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SURVEY OF HOUSING AND MORTGAGE FINANCE

The forthcoming Eighth Annual Report of the Federal Home Loan Bank Board contains again a broad analysis of major trends in the fields of housing and mortgage finance. Of special importance to home-financing institutions is a discussion of lending and dividend policies.

■ UPON the outbreak of the present European conflict, there was a growing tendency in this country to look for repercussions on housing and mortgage finance similar to those which resulted from the first World War. However, by the summer of 1940, such fears had not materialized. The flow of savings into financial institutions continued unabated; home-mortgage lending activity reached a 9-year high, accompanied by a further reduction in financing costs; and residential construction surpassed the substantial volume of the period 1938–1939. On the other hand, neither had hopes for a rise in property values come to pass, for the prices of old properties, instead of increasing as a result of war psychology, remained stable or continued to decline.

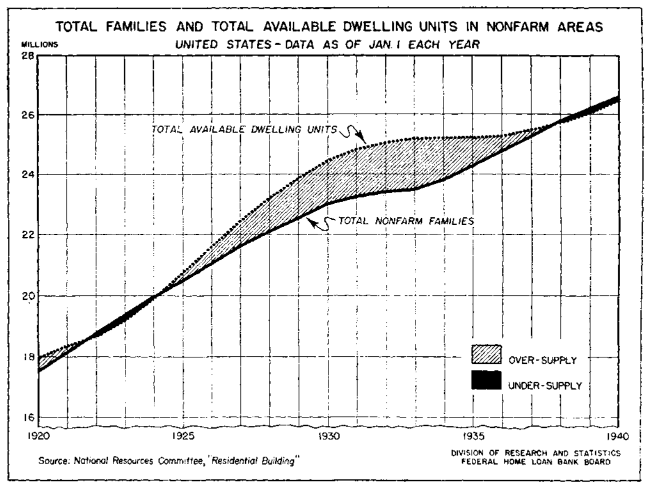
These trends—so important to home-financing institutions—are analyzed in the forthcoming Eighth Annual Report of the Federal Home Loan Bank Board [1] covering the fiscal year ending June 30, 1940, from which the following summary is taken.

Continued Upswing of Residential Construction

The major upswing in residential building, under way since 1935, was continued during the reporting period though at a much lower rate than during the previous year. Building permits show that from July 1939 through June 1940 construction was started on 482,804 nonfarm dwelling units estimated to cost $1,652,358,000—an increase of 15.1 percent in number and 11.4 percent in dollar volume over the preceding fiscal year. More than half of this increase, however, was accounted for by public housing projects financed through the United States Housing Authority.

Barring unforeseen events, the Report points out, the basic situation remains favorable to continued high activity in private construction. The oversupply of nonfarm dwelling units (in relation to the number of nonfarm families) accumulating since 1925 had been absorbed by 1938. Since that time, both the number of total available housing units and the number of families have closely parallelled one another, with an indicated slight shortage of units in 1939 and 1940 (see chart below).

Past building cycles have witnessed a disproportionate increase in the number of apartment houses generally accompanying an upswing in residential building. However, in the present building recovery, the trend is away from multifamily structures and the predominant position of the single-family dwelling should be an encouragement to local savings and loan associations because they are especially equipped to finance this type of home. From 1933 to 1940 dwellings of the single-family type constituted from 73 to 78 percent of all units built, despite the increase in publicly financed construction.



The above chart shows the total number of existing nonfarm dwelling units and the total number of nonfarm families for the period 1920–1940. It illustrates the accumulation and gradual absorption of the oversupply of dwellings that had resulted from the building boom of the late Twenties. By 1938, this oversupply had been completely eliminated, and since then, the number of families has been slightly in excess of the number of available dwelling units.

[1] As soon as the report is printed, copies may be purchased from the Superintendent of Documents, Government Printing Office, Washington, D. C. Member institutions of the Federal Home Loan Bank System receive the report free of charge.

Although many sectors of our economy have long since passed the depression stage, the real estate market has been slow in recovering. During the fiscal year 1940, the real estate market continued to show mixed trends. Prices for old properties declined further or leveled off due to competition of new moderately priced homes sold on easy terms and because of the tax burden imposed on existing properties—a tax burden which has not only been out of proportion to taxes on other forms of investment but in many cases heavier than on equivalent new homes in suburban districts. These suburban districts as a general rule enjoy lower tax rates than do adjoining cities and their newer properties are free from inflated assessments of bygone days. On the other hand, real estate sales activity in general was substantially higher than the previous year, particularly for low-priced properties; and foreclosures dropped to the lowest level in 13 years.

The combination of a declining foreclosure rate and increased property sales resulted in a decided reduction in the real estate overhang. At the end of 1939 the estimated value of residential properties held by savings and loan associations, banks, life insurance companies, and the Home Owners' Loan Corporation, was approximately $2,404,000,000, a decrease of $341,200,000, or 12.4 percent, from the previous year end. The disposition of real estate by financial institutions was larger in volume than ever before—to a great extent the result of changed policies rather than improved market conditions. Realizing the danger of holding real estate indefinitely, many financial institutions have reconditioned their properties for sale, priced them realistically, and instituted carefully planned programs to stimulate sales.

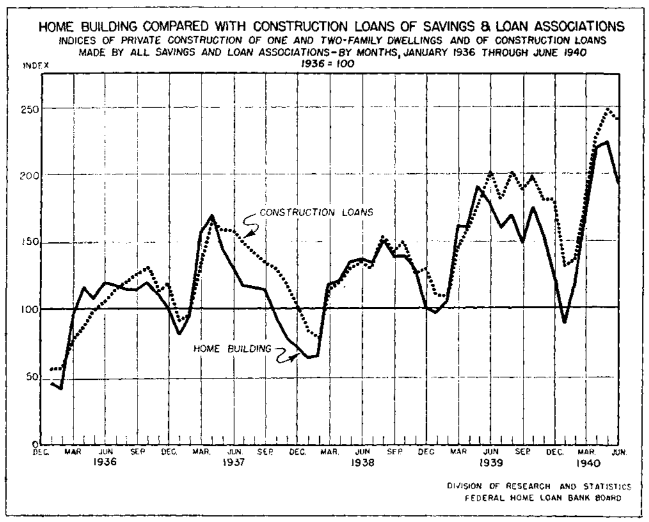
In the past few years, the demand for homes has been broadened by lower financing costs, smaller down-payments, and longer periods of amortization, making homes available at much easier terms than ever before in the history of mortgage finance in this country. Building costs, in contrast, have failed to show any appreciable reduction. It is true that there has been some experimentation with technological improvements, new materials, and large-scale production, but thus far the approach to the mass market for new homes—commendable in itself—was mainly through the construction of dwellings of smaller size, fewer rooms, and simpler design.

For some time the Federal Home Loan Bank Board has emphasized the need for neighborhood rehabilitation. Only recently, however, has this need been more generally recognized. In its latest Annual Report, the Board makes the following observation:

"Neighborhood deterioration and decentralization of cities move, indeed, in a vicious circle. Blight of central districts drives people into suburbs and this in turn fosters the progress of blight. Similarly, high taxes in city centers cause families to move toward the urban rim; as community services must nevertheless be maintained, this increases the per capita tax burden on the centers or is at least an obstacle to tax reduction. As a result, more families are induced to leave the centers. Unless these problems are solved, actual depopulation of central city districts will continue unchecked . . . . A conservation program will not only maintain urban property values, but increase the social usefulness of our older neighborhoods and advance housing standards."

Expansion of Lending Activity

Home-mortgage lending remained one of the most active segments of our otherwise sluggish capital market and exceeded, for example, the total amount of corporate financing in 1939. All types of lenders shared in the growth of lending activity, with



From the beginning of 1936, construction loans made by all savings and loan associations have been well in tune with home building; and during the entire fiscal year ending June 30, 1940, the index of construction loans exceeded that of private home building, indicating that savings and loan associations have increased their activity in this field despite keen competition.

savings and loan associations—the largest single group of lenders—accounting for one-third of the total nonfarm mortgage recordings of $20,000 or less.

In the past few years, loans for new construction have increased more rapidly than any other type of loan, while refinancing loans have declined in relative importance. Wholesale refinancing of the home-mortgage debt has more or less come to a close, and the report states that nearly all loans outstanding in 1932 have either been paid off or recast or refinanced. Since the majority of the loans contracted since 1933 have been written on a long-term amortized basis at comparatively low interest rates, the demand for refinancing naturally has tapered off.

As illustrated by the chart on page 67, savings and loan associations have not only been able to hold their own in the financing of new construction but have recently expanded their activity in this field in the face of keen competition.

Interest rates on first mortgages, the Report points out, have been reduced during the past decade from a range of 6 to 8 percent to a range of 4½ to 6 percent. In addition, further savings in financing costs were effected by: (1) a more general application of the direct-reduction loan plan under which interest is charged only on the constantly reducing balance rather than on the original principal; (2) increase in loan ratios for first mortgages, reducing the need for second and third mortgages (formerly carrying rates as high as 10 and 12 percent): and (3) adjustment of discounts and charges incidental to the making of home-mortgage loans, such as commissions, fees, and bonuses, to reflect more accurately services performed. All of these factors have operated, during the past decade, to decrease by one-third to one-half the total monthly financing charges on homes.

Lending and Dividend Policies

The Board's Report places particular emphasis this year on association policies in regard to interest and dividend rates. "As a matter of general policy, the Board has advocated that savings and loan associations establish and maintain such interest rates as will enable them to attract and hold the best mortgage loans available in the community, since any other policy would result in inferior mortgage portfolios. It has recommended the adoption of variable interest rates for different classes of loans in order that associations may be able to compete for first-class loans and obtain a diversified portfolio. It suggests that equal treatment be given to old and new borrowers and that loans already held be refinanced at lower rates to preserve loan volume and goodwill. Because of the close relation between the cost of money and mortgage interest rates, the Board has urged associations to revise dividend rates where they are out of line with the generally decreased rate of return on savings."

The existing competition between the various types of local mortgage lenders is a major safeguard of economical operations and reasonable charges to borrowers. That savings and loan associations are able to meet the present highly competitive situation is evidenced by the fact that as a group they have not only maintained but increased their share in the total mortgage-lending activity. Under these circumstances, the Report points out, the proper realm of supervisory authorities seems to lie in the encouragement of general policies which will assure the soundest type of lending operations. The prescription of uniform maximum interest rates, however, would be neither wise nor equitable.

Mortgage interest rates charged to borrowers are largely controlled by the cost of money to savings and loan associations. On dividend rates, the Report has this to say:

"Dividend rates which are uneconomically high . . . necessarily hamper associations in the present sharp competition for loans and may force institutions to make mortgage investments of the second or third class rather than first-grade loans which can be obtained only at low interest charges. Inasmuch as interest rates are being reduced as a result of competition in the mortgage market, high dividends tend to narrow the margin between cost of money and income. Consequently, they limit the amount that can be added to reserves. Moreover, the experience of associations which have reduced their dividend rates in recent years clearly indicates that such reductions have only a temporary adverse effect on the volume of funds invested in the associations, and that the generally sound condition of an institution and its competitive strength are more effective in maintaining investors' confidence than high dividend rates.

". . . In general, the Board advocates annual dividends at the present time at a rate of not more than 3 percent which would enable associations to meet loan competition, to pay operating expenses, and to strengthen reserves. In some regions, particularly in the New York City area, competitive conditions permit and require dividend rates of 2½ percent."

(Continued on p. 75)

A PRACTICAL APPROACH TO PUBLIC RELATIONS DURING 1941

As each new year approaches, savings and loan executives and boards of directors are giving increased attention to the formation of public relations programs affecting their employees, their members, and the general public. Of special interest to management in planning for 1941 are some of the practical ideas now being used by progressive institutions.

■ BROADLY speaking, public relations activity includes any and all efforts of management to develop satisfactory relationships with employees, members, competitors, and the general public of the community.

To provide executive officers with practical suggestions for improving these relations during the coming year, the Department of Public Relations of the Federal Home Loan Bank Board has surveyed the operations of a number of outstanding associations with assets ranging from $250,000 to more than $20,000,000 and located in communities varying in size from 5,000 to 3,400,000 in population. The managers of these institutions were asked to outline those aspects of their public relations programs which have proved to be most effective and beneficial. The comments and opinions expressed in this article, therefore, are those made by full-time practical operators who have learned by actual experience the results which they can produce.

Association Employees: The Logical Starting Point

It is a commonly accepted fact that a satisfied employee ranks right along side a satisfied investor or borrower as an organization's best public relations medium. During the past year there has been increasing evidence that savings and loan management does recognize the importance of these employee relationships. Many managers have found that a personal interest in the welfare of an employee is compensated by increased loyalty and efficiency—both of which are essential to the successful operation of a sound and profitable institution.

Office modernization programs have included lounge and recreational facilities which have added not only to the comfort and convenience of its members, but of association personnel as well. The establishment of employee retirement and pension plans has received added impetus.

One executive stated the entire problem of employee relations in this way: "In order to maintain the proper morale in an association, it is necessary to convince each employee that the association has his interest at heart and that he is receiving the considerate attention of the management. . . . No limit can be placed on the possible damage which can be done by discontented employees."

Customer Contacts Are All-important

Except when new savings accounts are being opened and conferences are being held with prospective borrowers, these association executives usually had little personal contact with their members. In most associations, the regular day-to-day investments, repurchases, and mortgage repayments were handled by window tellers. The managements realized that the best opportunities for developing customer relations were in these routine transactions.

In the opinion of one leader in the Southwest, "Every savings and loan employee, by sufficient effort, study of human nature, and methods of dealing with people, can become a successful salesman and a definite asset to his association." Such an employee, he believes, can cultivate the customers with whom he comes in daily contact and thus develop strong business friendships. In many instances, customer friends will go out of their way to obtain new accounts for an association if they have the feeling that the business means something toward the ultimate success of the employee. "An association's customers usually have a wider range of influence and contacts with other sources which neither the employee nor the management can be able to reach effectively." This manager looks upon his employees as sales managers as well as salesmen.

As an example, one teller in an Oklahoma savings and loan association was responsible, either directly or indirectly, for 68 new savings and investment accounts totaling $136,000 during a recent 12-month period, exclusive of any loan business which was obtained.

One association in Ohio supplies each employee with a weekly text covering a different phase of the subject of handling and getting along with people. Periodical staff meetings are held and the contents of these texts are applied directly to instances which have occurred during the period between staff meetings.

A study of the proper handling of this association's telephone contacts illustrates the extent to which other business groups have developed their public relations programs. Conferences on this phase of its operations brought a ready offer from the telephone company to furnish one of its experts without cost to counsel with the association's employees on the effective use of the telephone for business calls.

It is common practice among these reporting institutions to follow up all new accounts with a personal acknowledgment in a courteous and friendly letter. Some of the associations make a periodic check of their closed accounts and write a personal letter to the customers assuring them of a desire to serve, and inviting them to reestablish their connections with the organization. Quarterly or semi-annual letters were written to shareholders informing them of the progress which had been made. One executive also wrote that "whenever an item of publicity in the daily newspapers was particularly favorable to the association, we have a 'blow-up' made and send it out to all shareholders. Occasionally, we use some little trinket, such as a ruler or pencil with our name on it, and some advertising material as an enclosure."

Don't Overlook the Borrower

An association located in a community of 5,000 persons in the Northwest makes a particular point of the fact that it is easy to place too much emphasis on the investor and overlook the importance of the borrower—even to fall into the habit of thinking that an institution is doing a favor to a borrower in making him a loan.

"This, we believe, is a mistake," said the president of this institution. "If the loan is good, with all that the statement implies, then a borrower is paying for all he gets and there is no favor on either side except the usual reciprocity of good business dealings. The borrower is doing the association and its shareholders as great a favor in using their funds as it is in granting him the loan!"

Speed in handling customers is regarded by another association as an essential feature of its public relations. "Our endeavor is to furnish the fastest service in town, whether it be on a new loan application, paying of a loan, opening a new savings or investment share account, or a repurchase of an account already on the books." This institution makes a special effort to see that each person entering its office is immediately recognized, approached, and directed to the proper department for further service. "Overcoming a customer's embarrassed feeling of not knowing where to go or what to do creates an efficient and business-like impression of friendliness and willingness to serve."

Competitor Relationships

Not all public relations efforts are pointed directly toward obtaining new business or the building of goodwill among potential customers. "We get a lot of new business through commercial and savings banks," writes the president of an association in New York State. Another executive says, "Unless a savings and loan manager maintains a cooperative spirit with the managers of competitive institutions, his association is likely to encounter unnecessary and difficult situations."

The question of how this can be done is answered by one association as follows: "Once every year we send a letter to every commercial bank giving an up-to-the-minute description of our loan plans and suggesting that they refer inquiries to us. We enclose a supply of cards which they may use in introducing their customers to us, and we agree to let them know the results of the interviews. . . . We have made a positive effort to cultivate the goodwill of every financial institution in this section and now receive loan applications and share accounts from those institutions which are not in a position to handle the type of business we are seeking."

By working harmoniously with other association executives for the best interests and development of the business as a whole, these managers have found that they have not only maintained the goodwill of their competitors, but also of the community itself. As an illustration, a certain association executive has concentrated on these relationships for a number of years by passing on to his competitors new operating plans and ideas. He has refused to refinance their loans except in cases where the same rates and terms could not be offered, and has always advised his business rivals in advance of any possible reductions in interest and dividend rates. The results are that his competitors always have a good word to say about his institution, and associations in outlying districts are directing new business to him on the basis of this reputation.

Acquiring the Goodwill of the Community

In the opinion of these practical operators, the acquiring of community goodwill is in direct proportion to the amount of participation in civic affairs on the part of officers and directors. Every response emphasizes the responsibility which an association, as a service institution, shares in the general welfare of its local community.

"Civic service is an important cog in the successful operation of any business," states the secretary-treasurer of an association in New Mexico. "Our officers take an active part in civic affairs and have held offices in the Rotary Club, Chamber of Commerce, and County Taxpayer's Association. For some time they have carried on a campaign for better government and lower taxes, and have made an effort to make the home owners tax-minded." Each of the associations provides for adequate representation in all types of civic organizations, such as educational committees, tax research institutes, governmental units, school boards, schools, colleges, and churches, in addition to those mentioned.

Still another phase of the general community public relations program of these associations is concerned with the development of contacts with various professional groups which are allied with the operations of the savings and loan industry. These include insurance and mortgage companies, lumber and material dealers, architects, realtors, builders, contractors, labor unions, and lawyers. One association even mentioned the county medical association as an important contact.

The mutual respect of these various groups is gained by one relatively young midwestern association in the following manner: It requires that the interests of its officers and board of directors be completely separate from these outside groups. This means that realtors, attorneys, contractors, insurance men, etc., are automatically excluded in the organization of its board, except for those who could not, directly or indirectly, benefit themselves or others. This institution says that the observance of this policy of strict neutrality has gained it the goodwill of all of these professions.

A Word of Caution

Public relations has no definite starting or stopping points, though it embraces employee selection, training, and management; advertising and business promotion activities; contact work on the part of officers; policy formation in connection with the relationships of the institution to its community and to its competitors. Perhaps the most significant aspect lies not in the actions of the individuals who are involved, but rather in the *cooperative attitude* with which the administration of these factors is approached.

"It is well to remember," writes the representative of a large group of associations, "that the success of every public relations program is dependent directly upon the adoption of a realistic solution to each of the operating problems with which management has to deal. An association must meet the prevailing competition in all phases of its home-financing and thrift functions. If it is unable to match the services which are available from other progressive and efficiently managed institutions, then expensive advertising campaigns and extensive public relations programs are of little avail."

FHA Insurance Limit Raised

■ AUTHORITY to insure another billion dollars worth of mortgage loans was granted the Federal Housing Administration by President Roosevelt on November 14, 1940. Under Title II of the National Housing Act, as amended, the maximum principal amount of residential mortgages which may be covered by FHA insurance at any one time was limited to $3,000,000,000; however, the Act gave the President power to raise the aggregate amount "not to exceed $4,000,000,000."

This increase came as the Federal Housing Administration was close to exhausting its previous limit. According to the Federal Loan Administrator, the FHA would have been unable to continue operations after approximately December 1 without this new extension. At the end of October, the cumulative total of mortgages accepted for insurance under Title II reached $3,337,000,000, although actual premium-paying mortgages amounted to only $2,686,000,000.

FACTS WANTED: "There's certain factual information which we, as executive officers, have got to have and have got to be able to interpret if we're to do a competent job of management. It has been appropriately said that 'a man's judgment is no better than his information.' Surely, the importance of management having all of the essential tools with which to work, cannot be overemphasized at this time of drastic and rapid change in our domestic economy."

Allen C. Knowles, *American Savings and Loan News*, October 1940.

CONSUMER EDUCATION: "The housing problem is not one problem but many problems. . . . (It) becomes in part a saving, investment, and credit problem. It is also a consumer education problem. Unsatisfactory housing conditions are due in part to ignorance, faulty standards, and bad judgment of housing consumers."

Hazel Kyrk, *Journal of Home Economics*, October 1940.

FINANCIAL STATEMENTS: "There are at least five essential factors to be considered in the preparation of a statement which will attract the public. These are: (1) a well-balanced physical appearance; (2) conciseness; (3) a pleasing type face which attracts and is easily read; (4) a designation of the items of the statement by understandable account names; (5) the dignity which is fitting to a financial institution."

M. W. Jacobs, *Savings and Loans*, November 1940.

PERSONNEL POLICY: "Widespread adoption of policies to augment Army pay, continue pension plans, and provide other assistance to employes drafted for military training is reported by the National Industrial Conference Board . . . . More than one-third of the 128 companies surveyed will contribute some compensation to employes while they are away."

Wall Street Journal, Oct. 16, 1940.

INDEPENDENT AUDIT: "The outside auditor and his inspection of a bank's books and assets may be worse than worthless unless it is complete and unrestricted. The inadequate job which the management gets is worth less, at any price, than one which costs more which really looks into everything which the auditor feels needs competent examination."

American Banker, Oct. 18, 1940.

The defense of democracy . . . . .

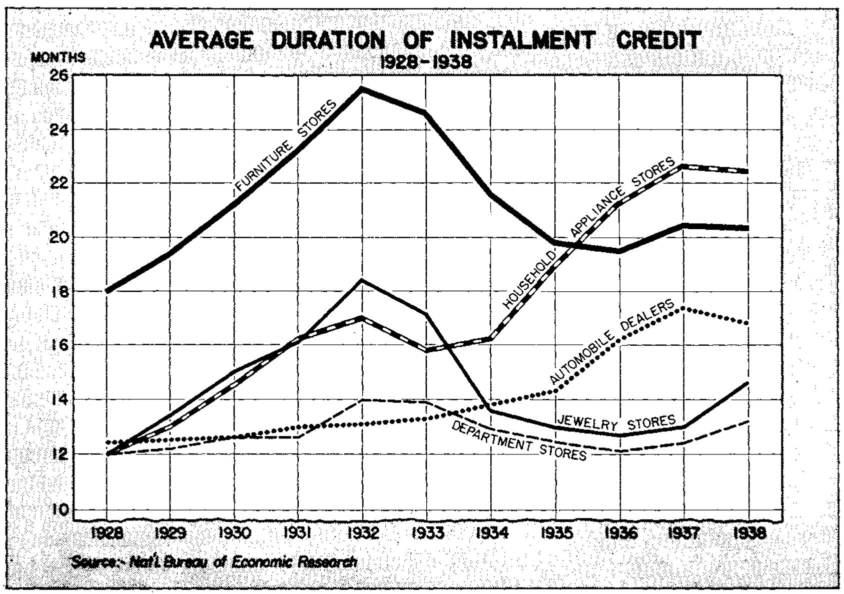
"The jobs and the homes of most of the people in our country constitute a part of their stake in the Nation. As long as they know that their Government is sympathetically working to protect their jobs and to better their homes, we can be confident that if the need arises the people themselves will wholeheartedly join in the defense of their homes and the defense of their democracy."

Pres. Franklin D. Roosevelt, *Housing Management Bulletin*, Oct. 14, 1940.

Neighborhood depreciation . . . . .

"Lending institutions cannot entirely control the matter of neighborhood depreciation, but they can do something about it in order to lessen its rapidity. For one thing, they should understand that they merely hasten the deterioration of the city district when they totally withdraw credit from it. Any number of examples could be cited of the destruction of values in a district which was still reasonably sound merely because lenders, acting in concert, refused to make any loans in the territory, thus virtually killing the real estate market, stopping any possibility of rehabilitation, and adding to the blight."

A. D. Theobald, Indiana Mortgage Study Conference on Low-Cost Housing Finance, *Indiana (University) Business Report No. 4.*



The duration of installment indebtedness, which represents the average length of time consumed in paying out debts, varied from 12 to 26 months over the 10-year period 1928–1938. The average duration of installment credit increased during the depression in all five types of retail establishments covered by the chart, but receded later to pre-depression levels for furniture, jewelry, and department stores. For automobiles and household appliances the trend toward longer installment credit terms is clearly indicated. Data on automobiles include new and used passenger cars and refer to length of contract rather than to actual duration of indebtedness.

National Bureau of Economic Research, *The Volume of Installment Credit, 1929 to 1938.*

THE COMPOSITION OF SAVINGS AND LOAN MORTGAGE AND REAL ESTATE ACCOUNTS

On the basis of a carefully selected sample of Bank System members, the Division of Research and Statistics has recently compiled new material on primary savings and loan assets. These data confirm the general adoption of direct-reduction loans, the existence of low delinquency rates, and attest to the service which these institutions provide for loans on residential dwellings in the lower price ranges.

■ The first comprehensive survey of primary savings and loan association assets reveals that—

(1) Loans on 1- to 4-family properties comprise 97 percent of the total number of mortgages held by savings and loan members of the Federal Home Loan Bank System.

(2) More than three-fourths of the unpaid balance of the outstanding loans of these institutions have been written on a direct-reduction basis.

(3) By the close of last year, the original amount due on all loans had been reduced 22 percent by borrowers' repayments.

(4) Only 4.1 percent of all loans on 1- to 4-family dwellings were delinquent for six months or longer.

(5) The average book value per parcel of real estate owned was considerably higher ($4,200) than the average loan outstanding ($2,200).

These and other pertinent facts are now available for the first time as a result of a survey recently completed by the Division of Research and Statistics of the Federal Home Loan Bank Board. Using reports from one out of every four members of the Bank System as a basis, a detailed analysis has been prepared of the status of the mortgage loan and real estate accounts of these associations at the end of December 1939. Summaries for the country as a whole have been made for each class of member association (Federal, insured State-chartered, and uninsured State-chartered) and for an aggregate of all classes in each of the Federal Home Loan Bank Districts.

Service for Low-Priced Homes

One of the more important facts revealed by this special study of savings and loan mortgage accounts focuses attention on the services which these institutions provide for the buyers of small, low-priced homes. In contrast to the average loan of $3,800 made by mutual savings banks, $3,150 by commercial banks, and $4,960 by insurance companies,[1] the average advance to borrowers by savings and loan associations was only $2,800. Restricting the statistics to those on 1- to 4-family dwellings, the average savings and loan mortgage had an original face amount of only $2,600.

Assuming a loan-to-appraised-value ratio of from 60 to 80 percent, it is evident that these institutions are financing a considerable volume of home building and home buying in the price range from $3,250–$4,300. Studies by the National Resources Committee of consumer incomes in the United States have indicated that one-half of all urban families can not purchase houses costing more than $3,750. Hence, on the basis of these data, it is apparent that savings and loan associations are making a definite contribution toward providing adequate privately owned shelter for the great majority of American families.

Types of Property on Which Loans Are Held

Closely allied with the size of the loan made are the types of property which constitute the security for mortgage loans. In this respect, then, it is not surprising to find that *97 percent* of the mortgages of member savings and loan associations are on 1- to 4-family dwellings. In terms of the original amount of these mortgages, the ratio of loans on dwellings of this type to total loans made is 93 percent. The dollar amount of loans on other improved properties is equal to 6.7 percent of the face amount of the

[1] Statistics on the average loans made by these institutions are derived from the monthly mortgage recording data compiled by the Division of Research and Statistics.

mortgages and unimproved properties account for the remaining 0.3 of 1 percent.

Variations by class of association are relatively small and so are the differences by geographic areas. This is indicated in the table on this page which shows, on the basis of the original amounts of the loans, a distribution by type of property for each of the three classes of member associations and also for the aggregate loan totals in each Federal Home Loan Bank District.

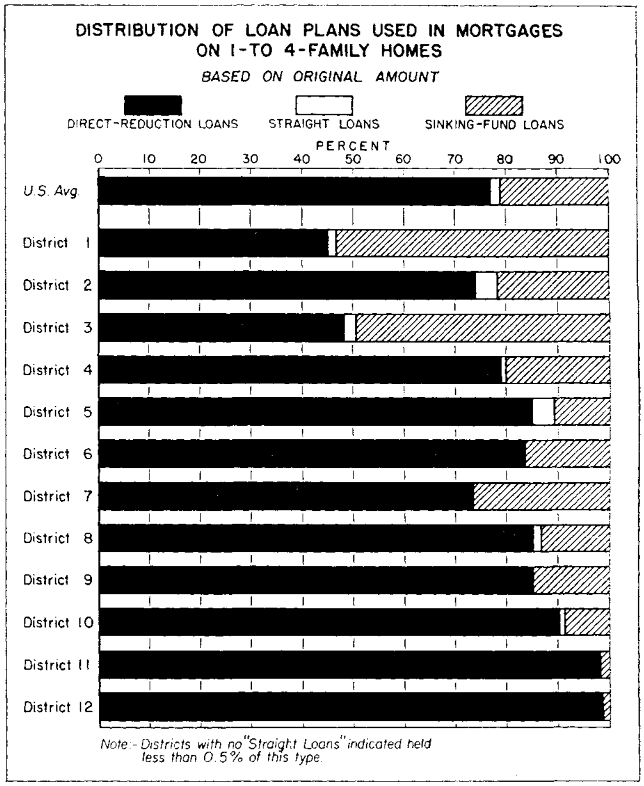
Distribution of loans held by all member associations, by type of property

Federal Home Loan Bank District and class of association	1- to 4-family dwellings	Other improved properties	Unimproved properties
	Percent	*Percent*	*Percent*
UNITED STATES	93.0	6.7	0.3
Federals	94.8	5.0	0.2
Insured State members	90.4	9.0	0.6
Uninsured State members	92.8	7.0	0.2
No. 1—Boston	98.9	1.0	0.1
No. 2—New York	95.3	4.6	0.1
No. 3—Pittsburgh	94.9	5.0	0.1
No. 4—Winston-Salem	92.7	7.1	0.2
No. 5—Cincinnati	90.8	8.8	0.4
No. 6—Indianapolis	95.2	4.7	0.1
No. 7—Chicago	93.3	6.6	0.1
No. 8—Des Moines	91.0	8.8	0.2
No. 9—Little Rock	93.7	5.3	1.0
No. 10—Topeka	88.8	10.5	0.7
No. 11—Portland	86.4	13.4	0.2
No. 12—Los Angeles	90.7	8.9	0.4

LOAN AMORTIZATION PLANS

Confirmation of the widespread adoption of the direct-reduction loan plan is found in the fact that loans amortized on this basis accounted for 77 percent of the original amount of all mortgages held by member associations at the close of last year. The ratio of the unpaid balance of direct-reduction loans to the total amount due on mortgages was slightly higher at 79 percent. These percentages will continue to increase as the older sinking-fund loans are repaid. In terms of *current* lending activity, the proportion of direct-reduction loans is considerably higher than revealed in these figures.

Because mortgages on 1- to 4-family dwellings constitute the overwhelming proportion of the portfolios of savings and loan associations, an analysis of these loans by class of association and Federal Home Loan Bank District is particularly significant.



The extent to which direct-reduction loans have replaced all other types of loan plans is clearly indicated in the chart above. On the basis of the original amount of the loan, more than three-fourths of all savings and loan mortgages are now being regularly amortized with part of the borrower's payment applying to interest and the remainder to the reduction of principal.

As might be expected from the provisions of their charters, Federal associations had the highest ratio (95.5 percent) of direct-reduction loans to total loans on 1- to 4-family dwellings. Insured State-chartered associations carried 86 percent of their loans of this type on a direct-reduction plan, and almost half of the mortgages of uninsured State-chartered members were on the same basis. Breakdowns by class of association are not available for the individual Federal Home Loan Bank District, but the chart in this column shows an analysis of the aggregate loans on 1- to 4-family homes in each District by loan plans on the basis of the original amount of these mortgages.

RATIO OF UNPAID BALANCES TO ORIGINAL LOANS

The significance of the ratio of the unpaid balance of a mortgage account to the original amount of the loan is more apparent in the analysis of an individual loan for it indicates the borrower's progress toward debt-free ownership and the gradual decrease of the amount of association funds advanced on his property. In analyzing the composition of savings and loan mortgage accounts in a broad sense, however, this ratio indicates the extent to which the associations' original safeguard, represented in part by the margin between the appraised value of the properties and the amount of money loaned, has been increased.

From this point of view, it is of interest to note that at the end of 1939 the unpaid balance of all mortgage accounts held by member savings and loan associations was equal to approximately 78 percent of the original amount of the loans made. The existence of a higher ratio (82.0 percent) for Federal associations, as compared with 76.0 and 75.3 percent respectively for insured and uninsured State-chartered members, may be explained by two factors: (1) the high current lending activity of these institutions, which has the effect of raising their general average; (2) the influence of newly organized Federal associations whose mortgage loan accounts are comparatively recent.

Delinquencies

On the basis of this sample study, the total number of mortgage loans on the books of the savings and loan members of the Bank System at the end of last year was estimated at just under 1,400,000. Of this group, only 4.1 percent, or one out of every 24, were delinquent for a period of six months or longer, and only 2.1 percent—one out of every 47—had been behind for as much as a year. Federal associations showed the lowest ratio of "slow" loans (3.5 percent), followed by uninsured State members with 4.5 percent, and insured State-chartered associations with 4.9 percent more than six months delinquent.

Analysis of the Real Estate Accounts

An estimated 77,700 pieces of real estate were owned by all member savings and loan associations at the end of last year. Of this amount, 85 percent were dwellings in the 1- to 4-family classification, 5 percent were otherwise improved, and the remaining 10 percent were unimproved properties.

The average book value of this real estate was $4,200. Comparing this figure with the average face amount of all active mortgage loans ($2,800), it is apparent that acquisitions have been heavier among the larger loans. On the other hand, the bulk of real estate sales thus far has been mostly in the lower-priced properties. This is evidenced by a comparison of the average book value of properties owned with the average sales price of real estate sold on contract.

The small table below shows the average book value of properties owned in contrast with the original amount loaned on active mortgages, and with the average price of properties sold on real estate contracts.

Class of association	Average book value of properties owned	Average face amount of active mortgages	Average price of real estate contract sales
United States	$4, 200	$2, 800	$2, 600
Federals	3, 800	2, 800	2, 500
Insured State members	3, 900	2, 800	2, 800
Uninsured State members	4, 700	2, 700	2, 700

Some idea of the general experience of savings and loan members in disposing of their acquired real estate has been obtained by analyzing the relationship of the sales prices of those properties which had been sold on real estate contracts to their book values. On this basis, the average loss in the sale of real estate owned was approximately 2.6 percent. Insured State-chartered associations had an average loss of less than one-half of 1 percent; Federals, 1 percent; and uninsured State-chartered institutions, slightly more than 6 percent.

Housing and Mortgage Finance

(Continued from p. 68)

Problems Ahead

Looking ahead, the Report states that substantial repercussions of the war on housing and mortgage finance are possible should the war be protracted. In addition, the American defense program will raise new problems in these fields. Nevertheless, whatever the future may bring, the home-financing structure today is better prepared to face an emergency than ever before. Among other things, the member institutions of the Federal Home Loan Bank System can draw on the resources of the Bank System to obtain funds for the payments of withdrawals or for making mortgage loans; insurance of accounts in savings and loan associations has a beneficial effect on investors' confidence; and the preponderance of long-term amortized mortgages in the present home-mortgage structure reduces hazards that would result from large-scale maturities of straight loans calling for renewal.

The Sixth and Seventh Issues of FHLB Debentures

■ TWO new issues of Federal Home Loan Banks consolidated debentures, Series F and G totaling $67,000,000, were offered on November 19, 1940 and were over-subscribed. The Series F issue of $15,000,000 ½–percent debentures will yield .20 of 1 percent to maturity on April 15, 1941; while the Series G issue of $52,000,000 ¾-percent debentures, due April 15, 1942, was offered to yield .45 of 1 percent.

These two issues represent the sixth and seventh public offerings made by the Federal Home Loan Banks, and their success signifies the continued high credit standing of the Federal Home Loan Bank System in the money market. The new debentures were floated for the purposes of refunding $25,000,000 Series C 2-percent debentures which matured on December 1, 1940, and of providing funds for additional advances to Bank members.

To date, debentures floated by the Banks have totaled $209,700,000. With the retirement of the Series C issue, three issues totaling $90,500,000 are still outstanding.

Issues of the Federal Home Loan Banks consolidated debentures

Number of series	Date of issue	Maturity	Amount	Interest rate
				Percent
A[1]	Apr. 1, 1937	Apr. 1, 1938	$24, 700, 000	1½
B[1]	July 1, 1937	July 1, 1938	28, 000, 000	1¼
C[1]	Dec. 1, 1937	Dec. 1, 1940	25, 000, 000	2
D	Apr. 1, 1938	Apr. 1, 1943	23, 500, 000	2
E[1]	July 1, 1938	July 1, 1939	41, 500, 000	1
F	Nov. 15, 1940	Apr. 15, 1941	15, 000, 000	½
G	Nov. 15, 1940	Apr. 15, 1942	52, 000, 000	¾

[1] Series A, B, C, and E have been repaid.

The demand for Federal Home Loan Bank advances has been increasing for several months in line with the growing volume of home financing undertaken by member savings and loan associations. Although in April of this year outstanding advances reached the lowest point in four years, since then the balance outstanding has shown a continuous rise even in July and August when there is normally a decline following the June peak. (See chart on page 81 for a comparison of the trend during the past three years.) At the end of November, the balance of advances outstanding was $185,547,000, or 39 percent above the April 1940 figure and 10 percent above the corresponding balance for November 1939.

What the Housing Census of 1940 Reveals . . .

■ ACCORDING to preliminary counts released by the Bureau of the Census, there were 37,211,463 dwelling units in the United States on April 1, 1940. This total includes farm as well as nonfarm units and comprises both occupied and unoccupied dwellings.

During the past decade the number of private households increased from 29,904,663 to 34,772,673, or approximately 16.3 percent. This increase is considerably more than the 7.0-percent gain in total population between 1930 and 1940. The average number of persons per household in 1940 was 3.8 for the United States as a whole, as compared with an average of 4.1 in 1930. More than half of the increase in the number of families during the decade was thus due to a decline in the family size and less than half to population increase, the Census Bureau states.

The Bureau of the Census has now begun to release final vacancy figures as of April 1, 1940, which include commercial vacancies only, that is, the number of unoccupied dwelling units held for sale or rent. Results for a few States in which revised counts have been completed are summarized in the following paragraphs:

Delaware: Vacancy ratio in all urban places: 2.7 percent; in Wilmington, 2.6 percent. A breakdown by wards for Wilmington shows vacancy ratios ranging from 0.5 percent to 4.2 percent.

Nevada: Vacancy ratio in all urban places: 4.0 percent; and in Reno, 5.0 percent.

New Hampshire: Vacancy ratio in all urban places: 3.9 percent; in Manchester: 4.6 percent; and in Concord: 4.7 percent.

Rhode Island: Vacancy ratio in all urban places: 3.8 percent; and in Providence, 3.1 percent.

Vermont: Vacancy ratio in all urban places: 3.2 percent; in Burlington: 4.0 percent; and in Rutland: 3.4 percent.

THE RISE OF CREDIT UNIONS

Credit unions, a relatively new addition to the American credit system, have grown rapidly in the past few years. They represent an increasingly important reservoir of thrift for small savers. Credit unions have invested substantial portions of their surplus funds in share accounts of savings and loan associations.

■ CREDIT unions represent a comparatively young sector in our financial structure, and their rapid growth during the past decade testifies to the continuous changes in our credit system arising from fresh or more keenly felt needs and from new methods of meeting them. While the lending activity of credit unions is not related to that of home-financing institutions, they do provide thrift facilities for small savers in increasing volume, and for this reason they deserve the attention of savings and loan executives.

Like savings and loan associations, credit unions operate as mutual cooperative enterprises. They derive their funds in the main from share capital paid in by their members who participate in the net earnings by receiving dividends rather than fixed interest. Finally, Federal credit unions were authorized late in 1937 to invest their funds in share accounts of Federal savings and loan associations and they are now, as a group, important holders of such shares.

Rapid Growth in Recent Years

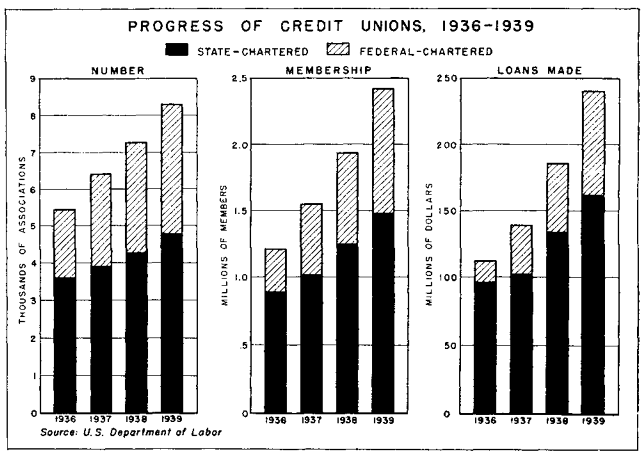
Credit unions during 1939 made about two million loans in the estimated total amount of $240,500,000, or approximately one-fourth of the loan volume registered by all savings and loan associations in the same period. While this is an impressive lending volume, the quick turn-over of credit union loans must be borne in mind. Loans outstanding at the end of 1939 totaled only $149,000,000, or considerably less than the loans made during the year. Resources of 7,841 institutions reporting for the year-end aggregated $193,300,000, of which $160,000,000 was paid-in share capital and $11,000,000 reserves.

These figures, which are based on data collected by the U. S. Department of Labor, reveal a notable achievement for a movement just three decades old and developed in small cooperative units. The first law authorizing the organization of credit unions was enacted in 1909 by the State of Massachusetts, but by 1920 only nine States had followed suit. Since then, all but five States have passed enabling legislation, and in 1934 the Federal Credit Union Act which permitted the granting of Federal charters gave the movement a decisive stimulus. Since 1935, the number of credit unions has doubled and membership and assets have almost trebled.

The expansion of Federal credit unions, all of which have been newly organized since 1934, has been particularly rapid. At the end of 1939, Federal unions accounted for almost 40 percent of the total number of credit unions, for more than 35 percent of total membership, and for approximately 25 percent of aggregate assets.

Nature of Credit Union Operations

The organization of credit unions was prompted by the need for small loans on the part of people of moderate or low income who previously had no access to credit facilities or only at exorbitant costs, and they are a part of the general development of the personal loan business in recent years.



The chart illustrates the steady expansion of the credit union movement by showing for the period 1936 to 1939 the number of these institutions, their membership, and their annual lending volume. Although State-chartered credit unions have expanded along with Federally chartered institutions, the latter have grown at a more rapid rate.

Generally, credit unions make personal loans to members for provident or productive purposes, involving small amounts to be repaid within a relatively short period of time. For their funds they appeal to the small savings of their members, and the credit unions have come to be a regular reservoir of thrift for those who make no demand on the lending services provided by these institutions. In contrast to savings and loan associations, however, membership in credit unions is usually restricted to persons having some common bond of employment or religious faith or some definite neighborhood affiliation and, to date, most of the unions have been organized by employee groups of individual enterprises. Recently, they have become increasingly popular among the members of consumers' cooperatives.

The scale of credit union operations is illustrated by the fact that at the end of 1939 the average asset size of State credit unions was slightly over $30,000 and that of Federal credit unions, $15,000. The average share account was $70 and the average loan made in 1939 totaled $116.

Share Investments in Federal Savings and Loan Associations

Federal credit unions reporting as of June 30, 1940, showed investments in share accounts of Federal savings and loan associations to the extent of $3,622,447 or approximately 6.5 percent of total Federal credit union assets. Next to loans to members ($45,666,190) and cash ($5,566,166), this item was the largest on the asset side of the balance sheet and by far exceeded the holdings of U. S. Government bonds ($1,026,381) and loans to other credit unions ($546,760). The average reporting Federal credit union had $1,065 invested in shares of Federal savings and loan associations.

Concentration in a Few States

Thus far the development of credit unions has been spotty from a geographical point of view. Only in four States have their total reported assets passed the $10,000,000 mark, and six States—Massachusetts, Illinois, New York, California, Pennsylvania, and Wisconsin—account for more than one-half of the aggregate assets held by all institutions throughout the country. In 17 States, credit union resources are below $1,000,000. Pertinent data, by Federal Home Loan Bank Districts and by States, are shown in the following table.

Table 1.—Selected data on credit unions, by Federal Home Loan Bank District and by State [1]

[1939]

Federal Home Loan Bank District and State	Number of reporting credit unions	Number of members	Total assets	Loans made in 1939
United States	7,841	[2] 2,300,422	$193,300,538	$229,874,347
No. 1—Boston	692	278,123	31,741,330	32,354,801
Connecticut	151	48,309	2,453,720	3,302,293
Maine	32	7,343	590,231	606,674
Massachusetts	462	198,726	24,465,707	25,982,697
New Hampshire	14	3,956	564,574	617,677
Rhode Island	30	19,579	3,661,485	1,834,695
Vermont	3	210	5,613	10,765
No. 2—New York	796	277,883	25,123,124	31,323,017
New Jersey	206	71,084	4,685,058	6,108,919
New York	590	206,799	20,438,066	25,214,098
No. 3—Pittsburgh	534	168,318	10,126,102	12,942,646
Delaware	11	2,418	85,704	106,761
Pennsylvania	472	153,132	9,347,451	12,107,497
West Virginia	51	12,768	692,947	728,388
No. 4—Winston-Salem	737	217,713	15,694,422	20,450,930
Alabama	82	22,220	1,413,319	1,580,396
District of Columbia	107	61,103	4,522,193	6,395,684
Florida	129	25,407	1,944,380	3,150,597
Georgia	124	33,130	3,096,774	2,510,841
Maryland	57	23,659	1,325,831	1,910,358
North Carolina	129	22,164	1,522,676	2,742,448
South Carolina	28	6,113	221,735	395,559
Virginia	81	23,917	1,647,514	1,765,047
No. 5—Cincinnati	676	207,624	11,820,370	18,577,595
Kentucky	92	29,121	2,381,094	5,042,018
Ohio	467	143,198	6,783,377	10,674,079
Tennessee	117	35,305	2,655,899	2,861,498
No. 6—Indianapolis	495	137,303	11,676,939	12,947,195
Indiana	277	72,008	4,213,778	6,440,225
Michigan	218	65,295	7,463,161	6,506,970
No. 7—Chicago	1,226	386,978	30,976,557	37,060,909
Illinois	663	253,474	21,688,582	27,009,318
Wisconsin	563	133,504	9,287,975	10,051,591
No. 8—Des Moines	914	189,832	18,284,260	18,214,925
Iowa	196	37,065	3,076,440	3,802,636
Minnesota	337	64,961	7,440,423	6,334,740
Missouri	334	81,044	7,413,671	7,478,092
North Dakota	30	3,379	154,980	253,774
South Dakota	17	3,383	198,746	345,683
No. 9—Little Rock	460	112,541	9,009,579	13,378,854
Arkansas	33	4,660	236,235	408,878
Louisiana	92	25,292	1,778,945	3,657,499
Mississippi	18	4,476	249,694	334,384
New Mexico	9	1,218	60,497	137,640
Texas	308	76,895	6,684,208	8,840,453
No. 10—Topeka	462	80,407	7,195,407	8,706,175
Colorado	102	21,082	1,800,319	2,134,589
Kansas	95	16,636	1,248,433	1,446,399
Nebraska	185	30,039	3,146,141	3,919,328
Oklahoma	80	12,650	1,000,514	1,205,859
No. 11—Portland	357	68,257	4,775,631	5,685,833
Idaho	27	2,866	125,271	198,359
Montana	21	2,465	123,992	201,625
Oregon	61	13,949	1,170,175	1,424,369
Utah	47	9,960	699,064	826,107
Washington	186	37,287	2,584,613	2,912,999
Wyoming	15	1,730	72,516	122,374
No. 12—Los Angeles	492	175,167	16,876,817	18,231,467
Arizona	19	2,686	197,741	311,302
California	379	145,350	14,599,521	14,608,806
Hawaii	90	26,856	2,068,676	3,295,204
Nevada	4	275	10,879	16,155

[1] U. S. Department of Labor. Some of the State figures are partly estimated.
[2] Includes 276 for which reports were received too late to be allocated by States.

Directory of Member Institutions

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

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

DISTRICT NO. 5

OHIO:
Cleveland:
The Provident Building & Loan Association, 8425 Broadway.

DISTRICT NO. 7

ILLINOIS:
Pekin:
Pekin Mutual Building & Loan Association, 434 Court Street.

DISTRICT NO. 8

IOWA:
Greenfield:
Greenfield Savings & Loan Association.

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

NEW JERSEY:
Jersey City:
Journal Square Building & Loan Association, 26 Journal Square (voluntary liquidation).
PENNSYLVANIA:
Philadelphia:
Twenty-seventh Ward Building & Loan Association of Philadelphia, 318 South Fortieth Street (voluntary withdrawal).
WISCONSIN:
Appleton:
Home Building & Loan Association, First National Bank Building, 200 West College Avenue (liquidation).

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

DISTRICT NO. 3

PENNSYLVANIA:
Philadelphia:
Manufacturers Federal Savings & Loan Association, Broad Street and German Avenue (converted from Manufacturers Loan & Savings Association).

DISTRICT NO. 7

ILLINOIS:
Chicago:
Uptown Federal Savings & Loan Association of Chicago, 4545 Broadway (new association).
WISCONSIN:
Milwaukee:
Badger State Federal Savings & Loan Association, 1113 South Sixteenth Street (converted from Sentry Building & Loan Association).

DISTRICT NO. 11

MONTANA:
Havre:
Havre Federal Savings & Loan Association, 210 Third Street (converted from Havre Building & Loan Association).

CANCELATION OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTER BETWEEN OCTOBER 16 AND NOVEMBER 15, 1940

KENTUCKY:
Morehead:
Morehead Federal Savings & Loan Association (voluntary liquidation).

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

DISTRICT NO. 4

NORTH CAROLINA:
Forest City:
First Federal Savings & Loan Association of Forest City, Government Square.
VIRGINIA:
Norfolk:
Berkley Permanent Building & Loan Association, Incorporated, 231 West Berkley Avenue.

DISTRICT NO. 5

OHIO:
Cleveland:
The Provident Building & Loan Association, 8425 Broadway.

Resolution of the Board

PROPOSED AMENDMENT

PROPOSED AMENDMENT TO RULES AND REGULATIONS FOR FEDERAL SAVINGS AND LOAN SYSTEM, RELATIVE TO THE POSTING AND PUBLISHING OF STATEMENTS OF CONDITION

On November 12, 1940 the Federal Home Loan Bank Board adopted a resolution proposing to amend Section 203.5 of the Federal Regulations by inserting immediately preceding the last sentence the following:

Immediately after the filing by each Federal association of each annual report, a copy of a statement of condition in form prescribed by the Board shall be posted (to remain until similar statements for the next annual period are posted) in a conspicuous place in the lobby of each of its offices, provided, however, that said statement of condition may be accompanied by further information in the discretion of the Federal association. In addition, each Federal association, within 14 days after such filing, shall either publish in a newspaper printed in the English language and of general circulation in the county in which its home office is located, or mail forthwith to each of its members at his last address appearing upon its books, a copy of said statement of condition. Within five days after such publication or mailing, a copy of the publisher's affidavit of publication, or a certificate of such mailing signed by an executive officer of the Federal association, together with a copy of said statement of condition, shall be transmitted to the Governor of the Federal Home Loan Bank System, Washington, D. C., and to the president of the Federal Home Loan Bank of which the Federal association is a member.

In accordance with regulations, this proposed amendment will not be approved by the Board until at least 30 days after mailing to the Advisory Council. The date of mailing was November 16.

Meeting of Federal Savings and Loan Advisory Council

■ FROM November 18 to November 20, the Federal Savings and Loan Advisory Council held its eleventh semiannual meeting in Washington, D. C. As usual, the agenda included consideration by the Council of numerous problems in the broad fields of thrift and home-mortgage finance and in the operations of savings and loan associations as well as of the Federal Home Loan Banks. In addition, the members of the Council discussed the part which savings and loan associations and the Bank System may play in defense housing.

« « « MONTHLY SURVEY » » »

Highlights

I. Total dwelling units placed under construction during October were at the highest level of any month in the past 10 years, and 19 percent above September.

A. Almost one-fourth of the 36,000 units built in cities of 10,000 or more population was accounted for by governmental agencies.

B. Privately financed construction was 12 percent higher than in the previous month.

II. Continued increases in material and labor costs sent building costs upward.

A. Labor costs in constructing the standard house reached a new peak for this 5-year series.

B. Dealers' prices for building materials were 3 percent above a year ago, but wholesale building material prices were up 5.4 percent with an increase of 15 percent in lumber alone.

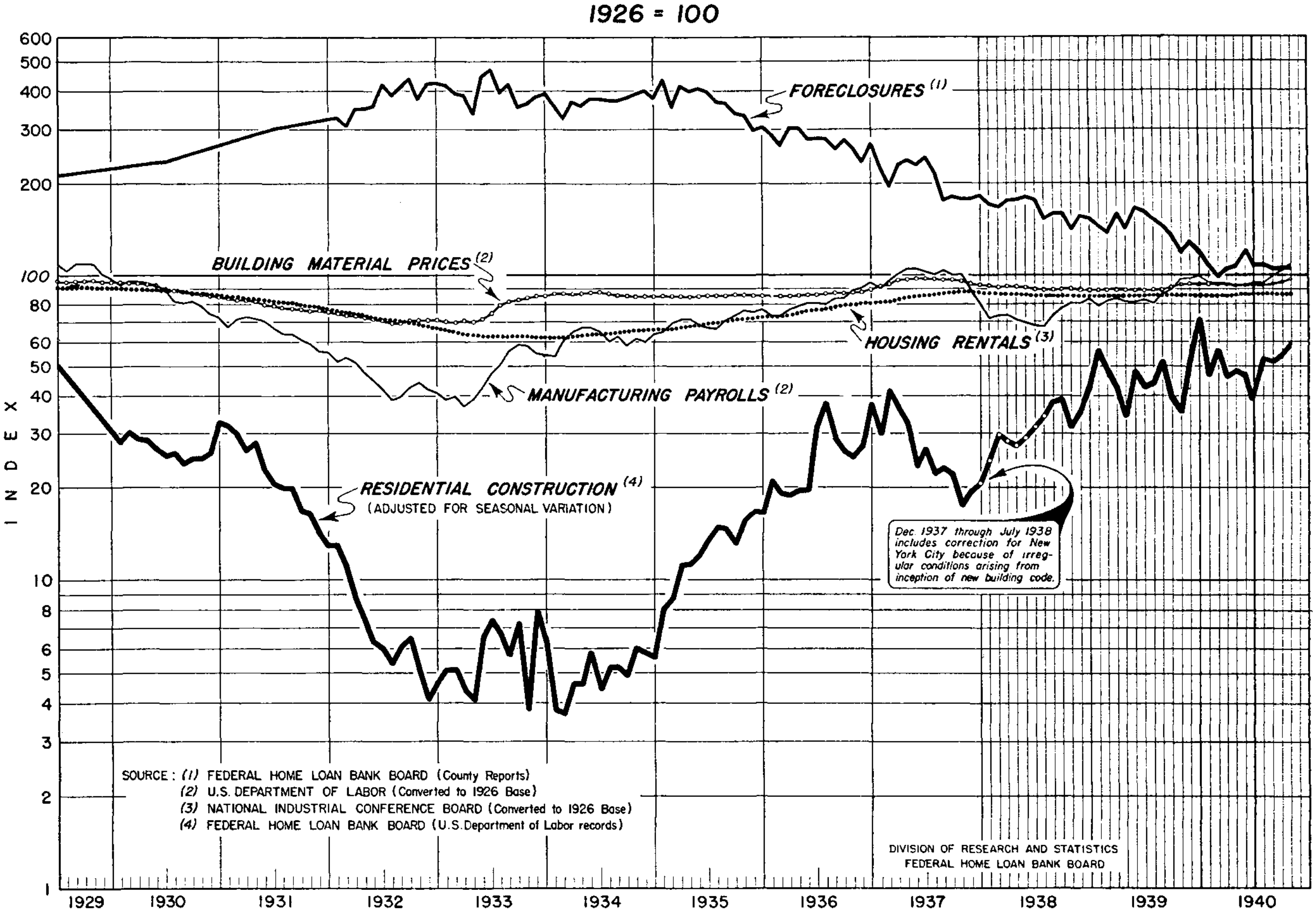
III. All classes of lenders increased their mortgage-financing activity in October, and savings and loan associations brought their total loans so far this year to more than one billion dollars.

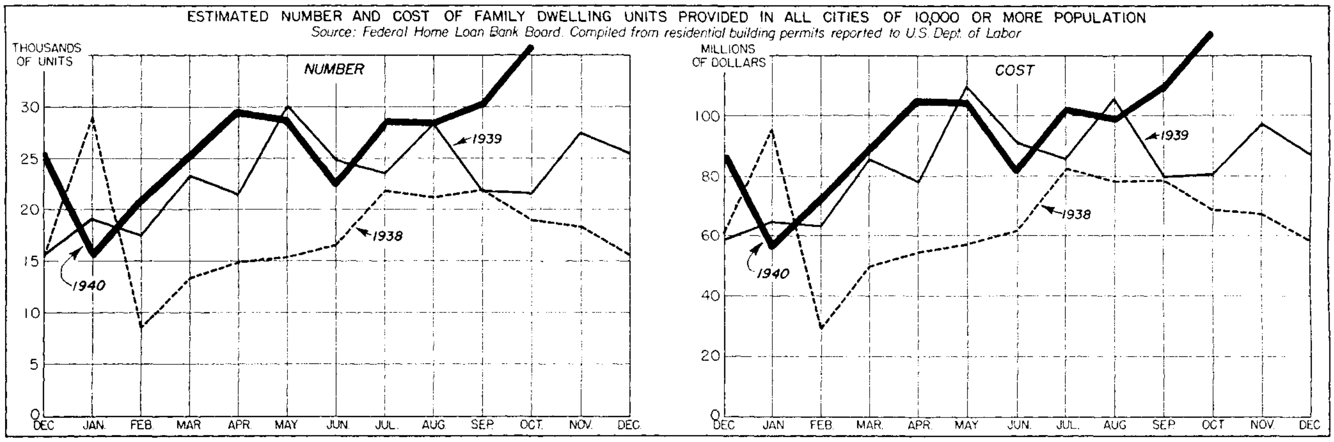
A. Aggregate volume of recordings for nonfarm mortgages under $20,000 reached a new peak since December 1938, when the recording survey of the FHLBB began.

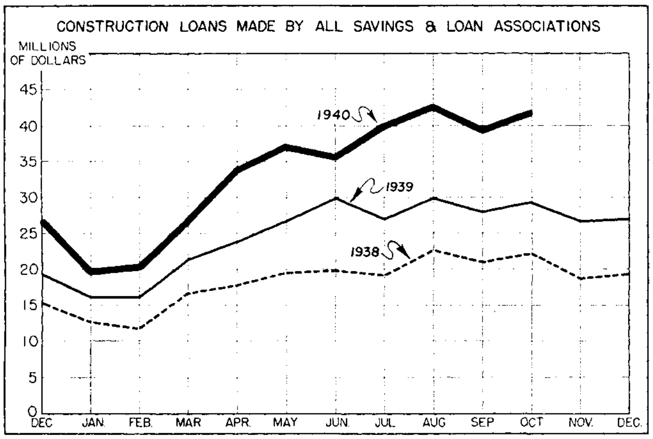
B. Savings and loan associations made new loans in the amount of $114,400,000 in October—close to the high of last August.

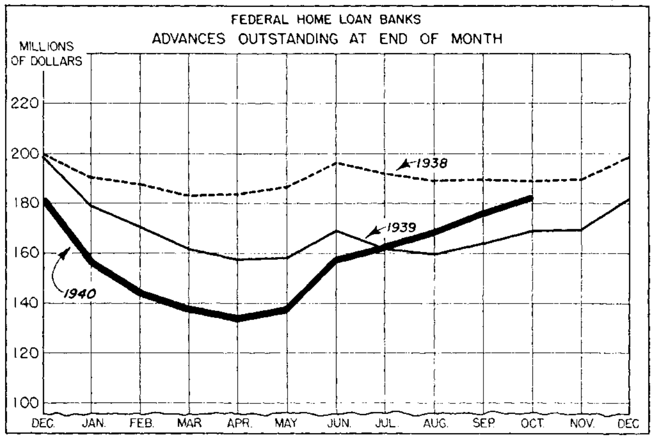
IV. October industrial production established a new all-time record, and there is ample evidence that business gains are being reflected in every segment of the American economy.

RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS
1926 = 100









Summary

■ DEFENSE housing needs, which have held the limelight during the late summer and throughout the autumn, are apparently one of the chief stimulants of the present high level of building activity. In October, a new peak for the past decade was reached in terms of dwelling units placed under construction, as a result of a 19-percent rise during the month. The seasonally adjusted index of new dwellings started has, since midyear, exhibited a revival which may eclipse the December 1939 high by the close of this year.

The cumulative total of residential building for the first 10 months of 1940 was 15 percent higher than in the same period of last year. Privately financed 1- and 2-family construction activity accounted for practically all of the gain over 1939, despite the recent spurt by private and Government lending agencies in the financing of multifamily houses.

Building costs, particularly in many areas engaged in the production of war and national defense necessities, have continued to advance at an accelerated pace. Thus far, however, the brisk demand for new living quarters has tended to offset the adverse effect of increased costs.

Both material and labor costs have contributed during recent months to the increased total cost of home construction, which in October had risen to a level 2.5 percent higher than a year previous. It is apparent from current rises in wholesale prices of building materials, and from recent reports on costs of material and labor to builders, that still further advances took place in November.

Mortgage-financing volume increased during October for all classes of lenders, and each of the lending classes (other than the miscellaneous classification) reached new highs for the two years in which comprehensive statistics of this type have been collected. Thus far this year savings and loan associations have shown greater improvement over 1939 than any other type of lending institution.

The September-October increase in lending activity by savings and loan associations was confined

[1926=100]

Type of index	Oct. 1940	Sept. 1940	Percent change	Oct. 1939	Percent change
Residential construction [1]	59.5	54.3	+9.6	35.5	+67.6
Foreclosures (metro. cities)	106.0	106.0	0.0	120.0	−11.7
Rental index (NICB)	86.3	85.9	+0.5	85.5	+0.9
Building material prices	97.8	95.6	+2.3	92.8	+5.4
Industrial production [1]	133.3	130.2	+2.4	126.0	+5.8
Manufacturing employment	108.1	105.9	+2.1	101.9	+6.1
Manufacturing pay rolls	109.6	105.5	+3.9	97.5	+12.4
Average wage per employee	101.4	99.6	+1.8	95.7	+6.0

[1] Adjusted for normal seasonal variation.

entirely to loans for the construction and refinancing of homes. For the entire year to date, however, each of the loan classifications has shown a higher volume than in the same 1939 period.

General Business Conditions

■ A NEW high level of industrial production paced the continued recovery in general business conditions evidenced during October. Manufacturing output as measured by the index of the Federal Reserve Board stood at 133 percent of the 1926 average. This compared with 130 in September and 131 at the previous peak of last December.

That the business gains are being reflected in every segment of the American economy is indicated by the Secretary of Commerce in his report of October conditions. "Everywhere in the American economic life the business record points to progress that is definite and specific. Following are seven important factors evidencing this conclusion: (1) A sharp increase in new business pushed manufacturers' backlogs to a point assuring further industrial expansion through the winter months; (2) Industrial production passed the previous record high of last December; (3) Activity in the construction industry is at a new peak for the past 10 years; (4) Rising trend of income payments shared in by all groups of American population; (5) Substantial increase in employment and pay rolls; (6) Large consumer purchasing of recent months reflects steadily rising buying power; and (7) Electric power output has reached a new record."

In spite of the high levels of production, there are relatively few indications thus far of significant rises in inventories similar to those which characterized the last quarter of 1939. Manufacturers' stocks rose by slightly more than 1 percent during September, but almost all of this increase was a seasonal expansion in stocks in the automotive industry.

Commercial loans of member banks of the Federal Reserve System have shown a rise of more than $300,000,000 during the past three months and are now near the 1937 peak. New securities offered to the public also increased sharply during October with stock and bond flotations entering the market in the largest volume since 1936. Interest rates continued to decline, however, as evidenced by successive new lows in the yields on long-term U. S. Government bonds as well as Aaa and Baa corporate bonds. Rises in the prices of Treasury bonds due in 12 years or more carried their average yield down to 1.94 percent for the week ending November 23—the second week in a row below 2 percent.

The U. S. Department of Labor reports an almost steady rise in the prices of basic wholesale commodities since the year's low in August. By November 16, the all-commodity index had risen 3.2 percent; industrial commodities had gained 2.4 percent; while the building material index was 4.7 percent above its year's low. Market prices of farm products and foods are now at the highest levels since last April.

Residential Construction

[Tables 1 and 2]

■ UNITS placed under construction in connection with slum clearance and defense housing programs accounted for a relatively high proportion of the 36,000 dwelling units constructed in October in cities of 10,000 population or over. Approximately 9,000 units were built under the sponsorship of Government agencies during the month in these communities:

Government agency	Number of units provided	Permit valuation
U. S. Housing Authority	4,351	$15,133,200
New York City Housing Authority	1,359	3,892,600
Defense Housing, Navy Department	3,242	9,590,400
Total	8,952	28,616,200

In addition to the above projects which are located in the corporate limits of cities with 10,000 or more population, six housing projects were started by the Navy in outlying areas which totaled $6,700,000 and will house some 2,500 families. Although not classified as residential dwellings, approximately $70,000,000 worth of barracks, cantonments, and other temporary shelters were also placed under construction throughout the country in October.

Privately financed residential building rose 12 percent from September in cities of 10,000 population or over. The gain in total residential construction of 19 percent during October was well above the normal seasonal increase of 9 percent, and brought the total number of new dwelling units to the highest level of any month in the past 10 years.

Foreclosures

[*Table 10*]

■ THERE was no appreciable change in foreclosure activity for the United States as a whole from September to October, and this is somewhat unfavorable in light of the 3-percent average decline during this period over the past six years. Some significance may also be attached to the fact that October showed the smallest year-to-year reduction registered by any month thus far in 1940. However, as foreclosure activity is now approaching the 1926 level, a tapering off in the decline of foreclosures is to be expected.

Foreclosure cases for the first 10 months of this year numbered almost 64,000, or about 26 percent below the same period of last year. All four county-size groups contributed to this decrease, but the smaller communities have taken the lead while the more populated areas have lagged behind the national average.

Metropolitan communities reported little change in foreclosure activity during October. The insignificant increase over the September total was about in line with the usual seasonal pattern and the index for these communities (1926=100) remained at 106. Of the 84 communities surveyed in both September and October, 55 showed increases, 28 indicated decreases, and one displayed no change.

Building Costs

[*Tables 3, 4, and 5*]

■ MATERIALS used in constructing a standard 6-room frame house continued the rise which was begun in August, and the monthly index is now higher than in any month since the winter of 1937–1938. The index of material cost in October stood nearly 3 percent above the corresponding month of 1939, and 6 percent higher than the average 1936 month.

Labor costs in connection with building the standard house, which also began to rise in August,

Construction costs for the standard house

[Average month of 1936=100]

Element of cost	Oct. 1940	Sept. 1940	Percent change	Oct. 1939	Percent change
Material	106. 5	105. 0	+1. 4	103. 6	+2. 8
Labor	113. 3	111. 0	+2. 1	111. 1	+2. 0
Total	108. 7	107. 0	+1. 6	106. 1	+2. 5

reached the highest point recorded in the 5-year series. The October labor cost index was 13 percent above the 1936 level.

Rises in total cost of the standard house were noted in the majority of 25 reporting cities with several showing advances of as much as 10 percent from the last quarterly report. San Diego with a 15-percent increase showed the greatest rise in over-all costs.

Wholesale building material prices, as reported by the U. S. Department of Labor, continued to rise, with sharp gains in the price of lumber. The index for all building materials (1926=100) rose from 95.6 in September to 97.8 in October, the highest point since January 1927.

New Mortgage-Lending Activity of Savings and Loan Associations

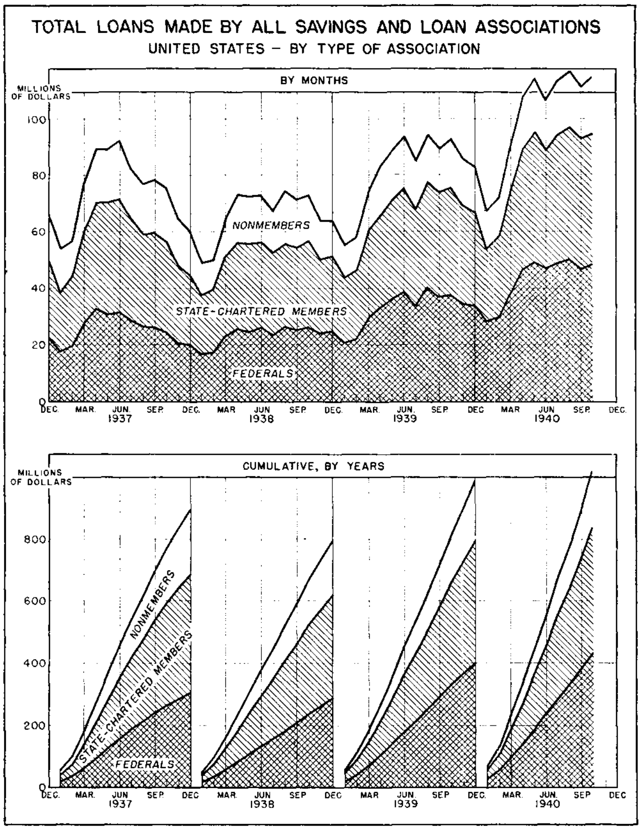
[*Tables 6 and 7*]

■ LENDING activity in October carried the cumulative total of mortgages made in 1940 above the one billion dollar mark—the ninth year in savings and loan history that the volume of loans has exceeded this amount. During the first 10 months of this year all savings and loan associations have made new mortgage loans totaling $1,016,500,-

New mortgage loans distributed by purpose

[Amounts are shown in thousands of dollars]

Purpose	Oct. 1940	Sept. 1940	Percent change	Oct. 1939	Percent change
Construction	$41, 610	$39, 417	+5. 6	$29, 255	+42. 2
Home purchase	40, 771	40, 947	−0. 4	33, 383	+22. 1
Refinancing	16, 840	15, 483	+8. 8	15, 835	+6. 3
Reconditioning	5, 756	6, 283	−8. 4	5, 784	−0. 5
Other purposes	9, 423	9, 645	−2. 3	9, 040	+4. 2
Total	114, 400	111, 775	+2. 3	93, 297	+22. 6



000, a gain of 24 percent over the same 1939 period. Federal associations led with a percentage rise of 31 percent. State-chartered members of the Bank System were second with a rise of 24 percent. Nonmember institutions showed a gain of 12 percent.

The high level of new mortgage lending maintained by all savings and loan associations during recent months was continued in October. Loans for the construction of new homes and for refinancing of existing units rose 6 and 9 percent, respectively, to bring the total volume 2 percent above the previous month and to a point approaching the peak reached in August of this year. Home-purchase loans dropped fractionally from September, while reconditioning loans showed the greatest decline.

During October, only three Federal Home Loan Bank Districts, Winston-Salem, Des Moines, and Portland, evidenced a smaller volume of new mortgage loans made than in September. Three districts showed increases of around 2 percent while rises in the remaining six ranged from 5 to 8 percent. These latter Districts, New York, Pittsburgh, Cincinnati, Indianapolis, Topeka, and Los Angeles, are areas supplying the greatest part of our war and national defense needs.

Mortgage Recordings

[*Tables 8 and 9*]

■ AFTER a decline in September, mortgage recordings of all types of lenders resumed the rising trend which they have displayed since December 1938, when these figures were first collected. In October a new peak in mortgage-financing volume for the past two years was reached by each class of lender with the exception of the "other mortgagees."

Life insurance companies showed the greatest relative rise (15 percent) over September in the volume of mortgages of $20,000 or less recorded in their own names. However, banks and trust companies registered the largest dollar gain (over $9,400,000), compared with the $7,100,000 increment recorded by savings and loan associations which continue to constitute the most prominent group in the mortgage-lending field.

Mortgage recordings by type of mortgagee

[Amounts are shown in thousands of dollars]

Type of lender	Percent change from Sept. 1940	Percent of Oct. 1940 amount	Cumulative recordings (10 months)	Percent of total recordings
Savings and loan associations	+6. 0	32. 2	$1, 082, 596	32. 1
Insurance companies	+15. 0	8. 7	277, 158	8. 2
Banks, trust companies	+10. 6	25. 3	839, 444	24. 9
Mutual savings banks	+8. 1	4. 3	139, 919	4. 1
Individuals	+11. 7	15. 2	536, 882	15. 9
Others	+5. 9	14. 3	501, 360	14. 8
Total	+8. 8	100. 0	3, 377, 359	100. 0

The improvement in mortgage-financing volume was fairly general throughout the country. Eleven Federal Home Loan Bank Districts showed larger recordings during October; only the New York region, which alone had resisted the seasonal decline during the previous month, reported a slight recession in October.

Federal Savings and Loan System

[*Table 12*]

■ LOANS totaling more than $1,500,000,000 are now held in the mortgage portfolios of Federal savings and loan associations. The growth of over $500,000,000, or 50 percent, in this account during the past two years has been due primarily to the high rate of lending activity of these institutions. During the past 24 months, Federals have loaned $880,000,000 on new mortgage security.

Progress in number and assets of Federals

[Amounts are shown in thousands of dollars]

Class of association	Number		Approximate assets	
	Oct. 31, 1940	Sept. 30, 1940	Oct. 31, 1940	Sept. 30, 1940
New	633	634	$540, 777	$529, 152
Converted	802	798	1, 263, 819	1, 247, 144
Total	1, 435	1, 432	1, 804, 596	1, 776, 296

The $27,000,000 growth during October in the total loan account of Federal associations was accompanied by an increase of less than $20,000,000 in the balance of private repurchasable capital. It is apparent that, even though new capital is flowing into these associations in large amounts, lending requirements must still be met by drawing on other sources of funds. This situation has resulted in a net increase in advances outstanding of the Federal Home Loan Banks in the amount of $4,000,000 during the month. Since April, Bank advances outstanding to Federals have risen $39,000,000.

At the end of October, 1,435 associations were operating under Federal charter, of which 633 had been organized since 1933 and 802 had been converted from former State-chartered institutions. The combined resources of all Federals amounted to $1,800,000,000 as of October 31.

Federal Savings and Loan Insurance Corporation

[*Table 12*]

■ AT the close of October, nearly 2,700,000 investors had entrusted funds to the 2,264 savings and loan associations protected by the Federal Savings and Loan Insurance Corporation. The total capital of these private savers amounted to over $2,100,000,000, of which approximately 93 percent was covered directly by the provisions of this system of Federal share insurance.

Repurchases of savings from insured associations which increased more than usual at midyear, have since receded to more normal levels. In July, repurchases accounted for 85 cents out of every dollar received in the form of new private share capital, and during August and September, they absorbed 69 cents out of every dollar so received. In October only 56 cents was repurchased for every dollar in new private share capital.

Federal Home Loan Bank System

[*Table 13*]

■ DURING October, the balance of advances outstanding of the Federal Home Loan Banks for the sixth consecutive month reflected an increase, which brought the total to $181,526,000 at the end of the month—the largest amount since 1938. Advances made during the first 10 months of 1940 exceeded by over $3,000,000 the comparable figure for any like period since the inception of the Banks.

Gross advances during October totaled $12,067,000 and repayments, $6,588,000, resulting in a net increase of $5,479,000 in the balance outstanding. October 1940 advances were greater than those made either in October 1939 or 1938.

All of the Federal Home Loan Banks, with the exception of the Topeka Bank, reported advances greater than repayments. The largest monetary increase in advances outstanding was recorded by the Winston-Salem Bank ($1,500,000) and the largest percentage increase by the Boston Bank (13.1 percent). The decrease in advances in the Topeka Bank was negligible—$51,000, or 0.5 percent. Seven of the Banks reported greater advances during the month than during September. However, only three Banks had a smaller volume of repayments.

At the end of October, 2,241 member institutions of the Federal Home Loan Bank System, or 57.7 percent of all members, were borrowing from the Banks. For Federal savings and loan associations, the ratio was 64.0 percent; for insured State-chartered members, 58.2 percent; and for noninsured State members, 52.0 percent.

During the month of October, nine members of the Bank System withdrew and three associations were admitted to membership, resulting in a net decrease of six associations. Total membership as of October 31 was 3,885. Aggregate member assets, however, continued to rise, totaling $4,961,000,000 at the end of the month—a gain of $34,000,000, which was double the increase recorded last month.

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

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

[Amounts are shown in thousands of dollars]

Type of dwelling	Number of family units provided					Total cost of units				
	Monthly totals			January–October totals		Monthly totals			January–October totals	
	Oct. 1940	Sept. 1940	Oct. 1939	1940	1939	Oct. 1940	Sept. 1940	Oct. 1939	1940	1939
1-family dwellings	19, 121	18, 669	15, 478	166, 935	137, 267	$75, 158. 9	$73, 393. 9	$61, 450. 1	$650, 073. 2	$538, 595. 4
2-family dwellings	2, 028	1, 588	980	13, 742	9, 636	5, 152. 6	3, 960. 7	2, 573. 4	33, 874. 2	24, 606. 7
Joint home and business [2]	91	85	85	679	686	366. 0	286. 8	385. 7	3, 020. 7	3, 077. 7
3-and-more family dwellings	14, 719	9, 862	4, 905	85, 010	83, 825	47, 025. 4	31, 715. 6	16, 033. 2	259, 589. 4	275, 932. 4
Total residential	35, 959	30, 204	21, 448	266, 366	231, 414	127, 702. 9	109, 357. 0	80, 442. 4	946, 557. 5	842, 212. 2

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

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

Table 2.—Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in October 1940, by Federal Home Loan Bank District and by State

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

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and State	All residential dwellings				All 1- and 2-family dwellings			
	Number of family dwelling units		Estimated cost		Number of family dwelling units		Estimated cost	
	Oct. 1940	Oct. 1939	Oct. 1940	Oct. 1939	Oct. 1940	Oct. 1939	Oct. 1940	Oct. 1939
United States	35, 959	21, 448	$127, 702. 9	$80, 442. 4	21, 240	16, 543	$80, 677. 5	$64, 409. 2
No. 1—Boston	1, 918	1, 027	7, 620. 3	4, 561. 9	1, 276	947	5, 505. 7	4, 265. 0
Connecticut	359	271	1, 702. 8	1, 292. 9	348	258	1, 671. 3	1, 259. 9
Maine	58	38	194. 2	117. 4	51	38	176. 0	117. 4
Massachusetts	936	524	3, 635. 3	2, 385. 6	626	457	2, 685. 7	2, 121. 7
New Hampshire	59	53	194. 2	160. 6	59	53	194. 2	160. 6
Rhode Island	498	123	1, 853. 8	524. 7	184	123	738. 5	524. 7
Vermont	8	18	40. 0	80. 7	8	18	40. 0	80. 7
No. 2—New York	5, 446	4, 025	19, 873. 4	16, 196. 7	2, 119	1, 727	8, 794. 6	7, 790. 7
New Jersey	862	682	3, 400. 6	2, 765. 1	466	383	2, 023. 8	1, 706. 0
New York	4, 584	3, 343	16, 472. 8	13, 431. 6	1, 653	1, 344	6, 770. 8	6, 084. 7
No. 3—Pittsburgh	2, 457	1, 475	9, 418. 0	6, 558. 8	1, 376	1, 209	5, 997. 7	5, 726. 7
Delaware	3	11	16. 0	54. 4	3	11	16. 0	54. 4
Pennsylvania	2, 293	1, 326	8, 688. 0	6, 007. 6	1, 235	1, 072	5, 348. 7	5, 205. 0
West Virginia	161	138	714. 0	496. 8	138	126	633. 0	467. 3

Table 2.—Number and estimated cost of new family dwelling units provided in all cities of 10,000 population or over, in October 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	
	Oct. 1940	Oct. 1939	Oct. 1940	Oct. 1939	Oct. 1940	Oct. 1939	Oct. 1940	Oct. 1939
No. 4—Winston-Salem	6, 169	3, 093	$18, 404. 3	$9, 641. 9	2, 593	2, 017	$8, 629. 6	$6, 572. 4
Alabama	318	148	479. 0	261. 1	298	148	445. 9	261. 1
District of Columbia	1, 607	826	5, 535. 5	3, 279. 9	232	241	1, 461. 0	1, 351. 2
Florida	824	579	2, 762. 4	2, 106. 4	737	538	2, 567. 6	1, 990. 8
Georgia	463	633	1, 226. 1	1, 368. 2	263	243	717. 1	442. 4
Maryland	226	224	824. 7	697. 1	226	217	824. 7	690. 3
North Carolina	386	308	1, 170. 7	718. 8	362	276	1, 134. 4	681. 2
South Carolina	189	167	492. 2	430. 8	189	155	492. 2	383. 8
Virginia	2, 156	208	5, 913. 7	779. 6	286	199	986. 7	771. 6
No. 5—Cincinnati	3, 965	1, 614	15, 617. 6	6, 721. 0	1, 457	1, 074	6, 402. 1	4, 818. 6
Kentucky	144	534	401. 0	1, 910. 5	140	120	394. 0	347. 4
Ohio	3, 366	926	13, 980. 1	4, 457. 3	1, 058	803	5, 297. 8	4, 120. 7
Tennessee	455	154	1, 236. 5	353. 2	259	151	710. 3	350. 5
No. 6—Indianapolis	2, 326	1, 741	9, 811. 4	7, 739. 9	2, 168	1, 691	9, 254. 9	7, 537. 5
Indiana	799	365	2, 838. 2	1, 368. 8	656	355	2, 331. 7	1, 336. 4
Michigan	1, 527	1, 376	6, 973. 2	6, 371. 1	1, 512	1, 336	6, 923. 2	6, 201. 1
No. 7—Chicago	1, 770	922	7, 866. 4	4, 461. 9	1, 288	874	6, 156. 0	4, 367. 8
Illinois	1, 319	564	1, 799. 9	3, 013. 7	425	547	1, 739. 9	2, 972. 3
Wisconsin	451	358	6, 066. 5	1, 448. 2	863	327	4, 416. 1	1, 395. 5
No. 8—Des Moines	1, 113	913	4, 218. 0	3, 318. 9	1, 080	851	4, 133. 5	3, 193. 6
Iowa	337	293	1, 249. 0	1, 005. 4	333	293	1, 238. 0	1, 005. 4
Minnesota	343	304	1, 537. 3	1, 305. 0	343	299	1, 537. 3	1, 294. 2
Missouri	340	247	1, 142. 3	825. 1	315	205	1, 077. 3	734. 6
North Dakota	29	30	106. 2	89. 9	29	20	106. 2	74. 9
South Dakota	64	39	183. 2	93. 5	60	34	174. 7	84. 5
No. 9—Little Rock	2, 130	1, 935	5, 720. 9	5, 037. 1	2, 074	1, 872	5, 609. 3	4, 910. 1
Arkansas	121	107	339. 6	278. 1	113	104	289. 4	269. 1
Louisiana	259	254	729. 5	627. 1	259	249	729. 5	620. 6
Mississippi	176	181	329. 2	241. 8	163	162	307. 2	222. 8
New Mexico	40	38	119. 8	135. 4	40	38	119. 8	135. 4
Texas	1, 534	1, 355	4, 202. 8	3, 754. 7	1, 499	1, 319	4, 163. 4	3, 662. 2
No. 10—Topeka	911	736	2, 805. 0	2, 430. 5	882	712	2, 750. 6	2, 386. 2
Colorado	239	198	695. 5	732. 6	231	188	679. 5	712. 6
Kansas	215	140	546. 7	401. 5	198	140	518. 3	401. 5
Nebraska	125	120	449. 9	437. 0	121	111	439. 9	415. 0
Oklahoma	332	278	1, 112. 9	859. 4	332	273	1, 112. 9	857. 1
No. 11—Portland	889	757	3, 064. 9	2, 573. 9	847	702	2, 976. 3	2, 440. 6
Idaho	44	49	179. 8	159. 5	44	45	179. 8	149. 5
Montana	71	57	160. 9	173. 1	71	57	160. 9	173. 1
Oregon	198	187	638. 7	637. 7	168	159	569. 2	564. 7
Utah	151	122	571. 3	419. 5	143	122	556. 3	419. 5
Washington	392	323	1, 381. 1	1, 090. 8	388	300	1, 377. 0	1, 040. 5
Wyoming	33	19	133. 1	93. 3	33	19	133. 1	93. 3
No. 12—Los Angeles	6, 865	3, 210	23, 282. 7	11, 199. 9	4, 080	2, 867	14, 467. 2	10, 400. 0
Arizona	57	56	179. 1	191. 4	47	52	162. 6	179. 4
California	6, 787	3, 132	22, 968. 4	10, 875. 0	4, 012	2, 793	14, 169. 4	10, 087. 1
Nevada	21	22	135. 2	133. 5	21	22	135. 2	133. 5

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 Nov.	1939 Nov.	1940				1939	1938	1937	1936
			Nov.	Aug.	May	Feb.	Nov.	Nov.	Nov.	Nov.
No. 3—Pittsburgh:										
Wilmington, Del	$0. 223	$0. 225	$5, 351	$5, 217	$5, 231	$5, 389	$5, 389	$5, 898	$5, 811	$5, 342
Harrisburg, Pa	. 273	. 254	6, 554	5, 916	5, 873	5, 882	6, 105	5, 681	5, 823	5, 597
Philadelphia, Pa	. 263	. 233	6, 309	5, 816	5, 676	5, 595	5, 583	5, 379	5, 755	5, 077
Pittsburgh, Pa	. 268	. 267	6, 434	6, 155	6, 134	6, 254	6, 398	6, 409	6, 719	6, 104
Charleston, W. Va	. 248	. 243	5, 963	5, 808	5, 855	5, 843	5, 843	5, 886	6, 240	5, 630
Wheeling, W. Va	. 272	. 264	6, 525	6, 071	6, 343	6, 323	6, 346	6, 005	6, 636	5, 781
No. 5—Cincinnati:										
Lexington, Ky	. 228	. 246	5, 483	5, 574	5, 659	5, 905	5, 912	5, 474	5, 604	5, 236
Louisville, Ky	. 227	. 225	5, 444	5, 423	5, 447	5, 408	5, 402	5, 239	5, 384	5, 176
Cincinnati, Ohio	. 239	. 232	5, 743	5, 564	5, 512	5, 525	5, 564	5, 595	6, 022	5, 597
Cleveland, Ohio	. 290	. 285	6, 949	6, 888	6, 693	6, 794	6, 836	6, 416	6, 863	6, 213
Columbus, Ohio	. 246	. 241	5, 912	5, 754	5, 800	5, 799	5, 774	5, 726	6, 097	5, 675
Memphis, Tenn	. 233	. 226	5, 585	5, 350	5, 394	5, 400	5, 415	5, 367	5, 463	5, 051
Nashville, Tenn	. 221	. 209	5, 298	4, 883	4, 946	4, 980	5, 022	5, 116	5, 476	5, 117
No. 9—Little Rock:										
Little Rock, Ark	. 217	. 216	5, 215	5, 137	5, 169	5, 180	5, 183	5, 199	5, 186	5, 136
New Orleans, La	. 251	. 244	6, 021	5, 702	5, 763	5, 829	5, 860	5, 802	5, 959	5, 424
Jackson, Miss	. 247	. 251	5, 925	6, 084	6, 084	6, 033	6, 015	6, 064	5, 968	5, 452
Albuquerque, N. Mex	. 282	. 263	6, 762	6, 262	6, 212	6, 260	6, 316	6, 539	6, 646	6, 242
Dallas, Tex	. 251	. 222	6, 022	5, 417	5, 412	5, 414	5, 335	5, 748	6, 068	5, 634
Houston, Tex	. 261	. 244	6, 273	5, 681	5, 902	5, 927	5, 866	5, 915	6, 143	5, 744
San Antonio, Tex	. 243	. 237	5, 835	5, 479	5, 497	5, 590	5, 688	5, 929	6, 228	5, 541
No. 12—Los Angeles:										
Phoenix, Ariz	. 282	. 259	6, 774	6, 199	6, 199	6, 199	6, 223	6, 468	6, 741	6, 051
Los Angeles, Calif	. 229	. 221	5, 504	5, 254	5, 250	5, 256	5, 303	5, 469	5, 926	5, 473
San Diego, Calif	. 254	. 228	6, 103	5, 320	5, 311	5, 419	5, 471	5, 822	6, 184	5, 581
San Francisco, Calif	. 265	. 263	6, 352	6, 250	6, 289	6, 308	6, 301	6, 369	6, 375	6, 067
Reno, Nev	. 281	. 279	6, 739	6, 777	6, 777	6, 745	6, 701	6, 567	6, 666	6, 354

[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	Oct. 1940	Sept. 1940	Aug. 1940	July 1940	June 1940	May 1940	April 1940	Mar. 1940	Feb. 1940	Jan. 1940	Dec. 1939	Nov. 1939	Oct. 1939
Material	106. 5	105. 0	104. 4	104. 3	104. 4	104. 4	104. 3	104. 5	104. 5	104. 4	104. 5	104. 4	103. 6
Labor	113. 3	111. 0	109. 7	109. 5	109. 7	109. 9	110. 0	110. 3	110. 3	110. 2	110. 6	110. 8	111. 1
Total cost	108. 7	107. 0	106. 2	106. 0	106. 2	106. 2	106. 2	106. 4	106. 5	106. 4	106. 6	106. 5	106. 1

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.

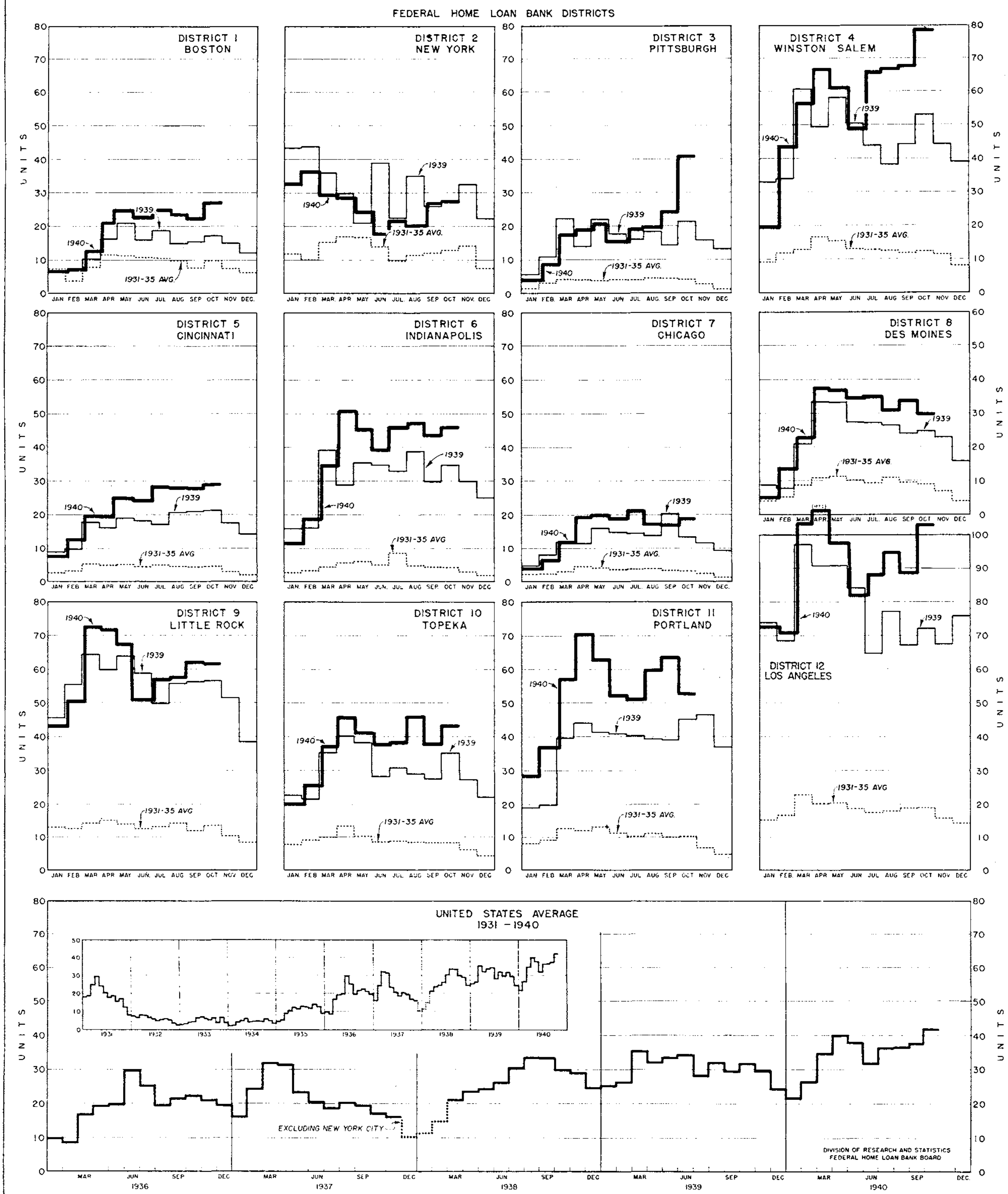


Table 5.—Index of wholesale price of building materials in the United States

[1926=100]

[Source: U. S. Department of Labor]

Period	All building materials	Brick and tile	Cement [1]	Lumber [2]	Paint and paint materials	Plumbing and heating	Structural steel	Other
1938: October	89. 8	91. 1	90. 7	87. 9	81. 1	78. 5	107. 3	91. 7
1939: October	92. 8	91. 5	91. 3	99. 6	85. 7	79. 3	107. 3	91. 9
November	93. 0	91. 6	91. 3	100. 1	84. 9	79. 3	107. 3	92. 9
December	93. 0	91. 6	91. 3	99. 5	85. 5	79. 3	107. 3	92. 7
1940: January	93. 4	91. 6	91. 4	98. 7	87. 2	79. 3	107. 3	93. 2
February	93. 2	91. 2	91. 4	97. 7	86. 8	79. 1	107. 3	92. 9
March	93. 3	90. 4	91. 2	97. 4	87. 2	81. 0	107. 3	92. 7
April	92. 5	90. 2	90. 3	96. 7	86. 7	80. 9	107. 3	92. 3
May	92. 5	90. 2	90. 5	96. 0	86. 0	80. 6	107. 3	92. 2
June	92. 4	90. 2	90. 6	94. 8	85. 2	80. 5	107. 3	93. 0
July	[2] 92. 5	90. 1	90. 6	94. 8	84. 6	80. 5	107. 3	93. 6
August	[2] 93. 3	90. 1	90. 6	98. 4	84. 2	80. 5	107. 3	93. 4
September	[2] 95. 6	90. 2	90. 6	107. 1	84. 1	80. 5	107. 3	93. 5
October	97. 8	90. 2	90. 7	114. 4	84. 8	80. 5	107. 3	93. 8
Change:								
Oct. 1940–Sept. 1940	+2. 3%	0. 0%	+0. 1%	+6. 8%	+0. 8%	0. 0%	0. 0%	+0. 3%
Oct. 1940–Oct. 1939	+5. 4%	−1. 4%	−0. 7%	+14. 9%	−1. 1%	+1. 5%	0. 0%	+2. 1%

[1] Based on delivered prices at 48 cities and introduced into the calculation of the Bureau's general indexes of wholesale prices beginning with March 1939.
[2] Revised.

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.–Oct	182, 679	223, 454	135, 180	49, 777	78, 902	669, 992	237, 660	280, 851	151, 481
October	22, 099	24, 677	12, 913	5, 727	7, 515	72, 931	26, 534	30, 546	15, 851
1939	**301, 039**	**339, 629**	**182, 025**	**59, 463**	**104, 227**	**986, 383**	**400, 337**	**396, 041**	**190, 005**
Jan.–Oct	247, 509	281, 416	151, 579	50, 408	86, 283	817, 195	331, 499	328, 161	157, 535
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.–Oct	336, 016	360, 811	169, 132	54, 466	96, 034	1, 016, 459	433, 102	406, 627	176, 730
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
October	41, 610	40, 771	16, 840	5, 756	9, 423	114, 400	48, 307	46, 224	19, 869

[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

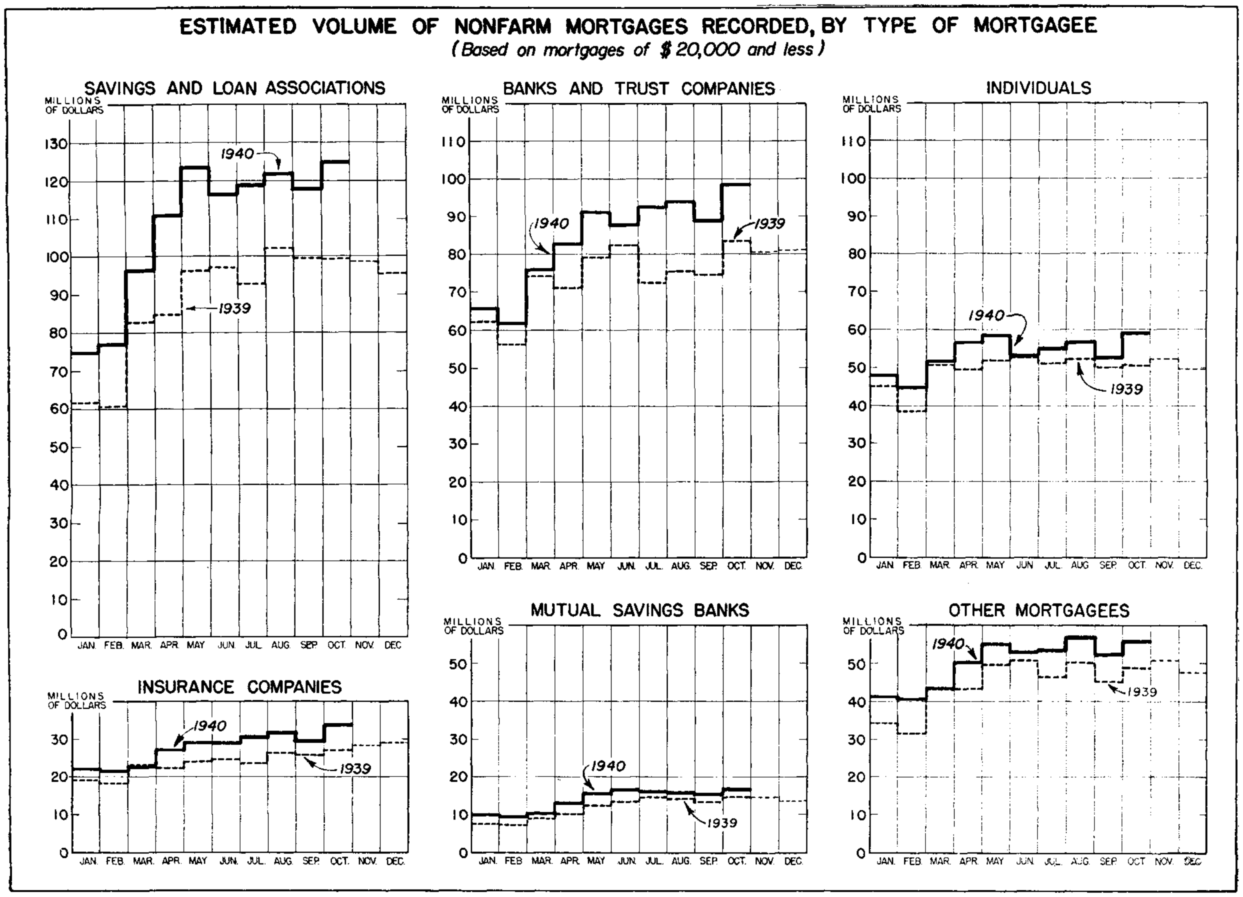
[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and class of association		New loans: October 1940	New loans: September 1940	Percent change, September 1940 to October 1940	New loans, October 1939	Percent change, October 1939 to October 1940	Cumulative new loans (10 months): 1940	Cumulative new loans (10 months): 1939	Cumulative new loans (10 months): Percent change
United States:	Total	$114, 400	$111, 775	+2. 3	$93, 297	+22. 6	$1,016,459	$817, 195	+24. 4
	Federal	48, 307	46, 480	+3. 9	37, 854	+27. 6	433, 102	331, 499	+30. 6
	State member	46, 224	45, 988	+0. 5	37, 847	+22. 1	406, 627	328, 161	+23. 9
	Nonmember	19, 869	19, 307	+2. 9	17, 596	+12. 9	176, 730	157, 535	+12. 2
District No. 1:	Total	11, 513	11, 346	+1. 5	9, 496	+21. 2	95, 147	73, 864	+28. 8
	Federal	4, 175	3, 717	+12. 3	2, 882	+44. 9	32, 933	22, 934	+43. 6
	State member	5, 546	5, 863	−5. 4	4, 911	+12. 9	46, 461	35, 317	+31. 6
	Nonmember	1, 792	1, 766	+1. 5	1, 703	+5. 2	15, 753	15, 613	+0. 9
District No. 2:	Total	13, 478	12, 804	+5. 3	9, 400	+43. 4	96, 833	79, 979	+21. 1
	Federal	3, 381	3, 387	−0. 2	3, 628	−6. 8	28, 212	31, 286	−9. 8
	State member	3, 412	3, 272	+4. 3	2, 225	+53. 3	26, 802	18, 640	+43. 8
	Nonmember	6, 685	6, 145	+8. 8	3, 547	+88. 5	41, 819	30, 053	+39. 2
District No. 3:	Total	8, 484	7, 960	+6. 6	7, 551	+12. 4	78, 905	66, 803	+18. 1
	Federal	3, 543	3, 165	+11. 9	2, 599	+36. 3	30, 650	18, 422	+66. 4
	State member	2, 221	2, 155	+3. 1	2, 119	+4. 8	20, 021	17, 552	+14. 1
	Nonmember	2, 720	2, 640	+3. 0	2, 833	−4. 0	28, 234	30, 829	−8. 4
District No. 4:	Total	15, 574	16, 224	−4. 0	14, 766	−5. 5	146, 713	113, 287	+29. 5
	Federal	7, 930	8, 015	−1. 1	6, 159	+28. 8	71, 920	46, 763	+53. 8
	State member	6, 249	6, 482	−3. 6	6, 376	−2. 0	57, 217	48, 662	+17. 6
	Nonmember	1, 395	1, 727	−19. 2	2, 231	−37. 5	17, 576	17, 862	−1. 6
District No. 5:	Total	19, 705	18, 308	+7. 6	14, 980	+31. 5	170, 369	129, 157	+31. 9
	Federal	7, 230	6, 619	+9. 2	5, 835	+23. 9	62, 968	51, 975	+21. 2
	State member	9, 553	9, 143	+4. 5	7, 044	+35. 6	81, 935	61, 761	+32. 7
	Nonmember	2, 922	2, 546	+14. 8	2, 101	+39. 1	25, 466	15, 421	+65. 1
District No. 6:	Total	6, 503	6, 178	+5. 3	4, 663	+39. 5	53, 354	39, 711	+34. 4
	Federal	3, 525	3, 028	+16. 4	2, 165	+62. 8	26, 267	18, 435	+42. 5
	State member	2, 675	2, 756	−2. 9	2, 170	+23. 3	24, 042	18, 439	+30. 4
	Nonmember	303	394	−23. 1	328	−7. 6	3, 045	2, 837	+7. 3
District No. 7:	Total	11, 051	10, 888	+1. 5	8, 886	+24. 4	103, 347	82, 048	+26. 0
	Federal	4, 374	4, 232	+3. 4	3, 132	+39. 7	41, 015	28, 158	+45. 7
	State member	5, 258	5, 270	−0. 2	4, 225	+24. 4	46, 647	36, 171	+29. 0
	Nonmember	1, 419	1, 386	+2. 4	1, 529	+7. 2	15, 685	17, 719	−11. 5
District No. 8:	Total	6, 377	6, 946	−8. 2	5, 601	+13. 9	62, 170	50, 741	+22. 5
	Federal	3, 041	3, 543	−14. 2	2, 676	+13. 6	30, 248	23, 988	+26. 1
	State member	2, 202	2, 192	+0. 5	1, 526	+44. 3	19, 126	15, 201	+25. 8
	Nonmember	1, 134	1, 211	−6. 4	1, 399	−18. 9	12, 796	11, 552	+10. 8
District No. 9:	Total	5, 209	5, 080	+2. 5	4, 745	+9. 8	51, 128	48, 442	+5. 5
	Federal	2, 036	1, 970	+3. 4	1, 798	+13. 2	20, 372	19, 550	+4. 2
	State member	3, 056	2, 995	+2. 0	2, 758	+10. 8	28, 866	27, 079	+6. 6
	Nonmember	117	115	+1. 7	189	−38. 1	1, 890	1, 813	+4. 2
District No. 10:	Total	4, 565	4, 358	+4. 7	4, 116	+10. 9	44, 187	39, 646	+11. 5
	Federal	2, 437	2, 273	+7. 2	1, 960	+24. 3	23, 184	19, 496	+18. 9
	State member	1, 149	1, 100	+4. 5	1, 080	+6. 4	10, 219	10, 357	−1. 3
	Nonmember	979	985	−0. 6	1, 076	−9. 0	10, 784	9, 793	+10. 1
District No. 11:	Total	3, 523	3, 770	−6. 6	3, 286	+7. 2	35, 284	29, 077	+21. 3
	Federal	2, 261	2, 364	+4. 4	1, 908	+18. 5	21, 947	17, 353	+26. 5
	State member	1, 113	1, 262	−11. 8	1, 115	−0. 2	11, 844	10, 139	+16. 8
	Nonmember	149	144	+3. 5	263	−43. 3	1, 493	1, 585	−5. 8
District No. 12:	Total	8, 418	7, 913	+6. 4	5, 807	+45. 0	79, 022	64, 440	+22. 6
	Federal	4, 374	4, 167	+5. 0	3, 112	+40. 6	43, 386	33, 139	+30. 9
	State member	3, 790	3, 498	+8. 3	2, 298	+64. 9	33, 447	28, 843	+16. 0
	Nonmember	254	248	+2. 4	397	−36. 0	2, 189	2, 458	−10. 9

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

Federal Home Loan Bank District and State	(Amounts shown are in thousands of dollars) Savings & loan associations		Insurance companies		Banks and trust companies		Mutual savings banks		Individuals		Other mortgagees		Total		Amount per capita (nonfarm)
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	
United States	48,145	$125,009	6,977	$33,818	31,202	$98,462	4,548	$16,826	30,635	$59,124	16,975	$55,734	138,482	$388,973	$4.21
No. 1--Boston	3,974	12,577	335	1,646	1,167	3,886	2,616	9,091	1,889	4,139	1,171	3,316	11,152	34,655	
Connecticut	309	1,109	102	563	379	1,531	474	1,853	457	1,123	315	1,111	2,036	7,290	4.80
Maine	326	698	42	156	137	263	281	686	230	378	147	289	1,163	2,470	3.94
Massachusetts	2,784	9,300	172	835	372	1,311	1,305	4,545	943	2,020	600	1,537	6,176	19,548	4.74
New Hampshire	177	349	3	7	82	150	275	1,026	84	168	8	37	629	1,737	4.32
Rhode Island	269	906	14	81	147	539	112	351	123	347	96	319	761	2,543	3.79
Vermont	109	215	2	4	50	92	169	630	52	103	5	23	387	1,067	4.32
No. 2--New York	2,928	9,763	416	2,378	2,184	8,600	1,363	5,896	3,260	7,516	1,977	8,031	12,128	42,184	
New Jersey	1,272	4,124	243	1,235	1,318	5,372	67	286	1,191	2,900	904	3,210	4,995	17,127	4.38
New York	1,656	5,639	173	1,143	866	3,228	1,296	5,610	2,069	4,616	1,073	4,821	7,133	25,057	2.11
No. 3--Pittsburgh	2,996	7,399	324	1,548	2,830	9,100	178	655	2,065	4,506	1,100	3,796	9,493	27,004	
Delaware	38	141	18	111	64	302	15	33	89	197	23	67	247	851	4.44
Pennsylvania	2,536	6,587	250	1,176	2,011	7,009	154	612	1,597	3,731	907	3,502	7,455	22,617	2.58
West Virginia	422	671	56	261	755	1,789	9	10	379	578	170	227	1,791	3,536	2.76
No. 4--Winston-Salem	7,420	18,536	1,138	5,409	3,297	8,434	51	170	4,972	9,134	2,454	7,278	19,332	48,961	
Alabama	226	380	121	508	352	647	------	------	432	585	301	706	1,432	2,826	2.16
District of Columbia	532	2,658	120	758	111	688	------	------	403	1,159	268	1,514	1,434	6,777	13.93
Florida	763	2,382	283	1,356	452	1,122	------	------	871	1,931	468	1,207	2,837	7,998	6.73
Georgia	911	1,637	205	910	531	865	------	------	548	656	158	417	2,353	4,485	3.01
Maryland	1,338	3,582	68	315	347	1,080	51	170	518	1,218	227	629	2,549	6,904	5.02
North Carolina	1,732	3,358	145	576	421	1,137	------	------	696	812	404	1,128	3,398	7,011	4.46
South Carolina	397	912	54	290	359	727	------	------	431	458	100	373	1,341	2,760	3.36
Virginia	1,521	3,627	142	696	724	2,168	------	------	1,073	2,315	528	1,304	3,988	10,110	6.87
No. 5--Cincinnati	7,827	21,619	895	4,244	3,749	11,832	141	466	2,455	4,459	1,747	4,521	16,814	47,141	
Kentucky	1,100	2,440	175	658	512	1,202	------	------	255	260	110	255	2,152	4,815	3.35
Ohio	6,418	18,514	500	2,727	2,665	9,032	141	466	1,750	3,481	887	2,721	12,361	36,941	6.56
Tennessee	309	665	220	859	572	1,598	------	------	450	718	750	1,545	2,301	5,385	3.84
No. 6--Indianapolis	4,173	8,724	852	4,067	4,012	10,655	22	54	1,240	2,352	1,099	4,094	11,398	29,946	
Indiana	2,910	5,284	380	1,736	1,361	3,368	22	54	446	813	298	881	5,417	12,136	5.00
Michigan	1,263	3,440	472	2,331	2,651	7,287	------	------	794	1,539	801	3,213	5,981	17,810	4.39
No. 7--Chicago	4,107	11,655	473	2,279	1,887	6,699	8	15	1,762	4,193	1,177	5,361	9,414	30,202	
Illinois	2,990	8,659	359	1,742	1,151	4,319	------	------	809	2,314	928	4,489	6,237	21,523	3.25
Wisconsin	1,117	2,996	114	537	736	2,380	8	15	953	1,879	249	872	3,177	8,679	4.22
No. 8--Des Moines	3,857	8,838	698	3,424	2,702	6,940	39	119	2,577	3,987	1,736	4,774	11,609	28,082	
Iowa	982	2,158	135	668	737	1,780	------	------	430	646	199	557	2,483	5,809	3.89
Minnesota	1,373	3,066	258	1,096	654	1,319	39	119	872	1,429	193	627	3,389	7,656	4.59
Missouri	1,274	3,033	225	1,322	1,102	3,399	------	------	1,089	1,604	1,297	3,501	4,987	12,859	5.11
North Dakota	125	289	15	64	50	105	------	------	87	165	35	71	312	694	2.45
South Dakota	103	292	65	274	159	337	------	------	99	143	12	18	438	1,064	3.52
No. 9--Little Rock	2,954	7,091	796	3,539	833	2,203	------	------	1,943	3,406	1,705	4,717	8,231	20,956	
Arkansas	306	627	37	133	171	429	------	------	185	301	149	203	848	1,693	2.30
Louisiana	841	2,577	111	507	38	251	------	------	297	669	374	1,044	1,711	5,048	3.97
Mississippi	169	319	51	203	166	341	------	------	195	281	143	288	724	1,432	2.21
New Mexico	114	271	2	10	58	135	------	------	125	142	34	61	333	619	2.34
Texas	1,524	3,297	595	2,686	350	1,047	------	------	1,141	2,013	1,005	3,121	4,615	12,164	3.50
No. 10--Topeka	2,773	5,674	229	1,099	946	2,121	------	------	1,760	2,487	955	2,603	6,663	13,984	
Colorado	430	1,018	34	148	143	394	------	------	670	1,013	282	895	1,559	3,468	4.61
Kansas	839	1,403	56	252	376	811	------	------	293	380	184	530	1,748	3,376	2.88
Nebraska	622	1,311	93	471	115	278	------	------	285	374	91	233	1,206	2,667	3.37
Oklahoma	882	1,942	46	228	312	638	------	------	512	720	398	945	2,150	4,473	3.26
No. 11--Portland	1,804	4,173	323	1,093	1,426	3,503	130	360	1,400	2,147	764	2,518	5,847	13,794	
Idaho	126	241	10	35	87	303	------	------	125	119	81	265	429	963	
Montana	133	363	32	119	83	274	------	------	140	270	29	64	417	1,090	3.27
Oregon	402	1,040	90	322	189	381	14	45	571	798	206	735	1,472	3,321	4.55
Utah	224	615	20	62	262	831	------	------	120	206	46	118	672	1,832	4.67
Washington	851	1,747	171	555	721	1,471	116	315	360	577	364	1,230	2,583	5,895	4.68
Wyoming	68	167	------	------	84	243	------	------	84	177	38	106	274	693	4.55
No. 12--Los Angeles	3,332	8,960	498	3,092	6,169	24,489	------	------	5,312	10,798	1,090	4,725	16,401	52,064	
Arizona	82	188	14	91	141	459	------	------	247	587	35	100	519	1,425	4.23
California	3,232	8,730	481	2,981	5,997	23,928	------	------	5,010	10,080	1,047	4,603	15,767	50,322	9.05
Nevada	18	42	3	20	31	102	------	------	55	131	8	22	115	317	4.25

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


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

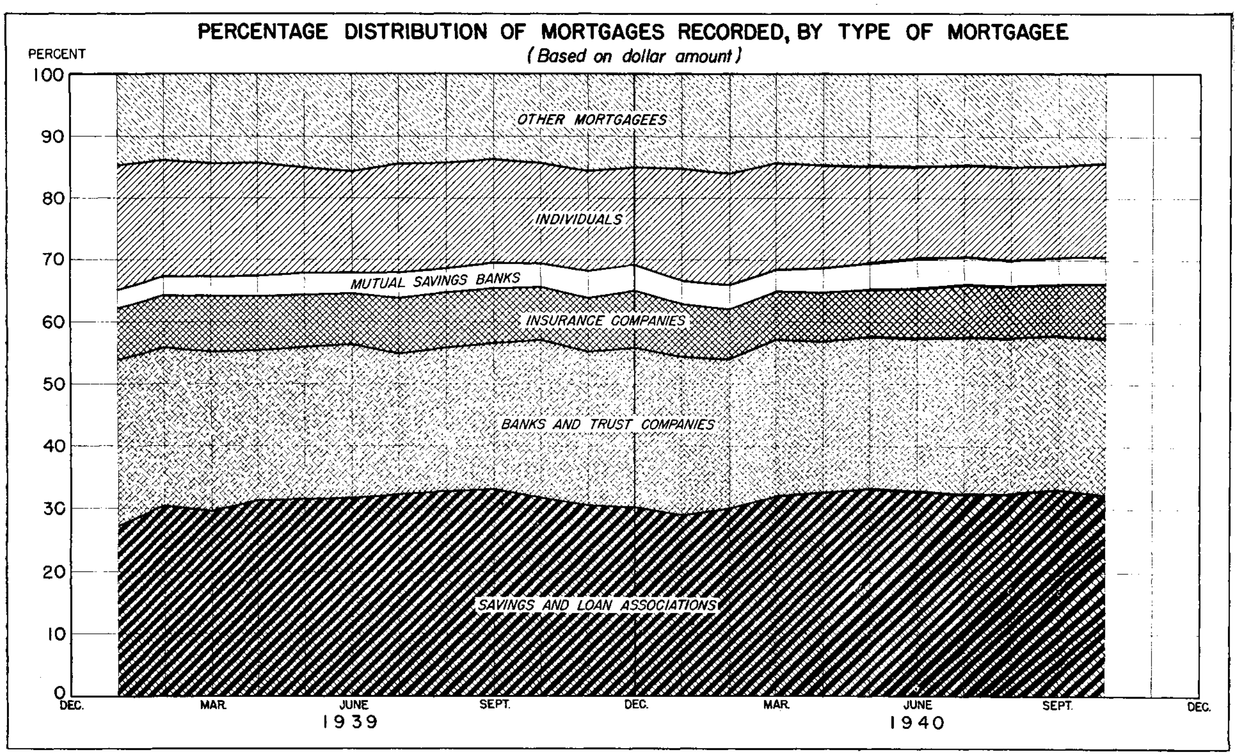

PERCENTAGE DISTRIBUTION OF MORTGAGES RECORDED, BY TYPE OF MORTGAGEE
(Based on dollar amount)
PERCENT
OTHER MORTGAGEES
INDIVIDUALS
MUTUAL SAVINGS BANKS
INSURANCE COMPANIES
BANKS AND TRUST COMPANIES
SAVINGS AND LOAN ASSOCIATIONS
DEC. MAR. JUNE SEPT. DEC. MAR. JUNE SEPT. DEC.
1939
1940

Table 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: October [1]	39, 680	33. 6	5, 381	4. 6	25, 696	21. 8	3, 901	3. 3	27, 909	23. 7	15, 386	13. 0	117, 953	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
October	48, 145	34. 8	6, 977	5. 0	31, 202	22. 5	4, 548	3. 3	30, 635	22. 1	16, 975	12. 3	138, 482	100. 0
Amount:														
1939: October [1]	$99, 460	30. 6	$27, 214	8. 4	$83, 561	25. 7	$14, 646	4. 5	$50, 587	15. 6	$49, 278	15. 2	$324, 746	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. 0
May	123, 485	33. 1	29, 075	7. 8	91, 164	24. 5	15, 394	4. 1	58, 372	15. 7	54, 981	14. 8	372, 471	100. 0
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
October	125, 009	32. 2	33, 818	8. 7	98, 462	25. 3	16, 826	4. 3	59, 124	15. 2	55, 734	14. 3	388, 973	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.–Oct	86, 110	9, 055	13, 158	17, 354	46, 543
October [1]	7, 156	794	1, 084	1, 523	3, 755
November	7, 742	721	1, 000	1, 851	4, 170
December	7, 168	804	933	1, 589	3, 842
1940: Jan.–Oct	63, 836	6, 447	9, 505	13, 344	34, 540
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 [1]	6, 294	539	1, 018	1, 355	3, 382
October	6, 302	618	897	1, 315	3, 472

[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: 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
October	1, 719	3, 886	54, 433

[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
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
October	2, 264	2, 832, 083	2, 291, 477	2, 114, 831	220, 629	150, 700	2, 695, 800	53, 982	30, 286	71, 380
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
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, 427	1, 750, 870	1, 461, 440	1, 297, 572	181, 256	99, 985	1, 591, 100	34, 871	22, 643	50, 305
September[1]	1, 430	1, 775, 555	1, 487, 489	1, 309, 421	181, 261	106, 674	1, 602, 400	31, 184	19, 414	46, 480
October[2]	1, 433	1, 804, 397	1, 514, 872	1, 329, 364	181, 371	110, 583	1, 624, 800	37, 309	18, 583	48, 307
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
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
October	831	1, 027, 686	776, 605	785, 467	39, 258	40, 117	1, 071, 000	16, 673	11, 703	23, 073

[1] 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.

[2] In addition, 4 Federals with assets of $781,000 had been approved for conversion but had not been insured as of Oct. 31. However, included among the above 1,433 associations, are 1 Federal with assets of $566,000 which had been insured but not approved for membership as of Oct. 31, and 1 Federal with assets of $16,000 whose insurance certificate was outstanding but whose membership had been canceled.

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

[Thousands of dollars]

Federal Home Loan Bank	October 1940		September 1940		Advances outstanding, Oct. 31, 1940
	Advances	Repayments	Advances	Repayments	
Boston	$1,274	$176	$948	$341	$9,492
New York	1,138	925	1,217	817	20,211
Pittsburgh	1,192	1,093	934	434	16,785
Winston-Salem	2,088	561	3,484	368	26,095
Cincinnati	739	686	1,302	325	17,055
Indianapolis	629	188	656	179	10,044
Chicago	1,593	1,151	1,559	978	27,450
Des Moines	1,081	251	1,293	260	17,594
Little Rock	441	433	368	410	6,748
Topeka	303	354	82	307	9,317
Portland	469	311	189	202	6,150
Los Angeles	1,120	459	865	630	14,585
Total	12,067	6,588	12,897	5,251	181,526
Jan.–Oct. 1940	101,826	101,613			
October 1939	9,605	4,638			168,654
Jan.–Oct. 1939	70,230	100,418			
October 1938	4,736	5,066			189,220
Jan.–Oct. 1938	61,716	72,590			

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–Oct. 1940:				
Applications:				
Number	1,862	4,641	969	5,610
Amount	$50,401	$202,926	$64,170	$267,096
Investments:				
Number	1,831	4,211	725	4,936
Amount	$49,300	$176,405	$45,081	$221,486
Repurchases	$22,552	$21,782	$5,600	$27,382
Net outstanding investments	$26,748	$154,623	$39,481	$194,104
October 1940:				
Applications:				
Number	0	7	1	8
Amount	0	$865	$50	$915
Investments:				
Number	0	2	1	3
Amount	0	$10	$50	$60
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.

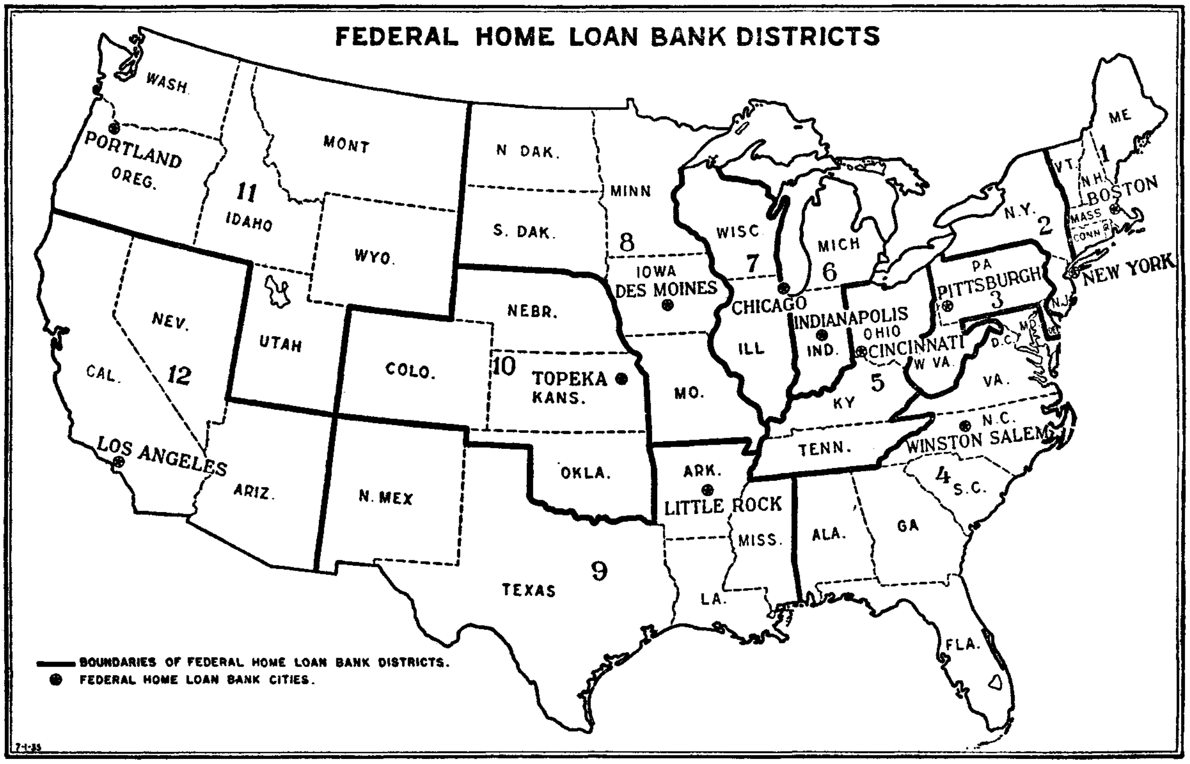
Table 15.—Changes in selected types of private long-term savings

[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: 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	1,296,722			2,039,739
August	528,330	53,359	51,025	3,008,137	1,297,476			2,059,097
September	503,427	47,122	46,203	3,043,626	1,295,446			2,085,410
October	573,504	52,221	53,982	3,084,021	1,295,860			2,114,831
Change: Last 6 mos				+9.44%	−0.51%	+1.04%	+1.05%	+7.99%

[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 two 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.

U. S. GOVERNMENT PRINTING OFFICE: 1940



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