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EXHIBIT

Questionnaire on Mortgage Market Activity of Savings and Loan Associations

General Instructions and Explanatory Notes

This questionnaire, consisting of three sections, is designed to obtain information not now available on (1) gross flows of mortgage funds; (2) the nature of construction loans; and (3) secondary mortgage market activity. If you find that your records do not enable you to complete the questionnaire for each year specified or in the detail requested, please provide as much of the information as you can. Where precise figures are lacking do not hesitate to make estimates either in dollar amounts or percentages of totals, based on your experience. We are particularly anxious to get for mortgage loan repayments a breakdown between loans paid in full and other repayments, and for your lending activity a breakdown between construction loans to builders and other mortgage loans. A more detailed explanation of each section is given below.

SECTION 1

This section relates to the gross flow of funds through your mortgage portfolio, distinguishing between loans to builders and other types of mortgage loans, as defined below. It relates, also, to the composition of mortgage loan repayments as between loan repaid in full and contractual repayments (including partial prepayments). The latter are, of course, the more regular type of repayments that may be anticipated from the portfolio, while repayments in full are more volatile, reflecting conditions in real estate and mortgage markets. Distinguishing between these two types of repayment is important not only to an understanding of current market behavior, but to an appraisal of future gross flow patterns.

Some specific explanations of items in this section follow:

(1) The heading loans to builders (I-A, II-A) refers to loans made to operative builders for the purpose of financing construction for resale to others. Include all such loans closed whether or not funds have been disbursed. *Do not include* loans to individuals for construction of their own homes even though they may be included in Item 28.a, loans "for construction of homes," of the *Monthly Report* submitted to the Federal Home Loan Bank Board.

(2) In reporting loans repaid in full under Item IV-A, include all terminating balances of mortgages prepaid in full, maturing under contract, on

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properties foreclosed or acquired by deed and transferred to real estate, and similar deductions from your mortgage loan account.

(3) Include under Item IV-B, "other repayments," the total amount of funds received from regular contractual repayment of principal, together with amounts received from partial repayments or curtailments of mortgages.

N.B.E.R
July 1956

SECTION 1
Changes in Mortgage Loan Portfolio
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	1955	1954	1953	1952
I. Outstanding balance, beginning of year				
A. Loans to builders				
B. Other mortgage loans				
II. Loans made during year				
A. Loans to builders				
B. Other mortgage loans				
III. Loans purchased during year				
IV. Loans repaid during year				
A. Repayments in full				
B. Other repayments				
V. Loans sold during year				
VI. Outstanding balance, end of year				
A. Loans to builders				
B. Other mortgage loans				

SECTION 2

This section relates entirely to Item 28.a, loans "for construction of homes," submitted in the *Monthly Report* to the Federal Home Loan Bank Board. It is intended to identify the type of loans included under this item, distinguishing between loans similar in character to those reported under Item 28.b, loans "for purchase of homes," and short-term loans to builders for financing the construction process only. It is recognized that many of the latter type of loans result, upon completion and sale of the property, in permanent home purchase loans for your portfolio. The process of changing

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from construction to home purchase loans, however, often involves re-financing the property from builders to purchasers, with separate transactions recorded in your loan accounts and reported to the Federal Home Loan Bank Board. The latter agency specifically requests in its instructions for making out the *Monthly Report*: "If property securing a construction loan is sold to a new owner-borrower to whom a purchase loan is made by the association, the purchase loan should be included under Item 28.b (loans 'for purchase of homes') for the month in which the purchase loan is closed." It is hoped that the extent of this double reporting can be determined from answers to questions in this section.

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SECTION 2

General Questions on Loans for Construction of Homes

(As reported in Item 28.a of *Monthly Report* to Federal Home Loan Bank Board)

- I. A. What proportion of your total mortgage loans closed was reported as loans "for construction of homes" in Item 28.a of the *Monthly Report* submitted to the Federal Home Loan Bank Board in 1955.%; 1954.%; 1953.%.
- B. Of these loans made "for construction of homes" in 1955, about what proportion was made to individuals to finance construction of homes for their own occupancy%; and what proportion was made as loans to builders to finance construction of homes for resale.%.
- II. A. About what proportion of construction loans made to builders is generally retained or refinanced by your association as home purchase loans when property is completed and sold.%; and what proportion is paid off or refinanced by others.%.
- B. Of those construction loans to builders that lead to home purchase loans for your portfolio, about what proportion is replaced by a new loan to a new owner-borrower, and then reported again as loans "for purchase of homes" in Item 28.b of the *Monthly Report* to the Federal Home Loan Bank Board.%; and what proportion is taken over, or assumed directly by the new owner-borrower, and is thus not reported again.%.

SECTION 3

Participation in the secondary mortgage market by savings and loan associations, while still rather small, has apparently increased substantially in recent years. It is the purpose of this section to determine the extent and nature of such participation in the past three years. If this section does not apply to your association's activities, write "None" across the sheet.

Under Part II of this section, mortgage purchases or sales "with prior commitment" (or allocation of funds) refer to those transactions that were arranged before the mortgage came into existence. Transactions "without prior commitment" refer to purchases and sales negotiated after the mortgage was completed and held in portfolio.

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SECTION 3

Secondary Market Activity

I. Please provide the approximate amounts of sales and purchases of mortgages in recent years.

	1955	1954	1953	1950	1947
Sales					
Purchases					

II. Please indicate the approximate percentages for the following table about the nature of your secondary market activity, types of mortgages traded in, and types of institutions with which you have been trading.

	PER CENT					
	1955		1954		1953	
	Purchases	Sales	Purchases	Sales	Purchases	Sales
<i>Nature of activity</i>						
With prior commitment						
Without prior commitment						
	100.0	100.0	100.0	100.0	100.0	100.0
<i>Type of mortgage</i>						
VA						
FHA						
Conventional						
	100.0	100.0	100.0	100.0	100.0	100.0
<i>Type of institution</i>						
Life insurance companies						
Mutual savings banks						
Commercial banks						
Savings and loan associations						
Mortgage companies						
FNMA						
Other (please specify)						
	100.0	100.0	100.0	100.0	100.0	100.0