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COMMERCIAL BANK ACTIVITIES
in Urban Mortgage Financing

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Commercial Bank Activities
in
Urban Mortgage Financing

C A R L F . B E H R E N S

FINANCIAL RESEARCH PROGRAM

STUDIES IN URBAN MORTGAGE FINANCING

National Bureau of Economic Research

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PREFACE

THIS study of the activities of commercial banks in financing urban real estate is one of a series completed under the Urban Real Estate Finance Project of the National Bureau's Financial Research Program. Other studies in the series deal with the effect of governmental intervention in the real estate market; the characteristics of real estate as they affect the financial requirements of that market; the mortgage lending activities of life insurance companies, savings and loan associations; and the Home Owners' Loan Corporation; the comparative markets and investment experience of various institutions lending on the security of urban property; and the relation of mortgage financing to economic fluctuations.

A special satisfaction is felt in the completion of this study, arising from its unusually broad-based support. Contributing to the work were a foundation, three groups representing private financial institutions, and two federal bank supervisory agencies. Specifically, financial support was received for the study in grants from the Association of Reserve City Bankers, the Life Insurance Investment Research Committee, acting for the Life Insurance Association of America and the American Life Convention, and the Rockefeller Foundation; many of the data on which the study rests were collected with the technical assistance of the American Bankers Association and the Board of Governors of the Federal Reserve System; finally, the research itself, which was conducted under the responsibility of the National Bureau of Economic Research, was done under a cooperative agreement between the National Bureau and the Federal Deposit Insurance Corporation. The task was a difficult one, even with the combined resources available from these several

PREFACE

quarters, but it would have been impossible except through such a cooperative effort.

The agreement running between the National Bureau and the Federal Deposit Insurance Corporation was an agreeable one in every respect, making it possible for us to draw on the experience and knowledge of Mr. Behrens, a member of the FDIC's research staff, and other personnel of the Corporation and to analyze extensive tabulations of data collected by the Corporation in the exercise of its function as a bank supervisory agency. In all of this the cordial support of Maple T. Harl, Chairman of the FDIC, has been an indispensable aid.

The National Bureau expresses with pleasure its gratitude for the support of the FDIC and of all the other agencies contributing to the conduct of the study.

R. J. SAULNIER
Director,

Financial Research Program

December 1951

AUTHOR'S ACKNOWLEDGMENTS

MANY individuals and organizations have contributed to this study, but to certain members of the staffs of the Federal Deposit Insurance Corporation and the National Bureau of Economic Research, the two organizations under which the study was made on a cooperative basis, my indebtedness is particularly great.

Donald S. Thompson was chief of the Division of Research and Statistics, Federal Deposit Insurance Corporation, when the idea for the study was originated, and played an important role in its planning. To Chairman Harl and the Board of Directors of the Federal Deposit Insurance Corporation, I wish to express my appreciation for officially sanctioning my participation in the study. I am also very grateful to staff members of the National Bureau's Financial Research Program: to Ralph A. Young, formerly in charge of the National Bureau's work in finance, for aid in the initial stages of the study, to Raymond J. Saulnier for encouragement throughout the entire period of research and for his kindly and penetrating criticism of the manuscript in the various stages of its preparation, to J. E. Morton for suggestions and advice, to Mildred E. Courtney for secretarial work, to Catherine P. Martin and Doris P. Warner for statistical assistance, and to Katherine E. Krenning and Isabel C. Lundberg for editorial work on the manuscript. Ernest M. Fisher of Columbia University has also given me assistance for which I am very grateful.

Among my associates, past and present, in the Federal Deposit Insurance Corporation I am indebted to Homer Jones, Florence Helm, and Edison H. Cramer, who have been in charge of the Division of Research and Statistics at various times during the course of the study; to Thomas H. Norwood of the Division of Examination, who has given me the benefit of his wide experience on many aspects of mortgage financing; to Edythe Garber for editorial aid; and to Hazel Shea for diligence and skill in processing the tabular materials.

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I want also to express my appreciation to the numerous individuals in the several Federal Reserve banks and at the Board of Governors of the Federal Reserve System for assistance in obtaining the loan sample on which much of the study is based. Special acknowledgment is due the Federal Reserve Bank of Cleveland for preparation of the major part of the tabulations of sample data.

CARL F. BEHRENS

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