FEDERAL HOME LOAN BANK REVIEW

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FEDERAL HOME LOAN BANK BOARD

FEDERAL HOME LOAN BANK REVIEW

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John H. Fahey, Chairman
T. D. Webb, Vice Chairman
F. W. Catlett
W. H. Husband
F. W. Hancock, Jr.

FEDERAL HOME LOAN BANK SYSTEM

FEDERAL SAVINGS AND LOAN ASSOCIATIONS

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

HOME OWNERS' LOAN CORPORATION

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418450—41——1

HOUSING PRIORITIES GO INTO EFFECT

The introduction of housing priorities last month brings the building and home-financing industries face to face with the stern realities of our national emergency. A discussion of the working mechanism of this Government control and of the problems raised by its application to housing will be of interest to savings and loan executives and directors.

■ ON September 22, a priorities system for critical building materials, announced earlier this year, went into effect. This measure adds construction to the ever growing list of industries in which shortages impose severe controls of civilian consumption, designed to make certain that preference is given to the first need: defense. To every element in the far-flung organization of American housing, including mortgage-lending institutions, this decisive step brings home the fact that our country has rapidly taken leave of "business as usual." It emphasizes that no single group in the Nation can escape the toil of adjustments, the self-denial, and the pinches that are the inevitable marks of a war economy.

Caution in Construction Loans

As a practical matter, the introduction of priorities requires great caution on the part of savings and loan associations in the handling of commitments and loans for new construction or reconditioning. Many institutions still seem to act on the assumption or on builders' assurances that materials for a particular job are available, and proceed with the payment of construction loan installments without having made certain that all critical materials are set aside for the job or that priority certifications have been obtained. If structures started without definite guarantees as to the supply of critical materials cannot be completed, serious difficulties are likely to arise, and every mortgage lending institution should protect itself against losses from investment in ghost houses.

First of all, savings and loan executives will do well to keep in mind that priority assistance is given only for construction in designated defense areas, under limitations presently to be described. Policies in regard to nondefense housing may be announced in the near future and will probably solve the vexing problems of nondefense building under construction and needs for maintenance and repair. Second, the lack of even one single critical material can jeopardize the whole construction job. For instance, if a fire pot cannot be obtained, the furnace is useless, and without a workable furnace the house is uninhabitable.

Behind the Scenes of the Priorities Board

What are priorities, and how do they work? The mechanism of this war-time instrument of Government control is so shrouded in technicalities that it is difficult "to see the forest for the trees." Yet, priorities are becoming such a determining factor in every line of business that a basic understanding of their function is needed to assure maximum cooperation between those who administer them and those whose business they affect. A simple illustration may help to clarify at least the fundamental aspects of priorities.

Let us imagine two large piles, one of raw materials—all kinds of raw materials from fields, forests, and mines—and another of finished products—products from looms, furnaces, benches, and assembly lines—for military and civilian consumption. For each of these enormous piles the Office of Production Management encourages a maximum supply with primary emphasis on materials essential to national defense.

Standing near these piles with his records of inventory is the Director of Priorities. By his side are groups who compete for their use. One group at the time of each selection is given first choice. That group is the Army and Navy Munitions Board, and its requirements are rated A-1, A-1a, A-1b, and on down the alphabet. These requirements are large and diverse, running the long gamut of military needs for men, ships, guns, planes, and munitions which are to be supplied from our international arsenal. That group having first choice calls for ever increasing quantities. It has never had enough. Our very existence as a free people requires that its demands for supplies be met. So the civilian consumers stand by while the military group takes more and more away from the normal channels of use.

When other groups step up to obtain their supplies they take what is left. But in the taking they proceed one by one in the order of established preference. This order of preference is determined by the Supply Priorities and Allocation Board. Under the now established procedure, housing for defense workers ranks in the category with tools and plants, second only to guns, tanks, planes, and munitions. In the technical language of the priority system, defense housing receives preference ratings beginning with A-2 and running through A-9.

The Army and Navy critical list is made up by the Army and Navy Munitions Board. Priority ratings for its requirements are fixed once a month. The allocations of critical materials to defense housing and other defense needs of equal preference rating follow the Munitions Board's allocations and are likewise determined monthly. However, officials in charge of priorities emphasize that the possession of a preference certificate is in itself no guarantee that the material is available.

"Graduated Ratings" for Housing

Priority ratings for the construction of housing in defense areas will be graduated. The highest ratings within the indicated range will be given to projects under construction as of September 1, 1941[1] in order that such projects may be completed without difficulty. The same top ratings are to be granted to remodeling and rehabilitation. This gives recognition to the sound principle that reconditioning of existing dwellings to provide additional housing facilities should, to the fullest practicable extent, be favored over new construction. Existing houses can be made suitable at much less expense in time, money, and materials than is required for new construction, and they can supply additional family units without increasing the need for installation of public utilities and community services.

Priorities of lower preference ratings are to be given to new construction for rent. Still lower ratings will be extended to new construction for sale, on the assumption that the principal need of defense workers is for rental accommodations. In addition to the type of construction, preference ratings will also take into account its urgency in point of time.

[1] Structures started between September 1 and September 22, when the rating procedure went into effect, are classified as "new construction."

It is important to keep in mind that priority ratings at the present moment relate only to specific critical materials and manufactured products included in a "Defense Housing Critical List of Materials" issued by the Office of Production Management. If a house, or anything else, can be built without these critical materials by the use of substitutes or otherwise, there is no restriction. Priorities are designed to give preference to defense needs and not essentially to restrict nondefense activities, although inevitably in some quarters they will have that effect.

Only in cases where the entire supply of a critical material or product is preempted by priorities and defense needs, does the priority ruling become a restriction on nondefense activities. For many scarce materials, preferential defense needs will tend to *curtail* but not eliminate supplies available for nondefense users; in such cases allocations of residual supplies will be made over and above defense requirements.

A Glimpse of the Critical Materials List

In contrast to World War I when strict control of new building was prompted by severe shortages of lumber and transportation facilities, the present scarcity in the line of building materials is chiefly in metals. This is evident from a glance at the major headings in the above-mentioned list of critical materials, which read:

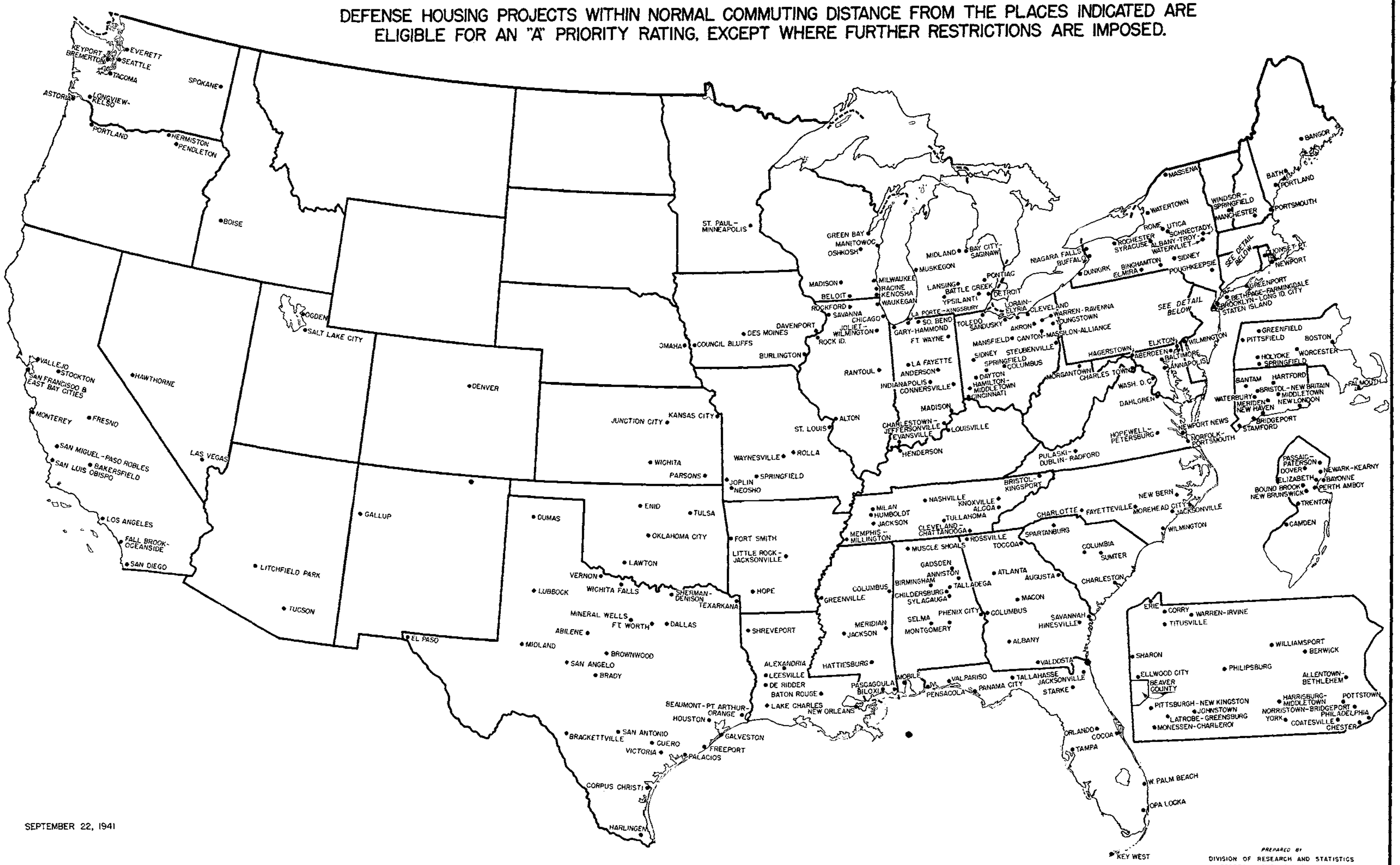
Steel and iron	Household equipment
Plumbing and gas distribution systems	Land development items
Heating and ventilation equipment	Electrical

The purpose of this list is to eliminate the use of critical materials for certain construction purposes or to reduce it to the absolutely necessary minimum. For example, preference ratings will not be granted for lighting fixtures made of aluminum and solid brass or bronze but copper and brass plating will be permitted. The use of ferrous metal lath is limited to fire-resisting partitions, ceilings and soffits, to wall tile bed base, and where gypsum lath or gypsum plaster is not permitted.

In several instances, priority ratings for critical materials are to be given only in the case of multifamily structures. This applies, for instance, to steel stairs and rails, to certain electrical accessories, and to incinerator hardware and fittings made of ferrous metal. Important to builders and home purchasers

DEFENSE HOUSING AREAS

DEFENSE HOUSING PROJECTS WITHIN NORMAL COMMUTING DISTANCE FROM THE PLACES INDICATED ARE ELIGIBLE FOR AN "A" PRIORITY RATING, EXCEPT WHERE FURTHER RESTRICTIONS ARE IMPOSED.



SEPTEMBER 22, 1941

PREPARED BY
DIVISION OF RESEARCH AND STATISTICS
FEDERAL HOME LOAN BANK BOARD

in the Eastern Seaboard area is the provision that housing in this section of the country, even if it meets the other requirements for preferential treatment, will receive no priority ratings for oil burners.

Procedure Under the Priorities System

The Governor's Office of the Federal Home Loan Bank Board has sent to all savings and loan associations in the country, members as well as nonmembers, a detailed outline of the procedure under which applications for priority ratings will be processed. It suffices here to say that applications, after clearance through the local office of the Federal Housing Administration, are to be submitted to the local representative of the Defense Housing Coordinator and the Director of Priorities. If the application has proper clearance as to location, need, and types and amounts of critical materials required in construction, it is passed upon finally by the local representative of the Director of Priorities who alone has the right to issue priority certificates. Assurances have been given that the clearance through local FHA offices will be in no way conditioned upon or connected with mortgage insurance by the Federal Housing Administration.

For privately financed defense housing construction, the preference rating is given to the builder. The builder can extend the rating by executing a copy and serving it on his suppliers who, in turn, can extend the rating to their own suppliers in the same fashion.

By the use of so-called "project ratings", the Division of Priorities can assign *one* rating which can be used to secure delivery of critical materials included in the list and which will go into any *one* defense housing project.

Another provision, already reported in the Review, bears repetition because it governs largely the type of housing provided under priority rules. A price of $6,000 including land is to be the ceiling on defense homes built under priority rules for sale, and a monthly charge of $50 for shelter rent will be the upper limit for units placed on the rental market. These price limits, which will only in extreme circumstances be modified, apply not only to new structures but also to houses under construction on the key date of September 1. Higher priced buildings, even if located in defense areas, will generally fall under the "civilian program," yet to be formulated.

Preference ratings will be granted only to construction designed for defense workers, and a list has been issued designating 275 areas in which defense housing projects will receive "A" priority ratings. It is in these areas that residential construction in the immediate future will be concentrated. The places included in the locality list are shown on the accompanying map.

Probable Effects on Residential Building Activity and Mortgage Lending

The Office of Production Management has tentatively approved the granting of "A" priority ratings to 200,000 privately financed family units which qualify as defense housing, in addition to 100,000 family units financed by public funds. An earlier estimate of defense requirements by the Housing Coordinator placed the number of privately financed dwelling units needed in defense areas for the fiscal year 1942 at 400,000, plus 125,000 units to be provided with public funds. The lower allotment by the OPM does not necessarily imply that private activity in defense areas will be cut in half, since its over-all allocation is for an unspecified period and is subject to revision.

However, the proportions of public and private construction envisaged under the priority system presage a considerable shift toward publicly financed building within the total. In the fiscal year ended June 30, 1941, public housing accounted for 17 percent of the aggregate number of new nonfarm dwelling units built in the United States. Under priority rules, one-third of the contemplated total for defense areas is allocated to Government-sponsored housing.

Another type of shift will take place in the geographic distribution of residential building because high preference ratings will be restricted to the designated defense areas—to the detriment of communities in nondefense regions. Furthermore, the terms under which priorities are granted will result in an even greater preponderance of lower priced dwellings than was noticeable during the past few years.

In addition to the probable reduction of private building activity, therefore, housing priorities will have considerable effect on the type and location of housing to be produced during the emergency. Difficulties in nondefense construction are certain to increase. It would be presumptuous, however, to assume that nondefense construction will be entirely impossible. Large quantities of basic building materials such as lumber, brick, and cement, not on present critical lists, are available. These, plus

(*Continued on p. 14*)

SAVINGS AND LOAN ASSOCIATIONS—ON THE AIR!

Radio advertising by savings and loan associations has almost doubled in the past three years. Data from this year's Business Promotion Survey and a special analysis of 29 institutions which reported "excellent" results from their 1940 radio campaigns provide new information on this increasingly important phase of savings and loan business promotion efforts.

■ Savings and loan advertising through the medium of radio has continued to grow in the favor of association officers and directors and, on the basis of the most recent annual Business Promotion Survey, approximately one out of every five member institutions is sponsoring various types of broadcasts. In all, 278 associations reported spending almost $300,000 for radio programs during 1940. Special questionnaire returns from those institutions reporting "excellent" results of their radio advertising indicate the types and other characteristics of programs which, in the opinion of executives, reveal the reasons for their success.

A searching analysis of the combined experience of the large group of savings and loan radio advertisers makes it possible to separate and sift out many of the factors which either singly or in combination contribute to the ultimate success of individual associations with radio advertising. Briefly, the elements which branded the results of one series of programs as "excellent" in contrast with others bringing "good", "fair", or even "unsatisfactory" returns may be summarized by the following generalizations:

—greater expenditures for radio, both in actual dollars and in proportion to total advertising expenditure;

—radio advertising used continuously over longer periods of time throughout the year;

—greater number of broadcasts each week during the course of the campaign;

—broadcasting at hours of the day when more members of radio families are likely to be at home and available for listening; and

—more infrequent use of spot announcements and greater use of news programs or other types of broadcasts requiring from 5 to 15 minutes of air-time per program.

This special analysis of radio advertising is, in fact, one phase of the annual Business Promotion Survey of the Public Relations Department. From information released earlier on the results of this Survey, we learned that 278 associations, or almost 22 percent of the 1,281 institutions which returned the questionnaire forms, were using radio advertising during 1940. However, for the purposes of this current study it was felt advisable to eliminate those associations which spent less than $100 for broadcasts: an arbitrary dividing line chosen because any amount below $100 would be clearly insufficient for giving this type of advertising an adequate trial.

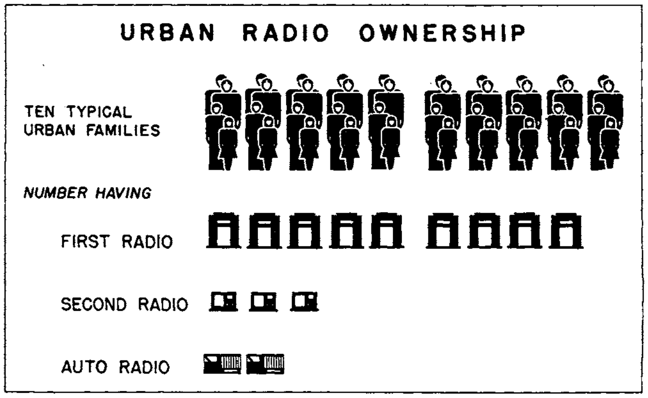
After this, there remain 197 associations which spent a total of $287,000 for radio programs during 1940—an average of almost $1,500 for each institution. This was equal to about one-quarter of their total individual advertising expenditures amounting to slightly more than $6,000 per association. It is interesting to note that this $6,000 average is more than *three times* as large as the average individual advertising expenditure for all institutions included in the Business Promotion Survey.

Further confirmation of the fact that our present group of 197 radio advertisers were among the most active associations in respect to the development of new business during 1940 is indicated by their higher ratio of business promotion expenditures to gross operating income. More than 4 percent of their operating revenues was spent for advertising and promotional activity and this may be contrasted with a ratio of 2.7 percent for *all* reporting institutions.

General Characteristics of 1940 Programs

To facilitate ferreting out those elements which distinguish a highly productive radio series from one resulting in only mediocre or poor response, the schedules were classified on the basis of the quality of results: those which reported "excellent" or "good" response were designated as successful; those indicating only "fair" or "unsatisfactory" returns made up the second or unsuccessful group; and the third classification is made up of those institutions which failed to register any opinion as to the merit of their broadcasts.

The most pertinent characteristics of the radio programs are summarized in the table on this page. One important difference distinguishes this table from the one presented in a similar form last year.[1] In our present study almost two out of every three associations were included in the "successful" group, whereas on the basis of 1939 expenditures somewhat less than one-half of the radio users were in this category. There seems to be little doubt, in view of the relative constancy of most other items in the 1939 and 1940 reports, that this improvement of indicated results comes about through the elimination of those associations which spend less than $100 for air-time during the year, and justifies to a large extent the establishment of a minimum figure for a fair test of radio advertising.



The American way of life definitely includes owning a radio, judging by statistics which reveal that 9 out of 10 families living in American cities now possess one or more radio sets. More than 1 out of 4 have two or more home sets; 1 out of 5 also has an auto radio. Geographically, the highest concentration of ownership is on the Pacific coast, and in the big cities. The bigger the community, the higher the degree of radio ownership.

Once again it is evident that those associations which reported satisfactory results from the use of radio for promotional efforts spent more money, devoted more of their total advertising expenditures, ran longer campaigns, longer individual programs, and produced them more frequently. All of this is demonstrated by the factual data in the table.

How to Get Excellent Results as Told by Those Who Do

To get at the real story behind successful programs, a special questionnaire was sent to each of the 29 executives who indicated having had excellent results from radio advertising during 1940. A splendid response to this second query has now made it possible for all member associations to benefit by the personal views of those managing officers who found definite advantages in this type of business promotion.

As might have been expected, nearly all laid particular emphasis upon the regularity with which their programs were produced—an essential characteristic for success regardless of the medium employed. As one executive expressed it, "We feel that it keeps our name before the public, and realize that there is too large a portion of the people who are not familiar with the services offered by savings and loan associations."

Two associations in the Southwest section of the country attributed their fine results to the definite civic character of their radio programs. One of the managing officers wrote, "Our experience has convinced us that a program that has a definite public service in it obtains a better reception than any other class of program." This institution has just completed a summer series in the interest of safety on the highways and in cities. This was a 30-minute

Characteristics of the 1940 radio programs of 197 savings and loan associations spending $100 or more for radio during the year

Characteristic	All reporting associations	Classification by results		
		Successful	Unsuccessful	Not reported
Number of associations	197	116	66	15
Average expenditure for radio during the year	$1, 458	$1, 992	$566	$1, 256
Ratio of radio advertising to total association advertising expense	24. 3%	28. 4%	14. 6%	16. 4%
Average duration of the campaign	35. 1 weeks	41. 2 weeks	24. 4 weeks	31. 2 weeks
Average length of program	8. 9 min.	9. 3 min.	6. 9 min.	11. 9 min.
Weekly frequency:				
Percent having programs 5 or more days per week	44. 7%	47. 1%	38. 1%	50. 0%
Percent having programs once a week	35. 1%	30. 6%	47. 3%	25. 0%

[1] See "Radio Advertising by Savings and Loan Associations," Federal Home Loan Bank Review, October 1940, page 2.

presentation on Sunday afternoon and received the approbation of the State Highway Patrol Service as well as local civic groups, resulting in a considerable amount of favorable publicity for the association. Another institution relates the success which it has had with a 15-minute biographical sketch of some prominent citizen "who has contributed much of his time and money to the development of our city."

News broadcasts are so much in demand today that by many a definition they would also be classed as a public service. Six out of the 29 associations reporting excellent results were using this type of program. "We have found," writes the secretary of a Northwestern Ohio association, "after using both transcribed programs and news that, at the present time, a daily news broadcast creates the best audience for the amount of money that we are able to spend. We have tried to locate our news broadcast as close to a national hook-up as possible and to limit the time to five minutes. This gives us an opening and closing commercial with about four minutes of outstanding news. . . . "

Tying in local script with outstanding national programs is, of course, a highly desirable element in the use of spot announcements and several executives corroborated the advantage of a time just prior to a nation-wide news broadcast. The advertising agent for an Oregon association says, "We pick our time with great care and are particularly happy about the time at 9 P. M. preceding a very popular 15-minute newscast." Unfortunately, most other radio advertisers are also aware of the desirability of these spots, and an association just starting out in announcements of this type may not be able to secure such periods because of previous commitments by the station.

One other type of program apparently has splendid opportunities for success in spite of the limited areas for its application. Judging from the experience of two Midwestern institutions, foreign language

Facts from the Files on Radio Advertising

Radio is by far the most measured of all advertising media. It has been subjected to research calipers almost continuously from its inception and as a result much is known about the economic and social habits of the listening public.

Nine out of ten families living in American cities now own one or more radio sets, and 98.5 percent of these families have their sets in working order ready to turn on. More than 1 out of 4 families have two or more home sets; 1 out of 5 also has an auto radio. Significantly, 99.5 percent of the *high-income* urban families own radios. Even more significant, however, is the fact that more than 3 out of 4 *low-income* families own radios, and that 6.3 percent of these low-income radio owners have two or more sets.

Intensive study has established the fact that 17 out of every 20 radio families in American cities listen sometime during each day. Apparently the economic status of the family has little effect on their habit of turning to the radio, for one percentage point covers the spread between the top and lowest "economic-thirds." Furthermore, income also has little effect on *how much* they listen each day.

A more important influence on the use of the radio is the size of the community in which the family lives. Generally speaking, the smaller the community, the greater the percentage of families who listen sometime during the day. As for the amount of listening, it is greatest in medium-sized communities, with small towns taking a close second. But even in cities over 250,000 population, set-using families average 4 hours and 33 minutes a day listening to the radio!

—Condensed from the study of the broadcasting industry conducted by Crossley, Incorporated. Published March 1941 by the National Association of Broadcasters.

broadcasts can accomplish a specific objective in reaching a particular portion of a city's population which is a logical prospect for the services of the association arranging for the program. One of these associations broadcasts in Polish, the other in Lithuanian, but both are agreed that the results have been highly satisfactory in acquainting listeners with the facilities of their institutions.

Checking on the Quality of Results

One of the specific inquiries on the special questionnaire was directed toward methods of verifying the results from radio advertising. From the standpoint of advertising technique, it is evidence of a sound basic approach to business promotion efforts to discover that a substantial number of these 29 institutions were making direct and effective checks on the productiveness of their broadcast periods.

One association in Texas reports that it has on several occasions made a survey of the listening audience in its city by using a number of persons on the telephone who call assigned numbers and ask the person who answers if he or she has been listening to the radio, and if so, to what program. And they added, "We were surprised to find such good results!"

Another institution related that, "We have tested our audience by offering small cardboard banks to the listeners upon receipt of a written request. We had over 300 requests for banks through one broadcast." Still another writes, "Nearly every new customer mentions hearing our association on the air. We have accounts from Maracaibo, Venezuela, to Vancouver, British Columbia; in 154 towns in our State and in 15 neighboring States, and three foreign countries—all of which have been brought in through the radio."

Some idea of the lasting qualities of a particular program may be gathered from the statement made recently by the secretary of a Southern association who says, "We still have folks come in and say that they heard us on the radio last winter."

Perhaps the most common way of verifying the results of radio advertising—as well as any other business promotion program—is embodied in a plan which requires all officers and personnel permitted to receive savings and investment accounts to ask each new investor what prompted him or her to make the investment in that association. This naturally provides a complete record of the effectiveness of each medium which the institution is using.

Basic Conclusions

On the basis of the special analyses of radio advertising by savings and loan associations conducted during the last two years, there are certain broad generalizations which can logically be made. If an association is to be successful with radio advertising, it requires careful consideration of several factors in advance of money expenditure.

First of all, an association should be so situated as to have at its disposal in its locality first-class means of radio communication in a technical sense. Then, the association should be convinced of the necessity of continuing its broadcasts over a period sufficiently long to gain some cumulative effect, choose the type of program that will appeal not so much to the general public as to the most logical market for the specialized services it has to offer. Next, it should make certain that the individual broadcast time is fully adequate for this type of program; that the broadcast takes place frequently enough to avoid losing the momentum previously gained; and that it is scheduled for those days of the week and hours of the day when most savings and loan prospects are likely to be at home or in their cars and available for listening.

And finally, and by no means the least important point for an association to consider, is to arrange some method—the simpler the better—by means of which both inquiries and new clientele originating directly or indirectly from the radio advertising can be definitely accredited to this medium and whereby, at suitable periods, a definite relationship can be easily established between the number and quality of results and the radio expenditures. Such data are not only valuable in gauging the progress of the radio campaign from week to week and month to month, but after the first year provide a yard stick of accurate experience which will prove most helpful in planning and judging future radio activity.

Appointment of Public Interest Director

■ THE appointment of Mr. John Phillips as Public Interest Director of the Federal Home Loan Bank of Little Rock was recently announced.

Mr. Phillips, who will serve the unexpired portion of a four-year term ending December 31, 1942, retired some time ago from the cotton brokerage firm of Goodlette & Company in Memphis, Tennessee, and now resides in Lake Providence, Louisiana.

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REMINISCENT: "Housing is a commodity of universal use, the supply of which cannot speedily be increased. Despite the steps taken to assure adequate housing for defense, we are already confronted with rent increases ominously reminiscent of those which prevailed during the World War. This is a development that must be arrested before rent profiteering can develop to increase the cost of living and to damage the civilian morale."

President Franklin D. Roosevelt, Message to Congress, July 31, 1941.

DEFENSE BONDS: "The purchase of defense bonds for the portfolios of our own institutions is an important responsibility because of the great need for having as large a volume of these government issues as possible absorbed by other than the commercial banking institutions, that is, out of saved funds, either individual or institutional."

Paul Endicott, *American Savings and Loan News*, August 1941.

OBJECTIVE: "It is an avowed governmental aim that the national emergency shall not become a source of private enrichment. As far as business is concerned, this aim is being pursued with a thoroughness that leaves little room for doubt as to its broad realization."

The Guaranty Survey, Aug. 25, 1941.

REHABILITATION: "This matter of the rehabilitation of these blighted areas is so all important that future appraisals of this generation may be measured by the manner in which we deal with it. Even if it takes decades to finish the job properly we shall have accomplished much if we only make a sound start."

Abner H. Ferguson, *Freehold*, August 1941.

THE TEST: "What is sure is that we have now really said goodbye to business as usual, and that we are entering upon a period of most unusual business, characterized by shortages for civilian use of all sorts of things that we are accustomed to have and to get without worrying about them. Perhaps these may not prove to be the times that try men's souls, but they are surely going to be times that will try and will test American patriotism."

Business Bulletin, Cleveland Trust Company, July 15, 1941.

Inflation threatens . . . . .

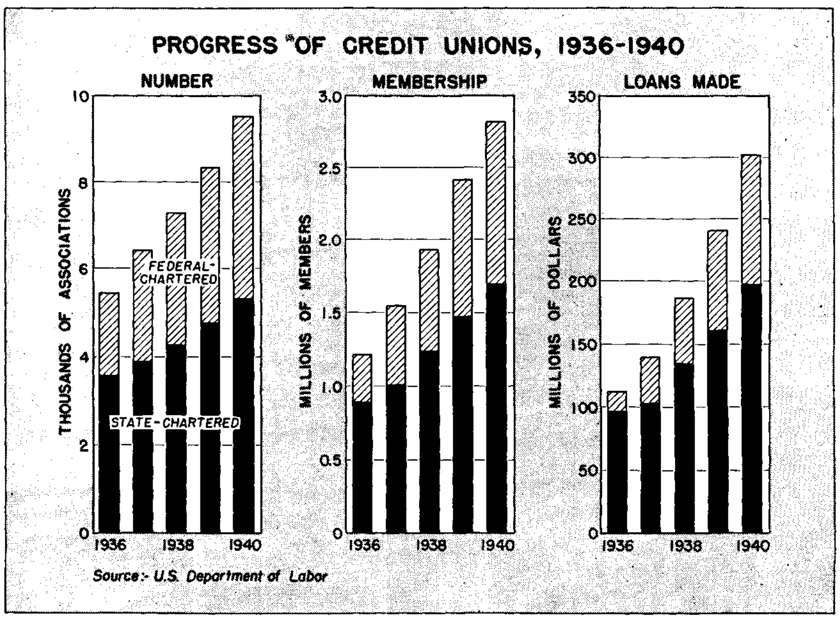
"We have been talking about inflation for a long time as if it were a threat remote from our daily lives. It is a distant threat no longer. We are facing it now, and we must deal with it at once. If we are selfish or shortsighted in facing this issue, the consequences may haunt us and our children for years. But if we look at the problem with clear vision and firm resolve, we can beat this thing."

The Hon. Henry A. Morgenthau, Jr., Secretary of the Treasury, Sept. 9, 1941.

The responsibilities of victory . . . . .

"We must not fail this time as we failed after 1918. The responsibilities of victory are far greater than those of defeat. If we had honestly assumed those responsibilities in 1919 there would have been no need for 1939 or for the long arduous years which we now face. Our way of life, our conceptions of government must offer more, spiritually and materially, than any competing system now and in the future. . . . We shall have in this hemisphere the greatest manufacturing plant the world has ever seen. . . . The utilization of that tremendous productive capacity is a problem and an opportunity—an opportunity to create more and more customers as well as more and more products."

Wayne Chatfield Taylor, Under Secretary of Commerce, Sept. 17, 1941.



The chart above presents the growth of credit unions in number, membership, and amount of loans in the years 1936 through 1940. Both State and Federally-chartered unions have participated in the rapid expansion during the past five years although growth of the latter has far exceeded that of the State institutions in the period. Total share capital at the end of 1940 amounted to nearly $212,000,000.

Monthly Labor Review, August 1941.

SAVINGS RISE IN VOLUME AND SIGNIFICANCE

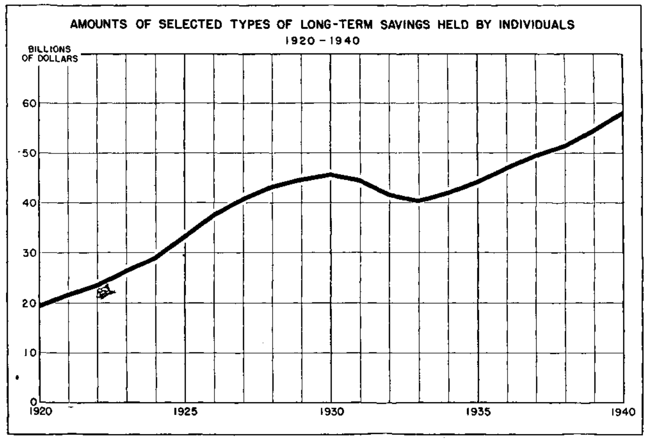
The Federal Home Loan Bank Board's statistics on long-term savings in selected types of institutions and investments indicate that increasing business activity and larger family incomes have resulted in a rising volume of funds set aside for a "rainy day." This is of particular importance in view of the defense savings campaign which, in turn, is giving new emphasis to the soundness of thrift.

■ THE philosophy of thrift, the basis on which savings and loan associations were founded and have been operating for 110 years, has assumed new significance since the United States launched its gigantic armament program. The prosecution of this program calls for a maximum volume of savings to aid in the financing of war production which is making this country "the arsenal of democracy," and to avert the danger of inflation, the bogey of the past seven or eight years, which is now becoming a real threat.

Individual consumer incomes have been increasing rapidly as a result of the defense effort. If all of this money were spent for current purchases at the same time that the urgent need for defense materials exerts pressure on our productive capacity, demand would outstrip supply, a vicious spiral of price increases would be set in motion, and a serious inflation would be sure to engulf our economic system. Along with other measures, the absorption of a growing portion of consumers' purchasing power through savings is one of the foremost methods of avoiding runaway prices, and the Treasury, by embarking on its savings campaign, has lost no time in applying this method.

New Emphasis on Thrift

The new emphasis on savings may be of great long-range importance to savings and loan associations because it will help to make the mass of the people more thrift-minded. Moreover, savings and loan associations, as trustee institutions whose main business activity is the management and investment of billions of dollars accumulated by small savers, have a vital stake in the combat against inflationary tendencies. While it is true that no group in the Nation profits from inflation in the long run except the "three horsemen, the speculator, the profiteer, and the hoarder," it is equally true that the saver and the mortgage-holder are among those who would suffer most from excessive price increases because their claims are fixed in terms of the dollar regardless of the dollar's buying power. In addition to the patriotic motive that impels them to do their utmost in the promotion of the defense savings campaign, savings and loan associations have, therefore, an added incentive to help make the Treasury program a success.



This chart illustrates the unusually steady upward trend in the total volume of long-term savings represented by life insurance policies, savings deposits in banks, private capital in savings and loan associations, United States savings bonds, and postal savings. Within the past two decades the aggregate of these types of savings has almost trebled in volume.

In view of the topical importance of thrift at the present time, current data on the volume of savings are particularly pertinent because they may give at least some indication of the Nation's capacity to save. The Federal Home Loan Bank Board has for several years compiled statistics on private long-term savings accumulated in certain types of institutions and investments which serve as the main reservoirs of thrift for the average individual saver. These statistics include savings in banks, savings and loan associations, life insurance policies, postal savings, and United States savings bonds. Although they do not claim to comprise *all* savings, these compilations are a guide in measuring the year-to-year trends in those types of savings which the present Treasury program attempts primarily to tap.

The 1940 gain in savings represented by investments in savings and loan associations, life insurance policies, savings deposits in banks, postal savings, and United States savings bonds was $3,500,000,000—the largest annual net increase in the past decade and an all-time high with the exception of the boom years of 1925 and 1926. This brought the total volume of funds accumulated in these types of institutions and investments to $58,000,000,000.

The net growth in 1940 represents a rise of almost 15 percent over the 1939 figure of $3,000,000,000, reflecting the higher pitch of business activity, larger employment, and increasing family incomes as the defense program got under way. Comparing 1940 with 1938, the increment during the past year in these types of savings was as much as 75 percent in excess of the gain recorded two years ago, illustrating the well-known fact that savings increase more than proportionately when national income is on the upgrade.

Of the $3,500,000,000 gain in savings during 1940, life insurance companies accounted for $1,644,000,000 and United States savings bonds for almost a full billion. Insured commercial banks which are responsible for the overwhelming proportion of savings deposits in all commercial banks gained $440,000,000; savings and loan associations, $221,000,000; and mutual savings banks, $137,000,000. Changes in postal savings accounts were insignificant.

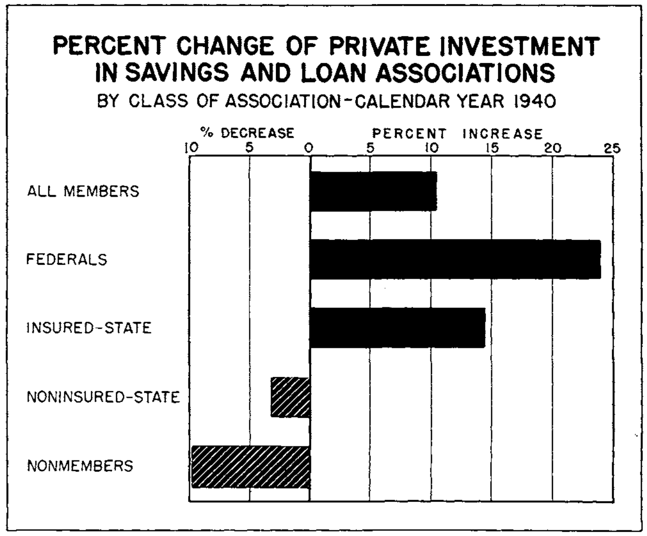
On a percentage basis the rise in outstanding United States savings bonds was once again the largest, 45 percent. The second largest percentage increase was scored by life insurance companies which gained 7 percent. Savings and loan associations held third rank with a 5-percent rise. Insured commercial banks, postal savings, and mutual savings banks followed in that order.

Table 1.—Private long-term savings in 1940

[Amounts are shown in millions of dollars]

Type of savings	Dec. 31, 1940	Dec. 31, 1939	Change: Dollars	Change: Percent
Life insurance companies [1]	$25,025	$23,381	$1,644	7.0
Insured commercial banks [2]	13,062	12,622	440	3.5
Mutual savings banks [3]	10,618	10,481	137	1.3
Savings and loan associations [4]	4,633	4,412	221	5.0
United States savings bonds [5]	3,195	2,209	986	44.6
Postal savings [6]	1,342	1,315	27	2.1
2½% Postal Savings bonds [7]	87	90	−3	−3.3
Total [8]	57,962	54,510	3,452	6.3

[1] Estimated accumulated savings in U. S. life insurance companies. Represents reserves plus unpaid dividends and surplus to policyholders, except that deduction is made of policy notes and loans and net deferred and unpaid premiums. Source: *Spectator Life Insurance Year Book.*
[2] Deposits evidenced by savings passbooks. *Assets and Liabilities of Insured Commercial Banks,* reports of FDIC.
[3] Deposits. Source: *The Month's Work,* published by National Association of Mutual Savings Banks.
[4] Estimated private investments in operating savings and loan associations, including deposits, investment securities, guaranty stock, and shares pledged against mortgage loans. Source: *Federal Home Loan Bank Board.* The 1939 figure is revised. The 1940 figure is preliminary.
[5] Current redemption value. Source: *Treasury Daily Statement.*
[6] Balance to credit of depositors. Source: *Post Office Department.*
[7] Source: *Treasury Daily Statement.* Excludes such bonds held by the Postal Savings System.
[8] Does not include savings invested in credit unions, uninsured commercial banks, trust funds, and other miscellaneous, unclassified sources.



The 5-percent increase in private savings invested in savings and loan associations during 1940 was the net result of markedly different trends in the various classes of institutions. Foremost among these trends, which are indicated in the above chart, is the 10-percent gain of member associations of the Federal Home Loan Bank System compared with a 10-percent decline registered by nonmember associations.

Within the savings and loan industry, the trends in private savings again showed substantial variations among the various classes of institutions, as indicated in the chart on this page. Member institutions of the Federal Home Loan Bank System, which includes the large majority of active operating associations, increased their private resources by $335,000,000, or more than 10 percent, during the year. In contrast, private investments in nonmember savings and loan associations declined $120,000,000, or close to 10 percent. Within the membership of the Bank System, Federal savings and loan associations continued to show the most rapid growth, adding $270,000,000, or almost 24 percent, to their private capital during 1940. State-chartered insured associations registered a good increase of approximately 15 percent, while uninsured State members experienced a decline of over 3 percent in private capital.

Shifts in the First Six Months of 1941

Savings statistics for the first six months of 1941, while incomplete, reveal several significant shifts among the various types of institutions and investments. Savings deposits in mutual savings banks and postal savings showed small declines in contrast to the gains registered in the corresponding period of 1940. Private capital invested in insured savings and loan associations rose $247,672,000, a gain of almost $40,000,000 over the increase shown for the same period of last year. Savings deposits in insured commercial banks increased almost $45,000,000 but this was considerably below the figure for the first six months of 1940. Sales of life insurance policies, as reported by the Life Insurance Sales Research Bureau, were somewhat above the volume for the first six months of 1940.

Table 2.—Net changes in selected types of private long-term savings.[1]

[First six months of 1941 compared with same period in 1940]

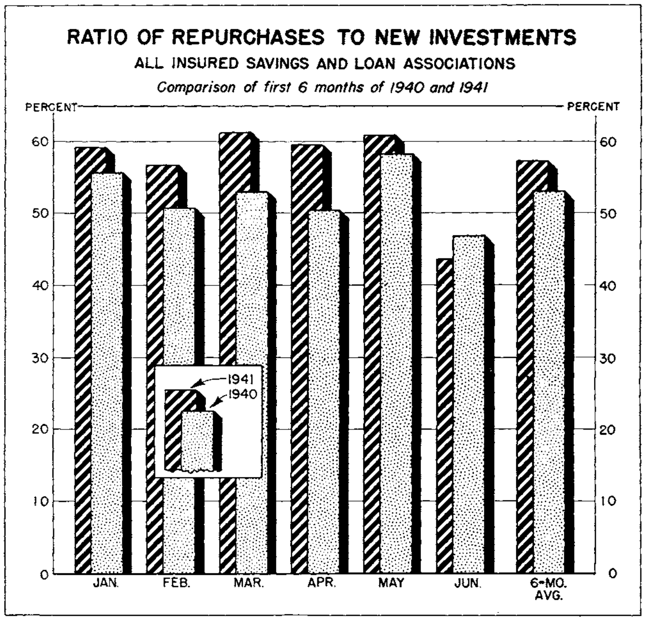
[Thousands of dollars]

Type of savings	1941	1940
United States savings bonds	[2] $797, 302	$695, 819
Insured savings and loan associations	247, 672	208, 627
Insured commercial banks	44, 707	132, 325
Postal savings	−2, 427	14, 000
Mutual savings banks	−11, 535	109, 153

[1] For sources, see Table 1. Insured savings and loan associations: Private repurchasable capital as reported to the Federal Home Loan Bank Board.
[2] From May: Defense Savings Bonds, Series E.

United States savings bonds outstanding recorded the largest dollar increase during the first six months of the current year—$797,000,000—which is in part due to the results of the defense savings campaign begun in May 1941. This figure was more than $100,000,000 in excess of the funds invested in this popular type of Government bond during the first half of 1940.[1] Current sales of defense savings bonds Series E continue to be far in excess of sales of "baby bonds" in comparable periods of 1940. For the first five months of the defense savings drive, from May through September, Treasury cash receipts from sales of Series E bonds totaled $572,216,000 compared with sales of "baby bonds" in the amount of $287,345,000 during the same interval of 1940.

[1] Of the three series of defense savings bonds issued since May, only Series E is included in this article. Series F and G are primarily designed for institutional and large individual investors and are therefore not in the same category as the types of savings included in the Bank Board's regular statistics.



The repurchase ratio represents the percentage of new investments absorbed by repurchases during each monthly period. With the exception of June, the repurchase ratio during the first 6 months of 1941 was higher than in the corresponding period last year. The shaded bars indicate repurchase ratios in 1941, and the dotted bars show those for 1940.

With the intensification of the defense savings campaign necessitated by the ever-widening scope of the defense effort, an increasing proportion of individual savings will undoubtedly be siphoned into Treasury coffers, but at the same time the total volume of savings is likely to expand further so long as unemployed go back to work and national income rises. As a result, the flow of savings into private institutions may be expected to continue on a reasonably high level along with mounting purchases of defense bonds by the public, although the various types of institutions may be affected in different ways. As an antidote against inflation, *any* savings process has, of course, an important function in our present economic situation.

Recent Experience of Savings and Loan Associations

Thus far savings and loan associations have experienced but little change in the operation of their capital accounts, to judge from the monthly over-all statistics available for insured institutions. Comparing the first six months of 1940 and 1941, new investments in these institutions showed consistent growth. As would be expected, repurchases were likewise up as the volume of private capital outstanding increased. The ratio of repurchases to new investments, however, was about 10 percent higher in the first half of 1941 than in the corresponding interval of 1940.

During the first half of the current year, 57 percent of the new money received by insured associations was absorbed by repurchases, while in the corresponding period of 1940 repurchases were equivalent to approximately 53 percent of new investments. In each of the first six months during this year, with the exception of June, the ratio of repurchases to new investments was higher than in the corresponding month of 1940. The differentials are not large enough to permit any general conclusion, but the capital accounts of savings and loan associations will bear close scrutiny in the coming months for indications of a change in the flow of funds into and out of these institutions, which may guide executives in their operating policies.

A Medium for Customer Contacts

■ SAVINGS and loan executives are constantly on the lookout for new and different media to use in public relations work with new prospects and existing members. Recently, the National Association of Housing Officials and the American Public Health Association have assembled a comprehensive collection of pamphlets and publications which might easily be the basis for a highly useful gift especially for new borrowers or for loan prospects.

The collection, known as the "Tenants' Homemaking Library," is made up of more than 35 individual publications and an extensive list of supplementary references. Twenty-eight of the pamphlets have been prepared by experts of the Department of Agriculture and the Department of Labor, and the remainder by private companies. Among the subjects included in the portfolio are: the physical upkeep of the home; purchase and use of household textiles; food and family budgeting; control of insects; preventing accidents and fire; first aid and care of the sick; child care and guidance; and recreation.

The entire cost of assembling a library such as the one pictured below is estimated at approximately $2.00. A complete list of the publications and their cost may be obtained from the National Association of Housing Officials, Chicago, Illinois.

Housing Priorities

(*Continued from p. 5*)

economies in the use of scarce materials and a wider utilization of acceptable substitutes, may make it possible to maintain at least a minimum volume of needed construction in nondefense areas.

If the imposition of priorities should temporarily cripple nondefense housing, home-financing institutions will to some extent find other investment outlets in the various types of nonconstruction loans which have always absorbed a large portion of their total lending volume. In addition to home-purchase and refinancing mortgages, lending for reconditioning and alterations may obtain a major place in their loan programs. By cultivating this class of loans they will not only help to make additional housing units available in defense areas at small cost, but will perform a useful service in the improvement of the communities in which they operate.

With the slowing up of new construction lending, many institutions will have a fine opportunity to solidify their position and to prepare for the inevitable adjustments which lie ahead. They can clean out their real-estate accounts and strengthen their reserve position. Such actions may lack the thrill and enthusiasm of rapid expansion but they will be a substantial contribution to the soundness of thrift institutions.

In the meantime, the restriction of normal residential building activity may tend to store up a reservoir of housing demand which will help to bridge the gap when war production can be permitted to stop and consumers once more will be free to satisfy their needs without restraint. Then, housing will again occupy its place as one of the foremost peace-time industries.

CENTRALIZED APPRAISALS AS A LENDING SAFEGUARD

Six years ago, savings and loan associations in New Orleans started a novel enterprise in the field of appraisal practices. They established a Central Appraisal Bureau as a means of assuring adherence to uniformly sound real estate valuations. A discussion of the background, organization, and experience of this institution provides food for thought for executives in other communities.

■ ONE cornerstone of successful operation in the savings and loan industry is the proper evaluation of the security underlying mortgage loans. Shifts from the mortgage loan account to that labelled "Real Estate Owned," and losses in the sale of foreclosed properties, may well have their origin in hasty and faulty appraisals, or in overvaluations prompted by loan competition. Turning this observation to constructive use, savings and loan associations in New Orleans six years ago devised a new method of tackling the appraisal problem. They divorced the making of appraisals from individual association management and turned this vital and highly specialized service over to a central bureau, organized and operated by the local associations for the sole purpose of performing the appraisal function.

Successful operation of the Central Appraisal Bureau in New Orleans over a number of years suggests that this method may advantageously be studied by savings and loan executives in other communities. Despite many improvements in appraisal technique, and although "curbstone" valuations by association appraisal committees have largely been replaced by the employment of professional appraisers, the problem of finding a sound, completely unbiased basis for appraisals remains ever present. Likewise, it would be presumptuous to assert that competition has entirely ceased to enter into the making of appraisals, and any step which would help to prevent the recurrence of disagreeable experiences in the past deserves scrutiny by those guiding the policies of thrift and home-financing institutions. This is particularly applicable at the present time when mortgage lenders and appraisers are faced with the vexing problem whether to ignore or account for increasing building costs and a generally rising market in current valuations of real property.

Basic Thoughts Behind the New Orleans Central Appraisal Bureau

The Central Appraisal Bureau in New Orleans was organized in August 1935 in the wake of a community-wide savings and loan rehabilitation program conducted by the State supervisory authority with the cooperation of the Federal Savings and Loan Insurance Corporation. This program provided for a broad solution of the savings and loan problems in the community by mergers, reorganizations, liquidation of weak institutions, and eventual insurance of accounts for all remaining operating associations.

However, probing the factors which were responsible for the need for such a program, leaders in this community singled out faulty appraisal policies which resulted in overlending as one major cause of the weaknesses brought to light during the depression, and they set out to remedy this situation. By detaching the process of appraising real estate security from management where it might be subjected to extrinsic influences, they attempted to minimize the effects of "loan shopping" and "loan competition" on property valuations and to arrive at uniformly sound appraisals as a basis for mortgage lending. Behind this plan was, of course, the realization of the fact that unsound appraisal practices of only one or a few associations may well jeopardize the position of the other local institutions and eventually destroy all the benefits reaped from the community program.

Establishment of the Bureau

The Central Appraisal Bureau began operation immediately following the insurance of accounts of 13 savings and loan or "homestead" associations. The membership today consists of 32 institutions, including every operating association in the city.

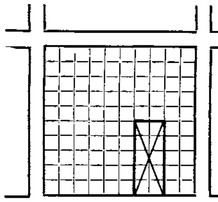
APPRAISEMENT REQUEST

NAME OF ASSN. .... New Orleans, La., May 13, 19 40

To CENTRAL APPRAISAL BUREAU

Dear Sirs:—Please visit and appraise, at once the property below described: 25500

APPOINTMENT ....



Property No. 1715 A Street St.

Situated in the third Dist., Sq. No. 794

Bounded by .... Streets

Being 1 Lots, numbered 10

Measuring 43 ft. front on A Street St.

Lot depth 110 ft., front on .... St.

The Improvements Now ~~Tobe~~ erected thereon being a single dwelling, containing 4 rooms with outbuildings. The same is now occupied by Owner ~~Tenant~~ at a monthly rental of $........

THE ANALYSES OF THIS APPRAISAL ARE ON FILE IN OUR OFFICE

THIS CERTIFICATE IS NOT TRANSFERABLE

CERTIFICATE OF APPRAISEMENT

1. **FACILITIES** Distance to city center [3mi] local shopping center [2 bl] Location convenient to transportation lines [3 bl] schools [5 bl] churches [6 bl]
2. **NEIGHBORHOOD** residential [60] apartment [ ] rooming house [ ] commercial [5] vacent [35] Institutional [ ] good [x] fair [x] poor [ ] trend-down [ ] static [ ] up [x] populated sparsely [ ] medium [x] built up [x] inhabited by: white [100 %] negro [%] persons of low [ ] middle [x] high [ ] class. Zone [B-Multiple dwelling]
3. **BUILDING** Comparison to others in neighborhood, favorable [x] above [ ] below [ ] Construction-poor [ ] fair [x] good [ ] old [ ] remodeled [ ] new [x] quality [frame] walls [plaster] roof [asbestos shingles] heat [gas outlets] driveway [x] garage [x] Distance from adjacent bldgs. R [vacant] L [vacant]
4. **STREET** Quality-paved [ ] gravel [x] mud [ ]
5. **SIDEWALK** Quality-paved [x] brick [ ] mud [ ] curbing [ ]
6. **PUBLIC UTILITIES** Sewer [x] water [x] gas [x] electricity [x] telephone [x]
7. **UNDESIRABLE FACTORS** The following items affect the value of property
8. **DESCRIPTION OF PROPERTY** One-story frame single contains 4 rooms and bath.
9. **REPAIRS NECESSARY** None- new house
10. **REVENUE** Rented, actual [$ per] Estimated [$ 37.50per mo.] Vacant will rent for [$] per [ ]
11. **MARKETABILITY** Readily salable [x] slow [ ] difficult [ ]
12. **LOT SIZE** [43] X [110] Value [$ 750.00]
13. **VALUE** As is [$ 4350.00] if repaired [$]
14. **LOAN AMOUNT AND TERM RECOMMENDED** Amount [80 %] term [20] years.
15. **OTHER RECOMMENDATIONS**

Date of this report May 14, 1941 A. S. Nunitz, Manager

Although the organization was originally established by the voluntary agreement of the participants, its permanency and effectiveness were strengthened by the enactment of a statute in 1936 which authorizes the State supervisory authority to have any real estate mortgaged or owned by an association evaluated by appraisers selected by the Bank Commissioner and paid for by the institution.

In addition, the law of Louisiana stipulates that homestead and building and loan associations are authorized to make loans only under such plans as are approved by the State banking department. Since the department will not approve any lending plan unless it provides that no loan will be granted for an amount in excess of 80 percent of the value of the property as determined by the Central Appraisal Bureau, the investing public is aware that every association in the city is operating under these stabilizing regulations. As a practical matter, the success of the Bureau is undoubtedly due in part to the support which it has received from the State supervisory authorities.

The initial membership fees in the Bureau were based on asset size and ranged from $25 for associations having assets of $300,000 or less to $300 for those with assets of $3,000,000 or more. Monthly membership fees today, based also on asset size, run from $5 to $10. In addition to these costs, fees ranging from $5 to $15 are charged for the individual appraisals.

Outline of the Procedure

The services of the Bureau are available only to member institutions. The members are required (1) to obtain its appraisal of every property submitted to the association as collateral for a loan, (2) to submit all plans and specifications of new building for appraisal and approval, (3) not to make a loan for a term longer than twenty years, (4) nor in excess of 80 percent of the determined appraisal value of the property.

Upon receiving an application for a loan on an existing structure, the association transmits a request in duplicate for the appraisal. The form forwarded contains the municipal number of the property offered as collateral, indications of area and boundaries, type of existing improvements, type of occupancy, and present monthly rent. The request is given a file number by the Bureau and the forms are processed thereafter by number. The appraiser making the valuation, for obvious reasons, has no knowledge of the identity of the association or the loan applicant.

Following the initial valuation, the information and recommendations gathered are given to a second technician who revisits the property, checks the original appraisal, and recommends approval or disapproval of the data and values contained therein. The appraisal system itself has been developed along the lines of HOLC practices. The forms used, excerpts of which appear in the accompanying illustrations, have been formulated by the Bureau's personnel and are approved by some of the best authorities in the United States as outstanding in the appraisal field.

Should an appraisal made by the Bureau be contested by the member association, it is submitted to the manager for further review and inspection. If this does not prove satisfactory to the applicant, the management committee may submit the appraisal to a fee appraiser at the expense of the member association. To qualify as an arbitrator, an appraiser must be a member of the American Institute of Real Estate Appraisers. Since the inception of the Bureau less than 20 appraisals have been contested and of these, only two-thirds were altered in any way. In no case was the value revised more than 10 percent.

Loans for New Construction

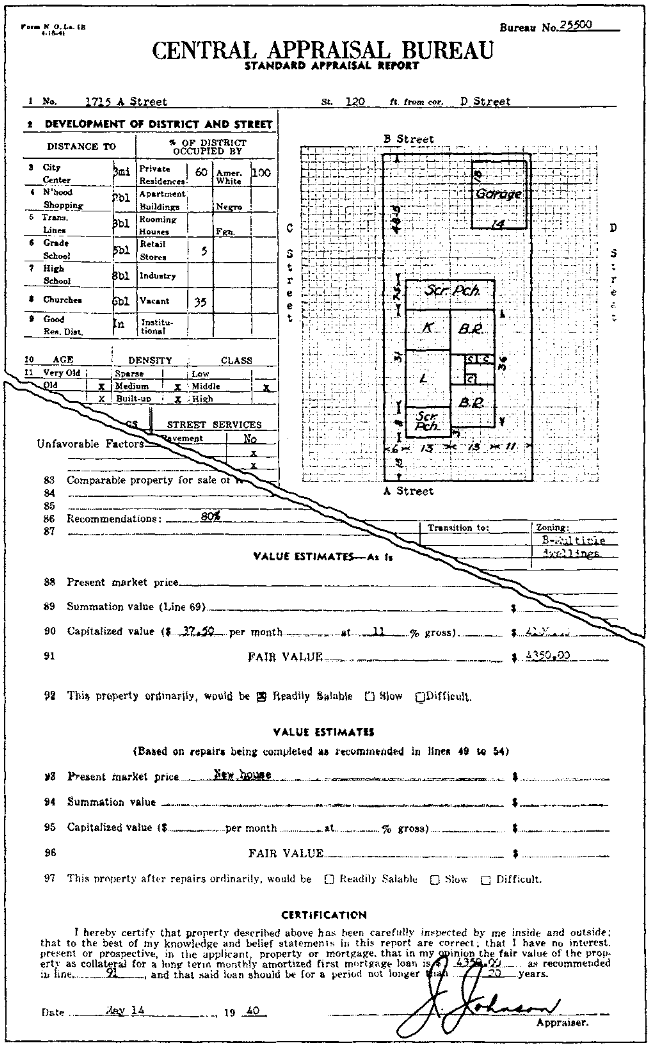
In the case of applications for loans to finance new construction, the applicant is required to furnish complete plans and specifications which are sent to the Bureau with the usual forms. Upon receipt, these plans are checked to determine whether the proposed construction is properly designed from the standpoint of structure, zoning, and building code requirements. The site is appraised and recommendation made as to the suitability of the particular design for the location. The plan is then analyzed for determination of costs.

Construction supervision is also available from the organization. Offered to home purchasers through the medium of members, supervision of the erection as it progresses is supplied at a cost of 1 percent of the contract price. The Bureau is authorized to supervise construction of homes built under the Registered Home Service of the Federal Home Loan Bank Board. One of the reasons why this supervisory service was introduced by the Bureau was to secure more sound collateral for loans members might be called upon to make at some future date.

Physical Organization and Facilities

The equipment of the organization indicates the comprehensive coverage the Bureau has of real estate values in New Orleans. Included in its files are appraisals and supplementary data on 34,600 pieces of real estate representing a value in labor alone of $125,000. A map of the city, scaled 150 feet to the inch and mounted on plywood, aids greatly in the valuations. Symbols on each plot indicate data filed concerning its sale and lease record, mortgages recorded, and previous appraisals made. Other maps detail area, type, and outline of construction on all lots throughout the city, average annual income by block, zoning regulations, and location of transportation lines, surfaced streets, churches, schools, and shopping centers. Perusal of the maps discloses whether or not comparative data for any specific appraisal are on hand in the files. Daily calls are made to the Office of the Recorder of Conveyances and all sales and leases are noted in the office records.

The operations of the office are handled by a manager, assistant, statistician, seven appraisers, and a clerical staff. Three savings and loan executives elected by and from the membership serve as a board, on a rotating basis, employing personnel, handling complaints, and establishing general policies of the organization. Appraisers employed by the Bureau are required to have educational backgrounds in architecture or engineering and to work first as statisticians, then to accompany senior appraisers until they are thoroughly trained in evaluation methods after which they become junior and finally senior appraisers. Junior appraisers now trained are required to attend yearly courses of the American Institute of Real Estate Appraisers.


Form N.O.La. 18 4-15-41

Bureau No. 25500

CENTRAL APPRAISAL BUREAU

STANDARD APPRAISAL REPORT

1 No. 1715 A Street St. 120 ft. from cor. D Street

2 DEVELOPMENT OF DISTRICT AND STREET

	DISTANCE TO		% OF DISTRICT OCCUPIED BY			
3	City Center	3mi	Private Residences	60	Amer. White	100
4	N'hood Shopping	2bl	Apartment Buildings		Negro	
5	Trans. Lines	3bl	Rooming Houses		Fgn.	
6	Grade School	5bl	Retail Stores	5		
7	High School	8bl	Industry			
8	Churches	6bl	Vacant	35		
9	Good Res. Dist.	In	Institutional			

10 AGE		DENSITY		CLASS	
11 Very Old		Sparse		Low	
Old	X	Medium	X	Middle	X
	X	Built-up	X	High	

STREET SERVICES

Unfavorable Factors

Pavement No X X

83 Comparable property for sale or

84

85

86 Recommendations: 80%

87

Transition to: Zoning: B-Multiple dwellings

VALUE ESTIMATES—As Is

88 Present market price

89 Summation value (Line 69) $

90 Capitalized value ($ 37.50 per month at 11 % gross) $

91 FAIR VALUE $ 4350.00

92 This property ordinarily, would be ☒ Readily Salable ☐ Slow ☐ Difficult.

VALUE ESTIMATES

(Based on repairs being completed as recommended in lines 49 to 54)

93 Present market price New house $

94 Summation value $

95 Capitalized value ($ per month at % gross) $

96 FAIR VALUE $

97 This property after repairs ordinarily, would be ☐ Readily Salable ☐ Slow ☐ Difficult.

CERTIFICATION

I hereby certify that property described above has been carefully inspected by me inside and outside; that to the best of my knowledge and belief statements in this report are correct; that I have no interest, present or prospective, in the applicant, property or mortgage, that in my opinion the fair value of the property as collateral for a long term monthly amortized first mortgage loan is $ 4350.00 as recommended in line 91, and that said loan should be for a period not longer than 20 years.

Date May 14, 19 40

J. Johnson

Appraiser.

418450—41——2

Experience to Date

The general reaction to the New Orleans program has been exceedingly good. Behind it, of course, is the feeling that the institutions are using tools designed to correct the particular problems with which they had been confronted in the past. Confidence in the savings and loan program itself has therefore been strengthened. Shareholders feel their funds are invested in loans on properties appraised by a capable agency which is not subject to outside influences, having no contact with the borrower and approaching the entire appraisal process in an unbiased manner.

The public in general recognizes the advantages of the Bureau as a reliable evaluator of property. Many prospective home purchasers will not enter contracts unless the property is appraised by the Central Appraisal Bureau. Until a recent ruling that loan applicants be not given the appraisal figures, a number of home buyers in the city applied for loans with member associations, paid the appraisal fees, and went no further with their applications after obtaining the Bureau evaluations which they used solely as standards of value for the purchase and independent financing of the property.

There have been several instances where an excessive price for a piece of property was voluntarily reduced by the vendor after a Bureau appraisal which rendered the purchaser unable to obtain a loan from an association sufficient to finance the purchase of the property.

Contractors erecting structures which are subject to valuations by the organization are in general agreement with its work since a stabilized operation of the associations benefits the entire building industry. For this reason, they appreciate the importance of the Appraisal Bureau despite the general tendency on the part of contractors everywhere to elicit liberal evaluations.

Consolidated Annual Report of British Building Societies

■ THE official summary of 1940 operations of the British Building Societies, published in the July issue of the "Building Societies' Gazette" confirms the observations made on a sample basis in the April Review, page 223. On the whole, the consolidated statement of these institutions for the year 1940 shows a remarkable stability in the face of grim wartime conditions.

The greatest divergence from normal operations is found in the volume of new business done in the period. New mortgage loans totaled only £21,217,612, or approximately $85,000,000, compared with the previous year's advances of £94,548,477, while money coming into the institutions from share subscriptions and deposits declined 40 percent.

Most of the principal balance sheet items show gratifying strength and there are few notable changes in the financial picture of the institutions. Total assets of all societies decreased only 2.2 percent from the record high of a year ago. Total mortgage holdings were down less than 4 percent but they were still 6.5 percent higher than in the last normal peace year (1938). Increasing liquidity and a shift from mortgage financing to government and other investments are indicated in the 12-percent rise of the investment account and a 26-percent increase of "other assets" last year. The effort to attain a bulwark against uncertainity is notable also in a 3.8-percent rise in the "Balance of Profits and Reserve" over last year's figure.

The decline in new share subscriptions and deposits during the year, reflecting stringent taxation measures and the effort of the Government to divert private savings into government security channels, caused little loss in the aggregate of shares and deposits as total liabilities to shareholders declined only 1.2 percent during 1940, while liabilities to depositors were reduced 6.4 percent. The number of shareholders and depositors decreased less than 3 percent in the period.

Item	1940	1939	Percent increase or decrease
Share subscriptions and deposits received during year	£62, 140, 964	£103, 216, 677	−39. 8
Advances on mortgages during year	21, 217, 612	94, 548, 477	−77. 6
Management expenses	3, 418, 944	3, 984, 404	−14. 2
Total assets	756, 242, 391	773, 156, 084	−2. 2
Total mortgage assets	677, 782, 988	705, 599, 266	−3. 9
Total investments	54, 243, 592	48, 355, 696	+12. 2
Liabilities to shareholders	552, 226, 359	559, 120, 870	−1. 2
Liabilities to depositors	142, 254, 862	151, 962, 174	−6. 4
Balance of profit and reserves	45, 554, 567	43, 888, 280	+3. 8

Note.—The British pound is currently quoted at about $4.03.

THE REAL-ESTATE OVERHANG—BACK TOWARD NORMAL

Recent estimates of the volume of residential real estate owned by financial institutions indicate that the "overhang" has ceased to be a serious problem, except in a few areas. During 1940 the book value of residential properties held by the principal mortgage lenders was reduced by as much as 22 percent.

■ IN these days in which numerous new problems confront the management of mortgage lending institutions, it is a comforting fact that one of the most serious problems of the past few years, the disposition of repossessed real estate, is nearing solution. The Bank Board's 1940 estimates of the volume of residential properties held by the principal mortgage lenders indicate a continued substantial reduction in this nonliquid asset, and present real-estate market conditions promise further improvement. Barring unforeseen events, the real-estate "overhang" in most parts of the country should reach normal proportions in the near future.

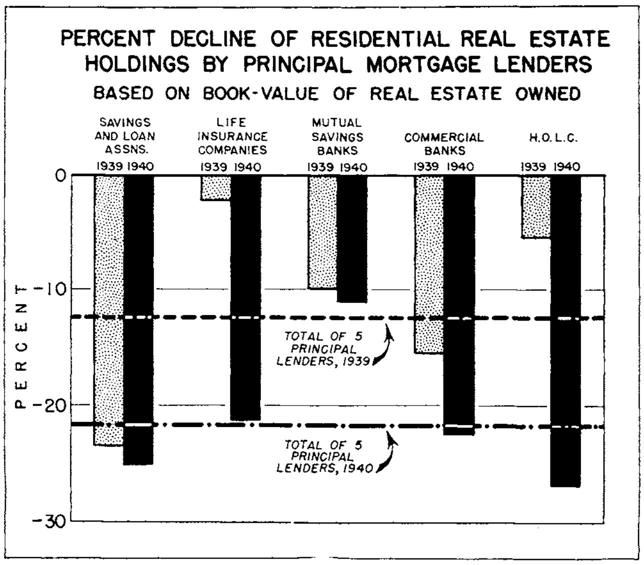
The liquidation of the property holdings of mortgage lenders has implications reaching far beyond the status of these institutions themselves. For the institutions, the removal of the "real estate owned" account from their books means, of course, a cleaner balance sheet, the elimination of a "slow," depreciating, and in many cases non-earning asset, and strengthened confidence on the part of the investing public. Also, as management and sales efforts for the owned real estate diminish in importance, executives will be free to concentrate on the more indigenous tasks of mortgage lending institutions.

Further than that, however, real-estate conditions as a whole are apt to benefit as the pressure of a supply of billions of dollars worth of institutional property holdings is lifted. For the past six or seven years, this pressure has retarded the recovery of the real-estate market as "For Sale" posters appeared on a large number of dwellings previously foreclosed by mortgage lenders. The rapidly progressing transfer of such properties into the hands of individual owner-occupants is undoubtedly a step toward sounder real-estate conditions.

$520,000,000 Net Reduction in 1940

The estimated book value of residential real estate owned by operating banks and savings and loan associations, life insurance companies, and the Home Owners' Loan Corporation declined from $2,402,000,000 to $1,882,000,000 during the year 1940. This was a reduction of $520,000,000, or 21.6 percent, and reflected a considerable acceleration in the sale of real estate owned as well as a low rate of new property acquisitions through foreclosure or deed. In the preceding year, the net decline in the residential real-estate overhang held by the same classes of institutions had been $344,000,000 or 12.5 percent. All-in-all, the book value of residential properties owned by these types of mortgage lenders dropped $864,000,000 during the past two years, or the equivalent of one-third of the holdings at the end of 1938.

Reliable estimates on the same basis are unavailable for earlier years since bank report forms prior to 1938 did not separate *residential* real estate owned from other types of properties held. However, on the basis of sample studies it is reasonable to assume



This chart shows the progress in the disposition of real estate held by the major mortgage lending institutions, for the years 1939 and 1940. Each type of institution shows a larger percentage reduction of the real estate account for 1940 than for the preceding year. The totals for all institutions are indicated by the broken lines.

that the peak holdings of residential properties by banks, savings and loan associations, life insurance companies, and the HOLC were in the neighborhood of three to four billion dollars and that the present volume represents a reduction of close to one-half from this high level.

Even now, available estimates of the residential real-estate overhang, while measuring fairly accurately the trend from year to year, reflect only one important portion of the total volume of repossessed properties in the hands of mortgage lenders. These estimates exclude the real estate foreclosed and owned by individuals, closed banks and other closed institutions, mortgage companies, trust departments of commercial banks, and fiduciaries and endowments. Nor do they comprise the property holdings of tax authorities, which acquired real estate through tax sales. If these holdings were added to the known figures, the residential real-estate overhang would exceed by a considerable margin the estimates presented in this article.

Holdings of the Principal Mortgage Lenders

The table on page 21 shows the estimated volume of residential real-estate holdings for each of the principal mortgage lenders for the year-ends from 1938 through 1940. During this period, savings and loan associations registered the largest percentage decline in real estate owned. Commercial banks likewise accomplished a rapid reduction of their residential property holdings. Mutual savings banks disposed of their real estate at a lower rate than either of the foregoing types of institutions, which may be explained by their large holdings of apartment houses, the market for which in recent years has been less favorable than sales prospects for 1- and 2-family dwellings, and by the concentration of their property in the Northeast where the demand for real-estate has been sluggish. Life insurance companies showed relatively slow progress in the sale of repossessed property during 1939 but recorded a substantial net decrease in holdings during 1940. The data for the HOLC are influenced by this Corporation's loan extension program, instituted in the fall of 1939, which entailed a large reduction of foreclosure activity during 1940. This, coupled with a continued high volume of property sales, resulted in a 27 percent decline in real estate owned as compared with 5.5 percent in 1939.

The significance of the present overhang problem is perhaps most adequately measured by comparing the residential real-estate owned with the volume of residential mortgages held by each type of institution (right hand column of the table). For all of the principal *private* mortgage lenders, the real-estate overhang at the end of 1940 was equivalent to 11.4 percent of their total residential mortgage portfolio. This is far from being a "normal" ratio but it indicates at least that progress toward normalcy is now within reach. The proportion of real estate owned to mortgages held was 15.4 percent for life insurance companies, 12.4 percent for savings and loan associations, 11.2 percent for mutual savings banks, and 6.3 percent for commercial banks.

The real estate owned by the HOLC was equal to 17.3 percent of its outstanding mortgage holdings. This does not appear to be an unduly large ratio when it is considered that the original loans of the HOLC were made to distressed borrowers and that the Corporation's lending activity was discontinued in 1936, which stopped, of course, the further growth of the mortgage portfolio.

Problem Areas Still Exist

While it is correct to state that from the standpoint of the country as a whole the residential real-estate overhang is no longer an acute problem, this is not equally true for all sections of the United States. In a few Northeastern States, particularly Massachusetts, New York, New Jersey, and Pennsylvania, the volume of real estate owned is still excessive even if the heavy urbanization and the general concentration of nonfarm mortgages in this area are taken into account.. The real-estate depression struck these states with greater force than the rest of the country, with the result that foreclosures and property acquisitions were particularly heavy, and the subsequent market recovery was slower than in many other areas, making the rapid sale of repossessed real estate more difficult.

The concentration of real estate owned in the Northeastern section of the country is demonstrated by the fact that each of the principal types of mortgage financing institutions holds a large portion of its owned property in the four States of Massachusetts, New York, New Jersey, and Pennsylvania. In 1940, about 87 percent of the properties owned by mutual savings banks and 73 percent of real estate held by the HOLC were located in these States. For insured commercial banks, the corresponding ratio was 70 percent, and for savings and loan associations, 58 percent. Of the 1- to 4-family nonfarm homes

Estimated volume of residential properties held by selected financial institutions

[Amounts are shown in thousands of dollars]

Type of institution	Dec. 31, 1940	Dec. 31, 1939	Dec. 31, 1938	Decrease during year 1940 Amount	Decrease during year 1940 Percent	Decrease during year 1939 Amount	Decrease during year 1939 Percent	Real estate as a percent of mortgage holdings, Dec. 31, 1940
Savings and loan associations [1]	$510,000	$680,800	$890,320	$170,800	25.1	$209,520	23.5	12.4
Life insurance companies [2]	443,400	563,500	576,280	120,100	21.3	12,780	2.2	15.4
Mutual savings banks [3]	400,000	450,000	500,000	50,000	11.1	50,000	10.0	[6] 11.4
Commerical banks [4]	190,000	245,000	290,000	55,000	22.4	45,000	15.5	[7] 6.3
Total private holdings	1,543,400	1,939,300	2,256,600	395,900	20.4	317,300	14.1	11.4
Home Owners' Loan Corporation [5]	338,277	462,230	488,997	123,953	26.8	26,767	5.5	17.3
Total real estate owned	1,881,677	2,401,530	2,745,597	519,853	21.6	344,067	12.5	12.2

[1] Estimate based on reports of operating associations, received by the Federal Home Loan Bank Board. Figures for 1940 are preliminary.
[2] Estimate of the Federal Home Loan Bank Board based on a questionnaire survey of the largest life insurance companies.
[3] Based on the reports of the Comptroller of the Currency and "Month's Work." It is estimated that about 65 percent of the total real estate owned by mutual savings banks is residential.
[4] Based on the reports of the Comptroller of the Currency and the Federal Deposit Insurance Corporation. The estimate excludes trust departments, but includes an allowance for investments and other assets indirectly representing bank premises or other real estate.
[5] Capital value.
[6] *Total* real estate owned as a percent of *total* mortgage holdings.
[7] Ratio reported for insured commercial banks.

owned by life insurance companies, 44 percent was concentrated in these four States.

The liquidation of the real estate overhang in this Northeastern section is still a formidable task. Although the dollar volume of real estate owned by financial institutions in the Northeastern States declined during 1940, it did not drop as rapidly as in the rest of the country. In other words, while the real-estate overhang problem in this area is not as acute as it was in 1939, the relative concentration of the overhang in these four States is now greater than it was before. Mortgage-lending institutions operating in this region still have a formidable task before them in reducing their real-estate accounts to normal proportions.

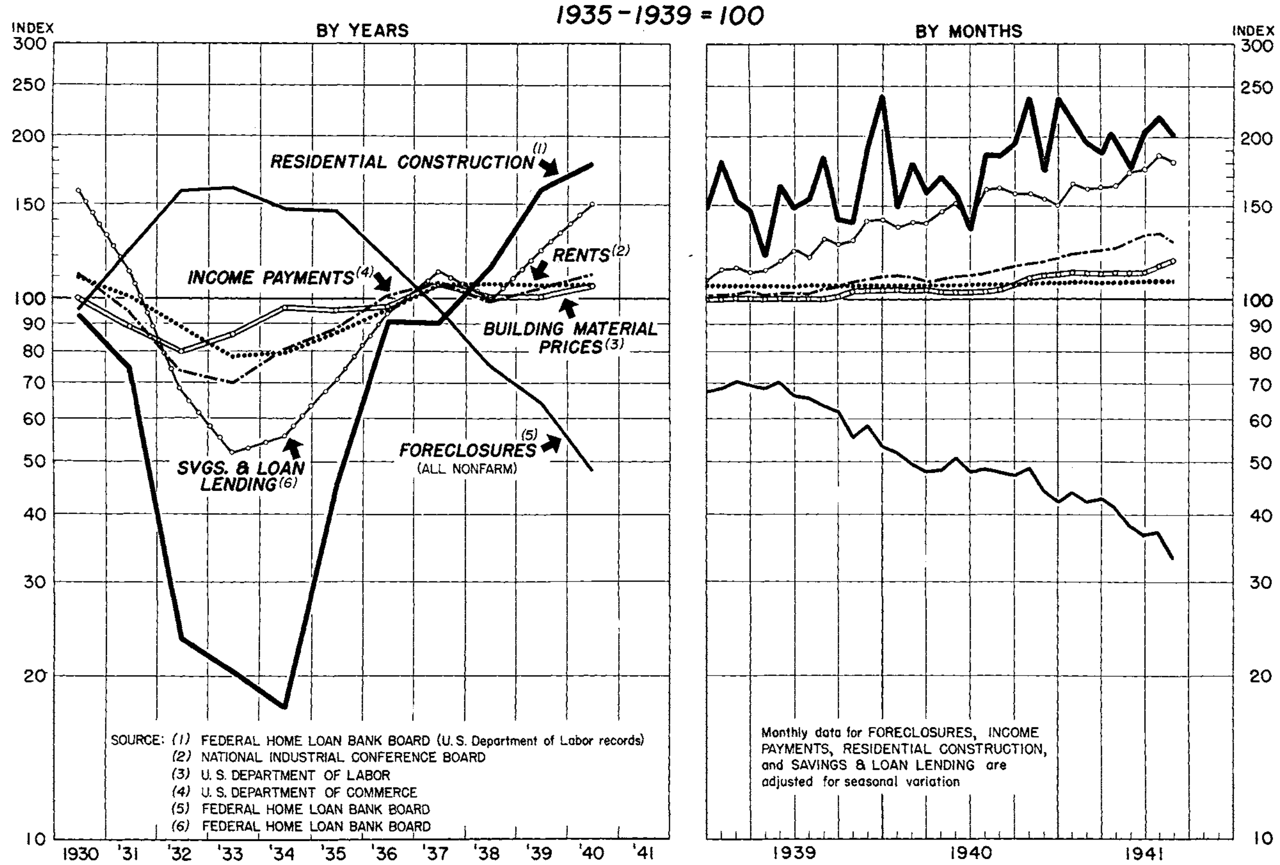
Further Improvement in 1941

While comprehensive current data are not yet available, scattered reports indicate further progress toward the disposition of real estate owned during the year 1941. This is evidenced, for example, by a 15.5-percent decline in the book value of properties owned by a comparable group of insured savings and loan associations for the first six months of this year, and by a 10.5-percent reduction in the dollar amount of HOLC holdings during the same period. Favorable economic conditions in defense areas have stimulated the transfer of institutionally owned real estate into individual ownership, and as defense activity appears to be concentrated along the Northeastern Seaboard, this should help to normalize the situation in some of the States in which the overhang has been heaviest. Also, if and when priorities for building materials enforce a contraction of new residential construction, sales prospects for existing structures may be expected to improve.

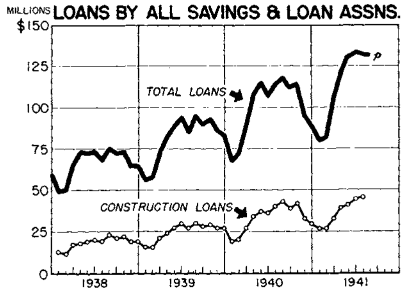
On the other hand, continuous sales efforts will be necessary in order that the remaining real estate owned by financial institutions may be speedily liquidated. It cannot be overlooked that in many cases properties still owned by mortgage lenders constitute what may be called the "hard core" of the overhang, that is, real estate which because of obsolescence, neighborhood characteristics, lack of repair, or for other reasons is more difficult to sell than the average type of property. Only if management applies itself energetically to this toughest part of the job, can the "real estate owned" account on the books of mortgage lenders be reduced to negligible proportions.

RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS

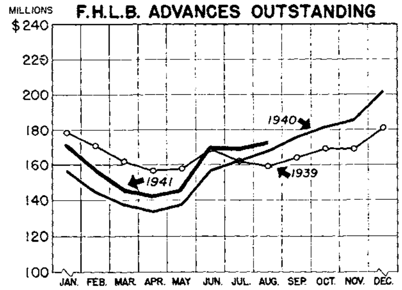
1935-1939 = 100



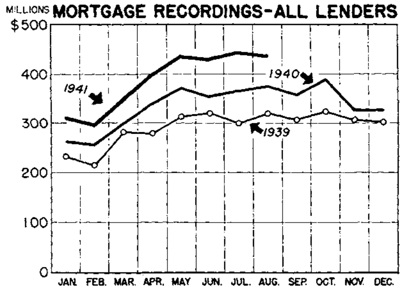
LOANS BY ALL SAVINGS & LOAN ASSNS.



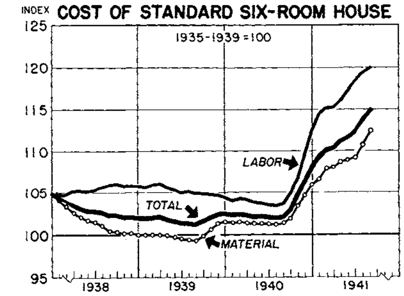
F.H.L.B. ADVANCES OUTSTANDING



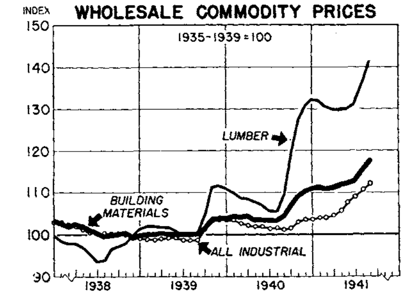
MORTGAGE RECORDINGS-ALL LENDERS



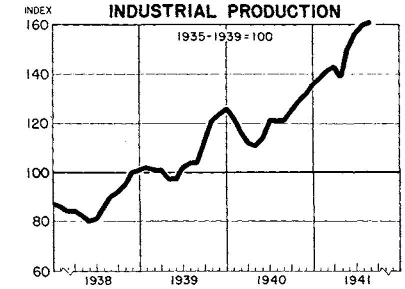
COST OF STANDARD SIX-ROOM HOUSE



WHOLESALE COMMODITY PRICES



INDUSTRIAL PRODUCTION



««« MONTHLY SURVEY »»»

Highlights

I. The volume of residential construction has not yet been seriously affected by material shortages which caused the introduction of priorities on September 22.

A. The number of privately financed dwelling units on which construction was started during August was down 15 percent from July but was still 9 percent above the level of August last year.

B. Public construction, increasing from 4,754 units in July to 7,421 in August, offset some of the decline in private activity with the result that the index of total construction volume receded only 8 percent from the previous month.

II. Building costs continued to rise along with the general increase in prices.

A. Wholesale prices of building materials, according to the U. S. Department of Labor index, jumped another 2 percent during August and are now 13 percent higher than last year.

B. Costs involved in the construction of the standard house increased 1 percent during the month. In seven of the 28 cities currently reporting, building costs for this house have risen more than $1,000 during the past year.

III. Mortgage-financing activity in August was somewhat lower than in July, but recordings during the first eight months of this year totaled more than $3,000,000,000—a gain of 17 percent over 1940.

A. Recordings of mortgages of $20,000 or less in August were 3 percent below the July figure.

B. New mortgage loans made by all savings and loan associations in 1941 through August totaled $920,000,000—up 16 percent from last year.

IV. Real-estate foreclosures which had already reached a low level last year continued to decline as real-estate conditions improved under the stimulating influence of the defense program. Foreclosures during August registered an unusual decline of 12 percent.

V. General business conditions were characterized by sharp price advances on a broad front while the volume of industrial production leveled off.

Summary

THE introduction of priorities, discussed in detail in the lead article of this issue, characterizes better than anything else the current business situation. A growing number of industries are facing a rapid change from surpluses to shortages, or a shift from a buyers' market to a sellers' market. Under these conditions, priorities or some sort of rationing become inevitable to assure the right of way for defense needs. Building priorities, while improving the prospects for builders and lenders on lower- and medium-priced structures in defense areas, will force other segments of the industry into restricted operations which must be recognized and anticipated.

Thus far, the trend in the total volume of new residential construction has not been seriously influenced by the shortages which are responsible for the necessity of building material priorities. The chart on page 22 reveals that the residential construction index, which has been adjusted for normal seasonal movements, has fluctuated throughout this year at approximately double the level established during the 1935–1939 base period, or about 15 percent above the average month of 1940. Private construction in August was almost 9 percent above the same month of last year.

Expansion of mortgage-financing activity likewise has continued without check. As indicated by mortgage recording statistics, the first 8 months of this year have witnessed a new high in mortgage transactions, involving $3,000,000,000 or 17 percent more than in the corresponding period of 1940.

Real estate foreclosures in August registered an unusual drop of 12 percent from July and, from all available information on record, the foreclosure index (adjusted for seasonal variations) has now reached the lowest level for any month within the past 15 years. Since October 1940 when the defense boom gathered momentum the decline in foreclosures has been as much as 32 percent. Improved business conditions, housing shortages in

[1935–1939=100]

Type of index	August 1941	July 1941	Percent change	August 1940	Percent change
Residential construction [1]	201.4	218.6	−7.9	185.1	+8.8
Foreclosures (nonfarm) [1]	33.4	37.3	−10.5	48.0	−30.4
Rental index (NICB)	108.6	108.3	+0.3	106.5	+2.0
Building material prices	117.8	115.1	+2.3	104.2	+13.1
Savings and loan lending [1]	[p] 179.9	186.2	−3.4	160.2	+12.3
Industrial production [1]	[p] 161.0	[r] 160.0	+0.6	121.0	+33.1
Manufacturing employment [1]	[p] 134.6	[r] 136.4	−1.3	109.2	+23.3
Manufacturing pay rolls [1]	[p] 181.5	[r] 185.4	−2.1	121.9	+48.9
Income payments [1]	[p] 128.1	132.3	−3.2	113.3	+13.1

[p]=preliminary. [r]=revised
[1] Adjusted for normal seasonal variation.

many defense areas, and greater demand for real estate have been canceling much of the mortgage delinquency so that foreclosures have become less and less necessary. Counterbalancing distress in nondefense areas which are losing population has not yet become evident.

General Business Conditions

■ MEASURES to combat inflation marked developments along the economic front during the past few weeks. Following the passage of a comprehensive Federal tax bill which is expected to direct about $3,550,000,000 into Treasury coffers, and the tightening of consumer installment credit reported last month, the Board of Governors of the Federal Reserve System announced that reserve requirements of member banks will be raised to the statutory limits on November 1. Excess reserves of member banks, which are a potential source of credit inflation, will thereby be reduced from about $5,200,000,000 to $4,000,000,000. Plans for a more general program of credit control are under consideration and Congressional hearings on a far-reaching price control bill are under way.

In the meantime, sales of Defense Savings Bonds—another anti-inflation measure—continue in considerable volume. September receipts, including all of the three issues E, F, and G, totaled $232,327,000 compared with $265,606,000 in August, and cumulative sales from May through September were $1,504,410,000. The number of savings and loan associations participating in the Defense Savings campaign has been steadily increasing and stood at 1,417 on September 1.

That concerted efforts against inflationary tendencies are warranted was again confirmed by the behavior of prices. During the four weeks ended September 20 the wholesale price index of the Department of Labor increased another 1.7 percent and reached a level 17.8 percent above a year ago. Market prices of 28 basic commodities have risen as much as 44 percent during the past year. Consumers' prices have shown the usual lag behind wholesale prices but the Labor Department's index of living costs in large cities registered a rise of 7.5 percent from the beginning of the war through August 15. Farm products and foodstuffs are among those commodities showing the highest percentage increases.

While it is true that some of the cost factors entering into prices are responsible for this upward movement in the price level, forward buying is another element not to be overlooked. The Cleveland Trust Company in its September *Bulletin* states that "protective purchasing is the ailment from which American industry is suffering," and adds that manufacturers' inventories are now the highest on record, both in dollar value and physical volume.

As anticipated, industrial activity in August entered into a more static phase after the sharp advances made during the past year. The Federal Reserve Board's seasonally adjusted index of industrial output increased from 160 to 161 percent of the 1935–1939 average. These figures reflect a revision of the index to broaden the coverage of war production which is now of such paramount importance in the aggregate industrial activity. Characteristically, the August output of durable manufactured goods which include most of the military products amounted to twice the average volume of the base period, 1935–1939. On the other hand, nondefense industries such as silk manufacture were forced into a sharp curtailment of activity and others are facing the same prospect. Automobile output for the first five months of the 1942 model year has been restricted to 67.8 percent of the production volume during the corresponding period of last year.

Residential Construction

[Tables 1 and 2]

■ APPROXIMATELY 41,800 dwelling units were constructed throughout urban areas of the United States in the month of August—3,500 units or 8 percent less than in the previous month. Since little variation is normally expected in the late summer months, the seasonally adjusted index of residential building activity also receded 8 percent to a level of 201 (average of 1935–1939=100).

Privately financed construction declined 15 percent during the month of August, thus reversing the upward trend which has been in evidence for the year to date. Multifamily dwellings accounted for the greatest proportion of this decrease by registering a drop of 62 percent from the peak July level. The number of single-family homes placed under construction declined 7 percent from July. The relatively unimportant 2-family category was the only one to register a gain, which amounted to 9 percent during the July-to-August interval.

New residential structures sponsored by governmental agencies—most of them now designed to supply the emergency needs of workers in defense areas—totaled 7,421 during August as compared with 4,754 in July. Throughout the first eight months of this year, the curve of public building has shown a sawtooth pattern reflecting the various steps taken to convert blueprints into actual construction for the provision of additional housing facilities for defense workers.

Each of the classifications of residential building has so far in 1941 exceeded by a considerable margin the 8-month cumulative figures of 1940. Under the stimulus of the present requirements in areas of concentrated war industries, new Government-financed structures have displayed the most favorable trend in this comparison by rising 54 percent during the year to date. Dwellings built by private enterprise have meanwhile increased about 19 percent over the number of building permits granted during January-August 1940.

Building Costs

[Tables 3, 4, and 5]

■ COSTS involved in the construction of a standard six-room frame house continued to rise in August with a gain of 1.1 percent over July. The August index was 15 percent higher than the average month of 1935–1939 and 13 percent above August 1940. Labor costs in connection with building the standard house rose 0.6 percent in August which places the labor index 20 percent above the 1935–1939 level. The cost of material used in this dwelling rose 1.5 percent in August and is now 12 percent above the average month of 1935–1939.

A majority of the 28 cities currently reporting costs involved in the construction of a standard six-room frame house showed cost increases, which in 12 cases were at least $300 during the period June to September. Total costs since September 1940 have risen more than $1,000 in Hartford, New Haven, Birmingham, Atlanta, Baltimore, Columbia (South Carolina), and Oshkosh (Wisconsin).

In line with current increases in the cost of supplies necessary for building the standard house, the index of wholesale building material prices showed pronounced gains. During July the index increased 2 percent above June, and the August figure showed a similar advance. As in the summer and autumn months of 1940, lumber prices are now rising rapidly, while most other wholesale material costs are showing more moderate gains.

Construction costs for the standard house

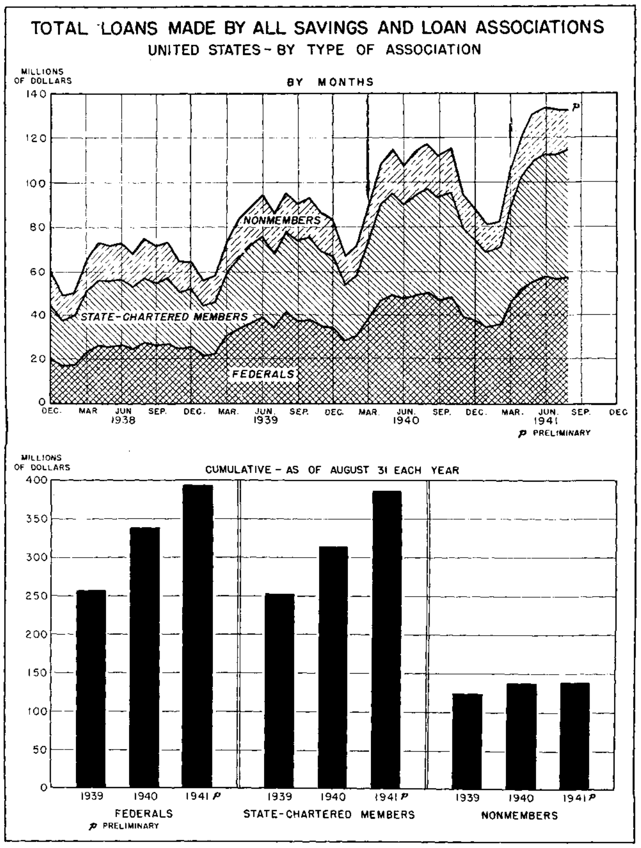
[Average month of 1935–1939=100]

Element of cost	August 1941	July 1941	Percent change	August 1940	Percent change
Material	112. 4	110. 7	+1. 5	101. 4	+10. 8
Labor	120. 0	119. 3	+0. 6	103. 6	+15. 8
Total	114. 9	113. 6	+1. 1	102. 1	+12. 5

New Mortgage-Lending Activity of Savings and Loan Associations

[Table 6]

■ THE seasonally adjusted index of mortgage lending by savings and loan associations declined during August for the first time since February of this year. However, despite the reduction of 3 percent from July, the current index stood 12 percent higher than in August of 1940 and 80 percent in excess of the average month of the 1935–1939 base period.



On the basis of the dollar volume of new mortgage loans made, State-chartered members of the Federal Home Loan Bank System showed a rise of 2 percent during the month of August, while Federal savings and loan associations registered an increase of 1 percent. These favorable movements over July were, however, nullified by a 15-percent contraction in new lending operations of nonmember institutions, so that the total for the entire savings and loan field decreased slightly in contrast to the usual seasonal expansion during August.

During the first eight months of this year, approximately $920,000,000 was provided in new mortgage loans by savings and loan associations throughout the country; this represents an improvement of 16 percent over the loan volume shown for the same 1940 period and constitutes a new peak level for the past decade.

The preparation of this issue coincided with the transfer of several sections of the Division of Research and Statistics to New York. For this reason, some of the current data usually reported in this section were not available this month. Statistics regularly carried in tables 7, 8, and 12 were omitted. August data included in other tables are preliminary and subject to revision.

The gaps left in the statistical section of this issue will be filled next month and arrangements are being made to assure the usual coverage of current data as speedily as possible.

Mortgage Recordings

[*Table 9*]

■ THE volume of nonfarm mortgages of $20,000 or less recorded during August was 3 percent lower than in July, but 14 percent above the figure for August 1940. The estimated dollar amount involved in recorded transactions was $430,705,000. All classes of mortgagees shared in the decline from the previous month, and the proportion for each class of lender to the total showed only fractional changes. Also, the reduction was fairly general throughout the country, with eight of the 12 Federal Home Loan Bank Districts reporting a lower volume of mortgage recordings than in the previous month.

During the month, the volume of mortgages recorded this year passed the $3,000,000,000 mark—up 17 percent from the corresponding period of last year. In this 8-month comparison mutual savings banks, insurance companies, and individual mortgagees scored more than average gains. Savings and loan associations as well as banks and trust companies were just in line with the average increase while the miscellaneous group "other mortgagees" lagged behind.

Mortgage recordings by type of mortgagee

[Amounts are shown in thousands of dollars]

Type of lender	Percent change from July 1941	Percent of Aug. 1941 amount	Cumulative recordings (8 months)	Percent of total recordings
Savings and loan associations	−2. 4	32. 3	$989, 529	32. 0
Insurance companies	−0. 5	8. 6	258, 901	8. 4
Banks, trust companies	−2. 9	24. 5	766, 749	24. 8
Mutual savings banks	−9. 0	4. 5	135, 967	4. 4
Individuals	−1. 5	16. 3	510, 750	16. 5
Others	−4. 4	13. 8	429, 713	13. 9
Total	−2. 8	100. 0	$3,091,609	100. 0

Foreclosures

[*Table 10*]

■ RARELY within recent years has the volume of nonfarm real-estate foreclosures shown a month-to-month decline so favorable as that for last August. The estimated number of foreclosures was 4,271 or 12 percent lower than that recorded for July. The decrease normally expected for this month is only 2 percent.

Participating in this unusual drop were all Federal Home Loan Bank Districts with the exception of the Des Moines region where an increase of 4 percent occurred. Of the 48 States and the District of Columbia, 34 showed decreases, 12 increases, and three, including the District of Columbia, registered no change.

So far this year the number of foreclosure cases was 20 percent lower than that recorded for a like period in 1940. All Federal Home Loan Bank

Districts shared in this improvement, with the Boston, Cincinnati, Indianapolis, Little Rock, and Portland areas making a better than average showing. Only in four States, Vermont, Florida, Kansas, and Arizona, was foreclosure activity higher than last year, and in two of them (Vermont and Arizona) the number of cases in foreclosure was negligible.

Federal Home Loan Bank System

[Table 13]

■ All of the Federal Home Loan Banks, with the exception of Cincinnati and Portland, reported an increase over July in the amount of advances outstanding. The two decreases were negligible—$9,000 and $83,000, respectively. This almost universal increase in lending operations raised the total balance of advances outstanding to $172,628,000, a new high for the year and an increase of approximately 3 percent over the outstanding advances at the end of August 1940. Six Banks—Boston, Indianapolis, Chicago, Little Rock, Portland, and Los Angeles—had larger amounts of advances outstanding than on August 31, 1940.

The total of new advances made during August was almost $2,000,000 below the July figure. On the other hand, repayments were over $8,000,000 lower than in July.

The largest monthly advances were recorded by the Chicago Bank—$1,678,000. The Los Angeles Bank, however, showed the largest gain made during August over July—an increase of $306,000. New York reported a rise of $274,000 in the amount of new advances. The Cincinnati, Indianapolis, Chicago, Topeka, and Portland regions also registered increases over July. The other five Districts showed decreases in new advances ranging from $332,000 in Pittsburgh to $1,080 in Winston-Salem.

The membership of the Bank System showed a net gain of one by reason of eight admissions and seven withdrawals, with the result that there were 3,836 member institutions at the end of August. These institutions held total assets in the amount of $5,325,000,000.

Federal Savings and Loan Associations

■ SINCE the dividend date of July 1, Federal savings and loan associations have repurchased Treasury investments in the amount of $2,387,100, with the result that Treasury investments outstanding are now down to $21,283,800, or almost one-half of the balance two years ago. Because of the increased need for private funds in home-financing institutions to assist in the defense housing program, the President has withdrawn his previous request for the complete retirement of Treasury investments in Federals.

Assets of all Federals in the United States expanded by some $24,000,000 during the month of August; associations which were originally organized as Federal savings and loan associations accounted for $8,000,000 of this amount, while those Federals which have been converted from State-chartered institutions displayed a growth of $16,000,000.

Progress in number and assets of Federals

[Amounts are shown in thousands of dollars]

Class of association	Number		Approximate assets	
	Aug. 31, 1941 p	July 31, 1941	Aug. 31, 1941 p	July 31, 1941
New	640	639	$635, 648	$627, 402
Converted	819	817	1, 415, 737	1, 397, 618
Total	1, 459	1, 456	2, 051, 385	2, 025, 020

p Preliminary.

Federal Savings and Loan Insurance Corporation

■ A survey of trends in the principal balance sheet items of an identical group of 2,159 insured savings and loan associations has recently been prepared by the Division of Research and Statistics. This study includes all reporting associations which were insured during the entire year ending June 30, 1941 without undergoing any major financial reorganization.

Mortgage holdings in the identical insured institutions expanded 17 percent during the twelve months period, on the crest of an extremely active real estate market, while this same condition proved favorable to the net disposal of 24 percent of real estate holdings as of June 30 of last year. Cash and Government obligations together increased 22 percent and indicated the increased emphasis which is being placed on liquidity.

(Continued on p. 36)

Table 1.—Estimated number and valuation of new family dwelling units provided in all urban areas of the United States, August 1941

[Source: U. S. Department of Labor]

[Amounts are shown in thousands of dollars]

Type of construction	Number of family dwelling units					Permit valuation				
	Monthly totals			January–August totals		Monthly totals			January–August totals	
	August 1941	July 1941	August 1940	1941	1940	August 1941	July 1941	August 1940	1941	1940
Private construction	34, 392	40, 570	31, 630	265, 656	223, 807	$133, 216	$154, 672	$113, 276	$993, 373	$804, 949
1-family dwellings	29, 411	31, 636	26, 283	209, 589	176, 088	120, 385	129, 283	99, 330	838, 552	671, 803
2-family dwellings [1]	2, 430	2, 221	1, 912	16, 513	12, 988	6, 327	5, 798	5, 015	42, 244	32, 677
3-and-more-family dwellings [2]	2, 551	6, 713	3, 435	39, 554	34, 731	6, 504	19, 591	8, 931	112, 577	100, 469
Public construction	7, 421	4, 754	5, 288	48, 817	31, 755	28, 445	17, 372	15, 633	160, 982	93, 975
Total urban construction	41, 813	45, 324	36, 918	314, 473	255, 562	161, 661	172, 044	128, 909	1, 154, 355	898, 924

[1] Includes 1- and 2-family dwellings combined with stores.
[2] Includes multifamily dwellings combined with stores.

Table 2.—Estimated number and valuation of new family dwelling units provided in all urban areas, in August 1941, by Federal Home Loan Bank District and by State

[Source: U. S. Department of Labor]

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and State	All residential dwellings				All private 1- and 2-family dwellings			
	Number of family dwelling units		Permit valuation		Number of family dwelling units		Permit valuation	
	August 1941	August 1940	August 1941	August 1940	August 1941	August 1940	August 1941	August 1940
UNITED STATES	41, 813	36, 918	$161, 661	$128, 909	31, 841	28, 195	$126, 711	$104, 345
No. 1—Boston	4, 314	2, 219	18, 146	8, 878	1, 913	1, 620	9, 122	6, 914
Connecticut	2, 933	985	12, 098	3, 895	609	458	3, 255	2, 097
Maine	102	65	285	217	76	65	220	217
Massachusetts	1, 053	877	4, 853	3, 608	1, 018	813	4, 783	3, 462
New Hampshire	59	72	200	264	59	72	200	264
Rhode Island	155	182	661	706	139	178	615	696
Vermont	12	38	49	188	12	34	49	178
No. 2—New York	3, 534	3, 518	15, 531	14, 352	2, 633	2, 594	12, 202	11, 206
New Jersey	1, 313	943	5, 939	4, 029	1, 063	830	4, 912	3, 690
New York	2, 221	2, 575	9, 592	10, 323	1, 570	1, 764	7, 290	7, 516
No. 3—Pittsburgh	5, 446	1, 573	22, 423	6, 675	2, 302	1, 507	9, 872	6, 500
Delaware	36	24	178	96	36	20	178	84
Pennsylvania	5, 062	1, 324	21, 008	5, 774	1, 932	1, 274	8, 503	5, 635
West Virginia	348	225	1, 237	805	334	213	1, 191	781

Table 2.—Estimated number and valuation of new family dwelling units provided in all urban areas, in August 1941, by Federal Home Loan Bank District and by State—Continued

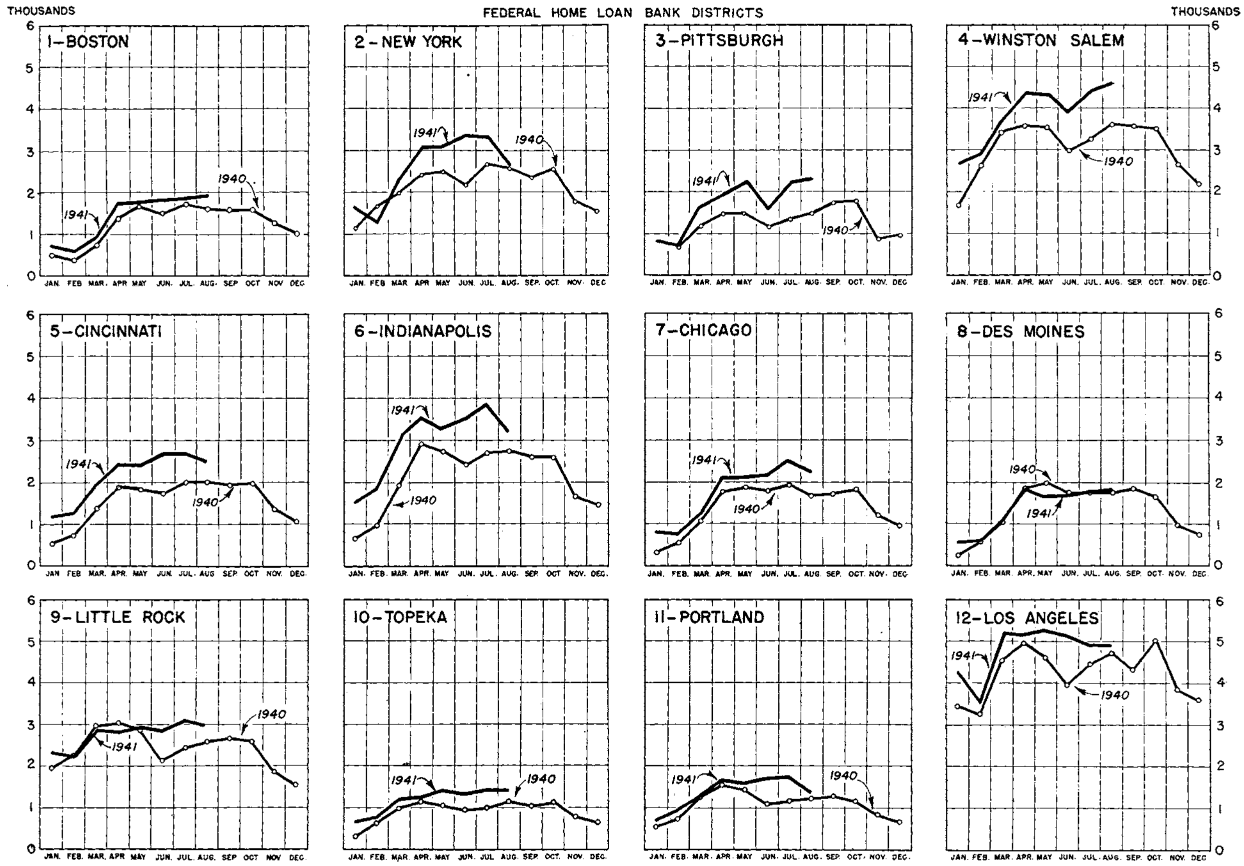
[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and State	All residential dwellings				All private 1- and 2-family dwellings			
	Number of family dwelling units		Permit valuation		Number of family dwelling units		Permit valuation	
	August 1941	August 1940	August 1941	August 1940	August 1941	August 1940	August 1941	August 1940
No. 4—Winston-Salem	6, 628	7, 658	$21, 077	$23, 036	4, 611	3, 997	$15, 155	$12, 843
Alabama	523	738	1, 057	1, 515	507	486	1, 032	944
District of Columbia	1, 160	1, 185	4, 380	3, 918	241	256	1, 495	1, 349
Florida	1, 070	1, 426	3, 712	4, 757	851	932	3, 211	3, 454
Georgia	638	1, 260	1, 329	2, 984	617	528	1, 308	1, 161
Maryland	1, 010	1, 149	3, 115	3, 918	1, 003	458	3, 101	1, 524
North Carolina	576	647	1, 814	1, 706	519	514	1, 658	1, 358
South Carolina	329	228	874	589	196	224	489	582
Virginia	1, 322	1, 025	4, 796	3, 649	677	599	2, 861	2, 471
No. 5—Cincinnati	3, 144	2, 425	13, 415	9, 949	2, 480	2, 154	11, 322	9, 090
Kentucky	650	265	2, 009	630	223	265	580	630
Ohio	2, 056	1, 752	10, 192	8, 358	1, 836	1, 503	9, 543	7, 522
Tennessee	438	408	1, 214	961	421	386	1, 199	938
No. 6—Indianapolis	3, 253	3, 350	14, 382	13, 389	3, 237	2, 795	14, 340	11, 737
Indiana	879	1, 319	3, 323	4, 470	869	795	3, 289	2, 899
Michigan	2, 374	2, 031	11, 059	8, 919	2, 368	2, 000	11, 051	8, 838
No. 7—Chicago	2, 268	1, 797	12, 010	8, 388	2, 237	1, 756	11, 915	8, 263
Illinois	1, 575	1, 191	9, 011	5, 956	1, 557	1, 168	8, 952	5, 871
Wisconsin	693	606	2, 999	2, 432	680	588	2, 963	2, 392
No. 8—Des Moines	1, 877	1, 853	7, 373	6, 543	1, 798	1, 820	7, 184	6, 422
Iowa	544	477	2, 123	1, 754	521	472	2, 083	1, 739
Minnesota	673	727	2, 924	2, 438	660	727	2, 885	2, 438
Missouri	512	525	1, 832	1, 945	473	505	1, 730	1, 875
North Dakota	57	52	229	204	53	44	221	168
South Dakota	91	72	265	202	91	72	265	202
No. 9—Little Rock	3, 290	4, 193	9, 198	10, 784	2, 973	2, 658	8, 375	6, 750
Arkansas	397	194	1, 109	474	173	194	452	474
Louisiana	488	347	1, 534	942	481	343	1, 528	937
Mississippi	328	422	504	940	320	230	496	355
New Mexico	150	145	404	324	146	141	397	314
Texas	1, 927	3, 085	5, 647	8, 104	1, 853	1, 750	5, 502	4, 670
No. 10—Topeka	1, 432	1, 290	4, 278	3, 756	1, 401	1, 165	4, 229	3, 559
Colorado	294	406	952	1, 124	282	339	930	1, 011
Kansas	372	233	852	621	353	218	825	602
Nebraska	247	192	845	627	247	157	845	573
Oklahoma	519	459	1, 629	1, 384	519	451	1, 629	1, 373
No. 11—Portland	1, 451	1, 439	4, 981	4, 433	1, 367	1, 291	4, 772	4, 105
Idaho	119	121	382	295	88	110	293	283
Montana	103	124	343	317	100	116	342	309
Oregon	348	393	1, 177	1, 189	317	306	1, 090	968
Utah	209	203	679	681	202	200	662	676
Washington	619	539	2, 228	1, 738	607	506	2, 213	1, 675
Wyoming	53	59	172	213	53	53	172	194
No. 12—Los Angeles	5, 176	5, 603	18, 847	18, 726	4, 889	4, 838	18, 223	16, 956
Arizona	112	239	363	513	106	89	352	233
California	5, 003	5, 317	18, 298	18, 042	4, 726	4, 702	17, 689	16, 552
Nevada	61	47	186	171	57	47	182	171

NEW RESIDENTIAL CONSTRUCTION IN ALL URBAN AREAS

ALL PRIVATELY FINANCED 1 AND 2 FAMILY DWELLINGS

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



EIGHT STATES WITH GREATEST VOLUME DURING AUGUST

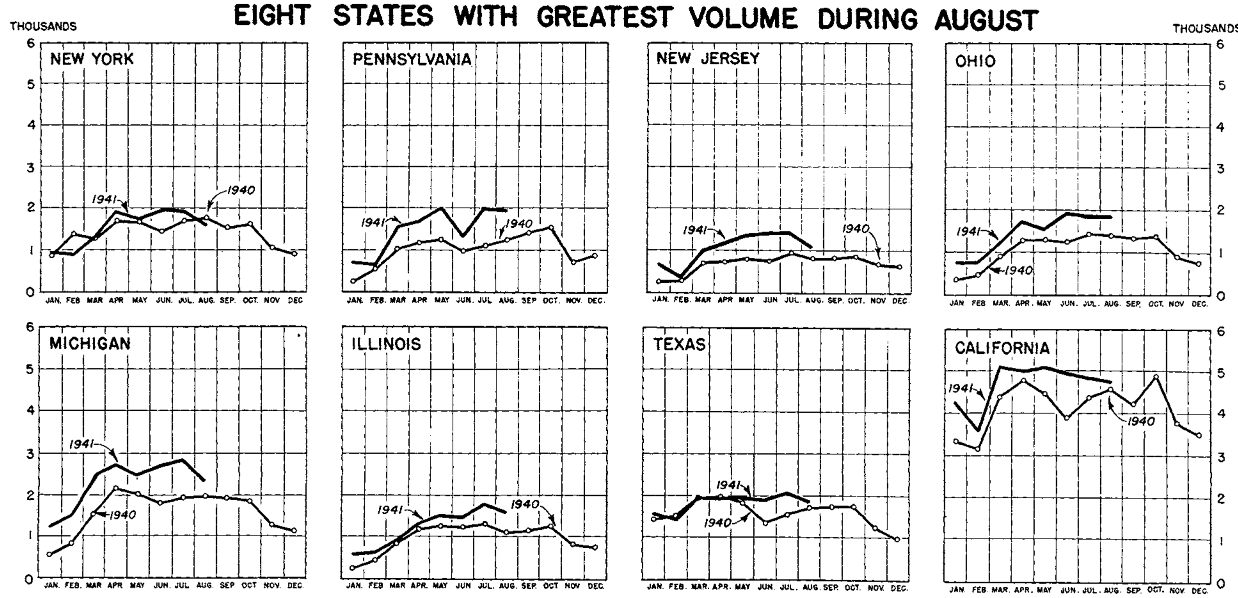


Table 3.—Cost of building the same standard house in representative cities in specific months [1]

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							
	1941	1940	1941			1940		1939	1938	1937
	Sept.	Sept.	Sept.	June	Mar.	Dec.	Sept.	Sept.	Sept.	Sept.
No. 1—Boston:										
Hartford, Conn	$0.299	$0.245	$7,166	$6,615	$6,424	[2] $6,201	$5,881	$5,836	$5,807	$6,346
New Haven, Conn	.297	.245	7,131	6,650	6,288	[2] 6,118	5,869	5,673	5,620	5,903
Portland, Me	.226	.220	5,424	5,424	5,369	5,274	5,277	5,254	5,307	5,796
Boston, Mass	.297	.270	7,122	6,986	6,760	6,667	6,489	6,336	6,298	6,667
Manchester, N. H	.245	.226	5,884	5,882	5,801	5,749	5,421	5,332	5,431	5,814
Providence, R. I	.273	.255	6,554	6,355	6,281	6,226	6,122	5,949	5,910	5,929
Rutland, Vt	.263	.226	6,316	[2] 5,917	5,880	5,443	5,428	5,354	5,547	5,844
No. 4—Winston-Salem:										
Birmingham, Ala	.289	.222	6,927	6,494	6,392	6,087	5,332	5,150	5,857	6,068
Washington, D. C	.257	.246	6,170	6,173	6,236	6,416	5,894	5,737	5,833	6,019
Tampa, Fla	.260	.238	6,231	6,152	6,155	6,027	5,717	5,579	5,545	5,717
W. Palm Beach, Fla	.280	.256	6,727	6,373	6,550	6,731	6,156	5,703	5,806	6,461
Atlanta, Ga	.256	.203	6,138	5,984	5,846	5,537	4,882	4,792	5,063	5,458
Baltimore, Md	.257	.205	6,180	6,157	6,088	5,659	4,914	4,706	4,709	5,128
Cumberland, Md	.261		6,264	6,006	6,058	5,832		5,477	5,511	5,696
Asheville, N. C	.241	.206	5,779	5,708	5,752	5,320	4,941	4,855	5,090	
Raleigh, N. C	.254	.217	6,088	5,502	5,478	5,246	5,197	4,853	5,298	5,669
Salisbury, N. C	.209	.189	5,013	[2] 5,168	4,716	4,493	4,536	4,645	4,744	4,718
Columbia, S. C	.245	.195	5,876	5,719	5,540	5,453	4,679	4,721	4,868	4,874
Richmond, Va	.248	.206	5,944	5,600	5,570	5,420	4,949	4,982	5,057	5,326
Roanoke, Va	.251		6,034	5,936	6,021	5,714		5,155	5,087	5,010
No. 7—Chicago:										
Chicago, Ill	.324	.285	7,783	7,371	7,093	6,900	6,841	6,768	6,805	7,178
Peoria, Ill	.320	.296	7,686	7,288	7,267	7,158	7,110	6,639	6,469	6,807
Springfield, Ill	.327	.299	7,838	7,463	7,463	7,415	7,168	6,778	6,812	
Milwaukee, Wis	.271	.230	6,500	6,117	5,988	5,875	5,527	5,261	5,071	5,295
Oshkosh, Wis	.268	.226	6,431	6,029	5,975	5,814	5,431	5,484	5,486	5,711
No. 10—Topeka:										
Denver, Colo	.279	.255	6,686	[2] 6,456	6,500	6,327	6,131	6,276	6,569	6,762
Wichita, Kan	.252		6,058	[2] 6,058	5,790	5,716		6,005		5,680
Omaha, Neb	.259	.246	6,218	[2] 6,287	6,148	5,968	5,914	5,942	5,808	6,111

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

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

Reported costs include, in addition to material and labor costs, compensation insurance, and allowance for contractor's overhead and transportation of materials plus 10 percent for builder's profit.

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

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

[2] Revised.

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

[Average month of 1935–1939=100]

Element of cost	Aug. 1941	July 1941	June 1941	May 1941	Apr. 1941	Mar. 1941	Feb. 1941	Jan. 1941	Dec. 1940	Nov. 1940	Oct. 1940	Sept. 1940	Aug. 1940
Material	112.4	110.7	109.2	108.8	108.7	108.0	107.8	106.6	105.9	104.6	103.4	101.9	101.4
Labor	120.0	119.3	118.6	117.0	116.1	115.3	115.1	114.5	112.5	109.8	106.9	104.8	103.6
Total cost	114.9	113.6	112.4	111.6	111.2	110.4	110.2	109.3	108.1	106.4	104.6	102.9	102.1

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

[1935–1939=100]

[Source: U. S. Department of Labor]

Period	All building materials	Brick and tile	Cement	Lumber	Paint and paint materials	Plumbing and heating	Structural steel	Other
1939: August	100. 1	99. 6	100. 2	100. 3	100. 9	104. 2	103. 5	96. 8
1940: August	104. 2	99. 2	99. 4	109. 6	103. 5	105. 8	103. 5	101. 0
September	106. 8	99. 3	99. 4	119. 3	103. 4	105. 8	103. 5	101. 1
October	109. 2	99. 3	99. 5	127. 4	104. 3	105. 8	103. 5	101. 4
November	110. 4	99. 3	99. 7	130. 8	105. 4	105. 8	103. 5	101. 9
December	110. 9	100. 3	99. 8	132. 3	105. 0	105. 8	103. 5	102. 2
1941: January	111. 2	100. 5	99. 7	131. 9	106. 6	105. 8	103. 5	102. 6
February	110. 9	100. 6	99. 7	130. 5	106. 5	108. 0	103. 5	102. 6
March	111. 1	100. 7	99. 7	130. 0	107. 5	108. 8	103. 5	103. 0
April	111. 8	100. 9	99. 9	130. 0	109. 1	109. 0	103. 5	103. 7
May	112. 1	101. 1	100. 4	130. 1	109. 8	109. 0	103. 5	104. 1
June	112. 8	101. 8	100. 9	131. 0	111. 0	109. 2	103. 5	104. 8
July	115. 1	103. 7	101. 1	136. 2	112. 6	109. 3	103. 5	106. 4
August	117. 8	104. 7	101. 1	142. 0	114. 7	114. 0	103. 5	108. 0
Change:								
Aug. 1941–July 1941	+2. 3%	+1. 0%	0. 0%	+4. 3%	+1. 9%	+4. 3%	0. 0%	+1. 5%
Aug. 1941–Aug. 1940	+13. 1%	+5. 5%	+1. 7%	+29. 6%	+10. 8%	+7. 8%	0. 0%	+6. 9%

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

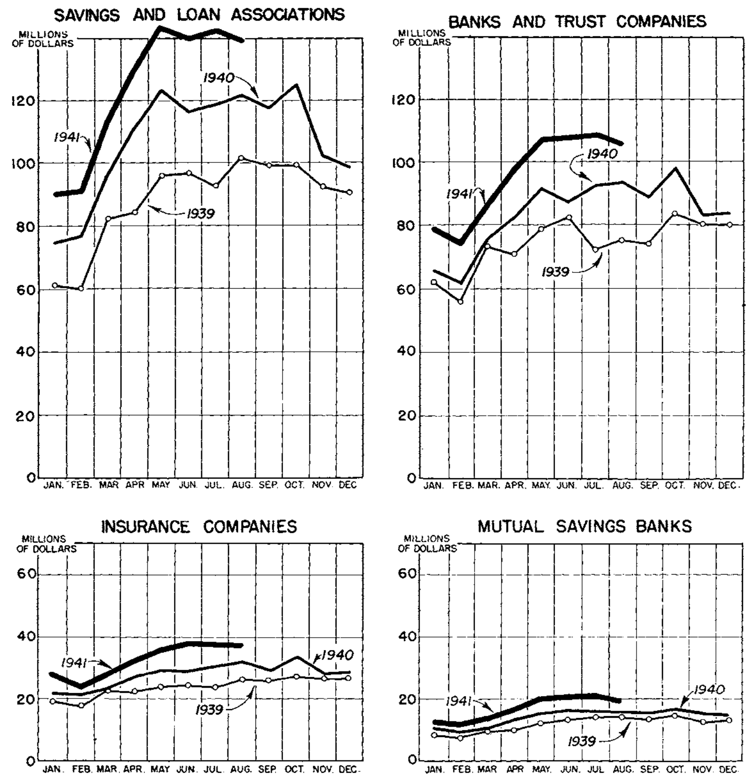
[Thousands of dollars]

Period	Purpose of loans: Construction	Home purchase	Refinancing	Reconditioning	Loans for all other purposes	Total loans	Class of association: Federals	State members	Nonmembers
1939	$301, 039	$339, 629	$182, 025	$59, 463	$104, 227	$986, 383	$400, 337	$396, 041	$190, 005
January–August	190, 400	216, 666	119, 723	39, 080	68, 297	634, 166	256, 555	253, 325	124, 286
August	29, 863	32, 282	17, 005	5, 909	9, 979	95, 038	40, 645	37, 340	17, 053
1940	398, 632	426, 151	198, 148	63, 583	113, 065	1, 199, 579	509, 713	483, 499	206, 367
January–August	254, 989	279, 093	136, 809	42, 427	76, 966	790, 284	338, 315	314, 415	137, 554
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
November	32, 584	33, 875	14, 441	4, 869	8, 798	94, 567	38, 896	40, 143	15, 528
December	30, 032	31, 465	14, 575	4, 248	8, 233	88, 553	37, 715	36, 729	14, 109
1941									
January–August						p 918, 128	p 393, 543	p 386, 179	p 138, 406
January	26, 662	27, 809	13, 645	3, 784	8, 540	80, 440	34, 360	33, 947	12, 133
February	26, 483	30, 283	14, 204	3, 573	7, 787	82, 330	35, 645	35, 301	11, 384
March	33, 250	41, 784	16, 903	4, 765	8, 460	105, 162	45, 365	43, 947	15, 850
April	38, 686	48, 311	16, 905	6, 368	10, 361	120, 631	51, 371	50, 956	18, 304
May	40, 975	54, 781	18, 506	5, 930	10, 761	130, 953	55, 396	54, 495	21, 062
June	44, 207	55, 993	17, 891	5, 633	9, 916	133, 640	57, 542	54, 857	21, 241
July	44, 918	55, 682	16, 816	6, 022	9, 534	132, 972	56, 564	55, 676	20, 732
August						p 132, 000	p 57, 300	p 57, 000	p 17, 700

p Preliminary.

ESTIMATED VOLUME OF NONFARM MORTGAGES RECORDED, BY TYPE OF MORTGAGEE

(Based on mortgages of $20,000 and less)



PERCENTAGE DISTRIBUTION OF MORTGAGES RECORDED, BY TYPE OF MORTGAGEE

(Based on dollar amount)

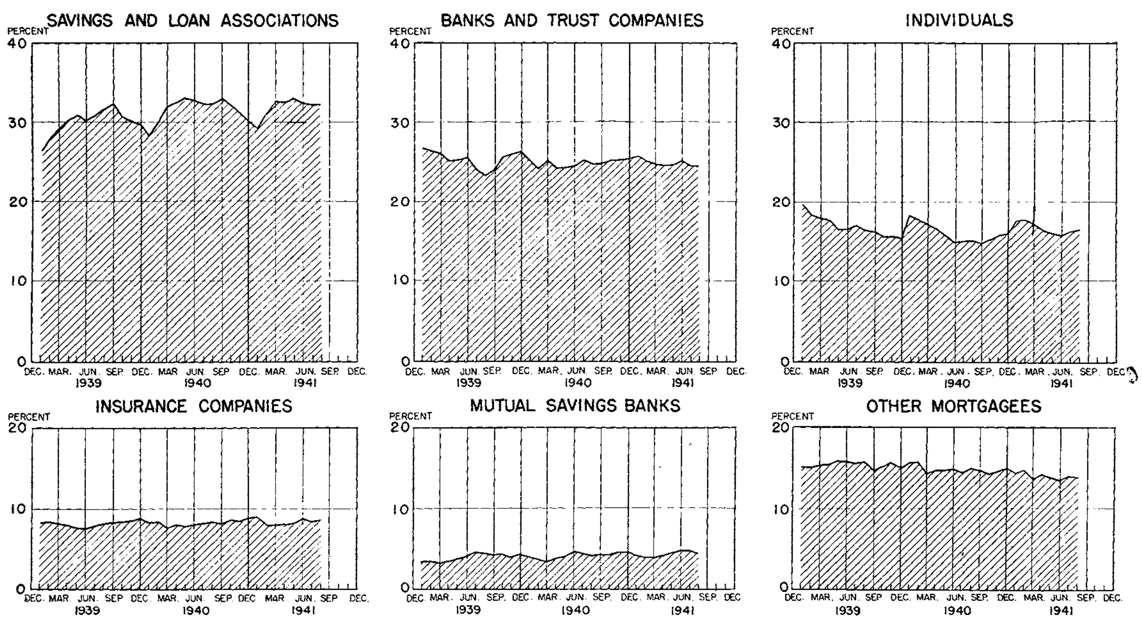


Table 9.—Estimated volume of nonfarm mortgages recorded, by type of mortgagee

[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	Per cent
Number:														
1940: 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
November	39, 180	33. 5	5, 816	5. 0	25, 988	22. 3	4, 024	3. 4	27, 507	23. 6	14, 239	12. 2	116, 754	100. 0
December	37, 984	32. 8	5, 736	4. 9	25, 837	22. 3	3, 847	3. 3	27, 823	24. 0	14, 680	12. 7	115, 907	100. 0
1941: January	34, 459	31. 4	5, 523	5. 0	24, 204	22. 1	3, 392	3. 1	28, 494	26. 0	13, 617	12. 4	109, 689	100. 0
February	34, 909	32. 6	4, 753	4. 4	23, 711	22. 1	2, 985	2. 8	27, 483	25. 7	13, 303	12. 4	107, 144	100. 0
March	42, 496	34. 2	5, 651	4. 5	26, 820	21. 6	3, 571	2. 9	30, 990	25. 0	14, 666	11. 8	124, 194	100. 0
April	48, 266	34. 6	6, 583	4. 7	30, 065	21. 6	4, 512	3. 2	33, 794	24. 2	16, 305	11. 7	139, 525	100. 0
May	52, 802	35. 1	7, 190	4. 8	32, 148	21. 4	5, 258	3. 5	35, 175	23. 4	17, 769	11. 8	150, 342	100. 0
June	50, 393	36. 0	7, 655	5. 2	32, 769	22. 1	5, 437	3. 7	34, 613	23. 4	16, 970	11. 5	147, 837	100. 0
July	51, 882	34. 4	7, 602	5. 0	32, 343	21. 4	5, 469	3. 6	35, 634	23. 6	18, 180	12. 0	151, 110	100. 0
August[1]	50, 587	34. 5	7, 457	5. 1	30, 925	21. 1	5, 012	3. 4	35, 281	24. 1	17, 334	11. 8	146, 596	100. 0
Amount:														
1940: 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
November	102, 267	31. 2	27, 900	8. 5	82, 971	25. 4	15, 122	4. 6	51, 504	15. 7	47, 621	14. 6	327, 385	100. 0
December	98, 765	30. 2	28, 666	8. 8	83, 426	25. 5	14, 918	4. 6	51, 964	15. 9	48, 885	15. 0	326, 624	100. 0
1941: January	89, 996	29. 3	27, 691	9. 0	78, 977	25. 7	12, 931	4. 2	53, 891	17. 5	44, 154	14. 3	307, 640	100. 0
February	91, 182	30. 7	23, 716	8. 0	74, 526	25. 1	11, 662	3. 9	52, 442	17. 7	43, 335	14. 6	296, 863	100. 0
March	113, 574	32. 6	27, 842	8. 0	86, 178	24. 7	14, 016	4. 0	59, 646	17. 1	47, 624	13. 6	348, 880	100. 0
April	129, 348	32. 5	32, 313	8. 1	98, 076	24. 6	16, 888	4. 2	65, 708	16. 5	55, 972	14. 1	398, 305	100. 0
May	143, 770	33. 0	35, 635	8. 2	107, 151	24. 6	19, 705	4. 5	69, 836	16. 0	59, 864	13. 7	435, 961	100. 0
June	139, 647	32. 4	37, 372	8. 7	107, 827	25. 1	20, 503	4. 8	67, 380	15. 6	57, 487	13. 4	430, 216	100. 0
July	142, 695	32. 2	37, 262	8. 4	108, 555	24. 5	21, 080	4. 8	71, 456	16. 1	61, 991	14. 0	443, 039	100. 0
August[1]	139, 317	32. 3	37, 070	8. 6	105, 459	24. 5	19, 182	4. 5	70, 391	16. 3	59, 286	13. 8	430, 705	100. 0

[1] Preliminary estimate

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
1940: Jan.–Aug	51, 240	5, 290	7, 590	10, 674	27, 686
August	6, 128	595	835	1, 338	3, 360
September	6, 294	539	1, 018	1, 355	3, 382
October	6, 305	618	897	1, 319	3, 471
November	5, 832	603	832	1, 343	3, 054
December	5, 639	635	819	1, 103	3, 082
1941: Jan.–Aug	41, 046	4, 437	6, 295	8, 801	21, 513
January	5, 474	607	800	1, 180	2, 887
February	4, 950	526	789	1, 009	2, 626
March	5, 650	621	870	1, 191	2, 968
April	5, 445	587	853	1, 119	2, 886
May	5, 375	630	837	1, 236	2, 672
June	5, 047	630	727	1, 149	2, 541
July	4, 834	437	741	959	2, 697
August	4, 271	399	678	958	2, 236

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
1940: August	1, 758	3, 691	58, 524
September	1, 701	3, 619	56, 598
October	1, 719	3, 886	54, 433
November	1, 728	3, 253	52, 878
December	1, 580	2, 706	51, 722
1941: January	1, 638	2, 425	50, 865
February	1, 340	2, 223	49, 940
March	1, 327	2, 369	48, 856
April	1, 226	2, 464	47, 588
May	1, 080	2, 458	46, 170
June	1, 270	2, 296	44, 922
July	803	1, 788	43, 933
August	780	1, 793	42, 807

[1] Includes reacquisitions of properties previously sold.

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

[Thousands of Dollars]

Federal Home Loan Bank	August 1941		July 1941		Advances outstanding, August 31, 1941
	Advances	Repayments	Advances	Repayments	
Boston	$805	$113	$1, 457	$357	$9, 325
New York	1, 259	650	985	946	18, 055
Pittsburgh	1, 109	698	1, 441	945	16, 140
Winston-Salem	1, 615	859	2, 695	2, 908	20, 617
Cincinnati	693	702	679	966	15, 597
Indianapolis	361	171	314	708	10, 812
Chicago	1, 678	1, 198	1, 420	2, 340	28, 411
Des Moines	573	250	1, 170	894	14, 834
Little Rock	723	458	1, 213	906	8, 505
Topeka	525	133	421	384	8, 319
Portland	395	479	242	1, 508	6, 499
Los Angeles	1, 136	679	830	1, 757	15, 514
Total	10, 872	6, 390	12, 867	14, 619	172, 628
Jan.–Aug. 1941	81, 514	110, 378			
August 1940	12, 209	6, 030			168, 401
Jan.–Aug. 1940	76, 863	89, 775			
August 1939	7, 768	9, 885			159, 470
Jan.–Aug. 1939	50, 473	89, 845			

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–August 1941				
Applications:				
Number	1, 862	4, 668	993	5, 661
Amount	$50, 401	$209, 296	$65, 857	$275, 153
Investments:				
Number	1, 831	4, 220	739	4, 959
Amount	$49, 300	$176, 935	$45, 564	$222, 499
Repurchases	$28, 016	$38, 597	$9, 391	$47, 988
Net outstanding investments	$21, 284	$138, 338	$36, 173	$174, 511
August 1941				
Applications:				
Number	0	2	0	2
Amount	0	$200	0	$200
Investments:				
Number	0	1	0	1
Amount	0	$50	0	$50
Repurchases	$1, 058	$5, 834	$1, 098	$6, 932

[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]
1940: 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, 432			2, 085, 410
October	573, 504	52, 221	53, 982	3, 084, 021	1, 295, 859			2, 114, 831
November	505, 474	50, 080	49, 990	3, 123, 036	1, 298, 429			2, 143, 360
December	596, 534	82, 207	65, 586	3, 194, 793	1, 304, 382	$10, 617, 759	$13, 062, 315	2, 202, 135
1941: January	522, 762	189, 276	127, 490	3, 371, 135	1, 313, 954			2, 262, 692
February	537, 557	120, 680	65, 384	3, 480, 040	1, 317, 794			2, 296, 225
March	598, 217	131, 961	64, 633	3, 598, 546	1, 319, 959			2, 323, 041
April	597, 203	61, 968	65, 947	3, 647, 249	1, 317, 102			2, 354, 239
May	604, 162	101, 581	57, 755	3, 758, 822	1, 310, 027			2, 379, 856
June	594, 164	102, 517	61, 448	3, 853, 297	1, 304, 041	10, 606, 224	13, 107, 022	2, 433, 513
July	582, 292	145, 274	103, 886	3, 992, 095	1, 306, 807			2, 449, 807
August	581, 170	117, 603		4, 102, 528	1, 308, 839			
Change: Last 6 months				+17. 89%	−0. 68%	−0. 11%	+0. 34%	+8. 27%

[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. From May 1941: Defense Savings Bonds, Series E. (May figure is revised).
[3] New private investments; amounts paid in as reported to the FHLBB.
[4] *U. S. Treasury Daily Statement.* Current redemption value. From May 1941: Defense Savings Bonds, Series E.
[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.

Federal Savings and Loan Insurance Corporation

(Continued from p. 27)

Indicative of the confidence which the investing public is placing in insured savings and loan associations is the growth of 17 percent in private capital of the 2,159 institutions. Government investment continued to be replaced by funds of individual savers, with most repurchases of Government funds being volunteered by the institutions themselves. Reserves continued to grow in excess of the principal risk for which they are provided, namely, real estate owned.

A total of 2,319 savings and loan associations, with assets of $3,185,800,000, were protected by the Federal Savings and Loan Insurance Corporation at the end of August of this year—a growth of 71 institutions and $443,500,000 in resources over the same month of 1940.

At the end of August, the Insurance Corporation had accumulated reserves of approximately $30,000-000 and a surplus of $622,000.

Progress of an identical group of 2,159 insured associations

Fiscal Year 1941

[Amounts are shown in thousands of dollars]

Item	June 30, 1941	June 30, 1940	Dollar change	Percent change
Total assets	$2, 959, 149	$2, 601, 541	$+357, 608	+13.7
First mortgages held (net)	2, 402, 522	2, 050, 272	+352, 250	+17.2
Real-estate owned	115, 971	153, 318	−37, 347	−24.4
Cash and government obligations	211, 839	173, 408	+38, 431	+22.2
Private repurchasable capital	2, 279, 154	1, 940, 270	+338, 884	+17.5
Government investment	197, 911	229, 050	−31, 139	−13.6
Reserves and undivided profit	166, 834	147, 187	+19, 647	+13.3
Private investors	2, 789, 697	2, 487, 638	+302, 059	+12.1

Directory of Member, Federal, and Insured Institutions

Added during August–September

I. INSTITUTIONS ADMITTED TO MEMBERSHIP IN THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN AUGUST 16 AND SEPTEMBER 15, 1941

DISTRICT NO. 2

NEW JERSEY:
Paterson:
Totowa Savings and Loan Association, 451 Union Avenue.
NEW YORK:
Highland:
Highland Savings and Loan Association, Main Street.

DISTRICT NO. 3

PENNSYLVANIA:
Philadelphia:
East Allegheny Avenue Building Association, 664 East Allegheny Avenue.

DISTRICT NO. 4

GEORGIA:
Winder:
First Federal Savings and Loan Association of Winder, Broad and Athens Streets.
NORTH CAROLINA:
Clyde:
Clyde Building and Loan Association.

DISTRICT NO. 5

OHIO:
Georgetown:
Safety Building and Loan Company, Duffy Building.

DISTRICT NO. 7

ILLINOIS:
East Alton:
The Citizens Building and Loan Association of East Alton, Illinois.
Peoria:
Peoria Loan and Homestead Association, 1211 South Adams Street.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN AUGUST 16 AND SEPTEMBER 15, 1941

ILLINOIS:
Chicago:
J. I. Kraszewski Building and Loan Association, 1811 South Ashland Avenue (liquidation).
NEW JERSEY:
Camden:
The Argonne Building and Loan Association, First Camden National Bank Building, Broadway and Cooper Streets (member's request).
East Orange:
Apex-Sagamore Building and Loan Association, 84-86 Eaton Place (member's request).
Trenton:
The Prospect Building and Loan Association, Prospect Street and Pennington Avenue (member's request).
PENNSYLVANIA:
Oil City:
Home Savings and Loan Association of Oil City, 20 East First Street (member's request).
Philadelphia:
Ark Building and Loan Association, 1437 West Venango Street (voluntary liquidation).
Integrity Federal Savings and Loan Association, 4723 North 15th Street (merger with Founders-Oxford Federal Savings and Loan Association).

II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN AUGUST 16 AND SEPTEMBER 15

DISTRICT NO. 2

NEW YORK:
New York:
Washington Heights Federal Savings and Loan Association.

DISTRICT NO. 3

PENNSYLVANIA:
Philadelphia:
East Allegheny Avenue Federal Savings and Loan Association, 664 East Allegheny Avenue (converted from East Allegheny Avenue Building Association).

CANCELATION OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTER BETWEEN AUGUST 16 AND SEPTEMBER 15

NEW JERSEY:
Roseland:
Roseland Federal Savings and Loan Association (merger with the First Federal Savings and Loan Association of Montclair, New Jersey).

III. INSTITUTIONS INSURED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION BETWEEN AUGUST 16 AND SEPTEMBER 15, 1941

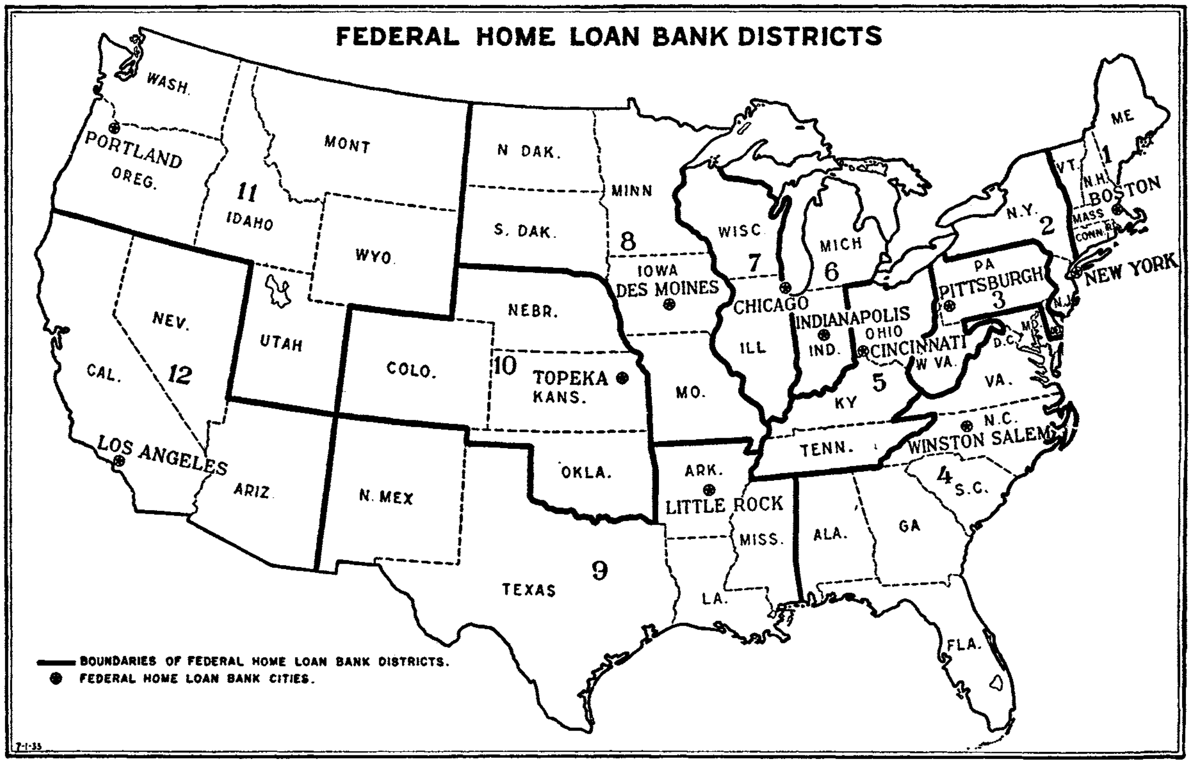
DISTRICT NO. 4

MARYLAND:
Annapolis:
First Federal Savings and Loan Association of Annapolis, 200 Lee Building, Church Circle.

DISTRICT NO. 9

TEXAS:
Gilmer:
Gilmer Building and Loan Association, 216 Buffalo Street.

U. S. GOVERNMENT PRINTING OFFICE: 1941



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