In many cases, when the number of construction loans was mentioned, the statement was made, either that they were cutting down on construction loans or that they had already done so, on account of the high costs.

The percentage shown of new loans for refinancing purposes was at first questioned, but after reviewing the situation, it is believed to be a proper reflection. It seems to be a human trait, inherent with mortgagee institutions and officials, to be reluctant about liberalizing the terms of their existing mortgages. Consequently, if a mortgagor wishes to take advantage of the lower rates and better terms prevalent today, it is necessary for him to do so by refinancing his obligation through some other institution. This is believed to be the outstanding reason for the large amount of shifting indicated by the 60% shown for refinancing.

There is no question but that the demand for new construction loans has fallen off as construction costs have advanced and, as has been pointed out under Section II H, there is a form of "buyers' strike" in existence today in connection with the building of new residences.

As has been indicated in several places in this report, the supply of residential mortgage funds is far above the demand. There is no question, however, but that the generous terms offered, coupled with the shortage of habitable houses that exists in the East Bay, has increased the demand materially, and it is felt that this will be continuingly so for sometime to come.

The mortgage money available for investment in the East Bay community, as shown by Form 1-A, is $25,409,500. This figure, however, is not a valid indication of the situation, as only about 40% of the institutions responded to this query.

In talking with the officials about this, they explained that this was so largely a matter of opinion and so many factors entered into such an estimate, that they did not feel qualified to give a definite answer.

It is believed that the institutions actively operating in the East Bay community would gladly absorb an amount equal to that already invested in residential mortgage, which is shown by Form 1-A to be around $65,000,000.