★ FEDERAL HOME LOAN BANK

REVIEW

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Probably the most pressing problem of today for financial institutions is the challenge of tomorrow. Conservative, since they are trustees for other people's money, and having much at stake in the form of prewar investments, they must be especially alert to the needs of rapidly changing social conditions. Safety will not be achieved simply by holding fast to the anchors of yesterday but by adjusting the financial processes to the needs of the new day.

W. H. Husband

General Manager,
Federal Savings and Loan
Insurance Corporation

FEDERAL HOME LOAN BANK

REVIEW

Vol. 12 No. 2

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APPROVED BY THE BUREAU OF THE BUDGET

SHOULD COMMISSIONS BE PAID TO SECURE MORTGAGE LOANS?

This article is the counterpart of one by the same author in the August REVIEW on the payment of commissions to secure new savings. Following a critical evaluation of brokerage services in obtaining new loans, some specific recommendations for curbing this practice are outlined.

By RALPH H. RICHARDS, *President*
Federal Home Loan Bank of Pittsburgh

■ THIS discussion might be considered a sequel to a former article published in the August issue of the FEDERAL HOME LOAN BANK REVIEW on the subject, "Should Commissions Be Paid To Secure Savings Accounts?" That discussion took a stand in opposition to the payment of commissions for obtaining savings, under any circumstances.

This article will deal with commissions paid to obtain mortgage loans, which practice is quite prevalent in many cities of the country. The extent to which this practice is followed varies with the degree of the intensity of competition for mortgage loans both within the savings and loan industry and other lending agencies. Payment of commissions to brokers for obtaining mortgage loans should not be confused with the purchase of mortgages which have already been originated and for which a premium is paid. It appears that the two situations, obtaining share capital and mortgage loans on a commission paying basis, are not exactly comparable and for that reason this discussion will concede that in exceptional cases there may be some justification for the payment of commissions to obtain the highest grade mortgage risks. To be more specific, the payment of commissions for obtaining mortgage loans is never justified as long as savings and loan associations are competing strictly among themselves, but there may be some justification if other mortgage lenders insist upon paying commissions for mortgage business.

Share capital is not always a local problem, since savings money is apt to be somewhat mobile and will be attracted from other parts of the country, with or without commissions, where the rate of return is higher than that obtainable in the investor's immediate neighborhood. With few exceptions, funds loaned on the security of home mortgages are likely to be largely disbursed in the immediate territory where the association is operating, which means that mortgage lending is a local problem. Therefore, the supply of mortgages, the prevailing rates of interest, and the incentive to pay commissions are dictated by conditions peculiar to different localities throughout the United States. It goes without saying that the commission incentive is present only in times of an abundant supply of funds seeking investment against a rather limited supply of mortgages. This condition has been and still is present to such a degree that it has given rise to the widespread employment of the commission-paying practice. It would be inconceivable to contemplate the payment of commissions for mortgages when the situation is reversed.

Competitive Results

Our competitors outside the savings and loan business, like ourselves, have much money awaiting investment in sound mortgages on homes. For the most part, mortgage business today is created by the sale of existing real estate. Since the war brought about a virtual cessation of new home construction, there has been only so much real estate to be sold, hence only so much mortgage business to be originated. Thus, it is but natural that all active lenders will vie for the lessened volume of desirable mortgages that are created by the sale of existing properties. If our competitors outside the savings and loan business originate the practice of paying bonuses or commissions to brokers for mortgage business, are we not placed in the competitive position of having to do likewise? Therefore, as against the outside competitor, associations in many localities are compelled to deal with the source of supply if they wish to obtain any volume of the high grade home loans that today command a premium in brokerage circles. In other words, the situation is different where associations are competing among themselves exclusively, as compared to localities where there is keen competition from other lending agencies outside the savings and loan business. Certainly, there exists a limited supply of very high grade home mortgage loans sought by outside lenders for which savings and loan management might consider paying a commission. If this type of outside competition is not met, it follows that our associations will obtain only inferior loans, the superior ones going to other institutions willing to pay commissions. In a situation such as this, payment of a commission is probably justified where the application is for a low percentage top-grade risk. Just where this line of distinction is to be drawn must, of course, be determined upon existing conditions which are peculiar to each locality.

Non-Creative

On the other hand, the payment of commissions for mortgage loans does not by any stretch of the imagination result in the creation of *new* business. The same number of houses are available, hence the same number of potential mortgages. Some may reason, however, that sales are greater in times like these and anything which stimulates sales does result in the creation of new business. This may be true, but it has already been pointed out that such activities result in higher prices and other accompanying evils. Thus, it must be concluded that commission paying itself is not a creator of new business for our industry. It merely serves to shift mortgages from institutions not paying commissions to those which are willing to make such payments for mortgage loans.

". . . Associations today may quite properly compete for mortgage business on the selling points of lower interest rates and added services to the borrower. However, I consider the payment of commissions in an entirely different category and believe it will only lead to bitter competition, resulting in strife within the industry. Commissions are all right so long as but one or two associations are following the practice. However, when other associations find their mortgage volume drying up, what is more natural than that they too will follow suit, with the result that we end up finding almost every association out competing for mortgage loans purely on the basis of a commission rather than on the particular advantages of the association's service to the borrower? This is only the beginning, for as soon as other associations catch up with the leaders, then the most natural thing is for either the leaders or the followers to steal a march on the other associations and increase the commission paid to brokers. Thus you create a vicious circle that results only in more bitter, if not destructive, competition. The final result is a lot of black eyes with the shifting of some mortgage loans, but no over-all increase in the portfolios of our institutions, to say nothing of the expenditure involved. The only person to profit is the mortgage broker." [1]

Sales Prices

In many localities the control of mortgages is pretty largely in the hands of real estate brokers because loans today are for the most part created through sales. The selling agent, therefore, is in a good position to steer mortgage financing into channels of his own choice. Oft-times the borrower does not approach the lending institution directly, but arrangements are carried on for him by the real estate broker. This is a very unfortunate circumstance and one which, for the ultimate good of the public and of the savings and loan industry, should be corrected. However, that is a subject unto itself.

At any rate, it can be fairly said that extreme competition accompanied by the payment of commissions, usually leads to an over-liberal lending policy. Again, it certainly cannot be denied that a too-liberal lending policy on the part of any substantial number of lending institutions in a community is eventually bound to affect the selling price of existing properties. This means, then, that the commission evil is apt to exert a vital influence upon the price of homes. Recently there have been instances where financial institutions as a group have become more conservative in their practices. As a result, the upward swing of selling prices in their areas has been considerably checked. If commissions do result in higher prices, there is bound to be an increase in competition which certainly, sooner or later, must result in not only higher prices but in inferior loans and much ill-feeling between competitors.

An Expensive Practice

On the score of expense, it is perhaps axiomatic to say that acquiring mortgage loans on a commission-to-broker basis is costly. If an association feels obliged to get mortgage loans in this manner, the commissions paid are just as much a part of its operating expense as the salary which might be paid to a public relations and business-getting executive or employee. There are known to be cases where ou

[1] From address by Ralph H. Richards, Tenth Annual Stockholders' Meetir of the Federal Home Loan Bank of Pittsburgh at Philadelphia, Pennsylvani March 11, 1944.

institutions have spent as much as 10 percent of their total gross operating income for mortgage loan commissions in an active lending year. This throws quite a different light on the generally accepted concepts of normal savings and loan operation when the payment of commissions for new mortgage business reaches such proportions.

Also, a factor frequently overlooked is that the income from a mortgage investment acquired at the cost of a brokerage commission is considerably less than the contractual interest rate should produce in the first year. Take, for example, a $5,000 direct-reduction loan carrying a 5-percent interest rate with monthly payments of $50 acquired by payment of a 2-percent, or $100, commission. The income yield on the average of this investment for the first year is but 2.94 percent if we apply the commission cost against interest income.

While it may be argued that over the life of the loan, the cost of commission against all interest income derived from the investment is negligible, yet it must be reasoned that any substantial payment of commissions in a given year does have a marked effect upon earning power for that particular period. Moreover, a loan acquired by payment of a commission carries no assurance that it will stay in the association's portfolio, and in these days of rapid property turnover, it is quite likely that many investments acquired at the cost of a commission and repaid prematurely may prove very expensive to the lender from a net earning viewpoint.

Self-Control

As indicated before, the intensity of competition and, therefore, the practice of paying commissions varies in different sections. There are parts of the country where the evil does not exist and other sections where the problem has been met and corrected by agreement, in a cooperative way, among the lending institutions of those localities. In some places, associations, for their own protection and mutual welfare, have banded together in a move to control the commission business within the industry. Some worthwhile benefits have been derived from such endeavors as, for example, all associations in a city agreeing among themselves not to pay commissions for any loans. In other cases, associations have agreed among themselves not to pay commissions for certain types of mortgages or to pay only a certain rate for especially desirable mortgage business. These actions, of course, are in themselves a recognition of evil in the commission practice, and an endeavor to control something which is an undesirable and harmful influence.

At the same time, any program to control or abolish abuses cannot hope to succeed unless all associations in a given community or area unselfishly work together for the common good. A few holdouts in a movement of this kind must necessarily destroy the effectiveness of the control. If the savings and loan associations in any given community are able to agree among themselves that commissions should not be paid for obtaining mortgage loans, it would appear that a second step should be attempted; that is, an organized effort should be made to come to an understanding with our competitors looking toward abolishing such payments by all lenders. If only bad effects accrue from the practice, it certainly must be concluded that the payment of commissions is no more desirable to our competitors than it is to our own business.

Future Prospects

It may be that as new home construction resumes and lenders generally find more outlets for mortgage money, the commission evil will disappear. For the good of the savings and loan industry and the home financing business, let us hope this change soon takes place. In the meantime, however, savings and loan management might do well to survey the harmful effects on the morale and dignity of our business which a period of widespread scrambling and bidding for mortgage business within the industry has caused. Many associations have placed a large volume of mortgages on their books at the price of commissions higher than a neighboring institution would or could afford to pay. From a long-range viewpoint, has the advantage momentarily gained been worth the cost?

Whether an association be Federally or State-chartered, it can adopt flexible lending plans in a manner which will permit it to compete for any type of loan. It seems but good financial common sense for the management of every association to strive for the highest grade loans, as well as some bearing a higher degree of risk compensated for by a higher rate of interest. It would seem far better policy from every point of view for our institutions to make their lending plans so attractive that it will not be necessary to pay commissions in order to obtain a high grade mortgage portfolio.

In addition to offering an attractive rate of interest there are many other features which can be

(Continued on p. 59)

FULL EMPLOYMENT BRINGS RECORD GAIN IN SAVINGS OF INDIVIDUALS

Estimates of selected forms of individual savings indicate a marked gain in 1944 as war and civilian employment absorbed substantially all of our expanded labor force. Preliminary estimates show that this upward movement in savings continued in the first half of 1945. However, the impact of reconversion is expected to have significant effects on savings trends.

■ WAR and civilian activities absorbed substantially all of the labor force in 1944, including supplemental, duration workers. Increased basic wage rates, overtime and shift premiums raised individual earnings. With more money being paid to more workers and corporate dividends running high, income payments to individuals reached an all-time record last year. Limited spending opportunities, price control and a concerted appeal for thrift as an anti-inflationary measure channeled an unprecedented volume of this income into various forms of savings. At the end of the year total savings in selected forms, i. e. investments in savings and loan associations, reserves on life insurance policies, time deposits in insured commercial banks as evidenced by passbooks, accounts in mutual savings banks, postal savings and the redemption value of U. S. savings bonds (series A through E and 2½ percent postal savings bonds) amounted to $107,042,000,000 according to estimates by the Division of Operating Statistics of the Federal Home Loan Bank Administration. This was the first time that these savings exceeded the one hundred billion dollar mark.

The high volume of savings reported as of last December 31 resulted from a $20,000,000,000, or 23-percent, gain over the previous year-end. Thus, 45 percent of the entire wartime (1942 through 1944) rise of $45,000,000,000 developed in 1944 alone.

Percentage distribution of changes in long-term savings of individuals, 1939–1944

	1939	1940	1941	1942	1943	1944
Life insurance companies	50.0	47.7	54.0	24.5	10.5	14.1
Commercial banks	14.0	12.8	4.5	7.2	18.7	24.0
Mutual savings banks	8.1	4.0	−2.9	1.5	6.9	8.0
Savings and loan associations	1.9	6.2	7.9	2.8	3.7	4.0
U. S. savings bonds	25.2	28.6	35.4	63.7	57.5	47.4
Postal savings	0.9	0.8	1.1	0.3	2.7	2.5
2½ percent postal savings bonds	−0.1	−0.1	(1)	(1)	(1)	(1)
Total	100.0	100.0	100.0	100.0	100.0	100.0

[1] Less than 0.05 percent.

With the same general economic conditions carrying over into the opening months of the current year, indications are that during the first six months of 1945 savings continued to expand at a rapid rate even though it was lower than last year. Preliminary estimates place the aggregate as of June 30 at about $113,000,000,000. This being the nearest possible approximation of the end of hostilities, total wartime expansion was about $51,000,000,000, or 83 percent.

As yet, data on trends since June are not available. However, recent estimates of wage and salary income in the postwar period, prepared by the Bureau of Labor Statistics,[1] contain information which may be indicative of future developments:

". . . In 1944 these payments reached their highest annual level of 98 billion dollars. Several of the forces that contributed to the wartime rise, however, can be expected to reverse themselves, now that the war is over, and will tend to reduce the volume of wage-salary income. Thus, by 1947, unless counterbalanced by other changes, the reduction of the workweek, the loss of shift premiums in the leading war industries, and the transfer of workers from war production to lower-paid civilian production may be expected to reduce wage-salary income by 16.7 billion dollars. This reduction, however, may be partially offset by increased employment following demobilization of the armed forces . . ."

From this, it is apparent that until the process of reconversion is completed, the principal factor which controls the volume of new savings, that is, wage and salary payments, may sink considerably below the wartime rate. Furthermore, many lines of civilian products in curtailed supply or completely off the market during the war will again be competing for the income dollar. Therefore, it would seem that some abatement, if not a temporary reversal, in savings trends is to be expected for 1945 and 1946.

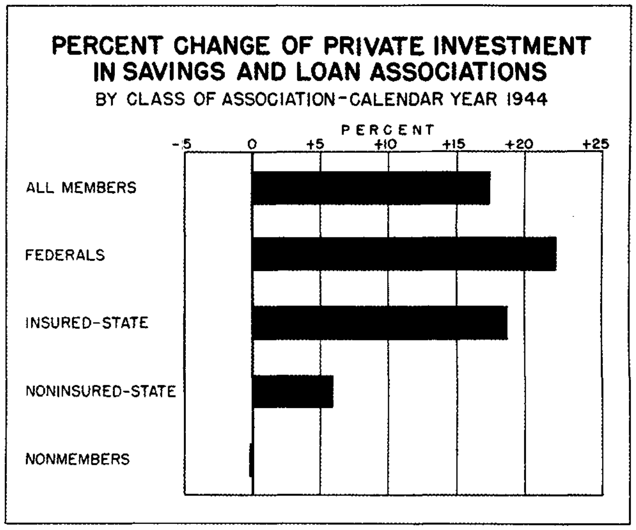
[1] "Income From Wages and Salaries in the Postwar Period," by Robert J. Myers and N. Arnold Tolles, *Monthly Labor Review*, September 1945.

Analysis of 1944 Gain

How did the various forms of savings contribute to the $20,000,000,000 rise estimated for 1944? In general, there was a continued accentuation in the flow of new savings into the more liquid forms. As in the two preceding years, the bulk of the year's increase was concentrated in U. S. Government savings bonds, which were responsible for slightly less than half of the increment. Insured commercial banks, following the pattern set in 1943, had the second largest dollar gain, the expansion in their time deposits accounting for nearly one-fourth of the combined increase for all selected types, and life insurance companies had the third largest share of the rise, 14 percent.

Mutual savings banks, operating in 17 states, accounted for 8 percent of the 1944 increase. Savings and loan associations were responsible for 4 percent, and postal savings showed a gain equivalent to 2.5 percent of the combined increase. Three of the selected forms of savings—time deposits in insured commercial banks, investments in savings and loan associations and accounts in mutual savings banks—claimed larger proportions of the 1944 gain in savings than they did during the preceding year.

A comparison of the relative contribution that each medium of savings has made to the aggregate 1944 growth with the proportion to total that each type represented as of the beginning of that year, will give some indication of the effect of our wartime economy upon the general structure of individual long-term savings. For instance, U. S. savings bonds (series A through E) which on January 1, 1944, represented slightly less than 23 percent of total savings, accounted for almost one-half of the gain which occurred during the succeeding 12 months. Time deposits in insured commercial banks likewise showed an abnormal volume of growth by this standard. Representing one-fifth of the total figure at the beginning of the year, these accounts claimed almost one-fourth of the total 1944 increment. Postal savings was the only other category in which this condition occurred. Representing about 2.1 percent of total savings at the first of last year, these accounts were responsible for about 2.5 percent of the year's growth. In the remaining groups, the proportionate contribution to the year's gain was below their relative proportions to total savings at the beginning of the year. Life insurance, which represented almost 36 percent of individual savings on January 1, 1944, contributed slightly more than 14 percent of the growth during that year, while savings and loan associations, which started the year with 6.3 percent of total savings, were responsible for 4.0 percent of the expansion, and mutual savings banks showed ratios of 13.5 and 8.0 percent, respectively.



Analysis of Wartime Growth

An examination of savings during the war (1942 through 1944) discloses trends generally similar to those noticed in the single year 1944. That this is true is some indication of the magnitude of changes in the structure of savings over the past three years.

The foregoing table furnishes the basis for a comparison of the three war years with the three years immediately preceding the war. In following this, it should be borne in mind that the total volume of new savings each year has exceeded the volume of the preceding year. Since 1941, the rate of annual gain has expanded sharply, the $20,000,000,000 gain in 1944 being about six and three-quarters times as great as the gain in 1939.

In general, it can be seen that as the volume of new savings has mounted, a greater proportion of each year's increment has been diverted into the more liquid channels. U. S. savings bonds, showing the most spectacular rise, had moved into first place by 1942, their 64 percent of the total gain in that year edging out life insurance which then had the second largest rise. By the next year, there was a recession in the proportion of savings flowing into U. S. bonds and this continued into 1944. More significant, though, has been the growing volume of funds pouring into time deposits in commercial banks. By 1943, this was sufficient to rank second largest in the annual gain in savings, moving life insurance back into third position, and during 1944, substantially the same relationships have been maintained.

In the two years preceding our entry into the war, the proportionate flow of new savings into savings and loan associations showed a distinct rise, gaining from 1.9 percent in 1939 to 7.9 percent in 1941. During the first war year it fell off proportionately to 2.8 percent but in the two succeeding years gained steadily to reach 4.0 percent by 1944.

The pattern of change in deposits in the mutual savings banks probably reflects in part the retarded improvement of economic conditions in the Northeastern States, where the bulk of these institutions are located. Over a 24-year period, deposits in these institutions have shown an extraordinary measure of stability, indicating only a comparatively slight decline during the past depression. However, their upward movement was again interrupted in 1941 when deposits showed a small drop. During the three following years they have accounted for a steadily increasing proportion of annual savings growth, increasing from 1.5 percent in 1942 to 8.1 percent in 1944.

An Interpretation of Causes

An interpretation of trends, particularly during the war years, must take into account the principal characteristics of each of the various selected forms of savings. It has been observed that during the three war years there has been an accentuation in the flow of new funds into such liquid forms as U. S. savings bonds and time deposits in insured commercial banks. This is probably the effect of institutional characteristics as well as a somewhat fixed pattern of savings habits. To some degree it is also the expression of a preference for liquidity, understandable in view of the uncertain duration of war employment.

Prior to the war the bulk of new savings tended to flow into life insurance companies. The growth of insurance, uninterrupted even during the depression of the thirties, has led to the conclusion that this is,

Estimated savings of individuals in selected media, 1920–1944

[Millions of dollars]

December 31	Savings and loan associations [1]	Life insurance companies [2]	Mutual savings banks [3]	Insured commercial banks [4]	Postal savings [5]	2½% postal savings bonds [6]	War savings securities and U. S. savings bonds [7]	Total	Net increase during year
1920	$1,741	$5,814	$4,806	$6,532	$166	$5	$761	$19,825	----------
1921	1,965	6,175	5,541	7,457	148	4	652	21,942	$2,117
1922	2,210	6,625	5,985	8,156	135	3	730	23,844	1,902
1923	2,626	7,349	6,484	9,271	135	3	373	26,241	2,397
1924	3,153	8,048	6,912	10,282	137	2	411	28,945	2,704
1925	3,811	8,927	7,349	12,205	138	2	376	32,808	3,863
1926	4,378	9,939	7,799	14,288	143	3	356	36,906	4,098
1927	5,027	11,049	8,352	15,253	153	3	245	40,082	3,176
1928	5,762	12,213	8,731	15,304	158	5	95	42,268	2,186
1929	6,237	13,238	8,797	15,032	169	7	----------	43,480	1,212
1930	6,296	14,096	9,384	14,286	250	8	----------	44,320	840
1931	5,916	14,679	9,939	12,096	613	14	----------	43,257	−1,063
1932	5,326	14,858	9,890	9,341	915	30	----------	40,360	−2,897
1933	4,700	15,011	9,506	8,729	1,229	54	----------	39,229	−1,131
1934	4,358	16,052	9,670	9,709	1,232	73	----------	41,094	1,865
1935	4,104	17,542	9,829	10,575	1,229	104	153	43,536	2,442
1936	3,926	19,133	10,013	11,491	1,291	99	475	46,428	2,892
1937	4,011	20,510	10,126	12,100	1,303	95	964	49,109	2,681
1938	4,035	21,858	10,235	12,196	1,286	92	1,442	51,144	2,035
1939	4,092	23,381	10,481	12,622	1,315	90	2,209	54,190	3,046
1940	4,304	25,025	10,618	13,062	1,342	87	3,195	57,633	3,443
1941	4,652	27,393	10,490	13,261	1,392	85	4,750	r 62,023	4,390
1942	4,910	29,610	10,621	13,916	1,417	84	10,526	r 71,084	9,061
1943	5,494	31,256	11,707	16,864	1,837	83	19,574	r 86,815	15,731
1944	6,305	34,100	13,332	21,728	2,342	82	29,153	107,042	20,227

1 Estimated private investments, excluding pledged shares. Estimates for 1941 and 1943 revised.
2 Estimated reserves, unpaid dividends, dividends left to accumulate and surplus to policyholders, less premium notes, policy loans and net deferred and unpaid premiums. Estimates for 1941 through 1943 revised. Source: *The Spectator*, Chilton Company, Inc., Philadelphia, Pa.
3 Deposits. Sources: 1920 through 1937, Comptroller of the Currency; 1938 through 1944, *The Month's Work*, National Association of Mutual Savings Banks.
4 Deposits evidenced by passbooks. 1920 through 1933 data based on figures reported by the Comptroller of the Currency covering all active banks except mutual savings banks; for 1934 and subsequent years, figures represent savings deposits in insured commercial banks. Figures for 1942 through 1944 are estimates based on total time deposits. Source: Federal Deposit Insurance Corporation.
5 Outstanding principal and accrued interest on certificates of deposit, outstanding savings stamps and unclaimed deposits. Source: Post Office Department.
6 Excludes such bonds held by the Postal Savings System. Source: *Treasury Daily Statements* and *Post Office Department.*
7 Current redemption value. From 1920 to 1928, War Savings Securities; 1935 to May 1, 1941, U. S. Savings Bonds, Series A–D; and May 1, 1941 through 1944 also includes U. S. War Savings Bonds, Series E. Source: *Treasury Daily Statements.*
r Revised.

perhaps, the most stable form of savings in that people resort to curtailing life insurance only as a last measure. While life insurance is assumed to be the least likely form to show a decline, there are also reasons for believing that it might be one of those less likely to show abrupt gains as the result of an admittedly temporary rise in the annual rate of savings. In other words, a person would not reasonably be expected to increase the amount of life insurance carried, to the limit supportable by temporarily increased earnings, since premium payments must continue at a fixed rate after the war. This would seem to be one plausible explanation of the inability of insurance to maintain its prewar position with respect to the investment of new savings.

In the case of savings and loan associations, the maximum rate of investment per account has frequently been fixed as a matter of operating policy. Thus, to a large extent, there also has been a force restraining the flow of savings into these institutions.

As in the case of savings and loan associations, mutual savings banks have encouraged systematic thrift. To a lesser extent, subject principally to the savings habit, individual accounts might be expected to increase at a comparatively even rate as has been demonstrated by their record over a long period of years. Another factor which might be taken into consideration in the case of mutual savings banks is that these institutions operate in only 17 states rather than on a nationwide basis.

From these assumptions it would appear that the longer-term types of savings were saturated by the sudden and probably short-term rise in the annual savings rate, and that the excess flowed into more liquid forms, namely, U. S. savings bonds and time deposits in commercial banks.

However, this concept does not completely state the case, in that the flow of individual savings into U. S. savings bonds was as much the product of patriotic motives as it was the choice of a sound investment. This consideration may account in part for the fact that it was not until 1943 that the volume of new savings going to commercial banks exceeded the increase shown by life insurance companies.

An Interpretation of Effects

While the foregoing considerations relate to the probable causes which produced the recent pattern for the investment of new savings, other assumptions may be made as to the character and stability of the total accumulation. The dominating consideration in this respect is that the growth in savings during the past three years took place under a wartime economy when not only were income payments high, but many lines of civilian commodities were either off the market entirely or were available only in limited supply. From this, it would seem that a substantial proportion of liquid savings are probably earmarked for postwar spending. Varying with the needs of the individual, this may mean anything from a luxury item to deferred maintenance on a home or a personal reserve against reconversion unemployment.

Family Savings

On this point, the distribution of savings by family income group is of significance. Unfortunately, virtually no available information on this subject is adequate for the formulation of broad conclusions. However, the recently published findings of several pilot surveys [1] conducted in Birmingham, Alabama, and Douglas County, Illinois, by the Bureau of Agricultural Economics for the Federal Reserve Board, show an interesting distribution, even though they may not be interpreted as being representative of the county as a whole. According to these studies, respondents with weekly incomes of less than $55 constituted 73 percent of the replies received from Douglas County nonfarm areas, yet they accounted for but 37 percent of total liquid assets. In Birmingham, respondents with weekly incomes of less than $55 made up 59 percent of the replies but accounted for only 15 percent of total liquid assets. Here, it should be noted that the Board's survey includes in its definition of liquid assets U. S. savings bonds, time deposits and demand deposits, and is, therefore, not identical with the selected forms of savings heretofore referred to.

Another significant finding of the Federal Reserve Board survey was that the greatest number of nonfarm savers gave security purposes as their reason for saving, while the second most popular reason was the acquisition of specific permanent assets, including home purchase, remodeling and mortgage debt retirement.

Security has probably been one of the dominating motives for saving at almost all times. If this is true, it may well be that, despite a curtailment of income payments during the reconversion period, the total of the selected forms of savings may continue to grow, although at a slower rate. Also, it

[1] "Surveys of Liquid Asset Holdings," *Federal Reserve Bulletin*, September 1945.

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would seem reasonable to expect a deceleration or shrinkage to appear first among the more liquid forms. One factor which may tend to maintain a continued expansion in the volume of savings, in the face of expanding consumer goods purchases, is the tendency of many persons to prefer to buy on credit while preserving their accumulations of liquid savings. However, the extent to which this will be a significant factor, particularly among the lower income groups, will depend almost entirely upon the level of employment and wages which our postwar economy sustains.

DIRECTORY CHANGES

SEPTEMBER 16–OCTOBER 15, 1945

Key to Changes

*Admission to Membership in Bank System
**Termination of Membership in Bank System
#Federal Charter Granted
##Federal Charter Canceled
ØInsurance Certificate Granted
ØØInsurance Certificate Canceled

DISTRICT NO. 3

PENNSYLVANIA:
Philadelphia:
**##ØØProtected Future Federal Savings and Loan Association, 3701 North Broad Street.

DISTRICT NO. 4

NORTH CAROLINA:
Rocky Mount:
ØCitizens Savings and Loan Association, 126 North Main Street.

DISTRICT NO. 5

KENTUCKY:
Hazard:
**Hazard Federal Savings and Loan Association, Main Street.

DISTRICT NO. 7

ILLINOIS:
Forest Park:
ØFirst Savings and Loan Association of Forest Park and River Forest, 7500 Madison Street.
Jacksonville:
ØJacksonville Savings and Loan Association, #1 Public Square.

DISTRICT NO. 10

OKLAHOMA:
Bartlesville:
*Peoples Savings and Loan Association, 321 Dewey Avenue.

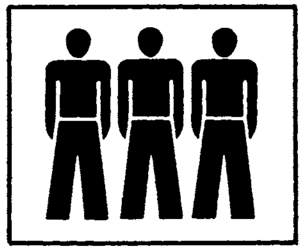
DISTRICT NO. 12

CALIFORNIA:
El Centro:
*Imperial Savings and Loan Association, 146 South Sixth Street.
Glendale:
*ØUnited Savings and Loan Association, 116 West Wilson Avenue.
Hayward:
*Hayward Savings and Loan Association, 646 Main Street.
Richmond:
ØIndustrial Savings and Loan Association, 1301 Macdonald Avenue.

NATIONAL HOUSING AGENCY
John B. Blandford, Jr., Administrator

FEDERAL HOME LOAN BANK ADMINISTRATION
John H. Fahey, Commissioner

Urban Trend Resumed



THE population trend toward urban centers, interrupted in the decade of the thirties, was resumed during the last four years, according to data published by the Bureau of the Census. In spite of a decline of 5,000,000, or 4 percent, in the civilian population of the country between April 1940 and July 1944, population of cities of 100,000 or more increased almost 3 percent. The number of people in places of 2,500 to 100,000 remained relatively stationary. Together these two segments accounted for 60 percent of the number of civilians on the latter date compared with 57 percent before.

During this period rural population dropped 11 percent, chiefly in farm areas, which showed a decline of 15 percent compared with a 5-percent decrease in rural nonfarm areas. The figures also show that the urban birth rate has risen more sharply than that in rural areas.

Effects of War

The fact that the number of women has increased 5 percent while men have decreased by 13 percent is an obvious effect of the war. However, the Census release points out that the progressively greater decrease of men in rural areas is not to be taken as a measure of the respective contribution of these regions to the armed forces inasmuch as these figures also reflect internal migration.

Another obvious development in the civilian population trend during wartime was the increase shown in both the very young and the comparatively old groups. During the four years studied, persons under 14 years of age increased from 23 percent of total population to 26 percent. At the same time, those from 45 up represented an increasing proportion (from 26 to 30 percent) while the intermediate brackets declined from 50 percent to 45 percent of the total.

This study should not be considered as necessarily indicative of future population trends. It is simply a measure of the effects of the war on civilians in this country. Until the armed forces are demobilized and the losses of war assessed, it is impossible to make any definite statements about the future composition and residence trends which may be expected in the nation.

★ ★ ★ WORTH REPEATING ★ ★ ★

TRANSITION DANGERS: "So long as we remain in this period of physical transition, we shall continue to be faced with inflationary pressures. There is an enormous pent-up demand, particularly for capital and consumers' durable goods. The budgetary deficit will be large. Accumulated individual and corporate savings are enormous. We are starved for new houses, new cars, new radios and the like.

"We must, therefore, at present keep up our guards against inflation, not only through price and other direct controls, but through taxation. It would be pathetic if, after besting the enemy of inflation all through the war, we allowed it to overtake us on the home-stretch.

"At the same time, we cannot overlook the deflationary dangers. . . If the physical changeover of our economy is delayed or hampered, by fiscal or other impediments, the temporary phenomena of deflation may take on a more permanent and inflexible character. If business lacks confidence in the future, enterprise will be timid. If workers and consumers lack confidence, they will contract their purchases and hoard their savings. In either of these events, the prompt expansion of our peacetime economy will be endangered."

Fred M. Vinson, Secretary of the Treasury, before the Ways and Means Committee of the House of Representatives, Oct. 1, 1945.

HOUSING FOR DEMOCRACY: "From the social aspect, a supply of good housing, sufficient to meet the needs of all families, is essential to a sound and stable democracy. Every family ought to have a decent home in which to live. The character of that home determines more than anything else the character of family life, the conditions in which children grow up, and the attitude of people toward the community and the Government.

"Housing is long-lived, and the improvement of housing conditions requires foresight and many years of planning and work. Housing is substantial and visible to all and determines a large part of the aspect of our cities and our countryside. Slums are not only a deterrent to the development of a sound citizenry, but they lower the people's desire for attractive surroundings and the hope of improving their conditions.

"From the point of view of industry and employment, residential construction may be expected to make a major contribution to our postwar economy. The building of a million and a quarter homes a year would stimulate an expenditure upward of five to six billion dollars annually, and, directly and indirectly, provide for three to four million jobs."

Senator Robert A. Taft, in address in United States Senate, August 1, 1945.

FACE-LIFTING: "Face-lifting of our cities will, then, entail some public expense, even if most of the job is done by private enterprise. But it will be money well spent to recapture community values that have been recklessly squandered in the past. By reclaiming decayed areas, cities will create new tax values; they will help to lift the pall of degradation and contagion from large sections of their inhabitants; they will recapture a good deal of land that is now wasted in useless streets, poorly planned subdivisions and unsightly vacant lots. No less important, they will create a large volume of employment. They will give new tone and spirit to their community life."

Merlo Pusey, *The Washington Post*, Sept. 18, 1945.

ENCOURAGEMENT: "New financing and technical devices should be made available to the general run of contractors to stimulate private construction . . . and especially housing in the middle and low-rental fields. Encouragement should be given to the elimination of obsolete building codes; modification of restrictive practices; use of improved materials and construction methods designed to reduce costs, increase effciency and thus widen the market for new construction. A wider and more stable market should carry with it a greater assurance to the construction workers of stable annual incomes."

Postwar Economic Policy and Planning, Seventh Report of the House Special Committee on Postwar Economic Policy and Planning.

CONSTRUCTION ECONOMY: "The principal hope of reducing residential construction costs lies in the economies possible through mass production as applied in building large developments. These can be very substantial and are something that every builder now should be studying, because it seems probable that a large part of the next housing boom will be on newly opened land outside the thickly settled centers. At first, however, we should expect most of the new homes to be individual dwellings built singly or in small groups, as was the usual practice before the war."

Raymond P. Harold, President Worcester Federal Savings and Loan Association, *Real Estate News Letter*, September 1945.

SIMPLIFIED TAX STRUCTURE: "Clearly, methods of financing public expenditures will constitute a major phase of the postwar problems confronting the people of the United States. We must compose our differences of opinion to achieve our common objective—a sound, well-administered tax structure under which we may meet the revenue needs of the federal, state and local governments."

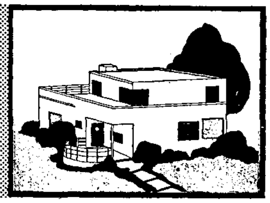
Dixwell L. Pierce, Secretary, California State Board of [Tax] Equalization, *Taxes*, September 1945.

VETERANS' LOANS: "The mere fact that every eligible veteran is entitled to a guaranty under Title III does not indicate that he should borrow money beyond his capacity to pay. If he is not financially or otherwise ready now to buy a home or farm or business, he should be intelligently and patiently advised to wait. If approached in the proper manner, he can be encouraged and not discouraged.

"Unsound loans never made better economic conditions in any community—and the economic potentialities inherent in the operation of this Act are tremendous. That operation can work good or evil in your community . . . depending upon the manner in which it is carried out."

William C. McClelland, Loan Guaranty Officer, Veterans' Administration, before annual convention of Massachusetts Co-operative Bank League, Swampscott, Mass.

NEWS NOTES



Improvements in heating equipment

While startling innovations and revolutionary changes are not forecast for the immediate future, heating equipment will be streamlined and simplified in new homes. The emphasis will be placed on extreme compactness, higher efficiency and lower maintenance costs.

One direct result of wartime fuel shortages is the recognition of need for an all-purpose boiler. Manufacturers have found that boilers can be built to work with equal efficiency on solid, liquid or gas fuel. Such boilers can be converted easily and inexpensively from one fuel to another.

Radiant heating, according to the Plumbing and Heating Industries Bureau, will be widely used in commercial, industrial and institutional buildings as well as in residential structures. This system provides heat by circulating hot water through coils embedded within the walls, floors and ceilings of a structure. The equipment can be constructed to burn any type of fuel.

Heating experts envisage extensive use of packaged heating units as larger numbers of prefabricated houses are erected. The heating contractor would install a packaged unit which probably would include boiler, radiators, pipe, valves, fittings and necessary controls.

Britain builds its first permanent postwar house

The first permanent-type house to be built in Britain since 1939, for other than government use, was started September 17. Located in Leicester County, this dwelling and another like it are the first of 26 pairs to be constructed from winning plans chosen in a competition sponsored by the Home-Building Industries Standing Committee. Prior to public inspection, one house will be furnished through the cooperation of the Council of Industrial Design.

Serving as "pilot" projects, these demonstration houses are expected to provide both technical construction data and information on public reaction to the new designs. They will incorporate such improvements as compact plumbing without unsightly pipes, central hot-air heating systems, built-in cupboards, weatherproofing and sound insulation superior to prewar standards.

Experts from 30 organizations representing such industries associated with housing construction as lumber, copper, concrete and heating, will assist the builders. All houses will be constructed to meet specifications of the National Housebuilders Registration Council which means five inspections during the building and a two-year written guarantee of performance.

Temporary houses sold to France

Over 8,000 temporary dwelling units have recently been sold to the French government by the FPHA, acting as disposal agency under Surplus Property Administration procedure. These units, which brought a cash payment of $6,954,000, will be used to house French dockworkers and will thus facilitate the U. S. Army's redeployment program by providing living accommodations for necessary personnel.

The houses, originally intended for lend-lease shipment to Great Britain, are packaged units ready for shipment and not economically usable in this country since they were made without glazing, wiring or heating systems which were to be provided by the purchaser. They are subject to deterioration while unassembled and their sale to the French will permit their being put into use before such damage has occurred.

Experimental homes for GI students

Homes for student veterans and experience for architectural and engineering students is the goal set for a hundred-unit housing project to be erected on the campus of Massachusetts Institute of Technology. On the 10-acre site, the Institute will build experimental prefabricated houses of glass, plywood, steel and other materials. Solar and radiant heating systems, insulation, air conditioning, new materials and techniques will be observed under family living conditions. Actual-use tests will record the practicability of such things as cinder-block construction, chemically preserved wood, and electronic controls.

Tenant comments and complaints will be requested and carefully checked against research findings. Eventually another housing development of permanent type dwellings will be built for graduate students and instructors. This second project will serve as a laboratory similar to the prefabricated units in MIT's efforts to stimulate better homebuilding through educational research.

New building materials emphasize utility and economy

Builders and building supply dealers have gone to some pains in the past year to dispel the pipe-dreams of potential home buyers who envisioned "revolutionary" innovations in the postwar house. Lest prospective owners withhold their purchases in anticipation of "disappearing walls" and elaborate gadgets, emphasis has been placed upon the point that the new homes of tomorrow will generally resemble those of prewar days. While this campaign to bring the buying public back to earth may have pricked many imaginative bubbles, research in the development of new or improved materials and improvements in home design have been taking place. The emphasis, though, is on utility, durability and economy—features which will appeal to a home-buying family about to make the largest single investment of a lifetime.

Interested in expanding their peacetime markets, a long list of industries are looking to the housing field. Among the non-ferrous metals group is the aluminum industry which is preparing to offer window and door frames and sashes, radiators, interior wall panels and moisture-insulating foil. As a building material, aluminum offers extreme weight economy and low upkeep, due to its noncorrosive feature. In heating equipment its high heat transfer properties may be of great importance.

As in the past, the gypsum industry is making a strong bid for trade in new products. Among the postwar lines it expects to offer is sheathing which may play a particularly important role in view of the shortage of seasoned lumber. Another product will be aluminum foil gypsum lath providing insulation against moisture accumulation. New uses are also being found for asbestos cement, familiar as a roofing and side-wall material.

A familiar scene in building has been the hand sizing of bricks to fit masonry construction around windows and doors. This practice may be largely eliminated in the future by the use of outsized blocks which will allow flush finish at such points without on-the-spot trimming.

These and numerous other developments will typify the wartime strides of the building industry, many of the changes being more apparent in the utility, economy and durability of the products than in their physical appearance. While most will represent "subsurface changes" in the finished house, they should greatly enhance its life as an economic asset and consequently help in sustaining its value as mortgage security.

SPA plans disposal of surplus land

During the war the Federal Government acquired large quantities of land in tracts of all sizes to meet a variety of wartime needs. To date, 215,000 acres have been declared surplus, but, eventually, nearly 6,000,000 acres will be earmarked for disposition. This job will fall to six Government agencies: National Housing Agency, Federal Works Agency, Reconstruction Finance Corporation, Department of Agriculture, Department of the Interior and the Maritime Commission.

Future municipal uses of the land, including designation of the more appropriate commercial, industrial and residential sites, will be completed by the Surplus Property Administration on the recommendation of local groups. Real estate boards, city planning commissions, chambers of commerce and municipal officials will be invited to assist SPA in classifying surplus real estate to the best interest of local communities.

In making this announcement, Surplus Property Administrator, W. Stuart Symington, explained that "Certain properties, for example, should be returned promptly to private ownership and the tax rolls. Some must be put speedily into production to create employment and to help fill demands of consumers and industry. Still others should be retained in public ownership for parks, utilities, rights of way and the like."

Connecticut legislature acts on land assembly law

Last summer a new redevelopment law was placed on the books in Connecticut authorizing cities in that state to acquire land for redevelopment purposes through the exercise of the powers of eminent domain. This legislation merits particular consideration in view of the broad and highly flexible formula it establishes for the supervision of rebuilding substandard areas.

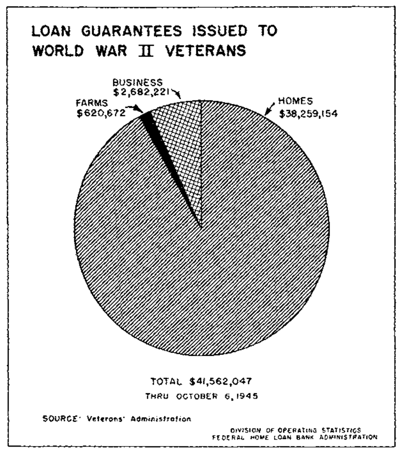
Reconciling the varying views of groups interested in redevelopment of urban areas, the new law leaves to the respective cities the determination of the means of administration. According to local preference, a separate redevelopment corporation may be established or the local housing authority may be asked to assume the responsibility. In those instances where the redevelopment plan is predominantly of a housing nature and the community prefers to establish a redevelopment corporation, the local housing authority must approve the plan.

Building material research center planned

Plans for a new research center which will provide 10 experimental factories under one roof in addition to research laboratory facilities, have recently been announced by the Johns-Manville Corporation. "Projects initiated in the research laboratory may thus be carried clear through their development and pilot plant production stages," the company announced. This is expected to speed up the development of new and improved materials for building and for industrial uses, since new products will be more nearly ready for commercial manufacture when they emerge from the research center. Also, it is claimed that the new center will provide the largest research facilities in the world devoted to building materials and industrial products development.

Utilizing 337,000 square feet of floor space, the center will provide for all technical activities, except engineering. It will include fundamental scientific research, product development, process improvements involving product quality, pilot plant and semi-works scale experiments, design and initial construction of new product equipment, testing of building materials and industrial products and a central source of technical information.

One section will permit quick cycle tests of the wear and tear that building materials will get in actual use. An entire roof or side wall will be given 20 years of climatic changes in 6 months.



The popularity of home loans compared with other guarantees provided under the GI Bill of Rights is evident from the accompanying chart. Comprising 92 percent of the total dollar volume, these loans numbered 22,981 through October 6, 1945, according to data of the Veterans' Administration. Guarantees for 1,681 business loans were issued during this period, representing 6.5 percent of the dollar volume. Farm loans trailed the other two categories with only 529 guarantees issued. The average size of these loans ran in the same order—homes, $1,665; business, $1,596; and farms, $1,173.

DISPOSITION OF TEMPORARY WAR HOUSING OFFERS ADVANCE MATERIALS SUPPLY

The FPHA is now carrying forward its plans for the disposition of temporary war housing under the terms of the Lanham Act. As these accommodations are declared surplus, it is anticipated that the bulk will be sold for salvage to offset public expenditures for its construction and to augment short stocks of building materials.

■ AT the present time, the Federal Public Housing Authority has on hand a total of about 320,000 temporary war housing units, of which approximately 275,000 are movable—200,000 dormitory units and 75,000 family dwellings. Unsuited to long-term use as housing, they must be disposed of within two years after the emergency, according to the requirements of the Lanham Act. These structures include family dwellings and dormitories quickly erected at minimum cost for wartime use and have been built only where market analysis did not justify the programming of permanent, privately financed war housing.

Now the FPHA is confronted with the disposal of these temporary buildings, not all at once, but in the order in which they are declared surplus to the needs of demobilization. Although not suitable for prolonged use as urban residences, experimentation has shown that they can be dismantled and converted for non-residential and rural uses. Buildings constructed principally from temporary war housing sawed into panels can serve usefully as storage warehouses, farm buildings, vacation cottages, tourist cabins, garages, small schools, churches, and a variety of utility-type structures. If the shipping distance is not excessive, the cost is estimated to be considerably less than that of constructing such buildings from new materials. Moreover, the erection of buildings can proceed immediately at a time when new materials are difficult to obtain.

Demonstration Planned

In order to bring the re-use possibilities to the attention of potential buyers and the general public, FPHA will stage a month's demonstration in Washington, opening early in December. The exhibit will provide a 20-acre "showcase" of all major types of temporary wartime buildings and a cross-section of many different structures into which these buildings can be converted for practical peacetime use. The site of the demonstration will be part of an 80-acre tract owned by the Government.

In addition to Federal and local agencies and foreign governments, it is expected that possible outlets will include many private purchasers in the supply, distribution and construction fields, such as contractors, lumber supply dealers, farm cooperatives, wholesale suppliers, and purchasing groups and organizations. Most of the structures are row-house or multiple-unit types and range in size from 4 to 10 units per building, while the projects contain from 16 to nearly 10,000 units each. Purchasers in most cases must be in a position to buy and remove the structures in marketable quantities and to restore sites to their original condition.

Through the re-use of this material to meet auxiliary needs in the domestic market, or to fulfill any foreign requirements, it will not enter into competition with the postwar reconversion program of the material and supply industry, the FPHA states. "On the contrary," Commissioner Klutznick commented, "if these materials can be channeled into other uses, new supplies will be made available for commercial and industrial plants and for long-range, permanent home building, which constitute essential sources of postwar employment and production. The more we can do to speed new home construction, moreover, the sooner we can vacate and remove this temporary housing."

Although not originally designed to be moved, wartime experimentation showed that these buildings could be sawed into panels, moved and re-erected at great savings in time and money. During the war, FPHA re-used, often in types of structures different from the original, some 10,000 units of war housing. Movements were made by truck, rail, ship and barge over distances ranging from a few miles to more than 1,000 miles.

Temporary war housing accommodations should not be confused with the demountable dwellings which generally meet normal housing standards. The latter will be sold for use as housing even though the units may be removed from their present war sites.

CHARACTERISTICS OF NEW HOUSING BEFORE THE WAR

Postwar plans for the housing industry are being drawn by various groups, almost all of which place emphasis on low-priced construction. A recent analysis by the Bureau of the Census clarifying earlier data relating to the rental value of new housing will be of interest to all concerned with this subject.

■ THE 1940 Census of Housing[1] cast new light on the quantitative distribution of our housing stock by rental value and by age of structure. However, the original tabulations did not relate the physical characteristics of dwelling units to the age and rental value breakdown. Thus, until recently, when the Census released its special analysis of 11 selected areas, there was no statistical means by which an answer could be found to account for the unusual concentration of the newer dwellings in the lower rental brackets.

From the special analysis and from the original nationwide tabulation, taken together, come a series of factors which seem to give a distinct explanation of this rental value grouping. The special survey of the 11 selected areas reveals that an unusual proportion of the dwelling units constructed in the years 1935 to 1940 were in substandard condition at the time the enumeration was made (1940). The national tabulation shows that a large proportion of the units in this age group were erected in areas where climatic conditions ordinarily make central heating equipment unnecessary. In addition, the location of many of these homes in rural areas where building codes, zoning and high land costs would not usually be expected to exert as strong an influence on home values as they do in urban districts may be another factor of significance.

National Figures

A total of 2,471,577 nonfarm units were reported as having been constructed during the years 1935–1940, representing about 9 percent of the reporting urban and rural nonfarm housing supply. Of these newer dwellings, more than two-fifths were reported as having contract or estimated monthly rentals of less than $20, while between one-fifth and one-fourth had rentals below $10. Almost 55 percent were reported as having rentals of less than $30.

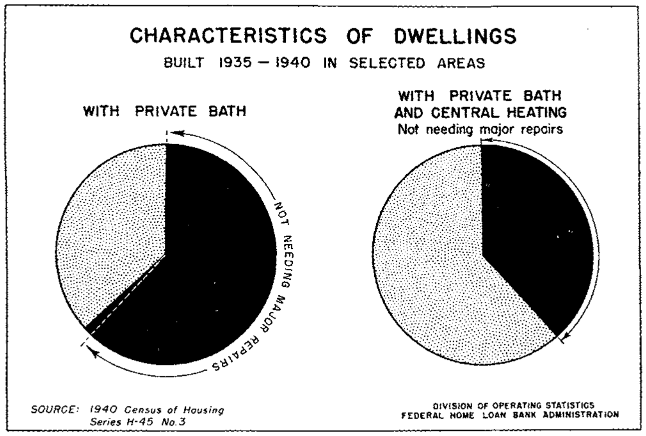
[1] Sources: *Sixteenth Census—1940—Housing, Vol. III, Part 1. Characteristics of Housing Built in 1935 to 1940 for Selected Areas: 1940, Series H-45, No. 3.*

Owner-occupied units built in the years 1935 to 1940 numbered 1,356,441, accounting for 62 percent of the occupied dwellings in this age group, while tenant-occupied accommodations were reported at 821,926, or about 38 percent of the total. Before analyzing the rental value distribution of the owner- and tenant-occupied classes, at least passing notice should be given to a distinct tendency which is apparent among the newer homes: namely, the higher proportion of owner occupancy. In all other age groups, the proportion of tenant-occupied units was greater. Of the 27,747,973 occupied nonfarm units in all age groups, 11,413,036, or about 41 percent, were owner occupied, leaving 59 percent to tenant occupancy.

Among the owner-occupied units constructed in the latter thirties, almost 38 percent were recorded as having a rental equivalent to less than $20. Tenant-occupied dwellings built between 1935 and 1940, although smaller in number, showed a heavier low-rent distribution, with about 48 percent reported at rentals below $20. Approximately 22 percent of the owner-occupied homes and 27 percent of the leased accommodations were recorded at rentals of less than $10 a month.

Principal Metropolitan Districts

An interesting although not surprising relationship appeared in the distribution of new housing by rental brackets among the principal metropolitan districts (85 areas containing a central city of over 100,000 or with a gross population over 150,000). A marked tendency toward the concentration of the higher rental units is noticeable in these areas which accounted for but a relatively small proportion of homes in the extremely low ranges. For instance, only 17.5 percent of the units reported at rentals below $20 were situated in these districts. However, they accounted for a progressively greater proportion of dwellings in the higher ranges, the ratio mounting to 81 percent for those with rentals between $60 and



$100 a month. To a certain extent the small proportion of new low-rent construction in the principal metropolitan areas may have been caused by building code requirements, but high land and construction costs as well as taxes are perhaps the most influential factors. Problems of site selection and zoning likewise exert a deterring force there. With respect to this, it is interesting to note that 63 percent of the newer units renting for less than $20 were rural nonfarm dwellings.

That but 16.6 percent of all units constructed in the principal metropolitan areas from 1935 to 1940 were in brackets below $20 does give startling contrast to the relatively small volume of low-cost housing built there. The most important segment of the market in these larger metropolitan districts appears to have centered between $40 and $60, for it was within this range that 29 percent of the dwelling units which were constructed in the last half of the thirties were reported.

Regional Distribution

An examination by regions of the rental value distribution of dwellings constructed from 1935 to 1940 reveals an interesting parallel between rental value distribution and regional volumes of construction. In the South, where the greatest proportion of units built during this period was reported, almost 54 percent were in the rental groups below $20, while in the North Central States, which had the second largest share of the total, slightly less than 37 percent were within the low-rental ranges. The West, which had the third largest number of dwellings constructed during that period as reflected in the Census report, was second in the ratio of units with monthly rentals below $20, about 37.4 percent, and the Northeast stood last in both respects, the proportion in the low-rent brackets being but 18.5 percent.

Special Analysis

What could account for the unusually heavy distribution of this comparatively new housing in the low-rental brackets? It is evident that this came as a surprise to many, for it is a natural inclination to visualize new residential construction in terms of a neat, single-family, five- or six-room house with all modern facilities and equipment. Yet, this information indicates that either our mental picture of the typical new home is incorrect, or that the building industry has succeeded in producing such houses at lower rentals than were believed to prevail.

In the original enumeration there was no tabulation relating characteristics to age groups. To determine the point of deviation, a special analysis of the characteristics and equipment of these newly built dwellings was conducted by the Bureau of the Census in 11 representative areas [1] which contained a total of 1,871,057 nonfarm accommodations and 180,561 units within the age group 1935–1940.

The enumeration revealed that in the 11 selected areas there was a total of 66,266 dwellings constructed between 1935 and 1940 having a rental value of less than $20. Of these, only 2,112, or 3.2 percent, contained both private bath and central heating equipment and were not in need of major repairs. Of the 94,125 accommodations renting for less than $30, only 9,008, or 9.6 percent, were so equipped and not in need of major repairs. Thus, it would seem apparent that although there is an extraordinary concentration of dwellings constructed between 1935 and 1940 in the low-rental value brackets, most of these do not measure up to the visualization of a snug, well built home.

A further analysis shows that dwelling units of $30 monthly value are comparatively high in the rental range for those 11 selected areas. In nine of these localities the median rental value is less than $30 as computed for all housing, while for newly built homes, seven of the eleven areas showed medians of less than $30. However, in seven of the eleven regions, a $20 rental value is below the median for all dwelling units.

In the 11 selected areas, almost 37 percent of the homes constructed during the period 1935 to 1940 were without private bath, compared with a ratio of 34.9 percent for all dwellings in the same localities.

[1] These 11 selected areas are: city of Detroit; balance of Detroit metropolitan district; city of Houston; balance of Houston metropolitan district; city of Seattle; balance of Seattle metropolitan district; urban and rural nonfarm areas inside the Illinois portion of the Chicago metropolitan district but outside the city of Chicago; urban areas of less than 500,000 in Illinois; rural nonfarm areas of Illinois; urban areas of less than 500,000 in Virginia, and the rural nonfarm areas of Virginia.

By area, the ratio without private bath ranged from 2.5 percent in the city of Detroit to 65.2 percent in the rural nonfarm regions of Illinois and 69.0 percent in the rural nonfarm portions of Virginia. The relatively high distribution of units without these facilities in rural areas, as revealed in the special analysis, would seem to be a major clue to the cause of the high proportion of low-rental values among the newer homes. The national figures show that more than 38 percent of the homes built in the years 1935–1940 were in the rural nonfarm category. This was the highest ratio of this type shown for any age group. Among dwellings of all ages, about 27.2 percent were rural nonfarm units.

The special analysis of the 11 areas also revealed that central heating equipment is not more common among the newly built homes than among all dwellings. However, in the city of Houston and the balance of the Houston metropolitan district the virtual absence of units with central heating is the result of climatic factors and is not in itself an indication of substandard construction. In the other nine areas the relative number of homes with private bath, central heating and not in need of major repairs ranged from 15.7 percent in the rural nonfarm areas of Virginia to 84.8 percent in the city of Detroit.

Other Factors

There are several other factors involved in the Census enumeration which also contributed to the heavy weighting of low-rent units in proportion to the total new construction. Yet, none of these others is sufficient to explain the low rental of all newly built homes. The elimination of these factors as significant elements, though, does lead to the conclusion that the quality and condition of the more conventional, newly constructed unit was, on the average, below that of the houses which were built in earlier years.

One of these miscellaneous factors was the inclusion in the enumeration of such unconventional types of accommodations as tourist cabins, shacks, boats, etc. These miscellaneous accommodations represent 2 percent, or 3,555, of the newly built homes of this type in the 11 selected areas as compared with 0.6 percent of all dwelling units. The higher proportion among homes built in 1935–1940 probably results from the presence of relatively more trailers and tourist cabins.

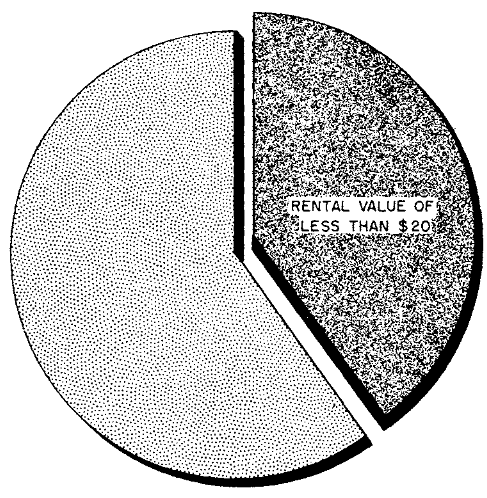
Another factor was converted units which may be improperly reported as built in the year in which conversion took place. However, these represent only 3.3 percent of the newly built homes in comparison with 9.5 percent of all homes.

It is interesting to note that despite the fact that the newer homes showed a heavy distribution among the low-rental groups, in the total of the 11 areas there was no substantial difference in the median number of rooms. For accommodations built between 1935 and 1940 the median in the selected areas was 4.55 rooms, while for all dwelling units it was 4.91. In fact, in five of the eleven areas the newly built homes had a higher median number of rooms than the old homes.

Conclusion

The large distribution of low-rental value units among homes reported by the Census as having been built from 1935 to 1940 is apparently due to a greater proportion of units in this age group without private bath and/or central heating. Also, a surprisingly large number of homes in this age group were indicated as being in need of major repairs. Applying these findings of the analysis of the 11 selected areas to the original national tabulation, it will be noted that a large part of the homes in this age group were (1) constructed in regions where climatic conditions made central heating unnecessary and (2) an unusual distribution of the age group total is to be found in rural nonfarm areas where influences of zoning, building codes and high land costs, frequently do not exert as strong an influence on rental values as is to be found in urban districts.

RENTAL DISTRIBUTION
DWELLINGS CONSTRUCTED 1935–1940



SOURCE.- 1940 Census of Housing Series H-45 No. 3

DIVISION OF OPERATING STATISTICS
FEDERAL HOME LOAN BANK ADMINISTRATION

TOMORROW'S HOUSE: By George Nelson and Henry Wright, 1945. Simon and Schuster, Inc., 1230 Sixth Ave., New York 20, N. Y.

Tomorrow's House is an unconventional guide for home builders or remodelers. It contains no blueprints or floor plans, no catalog of styles or rules of "good taste." Frankly and wholly devoted to modern architecture as an expression and medium of modern living, it advances the idea that a house should be planned to best serve the needs and desires of its occupants, not just to look like houses always have.

As stated in the foreword, "This book challenges not most, but all of the sweet-scented nostalgia on the domestic scene. Despite its persuasive manner, it is going to disturb many readers who keep their milk in the latest refrigerator, drive to business in the newest car, but persist in thinking that a Cape Cod cottage remains the snappiest idea in a home."

In a friendly but firm way, the authors challenge the popular imitations of traditional "period" houses. They show some of the many ways in which current industrial techniques can be geared to our contemporary living habits to achieve better, more attractive and more livable, as well as more individual, homes.

It is the theory of Messrs. Nelson and Wright (Consultant Editor and Managing Editor, respectively, of the *Architectural Forum*) that a house need not follow an established pattern but may be anything that a family's needs and desires dictate and that their budget will permit. Flexibility is the keynote. By discarding traditional notions of what a house should look like inside and out, appointments, arrangements and room combinations which offer wide possibilities in designing a house to fit a family may be achieved.

Without attempting to dictate arrangements or organization, the authors present many interesting suggestions. For instance, they show new ways in which a living-dining room, a dining room-kitchen, or a combined kitchen and general workroom arrangement can be made practical and attractive by proper planning and construction. If a family likes to spend leisure hours together, the book suggests a large, scientifically lighted room with quiet corners and facilities for all to use at once.

By applying such technical principles as sound conditioning and solar or radiant heating it is demonstrated that bulky essentials can be reduced to minimum space fillers. Generous use of window surfaces, including sliding panels, can be made in suitable locations to add space by combining indoor and outdoor living. Illustrations of built-in furniture, fixtures and organized storage space show how the livability can be increased and housekeeping efficiency raised to a maximum.

These are but a few of the ideas advanced to help in solving individual problems. The authors admit that compromise is necessary, that it is not always cheap and practically never easy to plan such a house, even with the help of a competent architect. But they make it sound like a worthwhile undertaking.

The book is entertainingly written and generously illustrated. It makes provocative and informative reading not only for the prospective occupant but for anyone interested in houses. If, as the authors state, there are going to be houses like this, builders, real estate dealers and home financers will want to know and understand their long-range values and appeal.

FINANCING AMERICAN PROSPERITY: By Anderson, Clark, Ellis, Hansen, Slichter and Williams. The Twentieth Century Fund, 330 West 42nd St., New York 18, N. Y.

This cross-section of widely varying approaches and viewpoints on current economic thought advances the unanimous opinion that America has a good chance for a run of prosperity. However, the six economists chosen by the Twentieth Century Fund to participate in this symposium frequently differ as to the best means of bringing it about. The essays present their views on practical ways by which public policy can aid in maintaining full and stable employment and thereby security of livelihood and a high level of economic well-being.

In approaching this book it is essential to keep in mind that the term "financing" as used in the title is not intended in the narrow sense to imply the raising and allocating of funds by fiscal and monetary agents, whether or not of the Government. It refers, rather, to matters of broad economic policy and is not incompatible with a conclusion that, under circumstances favorable to private economic activities, sustained prosperity could be self-financing.

The essays cover a range including fiscal, taxation, wage, credit, commercial and anti-monopoly policies; price control and rationing; housing, social security and life insurance; research and patent systems and international finance. Obviously, this review could not do justice to even the highlights of the six individuals' separate opinions. It is, however, interesting to note the areas of substantial agreement among these authorities who represent various schools of economic thought.

All contributors seem to feel that our present tax system offers obstacles to ready investment and new enterprise necessary to maintain a high degree of prosperity. They recommend the eventual reduction in corporate income tax.

With one exception the authors foresee Federal spending in the postwar period on a much larger than prewar scale and advocate varying kinds and amounts of Government spending for the general economic good. However, preponderant opinion is that this policy should not be pursued to the point of creating chronic Government deficits. Four contributors, nevertheless, favor "compensatory" deficit spending during a depression period, which they imply will be short and inevitably will be succeeded by a period of private surplus spending when Government surpluses can be used for debt retirement.

The recognition that high wages usually mean higher purchasing power is unanimous, with the chief difficulty lying in the conflict between wages as income to labor and as cost to management. Five of the economists are inclined to put the major emphasis on the value of wages as purchasing power and seem to agree that increasing technical productivity should be reflected in higher wages.

The central problem—how to achieve prosperity with ample employment opportunities—permits no quick and easy answers. No two of these authorities come to the same set of conclusions. However, in the variety of opinions presented the reader undoubtedly will find much stimulation for his own thinking about our economic future.

THE CITY IS THE PEOPLE: By Henry S. Churchill. 1945. Reynal & Hitchcock, Inc., 8 West 40th St., New York 18, N. Y.

The goal of city planning, as Mr. Churchill sees it, is "a livable city, suited to modern technologies of living." Proceeding from ancient times down through our own country's progress toward a high degree of urbanization, the author defines and analyzes the city form and its problems in a clear-cut and readable manner. Lucid enough to appeal to the layman, the book is also addressed to all who are professionally concerned with the economic and the social future of our urban areas.

In retailoring today's cities to the needs of a changing world, the author would have planners follow the basic precept of modern architectural philosophy: Build to fit the occupant's needs and desires. In common, to a large extent, with individual families, cities are seeking solutions to problems which fall into three main categories—physical, economic and social. The first centers about dwellings, working facilities and traffic; the second about land values, service costs and taxation; while the third takes in child-rearing, health and recreation and various social satisfactions.

None of these problems, Mr. Churchill feels, is incapable of solution, even if the process must of necessity be gradual. Planning techniques are available and for the most part adequate. Rather it is necessary to recognize and attempt to remove the causes of inertia which have resulted in only fairly meager and sporadic attempts to attack the problems as a whole. City planners and their supporters are urged to inject vigor and imagination in presenting their program to the public without whose support and sympathetic understanding no plan can be realized.

The planners themselves must bring more to their task than technical competence, necessary as that is, the author emphasizes. Imagination, vision and courage are required to integrate all the elements of today's known needs with estimates of probable future trends as revealed by the tested methods of planning. All the threads of such cooperative endeavor must be tied together into a master plan that has flexibility, direction and a basic philosophy. This is at once the responsibility of the planners and the challenge they must meet. "Until the planners know by what methods the ends are to be achieved, what the purpose of the city is, what those who live in it (not just those who 'own' it) want it to be, planning will continue to be merely the means of livelihood of planners. A city plan is the expression of the collective purpose of the people who live in it, or it is nothing."

The master plan conceived by Mr. Churchill is quite a different thing from that adopted by municipalities in the past. Formerly after a blueprint of civic improvements drawn up by the authorized planning body was accepted, years were spent in construction. During the building period little or no attention was paid to changing conditions which might affect the achievement of the original purposes of the plan. "A master plan . . . is not something static, but alive and ever-changing as circumstances change. It must be continually brought up to date, and continually kept before the public, for a master plan in which the public does not participate is not a master plan but a set of blue prints for an ivory tower." Mr. Churchill goes ahead to define his idea specifically, "A Master Plan, be it noted is *not* a blue print. It is *not* an 'official map.' It is not a map at all, although parts of it may be in the form of maps. It is an accumulation of interpreted data, financial, social, physical; it consists of fact, fiction, surmise, and wishful thinking; of maps, notes, photographs, suggestions. It is . . . 'Not one goal, but a direction. Not one plan, once and for all, but the conscious selection by the people of successive plans'. "

Although inclusion of title does not necessarily mean recommendation by the REVIEW, the following recent publications will be of interest.

YOU AND YOUR NEIGHBORHOOD, A PRIMER FOR NEIGHBORHOOD PLANNING: Available from Revere Copper and Brass, Inc., 230 Park Avenue, New York 17, N. Y.

STABILIZING THE CONSTRUCTION INDUSTRY: By Miles L. Colean. (Planning Pamphlet No. 41) 1945. 38 pp. Available at 25¢ from National Planning Association, Washington 6, D. C.

COMMUNITY ACTION FOR POST-WAR JOBS AND PROFITS: Published by Department of Commerce. Available at 20¢ from Superintendent of Documents, Government Printing Office, Washington 25, D. C.

THE MUNICIPAL YEAR BOOK 1945: Clarence E. Ridley and Orin E. Nolting, editors. 603 pp. Available at $8.50 from The Municipal Year Book, 1313 East 60th Street, Chicago 37, Ill.

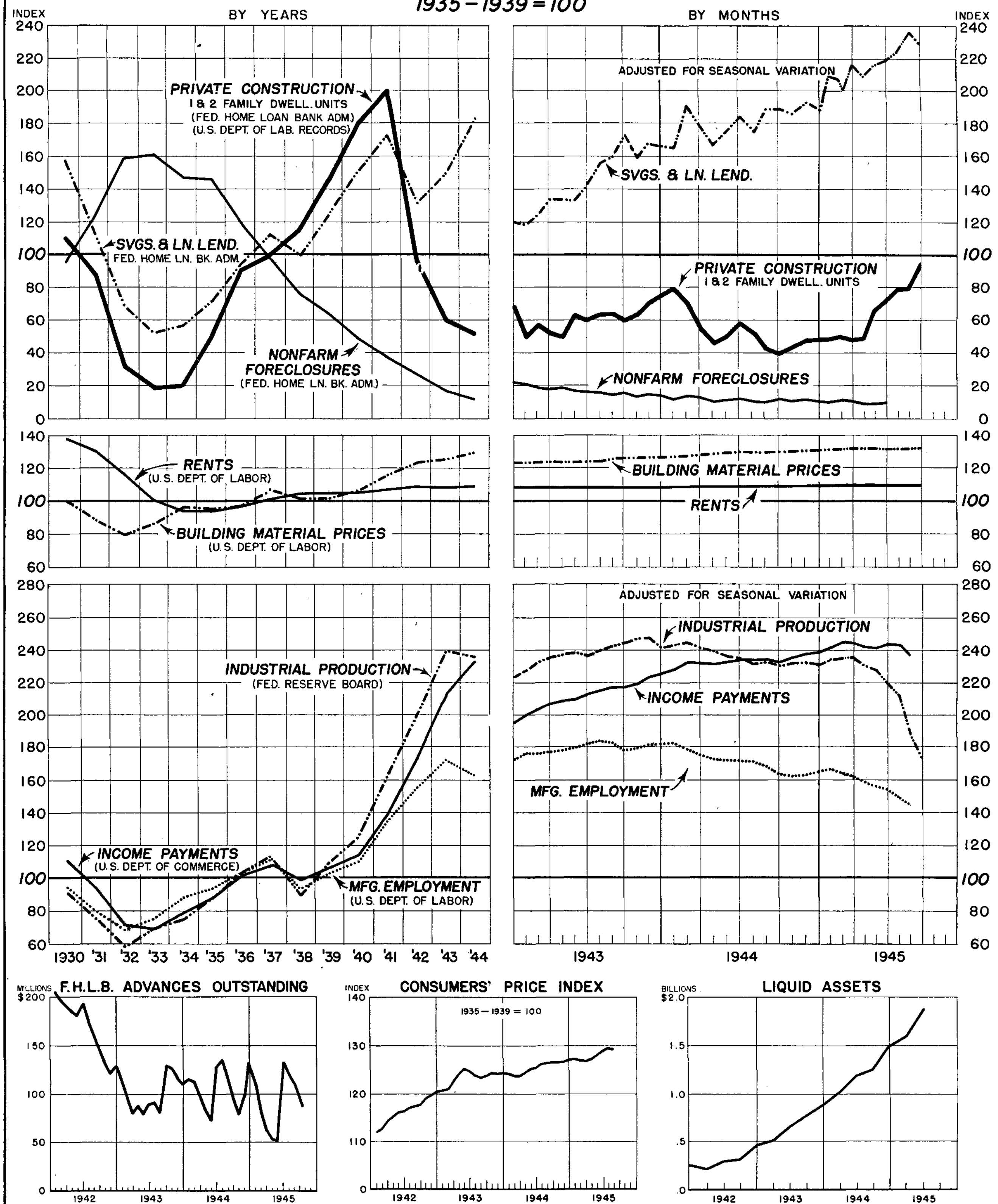
BANK LIQUIDITY AND THE WAR: By Charles R. Whittlesey. 1945. 86 pp. Available at 50¢ from National Bureau of Economic Research, 1819 Broadway, New York 23, N. Y.

COMMUNITY PLANNING AND INTEGRATION IN ALLEGHENY COUNTY: A DEMONSTRATION COURSE IN COMMUNITY PLANNING: 1945. 35 pp. Carnegie Institute of Technology, Pittsburgh, Pa.

THE USE OF PUBLIC WORKS TO SUSTAIN CONSTRUCTION ACTIVITY: 1945. 12 pp. Construction and Civic Development Department, Chamber of Commerce of the United States, Washington, D. C.

RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS

1935–1939 = 100



« « « MONTHLY SURVEY » » »

HIGHLIGHTS

I. New lending activity of savings and loan associations declined 6.5 percent in September to $162,400,000, but remained substantially above that of a year ago.
  A. Both construction and home purchase loans shared in the decrease.
  B. The $1,330,000,000 of new loans made during the first three quarters of this year was only 3.5 percent less than the entire 1941 lending total.

II. An increase during September of over 11 percent in permits issued for family dwelling units brought the total to 14,315—84 percent more than a year ago.
  A. No publicly financed construction was included in the September 1945 total.
  B. Private construction activity in the first nine months of this year amounted to 91,000 units compared with 75,000 in the same period of 1944.

III. An increase in both material and labor costs raised the September composite index of this series to 136.4 percent of the 1935–1939 average compared with 135.8 in August.

IV. Following the usual seasonal trend, mortgage recordings declined during September. They amounted to $464,157,000—down 5 percent.
  A. Eight Bank Districts showed August-to-September drops but all recorded a greater volume of mortgages than in September 1944.
  B. Recordings in the first nine months of 1945 were 16 percent greater than during the same time last year.

V. FHL Bank advances outstanding dropped 12 percent during September to $99,769,000.

VI. Resources of the 2,476 insured associations totaled $5,726,000,000 on September 30, of which $1,911,000,000 was in the form of liquid assets.

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BUSINESS CONDITIONS—Peacetime production down

With Government expenditures down from $6,398,000,000 in August to $5,365,000,000 in September, according to U. S. Treasury figures, output and employment at factories producing war goods dropped again in September. The Federal Reserve Board's seasonally adjusted index of industrial production stood at 172 percent of the 1935–1939 average in that month compared with 187 in August and 230 in September 1944.

The declines, chiefly in machinery and transportation equipment industries, were partially offset by a rise in steel production. Nondurable goods manufacture showed little change as a whole, since increases in the output of civilian-type products took up the slack caused by the tapering off of war production.

Data from the Bureau of the Census showed a decline of 2,370,000 in total employment. The 51,250,000 persons employed in September represented a 3-percent drop in agricultural and a 5-percent decrease in non-agricultural categories. However, employment in most non-manufacturing lines, except Government service, was maintained or slightly increased, after allowing for seasonal variations. Claims for unemployment compensation increased from 1,127,900 on September 1 to 1,640,200 at the end of the month.

The prices of wholesale commodities, as reported by the Labor Department (1935–1939=100, converted from 1926 base) dropped fractionally during September. For the week ending September 1, they stood at 130.6 while at the close of the week ending September 29, the index showed 130.3. This compared with 128.6 and 128.8 for the corresponding dates of last year.

Currency in circulation which, as reported by the Treasury, totaled $27,619,000,000 for the week ending September 1, had risen to $27,769,000,000 at the close of the week of September 29. By the middle of October it had increased again to $27,954,000,000 and stood more than $3,800,000,000 above the figure for mid-October 1944.

[1935–1939=100]

Type of index	Sept. 1945	Aug. 1945	Percent change	Sept. 1944	Percent change
Home construction (private)[1]	95.5	79.8	+19.7	39.8	+139.9
Rental index (BLS)	108.3	108.3	0.0	108.2	+0.1
Building material prices	131.8	131.5	+0.2	129.5	+1.8
Savings and loan lending [1]	228.6	236.6	−3.3	189.2	+20.8
Industrial production [1]	172.0	r 187.0	−8.0	230.0	−25.2
Manufacturing employment [1]	123.1	r 144.6	−14.9	165.5	−25.6
Income payments [1]	229.7	r 236.0	−2.7	232.5	−1.2

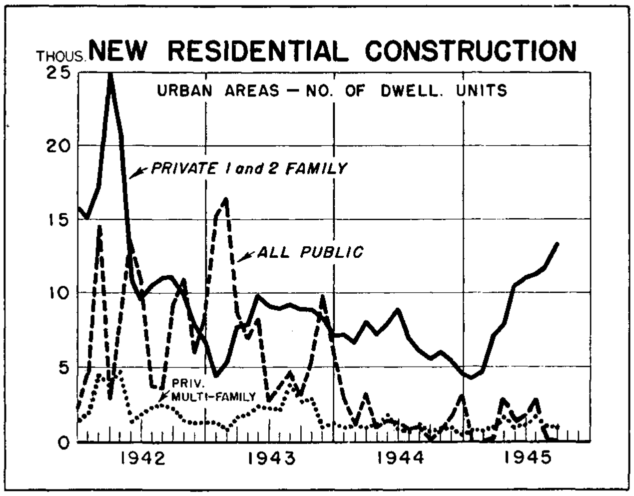
r Revised.
[1] Adjusted for normal seasonal variation.

BUILDING ACTIVITY—Private building over twice last year's volume

Residential construction in urban areas continued to increase during September, according to building permit data compiled by the U. S. Department of Labor. The 14,315 family dwelling units provided for by permits issued during the month represented increases of 11 percent over the 12,903 units provided in August and 84 percent over the 7,773 of a year ago. Inasmuch as the September total includes no publicly financed construction, as against 144 public units included in the August total and 1,530 in the September 1944 figure, percentage gains in privately financed construction were somewhat greater—12 percent over August and 129 percent over September of last year.

On a seasonally adjusted index basis, residential construction in urban areas stood in September at 95.5 percent of the 1935–1939 average, the highest point reached since early 1942.

During the first nine months of this year, permits were issued for the construction of more than 91,000 privately financed dwelling units, as compared with 75,000 during the same 1944 period, an increase of 21 percent. In the same comparison, the number of publicly financed dwelling units dropped from 16,000 to 9,000, down 43 percent. [TABLES 1 and 2.]



BUILDING COSTS—Upward trend still apparent

Residential construction costs continued upward during September, the FHLBA's index of the cost of building the standard house rising from 135.8 in August to 136.4 (1935–1939=100). Although both material and labor costs contributed to this rise, the 1.1-percent advance in the latter accounted for most of the increase in the total cost index. As shown in the accompanying table, the index of the cost of labor required in the construction of the standard house rose from 140.9 to 142.4 during September, while that of material costs rose only fractionally from 133.1 to 133.3. Since September of last year, this over-all index has advanced 2.0 percent, the result of increases of 1.6 and 2.8 percent, respectively, in the material and labor components.

The U. S. Department of Labor's composite index of wholesale prices of building materials also continued its advance during September, rising from 131.5 in August to 131.8. This gain resulted from increases in prices of plumbing and heating materials (1.7 percent), brick and tile (0.7 percent), paint and paint materials (0.3 percent), cement and miscellaneous supplies (0.2 percent each). The wholesale price of lumber dropped fractionally during the month, while that of structural steel remained unchanged. [TABLES 3, 4 and 5.]

Construction costs for the standard house

[Average month of 1935–1939=100]

Element of cost	Sept. 1945	Aug. 1945	Percent change	Sept. 1944	Percent change
Material	ᵖ 133. 3	133. 1	+0. 2	131. 2	+1. 6
Labor	ᵖ 142. 4	140. 9	+1. 1	138. 5	+2. 8
Total	ᵖ 136. 4	135. 8	+0. 4	133. 7	+2. 0

ᵖ Preliminary.

MORTGAGE LENDING—Post-VJ Day decline reported

During September, the first full month after VJ Day, new mortgage loans made by savings and loan associations approximated $162,400,000, a drop of $11,200,000, or 6.5 percent, from the record volume of loans made during August. This decline in home financing activity, which was somewhat greater than seasonally expected, was general throughout the country. Associations in all FHL Bank Districts reported smaller lending volumes in September than during August, the declines ranging from less than 1 percent in the Little Rock District to as much as 19 percent in the states included in the Los Angeles region.

Among the several loan-purpose groups, loans for the construction of homes showed the sharpest relative decline in September, the $16,400,000

New mortgage loans distributed by purpose

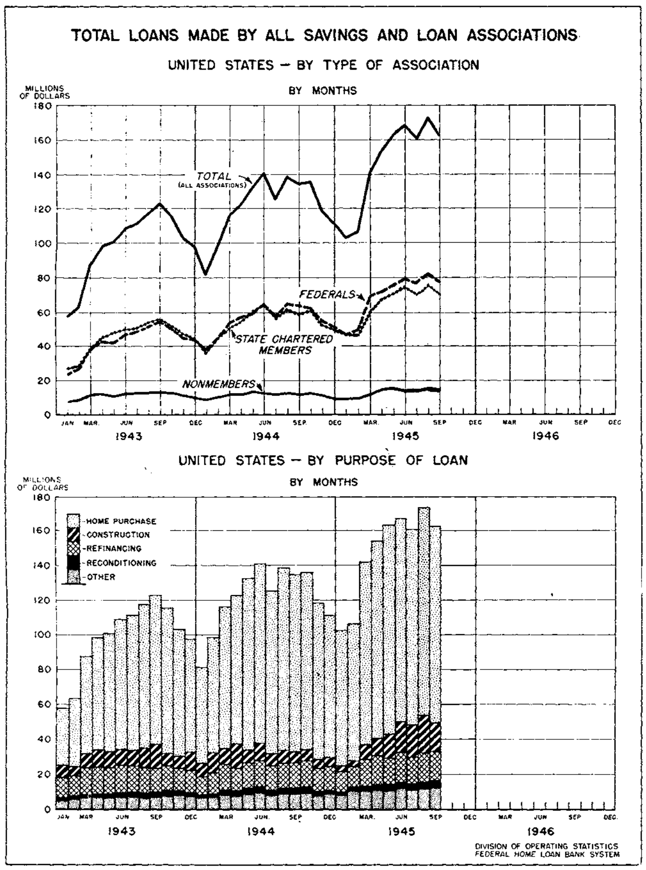
[Dollar amounts are shown in thousands]

Purpose	Sept. 1945	Aug. 1945	Percent change	Sept. 1944	Percent change
Construction	$16, 375	$20, 730	−21. 0	$5, 923	+176. 5
Home purchase	113, 103	120, 557	−6. 2	101, 884	+11. 0
Refinancing	16, 786	17, 146	−2. 1	14, 495	+15. 8
Reconditioning	3, 980	3, 971	+0. 2	3, 160	+25. 9
Other purposes	12, 189	11, 259	+8. 3	8, 993	+35. 5
Total	162, 433	173, 663	−6. 5	134, 455	+20. 8

loaned for this purpose representing a drop of 21 percent from August. Loans for the purchase of existing homes showed the second largest relative decline, 6.2 percent, followed by refinancing loans with a drop of 2 percent. On the other hand, both reconditioning and "other purpose" loans were greater in September than in August, the former showing a fractional rise and the latter reflecting an increase of 8 percent.

Lending activity was substantially greater in volume during September than a year ago, the gains ranging from 11 percent for home purchase to 177 percent for construction loans. Advances were registered in all Bank Districts, the largest increase, 41 percent, being reported in the Winston-Salem region and the smallest, 10 percent, in the Cincinnati and Des Moines areas.

During the first nine months of this year an estimated $1,330,000,000 of home mortgage loans were made by all savings and loan associations, an amount only 3.5 percent less than that made during the entire year 1941. Federals accounted for 47 percent of total loans made during this period, state chartered members, 44 percent, and nonmember associations, 9 percent. [TABLES 6 and 7.]



TOTAL LOANS MADE BY ALL SAVINGS AND LOAN ASSOCIATIONS

MORTGAGE RECORDINGS—Seasonal decrease noted

During September a total of 135,119 mortgages of $20,000 or less were recorded in the amount of $464,157,000. Following the general seasonal pattern, this represented a decline from August, down slightly more than 5 percent from that record month. However, the dollar volume of recordings during this first full month after the end of hostilities was about 11.5 percent greater than that reported for September 1944.

Indications are that mortgage recordings during the current year will exceed the post-depression peak established in 1941. Recordings in the first nine months of 1945 have been made in the amount of $3,979,693,000, about 13 percent greater than the volume recorded in the corresponding months of that earlier year and approximately 16 percent greater than in the like 1944 period.

The $172,551,000 of mortgages recorded by savings and loan associations in September represented a decline of almost 5 percent from the August figure, but was 18 percent greater than in September last year. Miscellaneous lenders showed the greatest month-to-month recession, down almost 9 percent, while individuals were off more than 7 percent from August and life insurance companies were down 7 percent. Mutual savings banks indicated the least change, being only 0.1 percent below their August level.

Except in the New York, Pittsburgh, Winston-Salem and Des Moines regions, which reported larger recordings in September than in August, all Districts showed declines in this comparison. The sharpest drop occurred in the Los Angeles area, down more than 16 percent from the preceding month. However,

Mortgage recordings by type of mortgagee

[Dollar amounts are shown in thousands]

Type of lender	Percent change from August 1945	Percent of Sept. 1945 amount	Cumulative recordings (9 months)	Percent of total recordings
Savings and loan associations	−4.8	37.2	$1,403,161	35.3
Insurance companies	−7.0	4.1	177,030	4.4
Banks, trust companies	−1.8	19.7	755,368	19.0
Mutual savings banks	−0.1	4.0	144,697	3.6
Individuals	−7.2	24.0	1,022,144	25.7
Others	−8.7	11.0	477,293	12.0
Total	−5.2	100.0	3,979,693	100.0

all Bank Districts showed increases over September 1944, gains ranging from a high of over 21 percent in the Winston-Salem area to a low of more than 3 percent in the Chicago region. [TABLES 8 and 9.]

FHLB SYSTEM—Advances and repayments dropped

Advances by the 12 Federal Home Loan Banks to mortgage lending institutions during September totaled $4,519,000, a decline of 54 percent from the preceding month. With the exception of the New York Bank, all Districts shared in this decrease, the sharpest drop being shown in the Portland area where no new advances were made during the month. It will be recalled that the member associations in the Portland region showed the highest ratio of liquid items to total resources at the end of 1944.

Repayments in September continued well in excess of new advances, receipts during the month totaling $17,200,000. This, however, was more than 9 percent less than the August volume. Six of the twelve Banks shared in this decline—Pittsburgh, Winston-Salem, Cincinnati, Chicago, Des Moines and Los Angeles.

The excess of repayments over advances is reflected in the month-end statement of condition of the banks, advances outstanding on September 30 being about 12 percent lower than at the end of August. Only Winston-Salem showed a gain in the balance of advances above the figure reported at the close of the preceding month. Reflecting the shrinkage in the unpaid balance of advances, cash, including interbank deposits, increased by more than 5 percent from the end of August and Government security holdings were up almost 11 percent.

A rise of nearly 10 percent in member deposits and an increase of 0.5 percent in capital items resulted in a 1.5 percent gain in the combined assets of all Banks during September. Debentures outstanding showed no change. During the 12 months ended September 30, 1945, there was an increase of approximately 9 percent in combined Bank resources. [TABLE 12.]

FLOW OF PRIVATE REPURCHASABLE CAPITAL

The $195,000,000 of private savings estimated to have been invested in savings and loan associations in September was about 20 percent below the peak in monthly volume reached last July and fractionally less than the inflow reported during August. Nevertheless, new savings invested during September were 28 percent greater than in the corresponding month of 1944. Withdrawals amounted to $100,500,000, approximately 44 percent less than in July and almost 4 percent less than in August. However, September withdrawals were 35 percent greater than during the like month of last year. The September 1945 ratio of withdrawals to new investments was 51.6 percent compared with 48.6 percent in that month of 1944. The high rate of savings investment, though, resulted in a net gain of $94,300,000 in savings held, more than 20 percent greater than the increase estimated for the corresponding month last year.

Share investments and repurchases, September 1945

[Dollar amounts are shown in thousands]

Item and period	All associations	All insured associations	Uninsured members	Nonmembers
Share investments:				
1st 9 mos. 1945	$1,726,850	$1,385,967	$206,081	$134,802
1st 9 mos. 1944	$1,404,629	$1,097,183	$185,850	$121,596
Percent change	+23	+26	+11	+11
Sept. 1945	$194,823	$146,290	$23,811	$24,722
Sept. 1944	$152,636	$122,016	$18,308	$12,312
Percent change	+28	+20	+30	+101
Repurchases:				
1st 9 mos. 1945	$963,281	$749,624	$133,877	$79,780
1st 9 mos. 1944	$805,312	$601,847	$122,657	$80,808
Percent change	+20	+25	+9	−1
Sept. 1945	$100,506	$77,855	$14,419	$8,232
Sept. 1944	$74,193	$56,102	$10,853	$7,238
Percent change	+35	+39	+33	+14
Repurchase ratio (percent):				
1st 9 mos. 1945	55.8	54.1	65.0	59.2
1st 9 mos. 1944	57.3	54.9	66.0	66.5
Sept. 1945	51.6	53.2	60.6	33.3
Sept. 1944	48.6	46.0	59.3	58.8

Activity during the first nine months of the current year resulted in a net gain of $763,600,000 in savings held, approximately 27 percent larger than that reported in the similar 1944 period. The withdrawal ratio during the first three quarters of 1945 was 55.8 percent, somewhat lower than the 57.3 percent estimated for the January–September interval of last year.

INSURED ASSOCIATIONS—Resources showed another increase

At the end of September there were 2,476 insured associations with total resources aggregating $5,726,000,000, a rise of $176,000,000, or 3.2 percent, since June 30. Last year the gain was $130,000,000, or 2.8 percent, for the same period.

During the third quarter of 1945, mortgages held by insured associations increased $139,000,000 compared with $85,000,000 for the same quarter in 1944. For each $1,000 increase in the balance of outstanding mortgages there were $2,700 of new loans made, while in the third quarter of 1944 it took $3,500 of new lending to increase the mortgage loan balance by $1,000.

The 4,305,700 private investors had $4,982,000,000 in repurchasable shares on September 30. The average private share account was $1,157, while a year ago there were 3,931,400 investors with the average account about $1,041.

Liquid assets totaled $1,911,000,000 with cash amounting to $303,200,000, or 5 percent of assets. Government bond holdings were approximately $1,607,800,000, or 28 percent of total resources. [Table 13.]

Federal Savings and Loan Associations

The 1,467 Federal savings and loan associations showed resources of $3,632,000,000 on September 30; their first mortgage holdings were $2,255,000,000. Private investors numbering 2,571,700 had accounts of $3,182,000,000, or an average account amounting to $1,237 compared with $1,115 a year ago.

Progress in number and assets of Federals

[Dollar amounts are shown in thousands]

Class of association	Number		Approximate assets	
	Sept. 30, 1945	Aug. 31, 1945	Sept. 30, 1945	Aug. 31, 1945
New	631	633	$1, 252, 668	$1, 239, 875
Converted	836	836	2, 379, 529	2, 355, 212
Total	1, 467	1, 469	3, 632, 197	3, 595, 087

Liquid resources were approximately 34 percent of total resources. Cash amounted to $178,400,000, or 5 percent of the total, while Government bond holdings were about $1,068,000,000, or over 29 percent of resources.

Foreclosures

Mechanical difficulties have made it impossible to prepare the regular quarterly information on nonfarm real estate foreclosures. This material will be presented as soon as it becomes available.

Consumers' Price Index

The "Consumers' Price Index for Moderate Income Families in Large Cities," which appears at the bottom of page 48, is the new name given to the former "Cost-of-living Index" compiled by the Bureau of Labor Statistics (1935–1939=100). In announcing the change, which was recommended by the BLS, the Secretary of Labor stated that the new title, being more descriptive of the data which the series presents, should "end the confusion and controversy caused by misunderstanding of what the index is designed to measure and by [its] use for purposes for which it is not adapted."

The index itself has not been changed. The series remains a measure of the effects of average changes in retail prices of selected goods, rents and services, weighted by quantities bought by average families living on a fixed, moderate income in large cities of the country. The items priced constituted about 70 percent of the expenditures of city families whose incomes averaged $1,524 in 1934–1936.

There are, of course, other factors that also influence family expenditures which are not reflected by this index. Nor does it try to show the full effect of such factors as changes in quality and availability of goods, both of which have declined during the war. An attempt has been made by the BLS to allow for the disappearance of low-priced merchandise by pricing the most nearly similar article which has been on the market.

The BLS further stated that the President's Committee on the Cost of Living has estimated that such factors, together with certain others not fully measured by the index, would add a maximum of 3 to 4 points to the average price rise shown for large cities between January 1941 and September 1944.

Table 1.—**BUILDING ACTIVITY**—Estimated number and valuation of new family dwelling units provided in all urban areas in September 1945, by Federal Home Loan Bank District and by State

[Source: U. S. Department of Labor]

[Dollar amounts are shown in thousands]

Federal Home Loan Bank District and State	All residential structures				All private 1- and 2-family structures			
	Number of family dwelling units		Permit valuation		Number of family dwelling units		Permit valuation	
	September 1945	September 1944	September 1945	September 1944	September 1945	September 1944	September 1945	September 1944
UNITED STATES	14,315	7,773	$58,318	$22,474	13,298	5,538	$55,044	$17,531
No. 1—Boston	490	263	2,180	991	464	263	2,020	990
Connecticut	80	222	424	886	80	222	424	885
Maine	51	2	213	3	25	2	53	3
Massachusett	303	30	1,321	87	303	30	1,321	87
New Hampshire	9	3	15	1	9	3	15	1
Rhode Island	47	6	207	14	47	6	207	14
Vermont	----	----	----	----	----	----	----	----
No. 2—New York	736	82	3,974	245	672	82	3,724	244
New Jersey	270	27	1,308	88	206	27	1,058	87
New York	466	55	2,666	157	466	55	2,666	157
No. 3—Pittsburgh	577	527	2,413	1,791	552	366	2,343	1,111
Delaware	1	----	8	----	1	----	8	----
Pennsylvania	473	510	2,019	1,780	452	349	1,961	1,101
West Virginia	103	17	386	11	99	17	374	10
No. 4—Winston-Salem	2,006	1,288	6,543	3,249	1,845	681	6,211	1,975
Alabama	441	136	911	333	429	136	904	333
District of Columbia	36	597	204	1,164	36	51	204	176
Florida	661	261	2,201	629	598	253	2,091	608
Georgia	230	53	657	72	214	53	643	72
Maryland	69	36	396	82	69	36	396	82
North Carolina	222	18	862	16	218	18	835	16
South Carolina	66	9	126	16	66	9	126	16
Virginia	281	178	1,186	937	215	125	1,012	672
No. 5—Cincinnati	1,161	423	5,780	1,705	1,126	419	5,645	1,690
Kentucky	59	22	161	55	55	22	153	55
Ohio	794	332	4,831	1,510	771	328	4,734	1,495
Tennessee	308	69	788	140	300	69	758	140
No. 6—Indianapolis	983	390	4,947	1,719	918	390	4,766	1,719
Indiana	317	177	1,360	687	314	177	1,351	687
Michigan	666	213	3,587	1,032	604	213	3,415	1,032
No. 7—Chicago	1,125	594	6,003	2,379	959	380	5,277	1,650
Illinois	780	471	4,271	1,811	650	265	3,692	1,110
Wisconsin	345	123	1,732	568	309	115	1,585	540
No. 8—Des Moines	840	316	3,629	1,337	822	276	3,580	1,175
Iowa	119	66	515	308	119	66	515	308
Minnesota	432	185	2,200	844	427	181	2,195	831
Missouri	177	60	550	181	164	24	506	32
North Dakota	71	2	243	2	71	2	243	2
South Dakota	41	3	121	2	41	3	121	2
No. 9—Little Rock	2,399	1,057	5,739	1,874	2,355	1,049	5,596	1,850
Arkansas	107	47	148	24	107	47	148	24
Louisiana	162	219	292	627	162	219	292	627
Mississippi	222	114	312	146	222	114	312	146
New Mexico	74	17	120	7	74	17	120	7
Texas	1,834	660	4,867	1,070	1,790	652	4,724	1,046
No. 10—Topeka	547	161	1,817	321	492	157	1,657	311
Colorado	200	35	743	73	145	31	583	63
Kansas	93	32	254	48	93	32	254	48
Nebraska	62	31	304	125	62	31	304	125
Oklahoma	192	63	516	75	192	63	516	75
No. 11—Portland	775	370	3,226	1,259	719	367	3,074	1,253
Idaho	108	42	316	126	104	42	307	126
Montana	38	20	122	73	38	20	122	73
Oregon	164	78	626	173	160	78	616	172
Utah	118	34	588	121	117	34	578	121
Washington	312	139	1,485	453	285	136	1,407	448
Wyoming	35	57	89	313	15	57	44	313
No. 12—Los Angeles	2,676	2,302	12,067	5,604	2,374	1,108	11,151	3,563
Arizona	96	28	431	28	92	28	419	28
California	2,535	2,260	11,289	5,557	2,237	1,072	10,385	3,521
Nevada	45	14	347	19	45	8	347	14

Table 2.—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]

[Dollar amounts are shown in thousands]

Type of construction	Number of family dwelling units					Permit valuation				
	Monthly totals			January–September totals		Monthly totals			January–September totals	
	Sept. 1945	Aug. 1945	Sept. 1944	1945	1944	Sept. 1945	Aug. 1945	Sept. 1944	1945	1944
Private construction	14,315	12,759	6,243	91,084	74,978	$58,318	$53,310	$19,779	$338,530	$236,072
1-family dwellings	12,459	11,059	4,963	75,755	57,177	51,871	47,279	15,500	290,642	180,108
2-family dwellings [1]	839	617	575	6,055	7,993	3,173	2,106	2,031	20,619	27,150
3- and more-family dwellings [2]	1,017	1,083	705	9,274	9,808	3,274	3,925	2,248	27,269	28,814
Public construction		144	1,530	9,013	15,863		538	2,695	18,899	39,181
Total urban construction	14,315	12,903	7,773	100,097	90,841	58,318	53,848	22,474	357,429	275,253

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

Table 3.—BUILDING COSTS—Index of building costs for the standard house in representative cities in specific months [1]

[Average month of 1935–1939=100]

Federal Home Loan Bank District and City	1945			1944		1943	1942	1941	1940	1939
	Oct.	July	Apr.	Jan.	Oct.	Oct.	Oct.	Oct.	Oct.	Oct.
No. 2—New York:										
Camden, N. J		145.2	145.2	143.2		135.6	138.9	139.2	114.2	106.5
Newark, N. J		161.9	161.9	159.7		149.7	153.9	135.8	107.0	105.6
Albany, N. Y	157.4	151.6	151.4	148.0		140.6	134.2	122.5	102.9	101.9
Buffalo, N. Y	149.2	147.1	149.4	144.6	144.6	134.7	128.1	121.6	r 105.0	104.7
No. 6—Indianapolis:										
Indianapolis, Ind	141.6	140.5	139.5	138.1	137.3	126.0	122.6	113.0	101.4	r 101.2
Detroit, Mich	153.4	153.6	152.9	152.3	152.1	142.1	125.6	119.2	105.1	104.0
No. 8—Des Moines:										
Des Moines, Iowa	121.4	120.8	120.8	120.7	120.9	116.0	116.7	111.3	104.8	102.0
St. Louis, Mo	149.8	133.2	127.1	126.7	124.6	119.2	121.0	119.6	103.1	98.2
Fargo, N. D	128.1	127.8	128.3	126.7	125.7	122.4	118.8	108.8	100.8	102.3
Sioux Falls, S. D	133.1	133.0	131.9	130.8	130.8	126.5	124.7	114.7	105.0	101.4
No. 11—Portland:										
Boise, Idaho	138.9	138.9	138.1	138.1	139.1	127.2	126.0	118.3	108.3	103.8
Portland, Ore	142.4	141.5	143.4	143.4	143.6	132.0	127.0	111.0	101.4	r 97.0
Salt Lake City, Utah	130.4	129.5	129.1	129.7	129.7	122.3	120.1	116.6	103.8	102.5
Seattle, Wash	135.3	139.5	138.9	138.9	138.9	132.5	122.1	119.7	103.4	102.8

[1] Indexes of October 1941 and thereafter have been revised in order to use retail material prices collected by the Bureau of Labor Statistics.

This index is designed to measure the changes in the costs of constructing a standard frame house and to provide a basis for the study of the trend of costs within an individual community or in different cities. The various units of materials and labor are selected in accordance with their contribution to the total cost of the completed dwelling.

Material costs are based on prices for a limited bill of the more important items. Current prices are furnished by the Bureau of Labor Statistics and are based on information from a group of dealers in each city who report on prices for material delivered to job site, in average quantities, for residential construction. Because of wartime conditions, some of the regular items are not available at times and, therefore, substitutions must be made of similar products which are being sold in the current market.

Labor costs are based on prevailing rates for residential construction and reflect total earnings, including overtime and bonus pay. Either union or nonunion rates are used according to which prevails in the majority of cases within the community.

Figures presented in this table include all revisions up to the present time. Revisions are unavoidable, however, as more complete information if obtained and becomes available for inclusion in this table.

Cities in FHLB Districts 2, 6, 8, and 11 report in January, April, July, and October of each year; those in Districts 3, 5, 9 and 12 report in February, May, August and November; and those in Districts 1, 4, 7 and 10 report in March, June, September and December.

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

[Average month of 1935-1939=100]

Element of Cost	Sept. 1945	Aug. 1945	July 1945	June 1945	May 1945	Apr. 1945	Mar. 1945	Feb. 1945	Jan. 1945	Dec. 1944	Nov. 1944	Oct. 1944	Sept. 1944
Material	p 133.3	133.1	133.0	132.7	132.5	132.4	132.3	131.9	131.7	131.5	131.5	131.3	131.2
Labor	p 142.4	140.9	140.6	140.5	140.4	140.5	140.4	140.1	140.1	140.0	139.9	139.1	138.5
Total	p 136.4	135.8	135.6	135.3	135.1	135.1	135.0	134.7	134.5	134.4	134.4	133.9	133.7

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Table 5.—**BUILDING COSTS**—Index of wholesale prices of building materials in the United States

[Source: U. S. Department of Labor]

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

Period	All building materials	Brick and tile	Cement	Lumber	Paint and paint materials	Plumbing and heating	Structural steel	Other
1943: September	125.6	109.0	102.7	162.7	126.1	118.5	103.5	110.3
1944: September	129.5	111.7	106.3	171.5	129.7	121.4	103.5	111.7
October	129.9	115.3	107.0	171.3	130.3	121.4	103.5	111.7
November	130.0	115.6	107.2	171.3	130.7	121.4	103.5	111.7
December	130.0	115.9	107.0	171.3	130.7	121.4	103.5	111.7
1945: January	130.4	121.5	106.9	171.3	130.7	121.4	103.5	111.9
February	130.6	121.6	108.7	171.4	130.8	121.4	103.5	112.0
March	130.8	121.8	109.1	171.3	130.7	121.4	103.5	112.3
April	130.8	121.7	109.1	171.4	130.7	121.4	103.5	112.3
May	131.0	121.8	109.1	171.9	130.8	121.4	103.5	112.6
June	131.1	122.1	109.1	172.5	130.7	121.7	103.5	112.8
July	131.2	122.9	109.1	172.7	130.4	121.7	103.5	112.8
August	131.5	122.8	109.1	172.9	131.9	122.7	103.5	112.8
September	131.8	123.7	109.3	172.6	132.3	124.8	103.5	113.0
Percent change:								
September 1945–August 1945	+0.2	+0.7	+0.2	−0.2	+0.3	+1.7	0.0	+0.2
September 1945–September 1944	+1.8	+10.7	+2.8	+0.6	+2.0	+2.8	0.0	+1.2

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
1943	$106,497	$802,371	$167,254	$30,441	$77,398	$1,183,961	$511,757	$539,299	$132,905
January–September	81,213	581,403	127,912	22,639	55,016	868,183	372,730	396,193	99,260
September	13,211	86,016	13,799	3,229	6,718	122,973	54,100	55,907	12,966
1944	95,243	1,064,017	163,813	30,751	100,228	1,454,052	669,433	648,670	135,949
January–September	79,269	790,866	121,740	23,418	74,019	1,089,312	500,904	485,563	102,845
September	5,923	101,884	14,495	3,160	8,993	134,455	63,489	59,162	11,804
October	6,095	101,461	15,253	2,699	9,720	135,228	61,965	60,945	12,318
November	4,635	90,182	13,265	2,507	7,785	118,374	54,978	52,241	11,155
December	5,244	81,508	13,555	2,127	8,704	111,138	51,586	49,921	9,631
1945 January–September	109,162	957,089	140,001	27,434	96,744	1,330,430	628,227	584,360	117,843
January	3,772	76,495	12,167	1,868	7,999	102,301	46,439	46,452	9,410
February	3,081	78,140	12,524	1,994	10,270	106,009	49,900	46,575	9,534
March	7,406	105,307	15,922	2,559	10,287	141,481	69,430	60,688	11,363
April	9,541	113,684	16,800	2,951	10,778	153,754	71,375	67,955	14,424
May	13,032	120,244	15,887	3,396	10,520	163,079	75,607	71,921	15,551
June	17,567	116,798	17,147	3,364	12,435	167,311	79,603	74,219	13,489
July	17,658	112,761	15,622	3,351	11,007	160,399	76,355	70,264	13,780
August	20,730	120,557	17,146	3,971	11,259	173,663	82,197	75,644	15,822
September	16,375	113,103	16,786	3,980	12,189	162,433	77,321	70,642	14,470

Table 7.—**LENDING**—Estimated volume of new loans by savings and loan associations

[Dollar amounts are shown in thousands]

Federal Home Loan Bank District and class of association	New loans			Cumulative new loans (9 months)		
	September 1945	August 1945	September 1944	1945	1944	Percent change
UNITED STATES	$162,433	$173,663	$134,455	$1,330,430	$1,089,312	+22.1
Federal	77,321	82,197	63,489	628,227	500,904	+25.4
State member	70,642	75,644	59,162	584,360	485,563	+20.3
Nonmember	14,470	15,822	11,804	117,843	102,845	+14.6
Boston	11,149	11,461	9,753	89,919	79,150	+13.6
Federal	5,514	4,760	4,217	37,951	29,627	+28.1
State member	4,375	5,081	4,493	40,973	39,592	+3.5
Nonmember	1,260	1,620	1,043	10,995	9,931	+10.7
New York	16,899	17,143	13,953	130,968	95,598	+37.0
Federal	5,813	6,181	4,793	46,001	29,734	+54.7
State member	8,406	8,266	7,295	63,172	49,682	+27.2
Nonmember	2,680	2,696	1,865	21,795	16,182	+34.7
Pittsburgh	13,621	13,881	11,551	110,630	90,931	+21.7
Federal	6,550	6,734	5,363	52,523	41,410	+26.8
State member	4,521	4,430	4,078	37,988	30,874	+23.0
Nonmember	2,550	2,717	2,110	20,119	18,647	+7.9
Winston-Salem	20,798	22,668	14,735	165,311	128,012	+29.1
Federal	11,139	11,581	7,860	87,782	67,706	+29.7
State member	7,992	9,476	6,024	67,303	52,536	+28.1
Nonmember	1,667	1,611	851	10,226	7,770	+31.6
Cincinnati	26,322	28,442	23,920	220,536	188,112	+17.2
Federal	10,826	12,363	10,383	94,215	78,570	+19.9
State member	13,712	13,601	11,817	110,885	94,185	+17.7
Nonmember	1,784	2,478	1,720	15,436	15,357	+0.5
Indianapolis	8,976	9,133	7,345	73,648	60,674	+21.4
Federal	5,012	5,038	3,687	39,718	29,688	+33.8
State member	3,585	3,757	3,285	30,644	28,092	+9.1
Nonmember	379	338	373	3,286	2,894	+13.5
Chicago	18,504	19,545	15,222	151,153	123,160	+22.7
Federal	8,093	8,227	6,924	64,316	51,660	+24.5
State member	9,116	10,018	7,183	75,481	61,427	+22.9
Nonmember	1,295	1,300	1,115	11,356	10,073	+12.7
Des Moines	10,296	11,303	9,350	80,163	68,610	+16.8
Federal	5,346	5,980	5,234	41,197	35,735	+15.3
State member	3,560	3,983	2,916	28,379	24,140	+17.6
Nonmember	1,390	1,340	1,200	10,587	8,735	+21.2
Little Rock	7,730	7,746	6,566	63,033	58,039	+8.6
Federal	3,741	3,665	3,212	31,117	24,557	+26.7
State member	3,880	3,985	3,268	31,066	32,820	−5.3
Nonmember	109	96	86	850	662	+28.4
Topeka	7,948	8,523	6,494	67,088	52,849	+26.9
Federal	4,572	4,657	3,423	36,625	27,558	+32.9
State member	2,176	2,346	1,862	19,271	14,865	+29.6
Nonmember	1,200	1,520	1,209	11,192	10,426	+7.3
Portland	5,403	5,485	4,610	45,410	35,300	+28.6
Federal	3,281	3,475	2,790	27,700	23,139	+19.7
State member	2,057	1,948	1,692	16,511	10,818	+52.6
Nonmember	65	62	128	1,199	1,343	−10.7
Los Angeles	14,787	18,333	10,956	132,571	108,877	+21.8
Federal	7,434	9,536	5,603	69,082	61,520	+12.3
State member	7,262	8,753	5,249	62,687	46,532	+34.7
Nonmember	91	44	104	802	825	−2.8

Table 8.—**RECORDINGS**—Estimated nonfarm mortgage recordings, $20,000 and under

SEPTEMBER 1945

[Thousands of dollars]

Federal Home Loan Bank District and State	Savings and loan associations	Insurance companies	Banks and trust companies	Mutual savings banks	Individuals	Other mortgagees	Total
UNITED STATES	$172,551	$18,935	$91,661	$18,472	$111,384	$51,154	$464,157
Boston	14,061	447	4,799	9,508	5,796	2,575	37,186
Connecticut	1,847	352	2,071	1,408	1,756	823	8,257
Maine	676	17	308	749	430	50	2,230
Massachusetts	9,620	78	1,659	5,814	2,675	1,249	21,095
New Hampshire	483	......	183	696	246	32	1,640
Rhode Island	1,176	......	483	462	499	410	3,030
Vermont	259	......	95	379	190	11	934
New York	14,461	1,636	7,713	6,886	16,863	6,002	53,561
New Jersey	3,968	674	3,292	745	4,010	2,061	14,750
New York	10,493	962	4,421	6,141	12,853	3,941	38,811
Pittsburgh	13,840	1,722	8,845	558	6,692	2,741	34,398
Delaware	208	132	208	97	331	90	1,066
Pennsylvania	12,520	1,303	6,950	461	5,495	2,520	29,249
West Virginia	1,112	287	1,687	......	866	131	4,083
Winston-Salem	19,309	2,790	6,355	125	16,005	4,263	48,847
Alabama	607	235	335	......	738	322	2,237
District of Columbia	4,475	406	801	......	1,774	447	7,903
Florida	2,459	688	1,052	......	5,622	1,021	10,842
Georgia	1,807	265	1,163	......	1,440	578	5,253
Maryland	4,425	128	953	125	1,825	219	7,675
North Carolina	2,441	509	457	......	1,393	611	5,411
South Carolina	410	207	434	......	759	319	2,129
Virginia	2,685	352	1,160	......	2,454	746	7,397
Cincinnati	32,326	1,618	13,026	485	6,397	4,445	58,297
Kentucky	2,993	403	1,177	......	397	179	5,149
Ohio	28,261	702	10,539	485	5,421	1,810	47,218
Tennessee	1,072	513	1,310	......	579	2,456	5,930
Indianapolis	9,719	2,024	8,919	12	3,816	1,910	26,400
Indiana	6,009	797	3,332	12	1,193	701	12,044
Michigan	3,710	1,227	5,587	......	2,623	1,209	14,356
Chicago	19,174	1,139	6,192	41	7,658	8,666	42,870
Illinois	14,558	793	3,762	......	4,494	7,857	31,464
Wisconsin	4,616	346	2,430	41	3,164	809	11,406
Des Moines	11,462	1,571	7,890	277	5,792	4,357	31,349
Iowa	2,959	134	2,081		1,024	304	6,502
Minnesota	4,904	358	2,112	277	1,693	1,462	10,806
Missouri	2,929	1,007	3,306	......	2,692	2,522	12,456
North Dakota	489	45	154	......	149	47	884
South Dakota	181	27	237	......	234	22	701
Little Rock	9,021	2,454	2,651	......	7,269	2,911	24,306
Arkansas	778	188	540	......	581	42	2,129
Louisiana	2,379	215	185	......	1,550	644	4,973
Mississippi	465	142	294	......	443	122	1,466
New Mexico	187	......	134	......	250	10	581
Texas	5,212	1,909	1,498	......	4,445	2,093	15,157
Topeka	8,731	851	2,839	......	5,726	1,581	19,728
Colorado	1,387	91	718	......	3,035	539	5,770
Kansas	2,592	111	830	......	669	271	4,473
Nebraska	1,180	353	323	......	574	146	2,576
Oklahoma	3,572	296	968	......	1,448	625	6,909
Portland	5,515	484	4,302	580	4,044	1,800	16,725
Idaho	455	40	175	......	442	57	1,169
Montana	478	63	255	......	411	39	1,246
Oregon	1,535	126	440	78	1,360	252	3,791
Utah	418	111	675	......	399	171	1,774
Washington	2,410	144	2,530	502	1,182	1,254	8,022
Wyoming	219	......	227	......	250	27	723
Los Angeles	14,932	2,199	18,130	......	25,326	9,903	70,490
Arizona	380	45	559	......	1,271	97	2,352
California	14,447	2,143	17,434	......	23,745	9,782	67,551
Nevada	105	11	137	......	310	24	587

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

[Dollar amounts are shown in thousands]

Period	Savings and loan associations		Insurance companies		Banks and trust companies		Mutual savings banks		Individuals		Other mortgagees		All mortgagees	
	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent
1944	$1,563,678	33.9	$256,173	5.6	$877,762	19.0	$165,054	3.6	$1,134,054	24.6	$613,908	13.3	$4,610,629	100.0
January–September	1,160,620	33.8	195,463	5.7	665,022	19.4	119,664	3.5	825,206	24.0	467,949	13.6	3,433,924	100.0
September	146,151	35.1	22,432	5.4	77,000	18.5	15,447	3.7	104,479	25.1	50,676	12.2	416,185	100.0
October	148,131	35.0	20,985	5.0	76,181	18.0	16,552	3.9	109,767	26.0	51,223	12.1	422,839	100.0
November	134,359	34.1	20,543	5.2	71,752	18.2	15,176	3.9	103,513	26.3	48,296	12.3	393,639	100.0
December	120,568	33.5	19,182	5.3	64,807	18.0	13,662	3.8	95,568	26.5	46,440	12.9	360,227	100.0
1945														
January–September	1,403,161	35.3	177,030	4.4	755,368	19.0	144,697	3.6	1,022,144	25.7	477,293	12.0	3,979,693	100.0
January	111,480	31.4	17,882	5.0	65,109	18.4	12,500	3.5	99,200	28.0	48,407	13.7	354,578	100.0
February	111,176	32.8	16,034	4.7	63,933	18.9	10,343	3.1	93,248	27.5	43,963	13.0	338,697	100.0
March	151,361	34.9	20,669	4.8	80,000	18.5	13,599	3.1	114,971	26.5	52,737	12.2	433,337	100.0
April	157,181	34.5	19,718	4.3	88,749	19.5	15,680	3.4	118,713	26.1	55,749	12.2	455,790	100.0
May	172,421	35.4	21,459	4.4	91,023	18.7	18,981	3.9	125,849	25.8	57,702	11.8	487,435	100.0
June	176,051	36.1	21,801	4.5	91,336	18.8	18,572	3.8	121,800	25.0	57,481	11.8	487,041	100.0
July	169,784	36.2	20,173	4.3	90,199	19.2	18,062	3.9	116,964	24.9	54,087	11.5	469,269	100.0
August	181,156	37.0	20,359	4.2	93,358	19.1	18,488	3.8	120,015	24.5	56,013	11.4	489,389	100.0
September	172,551	37.2	18,935	4.1	91,661	19.7	18,472	4.0	111,384	24.0	51,154	11.0	464,157	100.0

Table 10.—SAVINGS—Sales of war bonds [1]

[Thousands of dollars]

Period	Series E	Series F	Series G	Total	Redemptions
1944	$12,379,891	$772,767	$2,891,427	$16,044,085	$3,263,168
September	590,827	15,953	85,286	692,066	277,445
October	598,570	13,653	82,871	695,094	394,846
November	806,817	42,680	173,858	1,023,355	376,053
December	1,855,300	124,669	405,880	2,385,849	358,572
1945					
January	803,819	42,034	228,327	1,074,180	333,443
February	653,222	30,695	164,073	847,990	317,083
March	712,133	26,487	150,456	889,076	437,892
April	684,424	23,112	130,100	837,636	381,198
May	1,194,712	62,940	282,437	1,540,089	404,209
June	1,467,673	178,003	532,379	2,178,055	382,536
July	1,031,778	47,409	215,288	1,294,475	406,103
August	571,286	21,629	106,825	699,740	515,161
September	420,058	17,760	76,296	514,114	514,382

[1] U. S. Treasury War Savings Staff. Actual deposits made to the credit of the U. S. Treasury.

Table 11.—FHA—Home mortgages insured [1]

[Premium paying; thousands of dollars]

Period	Title II		Title VI (603)	Total insured at end of period
	New	Existing		
1944: September	$79	$19,967	$42,592	$5,844,599
October	40	21,941	43,354	5,909,934
November	54	21,646	38,053	5,969,687
December	31	18,269	36,573	6,024,560
1945: January	67	19,006	38,640	6,082,273
February	27	14,085	31,417	6,127,802
March	37	16,480	29,886	6,174,205
April	63	14,813	26,885	6,215,966
May	80	22,272	23,707	6,262,025
June	374	18,841	20,413	6,301,653
July	347	18,207	19,056	6,339,263
August	666	17,286	14,992	6,372,207
September	968	15,165	12,634	6,400,974

[1] Figures represent gross insurance written during the period and do not take account of principal repayments on previously insured loans.

Table 12.—FHL BANKS—Lending operations and principal assets and liabilities

[Thousands of dollars]

Federal Home Loan Bank	Lending operations September 1945		Principal assets September 30, 1945			Capital and principal liabilities September 30, 1945			Total assets Sept. 30, 1945 [1]
	Advances	Repayments	Advances outstanding	Cash [1]	Government securities	Capital [2]	Debentures	Member deposits	
Boston	$161	$594	$8,762	$1,356	$11,028	$20,280	$0	$909	$21,191
New York	590	1,305	5,476	3,264	31,346	28,275	0	11,883	40,186
Pittsburgh	636	1,279	8,494	2,806	11,914	17,321	4,000	1,950	23,283
Winston-Salem	1,427	1,067	13,026	784	7,133	18,584	0	421	21,011
Cincinnati	110	2,167	6,898	2,741	34,908	28,696	2,500	13,482	44,715
Indianapolis	122	1,569	5,978	1,976	18,574	15,521	4,000	7,030	26,575
Chicago	700	3,223	19,158	2,697	12,324	24,024	5,000	5,302	34,351
Des Moines	263	1,008	6,365	562	11,720	14,283	3,500	906	18,697
Little Rock	105	593	3,551	747	9,135	12,731	500	253	13,486
Topeka	15	293	2,835	1,863	8,225	10,901	1,000	1,045	12,950
Portland	0	1,675	715	829	9,855	8,771	1,000	1,165	11,440
Los Angeles	390	2,427	18,511	1,046	14,646	16,932	10,500	6,817	34,272
September 1945 (Combined total)	4,519	17,200	99,769	20,671	180,808	216,319	32,000	51,163	302,157
August 1945	9,794	18,951	112,451	19,661	163,527	215,128	32,000	46,235	297,524
September 1944	6,993	25,466	95,201	23,907	156,976	205,045	44,000	26,945	276,654

[1] Includes interbank deposits. [2] Capital stock, surplus, and undivided profits.

Table 13.—**INSURED ASSOCIATIONS**—Progress of institutions insured by the FSLIC

[Dollar amounts are shown in thousands]

Period and class of association	Number of associations	Total assets	Net first mortgages held	Cash	Government bond holdings	Private repurchasable capital	Government share capital	Federal Home Loan Bank advances	Operations: New mortgage loans	Operations: New private investments	Operations: Private repurchases	Operations: Repurchase ratio
ALL INSURED												
1942: December	2, 398	$3, 651, 598	$2, 871, 641	$256, 470	$193, 452	$2, 983, 310	$169, 167	$113, 977	$46, 705	$91, 029	$30, 219	33. 2
1943: March	2, 415	3, 690, 918	2, 868, 410	260, 749	241, 818	3, 105, 080	120, 138	66, 970	61, 139	83, 403	48, 955	58. 7
June	2, 428	3, 880, 999	2, 918, 577	276, 785	376, 177	3, 270, 834	119, 252	78, 155	76, 899	103, 939	33, 704	32. 4
September	2, 440	4, 037, 926	2, 971, 411	186, 954	580, 087	3, 389, 891	69, 920	118, 153	87, 878	83, 970	60, 019	71. 5
December	2, 447	4, 182, 728	3, 009, 025	302, 556	581, 651	3, 573, 896	69, 693	100, 340	70, 973	118, 496	37, 885	32. 0
1944: March	2, 452	4, 327, 868	3, 035, 201	228, 303	788, 854	3, 710, 356	50, 868	90, 103	87, 163	104, 494	56, 693	54. 3
June	2, 461	4, 583, 568	3, 117, 585	239, 936	954, 934	3, 922, 705	50, 832	118, 743	105, 245	127, 945	46, 560	36. 4
September	2, 460	4, 713, 875	3, 202, 359	256, 250	997, 983	4, 092, 609	37, 721	86, 840	101, 658	122, 016	56, 102	46. 0
December	2, 466	5, 012, 662	3, 259, 819	269, 701	1, 227, 451	4, 333, 739	37, 701	123, 466	83, 408	142, 291	45, 985	32. 3
1945: March	2, 465	5, 136, 903	3, 300, 601	327, 151	1, 262, 429	4, 538, 426	28, 781	54, 365	110, 287	138, 709	71, 488	51. 5
June	2, 471	5, 549, 563	3, 433, 871	282, 911	1, 585, 708	4, 786, 912	28, 751	124, 936	126, 824	163, 156	56, 279	34. 5
September	2, 476	5, 725, 962	3, 572, 964	303, 195	1, 607, 844	4, 981, 869	23, 367	92, 618	122, 098	146, 290	77, 855	53. 2
FEDERAL												
1942: December	1, 467	2, 299, 895	1, 853, 868	164, 430	117, 339	1, 882, 051	137, 208	84, 135	27, 381	58, 937	16, 530	28. 0
1943: March	1, 467	2, 300, 638	1, 839, 302	156, 792	146, 537	1, 953, 846	96, 109	46, 820	37, 850	54, 824	30, 238	55. 2
June	1, 468	2, 426, 079	1, 865, 991	170, 730	235, 524	2, 060, 502	96, 109	56, 553	46, 730	68, 235	19, 586	28. 7
September	1, 471	2, 523, 737	1, 896, 312	109, 181	369, 954	2, 135, 010	55, 021	87, 648	54, 100	53, 138	37, 274	70. 1
December	1, 466	2, 617, 431	1, 915, 771	183, 038	373, 325	2, 257, 002	55, 021	74, 780	43, 647	76, 677	21, 569	28. 1
1944: March	1, 466	2, 709, 897	1, 927, 122	135, 664	509, 170	2, 346, 042	39, 957	63, 892	53, 883	68, 276	36, 182	53. 0
June	1, 465	2, 881, 276	1, 972, 881	48, 913	620, 016	2, 488, 785	39, 948	84, 602	64, 474	83, 856	25, 969	31. 0
September	1, 464	2, 961, 860	2, 024, 635	151, 862	652, 085	2, 599, 565	29, 562	60, 877	63, 489	79, 126	35, 570	45. 0
December	1, 464	3, 168, 731	2, 058, 045	166, 764	810, 013	2, 760, 927	29, 647	90, 257	51, 586	93, 400	26, 049	27. 9
1945: March	1, 465	3, 237, 942	2, 081, 813	192, 904	832, 311	2, 895, 120	22, 616	37, 109	69, 430	91, 627	46, 574	50. 8
June	1, 465	3, 528, 027	2, 164, 653	178, 377	1, 052, 668	3, 058, 683	22, 616	97, 940	79, 603	106, 770	33, 601	31. 5
September	1, 467	3, 632, 197	2, 255, 283	178, 411	1, 067, 837	3, 182, 465	18, 058	71, 252	77, 321	96, 180	51, 428	53. 5
STATE												
1942: December	931	1, 351, 703	1, 017, 773	92, 040	76, 113	1, 101, 259	31, 959	29, 842	19, 324	32, 092	13, 689	42. 7
1943: March	948	1, 390, 280	1, 029, 108	103, 957	95, 281	1, 151, 234	24, 029	20, 150	23, 289	28, 579	18, 717	65. 5
June	960	1, 454, 920	1, 052, 586	106, 055	140, 653	1, 210, 332	23, 143	21, 602	30, 169	35, 704	14, 118	39. 5
September	969	1, 514, 189	1, 075, 099	77, 773	210, 133	1, 254, 881	14, 899	30, 505	33, 778	30, 832	22, 745	73. 8
December	981	1, 565, 297	1, 093, 254	119, 518	208, 326	1, 316, 894	14, 672	25, 560	27, 326	41, 819	16, 316	39. 0
1944: March	986	1, 617, 971	1, 108, 079	92, 639	279, 684	1, 364, 314	10, 911	26, 211	33, 280	36, 218	20, 511	56. 6
June	996	1, 702, 292	1, 144, 704	91, 023	334, 918	1, 433, 920	10, 884	34, 141	40, 771	44, 089	20, 591	46. 7
September	996	1, 752, 015	1, 177, 724	104, 388	345, 898	1, 493, 044	8, 159	25, 963	38, 169	42, 890	20, 532	47. 9
December	1, 002	1, 843, 931	1, 201, 774	102, 937	417, 438	1, 572, 812	8, 054	33, 209	31, 822	48, 891	19, 936	40. 8
1945: March	1, 000	1, 898, 961	1, 218, 788	134, 247	430, 118	1, 643, 306	6, 165	17, 256	40, 857	47, 082	24, 914	52. 9
June	1, 006	2, 021, 536	1, 269, 218	104, 534	533, 040	1, 728, 229	6, 135	26, 996	47, 221	56, 386	22, 678	40. 2
September	1, 009	2, 093, 765	1, 317, 681	124, 784	540, 007	1, 799, 404	5, 309	21, 366	44, 777	50, 110	26, 427	52. 7

Table 14.—**SAVINGS**—Held by institutions

[Thousands of dollars]

End of period	Insured savings and loans [1]	Mutual savings banks [2]	Insured commercial banks [3]	Postal savings [4]
1943: June	$3, 270, 834	$11, 104, 707	$16, 897, 124	$1, 577, 526
September	3, 389, 891			1, 683, 497
December	3, 573, 896	11, 707, 025	18, 572, 406	1, 787, 994
1944: March	3, 710, 356			1, 905, 864
June	3, 922, 705	12, 428, 026	20, 543, 888	2, 034, 136
September	4, 092, 609			2, 197, 701
December	4, 333, 739	13, 331, 811	23, 362, 909	2, 342, 297
1945: March	4, 538, 426			2, 513, 197
June	4, 786, 912	14, 378, 413	26, 363, 106	2, 659, 575
September	4, 981, 869			2, 833, 067

1 Private repurchasable capital as reported to the FHLB Administration.
2 *Month's Work.* All deposits.
3 FDIC. These figures have been revised to show total time deposits of individuals, partnerships and corporations.
4 Balance on deposit to credit of depositors, including unclaimed accounts. September total is unaudited.

Commissions

(Continued from p. 33)

adopted by our institutions, including term of contract, liberal prepayment privileges, rapid and personalized service and the absorption of borrowers' loan costs. All of these are competitive tools and should be much more effective and cause less irritation than the payment of commissions. The savings and loan industry is the largest single factor in the home financing business of the nation. We must strive to keep that position by selling our lending services and not by depending upon the payment of commissions to mortgage brokers with all of its possible evils which have been pointed out in this discussion.

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