.00
Total liabilities and capital	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

[1] All figures are taken as of December 31, or nearest available date.

Table 2.—Combined statement of condition for all savings and loan

NOTE.—Percentage figures show the

[Amounts are shown in

Balance sheet item	Combined	Boston	New York	Pittsburgh	Winston-Salem
Number of members	3,868	209	416	532	400
ASSETS					
First mortgage loans (including interest and advances)	$3,107,387 76.76%	$370,959 78.10%	$322,487 71.74%	$182,264 76.70%	$368,662 89.23%
Junior mortgage liens (including interest and advances)	4,645 0.12%	2 0.00%	526 0.12%	3,145 1.32%	120 0.03%
Other loans (including share loans)	28,642 0.71%	5,379 1.13%	4,332 0.96%	2,216 0.93%	3,287 0.80%
Real estate sold on contract	155,220 3.84%	496 0.11%	10,097 2.25%	5,784 2.43%	4,161 1.01%
Real estate owned	376,673 9.30%	45,264 9.53%	72,128 16.04%	31,610 13.30%	8,960 2.17%
Federal Home Loan Bank stock	40,029 0.99%	3,677 0.77%	4,673 1.04%	2,639 1.11%	3,855 0.93%
Other investments (including accrued interest)	69,706 1.72%	18,310 3.85%	8,409 1.87%	336 0.14%	1,778 0.43%
Cash on hand and in Banks	206,232 5.09%	25,357 5.34%	20,644 4.59%	7,476 3.15%	17,752 4.30%
Office building (net)	44,606 1.10%	2,987 0.63%	4,910 1.09%	855 0.36%	3,359 0.81%
Furniture, fixtures and equipment (net)	4,222 0.10%	253 0.05%	571 0.13%	193 0.08%	394 0.09%
Other assets[2]	10,823 0.27%	2,312 0.49%	765 0.17%	1,127 0.48%	849 0.20%
Total assets	$4,048,185 100.00%	$474,996 100.00%	$449,542 100.00%	$237,645 100.00%	$413,177 100.00%
LIABILITIES AND CAPITAL					
U. S. Government investment (shares and deposits)	$250,252 6.17%	$8,707 1.83%	$30,906 6.87%	$10,573 4.45%	$29,932 7.24%
Private repurchasable shares	2,729,739 67.43%	375,049 78.96%	317,565 70.64%	155,612 65.48%	306,170 74.10%
Mortgage pledged shares	166,300 4.11%	47,384 9.97%	28,540 6.35%	28,605 12.04%	18,621 4.51%
Deposits and investment certificates	290,730 7.20%	168 0.04%	0 0.00%	0 0.00%	37 0.01%
Advances from Federal Home Loan Banks	181,603 4.49%	7,504 1.58%	19,781 4.40%	16,385 6.89%	19,795 4.79%
Other borrowed money	17,900 0.44%	2,287 0.48%	5,280 1.17%	1,276 0.54%	2,637 0.64%
Loans in process	45,298 1.12%	2,861 0.60%	3,629 0.81%	1,662 0.70%	5,677 1.37%
Advance payments by borrowers	9,917 0.24%	675 0.14%	667 0.15%	444 0.18%	1,181 0.29%
Other liabilities	18,612 0.46%	1,890 0.40%	1,023 0.23%	900 0.38%	1,594 0.39%
Permanent, reserve or guaranty stock	25,559 0.63%	0 0.00%	0 0.00%	0 0.00%	29 0.01%
Deferred credits to future operations	15,857 0.39%	104 0.02%	877 0.20%	353 0.15%	789 0.19%
Specific reserves	11,303 0.28%	221 0.05%	1,309 0.29%	754 0.32%	1,009 0.24%
General reserves	198,026 4.89%	16,852 3.55%	28,686 6.38%	19,311 8.12%	13,476 3.26%
Bonus on shares	457 0.01%	30 0.01%	232 0.05%	14 0.01%	15 0.00%
Undivided profits	86,632 2.14%	11,264 2.37%	11,047 2.46%	1,756 0.74%	12,215 2.96%
Total liabilities and capital	$4,048,185 100.00%	$474,996 100.00%	$449,542 100.00%	$237,645 100.00%	$413,177 100.00%

[1]This information has been supplied by the 12 Federal Home Loan Banks who advise that in a few instances reports from member institutions could not be obtained as of December 31, 1939, and that either estimates or reports as of some other date were used.

members of the Federal Home Loan Bank System as of Dec. 31, 1939 [1]

ratio of the item listed to total assets

thousands of dollars]

Cincinnati	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	Portland	Los Angeles
580	213	470	242	275	228	133	170
$612,803 74.65%	$171,721 66.24%	$283,455 69.47%	$166,092 81.61%	$179,330 84.62%	$120,307 73.09%	$103,737 76.77%	$225,510 83.72%
202 0.02%	143 0.05%	31 0.01%	52 0.03%	97 0.04%	93 0.06%	38 0.03%	196 0.07%
3,305 0.40%	667 0.26%	4,847 1.19%	1,219 0.60%	1,133 0.53%	710 0.43%	866 0.64%	681 0.25%
25,411 3.10%	33,798 13.04%	29,288 7.18%	8,178 4.02%	4,592 2.17%	12,657 7.69%	10,713 7.93%	10,045 3.73%
76,983 9.38%	21,792 8.40%	62,697 15.37%	13,889 6.82%	10,639 5.02%	17,454 10.60%	4,251 3.15%	11,006 4.09%
7,538 0.92%	2,883 1.11%	4,704 1.15%	2,377 1.17%	1,975 0.93%	1,722 1.04%	1,190 0.88%	2,796 1.04%
22,354 2.72%	6,082 2.35%	2,012 0.49%	1,503 0.74%	2,283 1.08%	1,193 0.72%	3,515 2.60%	1,931 0.72%
52,462 6.39%	17,361 6.70%	17,804 4.36%	8,026 3.94%	9,783 4.62%	6,982 4.24%	8,928 6.61%	13,657 5.07%
16,210 1.97%	4,195 1.62%	1,989 0.49%	1,144 0.56%	1,503 0.71%	3,014 1.83%	1,534 1.13%	2,906 1.08%
712 0.09%	320 0.12%	395 0.10%	228 0.11%	292 0.14%	227 0.14%	222 0.16%	415 0.15%
2,944 0.36%	285 0.11%	790 0.19%	818 0.40%	303 0.14%	270 0.16%	130 0.10%	230 0.08%
$820,924 100.00%	$259,247 100.00%	$408,012 100.00%	$203,526 100.00%	$211,930 100.00%	$164,689 100.00%	$135,124 100.00%	$269,373 100.00%
$34,473 4.20%	$13,885 5.36%	$28,743 7.04%	$20,342 9.99%	$17,143 8.09%	$12,017 7.30%	$21,065 15.59%	$22,460 8.12%
487,472 59.38%	205,495 79.27%	285,706 70.02%	145,664 71.57%	157,357 74.25%	120,935 73.43%	81,953 60.65%	90,701 33.69%
8,342 1.08%	2,349 0.91%	18,195 4.46%	4,897 2.41%	3,640 1.72%	3,678 2.23%	540 0.40%	1,009 0.37%
176,053 21.44%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	0 0.00%	12,420 9.19%	102,052 38.11%
18,328 2.23%	10,928 4.22%	26,314 6.45%	17,595 8.65%	9,745 4.60%	10,782 6.55%	6,272 4.64%	18,174 6.75%
1,576 0.19%	264 0.10%	2,688 0.66%	222 0.11%	583 0.27%	269 0.16%	256 0.19%	562 0.21%
7,119 0.87%	2,445 0.94%	5,520 1.35%	2,707 1.33%	1,796 0.85%	1,746 1.06%	2,686 1.99%	7,450 2.77%
1,744 0.21%	570 0.22%	1,769 0.44%	357 0.18%	1,148 0.54%	622 0.38%	480 0.35%	260 0.10%
3,265 0.40%	961 0.37%	3,600 0.88%	772 0.38%	2,455 1.16%	826 0.50%	563 0.42%	763 0.28%
14,473 1.76%	60 0.02%	0 0.00%	0 0.00%	810 0.38%	712 0.43%	1,188 0.88%	8,287 3.08%
5,156 0.63%	2,902 1.12%	2,414 0.59%	337 0.16%	210 0.10%	656 0.40%	524 0.39%	1,535 0.57%
2,224 0.27%	758 0.29%	1,664 0.41%	485 0.24%	542 0.26%	526 0.32%	293 0.22%	1,518 0.56%
39,867 4.86%	11,766 4.54%	25,710 6.30%	7,109 3.49%	12,467 5.88%	9,057 5.50%	4,288 3.17%	9,437 3.50%
6 0.00%	7 0.00%	26 0.01%	39 0.02%	21 0.01%	19 0.01%	44 0.03%	4 0.00%
20,326 2.48%	6,857 2.64%	5,663 1.39%	3,000 1.47%	4,013 1.89%	2,844 1.73%	2,552 1.89%	5,095 1.89%
$820,924 100.00%	$259,247 100.00%	$408,012 100.00%	$203,526 100.00%	$211,930 100.00%	$164,689 100.00%	$135,124 100.00%	$269,373 100.00%

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

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in 1938, and cut their holdings at the end of 1939 to $376,000,000, or 9.3 percent of assets.

Real estate contracts: Reflecting the disposal of part of the property held by these members, the real estate sold on contract account increased $13,000,000 to a total of $155,000,000, or 3.84 percent of total assets, at the end of 1939. This was only a slightly larger ratio than at the close of 1938. (The combined real estate account—owned plus contracts—equaled 13.14 percent of assets at the 1939 year-end, compared with 15.77 percent a year earlier.)

Cash and "other investments": Despite the heavy demands for mortgage loans, the cash position of members became stronger last year. Decreases in Federal Home Loan Bank advances and other borrowed money, and in U. S. Government investment, reflected a consistently high level of inflow of private funds. In fact, for the year as a whole, funds available for lending exceeded the demand for loans. Cash and "other investments", an indication of the liquidity position of members, rose $39,000,000 during the year. Cash increased from $158,000,000 to $206,000,000 (up 30 percent), while "other investments" (which are primarily securities) continued to decline steadily in relation to total assets, a trend in evidence for the entire 4-year period of 1936–1939.

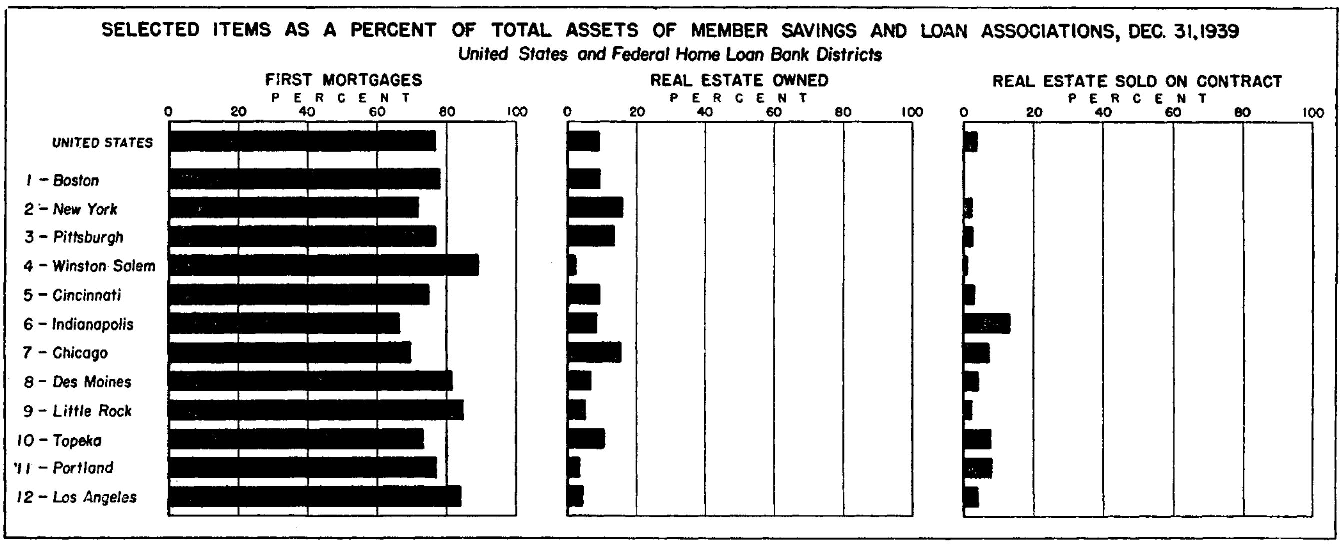
Liability and Capital Accounts

Private repurchasable capital: Movements in the principal balance sheet items on the liabilities side of the ledger were generally favorable during 1939. Outstanding was the increase in private repurchasable capital. On December 31, 1939, the average amount of private repurchasable shares per member association was $706,000—an increase of $78,000 per institution during the year, compared with an average increase of $48,000 in 1938. Private repurchasable shares increased over 1938 in relation to total equities in each of the 12 Bank Districts. (Inclusion of deposits and investment certificates with share accounts shows that the ratio of total private investments to total equities equaled 74.6 percent at the end of 1939.)

During 1939, investment of the U. S. Government in shares of member associations showed a net decline of $8,600,000. This was the first year in which the amount of outstanding Government investment has decreased since Government partici-

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

Item	1939	1938	1937	1936
	Pct.	*Pct.*	*Pct.*	*Pct.*
Private repurchasable capital	67.43	65.13	63.59	64.72
Government share investments	6.17	6.90	7.13	5.41
Pledged shares	4.11	4.80	5.77	6.03
FHLB advances and other borrowed money	4.93	5.77	6.09	5.06
General reserves and undivided profits	7.04	7.15	6.76	7.03



Roughly 90 percent of the resources of member savings and loan associations is represented by the three items, "First Mortgages Held", "Owned Real Estate", and "Real Estate Sold on Contract". In the great majority of cases where the measure of any one of these items deviates from the national average, the compensating difference usually appears among the other two.

pation was first authorized in 1933. Members held approximately $11 in private repurchasable capital for every $1 of Government subscription at the close of last year.

Reserves: Bank System savings and loan members added $16,600,000 to their general reserves and undivided profits during 1939. This 6-percent increase in reserves was not as great as the 11-percent gains shown for mortgage loans outstanding and for private repurchasable capital, but it is significant that this substantial growth in reserves was accompanied by a $73,000,000 reduction in the amount of real estate owned—a 16-percent drop. For each class of member in the country, as a whole, the ratio of reserves and undivided profits to owned real estate was greater at the end of 1939 than at the close of the preceding year. In each Bank District, savings and loan members reported that this same favorable relationship prevailed between the two year-ends. General reserves and undivided profits of all savings and loan members equaled 76 percent of real estate holdings at the end of 1939, compared with a ratio of 60 percent for 1938.

The average amount of general reserves and undivided profits per member association shows this favorable trend over the past four years:

December 31, 1936	$59, 250
December 31, 1937	61, 600
December 31, 1938	69, 000
December 31, 1939	73, 590

Pledged shares: Continuing the trend evidenced in 1938, mortgage pledged shares of members decreased approximately $14,000,000 during 1939. This is a further indication of the increasingly general use of the direct-reduction loan plan.

Borrowed money: Accompanying increased lending activity of members last year, there was a sharp rise in the amount of private investments received. One direct result was a net decline of $17,000,000 in borrowed money, the bulk of which is made up of Federal Home Loan Bank advances. The ratio of total borrowings to total assets fell from 5.77 percent in 1938 to 4.93 percent at the close of December of last year.

During the first four months of 1940, there has been further marked reduction in member borrowings. At the end of April, Federal Home Loan Bank advances to members had declined 26 percent ($47,500,000) from the December 31, 1939 level.

To supplement this summary of important trends, refer to Table 1, page 339, which shows the percentage distribution of balance sheet items for all savings and loan members, by class of association, over the 4-year period, 1936–1939. Table 2, pages 340–341, shows the dollar amount and percentage share of each balance sheet item for members in each Bank District.

Pension Plans

(*Continued from p. 337*)

association; the other, for larger institutions with assets of more than $10,000,000.

For the average association with less than 25 employees, the Committee favors a voluntary retirement plan in which both officers and employees may participate after one year's employment with the institution. Those who have been in service prior to its inauguration will receive credit for past service. The plan provides for contributions amounting to 4 percent of salary to be made by both employee and employer; however, the particular percentage to be set aside yearly may be altered to fit the individual association. It recommends that these contributions be made on a monthly basis and placed in separate savings accounts, either in the association itself or in other approved associations. Upon retirement, the employee may either purchase a full-paid life annuity or receive a lump-sum cash payment. In the plan, there are provisions for withdrawals in case of emergency, death before retirement, or resignation to take another position.

For larger institutions having more than 50 employees, the Committee recommends the voluntary plan of the Railroadmen's Federal Savings and Loan Association of Indianapolis described on page 337.

In concluding its report, the Committee on Compensation of Management and Staff said: "By providing a livable retirement income for association employees, a major step will have been taken toward building a strong and capable personnel which will enable these institutions to progress and maintain their dominant position in the savings and home-financing business."

Next month the Review plans to publish a second and concluding article on retirement and pension plans, describing the group plans proposed for use by mutual savings banks and by members of the New York State League of Savings and Loan Associations.

SUMMARY OF RESIDENTIAL CONSTRUCTION AND HOME-FINANCING ACTIVITY

I. Mortgage-recording totals were $60,000,000 above the April level and at the highest monthly volume since the series was begun in January 1939.

A. Savings and loan associations accounted for almost half of this dollar increase, but mutual savings banks reported the largest percentage gain over April.

II. Exceeding the April totals by $7,000,000, savings and loan mortgage lending during May established another new peak at $115,000,000—the largest single month since the early '30's.

A. Every class of association shared in this gain, and all purpose classifications reflected larger volumes with the exception of refinancing loans.

III. Total January–May 1940 residential construction up 8 percent over first five months of 1939, but current movement is horizontal, not a rising trend.

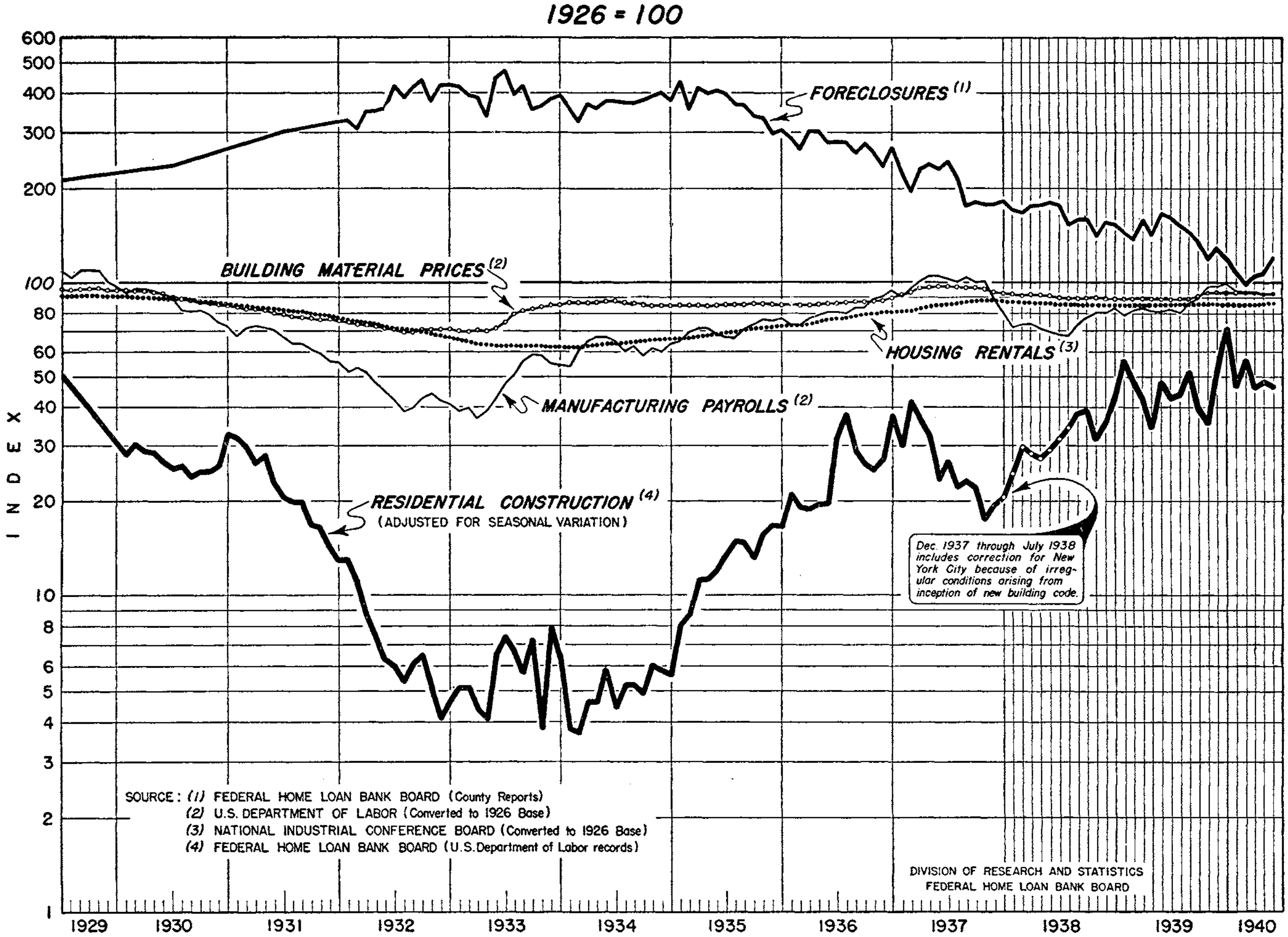
A. 1-family building up 16 percent, but multifamily construction declined 6 percent during first five months of 1940.

IV. Building costs: index of material costs used in the standard house has changed only fractionally in past six months, and stands 4 percent above 1936 average; labor costs have continued gradual decline since March 1939, and stand 10 percent above 1936 average.

V. Foreclosures during May were 10 percent more numerous than in April and at the highest level thus far this year. They were 28 percent less, however, than in the same month of 1939.

VI. The first indications of reviving general business activity were in evidence during May and early June. Continued improvement apparently hinges upon sustained export trade and the increased emphasis on national defense.

RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS
1926 = 100



RESIDENTIAL CONSTRUCTION and HOME-FINANCING ACTIVITY

■ UNDER the impetus of a firm foreign market and increased emphasis on our own national defense, industrial production started to revive in May, and continued to rise at an accelerated pace into the opening weeks of June. Wholesale prices decreased slightly during May and early June, but prices of products used in the building trades have remained relatively stable during this period. Rates charged by laborers in the home-construction industry recorded a fractional decline from April, thus continuing the gradual downward movement of the past 14 months. Hence, the anticipated diversion of skilled labor and important materials from peacetime to wartime industries had no measureable inflationary effect on home-building costs through the month of May.

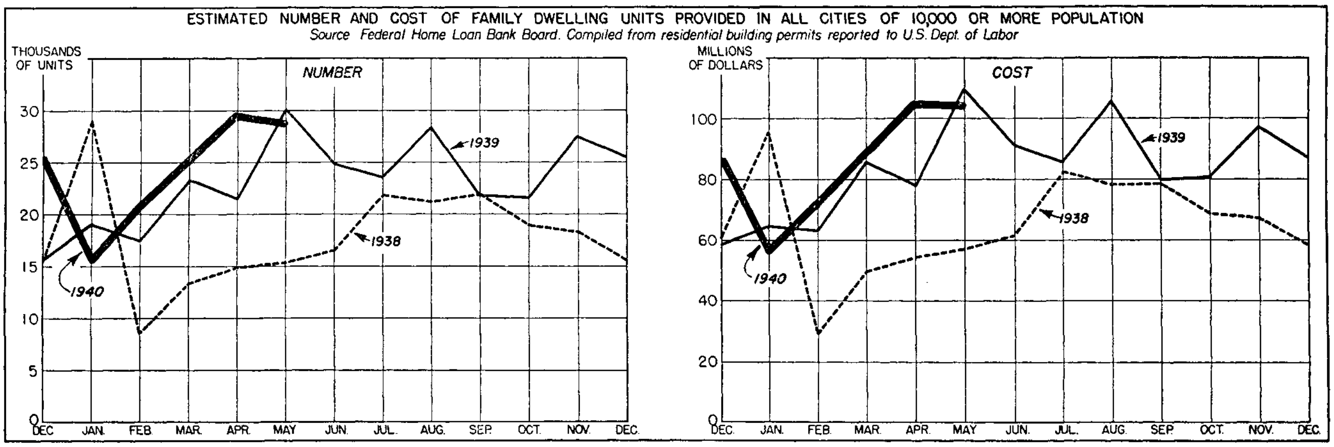
Residential construction volume receded slightly in May. Inasmuch as little change is normally anticipated at that time of year, the seasonally corrected index remained relatively unchanged from April. Building of new residences during the first five months of this year was 8 percent higher than in the same 1939 period, despite the decrease in volume during May which brought the total for that month nearly 4 percent below the total for May 1939.

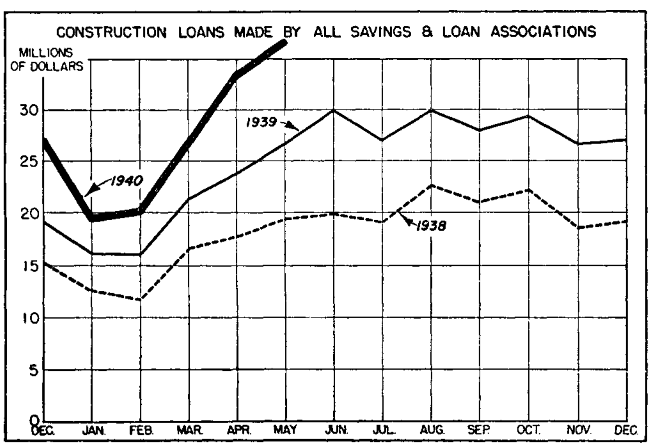
Mortgage financing by all types of lenders increased

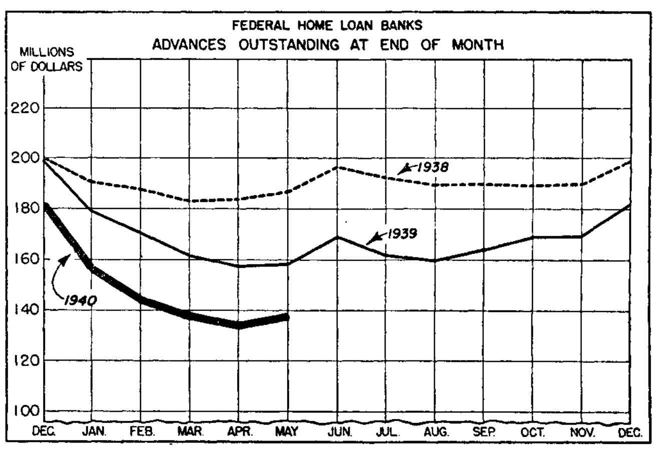
[1926=100]

Type of index	May 1940	Apr. 1940	Percent change	May 1939	Percent change
Residential construction [1]	46.2	47.8	−3.3	48.0	−3.8
Foreclosures (metro. cities)	119.0	108.0	+10.2	165.0	−27.9
Rental index (NICB)	85.6	85.6	0.0	85.1	+0.6
Building material prices	92.5	92.5	0.0	89.5	+3.4
Industrial production [1]	97.3	94.5	+3.0	85.3	+14.1
Manufacturing employment	97.4	98.0	−0.6	91.5	+6.4
Manufacturing pay rolls	92.5	92.4	+0.1	81.5	+13.5
Average wage per employee	95.0	94.3	+0.7	89.1	+6.6

[1] Corrected for normal seasonal variation.







in May, both as compared with April and with the corresponding month of last year. Gains in mortgage recordings over the preceding month ranged from 17 percent for mutual savings banks down to 7 percent for insurance companies and to 3 percent for the non-institutional group of lenders.

Savings and loan associations evidenced increased volumes of new mortgage loans over April throughout all purpose classifications except in the refinancing of loans previously held by other mortgagees. Construction loans were up 9 percent from April despite the seasonal abatement in the actual building of 1-family homes.

General Business Conditions

■ BROAD expansion of the European war during May and early June was still the most significant factor on the country's business horizon as 1940 passed the halfway point. The marked increase in the Nation's rearmament and defense program, the sharp reactions in the security and commodity markets, and the possibility of further reductions in export trade were the direct result of the invasion of the low countries which foreshadowed the entrance of Italy into the conflict and the eventual defeat of the French armies.

At home, the rate of industrial production turned upward for the first time this year, but there were indications that the movement lacked breadth. Largely because of increased steel production, the Federal Reserve index for May (97) was up three points from April, and reports for the early part of June point to a continued rise. According to the Department of Commerce, however, there was no significant pickup in orders during May among the other major industries, and in certain consumer-goods lines buying was restricted by the uncertainty manifested in security and commodity markets.

Substantial expansion of trading volume accompanied the sharp declines in stock and bond prices from May 9 to May 24. New lows approximating the levels of the middle of 1938 were established in many issues. Yields on long-term U. S. Government bonds rose from 2.25 percent during the week of May 4 to 2.49 percent during the week of June 8. Commodity prices started to go up with the spreading of war, but soon joined the downward trend. Largely because of declines in food products and raw materials, the U. S. Department of Labor all-commodity index of wholesale prices reached the lowest point since early September.

May export trade ($325,000,000) exceeded the April level in spite of the shrinking of the area to which shipments might be made. Increased exports to Latin America largely offset the loss in trade with the Netherlands, Belgium, Norway, and Denmark. Shipments of agricultural commodities continued to diminish, but iron, steel, coal, aviation, petroleum, and chemical products showed large increases. In the corresponding month of last year, exports amounted to slightly less than $250,000,000.

Preliminary reports for the month of June indicate that the upward movement in industrial activity continued. Some evidence of the broadening of the movement is revealed in data on freight movements. Freight loadings during the week of June 15 exceeded 700,000 cars—the heaviest week since mid-November. During this same week, stock and certain commodity prices showed a strong tendency to rise for the first time since the war reached an active stage.

Prospects for the second half of this year seem to depend upon further developments in the European war, and upon the speed with which our own national defense program can be converted from blueprint form to the production lines.

Residential Construction

[*Tables 1 and 2*]

■ AFTER a rather precipitous rise during the closing months of 1939 in the seasonally adjusted index of dwellings placed under construction, there was a decided slackening in operations as the current year got under way. So far in 1940, residential building has been maintained at higher levels than in the early months of last year, but the horizontal movement in activity for the past few months represents a drastic alteration of the rising trend noted from April to December 1939.

Activity in the construction of 1-family, 2-family, and apartment dwellings abated somewhat in May, with the smallest percentage decline being shown by the single-family home classification. The number of multifamily dwellings built so far this year constitutes less than one-third of total residential volume as compared with 38 percent noted during the opening five months of last year.

Considered geographically, trends in residential construction have been rather spotty with no particular concentration being shown for declines during

May. Table 2, page 350, portrays a slightly greater degree of uniformity in the comparison with May 1939; sharp drops in building activity for the contiguous New York, Pittsburgh, and Cincinnati Districts, were supplemented by declines in the southwestern Little Rock and Topeka Districts, thus more than offsetting rises over the rest of the country during this period.

New Mortgage-Lending Activity of Savings and Loan Associations

[*Tables 4 and 5*]

■ LENDING activity of savings and loan associations continued to rise in May, exceeding the post-depression peak established in the previous month. New home-financing loans totaled $115,000,000, and represented an increase of $7,000,000, or 6 percent, over April. The April-to-May rise in volume of new mortgage loans prevailed generally throughout the area east of the Mississippi (other than the Chicago District), while the Des Moines and Los Angeles Districts each reported declines in activity greater than 9 percent.

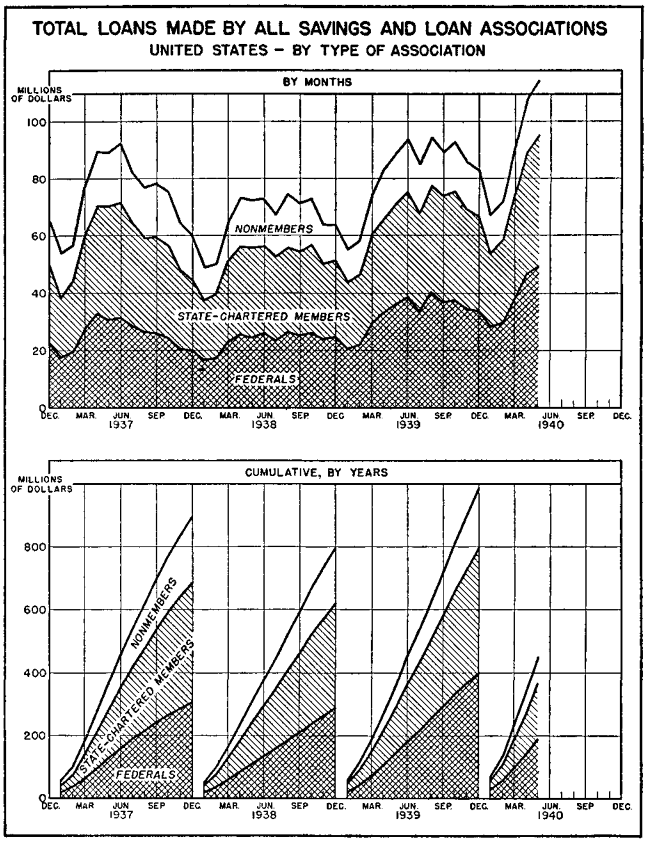
The amount of new loans made during each month of the year to date has been more than 20 percent above each corresponding month of 1939. May lending this year was $25,000,000, or 29 percent, greater than in the same 1939 month. Construction and home-purchase loans accounted for almost three-fourths of this increase. New record levels were reached in May by loans for every purpose classification other than refinancing which receded from its April high volume.

All types of savings and loan associations shared in the May upsurge, both from the previous month and from May 1939. Not since the formation of the Bank System have Federal or State-member associations attained the volume of new mortgage lending reached this May; moreover, nonmember savings and loan institutions are now lending at a rate higher than in any month since midyear 1937, despite the continuous shift of associations from this group into the membership classifications.

New mortgage loans distributed by purpose

[Amounts are shown in thousands of dollars]

Purpose	May 1940	April 1940	Percent change	May 1939	Percent change
Construction	$36, 956	$33, 764	+9. 5	$26, 646	+38. 7
Home purchase	42, 049	37, 821	+11. 2	31, 289	+34. 4
Refinancing	18, 034	20, 859	−13. 5	15, 687	+15. 0
Reconditioning	6, 896	6, 097	+13. 1	6, 069	+13. 6
Other purposes	10, 607	9, 460	+12. 1	9, 432	+12. 5
Total	114, 542	108, 001	+6. 1	89, 123	+28. 5



Foreclosures

■ THE 10-percent rise for May in real estate foreclosure activity, which brought the metropolitan communities' index (1926=100) to its highest point this year (119), was substantially in excess of the customary April-to-May seasonal advance of less than 2 percent. However, foreclosures this May were 28 percent less than for the same month of 1939, while a similar comparison for April showed a smaller decline of 23 percent.

Foreclosure cases for the first five months of 1940 were 28 percent below those for the same period of the preceding year.

Of the 85 communities reporting for both April and May, seven showed no change from April, while the balance was equally divided as to those indicating increases and decreases.

Small-House Building Costs

[*Tables 3 and 6*]

■ MATERIALS used to construct a standard 6-room frame house cost slightly more in June than in May. The index of material costs has remained practically unchanged for the past six months and is a little more than 4 percent higher than the 1936 average.

The cost of labor used in building a standard house continued the gradual decline which has been evidenced since March 1939, bringing the index 1 percent below the level of a year ago.

Wholesale prices of building materials, as shown by the U. S. Department of Labor index, remained unchanged from April. This index now stands at 92.5 (1926=100) and is approximately 3 percent above the level of May 1939.

A majority of the 28 cities submitting quarterly cost reports for the standard house in March and June showed higher costs at the end of the 3-month period, but only two of the cooperating communities had increases in excess of $100.

Construction costs for the standard house

[Average month of 1936=100]

Element of cost	May 1940	April 1940	Percent change	May 1939	Percent change
Material	104. 4	104. 3	+0. 1	102. 7	+1. 7
Labor	109. 9	110. 0	−0. 1	111. 5	−1. 4
Total	106. 2	106. 2	0. 0	105. 6	+0. 6

Mortgage Recordings

[*Tables 12 and 13*]

■ MAY witnessed a continuation of the general improvement in mortgage-financing activity by all classes of lending institutions as well as by individuals. Nonfarm mortgage recordings this month amounted to $372,000,000, a gain of 9 percent over April. Mutual savings banks evidenced the largest percentage rise in mortgage recordings from April; these institutions, however, account for only 4 percent of all nonfarm mortgages of $20,000 or less being recorded currently. Savings and loan associations showed the greatest dollar rise over April, thus continuing as the dominant lender in the home-mortgage field.

Mortgage recordings by type of mortgagee

[Amounts are shown in thousands of dollars]

Type of lender	Percent change from April 1940	Percent of May 1940 amount	Cumulative recordings (five months)	Percent of total recordings
Savings and loan associations	+11. 5	33. 1	$482,171	31. 5
Insurance companies	+7. 3	7. 8	122,589	8. 0
Banks, trust companies	+10. 4	24. 5	377,790	24. 7
Mutual savings banks	+17. 3	4. 1	59,064	3. 8
Individuals	+3. 2	15. 7	259,888	17. 0
Others	+9. 5	14. 8	230,033	15. 0
Total	+9. 4	100. 0	1,531,535	100. 0

Mortgage-loan volume for all lenders in May increased $60,000,000, or 19 percent, over the corresponding 1939 month; each type of mortgagee shared in this rise, with savings and loan associations reporting both the greatest actual and percentage increases (having risen $27,000,000, or 28 percent, during this period). Mutual savings banks, whose current financing volume is smaller than any other (these institutions are concentrated largely in the northeastern section of the country), registered a 26-percent gain over last year, and life insurance companies were up 22 percent; the three remaining classes showed improvements of 15 percent or less.

Of the $1,532,000,000 in mortgages recorded during the first five months of 1940, savings and loan associations accounted for $482,000,000, or 31 percent, of the total as compared with 25 percent reported for banks and trust companies, their nearest competitive group in the nonfarm mortgage field. During the past year, savings and loan associations have expanded their share of home financing while all lenders, other than mutual savings banks, have either held their own or accounted for a smaller relative proportion of the total as compared with recordings for the January–May period of 1939.

Federal Savings and Loan Insurance Corporation

[*Table 7*]

■ AT the close of May, 2,231 savings and loan associations with over 2,500,000 investors were operating with the protection of insurance of accounts by the Federal Savings and Loan Insurance Corporation. Table 7 contains for the first time a summary showing the growth of selected asset, capital, and liability items of all insured associations over the past two years, together with trends in the number of shareholders and estimates as to the extent of investment turnover and lending operations of these institutions.

The new Table 7 shows the progress of all insured institutions, classified according to operation under Federal or State charter, and reflects total growth from all sources. Thus, the addition of newly insured associations to the totals, together with acquisition of assets through mergers, have accentuated the rises due to normal operations of insured institutions since June 1938.

It is significant that private repurchasable capital on the books of insured savings and loan associations has risen over the past two years at a more rapid pace than have the mortgage-loan balances. However, in the past few months insured associations have been moving their "excess" funds into mortgage security in record high volumes, while the amount of new capital acquired has remained practically constant.

Federal Savings and Loan System

[*Table 7*]

A CONTINUATION in the steady growth of the system of Federally chartered savings and loan associations was noted in May. Although only two more Federal associations were operating at the end of May than at the close of the preceding month, assets of the System increased by nearly $30,000,000.

The downward trend in Federal Home Loan Bank advances, which has been in evidence since December, was reversed in May, due chiefly to the unusually high rate of mortgage lending and the resulting demand for more funds during recent months.

Progress in number and assets of Federals

[Amounts are shown in thousands of dollars]

Class of association	Number		Approximate assets	
	May 31, 1940	Apr. 30, 1940	May 31, 1940	Apr. 30, 1940
New	633	632	$490, 762	$478, 647
Converted	787	786	1, 195, 948	1, 178, 574
Total	1, 420	1, 418	1, 686, 710	1, 657, 221

Federal Home Loan Bank System

[*Table 8*]

AN increase in the advances outstanding of the 12 Federal Home Loan Banks was evidenced during May for the first time since the beginning of the year, and figures received so far indicate that advances continued to increase during June. This is consistent with the normal seasonal pattern during this month when funds are required for midyear dividend payments and withdrawal demands. Advances made during May in the amount of $9,884,000 and repayments received in the amount of $6,186,000 (resulting in a net increase of nearly $3,700,000) brought the balance at the end of the month to $137,509,000—back up to the level of the March 31 figure. The balance, however, was still below the end-of-May figure for 1939 and 1938.

Advances made during May of this year were greater than advances made in May of either of the two preceding years, and increased 100 percent over those made in April. Repayments during May were lower than those made in April. The recovery made during May was due to the increased lending operations in all the geographic areas except the Southwest and Northeast. All of the Banks with the exception of Boston, New York, Little Rock and Topeka reflected advances in excess of repayments. Eight of the Federal Home Loan Banks reported advances greater during May than during April and 10 Banks reported a smaller volume of repayments. The largest percentage increases in advances outstanding were reflected in the Winston-Salem Bank with 13.7 percent ($1,600,000) and in the Los Angeles Bank with 11.0 percent ($1,300,000). The largest percentage decline was sustained by the Little Rock Bank in an amount of $500,000 (8.2 percent).

Advances outstanding of the Federal Home Loan Banks at the end of May 1940 constituted 81.3 percent of the average of monthly advances outstanding for the year 1939—an increase of slightly more than two percentage points over last month's average.

Total membership of the Federal Home Loan Bank System was 3,911 at the end of May. During the month a net decline of five members took place due to the admission of one Federal, four State-chartered associations and one savings bank, and the withdrawal of 11 associations.

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

[Source: Federal Home Loan Bank Board. Compiled from residential building permits reported to U. S. Department of Labor]

[Amounts are shown in thousands of dollars]

Type of dwelling	Number of family units provided					Total cost of units				
	Monthly totals			January–May totals		Monthly totals			January–May totals	
	May 1940	Apr. 1940	May 1939	1940	1939	May 1940	Apr. 1940	May 1939	1940	1939
1-family dwellings	19, 406	19, 749	16, 520	74, 489	64, 276	$76, 371. 6	$76, 531. 6	$65, 020. 4	$288, 015. 9	$251, 404. 1
2-family dwellings	1, 354	1, 508	1, 154	5, 782	4, 698	3, 345. 6	3, 687. 9	3, 035. 1	13, 843. 1	11, 904. 3
Joint home and business [2]	87	66	59	300	308	397. 8	250. 0	303. 5	1, 312. 6	1, 316. 3
3-and-more family dwellings	8, 115	8, 500	12, 351	39, 934	42, 302	24, 539. 7	24, 659. 2	41, 207. 0	123, 722. 4	135, 810. 3
Total residential	28, 962	29, 823	30, 084	120, 505	111, 584	104, 654. 7	105, 128. 7	109, 566. 0	426, 894. 0	400, 435. 0

[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 May 1940, by Federal Home Loan Bank District and by State

[Source: Federal Home Loan Bank Board. Compiled from residential building permits reported to U. S. Department of Labor]

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and State	All residential dwellings				All 1- and 2-family dwellings			
	Number of family dwelling units		Estimated cost		Number of family dwelling units		Estimated cost	
	May 1940	May 1939	May 1940	May 1939	May 1940	May 1939	May 1940	May 1939
UNITED STATES	28, 962	30, 084	$104, 654. 7	$109, 566. 0	20, 847	17, 733	$80, 115. 0	$68, 359. 0
No. 1—Boston	1, 691	1, 251	6, 820. 6	5, 074. 3	1, 321	1, 011	5, 689. 8	4, 233. 7
Connecticut	406	367	1, 826. 3	1, 570. 1	399	232	1, 811. 8	1, 099. 0
Maine	71	86	202. 4	220. 3	71	75	202. 4	191. 1
Massachusetts	938	529	3, 698. 0	2, 337. 9	584	435	2, 600. 0	1, 997. 6
New Hampshire	88	64	263. 3	184. 7	88	64	263. 3	184. 7
Rhode Island	178	190	790. 2	692. 4	169	190	771. 9	692. 4
Vermont	10	15	40. 4	68. 9	10	15	40. 4	68. 9
No. 2—New York	3, 771	4, 465	14, 507. 5	18, 022. 7	1, 862	1, 899	8, 395. 8	8, 356. 7
New Jersey	1, 002	1, 061	4, 091. 6	4, 135. 7	450	318	2, 040. 8	1, 498. 9
New York	2, 769	3, 404	10, 415. 9	13, 887. 0	1, 412	1, 581	6, 355. 0	6, 857. 8
No. 3—Pittsburgh	1, 586	2, 534	6, 633. 9	10, 278. 2	1, 199	1, 006	5, 447. 4	4, 762. 0
Delaware	11	7	66. 6	28. 0	11	7	66. 6	28. 0
Pennsylvania	1, 442	1, 715	5, 938. 7	7, 260. 6	1, 068	883	4, 797. 2	4, 232. 3
West Virginia	133	812	628. 6	2, 989. 6	120	116	583. 6	501. 7

Table 2.—Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in May 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	
	May 1940	May 1939	May 1940	May 1939	May 1940	May 1939	May 1940	May 1939
No. 4—Winston-Salem	4, 684	3, 621	$14, 412. 7	$11, 308. 7	2, 584	2, 250	$8, 698. 6	$7, 922. 0
Alabama	1, 665	190	4, 679. 1	301. 3	268	190	582. 3	301. 3
District of Columbia	343	896	1, 632. 4	3, 433. 9	231	364	1, 389. 3	2, 170. 4
Florida	661	1, 058	2, 245. 4	3, 367. 4	632	592	2, 213. 5	2, 087. 2
Georgia	381	520	863. 7	1, 270. 3	363	232	854. 0	563. 6
Maryland	501	259	1, 469. 0	853. 1	289	259	959. 0	853. 1
North Carolina	450	278	1, 295. 1	720. 2	366	258	1, 119. 7	700. 0
South Carolina	262	149	676. 5	376. 7	125	134	290. 5	370. 2
Virginia	421	271	1, 551. 5	985. 8	310	221	1, 290. 3	876. 2
No. 5—Cincinnati	2, 442	4, 193	9, 306. 9	15, 324. 1	1, 275	959	5, 539. 2	4, 328. 7
Kentucky	127	929	385. 3	2, 789. 3	117	110	354. 7	269. 9
Ohio	2, 099	1, 778	8, 313. 8	7, 606. 5	942	658	4, 576. 7	3, 435. 6
Tennessee	216	1, 486	607. 8	4, 928. 3	216	191	607. 8	623. 2
No. 6—Indianapolis	3, 011	2, 032	12, 579. 3	8, 607. 8	2, 274	1, 849	9, 562. 1	8, 063. 3
Indiana	572	650	1, 957. 7	2, 193. 3	565	467	1, 941. 7	1, 648. 8
Michigan	2, 439	1, 382	10, 621. 6	6, 414. 5	1, 709	1, 382	7, 620. 4	6, 414. 5
No. 7—Chicago	1, 360	1, 103	6, 628. 4	5, 240. 3	1, 337	994	6, 586. 0	4, 861. 8
Illinois	897	717	4, 665. 3	3, 706. 9	879	631	4, 634. 4	3, 380. 3
Wisconsin	463	386	1, 963. 1	1, 533. 4	458	363	1, 951. 6	1, 481. 5
No. 8—Des Moines	1, 365	1, 223	5, 279. 1	4, 469. 6	1, 288	1, 104	5, 078. 1	4, 147. 8
Iowa	447	329	1, 683. 8	1, 174. 0	440	321	1, 670. 7	1, 139. 0
Minnesota	484	471	2, 040. 6	1, 855. 0	446	420	1, 921. 2	1, 728. 1
Missouri	317	328	1, 212. 3	1, 180. 2	289	281	1, 151. 3	1, 050. 3
North Dakota	51	43	151. 2	146. 0	51	30	151. 2	116. 0
South Dakota	66	52	191. 2	114. 4	62	52	183. 7	114. 4
No. 9—Little Rock	2, 312	3, 643	6, 024. 2	11, 056. 8	2, 204	2, 110	5, 885. 6	5, 672. 8
Arkansas	134	61	386. 7	124. 8	130	52	376. 7	113. 5
Louisiana	319	1, 263	883. 1	4, 525. 9	309	290	864. 2	838. 3
Mississippi	217	208	359. 3	351. 1	213	174	350. 1	299. 0
New Mexico	63	51	167. 7	131. 0	63	51	167. 7	131. 0
Texas	1, 579	2, 060	4, 227. 4	5, 924. 0	1, 489	1, 543	4, 126. 9	4, 291. 0
No. 10—Topeka	1, 214	1, 317	3, 899. 9	4, 587. 5	809	697	2, 630. 7	2, 432. 4
Colorado	624	259	1, 985. 8	808. 5	250	187	794. 3	686. 5
Kansas	154	165	445. 7	486. 4	149	139	434. 4	426. 3
Nebraska	107	625	397. 1	2, 383. 8	99	103	380. 7	410. 8
Oklahoma	329	268	1, 071. 3	908. 8	311	268	1, 021. 3	908. 8
No. 11—Portland	1, 135	694	3, 996. 1	2, 291. 0	1, 003	642	3, 619. 9	2, 196. 0
Idaho	38	22	140. 5	69. 7	34	22	128. 5	69. 7
Montana	172	52	506. 0	129. 5	88	52	245. 3	129. 5
Oregon	239	158	852. 1	599. 6	228	148	822. 1	566. 6
Utah	163	117	587. 5	388. 9	155	100	579. 5	352. 9
Washington	500	326	1, 818. 9	1, 020. 1	475	301	1, 753. 4	994. 1
Wyoming	23	19	91. 1	83. 2	23	19	91. 1	83. 2
No. 12—Los Angeles	4, 391	4, 008	14, 566. 1	13, 305. 0	3, 691	3, 212	12, 981. 8	11, 381. 8
Arizona	72	70	186. 6	272. 7	69	70	185. 1	272. 7
California	4, 298	3, 917	14, 266. 4	12, 921. 0	3, 601	3, 121	12, 683. 6	10, 997. 8
Nevada	21	21	113. 1	111. 3	21	21	113. 1	111. 3

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 June	1939 June	1940		1939			1938 June	1937 June	1936 June
			June	Mar.	Dec.	Sept.	June			
No. 1—Boston:										
Hartford, Conn	$0.253	$0.243	$6,064	$5,937	$5,903	$5,836	$5,842	$5,659	$6,332	$5,646
New Haven, Conn	.245	.233	5,868	5,850	5,793	5,673	5,997	5,616	5,903	5,535
Portland, Me	.219	.221	5,256	5,256	5,242	5,254	5,294	5,526	5,711	5,132
Boston, Mass	.270	.262	6,484	6,490	6,428	6,336	6,286	6,079	6,653	5,902
Manchester, N. H	.225	.226	5,390	5,390	5,381	5,332	5,427	5,392	5,796	5,473
Providence, R. I	.253	.250	6,066	6,035	6,007	5,949	5,996	5,933	5,927	5,496
Rutland, Vt	.222	.226	5,327	5,321	5,272	5,354	5,427	5,676	5,795	5,329
No. 4—Winston-Salem:										
Birmingham, Ala	.209	.221	5,020	[2] 5,200	5,190	5,150	5,310	6,068	6,056	5,378
Washington, D. C	.239	.236	5,735	5,741	5,738	5,737	5,655	5,989	5,968	4,874
Tampa, Fla	.236	.232	5,673	[2] 5,736	5,709	5,579	5,576	5,608	5,716	5,381
W. Palm Beach, Fla	.252	.241	6,050	5,824	5,740	5,703	5,795	6,166	6,456	5,945
Atlanta, Ga	.203	.201	4,873	4,921	4,926	4,792	4,822	5,207	5,311	4,949
Baltimore, Md	.198	[2] .198	4,750	[2] 4,750	[2] 4,810	[2] 4,706	[2] 4,746	[2] 4,739	[2] 5,109	[2] 4,767
Asheville, N. C	.207	.203	4,979	4,998	5,115	4,855	4,872	5,194	5,240	4,802
Raleigh, N. C	.209	.206	5,010	[2] 5,010	5,176	4,853	4,952	5,430	5,627	5,071
Salisbury, N. C	.204	.195	4,898	4,863	4,881	4,645	4,670	--------	4,652	--------
Columbia, S. C	.194	.199	4,660	4,730	4,673	4,721	4,783	4,776	4,873	4,713
Richmond, Va	.201	.206	4,819	4,848	4,953	4,982	4,936	5,249	5,242	4,871
Roanoke, Va	.217	.215	5,205	5,199	5,191	5,155	5,150	5,056	5,135	4,823
No. 7—Chicago:										
Chicago, Ill	.282	.285	6,773	6,787	6,789	6,768	6,846	6,904	7,215	6,736
Peoria, Ill	.295	.273	7,082	7,024	6,909	6,639	6,556	6,695	6,808	6,227
Springfield, Ill	.298	.283	7,145	7,068	7,073	6,778	6,789	6,965	6,978	6,502
Milwaukee, Wis	.253	.250	6,073	6,063	6,040	5,943	5,990	5,754	5,977	5,154
Oshkosh, Wis	.243	.247	5,829	5,904	5,804	5,905	5,921	6,040	6,079	5,576
No. 10—Topeka:										
Denver, Colo	.254	.266	6,092	6,222	6,221	6,276	6,376	6,464	6,714	5,997
Wichita, Kans	.243	.251	5,838	[2] 5,760	[2] 5,794	[2] 6,005	6,021	5,866	5,711	5,164
Omaha, Nebr	.256	.241	6,132	6,156	6,079	5,942	5,778	5,814	5,964	5,565
Oklahoma City, Okla	.255	.244	6,117	6,051	6,000	5,893	5,860	5,840	5,823	5,427

[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 builder's profit.

Reported costs do *not* include the cost of land nor of surveying the land, the cost of planting the lot, nor of providing walks and driveways; they do not include architect's fee, cost of building permit, financing charges, nor sales costs.

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

[2] Revised.

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

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and class of association	New loans		Percent change, Apr. 1940 to May 1940	New loans, May 1939	Percent change, May 1939 to May 1940	Cumulative new loans (five months)		
	May 1940	April 1940				1940	1939	Percent change
United States: Total	$114, 542	$108, 001	+6. 1	$89, 123	+28. 5	$451, 377	$359, 802	+25. 5
Federal	49, 287	46, 577	+5. 8	36, 358	+35. 6	191, 899	142, 761	+34. 4
State member	45, 803	43, 015	+6. 5	35, 426	+29. 3	179, 980	145, 374	+23. 8
Nonmember	19, 452	18, 409	+5. 7	17, 339	+12. 2	79, 498	71, 667	+10. 9
District No. 1: Total	10, 966	8, 474	+29. 4	7, 794	+40. 7	37, 520	28, 774	+30. 4
Federal	3, 906	2, 812	+38. 9	2, 594	+50. 6	13, 065	8, 712	+50. 0
State member	5, 604	3, 882	+44. 4	3, 352	+67. 2	17, 916	13, 457	+33. 1
Nonmember	1, 456	1, 780	−18. 2	1, 848	−21. 2	6, 539	6, 605	−1. 0
District No. 2: Total	10, 332	8, 668	+19. 2	8, 174	+26. 4	38, 164	33, 303	+14. 6
Federal	3, 153	2, 913	+8. 2	3, 135	+0. 6	12, 130	11, 958	+1. 4
State member	2, 733	2, 595	+5. 3	1, 851	+47. 6	10, 669	7, 849	+35. 9
Nonmember	4, 446	3, 160	+40. 7	3, 188	+39. 5	15, 365	13, 496	+13. 8
District No. 3: Total	9, 010	8, 047	+12. 0	7, 692	+17. 1	35, 962	30, 418	+18. 2
Federal	3, 663	2, 674	+37. 0	1, 911	+91. 7	13, 050	7, 039	+85. 4
State member	2, 265	2, 323	−2. 5	2, 202	+2. 9	9, 045	8, 301	+9. 0
Nonmember	3, 082	3, 050	+1. 0	3, 579	−13. 9	13, 867	15, 078	−8. 0
District No. 4: Total	17, 636	15, 134	+16. 5	12, 058	+46. 3	66, 758	48, 902	+36. 5
Federal	8, 323	6, 923	+20. 2	4, 802	+73. 3	31, 196	19, 054	+63. 7
State member	6, 496	5, 985	+8. 5	5, 613	+15. 7	25, 883	21, 773	+18. 9
Nonmember	2, 817	2, 226	+26. 5	1, 643	+71. 5	9, 679	8, 075	+19. 9
District No. 5: Total	18, 994	18, 192	+4. 4	13, 531	+40. 4	73, 977	57, 532	+28. 6
Federal	7, 055	6, 976	+1. 1	5, 665	+24. 5	27, 571	22, 882	+20. 5
State member	9, 409	8, 711	+8. 0	6, 556	+43. 5	35, 978	27, 489	+30. 9
Nonmember	2, 530	2, 505	+1. 0	1, 310	+93. 1	10, 428	7, 161	+45. 6
District No. 6: Total	5, 782	5, 407	+6. 9	4, 243	+36. 3	22, 632	17, 111	+32. 3
Federal	2, 713	2, 476	+9. 6	1, 918	+41. 4	10, 438	8, 052	+29. 6
State member	2, 701	2, 525	+7. 0	1, 970	+37. 1	10, 676	7, 913	+34. 9
Nonmember	368	406	−9. 4	355	+3. 7	1, 518	1, 146	+32. 5
District No. 7: Total	11, 358	11, 841	−4. 1	9, 304	+22. 1	47, 329	35, 207	+34. 4
Federal	4, 570	5, 246	−12. 9	2, 957	+54. 5	18, 619	11, 696	+59. 2
State member	5, 279	4, 784	+10. 3	3, 772	+40. 0	20, 448	15, 176	+34. 7
Nonmember	1, 509	1, 811	−16. 7	2, 575	−41. 4	8, 262	8, 335	−0. 9
District No. 8: Total	7, 048	7, 768	−9. 3	5, 894	+19. 6	27, 609	21, 239	+30. 0
Federal	3, 679	3, 297	+11. 6	2, 975	+23. 7	12, 751	9, 956	+28. 1
State member	1, 926	2, 854	−32. 5	1, 626	+18. 5	8, 679	6, 591	+31. 7
Nonmember	1, 443	1, 617	−10. 8	1, 293	+11. 6	6, 179	4, 692	+31. 7
District No. 9: Total	5, 744	5, 711	+0. 6	5, 450	+5. 4	24, 812	23, 807	+4. 2
Federal	2, 236	2, 413	−7. 3	2, 153	+3. 9	10, 107	10, 162	−0. 5
State member	3, 284	3, 070	+7. 0	3, 030	+8. 4	13, 667	12, 553	+8. 9
Nonmember	224	228	−1. 8	267	−16. 1	1, 038	1, 092	−4. 9
District No. 10: Total	4, 815	5, 035	−4. 4	4, 555	+5. 7	20, 607	18, 352	+12. 3
Federal	2, 568	2, 764	−7. 1	2, 463	+4. 3	11, 022	9, 110	+21. 0
State member	1, 118	1, 120	−0. 2	1, 091	+2. 5	4, 690	4, 800	−2. 3
Nonmember	1, 129	1, 151	−1. 9	1, 001	+12. 8	4, 895	4, 442	+10. 2
District No. 11: Total	4, 199	4, 154	+1. 1	3, 234	+29. 8	16, 805	12, 499	+34. 5
Federal	2, 551	2, 523	+1. 1	2, 210	+15. 4	10, 373	7, 800	+33. 0
State member	1, 489	1, 409	+5. 7	936	+59. 1	5, 725	4, 168	+37. 4
Nonmember	159	222	−28. 4	88	+80. 7	707	531	+33. 1
District No. 12: Total	8, 658	9, 570	−9. 5	7, 194	+20. 4	39, 202	32, 658	+20. 0
Federal	4, 870	5, 560	−12. 4	3, 575	+36. 2	21, 577	16, 340	+32. 1
State member	3, 499	3, 757	−6. 9	3, 427	+2. 1	16, 604	15, 304	+8. 5
Nonmember	289	253	+14. 2	192	+50. 5	1, 021	1, 014	+0. 7

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

[Thousands of dollars]

Period	Purpose of loans: Mortgage loans on homes: Construction	Home purchase	Refinancing	Reconditioning	Loans for all other purposes	Total loans	Class 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.–May	77,999	101,686	68,071	23,123	39,120	309,999	108,485	132,221	69,293
May	19,400	24,123	15,281	5,416	8,059	72,279	24,721	31,196	16,362
1939	301,039	339,629	182,025	59,463	104,227	986,383	400,337	396,041	190,005
Jan.–May	126,761	148,706	81,904	23,715	44,872	425,958	178,970	169,603	77,385
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.–May	137,071	159,466	84,251	24,542	46,047	451,377	191,899	179,980	79,498
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
April	33,764	37,821	20,859	6,097	9,460	108,001	46,577	43,015	18,409
May	36,956	42,049	18,034	6,896	10,607	114,542	49,287	45,803	19,452

[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: May	90.4	90.5	90.1	89.3	80.9	77.2	114.9	94.1
1939: 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
April	92.5	90.2	90.3	96.1	86.7	80.9	107.3	92.3
May	92.5	90.2	90.5	96.6	86.0	80.6	107.3	92.2
Change:								
May 1940–Apr. 1940	0.0%	0.0%	+0.2%	+0.5%	−0.8%	−0.4%	0.0%	−0.1%
May 1940–May 1939	+3.4%	−1.6%	−1.1%	+5.9%	+5.4%	+1.6%	0.0%	+2.9%

[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.—Progress of institutions insured by the Federal Savings and Loan Insurance Corporation

[Amounts are shown in thousands of dollars]

Period and class of association	Number of associations	Total assets	Net first mortgages held	Private repurchasable capital	Government investment	Federal Home Loan Bank advances	Number of investors	Operations		
								New investments	Repurchases	New mortgage loans
ALL INSURED										
1938										
June	2, 015	$1, 978, 476	$1, 472, 896	$1, 315, 936	$258, 403	$143, 004	1, 832, 800	$27, 300	$13, 000	$38, 350
December	2, 097	2, 128, 706	1, 605, 511	1, 452, 692	260, 904	149, 977	2, 035, 700	35, 900	13, 700	36, 763
1939										
May	2, 138	2, 258, 086	1, 728, 049	1, 599, 539	258, 331	113, 208	2, 197, 900	36, 700	18, 800	52, 552
June	2, 170	2, 339, 411	1, 769, 112	1, 657, 859	260, 451	127, 062	2, 236, 000	40, 700	15, 800	55, 848
July	2, 170	2, 341, 735	1, 795, 313	1, 689, 462	257, 075	121, 031	2, 261, 900	74, 300	52, 200	49, 488
August	2, 177	2, 370, 200	1, 832, 587	1, 709, 642	250, 445	120, 878	2, 282, 900	44, 900	27, 200	57, 659
September	2, 180	2, 399, 847	1, 869, 838	1, 725, 529	250, 570	124, 811	2, 307, 200	36, 800	29, 000	54, 275
October	2, 188	2, 431, 801	1, 898, 025	1, 747, 770	250, 705	129, 881	2, 340, 200	41, 200	24, 200	54, 605
November	2, 189	2, 459, 038	1, 921, 717	1, 769, 033	250, 675	129, 289	2, 351, 300	40, 000	19, 537	49, 809
December	2, 195	2, 506, 944	1, 943, 852	1, 811, 181	250, 725	142, 729	2, 386, 000	48, 400	17, 445	49, 516
1940										
January	2, 205	2, 513, 765	1, 959, 678	1, 868, 736	238, 496	121, 271	2, 461, 000	102, 571	57, 096	40, 342
February	2, 211	2, 543, 417	1, 980, 887	1, 901, 162	236, 854	111, 277	2, 504, 000	55, 332	28, 042	43, 950
March	2, 216	2, 576, 885	2, 011, 281	1, 928, 835	236, 714	104, 993	2, 528, 200	51, 377	27, 195	56, 270
April	2, 225	2, 615, 190	2, 050, 052	1, 958, 417	236, 508	101, 569	2, 546, 800	55, 809	28, 123	68, 034
May	2, 231	2, 653, 685	2, 089, 761	1, 981, 445	236, 553	104, 546	2, 560, 900	46, 655	27, 150	70, 990
FEDERAL										
1938										
June	1, 336	1, 208, 357	938, 455	760, 953	218, 567	101, 318	1, 027, 100	18, 100	6, 200	26, 310
December	1, 360	1, 311, 080	1, 028, 891	857, 737	219, 673	106, 411	1, 162, 700	23, 800	6, 700	25, 019
1939										
May	1, 380	1, 403, 931	1, 115, 854	964, 528	216, 561	77, 521	1, 284, 200	24, 800	10, 400	36, 358
June	1, 383	1, 441, 058	1, 135, 511	990, 248	217, 026	88, 298	1, 299, 100	27, 000	8, 100	39, 094
July	1, 382	1, 442, 667	1, 156, 700	1, 013, 503	214, 186	82, 146	1, 316, 900	49, 100	31, 500	34, 055
August	1, 384	1, 471, 714	1, 185, 800	1, 033, 325	208, 499	84, 480	1, 336, 500	30, 200	16, 300	40, 645
September	1, 386	1, 484, 212	1, 205, 900	1, 041, 188	208, 524	88, 151	1, 351, 200	24, 700	17, 200	37, 090
October	1, 389	1, 512, 924	1, 231, 000	1, 059, 869	208, 524	93, 096	1, 373, 300	28, 200	14, 600	37, 854
November	1, 390	1, 535, 895	1, 249, 900	1, 077, 918	208, 597	93, 654	1, 384, 800	27, 300	10, 970	34, 785
December	1, 397	1, 574, 314	1, 268, 872	1, 108, 481	208, 777	105, 870	1, 412, 200	32, 000	9, 231	34, 053
1940										
January	1, 400	1, 574, 268	1, 279, 803	1, 149, 410	197, 751	87, 592	1, 462, 700	71, 367	37, 689	28, 008
February	1, 403	1, 597, 550	1, 296, 198	1, 175, 480	196, 701	79, 391	1, 496, 100	36, 951	15, 942	29, 786
March	1, 408	1, 623, 767	1, 317, 641	1, 197, 882	196, 619	74, 495	1, 515, 000	35, 500	16, 200	38, 241
April [1]	1, 411	1, 655, 179	1, 346, 608	1, 222, 025	196, 813	71, 577	1, 529, 500	39, 329	16, 679	46, 577
May [2]	1, 415	1, 685, 324	1, 375, 683	1, 239, 973	196, 933	74, 428	1, 538, 000	31, 915	16, 124	49, 287
STATE										
1938										
June	679	770, 119	534, 441	554, 983	39, 836	41, 686	805, 700	9, 200	6, 800	12, 040
December	737	817, 626	576, 620	594, 955	41, 231	43, 566	873, 000	12, 100	7, 000	11, 744
1939										
May	758	854, 155	612, 195	635, 011	41, 770	35, 687	913, 700	11, 900	8, 400	16, 194
June	787	898, 353	633, 601	667, 611	43, 425	38, 764	936, 900	13, 700	7, 700	16, 754
July	788	899, 068	638, 613	675, 959	42, 889	38, 885	945, 000	25, 200	20, 700	15, 433
August	793	898, 486	646, 787	676, 317	41, 946	36, 398	946, 400	14, 700	10, 900	17, 014
September	794	915, 635	663, 938	684, 341	42, 046	36, 660	956, 000	12, 100	11, 800	17, 185
October	799	918, 877	667, 025	687, 901	42, 181	36, 785	966, 900	13, 000	9, 600	16, 751
November	799	923, 143	671, 817	691, 115	42, 078	35, 635	966, 500	12, 700	8, 567	15, 024
December	798	932, 630	674, 980	702, 700	41, 948	36, 859	973, 800	16, 400	8, 214	15, 463
1940										
January	805	939, 497	679, 875	719, 326	40, 745	33, 679	998, 300	31, 204	19, 407	12, 334
February	808	945, 867	684, 689	725, 682	40, 153	31, 886	1, 007, 900	18, 381	12, 100	14, 164
March	808	953, 118	693, 640	730, 953	40, 095	30, 498	1, 013, 200	15, 877	10, 995	18, 029
April	814	960, 011	703, 444	736, 392	39, 695	29, 992	1, 017, 300	16, 480	11, 444	21, 457
May	816	968, 361	714, 078	741, 472	39, 620	30, 118	1, 022, 900	14, 740	11, 026	21, 703

[1] In addition, 7 Federals with assets of $2,042,000 had been approved for conversion but had not been insured as of April 30.
[2] In addition, 5 Federals with assets of $1,386,000 had been approved for conversion but had not been insured as of May 31.

Table 8.—Lending operations of the Federal Home Loan Banks

[Thousands of dollars]

Federal Home Loan Bank	May 1940		April 1940		Advances outstanding, May 31, 1940
	Advances	Repayments	Advances	Repayments	
Boston	$377	$448	$247	$379	$4, 634
New York	381	1, 229	639	1, 376	17, 016
Pittsburgh	773	720	477	617	13, 742
Winston-Salem	2, 362	768	597	1, 093	13, 233
Cincinnati	611	420	352	862	13, 587
Indianapolis	344	185	220	918	8, 216
Chicago	2, 198	549	604	602	23, 045
Des Moines	569	566	199	1, 199	11, 684
Little Rock	79	595	120	874	5, 776
Topeka	221	246	237	263	8, 425
Portland	378	191	539	233	4, 797
Los Angeles	1, 591	269	742	389	13, 354
Total	9, 884	6, 186	4, 973	8, 805	137, 509
Jan.–May 1940	25, 630	69, 434			
May 1939	6, 307	5, 572			157, 911
Jan.–May 1939	19, 043	59, 974			
May 1938	7, 551	4, 791			186, 510
Jan.–May 1938	26, 334	39, 919			

Table 9.—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–May 1940:				
Applications:				
Number	1, 862	4, 616	970	5, 586
Amount	$50, 401	$201, 192	$63, 282	$264, 474
Investments:				
Number	1, 831	4, 199	719	4, 918
Amount	$49, 300	$175, 955	$44, 273	$220, 228
Repurchases	$15, 163	$13, 159	$4, 405	$17, 564
Net outstanding investments	$34, 137	$162, 796	$39, 868	$202, 664
May 1940:				
Applications:				
Number	0	0	7	7
Amount	0	0	$763	$763
Investments:				
Number	0	2	1	3
Amount	0	$20	$25	$45
Repurchases	0	0	$9	$9

[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 10.—Summary of operations of HOLC Reconditioning Division through May 31, 1940 [1]

Type of operation	June 1, 1934 through Apr. 30, 1940	May 1, 1940 through May 31, 1940	Cumulative through May 31, 1940
Cases received [2]	1, 198,188	5,321	1, 203, 509
Contracts awarded:			
Number	792,196	4,484	796, 680
Amount	$156,750,783	$1,359,547	$158, 110, 330
Contracts completed:			
Number	787,283	4,442	791, 725
Amount	$154,646,811	$1,229,142	$155, 875, 953

[1] All figures are subject to adjustment. Figures include 52,269 reconditioning cases 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 11.—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
April	1, 323
May	1, 466
Grand total to May 31, 1940	164, 209

[1] Does not include 8,587 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 164,209 completed cases, 960 properties were sold at foreclosure sale to parties other than the HOLC and 25,557 cases have been withdrawn due to payment of delinquencies by borrowers after foreclosure proceedings were authorized.

Table 12.—Summary of estimated nonfarm mortgage recordings,[1] $20,000 and under, during May 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	49,166	$123,485	5,887	$29,075	28,495	$91,164	4,111	$15,394	30,704	$58,372	17,219	$54,981	135,582	$372,471	$ 4.03
No. 1--Boston	4,236	12,931	289	1,475	974	3,637	2,297	7,284	1,906	4,275	1,203	3,509	10,905	33,111	
Connecticut	314	1,107	58	338	327	1,320	500	1,849	461	1,151	335	1,287	1,995	7,052	4.64
Maine	375	735	19	67	170	437	270	424	182	371	81	129	1,097	2,163	3.45
Massachusetts	2,867	8,889	173	863	326	1,334	1,184	3,905	952	2,089	606	1,589	6,108	18,669	4.52
New Hampshire	260	783	15	75	43	153	119	360	96	207	57	147	590	1,725	4.29
Rhode Island	260	936	15	86	82	299	151	525	156	330	89	267	753	2,443	3.64
Vermont	160	481	9	46	26	94	73	221	59	127	35	90	362	1,059	4.29
No. 2--New York	2,646	8,765	364	2,200	2,100	8,451	1,239	6,061	3,039	7,354	1,956	8,033	11,344	40,864	
New Jersey	1,022	3,431	225	1,164	1,215	4,822	48	236	1,210	2,740	812	2,920	4,532	15,313	3.92
New York	1,624	5,334	139	1,036	885	3,629	1,191	5,825	1,829	4,614	1,144	5,113	6,812	25,551	2.15
No. 3--Pittsburgh	3,193	8,079	305	1,658	2,508	7,998	167	672	2,071	4,320	1,215	4,295	9,459	27,022	
Delaware	73	217	18	108	72	345	42	135	80	220	67	180	352	1,205	6.28
Pennsylvania	2,595	6,923	233	1,259	1,798	6,077	117	534	1,554	3,425	982	3,772	7,279	21,990	2.51
West Virginia	525	939	54	291	638	1,576	8	3	437	675	166	343	1,828	3,827	2.99
No. 4--Winston-Salem	7,609	17,585	932	4,554	2,891	7,490	45	181	4,769	8,343	2,766	6,412	19,012	44,565	
Alabama	243	341	103	412	168	404	------	------	504	639	333	774	1,351	2,570	1.97
District of Columbia	568	2,641	56	376	113	638	------	------	299	819	279	1,076	1,315	5,550	11.41
Florida	839	2,656	294	1,288	362	1,023	------	------	822	1,913	522	1,312	2,839	8,192	6.89
Georgia	971	1,432	166	781	557	1,183	------	------	556	771	187	533	2,437	4,700	3.15
Maryland	1,314	3,146	40	235	306	938	45	181	444	853	232	516	2,381	5,869	4.21
North Carolina	1,978	3,815	131	647	514	1,109	------	------	762	1,053	529	934	3,914	7,558	4.81
South Carolina	518	932	50	332	288	425	------	------	600	806	211	240	1,667	2,735	3.33
Virginia	1,178	2,622	92	483	583	1,770	------	------	782	1,489	473	1,027	3,108	7,391	5.02
No. 5--Cincinnati	7,674	21,155	615	3,193	3,196	9,667	93	385	2,118	3,375	1,768	4,852	15,464	42,627	
Kentucky	1,101	2,359	139	622	467	1,007	------	------	245	247	91	296	2,043	4,531	3.15
Ohio	6,274	18,266	344	2,072	2,205	7,360	93	385	1,546	2,754	964	3,001	11,426	33,838	6.01
Tennessee	299	530	132	499	524	1,300	------	------	327	374	713	1,555	1,995	4,258	3.04
No. 6--Indianapolis	3,478	7,009	633	2,991	3,340	8,746	26	68	1,176	1,996	843	2,874	9,496	23,684	
Indiana	2,325	4,146	226	988	1,187	2,945	26	68	399	562	316	855	4,479	9,564	3.94
Michigan	1,153	2,863	407	2,003	2,153	5,801	------	------	777	1,434	527	2,019	5,017	14,120	3.48
No. 7--Chicago	4,204	11,754	411	2,068	1,693	6,124	8	13	1,666	3,467	1,273	5,972	9,255	29,398	
Illinois	3,120	8,995	320	1,657	1,000	3,914	------	------	724	1,801	1,036	5,175	6,200	21,542	3.25
Wisconsin	1,084	2,759	91	411	693	2,210	8	13	942	1,666	237	797	3,055	7,856	3.82
No. 8--Des Moines	3,765	8,436	552	2,536	2,215	5,408	41	132	3,057	5,564	1,718	4,922	11,348	26,998	
Iowa	986	2,088	125	588	664	1,782	------	------	481	783	240	564	2,496	5,805	3.89
Minnesota	1,437	3,626	241	1,079	592	1,114	41	132	833	1,783	351	1,023	3,495	8,757	5.25
Missouri	1,065	2,201	109	650	747	2,132	------	------	1,596	2,806	1,083	3,218	4,600	11,007	4.38
North Dakota	161	364	17	55	71	133	------	------	60	66	36	99	345	717	2.53
South Dakota	116	157	60	164	141	247	------	------	87	126	8	18	412	712	2.35
No. 9--Little Rock	3,314	7,622	739	3,308	861	2,164	------	------	2,208	3,898	1,814	5,492	8,936	22,484	
Arkansas	331	614	29	93	163	347	------	------	197	184	90	344	810	1,582	2.15
Louisiana	921	2,545	37	180	97	169	------	------	360	697	440	1,273	1,855	4,864	3.83
Mississippi	182	303	42	160	105	238	------	------	222	261	134	354	685	1,316	2.03
New Mexico	158	321	2	7	54	190	------	------	127	237	53	79	394	834	3.15
Texas	1,722	3,839	629	2,868	442	1,220	------	------	1,302	2,519	1,097	3,442	5,192	13,888	4.00
No. 10--Topeka	2,968	6,123	262	1,234	927	2,197	------	------	1,793	2,606	839	2,342	6,789	14,502	
Colorado	400	963	31	144	124	304	------	------	675	1,070	243	811	1,473	3,292	4.37
Kansas	824	1,418	65	244	341	734	------	------	270	382	145	376	1,645	3,154	2.69
Nebraska	716	1,569	99	457	89	207	------	------	268	387	125	350	1,297	2,970	3.75
Oklahoma	1,028	2,173	67	389	373	952	------	------	580	767	326	805	2,374	5,086	3.71
No. 11--Portland	2,153	4,879	298	959	1,472	3,911	195	598	1,376	1,867	798	2,536	6,292	14,750	
Idaho	145	292	18	40	164	523	------	------	226	236	97	240	650	1,331	5.19
Montana	146	405	25	87	38	119	------	------	120	215	12	13	341	839	2.52
Oregon	472	1,068	76	252	156	333	31	95	515	684	279	938	1,529	3,370	4.62
Utah	235	707	71	197	282	805	------	------	98	140	47	76	733	1,925	4.91
Washington	1,065	2,151	108	383	762	1,963	164	503	333	431	337	1,205	2,769	6,636	5.27
Wyoming	90	256	------	------	70	168	------	------	84	161	26	64	270	649	4.26
No. 12--Los Angeles	3,926	9,147	487	2,899	6,318	25,371	------	------	5,525	11,307	1,026	3,742	17,282	52,466	
Arizona	86	208	7	17	146	591	------	------	269	619	49	125	557	1,560	4.63
California	3,821	8,893	478	2,878	6,140	24,649	------	------	5,196	10,550	966	3,589	16,601	50,559	10.00
Nevada	19	46	2	4	32	131	------	------	60	138	11	28	124	347	4.65

[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.

Table 13.—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: May [1]	39, 406	32. 5	4, 799	4. 2	24, 523	22. 0	3, 311	2. 7	27, 594	25. 9	15, 033	12. 7	114, 666	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
April	44, 188	35. 4	5, 484	4. 4	26, 711	21. 4	3, 465	2. 8	29, 532	23. 7	15, 341	12. 3	124, 721	100. 0
May	49, 166	36. 3	5, 887	4. 3	28, 495	21. 0	4, 111	3. 0	30, 704	22. 7	17, 219	12. 7	135, 582	100. 0
Amount:														
1939: May [1]	96, 156	29. 2	23, 886	8. 0	79, 018	25. 9	12, 261	3. 6	51, 719	17. 9	49, 536	15. 4	312, 576	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
April	110, 787	32. 5	27, 091	8. 0	82, 569	24. 3	13, 122	3. 9	56, 561	16. 6	50, 203	14. 7	340, 333	100. 0
May	123, 485	33. 1	29, 075	7. 8	91, 164	24. 5	15, 394	4. 1	58, 372	15. 7	54, 981	14. 8	372, 471	100. 0

[1] Revised.

Insurance and Stability

(*Continued from p. 329*)

ance Corporation involved a small association in Trenton, Ohio. During April, the Superintendent of Building and Loan Associations in the State of Ohio closed the Trenton Building and Loan Association and took possession of its assets for liquidation. This institution, with assets of $34,782, had sustained a substantial defalcation of almost $8,500. On May 15–17, the Insurance Corporation made available to the investors of this institution the optional payment methods.

Again, all investors chose new accounts, this time in an insured association located but a few miles from Trenton, and these accounts were also withdrawable immediately if desired. Approximately 99.5 per cent of the total share investment has been paid.

Comments of investors during the pay-off proceedings reflected a unanimous appreciation of the value of insurance of accounts and also their satisfaction with the settlement provided. Indications that most of these individuals intend to leave their newly-issued accounts undisturbed is borne out by the fact that only 17.5 percent of the new shares issued to replace those of the Guymon association has since been repurchased. Within two weeks following the Trenton pay-off, less than 3 percent of the shares issued to members of the Trenton Building and Loan Association had been repurchased.

The Financial Status of the Corporation

The capital resources which have been accumulated to offset the potential liability of the Insurance Corporation because of the risks contingent upon savings and loan operations now total over $124,000,-000 as is evident from the consolidated balance sheet shown on page 327. Inasmuch as the major portion of all surplus funds are invested in Government and Government-guaranteed bonds, insured associations benefit from the added safeguard that the Corporation investments are in a completely different risk classification from those in which savings and loan associations operate. Surplus and reserves built up during the six years now total more than $23,000,000.

On June 30, 1940, there were 2,235 insured institutions with total assets of more than $2,600,000,000. There were more than 2,600,000 persons whose savings were protected up to $5,000. Total insured share liability, consisting of all private capital up to $5,000 per insured investor, plus total creditor obligations of all insured associations, amounted to $2,000,000,000.

Waverly

(Continued from p. 333)

Play area provision, however, is wholly inadequate for Waverly's needs. Waverly's streets are often too narrow, jog here and dead-end there, angle and turn, run for a block and are forever lost, or die at one point to begin farther on. General street widths are far from uniform, blocks are irregularly shaped and considerable areas are without adequate access to streets. Although the streets are adequately paved and reasonably well maintained, many alleys fall far below permissible urban standards, some being little more than rough footpaths. These deficiencies make traffic circulation unsatisfactory and parking a problem. There is already ample provision, however, for utilities, educational facilities, and transportation.

Preparation of a Master Plan

Such was the picture of Waverly that emerged from the analysis of the field survey. For the preparation of the broad Master Plan—the proposal for an effective neighborhood program to halt these declining trends—minute technical analysis was essential, of which only the broad outlines have been indicated.[1] A successful Master Plan demanded exploration of the sources of financing through which home owners who required assistance in paying the cost of repairing and rehabilitating their properties might borrow the necessary funds. It also required the organization of a Neighborhood Association, to which the recommendations for the treatment of each property, and of the whole area, might be entrusted. Through such a Neighborhood Association, with energetic and sympathetic local leadership and unified neighborhood support, these recommendations could be translated into actual physical improvement of Waverly. Under such a group, the neighborhood standards thus established could long be maintained.

In a concluding article on the Waverly program, the basic recommendations of the Master Plan will be presented, together with the method of organization of the Neighborhood Association and the plans for financing the necessary improvements.

[1] This article is based upon "Waverly—A Study in Neighborhood Conservation," prepared for the Federal Home Loan Bank Board by Arthur Goodwillie, as Economic Assistant, under the direction of Donald H. McNeal, Deputy General Manager of the HOLC. The more detailed and technical phases of the operation are fully explained in this report, which may be ordered when published from the Superintendent of Documents, Government Printing Office, Washington, D. C.

Resolution of the Board

RESOLUTION CONCERNING THE FORM OF ANNUAL REPORT AND SUPPLEMENTAL DATA TO BE SUBMITTED BY MEMBER SAVINGS BANKS AND SUPPLEMENTAL DATA SUBMITTED BY MEMBER INSURANCE COMPANIES

On May 13, 1940, the Federal Home Loan Bank Board adopted the following resolution which provides for the acceptance of annual reports of member mutual savings banks in the form required by State supervisory authorities.[1] It also lays down the principle for requiring supplemental data from these institutions and from insurance company members of the Federal Home Loan Bank System.

Resolved, That the form of annual report required by legally constituted State supervisory authority of the State of domicile of any savings bank which is a member of the Federal Home Loan Bank System, is hereby prescribed as the form of annual report required by Section 3.4 of the Rules and Regulations for the Federal Home Loan Bank System,

Further resolved, That the submission of a copy of such report, similarly executed and sworn to as required in the case of the report submitted to such State supervisory authority, shall be acceptable under the provisions of Section 3.4 of the Rules and Regulations for the Federal Home Loan Bank System,

Further resolved, That such supplemental data as may be required by the Banks and/or the Board in order to determine savings bank and insurance company members' compliance with the Federal Home Loan Bank Act and the Rules and Regulations for the Federal Home Loan Bank System shall be furnished the members' Bank and shall be deemed a part of the forms prescribed herein and in Board resolution dated October 5, 1937, relative to insurance company members.

[1] A similar resolution concerning the annual reports of member insurance companies was adopted on Oct. 5, 1937.

Directory of Member, Federal, and Insured Institutions

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

DISTRICT NO. 1

NEW HAMPSHIRE:
Rochester:
Rochester Trust Company.

DISTRICT NO. 3

PENNSYLVANIA:
Altoona:
Columbia Building & Loan Association of Altoona, Pennsylvania, 1114 Twelfth Street.

DISTRICT NO. 4

NORTH CAROLINA:
Durham:
Mutual Building & Loan Association, 816 Fayettesville Street.

DISTRICT NO. 5

OHIO:
Brookville:
The Brookville Building & Savings Association, 210 Market Street.

DISTRICT NO. 6

INDIANA:
Indianapolis:
South Park Saving & Loan Association, 301 Kresge Building.

MICHIGAN:
Menominee:
Menominee Home & Investment Association.

DISTRICT NO. 7

ILLINOIS:
Chicago:
Saint Thomas Building & Loan Association, 4424 West Walton Street.

DISTRICT NO. 8

MISSOURI:
Joplin:
The Home Building & Loan Association of Joplin, Missouri, Fourth & Main Streets.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN MAY 16 AND JUNE 15, 1940

ILLINOIS:
Berwyn:
Berwyn Savings, Building & Loan Association, 6804 West Thirty-second Street (voluntary liquidation).

MARYLAND:
Baltimore:
Cedar Building & Loan Association, Incorporated, 447 East Twenty-fifth Street (voluntary withdrawal).

NEW JERSEY:
Hackensack:
North Jersey Building & Loan Association of Hackensack, 1 East Mercer Street (merger with, and under name of, Oritani Building & Loan Association of Hackensack, New Jersey).

OHIO:
Dayton:
The West Side Building & Loan Company, Third & Broadway (voluntary liquidation).

WISCONSIN:
Milwaukee:
Badger Savings, Building & Loan Association, 212 West Wisconsin Avenue (liquidation, sale of assets, and transfer of 550 shares of Bank stock to Consolidated Savings & Loan Association, Milwaukee, Wisconsin).
Keystone Mutual Building & Loan Association, Colby-Abbot Building (liquidation, sale of assets, and transfer of 168 shares of Bank stock to Consolidated Savings & Loan Association, Milwaukee, Wisconsin).
Lakeside Building & Loan Association, 2551 North Downer Avenue (liquidation).
Republic Building & Loan Association, 110 East Wisconsin Avenue (liquidation, sale of assets, and transfer of 60 shares of Bank stock to Consolidated Savings & Loan Association, Milwaukee, Wisconsin).
Sherman Park Building & Loan Association, 2800 West Center Street (segregation, sale of assets, and transfer of 225 shares of Bank stock to Sherman Savings & Loan Association, Milwaukee, Wisconsin).

II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN MAY 16 AND JUNE 15, 1940

DISTRICT NO. 2

NEW JERSEY:
Montclair:
First Federal Savings & Loan Association of Montclair, 28 South Park Street (converted from Nishuane Building & Loan Association).

DISTRICT NO. 3

PENNSYLVANIA:
New Castle:
Equitable Federal Savings & Loan Association of New Castle (converted from Equitable Building & Loan Association of New Castle, Pennsylvania).
First Federal Savings & Loan Association of New Castle (converted from New Castle Mutual Building & Loan Association).

DISTRICT NO. 4

NORTH CAROLINA:
Reidsville:
First Federal Savings & Loan Association of Reidsville, 109 Gilmer Street (converted from Rockingham Building & Loan Association).

DISTRICT NO. 7

WISCONSIN:
Milwaukee:
Modern Federal Savings & Loan Association, 3508 West North Avenue (converted from Modern Savings & Loan Association).

CANCELATIONS OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTERS BETWEEN MAY 16 AND JUNE 15, 1940

PENNSYLVANIA:
Philadelphia:
Oxford Federal Savings & Loan Association of Philadelphia, 1523 West Girard Avenue (merger with, and under name of, Founders-Oxford Federal Savings & Loan Association, Philadelphia, Pennsylvania).

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

DISTRICT NO. 2

NEW YORK:
Pearl River:
The Park Co-operative Savings & Loan Association of Pearl River, New York, 3 Central Avenue.

DISTRICT NO. 3

PENNSYLVANIA:
Philadelphia:
Cayuga Federal Savings & Loan Association of Philadelphia, 101 South Twelfth Street.
Rochester:
Rochester Federal Savings & Loan Association, 361 Brighton Avenue.

DISTRICT NO. 5

KENTUCKY:
Campbellsville:
Taylor County Federal Savings & Loan Association.

OHIO:
Brookville:
The Brookville Building & Savings Association, 210 Market Street.

DISTRICT NO. 7

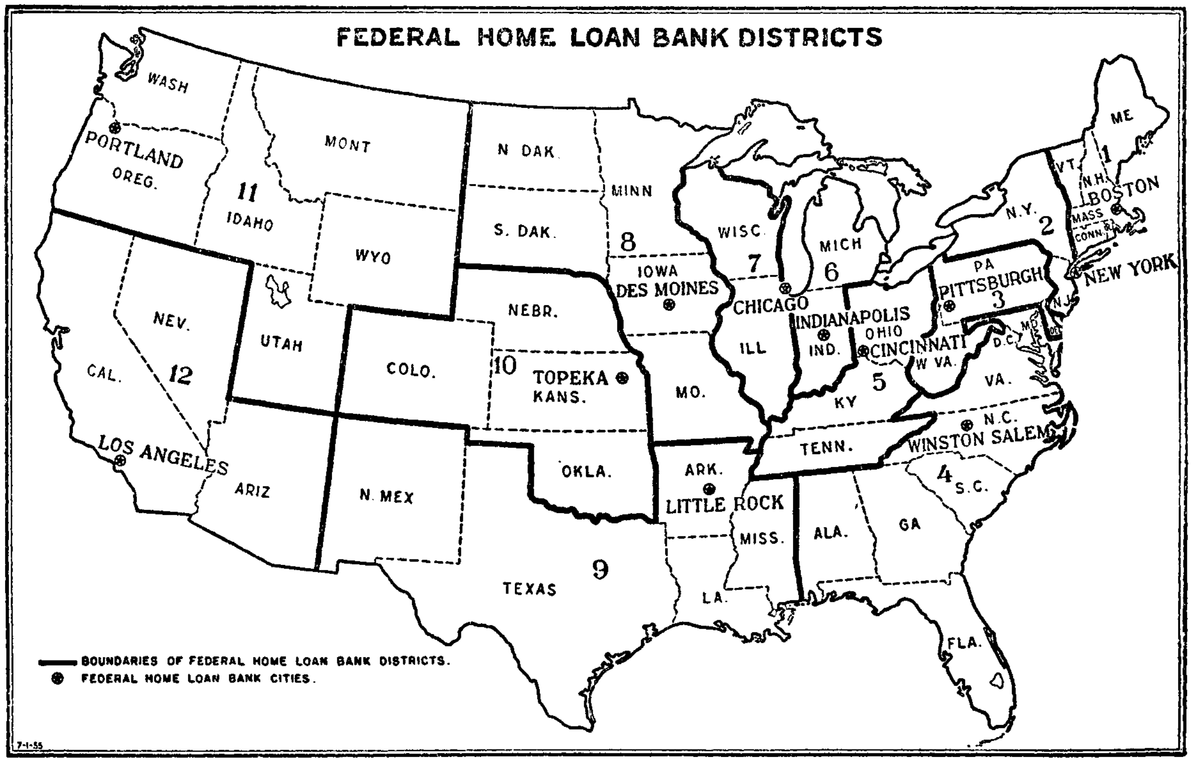
ILLINOIS:
Chicago:
West Pullman Savings & Loan Association, 700 West 119th Street.
Lockport:
Lockport Loan & Homestead Association.

Housing Corporation Surplus Funds

■ A RECENT ruling by the Federal Housing Administration permits housing corporations operating under Section 207 of the National Housing Act to invest reserve and surplus funds in building, savings and loan associations, whose accounts are insured by the FSLIC in amounts not in excess of $5,000. Heretofore such housing corporations have been required to invest their reserve funds only in Government bonds, or in bonds fully guaranteed as to principal and interest by the Government, or in pre-amortization of the insured mortgage.

Housing corporations which operate under Section 207 are regulated by the Federal Housing Administrator to provide reasonable rentals to tenants and to permit a reasonable but limited return on the investment.

U. S. GOVERNMENT PRINTING OFFICE: 1940



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