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APPENDIX A

Loan Experience Card and Instructions  
to Cooperating Banks

- A.
- B. Location of property: State ..... City or town .....
- C. Type of property (check one)
- 1 ( ) One-family, no business
  - 2 ( ) Two-family, no business
  - 3 ( ) Three-family, no business
  - 4 ( ) Four-family, no business
  - 5 ( ) Business and 1- to 4-family
  - 6 ( ) Apartments, no business
  - 7 ( ) Apartments and business
  - 8 ( ) Office building
  - 9 ( ) Store only
  - 10 ( ) Store and office
  - 11 ( ) Manufacturing and industrial
  - 12 ( ) Vacant lot or land
  - 13 ( ) Other (please specify) .....
- D. Type of loan at time of making (check one)
- 1 ( ) FHA
  - 2 ( ) Conventional, fully amortized
  - 3 ( ) Conventional, partially amortized
  - 4 ( ) Conventional, nonamortized
  - 5 ( ) Veterans Adm. guar. or ins. loan
- E. Original schedule of payments (check)
- 1. Monthly ( )
  - 2. Quarterly ( )
  - 3. Semi-annual ( )
  - 4. Annual ( )
  - 5. None ( )
- F. Is this a purchase money mortgage? Yes ( ) No ( )
- G. Is this a real estate sales contract? Yes ( ) No ( )
- H. Original loan: (1) Year loan was made .....
- (2) Amt. \$ .....
- (3) Appraised value \$ .....
- (4) Contract term (in years) .....
- (5) Contract rate of interest .....

I. Subsequent modifications in loan or sales contract:

Month and Year of Modification (1)	Unpaid Balance at Time of Modification (2)	Changes in Outstanding Balance		Extension of Contract Term (in yrs.) (6)	Change in Contract Rate of Interest (7)	Changes in Loan Type (see D above) (8)	New Appraisals (9)	Unpaid Balance After Modifications (10)
		Advance of Additional Funds (3)	Reduction of Principal By Compromise (4)					
First	\$	\$	\$		to . . . %		\$	\$
Second					to . . . %			
Third					to . . . %			

- J. Loan status: (1) Still on books (state unpaid balance) \$ .....
- (2) Paid off (year) .....
- (3) Transferred to HOLC (year) .....
- (4) Loan sold or assigned (year) .....
- (5) Title acquired (year) .....
- by foreclosure ( ) ; by voluntary deed ( )
- (If property was acquired and sold fill in Schedule K on reverse side of this card)
- (concluded on next page)

Fill in Schedule K only if property was acquired and sold

K. Data on property acquired and sold

- (1) Year in which property was sold .....
- (2) Was a purchase money mortgage taken? Yes ( ) No ( )
- (3) Was property sold under a real estate sales contract? Yes ( ) No ( )
- (4) Unpaid principal balance of loan at time of transfer to owned real estate \$.....
- (5) Amounts paid out in taxes, insurance, etc., prior to transfer to owned real estate, if not included elsewhere in this schedule \$.....
- (6) Delinquent interest at time of transfer to real estate (Check here if this figure represents compounded interest ) \$.....
- (7) Total of items 4, 5, and 6 \$.....
- (8) Foreclosure costs paid (legal, advertising, etc.) \$.....
- (9) Total of items 7 and 8 \$.....
- (10) Proceeds of deficiency judgments and other settlements \$.....
- (11) Income from property while held as real estate \$.....
- (12) Expenses incurred on property (taxes, insurance, repairs, improvements, management, and commissions on sale, etc.) \$.....
- (13) Net income (+) or loss (-) on property (item 11 minus item 12) \$.....
- (14) Sale price \$.....
- (15) Net of items 10, 13, and 14 \$.....
- (16) Loss (or gain) on property (item 15 minus item 9) \$.....

## MORTGAGE LOAN EXPERIENCE CARD

### Section I—SAMPLING INSTRUCTIONS

Cooperating banks will draw samples of urban mortgage loans from their files of active (i.e., outstanding) and inactive (i.e., paid out, foreclosed, or otherwise satisfied) loans. Loans are to be picked from among those held for the bank's own account and are to exclude trust department mortgage holdings. The way you pick your sample will depend on the way in which your loans are filed. Accordingly, we have outlined below four different methods of drawing samples. Select from among these methods the one that is most appropriate for your situation. Remember that the object of the sampling procedure is a simple one: to get a representative sample of urban mortgage loans for the whole group of cooperating commercial banks. In your case this means that information should be given on every . . . . . th mortgage loan made from January 1, 1920 to the present date, or from the date your bank began making urban mortgage loans if this was after January 1, 1920.

\* \* \*

Whatever sampling method you follow, be sure you read the section on "Completing the Mortgage Loan Histories" given on page . . . , below.

\* \* \*

#### *Method A*

**USE THIS METHOD IF YOUR MORTGAGE LOANS ARE FILED SEPARATELY FROM OTHER LOANS, AND ARE ARRANGED IN NUMERICAL ORDER.**

1. If Method A can be used, the way you pick your sample will depend on whether your mortgage loans have been assigned numbers in a sequence that does not include any other type of loan, or have been assigned numbers in the same sequence with other types of loans.

In the former case, you can pick a sample very easily by simply

finding the number of the first mortgage loan made after January 1, 1920, drawing this loan as the first in your sample, and taking every . . . . . th loan thereafter. In the latter case, you can pick your sample most easily by finding the number of the first mortgage loan made after January 1, 1920, drawing this loan, and counting forward in your file of mortgage loans to draw every . . . . . th loan thereafter. The count is based on *all* mortgage loans, not merely urban mortgage loans. In counting loans be careful to count *loans* and not cards, since some loans may have more than one card.

2. *Whichever of the above methods you use, you should omit from your sample any mortgage loans on farm properties and any "successor loans."* By a "successor loan" we mean a loan that, while it has a separate number, is merely a rewriting or recasting of another loan that was made at an earlier date. When you reject a loan, either because it is on farm property or is a "successor loan," you should not replace this with another loan. Disregard the loan and go forward to the next loan.

3. Continue with the drawing of loans until you have gone through your whole mortgage loan file, covering active and inactive loans. Be sure not to overlook any cabinet or file drawer. Where loans are being counted to pick every . . . . . th, carry over the remainder of a count from one file drawer or cabinet to another. With the exception of farm mortgage loans and "successor loans," *do not omit any mortgage loan that is drawn, even though it may seem extremely untypical of the mortgage experience of your company.*

### *Method B*

**USE THIS METHOD IF YOUR MORTGAGE LOANS ARE FILED SEPARATELY FROM OTHER LOANS, BUT NOT IN NUMERICAL ORDER; FOR EXAMPLE, IF THEY ARE FILED IN ALPHABETICAL ORDER.**

Start at the beginning of your file of inactive mortgage loans, select the first loan, and draw every . . . . . th loan thereafter, being sure to count *loans* and not cards, since some loans may have more than one card. If the loans are filed in several cabinets, begin with any cabinet, carrying over the remainder of a count from one cabinet to another. Be sure not to overlook any cabinet or file drawer. Proceed in this way until you have drawn from all files of both inactive and active mortgage loans.

If files are not in chronological order you will pick some loans that were made prior to 1920; reject these loans and do not substitute others. If files are in chronological order, begin with the first loan made after January 1, 1920.

As in Method A above, omit all farm mortgage loans and "successor loans" that may have been selected in this draw. See paragraph 2 of Method A for details on this point.

### *Method C*

USE THIS METHOD IF YOUR MORTGAGE LOANS ARE NOT FILED SEPARATELY FROM OTHER TYPES OF LOANS, BUT ARE IN ONE COMBINED FILE, ARRANGED IN NUMERICAL ORDER.

Find the number of the first loan (regardless of type) made after January 1, 1920 and draw this loan and every . . . . th loan thereafter. If the loan drawn is not an urban mortgage loan, or is a "successor loan" to an earlier urban mortgage loan, reject it and proceed to the next . . . . th loan, as described in paragraph 2 of Method A.

### *Method D*

USE THIS METHOD IF YOUR MORTGAGE LOANS ARE NOT FILED SEPARATELY FROM OTHER LOANS BUT ARE IN A COMBINED FILE, ARRANGED IN ALPHABETICAL OR OTHER NONNUMERICAL ORDER.

Start at the beginning of your file of inactive loans, select the first loan and every . . . . . th loan thereafter, being sure to count loans and not cards since some loans may have more than one card. If the loans are filed in more than one cabinet you can start with any cabinet, carrying over the remainder of a count from one cabinet or file drawer to another.

If files are not in chronological order you will pick some loans that were made prior to 1920; reject these loans and do not substitute others. If files are in chronological order, begin with first loan made after January 1, 1920.

Reject loans drawn which are not urban mortgage loans or are "successor loans" to urban mortgage loans made at an earlier date, as described in paragraph 2 of Method A.

\* \* \*

## COMPLETING THE MORTGAGE LOAN HISTORIES

Regardless of the method which you have followed in drawing your sample of loans, you now have a sample of urban mortgage loans which, when combined with loans similarly drawn by other banks, should be broadly representative of mortgage loans made since January 1, 1920.

*Your record must now be completed as follows: Go through the loans that you have drawn and if you find any that were later recast and given a new loan number, find the later loan and attach the card, or record, to the card of the original loan.* Some loans may have been rewritten several times in which case it may be necessary to assemble several loan cards, or records, in order to trace the loan's full history. Aside from loans that are still outstanding, a loan history is considered as being complete when the loan is fully paid off, sold, assigned or foreclosed.

In a few cases you may find that a card representing a recast loan, which was located in order to complete a loan history, is one that was drawn in the first count and rejected as a "successor loan"; in this case you need the record in order to complete the history of your loan sample.

In some cases you may find that a loan selected for your sample was canceled before funds were disbursed. In such cases pick the next loan. Thus, if the original loan selected was numbered 712, and it had to be rejected as a canceled loan, pick loan number 713 for your sample.

\* \* \*

When the cards completing the histories of the selected loans have been assembled, the sample is ready to be used for transcription to the Mortgage Loan Experience Cards.

For each loan use a separate card. We have sent you what we believe will be an adequate supply of cards but if more are needed they will be supplied on request.

Instructions for filling out the Mortgage Loan Experience Card will be found in Section II, following.

\* \* \*

Section II—INSTRUCTIONS FOR FILLING OUT  
THE MORTGAGE LOAN EXPERIENCE CARD

These instructions should be read through and compared with the Mortgage Loan Experience Card before any transcriptions are made. The information transcribed on the Mortgage Loan Experience Card is to be taken from the ledger cards that you have drawn from your files by the sampling methods described in Section I.

\* \* \*

Schedules A to H inclusive, and Schedule J of the Mortgage Loan Experience Card are to be filled in completely (so far as possible) for each loan in the sample.

Schedule I will be filled in for only a part of the loans selected.

Schedule K (reverse of card) will be filled in for only a few of the loans selected, namely, those on which property was acquired and sold.

If data are not available, write "n.a." for the question involved.

If you feel that any special comments should be made on a particular loan, enter them on a separate sheet. Mark this sheet with the same identification number as the card it applies to, and attach it to the card.

\* \* \*

In this analysis, a mortgage loan is defined as an obligation secured by a specific piece of *property*. Therefore, in filling out the Mortgage Loan Experience Card, the information recorded about each loan should carry the history of the loan forward, from its origination, through any modifications, to extinguishment (whether by repayment, sale or assignment, or by foreclosure), regardless of the fact that the original obligor may have been succeeded by one or more other obligors.

\* \* \*

*Schedule A. Loan Identification Number.* A space is provided in which to give a number that will permit identification by your bank of the loan on which information is transcribed. Whether this is the loan's actual file number, or a new number assigned so as not to disclose the loan's file number, does not matter for purposes of the National Bureau's analysis. In either case you should keep a record so that you

can refer back to a particular loan if necessary; it is especially important to keep such a record if the number given in Schedule A is not the actual file number of the loan.

**Schedule B.** *Location of Property.* Enter here the state where the *property* is located, also the county and city or town. Do not indicate street address.

**Schedule C.** *Type of Property.* From among the listed types of property, check the one which best describes the *principal characteristic* of the property mortgaged. If the property is not adequately described by any one of the listed types, indicate its character under Item 13.

**Schedule D.** *Type of Loan at Time of Making.* Check the appropriate type of loan. If it is not possible to distinguish between a fully amortized and a partially amortized conventional (i.e., uninsured) loan, bracket types 2 and 3 and check the bracket.

**Schedule E.** *Original Schedule of Payments.* Check the type of principal and interest payment schedules which were set up *at the time the loan was made.*

**Schedule F.** *Purchase Money Mortgage.* Indicate here by a check mark whether the loan selected was a purchase money mortgage *when first put on the books.* A "purchase money mortgage" means a mortgage taken as part of the consideration received on the sale of property owned by the mortgagee.

**Schedule G.** *Real Estate Sales Contract.* Indicate here whether the transaction was initiated as a real estate sales contract. Ignore cases where the sales contract did not earn interest and cases where the sales contract was clearly an interim arrangement and was replaced after a short period by a purchase money mortgage.

**Schedule H.** *Original Loan.*

- (1) Year loan was made: Give the last two figures of the year during which the loan was made; for example, a loan made at any time in 1927 would be indicated 27.
- (2) Amount: Indicate the original amount in dollars, omitting cents.
- (3) Appraised value: Give the original appraisal of land and buildings combined, in dollars, omitting cents.
- (4) Contract term: Give the original term of the contract to the nearest year. If the original loan was written on a demand basis, write in "demand," or "demand after \_\_\_\_\_ years," whatever the case may be.

(5) **Contract rate of interest:** This refers to the *gross* rate of interest—that is, the rate charged to the borrower. It should be reported gross of any participations in interest by a bank's correspondent or other agent.

*Schedule I. Subsequent Modifications in Loan or Sales Contract.* This schedule asks for information on such modifications of the original contract as may have been made; for example, an advance of additional funds, or forgiveness of part of the principal through compromise, or the extension of contract term (including cases in which the principal was reduced by payment and the loan term was extended), or changes in the contract rate of interest or loan type.

Such changes should be indicated in the appropriate columns of Schedule I. If several of the loan's features were changed in the same modification, make all the necessary entries on the same line. Leave those columns blank that refer to loan features that were not modified. Give amounts in dollars, omitting cents.

If additional space is needed to record contract modifications, use additional cards and staple or clip together. (Please mark all cards applying to a given loan with the same identification number.)

*Unpaid balance at time of modification* (column 2) and *unpaid balance after modifications* (column 10) should be filled in in every case.

In reporting *advance of additional funds* (column 3) ignore changes which resulted from periodic increases in the balance because of tax payment, etc. However, an increase in the balance because of payments of accumulated taxes on which the debtor was delinquent should be considered an "advance of additional funds." Also, if the loan was rewritten and the unpaid balance of the old loan reduced to zero, then the unpaid balance at the time the loan was rewritten should be given in column 2 and the amount of additional funds over and above the former balance entered in column 3; the resulting new unpaid balance should be reported in column 10.

*Reduction by compromise* (column 4) refers to the forgiveness of part of the unpaid principal balance by compromise, i.e., by agreement between mortgagor and mortgagee.

Under column 6 indicate the *additional* number of years for which the contract was extended. Thus, a contract having two years to run which was modified to mature in six years would be considered as having been extended for four years. For purposes of this calculation consider as a full year any part of a year which is six months or more.

Under column 7 indicate only the *new rate of interest*.

Column 8, *changes in loan type*, is provided to record such modifications or changes in the loan as alter its original type as shown in D above. Also, the substitution of a purchase money mortgage for a real estate sales contract may be noted in this column.

Under column 9 indicate the amount in dollars, omitting cents, of any *new appraisal* made in connection with a modification of the loan contract. This will be the combined appraisal of land and buildings.

*Schedule J. Loan Status.* Indicate by year, or by giving the unpaid balance in the case of active loans, the status of the loan.

\* \* \*

If the loan resulted in the acquisition of property *and if this property has been sold*, fill out Schedule K, which is on the reverse side of the mortgage card. In all other cases Schedule K is to be ignored.

*Schedule K. Data on Property Acquired and Sold.*

The primary purpose of Schedule K is to get a final figure of loss or gain on properties acquired and sold. This is reported in Item 16. Schedule K has been designed to enable respondents to build up a figure of loss or gain which will be comparable from bank to bank. However, the records of individual banks may provide a direct figure of loss or gain that is comparable to the one that would be derived under Schedule K, although it might be built up in a different way. In this case it will be sufficient to report the bank's available figure directly, but Items 7 and 14 should also be given, wherever possible.

If the figure of loss or gain on property which can be taken directly from a bank's records is not comparable to Item 16 in Schedule K, but can readily be adjusted to achieve this comparability, such an adjusted figure will fulfill the needs of this study.

Individual items under Schedule K are defined as follows:

- Item (4)* This refers to the amount owed by the mortgagor, without giving effect to any write-downs in the book value of the loan made at any time prior to, or at the time of, transfer to real estate.
- Item (5)* This refers only to amounts paid out *prior* to transfer to real estate. Since the purpose is to measure the amount that the mortgagee has invested in a particular item of property, reports should exclude all payments of taxes and insurance for which the mortgagee acted merely as a transmitting agency. Further, amounts paid out prior to transfer to real estate should not be reported if they were included elsewhere in this schedule (e.g., if they were capitalized and shown in the loan balance given in Item 4).
- Item (6)* Give the amount of any delinquent interest which was due on the loan at the time it was transferred to real estate, provided this was not added to the loan balance and reported under Item 4. Note that it will be necessary to check under Item 6 if delinquent interest is calculated on a compound interest basis. Do not check if your calculation of delinquent interest is made on the basis of simple interest.
- Item (8)* Report all foreclosure costs, including legal, court, and advertising costs, incurred in connection with the foreclosure. Whether foreclosure costs are capitalized into the book value of the property or are charged currently against income does not matter for purposes of this schedule. You are asked merely to report the *amount* of the incurred costs.
- Item (10)* Any recoveries made through deficiency judgments or other settlements should be reported here.
- Items (11), (12), and (13)* If the income earned from property while held as real estate, and the expenses incurred on it (including expenditures for repairs and permanent improvements, and expenses incurred in connection with the sale of the prop-

erty), are available separately, these should be recorded as indicated on the schedule. However, if there is available only a figure of net income or loss, this can be reported as such under Item 13 with a plus or minus sign to indicate its character.

*Item (14)* Report only the sale price of the property. Any expenses in connection with the sale (e.g., commissions) should be reported under Item 12.

*Item (16)* This summarizes the foregoing items in a figure of final loss or gain. As indicated above, you may build up this figure of loss or gain according to the sequence of items indicated in Schedule K; but if your records provide a direct single figure of loss or gain on the property, this figure may be substituted for Item 16 with a general statement, in a note accompanying the group of returned cards, explaining the difference between the process by which this figure was arrived at and the type of calculation indicated in Schedule K. In any case we would like to have a separate reporting of Items 7 and 14.

It will be noted that this schedule ignores changes by adjustment in the book value of real estate. We are doing this because increases in the book value of property, representing a capitalization of costs such as those incurred under Items 5, 6, 8, and 12, will have been provided for by these items, while decreases in the book value of acquired real estate can be ignored in this analysis of sold properties.



APPENDIX B

Supplementary Tables on  
Mortgage Loan Experience

## MORTGAGE LOAN EXPERIENCE

### TABLES

TABLES B1 through B5 supplement Chapter 3. Table B1 gives the combined data for all portfolio sizes for Table 9 of the text. Tables B2 and B3 which present data on the schedule of repayments and current interest rates, respectively, on loans held June 1947 are referred to in the text. Table B4 presents information relevant to footnote 10 of this chapter and Table B5 gives the data for Chart 2.

Tables B6 through B8, referred to in Chapter 4, give the number and original amount of loans upon which the yield figures shown in Tables 24 through 26 are based.

TABLE B1 — PERCENTAGE DISTRIBUTION OF A SAMPLE OF URBAN MORTGAGE LOANS HELD BY 170 COMMERCIAL BANKS, JUNE 1947, BY ORIGINAL AMOUNT AND TYPE OF LOAN, CLASSIFIED BY TYPE OF PROPERTY  
(dollar figures in thousands)

Loan Characteristics	1- to 4-Family Dwellings		All Other Property	
	No. of Loans	Amt. Outst.	No. of Loans	Amt. Outst.
ORIGINAL LOAN AMOUNT				
Less than \$5,000	51.1%	26.8%	26.6%	2.6%
5,000 - 9,999	41.3	53.8	20.8	4.9
10,000 - 19,999	7.0	15.3	23.0	9.3
20,000 and over	.6	4.1	29.6	83.2
TYPE OF LOAN <sup>a</sup>				
<i>Insured</i>	53.1	61.5	10.1	2.3
VA	26.5	40.5	7.3	1.9
FHA	26.6	21.0	2.8	.4
<i>Noninsured</i>	46.9	38.4	89.8	97.5
Fully amortized	27.7	21.4	45.9	24.9
Partially amortized	14.0	13.5	33.1	57.3
Nonamortized	5.2	3.5	10.8	15.3
<i>Total</i>	4,218	\$19,422	399	\$9,771

<sup>a</sup> Excludes a few loans for which data on type of loan were not available.

TABLE B2 — PERCENTAGE DISTRIBUTION OF A SAMPLE OF URBAN MORTGAGE LOANS HELD BY 170 COMMERCIAL BANKS, JUNE 1947, BY SCHEDULE OF REPAYMENTS, CLASSIFIED BY TYPE OF PROPERTY <sup>a</sup>  
(dollar figures in thousands)

Schedule of Repayments	1- to 4-Family Dwellings		All Other Property	
	No. of Loans	Amt. Outst.	No. of Loans	Amt. Outst.
Monthly	88.7%	90.1%	63.7%	57.5%
Quarterly	3.1	4.0	14.8	13.0
Semi-annually	2.3	1.7	6.0	10.1
Annually	.4	.5	3.8	3.4
No schedule	5.2	3.5	10.8	15.3
<i>Total</i>	4,218	\$19,422	399	\$9,771

<sup>a</sup> Excludes a few loans for which data on schedule of repayments were not available.

TABLE B3 — PERCENTAGE DISTRIBUTION OF A SAMPLE OF URBAN MORTGAGE LOANS HELD BY 170 COMMERCIAL BANKS, JUNE 1947, BY CURRENT INTEREST RATE, CLASSIFIED BY TYPE OF PROPERTY

(dollar figures in thousands)

Current Interest Rate	1- to 4-Family Dwellings			All Other Property		
	No. of Loans	Amt. Outst.	Avg. Amt. Outst.	No. of Loans	Amt. Outst.	Avg. Amt. Outst.
Under 4.0%	.5%	.9%	\$8.1	6.0%	16.8%	\$68.3
4.0 - 4.4	34.4	50.8	6.8	32.3	60.2	45.6
4.5 - 4.9	26.1	22.5	4.0	17.0	9.0	13.0
5.0 - 5.4	25.2	20.0	3.7	32.3	12.3	9.3
5.5 - 5.9	1.5	.7	2.0	1.0	.1	} 3.5
6.0 and over	12.3	5.1	1.9	11.3	1.6	
<i>Total</i>	4,218	\$19,422	\$4.6	399	\$9,771	\$24.5

TABLE B4 — CONTRACT INTEREST RATES, CONTRACT LENGTHS, AND LOAN-TO-VALUE RATIOS FOR A SAMPLE OF URBAN MORTGAGE LOANS MADE BY 116 COMMERCIAL BANKS, CLASSIFIED BY TYPE OF PROPERTY, TYPE OF CONTRACT, AND PERIOD MADE, 1920-47<sup>a</sup>

Period Made	Contract Int. Rate		Contract Length (yrs.)		Loan-to-Value Ratios	
	Straight Mortgages	Purchase Money Mortgages <sup>b</sup>	Straight Mortgages	Purchase Money Mortgages <sup>b</sup>	Straight Mortgages	Purchase Money Mortgages <sup>b</sup>
	<i>1- to 4-Family Dwellings</i>					
1920-24	6.16%	6.01%	3.0	4.4	50.7%	53.0%
1925-29	6.04	6.13	3.2	5.1	52.1	52.1
1930-34	6.01	5.89	3.1	5.2	50.6	60.7
1935-39	5.19	5.15	12.0	12.6	63.7	72.8
1940-47	4.52	4.48	12.8	14.2	67.4	75.3
<i>Total</i>	5.32%	4.91%	8.4	12.2	59.7%	70.9%
	<i>All Other Property</i>					
1920-24	5.35%	6.03%	8.2	1.3	43.1%	66.7%
1925-29	5.95	6.36	3.9	6.9	44.4	55.4
1930-34	5.31	5.89	5.2	4.3	42.2	54.4
1935-39	4.40	3.90	4.8	8.4	33.9	80.7
1940-47	3.97	4.02	6.0	9.2	56.8	77.8
<i>Total</i>	4.85%	4.11%	5.7	9.0	46.8%	77.0%

<sup>a</sup> Contract interest rates, contract lengths, and loan-to-value ratios are weighted in each case by the original amount of each loan.

<sup>b</sup> Includes real estate sales contracts.

TABLE B5 — CONTRACT INTEREST RATES, CONTRACT LENGTHS, AND LOAN-TO-VALUE RATIOS FOR A SAMPLE OF STRAIGHT URBAN MORTGAGE LOANS MADE BY 116 COMMERCIAL BANKS, CLASSIFIED BY TYPE OF PROPERTY, 1920-47

YEAR MADE	1- TO 4-FAMILY DWELLINGS			ALL OTHER PROPERTY		
	No. of Loans	<i>Contract Int. Rate</i>		No. of Loans	<i>Contract Int. Rate</i>	
		Annual <sup>a</sup>	3-Year Moving Average <sup>b</sup>		Annual <sup>a</sup>	3-Year Moving Average <sup>b</sup>
1920	69	6.2%	..	8	6.0%	..
1921	58	6.2	6.2%	5	6.1	6.2%
1922	113	6.2	6.2	12	6.6	6.2
1923	147	6.2	6.1	11	6.0	5.3
1924	182	6.1	6.1	30	5.2	5.5
1925	199	6.1	6.0	29	6.0	5.4
1926	182	5.9	6.0	25	5.6	5.9
1927	188	6.1	6.0	28	6.1	5.9
1928	186	6.1	6.1	37	6.0	6.0
1929	134	6.1	6.1	24	6.1	6.0
1930	114	6.2	6.0	24	6.1	5.2
1931	114	5.8	6.0	9	4.4	5.2
1932	41	6.1	5.9	14	5.6	5.1
1933	32	6.3	6.2	8	5.9	5.6
1934	32	6.1	5.8	7	5.8	4.3
1935	87	5.6	5.5	9	3.7	4.3
1936	106	5.3	5.4	17	5.0	4.1
1937	136	5.3	5.2	13	5.0	5.1
1938	151	5.1	5.1	13	5.4	5.1
1939	198	5.0	4.9	20	5.0	4.2
1940	220	4.7	4.8	24	3.5	4.1
1941	194	4.7	4.7	24	4.4	3.9
1942	159	4.6	4.6	12	4.5	4.3
1943	152	4.7	4.6	17	3.9	4.2
1944	152	4.6	4.5	23	4.2	4.2
1945	164	4.5	4.4	27	4.2	4.0
1946	380	4.3	4.4	52	3.9	4.0
1947	81	4.4	..	12	4.4	..

(continued on next page)

TABLE B5 — (continued)

YEAR MADE	1- TO 4-FAMILY DWELLINGS			ALL OTHER PROPERTY		
	No. of Loans	Contract Length (years)		No. of Loans	Contract Length (years)	
		Annual <sup>a</sup>	3-Year Moving Average <sup>b</sup>		Annual <sup>a</sup>	3-Year Moving Average <sup>b</sup>
1920	68	2.9	..	8	4.1	..
1921	58	1.8	2.7	5	5.0	4.2
1922	113	2.9	2.7	12	4.1	2.9
1923	147	2.9	3.2	11	2.1	8.4
1924	182	3.5	3.2	30	9.1	7.1
1925	199	3.1	3.4	29	2.7	7.0
1926	182	3.6	3.1	25	4.4	3.3
1927	188	2.5	3.1	28	3.3	4.2
1928	186	3.2	3.0	37	4.5	4.3
1929	134	3.7	3.4	24	4.9	4.9
1930	114	3.6	3.4	24	6.1	7.1
1931	114	3.0	3.2	9	8.5	5.6
1932	41	3.0	2.9	14	2.9	5.3
1933	32	2.1	2.8	8	3.5	3.0
1934	32	2.9	7.1	7	3.3	3.2
1935	87	9.8	8.9	9	3.2	3.8
1936	106	9.7	9.6	17	6.2	4.0
1937	136	9.6	11.0	13	4.6	5.7
1938	151	13.2	12.9	13	5.6	6.5
1939	198	14.8	14.9	20	7.7	7.8
1940	220	16.0	15.1	24	8.5	7.8
1941	194	14.4	14.6	24	6.2	7.8
1942	159	12.8	13.3	12	8.0	6.6
1943	152	12.4	11.7	17	6.6	5.8
1944	152	10.0	10.4	23	5.3	6.9
1945	164	9.3	11.5	27	8.9	5.6
1946	380	12.7	12.2	52	4.8	5.6
1947	81	14.8	..	12	4.3	..

(concluded on next page)

TABLE B5 — (concluded)

YEAR MADE	1- TO 4-FAMILY DWELLINGS			ALL OTHER PROPERTY		
	<i>Loan-to-Value Ratio</i>			<i>Loan-to-Value Ratio</i>		
	No. of Loans	Annual <sup>a</sup>	3-Year Moving Average <sup>b</sup>	No. of Loans	Annual <sup>a</sup>	3-Year Moving Average <sup>b</sup>
1920	64	48%	..	8	41%	..
1921	57	49	50%	5	45	43%
1922	108	51	50	12	46	47
1923	144	50	51	9	48	43
1924	176	52	51	28	43	40
1925	194	50	51	27	28	41
1926	178	51	52	25	52	40
1927	187	54	53	26	49	51
1928	180	53	53	36	51	50
1929	127	53	52	24	47	50
1930	113	50	51	23	52	41
1931	111	50	50	9	34	41
1932	41	51	51	13	54	37
1933	31	57	52	7	44	49
1934	32	50	57	7	50	30
1935	84	60	59	9	24	33
1936	104	61	60	16	52	31
1937	130	60	62	13	35	45
1938	143	63	65	13	39	40
1939	192	69	69	19	43	46
1940	210	72	70	23	55	48
1941	191	68	69	24	47	50
1942	154	67	67	12	51	49
1943	150	66	65	17	51	54
1944	150	61	63	23	56	53
1945	164	61	66	25	50	59
1946	379	70	68	50	63	59
1947	80	69	..	12	43	..

<sup>a</sup> Annual averages of interest rates, contract lengths, and loan-to-value ratios are weighted in each case by the original amount of each loan.

<sup>b</sup> Three-year moving averages of interest rates, contract lengths, and loan-to-value ratios are weighted in each case by three-year moving averages of original amount of each loan.

TABLE B6 — NUMBER AND ORIGINAL AMOUNT OF URBAN MORTGAGE LOANS MADE AND EXTINGUISHED 1920-47, FOR A SAMPLE OF LOANS MADE BY 116 COMMERCIAL BANKS, CLASSIFIED BY TYPE OF PROPERTY

(dollar figures in thousands)

Type of Property	Number of Loans	Original Amount
<i>1- to 4-Family Dwellings</i>	3,860	\$15,324
1-family	3,198	12,182
2- to 4-family	555	2,452
1- to 4-family with business use	107	690
<i>All Other Property</i>	515	12,001
Apartments	108	1,904
Stores	82	2,558
All other	325	7,539
<i>Total</i>	4,375	\$27,325

TABLE B7 — NUMBER AND ORIGINAL AMOUNT OF URBAN MORTGAGE LOANS MADE AND EXTINGUISHED 1920-47, FOR A SAMPLE OF LOANS MADE BY 116 COMMERCIAL BANKS, CLASSIFIED BY TYPE OF PROPERTY AND PERIOD MADE <sup>a</sup>

(dollar figures in thousands)

Period Made	<i>1- to 4-Family Dwellings</i>		<i>All Other Property</i>	
	Number of Loans	Original Amount	Number of Loans	Original Amount
1920-24	686	\$2,626	84	\$2,816
1925-29	1,023	4,677	141	2,921
1930-34	375	1,402	62	1,960
1935-39	786	2,779	110	2,556
1940-47	983	3,812	117	1,712
<i>Total</i>	3,860	\$15,324	515	\$12,001

<sup>a</sup> Excludes a few loans for which data on period made were not available.

**TABLE B8—NUMBER AND ORIGINAL AMOUNT OF URBAN MORTGAGE LOANS MADE 1920-29 AND EXTINGUISHED BY 1947, FOR A SAMPLE OF LOANS MADE BY 116 COMMERCIAL BANKS, CLASSIFIED BY TYPE OF PROPERTY, PROPERTY LOCATION AND LOAN CHARACTERISTICS**  
(*dollar figures in thousands*)

Loan Characteristics	1- to 4-Family Dwellings		All Other Property	
	Number of Loans	Original Amount	Number of Loans	Original Amount
<b>GEOGRAPHIC REGION <sup>a</sup></b>				
North	1,185	\$5,362	142	\$4,461
South	117	590	12	334
West	407	1,351	69	897
Not available	..	..	2	45
<b>SIZE OF PORTFOLIO <sup>b</sup></b>				
Large	1,000	4,052	146	3,794
Medium	204	1,154	46	1,449
Small	505	2,097	33	494
<b>TYPE OF LOAN</b>				
Fully amortized	282	886	23	316
Partially amortized	683	3,012	92	1,338
Nonamortized	730	3,314	109	4,077
Not available	14	91	1	6
<b>CONTRACT LENGTH</b>				
0 - 4 years	1,135	4,509	164	2,402
5 - 9	423	2,177	42	813
10 - 14	123	449	12	2,411
15 - 19	8	45	..	..
20 and over	19	88	7	111
Not available	1	35	..	..
<b>CONTRACT INTEREST RATE</b>				
5.0 - 5.9% <sup>c</sup>	53	527	12	2,468
6.0 - 6.9	1,364	5,956	164	2,871
7.0 and over	292	820	49	398
<b>LOAN-TO-VALUE RATIO <sup>d</sup></b>				
Under 40%	285	741	55	1,050
40 - 59	1,124	5,153	128	4,105
60 - 79	221	1,109	22	420
80 and over	7	37	2	23
Not available	72	263	18	139
<i>Total</i>	<i>1,709</i>	<i>\$7,303</i>	<i>225</i>	<i>\$5,737</i>

<sup>a</sup> For the states included in each region, see Table 6, footnote b.

<sup>b</sup> For the definition of portfolio size, see Table 6, footnote c.

<sup>c</sup> Includes one loan made at 4.0-4.9 percent on an income-producing property.

<sup>d</sup> For a definition of loan-to-value ratio, see Table 10, footnote c.



APPENDIX C

Mortgage Loan Survey  
of Commercial Banks:  
Cost Schedules and Instructions



National Bureau of Economic Research  
 Financial Research Program

Bank Code No. ....

MORTGAGE LOAN SURVEY OF COMMERCIAL BANKS

SCHEDULE 1 — MORTGAGE LOANS AND REAL ESTATE SALES CONTRACTS OUTSTANDING, CHARGE-OFFS, RECOVERIES, AND INCOME, 1920-46

	MORTGAGE LOANS AND REAL ESTATE SALES CONTRACTS (in hundreds of dollars)					
	Outstanding December 31 (1)	Quarterly Average Outst. (2)	Amounts Charged Off During Year <sup>a</sup> (3)	Recoveries During Year <sup>b</sup> (4)	Gross Income During Year <sup>c</sup>	
					Interest (5)	Other (6)
	(Report all amounts in hundreds of dollars)					
1946	\$	\$	\$	\$	\$	\$
1945						
1944						
1943						
1942						
1941						
1940						
.....						
.....						
.....						
1925						
1924						
1923						
1922						
1921						
1920						
1919		x x x	x x x	x x x	x x x	x x x

<sup>a</sup> Charge-offs include ....., exclude ....., amounts charged off for "other real estate." (Check one.)

<sup>b</sup> Recoveries reported include ....., exclude ....., recoveries on "other real estate." (Check one.)

<sup>c</sup> (1) Is interest income reported on a cash or accrual basis? .....

(2) If income is reported only in column 5, are the figures inclusive ....., exclusive ....., of "other" income? (Check one.)

(3) Have fees paid to correspondents or other agents for servicing loans been deducted from gross income? Yes ..... No ..... (Check one.)

(4) Has amortization of commissions paid at time of acquisition of mortgages been deducted from gross income? Yes ..... No ..... (Check one.)

(5) Has amortization of premiums paid at time of acquisition of mortgages been deducted from gross income? Yes ..... No ..... (Check one.)

**MORTGAGE LOAN SURVEY OF COMMERCIAL BANKS**  
(continued)

**SCHEDULE 2 — ADDITIONS TO, AND DEDUCTIONS FROM, THE AMOUNT OF MORTGAGE  
LOANS AND REAL ESTATE SALES CONTRACTS OUTSTANDING, 1940-46**

	MORTGAGE LOANS AND REAL ESTATE SALES CONTRACTS (in hundreds of dollars)			
	Outstanding at Beginning of Year (1)	Additions to Loan Account During Year <sup>a</sup> (2)	Deductions from Loan Account During Year <sup>a</sup> (3)	Outstanding at End of Year (4)
	(Report all amounts in hundreds of dollars)			
1940	\$	\$	\$	\$
1941				
1942				
1943				
1944				
1945				
1946				

- <sup>a</sup> (1) Are loans renewed periodically . . . . ., or are they carried on a past due basis . . . . .?  
(Check one.)
- (2) Do figures for additions and deductions include renewed loans? Yes . . . . . No . . . . .  
(Check one.)

MORTGAGE LOAN SURVEY OF COMMERCIAL BANKS  
(continued)

SCHEDULE 3 — REAL ESTATE ACQUIRED IN SETTLEMENT OF MORTGAGE LOANS, LOSSES, RECOVERIES, AND INCOME, 1920-46

	REAL ESTATE ACQUIRED IN SETTLEMENT OF MORTGAGE LOANS (in hundreds of dollars)					
	Acquired During Year <sup>a</sup> (1)	Liquidated During Year <sup>a</sup> (2)	Amounts Charged Off During Year (3)	Amount Held as of Dec. 31 (4)	Recoveries During Year (5)	Net Income During Year <sup>b</sup> (6)
	(Report all amounts in hundreds of dollars)					
1946	\$	\$	\$	\$	\$	\$
1945						
1944						
1943						
1942						
1941						
1940						
.....						
.....						
.....						
1925						
1924						
1923						
1922						
1921						
1920						
1919	x x x	x x x	x x x		x x x	x x x

<sup>a</sup> (1) In reporting amounts of "other real estate" acquired, indicate whether the following items have been capitalized. (Check.)

	Yes	No		Yes	No
Foreclosure costs	.....	.....	Taxes	.....	.....
Legal expenses	.....	.....	Overdue interest	.....	.....

(2) Columns (1) and (2) are reported inclusive ....., exclusive ....., of property acquired or disposed of through trade. (Check one.) See instructions for column (2) of this schedule.

(3) If reports are inclusive of "trades," are these on a net ....., gross ....., basis? (Check one.)

<sup>b</sup> Is income reported net of expenses of operating property? Yes ..... No ..... (Check one.)

**MORTGAGE LOAN SURVEY OF COMMERCIAL BANKS**  
(continued)

**SCHEDULE 4 — GENERAL DATA—AMOUNT OF MORTGAGE LOAN ACCOUNT AND INCOME—1946**

ITEM	TOTAL	FHA	NON-FHA
	(in hundreds of dollars)		
1. Mortgage loan and real estate sales contract balances outstanding			
December 31, 1945			
a. Number			
b. Amount	\$	\$	\$
December 31, 1946			
a. Number			
b. Amount	\$	\$	\$
2. Mortgage loans and real estate sales contracts made during 1946 <sup>a</sup>			
a. Number			
b. Amount	\$	\$	\$
3. Charge-offs on loans and "other real estate" during 1946	\$	x x x	x x x
4. Recoveries on loans and profits on sales of "other real estate," during 1946	\$	x x x	x x x
5. Gross income from mortgage loans and real estate sales contracts during 1946 <sup>b</sup>	\$	\$	\$
6. Net income on "other real estate" owned during 1946 <sup>c</sup>	\$	x x x	x x x

<sup>a</sup> Are extensions and other adjustments included in the reported amount of loans made during 1946? Yes ..... No ..... (Check one.) See instructions for Item 2 of this schedule.

<sup>b</sup> (1) Have fees paid to correspondents or other outside agents for servicing loans been deducted from gross income? Yes ..... No ..... (Check one.)

(2) Has amortization of commissions paid at time of acquisition of mortgages been deducted from gross income? Yes ..... No ..... (Check one.)

(3) Has amortization of premiums paid at time of acquisition of mortgages been deducted from gross income? Yes ..... No ..... (Check one.)

<sup>c</sup> Have property operating expenses been taken into account in reporting net income on "other real estate"? Yes ..... No ..... (Check one.)

MORTGAGE LOAN SURVEY OF COMMERCIAL BANKS  
(concluded)

SCHEDULE 5 — MORTGAGE LOAN COSTS AND RELATED DATA—1946

ITEM	TOTAL	FHA	NON-FHA
	(in hundreds of dollars)		
1. Mortgage department costs—total	\$	\$	\$
a. Direct costs			
b. Indirect costs			
2. Commissions paid out during 1946 for acquisition of mortgage loans			
3. Commission amortization allowable for the year 1946 per Federal Income Tax return			
4. Premiums paid out during 1946 at time of acquisition of mortgage loans			
5. Premium amortization allowable for the year 1946 per Federal Income Tax return			
6. Fees, etc., paid to correspondents and others on a continuing basis for servicing loans			
7. Fees, court costs, etc., paid in connection with foreclosure or acquisition of real estate		x x x	x x x
8. Fees, etc., paid to correspondents and other agents for managing real estate		x x x	x x x
* * * * *			
9. Amount of loans acquired during 1946 on which commissions were paid at time of acquisition			
10. Amount of loans acquired during 1946 on which premiums were paid at time of acquisition			
11. Amount of loan balances on which payments were being made to correspondents and others for servicing			
December 31, 1945			
December 31, 1946			
12. Give list of expenses included as direct costs in Item 1a above.			
Type of Expense			
Basis of Allocation			
13. Give list of expenses included as indirect costs in Item 1b above.			
Type of Expense			
Basis of Allocation			

## MORTGAGE LOAN SURVEY OF COMMERCIAL BANKS

## INSTRUCTIONS—SCHEDULE 1

**NOTE:** In this schedule, the term "reserves" is used to include "reserves for losses on mortgage loans," "valuation reserves," "valuation allowances," "unallocated charge-offs," "unallocated reserves," "specific reserves," "reserves for losses on real estate," and other similar accounts set up in general anticipation of losses when the amounts are not actually charged off or credited to the asset balances carried on the bank's books. Whether the "reserve" account is treated by the bank as a liability account or a capital account is immaterial for the purposes of this schedule. In preparing this schedule, it is suggested that the year 1946 be prepared first and then other years, working back to 1919 if information is available.

**Column 1**

Report amounts outstanding at year end, net after reserves.

**Column 2**

*If figures are available*, report an average based on outstandings at the end of each quarter. If a quarterly average cannot be computed, a satisfactory substitute average may be determined by using call report figures. These data will enable us to compute more accurate loss and income ratios.

**Column 3**

Report the amount of loan balances charged off during the year, including amounts charged to surplus, undivided profits and reserves. If charge-offs for "other real estate" are intermingled with charge-offs for loans, and the loan charge-offs cannot be segregated, the "other real estate" charge-offs should be included under this heading. Indicate in footnote (a) how figures are reported. See the "Note" which prefaces the Instructions for Schedule 3.

**Column 4**

Report amounts recovered during the year on loans previously charged off or down. *Do not include recoveries on "other real estate,"* unless they are intermingled with recoveries on loans and cannot be separated. Indicate in footnote (b) how figures are reported. See the "Note" which prefaces the Instructions for Schedule 3.

**Columns 5 and 6**

Whenever possible report *gross* receipts of "interest" and "other" income separately. If only one column is used, indicate in footnote (c) at bottom of the schedule whether only "interest" or "interest and other" income combined is reported.

"Other" income should not include registration or recovery fees, stamp taxes, title fees, or similar expenses paid by the borrower to the bank, and subsequently paid out by the bank for borrower. In these cases the bank

is acting only as agent. Amounts reported should include renewal fees, commissions, etc., which are retained by the bank as income.

If possible, income should be reported gross before (a) amortization of commissions paid at time of loan acquisition, (b) amortization of amount of premiums paid at time of acquisition of mortgages, (c) any participation in interest by correspondents or other outside agents for the servicing of loan balances, and (d) any specific income reserves.

Indicate in footnote (c) whether or not participations in interest by outside agents and amortization of commissions and premiums paid have been deducted from gross interest income.

#### INSTRUCTIONS—SCHEDULE 2

##### *Columns 1 and 4*

The figures to be reported in columns 1 and 4 may be taken directly from Schedule 1. Data are for the amount of mortgage loans and real estate sales contracts outstanding at the beginning and end of the year, net after reserves. The difference between columns 2 and 3 for each year should reconcile with the difference between outstandings at the beginning and the end of the year.

##### *Column 2*

Report all additions to loan account during the year, including new loans, advances on existing loans, increases in loan balances to cover payments of insurance, taxes, etc.

##### *Column 3*

Report all deductions from loan account during the year, including loan repayments, transfers to real estate, charge-offs, etc.

#### INSTRUCTIONS—SCHEDULE 3

**NOTE:** In this schedule data on holdings of real estate acquired in settlement of mortgage loans, losses, recoveries and income should be given for as many years as possible going back to 1920; data on real estate acquisitions and liquidations are less important but should be given for the years 1940-46 if at all possible. If charge-offs and recoveries for "other real estate" are intermingled with loan charge-offs and recoveries, they may be consolidated in Schedule 1 and not reported in this schedule. See the "Note" which prefaces the Instructions for Schedule 1.

##### *Column 1*

Report book value of foreclosures or voluntary acquisitions of real estate completed or posted to books during the year. Please indicate in footnote (a) whether foreclosure costs, legal expenses, taxes, overdue interest, and other items have been capitalized and, also, whether property acquired through trade, that is, in exchange for other property liquidated, is included.

(See also the instruction below referring to column 2 for the method of reporting trades.)

*Column 2*

Report book value of property disposed of through sales, or trades. If any trades have occurred indicate whether these have been reported gross or net. Thus, if trades are reported *net* and the book value of the property liquidated is in excess of the property acquired in exchange, the excess amount should be reported in this column as "real estate liquidated during the year." If the book value of property received in trades exceeds the book value of property disposed of, the excess should be reported in column 1 as "real estate acquired during the year."

On the other hand, if trades are reported *gross*, the value of the property received in exchange should be included in column 1, and the value of the property given in exchange should be included in column 2.

*Column 3*

Report amounts charged off during the year, including amounts charged to surplus, undivided profits, and reserves. If charge-offs and recoveries on "other real estate" are put through the loan account, or a reserve account for loans, and cannot be segregated, then report the combined loan and "other real estate" figures in column 3 of Schedule 1.

*Column 4*

Report amounts of "other real estate" held at year end, net after reserves.

*Column 5*

Report amounts recovered on "other real estate" previously charged down or off, amounts in excess of book value received from sale or other disposition of real estate, or amounts credited to valuation reserves on account of recoveries and profits. If charge-offs of "other real estate" are not segregated and are reported under mortgage loans in Schedule 1, then recoveries on "other real estate" should also be included in column 4 of Schedule 1.

*Column 6*

Report amount of net operating income received from "other real estate." By net operating income is meant gross income from rents, etc., net of the expenses of operating property, including capital expenditures in such expenses. If amounts reported are *not* net of the operating expenses incurred on the property, indicate this fact in footnote (b).

INSTRUCTIONS—SCHEDULE 4

**NOTE:** In this schedule the term "reserves" is used to include "reserves for losses on mortgage loans," "valuation reserves," "valuation allowances," "unallocated charge-offs," "unallocated reserves," "specific reserves," "reserves for losses on real estate," and other similar accounts set up in general anticipation of losses when the amounts are not actually

charged off or credited to the asset account and do not actually reduce or increase the asset balances carried on the bank's books. Whether the "reserve" account is treated by the bank as a liability account or a capital account is immaterial for the purposes of this schedule.

If you have already completed Schedules 1, 2, and 3 of the *Mortgage Loan Study for Commercial Banks* you will find that many of the items called for in this schedule can be taken directly from these other schedules.

*Item 1*

Report book value amounts of mortgage loan and real estate sales contract balances outstanding net after reserves. Balances should be broken down, if possible, into FHA and Non-FHA accounts. *If it is not possible to make breakdowns of loan balances as indicated, fill in only the "total" column.* If possible, respondents should give the number as well as the amount (in dollars) of the different accounts outstanding.

*Item 2*

Report the total amount of new loans made during 1946, sales contracts entered into, advances made on loans already on the books, and loans renewed. Exclude extensions and other adjustments, but if this cannot be done indicate in footnote (a) that they are included.

Loans made and real estate contracts entered into during 1946 should be broken down, if possible, among the indicated types of mortgages, but if this is not possible at least the "total" number and amount (in dollars) should be given.

*Item 3*

Report amounts charged off during the year 1946 on loans and "other real estate," including amounts charged to surplus, undivided profits, and reserves.

*Item 4*

Report amounts recovered during 1946 on loans previously charged off or down, including amounts credited to valuation reserves on account of recoveries; also report the amount recovered during the year on real estate previously charged off or down, amounts in excess of book value recovered from the sale or other disposition of real estate, including amounts credited to valuation reserves on account of recoveries and profits.

*Item 5*

In reporting 1946 income do not include registration or recording fees, stamp taxes, title fees, or similar expenses paid by the borrower to the bank, and subsequently paid out by the bank for the borrower. In these cases the bank is acting only as an agent. Amounts reported should include renewal fees, commissions, etc., which are retained by the bank as income.

If possible, income should be reported gross, before (a) amortization of commissions paid at time of loan acquisition, (b) amortization of

amount of premiums paid at time of acquisition of mortgages, (c) any participation in interest by correspondents or other outside agents for the servicing of loan balances; and (d) any specific income reserves.

Indicate in footnote (b) whether or not participations in interest by outside agents and amortization of commissions and premiums paid have been deducted from gross interest income.

If possible, give the breakdown for interest income and other income according to the indicated types of mortgage loans.

*Item 6*

Report amount of net operating income received during 1946 from "other real estate" owned by the bank. By net operating income is meant gross income from rents, etc., net of expenses of operating property. Expenses of operating property should include taxes, repairs, alterations, decorating, custodians, etc. If amounts reported are *not* net of property operating expenses, indicate this fact and related information in footnote (c).

INSTRUCTIONS—SCHEDULE 5

*Item 1*

Mortgage department costs should be reported for the year 1946, if possible, according to the indicated breakdown. Although individual reporting institutions are to follow their own customary practices in distinguishing between direct and indirect costs the following suggestions may be helpful in completing the schedule.

Direct costs are considered to be those expenses of operating the mortgage loan department which are traceable to that department without arbitrary allocation, such as the following: salaries, legal fees and court costs, recording fees, dues and subscriptions, postage, telephone and telegraph, freight and express, supplies, rent or occupancy charge, furniture and fixture repairs, advertising, insurance and personal bonds, travel, car expense, machine service, employees' retirement. In some institutions certain of these expenses may be handled as indirect costs, and some types of expenditures not listed above might possibly be handled on a direct basis. The reporting bank should, as indicated above, follow its customary practice in reporting costs but should *indicate in Item 12 the specific types of expense that have been included as direct costs.*

Indirect expenses of the department are those that have to be attributed to the mortgage loan department on some basis of allocation. Examples would be general administration costs, directors' fees, etc., costs of general employee welfare and service departments, as well as a share of the costs of operating those departments of the bank that serve other divisions as well as the mortgage loan department (e.g., bookkeeping, paying, receiving, proving, auditing, trust, service, and research). The responding bank should follow its usual practices in reporting "indirect" expenses but should *indicate in Item 13 the types of expense that have*

*been included under this heading and the bases on which allocations have been made.*

*Item 2*

Report all commissions paid out during 1946 for the acquisition of mortgage loans, giving the indicated breakdown, if possible.

*Item 3*

Report amount of commission amortization allowable as a deduction in 1946 Federal Income Tax return. Give the indicated breakdown, if possible.

*Item 4*

Report the amount of all premiums paid during 1946 at time of purchase of mortgage loans. Give the indicated breakdown, if possible.

*Item 5*

Report amount allowed as a deduction in 1946 Federal Income Tax return. Give the indicated breakdown, if possible.

*Item 6*

Report under this item all amounts paid out during the year to correspondents or other agents as participations in interest or other fees where these payments were made on a continuing basis as distinct from the lump sum payments paid at the time loans were acquired and which are reported in Item 4 above. Ordinarily such payments are for the servicing of mortgage loan accounts.

If participations in interest by correspondents and others have been deducted in Item 5 of Schedule 4, such participations in interest should not be reported here.

*Item 7*

Include all fees, court costs, etc., disbursed during the year 1946 which arose in connection with the foreclosure or acquisition of real estate.

*Item 8*

Include all fees and commissions actually disbursed during the year 1946 to correspondents and other agents as remuneration for the management of "other real estate."

*Item 9*

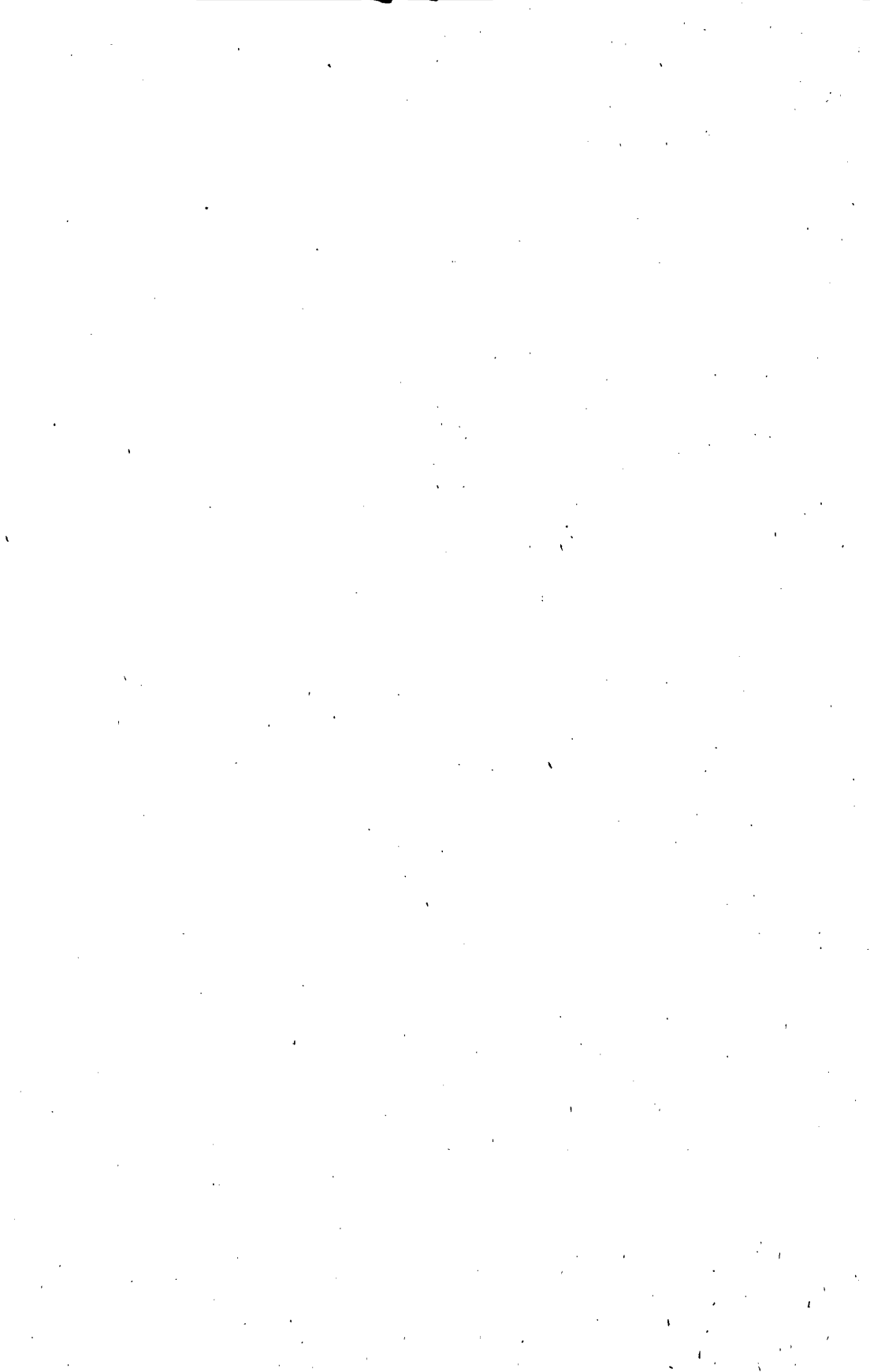
Report the principal amount of all loans acquired during 1946 on which the bank paid a commission at time of acquisition.

*Item 10*

Report the principal amount of all loans acquired during 1946 on which the bank paid a premium at time of acquisition.

*Item 11*

Report here the principal amount of all loan balances at beginning and end of 1946 on which the bank made payments to correspondents or others as compensation for the servicing of such balances.



# Index

- AMERICAN BANKERS ASSOCIATION**—23n, 74n, 75n.
- AMERICAN INSTITUTE OF BANKING**—14n.
- AMORTIZED LOANS**—Foreclosure Experience on, 63, 66; Of Commercial Banks and Life Insurance Companies, 7; Repayment Schedule on, 41-43; Shift to, since 1920, 48.
- BANKHEAD-JONES FARM TENANT ACT**—22.
- BANKING ACT OF 1935**—21n.
- COLEAN, MILES L.**—21n.
- COMMITTEE ON BANKING AND CURRENCY**—United States Senate, 23.
- CONSTRUCTION LOANS**—Of Commercial Banks, 1-2.
- CONTRACT LENGTH**—Effect of Loan Insurance on, 8, 43; Of Loans by Commercial Banks and Life Insurance Companies, 6-8; Of Sample Loans, 54; Relation of, to Loan Experience, 12.
- CONTRACT TERMS**—Changes in, from 1920 to 1947, 48-54; Modification of, by Responding Banks, 55-60; Of Loans by Commercial Banks and Life Insurance Companies, 6-9; Of Sample Loans, 43; Relation of, to Loan Experience, 12, 63, 66; Relation of, to Yields, 71.
- CONVENTIONAL LOANS**—Holdings of, by Size of Bank, 41-43; Interest Rates on, 45-46, 52-53; Percentage Amortized, 7; Terms on, 43.
- COSTS**—Definition of, 78-79; Of Acquisition and Servicing, 82-84; Of Commercial Bank and Life Insurance Company Lending, 13; Problems of Measurement, 76-77.
- FARM MORTGAGE LENDING**—By Commercial Banks, 30, 32; Laws Governing, 15-18.
- FEDERAL DEPOSIT INSURANCE CORPORATION**—Mortgage Loan Survey, 1-8.
- FEDERAL HOUSING ADMINISTRATION**—14; Establishment of, 21; Risk-Rating System of, 75n.
- FEDERAL RESERVE ACT**—15; 17-18; 20n; 21-23.
- FORECLOSURE EXPERIENCE**—Of Commercial Banks and Life Insurance Companies, 10-12, 59n, 61; Relation of, to Loan Characteristics, 59-63.
- GI LOANS**—Interest Rates on, 43, 45; Of Banks, 41-43; Of Commercial Banks and Life Insurance Companies, 6-7.
- HARRISS, C. LOWELL**—20n.
- HOME OWNERS' LOAN CORPORATION**—Establishment of, 20; Transfer of Loans to, 59.
- INCOME**—Definition of, 78-79; On Bank Mortgage Loan Holdings, 79-84; On Mortgage Loans of Commercial Banks and Life Insurance Companies, 13.
- INCOME-PRODUCING PROPERTIES**—Bank and Life Insurance Company Experience on Loans Secured by, 11; Bank Loans on, 5, 27, 32, 40; Characteristics of Sampled Loans on, 41-54; Foreclosure of Loans on, 63; Interest Rates on Loans Secured by, 46; Loss Rates and Yields on Loans Secured by, 70-71; Modification of Loans on, 57.
- INSURED LOANS**—Contract Terms on, 43;

- For Repair and Modernization of Property, 21; Interest Rates on, 45-48; Of Commercial Banks, 6-9, 41-43.
- INTEREST RATES—And Foreclosure Experience, 63; And Gross Loan Income, 80-82; And Loan Characteristics, 45-48; And Loss Experience, 66; Effect of Loan Insurance on, 9, 43, 45; On Commercial Bank and Life Insurance Company Loans, 8, 12; Trend of, 1920-47, 48-54.
- KANE, THOMAS P.—15-16.
- LAWS—Governing Bank Mortgage Lending, 14-23.
- LIFE INSURANCE COMPANIES—Foreclosure Experience of, 59n, 61; Mortgage Loans of, Compared with Bank Loans, 4-13.
- LINTNER, JOHN—14n.
- LOAN ACQUISITION—Costs of, 82-84; Procedures, 74-76.
- LOAN INSURANCE—Effect of, on Mortgage Credit Terms, 8-9; Provision for, in National Housing Act, 21; *See also* Insured Loans.
- LOAN SAMPLE—Description of, 36-39; Representativeness of, 3-4.
- LOAN SERVICING—Costs, 82-84; Costs of, for Commercial Banks and Life Insurance Companies, 13; Procedures, 74-76; Quality of, Subject to Examination, 24.
- LOAN-TO-VALUE RATIOS—Changes in, 54; On Commercial Bank and Life Insurance Company Loans, 6; On Insured and Conventional Loans, 6-8, 43; Relation of, to Interest Rates, 46; Relation of, to Loan Experience, 63, 66, 71.
- LOANS, URBAN MORTGAGE—Acquisition and Servicing of, 74-76; Contract Terms on, 43-54; Costs and Returns on, 79-84; Definition of, 14; Distribution of, by Type and Size, 39-43; Examination of, by Supervisory Agencies, 16, 23-25; Foreclosure Experience on, 59-63; Holdings of, by Commercial Banks, 1-3, 17-18, 26-34; Laws Affecting, 14-23; Loss Rates and Yields on, 68-71; Modification of Contracts on, 55-60; Sample of, 36-39.
- LOSS EXPERIENCE—Of Commercial Banks and Life Insurance Companies, 9-12; On Disposal of Foreclosed Properties, 65-66.
- LOSS RATES—12; 68-71.
- McFADDEN ACT—20.
- MORTGAGE LOAN COMPANIES—Commercial Bank Loans to, 1-2.
- MORTLOCK, EUGENE M.—74n.
- MORTON, J. E.—37n.
- MULTI-FAMILY PROPERTIES—Loans on, by Banks, 32-34.
- NATIONAL ASSOCIATION OF BANK AUDITORS AND COMPTROLLERS—76n.
- NATIONAL HOUSING ACT—14, 21, 75n.
- NATIONAL MONETARY COMMISSION—16n.
- NONINSURED LOANS—*See* Conventional Loans.
- ONE- TO FOUR-FAMILY PROPERTIES—Bank Loans on, 3, 5-7, 32-34; Characteristics of Loans on, 39-54; Disposal of, 66; Foreclosure of Loans on, 63; Loss Experience on Loans Secured by, 10-12; Loss Rates and Yields on Loans Secured by, 70-71.
- OPERATIONS—73-76.
- PHILLIPS, CHESTER A.—23n.
- PROPERTY—Disposal of, 64-66, 76; Management of, 74, 76; *See also* Income-Producing Properties, One- to Four-Family Properties, and Single Family Properties.
- PURCHASE MONEY MORTGAGES—49n.
- REPAYMENT SCHEDULES—6-8, 41-43.
- RESERVES—78.
- RESIDENTIAL PROPERTIES—*See* Income-Producing Properties; One- to Four-Family Properties and Single Family Properties.
- RISK-RATING SYSTEMS—75n.
- SAILOR, VANCE L.—23n.
- SAULNIER, RAYMOND J.—45n, 59n, 77n.
- SAVINGS AND LOAN ASSOCIATIONS—27.

SAVINGS BANKS—Mortgage Lending Activities of, 14, 16-17, 27.

SINGLE FAMILY PROPERTIES—Importance of Loans on, 39; Loss Rates and Yields of Loans on, 70-71; Modification of Loans on, 57.

SIZE OF LOAN—41-43.

STRAIGHT MORTGAGES—48, 49n, 52.

TRUST COMPANIES—14-17.

TRUST FUNCTIONS—Of Commercial Banks, 2.

TURNOVER—Of Mortgage Loan Portfolios, 77n.

TWO- TO FOUR-FAMILY PROPERTIES—Loss Rates and Yields of Loans on, 70; Modification of Loans on, 57.

WELLDON, SAMUEL A.—16n.

WILLIS, H. PARKER—23.

YIELDS—Definition and Computation of, 68-69; Measurement of, 76-77; Survey Findings Relating to, 69-71; *See also* Income.

VETERANS' ADMINISTRATION—*See* GI Loans.