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others, that on farm mortgage debt, is the least important in terms of dollar amount but the most reliable statistically. It is derived as a residual from other firm series – total farm mortgage debt outstanding, and farm mortgage debt held by financial institutions and federal agencies. Total farm mortgage debt is based on several benchmark figures from the Census of Agriculture, taken at about five year intervals since 1940. The several series on farm mortgage holdings of major financial institutions and of federal agricultural credit agencies are based on data regularly reported by these holders. In addition, information on farm mortgage recordings is used as a guide in estimating total farm mortgage debt in intercensal years.

The series on farm mortgage debt held by individuals and others presented in this paper differs slightly from that published by the Department of Agriculture, because of minor differences in holdings shown for the main types of financial institutions, explained under farm mortgage debt, above. For total farm mortgage debt and for farm mortgage holdings of the several agricultural credit agencies, the series published by the Department of Agriculture are used here. The difference in figures for the residual individuals and other holders category is, therefore, the exact difference between the two series on farm mortgage holdings of the main financial institutions.

In addition to the basic series from other sources on mortgage holdings of individuals and others, estimates of their holdings by type of mortgage – FHA, VA, and conventional – are presented in this paper. These estimates have been derived as residuals from other estimated series based on varying sources, and are subject to errors inherent in this technique. Estimating errors which arise in the primary series may be offsetting, or they may be compounded into greater errors lodged in the residual series. The problems and details associated with this technique are described in notes to Tables 9 and 12. Quite clearly, the series on types of mortgage loans held by individuals and others is far less accurate than comparable data on holdings of financial institutions.

4. Recommendations for Improvement of Mortgage Debt Statistics

Even a cursory reading of the preceding sections should make it abundantly clear that neither the quality, quantity, or frequency of data on mortgage debt outstanding and net mortgage flows is wholly satisfactory for thorough analysis of real estate and mortgage markets. Data on mortgage holdings of "individuals and others" are woefully inadequate. Information on type of mortgage borrower, including the distinction between corporate and noncorporate borrowers is almost nonexistent. Expanded information is needed on mortgage holdings of miscellaneous financial institutions, included in this paper as part of the individual and others category. Though by far the most adequate of all mortgage statistics, data on mortgages held by the four main types of financial institutions also need to be improved.

To effect the needed improvements in mortgage data, two separate approaches are required: (1) the development of new and more frequent benchmarks for total mortgage debt and components, and (2) more detailed and frequent reporting of mortgage holdings by owners. The first broad approach is designed to improve the estimates of holdings of individuals and others since these are derived as residuals, and (depending on techniques employed) to provide new information on types of borrowers. Through the second approach, detailed data on mortgages owned by institutional holders should be improved and expanded.

Users of mortgage debt and flow statistics have long been aware that the need for improved data by type of holder is most pressing for the miscellaneous catchall category, individuals and others. They recognize also that its conglomerate nature raises many obstacles that stand in the way of tangible improvement. With this in mind, I am tentatively suggesting, for further consideration and exploration, some ways of circumventing the roadblocks.

The core of the problem is the basic need for benchmark data on the total volume of outstanding mortgage debt. Such a benchmark, together with the good data already available for financial institutions, would establish a firm basis for estimating the volume of mortgage debt owned by all other holders for at least one point in time. Lack of a benchmark figure is due to the absence of any information on the total volume of nonresidential mortgage debt. For one- to four-family and multifamily mortgage debt, at least one benchmark figure exists from the 1950 Census of Housing and later benchmarks probably will be available from the 1960 Census of Housing. For farm mortgage debt, benchmark figures have been available regularly at five year intervals from censuses of agriculture, the most recent one at this time for 1955.

The availability of benchmarks at infrequent intervals, however, still leaves current annual and quarterly estimates subject to a considerable margin of error. A benchmark figure on mortgage debt secured by owner-occupied one- to four-family properties, as of December 1956, soon will be available from the national housing inventory taken by the Bureau of the Census. At the very least, such intercensal housing surveys should be made regularly and broadened somewhat, putting at our disposal benchmark figures for mortgage debt on all one- to four-family (not just owner-occupied) and multifamily properties at five rather than ten year intervals. One source of annual supplemental information about mortgage debt outstanding on owner-occupied one- to four-family properties is the Federal Reserve's annual survey of consumer finances. These data are based on a rather small sample of some 3,000 spending units, but they are useful guides to current estimates. It is conceivable, moreover, that the survey's questionnaire could be expanded to inquire about mortgage debt on one- to four-family properties other than on those occupied by owners. This would come close to providing a basis for estimating annually total one- to four-family mortgage indebtedness because the bulk of such debt is owed by consumers.

Another source of information on the same debt category would be provided through a supplemental question in the Census Bureau's current population surveys. These surveys, conducted monthly, are based on a sample of some 35,000 households, and a question on mortgage debt owed, added at least annually, would be in line with the character of other questions asked of these households. The accuracy of data obtained in both surveys could be judged by comparing results with benchmark data obtained in regular intercensal housing surveys, and the annual estimates adjusted accordingly. Neither of the two annual surveys, however, would yield benchmark information on the total volume of multifamily or nonresidential mortgage debt outstanding, or on that of a breakdown of mortgage holders included in the individual and others group.

One possible approach for obtaining this broader and more detailed type of information would be through the probability samplying of public land records, which include a wealth of data related to land use and real estate transactions. While specific information varies by locality, data on face amount of mortgage debt oustanding by type of property, type of mortgage originator, and identified borrowers are generally included in these records. Conversion to net amounts should be manageable from related information, subject to only moderate estimating errors. Follow-up surveys or interviews probably would be necessary to determine the types of ultimate mortgage holder and mortgage borrower. While many problems would have to be solved, and sampling and tabulating techniques carefully worked out, this approach could well yield valuable detailed benchmark mortgage data.[26]

[26]Other investigators have made use of land records as a source of real estate and mortgage information. In the census of 1890, one use, among others, of county land records was as a basis for estimating outstanding mortgage debt. William Hoad used the land records of Lucas County, Ohio, as a basis for studying real estate and mortgage activity in that area during the 1930's. In 1937, *A Technique for a Real Estate Activity Survey*, by L. Durward Badgley, reviewed the efforts made to use land records as a source of real estate information. More recently, in the August

In addition to sampling land records, other possible avenues of inquiry, particularly for data on nonresidential mortgage debt by type of commercial borrower, suggest themselves. An existing one is the annual corporation income tax returns. A new one, the feasibility of which should be explored, is a special survey to collect economic and financial data, including mortgage debt data, on unincorporated enterprises about which so little is known.

Balance sheet information for the bulk of all corporations, by major industrial group, are gathered and published annually (with some delay) by the Internal Revenue Service in *Statistics of Income*. Included now in one item are data on "bonds, notes, mortgages payable." If this item were broken down into bonds and notes payable and mortgages payable, excellent new information on mortgage debt would become available. The bulk of the mortgage debt reported by corporations could be assumed to be secured by commercial and industrial properties. The one major exception would be mortgage debt owed by the real estate industry, which would be assumed to be secured by a combination of residential (largely multifamily) and nonresidential properties. Good estimates of these types of mortgage debt would be possible, moreover, if a more adequate breakdown of types of real estate corporations were available in *Statistics of Income*. Even if the breakdown between types of mortgage debt for this one industrial group were estimated somewhat arbitrarily, and even though data are limited to debt owed by corporations, analysis of IRS data would substantially advance knowledge about levels of nonresidential and multifamily mortgage debt.

A fruitful approach to filling the gap on nonresidential and other mortgage debt owed by unincorporated business enterprises would, I think, be through a special regularly conducted survey. Recommendations have been made previously for such a survey as a technique for obtaining comprehensive information on the financial structure and operations of these business firms.[27] Within such a broad framework, questions on long-term indebtedness showing mortgage debt separately by type of property would appear feasible. A survey of unincorporated businesses, in conjunction with new data possibly obtainable from corporation balance sheets, would

1955 issue of *Land Economics*, Sherman Maisel reported on the results of a real estate market study in San Francisco County based on public land records. Finally, Ramsay Wood has explored, over the past few years, the feasibility of the land records approach as a method for developing broad historical and current information on real estate and mortgage market activity.

[27]See especially *Statistics of Savings*, Report of Consultant Committee on Savings Statistics, Organized by the Board of Governors of the Federal Reserve System at the request of the Subcommittee on Economic Statistics of the Joint Committee on the Economic Report, July 1955, pp. 62-65.

not only provide good benchmarks for total nonresidential and a large segment of multifamily mortgage debt but would also provide benchmarks for corporate and noncorporate mortgage debt and borrowers, now estimated quite arbitrarily. As this paper goes to press, the Federal Reserve is planning a special survey of small business firms (incorporated and unincorporated) but it is not known yet whether information on mortgage debt owed by these firms will be obtained separately from other types of long-term indebtedness.

If new benchmark data become available at more frequent intervals on one- to four-family, multifamily, and nonresidential mortgage debt, by means suggested in preceding paragraphs, residual estimates for mortgage holdings of individuals and others would, of course, be vastly improved. Except possibly from the suggested use of land records, however, information on types of holders included in this residual group would still be unavailable. While it seems hardly practicable to conduct a sample survey of the heterogeneous group of holders included in this category, it does appear feasible to conduct such a survey of one important component of the group—nonprofit organizations. Information on this group of mortgage holders, now practically unavailable, would not only be useful in itself but would also narrow the unidentified residual mortgage holders largely to individuals. Obtaining information on mortgage holdings from nonprofit institutions would be practicable only within a broad survey designed to obtain comprehensive information on their financial assets generally, as suggested above for unincorporated business enterprises.

With respect to mortgage holdings of the main types of financial institutions, not only are currently available data the most adequate within the entire framework of mortgage debt statistics, but also the existing shortcomings are probably the least difficult to fill. Basic avenues already exist for improvement of data through supervisory authorities or trade associations to which these institutions currently report. The kind of data needing improvement varies according to the content and frequency of reports made by each type of institution. For most types, more frequent as well as more detailed reporting of data would be desirable.

A consistent omission in reporting data by all main types of financial institutions is a breakdown of residential mortgage debt into that secured by one- to four-family and by multifamily properties. As a consequence, the quality of data on these residential mortgage debt components is somewhat lower than that for other property classifications (section 3, residential, one- to four-family, multifamily mortgage debt). I recognize that such a breakdown is not operationally meaningful to all institutions in all sections of the country; but, considering the broad usefulness it has acquired in real estate analysis generally and the relationship of federally underwritten mortgage programs to such a classification, it should not be foreign to most institutions. These more refined data, as well as further expansions and classifications noted below, could well be included in reports and then summarized by trade associations or supervisory authorities currently receiving information from the main types of financial institutions. These institutions report considerable mortgage data at least quarterly, and most of them report some data monthly.

Life insurance companies report their total, nonfarm (broken down by FHA, VA, and conventional mortgages), and farm mortgage holdings each month to the Life Insurance Association of America and the Institute of Life Insurance. In view of the availability of statistics from individual life insurance companies, it should be within the competence of all to report with little additional difficulty on their one- to four-family and multifamily mortgage holdings separately.[28] If this were done, then data on residential and nonresidential mortgage debt would also become available monthly, as well as a breakdown of residential mortgage debt by type of mortgage – FHA, VA, and conventional. Such a complete classification of reported data would obviate the need for quarterly estimates of life insurance company mortgage holdings.

Mutual savings banks also currently report data on mortgage holdings each month to a trade association, the National Association of Mutual Savings Banks.[29] This report, part of a balance sheet statement, includes total mortgage holdings only. The feasibility of breaking down reported mortgage holdings by type of property – one- to four-family and multifamily – and in other detail should be explored. Some mutual savings banks already make more detailed but less frequent reports to various state and federal supervisory authorities. Their relatively small number and their geographic concentration in a few states should ease the task of expanding data included in monthly reports, and of achieving uniformity of classification. Semiannual data available for all mutual savings banks in reports of the Federal Deposit Insurance Corporation would provide benchmarks for new monthly figures.

Direct annual reports from savings and loan associations, unlike those from other financial institutions, limit the property breakdown of mort-

[28]Interviews at several of the largest life insurance companies revealed that mortgage data were generally classified by one- to four-family properties, and by multifamily and commercial properties – combined or separately. Furthermore, the bulk of all life insurance companies report a detailed annual breakdown by type of property and mortgage to the Federal Home Loan Bank Board (see Table A).

[29]Both this trade association and the life insurance company trade association receive reports from institutions holding between 95 and 99 per cent of the assets of the universe of comparable institutions.

gage holdings to two classes, one- to four-family and all other types of properties. Because the bulk of their mortgage holdings is on homes — consistently in the neighborhood of 95 per cent — the error in estimating other property breaks on a quarterly basis is of slight analytical consequence. Nevertheless, a desirable improvement would be achieved if more frequent reports by savings and loan associations were made showing a more detailed breakdown by type of property. This could be done by expanding the *Monthly Report* already being made to the Federal Home Loan Bank Board by all insured associations (holding over 90 per cent of the assets of all associations). Because mortgage activity of savings and loan associations is so concentrated on homes, a complete property breakdown — one- to four-family, multifamily, nonresidential, farm — might be necessary only annually for benchmarks. Monthly reports might be limited to the break between one- to four-family and all other properties.

Clearly then, for life insurance companies, mutual savings banks, and savings and loan associations, vehicles already exist through which it appears feasible to broaden reported mortgage data, and to obtain monthly series in all major property classifications. Data by type of mortgage — FHA, VA, conventional — are already reported monthly by life insurance companies and savings and loan associations, and could also be so reported by savings banks through their national association. The one additional break necessary to achieve the detailed classification set up in this paper and to eliminate the necessity of estimates is the breakdown of FHA-insured mortgage debt between one- to four-family and multifamily properties, now reported only by life insurance companies to the Federal Home Loan Bank Board in an annual survey. With VA-guaranteed mortgage debt secured almost entirely by one- to four-family properties, conventional mortgage debt could then be obtained as a residual within the reported total one- to four-family and multifamily categories.

This additional FHA breakdown for each type of lender could be reported through sources discussed above, or directly to the Federal Housing Administration as part of reports required by that agency. Currently, FHA receives reports from lenders on transactions in individual FHA-insured mortgages on the basis of which the agency publishes annual data on the face amount of mortgage originations, purchases, sales, and holdings. To such lender information, an annual report on the net amount of various types of FHA mortgage holdings would be a useful supplement. Since reports on number and amount of Title I loans outstanding (home repair and modernization loans) have been required for many years from lenders, similar reports on FHA mortgage insurance progams would also seem feasible.

The problem of improving data on mortgage holdings looms larger for commercial banks than for life insurance companies, mutual savings banks, and savings and loan associations. Unlike these other financial institutions, the bulk of commercial banks supply no monthly reports on mortgage holdings. However, quarterly data are available through the call reports to the Federal Reserve System and the Comptroller of the Currency made by state member banks and national banks, respectively, which together account for over three-fourths of the mortgage holdings of all commercial banks.[30] Data from these banks provide a firm basis for universe estimates. A further breakdown of mortgage data in the call reports between one- to four-family and multifamily mortgage debt would complete the property classifications needed within the current framework of mortgage debt statistics. More detailed data for commercial banks by type of mortgage might also be included in the call reports, or in reports to the FHA as for other types of financial institution.

The only mortgage data for commercial banks currently available more often than quarterly are included in balance sheet statements received by the Federal Reserve System from "weekly reporting member banks in leading cities." Here, only aggregate mortgage holdings are reported, and these account for about one-third of the total held by all commercial banks. If demands for improved data were strong enough, these reports might be expanded to include more detail on mortgage holdings. Monthly estimates for all commercial banks based on such reports would be subject to greater error than estimates for other types of financial institutions, because reporting banks are a small proportion of the whole. In the past, the relationship between mortgages held by weekly reporting member banks and all commercial banks has been fairly stable except in periods of sharp change in "mortgage warehousing" activity. Such activity, almost exclusively carried on by weekly reporting banks, importantly influences the relationship of their mortgage holdings to those of other commercial banks. The usefulness of mortgage data from weekly reporting banks as a basis for total commercial bank estimates would be enhanced if mortgage loans held pursuant to warehousing agreements were reported separately from other mortgage holdings.

[30]By statute, calls on national and on state member banks are required to be made by the Comptroller of the Currency and the Federal Reserve at least three times a year. In practice, four calls have been made by these supervisory authorities in most recent years. Two of these calls have been made regularly as of the last business day in June and in December. (A 1957 call as of June 6 was the first exception since the early 1920's.) The other two calls have been made almost without exception in March or April, and in September or October each year. While these latter calls do not fall precisely at the end of first and third quarters, they are close enough to require only minor compensating adjustments to derive first and third quarter estimates.

For miscellaneous financial institutions, additional and better data on mortgage holdings, reported more frequently, probably must wait for a general improvement in all other types of financial data. This is particularly true for personal trust funds about which very little statistical information exists. Somewhat better – but still inadequate in detail and intervals – financial data are available for pension funds, fraternal orders, and credit unions. A basis has already been developed, however, for obtaining good annual data on mortgages held by mortgage companies through financial reports to the FHA.[31] More detailed data on this rapidly growing financial institution might be obtained at more frequent intervals by the Mortgage Bankers Association of America, a trade association whose membership includes most of the nation's mortgage companies holding the bulk of all mortgage company assets.

In summary, seven possible avenues of approach have been recommended for obtaining new benchmark mortgage data more frequently, and for improving information on mortgage holdings of financial institutions: (1) regular intercensal housing surveys, (2) the current population surveys of the Bureau of the Census, (3) the surveys of consumer finances of the Federal Reserve Board, (4) the public land records, (5) the corporation financial statements published in *Statistics of Income*, (6) special finanical surveys of unincorporated businesses and of nonprofit organizations, and (7) improved reporting from financial institutions to trade associations or supervisory authorities. It should be possible, through one or more of these approaches, to improve significantly the quality and quantity of data on mortgage debt held by each type of investor, especially "individuals and others" and financial institutions, and owed by various types of borrowers, including a distinction between corporate and noncorporate mortgage borrowers.

[31]This technique is described in detail in the author's paper, *The Postwar Rise of Mortgage Companies*, National Bureau of Economic Research, Occasional Paper 60, in press.