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HOUSING AND NATIONAL DEFENSE

The problems of housing for defense move into the spotlight. The ultimate solution of these problems demands the cooperative efforts of all branches of the home-financing industry. The program of the Defense Housing Coordinator and a report prepared under the auspices of the Twentieth Century Fund serve to focus attention on this most pressing task in housing.

■ HOUSING, one of our great peace-time efforts, is gradually becoming an essential part of the preparedness program that will remold our life in so many respects. The first important step towards the evolution of a defense housing plan was taken in the appointment of the Defense Housing Coordinator sometime ago. In a recent address before the Central Housing Committee, the Coordinator outlined a program including five general categories: (1) private housing; (2) the RFC Equity Purchasing Plan; (3) Federal Works Agency; (4) U. S. Housing Authority; and (5) the Armed Forces.

The Program

In general, the Coordinator pointed out, to *private industry* is assigned the major portion of demand by defense workers who can pay market rentals or make corresponding purchase payments in localities where the need is considered to be a permanent one. In most of the defense areas, this private portion is being taken up at various rates by construction and remodeling of dwellings. FHA mortgage insurance and member savings and loan associations of the Federal Home Loan Bank System were quoted by the Housing Coordinator as being "very important factors in this field." Every step in the program is designed to forestall any definite influence which would prevent private industry from fulfilling its obligations and making the most of its opportunity. Private capital is being encouraged to act by leaving to it the entire field of housing for sale. Governmental operations are now confined to rental projects. In most cases, the rent per month will be higher than the installment under the monthly purchase plan.

The *RFC Equity Purchase Plan* provides equity capital in the amount of $10,000,000 for rental housing projects in areas where the need is acute and is not otherwise met. These funds can be supplemented to the extent of $40,000,000 by FHA insured mortgages. Re-sale of equities is contemplated as rapidly as possible.

The Lanham bill authorizing the appropriation of $150,000,000, to be handled by the *Federal Works Administrator* for housing industrial defense workers, enlisted men, and Army and Navy employees, was signed on October 14. According to the Coordinator, this will take care of temporary need which none of the other measures are prepared to provide and which requires direct construction by some Federal agency other than the Army or Navy.

The *U. S. Housing Authority*, whose powers have been broadened by recent legislation, allocated about $31,000,000 for 25 defense housing projects from July 25 to the end of October. In the words of the Coordinator, this agency is proposed to step in where defense housing is needed for families of low income who are unable to pay market rents, and in communities where competent local housing authorities exist and funds are available.

An amount of $100,000,000 has been authorized for direct housing by the *Armed Forces* of enlisted personnel and defense workers, in addition to amounts allocated to housing the military forces—which properly falls into the category of military expenditure.

Magnitude of the Problem

The problem facing both private industry and public agencies is of no small magnitude. Preliminary estimates indicate that 160,000 to 200,000 dwelling units will be required to meet special housing needs for industrial defense workers—almost half as much as the 1939 total built in nonfarm areas throughout the United States and involving a probable capital outlay of $700,000,000, if newly constructed. Of this amount, approximately $300,000,000 will be available through public agencies. Consequently, the financing of the complete program as now contemplated must lean heavily on private enterprise.

Savings and loan associations, as the largest single group of mortgage lenders in the home-financing field, backed by the resources of the Federal Home Loan Bank System, are an important potential source of mortgage funds in defense localities. Certainly, executives in the industry will do well to devote a good deal of attention to the manifold problems arising from these new housing needs.

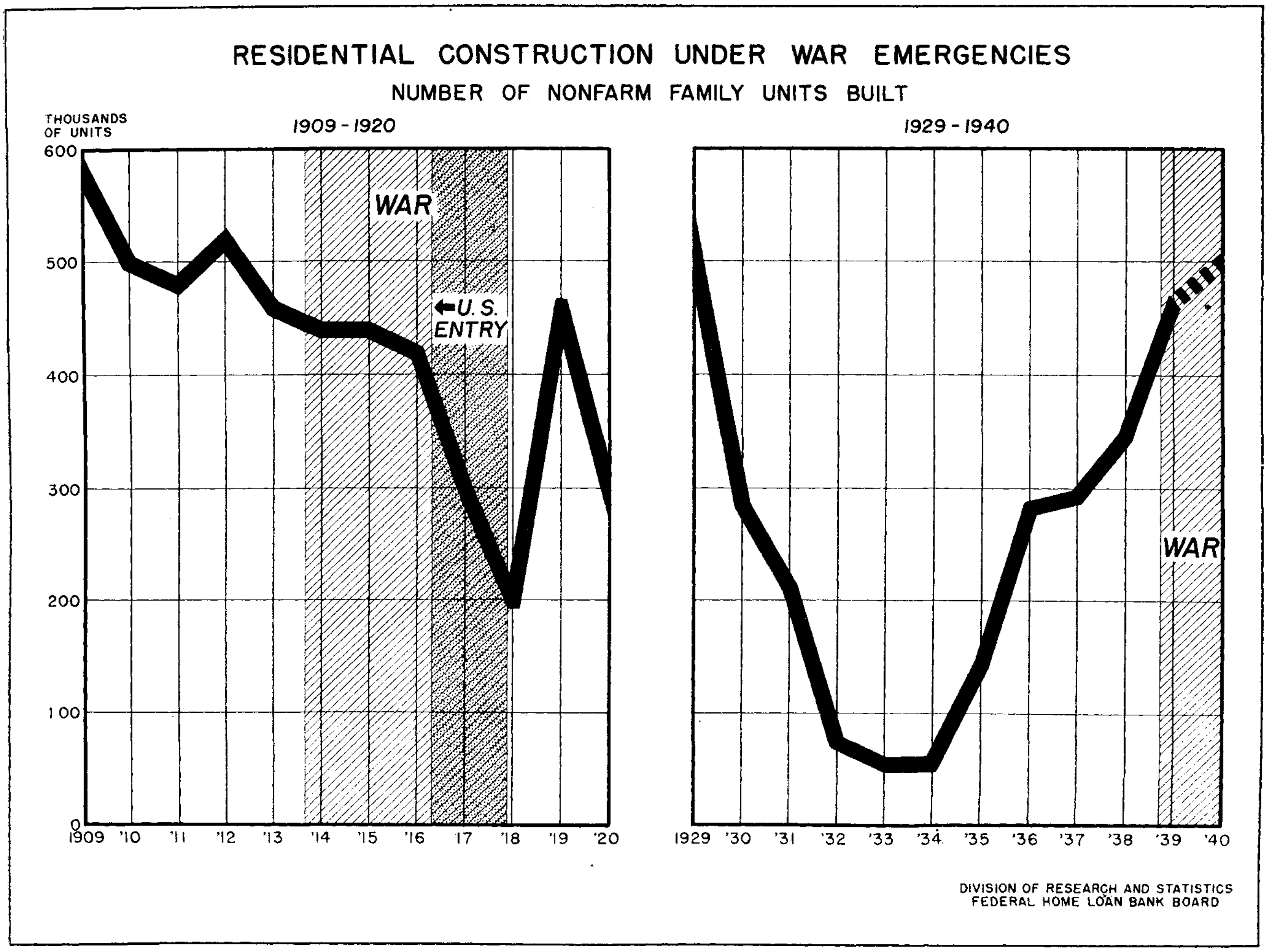
A report released by the Twentieth Century Fund [1] early in November presents not only a timely study of these problems but suggests a valuable outline of coordinated policies. The report, it may be noted, is the product of a private research organization and bears no official stamp, but because of its thoroughness and its specific recommendations it will serve as a useful guide through the thicket of the housing emergency that we are facing, even though not all of the proposed policies may meet with general approval.

Can We Learn From 1917–1918?

Naturally, in determining the course to take in this new emergency, we are looking back at the almost forgotten experience of the last war when similar needs arose. How can we apply the lessons of that earlier experience to our present problems? The report of the Twentieth Century Fund, after a careful analysis of war housing in 1917–1918, points out that our efforts at that time were thwarted by the failure to recognize the dependence of efficient armament production on adequate housing, by the lack of advance planning, by administrative confusion and delays, and by the absence of the most elementary factual information.

In many respects, we are better equipped today

[1] *Housing for Defense*, Twentieth Century Fund, New York City, 1940.



This chart contrasts the trend of residential construction in the years preceding and during World War I with the trend in the period preceding World War II and during its first year. When war broke out in 1914, residential building was on the downswing and war conditions, particularly after the entry of the United States, operated to accentuate the reduction in construction volume. When war broke out in the fall of 1939, residential building, after a pronounced slump, had been on the upgrade for five years and in the first year of war the trend continued upward.

to handle defense housing more effectively. "No general labor shortages in construction or manufacturing threaten us. Building materials of all kinds are readily available and no scarcities are anticipated, although in the future it may prove necessary to limit certain items to the armament industries.[1] Our present transportation facilities seem adequate for us to avoid—at least for some time—the problem of priorities, with its delays and risks to capital. Under such favorable circumstances, violent price rises are not likely during the next six to 12 months. Even then they may be deferred if competition with defense requirements has not developed by that time. There is, moreover, no likelihood of a general shortage of funds to lend for sound housing operations."

Despite its inertia and shortcomings, the building industry of today is better geared to the construction of low-priced homes than it was 23 years ago. Our factual knowledge of local housing conditions, although still woefully inadeqate, is more complete than during the last war. Last but not least, the existence of Federal and local agencies with considerable experience in the field provides at least the instrumentalities for an immediate and effective implementation of defense housing plans.

Sources of Supply

While, in the opinion of the Twentieth Century Fund consultants, our resources should be sufficient at least in the near future to provide adequate new housing for defense workers, the report recognizes that new construction is only one among several means of meeting special housing demands. The supply will come from four sources: (a) new dwelling units now under construction; (b) additional new construction; (c) vacancies in existing habitable structures; and (d) rehabilitation and conversion of existing buildings. Also, increased ownership of automobiles and the expanded network of highways have introduced new elements in the planning of defense housing. Improved transportation facilities will permit us to utilize the labor force and housing accommodations of larger areas surrounding production plants.

As vacancy ratios generally were low before the present emergency began, existing vacancies can probably do no more than absorb the first impact of the increased need, except in localities where defense orders may be handled almost entirely by a transfer of labor from peace-time to defense activity. However, up-to-date vacancy surveys by types of dwellings and price ranges are indispensable for an intelligent utilization of existing structures. In some localities, unoccupied HOLC properties may add to the supply of defense housing.

Characteristics of Housing Needs

The next important question is: What type of housing is needed? The group of defense workers to be housed generally is above the economic class with which public housing is concerned and it usually lies below the class which is being supplied by private builders. "It is predominantly a group which occupies the medium grades of used housing." Data for the major industries which might be classified as defense industries reveal an average annual wage income of $1,430 for 1938 compared with $1,272 for all manufacturing industries, and current weekly rates indicate a 10-percent increase in annual wage income of defense workers compared with 1938. In conclusion, defense workers as a whole are evidently above the income level of the average industrial worker.

In spite of the urgencies of housing single individuals, the bulk of the demand will come from workers with families consisting, in the majority of cases, of three or four persons. In the normal community, about 40 percent of this group will own their homes, but the report states that due to the instability of an emergency defense program, the demand for rented shelter will probably be greater than under ordinary circumstances.

The report makes a strong plea for the building of permanent rather than temporary structures: "Except under unusual circumstances, the strictly temporary structure promises a dubious advantage in cost or time of erection—if, in effect, it offers any advantage at all. In the light of experience it is rarely temporary in any real sense. It often gives an excuse for makeshift construction and makeshift land platting under the plea of an emergency and leaves an aftermath of blight and slums. If it is to be considered, the weight of advantage will lie in an incompleted house which may be adapted to future needs rather than a structure calculated to have a definitely limited period of utility."

Another notable recommendation of this study is that the construction of single- and 2-family dwellings (detached, semi-detached, and row) should be

[1] Editor's note: By the end of October, scarcities in certain building materials items have already become apparent and are reflected, for example, in a sharp rise of lumber prices. For recent changes, see "Building Costs," page 51.

emphasized rather than the building of apartment houses. The suitable house for defense workers, it points out, falls in a cost range of $2,500 to $4,000, including land, for at least a 2-bedroom unit—a house, in other words, such as builders in many localities now market, though in insufficient quantity. Compared with these types of dwellings, the apartment house requires more of the heavy materials—concrete and steel—that are likely to be needed for other defense construction. The erection of multifamily dwellings not only requires a longer period of time, but the initial costs of such dwellings are almost certain to be greater than the row house of similar standards and accommodations.

Defense Housing: Private Versus Public Construction

Reviewing the prospects for private operations in the defense housing field, the report points out that "the private building industry may go far toward meeting defense housing needs without any great necessity for unusual governmental assistance." Maximum utilization of private initiative will depend upon the extent to which we may:

a. Avoid the isolated, but extremely dangerous, instances of heavy concentration of industrial activity;

b. Keep down migration of labor, particularly low-paid, unskilled labor;

c. Balance defense activity with the resources in existing dwellings and in building capacity of the communities in which it is located; and

d. Make known the size and character of housing needs to builders before crises develop; and also

e. Find means of adapting the building industry to suddenly increased and specialized demands.

In a series of conclusions supplementing the report, the Housing Committee of the Twentieth Century Fund presents a clear and reasoned statement on the role of private and public housing for defense:

> The question is not a matter of doctrine regarding public or private enterprise but is a practical matter as to what is the most intelligent and effective way of doing the job under all circumstances. In every case where it is more practicable to meet a national emergency by private enterprise we should meet it that way, not for the sake of private enterprise but because it offers the best means of meeting a particular need. If it is more practicable to meet an emergency situation by public enterprise, then we should do it that way, not for doctrinaire reasons but because public effort is best suited to the condition.

Recommendations of the Twentieth Century Fund Committee

On the basis of these principles, the Housing Committee of the Twentieth Century Fund suggests the following methods of expansion of existing Government activities in the housing field:

1. Home Owners' Loan Corporation.
   - A. Investment by the HOLC in savings and loan shares for the purpose of augmenting the supply of mortgage funds in areas where local financing facilities are insufficient to meet defense needs (on September 30, approximately $78,500,000 of the authorized total for such investments was unused).
   - B. Repair and conversion of suitable foreclosed properties and advances to mortgagors for remodeling of dwellings to accommodate a greater number of defense workers.
2. Federal Housing Administration.
   - A. Extension of Title I insurance for newly constructed small homes beyond July 1, 1941.
   - B. Removal of deterrents to rental housing projects under Section 207 of the National Housing Act.
3. RFC Mortgage Company.

   Where the above measures are insufficient, the RFC Mortgage Company should make:
   - A. First mortgage loans on new homes insured under Titles I and II of the National Housing Act.
   - B. First mortgage loans on rental properties and intermediate loans in cases where private equity capital cannot be secured.

Even with such extended government assistance, however, direct government operations may be necessary in unusual situations where, for example, workers without families are to be accommodated or where the demand in all probability will be temporary. For meeting these needs the Committee recommends that amounts for the building of housing facilities be included in RFC loans made to defense industries for new plants, or that the RFC make loans to local housing authorities or cooperatives. Operations of the U. S. Housing Authority, it points out, should be confined to the original slum clearance program but be concentrated in communities of high defense activity. The Committee believes it unwise to devise new schemes involving special insurance for loans or equities or bonuses to private operators and recommends, instead, complete governmental financial responsibility.

Among its many other, more general recommendations the Committee urges the fullest possible utilization of existing housing before the undertaking of new construction, through establishment of registry services for vacant dwellings and rooms, repair and conversion campaigns, and development of additional transit facilities.

In the Meantime . . .

The report places due emphasis on the fact that meanwhile the maintenance of a high level of residential construction—and, it may be added, a high level of rehabilitation for the provision of more adequate living quarters—is most desirable. A large volume of new building assures continuous additions to the supply of existing housing before expanding factory and military construction makes unusual demands on building labor and materials; thus, future bottlenecks may be prevented. "Business as usual" in this case is the most productive attitude to take in the face of impending emergencies.

In the meantime, the designation of defense communities and areas will proceed. In this process, the local housing situation is, of course, only one of many factors to be considered. No one can overlook the fact that the execution of a defense housing program, while presenting a national task of the first order and calling for efforts beyond local resources, remains in many respects a local problem.

Consumer Installment Debt

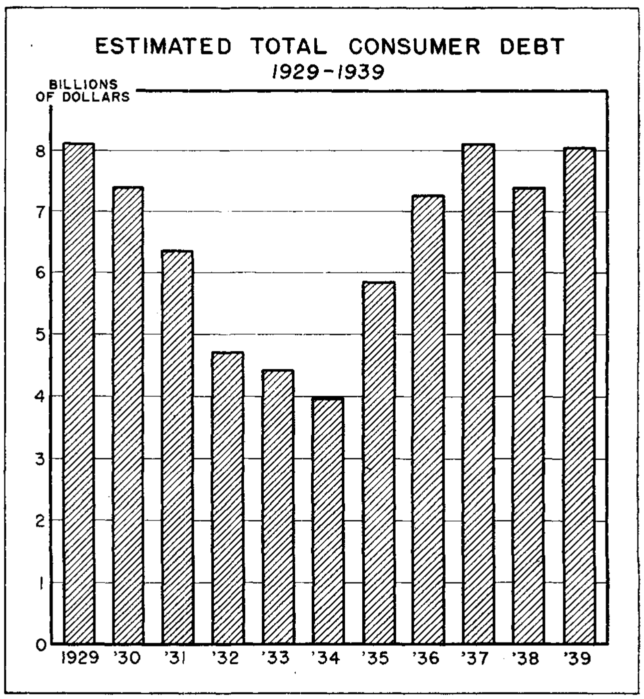
■ CHANGES in the volume of consumer installment indebtedness deserve the attention of mortgage-lending institutions for two principal reasons: installment purchases of automobiles, refrigerators, radios, furniture, and other household goods frequently are an alternative to the acquisition or improvement of homes; and, the ability of mortgage borrowers to meet their contractual payments is often related to the volume of personal obligations which the borrowers have assumed.

According to the 1939 Census of Business,[1] sales-finance companies during 1939 purchased nearly $2,000,000,000 and insured commercial banks $750,000,000 of retail installment paper. Holdings of such paper by finance companies rose from $1,143,728,000 at the end of 1938 to $1,348,824,000 at the close of 1939, or 18 percent. Holdings of insured commercial banks, while smaller in volume, increased at a faster rate from $350,000,000 to $541,243,000, or almost 55 percent.

The automobile continues to dominate the retail installment field. Of the total holdings at the end of 1939, automotive paper represented 73.2 percent.

The volume of personal loans made during 1939 by personal-finance companies, industrial-banking companies, personal-loan departments of commercial banks, cooperative credit unions, and pawn brokers is estimated at $2,260,000,000, of which $757,300,000 was written by personal-finance companies and $592,000,000 by personal-loan departments of commercial banks. The amount outstanding at the end of the year exceeded $1,175,000,000—a gain of about $165,000,000 over 1938.

Total estimated consumer debt, including direct retail credit, was slightly in excess of $8,000,000,000 at the end of 1939. Although the volume of consumer credit originated each year exceeds the volume of new home-mortgage loans, the outstanding consumer debt is less than one-half the outstanding home-mortgage debt, owing to the short-term character and quick turn-over of consumer credit.



[1] U. S. Department of Commerce, Bureau of the Census, *Sales Finance Companies and Banks' Holdings of Retail Installment Paper*, Washington, D. C., 1940.

AMERICAN CITIES—TEN YEARS OF GROWTH AND DECLINE

Preliminary results of the Decennial Census of 1940 throw an interesting light on trends in city population during the past decade. These trends, and their effects on housing and mortgage financing, are of vital importance to savings and loan associations.

■ THE story of American cities never lacked drama. Until one or two decades ago, it was a story of exuberant growth—one of the most fascinating chapters in the settlement of a continent. Our urban population expanded by leaps and bounds, and local enthusiasts, carried away by the craving for bigness, did not hesitate to project past growth into the distant future, arriving at fantastic city population estimates for the generations to come.

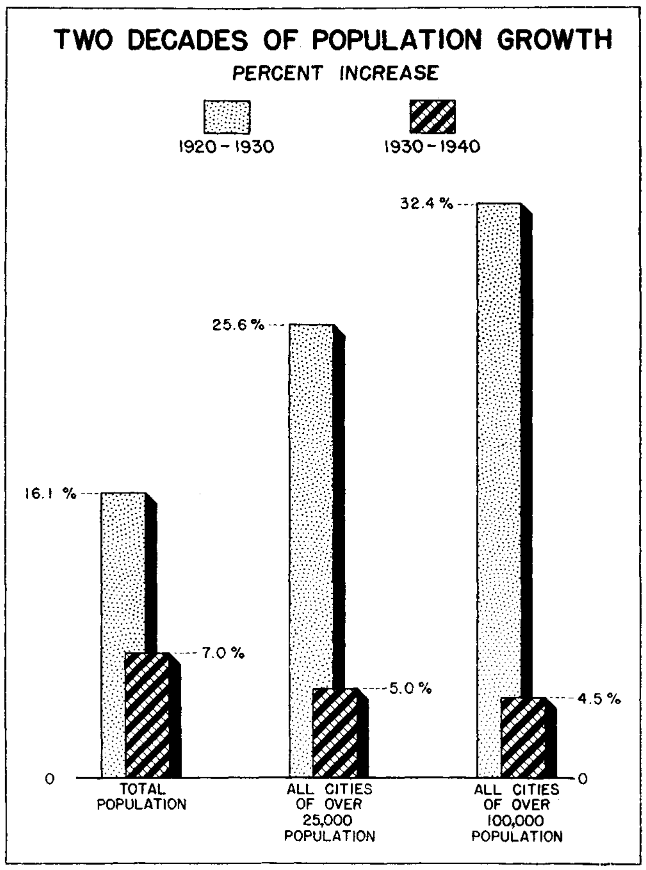
The general upward trend of urbanization throughout the country obscured the fact that violent expansions had their counterpart in violent contractions, although on a lesser scale, contractions reflecting the restless movement of a young people. We had our boom towns, but we also developed ghost towns where exploitation had completely exhausted existing mines or other rich natural resources of the community.

The New Era of Maturity

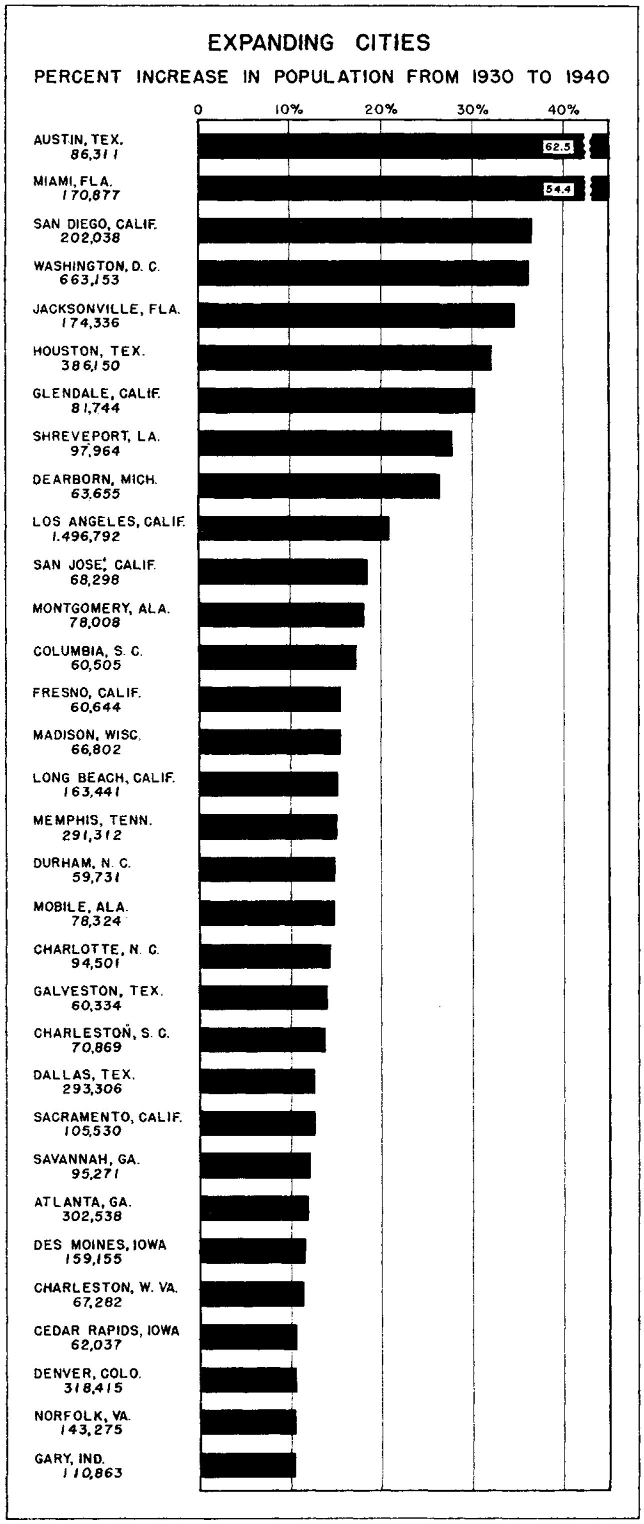
We know that this dramatic period of city development has come to a close. We have reached what economists and sociologists call a stage of maturity. With the virtual stoppage of immigration and with a declining birth rate, our population growth has ceased to be spectacular, and cities, at least during the 1930's, have no longer been the centers of golden opportunities, inducing large-scale migrations from the farms. However, the census figures for 1940, released during the last few months, still tell a vivid story, although it is a story of significant shifts rather than of general expansion. Some cities still show phenomenal gains, but numerous other cities manifest declining or static population.

Slowing Down of City Growth

It is impossible within the frame-work of this article to present the complete results of the city census of 1940. However, certain outstanding general characteristics deserve the attention of all those interested in city problems, real estate, and mortgage lending. First, the 412 cities with 25,000 or more population for which preliminary counts have been released show an aggregate increase in inhabitants of 5 percent from 1930 to 1940, compared with a gain of 25.6 percent for the same communities in the preceding decade. As our total population increase in the past 10-year period is estimated at



This chart compares the population growth from 1930 to 1940 with the population increase from 1920 to 1930 for the United States as a whole, for cities of 25,000 inhabitants or more, and for cities of 100,000 inhabitants or more. In the decade 1920 to 1930, city population increased at a faster rate than total population. In the decade 1930 to 1940, this trend was reversed.



The above chart shows the percentage increase in population for 32 cities with 50,000 inhabitants or more. The cities listed in the chart recorded the largest population gains from 1930 to 1940. The figures below city names indicate the population in 1940, as reported in preliminary census returns. All data refer to corporate city limits.

7 percent, this itself indicates a relative slackening in city growth for the communities of 25,000 population or more.

Moreover, 108 of the 412 cities, or more than one-quarter, show a loss of population during the period from 1930 to 1940, while only 23 recorded a population decrease in the preceding decade. Another significant symptom is the fact that the number of cities with 100,000 population or more dropped from 93 to 92—the first time in American history that there has been a decrease in the number of cities in this population bracket.

The chart on page 39 illustrates clearly the reversed trends in population growth. From 1920 to 1930, the population of cities with 25,000 inhabitants or more grew at a much faster rate than the total population of the United States, and the greatest increase was in the larger cities. From 1930 to 1940, just the opposite was true. City population expanded at a slower rate than total population and the greatest falling off, relatively speaking, was in the larger cities.

Caution must be used in drawing too far-reaching conclusions from the city population figures. They show the population trends within existing city boundaries only and it is common knowledge that the past decade witnessed an accentuation of the movement from the inner districts to the rim of cities, to suburban areas which frequently are outside the city limits. Thus, seemingly static cities may in reality continue to grow but the emphasis may have shifted to the outlying areas that are rapidly being urbanized. Statistics on metropolitan areas, now in the process of preparation, will show these tendencies more accurately. At any rate, there seems to be little reason to believe that urbanism as a way of living is generally on the decline. Rather, the forms of urbanism are undergoing a notable change.

Regional Variations

With these reservations, some of the more conspicuous trends in city population may be reviewed. The two bar charts on these pages, showing the 32 largest population increases and decreases in cities with 50,000 inhabitants or more, illustrate the wide variations of population trends from 1930 to 1940. These variations range from a 62.5-percent increase in Houston, Texas, to a 16.3-percent decrease in Hoboken, New Jersey. Among the static cities not reflected in the charts are large industrial and commercial centers such as Boston, St. Louis, Philadelphia, and Pittsburgh.

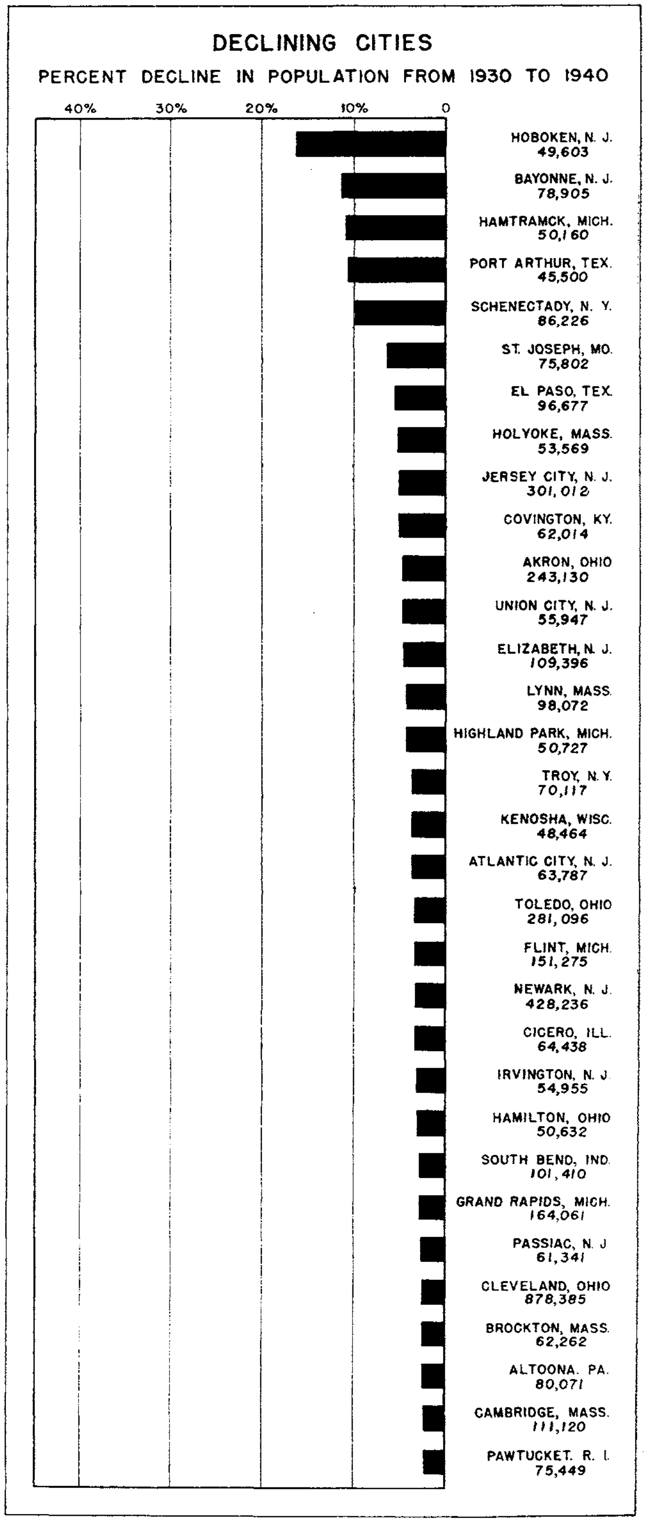
Large additions to city population were concentrated in the South and West, whereas the declines took place primarily in the East and the North Central sections. These urban changes parallel the general population movement during the decade, as revealed by Table 2 on page 43 which shows population gains and losses by Federal Home Loan Bank Districts and by States.

Generally, the South and the West registered the largest increases in total population, with most of the New England States and the Middle Atlantic and East North Central sections indicating moderate gains, and the "Dust Bowl" States (North and South Dakota, Nebraska, Kansas, and Oklahoma) and Vermont showing actual decreases in population. Of the 12 Federal Home Loan Bank regions, the Los Angeles District ranks first in population growth, followed by the Winston-Salem, Portland, Little Rock, and Indianapolis Districts, all of which recorded more than average gains. Boston, Pittsburgh, Chicago, and Des Moines showed but moderate increases, and the Topeka District suffered a population loss.

All this reflects in part the large-scale internal migrations which have taken place in the last decade. The progressing industrialization of several southern States has attracted residents from other parts of the country and has operated to slow up emigration from these States. The climatic wonders of Florida and California have continued to lure people from all over the country. Storms have driven farmers from the Dust Bowl States to seek opportunities elsewhere. To some extent, differences in the birth rate also may explain the various regional trends in population.

Increase in Number of Families

Census data on the number of families—which is the true indicator of the housing demand—are still incomplete but they are sufficient in coverage to demonstrate that the number of families has grown much faster than the total population. Even in States and cities with declining or static population, the number of families has continued to increase during the past decade. These different trends are due to a phenomenon observed in all highly civilized industrial countries: Our birth rate has declined, with the result that the average American family has been decreasing in size—a process which has continued over a long period of time and which has, of course, a vital effect on the type and size of dwellings in demand.



This chart shows the percentage decline in population for 32 cities with 50,000 inhabitants or more. The cities listed in the chart recorded the largest population losses from 1930 to 1940. The figures below city names indicate the population in 1940, as reported in preliminary census returns. All data refer to corporate city limits.

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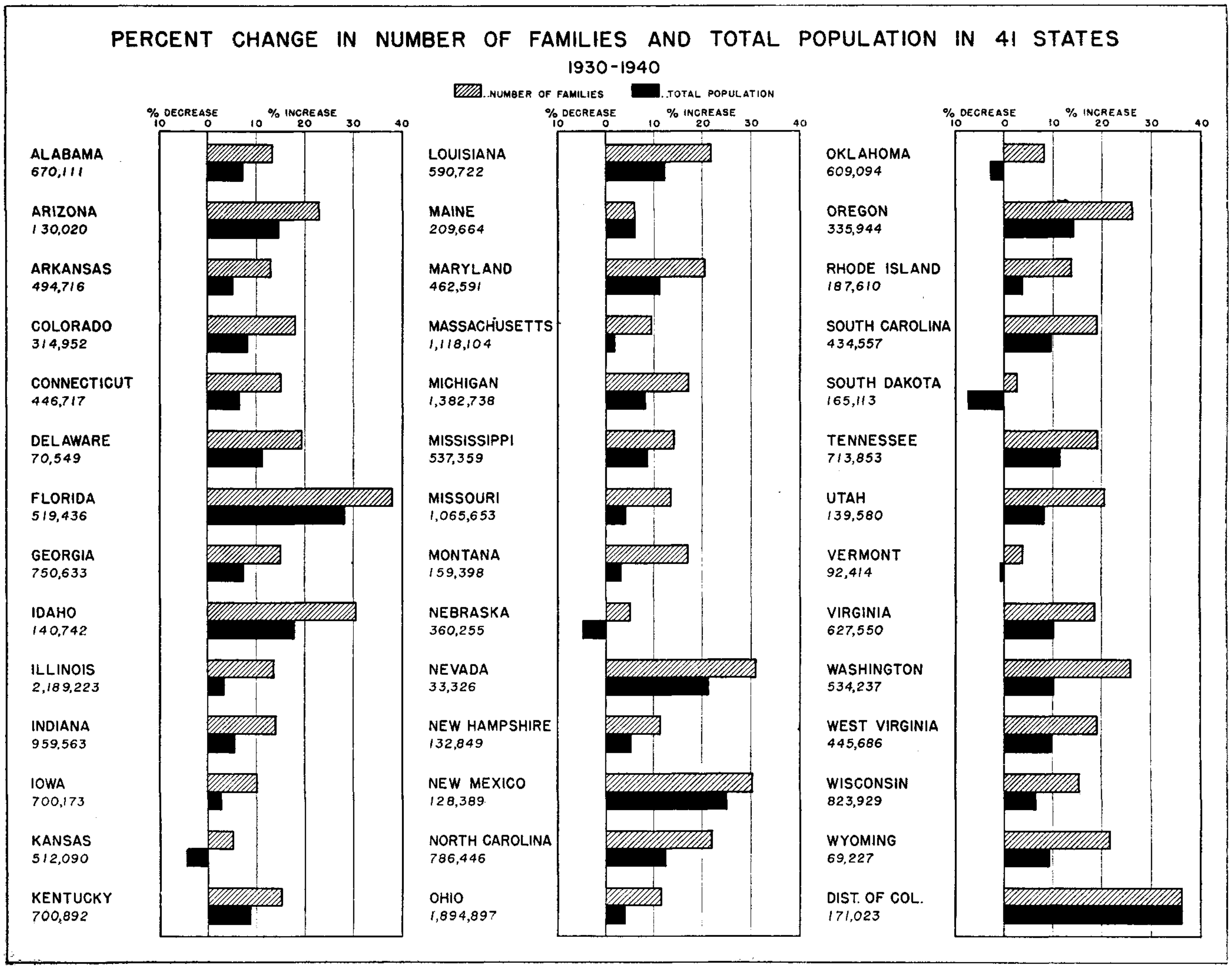


In all States showing increases in population as well as in families, the percentage rise in the number of families exceeded the percentage growth of total population, and in the few States reporting population losses, the number of families increased, though at a comparatively low rate. Figures below State names indicate the number of occupied dwelling units which, according to the Bureau of the Census, represent approximately the number of private households and may be roughly compared with the number of private families shown in the preceding census report.

The accompanying chart illustrates the changes in the number of families and in total population for States for which complete data are available. Table 1 shows the number of families in 1940, and the percentage change from 1930 compared with the percentage change in population, for 60 cities of 100,000 population or more. While all these data confirm the fact that the increase in the number of families was in excess of total population growth, the net addition of families from 1930 to 1940 was smaller than during the previous decade. From 1920 to 1930 the number of families in the 60 cities included in Table 1 rose 41.2 percent from 5,624,305 to 7,945,972—a gain of 2,321,667 families. In the past decade, however, the increase was only 1,211,347 families, or 15.2 percent.

Importance to Mortgage Lenders

With large local differences in city population trends, observation of community conditions becomes increasingly important for mortgage-lending institutions. No longer can we rely on a general growth of urban population engendering an over-all rise in the demand for homes and a continuous increase of real estate values. The more checkered pattern of present population trends requires refined analyses to gauge local markets.

This does not necessarily mean that home building and home-mortgage lending in cities with static or declining population will generally be reduced. While over-all trends of urban population are indicative of city growth and decline, the demand for homes is determined by the number of families rather than by the number of total inhabitants, and—as was shown—the period from 1930 to 1940 was characterized by a much more favorable trend in the number of urban *families* than in *total* city population. Moreover, under normal economic conditions, the demand for replacement of dwellings in many of the older communities may be so large as to cause substantial new loan volumes, while changes in ownership, refinancing, and reconditioning as well as increasing preferences for single-family houses will require continually active home-financing operations even though our urban population increases at a lower rate.

Table 1.—Increase in number of families and total population growth in 60 selected cities

City	Number of families		Population change, 1930–1940 (percent)
	Total 1940	Percent increase, 1930–1940	
Akron, Ohio	66, 357	6. 1	−4. 7
Atlanta, Ga	81, 821	20. 8	11. 9
Baltimore, Md	225, 952	16. 5	6. 1
Birmingham, Ala	71, 424	11. 1	1. 7
Boston, Mass	197, 731	10. 3	−1. 5
Bridgeport, Conn	38, 880	8. 6	0. 1
Buffalo, N. Y	151, 915	8. 8	0. 4
Chattanooga, Tenn	33, 460	14. 7	7. 0
Chicago, Ill	948, 474	12. 6	0. 2
Cincinnati, Ohio	135, 458	10. 6	0. 4
Cleveland, Ohio	242, 468	9. 5	−2. 4
Dallas, Tex	83, 789	24. 8	12. 6
Dayton, Ohio	59, 523	12. 8	5. 2
Denver, Colo	96, 294	21. 4	10. 6
Des Moines, Iowa	46, 507	22. 1	11. 6
Detroit, Mich	434, 660	17. 4	3. 2
Erie, Pa	30, 680	8. 8	0. 2
Fort Worth, Tex	51, 632	20. 0	8. 7
Gary, Ind	30, 336	31. 3	10. 4
Grand Rapids, Mich	47, 455	9. 2	−2. 7
Hartford, Conn	44, 149	8. 8	1. 4
Houston, Tex	106, 402	41. 1	32. 1
Indianapolis, Ind	111, 316	12. 9	6. 0
Jacksonville, Fla	45, 490	40. 4	34. 6
Jersey City, N. J	79, 552	4. 3	−5. 0
Kansas City, Kans	34, 142	8. 0	−0. 5
Louisville, Ky	90, 053	12. 5	3. 6
Memphis, Tenn	80, 079	17. 3	15. 1
Miami, Fla	48, 256	56. 9	54. 4
Milwaukee, Wis	164, 432	14. 7	2. 0
Minneapolis, Minn	142, 072	21. 2	5. 5
Nashville, Tenn	45, 735	16. 1	8. 8
New Haven, Conn	42, 430	7. 3	−1. 5
New Orleans, La	132, 765	18. 6	7. 3
New York, N. Y	2, 051, 358	19. 1	6. 5
Newark, N. J	112, 040	6. 6	−3. 2
Norfolk, Va	37, 567	17. 9	10. 5
Oakland, Calif	97, 412	17. 3	7. 3
Oklahoma City, Okla	59, 321	25. 9	10. 3
Omaha, Nebr	62, 087	13. 7	4. 3
Paterson, N. J	38, 686	9. 0	0. 8
Philadelphia, Pa	507, 157	10. 6	−0. 8
Pittsburgh, Pa	175, 135	12. 9	−0. 7
Portland, Oreg	101, 635	17. 1	1. 9
Providence, R. I	67, 772	10. 4	0. 1
Richmond, Va	50, 992	13. 9	4. 1
St. Louis, Mo	234, 512	9. 1	−1. 0
St. Paul, Minn	80, 546	18. 9	6. 0
Salt Lake City, Utah	41, 505	20. 6	7. 0
San Francisco, Calif	206, 523	15. 6	−0. 8
Scranton, Pa	35, 514	7. 9	−2. 1
Spokane, Wash	38, 911	22. 0	6. 0
Springfield, Mass	40, 334	6. 0	−0. 6
Tacoma, Wash	38, 242	25. 1	0. 7
Toledo, Ohio	79, 194	7. 1	−3. 3
Tulsa, Okla	41, 257	11. 6	0. 3
Wichita, Kans	34, 743	16. 0	2. 2
Worcester, Mass	48, 644	6. 1	−1. 0
Yonkers, N. Y	38, 517	18. 5	5. 8
Youngstown, Ohio	41, 099	5. 3	−1. 5

Table 2.—Population of the United States, by Federal Home Loan Bank Districts and by States, 1940 compared with 1930

Federal Home Loan Bank District and State	1940	1930	Percent change
UNITED STATES	[1] 131, 409, 881	122, 775, 046	7. 0
No. 1—Boston	8, 426, 566	8, 166, 341	3. 2
Connecticut	1, 710, 112	1, 606, 903	6. 4
Maine	845, 139	797, 423	6. 0
Massachusetts	4, 312, 332	4, 249, 614	1. 5
New Hampshire	489, 716	465, 293	5. 2
Rhode Island	711, 669	687, 497	3. 5
Vermont	357, 598	359, 611	−0. 6
No. 2—New York	17, 528, 184	16, 629, 400	5. 4
New Jersey	4, 148, 562	4, 041, 334	2. 7
New York	13, 379, 622	12, 588, 066	6. 3
No. 3—Pittsburgh	12, 056, 529	11, 598, 935	3. 9
Delaware	264, 603	238, 380	11. 0
Pennsylvania	9, 891, 709	9, 631, 350	2. 7
West Virginia	1, 900, 217	1, 729, 205	9. 9
No. 4—Winston-Salem	18, 436, 564	16, 472, 252	11. 9
Alabama	2, 830, 285	2, 646, 248	7. 0
District of Columbia	663, 153	486, 869	36. 2
Florida	1, 877, 791	1, 468, 211	27. 9
Georgia	3, 119, 953	2, 908, 506	7. 3
Maryland	1, 811, 546	1, 631, 526	11. 0
North Carolina	3, 563, 174	3, 170, 276	12. 4
South Carolina	1, 905, 815	1, 738, 765	9. 6
Virginia	2, 664, 847	2, 421, 851	10. 0
No. 5—Cincinnati	12, 640, 542	11, 877, 842	6. 4
Kentucky	2, 839, 927	2, 614, 589	8. 6
Ohio	6, 889, 623	6, 646, 697	3. 7
Tennessee	2, 910, 992	2, 616, 556	11. 3
No. 6—Indianapolis	8, 661, 164	8, 080, 828	7. 2
Indiana	3, 416, 152	3, 238, 503	5. 5
Michigan	5, 245, 012	4, 842, 325	8. 3
No. 7—Chicago	11, 000, 036	10, 569, 660	4. 1
Illinois	7, 874, 155	7, 630, 654	3. 2
Wisconsin	3, 125, 881	2, 939, 006	6. 4
No. 8—Des Moines	10, 377, 887	10, 037, 953	3. 4
Iowa	2, 535, 430	2, 470, 939	2. 6
Minnesota	2, 785, 896	2, 563, 953	8. 7
Missouri	3, 775, 737	3, 629, 367	4. 0
North Dakota	639, 690	680, 845	−6. 0
South Dakota	641, 134	692, 849	−7. 5
No. 9—Little Rock	13, 432, 860	12, 213, 928	10. 0
Arkansas	1, 948, 268	1, 854, 482	5. 1
Louisiana	2, 355, 821	2, 101, 593	12. 1
Mississippi	2, 181, 763	2, 009, 821	8. 6
New Mexico	528, 687	423, 317	24. 9
Texas	6, 418, 321	5, 824, 715	10. 2
No. 10—Topeka	6, 561, 233	6, 690, 793	−1. 9
Colorado	1, 118, 820	1, 035, 791	8. 0
Kansas	1, 799, 137	1, 880, 999	−4. 4
Nebraska	1, 313, 468	1, 377, 963	−4. 7
Oklahoma	2, 329, 808	2, 396, 040	−2. 8
No. 11—Portland	4, 681, 825	4, 233, 232	10. 6
Idaho	523, 440	445, 032	17. 6
Montana	554, 136	537, 606	3. 1
Oregon	1, 087, 717	953, 786	14. 0
Utah	548, 393	507, 847	8. 0
Washington	1, 721, 376	1, 563, 396	10. 1
Wyoming	246, 763	225, 565	9. 4
No. 12—Los Angeles	7, 481, 491	6, 203, 882	20. 6
Arizona	497, 789	435, 573	14. 3
California	6, 873, 688	5, 677, 251	21. 1
Nevada	110, 014	91, 058	20. 8

[1] Including allowance for supplementals not distributed by States.

CITY GROWTH: ". . . All of which has given American cities a characteristic growth pattern very much like that of a tree—except for one all-important difference. Each year the tree adds a growth ring to its circumference increasing by that much the tough, live center of heartwood. Our cities have also grown on the periphery but usually at the expense of the core, leaving centers of decay and dilapidation."

Henry M. Propper, at the Southwest Graduate School for Savings and Loan Executives.

CRITERIA: "There are two principal criteria by which the success of mortgage-lending operations can be judged: (1) the extent to which loans are repaid in accordance with the provisions of the loan contract; and (2) the extent to which, notwithstanding the failure of performance on the loan contract, funds lent are recaptured and satisfactory earnings are maintained. . . . Which of these criteria is adopted by a mortgage officer is of considerable importance. The decision may influence his attitude toward every loan which he is asked to make."

Dr. Ernest M. Fisher, *The Mortgage Banker*, Oct. 1, 1940.

A WARNING: "There are many conditions present today which can result in a very substantial upturn in real estate conditions in the next few years. If that upswing becomes unbridled we will encounter the same troubles we have just experienced. The future is an unknown, but as the present rolls by some signs are revealed which can warn those who are paying any attention to the red lights as they become apparent."

G. H. Fallin, *National Real Estate Journal*, September 1940.

EXPERIENCE: "The purchase of a home should be the beginning of a very happy experience. It should not be the beginning of a series of disappointments, nor should it be the cause of continual worries. Probably the one factor that will cause more trouble than any other is overselling. That means simply that the purchaser was allowed to buy something which is beyond his ability to pay for if anything unexpected or emergent arises."

Wm. J. Flather, Jr., *Freehold*, Sept. 1, 1940.

Primary objective . . . . .

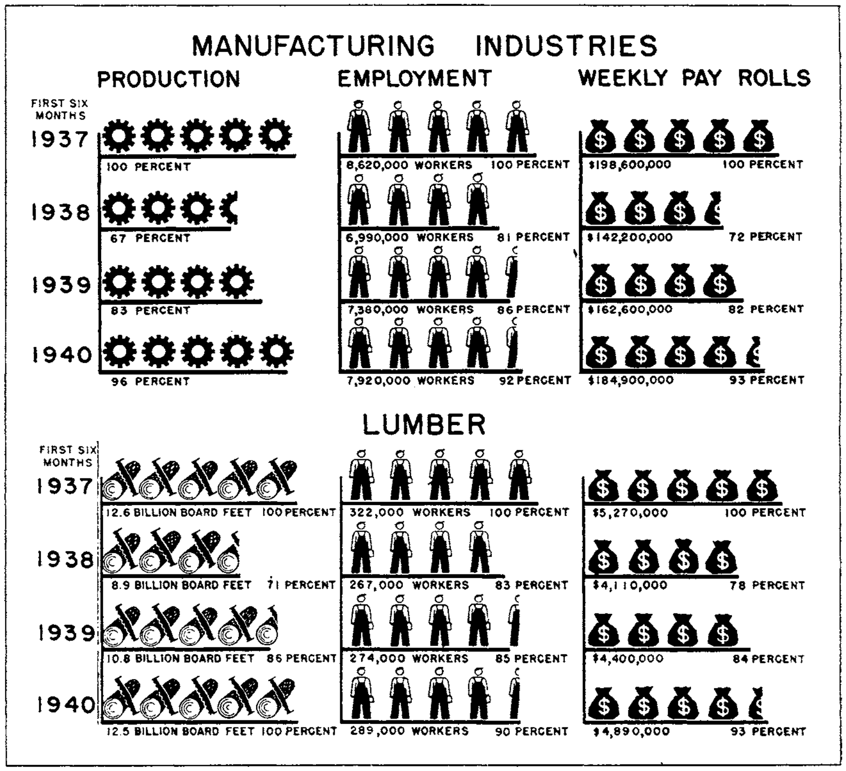
"In doing the job, one primary objective will be to encourage the use of private capital. It is believed adequate safeguards can be added to the many already provided, and that even during these uncertain times it will be good business for private capital to handle the requirements in most instances. Where it is not available, fails to respond, or finds it impractical to act with the promptness required by the emergency, then the Government will have to do the job."

C. F. Palmer, Defense Housing Coordinator, *Housing Legal Digest*, July-August 1940.

Canadian building . . . . .

"Stimulated by Britain's unloosening of purse strings for war goods, Canadian building has overcome a weak start, is currently going great guns. Unlike World War I, when activity ebbed to a low level, World War II has bent Canada's construction curve into a vigorous upturn."

Architectural Forum, September 1940.



In spite of declining activity during the first four months, output of manufacturing in the first half of 1940 averaged 16 percent higher than in the corresponding 1939 period and was only 4 percent below the level of 1937.

Production of lumber has increased markedly since 1938 and output for the first half of this year was about the same as in 1937.

Labor Information Bulletin, September 1940.

ADDITIONAL LOANS TO EXISTING BORROWERS—THE LEGAL FRAMEWORK

Additional loans to existing borrowers represent an important aspect of savings and loan activity. They provide an opportunity for greater service to borrowers and for maintaining loan volume. The legal problems involved require careful consideration by association management.

IN recent months savings and loan associations have shown increased interest in additional loans, or advances, to existing borrowers. Many home owners who are borrowers from associations demand funds for making repairs or improvements on the property or for other purposes, and any institution holding a good mortgage loan is eager to serve the borrower by granting additional loans if the circumstances justify it.

From the standpoint of the borrower, financing of such additional funds by the institution holding his mortgage has the advantages of simplicity and convenience. He prefers to deal with one creditor rather than with several. From the standpoint of the association, the making of additional loans to existing borrowers recommends itself for various reasons:

(1) It prevents refinancing of the original loan by other lenders who are willing to include the new advance in one single mortgage—an important factor in view of the sharp competition in the mortgage market.

(2) It secures new loan business from present borrowers whose record of performance is known.

(3) It maintains the goodwill of existing borrowers.

(4) In many cases, additional loans serve to improve the physical security behind existing mortgage loans.

(5) Financing by the association prevents borrowers from assuming personal obligations which may carry excessive financing charges and may interfere with their ability to meet payments on the original mortgage.

Main Problems: Cost and Legal Protection

A survey recently conducted by the Federal Home Loan Bank of Indianapolis revealed that member associations of the Bank are coping with two main problems in working out a suitable method for making additional loans: cost and legal protection. The solution of the cost problem requires a procedure involving minimum expense to the borrower in order that the association may maintain its loan volume. The solution of the legal problem hinges upon provisions assuring the association that the additional loan constitutes legally a part of the first lien against the property.

According to the survey, the means by which loan costs have been minimized include the use of a property re-inspection report rather than a full appraisal, with an attendant reduction of appraisal costs. Some associations absorb the entire cost of re-inspecting the property. Other associations have made arrangements with attorneys for lower fees on additional loans—in some cases as much as one-half the usual fee—because the title search involved is much less extensive than that required on an original loan. The majority of the 161 member associations of the Indianapolis Bank responding to the questionnaire survey indicated that they have arranged a schedule of loan costs which are lower than the costs on the original loan.

The legal aspect of additional loans is not unrelated to the cost aspect because the extent to which costs can be reduced is limited by the necessity of adopting sound legal procedure assuring adequate protection to the mortgagee. Therefore, the real problem before the association is to select a plan which combines minimum cost with maximum legal safety. The solution to the problem will differ from State to State depending on the various local laws, but the following discussion of a few general principles may help savings and loan executives in shaping an aggressive though safe policy on the granting of additional loans.

The "Future Advance Clause"

The central legal problem in connection with the making of additional real estate loans is to make certain that the new advance is secured by the underlying real estate with the same priority as the original mortgage or deed of trust, or with a priority which is subordinate only to the original security instrument.

In some States it may be found that adequate protection can be accomplished through the use in the original security instrument of proper terms providing for future advances. If this can be accomplished legally, expenses incident to additional loans would be in most instances relatively slight. Before undertaking to make additional advances upon the basis of a future advance clause, however, the association's counsel should determine whether such future advances will be secured and whether such security will have the same priority as the original loan held by the association.

In some jurisdictions a future advance clause would probably not be binding unless it incorporated a definite commitment on the part of the lender to advance further sums upon the mortgage at the demand of the borrower. In some instances it may also be necessary that the maximum amount of such future advances be expressed in the mortgage clause and even that a maximum period during which additional advances could be made be also expressed. In some jurisdictions all such provisions would not be absolutely necessary and it is possible that in some States an entirely open mortgage clause covering future advances would be sustained. Obviously, before an association undertakes to rely upon any such clause in a mortgage, counsel should give careful consideration to the statutes and pertinent decisions of the courts of his State, and any provision concerning future advances should be carefully drawn by the association's counsel with the rules applicable to such provisions clearly in mind.

Rewriting of the Loan

In the event an institution is operating in a jurisdiction where a future advance clause would not secure an additional loan with the same priority as the original loan was entitled to under the security instrument, there would seem to be but two customary methods which an association could follow and still be certain that its additional advances would be properly secured.

The first and probably most expensive method would be to rewrite the loan on the basis of a new instrument evidencing the entire obligation then due, including the amount of all additional advances, and to execute and record a new security instrument. Such procedure would, of course, necessitate an examination of title to determine whether or not any liens had intervened subsequent to the date of the first loan which would have priority over the new security instrument or any part thereof. If such were the case, the association could not safely make the loan without obtaining the release of such intervening liens. Since all that would be necessary in connection with title search involved would be to search the title from the time of the original loan through the date of the new loan, the costs of such future advances would probably be less than the amount involved in placing an original loan on the books of the association. Loan commissions and, at the discretion of the officers of the association, such additional minor expenses as are involved in credit reports could ordinarily be done away with.

A Third Method: The Use of a Supplemental Mortgage

The other method of approach which could be followed, except possibly in a few States which would not recognize such transaction as a proper compliance with savings and loan laws controlling the type of security to be obtained upon real estate loans, would be the use of a bring-down title search and the writing of a "supplemental mortgage" if it were disclosed that there were no intervening liens. For all practical purposes, if an association held both a first and a supplemental mortgage against the same real estate security with no liens intervening, its security position could be considered the same as if the entire loan were secured with the priority of the first mortgage written. It is doubtful that this procedure would effect any substantial saving over the method involved in rewriting the entire loan, as above discussed. It is possible, however, that some economies could be worked out in following this practice. A minor one, for example, would be the avoidance of any expense involved in preparing and recording a release of the earlier mortgage.

Naturally, these general observations can do no more than present the legal framework for additional loans. In any event, before making any new advance an association in order to protect itself should consult counsel and before acting finally obtain a written opinion to the effect that the advance is properly secured, and that no intervening liens or encumbrances of any kind will have priority over the security for any part of the total amount loaned by the association.

Directory of Member Institutions

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

DISTRICT NO. 8

MINNESOTA:
Mankato:
Mankato Savings & Building Association, 320 South Front Street.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN SEPTEMBER 16 AND OCTOBER 15, 1940

ILLINOIS:
Chicago:
Vysehrad Building & Loan Association, 1843 South Racine Avenue (voluntary liquidation).

MARYLAND:
Baltimore:
Druid Hill Perpetual Building Association of Baltimore City, 5411½ Harford Road (merger with Govanston Land Loan & Building Association of Baltimore County under name of "Midstate Building Association, Incorporated").

NEW JERSEY:
Atlantic City:
La Clede Building & Loan Association, 4209 Ventnor Avenue (voluntary liquidation).
Mountain Lakes:
Mountain Lakes Building & Loan Association, 10 Condit Road (merger with, and transfer of 100 shares of Bank stock to, Boonton Building & Loan Association, Boonton, New Jersey, under name of "Boonton-Mountain Lakes Savings & Loan Association").
Newark:
The Conservative Building & Loan Association of Newark, N. J., 550 Central Avenue (voluntary withdrawal).
Roselle Park:
Twin Borough Building & Loan Association, Roselle Park Trust Company Building (sale of assets and transfer of 25 shares of Bank stock to City Building & Loan Association, Elizabeth, New Jersey).
Union City:
Bergenline Building & Loan Association, 654 Bergenline Avenue (voluntary withdrawal).

PENNSYLVANIA:
Steelton:
Mechanics Building & Loan Association of Steelton, Pa., 4 South Front Street (voluntary withdrawal).

TENNESSEE:
Chattanooga:
Provident Life & Accident Insurance Company, 725 Broad Street (voluntary withdrawal).

TEXAS:
Fort Worth:
Fort Worth Building & Loan Association of Fort Worth, 209 West Eighth Street (voluntary liquidation).

WISCONSIN:
Milwaukee:
The State Building & Loan Association, 634 West Mitchell Street (segregation, sale of assets, and transfer of 310 shares of Bank stock to American Savings & Loan Association, Milwaukee, Wisconsin).

II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN SEPTEMBER 16 AND OCTOBER 15, 1940

DISTRICT NO. 3

PENNSYLVANIA:
Philadelphia:
Fidelity Federal Savings & Loan Association, 6964 Torresdale Avenue (converted from Forty-First Ward Building & Loan Association).

DISTRICT NO. 4

ALABAMA:
Mobile:
Security Federal Savings & Loan Association of Mobile, 214 St. Francis Street (new association; organized by transfer of assets from Mutual Building & Loan Association of Mobile).

NORTH CAROLINA:
Forest City:
First Federal Savings & Loan Association of Forest City, Government Square (converted from Forest City Building & Loan Association).

DISTRICT NO. 7

WISCONSIN:
Merrill:
Merrill Federal Savings & Loan Association, 1003 Main Street (converted from Merrill Building & Loan Association).

DISTRICT NO. 10

OKLAHOMA:
McAlester:
McAlester Federal Savings & Loan Association, 103 East Grand Street (converted from McAlester Building & Loan Association).

CANCELATIONS OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTERS BETWEEN SEPTEMBER 16 AND OCTOBER 15, 1940

OKLAHOMA:
McAlester:
McAlester Federal Savings & Loan Association, 103 East Grand Street (merger with Phoenix Federal Savings & Loan Association, Muskogee, Oklahoma).

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

DISTRICT NO. 1

VERMONT:
Burlington:
Burlington Building & Loan Association, 186 Main Street.

DISTRICT NO. 2

NEW JERSEY:
Boonton:
The Boonton-Mountain Lakes Savings & Loan Association, 409 Main Street.
Haddon Heights:
Haddon Heights Victory Savings & Loan Association, 602 Station Avenue.
Newark:
Gibraltar Savings & Loan Association, Tenth Street & Eighteenth Avenue.

DISTRICT NO. 4

NORTH CAROLINA:
Wilmington:
Co-operative Building & Loan Association, 124 Princess Street.

SOUTH CAROLINA:
Seneca:
The Seneca Building & Loan Association, 233 Main Street.

DISTRICT NO. 5

OHIO:
Cincinnati:
Hawthorne Federal Savings & Loan Association of Cincinnati, 487 Elberon Avenue.

DISTRICT NO. 7

ILLINOIS:
Highland Park:
The Highland Park Building Loan & Homestead Association, 21 North SheridanRoad.

WISCONSIN:
Milwaukee:
Home Savings & Loan Association, 2514 West North Avenue.

DISTRICT NO. 12

CALIFORNIA:
Fullerton:
First Federal Savings & Loan Association of Fullerton, 126 West Wilshire Avenue.

Increased Mortgage Holdings of Insured Commercial Banks

■ THE semiannual report of the Federal Deposit Insurance Corporation on "Assets and Liabilities of Insured Commercial Banks" reveals a substantial increase in residential mortgage loans held by insured commercial banks, accompanied by an appreciable decline in residential real estate owned—changes similar to those experienced by savings and loan associations.

On June 29, 1940, insured commercial banks held $2,720,002,000 in real estate loans on residential properties, compared with $2,596,999,000 on December 30, 1939 and with $2,468,203,000 on June 30, 1939. The gain during the 12-month period was approximately $252,000,000. Residential real estate owned by insured commercial banks totaled $155,-259,000 on June 29, as against $182,692,000 at the end of 1939 and $198,830,000 the year before.

« « « MONTHLY SURVEY » » »

Highlights

I. Building costs continued to increase during September with further rises in both materials and labor.

A. Total costs of the standard 6-room house reached the highest level since April 1938.

B. A 9-percent increase in lumber quotations has featured the substantial rise of the wholesale building materials price index during the third quarter of this year.

II. Increasing costs have not as yet had any effect on the volume of residential construction. Permits issued in September were the highest for any single month during the past 11 years. Slight declines in 1- and 2-family construction were more than offset by gains in multifamily units.

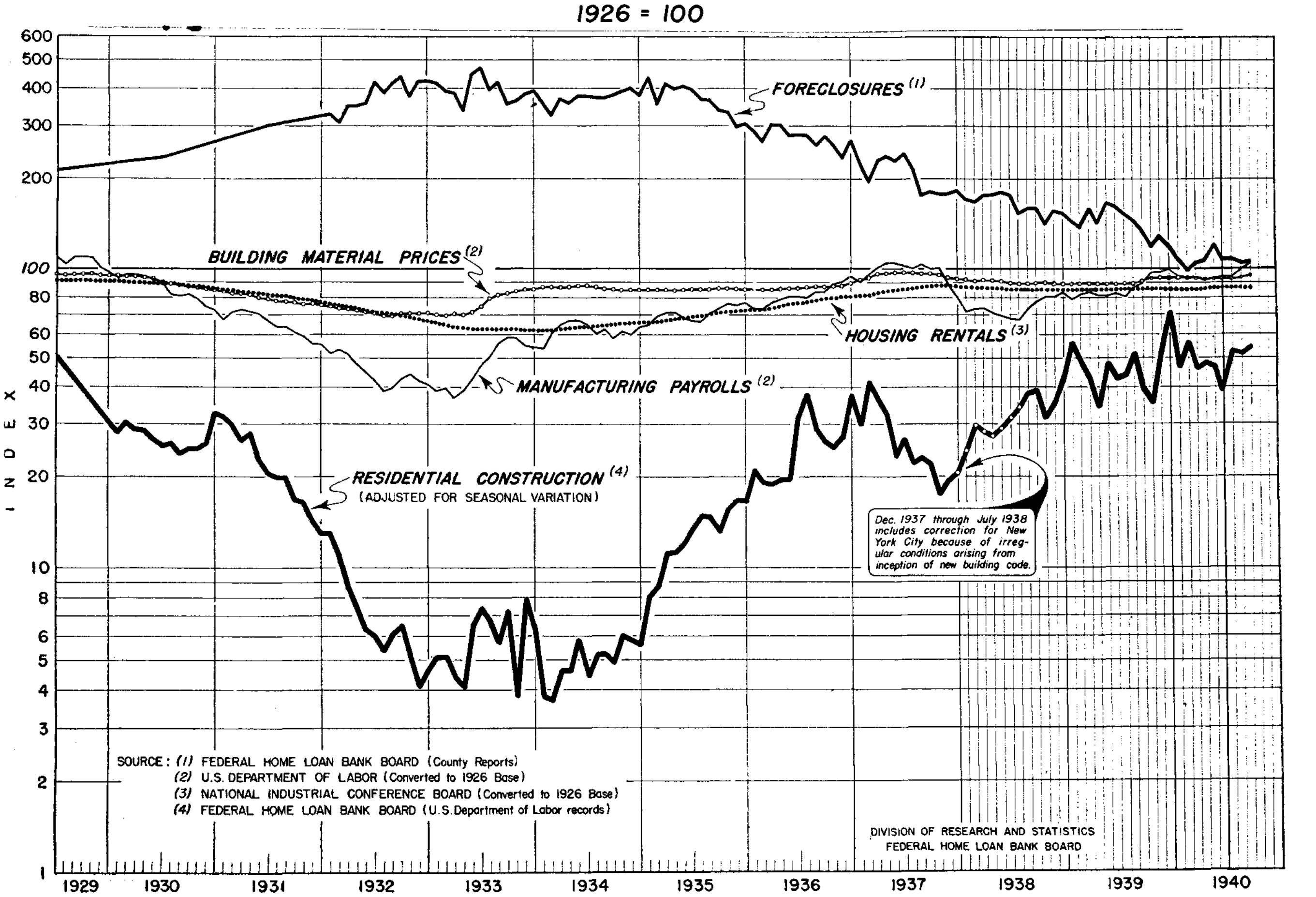
III. In spite of the usual seasonal decline from August to September, mortgage-financing activity remained on a high level.

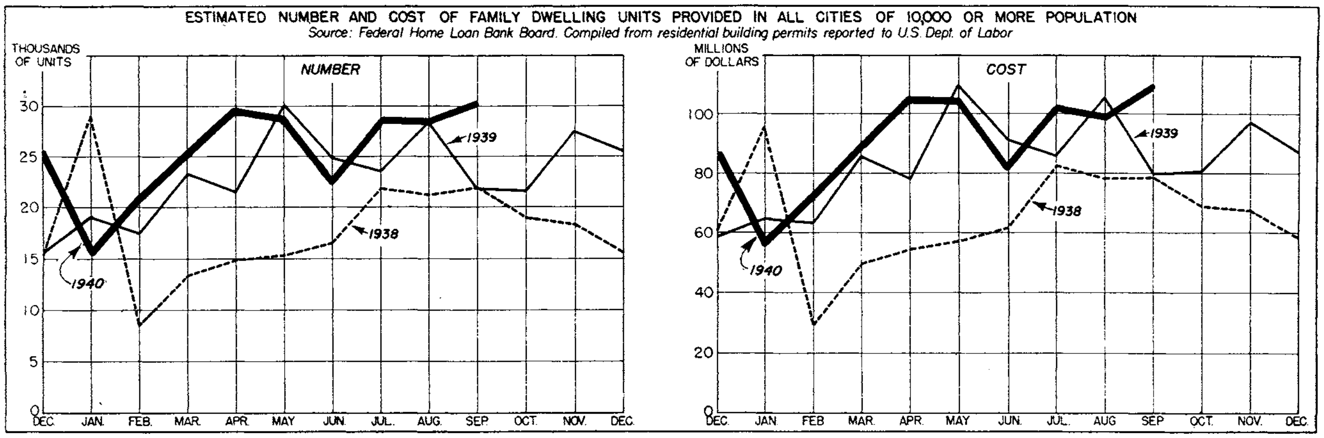
A. Nonfarm mortgages under $20,000 recorded by all types of lenders in the first three quarters of this year totaled almost $3,000,000,000 compared with $2,571,000,000 in the same period of 1939.

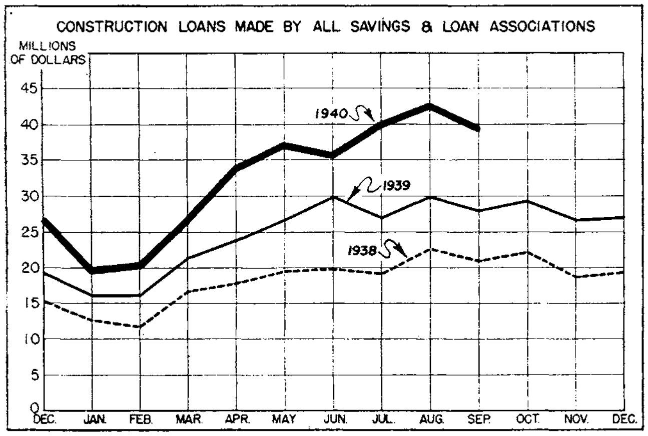
B. New loans made by all savings and loan associations during September were $112,000,000—25 percent above the level of September 1939.

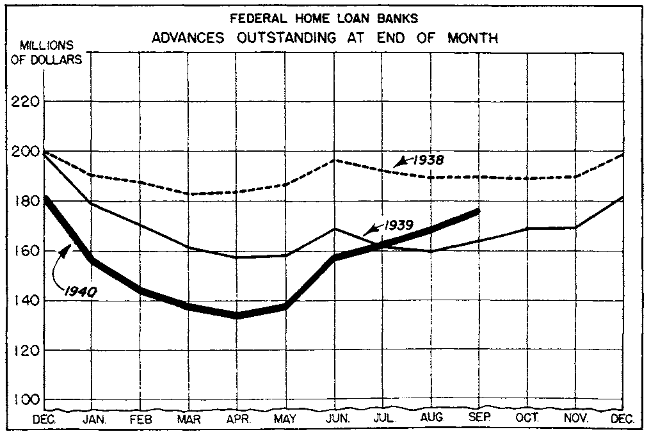
IV. Stimulated by defense orders, business conditions continued to improve, with production gains concentrated in the durable goods industries.

RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS
1926 = 100









Summary

■ WITH continued expansion of economic activity, price advances in several fields were closely watched. Building costs, which in the first half of 1940 had remained fairly steady, began to show a strong tendency to rise. Wholesale material prices displayed a sharp upturn in September similar to that experienced a year previous at the outbreak of the European war, with lumber registering considerable gains. Dealers' prices for building materials had not, by September, felt the full impact of the current price flurry. Labor costs involved in the construction of homes increased at an accelerated pace in September and practically wiped out all of the decline registered from September of last year through July of this year.

Residential construction continued the increase started in July, on the basis of the seasonally adjusted index. The 5-percent rise from August was caused in part by renewed activity on the part of the U. S. Housing Authority, although privately financed building reflected an increase of 3 percent. Barracks and temporary shelters for military units and workers in defense industries are not classified as residences and therefore are not considered in computing the index. Permits for 1-family dwellings were somewhat lower in September than in the preceding month.

The savings and loan industry experienced its usual August-to-September decline in new mortgage-lending activity. Seasonal curtailment in construction lending operations was responsible for approximately one-half of the $5,900,000 decrease during this period; however, in comparison with September of last year, construction loans were up nearly 42 percent—a better comparison than that shown by the other loan classifications.

A study of monthly reports from insured savings and loan associations reveals that the demand for repurchases which had been relatively large from June to August slackened somewhat in September. Repurchases during the month absorbed two-thirds of the new money received by all insured associations.

270948—40——3

[1926=100]

Type of index	Sept. 1940	Aug. 1940	Percent change	Sept. 1939	Percent change
Residential construction [1]	54.3	51.8	+4.8	39.1	+38.9
Foreclosures (metro. cities)	106.0	105.0	+1.0	136.0	−22.1
Rental index (NICB)	85.9	85.8	+0.1	85.4	+0.6
Building material prices	94.6	93.5	+1.2	90.9	+4.1
Industrial production [1]	130.2	126.0	+3.3	117.7	+10.6
Manufacturing employment	105.5	101.9	+3.5	98.4	+7.2
Manufacturing pay rolls	105.0	99.6	+5.4	89.8	+16.9
Average wage per employee	99.5	97.7	+1.8	91.3	+9.0

[1] Adjusted for normal seasonal variation.

In order to meet the large demand for new mortgage funds, member savings and loan associations have borrowed extensively from their respective Federal Home Loan Banks. During September the 12 Banks advanced $12,900,000 in new money, which was offset by repayments to the extent of only $5,300,000; in other words, members of this secondary credit system received on the average about $300,000 in Bank advances per day to meet their financial requirements.

General Business Conditions

■ ALL evidence points to continued business improvement in September and October, generated or at least supported by the defense program. The Federal Reserve Board's index of industrial production advanced to about 130 for September (1926=100) or close to the high of December 1939. Increase of economic activity naturally was most marked in the durable goods industries where orders for defense and plant expansion are concentrated. Steel output in the third October week was scheduled at 94.9 percent of ingot capacity, and production of machinery, nonferrous metals, and lumber approached or even passed the peak of the end of last year. Accumulated order backlogs seem to assure a high level of activity in all industries benefiting from defense preparations. Reports from the non-durable goods industries, however, were rather mixed. Nonresidential construction contracts showed a decline from the large volume in July and August but continued considerably above the level of a year ago.

Income payments to individuals during the first nine months of 1940 were up $2,900,000,000 as compared with the corresponding period of 1939. With the rise in industrial activity expected to carry into the last quarter of the year, it is estimated that income payments for 1940 will approach the $74,500,000,000 received by individuals in 1930 and will be substantially higher than the total for intervening years. Increases in income payments were due not only to expanded industrial activity but to larger cash farm-income. In spite of reduced agricultural exports and slightly lower government payments to farmers, cash farm income from January to September 1940 was 7 percent more than during the same period in 1939. Better domestic demand and higher prices were quoted as responsible for the improvement.

The price situation was beginning to receive increased attention. Although not yet fully reflected in the general wholesale price index, prices of basic commodities advanced quite considerably in the last two months. Building material prices in the third week of October stood at 95 (1926=100) compared with about 92 the year before and a level of approximately 90 prior to the outbreak of the European war. Commenting on the general price situation, the Commerce Department concluded its September business survey with the following statement:

"The rise in prices shown in September is not significant as yet, apart from a few commodities. Nevertheless, it suggests that a vulnerable spot in the present business situation is the possibility of a resumption of inventory accumulation. It should be recognized that inventories are already high enough to support a much larger volume of production, and that the essential thing at this time is to expand output by keeping goods moving through the channels of distribution into final use. Bidding up prices through speculative inventory buying to levels that cannot be supported by world conditions would not only hamper sound business expansion but would create serious difficulties in rapidly achieving adequate national defense."

Easy money rates continued to prevail, with the yield on long-term Treasury bonds reaching a new low of 2.09 percent in the middle of October.

Residential Construction

[*Tables 1 and 2*]

■ PRIVATELY financed construction of residential dwellings continued to rise during September despite recent increases in building costs. The 3-percent gain over August is favorable when compared with the 2-percent seasonal rise which is normally expected.

Total residential construction in September was nearly 40 percent above that for the corresponding month of 1939, with 30,200 dwelling units being built during the month in cities of 10,000 population and over. This includes both Government and privately financed construction and is the largest number reported in any single month since 1929. Permits for 1- and 2-family dwellings were 437 less than in August, but this decline was easily offset by the increase of 2,200 multifamily units.

During the first nine months of 1940, 230,000 dwelling units were built in cities of 10,000 population or over, representing an increase of 10 percent over the total reported for the comparable 1939 period. This increase is accounted for by the large gain in the building of 1- and 2-family homes while multifamily construction has been at a lower level than the activity displayed in apartment building during the January–September period of last year.

Building Costs

[*Tables 3, 4, and 5*]

■ FOR the second successive month, increases have been noted in both the material and labor costs involved in constructing the standard 6-room frame house: the index now stands at the highest level since April 1938. The cost of material used in this dwelling is now 5 percent above the average month of 1936 and approximately 2 percent higher than in the same month of last year. The recent rise in the material cost index has been due chiefly to the increase in lumber prices.

Labor costs in connection with building the standard house rose more than 1 percent in August and almost entirely canceled the decline registered from September 1939 through July of this year. The September labor cost index was 11 percent above the 1936 level.

Only two of the 25 reporting cities indicated any declines from last quarter, and of the remaining cities, nine showed increases of more than $100.

Price rises in wholesale building materials have, as might be expected, preceded the changes reflected in the material costs of the standard house. The upward trend was first noticed in July when the overall building material index rose from 92.4 at the end of June to 92.7. At the end of September, this index stood at 94.6—the highest point since October 1937. Additional increases have been noted during the first three weeks of October.

Sharp gains in the price of lumber have been responsible for much of this rise. Wholesale quotations on lumber as reported by the U. S. Department of Labor increased 9 percent during the third quarter of this year and at the end of September were almost 12 percent above the level of one year ago.

Construction costs for the standard house

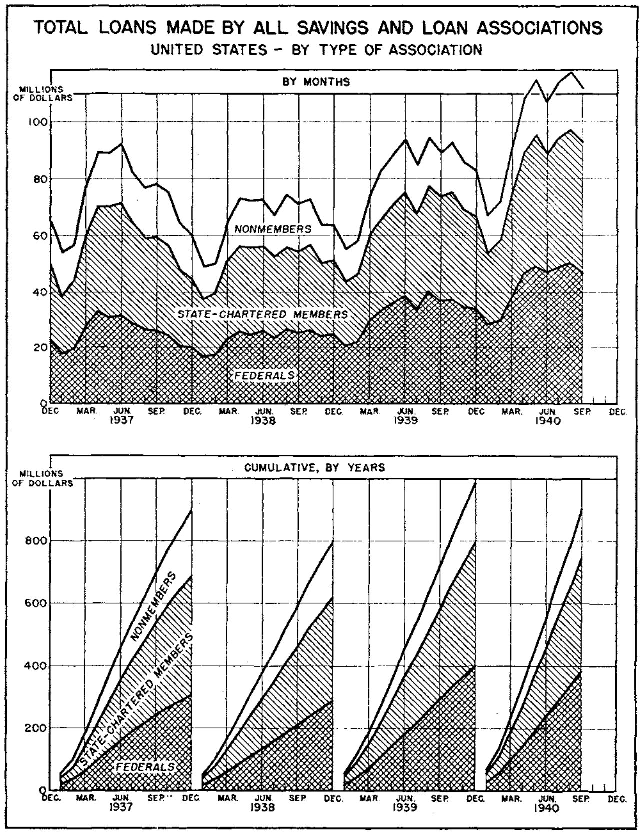
[Average month of 1936=100]

Element of cost	Sept. 1940	Aug. 1940	Percent change	Sept. 1939	Percent change
Material	105.0	104.4	+0.6	102.9	+2.0
Labor	111.0	109.7	+1.2	111.2	−0.2
Total	107.0	106.2	+0.8	105.7	+1.2

New Mortgage-Lending Activity of Savings and Loan Associations

[*Tables 6 and 7*]

■ FOR the sixth consecutive month, the volume of new mortgage loans made by all savings and loan associations amounted to well over $100,000,000. During September, savings and loan associations made new loans totaling approximately $112,000,000. The decline of $6,000,000, or 5 percent, from the new high reached in August reflects the normal seasonal fluctuation.



New mortgage loans distributed by purpose

[Amounts are shown in thousands of dollars]

Purpose	Sept. 1940	Aug. 1940	Percent change	Sept. 1939	Percent change
Construction	$39, 417	$42, 488	−7. 2	$27, 854	+41. 5
Home purchase	40, 947	40, 567	+0. 9	31, 367	+30. 5
Refinancing	15, 483	17, 762	−12. 8	16, 021	−3. 4
Reconditioning	6, 283	6, 079	+3. 4	5, 544	+13. 3
Other purposes	9, 645	10, 726	−10. 1	8, 946	+7. 8
Total	111, 775	117, 622	−5. 0	89, 732	+24. 6

Each of the three association classes suffered a reduction from the previous month in volume of home-financing credit extended. The volume of new loans made for repairs and reconditioning of homes and for the purchase of existing dwellings rose above the previous month, while the three remaining loan classifications dropped 7 to 13 percent.

Only in the New York Federal Home Loan Bank District did the September volume exceed that of the previous month. Declines in other areas ranged from 1 percent in the Indianapolis District to 12 percent in the Pittsburgh District.

The steady growth in the volume of new mortgage lending is evident in the comparison of each month of this year with the corresponding month of 1939. Increases have ranged from 14 percent in June to 34 percent in July. The September total exceeded by $22,000,000, or 25 percent, the same 1939 month.

Slightly more than $900,000,000 in new loans has been made by all savings and loan associations during the first three quarters of this year—an increase of 25 percent over the $724,000,000 of loans made during the same period in 1939.

Mortgage Recordings

[Tables 8 and 9]

■ OVER one million mortgages were recorded by lending institutions and individuals during the first nine months of this year. Savings and loan associations, which traditionally supply the home-financing needs of the medium and low-income classes, originated nearly 378,000, or 35 percent, of all mortgages of $20,000 or less recorded during this period. The average mortgage loan made by savings and loan associations during the January–September period amounted to $2,500, or $900 less than the average for all other lending institutions combined. Individual lenders, however, averaged only $1,900 per mortgage recorded during this time.

Due to the relatively low average loan, savings and loan associations accounted for a slightly smaller proportion in terms of dollar volume, having financed 32 percent of the $3,000,000,000 recorded by all classes of lenders during the 9-month period. Banks and trust companies were the nearest competitors to the savings and loan industry, having recorded one-fourth of all mortgages of $20,000 or under, during the first three quarters of this year.

September mortgage recordings dropped approximately $20,000,000 from August to a level of $357,-500,000, with all classes of mortgage lenders sharing in the decline. Insurance companies whose recordings were down 8 percent showed the greatest decrease of any of the lending classes, while mutual savings banks displayed the strongest resistance to the current downward movement. Savings and loan mortgage recordings were 3 percent less than in August, as compared with a 6-percent decline for all other lending institutions.

Mortgage recordings by type of mortgagee

[Amounts are shown in thousands of dollars]

Type of lender	Percent change from August 1940	Percent of September 1940 amount	Cumulative recordings (nine months)	Percent of total recordings
Savings and loan associations	−3. 3	33. 0	$957, 587	32. 1
Insurance companies	−7. 7	8. 2	243, 340	8. 1
Banks, trust companies	−5. 2	24. 9	740, 982	24. 8
Mutual savings banks	−2. 1	4. 4	123, 093	4. 1
Individuals	−6. 8	14. 8	477, 758	16. 0
Others	−6. 7	14. 7	445, 626	14. 9
Total	−5. 1	100. 0	2, 988, 386	100. 0

Foreclosures

[Table 10]

■ NONFARM real estate foreclosure activity thus far this year has kept well below that for 1939. In terms of foreclosure cases, the first nine months of this year stood 27 percent below the comparable period of last year, which in turn was 10 percent below 1938. Every State except Montana and Nevada joined in this downward movement. Generally, however, shifts among the western States were the more favorable.

In accord with the usual seasonal advance for this time of year, the nonfarm foreclosure index (1934=100) rose from 31.9 for August to 32.8 for September, a 2.6-percent increase and almost identical with the average August-to-September advance shown over the past six years.

Pennsylvania was chiefly responsible for the August-to-September increase. If the figures for this State are removed from the total, the remainder shows a decline. Among the 48 States, 25 States and the District of Columbia reported increases, while 22 indicated decreases, and one reported no change from August.

Foreclosure activity in metropolitan communities increased 1.1 percent over August, also in line with the usual seasonal movement. This rise, which brought the metropolitan monthly index (1926=100) to 106 for September from 105 for the preceding month, occurred despite the fact that 50 of the 85 reporting communities showed decreases, while 31 indicated increases, and four showed no change.

Federal Savings and Loan System

[*Table 12*]

■ OF THE 1,432 Federal savings and loan associations operating at the close of September, 798 represented converted institutions which had previously been operating under State charters; these associations have average assets of nearly $1,560,000. The remaining 634 Federal associations, all of which have been organized since 1933, are considerably smaller in size, having assets of approximately $830,000 per institution.

Progress in number and assets of Federals

[Amounts are shown in thousands of dollars]

Class of association	Number		Approximate assets	
	Sept. 30, 1940	Aug. 31, 1940	Sept. 30, 1940	Aug. 31, 1940
New	634	634	$529, 152	$518, 191
Converted	798	796	1, 247, 144	1, 233, 367
Total	1, 432	1, 430	1, 776, 296	1, 751, 558

The policy of restricting the organization of new Federal savings and loan associations to those areas in which there is a definite lack of adequate home-financing facilities has resulted in a virtual cessation of chartering activity for this class of association. During the first nine months of this year only three newly organized Federal associations were approved by the Board for membership in the Federal Home Loan Bank System.

The currently high rate of new lending operations has resulted in a rapid growth in the mortgage portfolio of Federal savings and loan associations. From the end of March to the close of September, the volume of net first mortgages held by these associations increased from $1,318,000,000 to $1,488,000,000.

Federal Savings and Loan Insurance Corporation

[*Table 12*]

■ DESPITE a seasonal decline in lending activity reported by insured savings and loan associations, these institutions in September loaned more money than at any time previous to April of this year. As a result of the extremely active mortgage-lending market of the past six months, the combined mortgage portfolio of insured associations has grown rapidly during this period.

Through midyear 1940 private share investments in insured associations were sufficient to supply their needs for mortgage funds, but an increase in repurchases during July reduced the flow of money available for this purpose. In September repurchases by private shareholders from insured institutions amounted to $30,900,000 as compared with new capital investments of $46,200,000.

Borrowings by insured associations from their Federal Home Loan Banks climbed to a level of $145,000,000 at the end of September, after steady month-by-month rises which have occurred from the $101,600,000 reported at the close of April 1940.

At the end of September nearly 2,700,000 private investors in 2,259 savings and loan associations were protected by Federal insurance. The combined share investments of these investors amounted to approximately $2,100,000,000. The FSLIC by the close of the third quarter of this year had accumulated $25,100,000 in reserves which supplement the $100,000,000 in capital stock serving to protect insured associations.

(Monthly Survey continued on p. 64)

Table 1.—Number and estimated cost of new family dwelling units provided in all cities of 10,00(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 Labo:

[Amounts are shown in thousands of dollars]

Type of dwelling	Number of family units provided					Total cost of units				
	Monthly totals			January–September totals		Monthly totals			January–September totals	
	Sept. 1940	Aug. 1940	Sept. 1939	1940	1939	Sept. 1940	Aug. 1940	Sept. 1939	1940	1939
1-family dwellings	18, 669	19, 148	13, 252	147, 814	121, 789	$73, 393. 9	$72, 982. 0	$50, 608. 0	$574, 914. 3	$477, 145.
2-family dwellings	1, 588	1, 546	932	11, 714	8, 656	3, 960. 7	3, 836. 0	2, 389. 5	28, 721. 6	22, 033.
Joint home and business[2]	85	87	87	588	601	286. 8	548. 0	479. 8	2, 654. 7	2, 692.
3-and-more family dwellings	9, 862	7, 628	7, 469	70, 291	78, 920	31, 715. 6	21, 769. 5	25, 859. 8	212, 564. 0	259, 899.
Total residential	30, 204	28, 409	21, 740	230, 407	209, 966	109, 357. 0	99, 135. 5	79, 337. 1	818, 854. 6	761, 769.

[1] Estimate is based on reports from communities having approximately 95 percent of the population of all cities wit 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 10,00(population or over, in September 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 Labo:

[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	
	September 1940	September 1939	September 1940	September 1939	September 1940	September 1939	September 1940	September 1939
UNITED STATES	30, 204	21, 740	$109, 357. 0	$79, 337. 1	20, 342	14, 271	$77, 641. 4	$53, 477.
No. 1—Boston	1, 813	1, 939	7, 357. 7	7, 190. 5	1, 254	881	5, 427. 7	3, 815.
Connecticut	336	248	1, 596. 2	1, 095. 9	333	242	1, 586. 7	1, 071.
Maine	35	36	133. 9	126. 2	30	36	123. 9	126.
Massachusetts	1, 200	1, 446	4, 640. 7	5, 215. 0	652	397	2, 739. 2	1, 868.
New Hampshire	50	73	185. 4	172. 0	50	73	185. 4	172.
Rhode Island	179	125	743. 8	535. 6	176	122	734. 8	530.
Vermont	13	11	57. 7	45. 8	13	11	57. 7	45.
No. 2—New York	4, 143	4, 041	15, 373. 2	16, 314. 6	1, 814	1, 245	7, 901. 3	5, 617.
New Jersey	959	862	4, 031. 0	3, 381. 0	497	330	2, 362. 9	1, 562.
New York	3, 184	3, 179	11, 342. 2	12, 933. 6	1, 317	915	5, 538. 4	4, 055.
No. 3—Pittsburgh	2, 777	858	10, 497. 2	3, 843. 3	1, 409	817	6, 256. 0	3, 770.
Delaware	29	8	149. 5	49. 1	29	8	149. 5	49.
Pennsylvania	2, 619	726	9, 816. 4	3, 299. 4	1, 258	689	5, 598. 7	3, 241.
West Virginia	129	124	531. 3	494. 8	122	120	507. 8	479.

Table 2.—Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in September 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	
	September 1940	September 1939	September 1940	September 1939	September 1940	September 1939	September 1940	September 1939
No. 4—Winston-Salem	4, 611	3, 787	$14, 094. 4	$11, 790. 3	2, 665	1, 940	$8, 719. 5	$6, 103. 5
Alabama	264	220	520. 6	357. 7	252	181	486. 9	337. 2
District of Columbia	743	720	2, 736. 2	2, 930. 3	335	243	1, 707. 4	1, 194. 3
Florida	681	630	2, 275. 2	2, 156. 6	620	575	2, 140. 8	1, 945. 6
Georgia	327	640	792. 2	1, 691. 1	319	204	788. 2	389. 1
Maryland	245	533	900. 7	1, 856. 9	245	235	900. 7	733. 6
North Carolina	513	728	1, 331. 3	1, 803. 1	385	256	1, 058. 6	743. 2
South Carolina	587	109	1, 563. 0	249. 8	175	105	426. 5	240. 8
Virginia	1, 251	207	3, 975. 2	744. 8	334	141	1, 210. 4	519. 7
No. 5—Cincinnati	1, 604	1, 207	6, 690. 4	4, 984. 0	1, 416	971	6, 178. 1	4, 181. 8
Kentucky	190	138	516. 6	423. 0	158	127	432. 0	391. 4
Ohio	1, 176	907	5, 521. 0	4, 150. 0	1, 041	690	5, 109. 1	3, 399. 4
Tennessee	238	162	652. 8	411. 0	217	154	637. 0	391. 0
No. 6—Indianapolis	4, 835	1, 494	19, 304. 4	6, 508. 2	2, 174	1, 459	9, 167. 6	6, 413. 6
Indiana	1, 016	368	3, 691. 6	1, 393. 5	534	364	1, 983. 6	1, 388. 3
Michigan	3, 819	1, 126	15, 612. 8	5, 114. 7	1, 640	1, 095	7, 184. 0	5, 025. 3
No. 7—Chicago	1, 171	1, 399	5, 689. 2	6, 226. 4	1, 157	827	5, 647. 5	3, 934. 1
Illinois	787	1, 024	4, 081. 1	4, 656. 0	779	467	4, 056. 4	2, 401. 7
Wisconsin	384	375	1, 608. 1	1, 570. 4	378	360	1, 591. 1	1, 532. 4
No. 8—Des Moines	1, 243	887	4, 640. 8	3, 172. 3	1, 202	815	4, 415. 7	2, 984. 4
Iowa	417	224	1, 457. 1	818. 3	417	224	1, 457. 1	818. 3
Minnesota	361	296	1, 551. 1	1, 205. 0	353	292	1, 528. 1	1, 192. 1
Missouri	315	291	1, 250. 6	911. 2	282	223	1, 048. 5	736. 2
North Dakota	30	39	107. 4	141. 9	30	39	107. 4	141. 9
South Dakota	120	37	274. 6	95. 9	120	37	274. 6	95. 9
No. 9—Little Rock	2, 142	1, 921	5, 589. 0	5, 356. 0	2, 041	1, 722	5, 476. 9	4, 069. 0
Arkansas	104	72	233. 7	167. 0	93	72	221. 7	167. 0
Louisiana	336	230	951. 0	613. 8	336	226	951. 0	605. 6
Mississippi	196	144	327. 2	215. 9	189	141	313. 7	211. 8
New Mexico	51	46	129. 9	137. 5	47	46	124. 9	137. 5
Texas	1, 455	1, 429	3, 947. 2	4, 221. 8	1, 376	1, 237	3, 865. 6	2, 947. 1
No. 10—Topeka	794	577	2, 678. 3	1, 919. 8	780	543	2, 646. 8	1, 847. 5
Colorado	200	158	741. 1	574. 8	196	135	733. 1	526. 0
Kansas	139	107	402. 5	280. 5	135	99	399. 0	264. 5
Nebraska	149	104	551. 5	405. 6	143	101	531. 5	398. 1
Oklahoma	306	208	983. 2	658. 9	306	208	983. 2	658. 9
No. 11—Portland	1, 069	655	3, 685. 8	2, 261. 8	923	623	3, 208. 5	2, 174. 3
Idaho	36	30	128. 5	111. 8	36	30	128. 5	111. 8
Montana	100	59	294. 8	147. 9	90	55	271. 6	137. 4
Oregon	304	138	1, 084. 0	500. 6	179	125	649. 0	464. 6
Utah	172	99	599. 8	341. 4	172	99	599. 8	341. 4
Washington	425	313	1, 459. 9	1, 089. 9	414	298	1, 440. 8	1, 048. 9
Wyoming	32	16	118. 8	70. 2	32	16	118. 8	70. 2
No. 12—Los Angeles	4, 002	2, 975	13, 756. 6	9, 769. 9	3, 507	2, 428	12, 595. 8	8, 566. 1
Arizona	43	31	167. 5	83. 3	43	27	167. 5	71. 3
California	3, 941	2, 928	13, 474. 9	9, 586. 0	3, 446	2, 385	12, 314. 1	8, 394. 2
Nevada	18	16	114. 2	100. 6	18	16	114. 2	100. 6

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

NOTE.—These figures are subject to correction

[Source: Federal Home Loan Bank Board]

Federal Home Loan Bank District and city	Cubic-foot cost		Total cost							
	1940 Oct.	1939 Oct.	1940				1939 Oct.	1938 Oct.	1937 Oct.	1936 Oct.
			Oct.	July	Apr.	Jan.				
No. 2—New York:										
Atlantic City, N. J.	$0.257	$0.261	$6,174	$5,984	$6,084	$6,262	$6,272	$5,907	$6,056	$5,701
Camden, N. J.	.261	.243	6,255	5,956	5,956	5,942	5,829	5,559	5,884	5,258
Newark, N. J.	.239	.236	5,729	5,713	5,708	5,705	5,654	5,537	--------	5,117
Albany, N. Y.	.236	.233	5,661	5,634	5,682	5,619	5,602	5,557	5,877	5,278
Buffalo, N. Y.	.239	.246	5,741	5,713	5,703	5,683	5,914	5,931	6,143	5,445
Utica, N. Y.	.263	.241	6,318	6,257	--------	5,826	5,786	5,660	--------	--------
White Plains, N. Y.	.233	.231	5,597	5,430	5,580	5,600	5,538	5,543	5,848	5,546
No. 6—Indianapolis:										
Evansville, Ind.	.263	.254	6,319	6,111	6,110	6,116	6,095	5,742	--------	5,586
Indianapolis, Ind.	.231	.239	5,555	5,491	5,486	5,582	5,725	5,765	--------	5,492
South Bend, Ind.	.253	.244	6,080	5,896	5,898	5,804	5,848	5,353	--------	5,583
Detroit, Mich.	.251	.247	6,013	5,843	5,822	5,816	5,935	6,166	6,221	5,251
Grand Rapids, Mich.	.245	.236	5,888	5,658	5,515	5,490	5,672	5,871	5,829	5,189
No. 8—Des Moines:										
Des Moines, Iowa	.267	.263	6,399	6,352	6,342	6,339	6,303	6,164	6,463	6,140
Duluth, Minn.	.257	.252	6,157	6,162	6,188	6,198	6,043	6,186	6,279	5,765
St. Paul, Minn.	.271	.273	6,508	6,485	6,497	6,525	6,550	6,532	6,822	5,606
Kansas City, Mo.	.242	.248	5,797	5,879	5,998	6,022	5,960	--------	6,090	5,300
St. Louis, Mo.	.250	.252	6,007	5,967	6,114	6,159	6,052	5,989	6,437	6,102
Fargo, N. D.	.242	.243	5,798	5,752	5,847	5,863	5,841	5,832	5,975	5,586
Sioux Falls, S. D.	.258	.252	6,193	6,164	6,168	6,099	6,051	6,436	6,344	5,676
No. 11—Portland:										
Boise, Idaho	.268	.255	6,435	6,270	6,253	6,220	6,112	6,002	6,159	5,712
Great Falls, Mont.	.287	.287	6,890	6,888	6,906	6,956	6,887	--------	7,039	6,574
Portland, Oreg.	.235	.220	5,643	5,392	5,351	5,345	5,283	5,265	6,032	5,353
Salt Lake City, Utah	.254	.250	6,087	6,010	6,014	6,035	5,998	5,880	--------	5,694
Seattle, Wash.	.269	.263	6,458	6,342	6,357	6,315	6,310	6,259	6,532	6,009
Casper, Wyo.	.251	.275	6,024	6,024	6,263	6,435	6,594	6,430	6,563	6,206

[1] The house on which costs are reported is a detached 6-room home of 24,000 cubic feet volume. Living room, dining room, kitchen, and lavatory on first floor; three bedrooms and bath on second floor. Exterior is wide-board siding with brick and stucco as features of design. Best quality materials and workmanship are used throughout.

The house is *not* completed ready for occupancy. It includes all fundamental structural elements, an attached 1-car garage, an unfinished cellar, an unfinished attic, a fireplace, essential heating, plumbing, and electric wiring equipment, and complete insulation. It does *not* include wall-paper nor other wall nor ceiling finish on interior plastered surface, lighting fixtures, refrigerators, water heaters, ranges, screens, weather stripping, nor window shades.

Reported costs include, in addition to material and labor costs, compensation insurance, 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.

Table 4.—Index of building costs for the standard house

[Average month of 1936=100]

Element of cost	Sept. 1940	Aug. 1940	July 1940	June 1940	May 1940	April 1940	Mar. 1940	Feb. 1940	Jan. 1940	Dec. 1939	Nov. 1939	Oct. 1939	Sept. 1939
Material	105.0	104.4	104.3	104.4	104.4	104.3	104.5	104.5	104.4	104.5	104.4	103.6	102.9
Labor	111.0	109.7	109.5	109.7	109.9	110.0	110.3	110.3	110.2	110.6	110.8	111.1	111.2
Total cost	107.0	106.2	106.0	106.2	106.2	106.2	106.4	106.5	106.4	106.6	106.5	106.1	105.7

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

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

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

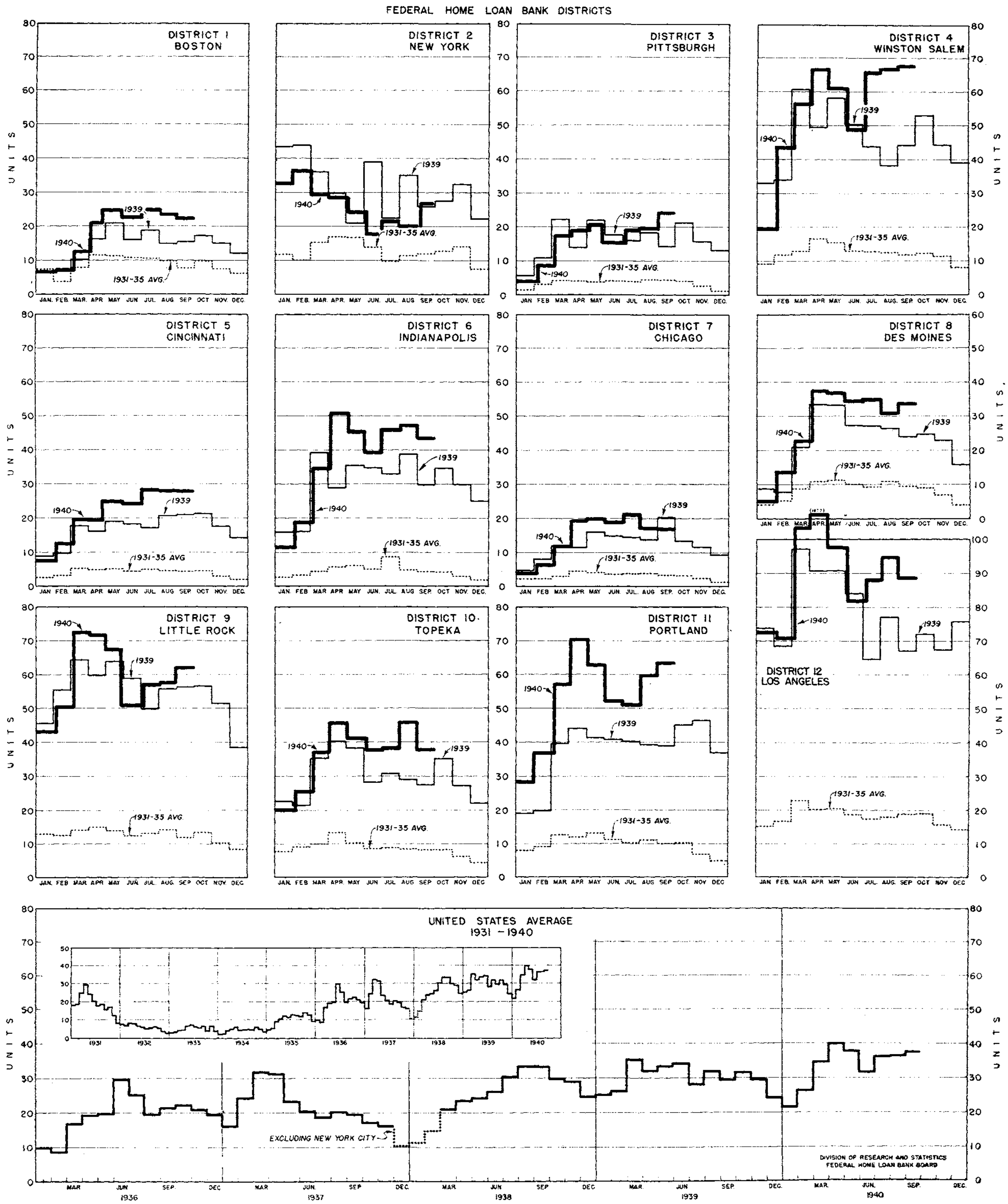


Table 5.—Index of wholesale price of building materials in the United States

[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: September	89. 5	90. 9	90. 7	90. 4	80. 4	78. 5	107. 3	91. 3
1939: 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
June	92. 4	90. 2	90. 6	96. 0	85. 2	80. 5	107. 3	93. 0
July	92. 7	90. 1	90. 6	96. 7	84. 6	80. 5	107. 3	93. 6
August	93. 5	90. 1	90. 6	100. 3	84. 2	80. 5	107. 3	93. 4
September	94. 6	90. 2	90. 6	104. 6	84. 1	80. 5	107. 3	93. 5
Change:								
Sept. 1940–Aug. 1940	+1. 2%	−0. 1%	0. 0%	+4. 3%	−0. 1%	0. 0%	0. 0%	+0. 1%
Sept. 1940–Sept. 1939	+4. 1%	−0. 9%	−0. 8%	+11. 6%	−0. 7%	+1. 5%	0. 0%	+3. 5%

[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 6.—Estimated volume of new home-mortgage loans by all savings and loan associations, by purpose and class of association [1]

[Thousands of dollars]

Period	Purpose of loans					Total loans	Class of association		
	Construction	Home purchase	Refinancing	Reconditioning	Loans for all other purposes		Federals	State members	Nonmembers
1938	$220, 458	$265, 485	$160, 167	$58, 623	$93, 263	$797, 996	$286, 899	$333, 470	$177, 627
Jan.–Sept.	160, 580	198, 777	122, 267	44, 050	71, 387	597, 061	211, 126	250, 305	135, 630
September	21, 018	25, 698	12, 416	4, 791	7, 724	71, 647	25, 650	29, 255	16, 742
1939	301, 039	339, 629	182, 025	59, 463	104, 227	986, 383	400, 337	396, 041	190, 005
Jan.–Sept.	218, 254	248, 033	135, 744	44, 624	77, 243	723, 898	293, 645	290, 314	139, 939
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.–Sept.	294, 406	320, 040	152, 292	48, 710	86, 611	902, 059	384, 795	360, 403	156, 861
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
June	35, 523	38, 402	17, 147	5, 691	10, 221	106, 984	47, 435	42, 214	17, 335
July	39, 907	40, 658	17, 649	6, 115	9, 972	114, 301	48, 676	45, 414	20, 211
August	42, 488	40, 567	17, 762	6, 079	10, 726	117, 622	50, 305	46, 807	20, 510
September	39, 417	40, 947	15, 483	6, 283	9, 645	111, 775	46, 480	45, 988	19, 307

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

Table 7.—Estimated volume of new home-mortgage loans by all savings and loan associations, by Federal Home Loan Bank District and class of association

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and class of association		New loans: September 1940	New loans: August 1940	Percent change, August 1940 to September 1940	New loans, September 1939	Percent change, September 1939 to September 1940	Cumulative new loans (nine months): 1940	Cumulative new loans (nine months): 1939	Cumulative new loans (nine months): Percent change
United States:	Total	$111,775	$117,622	−5.0	$89,732	+24.6	$902,059	$723,898	+24.6
	Federal	46,480	50,305	−7.6	37,090	+25.3	384,795	293,645	+31.0
	State member	45,988	46,807	−1.7	36,989	+24.3	360,403	290,314	+24.1
	Nonmember	19,307	20,510	−5.9	15,653	+23.3	156,861	139,939	+12.1
District No. 1:	Total	11,346	12,267	−7.5	8,279	+37.0	83,634	64,368	+29.9
	Federal	3,717	4,074	−8.8	2,676	+38.9	28,758	20,052	+43.4
	State member	5,863	6,066	−3.3	4,037	+45.2	40,915	30,406	+34.6
	Nonmember	1,766	2,127	−17.0	1,566	+12.8	13,961	13,910	+0.4
District No. 2:	Total	12,804	11,816	+8.4	8,642	+48.2	83,355	70,579	+18.1
	Federal	3,387	3,734	−9.3	3,639	−6.9	24,831	27,658	−10.2
	State member	3,272	3,092	+5.8	2,353	+39.1	23,390	16,415	+42.5
	Nonmember	6,145	4,990	+23.1	2,650	+131.9	35,134	26,506	+32.6
District No. 3:	Total	7,960	8,992	−11.5	6,938	+14.7	70,421	59,252	+18.8
	Federal	3,165	3,461	−8.6	2,179	+45.3	27,107	15,823	+71.3
	State member	2,155	2,298	−6.2	1,573	+37.0	17,800	15,433	+15.3
	Nonmember	2,640	3,233	−18.3	3,186	−17.1	25,514	27,996	−8.9
District No. 4:	Total	16,224	16,525	−1.8	12,871	+26.1	131,139	98,521	+33.1
	Federal	8,015	8,852	−9.5	5,483	+46.2	63,990	40,604	+57.6
	State member	6,482	6,044	+7.2	5,569	+16.4	50,968	42,286	+20.5
	Nonmember	1,727	1,629	+6.0	1,819	—5.1	16,181	15,631	+3.5
District No. 5:	Total	18,308	20,458	−10.5	14,475	+26.5	150,664	114,177	+32.0
	Federal	6,619	7,389	−10.4	5,577	+18.7	55,738	46,140	+20.8
	State member	9,143	9,959	−8.2	7,197	+27.0	72,382	54,717	+32.3
	Nonmember	2,546	3,110	−18.1	1,701	+49.7	22,544	13,320	+69.2
District No. 6:	Total	6,178	6,246	—1.1	4,850	+27.4	46,851	35,048	+33.7
	Federal	3,028	3,216	−5.8	2,246	+34.8	22,742	16,270	+39.8
	State member	2,756	2,698	+2.1	2,259	+22.0	21,367	16,269	+31.3
	Nonmember	394	332	+18.7	345	+14.2	2,742	2,509	+9.3
District No. 7:	Total	10,888	12,080	−9.9	9,564	+13.8	92,296	73,162	+26.2
	Federal	4,232	4,743	−10.8	3,250	+30.2	36,641	25,026	+46.4
	State member	5,270	5,667	−7.0	4,567	+15.4	41,389	31,946	+29.6
	Nonmember	1,386	1,670	−17.0	1,747	−20.7	14,266	16,190	−11.9
District No. 8:	Total	6,946	7,044	−1.4	5,823	+19.3	55,793	45,140	+23.6
	Federal	3,543	3,704	−4.3	2,742	+29.2	27,207	21,312	+27.7
	State member	2,192	2,031	+7.9	1,890	+16.0	16,924	13,675	+23.8
	Nonmember	1,211	1,309	−7.5	1,191	+1.7	11,662	10,153	+14.9
District No. 9:	Total	5,080	5,334	−4.8	5,005	+1.5	45,919	43,697	+5.1
	Federal	1,970	2,168	−9.1	1,994	−1.2	18,336	17,752	+3.3
	State member	2,995	2,988	+0.2	2,924	+2.4	25,810	24,321	+6.1
	Nonmember	115	178	−35.4	87	+32.2	1,773	1,624	+9.2
District No. 10:	Total	4,358	4,863	−10.4	4,251	+2.5	39,622	35,530	+11.5
	Federal	2,273	2,366	−3.9	2,144	+6.0	20,747	17,536	+18.3
	State member	1,100	1,070	+2.8	1,076	+2.2	9,070	9,277	+2.2
	Nonmember	985	1,427	−31.0	1,031	−4.5	9,805	8,717	+12.5
District No. 11:	Total	3,770	3,858	−2.3	3,265	+15.5	31,761	25,791	+23.1
	Federal	2,364	2,252	+5.0	1,900	+24.4	19,686	15,445	+27.5
	State member	1,262	1,357	−7.0	1,191	+6.0	10,731	9,024	+18.9
	Nonmember	144	249	−42.2	174	−17.2	1,344	1,322	+1.7
District No. 12:	Total	7,913	8,139	−2.8	5,769	+37.2	70,604	58,633	+20.4
	Federal	4,167	4,346	−4.1	3,260	+27.8	39,012	30,027	+29.9
	State member	3,498	3,537	−1.1	2,353	+48.7	29,657	26,545	+11.7
	Nonmember	248	256	−3.1	156	+59.0	1,935	2,061	−6.1

Table 8.—Summary of estimated nonfarm mortgage recordings,[1] $20,000 and under, during September 1940

(Amounts shown are in thousands of dollars)

Federal Home Loan Bank District and State	Savings & loan associations		Insurance companies		Banks and trust companies		Mutual savings banks		Individuals		Other mortgagees		Total		Amount per capita (nonfarm)
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	
United States	45,595	$117,928	6,091	$29,401	27,924	$89,051	4,257	$15,566	28,164	$52,936	16,391	$52,636	128,422	$357,518	$ 3.87
No. 1--Boston	3,890	12,710	326	1,699	948	3,322	2,299	7,601	1,806	3,809	1,092	3,222	10,361	32,363	
Connecticut	323	1,164	115	711	322	1,297	475	1,825	488	1,129	337	1,305	2,060	7,431	4.89
Maine	268	746	26	82	64	118	180	405	140	198	89	151	767	1,700	2.71
Massachusetts	2,820	9,358	169	839	333	1,276	1,223	4,245	928	2,031	590	1,545	6,063	19,294	4.68
New Hampshire	152	379	3	7	67	124	211	528	79	125	8	31	520	1,194	2.97
Rhode Island	234	830	11	56	120	431	81	274	123	249	63	171	632	2,011	3.00
Vermont	93	233	2	4	42	76	129	324	48	77	5	19	319	733	2.97
No. 2--New York	2,870	9,591	467	2,564	2,113	8,830	1,384	6,011	3,142	7,611	1,948	7,659	11,924	42,266	
New Jersey	1,079	3,680	304	1,552	1,157	5,271	79	324	1,171	2,989	845	3,031	4,635	16,847	4.31
New York	1,791	5,911	163	1,012	956	3,559	1,305	5,687	1,971	4,622	1,103	4,628	7,289	25,419	2.14
No. 3--Pittsburgh	2,724	6,955	253	1,265	2,225	7,957	195	670	1,704	3,904	909	3,085	8,010	23,836	
Delaware	67	196	16	97	65	311	38	121	71	198	60	162	317	1,085	5.66
Pennsylvania	2,228	5,986	192	963	1,574	6,027	150	546	1,375	3,277	692	2,600	6,211	19,399	2.21
West Virginia	429	773	45	205	586	1,619	7	3	258	429	157	323	1,482	3,352	2.62
No. 4--Winston-Salem	7,124	17,382	1,033	4,781	3,161	7,456	46	130	4,725	8,334	2,363	6,313	18,452	44,396	
Alabama	247	408	116	449	358	686	------	------	523	594	282	788	1,526	2,925	2.24
District of Columbia	489	2,362	95	591	93	543	------	------	339	906	244	1,005	1,260	5,407	11.12
Florida	750	2,580	244	1,135	291	789	------	------	686	1,397	478	1,112	2,449	7,013	5.90
Georgia	672	1,509	192	870	630	897	------	------	445	591	114	198	2,053	4,065	2.73
Maryland	1,127	2,798	52	217	312	1,029	46	130	444	1,034	190	478	2,171	5,686	4.08
North Carolina	2,096	3,679	129	543	587	1,102	------	------	726	1,075	402	991	3,940	7,390	4.71
South Carolina	317	608	42	266	310	719	------	------	530	624	122	355	1,321	2,572	3.13
Virginia	1,426	3,438	163	710	580	1,691	------	------	1,032	2,113	531	1,386	3,732	9,338	6.35
No. 5--Cincinnati	7,043	19,155	742	3,627	3,296	10,160	129	527	1,999	3,002	1,567	4,083	14,776	40,554	
Kentucky	1,008	2,248	216	954	457	1,110	------	------	193	205	92	245	1,966	4,762	3.31
Ohio	5,713	16,293	347	1,983	2,145	7,256	129	527	1,460	2,397	730	2,173	10,524	30,629	5.44
Tennessee	322	614	179	690	694	1,794	------	------	346	400	745	1,665	2,286	5,163	3.68
No. 6--Indianapolis	3,640	7,567	671	3,183	3,360	9,558	19	29	1,091	1,927	983	3,574	9,764	25,838	
Indiana	2,442	4,390	277	1,227	1,145	3,117	19	29	347	505	274	784	4,504	10,052	4.14
Michigan	1,198	3,177	394	1,956	2,215	6,441	------	------	744	1,422	709	2,790	5,260	15,786	3.89
No. 7--Chicago	3,955	11,149	404	1,945	1,694	5,814	6	14	1,665	3,960	1,169	5,056	8,893	27,938	
Illinois	2,999	8,743	278	1,457	1,032	3,759	------	------	807	2,172	903	4,123	6,019	20,254	3.05
Wisconsin	956	2,406	126	488	662	2,055	6	14	858	1,788	266	933	2,874	7,684	3.73
No. 8--Des Moines	3,917	8,586	573	2,523	2,492	6,351	32	143	2,345	3,550	1,605	4,742	10,964	25,895	
Iowa	970	1,900	110	510	695	1,537	------	------	374	604	180	498	2,329	5,049	3.38
Minnesota	1,359	3,372	221	991	532	1,303	32	143	692	1,175	246	775	3,082	7,759	4.65
Missouri	1,376	2,888	162	762	1,094	3,181	------	------	1,114	1,473	1,145	3,402	4,891	11,706	4.65
North Dakota	132	339	12	60	70	110	------	------	85	164	34	67	333	740	2.61
South Dakota	80	87	68	200	101	220	------	------	80	134	-----	-------	329	641	2.12
No. 9--Little Rock	2,620	6,422	705	3,129	866	2,487	------	------	2,026	3,249	1,789	4,937	8,006	20,224	
Arkansas	253	438	29	115	157	427	------	------	271	318	159	279	869	1,577	
Louisiana	774	2,546	127	528	94	335	------	------	343	621	480	1,321	1,818	5,351	4.21
Mississippi	158	268	46	179	163	353	------	------	252	289	140	338	759	1,427	2.21
New Mexico	117	234	3	15	84	259	------	------	159	249	53	103	416	860	3.25
Texas	1,318	2,936	500	2,292	368	1,113	------	------	1,001	1,772	957	2,896	4,144	11,009	3.17
No. 10--Topeka	2,722	5,547	220	927	843	2,002	------	------	1,665	2,327	833	2,220	6,283	13,023	
Colorado	368	957	41	175	118	293	------	------	656	1,101	206	671	1,389	3,197	4.25
Kansas	738	1,316	56	223	315	573	------	------	230	271	186	311	1,525	2,694	2.30
Nebraska	681	1,305	73	318	116	312	------	------	243	267	121	392	1,234	2,594	3.27
Oklahoma	935	1,969	50	211	294	824	------	------	536	688	320	846	2,135	4,538	3.31
No. 11--Portland	1,789	4,189	255	882	1,275	3,399	147	441	1,133	1,562	771	2,448	5,370	12,921	
Idaho	119	211	23	54	95	311	------	------	109	111	107	350	453	1,037	4.04
Montana	131	351	21	98	74	169	------	------	144	278	48	107	418	1,003	3.01
Oregon	434	1,162	67	248	170	376	15	45	514	677	185	607	1,385	3,115	4.27
Utah	205	595	40	114	284	963	------	------	75	79	69	159	673	1,910	4.87
Washington	824	1,651	104	368	556	1,262	132	396	241	347	312	1,086	2,169	5,110	4.06
Wyoming	76	219	------	-------	96	318	------	------	50	70	50	139	272	746	4.89
No. 12--Los Angeles	3,301	8,675	442	2,876	5,651	21,715	------	------	4,863	9,701	1,362	5,297	15,619	48,264	
Arizona	70	176	3	11	135	453	------	------	240	393	49	96	497	1,129	3.35
California	3,215	8,460	438	2,862	5,486	21,161	------	------	4,570	9,221	1,302	5,180	15,011	46,884	9.27
Nevada	16	39	1	3	30	101	------	------	53	87	11	21	111	251	3.36

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

Table 9.—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: September[1]	40,112	35.2	4,984	4.4	23,759	20.8	3,761	3.3	27,108	23.8	14,254	12.5	113,978	100.0
October	42,091	34.6	5,636	4.6	25,589	21.0	3,718	3.0	29,577	24.3	15,195	12.5	121,806	100.0
November	38,671	33.3	5,443	4.7	24,594	21.2	3,994	3.5	27,955	24.1	15,336	13.2	115,993	100.0
December	38,018	33.6	5,694	5.0	24,433	21.6	3,692	3.2	27,034	23.9	14,370	12.7	113,241	100.0
1940: January	30,005	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	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
June	45,564	36.0	5,922	4.7	26,986	21.3	4,237	3.3	27,896	22.0	16,126	12.7	126,731	100.0
July	46,667	35.3	6,228	4.7	28,511	21.6	4,328	3.3	29,689	22.4	16,837	12.7	132,260	100.0
August	46,706	34.7	6,525	4.8	29,137	21.6	4,298	3.2	30,858	22.9	17,178	12.8	134,702	100.0
September	45,595	35.5	6,091	4.7	27,924	21.7	4,257	3.4	28,164	21.9	16,391	12.8	128,422	100.0
Amount:														
1939: September[1]	$99,484	32.3	$25,823	8.4	$74,388	24.1	$13,347	4.3	$50,028	16.2	$45,208	14.7	$308,278	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	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	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	100.6
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
June	116,595	32.8	28,909	8.1	87,552	24.6	16,493	4.7	52,973	14.9	52,941	14.9	355,463	100.0
July	118,914	32.4	30,602	8.3	92,658	25.3	16,067	4.4	55,191	15.0	53,622	14.6	367,054	100.0
August	121,979	32.4	31,839	8.4	93,931	24.9	15,903	4.2	56,770	15.1	56,394	15.0	376,816	100.0
September	117,928	33.0	29,401	8.2	89,051	24.9	15,566	4.4	52,936	14.8	52,636	14.7	357,518	100.0

[1] Revised.

Table 10.—Estimated nonfarm real estate foreclosures, by size of county

Period	U. S. total	County size (dwellings)			
		Less than 5,000	5,000–19,999	20,000–59,999	60,000 and over
1939: Jan.–Sept	78,954	8,261	12,074	15,831	42,788
September[1]	8,227	851	1,124	1,907	4,345
October	7,421	718	1,188	1,616	3,899
November	7,742	721	1,000	1,851	4,170
December	7,168	804	933	1,589	3,842
1940: Jan.–Sept	57,527	5,829	8,608	12,022	31,068
January	6,483	708	966	1,307	3,502
February	5,818	633	860	1,212	3,113
March	6,379	608	941	1,395	3,435
April	6,404	658	948	1,313	3,485
May	7,138	712	1,088	1,539	3,799
June	6,597	709	1,043	1,301	3,544
July	6,293	667	909	1,269	3,448
August	6,128	595	835	1,338	3,360
September	6,287	539	1,018	1,348	3,382

[1] Revised.

Table 11.—Property operations of the Home Owners' Loan Corporation

Period	Number of properties acquired[1]	Number of properties sold	Number of properties on hand at end of month
1939: September	2,629	4,765	83,330
October	2,493	4,602	81,237
November	2,404	4,408	79,240
December	1,840	3,857	77,229
1940: January	1,619	3,046	75,796
February	1,344	2,994	74,113
March	1,697	3,980	71,821
April	1,388	4,654	68,535
May	1,531	4,720	65,326
June	1,611	4,801	62,127
July	1,694	3,355	60,470
August	1,758	3,691	58,524
September	1,701	3,619	56,598

[1] Includes reacquisitions of properties previously sold.

Table 12.—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 private investments	Operations: Private repurchases	Operations: 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: 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
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
June	2,235	2,708,529	2,129,687	2,019,809	236,913	124,133	2,591,600	43,626	20,418	67,751
July	2,237	2,706,259	2,167,366	2,039,739	220,893	129,909	2,610,200	86,496	73,111	70,943
August	2,248	2,742,287	2,208,016	2,059,097	220,081	136,244	2,634,300	51,025	36,060	72,214
September	2,259	2,789,391	2,250,905	2,085,410	220,569	144,997	2,664,200	46,203	30,928	68,665
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: June	1,383	1,441,058	1,135,511	990,248	217,026	88,298	1,299,100	27,000	8,100	39,094
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	1,411	1,655,179	1,346,608	1,222,025	196,813	71,577	1,529,500	39,329	16,679	46,577
May	1,415	1,685,324	1,375,683	1,239,973	196,933	74,428	1,538,000	31,915	16,124	49,287
June	1,421	1,727,337	1,403,933	1,267,156	197,268	90,489	1,560,900	29,404	11,022	47,435
July	1,422	1,724,821	1,430,982	1,282,590	181,724	95,175	1,574,000	60,489	49,244	48,676
August [1]	1,427	1,750,870	1,461,440	1,297,572	181,256	99,985	1,591,100	34,871	22,643	50,305
September [2]	1,430	1,775,555	1,487,489	1,309,421	181,261	106,674	1,602,400	31,184	19,414	46,480
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: June	787	898,353	633,601	667,611	43,425	38,764	936,900	13,700	7,700	16,754
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
June	814	981,192	725,754	752,653	39,645	33,644	1,030,700	14,222	9,396	20,316
July	815	981,438	736,384	757,149	39,169	34,734	1,036,200	26,007	23,867	22,267
August	821	991,417	746,576	761,525	38,825	36,259	1,043,200	16,154	13,417	21,909
September	829	1,013,836	763,416	775,989	39,308	38,323	1,061,800	15,019	11,514	22,185

[1] In addition, 3 Federals with assets of $688,000 had been approved for conversion but had not been insured as of Aug. 31.

[2] In addition, 3 Federals with assets of $756,000 had been approved for conversion but had not been insured as of Sept. 30. However, among the above 1,430 associations, 1 Federal with assets of $15,000 had been insured but not approved for membership as of Sept. 30.

Table 13.—Lending operations of the Federal Home Loan Banks

[Thousands of dollars]

Federal Home Loan Bank	September 1940		August 1940		Advances outstanding, Sept. 30, 1940
	Advances	Repayments	Advances	Repayments	
Boston	$948	$341	$855	$390	$8, 394
New York	1, 217	817	963	813	19, 998
Pittsburgh	934	434	1, 119	528	16, 687
Winston-Salem	3, 484	368	2, 553	546	24, 569
Cincinnati	1, 302	325	891	579	17, 002
Indianapolis	656	179	556	665	9, 603
Chicago	1, 559	978	1, 996	415	27, 007
Des Moines	1, 293	260	1, 438	215	16, 764
Little Rock	368	410	382	432	6, 739
Topeka	82	307	372	210	9, 368
Portland	189	202	296	356	5, 992
Los Angeles	865	630	788	881	13, 924
Total	12, 897	5, 251	12, 209	6, 030	176, 047
Jan.–Sept. 1940	89, 759	95, 025			
September 1939	10, 152	5, 935			163, 687
Jan.–Sept. 1939	60, 625	95, 780			
September 1938	6, 561	6, 429			189, 550
Jan.–Sept. 1938	56, 980	67, 525			

Table 14.—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–Sept. 1940:				
Applications:				
Number	1, 862	4, 631	[3] 971	[3] 5, 602
Amount	$50, 401	$201, 861	[3] $64, 320	[3] $266, 181
Investments:				
Number	1, 831	4, 208	725	4, 933
Amount	$49, 300	$176, 295	$45, 131	$221, 426
Repurchases	$22, 552	$21, 782	$5, 600	$27, 382
Net outstanding investments	$26, 748	$154, 513	$39, 531	$194, 044
September 1940:				
Applications:				
Number	0	2	4	6
Amount	0	$55	$1,015	$1, 070
Investments:				
Number	0	1	3	4
Amount	0	$5	$458	$463
Repurchases	0	0	0	0

[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.
[3] August applications for investments were overstated by 2 in number and $100,000 in amount. Cumulative figures have been adjusted for these changes.

Table 15.—Changes in selected types of private long-term savings

[Amounts are shown in thousands of dollars]

Period	Amounts sold during month			Amounts outstanding at end of month				
	Life insurance [1]	U. S. savings bonds [2]	Insured savings and loans [3]	U. S. savings bonds [4]	Postal savings [5]	Mutual savings banks [6]	Insured commercial banks [7]	Insured savings and loans [8]
1939: September	$442, 597	$47, 234	$36, 800	$2, 051, 228	$1, 266, 739			$1, 725, 529
October	543, 991	49, 832	41, 200	2, 092, 332	1, 270, 481			1, 747, 770
November	537, 951	56, 313	40, 000	2, 140, 379	1, 274, 432			1, 769, 033
December	567, 212	76, 024	48, 400	2, 208, 881	1, 278, 685	$10, 480, 684	$12, 623, 325	1, 811, 181
1940: January	517, 622	273, 044	102, 571	2, 473, 115	1, 289, 617			1, 868, 736
February	506, 212	144, 665	55, 332	2, 610, 148	1, 297, 324			1, 901, 162
March	567, 872	105, 992	51, 377	2, 706, 582	1, 301, 304			1, 928, 835
April	574, 453	121, 504	55, 809	2, 817, 950	1, 302, 552			1, 958, 417
May	571, 625	64, 267	46, 655	2, 868, 936	1, 298, 508			1, 981, 445
June	533, 086	49, 600	43, 626	2, 904, 699	1, 293, 293	10, 589, 838	12, 754, 750	2, 019, 809
July	566, 061	72, 997	86, 496	2, 965, 940	1, 296, 555			2, 039, 739
August	528, 330	53, 359	51, 025	3, 008, 137	1, 298, 000			2, 059, 097
September	503, 427	47, 122	46, 203	3, 043, 626	1, 295, 446			2, 085, 410
Change: Last 6 mos				+12. 45%	−0. 45%	+1. 04%	+1. 05%	+8. 12%

[1] Life Insurance Sales Research Bureau. Face amount of policies sold, excluding group insurance.
[2] *U. S. Treasury Daily Statement.* Cash sales, including unclassified sales.
[3] New private investments; amounts paid-in as reported to the FHLBB.
[4] *U. S. Treasury Daily Statement.* Current redemption value.
[5] U. S. Post Office Department. Outstanding principal, represented by certificates of deposit, excluding accrued interest, outstanding savings stamps, and unclaimed deposits. Figures for the last three months are preliminary.
[6] *Month's Work.* All deposits.
[7] FDIC. Time deposits evidenced by savings passbooks.
[8] Private repurchasable capital as reported to the FHLBB.

Monthly Survey (continued from p. 53)

Federal Home Loan Bank System

[*Table 13*]

■ DURING September, the upward trend in advances outstanding of the Federal Home Loan Banks was continued for the fifth consecutive month, and for the fourth consecutive month the volume of new advances exceeded the corresponding month in any previous year of Bank operations. Since May, when the current rise began, the Banks' advances outstanding have gained 28 percent, with increases in the individual Banks ranging from 4 percent in the Los Angeles Bank to 86 percent in the Winston-Salem Bank.

Advances made during the month in the amount of $12,897,000 and repayments in the amount of $5,251,000 resulted in a net gain in advances outstanding of $7,646,000, and brought the balance at the end of the month up to $176,047,000—$12,360,000 more than the balance reported at the end of September 1939.

Nine of the Federal Home Loan Banks again reflected advances greater than repayments during September (six of these nine Banks reported increases in advances outstanding for the two previous months). The largest monetary and percentage increase in advances outstanding was again reported in the Winston-Salem Bank where an increase in the amount of $3,100,000, or 14.5 percent took place during the month of September. The Little Rock, Topeka, and Portand Banks reported decreases in small amounts. Six of the Federal Home Loan Banks reported greater advances made during the month than during August while eight Banks had a smaller volume of repayments.

The advances outstanding of the Federal Home Loan Banks at the end of September 1940 were equal to 104 percent of the average of monthly advances outstanding for the year 1939.

The total membership of the Federal Home Loan Bank System on September 30 was 3,891, a net decrease of 11 members during the month resulting from the admission of three new members and the withdrawal of 14 members. However, total assets of member institutions continued to increase despite the decline in membership. During the month of September, aggregate member assets rose from $4,910,000,000 to $4,927,000,000—a net increase of $17,000,000, and a gain of $287,000,000 over total member assets at the end of September 1939.

Again: Moratorium For Military Men

■ ON October 17, 1940, the President approved S. 4270, the Soldiers' and Sailors' Civil Relief Act of 1940. This new measure, which is Public No. 861, 76th Congress, contains broader moratorium and protective provisions for persons in military service than either the so-called National Guard Act or the Selective Training and Service Act of 1940, discussed in the September and October issues. It supersedes the moratorium provisions of those two Acts with respect to any military service performed after the date of its enactment.

Besides moratorium provisions as to mortgages, installment contracts covering real or personal property, rental payments where the agreed rent does not exceed $80 a month, and court actions and proceedings generally, the new Act includes provisions in regard to life insurance premiums, real property taxes, and public lands. It applies to all members of the Army, the Navy, the Marine Corps, and the Coast Guard, and to all officers of the Public Health Service detailed by proper authority for duty with the Army or the Navy, and "military service" includes not only service on active duty with any of these branches of service but also training or education under the supervision of the United States preliminary to induction into the military service.

Special attention is called to the steps which the Act requires as a preliminary to the taking of default judgments.

Perils of Defense Preparation

■ DISCUSSION of the economic consequences of the defense program has occupied the attention of economists throughout the entire country. In the October issue of *Dun's Review*, Edwin B. George emphasizes some of the economic perils of this defense preparation. In part, he says:

"We want to avoid the crowding of new factories and populations into already congested cities and areas, with its consequent pile-up and choke-up to the detriment of the main drive. . . . We already have an abundance of ghost towns, held crazily together by a populace reduced to the same level of futility as its weed-choked streets and gardens. It is part of the responsibility of modern war-making to plan for rehabilitation, and if we are capable of learning from experience, we may be able to keep this final and major task at least within the bounds of the attainable."

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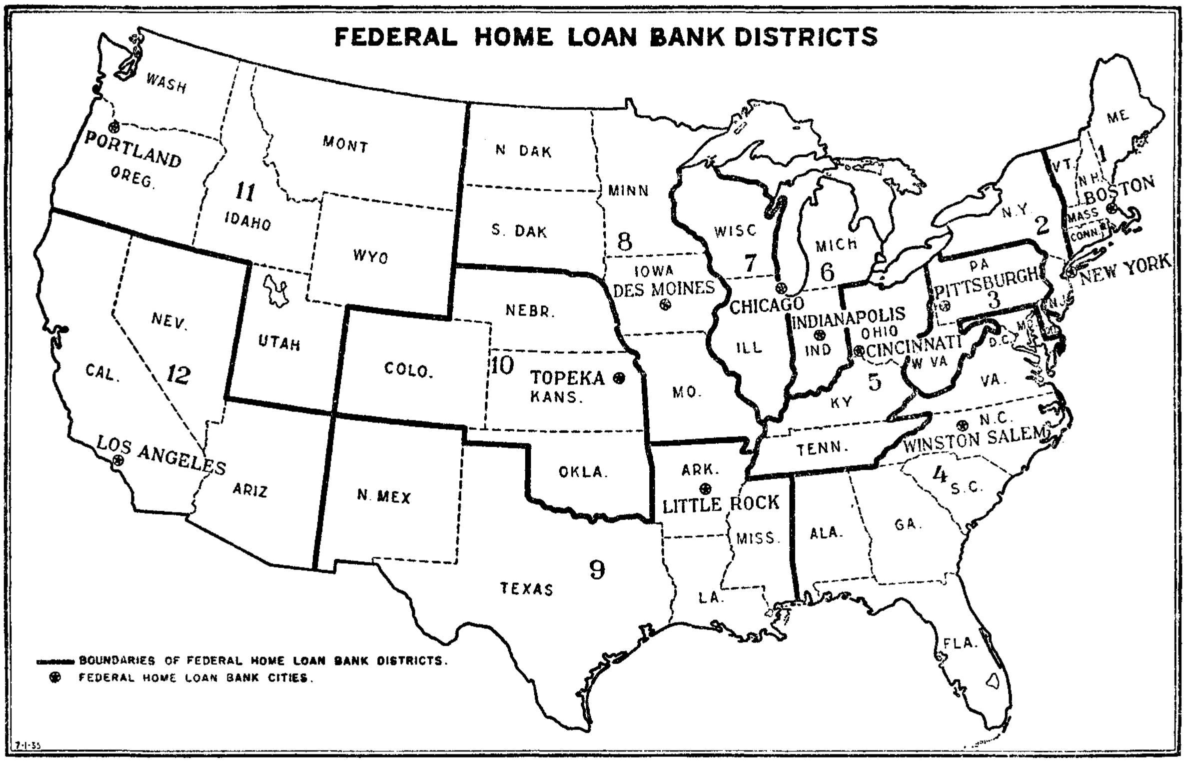

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