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HARRISBURG, PA

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C O N F I D E N T I A L

REPORT OF A SURVEY

IN

H A R R I S B U R G, P E N N S Y L V A N I A

FOR THE

MORTGAGEE REHABILITATION DIVISION

HOME OWNERS' LOAN CORPORATION

Washington, D. C.

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HARRISBURG , PENNSYLVANIA

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HARRISBURG, PENNSYLVANIA

I. TYPE, SIZE AND POPULATION

A. Economic Conditions

Harrisburg is located on the Susquehanna River and is the County Seat of Dauphin County and the Capitol of the State of Pennsylvania.

The steady income of State employees tended to prevent the abruptness of the decline in realty values of 1929 to 1932, generally experienced in industrial centers, and contributed largely to the final check of residential realty values decline at about 60% of the high as compared to a general 50% decline in realty in cities exclusively commercial and industrial. In 1929, 1850 retail stores employed 7,300 persons, paying them \$7,500,000 with a volume of trade amounting to \$57,541,000, while during the same year 155 wholesale establishments employed 2050 persons with payrolls totaling \$3,450,000 and doing a volume of trade amounting to \$50,153,000. Comparative figures for retail and wholesale activity for the years before and after 1929 are not available but local opinion is that the volume held up well all through the depression, compared to cities of the same general size due to the steady income of the community through State employes and through those persons engaged in servicing the State's salaried staff. During the last twelve months a continuing marked increase in retail volume is commented upon by a number of persons interviewed.

The City and vicinity has diversified industrial activity. Principal products include chemicals, clay products, food, leather, lumber, steel, iron, mine and quarry products, printing on a large scale, textiles and needle work. A chart is enclosed in the Appendix which shows the industrial activity in some detail from 1926 through 1934, the last

available official figures. Locally it is generally conceded that 1935 and thus far for 1936, figures will show material increases over the 1934 figures. During the nine year period shown, the number of establishments varied but little from the 200 mark. The average number of employes varied from 8673 in 1926 to 7262 in 1932 and was 7486 in 1934. The total payroll varied from \$11,356,000 in 1929 to \$7,090,700 for 1933 and was \$7,984,200 for 1934. The value of products varied from \$41,901,700 in 1932 and was \$22,539,000 for 1934. In addition to steady State payrolls, retail and wholesale trade and the industrial activity recited; Harrisburg, though diminishing in importance, is still employing many men in railroad car and locomotive repairs, and as a division point, houses the families of numbers of train crews. National increased car loadings has favorably affected all forms of railroad employment in the Harrisburg Area.

As elsewhere, marked increases in bank deposits are noted and the facilities of local financial institutions are generally considered adequate for the demands of the improving condition. The city is on the main East and West line of the Pennsylvania Railroad Company and is also served by the Reading. Transportation facilities are excellent.

Educational and cultural facilities are excellent as to schools, libraries, museums, etc.

B. Population Trends

Harrisburg, Pennsylvania Census

<u>Year</u>	<u>Population</u>	<u>Gain</u>	<u>% Gain</u>
1880	30,762	7,658	33.1
1890	39,385	8,623	28.
1900	50,167	10,783	27.4
1910	64,186	14,109	27.9
1920	75,917	11,731	18.3
1930	80,339	4,422	5.8
1936	87,000(est)	Density 114,262 per square mile (est)	

1936 estimates are by "The Patriot" and "The Evening Press", local newspapers; and, the Chamber of Commerce. They are probably too high.

There are 39 small civil divisions in Dauphin County outside of Harrisburg. Those contiguous to Harrisburg are included in this report. Dauphin County covers 522 square miles and has a population of 165,000, for a density of 316.5 persons per square mile.

Harrisburg City population is made up of 62,000 or 77.5% native whites; 11,700 or 14.6% foreign born or of foreign parentage; and 6380 or 7.9% negro. The aliens generally average 12% of the population through each ward, except in the first and third, where they get up to 22% and in the eleventh where they are only about 8%. The negroes are a minor factor in the population of each ward, except in the third where they are 10%, sixth 13%, seventh 38% and eighth 22%.

Of the foreign born or of foreign parentage the following national origins are noted.

Irish	1,100	Hungarian	400
German	1,000	Yugoslavic	250
Polish	2,700	Russian	1,700
Austrian	500	Italian	2,000

G. Labor and Employment

Harrisburg is an open shop town for all practical purposes. In August of 1935, the needle trades, mostly women, struck for a living wage from intolerable conditions of \$1.50 to \$3.00 per week. They were only partially successful and notoriously low wages are still being paid in some shops on the theory that the seamstresses are "learners."

There is no apparent pretense at unionism among the steel workers, the largest element of labor. With R. R.

shop and train crew organization everyone is familiar. In the building crafts there are about 3000 skilled artisans. The painters struck in April, 1935, for an increase from .65¢ to \$1.00 per hour, and are supposed to have settled at .75¢. There are any number of painters still available at .65¢ because not more than 50% of all the 3000 building craftsmen have organization affiliation. The 1929 and current rate per hour is given below for the various building crafts. There has been but little variation in rates when the men find work:

<u>Craft</u>	<u>Hour Rate</u>	
	1929	1936
Carpenter	1.00	1.00
Painter	.85	.75
Roofer	1.00	1.00
Sheet Metal	1.00	1.00
Plasterer	1.50	1.25
Cement	1.25	1.25
Bricklayer	1.50	1.25
Plumber	1.25	1.12½
Electrician	1.20	1.06¼
Structural Iron	1.50	1.25
Common Labor	.50	.40

The high spot of relief was March, 1933, with figures of 29,505 persons. This has gradually declined, with fluctuations, and stands as of May 20, 1936, at 8,820 on direct relief, and 12,250 on work relief, for a total of 21,080. All the figures in the relief chart are for Dauphin County with a population of about 165,000 and includes Harrisburg with an estimated population of 87,000. It is generally considered here that there is no prospect that commerce and industry will for some time absorb the potential bread winners of 21,080 persons on relief, but an analysis

of the situation does not show an outlook as bad as locally expressed. There are currently 5020 relief cases and the relief authorities estimate 4.2 persons for each case, hence the figure 21,080. Surely the re-employment of 5020 persons in a county of 165,000 persons does not seem beyond the realm of possibility, after a reasonable time, in an ascending economic scale.

D. Taxation

There are in Harrisburg three taxing Authorities. The County Tax, City Tax and School Tax. In the chart in the Appendix only the portion of the County Tax applicable to Harrisburg is shown. On valuation the County authorities are shown to be and to have been more liberal than the City and School taxing authorities. Under Pennsylvania law all realty is supposed to be assessed at 100% of current value but it evidently is not practiced. The relation of tax to true value, we are advised by the operators of the largest portfolios, is that properties average net earnings of $3\frac{1}{2}\%$ to 4% after taxation and a reasonable maintenance cost. These earnings are based on book value and are uniform except as reported by the realty manager of the receiver of the Mechanics Trust, in liquidation, who estimates net earning of $1\frac{1}{2}\%$ to 2% .

Cumulative delinquency is the lowest with relation to levy of any town studied by your observer. The last complete figures for a full year of levy and delinquency are the 1934 figures, when total delinquency was $27\frac{1}{3}\%$ of the levy of the three authorities for the year. While cumulative delinquency of County and City taxes are not available for the year end 1935, it is assumed the delinquency increased as it is shown to have increased by \$28,000 in the School tax figures on the chart in the Appendix. County, City and School combined rate on Harrisburg realty is \$34.50 per

thousand and though there has been a steady slight decline in valuation and in tax rate, true tax is high as shown by realty earnings, as reported above.

E. Bonded Debt

The legal limit for the relation of Bonded Debt to valuation is 7% for all three taxing authorities separately. The County debt is less than 1% of valuation, City debt is 4.66% of valuation and School debt is 2.75% of valuation. There has been no default or refunding. In the last 5 years the aggregate net debt has been materially reduced and stands at about \$7,700,000, a comparatively light burden for the community. Debt service here will probably easily be met.

F. Education

Including the library and museum of the State Capital, Harrisburg has all the cultural and educational facilities necessary for a liberal and comprehensive education.

II. REAL ESTATE SITUATION

There are in Harrisburg about 19,120 residential buildings in which there are about 21,620 dwelling units. These 19,120 buildings are, 17,350 onefamily, 1,336 two family and 436, three or more family. About 10,125 units are owner occupied. Native whites own 7,625. Foreign born or of foreign parentage own 2,150 and negroes own 350. Home values range from \$1,500 to \$15,000. The \$3,000 to \$7,500 predominate, having about 5350 within the range. About 1600 are valued about \$10,000. About 350 are worth about \$1,000. Average value of native whites homes is about \$4,800 and of aliens homes about \$3,500.

There are about 11,320 rented units. Native whites occupy 8625. Foreign born or of foreign parentage occupy 1465 and there are negro tenants in about 1220. There are about 175 vacant.

Average rent is about \$30. 500 units rent below \$15. 4,800 rent below \$30. 9,200 rent below \$50. About 1900 are estimated to rent at \$50 or more. Native whites average about 3 persons per unit. Foreign born whites 4, and negroes $2\frac{1}{2}$.

A. Realty Area Map

In the description of the security grading map we give by Wards, County valuation of all real estate, residential, business and vacant lots; distribution of population; commercial and industrial area; undeveloped areas; approximate number of single family homes; construction materials; age range and condition of buildings; value range, 1929, 1932 and current; the extent of new construction; and favorable or detrimental influences. Residences are largely of the one family size and brick construction predominates. It is estimated that 90% of the structures within the city limits are brick. Outside suburban area runs higher in wood and stucco. No marked shift of the location of any element of the population is noted. Aliens seem generally spread and the negroes largely concentrated in Wards 7 and 8.

B. Valuation Shrinkage

The valuation shrinkage is given by neighborhoods in the map descriptions and seems to have been from 25% to a maximum of 40%. This is believed to be a better showing than is general in cities of this size and reflects the steady income of State Capital employes.

C. Real Estate Sales

Within the city limits no marked pick-up in sales is reported. This seems partly due to a lack of effort on the part of the managers of large portfolios. In the contiguous boroughs the sales reported seem to be almost entirely new construction which goes on steadily but in a very small way. There is no evidence of effort to dispose of existing structures, urban or suburban. 10 sales per month at an average of \$45,000 is a reasonably close estimate for Harrisburg

and vicinity for 1936 to date. This is some improvement over 1935.

D. Rental Situation

The rental situation is noteworthy. One broker had 1400 units to rent two years ago. Today there is practically no vacancy in the town. The explanation is that with the change of Administration and the inauguration of the present Governor great number of new State employes were brought to the city, while the former employes who were succeeded did not leave the city in anything like a comparable number. There is a definite shortage of desirable dwelling units. In the neighborhood descriptions of the map, lower rents are shown to have advanced sharply and rents near the Capital and State Office buildings are actually higher than during 1929. \$2.50 to \$5.00 increases are generally being put on vacant units but trust companies report they do not try so hard to advance occupied units as a change of tenants would cost as much in new paint, etc., as the increased rent would amount to. Realty brokers do not agree and think rents could be moderately further advanced without repaper, repaint, etc. There is a definite need of new one family houses from the standpoint of persons to be housed, but Harrisburg seems to be a rental market and not a sales market, and the small steady amount of new suburban construction seems to meet the demand. The prices on current construction range from \$6,500 to \$12,000.

E. New Construction

Local architects and builders are trying to find a way to produce new modern single family homes to sell at \$3,500. If this can be worked out, at a profit, it is believed the nominal amount of current construction can be materially increased. It is believed the necessary down payment money is available for structures of the price.

F. Detrimental Influences

Detrimental influences are only those commonly found, such as nearness to railroad or industry, age, obsolescence, etc., as set out in the neighborhood descriptions of the map. A long strip on Front Street, facing the river will be found, shown in yellow on the map. Houses in this location are large one family structures with a replacement cost of from \$15,000 to \$50,000. In the event of mortgagee acquisition, expensive conversion to apartments, would be necessary to produce a return highly questionable as to profit on the investment. The area flooded during March 1936 is set out on the map in horizontal red bars.

The general attitude encountered is that the probability of recurrence is remote and practically all realty opinion is that as a deterrent to realty trades the effect is temporary. The water was from 3 feet deep generally up to 9 feet in the extreme north end of the city and unlike Pittsburg or Johnstown there is no definite data as to damage. The City Engineer's loose figures are that about 28% of the land of the City was inundated and that about 2900 structures both business and residential were damaged, from water in the cellar to floor and wall damage in the first story. Neither the City Assessor, the Red Cross or the Chamber of Commerce has any flood damage figures.

G. Overhang of Residential Real Estate

The residential real estate overhang on the market of Harrisburg and vicinity is reported as approximately \$3,900,000, with potential acquisitions of over \$800,000.

These properties are largely with the open and closed trust companies. There is no aggressive sales effort. Both open and closed institutions express the conviction of rising

realty values and in the meantime approximately 100% rental occupancy at $3\frac{1}{2}\%$ to 4% above maintenance costs. Only sufficient reconditioning is done to prevent vacancy. Where sales do take place there is generally some form of amortization, mortgages being written for 3 years, at 6% on the reducing balance. Down payments required are generally at least 15%, which tends to hold down sales volume. This is largely because of the conviction of rising values.

Sales seem generally to have been of buildings in the "as is" condition, and the initiative in each trade seems to have been with the buyer or his broker. There is but slight institutional response to the realtor's efforts to effect sales with small down payment. The mortgagees think values are rising and are arbitrary as to terms. The demand is not large. Harrisburg is a Capitol city and a high percentage of the residents are semi-transient.

There is no evidence of dumping except of the cheap, undesirable parcels which would not materially affect the market.

H. Foreclosures and Other Acquisitions

Foreclosures to date have meant acquisition by mortgagees, and will continue to be so as Pennsylvania Law permits such a very short interval for complete payment in full by outside bidders. If a sale is on Thursday, an outside bidder must make 100% settlement by the following Monday. In this County the recordings of foreclosures take their regular turn and number with all other recorded instruments, therefore no curve as to high and low through the years is available; currently, institutional potential acquisitions are estimated to exceed \$800,000.

III. MORTGAGE FINANCING

A. History of Operations

1. Banks and Trust Companies. The general history of operations of Banks and Trust Companies after the 1929 collapse was not changed materially. Virtually every bank in Harrisburg operated a Trust Department which continued to make mortgage loans on residential properties. The only change of policy was a gradual tightening up on appraisals, and a recession in the supply and demand for mortgages. It was the policy of these institutions to write only guaranteed mortgages which were offered to the public at 5% interest. The mortgages were written bearing 6% interest which allowed a 1% fee to the institution. Three banks failed in 1931 and after the bank holiday of 1933 two more banks opened on a restricted basis. When the State Banking Act was amended in 1933 preventing the writing of additional guaranteed mortgages all of the institutions immediately began recalling this outstanding paper. At present it is estimated that about 35% of those guaranteed mortgages have been retired.

There has been one merger of the two restricted banks, Commonwealth Trust Company and the Union Trust of Pennsylvania. A bank was set up in April, 1935, with the acceptable assets of these two banks which had gone into voluntary liquidation in March, 1935, and is known as the Capital B/T Company. With the exception of the Harrisburg Trust Company, which is the trust department of the Harrisburg National Bank, all of the local banks are doing some mortgage lending; the most active being the Dauphin Deposit Bank. The bankers all say that there has only recently been some activity in real estate permitting a probable increase in demand for mortgage loans.

2. Building and Loan Associations. There are only two active building and loan associations in Harrisburg which

Have any effect on local financing at present. The largest, the State Capitol Savings and Loan, both through the President and Solicitor flatly refused to divulge any pertinent information as regards their relative position in the local financing picture. They have, however, been able to meet all withdrawals continuously since 1929 and their stock at all times has been considered to be valued at par. It is generally considered that their activity is state-wide and that only a small part of it is local. The Harris Building and Loan Association confining their activity to Harrisburg, is as important in the local field as the State Capitol Savings and Loan in view of the fact that the latter's holdings of residential mortgages in Harrisburg estimated to be approximately \$1,000,000. Both of these associations have met all withdrawals and there has been no share trading. The problem of owned real estate is not serious; each association having about 11% of their total assets so invested which in view of the favorable rental return of property is very well held. The Harris Building and Loan Association say that they are having difficulty finding a satisfactory number of residential mortgages to invest the new money they are getting. The State Capitol Savings and Loan is doing considerable advertising for mortgages. On small building and loan association has been very inactive since 1929 although they were able to meet reasonable withdrawals. In the past year a new secretary has been installed who has materially reduced their delinquency and this association is again becoming interested in doing some mortgage lending.

There are no mutual savings banks or mortgage companies in Harrisburgh and no activity is apparent by the Insurance Companies.

3. Individuals. Because of the general guaranteed mortgage practice of all trust companies, individuals were active in local mortgages only through these channels. They supplied less and less funds from 1929 to 1933 and since guaranteed mortgages are not being written, bankers, agree that some activity is being carried on outside by individuals.

B. Effect of Depression and Federal Mortgage Activities on Local Lending Policies

1. Banks and Trust Companies. Local lending policies have not changed since 1929 as regards length of time of loans. It is still one to three years. Interest rates are still at 6%. It has never been customary to charge a commission; the only expense to the borrower being mortgage papers, recording and title search. Those institutions which are operating today did not in most cases loan above 60% of their own appraisal which since 1929 has become more nearly a cash market appraisal. Recently some of the institutions have begun the practice of amortizing their loans, but one large trust company raises the objection to amortization on F. H. A. because of the decreasing loan calling for constant reinvestment of trust funds. However, this institution is taking F. H. A. loans for their own funds. Such banks as are writing amortization loans are using a direct reduction plan which does not call for the amortization of taxes and insurance.

2. Building and Loan Associations. The building and loan associations use a serial plan. The effect of the depression has not lessened the activity of the institutions but the demand for mortgage money decreased steadily from 1929 to 1933 and only recently has there been any noticeable

interest on the part of the public in Real Estate. There is the feeling that the demand for financing is not yet healthy enough to warrant much aggression on the part of financing institutions simply because the buying public is not in a position to make large down payment on properties.

C. Attitude of Public

1. Banks and Trust Companies. Because of the failure of three banks in 1931, all of the institutions were subjected to disapproval in the public's attitude. There was a gradual seepage in deposits which continued until the inauguration of F. D. I. C. Without exception bankers agree that almost immediately public confidence was restored and there has been a constant increase in deposits.

2. Building and Loan Associations. The building and loan associations had about a 17% decrease in assets during this period, but because they met all withdrawals they were not embarrassed by a change in public attitude. At present all institutions appear to enjoy the complete confidence of the public.

D. Present Mortgage Activity

1. Banks and Trust Companies. The banks and trust companies are doing the majority of the mortgage lending at present. The interest rates remain at 6%. Generally some form of amortization is followed except in the trust funds of the Dauphin Deposit Bank and Trust Company. The loan periods are from 1 to 3 years and there is no change of policy as regards commissions or fees; none are charged other than cost of making loan. A few of the Trust Companies will loan up to 66-2/3%, but the majority want no more than a 60% mortgage on a cash market appraisal. Because of the present upswing in real estate values this appraisal

is approximately a replacement appraisal, depreciation taken into consideration. There is an abundance of money available for mortgage financing but the institutions are expecting substantial down payments on new loans with some amortization plan in addition. Only on sales of owned real estate is there any noticeable deviation from these terms and that as to amount of down payment only.

2. Building and Loan Associations. It is impossible to define all building and loan activity because of the refusal of the State Capitol Savings and Loan Association to cooperate in anyway, but the other association which is active does not loan over 50% and is making practically no loans at present. They do have money to loan on properties and state that they have practically a limitless line of credit should it be needed.

E. Relative Position in The Mortgage Field

The trust companies hold, or directly control about 90% of the money invested in residential mortgages.

F. Interest and/or Dividends Paid on Savings

Interest being paid by banks and trust companies on savings is uniformly $2\frac{1}{2}\%$. The State Capitol Savings and Loan Association pays 5% dividend plus the 4 mills state tax on installment savings accounts. On full paid stock they are paying 4% dividends plus the 4 mills state tax. The small associations claim to pay $6\frac{1}{3}\%$ which is classified as a profit and not defined as a dividend. Because of pending legislation in the State to increase the tax on dividends to 8 mills, the associations are faced with the problem of a change of policy in dividends.

G. Participating under F. H. A. and National Banking Act.

1. Banks and Trust Companies. All of the activity that has taken place under F. H. A. has been among the banks and trust companies. Approximately \$200,000 in Title I loans have been made and \$135,000 in Title II loans. Such loans are desired by these institutions and are being made wherever possible. As a whole the interest or participation is to promote new and satisfactory outlets for money which these institutions must loan. They are anxious to dispose of properties as well as to get the security of F. H. A. insurance. While some will not loan for 20 years under F. H. A., they will loan 80% to selected risks to promote home ownership. As a whole F. H. A. is well taken and very acceptable to the banks and trust companies. To date the building and loans are not disposed to do any lending under F. H. A.

In view of the fact that the banks and trust companies far out number the building and loans and there is so much money available for this purpose, it is only reasonable to assume that the major mortgage financing will be done by the former. The banks and trust companies are in a position to meet a greatly increasing demand and with their willingness to loan up to 8% under F. H. A. it appears that they will do an increasing percentage of the mortgage financing.

The only institution which is not lending at present is the Harrisburg Trust Company. They have been inactive since a change in the State Banking Act of 1933 ruled out guaranteed mortgages. They are confining their activity to the calling of their outstanding guaranteed mortgages which in fact amount to the replacement of this paper with that no longer guaranteed. All of the other institutions are

ready and willing to loan on residential property, assuming that terms satisfactory to themselves can be had. Those institutions which state they have no money to be loaned offered the information that they could get it if they had any demand for it.

IV. INSTITUTIONS IN LIQUIDATION OR RECEIVERSHIP

There are three institutions in complete liquidation and two, the segregated assets of which are in liquidation.

Of the first mentioned three, Mr. L. A. Werner is Deputy Receiver under the direction of Dr. L. A. Harr, Secretary of Banking for Pennsylvania. The three were closed in October, 1931, because of poor management, particularly attributable to inadequately secured loans, finally resulting in runs. In all three institutions it had been the practice to invest trust funds in mortgages at 6%, pool the mortgages, and issue 5% guaranteed certificates against the pool. The liquidation of these pools is static, as the receiver will not sacrifice properties. Almost 100% rental is reported at something better than self maintaining rates. For that reason in the few sales made the receiver has insisted upon cash or a substantial down payment. During 1935 the mortgage holdings of the three trust departments were reduced by \$258,000 but the total trust funds still amount to more than \$4,000,000. The three trusts during 1935 collected \$101,000 in interest.

Some figures on the liquidations follow:-

	<u>Commercial</u> <u>Trust Company</u>		<u>Mechanics</u> <u>Trust Co.</u>		<u>Security</u> <u>Trust Co.</u>	
1931 Deposit Liability	\$1,000,000		\$2,500,000		\$1,250,000	
1931 Trust Funds	750,000		5,000,000		2,000,000	
Borrowed by Receiver from RFC	100,000		100,000		0	
Dividends paid by Receiver	40%		30%		67%	
Probable additional Dividends	3%		5%		25%	
	No.	Amount	No.	Amount	No.	Amount
Residential Mortgages Owned	23	39,500	320	1,140,000	35	246,000
Other Mortgages Owned	6	121,870	30	600,000	5	80,450
% Delinquency Res. Mtgs.		100%		20%		20%

(continued)	No.	Amount	No.	Amount	No.	Amount
Residential R. E. Owned	18	86,850	83	450,000	8	33,500
Other R. E. Owned	7	87,950	10	170,000	0	0
Sequestered Rents	0	0	44	320,000	0	0
Mortgages Retired in 1935		7,725		235,135		15,291
Interest Collections, 1935		3,870		81,478		15,593

Of the two institutions whose segregated assets are in liquidation: After the 1933 banking holiday the Commonwealth Trust Company and the Union Trust Company, both of Harrisburg, reopened on a restricted basis and on March 23, 1935, pooled their acceptable assets to form the Capital Bank & Trust Company, on April 1, 1935. Depositors of the two institutions were given 20% cash and 15% in the stock of the new Capital Bank & Trust Company, the remaining 65% of the assets of each institution are in liquidation under a committee made up of Capital Bank & Trust Company; Mr. John McI. Smith and Mr. W. B. McCaleb.

As in the other three institutions there were in both these institutions mortgage pools made up of trust funds. Both institutions had suffered from shrinkage of collateral, and runs. Real Estate held is reconditioned where necessary and practically 100% rental at about 2% above maintenance, and taxes is reported. No sales are reported for 1935 or 1936. No sacrifice sales will be made by the liquidating committee.

	Commonwealth Trust Co.	Union Trust Co.
Appraised Value segregated assets	\$2,000,000	\$9,000,000
RFC borrowed money	540,000	291,000
Still owing RFC	244,317	227,700
Probable Dividends to be paid	100%	Too early in the liquidation for est.

	No.	Amount	No.	Amount
Residential Mortgages Owned	0	0	0	0
Other Mortgages Owned	0	0	0	0
Residential R. E. Owned	31	90,600	23	188,500
Other R. E. Owned	13	1,280,000	6	420,000

V. PRESENT MORTGAGE DEMAND

A. Refinancing

The demand for refinancing of home mortgages is reported as being very light. Of the 15 institutions reporting, about \$50,000 is shown to be refinancing of mortgages held. The demand for refinancing and the improbability of so doing, increases with the degree of distress, and over \$800,000 is reported to be potential acquisitions. Because of rising realty values, the institutions are more disposed to take property over than to refinance, unless there is probability of the loans being kept current after refinancing.

B. New Construction

Total institutional loans reported for 1935 and 115 loans amounting to \$378,500 and for 1936, 69 loans amounting to \$243,000. These include the new construction, about \$135,000 of which is shown as F. H. A. title II loans. There is practically no new construction within the city limits and on a most limited basis in the neighboring boroughs, such as takes place is in the \$6,500 to \$12,000 class. As reported under 2-E of this report the builders, material dealers and other interested are trying to work out plans for suburban construction to sell at \$3,500. If this can be done at a profit, it is believed there is a market and that new construction will materially increase.

C. Rehabilitation of Institutions to Meet Demand

Present mortgage lending institutions and presumably any new ones will likely not go over 66-2/3% of cash market value except on F. H. A. or other guarantee. Harrisburg is a capitol city with a large semi-transient population and it is generally believed that conservative mortgage demand is being met.

VI. ATTITUDE AND POLICIES OF STATE SUPERVISORY AUTHORITIES

The attitude of State supervisory authorities in so far as the Federal Home Loan Bank Board is concerned is no factor in the Harrisburg real estate situation since no institution that belongs to the F. H. L. B. system, has its shares insured or is Federalized. The mortgage business and real estate owned is largely with the Trust Companies. There is no evidence of resentment of supervision by F. R. S. or member institutions. Practically all banks belong to F. D. I. C. with official approval.

VII. MORTGAGE MORATORIA

There is no mortgage moratorium in Pennsylvania. No redemption period after foreclosure.