FEDERAL HOME LOAN BANK REVIEW

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FEDERAL HOME LOAN BANK BOARD

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DEFENSE DIARY

Associations Assist Builders and Home Owners in Priority Matters

The general uncertainty surrounding the issuance of priority ratings for building materials opens a way for savings and loan associations to render assistance to builders and prospective home owners and at the same time assure themselves that home building will not decline because of a lack of knowledge concerning Governmental priority regulations.

Builders and home seekers alike are hesitating to undertake new construction because information on priority procedures and regulations is either incomplete or uncertain. Many projects may be eligible to receive ratings and could be undertaken if the builder were aware of the proper course to pursue. Savings and loan managers can perform a valuable service in this regard. Several associations have found it worth while to designate an employee to assemble priority forms and regulations. It is his duty to advise contractors just what they can build and to assist them in completing the proper forms. Once the material is obtained and the service set up, the maintenance time it requires is a small factor when compared to the advantages it renders both the builder and the association.

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Dollars for Defense

Sales of defense savings bonds, Series E, F, and G, reached a grand total of $2,008,611,000 at the end of November. This 7-month total compares with a 3-month total of $1,006,477,000 at the end of July.

The amount of Series E bonds alone sold during the first 7 months of the campaign was $803,576,000—equivalent to 40 percent of the total sales.

Using 5-month totals as a basis, 25 percent of the total of Series E bonds was sold in Bank District Number 2—New York State and New Jersey. This was the largest percentage sold in any District. The second largest percentage, almost 12, was sold in District Number 7 which comprises the States of Illinois and Wisconsin.

Series F and G bonds represented $1,205,035,000 of the aggregate total at the end of November. It is interesting to note that more Series F and G bonds were sold in May, the first month they were issued, than in any succeeding month; while the greatest volume of Series E bonds was sold in July.

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Copper Restrictions Eased

The original copper conservation order which prohibited the use of copper as a building material after November 1 was recently amended by OPM to allow the manufacture of these products until January 1, 1942, and the sale and use for building of strip, sheet, and screen copper on hand after that date until the supplies are exhausted. Until January 1, manufacturers will be allowed to consume about 70 percent of the copper they used in the 1940 base period.

* * * *

Installment Credit Regulations Clarified

Credit to finance or refinance the construction or purchase of an entire structure has now been completely exempted from the provisions of Regulation W which was issued by the Board of Governors of the Federal Reserve System early in the Fall. The original text of the regulation excluded loans secured by first mortgages; and the status of junior mortgages has now been clarified by the provisions of Amendment No. 2 which became effective on December 1.

In general, the provisions of Amendment No. 2 have broadened the scope of installment credit regulation and have made its provisions more stringent. The rules now include loans made *for the purpose of purchasing* articles listed in the original statement, as well as to loans *secured by* these items. Further, the 18-month maximum maturity now applies to loans up to $1,500 instead of the $1,000-limit previously designated. For modernization loans, however, the figure was left at $1,000. According to the *Federal Reserve Bulletin*, it seemed undesirable to impose any further restrictions on the financing of repairs and improvements to old properties, particularly since much of the material and labor entering into such work are not scarce or needed in the defense program.

The procedures under this provision have also recently been simplified. Application forms for exceptions from Regulation W are available at any Federal Reserve Bank or branch and are entitled "Application for Designation for Remodeling or Rehabilitation as Defense Housing for Exception under Regulation W." In addition, a form entitled "Information Regarding Material and Equipment Entering into Defense Housing Remodeling and Rehabilitation" is to be submitted if priority assistance is needed.

* * * * *

Meeting of the Advisory Council

Defense housing and priorities were in the center of discussion at the semi-annual meeting of the Federal Savings and Loan Advisory Council early in November in Washington, D. C. Among others, Donald M. Nelson, Executive Director of the Supply Priorities and Allocations Board, and Charles F. Palmer, Defense Housing Coordinator, addressed the Council on these two vital subjects.

The maintenance of private building and the rehabilitation of homes with private funds were stressed as being of tremendous importance in aiding the program for defense housing. Dovetailed with this was the subject of priorities and its further refinement—allocations. It was reported that by the end of October about 60,000 applications by builders for priority assistance had been approved.

* * * * *

Fair Rent Committees are Now Operating in Almost 140 Cities

Citizens' committees organized to help maintain fair rents in defense areas have now been set up in 138 communities spread over 28 individual States. More than 1,400 patriotic citizens are volunteering their services to act as committee members in these cooperative attempts to prevent rent increases beyond amounts justifiable by advances in maintenance costs.

SURVEY OF HOUSING AND MORTGAGE FINANCE

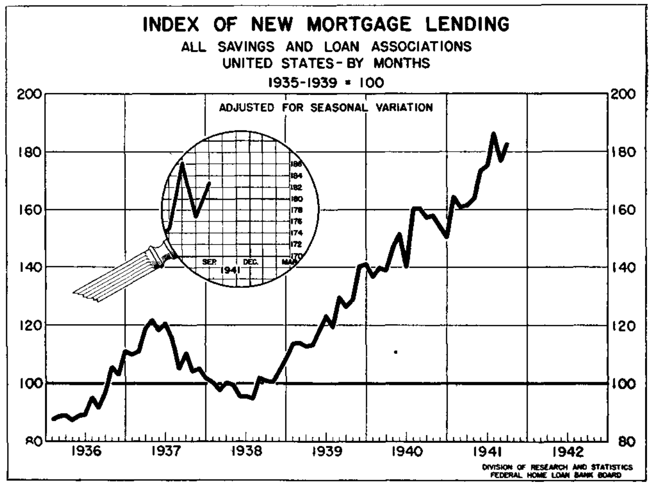
The Ninth Annual Report of the Federal Home Loan Bank Board, to be published shortly, includes an extensive discussion of home-financing policies during the present emergency. This article presents the gist of the Board's observations and summarizes the analysis of trends in thrift and home finance.

■ AS our economic activity is rapidly being diverted to the primary defense needs of the country, home-financing institutions face a new and difficult problem. On the one hand, they are confronted with an emergent need for their facilities, a need which is not the result of normal market factors but rather the consequence of conditions attendant upon the defense program. On the other hand, there loom all the uncertainties as to the long-range character of the risks they are expected to assume, indeed uncertainty as to the whole future turn of events. Their task is to cooperate to the greatest possible extent in doing their share of the defense effort. The difficulty arises in trying to avoid that indefinable lending area where extension of credit will result in unsound debt and future trouble.

For the guidance of private mortgage-lending institutions in this critical period, the forthcoming Ninth Annual Report of the Federal Home Loan Bank Board,[1] covering the fiscal year ending June 30, 1941, develops a broad outline of lending policies in the present emergency. In addition to the Report's analysis of pertinent trends in the fields of thrift and home finance during the past fiscal year, this discussion of lending policies will be of particular interest to savings and loan executives.

Lending Operations During the Emergency

Although no hard and fast rules can be set up, the Report states, it is possible to avoid serious future consequences if proper attention is given to certain safeguards which should, at this time more than ever, be carefully followed by lending institutions. Thus, it is particularly important that every savings and loan association carefully inspect the type of construction which it intends to finance. The jerry-building of past decades has been the cause of substantial losses suffered by financial institutions in periods of deflated values. The urgent need of the present day is no excuse for shoddy and unsound construction which has in the long run usually proved to be the most expensive type of building.



Since the middle of 1938 mortgage-lending activity by savings and loan associations has shown a rapid expansion. Last summer the volume of new loans made by these institutions was almost twice as large as in the summer of 1938—only 3 years ago. By removing certain obscurities resulting from seasonal fluctuations, the index in the chart shows with greater clarity than do monthly statistics the steady upward trend in lending operations of savings and loan associations.

Careful, scientific appraisal will similarly ward off much future trouble. It is essential that the relationship between loan amount and appraised value of mortgage security be accurately determined. The credit rating of prospective borrowers should be carefully analyzed to avoid a repetition of the unsound lending which had such tragic effects both on overhoused borrowers and on financial institutions after the last real-estate collapse.

The report calls attention to the importance of studying neighborhood trends, for there is a growing

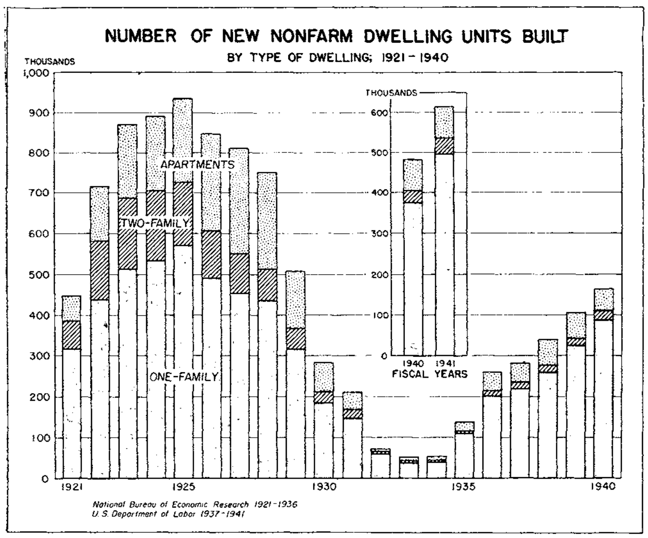
[1] As soon as the report is printed, copies may be purchased from the Superintendent of Documents, Government Printing Office, Washington, D. C. Member institutions of the Federal Home Loan Bank System receive the Report free of charge.

realization that security values represented by investments in real estate are determined to a high degree by the character of the locality in which the property is situated. Real estate is by its nature an immovable commodity and many sound structures are suffering from encroachments of blighted areas.

The operations of mortgage-lending institutions in the present market require the closest possible attention to risk analysis. Increasing competition, for example, although healthy in many respects, does give rise to the danger that some institutions, in their efforts to attract mortgage loans, may accept too many marginal risks for future safety. The steady trend during the past few years toward lower downpayments and longer amortization periods has eased the burden of home ownership, but there is no denying the fact that this development has placed a greater responsibility on home-financing institutions to make careful appraisals of the mortgage investments in which they are placing the savings funds entrusted to them.

Interest Rates and Reserve Policies

In general, the Annual Report advocates the establishment of both dividend and interest rates at levels which will enable institutions to (1) secure an adequate flow of savings funds, (2) invest those funds in sound mortgage security, and (3) leave a sufficient spread to meet normal business expenses and provide adequate reserves against future losses.



The above chart shows the trend of residential construction during the past two decades and the proportion of single-family homes, 2-family houses, and multifamily dwellings to the total. During the recent recovery of building activity the single-family house has had a more prominent position than during the building boom of the 20's.

Variable interest rates are recommended by the Board to make it possible for associations to gear their lending operations to market demands and obtain a diversified portfolio on which earnings are more closely related to the degree of risk involved. The Board has urged institutions to treat all borrowers equitably by refinancing old loans on more realistic terms in order to maintain the good will of borrowers and protect portfolios against useless raiding. The direct relationship between the cost of money and mortgage interest rates has been emphasized and wherever dividend rates are uneconomically high, the Board seeks to influence associations to reduce rates to competitive levels. Experience has proved that the rate of return, provided it is not so low that thrift goes completely unrewarded, is of less importance to prospective savers than safety of principal.

One of the best safeguards which any lending institution can employ is an adequate and systematic reserve policy. Too little attention has been paid in times past to the importance of reserves in the savings and loan industry. The Federal Home Loan Bank Board in cooperation with the Presidents of the Federal Home Loan Banks, State supervisory officials, and leaders of the industry have for some time urged in the strongest possible terms the necessity of providing now for losses which may have to be taken in the future.

Statutory requirements for minimum reserve allocations should be considered the irreducible figure and wherever possible more substantial transfers should be made. The savings and loan associations which err on the side of generosity in their reserve policy have everything to gain and nothing to lose in the process; and the same is true for the long-term investors in these institutions. There is no problem of dividend payments on reserve accounts. If an amount equivalent to reserves is invested in low-rate investments convertible into cash, the liquidity position of the association is considerably enhanced.

Approaching Boom Conditions

It is a matter of common knowledge that times of high activity, more than any other period, generate hazards which ultimately result in trouble and losses to financial institutions. It is in such times that executives will to their advantage stop to think about the basic operating policies outlined above.

The Annual Report, in its "Survey of Housing and Mortgage Finance," demonstrates that approaching "boom" conditions marked the fiscal year in most lines of economic activity, including the fields of savings, home construction, and home finance. During the period July 1, 1940 to June 30, 1941, construction was started on approximately 616,000 nonfarm dwelling units, with an estimated permit valuation of $2,136,800,000. Compared with the previous fiscal-year period, these figures show a gain of 27 percent in number and 29 percent in dollar amount. Home-mortgage lending activity reached a new 10-year high. Except for a brief period during the Fall of 1940, the flow of savings into financial institutions continued at a high level. The real-estate market as a whole showed significant signs of improvement. The volume of real estate owned by financial institutions declined to such an extent that the "overhang" of repossessed properties, which for the past several years has been a serious drag on the market, no longer represents a major problem except in a few scattered areas.

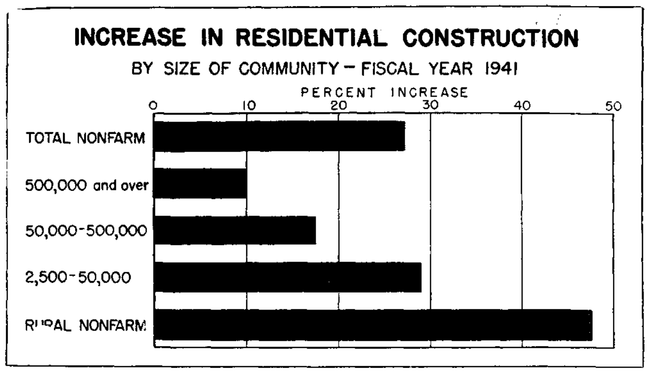
The stimulus given to the whole economic system by the national defense program has undoubtedly accounted for a substantial portion of this increased activity. On the other hand, contraction of normal activities through shortages had not yet come to the fore at the closing date of the Report, June 30, 1941.

Growing Importance of Public Housing

The effects of the defense program have been most clearly visible in the public-housing field. During the fiscal year 1941, the number of family units provided in nonfarm areas through public funds amounted to 105,788, or nearly twice the previous record set during the 1940 fiscal year, and comprised 17 percent of total residential-building activity. Of the publicly financed units, 63,767, or 60 percent, represented defense housing placed under construction in localities where the preparedness program necessitated additional housing facilities. The remainder was made up by slum-clearance projects.

While these figures show the direct result of the defense emergency on public housing, they indicate only one part of the story. The substantial gain in private building over the volume registered during the 1940 fiscal year, amounting to 84,454 units, or 20 percent, was also brought about in large measure by the urgent need for additional housing facilities in defense localities.

The single-family home maintained and even improved its predominant position in the total housing supply. Approximately 81 percent of the total nonfarm family units built in the fiscal year 1941 was in



This chart illustrates the percent increase in residential construction during the fiscal year 1941 for communities of four different size groups. The smaller the community, the larger was the relative gain in construction activity. This finding concurs with Census results which show that during the 30's the heaviest population increases were in the smaller communities.

dwellings of this type as compared with 78 percent during the preceding fiscal period. The gain over that period was 32 percent for single-family houses, 29 percent for two-family structures, and only 2 percent for multifamily dwellings.

This continued preference for the single-family home, coupled with the fact that the largest increases in building activity were found in the smaller communities (see the chart in this column), should give encouragement to savings and loan associations; for they specialize in the financing of small homes and many of them are located in communities of moderate size.

Improved Home-Mortgage Structure

Commenting on the rapid rise in the home-mortgage debt during the past few years, the Report points out that the steady increase in the volume of debt thus far has given no particular cause for concern. The purchase of a home represents the largest investment ever made by the majority of the consuming public and is seldom in the form of a cash transaction. Without financial assistance from mortgage-lending institutions, widespread home ownership would be a practical impossibility.

More important than the absolute volume of debt outstanding at any time is the soundness of the debt structure. The mortgage debt structure of the 20's was basically unsound in many respects as depression experience only too clearly emphasized. During the period of boom conditions after the last war, real estate was often overpriced, there was widespread and unsound speculation, inadequate attention was given to property appraisal and credit examination,

(Continued on p. 80)

TOTAL SAVINGS AND LOAN ASSETS RISE FOR THE FIRST TIME IN TEN YEARS

Preliminary estimates of the assets of all operating savings and loan associations at the end of 1940 point to the first year-to-year increase since 1930. Substantial gains in private capital, mortgage investments, and cash holdings, together with a 30-percent drop in real estate owned, featured 1940 trends in the savings and loan industry.

■ THE savings and loan industry passed a significant milestone during the course of its 1940 operations when, for the first time since 1930, its year-end assets were greater than at the close of the previous year. Preliminary estimates of the Division of Research and Statistics reveal that the total assets of all *operating* institutions of the savings and loan type at the end of 1940 exceeded $5,680,000,000—a net gain of $157,000,000 during the 12-month period in spite of the elimination of more than 500 associations through the process of merger, consolidation, and liquidation.

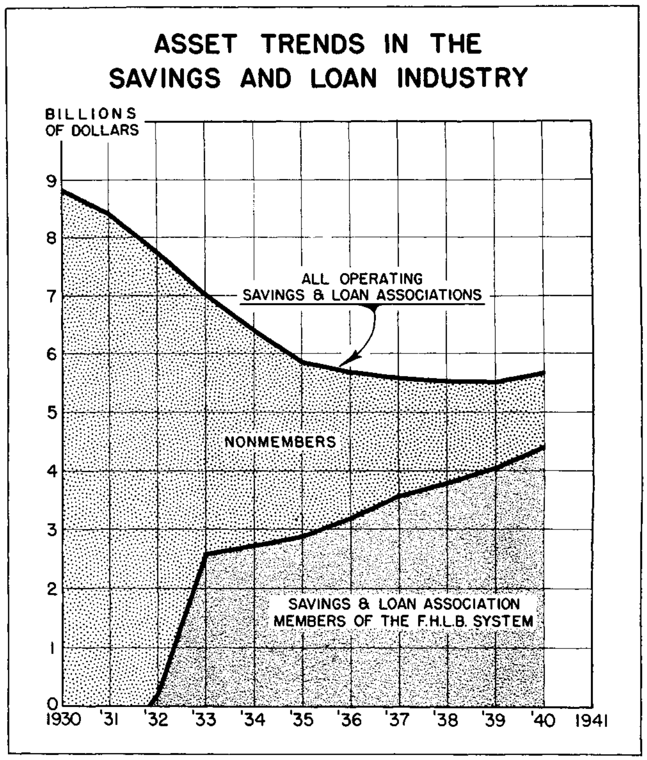
As has often been pointed out, the full effects of the abnormal real-estate and general business conditions of the late Twenties and early Thirties were not felt by the savings and loan industry until considerably after the same reactions had been evident in other fields. The peak of savings and loan book assets was reached in 1930, and throughout the past decade the trend was steadily downward, even though at a slackened pace since 1936. Although a substantial recovery has been enjoyed by the vast majority of full-time, active associations, it has not been fully apparent in figures on total assets because of the liquidation and merger of weaker associations—a rehabilitation process carried forward to strengthen the foundations of the entire industry.

The Turning Point is Reached

During 1940 this trend was reversed and the total assets of all operating associations increased approximately 3 percent from $5,524,000,000 at the close of 1939 to $5,682,000,000 at the end of last December. This gain during the year may be contrasted with a small net decline in the previous 12-month period; and in view of the drop in the number of active institutions from 7,719 to 7,189 it is logical to assume that the actual gain of the remaining institutions was much greater than the "net" figures indicate.

Outstanding among the changes in specific asset items was the increase in the mortgage-loan portfolios of savings and loan associations. Already the largest institutional holder of home-mortgage loans, these institutions added approximately $312,000,000 to their holdings during the year. This 8-percent gain was almost double the amount added to this account during the previous year.

Reflecting the generally improved real-estate conditions, and a determined effort on the part of many



This chart shows the trend of the total assets of all savings and loan associations since their all-time peak reached in 1930. The initial upturn registered during 1940 is evident, following a leveling-off period from 1935-1939. The predominant position of members of the Federal Home Loan Bank System in the industry as a whole is indicated by the fact that almost 80 percent of the aggregate resources of all operating associations at the end of 1940 was included in the Bank membership.

savings and loan executives, the amount of real estate owned by all savings and loan associations showed a net decline of almost $200,000,000, or about 30 percent of the balance on hand at the beginning of the year. It is not possible to conclude, however, that all of these properties have been removed from the total real-estate "overhang" inasmuch as part of this reduction was the result of associations being transferred from an "active" to a "liquidating" status.

Real estate owned by all operating savings and loan associations accounted for less than 9 percent of their total assets, as against a similar ratio of more than 12 percent a year previous. Furthermore, the total reserves, undivided profits, surplus, and guaranty stock of these institutions were approximately equal to the book value of the real estate which was still in the hands of the associations at the end of 1940. A $16,000,000-increase in the balance of the real estate sold on contract account provides additional evidence of the wide acceptance accorded this method of selling properties.

Liquidity Position Shows Improvement

Increased emphasis by savings and loan associations on the maintenance of an adequate liquidity position is indicated by the 13-percent growth in their cash holdings. At the end of 1940 liquid resources in the form of cash aggregated more than $300,000,000, or better than 5 percent of the total association assets.

Changes on the liability side of the ledgers were less marked, with the exception of a gain of more than $158,000,000 in funds invested in these institutions. A slight increase in the amount of borrowed money was reflected in the gain in advances made by the various Federal Home Loan Banks; and a small rise was noted in the loans-in-process account.

Table 1.—Comparative statement of condition for all operating savings and loan associations in the United States, 1940 and 1939

[Source: Annual reports of State savings and loan supervisors—Summary of members' annual reports as consolidated by Federal Home Loan Bank presidents]

[Amounts are shown in thousands of dollars]

Item	All operating associations [1]		Ratio to total assets		Increase or decrease 1940 to 1939	
	1940 (7,189)	1939 (7,719)	1940	1939	Amount	Percent change
ASSETS			*Percent*	*Percent*		
Mortgage loans [2]	$4, 388, 953	$4, 077, 161	77. 25	73. 80	+$311, 792	+7. 65
Other loans	64, 712	61, 664	1. 14	1. 12	+3, 048	+4. 94
Real estate sold on contract	208, 702	192, 419	3. 67	3. 48	+16, 283	+8. 46
Real estate owned	486, 910	680, 857	8. 57	12. 33	−193, 947	−29. 49
Investments	148, 958	151, 008	2. 62	2. 73	−2, 050	−1. 36
Cash	300, 660	267, 021	5. 29	4. 83	+33, 639	+12. 60
Office building	54, 488	55, 425	0. 96	1. 00	−937	−1. 69
Furniture and fixtures	5, 636	5, 312	0. 10	0. 10	+324	+6. 10
Other assets	22, 564	33, 470	0. 40	0. 61	−10, 906	−32. 58
Total assets	5, 681, 583	5, 524, 337	100. 00	100. 00	+157, 246	+2. 85
LIABILITIES AND CAPITAL						
Shares	$4, 419, 049	$4, 266, 187	77. 78	77. 23	+$152, 862	+3. 58
Deposits and investment certificates	369, 388	363, 809	6. 50	6. 59	+5, 579	+1. 53
Borrowed money	237, 513	225, 494	4. 18	4. 08	+12, 019	+5. 33
Incomplete loans	67, 254	49, 195	1. 18	0. 89	+18, 059	+36. 71
Other liabilities [3]	102, 558	117, 732	1. 81	2. 13	−15, 174	−12. 89
Permanent reserve, and guaranty stock	31, 325	32, 112	0. 55	0. 58	−787	−2. 45
General reserves, undivided profits and surplus	454, 496	469, 808	8. 00	8. 50	−15, 312	−3. 26
Total liabilities and capital	5, 681, 583	5, 524, 337	100. 00	100. 00	+157, 246	+2. 85

[1] Excludes State-chartered associations in liquidation (both voluntary and involuntary) when status is so reported in the State supervisors' reports or by other reliable sources.
[2] Includes advances and accrued receivables, the latter principally interest due on mortgages.
[3] Includes deferred credits and specific reserves.

Table 2.—Estimated number and amount of assets held by operating savings and loan associations, 1940–1939

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District	Number		Assets	
	1940	1939	1940	1939
United States	7, 189	7, 719	$5, 681, 583	$5, 524, 337
No. 1—Boston	354	357	654, 097	625, 246
No. 2—New York	1, 261	1, 494	856, 537	966, 048
No. 3—Pittsburgh	1, 503	1, 693	501, 478	519, 592
No. 4—Winston-Salem	686	705	576, 954	497, 317
No. 5—Cincinnati	895	915	1, 007, 028	967, 249
No. 6—Indianapolis	326	326	300, 134	276, 239
No. 7—Chicago	799	835	530, 268	518, 652
No. 8—Des Moines	394	404	289, 136	261, 245
No. 9—Little Rock	316	317	235, 700	218, 039
No. 10—Topeka	308	316	243, 926	235, 144
No. 11—Portland	162	166	169, 346	152, 585
No. 12—Los Angeles	185	191	316, 979	286, 981

General reserves and undivided profits were about 3 percent below the level at the end of 1939—primarily as a result of absorbing the losses incurred in the sale of a sizeable volume of real estate owned. In spite of this small decline, the ratio of general reserves and undivided profits remained at approximately 8 percent of total assets, or equal to more than $1 of reserves for every $10 of outstanding mortgage loans.

With a few notable exceptions, the ratios of the various asset and liability accounts to the total resources of the associations showed little change. The mortgage-loan account made up more than 77 percent of the total assets at the end of 1940, in contrast to only 74 percent in the previous year, and 70 percent in 1938. The proportion of the real-estate-owned account, on the other hand, has grown steadily smaller dropping from 16 percent of total assets in 1938 to only 8 percent according to the latest report. The ratios of cash and share investments showed slight increases, and all other fluctuations were fractional.

Winston-Salem Records the Greatest Gains

On the basis of Federal Home Loan Bank Districts as shown in Table 2, the Winston-Salem region recorded the largest dollar and percentage gains in total resources during 1940. Associations in this District added nearly $80,000,000, or 16 percent, to their assets; and institutions in three other regions showed gains of 10 percent or more.

Only two Districts, New York and Pittsburgh, indicated a smaller volume of resources and this is easily accounted for by the fact that rehabilitation programs are still operating at full tilt in these areas. More than 400 associations throughout New York, New Jersey, Pennsylvania, West Virginia, and Delaware were removed from the list of active institutions during the year—approximately 80 percent of the net decline in the number of active associations in the entire country.

Total assets in the Cincinnati District exceeded the $1,000,000,000-mark and this area, together with the New York District, accounted for almost one-third of the aggregate assets of the savings and loan industry. In spite of a decline of almost 200 in the number of active associations during the year, the Pittsburgh District continued to have the greatest number of operating institutions.

Four-Fifths of all Assets now in Bank System

Savings and loan members of the Federal Home Loan Bank System continued to increase their proportion of the total resources of the savings and loan industry. At the end of 1940, the membership

(Continued on p. 80)

Table 3.—Estimated number and amount of assets held by liquidating [1] savings and loan associations, 1940–1939

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District	Number		Assets	
	1940	1939	1940	1939
United States	2, 794	2, 578	$455, 115	$404, 814
No. 1—Boston	1	1	4	4
No. 2—New York	395	285	120, 486	115, 329
No. 3—Pittsburgh	1, 374	[2] 1, 281	122, 435	[2] 90, 582
No. 4—Winston-Salem	431	451	20, 057	21, 912
No. 5—Cincinnati	66	63	38, 946	41, 543
No. 6—Indianapolis	90	[2] 90	23, 184	[2] 29, 395
No. 7—Chicago	277	250	50, 768	27, 724
No. 8—Des Moines	[3] 46	[3] 31	[3] 10, 587	[3] 12, 854
No. 9—Little Rock	49	57	10, 676	12, 127
No. 10—Topeka	34	43	2, 370	2, 712
No. 11—Portland	8	8	1, 201	632
No. 12—Los Angeles	23	18	54, 401	50, 000

[1] Approximated from best available information included in State supervisors' reports and other reliable sources.
[2] Includes 17 Pennsylvania associations and 4 Indiana associations operating under restrictions.
[3] Includes for Missouri, in addition to assets of liquidating associations, the liquidating portion of the assets of 10 operating associations in 1939 and 11 in 1940.

PREPAYMENTS ON LOAN ACCOUNTS—A TIMELY DEVICE

Should savings and loan associations encourage prepayments by borrowers at the present time, with a view toward increasing the margin of safety in their loans? Discussion of the background, technique, and results of prepayment plans operated by two associations for a number of years will be helpful to executives who are considering this question.

■ REVIEWING their operating policies in the light of the present emergency, savings and loan executives are paying increased attention to the encouragement of prepayments on their mortgage-loan accounts. Now that family incomes in many sections are at a high level, the argument runs, large numbers of home owners are in a position to reduce their indebtedness at an accelerated rate. While under ordinary circumstances mortgage-lending institutions may look askance upon too rapid a liquidation of their mortgage portfolio, this consideration is felt to be subordinate to the compelling reasons for a stimulation of prepayments at the present time.

Present Need for Encouragement of Pre-Payments

New loans to defense workers and others, even though made on conservative terms, will inevitably be based to some extent upon present incomes, the stability of which is none too certain. Accelerated payments during the defense boom will help these borrowers to build up a reserve against delinquency in the "emergency after the emergency" when they might be unable to meet their obligations under the loan contract. The same is true for many existing borrowers who are now enjoying higher earnings but will face a difficult problem of readjustment when the defense boom is over and the day of reckoning nears. In either case, accumulated prepayments would provide a cushion against shocks if and when they come; and if these shocks do not come, both the borrower and the lender stand to benefit, the one from increased savings, and the other from safer mortgage loans.

Many savings and loan executives believe that loss of employment and reduction of incomes account for more mortgage delinquencies than do such factors as sickness, death, or changing property values. Ability to reduce the payments of borrowers in distress, without jeopardizing the soundness of their loans, may prove a protection to mortgage portfolios in a period of unemployment such as we experienced in the last depression.

Changing Attitude in Regard to Prepayments

Past practices in regard to prepayments have varied widely among mortgage-lending institutions. Some lenders have placed penalties on accelerated debt reduction. Some others have permitted it under certain restrictions, accepting, for example, units of $100 or full extra monthly payments and these only in certain intervals. Rarely were prepayments considered as a reserve available for future regular loan installments if the borrowers became delinquent. In some instances, savings and loan associations have encouraged share investments by borrowers who desire to make extra payments. Such investments, however, are withdrawable for any purpose and represent no direct protection of the mortgage loan from the lender's point of view; nor do these investments assure the continued enjoyment of home ownership from the standpoint of the borrower.

In ordinary times, home-financing institutions can afford to handle prepayments in a more or less casual manner on a case basis. Under present conditions which magnify the need for accelerated debt liquidation, definite policies and procedures are desirable. In view of this need, it is interesting to find that at least two savings and loan associations, the Benj. Franklin Federal Savings and Loan Association of Portland, Oregon,[1] and the First Federal Savings and Loan Association of Toledo, Ohio, have for some time been executing systematic plans for the stimulation

[1] The plan used by this association is copyrighted.

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of prepayments. The background, technique, and results of these plans are of interest at the present moment.

How Two Prepayment Plans Were Developed

Independent of each other and purely on the basis of business considerations, the two associations developed prepayment procedures before a defense boom was even suspected, and they have been operating under these systems for 4 and 3 years, respectively.

Monthly payments and reserve protection under a Reserve Protection Clause

[Based on a $1,000 loan at 5 percent interest with a contractual maturity of 12 years; extra payment is equal to 20 percent of contractual payment]

After		Regular loan plan $9.25 per month			Reserve protection plan $11.10 per month			
Yrs.	Mos.	Interest	Principal	Balance	Interest	Principal	Balance	Reserve protection
	1	$4.17	$5.08	$994.92	$4.17	$6.93	$993.07	
	2	4.15	5.10	989.82	4.14	6.96	986.11	
	3	4.12	5.13	984.69	4.11	6.99	979.12	
	4	4.10	5.15	979.54	4.08	7.02	972.10	
	5	4.08	5.17	974.37	4.05	7.05	965.05	
	6	4.06	5.19	969.18	4.02	7.08	957.97	
	7	4.04	5.21	963.97	3.99	7.11	950.86	
	8	4.02	5.23	958.74	3.96	7.14	943.72	
	9	3.99	5.26	953.48	3.93	7.17	936.55	
	10	3.97	5.28	948.20	3.90	7.20	929.35	
	11	3.95	5.30	942.90	3.87	7.23	922.12	
1	0	3.93	5.32	937.58	3.84	7.26	914.86	
1	1	3.91	5.34	932.24	3.81	7.29	907.57	$24.67
1	7	3.77	5.48	899.70	3.63	7.47	863.20	
2	1	3.63	5.62	866.35	3.44	7.66	817.71	48.64
2	7	3.49	5.76	832.16	3.25	7.85	771.08	
3	1	3.35	5.90	797.10	3.05	8.05	723.26	73.84
3	7	3.20	6.05	761.16	2.85	8.25	674.24	
4	1	3.04	6.21	724.31	2.64	8.46	623.98	100.33
4	7	2.89	6.36	686.53	2.42	8.68	572.44	
5	1	2.73	6.52	647.79	2.20	8.90	519.61	128.18
5	7	2.56	6.69	608.07	1.98	9.12	465.45	
6	1	2.39	6.86	567.35	1.75	9.35	409.91	157.44
6	7	2.22	7.03	525.61	1.51	9.59	352.97	
7	1	2.04	7.21	482.80	1.27	9.83	294.59	188.21
7	7	1.86	7.39	438.91	1.02	10.08	234.74	
8	1	1.67	7.58	393.92	.77	10.33	173.38	220.54
8	7	1.48	7.77	347.79	.50	10.60	110.46	
9	1	1.29	7.96	300.50	.24	10.86	45.96	254.54
9	6	1.12	8.13	260.18	.01	2.05	Fully paid	260.18
9	7	1.08	8.17	252.01				
10	1	.88	8.37	202.30				
10	7	.67	8.58	151.33				
11	1	.45	8.80	99.07				
11	7	.23	9.02	45.49				
12	0	.04	9.02	Fully paid				

Interest saving under Reserve Protection Clause in this case is $75.45 per each thousand dollars of loan.

The plans were motivated by the desire to protect lenders and borrowers alike against a recurrence of wholesale foreclosures such as swept the country during the last depression, and were designed to remove the fear complex that prevents many prospective home owners from incurring long-term obligations. In addition, both associations were searching for a distinctive feature in their lending program, a feature which could not be offered by distant lenders who necessarily employ more or less rigid schedules and practices and are, therefore, unable to maintain personal relationships with their borrowers.

In either case the plans have been used intensively as business builders and have been emphasized in advertising programs and personal contacts with prospective customers. In fact, one association reports that the prepayment feature is "the strongest single talking point" in mortgage-loan negotiations.

Technique and Procedure

Although operated under different names and in spite of some variations in procedure, the two plans are substantially alike. The Benj. Franklin Federal Savings and Loan Association does not record its "Reserve Protection Clause" but handles it as an initialed agreement between the association and the borrower. The First Federal Savings and Loan Association of Toledo has its "Reserve Safety Clause" incorporated in the mortgage. Both clauses give the borrower the right to make extra payments at any time in addition to the contractual installments. These payments are credited to the borrower's account (principal) and the difference between the ledger balance and the contractual balance constitutes the reserve. The borrower is granted the privilege of suspending or reducing one or more contractual payments, with the exception of taxes and insurance, until the reserve is exhausted.

While the reserve is not computed separately on the books, the amount in the reserve can rapidly be calculated at request, and one of the associations indicates once a year on the ledger card the amount of the contractual balance. The borrower's passbook lists each monthly payment, contractual and extra.

The reserve does not earn dividends—it saves interest through the reduction of the outstanding balance of the loan upon which the monthly interest is calculated. If the borrower skips a regular installment while he has reserve protection, interest is charged to the loan principal and credited to earnings for the current month. In the following month, interest is charged on the higher balance.

Since the reserve is designed to protect the borrower's ability to meet his contractual payments in adverse circumstances, it cannot be withdrawn in cash. However, it may be used to finance repairs and then permits the borrower to obtain funds for this purpose at a rate identical with that of the original loan. In this case, the cost of repair is charged to the mortgage-loan balance provided it does not exceed the reserve. If it does, the excess is handled as an additional loan.

Apart from the protection against emergencies and the application to repairs, one of the main advantages of the prepayment plan is, of course, the rapid reduction of the borrower's indebtedness if the plan is carried through successfully. As interest is charged only on the outstanding balance of the loan, this results in considerable interest savings to the borrower.

As a practical matter, the amount of extra payment is handled somewhat differently by the two associations. In one case, the amount is based on an oral agreement between the lender and borrower and is more or less flexible. In the other institution, the contemplated amount is put down in the clause and has been 20 percent of the contractual installment in almost all cases although this is no absolute requirement. The association does not prohibit increase or decrease in the amount of extra payment, but finds from experience that the great majority of borrowers continue according to the established program. The chart on this page, which illustrates the effects of prepayments under certain conditions, are based on an extra payment of 20 percent.

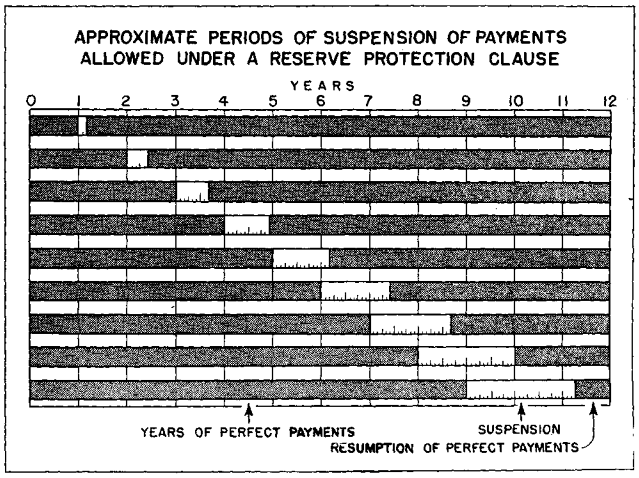
Experience to Date

Both associations report that in only a few cases has the reserve been used for the suspension of payments and this is but natural as the plan has been operating thus far on a rising market. More illuminating is the experience of the two institutions in regard to the acceptance of the plan by borrowers.

In both cases the reserve clauses were introduced at a time when the general trend was toward reduction of monthly payments by lowering interest rates and extending amortization periods. Consequently, any institution adopting a plan involving extra payments had to "swim against the stream." Nevertheless, the two institutions have been growing at a good rate and report that practically all new loans made since the introduction of the prepayment system have been on the "Reserve Clause" basis. In the case of one association, about one-half of the mortgage loans on the books are paid ahead under the clause, with the highest reserve now amounting to one-tenth of the unpaid balance of the loan.

Both managements feel that the extra protection and the cost reduction afforded to the borrower by the plan carry a tremendous appeal which overcompensates the urge for low monthly payments. One of the associations reports that "there is no question but that the reserve clause produces an added incentive to free and clear home ownership."

Of course there exists the possibility that borrowers will skip payments more freely if they feel that they are protected by a reserve. In actual practice this has not occurred so far on any measurable scale. Since the borrower's passbook shows clearly the loan balance, and since no borrower likes to see the balance increase, executives offering the plan are convinced that there is little incentive for suspension of payments except in the very emergency for which the reserve has been designed.



The above chart shows the number of monthly installments which can be suspended after a perfect payment record for the periods specified. Suspension does not apply to taxes and insurance premiums. The chart is based on a 5 percent loan with contractual maturity of 12 years. Extra payments are assumed to equal 20 percent of contractual payments.

Some Basic Considerations

One aspect of the prepayment plan is likely to be studied by association managers and directors with particular care: its effect on liquidity. As long as prepayments are being made in large volume, cash receipts will be correspondingly high. In a period of good investment opportunities, this will be desirable. When the demand for new mortgage loans is slackening, however, the earning capacity of the association may be reduced by high cash receipts which cannot be profitably invested.

In a depression period, the suspension privilege accorded to the borrowers may result in a heavy reduction of payments on loans, and this would occur at a time when new money, too, is likely to be thinning out. This consideration suggests that, from the institution's point of view, the existence of a credit reservoir such as that provided by the Federal Home Loan Bank System is important for the execution of any reserve clause plan for mortgage borrowers, and that associations using such a plan will be particularly careful to maintain in normal times an unused credit line with the Federal Home Loan Bank, on which they can draw when their mortgagors are forced to suspend or reduce payments on a larger scale.

Moreover, it is obvious that the most propitious time for introducing a prepayment plan is in a period when employment and incomes are high and when collections are good. In such a period, borrowers' reserves can be built up to a point where they afford real protection when conditions change.

Another important consideration before introduction of the plan is its legality. Both associations using the described clauses are operating under Federal charter, and their specific plans have been held unobjectionable from a legal point of view. In the case of State-chartered institutions, the adoption of a prepayment plan will depend on the statute in their particular States and on the features of the plan. In some States, a reserve protection clause may not be permissible under the existing law and legal advice should be sought before any such plan is put into operation.

Survey of Home-Mortgage Finance

(Continued from p. 73)

and financing costs and loan terms were in many cases exorbitant and ill suited to the needs of borrowers. Many institutions overextended themselves or found themselves in an overextended position because of the lack of any reserve credit facilities.

Many of these defects have largely been eliminated and progress is steadily being made toward further improvement in the debt structure. Appraisals are made on a more careful scientific basis and the importance of credit analysis is more generally recognized. Long-term amortized loans with low downpayments make expensive junior financing less necessary. Thrift and home-financing institutions are bulwarked by a reserve credit system on which they can rely to avoid the credit shortages which formerly threw operations completely out of gear.

The Report concludes that only time will tell whether the recovery so far made in the home-mortgage lending field and the structural improvements brought about both by the industry and the Federal Government will prove adequate to meet the inevitable strain to which our economy will be subjected. Undoubtedly, however, there is a general awareness, which stems perhaps from recent experience, of the possible dangers ahead and the need for careful, farsighted planning. This attitude in itself is a healthy one and gives promise that a determined effort will be made to avoid the unsound type of lending which has always, in the past, caused ultimate trouble.

Savings and Loan Assets Rise

(Continued from p. 76)

assets were equal to almost four-fifths (78 percent) of the assets of all operating associations, although the ratio of membership in terms of number of institutions had risen only to 53 percent. In half of the 12 Bank Districts, at least 80 percent of the assets of operating associations are accounted for by member associations; and in four of these, the ratio exceeds nine-tenths of the resources of all active institutions.

The Process of Consolidation Continues

In the introduction to this article, reference was made to the fact that savings and loan associations in recent years have been undergoing an extensive process of consolidation and reorganization. The fact that more than 500 associations were dropped from the classification of operating institutions during 1940 is proof that this process of consolidation is still going on.

Probably the majority of these associations were absorbed by other, more active institutions in an effort to establish larger and more effective operating units, either through merger, consolidation, or sale of assets. The remaining associations, it can be assumed, have entered a stage of liquidation. From the best available information included in State Supervisors' Reports and other sources, the Division of Research and Statistics has prepared estimates of the number and assets of all associations in liquidation during 1940. Table 3 indicates that the total resources of these institutions were slightly under a half-billion dollars, and that the number of liquidation cases was 200 larger at the end of 1940 than at the end of the previous year.

WAR OF MACHINES: "In this war of machines, it takes 18 men in mines, farms, workshops, and transportation to supply one man at the front. In the last war the proportion was three to one."

Labor's Monthly Survey, October 1941.

DEBT BURDEN: "No nation can be bankrupt as long as it has all the manpower, all the productive facilities, and the raw materials that it had before. . . . The idea of thinking that we are leaving a great burden on our children and our children's children is wrong. The mortgage, which is the Government's bonds, we are bequeathing to posterity as well as the debt."

Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, October 15, 1941.

OBSOLESCENCE: "During the decades when mass production, transportation, communication, education, public health, and a host of other activities made their greatest strides, the physical plant which housed all these complex mechanisms did not develop proportionately. In spite of corresponding progress in the design and construction of individual buildings, the general mass of structure has gradually become obsolescent."

Report of the Dean of the School of Architecture, Columbia University, 1941.

OUTLOOK: "While demand and supply factors cannot be overlooked, the trend of interest rates in the immediate as well as in the distant future will be determined largely by the policy of the Government."

Dr. Marcus Nadler, *Investment Dealers' Digest*, October 27, 1941.

PRICE CONTROL: "Prices are not, like the tides of the ocean, controlled by some mysterious economic moon. They are controlled by men acting in their own interests and often acting without knowledge of the consequences of their price quotations. . . . Price control is not an additional or new element in our economy. It is a necessary substitute for the active competition that has been temporarily lost."

Miss Harriet Elliott, before the Pennsylvania State Defense Council, September 1941.

Challenges of today . . . . .

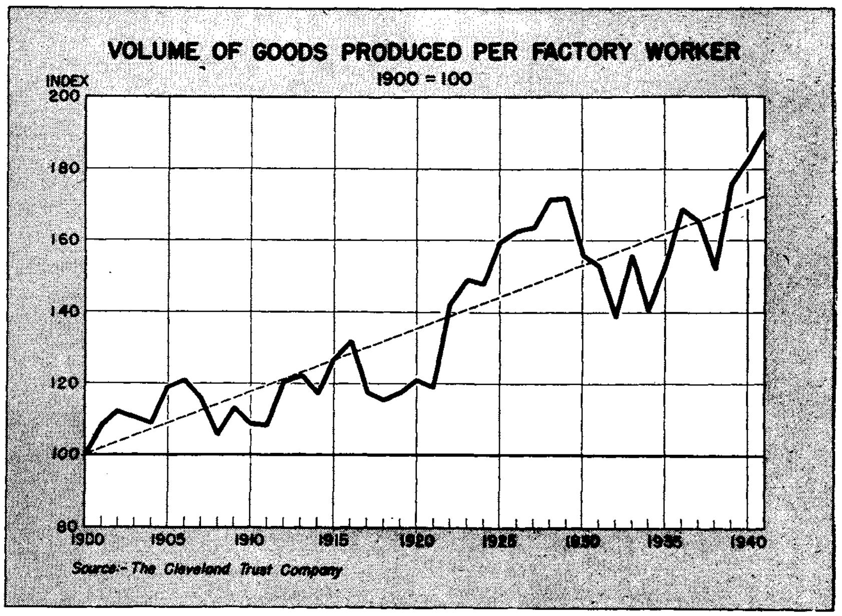
"Undoubtedly, we are confronted with radical changes in the make-up and future character of our cities, where we have had our chief opportunity to make useful and productive mortgage investments. Decentralization, the re-location of industry, blight of old areas, reduced incomes, large-scale Government-subsidized housing for low income groups, exceptional housing for the middle class, provided by large institutional investors, *all* present challenging questions to us."

Henry Bruere, *Association News Bulletin*, October 20, 1941.

Interdependence—one upon another . . . . .

"There is no better illustration of the interdependence of the people of this country one upon another than the story of what the savings and loan business has been doing. Consider the history of the last 20 years. In that period the savings and loan associations of the country have loaned over $24,000,000,000 for the purchase, construction and remodeling of homes . . . The savings and loan business has taught people the benefits of thrift and of home ownership, and has alone initiated a payment of between $8,100,000,000 and $10,012,000,000 to labor in this country in the past 20 years as it has urged people to build and as it has financed new homes."

Savings and Loans, November 1941.



During recent years many business men have feared that the long depression of the 1930's brought about a permanent halt in our economic expansion, or in the rising standard of living in this country. The chart reproduced above presents visual evidence of the fact that these fears need not be realized in the near future. As a matter of record, another new high in the standard of living is being made this year. It is interesting to note that although the output per factory worker decreased during the years 1917–1918, the opposite situation has prevailed during the past three years.

The Cleveland Trust Company *Business Bulletin*, November 15, 1941.

PROPER FILING SYSTEMS CONTRIBUTE TO OPERATING EFFICIENCY

Office efficiency depends to a large extent upon the form and convenience of association records. Attention of supervisory officials has recently been called to a unique filing system for mortgage-loan dockets used by a State-chartered association in the Midwest.

■ FROM time to time, in their numerous contacts with member associations, supervisory authorities of the Bank System come across outstanding exhibits of practical office technique which, if passed along to other associations, can provide for a cooperative interchange of valuable operating information. An example of such material can be found in the model filing system for mortgage-loan dockets used by the Anchor Building Savings and Loan Association in Topeka, Kansas, which is illustrated on the opposite page and described below.

The Importance of Orderly Records

Systematic presentation of records is a fundamental element in office efficiency and—in addition to saving time and increasing the effectiveness of the day-to-day operations of employees and executives—the neat, orderly, and compact accumulation of documents facilitates the work of examiners and auditors with resultant reductions in the cost of these services.

A model mortgage-loan docket and filing system should permit easy and convenient handling of all documents pertaining to the transaction. It should provide security for each of the various papers involved, and facilitate verifying that each has been completely executed. Finally, it should be readily adaptable to the needs of both large and small associations.

Description of the Illustrated Docket

The filing system of this association was designed so that all the papers connected with each mortgage loan could be kept in a permanent, regular order. To secure permanence, the documents are fastened at one end with a locking metal clip. A definite, fixed order for the papers results from the fact that each form is numbered and identified by boldface type on the lower edge of the page. To make this number and name stand out, each succeeding page is one-eighth of an inch longer than the one which precedes it. Employees can not place papers in this file out of order without the error making itself immediately evident. As the managing officer of this institution stated, "Anyone who can count from one to eleven can keep these files in order."

The following brief explanation of the principal features of each of the 11 forms included in the mortgage-loan file illustrates the practicability of the system:

1. *The loan files check sheet.*

This form serves a double purpose. First, it is kept in the book for Loans in Process until each of the 28 items listed has been checked out. Then this sheet and all other papers are filed as a unit in a folder which has a reinforced edge and tip.

2. *Insurance.*

This sheet merely indicates where the insurance policy is to be filed. The insurance policy is fastened into the folder and then folded back so that it does not protrude below the bottom of the Loan Files Check Sheet.

3. *Note.*
4. *Mortgage.*

Both the note and mortgage forms have been printed especially for use in this file and have been approved by the State supervisory authorities.

5. *Attorney's opinion.*

Again, for the purpose of keeping all the forms to a prescribed size, blank stationery is furnished for the use of the attorney.

6. *Certificate of membership.*

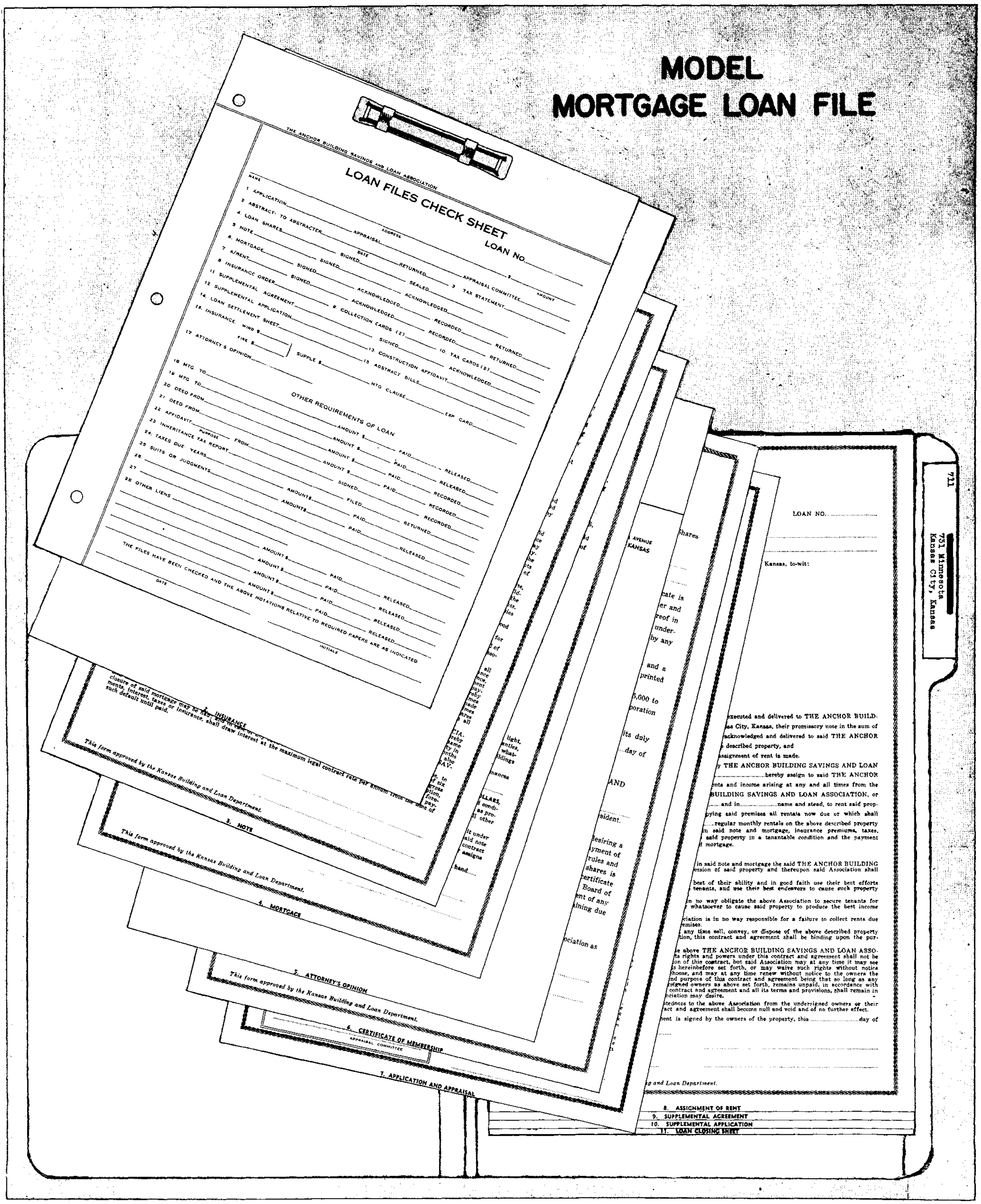
This association pursues a policy that a certificate of membership must be issued to everyone doing business with it. Therefore, evidence of that membership is considered an essential part of the mortgage-loan papers.

7. *Application and appraisal.*

These forms provide all information about the potential borrower and the security offered for his

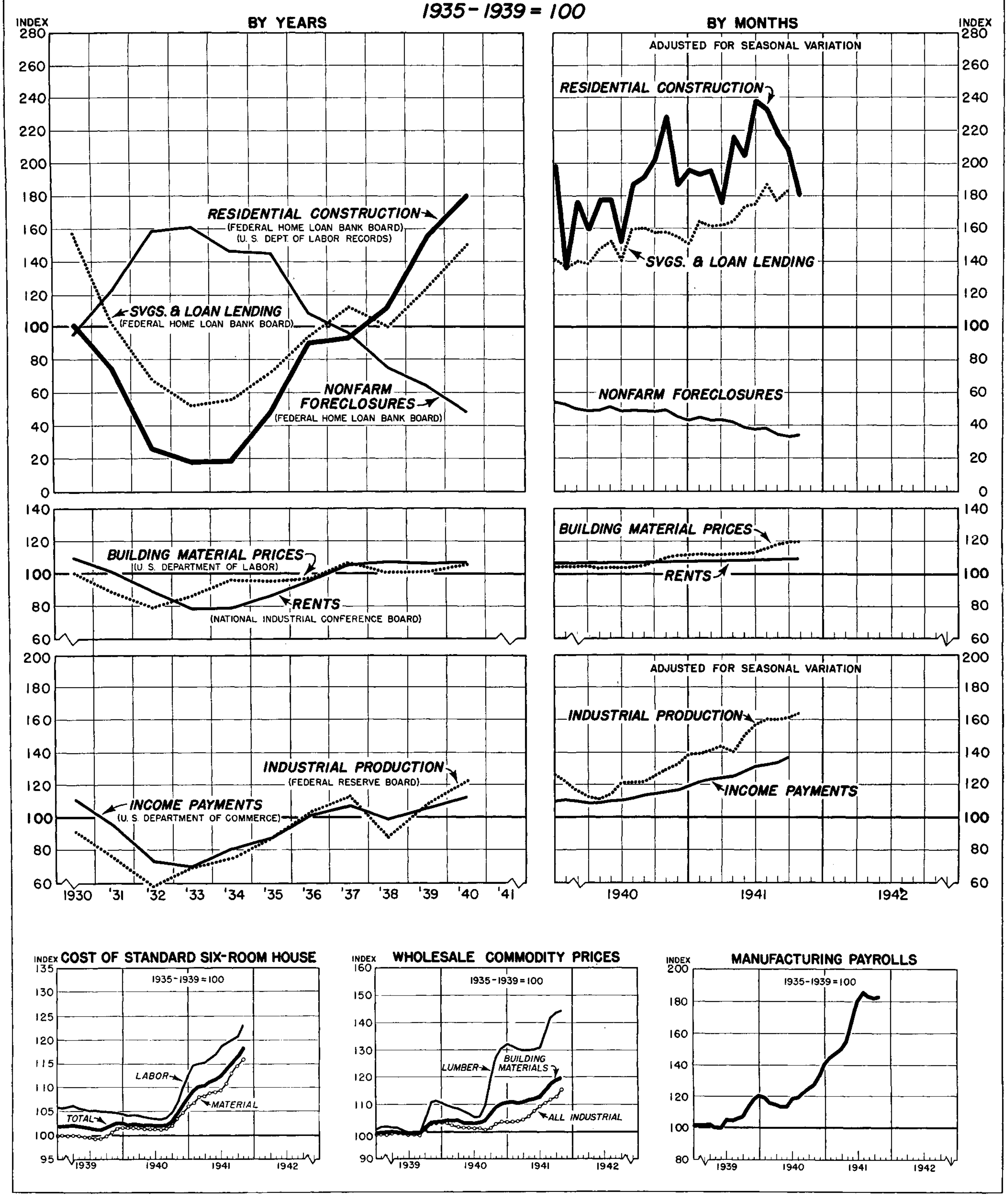
(Continued on p. 100)

MODEL MORTGAGE LOAN FILE



RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS

1935-1939 = 100



« « « MONTHLY SURVEY » » »

Highlights

I. The effect of recent Governmental restrictions on building activity is now being reflected in current construction statistics.

A. Building permits issued for new family-dwelling units during October were 14 percent lower than in September and 21 percent below the volume in October 1940.

B. The seasonally adjusted index of new construction in all urban areas has now declined for 4 consecutive months and the index for October is the lowest for the past 16 months.

II. Increases in building costs are now more pronounced in the retail market.

A. The combined index of material and labor costs involved in the construction of the standard house rose 2 percent in October and now stands nearly 19 percent above the average month of 1935–1939.

B. Of the 24 cities reporting for the period from August to November, seven showed cost increases of at least $500 and all except four experienced gains of more than $100.

III. Mortgage-financing activity continued at a high level, however, with a shift in emphasis from new construction to existing dwellings.

A. The volume of nonfarm mortgages of $20,000 and under recorded in October established a new monthly high of almost $450,000,000.

B. In contrast to a declining volume of loans for new construction, home-purchase loans of savings and loan associations have shown a substantial increase as borrowers turn to existing dwellings for housing accommodations.

IV. In contrast to the prevailing downward trend of foreclosures noted during preceding months, the seasonally adjusted index showed a slight increase in October primarily as a result of accelerated foreclosure actions in nondefense areas and smaller communities.

Summary

■ CURTAILMENTS in building activity, which are now more evident, present managers of home-financing institutions with the necessity of moulding their investment policies to meet this situation. In previous periods of good employment and industrial prosperity the demand for new homes usually could be met without difficulty. Now, during what is perhaps the greatest period of industrial expansion that this country has ever experienced, we are faced with the necessity of diverting many essential materials to defense purposes. Although housing of defense workers is being assisted by priority allocations, even this sector of the construction field may find difficulty in obtaining sufficient quantities of scarce materials to operate on a really adequate scale during the coming months.

The fact that mortgage-financing activity for the country as a whole rose 5 percent during the month of October, in the face of a drop in privately financed home construction, is evidence that lenders are utilizing the opportunities offered in other types of loan business. Greater emphasis is being placed on financing the purchase of existing homes, at least in the savings and loan industry. So far in 1941 these institutions loaned approximately 41 percent of their total new mortgages to borrowers acquiring title to existing dwellings, while last year only 35 percent was advanced for this purpose. Construction loans continued to account for about 32 percent of the total new loans of savings and loan associations, while all other loan-types declined in relative importance.

Building costs, meanwhile, are rising to ever-higher levels. In October the total expenditure necessary for constructing a standard six-room frame house stood 13 percent above the same month of 1940. Labor rates have increased somewhat more than material prices during this 12-month interval. Compared with earlier periods, cost increases are

1935–1939=100]

Type of index	Oct. 1941	Sept. 1941	Percent change	Oct. 1940	Percent change
Residential construction [1]	180.0	[r] 207.5	−13.3	228.1	−21.1
Foreclosures (nonfarm) [1]	34.2	[r] 32.9	+4.0	48.8	−29.9
Rental index (NICB)	109.3	109.0	+0.3	107.1	+2.1
Building material prices	119.8	118.8	+0.8	109.2	+9.7
Savings and loan lending [1]	[p] 177.9	[r] 182.8	−2.7	157.9	+12.7
Industrial production [1]	[p] 164.0	161.0	+1.9	130.0	+26.2
Manufacturing employment [1]	[p] 133.3	[r] 133.9	−0.4	112.3	+18.7
Manufacturing pay rolls [1]	[p] 182.3	[r] 181.7	+0.3	127.1	+43.4
Income payments [1]	[p] 141.1	[r] 139.1	+1.4	115.8	+21.8

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

even more marked. If it took $5,000 to build the standard house over the average of the 5 years preceding the War, the outlay at present would be nearly $6,000. For the last quarter alone, seven of the 24 cities reporting for that period indicated cost rises of $500 or more.

General Business Conditions

■ BUSINESS activity and industrial production continued to move sidewise on their high plateau of operations during October and early November. A rise in the index of industrial production from 161 to 164 percent of the 1935–1939 average was chiefly accounted for by sustained activity in industries producing vital defense commodities in the face of the declines usually experienced in this season.

Plants turning out goods for civilian consumption were subjected to further curtailment by Governmental restrictions on nondefense activity during the month. Automobile production in October was about one-fourth smaller than in October last year and further restrictions provide for a cut in output for February to no more than 43.9 percent of that in February 1941.

Retail sales in October dropped only slightly below the peak of the previous month notwithstanding the fact that a substantial slump had been anticipated. The volume of trade was supported during the month particularly in sales influenced by farm income. Sales of general merchandise in small towns and rural areas were larger in October than in any month on record except December 1940.

Despite repeated references to the rising prices of specific commodities, the all-commodity index of wholesale prices varied between 113.2 and 113.8 percent of the 1935–1939 average from the middle of September to the middle of November, indicating a relative stability in the general price level over the period. The combined index of the cost of living in the meantime has risen 1.4 percent to 109.4 percent of the 1935–1939 average and now stands 11 percent above the level at the beginning of the War.

Freight loadings in the middle of November were only 4 percent below the October peak, reflecting the maintenance of industrial production against the usual seasonal decline. The rail movement of freight in 1941 has been greater than ever before. Although the railroads have 20 percent fewer freight cars and 40 percent fewer locomotives now than they had 25 years ago, they are hauling one-third more ton-miles of freight this year than they did in 1916. The increase in ton-miles of freight since the start of the present war has been 70 percent greater than it was in the comparable period of the World War.

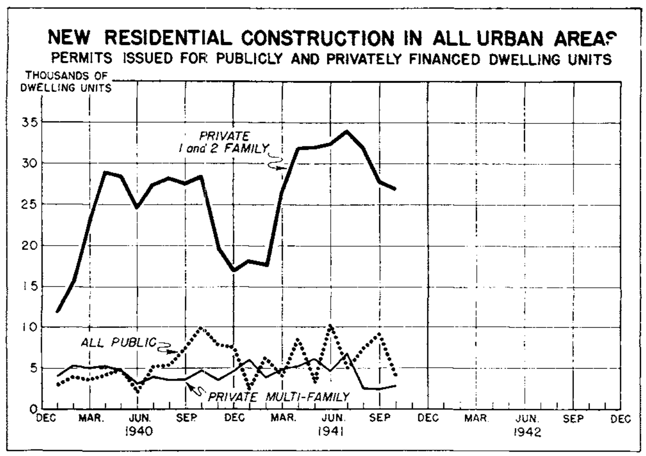
The high reserve requirements which went into effect for Federal Reserve member banks on November 1 reduced their excess reserves to $3,540,000,000 on November 12. This is a decline of $1,690,000,000 since the middle of October and of $3,400,000,000, or nearly 50 percent, from the peak of October 1940. At the same time, there was an actual decline in total reserves of $614,000,000 during the past four weeks. This drop resulted principally from large flotations of Government bond issues and a further increase in the amount of money in circulation which has risen nearly $200,000,000 in the past four weeks and over $2,000,000,000 since October of last year.

Residential Construction

[Tables 1 and 2]

■ THE volume of residential construction in all urban areas of the United States declined for the fourth consecutive month, bringing the seasonally adjusted index for October to 180 percent of the average month of 1935–1939. This is the lowest point reached in the last 16 months and reflects the restrictions being placed on private construction with the Government issuing priorities on all building material necessary for defense purposes.

Despite the decline in residential construction for the past few months, 387,000 dwelling units were put under construction during the January–October period, which is a 15-percent gain over the same period in 1940. Of this total more than two-thirds of the dwellings were of the 1-family type and were privately constructed. During this 10-month period



nearly 63,000 dwelling units were financed by the Government housing agencies, with the greater part of them being designated for occupancy by families of defense workers and civilian and military personnel of the Army and Navy.

Geographically only 17 States show an increased volume of building activity in comparison with October of last year. For the country as a whole October construction was 21 percent below October 1940.

Building Costs

[Tables 3, 4, and 5]

■ FOR 15 consecutive months increases have been shown in both material and labor costs involved in the cost of the standard six-room house, and the combined index now stands nearly 19 percent above the average month of 1935–1939. The cost of material used in this dwelling, while rising over 1 percent in October, is now 16 percent above the base period and more than 12 percent higher than in the same month of last year. Labor costs in connection with building the standard house rose 2 percent in October, which places the labor cost index 23 percent above the level of the base period, 1935–1939.

Construction costs for the standard house

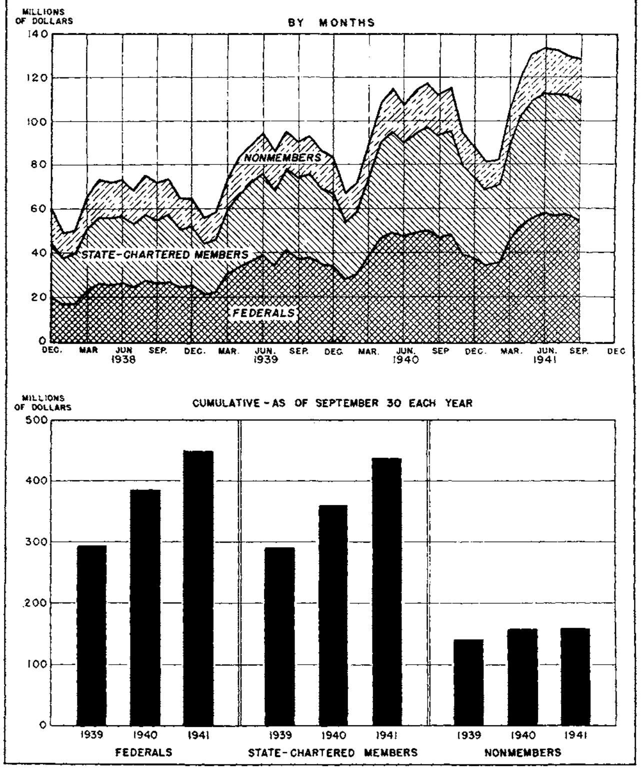
[Average month of 1935–1939=100]

Element of Cost	October 1941	September 1941	Percent change	October 1940	Percent change
Material	116. 0	114. 4	+1. 4	103. 4	+12. 2
Labor	123. 3	120. 7	+2. 2	106. 9	+15. 3
Total	118. 5	116. 5	+1. 7	104. 6	+13. 3

Of the 24 cities currently reporting, all except four show increases of more than $100, and seven register advances of at least $500, from August to November. The largest rises were reported in San Antonio ($923), Dallas ($709), Houston ($694), Albuquerque ($668), Philadelphia ($589), Harrisburg ($578), and San Diego ($570).

Wholesale building material prices continued to increase during October, though at a slower pace, with paint and paint materials showing the largest rises. The Labor Department's composite index advanced 1 percent, and a slight decline was registered early in November.

TOTAL LOANS MADE BY ALL SAVINGS AND LOAN ASSOCIATIONS
UNITED STATES - BY TYPE OF ASSOCIATION



New Mortgage-Lending Activity of Savings and Loan Associations

[Tables 6 and 7]

■ THE restrictions imposed upon the construction of homes by current shortages of a number of building material items have been reflected to an ever-increasing extent in lending operations of savings and loan associations. During the month of September, a drop of 5 percent was noted in construction loans made by these institutions, while a 4-percent reduction occurred in this classification during the previous month. Even after allowance has been made for usual seasonal declines during these months, it is apparent that growth in the financing of new home building is being effectively blocked during this stage of the emergency.

Increased emphasis is meanwhile being placed on more concentrated use of existing dwellings in the face of local housing shortages. That many savings and loan association managers are aware of the possibilities and are sharing in the financing of this type of business, is evidenced by the record of their loans for the purchase of homes during current periods. In contrast to the lower volumes shown in the construction-lending category during the past two months, the home-purchase group evidenced successive rises to a new post-depression high in September. The $58,000,000 loaned for the acquisition of existing houses was 42 percent higher than in September 1940, while in this same comparison new construction loans increased less than 4 percent.

According to preliminary estimates presented in Table 6, page 94, total loans of savings and loan associations during the month of October declined somewhat from the September figure. Aggregate loans for the first 10 months of the year totaled approximately $1,175,000,000 or 16 percent more than in the same period of last year.

Mortgage Recordings

[*Tables 8 and 9*]

■ REFLECTING the extremely active real-estate market which has resulted from the defense program, the volume of mortgage financing during October continued the upward trend that has been evident since the beginning of the mortgage-recording series 3 years ago. A new high of nearly $450,000,000 was recorded in home mortgages of $20,000 or less during October, with all types of lenders participating in the 5-percent gain over the preceding month.

Total mortgage-lending activity during the first 10 months of this year closely approximates the aggregate recordings of $4,030,000,000 for the year 1940. Analyzed by mortgagee classes, recordings in the name of mutual savings banks during the January-October period were 6 percent in excess of those for the entire year 1940, while individuals recorded an excess of 2 percent. Insurance companies held a parity between the year-to-date figures for 1941 and the 1940 total. The other classes of mortgages have not as yet reached their respective 1940 volumes.

Comparing like periods, the January-October totals for the current year are 17 percent above those for 1940 and 37 percent above instruments recorded in the corresponding period in 1939.

NOTE.—Headings on the mortgage-recording tables presented in November were transposed. Readers who tabulate this information for their own State or Bank District should note that data on p. 63 are for August 1941 and those on p. 64 are for September 1941.

Mortgage recordings by type of mortgagee

[Amounts are shown in thousands of dollars]

Type of lender	Percent change from Sept. 1941	Percent of Oct. 1941 amount	Cumulative recordings (10 months)	Percent of total recordings
Savings and loan associations	+2. 1	31. 0	$1, 263, 792	31. 9
Insurance companies	+10. 1	8. 9	333, 972	8. 4
Banks, trust companies	+5. 4	23. 7	973, 264	24. 6
Mutual savings banks	+9. 5	5. 1	179, 588	4. 5
Individuals	+6. 4	16. 7	654, 629	16. 5
Others	+7. 5	14. 6	556, 677	14. 1
Total	+5. 4	100. 0	$3, 961, 922	100. 0

Foreclosures

[*Table 10*]

■ A 4-percent rise in the seasonally adjusted index of nonfarm foreclosure activity was noted during the month of October. This increase from September was caused almost entirely by accelerated foreclosure actions in nondefense areas which reported an advance of 7 percent while there was a decline of 2 percent in defense areas. Also, foreclosure proceedings in the smaller communities showed a sizeable expansion in contrast to the largest metropolitan cities which continued to report a favorable downward movement during the September–October period.

In terms of actual cases, nonfarm real-estate foreclosures in the United States increased from 4,374 in September to 4,408 in October. Although this increase is slight, it is none the less unfavorable in view of the customary 3-percent decline expected at this time of year.

Foreclosures during the January-October period of this year totaled 49,840, or 22 percent less than in the same period of 1940. Communities in each of the four size-groups contributed to this decrease with the percentage decline being greater than the national average for the largest communities and somewhat less for all other groups. Geographically, all of the Federal Home Loan Bank Districts showed declines in this January-October comparison ranging from 35 percent for the Indianapolis District to 11 percent for the Topeka District. Only five scattered States registered increases for this period—namely, Vermont, Delaware, Florida, Mississippi, and Arizona.

Federal Savings and Loan Associations

[*Table 12*]

■ ASSETS of all Federal savings and loan associations have expanded at an average rate of almost $23,000,000 per month during the first three quarters of 1941. Since the close of 1940, the aggregate assets of Federal associations have risen more than $200,000,000 and by the end of September stood at $2,075,000,000. This increase was slightly above the gain registered during the same period of last year.

The experience of Federal associations with regard to increasing balances in mortgage-loan and private-share-capital accounts has been similar to that for all insured savings and loan associations—that is, the gain in mortgage holdings has been considerably greater than the net gains in private repurchasable capital. During the first 9 months of this year, the mortgage-loan accounts of Federal associations increased almost $230,000,000 whereas the increase in private invested capital amounted to slightly more than $207,000,000.

Progress in number and assets of Federals

[Amounts are shown in thousands of dollars]

Class of association	Number		Approximate assets	
	Oct. 30, 1941	Sept. 30, 1941	Oct. 30, 1941 p	Sept. 30, 1941
New	640	640	$655, 847	$645, 884
Converted	823	819	1, 449, 697	1, 430, 840
Total	1, 463	1, 459	2, 105, 544	2, 076, 724

p Preliminary.

Federal Savings and Loan Insurance Corporation

[*Table 12*]

■ AT the end of September aggregate assets of all insured savings and loan associations amounted to almost three and one-quarter billion dollars. The increase during the first 9 months of 1941 of more than $290,000,000 represents a 10-percent gain over the total resources of these institutions at the close of 1940, and exceeded the gain shown in the same period of last year by approximately $8,000,000.

There was a net increase of 50 insured institutions during the 9-month period, and at the end of September 2,326 associations were providing share-account insurance for more than 3,000,000 investors.

Private repurchasable capital invested in insured savings and loan associations rose 13 percent or $285,000,000 from January 1 through September 30, but the growth in first mortgage loans held by these institutions has been at an even more rapid rate. The mortgage portfolios of insured associations gained $330,181,000, or 14 percent, during the same period reaching a total of $2,673,000,000 at the end of September.

Federal Home Loan Bank System

[*Table 13*]

■ SO far in 1941 Federal Home Loan Bank advances have been consistently above 1940 levels. The advances outstanding at the end of October—$184,311,000—were 3 percent in excess of last month's figure and 2 percent above October 1940. This established a new peak for the current year. Only in 1938 was a larger volume of advances registered for this time of year.

The increase in advances outstanding was reflected by all the Banks except Cincinnati, Topeka, and Portland, which showed relatively small decreases. The Boston Bank reported the largest monetary and percentage increase—$2,600,000 or 26 percent. Increases in other Bank Districts ranged from 1 to 5 percent. The advances outstanding in the Boston District were at an all-time high at the end of October, and new advances made during the month exceeded the *total* advances made in several previous calendar years.

Figures for October showed a net excess of $6,120,000 of current advances over repayments. October repayments were 4 percent below the previous month.

The increases in current advances made during October were confined to the Banks in Boston, Pittsburgh, Winston-Salem, and Chicago, although the monthly total exceeded the September current advances by $289,000, or approximately 3 percent.

The Bank System now has a membership of 3,827 with total estimated assets of $5,372,000,000 on October 31.

Table 1.—Estimated number and valuation of new family dwelling units provided in all urban areas of the United States, October 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			Jan.–Oct. totals		Monthly totals			Jan.–Oct. totals	
	Oct. 1941	Sept. 1941	Oct. 1940	1941	1940	Oct. 1941	Sept. 1941	Oct. 1940	1941	1940
Private construction	29, 871	[r] 30,334	33, 155	324, 449	288, 044	$113, 212	[r] $115,469	$122, 104	$1, 214, 709	$1, 040, 108
1-family dwellings	24, 931	[r] 25,547	26, 171	259, 513	227, 740	99, 650	[r] 102, 616	102, 027	1, 035, 735	872, 168
2-family dwellings [1]	2, 010	[r] 2, 267	2, 219	20, 135	17, 298	5, 486	[r] 6, 262	5, 677	52, 444	43, 427
3-and more-family dwellings [2]	2, 930	[r] 2, 520	4, 765	44, 801	43, 006	8, 076	[r] 6, 591	14, 400	126, 530	124, 513
Public construction	4, 148	[r] 9, 237	9, 942	62, 787	49, 096	14, 365	[r] 32, 181	32, 026	209, 219	150, 820
Total urban construction	34, 019	[r] 39,571	43, 097	387, 236	337, 140	127, 577	[r] 147, 650	154, 130	1, 423, 928	1, 190, 928

[1] Includes 1- and 2-family dwellings combined with stores.
[2] Includes multi-family dwellings combined with stores.
[r] revised.

Table 2.—Estimated number and valuation of new family dwelling units provided in all urban areas, in October 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	
	October 1941	October 1940	October 1941	October 1940	October 1941	October 1940	October 1941	October 1940
UNITED STATES	34, 019	43, 097	$127, 577	$154, 130	26, 941	28, 390	$105, 136	$107, 704
No. 1—Boston	1, 735	2, 736	7, 954	11, 001	1, 675	1, 621	7, 807	7, 158
Connecticut	551	747	2, 894	3, 393	551	488	2, 894	2, 446
Maine	69	78	213	285	65	74	201	275
Massachusetts	843	1, 346	3, 650	5, 210	787	808	3, 515	3, 439
New Hampshire	60	60	247	207	60	60	247	207
Rhode Island	196	484	877	1, 801	196	170	877	686
Vermont	16	21	73	105	16	21	73	105
No. 2—New York	3, 612	6, 122	15, 868	23, 532	2, 494	2, 562	11, 626	11, 437
New Jersey	1, 276	1, 293	5, 773	5, 612	1, 006	888	4, 725	4, 009
New York	2, 336	4, 829	10, 095	17, 920	1, 488	1, 674	6, 901	7, 428
No. 3—Pittsburgh	1, 316	1, 869	5, 834	8, 058	1, 303	1, 793	5, 796	7, 829
Delaware	20	22	109	86	20	19	108	80
Pennsylvania	1, 093	1, 596	5, 028	6, 917	1, 080	1, 546	4, 991	6, 796
West Virginia	203	251	697	1, 055	203	228	697	953

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

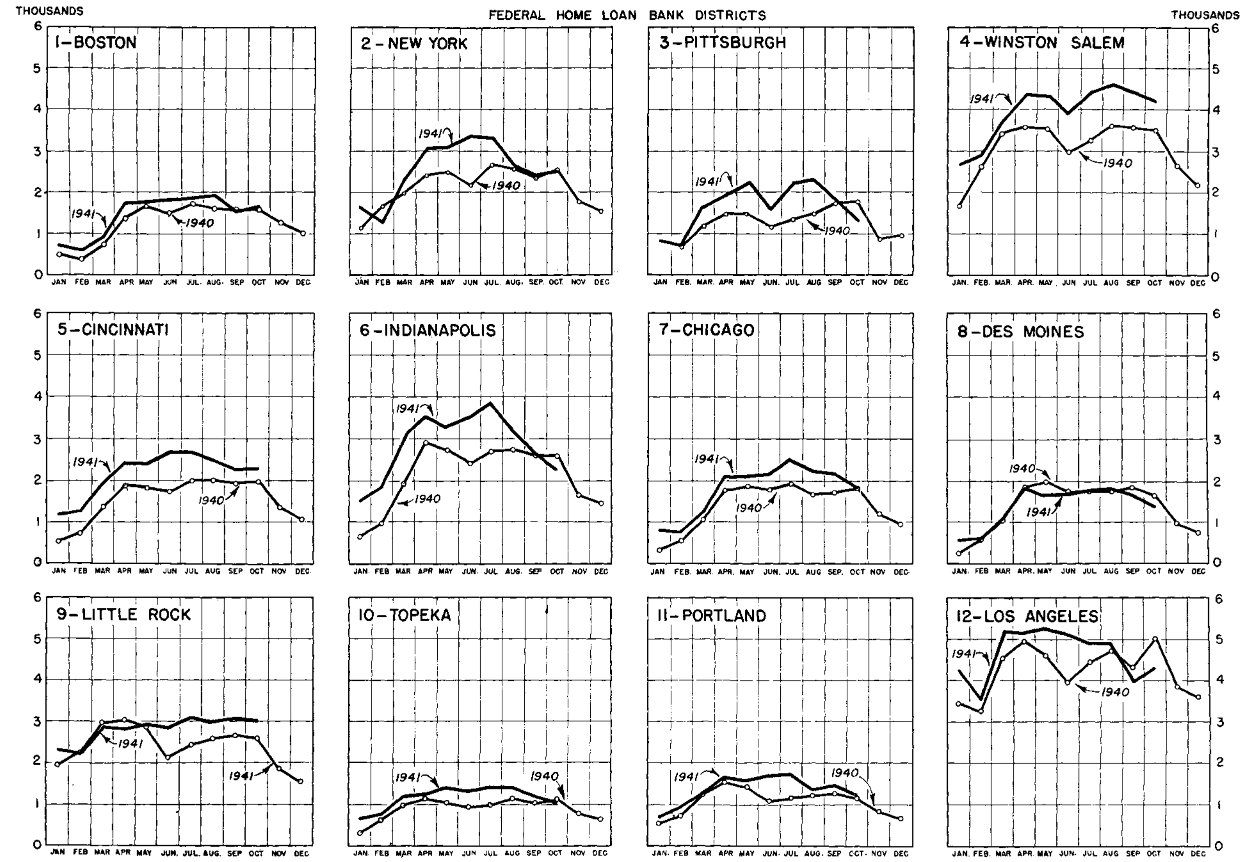
[Amounts are shown in thousands of dollars]

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	
	October 1941	October 1940	October 1941	October 1940	October 1941	October 1940	October 1941	October 1940
No. 4—Winston-Salem	5, 952	7, 674	$19, 297	$22, 612	4, 171	3, 924	$13, 686	$12, 924
Alabama	412	440	806	772	402	420	794	739
District of Columbia	518	1, 289	1, 767	4, 240	160	232	974	1, 461
Florida	1, 220	1, 562	4, 366	5, 179	1, 045	1, 123	3, 985	4, 106
Georgia	437	705	911	1, 711	420	490	897	1, 167
Maryland	1, 681	317	6, 173	1, 078	773	317	2, 474	1, 078
North Carolina	804	532	2, 248	1, 538	668	503	1, 893	1, 490
South Carolina	272	289	667	713	228	282	623	703
Virginia	608	2, 540	2, 359	7, 381	475	557	2, 046	2, 180
No. 5—Cincinnati	2, 491	4, 610	10, 569	18, 197	2, 287	2, 078	10, 006	8, 912
Kentucky	263	217	681	542	251	213	657	535
Ohio	1, 772	3, 816	8, 743	16, 184	1, 612	1, 484	8, 220	7, 432
Tennessee	456	577	1, 145	1, 471	424	381	1, 129	945
No. 6—Indianapolis	2, 273	2, 793	9, 756	11, 745	2, 259	2, 635	9, 717	11, 188
Indiana	776	933	2, 891	3, 338	776	790	2, 891	2, 831
Michigan	1, 497	1, 860	6, 865	8, 407	1, 483	1, 845	6, 826	8, 357
No. 7—Chicago	1, 911	2, 398	9, 724	10, 912	1, 806	1, 916	9, 447	9, 202
Illinois	1, 339	1, 775	7, 263	8, 428	1, 266	1, 319	7, 063	6, 778
Wisconsin	572	623	2, 461	2, 484	540	597	2, 384	2, 424
No. 8—Des Moines	1, 610	1, 728	6, 359	6, 380	1, 379	1, 685	5, 529	6, 275
Iowa	535	451	2, 026	1, 659	326	447	1, 269	1, 648
Minnesota	517	665	2, 296	2, 678	517	665	2, 296	2, 678
Missouri	413	492	1, 554	1, 676	391	461	1, 482	1, 600
North Dakota	77	43	270	148	77	39	270	139
South Dakota	68	77	213	219	68	73	212	210
No. 9—Little Rock	3, 563	2, 734	9, 719	7, 368	3, 011	2, 672	7, 969	7, 235
Arkansas	291	186	660	493	284	178	653	443
Louisiana	413	348	1, 230	938	405	348	1, 215	938
Mississippi	309	258	441	403	306	246	436	383
New Mexico	101	107	240	282	92	107	225	282
Texas	2, 449	1, 835	7, 148	5, 252	1, 924	1, 793	5, 440	5, 189
No. 10—Topeka	1, 426	1, 187	4, 582	3, 551	1, 039	1, 158	3, 174	3, 496
Colorado	322	281	975	797	318	273	964	781
Kansas	579	304	1, 934	794	196	287	537	765
Nebraska	212	173	762	608	212	169	762	598
Oklahoma	313	429	911	1, 352	313	429	911	1, 352
No. 11—Portland	1, 451	1, 263	5, 006	4, 036	1, 226	1, 222	4, 329	3, 949
Idaho	134	143	405	401	63	143	198	401
Montana	85	114	299	279	80	114	292	279
Oregon	358	277	1, 233	815	273	247	906	746
Utah	195	236	658	810	191	228	648	795
Washington	607	442	2, 128	1, 523	553	439	2, 016	1, 520
Wyoming	72	51	283	208	66	51	269	208
No. 12—Los Angeles	6, 679	7, 983	22, 909	26, 738	4, 291	5, 124	16, 050	18, 099
Arizona	88	85	270	253	68	75	240	236
California	6, 530	7, 855	22, 439	26, 307	4, 162	5, 011	15, 610	17, 690
Nevada	61	43	200	178	61	38	200	173

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 OCTOBER

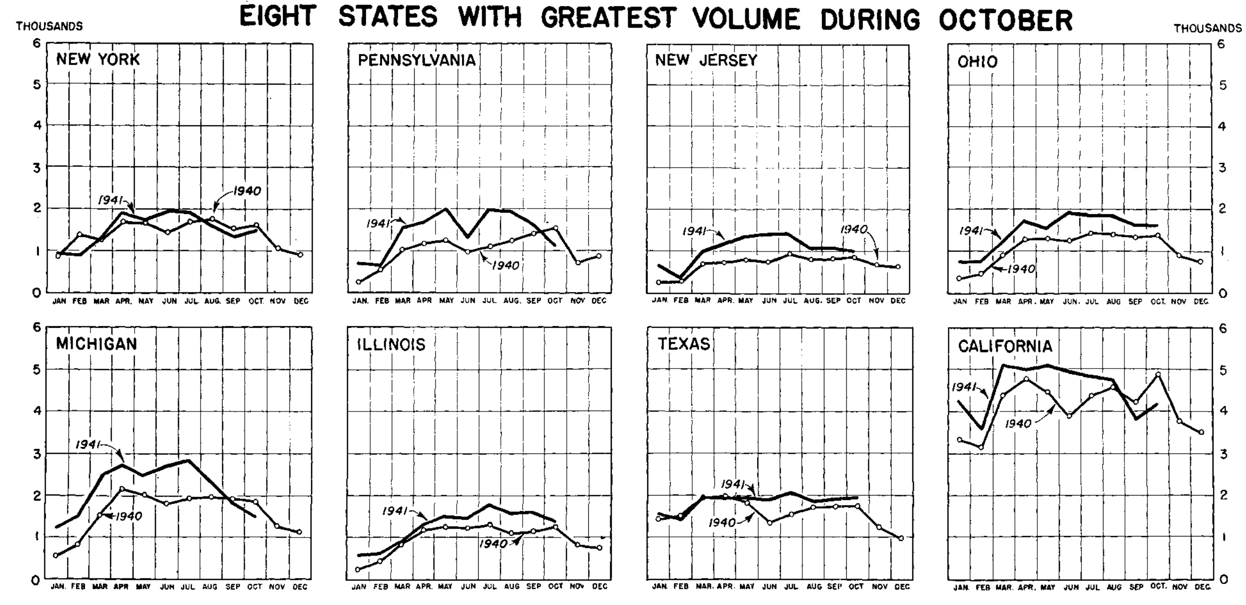


Table 3.—Cost of building the same standard house in representative cities in specific months [1]

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
	Nov.	Nov.	Nov.	Aug.	May	Feb.	Nov.	Nov.	Nov.	Nov.
No. 3—Pittsburgh:										
Wilmington, Del	$0.293	$0.249	$7,030	$6,636	$6,189	$6,033	$5,986	$5,389	$5,898	$5,811
Harrisburg, Pa	.318	.273	7,628	7,050	6,737	6,737	6,554	6,105	5,681	5,823
Philadelphia, Pa	.299	.263	7,187	6,598	6,304	6,304	6,309	5,583	5,379	5,755
Pittsburgh, Pa	.304	.268	7,295	7,301	6,870	6,775	6,434	6,398	6,409	6,719
Charleston, W. Va	.272	.248	6,525	[2] 6,240	6,296	6,133	5,963	5,843	5,886	6,240
Wheeling, W. Va	.289	.272	6,932	[2] 6,655	6,612	6,428	6,525	6,346	6,005	6,636
No. 5—Cincinnati:										
Lexington, Ky	.254	.228	6,085	5,931	5,673	5,555	5,483	5,912	5,474	5,604
Louisville, Ky	.294	.227	7,057	6,704	6,616	6,285	5,444	5,402	5,239	5,384
Cincinnati, Ohio	.264	.239	6,341	5,906	5,680	5,732	5,743	5,564	5,595	6,022
Cleveland, Ohio	.309	.290	7,428	7,249	7,170	6,877	6,949	6,836	6,416	6,863
Columbus, Ohio	.275	.246	6,606	6,370	6,147	5,965	5,912	5,774	5,726	6,097
Memphis, Tenn	.263	.230	6,301	6,177	6,008	6,064	5,528	5,415	5,367	5,463
Nashville, Tenn	.253	.221	6,073	5,852	5,706	5,537	5,298	5,022	5,116	5,476
No. 9—Little Rock:										
Little Rock, Ark	.221	.217	5,305	5,305	5,194	5,193	5,215	5,183	5,199	5,186
New Orleans, La	.265	.251	6,362	[2] 6,359	6,207	6,081	6,021	5,860	5,802	5,959
Jackson, Miss	.264	.247	6,325	[2] 6,333	[2] 6,192	6,065	5,925	6,015	6,064	5,968
Albuquerque, N. M	.325	.282	7,791	7,123	7,015	6,977	6,762	6,316	6,539	6,646
Dallas, Tex	.314	.251	7,530	6,821	6,713	6,622	6,022	5,335	5,748	6,068
Houston, Tex	.313	.271	7,503	6,809	6,687	6,621	6,501	5,866	5,915	6,143
San Antonio, Tex	.317	.243	7,615	6,692	6,583	6,573	5,835	5,688	5,929	6,228
No. 12—Los Angeles:										
Phoenix, Ariz	.308	.276	7,384	[2] 7,106	[2] 6,793	[2] 6,754	[2] 6,635	6,223	6,468	6,741
Los Angeles, Calif	.251	.229	6,013	5,812	5,559	5,514	5,504	5,303	5,469	5,926
San Diego, Calif	.290	.254	6,953	6,383	6,088	6,071	6,103	5,471	5,822	6,184
San Francisco, Cal	.293	.265	7,041	[2] 6,916	[2] 6,494	6,363	6,352	6,301	6,369	6,375

[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	Oct. 1941	Sept. 1941	Aug. 1941	July 1941	June 1941	May 1941	Apr. 1941	Mar. 1941	Feb. 1941	Jan. 1941	Dec. 1940	Nov. 1940	Oct. 1940
Material	116.0	114.4	112.6	110.7	109.2	108.8	108.7	108.0	107.8	106.6	105.9	104.6	103.4
Labor	123.3	120.7	120.0	119.3	118.6	117.0	116.1	115.3	115.1	114.5	112.5	109.8	106.9
Total cost	118.5	116.5	115.1	113.6	112.4	111.6	111.2	110.4	110.2	109.3	108.1	106.4	104.6

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

[1935–1939=100; converted from 1926 base]

[Source: U. S. Department of Labor]

Period	All building materials	Brick and tile	Cement [1]	Lumber	Paint and paint materials	Plumbing and heating	Structural steel	Other
1939: October	103.6	100.7	100.2	110.9	105.4	104.2	103.5	99.4
1940: 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
September	118.8	105.3	101.2	143.8	116.4	114.4	103.5	108.4
October	119.8	106.3	101.7	144.2	118.0	115.3	103.5	109.8
Change:								
Oct. 1941–Sept. 1941	+0.8%	+0.9%	+0.5%	+0.3%	+1.4%	+0.8%	0.0%	+1.3%
Oct. 1941–Oct. 1940	+9.7%	+7.0%	+2.2%	+13.2%	+13.1%	+9.0%	0.0%	+8.3%

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

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

[Thousands of dollars]

Period	Purpose of loans					Total loans	Class of association		
	Construction	Home purchase	Refinancing	Reconditioning	Loans for all other purposes		Federals	State members	Nonmembers
1939	$301,039	$339,629	$182,025	$59,463	$104,227	$986,383	$400,337	$396,041	$190,005
January–October	247,509	281,416	151,579	50,408	86,283	817,195	331,499	328,161	157,535
October	29,255	33,383	15,835	5,784	9,040	93,297	37,854	37,847	17,596
1940	398,632	426,151	198,148	63,583	113,065	1,199,579	509,713	483,499	206,367
January–October	336,016	360,811	169,132	54,466	96,034	1,016,459	433,102	406,627	176,730
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–October						p 1,174,689	p 501,121	p 492,824	p 180,774
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	42,987	55,973	15,785	5,571	9,411	129,727	57,592	54,542	17,593
September	40,782	58,052	15,871	5,884	9,345	r 129,934	r 54,786	r 54,303	r 20,845
October						p 138,900	p 52,500	p 54,800	p 21,600

p preliminary. r revised.

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

[Amounts are shown in thousands of dollars]

Federal Home Loan Bank District and class of association		New loans		Percent change, August 1941 to September 1941	New loans, September 1940	Percent change, September 1940 to September 1941	Cumulative new loans (9 months)		
		September 1941	August 1941				1941	1940	Percent change
United States:	Total	$129,934	$129,727	+0.2	$111,775	+16.2	$1,045,789	$902,059	+15.9
	Federal	54,786	57,592	−4.9	46,480	+17.9	448,621	384,795	+16.6
	State member	54,303	54,542	−0.4	45,988	+18.1	438,024	360,403	+21.5
	Nonmember	20,845	17,593	+18.5	19,307	+8.0	159,144	156,861	+1.5
District No. 1:	Total	15,019	14,559	+3.2	11,346	+32.4	109,730	83,634	+31.2
	Federal	5,415	5,203	+4.1	3,717	+45.7	38,194	28,758	+32.8
	State member	7,734	7,575	+2.1	5,863	+31.9	55,826	40,915	+36.4
	Nonmember	1,870	1,781	+5.0	1,766	+5.9	15,710	13,961	+12.5
District No. 2:	Total	14,288	12,234	+16.8	12,804	+11.6	101,812	83,355	+22.1
	Federal	4,866	4,291	+13.4	3,387	+43.7	30,365	24,831	+22.3
	State member	4,329	4,077	+6.2	3,272	+32.3	31,257	23,390	+33.6
	Nonmember	5,093	3,866	+31.7	6,145	−17.1	40,190	35,134	+14.4
District No. 3:	Total	10,925	9,788	+11.6	7,960	+37.2	82,542	70,421	+17.2
	Federal	3,999	4,002	−0.1	3,165	+26.4	32,048	27,107	+18.2
	State member	2,351	2,459	−4.4	2,155	+9.1	21,148	17,800	+18.8
	Nonmember	4,575	3,327	+37.5	2,640	+73.3	29,346	25,514	+15.0
District No. 4:	Total	17,788	18,883	−5.8	16,224	+9.6	143,298	131,139	+9.3
	Federal	8,525	9,511	−10.4	8,015	+6.4	69,799	63,990	+9.1
	State member	7,402	7,852	−5.7	6,482	+14.2	60,831	50,968	+19.4
	Nonmember	1,861	1,520	+22.4	1,727	+7.8	12,668	16,181	−21.7
District No. 5:	Total	21,702	21,242	+2.2	18,308	+18.5	178,821	150,664	+18.7
	Federal	7,996	8,043	−0.6	6,619	+20.8	66,589	55,738	+19.5
	State member	10,550	10,464	+0.8	9,143	+15.4	88,983	72,382	+22.9
	Nonmember	3,156	2,735	+15.4	2,546	+24.0	23,249	22,544	+3.1
District No. 6:	Total	6,693	6,953	−3.7	6,178	+8.3	53,560	46,851	+14.3
	Federal	3,383	3,492	−3.1	3,028	+11.7	27,283	22,742	+20.0
	State member	3,041	3,261	−6.7	2,756	+10.3	24,236	21,367	+13.4
	Nonmember	269	200	+34.5	394	−31.7	2,041	2,742	−25.6
District No. 7:	Total	12,160	12,293	−1.1	10,888	+11.7	104,585	92,296	+13.3
	Federal	4,720	4,927	−4.2	4,232	+11.5	40,467	36,641	+10.4
	State member	5,981	6,016	−0.6	5,270	+13.5	49,920	41,389	+20.6
	Nonmember	1,459	1,350	+8.1	1,386	+5.3	14,198	14,266	−0.5
District No. 8:	Total	7,266	7,943	−8.5	6,946	+4.6	57,727	55,793	+3.5
	Federal	3,459	3,905	−11.4	3,543	−2.4	28,791	27,207	+5.8
	State member	2,570	2,556	+0.5	2,192	+17.2	19,101	16,924	+12.9
	Nonmember	1,237	1,482	−16.5	1,211	+2.1	9,835	11,662	−15.7
District No. 9:	Total	6,329	6,338	−0.1	5,080	+24.6	51,248	45,919	+11.6
	Federal	2,576	2,738	−5.9	1,970	+30.8	21,595	18,336	+17.8
	State member	3,614	3,505	+3.1	2,995	+20.7	28,403	25,810	+10.0
	Nonmember	139	95	+46.3	115	+20.9	1,250	1,773	−29.5
District No. 10:	Total	5,131	5,563	−7.8	4,358	+17.7	42,168	39,622	+6.4
	Federal	2,837	3,125	−9.2	2,273	+24.8	23,278	20,747	+12.2
	State member	1,351	1,399	−3.4	1,100	+22.8	10,205	9,070	+12.5
	Nonmember	943	1,039	−9.2	985	−4.3	8,685	9,805	−11.4
District No. 11:	Total	4,021	4,357	−7.7	3,770	+6.7	37,939	31,761	+19.5
	Federal	2,518	2,783	−9.5	2,364	+6.5	24,711	19,686	+25.5
	State member	1,335	1,412	−5.5	1,262	+5.8	11,999	10,731	+11.8
	Nonmember	168	162	+3.7	144	+16.7	1,229	1,344	−8.6
District No. 12:	Total	8,612	9,574	−10.0	7,913	+8.8	82,359	70,604	+16.6
	Federal	4,492	5,572	−19.4	4,167	+7.8	45,501	39,012	+16.6
	State member	4,045	3,966	+2.0	3,498	+15.6	36,115	29,657	+21.8
	Nonmember	75	36	+108.3	248	−69.8	743	1,935	−61.6

Table 8.—Summary of estimated nonfarm mortgage recordings, $20,000 and under, during October 1941

(Amounts shown are in thousands of dollars)

Federal Home Loan Bank District and State	Savings & Loan associations		Insurance companies		Banks and trust companies		Mutual savings banks		Individuals		Other mortgagees		Total		Amount per capita (nonfarm)
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	
UNITED STATES	49,574	$138,670	8,271	$39,896	32,386	$106,109	5,633	$22,788	37,167	$74,891	19,125	$65,636	152,156	$447,990	$4.85
No. 1--Boston	4,583	15,912	286	1,731	1,170	4,621	2,994	11,070	3,131	7,566	756	2,737	12,920	43,637	
Connecticut	449	1,871	197	1,198	481	2,153	651	2,527	796	2,155	473	1,702	3,047	11,606	7.63
Maine	188	493	18	95	126	371	173	389	138	193	35	99	678	1,640	2.62
Massachusetts	3,365	11,638	51	340	403	1,539	1,630	6,043	1,793	4,258	175	592	7,417	24,410	5.92
New Hampshire	170	463	3	17	35	120	243	989	94	263	7	41	552	1,893	4.70
Rhode Island	307	1,162	15	71	104	364	148	514	252	535	62	278	888	2,924	4.36
Vermont	104	285	2	10	21	74	149	608	58	162	4	25	338	1,164	4.72
No. 2--New York	2,913	10,187	448	2,450	2,615	10,720	1,828	8,721	4,077	9,844	1,834	7,269	13,715	49,191	
New Jersey	1,126	3,640	221	970	1,441	6,087	113	479	1,592	3,636	820	2,969	5,313	17,781	4.55
New York	1,787	6,547	227	1,480	1,174	4,633	1,715	8,242	2,485	6,208	1,014	4,300	8,402	31,410	2.65
No. 3--Pittsburgh	3,658	9,594	469	2,366	3,385	11,433	306	1,081	2,591	5,912	1,223	4,648	11,632	35,034	
Delaware	24	78	30	163	63	268	19	79	69	147	16	43	221	778	4.06
Pennsylvania	3,208	8,741	367	1,787	2,464	8,819	267	989	2,021	4,820	1,027	4,152	9,354	29,308	3.34
West Virginia	426	775	72	416	858	2,346	20	13	501	945	180	453	2,057	4,948	3.87
No. 4--Winston-Salem	6,854	18,792	1,289	5,506	2,766	7,299	78	309	5,198	9,552	3,005	8,467	19,190	49,925	
Alabama	284	498	203	780	241	471	----	----	544	856	387	1,027	1,659	3,632	2.78
District of Columbia	573	3,132	75	536	98	644	----	----	472	1,416	177	917	1,395	6,645	13.63
Florida	858	2,563	445	1,652	314	857	----	----	890	1,935	375	1,166	2,882	8,173	6.87
Georgia	1,031	2,025	169	849	646	1,177	----	----	971	1,259	513	1,214	3,330	6,524	4.38
Maryland	1,533	4,217	43	236	306	911	78	309	557	1,161	222	683	2,739	7,517	5.39
North Carolina	1,305	3,398	171	681	409	1,337	----	----	919	1,122	468	1,253	3,272	7,791	4.96
South Carolina	248	559	49	248	215	335	----	----	198	451	164	459	874	2,052	2.50
Virginia	1,022	2,400	134	524	537	1,567	----	----	647	1,352	699	1,748	3,039	7,591	5.16
No. 5--Cincinnati	8,309	25,183	848	4,453	4,017	12,512	182	754	2,796	5,362	1,830	5,585	17,982	53,849	
Kentucky	1,123	2,715	135	618	569	1,447	----	----	313	341	100	289	2,240	5,410	3.76
Ohio	6,939	21,763	472	2,742	2,717	9,037	182	754	2,155	4,408	929	3,225	13,394	41,929	7.44
Tennessee	247	705	241	1,093	731	2,028	----	----	328	613	801	2,071	2,348	6,510	4.65
No. 6--Indianapolis	3,665	7,912	967	4,536	3,845	10,816	14	32	1,564	3,236	1,204	4,646	11,259	31,178	
Indiana	2,540	4,830	340	1,539	1,262	3,597	14	32	510	886	265	811	4,931	11,695	4.82
Michigan	1,125	3,082	627	2,997	2,583	7,219	----	----	1,054	2,350	939	3,835	6,328	19,483	4.80
No. 7--Chicago	4,754	14,211	543	2,818	2,176	8,208	6	10	2,737	6,230	2,218	9,888	12,434	41,365	
Illinois	3,680	11,051	387	2,098	1,437	5,957	----	----	1,515	3,601	1,952	8,952	8,971	31,659	4.77
Wisconsin	1,074	3,160	156	720	739	2,251	6	10	1,222	2,629	266	936	3,463	9,706	4.72
No. 8--Des Moines	3,797	8,719	813	3,674	2,715	6,739	43	170	2,653	4,199	1,916	5,422	11,937	28,923	
Iowa	930	1,996	147	589	691	1,685	----	----	491	771	224	714	2,483	5,755	3.85
Minnesota	1,242	3,202	363	1,568	653	1,491	43	170	779	1,468	252	789	3,332	8,688	5.21
Missouri	1,356	2,918	240	1,264	1,209	3,257	----	----	1,210	1,646	1,386	3,795	5,401	12,880	5.12
North Dakota	156	424	24	99	57	96	----	----	73	131	23	64	333	814	2.87
South Dakota	113	179	39	154	105	210	----	----	100	183	31	60	388	786	2.60
No. 9--Little Rock	3,238	7,996	1,118	4,684	922	2,610	----	----	2,467	4,335	1,920	5,586	9,665	25,211	
Arkansas	236	478	82	317	142	296	----	----	250	497	104	170	814	1,758	2.39
Louisiana	820	2,595	201	918	82	169	----	----	401	705	507	1,509	2,011	5,896	4.64
Mississippi	165	309	90	348	121	243	----	----	252	429	156	380	784	1,709	2.64
New Mexico	103	245	7	43	55	242	----	----	117	208	21	42	303	780	2.95
Texas	1,914	4,369	738	3,058	522	1,660	----	----	1,447	2,496	1,132	3,485	5,753	15,068	4.34
No. 10--Topeka	2,798	6,208	479	1,860	915	2,230	----	----	1,744	2,619	977	3,368	6,913	16,285	
Colorado	407	1,097	37	134	126	281	----	----	677	1,146	285	1,178	1,532	3,836	5.09
Kansas	821	1,567	47	178	329	726	----	----	293	359	194	570	1,684	3,400	2.90
Nebraska	692	1,509	301	1,163	116	400	----	----	215	374	115	349	1,439	3,795	4.79
Oklahoma	878	2,035	94	385	344	823	----	----	559	740	383	1,271	2,258	5,254	3.83
No. 11--Portland	1,762	4,505	296	1,164	1,406	3,863	182	641	1,450	2,321	1,057	3,535	6,153	16,029	
Idaho	104	183	13	59	78	338	----	----	173	275	103	304	471	1,159	4.52
Montana	129	346	23	129	74	213	----	----	150	302	34	62	410	1,052	3.16
Oregon	386	1,121	81	313	156	328	15	51	595	900	295	903	1,528	3,616	4.95
Utah	173	509	39	119	337	1,133	----	----	111	169	50	143	710	2,073	5.29
Washington	839	2,078	140	544	721	1,698	167	590	343	578	537	1,993	2,797	7,481	5.94
Wyoming	81	268	----	----	40	153	----	----	78	97	38	130	237	648	4.25
No. 12--Los Angeles	3,243	9,451	715	4,654	6,454	25,058	----	----	6,759	13,715	1,185	4,485	18,356	57,363	
Arizona	102	284	5	19	128	462	----	----	349	705	43	115	627	1,585	4.71
California	3,118	9,104	709	4,631	6,298	24,463	----	----	6,332	12,853	1,132	4,344	17,589	55,425	10.96
Nevada	23	63	1	4	28	103	----	----	78	157	10	26	140	353	4.73

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

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

[Amounts are shown in thousands of dollars]

Period	Savings and loan associations		Insurance companies		Banks and trust companies		Mutual savings banks		Individuals		Other mortgagees		All mortgagees	
	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Combined total	Percent
Number:														
1940: 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	50, 057	34. 6	7, 298	5. 0	30, 731	21. 2	4, 990	3. 5	34, 161	23. 6	17, 510	12. 1	144, 747	100. 0
September	49, 262	33. 7	7, 433	5. 1	31, 001	21. 2	5, 197	3. 6	34, 982	23. 9	18, 295	12. 5	146, 170	100. 0
October	49, 574	32. 6	8, 271	5. 4	32, 386	21. 3	5, 633	3. 7	37, 167	24. 4	19, 125	12. 6	152, 156	100. 0
Amount:														
1940: 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	139, 156	32. 5	35, 995	8. 4	105, 153	24. 6	19, 213	4. 5	69, 002	16. 1	59, 580	13. 9	428, 099	100. 0
September	135, 754	31. 9	36, 250	8. 5	100, 712	23. 7	20, 802	4. 9	70, 377	16. 6	61, 034	14. 4	424, 929	100. 0
October	138, 670	31. 0	39, 896	8. 9	106, 109	23. 7	22, 788	5. 1	74, 891	16. 7	65, 636	14. 6	447, 990	100. 0

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.–Oct	63, 839	6, 447	9, 505	13, 348	34, 539
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.–Oct	49, 840	5, 496	7, 636	10, 743	25, 965
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, 251	399	668	948	2, 236
September	r 4, 374	515	654	r 975	2, 230
October	4, 408	544	697	945	2, 222

r revised.

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

Period	Number of properties acquired [1]	Number of properties sold	Number of properties on hand at end of month
1940: 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	665	1, 793	42, 807
September	681	1, 790	41, 698
October	642	1, 721	40, 614

[1] Includes reacquisitions of properties previously sold.

Table 12.—Progress of institutions insured by the Federal Savings and Loan Insurance Corporation

[Amounts are shown in thousands of dollars]

Period and class of association	Number of associations	Total assets	Net first mortgages held	Private repurchasable capital	Government investment	Federal Home Loan Bank advances	Number of investors	Operations		
								New private investments	Private repurchases	New mortgage loans
ALL INSURED										
1939: June	2, 170	$2, 339, 411	$1, 769, 112	$1, 657, 859	$259, 943	$127, 062	2, 236, 000	$40, 700	$15, 800	$55, 848
December	2, 195	2, 506, 944	1, 943, 852	1, 811, 181	250, 725	142, 729	2, 386, 000	48, 400	17, 445	49, 516
1940: September	2, 259	2, 789, 391	2, 250, 905	2, 085, 410	220, 569	144, 997	2, 664, 200	46, 203	30, 928	68, 665
October	2, 264	2, 832, 083	2, 291, 477	2, 114, 831	220, 629	150, 700	2, 695, 800	53, 982	30, 286	71, 380
November	2, 269	2, 867, 817	2, 317, 292	2, 143, 360	220, 689	154, 802	2, 706, 300	49, 990	25, 278	57, 686
December	2, 276	2, 931, 781	2, 342, 804	2, 202, 135	220, 789	171, 347	2, 772, 400	65, 586	22, 865	56, 363
1941: January	2, 282	2, 929, 247	2, 359, 057	2, 262, 692	216, 485	141, 450	2, 802, 700	127, 490	75, 228	52, 270
February	2, 289	2, 959, 330	2, 384, 160	2, 296, 225	206, 015	129, 437	2, 869, 500	65, 384	37, 081	53, 765
March	2, 292	2, 991, 565	2, 416, 680	2, 323, 041	206, 094	119, 461	2, 896, 100	64, 633	39, 605	69, 313
April	2, 297	3, 034, 528	2, 457, 438	2, 354, 239	206, 078	115, 372	2, 924, 000	65, 947	39, 194	77, 735
May	2, 302	3, 079, 396	2, 501, 582	2, 379, 856	206, 304	119, 242	2, 943, 300	57, 755	35, 122	82, 443
June	2, 310	3, 158, 251	2, 554, 274	2, 433, 513	206, 301	114, 331	2, 974, 500	61, 448	26, 779	85, 117
July	2, 313	3, 154, 228	2, 595, 114	2, 449, 807	203, 512	142, 870	2, 998, 100	103, 886	90, 728	84, 994
August	2, 319	3, 185, 814	2, 636, 536	2, 465, 223	195, 572	147, 044	3, 019, 600	62, 374	48, 010	84, 794
September	2, 326	3, 222, 299	2, 672, 985	2, 486, 992	195, 584	153, 897	3, 037, 800	61, 495	42, 800	82, 993
FEDERAL										
1939: June	1, 383	1, 441, 058	1, 135, 511	990, 248	217, 026	88, 298	1, 299, 100	27, 000	8, 100	39, 094
December	1, 397	1, 574, 314	1, 268, 872	1, 108, 481	208, 777	105, 870	1, 412, 200	32, 000	9, 231	34, 053
1940: September	1, 430	1, 775, 555	1, 487, 489	1, 309, 421	181, 261	106, 674	1, 602, 400	31, 184	19, 414	46, 480
October	1, 433	1, 804, 397	1, 514, 872	1, 329, 364	181, 371	110, 583	1, 624, 800	37, 309	18, 583	48, 307
November	1, 435	1, 829, 939	1, 532, 745	1, 349, 761	181, 381	114, 070	1, 627, 600	34, 092	14, 867	38, 896
December	1, 438	1, 872, 691	1, 545, 838	1, 387, 839	181, 431	127, 255	1, 665, 200	44, 531	12, 135	37, 715
1941: January	1, 439	1, 872, 744	1, 563, 038	1, 436, 443	177, 265	102, 973	1, 709, 800	87, 950	49, 852	34, 360
February	1, 441	1, 890, 266	1, 577, 498	1, 458, 840	168, 873	92, 558	1, 736, 900	45, 587	23, 131	35, 645
March	1, 442	1, 915, 054	1, 599, 592	1, 480, 866	168, 922	84, 810	1, 758, 400	44, 390	23, 618	45, 365
April	1, 445	1, 945, 949	1, 627, 545	1, 504, 271	169, 047	81, 076	1, 780, 100	45, 058	23, 376	51, 371
May	1, 447	1, 977, 162	1, 656, 899	1, 522, 675	169, 247	83, 674	1, 792, 700	38, 423	20, 582	55, 396
June	1, 450	2, 028, 045	1, 687, 088	1, 554, 374	169, 247	103, 696	1, 806, 200	40, 030	14, 530	57, 542
July	1, 452	2, 022, 886	1, 715, 819	1, 565, 799	166, 464	102, 513	1, 822, 700	70, 290	61, 061	56, 564
August[1]	1, 454	2, 049, 184	1, 749, 214	1, 579, 671	159, 622	106, 624	1, 841, 600	40, 730	30, 443	57, 592
September[2]	1, 456	2, 075, 513	1, 774, 371	1, 595, 119	159, 614	112, 033	1, 856, 400	40, 254	26, 765	54, 786
STATE										
1939: June	787	898, 353	633, 601	667, 611	42, 917	38, 764	936, 900	13, 700	7, 700	16, 754
December	798	932, 630	674, 980	702, 700	41, 948	36, 859	973, 800	16, 400	8, 214	15, 463
1940: September	829	1, 013, 836	763, 416	775, 989	39, 308	38, 323	1, 061, 800	15, 019	11, 514	22, 185
October	831	1, 027, 686	776, 605	785, 467	39, 258	40, 117	1, 071, 000	16, 673	11, 703	23, 073
November	834	1, 037, 878	784, 547	793, 599	39, 308	40, 732	1, 078, 700	15, 898	10, 411	18, 790
December	838	1, 059, 090	796, 966	814, 296	39, 358	44, 092	1, 107, 200	21, 055	10, 730	18, 648
1941: January	843	1, 056, 503	796, 019	826, 249	39, 220	38, 477	1, 092, 900	39, 540	25, 376	17, 910
February	848	1, 069, 064	806, 662	837, 385	37, 142	36, 879	1, 132, 600	19, 797	13, 950	18, 120
March	850	1, 076, 511	817, 088	842, 175	37, 172	34, 651	1, 137, 700	20, 243	15, 987	23, 948
April	852	1, 088, 579	829, 893	849, 968	37, 031	34, 296	1, 143, 900	20, 889	15, 818	26, 364
May	855	1, 102, 234	844, 683	857, 181	37, 057	35, 568	1, 150, 600	19, 332	14, 540	27, 047
June	860	1, 130, 206	867, 186	879, 139	37, 054	40, 635	1, 168, 300	21, 418	12, 249	27, 575
July	861	1, 131, 342	879, 295	884, 008	37, 048	40, 357	1, 175, 400	33, 596	29, 667	28, 430
August	865	1, 136, 630	887, 322	885, 552	35, 950	40, 420	1, 178, 000	21, 644	17, 567	27, 202
September	870	1, 146, 786	898, 614	891, 873	35, 970	41, 864	1, 181, 400	21, 241	16, 035	28, 207

1 In addition, 5 converted Federals with assets of $2,201,000 were not insured as of August 31, 1941.
2 In addition, 3 converted Federals with assets of $1,211,000 were not insured as of September 30, 1941.

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

[Thousands of dollars]

Federal Home Loan Bank	October 1941 Advances	October 1941 Repayments	September 1941 Advances	September 1941 Repayments	Advances outstanding October 31, 1941
Boston	$3,072	$517	$1,119	$493	$12,506
New York	1,812	753	2,712	660	21,167
Pittsburgh	792	610	789	626	16,485
Winston-Salem	2,027	1,391	1,949	566	22,636
Cincinnati	340	748	545	1,090	14,643
Indianapolis	506	295	527	433	11,117
Chicago	1,941	1,066	1,790	1,707	29,368
Des Moines	711	163	803	285	15,900
Little Rock	320	163	440	324	8,779
Topeka	130	454	491	261	8,225
Portland	295	315	450	304	6,625
Los Angeles	1,193	544	1,235	538	16,860
Total	13,139	7,019	12,850	7,287	184,311
Jan.-Oct. 1941	107,503	124,684			
October 1940	12,067	6,588			181,526
Jan.-Oct. 1940	101,826	101,613			
October 1939	9,605	4,638			168,654
Jan.-Oct. 1939	70,230	100,418			

Table 14.—Government investments in savings and loan associations[1]

[Amounts are shown in thousands of dollars]

Type of operation	Treasury: Federals[2]	Home Owners' Loan Corporation: Federals	Home Owners' Loan Corporation: State members	Home Owners' Loan Corporation: Total
Oct. 1935—Oct. 1941:				
Applications:				
Number	1,862	4,686	989	5,675
Amount	$50,401	$210,913	$64,875	$276,788
Investments:				
Number	1,831	4,226	738	4,964
Amount	$49,300	$177,168	$45,631	$222,799
Repurchases	$28,016	$38,677	$9,404	$48,081
Net outstanding investments	$21,284	$138,491	$36,227	$174,718
October 1941:				
Applications:				
Number	0	6	1	7
Amount	0	$1,035	$100	$1,135
Investments:				
Number	0	3	1	4
Amount	0	$175	$100	$275
Repurchases	0	$72	$8	$80

[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: Life insurance[1]	U. S. savings bonds[2]	Insured savings and loans[3]	Amounts outstanding at end of month: U. S. savings bonds[4]	Postal savings[5]	Mutual savings banks[6]	Insured commercial banks[7]	Insured savings and loans[8]
1940: 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	r 604,162	100,581	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	1,306,928			2,449,807
August	581,171	117,603	62,374	4,102,528	1,308,839			2,465,223
September	r 581,998	105,241	61,495	4,199,539	1,311,060			2,486,992
October	658,339	122,884		4,313,973	1,317,293			
Change: Last 6 months				+18.28%	+0.02%	−0.11%	+0.34%	+7.06%

[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.
[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.
r Revised.

Filing Systems

(Continued from p. 82)

loan. The form is so arranged that the signatures of the appraisers, as well as that of the borrower, may be easily found by examiners and others who must deal with the documents.

8. *Assignment of rent.*

Although this paper is obtained on every loan made by the association, it is filed only on those properties where the management feels it is necessary.

9. *Supplemental agreement.*

10. *Supplemental application.*

These two forms are used only when a customer needs additional funds or desires to refinance his loan with some change in payments.

11. *Loan closing sheet.*

This last sheet is prepared in duplicate and a copy is given to the mortgagor. It shows to whom and for what purpose all deductions were made from the amount of money loaned.

Papers other than those named above are fastened on the opposite side of the folder. Abstracts in the county in which this association operates are so bulky that it was found necessary to keep them in a separate file in numerical order where they can be found or checked readily.

Directory of Member Institutions

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

DISTRICT NO. 1

NEW HAMPSHIRE:
Claremont:
Claremont Savings Bank, 46 Tremont Square.

DISTRICT NO. 2

NEW JERSEY:
Newark:
Robert Treat Savings and Loan Association, 530 Clinton Avenue.
NEW YORK:
Hamburg:
Hamburgh Savings and Loan Association, 11 Main Street.

DISTRICT NO. 5

OHIO:
Cincinnati:
The Bremen Street Loan and Building Company, 1633 Vine Street.

DISTRICT NO. 7

ILLINOIS:
Chicago:
Abraham Lincoln Building and Loan Association, 1635 West Fifty-first Street.
Table Grove:
Table Grove Building and Loan Association.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN OCTOBER 16 AND NOVEMBER 15, 1941

GEORGIA:
Atlanta:
Industrial Life and Health Insurance Company, 573 Peachtree Street West (member's request)
ILLINOIS:
Chicago:
St. James Building and Loan Association, 5717 West Fullerton Avenue (merger with Cragin Savings and Loan Association).
KANSAS:
Abilene:
Dickinson County Building and Loan Association, 315 Broadway (liquidation).
MARYLAND:
Baltimore:
Calverton Perpetual Building Savings and Loan Association, 710 Poplar Grove Street (sale of assets to Loyola Federal Savings and Loan Association).
MISSOURI:
Kansas City:
Jackson County Savings and Loan Association, 916 Walnut Street (sale of assets to First Federal Savings and Loan Association of Kansas City).
NEW JERSEY:
Newark:
Guardsmen Building and Loan Association, 201 Mt. Prospect Avenue (member's request).
Tuckahoe:
Tuckahoe Building and Loan Association (member's request).
Union City:
Dispatch Building and Loan Association, 707 Summit Avenue (voluntary liquidation).
PENNSYLVANIA:
Philadelphia:
Broad and Chestnut Streets Building and Loan Association, 27 South Sixteenth Street (voluntary liquidation).
Peirce School Federal Savings and Loan Association, 1214 Locust Street (merger with First Wayne Federal Savings and Loan Association of Wayne, Pennsylvania).
Pittsburgh:
Knoxville Building and Loan Association, 137 Bausman Street (voluntary liquidation).

II. FEDERAL SAVINGS AND LOAN ASSOCIATIONS CHARTERED BETWEEN OCTOBER 16 AND NOVEMBER 15, 1941

DISTRICT NO. 1

CONNECTICUT:
Thompsonville:
Enfield Federal Savings and Loan Association, 25 Pearl Street (converted from Thompsonville Savings and Home Loan Association).

DISTRICT NO. 3

PENNSYLVANIA:
Pittsburgh:
Troy Hill Federal Savings and Loan Association, 1701 Lowrie Street (converted from Troy Hill Building and Loan Association of Allegheny City).

CANCELATION OF FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTER BETWEEN OCTOBER 16 AND NOVEMBER 15, 1941

PENNSYLVANIA:
Philadelphia:
Peirce School Federal Savings and Loan Association, 1214 Locust Street (merger with First Wayne Federal Savings and Loan Association of Wayne, Pennsylvania).

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

DISTRICT NO. 2

NEW JERSEY:
Clifton:
Center Savings and Loan Association of Clifton, New Jersey, 732 Main Avenue.
Newark:
Robert Treat Savings and Loan Association, 530 Clinton Avenue.

DISTRICT NO. 4

NORTH CAROLINA:
Charlotte:
Mechanics Perpetual Building and Loan Association of Charlotte, North Carolina, 116 East Fourth Street.
Durham:
Mutual Building and Loan Association, 816 Fayetteville Street.

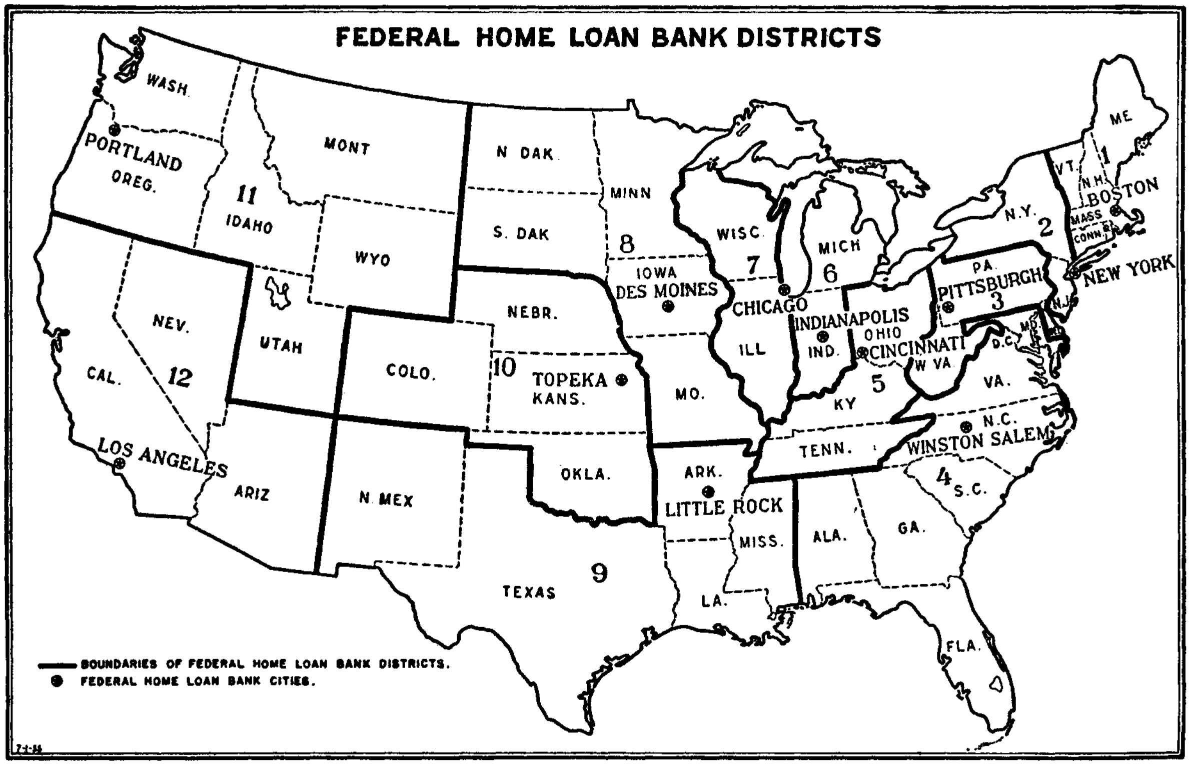
DISTRICT NO. 5

OHIO:
East Galion:
The Tri-County Savings and Loan Company, 115 Harding Way.
Georgetown:
The Safety Building and Loan Company, Duffy Building.

DISTRICT NO. 9

TEXAS:
Cleburne:
Cleburne Savings and Loan Association, 115 East Chambers Street.

U. S. GOVERNMENT PRINTING OFFICE: 1941



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