



**FEDERAL  
HOME  
LOAN  
BANK**

# REVIEW

**Washington, April 1942**

**FEDERAL HOME LOAN BANK ADMINISTRATION**



## Honor Roll of Bond Sales

Starting with the May issue, the REVIEW will publish an Honor Roll of all member savings and loan associations of the Bank System which have sold an amount of U. S. War Savings Bonds equal to 5 percent of their assets.

The Governor's Office has asked the Presidents of the 12 regional Banks to submit names of all associations which already have reached this mark and to keep their lists up to date. All associations should notify the President of their regional Bank if they are eligible for the Honor Roll—or as soon as they become eligible.



**FEDERAL  
HOME  
LOAN  
BANK  
REVIEW**

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Published Monthly by the  
**FEDERAL HOME LOAN  
BANK ADMINISTRATION**

John H. Fahey, Commissioner

**FEDERAL HOME LOAN  
BANK SYSTEM**

**FEDERAL SAVINGS AND LOAN  
ASSOCIATIONS**

**FEDERAL SAVINGS AND LOAN  
INSURANCE CORPORATION**

**HOME OWNERS' LOAN  
CORPORATION**



**Vol. 8**

**No. 7**

**SUBSCRIPTION PRICE OF REVIEW.** The REVIEW is the Federal Home Loan Bank Administration's medium of communication with member institutions of the Federal Home Loan Bank System and is the only official organ or periodical publication of the Administration. The REVIEW will be sent to all member institutions without charge. To others the annual subscription price, which covers the cost of paper and printing, is \$1. Single copies will be sold at 10 cents. Outside of the United States, Canada, Mexico, and the insular possessions, subscription price is \$1.60, single copies, 15 cents. Subscriptions should be sent to and copies ordered from Superintendent of Documents, Government Printing Office, Washington, D. C.

APPROVED BY THE BUREAU OF THE BUDGET.



# THE HOME FRONT



## 350,000 War Housing Units Scheduled for Priorities

The War Production Board announced on March 17 that it had approved the construction of an additional 350,000 dwelling units for war industry workers. This action assures the continuation of the program under which 200,000 privately financed units in armament centers had been approved for priority assistance last September, in addition to 100,000 units provided with public funds. These quotas had been practically exhausted by March.

Of the 350,000 housing units newly scheduled for priority assistance, 200,000 are allocated to private housing while 150,000 will be erected by Federal agencies. At least 100,000 of the privately financed units will be for rent, according to the announcement, but houses which are sold under a lease-option contract are to be included in the rent category if the contract terms conform to certain requirements roughly corresponding to FHA terms under Title VI.

Sales price and rent limitations for houses built with priority assistance remain unchanged. Exclusive preference for all housing for which priority orders are issued shall be given to war workers, to be in effect for at least 30 days after completion. Rents must be specified on priority applications; are not to exceed 20 percent of the estimated annual earnings of the tenants; and must be in effect for a minimum term of 1 year.

☆ ☆ ☆ ☆ ☆

## New Defense Housing Critical List

A new Defense Housing Critical List, superseding the limitations placed in effect last September, was issued by the War Production Board on February 24.

The new list is much more comprehensive than the original one and reflects the growing shortages of materials going into war production.

Amendments include elimination of steel bearing plates, tin coating on fire doors, private telephone systems,

and copper coils and metal jackets in hot water systems.

Further restrictions are placed on the use of steel in stairs, and on metal in lath and builders' hardware as well as in certain electrical installations. Quantities and sizes of roughing materials for plumbing and gas distribution systems are limited to those required by the Emergency Plumbing Standards.

Steam and hot water furnaces are restricted to installations serving two or more families.

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## New Tightening of Installment Credit

Further restrictions have been placed on installment credit by the Federal Reserve Board in a new Amendment to Regulation W, issued March 23.

The standard maturity for all credits subject to this regulation was reduced from 18 to 15 months, except those for modernization, plumbing, furnaces, water heaters and pumps, and pianos. Downpayments were raised in varying degrees. The downpayment required on furnaces, water heaters and pumps, and plumbing was increased from 15 to 20 percent; on home air-conditioning and attic ventilating systems, from 15 to 33½ percent; and on refrigerators, kitchen and laundry electrical equipment, vacuum cleaners, room unit air conditioners, and musical instruments, from 20 to 33½ percent.

At the same time, several articles were added to the list of those on which specified downpayments are required.

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On March 21 a total of 82,710 regular housing units had been completed by Governmental agencies in defense localities for occupancy by workers and enlisted service personnel. Cumulative allotments made in the public program provide for 278,321 units, of which 72,623 are now under construction. In addition, completed dormitory units total 9,596 and trailers and portable houses, 3,961.

## War Damage Insurance On New Basis

War damage insurance will be placed on a new basis under an Act signed by the President on March 27. The Act transforms the Government compensation scheme set up immediately after the outbreak of War into a Government-sponsored insurance plan and provides a maximum fund of \$1,000,000,000 for carrying out this purpose of the Act.

Under the Act, the Reconstruction Finance Corporation "is authorized to and shall empower the War Damage Corporation to use its funds to provide, through insurance, reinsurance, or otherwise, reasonable protection against loss of or damage to property, real and personal, which may result from enemy attack (including any action taken by the military, naval, or air forces of the United States in resisting enemy attack) . . ."

The protection will be made available not later than July 1, 1942, and will be based upon premiums or other charges still to be determined. In contrast to the British set-up the Act does not provide compulsory insurance; nor does it include the Senate version under which free protection for amounts under \$15,000 was contemplated. However, it makes it mandatory for the War Damage Corporation to establish uniform rates for each type of property, based on an estimate of the average loss risk on all property of such type in the United States.

Secretary of Commerce Jesse Jones has indicated as possible bases for insurance rates 10 to 15 cents per \$100 for farms, dwellings, and commercial real estate up to \$10,000; 15 to 20 cents for such property valued from \$10,000 to \$25,000; and graduated rates for property valued in excess of \$25,000.

Until the insurance protection under the new Act is made available, war damage will be handled under the existing compensation scheme, without insurance contract or premium payments.

In the past few weeks several private insurance companies have been offering war damage protection. Clarification of the relationship of this private insurance to the Government plan is among the many details now in the process of being worked out.

# THE END OF NONESSENTIAL BUILDING

*Release of the long-awaited "Stop-Construction" order on April 9 marked the end of all nonessential building activities for the duration of the War. These new restrictions carry far-reaching implications for builders, realtors, and home-financing institutions.*

■ **ISSUANCE** by the War Production Board of its Conservation Order L-41 prohibiting the start of any unauthorized construction projects after April 9 has brought one of the Nation's largest industries face to face with the economic effects of total war. Going far beyond all previously announced policies, the recent order not only prevents the starting of new construction without specific permission, but also prohibits the withdrawal from inventory and the purchase, sale, or delivery of any material for use in building unless expressly authorized by the War Production Board. It is equally binding upon property owners, builders, and suppliers.

Coming on the eve of the 1942 building season, the order specifically provides that no residential construction, except for maintenance or repair work or priority-rated projects, may be started without permission if its estimated cost is \$500 or more. The effect will be to divert the use of labor, material, and equipment which had been going into nonessential construction, into ships, planes, tanks, guns, war-industry housing, and other essential production.

Although the order applies only to construction not under way at the time it was issued, the War Production Board has stated that projects already in process may be stopped if the scarce materials to be used in them can be put to more effective use in the war program.

Privately financed defense housing projects which obtain priorities assistance through the local offices of the Federal Housing Administration under Preference Rating Order P-55 will not be required to secure additional permission to begin construction. The same applies to the remodeling of houses in defense areas receiving assistance under Preference Rating Order P-110.

When a project does *not* require priorities assistance, applications for authority to begin construction may be made through local FHA offices on Forms PD-200 and PD-200A. These forms should be accompanied by a statement showing (1) that no priorities assistance is requested, (2) whether any

previous application for authorization has been denied, and, if so, the reasons therefor, and (3) the total value of all construction on the particular building structure, or project in the preceding 12-month period. As must be done in the case of obtaining priorities assistance, applicants should also submit additional information as to the necessity for the proposed construction, any exceptional hardships which the restrictions of Order L-41 impose upon him, the effect on employment conditions if the application is denied, and any other pertinent facts.

On the basis of criteria established by the War Production Board, the local FHA officer will decide whether the project is eligible for recommendation to WPB. If the project is deemed eligible, the application will then be forwarded to the administrator of the order for final consideration. If the application is denied, provision is made for petition to an appeals board consisting of the administrator of the order, a representative of labor, and a third member who will represent the branch of WPB within whose jurisdiction the project would be classified.

Authority to begin construction or priorities assistance will be granted only when the design and specifications conform to the standards established for the minimum use of critical materials, and when no materials will be used on a project that do not comply with the conditions of the authorization.

## BUILDING WHICH IS NOT STOPPED

In addition to exempting residential construction projects costing less than \$500, the maintenance of a building in sound working condition, or the repair or restoration, without change of design, of any portion of a building which has been rendered unsafe or unfit for service, are specifically exempted from the restrictions of the latest regulations. Likewise, the reconstruction or restoration of any residential building damaged or destroyed after December 31, 1941 by fire, flood, tornado, earthquake, act of God, or the public enemy is permitted.

# BRITISH BUILDING SOCIETIES CARRY ON

*Following up its earlier stories on the war experience of British building societies, the REVIEW again presents an annual survey of the operations of these thrift and home-financing institutions on the other side. This survey covers 1941—the second full year in which the societies were coping with the difficulties created by total war.*

■ WITH the United States an active belligerent, executives of savings and loan associations have even more reason than before to study the war problems faced by British building societies and the manner in which they are being solved. Without drawing too close a parallel between the experience of the building societies and anticipated adjustments of savings and loan operations in this country, they will find food for thought in the story of British institutions which, in set-up and principal activities, are so similar to their own associations.

## STILL GOING STRONG

When the managers of British building societies closed their books for 1941, they were looking back at more than 2 years of operation under the stress of war, and if one tried to characterize in brief the tenor of their reports, he could apply the famous phrase, "still going strong."

Again in 1941, the societies as a whole were able to hold their own. The volume of their share investments and deposits was about maintained. New mortgage lending dropped, of course, to a fraction of pre-war activity, and since mortgage repayments continued at a high level, the mortgage portfolio showed the second consecutive decline from the peak reached in 1939. Larger holdings in cash, government securities, and postal savings have taken the place of mortgage investments—improving the liquidity position of the societies as well as increasing their contribution to the war effort.

In no case does property damage from enemy action seem to have reached proportions which would seriously impair the aggregate value of the physical security underlying the societies' mortgage loans. For the country as a whole the damage through 1941 is estimated as equivalent to 2-2½ percent of the total value of real estate, and the War Damage Act, passed last year, has done a great deal to mitigate the financial consequences of property destruction.

The principal concern of British management has been to balance income and expenses. As a result

of the shrinking mortgage portfolio and of concessions to borrowers in the services as well as to those who have been bombed out of their homes or evacuated, gross earnings have been substantially curtailed. At the same time, steeply rising taxes and contributions to the compensation fund under the War Damage Act have increased total expenses. Caught between these pincers, the societies have undertaken a sweeping adjustment of the return paid to investors and depositors. Even so, they have been unable to make reserve allocations comparable in volume to those of normal periods. Reserve ratios, however, have been maintained or even improved because asset growth has been checked and existing reserves have remained intact.

## STABLE VOLUME OF RESOURCES

Proceeding from this broad sketch to a more detailed analysis, the 1941 reports available so far indicate that, if there was any decline in total resources, it would be in the neighborhood of the 2 percent registered in the preceding year. Several representative societies in the North country report slightly higher assets, and the decreases seem to be concentrated in London and South England which have been hit harder by the War.

Almost without exception withdrawals were reported to be far below the 1940 and 1939 volumes, which is indicative of the confidence of the investing public as well as of the trend of war developments. The British building societies, although permitted to require six months' notice, have adopted a fairly uniform policy of paying out small sums on demand and meeting other requests in a reasonably short period of time. One of the larger institutions states:

"Except in the earliest days of the danger following Dunkirk, it has been unnecessary . . . to bar any withdrawals where sound reasons for prompt repayment have been put forward. Every request for small sums up to £50 [\$200] is being met on demand and sums up to £100 are forthcoming in a couple of days. Withdrawals of larger sums have been freely granted for all business purposes, for the payment of taxation or estate duty, for education fees, for medical expenses, for investments in Government loans and for many other good reasons."

Despite heavy income taxation and the war savings campaign, new money has continued to flow into the British building societies, but not in sufficient volume to replace all withdrawals. Various references in annual reports suggest that the institutions, either voluntarily or at the government's request, have been refraining from active solicitation of funds in order that they may not interfere with the drive for war savings.

#### SHIFTS IN ASSETS

Shifts in the composition of assets have assumed greater proportions as the societies entered the third year of war-time operation. Most pronounced among these shifts was the decline in mortgage holdings which are now approximately one-tenth below the peak at the end of 1939.

The building societies are in the peculiar position of sustaining a shrinkage in their mortgage portfolio because of the admirable performance of their borrowers. This has sometimes led to paradoxical situations such as the reported encouragement of borrowers to withhold repayments of principal—probably isolated cases which, however, throw some light on the twisted nature of management problems under war conditions.

The reports for 1941 are again unanimous in acknowledging the satisfactory performance of borrowers in face of the turmoil of war—even of those whose homes had sustained more or less severe damage. One representative institution states that four-fifths of the borrowers in the latter category are maintaining their full payments.

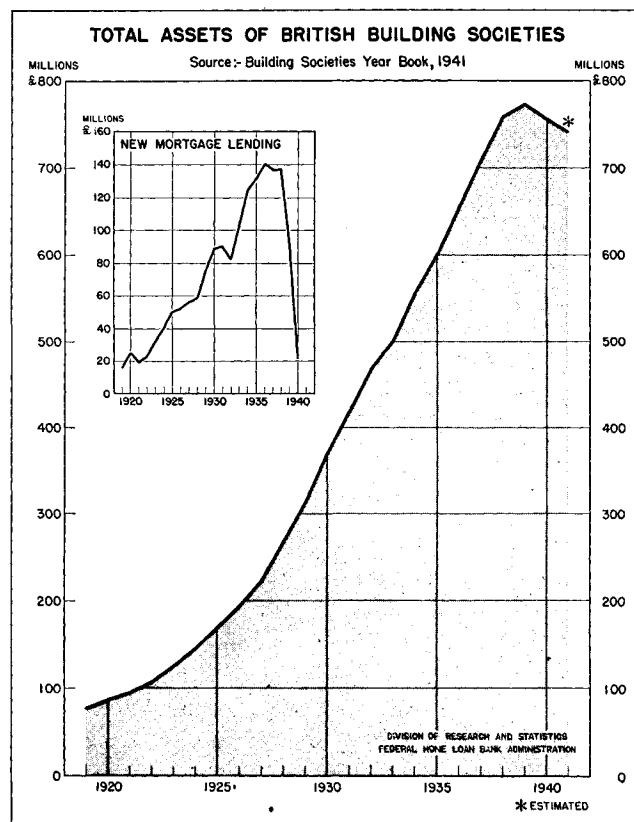
New lending activity has dwindled to such insignificant amounts that it does not begin to offset the normal liquidation of existing mortgages. For the societies as a whole, the volume of new lending now is equivalent to about 15 percent of the amount loaned in the last pre-war year, 1938. Not only has civilian construction come to a complete standstill, but the societies themselves have tended to conserve their resources and have been reluctant to lend money even for the purchase of existing homes, although the real-estate market in certain sections of the country seems to have become more active. Housing shortages and population transfers have combined to increase the demand and the prices for existing properties in areas regarded as safe from bombing. In this connection, it is interesting to note the emphasis placed in several reports on the fact that new loans made by the societies are based on “pre-war” values.

To meet an apparent demand and to find a more profitable outlet for their funds, some of the institutions are now contemplating a reactivation of their mortgage departments. For example, the Woolwich Equitable, one of the largest societies, states:

“The directors consider . . . that part of the accumulated liquid funds of the Society might now properly and profitably be employed for the purpose of making new mortgage advances, for which there appears to be some demand and they anticipate, therefore, a resumption of normal business . . . upon a moderate scale during the coming year.”

Ever since the War began, the British building societies have used the funds set free in their mortgage operations for building up their cash and investment accounts. In 1940, they increased their investments, mostly through the purchase of government securities, from \$195,360,000<sup>1</sup> to \$219,145,000 and their cash, including miscellaneous assets, from \$77,573,000 to \$97,833,000. As a result, the com-

<sup>1</sup> Throughout this article original Pound Sterling figures are converted at the exchange rate of \$4.04.



This chart illustrates the spectacular growth of the British building societies between the two World Wars and the relatively small decrease in resources during 1940 and 1941. The insert shows the almost uninterrupted increase in lending activity from 1919 to 1939 and the steep decline during 1940 which brought new lending down to the 1920 level.

bined ratio of these two asset items to total resources rose from 8.7 to 10.4 percent. While 1941 data for all societies are not yet available, individual reports indicate further progress toward a stronger liquidity position, as will be seen from the following:

### Liquidity position of four British building societies

[Amounts are shown in thousands of dollars, converted from Pound Sterling at the official exchange rate of \$4.04]

Institution	Cash		Investments		Ratio of cash and investments to total assets	
	1941	1940	1941	1940	1941	1940
Burnley-----	\$2, 836	\$1, 721	\$7, 741	\$4, 876	17. 1	10. 8
Leeds Perma- nent-----	5, 393	3, 284	12, 395	7, 296	10. 9	6. 5
National-----	2, 840	1, 119	4, 242	2, 986	5. 4	3. 0
Woolwich Equit- able-----	2, 060	895	11, 999	10, 334	9. 4	7. 3

By the purchase of government securities and the investment of funds in the postal savings system, British building societies have continued to make larger amounts available for the prosecution of the War. In several cases, the volume of war loans held by individual institutions reaches 5 percent or more of their total assets. Unlike American savings and loan associations, the societies are not authorized to act as issuing agents for war loan bonds and savings certificates but they participate actively in the local "War Weapons Weeks" and other promotional efforts.

### NARROWING OPERATING MARGIN

The squeeze in the income and expense accounts of the British building societies, already noticeable in 1940, has become even tighter during the past year. In the face of lower gross earnings, the tax load has multiplied.<sup>1</sup> One institution reports that the amount paid out in taxes during 1941 was twice as high as in 1939; another society states that the tax was equivalent to 1½ percent on all share investments and deposits. In addition, 1941 was the first

<sup>1</sup> Under a special arrangement, the income from share investments and deposits in British building societies is taxed at the source and the return paid to investors by the societies is free of income tax. The liability of the institutions to income tax is ascertained by the application of a composite rate regardless of the individual investor's income bracket.

year in which mortgagee contributions to the war damage compensation fund fell due; under the Act, the societies as a whole will be called upon to pay annually \$46,000,000 for the present risk period of five years—about four times their annual management expenses in peace-time.

Reductions in management costs, facilitated by the inactivity in new mortgage lending, have helped somewhat to bridge the ever-narrowing operating margin. Already in 1940, management expenses of all building societies were reduced from approximately \$16,000,000 to \$13,700,000, or the low rate of ½ of 1 percent of total assets. Individual reports for 1941 reveal further substantial savings. However, these economies were hopelessly small compared with the additional burdens thrown upon the institutions. In consequence, the building societies were forced into a reduction of both the return paid to savers and the transfers to reserves from current earnings.

### CURTAILMENT OF DIVIDENDS AND RESERVE ALLOCATIONS

Prevailing dividend rates on share investments were cut down during the year from 3 to 2½ percent and interest on deposits, from 2½ to 2-2¼ percent. This compares with 3-3½ percent and 2½-3 percent, respectively, before the outbreak of war. In view of the complicated arrangement on income taxes, it is difficult to ascertain from this distance whether the rate reduction is just about equivalent to the increased tax requirements or whether it represents a genuine decline. In any case, the net return to the saver now constitutes only little over one-half of the rates prevailing in the early thirties.

Transfers from current earnings to reserves have shown a drastic decline ever since 1938. In the years preceding the War, the British building societies had been able to add to their reserves at the annual rate of \$12,000,000 to \$16,000,000. Their current transfers to reserves were reduced in 1939 about one-fifth and in 1940 about two-fifths from this level; and all indications are that another substantial drop took place in 1941. Even these smaller allocations to reserves, however, have strengthened the reserve position of the British building societies in relation to assets. For one reason, total assets have shown a slight decline. In addition, the War so far has left the accumulated reserves unscathed because realized losses have been small. In 1939, the combined balance of profit and reserves of all societies was



equivalent to 5.7 percent of total assets; in 1940, the ratio was 6 percent; and the final figures for 1941 again will probably show a fractionally higher percentage.

Operating problems resulting from the War seem to be responsible for a continued tendency toward consolidations. Between the two Wars, the number of building societies has been reduced from some 1,300 to 960, partly through the discontinuation of "terminating" societies but also by the amalgamation of permanent institutions. The War has given a new impetus to mergers, and it is characteristic that "increasing difficulties of administration, heavy war taxation, and the reduction in the number of applications for mortgages" are cited as reasons for the recent merger of two societies, each with over \$8,000,000 in assets, in Newcastle-Upon-Tyne.

#### LOOKING TOWARD THE FUTURE

In the midst of war-time restrictions, which now include not only new civilian construction but even the licensing of major repairs, the leaders of the British movement keep their ears tuned to the huge problems of post-war rehabilitation and to the part the building societies may play in helping to solve them. Typical of this approach are the following observations of the President of one of the largest institutions, published in the February issue of the *Building Societies' Gazette*:

"The pre-war methods and practices of building societies call for examination and revision. The mistaken impression, too generally held, that the movement is mainly, if not solely, interested in middle-class housing, must be corrected, and its desire and readiness to deal with *all* phases of housing, working-class, rural and agricultural, as well as middle-class, should be strongly indicated. This may call for the acceptance of the idea of collective ownership, as essential in meeting the needs of a considerable section of the community."

Among other points for self-examination, the same author suggests the absorption of weak or ineffective societies; the adoption of simpler standard forms of mortgage; the total abolition of commissions; the clarification of methods and terms of collateral security and guarantees; the discontinuance of vexatious fees, fines, and other penalties; and the establishment of a formula, whereby mortgage rates of interest may be varied to meet serious fluctuations in interest payable on share capital.

A lively discussion has already begun on these reform proposals, indicating that British management is aware of its responsibility toward improving the services of building societies in the post-war era.

## Directory of Member, Federal and Insured Institutions

Added during February-March

### I. INSTITUTIONS ADMITTED TO MEMBERSHIP IN THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN FEBRUARY 16 AND MARCH 15, 1942

#### DISTRICT NO. 2

NEW JERSEY:  
Elizabeth (Roselle Park):  
Colonial Savings and Loan Association, 23 West Westfield Avenue.

#### DISTRICT NO. 3

PENNSYLVANIA:  
Pittsburgh:  
Lyman Savings and Loan Association, 2132 Arlington Avenue.

#### DISTRICT NO. 5

OHIO:  
Columbus:  
Peoples Savings Association, 70 East Gay Street.

#### DISTRICT NO. 8

MISSOURI:  
Hannibal:  
Mark Twain Savings and Loan Association, 115 Broadway.

### WITHDRAWALS FROM THE FEDERAL HOME LOAN BANK SYSTEM BETWEEN FEBRUARY 16 AND MARCH 15, 1942

CALIFORNIA:  
Los Angeles:  
Westwood Hills Federal Savings and Loan Association of Los Angeles, 1801 Westwood Boulevard (voluntary dissolution).

KANSAS:  
Topeka:  
Aetna Federal Savings and Loan Association, 112 West Seventh Street (liquidation).

KENTUCKY:  
Bellevue:  
Day-Bell Savings Loan and Building Association, 301 Fairfield Avenue (liquidation).

Newport:  
American Loan and Building Association, 610 Monmouth Street (voluntary liquidation).  
Home Loan and Building Association of Newport, Kentucky, 610 Monmouth Street (voluntary liquidation).  
Pioneer Building Association of Newport, Kentucky, 606 Monmouth Street (voluntary liquidation).

MAINE:  
Dexter:  
Dexter Loan and Building Association (liquidation).

MICHIGAN:  
New Buffalo:  
New Buffalo Savings and Loan Association.

MISSOURI:  
Independence:  
Community Federal Savings and Loan Association of Independence, 101 North Main Street (liquidation).

OHIO:  
Millersburg:  
The Holmes County Savings and Loan Company, West Jackson Street (voluntary liquidation).

WISCONSIN:  
Milwaukee:  
Mutual Building and Savings Association, 739 North Broadway (voluntary liquidation).

### II. INSTITUTIONS INSURED BY THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION BETWEEN FEBRUARY 16 AND MARCH 15, 1942

#### DISTRICT NO. 2

NEW JERSEY:  
Newark:  
Berkeley Savings and Loan Association of Newark, New Jersey, 1079 Bergen Street.  
Penn Savings and Loan Association of Newark, New Jersey, 14 Ferry Street.

#### DISTRICT NO. 3

PENNSYLVANIA:  
Pittsburgh:  
Lyman Savings and Loan Association, 2132 Arlington Avenue.

#### DISTRICT NO. 4

VIRGINIA:  
Danville:  
Union Mutual Building & Loan Association, Incorporated, 533 Main Street.

**BEGINS AT HOME:** "The attack begins here—here at home—here on the production line. It is a production offensive we must have before we can carry the war to a successful offensive against the enemy."

Donald M. Nelson, Chairman of the War Production Board, Mar. 10, 1942.

**POST-WAR:** "We shall have, when the war is over, the technical equipment, the trained and efficient labor, and the natural resources required to produce a substantially higher real income for civilian needs than any ever achieved before in our history."

Prof. Alvin H. Hansen, *After the War—Full Employment*, National Resources Planning Board.

**DIMINISHING RETURNS:** "The entire trend during this century has been toward a broadening of the tax base so that local and State governments are not dependent, as they used to be, on real estate as their sole source of revenue. Much of this broadening was mandatory; property taxes are at such heights that the law of diminishing returns is already at work . . . It is obvious that additional revenues cannot be expected from property taxes."

Myers Y. Cooper, *The Real Estate Taxpayer*, March 1942.

**RISKY PROCEDURE:** "The net profit from a mortgage transaction is the amount of net earnings remaining after the mortgage has been paid off. To count up and pay out these profits before the debt is repaid, or until it has been reduced to such a point that no loss is reasonably possible, is a risky procedure."

W. H. Walker, President, First Federal Savings and Loan Association of Miami.

**REPEAT:** "The Treasury wants savings resulting from the rising current income of wage earners and salaried people—not to get them to withdraw their savings invested over past years. This is a message you might well repeat."

James Twohy, Governor, Federal Home Loan Bank System, Mar. 21, 1942.

**USEFUL:** ". . . When a nation is fighting for its very existence, nothing is really useful which does not contribute directly to victory."

Wayne C. Taylor, Under Secretary of Commerce, *Domestic Commerce*, Mar. 20, 1942.

**Fight against inflation . . . . .**

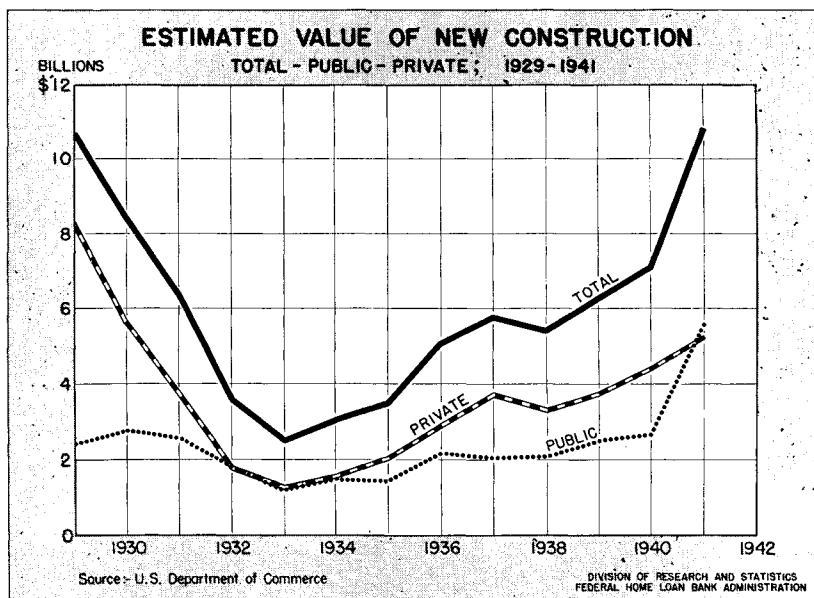
"This fight against inflation is not fought with bullets or with bombs, but it is equally vital. It calls for cooperation, restraint, and sacrifice on the part of every group. It calls for mutual goodwill and a willingness to believe in the other fellow's good faith. It calls for unflagging vigilance and effective action by the Government to prevent profiteering and unfair returns, alike for services and for goods."

Franklin D. Roosevelt, Mar. 9, 1942.

**Objectives . . . . .**

"The first objective of every management and board of directors must be winning the war. Second is the preservation of the unquestioned soundness of the institutions whose destinies they guide. Following hard on these two is the preservation of the American traditions of individual liberty, the free enterprise system, constantly higher standards of living for our whole population, self-reliance through thrift and saving, and the home occupied by the family which owns it. Many of the fruits of victory will have been lost unless these traditions can be maintained."

The Board of Directors and the Executive Council of the United States Savings and Loan League, *Policies 1942*.



"Record capital formation created as a result of direct military requirements and the indirect stimulus of armament expenditures yielded a volume of construction in 1941 half again the size of that in 1940 and the largest for any year since 1928. Total expenditures are estimated to have been just under \$11,000,000,000."

"The outlay on publicly owned construction more than doubled that of the previous year . . . and was well above any other year including those of the last war. Total expenditures on construction in 1942 would at least approach the 1941 level."

*Survey of Current Business*, February 1942.

# MORTGAGE-LENDING STATISTICS FOR SELECTED STATES

*The Division of Research and Statistics has prepared a statistical series on the mortgage-lending activity of savings and loan associations in a number of States. These data serve to emphasize the importance of localized information and reveal greatly varying lending patterns in the different areas.*

■ FOR the past several years the Division of Research and Statistics has compiled data on the dollar volume of new loans made by savings and loan associations throughout the country. A further step toward improving current information has now been made by the release of lending statistics for a number of States. These statistics enable executives to measure the performance of their own institutions against the trend of mortgage lending by all associations in their respective States and should prove a valuable yardstick for operating purposes.

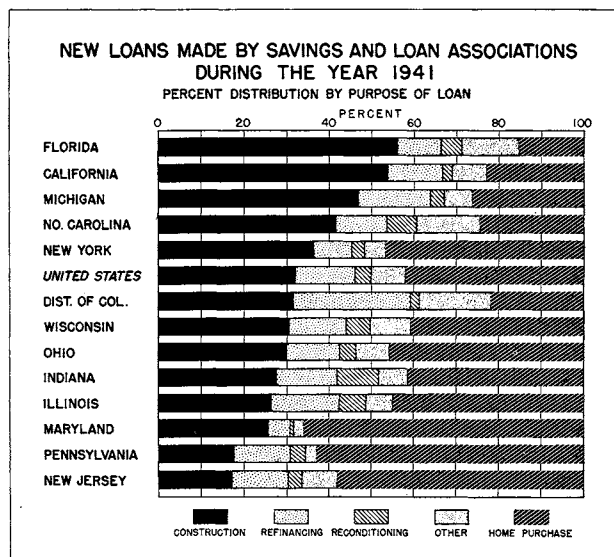
## SCOPE OF NEW MATERIAL

At present, detailed statistics covering the past 3 years are available for 12 States as well as for the District of Columbia. Lending activity of savings and loan associations in these areas represents approximately 65 percent of the total volume of savings and loan mortgages originated in the United States.

In line with the upswing of general lending activity revealed by national statistics, savings and loan associations in all but one of the States included in

## New loans made by all savings and loan associations in selected States and the District of Columbia [Thousands of dollars]

State	1941	1940	1939
California.....	\$100,307	\$89,877	\$74,558
District of Columbia.....	50,967	45,838	39,738
Florida.....	21,695	26,465	17,261
Illinois.....	105,817	94,166	74,745
Indiana.....	42,728	37,413	30,355
Maryland.....	40,232	29,232	23,050
Michigan.....	27,874	25,476	17,955
New Jersey.....	60,415	47,881	30,479
New York.....	77,960	67,584	65,754
North Carolina.....	30,219	29,325	24,115
Ohio.....	207,057	173,271	134,086
Pennsylvania.....	102,618	84,394	71,644
Wisconsin.....	30,106	27,676	23,637

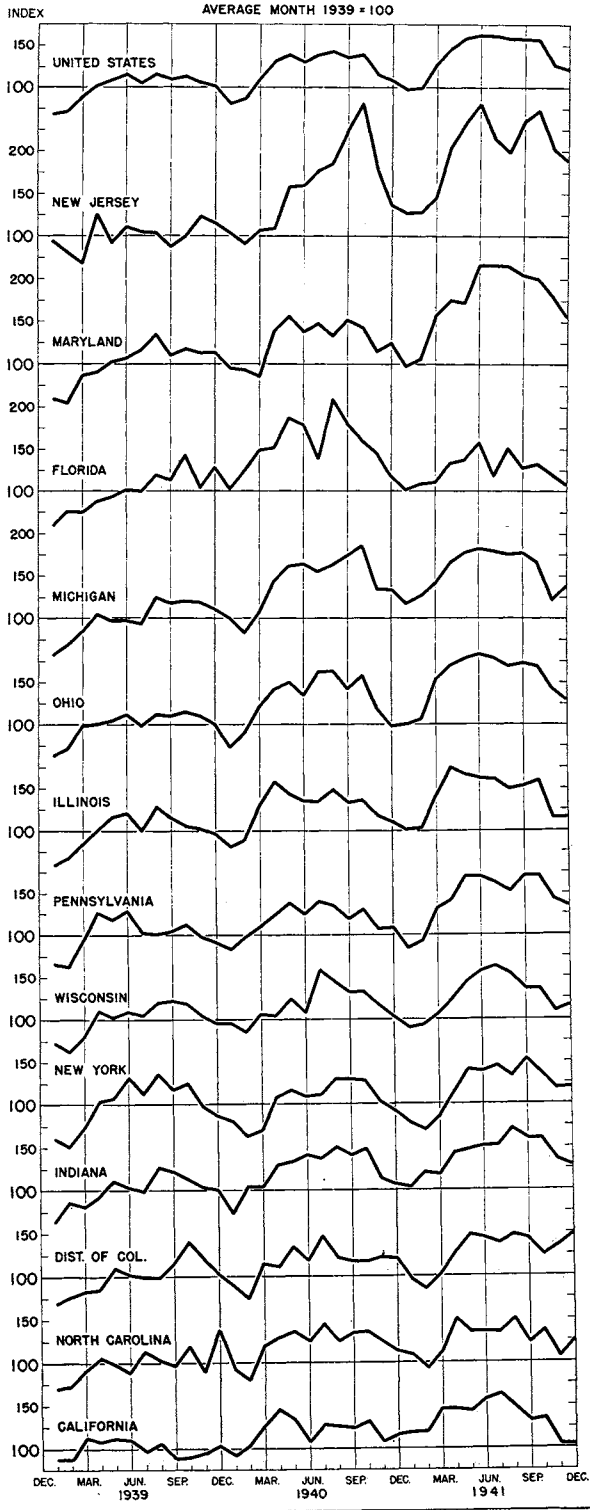


In those States where savings and loan associations devote large portions of their funds to the making of construction loans they are generally less active in home-purchase lending, and vice versa. Other loan classifications indicate erratic variations from State to State, permitting no general conclusions.

this special study registered successive increases throughout the 3-year period. The only exception is Florida in which lending in 1941 showed a drop. The largest percentage gain from 1939 to 1941 was recorded in New Jersey where lending activity by savings and loan associations doubled while total lending activity in the United States expanded only 40 percent. This is in part attributable to the progressive rehabilitation of the savings and loan industry in this State where the volume of new loans previously had declined to unusually low levels because of widespread restricted operations.

Another State in which lending activity staged a marked recovery is Ohio, where savings and loan associations in 1941 advanced \$207,000,000 on mortgage security compared with \$134,000,000 in 1939—a rise of 56 percent. Ohio, traditionally one of the strongest savings and loan States, also ranks first in the dollar volume of mortgages made by

**INDEXES OF NEW LENDING ACTIVITY OF ALL SAVINGS AND LOAN ASSOCIATIONS**  
**UNITED STATES, DIST. OF COL. AND 12 SELECTED STATES**



these institutions. Other increases from 1939 to 1941 varied between approximately 20 percent for the State of New York and over 40 percent for Maryland, Michigan, Pennsylvania, and Illinois.

**DIFFERENCES IN LENDING PATTERN**

One of the most revealing results of the study indicates the pronounced variation in lending patterns. Associations in Florida and California, where there has been a high rate of new construction activity, show a high proportion of construction loans—between 50 and 60 percent of their total loan volume over the past 3 years, compared with a national average of roughly one-third. On the other hand, associations in Pennsylvania and New Jersey have been relatively inactive in the construction-lending business; construction money accounted for only 13 to 20 percent of their total lending activity.

Conversely, savings and loan institutions in the latter States concentrated heavily on home-purchase loans which represented over one-half of their aggregate mortgages written from 1939 to 1941. Maryland is another State with an unusually high proportion of home-purchase loans. Refinancing loans in most cases varied from 10 to 15 percent, with the exception of the District of Columbia which reported a consistently high ratio ranging from 28 to 36 percent of the total lending volume. Associations in Michigan and Illinois likewise registered higher-than-average proportions of refinancing loans. Reconditioning loans showed variations from 1 to 10 percent.

These lending patterns will assume added significance under war conditions and may to some extent determine current adjustments in lending policies. In areas where construction mortgages had a predominant position and where new private building activity now is restricted, lending policies will have to be reconsidered to find other outlets for funds, by writing a greater volume of loans for the purchase, reconditioning, and refinancing of existing homes. On the other hand, institutions in States where savings and loan associations in the past have concentrated on home-purchase loans may experience less difficulty in continuing normal lending operations as long as the local real-estate market remains active.

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Association executives who are interested in obtaining detailed data on savings and loan lending in any one of the States listed above may obtain them by writing to the Editor of the REVIEW.

# NEW HOMES FROM OLD

*The New Orleans Association of Commerce has sponsored a modernization campaign, with the cooperation of local associations and builders' organizations, as an example of the advantages of conserving existing community assets. The possibilities for widespread application of such a plan merit the special consideration of associations and civic groups in war production centers.*

■ HOW to get the most housing out of the least material in the shortest possible time is the problem facing defense communities today. Curtailment of the use of essential construction materials is becoming progressively more drastic, and for the duration it will be necessary to rely more heavily on existing dwellings to provide accommodations for more families and to improve housing standards. The Home Modernization campaign conducted by the New Orleans Association of Commerce, in cooperation with local homestead and savings and loan associations, suggests a realistic solution to the problem—a program of significance to any community faced by this same situation.

When this modernization movement was launched last year in New Orleans it was intended to demonstrate the esthetic desirability to a community of such an undertaking, as well as its material advantages—not only by increasing revenues but by preserving or reviving inherent values. As the defense program has grown into the war emergency, the

importance of such a project becomes increasingly evident. A program designed to conserve and capitalize on present resources rather than to duplicate them is the best possible insurance against a future "ghost town".

## "BEFORE AND AFTER" CAMPAIGN IN NEW ORLEANS

A beginning was made by the Home Development Committee of the Association of Commerce on the modest scale of renovating and reconditioning some half-dozen houses scattered throughout the city. It was planned to demonstrate just what could be done at a nominal cost in the way of putting new life into old properties and, in many cases, into declining neighborhoods. The usual decline in appearance and value, the result of ordinary neglect, had been accentuated by the forced economies of the depression. It was hoped that an educational program would show the possibilities of reclamation and of preventing further deterioration with its consequent loss to property owners and to the com-

BEFORE



AFTER



Before its conversion this building had been a store with living quarters. It now contains two 5-room apartments.

*Exterior changes:* Store front was removed and full-length columns added. The cement floor of the store was used for a porch, recessed cement steps and iron railing were added. Windows replaced the old side doors and side light openings were added in the front of each apartment.

*Interior changes:* The balance of store space was converted in each apartment into living room, bath, and hall with built-in closets. Chimney in the third room was removed and clothes closets provided in each bedroom. The rear porch was enclosed for kitchens; plumbing, water heaters, adequate gas and electric installations were made throughout.

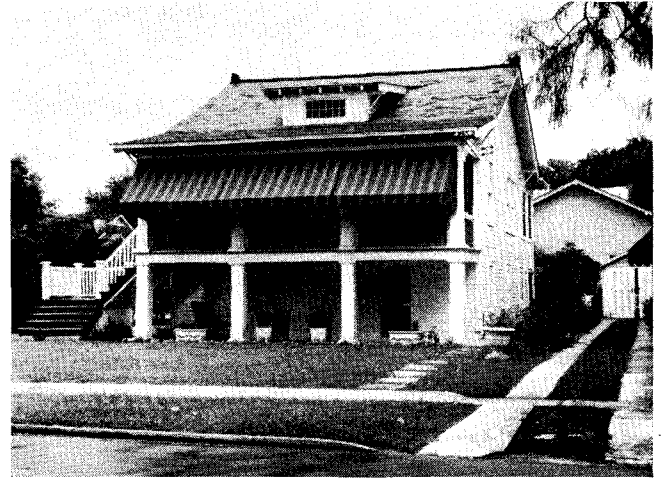
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BEFORE



AFTER



A modern colonial 2-story home or duplex was made from this old property by the following operations. The front steps were removed and replaced on the opposite side by new ones matching the porch banisters, thus providing space for a ground-floor porch. The upper-floor columns were aligned with those on the ground floor, the new front outside wall was weather-boarded to match the rest of the house, and a colonial door was added. The front walk was repaired and concrete lawn walks were replaced by flagstones. Appropriate jardinières replaced old ones.

munity at large. Reports by its sponsors indicate that the campaign has to date resulted directly in the modernization of approximately 125 houses by homestead and savings and loan associations and in a total of 1,000 reconditioning projects.

The educational angle of the campaign was pointed towards the fact that a house of fresh and attractive exterior with modern interior appointments makes for more enjoyable living and commands a preferred market value. These advantages to occupant, owner, and community were dramatized in the New Orleans project as the accompanying illustrations show. Most of the properties chosen for improvement were in need of more than a mere "face-lifting" operation—some, in fact, were saved from condemnation to prove the feasibility of the operation on practically any property.

Except in the few instances where only superficial exterior repair was needed, the houses were given a complete overhauling ranging from rebuilding and strengthening foundations to replacing old roofs. In all of the originally selected models new and convenient kitchens were provided; the heating, lighting, and plumbing systems were overhauled and old fixtures replaced with modern ones. Original layouts were altered for appearance or better utilization of space; extra rooms and porches were added in several instances. Gutters, drainpipes, and insulation were repaired, replaced, or added. After the houses had been thoroughly reconditioned and redecorated, lawns and plantings received attention necessary for beautification.

When these remodeled homes were opened for public inspection, pictures illustrating their former condition were displayed, together with a statement of the cost of the renovation.

#### OBSTACLES TO BE MET

Since one of the major drawbacks to widespread rehabilitation lay in existing legislation on mortgage loans, the Association campaign advocated a change in the State code. The law requires that any advance for repair and maintenance be amortized in monthly payments not to exceed 5 years, and in no event is it to run beyond the maturity of the original loan on the property. This provision too often creates an insurmountable difficulty to a mortgagor by requiring heavy additional installments concurrently with regular mortgage payments for such short-term liquidation of the loan. The Association took the position that an increase to 10 years in the period of amortization would eliminate this handicap and thus create an additional inducement to home owners to seek funds for undertaking repair and modernization.

A proposal to liberalize the State Code in this respect will be presented at the next session of the Louisiana Legislature in May. In the meantime, the difficulty has been overcome by refinancing existing mortgages and including reconditioning outlays in new long-term amortization loans.

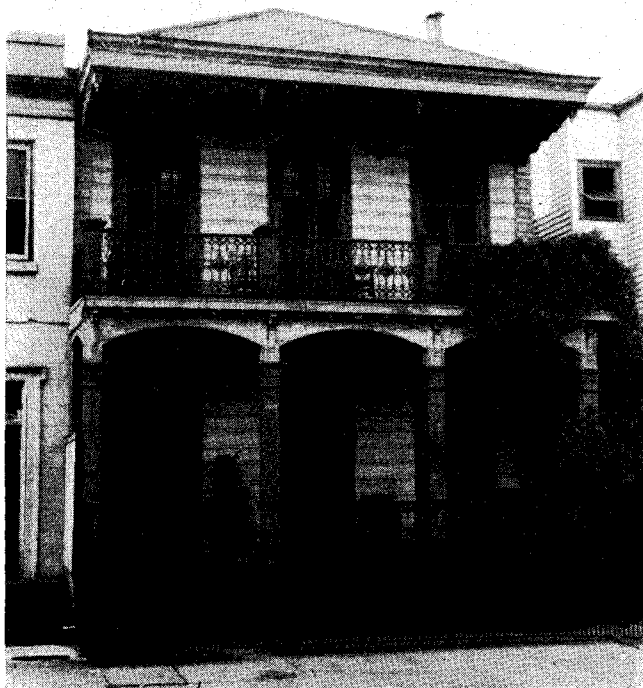
Another anticipated stumbling block was removed by the prompt assurance from the local Board of

Assessors that improvement and modernization would not mean an increase in assessments or taxes.

This cooperative endeavor has received the support of the local homestead and savings and loan associations which have in large part financed the widespread program resulting from the example set by the Association of Commerce. The benefits to be derived from such an outlet for the funds of the home-financing industry are obvious. At a time when new construction, except for defense projects, has been coming to a virtual standstill, modernization loans loom with increasing importance in the mortgage-lending operation of associations everywhere. By financing property improvements, associations can not only employ their funds but also, in many cases, enhance the value of the security underlying their original loans.

#### PROPERTIES SELECTED

Examples for rejuvenation of properties were chosen to show, among other things, the various purposes to which some buildings may be put. Frequently a house in a declining neighborhood can be converted into a business establishment. Many centrally located properties can be made into attractive combination business and dwelling units. Any such change or reclamation which may be indicated by the locality of the property has a definite place in the stabilization of real-estate values and the utiliza-



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tion of existing construction. The photographs on page 230 show some examples of such conversions.

A number of these projects were undertaken to revive the architectural charm of old New Orleans. Original exteriors were restored at the same time that the interiors were made into up-to-date living quarters. Whatever the motives for modernization, the results have seldom been without financial benefit. An outstanding example is one property which was rescued from condemnation. During the process of the Association's "treatment", 150 calls were received from prospective tenants, and upon completion the four apartments were rented for a total of \$74 a month. The previous rent had been \$30.

#### NEIGHBORHOOD CONSERVATION

Frequently the rehabilitation of one house in a block enhances the property value of the entire neighborhood and encourages other property owners to make similar improvements. In other cases, a more concentrated effort is required to accomplish this end. Following the success of the early stages of the campaign, the Association of Commerce elicited the support of a number of home owners in a single area. A committee was established consisting of six individuals who agreed to recondition their properties. This organized undertaking stimulated sufficient interest in the neighborhood to increase the membership of the committee to some 40 citizens

BEFORE  
(left)

AFTER  
(below)

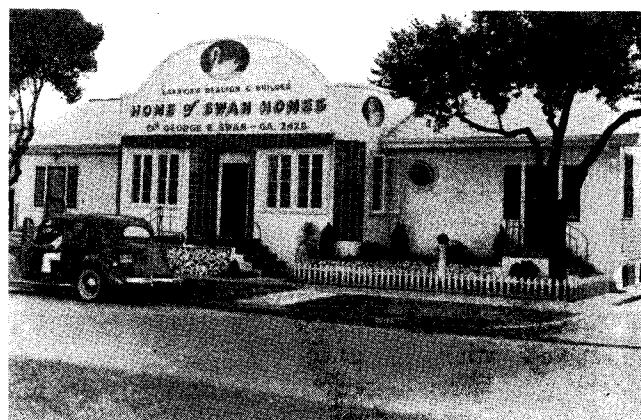
This 10-room house was made into four apartments. The large rooms in front were divided into two apartments with combined kitchenette and dinette and bath in each, and upper porches were screened. At the rear, an enclosed stairway was removed and floored over, creating two additional rooms—one on each floor—which were made into kitchenettes and baths. Two former rear rooms were included to make two apartments. All partitions were papered and wood-work and plaster were put into best repair.



BEFORE



AFTER



This old home was converted to a semi-commercial property by the following changes:

*Exterior:* The front entrance was replaced by an entrance vestibule 28 x 8 feet, with a glass brick exterior. Separate entrances were installed on either side for the two dwelling units and the entire front was stuccoed. Square front windows were replaced by a circular one.

*Interior:* Space was turned into a center office with reception room, and one apartment on each wing containing living and dining room, bedroom, bath, kitchen, and wide hall. Two lockers were built in each apartment. Baths and kitchens were completely modernized, including installation of built-in cabinets and tile sinks.

who were willing to cooperate for their own and the community's benefit. City officials joined this improvement drive by providing decorative planting to replace previous eyesores on municipal property.

The war emergency which overtook New Orleans before the Modernization Campaign was more than well under way gave added importance to this demonstration. As has been the case in so many cities, the population of New Orleans increased at a rate far more rapid than could be accommodated by new construction. With a small outlay in both money and materials, houses that were unattractive, inconvenient, and sometimes uninhabitable have been converted into modern, desirable, and often expanded living quarters.

Making two homes where one had been before became at the same time a necessity and a virtue. The photographs on page 229 illustrate the best and quickest method of meeting such a problem. This home originally contained 10 rooms and one bath and rented for \$40 a month. The investment of approximately \$2,000 in remodeling it into four apartments increased the monthly revenue to \$130, which will soon begin to represent a net gain to the owner.

Early this year the Home Development Committee in New Orleans launched a new campaign "Repair and Build for Victory." This is a continuation of its earlier efforts, with the added incentive of the national emergency which places emphasis on the fact that where people cannot live they cannot work, and where they cannot live comfortably they cannot work efficiently.

#### GOVERNMENT COOPERATION

The New Orleans campaign must be viewed in the light of the increased recognition given to the utilization of existing structures in the defense housing program.

Government assistance has been extended to repair and conversion projects by the preference ratings granted for necessary materials. Also, advisory service has been provided through Home Registration Offices assisted by the Home Owners' Loan Corporation. Technicians will cooperate with individuals who are interested in exploring the possibilities of remodeling their properties to provide additional dwelling units for defense workers. The President has allotted \$100,000 to the HOLC to employ fee technicians in appraising the feasibility and estimating the cost of such projects. Finally, qualified remodeling loans on properties in defense areas may be exempted from the installment credit regulations of the Federal Reserve Board.

#### British "Blitz Homes"

Britain's latest answer to war from the sky is a small, sturdy "blitz home" introduced a few weeks ago in Coventry, according to *Bulletins from Britain*.

Coventry Corporation's experiment of building houses in which timber is used only for the doors is attracting wide attention. Built to be proof against anything but a direct hit, every room is a virtual air raid shelter. A specially reinforced steel pantry, provided with bunks, forms the shelter proper.



# DECLINE IN PLEDGED SHARES INDICATES WIDE ACCEPTANCE OF DIRECT-REDUCTION LOANS

*A recent study reveals the extent to which the sinking-fund loan plan of operations has disappeared from savings and loan practice. The amount of "pledged shares" declined from \$1,358,000,000 in 1930 to less than \$300,000,000 at the end of 1940. Adjustment of asset figures for pledged shares indicates that "net" assets of all operating savings and loan associations have actually been rising since 1936.*

■ BEFORE the direct-reduction type of mortgage became the prevalent instrument in home financing, many of the loans made by savings and loan associations were of the "serial plan" or "sinking-fund" type. Under these financing plans, the borrower repaid the loan by periodically investing in shares of the institution until the fund accumulated became sufficient to retire the entire balance of the loan. Up to that point, the shares were "pledged" by the borrower while dividend credits tended to offset the fixed interest charges which were based on original loan amounts. The "drop-share" plan of financing, in which the borrower's payments on shares were canceled against the outstanding loan balance at stated intervals, was essentially a variation of the sinking-fund type, with shares pledged until the accumulated credit was sufficient to cancel a specified portion of the loan balance.

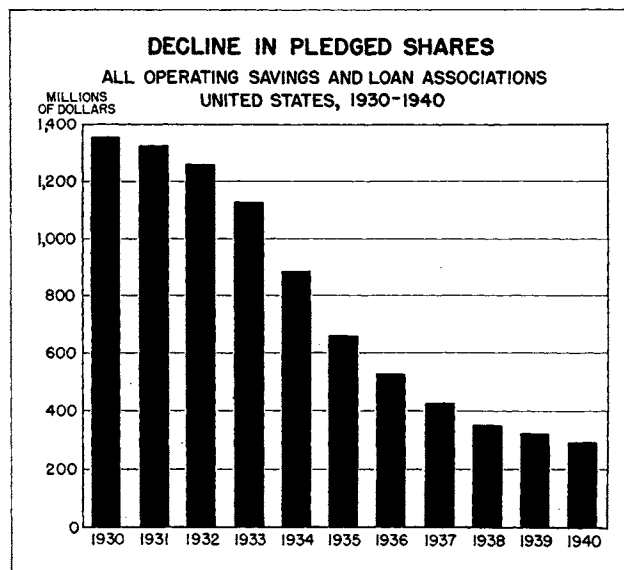
Under these now outmoded plans of operation, the mortgage balances held by savings and loan associations were overstated in that no recognition was given to the pledged shares which, from a statistical standpoint, were an offset against the mortgages outstanding. The extent of this overstatement could not be ascertained because the amount of pledged shares held by savings and loan associations was unknown. Likewise, insufficient information was available on the extent to which sinking-fund loans were transformed into direct-reduction loans during the past decade or so, although it was common knowledge that these transfers were substantial.

As loans based on the sinking-fund plan were transformed into direct-reduction loans under which the principal is reduced with each periodic payment, the amount of pledged shares, in one operation, was deducted from the principal amount of the loan. To the extent that such transfers took place, they tended to deflate the balance of mortgages outstanding, and to offset increases in these holdings caused by new lending.

## THE DECLINE IN PLEDGED SHARES

A special analysis undertaken by the Division of Research and Statistics has now yielded data which throw some light on the trend away from the sinking-fund loans. In 1930, when total assets of all operating savings and loan associations in the United States were at an all-time peak of \$8,829,000,000, pledged shares made up an estimated \$1,358,000,000, more than 15 percent of the aggregate. At the end of 1940, pledged shares were down to \$290,000,000, or approximately 5 percent of total assets. The decline in pledged shares during this period is shown in the accompanying chart. Sinking-fund loan balances now on the books of the associations consist mainly of older loans which will gradually be reduced.

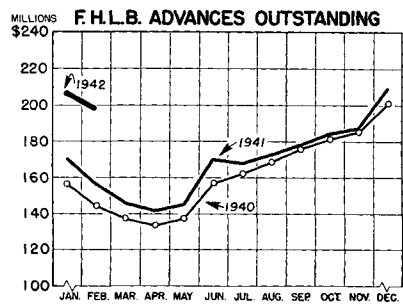
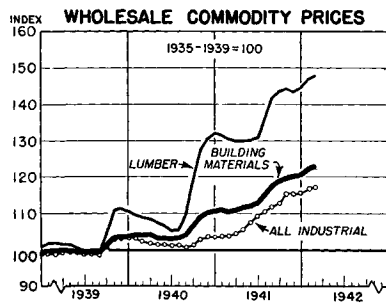
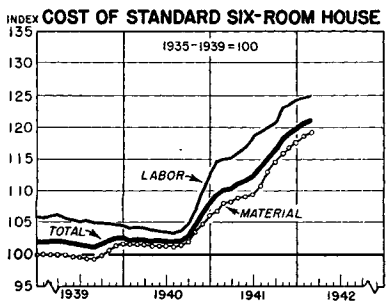
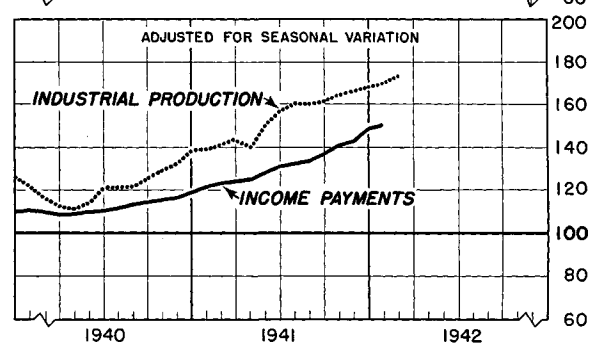
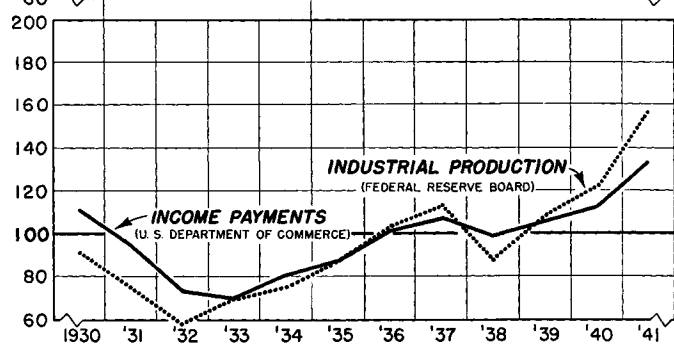
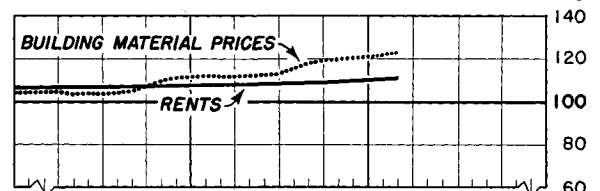
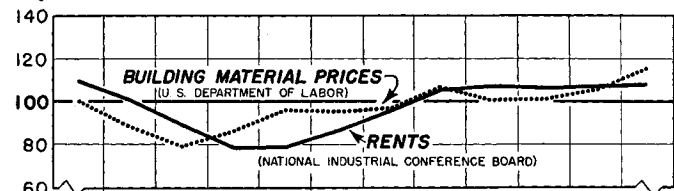
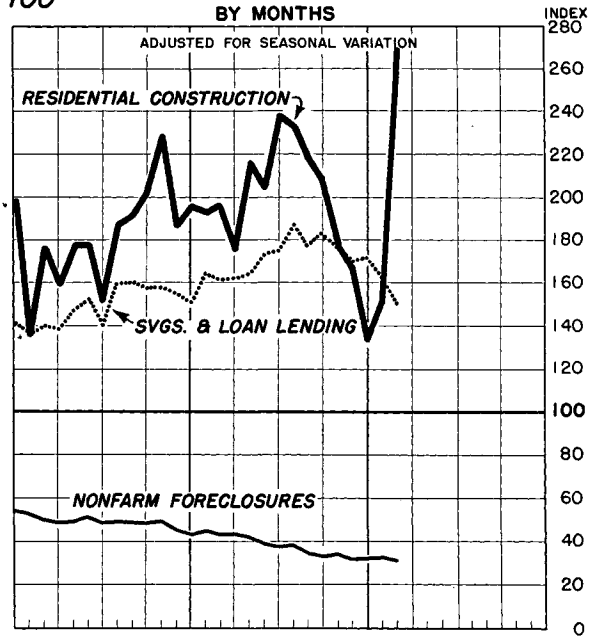
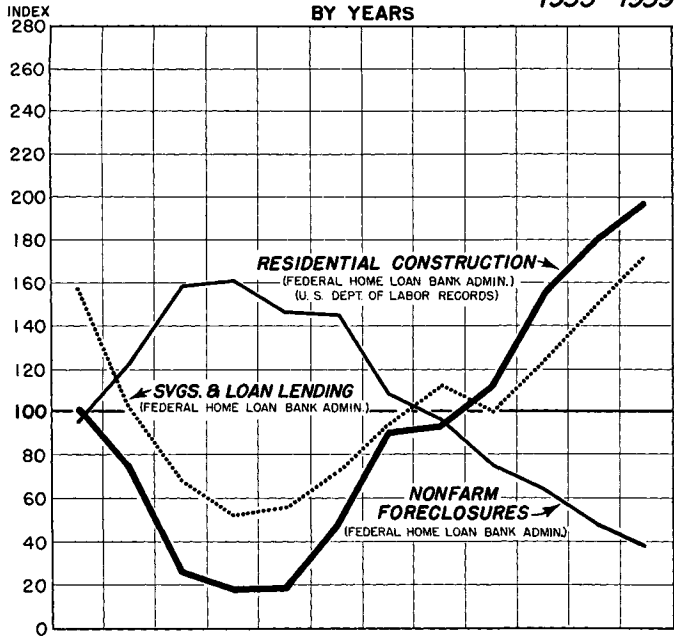
*(Continued on p. 252)*



This chart illustrates the decline which has taken place in the volume of member shares pledged toward the payment of sinking-fund mortgage loans during the past decade. In 1930 pledged shares held by all operating savings and loan associations in the United States amounted to 15 percent of total assets; at the end of 1940, approximately 5 percent.

# RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS

1935-1939 = 100



# MONTHLY SURVEY

## HIGHLIGHTS

- I. Spurred on by the urgent need for housing war workers, residential building in February staged an unusual recovery.
  - A. The increase in building permits over January approximated 16,700 family units of which more than 11,000 were for publicly financed construction.
  - B. Private activity showed a gain of 5,000 dwelling units, due primarily to expanding construction of multifamily houses.
- II. Construction costs continued upward though at a more moderate pace than last Summer and Fall.
  - A. Plumbing and heating costs topped the list of price advances on wholesale markets during the 2 opening months of 1942, increasing at a monthly rate of 5 percent.
  - B. Of the 29 cities reporting construction costs for the standard house during the past quarter, 15 indicated rises of \$100 or more.
- III. Mortgage-financing activity again showed some downward tendency.
  - A. For the first time since the collection of mortgage-recording statistics was begun in 1939, the volume of nonfarm mortgages of \$20,000 or less recorded during February declined somewhat below the corresponding month of the previous year.
  - B. New loans made by all savings and loan associations during February totaled \$76,750,000—7 percent below the amount reported for the same month of 1941.
- IV. Total private capital invested in insured savings and loan associations resumed its upward trend in February.
  - A. In contrast to January, new private investments in these institutions exceeded repurchases although the margin was smaller than in the same period of previous years.
  - B. Federal Home Loan Bank advances outstanding at the end of February totaled over \$197,000,000—the highest February volume in the history of the Bank System.
- V. General business conditions were characterized by continued gains in total production and increased consumers' purchases in the face of rapid conversion of civilian industries.

## SUMMARY

Mortgage-financing activity continued to recede in February at a more rapid rate than is normally expected at the close of the Winter months—this in the face of continued rises in industrial production and national income. Privately financed construction experienced its second successive month of moderate improvement from the low levels reached in December, although this was eclipsed by an upsurge in the number of Government housing units placed under contract during the month of February. Foreclosure activity again dropped to a new low, 69 percent below the average month of the 1935-1939 period.

During the latter half of 1941 and so far this year, mortgagees operating in the home-financing field have been faced with a sharply curtailed construction loan business. This is particularly true in those areas not benefiting from war activity. Loans for the purchase of homes, meanwhile, continued at an unabated rate under the stimulus of the activated market for existing structures, incidental to population shifts and increased family incomes.

The extent to which lending for home purchase compensated reductions in other loan categories may be illustrated by the experience of the savings and loan industry. In these institutions the proportion of construction loans to total loans decreased more

than seasonally from a peak of 34 percent in July to 29 percent in the Winter months. On the other hand, loans for the purchase of homes climbed fairly consistently from 35 percent of the total in January 1941 to a peak of 47 percent in November—then after dropping to 43 percent in December and January, the ratio rose again in February to 44 percent of loans for all purposes.

Home-building costs again moved upward, with building-material prices continuing to account for the greater portion of the increase. For more than a year and a half the cost of constructing the 6-room standard house has continued an unbroken upward trend. Housing rentals for the Nation as a whole have lagged behind the rise in building costs, but

[1935-1939=100]

Type of index	Feb. 1942	Jan. 1942	Per-cent change	Feb. 1941	Per-cent change
Residential construction <sup>1</sup>	269.2	151.3	+77.9	196.6	+36.9
Foreclosures (nonfarm) <sup>1</sup>	30.9	32.1	-3.7	42.1	-26.6
Rental index (NICB)	110.8	110.4	+0.4	107.5	+3.1
Building material prices	122.6	122.0	+0.7	110.9	+10.8
Savings and loan lending <sup>1</sup>	149.9	162.3	-7.6	160.8	-6.8
Industrial production <sup>1</sup>	p 173.0	171.0	+1.2	144.0	+20.1
Manufacturing employment <sup>1</sup>	p 136.7	138.2	-1.1	121.1	+12.9
Manufacturing pay rolls <sup>1</sup>	p 205.2	207.6	-1.2	147.3	+39.3
Income payments <sup>1</sup>	156.0	155.5	+0.3	124.9	+24.9

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<sup>1</sup> Adjusted for normal seasonal variation.

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these over-all statistics tend to becloud the situation in individual communities vitally affected by the war effort.

## **BUSINESS CONDITIONS—Progressing conversion of industry**

Taxpayers got ready in February to pay the largest income tax bill in history. Nevertheless, consumers' purchases continued at an unusually high level. Sales at general merchandise and variety stores increased more than seasonally. Department store sales in February, although below the peak volume registered in January, were 22 percent higher than in the corresponding month of 1941 and rose by about the normal seasonal amount in the first half of March.

Production statistics for February reflect the all-out effort for the prosecution of the War. In spite of the accelerated conversion of civilian industries, which entails temporary production losses, total industrial output in the January-to-February interval rose from 171 to 173 percent of the 1935-1939 average, on a seasonally adjusted basis. In other words, the increase in war-essential production more than offset the stoppage or reduction in the manufacture of civilian goods. Also, the conversion of the automobile industry where output of civilian products was discontinued in early February is apparently being effected much more rapidly than had been anticipated, according to the current monthly business review of the Board of Governors of the Federal Reserve System.

February data reveal that expansion in the manufacture of nondurable goods, most of them of a non-essential nature, has come to a standstill. The index measuring this type of output has shown practically no change since November of last year, and the gains in total industrial activity were exclusively in the durable goods industries where the majority of military products are made.

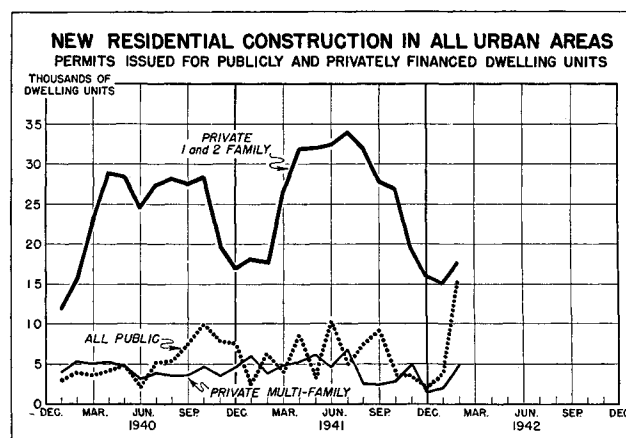
The general price level continued to advance, led by increases in farm products and foods. From the beginning of this year through the end of March the wholesale price index for all commodities rose 3.8 percent and the index for industrial products, 1.9 percent. Living costs followed the upward movement at a more moderate pace and increased  $\frac{1}{2}$  of 1 percent from January 15 to the middle of February. The index was 12 percent higher than in February 1941 and 14 percent above the level registered in August 1939.

## **BOND YIELDS DECLINE**

Prices of Government bonds which had exhibited some weakness after the outbreak of War have shown a steady recovery since the middle of February. As a result bond yields have receded to lower levels. In the week ending March 28 the yield on the partially tax-exempt bonds was 1.96, compared with 2.12 in the week ending February 21.

## **BUILDING ACTIVITY—Unusual increase due to war housing**

The seasonally adjusted index of residential construction in all urban areas increased nearly 78 percent from January 1942 and now stands 169 percent above the average month of the 1935-1939 base period. This movement reversed the trend which was evidenced in the latter half of 1941 and was contrary to the usually small seasonal change from January to February, reflecting the pressure under which housing for workers in war industries is being provided.



Although both publicly and privately financed building shared in the February rise, Government-sponsored construction was responsible for the major portion of the increase. Of the 38,000 residential dwelling units for which permits were issued during February, public construction accounted for more than 15,000 units, or nearly 4 times as many as in January. This is the largest number of units financed with Government funds in any one month.

The number of privately financed homes in urban areas increased 5,600, or 33 percent, from the preceding month. Most of this increase was due to expanding construction of multifamily units, which was about  $2\frac{1}{2}$  times as great as in January.

Higher activity in the private building of 1- and 2-family dwellings was most pronounced in the Cincinnati, Indianapolis, Des Moines and Portland areas, each of which reported rises of approximately 50 percent from January. [TABLES 1 and 2.]

### MORTGAGE LENDING—Receding activity is evident

New lending operations of all savings and loan associations totaled \$76,750,000 during February—a 3-percent reduction from the January figure which in turn had been substantially below December. Already toward the close of 1941 the margin of improvement over the previous year had tended to narrow somewhat. This margin disappeared entirely in January when the volume of new mortgages was 1 percent below the corresponding month of 1941, and in February the downward spread from the comparable 1941 period was expanded to 7 percent. The prediction of receding activity for 1942 has thus been substantiated by data for the first 2 months of the year.

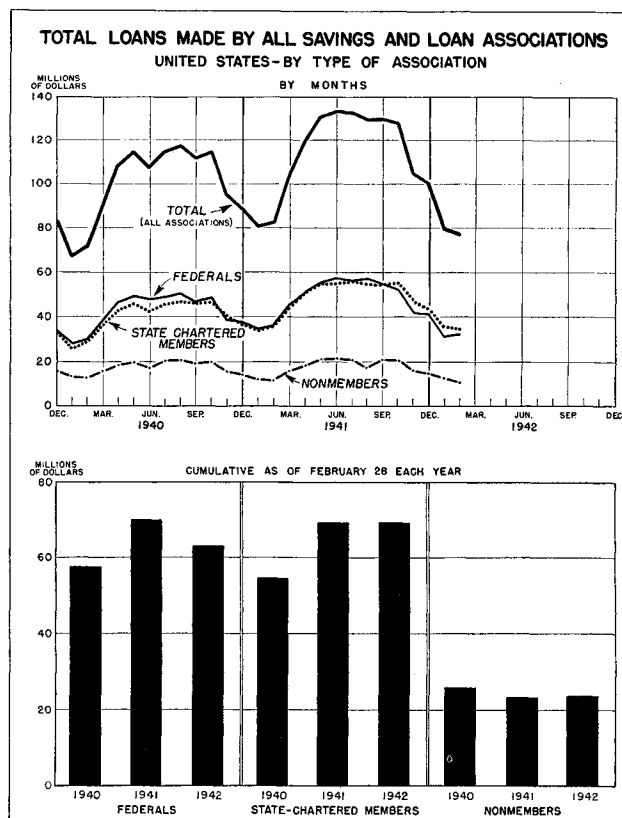
The current difficulty in obtaining adequate construction-loan business has been the principal cause of the decline in new mortgage-lending operations. Continued activity in home-purchase loans, on the other hand, has had a stabilizing influence. February statistics again portray this situation, with loans for the building of homes 21 percent below the February 1941 volume, while purchase loans registered an increase of 11 percent.

In the past several months the lending activity of Federal associations has shown steeper declines than that of State-chartered institutions. This is again borne out by current figures. Comparing February 1942 with the same month in 1941, new loans made by Federals were down over 10 percent; State-chartered member institutions and nonmember

#### New mortgage loans distributed by purpose

[Amounts are shown in thousands of dollars]

Purpose	Feb. 1942	Jan. 1942	Per-cent change	Feb. 1941	Per-cent change
Construction	\$20,799	\$22,791	-8.7	\$26,483	-21.5
Home purchase	33,769	34,127	-1.0	30,283	+11.5
Refinancing	12,325	12,854	-4.1	14,204	-13.2
Reconditioning	3,138	3,190	-1.6	3,573	-12.2
Other purposes	6,725	6,571	+2.3	7,787	-13.6
Total	76,756	79,533	-3.5	82,330	-6.8



associations experienced a decline of 4 percent. [TABLES 6, 7, and 7a.]

NOTE: Data on the number and valuation of all residential dwellings for January 1942 shown in Table 2 on p. 206 of the March REVIEW were actually data for all private units. Correct information for total activity is available on request.

### BUILDING COSTS—Moderate advance in February

Construction costs have continued upward in the Winter months, although at a somewhat more moderate pace compared with last Summer and the early Autumn of 1941. Reviewing the experience of the past 8 months, one notes that during the interval from June through October the cost of the standard 6-room frame house increased in excess of 1 percent each month, while in the period from November to February costs rose ½ of 1 percent per month.

The building-material element has accounted for a higher percentage of each monthly price advance than have labor costs during this 8-month period, with the exception of October when wage rates showed a marked rise. However, for the past 12 months as a whole the two series were more in line, material costs increasing 11 percent and labor costs, 9 percent.

## Construction costs for the standard house

[Average month of 1935-1939=100]

Element of cost	Feb. 1942	Jan. 1942	Percent change	Feb. 1941	Percent change
Material.....	119.3	118.6	+0.6	107.8	+10.7
Labor.....	125.0	124.5	+0.4	115.1	+8.6
Total.....	121.2	120.6	+0.5	110.2	+10.0

Wholesale building material prices in February were 11 percent higher than a year ago—in line with retail cost increases for the standard house. During 1941 paint products were leaders in the rise, but so far this year plumbing and heating supplies have paced the wholesale market. Unlike paint prices which registered a fairly continuous month-by-month advance to a level 15 percent over February of last year, the bulk of the 19-percent increment in plumbing and heating costs was concentrated in 3 months (August 1941 and the 2 opening months of 1942), each of which revealed a 4-percent rise.

Rising costs for the construction of the standard house were recorded for the past quarter by the majority of the 29 communities reporting currently. Of these cities, 15 indicated a rise of at least \$100. In the 2-year period since March 1940, 13 of the cities reported increases from 21 to 35 percent. [TABLES 3, 4, and 5.]

### MORTGAGE RECORDINGS—February level below last year

Sharply curtailed mortgage-recording activity was evident during February. While a January-February decline is usually anticipated, the 8-percent reduction that occurred during the current month was considerably larger than the drop evidenced over the same period during previous years.

In February 1942 there were 6,962 fewer mortgages recorded than in January, with a corresponding decrease of \$25,000,000 in volume. This brought the dollar amount down to a level slightly below that for February 1941. At the present time, it is not possible to state with any assurance that this indicates a reversal of trend, but in subsequent months this relationship must be studied closely for signs of a turning point in the rate of activity in the home-mortgage financing field.

Cumulative recordings of nonfarm mortgages under \$20,000 during the first 2 months of 1942 were 2 percent higher than a year previous. Savings and

loan associations and commercial banks, the two leading types of lending institutions, as well as mutual savings banks recorded from 2 to 4 percent less than during the same period last year. On the other hand, recordings by insurance companies, individuals, and "other mortgagees" increased from 6 to 16 percent over the first 2 months of 1941. [TABLES 8 and 9.]

### Mortgage recordings by type of mortgagee

[Amounts are shown in thousands of dollars]

Type of lender	Percent change from Jan. 1942	Percent of Feb. 1942 amount	Cumulative recordings (2 months)	Percent of total recordings
Savings and loan associations.....	-4.2	29.3	\$177,324	28.7
Insurance companies.....	-8.1	9.7	59,608	9.7
Banks, trust companies.....	-9.5	23.7	147,852	23.9
Mutual savings banks.....	-23.1	3.5	23,928	3.9
Individuals.....	-9.6	18.0	112,416	18.2
Others.....	5.7	15.8	96,309	15.6
Total.....	-7.9	100.0	617,437	100.0

### FORECLOSURES—Reached another new low

February is normally a month of low foreclosure activity, but activity during that period this year was the lowest for any month in more than 15 years. The 3,630 cases represented a 9-percent decline from January, in contrast with the 6-percent seasonal drop usually expected. The adjusted index of all nonfarm foreclosures now stands at 30.9—almost 70 percent below the base period (1935-1939=100), and 27 percent below the same month of 1941.

Most sections of the country shared in the February decline in foreclosure volume. Exceptions to this general downward movement were found in the Boston, Chicago, and Des Moines Federal Home Loan Bank Districts which reported an increase over January. The 15 States which showed higher activity were widely scattered. [TABLE 10.]

### BANK SYSTEM—Largest February volume of outstanding advances

Operations of the regional Banks in February indicate that member savings and loan associations are cognizant of the decline in the flow of savings experienced by all financial institutions as a result of the War. Advances outstanding at the end of February

totalled \$197,432,000, the largest February volume registered in the history of the System. From the all-time peak of \$219,446,000 reached in December 1941, outstanding advances of the Banks have declined only \$22,014,000, or 10 percent, during the subsequent 2-month period, compared with a 22-percent decrease in advances during the same period of last year and 20 percent during the first 2 months of 1940.

New advances made during February—\$4,857,000—were only little over one-half the January figure. Eight Banks reported a smaller volume of advances than in January, while Pittsburgh, Little Rock, Topeka, and Portland experienced slight increases. As the same time, repayments were smaller than in January in every District except Boston and totaled only \$13,492,000 compared with \$22,395,000 in the preceding month.

Combined resources of all Banks declined \$11,102,000 during the month, reflecting the retirement of Series H debentures in the amount of \$15,000,000 on February 24. Although a new debenture issue of \$26,000,000 was floated on the 26th, this series was dated March 5 and does not appear on the statement for the month-end. Cash and Government securities held by the Banks decreased from \$107,347,000 at the end of January to \$104,585,000 on February 28. This decline is comparatively small if it is considered that the payment of maturing debentures shows its effect primarily in these balance-sheet accounts.

At the end of February there were 3,819 members of the Bank System with aggregate assets of \$5,418,976,000. [TABLE 13.]

#### DEBENTURE ISSUES

On April 2 the Federal Home Loan Banks floated two new issues of debentures totaling \$42,000,000. A new Series J of \$18,000,000, dated and bearing interest from April 15, 1942 at an annual rate of  $\frac{3}{4}$  of 1 percent, will fall due on December 1, 1942. Series K, maturing on February 1, 1943, was issued in the amount of \$24,000,000. This Series is dated and bears interest from April 15, 1942 at the rate of  $\frac{7}{8}$  of 1 percent a year.

These issues represent the tenth and eleventh public offerings made by the Federal Home Loan Banks. Series G, issued in November 1940 in the amount of \$52,000,000, was retired on April 15, 1942. The four outstanding series of debentures now total \$91,500,000.

April 1942

## INSURED ASSOCIATIONS—Operations resume more normal pattern

In common with other types of financial institutions, insured savings and loan associations continued to feel the pressure of emergency conditions as the new year got under way. After reporting a net loss in capital during January these associations experienced a seasonal reaction in the following month which tilted the savings balance in insured associations slightly upward again. The \$11,600,000 increase in private repurchasable capital during February more than compensated for the \$8,000,000-reduction at the year's start, but was considerably less than the rises of \$20,000,000 to \$30,000,000 experienced from January to February in recent years.

Share-capital transactions slackened in volume from the high level of January, as was to be expected in light of the normal seasonal pattern. Although the drop from the all-time high in January was favorable, repurchases amounted to 88 percent of all new share receipts for the month, or considerably above the 50-60 percent repurchase ratios reported for February in previous years.

Mortgage transactions of savings and loan associations have also felt the pinch of the Nation's victory effort, due principally to the decline in construction-loan volume. Although the combined mortgages held by these institutions continued upward in January as well as in February, the rise in each of these months was less than \$9,000,000, or considerably under past experience for comparable periods.

Assets of all Federal savings and loan associations resumed their upward trend in February, following the brief January set-back. At the end of the month, the 1,464 institutions operating under Federal charter had assets totaling \$2,134,000,000—still more than \$38,000,000 below the peak at the end of 1942. [TABLE 12.]

Progress in number and assets of Federals  
[Amounts are shown in thousands of dollars]

Class of association	Number		Approximate assets	
	Feb. 28, 1942	Jan. 31, 1942	Feb. 28, 1942	Jan. 31, 1942
New.....	640	641	\$671,061	\$669,819
Converted....	824	823	1,463,029	1,462,375
Total..	1,464	1,464	2,134,090	2,132,194

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**Table 1.—BUILDING ACTIVITY—Estimated number and valuation of new family dwelling units provided in all urban areas of the United States**

[Source: U. S. Department of Labor]

[Amounts are shown in thousands of dollars]

Type of construction	Number of family dwelling units					Permit valuation				
	Monthly totals			Jan.-Feb. totals		Monthly totals			Jan.-Feb. totals	
	Feb. 1942	Jan. 1942	Feb. 1941	1942	1941	Feb. 1942	Jan. 1942	Feb. 1941	1942	1941
Private construction.....	22, 711	17, 072	21, 445	39, 783	45, 664	\$77, 697	\$58, 754	\$77, 576	\$136, 451	\$164, 388
1-family dwellings.....	16, 343	13, 878	16, 220	30, 221	33, 072	60, 591	51, 911	62, 893	112, 502	128, 365
2-family dwellings <sup>1</sup> .....	1, 393	1, 238	1, 467	2, 631	2, 806	3, 470	2, 785	3, 629	6, 255	6, 806
3- and more-family dwellings <sup>2</sup> .....	4, 975	1, 956	3, 758	6, 931	9, 786	13, 636	4, 058	11, 054	17, 694	29, 217
Public construction.....	15, 236	4, 147	6, 275	19, 383	9, 083	50, 524	14, 411	19, 644	64, 935	28, 494
Total urban construction.....	37, 947	21, 219	27, 720	59, 166	54, 747	128, 221	73, 165	97, 220	201, 386	192, 882

<sup>r</sup> Revised.

<sup>1</sup> Includes 1- and 2-family dwellings combined with stores.

<sup>2</sup> Includes multi-family dwellings combined with stores.

**Table 2.—BUILDING ACTIVITY—Estimated number and valuation of new family dwelling units provided in all urban areas, in February 1942, 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	
	Feb. 1942	Feb. 1941	Feb. 1942	Feb. 1941	Feb. 1942	Feb. 1941	Feb. 1942	Feb. 1941
UNITED STATES.....	37, 947	27, 720	\$128, 221	\$97, 220	17, 736	17, 687	\$64, 061	\$66, 522
No. 1—Boston.....	1, 701	1, 757	6, 651	7, 022	552	581	2, 436	2, 813
Connecticut.....	669	1, 271	2, 464	4, 890	271	234	1, 243	1, 216
Maine.....	37	15	142	59	37	15	142	59
Massachusetts.....	626	389	2, 590	1, 720	175	250	755	1, 185
New Hampshire.....	18	16	56	48	18	16	56	48
Rhode Island.....	343	58	1, 363	267	43	58	204	267
Vermont.....	8	8	36	38	8	8	36	38
No. 2—New York.....	2, 980	3, 633	10, 394	14, 048	1, 073	1, 350	4, 401	6, 126
New Jersey.....	649	950	2, 550	3, 497	533	432	2, 309	2, 002
New York.....	2, 331	2, 683	7, 844	10, 551	540	918	2, 092	4, 124
No. 3—Pittsburgh.....	2, 260	740	8, 931	3, 695	620	730	2, 757	3, 660
Delaware.....	6	15	30	70	6	15	30	70
Pennsylvania.....	2, 057	623	8, 143	3, 234	421	617	1, 976	3, 209
West Virginia.....	197	102	758	391	193	98	751	381



**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	
	Feb. 1942	Feb. 1941	Feb. 1942	Feb. 1941	Feb. 1942	Feb. 1941	Feb. 1942	Feb. 1941
No. 4—Winston-Salem.....	11, 497	6, 126	\$35, 764	\$17, 620	2, 374	2, 904	\$7, 347	\$9, 052
Alabama.....	1, 624	285	6, 283	435	328	282	666	432
District of Columbia.....	1, 446	653	5, 932	1, 968	107	117	383	635
Florida.....	687	1, 596	2, 212	4, 600	410	730	1, 449	2, 655
Georgia.....	339	559	796	1, 234	335	334	788	670
Maryland.....	429	577	1, 374	1, 799	362	452	1, 188	1, 500
North Carolina.....	219	567	612	1, 472	215	391	597	1, 057
South Carolina.....	131	201	373	483	123	197	355	475
Virginia.....	6, 622	1, 688	18, 182	5, 629	494	401	1, 921	1, 628
No. 5—Cincinnati.....	2, 579	1, 392	9, 538	5, 975	1, 612	1, 263	6, 648	5, 642
Kentucky.....	811	170	2, 284	438	159	170	402	438
Ohio.....	1, 312	886	6, 006	4, 657	1, 021	783	5, 041	4, 361
Tennessee.....	456	336	1, 248	880	432	310	1, 205	843
No. 6—Indianapolis.....	1, 688	1, 924	7, 497	8, 611	1, 680	1, 912	7, 482	8, 586
Indiana.....	338	355	1, 322	1, 411	335	351	1, 320	1, 406
Michigan.....	1, 350	1, 569	6, 175	7, 200	1, 345	1, 561	6, 162	7, 180
No. 7—Chicago.....	976	983	4, 847	4, 799	914	763	4, 632	4, 079
Illinois.....	705	810	3, 652	4, 082	659	620	3, 476	3, 436
Wisconsin.....	271	173	1, 195	717	255	143	1, 156	643
No. 8—Des Moines.....	963	1, 339	3, 366	5, 225	821	614	3, 087	2, 578
Iowa.....	247	114	879	455	247	114	879	455
Minnesota.....	264	225	1, 139	996	264	197	1, 139	924
Missouri.....	423	983	1, 259	3, 735	281	286	980	1, 160
North Dakota.....	6	5	19	10	6	5	19	10
South Dakota.....	23	12	70	29	23	12	70	29
No. 9—Little Rock.....	3, 908	2, 334	10, 680	5, 698	2, 848	2, 211	7, 549	5, 471
Arkansas.....	331	164	846	382	189	152	434	348
Louisiana.....	280	278	752	747	277	275	749	737
Mississippi.....	165	275	282	381	161	272	278	375
New Mexico.....	103	95	278	269	97	85	264	257
Texas.....	3, 029	1, 522	8, 522	3, 919	2, 124	1, 427	5, 824	3, 754
No. 10—Topeka.....	791	912	2, 208	2, 831	720	727	2, 115	2, 355
Colorado.....	146	404	425	1, 214	140	233	422	761
Kansas.....	284	142	679	361	223	128	599	338
Nebraska.....	88	60	313	226	88	60	313	226
Oklahoma.....	273	306	791	1, 030	269	306	781	1, 030
No. 11—Portland.....	1, 345	2, 137	4, 486	6, 888	699	976	2, 414	3, 232
Idaho.....	27	47	74	112	27	47	74	112
Montana.....	11	57	22	155	11	49	22	130
Oregon.....	189	281	630	842	157	253	521	794
Utah.....	85	127	276	464	81	127	272	464
Washington.....	1, 020	1, 582	3, 442	5, 161	410	461	1, 483	1, 588
Wyoming.....	13	43	42	154	13	39	42	144
No. 12—Los Angeles.....	7, 259	4, 443	23, 859	14, 808	3, 823	3, 656	13, 193	12, 928
Arizona.....	67	76	199	239	67	48	199	177
California.....	7, 095	4, 328	23, 349	14, 429	3, 662	3, 569	12, 684	12, 611
Nevada.....	97	39	311	140	94	39	310	140

**Table 3.—BUILDING COSTS—Cost of building the same standard house in representative cities in specific months <sup>1</sup>**

NOTE.—These figures are subject to correction

[Source: Federal Home Loan Bank Administration]

Federal Home Loan Bank District and city	Cubic foot cost		Total cost							
	1942	1941	1942	1941				1940	1939	1938
	Mar.	Mar.	Mar.	Dec.	Sept.	June	Mar.	Mar.	Mar.	
No. 1—Boston:										
Hartford, Conn.-----	\$0. 312	\$0. 268	\$7, 490	\$7, 204	\$7, 166	\$6, 615	\$6, 424	\$5, 937	\$5, 865	\$5, 823
New Haven, Conn.-----	. 304	. 262	7, 286	7, 171	7, 131	6, 650	6, 288	5, 850	5, 629	5, 771
Portland, Maine-----	. 228	. 224	5, 483	5, 493	5, 424	5, 424	5, 369	5, 256	5, 264	5, 543
Boston, Mass-----	. 312	. 282	7, 490	7, 353	7, 122	6, 986	6, 760	6, 490	6, 377	6, 191
Manchester, N. H.-----	. 249	. 242	5, 983	5, 969	5, 884	5, 882	5, 801	5, 390	5, 507	5, 440
Providence, R. I.-----	. 284	. 262	6, 822	6, 701	6, 554	6, 355	6, 281	6, 035	5, 938	5, 991
Rutland, Vt.-----	. 275	. 245	6, 602	6, 361	6, 316	5, 917	5, 880	5, 321	5, 472	5, 739
No. 4—Winston-Salem:										
Birmingham, Ala.-----	. 293	. 266	7, 034	7, 011	6, 927	6, 494	6, 392	5, 200	5, 663	6, 068
Washington, D. C.-----	. 278	. 260	6, 682	6, 396	6, 170	6, 173	6, 236	5, 741	5, 813	5, 988
Tampa, Fla-----	. 262	. 256	6, 284	6, 229	6, 186	6, 152	6, 155	5, 736	5, 535	5, 666
West Palm Beach, Fla.-----	. 285	. 273	6, 843	6, 781	6, 682	6, 373	6, 550	5, 824	5, 788	6, 260
Atlanta, Ga-----	. 258	. 242	6, 197	6, 194	6, 138	5, 939	5, 801	4, 921	4, 876	5, 190
Baltimore, Md-----	. 263	. 254	6, 306	6, 280	6, 180	6, 157	6, 088	4, 750	4, 671	4, 847
Cumberland, Md-----	. 262	. 252	6, 282	6, 287	6, 264	6, 006	6, 058	5, 631	5, 529	5, 603
Asheville, N. C-----	. 247	. 240	5, 940	5, 939	5, 779	5, 708	5, 752	4, 998	5, 085	5, 408
Raleigh, N. C-----	. 272	. 228	6, 534	6, 155	6, 088	5, 502	5, 478	5, 009	5, 251	5, 444
Salisbury, N. C-----	. 229	. 196	5, 496	5, 072	5, 013	5, 168	4, 716	4, 863	4, 719	4, 703
Columbia, S. C-----	. 259	. 231	6, 223	6, 052	5, 890	5, 734	5, 540	4, 730	4, 838	4, 755
Richmond, Va-----	. 249	. 232	5, 969	5, 940	5, 944	5, 600	5, 570	4, 848	5, 080	5, 337
Roanoke, Va-----	. 263	. 251	6, 300	6, 157	6, 034	5, 936	6, 021	5, 199	5, 142	5, 056
No. 7—Chicago:										
Chicago, Ill-----	. 331	. 296	7, 940	7, 863	7, 783	7, 371	7, 093	6, 787	6, 829	7, 021
Peoria, Ill-----	. 322	. 303	7, 727	7, 707	7, 686	7, 288	7, 267	7, 024	6, 441	6, 700
Springfield, Ill-----	. 326	. 311	7, 826	7, 881	7, 838	7, 463	7, 463	7, 068	6, 812	6, 961
Milwaukee, Wis-----	. 289	. 249	6, 926	6, 632	6, 500	6, 117	5, 988	5, 361	5, 283	5, 111
Oshkosh, Wis-----	. 279	. 249	6, 701	6, 544	6, 431	6, 029	5, 975	5, 490	5, 454	5, 609
No. 10—Topeka:										
Denver, Colo-----	. 289	. 271	6, 928	6, 826	6, 754	6, 456	6, 500	6, 222	6, 353	6, 562
Wichita, Kans-----	. 270	. 241	6, 483	6, 376	6, 126	6, 058	5, 790	5, 760	6, 087	5, 677
Omaha, Nebr-----	. 267	. 256	6, 400	6, 288	6, 275	6, 287	6, 148	6, 156	5, 787	5, 841
Oklahoma City, Okla.-----	. 324	. 275	7, 772	7, 772	7, 069	6, 552	6, 590	6, 051	5, 883	5, 850

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

The house is *not* completed ready for occupancy. It includes all fundamental structural elements, an attached 1-car garage, an unfinished cellar, 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.

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

[Average month of 1935-1939=100]

Element of cost	Feb. 1942	Jan. 1942	Dec. 1941	Nov. 1941	Oct. 1941	Sept. 1941	Aug. 1941	July 1941	June 1941	May 1941	Apr. 1941	Mar. 1941	Feb. 1941
Material-----	119. 3	118. 6	117. 7	116. 9	116. 0	114. 4	112. 6	110. 7	109. 2	108. 8	108. 7	108. 0	107. 8
Labor-----	125. 0	124. 5	124. 2	123. 9	123. 3	120. 7	120. 0	119. 3	118. 6	117. 0	116. 1	115. 3	115. 1
Total cost--	121. 2	120. 6	119. 9	119. 2	118. 5	116. 5	115. 1	113. 6	112. 4	111. 6	111. 2	110. 4	110. 2

**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
1940: February	104.1	100.4	100.3	108.8	106.7	103.9	103.5	100.5
1941: 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
1942: January	122.0	106.6	102.5	146.5	121.8	123.0	103.5	111.5
February	122.9	106.8	102.5	147.8	122.8	128.6	103.5	111.9
Percent change:								
Feb. 1942-Jan. 1942	+0.7	+0.2	0.0	+0.9	+0.8	+4.6	0.0	+0.4
Feb. 1942-Feb. 1941	+10.8	+6.2	+2.8	+13.3	+15.3	+19.1	0.0	+9.1

**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
1940	\$398,632	\$426,151	\$198,148	\$63,583	\$113,065	\$1,199,579	\$509,713	\$483,499	\$206,367
Jan.-Feb.	39,640	47,428	28,589	6,892	15,917	138,466	57,794	54,678	25,994
February	20,152	25,389	14,590	3,437	7,954	71,522	29,786	28,941	12,795
1941	437,065	580,503	190,573	61,328	109,215	1,378,684	584,220	583,804	210,660
Jan.-Feb.	53,145	58,092	27,849	7,357	16,327	162,770	70,005	69,248	23,517
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	104,749	41,910	46,890	15,949
December	30,290	43,145	14,424	4,170	8,179	100,208	41,182	43,960	15,066
1942									
Jan.-Feb.	43,590	67,896	25,179	6,328	13,296	156,289	63,061	69,251	23,977
January	22,791	34,127	12,854	3,190	6,571	79,533	31,142	35,312	13,079
February	20,799	33,769	12,325	3,138	6,725	76,756	31,919	33,939	10,898

**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		Percent change, January 1942 to February 1942	New loans February 1941	Percent change, February 1941 to February 1942	Cumulative new loans (2 months)		
	February 1942	January 1942				1942	1941	Percent change
United States: Total.....	\$76,756	\$79,533	-3.5	\$82,330	-6.8	\$156,289	\$162,770	-4.0
Federal.....	31,919	31,142	+2.5	35,645	-10.5	63,061	70,005	-9.9
State member.....	33,939	35,312	-3.9	35,301	-3.9	69,251	69,248	+0.0
Nonmember.....	10,898	13,079	-16.7	11,384	-4.3	23,977	23,517	+2.0
Boston: Total.....	6,074	8,232	-26.2	7,845	-22.6	14,306	16,099	-11.1
Federal.....	1,899	2,332	-18.6	2,862	-33.6	4,231	5,519	-23.3
State member.....	3,077	4,011	-23.3	3,992	-22.9	7,088	8,306	-14.7
Nonmember.....	1,098	1,889	-41.9	991	+10.8	2,987	2,274	+31.4
New York: Total.....	7,004	8,172	-14.3	7,076	-1.0	15,176	14,500	+4.7
Federal.....	2,074	2,564	-19.1	2,017	+2.8	4,638	4,316	+7.5
State member.....	1,982	2,788	-28.9	2,203	-10.0	4,770	4,496	+6.1
Nonmember.....	2,948	2,820	+4.5	2,856	+3.2	5,768	5,688	+1.4
Pittsburgh: Total.....	6,126	7,451	-17.8	6,081	+0.7	13,577	11,747	+15.6
Federal.....	2,207	2,555	-13.6	2,376	-7.1	4,762	4,790	-0.6
State member.....	2,039	2,093	-2.6	1,671	+22.0	4,132	3,262	+26.7
Nonmember.....	1,880	2,803	-32.9	2,034	-7.6	4,683	3,695	+26.7
Winston-Salem: Total.....	11,220	11,505	-2.5	11,460	-2.1	22,725	23,011	-1.2
Federal.....	4,949	5,032	-1.6	5,866	-15.6	9,981	11,134	-10.4
State member.....	5,168	5,231	-1.2	4,739	+9.1	10,399	9,962	+4.4
Nonmember.....	1,103	1,242	-11.2	855	+29.0	2,345	1,915	+22.5
Cincinnati: Total.....	14,392	13,013	+10.6	13,854	+3.9	27,405	26,758	+2.4
Federal.....	5,240	4,632	+13.1	4,968	+5.5	9,872	9,829	+0.4
State member.....	7,627	6,705	+13.8	7,260	+5.1	14,332	13,441	+6.6
Nonmember.....	1,525	1,676	-9.0	1,626	-6.2	3,201	3,488	-8.2
Indianapolis: Total.....	4,961	4,142	+19.8	4,939	+0.4	9,103	9,296	-2.1
Federal.....	2,574	2,000	+28.7	2,380	+8.2	4,574	4,667	-2.0
State member.....	2,095	1,920	+9.1	2,352	-10.9	4,015	4,203	-4.5
Nonmember.....	292	222	+31.5	207	+41.1	514	426	+20.7
Chicago: Total.....	6,796	7,692	-11.6	8,279	-17.9	14,488	16,359	-11.4
Federal.....	2,628	2,742	-4.2	3,094	-15.1	5,370	5,943	-9.6
State member.....	3,298	4,133	-20.2	4,057	-18.7	7,431	7,775	-4.4
Nonmember.....	870	817	+6.5	1,128	-22.9	1,687	2,641	-36.1
Des Moines: Total.....	3,370	3,402	-0.9	4,060	-17.0	6,772	7,739	-12.5
Federal.....	1,501	1,447	+3.7	1,951	-23.1	2,948	3,954	-25.4
State member.....	1,381	1,297	+6.5	1,361	+1.5	2,678	2,543	+5.3
Nonmember.....	488	658	-25.8	748	-34.8	1,146	1,242	-7.7
Little Rock: Total.....	4,237	4,404	-3.8	4,461	-5.0	8,641	8,868	-2.6
Federal.....	1,727	1,789	-3.5	2,019	-14.5	3,516	3,861	-8.9
State member.....	2,444	2,535	-3.6	2,374	+2.9	4,979	4,793	+3.9
Nonmember.....	66	80	-17.5	68	-2.9	146	214	-31.8
Topeka: Total.....	3,806	3,413	+11.5	3,378	+12.7	7,219	6,868	+5.1
Federal.....	2,198	1,726	+27.3	1,868	+17.7	3,924	3,689	+6.4
State member.....	1,204	1,052	+14.4	884	+36.2	2,256	1,692	+33.3
Nonmember.....	404	635	-36.4	626	-35.5	1,039	1,487	-30.1
Portland: Total.....	2,754	2,479	+11.1	3,098	-11.1	5,233	6,083	-14.0
Federal.....	1,689	1,623	+4.1	2,064	-18.2	3,312	3,972	-16.6
State member.....	899	689	+30.5	932	-3.5	1,588	1,933	-17.8
Nonmember.....	166	167	-0.6	102	+62.7	333	178	+87.1
Los Angeles: Total.....	6,016	5,628	+6.9	7,799	-22.9	11,644	15,442	-24.6
Federal.....	3,233	2,700	+19.7	4,180	-22.7	5,933	8,331	-28.8
State member.....	2,725	2,858	-4.7	3,476	-21.6	5,583	6,842	-18.4
Nonmember.....	58	70	-17.1	143	-59.4	128	269	-52.4

<sup>1</sup> Increase of less than 0.1 percent.

**Table 7a.—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		Percent change, December 1941 to January 1942	New loans, January 1941	Percent change, January 1941 to January 1942	Total new loans		
	January 1942	December 1941				1941	1940	1939
United States: Total	\$79,533	\$100,208	-20.6	\$80,440	-1.1	\$1,378,684	\$1,199,579	\$986,388
Federal	31,142	41,182	-24.4	34,360	-9.4	584,220	509,713	400,337
State member	35,312	43,960	-19.7	33,947	+4.0	583,804	483,499	396,041
Nonmember	13,079	15,066	-13.2	12,133	+7.8	210,660	206,367	190,005
Boston: Total	8,232	9,856	-16.5	8,254	-0.3	146,152	115,289	90,379
Federal	2,332	3,598	-35.2	2,657	-12.2	49,939	39,680	28,013
State member	4,011	4,833	-17.0	4,314	-7.0	74,562	56,561	43,800
Nonmember	1,889	1,425	+32.6	1,283	+47.2	21,651	19,048	18,566
New York: Total	8,172	11,272	-27.5	7,424	+10.1	138,375	115,475	96,233
Federal	2,564	3,434	-25.3	2,299	+11.5	41,134	33,579	36,890
State member	2,788	3,694	-24.5	2,293	+21.6	43,374	32,936	22,602
Nonmember	2,820	4,144	-31.9	2,832	-0.4	53,867	48,960	36,741
Pittsburgh: Total	7,451	8,717	-14.5	5,666	+31.5	111,619	93,084	79,284
Federal	2,555	3,305	-22.7	2,414	+5.8	42,491	36,563	22,726
State member	2,093	2,451	-14.6	1,591	+31.6	29,276	23,538	20,597
Nonmember	2,803	2,961	-5.3	1,661	+68.8	39,852	32,983	35,961
Winston-Salem: Total	11,505	15,531	-25.9	11,551	-0.4	191,587	174,909	138,817
Federal	5,032	6,812	-26.1	5,268	-4.5	92,350	84,895	57,368
State member	5,231	7,212	-27.5	5,223	+0.2	82,133	69,195	59,287
Nonmember	1,242	1,501	-17.3	1,060	+17.2	17,104	20,819	22,162
Cincinnati: Total	13,013	16,414	-20.7	12,904	+0.8	234,588	198,767	156,944
Federal	4,632	5,840	-20.7	4,861	-4.7	86,988	73,462	62,054
State member	6,705	8,752	-23.0	6,181	+8.5	118,263	96,111	75,059
Nonmember	1,676	1,822	-8.0	1,862	-10.0	29,337	29,194	19,831
Indianapolis: Total	4,142	5,297	-21.8	4,357	-4.9	70,602	62,889	48,310
Federal	2,000	2,631	-24.0	2,287	-12.5	35,508	31,318	22,734
State member	1,920	2,503	-23.3	1,851	+3.7	32,313	28,103	22,258
Nonmember	1,222	1,633	+36.2	1,219	+1.4	2,781	3,468	3,318
Chicago: Total	7,692	9,477	-18.8	8,080	-4.8	135,923	121,842	98,382
Federal	2,742	3,934	-30.3	2,849	-3.8	52,818	47,992	34,286
State member	4,133	4,656	-11.2	3,718	+11.2	65,388	55,428	43,685
Nonmember	817	887	-7.9	1,513	-46.0	17,717	18,422	20,411
Des Moines: Total	3,402	4,772	-28.7	3,679	-7.5	74,416	71,461	61,776
Federal	1,447	2,205	-34.4	2,003	-27.8	36,953	34,999	29,301
State member	1,297	1,552	-16.4	1,182	+9.7	24,709	21,885	18,841
Nonmember	658	1,015	-35.2	494	+33.2	12,754	14,577	13,634
Little Rock: Total	4,404	4,830	-8.8	4,407	-0.1	67,247	59,951	56,917
Federal	1,789	1,976	-9.5	1,842	-2.9	28,328	28,754	23,029
State member	2,535	2,769	-8.5	2,419	+4.8	37,419	34,063	31,796
Nonmember	80	85	-5.9	146	-45.2	1,500	2,134	2,092
Topeka: Total	3,413	4,057	-15.9	3,490	-2.2	54,605	51,052	47,505
Federal	1,726	2,143	-19.5	1,821	-5.2	29,981	26,818	23,340
State member	1,052	1,104	-4.7	808	+30.2	13,424	11,960	12,162
Nonmember	635	810	-21.6	861	-26.2	11,200	12,274	12,003
Portland: Total	2,479	3,165	-21.7	2,985	-17.0	48,633	41,275	34,673
Federal	1,623	1,972	-17.7	1,908	-14.9	31,317	25,615	20,550
State member	689	1,025	-32.8	1,001	-31.2	15,386	13,800	12,028
Nonmember	167	168	-0.6	76	+119.7	1,930	1,860	2,095
Los Angeles: Total	5,628	6,820	-17.5	7,643	-26.4	104,937	93,585	77,163
Federal	2,700	3,332	-19.0	4,151	-35.0	56,413	51,038	40,046
State member	2,858	3,403	-16.0	3,366	-15.1	47,557	39,919	33,926
Nonmember	70	85	-17.6	126	-44.4	47,967	2,628	3,191



**Table 9.—MORTGAGE RECORDINGS—Estimated volume of nonfarm mortgages recorded**

[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	Per-cent	Total	Per-cent	Total	Per-cent	Total	Per-cent	Total	Per-cent	Total	Per-cent	Com-bined total	Per-cent
<b>Number:</b>														
1941: 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
1942: January	32,433	30.0	6,131	5.7	23,317	21.6	3,284	3.0	28,619	26.5	14,335	13.2	108,119	100.0
February	31,762	31.4	5,712	5.6	21,198	21.0	2,670	2.6	26,069	25.8	13,746	13.6	101,157	100.0
<b>Amount:</b>														
1941: 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
1942: January	90,572	28.2	31,062	9.7	77,631	24.1	13,523	4.2	59,033	18.4	49,575	15.4	321,396	100.0
February	86,752	29.3	28,546	9.7	70,221	23.7	10,405	3.5	53,383	18.0	46,734	15.8	296,041	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
1941: Jan.-Feb.	10,424	1,133	1,589	2,189	5,513
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
1942: Jan.-Feb.	7,630	809	1,227	1,622	3,972
January	4,000	439	635	814	2,112
February	3,630	370	592	808	1,860

† Revised

**Table 11.—FHA—Home mortgages insured<sup>1</sup>**

[Premium-paying; thousands of dollars]

Period	Monthly volume			Total insured at end of period
	Title I Class 3	Title II	Title VI	
1941: February	\$1,395	\$61,329		\$2,913,373
March	1,676	61,637		2,976,686
April	1,608	60,303		3,038,597
May	427	65,277		3,104,301
June	<sup>2</sup> 3,289	74,809	\$230	3,182,629
July	2,809	81,531	436	3,267,406
August	1,126	70,227	560	3,339,317
September	1,552	73,033	1,143	3,415,095
October	1,536	85,290	2,190	3,504,111
November	1,361	76,920	3,578	3,585,970
December	1,850	87,516	5,294	3,680,630
1942: January	1,885	87,167	6,556	3,776,238
February	1,455	70,799	8,483	3,856,975

<sup>1</sup> Figures represent gross insurance written during the period and do not take account of principal repayments on previously insured loans.

<sup>2</sup> January-June loans insured under February Amendment included in June total.

**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 re- purchasable capital	Government invest- ment	Federal Home Loan Bank advances	Operations			
							New mort- gage loans	New private invest- ments	Private re- purch- ases	Repur- chase ratio
<b>ALL INSURED</b>										
1940: June.....	2, 235	\$2, 708, 529	\$2, 129, 687	\$2, 019, 809	\$236, 913	\$124, 133	\$67, 751	\$43, 626	\$20, 418	46. 8
December....	2, 276	2, 931, 781	2, 342, 804	2, 202, 135	220, 789	171, 347	56, 363	65, 586	22, 865	34. 9
1941: February....	2, 289	2, 959, 330	2, 384, 160	2, 296, 225	206, 015	129, 437	53, 765	65, 384	37, 081	56. 7
March.....	2, 292	2, 991, 565	2, 416, 680	2, 323, 041	206, 094	119, 461	69, 313	64, 633	39, 605	61. 3
April.....	2, 297	3, 034, 528	2, 457, 438	2, 354, 239	206, 078	115, 372	77, 735	65, 947	39, 194	59. 4
May.....	2, 302	3, 079, 396	2, 501, 582	2, 379, 856	206, 304	119, 242	82, 443	57, 755	35, 122	60. 8
June.....	2, 310	3, 158, 251	2, 554, 274	2, 433, 513	206, 301	114, 331	85, 117	61, 448	26, 779	43. 6
July.....	2, 313	3, 154, 228	2, 595, 114	2, 449, 807	203, 512	142, 870	84, 994	103, 886	90, 728	87. 3
August.....	2, 319	3, 185, 814	2, 636, 536	2, 465, 223	195, 572	147, 044	84, 794	62, 374	48, 010	77. 0
September....	2, 326	3, 222, 299	2, 672, 985	2, 486, 992	195, 584	153, 897	82, 993	61, 495	42, 800	69. 6
October.....	2, 330	3, 261, 689	2, 711, 854	2, 518, 006	195, 787	159, 298	80, 767	67, 132	40, 142	59. 8
November....	2, 339	3, 301, 462	2, 737, 015	2, 551, 528	196, 059	161, 199	65, 241	60, 818	33, 263	54. 7
December....	2, 343	3, 361, 792	2, 751, 050	2, 597, 373	196, 240	193, 275	63, 506	74, 801	35, 728	47. 8
1942: January....	2, 349	3, 312, 482	2, 754, 076	2, 589, 466	191, 769	180, 360	49, 549	105, 792	118, 666	112. 2
February....	2, 354	3, 323, 170	2, 762, 878	2, 601, 055	186, 254	172, 260	49, 387	53, 449	47, 229	88. 4
<b>FEDERAL</b>										
1940: June.....	1, 421	1, 727, 337	1, 403, 933	1, 267, 156	197, 268	90, 489	47, 435	29, 404	11, 022	37. 5
December....	1, 438	1, 872, 691	1, 545, 838	1, 387, 839	181, 431	127, 255	37, 715	44, 531	12, 135	27. 3
1941: February....	1, 441	1, 890, 266	1, 577, 498	1, 458, 840	168, 873	92, 558	35, 645	45, 587	23, 131	50. 7
March.....	1, 442	1, 915, 054	1, 599, 592	1, 480, 866	168, 922	84, 810	45, 365	44, 390	23, 618	53. 2
April.....	1, 445	1, 945, 949	1, 627, 545	1, 504, 271	169, 047	81, 076	51, 371	45, 058	23, 376	51. 9
May.....	1, 447	1, 977, 162	1, 656, 899	1, 522, 675	169, 247	83, 674	55, 396	38, 423	20, 582	53. 6
June.....	1, 450	2, 028, 045	1, 687, 088	1, 554, 374	169, 247	103, 696	57, 542	40, 030	14, 530	36. 3
July.....	1, 452	2, 022, 886	1, 715, 819	1, 565, 799	166, 464	102, 513	56, 564	70, 290	61, 061	86. 9
August.....	1, 454	2, 049, 184	1, 749, 214	1, 579, 671	159, 622	106, 624	57, 592	40, 730	30, 443	74. 7
September....	1, 456	2, 075, 513	1, 774, 371	1, 595, 119	159, 614	112, 033	54, 786	40, 254	26, 765	66. 5
October.....	1, 457	2, 103, 664	1, 801, 237	1, 616, 605	159, 775	116, 723	52, 507	44, 341	23, 799	53. 7
November....	1, 457	2, 125, 880	1, 814, 477	1, 636, 837	159, 925	117, 666	41, 910	39, 212	18, 984	48. 4
December....	1, 459	2, 172, 332	1, 823, 879	1, 688, 372	160, 060	144, 049	41, 182	48, 872	20, 400	41. 7
1942: January <sup>1</sup> ....	1, 462	2, 131, 098	1, 824, 292	1, 658, 966	156, 079	132, 843	31, 142	70, 962	81, 663	115. 1
February <sup>2</sup> ....	1, 462	2, 133, 398	1, 828, 662	1, 663, 272	151, 295	127, 235	31, 919	35, 670	30, 714	86. 1
<b>STATE</b>										
1940: June.....	814	981, 192	725, 754	752, 653	39, 645	33, 644	20, 316	14, 222	9, 369	66. 1
December....	838	1, 059, 090	796, 966	814, 296	39, 358	44, 092	18, 648	21, 055	10, 730	51. 0
1941: February....	848	1, 069, 064	806, 662	837, 385	37, 142	36, 879	18, 120	19, 797	13, 950	70. 5
March.....	850	1, 076, 511	817, 088	842, 175	37, 172	34, 651	23, 948	20, 243	15, 987	79. 0
April.....	852	1, 088, 579	829, 893	849, 968	37, 031	34, 296	26, 364	20, 889	15, 818	75. 7
May.....	855	1, 102, 234	844, 683	857, 181	37, 057	35, 568	27, 047	19, 332	14, 540	75. 2
June.....	860	1, 130, 206	867, 186	879, 139	37, 054	40, 635	27, 575	21, 418	12, 249	57. 2
July.....	861	1, 131, 342	879, 295	884, 008	37, 048	40, 357	28, 430	33, 596	29, 667	88. 3
August.....	865	1, 136, 630	887, 322	885, 552	35, 950	40, 420	27, 202	21, 644	17, 567	81. 2
September....	870	1, 146, 786	898, 614	891, 873	35, 970	41, 864	28, 207	21, 241	16, 035	75. 5
October.....	873	1, 158, 025	910, 617	901, 401	36, 012	42, 575	28, 260	22, 791	16, 343	71. 7
November....	882	1, 175, 582	922, 538	914, 691	36, 134	43, 533	23, 331	21, 606	14, 279	66. 1
December....	884	1, 189, 460	927, 171	929, 001	36, 180	49, 226	22, 324	25, 929	15, 328	59. 1
1942: January....	887	1, 181, 384	929, 784	930, 500	35, 690	47, 517	18, 407	34, 830	37, 003	106. 2
February....	892	1, 189, 772	934, 216	937, 783	34, 959	45, 025	17, 468	17, 779	16, 515	92. 9

<sup>1</sup> In addition, 2 converted Federals with assets of \$1,096,000 were not insured as of January 31, 1942.  
<sup>2</sup> In addition, 3 converted Federals with assets of \$1,618,000 were not insured as of February 28, 1942.



**Table 13.—FHL BANKS—Lending operations and principal assets and liabilities of the Federal Home Loan Banks**

[Thousands of dollars]

Federal Home Loan Bank	Lending operations February 1942		Principal assets February 28, 1942			Capital and principal liabilities February 28, 1942			Total assets February 28, 1942 <sup>1</sup>
	Advances	Repayments	Advances outstanding	Cash <sup>1</sup>	Government securities	Capital <sup>2</sup>	Debentures	Member deposits	
Boston	\$314	\$1,348	\$13,723	\$2,367	\$7,066	\$18,280	-----	\$1,970	\$23,253
New York	1,067	1,403	25,518	3,922	6,443	25,684	-----	3,786	36,016
Pittsburgh	337	1,096	15,308	2,949	5,365	15,631	\$7,500	505	23,728
Winston-Salem	472	1,913	25,456	4,221	1,875	16,624	14,500	499	31,684
Cincinnati	467	1,099	15,128	4,060	12,656	22,985	2,500	6,485	32,014
Indianapolis	63	386	12,460	1,499	8,708	10,942	7,250	3,553	22,791
Chicago	405	2,550	30,364	11,030	5,662	21,414	21,000	4,707	47,213
Des Moines	82	1,111	16,188	4,031	3,322	11,357	11,500	744	23,666
Little Rock	445	623	10,428	915	3,625	12,031	1,500	1	15,044
Topeka	265	392	6,478	3,839	3,570	10,067	3,250	608	13,946
Portland	387	506	7,144	1,182	1,880	8,040	1,500	188	10,234
Los Angeles	553	1,065	19,237	2,233	2,165	14,734	5,000	1,492	23,749
All banks	4,857	13,492	197,432	42,248	62,337	187,789	75,500	24,538	303,338
January 1942	9,017	22,395	206,068	44,997	62,350	187,115	90,500	24,358	314,440
December 1941	40,167	7,805	219,446	33,336	63,751	186,532	90,500	29,826	319,300
February 1941	3,182	17,132	156,899	91,668	51,685	181,650	90,500	28,577	301,337
February 1940	2,011	14,284	144,515	61,392	50,626	176,120	48,500	31,499	257,599

<sup>1</sup> Includes interbank deposits.

<sup>2</sup> Capital stock, surplus, and undivided profits.

**Table 14.—SAVINGS—Sales of U. S. war savings bonds<sup>1</sup>**

[Thousands of dollars]

Period	Series E <sup>2</sup>	Series F	Series G	Total
1940	\$1,064,982	-----	-----	\$1,064,982
1941	1,622,496	\$207,681	\$1,184,868	3,015,045
February	115,572	-----	-----	115,572
March	126,340	-----	-----	126,340
April	57,324	-----	-----	57,324
May	100,581	37,817	211,420	349,818
June	102,517	28,876	183,134	314,527
July	145,274	27,359	169,499	342,132
August	117,603	20,318	127,685	265,606
September	105,241	18,099	108,987	232,327
October	122,884	22,963	124,866	270,713
November	109,475	18,977	105,035	233,487
December	341,085	33,272	154,242	528,599
1942	-----	-----	-----	-----
January	667,411	77,559	315,577	1,060,547
February	397,989	51,820	253,391	703,200

<sup>1</sup> U. S. Treasury War Savings Staff. Actual deposits made to the credit of the U. S. Treasury.

<sup>2</sup> Prior to May 1941: "Baby bonds."

**Table 15.—SAVINGS—Savings held by selected financial institutions**

[Thousands of dollars]

End of period	Insured savings and loans <sup>1</sup>	Mutual savings banks <sup>2</sup>	Insured commercial banks <sup>3</sup>
1939: December	\$1,811,181	\$10,480,684	\$12,623,325
1940: June	2,019,809	10,589,838	12,754,750
December	2,202,135	10,617,759	13,062,315
1941: February	2,296,225	-----	-----
March	2,323,041	-----	-----
April	2,354,239	-----	-----
May	2,379,856	-----	-----
June	2,433,513	10,606,224	13,107,022
July	2,449,807	-----	-----
August	2,465,223	-----	-----
September	2,486,992	-----	-----
October	2,518,006	-----	-----
November	2,551,528	-----	-----
December	2,597,373	10,489,679	13,261,402
1942: January	2,589,466	-----	-----
February	2,601,055	-----	-----

<sup>1</sup> Private repurchasable capital as reported to the FHLB Administration.

<sup>2</sup> Month's Work. All deposits.

<sup>3</sup> FDIC. Time deposits evidenced by savings passbooks.

# Amendments to Rules and Regulations

## FHLB Administration Bulletin No. 1

AMENDMENT TO THE RULES AND REGULATIONS FOR THE FEDERAL SAVINGS AND LOAN SYSTEM CHANGING REFERENCES TO FEDERAL HOME LOAN BANK BOARD TO READ FEDERAL HOME LOAN BANK ADMINISTRATION. Adopted and effective March 23, 1942.

Section 202.9 of the Rules and Regulations for the Federal Savings and Loan System was amended by changing the references to the Federal Home Loan Bank Board to read Federal Home Loan Bank Administration, together with such revisions in the text as are consistent with the reorganization outlined in the March REVIEW.

202.9 Charter and bylaws—(a) Issuance of Charter K. If the Petition for Charter is approved, the following charter (hereinafter referred to as a "Charter K") shall be issued:

### CHARTER K

Pursuant to the provisions of section 5 of the Home Owners' Loan Act of 1933, the following charter is hereby issued:

1. *Name.* The name of the Federal savings and loan association hereby chartered (hereinafter referred to as the "association") is \_\_\_\_\_ Federal Savings and Loan Association \_\_\_\_\_

2. *Office.* The home office of the association shall be located at \_\_\_\_\_, in the County of \_\_\_\_\_, State of \_\_\_\_\_. No office of the association shall be moved from its immediate vicinity except as may be provided in regulations made by the Federal Home Loan Bank Administration.

3. *Objects and powers.* The objects of the association are to promote thrift by providing a convenient and safe method for people to save and invest money and to provide for the sound and economical financing of homes. The statute, this charter, and rules and regulations made thereunder provide for examination and supervision and at the same time for the protection of all private rights concerned, and shall be construed in keeping with the best practices of local mutual thrift and home-financing institutions in the United States.

The association shall act as fiscal agent of the Government when designated for that purpose by the Secretary of the Treasury, under such regulations as he may prescribe, and shall perform all such reasonable duties as fiscal agent of the Government as he may require. The association may act as agent for any other instrumentality of the United States when designated for that purpose by any such instrumentality.

The association shall have perpetual succession and power to sue and be sued, complain and defend in any court of law or equity; to have a corporate seal, affixed by imprint, facsimile or otherwise; to appoint officers and agents as its business shall require, and allow them suitable compensation; to have bylaws not inconsistent with the Constitution or laws of the United States, this charter, and rules and regulations of the Federal Home Loan Bank Administration, providing for the management of its property and regulation and government of its affairs; to wind up and dissolve, merge, consolidate, or reorganize in the manner provided by law and rules and regulations made thereunder; and to conduct business in the territory of the United States except as otherwise limited in this charter. The association may purchase, hold, and convey real and personal estate consistent with its objects, purposes, and powers; may mortgage or lease any real and personal estate; and may take such property by gift, devise, or bequest. Unless authorized by the Federal Home Loan Bank Administration, the association may not invest in an office building or buildings for the transaction of the business of the association an amount representing the cost of land and buildings in excess of the sum of its undivided profits and reserve accounts.

In addition to the foregoing powers expressly enumerated, the association shall have power to do all things reasonably incident to the accomplishment of its express objects and the performance of its express powers. The association shall have such powers as are conferred by law and shall exercise its powers in conformity with the Home Owners' Loan Act of 1933 and all laws of the United States as they now are, or as they may hereafter be amended, and with the rules and regulations made thereunder which are not in conflict with this charter.

4. *Members.* All holders of share accounts of the association and all borrowers therefrom shall be deemed and held to be members thereof. In the consideration of all questions requiring action by the members, each holder of a share account shall be permitted to cast one vote for each \$100, or fraction thereof, of the participation value of his share account. A borrowing member shall be permitted, as a borrower, to cast one vote, and to cast the number of votes to which he may be entitled as the holder of a share account. No member, however, shall cast more than 50 votes. Voting may be by proxy. Any number of members present at a regular or special meeting of the members shall constitute a quorum. A majority of all votes cast at any meeting of members shall determine any question. The members who shall be entitled to vote at any meeting of the members shall be those owning share accounts and borrowing members of record on the books of the association at the end of the calendar month next preceding the date of the meeting of members.

5. *Directors and officers.* The association shall be under the direction of a board of directors of not less than 5 nor more than 15, as determined and elected by the members. Directors shall be elected by ballot from the membership of the association, and a director shall cease to be a director when he ceases to be a member. At the first meeting of members of the association, directors shall be elected to serve until the first annual meeting and until their successors are duly elected and qualified. Thereafter directors shall be elected for periods of 3 years and until their successors are elected and qualified, but provision shall be made for the election of approximately one-third of the board of directors each year. In the event of a vacancy, including vacancies created by an increase by vote of the members of the number of directors within the limits hereinabove specified, the board of directors may fill the vacancy, if the members fail so to do, by electing a director to serve until the next annual meeting of the members, at which time a director shall be elected to fill the vacancy for the unexpired term. At its meeting, which shall be held as soon as practicable after the annual meeting of members, the board of directors shall elect a president, one or more vice presidents, a secretary, and a treasurer. It may appoint such additional officers and employees as it may from time to time determine. The offices of secretary and treasurer may be held by the same person, and a vice president may also be either the secretary or the treasurer. The term of office of all officers shall be one year or until their respective successors are elected and qualified; but any officer may be removed at any time by the board of directors. In the absence of designation from time to time of powers and duties by the board of directors, the officers shall have such powers and duties as generally pertain to their respective offices.

6. *Share capital.* The share capital of the association shall consist of the aggregate of payments upon share accounts and dividends credited thereto less redemption and repurchase payments. The participation value in the share capital of each share account held by a member shall be the aggregate of payments upon such share account and dividends credited thereto less redemption and repurchase payments. Share accounts of \$100 or multiples thereof may be known as investment share accounts, consisting of full-paid income shares. All other share accounts shall be known as savings share accounts. Payments upon share accounts shall be called share payments. Outstanding share accounts, if any, created pursuant to a previous charter of the association issued by the Federal Home Loan Bank Board or the Federal Home Loan Bank Administration shall continue to be known and treated as provided in the Federal charter in effect at the time each such share account was created, until exchanged for investment or savings share accounts. Share accounts may be issued for cash, or property in which the association is authorized to invest, and, in the absence of actual fraud in the transaction, the value of property taken in payment therefor, as determined by the board of directors, shall be conclusive. All share accounts shall be nonassessable, and no holder thereof shall be responsible for any losses incurred by the association beyond the loss of the participation value of his share accounts at the time the loss is determined.

7. *Ownership of share accounts.* All share accounts shall be represented by share account books containing a certificate of membership and evidencing the participation value of the share account, except that investment share accounts may be represented by separate membership certificates. Share accounts may be purchased and held absolutely by, or in trust for, any person, including an individual, male, female, adult or minor, single or married, a partnership, association, and corporation. The receipt or acquittance of any member, including a minor person or a married woman, who holds a share account shall be a valid and sufficient release and discharge of the association for any payment to such person on any share account. Two or more persons may hold share accounts jointly in any manner permitted by law. Trustees and other fiduciaries, including, but not limited to, fiduciaries empowered to invest in first mortgages, may invest in share accounts. Share accounts shall be transferable only upon the books of the association and upon proper application by the transferee and the acceptance of the transferee as a member upon terms approved by the board of directors. The association may treat the holder of record of share accounts as the owner for all purposes without being affected by any notice to the contrary unless the associa-

tion has acknowledged in writing notice of a pledge. The association shall not directly or indirectly charge any membership, admission, repurchase, withdrawal, or any other fee or sum of money, for the privilege of becoming, remaining, or ceasing to be a member of the association.

8. *Power to obtain advances.* The association shall have power to obtain advances of not more than an amount equal to one-half of its share capital on the date of the advance. A subsequent reduction of share capital shall not affect in any way outstanding obligations for advances. The association shall not have power to obtain advances from any source other than a Federal home loan bank of more than an amount equal to 10 percent of its share capital on the date of the advance. The association may pledge or otherwise encumber any of its assets to secure its debts. The association shall not accept deposits from the public or issue any evidence of indebtedness except for advances. It shall not represent itself as a deposit institution.

9. *Reserves, undivided profits, and dividends.* As of June 30 and December 31 of each year, after payment or provision for payment of all expenses and appropriate transfers to the reserve required below, and additional transfers to other reserve accounts, and provision for an undivided profits account, the board of directors shall declare as dividends the remainder of the net earnings of the association for the 6 months' period. All dividends shall be declared as of said dividend dates. The board of directors may declare dividends as of said dividend dates payable out of the amounts remaining from previous periods in the undivided profits account. Profits to holders of share accounts shall be termed dividends (except bonus payments) and shall not be referred to as interest. The association shall maintain the reserve required for insurance of accounts by sufficient credits on each dividend date. If and whenever the aggregate reserves of the association (less reserve for bonus) are not equal to 10 percent of the share capital, the association shall, at each dividend date, transfer to reserves (other than reserve for bonus) a credit equivalent to at least 5 percent of the net earnings of the association, until such aggregate reserves are equal to 10 percent of the share capital. Any losses may be charged against reserves. Dividends upon investment share accounts shall be promptly paid in cash as of the dividend date. Dividends on savings share accounts shall be credited to such share accounts on the books of the association as of the dividend date. All holders of share accounts shall participate equally in dividends pro rata to the participation value of their share accounts; provided that the association shall not be required to credit dividends on inactive share accounts of \$5 or less. Except as provided above, dividends shall be declared on the participation value of each share account at the beginning of the dividend period, plus the share payments made during the dividend period (less amounts repurchased and noticed for repurchase and, for dividend purposes, deducted from the latest previous share payments), computed at the dividend rate for the time invested, determined as provided below. The date of investment shall be the date of actual receipt of such share payments by the association, unless the board of directors fix a date, not later than the tenth of the month, for determining the date of investment of payments on either investment or savings share accounts or on both types of share accounts. Share payments, affected by such determination date, received by the association on or before such determination date, shall receive dividends as if invested on the first of such month. Share payments, affected by such determination date, received subsequent to such determination date, shall receive dividends as if invested on the first of the next succeeding month. All holders of share accounts shall be entitled to equal distribution of net assets, pro rata to the value of their share accounts, in the event of voluntary or involuntary liquidation, dissolution, or winding up of the association.

10. *Bonus and bonus reserve.* In order to stimulate systematic thrift and to provide regular funds for the financing of homes, the members, by bylaw provision, may obligate the association to pay a cash bonus as follows:

(a) *Short-term bonus.* If, after the adoption of the bonus plan, a member desiring a short-term bonus shall agree to make regular monthly share payments of any specified amount on a savings share account until the participation value thereof shall equal 100 times the agreed monthly payment, and if the agreed monthly payments shall be made each and every month thereafter until the participation value thereof shall equal 100 times the agreed monthly payment, without a delay of more than 60 days in the payment of any monthly payment and without any prepayment of more than 12 months, and if during such period no application has been made for repurchase of any part of such savings share account, the bonus shall be payable on the date on which the participation value of such savings share account shall equal or exceed 100 times the agreed monthly payment. The bonus rate on such short-term savings share account shall be one-half of 1 percent per annum and the amount of the bonus shall be determined as follows: Divide the dollar amount of each semiannual dividend declared on such savings share account by a figure equal to twice the annual rate of percent of such semiannual dividend declared. The amount of the bonus is the sum of the quotients obtained.

(b) *Long-term bonus.* If, after the adoption of the bonus plan a member desiring a long-term bonus shall agree to make regular monthly share payments of any specified amount on a savings share account until the participation value thereof shall equal 200 times the agreed monthly payment, and if the agreed monthly

payments shall be made each and every month thereafter until the participation value thereof shall equal 200 times the agreed monthly payment, without a delay of more than 60 days in the payment of any monthly payment and without any prepayment of more than 12 months, and if during such period no application has been made for repurchase of any part of such savings share account, the bonus shall be payable on the date on which the participation value of such savings share account shall equal or exceed 200 times the agreed monthly payment. The bonus rate on such long-term savings share account shall be 1 percent per annum and the amount of the bonus shall be determined as follows: Divide the dollar amount of each semiannual dividend declared on such savings share account by a figure equal to the annual rate of percent of such semiannual dividend declared. The amount of the bonus is the sum of the quotients obtained.

The members, by amendment of the bylaws, may abolish the bonus plan as to savings share accounts opened after the date of such repeal of the bonus plan.

Simultaneously with the declaration of each semiannual dividend after the adoption of the bonus plan, the board of directors shall transfer out of net earnings to an account designated "reserve for bonus" an amount, which, together with existing credits to such reserve is sufficient to pay the bonus on all savings share accounts then entitled to participation in such reserve in accordance with the provisions of this section. The board of directors may transfer any excess in such reserve to the undivided profits account.

11. *Redemption.* At any time funds are on hand for the purpose, the association shall have the right to redeem by lot, or otherwise as the board of directors may determine, all or any part of any of its share accounts on a dividend date, by giving 30 days' notice by registered mail addressed to the holders at their last address recorded on the books of the association. The association shall not redeem any of its share accounts when there is an impairment of share capital or when it has applications for repurchase which have been on file more than 30 days and not reached for payment. The redemption price of share accounts redeemed shall be the full value of the share account redeemed, as determined by the board of directors, but in no event shall the redemption price be less than the repurchase value. If a share account which is redeemed is entitled to participate in the reserve for bonus, the amount of such accrued participation shall be paid as part of the redemption price. If the aforesaid notice of redemption shall have been duly given, and if on or before the redemption date the funds necessary for such redemption shall have been set aside so as to be and continue to be available therefor, dividends upon the share accounts called for redemption shall cease to accrue from and after the dividend date specified as the redemption date, and all rights with respect to such share accounts shall forthwith, after such redemption date, terminate, except only the right of the holder of record to receive the redemption price without interest.

12. *Repurchase.* The association shall have the right to repurchase its share accounts at any time upon application therefor and to pay to the holders thereof the repurchase value thereof. Holders of share accounts shall have the right to file with the association their written applications to repurchase their share accounts, in part or in full, at any time. Upon the filing of such written applications to repurchase, the association shall number and file the same in the order received and shall either pay the holder the repurchase value of the share account, in part or in full as requested, or, after 30 days from the receipt of such application to repurchase, apply at least one-third of the receipts of the association from holders of share accounts and borrowers, to the repurchase of such share accounts in numerical order; provided, that if any holder of a share account applies for the repurchase of more than \$1,000 of his share account or accounts, he shall be paid \$1,000 in order when reached, and his application shall be charged with such amount as paid and shall be renumbered and placed at the end of the list of applications to repurchase, and thereafter, upon again being reached, shall be paid a like amount, but not exceeding the value of his account, and until paid in full shall continue to be so paid, renumbered, and replaced at the end of the list. When an application to repurchase is reached for payment as above provided, a written notice shall be sent to the applicant by registered mail at his last address recorded on the books of the association, and, unless the applicant shall apply in person or in writing for such repurchase payment within 30 days from the date of mailing such notice, no payment on account of such application shall be made and such application shall be cancelled. The board of directors shall have the absolute right to repurchase not exceeding \$100 of any one share account or accounts of any one holder in any one month in any order regardless of whether or not such holder has filed an application for repurchase. Holders of share accounts filing written application for repurchase shall remain holders of share accounts until paid and shall not become creditors. Dividends upon a share account, to the extent of the amount of the application to repurchase all or part thereof, shall be discontinued while such share account remains upon the repurchase list. The repurchase value of share accounts of the association shall be the participation value thereof.

13. *Loans and investments.* The association may make loans to holders of share accounts on the sole security of their share accounts. To secure such loans the association shall obtain a lien upon, or a pledge of, the share account. Upon any default on any such loan, the association may, without any notice to or consent

of the share-account holder, cancel on its books share accounts pledged and apply such share accounts in payment on account of the loan. No such loan shall exceed 90 percent of the repurchase value of the share account securing such loan. No such loan shall be made when the association has applications for repurchase which have been on file more than 30 days and not reached for payment.

The association may also lend its funds on the security of first liens upon homes, or combination of homes and business property, within 50 miles of its home office; provided, that not more than \$20,000 shall be loaned on the security of a first lien upon any property; except that not exceeding 15 percent of the assets of the association may be loaned on other improved real estate without regard to said \$20,000 limitation, and without regard to said 50-mile limit, but secured by first lien thereon; and, provided further, that the association may lend, without the requirement of amortization of principal, not exceeding 50 percent of the appraised value of the security of a first lien upon improved real estate, but the aggregate amount of such loans and of all other loans made pursuant to this sentence, without regard to the \$20,000 limitation and without regard to the 50-mile limit, shall not exceed 15 percent of the assets of the association, without the prior written approval of the Federal Home Loan Bank Administration. The association, if converted from a State-chartered institution, may continue to make loans in the territory in which it made loans while operating under State charter. The association shall not make any loans to an officer, director, or employee, except loans on the sole security of share accounts owned by such officer, director, or employee, and except loans on the security of a first lien upon the home or combination of home and business property owned and occupied by such borrowing officer, director, or employee. The association may lend an amount not exceeding 75 percent of the value of the security of a home or combination home and business property, and may lend an amount not exceeding 50 percent of the value of the security of other improved real estate, provided that the association may lend a higher percentage of the value of any such security when authorized by the members of the association and by regulations made by the Federal Home Loan Bank Administration.

The association may invest without limit in obligations of, or obligations guaranteed as to principal and interest by, the United States, in obligations of Federal home loan banks, and in other securities approved by the Federal Home Loan Bank Administration. The association may also invest in stock of a Federal home loan bank.

No loans shall be made upon the security of real estate until at least two qualified persons selected by the board of directors shall have submitted a signed appraisal of the real-estate security for such loan. No loan shall be made when the borrower is required to pay to the association or to another person in connection with the loan any unreasonable or unlawful charge or fee. The association shall ascertain the total amount paid by each borrower to it and to any other person in connection with the loan, and furnish to each borrower upon the closing of the loan a loan settlement statement, indicating in detail the charges or fees such borrower has paid or obligated himself to pay to the association or to any other person in connection with such loan, and a copy of such statement shall be retained in the records of the association.

14. *Loan plan.* Loans on real estate shall be made on one of the following bases:

(a) Repayable in monthly installments, equal or unequal, beginning not later than 30 days after the date of the advance of the loan, sufficient to retire the debt, interest and principal, within 20 years; provided, however, that the loan contract shall not provide for any subsequent monthly installment of an amount larger than any previous monthly installment; and provided further, that in the case of construction loans the first payment shall not be later than 4 months after the date of the first advance.

(b) To the extent permitted by this charter, repayable within 5 years from date with or without any amortization of principal but with interest payable at least semiannually.

The monthly payments required shall be applied first to interest on the unpaid balance of the debt and the remainder to the reduction of the debt until the same is paid in full. The primary obligation shall be secured by a mortgage or other instrument constituting a first lien or the full equivalent thereof upon the real estate securing the loan according to any lawful and well recognized practice which is deemed best suited to the transaction. In keeping with the best loan practices in the territory, the instrument securing a loan on real estate shall provide for full protection to the association and shall be recorded. It shall provide specifically for full protection with respect to insurance, taxes, assessments, other governmental levies, maintenance, and repairs. It may provide for an assignment of rents and for such other protection as may be lawful or appropriate. The association may pay taxes, assessments, insurance premiums, and other similar charges for the protection of its interest in the property on which it has loans. All such payments may, when lawful, be added to the unpaid balance of the loan. The association may require life insurance to be assigned to the association by its borrowers as additional collateral for real-estate loans. The association may advance premiums on any life insurance held as additional collateral for real-estate loans if the association has a first lien on the policy. Such

premium advances may, when lawful, be added to the unpaid balance of the loan. The association may require that the equivalent of one-twelfth of the estimated annual taxes, assessments, insurance premiums, and other charges upon real-estate security, or any of them, be paid in advance to the association in addition to interest and principal payments on its loans so as to enable the association to pay such charges as they become due from the funds so received. The association shall keep a record of the status of taxes, assessments, insurance premiums, and other charges on all real estate on which the association has made loans or which is owned by the association. The board of directors shall from time to time determine the rate of interest, premiums, fees, and other charges to be made in connection with loans by the association. In fixing such charges full consideration shall be given to sound and economical home financing in the territory in which the association operates. Borrowers shall have the right to prepay their loans without penalty; except that when the amount prepaid equals or exceeds 20 percent of the original principal amount of the loan, not more than 90 days' interest on the amount prepaid may be charged, provided the loan contract makes provision for such penalty. All loans on the security of real estate shall be made in accordance with this section unless the Federal Home Loan Bank Administration approves another loan plan upon application from the association for such approval.

15. *Evidence of corporate existence.* This charter, or a certified copy hereof under the seal of the Federal Home Loan Bank Administration, shall be evidence of the corporate existence of the association.

16. *Amendment of charter.* No amendment, addition, alteration, change, or repeal of this charter shall be made unless such proposal is made by the board of directors of the association, and submitted to and approved by the Federal Home Loan Bank Administration, and is thereafter submitted to and approved by the members at a legal meeting. Any amendment, addition, alteration, change, or repeal so acted upon and approved shall be effective, if filed with and approved by the Federal Home Loan Bank Administration, as of the date of the final approval by the members.

I, \_\_\_\_\_, Secretary of the Federal Home Loan Bank Administration, do hereby certify that the foregoing is a true and correct copy of the charter of the \_\_\_\_\_ Federal Savings and Loan Association \_\_\_\_\_ issued by the Federal Home Loan Bank Administration on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

This, the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

[SEAL]

Secretary

Each such charter shall create the legal rights and duties intended by the parties; and after each such charter is issued, the Federal association shall be operated within the limits prescribed by section 5 of the Home Owners' Loan Act of 1933, and shall be subject to the provisions of its charter, its bylaws, and these rules and regulations, and any amendments thereof. Federal associations heretofore chartered (provided no preferred shares are outstanding) may amend their charter as an entirety by a majority vote cast at a regular or special meeting of members adopting a Charter K with the same name and office prescribed by their present charter and upon filing the following petition (hereinafter referred to as a "Petition for Amended Charter K"):

#### PETITION FOR AMENDED CHARTER K

FEDERAL HOME LOAN BANK ADMINISTRATION

Washington, D. C.

The undersigned, pursuant to section 202.9 of the Rules and Regulations for Federal Savings and Loan Associations, respectfully petitions the Administration to issue an amended charter in the form of Charter K to the undersigned, fixing the name and home office of the undersigned which its present charter prescribes.

The undersigned, by its secretary, hereby certifies that the members at a regular (special) meeting duly adopted the following resolution:

"Be It Resolved, That the present charter of this association be amended to read in the form of Charter K, prescribing the present name and home office fixed by the present charter of this association."

In witness whereof, the Secretary of the undersigned has hereunto affixed his hand and the seal of the undersigned this ..... day of ....., 19 ...

..... FEDERAL SAVINGS AND LOAN ASSOCIATION  
By .....

[CORPORATE SEAL]

The Administration will issue to any such Federal association a Charter K fixing the name and the home office of the association which the present charter prescribes, unless the Administration when petitioned approves a change of name or location.

(b) *Bylaws (1936) prescribed.* Each Federal association having a Charter K shall operate under the following bylaws (hereinafter referred to as "Bylaws (1936)") unless and until other bylaws have been adopted by the association and have been approved by the Administration:

BYLAWS (1936)

..... FEDERAL SAVINGS AND LOAN ASSOCIATION.....

1. *Annual meetings of members.* The annual meeting of the members of the association for the election of directors and for the transaction of any other business of the association shall be held at its home office at 2 o'clock in the afternoon on the third Wednesday in January of each year, if not a legal holiday, or if a legal holiday then on the next succeeding day not a legal holiday. The annual meeting may be held at such other time on such day or at such other place in the same community as the board of directors may determine. At each annual meeting, the officers shall make a full report of the financial condition of the association and of its progress for the preceding year, and shall outline a program for the succeeding year.

2. *Special meetings of members.* Special meetings of the members of the association may be called at any time by the president or the board of directors, and shall be called by the president, a vice president, or the secretary upon the written request of members holding of record in the aggregate at least one-tenth of the share capital of the association. Such written request shall state the purposes of the meeting and shall be delivered at the home office of the association addressed to the president.

3. *Notice of meetings of members.* (a) Notice of each annual meeting shall be either published once a week for the two successive calendar weeks (in each instance on any day of the week) prior to the date on which such annual meeting shall convene, in a newspaper printed in the English language and of general circulation in the city or county in which the home office of the association is located, or mailed postage prepaid at least 15 days and not more than 30 days prior to the date on which such annual meeting shall convene to each of its members of record at his last address appearing on the books of the association. Such notice shall state the name of the association, the place of the annual meeting and the time when it shall convene. A similar notice shall be posted in a conspicuous place in each of the offices of the association during the 14 days immediately preceding the date on which such annual meeting shall convene. If any member, in person or by attorney thereunto authorized, shall waive in writing notice of any annual meeting of members, notice thereof need not be given to such member.

(b) Notice of each special meeting shall be either published once a week for the two consecutive calendar weeks (in each instance on any day of the week) prior to the date on which such special meeting shall convene, in a newspaper printed in the English language and of general circulation in the city or county in which the home office of the association is located, or mailed postage prepaid at least 15 days and not more than 30 days prior to the date on which such special meeting shall convene to each of its members of record at his last address appearing on the books of the association. Such notice shall state the name of the association, the purpose or purposes for which the meeting is called, the place of the special meeting and the time when it shall convene. A similar notice shall be posted in a conspicuous place in each of the offices of the association during the 14 days immediately preceding the date on which such special meeting shall convene. If any member, in person or by attorney thereunto authorized, shall waive in writing notice of any special meeting of members, notice thereof need not be given to such member.

4. *Meetings of the board of directors.* The board of directors shall meet regularly without notice at the home office of the association at least once each month at the hour and date fixed by resolution of the board of directors, provided that the place of meeting may be changed by the directors. Special meetings of the board of directors may be held at any place in the territory in which the association may make loans specified in a notice of such meeting and shall be called by the secretary upon the written request of the president, or of three directors. All special meetings shall be held upon at least 3 days' written notice to each director unless notice be waived in writing before or after such meeting. Such notice shall state the place, time, and purposes of such meeting. A majority of the directors shall

constitute a quorum for the transaction of business. The act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors. All meetings of the members and of the board of directors shall be conducted in accordance with Roberts' Rules of Order.

5. *Resignation of directors.* Any director may resign at any time by sending a written notice of such resignation to the office of the association delivered to the secretary. Unless otherwise specified therein, such resignation shall take effect upon receipt thereof by the secretary. More than three consecutive absences from regular meetings of the board of directors, unless excused by resolution of the board of directors, shall automatically constitute a resignation, effective when such resignation is accepted by the board of directors.

6. *Powers of the board.* The board of directors shall have power--

(a) To appoint and remove by resolution the members of an executive committee, the members of which shall be directors, which committee shall have and exercise the powers of the board of directors between the meetings of the board of directors;

(b) To appoint and remove by resolution the members of such other committees as may be deemed necessary and prescribe the duties thereof;

(c) To fix the compensation of directors, officers, and employees; and to remove any officer or employee at any time with or without cause;

(d) To extend leniency and indulgence to borrowing members who are in distress and generally to compromise and settle any debts and claims;

(e) To limit share payments which may be accepted;

(f) To reject any application for share accounts or membership; and

(g) To exercise any and all of the powers of the association not expressly reserved by the charter to the members.

7. *Execution of instruments, generally.* All documents and instruments or writings of any nature shall be signed, executed, verified, acknowledged, and delivered by such officers, agents, or employees of the association or any one of them and in such manner as from time to time may be determined by resolution of the board of directors. All notes, drafts, acceptances, checks, endorsements, and all evidences of indebtedness of the association whatsoever shall be signed by such officer or officers or such agent or agents of the association and in such manner as the board of directors may from time to time determine. Endorsements for deposit to the credit of the association in any of its duly authorized depositories shall be made in such manner as the board of directors may from time to time determine. Proxies to vote with respect to shares or accounts of other associations or stock of other corporations owned by or standing in the name of the association may be executed and delivered from time to time on behalf of the association by the president or a vice president and the secretary or an assistant secretary of the association or by any other person or persons therunto authorized by the board of directors.

8. *Membership certificates.* One of the officers or an employee designated by the board of directors shall manually sign and deliver a membership certificate to each person upon the initial payment on a share account of the association or upon the making of a real-estate loan by the association.

9. *Seal.* The seal shall be two concentric circles between which shall be the name of the association. The year of incorporation, the word "incorporated", or an emblem may appear in the center.

10. *Amendment.* These bylaws may be amended at any time by a two-thirds affirmative vote of the board of directors, or by a vote of the members of the association. Each and every amendment shall be subject to the approval of the Federal Home Loan Bank Administration, and shall be ineffective until such approval shall be given, except that, without the approval of the Federal Home Loan Bank Administration, section 1 of the bylaws may be amended so that the time of day for convening the annual meeting may be fixed at any hour not earlier than 10 a. m. or later than 9 p. m., and a new section providing for a bonus may be added as provided in the rules and regulations for Federal savings and loan associations.

We, the undersigned officers, respectively, of the ..... Federal Savings and Loan Association ....., do hereby certify that the foregoing is a true and correct copy of the bylaws of said association.

.....  
(President)

[SEAL]

.....  
(Secretary)

(c) *Availability and delivery of charter and bylaws to members.* Each Federal association shall cause a certified copy of its charter and bylaws to be made available to members at all times in each office of the association, and shall deliver to each member upon admission to membership a true copy of its charter and bylaws as amended. A copy of each subsequent amendment, if directed by the Administration, shall be furnished to all members.

AMENDMENT TO THE 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. Adopted March 30, 1942; effective March 31, 1942.

On January 5, an amendment to the Rules and Regulations for the Federal Savings and Loan System was proposed, which 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. No hearing on this proposal having been requested, the amendment has now been formally adopted by adding the following subsection (f) to Section 202.29:

(f) The Federal Home Loan Bank Administration 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 became effective with its publication in the *Federal Register* on March 31, 1942.

## War-time Building Standards Adopted in Chicago

For the duration and 6 months thereafter Chicago builders will operate, in specifically designated areas, under the Minimum Construction Requirements of the FHA as a result of recent action taken by the City Council.

Because of the high building costs in that city, the \$6,000-limit placed on new housing units threatened a complete blackout of acceptable construction. The adoption of simplified building standards is a long step toward relieving this situation.

In addition to permitting the construction, in certain areas, of single-family dwellings where they were previously prohibited, it is estimated that by operation under this war-time amendment to the building code 10 percent or more in direct savings will be immediately attainable. Even more important at this time, of course, is the saving to be achieved in critical building materials.

The following changes are among the major alterations in requirements. The specified height of ceilings is reduced, mandatory electric outlet in each clothes closet is abolished, elimination and simplification of gutters and connections to sewers is provided where natural drainage is adequate, and various other material and labor-saving practices are permitted. Wood is substituted for metals or masonry in certain installations of gutters, spouts, lintels, and dormers; and steel is eliminated in joist anchors.

Following the emergency revision of the San Diego code, the action taken by Chicago may stimulate other cities to adjust their requirements.

## Pledged Shares

(Continued from p. 231)

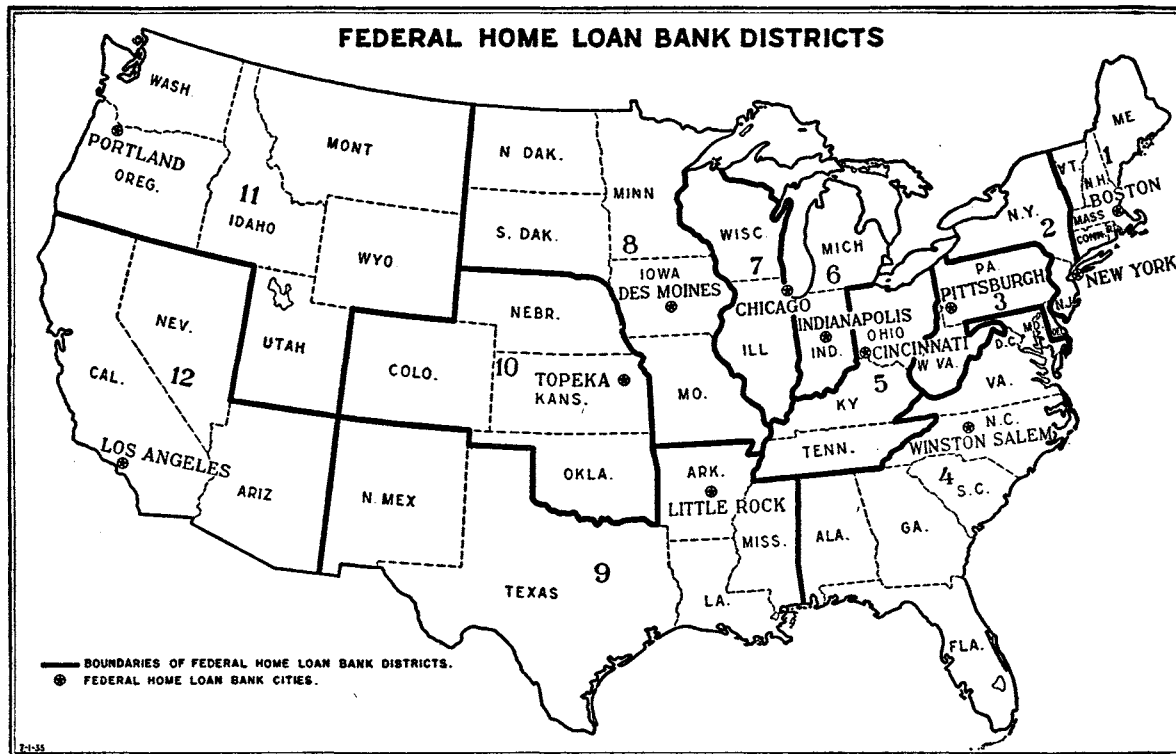
Deduction of pledged shares from the reported total assets makes it possible to arrive at new estimates of "net" assets held by all operating savings and loan associations. The adjustment shows that this net figure for these institutions reached a depression low of \$5,165,000,000 in 1936 and has been on the increase ever since. Unadjusted total assets, on the other hand, continued to decline through 1939 and exhibited the first recovery increase in 1940.<sup>1</sup> The table below shows the trends during this period of total assets, pledged shares, adjusted assets, and mortgage balances outstanding after deduction of pledged shares.

<sup>1</sup>"Total Savings and Loan Assets Rise for the First Time in Ten Years," FEDERAL HOME LOAN BANK REVIEW, December 1941, p. 74.

### Selected balance sheet items of all operating savings and loan associations

[Millions of dollars]

Year	Total assets	Pledged shares	Adjusted assets	Mortgages outstanding (less pledged shares)
1930-----	\$8, 829	\$1, 358	\$7, 471	\$6, 402
1931-----	8, 417	1, 324	7, 093	5, 890
1932-----	7, 737	1, 259	6, 478	5, 148
1933-----	7, 018	1, 122	5, 896	4, 437
1934-----	6, 406	883	5, 523	3, 710
1935-----	5, 875	655	5, 520	3, 293
1936-----	5, 688	523	5, 165	3, 237
1937-----	5, 600	422	5, 178	3, 420
1938-----	5, 543	353	5, 190	3, 555
1939-----	5, 524	320	5, 204	3, 758
1940-----	5, 682	290	5, 392	4, 099



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