BALTIMORE UNDER SIEGE

THE IMPACT OF FINANCING ON
THE BALTIMORE HOME BUYER
(1960 1970)

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PREFACE

This report is the third in a series of computer-based studies of the exploitation of black families in the purchase of shelter during the 1960's. The first dated September of 1970 documents the housing tax which the black family buying from a real estate company had to pay over and above the prices paid by white families purchasing comparable city housing. The second study published in February of 1971 documents the cooperation of Jefferson Federal Savings and Loan Association with the housing exploiter; it shows that in the years 1965 through 1969 Jefferson lent over 90% of its city mortgage money, some 2½ million dollars, to real estate companies or to families buying from real estate companies at exploitative prices.

This study goes into the activity of some state chartered savings and loans. The data indicates that many of these associations violate their charters and the law by lending considerable amounts of mortgage money not only to families buying from investors but to investors themselves. Association money promotes slumlords and exploitation while it is denied to families buying on the ordinary market. Moreover, many of these associations exist in a conflict of interest environment where the possibilities for self-dealing among management create dangers for them.

The mortgage lending policies of Equitable Trust Company are also studied. In the report on ETC and the associations, data for 1968, the last big year for wheeling and dealing in real estate in Baltimore, was chosen as indicative of the business of these institutions during the sixties. ETC's mortgage business during 1970 was also studied as a slight indication of the shift which has taken place in its attitude toward speculation.

THE INCREASE IN BLACK OWNER-OCCUPIED DWELLINGS

During the 1960's there was an increase of 6,671* in the number of dwellings owner occupied by black families. In attempting to get some idea of how these houses were bought, we should take into consideration the 4,000 houses bought by the major speculators during the decade. The extent of their activity can be seen in the accompanying table (see p. iii), not fully published heretofore.

We would estimate that during the sixties only ¼ to 1/3 of the black families who purchased homes in Baltimore were able to buy at a fair market price. This estimate is based partly on our studies and partly on two years experience of the data.

FINANCIAL ROOTS OF THE PROBLEM

The root of the problem is financial. The investors and not families can obtain financing. For example, Morris Goldseker was able to borrow 10½ million dollars between January of 1965 and the end of 1968. The source of this money is as follows:

Maryland National Bank	1,639,750
Uptown Federal SLA	1,059,650
Equitable Trust Bank	1,168,350
First National Bank of Md.	700,150
National City Bank of Baltimore (now Suburban Trust)	253,450

Goldseker also borrowed 5½ million dollars during this time (part in late 1964) from Manufacturer's Life Insurance Company of Canada. ETC

*Based on data of the U.S. Bureau of the Census. It may be inaccurate since families on lease and option contracts are often fraudulently told that they are home owners by the landlord and then report this in the census.

Speculators[4]	Houses Bought[1]	Purchase Price	Houses Sold	Sale Price	Average Purchase Price of resold Houses[2]	Average Sale Price of resold Houses[3]	Average Markup
Morris Goldseker	1,678	10,853,767	742	9,427,723	6,868	12,706	85%
Louis Singer	446	2,930,897	250	2,975,578	6,458	11,903	84%
Walter and Al Becker	264	1,826,606	106	1,308,008	7,248	12,340	70%
Stanley E. Sugarman (J. Seaman, C. Caplan)	388	2,824,790	148	1,302,273	5,371	8,799	63%
Morris Wolf (J. Friedman)	416	2,824,890	300	3,351,865	6,974	12,290	60%
Walter Kirson (A. Applefeld, H. J. Gerber)	440	3,243,767	247	2,998,646	7,683	12,140	58%
Anthony Piccinini	313	2,498,160	152	1,823,972	7,775	12,000	54%

1. Houses bought by these men in the fifties or earlier and sold in the sixties are not included.

2. Increased ground rent has been capitalized and figured in. If previously existing ground rent is capitalized and figured in, then the average purchase prices and the average sale prices should be raised about eight hundred dollars.

3. Our previous studies show that these sale prices are three to four thousand above the fair market value.

4. The computer data base, on which this page is based, contains 60,000 property transfers. For Jan. 1960 to the end of 1964 it contains the 17 census tracts where there was most racial change. For Jan. 1965 to Dec 31, 1968 it contains the ehole city.

was the local agent for this company. Ridge Gardens, Inc., a development in Baltimore County, was put up for security.

COMMERCIAL BANKS

The Ralph Nader study of First National City Bank of New York, published this summer under the direction of David Leinsdorf, brought out the fact that commercial banks control 75% of available money due to their monopoly of checking accounts. Because of this control their lending policies determine the quality of much of our national life. For example, banks may decide to finance bigger airplanes rather than housing.

As one of these commercial banks, ETC greatly affects the quality of life in Baltimore. To the city's detriment ETC has a policy of making mortgage loans only as favors to its own employees or to employees of choice customers. It does not finance city families even though it takes in the money of city people at its branches and acts as a depository for federal, state and city funds. Even more damaging to the city than this neglect of families, ETC cooperated with exploitation by buying the mortgages of exploitative savings and loans like Jefferson Federal and by lending money directly to exploiters.

THE ROLE OF THE FEDERAL GOVERNMENT

The Federal Government tries to promote home ownership in indirect ways. It makes the commercial banks pay a little less interest on savings deposits than the savings and loan associations in the hope that money will be diverted into association accounts and then into mortgage loans by these associations. The Federal Government also sets up subsidized secondary markets, like the Federal National Mortgage Association, to buy mortgages and thereby make more money available for home financing.

But these indirect methods do not work. For example, the commercial banks offer many services, have branches, and have a monopoly of checking accounts. Such attractions draw many people to save in them rather than the savings and loan associations.

Nader and Leinsdorf suggest that the Federal Government act directly and force the commercial banks to serve neighborhood people. They recommend that 2/3 of the banks' savings account money (a small part of their assets, about 25% in the case of ETC) go into mortgage financing. We recommend that it go into financing families and not speculators. The government could do this by setting a low interest rate to be paid on savings accounts by commercial banks if they did not invest 2/3 of their savings account money in home buying loans. This would cause the money to flow to institutions which did serve the community.

CONCLUSION

In this third study we are getting to the guts of the matter. The commercial banks, because of their privileges, have an obligation to the community. Just as working class people turn to the commercial banks as depositories for their savings, they must be able to obtain from the commercial banks credit at a fair price.

We expect institutions like ETC to examine their lending policies. We need not mention that cooperation for profit with the exploiters must be completely stopped. But much more is needed. The people of the city need positive services in the area of home financing. Since their money is gladly accepted at ETC, let ETC gladly offer mortgage services.

If the practices described in this and our previous studies continue, it will only be a matter of time before the city is destroyed. For exploitation places destructive and disorganizing pressure on family structures and stability and on city neighborhoods.

Baltimore should be a beautiful place to live, to grow, and to work. It can only be such if we preserve, serve, and nourish our most precious resource, people and families.

We wish to thank George Bur, who did the study of the state chartered saving and loan associations, and Edward Dougherty who did the study of Equitable Trust's mortgage lending in the city.

Sampson Green
Chairman, Activists, Inc.

John Martinez
Co-chairman, Housing Committee,
Activists, Inc.

August 25, 1971

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INTRODUCTION

Anyone familiar with the teeming tenement conditions of a city like New York can understand the pride with which Baltimore looks on its own housing. Even with the increasing number of apartment projects Baltimore remains a city of neighborhoods of one and two family dwellings. Underneath the neighborhood facade, however, housing has experienced a subtle but cataclysmic change during the sixties. After a post-depression period of steady increase, the percentage of owner-occupied dwelling units declined from 54.3% in 1960 to 44.5% in 1970. The drop is roughly equivalent to that experienced during the depression and puts the percentage of home ownership in Baltimore down almost to the level of 1940.

This decline in home ownership is not directly related to the increase in black population for the percentage of ownership among both black and white decreased significantly. In fact, black families increased their number of owner-occupied units some 25% in the decade but due to the increasing need of housing among blacks, this increase of 25%, as a percentage of the total number of black-occupied units, is actually a decrease from 34.5% in 1960 to 30.1% in 1970. White families have always received preferential treatment from real estate services and since the depression the mortgage assistance of the FHA. These advantages, however, were to no avail in the city during the sixties when home ownership by white families declined from a high of 62.5% in 1960 to 54.2% of their dwelling units in 1970. The increase in the number of rented units in the city during the decade comes to about 35,000 while the decrease of owner-occupied units amounts to about 22,000. (see Table I)

It is probably impossible to analyse adequately the complex array of circumstances which is transforming Baltimore into a tenant community. One deterrent to the black family's purchase of property has surely been a fear of getting entangled with the exploiter, a situation which now strains the energies of thousands of black buyers. But even if a black family desires to buy a home on the just housing market, he often remains at the mercy of a mortgage money market which has shown itself anxious to finance the exploiter and the real estate investor while at the same time denying mortgage money to families. During the sixties it was nearly impossible for a black family to finance a modest home without paying unjust fees. In "serving" the black community the mortgage money institution controls a scarce resource. Like medieval lords exacting heavy tolls on road and river traffic, the institution and its management are able to exact the toll of points, origination fees, appraisal fees, and the like. Often it will try to lend a family money for repairs over and above what is needed to purchase the home simply because its policies eliminate lending under $10,000.00 to families while at the same time exploiters and property holders find ready access to sums of money of any size. What extra profits accrue to lending institutions involved in this type of business penalize the city resident over and above any reasonable responsibility to shareholders or stockholders. Sometimes, in fact, the extra profits, by way of cash or influence, are pocketed directly by the management. In such a way the powerful instrument of mortgage money aids the transformation of Baltimore into an exploited tenant community; only a just distribution of mortgage money back into the city from which it comes can reverse this trend.

The lion's share of mortgage money financing the transfer of housing during the sixties comes from three sources: the building, savings and loan associations, the commercial and mutual savings banks and the mortgage investment companies. Each institution among the several hundred institutions in the city chooses from a variety of specialized investment policies. As an example of such a choice a mortgage investment company might choose to limit its mortgage lending to families buying new homes in federally insured or subsidized projects. Or a savings and loan might choose to lend money almost exclusively to landlords or, as was the case with Jefferson Federal Savings and Loan Association in the sixties, to families buying from real estate companies at exploitative prices. Each policy remains flexible but a given institution over a limited amount of time can generally be classified by the specialized type of financing which it undertakes. If many mortgage institutions in our city adopt the same policy, whole segments of its citizens can be effectively exploited or effectively blacklisted. In the past fears of deterioration caused a blacklisting by geography, a self-fulfilling mechanism for turning whole inner city areas into slums. Other more subtle forms of blacklisting are now being practiced: Mortgage institutions blacklist white or black families in such a way as to steer them to the neighborhoods in which they will create the greatest instability; they also blacklist the working-class family by making it difficult for them to obtain small amounts of mortgage money for the purchase of urban homes.

The following sections survey only a small group of lending institutions. In the first section some building, savings and loan associations are evaluated with mixed results. Associations like St. Casimir's show that mortgage lending can be both just and profitable. A group of state-chartered associations, however, with some inter-locking leadership, did a majority of its lending to investors or families buying from speculators. New Michael's, one of these state institutions, is shown to have a business policy in 1968 in sharp contrast to St. Casimir's. In the second section Equitable Trust Bank is identified as a strong supporter of the real estate speculator and investor while it consistently blacklisted the city family.

I. SAVINGS AND LOAN ASSOCIATIONS

At the beginning of the depression over half the dwelling units in Baltimore City were owner-occupied. The ability of families to own their own homes was due in no small measure to the building and loan associations which dotted the city neighborhoods. Churches, fraternal associations and ethnic groups organized associations so that members could buy a piece of the city following a model that in this country dates back to 1831. An historical marker erected in 1931 in the Frankford section of Philadelphia commemorates the first association in the United States, the Oxford Provident Building Association, and the contribution of all associations "to the extension of home ownership and to the consequent strengthening of the ideals of individual liberty on the basis of the family dwelling."

The mere sound of the names of the associations in Baltimore instilled confidence into the hearts of immigrant groups adjusting to the American way: Bohemian Building and Loan, Garibaldi, St. Casimir's, Kosciuszko, Slovan and Germania to name a few. In those days a friendly neighborhood atmosphere was not difficult to maintain. One factor leading to the neighborhood atmosphere may have been the laissez faire manner in which the local savings and loan could operate. Up to 1961 Maryland's saving and loan industry successfully fought the creation of its own state regulatory agency. Such a lack of regulation, in contrast to all other states save Alaska, may have fostered a neighborhood atmosphere but it also invited speculative interests into the state to take advantage of what one new entrant called "the last frontier of free enterprise in America." The state industry found itself threatened by the competition and the instability of these associations established by outsiders. The instability of some local associations was also threatening. For these reasons the associations on the whole supported the foundation of the State Building, Savings and Loan Association Commission. Its main effort is directed through the monitoring of association leadership and practice to the prevention of association failure and the consequent loss of public confidence in all state associations. There is evidence below, however, that the industry needs more careful supervision in order to carry out the stated purpose of state regulation:

> The savings and loan business has so expanded in recent years and has become so integrated with the financial institutions of this state and is so important as a method of promoting home ownership and thrift, that such business is affected with a public interest and shall be supervised as a business affecting the economic security and general welfare of the people of this state (State of Maryland Annotated Code, 23, section 144.).

The code follows the legal tradition of the state in noting that the purpose of the building and loan association is the promotion of "home ownership and thrift." In a 1923 judgment a Baltimore Circuit Court stated that "the distinguishing mark of a building association is the loan of money to its members to be used in the purchase of real and leasehold property, usually for homes of the borrowing members..." (Lakeview Building and Loan Association vs. Beyer, 4 Balto. City Reports 177, 178 (1923). In a more recent opininion delivered by the chief to all other states save Alaska, may have fostered a neighborhood atmosphere but it also invited speculative interests into the state to take advantage of what one new entrant called "the last frontier of free enterprise in America." The state industry found itself threatened by the competition and the instability of these associations established by outsiders. The instability of some local associations was also threatening. For these reasons the associations on the whole supported the foundation of the State Building, Savings and Loan Association Commission. Its main effort is directed through the monitoring of association leadership and practice to the prevention of association failure and the consequent loss of public confidence in all state associations. There is evidence below, however, that the industry needs more careful supervision in order to carry out the stated purpose of state regulation:

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Thomas Harlan Eminizer, the newly-appointed director of the Building, Savings and Loan Association Commission, in a recent interview agreed that it is the intent of the law that associations commit only surpluses to the financing of real estate speculators or landlords. He claimed, however, that he knew of no association which is at the present time heavily involved in this kind of financing. His chief examiner stated that there was a time when mortgage money was plentiful and it was not unusual for an association to have to find outlets for depositors' money. Anyone who has followed a black family around from association to association to find financing knows that such a period of real surpluses has not existed during the sixties. Moreover, only outlandish terms landed white families money to buy property in such areas as Charles Village during the last few years. If surpluses exist, they are artificial and reflect the management's utter inability to fulfill the need for which the associations exist.

Another important factor which led to the neighborhood nature of the savings and loan association is its organizational structure.

Many associations in Maryland are mutual associations. This means that the depositors, known as free shareholders, and borrowers alike have a legal position as owners of the association. They possess the legal power to control policies through majority vote and the selection of the board of directors. But nowadays most shareholders are not even aware of their rights. In practice even those shareholders who are aware sign over their voting rights to the directors. Only rarely are members encouraged to attend the annual meetings which are legally required. Usually only directors are present at these meetings during which they are self-elected and place a rubber stamp on their own policies. Moreover, there is a glaring contradiction between the ideals of mutualists and the reluctance of the leaders and managers of the industry to provide their members with substantial information about their associations.

The ignorance and lack of participation of the shareholders contributes to a situation dangerous to the association in many ways. The directors are very often real estate brokers or salesmen, lawyers, appraisers, insurance agents and so forth. Thus, the potential for self-dealing is great. Over and above income from salaries, directors' fees and earnings on their deposits, the directors can have their judgment about mortgage loans blinded by the personal profits accruing to them in the form of origination fees, lawyers' fees, appraisal fees, real estate and insurance commissions and the like. Even on a small loan several hundred dollars can be self-dealt to the directors. The enticements involved in perverting a savings and loan into the mistress of the exploiter and the landlord may be even greater. (see Table 3)

But whether an association is a mutual association or alternately, a guaranty stock association in which voting rights are not held by the ordinary depositors, Mr. Eminizer stated that the purpose of the association, thrift and home ownership, remains exactly the same. In both cases, he said, the purpose of his commission is to protect the members of the association. He was careful to point out that members legally include not only people depositing savings in the association but also those who borrow from the association.

With this background the recent business of two state-regulated savings and loan associations, New Michael's and St. Casimir's, both with neighborhood origins in Highlandtown, can be contrasted. An analysis shows how one association, St. Casimir's, can rightly be called an instrument strengthening "the ideals of individual liberty" while the other, New Michael's, has been used to enslave families in the exploitative housing market.

St. Casimir's

Well below Patterson Park at O'Donnell and Kenwood Streets sits the church of St. Casimir's. Some sixty years ago members of this parish, some of them merchants and shopkeepers, founded the St. Casimir's Savings and Loan Association. In its early years it served the ethnic groups in its immediate neighborhood by providing financing for home ownership. But now St. Casimir's is large enough to extend its expertise all over the eastern half of the city and into adjacent Baltimore County as well. Its main office now stands at the busy intersection of Dundalk and Eastern Avenues poised to serve the suburban areas east of the city. But unwilling to sever itself from that part of the city which gave it birth, St. Casimir's still retains a branch office right in the heart of Highlandtown.

The management of St. Casimir's no longer types it as a neighborhood association but continues to follow its founding purpose - providing mortgages for home owners no matter how inexpensive the home. Its policies embrace an occasional loan to an investor but only rarely has it dealt with the exploiter in the black housing market.

Working class families are very often refused small amounts of mortgage money to purchase homes. Lending institutions complain about the low return on such a mortgage because of service charges fixed on a mortgage of any size. St. Casimir's, however, accepts many small mortgages as this following table shows:

Year	Number of mortgage loans made in the city*	Percentage of these loans which were $8000 or less
1968	189	74%
1970	192	70%

Such a practice contrasts sharply with the policy of a prominent federal savings and loan which limits the number of small mortgages to less than 5% of its total number. Otherwise, the president says, costs outrun the income. It is in this light that St. Casimir's can be said to be helping the little guy.

The impressive record of St. Casimir's could possibly be offset by the fact that many of these small loans could be going to investors. But this was not the case in 1968 when only eight of its city loans went to companies or to people readily identified as investors.

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*In all the statistics in this report a mortgage loan is a first mortgage loan made for the purpose of purchasing real estate. It does not include second mortgages, refinancing mortgages, loans for home repairs (such "mortgages" bear higher interest rates) and the like.

This information by no means gives a complete picture of the business of St. Casimir's; any free shareholder should be entitled to much more. Yet the picture of its business is clear enough to contrast it with New Michael's.

New Michael's

New Michael's is an older organization, first chartered in 1885. In 1912 it was doing business out of an office about ten blocks southwest of its present site just north of Patterson Park. It must have promoted home ownership in its neighborhood at one time but by the fifties there is evidence that New Michael's was doing business well outside its area in the changing neighborhoods west of downtown. It appears that while other associations like St. Casimir's continued to support home ownership in Canton and Highlandtown, the policy of New Michael's was decided not by or for the local free shareholders but by and for investors who work in the black and mixed neighborhoods of Baltimore. New Michael's processed fifty-three loans in 1968 in the city. Twenty-three of them were made in West Baltimore neighborhoods while twenty of them were made along the Greenmount corridor north of North Avenue. Thirty-five of these loans are to investors or to families buying from investors. In the latter case investors selling real estate to families marked up houses an average of 90%, purchasing fifteen of them at 82,367 and reselling them at 157,460 dollars.

The management of New Michael's controls at least two other savings and loans with virtually the same type of policies, one on the west side, Liberty Building and Loan and another on E. 25th Street, Homewood Savings and Loan. Together the assets of these associations amount to about 3½ million dollars. The perversion of this free shareholders' money to exploit their neighbors, ruin their neighborhoods and further the commercial interests of landlords should not be tolerated by the regulatory agency of this state. Whatever gains come to the management from this type of perversion should be carefully investigated by the agency and legislation promoted to reflect the criminal nature of these profits.

Other Associations

Table II in the data section shows that New Michael's is not following a unique policy. Many associations, both state and federally chartered, cooperated substantially with the exploiter and the investor in the past decade. The list in the data section names only twenty-four of these associations which were chosen because of the extent of their investor-related activity in 1968. In that year these associations lent over 4¼ million dollars, or 78% of the total money lent in the city by them in 1968, to investors or to exploit families buying from investors. These 690 investor-related loans account for 12% of the mortgage loans made in Baltimore City in 1968. What the percentage is for the approximately 250 associations operating in the city would involve a more thorough study.

Of these twenty-four associations, twenty-one, responsible for three million dollars of the 4½ million loaned, are state-chartered and under the direct supervision of the state commission. According to the intent of building and loan law and court opinion in the state these associations can assist commercial investment in real estate only if they have a surplus of money. The commission should demand that these associations prove that they had a surplus to the extent of 76% of their city-lending power in 1968.* And if the commission is willing to remain blind to the exploitation of borrowers, families

*Very few of these associations made loans outside the city which would significantly alter the percentage of investor-related lending calculated only in terms of city lending.

buying from exploiters, it should at least demand that these institutions show that they had the 58% surplus to lend directly to investors and landlords. No one claims that landlords should be blacklisted but commercial banks and not associations which proudly claim to be established to promote "thrift and home ownership" should be their main source of money.

So far for 1971 no data has been collected which indicates the amount of money still being lent by these associations to exploit families and promote the landlord. However, a study of the land records indicates that in the first six months of 1971 only about 255 mortgage loans have been made by these twenty-four associations, a drop of about 40% from 1968. Perhaps as many as 50% of these loans have been made to families without investor involvement. The public welfare demands, however, that the state director order a complete study of these associations to determine if they are lending within the law.

The recommendations which follow are offered in the hope that associations which have served families by providing for both the promotion of thrift and home ownership will receive their just reward of public esteem and confidence. The associations cited, however, cast a pall upon the whole industry and until their practices are eliminated the industry will continue to suffer in the seventies from the same sort of suspicions which prompted the creation of the Building, Savings and Loan Commission in 1961.

Recommendations

No new legislation is required to halt the exploitation of Baltimore's neighborhoods with its own money. The state director of the Building, Savings and Loan Association Commission is fully empowered to investigate associations whose business so endangers the public welfare and to inform the public of the results of his investigation. Since these associations have carried on their business right under the nose of the commission without its taking any action, it can only be assumed that tax payers unwittingly support this commission to protect the investment opportunities of associations' managements and local investors rather than to protect themselves. A vigorous investigation of the associations named here should be conducted to determine:

1) The extent of self-dealing when the directors of a given association authorize loans to property investors or families buying from speculators, e.g., when New Michael's lends money to a family buying from Goldseker, what by way of finder's fees, origination fees, points, commissions and the like accrue to the association or its directors over and above those involved in the normal mortgage market?

2) Which associations have ties with real estate firms or property investors by means of directors, officers or counsel who are also brokers or agents, e.g., a real estate broker, Alvin M. Lapidus, who invests in real estate under the name of AMG, Inc. is also the attorney for Woodmoor Savings and Loan Association whose president and secretary are Stanley I. Lapidus and Iris S. Lapidus. Other investors who directly bind an association and a real estate company are the following: Walter Becker is the president of Al-Walt Corporation and a director of Universal Building and Loan; Zell C.

Hurwitz is a broker with Ben-Hur Realty and a director of Sharon Building and Loan Association. (see Table 3)

3) Which of these associations had a surplus in 1968 which they could invest "in mortgages for commercial purposes" and which have surpluses now. If an association consistently places its money in commercial investments, its charter should be revoked and the money permitted to serve commercial interests in a financial institution designed for that purpose.

The law regarding the purpose of an association should be clarified so that those associations which do not follow out the purpose are penalized. Some suggestions for this law are:

1) On all mortgage loans made by associations to families to purchase homes, the purchase price paid by the seller should be indicated together with the date of that purchase.

2) Tax penalties should be levied against associations proportionate to the amount of mortgage money lent to real estate companies and investors. In this way management can be forced to develop contacts with home buyers and serve them rather than make painful deals with investors.

3) Only a very small percentage of money lent by an association each year should be allowed to go to families buying from a single real estate company or from real estate companies with interlocking officers.

4) Associations should be obligated to report, not only to the commission but also to the members whom the

commission is protecting, the amount of money lent each year to families for home buying purposes.

5) State funds should be invested by law in associations which consistently lend to families.

TABLE I

YEAR	TOTAL NUMBER OF HOUSING UNITS IN BALTO. CITY	TOTAL NUMBER OF OCCUPIED UNITS	% OCCUPIED	NUMBER OF BLACK OWNER-OCCUPIED UNITS	NUMBER OF WHITE OWNER-OCCUPIED UNITS	OWNER-OCCUPIED UNITS AS % OF UNITS OCCUPIED		
						OWNERS BY RACE		TOTAL
						BLACK	WHITE	
1930	193,991	NA	NA	NA	NA	NA	NA	50.3
1940	236,442	227,360	96%	3,254	89,651	8.4	47.5	40.8
1950	277,880	268,501	97%	12,441	126,292	24.0	58.3	51.7
1960	290,155	275,597	95%	27,628	122,050	34.3	62.5	54.3
1970	305,521	287,500	95%	34,299	93,986	30.1	54.2	44.5

TABLE II

Key to Table

1) Association

2) Address of Association

3) Approximate Assets (1968)

4) Number and dollar amount of mortgage loans to purchase real estate made in 1968 in Baltimore City (Source: Land Records of Baltimore City).

5) Number and dollar amount of these loans going to investors (A real estate company or an individual who made two or more purchases of real estate in the city in 1968 is known as an investor. Since the 1968 records could not be exhaustively studied to determine the number of purchases by every individual financed by these associations, this figure is likely to be smaller than it actually was.).

6) Number and dollar amount of these loans going to families buying from investors.

7) Average mark-up by the investor on the sales financed by loans going to families under statement 6. This does not include possible increases in ground rent.

8) Percentage of total money lent going to investors or to families buying from investors (city lending).

9) Percentage of total money lent going to investors alone (city lending).

Totals for 24 Associations

3. 108 million dollars
4. 827 - 5,457,201
5. 482 - 2,490,415
6. 208 - 1,788,594
7. 77% (for 23 associations)
8. 78%
9. 45%

State-Chartered Associations

1.
   1. Alamo Permanent Building and Loan Association
   2. 221 E. North Avenue, Baltimore, MD 21202
   3. ½ million dollars
   4. 6 -41,100
   5. 6 -41,100
   6. ---
   7. ---
   8. 100%
   9. 100%

2.
   1. Ashburton Building and Loan Association, Inc.
   2. Sutton Place
   3. ½ million dollars
   4. 29 - 147,400
   5. 26 - 128,100
   6. ---
   7. ---
   8. 87%
   9. 87%

3.
   1. Aztec Savings and Loan Association
   2. North Avenue and Wolfe Street, Baltimore, MD 21213
   3. over ½ million dollars
   4. 9 - 63,030
   5. 2 - 11,550
   6. 7 - 51,480
   7. 93%
   8. 100%
   9. 18%

4.
   1. Baltimore Building and Loan Association
   2. 1 East Redwood Street, Baltimore, MD 21202
   3. over 3/4 million dollars
   4. 38 - 188,500
   5. 24 - 106,000
   6. 3 - 26,200
   7. 66%
   8. 70%
   9. 57%

5. 1. Business Men's Building Association
   2. 301 Munsey Building, 21202
   3. over 3/4 million dollars
   4. 19 - 81,000
   5. 12 - 55,700
   6. ---
   7. ---
   8. 69%
   9. 69%

6. 1. Fairfax Savings and Loan Association
   2. 110 E. Lexington Street, 21202
   3. over ½ million dollars
   4. 24 - 77,750
   5. 19 - 60,550
   6. ---
   7. ---
   8. 78%
   9. 78%

7. 1. First Progressive Building and Loan Association
   2. 1341 W. North Avenue, 21217
   3. over 1 million dollars
   4. 44 - 235,000
   5. 24 - 133,050
   6. ---
   7. ---
   8. 57%
   9. 57%

8. 1. Irving Permanent Building and Loan Association
   2. 1303 Court Square Building, 21202
   3. under ½ million dollars
   4. 23 - 82,400
   5. 14 - 41,950
   6. ---
   7. ---
   8. 51%
   9. 51%

9. 1. Lazaretto Permanent Building and Loan Association
   2. 113 S. Clinton Street, 21224
   3. over ½ million dollars
   4. 8 - 68,654
   5. ---
   6. 8 - 68,654
   7. 77%
   8. 100%
   9. 0%

10. 1. Liberty Building and Loan Association
   2. 1681 W. North Avenue, 21217
   3. under 1 million dollars
   4. 13 - 88,610
   5. 8 - 36,200
   6. 3 - 25,410
   7. 73%
   8. 70%
   9. 41%

11. 1. Mortgage Loan and Savings Association
    2. 301 Munsey Building, 21202
    3. 1½ million dollars
    4. 44 - 296,750
    5. 28 - 184,150
    6. ---
    7. ---
    8. 62%
    9. 62%

12. 1. New Michael's Permanent Savings and Loan Association
    2. 400 N. Milton Avenue, 21224
    3. under 2½ million dollars
    4. 53 - 309,030
    5. 25 - 133,750
    6. 15 - 88,750
    7. 90%
    8. 72%
    9. 43%

13. 1. Northeastern Bohemian Savings and Loan Association
    2. 6721 Harford Road, 21234
    3. 14 million dollars
    4. 153 - 879,077
    5. 112 - 621,677
    6. ---
    7. ---
    8. 71%
    9. 71%

14. 1. Northeastern Loan and Savings Association
    2. 4335 York Road, 21212
    3. 1¼ million dollars
    4. 21 - 180,400
    5. 1 - 1,500
    6. 20 - 178,900
    7. 81%
    8. 100%
    9. .6%

15. 1. Premier Savings and Loan Association
    2. 6257 Kenwood Avenue, 21237
    3. 6 million dollars
    4. 36 - 279,150
    5. 6 - 37,500
    6. 24 - 194,900
    7. 80%
    8. 83%
    9. 13%

16. 1. Sharon Building and Loan Association
    2. 232 N. Liberty Street, 21201
    3. 2 million dollars
    4. 38 - 337,840
    5. 17 - 162,140
    6. 13 - 112,900
    7. ?
    8. 82%
    9. 48%

17. 1. Slovanstvo Savings and Loan Association
    2. 2428 E. Monument Street, 21205
    3. 3/4 million dollars
    4. 10 - 52,100
    5. 8 - 38,100
    6. ---
    7. ---
    8. 73%
    9. 73%

18. 1. Summit Building and Loan Association
    2. 1 East Redwood Street, 21202
    3. 140 thousand dollars
    4. 13 - 53,000
    5. 12 - 50,800
    6. ---
    7. ---
    8. 96%
    9. 96%

19. 1. Universal Building and Loan Association
    2. 5218 Reisterstown Road, 21215
    3. 3/4 million dollars
    4. 11 - 51,800
    5. 10 - 46,800
    6. ---
    7. ---
    8. 90%
    9. 90%

20. 1. Vanguard Savings and Loan Association
    2. 7114 North Point Road, 21219
    3. 3/5 million dollars
    4. 49 - 279,800
    5. 44 - 235,700
    6. ---
    7. ---
    8. 84%
    9. 84%

21. 1. Woodmoor Savings and Loan Association
    2. 5314 Reisterstown Road, 21215
    3. ¼ million dollars
    4. 24 - 137,000
    5. 19 - 110,100
    6. ---
    7. ---
    8. 81%
    9. 81%

<u>Totals for State-Chartered Associations</u>

3. 34.4 million dollars
4. 663 - 3,930,391
5. 458 - 2,261,667
6. 24 - 194,900
7. 80% (except Sharon BL)
8. 83%
9. 13%

Associations with Federal Charters

1. 1. Jefferson Federal Savings and Loan Association
   2. 215 E. Fayette Street, 21202
   3. 8 million dollars
   4. 78 - 719,450
   5. 5 - 30,500
   6. 69 - 654,750
   7. 82%
   8. 95%
   9. .4%

2. 1. Patapsco Federal Savings and Loan Association
   2. 6730 Holabird Avenue, 21222
   3. 6 million dollars
   4. 16 - 104,150
   5. 8 - 38,150
   6. 2 - 17,600
   7. 76%
   8. 53%
   9. 36%

3. 1. Uptown Federal Savings and Loan Association
   2. 6609 Reisterstown Road, 21215
   3. 60 million dollars
   4. 70 - 703,210
   5. 11 - 160,098
   6. 44 - 389,300
   7. 58%
   8. 78%
   9. 23%

Sub-Totals for 3 Associations With Federal Charters:

   3. 72 million dollars
   4. 164 - 1,526,810
   5. 24 - 228,748
   6. 115 - 1,061,650
   7. 73%
   8. 85%
   9. 15%

TABLE III

This table lists some of the positions in those savings and loans of Table II which are held by men with influential and profitable positions in real estate. Many savings and loan directors are also in such businesses as building material supply and insurance. This list is limited to the real estate business proper because, wherever a real estate broker or salesman serves on the board of an association, an automatic "conflict of interest environment" arises. His interests, prompt and adequate financing of his properties, may be served best by specific action contrary to the interest of the association and the public.

First, however, any investigation into self-dealing by the directors of these 21 state-chartered associations is complicated by the fact that a surprising number of men, sixteen, were directors, officers or attorneys of two or more of these associations, relating twelve of these associations to at least one other of these twenty-one.

The lists of brokers and salesmen who were directors of these 21 follows:

Brokers

Name	Director of	Real Estate Company
Elliott Miller	Ashburton BL	Midway Realty Co.
David Buchman	Fairfax SL	Stanway Realty Co.
Samuel J. Aaron	First Progressive BLA	Major Realty Service
Charles F. Hemelt	Liberty BL	Trades in own name
Morton E. Baker	Mortgage LS	"
Charles F. Hemelt	New Michael's PSL	"
Zell C. Hurwitz	Sharon BL	Ben-Hur Realty
Walter Becker	Universal BL	Trades in own name

At least another broker is an attorney with an association whose president is his blood brother:

Alvin M. Lapidus	Attorney with Woodmoor SL	AMG, Inc.

Salesmen

Name	Director of	Salesman with
Rhea B. Snyder	Business Men's (sic) B	C. Snyder Agency
Albert G. Aaron	First Progressive BL	Major Realty Co.
Oscar I. Zerwitz	"	Banner Realty Co.
Norman L. Herold	Lazaretto PBL	Vincent and Daily

cont'd

Name	Director of	Salesman with
Raymond A. Holter	New Michael's PBL	W.H. Suchting, Jr.
W.E. Edmonston	Northeastern LS	Douglas L. Brown
Edward Gryniewski	Northeastern Bohemian SL	Bel Air Realty
Leonard Cohen	Woodmoor SL	AMG, Inc.

Finally, a director of one of the state associations among these, Baltimore BL, is also a director of National City Bank of Baltimore.

II. EQUITABLE TRUST BANK

Commercial banks are not Building, Savings and Loan Associations. Their purpose is not to 'promote thrift and home ownership.' Their primary concern is not to increase families' savings, or to provide mortgages for families buying homes. A commercial bank performs two basic functions; it holds money on demand (commercial banks hold 75% of the nation's money) and it creates money by lending the money it holds.

The Equitable Trust Company of Baltimore, Maryland, is a commercial bank. It holds money: $304,343,839 in demand deposits in 1970. It lends money: $318,263,219 in loans in 1970. In effect it also is a savings bank: in 1970 it held $154,876,254 in savings accounts and $68,652,946 in other time deposits. It also grants mortgages: in 1970 about $9,000,000 in new mortgages.

The Equitable Trust Company of Baltimore, Maryland, calls itself a "full service bank." On the radio ETC says, "You know you can get a mortgage at Equitable to buy a home." But a study of ETC's land business in the years 1968 and 1970 shows that very few families in Baltimore City do, as a matter of fact, obtain mortgages from ETC to buy homes.

In summary the data below show that ETC financed only a small number of families purchasing homes in the city; and very few were buying low cost housing. In 1968 possibly forty-five loans went to families to buy homes. Four of these loans went to persons officially connected with the bank; only four others were under $9000. In 1970 only two of thirty-three possible mortgages for family home buying were under $9000 (see Table D). A family purchasing a modest home in the city is not likely to get mortgage money from ETC if it is to judge from the record rather than from advertisements. Managers of the twenty-one city offices, in fact, are likely to be unfamiliar with procedures for mortgage lending to families since on the average a manager made only 1.6 such mortgage loans in all of 1970.

On the other hand, according to Table E, ETC's policies in 1968 show mortgage support for the investor, mainly through the acceptance of short term assignments* from the Goldseker Companies and from Jefferson Federal Savings and Loan. Lending to speculators amounted to at least $70,000 in 1968. Maybe two or three hundred thousand dollars. This is not much if compared to Maryland National Bank, which lent over $800,000 to Lee Realty (a Goldseker Co.) in 1968. It is not much when compared to ETC's financing in the first half of the 60's of Kay Realty, the Eagle Corp., Forest Realty, Lee Realty, Land Realty, Jay Realty, Book Realty, the Kenneth Co., Linwood Realty, the Lynn Corporation, Mel Realty, and Safety Realty, (all Goldseker Companies) and God knows how many others. It does not compare to the $5,500,000 loan that Goldseker got from the Manufacturers' Life Insurance Co. of Canada through the agency of ETC. And in 1970 ETC was even better, almost cutting out completely its business with speculators and lending over

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*See p. 33, bottom.

$4,000,000 (Government insured?) for a housing project. The change is almost commendable. But the thoughtless neighborhood bully is not commended when he stops taking the candy away from the small children because everyone's pointing at him. And a bank is not commended when it stops taking money from the exploitation of poor people, when the exploitors whom the bank had financed are being taken to court and their actions have been publicized in newspapers and on TV. And a bank is not to be commended because it has granted two mortgages under $9,000 to two families for them to buy homes, or because it has granted home buying mortgages to thirty-three families in the whole city of Baltimore.

Recommendations

The past history of ETC's involvement with speculators and ETC's niggardliness in granting family home buying mortgages, especially in the low and middle income range, urge the necessity of government regulation to protect the public welfare. ETC and the other commercial banks, with their tremendous pace-setting influence, must be forced to make more funds available to Baltimore City families to buy houses.

1. The same sort of restriction should be put on commercial banks not inconsiderable savings deposits as have been placed on savings and loan association funds. Specifically, from 50% to 75% of savings deposits and other time deposits should be reserved for family home buying mortgages.
2. Commercial banks should be obligated to assist the savings and loan industry in making loans to families buying directly from families. Either by buying up a certain amount of these mortgages from such savings and loans or

by investing a certain percentage of their trust funds in such savings and loans.

3. The city, state and federal government should not deposit tax-payers' money in banks that do not promote the public good by financing family home buying.

4. Citizens' groups interested in housing in Baltimore City should promote investment in banking houses that promote home ownership, and should actively discourage investment in banking houses that actively or passively discourage the buying of homes by families.

Data - ETC

In 1968 ETC granted 141 mortgages and 277 covenants, totaling about six million dollars. The covenants, in effect second, small, short term mortgages, accounted for about 17% of the money. Of the mortgages proper 45 on already owned property amounted to $2,071,700 or about 34% of the money ETC lent on property. The remaining 96 mortgages were for the purchase of property and amounted to $2,985,650 or about half the money. ETC's 96 mortgages represent 2% of the total number of property buying mortgages granted in the city in 1968.

In 1970 ETC granted 91 mortgages and 142 covenants, totaling about $9,500,000. About 6% of the money was in covenants; 36% or $3,450,700 in 30 mortgages on property already owned; and 58% or $5,603,900 in 61 mortgages to purchase property. ETC's 61 property buying mortgages are 1% of the total number of such mortgages granted in the city in 1970.

Thus there was a decrease in the number of mortgages of 37% and an increase in money of 88%, most of the increase being accounted