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FOREWORD

Often the only good which an ill wind blows is a realization of the need for stouter construction to withstand future blasts. And now that the home building and financing industries are gradually emerging from the debris of the ramshackle financial structure which collapsed under the buffeting of the depression, it is evident that an appreciation is widespread of the need to build more soundly in the future. Coupled with this is the knowledge that unless assurance of greater stability can be given, the return of the building industry to that normal degree of activity which is so essential to the well-being of our economy may be long retarded.

The problems of home financing are susceptible of approach from a number of angles. Not the least important of these is the legal, for home financing practices are erected on a legal framework provided both by the law of mortgages and by the laws governing the institutions and agencies operating in the field. This symposium, in its depiction and appraisal of the developments in home financing during the years of crisis and recovery and of proposals for change in the future, accords emphasis to the legal factors in the situation. Yet it seeks to relate these factors to economic and social considerations with which lawyer and legislator must reckon.

No more significant influence has been operative among the efforts to rehabilitate the shaken real estate credit structure than the activities of the federal agencies set up during the depression period. The first article of the symposium, *Survey of Federal Legislation Relating to Private Home Financing since 1932* by Professor E. S. Wallace of Hendrix College, has accordingly been directed to a depiction of the legislative bases and the operations of these agencies. Their work, together with the adjustments compelled by the depression itself, have been productive of noteworthy change in the institutional organization of mortgage lending, which is traced in the succeeding article, *Shifts in the Sources of Funds for Home Financing, 1930-1937*, by Spurgeon Bell, economist of Brookings Institution. These responses to deflationary pressures have been accompanied by the mushroom growth of a body of state law that is beginning to show the characteristics of a hardy perennial. In *State Legislative Relief for the Mortgage Debtor During the Depression*, Professor J. Douglas Potat of the Duke University School of Law, has collected these laws and discussed their salient aspects and implications.

Not only did depression experiences bring to light the inadequacies of our mortgage foreclosure procedure but the operations of the federal agencies have provided

a fund of information for the study of these deficiencies on a nation-wide basis. Drawing on this material, David A. Bridewell, attorney for the Home Owners' Loan Corporation, has described, in the fifth article, *The Effects of Defective Mortgage Laws on Home Financing*, indicating as well the directions in which he believes reform must proceed. Important among current proposals for legal change is a measure, prepared by the Sub-Committee on Law and Legislation of the Central Housing Committee,¹ which is subjected to careful scrutiny by Harold L. Reeve, General Counsel of the Chicago Title and Trust Company, in his article, *The New Proposal for a Uniform Real Estate Mortgage Act*.

Of minor consequence in the depression period but matter for increasing concern as building operations accelerate is the archaic condition of our mechanics' lien laws. A constructive proposal for the modernization of this body of law to reduce the tolls it levies on the home builder is put forward by Bettin Stalling, attorney of the Home Owners Loan Corporation, in his article, *The Need for Special, Simplified Mechanics' Lien Acts Applicable to Home Construction*.

"Home financing" has heretofore connoted the financing of home ownership, but recognition is gradually growing that home ownership is neither desired by, nor desirable for, a large proportion of our citizenry. To provide for them rented homes which they can rightly regard as more than places of temporary abode between moving days is coming to be regarded as an important segment of the housing problem. A possible solution to this aspect of the problem and the steps already taken by the federal government to implement it are discussed in *Large-Scale Rental Developments as an Alternative to Home Ownership* by Charles F. Lewis, director of the Buhl Foundation, landlord of "Chatham Village," Pittsburgh, and in *The Financing of Large-Scale Housing* by J. W. Brabner Smith, an attorney who has been closely associated with the federal housing program.

A final article, *Adjusting the Mortgagor's Obligation to Economic Cycles* by David L. Wickens, economist of the National Bureau of Economic Research, boldly attacks the dilemma of fixed charges and varying incomes which characterizes mortgage credit in our economy.

The problems of public housing, real property taxation, and farm financing have not been discussed in this symposium. Quite obviously, due consideration of any one of these problems would have required more space than could have been provided without entailing serious sacrifices in the treatment of the symposium's immediate topic. Moreover, important aspects of all three subjects have been dealt with in earlier issues of this quarterly, *viz.*, the symposia on "Low-Cost Housing and Slum Clearance" (Vol. I, No. 2, 1934); "The Collection of Real Property Taxes" (Vol. III, No. 3, 1936); and "Farm Tenancy" (Vol. IV, No. 4, 1937). The significant progress in the public housing field since 1934 will provide material for a second symposium on that topic in the future.

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¹ A committee of leading officials of the principal federal agencies concerned with housing problems.