FEDERAL HOME LOAN BANK

REVIEW

Washington, February 1942

ANNUAL SURVEY

FEDERAL HOME LOAN BANK BOARD

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THE HOME FRONT

Amendment to Lanham Act

On January 21 the President approved a further expansion of defense housing, adding $300,000,000 to the funds previously authorized under the Lanham Act and increasing the monies available for the purchase and construction of community facilities by $150,000,000.

Included in the provisions of the new Act (P. L. 409, 77th Congress) are several further amendments to the previous Lanham Acts. Housing constructed under these Acts may not be used for slum-clearance or low-rent purposes after the emergency, except with Congressional approval. The average cost of permanent family units located within the continental United States was raised from $3,500 to $3,750, and the maximum cost from $3,950 to $4,250. Except in unusual cases where rent may be adjusted to the tenant's income, rentals will be fixed on an economic basis. Instead of taxes, local authorities will receive annual sums after taking into consideration the community facilities and services provided by the Federal Government. In addition, Congress provided that the FWA Administrator may, at his discretion, erect temporary rather than permanent units for projects already outlined and approved.

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42,000 Prefabricated Houses

Temporary housing for defense workers was given an impetus on January 8 when the President allocated $153,000,000 to the Federal Works Agency for the purchase of approximately 42,000 demountable housing units. In addition, the Farm Security Administration received $13,000,000 to be used for the construction of 5,600 trailers and 5,200 dormitory units.

In utilizing these new funds, it was provided that the Coordinator of Defense Housing could program the temporary or demountable housing at his own discretion rather than subject to Presidential approval, and blueprints for a substantial number of permanent housing projects are being replaced by plans for temporary units.

The $166,000,000 fund made available for these purposes is a part of the $300,000,000 authorized for the construction of temporary shelters by the Third Supplemental Appropriation Bill (P. L. 353, 77th Congress), signed by the President on December 17.

> In view of recurring rumors that the Government was planning to confiscate savings accounts, Secretary of the Treasury Morgenthau recently entered an emphatic denial that this was so.
>
> "I wish to state most emphatically that there are no foundations whatever for such rumors," Mr. Morgenthau said. "The Federal Government does not have under consideration any proposal involving the confiscation of savings deposits of this country for any purpose.
>
> "Furthermore," he added, "any one circulating rumors of this character is acting against the welfare of the Nation."

Emergency Plumbing Standards

Conservation of critical materials essential in the plumbing industry is to be accomplished by operation under a temporary code of "Emergency Plumbing Standards for Defense Housing." The Office of Production Management, in consultation with representatives of the National Association of Master Plumbers, the United Association of Journeymen Plumbers and Steamfitters, and others, has worked out simplified specifications which are designed to protect health standards and at the same time to provide strict economy in quantity and kinds of material used. This will also make it possible to stretch the available material over a greater number of units.

These revised standards will apply first to Government-financed housing, inasmuch as no legal barriers prevent immediate use there. The OPM then proposes to seek emergency ordinances superseding existing plumbing regulations to permit wider application of the new standards.

Cast iron screw pipe, and brass or copper sheet, pipe, and tubing (except brass tubing for taps) are not to be used. Certain relaxations from present design and installation standards are permitted, but quality workmanship based on rigid inspection and tests are required.

Plans for providing plumbing and heating materials for repair and maintenance are also in process. A form to be signed by both consumer and contractor will be turned over to the source of supply. When materials at the first source have been exhausted the forms will be forwarded to the secondary source for replenishment. Thus a simple procedure will be provided, with a minimum of paper work and no necessity for direct communication with Washington.

Specific information on this subject may be obtained from OPM, Conservation Unit of the Division of Purchases.

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In preparation for increased defense construction activities under the victory program outlined by the President, the Army within the week ended January 10 purchased more than 700,000,000 board feet of lumber, the War Department announced.

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FHA Regulations Modified for Title VI Loans

In order to stimulate the private financing of defense housing, the FHA has announced the following changes in the regulations applicable to Title VI of the National Housing Act: (1) effective January 15, accelerated amortization during the first five years of the mortgage is eliminated; (2) insurance written under Title VI can no longer be converted to Title II insurance; (3) loans of $4,000 or less on properties located in defense areas will be insured only under Title VI.

It has also been announced that FHA valuation procedures will be adjusted to allow for certain local building cost increases and that technical standards will be liberalized.

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FEDERAL HOME LOAN BANK REVIEW

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FEDERAL HOME LOAN BANK SYSTEM

FEDERAL SAVINGS AND LOAN ASSOCIATIONS

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

HOME OWNERS' LOAN CORPORATION

Vol. 8 No. 5

REVIEW OF 1941

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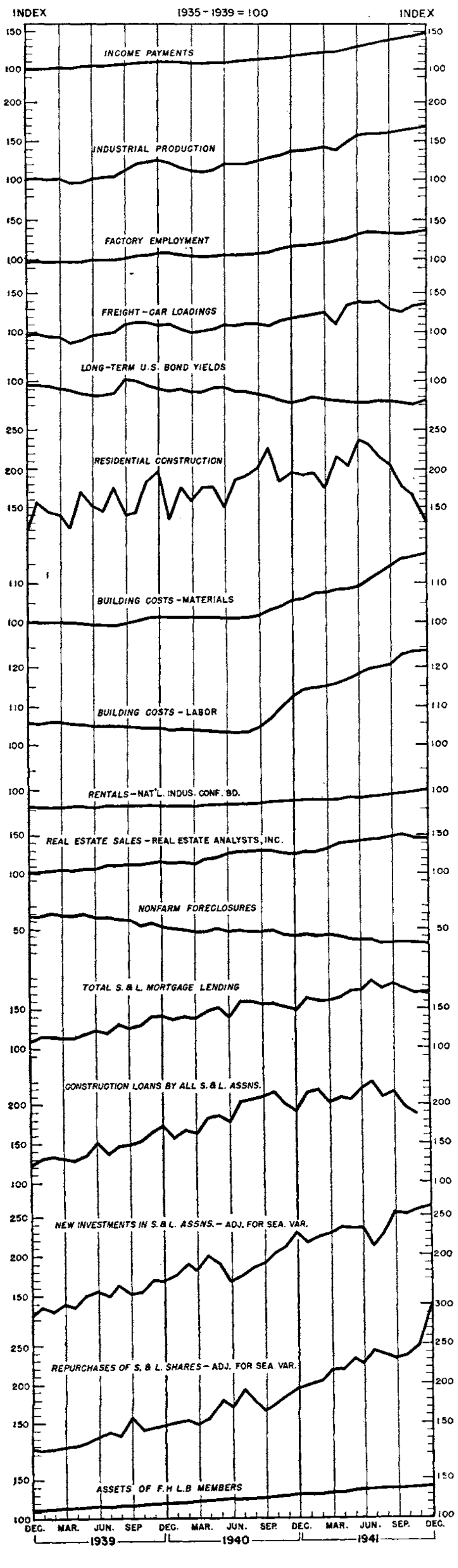
SUMMARY: "REVIEW OF 1941"



GENERAL BUSINESS: Under the stimulus of defense orders, general business activity reached record highs. At the same time, war-time controls and restrictions became more pronounced as the year drew to a close.

A. Income payments totaled almost $90,000,000,000—up 20 percent from 1940. About one-third of this gain was due to price rises.

B. Industrial output was 27 percent above the average of 1940; the greatest gains were noted in the durable goods' classification which includes the implements of war.

C. Factory employment rose over 15 percent and total nonagricultural employment was at an all-time high of almost 41,000,000 persons at the end of the year—a gain of 5,000,000 over 1929.

D. An increased volume of freight-car loadings reflected the accelerated pace of business.

RESIDENTIAL CONSTRUCTION: In contrast to the unbroken expansion of general economic activity, residential building showed mixed trends.

A. New construction during the first 6 months was substantially higher than in 1940 but fell off rapidly in the second half of the year as material shortages began to be felt.

B. Annual totals indicate an 11-percent increase for private construction and a 30-percent gain in publicly financed housing—an aggregate of 615,000 nonfarm dwelling units.

C. Building costs of the standard house rose sharply for both labor (13 percent) and materials (12 percent). Paint, lumber, and plumbing and heating showed the largest percentage gains in wholesale prices.

REAL ESTATE: Upward revisions of rents, a higher volume of sales transactions, and a new low in foreclosures stamped 1941 as a predominantly good year in real estate. At the same time, dislocations resulting from the defense program brought disparities between conditions in individual communities into sharper focus.

LENDING ACTIVITY: New highs in mortgage-financing activity were accompanied by shifts in the relative position of the various types of lenders and by growing emphasis on home-purchase loans.

A. Recordings of mortgages of $20,000 or under aggregated $4,732,000,000, or 17 percent above the 1940 volume. Mutual savings banks, individuals, and insurance companies registered the largest percentage gains.

B. New mortgage loans made by savings and loan associations totaled $1,380,000,000—up 15 percent.

C. Construction loans, following the course of residential building activity, declined during the second half of the year but this was largely offset by an increasing volume of home-purchase loans.

D. Preliminary estimates of the mortgage debt on 1- to 4-family homes indicated another substantial gain which brought the total outstanding at the year-end to over $20,000,000,000.

SHARE INVESTMENTS AND REPURCHASES: Private capital invested in savings and loan associations again showed a substantial growth though at a somewhat lower rate.

A. The net gain in capital for all insured associations was almost $400,000,000.

B. Repurchases increased at a faster rate than did new investments, with the result that they were equivalent to 62 cents of every dollar in new money compared with 57 cents in 1940.

MEMBER ASSETS: Total resources of all savings and loan members of the Bank System rose another 9 percent to $4,825,000,000. Including mutual savings banks and insurance companies, member assets now are close to $5,500,000,000.

REVIEW OF 1941

The past year was marked by tremendous efforts to strengthen the Nation's defenses and to increase its production for war—and finally by war itself. Each link in the chain of events necessitated broader controls over industry, labor, and finance. Nevertheless, savings and loan associations during 1941 demonstrated stability and progress in all phases of their operation.

■ THE gradual transition from peace to war transcends in importance all other developments during 1941. The effects of this transition are reflected today in every form of social and business relationship. The savings and loan industry is no exception, and the record of these institutions for the past 12 months, described in the following pages, attests to their strength in the face of difficult conditions, as well as to the contribution which they have made to the defense program.

The Year In Retrospect

Retracing the steps of 1941, the pattern is clear and unmistakable. By recalling them, the measures taken to divert strategic materials into war production and the resultant restrictions which have affected the construction and home-financing industries can most clearly be understood and related to the situation as a whole.

The passage of the lend-lease legislation in March was the first effort to make certain that nations fighting the Axis would receive increasing assistance through the expansion of our military production. Next, the President's proclamation, in May, of an unlimited National emergency added to the control of the Federal Government over business operations to assure the production of necessary military and naval equipment.

In the following month, orders regulating transactions in foreign funds on deposit in the United States were issued and the consular establishments of the Axis countries were ordered closed. Price-control legislation was introduced in August in an effort to initiate control over incipient inflationary tendencies already evident.

During August, the President of the United States and the Prime Minister of Great Britain met on the high seas to formulate the 8-point Atlantic Charter which declared joint post-war aims to restore equality and freedom throughout the world. Amendments to the Neutrality Act early in November permitted the arming of merchant vessels and allowed American ships to enter the war zones, increasing the facilities for transporting war equipment and other material.

The climax came with the Japanese attack on Pearl Harbor, December 7, and the declarations in the ensuing week were only formal recognition that a state of war existed.

Long before war broke, the effects of a war economy were felt by home-financing institutions. The inauguration of a priorities system for building materials, as well as other resources, long had been debated; in July preliminary instructions were issued by OPM and the Defense Housing Coordinator, and a $6,000-ceiling on defense housing was indicated. In September, a priorities system for building materials actually went into effect and it became apparent that nondefense housing could be constructed only where materials were available.

The underlying cause for the difficulties resulting from the introduction of priorities, of course, was the shortage of critical materials that the country was producing, or was capable of producing. By the end of the year, it became evident that only limited amounts of metals and other scarce products were available even for projects so vital as defense housing. With this realization, the only question that remained was the extent to which further restrictions must be imposed.

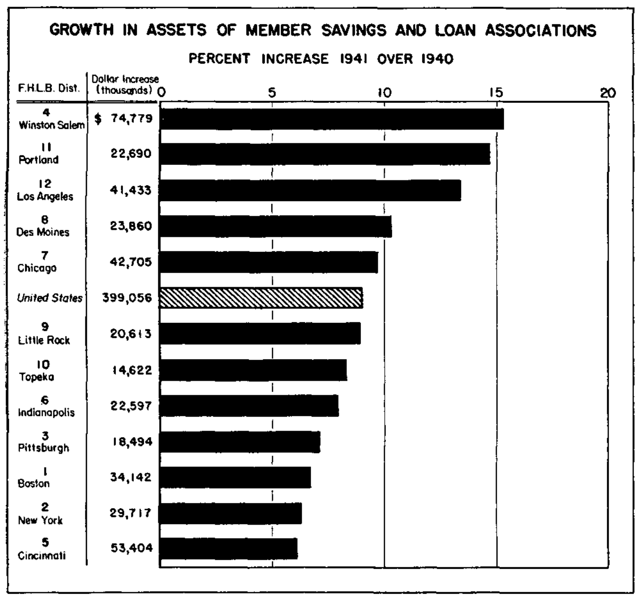
In this atmosphere, savings and loan executives and their boards of directors face a three-fold challenge: consolidating and maintaining the substantial gains which they have established in the past several years; adapting their operations to the requirements of a war economy far more rigid than would have been conceivable a year ago; and at the same time preparing plans for a full-scale resumption of their activities in a post-war program of new housing construction and rehabilitation. These problems of the future will remain uppermost in the minds of many savings and loan leaders as they analyze the progress which they have made in 1941.

Savings and Loan Operations in Brief

■ DESPITE the abnormal conditions prevailing during 1941, savings and loan associations were able to show improvements in virtually every phase of their operations. Total assets of all operating associations increased for the second successive year and are now approximately $6,000,000,000. New mortgage loans written during the period were at the highest level since 1929. Private repurchasable capital continued to flow into these institutions at a high rate. Holdings of residential real estate were reduced by more than one-fourth during the year. All in all, it was a good savings and loan year.

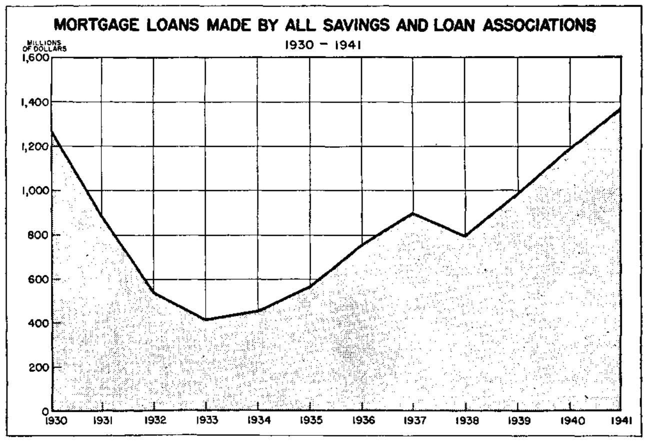
Savings and loan members of the Federal Home Loan Bank System were in the vanguard of this parade of progress. Although the *number* of institutions continued to decline primarily as a result of further mergers and consolidations among smaller institutions, the *total assets* of member associations reached $4,825,000,000 at the close of the year—up $400,000,000, or 9 percent, during the 12-month period.

On the asset side of the balance sheet, these gains were reflected in the increased balances of mortgage-loan, cash, and security accounts, and in the sharply pared holdings of real-estate owned. On the credit side of the ledger, there were substantial increases in private share capital, larger amounts of borrowed money in the form of Federal Home Loan Bank advances and also valuable additions to reserves and undivided-profit accounts; while further reductions of Government investments in member associations were effected primarily through voluntary repurchases.



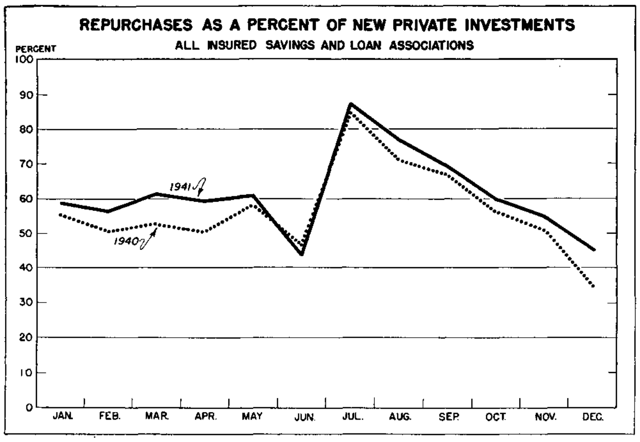
Mortgage-lending Activity Reaches A New Peak

For the second successive year, new mortgage lending by all savings and loan associations exceeded $1,000,000,000. In 1940, total loans were $200,000,000 above this mark and during the past 12 months new loans amounted to $1,380,000,000—the highest annual volume in 12 years, and 15 percent higher than in 1940.



The rate of lending by savings and loan associations has almost doubled in the past few years. However, in view of the restricted opportunities for construction lending in the near future, there are good reasons to believe that 1941 may have marked at least a temporary ceiling in the almost steady upward movement of new loan volume which has persisted since 1933 and which is shown above.

Although savings and loan associations showed the largest dollar increase in the recording of all mortgages of $20,000 and under, their share of the total activity was slightly lower than in 1940. Savings and loan associations still remained the leading source of mortgage funds, however, accounting for 31.5 percent of all recordings as compared with 25 percent for banks and trust companies and 17 percent for individual lenders. Of the remaining total, "other" lenders made 14 percent; insurance companies, 9 percent; and mutual savings banks, 5 percent.



Trends in Private Share Capital

Private share capital, principal source of funds for making these mortgage loans, continued to show a steady growth. Reports for a comparable group [1] of insured savings and loan associations indicate a 17-percent gain in private funds invested in these institutions during the past year—a slightly smaller gain than that registered in 1940.

There was little or no slackening in the rate of gain for new money received, but the volume of repurchases increased at a faster pace. The ratio of repurchases to new investments for each month during the past two years, presented in the chart in this column, illustrates the somewhat erratic character of the supply of funds. With the exception of June, repurchases absorbed a larger portion of the new money coming into associations in each month of 1941. For the year as a whole, share repurchases were equivalent to 62 cents out of every dollar of new investments received, compared with 57 cents during 1940.

The influx of new private investment funds enabled many associations to make substantial repurchases of U. S. Treasury and HOLC investments. The total of these Government shares dropped from $221,000,000 at the close of 1940 to $196,000,000 in December 1941. Approximately 81 percent of the $25,000,000 retired was voluntarily repurchased by the associations in advance of contract requirements.

The decline in supply of funds from this source was almost offset by the $18,000,000-increase in the amount of Federal Home Loan Bank advances outstanding. Advances at the close of 1941 were in excess of $219,000,000—the highest level in the history of Bank operations and 9 percent above the amount outstanding at the end of 1940, the previous peak. Repayments during January of the current year were substantially below the usual seasonal volume, indicating that associations were making more extended use of year-end advances than has been customary during recent periods.

[1] Studies of a comparable group of insured savings and loan associations are made to eliminate the effect of institutions newly insured during the year, and of mergers and reorganizations, etc. Data for this group reflect more accurately the average progress of existing insured institutions than do the figures for all insured associations.

Savings and Loan Participation in Defense

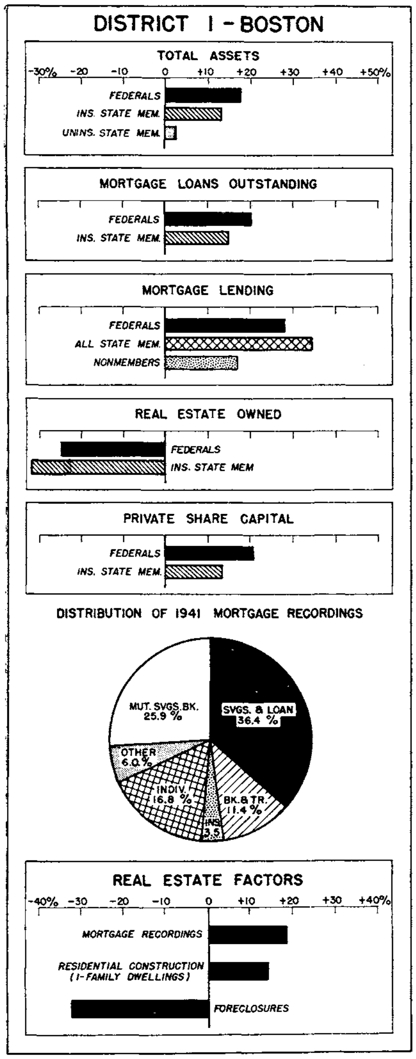
There are many indications that savings and loan associations were making significant contributions to the fulfillment of the defense and war programs throughout 1941.

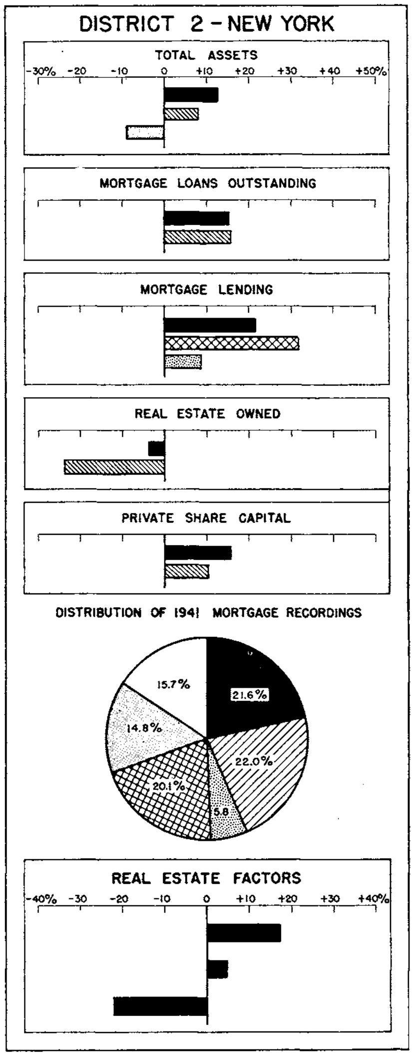
A special study of new mortgage loans made by member associations of the Federal Home Loan Bank System indicates that almost $700,000,000 was advanced for the purchase or construction of homes in defense areas. About three-fourths of all member association loans for new construction and the purchase of existing dwellings was devoted to this purpose. This assistance in the construction and purchase of homes for defense workers has provided much needed accommodations in many communities vitally affected by the expansion of armament production.

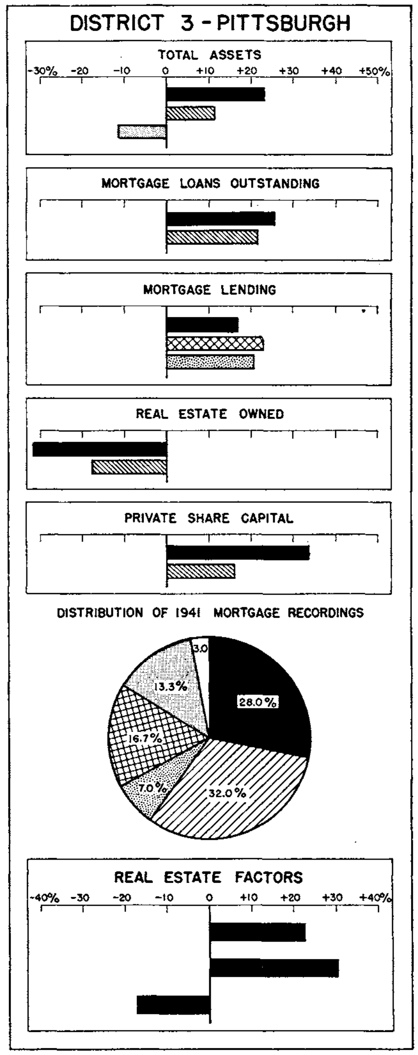
Savings and loan associations are also becoming an increasingly important outlet for the sale of defense savings bonds and stamps. December sales by reporting members were in excess of $8,000,000—up *350 percent* over their November total. This brought the cumulative sales for the 8-month period to more than $22,400,000. Associations in the Cincinnati, New York, and Chicago Federal Home Loan Bank Districts have reported the largest cumulative sales through the end of the year. The highest percentages of members participating in the distribution of the bonds and stamps are found in the Indianapolis, Portland, and Los Angeles regions.

Individual Bank District Analyses

The next four pages present a textual and graphic summary of savings and loan operations and related real-estate factors in each Federal Home Loan Bank District. With the exception of information on the assets of uninsured member associations, figures for savings and loan balance-sheet items are based on a comparable group of insured associations. Mortgage-lending estimates are for *all* associations. Real-estate owned changes are from June 1940 to June 1941.







BOSTON: Growth of Federal *assets* maintained 1940 rate of 18%; insured State member gain ranked 3rd in their class; uninsured members, 6th. *Loans outstanding* of Federals and insured State members increased faster than total assets. *New lending:* 35% increase of State members and 28% rise of Federals were the highest gains by each in any District. Nonmember loans were up 16%, their 2nd highest. *Real-estate owned* by Federals showed average decline, but 32% drop of insured State members was their 2nd largest. Gains by both Federals and insured State members in *private-share capital* were just above average.

Mortgage recordings: total gain about average. Savings and loan lead cut slightly by increase of mutual savings banks. *Construction* of 1-family units up 14%. *Foreclosure* drop was 2nd largest of all Districts.

NEW YORK: *Asset growth* of all three classes of associations was below the national norms, and uninsured State members showed actual decline. *Mortgage portfolios* of Federals and insured State members both increased 15%, but ranked 8th and 4th, respectively. *New lending activity* showed good gains over 1940 with each class of institution exceeding the US average: 32% increase of insured State members was their 2nd highest District rise. Disposition of *owned properties* was at a relatively slow pace judged by other Districts. Net gains in *private-share capital* for both Federals and insured State members were somewhat below the national averages.

Increase in total recordings slightly below average. Distribution evenly divided among leaders; savings and loan share up. Gain in *new 1-family homes* ranked 10th while decline in *foreclosures* was just average.

PITTSBURGH: 23% rise in Federal *assets* was largest shown in any region; insured State members, up 11%; and uninsured members a 12% decrease. Net gains in outstanding *mortgage loans* of Federals and insured State members ranked 1st and 2nd in their respective groups. *New loans* made by State members were up 23%; by nonmembers, 21%; and by Federals, 17%. *Real-estate owned* by Federals was cut one-third; by insured State members, less than one-fifth. Gains in *private-share capital* of Federals and insured State members stood 1st and 2nd in their respective groups in all Districts.

Mortgage recordings up 23%; 3rd biggest District gain. Banks and trust companies made largest share; savings and loans, second. The 30% jump in *new 1-family units* was the biggest shown. *Foreclosures* were down 17% from the 1940 totals.

WINSTON-SALEM: *Asset growth* of insured and uninsured State members was the highest for their groups; the increase of Federals was their 3rd highest. *Outstanding loans* of insured State members rose 22%; of Federals, 21%. *New lending activity* was the only operation which fell below national averages. Both Federals and insured State members made their greatest reductions of *real-estate owned* in this District. In *private-share capital* accounts, insured State member associations gained 23% and Federals 31% to rank 1st and 2nd in their respective groups for all Bank Districts.

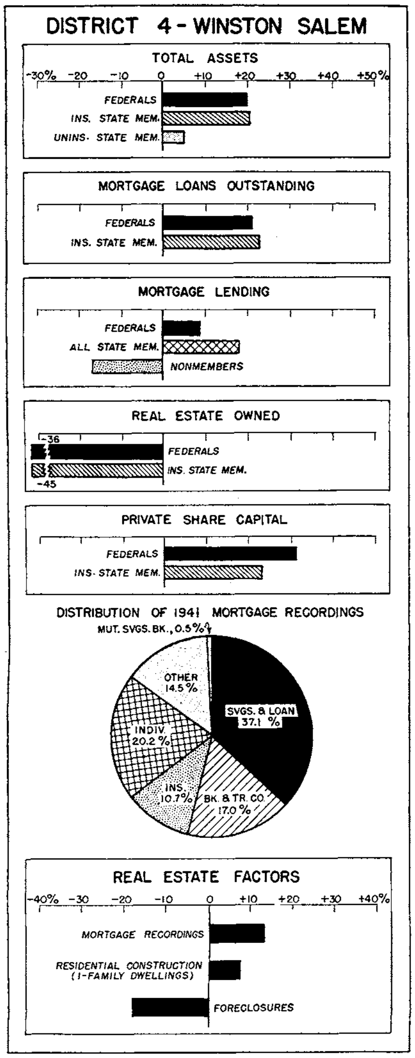
Mortgage-recording increase relatively low. Savings and loan share down slightly; insurance companies and mutual savings banks, up. Gain in *new home construction* (+7%) and drop in *foreclosure activity* (−18%) both ranked ninth.

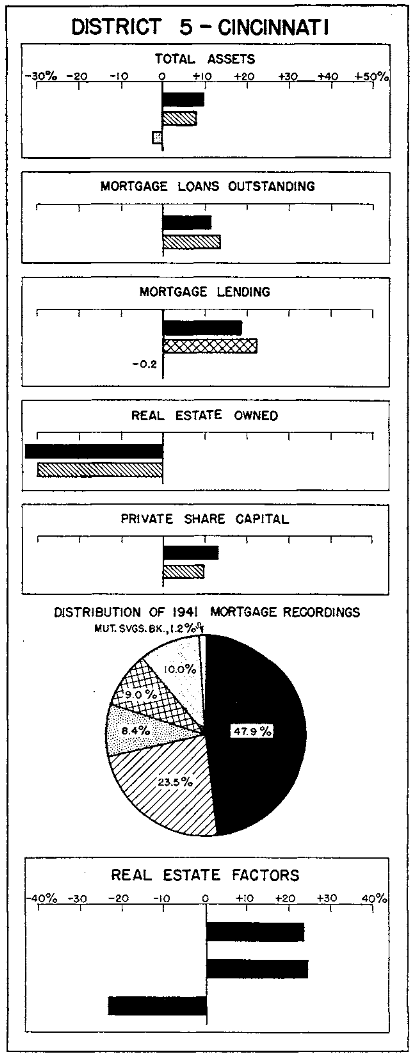
CINCINNATI: *Asset growth* of Federals and insured State-chartered members ranked 10th in each class; uninsured members registered 3% decline. Increase in *outstanding loans* of insured State members was slightly below average, but portfolio of Federals had the smallest gain of any District. New *lending activity* of Federals and State members was above US average; nonmembers showed fractional decline. Sale of *real-estate owned* progressed at a good rate: Federal drop of 33% was their 2nd biggest; insured State holdings down 30%. Both Federal and insured State gains in *private-share capital* were relatively low.

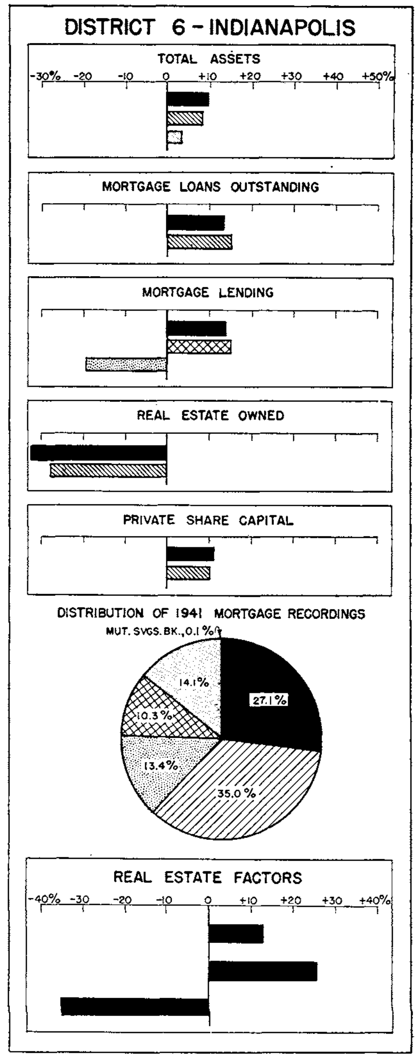
District gain in *recordings* (+23%) was 2nd largest. Savings and loans added to their already predominant share of total activity. New *home construction* was 25% higher than in 1940. *Foreclosures* dropped 23%.

INDIANAPOLIS: 10% rise in Federal *assets* was next to their smallest District gain; 8% increase of insured State members ranked 7th; uninsured members showed small gain. *Mortgage portfolios* of Federals and insured State members increased 13% and 15%, respectively. Gains in *new loans* of Federals and State members were slightly below average; nonmember loans dropped 20%. Disposition of *real-estate owned* proceeded at good pace: Federals, down 33%; and insured State members, −28%. Net increase in *private-share capital* of Federals was smallest in any District; that of insured State members ranked 9th.

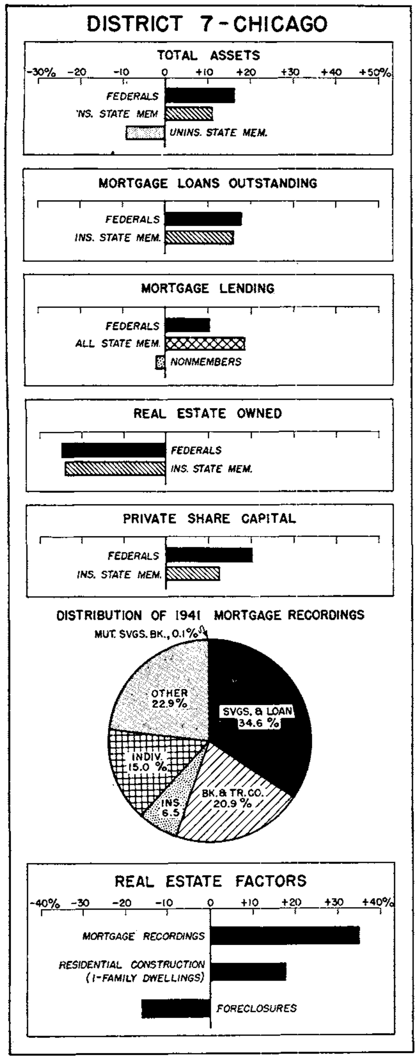
Increase in *recordings* relatively low. Banks and trust companies and savings and loans made three-fifths of total volume. District had the 2nd largest rise in *new construction* and the greatest drop in *foreclosures.*

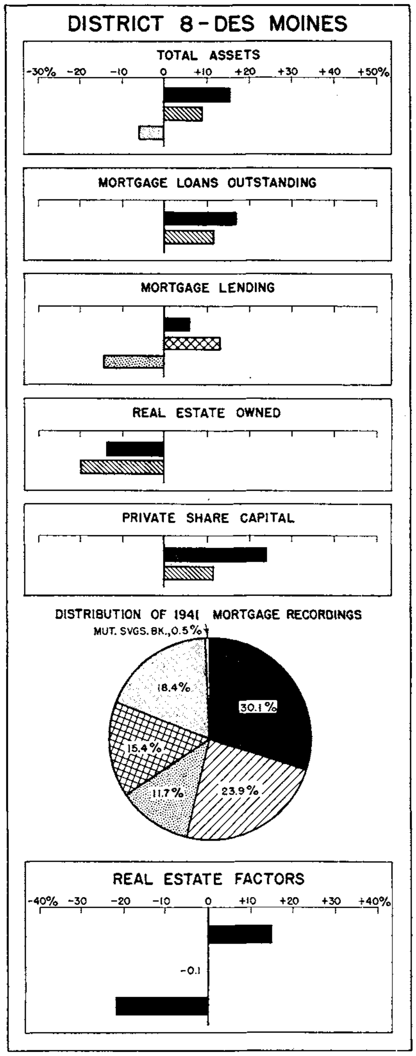


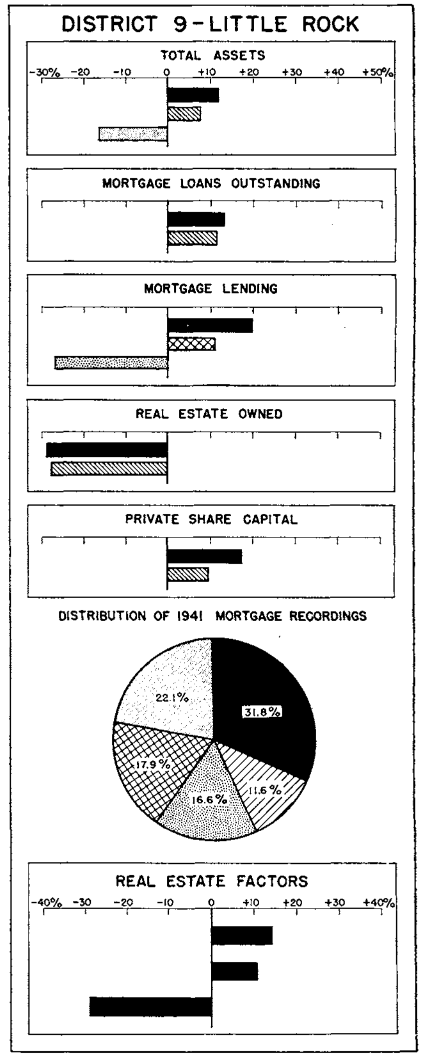




IMPORTANT SAVINGS AND LOAN TRENDS: 1941 COMPARED WITH 1940







CHICAGO: *Asset growth* of Federals and insured State members was better than average, while nonmember resources dropped 9%. *Outstanding loans* of Federals and insured State members increased 18% and 16% respectively, to rank 6th and 3rd in their own classes. Activity in *new lending* by all three types was below the national norms, and nonmember loans were actually 2% lower than in 1940. *Real-estate holdings* of both Federals and insured State members were reduced about one-fourth during the year. Gains in *private-share capital* of both Federals and insured State members were barely above average.

Advance in total *recordings* (+35%) was the highest in any District. Savings and loan share down slightly as "other" lender group gained. *New 1-family units* were up 18%. *Foreclosure* decline was next to smallest.

DES MOINES: 15% gain in Federal *assets* was only growth above national averages; insured State members, up 9%, while uninsured members were off 6%. Increase in *outstanding loans* of Federals was exactly equal to US norm for their group; insured State members' rose 12%. *New lending activity* by Federals showed the smallest gain of any District; State member increase ranked 9th. Reductions in *real-estate owned* were low compared with other Districts, standing 10th. *Private-share capital* invested in Federals increased almost one-fourth; in insured State members, 11%, or on a par with the pace of the country as a whole.

One of 3 regions in which savings and loan share of all *recordings* increased. Total volume up 15%; below average. This was the only District to show a drop in *home construction*. *Foreclosure* decline was average.

LITTLE ROCK: Increases in *total resources* were relatively low: Federal gain ranked 9th, but 8% rise of insured State members was their poorest, and so was the 17% decline in uninsured member assets. Federal and insured-State *loan portfolios* increased 13% and 11%: each ranked 10th. Gain in *new lending* by Federals was well above average; but 11% rise of State members stood 11th; nonmember loans were down 27%. Sale of *real-estate owned* reduced holdings by both classes more than one-fourth. *Private-share capital* in Federals rose 17%, and of insured State members, 10%—below the national average.

Gain in *recordings* ranked 8th. Insurance companies' share was their largest in any District. Savings and loans did 32% of business. *New construction* rise on par with US increase. *Foreclosures* were 29% below 1940.

TOPEKA: 10% growth in Federal *assets* was their smallest in any District; 8% rise of insured State members ranked 9th; uninsured-member gain was their 3rd largest. *Outstanding loans* of Federals and insured State members showed relatively low increases, ranking 11th and 12th in their own classes. *New loans* made by Federals gained 12% and those of State members 10%—their lowest regional increase. Nonmember lending was down 10%. Reduction of *real-estate holdings* was relatively low in comparison with other Districts. Insured State members had 14% gain in *private-share capital;* Federals experienced a 12% rise.

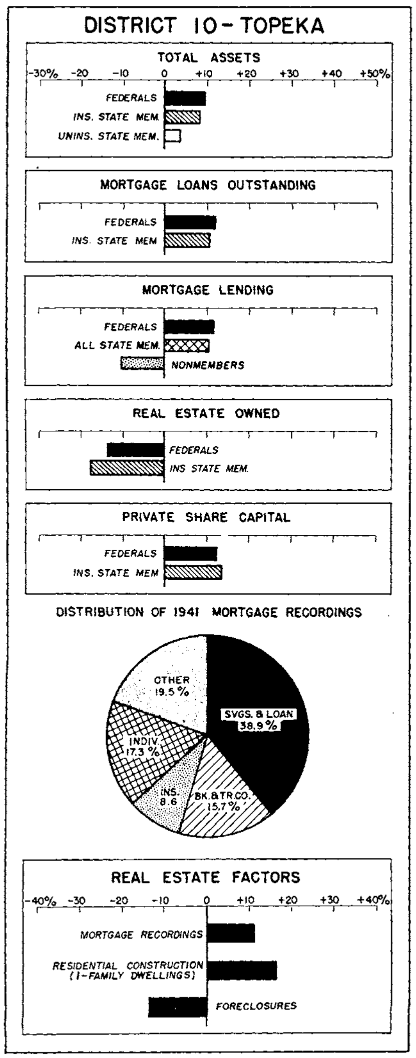
Increase in *recording* activity was next-to-lowest in any region. Savings and loan share dropped below 40% of total. The gain in *home construction* ranked 5th; but drop in *foreclosures* was the smallest reported.

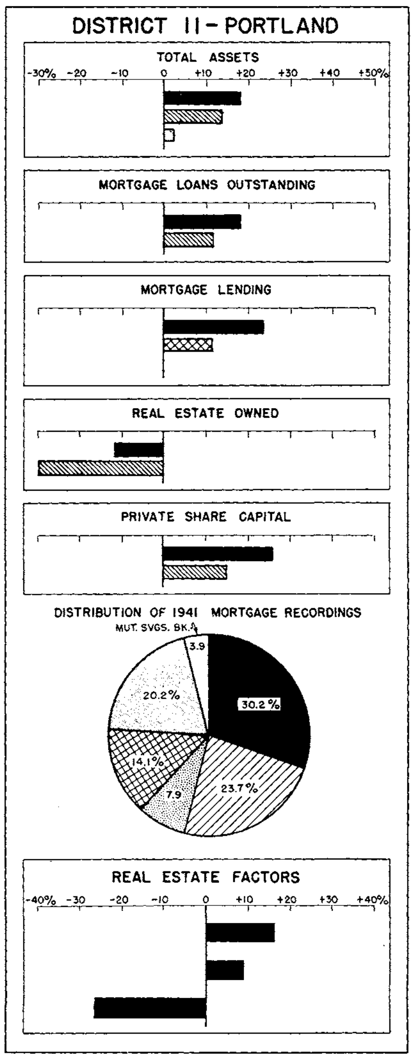
PORTLAND: *Growth* of all 3 classes of associations was relatively high: Federal gains ranked 4th, insured State members 2nd, and uninsured members 5th, in their respective groups. Net gains in *loans outstanding* of Federals was above, and of insured State members below, their national norms. *New loans* by Federals jumped 23%; State member loans were up 11%. *Real-estate owned* by Federals was reduced 12% and holdings of insured State members were cut 30%. Increases in *private share capital* of Federals and insured State members were well above average and ranked 3rd in their individual groups.

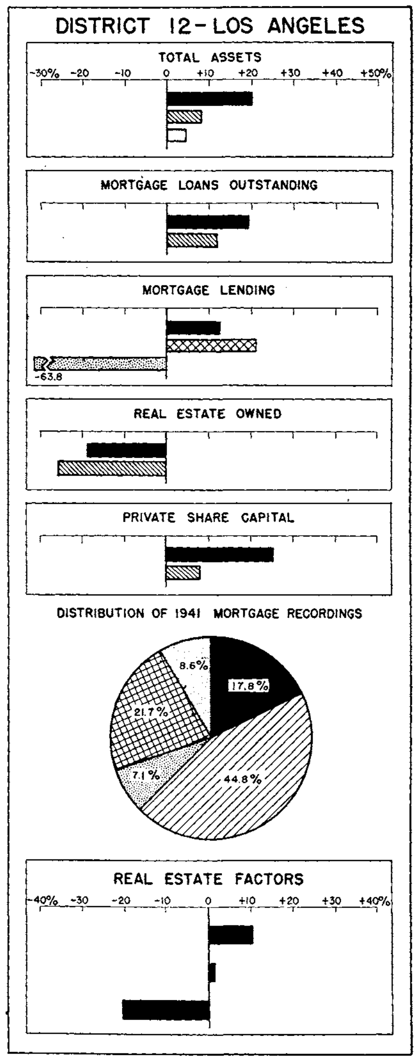
Mortgage recording gain just below national norm. Savings and loans did 30% of business with banks and trust companies, 2nd. *New 1-family homes* were up 9% (below average); while *foreclosures* were off 27%.

LOS ANGELES: Federals and uninsured members recorded their 2nd highest *asset growth* in this District; 8% increase of insured State members was below average. *Loan portfolios* of Federals increased 19%; of insured State members, +12%. *New lending* by Federals increased 13%; State-member lending was up 21%; nonmember loans dropped 64%. Reduction of *real-estate owned* by both Federals and insured State members was just below the US average for each group. *Share-capital gains* (25%) of Federals ranked 4th, but the 8% increase of insured State members was the lowest registered by this group in any District.

Recordings showed the smallest increase of any region; insurance companies and individuals increased their share of total volume. *New construction* was barely above 1940 level. *Foreclosure* decline was average.







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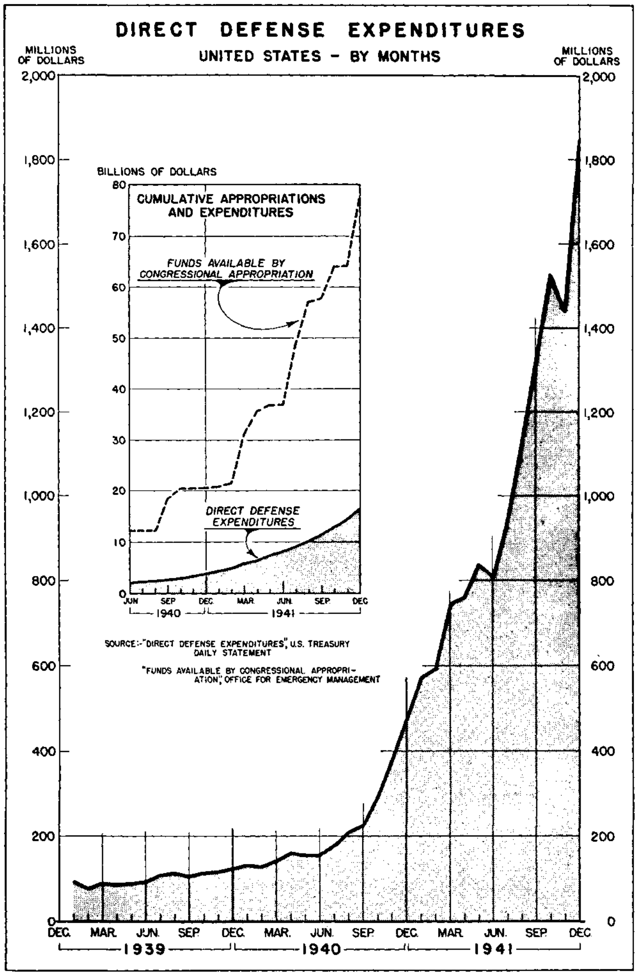
It Is No Longer "Business as Usual"

THE story of 1941 business conditions is part and parcel of an evolutionary trend from "business as usual", to "BUTTER and guns", to "butter and GUNS", and finally to "GUNS and more GUNS"; from a relatively free economic system with surpluses, to a managed economy of shortages and rationing in deference to military necessities.

This transition has been marked by the introduction of new and comprehensive controls over business and financial operations—by priorities, allocations, price schedules, export licenses, shipping restrictions, regulation of credit, limitations on production, and now the rationing of consumption. These and other devices, both voluntary and compulsory, have been widely used and, in the aggregate, states one financial journal, "have wrought such a thoroughgoing transformation in our economic life that even the outbreak of total war promises merely an acceleration of the existing trend, not a change in its direction."



Despite these fundamental changes in operating conditions, 1941 was a good business year. The upsurge in industrial production underway during the second half of 1940 was continued throughout the first half of 1941 at top speed. The Federal Reserve Board's index of industrial production rose 21 points from January through July and added 8 more points during the remainder of the year, reaching 168 in December (1935–1939=100). The slower rate of gain during the closing months of 1941 indicated that many industries had reached present capacity limits, while the output of additional armaments was hampered by failure to use all available sources of production.

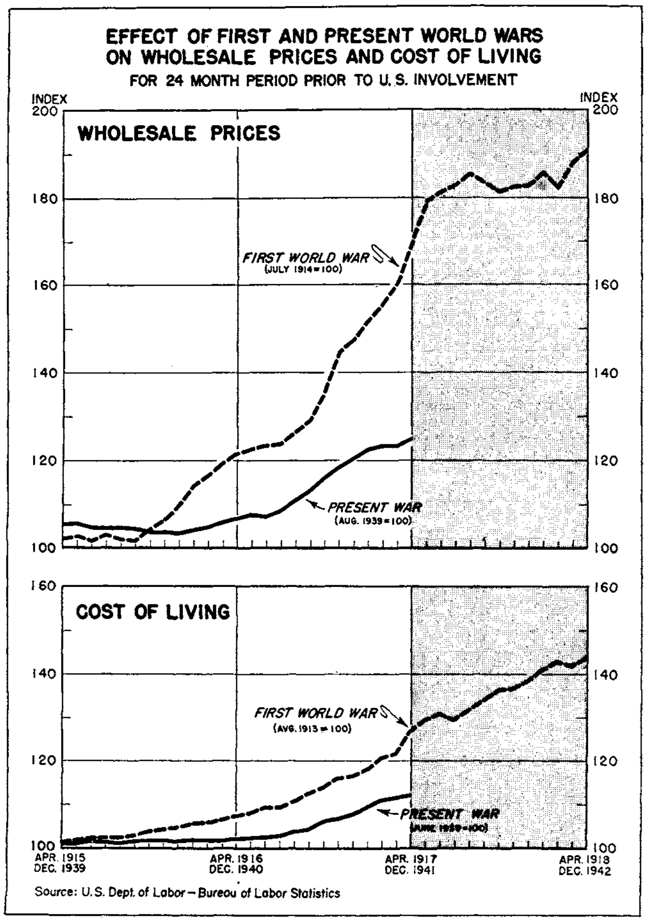
Income payments for the past year reached an all-time high of almost $90,000,000,000—approximately one-fifth greater than in 1940 and $7,000,000,000 above the previous peak registered in 1929. Primary factor in the sharp rise over 1940 was the 22-percent increase in salaries and wages which resulted from higher levels of employment and higher wage and salary scales. Payments of dividends and interest were well above 1940 totals, but still somewhat below the predepression peak. This was also true for entrepreneurial income (the income of owners of unincorporated businesses) primarily because of an increase of almost one-third in the net income of farm operators.

Throughout the first half of 1941, consumer income as measured by salary and wage payments was rising at a much faster pace than the cost of living, but in the third quarter the gains were about equal, and during the last three months of the year there was definite evidence that higher living costs were taking the lead and tended to more than offset a larger volume of income.

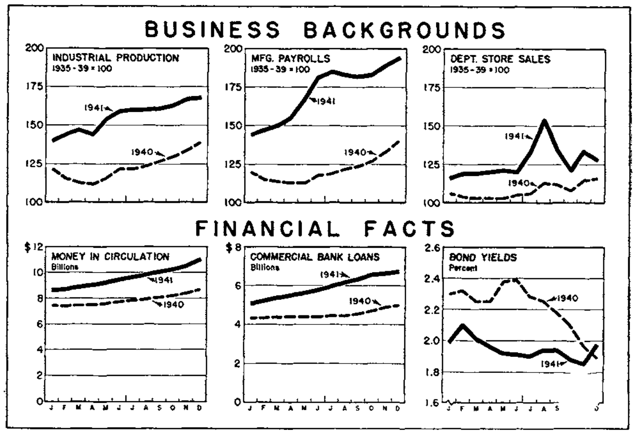
Reflecting substantial gains in consumer income, retail sales throughout the country moved to new high ground. Estimates by the Federal Reserve Board of department store sales revealed a net gain of 17 percent over the 1940 dollar volume. When adjusted for seasonal variations, buying reached its peak in late Summer and early Fall as consumers endeavored to anticipate limitations on installment credit, higher excise taxes, and the drying-up of future sources of supply.

Forward buying by both consumers and producers, rising costs of production, shortages of basic raw materials, and the incessant demand for military and naval output as well as lend-lease aid for the United Nations inevitably led to higher prices. Advances in the cost of living are an indication of changes in the retail market. Wholesale prices rose steadily for 12 consecutive months and showed a net gain of 17 percent from December 1940 to December 1941.

Although trends in each of the commodity groups were directed upward, the degree of price rise varied considerably. The largest increase (+36 percent) was registered by farm products, and wholesale prices for other food products were up 23 percent. Industrial commodities showed an 11-percent rise during the period. Textile and chemical products experienced the greatest price rises in this group, while metals and metal products had the smallest gains under the influence of price ceilings established by the Price Administrator.



Total industrial output during 1941 was approximately 27 percent above the average for 1940. This was primarily the result of expansion in the durable



goods' classification (+41 percent), as contrasted with a gain of 20 percent in the manufacture of non-durable goods. Production of minerals was increased only 7 percent which explains to some extent the shortages in basic raw materials.

Expenditures for new plant and equipment during the year were the highest on record, providing the basis for still further expansion of industrial output. Outlay for equipment has been estimated at $8,500,-000,000, or 50 percent more than in 1929. New plants added were valued at $3,600,000,000, according to the Department of Commerce.

The Year in Finance

The outbreak of war found the financial quarter well prepared. Although quotations on all types of securities declined, the retreat was orderly and short-lived. Falling prices on Government bonds halted, at least temporarily, the gradual downward trend of yields which prevailed through November. A new low for yields on long-term Government securities (partially tax-exempt) was established in November at 1.85, and the December average of 1.97 was still lower than at any period prior to November 1940.

The year was featured by marked expansion of bank credit and of money in circulation, and by substantial decreases in the excess reserves of commercial banks and in the flow of gold to this country. Outstanding loans of all commercial banks in the United States increased $2,500,000,000 during the first 9 months and available data for the fourth quarter indicate that this upward movement was continued. Money in circulation passed the $11,-000,000,000-mark before the close of the year—up 28 percent from the end of 1940. Additions to the gold stock were the smallest in several years; and the volume of excess reserves of members of the Federal

Reserve System was cut more than in half during 1941, but still amounts to more than $3,000,000,000.

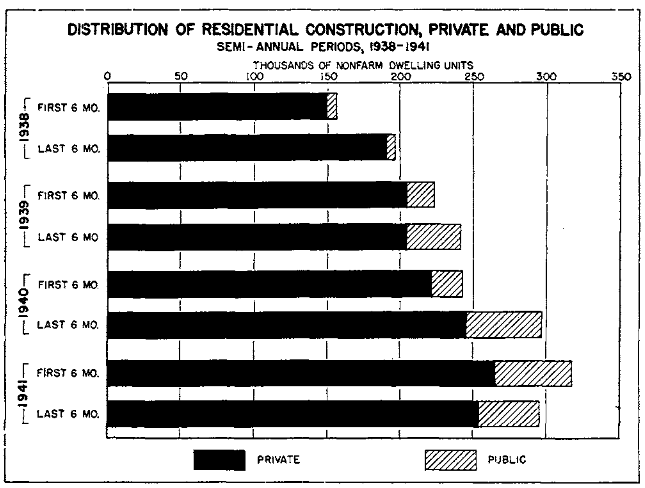
Offerings of new corporate security issues during the year were the highest since 1937 according to the Federal Reserve Board, amounting to $1,000,000,000. However, the major part of the expansion of manufacturing plant and facilities required for the defense program has been financed by the Federal Government. Installment credit regulations imposed on September 1 have already had an effect on consumer debt outstanding. The combined installment-loan balances of credit unions, industrial banks, and personal finance companies registered declines in the closing months of 1941.

Residential Construction Soars to Peak Level

■ HOUSING for defense dominated the residential construction scene in 1941 and was responsible in large measure for raising the volume of home building to a new 12-year peak. Private industry and Government agencies joined hands in an effort to meet the urgent need for housing accommodations in armament centers, on top of a high level of normal building activity in many sections of the country. The result: 615,000 new family dwelling units were placed under construction in nonfarm areas during 1941, according to a preliminary estimate by the Bureau of Labor Statistics. This was twice as much as the volume of new construction in 1937 and represented an increase of 14 percent over the 1940 aggregate of 540,000 dwelling units.

Significantly, permit valuations of the new dwellings provided in 1941 exceeded those of the year before by 18 percent—reflecting rising building costs in the face of a continued trend toward smaller and simpler houses. Permit valuations for 1941 are estimated at $2,185,000,000 compared with $1,847,-000,000 in 1940.

As the year went by, attention began to focus on the restrictions of residential building imposed by scarcities of critical materials, primarily in the supply of metals for heating and plumbing; and the volume of construction activitity in the last few months of 1941 declined considerably from the levels in comparable periods of the preceding year. It is an open question whether actual shortages enforced this reduction of building activity or whether anticipated scarcities caused builders to cut down their building-permit applications. At any rate, practically all the gains in construction volume over 1940 took place in the first 6 months of the year. As shortages and priority restrictions will continue to put a damper on new housing during the duration of the war, it appears that a break has come in the upward phase of the present building cycle which, beginning with a low of 55,000 dwelling units in 1934, reached a peak 11 times that volume in 1941.



Defense Housing Gathers Momentum

How greatly the pattern of American housing is being changed by the defense program is illustrated by the fact that publicly financed construction was responsible for 96,000 family units, or 16 percent of all nonfarm units built in 1941. This was the highest level of Government-sponsored construction in the history of the housing industry. Looking upon the same phenomenon from a different angle, one finds that publicly financed building increased 30 percent over 1940, contrasted with a more moderate expansion of 11 percent in private activity.

Not all of the publicly financed housing was for enlisted personnel and defense workers. The slum clearance program under the United States Housing Act of 1937 contributed approximately 23,000 new family units in addition to 73,000 units built directly for defense purposes. The table in the next column shows the trends in privately and publicly financed building in greater detail.

The defense housing program proceeded at an accelerated pace during the year just ended. All in all, public funds have been allocated for 129,000 regular family dwelling units since the program was initiated in the Summer of 1940. Of these, 106,400

Residential construction in 1941 and 1940, by source of funds

Source	1941[1]	1940	Change	
			Number	Percent
Private	519,000	466,467	+52,533	+11
Public	96,000	73,533	+22,467	+30
USHA slum clearance[2]	23,000	49,748	−26,748	−54
Defense	73,000	23,785	+49,215	+207
Total	615,000	540,000	+75,000	+14

[1] Preliminary.
[2] Includes some State-financed slum-clearance projects.

had been completed or were under construction contract by the end of 1941. In addition, public funds had been allocated for 11,000 dormitory units and 8,750 trailers and portable houses.

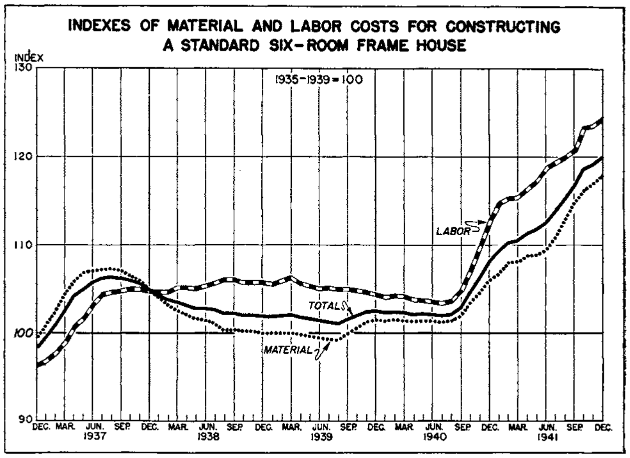
In spite of this substantial program of Government-sponsored housing, private enterprise financed the bulk of new residential construction in defense areas. According to preliminary estimates of the Division of Defense Housing Coordination, private industry provided 400,000 dwelling units in these areas during 1941 and thereby helped to alleviate severe housing shortages. In this activity, savings and loan associations played a part commensurate with their importance as a major source of mortgage funds. It is estimated that savings and loan members of the Federal Home Loan Bank System made construction loans in defense areas amounting to $311,000,000 during 1941. In the 18 months which have elapsed since the start of the national emergency program, $465,000,000 was loaned by these institutions on new construction in defense localities.

Predominance of Single-Family Houses

Reflecting the traditional preference for the single-family home as well as the concentration of new housing in suburban and outlying areas, the increase in residential building over 1940 was due exclusively to gains in the construction of this type of dwelling. Of the 615,000 units for which building permits were taken out last year, 515,000, or 84 percent, were of the single-family type compared with 425,000 in 1940—a gain of 21 percent. In contrast, the construction of two-family houses and of multifamily structures declined 11 and 14 percent, respectively.

Owing to the concentration of defense activity in certain sections of the country, regional variations of residential building in 1941 were perhaps more marked than in previous years. On the basis of data for all types of residential construction in urban areas, the Pittsburgh Federal Home Loan Bank District showed by far the largest percentage increase in building activity over 1940 (58 percent). The Boston and Chicago areas ranked next with rises of 29 and 28 percent, respectively. At the other end of the scale, the New York District reported a decline as it did last year (16 percent), and practically no change was registered in the Little Rock region. The remaining Bank Districts indicated gains of 5 to 21 percent.

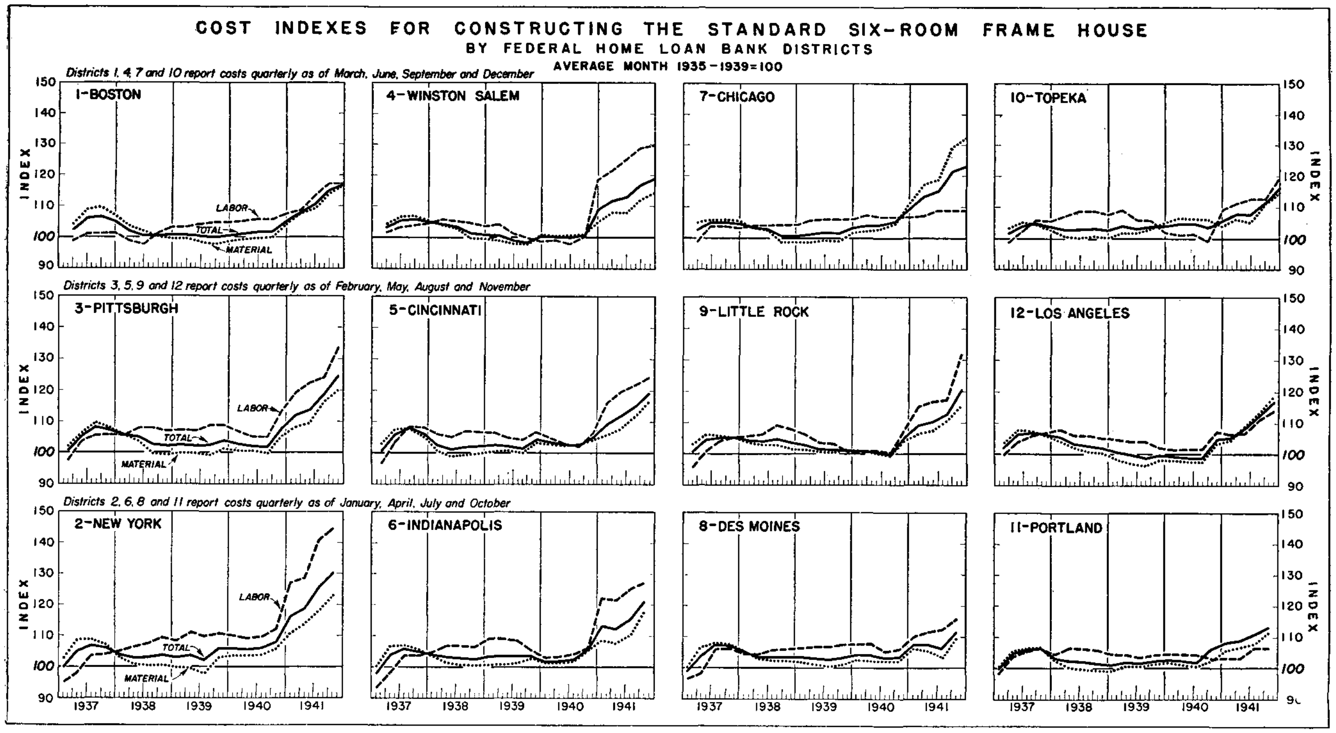
Generally, the rate of building activity was much higher in the smaller cities and rural nonfarm areas than in the larger urban centers. Location of public defense housing projects in less densely populated areas was partly responsible for this trend.



Building Costs Are Up Again

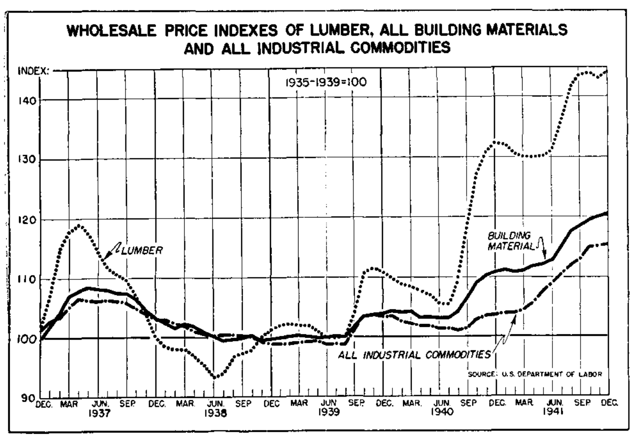
Throughout the year the demand for housing was so pressing that cost increases seemed to be no obstacle to new construction. Nevertheless, the continuous jacking-up of building costs presents a serious problem because it raises the cost of publicly financed defense housing to the Government and makes it more difficult for private industry to supply the urgent demand for inexpensive dwellings within the limits of priority restrictions—$6,000 maximum sales price or a maximum shelter rent of $50 per month.

The cost index for the standard 6-room frame house rose 11 percent during 1941 which carried the index to a level 20 percent above the average of the base period 1935–1939. In other words, if this house



cost $5,000 to build over the average 1935–1939, it now requires almost $6,000. Labor costs involved in the construction of the standard house jumped 10 percent during 1941 and are now 24 percent above the average of the base period. Costs of materials advanced 11 percent to a point 18 percent over this period.

It is perhaps not amiss to mention that these cost increases were far steeper than those which occurred in 1937 when a quick recovery of residential building activity was followed by sudden price rises regarded with apprehension at that time. In 1937 the volume of new housing construction fell off as building costs soared, until a new balance was found. In the present situation such corrective forces are weakened because of the incessant demand for building materials and labor in the vast nonresidential construction program needed in connection with the war effort.

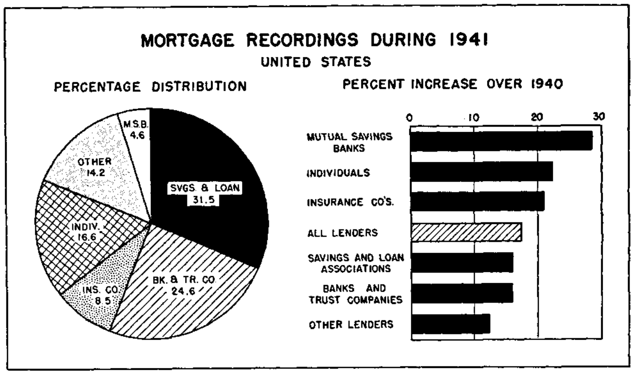


Wholesale prices of building materials as reported by the Bureau of Labor Statistics increased 9 percent during the past year and are now one-fifth above the level at the outbreak of war in September 1939. Lumber prices were again a contributing factor: after moving sideways in the first 6 months, the lumber cost index advanced 10 percent in the second half of the year and at the end of 1941 stood 44 percent over the average of the 1935–1939 base period. Percentagewise, however, prices for paint and paint materials increased even more rapidly during 1941 (12 percent). The price index for plumbing and heating rose 11 percent, and another substantial advance was noted in brick and tile prices (6 percent).

The rising cost of building had its counterpart in price increases in almost all other markets. However, the chart on this page demonstrates that building materials—as in previous periods of general price advances—have shown price rises beyond the average for all industrial commodities during the past several years. This has been most pronounced in the case of lumber prices.

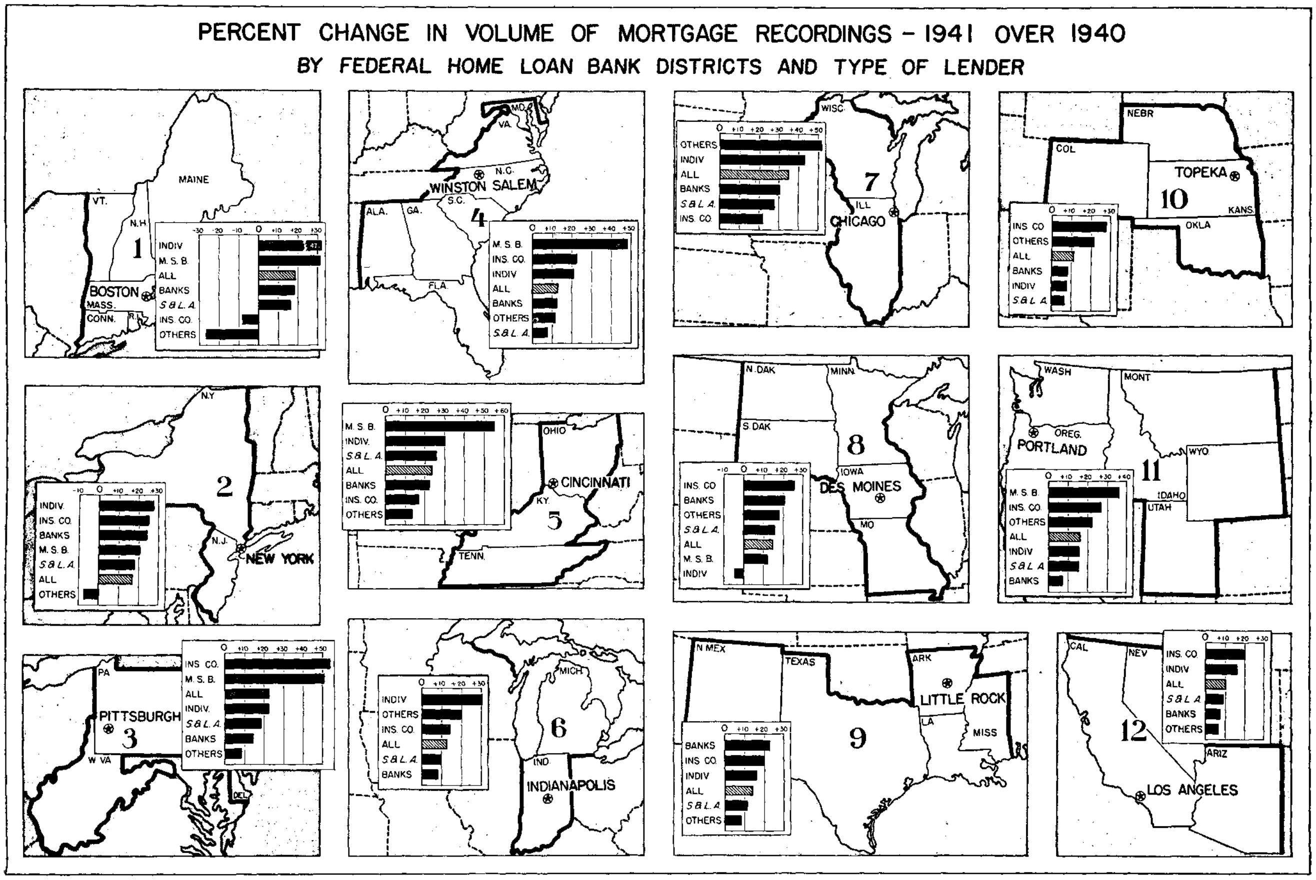
Home-Purchase Loans Account for Expanding Mortgage Volume

MORTGAGE-FINANCING activity during 1941 was stimulated by the increased volume of residential construction combined with generally improved real-estate conditions. Throughout the year there was an ample supply of mortgage funds and stiff competition for real-estate loans continued.



Recordings of mortgages of $20,000 and less aggregated $4,732,000,000, an increase of 17 percent over 1940. Dazzled by the billions involved in the war effort, the reader obtains perhaps a better perspective if he considers that each working day in 1941 an average amount of $15,700,000 was placed on mortgage records.

While all types of lenders participated in the expanding mortgage-financing activity, there were notable shifts among the various sources of mortgage funds. In line with their dominant position in this field, savings and loan associations continued to show the largest dollar increase in mortgage recordings, but relatively speaking they lost some ground. Their gain was only at the rate of 17 percent compared with 29 percent for mutual savings banks, 22 for individuals, and 21 for insurance companies. Even so, savings and loan associations remained the leading mortgage lenders, responsible for almost 32 percent of the total dollar volume of mortgages recorded in the past year. Banks and trust companies again held second place (approximately 25 percent of the total).



The foregoing map shows that in each of the Federal Home Loan Bank Districts savings and loan associations experienced gains, but only in the New York, Cincinnati, and Des Moines areas were they able to improve their *relative* position in the total mortgage-lending business during the past year.

Home-Purchase Loans Take the Lead

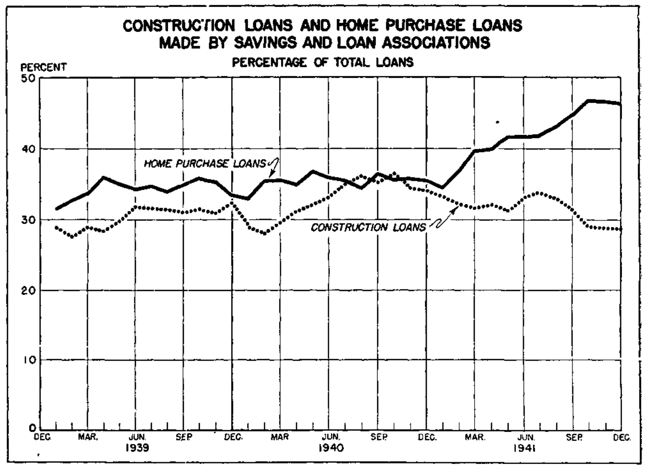
Savings and loan associations during 1941 placed $1,380,000,000 in new mortgage loans on their books—$180,000,000 more than the year before. This marked another recovery high, outranked only by the peak levels of the late twenties. Percentage-wise the gain was smaller than in 1940, as would be expected when lending activity moves into high ground. Last year, however, a special factor entered the picture: observation of the seasonally adjusted index of mortgage-lending activity shows that the gains over 1940, substantial during most of the year, gradually narrowed down in the last few months when lending activity on new construction declined.

Shifts in the lending business of savings and loan associations were more prominent in 1941 than in preceding years. Construction loans, although up for the year as a whole, lost somewhat in relative importance; home-purchase loans showed an extraordinary jump; and refinancing, reconditioning, and "other" loans were relegated to less important positions in lending operations. The dollar amounts advanced in each of these three latter loan categories were actually lower than in 1940. Reflecting these diverse movements, the increase in home-purchase loans—$155,000,000—was almost solely responsible for the gain in total lending volume over 1940. Construction and home-purchase loans combined accounted for 74 percent of all loans made in 1941 compared with 70 percent the year before.

Distribution of the average dollar loaned by all savings and loan associations

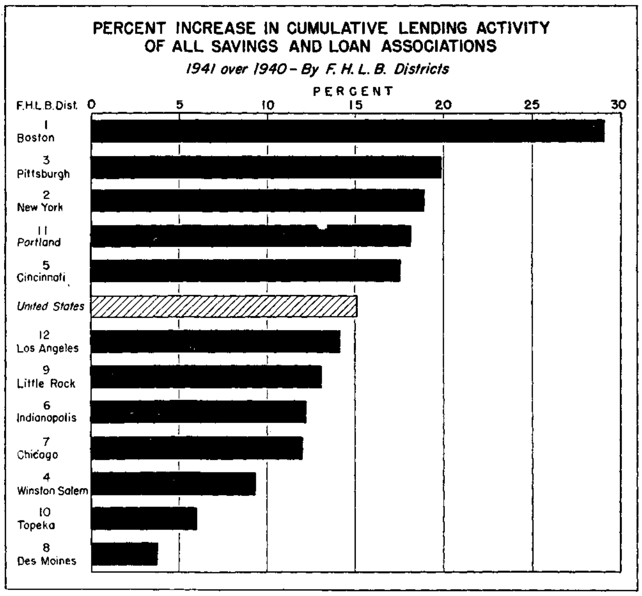
Purpose of loan	Number of cents out of every dollar loaned in—				
	1941	1940	1939	1938	1937
Construction	$0.32	$0.33	$0.31	$0.28	$0.26
Home purchase	.42	.36	.34	.33	.37
Refinancing	.14	.17	.18	.20	.20
Reconditioning	.04	.05	.06	.07	.07
Other	.08	.09	.11	.12	.10
Total	1.00	1.00	1.00	1.00	1.00

Closer analysis demonstrates that the shift from construction loans to home-purchase loans became more pronounced as the year progressed. This is indicated in the chart on this page showing the proportion of construction and of home-purchase loans to the total volume of new lending business. Under the stimulus of the defense program, construction loans expanded rapidly in the last 6 months of 1940, continued at a high level through the summer of last year, and dwindled down in recent months when difficulties in new home building were encountered. Coinciding with this decline in construction lending, home-purchase loans expanded as the demand for existing houses increased and as savings and loan associations concentrated more heavily on this type of loan to offset business losses in construction lending. In the closing months of 1941 mortgages for home purchase accounted for almost one-half of the total loan volume registered by savings and loan associations.



There were other notable shifts in the lending activity of savings and loan associations during 1941. For several years Federal associations had experienced the greatest percentage gain in lending volume among the different classes of institutions. In the year just ended State-chartered members of the Federal Home Loan Bank System made the best showing, with an increase of 21 percent. Lending operations by Federal associations were up 15 percent, and nonmember associations registered an advance of only 2 percent.

Geographically, the Boston, Pittsburgh, New York, Portland, and Cincinnati Districts indicated better-than-average increases in lending activity, while Des Moines and Topeka recorded the smallest gains over last year. No clear geographic pattern



evolves from the District data presented in the accompanying chart. However, the heavily industrialized and coastal areas benefiting from the defense program show the largest increases in loan volume.

FHA Activity

Reflecting generally expanding mortgage-lending activity as well as more extensive use of mortgage insurance, FHA underwriting operations experienced continued growth. Premium-paying home mortgages insured under Title II of the FHA totaled $876,707,000 as against $736,490,000 the year before, an increase of 19 percent. In addition, mortgages on new small homes were insured in the amount of $21,000,000 under the provisions of Title I—somewhat less than in 1940. Another $13,400,000 of premium-paying loans was insured under the new Title VI which is designed to stimulate privately financed housing for defense workers by permitting the insurance of 90-percent loans to builder-mortgagors.

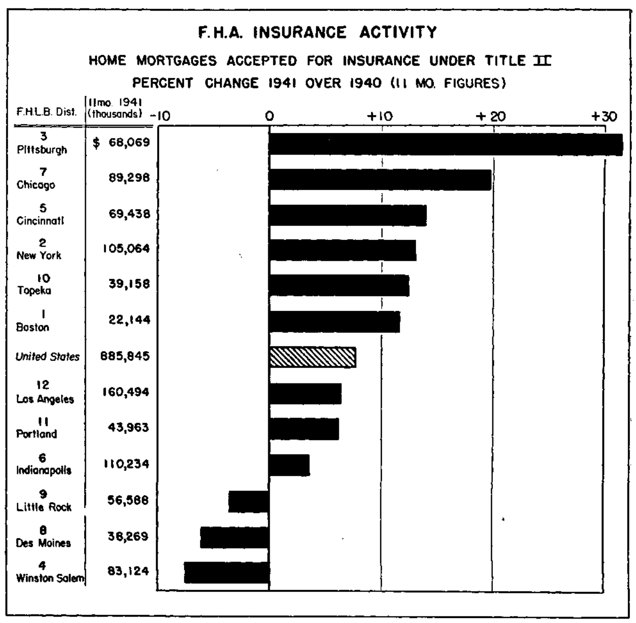
Paralleling the trends in residential construction and mortgage lending, the initiation of FHA transactions under Title II showed a reversal in the latter part of the year. After considerable gains through July, the volume of Title II mortgages selected for appraisal fell below corresponding periods of 1940 for each successive month. However, aggregate insurance transactions including Titles I and VI continued to be above 1940 levels. Of the 1941 total selected for appraisal under Title II, 79 percent was on new homes compared with over 80 percent in 1940, and 76 percent in 1939.

Participation of the various types of mortgage lenders in the FHA insurance program maintained the pattern observed in previous years. Commercial banks were responsible for almost 45 percent of the total dollar amount of mortgages accepted for insurance under Title II during 1941. Next in importance were mortgage companies which accounted for 23 percent. Insurance companies originated 13 percent of the aggregate dollar volume, and insured mortgages made by savings and loan associations represented 9 percent of the total as they did the year before. (Based on 9 months' figures.)

Geographically, FHA insurance under Title II showed the largest percentage gains over 1940 in the Pittsburgh, Chicago, Cincinnati, and New York Federal Home Loan Bank Districts. In three areas—Winston-Salem, Des Moines, and Little Rock—the volume of FHA insurance was slightly lower than in the preceding year. (See chart in this column.) As in previous periods, the dollar volume of mortgages accepted for insurance by the FHA was highest in the Los Angeles region; the Indianapolis area and the New York District ranked next.

Home Mortgage Debt: $20,000,000,000

Using as a guide the scanty data available at the present time, the total nonfarm home-mortgage debt outstanding at the end of 1941 is estimated to



exceed the $20,000,000,000 mark, which reflects a net increase of approximately $900,000,000 during the year.

Private mortgage lenders probably added more than a full billion to their home-mortgage portfolio, but this was partly offset by the accelerated liquidation of HOLC mortgage holdings which declined approximately $180,000,000. Preliminary estimates for the leading institutional lenders indicate that the net balance of loans held by savings and loan associations increased $375,000,000; holdings of life insurance companies were up $300,000,000; and those of commercial banks, $285,000,000.

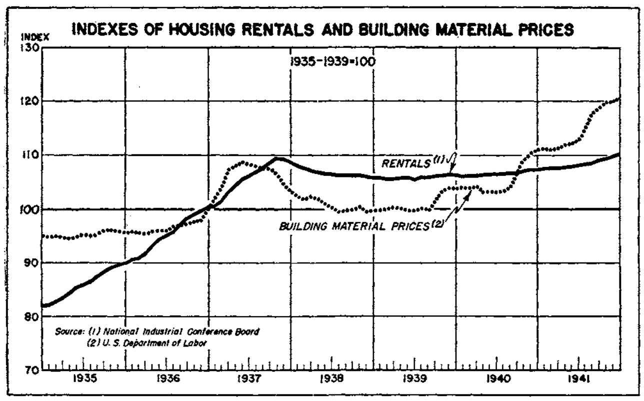
The total home-mortgage debt has now been on the increase for five consecutive years, and its present volume is not far below the peak levels of the late twenties when it oscillated around $20,000,000,000 to $21,000,000,000.

Real-Estate Recovery Parallels Defense Boom

■ GENERALIZATIONS about the progress of the real-estate market during 1941 may easily lead to false conclusions. Although prices for real property were generally higher and the volume of sales was larger than in 1940, there was wide disparity between conditions in individual communities.

The prosperity resulting from a deluge of new defense workers or the establishment of nearby military encampments in those regions most vitally affected by the defense and war programs often reached "boom town" proportions. Another group of cities and towns reflected a normal, healthy development of property values—a logical outgrowth of improved business conditions throughout their surrounding areas. A third type of community discovered that a gigantic national program of expansion could bring about at least temporary dislocations in local real-estate markets as factories were forced to cease the production of nonessentials and as labor forces migrated to the scene of new opportunities for employment in defense industries.

Despite these diverse local developments, the predominant trend in the real-estate market was upward. Four factors have generally tended to increase the value of existing properties; (1) the slowing down of new residential construction in the latter part of the year, as a result of shortages in critical materials, the priorities system, and the hesitancy of operative builders to proceed with construction plans in the face of future uncertainties; (2) the increasing pinch of actual housing shortages in many areas; (3) higher rent levels; and (4) the rising costs of new construction.



In tracing the course of construction costs and rents, the national average for wholesale building material prices showed a considerably greater increase than did the over-all index for residential rents for the second successive year. This is clearly evident in the chart on this page which indicates the pattern of these indices for 1941. Inasmuch as the demand for new housing exceeded the additional units of supply forthcoming, the effect was to improve the market for existing properties and bolster their valuations.

At the same time, a number of more long-run forces have been at work which tend to offset the favorable but temporary characteristics outlined above. First, the fact that new plants have been erected on the rim of urban and metropolitan areas as well as in rural districts may tend to relocate industrial facilities in many communities. Second, the priorities system, with its limitations on cost, necessitates the use of cheaper land which is available only in outlying districts. Third, new construction methods introducing elements of prefabrication and demountability are being tried out in the defense housing program and if these become a more permanent part of our construction techniques they may tend to reduce the level of building costs and existing property values. Finally, the process of depreciation and obsolescence continues to operate, particularly in the case of older properties.

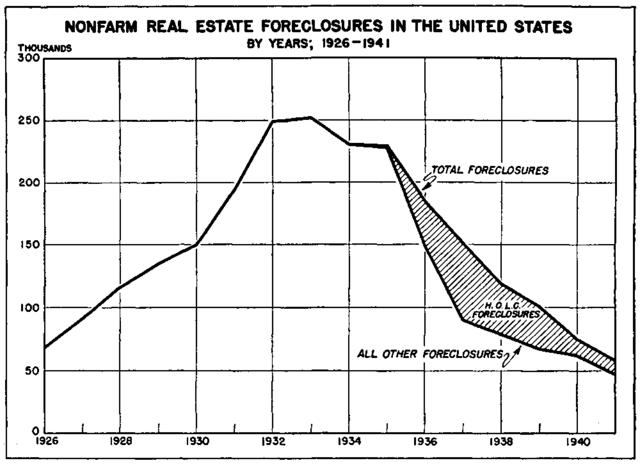
Financial institutions made special efforts to take advantage of present favorable conditions in the real-estate market to make further disposition of their property holdings. Complete information is not yet available on sales during 1941, but data on the first half of the year indicate that the net reduction of the real-estate overhang for the year as a whole probably exceeded the $500,000,000-record of 1940. Total volume of residential properties remaining on the books of savings and loan associations, life insurance companies, mutual savings banks, commercial banks, and the HOLC at the end of 1941 has been estimated at approximately $1,325,000,000—or 30 percent less than a year ago.

The extremely low rate of foreclosures during 1941 was a contributing factor to the sizeable net decline in real-estate-owned accounts and the general soundness of real-estate conditions. Total foreclosure proceedings initiated were 22 percent below the level of 1940, and 14 percent below the level of 1926—accepted low point of the previous foreclosure cycle.

Forty-three States and the District of Columbia reported lower foreclosure activity in 1941 than in 1940. On a Bank District basis, the Indianapolis and Boston areas showed the largest drop, and the Topeka region indicated the smallest. The rate of activity continued to vary in direct proportion to the density of population: the larger the city or county, the greater the number of cases per 1,000 dwelling units.

Statistical significance of national data on rents and vacancies became less important in the consideration of prevailing conditions in specific real-estate markets. Over-all rent indices showed increases of approximately 3 percent, but individual community surveys prepared for the Defense Housing Coordinator revealed extreme variations in the rent patterns of defense communities. At least eight areas reported rises of 30 percent or more in rent bills, with from one-half to nine-tenths of all dwellings affected and with vacancies virtually non-existent.

The formation of local fair-rent committees marked initial steps to prevent unwarranted raising of rents



and to provide adequate control over housing conditions in vital defense areas. The District of Columbia Emergency Rent Act was the first legislative action to confer statutory authority on regulation of this type, and the over-all price-control Act passed during January now makes possible the regulation of rents on a nation-wide scale in all defense areas.

No summary of developments in the real-estate field during 1941 would be complete without taking cognizance of the increasing trend toward small, reasonably priced homes. A year-end survey by the National Association of Real Estate Boards, covering 248 typical cities, revealed that in the last 6 months of 1941—which means before the full effect of priority ceilings had been felt—*80 percent* of all new home building was in the under-$6,000 class. Houses in the $3,000–$4,500 bracket were the most common type of new construction in two out of every five reporting cities.

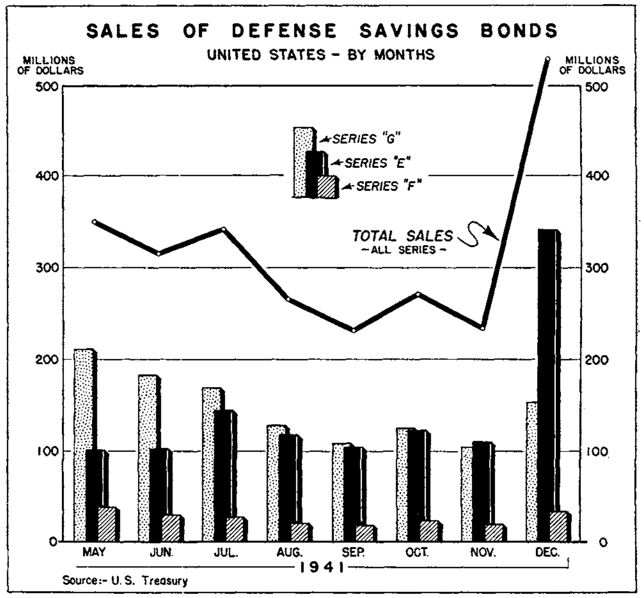
This development is one which involves far-reaching implications. It affects both the sale of land for the erection of new dwellings and the transfer of existing properties. For the duration of the War and into the peace which follows, the "under-$6,000" home may hold an important key to real-estate conditions.

Changing Savings Pattern in 1941

■ FACTS and philosophies on savings at the end of 1941 were a far cry from those prevailing at the beginning of the year. For some time prior to 1941, "plethora of idle funds" had been a leading theme in economic discussions, and "oversavings" were blamed in some quarters for the difficulties which the Nation encountered in pulling out of the depression. Financial institutions employed various devices to stem the flow of money which they were unable to invest profitably. Under the impact

\ : r this has changed almost overnight. The war permits idleness of neither men nor money. Savings are encouraged and are accorded a prominent place in the evolving pattern of war financing. Thrift is revived as a civic duty.

The past year witnessed the beginning of the defense savings campaign which will undoubtedly be intensified as the war effort develops, and this has been the outstanding chapter in the savings story of 1941. The chart on this page shows the results of the campaign through the end of the year—a good start in May when the special defense bonds were introduced; some slackening in sales to large investors (Series F and G) in subsequent months, while sales to small investors (Series E) continued at monthly levels of over $100,000,000; and a sudden jump in December when the bombs falling on Pearl Harbor stirred the Nation.



Lumping the proceeds from the old "baby bonds" and the new special defense bonds together, the Treasury received an aggregate of over $3,000,000,000 during 1941. Singling out Series E, the small man's bond, for comparative purposes, sales of this offering and of "baby bonds" (prior to May) totaled almost $1,650,000,000 for the year compared with $1,117,-058,000 of the old U. S. savings bonds in 1940. The current redemption value of these two types of bonds outstanding at the end of 1941 was $4,750,000,000 as against $3,200,000,000 the year before.

Some sluggishness was noted in the flow of money into private financial institutions during 1941. Deposits in mutual savings banks declined, for the first time in several years, 1.1 percent to $10,490,000,000. Savings deposits in insured commercial banks during the first 6 months of 1941 increased only $48,000,000 compared with $131,000,000 in the same period of 1940. Insured savings and loan associations experienced a further substantial gain in private-repurchasable capital from $2,202,135,000 to an estimated $2,600,000,000 at the end of the year. Even so, the dollar increase in private capital invested in these institutions was only the same as in 1940, and the rate of growth was lower.

A number of special factors seem to have been responsible for limiting the volume of funds going into the usual savings channels. Consumers, motivated by higher excise taxes on certain goods as well as by anticipated shortages and price increases, spent money more freely for current purchases. In addition, the expectation of higher income taxes caused many individuals to revise their regular savings programs. Rising living costs reduced the savings capacity of the classes with fixed incomes. At the same time, many of the newly employed had not as yet begun to save in any substantial amounts. These and other factors seem to have offset in some measure the favorable effects which larger employment and family incomes normally would have on the Nation's ability to save.

The Return on Savings

In spite of the greater demand for money, the return on savings showed no signs of increase. As pointed out on page 147, yields on Government bonds, which usually are indicative of money rates, declined through most of the year except towards the very end. In the past few months, several large life insurance companies reduced their reserve basis from 3 percent to 2¾ percent which means that new policy holders are no longer guaranteed what amounts to a 3 percent return on their money. This action may also indicate that some of the large life insurance companies do not expect any substantial and sustained rise in interest rates during the years to come. Interest rates on savings deposits remained at the low levels reached at the beginning of 1941, and there were scattered instances of a continued downward revision as, for example, in Pittsburgh where commercial banks reduced the return on savings deposits ½ of 1 percent. Likewise, the average dividend rate paid by all mutual savings banks on deposits was 1.89 percent at the end of the year compared with 1.97 in December 1940 (on a weighted basis).

Reports on dividend rates paid by savings and loan associations, although incomplete, reveal a persistent downward trend in many sections of the country, and a new low in savings and loan dividends was established when two institutions in the State of New York announced a reduction from 2 to 1½ percent. Although association earnings during 1941 generally were high, many executives felt that it was wiser to allocate larger amounts to reserves and thereby to fortify their institutions against the adjustments which may be necessary during the present emergency.

What is in Store?

■ SAVINGS and loan operations in a war economy —what will this mean? The war has introduced many uncertain elements which baffle even the most daring among the professional forecasters. Some of them were conspicuously silent as 1941 drew to a close, and others admitted that they were relying more heavily on the old crystal ball than on the usual mental exercises. Nevertheless, there is fairly general agreement on the direction of trends which will take shape in 1942.

The General Setting

It is clear that we are entering into a new phase of war economy in which restrictive tendencies will become much stronger than in 1941. Last year the Government, which needed an ever-increasing volume of war materials, as well as the consumers, who were in the market for more goods, could obtain them without much difficulty from expanding current output. As the new year was ushered in, rationing of tires, stoppage of new automobile sales, and restrictions on other consumers' goods presaged the pinches which the consumer will come to feel as the war effort gets into full swing. Our industries may still be able to step up their production volume beyond the all-time peak of 1941. Nevertheless, shortages in imported raw materials and conversions of civilian industries to war production will dictate sacrifices undreamed of a year ago.

How difficult it is to gauge the net effect of this transition toward a full war economy is illustrated by the question of unemployment. More men will be called into military service and more will be needed for immediate war production—20 million compared with 5 at the present time. And yet, the specter of unemployment over more or less short periods of time looms on the horizon. Conversion of civilian industries is a difficult and time-consuming operation and may result in some temporary unemployment. In addition, the stoppage of normal production entails employment losses in attached trades. In the case of the automobile industry, for example, employment losses in wholesale, retail, and service outlets are estimated to exceed those in automobile manufacture itself. How fast will these newly unemployed be transferred to other jobs? To what kind of jobs? How many of them will stay in their communities and how many will migrate? These questions are of paramount importance in this new year of transition.

There is general consensus that agriculture will see one of the best years since World War I. Total industrial production may continue to increase but at a much slower pace than in 1941 and 1940, and shifts in emphasis will be more noticeable than rising output totals. Our national income for 1942 is estimated at more than $100,000,000,000 but 40 to 50 percent of this total will be diverted into war production, compared with 14 percent during 1941. By way of illustration it is interesting to note that $50,000,000,000 at present price levels is about equal to our national income in 1933, at the depth of the depression. In other words, the war program requires by and large that, except for basic needs such as food and shelter, the American people reduce their living standards to depression levels while they produce at boom levels.

Price trends will largely depend on the effectiveness of control measures and the extent to which excess purchasing power of consumers can be directed into war savings and taxes. Reviewing these prospects, many analysts feel that price increases on wholesale markets may slow down after the considerable advances in 1941. However, even if wholesale prices can be held within bounds, retail prices and living costs are likely to rise in the immediate future, reflecting—with the usual time lag—past increases on wholesale markets.

Curtailment of Residential Construction

If the housing demand alone were to determine the outlook for residential construction in 1942, builders and mortgage lenders could look forward to another year of high activity, at least in the majority of defense areas. However, the volume of new housing will be limited by the availability of critical materials and the operation of the priorities system. During the final quarter of 1941, accumulated inventories in the hands of dealers and builders have cushioned the decline in nondefense construction, but when the new building season opens these inventories will be reduced to more normal levels and priority restrictions will then show real effects.

Nondefense housing in some volume may still be possible if manufactured metals for plumbing and heating can be obtained from existing stocks and to the extent that substitute materials will be used. Nevertheless, privately and publicly financed defense housing will represent the bulk of new residential construction in 1942.

Drawing all these factors together into a realistic appraisal of building prospects, estimates of total residential construction indicate a decline of 20 to 40 percent from the 615,000 family units built in nonfarm areas during 1941. These estimates are based on present controls which may well be tightened as time goes on. Publicly financed housing will at least maintain its volume of last year and contribute a minimum of 100,000 units. However, a larger number of these units will be provided in demountable houses, trailers, and dormitories to meet temporary needs. This is indicated by the recent program of emergency housing under which $166,000,000 has been made available for 42,000 demountable units, 5,600 trailers, and 5,200 dormitories.

New private construction, then, is likely to be reduced to a level substantially below 400,000 units compared with 519,000 built by private enterprise in 1941; and the bulk of this will be in defense areas and of the inexpensive type prescribed by priority restrictions. As rehabilitation of existing structures is given more recognition in the defense housing program, this type of activity may help the small builder and the mortgage lender to recoup in some measure the business lost by the drop in new construction.

Building materials of all types and building labor will probably continue to be in unabated demand. Cantonments and other military establishments will be enlarged to take care of the expanding military forces. Construction of new plants and building operations incident to the conversion of existing industries will exert pressure on available resources. In view of these requirements, Government agencies estimate that total construction of all types will be about equal to the 1941 volume of approximately $11,000,000,000—despite the curtailment of civilian housing. This will be a determining factor in the cost of materials and labor going into residential building during 1942.

New Tasks for Savings and Loan Management

Reviewing their immediate business prospects, savings and loan executives at the year-end sensed the possibility that the volume of new business on both sides of their balance sheet may decline. For most of the active associations this would be the first time in several years that they could not anticipate another period of growing activity, but aggressive management prepared itself to tackle the new problem of retrenchment as vigorously as it had handled the task of expansion in the past few years.

Local differences will possibly come into sharper focus as the war program progresses, but for the industry as a whole the following tendencies were discernable at the beginning of the year:

On the *lending* side, home-financing institutions will experience a more or less sharp drop in construction loans. This may be compensated—in part at least—by a greater volume of loans for home purchase, repair, and refinancing. Speculating on the future of home-purchase loans, bullish factors include rising price levels, housing shortages in defense areas, and a greater demand for existing properties in central neighborhoods on account of transportation difficulties. On the other hand, bearish elements may be found in the doubling-up resulting from the increase of our military forces, in continued migrations of a temporary nature, and in general uncertainty as well as a reduction in living standards.

On the *savings* side, the war savings campaign, multiplied taxes, and rising living costs will tend to reduce the flow of money into private financial institutions, and a higher rate of capital turnover in savings and loan associations is anticipated in some quarters. Institutions which in the past had placed limits on the amounts they were willing to accept in any period and from any single investor are considering a change of policy.

The slowing down of new business, the growing importance of moratoria for borrowers in military service, and the urge to maintain a strong liquidity position may affect the *earning capacity* of savings and loan associations in 1942. In the face of possible increases in operating expenses (such as compensation) and of the need for adequate reserve allocations, executives have begun to scrutinize their operating statements more closely. In many cases, a reduction of dividend rates will present itself as the most effective and the least harmful way of meeting the new situation.

Indications are that savings and loan associations will reorientate their business promotion efforts to hold the loyalty of existing members and to keep their services before the public eye.

Pondering over the adjustments necessitated by the emergency, savings and loan executives at the same time feel assured that these adjustments are entirely compatible with maintaining the sound basic structure of their institutions. They are strengthened in this conviction by the presence of stabilizing factors which in previous periods of strain did not exist: the credit facilities offered through the Federal Home Loan Bank System, now rounding out its tenth year of operation, and the widespread insurance of share accounts through the Federal Savings and Loan Insurance Corporation.

Public Interest Directors

APPOINTMENT of two Public Interest Directors was announced by the Federal Home Loan Bank Board in January.

Mr. Walter B. Gibbons, attorney of Overbrook, Pennsylvania, was named to serve the unexpired portion of a 4-year term ending December 31, 1944, in the Federal Home Loan Bank of Pittsburgh.

Mr. Archibald C. Young of Pasadena was named as a Director of the Federal Home Loan Bank of Los Angeles to serve the unexpired portion of a 4-year term ending December 31, 1942.

Directory of Member Institutions

Added during December 1941—January 1942

I. INSTITUTIONS ADMITTED TO MEMBERSHIP IN THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN DECEMBER 16, 1941 AND JANUARY 15, 1942

DISTRICT NO. 2

NEW JERSEY:
- Plainfield:
  - Renascence Building and Loan Association of Plainfield, New Jersey, 119 Watchung Avenue.

NEW YORK:
- New York:
  - Washington Heights Federal Savings and Loan Association, 1390 St. Nicholas Avenue.

DISTRICT NO. 5

KENTUCKY:
- Bellevue:
  - The Peoples' Mutual Building Association, 238 Fairfield Avenue.

DISTRICT NO. 6

INDIANA:
- Greencastle:
  - Greencastle Savings and Loan Association, 13 East Washington Street.

DISTRICT NO. 7

WISCONSIN:
- Racine:
  - Union Savings and Loan Association, 218 Fifth Street.

DISTRICT NO. 8

MISSOURI:
- Higginsville:
  - Home Building and Loan Association, 2112 Main Street.

DISTRICT NO. 10

NEBRASKA:
- Fremont:
  - Nebraska State Building and Loan Association, Sixth and Park Streets.

WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN DECEMBER 16, 1941 AND JANUARY 15, 1942

INDIANA:
- Michigan City:
  - Home Building and Loan Association, 532 Franklin Street (member's request).

KENTUCKY:
- Covington:
  - The Liberty Building Association, 808 Scott Street (voluntary liquidation).

MARYLAND:
- Baltimore (Raspeburg):
  - Fullerton Permanent Loan Association of the 12th District of Baltimore County, 7512 Belair Road.

NEW JERSEY:
- Jersey City:
  - Borrowers' Building and Loan Association, 2986 Boulevard (voluntary liquidation).
- Newark:
  - Oliver Building and Loan Association, 319 East Kinney Street (consolidated with the Penn Savings and Loan Association, Newark, New Jersey).
- Rutherford (Woodbridge):
  - Colonia Building and Loan Association, 54 Main Street (voluntary liquidation).

PENNSYLVANIA:
- Philadelphia:
  - The Haverford Loan and Building Association, 4001 Haverford Avenue (segregation and sale of assets to Real Estate Loan Association, Philadelphia, Pennsylvania).

WASHINGTON:
- Tacoma:
  - Peoples Savings and Loan Association, 1109 Pacific Avenue (voluntary liquidation).

II. FEDERAL SAVINGS AND LOAN ASSOCIATION CHARTERED BETWEEN DECEMBER 16, 1941 AND JANUARY 15, 1942

DISTRICT NO. 3

PENNSYLVANIA:
- Philadelphia:
  - Fifth Mutual Federal Savings and Loan Association, Main and Cotton Streets (converted from the Fifth Mutual Building Society, Philadelphia, Pennsylvania).

III. INSTITUTIONS INSURED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION BETWEEN DECEMBER 16, 1941 AND JANUARY 15, 1942

DISTRICT NO. 2

NEW YORK:
- New York:
  - Washington Heights Federal Savings and Loan Association, 1390 St. Nicholas Avenue.

DISTRICT NO. 3

PENNSYLVANIA:
- Pittsburgh:
  - Troy Hill Federal Savings and Loan Association, 1621 Lowrie Street.

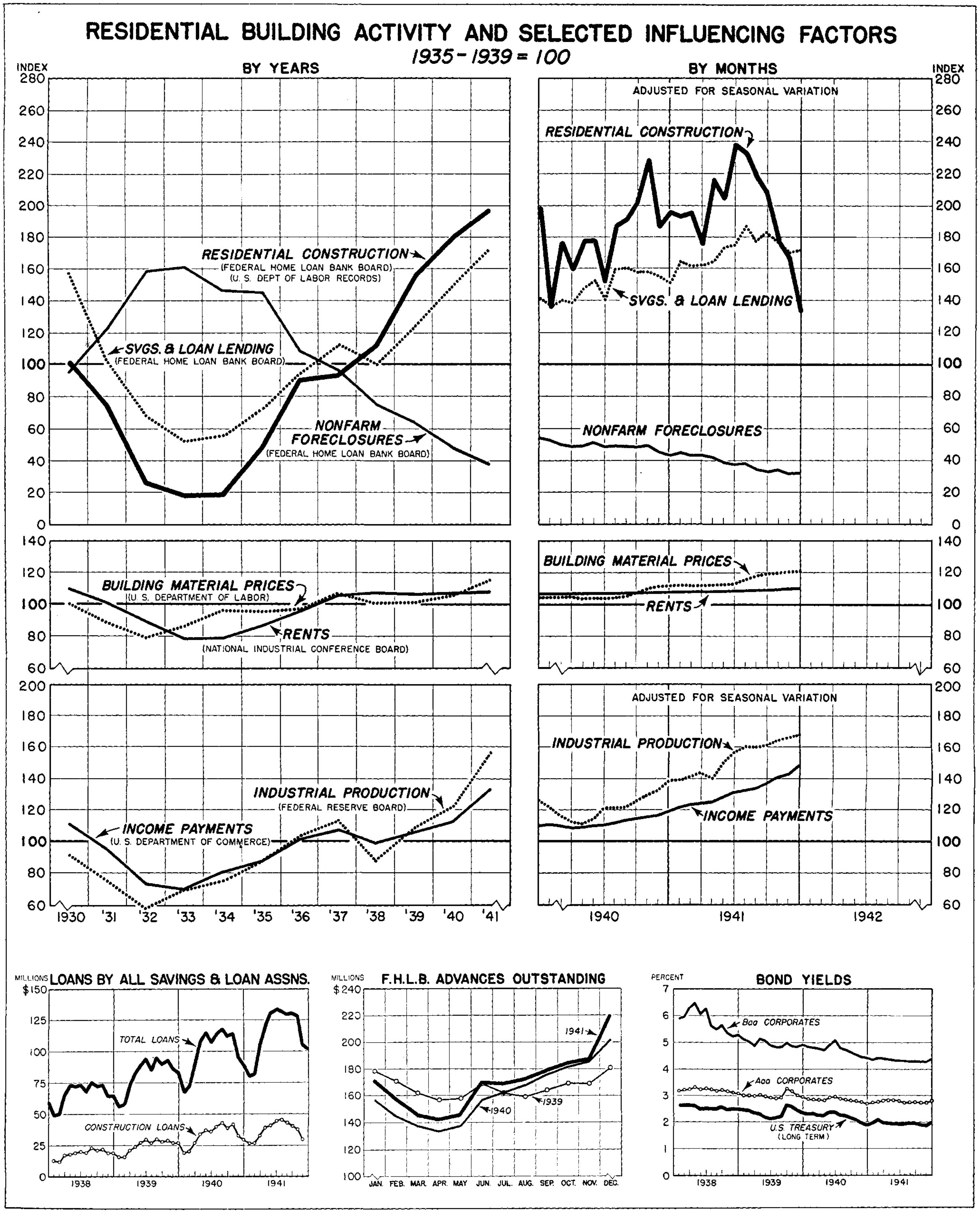
DISTRICT NO. 6

INDIANA:
- Greencastle:
  - Greencastle Savings and Loan Association, 13 East Washington Street.

DISTRICT NO. 7

ILLINOIS:
- Dolton:
  - Dolton-Riverdale Building and Loan Association, 14104 Chicago Street.

WISCONSIN:
- Racine:
  - Union Savings and Loan Association, 218 Fifth Street.


RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS
1935-1939 = 100
BY YEARS
BY MONTHS
INDEX
ADJUSTED FOR SEASONAL VARIATION
RESIDENTIAL CONSTRUCTION
(FEDERAL HOME LOAN BANK BOARD)
(U. S. DEPT OF LABOR RECORDS)
SVGS. & LOAN LENDING
(FEDERAL HOME LOAN BANK BOARD)
NONFARM FORECLOSURES
(FEDERAL HOME LOAN BANK BOARD)
BUILDING MATERIAL PRICES
(U. S. DEPARTMENT OF LABOR)
RENTS
(NATIONAL INDUSTRIAL CONFERENCE BOARD)
INDUSTRIAL PRODUCTION
(FEDERAL RESERVE BOARD)
INCOME PAYMENTS
(U. S. DEPARTMENT OF COMMERCE)
1930 '31 '32 '33 '34 '35 '36 '37 '38 '39 '40 '41
1940 1941 1942
LOANS BY ALL SAVINGS & LOAN ASSNS.
MILLIONS
TOTAL LOANS
CONSTRUCTION LOANS
1938 1939 1940 1941
F.H.L.B. ADVANCES OUTSTANDING
1941
1940
1939
JAN. FEB. MAR. APR. MAY JUN. JUL. AUG. SEP. OCT. NOV. DEC.
BOND YIELDS
PERCENT
Baa CORPORATES
Aaa CORPORATES
U.S. TREASURY
(LONG TERM)

HIGHLIGHTS

I. Building activity in December reflected once more the restrictions necessitated by the war program.

A. The seasonally adjusted index of residential construction in all urban areas declined for the sixth successive month and stood 44 percent below the peak of June 1941.

B. Building permits were issued for less than 20,000 urban dwelling units compared with 28,000 in November and 29,000 in December 1940.

II. The building-cost index for the standard house as well as the wholesale-price index for building materials indicated a continued upward trend in construction costs, though at a slackening pace.

III. Mortgage-financing operations were at a high level, with continued emphasis on loans for the purchase of existing properties.

A. Mortgages of $20,000 or under recorded during December totaled $392,000,000—up 4 percent from November.

B. Lending activity by savings and loan associations showed substantial increases for home-purchase loans, while lending volumes in all other loan classifications declined.

IV. Federal Home Loan Bank advances outstanding at the end of the year reached an all-time peak of close to $220,000,000, and repayments in the first few weeks of January were substantially lower than normally expected at this time of the year.

V. General business activity continued its record pace but the seasonally adjusted index of industrial production rose only 2 points in December—reflecting mounting difficulties in expanding the Nation's total industrial output.

SUMMARY

Year-end data demonstrate the increasing effects of the war program on residential building and mortgage-lending activity.

Residential construction, which is being affected more and more by shortages as existing inventories are reduced, registered a drop of 20 percent during December, as indicated by the seasonally adjusted index. This represents the sixth successive month that this barometer of new housing volume has declined; as a result of these reductions the December index stood 44 percent below the peak of June 1941.

Increases in building costs, while continuing through November and December, were at a somewhat slower pace than earlier in the year. The cumulative rise in costs is giving serious concern to mortgage lenders who so far have, in the majority of cases, refused to accept the new price levels as a basis for appraisals. Mortgage-lending institutions naturally consider the long-range valuations of their security rather than current cost levels which may be of a more or less temporary character.

New mortgage loans made by savings and loan associations showed a greater-than-seasonal drop during November, the latest month for which detailed data are available. However, total mortgage-financing activity increased at the end of the year, with December mortgage recordings for all mortgagees indicating an improvement of 4 percent over November. Insurance companies and commercial banks led in the rise, while declines were reported for mutual savings banks and savings and loan associations.

General business conditions during December also reflected the pressure of the war program. Industrial activity declined less than seasonally and the Federal Reserve Board's index of industrial production rose to 168 (1935–1939=100). Retail sales established an all-time high in Christmas buying—15 percent above December 1940. Income payments amounted to approximately $9,000,000,000, bringing the cumulative total for the year to almost $90,000,000,000.

[1935–1939=100]

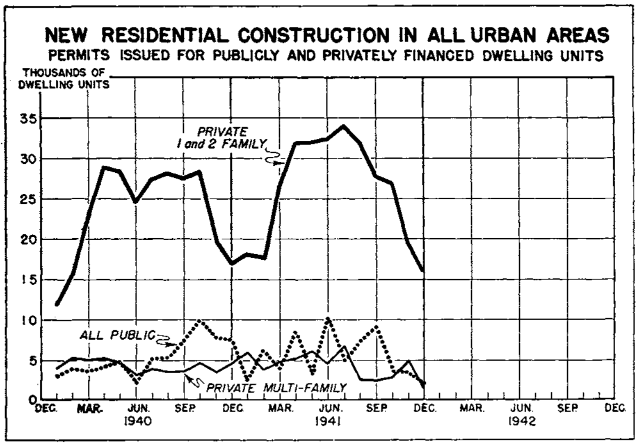
Type of index	Dec. 1941	Nov. 1941	Percent change	Dec. 1940	Percent change
Residential construction [1]	132.7	166.6	−20.3	195.2	−32.0
Foreclosures (nonfarm) [1]	32.4	31.9	+1.6	42.2	−23.2
Rental index (NICB)	110.2	109.7	+0.5	107.2	+2.8
Building material prices	120.4	120.0	+0.3	110.9	+8.6
Savings and loan lending [1]	p 171.7	r 170.4	+0.8	150.1	+14.4
Industrial production [1]	p 168.0	r 166.0	+1.2	139.0	+20.9
Manufacturing employment [1]	p 136.6	r 135.8	+0.6	118.5	+15.3
Manufacturing pay rolls [1]	p 194.2	r 188.7	+2.9	140.4	+38.3
Income payments [1]	p 148.3	r 143.0	+3.7	119.0	+24.6

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

BUILDING ACTIVITY—Adjusted index continues to decline

Residential construction, which had been declining since mid-year, experienced a further drop as 1941 drew to a close. The seasonally adjusted index of residential-building activity for December was 20 percent below November and 32 percent under the December 1940 level.

Building permits were taken out in December foı 19,850 dwelling units in urban areas, compared with 27,930 during November. Privately financed one- and two-family houses showed the greatest resistance to the decrease in activity. The construction oi multifamily units by private enterprise evidenced a drastic curtailment. The number of family units provided by Government agencies declined from 3,506 in November to 2,252 in December. [TABLES 1 and 2.]



BUILDING COSTS—Index rises for 18 consecutive months

The cost of labor and materials used in the construction of the standard 6-room house rose nearly 1 percent in December, continuing the upward trend begun in midyear 1940. During the past year the total cost of building the standard house has increased 11 percent to a point one-fifth above the average month of 1935–1939. Both labor and materials have shared in the rise, now standing 24 and 18 percent, respectively, above the base period. Sustained increases in building material wholesale prices, evident throughout December and January, indicate a continuation in the upward trend of costs.

Changes in the total cost figures for individual cities during the period from October to January were varied. Thirteen cities reported increases or declines of less than $100; the same number indicated increases of more than $100, while rises of more than $400 were registered in South Bend and Evansville, Indiana. [TABLES 3, 4, and 5.]

Construction costs for the standard house

[Average month of 1935–1939=100]

Element of cost	December 1941	November 1941	Percent change	December 1940	Percent change
Material	117.7	r 116.9	+0.7	105.9	+11.1
Labor	124.2	r 123.9	+0.2	112.5	+10.4
Total	119.9	r 119.2	+0.6	r 108.1	+10.9

r revised.

MORTGAGE RECORDINGS—Volume well maintained

During the month of December over $392,000,000 in mortgages of $20,000 or less was recorded throughout the United States, or 4 percent more than in November. This rise appears to be rather favorable in the light of the slight declines from November to December observed in the two preceding years.

Since September of last year the share of savings and loan associations in total mortgage recordings has been declining. In August 1941 these institutions were responsible for 32.5 percent of the total dollar volume. In December this ratio was reduced to 28.7 percent. For 1941 as a whole the proportion of mortgages recorded in the name of savings and loan associations was 31.5 percent compared with 31.8 for the preceding year. [TABLES 8 and 9.]

Mortgage recordings by type of mortgagee

[Amounts are shown in thousands of dollars]

Type of lender	Percent change from Nov. 1941	Percent of Dec. 1941 amount	Cumulative recordings (12 months)	Percent of total recordings
Savings and loan associations	−0.5	28.7	$1,489,909	31.5
Insurance companies	+14.3	9.5	403,684	8.5
Banks, trust companies	+8.2	25.5	1,165,435	24.6
Mutual savings banks	−2.0	4.9	218,494	4.6
Individuals	+0.8	16.4	783,177	16.6
Others	+5.3	15.0	671,261	14.2
Total	+3.9	100.0	4,731,960	100.0

MORTGAGE LENDING—November drop was more than seasonal

The 18-percent decline in mortgage-lending activity by savings and loan associations during November was somewhat more pronounced than is usually expected at this time of the year.

All loan classifications shared in the reduction from October to November, with construction and reconditioning loans showing the largest percentage decline. Comparing November 1941 with the same month in 1940, the dollar amounts advanced by savings and loan associations registered declines in all loan classifications, except for home-purchase loans which were 44 percent higher. This is indicative of the growing emphasis which savings and loan associations are placing on mortgages on existing properties—a trend now observed over a number of months as a result of war-time restrictions on new residential building activity. [TABLES 6 and 7.]

FORECLOSURES—Increase in nondefense areas

Nonfarm real-estate foreclosures in December numbered 4,337, an increase of 3 percent from the previous month. Rising foreclosure activity was reported for 29 States while 19 States—including the District of Columbia—indicated decreases, and 1 showed no change.

The seasonally adjusted foreclosure index increased almost 2 percent over November—a reversal from the trend observed over the past 8 years. This increase was caused almost entirely by accelerated foreclosure actions in nondefense areas.

Compared with December 1940, foreclosure activity toward the end of last year showed a decline of 23 percent. Each Bank District except Pittsburgh and all but 12 scattered States shared in this improvement over the preceding year. [TABLE 10.]

FEDERAL ASSOCIATIONS—Assets rise 16 percent during 1941

Assets of all Federal savings and loan associations at the close of 1941 totaled $2,174,000,000—an increase of almost 16 percent and more than $300,000,000 during the 12-month period. The number of institutions operating under Federal charter rose from 1,441 at the beginning of the year to 1,462 at the end of December. After consideration of mergers and consolidations during the period, there was a net increase of 16 in the number of institutions which had converted to Federal charters, and of 5 in the number of newly organized institutions.

At the close of the year, Federal associations constituted roughly two-thirds of all insured institutions in terms of number as well as of resources. Their average size increased nearly $200,000 during the past 12 months and is now approximately $1,500,000. [TABLE 12.]

Progress in number and assets of Federals

[Amounts are shown in thousands of dollars]

Class of association	Number		Approximate assets	
	Dec. 31, 1941	Nov. 30, 1941	Dec. 31, 1941	Nov. 30, 1941
New	640	640	$684, 427	$665, 025
Converted	822	821	1, 489, 253	1, 463, 236
Total	1, 462	1, 461	2, 173, 680	2, 128, 261

Indexed Manual of Rules and Regulations Issued

■ FEDERAL and insured members of the Federal Home Loan Bank System recently received an indexed compilation of the rules and regulations governing their operations, issued by the Bank Board to assist them in maintaining an accurate and convenient record of these documents.

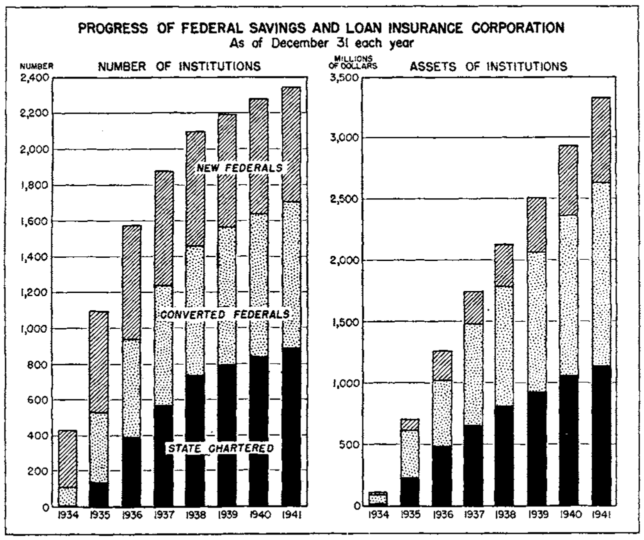
The manual is bound in loose-leaf form and includes, for Federals, the regulations governing federally chartered institutions and for insurance of accounts, cross-indexed, together with legal interpretations of general applicability for the associations. The rules and regulations, charter and bylaws, the Home Owners' Loan Act, and portions of the National Housing Act are annotated with notes giving cross references to other sections of the regulations and decisions of the United States Supreme Court and with references to legal opinions which have been included in the Appendix. The manual prepared for use by State-chartered insured members is similar except for the exclusion of the rules pertaining only to Federal institutions.

Following the distribution of the manual, institutions will be furnished with copies of all new rules and regulations, amendments, and other material on loose-leaf sheets which may be bound in proper sequence in the book. This replaces the system of loose inserts used prior to the issuance of the publication.

INSURANCE of investments in savings and loan associations has assumed greater significance since this country went to war, and the progress of the insurance program is therefore of more than usual interest. During the year just ended the number of associations insured by the Federal Savings and Loan Insurance Corporation grew from 2,276 at the end of 1940 to 2,343. Private investors in these associations numbered 3,120,000 at the end of 1941, an increase of 347,600 over last year, and their total assets reached $3,340,000,000, an all-time high since the establishment of the Corporation 7½ years ago. This figure represented approximately 70 percent of the combined assets of all savings and loan associations which were members of the Federal Home Loan Bank System.

The Corporation's gross assets aggregated $133,069,394 as against last year's total of $128,014,723. Gross income from operations amounted to $6,858,420, and total operating expenses were $301,846, about 4½ percent of gross income.

Action was taken by the Corporation during the year to prevent default of nine insured associations with total assets of $30,350,000 and investors numbering 23,300. Cash disbursements by the Corporation in these cases aggregated $1,999,725. A total of 19 associations have now been rehabilitated by the Corporation since its creation, and its aggregate disbursements for this purpose reached $3,165,371 through the end of last year.



[*Table 12*]

Financial Statement

Federal Savings and Loan Insurance Corporation

At the Close of Business, December 31, 1941

* * *

ASSETS

Cash in U. S. Treasury	$1, 873, 930. 85
Accounts receivable	1, 064, 538. 05
Investments—U. S. Government and Government guaranteed bonds & accrued interest	125, 723, 314. 88
Deferred charges	75, 000. 00
Subrogated accounts in insured associations	4, 332, 610. 60
TOTAL ASSETS	133, 069, 394. 38

LIABILITIES AND CAPITAL

Accounts payable	$1, 650. 94
Deferred income	1, 757, 416. 45
Capital and surplus	131, 310, 326. 99
TOTAL LIABILITIES AND CAPITAL	133, 069, 394. 38

Note: A contingent liability of $753,745.22 exists due to commitments in connection with the prevention of default in insured associations.

Four insured associations with assets of $8,111,000 were placed in liquidation by supervisory authorities during 1941. The optional methods of settlement as provided by the National Housing Act were made available to insured investors in these associations, and a total of $3,849,310 was paid out by the Insurance Corporation in the form of new insured accounts during the year.

Through the end of 1941, insured shareholders in seven insured associations placed in default and liquidation had been issued new share accounts in other insured institutions amounting to $4,352,529, representing 58 percent of the number of insured claims to be settled and 64 percent of the dollar amount. As the liquidation of these associations proceeds, a substantial percentage of the funds issued to purchase new accounts will be recovered by the Corporation. In the case of one of the earliest liquidation cases, recovery has proceeded to the point that the Insurance Corporation during the past year received a partial liquidating dividend of 70 percent.

FEDERAL HOME LOAN BANK SYSTEM

[Table 13; Supplemental Tables A and B]

PEAK volumes in membership assets and Federal Home Loan Bank advances to member institutions were reached in the year just ended. The combined estimated assets of all member institutions at the end of 1941 were $5,470,565,000 compared with the total of $5,071,000,000 at the close of 1940—an increase of almost 8 percent.

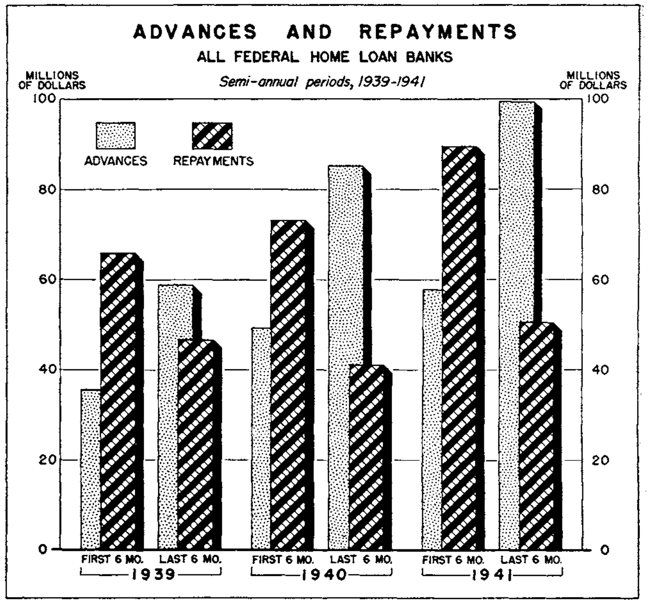
The increase in assets was in contrast to a decline of 40 in the membership which dropped from 3,864 to 3,824. This decrease was due mainly to the withdrawal of institutions because of mergers, consolidations, and voluntary liquidations. It follows from these figures that the average size of the individual member institutions has again shown a substantial growth. Total membership was made up of 3,783 Federal and State-chartered savings and loan associations, 15 mutual savings banks, and 26 insurance companies.

Advances outstanding of the 12 Federal Home Loan Banks at the close of 1941 totaled $219,446,000, an increase of $17,954,000 over last year's total. Early in the year, advances outstanding declined until April, then swung up steadily until finally reaching an all-time peak in December.

The Federal Home Loan Bank of Chicago reported the largest amount of advances outstanding at the end of the year—$35,251,000. The second largest amount was reported by the Winston-Salem Bank ($27,410,000), and the third largest by the New York Bank ($24,975,000). Six Banks, including Boston, New York, Pittsburgh, Chicago, Portland, and Los Angeles, set a record high in the amount of outstanding advances to member institutions.

Gross advances for the year 1941 totaled $157,600,000 and were $23,388,000 higher than the total for 1940. Repayments of $139,646,000 were also higher than in 1940 to the extent of $25,413,000. Since the creation of the Banks, $873,735,000 has been advanced to eligible borrowers and total repayments to date amount to $654,289,000.

The past year witnessed a continued increase in the demand for short-term advances. The ratio of short-term to total advances outstanding rose from 36 to 48 percent during 1941. This was accompanied by a further increase in the proportion of unsecured advances from 29 to 34 percent of the aggregate amount of advances outstanding. The entire increment in the balance of advances over the preceding year was due to short-term and unsecured advances.



Combined Statement of Operations

A gain of almost $360,000 from 1940 to 1941 in net income of the 12 Banks was due to an increase in gross operating income of $127,000, an increase in nonoperating income of almost $74,000, a decrease in operating charges of $249,000, and a rise in nonoperating charges of $90,000. Last year's total net income was $3,779,000, of which $1,384,000 was allocated to the Banks' reserves and $391,000 to undivided profits, while $2,004,000 was distributed in dividends to member institutions and to the Reconstruction Finance Corporation which now holds the Government-owned portion of Federal Home Loan Bank stock. Aggregate dividend payments for the year were $166,000 in excess of those in 1940.

Dividends declared on an annual basis ranged from 1 to 1.5 percent. Those declared semiannually ranged from 1 to 1.75 percentum per annum. An increase in rates was noted in the Pittsburgh and Des Moines Districts.

Since their establishment in October 1932, payments of dividends by the Banks total $17,409,000, of which $13,481,000 was paid on Government-owned

Dividends paid or declared by the Federal Home Loan Banks during 1941

Federal Home Loan Bank	Rate per annum [1]	Members	Government [3]	Total
	Percent			
Boston	1	$46,901.88	$124,675.00	$171,576.88
New York	1	50,049.95	189,632.00	239,681.95
Pittsburgh [2]	1½	44,067.08	167,194.50	211,261.58
Winston-Salem [2]	1	53,043.32	92,082.00	145,125.32
Cincinnati	1-1¼	91,262.26	143,726.63	234,988.89
Indianapolis	1½	49,794.59	98,661.00	148,455.59
Chicago	1½	77,020.45	212,608.50	289,628.95
Des Moines	1¼-1¾	43,165.12	110,923.50	154,088.62
Little Rock	1	22,568.29	87,724.00	110,292.29
Topeka	1	18,688.11	73,336.00	92,024.11
Portland	1	13,380.23	59,600.00	72,980.23
Los Angeles	1	34,657.10	99,679.00	134,336.10
Total	----------	544,598.38	1,459,842.13	2,004,440.51

[1] Where two rates are shown they represent declarations for first and second halves of 1941.

[2] Dividends declared as of December 31, 1941, for the calendar year 1941; other Banks declared semiannual dividends.

[3] On February 20, 1941 the RFC purchased from the U. S. Treasury, its holdings of Federal Home Loan Bank stock as provided for by an Act of Congress, approved June 25, 1940. The Treasury Department waived any claim to dividends arising from earnings subsequent to January 1, 1941.

stock and $3,928,000 on stock owned by member institutions.

The capital structure of the Banks again shows an increased proportion of stock held by members. While the Government-owned stock remained unchanged at $124,741,000, the amount of stock held by members increased over $4,000,000 to $48,815,000 and now represents 28.1 percent of the total paid-in capital stock—$173,556,000.

Aggregate resources of the 12 Banks increased from $299,723,000 at the end of 1940 to $308,306,000 at the close of 1941.

One new issue of Federal Home Loan Bank debentures was floated during 1941, and one maturing series was retired. Series F in the amount of $15,000,000 matured in April 1941. Series H ½-percent debentures, amounting to $15,000,000, were issued on December 24 and are due February 24, 1942. Debentures issued by the Banks to date amount to $224,700,000 and the total now outstanding is $90,500,000, the same as a year ago.

Member deposits in the Federal Home Loan Banks increased from $26,921,000 to $29,826,000 during the year. On the other hand, the larger amount of advances outstanding was reflected in a decline of total cash and investments from $97,056,000 to $88,089,000.

Detailed statements of condition and of profit and loss of the Banks will be found in Supplemental Tables A and B on pages 168 and 170.

Interest Rates

Following upon a period of continued downward revisions of interest rates on Federal Home Loan Bank advances, the past year showed practically no change, as evidenced by the table below. Interest rates charged by the various Banks ranged from 1½ to 3 percent on short-term advances and from 2½ to 3 percent on long-term advances. Eight of the 12 Banks pay interest at the rate of ½ of 1 percent for deposits of member associations held over 90 days, and one Bank pays the same rate for deposits held over 30 days. The table in this column shows rates on deposits and advances for each bank.

Current Operations

Advances made during December 1941 totaled $40,167,000—a large increase over both the December 1940 and 1939 figures. Repayments during this month totaled only $7,805,000 During December each Bank except Topeka reported a far greater amount of advances than of repayments. The balance of advances outstanding at the end of the month was $219,446,000—the largest amount outstanding at the end of any one month since the organization of the Federal Home Loan Bank System in 1932.

Interest rates on advances [1] and on deposits

Federal Home Loan Bank	Rates on deposits over 90 days	Rates on advances, Jan. 1, 1942	Type of advance
	Percent	*Percent*	
Boston	[2] ½	1½	All short-term advances amortized within one year.
		2½	All long-term advances.
New York	½	1½	All short-term advances amortized within one year.
		2½	All long-term advances.
Pittsburgh	½	3	All advances.
Winston-Salem	½	3	All advances.
Cincinnati	½	2½	All advances.
Indianapolis	½	2½	Short-term advances not exceeding 15% of member's share capital.
		3	All long-term advances.
Chicago	½	1½	All short-term advances amortized in equal monthly installments.
		2¼	All short-term advances amortized, by not less than 2½% of the principal amount quarterly. Advances must not exceed 10% of member's assets.
		3	All other advances.
Des Moines	½	3	All advances.
Little Rock	----------	3	All advances.
Topeka	----------	3	All advances.
Portland	----------	3	All advances.
Los Angeles	½	2½	Advances made on and subsequent to May 1, 1941, where the proceeds are used solely for making FHA loans.
		3	All other advances.

[1] Banks are required to charge ½ to 1 percent additional on advances to nonmembers.

[2] This Bank also pays interest on deposits remaining over 30 days.

Consolidated statements of condition of the Federal Home Loan Banks compared for the years ending Dec. 31, 1941, 1940, 1939

	December 31, 1941		December 31, 1940		December 31, 1939	
	Amount	Percentage Distribution	Amount	Percentage Distribution	Amount	Percentage Distribution
ASSETS						
CASH:						
On hand and on deposit	$ 24,347,143.63	7.90	$ 46,724,640.31	15.59	$ 22,162,993.08	8.70
INVESTMENTS:						
U. S. Government Obligations and securities guaranteed by U. S.	63,750,865.46	20.68	50,711,041.70	16.92	50,430,213.95	19.80
ADVANCES OUTSTANDING - Members	219,446,049.84	71.18	201,491,964.37	67.23	181,312,990.64	71.19
ACCRUED INTEREST RECEIVABLE:						
Investments	264,705.62		177,185.72		211,989.75	
Advances to Members	301,223,73		346,630.69		330,652.81	
Total accrued interest receivable	565,929.35	.18	523,816.41	.17	542,642.56	.21
DEFERRED CHARGES:						
Prepaid consolidated debenture expense	30,282.19		100,325.72		57,284.97	
Prepaid assessment - F.H.L.B. Board	150,000.00		150,000.00		150,000.00	
Prepaid surety bond and insurance premiums	7,238.56		11,905.26		16,251.74	
Other	192.50		0		9.50	
Total deferred charges	187,713.25	.06	262,230.98	.09	223,546.21	.09
OTHER ASSETS:						
Accounts receivable	7,268.24		8,222.96		6,104.45	
Miscellaneous	1,398.74		1,225.00		1,925.00	
Total other assets	8,666.98	.00	9,447.96	.00	8,029,45	.01
TOTAL ASSETS	$308,306,368.51	100.00	$299,723,141.73	100.00	$254,680,415.89	100.00
LIABILITIES AND CAPITAL						
LIABILITIES:						
DEPOSITS:						
Members - time	$ 24,418,135.87		$ 21,770,628.87		$ 24,990,444.75	
Members - demand	5,408,242.16		5,150,762.61		4,626,240.56	
Applicants	133,175.00		67,525.00		87,778.61	
Total deposits	29,959,553.03	9.72	26,988,916.48	9.00	29,704,463.92	11.66
ACCRUED INTEREST PAYABLE:						
Deposits - members	9,932.31		14,905.88		32,437.71	
Consolidated debentures	199,999.99		175,625.05		159,166.68	
Total accured interest payable	209,932.30	.07	190,530.93	.06	191,604.39	.08
DIVIDENDS PAYABLE:						
Reconstruction Finance Corporation	745,303.75		706,519.76*		671,529.76*	
Members	298,798.13		261,194.26		233,912.68	
Total dividends payable	1,044,101.88	.34	967,714.02	.32	905,442.44	.36
ACCOUNTS PAYABLE	848.62	.00	401.21	.00	4,295.20	.00
UNREMITTED PROCEEDS, DEFENSE BOND SALES	5,550.00	.00	0	.00	0	.00
**CONSOLIDATED DEBENTURES OUTSTANDING	90,500,000.00	29.35	90,500,000.00	30.20	48,500,000.00	19.04
PREMIUMS ON CONSOLIDATED DEBENTURES	45,306.34	.02	213,755.46	.07	28,645.84	.01
MATURED OBLIGATIONS:						
Consolidated debentures	8,000.00		369,000.00		5,000.00	
Interest on consolidated debentures	1,319.38		10,422.50		2,532.50	
Total matured obligations	9,319.38	.00	379,422.50	.13	7,532.50	.00
Total liabilities	121,774,611.55	39.50	119,240,740.60	39.78	79,341,984.29	31.15
CAPITAL:						
CAPITAL STOCK (par):						
Members (fully paid)	48,789,400.00		44,531,400.00		40,947,700.00	
Members (partially paid)	65,300.00		23,900.00		60,000.00	
Total	48,854,700.00		44,555,300.00		41,007,700.00	
Less unpaid subscriptions	39,475.00		14,650.00		29,750.00	
	48,815,225.00	15.83	44,540,650.00	14,86	40,977,950.00	16.09
U. S. Government subscription now owned by R.F.C. (fully paid)	124,741,000.00	40.46	124,741,000.00	41.62	124,741,000.00	48.98
Total paid in on capital stock	173,556,225.00	56.29	169,281,650.00	56.48	165,718,950.00	65.07
SURPLUS:						
Reserve as required under Sec. 16 of the Act	6,078,318.31		5,322,474.03		4,638,551.83	
Reserve for contingencies	1,745,889.16		1,117,763.70		901,701.25	
Total surplus	7,824,207.47		6,440,237.73		5,540,253.08	
UNDIVIDED PROFITS	5,151,324.49		4,760,513.40		4,079,228.52	
Total surplus and undivided profits	12,975,531.96	4.21	11,200,751.13	3.74	9,619,481.60	3.78
Total capital	186,531,756.96	60.50	180,482,401.13	60.22	175,338,431.60	68.85
TOTAL LIABILITIES AND CAPITAL	$308,306,368.51	100.00	$299,723,141.73	100.00	$254,680,415.89	100.00

*Paid to U. S. Treasury

**Consolidated Federal Home Loan Bank debentures issued by the Federal Home Loan Bank Board and now outstanding are the joint and several obligations of all Federal Home Loan Banks.

Note: On February 20, 1941, the ownership of the Government's subscription to the capital stock of the Banks of $124,741,000 was purchased by the Reconstruction Finance Corporation from the Treasury.

Balance sheet item	Consolidated	Combined	Boston	New York	Pittsburgh
ASSETS					
CASH:					
On Hand	$ 86,270.84	$ 86,270.84	$ 500.00	$ 500.00	$ 1,200.00
On Deposit with:					
U. S. Treasurer	14,855,035.03	14,855,035.03	1,342,215.47	1,542,575.06	645,328.25
Commercial Banks	9,159,956.72	9,159,956.72	931,500.29	377,392.38(a)	1,533,210.13
FHL Bank of New York, Agent	15,000.00	15,000.00	1,250.00	1,250.00	1,250.00
Other Federal Home Loan Banks	-0-	11,000,000.00	-0-	-0-	500,000.00
In transit	221,561.66	219,486.31	219,486.31	-0-	-0-
Total Cash	24,337,824.25	35,335,748.90	2,494,952.07	1,921,717.44(a)	2,680,988.38
Deposit with U. S. Treasurer for Matured Obligations	9,319.38	-0-	-0-	-0-	-0-
INVESTMENTS:					
U. S. Government Obligations and Securities fully guaranteed by U. S.	63,750,865.46	63,750,865.46	7,069,592.05	6,447,398.68	5,368,973.74
ADVANCES OUTSTANDING - Members	219,446,049.84	219,446,049.84	15,268,530.32	24,975,245.91	17,802,559.71
ACCRUED INTEREST RECEIVABLE:					
Deposits - Other FHL Banks	-0-	4,890.40		-0-	-0-
Investments	264,705.62	264,705.62	20,331.99	36,761.35	24,608.81
Advances to Members	301,223.73	301,223.73	8,510.85	55,146.43	56,727.95
Total Accrued Interest Receivable	565,929.35	570,819.75	28,842.84	91,907.78	81,336.76
DEFERRED CHARGES:					
Prepaid Consolidated Debenture Expense	30,282.19	30,282.19	-0-	-0-	3,549.60
Prepaid Assessment - FHLB Board	150,000.00	150,000.00	10,511.53	12,880.05	13,224.81
Prepaid Surety Bond and Insurance Premiums	7,238.56	7,238.56	542.22	1,003.16	753.43
Other	192.50	192.50	-0-	-0-	-0-
Total Deferred Charges	187,713.25	187,713.25	11,053.75	13,883.21	17,527.84
OTHER ASSETS:					
Accounts Receivable	7,268.24	7,268.24	300.00	937.50	2,453.91
Miscellaneous	1,398.74	1,398.75	-0-	-0-	-0-
Total Other Assets	8,666.98	8,666.99	300.00	937.50	2,453.91
TOTAL ASSETS	$308,306,368.51	$319,299,864.19	$24,873,271.03	$33,451,090.52	$25,953,840.34
LIABILITIES AND CAPITAL					
LIABILITIES:					
DEPOSITS:					
Members - Time	$ 24,418,135.87	$ 24,418,135.87	$ 1,819,645.73	$ 2,512,893.75	$ 455,000.00
Members - Demand	5,408,242.16	5,408,242.16	300,000.00	371,800.00	160,773.09
Applicants	133,175.00	133,175.00	-0-	40,875.00	49,890.00
Other Federal Home Loan Banks	-0-	11,000,000.00	3,500,000.00	2,500,000.00	-0-
Total Deposits	29,959,553.03	40,959,553.03	5,619,645.73	5,425,568.75	665,573.09
ACCRUED INTEREST PAYABLE:					
Deposits - Members	9,932.31	9,932.31	4,464.41	84.17	657.43
Deposits - Other FHL Banks	-0-	2,815.06	1,842.46	-0-	-0-
Consolidated Debentures	199,999.99	199,999.99	83.33	208.33	25,635.41
Total Accrued Interest Payable	209,932.30	212,747.36	6,390.20	292.50	26,292.84
DIVIDENDS PAYABLE:					
Reconstruction Finance Corporation	745,303.75	745,303.75	62,337.50	-0-	167,194.50
Members	298,798.13	298,798.13	24,157.92	-0-	44,067.08
Total Dividends Payable	1,044,101.88	1,044,101.88	86,495.42	-0-	211,261.58
ACCOUNTS PAYABLE	848.62	848.62	-0-	-0-	-0-
UNREMITTED PROCEEDS DEFENSE BOND SALES	5,500.00	5,500.00	-0-	-0-	-0-
PREMIUMS ON CONSOLIDATED DEBENTURES	45,306.34	45,306.34	-0-	-0-	3,049.48
*CONSOLIDATED DEBENTURES:					
2% Series D due April 1, 1943	23,500,000.00	23,500,000.00	-0-	-0-	4,000,000.00
3/4% Series G due April 15, 1942	52,000,000.00	52,000,000.00	-0-	-0-	3,500,000.00
1/2% Series H due February 24, 1942	15,000,000.00	15,000,000.00	1,000,000.00	2,500,000.00	2,000,000.00
Total Consolidated Debentures	90,500,000.00	90,500,000.00	1,000,000.00	2,500,000.00	9,500,000.00
MATURED OBLIGATIONS:					
Consolidated Debentures	8,000.00	-0-	-0-	-0-	-0-
Interest on Consolidated Debentures	1,319.38	-0-	-0-	-0-	-0-
Total Matured Obligations	9,319.38	-0-	-0-	-0-	-0-
TOTAL LIABILITIES	$121,774,611.55	$132,768,107.23	$ 6,712,531.35	$ 7,925,861.25	$10,406,176.99
CAPITAL:					
CAPITAL STOCK (PAR):					
Members (fully paid)	$ 48,789,400.00	$ 48,789,400.00	$ 5,039,100.00	$ 5,272,600.00	$ 3,120,100.00
Members (partially paid)	65,300.00	65,300.00	-0-	9,500.00	4,000.00
Total	48,854,700.00	48,854,700.00	5,039,100.00	5,282,100.00	3,124,100.00
Less: Unpaid Subscriptions	39,475.00	39,475.00	-0-	7,125.00	1,000.00
	48,815,225.00	48,815,225.00	5,039,100.00	5,274,975.00	3,123,100.00
U. S. Govt. Sub. - now owned by RFC (fully paid)	124,741,000.00	124,741,000.00	12,467,500.00	18,963,200.00	11,146,300.00
Total paid in on Capital Stock	173,556,225.00	173,556,225.00	17,506,600.00	24,238,175.00	14,269,400.00
SURPLUS:					
Reserve as required under Section 16 of the Act	6,078,318.31	6,078,318.31	397,152.86	747,273.52	552,073.16
Reserve for Contingencies	1,745,889.16	1,745,889.16	75,000.00	164,179.23	-0-
Total Surplus	7,824,207.47	7,824,207.47	472,152.86	911,452.75	552,073.16
UNDIVIDED PROFITS	5,151,324.49	5,151,324.49	181,986.82	375,601.52	726,190.19
Total Surplus and Undivided Profits	12,975,531.96	12,975,531.96	654,139.68	1,287,054.27	1,278,263.35
TOTAL CAPITAL	$186,531,756.96	$186,531,756.96	$18,160,739.68	$25,525,229.27	$15,547,663.35
TOTAL LIABILITIES AND CAPITAL	$308,306,368.51	$319,299,864.19	$24,873,271.03	$33,451,090.52	$25,953,840.34

(a) As of December 31, 1941 the New York Bank administered as Agent for the 12 Banks an imprest fund of $15,000, from which debenture expense, other than brokerage commissions

(b) In addition, on December 31, 1941, the Chicago Bank held in escrow for certain associations in its district, the sum of $4,276.13.

* Consolidated Federal Home Loan Bank Debentures issued by the Federal Home Loan Bank Board and now outstanding are the joint and several obligations of all Federal Home

the Federal Home Loan Banks as of Dec. 31, 1941

Winston-Salem	Cincinnati	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	Portland	Los Angeles
$ 10.00	$ 560.00	$ 1,321.45	$ 73,539.24	$ 7,648.99	$ 425.00	$ 25.00	$ -0-	$ 541.16
567,868.27	1,169,689.60	1,799,944.47	1,402,184.47	1,767,484.72	1,328,863.15	1,379,178.90	1,540,251.44	369,451.23
377,355.30	960,460.49	811,691.85	2,789,799.56	144,814.57	-0-	3,727.99	565,534.09	664,470.07
1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00
1,500,000.00	2,500,000.00	-0-	4,000,000.00	500,000.00	-0-	1,500,000.00	500,000.00	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2,446,483.57	4,631,960.09	2,614,207.77	8,266,773.27(b)	2,421,198.28	1,330,538.15	2,884,181.89	2,607,035.53	1,035,712.46
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
1,875,000.00	12,664,719.50	8,712,083.23	6,742,500.00	3,323,758.93	3,625,000.00	3,569,587.50	1,879,558.33	2,472,687.50
27,410,295.28	16,871,864.16	13,781,518.95	35,250,582.07	19,089,043.25	11,504,003.17	7,198,320.17	8,790,254.42	21,503,832.43
1,856.16	383.56	-0-	2,239.72	6.85	-0-	397.26	6.85	-0-
10,422.70	48,645.88	28,161.54	27,354.97	22,253.22	14,966.94	17,423.70	4,553.93	9,220.59
88,218.35	9,699.47	874.78	2,915.86	10,555.29	27,486.01	9,791.32	24,209.86	7,087.56
100,497.21	58,728.91	29,036.32	32,510.55	32,815.36	42,452.95	27,612.28	28,770.64	16,308.15
5,161.60	1,562.35	2,986.81	7,273.19	4,911.80	937.50	1,624.39	449.86	1,824.59
14,303.77	16,132.54	13,689.56	17,567.60	11,608.92	10,293.24	8,243.38	8,656.64	12,887.96
506.77	761.20	726.55	541.06	648.06	557.65	678.22	474.48	45.76
57.50	135.00	-0-	-0-	-0-	-0-	-0-	-0-	-0-
20,029.64	18,591.09	17,402.92	25,381.85	17,168.78	11,788.39	10,546.49	9,580.98	14,758.31
131.95	903.39	160.60	400.00	183.43	1,261.10	110.94	84.92	340.50
675.00	-0-	298.75	-0-	-0-	-0-	-0-	-0-	425.00
806.95	903.39	459.35	400.00	183.43	1,261.10	110.94	84.92	765.50
$31,853,112.65	$34,246,767.14	$25,154,714.54	$50,318,147.74	$24,884,168.03	$16,515,043.76	$13,690,359.27	$13,315,284.82	$25,044,064.35
$ 669,100.00	$ 5,586,500.00	$ 3,671,924.50	$ 7,825,662.20	$ 888,182.80	$ -0-	$ 100,000.00	$ -0-	$ 889,226.89
-0-	2,236,000.00	301,716.92	-0-	64,960.85	754.83	342,675.10	1,198,320.56	431,240.81
500.00	10,600.00	3,425.00	4,325.00	3,900.00	-0-	18,000.00	750.00	1,000.00
-0-	-0-	1,000,000.00	-0-	-0-	1,500,000.00	-0-	500,000.00	2,000,000.00
669,600.00	7,833,100.00	4,977,066.42	7,829,987.20	957,043.65	1,500,754.83	460,675.10	1,699,070.56	3,321,467.70
-0-	512.50	1,463.48	2,275.61	56.16	-0-	-0-	-0-	418.55
-0-	-0-	301.37	-0-	-0-	-0-	-0-	671.23	-0-
31,250.00	12,583.33	20,088.54	43,125.00	33,520.83	7,625.00	11,953.13	2,510.42	11,416.67
31,250.00	13,095.83	21,853.39	45,400.61	33,576.99	7,625.00	11,953.13	3,181.65	11,835.22
92,082.00	79,848.13	49,330.50	106,304.25	64,705.37	43,862.00	-0-	29,800.00	49,839.50
53,043.32	51,125.77	25,377.10	39,290.37	25,617.89	11,446.35	-0-	6,889.98	17,782.35
145,125.32	130,973.90	74,707.60	145,594.62	90,323.26	55,308.35	-0-	36,689.98	67,621.85
-0-	8.50	32.70	-0-	-0-	750.00	-0-	-0-	57.42
-0-	5,550.00	-0-	-0-	-0-	-0-	-0-	-0-	-0-
10,455.31	-0-	4,138.58	15,682.97	6,098.93	-0-	1,089.09	1,306.90	3,485.08
2,500,000.00	2,500,000.00	2,500,000.00	3,000,000.00	4,500,000.00	1,500,000.00	2,000,000.00	-0-	1,000,000.00
12,000,000.00	-0-	4,750,000.00	18,000,000.00	7,000,000.00	-0-	1,250,000.00	1,500,000.00	4,000,000.00
-0-	1,000,000.00	2,000,000.00	-0-	1,000,000.00	1,500,000.00	-0-	2,000,000.00	2,000,000.00
14,500,000.00	3,500,000.00	9,250,000.00	21,000,000.00	12,500,000.00	3,000,000.00	3,250,000.00	3,500,000.00	7,000,000.00
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
$15,356,430.63	$11,482,728.23	$14,327,798.69	$29,036,665.40	$13,587,042.83	$ 4,564,438.18	$ 3,723,717.32	$ 5,240,249.09	$10,404,467.27
$ 5,621,400.00	$ 8,254,200.00	$ 3,447,300.00	$ 5,548,700.00	$ 3,045,500.00	$ 2,317,700.00	$ 1,921,600.00	$ 1,497,100.00	$ 3,704,100.00
17,300.00	18,500.00	500.00	5,500.00	-0-	-0-	10,000.00	-0-	-0-
5,638,700.00	8,272,700.00	3,447,800.00	5,554,200.00	3,045,500.00	2,317,700.00	1,931,600.00	1,497,100.00	3,704,100.00
12,975.00	13,875.00	375.00	1,625.00	-0-	-0-	2,500.00	-0-	-0-
5,625,725.00	8,258,825.00	3,447,425.00	5,552,575.00	3,045,500.00	2,317,700.00	1,929,100.00	1,497,100.00	3,704,100.00
9,208,200.00	12,775,700.00	6,577,400.00	14,173,900.00	7,394,900.00	8,772,400.00	7,333,600.00	5,960,000.00	9,967,900.00
14,833,925.00	21,034,525.00	10,024,825.00	19,726,475.00	10,440,400.00	11,090,100.00	9,262,700.00	7,457,100.00	13,672,000.00
572,688.35	918,343.08	395,508.44	820,604.45	404,119.99	368,978.11	270,793.91	246,548.83	384,233.61
268,000.00	258,709.93	-0-	-0-	250,000.00	-0-	-0-	330,000.00	400,000.00
840,688.35	1,177,053.01	395,508.44	820,604.45	654,119.99	368,978.11	270,793.91	576,548.83	784,233.61
822,068.67	552,460.90	406,582.41	734,402.89	202,605.21	491,527.47	433,148.04	41,386.90	183,363.47
1,662,757.02	1,729,513.91	802,090.85	1,555,007.34	856,725.20	860,505.58	703,941.95	617,935.73	967,597.08
$16,496,682.02	$22,764,038.91	$10,826,915.85	$21,281,482.34	$11,297,125.20	$11,950,605.58	$ 9,966,641.95	$ 8,075,035.73	$14,639,597.08
$31,853,112.65	$34,246,767.14	$25,154,714.54	$50,318,147.74	$24,884,168.03	$16,515,043.76	$13,690,359.27	$13,315,284.82	$25,044,064.35

and interest are paid. The New York Bank also acted as Agent for the payment of premiums on employees' group life insurance in the several Banks.

Loan Banks.

	Consolidated	Combined	Boston	New York	Pittsburgh
GROSS OPERATING INCOME:					
Interest Earned on Advances	$4,589,314.30	$4,589,314.30	$183,141.72	$429,979.43	$459,430.87
Interest Earned on Investments	1,080,144.75	1,080,144.75	156,605.30	79,719.46	106,273.97
Interest Earned on Deposits - Other F. H. L. Banks	-0-	8,397.26	-0-	-0-	-0-
Gross Operating Income	$5,669,459.05	$5,677,856.31	$339,747.02	$509,698.89	$565,704.84
LESS - OPERATING CHARGES:					
Compensation, Travel, etc. (Detail below)	933,534.83	933,534.88	56,134.16	126,222.39	116,789.04
Interest on Debentures	714,638.01	714,638.01	33.33	208.33	97,714.50
Debenture Expense - Commissions	70,043.53	70,043.53	-0-	-0-	6,563.96
Debenture Expense - Other	19,854.83	19,854.83	1,397.59	1,397.59	1,689.63
Interest on Deposits - Members	112,686.40	112,686.40	11,461.00	12,402.90	3,204.02
Interest on Deposits - Other F.H.L. Banks	-0-	8,397.27	1,842.46	1,808.23	-0-
Assessment for Expenses of F. H. L. B. Board	300,000.00	300,000.00	19,486.56	27,147.03	27,863.15
Total Operating Charges	2,150,807.66	2,159,204.32	90,455.10	169,186.47	253,824.30
NET OPERATING INCOME:	$3,518,651.39	$3,518,651.39	$249,291.92	$340,512.42	$311,880.54
ADD - NON-OPERATING INCOME:					
Profit on sale of investments	378,061.45	378,061.45	41,962.42	6,928.23	-0-
Miscellaneous	25.00	25.00	-0-	-0-	-0-
Total Non-Operating Income	378,086.45	378,086.45	41,962.42	6,928.23	-0-
LESS - NON-OPERATING CHARGES:					
Premium charged off on Investments	112,016.50	112,016.50	-0-	-0-	117.98
Air Conditioning Equipment - Charged off	5,500.00	5,500.00	-0-	-0-	-0-
Total Non-Operating Charges	117,516.50	117,516.50	-0-	-0-	117.98
NET INCOME	$3,779,221.34	$3,779,221.34	$291,254.34	$347,440.65	$311,762.56
DETAIL OF COMPENSATION, TRAVEL AND OTHER EXPENSES:					
COMPENSATION:					
Directors' Fees	$ 39,913.93	$ 39,913.93	$ 2,240.00	$ 6,420.00	$ 3,100.00
Officers' Salaries	280,554.66	280,554.66	23,900.00	28,888.07	21,300.00
Counsel's Compensation	44,112.66	44,112.66	3,200.00	5,791.66	5,600.00
Other Salaries	262,430.74	262,430.74	9,537.50	41,393.51	52,745.00
Total Compensation	$ 627,011.99	$ 627,011.99	$ 38,877.50	$ 82,493.24	$ 82,745.00
TRAVEL EXPENSE:					
Directors	$ 30,357.20	$ 30,357.20	$ 1,273.45	$ 2,138.76	$ 3,132.27
Officers	34,479.53	34,479.53	2,701.45	2,836.49	3,938.34
Other	13,816.19	13,816.19	46.19	1,995.95	1,892.27
Total Travel Expense	$ 78,652.92	$ 78,652.92	$ 4,021.09	6,971.20	$ 8,962.88
OTHER EXPENSES:					
Telephone and Telegraph	$ 19,880.66	$ 19,880.66	$ 1,032.63	$ 2,485.07	$ 2,805.47
Postage and Express	22,338.37	22,338.37	672.44	3,454.63	2,446.44
Light, Power, etc.	8,984.56	8,984.56	471.07	2,718.64	191.61
Stationery, Printing and Supplies	24,985.78	24,985.78	1,372.96	5,335.98	2,130.28
Insurance and Surety Bond Premiums	19,213.66	19,213.66	1,226.38	2,095.04	1,954.93
Furniture and Fixtures Purchased	11,023.99	11,023.99	948.91	3,095.57	868.13
Rent, Less rental charged Exam. Div. - F. H. L. B. Board	58,474.39	58,474.39	2,499.96	9,033.32	7,486.08
Services of Examining Division	24,023.73	24,023.73	1,009.96	5,530.89	4,531.21
Miscellaneous Operating Expense	38,944.84	38,944.83	4,051.26	3,008.81	2,667.01
Total Other Expenses	$ 227,869.98	$ 227,869.97	$ 13,285.57	$ 36,757.95	$ 25,081.16
TOTAL	$ 933,534.89	$ 933,534.88	$ 56,134.16	$126,222.39	$116,789.04

Analysis of Surplus - Reserves

SURPLUS - RESERVE SECTION 16 OF ACT:					
Credit Balance - December 31, 1940	$5,322,474.03	$5,322,474.03	$338,901.99	$677,785.38	$489,720.65
Add: 20% Net Earnings Year 1941	755,844.28	755,844.28	58,250.87	69,488.14	62,352.51
Credit Balance - December 31, 1941	6,078,318.31	6,078,318.31	397,152.86	747,273.52	552,073.16
SURPLUS - RESERVE FOR CONTINGENCIES:					
Credit Balance - December 31, 1940	1,117,763.70	1,117,763.70	0	158,636.65	0
Added during Year 1941	628,125.46	628,125.46	75,000.00	5,542.58	0
Credit Balance - December 31, 1941	1,745,889.16	1,745,889.16	75,000.00	164,179.23	0
UNDIVIDED PROFITS:					
Credit Balance - December 31, 1940	4,760,513.40	4,760,513.40	195,450.23	342,873.54	688,041.72
Add - Profit Year 1941	3,779,221.34	3,779,221.34	291,254.34	347,440.65	311,762.56
Total	8,539,734.74	8,539,734.74	486,814.57	690,314.19	999,804.28
Deduct - Dividends declared Year 1941	2,004,440.51	2,004,440.51	171,576.88	239,681.95	211,261.58
Allocation to Legal Reserve	755,844.28	755,844.28	58,250.87	69,488.14	62,352.51
Allocation to Contingency Reserve	628,125.46	628,125.46	75,000.00	5,542.58	0
Total Deductions	3,388,410.25	3,388,410.25	304,827.75	314,712.67	273,614.09
Credit Balance - December 31, 1941	5,151,324.49	5,151,324.49	181,986.82	375,601.52	726,190.19

Home Loan Banks for the period Jan. 1, 1941, through Dec. 31, 1941

Winston-Salem	Cincinnati	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	Portland	Los Angeles
$613,269.22	$381,091.05	$289,355.04	$713,005.81	$439,518.14	$236,584.09	$236,355.70	$186,216.26	$421,366.97
19,420.09	200,606.23	158,906.37	83,515.82	48,326.94	74,111.34	59,983.21	28,311.83	64,364.19
3,308.22	383.56	-0-	3,787.67	6.35	205.48	397.26	308.22	-0-
$635,997.53	$582,080.84	$448,261.41	$800,309.30	$487,851.93	$310,900.91	$296,736.17	$214,836.31	$485,731.16
70,230.33	101,007.28	56,123.07	90,443.80	61,079.00	72,091.35	59,358.48	50,208.58	73,797.40
105,908.43	50,083.33	71,603.36	142,986.40	122,842.64	30,125.00	46,517.44	7,228.25	39,387.00
14,553.84	1,250.04	6,134.04	20,973.24	10,091.01	750.00	2,767.90	1,703.22	5,256.28
2,089.65	1,397.58	1,621.11	2,372.01	1,811.89	1,397.57	1,520.08	1,489.42	1,670.71
3,170.23	27,650.54	21,583.74	25,177.32	4,079.35	-0-	-0-	-0-	3,957.30
-0-	506.85	301.37	-0-	-0-	61.64	-0-	2,219.18	1,657.54
36,208.58	31,580.28	22,029.64	38,061.16	25,109.79	17,972.52	17,761.66	13,286.86	23,492.77
232,161.06	213,475.90	179,396.33	320,013.93	225,013.68	122,398.08	127,925.56	76,135.51	149,219.00
$403,836.47	$368,604.94	$268,865.08	$480,295.37	$262,838.25	$188,502.83	$168,810.61	$138,700.80	$336,512.16
48,263.84	74,728.60	70,708.04	-0-	-0-	55,281.25	9,162.50	54,468.75	16,557.82
-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	25.00
48,263.84	74,728.60	70,708.04	-0-	-0-	55,281.25	9,162.50	54,468.75	16,582.82
-0-	50,250.00	1,092.26	-0-	-0-	45,421.88	15,134.38	-0-	-0-
-0-	-0-	-0-	-0-	-0-	5,500.00	-0-	-0-	-0-
-0-	50,250.00	1,092.26	-0-	-0-	50,921.88	15,134.38	-0-	-0-
$452,100.31	$393,083.54	$338,480.86	$480,295.37	$262,838.25	$192,862.20	$162,838.73	$193,169.55	$353,094.98
$ 2,177.50	$ 4,700.00	$ 2,150.00	$ 2,900.00	$ 3,480.00	$ 3,150.00	$ 3,778.93	$ 3,042.50	$ 2,775.00
20,000.00	31,800.00	18,806.63	27,099.96	24,430.00	28,100.00	17,500.00	15,430.00	23,300.00
2,400.00	5,001.00	3,010.00	5,000.00	2,410.00	3,300.00	3,000.00	2,400.00	3,000.00
21,713.47	28,280.91	13,201.22	23,791.91	8,540.00	16,425.05	17,070.00	10,673.49	19,058.68
$ 46,290.97	$ 69,781.91	$ 37,167.85	$ 58,791.87	$ 38,860.00	$ 50,975.05	$ 41,348.93	$ 31,545.99	$ 48,133.68
$ 2,196.65	$ 3,407.17	$ 1,285.41	$ 2,177.12	$ 2,655.44	$ 3,709.90	$ 3,317.42	$ 3,179.39	$ 1,884.22
3,024.34	2,774.01	2,278.18	1,284.95	2,406.98	2,910.60	1,650.40	2,444.88	6,228.91
2,348.65	941.16	652.14	2,202.99	526.02	431.68	589.87	2,034.49	154.78
$ 7,569.64	$ 7,122.34	$ 4,215.73	$ 5,665.06	$ 5,588.44	$ 7,052.18	$ 5,557.69	$ 7,658.76	$ 8,267.91
$ 1,672.06	$ 1,794.63	$ 1,425.48	$ 1,551.63	$ 947.83	$ 1,637.20	$ 989.71	$ 1,244.51	$ 2,294.44
2,484.49	2,234.66	1,400.04	2,282.99	1,435.04	1,691.45	808.20	1,007.23	2,420.76
242.71	1,014.81	478.84	1,879.56	362.31	880.72	-0-	-0-	744.29
2,154.38	3,146.71	1,516.28	2,024.03	1,387.38	1,638.01	821.28	939.38	2,519.11
1,309.55	2,188.58	1,454.31	1,624.46	1,345.65	1,803.43	1,376.08	989.72	1,845.53
216.10	447.25	761.66	610.86	849.45	974.70	320.76	520.41	1,410.19
2,865.00	8,400.04	3,280.00	10,200.00	4,509.99	1,650.00	4,200.00	2,730.00	1,620.00
2,370.95	1,300.01	1,915.68	3,212.09	29.46	-0-	1,116.34	1,030.78	1,976.36
3,054.48	3,576.34	2,507.20	2,601.25	5,763.45	3,788.61	2,819.49	2,541.80	2,565.13
$ 16,369.72	$ 24,103.03	$ 14,739.49	$ 25,986.87	$ 16,630.56	$ 14,064.12	$ 12,451.86	$ 11,003.83	$ 17,395.81
$ 70,230.33	$101,007.28	$ 56,123.07	$ 90,443.80	$ 61,079.00	$ 72,091.35	$ 59,358.48	$ 50,208.58	$ 73,797.40

and Undivided Profits

482,268.29	839,726.37	327,812.27	724,545.37	351,552.34	330,405.67	238,226.17	207,914.92	313,614.61
90,420.06	78,616.71	67,696.17	96,059.08	52,567.65	38,572.44	32,567.74	38,633.91	70,619.00
572,688.35	918,343.08	395,508.44	820,604.45	404,119.99	368,978.11	270,793.91	246,548.83	384,233.61
220,000.00	239,127.05	0	0	150,000.00	0	0	250,000.00	100,000.00
48,000.00	19,582.88	0	0	100,000.00	0	0	80,000.00	300,000.00
268,000.00	258,709.93	0	0	250,000.00	0	0	330,000.00	400,000.00
653,513.74	492,565.84	284,253.31	639,795.55	246,423.23	447,530.00	394,901.16	39,831.49	335,223.59
452,100.31	393,083.54	338,480.86	480,295.37	262,838.25	192,862.20	162,838.73	193,169.55	353,094.98
1,105,614.05	885,649.38	622,734.17	1,120,090.92	509,261.48	640,392.20	557,739.89	233,001.04	688,318.57
145,125.32	234,988.89	148,455.59	289,628.95	154,088.62	110,292.29	92,024.11	72,980.23	134,336.10
90,420.06	78,616.71	67,696.17	96,059.08	52,567.65	38,572.44	32,567.74	38,633.91	70,619.00
48,000.00	19,582.88	0	0	100,000.00	0	0	80,000.00	300,000.00
283,545.38	333,188.48	216,151.76	385,688.03	306,656.27	148,864.73	124,591.85	191,614.14	504,955.10
822,068.67	552,460.90	406,582.41	634,402.89	202,605.21	491,527.47	433,148.04	41,386.90	183,363.47

Table 1.—BUILDING ACTIVITY—Estimated number and valuation of new family dwelling units provided in all urban areas of the United States, December 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			Year		Monthly totals			Year	
	Dec. 1941	Nov. 1941	Dec. 1940	1941	1940	Dec. 1941	Nov. 1941	Dec. 1940	1941	1940
Private construction	17, 598	24, 424	21, 651	366, 471	333, 166	$65, 183	$89, 091	$79, 910	$1, 368, 983	$1, 205, 954
1-family dwellings	14, 943	17, 941	15, 791	292, 397	262, 021	58, 516	69, 910	63, 292	1, 164, 161	1, 007, 934
2-family dwellings [1]	1, 190	1, 445	1, 219	22, 770	19, 966	2, 982	4, 068	3, 172	59, 494	50, 215
3-and more-family dwellings [2]	1, 465	5, 038	4, 641	51, 304	51, 179	3, 685	15, 113	13, 446	145, 328	147, 805
Public construction	2, 252	3, 506	7, 553	67, 945	64, 300	8, 116	12, 147	22, 805	228, 068	197, 047
Total urban construction	19, 850	27, 930	29, 204	434, 416	397, 466	73, 299	101, 238	102, 715	1, 597, 051	1, 403, 001

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

Table 2.—BUILDING ACTIVITY—Estimated number and valuation of new family dwelling units provided in all urban areas, in December 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	
	Dec. 1941	Dec. 1940	Dec. 1941	Dec. 1940	Dec. 1941	Dec. 1940	Dec. 1941	Dec. 1940
UNITED STATES	19, 850	29, 204	$73, 299	$102, 715	16, 133	17, 010	$61, 498	$66, 464
No. 1—Boston	1, 107	1, 481	4, 991	6, 451	1, 079	1, 063	4, 885	5, 163
Connecticut	455	486	2, 109	2, 252	431	390	2, 012	2, 113
Maine	61	22	229	89	61	16	229	73
Massachusetts	487	777	2, 245	3, 246	483	461	2, 236	2, 113
New Hampshire	35	51	116	216	35	51	116	216
Rhode Island	60	135	252	605	60	135	252	605
Vermont	9	10	40	43	9	10	40	43
No. 2—New York	1, 670	4, 635	7, 058	17, 084	1, 473	1, 564	6, 284	6, 957
New Jersey	750	1, 065	3, 148	4, 358	746	641	3, 133	2, 860
New York	920	3, 570	3, 910	12, 726	727	923	3, 151	4, 097
No. 3—Pittsburgh	1, 051	1, 015	4, 602	4, 459	895	987	4, 028	4, 412
Delaware	4	11	15	39	4	7	15	32
Pennsylvania	896	898	4, 060	4, 001	744	882	3, 496	3, 974
West Virginia	151	106	527	419	147	98	517	406

Table 2.—BUILDING ACTIVITY—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	
	Dec. 1941	Dec. 1940	Dec. 1941	Dec. 1940	Dec. 1941	Dec. 1940	Dec. 1941	Dec. 1940
No. 4—Winston-Salem	2, 884	4, 477	$8, 235	$13, 599	2, 132	2, 384	$6, 297	$7, 913
Alabama	392	470	574	979	350	254	524	459
District of Columbia	269	568	885	1, 936	101	167	519	937
Florida	495	1, 090	1, 573	3, 495	409	703	1, 393	2, 565
Georgia	467	268	1, 162	640	254	264	542	637
Maryland	291	886	914	2, 876	288	259	906	912
North Carolina	216	352	659	958	204	325	626	914
South Carolina	189	134	429	346	156	134	376	346
Virginia	565	709	2, 039	2, 369	370	278	1, 411	1, 143
No. 5—Cincinnati	2, 841	1, 489	11, 385	6, 526	1, 479	1, 121	6, 241	5, 219
Kentucky	101	71	283	211	97	71	281	211
Ohio	2, 483	1, 190	10, 418	5, 734	1, 129	822	5, 284	4, 427
Tennessee	257	228	684	581	253	228	676	581
No. 6—Indianapolis	1, 266	1, 545	5, 417	6, 788	1, 259	1, 467	5, 388	6, 550
Indiana	413	379	1, 587	1, 423	413	307	1, 587	1, 207
Michigan	853	1, 166	3, 830	5, 365	846	1, 160	3, 801	5, 343
No. 7—Chicago	1, 178	1, 353	6, 168	6, 566	1, 171	996	6, 141	5, 400
Illinois	868	1, 143	4, 780	5, 669	861	790	4, 753	4, 514
Wisconsin	310	210	1, 388	897	310	206	1, 388	886
No. 8—Des Moines	876	800	3, 591	3, 047	796	759	3, 286	2, 944
Iowa	219	217	902	810	215	197	897	761
Minnesota	306	289	1, 334	1, 205	298	280	1, 304	1, 181
Missouri	311	265	1, 217	941	243	253	947	911
North Dakota	14	5	56	18	14	5	56	18
South Dakota	26	24	82	73	26	24	82	73
No. 9—Little Rock	2, 212	3, 438	6, 189	9, 233	2, 138	1, 589	6, 044	4, 400
Arkansas	158	223	336	682	138	69	279	197
Louisiana	245	286	679	882	245	282	679	877
Mississippi	147	141	250	173	147	141	250	173
New Mexico	68	90	192	248	68	90	193	248
Texas	1, 594	2, 698	4, 732	7, 248	1, 540	1, 007	4, 643	2, 905
No. 10—Topeka	686	698	1, 931	2, 225	626	676	1, 807	2, 175
Colorado	150	211	448	676	150	201	448	647
Kansas	214	159	504	429	174	147	423	408
Nebraska	69	63	246	263	57	63	215	263
Oklahoma	253	265	733	857	245	265	721	857
No. 11—Portland	651	887	2, 351	2, 771	609	719	2, 229	2, 471
Idaho	33	51	116	126	33	51	116	126
Montana	35	34	121	112	35	34	121	112
Oregon	148	204	512	555	109	152	392	482
Utah	87	120	288	439	87	120	288	439
Washington	321	456	1, 205	1, 475	318	340	1, 203	1, 248
Wyoming	27	22	109	64	27	22	109	64
No. 12—Los Angeles	3, 428	7, 386	11, 381	23, 966	2, 476	3, 685	8, 868	12, 860
Arizona	38	59	113	165	38	59	113	165
California	3, 167	7, 293	10, 518	23, 690	2, 350	3, 595	8, 456	12, 588
Nevada	223	34	750	111	88	31	299	107

Table 3.—**BUILDING COSTS**—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							
	1942	1941	1942	1941				1940	1939	1938
	Jan.	Jan.	Jan.	Oct.	July	Apr.	Jan.	Jan.	Jan.	Jan.
No. 2—New York:										
Atlantic City, N. J.	$0.304	$0.294	$7,291	$7,257	$7,165	$7,168	$7,051	$6,262	$5,790	$5,934
Camden, N. J.	.322	.267	7,722	7,745	6,799	6,421	6,413	5,942	5,581	5,710
Newark, N. J.	.304	.252	7,307	7,267	7,015	6,140	6,058	5,705	5,539	5,363
Albany, N. Y.	.286	.257	6,853	r 6,735	r 6,631	r 6,566	6,177	5,619	5,474	5,910
Buffalo, N. Y.	.291	.256	6,992	r 6,872	r 6,631	r 6,326	6,150	5,683	5,763	5,910
Utica, N. Y.	.311	.256	7,455	r 7,273	r 7,352	r 6,458	6,135	5,826	5,726	-------
White Plains, N. Y.	.290	.263	6,950	r 6,919	r 6,545	r 6,387	6,304	5,600	5,540	5,639
No. 6—Indianapolis:										
Evansville, Ind.	.302	.271	7,250	6,837	6,534	6,479	6,513	6,116	5,854	5,769
Indianapolis, Ind.	.285	.266	6,833	6,595	6,393	6,407	6,375	5,582	5,831	5,711
South Bend, Ind.	.302	.271	7,241	6,800	6,641	6,474	6,504	5,804	5,424	5,796
Detroit, Mich.	.287	.258	6,888	6,824	6,486	6,179	6,199	5,816	6,181	6,108
Grand Rapids, Mich.	.306	.267	7,345	7,157	6,536	6,203	6,399	5,490	5,900	5,908
No. 8—Des Moines:										
Des Moines, Iowa	.278	.267	6,675	6,506	r 6,212	6,390	6,411	6,339	6,279	6,264
Duluth, Minn.	.273	.257	6,546	6,474	r 6,242	6,170	6,170	6,198	5,975	6,248
St. Paul, Minn.	.289	.275	6,941	6,824	r 6,640	6,608	6,610	6,525	6,529	-------
Kansas City, Mo.	.278	.260	6,677	6,536	6,239	6,216	6,234	6,022	5,808	5,840
St. Louis, Mo.	.248	.238	5,953	6,007	5,830	5,733	5,706	5,621	5,540	5,689
Fargo, N. Dak.	.258	.246	6,184	6,162	r 5,813	5,883	5,916	5,863	5,658	5,957
Sioux Falls, S. Dak.	.279	.254	6,702	6,617	r 6,230	6,208	6,091	6,099	6,272	6,339
No. 11—Portland:										
Boise, Idaho	.284	.274	6,824	6,617	6,701	6,575	6,575	6,220	6,078	5,934
Great Falls, Mont.	.316	.298	7,590	7,553	7,294	7,308	7,148	6,956	6,996	7,004
Portland, Oreg.	.238	.217	5,708	5,686	5,299	5,277	5,210	5,222	5,304	5,335
Salt Lake City, Utah	.298	.265	7,156	7,057	6,807	6,416	6,355	6,035	5,880	6,039
Seattle, Wash.	.312	.286	7,477	7,340	7,188	6,956	6,862	6,315	6,272	6,503
Spokane, Wash.	.299	.287	7,180	7,166	6,939	6,864	6,893	6,313	6,001	6,548
Casper, Wyo.	.274	.269	6,567	r 6,455	r 6,386	r 6,370	r 6,444	6,435	6,456	6,520

[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, a nunfinished cellar, and 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.

r revised.

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

[Average month of 1935–1939=100]

Element of cost	Dec. 1941	Nov. 1941	Oct. 1941	Sept. 1941	Aug. 1941	July 1941	June 1941	May 1941	Apr. 1941	Mar. 1941	Feb. 1941	Jan. 1941	Dec. 1940
Material	117.1	r 116.9	116.0	114.4	112.6	110.7	109.2	108.8	108.7	108.0	107.8	106.6	105.9
Labor	124.2	r 123.9	123.3	120.7	120.0	119.3	118.6	117.0	116.1	115.3	115.1	114.5	112.5
Total cost	119.9	r 119.2	118.5	116.5	115.1	113.6	112.4	111.6	111.2	110.4	110.2	109.3	108.1

r revised.

Table 5.—**BUILDING COSTS**—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	Lumber	Paint and paint materials	Plumbing and heating	Structural steel	Other
1939: December	103. 8	100. 8	100. 2	110. 8	105. 1	104. 2	103. 5	100. 2
1940: 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
November	120. 0	106. 3	102. 2	143. 3	117. 2	115. 5	103. 5	111. 6
December	120. 4	106. 4	102. 5	144. 1	118. 6	117. 1	103. 5	110. 8
Percent change:								
Dec. 1941–Nov. 1941	+0. 3	+0. 1	+0. 3	+0. 6	+ 1. 2	+ 1. 4	0. 0	−0. 7
Dec. 1941–Dec. 1940	+8. 3	+6. 1	+2. 7	+8. 9	+13. 0	+10. 7	0. 0	+8. 4

Table 6.—**MORTGAGE LENDING**—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
December	26, 923	27, 779	15, 001	4, 335	9, 074	83, 112	34, 053	33, 209	15, 850
1940	398, 632	426, 151	198, 148	63, 583	113, 065	1, 199, 579	509, 713	483, 499	206, 367
December	30, 032	31, 465	14, 575	4, 248	8, 233	88, 553	37, 715	36, 729	14, 109
1941						[p]1,379,776	[p] 584, 238	[p] 584, 144	[p] 211, 394
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	129, 934	54, 786	54, 303	20, 845
October	37, 722	59, 874	16, 283	5, 361	8, 698	127, 938	52, 507	54, 930	20, 501
November	30, 103	48, 816	13, 340	4, 267	8, 223	[r] 104, 749	[r] 41, 910	[r] 46, 890	[r] 15, 949
December						[p] 101, 300	[p] 41, 200	[p] 44, 300	[p] 15, 800

[p] preliminary.
[r] revised.

Table 7.—MORTGAGE LENDING—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: November 1941	New loans: October 1941	Percent change, October 1941 to November 1941	New loans November 1940	Percent change, November 1940 to November 1941	Cumulative new loans (11 months): 1941	Cumulative new loans (11 months): 1940	Cumulative new loans (11 months): Percent change
United States: Total	$104, 749	$127, 938	−18. 1	$94, 567	+10. 8	$1,278,476	$1,111,026	+15. 1
Federal	41, 910	52, 507	−20. 2	38, 896	+7. 7	543, 038	471, 998	+15. 1
State member	46, 890	54, 930	−14. 6	40, 143	+16. 8	539, 844	446, 770	+20. 8
Nonmember	15, 949	20, 501	−22. 2	15, 528	+2. 7	195, 594	192, 258	+1. 7
No. 1: Boston: Total	11, 951	14, 615	−18. 2	10, 457	+14. 3	136, 296	105, 604	+29. 1
Federal	3, 419	4, 728	−27. 7	3, 352	+2. 0	46, 341	36, 285	+27. 7
State member	6, 619	7, 284	−9. 1	5, 372	+23. 2	69, 729	51, 833	+34. 5
Nonmember	1, 913	2, 603	−26. 5	1, 733	+10. 4	20, 226	17, 486	+15. 7
No. 2: New York: Total	11, 562	13, 729	−15. 8	10, 150	+13. 9	127, 103	106, 983	+18. 8
Federal	3, 534	3, 801	−7. 0	2, 796	+26. 4	37, 700	31, 008	+21. 6
State member	3, 775	4, 648	−18. 8	3, 297	+14. 5	39, 680	30, 099	+31. 8
Nonmember	4, 253	5, 280	−19. 5	4, 057	+4. 8	49, 723	45, 876	+8. 4
No. 3: Pittsburgh: Total	9, 075	11, 285	−19. 6	7, 017	+29. 3	102, 902	85, 922	+19. 8
Federal	3, 278	3, 860	−15. 1	2, 875	+14. 0	39, 186	33, 525	+16. 9
State member	2, 641	3, 036	−13. 0	1, 782	+48. 2	26, 825	21, 803	+23. 0
Nonmember	3, 156	4, 389	−28. 1	2, 360	+33. 7	36, 891	30, 594	+20. 6
No. 4: Winston-Salem: Total	15, 511	17, 247	−10. 1	14, 414	+7. 6	176, 056	161, 127	+9. 3
Federal	7, 276	8, 463	−14. 0	6, 816	+6. 7	85, 538	78, 736	+8. 6
State member	6, 880	7, 204	−4. 5	6, 323	+8. 8	74, 915	63, 540	+17. 9
Nonmember	1, 355	1, 580	−14. 2	1, 275	+6. 3	15, 603	18, 851	−17. 2
No. 5: Cincinnati: Total	18, 076	21, 277	−15. 0	15, 378	+17. 5	218, 174	185, 747	+17. 5
Federal	6, 514	8, 045	−19. 0	5, 438	+19. 8	81, 148	68, 406	+18. 6
State member	9, 724	10, 804	−10. 0	7, 843	+24. 0	109, 511	89, 778	+22. 0
Nonmember	1, 838	2, 428	−24. 3	2, 097	−12. 4	27, 515	27, 563	−0. 2
No. 6: Indianapolis: Total	5, 210	6, 535	−20. 3	4, 861	+7. 2	65, 305	58, 215	+12. 2
Federal	2, 483	3, 111	−20. 2	2, 672	−7. 1	32, 877	28, 939	+13. 6
State member	2, 419	3, 155	−23. 3	1, 969	+22. 9	29, 810	26, 011	+14. 6
Nonmember	308	269	+14. 5	220	+40. 0	2, 618	3, 265	−19. 8
No. 7: Chicago: Total	9, 306	12, 555	−25. 9	9, 549	−2. 5	126, 446	112, 896	+12. 0
Federal	3, 440	4, 977	−30. 9	3, 327	+3. 4	48, 884	44, 342	+10. 2
State member	4, 593	6, 219	−26. 1	4, 720	−2. 7	60, 732	51, 367	+18. 2
Nonmember	1, 273	1, 359	−6. 3	1, 502	−15. 2	16, 830	17, 187	−2. 1
No. 8: Des Moines: Total	5, 359	6, 558	−18. 3	4, 974	+7. 7	69, 644	67, 144	+3. 7
Federal	2, 705	3, 252	−16. 8	2, 636	+2. 6	34, 748	32, 884	+5. 7
State member	1, 827	2, 229	−18. 0	1, 401	+30. 4	23, 157	20, 527	+12. 8
Nonmember	827	1, 077	−23. 2	937	−11. 7	11, 739	13, 733	−14. 5
No. 9: Little Rock: Total	4, 909	6, 260	−21. 6	4, 101	+19. 7	62, 417	55, 229	+13. 0
Federal	2, 075	2, 682	−22. 6	1, 647	+26. 0	26, 352	22, 019	+19. 7
State member	2, 776	3, 471	−20. 0	2, 405	+15. 4	34, 650	31, 271	+10. 8
Nonmember	58	107	−45. 8	49	+18. 4	1, 415	1, 939	−27. 0
No. 10: Topeka: Total	3, 558	4, 822	−26. 2	3, 481	+2. 2	50, 548	47, 668	+6. 0
Federal	1, 889	2, 671	−29. 3	1, 752	+7. 8	27, 838	24, 936	+11. 6
State member	1, 017	1, 098	−7. 4	948	+7. 3	12, 320	11, 167	+10. 3
Nonmember	652	1, 053	−38. 1	781	−16. 5	10, 390	11, 565	−10. 2
No. 11: Portland: Total	3, 338	4, 191	−20. 4	3, 212	+3. 9	45, 468	38, 496	+18. 1
Federal	2, 042	2, 592	−21. 2	1, 869	+9. 3	29, 345	23, 816	+23. 2
State member	1, 047	1, 315	−20. 4	1, 074	−2. 5	14, 361	12, 918	+11. 2
Nonmember	249	284	−12. 3	269	−7. 4	1, 762	1, 762	0. 0
No. 12: Los Angeles: Total	6, 894	8, 864	−22. 2	6, 973	−1. 1	98, 117	85, 995	+14. 1
Federal	3, 255	4, 325	−24. 7	3, 716	−12. 4	53, 081	47, 102	+12. 7
State member	3, 572	4, 467	−20. 0	3, 009	+18. 7	44, 154	36, 456	+21. 1
Nonmember	67	72	−6. 9	248	−73. 0	882	2, 437	−63. 8

Table 8.—MORTGAGE RECORDINGS—Summary of estimated nonfarm mortgage recordings,[1] $20,000 and under, during December 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	39,940	$112,764	7,323	$37,185	28,896	$99,855	4,632	$19,253	31,559	$64,524	16,668	$58,774	129,018	$392,355	$4.25
No. 1--Boston	3,607	12,529	340	1,951	1,000	3,937	2,457	9,436	2,486	5,843	617	2,229	10,507	35,925	
Connecticut	349	1,385	269	1,533	432	1,955	534	2,250	566	1,383	374	1,363	2,524	9,869	6.49
Maine	155	407	15	79	104	209	142	321	114	159	28	81	558	1,256	2.01
Massachusetts	2,644	9,211	46	286	341	1,355	1,343	5,128	1,510	3,553	157	566	6,041	20,099	4.87
New Hampshire	140	382	3	14	28	99	200	817	78	217	6	33	455	1,562	3.88
Rhode Island	233	908	5	29	78	258	115	418	170	398	49	165	650	2,176	3.24
Vermont	86	236	2	10	17	61	123	502	48	133	3	21	279	963	3.90
No. 2--New York	3,068	10,916	501	2,669	2,930	12,711	1,395	6,796	3,838	9,337	1,948	7,702	13,680	50,131	
New Jersey	1,493	5,005	273	1,362	1,870	8,215	114	635	1,646	3,817	996	3,436	6,392	22,470	5.75
New York	1,575	5,911	228	1,307	1,060	4,496	1,281	6,161	2,192	5,520	952	4,266	7,288	27,661	2.33
No. 3--Pittsburgh	3,121	7,879	507	2,345	3,182	9,982	325	1,324	2,040	4,798	1,268	5,235	10,443	31,563	
Delaware	23	73	28	151	59	248	17	73	64	136	15	40	206	721	3.76
Pennsylvania	2,736	7,037	399	1,859	2,478	8,167	301	1,248	1,687	4,208	1,170	5,020	8,771	27,539	3.14
West Virginia	362	769	80	335	645	1,567	7	3	289	454	83	175	1,466	3,303	2.58
No. 4--Winston-Salem	5,635	15,839	1,273	5,840	2,731	7,797	73	278	4,636	8,496	2,273	6,604	16,621	44,854	
Alabama	229	405	191	812	248	661	-	-	613	900	242	647	1,523	3,425	2.62
District of Columbia	548	3,206	76	540	65	454	-	-	425	1,268	190	961	1,304	6,429	13.21
Florida	479	1,634	399	1,624	377	1,119	-	-	699	1,728	511	1,390	2,465	7,495	6.30
Georgia	866	1,559	162	827	669	1,272	-	-	791	1,166	392	897	2,880	5,721	3.84
Maryland	1,311	3,602	54	272	253	897	73	278	507	888	205	622	2,403	6,559	4.70
North Carolina	1,250	3,233	199	874	403	1,288	-	-	775	930	263	504	2,890	6,829	4.35
South Carolina	267	589	50	272	241	564	-	-	202	444	105	332	865	2,201	2.68
Virginia	685	1,611	142	619	475	1,542	-	-	624	1,172	365	1,251	2,291	6,195	4.21
No. 5--Cincinnati	6,476	19,615	718	3,819	3,092	10,836	145	629	2,182	4,127	1,615	4,931	14,228	43,957	
Kentucky	1,003	2,282	119	508	533	1,371	-	-	303	378	88	219	2,046	4,758	3.31
Ohio	5,295	17,000	391	2,364	2,065	7,209	145	629	1,479	3,162	754	2,723	10,129	33,087	5.87
Tennessee	178	333	208	947	494	2,256	-	-	400	587	773	1,989	2,053	6,112	4.36
No. 6--Indianapolis	2,855	6,430	843	3,815	3,410	9,921	23	59	1,435	3,055	1,062	4,190	9,628	27,470	
Indiana	1,900	3,878	331	1,436	1,108	3,316	23	59	406	735	247	746	4,015	10,170	4.19
Michigan	955	2,552	512	2,379	2,302	6,605	-	-	1,029	2,320	815	3,444	5,613	17,300	4.26
No. 7--Chicago	3,352	9,897	390	2,248	1,951	6,922	25	49	2,065	5,257	1,785	8,253	9,568	32,626	
Illinois	2,522	7,611	305	1,804	1,198	4,848	-	-	1,215	3,057	1,553	7,448	6,793	24,768	3.73
Wisconsin	830	2,286	85	444	753	2,074	25	49	850	2,200	232	805	2,775	7,858	3.82
No. 8--Des Moines	2,756	6,332	639	3,154	2,124	5,810	34	178	2,271	3,960	1,433	4,392	9,257	23,826	
Iowa	671	1,450	89	360	526	1,368	-	-	337	512	180	495	1,803	4,185	2.80
Minnesota	951	2,282	318	1,530	597	1,444	34	178	823	1,693	198	739	2,921	7,866	4.71
Missouri	1,010	2,276	181	1,040	845	2,756	-	-	948	1,540	1,007	3,054	3,991	10,666	4.24
North Dakota	87	208	15	50	65	122	-	-	68	118	35	61	270	559	1.97
South Dakota	37	116	36	174	91	120	-	-	95	97	13	43	272	550	1.82
No. 9--Little Rock	2,783	7,281	913	4,589	920	2,837	-	-	2,271	4,024	1,878	6,001	8,765	24,732	
Arkansas	238	458	46	204	151	270	-	-	244	307	121	200	800	1,439	1.96
Louisiana	756	2,554	190	957	104	295	-	-	350	638	385	1,170	1,785	5,614	4.42
Mississippi	148	274	75	322	126	295	-	-	272	383	115	268	736	1,542	2.38
New Mexico	78	196	10	50	140	497	-	-	196	278	10	25	434	1,046	3.95
Texas	1,563	3,799	592	3,056	399	1,480	-	-	1,209	2,418	1,247	4,338	5,010	15,091	4.35
No. 10--Topeka	2,393	5,362	292	1,266	949	2,500	-	-	1,647	2,555	824	2,748	6,105	14,431	
Colorado	326	919	49	204	136	398	-	-	636	1,275	241	856	1,388	3,652	4.85
Kansas	651	1,258	50	224	366	974	-	-	233	295	177	532	1,477	3,283	2.80
Nebraska	539	1,069	89	373	68	191	-	-	170	172	98	318	964	2,123	2.68
Oklahoma	877	2,116	104	465	379	937	-	-	608	813	308	1,042	2,276	5,373	3.92
No. 11--Portland	1,486	3,674	288	1,097	1,162	3,126	155	504	1,202	1,796	864	2,650	5,157	12,847	
Idaho	65	125	8	33	41	132	-	-	151	163	99	114	364	567	2.21
Montana	121	299	16	62	78	274	-	-	83	143	28	79	326	857	2.57
Oregon	324	895	100	394	179	452	7	27	474	721	254	796	1,338	3,285	4.50
Utah	137	402	50	181	259	814	-	-	89	165	36	63	571	1,625	4.14
Washington	782	1,809	111	413	570	1,386	148	477	365	544	410	1,469	2,386	6,098	4.84
Wyoming	57	144	3	14	35	68	-	-	40	60	37	129	172	415	2.72
No. 12--Los Angeles	2,408	7,010	619	4,392	5,445	23,476	-	-	5,486	11,276	1,101	3,839	15,059	49,993	
Arizona	91	285	8	31	107	363	-	-	298	493	33	82	537	1,254	3.73
California	2,297	6,662	609	4,354	5,314	23,032	-	-	5,122	10,673	1,061	3,739	14,403	48,460	9.58
Nevada	20	63	2	7	24	81	-	-	66	110	7	18	119	279	3.74

[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.—MORTGAGE RECORDINGS—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: 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
November	40, 423	32. 0	6, 519	5. 1	27, 225	21. 5	4, 769	3. 8	31, 504	24. 9	16, 035	12. 7	126, 475	100. 0
December	39, 940	30. 9	7, 323	5. 7	28, 896	22. 4	4, 632	3. 6	31, 559	24. 5	16, 668	12. 9	129, 018	100. 0
Amount:														
1940: 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
November	113, 353	30. 0	32, 527	8. 6	92, 316	24. 4	19, 653	5. 2	64, 024	17. 0	55, 810	14. 8	377, 683	100. 0
December	112, 764	28. 7	37, 185	9. 5	99, 855	25. 5	19, 253	4. 9	64, 524	16. 4	58, 774	15. 0	392, 355	100. 0

Table 10.—FORECLOSURES—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.–Dec.	75, 310	7, 685	11, 156	15, 794	40, 675
December	5, 639	635	819	1, 103	3, 082
1941: Jan.–Dec.	58, 381	6, 468	9, 000	12, 661	30, 252
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	4, 374	515	654	975	2, 230
October	4, 408	544	697	945	2, 222
November	4, 204	448	705	890	2, 161
December	4, 337	524	659	1, 028	2, 126

Table 11.—HOLC—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: 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
November	576	1, 446	39, 743
December	567	1, 350	38, 957

[1] Includes reacquisitions of properties previously sold.

Table 12.—INSURED ASSOCIATIONS—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: June	2, 235	2, 708, 529	2, 129, 687	2, 019, 809	236, 913	124, 133	2, 591, 600	43, 626	20, 418	67, 751
November	2, 269	2, 867, 817	2, 317, 292	2, 143, 361	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
October	2, 330	3, 261, 689	2, 711, 854	2, 518, 006	195, 787	159, 298	3, 065, 800	67, 132	40, 142	80, 767
November	2, 339	3, 301, 462	2, 737, 015	2, 551, 528	196, 059	161, 199	3, 088, 700	60, 818	33, 263	65, 241
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: June	1, 421	1, 727, 337	1, 403, 933	1, 267, 156	197, 268	90, 489	1, 560, 900	29, 404	11, 022	47, 435
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, 454	2, 049, 184	1, 749, 214	1, 579, 671	159, 622	106, 624	1, 841, 600	40, 730	30, 443	57, 592
September	1, 456	2, 075, 513	1, 774, 371	1, 595, 119	159, 614	112, 033	1, 856, 400	40, 254	26, 765	54, 786
October[1]	1, 457	2, 103, 664	1, 801, 237	1, 616, 605	159, 775	116, 723	1, 873, 500	44, 341	23, 799	52, 507
November[2]	1, 457	2, 125, 880	1, 814, 477	1, 636, 837	159, 925	117, 666	1, 883, 300	39, 212	18, 984	41, 910
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: June	814	981, 192	725, 754	752, 653	39, 645	33, 644	1, 030, 700	14, 222	9, 369	20, 316
November	834	1, 037, 878	784, 547	793, 600	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
October	873	1, 158, 025	910, 617	901, 401	36, 012	42, 575	1, 192, 300	22, 791	16, 343	28, 260
November	882	1, 175, 582	922, 538	914, 691	36, 134	43, 533	1, 205, 400	21, 606	14, 279	23, 331

[1] In addition, 6 converted Federals with assets of $1,880,000 were not insured as of October 31, 1941.
[2] In addition, 4 Federals with assets of $2,381,000 were not insured as of November 30, 1941.

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

[Thousands of dollars]

Federal Home Loan Bank	December 1941		November 1941		Advances outstanding Dec. 1941
	Advances	Repayments	Advances	Repayments	
Boston	$4, 198	$1, 638	$480	$277	$15, 269
New York	4, 224	1, 027	1, 352	742	24, 975
Pittsburgh	1, 415	545	1, 081	633	17, 803
Winston-Salem	5, 172	656	1, 382	1, 124	27, 410
Cincinnati	2, 438	409	1, 012	813	16, 872
Indianapolis	2, 563	215	391	74	13, 781
Chicago	6, 552	1, 342	1, 746	1, 073	35, 251
Des Moines	3, 230	357	561	244	19, 089
Little Rock	2, 800	148	229	156	11, 504
Topeka	580	748	246	1, 106	7, 198
Portland	2, 479	310	555	559	8, 790
Los Angeles	4, 516	410	895	356	21, 504
Total	40, 167	7, 805	9, 930	7, 157	219, 446
Jan.-Dec. 1941	157, 600	139, 646			
December 1940	23, 433	7, 488			201, 492
Jan.-Dec. 1940	134, 212	114, 033			
December 1939	18, 724	6, 233			181, 313
Jan.-Dec. 1939	94, 781	112, 310			

Table 14.—GOVERNMENT SHARES—Investments in member associations [1]

[Amounts shown in thousands of dollars]

Type of operation	Treasury	Home Owners' Loan Corporation		
	Federals [2]	Federals	State members	Total
Oct. 1935–Dec. 1941:				
Applications:				
Number	1, 862	4, 691	995	5, 686
Amount	$50, 401	$211, 647	$66, 335	$277, 984
Investments:				
Number	1, 831	4, 232	741	4, 973
Amount	$49, 300	$177, 453	$45, 806	$223, 259
Repurchases	$28, 016	$38, 677	$9, 415	$48, 092
Net outstanding investments	$21, 284	$138, 776	$36, 391	$175, 167
December 1941:				
Applications:				
Number	0	2	4	6
Amount	0	$550	$335	$885
Investments:				
Number	0	3	1	4
Amount	0	$135	$50	$185
Repurchases	0	0	$4	$4

[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.—SAVINGS—Changes in selected types of private long-term savings

[Amounts are shown in thousands of dollars]

Period	Amounts sold during month			Amounts outstanding at end of month				
	Life insurance [1]	U. S. savings bonds [2]	Insured savings and loans [3]	U. S. savings bonds [4]	Postal savings [5]	Mutual savings banks [6]	Insured commercial banks [7]	Insured savings and loans [8]
1940: December	$596, 534	$82, 207	$65, 586	$3, 194, 793	$1, 304, 382	$10, 617, 759	$13, 062, 315	$2, 202, 135
1941: January	522, 762	189, 276	127, 490	3, 371, 135	1, 313, 954			2, 262, 692
February	537, 557	120, 680	65, 384	3, 480, 040	1, 317, 794			2, 296, 225
March	598, 217	131, 961	64, 633	3, 598, 546	1, 319, 959			2, 323, 041
April	597, 203	61, 968	65, 947	3, 647, 249	1, 317, 102			2, 354, 239
May	604, 162	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	581, 998	105, 241	61, 495	4, 199, 539	1, 311, 060			2, 486, 992
October	658, 339	122, 884	67, 132	4, 313, 973	r 1, 317, 287			2, 518, 006
November	581, 692	109, 475	60, 818	4, 416, 244	r 1, 323, 421			2, 551, 528
December	879, 492	341, 085		4, 749, 651	p 1, 314, 070	10, 489, 679		
Change: Last 6 months				+23. 26%	+0. 77%	−1. 10%	+0. 34%	+7. 21%

[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.
[6] *Month's Work.* All deposits.
[7] FDIC. Time deposits evidenced by savings passbooks.
[8] Private repurchasable capital as reported to the FHLBB.
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Resolutions of the Board

AMENDMENT TO RULES AND REGULATIONS FOR THE FEDERAL SAVINGS AND LOAN SYSTEM REGARDING THE AUTHORIZATION OF TYPES OF FORMS AND REPORTS MADE BY THE RECEIVER OF A LIQUIDATING INSTITUTION TO THE FEDERAL HOME LOAN BANK BOARD: Adopted January 5, 1942; effective January 7, 1942.

On January 5, 1942, the Federal Home Loan Bank Board adopted an amendment of procedural character authorizing the Federal Savings and Loan Insurance Corporation, as well as the Board, to prescribe the accounting practices, forms and reports to be used in liquidation of insured institutions. This eliminates the necessity of the Board formally prescribing the accounting practices to be followed.

This amendment became effective on January 7, 1942. Paragraph (c) of Section 204.13 now reads:

Forms and Reports. The receiver may, from time to time, prescribe the accounting practices to be followed. The receiver shall close its books as of June 30 of each year, and shall make an annual report of its affairs as of June 30, of each year to the Board on forms prescribed by the Board or the receiver, and such other reports as may be from time to time required by the Board or the receiver and shall accompany each recommendation for the declaration and payment of a liquidating dividend with a report showing the available assets.

PROPOSED AMENDMENTS

PROPOSED AMENDMENT TO RULES AND REGULATIONS FOR THE FEDERAL SAVINGS AND LOAN SYSTEM RELATING TO HEARINGS ON CERTAIN APPLICATIONS FOR PERMISSION TO ORGANIZE NEW FEDERAL ASSOCIATIONS OR ON CERTAIN PETITIONS FOR FEDERAL CHARTERS.

On January 5, 1942, the Federal Home Loan Bank proposed an amendment in the form of a new subsection (f) to Section 202.29 of the Rules and Regulations for the Federal Savings and Loan System.

This subsection, if adopted, would eliminate the necessity for hearings on applications for permission to organize a new Federal association or on petitions for Federal charters in cases where the proposed organization or federalization is for the purpose of facilitating the availability of insured accounts for eligible members of an insured institution in default, and the liquidation thereof.

The proposed amendment reads as follows:

(f) The Board may dispense with a hearing in connection with any application for permission to organize or petition for charter filed pursuant to section 406 of the National Housing Act, as amended.

This amendment will not be formally approved until at least 30 days after it was mailed to the members of the Federal Savings and Loan Advisory Council (January 7, 1942).

PROPOSED AMENDMENT TO RULES AND REGULATIONS FOR INSURANCE OF ACCOUNTS RELATING TO THE NAMES USED BY INSURED ASSOCIATIONS.

The Trustees for the Federal Savings and Loan Insurance Corporation, on January 5, 1942, proposed an amendment to Section 301.7 of the Rules and Regulations for Insurance of Accounts prohibiting any insured institution from using the word "Insured" in its name as a medium of advertising.

This amendment would be a new subsection to be inserted in place of the present subsection (g) which was, at the same time, relettered (h).

(g) *Name of Association.* No insured institution shall advertise under a name which includes the word "Insured" in the name.

It has been determined that this amendment is one of major character which will not be effective until at least 30 days after a copy was mailed to members of the Federal Savings and Loan Advisory Council (January 6, 1942).

PROPOSED AMENDMENT TO RULES AND REGULATIONS FOR THE FEDERAL SAVINGS AND LOAN SYSTEM RELATING TO THE APPOINTMENT OF A CONSERVATOR OR RECEIVER FOR A FEDERAL SAVINGS AND LOAN ASSOCIATION AND THE POWERS AND DUTIES OF A CONSERVATOR.

On January 19, 1942 the Federal Home Loan Bank Board adopted a resolution proposing amendments of a major character to the Rules and Regulations for the Federal Savings and Loan System.

Under the proposed new provisions the Board may appoint the Federal Savings and Loan Insurance Corporation as receiver for a Federal association when such appointment is for the purpose of liquidation, and the Board may appoint an individual as conservator for a Federal association pending further disposition of the case. After appointment the Insurance Corporation, as receiver, would be subject to the provisions of Section 204.6, et seq., of the regulations enacted in August 1941, and the conservator would be subject to the provisions of the regulations for the powers and duties of a conservator, now proposed.

If these proposed changes are adopted by the Board, the Rules and Regulations for the Federal Savings and Loan System will be amended as follows:

(1) by repealing sections 204.3, 204.4 and 204.5 thereof
(2) by changing the number of section 204.17 to section 204.3
(3) (a) by adding a new "Part 208. Powers of Receiver and Conduct of Receiverships" to said Rules and Regulations
(b) by placing the following sections thereunder with their numbers changed as indicated:

Section 204.6 is renumbered section 208.1
Section 204.7 is renumbered section 208.2
Section 204.8 is renumbered section 208.3
Section 204.9 is renumbered section 208.4
Section 204.10 is renumbered section 208.5
Section 204.11 is renumbered section 208.6
Section 204.12 is renumbered section 208.7
Section 204.13 is renumbered section 208.8
Section 204.14 is renumbered section 208.9
Section 204.15 is renumbered section 208.10

and (c) by changing to section 208.1 the references in that section formerly numbered section 204.7, now renumbered section 208.2, which references are to that section formerly numbered section 204.6, now renumbered section 208.1; by changing to paragraph (a) of section 208.2 the references in those sections formerly numbered section 204.8, now renumbered section 208.3, and section 204.10, now renumbered section 208.5, which references are to paragraph (a) of that section formerly numbered section 204.7, now renumbered section 208.2; and by changing to section 208.4 the references in those sections formerly numbered section 204.11, now renumbered section 208.6, and section 204.12, now renumbered section 208.7, which references are to that section formerly numbered section 204.9, now renumbered section 208.4
(4) by changing the number of section 204.16 to be section 206.4

In addition to the preceding changes, it is also proposed that the following new Parts 205, 206, and 207 be added:

Part 205. APPOINTMENT OF CONSERVATOR OR RECEIVER FOLLOWING REQUEST:

205.1 *Request for Appointment of Conservator or Receiver.* The board of directors of any Federal association may request the Board to appoint a conservator or receiver, whichever the Board shall determine.
205.2 *Possession by examiner.* Pending action on such request, the board of directors may, by resolution, with the consent of the Governor of the Federal Home Loan Bank System or any Deputy or Assistant Governor, hand the association over to a Board examiner, who shall furnish bond in form and amount and with surety acceptable to said Governor, Deputy or Assistant Governor. If the association is handed over to an examiner, he shall forthwith post a notice in substantially the following form on the door of the home office of the association:

By request of the board of directors of this Association, the undersigned is temporarily in charge of__________________Federal Savings and Loan Association____.

_______________________________________, ______________________________________

___________________________	____
Date	Examiner, Federal Home Loan Bank Board

No business shall be transacted by the association when in possession of an examiner, except that the examiner may take such action in his name or in the name of the association as, in his judgment, is necessary to protect the interests of the association or those of its creditors or members, and, for the period of his possession, all rights, powers and privileges of its officers and directors shall be suspended, except the right to address petitions to the Board. The expenses incurred by the examiner during such period, including the cost of his bond and the charges for his services as determined by such Governor, Deputy or Assistant Governor, shall be paid out of the assets of the association.
205.3 *Appointment by Board.* The Board, upon receipt of request by the board of directors of an association, as provided in Section 205.1 hereof, may, if it shall find cause for such appointment as stated in Section 206.1 hereof, appoint a conservator or receiver, in its discretion, for such association. If an examiner shall be in possession of the association, the Board may order the examiner to hand the association over to the conservator or receiver, or, if the Board shall not appoint a conservator or receiver, may order the examiner to hand the association back to the board of directors.

Part 206. APPOINTMENT OF CONSERVATOR OR RECEIVER.

206.1 *Receiver or conservator, appointment.* Whenever, in the opinion of the Board, any Federal savings and loan association:
(1) is conducting its business in an unlawful, unauthorized, or unsafe manner;
(2) is in an unsound or unsafe condition, or has a management which is unsafe or unfit, or has a person or persons in a position or situation of dominance or control, or exercising dominance or control, who is or are an unsafe or improper person or persons to be in such position or situation or to exercise such dominance or control;
(3) cannot with safety continue in business;
(4) is impaired in that its assets do not have an aggregate value (in the judgment of the Board) at least equal to the aggregate amount of its liabilities to its creditors, members, and all other persons;
(5) is in imminent danger of becoming impaired;
(6) is pursuing a course that is jeopardizing or injurious to the interests of its members, creditors, or the public;
(7) has suspended payment of its obligations;
(8) has refused to submit its books, papers, records, or affairs for inspection to any examiner appointed by the Board;
(9) has refused by the refusal of any of its officers, directors, or employees to be examined upon oath by the Board or its representative concerning its affairs; or
(10) has failed or refused to observe a lawful order of the Board,
the Board may appoint the Federal Savings and Loan Insurance Corporation receiver for such Federal association, which appointment shall be for the purpose of liquidation, or the Board may appoint a conservator for such Federal association to conserve the assets of the association pending further disposition of its affairs. The appointment shall be by resolution, which resolution shall state on which of the above causes the appointment is based. Any conservator so appointed shall furnish bond for himself and his employees, in form and amount and with surety acceptable to the Governor of the Federal Home Loan Bank System, or any Deputy or Assistant Governor, but no bond shall be required of the Federal Savings and Loan Insurance Corporation as receiver. The conservator or receiver shall forthwith upon appointment take possession of the association and, at the time such conservator or receiver shall demand possession, such conservator or receiver shall notify the officer or employee of the association, if any, who shall be in the home office of the association and appear to be in charge of such office, of the action of the Board. The Secretary of the Board shall, forthwith upon adoption thereof, mail a certified copy of the resolution of appointment to the address of the association as it shall appear on the records of the Board and to each director of the association, known by the Secretary to be such, at the last address of each as the same shall appear on the records of the Board. If such certified copy of the resolution appointing the conservator or receiver is received at the offices of the association after the taking of possession by the conservator or receiver, such conservator or receiver shall hand the same to any officer or director of the association who may make demand therefor.

206.2 *Hearing on appointment.* Within fourteen days (Sundays and holidays included) after the appointment of a conservator or receiver for a Federal association not at the time of such appointment in the hands of a conservator, such Federal association, which has not, by its board of directors, consented to or requested the appointment of a conservator or receiver, may file an answer and serve a written demand for a hearing, authorized by its board of directors, which demand shall state the address to which notice of hearing shall be sent. Upon receipt of such answer and written demand for a hearing the Board shall issue and serve a notice of hearing upon the institution by mailing a copy of the order of hearing to the address stated in the demand therefor and shall conduct a hearing, at which time and place the Federal association may appear and show cause why the conservator or receiver should not have been appointed and why an order should be entered by the Board discharging the conservator or receiver. Such hearing may be held before the Board or before a trial examiner appointed by the Board. Such Federal association, which has not, by its board of directors, consented to or requested the appointment of a conservator or receiver, may, within seven days (Sundays and holidays included) of such appointment, serve a written or telegraphic demand, authorized by its board of directors, upon the Board for a more definite statement of the causes or causes for the action. The time of service upon the Board for the purposes of this Section shall be the time of receipt by the Secretary of the Board.

206.3 *Costs of hearings.* Costs, as determined by the Board, of hearings held pursuant to section 206.2 may be assessed against the association demanding the same upon the order of the Board unless the Board finds upon such hearing that there is no cause for the appointment of a conservator or receiver.

206.4 *Discharge of conservator or receiver.* An order of the Board discharging the conservator or receiver and returning the association to its management shall by operation of law and without any conveyance or other instrument, act or deed, revest the title to all its property in such Federal association and restore the rights, powers and privileges of its officers and directors, as of the time specified in such order, except as such order may otherwise provide.

Part 207. POWERS OF CONSERVATOR AND CONDUCT OF CONSERVATORSHIPS.

207.1. *Take posession, when.* Upon appointment, the conservator for a Federal association shall forthwith take possession of the books, records and assets of every description of such association.

207.2 *Procedure upon taking possession.* Upon taking possession, pursuant to section 207.1 of these rules and regulations, of such Federal association, the conservator shall forthwith:

(a) post a notice in substantially the following form on the door of the home office of such association:

--Federal Savings and Loan Association--,

--------------------------------------, --------------------------------,

is in the hands of the undersigned as Conservator under appointment by the Federal Home Loan Bank Board.

--------------------------	--
Date	Conservator

(b) notify, by written notice served personally or by registered mail or telegraph, all banks, trust companies and all other individuals, partnerships, corporations, and asssociations known to such conservator to be holding or in possession of any assets of such association, and (c) file with the Secretary of the Board a statement (1) that he has taken possession, pursuant to section 207.1 of these rules and regulations, of such Federal association and (2) of the posting and time of posting of the notice pursuant to the provisions of paragraph (a) of this section, together with a copy of such notice; and such statement shall be conclusive evidence of the posting and time of posting of such notice.

207.3 *Succession.* Immediately upon the posting of the notice on the door of such Federal association as provided in paragraph (a) of section 207.2 of these rules and regulations, the conservator, by operation of law and without any conveyance or other instrument, act or deed, shall succeed to all the rights, titles, powers and privileges of the Federal association, its officers and directors, or any of them. Such officers and directors, or any of them, shall not thereafter have, exercise, or act in connection with, any such rights, titles, powers or privileges, or any asset or property of any nature of the association; provided, however, that nothing herein shall deny to such officers and directors the right from time to time to address such petitions, authorized by the board of directors, as they may have to the Board or its representatives designated to receive such petitions concerning such association, or to represent the association at hearings provided for in these rules and regulations.

207.4 *Disposition.* Unless the Board shall otherwise order, the Governor of the Federal Home Loan Bank System shall within twenty days of the appointment of the conservator recommend to the Board a plan for the reorganization, consolidation, merger, liquidation or other disposition of the association. If such plan shall provide for the ultimate restoration of the association to normal operations without an involuntary write-down in the association's share capital, the Board may order the conservator to carry such plan into effect. The Board may, at any time, order the association returned to its management and may, before returning the association to its management regardless of whether such association is subsequently returned to its managment, order a meeting of the shareholders for any purpose, including, without any limitation on the generality of the foregoing, election of new directors, or of the board of directors for any purpose, including, without any limitation on the generality of the foregoing, the filling of vacancies on the board of directors or the election of new officers, or may order meetings of both members and directors. Each such election shall be supervised by a representative of the Board. The Board may at any time, without further hearing as provided in section 206.2 of these rules and regulations, replace the conservator by appointing the Federal Savings and Loan Insurance Corporation as receiver for the purpose of liquidation.

207.5 *Powers and duties of conservator.* The conservator, subject to the direction and supervision of the Governor of the Federal Home Loan Bank System, shall, after posting notice pursuant to paragraph (a) of section 207.2 of these rules and regulations, take such action as may be necessary to conserve the assets of the association pending further disposition of its affairs. The conservator shall forthwith in his name, in the name of the association, in the name of both, or otherwise, collect all obligations and money due the association, and in his name, in the name of the association, in the name of both, or otherwise

(a) may do all things desirable or expedient in his discretion to carry on the business of the association to an extent consistent with his appointment and to preserve and conserve the assets and property of every nature of such association;

(b) may exercise all the rights and powers of such association, including, without any limitation on the generality of the foregoing, any rights and powers under any mortgage, deed of trust, chose in action, option, collateral note, contract, judgment or decree, share or certificate of share of stock, or instrument of any nature;

(c) may, with the approval of the Board or of said Governor, pay off and discharge any taxes, assessments, liens, claims, or charges of any nature against the association or the conservator or any asset or property of any nature of such association;

(d) may pay out and expend such sums as he shall deem necessary or advisable

(1) for or in connection with the preservation, maintenance, conservation or protection, or

(2) with the approval of the Board or of said Governor for or in connection with the remodeling, repair, rehabilitation or improvement not necessary for such preservation, maintenance, conservation or protection

of any asset or property of such association;

(e) may, with the approval of the Board of or said Governor,

(1) pay out and expend such sums as he shall deem necessary or advisable for or in connection with the preservation, maintenance, conservation or protection of, or

(2) pay off and discharge any taxes, assessments, liens, claims or charges of any nature against,

any asset or property of any nature on which the association or conservator has a lien by way of mortgage, deed of trust, pledge or otherwise, or in which the association or conservator has an interest of value of any nature;

(f) may, under the direction and supervision of the General Counsel of the Board, institute, prosecute, maintain, defend, intervene, and otherwise participate in any and all actions, suits, or other legal proceedings by and against the conservator or association or in which the conservator, the association, or its creditors or members, or any of them, shall have an interest, and in every way to represent such association, its members and creditors;

(g) (1) may, with the approval of said Governor, employ such assistants and employees as he may deem necessary for the proper administration of the conservatorship, and shall by bond cover all such assistants and employees in form satisfactory to such conservator and to the said Governor, the cost of the same and the cost of the conservator's bond to be paid out of the assets of the association in the possession of the conservator; and (2) shall employ any attorney or attorneys designated by the General Counsel of the Board, in connection with litigation or otherwise to give legal advice and assistance, for the conservatorship generally or in particular instances, and pay retainers and compensation of such attorney or attorneys, together with all xepenses, including, but not limited to, the costs and expenses of any litigation, as approved by said General Counsel, out of the assets of the association;

(h) may execute, acknowledge, and deliver any and all deeds, contracts, leases, assignments, bills of sale, releases, extensions, satisfactions, and other instruments necessary or proper for any purposes, including, without any limitation on the generality of the foregoing, the effectuation or termination of any sale, lease or transfer of real, personal or mixed property. Any deed or other instrument executed pursuant to the authority hereby given shall be as valid and effectual for all purposes as if the same had been executed, as the act and deed of the association or otherwise, by the officers of such association by authority of its board of directors;

(i) shall immediately transfer the depository bank balances of the association to Account "R" hereinafter provided for, or to the account with the Federal Home Loan Bank, of which the association is a member, hereinafter provided for, and, unless otherwise directed by the Board or said Governor, shall open two accounts in banks insured by the Federal Deposit Insurance Corporation, as follows:

(1) One of these accounts shall be known as Account "R" and the other shall be known as Account "D".

(2) All funds of the association coming into the possession of the conservator shall be forthwith deposited in Account "R".

(3) Disbursements shall be made from Account "R" only by transfer to an account with the Federal Home Loan Bank of which the association is a member, which transfer may be made by the conservator.

(4) Deposits shall be made in Account "D" only by order of or with the approval of the Board or the Governor.

(5) Without the prior approval of the Board accounts shall not be maintained in a total amount in excess of $5,000 in any single bank other than the Federal Home Loan Bank of which the association is a member.

(6) The conservator may make disbursements in connection with his duties as conservator from Account "D".

(7) All depository bank accounts of the conservator shall be carried as follows:

--, Conservator
(Name of Conservator)

for ---
(Name of Association)

(j) (1) may, with the approval of the Board or said Governor, sell for cash any mortgage, deed of trust, chose in action, bond, note, contract, judgment or decree, or share or certificate of share of stock or debt, owing to such association at not less than the actual amount owing the association thereon or the face or par value thereof, and

(2) may, with the approval of the Board, or on terms and conditions approved by the Board, sell for cash or on terms, or exchange or otherwise dispose of, at less than the amount owing the association thereon or the face or par value thereof, in whole or in part,

any mortgage, deed of trust, chose in action, bond, note, contract, judgment or decree, share or certificate of share of stock or debt, owing to such association;

(k) (1) may lease on a month to month basis, or for a term of not to exceed one year, and

(2) may, with the approval of the Board, or on terms and conditions approved by the Board, sell for cash or on terms, lease for a period of more than one year, exchange or otherwise dispose of, in whole or in part,

any or all of the assets and property of the association, real, personal, and mixed, tangible and intangible, of any nature;

(l) may, with the approval of the Board or of said Governor, or on terms and conditions approved by the Board or said Governor, surrender, abandon, and release any choses in action, or other assets or property of any nature, whether the subject of pending litigation or not, and reject or repudiate any lease or contract which he considers burdensome;

(m) may, with the approval of the Board, or on terms and conditions approved by the Board, settle, compromise, or obtain the release of, for cash or other considerations, claims and demands against such association or the conservator;

(n) may, with the approval of the Board, or on terms and conditions approved by the Board, settle, compromise, or release, for cash or other considerations, claims and demands in favor of the association or the conservator;

(o) may, with the approval of the Board and on terms and conditions approved by the Board, borrow money in any amount and from any source and in any manner, and execute, acknowledge and deliver notes, certificates, and other evidence of indebtedness therefor and secure the repayment thereof by the mortgage, pledge, assignment in trust or hypothecation of any or all of the property, whether real, personal, or mixed, of such association, and such borrowing may be for any purpose, including, without any limitation on the generality of the foregoing, protecting or preserving the assets in his possession, declaring and paying dividends to members and creditors, providing for the expense of administration, or aiding in the reopening or reorganization of such association;

(p) may pay out of the assets of the conservatorship all costs and expenses of the conservatorship and all costs of carrying out or exercising his rights, powers, privileges and duties as conservator, all as determined by him, except as otherwise provided herein; and

(q) may do such things, and have such rights, powers, privileges, immunities, and duties, whether or not otherwise granted in these rules and regulations, as shall be authorized, directed, conferred, or imposed from time to time in specific cases by order of the Board, or by amendment of these rules and regulations.

For the purposes of this section, (1) asset and property including any mortgage, deed of trust, chose of action, bond, note, contract, judgment or decree, share or certificate of share of stock, or debt of the association, and right and power of the association, shall include any such asset or property, right or power of the conservator, and (2), the terms "Governor of the Federal Home Loan Bank System" and "said Governor" shall include any Deputy or Assistant Governor of the Federal Home Loan Bank System.

207.6 *Creditors.* The conservator may, after certification by the conservator to the Board that the assets of the association will be sufficient to meet all creditor obligations and that the condition of the association justifies, out of the assets in his possession,

(a) with the approval of the Governor of the Federal Home Loan Bank System, or any Deputy or assistant Governor, make disbursements which the association was obligated to make on loan commitments and other valid contracts,

(b) with the approval of said Governor, pay salaries due officers or employees of the association, permit the payment of outstanding checks given in connection with valid creditor obligations, and pay valid creditor obligations,

or, in the absence of such certification or approval, may, out of the assets of the association in his possession, pay creditor obligations and make disbursements which the association was obligated to make on loan commitments, to the extent determined by said Governor to be compatible with the condition of the association and the proper conduct of its affairs.

207.7 *Share interests.* The conservator shall not accept any payments on or purchases, or make any repurchases, of share accounts, unless the Board shall otherwise direct by order, which order, or orders, shall be posted in a conspicuous place in the principal office of the conservator for conducting the affairs of the association, and such payments or purchases shall be accepted, or such repurchases made, only to the extent and in the manner, and with segregation to the extent, that the same, if any, may be directed in such order or orders.

207.8 *Examinations, inventories, reports, costs and expenses.*

(a) *Inventory.* As soon as practicable after taking possession, the conservator shall make an inventory of the assets of such association as of the date of such taking possession, showing the value as carried on the books of the association, and the security therefor, if any, in whatever form the same shall exist, with a brief description of each such asset and such security. Such assets may be listed in such groups or classes as shall, to the satisfaction of the Governor of the Federal Home Loan Bank System, or any Deputy or Assistant Governor, afford full information as to their character and book value, and the conservator shall include a record of the creditor and share liabilities of the association. One copy of such inventory shall promptly be filed with the Secretary to the Board, one copy with the Office of the Governor of the Federal Home Loan Bank System, and one copy shall be retained in the principal office of the association, so long as such office is maintained by the conservator.

(b) *Examinations and audits.* Each Federal association for which a conservator has been appointed may be examined and/or audited (with appraisals when deemed advisable by the Board) by the Examining Division of the Board as directed by the Board. The cost, as determined by the Board, of examinations including office analysis thereof, audits, and any appraisals made in connection therewith, shall be paid from the assets of the association unless otherwise ordered by the Board.

(c) *Forms and reports.* The conservator shall follow such accounting practices as may, from time to time, be prescribed by the Governor. The conservator shall make such reports as may be required by the Board or the Governor.

207.9 *Final discharge and release of conservator.*

(a) *Final report.* At such time as the conservator be relieved of his duties, the conservator shall file with the Board a detailed report in form satisfactory to the Board.

(b) *Final discharge.* Unless otherwise directed by the Board, upon the completion of the duties of the conservator or at such time as the conservator shall be otherwise relieved of his duties, an examination and audit may be directed by the Board in connection with the report of the conservator hereinbefore required. The accounts of the conservator shall be approved or disapproved, and, if approved, the conservator shall thereupon be given a complete and final discharge and release.

207.10 *Inspection of reports.* All inventories, statements and reports of the conservator shall be in at least four copies unless otherwise directed by the Board or the Governor. One copy shall be filed with the Board, the other copies with the Office of the Governor of the Federal Home Loan Bank System, and each of the inventories, statements, and reports shall constitute permanent records of each conservatorship open for inspection at such times and on such conditions as may be from time to time directed by the Board or, in the absence of such directions, whenever the office of the Secretary of the Board shall be open for business.

This proposed amendment will not be effective until at least 30 days after a copy was mailed to members of the Federal Savings and Loan Advisory Council (January 22, 1942), provided, however, that if any hearing is held pursuant to section 201.2, the proposed amendment or any part may be adopted with any changes, additions, or omissions of which, in the opinion of the Board, reasonable notice is given by this proposal.

Acting Deputy Governor

■ THE Federal Home Loan Bank Board recently announced that Mr. Fred T. Greene, who since 1935 has been President of the Federal Home Loan Bank of Indianapolis, was appointed Acting Deputy Governor of the Federal Home Loan Bank System, effective January 19. Mr. Greene is on leave of absence from the Indianapolis Bank. Mr. William F. Penniman, previously Deputy Governor of the Federal Home Loan Bank System, has been appointed Administrative Assistant to the Vice Chairman of the Board, and Acting Budget Officer.

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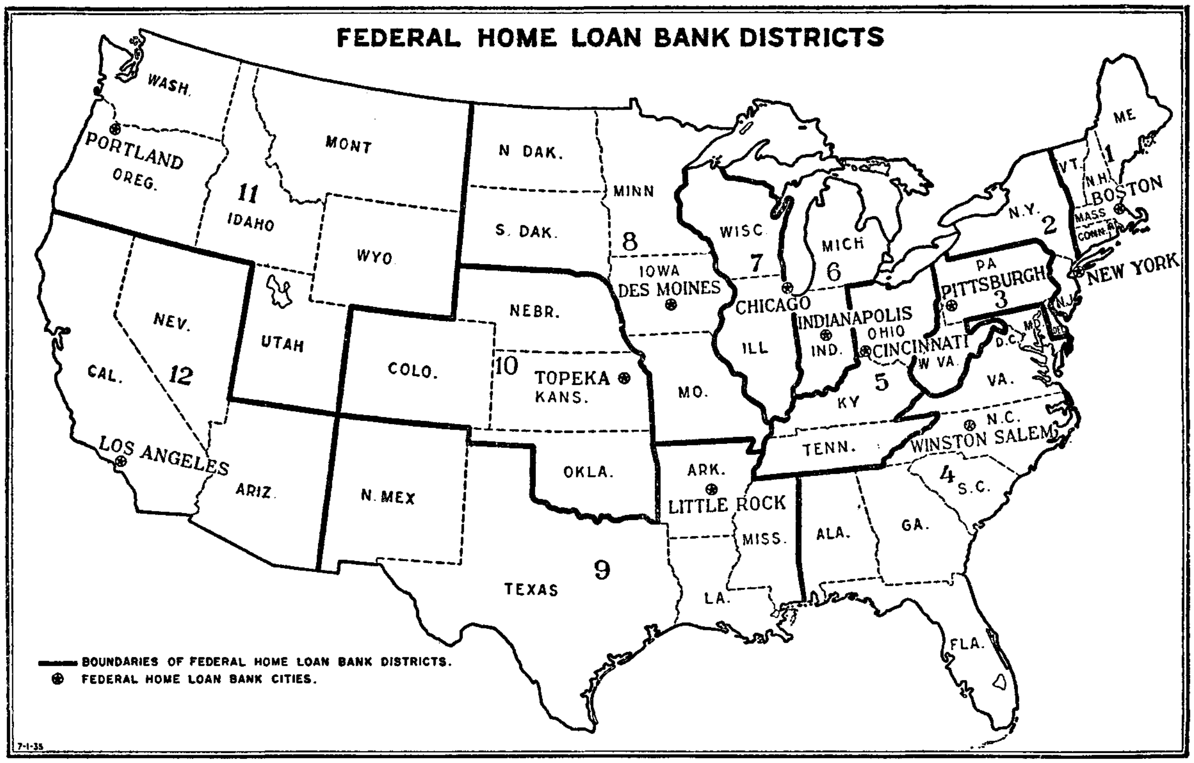

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