

# NEWS OF INTEREST IN REAL ESTATE AND BUILDING FIELDS

## REALTY BOARDS IN RENT SURVEY

### Semi-Annual Investigation Now in Progress

The price of residential rents throughout the country, the supply of money for real estate mortgages, and the extent of any remaining building shortage are being investigated by the National Association of Real Estate boards through a questionnaire sent out this week to its constituent boards in 530 cities of the United States and Canada.

The inquiry is primarily a survey of the condition of the real estate market. It is the sixth semi-annual general real estate survey to be undertaken by the association.

Special committees are being appointed by the real estate boards of the various cities to make the report for their cities.

The rent inquiry will concern itself with the average rent per room per month now being charged in each city for unheated single family dwellings, detached and semi-detached, for unheated two-family apartments or flat houses, for heated apartment houses or tenements, and for kitchenette apartments. In each case the price will be ascertained for accommodations of three classes, the highest priced dwellings of the type, the middle class, and the cheapest of the type.

The mortgage money inquiry will check as to whether in each city reporting capital is seeking loans, or desirable loans are available in excess of supply of capital, or whether there is an equilibrium between supply and demand. It will attempt to reflect any rising or falling in gross cost to the borrower and any expected change in the market for mortgage money in the near future.

In regard to the building situation the survey will go into the extent of overbuilding if any exists, or, if a shortage exists, the percentage of the present supply which the market in each city would readily absorb.

The inquiry will be made specifically in regard to single family dwellings, apartments, and business buildings.

The general demand for real estate will be compared with that of May 1924. A special inquiry is being made into the activity of the market for subdivision or suburban lots.

Findings of the survey will be published about June 1.

### Actual Building Takes Decided Drop This Year

An examination made by the National Association of Real Estate boards of the total number of contracts let for residential building projects for 1925 reveals that while the number of projects is greater than that of 1924 the total number of buildings which they represent and the number of square feet of construction called for is decidedly less.

The statistics used were reports gathered by the F. W. Dodge Corporation. They show that the average number of square feet of floor space for projects planned to be erected in 1925 is 371 square feet less than the average for projects in 1924.

The indication here shown toward the building of single-family dwellings and duplexes parallels that found by the association's surveys of real estate market conditions. It probably also indicates a lowering of activity in the erection of large apartment buildings.

### Real Estate License Law Officials in Conference

Real estate commissioners, and officers administering the real estate license laws enacted in 20 states for the protection of the investing public, will meet at Detroit June 24 for a national conference on the administration of these license measures.

The conference will be the annual meeting of the National Association of Real Estate License Law Officials. It will be held in connection with the annual convention in Detroit June 23-26 of the National Association of Real Estate boards.

### G. F. Johnston Returns From Winter in Florida

Mr. and Mrs. G. F. Johnston, of 220 Maple avenue, Wilmette, and Mrs. Johnston's father, A. F. Macdonald motored from Melbourne, Fla., arriving home last week Friday. Mr. Johnston, who is a member of the real estate firm of R. M. Johnston and company, located at 340 Linden avenue, was actively engaged in the real estate business while in the Southland.

Frederick C. Little returned last Sunday from California where he has spent the winter.

## Your Insurance

Edited By F. J. Budinger

### FRATERNAL INSURANCE

Fraternal Life Insurance is the quasi-modern outgrowth of the very early forms of life insurance. It bears many of the evidences of the early "Friendly Societies"; in fact even today, in England, what we call Fraternal Societies are there known as Friendly Societies. American fraternal insurance orders operate under the so-called "Lodge System", which includes meetings and a form of ritualistic services. Rites and meetings differ widely, perhaps, but all fraternal combine other things with insurance in such a way that it is not justifiable to class them as strictly business institutions. Here's the way the insurance operates: Suppose we have a large group of lives whose ages range from 20 to 60. Clearly the death rate of the group as a whole will be higher than the death rate of the younger members. Suppose the death rate is 15 per thousand; then if a premium of \$15.00 is collected from each member, regardless of age, there will be just enough collected to pay the claims incurred for that year.

In the next year, all of the survivors of our original group will be one year older, and consequently the death rate will be somewhat higher. However, if we bring into the group a sufficient number of young lives whose death rate is very low, the average death rate for the entire group may be kept down to the original figure of 15 per thousand.

As is evident from the foregoing, the ability of such a society to hold down the cost of insurance depends upon its success in continually securing a sufficiently large number of young lives to keep down the average death rate. If it fails in securing these young lives, the death rate, and consequently the premiums, are bound to increase. When this happens the younger and healthier lives withdraw and place their insurance elsewhere. This only aggravates the condition from which the society is then suffering. Most of the fraternal societies which have survived, have done so because they finally reformed their plan of insurance and operated on a level premium plan, which will be described later. The change was a gradual one, and was only possible, perhaps, because the members of a fraternal society are bound together by social, religious, or other ties. This gave them an element of strength which enabled them to pass through the more or less painful readjustment.

### Assessment Insurance

The plan of assessment insurance is in the main the same as that of the fraternal societies except that they do not employ the lodge system. This form became very popular in the United States during the 70's and early 80's. The assessment societies then beginning had a large proportion of young and healthy lives, which of course made a low death rate and low assessments. Time was required to demonstrate the weakness of the system of insurance practiced by the fraternal and assessment companies. Had the assessment companies possessed the same element of strength, that is, the spirit of friendship which existed in the fraternal, they might have lasted longer than they did. Notwithstanding this however, there are still a few assessment companies operating and quite a number of fraternal. However, the tendency of people seeking life insurance is strongly toward the level premium, legal reserve plan.

### Level Premium Plan

A level premium, as the term indicates, is one which neither increases nor decreases in size, but remains the same throughout the premium pay-

ment period of the policy. It must be evident that if the premium is to be level throughout the life of the insurance contract, such a premium will be larger than the actual cost of the insurance in the earlier years of the policy, and less than the actual cost in the later years of the policy.

During the early years of the policy, when the level annual premium exceeds the actual cost of the insurance, the excess is accumulated by the insuring company together with interest earnings. In the later years of the policy, when the cost of the insurance exceeds the level annual premium paid by the insured, this fund makes up the difference. In calculating the amount of the level annual premium, the interest to be earned by the fund is taken into consideration so that the policyholder gets the benefits of the interest earnings. To illustrate more clearly we will take the premium from a certain life insurance company, ordinary life plan, age 35. This premium is \$20.92 although the actual death rate at that age would call for a premium of only \$8.95. There is a difference of \$11.97 which amount is invested as is the difference between the premium and the actual insurance cost each subsequent year. At about the age of 56 the actual cost of the insurance is higher than the premium charged and this actual cost continues to increase considerably above the amount of the premium for the rest of the life-time of the insured. It is during this period that the fund accumulated during the younger years of the insured is used to make up the deficit between the cost and the premium charge and thereby keep the premium level at all ages. It should be very evident that the level premium plan is the most practical form of life insurance in the first place because the insured knows in advance just how much he will have to pay for his life insurance each year, and in the second place because with increased age and consequent decreased earning power, on the level premium plan, the insurance premium does not increase as is the case with Fraternal and Assessment plans of insurance.

You have no doubt heard the terms Legal Reserve, Participating and Non-Participating Plans of Life Insurance. Next week we will explain these and at the same time briefly explain State Supervision of Life Insurance companies.

### JOINS M'GUIRE AND ORR

Alex L. Arragon, who has been a resident of Wilmette for many years, is now associated with McGuire and Orr, real estate operators, in their Winnetka office.

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## Wilmette Home Is Sold to Rogers Park Woman

The sale of the George E. Leal home at 822 Park avenue, Wilmette, to Mrs. M. F. Geherty of Rogers Park, Chicago, is among the transactions reported by George C. Kroll, of the Wilmette "L" terminal office of the real estate firm of Heinsen and Kroll, this week. Mrs. Geherty expects to make her home at the Park avenue address in the near future.

## N. T. BAND GETS THIRD PLACE

By the narrow margin of eight tenths of a point, the New Trier high school band lost second place in the state band contest held at Champaign last Saturday. Thornton was the opponent who nosed them out of second place and Joliet won first prize. There



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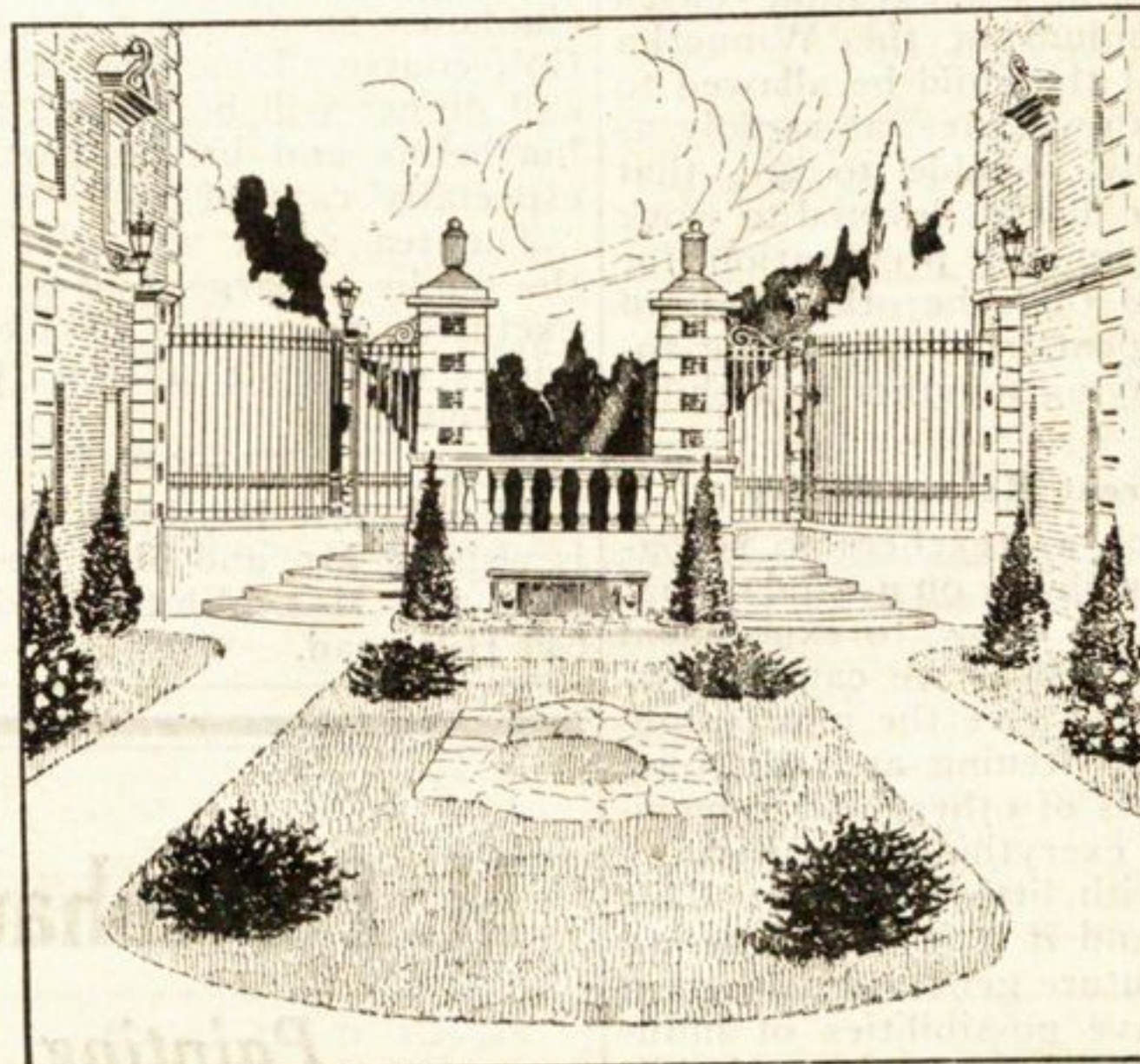
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