★ FEDERAL HOME LOAN BANK

# REVIEW

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## IN THIS ISSUE



★ ★ ★ **ANNUAL SURVEY** ★ ★ ★

# *The* ANNUAL SURVEY *in Brief*

## Savings and loan assets passed $10 billion

The net growth in assets, share capital and mortgage portfolios of savings and loan associations each exceeded $1 billion. Total assets of the industry were estimated at $10,041,000,000—up 15 percent. Share accounts increased $1.1 billion, showing strong resistance to the general slow-down in savings. Loan portfolios rose $1.7 billion to reach $7.2 billion. Liquid assets were down to about one-fourth of total resources which, although below the 1945 ratio, was considerably higher than the prewar ratio. [*Page 131.*]

## Summary of mortgage financing activity

Real estate financing activity exceeded $10 billion—up 85 percent from 1945 and double the 1941 volume. Commercial and mutual savings banks reported the largest percentage gains but savings and loan associations held first place in total volume. The value of the average recording was $4,200 compared with $3,400 in 1945. GI home loans from April through December were equal to more than one-fourth of all mortgage recording activity. The home mortgage debt rose 15 percent to reach $23 billion. [*Page 137.*]

## Home construction at record level

More new privately financed homes and apartments were started last year than in any year since 1928. Real progress was made in stepping up building material production. Rising construction costs during 1946 cast a shadow over future home building. The index of costs for the standard house was up 15 percent. Wholesale building material prices jumped as much in November and December as in the preceding 2½ years. [*Page 141.*]

## The pattern of new savings

Despite higher income payments to individuals than during even the war years, the volume of net additions to savings in all media last year was the smallest since 1941. Higher prices and the availability of more consumer goods were the answers. With a single exception—Series E savings bonds—savings in the various media showed increases although in most cases the percentage and dollar gains were less than in 1945. [*Page 145.*]

## The background of business conditions

In spite of "stop and go" operations, new records were set for peacetime production. National income was higher than during the war years and "full employment" became a reality.

Looking ahead to '47, the economic situation is generally favorable although there are a number of balancing factors to be considered. Reduced consumer purchasing power and the state of labor-management relations are important. New gains in home building are predicted but a continued high rate will depend on construction costs. The volume of real estate financing may decline in 1947 because of fewer sales of existing properties. New construction loans may help boost the home mortgage debt next year to a record $25 billion. [*Page 148.*]

## December highlights

**The net increase ($160 million) in savings account balances** in savings and loan associations **was the largest shown during 1946.** Although seasonal influences were an important consideration, the gain was $30 million more than in the same 1945 month.

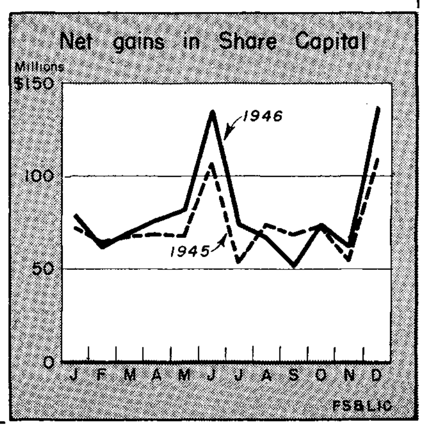
**New loans** made by these institutions **were down 7 percent** from the November total, but were still substantially above the 1945 level. Construction loans displayed some resistance to the decline.

**The mortgage recording summary** of real estate financing under $20,000 **also showed a seasonal drop of 4 percent.** Insurance companies and commercial banks and trust companies were the only mortgagees to report a month-to-month increase.

Private residential construction activity was 24 percent below November on the basis of building permits issued for nonfarm homes. The 35,000 units to be provided by these authorizations were one-fifth higher than in the same month of 1945 or 1941.

**Construction costs** as measured by the standard house index and the BLS series on wholesale prices of building materials **continued to show sharp increases.** The BLS index was up 8 percent on top of a similar rise in November.

The coal strike was the principal factor in a **3-point drop of the FRB industrial production index** to 179 percent of the 1935–1939 average.

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FEDERAL HOME LOAN BANK

# REVIEW

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**FEBRUARY 1947**

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**NATIONAL HOUSING AGENCY**

*Raymond M. Foley, Administrator*

FEDERAL HOME LOAN BANK ADMINISTRATION

*John H. Fahey, Commissioner*

# Contents



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APPROVED BY THE BUREAU OF THE BUDGET

# SAVINGS AND LOAN ASSETS PASSED $10 BILLION

**Despite repercussions arising out of the transition from a wartime to a peacetime economy which were felt in every sector of thrift and home finance, the past year witnessed new records in savings and loan operations. The economic outlook points to a continued high level of activity during 1947.**

■ THE record of accomplishments last year is without precedent in the 115-year history of savings and loan associations. For the first time, the combined assets of these institutions passed the $10-billion mark. New mortgage lending by all savings and loan associations exceeded $3.5 billion—almost double the previous year's volume. On the savings side, the net inflow of funds into these institutions showed strong resistance to the general slow-down in savings. The net gain of $1.1 billon in savings accounts was another new record in this phase of their operation.

## The spotlight was on home building

On the basis of data compiled by the Bureau of Labor Statistics, the facts show that 454,000 permanent, privately financed homes and apartments were actually completed during 1946. At the end of the year an additional 336,000 units of this type were under construction. Starting "from scratch" without the usual carry-over from the preceding year and without inventories to assure a steady flow of materials, the production of even this amount of housing was an achievement for which industry, labor and Government may take credit.

The effective demand for places to live, however, far outstripped the ability to produce new homes and apartments, and the result was one of the most serious inflations of real estate prices in our history. Veterans and nonveterans alike were forced to buy homes at any price to obtain shelter. Prices rose at an ever-increasing rate throughout the early months of the year. By mid-summer, however, the atmosphere in the real estate market began to change. Buyer resistance to higher prices increased, as family after family worked out a make-shift solution to its own housing problem. Many mortgage lending institutions, aware of their responsibility for controlling the financial check-reins, began to tighten lending policies. As the prospects for new construction grew brighter, the pressure on existing houses was lessened. The combined result was at least a temporary halt in the upward trend of prices, and by the end of the year many communities reported actual declines.

## Looking ahead

Mortgage financing operations in the coming months will be greatly affected by the 1947 Housing Program, as recently announced by the President. The emphasis on rental housing during the current year presents new opportunities for the financing of rental projects whether of the 1- to 4-family variety or the large-scale community-type units. Elimination of price controls on building materials as well as on new homes will have a significant effect on construction costs. Eligibility of both veterans and non-veterans for new owner-occupied homes will broaden the market for this type of building and add to the demand for small-home financing.

On the other side of the operating picture, the general slow-down in new savings by the public presents a new problem to associations which have enjoyed, along with other financial institutions, a steady inflow of new money during recent years. Yet the requirements for home financing in 1947 make it imperative that every sound means be used to stimulate increased savings investments.

## "A billion dollar year"

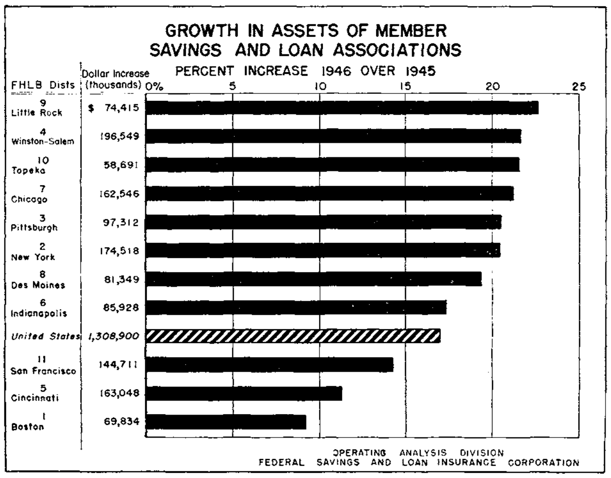
Last year was truly a "billion dollar year" in savings and loan operations. For the first time the net growth in assets, share capital and mortgage portfolios each exceeded a billion dollars. New business in savings accounts and loans closed were at all-time peak levels. And to top it all, the aggregate resources of these mutual thrift and home financing institutions reached $10 billion for the first time in their history.

From the start of the GI home loan program two years ago, savings and loan associations have accounted for a major portion of loans of this type. By the end of last year, nearly $3 billion in GI home loans had been approved by the Veterans Administration. On the basis of these figures, it is possible that as much as $1 out of every $5 in loans on the books of these institutions has been advanced on the home of a veteran.

Beginning the year with a substantial accumulation of cash and Government bonds, these institutions were in a particularly favorable position to provide their share of the financial requirements involved in the postwar demand for homes. That their position as leaders in the home financing field was maintained during 1946 is demonstrated by the fact that they accounted for one-third of all real estate financing of $20,000 or less, although their share of the total was somewhat smaller than in 1945.

## Growth in assets

The combined assets of all savings and loan members of the Bank System were pushing the $9-billion mark at the end of 1946. An estimate based on the latest available report from each association placed the figure at $8,990,000,000 but this will undoubtedly be revised upward when all year-end reports are in. This was a gain of just over $1,300,000,000 during the 12-month period—slightly higher than the rise during 1945. On a percentage basis, however, the 1946 gain (17 percent) was slightly smaller than the 20-percent jump in assets registered during 1945.




The chart on this page shows a District breakdown of the asset growth of all savings and loan members of the Bank System. The largest increase (almost 23 percent) was shown by associations in the Little Rock area, while those in the Winston-Salem, Topeka, Chicago, Pittsburgh and New York regions also had gains of more than 20 percent. Total member association assets in four Districts (Cincinnati, San Francisco, Winston-Salem and New York) are now above a billion dollars.

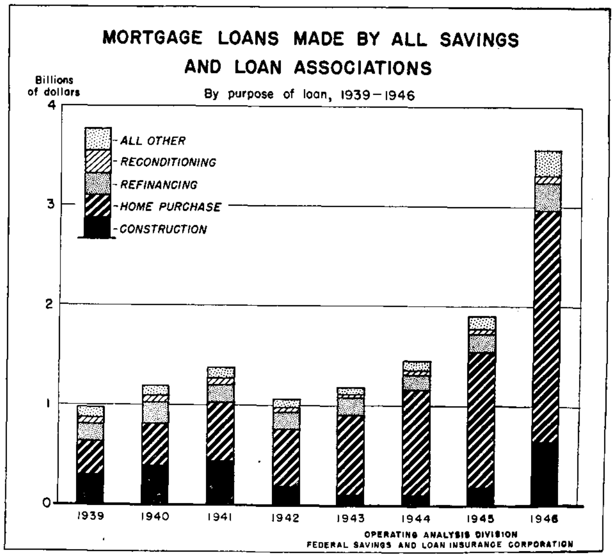
There was a net addition of three to the savings and loan membership of the Bank System during the year, bringing the total to 3,661. The average size of the member associations took another substantial jump, moving from $2,100,000 at the beginning of the year to $2,456,000 on December 31. Approximately 89 percent of the assets of all operating savings and loan associations are now within the Bank System membership. Nonmember resources at the end of 1946, estimated at $1,051,000,000, brought the total assets of the savings and loan industry to $10,041,000,000—an increase of 15 percent during the year.

Increased savings invested by the public in these institutions during the year accounted for by far the major share of the 1946 growth. Indications are that the non-savings liabilities (borrowed money, loans-in-process accounts and other miscellaneous liabilities) did not play as large a part in the growth last year as they did in 1945. Although Federal Home Loan Bank advances were in unprecedented volume, these additional borrowings were offset to some extent by repayments of money obtained from other sources.

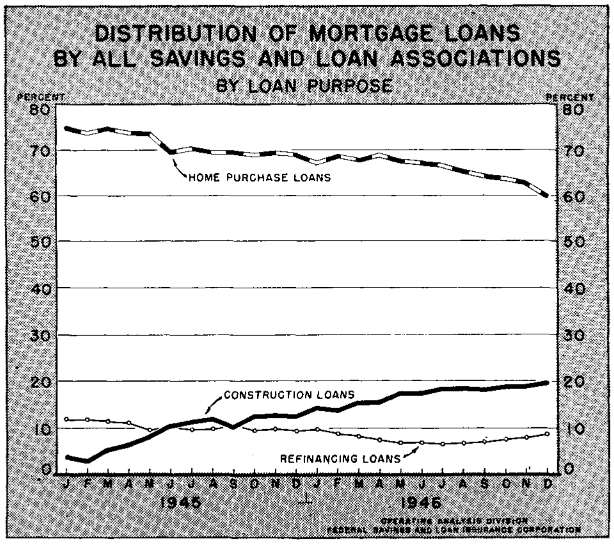
## All-time record for new lending

The whirlwind pace of the market in existing residential properties and the revival of home construction during 1946 were reflected in a succession of new records for savings and loan lending activity. The high point of lending during the twenties by these institutions was 1928 when almost $2 billion was loaned for home financing purposes; and until 1946 that figure had not been exceeded. The 1946 total of $3,584,000,000 was more than 85 percent above this peak. Making the comparison with more recent years, the total of loans made last year was within a few million dollars of equaling the three-year total for 1939, 1940 and 1941.

Home purchase loans, amounting to $2,350,000,000 accounted for two-thirds of the total savings and loan lending last year. This was an increase of approximately $1 billion—or 74 percent over the 1945 activity. Loans for new construction exceeded $600,000,000 for the first time, and showed the largest percentage gain (241 percent) registered by any of the five loan purpose classifications. Significant is the fact that 1946 construction loans were 40 percent above the 1941 level. In spite of this, this purpose accounted for only $17 out of every $100 in new loans made during 1946, compared with a ratio of nearly $32 out of every $100 in the last prewar year.




Construction loans have loomed in greater importance with the passing of each month during the past two years. As shown in the accompanying chart, in January 1945 construction loans amounted to only 4 percent of the total lending, with home purchase loans accounting for 75 percent. The situation has been gradually changing, however, and by the end of last year construction loans made up nearly 20 percent of the aggregate volume, with loans for the purpose of buying existing houses down to 63 percent of the total. In prewar 1941, home purchase loans accounted for only 40 percent, and those for construction, 30 percent—with refinancing loans making up a greater share of the balance of the lending.




Looking at the data for individual Federal Home Loan Bank Districts, there were two regions in which 1946 lending activity was more than double that of the preceding year. The largest percentage increase was registered in the Winston-Salem District (116 percent). Associations in the Little Rock area ranked second with an increase of 107 percent; those in the Boston, New York and Indianapolis Districts were over the 90-percent mark.

Savings and loan members of the Bank System accounted for $93 out of every $100 of lending by all associations during 1946; and insured associations, $78 out of every $100.

## Big gain in outstanding loans

The net increase in the balance of loans on the books of all operating savings and loan associations during 1946 is estimated at $1,700,000,000. This gain for the 12-month period was just about equal to the combined gains for the entire decade from 1936–1945. The mortgage portfolios of these institutions totaled well over $7 billion at the end of the year—but were still below the peak levels reached during the twenties. It is difficult, of course, to make direct comparison with that pre-depression period because of the prevalent use of the mortgage pledged share account method of home financing. This system of accounting had the effect of over-stating loan balances. After adjustment for this factor, the loan balance at the end of last year was substantially above the 1929 peak, which on a "net" basis was just over $6.5 billion.

Aggregate loan repayments (reductions of principal) were up considerably during 1946, rising from approximately $1.4 billion in 1945 to more than $1.9 billion. This was due in part to larger loan portfolios and also to a high rate of prepayments on loans on property which changed hands during the year. Relating the loan repayments to the average balance of loans outstanding during the year, the resulting turnover ratio was approximately 30 percent—or about once in three and one-half years. This was the fifth consecutive yearly increase in the turnover rate of loan portfolios and indicates that, in spite of the lengthening of terms for which loans are being made, the average loan is not staying on the books as long at the present time as in the prewar period. In 1940, the turnover rate for the savings and loan mortgage portfolio was approximately once in five years (21 percent).

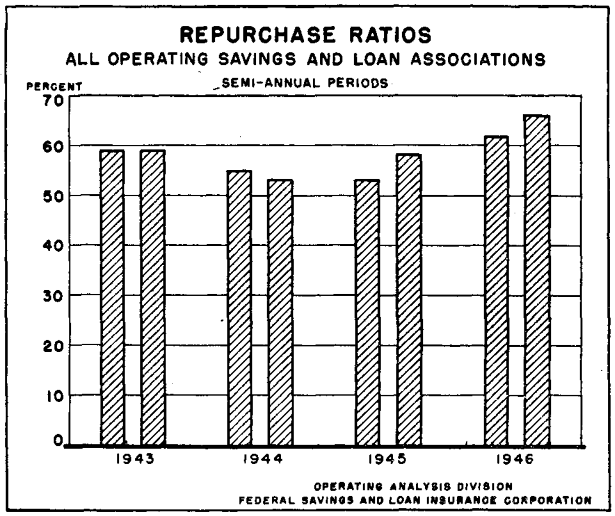
Relating loan repayments to the volume of new lending also throws light on another important phase of association operations—the source of funds for lending purposes. Last year, repayments of principal on mortgages on association books amounted to approximately half of the volume of credit extended on new loans. In 1945, they were equal to about 72 percent of the new loans made.

During the war, of course, when loan volumes were relatively low, money flowing back into associations from outstanding loans was almost sufficient to take care of the demand for new financing. The situation has now reversed itself, and the role of the share capital accounts in providing loanable funds takes on added importance.

## Share capital up $1.1 billion

The other principal source of loanable funds—incoming share capital—continued to show satisfactory gains in spite of the general slow-down in the rate of savings by the general public. Funds invested in all savings and loan associations were estimated at approximately $8.5 billion at the end of 1946—a gain of slightly over $1.1 billion, or 15 percent, during the 12-month period. The 1946 increase was about $100 million greater than during the preceding year; but on a percentage basis the balance was moving upward at a slightly slower rate.

A 34-percent increase in total new investments sent the gross amount of new savings flowing into these institutions above $3 billion for the first time. However, a 55-percent gain in withdrawals, which totaled $2 billion, reduced the net increase to the $1.1 billion outlined above. As had been expected, the postwar trend of the ratio of withdrawals to total new investments has been upward, although there are some signs of a leveling-off at present rates. The withdrawal ratio for the second half of 1946 was 66 percent against 62 percent in the first six months, and 58 percent in the last half of 1945.

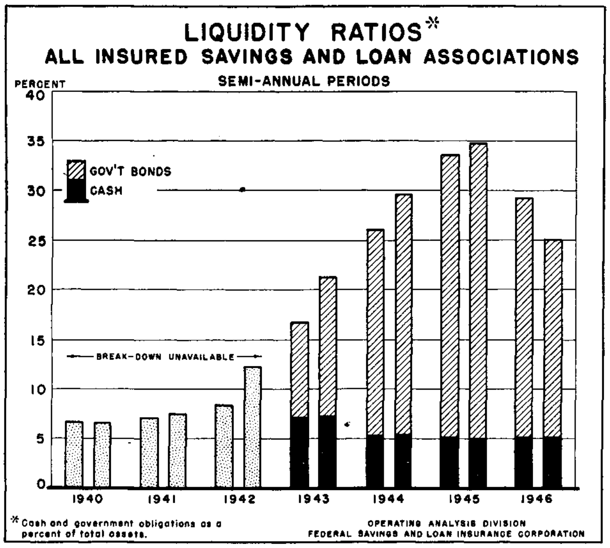



## Effect on liquidity positions

Throughout the war years, savings and loan associations were accumulating funds to meet the postwar demands for home financing. Most associations continued to accept share capital and to re-invest the funds in Government bonds until such time as the prospects for new lending were more favorable. In 1946, however, the "prospects" became borrowers, with the result that the net increase in the loan portfolios was substantially above the net gains in share capital. Consequently, associations began to dip into this reservoir of liquid assets which by the end of 1945 amounted to approximately one-third of their total resources.

While it is not possible to present estimates for all operating associations, the reports for all insured associations shed some important light on how far this trend has progressed. At the end of 1946, the cash and Government bonds held by all insured associations still amounted to one-fourth of their total resources compared with 35 percent at the peak—a year earlier.

Recognizing the weaknesses of over-all averages, a special study has recently been made to provide a more detailed breakdown and to highlight the extent of variation in individual association policies. Using reports as of the end of October 1946 for 2,460 insured institutions, it was found that 28 out of every 100 associations had liquidity ratios of 30 percent or better, with 5 having more than half their total resources in cash or Government obligations. At the other extreme, there were 21 associations out of every 100 which had remained at, or already returned to, a liquidity ratio below 10 percent.




The size of the institution seemed to have a definite relationship to the degree of its liquidity, with larger associations showing a greater proportion of liquid resources than the smaller ones. In the smaller size groups, 27 associations out of every 100 had ratios of less than 10 percent, while the proportion under 10 percent for the $10,000,000-or-over group was only 8 to 100. It is recognized that smaller associations, particularly those in less densely populated communities may not require as high a degree of liquidity as do large associations in concentrated metropolitan areas where turnover of funds is usually more rapid. The analysis does serve to point up the fact, however, that liquidity is a matter of considerably more concern to some associations than to others, for the full effect of postwar lending may yet be in the future.

## Trends in reserve accounts

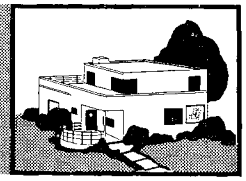
When the final figures are available, it is quite possible that the gradual downward trend in the ratio of reserve and undivided profits accounts to total assets may have been halted during the past year. While associations have been adding substantial amounts to these accounts, the rate of asset growth in the past few years combined with the current level of dividend rates has made it difficult to keep reserve accounts at the same proportionate level. In 1945, approximately $72 million was added to these residual accounts, and the 1946 figure should exceed this by a comfortable margin. For one thing, the resumption of large-scale mortgage lending activities should increase the average rate of return on association investments as the proportion of low-yielding liquid assets returns to more normal levels. Also, the fact that the rate of asset growth was somewhat slower in 1946 than in the preceding year will make it easier for reserve accounts to "catch up."

## The role of public service

Not all of the success of associations last year could be measured in terms of dollars and percent changes. Savings and loan managers were helping in whatever way they could in their own communities to solve the housing crisis which greeted returning veterans as they poured out of the armed forces at the beginning of last year. The savings and loan industry was represented on most of the 700 Mayors' Emergency Housing Committees.

In some cities, savings and loan executives headed the group, as in such scattered areas as Worcester, Massachusetts, and Rocky Mount, North Carolina. In others, they participated through the subcommittees which specialized in the financial aspects of veterans housing. In Yakima, Washington, and Ann Arbor, Michigan, they helped to increase the supply of apprentice labor by sponsoring a supervised program for high school students. These activities emphasize again the important role of public service played by these institutions.

# NEWS NOTES



### Forum on housing held in Atlanta

Last December the savings and loan associations in Atlanta, Georgia, joined with a group of local realtors, home builders and building supply dealers to sponsor the city's first public forum on housing. During the week preceding the meeting, the savings and loan backers carried notices about it in their regular advertising. A panel of experts described how the forum's supporters had cooperated to produce a record volume of new homes for Atlanta during the past few months and outlined prospects for 1947.

The initial meeting attracted over 200 persons and proved so successful that the original panel of experts agreed to participate in similar future discussions planned by the sponsors. In addition, arrangements are being made for a series of local radio programs on the subject.

### Communities act against unauthorized construction

Community action as a weapon against unauthorized construction is now enforced in more than 235 cities and towns, according to a recent statement issued by the Office of the Housing Expediter. These localities now require prospective builders to obtain Federal authorization before a city building permit is issued, or emphasize that the local permit is not valid until a Federal permit is obtained.

This type of action, which got under way in many municipalities last summer, is even more important now that the construction industry is operating under a system of permits rather than priorities, Mr. Creedon said in stressing the fact that the revised system of authorization has not affected the most important governmental building regulation—VHP Order No. 1, the construction limitation order. "The continuation of this order is indispensable to getting a large volume of housing under way this year."

### New NHA Coordinating Council created

The establishment of an NHA Coordinating Council was announced late in January by NHA Administrator Raymond M. Foley. Set up to coordinate more closely the housing activities of those Federal agencies now working in the field, the new Council includes representatives of the Department of Agriculture, the Veterans Administration, the Reconstruction Finance Corporation, the Federal Deposit Insurance Corporation, the Federal Home Loan Bank System, the Federal Housing Administrator, the Federal Public Housing Authority and the Office of the Housing Expediter.

The primary purpose of the group is to develop a unified approach to interpretation of broad policies of the Government on matters related to housing. It will explore, for example, such difficult questions as reconciliation of varying techniques in residential appraisal, study of long-range improvements such as model building codes, and uniform mortgage foreclosure laws and examination of the over-all effect of legislative proposals. The Council will also consider ways to eliminate overlapping functions in such fields as research and statistics through more effective exchange of information and agreement on the division of such work as has a common bearing on the activities of the different agencies.

### World needs 100 million new homes

Over 100 million houses are needed to meet the current shortage of living quarters throughout the world, the social division of the United Nations estimated recently. Primarily a result of the war, this huge deficit represents one of the most urgent problems facing many nations today. To facilitate remedial action, the UN social division suggested that minimum housing standards be fixed and practical housing programs be established looking toward world-wide "cheap building" policies.

### PROGRESS OF THE VEHP—DECEMBER 31, 1946

1,003,600 units started account for 84 percent of 1946 goal of 1,200,000

| Program component | Units started | Units completed |
|---|---|---|
| Total [1] | 1, 003, 600 | 661, 900 |
| New permanent [2] | 670, 900 | 453, 800 |
| Conventional [3] | 633, 700 | |
| Factory-built [4] | 37, 200 | |
| Temporary re-use [5] | 220, 200 | 114, 800 |
| Conversions [6] | 64, 500 | 45, 300 |
| Trailers [7] | 48, 000 | 48, 000 |

[1] December data preliminary.
[2] Includes factory-built units; breakdown of conventional and factory-built *completions* not available.
[3] Adjusted to exclude factory-built units; includes approximately 8,000 permanent units financed by New York State.
[4] Factory shipments.
[5] Family-equivalent units financed by Federal and non-Federal funds.
[6] Estimates, adjusted for lag and attrition.
[7] Factory shipments.

# A SUMMARY OF MORTGAGE FINANCING ACTIVITY

**The more than $10 billion of mortgages under $20,000 recorded last year reflected the pace of real estate financing activity. GI home loans accounted for somewhat more than one-fourth of the total. As a result, the total nonfarm home mortgage debt reached the highest levels on record.**

■ AS 1946 records were added up on the country's biggest year in home mortgage finance, the volume of nonfarm mortgages of $20,000 or less took its place among the peaks for which data are available (in this case since 1938). The total of over $10 billion topped by 85 percent the previous year's high of $5.6 billion and was more than double the best prewar year—1941.

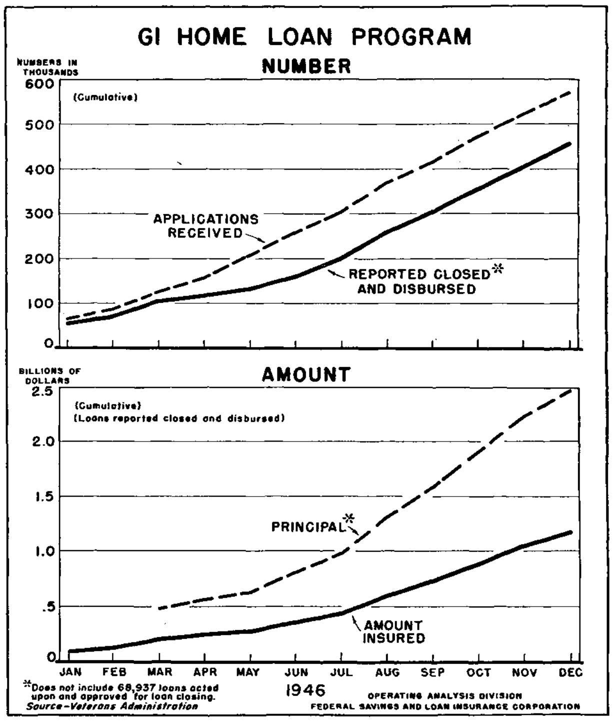
Because of the volume of business generated by high construction and sales levels, the number of such instruments also showed a substantial gain. However, the 51-percent rise was not sufficient to explain the increase in volume. The difference was in large part the result of higher real estate prices and the increasing number of high-percentage loans made with GI guaranties. The disparity in rates of gain showed up in the increased average size of recordings, which rose to $4,206 last year from $3,440 in 1945 and only $2,769 in 1940.

Although all types of mortgagees participated in last year's gain, increases were not uniform. Both mutual savings banks and commercial banks and trust companies reported a 1946 volume approximately two and one-half times that of 1945 recordings. Life insurance companies (showing the first increase in five years) and "other mortgagees" reported increases of over 90 percent, while savings and loan associations showed the relatively modest gain of 70 percent. Recordings by individuals increased the least of any type.

Savings and loan associations, with recordings exceeding $3 billion, continued as the leading type of mortgagee, although their share of the total—about a third—was less than in any year since 1943. In 1945 they had accounted for 36 percent, and the year before for 34 percent of all recordings.

The $2.7 billion volume of mortgages recorded by banks and trust companies was second to that of savings and loan associations, representing just over a quarter of the national total. This was a slightly higher proportion than in 1940, their best previous year.

Individuals, for the first time since 1942, dropped to third place as a source of mortgage credit and although their total volume exceeded $2 billion, their proportionate participation in the field amounted to only 19 percent in contrast to a fourth of the volume the year before. Mutual savings banks and insurance companies showed slightly higher shares of the 1946 recording total. The former are, of course, concentrated largely in the East, while the participation of life insurance companies is never fully reflected because of their reliance on the purchase of mortgages which in recordings are credited to their originators.



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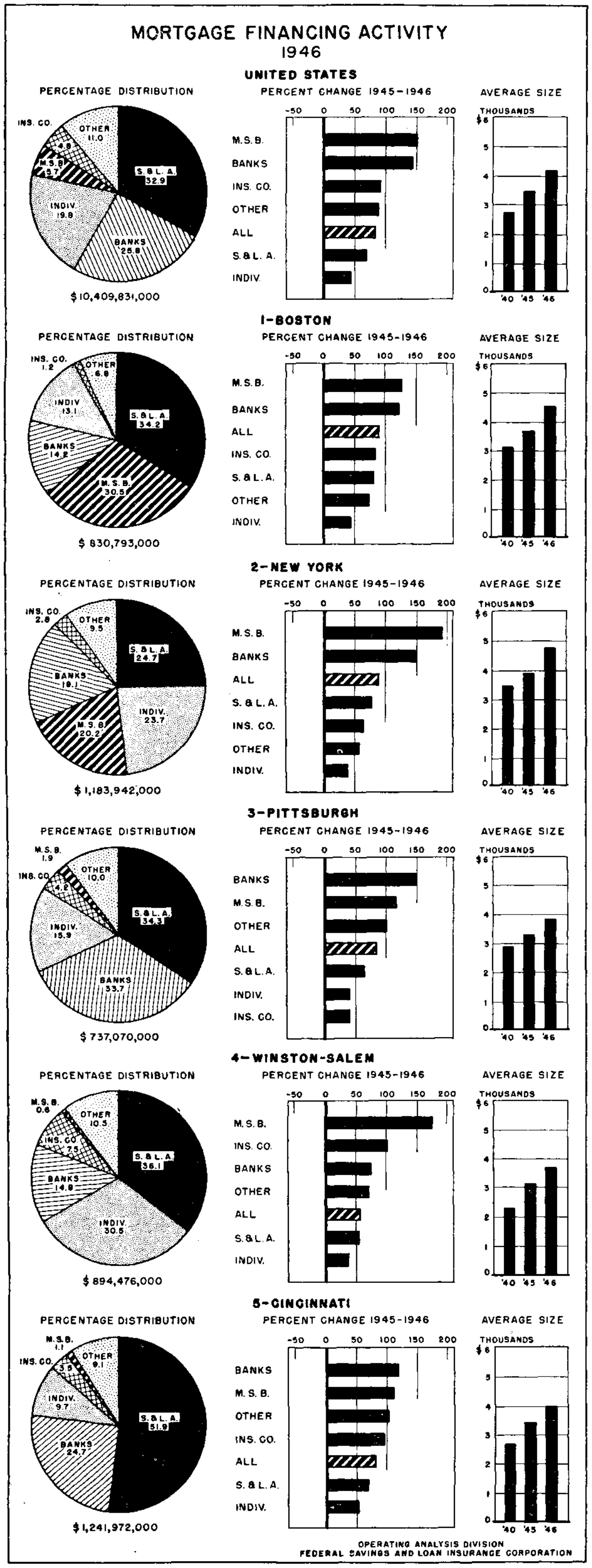



## Regional data

Mortgage financing activity boomed in all parts of the country last year. The magnitude of the increase is illustrated by an examination of the range of regional gains which in 1946 varied between 71 percent in the Chicago Bank District and 115 percent in the Indianapolis region. Last year the San Francisco and Boston regions almost doubled their mortgage recording volume with increases of 98 and 93 percent, respectively, while the New York and Little Rock areas were also above the 85-percent national increase. Thus, it will be seen that there was no geographical pattern in the expanding activity in 1946.

The increase in the average size of recordings was nationwide; only four regions (Chicago, Cincinnati, Pittsburgh and Winston-Salem) advanced less than 20 percent over 1945. The greatest gain (29 percent) occurred in the average size of recordings in the San Francisco Bank District.

The highest average recording last year was found in the New York region—$4,837—with three other areas (Boston, Chicago and San Francisco) also well above $4,000. At the other end of the scale, the average mortgage recorded in the Topeka District was valued at $3,221.

Since 1940, the range of increases in the average size of mortgages recorded was between 37 percent in the Pittsburgh region and 67 percent in the area now served by the Federal Home Loan Bank of San Francisco. In four Bank Districts (Des Moines, Topeka, San Francisco and Winston-Salem) the average value of mortgages recorded was more than half again as much in 1946 as it had been in the prewar year of 1940.

## The GI influence

There are, as yet, no Veterans Administration data indicating the extent of participation by various types of lenders in the GI home loan program. However, the over-all statistics of that organization show the increasing magnitude of this operation. The fact that the time limit for use of the guaranty has been extended to 10 years means that it will be a factor to be reckoned with in mortgage finance for some time to come. The terms, as well as the scope, of the program are bound to have their influence, too. The 4-percent interest rate, 25 years maximum maturity, and appraisal on the basis of "reasonable value" rather than "reasonable *normal* value" have already had a marked effect on home financing activity.

Cumulative figures through December 1946 showed that in approximately two years almost $3 billion in home loans had been processed for closing, with approximately 45 percent of this principal amount guaranteed by the Government. Of the total *approved,* roughly $2.5 billion had actually been closed—42 percent, or $1.2 billion, was covered by guaranty or insurance.

It is not possible to state the principal amount of loans closed during the entire year 1946 since these data are not available prior to March 30. In the last nine months of the year, however, the volume of GI home loans reported closed and disbursed was equal to over one-fourth of the volume of all mortgages recorded under $20,000.

The number of GI loans skyrocketed during the year from 45,000 processed through December 1945 to 523,000 by last year-end. Only recently has there been any evidence of leveling off in volume, but of course normal seasonal factors must be recognized as contributing to this.

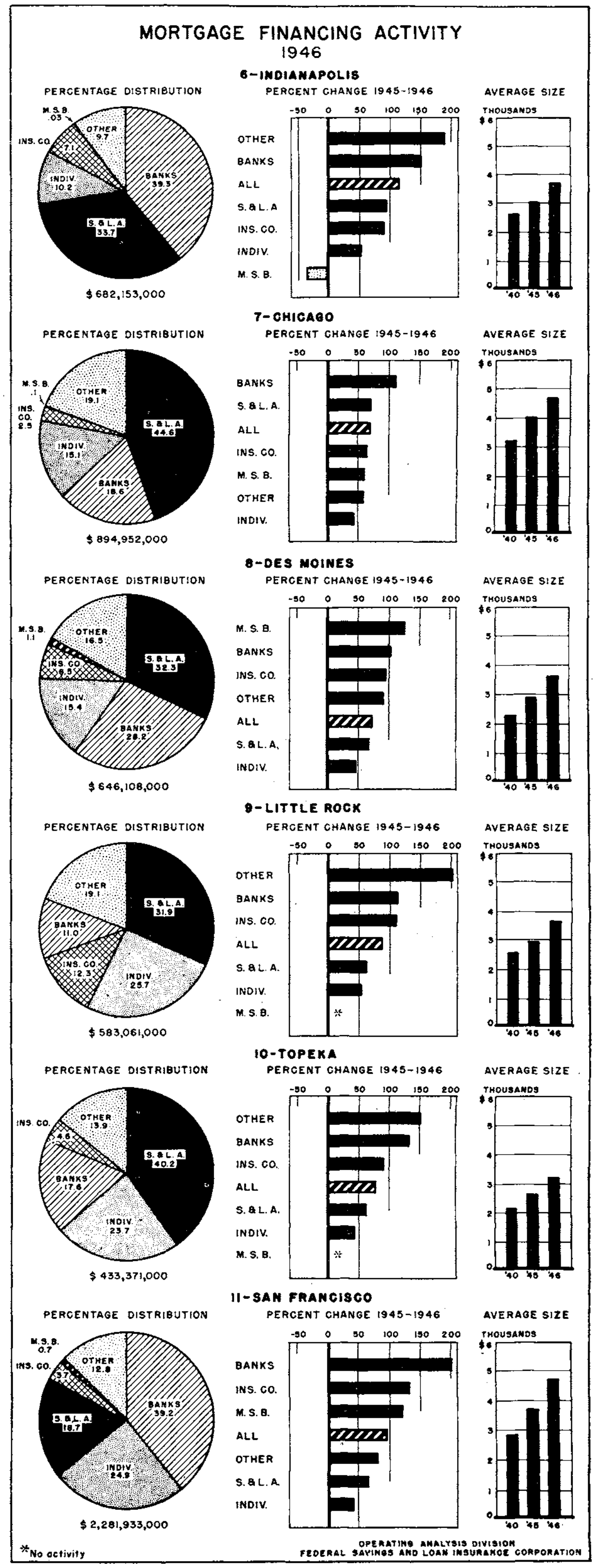
Spiraling prices and construction costs have been no respecters of veterans, with the result that the average valuation of loans processed has mounted progressively. From $4,674 at the end of March, the average has increased until at last year-end it was $5,566, a figure $1,360 higher than the national average of mortgages recorded. Because of this trend, but chiefly because the amount of guaranty was doubled by amendment of the GI Bill, the average guaranteed portion of these loans rose from $2,027 to $2,599 during the same period.

It is interesting to note, as evidence of the good faith of the veterans, that December 25 figures showed almost 4,500 loans paid in full for a total of $18 million, of which $8 million had been the Government-guaranteed portion. Only 875 loans had been reported in default, of which 124 resulted in claims totaling $108,000.

## FHA activity

Several provisions liberalizing and extending mortgage insurance coverage were adopted last year under the VEHP. As home financing activity rose to new heights, a greater demand for such protection developed, with the result that FHA activity showed the first increase since 1943.

(*Continued on p. 144*)



**PROSPECTS:** "I believe that the American people have the wisdom and the will to use our abundant resources so that all may prosper. I reject, and I know the American people reject, the notion that we must have another depression. I am not referring to minor detours and bumps in the road ahead—these we know we shall have. I am referring to economic collapse and stagnation such as started in 1929. This need not happen again, and *must* not happen again."

*The Economic Report of the President*, transmitted to the Congress, Jan. 8, 1947.

**OPPORTUNITY:** "The best opportunity in 1947 will be open to those concerns and industries that are able to give better value of product or service for the price they receive. This applies to our savings and loan business as it does to all others. Our job is to help people obtain homes they can afford to live in. The association that can help materially in selling this great public need should have no fear of the readjustment of 1947."

Raymond P. Harold, President, Worcester Federal Savings and Loan Association, *The National Savings and Loan Journal*, December 1946.

**PREDICTIONS:** "The buyer's strike which has caused the leveling off of the used house market during the past six months will begin to operate in the new house field early in 1948. In spite of the comparatively small number of new dwelling units built since VJ Day, we are rapidly exhausting the back-log of 'able-to-buy' prospects *in the price ranges in which we are now building*. This is true even though the shortage of housing is more acute now than it was at the beginning of 1946."

James C. Downs, Jr., Real Estate Research Corporation, *Savings and Loans News*, December 1946.

**THRIFT TODAY:** ". . . Thrift education, in its modern sense, is no longer of concern only to thrift institutions. As a result of the deficit financing made necessary by the depression and the war emergency that followed, it has now become a matter of vital concern to our national economy."

Robert L. Knight, The Howard Savings Institution, Newark, N. J., *Savings Bank Journal*, January 1947.

**SERVICE:** "We are now meeting the challenge of making our institutions large enough and efficient enough to serve the public with a variety of activities related to home financing and to do things as a part of our service which 20 years ago would have been charged for on the dotted line and done grudgingly at that. The whole concept of what a savings and loan institution means by its existence has been broadened to the place where this city for the first time in a great home building era is equipped with a financial system geared to the job and primarily interested in doing that particular job of lending, safely and soundly."

Ben F. Bohac, President, Talman Federal Savings and Loan Association, Chicago, Ill., *Realty and Building* (Annual Review) Jan. 25, 1947.

**VETERANS' NEED:** "A building boom based on a scramble to produce only high priced housing would invite disaster. The production of medium and low-cost homes will produce a stable and continuing housing prosperity and will meet our veterans' need . . . We know that within the industry there is a sharp awareness both of the need and the obligation to meet the need. There is also an unchanged determination by the Government to exert every effort toward practical solution of the housing emergency."

Statement on the Housing Program for 1947 by Frank R. Creedon, Housing Expediter, and Raymond M. Foley, NHA Administrator, Jan. 26, 1947.

**PARADOX:** "The current situation in real estate mortgage lending presents a strange paradox, to wit, rates down—risks up. Yes, it is characterized by low rates of interest, long periods of amortization, *and* thin equities occasioned by abnormally high values, all of which present a real hazard. It is frequently desirable and necessary in mortgage lending to sacrifice something in the way of performance when there is a substantial equity, or to loan somewhat more liberally in relation to appraised value when the indicated performance is good. To combine mediocre performance with a thin equity is a poor lending practice at any time, however; and in periods such as this it is nothing less than criminal."

Maple T. Harl, Chairman, FDIC, before convention of Savings Banks Association of New York, Quebec, Canada.

**TURN?:** "Has *the* turn come? Or is this merely a temporary adjustment in a broad movement, the end of which is nowhere in sight? Whatever the answer, there has been a change. Higher-priced housing almost everywhere is being marked down but that doesn't mean it's cheap or represents anything like 'normal' value. And demand certainly has let up some, more in some areas than others, which in some respects is surprising because the shortage of housing seems to be just about as acute now as it ever was."

*The Mortgage Banker*, February 1947.

## THE BOOKSHELF

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

*BUILD A HOME:* By Paul Corey. 234 pp. $2.50. The Dial Press, Inc., 432 Fourth Avenue, New York, N. Y.

*VETERANS HOUSING REFERRAL CENTERS:* VEHP Community Action Bulletin 6, September 1946. National Housing Agency, Washington 25, D. C.

*SUBDIVISION CONTROL AND VETERANS HOUSING:* VEHP Community Action Bulletin 7, November 1946. National Housing Agency, Washington 25, D. C.

*HOW TO BUY OR LEASE SURPLUS REAL ESTATE:* Office of Real Property Disposal, War Assets Administration, Washington 25, D. C.

# HOME CONSTRUCTION AT RECORD LEVEL

**More new privately financed homes and apartments were started last year than in any year since 1928; and real progress was made in the production of building materials. The sharp increases in construction costs in 1946 cast a shadow over the future outlook.**

■ AT the beginning of last year, as the stream of returning veterans reached flood-tide, it was a toss-up whether "welcome home" banners or "no vacancy" signs were in the majority. The plight of the homeless veteran and his family focused the national spotlight on housing with an effectiveness which could be matched in no other way. It was difficult to persuade the average citizen that this situation did not "happen overnight," but was the result of more than a decade of deficiencies in home construction combined with an economic condition of full employment and high consumer incomes which brought about the crisis in housing.

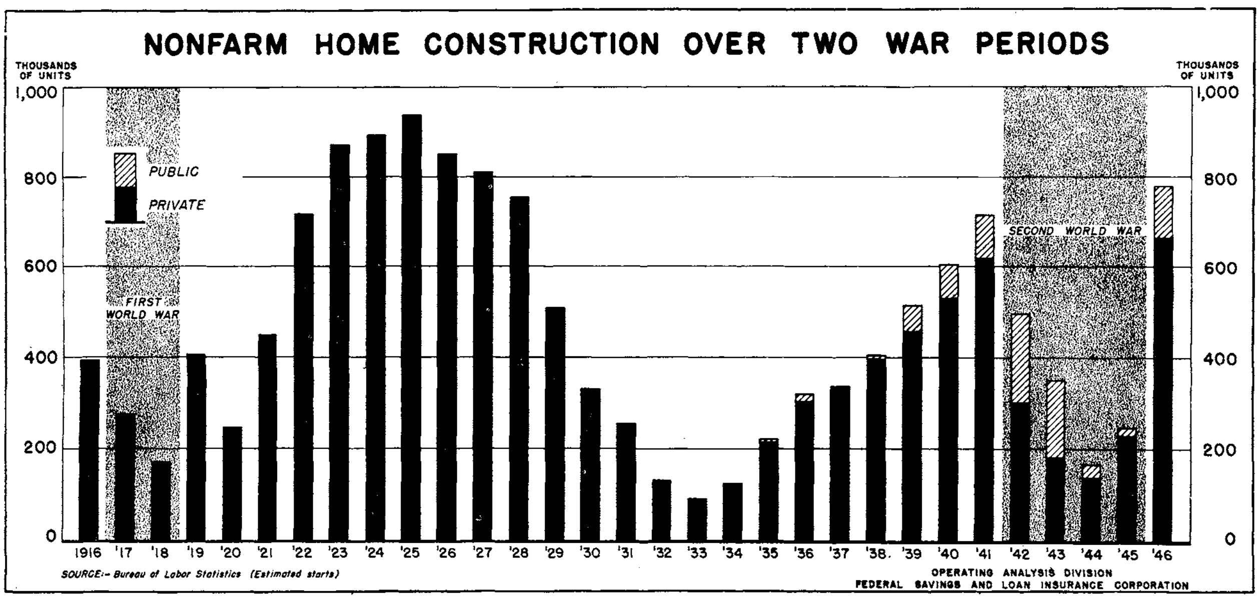
To cure such a long-standing ill on a short-term basis was humanly impossible. So, putting first things first, the Veterans Emergency Housing Program was set up during 1946 to concentrate on meeting the needs of these returned servicemen.

## Program target

The Program target of starting 1.2 million dwelling units in 1946, although modest enough in terms of need, was really something to shoot at. Never in our most lush industrial period had we built anywhere near that many accommodations. The materials and labor necessary to do the job were staggering, and complications were compounded since, in order to meet the needs of the majority of veterans, these houses would have to be kept within a moderate price range despite the tremendous inflationary pressures rampant in the country.

The fundamental answer to all these problems was, of course, production—and more production of building materials. Until it could be achieved in sufficient volume, the most strategic use of existing supplies had to be of equal importance.

At the turn of the year, after a trial of normal peacetime operation in the construction field had proved inadequate to the emergency, priority controls were re-instituted to break bottlenecks in materials production and to assure allocation of the bulk of all critical supplies to homes for which veterans were to be given preference. HH priorities became the backbone of 1946 residential construction. Under this system, supplies were channeled into the construction of houses costing



$10,000 or less or renting at an $80-monthly maximum. A conscious effort was made to keep at least half of all priority-built houses priced below the average for houses built in the preceding year.

A tightening of general construction standards was also provided under this system, requiring conformance to minimum space, arrangement and building standards. Although difficult to enforce and cumbersome in application, these HH standards—coupled with sales and rental price maximums and compliance inspections—were designed to protect the interest of the veteran-occupant.

Early in 1946 a new version of the wartime "Stop-Construction" Order was issued to divert the major share of building materials to the VEHP. This Order prohibited, with certain exceptions, any construction or repair work not definitely under way before March 26, unless it carried specific Government authorization. Also, to relieve essential residential building of needless competition from other sources, the Government deferred its own non-essential construction projects and tightened standards of necessity for commercial and industrial building in order to speed the veterans program.

Attacking the problem on a "grass roots" basis, Mayors' Emergency Housing Committees were sponsored in over 700 communities. These groups, by coordinating the efforts of local builders, labor organizations, supply dealers and financing institutions, achieved substantial results throughout the country.

## Materials production

In order to give allocation and construction controls more than an academic meaning, it was necessary to expand the building potential of the country. By means of premium payment plans it was possible to bring into production many plants that had proved uneconomic in peacetime operation. Guaranteed market contracts, designed to supplement the ordinary supply by encouraging the production of new materials and prefabricated houses, brought expanded production by assuring Government purchase up to 90 percent of all products that could not be sold on the open market. Specific price and wage increases were also obtained to overcome bottlenecks.

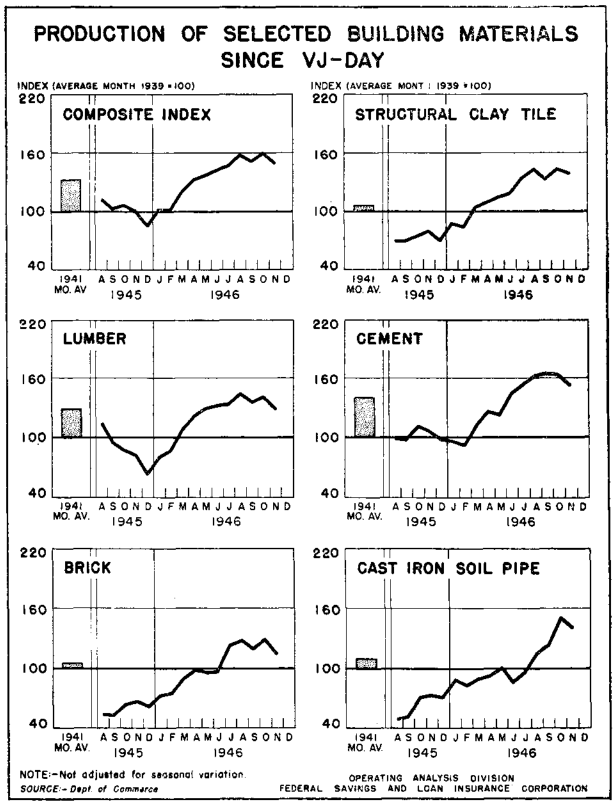
An expanded apprentice training program was undertaken to build up a supply of skilled labor, and draft deferment policies were revised to keep current workers on the job. Several of the trade unions entered into no-strike pledges in order to insure uninterrupted construction of homes for veterans.

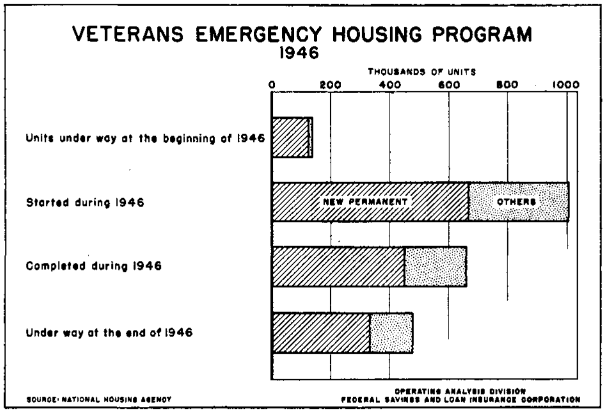
Production of building materials rose at unprecedented rates last year. Although the chart on this page does not reflect the progress of all essential materials, it is indicative of the generally improved situation. A number of vital construction components were substantially in balance by the end of the year, and the prospects for others during 1947 were good.

## Results of the Program

By these and many related measures, the combined efforts of private enterprise and Government resulted in a million dwelling units being put under construction during 1946. Over 670,000 of these represented new permanent additions to our housing stock, with more new privately financed homes and apartments being started than in any year since 1928.

The category of "new permanent units," as estimated by the Bureau of Labor Statistics, in-






cludes both conventional (94 percent of the total) and factory-built houses. Although output of the latter was not so great as had been hoped for, they showed an almost steady month-to-month production gain.

The conversion program sponsored under the VEHP as a quick and relatively cheap way of providing housing, accounted for 65,000 units. Another time- and material-saving device was the temporary re-use of old war housing facilities. By this means, 220,000 family-equivalent units were put under construction, including many veterans' housing projects undertaken by educational institutions and local government groups. Also, about 48,000 trailers were provided as temporary emergency accommodations.

A total of approximately 662,000 units reached the "key in the door" stage by the end of 1946, with new permanent dwellings making up the greater part—69 percent. While it is recognized that nobody can live in a "start," without them there could be no completions and a year-end date is an arbitrary limit to set in measuring accomplishment over a period of time. The encouraging thing about the month-to-month record of completions was the progressive rate of increase. The early part of this year should begin to reflect added acceleration brought about by the increasing flow and balance of essential materials. Projects, which for the lack of one or two items, have remained in the "starts" column should rapidly appear as completed units.

## Comparative data

It is admittedly difficult to make comparisons between the 1946 construction record and those of preceding years due to necessary differences in various statistical series. Last year, because of the magnitude and immediacy of the crisis, the problem was attacked from every angle with the result that many emergency units were counted which would not normally be included in housing statistics. The most nearly valid measure of comparison is the regular Bureau of Labor Statistics series of privately financed nonfarm construction, based on the number of building permits issued.

For 1946, BLS reported a total of approximately 677,000 permits for privately financed nonfarm construction—almost three times the number issued in 1945 and 9 percent above the prewar 1941 total. Activity last year got off to a good start, with permits considerably in excess of the best 1945 month, building up rapidly to a peak in March. This was done to get underway houses in the over $10,000 class whose construction would have been prohibited after March 26. Although monthly permit figures fluctuated generally downward during the rest of the year, even in December which usually brings a seasonal decline and last year was complicated by the coal strike, over 35,000 permits were issued, 21 percent more than in the same month of 1945 before the Program got underway.

Single-family units dominated the field last year to an even greater extent than they had previously. Permits were issued for almost 605,000 houses, or 89 percent of all private construction. In 1945 only 203,000 such permits were granted, accounting for 88 percent of total privately financed construction, and in 1941, 533,000 one-family dwellings constituted but 86 percent of the total. The relatively low level of multi-family units last year (only 7 percent of total private construction) which are primarily for rental purposes, brought a shift in emphasis in the 1947 housing program, inasmuch as so many veterans have expressed themselves as being in the market as renters rather than home owners under present conditions.

## Construction cost trends

The effects of mounting construction costs were reflected in the fact that again building permit valuations of all privately financed nonfarm residential construction showed a greater proportionate increase than did the number of permits issued.

The total, which was just over $3.0 billion, was three and a half times the amount recorded in 1945 and 36 percent greater than the 1941 volume. This raised the average permit valuation for these structures to $4,388. In 1945 it had been $3,701 and in 1941, it was $3,520.

The story behind the rising permit valuations is partially told in the index of the cost of building a standard six-room frame house. From December 1945, when it stood at 139 (on a basis of 1935–1939=100), it rose each month until it reached 161—a gain of 15 percent in the 12-month period. The greater part of this increase was in the materials component which rose 18 percent. During December alone, the first full month of price decontrol, materials rose over 3 percent compared with a 1-percent gain for labor costs.

Wholesale prices provide a more sensitive measure of change since they are immediate reflectors while the building cost index tends to lag behind and shows variations only as they reach the retail level. For that reason, the BLS index of wholesale building materials prices may provide a clue to future cost trends. Price adjustments during the first 10 months of the year produced a steady advance but with the elimination of ceilings in November, the index bounded up 12 points during that month and 14 points in December. The gain in these two months was equal to that recorded during the preceding two and one-half years. Part of this gain may be attributed to a recognition of black market prices which had prevailed during the period of price controls. Steady increases in production during the comparatively inactive building months of mid-winter may tend to ease some of the pressure on prices between now and the resumption of home building in the spring construction season.

## The new program

With the removal of all price ceilings and the broader effects of relaxing wartime controls, it was necessary to reconstitute the housing program at the close of last year. A simplified system of building authorizations was inaugurated under which both veterans and non-veterans could build homes for their own use. All priorities on construction were eliminated, limitations on size replaced price ceilings, and primary emphasis was shifted to rental properties.

# Mortgage Financing

(*Continued from p. 139*)

A total of $798 million in premium paying loans was made in 1946, up $115 million from the previous year.

Title II home loans increased substantially and totaled about 67,000 to amount to $347 million with expanded construction activity showing up in a decided shift to loans on new properties. Conversely, Title VI activity, on 1- to 4-family homes, dropped about 70 percent in both number and amount with only 14,000 such loans insured totaling $75 million.

Conversion activities incident to the housing program helped to bring another large increase in the volume of loans for modernization and repair insured under Title I. Insurance covering 799,000 such projects was provided, with an aggregate principal of $362,743,000.

## Other measures of activity

Although it is too early to cite any firm 1946 year-end figures on the size of the home mortgage debt, there is no doubt that it rose last year to an all-time high. This assumption is predicated chiefly on the hitherto-unmatched total of mortgage lending which more than offset the effect of continued high rates of repayments. An estimated increase of 15 percent to $23 billion does not seem out of line with real estate conditions.

Annual figures on nonfarm real estate foreclosures are also still in the stage of prediction. The first nine months of last year brought only 8,600 actions, with the second- and third-quarter rates lower than any others on record. The annual rate per 1,000 structures for the 12 months ending in September 1946 was 0.5 percent compared with 0.7 for the full year of 1945. In view of these facts, it seems probable that even the addition of the last three months' figures would not raise the 1946 total to the 14,000 reported in 1945.

In the absence of over-all figures on the value of real estate owned by financial institutions, the record for all insured savings and loan associations provides an indication of the continued downward trend. During 1946 that account in these institutions was cut in half, and at year-end totaled only $6.6 million, or less than one-tenth of 1 percent of total assets.

# THE PATTERN OF NEW SAVINGS

**The net new savings accumulated by individuals last year were at the lowest levels since 1941, as increased spending opportunities and higher living costs cut into personal incomes. In spite of this, the savings account balances in institutional media showed substantial dollar gains over 1945.**

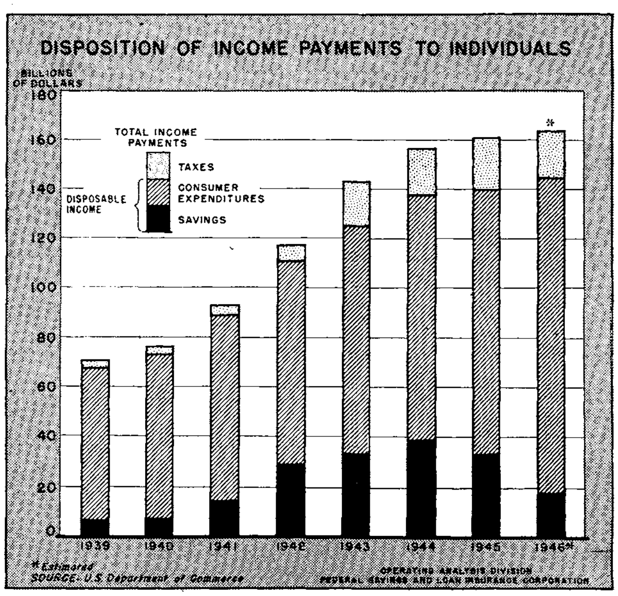
■ ALTHOUGH the total amount of savings held by individuals reached another new high during 1946, the aggregate volume of net additions to the various types of savings media during the year was the smallest since 1941. The reduced amount of new savings occurred in spite of the fact that income payments to individuals were even higher than during the peak war years. People had less to save because they were able to buy more and had to pay more for what they bought. Substantial progress was made during the year toward full peacetime production, thus permitting consumer goods to flow in ever-increasing quantities into normal distributive channels. However, a huge pent-up demand in relation to available supplies exerted insistent pressure toward higher price levels. This rise, retarded by price control early in the year, was accelerated by the subsequent lifting of controls in November.

Contrary to expectations early in the year, income payments to individuals climbed to $164 billion in 1946 to top the previous year's $161 billion, the Department of Commerce estimated.[1] After payment of taxes, the amount of money left in consumers' hands last year was $144.5 billion compared with $139.6 billion in 1945. However, the American people saw the major share of this spendable income—87.9 percent—slip through their hands to buy consumer goods and services as expenditures for these purposes rose to a record $127 billion. This was almost a fifth more than they spent in 1945 and over two-thirds more than in 1941. Because of the huge expansion of consumer spending, the amount available for saving by individuals dropped to $17.5 billion in 1946 against $33.1 billion the year before.

Only about one-eighth of the money received by individuals (after taxes were paid) was available for saving compared to approximately one-fourth during the war years 1942–1945. In light of the strong competition for the consumer's dollars in the past 12 months, it is significant that the amount available for personal savings in 1946 was still greater than for any year before 1942.

## Savings in institutional media

In general, the concept of savings inherent in the above calculations is based on an economic definition and therefore includes such factors as fluctuations in consumer instalment debt, home mortgage debt and other related items. To bring the current discussion of savings closer to the operations of thrift institutions, the question may be raised as to what happened in individual savings media such as share accounts in savings and loan associations, time deposits in commercial banks, accounts in mutual savings banks, postal savings accounts, U. S. savings bonds and life insurance. With the single exception of the outstanding value




[1] The data for measuring income payments to individuals attempt to measure the flow of money into the hands of individual consumers. They form a part of the calculation of national income data and the determination of so-called gross national product. It is purely coincidental that both net national income and income payments to individuals last year were estimated at $164 billion. In 1944, for example, the figures for the same series were $160.7 billion and $156.8 billion, respectively.

of Series E savings bonds, the amount of money held in these various media in 1946 increased during the year, although in a majority of cases, both the percentage and the dollar gains were less than in the preceding year.

Net new investments in all operating savings and loan associations in 1946 were estimated at $1.1 billion, bringing their total savings accounts to $8.5 billion. Slightly above the $1 billion added in 1945, the dollar gain was more than in any year to date. Percentagewise, however, the 1946 increment was only 15 percent against 17 percent the previous year. By last year-end, total time deposits in all commercial banks were estimated by the Federal Reserve Board at $33.7 billion. Although no breakdown on ownership is available, it is assumed that most of these funds are held by individuals. Despite a net gain of $3.6 billion in this form of savings during 1946, the rate of growth had declined to 12 percent compared to 25 percent for the preceding 12 months.

Deposits in mutual savings banks increased $1.5 billion during 1946 and on December 31 stood at $16.8 billion. In dollar amount, the expansion of these accounts last year was somewhat less than the $2 billion added in 1945 and the percent of increase followed the downward trend evident in other savings media—dropping from 15 percent in 1945 to 10 percent last year. The estimated year-end balance of postal savings accounts was $3.3 billion—an increase of $400 million compared with a $591-million gain in 1945. Again, on a percentage basis, the 1946 gain was only about half that recorded the previous year.

## Savings bonds

Spurred by promotional campaigns in June–July and November–December, sales of E, F and G bonds totaled almost $7.5 billion in 1946, the Treasury Department reported. Although more than 40 percent below the 1945 figure of $13 billion, last year's sales almost doubled predictions made early in 1946. Over 60 percent of total sales, or $4,465,000,000, represented "E" bonds. Purchases of "F" bonds amounted to $324,641,000 and "G" bonds added $2,636,866,000 more. No "goal" was set for sales in the first two postwar campaigns sponsored by the Treasury; nevertheless they not only stimulated sales but appreciably reduced the volume of redemptions.

Aggregate redemptions of all three series reached $6,037,977,000, resulting in a *net* addition of $1,389,216,000 to E, F and G bonds outstanding at the end of last year. Sales exceeded cash-ins for both the F and G series but "E"-bond redemptions topped their sales by almost $1 billion. Since the net shrinkage in the outstanding value of this series amounted to only 1.1 percent during the past 12 months, the balance of $30.2 billion held on December 31 surpassed the most sanguine forecast of a year ago.

The volume of "E" bond redemptions has been dropping in recent months, despite smaller incomes, rapidly rising prices and an increasing flow of consumer goods. In an analysis of this trend, the Federal Reserve Bank of Cleveland found the cash-in rate for "E" bonds is apparently more sensitive to fluctuations of wage and salary payments than to the other two factors. According to this study, continuously employed families have generally been able to meet rising living costs from current income and thus hang onto their bonds, while families whose incomes were cut sharply by strikes or lay-offs have had to cash their bonds. In passing, it is interesting to note that wages and salaries were the only major segments of national income that failed to show increases over their 1945 level.

This study included an analysis of redemptions of "E" bonds on the basis of the year in which they were originally issued. Of the "E" bonds issued in 1942, only 30 percent had been redeemed by December 1 of last year; of those issued in 1943 and 1944, 36 percent had been cashed. Cash-ins for those issued in 1945 and 1946 were 30 and 13 percent, respectively, as of the same date. In all, about one-third of the more than $45 billion (cost price) of "E" bonds sold since they were first offered in May 1941 had been turned in. According to the study, this is regarded as a favorable redemption rate especially "when it is realized that savings bonds were sold to millions of people unaccustomed to saving."

## Life insurance

Sometimes overlooked in the savings of individuals are funds accumulated in life insurance policies. An estimated $3 billion was added last year to the total of $37.4 billion in this type of savings on policies in force at the end of 1945.

The total of these funds, as shown in the FHLBA series, aggregated $40.4 billion by the end of December 1946—a percentage increase about equal to that in 1945.

By the end of 1946, some 73 million Americans owned $174 billion in non-Governmental life insurance, according to the Institute of Life Insurance. In one of its greatest years of expansion in a 100-year history, life insurance in force jumped nearly 12 percent over 1945 and almost 40 percent above 1941.

About $23.5 billion in new life insurance was bought during 1946, an amount unsurpassed in any previous year. This volume of purchases was 47 percent above the 1945 total and also topped by 30 percent the former peak of $17.9 billion in 1929. By last December 31, the average coverage of each policyholder had risen to $2,375.

In sharp contrast to the growth of private life insurance during the year, ownership of National Service Life Insurance dropped off sharply. Despite a vigorous campaign throughout the year to persuade veterans to retain or revive their service insurance, many allowed it to lapse on their return to civilian life. Out of the approximately 19 million policies worth about $149 billion applied for since the Government first organized such insurance for World War II service personnel, the Veterans Administration estimated only about 5.6 million policies with a face value of $34.2 billion remained in force on December 31. Only $2.8 billion of this was converted insurance on a permanent basis under 632,000 policies and the balance was term insurance as originally issued. Slightly more than two-thirds of the converted policies were 20-payment life contracts.

## Federal Reserve Board study of savings

An important contribution to general knowledge about the characteristics and habits of people who save was made during the year by the Federal Reserve Board's *National Survey of Liquid Assets.*[1] Conducted by the Division of Program Surveys of the Department of Agriculture for the Federal Reserve Board, this study forecast the decline in the total income available for individual savings in 1946. In predicting their 1946 potential savings compared to what they had actually saved in the preceding year, 19 percent of the individuals interviewed expected to save less in 1946, while 26 percent either didn't know or wouldn't say. About one-third thought they would save as much and only 21 percent believed they would save more than in 1945. The facts have borne out the less optimistic expectations.

Liquid assets owned by the majority of the population cannot be considered a sufficient reserve to sustain regular expenditures very long in case there should be drastic reductions in their income. Of the $130 billion in total savings accumulated by the end of 1945, over half was held by just 10 percent of the population. Over one-fourth of the people had no liquid assets while another quarter owned only 3 percent of the total. Although the majority of persons questioned had no checking or savings accounts, two out of every three did own some U. S. savings bonds. However, the *total* asset holdings of three-fourths of the people amounted to less than one-fifth of their annual income.

[1] *See* FHLB REVIEW, July, August and September 1946.

## DIRECTORY CHANGES

**December 1946**

Key to changes

*Admission to membership in Bank System
**Termination of membership in Bank System
#Federal Charter granted
##Federal Charter canceled
ØØInsurance Certificate canceled

NEW YORK DISTRICT

NEW YORK:
Maspeth:
#Maspeth Federal Savings and Loan Association, 56-18 69th St.

PITTSBURGH DISTRICT

PENNSYLVANIA:
Cornwells Heights:
**Cornwells Building and Loan Association.
Philadelphia:
*#Eastern Federal Savings and Loan Association, 2316 Orthodox St.

CINCINNATI DISTRICT

OHIO:
Cincinnati:
*Lincoln Building Association No. 1, 2969 River Rd.
*New Mohawk Building Association, 413 West McMicken Ave.

LITTLE ROCK DISTRICT

TEXAS:
Dallas:
**##ØØGuardian Federal Savings and Loan Association, 1204 Main St.
*Guardian Savings and Loan Association, 1204 Main St.

# BACKGROUND OF BUSINESS CONDITIONS

**The past year saw many new peacetime records set in various phases of our economic life. National income reached higher levels than during any war year, and "full employment" became a reality for the first time. Prospects for 1947 are encouraging although there are several unresolved problems in the path.**

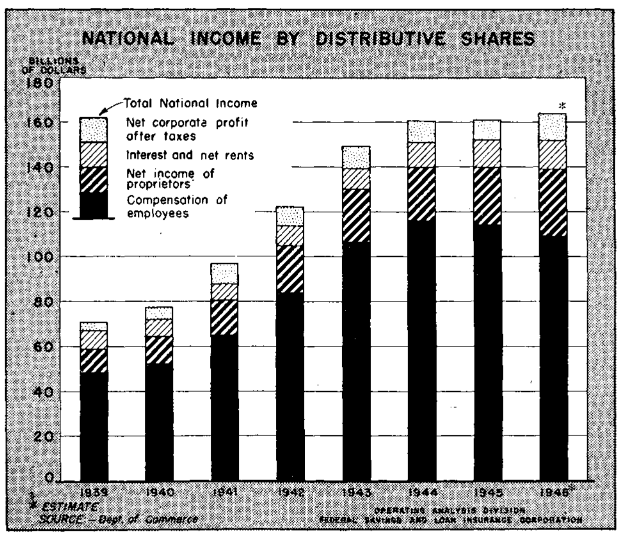
■ CONVERTING the economic machinery of the country from wartime to peacetime operations did not prove to be a quick nor an easy job. Progress throughout 1946 was on a "stop and go" basis. Early last year, the first adjustments had been made and industrial production appeared ready to go into high gear. However, "stop signs" began to show up with considerable frequency. Materials shortages hampered production. Strikes in primary industries began to increase, with steel, automobile, coal and railroad work stoppages making for very jerky progress. As these tangles were being unsnarled, a different form of slow-down resulted from the uncertainties about price control. Then, as the year drew to a close and production was gaining a new postwar momentum, the second coal strike for a time repeated the threat of complete industrial paralysis.

Despite these reconversion difficulties, however, total production mounted to new peacetime records. The effects of war contract terminations by February of last year had brought the Federal Reserve Board index to the lowest point since early 1941. From 152 percent of the 1935–1939 average, in that month, the index see-sawed up to 179 at the end of the year, with non-durable goods accounting for more than their normal peacetime share of this activity.

The year also brought full employment. Even as military discharges mounted, throughout the first half of 1946, civilian employment continued to rise to an all-time high of 58 million in July. Since then it has declined to the neighborhood of 57 million but at no time have there been more than about 2.2 million people unemployed—a figure which has come to be accepted as the practical minimum normal in a fluid economy such as ours.

The high levels of production and employment were reflected in a national income of unprecedented volume. The estimated total of $164 billion was $3 billion more than in 1945 and almost 70 percent greater than the 1941 amount. However, the components showed considerably different trends. While net corporate profits after taxes were increasing by one-third, net income of proprietors showed a 17-percent gain and compensation of employees declined 5 percent. The decrease in total employee incomes resulted from cutbacks in military and Federal civilian personnel which more than offset the 7-percent gain in private industry payrolls. Although wage rates increased, the reduction in the average work week for manufacturing industries brought an actual decline in the take-home pay of many wage earners. This, in addition to the rising cost of living, directly influenced the reduced rate of savings discussed on page 145.

As the nation returned to a peacetime economy the expenditures of consumers and private business once more took the lead over the Government which had recently been the number-one customer. The Federal outlay last year was reduced more than half, to $35 billion from the $84 billion spent in 1945. At the same time, business found it



necessary and increasingly possible to rehabilitate and expand facilities and stocks. Expenditures for producer durable equipment reached nearly $13 billion, almost double the 1945 amount. Business inventories showed the largest increase on record, rising over $9 billion from the end of 1945. Normally an increase of this size would cause considerable concern, but last year it was a matter of filling empty pipe lines. Inventories in various stages of production were still unbalanced and inventories of finished goods remained low in relation to sales. The fact that the rate of accumulations was slowing down at the year-end was an encouraging sign.

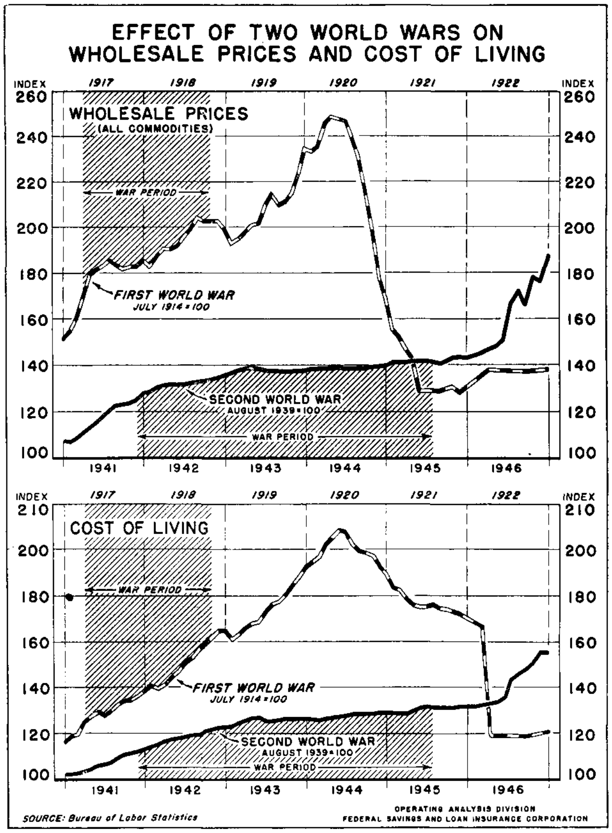
## Prices

One of the major difficulties encountered on the road to reconversion was the general price situation. Price controls continued to act as regulators during the early part of the year, with gradual, moderate increases granted to speed production or offset higher wages. As the expiration date of the Price Control Act approached, complications began to pile up. Goods were held back from the market in anticipation of higher prices, and these were not long in coming.

The temporary period of decontrol between June 30 and July 25 proved to be only a plateau above which prices continued to rise during the period when the modified system of selective controls operated. Early in November all price ceilings except those on rents, rice and sugar were abandoned.

As a result, the over-all rise in prices during 1946 was greater than in any year since World War I. Between June and the year-end, wholesale prices rose 25 percent, following a rise of 5 percent in the first half of the year, and the cost of living increased almost 15 percent as against 3 percent in the two comparable periods.

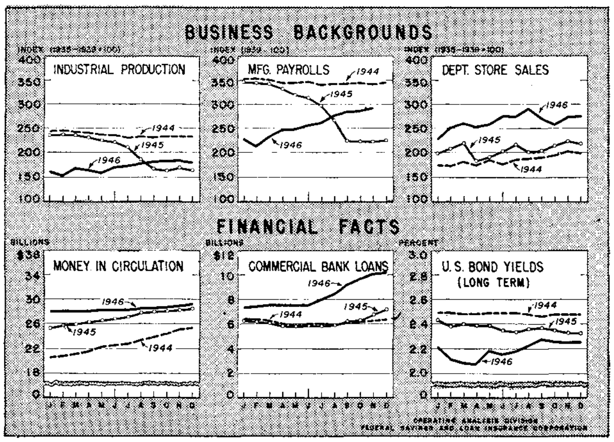
This, obviously, had serious repercussions on the purchasing power of the dollar. On the basis of the 1935–1939 average dollar being worth 100¢, the December 1945 index of wholesale prices stood at 75. By June it was down to 71 percent and the December 1946 figure was only 60. The same 6-month measures of consumer prices, which always lag behind wholesale prices, showed the 1935–1939 dollar worth 77¢, 75¢ and 67¢, respectively.




## Financial developments

One of the outstanding financial developments of the year was, of course, the reduction in Government debt. From an all-time high of $279 billion at the end of February, it dropped to $262 billion at the close of last year. This debt retirement has been almost entirely in securities of the type held by commercial banks and Federal Reserve Banks. This is in line with the anti-inflationary policy pursued by the Treasury to keep war financing as much as possible in non-banking sources.

The firming of selected interest rates has been another significant financial feature of the past year. The average yield on long-term Government bonds, which was 2.33 percent at the close of 1945, dropped to an all-time low of 2.08 percent in April but followed a zig-zag course upward during the remainder of the year and closed slightly below the previous year-end level. Yields on corporate bonds showed a rather similar pattern. Another evidence of this general trend of the firming of interest rates is the fact that New York financial papers have recently reported that as commercial




loans have matured, they have been renewed at somewhat higher interest rates than in the near past. There has been no indication of any change in the level of mortgage lending interest rates, however.

The break which occurred in stock prices last year marked the end of a four-year bull market. Quotations moved generally higher to reach a 16-year peak in May. The decline was gradual until the sharp break after Labor Day. At the end of December, stock indexes were only slightly above the year's low.

The amount of money in circulation increased again last year but at a considerably slower rate than during the war. After showing a month-to-month decline early in the year, it again turned upward and at the end of the year amounted to just over \$29 billion. Although this was an all-time high, the net gain between year-ends was only \$400 million compared with increases of \$3–5 billion in the preceding three years.

Expanding commercial and consumer credit also featured last year's financial developments. Increased needs for funds on the part of both business and individuals, coupled with the removal of many wartime credit restrictions, brought this reversal of recent trends. Commercial, consumer and agricultural loans, which at the end of 1945 had totaled \$7 billion, rose to \$10 billion at the end of the year; while consumer credit increased from \$6.7 billion to \$9.8 billion during the same period. Of this latter amount, instalment credit showed a gain from \$2.4 billion to \$4 billion.

# The '47 Forecast

■ THE business of making economic forecasts becomes more hazardous with the approach of each new year. As the number of "unpredictables" increases, it is obvious that even these so-called "educated guesses" foretell of future trends with diminishing accuracy. Yet, the consensus of management holds that even a poor estimate *intelligently acted upon* is likely to produce a greater measure of success than depending solely on the belief that next year will in all likelihood not be too different from this year which was not too different from last year, etc. . .

A few weeks ago, the executive officer of a large eastern association was discussing the subject of forward planning with a savings and loan group and his thoughts clearly reflected the necessity for such action. "You know," he said, "this business of thrift and home financing gets more complicated every year. It used to be that changes were made gradually; one year was just about like the next one; and except for the worst depression years our business would just about run itself. Today it's an entirely different story. Even before the end of one year, our Board is already at work formulating and revising operating policies for the next 12–18 months. Every year now it's just like starting all over because of the new angles which are continually cropping up.

"Just look at the contrast between 1945 and 1946," he went on. "Two years ago we were concerned about too much money and no lending opportunities. Last year, almost over night the situation changed so drastically that we began to wonder if those surplus funds we'd been accumulating would be enough to satisfy the demand for good sound loans coming our way. For the first time since 1942, we began to really work at this idea of selling the public on putting their savings in our institution.

"This is the period when an association which doesn't plan ahead and anticipate to the best of its ability, through the combined efforts of its managing officer and directors, can without half trying lay the foundation for real trouble in the years ahead."

## The general economic outlook

As one cog in the American business machine, the thrift and home financing industry will be greatly influenced by the tempo at which the entire economy moves. For this reason, it is well first to survey the general prospects for the coming year. In the *Economic Report of the President* submitted to Congress early in January, it was emphasized that on the plus side of the economic ledger "our industrial plant is larger and, in many cases, better than ever before. Funds for business expansion are ample and profit incentives are high in most lines. Our labor force has greatly increased its number of semi-skilled and skilled workers. The spending power of consumers, as a whole, is much higher than it ever was before the war. Consumer desires are fortified by a backlog of unsatisfied wants, particularly for housing, commercial construction, automobiles, household appliances, furnishings and other durable goods. There are long-deferred and needed public works—Federal, State, and local. There is a strong and sustained foreign demand."

The report, however, also called attention to a number of unfavorable factors which must be considered in analyzing 1947 trends. Chief among these is the marked decline in real purchasing power of great numbers of consumers, resulting from the large price increases in the second half of 1946. Maximum production and employment this year would yield a substantial increase in the supply of consumer goods, especially of the durable variety, and it will require higher real purchasing power to take the goods off the market.

If price and wage adjustments are not made, the *Report* goes on—and made soon enough—there is danger that consumer buying will falter, orders to manufacturers will decline, production will drop and unemployment will grow—unless consumers resort to large additional borrowing and use of past savings to buy the increased supply of goods. These temporary expedients are limited in power, and, even if available, would merely postpone the day of reckoning.

A second and important contingency in the 1947 outlook is the condition of labor-management relations. At the present moment, the business economy is as free from strikes as it has been at any point since the end of the war. A resumption of widespread work stoppages would directly interfere with production and employment by creating or intensifying shortages of materials, parts or equipment. Further, they would add to uncertainties about demand or supply and the costs of materials, which in turn might lead to reductions in business outlays for plant, equipment and inventories.

The *Report* concludes that the underlying favorable factors are strong enough to maintain high prosperity. The maladjustments and unfavorable possibilities, not corrected or prevented, could cause a recession in production and employment.

## Construction's biggest year ahead

In all likelihood, the volume of construction expenditures during 1947 will be the greatest for any peacetime year on record. It will be close to the all-time peak established in 1942 under the influence of war plants, etc. The Department of Commerce has stated that the outlook is favorable for the construction of $15 billion in new buildings, plus $6.5 to $7 billion to be spent in repair and maintenance. For new construction this is a 50-percent increase above the 1946 volume of just over $10 billion.

Continued gains in home building will account for the major share of the 1947 increase. The Commerce Department predicts that $6 billion will be spent on private nonfarm residential construction. This should permit the starting of approximately 1,000,000 private permanent dwelling units and the completion of 900,000. In 1946, about 675,000 privately financed permanent units were started and 450,000 completed. These estimates are substantially agreed to by the Bureau of Labor Statistics which also expects about a million new permanent dwelling units to be started, and 950,000 completed in 1947. It adds that one-fifth of the dwellings started will be in multi-family structures, which are usually built to rent.

In a round-up of business economists and building leaders, the *Architectural Forum* in its annual "Building Forecast" is slightly more conservative in its estimates of private nonfarm residential construction ($5.1 billion) and total construction ($20.2 billion). However, it concludes that about 1,200,000 dwelling units will be started with the private funds and an additional $230 million of public funds.

All these predictions are hedged with careful reservations of conditions which will after all be the real determinants of the volume of construction. Commerce Department estimates, for example, are based on the assumption that increases in the cost of construction will be moderate in 1947, and that any increases in the materials price index and labor rates will be in part, at least, offset by the increased volume of building materials called for by the 1947 Government program and the possibility of more normal operations; that the remaining controls on non-residential will be eased; and that there will be no general business recession in 1947 severe enough to impede construction.

There is no question but that the most important bottleneck in 1946 construction—material shortages—is becoming less and less of a problem. The outlook now is for sufficient materials production, barring severe work-stoppages, to cover 1947 requirements for residential construction even allowing for the projected increase. Except for one or two items, the chief problem in the current year will be one of distribution to smooth out the flow of materials which was one of last year's big problems and played such an important part in building costs.

## What about building costs?

The "experts" are well divided about the trend of building costs during 1947. One school holds that the end of the upward trend in construction costs is not yet in sight. As the volume of construction gains momentum the demand for both skilled and unskilled workers is expected to keep labor rates at peak levels throughout the year. Likewise, in spite of the increased output, higher production costs and an insatiable demand will work toward maintaining building material prices. On the other hand, there are those who believe that there is a chance for the over-all costs of building a home to show a decline. More efficient methods of construction, large-scale operations, shorter building time because of a smoother flow of materials, will all operate to reduce building costs next year. Increased supplies of materials should also begin to have a dampening effect on at least some of these prices before the year is out.

There is a significant factor which cannot be overlooked in discussing future trends in building costs. As a "buyers'" market gradually replaces the recent "sellers'" paradise, there will be increasing pressure on high building costs and high priced homes, for the supply of prospective home owners at such levels is strictly limited. The importance of costs in the continued high volume of residential construction was emphasized in the *President's Economic Report* referred to previously. "The price problem in housing is even more serious than in other lines because the gap between consumer income and housing prices is so great . . . Even if the backlog demand provides a ready market for all the housing which is produced in 1947, this superficially satisfactory situation would plant the seeds of a collapse in residential construction within a few short years because the number of families who can afford high priced houses comprises only a small part of the population."

## Mortgage financing prospects

In view of the amount of private residential construction scheduled for the coming months, it should follow that the demand for mortgage funds will continue throughout 1947. Economic trends, however, are subject to unpredictable fluctuations. Somewhat paradoxically, therefore, it may not be surprising if mortgage lending activity in the current year does not equal its record 1946 volume.

An important factor in this trend will be the decline in the volume of financing required for the sale of existing properties which formed such a large part of last year's business. People are beginning to lose the war-acquired habit of being "on the move." There is less transferring from one section of the country to another as more permanent jobs are found. Also, as the prospects of obtaining a *new* home or apartment become brighter, many families will be willing to put up with their temporary arrangements until these are available. There is a definite possibility then that the volume of mortgage recordings, using this as a measure of real estate financing activity, will not be so high in 1947 as it was last year. New loans made by all savings and loan associations will in all likelihood follow this trend, but the combined 1946–1947 total should approach a record $7 billion.

Because loans for new construction will play a more important role in the total home financing picture during the coming year, the outstanding balance of loans on 1- to 4-family nonfarm homes is expected to show a substantial increase next year. Loans on new properties represent a *gross* addition to the outstanding debt, in contrast to transfers of existing properties which generally result in an increase amounting to the difference between the old and new mortgages on the properties, if they are re-cast. By the end of 1947, the total nonfarm home mortgage debt should have passed the $25-billion mark. The net increase during the year may prove to be one of the largest in recent years.

### Savings must be emphasized

One of the big questions about 1947 is the volume of new savings which may be expected. By the end of 1946 the rate of savings by consumers had dropped to about 10 percent of their disposable income—or approximately equal to the 1940 rate and only slightly above the 1935–1939 average. The *President's Economic Report* hints that the rate probably will not fall below this amount unless forced down by adverse economic conditions. If the predictions for favorable trends in consumer income during the coming year are realized, it is probable that the 1947 volume of savings will not be greatly different from the amount accumulated last year.

Competition for savings accumulated during 1947, however, will be even more keen, and demands for use of cash reserves will be at an all-time high. Reservoirs of private savings will be tapped to provide the funds needed for residential construction as well as for the expansion of industrial and commercial plant facilities and equipment. Only the consistent use during the coming months of every sound means to stimulate savings will enable institutions to continue receiving their share of the new savings funds.

### For the individual institution

Against a background of these over-all estimates of 1947 activity, the managing officer and board of directors of each member institution can measure the prospects for their own association. They have the advantage of having particular knowledge about the conditions in their own community which may vary from the national pattern for good and logical reasons. With such information they can come up with the answer, which best fits their own associations, to the problems which face the savings and loan industry in 1947.

## The Housing Expediter's Report

■ THE Housing Expediter's *January Report* summarizes the outline for housing in the coming year. Objectives of the 1947 housing program are to obtain the greatest possible number of dwelling units at moderate cost and to enable veterans to obtain housing that best meets their needs, particularly homes for rent. Government assistance and controls, therefore, are being continued wherever necessary. Controls are being relaxed when such action will result in a greater volume of housing.

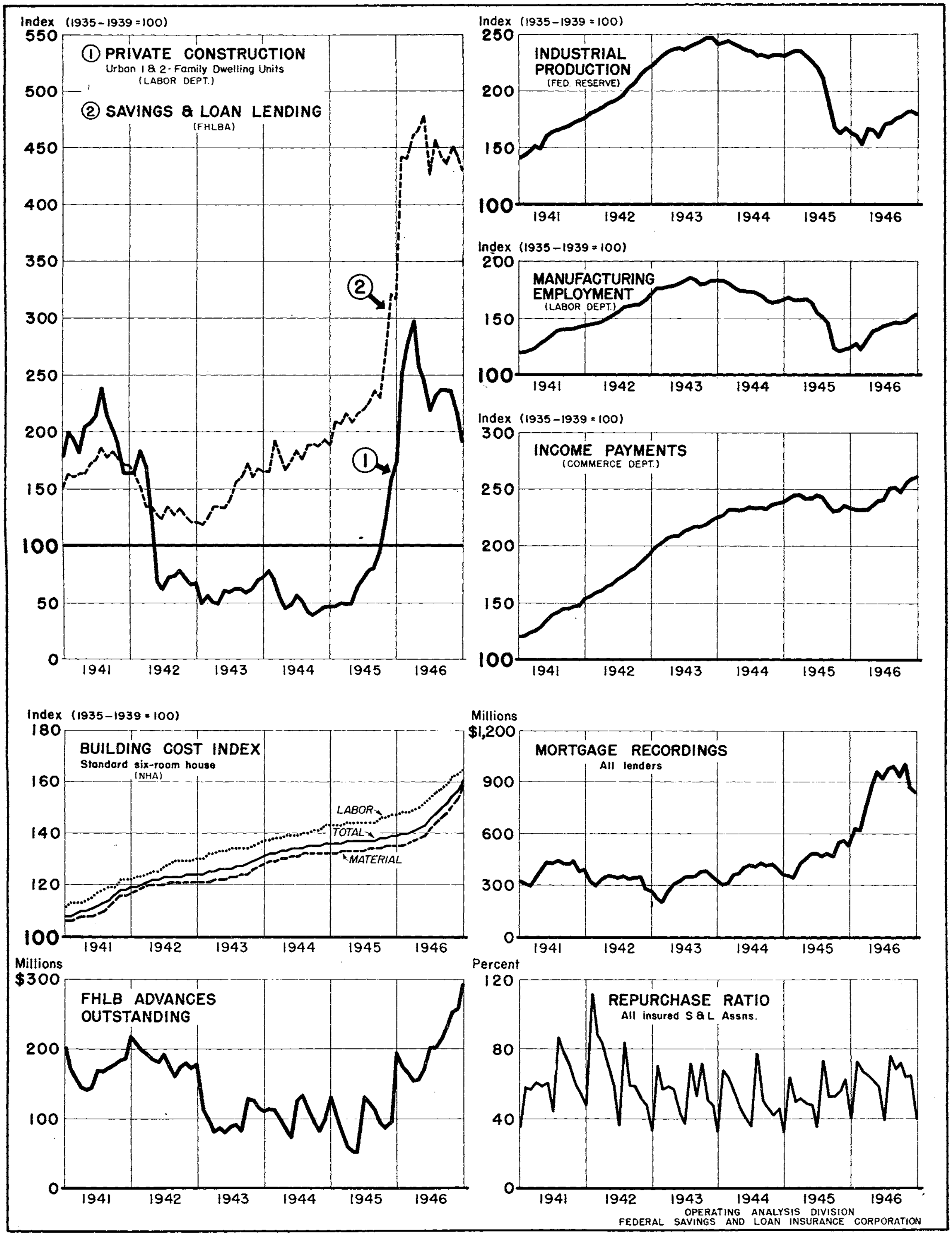
There is every indication that 1947 will be a big construction year. Industry and Government spokesmen have estimated that a million homes will be put under construction and about a million completed during 1947. But there are still serious problems yet to be overcome. Although the critical supply situation existing during much of 1946 has been eased for a number of materials, there are still some currently in short supply; for these materials, production aids, such as premium payments, allocation orders and priorities for producers, are being continued. This year should see continued improvement in the over-all supply picture.

Increasing production of materials will bring about better distribution and should make possible the gradual relaxation of existing controls. It is expected that lower building costs will result from greater efficiency in construction and production.

### Labor supply—a key point

As construction expands, the demand for construction labor will increase. Vigorous effort in the recruitment and training of workers by labor and builders and communities will be required during 1947 in order to avert labor shortages in construction.

In conclusion, the report emphasized that industry and local communities must assume an even greater responsibility than was required in the initial stages of the veterans housing program. More reliance is being placed on the over 700 Mayors' Emergency Housing Committees. With materials more plentiful and Federal controls relaxed, local solutions of problems, such as labor supply, site development and stimulation of rental housing and conversions, assume even more importance.


Index (1935-1939 = 100)
① PRIVATE CONSTRUCTION
Urban 1 & 2-Family Dwelling Units
(LABOR DEPT.)
② SAVINGS & LOAN LENDING
(FHLBA)
0 50 100 150 200 250 300 350 400 450 500 550
1941 1942 1943 1944 1945 1946
Index (1935-1939 = 100)
INDUSTRIAL PRODUCTION
(FED. RESERVE)
100 150 200 250
1941 1942 1943 1944 1945 1946
Index (1935-1939 = 100)
MANUFACTURING EMPLOYMENT
(LABOR DEPT.)
100 150 200
1941 1942 1943 1944 1945 1946
Index (1935-1939 = 100)
INCOME PAYMENTS
(COMMERCE DEPT.)
100 150 200 250 300
1941 1942 1943 1944 1945 1946
Index (1935-1939 = 100)
BUILDING COST INDEX
Standard six-room house
(NHA)
LABOR
TOTAL
MATERIAL
100 120 140 160 180
1941 1942 1943 1944 1945 1946
Millions
MORTGAGE RECORDINGS
All lenders
0 300 600 900 $1,200
1941 1942 1943 1944 1945 1946
Millions
FHLB ADVANCES OUTSTANDING
0 100 200 $300
1941 1942 1943 1944 1945 1946
Percent
REPURCHASE RATIO
All insured S & L Assns.
0 40 80 120
1941 1942 1943 1944 1945 1946
OPERATING ANALYSIS DIVISION
FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

## Usual seasonal trends apparent in business conditions

Temporary reduction of coal supplies due to the November strike was the principal factor in a decline of 3 points in industrial production during December. In that month the Federal Reserve Board's seasonally adjusted index stood at 179 percent of the 1935–1939 average. This was the lowest point reached since August 1946, but 16 points above the December 1945 mark. The output of durable manufactures decreased somewhat more than nondurables during the reporting month but by early January steel operations were raised to the peak rates achieved in mid-November. In general, the production of building materials during the month continued at or above November levels.

Department store sales followed the usual year-end trend of a sharp increase in December, followed by a post-holiday decline in the first weeks of January. The December volume, as measured by the Federal Reserve Board's seasonally adjusted index (1935–1939=100) rose 2 points to 274 compared with 218 in the same 1945 month. Indicating the beginning of the end of the wartime sellers' market was the reappearance of "bargain sales," some even during the Christmas buying rush. Total sales during 1946 were about a fourth greater than in the previous year but a substantial proportion of this increase undoubtedly reflects higher prices of merchandise available. The general level of wholesale commodity prices advanced slightly from the middle of December to the latter part of January, reflecting chiefly higher prices of industrial goods. The largest price increase in commodities included in the BLS index was that shown by building material prices which rose 7 percent between the year-end and the week ending January 25.

| Index [1935–1939=100] | Dec. 1946 | Nov. 1946 | Percent change | Dec. 1945 | Percent change |
|---|---|---|---|---|---|
| Home construction (private) [1] | 191.4 | [r] 215.4 | −11.1 | 173.8 | +10.1 |
| Building material prices | 176.2 | 162.5 | +8.4 | 133.4 | +32.1 |
| Savings and loan lending [1] | 430.0 | 441.7 | −2.6 | 318.2 | +35.1 |
| Industrial production [1] | 179.0 | 182.0 | −1.6 | 163.0 | +9.8 |
| Manufacturing employment [1] | 153.1 | [r] 150.6 | +1.7 | 131.1 | +16.8 |
| Income payments [1] | 260.5 | [r] 259.2 | +0.5 | 234.1 | +11.3 |

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

Non-agricultural employment in December remained at about the November level after allowances for seasonal increases in trade and postoffice workers and the usual decline in construction employment. These offsetting factors increased unemployment by about 200,000 which is a normal mid-winter trend.

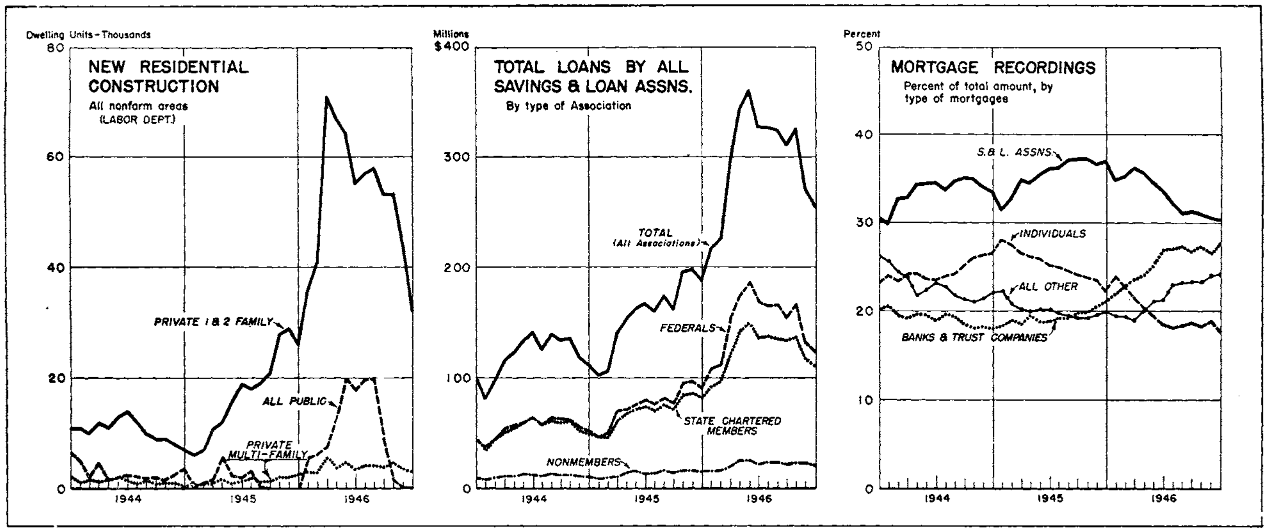
Currency in circulation was down somewhat from the year-end high as is usual at the beginning of the year but was still almost $450,000,000 higher than in mid-January of 1945. Commercial and industrial loans, following the rapid expansion of the summer and fall months, increased only slightly during the final month of the year. The Treasury retired an additional $3.3 billion of notes during December bringing the outstanding Government obligations to $262 billion at the end of the year.

## Building activity down seasonally in December

Privately financed nonfarm residential construction dropped 24 percent from November largely in response to seasonal influences. However, the 35,000 building permits issued in December were approximately 20 percent more than in the same month of 1945 or 1941.

Permits for the construction of single-family units continued to dominate private construction, with 88 percent of all December permits issued for that purpose. This was about equal to the November ratio but somewhat higher than was shown in December 1945 and just under the proportion in that month of 1941. During the reporting month, 3,000 permits were issued for multi-family units—9 percent of the December total. The ratio of 2-family dwellings to total private construction declined slightly in the reporting month.

No publicly financed units in urban areas were reported in December, culminating a decline evident since September for this type of project. [TABLES 1 and 2.]




## Cost indexes continued to show accelerated gain

A 4-point jump in the ordinarily slow moving index of costs for constructing a standard six-room frame house indicated the pace at which material prices and labor rates rose during the closing months of 1946. The gain in home construction costs during the fourth quarter as measured by this index was almost as much as in the preceding nine months.

The combined index for the standard six-room frame house rose to 161, an increase of more than 2 percent over November. Material prices, again in the limelight, gained 3 percent during the reporting month. Labor costs moved upward by 1 percent. The material and labor indexes now stand at 159 and 165, respectively.

The story of wholesale building material prices followed the same pattern. The BLS index was up more than 8 percent in December alone, following an identical gain in November. At the end of the year, this index stood at 176 percent of the 1935–1939 average. Increases in the lumber and plumbing and heating commodity groups were the largest. [TABLES 3, 4 and 5.]

## Savings and loan lending showed slight decline

Approximately $254 million of new mortgage loans were closed by all savings and loan associations during the final month of 1946. Although this represented a decline of 7 percent from November, new lending during the reporting month continued at a relatively high level, being over one-third greater than in December 1945.

Loans for new home construction displayed resistance to the year-end decline, and were down only 2 percent. They totaled $50 million, more than double the amount shown in the final 1945 month. Home purchase lending was down 11 percent in the reporting month but remained 17 percent higher than in December the year before.

That the relative importance of these two types of loans in total savings and loan lending is gradually moving toward the prewar pattern is evident from a comparison of recent December figures. The ratio of construction loans to the total rose to 20 percent from 12 percent in 1945, while that of home purchase loans dropped to 60 percent from 69 percent. In December 1941 the ratio was 30 percent for construction and 43 percent for home purchase loans. [TABLES 6 and 7.]

### New mortgage loans distributed by purpose

[Dollar amounts are shown in thousands]

| Purpose | December 1946 | November 1946 | Percent change | December 1945 | Percent change |
|---|---|---|---|---|---|
| Construction | $50, 233 | $51, 187 | −1.9 | $22, 922 | +119.1 |
| Home purchase | 151, 848 | 170, 162 | −10.8 | 129, 557 | +17.2 |
| Refinancing | 22, 116 | 21, 625 | +2.3 | 17, 848 | +23.9 |
| Reconditioning | 6, 040 | 7, 034 | −14.1 | 3, 958 | +52.6 |
| Other purposes | 23, 464 | 21, 468 | +9.3 | 13, 425 | +74.8 |
| Total | 253, 701 | 271, 476 | −6.5 | 187, 710 | +35.2 |

## Mortgage recordings by type of mortgagee

[Dollar amounts are shown in thousands]

| Type of lender | December | | Cumulative | |
|---|---|---|---|---|
| | 1946 amount | Percent change from 1945 | 1946 (12 months) | Percent of total |
| Savings and loan associations | $254,477 | +30.9 | $3,421,027 | 32.9 |
| Insurance companies | 44,548 | +101.5 | 474,852 | 4.5 |
| Banks, trust companies | 232,032 | +109.8 | 2,685,061 | 25.8 |
| Mutual savings banks | 46,941 | +85.8 | 547,977 | 5.3 |
| Individuals | 147,613 | +25.8 | 2,023,015 | 19.4 |
| Others | 110,793 | +92.2 | 1,257,899 | 12.1 |
| Total | 836,404 | +58.6 | 10,409,831 | 100.0 |

## December mortgage recordings were down 4 percent

During December, the estimated volume of financing of mortgages of $20,000 or less amounted to $836 million—a drop of 4 percent for the month, or about the normal seasonal decline. A 4-percent rise for insurance companies and a fractional gain for banks and trust companies were exceptions to the smaller volumes reported by other types of mortgagees in December. The recordings of individuals were down 10 percent, while the volumes of mutual savings banks and miscellaneous lenders were off 5 percent and savings and loan associations showed a 4-percent decline.

According to estimates for the month, savings and loan associations had about 30 percent of the mortgage business of loans of $20,000 or less, while commercial banks ranked second with 28 percent. Individuals had an 18-percent share and miscellaneous mortgagees, 13 percent; mutual savings banks recorded 6 percent of the activity and insurance companies, 5 percent. [Tables 8 and 9.]

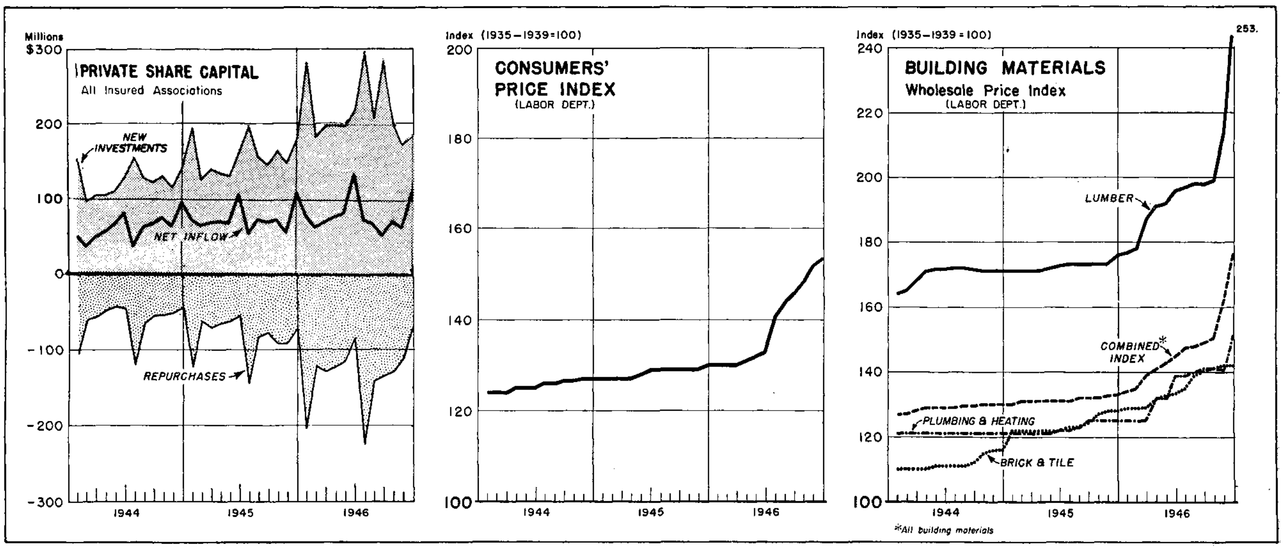
## Outstanding FHLB advances at all-time high

The net effect of financing operations of the FHL Banks during 1946 left the balance of advances outstanding on December 31 at $293 million, half again as much as at the same time the year before. Following the usual seasonal trend, the year-end balance was up from November, showing a gain of 14 percent during the reporting month.

FHLB advances to member institutions during December were the largest for any 1946 month. Totaling $51 million, they were one and a half times greater than the amount borrowed by members during November. Aside from December 1945 advances, which were affected by financing operations incident to the Victory Loan, the volume of funds advanced in the final month of 1946 was the largest in any December since the establishment of the Bank System.

During the reporting month, members repaid $16 million on their obligations to the Banks, effecting the largest monthly reduction since July of last year. In conformance with the usual seasonal pattern, December repayments were greater than those received in November (up 14 percent) although they remained somewhat below the December 1945 amount. [Table 12.]

(*Continued on p. 164*)



## Table 1.—**BUILDING ACTIVITY**—Estimated number of new family dwelling units provided in all urban areas in December 1946, by Federal Home Loan Bank District and by state

[Source: U. S. Department of Labor]

| Federal Home Loan Bank District and state | Total urban residential construction | | | Private residential construction | | | | | | Public residential construction | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 1- and 2-family dwellings | | | 3- and more-family dwellings | | | | | |
| | Dec. 1946 [p] | Nov. 1946 [r] | Dec. 1945 | Dec. 1946 [p] | Nov. 1946 [r] | Dec. 1945 | Dec. 1946 [p] | Nov. 1946 [r] | Dec. 1945 | Dec. 1946 [p] | Nov. 1946 [r] | Dec. 1945 |
| UNITED STATES | 21,348 | 28,661 | 19,906 | 18,429 | 25,341 | 16,735 | 2,919 | 3,198 | 2,521 | | 122 | 650 |
| Boston | 759 | 1,522 | 326 | 715 | 1,264 | 322 | 44 | 258 | 4 | | | |
| Connecticut | 165 | 415 | 71 | 165 | 415 | 67 | | | 4 | | | |
| Maine | 13 | 115 | 10 | 13 | 115 | 10 | | | | | | |
| Massachusetts | 486 | 827 | 199 | 446 | 569 | 199 | 40 | 258 | | | | |
| New Hampshire | 10 | 24 | 18 | 6 | 24 | 18 | 4 | | | | | |
| Rhode Island | 75 | 122 | 24 | 75 | 122 | 24 | | | | | | |
| Vermont | 10 | 19 | 4 | 10 | 19 | 4 | | | | | | |
| New York | 2,096 | 2,888 | 901 | 1,036 | 1,916 | 752 | 1,060 | 972 | 149 | | | |
| New Jersey | 752 | 848 | 461 | 424 | 587 | 360 | 328 | 261 | 101 | | | |
| New York | 1,344 | 2,040 | 440 | 612 | 1,329 | 392 | 732 | 711 | 48 | | | |
| Pittsburgh | 762 | 1,203 | 370 | 730 | 1,185 | 349 | 32 | 18 | 21 | | | |
| Delaware | 11 | 10 | 34 | 7 | 10 | 34 | 4 | | | | | |
| Pennsylvania | 635 | 1,017 | 254 | 611 | 1,011 | 238 | 24 | 6 | 16 | | | |
| West Virginia | 116 | 176 | 82 | 112 | 164 | 77 | 4 | 12 | 5 | | | |
| Winston-Salem | 4,134 | 4,427 | 3,424 | 3,431 | 4,186 | 2,582 | 703 | 241 | 742 | | | 100 |
| Alabama | 549 | 705 | 294 | 385 | 697 | 294 | 164 | 8 | | | | |
| District of Columbia | 255 | 168 | 579 | 80 | 148 | 221 | 175 | 20 | 358 | | | |
| Florida | 1,423 | 1,382 | 1,647 | 1,261 | 1,279 | 1,198 | 162 | 103 | 349 | | | 100 |
| Georgia | 357 | 363 | 238 | 357 | 359 | 238 | | 4 | | | | |
| Maryland | 288 | 685 | 155 | 268 | 677 | 150 | 20 | 8 | 5 | | | |
| North Carolina | 514 | 489 | 275 | 476 | 485 | 253 | 38 | 4 | 22 | | | |
| South Carolina | 150 | 103 | 80 | 150 | 103 | 80 | | | | | | |
| Virginia | 598 | 532 | 156 | 454 | 438 | 148 | 144 | 94 | 8 | | | |
| Cincinnati | 1,279 | 1,950 | 1,202 | 1,150 | 1,801 | 926 | 129 | 149 | 276 | | | |
| Kentucky | 148 | 303 | 50 | 148 | 299 | 46 | | 4 | 4 | | | |
| Ohio | 910 | 1,283 | 854 | 781 | 1,138 | 582 | 129 | 145 | 272 | | | |
| Tennessee | 221 | 364 | 298 | 221 | 364 | 298 | | | | | | |
| Indianapolis | 1,078 | 1,673 | 1,068 | 1,043 | 1,657 | 995 | 35 | 16 | 73 | | | |
| Indiana | 405 | 588 | 223 | 390 | 588 | 223 | 15 | | | | | |
| Michigan | 673 | 1,085 | 845 | 653 | 1,069 | 772 | 20 | 16 | 73 | | | |
| Chicago | 1,142 | 1,783 | 1,877 | 1,070 | 1,259 | 1,272 | 72 | 414 | 105 | | 110 | 500 |
| Illinois | 913 | 1,362 | 1,690 | 853 | 901 | 1,105 | 60 | 351 | 85 | | 110 | 500 |
| Wisconsin | 229 | 421 | 187 | 217 | 358 | 167 | 12 | 63 | 20 | | | |
| Des Moines | 851 | 1,296 | 722 | 796 | 1,182 | 621 | 55 | 114 | 51 | | | 50 |
| Iowa | 189 | 244 | 116 | 189 | 232 | 66 | | 12 | | | | 50 |
| Minnesota | 337 | 596 | 305 | 321 | 561 | 302 | 16 | 35 | 3 | | | |
| Missouri | 268 | 374 | 252 | 229 | 307 | 207 | 39 | 67 | 45 | | | |
| North Dakota | 19 | 25 | 19 | 19 | 25 | 19 | | | | | | |
| South Dakota | 38 | 57 | 30 | 38 | 57 | 27 | | | 3 | | | |
| Little Rock | 2,810 | 3,529 | 3,402 | 2,670 | 3,300 | 3,160 | 140 | 217 | 242 | | 12 | |
| Arkansas | 146 | 173 | 183 | 140 | 173 | 133 | 6 | | 50 | | | |
| Louisiana | 350 | 394 | 394 | 314 | 366 | 394 | 36 | 28 | | | | |
| Mississippi | 237 | 288 | 196 | 219 | 208 | 185 | 18 | 80 | 11 | | | |
| New Mexico | 26 | 126 | 65 | 26 | 126 | 65 | | | | | | |
| Texas | 2,051 | 2,548 | 2,564 | 1,971 | 2,427 | 2,383 | 80 | 109 | 181 | | 12 | |
| Topeka | 888 | 1,073 | 790 | 824 | 1,039 | 682 | 64 | 34 | 108 | | | |
| Colorado | 254 | 242 | 347 | 230 | 232 | 255 | 24 | 10 | 92 | | | |
| Kansas | 245 | 383 | 85 | 209 | 359 | 85 | 36 | 24 | | | | |
| Nebraska | 126 | 150 | 39 | 126 | 150 | 36 | | | 3 | | | |
| Oklahoma | 263 | 298 | 319 | 259 | 298 | 306 | 4 | | 13 | | | |
| San Francisco | 5,549 | 7,317 | 5,824 | 4,964 | 6,552 | 5,074 | 585 | 765 | 750 | | | |
| Arizona | 112 | 149 | 173 | 91 | 125 | 159 | 21 | 24 | 14 | | | |
| California | 4,260 | 6,180 | 4,614 | 3,736 | 5,500 | 3,917 | 524 | 680 | 697 | | | |
| Idaho | 92 | 105 | 85 | 86 | 105 | 85 | 6 | | | | | |
| Montana | 40 | 53 | 14 | 40 | 47 | 14 | | 6 | | | | |
| Nevada | 197 | 15 | 130 | 197 | 15 | 130 | | | | | | |
| Oregon | 243 | 224 | 342 | 209 | 210 | 329 | 34 | 14 | 13 | | | |
| Utah | 169 | 159 | 89 | 169 | 129 | 78 | | 30 | 11 | | | |
| Washington | 420 | 387 | 358 | 420 | 376 | 343 | | 11 | 15 | | | |
| Wyoming | 16 | 45 | 19 | 16 | 45 | 19 | | | | | | |

[p] Preliminary. [r] Revised.

## Table 2.—**BUILDING ACTIVITY**—Estimated number and valuation of new family dwelling units

[Source: U. S. Department of Labor. Dollar amounts are shown in thousands]

| Period | Number of family dwelling units provided | | | | | | Permit valuation | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total construction | Private construction | | | | Public construction | Total construction | Private construction | | | | Public construction |
| | | Total | 1-family | 2-family | 3- and more-family | | | Total | 1-family | 2-family | 3- and more-family | |
| **Nonfarm** | | | | | | | | | | | | |
| 1941 | 715,200 | 619,460 | 533,185 | 28,393 | 57,882 | 95,740 | $2,502,818 | $2,180,805 | $1,952,003 | $69,429 | $159,373 | $322,013 |
| December | 32,777 | 29,962 | 26,775 | 1,444 | 1,743 | 2,815 | 114,733 | 104,442 | 96,662 | 3,468 | 4,312 | 10,291 |
| 1945 | 246,739 | 229,157 | 202,592 | 9,966 | 16,599 | 17,582 | 894,251 | 848,175 | 758,327 | 33,696 | 56,152 | 46,076 |
| December [r] | 29,750 | 29,100 | 25,116 | 1,426 | 2,558 | 650 | 128,468 | 127,065 | 112,467 | 4,912 | 9,686 | 1,403 |
| 1946 | 796,800 | 676,909 | 604,538 | 25,393 | 46,978 | 119,891 | 3,307,796 | 2,970,442 | 2,684,882 | 105,966 | 179,594 | 337,354 |
| January | 44,800 | 39,111 | 34,782 | 1,395 | 2,934 | 5,689 | 176,285 | 162,304 | 147,800 | 5,222 | 9,282 | 13,981 |
| February | 49,500 | 43,342 | 38,689 | 1,889 | 2,764 | 6,158 | 201,703 | 185,049 | 169,037 | 6,969 | 9,043 | 16,654 |
| March | 84,500 | 77,002 | 68,461 | 2,783 | 5,758 | 7,498 | 371,091 | 352,956 | 316,924 | 12,098 | 23,934 | 18,135 |
| April | 82,900 | 70,478 | 64,182 | 2,671 | 3,625 | 12,422 | 340,614 | 310,848 | 286,437 | 10,991 | 13,420 | 29,766 |
| May | 88,700 | 68,758 | 60,549 | 3,417 | 4,792 | 19,942 | 347,584 | 296,138 | 265,321 | 13,754 | 17,063 | 51,446 |
| June | 76,100 | 58,340 | 52,712 | 2,264 | 3,364 | 17,760 | 310,705 | 255,786 | 231,938 | 9,531 | 14,317 | 54,919 |
| July | 80,400 | 60,586 | 45,462 | 2,027 | 4,097 | 19,814 | 316,379 | 256,822 | 235,336 | 8,217 | 13,269 | 59,557 |
| August | 82,100 | 62,090 | 55,931 | 2,063 | 4,096 | 20,010 | 335,074 | 272,501 | 246,251 | 9,014 | 17,236 | 62,573 |
| September | 65,800 | 57,044 | 50,945 | 2,160 | 3,939 | 8,756 | 267,946 | 247,263 | 224,140 | 9,290 | 13,833 | 20,683 |
| October | 60,200 | 58,492 | 51,551 | 1,999 | 4,942 | 1,708 | 270,983 | 261,614 | 233,066 | 8,590 | 19,958 | 9,369 |
| November [r] | 46,600 | 46,478 | 41,296 | 1,684 | 3,498 | 122 | 212,668 | 212,424 | 188,830 | 7,667 | 15,927 | 244 |
| December [p] | 35,200 | 35,188 | 30,978 | 1,041 | 3,169 | 12 | 156,764 | 156,737 | 139,802 | 4,623 | 12,312 | 27 |
| **Urban** | | | | | | | | | | | | |
| 1941 | 439,582 | 369,465 | 295,024 | 22,752 | 51,689 | 70,117 | 1,617,981 | 1,380,736 | 1,175,598 | 58,841 | 146,297 | 237,245 |
| December | 19,338 | 17,098 | 14,514 | 1,169 | 1,415 | 2,240 | 70,863 | 62,788 | 56,295 | 2,957 | 3,536 | 8,075 |
| 1945 | 162,039 | 150,712 | 125,495 | 9,248 | 15,969 | 11,327 | 656,410 | 627,229 | 540,616 | 31,728 | 54,885 | 29,181 |
| December [r] | 19,906 | 19,256 | 15,494 | 1,241 | 2,521 | 650 | 96,443 | 95,040 | 80,639 | 4,275 | 10,126 | 1,403 |
| 1946 | 527,229 | 426,214 | 357,947 | 24,125 | 44,142 | 101,015 | 2,383,355 | 2,101,446 | 1,829,025 | 102,057 | 170,364 | 281,909 |
| January | 31,607 | 25,918 | 21,786 | 1,309 | 2,823 | 5,689 | 132,967 | 118,986 | 105,098 | 4,947 | 8,941 | 13,981 |
| February | 34,370 | 28,503 | 24,072 | 1,792 | 2,639 | 5,867 | 147,633 | 131,886 | 116,568 | 6,659 | 8,659 | 15,747 |
| March | 56,503 | 50,066 | 41,785 | 2,683 | 5,598 | 6,437 | 268,533 | 252,537 | 217,388 | 11,749 | 23,400 | 15,996 |
| April | 55,603 | 44,996 | 39,000 | 2,571 | 3,425 | 10,607 | 245,565 | 219,412 | 195,969 | 10,688 | 12,755 | 26,153 |
| May | 60,167 | 43,583 | 35,824 | 3,267 | 4,492 | 16,584 | 255,110 | 211,320 | 181,907 | 13,304 | 16,109 | 43,790 |
| June | 51,270 | 36,660 | 31,372 | 2,144 | 3,144 | 14,610 | 223,734 | 182,742 | 159,954 | 9,171 | 13,617 | 40,992 |
| July | 52,131 | 36,830 | 31,071 | 1,902 | 3,857 | 15,301 | 220,350 | 177,394 | 157,063 | 7,842 | 12,489 | 42,956 |
| August | 55,081 | 38,660 | 32,921 | 1,943 | 3,796 | 16,421 | 247,818 | 193,471 | 168,556 | 8,654 | 16,261 | 54,347 |
| September | 43,087 | 35,044 | 29,335 | 2,050 | 3,659 | 8,043 | 191,826 | 172,678 | 150,795 | 8,960 | 12,923 | 19,148 |
| October | 37,401 | 36,067 | 29,576 | 1,899 | 4,592 | 1,334 | 192,148 | 183,593 | 156,482 | 8,290 | 18,821 | 8,555 |
| November [r] | 28,661 | 28,539 | 23,747 | 1,594 | 3,198 | 122 | 149,541 | 149,297 | 126,948 | 7,397 | 14,952 | 244 |
| December [p] | 21,348 | 21,348 | 17,458 | 971 | 2,919 | ---------- | 108,130 | 108,130 | 92,297 | 4,396 | 11,437 | ---------- |

[r] Revised. [p] Preliminary.

## Table 3.—**BUILDING COSTS**—Index of wholesale prices of building materials

[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 |
|---|---|---|---|---|---|---|---|---|
| 1944: December | 130.0 | 115.9 | 107.0 | 171.3 | 130.7 | 121.4 | 103.5 | 111.7 |
| 1945: December | 133.4 | 128.4 | 110.3 | 175.7 | 132.5 | 124.8 | 103.5 | 114.5 |
| 1946: January | 134.0 | 128.7 | 111.0 | 176.5 | 132.5 | 124.8 | 103.5 | 115.3 |
| February | 135.0 | 128.7 | 111.4 | 178.3 | 132.5 | 124.9 | 109.7 | 115.9 |
| March | 139.5 | 129.2 | 112.3 | 186.6 | 132.5 | 124.9 | 115.9 | 121.4 |
| April | 141.3 | 132.0 | 112.4 | 190.9 | 132.8 | 132.4 | 115.9 | 122.0 |
| May | 142.7 | 132.6 | 112.6 | 192.1 | 133.0 | 132.4 | 115.9 | 125.1 |
| June | 145.1 | 133.5 | 112.6 | 196.0 | 133.5 | 139.3 | 115.9 | 128.0 |
| July | 147.5 | 134.8 | 114.1 | 197.4 | 141.3 | 139.3 | 115.9 | 129.7 |
| August | 148.2 | 138.7 | 116.1 | 197.8 | 140.0 | 139.7 | 115.9 | 130.7 |
| September | 149.2 | 140.5 | 116.9 | 198.4 | 143.5 | 140.8 | 115.9 | 131.3 |
| October | 150.5 | 140.7 | 116.9 | 199.2 | 146.6 | 140.8 | 115.9 | 132.5 |
| November | 162.5 | 142.1 | 117.4 | 213.9 | 186.0 | 140.8 | 115.9 | 135.5 |
| December | 176.2 | 143.1 | 117.3 | 253.0 | 191.1 | 151.0 | 115.9 | 142.5 |
| Percent change: | | | | | | | | |
| December 1946-November 1946 | +8.4 | +0.7 | −0.1 | +18.3 | +2.7 | +7.2 | 0.0 | +5.2 |
| December 1946-December 1945 | +32.1 | +11.4 | +6.3 | +44.0 | +44.2 | +21.0 | +12.0 | +24.5 |

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

[Average month of 1935-1939=100]

| Element | Dec. 1946 | Nov. 1946 | Oct. 1946 | Sept. 1946 | Aug. 1946 | July 1946 | June 1946 | May 1946 | Apr. 1946 | Mar. 1946 | Feb. 1946 | Jan. 1946 | Dec. 1945 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Material | 158.9 | 153.8 | 150.5 | 148.3 | 146.1 | 143.7 | 141.6 | 139.2 | 138.0 | 137.1 | 136.3 | 135.5 | 135.2 |
| Labor | 164.8 | 163.1 | 161.6 | 159.3 | 157.2 | 155.6 | 153.8 | 152.5 | 150.6 | 148.9 | 148.5 | 147.9 | 147.5 |
| Total | 160.8 | 156.9 | 154.2 | 151.9 | 149.8 | 147.7 | 145.7 | 143.6 | 142.1 | 141.0 | 140.3 | 139.7 | 139.3 |

## Table 5.—BUILDING COSTS—Index of building costs in representative cities[1]

[Source: National Housing Agency. Average month of 1935-1939=100]

| Federal Home Loan Bank District and city | 1947 | 1946 | | | | 1945 | 1944 | 1943 | 1942 | 1941 |
|---|---|---|---|---|---|---|---|---|---|---|
| | Jan. | Oct. | July | Apr. | Jan. | Jan. | Jan. | Jan. | Jan. | Jan. |
| New York: | | | | | | | | | | |
| Buffalo, New York | 182.6 | 175.4 | 166.0 | 151.6 | 149.6 | 144.6 | 135.8 | 128.2 | 123.7 | 108.8 |
| Indianapolis: | | | | | | | | | | |
| Indianapolis, Indiana | 162.0 | 148.2 | 146.5 | 142.7 | 141.7 | 138.1 | 133.9 | 121.2 | 114.0 | 102.0 |
| Detroit, Michigan | 191.1 | 171.1 | 162.7 | 160.7 | 156.3 | 152.3 | 147.7 | 126.5 | 119.6 | 112.0 |
| Des Moines: | | | | | | | | | | |
| Des Moines, Iowa | 151.7 | 140.4 | 124.9 | 122.7 | 121.5 | 120.7 | 118.3 | 116.3 | 113.8 | 105.2 |
| St. Louis, Missouri | 177.5 | 164.9 | 161.8 | 148.8 | 150.3 | 126.4 | 119.2 | 120.6 | 120.2 | 108.5 |
| Fargo, North Dakota | 148.2 | 137.8 | 134.4 | 129.5 | 128.1 | 126.7 | 123.9 | 121.1 | 111.5 | 102.6 |
| Sioux Falls, South Dakota | 160.3 | 148.7 | 143.8 | 135.9 | 133.8 | 130.8 | 127.7 | 124.3 | 117.4 | 105.5 |
| San Francisco: | | | | | | | | | | |
| Phoenix, Arizona | 138.8 | 128.9 | 124.8 | 122.9 | 121.9 | 122.3 | 118.5 | 111.4 | 110.3 | 103.9 |
| Los Angeles, California | 188.9 | 173.0 | 169.3 | 161.4 | 153.7 | 150.9 | 146.5 | 130.9 | 114.9 | 101.6 |
| San Francisco, California | 166.9 | 151.4 | 147.0 | 141.1 | 138.4 | 135.8 | 128.4 | ------- | 119.0 | 103.3 |
| Boise, Idaho | 147.1 | 143.8 | 141.2 | 138.9 | 138.9 | 138.1 | 133.1 | 125.9 | 121.2 | 111.6 |
| Reno, Nevada | 154.3 | 150.7 | 143.0 | 133.9 | 130.8 | 133.0 | 124.6 | 119.2 | 116.1 | 109.0 |
| Portland, Oregon | 181.7 | 168.8 | 159.7 | 151.5 | 142.5 | 143.4 | 138.5 | 133.9 | 113.6 | 102.2 |
| Salt Lake City, Utah | 150.9 | 141.5 | 138.2 | 132.0 | 130.5 | 129.7 | 123.3 | 119.7 | 118.3 | 103.8 |
| Seattle, Washington | 156.5 | 147.5 | 142.9 | 137.9 | 135.7 | 138.9 | 131.9 | 124.4 | 122.7 | 107.0 |

[1] For complete explanation of these data, see Statistical Supplement to April 1946 REVIEW.

## 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 |
| 1944 | $95,243 | $1,064,017 | $163,813 | $30,751 | $100,228 | $1,454,052 | $669,433 | $648,670 | $135,949 |
| December | 5,244 | 81,508 | 13,555 | 2,127 | 8,704 | 111,138 | 51,586 | 49,921 | 9,631 |
| 1945 | 180,550 | 1,357,555 | 196,011 | 40,736 | 137,826 | 1,912,678 | 911,671 | 836,874 | 164,133 |
| December | 22,922 | 129,557 | 17,848 | 3,958 | 13,425 | 187,710 | 90,920 | 81,891 | 14,899 |
| 1946 | 615,542 | 2,356,630 | 270,235 | 80,563 | 261,522 | 3,584,492 | 1,810,374 | 1,511,507 | 262,611 |
| January | 30,807 | 145,342 | 21,372 | 3,803 | 15,518 | 216,842 | 109,146 | 92,103 | 15,593 |
| February | 30,866 | 154,219 | 19,801 | 4,217 | 16,416 | 225,519 | 111,927 | 97,305 | 16,287 |
| March | 45,391 | 202,995 | 24,244 | 6,198 | 21,335 | 300,163 | 155,960 | 123,945 | 20,258 |
| April | 53,202 | 235,877 | 24,882 | 6,796 | 22,242 | 342,999 | 174,468 | 143,114 | 25,417 |
| May | 62,189 | 243,458 | 24,451 | 6,954 | 24,246 | 361,298 | 186,282 | 150,161 | 24,855 |
| June | 56,297 | 218,575 | 22,402 | 6,625 | 22,098 | 325,997 | 107,552 | 136,296 | 22,149 |
| July | 59,708 | 216,369 | 21,388 | 7,327 | 21,256 | 326,048 | 165,031 | 136,966 | 24,051 |
| August | 59,377 | 211,804 | 22,032 | 8,481 | 22,765 | 324,459 | 165,812 | 134,624 | 24,023 |
| September | 55,354 | 198,842 | 21,546 | 8,027 | 26,022 | 309,791 | 154,105 | 133,758 | 21,928 |
| October | 60,931 | 207,139 | 24,376 | 9,061 | 24,692 | 326,199 | 165,742 | 136,660 | 23,797 |
| November | 51,187 | 170,162 | 21,625 | 7,034 | 21,468 | 271,476 | 131,607 | 116,780 | 23,089 |
| December | 50,233 | 151,848 | 22,116 | 6,040 | 23,464 | 253,701 | 122,742 | 109,795 | 21,164 |

## 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: Dec. 1946 | New loans: Nov. 1946 | New loans: Dec. 1945 | Cumulative new loans (12 months): 1946 | Cumulative new loans (12 months): 1945 | Percent change |
|---|---|---|---|---|---|---|
| UNITED STATES | $253,701 | $271,476 | $187,710 | $3,584,492 | $1,912,678 | +87.4 |
| Federal | 122,742 | 131,607 | 90,920 | 1,810,374 | 911,671 | +98.6 |
| State member | 109,795 | 116,780 | 81,891 | 1,511,507 | 836,874 | +80.6 |
| Nonmember | 21,164 | 23,089 | 14,899 | 262,611 | 164,133 | +60.0 |
| Boston | 17,553 | 21,787 | 11,268 | 239,665 | 125,996 | +90.2 |
| Federal | 6,311 | 8,151 | 4,968 | 102,778 | 53,840 | +90.9 |
| State member | 9,164 | 10,552 | 4,856 | 112,425 | 56,991 | +97.3 |
| Nonmember | 2,078 | 3,084 | 1,444 | 24,462 | 15,165 | +61.3 |
| New York | 26,727 | 29,180 | 18,259 | 372,091 | 187,331 | +98.6 |
| Federal | 10,171 | 11,609 | 6,455 | 156,530 | 66,576 | +135.1 |
| State member | 12,123 | 12,960 | 8,537 | 162,723 | 89,971 | +80.9 |
| Nonmember | 4,433 | 4,611 | 3,267 | 52,838 | 30,784 | +71.6 |
| Pittsburgh | 18,939 | 19,854 | 14,324 | 267,106 | 154,716 | +72.6 |
| Federal | 9,273 | 9,518 | 6,724 | 134,256 | 73,534 | +82.6 |
| State member | 6,096 | 6,587 | 5,082 | 85,444 | 53,400 | +60.0 |
| Nonmember | 3,570 | 3,749 | 2,518 | 47,406 | 27,782 | +70.6 |
| Winston-Salem | 40,881 | 43,028 | 25,628 | 525,631 | 243,851 | +115.6 |
| Federal | 21,449 | 22,559 | 13,606 | 296,700 | 128,459 | +131.0 |
| State member | 16,169 | 17,067 | 10,456 | 191,484 | 99,687 | +92.1 |
| Nonmember | 3,263 | 3,402 | 1,566 | 37,447 | 15,705 | +138.4 |
| Cincinnati | 40,005 | 42,332 | 29,839 | 565,535 | 313,820 | +80.2 |
| Federal | 17,889 | 18,873 | 12,673 | 256,744 | 135,090 | +90.1 |
| State member | 19,695 | 20,758 | 15,862 | 280,970 | 158,388 | +77.4 |
| Nonmember | 2,421 | 2,701 | 1,304 | 27,821 | 20,342 | +36.8 |
| Indianapolis | 13,701 | 15,974 | 11,282 | 210,942 | 108,216 | +94.9 |
| Federal | 7,557 | 8,893 | 6,213 | 122,867 | 58,605 | +109.7 |
| State member | 5,756 | 6,615 | 4,654 | 82,782 | 44,997 | +84.0 |
| Nonmember | 388 | 466 | 415 | 5,293 | 4,614 | +14.7 |
| Chicago | 24,108 | 26,308 | 19,599 | 367,792 | 214,528 | +71.4 |
| Federal | 11,003 | 11,701 | 8,641 | 170,143 | 91,988 | +85.0 |
| State member | 11,786 | 13,163 | 9,661 | 180,356 | 106,893 | +68.7 |
| Nonmember | 1,319 | 1,444 | 1,297 | 17,293 | 15,647 | +10.5 |
| Des Moines | 14,776 | 15,377 | 11,908 | 216,485 | 116,997 | +85.0 |
| Federal | 8,014 | 8,380 | 6,534 | 120,170 | 61,444 | +95.6 |
| State member | 4,713 | 5,103 | 3,882 | 69,793 | 40,375 | +72.9 |
| Nonmember | 2,049 | 1,894 | 1,492 | 26,522 | 15,178 | +74.7 |
| Little Rock | 12,667 | 13,575 | 8,673 | 188,124 | 90,802 | +107.2 |
| Federal | 5,077 | 6,140 | 4,234 | 87,140 | 44,942 | +93.9 |
| State member | 7,412 | 7,291 | 4,344 | 99,110 | 44,678 | +121.8 |
| Nonmember | 178 | 144 | 95 | 1,874 | 1,182 | +58.5 |
| Topeka | 10,796 | 10,469 | 10,063 | 168,555 | 96,974 | +73.8 |
| Federal | 6,204 | 5,705 | 5,761 | 97,947 | 53,683 | +82.5 |
| State member | 3,272 | 3,325 | 3,042 | 51,556 | 28,144 | +83.2 |
| Nonmember | 1,320 | 1,439 | 1,260 | 19,052 | 15,147 | +25.8 |
| San Francisco | 33,548 | 33,592 | 26,867 | 462,566 | 259,447 | +78.3 |
| Federal | 19,794 | 20,078 | 15,111 | 265,099 | 143,510 | +84.7 |
| State member | 13,609 | 13,359 | 11,515 | 194,864 | 113,350 | +71.9 |
| Nonmember | 145 | 155 | 241 | 2,603 | 2,587 | +0.6 |

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

DECEMBER 1946

[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 | $254,477 | $44,548 | $232,032 | $46,941 | $147,613 | $110,793 | $836,404 |
| Boston | 22,050 | 877 | 9,938 | 20,987 | 8,193 | 4,752 | 66,797 |
| Connecticut | 3,521 | 663 | 3,627 | 4,387 | 2,677 | 1,704 | 16,579 |
| Maine | 696 | 25 | 473 | 1,148 | 475 | 87 | 2,904 |
| Massachusetts | 15,551 | 177 | 4,345 | 13,504 | 3,865 | 2,585 | 40,027 |
| New Hampshire | 456 | ------ | 291 | 643 | 460 | 54 | 1,904 |
| Rhode Island | 1,553 | 12 | 1,059 | 874 | 494 | 282 | 4,274 |
| Vermont | 273 | ------ | 143 | 431 | 222 | 40 | 1,109 |
| New York | 24,812 | 4,108 | 21,029 | 20,912 | 22,557 | 9,653 | 103,071 |
| New Jersey | 7,233 | 1,603 | 7,718 | 1,947 | 6,518 | 3,701 | 28,720 |
| New York | 17,579 | 2,505 | 13,311 | 18,965 | 16,039 | 5,952 | 74,351 |
| Pittsburgh | 18,795 | 2,585 | 18,550 | 986 | 7,700 | 7,218 | 55,814 |
| Delaware | 296 | 162 | 238 | 144 | 336 | 102 | 1,278 |
| Pennsylvania | 16,814 | 1,990 | 15,999 | 822 | 6,559 | 6,807 | 48,991 |
| West Virginia | 1,685 | 433 | 2,313 | ------ | 805 | 309 | 5,545 |
| Winston-Salem | 25,075 | 6,221 | 11,055 | 496 | 21,151 | 10,667 | 74,665 |
| Alabama | 1,076 | 583 | 1,005 | ------ | 916 | 1,273 | 4,853 |
| District of Col. | 3,460 | 415 | 603 | ------ | 2,027 | 1,104 | 7,609 |
| Florida | 5,739 | 2,884 | 1,772 | ------ | 9,687 | 4,141 | 24,223 |
| Georgia | 2,621 | 217 | 1,975 | ------ | 1,424 | 1,468 | 7,705 |
| Maryland | 6,456 | 405 | 2,465 | 496 | 1,789 | 815 | 12,426 |
| North Carolina | 2,149 | 800 | 713 | ------ | 1,585 | 875 | 6,122 |
| South Carolina | 518 | 273 | 720 | ------ | 823 | 426 | 2,760 |
| Virginia | 3,056 | 644 | 1,802 | ------ | 2,900 | 565 | 8,967 |
| Cincinnati | 45,199 | 3,970 | 24,701 | 1,186 | 8,021 | 9,994 | 93,071 |
| Kentucky | 4,613 | 688 | 2,016 | ------ | 471 | 324 | 8,112 |
| Ohio | 38,894 | 2,146 | 19,548 | 1,186 | 6,393 | 4,119 | 72,286 |
| Tennessee | 1,692 | 1,136 | 3,137 | ------ | 1,157 | 5,551 | 12,673 |
| Indianapolis | 17,141 | 4,338 | 21,622 | 16 | 5,281 | 6,097 | 54,495 |
| Indiana | 9,667 | 1,781 | 7,838 | 16 | 1,735 | 1,160 | 22,187 |
| Michigan | 7,474 | 2,557 | 13,794 | ------ | 3,546 | 4,937 | 32,308 |
| Chicago | 27,577 | 2,238 | 13,671 | 25 | 9,781 | 13,860 | 67,152 |
| Illinois | 20,689 | 1,481 | 8,400 | ------ | 5,666 | 12,384 | 48,620 |
| Wisconsin | 6,888 | 757 | 5,271 | 25 | 4,115 | 1,476 | 18,532 |
| Des Moines | 15,613 | 4,361 | 14,280 | 719 | 7,033 | 9,073 | 51,079 |
| Iowa | 3,975 | 461 | 4,274 | ------ | 1,343 | 815 | 10,868 |
| Minnesota | 6,322 | 1,717 | 4,213 | 719 | 2,300 | 4,124 | 19,395 |
| Missouri | 4,463 | 2,109 | 5,327 | ------ | 3,080 | 4,037 | 19,016 |
| North Dakota | 611 | 22 | 279 | ------ | 166 | 89 | 1,167 |
| South Dakota | 242 | 52 | 187 | ------ | 144 | 8 | 633 |
| Little Rock | 14,626 | 7,106 | 5,311 | ------ | 11,889 | 11,517 | 50,449 |
| Arkansas | 1,025 | 824 | 789 | ------ | 694 | 100 | 3,432 |
| Louisiana | 5,038 | 558 | 418 | ------ | 2,560 | 1,245 | 9,819 |
| Mississippi | 705 | 472 | 602 | ------ | 541 | 461 | 2,781 |
| New Mexico | 316 | 39 | 189 | ------ | 397 | 49 | 990 |
| Texas | 7,542 | 5,213 | 3,313 | ------ | 7,697 | 9,662 | 33,427 |
| Topeka | 11,882 | 2,042 | 5,816 | ------ | 7,117 | 6,045 | 32,902 |
| Colorado | 1,762 | 151 | 1,183 | ------ | 3,201 | 1,223 | 7,520 |
| Kansas | 4,290 | 901 | 2,226 | ------ | 1,196 | 1,313 | 9,926 |
| Nebraska | 1,623 | 398 | 648 | ------ | 711 | 196 | 3,576 |
| Oklahoma | 4,207 | 592 | 1,759 | ------ | 2,009 | 3,313 | 11,880 |
| San Francisco | 31,707 | 6,702 | 86,059 | 1,634 | 38,890 | 21,917 | 186,909 |
| Arizona | 1,474 | 220 | 1,939 | ------ | 2,168 | 232 | 6,033 |
| California | 19,388 | 4,822 | 72,323 | ------ | 30,311 | 14,523 | 141,167 |
| Idaho | 898 | 143 | 457 | ------ | 668 | 234 | 2,400 |
| Montana | 552 | 53 | 743 | ------ | 448 | 16 | 1,812 |
| Nevada | 262 | 50 | 443 | ------ | 599 | 68 | 1,422 |
| Oregon | 2,134 | 617 | 1,696 | 168 | 1,951 | 1,373 | 7,939 |
| Utah | 774 | 228 | 1,902 | ------ | 282 | 140 | 3,326 |
| Washington | 5,679 | 732 | 6,081 | 1,466 | 2,137 | 5,297 | 21,392 |
| Wyoming | 546 | 37 | 475 | ------ | 326 | 34 | 1,418 |

# 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 |
| 1945 | $2,009,707 | 35.7 | $244,432 | 4.4 | $1,091,021 | 19.4 | $216,982 | 3.9 | $1,402,103 | 24.9 | $658,945 | 11.7 | $5,623,190 | 100.0 |
| December | 194,440 | 36.9 | 22,112 | 4.2 | 110,588 | 21.0 | 25,264 | 4.8 | 117,383 | 22.2 | 57,637 | 10.9 | 527,424 | 100.0 |
| 1946 | 3,421,027 | 32.9 | 474,852 | 4.5 | 2,685,061 | 25.8 | 547,977 | 5.3 | 2,023,015 | 19.4 | 1,257,899 | 12.1 | 10,409,831 | 100.0 |
| January | 220,420 | 34.8 | 26,936 | 4.2 | 139,126 | 21.9 | 24,401 | 3.9 | 151,601 | 23.9 | 71,633 | 11.3 | 634,117 | 100.0 |
| February | 217,621 | 35.2 | 26,099 | 4.2 | 140,890 | 22.8 | 24,973 | 4.0 | 140,477 | 22.7 | 68,703 | 11.1 | 618,763 | 100.0 |
| March | 277,408 | 36.2 | 31,083 | 4.1 | 180,656 | 23.6 | 33,914 | 4.4 | 162,986 | 21.3 | 79,926 | 10.4 | 765,973 | 100.0 |
| April | 315,471 | 35.6 | 33,974 | 3.8 | 213,878 | 24.1 | 44,855 | 5.1 | 180,318 | 20.3 | 98,770 | 11.1 | 887,266 | 100.0 |
| May | 333,192 | 34.6 | 38,862 | 4.0 | 241,330 | 25.0 | 51,851 | 5.4 | 187,311 | 19.4 | 111,892 | 11.6 | 964,438 | 100.0 |
| June | 308,226 | 33.6 | 39,890 | 4.3 | 245,624 | 26.8 | 50,123 | 5.5 | 168,889 | 18.4 | 104,662 | 11.4 | 917,414 | 100.0 |
| July | 314,779 | 32.1 | 48,101 | 4.9 | 263,669 | 26.9 | 58,020 | 5.9 | 178,128 | 18.1 | 118,490 | 12.1 | 981,187 | 100.0 |
| August | 310,723 | 31.1 | 46,527 | 4.7 | 273,093 | 27.3 | 53,616 | 5.4 | 184,005 | 18.4 | 131,257 | 13.1 | 999,221 | 100.0 |
| September | 290,547 | 31.3 | 47,424 | 5.1 | 248,406 | 26.7 | 51,978 | 5.6 | 173,310 | 18.7 | 117,213 | 12.6 | 928,878 | 100.0 |
| October | 312,055 | 31.0 | 48,429 | 4.8 | 275,769 | 27.4 | 57,971 | 5.8 | 184,511 | 18.3 | 127,946 | 12.7 | 1,006,681 | 100.0 |
| November | 266,108 | 30.6 | 42,979 | 4.9 | 230,588 | 26.5 | 49,334 | 5.7 | 163,866 | 18.9 | 116,614 | 13.4 | 869,489 | 100.0 |
| December | 254,477 | 30.4 | 44,548 | 5.3 | 232,032 | 27.8 | 46,941 | 5.6 | 147,613 | 17.6 | 110,793 | 13.3 | 836,404 | 100.0 |

# Table 10.—GI LENDING—Home loans[1]

[Dollar amounts are shown in thousands]

| Cumulative through | No. of applications and reports | Number[2] | Amount of guaranty and insurance[2] | Principal amount of loan[2] |
|---|---|---|---|---|
| 1946: Mar. 30 | 126,249 | 105,990 | $214,869 | $495,385 |
| Apr. 26 | 156,786 | 118,143 | 245,046 | 555,541 |
| May 31 | 209,334 | 133,972 | 283,948 | 634,812 |
| June 28 | 257,986 | 165,737 | 364,514 | 804,907 |
| July 26 | 305,503 | 200,231 | 454,709 | 994,778 |
| Aug. 30 | 371,142 | 257,471 | 610,007 | 1,316,554 |
| Sept. 27 | 420,960 | 303,353 | 737,342 | 1,584,444 |
| Oct. 25 | 473,784 | 356,804 | 886,216 | 1,906,743 |
| Nov. 25 | 524,428 | 409,112 | 1,032,596 | 2,217,347 |
| Dec. 25 | 570,883 | 455,293 | 1,165,641 | 2,494,547 |
| 1947: Jan. 25 | 614,323 | 502,510 | 1,301,681 | 2,782,379 |

[1] Records of Veterans Administration.
[2] Total loans reported closed and disbursed. Totals do not include 62,675 loans acted upon and approved for loan closing. Their dollar volume, $391,130,000, brought the aggregate principal of GI home loans to $3,173,509,000 on January 25.

# Table 11.—FHA—Home mortgages insured

[Premium paying; thousands of dollars]

| Period | Title II | | Title VI (603) | |
|---|---|---|---|---|
| | New | Existing | New | Existing |
| 1945: December | $1,965 | $18,051 | $10,836 | $547 |
| 1946: January | 3,095 | 24,275 | 9,617 | 1,676 |
| February | 3,728 | 20,006 | 6,267 | 1,241 |
| March | 3,760 | 24,346 | 5,122 | 1,152 |
| April | 3,570 | 24,160 | 6,870 | 983 |
| May | 4,406 | 26,389 | 5,988 | 3,712 |
| June | 5,573 | 31,551 | 3,678 | 1,012 |
| July | 6,374 | 26,956 | 4,020 | 572 |
| August | 5,668 | 20,831 | 2,959 | 960 |
| September | 5,279 | 20,713 | 2,084 | 613 |
| October | 6,576 | 26,553 | 2,475 | 1,335 |
| November | 5,354 | 20,175 | 2,679 | 1,164 |
| December | 6,619 | 21,314 | 5,401 | 2,592 |

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

[Thousands of dollars]

| Federal Home Loan Bank | Lending operations, December 1946 | | Principal assets, December 31, 1946 | | | Capital and principal liabilities, December 31, 1946 | | | Total assets, December 31, 1946[1] |
|---|---|---|---|---|---|---|---|---|---|
| | Advances | Repayments | Advances outstanding | Cash[1] | Government securities | Capital[2] | Consolidated FHL Bank obligations | Member deposits | |
| Boston | $2,686 | $3,115 | $12,028 | $2,333 | $16,946 | $21,337 | $9,000 | $938 | $31,407 |
| New York | 3,622 | 2,218 | 24,316 | 4,876 | 24,123 | 30,040 | 3,500 | 19,934 | 53,481 |
| Pittsburgh | 1,857 | 1,592 | 29,137 | 2,673 | 10,443 | 19,772 | 21,000 | 1,316 | 42,397 |
| Winston-Salem | 9,480 | 770 | 39,551 | 2,556 | 4,118 | 20,778 | 17,500 | 3,366 | 46,364 |
| Cincinnati | 3,085 | 2,179 | 24,462 | 4,805 | 27,208 | 29,385 | 12,000 | 15,078 | 56,705 |
| Indianapolis | 2,239 | 819 | 24,148 | 5,860 | 14,232 | 16,181 | 20,000 | 8,019 | 44,356 |
| Chicago | 9,101 | 2,157 | 50,003 | 7,017 | 8,472 | 25,978 | 30,000 | 9,414 | 65,646 |
| Des Moines | 6,115 | 602 | 26,825 | 922 | 8,942 | 15,654 | 17,500 | 3,467 | 36,768 |
| Little Rock | 3,486 | 300 | 16,606 | 1,351 | 8,618 | 13,378 | 13,000 | 165 | 26,662 |
| Topeka | 1,532 | 523 | 12,723 | 2,442 | 9,038 | 11,734 | 11,500 | 956 | 24,269 |
| San Francisco | 8,038 | 1,955 | 33,596 | 4,879 | 12,952 | 27,738 | 14,000 | 7,595 | 51,509 |
| December 1946 (combined total) | 51,241 | 16,230 | 293,455 | 39,714 | 145,092 | 231,975 | 169,000 | 70,248 | 479,564 |
| November 1946 | 20,451 | 14,525 | 258,444 | 21,919 | 144,281 | 231,575 | 140,000 | 54,129 | 426,532 |
| December 1945 | 116,849 | 18,908 | 194,872 | 28,572 | 118,392 | 219,217 | 68,500 | 45,697 | 342,710 |

[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 | | | | | | | | | | | | |
| 1945: December | 2,475 | $6,148,230 | $3,763,128 | $307,712 | $1,839,008 | $5,219,910 | $23,366 | $185,210 | $144,664 | $180,352 | $71,777 | 39.8 |
| 1946: January | 2,477 | 6,204,954 | | | | 5,299,668 | 20,165 | 163,559 | 169,107 | 283,487 | 205,537 | 72.5 |
| February | 2,481 | 6,274,832 | | | | 5,361,314 | 19,374 | 154,835 | 174,954 | 182,679 | 122,099 | 66.8 |
| March | 2,485 | 6,359,998 | 4,051,583 | 279,543 | 1,792,418 | 5,432,080 | 19,373 | 144,111 | 238,268 | 198,176 | 129,573 | 65.4 |
| April | 2,486 | 6,462,376 | | | | 5,507,923 | 19,373 | 145,744 | 268,706 | 198,896 | 123,265 | 62.0 |
| May | 2,488 | 6,592,552 | | | | 5,589,795 | 19,358 | 159,546 | 285,613 | 196,973 | 116,370 | 59.1 |
| June | 2,490 | 6,743,121 | 4,519,248 | 347,362 | 1,641,628 | 5,724,893 | 19,358 | 189,908 | 257,175 | 219,825 | 86,017 | 39.1 |
| July | 2,493 | 6,810,626 | | | | 5,798,380 | 16,832 | 187,401 | 254,858 | 296,710 | 224,686 | 75.7 |
| August | 2,495 | 6,916,472 | | | | 5,869,338 | 16,306 | 196,495 | 255,273 | 207,782 | 140,849 | 67.8 |
| September | 2,497 | 7,012,249 | 4,922,400 | 289,903 | 1,566,979 | 5,922,507 | 16,306 | 216,573 | 240,708 | 185,754 | 135,144 | 72.7 |
| October | 2,496 | 7,114,023 | | | | 5,995,695 | 16,305 | 233,503 | 254,626 | 202,178 | 129,272 | 63.9 |
| November | 2,495 | 7,183,179 | | | | 6,056,207 | 16,305 | 238,907 | 205,776 | 172,886 | 112,127 | 64.9 |
| December | 2,496 | 7,318,604 | 5,237,560 | 376,872 | 1,458,741 | 6,193,342 | 16,305 | 272,904 | 193,814 | 223,646 | 87,736 | 39.2 |
| FEDERAL | | | | | | | | | | | | |
| 1945: December | 1,467 | 3,923,501 | 2,382,101 | 194,678 | 1,213,609 | 3,348,567 | 18,058 | 137,839 | 90,920 | 120,195 | 44,352 | 36.9 |
| 1946: January | 1,467 | 3,955,391 | | | | 3,395,108 | 15,250 | 124,242 | 109,146 | 190,748 | 144,388 | 75.7 |
| February | 1,468 | 3,999,837 | | | | 3,435,482 | 14,540 | 118,501 | 111,927 | 122,452 | 82,173 | 67.1 |
| March | 1,469 | 4,050,719 | 2,571,919 | 169,884 | 1,175,285 | 3,481,382 | 14,539 | 109,213 | 155,960 | 132,145 | 86,471 | 65.4 |
| April | 1,469 | 4,118,076 | | | | 3,532,406 | 14,539 | 106,599 | 174,468 | 132,092 | 81,241 | 61.5 |
| May | 1,471 | 4,204,057 | | | | 3,586,501 | 14,539 | 115,009 | 186,282 | 130,551 | 78,013 | 59.8 |
| June | 1,472 | 4,311,747 | 2,886,641 | 221,431 | 1,067,943 | 3,677,643 | 14,539 | 137,605 | 167,552 | 144,470 | 55,038 | 38.1 |
| July | 1,473 | 4,344,421 | | | | 3,716,445 | 12,380 | 134,376 | 165,031 | 194,872 | 156,734 | 80.4 |
| August | 1,473 | 4,411,389 | | | | 3,758,827 | 11,956 | 142,018 | 165,812 | 136,777 | 95,328 | 69.7 |
| September | 1,474 | 4,469,937 | 3,151,813 | 180,457 | 1,004,260 | 3,790,634 | 11,956 | 153,096 | 154,105 | 121,872 | 90,296 | 74.1 |
| October | 1,472 | 4,537,135 | | | | 3,839,002 | 11,956 | 164,305 | 165,742 | 132,882 | 84,518 | 63.6 |
| November | 1,471 | 4,580,447 | | | | 3,880,142 | 11,956 | 165,077 | 131,607 | 113,504 | 71,952 | 63.4 |
| December | 1,471 | 4,671,503 | 3,357,582 | 921,421 | 921,421 | 3,970,772 | 11,956 | 190,579 | 122,742 | 148,106 | 55,346 | 37.4 |
| STATE | | | | | | | | | | | | |
| 1945: December | 1,008 | 2,224,729 | 1,381,027 | 113,034 | 625,399 | 1,871,343 | 5,308 | 47,371 | 53,744 | 60,157 | 27,425 | 45.6 |
| 1946: January | 1,010 | 2,249,563 | | | | 1,904,560 | 4,915 | 39,317 | 59,961 | 92,739 | 61,149 | 65.9 |
| February | 1,013 | 2,274,995 | | | | 1,925,832 | 4,834 | 36,334 | 63,027 | 60,227 | 39,926 | 66.3 |
| March | 1,016 | 2,309,279 | 1,479,664 | 109,659 | 617,133 | 1,950,698 | 4,834 | 34,898 | 82,308 | 66,031 | 43,102 | 65.3 |
| April | 1,017 | 2,344,300 | | | | 1,975,517 | 4,834 | 39,145 | 94,238 | 66,804 | 42,024 | 62.9 |
| May | 1,017 | 2,388,495 | | | | 2,003,294 | 4,819 | 44,537 | 99,331 | 66,422 | 38,357 | 57.7 |
| June | 1,018 | 2,431,374 | 1,632,607 | 125,931 | 573,685 | 2,047,250 | 4,819 | 52,303 | 89,623 | 75,355 | 30,979 | 41.1 |
| July | 1,020 | 2,466,205 | | | | 2,081,935 | 4,452 | 53,025 | 89,827 | 101,838 | 67,952 | 66.7 |
| August | 1,022 | 2,505,083 | | | | 2,110,511 | 4,350 | 54,477 | 89,461 | 71,005 | 45,521 | 64.1 |
| September | 1,023 | 2,542,312 | 1,770,587 | 109,446 | 562,719 | 2,131,873 | 4,350 | 63,477 | 86,603 | 63,882 | 44,818 | 70.2 |
| October | 1,024 | 2,576,888 | | | | 2,156,693 | 4,349 | 69,198 | 88,884 | 69,296 | 44,754 | 64.6 |
| November | 1,024 | 2,602,732 | | | | 2,176,065 | 4,349 | 73,830 | 74,169 | 59,382 | 40,175 | 67.7 |
| December | 1,025 | 2,647,101 | 1,879,978 | 537,320 | 537,320 | 2,222,570 | 4,349 | 82,325 | 71,072 | 75,540 | 32,390 | 42.9 |

## Table 14.—SAVINGS—Savings and loan share investments and repurchases, December 1946

[Dollar amounts are shown in thousands]

| Period | All associations: New investments | All associations: Repurchases | All associations: Net inflow | All associations: Repurchase ratio | Insured associations: New investments | Insured associations: Repurchases | Insured associations: Net inflow | Insured associations: Repurchase ratio | Uninsured associations: New investments | Uninsured associations: Repurchases | Uninsured associations: Net inflow | Uninsured associations: Repurchase ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1945 | $2,337,558 | $1,296,953 | $1,040,605 | 55.5 | $1,876,969 | $1,005,719 | $871,250 | 53.6 | $460,589 | $291,234 | $169,355 | 63.2 |
| December | 223,885 | 94,970 | 128,915 | 42.4 | 180,352 | 71,777 | 108,575 | 39.8 | 43,533 | 23,193 | 20,340 | 53.3 |
| 1946 | 3,143,821 | 2,004,878 | 1,138,943 | 63.8 | 2,568,992 | 1,612,645 | 956,347 | 62.8 | 574,829 | 392,233 | 182,596 | 68.2 |
| January | 334,961 | 244,619 | 90,342 | 73.0 | 283,487 | 205,537 | 77,950 | 72.5 | 51,474 | 39,082 | 12,392 | 75.9 |
| February | 220,469 | 150,656 | 69,813 | 68.3 | 182,679 | 122,099 | 60,580 | 66.8 | 37,790 | 28,557 | 9,233 | 75.6 |
| March | 243,363 | 158,627 | 84,736 | 65.2 | 198,176 | 129,573 | 68,603 | 65.4 | 45,187 | 29,054 | 16,133 | 64.3 |
| April | 248,077 | 155,455 | 92,622 | 62.7 | 198,896 | 123,265 | 75,631 | 62.0 | 49,181 | 32,190 | 16,991 | 65.5 |
| May | 246,713 | 147,675 | 99,038 | 59.9 | 196,973 | 116,370 | 80,603 | 59.1 | 49,740 | 31,305 | 18,435 | 62.9 |
| June | 269,694 | 112,144 | 157,550 | 41.6 | 219,825 | 86,017 | 133,808 | 39.1 | 49,869 | 26,127 | 23,742 | 52.4 |
| July | 356,936 | 271,568 | 85,368 | 76.1 | 296,710 | 224,686 | 72,024 | 75.7 | 60,226 | 46,882 | 13,344 | 77.8 |
| August | 255,254 | 176,823 | 78,431 | 69.3 | 207,782 | 140,849 | 66,933 | 67.8 | 47,472 | 35,974 | 11,498 | 75.8 |
| September | 230,023 | 169,863 | 60,160 | 73.8 | 185,754 | 135,114 | 50,640 | 72.7 | 44,269 | 34,749 | 9,520 | 78.5 |
| October | 250,516 | 162,356 | 88,160 | 64.8 | 202,178 | 129,272 | 72,906 | 63.9 | 48,338 | 33,084 | 15,254 | 68.4 |
| November | 215,171 | 142,445 | 72,726 | 66.2 | 172,886 | 112,127 | 60,759 | 64.9 | 42,285 | 30,318 | 11,967 | 71.7 |
| December | 272,644 | 112,647 | 159,997 | 41.3 | 223,646 | 87,736 | 135,910 | 39.2 | 48,998 | 24,911 | 24,087 | 50.8 |

# Amendments to Regulations

**FHLBA**
**Bulletin No. 84**

**Amendment to Rules and Regulations for the Federal Savings and Loan System relating to collection and payment of sales commissions.**

(Adopted January 27, 1947; effective upon filing with *The Federal Register* on January 30, 1947.)

The Federal Home Loan Bank Administration has added the following new Section 203.22, as proposed in FHLBA Bulletin No. 80 published in the December 1946 REVIEW:

"*Sec. 203.22 Sales Commissions on Shares.* No sales commission shall be paid by any Federal association to any of its officers or directors for the sale of its shares."

**FHLBA**
**Bulletin No. 85**

**Amendment to Rules and Regulations for the Federal Savings and Loan System relating to hearings in connection with removal of members from the Bank System.**

The Federal Home Loan Bank Administration adopted an amendment to Section 3.7 (Title 24, Code of Federal Regulations) by substituting the following new paragraph (c):

"*Procedure for Removal.* Adjudications pursuant to Section 6 (i) of the Federal Home Loan Bank Act, in connection with the removal of Bank members, will be determined in accordance with, and follow the requirements of, the provisions of the Administrative Procedure Act, as now or hereafter amended. All such hearings are determined under the provisions of the Administrative Procedure Act to be of such a character that either the filing or publication of notice of any such hearing would be in conflict with the public interest since they involve the operations of financial institutions."

This amendment was proposed on December 20, 1946, and published in the January 1947 REVIEW (page 114). It was adopted on February 14 and became effective upon publication in *The Federal Register* on February 19, 1947.

**FSLIC**
**Bulletin No. 37**

**Amendment to Rules and Regulations for Insurance of Accounts relating to collection and payment of sales commissions.**

(Adopted January 27, 1947; effective upon filing with *The Federal Register* on January 30, 1947.)

The Federal Savings and Loan Insurance Corporation has amended paragraph (d) of Section 301.7 by adding the following sentence:

"No sales commissions shall be paid by any insured institution to any of its officers or directors for the sale of a withdrawable or repurchasable share, investment certificate, or deposit account issued by such institution."

This proposed change was covered in FSLIC Bulletin No. 36, published in the December 1946 REVIEW.

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# Monthly Survey

(*Continued from p. 157*)

## Insured savings accounts were up $136 million

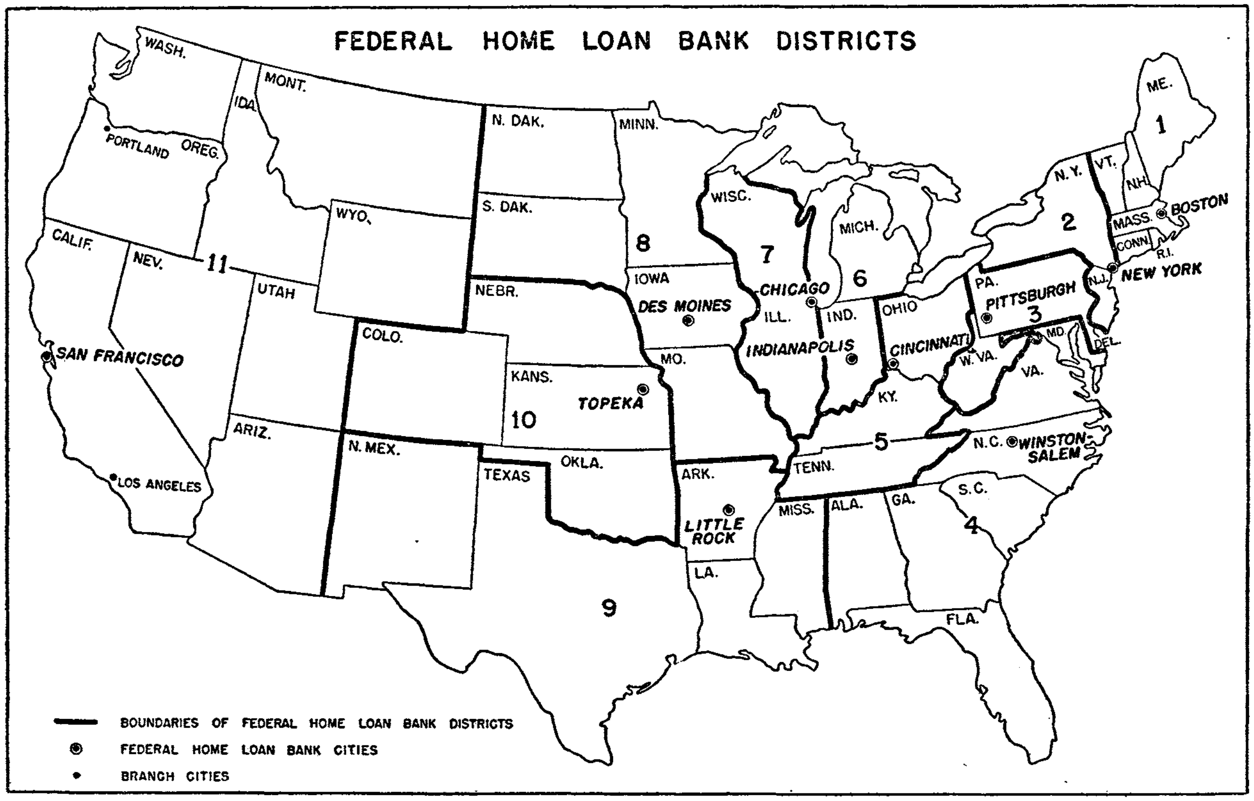
The net gain in savings accounts of all insured associations during December was almost $136 million—more than twice the November gain. While the increase was largely seasonal, it was $27 million larger than in the same 1945 month. Funds invested in savings accounts insured by the FSLIC totaled $6.2 billion at the end of the year.

Total assets of the 2,496 insured associations amounted to $7,319,000,000 on December 31. Comparable 1945 figures were: 2,475 institutions with resources of $6,148,000,000. [TABLE 13.]

## Increase in share capital followed seasonal pattern

As is always the case in December, withdrawal, of funds from savings and loan associations were lower than in the previous month in anticipation of semi-annual dividend declarations which are made by most associations at the year-end.

With the assistance of these year-end dividend credits, total new share investments increased seasonally in December 1946, totaling approximately $273,000,000. This was accompanied by $113,000,000 of withdrawals. The net growth in share capital of all savings and loan associations during the month was estimated at $160,000,000—the largest dollar increase yet recorded in one month by these institutions. Both new investments and withdrawals were roughly one-fifth above December 1945 totals and the repurchase ratio was 41 percent compared with 42 percent. [TABLE 14.]

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