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# FEDERAL HOUSING ADMINISTRATION

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Annual Report

FOR THE YEAR ENDING DECEMBER 31, 1959

Julian H. Zimmerman, Commissioner

# TWENTY-SIXTH ANNUAL REPORT

OF THE

# FEDERAL HOUSING ADMINISTRATION

FOR THE

Year ending December 31, 1959

A reprint of Part III of the Thirteenth Annual Report
of the Housing and Home Finance Agency

UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON 2 1960

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## Federal Housing Administration

Under authority of the National Housing Act of June 27, 1934, as amended, the Federal Housing Administration operates housing loan insurance programs designed to encourage improvement in housing standards and conditions, to facilitate sound home financing on reasonable terms, and to exert a stabilizing influence in the mortgage market. The FHA makes no loans and does not plan or build housing.

As provided by the President's Reorganization Plan No. 3 of 1947, the FHA is a constituent agency of the Housing and Home Finance Agency.

The various FHA insurance programs are summarized

below

#### TITLE I

Section 2 of Title I of the National Housing Act authorizes the FHA to insure qualified lending institutions against loss on loans made to finance the alteration, repair, improvement, or conversion of existing structures and the building of small new nonresidential structures. FHA liability is limited to 90 percent of loss on individual loans and to 10 percent of all Section 2 loans made by an institution.

#### TITLE II

Section 203 of Title II authorizes the insurance of mortgages on new and existing one- to four-family dwellings. This section has accounted for over 70 percent of all mortgage insurance written by the FHA.

Section 203(h) (added to the Act in 1954) authorizes the insurance of mortgages in amounts up to \$12,000 and up to 100 percent of value on single-family homes to replace homes damaged or destroyed in major disasters.

Section 203(i) (added in 1954) authorizes the insurance of mortgages in amounts up to \$9,000 on single-family dwellings for families of low and moderate income, particularly in suburban and outlying areas. From 1950 to 1954, similar authority was provided in Section 8 of Title I. FHA insurance of mortgages in amounts up to \$9,000 on farm properties is also authorized under Section 203(i).

Section 207 authorizes the insurance of mortgages, including construction advances, on rental housing projects of eight or more family units, and on mobile home courts.

Section 213, added to Title II in 1950, authorizes the insurance of mortgages on cooperative housing projects of eight or more family units. This section also authorizes the FHA to furnish technical advice and assistance in the organization of the cooperatives and in the planning, development, construction, and operation of the housing projects.

Section 220, added in 1954, provides FHA mortgage insurance to assist in financing the rehabilitation of existing salvable housing and the replacement of slums with new housing, in areas that have been certified to the FHA by the Housing and Home Finance Administrator as eligible for this insurance.

Section 221, also added in 1954, authorizes mortgage insurance on low-cost relocation housing for sale or rent to families from urban renewal areas and families displaced by Government action. Mortgage insurance is available under Section 221 on both new and existing housing. Section 221 insurance is made available on request by the local or area authorities and after the HHFA Administrator has certified to the number of units needed, in a community that has a workable program approved by the Administrator for the elimination of slums and blight.

Section 222, added in 1954, authorizes the insurance of mortgages on dwellings owned as their homes by persons on active duty with the Armed Forces or the Coast Guard, on certification by the Secretary of Defense (or the Secretary of the Treasury, for Coast Guard personnel).

Section 223, added in 1954, authorizes the insurance under Sections 203, 207, 213, and 222 of mortgages on specified types of permanent housing sold by the Federal or State government. This authority is similar to that formerly provided under Section 610 of Title VI.

Section 225, added in 1954, authorizes the insurance of additional advances under an open end provision, in a mortgage insured under any section of the Act on a one-to four-family home, when the advances are made to finance repairs and improvements to the property and do not increase the outstanding principal to more than its original amount.

Section 231, added in 1959, authorizes the insurance of mortgages on new or rehabilitated rental housing projects or eight or more units designed for occupancy by elderly persons (62 years old or older).

Section 232, added in 1959, authorizes mortgage insurance on new or rehabilitated nursing homes that provide skilled nursing care and related medical services.

#### TITLE V

This title is now inactive except for outstanding mortgage insurance in force.

It authorized FHA mortgage insurance on housing for war workers and later for veterans, under Sections 603 and 608; insurance of short-term loans on manufactured housing under Section 609; mortgage insurance under Section 610 on specified types of permanent housing sold by the Government; and insurance of mortgages on projects of 25 or more single-family dwellings under Section 611.

The Housing Act of 1954 provided that no new insurance commitments should be issued under Title VI after August 2, 1954.

#### TITLE VII

Title VII, added in 1948, authorizes the insurance of a minimum amortization charge and an annual return on outstanding investments in rental housing projects for families of moderate income where no mortgage is involved.

#### TITLE VIII

Title VIII, added in 1949 (Wherry Act) and rewritten in 1955 (Capehart Act), authorizes under Section 803 the insurance of mortgages on housing built on or near military reservations for the use of personnel of the Armed Forces, on certification by the Secretary of Defense, and homes built for sale to civilians employed at military research and development installations.

Section 809, added in 1956, authorizes mortgage insurance on homes built for sale to essential civilian employees at military research and development installations.

Section \$10, added in 1959, authorizes mortgage insurance on not more than 5,000 units of off-base housing for military and essential civilian personnel of the Armed Services.

#### TITLE IX

This title, added to the Act in 1951 and now inactive, authorized FHA insurance of mortgages on housing programed by the Housing and Home Finance Administrator for critical defense areas.

## **PUBLICATIONS**

The following are the principal new or revised FHA publications issued in 1959. Unless otherwise indicated, they can be obtained without charge from the Federal Housing Administration, Washington 25, D.C.

ABC's of FHA. FHA 421, 1959.

Amortization and Mortgage Insurance Premium Tables for Home Mortgages To Be Insured under the National Housing Act. FHA 2042B, revised September 1959. 25 cents.\*

Annual Report. Twenty-fifth Annual Report of the Federal Housing Administration (for the year ending December 31, 1958). 60 cents.\*

Certified Agency Program. FHA 3660, 1959.

Engineering Soil Classification for Residential Developments. FHA 373, August 1959. 75 cents.\*

Estimating Ability To Pay for a Home. 92921-P, revised May 1959.

Federal Housing Administration Intern Program for Appraisers, Architectural Examiners, Loan Examiners. FHA 423, 1959.

FHA Facts for Home Buyers. 141595-P, revised October 1959.

FHA Home Owner's Guide. FHA 100, revised November 1959. 15 cents.\*

FHA Story in Summary, 1934-59. FHA 375, 1959. 20 cents.\*

Heat Loss Calculations. Technical Circular No. 7, revised August 1959. 40 cents.\*

How FHA Helps Improve Home-Building Techniques: A new FHA Technical Studies Program. FHA 191, revised May 1959. 10 cents.\*

Maximum Mortgage Amounts, Minimum Down Payments, and Monthly Mortgage Payments under Administrative Limits and Requirements Effective September 23, 1959. 118240-P (30-year term), 141388-P (25-year term), revised September 1959.

Minimum Property Standards for One and Two Living Units. FHA 300, revised July 1959. \$1.75.\*

Technical Studies by the Federal Housing Administration. FHA 470, 1959.

Your Home-Buying Ability: FHA Credit Analysis for Home Buyers. FHA 428, 1959.

## The Year in Summary

A new Commissioner, a 25th anniversary, a record volume of insurance, and new mortgage insurance programs were outstanding features of FHA history in 1959.

Julian H. Zimmerman, of Kansas, was appointed Federal Housing Commissioner on January 20 and confirmed by the Senate on January 28. He succeeded Norman P. Mason, who had resigned to become Housing and Home Finance Administrator.

On June 27, 1959, FHA completed its first quarter of a century—an event marked by the housing industry at ceremonies held in all parts of the country throughout the year. The most notable of these was the Industry Salute to FHA in Washington on June 18, sponsored by 16 industry groups and attended by the President of the United States, Members of Congress, the Housing Administrator, the FHA Commissioner, other Government officials, former FHA Commissioners, and representatives of industry.

Mortgage insurance was written in 1959 on 549,500 housing units. This number was the highest for any year since FHA was established. It included 200,200 units in new homes, 305,300 in existing homes, and 44,000 in multifamily projects. The number of new home units insured was 50 percent higher than in 1958 and the highest for any year since 1950. The number of existing home units was 19 percent above the previous record year of 1958. Multifamily units in 1959 were 32 percent below the number insured in 1958 but higher than for any other year since 1951.

The \$7.7 billion of insurance written in 1959 was 22 percent higher than the record volume of \$6.3 billion in 1958. In addition to \$6.1 billion in home mortgages and \$674.7 million in project mortgages, it included \$996.6 million of insurance on 1.1 million property improvement loans, which was the second highest yearly amount on record, exceeded only in 1953.

A lessening of the availability of mortgage money in the latter part of the year caused a more than seasonal decline in the volume of FHA applications.

As a means of helping to make more money available for FHA-insured mortgages, the Commissioner on September 23 increased the maximum interest rate on FHA-insured home mortgages to 5% percent and the rate on multifamily project mortgages to 5% percent.

The Housing Act of 1959 (Public Law 86-372, approved September 23, 1959) increased the general mortgage insurance authorization of FHA by \$8 billion, extended to October 1, 1960 the au-

thority to insure against loss on property improvement loans, and provided new mortgage insurance programs for housing for the elderly with both nonprofit and profit-motivated sponsorship, and for nursing homes. It also made changes in existing programs which are discussed in the following pages, and authorized various procedural changes.

The increase of \$8 billion in the mortgage insurance authorization brought the total authorization to about \$37.8 billion. At the end of 1959 about \$6.5 billion of the total remained unused.

FHA pays all its expenses and insurance losses out of income received from fees, insurance premiums, and interest on investments. Total FHA assets when the year ended were more than \$1 billion, including insurance reserves of \$813 million. In addition, FHA had distributed, from 1945 through 1959, more than \$100 million to homeowners as participation payments under the mutual mortgage insurance system.

The new FHA Minimum Property Standards

The new FHA Minimum Property Standards for One and Two Living Units became effective April 1 on an optional basis, and on July 1 their use became mandatory.

In November the Commissioner announced that, effective April 1, 1960, all board and framing lumber used in housing built under FHA inspection must be grade marked.

A conference of FHA directors was held in

Washington in June.

The Commissioner met during the year with advisory committees representing approved mortgagees, appraisal experts, and cooperative housing consumer interest groups.

Action was taken in 1959 to improve coordination between the central office and the field offices of FHA and to give directors in the field greater responsibility for overall management, through establishment of a directors' advisory committee. The 12 members (2 from each zone) who were elected by their fellow directors to serve on the committee met in Washington during the week of October 12 and recommended a number of procedures designed to improve administration and facilitate operations.

In the latter part of the year, Commissioner Zimmerman designated a committee of staff members to make a detailed study of home mortgage insurance under Section 203 of the National Housing Act, and another to study rental housing mortgage insurance under Section 207. Recommendations made by the committees were under study when the year ended.

The first public offering of participations in FHA-insured mortgages was made on May 21,

<sup>\*</sup>Available at price shown from Superintendent of Documents, U.S. Government Printing Office, Washington 25, D.C.

1959, by the Mortgage Corporation of America, a Maryland corporation, which offered \$1 million of 4% percent collateral trust notes secured by 5% percent Section 203 home mortgages.

## HOME MORTGAGES

With the insurance of more than half a million home mortgages in 1959, FHA marked its second successive record year in this field. Of the total number, about 200,200 mortgages were secured by newly built homes and about 305,300 by existing homes.

Backlogs in the insuring offices early in the year caused extensive use of the fee appraisers authorized in March 1958. Both insurance and applications for insurance fell off in the latter months of the year, as mortgage money became harder to find.

The new maximum interest rate of 5% percent that took effect September 23 was made applicable to mortgages insured under Sections 203 (the regular home mortgage insurance program), 220 (homes in urban renewal areas), 221 (relocation housing), and 222 (servicemen's homes), and to individual home mortgages insured under Section 213.

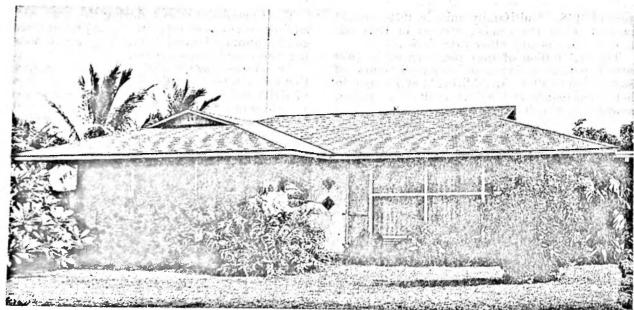
In October 1958, in order to conserve its dwindling insurance authorization, FHA had instituted the use of "Agreements to Insure" in place of formal commitments on certain mortgages insured under Sections 203, 220, 221, and 222. Agreements to Insure continued to be issued until September 23, when an additional mortgage insurance authorization of \$8 billion was provided by the Housing Act of 1959. At that time, outstand-

ing agreements to insure amounted to nearly \$5 billion, and the unused mortgage insurance authorization was slightly under \$1 billion. The Housing Act of 1959 prohibits the FHA from entering into further agreements of this kind.

The Act increased the maximum insurable mortgage on a single-family home under Section 203(b) from \$20,000 to \$22,500 and on a twofamily home from \$20,000 to \$25,000. The maximum mortgage under Section 203(i) was increased from \$8,000 to \$9,000, and the maximum mortgage for a serviceman's home insured under Section 222 was increased from \$17,100 to

Lower downpayments for Section 203 mortgages were authorized by the Housing Act of 1959: 3 percent of \$13,500 of value, plus 10 percent of the next \$4,500 of value, plus 30 percent of value above \$18,000. When the Act became law in September, however, mortgage money had been for several months increasingly difficult to obtain. The Commissioner felt that to make the new schedule effective immediately would only aggravate the situation by creating greater demand for the limited funds available, and for this reason he did not reduce FHA minimum downpayment requirements in 1959. The schedule in effect throughout 1959 and most of 1958 was 3 percent of \$13,500, plus 15 percent of the next \$2,500, plus 30 percent of value above \$16,000.

Progressively lower downpayment requirements in recent years and the 30-year term permitted since 1954 have made it possible for younger families to own their homes. The typical FHA buyer of a new home in 1959 was 33 years old, and the



An FHA home in the newest State, built in Kailua, Hawaii, by Q. C. Lum. A \$15,500 mortgage was insured by FHA under Section 203(b) of the National Housing Act.

typical buyer of an existing home was about 34 years old. Twenty years ago, the comparable ages were 36 and 40.

FHA distributed \$14.3 million in 1959 as participation payments under the Mutual Mortgage Insurance System to 122,409 homeowners who had paid in full their mortgages insured under Section 203. This brought the total of these payments to \$100.6 million and the number of homeowners receiving them to 845,038.

## Trade-in Housing

The Housing Act of 1959 contained a provision designed to facilitate trade-in housing transactions. Previously, when the mortgagor was a nonoccupant an insured mortgage was limited to not more than 85 percent of the amount available to an owner-occupant. The Housing Act of 1959 made it possible in a trade-in transaction for a nonoccupant mortgagor to obtain a loan in the same amount as an owner-occupant could obtain, provided that 15 percent of the mortgage proceeds was placed in escrow and applied to a reduction of the mortgage principal at the end of 18 months if the property had not by that time been sold to an owner-occupant. This meant that an owner-occupant could take over the mortgage insured in the name of the nonoccupant, thereby avoiding payment of all or a substantial part of the closing costs that would be incurred in a refinancing transaction. Since a large proportion of present-day home buyers already own homes and are buying again to take care of growing families, or because of improved circumstances or changed living conditions, an efficient trade-in procedure is essential to a smoothly functioning mortgage market.

## Certified Agency Program

After receiving an additional mortgage insurance authorization in September, FHA extended its Certified Agency Program to appropriate lo-calities and areas throughout the United States.

CAP brings FHA benefits to communities not easily reached by the FHA insuring offices, and shortens the time required for processing applications. Local FHA-approved mortgagees can be certified on request as FHA agents, and in this role can process applications on behalf of FHA under Sections 203 and 222, using the services of local appraisers and inspectors approved by FHA. After issuing a commitment for mortgage insurance the certified agent forwards the papers to the FHA insuring office for review and endorsement.

The program was put into operation in 7 States late in 1957, on an experimental basis, and was extended the following year to include 21 FHA offices in 19 States.

At the end of 1959, about 3,000 certified agents had been appointed, about 2,000 appraisers and 1,250 inspectors had been approved, and 30,944 mortgages had been insured under the program.

Of these mortgages, 5,291 were on new homes and 25,653 on existing homes.

A procedural change made in 1959 requires that approval of a mortgagee as a certified agent be made in the central office of FHA in Washington, rather than by the insuring office in the field.

## MULTIFAMILY RENTAL HOUSING

The Housing Act of 1959 increased the maximum mortgage amount insurable under Section 207 for private corporations from \$12.5 million to \$20 million, the per-room limitation from \$2,250 to \$2,500 (from \$2,700 to \$3,000 on elevatorequipped structures), and the per-unit limitation in projects of fewer than four rooms per unit from \$8,100 to \$9,000 (and from \$8,400 to \$9,400 in elevator structures). The additional per-room allowance in high-cost areas was increased from \$1,000 to \$1,250.

The Act also authorized an increase in the maximum interest rate on Section 207 mortgages to 51/4 percent. The Commissioner made the increase

effective immediately.

Mortgages were insured under Section 207 in 1959 on 94 projects with a total of 14,076 units, the largest number of units for any year to date. The amount of insurance, \$187.1 million, was also larger than in any preceding year. Aggregate insurance from the beginning of operations under this section through 1959 totaled \$816.8 million and represented 1,034 projects with 111,208 rental units.

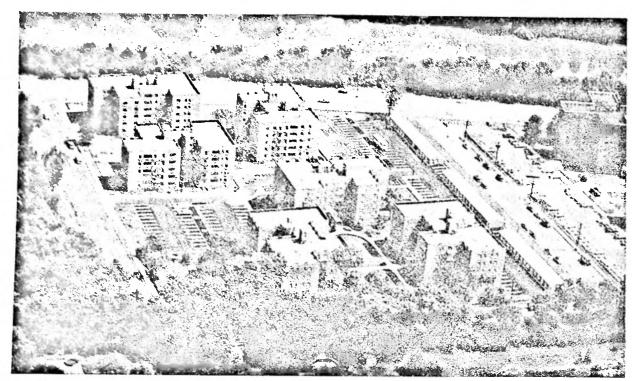
A survey on March 15, 1959 of occupancy in more than 450,000 rental units with FHA mortgage insurance in force (including projects financed under Sections 207, 220, 221, 608, 803 (Wherry housing), and 908) showed an overall vacancy rate of 3.9 percent.

Mortgages on trailer courts are insurable under Section 207. The Housing Act of 1959 increased the maximum mortgage amount from \$300,000 to \$500,000 and the maximum amount per space from \$1,000 to \$1,500. The Commissioner by administrative action effective September 23, 1959 increased the maximum loan-value ratio to 75 percent and the maximum maturity from 10 years to 15 years.

## COOPERATIVE HOUSING

Provisions for insurance of mortgages on cooperative housing were liberalized considerably by the Housing Act of 1959.

For management-type projects, maximum mortgage amounts per project, per unit, and per room were made consistent with those for rental projects insured under Section 207. The ratio of loan to replacement cost was increased from 90 percent (or 95 percent for veterans' projects) to 97 percent for both veterans' and nonveterans' projects. For investor-sponsored projects the ratio was increased from 85 percent to 90 percent.



Kent Village, Paterson, N. J., built in two sections of 120 apartments each; financed with two mortgages totaling \$2,868,600 insured by FHA under Section 207 of the National Housing Act. Architect, Alex Steiner; builder, Kent Village, Inc.

Existing housing was made eligible for mortgage insurance under Section 213, with the loan ratio of 97 percent based on the value of the property for continued use and occupancy as a cooperative.

The new Act provides that an investor-sponsored project can have included in the insured mortgage commercial and community facilities adequate to serve the project. This was formerly allowed in management-type projects only.

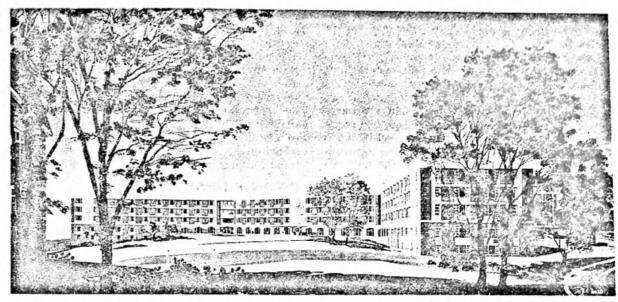
Insured mortgages on sales-type projects can now include community facilities adequate to serve the housing, and the FHA recommends that such facilities be provided. When provided, they will continue to be owned and operated by the cooperative corporation after the individual owners take title to the houses.

As authorized in the 1959 Act, the Commissioner on September 23 increased the maximum permissible interest rate on Section 213 project mortgages to 5½ percent and the maximum rate on individual home mortgages to 5¾ percent.

FHA insured in 1959 mortgages totaling \$65.6 million on 125 cooperative projects providing housing for 4,453 families. Of these, 100 projects with 1,396 homes were sales-type and 25 with 3,057 units were management-type. From 1950 through 1959, mortgages totaling \$622.6 million were insured under Section 213 on 1,097 projects with 56,615 units. Thirty-eight States now have Section 213 housing.



Royal Palms Apartments, Los Angeles, Calif.—a cooperative project financed with a mortgage of \$1,791,900 insured by FHA under Section 213 of the National Housing Act. The 164 families who jointly own the property pay monthly charges ranging from \$78 to \$148.



Army Distaff Hall, Washington, D.C., will house 300 widows and other elderly female dependents of Army officers and Reserve officers. A mortgage is to be insured by FHA under the provisions of Section 231 of the National Housing Act. Mrs. Eisenhower is honorary chairman of the Women's Advisory Committee of the Army Distaff Foundation, a nonprofit organization formed to sponsor the project. Architect, Edwin Weihe; builder, Charles H. Tompkins Co.

At the end of 1959, insurance was in effect on an outstanding balance of \$330.7 million involving 249 cooperative projects. The growing volume of insurance increases the responsibility of FHA for giving technical advice and assistance to the cooperatives as provided in the National Housing Act.

There were no foreclosures of Section 213 project mortgages in 1959.

## HOUSING FOR THE ELDERLY

Opportunities through FHA to provide suitable rental housing for persons 62 years old and older were extended by the Housing Act of 1959 to corporations operating for profit. Before the Act became effective, FHA insurance of mortgages on such housing was available only when the sponsors were nonprofit organizations.

The great and growing need for housing within the means of elderly persons and planned for their special requirements has brought about nationwide response to the FHA program in operation since 1956. Sponsorship has come from a wide variety of sources: churches, nationality groups, labor and professional organizations, fraternal and civic associations, and others.

The 13 projects completed at the end of 1959 provide housing for 1,694 families and individuals. The insured mortgages given to finance them total \$12.6 million. Twenty-three other projects were under construction when the year ended. They will provide 2,218 additional units and the mortgages total \$21.6 million.

The 36 projects completed or under construction are scattered through 20 States from Connecticut to California. They vary in size from

12 to 550 units. They include new and rehabilitated housing in one-story buildings and in high-rise elevator structures. They may be located anywhere from a downtown section of a large city to a quiet rural area.

The important thing is that they are bringing about improved housing conditions for the elderly. They are helping to direct attention to the problem, and demonstrating the variety of approaches to its solution.

In addition to the 36 projects completed or under construction, mortgages on three others had been insured at the end of 1959, commitments were outstanding on 8 more, and still another 12 were being processed for insurance. There has been some degree of activity under the program in every State.

The Housing Act of 1959 added a new Section 231 to Title II of the National Housing Act, replacing the authority formerly contained in Section 207 to insure mortgages on rental housing specially designed for the use of elderly persons. Aside from making the projects of profit-motivated sponsors eligible for insurance, Section 231 offers the insurance on terms similar to those previously offered under Section 207. Mortgages on projects of eight or more units may be insured. The mortgage ceiling is \$12.5 million for a private mortgagor and \$50 million for a public mortgagor. There is a further limitation of not more than \$9,000 per unit for garden-type projects and \$9,400 for elevator-equipped projects, and these per-unit amounts can be increased by \$1,250 per room in designated high-cost areas.

If the mortgagor is a public instrumentality or a private nonprofit organization, the mortgage is also limited to not more than 100 percent of estimated replacement cost (for proposed construction) or 100 percent of estimated value (for rehabilitated properties). For mortgagors operating for profit, the ratio is 90 percent.

Applications that were in process under the applicable provisions of Section 207 when the Housing Act of 1959 took effect were transferred to the new Section 231. At the end of 1959, one mortgage had been insured under this section on a nonprofit project. Complete regulations for profit projects had not yet been issued to the field offices when the year ended, and consequently no applications had been accepted on such projects, although much interest on the part of potential sponsors was apparent.

## **NURSING HOMES**

FHA prepared in 1959 to enter a new field of activity authorized by the Housing Act of 1959the insurance of mortgages on urgently needed nursing homes. The development of regulations and minimum property standards was begun immediately with advice from authorities on nursing care and construction methods.

The insurance will apply to mortgages on privately owned nursing homes for the care and treatment of convalescents and other patients who are not acutely ill and do not need hospitalization but who do need skilled nursing care and related medical services.

Before FHA insures a mortgage on such a home, the appropriate State agency must have certified that the home is needed and that reasonable minimum standards for licensing and operating nursing homes are in force in the State and will be enforced in the home on which the mortgage is to be insured.

The mortgage amount is limited to not more than \$12.5 million and not more than 75 percent of the FHA estimate of value. The property securing the mortgage may be a new or rehabilitated nursing home which has at least 20 beds.

## **URBAN RENEWAL**

Maximum insurable mortgage amounts for housing in urban renewal areas were increased by the Housing Act of 1959.

Mortgages can be insured under Section 220 on 1- to 11-family home properties in urban renewal areas, and for these the maximum mortgage amount is the same as under Section 203 for 1- to 4-family homes, with an additional \$7,000 for each Section 220 unit above 4. Ratios of loan to value for existing homes under Section 220 are the same as under Section 203. For new construction under Section 220, the same ratios apply to estimated replacement cost.

The new provision under Section 203 for tradein transactions applies also under Section 220.
On September 23, 1959, the Commissioner in-

creased the interest rate ceiling under Section 220



Plaza Square Apartments, in an urban renewal area of downtown St. Louis, Mo., was financed with four FHA-insured Section 220 mortgages totaling \$13,793,000. The six buildings together contain 1,090 apartments with 3,480 rooms. There are 348 underground garage spaces and 235 surface parking spaces. Architects, Hellmuth, Obata & Kassabaum, Inc., and Harris Armstrong; builders, Fruin-Colnon Construction Co. and Paul Tishman Co.

to 534 percent for home mortgages (1 to 11 units) and to 51/4 percent for mortgages on multifamily projects of 5 or more units.

For multifamily project mortgages (five or more units) the maximum insurable amount is now \$20 million. The limitations per room and per unit are the same as for rental housing under Section 207.

The insurable mortgage on a rental project may cover exterior land improvements not included in the per-room or per-unit limitation, as well as nondwelling facilities to serve the occupants of the project and the neighborhood.

Mortgages insured under Section 220 as amended by the Housing Act of 1959 can be used to finance rehabilitated housing.

Thirty-one urban renewal projects were certified by the HHFA Administrator in 1959 as eligible for Section 220 mortgage insurance. Mortgages totaling \$100.9 million on 33 multifamily projects with 7,627 family units were insured during the year under this section, as well as mortgages for \$2.3 million on home properties with 238 units. Altogether, since Section 220 was enacted in 1954, FHA has insured mortgages for \$201.7 million on 75 multifamily projects with 16,489 units and mortgages for \$14.1 million on home properties with 1,305 units.

The mortgage insurance provisions for relocation housing under Section 221 were also amended by the Housing Act of 1959. One- to four-family

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homes with owner-occupant mortgagors are now eligible for mortgage insurance in amounts up to \$9,000 for a one-family dwelling, \$18,000 for a two-family dwelling, \$25,000 for a three-family dwelling, and \$32,000 for a four-family dwelling. For operative builders the respective limits are \$7,650, \$15,300, \$21,200, and \$27,200. Provision is made for higher mortgage amounts in high-

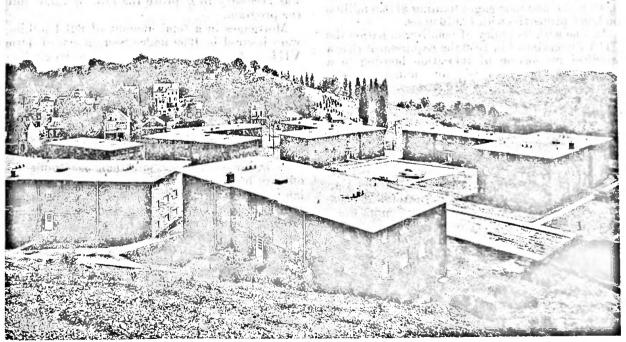
Profit-motivated corporations were made eligible for FHA-insured rental housing mortgages under Section 221. The mortgage limitations of \$12.5 million and \$9,000 per family unit (or \$12,000 in high-cost areas) apply to both profit and nonprofit mortgagors, but the maximum ratio of loan to replacement cost for new construction and loan to value for rehabilitated properties is 100 percent for nonprofit morgagors and 90 percent for profit mortgagors. The Act also provided that families displaced from the environs of a community having a workable program could

be eligible for Section 221 housing.

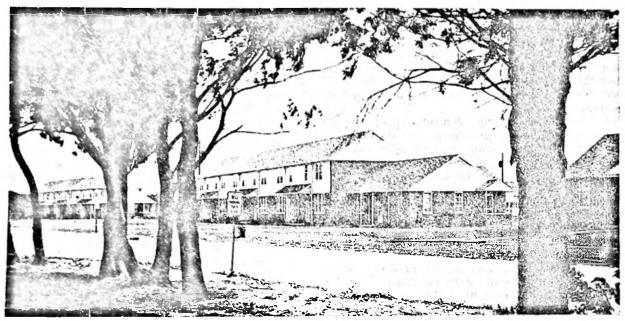
Interest rate ceilings under Section 221 were raised on September 23, 1959 to 53/2 percent for home mortgages and to 51/4 percent for project mortgages.

The HHFA Administrator in 1959 certified 17.915 units in 97 localities as eligible for Section 221 relocation housing. This brought total certifications to 105,375 units in 298 localities.

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A section of Spring Hill Gardens, Pittsburgh, Pa., relocation rental housing sponsored by Action-Housing, Inc., mortgages insured by FHA under Section 221 of the National Housing Act. The entire project has 209 apartments in 19 two-story brick veneer buildings. Rents of \$77.50 to \$97.50 include all utilities except electricity.



Capehart housing for noncommissioned officers at Dover Air Force Base, Del. Mortgage insured by FHA under Section 803 of the National Housing Act.

Mortgages totaling \$13.2 million were insured under Section 221 in 1959 on six multifamily projects providing 1,545 family units, and mortgages totaling \$69.5 million were insured on 7,746 home properties. This brought the grand total insured under Section 221 since 1954 to 17 mortgages totaling \$30.5 million on multifamily projects with 3,569 units, and mortgages totaling \$113.8 million on home properties with 12,676 units.

In line with its policy of nondiscrimination the FHA discontinued in 1959 the requirement that a specified proportion of relocation housing in a community be reserved for minority-group occupancy.

## ARMED SERVICES HOUSING

From 1955 through 1959, the FHA insured mortgages totaling \$1.4 billion on rental housing for 88,459 members of the Armed Forces and their families under the Capehart provisions of Title VIII, Section 803 of the National Housing Act. From 1949 through 1957, mortgages totaling \$683 million on rental projects with 84,883 units were insured under the Wherry provisions of the same section, which is no longer active.

Insurance in 1959 under the Capehart provisions covered 16,068 units and amounted to \$305.7 million.

An amendment made by the Military Construction Act of 1959 (Public Law 86-149, approved August 10, 1959) provides that not more than 20.000 family units shall be contracted for under Section 803 after June 30, 1959.

Effective March 2, 1959, the interest rate ceiling for Section 803 mortgages was raised from 41/4 percent to the statutory maximum of 4½ percent. This was done after recommendation by the Department of Defense, and after an analysis of the mortgage market indicated that an increase was necessary to improve the flow of funds into the program.

Mortgages in a total amount of \$21.4 million were insured in 1959 under Section 809 of Title VIII, on 1,619 homes for sale to essential civilian employees at research and development installations of the military departments. Altogether, 3,673 mortgages totaling \$47.2 million have been insured under this section since it was enacted in 1956.

A new Section 810 was added to Title VIII by the Housing Act of 1959, authorizing FHA mortgage insurance on not more than 5,000 units of off-base housing for military and essential civilian personnel of the Armed Services. The mortgage amount on multifamily rental housing provided under this section is limited to not more than \$2,500 per room (or \$9,000 per family unit if the number of rooms is less than 4 per unit), and to not more than 90 percent of estimated value. The per-room limitation can be increased by not more than \$1,000 in high-cost areas.

The Housing Act of 1959 extended FHA authority to insure mortgages under Title VIII to October 1, 1961. The previous expiration date was September 30, 1960.

## PROPERTY IMPROVEMENT LOANS

The number of property improvement loans insured annually went over the million mark for the first time in 1947 and has never dropped below a million in any succeeding year.

About 1.1 million loans with net proceeds of \$996.6 million were insured by FHA in 1959. The average loan amount was \$909. From 1934 through 1959 the insurance covered 23.4 million loans with net proceeds totaling \$12.4 billion.

The call report of insured institutions as of December 31, 1959 showed 2.6 million loans outstanding with \$1.8 billion in unpaid balances (including financing charges) the largest amount on record. Of the 2.6 million loans outstanding, 1.12 percent were reported as delinquent 90 days or more. This ratio exceeded the low record of 0.98 percent on June 30, 1959, but was the second most favorable in the last 20 years.

FHA paid 19,871 insurance claims in 1959, totaling \$10.1 million. The number of claims paid was 4 percent below the number paid in 1958, and was the lowest number in the last 12 years. Recoveries on defaulted notes amounted to \$7.3 million during the year.

New contracts of insurance were issued to 509 financial institutions in 1959. The average number of institutions holding contracts of insurance during the year was 8,848, with an average of 3,875 actively participating in the program.

The contracts of 2 lending institutions were terminated during the year and the contracts of 15 others were suspended.

The Housing Act of 1959 extended FHA authority to insure lenders against loss on property improvement loans so as to apply to loans made before October 1, 1960.

Not more than \$1,750 million of unpaid net proceeds of such loans may be outstanding at any time. At the end of 1959, the amount outstanding was \$1,553 million, leaving an unused authorization of \$197 million.

FHA continued in 1959 its efforts to forestall claim losses on property improvement loans. Its regional financial representatives worked closely with insured lenders for this purpose. The preclaim assistance plan put into operation early in 1958 has proved to be effective, with 1,900 lending institutions participating (650 more than in 1958). Under the plan, lenders who are about to file claims notify the FHA insuring offices, which in turn notify the debtors that the Government is about to take over collection of their accounts.

The "coordination plan" inaugurated in 1958, through which the Comptroller of the Currency, the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Federal Home Loan Bank Board, and the FHA exchange information about unsatisfactory conditions found in their examination of lending institutions, is to be augmented by cooperation with the various State banking departments. The National Association of Better Business Bureaus and Dun and Bradstreet have also joined in the plan.

The discouragement of unethical dealers con-

tinued in 1959, with 595 names placed on the precautionary measures list during the year, 815 cases referred to the Compliance Division of HHFA for investigation of possible criminal violations, and 249 cases referred direct to United States attorneys throughout the country.

On October 22, 1959, the Commissioner approved built-in kitchen appliances as eligible for property improvement loan insurance. A built-in appliance is defined as a gas or electrical unit designed and installed as a permanently attached, integral part of the kitchen, in a single-family home owned and occupied by the borrower. At least \$600 of the loan proceeds must be used to alter, repair, or improve the kitchen.

Approval of built-in items was given to facilitate an upgrading of existing homes in need of modernization.

## AGGREGATE INSURANCE VOLUME

From the beginning of FHA operations through December 31, 1959, FHA insurance totaled more than \$61 billion, of which \$30.8 billion was outstanding at the end of 1959. Total insurance written included \$12.4 billion in 23.4 million property improvement loans, \$41.4 billion on 5.2 million home mortgages, and \$7.3 billion on 10,305 multifamily projects housing 841,500 families.

Insurance outstanding at the end of 1959 included \$23.8 billion in home mortgages, \$5.4 billion in project mortgages, and \$1.6 billion in property improvement loans.

Detailed statistics on the volume and characteristics of mortgages and loans insured are presented in Sections 2 and 3 of this report.

## FORECLOSURES AND LOSSES

From 1934 through 1959, the FHA acquired through foreclosure or the assignment of mortgage notes 99,945 units of housing representing 1.6 percent of the 6.3 million units on which mortgages had been insured since the beginning of operations. Of the acquired units, 55,803 had been sold by the end of 1959 and 44,142 remained on hand.

Losses realized on properties acquired and sold by FHA from 1934 through 1959 amounted to 15 one-hundredths of 1 percent of the total amount of mortgage insurance written. Losses to the Mutual Mortgage Insurance Fund on sale of acquired properties under Section 203 amounted to 2 one-hundredths of 1 percent.

In addition to the actual losses realized, FHA has provided \$113.1 million for estimated future losses on the 44,142 units that remained on hand at the end of 1959.

## FINANCIAL POSITION

Gross income of the FHA from fees, insurance premiums, and investments during the fiscal year 1959 totaled \$181.5 million. Expenses of operation during the fiscal year were \$52.7 million, leaving excess of gross income over operating expenses

of \$128.7 million.

From the establishment of the FHA in 1934 through June 30, 1959, its gross income totaled \$1.6 billion and its operating expenses amounted to \$562.9 million. Expenses during the first 3 fiscal years, 1935 through 1937, were met from funds advanced through the Reconstruction Finance Corporation by the U.S. Treasury. During the following 3 fiscal years, 1938 through 1940, partial payments of operating expenses were met from income. Since July 1, 1940, operating expenses have been paid in total by allocation from the various insurance funds.

In fiscal year 1954, the FHA completely repaid its indebtedness to the U.S. Treasury Department, including principal and interest in the amount of \$85.8 million for funds advanced by the Treasury to pay salaries and expenses during the early years of FHA operations and to establish certain in-

surance funds.

At June 30, 1959, FHA had total statutory and insurance reserves of \$757.9 million accumulated from earnings. Of this amount, \$632.1 million was in the insurance reserves and \$125.8 million in the statutory reserve. Insurance reserves are available for future losses and expenses, while the statutory reserve is available for future losses, expenses, and participation payments under the mutual provisions of the National Housing Act.

Total reserves of each insurance fund at June 30, 1959 are shown below:

Title I Insurance Fund	\$78, 510, 545
Title I Housing Insurance Fund.	4, 871, 040
Mutual Mortgage Insurance Fund	
Housing Insurance Fund	
Section 220 Housing Insurance Fund	
Section 221 Housing Insurance Fund	
Servicemen's Mortgage Insurance Fund	6, 741, 340
War Housing Insurance Fund	
Housing Investment Insurance Fund	911, 104
Armed Services Housing Mortgage Insur-	
ance Fund	16, 371, 863
National Defense Housing Insurance Fund_	<b>6, 413, 986</b>
Transaction of an impact of the	
Total	757, 912, 171

## <sup>1</sup> Includes statutory reserve of \$125,814,081.

## FHA DEBENTURES

When a mortgage insured by FHA goes into default, the mortgagee can acquire the property by foreclosure or otherwise and transfer it to the FHA Commissioner in exchange for 20-year FHA debentures guaranteed as to principal and interest by the United States. If the mortgaged property is a multifamily project, the mortgagee has the option of assigning the mortgage to the Commissioner in exchange for debentures.

The Commissioner establishes an interest rate on FHA debentures every 6 months comparable with the rate on similar Government securities as determined by the Secretary of the Treasury.

The interest rate on FHA debentures was increased, effective July 1, 1959, from 3¾ percent to 4½ percent. No further increase was made at the end of the following 6 months.

FHA policy is to call its debentures, with the approval of the Secretary of the Treasury, whenever the cash position of the various insurance

funds permits.

On March 24, 1959, the Commissioner issued a call for redemption on July 1, 1959, of approximately \$18.9 million of debentures at par plus accrued interest. The debentures to be redeemed were obligations of the Title I Housing Insurance Fund (\$357,750), the Mutual Mortgage Insurance Fund (\$2,706,500), the Section 221 Housing Insurance Fund (\$8,900), the Servicemen's Mortgage Insurance Fund (\$100,850), the War Housing Insurance Fund (\$15,000,000), and the Armed Services Housing Mortgage Insurance Fund (\$750,000).

# SECTION 608 AND SECTION 803 RECOVERY PROGRAM

The purpose of the Section 608 and Section 803 recovery program is to reduce FHA risk on mortgages insured under these sections of the National Housing Act.

If the amount of the insured mortgage was excessive in relation to actual construction cost, the subsequent disposition of the excess mortgage proceeds is considered a "windfall." A recovery of this amount to the project corporation or a reduction of the mortgage indebtedness is the aim of

windfall setttlement negotiations.

With respect to Section 608 projects, FHA during 1959 negotiated settlement agreements in 6 cases involving 16 projects, thereby effecting a reduction of approximately \$170,000 in risks on its contracts of insurance. Through joint negotiations with the Department of Justice, FHA participated in 1959 in settlement of 9 additional cases involving 17 projects and aggregating recoveries of \$1,254,000. Thus, 15 cases involving 33 projects, aggregating recoveries of \$1,424,000, were settled during the year.

Combined recoveries effected by the FHA and the Department of Justice since the inception of the Section 608 recovery program have aggre-

gated \$36,869,000.

In 1959, FHA referred to the Department of Justice 1 case involving 2 projects representing original claims in the amount of \$124,480 following noncompliance with settlement agreements. Of 3 cases previously referred to the Department of Justice, 2 had been settled, aggregating original claims of \$658,320. At the end of the year there were pending with the Department of Justice 2

cases involving 3 projects, aggregating original claims in the amount of \$282,155, for action by reason of noncompliance with the settlement agreements.

With respect to Section 803 (Wherry) projects, of which 276 have been insured, available information discloses that, at the end of 1959, 208 projects had been acquired by the various service agencies of the Department of Defense through negotiated purchase or court condemnation, or were definitely scheduled for acquisition.

In 46 of the 68 remaining projects, no actionable claim exists; 5 projects require further review; 12 projects indicate the realization of excess mortgage proceeds aggregating \$3,023,454 and negotiations to effect settlement are now in progress; and 4 projects have been referred to the Department of Justice for action in conjunction with foreclosure proceedings or for failure to supply information requested by FHA. One project was settled in 1959 and involved a recovery of \$40,000.

## ORGANIZATION AND PERSONNEL

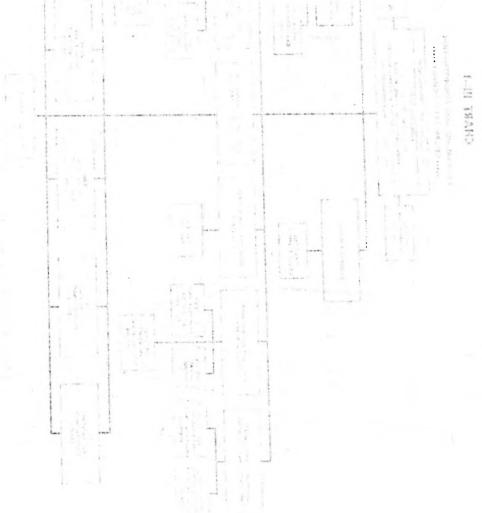
Chart III-1 shows the organization of the central office of FHA at the end of 1959. About 23 percent of all full-time employees are located here. The other 77 percent are in the 138 FHA field offices throughout the United States.

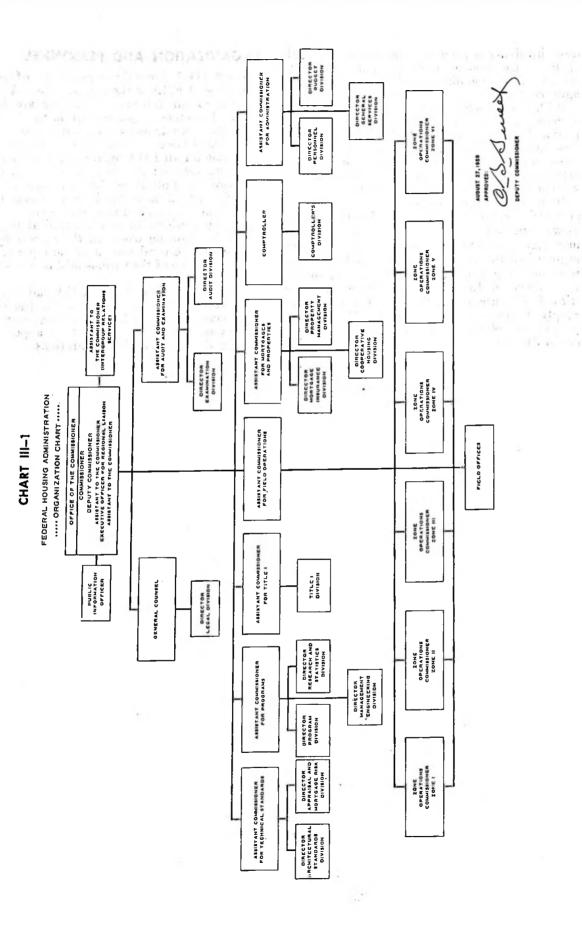
The field offices include 75 insuring offices, responsible for all FHA operations in their respective jurisdictions; 16 service offices which receive and process applications for mortgage insurance and forward them to the insuring offices for review, commitment, and final endorsement; and 47 valuation stations, in which technical personnel serve the insuring offices in their areas by preparing architectural and valuation reports.

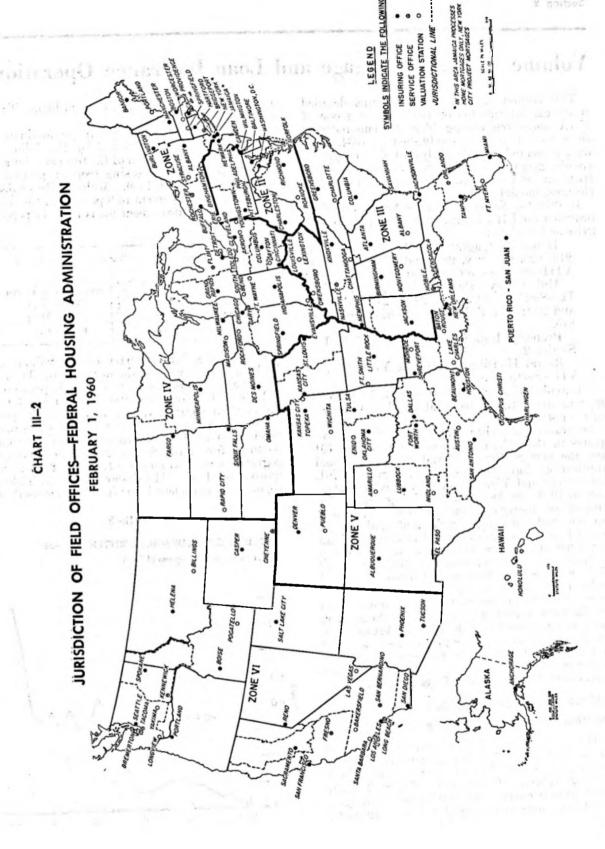
The location of the various field offices is shown

in Chart III-2.

At the beginning of 1959, FHA had 6,714 fulltime employees. By December 31, the number had increased to 6,972. The average during the year was 6,950. There were 1,231 appointments during the year, and 973 separations.







## TABLE III-1.—Mortgages and loans insured by FIIA, 1984-59

[Dollar amounts in thousands]

Volume of FHA Mortgage and Loan Insurance Operations

This section of the report contains detailed statistical information on the size and scope of FHA operations during 1959 and cumulatively since the agency was established in 1934. The data presented include analyses reflecting yearly trends, geographical distributions, financial institution participation, terminations and foreclosures, and default experience.

In 1959, the National Housing Act, as amended, provided for FHA insurance under the following

titles and sections:

Home Mortgages: Title II—Sections 203, 213, 220, 221, 222, 223, and 225; and Title VIII—Sections 809 and 810.

Multifamily Project Mortgages: Title II—Sections 207, 213, 220, 221, 223, 231, and 232; and Title VIII-Sections 803 and

Property Improvement Loans: Title I-Section 2.

Rental Housing Investment Yields: Title VII—Section 701.

An explanation of the purposes of the various sections and titles appears at the beginning of

this report. Insurance was written under most of these programs in 1959, the exceptions being Section 701 and the new Sections 232 and 810. No formal applications have been filed under Section 701, Investment and Yield Insurance, since its inception in 1948. Section 232, providing for the insurance of mortgages on nursing homes, and Section 810, covering single and multifamily rental housing for military and essential civilian personnel serving in connection with military installations, were added by the Housing Act of 1959 and no applications had been submitted under these programs prior to the end of the year. Activity under Section 231, designed to facilitate the financing of housing for the elderly, was also authorized by the Housing Act of 1959, but the development of this program was speeded by the transfer to the new program of projects developed and cases processed under the earlier

## SUMMARY OF OPERATIONS Combined Insurance Activity

FHA insured over \$7.7 billion of mortgages and loans during 1959-an increase of 22 percent over 1958 and the second successive record year for volume of insurance (Chart III-3). The insurance covered 495,000 home mortgages, project mortgages involving 44,000 dwelling units,

elderly-housing provisions of Section 207.

and 1,097,000 property improvement loans (Table III-1).

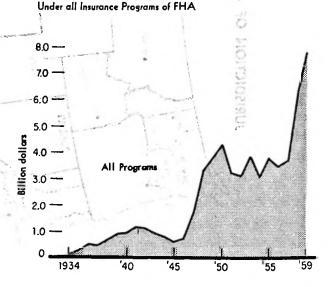
Home mortgages continued to predominate in FHA operations as indicated by the following table, with the proportion of the total attributable to these programs increasing from 72 percent in 1958 to 78 percent in 1959. Multifamily projects declined from 14 percent to 9 percent of the total, and property improvement loans from 14 percent to 13 percent.

Type of program	Year	1959	1934-59		
Home mortgages Multifamily project mortgages Property improvement loans	Rillions of dollars 6.1 .7 1.0	Percent 78 9 13	Billions of dollars 41. 4 7. 3 12. 4	Percent 68 12 20	

A comprehensive summary of the volume of FHA insurance written during each of the last 2 years and cumulatively since 1934 is presented in Table III-2 for each title and section of the National Housing Act. In 1959, over 82 percent of all insurance written was under the provisions of Title II, with 73 percent of the total accounted for by the Section 203 home mortgage program—a marked increase from the 66 percent reported for 1958. The dollar volume of Title I property improvement loans insured increased by

#### CHART III-3

## **VOLUME OF INSURANCE WRITTEN, 1934-59**



Year	Total—all programs <sup>1</sup>	Home mortgage programs		Project mortgage programs		Property Improvement loans		Manufactured housing loans	
	Amount	Number	Amount	Units	Amount	Number	Net proceeds	Number	Amount
1934	\$27, 406 297, 495 532, 581 489, 200 671, 593 925, 262	23, 397 77, 231 102, 076 115, 124 164, 530	\$93, 882 308, 945 424, 373 485, 812 694, 764	738 624 3,023 11,930 13,462	\$2, 355 2, 101 10, 483 47, 638 51, 851	72, 658 635, 747 617, 697 124, 758 376, 480 502, 308	201, 258 221, 535 54, 344 138, 143		
1940	1, 120, 839	177, 400 210, 310 223, 562 160, 402 146, 974	762, 084 910, 770 973, 271 763, 097 707, 363	3, 559 3, 741 5, 842 20, 179 12, 430	12, 949 13, 565 21, 215 84, 622 56, 096	653, 841 680, 104 427, 534 307, 826 389, 615	228, 007 126, 354		
1045	755, 778 1, 788, 264 3, 340, 865	96, 776 80, 872 141, 364 300, 034 305, 705	474, 245 421, 949 894, 675 2, 116, 043 2, 209, 842	4, 058 2, 232 46, 604 79, 184 133, 135	19, 817 13, 175 359, 944 608, 711 1, 021, 231	501, 441 799, 304 1, 247, 613 1, 357, 386 1, 246, 254	170, 923 320, 654 533, 645 614, 239 593, 744	3 196	\$1, 872 1, 468
1950	3, 210, 836 3, 112, 782 3, 882, 328	342, 582 252, 612 234, 426 261, 541 214, 237	2, 492, 367 1, 928, 433 1, 942, 307 2, 288, 626 1, 942, 266	154, 597 74, 207 30, 839 30, 701 28, 257	1, 156, 681 583, 774 321, 911 259, 194 234, 022	1,447,101 1,437,784 1,495,741 2,244,227 1,506,480	693, 761 707, 070 848, 327 1, 334, 287 890, 606	175 131 85 40 115	569 560 237 221 356
1955	3, 460, 468 3, 716, 980 6, 328, 597	310, 870 248, 121 198, 429 381, 883 495, 172	3. 084, 767 2, 638, 230 2, 251, 064 4, 551, 483 6, 069, 418	9, 431 11, 177 43, 609 64, 953 43, 976	76, 489 130, 247 597, 348 908, 671 674, 682	1, 024, 698 1, 013, 086 1, 111, 962 1, 038, 315 1, 096, 635	645, 645 691, 992 868, 568 868, 443 996, 642		36
Total 6	61, 074, 824	5, 271, 660	41, 430, 076	841, 488	7, 268, 772	23, 356, 575	12, 370, 661	756	5, 316

<sup>1</sup> Throughout this report, component parts may not add to the indicated totals because of negative adjustments or rounding of numbers <sup>2</sup> Includes the following sections listed in order of enactment date: Sec. 203, June 27, 1934; Sec. 2 (Class 3), Feb. 3, 1938; Sec. 603, Mar. 28, 1941; Sec. 603-610, Aug. 5, 1947; Sec. 8, Sec. 213 (individual home mortgage provisions), and Sec. 611 (individual home mortgage provisions), Sep. 2, 1954; Sec. 203, Sept. 1, 1951; Sec. 220 (individual home mortgage provisions), Sec. 221 (Individual home mortgage provisions), Sec. 221 (Individual home mortgage provisions), Sec. 222, aud Sec. 225, Aug. 2, 1954; Sec. 809, June 13, 1956

Includes the following sections listed in order of enactment date: Sec. 207,
 June 27, 1934; Sec. 210, Feb. 3, 1938; Sec. 608, May 26, 1942; Sec. 608-610, Aug.
 1947; Sec. 611 (project mortgage provisions), Aug. 10, 1948; Sec. 803, Milli-

tary Housing, Aug. 8, 1949; Sec. 213 (project mortgage provisions), Apr. 20, 1959; Sec. 908, Sept. 1, 1951; Sec. 220 (project mortgage provisions) and Sec. 221 (project mortgage provisions), Aug. 2, 1954; Sec. 803, Armed Services Housing, Aug. 11, 1955; Sec. 231 (project mortgage provisions), Sept. 23, 1955.

4 Sec. 2 (Classes I and 2), enacted June 27, 1934. Data are based on loans tabulated in Washington. The increase in 1953 loans over 1952 loans insured is due in part to authorization controls which resulted in a tabulation backlog of approximately \$2.00 million as of December 31, 1952. See text of 1953 FHA Annual Report, pages 126–128, for detailed explanation.

4 Sec. 609, enacted June 30, 1947.

5 Cumulative data shown in this report represent volume of operations from the dates of enactment of the various programs.

15 percent, but the proportion of the overall total declined from 14 to 13 percent. The decrease in the total amount of project mortgage insurance was almost entirely attributable to the marked decline in armed services housing under Section 803, which was off by 50 percent in total amount and dropped from 10 percent to 4 percent in share of total insurance written.

In the 25½ years of operations ending December 31, 1959, FHA insured mortgages and loans involving nearly \$61.1 billion in funds advanced by the privately owned lending institutions of the United States. Of this amount, \$41.4 billion was involved in the financing of 5,272,000 home mortgages, \$7.3 billion in multifamily projects providing some 841,000 dwelling units, and \$12.4 billion in 23,357,000 property improvement loans. In addition, FHA had insured 756 loans totaling \$5 million for the production and sale of manufactured houses.

Of this \$61.1 billion of insurance written, an estimated \$30.8 billion, or about one-half, remained in force at the end of 1959. Included in the reduction were the termination of FHA insurance on mortgages and loans with original

face amounts of \$24.8 billion, and estimated amortization payments of \$5.4 billion on the insured transactions still in force (Table III-3).

The proportion of insurance terminated has of course varied from program to program, the relative amounts reflecting such factors as the purpose for which the program was established, prepayment activity, default experience, average duration of the insured obligations, and the timing and duration of the legislative authority for the program.

## FHA Influence on Residential Financing During 1959

Home Mortgages.—Recordings of nonfarm mortgages of \$20,000 or less totaled \$32.2 billion during 1959. Of this amount, mortgages insured by FHA represented 19 percent—2 percentage points above 1958 and equal to the postwar high established in 1949. This level also compares favorably with the wartime peak of 25 percent recorded in 1942, when building and credit restrictions tended to channel a larger proportion of home mortgage financing to FHA. It should be noted that the FHA volume is not strictly com-

Title and section	1959			-	1958			1934–59			
	Number	Units	Amount	Number	Units	Amount	Number	Units	Amount		
Title I	1, 096, 635	n.a	. \$996, 642	1, 038, 315	n.a.	\$868, 443	23, 441, 035	n.a.	\$12, 701, 532		
Sec. 2 property improvement loans		_					23, 356, 575 46, 115 38, 345	n.a. 46, 115 38, 345	12, 370, 661 126, 611 204, 260		
Title II	493, 812						4, 500, 504	4, 836, 449	38, 546, 511		
Sec. 203 home mortgages. Sec. 207 project mortgages. Sec. 213 cooperative housing. Project mortgages Sales-typo project mortgages Management-type project mort	2, 287 (125) (100)	6, 615 (4, 453	187, 114 96, 907 (65, 676	110 6, 124 (297	11, 373 13, 023 (7, 196)	135, 618 176, 078 (97, 800)	4, 391, 922 1, 034 25, 789 (1, 097) (903)		35, 560, 714 816, 759 904, 513 (622, 611) (289, 121)		
Caces.  Home mortrages Sec. 220  Project mortrages. Home mortrages Sec. 221  Project mortrages. Home mortrages. Sec. 222 home mortrages Sec. 222 home mortrages	(25) (2, 162) 196 (33) (163) 7, 751 (7, 745) 22, 517	(2, 162 7, 865 (7, 627 (238 9, 291 (1, 546 (7, 746)	(31, 231 103, 213 (100, 865 (2, 310 82, 706 (13, 231) (69, 475 298, 161	(5, \$27, 561 (17, 544 4, 405) (4, 394 16, 374	(5, 827) 3, 215 (2, 660) (555) 5, 418 (2, 024) (4, 394) 16, 374	37, 841 (31, 579) (6, 262) 57, 001 (17, 282) (39, 719) 218, 333	(24, 692) 1, 294 (75) (1, 219) 12, 692 (17)	(24, 692) 17, 794 (16, 489 (1, 305) 16, 245 (3, 569)	(201, 748) (14, 095) 144, 343 (30, 513)		
Sec. 225 open-end advances. Sec. 231 project mortgages.	. <u> </u>	207	2, 067				1	1, 166, 812	2, 067 7, 127, 565		
Sec. 603 home mortgages Sec. 605 project mortgages Sec. 609 manufactured-housing loans Sec. 610 public housing sales Sec. 603-610 home mortgages Sec. 603-610 project mortgages Sec. 611 site-fabricated housing Project mortgages Home mortgages							624, 653 7, 044	690, 007 465, 674 9, 072 (5, 157) (3, 915) 2, 059 (1, 984) (75-	3, 645, 217 3, 440, 017 5, 346 24, 468 (16, 109) (8, 360) 12, 546 (11, 991) (556)		
Title VIII	1, 755	17, 638	327, 178	1, 672	43, 027	643, 355	4, 565	177, 017	2, 118, 521		
Sec. S03 project mortgages	() (136) 1, 619	16, 068 () (16, 069) 1, 620	305, 730 (305, 730) 21, 447	(346) 1, 326	(41, 700) 1, 327	(026, 392) 10, 963	892 (274) (618) 3, 673	173, 342 (84, 883) (88, 459) 3, 675	2, 071, 280 (683, 143) (1, 388, 138) 47, 241		
Title IX							57, 253	74, 187	580, 697		
Sec. 903 home mortgages Sec. 908 project mortgages							57, 156 97	65, 702 8, 485	517, 270 63, 427		
Total I			7, 7:10, 742	1, 420, 987	\$ 454, 403	6, 328, 597	28, 639, 296	2 6, 338, 925	61, 074, 824		

<sup>&</sup>lt;sup>1</sup> All tables presenting cumulative data for Sec. 207 include 106 mortgages for \$7,782,866 and 2,176 units insured under Sec. 210.

parable to the total nonfarm recordings, since the total figures include both secondary mortgages and repetitive recordings of construction and interim short-term financing on properties subsequently financed with long-term mortgages. Moreover, since September 1959 the maximum insurable mortgage of \$22,500 has exceeded the \$20,000 limit used by the Home Loan Bank Board in its estimates of total recordings. This is in contrast to earlier periods when the FHA maximum was equal to or less than the largest amounts included in the recordings series.

The estimated total amount of mortgage debt outstanding on nonfarm homes increased by \$13.3 billion during the year. Of this increase, \$9.6 billion was conventionally financed and \$4.1 billion FHA-insured. The total amount of outstanding VA-guaranteed loans decreased by \$0.4 billion. The \$131.0 billion of nonfarm mortgage debt outstanding at the year end included \$23.8

billion or 18 percent which was FHA-insured—up slightly from 17 percent at the end of 1958.

As in other years, the influence of FHA on home mortgage financing in 1959 is only partially measured by comparisons with mortgage recordings and outstanding home mortgage debt. Many dwellings, constructed under FHA inspection and with construction loans facilitated by the existence of FHA commitments to insure the permanent mortgage, are financed upon completion with conventional or VA-guaranteed loans rather than with FHA-insured mortgages. Another indication of the influence of FHA on residential financing may be found in the number of new-home appraisal requests submitted to the Veterans' Administration for which FHA construction inspections were specified. Such cases represented 42 percent of the VA total reported for 1959. This may be compared with 38 percent in 1958 and is significantly higher than the average of 28 percent reported for the 1954-57 period.

## TABLE III-3.—Status of FHA insurance written as of Dec. 31, 1959

[Dollar amounts in thousands]

mu		Insurance	Insurance	Insurance in force			
Title and section	Item .	written	terminated	Total	Amortized (estimated)	Net out- standing	
Citle I:							
Sec. 2 property improvement loans	Number of loans	23, 402, 690	20, 677, 966	2, 724, 724	V		
Con C home morteness	Net proceeds	\$12,497,272	\$9,917,769	\$2,579,503	\$1,026,431	\$1,553,077	
Sec. 8 home mortgages	Number of mortgages	38, 345	6, 205	32, 140			
Pitle II:	Amount	\$204, 260	\$31,707	\$172, 553	\$28, 390	\$144, 16	
Sec. 203 home mortgages	Number of mortgages	4, 391, 922	1,901,049	2, 490, 873			
	Amount	\$35, 500, 714	\$11, 139, 839	\$24, 420, 875	\$3, 152, 649	\$21, 268, 22	
Sec. 207-210 project mortgages.	Number of units	111, 208	45, 874	G5, 334		021, 200, 22	
See 212 composed to be well-	Amount	\$816, 759	\$189,854	\$626, 905	\$32, 769	\$594, 13	
Sec. 213 cooperative housing	Number of units	81,307	26, 025	55, 282			
Sec. 220 redevelopment housing	Number of units	\$994, 513 17, 794	\$292, 635	\$611,879 17,793	\$29,382	\$582, 49	
•	Amount	\$215, 813	<b>s</b> ı	\$215, 831	\$1,566	\$214, 26	
Sec. 221 relocation housing	Number of units	16, 245	53	16, 192	<b>\$1,000</b>	9211, 20	
Can 000	A mount	\$144, 343	\$141	\$143,902	\$1,290	\$142,6	
Sec. 222 servicemen's housing		67, 772	2, 965	61, 807			
Sec. 231 elderly housing	Amount	\$902, 171 207	\$38, 210	\$863, 930	\$34, 974	\$\$28, 9	
• • • • • • • • • • • • • • • • • • • •	Amount.	\$2,067		207 \$2, 067		\$2,0	
litle VI (war and veterans' emergency program):		<b>42,00</b> 1		42,001		,,,,	
Sec. 603 home mortgages 2	Number of mortgages	628, 016	426, 893	201, 123		l	
Con COC	Amount	\$3,661,325	\$2,312,302	\$1,349,024	<b>\$</b> 519, 276	\$\$29,7	
Sec. 608 project mortgages 3	Number of units Amount	469, 589	96, 112	373, 477			
Sec. 609 manufactured-housing loans	Number of loans	\$3, 448, 377 756	\$612, 581 756	\$2, 805, 796	\$483, 482	\$2,322,3	
	Amount	\$5.316	\$5,316				
Sec. 611 site-fabricated housing	Number of units	2,050	1,994	65			
	Amount	\$12,546	\$12,064	\$482	\$35	\$3	
Fitle VIII: Sec. 803 military housing 5	N					i	
Sec. 808 minuty nousing	Number of units	173, 342 \$2, 071, 280	8, 160	165, 173	\$83, 783	\$1,907,0	
Sec. 809 civilian housing.	Number of mortgages	3, 673	\$80, 467 17	\$1,990,813 3,656	\$33,733	\$1,907.1	
	Amount	\$47, 241	\$185	\$47, 055	\$1,036	\$46,0	
Pitle IX (defense housing program):					1	1	
Sec. 903 home mortgages.	Number of mortgages	57, 156	13,093	44,063		-	
Sec. 908 project mortgages	Amount	\$517, 270	\$115,774	\$401,496	\$48.745	\$352,	
Sec. sos project mortgages	Amount	8, 485 \$63, 427	2, 260 \$16, 731	6, 225 \$46, 695	\$5, 180	\$41,	
		800, 421	\$10,731	₹10. U95	30, 100		
Total 6		\$61,074,824	\$24, 795, 931	\$36, 278, 893	\$5, 449, 048	\$30,829.	

Includes home mortgages insured under Sec. 2.
 Includes 3,363 mortgages for \$16,108,500 insured under Sec. 610, of which
 1,263 mortgages for \$5,154,350 have been terminated, leaving 2,100 mortgages

Multifamily Project Mortgages.—FHA influence in the field of multifamily project financing is generally measured by comparing the outstanding amount of FHA-insured project mortgages with estimates of the amount outstanding on all such mortgages. (The validity of this comparison is somewhat limited by the fact that data on total mortgage debt on multifamily properties are based on projects of five or more units, in contrast to the FHA classification of eight or more units.)

At the end of 1959, an estimated \$17.0 billion of mortgage debt was outstanding on multifamily properties. Of this amount, \$5.4 billion or 32 percent was FHA-insured. This was only 1 percentage point below 1958, but was considerably under the high of 38 percent reached in the period from 1950 through 1952 at the height of the Section 608 Veterans' Emergency Housing Program.

Property Improvement Loans.—Property improvement loans insured by FHA represented an estimated 47 percent of total consumer installment credit extended for home repair and modernization purposes during 1959. Although 2 points above the 45 percent estimated for 1958, this volume represented the continuation of a downtrend in FHA's share of consumer installment credit for property improvement purposes. The FHA average for the years 1950 through 1954 was 77 percent, and that for the latter half of the decade was only 46 percent.

Construction Starts.—Privately financed nonfarm dwelling units started during 1959 numbered 1,342,800, 18 percent higher than 1958 and second only to the record of 1,352,200 established in 1950. Some 332,500 units, or 25 percent, were started under FHA inspection—a proportion comparing favorably with the 26 percent in 1958 and the FHA lifetime average of 27 percent. The major increase in dwelling units started under FHA inspection was reported under the home mortgage programs, the number of multifamily dwelling units placed under construction being virtually unchanged from 1958 (Chart III-4 and Table III-4).

<sup>&</sup>lt;sup>2</sup> Excludes Title I, Sec. 2 property improvement loans, and Sec. 609.

<sup>1205</sup> inortgages for \$3,154,550 force.

Includes 3,915 units (23 mortgages) for \$8,359,500 insured under Sec. 610, of which 1,198 units (11 mortgages) for \$2,167,200 have been terminated, leaving 2,717 units (12 mortgages) for \$6,192,300 in force.

<sup>&</sup>lt;sup>4</sup> Includes 745 discounted purchasers' loans for \$2,119,559, all of which have been terminated.

<sup>5</sup> Includes 88,459 units (618 mortgages) for \$1,388,137,924 insured under Sec. 803 armed services housing program.

<sup>6</sup> Includes open-end advances of \$101,417 insured under Sec. 225, of which \$20,22 he heap amortland.

		FIIA	or U.S.	acasov 288862 aciving 888888 477784 2011-> 00000 84108 08880 18000	20.9
935-59		Total	United States nonfarm units 4	215,720 2351	18,692,500
rich proprams compared with total for United States 1935-59		7	FILA Units :	13.964 04.376 04.376 04.376 04.376 118.71 118.71 116.16 03.82 0	5, 023, 594
nited 1			Total project units	1	/45, U.3
I for D			Sec. 908	3,334	6,405
A tota			Sec. 803	2688 27, 126 27, 126 27, 126 27, 126 27, 137 2, 334 2, 334	01,009
red wil	rains		Sec. 611	1000 1000 372 372 1000 37 100000 37 1000 37 1000 37 1000 37 1000 37 1000 37 1000 37 1000 37 100	3
compa	Project mortgage programs		808 608	10, 205 10, 904 10, 904 10, 655 10, 904 107, 910 107, 910 107, 910 108, 331 108, 331	200, 000
yranış	ect mort		Sec. 221	1, 202 1, 520	i
270	Proj		220.	7 20082 7 20082 7 20082 7 20082	-
T. Tomas		. 213	Man- ago- mont type	8888 8885 8865 887 887 887 887 887 887 887 887 887 88	
		Sec.	Sales	26 21 25 26 27 27 26 27 27 27 27 27 27 27 27 27 27 27 27 27	
			Sec. 207	20023 13, 920 13, 920 13, 920 13, 920 1, 163 1, 163 1, 173 1, 185 1, 185	
	١	<u> </u> 	Total home units 1	13, 220 16, 110 14, 681 14, 681 170, 685 170, 685	
			Sec. 903	32, 579 30, 501 8, 073 010 11, 004	
			Sco. 809	2852 1, 031 405 2, 416	
	programs		Sec. 603	22, 770 125, 770 125, 770 125, 770 150, 164 17, 806 117	
	Home mortgage pro	,	222.	320 6 332 487 3487 8487 848 8890 8890 887 28 788	
	Ношоп	(	221	1, 208 7, 444 6, 890	
			220 220	230 623 845 845 114 1, 546	
		Ī	2 and 8 1 Sec. 203 1	13, 226 6, 5752 6, 686 100, 966 100, 966 41, 578 20, 508 17, 04 24, 244 24, 244 24, 244 24, 244 26, 508 27, 411 182, 371 187, 486 28, 687 28,	
_		800	2 and 8	2, 362 2, 362 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3	
		Year		1935-1937-1937-1938-1938-1938-1938-1938-1938-1938-1938	

Sec. 2 activity 1938-56; Sec. 8, 1950-56.
 Includes, 1962 units started during 1959 under the Certified Agency Program.
 Excludes 420 dwelling units started during 1955, 5,390 started during 1956, 24,872 started during 1957, 41,700 started during 1958, 16,184 started during 1959 in Sec. 803 armed services projects classifus public housing.

nonfarm dwelling units started, as 1969, by the Bureau of the Census.

number of privately ananced Statistics and, beginning July

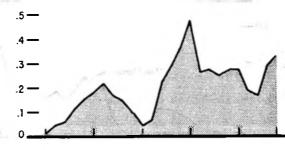
FHA Workload

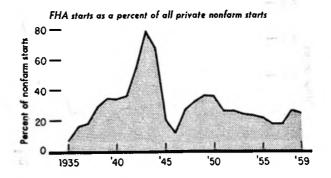
Applications for FHA mortgage insurance covering 918,400 dwelling units were received by FHA field offices during 1959. Of this total, 369,700 units were in new homes, 477,200 in existing dwellings and 71,500 in multifamily projects. In comparison to 1958, new-home receipts were up 8 percent, while existing homes were down 13 percent and multifamily project applications declined 23 percent

23 percent. During the year FHA field offices processed (approved or rejected) applications involving nearly 876,500 units, or about 5 percent less than 1958. Included in this figure were 474,200 units covered by Agreements to Insure issued during the period from January through September when the agency was operating near the limit of the General Mortgage Insurance Authorization provided under Section 217 of the National Housing Act. Agreements to Insure were first introduced on October 16, 1958, in order to conserve the remaining insurance authorization. Unlike commitments, Agreements to Insure were not chargeable against the statutory limit of insurance authorized by the Congress. Issued in lieu of conditional commitments, they were converted to firm commitments upon request of the lending institution when a prospective purchaser had been identified, subject to the availability of the necessary insurance authorization. This procedure was terminated on

# CHART III-4 FHA DWELLING UNITS STARTED, 1935-59

Number of FHA starts
All units started under FHA inspection





September 23, 1959, upon the approval of the Housing Act of 1959 which added \$8 billion to the Section 217 authorization. Commitments for mortgage insurance were issued for 600,600 units. Net ATI's issued brought the total number of units covered by FHA approvals to 858,700 or almost 98 percent of the number processed.

These workload figures exclude applications covering nearly 24,100 units that were rejected after preliminary examination, as well as 22,900 units of armed services housing and public housing disposition cases on which preapplication appraisal work was performed. They also exclude over 24,400 cases processed under the Certified Agency Program during the year, the processing of these cases being completed by lending institutions certified as agents of the Commissioner, rather than by FHA field offices.

The processing workload was substantially lightened in 1959 by the use of fee appraisers for existing-home cases. This system was introduced in March 1958 to expedite processing wherever the volume of such cases created backlogs for regular staff appraisers. In 1959, about 194,000 fee appraisals were made, while the regular FHA staff completed almost 242,000.

Field offices had a construction inspection work-load of approximately 465,000 units during 1959—21 percent above 1958. This figure excludes some 1,700 units reported started under the CAP program during 1959, since the inspection of these cases, like the processing, is not done by FHA personnel.

During 1959, FHA received 11,000 requests for subdivision analyses (including resubmissions), covering a total of 467,900 acres, and issued reports outlining development programs for 6,200 subdivisions containing 194,800 acres and 586,900 lots. Analysis was discontinued on 4,700 submissions because of unacceptability of development proposals or developers' decisions to withdraw.

## VOLUME OF INSURANCE WRITTEN

This section of the report contains an analysis of the annual trends in the volume of FHA insurance written under each of the principal types of program—home mortgages, multifamily project mortgages, and property improvment loans. Detailed information is provided with respect to activity under each of the related sections of the National Housing Act.

## Home Mortgages

In 1959 FHA home mortgage insurance was available under several sections and subsections of Title II including Section 203(b) for regular homes; Section 203(h) for disaster housing; Section 203(i) for moderate-cost suburban and farm homes; Section 213 for individual homes constructed under and released from Section 213 salestype cooperative project mortgages; Section 220

for individual homes in urban renewal areas; Section 221 for individual homes for families relocated by urban renewal projects or displaced by other governmental action; Section 222 for careerservicemen's homes; Section 223 authorizing insurance under Sections 203 and 213 for homes involved in public-housing disposition projects, refinancing of existing mortgages insured under Section 903, and refinancing of existing mortgages taken by FHA in connection with the sale of acquired properties; and Section 225 for insuring "open end" increases of existing FHA-insured mortgages. Home mortgage insurance was also available under Section 809 of the Title VIII program for civilian employees engaged in armed services research and development; and provisions were made by the Housing Act of 1959 for a limited number of single-family release clause projects under Section 810 for military personnel and essential civilian personnel serving or employed at installations of the armed services.

The FHA insured a record of \$6.1 billion of home mortgages on 505,500 dwelling units in 1959—\$2.6 billion on 200,200 units in new homes and \$3.5 billion on 305,300 units in existing home properties (Table III-5). This represented an increase in total home volume of 30 percent in units and 33 percent in amount over the previous record year of 1958. The new-home volume increased by 50 percent in units and 54 percent in amount, while existing homes increased by only 19 and 22 percent, respectively. Despite the gains in proposed-housing units, existing-home insurance exceeded new-home endorsements for the fifth consecutive year (See Chart III-5).

This increase in the volume of home mortgage insurance to a record high in 1959 reflected the record level of applications received during 1958 and much of 1959.

The average amounts of home mortgages insured during 1959 were the highest in FHA history. The new-home average increased nearly 3 percent to \$12,800 per unit, and that of existing homes rose 2 percent to \$11,500. Significant factors contributing to the increase in the new-construction average were the record high level of construction costs reported for 1959 and apparent shifts by builders to higher priced markets. Other important long-run factors in the steadily increasing average mortgage amounts for both new and existing homes in the last few years have been the progressively lower downpayments and larger maximum mortgage amounts authorized by housing legislation, and the generally increasing levels of costs which have prevailed during recent years for almost all commodities.

FHA home mortgage insurance written from 1935 through 1959 is summarized in Table III-5 by sections of the National Housing Act. The percentage distributions, by sections of the Act, for dwelling units and mortgage amounts covered by 1959 operations are shown below.

_	То	tal	N	ew	Existing		
Section	Units Amount (porcent) (percent		Units (percent)	Amount (percent)	Units (percent)	Amount (percent)	
203	93. 2	93. 0 . 5	91. 2	92.0	94. 5	93. 8	
220	. l 1. 5	1.2	3. 3	. 1 2. 3	(1)	(1) .3	
809	4.5	4.9	4.9	5. l . 5	4.2	4.8	
Total	100.0	100.0	100.0	100.0	100. 0	100, 0	

<sup>1</sup> Less than 0.05 percent,

Section 203 was again the mainstay of FHA home mortgage insurance programs in 1959, accounting for over 93 percent of both dwelling

CHART III-5

# VOLUME OF HOME MORTGAGES INSURED, 1935-59

Under all home mortgage programs of FHA

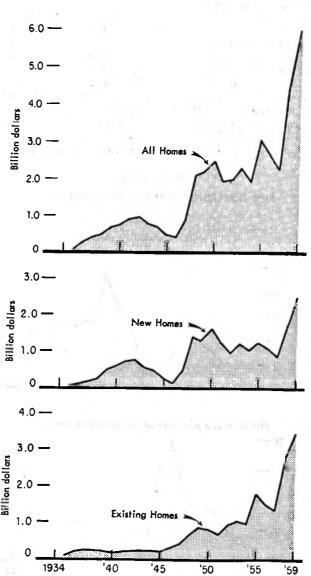


Table III-5.—Home mortgages insured by FHA, 1935-59	(Dollar amounts in thousands)

	803	Amount	\$107.716 1188.933 1197.915 27.915 8.150 8.150	512, 348		Sec. 903	Units Amount	8.15.1 9.25.9 4.922
	Sec.	Units	14. 4-19 25. 530 20. 836 33. 334 33. 334 33. 334	65.091		Sec		22.6
	608	Amount	6, 671 10, 875 13, 965	31, 577		Sec. 809	Units Amount	22 (888 6,088 7,483 15,644
	Sec. 809	Units	55.3 55.3 85.3 1,06.8	2, 479		Sec		252 252 1, 196
	Scc. 603	Amount	\$1, 263, 233 2, 288, 234 15, 526 15, 184	3, 537, 186		Sec. 611	s Amount	0 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8
	Sec	Units	316, 211 § 347, 803 2, 129 23	999			ant Units	30 00 00 00 00 00 00 00 00 00 00 00 00 0
	222	Amount	\$20, 676 \$3, 629 \$3, 182 72, 902	302, 158		Sec. 603 and 603-610	ts Amount	825, 939 90, 244 90, 243 3, 360 3, 360 3, 363 1, 36
Luction	Sec. 222	Units	9,5,2,5,0 6,433 6,79 6,79	22, 607	lon	အ	unt Units	1,000 1,000 1,202 1,202 1,202 1,202 1,202 1,202 1,203
New construction	221	Amount	\$9 1, 351 31, 330 50, 746	02, 445	Existing or refinanced construction	Sec. 222	Units Amount	10 \$ \$142 027 65, \$68 641 104, 272 012 145, 431 103, 394 105, 600, 013
٦	Sec. 221	Units	11.1 3,416 0,623	10, 198	financed		Amount Un	8116 8, 707 3, 161 7, 641 8, 380 10, 912 9, 720 12, 838 21, 386 45, 165
	Sec. 220	Amount	\$598 4, 387 6, 115 2, 001	13,690	ting or re	Sec. 221	Units Am	302 302 302 302 302 302 302 302 302 302
	Sec.	Units	57 455 510 501	1,256	Ext			\$1.54 20.4 40.4 2, 2, 1, 1, 2, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3, 3,
ł	Sec. 203 3	Amount	\$974,676 702,224 1,324,183 1,613,725 1,187,402 1,038,234 777,067 777,090 827,690 823,824 1,544,654 1,544,654	16, 540, 807		Soc. 220	Units Ar	3.56
		Units	218, 763 339, 467 112, 381 112, 381 112, 381 112, 381 110, 454 110, 454 112, 588 112, 588 112, 588 112, 588 112, 588	2, 090, 290 16		Sec. 213	Amount Units Amount	\$2,464 30,355 27,062 42,005 6,026 7,220 78,270 31,231
	*	Amount	250 250 250 250 250 250 250	328, 676 2, 0		Sec	Units	3, 235 2, 235 2, 680 1, 603 4, 233 5, 827 2, 162 24, 692
	Sec. 2 and 8 1	Units Am	\$3.50 \$3.50	84,031 328		203	Amount	\$605, 187 073, 301 2, 423, 058 852, 330 706, 106 107, 724 863, 328 1, 740, 624 1, 381, 807 1, 381, 807 1, 381, 807 1, 267, 313 2, 647, 267 3, 289, 710
		Amount	\$1,012,580 3,017,345 22,300 1,215,635 1,215,635 1,028,866 1,028,866 1,028,866 1,028,866 1,028,866 1,028,866 1,028,866 1,028,866 1,028,866 1,028,866 1,028,866 1,028,866 1,028,866 1,028,866 1,028,866 1,028,000 1,028,00	21, 358, 885 84		Sec. 203	Units	278, 224 236, 737 236, 737 110, 104 110, 673 111, 260 96, 126 111, 453 237, 385 237, 385 286, 672 2, 451, 626
Total new	constructi	Units	235, 301 526, 305 526, 306 527, 306 527, 306 527, 306 527, 307 527, 3	2, 942, 252 21, 3		Sec. 8	Units Amount	\$216 \$206 \$53 \$82 \$60 \$60 \$60 \$7 \$60 \$7 \$60 \$7 \$7 \$7 \$7 \$7 \$7 \$7 \$7 \$7 \$7 \$7 \$7 \$7
_						ω		46 200 103 71 9 9
Grand total		Amount	82,007,777 4,116,585 6,116,584 6,106,754 1,928,433 1,942,307 1,942,206 3,084,707 2,518,230 2,518,430 4,551,488	41, 430, 076	visting	etloa •	Amount	\$005, 187 000, 240 505, 243, 302 855, 030 712, 808 973, 004 1, 816, 538 1, 506, 300 1, 570, 921 2, 886, 507 3, 501, 807 20, 071, 199
Gran		513, 615 513, 615 513, 615 361, 381 361, 381 271, 100 272, 100 273, 200 275, 300 275, 300 275, 300 275, 403 275, 4		F Potes	construction	Units	278, 224 243, 337 439, 055 126, 259 90, 522 123, 315 123, 315 147, 885 147, 885 127, 338 147, 885 127, 386 127,	
-1-	Year		1935-39 1040-44 11945-49 11950 11951 11951 11951 11951 11951 11951 11951	Total .	Ē	Year	1	1935-30. 1945-40. 1945-40. 1952. 1952. 1953. 1956. 1957. 1957. 1957. 1957.

units and aggregate amount insured. This represented a net gain over 1958 for this section, since new-home percentages under Section 203 were actually down a little. The increase in the relative importance of Section 203 resulted almost entirely from a sharp decline in the relative volume of mortgages insured under Section 213 on existing homes.

The Section 203 data shown in Table III-5 also include mortgages insured under the moderate-cost home provisions of Section 203(i), which was instituted in 1954 to replace the terminated Section 8 program. Until the last quarter of 1959, mortgages insured under this subsection were generally secured by new construction, there being only a relatively few refinanced cases. The Housing Act of 1959 extended the provisions of this section to existing homes. The total insurance for the year amounted to \$114 million and accounted for nearly 14,500 units.

Section 203 cases insured in 1959 constituted 55 percent of all cases closed under that section during the year. Rejected applications and expired commitments (including expired agreements to insure) accounted for the remainder-7 percent and 38 percent, respectively. The trend in the disposition of Section 203 applications closed during selected years is shown in Table III-6. The proportion of closings by insurance in 1959 declined less than 1 percentage point from the 56 percent in 1958 but still compared favor-

Table III-6.—Disposition of home mortgage applications,

	c. 203, se	elected year	ars	meanons,		
Year	Number	Percent of cases closed by-				
	of cases closed	Rejection of applica- tion	Expiration of commitment   2	Insurance of mort- gage		
	TOTAL CON	STRUCTION				
1946	145, 500 539, 640 357, 920 584, 779 498, 964 422, 006 631, 104 831, 746	16. 2 10. 4 14. 6 10. 4 7. 2 8. 8 10. 1 6. 6	37. 9 26. 9 36. 3 39. 2 45. 7 48. 1 33. 9 38. 0	45. 9 62. 7 49. 1 50. 4 47. 1 43. 1 56. 0 55. 4		
	NEW CONS	RUCTION				
1946	51, 522 345, 478 196, 291 281, 065 257, 095 207, 096 236, 733 320, 469	13. 5 9. 5 13. 5 9. 5 5. 1 5. 4 6. 8 5. 6	65. 9 27. 2 44. 0 48. 0 55. 6 60. 9 41. 2 37. 5	20. 6 63. 3 42. 5 42. 5 39. 3 33. 7 52. 0 50. 9		
E	XISTING CON	STRUCTION				
1946	93, 978 194, 162 161, 629 303, 714 241, 866 214, 910 394, 371 511, 277	17. 6 12. 1 16. 0 11. 3 9. 4 12. 1 12. 1 7. 5	22. 6 26. 4 26. 8 31. 0 35. 2 35. 9 29. 5 38. 2	59. 8 61. 5 57. 2 57. 7 55. 4 52. 0 58. 4 54. 5		

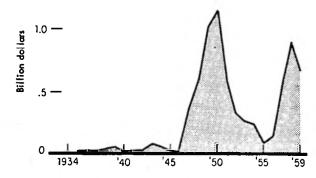
Excludes cases reopened after rejection or expiration.
 Includes expired agreements to insure in 1958–59.

## CHART III-6

#### **VOLUME OF MULTIFAMILY MORTGAGES** INSURED, 1935-59

Under all project mortgage programs of FHA

1.5 ---



ably with all postwar years except the record homebuilding year of 1950.

## Project Mortgages

Multifamily housing mortgage insurance in 1959 was authorized by the National Housing Act under the following programs: Title II, Section 207, covering (1) new and rehabilitated rental housing, (2) housing for the elderly, (3) trailer courts or parks, (4) public housing sold by certain Federal or State agencies, (5) refinanced Section 608 or Section 908 mortgages, and (6) Commissioner-held mortgages assigned or properties acquired under provisions of Titles II, VI, VII, VIII, and IX, upon sale; Section 213 cooperative housing; Section 220 redevelopment housing; Section 221 relocation housing; Section 231, which replaced Section 207 as authority for insuring mortgages on housing for elderly persons; 1 Section 232, nursing homes; 1 and Title VIII, providing mortgage insurance for Section 803 armed services housing and Section 810 rental housing.1 In addition, insurance of equity financing for rental projects was authorized under Title VII for yield insurance. A brief description of each of these programs appears at the beginning of this report.

Through December 31, 1959, the insurance provisions of Section 232 of Title II, Title VII, and Section 810 of Title VIII had not been used.

During 1959, FHA project mortgages were insured totaling \$675 million, secured by 44,000 dwelling units. Dropping one-fourth from the previous year, 1959 ranked fourth, in terms of dollar volume, for project mortgages since FHA was created in 1934 (Chart III-6).

Dwelling units in FHA-insured projects in 1959 fell one-third below the 1958 total and, reflecting

Vanish a con-	Sec. 408		Атопп	
	Sec	1	Units Amoun	
- M	123	ı i	Amount	
rate of the sales	Sec. 231	Yes	Units	
er dreiberge ernorer 1 ern ern f	Sec. 221		Amount Units Amount Units Amount Units Amount Units Amount Units Amount Units Amount	
-59	Sec	110	Units	
14, 1935	Sec. 220		Amount	
insured by FE	Sec		Units	
23 insure	11	Management	Amount	
nortgage	213	Man	Units	
housing mortgages insur [Dollar amounts in thousands]	Sec. 213	Sales	Amount	
family h		Sa	Units	
TABLE III-7.—Multifamily housing mortgages insured by FHA, 1935–59 [Dollor amounts in thousands] New construction	207	V (1)	Amount	
7-III 27	Sec. 207	114	Units	
TAB	tal	5,00 40,50 41	Amount	
ni ogrenion - leantes inclu	jet Po	(1 =	Units	
sight sale in a con- desing near this partitions of his	total 1	771 1411 2012	Amount	
malence my long letanyione i pac etta policio	Grand	i fin	Units	
erca into que ficia balque el Ser entra el Cal los lete altra de as	Year	or in	17.10 17.10	

Sales Sales The Amount Units Amount	t Units Amount Units	Sale Units Amount Units	Sale	Amount Units Amount Units
\$114,420 28,762 8,518 18,065 18,005 33,201 1,928	29, 777 \$114, 429 7, 946 28, 752 1, 054 8, 519 2, 514 8, 055 285 4, 589 33, 201 1, 928	\$114,429 2,008,432 1,164,630 1,164,630 577,545 577,545 577,545 5,590 577,545 5,590 577,545 5,590 577,545 5,590 5,590 5,700 5,7	\$114,429 28,777 \$114,429 174,187 7,946 28,752 2,008,432 1,054 8,519 1,164,680 2,514 18,055 577,545 4,590 33,201 1,928	429 29, 777 \$114, 429 28, 777 \$114, 429 41, 820 174, 187 7, 946 28, 752 8, 518
105 11, 535, 530 1, 915 14, 530 15, 526 15, 53	7, 175 111, 442 12, 242 13, 242 14, 242 14, 242 14, 242 14, 242 14, 242 14, 243 14, 24	234, 114 7, 175 31, 333 1, 225, 114 7, 175 31, 333 1, 225, 114 2, 232, 232, 233, 234, 234, 234, 234,	7, 175 111, 442 12, 242 13, 242 14, 242 14, 242 14, 242 14, 242 14, 242 14, 243 14, 24	25.1 21.1 1.1 2.1 2.1 2.1 2.1 2.1 2.1 2.1
935 794, 134 25, 229 280, 121	104, 935 794, 134 25, 229	7,225,460 104,935 794,134 25,229	460 104, 935 794, 134 25, 229	7,225,460 104,935 794,134 25,229
ontinued	ction—Continued	construc	New construction—Continued	construc
Soc. 908	803 Armed services	Soc. 803 Armed sorvious	Soc. 803  IF Armed sorvious	Soc. 803 Military Armed services
Amount Units Amount	Units Amount Units	Amount Units	Amount Units Amount Units	Units Amount Units
	3.9.207	071 072 0.83 0.89 0.90 0.90 0.90 0.90 0.90 0.90 0.90	640 \$12,071 123 125,082 083 205,082 223 186,842	\$12,071 125,082 200, 638 186, 982
3, 800 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	1,380 6,300 1,005 10,872 11,872 11,008 10,008 10,008 10,008 10,008	3,880 1,282 70,655 381,701 626,330	310 74.764 3.86 4.80 7.76 4.8.87 7.1.282 7.8.8 8.8.410 8.397 7.0.655 8.410 8.28 7.9 8.8 7.0 6.5 8.9 8.9 8.9 8.9 8.9 8.9 8.9 8.9 8.9 8.9	12,181 100,558 3,800 1,282 2,301 1,282 2,301 1,282 2,301 1,282 2,301 1,000 1,0
1.358 138 8 486 63 427				

<sup>1</sup> Provided by the Housing Act of 1959.

the rising average mortgage per unit, ranked only seventh in units provided. The average unit mortgage rose to \$15,300 in 1959 as compared to \$13,700 in 1957, \$8,100 in 1955, and \$7,500 in 1950—the peak year in both dwelling units and dollar volume for FHA-insured multifamily housing mortgages.

Proportionately, multifamily housing mortgage insurance accounted for less than 9 percent of the 1959 aggregate amount of mortgages and loans

insured under all FHA programs.

In 1959, applications for project mortgage insurance (71,500 units) declined nearly one-fourth from the previous year. A comparable drop was recorded for commitments to insure, which covered 51.200 dwelling units in 1959. At December 31. 1959, there were 21,000 units covered by outstanding commitments and 50,100 units under examination in FHA field offices. There were an additional 13,700 dwelling units in the process of preapplication appraisals, with the bulk of these involving the Section 803 armed services housing program. Some 25,400 dwelling units were reported started under FHA inspection during 1959, bringing total project units under construction to 49,600—an increase of 27 percent over 1958. About 19,400 of these units were reported completed and ready for occupancy in 1959. These figures do not include 16,200 Section 803 armed services housing units which were started under military inspection.

Nearly one-half (\$306 million) of all multifamily housing mortgage insurance written in 1959 covered Section 803 armed services (Capehart) housing projects, which provided 16,100 dwelling units (Table III-7). This high volume, however, was less than one-half that of the previous year. By the end of 1959, 88,500 dwelling units had been financed under the armed services program. These, plus 84,900 units of military (Wherry) housing, aggregate 173,300 dwelling units provided on or near military and atomic energy installations. To date, a total of \$2,071 million in mortgages has been insured under Section 803, representing more than one-fourth of all project

mortgage insurance under FHA.

Section 207 project mortgage insurance in 1959 covered 14,100 dwelling units and involved \$187 million—nearly two-fifths more than the dollar volume for 1958. This level gave 1959 the distinction of being the second consecutive record year, the highest in FHA history. Included in the 1959 figure are 1,500 living accommodations (\$14 million) for elderly persons and one acquired project (214 units) which was reinsured after sale.

By the end of 1959, Section 207 insurance rose to \$817 million, or 11 percent of all FHA multifamily housing mortgage insurance. Of this insurance, \$794 million provided 104,700 dwelling units in newly constructed rental projects and one mobile home court containing 200 trailer sites. The remaining \$23 million was used in refinancing

transactions, rehabilitating existing structures, and financing the purchase of existing public housing.

Cooperative housing (Section 213) mortgage insurance in 1959 dropped one-third to \$66 million covering 4.500 dwelling units. Included were management-type cooperatives that involved \$46 million (3,100 units), of which \$29 million (2,100 units) was used to finance the construction of investor-sponsored cooperatives. An investor sponsor is permitted to construct the project prior to the formation of the cooperative. This allows the project to be put on the market without delay and gives the prospective member an opportunity to examine the completed structure. It is contemplated that the project will be sold to a management-type cooperative group within 2 years after completion. Under this procedure, a total of 33 projects containing 4,500 units had been insured through the end of 1959, and 11 of these investor-sponsored projects (1,700 units) had been sold to management-type groups.

Sales-type cooperative project insurance in 1959 involved \$20 million and covered 1,400 single-family dwellings which were constructed for release to the individual cooperative members. Upon release, these homes can be insured either under the individual mortgage provisions of

Section 213 or under Section 203.

By December 31, 1959, cooperative project mortgage insurance involved \$623 million (56,600 units), of which \$333 million was utilized to provide 31,400 dwelling units in management-type cooperatives. The remaining \$289 million financed the construction of 25,200 single-family dwellings in sales-type cooperatives. Most of these units were subsequently refinanced under the individual mortgage provisions of Section 213 upon dissolution of the mortgagor corporations following completion of the projects.

Section 220 slum clearance and rehabilitation project mortgage insurance in 1959 of \$101 million (7,600 units) was more than three times that of 1958, and was the highest yearly volume on record for this program. Through the end of 1959 FHA had insured a total of \$202 million, providing 16,500 dwelling units in 16 metropolitan and in 2 nonmetropolitan areas.

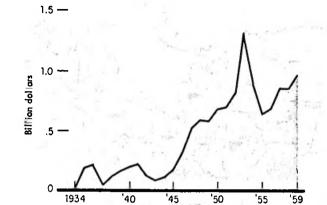
Section 221 relocation project mortgage insurance in 1959 totaled \$13 million and covered 1,500 dwelling units. Total insurance under this program now stands at \$30 million (3,600 units).

Section 231, enacted in 1959 to aid in providing housing for elderly persons, replaced that portion of the Section 207 program previously designated for this purpose. In 1959, only 1 project with 207 living accommodations (\$2 million) was insured under the new section, but, coupled with Section 207 operations, a total of 3,700 units (\$33 million) had been provided through the end of 1959 for elderly persons.

#### CHART III-7

# VOLUME OF PROPERTY IMPROVEMENT LOANS INSURED, 1934-59

Under the Title I program—excludes small homes



## Property Improvement Loans

Under Title I Section 2, FHA insures approved financial institutions against loss on unsecured loans made to improve existing properties or to build new nonresidential structures. Financial institutions classify these loans as consumer credit notes, and they are generally made on the basis of the borrower's character and credit rating. Upon certification by the originating institution that a loan has been made in conformance with the FHA regulations, the Commissioner accepts the loan for insurance without further investigation. The portfolio of each institution's loans is insured up to 10 percent of the total amount of net proceeds insured, with the individual claim payment being limited to 90 percent of the calculated principal loss sustained by the lender on the defaulted note. Table III-8 presents data on the volume of loans insured by years and cumulatively since 1934. In 1959 over 4,000 active institutions reported for insurance nearly 1.1 million loans with net pro-

TABLE III-8.—Property improvement loans insured by FHA, 1934-59

1 1	4500	Annual		·	umulativo	
Year	Number	Net pro- ceeds (000)	Aver- age	Number	Net pro- ceeds (000)	Aver- age
1934-39 _ 1940-44 _ 1945-40 _ 1950 _ 1950 _ 1952 ! 1953 ! 1954 _ 1955 _	2, 329, 648 2, 458, 920 5, 151, 908 1, 447, 101 1, 437, 764 1, 495, 741 2, 244, 227 1, 506, 480 1, 013, 086 1, 111, 092 1, 038, 315 1, 038, 315	\$821, 332 770, 782 2, 233, 205 693, 761 707, 070 848, 327 1, 334, 287 890, 606 645, 646 691, 992 868, 568 868, 568	\$353 313 479 492 567 595 591 630 683 781 836 909	2, 329, 648 4, 788, 568 9, 940, 566 11, 387, 667 12, 825, 431 14, 321, 172 16, 565, 399 18, 071, 879 19, 096, 577 20, 109, 663 21, 221, 625 22, 259, 940 23, 356, 575	\$821, 332 1, 592, 115 3, 825, 320 4, 519, 081 5, 226, 151 6, 074, 478 7, 408, 765 8, 299, 372 8, 945, 017 9, 637, 008 10, 505, 576 11, 374, 019 12, 370, 661	\$353 332 385 397 407 424 447 456 468 479 511

<sup>1</sup> Since authorization controls limited tabulations of loans in 1952, estimates based on loan reports received indicate that 1,816,881 loans for \$1,047,358,000 were originated in 1952 and 1,832,180 loans for \$1,092,277,000 were originated in 1953.

RED. Amount insured in any year during the 25-year history of the program (Chart III-7). This was an increase of 6 percent in number and 15 percent in net proceeds over the 1,038,000 loans and \$868 million of net proceeds reported for 1958. Average proceeds for the loans insured in 1959 established a new record of \$909, a 9 percent increase over the previous high average of \$836 in 1958. During the quarter century (1934-59), over 23 million loans and \$12 billion have been insured under Title I, accounting for one-fifth of the total dollar volume insured under all FHA programs.

# STATE DISTRIBUTION OF FHA INSURANCE WRITTEN

The various State distributions of FHA insurance activity reflect geographic variations in the demand for housing and home improvements as determined by population size and growth, the size and condition of the housing inventory, and general economic conditions. Also of importance to the volume of FHA business in individual localities are the availability of mortgage funds and the financing policies and desires of both lenders and borrowers.

## Insurance Written During 1959

All Programs.—The distributions of mortgages and loans insured in 1959 under the three principal types of FHA program are presented in Table III-9 and Chart III-8 on the basis of the State location of the properties involved.

Home mortgages accounted for the major share of FHA insurance activity, predominating in all areas except North Dakota, the District of Columbia, and Guam, where project activity was greater.

Home Mortgage Programs.—The FHA insured one-to-four-family home mortgages in all States and major possessions in 1959, with an average of 9,100 insured transactions per State. Only seven States reported fewer than 1,000 cases. At the other end California, Texas, and Florida each reported more than 30,000 cases and together accounted for more than 28 percent of all home mortgages insured during the year.

The State distributions of FHA-insured new-

and existing-home mortgages are shown in Table III-10 for each of the home mortgage programs. Continuing the experience of recent years, the existing-home volume surpassed the new in most areas. The average number of new-home cases insured was 3,700 per State, while the average for existing homes was 5,400. California was the leader in both categories, reporting the insurance of 20,900 new-home and 50,600 existing-home mortgages. Five States reported fewer than 100 new-home mortgages insured. Only two States

<sup>&</sup>lt;sup>1</sup> For convenience throughout this report all geographic areas comparable to States will be designated as "States" without regard to their legal or political status.



reported insurance of fewer than 100 existing-home mortgages.

The "regular" home mortgage insurance program operated under Section 203 of the National Housing Act was the primary vehicle for homemortgage insurance during the year, accounting for over 90 percent of the total in all areas. Generally ranking next was Section 222 servicemen's housing, also utilized during the year in all but three States. The other FHA home mortgage insurance programs were not used as extensively, tending to be concentrated in individual States where need existed for these more specialized programs. For example, Section 213 sales housing mortgages were insured in 18 States, but over three-fifths of the total was confined to California, Florida, and Michigan. A similar situation may be noted in Section 221 relocation housing, which was used in 36 States with over one-half of the cases involving properties in Alabama, Georgia, and Tennessee. The use of Section 809 was limited to Alabama, California, Florida, and Tennessee.

Project Mortgage Programs.—Nearly half of all multifamily housing dwelling units covered by project mortgages insured in 1959 were located in three States—New York (12,839 units), California

(3,536), and New Jersey (3,272). During the year, however, some degree of multifamily housing insurance activity was reported for 41 States. The largest proportion (37 percent) of the dwelling units were under the Section 803 armed services housing program in 27 States, while the Section 207 rental program ranked second with 32 percent of the total units provided and activity in another group of 27 States. Table III-11 shows the State distributions of project-mortgage insurance in 1959 for all programs combined and for the individual sections.

Property Improvement Loans.—Table III-12 shows that New York again led all other States in the volume of Title I loans reported as insured. During 1959, borrowers in that State contracted for 111,867 insured loans with net proceeds of nearly \$134 million used to improve existing properties or to construct new nonresidential buildings. These loans represented over 13 percent of the aggregate net proceeds loaned in all areas. A group of four States—Michigan, Texas, and Illinois, along with New York—have accounted for over one-third of all new property improvement loans insured in the last 5 years. In 1959 the average net proceeds insured ranged from \$1,607 in Alaska, \$1,500 in Puerto Rico, and \$1,247

Table III-9.—Volume of FHA-insured mortgages and loans, by State location of property, 1959
[Dollar amounts in thousands]

State	Total	Home mo	rtgages I	Project mo	rtgages !	Property impr	vement loans
	amount	Number	Amount	Units	Amount	Number	Net proceeds
Alabama	\$119, 548	8, 520	\$102, 018	448	\$6,760	13, 708	\$10,769
Alaska	13, 467   144, 135	549 11, 177	12, 907   . 129, 364	124		349	581
Arkansas	45, 258	3, 479	39, 594	124	847	17, 315 7, 268	13, 924 5, 665
California	1, 049, 063	71, 503	958, 025	3, 536	50, 231	37, 042	40, 807
Colorado	102, 516 91, 274	7, 052 5, 548	90, 632	82	619	13, 144	11, 266
Delaware	35, 323	2, 688	73, 113 34, 491	1,052 81	14, 393 750	3, 146 72	3, 778 81
District of Columbia	23, 825	401	5, 139	1,090	13, 693	5, 517	4,994
Florida	453, 248	31, 839	383, 957	1, 523	22, 975	54,703	46,317
Jeorgia	162, 796	12, 174	144, 618	374	5, 694	15,092	12, 483
Unwall	27, 572 30, 010	1, 780 2, 573	27, 558 30, 933			12 7, 654	14 8,076
Illinois	205, 627	8, 812	113, 424	1, 928	26, 604	68, 930	65, 598
ndiana	171, 968	11, 136	134, 309	386	5, 741	36, 795	31, 918
owa	87, 670	5, 675	67, 368	336	4, 734	16, 574	15, 567 13, 130
KansasKentueky	110, 508	7, 482	87, 223 47, 192	625	10, 215 391	15, 991 20, 557	13, 130
Louisiana	61,410 152,214	4, 139 10, 604	136, 330	52 281	4, 286	11, 987	13,828 11,598
Maine	29, 419	2, 146	21, 263	277	4, 476	4, 387	3, 681
Maryland.	119,662	8, 344	103, 023	20	241	19, 575	16, 398
Massachusetts	117, 210	7, 552	90, 864	285	3, 774	24, 486	22, 577
Michigan	423, 650 118, 642	23, 989 6, 729	299, 162 88, 931	2, 371 147	38, 254 1, 787	98, 956 35, 155	86, 240 27, 925
Mississippi	67, 699	4, 905	57, 374	290	4,726		5, 600
Missouri	181,686	11, 321	135, 502	1, 168	17, 530	38, 552	28, 654
Montana	40, 188	1, 828	23, 514	760	12, 511		4, 16
Nebraska Nevada	60, 991 28, 111	4,119 1,663	49, 779 23, 511	296 249	4, 463 3, 065	7,060 1,409	
New Hampshire	13, 373	1,044	11, 301			2, 532	2,07
New Jersey	269, 949	15, 773	196, 604	3, 272	47, 463		
New Mexico.	76, 271	5, 275	66, 241	348	5, 250		
New York	616, 191 111, 503	22, 863 7, 107	205, 080 78, 271	12, 839 920	187, 462 13, 541		
North Dakota	19, 238	502	6, 074	624	10, 171	3, 176	2,99
Ohio	363,070	21,080	277, 355	2, 429	25, 394	74,030	
Oklahoma	122, 164	9, 106	102,008	349	5, 568	15, 883 9, 937	14, 58
PregonPennsylvania	73, 139 284, 972	5, 387 20, 829	60, 239 231, 668	308 1,093	3, 280 15, 813		9, 61 37, 49
Rhode Island	26, 175	2, 252	23, 999			2,06	2, 17
South Carolina	53, 844	4, 482	50, 442			4,635	
South Dakota	24, 450	1, 592	17. 483	220	3, 599	4,010	
Fennessee Fexas	157, 009 486, 164	12, 211 36, 190	133, 593 408, 561	445 762	4, 618 8, 32	27, 180 82, 94	18,79 69,28
Jtah	57, 371	3, 745	49, 354		0,022	8,85	8, 01
Vermont	6, 610	591	5, 735			1.07	
/ Irginia	168, 964	11,807	154, 339	229	2,838		11.78
Washington West Virginia	254, 874	16, 672 1, 918	192, 637 24, 803	2,068	29, 409	33, 38 8, 29	2 32,82 3 7,50
Visconsin	32, 306 65, 157	4, 472	56, 448	200	2, 27	7, 21	6, 43
V yoming.	19,023	1, 352	18, 37.	-		66	
nnin .	4, 655	15	224	220	4, 42		5
Puerto RicoVirgin Islands	51, 169 187	4, S49 14	44, 701 174			4, 31	1 6,46
	7, 688, 152	490, 855	6, 016, 828	43, 976	674, 68	2 1,096,63	5 996, 6

1 For volume by sections, see Tables 10 and 11.
2 Based on cases tabulated in 1959 including adjustments not distributed by States,

	1				1	Liverial antibunts in thousands	ווא זון נווסר	Bancla]								
	1001	t deal now construction	otion			Bectlon			Total ex	Total exlating construction	ruetion			1		
State	Number	Units	Amount	203(1)	203 other	122	223	Other 1	N. W.	,	1	203	213	Section	\$	
				Units	Units	Units	Units	Units	130mn N	Onits	Amount	Taite				Jense L
Alabama	3, 472	3, 473	\$42,373	116	2,092	848	3	1 8				O III	Ollits	Units	Units	Units
Artzona	8,572	103 8, 588	6,002 768	305	[6]	-	300	DAG.	5,048 361	5, 080 365	\$59, G16	4,356	43	160	140	98
California	1, 470	1,477	18,760	300	1,345	55	<b>2</b> <del>2</del>	20	2,605	2,059	200	2, 632	9		28	69
Colomdo	•	201, 102 3, 040	41 003	<del>§</del> 8	19,088	<b>4</b>	1, 180	8	50,564	51,710	946,834	906	414	٠,	16	9
Connectiont	840	846	11, 198	8	2,835 822		83		4,010	4,040	48, 670	3,842	250	2	1,719	
District of Columbia		1, 408	10, 379		1,406		200		1,702	5,080 20,090	62,005	823		1	88	
Florida		20,049	237, 078	4,000	13,967	480	883	730	100	6	6,130	312			25	
Hawaii	6, 107	5, 108	60, 275	82	3, 182	1.320	368	3	11, 514	11,890	140,878	10, 568	619	8	83.5	133
Idaho	1,071	1,075	16,637		338	22	112		<u>}</u> 8	7, 144	26,3 26,3 26,3	6,29		8	824	
Indiana	2,867	2,874	30,036	113	2,719	00	88		1,820	1,860	20,40	1,836	9	77	128	7
Iowa	0, 157	5, 168	02, 036	126	4, 965	, ;	6		5,070	5.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00	74,388	800 000 000 000 000 000		2	133	
Kansas	2,588	1,861	23,837	17	1,825		10		3,815	3.826	43 539	2, 500	3 6		23 :	
Kentucky.	1,703	1,708	10, 411	~ 4		22.5	198	6	4,894	4,023	63,540	4, 699	9	33	191	
Malno		6, 140	83,095	55		348	814	9	4, 465	4.538	27, 781	2,383	10	8,	ਲ <u>;</u>	
Maryland		6 500	9, 119		187		38		1,803	2, 150	18, 144	2,052	10		103	
Massachusotts.		1,214	16,082	\$-	2,331		185		5, 774	5,884	70,820	5,371	21		6	
Minnesofa		11, 188	147, 473	430	10,307	310	45		12,808	200	74, 782	7, 501			410	
Mississippl	3,05	3,000	8,8	91	2,04		2		4,672	4, 731	80, 50 458	4, 481	88	- 14	£ 8	\$
Missourl		3.818	48 946	345	2 200		916		1, 711	1, 722	18, 035	1,025		ī	88	
Nontana	572	579	8, 146	3"	, 621		22.9		7, 521	, - 38,88	36, 557	7,556		6	113	
Nevada	67.	1,751	12,390	227	1,330		8:5		2,360	2,382	27,380	2,12			259	
New Hampshire		89	1, 116	1	88		2		955	0.00	12, 387	018	134		9	
New Jersey	6,5%	6, 543	80, 436	705	5, 659		22	2	9, 232	9.681	116.168	3 2		-	<b>E</b> 5	
New York		2,400	42, 477	196		~	12			2,054	23,78	1,810	86	1	149	
North Carolina.		3,547	30, 569	636	2,565	363	38		3,569	3, 575	38,939	3,325		8.	988	
Ohio		611	1, 303			67	19			386	4, 571	308	88	~	282	
Oklahoma	4, 118	6, 088 4, 123	118, 462	38	9000	222	88	-		12, 616	158,902	11, 972	48	311	278	7
Oregon Popularia	1, 277	1,288	16, 231	<b>1</b> 5			ន្តន			4, 153	4,8	4,773			88	
Rhodo Island	0, 189	0, 180	67, 877	14	5,081	88	22.5			16,028	163, 600	15, 777		. 4.	308	1
South Carolina.	1 955	196	93 010	8	707		8			2, 448	20, 778	2, 187		_	560	***********
South Dakota	729	732	8,764	25	538	_	25		2, 527	2,552	27, 424	1,949		2	601	
Texas	19, 333	6, 136	71, 967	88	4,309	1,401	303	98	6,084	6, 567	61,626	6,321	1	138	855	31
Utah	2, 179	2, 188	20, 572	303 14	2,000	139		19	16,857	17,063	175,014	16, 430	-	8	286	6
Vermont	98	37	459		8		65	\$	555	989	5 275	5 5			5 8	4
Washington	4, 127	4, 127		ន៖	386	8	287		2, 680		98, 082	6, 534		17	1, 145	
West Virginia	3		7,542	8∞	508	2 22	à		13,602	14,09	151, 839	13, 4:18	۵-	13	626	
W. Escousini	1,436	1,458			1, 437		21		3,016		36, 417	3,087	•	57	37.	
Guam	· ·	657		-	651		9		969	503		:38			18	-
Puerto Rico.	<b>હ</b>	3, 929	37, 273	1,234	2, 521	28	116		924	45	7,48	939		4	4	
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10081	887	198, 053	2, 532, 079	13, 790	166, 136	6, 582	10, 293	1,257	203, 557	304, 268	3, 484, 749	288, 577	2, 136	1, 123	11,845	289
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TABLE III-11,-Volume

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Number   Autocolous   Sec. 201   Sec. 202   Sec. 203	ind Hzefilou dogodije da ke dta <b>s</b> om od d			-		-												
Number   Amount   Units   Number   Units   Units   Number   Units   Units   Number   Units	o spirit	100	ll sections	- 1/2 - 1	Sec.	207		Sec.	213		Sec.	220	Soc	122	Sec	231	Sec.	803
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4         3,286         308         1         40         1         432         1         301           2         3,286         220         240         352		18	_	2,420	80	223	2	<b>\$</b>			1					200	ı li	٠.
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2         3,600         220         3,240         1         205         1         205         1         205         1         205         1         220         1         220         1         220         1         220         1         220         1         220         1         220         1         10         1         200         1         200         1         200         1         200         1         200         1         200         1         200         1         200         2 <td< td=""><td>lvanía</td><td>, to</td><td></td><td>1,093</td><td>1</td><td>88</td><td></td><td></td><td>-</td><td>40.6</td><td>1</td><td></td><td></td><td></td><td>-</td><td></td><td></td><td></td></td<>	lvanía	, to		1,093	1	88			-	40.6	1				-			
2         3,600         220         3,822         240           6         8,322         762         3,822         3,822           1         2,838         2,270         20,030         3,200           8         2,270         20,030         3,200	Island				-											-		-
3         4,018         445         3         240         1         200         1         200         1         200         1         200         1         200         1         200         1         200         1         200         1         200         1         200         1         200         1         200         1         200	Carolina		002 6														SII	
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in New Jersey to \$673 in Kentucky and \$691 in Tennessee-varying considerably from the national average of \$909. (Guam and the Virgin Islands actually reported the lowest average amounts, but their combined total represented less than \$17 thousand in net proceeds.)

TABLE III-12.-Volume of FHA property improvement loans insured, by State location, 1959

State	N	et proceeds, 193	59
513.0	Number	Amount	Average
Alabama	13, 708	560 775	\$786
Alaska	349		1, 607
Arizona	17, 315		804
Arkansas	7, 266		780
California	37, 042		1, 102
Colorado	13, 144 3, 146 72 5, 517 54, 703	81 305	857 1, 201 1, 129 905 847
Georgia	15, 092	12, 483, 461	827
Hawaii	12	13, 987	1, 166
Idaho	7, 654	8, 076, 299	1, 055
Illinois	68, 930	65, 598, 146	952
Indiana	36, 795	31, 918, 203	867
Iowa	16, 574	15, 567, 109	939
Kansas	15, 991	13, 129, 517	821
Kentucky	20, 557	13, 827, 614	673
Louisiana	11, 987	11, 598, 017	968
Maine	4, 387	3, 680, 587	839
Maryland	19, 575	16, 397, 632	838
	24, 486	22, 572, 402	922
	98, 956	86, 239, 765	871
	35, 155	27, 924, 775	794
	7, 914	5, 599, 580	708
Missouri Montana Nebraska Nevada Nevada New Hampsbire	38, 552	28, 653, 985	743
	3, 961	4, 163, 391	1, 051
	7, 060	6, 749, 437	956
	1, 409	1, 535, 100	1, 089
	2, 532	2, 071, 509	818
New Jersey New Mexico New York North Carolins North Dakota	20, 752	25, 883, 295	1, 247
	4, 479	4, 780, 137	1, 067
	111, 867	133, 649, 228	1, 195
	25, 358	19, 690, 771	777
	3, 176	2, 992, 993	942
Ohio Oklahoma Oregon Pennsylvania Rhode Island	74, 030	60, 321, 380	815
	15, 883	14, 538, 387	918
	9, 937	9, 614, 756	968
	40, 196	37, 491, 308	933
	2, 064	2, 176, 190	1, 054
South Carolina South Dakota Pennessee Texas Utah	4, 632	3, 502, 051	756
	4, 010	3, 368, 290	840
	27, 186	18, 797, 804	691
	82, 945	69, 280, 147	835
	8, 858	8, 017, 191	905
Vermont	1, 071	875, 733	818
	16, 467	11, 787, 027	716
	33, 382	32, 827, 648	983
	8, 298	7, 502, 624	904
	7, 216	6, 430, 129	891
Wyoming  Quam  Puerto Rico  Virgin Islands	663	646, 240	975
	5	3, 155	631
	4,311	6, 467, 993	1, 500
	21	13, 560	646
Total !	1, 096, 635	996, 642, 053	909

<sup>1</sup> Sum of columns will not necessarily agree with total because of adjust-

## Cumulative Insurance Written, 1934-59

All Programs.—The State distributions of the cumulative volume of insurance written by the Federal Housing Administration from the be-

ginning of operations through 1959 on home mortgages, multifamily project mortgages, and property improvement loans are shown in Table III-13. Of the \$61.0 billion of insurance written. the greatest amount reported for any one State was the \$8.1 billion used to finance the purchase. construction, or improvement of California properties. The next largest volumes were reported by New York (\$5.5 billion), Michigan (\$3.9 billion), and Texas (\$3.6 billion). These four States have accounted for over one-third of all FHA business. a concentration reflecting such factors as the size and rate of growth of their population rather than any special proclivity for financing with FHA insurance.

Home Mortgage Programs.—Since the inception of the FHA program in 1934, California has continuously led all other States in the cumulative number of home mortgages insured. By the close of 1959, the number of one- to four-family home mortgages insured for the lenders of that State exceeded 826,000, followed by Michigan with 342,000, Texas with 341,000, and New York, Ohio, Pennsylvania, Washington, and Illinois, all with more than 200,000. Seven additional States had cumulative totals in excess of 100,000 and brought the total for the top 15 States to 70 percent of the national figure. Conversely, a group of 15 States each had fewer than 25,000 home mortgages insured and together represented about 3 percent of the overall total.

Activities under the various home mortgage sections of the National Housing Act are shown cumulatively through 1959 in Table III-14. Section 203 has, of course, been the primary home mortgage insurance program utilized in every State. The second largest volume has been reported under the World War II and post-war program provided in Section 603. Home mortgages have also been insured in almost every State under the Section 2 and 8 low-cost housing and Section 903 defense housing provisions, but in substantially smaller volume because of the limited applicability of these now terminated special-purpose programs. Of the currently active special-purpose programs, Section 222 servicemen's housing mortgage insurance has been utilized in all States except the Virgin Islands, Section 221 relocation housing and Section 213 sales housing in about two-thirds and three-fifths, respectively, and the financing of homes under the Section 220 urban renewal housing and Section 809 civilian housing programs has been confined to a relatively few States.

Project Mortgage Programs.—As shown in Table III-15, nearly one-fifth of the 841,500 dwelling units which have been financed through FHAinsured project mortgages are located in the State of New York. California, with 65,500 units, and New Jersey, with 65,400, rank second and third, respectively, each with less than 8 percent of all project units.

Table III-13.—Volume of FHA-insured mortgages and loans, by State location of property, 1934-59 [Dollar amounts in thousands]

State	Total amount	Home mo	rtgages !	Project mo	rtgages 1	Property impr	ovement loan
		Number	Amount	Units	Amount	Number	Net proceeds
Alabama	\$791, 138	66, 527	\$533, 236	14, 110	\$103, 843	338, 984	\$154,05
Alaska	121, 320	4, 297	71,020	3, 853	45, 765	3, 481	4,53
Arizona	876, 415	82, 592	670, 750	9, 610	87, 787	198, 720	117, 87
Arkansas	474, 197	50, 226	355, 431	3, 776	41, 433	157, 689	77,33
California	8, 093, 484	826, 421	6, 488, 490	65, 529	586,060	2,311,403	1,018,93
Colorado	699, 446	63, 380	525 893	5 288	54, 704	222, 427	
Connect cut	764, 873	64, 617	525, 893 587, 710	5, 288 8, 908	78, 673	194, 507	118, 85
Delawaro District of Columbia	188, 855	14, 157	131, 263	5, 473	50, 374	15, 449	98, 49 7, 21
District of Columbia	295, 034	7,859	63, 825	22, 851	164, 014	123, 536	67, 19
Florida	2, 038, 911	179, 780	1, 495, 329	20, 553	184, 972	574, 119	358, 61
Georgia	1, 121, 002	96, 529	777, 765	25, 725	197, 869	200 470	
Tawali	293, 081	17, 516	183, 346	8, 360	106, 631	300, 478 4, 097	145, 39
daho	322, 206	29, 207	225, 357	1, 416	13, 990	136, 149	3, 10 82, 8
HIROIS.	2, 589, 060	201, 309	1, 552, 310	26,688	233, 101	1, 424, 806	803, 6
ndlana	1, 639, 063	161, 126	1, 169, 827	10, 521	87, 493	796, 853	381, 7
owa	608, 821	52, 772	413, 747	2 677	24, 236	330, 633	170,8
Cansas	937, 734	94, 994	735, 373	2, 677 7, 797	78, 723	251, 219	123.6
Kentucky	604,008	49, 765	383, 920	9, 124	85, 150	285, 570	134, 9
Joulsiana.	1,045,761	92, 103	794, 180	12, 837	117, 462	246, 692	134, 1
Maine	227, 188	20, 242	142, 941	3, 503	35, 592	99,047	48, 6
Maryland	1, 175, 804	78, 365 47, 445 342, 198	608, 468	45, 042	318, 881	517,877	248, 4
Massachusetts	792, 221	. 47, 445	425, 258	6, 739	60, 531	596, 826	306, 4
Michigan	3, 879, 888	342, 198	2, 699, 482	19, 115	185, 278	1, 952, 190	995, 1
Vinnesota	831,095	55, 295 38, 889	479, 748	7,020	55, 964	582, 318	295, 3
Mississippi	380, 620	38, 889	279, 822	3, 492	29, 279	149, 256	71,5
Missouri	1,531,348	135, 623	1,090,715	15,080	138, 911	652, 739	301, 7
fontana	224, 329	19, 578	159, 778	1,747	21, 284	66, 346 137, 202	43, 2
Vebraska.	509, 346	50, 720	389, 893	4, 390	45, 884	137, 202	73, 5
Vevada. New Hampshire	222, 971 109, 201	17, 374 8, 503	165, 389 62, 625	3, 080 1, 344	36, 806 18, 326	30, 170 58, 445	20, 7 28, 2
						1	14
Vew Jersey	2, 373, 057	185, 344	1, 383, 943	65, 396	524, 343	738, 896	464, 7
Jow York	420, 185 5, 488, 361	36, 484 275, 139	319, 499	5, 063 156, 728	59, 858	58, 505 2, 519, 303	40,
Vorth Carolina	811,609	64, 905	2, 314, 137 491, 290	23 126	1, 461, 172 184, 111	2, 519, 303	1,713,
Yow York. Yorth Carolina Yorth Dakota	116, 945	6,017	50, 999	23, 136 2, 515	39,610	46, 620	136, 2 26, 3
Dhio	3, 035, 892	252, 043	2, 121, 066	27, 653	220, 468	1, 420, 760	
)klahoma	1, 090, 585	119, 234	854, 042	6, 709	67, 007	334, 750	169,
)regon	737, 992	72, 683	548, 958	6, 292	51,606	265, 451	137.
Pennsylvania	2, 620, 921	251, 166	1, 801, 843	28, 571	237, 478	1, 185, 606	581.
Rhode Island.	184, 832	16, 677	140, 230	1,028	9,173	1, 185, 606 73, 545	581, 35,
outh Carolina	460, 172	46, 128	320, 619	10, 162	88,026	109, 211	51.
outh Dakota	175, 296	18, 158	132, 709	1, 494	13, 967	48, 873	: 1 28.
onnessee	1, 087, 513	105, 144	792, 505	11, 571	78, 619	479,061	216,
'exas	3, 575, 317	341, 269	2, 509, 473	40,098	318, 553	1, 408, 342	747,
tab	539, 602	49, 625	402, 066	1,891	16,860	231, 599	120,
ermont	59, 357	6,867	45, 282	193	1, 512	25, 117	12,
irginia	1, 478, 901	119,016	971, 460	48, 251	339, 174	333, 156	168
Vasnington	1, 902, 948	203, 865	1, 532, 843	14, 508	140, 322	1 587, 974	<b>i 3</b> 19,
Irginia. Vashington. Vest Virginia. Visconsin	285, 410 547, 577	29, 930 44, 410	212, 695 365, 732	900 4,541	5, 133 37, 623	122, 197 286, 951	67 144
				•		1	
Vyoming Sanal Zone	141, 169	16, 524	122, 580	611 330	4, 976 5, 425	21,042	2 13
uam	5, 425 28, 988	301	4, 200	1, 270	5, 425 24, 372	32	7
uerto Rico	336, 898	32, 761	240, 888	6, 929	50, 370	44, 22	45,
'irgin Islands	576	49	550			3:	3
Total 3	60, 981, 544	5, 263, 034	41, 342, 111	841, 488	7, 268, 772	23, 356, 57	12,370.

For volume by sections, see Tables 14 and 15.

Based on cases tabulated through 1959, including adjustments not distributed by States, and excluding Sec. 609.

Table III-14.—Volume of FHA-insured home mortgages by State location of property, by section, 1935-59 [Dollar amounts in thousands]

	All	sections				Nun	aber of mor	tgages				
State	Number	Amount	Sec. 2 and Sec. 8	Sec. 203	Sec. 213	Sec. 220	Sec. 221	Sec. 222	Sec. 603 1	Sec. 611	Sec. 809	Sec. 903
Alabama		7 \$533, 236 71, 020	916 21	51, 235 4, 240	43	41	1, 442	829 31	9,830		1, 462	723
Arizona	\$2,599 50,220	2 670, 750 5 355, 431	2, 672 273 15, 283	4, 240 65, 730 42, 343 655, 442	4, 407 552 10, 079	65 32	122 260	268 911 10, 181	7, 132 5, 377 126, 012	50 25	24	2, 333 583 9, 083
Colorado	64, 617	587,710 131,263	1, 995 264 41 1	54, 712 55, 238 11, 222 4, 905	355		1 25 120	1,036 1,105 49 53	5, 069 7, 537 2, 631 2, 780		[	213 472 189
Florida	179, 780	1, 495, 329	4,380	139, 298	820		528	4, 214	26, 895		2,064	1,581
Georgia Hawaii Idaho Illinois Indiana	17, 516 29, 207 201, 309	183, 346 225, 357 1, 552, 310	1,568 6 107 3,065 1,733	73, 733 15, 517 28, 009 172, 884 140, 569	306 20 198	16	1, 751 201 13	2,872 654 177 492 291	13, 350 544 527 21, 975 15, 823			3, 198 272 367 2, 880 2, 512
Iows Kansas Kentucky Louislans Maine	52, 772 94, 994 49, 765 92, 103	413, 747 735, 373 383, 920 794, 180	905 1, 854 292 1, 056 46	48, 113 77, 588 42, 818 74, 131 17, 828	351 70 962	1 2	1 98 1,024 365	135 1, 304 218 2, 467 510	2, 551 10, 368 4, 737 12, 381 1, 290			716 3, 782 605 741 565
Maryland Massachusetts Michigan Minnesota Mississippi	78, 365 47, 445 342, 198 55, 295 38, 889	608, 468 425, 258 2, 699, 482 479, 748 279, 822	1, 728 650 7, 273 401 752	59, 345 41, 078 290, 003 49, 144 32, 526	104 1,783 416	8	892 1 1	1, 823 2, 347 355 282 722	14, 409 3, 076 41, 334 4, 810 4, 168			956 294 550 241 720
Missouri Montana Nebraska Nerada New Hampshire	135, 623 19, 578 50, 720 17, 374 8, 503	1, 090, 715 159, 778 389, 893 165, 389 62, 625	338 41 681 69 165	126, 438 18, 899 42, 087 13, 560 7, 403	10 365 1,019		22	673 146 1,525 50 548	7, 118 334 5, 808 1, 925 337			1, 024 158 194 751 50
New Jersey New Mexico New York North Carolina North Dakota	185, 344 36, 484 275, 139 64, 905 6, 017	1, 383, 943 319, 499 2, 314, 137 491, 290 50, 999	2, 632 86 9, 111 657 10	163, 051 30, 963 239, 569 52, 778 5, 624	808 58	37	49 10 43 376 6	1, 783 1, 063 1, 690 716 40	17, 014 2, 624 23, 699 8, 829 162			778 930 1,027 1,549
OhioOklshoms	252, 043 119, 234 72, 683 251, 166 16, 677	2, 121, 066 854, 042 548, 958 1, 801, 843 140, 230	1, 620 1, 866 789 1, 211 51	219, 704 95, 477 64, 520 216, 392 14, 080	221 666 52	1	1,007 13 89 1	1, 839 2, 083 204 899 1, 207	24, 786 17, 741 6, 847 31, 454 1, 263			2, 863 1, 401 258 1, 120
South Carolina	46, 128 18, 158 105, 144 341, 269 49, 625	320, 619 132, 709 792, 505 2, 509, 473 402, 066	664 206 1, 131 9, 553 177	34, 193 16, 660 83, 232 270, 310 40, 088	25 398 173 225	2 1 999	2, 253 468	2, 533 594 762 5, 247 181	6, 378 520 16, 056 52, 145 7, 920		104	2, 326 178 1, 206 3, 372
Vermont  Tirginia  Vashington  Vest Virginia  Visconsin	6, 867 119, 016 203, 865 29, 930 44, 410	45, 282 971, 460 1, 532, 843 212, 695 365, 732	17 3, 289 1, 873 141 327	6, 467 86, 165 178, 354 28, 423 38, 512	25 19 9		1,067 93 21 121	100 7,046 2,600 11 150	283 18, 898 20, 143 1, 325 4, 444			2, 526 783
yominguamuerto Rico	16, 524 301 32, 761	122, 580 4, 200 240, 888	122	15, 192 297 27, 708	40		137	45 4 284	1, 125 4, 162			δ
Total	5, 263, 034	41, 342, 111	84, 460	4, 383, 844	24, 636	1, 212	12, 632	67, 349	628, 016	75	3, 654	57, 156

Since 1948, New York has always led in the volume of units insured. New Jersey ranked second among the States from 1948 through 1958, when it was replaced by California, which in 1948

had ranked only fifth.

The war and veterans' emergency programs under the now expired Section 608 account for more than half of all project units, Section 803 military and armed services housing one-fifth, and Section 207 about one-eighth.

Property Improvement Program.—Table III-16

shows that from 1934 through 1959 over 23 million privately financed loans with net proceeds of \$12.4 billion have been made to borrowers in every State and insured by FHA under the Title I program. Over \$1 billion in net proceeds has been insured to finance improvements on properties in New York (\$1.7 billion) and California (\$1.0 billion). Michigan is just under the billion-dollar mark. Through 1959, the 23 million loans involved an average amount of \$530, ranging from \$1,303 in Alaska to \$441 in California.

Table III-15.—Volume of FHA-insured multifamily housing mortgages, by State location, 1935-59

					[Doll	lar amoun	ts in the	usands]							
of an area of		All sections	1		10-1	- 1			Number	of units		. 1		4	_
State	Num-	600	1990	Sec.	Sec.	213	Sec.	Sec.	Sec.	Sec.	Sec.	Sec.	Sec.	803	Sec.
	ber	Amount	Units	207	Sales	Manage- ment	220	221	231	608	608-610	611	Mili- tary	Armed services	908
AlabamaAlaska	248 34	\$103, 843 45, 765	14, 110 3, 853	674 1, 496	48	8	72			10, 295			1,005	1, 970	38
Arlzona	224	87, 787	9, 610	961	4,414					2, 357 947		160	1,619	1, 509	
ArkansasCalifornia	63 1,311	41, 433	3,776	337	578	:-				932				1,929	
		586,080	65, 529	7, 129	10, 155	1,832	280			21, 575	- 58	973	13, 693	8, 840	994
Colorado Connecticut	113 102	54, 704 78, 673	5, 288 8, 908	333 2, 630	365	197	255			1,896		50	680	1,700	264
Delaware	26	50,374	5, 473	682		191		40		3, 013 3, 771	20		450	240 1,000	2, 083
District of Columbia	186 425	164, 014 184, 972	22, 851 20, 553	2, 821 645	976	253	400	593		19,037					
		'	1 1							10, 669			4, 168	3,842	
Georgia Hawaii	195 124	197, 869 106, 631	25, 725 8, 360	1,743 224	57 311	104				18, 882 850	150	195	2, 150	2,244	200
Idaho	14	13, 990	1,416		20					571			2, 077 500	4, 898 270	55
Illinois Indiana	320 164	233, 101 87, 493	26, 688 10, 521	3,782 1,856	199	35	1, 552			17,012			3, 416	875	16
				4		2.14.				6, 065			510	930	961
Iowa Kansas	52 105	24, 236 78, 723	2, 677 7, 797	500 346	351					1, 591 3, 243	350		823	235 3,012	12
Kentucky	. 117	85, 150	9, 124	682	70		52			2, 247	330		3, 465	2,404	204
Louisiana	192 30	117, 462 35, 592	12, 837 3, 503	1,345	964					7,071	150	25	782	2, 404 2, 500	
										688			1, 924	891	
Maryland Massachusetts	339 63	318, 881 60, 531	45, 042 6, 739	4,020 1,182	114	138				34, 221	·486		4,794	1, 161 825	108 44
Michigan	456	185, 278	19, 115	5, 221	1,950	448	526			3, 186 7, 214	500		1,502 661	2,595	
Minnesota	186 48	55, 964	7,020	1, 307	437					5,036				240	
Mississippl	l	29, 279	3, 492	12	4147.11	114 1				1,852			858	770	
Missouri	185 15	138, 911 21, 284	15,080	. 1,782	. , 10		1,090			9, 439			120	2, 639	
Montana Nebraska	83	45, 884	1,747 4,390	340	366	71				135 1, 786			592 611	910 1, 216	110
Nevada New Hampshire	76	36,806	4,390 3,080	100	1,038	56				240			801	845	
	12	18, 326	1,344							244				1, 100	
New Jersey	625 75	524, 343	65, 396	5,972		765	1, 909			51, 451			1, 983	2,854	462
New Moxico Now York	1.124	59, 858 1, 461, 172	5, 063 156, 728	30, 455	828	25, 962	7,729	7		277 85, 807	566	556	2, 395 1, 642	1,563 4,011	
North Carolina North Dakota	155	184, 111	23, 136 2, 515	3,086						9, 107	- 85		5, 571	5, 111	176
		39, 610	2,516	16	61	110				43				2, 300	95
OhioOklahoma	375 163	220, 468 67, 007	27, 653 6, 709	3, 557 132	241	173	899	2,716		16, 207 2, 974	10		2,528 500	2,047	922 389
Oregon	157	51, 606	6, 292	295	667 52	37			207	5, 155				464	82
Pennsylvania Rhode Island	418 13	237, 478 9, 173	28,571	4, 674		1, 144	1,520	209		19, 474	450		400		469
		15.	1,028	36						210			240	400	-1111
South Carolina	109	88,026	10, 162	290	25					6,329		25	585 891		
South Dakota Tennessee	17 165	13, 967 78, 619	1,494 11,571	125 1, 453	398	48	205			258 6,915	250		1,740	562	
Texas	498	318, 553	40,098	6,095	173					19, 432		·}	9,072	5, 326	
Utah	41	16,860	1,891	24	226					737			- 854	50	
Vermont	7	1,512	193	56						137					501
Virginia Washington	395 164	339, 174 140, 322	48, 251 14, 508	10, 545	25 20		ļ		-	29, 672 6, 369	440	-174	4, 329 3, 100		300
Washington West Virginia	17	5, 133	900	188	. 9	94				6, 369 209	400				
Wisconsin	188	37, 623	4, 541	651	41	21			-	3,828			-		
Wyoming	10	4,976	611		40					71			_ 500	330	
Oanal Zone Guam	3 14	5, 425 24, 372	330 1, 270						-					1, 270	
Puerto Rico	33	50, 370	6, 929					ΛΥ		4, 947			. 88	1,096	
Total	10, 305	7, 268, 772	841, 488	111, 208	25, 229	31, 386	16, 489	3, 569	207	465, 674	3, 915	1,984	84.88	3 88, 459	8, 485
10001	10,000	1, 200, 172	71, 200	111, 200	20, 229	31,000	10, 100	1 3,308		100,011	1,5,510	1 -, ~	1	,	1

to the transfer of the first the fir

I Includes Sec. 603-610.

Cases tabulated through 1959, including adjustments not distributed by States.

TABLE III-16 .- Volume of FHA property improvement loans insured, by State location, 1934-59

Number	State	- No	et proceeds, 1934-5	9
Alaska	10 200	Number	Amount	Average
Arkanass		338, 984	\$154, 059, 260	\$454
Arkanass		3, 481	4, 535, 382	1,303
Colorado		198, 920	117, 878, 389	593
Connecticut		2, 311, 403	1, 018, 933, 836	490 441
Delaware	Colorado	222, 427	118, 850, 040	534
District of Columbia			7 017 157	506 467
Florida	District of Columbia		67 195 088	514
Hawaii			358, 609, 584	625
Idaho	Georgia	300, 478	145, 368, 292	484 758
Dilinois	Hawaii	126 140	3, 104, 904	609
Indiana		1 424 S06	803 649 628	564
Kantucky   285, 570   134, 938, 370   4   123, 637, 935   4   12	Indiana	796, 853	381, 742, 907	479
Kentucky         225, 570         134, 938, 370         44           Louislana         246, 692         134, 118, 576         5           Maine         99, 047         48, 654, 860         4           Maryland         517, 877         248, 455, 272         4           Massachusetts         596, 826         306, 432, 302         5           Michigan         1, 952, 190         995, 127, 825         5           Minesota         582, 318         295, 383, 496         5           Mississippi         149, 256         71, 518, 880         4           Missourt         652, 739         301, 722, 138         4           Montana         66, 346         43, 266, 904         6           Nerbraska         137, 202         73, 568, 693         5           New Hampshire         58, 445         28, 249, 910         4           New Jersey         738, 896         464, 771, 266         6           New Mcxico         58, 505         40, 828, 004         6           New York         2, 519, 303         1, 713, 052, 251         6           North Carolina         244, 903         1, 713, 052, 251         6           North Carolina         334, 750         169,		330, 633	170, \$38, 193	517
Louistana         246, 692         134, 118, 576         5           Maine         99, 047         48, 654, 860         4           Maryland         517, 877         248, 455, 272         4           Massachusetts         596, 826         306, 432, 302         5           Michigan         1, 982, 190         985, 127, 825         5           Minnesots         582, 318         295, 383, 496         5           Mississippi         149, 256         71, 518, 880         4           Missouri         683, 46         43, 266, 904         6           Nebraska         137, 202         73, 568, 693         6           Nevada         30, 170         20, 775, 650         6           New Hampshire         58, 445         28, 249, 910         4           New Jersey         738, 896         46, 771, 266         6           New Mexico         58, 505         40, 828, 004         6           New York         2, 519, 303         1, 713, 052, 251         6           North Dakota         46, 620         26, 336, 161         6           Ohio         1, 420, 760         694, 338, 190         4           Okikahoma         30, 208, 616         5	Kansas	251, 219	123, 637, 935	492
Maine         99,047         48,654,660         4           Maryland         517,877         248,455,272         4           Massachusetts         596,826         306,432,302         5           Michigan         1,952,190         995,127,825         5           Minnesota         582,318         295,383,496         5           Mississippi         149,256         71,518,880         4           Mississippi         652,739         301,722,138         4           Missouri         652,739         301,722,138         4           Montana         66,346         43,266,904         6           Nevada         30,170         20,775,650         60           New Hampshire         58,445         28,249,910         4           New Jersey         738,896         464,771,266         6           New Mcxico         58,505         40,828,004         6           New Mcxico         58,505         40,828,004         6           New Morito         2,519,303         1713,052,251         6           North Carolina         244,903         133,208,616         6           North Carolina         334,750         169,535,792         5	Toutsiana			473 544
Massachusetts         596, 826         306, 432, 302         55           Michigan         1, 982, 190         986, 127, 825         55           Minnesota         582, 318         295, 383, 496         5           Mississippi         652, 739         301, 722, 138         4           Missouri         652, 739         301, 722, 138         4           Montana         66, 346         43, 266, 904         6           Nebraska         137, 202         73, 568, 693         5           Nevada         30, 170         20, 775, 650         6           New Hampshire         58, 445         28, 249, 910         4           New Jersey         738, 896         464, 771, 266         6           New Mcxico         58, 505         40, 828, 004         6           New York         2, 519, 303         1, 713, 052, 251         6           North Dakota         254, 903         1, 713, 052, 251         6           North Dakota         254, 903         1, 713, 052, 251         6           North Dakota         254, 903         1, 713, 052, 251         6           Oklahoma         334, 750         169, 535, 792         5           Oregon         265, 451 <td< td=""><td>Maine</td><td></td><td>48, 654, 860</td><td>491</td></td<>	Maine		48, 654, 860	491
Michigan         1,952, 190         995, 127, 825         5           Minnesota         582, 318         295, 383, 496         4           Mississippi         149, 256         71, 518, 880         4           Mississippi         652, 739         301, 722, 138         4           Missouri         65, 346         43, 266, 904         6           Nebraska         137, 202         73, 568, 693         6           Nevada         30, 170         20, 775, 650         6           New Hampshire         58, 445         28, 249, 910         4           New Hearico         58, 505         40, 823, 004         6           New Mexico         58, 505         40, 823, 004         6           New York         2, 519, 303         1, 713, 052, 251         6           North Dakota         246, 620         26, 336, 161         5           Ohio         1, 420, 760         694, 388, 190         90           Okiahoma         334, 750         169, 535, 782         5           Oregon         265, 451         137, 423, 487         5           Oregon         265, 451         137, 423, 487         5           Oregon         265, 451         137, 423, 487	Maryland		248, 455, 272	480
Minnesota         582, 318         295, 383, 496         5           Mississippi         149, 256         71, 518, 880         4           Mississippi         652, 739         301, 722, 138         4           Montana         66, 346         43, 266, 904         6           Nevada         30, 170         20, 775, 650         6           New Hampshire         58, 445         28, 249, 910         4           New Hersey         738, 896         464, 771, 266         6           New Jersey         738, 896         464, 771, 266         6           New Mcxico         58, 505         40, 828, 004         6           New York         2, 519, 303         173, 305, 251         6           North Carolina         244, 903         136, 208, 616         5           North Dakota         46, 620         26, 336, 161         5           Oklahoma         334, 750         169, 535, 792         5           Oregon         255, 451         137, 423, 487         5           Pennsylvania         1, 185, 606         581, 599, 509         4           Rhode Island         73, 545         35, 428, 924         4           South Carolina         109, 211         51, 5	Massachusetts.	596, 826	306, 432, 302	513
Mississippi. 149, 256 71, 518, 880  Missouri. 652, 739 301, 722, 138  Missouri. 663, 346 43, 266, 904 60  Nebraska. 137, 202 73, 568, 693 60  Nevada. 30, 170 20, 775, 650 60  New Hersey. 738, 896 464, 771, 266  New Mexico. 58, 505 40, 828, 004 60  New York 2, 519, 303 1, 713, 052, 251 60  North Carolina. 224, 908 136, 208, 616 60  North Dakota. 46, 620 26, 336, 161 60  Ohlo. 1, 420, 760 694, 358, 190  Oregon. 265, 451 137, 423, 487  Pennsylvania. 1, 185, 606 581, 599, 809 48, 810 de island. 73, 345 35, 428, 924 48  South Carolina. 109, 211 51, 526, 621 48, 671 60  South Dakota. 48, 873 28, 619, 992  Fennessee. 479, 661 216, 388, 164 48, 873 28, 619, 992  Fennessee. 479, 661 216, 388, 166 48, 873 28, 619, 992  Fennessee. 479, 661 216, 388, 166 48, 873 28, 619, 992  Fennessee. 479, 661 216, 388, 166 48, 873 28, 619, 992  Fennessee. 479, 661 216, 388, 166 48, 873 28, 619, 992  Fennessee. 479, 661 216, 388, 166 48, 873 28, 619, 992  Fernont. 211, 408, 342 747, 290, 835 544, 873 184, 874, 874, 874, 874, 874, 874, 874, 8	Michigan	1, 952, 190	995, 127, 825	510 507
Montana	Mississippi	149, 256	71, 518, 880	479
Montana	Missouri	652, 739	301, 722, 138	462
Nevada         30, 170         20, 775, 650         6           New Hampshire         58, 445         28, 249, 910         4           New Jersey         738, 896         46, 771, 266         6           New Mexico         58, 505         40, 828, 004         6           New York         2, 519, 303         1, 713, 052, 251         6           North Dakota         24, 903         136, 208, 616         5           North Dakota         46, 620         26, 336, 161         5           Obio         1, 420, 760         694, 358, 190         40           Okiahoma         334, 750         169, 535, 792         5           Oregon         265, 451         137, 423, 487         5           Pennsylvania         1, 185, 606         581, 599, 809         4           Rhode Island         73, 545         35, 428, 924         4           South Carolina         109, 211         51, 526, 621         4           South Dakota         48, 873         28, 619, 992         5           Fennessee         479, 061         216, 388, 316         4           Fexas         1, 408, 342         747, 290, 835         5           Jiah         231, 599         120, 675, 835			43, 266, 904	652
New Hampshire         58, 445         28, 249, 910         4           New Jersey         738, 896         484, 771, 266         6           New Mexico         58, 505         40, 828, 004         6           New York         2, 519, 303         1,713, 052, 251         6           North Carolina         224, 903         136, 208, 616         5           North Dakota         46, 620         26, 336, 161         5           Ohio         1, 420, 760         604, 358, 190         34, 750           Orcgon         265, 451         137, 428, 487         5           Pennsylvania         1, 185, 606         581, 599, 509         4           South Carolina         109, 211         51, 526, 621         4           South Dakota         48, 873         28, 619, 992         5           Texas         1, 408, 342         747, 290, 835         5           Creas         1, 408, 342         747, 290, 835         5           Tirghia         333, 156         168, 266, 916         3           Tirghia         333, 156         168, 266, 916         3           Tirghia         333, 156         168, 266, 916         3           Tirghia         122, 197         67,	Nebraska.	137, 202	73, 568, 693	536 689
New Mcxico         58, 505         40, 828, 004         6           New York         2, 519, 303         1, 713, 052, 251         6           North Carolina         254, 903         1, 713, 052, 251         6           North Dakota         46, 620         26, 336, 161         5           Ohio         1, 420, 760         694, 358, 190         4           Oklahoma         334, 750         169, 535, 792         5           Oregon         265, 451         137, 428, 487         5           Pennsylvania         1, 185, 606         581, 599, 809         4           Rhode Island         73, 545         35, 428, 924         4           South Carolina         109, 211         51, 526, 621         4           South Dakota         48, 873         28, 619, 992         5           Teannessee         479, 061         216, 388, 316         4           Texas         1, 408, 342         747, 290, 835         5           Jtah         25, 117         12, 562, 782         56           Tirghinia         333, 156         168, 266, 916         36           Vashington         587, 974         319, 782, 502         56           Vest Virginia         122, 197 <t< td=""><td>New Hampshire</td><td></td><td>28, 249, 910</td><td>483</td></t<>	New Hampshire		28, 249, 910	483
New York         2, 519, 303         1, 713, 052, 251         6           North Carolina         254, 908         136, 208, 616         6           North Dakota         46, 620         26, 336, 161         6           Ohio         1, 420, 760         694, 358, 190         4           Okiahoma         334, 750         169, 535, 792         5           Oregon         265, 451         137, 423, 487         5           Pennsylvania         1, 185, 606         581, 599, 509         4           Rhode Island         73, 545         35, 428, 924         4           South Carolina         109, 211         51, 526, 621         4           South Dakota         48, 873         28, 619, 992         5           Fennessee         479, 061         216, 388, 316         4           Fexas         1, 408, 342         747, 290, 835         55           Jah         231, 599         120, 675, 855         55           Fermont         25, 117         12, 562, 782         56           Virginia         333, 156         168, 266, 916         56           Vashington         587, 974         319, 782, 502         56           Vest Virginia         122, 197         67,	New Jersey		464, 771, 266	629
North Dakota	New Mexico	58, 505	40, 828, 004	698
North Dakota		2, 519, 303	1,713,052,251	680 534
Oklahoma     334, 750     169, 535, 792     50       Oregon     255, 451     137, 423, 487     5       Pennsylvania     1, 185, 606     581, 599, 809     4       Rhode Island     73, 545     35, 428, 924     4       South Carolina     109, 211     51, 526, 621     4       South Dakota     48, 873     28, 619, 992     5       Fennessee     479, 061     216, 388, 816     4       Fexas     1, 408, 342     747, 290, 835     5       Juh     231, 599     120, 675, 855     55       Fermont     25, 117     12, 562, 782     5       Firginia     333, 156     168, 266, 916     56       Vashington     587, 971     319, 782, 502     5       Visconsin     286, 951     144, 222, 651     5       Vyoming     21, 042     13, 612, 712     6       uerto Rico     44, 225     45, 639, 292     1, 03       trgin Islands     33     25, 742     74       uam     327, 44     416, 558     1, 22	North Dakota	46, 620	26, 336, 161	565
Oregon         265, 451         137, 428, 487         5           Pennsylvania         1, 185, 606         581, 599, 509         4           Rhode Island         73, 545         35, 428, 924         4           South Carolina         109, 211         51, 526, 621         4           South Dakota         48, 873         28, 619, 992         5           Fennessee         479, 061         216, 388, 816         4           Fexas         1, 408, 342         747, 290, 835         5           7tah         231, 599         120, 675, 855         5           Fermont         25, 117         12, 562, 782         5           Firginia         333, 156         168, 266, 916         35           Vashington         587, 974         319, 782, 502         5           Vest Virginia         122, 197         67, 581, 817         5           Vyoming         21, 042         13, 612, 712         6           uerto Rico         44, 225         45, 639, 292         7           uigin Islands         33         25, 742         7           quam         327         416, 558         1, 2		1, 420, 760	694, 358, 190	480
Pennsylvama         1, 185, 606         581, 599, 809         4           Rhode Island         73, 545         35, 428, 924         4           South Carolina         109, 211         51, 526, 621         4           South Dakota         48, 873         28, 619, 992         5           Fennessee         479, 061         216, 388, 316         4           Iceas         1, 408, 342         747, 290, 835         5           Jah         231, 599         120, 675, 855         5           Fermont         25, 117         12, 562, 782         5           Firstinia         333, 156         168, 266, 916         5           Vashington         587, 974         319, 782, 502         5           Vest Virginia         122, 197         67, 581, 817         55           Vyoming         21, 042         13, 612, 712         6           uerto Rico         44, 225         45, 639, 292         1, 0           irgin Islands         33         25, 742         7           uam         327         416, 558         1, 2		334, 750	169, 535, 792	506
Rhode Island. 73, 545 35, 428, 924 4  South Carolins 109, 211 51, 526, 621 4  South Dakota. 48, 873 28, 619, 992 5  Fennessee. 479, 061 216, 388, 816 4  Fexas. 1, 408, 342 747, 290, 835 5  Triah 231, 599 120, 675, 855 5  Fermont 25, 117 12, 562, 782  Firginia 333, 156 168, 266, 916 34  Vashington 587, 974 319, 782, 502 5  Vest Virginia 122, 197 67, 581, 817 55  Visconsin 286, 951 144, 222, 651 56  Vyoming 21, 042 13, 612, 712 64  uerto Rico 44, 225 45, 639, 292 1, 03  trigin Islands 33 25, 742 78  uam 327 416, 558 1, 25	Ponnerleania	200, 451	137, 423, 487 591 500 500	518 491
South Dakota     48, 573     28, 619, 992     5       Fennessee     479, 061     26, 388, 816     4       Fexas     1, 408, 342     747, 290, 835     5       7tah     231, 999     120, 675, 855     5       Fermont     25, 117     12, 562, 782     5       Firginia     333, 156     168, 266, 916     5       Vashington     587, 974     319, 782, 502     5       Vest Virginia     122, 197     67, 581, 817     5       Visconsin     286, 951     144, 222, 651     5       Vyoming     21, 042     13, 612, 712     6       uerto Rico     44, 225     45, 639, 292     1, 0       irgin Islands     33     25, 742     7       uam     327     416, 558     1, 2	Rhode Island	73, 545	35, 428, 924	482
Fennessee     479, 061     216, 388, 816     4       Fexas     1, 408, 342     747, 290, 835     5       Jtah     231, 599     120, 675, 855     55       Fermont     25, 117     12, 562, 782     5       Firginia     333, 156     168, 266, 916     56       Vashington     587, 974     319, 782, 502     5       Visconsin     122, 197     67, 581, 817     53       Visconsin     286, 951     144, 222, 651     5       Vyoming     21, 042     13, 612, 712     6       uerto Rico     44, 225     45, 639, 292     1, 00       irgin Islands     33     25, 742     78       uam     327     416, 558     1, 21	South Carolina		51, 526, 621	472
Fexas         1, 408, 342         747, 290, 835         5.           Otah         231, 599         120, 675, 855         5.           Fermont         25, 117         12, 562, 782         56           Vashington         587, 974         319, 782, 502         56           Vest Virginia         122, 197         67, 581, 817         55           Visconsin         286, 951         144, 222, 651         50           Vyoming         21, 042         13, 612, 712         64           uerto Rico         44, 225         45, 639, 292         1, 00           irgin Islands         33         25, 742         78           uam         327         416, 558         1, 25	South Dakota	48, 873	28, 619, 992	586
Tan.   231, 599   120, 675, 855   55     Fermont   25, 117   12, 562, 782   56     Firphia   333, 156   168, 266, 916   56     Fashington   587, 974   319, 782, 502     Fest Virginia   122, 197   67, 581, 817     Fisconsin   286, 951   144, 222, 651     Fyoming   21, 042   13, 612, 712     Graph   27, 28, 28, 28, 28, 29, 28, 28, 28, 28, 28, 28, 28, 28, 28, 28			747 200 925	452 531
Vashington   587, 974   319, 782, 502   58, 7974   319, 782, 502   59, 7974   319, 782, 502   59, 7974   319, 782, 502   59, 7974   319, 782, 502   59, 7974   319, 782, 502   59, 7974   319, 782, 503   319, 782, 502   59, 782, 503   319, 782, 502   59, 782, 503   319, 782, 502   59, 782, 503   319, 782, 502   59, 782, 503   319, 7	Ttah	231, 599	120, 675, 855	521
Vashington   587, 974   319, 782, 502   58, 7974   319, 782, 502   59, 7974   319, 782, 502   59, 7974   319, 782, 502   59, 7974   319, 782, 502   59, 7974   319, 782, 502   59, 7974   319, 782, 503   319, 782, 502   59, 782, 503   319, 782, 502   59, 782, 503   319, 782, 502   59, 782, 503   319, 782, 502   59, 782, 503   319, 7	ermont	25, 117	12, 562, 782	500
Visconsin     286, 951     144, 222, 651     55       Vyoming     21, 042     13, 612, 712     64       uerto Rico     44, 225     45, 639, 292     1, 00       dirgin Islands     33     25, 742     78       uam     327     416, 558     1, 27	/irginia	333, 156	168, 266, 916	505
Visconsin     286, 951     144, 222, 651     55       Jyoming     21, 042     13, 612, 712     64       uerto Rico     44, 225     45, 639, 292     1, 00       irgin Islands     33     25, 742     78       uam     327     416, 558     1, 27	Vasnington	587, 974	319, 782, 502	544
Fyoming     21,042     13,612,712     8-       uerto Rico     44,225     45,639,292     1,0       irgin Islands     33     25,742     76       uam     327     416,558     1,27	Visconsin	286, 951	144, 222, 651	553 503
uam 327 416, 558 1, 27	yoming	21.042		647
uam 327 416, 558 1, 27	uerto Rico	44, 225	45, 639, 292	1,032
	irgin Islands	33	25, 742	780
TO to 1 1 22 255 575 10 270 661 102 102	_			
23, 330, 373   12, 370, 001, 107   80	Total 1	23, 356, 575	12, 370, 661, 107	530

<sup>1</sup> Sum of columns will not necessarily agree with total because of

## LENDING INSTITUTION ACTIVITY

All lending institutions originating or holding FHA-insured mortgages and loans must be approved by FHA. Governmental institutions such as the Federal National Mortgage Association, Federal Reserve banks, and Federal home loan banks, along with certain other Federal, State, and municipal agencies, have been given blanket approval. Members of the Federal Reserve System and institutions whose accounts or deposits are insured by either the Federal Savings and Loan Insurance Corporation or the Federal Deposit Insurance Corporation may be approved as mortgagees upon application. For other types of institutions, certain qualifications and regulations are prescribed for such approval. About 14,100 financial institutions were on the approved roster as of December 31, 1959.

## Mortgage and Loan Financing During 1959

A total of \$7.7 billion of FHA-insured mortgages and property improvement loans were financed by an estimated 6,100 lending institutions during 1959. Mortgage companies accounted for 39 percent of the total, followed by national banks with 22 percent, and State banks and savings and loan associations with 13 percent each.

The types of FHA programs participated in by the various types of lending institutions are shown in the following table:

	P	ercentage	distribution	1
Type of institution	Home mort- gages	Multi- family project mort- gages	Property improve- ment loans	Total
National bank State bank Mortgage company Insurance company Savings and loan association Savings bank All other	58. 5 43. 6 97. 5 90. 5 84. 5 77. 9 74. 2	13. 2 26. 1 2. 4 . 5 2. 0 17. 0 7. 0	28. 3 30. 3 . 1 (1) 13. 5 5. 1 18. 8	100. 0 100. 0 100. 0 100. 0 100. 0 100. 0

Less than 0.05 percent.

As this summary indicates, home mortgages accounted for the largest proportion of the FHA mortgages and loans insured by each type of financial institution in 1959, ranging from nearly 44 percent for State banks to almost 100 percent for insurance companies.

Home Mortgage Financing.—Of the major types of financial institutions engaged in FHA business during 1959, only Federal agencies reported a decline from 1958 in the amount of home mortgages financed. This one decrease was very small (\$6.9 million) when compared with the increases of \$558 million for mortgage companies and \$445 million for national banks. Although mortgage companies led all other institutions with \$2.9 billion in home mortgages originated, their proportion of the total volume of home loans financed dropped from 51 to 48 percent. The increase in the national bank total to \$995 million increased its share to 17 percent and enabled these institutions to displace savings and loan associationswhich increased their proportion of the total from 12 to 14 percent—as the second largest supplier of funds in 1959. State banks ranked fourth with 7 percent, followed by savings banks with 6 percent. The proportions financed by all types of institutions for 1959 and selected earlier years are shown in Table III-18 and graphically, for 1959 only, in Chart III-9.

TABLE III-17.--Financing of FHA-insured mortgages and loans by type of institution, 1959 [Dollar amounts in thousands]

				Тур	of institu	tion	100	1 -20	7 0
Section	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other !	Total 3
Number of mortgages and loans: Home programs:		-:			7	VOV) V			į.
Sec. 203(1)	849 74, 307 306	31, 715	9, 337 205, 840	19, 860	2, 466 69, 052	48 27, 208	998	1, 157 13, 996	14, 13 442, 97
Sec. 220H Sec. 221H	11 249	203 74 172	1, 409 56 6, 881	27 58	183	3 21	 	130 14 141	2, 13 16 7, 70
Sec. 222 Sec. 809 Total	2,398	1,338 40 33,721	12, 263	1,491 21	2, 521	28, 610	990	796 197	22, 13 1, 61
Project programs: 2	78, 131	33,721	237, 127	21, 611	74, 225	28, 610	990	16, 431	490, 85
Sec. 207. Sec. 213 sales. Sec. 213 management. Sec. 220 P. Sec. 221 P.	18 6 4 4	35 4 15 18	14 88 2 10	2	1 2	23 4 1		1	10
	65	39	1 12		10	2		8	13
Total	97	115	129	2	13	30		9	39
Property improvement loans: 4 Sec. 2	553, 155	329, 659	3, 218	58	132, 909	22, 916		54, 819	1, 096, 7
Total all programs	631, 383	363, 495	240, 474	21, 671	207, 147	51, 556	999	71, 259	1, 587, 9
Face amount of mortgages and loans:  Home programs:  Sec. 203()	\$6, 694 950, 471	\$930 409, 951	\$73, 156 2, 556, 912	\$1, 223 266, 589	\$19,385 785,107	\$381 340, 243	\$6,096	\$9, 209 173, 980	\$110.9 5,489,4
Sec. 213H Sec. 220H Sec. 221H Sec. 222	4,051 297 2,189 31,366	3, 784 1, 162 1, 545 18, 272	20, 129 606 61, 933 162, 765	418 499 20, 891 259	17 27 1, 591 31, 751	18 159 18, 273	10	1,902 168 1,217 10,082 2,461	30, 3 2, 2 69, 1 293, 4 21, 3
Sec. 809	995, 220	436, 193	17, 896 2, 893, 399	289, 879	837, 937	359,075	6, 107	199,019	6,016,8
Project programs:									
Sec. 207	40, 121 1, 765	71, 439 1, 275	12, 492 16, 535	1,503	842 220	59, 312		1,405	187, 1 19, 1
Sec. 213 management	6, 637 19, 027	25, 548 65, 051	3,073 12,066			10, 623 4, 026			45, 8 100, 8
Sec. 221P		9, 259	3,994						13,
Sec. 221P	156, 108	87. 971	2,067 21,810		18, 013	4, 527		17, 302	2,0 305,1
Total.	223, 635	260, 542	72, 037	1, 503	19, 771	78, 488		18, 707	674,
Property improvement loans: 4 Sec. 2	481, 624	303, 0\$5	4, 344	53	133, 575	23, 475		50, 572	996.
Total all programs	1,700,479	999, 820	2, 969, 779	291, 435	991, 282	461,038	6, 107	268, 298	7, 688,
ercentage distribution of amount: Home programs:								A	
Sec. 203(1)	6. 0 17. 3	0.8 7.5	65. 9 46. 6	1.1	17. 5 14. 3	0.4 6.2	0. 1	- 8.3 3.2	10 10
Sec. 203 (0.101) Sec. 213H Sec. 220H Sec. 221H	13. 4	12.5	66. 4	1.4	(4)			6.3	10
Sec. 221H	13. 0 3. 2	51.0 2.2	26. 6 89. 6	.7	1.2	.8		7.4	10 10
Sec. 222	- 10. 7	6.2	55. 5	7.1	10.8	6.2	(3)	3.5	10
Sec. 90a	.7	2.6	84.0	1.2				3.3	10
Total	<b>16.</b> 5	7. 3	48. 1	4.8	13. 9	6.0		3.3	10
Project programs: Sec. 207	21. 4	38. 2	6.7	0.8	0.4	31.7		0.8	10
Sec. 213 sales Sec. 213 management	8.9 14.5	6. 5 55. 7	83. 5 6. 7		1.1	23. 1			. 10
Sec. 220 P	19.0	64. 9	12.1			4.0			. 19
Sec. 221P Sec. 231		69.9	30. 1 100. 0				-		1 10
Sec. 803 armed services	51. 1	28.8	7.1		5. 9	1. 5		5. 6	10
Total.	33. 2	38.6	10.7	. 2	2. 9	11. 6		2.8	16
Property improvement loans: Sec. 2	48. 3			(8)	13.4	2. 4		5. 1	10
Total all programs.	22. 1		38. 8	3.8	12. 9	6.0		3.5	1
umber of financing institutions:  Home programs:  Sec. 203(i)	35	43	203	11	168			17	
Sec. 203 (other) Sec. 213 H	1, 271	1, 481	1,028	208	1,620		3	5 134	. 6
Sec. 220 H	5	5	11		[ 1		2	2	
Sec. 221H	18							1 47	,
Sec. 222 Sec. 809	159		524 35	5 5		13			
Project programs:	ľ	1			1				
Sec. 207	14				2		9		
Sec. 213 sales Sec. 213 management	3	8	: [	2			1		
	1 3	. 8		5			1		
Sec. 220P	_	1 .		2	1				
Sec. 220P. Sec. 221P Sec. 231 Sec. 803 armed services		- 2		3		3	i		100

finance companies, endowed institutions, private and State benefit funds,

mortgages.

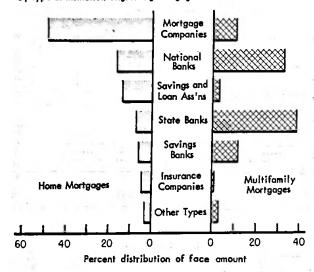
\* Based on co-lusurance only.

<sup>\*</sup>As tabulated in Washington.

#### CHART III-9

#### INSTITUTIONS FINANCING FHA -INSURED MORTGAGES, 1959

By type of institution originating mortgages



The relative participation of the various types of financial institutions in the origination of FHA home mortgages is also shown in Table III-17, with a further analysis by sections of the National Housing Act. Mortgage companies, as usual, were the leading originators in all of the FHA home mortgage programs except Section 220, ranging from 47 percent of the "regular" Section 203 program to 90 percent for Section 221. State banks were the leading originators of Section 220 loans, with 52 percent of the total. National banks and savings and loan associations generally ranked

either second or third in the financing of the various home mortgage programs, but the combined financing activities of these two types of institutions for all programs were substantially below the mortgage company totals.

Multifamily Housing Mortgage Financing.— State banks originated nearly two-fifths of the total volume of project mortgages insured in 1959 and national banks one-third. Section 803 mortgage financing played a major role in the total for national banks, accounting for 7 of every 10 dollars for this type of mortgagee, but represented only one-third of the total for the leading State banks, which concentrated on Section 207, Section 213 management-type cooperative, and Section 220 mortgage financing. State banks have led in originations over the entire 13-year period since 1946, except for 1955 and 1956, when national banks surpassed them. In each year starting with 1948, national banks and State banks together financed more than half of the amounts of multifamily housing mortgages, accounting in 1959 for almost 72 percent of the total. As shown in Table III-17, mortgage companies were fourth in the volume of originations but led in the number of mortgages financed, a reflection of the concentration of characteristically smaller Section 213 sales-type cooperative projects for which construction loans were obtained from this type of mortgagee. Savings banks rose to third position in volume of originations in 1959, replacing mortgage companies, which outranked them in the preceding 2 years. Except for the role played by Section 803 armed services housing mortgage financing, savings banks would have been the second leading originators in 1959. Percentages for all institutions are shown in Table III-18 for selected years.

Table III-18.—Financing of FHA-insured mortgages and loans, by type of institution, selected years

The same of the sa		-	Percent	age distribut	ion of face am	ount or net	proceeds		40 (4
Program	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total
Home mortgages:  1946. 1950. 1954. 1955. 1956. 1957. 1958. 1959. Project mortgages: 1946. 1950. 1954. 1955. 1956. 1957. 1958. 1959. 1979. 1979. 1979. 1979. 1979. 1979. 1979. 1979.	25. 8 15. 9 12. 1 16. 5 0. 7 23. 6 23. 9 35. 5 38. 5 32. 7 30. 4	17. 7 13. 8 12. 5 12. 7 13. 2 10. 3 7. 4 7. 3 35. 3 42. 4 33. 7 33. 9 38. 0 37. 9	26.7 27.7 35.2 33.3 33.2 42.2 42.2 51.4 48.1 23.0 20.9 19.1 5.5 14.0	15. 4 20. 8 11. 8 11. 1 8. 4 9. 1 5. 5 4. 8 39. 5 4. 5	9. 8 10. 8 10. 8 12. 3 9. 5 10. 7 12. 2 13. 9 1. 5 1. 1 0. 5 0. 5	3. 2 7. 6 5. 8 7. 2 9. 0 10. 4 7. 9 6. 0 13. 6 14. 5 9. 9	(r) 0.3 0.3 0.1	2.9 3.5 1.9 1.0 0.9 1.1 3.2 3.3 1.9 2.0 1.2 0.1 0.4	100.0 100.0 100.0 100.0 100.0 100.0 100.0 100.0 100.0 100.0 100.0
roperty Improvement loans: 1950. 1954. 1955. 1956. 1957. 1958.	33. 2 52. 8 51. 4 38. 2 47. 0 50. 2 47. 5 48. 3	38. 6 29. 2 30. 2 40. 5 32. 6 31. 0 31. 9 30. 4	10.7 0.6 1.0 0.3 1.0 0.6 0.4	(1)	2. 9 4. 6 9. 0 8. 7 8. 5 10. 5 13. 6 13. 4	11.6 1.3 2.3 2.2 2.5 2.3 3.0 2.4		2.8 11.5 7.1 9.4 9.1 5.0 3.5 5.1	100.0 100.0 100.0 100.0 100.0 100.0

<sup>1</sup> Less than 0.05 percent.

III I HOUSE TO A TO	ì			Тур	of institution	on			
Section	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total 1
Jumber of mortgages:		<del></del>							
Home programs: Sec. 8	1, 785 427, 102	1,314	240	3,755	7, 733	8, 059	8, 503	751	32, 140 2, 424, 330
Sec. 203 Sec. 213H	382	214,069 171	137, 646 700	765, 590 3, 518	293, 602 149	448, 496 3, 071	83, 669 12, 316	54, 156 2, 686	22, 993
Sec. 220H Sec. 221H	162	20 89	10 2,775	38	160	17 27	1, 105 8, 019	7 95	1, 194 11, 365
Sec. 222	7, 497 27, 546	2, 418 17, 436	7,322 677	16,739 09,018	6,890 11,846	12,905 27,568	6, 683 10, 330	1, 144 6, 702	61,598 201,123
Sec. 222 Sec. 603 Sec. 809 Sec. 903	38 677	50 244	439 493	553 958	41 401	395 1,788	1,685 39,445	143 57	3, 350 44, 063
Total	465, 194	235, 826	150, 311	890, 176	320.827	502, 326	171,755	65, 741	2, 802, 221
Project programs:	37	06	22	94	8	257	25	68	607
Sec. 213 sales	4	1	54						59
Sec. 220P	6	32 28	13	2		97	24 21	21 3	19 7 1
Project programs: Sec. 207 Sec. 213 sales. Sec. 213 management. Sec. 220 P Sec. 221 P Sec. 231 Sec. 608 Sec. 803 military. Sec. 803 amed services.	2	5	4		1		5		
Sec. 608	258	326 11	40 1	2,987 72	41	1,573	11 44	494 37	5,73 24
Sec. 803 armed services	143	111	30	i6 9	22 2	18	145 30	125 2	6:
500. 800.11111111111111111111111111111111		7 :						750	7.50
Total	455	617	150, 482	3, 184 893, 360	320, 901	2, 043	305 172,060	66, 491	7, 59 2, 809, 8
Total homes and projects	465, 649	236, 443	130, 462	983, 300	320, 901	509, 508	172,000	00, 131	2,003,0
	\$8,793	\$6, 645	\$1,310	\$19,925	\$41,482	\$43, 201	\$47, 266	\$3,932	\$172.5
Home programs:	4, 115, 588	2,016,569	1, 640, 669	7, 234, 861	2, 797, 849	4, 440, 884	838, 213	509, 681	\$172, 5 23, 594, 3
Sec. 213HSec. 220H	4, 784 233	2, 411 383	9,750 180	39, 944 75	2, 363 58	35, 912 222	141, 425 12, 419	28, 340 79	264, 9 13, 6
Sec. 221H	1, 427 98, 004	801 33, 199	24, 921 97, 066	232, 863	1, 309 87, 128	208 176, 689	12, 419 72, 626 80, 323	822   15, 245	102, 820,
Sec. 603 3	182, 133	110, 623	4, 589	670, 667	75, 303	198, 253	64, 334	43, 121	1, 349,
Sec. 809	6, 100	2, 275	5,808 4,237	7,903 8,077	566 3, 314	5, 613 16, 552	19, 967 360, 430	1,807 503	42, 401,
Total 4	4, 417, 530	2, 173, 717	1, 788, 539	8, 214, 631	3,009,372	4, 917, 535	1, 637, 003	603, 529	26, 762,
Project programs: Sec. 207.					-			-	
Sec. 207 Sec. 213 sales	52, 105 1, 128	126, 749 320	15,600 10,519	58, 913	3,010	303, 598	22,050	44, 879	626, 11.
Sec. 213 management	8,812	58, 561	11,489	7, 687		177, 144	19, 155	48, 891	11, 331, 201,
Sec. 220 P	1 6 175 1	101, 628 10, 755	13, 919 5, 663		400	10,823	43, 2S1 7, 520	5,729	30.
Sec. 231		152, 258	2,007 5,281			1,042,702	23, 784	419,471	2, 805,
Sec. 803 military	35, 585 224	26, 165	729	219, 850		168, 438	105, 692	114, 470	635,
Sec. 231 Sec. 608 3 Sec. 803 military Sec. 803 armed services Sec. 908 Sec.	280, 218	212, 420 5, 702	61, 526	29, 398 7, 183	33, 748 219	26, 952 14, 926	376,008 17,316	334, 974 1, 349	1, 355, 46,
Total.	403, 274	694, 557	126,792	-		1,744,583	614, 808	969, 764	6,048,
Total homes and projects	4, 820, 804	2, 868, 274	1, 915, 331	9, 663, 052	3,055,416	6, 662, 118	2, 251, 810	1, 573, 293	32, 810.
ercentage distribution of amount:									
Home programs: Sec. 8.	5. 1	3.8		11.6	24.0	25.0	27.4 3.6	2.3 2.2	10
Sac 303	17.4	8.5	7.0		. 9	18.8 13.5	53.4	10.7	1
Sec. 213H Sec. 220H	1.7	2.8	1.4		.4	1.6	90.9 70.9	.6	1
Sec. 221 H	11.9	.8 4.1	24. 3 11. 8	28.	10.6	21.5	9.8	1.9	1 1
Sec. 603	. 13.5	8. 2 1. 9	. 3	3 49.7			4.8 46.5	3. 2 4. 2	9 7 1
Sec. 903	1.1	1.6		í   2.0			89.8	.1	1
Total	16.5	8.1	6.7	7 30.	7 11. 2	18.4	6. 1	2.3	1
Project programs:				11 4 10	i u i i	40.4	3.5	7.2	
Sec. 207 Sec. 213 sales	8.3	20.2	2. 87. 87.	9			3.5		. 1
Sec. 213 management	9.4	17. 6	3.	5 2,		53.4	5.8 21.5	14.7 2.8	1
Sec. 220P	9.4	50. 4 35. 3	18.	6	1.3		24.6		0
Sec. 231			100.4	0	8	37. 2	.8	15.0	47
Sec. 608 Sec. 803 military	.  .1	5. 4		1 34.	6	26.5	16.6	18.0	120
Sec. 803 armed services	20.7	15. 7 12. 3	7   4.	5 2.			27.7 37.1	24.7 2.9	-
Sec. 908	6.7	11.4						16.0	
		8. :		_	_			4.8	
Total homes and projects	14.7	8.	, I o-	40.			Lik ilinia		

TABLE III-19.—Holdings of FHA-insured mortgages by type of institution, as of Dec. 31, 1959—Continued
[Dollar amounts in thousands]

	Type of institution											
Section	National bank	State bank	Mortgage company	Insurance	Savings and loan association	Savings bank	Federal agency	All	Total ı			
Number of holding institutions:  Home programs: Sec. 8 Soc. 203 Soc. 213H Sec. 221H Sec. 221H Sec. 222 Sec. 603 Sec. 909 Sec. 903 Project programs: Sec. 207 Sec. 213 sales Sec. 213 management Sec. 211 P Sec. 221 P Sec. 231	2,604 13 2 16 34s 700 6 25 23 2 2 3	160 3,490 6 6 17 300 915 7 17 28 8 1 10 10 3	64 1,173 26 6 128 507 124 29 41 15 8 4 6 3	73 479 7 1 8 196 220 26 17 32	263 2,300 4 3 42 615 567 12 24 7	\$22 429 25 3 10 271 176 36 35 35	2 6 1 1 1 3 3 1 1 1 1 1 1 1 1 1 1 1 1 1 1	25 344 8 2 11 82 67 10 7 11	700 10, 82± 24; 2, 32; 2, 77; 167 155 111 44; 22; 110 1 329			
Sec. 803 military	1 14	11 11 3	1 5	6 2 4	6	17 8 8	1 1	7 18 2	32 3 6 1			

Based on tabulations of audited cases.

4 Includes Sec. 611 not distributed by type of lending institution, 65 cases for \$482.050.

Property Improvement Loan Financing.—Of the \$997 million in property improvement loans insured during 1959, over 90 percent was reported by three types of institutions, with national banks financing \$482 million, State banks \$303 million, and savings and loan associations \$134 million (Table III-17). Comparable data for selected earlier years presented in Table III-18 indicate that since 1950 national and State banks have been the sources of over \$6.7 billion or 81 percent of all insured property improvement loans. This pattern was continued in 1959, when national banks originated loans representing 48 percent and State banks 30 percent of the total net proceeds insured. Participation by type of institution varied very little in 1959 from 1958, except for those institutions included under "all other." Although this group accounted for only 5 percent of the total net proceeds insured in 1959, the \$51 million involved in the loans which they submitted for insurance represented a 65 percent increase over 1958, primarily reflecting the increased volume of Title I insured loans being made by credit unions.

## Mortgages Held in Portfolio

At the close of 1959, financial institutions held \$32.8 billion of FHA-insured mortgages in their portfolios. The distribution of these holdings by type of institution is shown in Table III-19 for each of the home and project mortgage programs. An estimated 11,000 institutions held FHA home mortgages and over 300 held FHA multifamily project mortgages.

The chief investors in FHA mortgages by the end of 1959 were insurance companies, with \$9.7 billion or nearly 30 percent of the total. Savings

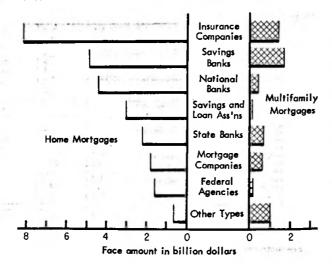
banks were next, with \$6.7 billion or 20 percent, followed by national banks with 15 percent. Chart III-10 shows the face amount of home and project mortgages held by each type of institution, and Table III-19 presents a more complete summation and analysis of 1959 year-end holdings.

Home Mortgage Holdings.—At the year end financial institutions held 2.8 million insured home mortgages with a face amount of \$26.8 billion—an increase of 14 percent in number and 24 percent in amount over December 31, 1958. Insurance companies led in holdings of FHA

## CHART III-10

# INSTITUTIONS HOLDING FHA-INSURED MORTGAGES, DECEMBER 31, 1959

By type of institution holding mortgages



home mortgages, with 31 percent of the amount, followed by savings banks with 18 percent and national banks with 17 percent. The ranking of types of financial institutions by the amount of home mortgages held was virtually unchanged from 1958, except that mortgage companies moved slightly ahead of Federal agencies. The insurance company share of FHA home mortgage holdings, although still the largest, has been declining steadily from the 43 percent reached in 1951 to its present 31 percent. Savings banks, on the other hand, have been steadily increasing their relative holdings since World War II, surpassing State banks in 1951 and finally taking over second place from national banks in 1958.

The distribution by program of the number and amounts of FHA mortgages held by financial institutions is also shown on Table III-19. With the exception of Federal agencies, all the financial institutions had from 84 to 93 percent of their FHA home mortgage holdings in regular Section 203 cases. The Federal agencies, with only 51 percent of their home mortgage holdings in Section 203 cases, traditionally have below-average numbers of these mortgages in their portfolios because of relatively large purchases by FNMA of special-purpose-program mortgages insured under Sections 220, 221, 809, and 903.

Multifamily Housing Mortgage Holdings.—In 1959, savings banks remained the leading holders of FHA-insured project mortgages. Although the dollar volume (original face amount) of their holdings has increased since 1954 when this type of institution first attained its leading position,

their relative holdings had declined from 37 percent to 29 percent by the end of 1959. Insurance companies, ranking second, also reported a relatively smaller proportion over this same period—24 percent in 1959 as compared to 35 percent in 1954. Contributing to this has been the recent high volume of insurance under the Section 803 armed services housing program, mortgages for which are held largely by the Federal National Mortgage Association and the "other" or miscellaneous type of mortgagees. The holdings of Federal agencies and miscellaneous institutions rose to 10 percent and 16 percent, respectively, over the 7 percent and 14 percent reported a year earlier.

Project mortgages in 1959 accounted for 18 percent of the \$32.8 billion volume of FHA-insured mortgages in the portfolios of all approved institutions.

# Mortgages and Loans Purchased or Sold in 1959

Over 416,000 FHA-insured mortgages and property improvement loans totaling \$4.0 billion in face amount were traded among more than 2,000 FHA-approved lending institutions during 1959. This transfer activity was double the 1958 secondary market volume for both number of transfers and dollar amount. Data showing the purchases and sales of FHA obligations during 1959 by type of financial institution are shown in Tables III-20 and III-21.

Table III-20.—Purchases of FHA-insured mortgages and loans by type of institution, 1959

		[Dollar a	amounts in t	housands]									
	1	Type of institution											
Section	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total				
Number of mortgages and loans:  Home programs: Sec. 8	15, 138 1 500 639 57	18 11, 348 50 2 1 422 138 21	30 2, 222 17 8 80 24 7	3 88, 989 4 4, 723 79 455	17, 450 30 9 806 7 38	12 70, 420 900 15 6 4, 293 8 374 585	34, 002 2, 810 420 6, 472 3, 301	9, 879 2 2 199 3 30	74 249, 448 3, 810 437 6, 502 14, 324 898 2, 103 586				
Total.	16, 339	12,000	2, 389	94, 253	18, 344	76, 613	48, 129	10, 115	278, 182				
Project programs:		1 	3	5		14 1	9 7 19 5	11 6 2	48 15 21 5 13				
Sec. 803 military Sec. 803 armed services		3		15	5	7	75	75	180				
Total		12	3	21	5	33	115	94	283				
Property improvement loans: Sec. 2	97, 653	33, 230	147		5, 398			1, 361	137, 789				
Total all programs	113, 992	45, 242	2, 539	94, 274	23, 747	76, 646	48, 244	11,570	416, 254				

See footnotes at end of table.

<sup>3</sup> Includes Sec. 203(i)

TABLE III-20.—Purchases of FHA-insured mortgages and loans by type of institution, 1959—Continued [Dollar amounts in thousands]

	(trade			Ту	pe of institut	ion	01, 117	10.1	adt dell
Section	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total
Face amount of mortgages and loans:		- 1.		-1.4	-702V1	1	114		n 1617
Home programs:					****				1 10
Sec. 8	. 523	\$85	\$169	\$16	\$20	\$68	\$17	**********	\$39
Sec. 203 Sec. 213 H	160, 899	120, 889 697	25, 706 231	1, 119, 979	183, 133 397	847, 911 11, 587	385, 264 38, 662	\$113,324 24	2, 957, 10 51, 61
Sec. 220H	·	26	201		307	209	4,996	21	5, 23
Sec. 221 H		8	61	20	72	49	58, 858	18	59, 098
Sec. 222	. 6.568 l	5, 936	1,068	65, 569	9, 767	58, 523	38, 614	2, 576	188, 619
Sec. 809	4, 294	862	84 63	534 0, 510	38 523	5, 301		31 404	5, 89
Sec. 903	100	331	8	0, 510	020	5, 13L	13, 433	404	27, 264 5, 139
Total	172, 499	128, 833	27, 394	1, 192, 638	193, 949	928, 829	539, 843	110, 376	3, 300, 36
Project programs:						-		0.00	
Sec. 207. Sec. 213 management	[	6, 286	1, 169	3, 425		20, 245	6, 177	7, 229	44, 53
Sec. 213 management		2,006				2,006	7, 542 40, 704	15, 944 1, 833	27, 49
Sec. 20)P							7, 520	1,000	42, 53 7, 52
Sec. 221 P. Sec. 608.		1,534				7, 298	., 020		8, 83
Sec. 803 military Sec. 803 armed services				2, 430					2, 43
Sec. 803 armed services		5, 219	[	26, 499	8, 618	7, 917	191, 559	187,706	427, 517
Total		15, 045	1, 169	32, 354	8, 618	37, 465	253, 501	212.711	560, 864
Property improvement loans: Sec. 2	65, 701	22, 571	261		2,759			765	92,057
Total all programs	238, 200	166, 450	28, 823	1, 224, 992	205, 326	966, 294	793, 344	329, 853	3, 953, 281
Percentage distribution of amount:		100, 100			====				
Home programs:	1						_	- 1	
Sec. 8	5.7	21.3	42.6	4.1	4.9	17. 2	4.2		100.0
Sec. 203	5.4	1.1	.9	37.9	6.2	28.7	13.0	3.8	100. (
Sec. 213H	(9)	1.4	.4		.8	22. 5 4. 0	74. 9 95. 5	(3)	100. ( 100. (
Sec. 220H Sec. 221H		(2) .6	.1	.1	.1	.1	99.6	(3)	100.0
Sec. 222	3.5	3.1	.6	34.8	5. 2	31. 0	20.5	1.3	100.0
Sec. 603	72.9	14.6	1.4	9.1	.6	.91		. 5	100.
Sec. 809	2.6	1.2	.2	23.9	1.9	19. 4 99. 8	49. 3	1. 5	100.
Sec. 903			. 2			119. 8			100.0
Total	5. 2	3.9	.8	36. 2	5. 9	28. 1	16. 4	3. 5	100.0
The first manner was					-				
Sec. 207		14.1	2.6	7.7		45.5	13.9	16. 2	100.
Sec. 213 management.		7.3				7.3	27. 4	58.0	100.
Sec. 207 Sec. 213 management Sec. 220 P Sec. 221 P						•••••	95. 7 100. 0	4.3	100. 100.
Sec. 608		17. 4				82.6	100.0		100.
Sec. 803 military Sec. 803 armed services.				100.0					100.
Sec. 803 armed services		1.2		6. 2	2.0	1.9	44.8	43.9	100.
Total		2.7	. 2	5. 8	1. 5	6.7	45. 2	37.9	100.
Property improvement loans: Sec. 2	71.4	24.5	0.3		3, 0			0.8	100.
Total all programs	6.0	4.2	0.7	31.0	5. 2	24. 4	20. 1	8.4	100.
ļ:									
Tumber of purchasing institutions: Home programs:		1		ł		- I		1	
Sec. 8	4	2	8	3	.4	4	1 3		2, 33
Sec. 203	440	538	198	259	530	254		113	2, 33
Sec. 213H Sec. 220H	1	i /	2		1	16 1	1 1	2	
Sec. 221H		î l'	3	4	6	4	î l	2	2
Sec. 222	57	63	37	122	112	165	1	28	58
Sec. 603	18	18	3	5	6	2		1	- 5
Sec. 809	4	5	3 1	21	12	34	1	4	8
Sec. 903 Project programs:			1			1			
Sec. 207 Sec. 213 management		2	3	3		7	1	. 5	5
		1  .				1	1]	2	
Sec. 213 management						·- <b></b>	1	1	
Sec. 220P							1 1		
Sec. 221P.							- 1		
Sec. 221P		1		1		4			
Sec. 221P	50	1 36		1	3 12	3	1	10	10

Of the total dollar amount of FHA-insured loans transferred, almost 84 percent consisted of home mortgages. Multifamily project mortgages accounted for 14 percent and property improvement loans for the remaining 2 percent of the total. In keeping with their primary role, mortgage companies originated and then sold by far the greatest volume of mortgages, while insurance companies and savings banks, having greater interest in long-term investments, were the chief purchasers.

Purchases and Sales of Home Mortgages.— Nearly 278,200 FHA-insured home mortgages with an aggregate face amount of \$3.3 billion were transferred during 1959. This was more than double the 1958 volume, a development which is primarily a concomitant of the much higher volume of mortgages insured during 1959. As usual, Section 203 home mortgages accounted for the great bulk of transfers (90 percent), followed by Section 222 (6 percent) and Section 221 (2 percent).

As shown in Table III-20, insurance companies led other institutions in the amount of insured mortgages purchased during the year with \$1.2 billion or 36 percent of the total, followed by savings banks with \$929 million or 28 percent, and Federal agencies with \$540 million or 16 percent. Except for mortgage companies, which traditionally make few purchases, all types of institutions purchased larger volumes of FHA home mortgages in 1959 than in 1958. Insurance companies upped their purchases by \$622 million and savings banks by \$533 million. The gains for these as well as for other institutions were almost entirely attributable to increased purchases of Section 203 mortgages, with the increased purchases

Table III-21.—Sales of FHA-insured mortgages and loans by type of institution, 1959
[Dollar amounts in thousands]

			di -	Ту	pe of instituti	on			1
Section	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All	Total
Number of mortgages and loans: Home programs: Sec. 8. Sec. 203. Sec. 213H.	20 18, 395 492	12, 217 378 309	186, 099 2, 214 93	3, 685 64	5, 456 9	31 5,661	3 5, 110 291	12, 835 361 16	74 249, 448 3, 810 437
Sec. 22011. Sec. 22111 Sec. 222 Sec. 603 Sec. 809 Sec. 903	18 99 894 234 108	149 1, 121 97	5, 962 10, 789 0 1, 441	27 195 117	215 399 69	20 368	337 1 242	46 569 6 251 584	6, 502 14, 324 898 2, 103 586
Total	20, 310	14, 276	206, 618	4, 089	6, 150	6, 082	5, 989	14, 668	278, 182
Project programs:	17 3 2	10 6 11 2	19 5 6 1	2	1	1 5		9	48 15 21 5 13
Sec. 803 military Sec. 803 armed services	67	81	11		13	1		7	180
Total	50	110	41	2	14	9		17	283
Property improvement loans: Sec. 2	40, 033	60, 414	11, 292		5, 287	16, 075		4, 688	137, 789
Total all programs	60, 433	74, 800	217, 951	4, 091	11, 451	22, 166	5, 989	19, 373	416, 254
Face amount of mortgages and loans;  Home programs: Sec. 8. Sec. 203. Sec. 213H Sec. 220H Sec. 221 H Sec. 222 Sec. 603 I Sec. 809 Sec. 903	395 213, 058 6, 381 307 866 11, 459 1, 385 2, 117	\$15 150, 962 5, 501 3, 608 1, 361 15, 307 555 13	\$79 2, 238, 094 30, 429 1, 118 54, 287 142, 216 43 19, 052	\$6 35, 333 887 235 2, 612 686	\$10 65, 508 119 1, 921 5, 006 705	\$176 55, 869 17 276 2, 490	\$17 46, 675 2, 997 12 35 4, 466 4 3, 119	\$151, 006 5, 263 197 394 7, 275 28 2, 964 5, 122	\$397 2, 957, 104 51, 614 5, 231 59, 098 188, 619 5, 894 27, 264 5, 139
Total	235, 667	177, 329	2, 485, 316	39, 758	73, 269	58, 836	57, 325	172, 859	3, 300, 360
Project programs: Sec. 207 Sec. 213 management. Sec. 220P Sec. 221P	15, 272 6, 687 3, 886	11, 722 11, 097 26, 279 2, 882	15, 290 5, 177 2, 766 752		842	4, 537 13, 493 899		1, 405 6, 390	44, 531 27, 498 42, 537 7, 520 8, S31
Sec. 608 Sec. 803 military Sec. 803 armed services	2, 430 151, 209	210, 682	20, 277	1, 531	27, 590	2, 469		15, 289	8, 831 2, 430 427, 517
Total	179, 484	262, 662	44, 263	1, 534	28, 432	21, 397		23, 093	560, 864
Property improvement loans; Sec. 2	25, 954	39, 865	10, 427		2,768	10,006		3, 036	92, 057
Total all programs	441, 105	479, 857	2, 540, 006	41, 292	104, 470	90, 239	57, 325	198, 988	3, 953, 281

See footnotes at end of table. To have the property of the contract of their ment of their verses of the contract for their contract of their ment of their contract of their

TABLE III-21.—Sales of FHA-insured mortgages and loans by type of institution, 1959—Continued [Dollar amounts in thousands]

le l'eri il	j			Ty	pe of institu	tion			
Section		1	I	1	1	i			1
the Committee of the Co	National	State	Mortgage	Insurance	Savings	Savings	Federal	All	l
The product of the second	bank	bank	company	company	and loan	bauk	agency	other -	Total
7, 184			<u> </u>		association			11	
Percentage distribution of amount:					100				
Home programs;				1			1	1	l .
Sec. 8	23.9	3.7	19.9	1.5	2.4	44.3	4.3	l	100.
Sec. 203.	7.2	5. 1	75.7	1.2	2. 2	1.9	1.6	5.1	100.
Sec. 213H		10.7	59.0	1.7	.2	(7)	5.8	10. 2	100.
Sec. 220H	5.8	69. 0	21. 4				.2	3, 6	100.
Sec. 221H	1.5	2.3	91. 9	.3	3. 2			. 7	100.
Sec. 222	6.1	8, 1	75. 4	1.3	2.7	.1	2.4	3.9	100.
Sec. 603.	23.5	9.4	. 7	11.6	12.0	42.2	.1	. 5	100.0
Sec. 809.	7.8	(2)	69. 9				11.4	10.9	100.
Sec. 903.		.2				.1		99. 7	100.0
14									
Total.	7.2	5.4	75. 3	1.2	2. 2	1.8	1.7	5. 2	100.0
Project programs:							<del></del>		
Sec. 207	34.3	26.3	34. 3		1.9			3, 2	100.4
Sec. 213 management	24.3	40.4	18.8			16. 5			100.0
Sec. 20P		61.8							100.0
Sec. 221P	51.7	38.3	10.0			01.7			100.0
Sec. 608.		30.0	10.0	17.4		10.2			100.0
Sec. 803 military	100.0			41.1		10.2		1 12.3	100.0
Sec. 803 armed services	35. 4	49.3	4.7		6. 4	.6		3.6	100.0
Total	32.0	46.8	7.9	.3	5.1	3.8		4.1	100.0
=									
Property improvement loans: Sec. 2	28. 2	43.3	11.3		3.0	10.9		3.3	100.0
Total all programs	11.2	12. 1	64.3	1.0	2. 6	2. 3	1.5	5. 0	100.0
Number of selling institutions:									
Home programs:							l	l .	
Sec. 8.	3	3	6	1 1	2	1	l 1	<b> </b>	17
Sec. 203	348	382	959	94	203	52	2	93	2, 133
Sec. 213H	7	10	32	- 1	1	1	l ī	4	57
Sec. 220H	8	3	9				l i	2	17
Sec. 221H	8	11	119	2	- 8		l ī	8	157
Sec. 222	85	69	503	17	47	13	l i	38	773
Sec. 603	žĩ	iol	2	9	3	4	l i	3	53 39
Sec. 809.	3	-ĩ l	31			<b>-</b>	l ī	ı š	39
Sec. 903	۱	il	٠.			i	l	ĭ	3
Project programs:		- i				-		-	
Sec 207	9	8	13		1		1	1	32
Sec. 213 management	2	4	3			1		[ <del>-</del>	10
Sec. 220P		5	3			Ž			10
Sec. 221P	2	2	ĭ						ı
Sec. 608.		- [	* i			1			
Sec. 803 military	1					•		L <sup>*</sup> l	1
Sec. S03 armed services	15 -	11	6		5	1		1	36
Property improvement loans: Sec. 2	59	40	8		11	3		4	125
rapers improvement roms. Sec. 2	29	- TU	0		11	J		1 1	120

Less than 0.05 percent. I Includes Sec. 610.

of most of the special-purpose-program mortgages constituting only a small portion of the total.

In the sales of home mortgages during 1959, mortgage companies again predominated, accounting for \$2.5 billion or 75 percent of the total. National banks were second with \$236 million or 7 percent, followed by State banks with \$177 million or 5 percent (Table III-21).

All types of financial institutions except Federal agencies increased their sales of home mortgages. A gain of \$1.4 billion in sales by mortgage companies represented over 80 percent of the total increase. Since mortgage companies sell most of their FHA mortgages soon after insurance, this increase is important only in that it reflects increased FHA financing activities. On the other hand, Federal agency sales declined by 44 percent.

Purchases and Sales of Multifamily Housing Mortgages.—The volume of FHA-insured project mortgages transferred in the secondary market increased by nearly two-fifths in 1959 to \$561 mil-Over three-fourths of the transfers involved mortgages insured under the Section 803 armed services housing program, the proportion increasing over 1958 when this program accounted for 73 percent of all project mortgage transfers and over 1957 when it accounted for 44 percent. The volume of transfers during 1959 for each multifamily housing program, by type of financial institution, is shown in Table III-20 for purchases and in Table III-21 for sales.

In 1959, as in 1958, the Federal-agency category (i.e., FNMA), accounting for 45 percent of the reported total, led all other types of mortgagee in the purchase of project mortgages. Reflecting its special-assistance functions, FNMA purchases provided a market for nearly one-half of the Section 803 armed services housing mortgages transferred, for virtually all transferred Section 220 and 221 mortgages, and for substantial proportions of the Section 213 cooperative mortgages and Section 207 mortgages sold, the latter category including several mortgages on elderly-housing projects. Mortgagees classified as "other" ranked

second in the volume of project mortgages purchased during the year—the \$213 million involved primarily representing investments in Section 803 mortgages by various city, State, and organiza-

tion retirement systems.

State banks led in sales of FHA-insured project mortgages, accounting for 47 percent of the 1959 aggregate face amount. National banks were second with 32 percent. Both State and national banks have been the chief originators of project mortgages in the last 10 years, as well as the leaders in sales, apparently indicating a preference for financing short-term construction loans involving higher interest rates rather than for holding long-term obligations. The Federalagency category had no reported FHA-insured

project mortgage sales in 1959.

Purchases and Sales of Property Improvement Loans.—Purchases and sales of \$92 million in insured property improvement loans shown in Table III-20 and III-21 for 1959 represent an increase of nearly 100 percent over the \$48 million reported for 1958. The combined purchases of commercial banks amounted to \$88 million or 96 percent of all such loans transferred during the year—with national banks buying \$66 million or 71 percent and State banks \$23 million or 25 percent. Sales reported by national banks of \$26 million, State banks \$40 million, and mortgage companies and savings banks \$10 million each, accounted for 94 percent of this activity.

## TERMINATIONS, DEFAULTS, AND CLAIMS PAID

This section of the report concerns the termination and default status of FHA-insured home and project mortgages and the volume of claims paid on defaulted property improvement loans. Table III-3 shows that terminations of insured mortgages and loans through December 31, 1959 amounted to \$24.8 billion or 41 percent of the cumulative face amount of mortgages and net proceeds of loans insured by the agency. Total terminations included \$13.7 billion in home mortgages, \$1.2 billion in project mortgages, and \$9.9 billion in property improvement loans. During 1959, \$2.4 billion in FHA insurance contracts were terminated-\$1.6 billion in home mortgages, \$194 million in project mortgages, and \$687 million in property improvement loans.

## **Terminations of Home and Project** Mortgages by Type of Termination

Home Mortgages.—Termination of an FHA mortgage insurance contract occurs under any of the following conditions:

1. The loan is paid off at maturity.

2. The loan is prepaid. Prepayment without refinancing or with proceeds of a non-FHA mortgage by the same or a new mortgagor is prepayment in full. Prepayment with the proceeds of a new FHA-insured mortgage is termed prepay-

ment by supersession.

3. The mortgage is foreclosed, with title to the property being acquired by the mortgagee. The mortgagee may either (1) transfer title to FHA in exchange for debentures and a certificate of claim (for those foreclosure expenses and losses of interest not covered by the debentures), or (2) "withdraw" from the FHA insurance contract and forego the insurance privileges in order to be free to market the property. Also classed as withdrawals are cases in which the mortgage is foreclosed and the property purchased by a party other than the mortgagee.

4. In the case of home mortgages, the insurance may also be terminated upon the request of the mortgagor and the mortgagee and upon payment

of a termination fee.

Home mortgage insurance terminations through the end of 1959 numbered 2.4 million, or 45 percent of all home mortgages insured. Termination percentages varied widely among programs, from 68 percent for the expired Section 603 program to less than 1 percent for newer programs under Sections 220, 221, and 809. Under Section 203, 43 percent of all insured cases were no longer in force, these representing more than four-fifths of all home-mortgage terminations.

Prepayments account for all but 3 percent of all FHA home mortgage terminations through 1959, 79 percent by payment in full and 18 percent by supersession. This predominance of prepayments may be noted for all programs except Section 221 and Section 903, both of which have had more foreclosures than any other type of termination

(Table III-22).

Matured loans have been reported only under the older sections (203, 603, and 603-610), all but 141 of the 26,237 such terminations being under Section 203.

Foreclosures accounted for 1.8 percent of all FHA home mortgage terminations through 1959, 1.4 percent being transfers of acquired properties to FHA and 0.4 percent titles retained by the mortgagee. Foreclosures have been more numerous but relatively less important under the older, more active programs. For example, foreclosures under Sections 203 and 603 represent 42 percent and 33 percent, respectively, of those under all sections, but account for less than 1 percent of all terminations under Section 203 and slightly over 3 percent of those under Section 603. In contrast, 87 percent of the terminations under Section 221 and 71 percent under Section 903 were by foreclosure.

Of the 43,000 properties acquired by lending institutions through foreclosure, 8,900 or 21 percent were retained by the lender. The fact that more than a third of the foreclosures under Section 203 and almost a fifth of those under Section 603 have involved retained properties is evidence of favor-

TABLE III-24.—Termination of FHA-insured multifamily housing mortgages, by tupe, 1935-59

[Dollar amo	urman in al	inhananan
India amo	յա առա արա	10028HIGS1

Disposition	3 1	Total :	.1	Sec. 8	Sc	ec. 203	. 1 .	Sec	213	S	ec. 220	Sec	221
ATT TO DESCRIPT	Numbe	Amou	int Nur		Number	Amou		um-	Amoun	Num- ber	Amoun	t Num- ber	Amount
Mortgages insured	5, 225, 545	\$41, 303,	364 38. 3	15 \$204, 260	4, 391, 922	\$35, 560,	714 24,	692	\$281, 902	1, 219	\$14,095	12, 675	\$113, 830
Mortgages terminated: Prepaid in full. Prepaid by supersession. Matured loans.	1, 849, 241 432, 492 26, 237	2,708,	928   1.71		1, 522, 963 333, 242 26, 096	8, 756, 7 2, 160, 6 92, 7	146	841 335	8, 351 3, 124	1	11	5 2	42 14
Properties acquired by mortgagee: Transferred to FHA. Retained by mortgagee. Other terminations !	34, 062 8, 933 791	251, 6 57, 4, 1	706 7	4, 403 6 397 2 9	11.835 6,281 8632	85, 3 41, 5 3, 4	34	291 3	2, 227 27			45 1	377 8
Total terminations	2, 351. 756	13, 652, 3	6. 20	5 31, 707	1, 901, 049	11, 139, 8	39 1,	470	13, 730	1	11	53	. 441
Mortgages in force	2, 873, 789	27, 651, 0	61 32, 14	0 172, 553	2, 490, 873	24. 420, 8	75 23.	222	268, 172	1, 218	14, 084	12, 622	113, 389
Disposition	Sec	222	Se	c. 603	Sec. 6	03-610	s	ec. 61	11	Sec.	809	Sec.	903
	Number	Amount	Number	Amount	Number	Amount	Numb	erA	mount	umber	Amount	Number	Amount
Mortgages insured	67, 772	\$902, 171	624, 653	\$3, 645, 217	3, 363	\$16, 109	7	5	\$556	3, 673	\$47, 241	57, 156	\$517, 270
Mortgages terminated: Prepaid in full. Prepaid by supersession. Matured loans.	1, 691 1, 200	22, 434 14, 956	316, 774 94, 351 131	1, 707, 018 508, 966 517	1, 019 220 10	4, 172 908 25	510.	7 2	51 15	8 8	91 84	2, 322 1, 413	20, 249 11, 983
Properties acquired by mortgagee: Transferred to FHA. Retained by mortgagee. Other terminations.	68 5 1	774 64 12	11, 656 2, 562 156	74, 384 15, 590 673	13 1	46 3		1	7	1	11	9, 354 4	83, 509 33
Total terminations	2, 965	38, 240	425, 630	2, 307, 147	1, 263	5, 154	10	0	74	17	185	13, 093	115, 774
Mortgages in force	64, 807	863, 930	199, 023	1, 338, 069	2, 100	10.954	6.	_	482	3, 656	47, 055	44.063	401, 496

able conditions for profitable dispositions of these properties by the mortgagees.

Three-fourths of the 34,100 properties acquired by mortgagees and transferred to FHA through 1959 had been sold by the end of that year (see Table III-23). Purchase money mortgages had been accepted by FHA in the financing of 20,600 of the 25,400 properties sold. Section 203 with 35 percent, Section 603 with 34 percent, and Section 903 with 27 percent have accounted for the bulk of acquired properties. At the year end,

Table III-23.—Disposition of FHA-acquired home properties, Dec. 31, 1959

	Total	Num	ber of initia	al sales	Number		
Section	number acquired	Total	Sold for all cash	Sold for cash and notes 2	of prop- erties on hand 3		
8 203	798 11, 835 291	666 9,062 165	34 1. 284 8	632 7, 798 157	138 2, 777 131		
221 222	45 68	15 29	3	15 26	30		
611	11,669	11, 310 1	2, 921	8, 389 1	384		
903	9, 354	4, 181	560	3, 621	5, 279		
Total	34, 062	25, 449	4, 810	20. 639	8, 776		

<sup>&</sup>lt;sup>1</sup> Excludes FHA repossessions. <sup>2</sup> Or contracts of deeds. <sup>2</sup> Includes 765 repossessions. <sup>4</sup> Includes Sec. 603-610.

FHA had sold all but 3 percent of its acquisitions under Section 603 and all but 23 percent of those under Section 203. For Section 903, more than half (56 percent) of the acquisitions remained on hand, location being an important factor in the relative slowness of their disposition. Detailed information on FHA's financial experience with acquired properties is contained in Section 5 of this report.

Voluntary terminations were provided for under the Housing Act of 1959. These provisions permit the cancellation of insurance on home mortgages upon request of the borrower and the lender and payment by the borrower of a termination charge. During the last quarter of the year, 7 voluntary terminations under Section 203 were reported.

Project Mortgages.—FHA-insured project mortgages numbering 2,706 and totaling \$1.2 billion in face amount had been terminated by the end of 1959. These represented 26 percent of the number and 17 percent of the total face amount of mortgages insured. Remaining in force at the year end were 7,599 project mortgages totaling over \$6 billion in face amount.

As shown in Table III-24, prepayments have accounted for 71 percent of all terminations, practically all being prepayments in full. A substantial portion of prepayments in full resulted from

more than a later to	То	tal I	Se	c, 207		. Sec.	. 213		Sec	220	Sec. 221		
Disposition	anni v	1-0-1	1917/		Sa	les	Mana	gement	,				
are name to bring to a	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	
Mortgages insured	10, 305	\$7, 268, 772	1,034	\$818,759	903	\$289, 121	104	\$333, 489	75	\$201,748	17	\$30, 513	
Mortgage insurance terminated: Propaid in full Propaid by supersession Matured loans. Default terminations (total)	1, 804 30 2 (757)	748, 942 17, 310 760 (416, 817)	347 13 2 (56)		841	274, 962	2 (2)	804	l				
Mortgages assigned by mort- gages: Mortgages held or sold by FHA. Titles acquired by FHA. Titles acquired by mortgages: Properties transferred to	260 261	181,434 117,067	14 10		2		1						
FHA Properties retained by mortgagees. Other terminations	227 9 23	116, 677 1, 639 36, 700	7	1,407			. 1	247	1	-			
Total terminations	2,706	1, 220, 529	427	180, 854	844	277, 155	4	1,750					
Mortgages In force, Dec. 31,	7,599	6, 048, 242	607	626, 905	59	11,967	190	331, 739	75	201,748	17	30, 513	
Disposition	Sec	2. 231	Sec	2. 608	Sec. 6	08-610	Mil	Sec	. 803	Services	Se	c. 908	
ar the street was fe	Numbe	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amoun	Numbe	er Amount	
Mortgages insured	. 1	\$2,067	7,044	\$3, 440, 017	23	\$8,360	274	\$683, 143	618	\$1,388,13	8 9	7 \$63, 427	
Mortgage insurance terminated: Prepold in full Prepaid by supersession			667 17	317, 204 9, 278	10	1,905	1	4,050				315	
Matured loans Default terminations (total) Mortgages assigned by mortgages:	The state of	) ()	(636)	(311,062)	(1)	(263)	(29)	(43, 524)	(	(	(3	0) (16, 417)	
Mortgages held or sold by FHA. Titles acquired by FHA. Titles acquired by mortgagee	-	1116.2	212 232	129, 858 90, 882			16 8	28, 487 10, 960				6 8, 287 9 6, 764	
Properties transferred to FHA Properties retained by mortgagees.	7		190	90,090					8	32. 6		5 1,366	
Other terminations			1 200	-	ļ——	2, 167			-	_!		31 16, 73	
Total terminations			1, 326	040, 414	11	2, 107	30	41,374	-	02,0		23,10	
Mortgages in force, Dec. 31		2,067	5, 718	2, 799, 604	12	6, 192	244	635, 569	610	1,355,2	45	66 46,69	

Total includes 25 projects for \$11,990,630 insured under Sec. 611, all prepaid in full.

dissolving sales-type cooperative projects upon completion and releasing individual properties to their buyers. Supersession by new FHA-insured mortgages, which constituted slightly over 1 percent of all project terminations, has occurred only under Sections 207 and 608.

Defaults accounted for nearly all the remaining terminations. When delinquency in loan repayments becomes great enough to warrant action, several courses are open. The mortgagee can assign mortgages in default to FHA or foreclose and acquire title to the property. In cases of assignment, FHA can foreclose and acquire title to the property or it can hold or sell the mortgage. When the mortgagee forecloses and acquires the property, he can transfer title to FHA for disposition of the property or he can retain title and dispose of the property himself. Of the 757 project default terminations through the end of 1959, the mortgagees had assigned to FHA 521 mortgages, of which FHA held or sold 260 and foreclosed on 261. Of the 236 titles acquired through mortgagee foreclosure, 227 were transferred to FHA and 9 were held. Default terminations under Section 608 constituted 84 percent of the total of such terminations.

The disposition of projects and mortgages acquired by FHA is shown in Table III-25. Properties acquired through 1959 numbered 488, an increase of 44 during the year. During 1959, net sales of projects reduced the number on hand from 132 to 127. It should be noted that differ-

<sup>&</sup>lt;sup>1</sup> Excluding Sec. 2 home mortgages and Sec. 225 open end advances.
<sup>2</sup> Including 7 voluntary terminations for \$67,750 under Sec. 203, as provided by the Housing Act of 1959.

TABLE III-25.—Disposition of FHA-acquired multifamily housing properties and mortgages, Dec. 31, 1959

	FH	A-acquir	red multii	amily h	ousing pr	operties
		F	roperties	sold by	FHA	
Section	Tota	Tota		With out rein- e surance	mort-	On hand
Number of projects: Section 207 Section 213 sales Section 213 manage	35	25	8	6	11 1	10
ment Section 608 Section 608-610	422 1	327	4	70 1	253	95
Section 803 military Section 908	13 14	3 7		l 2	1 6	10 7
Total	4SS	364	12	80	272	124
Number of units: Section 207 Section 213 sales Section 213 manage	5, 192 26	3, 791 26	1,705	852	1, 234 26	1, 401
ment Section 608 Section 608–610	92 26, 291 150	18, 782 150	844	3, 373 150	14, 565	7, 509
Section 803 military Section 908	1,846 1,080	420 364		220 20	200 344	1, 426 716
Total	34, 677	23, 533	2, 549	4,615	16, 369	11, 144
	<u></u>		<del></del>			

Totsl	34,677	23, 533	2, 549	4,615	16, 369	11, 144
		Mortge	age notes	assigned	to FHA	
		Мо	ortgage n	ote dispo	sition	
Section	Total	Total	rein-	Sold with- out rein- e surance	Fore- closed with prop- erty ac quired by FHA	On hand
Number of projects: Section 207 Section 213 sales Section 213 manage	24	11 2	1	1	10	13 1
ment Section 608 Section 803 military Section 908	1 444 24 25	236 8 9		4	232 8 9	208 16 16
Total	521	267	1	5	261	254
Number of units: Section 207 Section 213 sales Section 213 manage	3, 054 211	1,777 170	1,102	144	675 26	1, 277 41
ment Section 608 Section 803 military Section 908	70 30, 069 5, 165 2, 030	70 12, 956 1, 342 890		90	70 12, 866 1, 342 890	17, 113 3, 823 1, 140
Total	40, 599	17, 205	1, 102	234	15, 869	23, 394

ences may exist between the data on acquisition and sales shown here and those in Section 5 of this report. These result from the fact that the data on the disposition of properties in that section cover only the year-end status of the cases involved. Consequently, some instances of reacquisition and resale of individual properties by FHA are not represented.

Mortgage notes assigned to FHA increased to 521 by the end of 1959. Of these, 254 remained on hand, compared with 223 at the end of 1958.

## Terminations of Home and Project Mortgages by Years

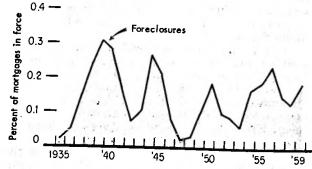
Terminations, foreclosures, and property acquisitions in comparision with the volume of insurance written are shown in Tables III-26 and 27 for FHA-insured home and project mortgages, respectively. In 1959 total home mortgage terminations reached an alltime high of 196,000. Over the last 2 years, however, they have cumulated at a slower rate than have mortgages insured. After building up to a 1957 high of 46.87 percent of insurance written, cumulative terminations dropped in 1958 to 45.57 percent and in 1959 to 45.01 percent of cases insured. Foreclosures and acquisitions, on the other hand, continued to increase in relation to insurance written. From the beginning of the decade, except for a drop from 0.62 to 0.61 percent in 1953, the foreclosure ratio has increased steadily from 0.62 percent of insurance written to 0.86 percent at the end of 1959. Similarly, acquisitions have increased from 0.48 percent of cases insured through 1950 to 0.65 percent as of December 31, 1959, with slight reversals in trend in 1952-53 and 1958. The trend of home mortgage foreclosures in relation to insurance in force is shown in Chart III-11.

Section 203, the original home mortgage insurance program, continues to show remarkably low rates of foreclosures and acquisitions. At the end of 1959, cases foreclosed still comprised less than one-half of 1 percent of cases insured under this section, and for the first time acquisitions exceeded one-fourth of 1 percent. The only other programs rivaling Section 203 in these low rates are under those sections too new to have experienced any significant volume of terminations. In contrast, foreclosures and acquisitions under Section 903 have increased to almost one-sixth of cases insured.

In relation to total terminations, the number of foreclosures reported under some sections may

## CHART III-11 FORECLOSURES OF FHA HOME MORTGAGES, 1935-59

Home mortgages foreclosed or deeds accepted in lieu of foreclosure as a percent of mortgages in force\*



" Includes cases held in mortgagee inventory.

Table III-26.—Terminations of FHA-insured home mortgages, selected years, 1950-59

						nome mor	rtgages, se	lected yea	rs, 1950-£	59	
11.5	Insuranc	o written	T0	tal termination	ons	1	Foreclosures 1	Y.	FA	A acquisition	os
Section and year	Number of cases for the	Cumulative through end of	Number	Cumulativ	e through f year	Number	Cumulativend of	e through year	Number	Cumulative end of	e through year
	period	year year	for the period	Number	Percent of total insured	for the period	Number	Percent of total insured	for the period	Number	Percent of total insured
Total: † 1950 1952 1954 1955 1956 1957 1958 1959	341, 032 234, 426 214, 237 310, 870 248, 121 198, 420 381, 883 405, 172	2, 628, 107 3, 115, 292 3, 591, 703 3, 901, 940 4, 150, 661 4, 348, 490 4, 730, 373 5, 225, 545	131, 833 101, 134 131, 910 177, 746 159, 458 117, 661 117, 393 196, 240	1, 116, 795 1, 327, 724 1, 583, 258 1, 761, 004 1, 920, 462 2, 036, 123 2, 155, 516 2, 351, 756	42, 50 42, 62 44, 09 45, 13 46, 28 46, 87 45, 57 45, 01	2, 610 1, 478 3, 415 4, 021 5, 268 3, 405 3, 087 5, 223	16, 301 19, 302 23, 849 27, 870 33, 138 36, 543 39, 630 44, 853	0. 62 . 62 . 60 . 71 . 80 . 84 . 84	1, 860 803 1, 573 3, 796 4, 677 2, 657 2, 271 3, 613	12, 707 14, 742 17, 048 20, 844 25, 521 28, 178 30, 449 34, 062	0. 48 - 47 - 47 - 56 - 66 - 66 - 66
lec. 8: 1952 1954 1955 1956 1957 1958	0,714	12, 203 32, 479 38, 193 38, 332 38, 345 38, 345 38, 345	89 283 754 935 879 1,028 2,042	91 567 1,321 2,256 3,135 4,163 6,205	.75 1.75 3.46 5.89 8.10,86 10.86	5 45 79 174 217 189 171	5 114 193 367 584 773 944	.04 .35 .51 .96 1.52 2.02 2.46	2 25 46 141 219 155	2 82 128 269 488 643 798	.0 .2 .3 1.2 1.6
1050	338, 125 212, 748 175, 698 294, 772 234, 929 181, 680 353, 418 460, 966	2,000,812 2,459,014 2,866,157 3,160,929 3,395,858 3,577,538 3,930,956 4,391,922	97, 144 81, 301 105, 603 144, 937 133, 083 99, 659 101, 436 106, 847	880, 845 1, 047, 652 1, 256, 087 1, 400, 024 1, 533, 107 1, 632, 766 1, 734, 202 1, 901, 049	44. 02 42. 60 43. 79 44. 29 45. 15 45. 64 44. 12 43. 29	677 884 1, 131 1, 096 2, 089 1, 514 2, 061 3, 190	6, 324 7, 768 9, 640 10, 736 12, 825 14, 339 16, 400 19, 590	. 32 . 32 . 34 . 34 . 38 . 40 . 42 . 45	225 282 427 485 1, 572 910 1, 328 1, 828	4, 333 5, 022 5, 712 6, 197 7, 769 8, 679 10, 007 11, 835	
ec. 213:  1952  1954  1955  1956  1956  1957  1958	3, 235 4, 502 1, 054 677 4, 233 5, 827 2, 162	3, 548 10, 739 11, 793 12, 470 16, 703 22, 530 24, 692	1 22 106 216 205 200 710	1 33 139 355 560 760 1,470	. 03 . 31 1. 18 2. 85 3. 35 3. 37 5. 95	4 46 62 55 06 109	4 50 112 167 233 342	. 04 . 42 . 90 1. 00 1. 03 1. 39	3 14 63 71 53 87	3 17 80 151 204 291	1
ec. 220: 1957 1958 1959	455 544 163	512 1,056 1,219	1	1 1 1	.20		1	.08			
ec. 221: 1958 1959	4, 394 7, 745	4, 930 12, 675	3 50	3 53	.06	3 74	4 78	.08	2 43	2 45	
ec. 222: 1955 1956 1957 1958 1959	6, 635 11, 457 10, 779 16, 374 22, 517	6, 645 18, 102 28, 881 45, 255 67, 772	13 133 258 505 1,996	13 146 404 969 2,965	. 20 . 81 1. 40 2. 14 4. 37	1 7 19 120	1 8 27 147	.01 .03 .06 .22	4 17 47	4 21 68	
ec. 603: \$ 1950	2, 698 45 1	627, 176 627, 942 628, 016 628, 016 628, 016 628, 016 628, 016 628, 016	34, 689 19, 743 25, 113 28, 496 21, 633 15, 025 13, 241 21, 980	235, 950 279, 980 326, 518 355, 014 376, 647 391, 672 404, 913 420, 893	37. 62 44. 59 51. 99 56. 53 59. 97 62. 37 64. 47 67. 97	1, 933 780 1, 114 492 317 195 152 171	9, 977 11, 529 12, 948 13, 440 13, 757 13, 952 14, 104 14, 275	1. 59 1. 84 2. 06 2. 14 2. 19 2. 22 2. 22 2. 25 2. 27	1, 635 609 427 717 101 180 76	8, 374 9, 718 10, 557 11, 274 11, 375 11, 555 11, 631 11, 669	1. I. I. I. I. I.
ec. 800: 1958	1, 326 1, 619	2, 054 3, 673	1 16	1 17	.05	1	1	.03	1	1	
ec. 903: 1954	18, 128 2, 695 834 33	53, 594 56, 289 57, 123 57, 156 57, 156 57, 156	889 3, 438 3, 456 1, 633 918 2, 598	1, 050 4, 488 7, 944 9, 577 10, 495 13, 093	1. 96 7. 97 13. 91 16. 76 18. 36 22. 91	1, 121 2, 308 2, 625 1, 416 597 1, 385	1, 143 3, 451 6, 076 7, 492 8, 089 9, 474	2. 13 6. 13 10. 64 13. 11 14. 15 16, 58	691 2, 534 2, 800 1, 273 640 1, 413	694 3, 228 6, 028 7, 301 7, 941	1.

mortgagecs; also foreclosed properties hold by mortgagecs pending redemption period or final disposition—70 under Sec. 8, 1,474 under Sec. 203, 48 under Sec. 213, 1 under Sec. 220, 32 under Sec. 221, 74 under Sec. 222, 43 under Sec. 603, 116 under Sec. 903.

appear exaggerated. For example, foreclosures under Section 221 appear to exceed terminations in 1959. This situation arises (footnote 1 on Table III-26) from the inclusion with the foreclosed cases on which insurance has been terminated of the still-insured cases foreclosed by the

mortgagees but held for the redemption period required by some States.

The number of FHA-insured home mortgages terminated and the ratio of terminations to mortgages in force are depicted in Chart III-12. The 196,200 terminations in 1959 surpassed the two

<sup>3</sup> Includes Sec. 603-610.

previous peak years of 1946 and 1955, when they numbered 177,900 and 177,700, respectively. In relation to insurance in force, terminations in 1959 reversed a 3-year downtrend that began in 1955.

Likewise, the ratio of terminations to mortgages in force reversed a 3-year decline, ending 1959 with a ratio of almost 7 percent as compared with the 1958 ratio of about 5 percent.

Table III-27.-Terminations of FHA-insured multifamily housing mortgages, selected years, 1950-59

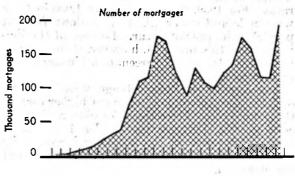
		To	tal terminati	lons			Defa	ult terminati	ons 1	
	Number fo	r the period	Cumulati	ve through e	nd of year	Number for	the period	Cumulati	ve through e	nd of year
Section and year	Number	Number	Number	Dwelli	ng units	Number	Number	Number	Dwellin	ng units
	mort gages	of units	of mortgages	Number	Percent of total insured	of mortgages	of units	of mortgages	Number	Percent of total insured
Total: † 1950 1952 1954 1955 1955 1956 1957 1958 1959	137 99 187 290 162 291 485 349	10, 961 8, 321 12, 013 16, 991 16, 022 10, \$24 18, 750 21, 126	553 803 1, 129 1, 419 1, 581 1, 872 2, 357 2, 706	52, 232 70, 989 95, 241 112, 232 128, 254 139, 078 157, 828 3 178, 954	10, 54 11, 65 14, 25 16, 56 18, 62 18, 99 19, 79 21, 27	66 39 76 98 65 63 73 76	2, 646 3, 162 5, 548 6, 909 7, 536 4, 286 6, 720 6, 925	112 233 377 475 540 608 681 757	9, 005 16, 473 27, 416 34, 325 41, 861 40, 147 52, 867 59, 792	1. 82 2. 70 4. 10 5. 06 6. 08 6. 30 6. 63 7. 11
Sec. 207: 1950. 1952. 1954. 1955. 1956. 1956. 1957. 1958.	18 10 12 20 9 5 16	2, 883 733 1, 136 1, 710 763 203 1, 460 1, 122	327 343 364 384 393 398 414 427	37, 252 38, 512 40, 616 42, 326 43, 089 43, 292 44, 752 245, 874	81. 16 67. 76 53. 83 52. 54 53. 00 50. 48 46. 07 41. 25	1 1 10 2 8 6	20 214 887 360 1, 102 694	25 26 30 40 42 42 50 56	4, 483 4, 503 4, 876 5, 763 6, 123 6, 123 7, 225 7, 919	9. 77 7. 92 6. 46 7. 15 7. 53 7. 14 7. 44 7. 12
Sec. 213 sales: 1952. 1954. 1955. 1956. 1957. 1958. 1959.	10 55 89 12 168 326 152	1, 794 2, 874 3, 029 420 3, 083 5, 723 3, 186	19 97 186 198 366 692 844	2, 062 8, 961 11, 993 12, 413 15, 490 21, 219 24, 405	11. 42 78. 12 99. 03 92. 88 80. 49 89. 03 96. 73	1		1 3 3 3 3 3 3	144 211 211 211 211 211 211	. 80 1. 84 1. 74 1. 58 1. 10 . 89 . 84
Sec. 213 management: 1954	1 1 1 1 1	12 44 70 22 46	1 2 3 3 4 4	.12 56 126 104 150	.06 .26 .55 .40 .53	1 1	70 22	1 2 2 2 2	70 92 92 92 92	. 30 . 36 . 32 . 29
Sec. 608: 1950: 1952: 1954: 1954: 1955: 1955: 1957: 1958: 1959:	114 67 109 165 128 100 132 168	7, 018 5, 112 7, 347 10, 300 13, 223 6, 343 10, 315 12, 261	221 419 633 798 926 1,026 1,158 1,326	13, 920 28, 200 42, 472 52, 772 65, 995 72, 338 82, 653 3 94, 914	3. 25 6. 05 9. 12 11. 33 14. 17 15. 53 17. 75 20. 38	68 37 70 75 53 49 57	2, 646 2, 998 5, 020 4, 209 5, 608 3, 047 4, 472 4, 174	87 206 339 414 467 516 573 636	4, 522 11, 826 22, 021 26, 230 31, 838 34, 885 39, 357 43, 531	1. 06 2. 54 4. 73 5. 63 6. 84 7. 49 8. 45 9. 35
Sec. 608-610: 1950. 1952. 1954. 1955. 1956. 1957. 1958.	4 1 1 1 3	960 10 10 150 48	4 5 6 7 10 10 11 11	060 970 980 1, 130 1, 178 1, 178 1, 198 1, 198	24. 58 24. 78 25. 03 28. 86 30. 09 30. 60 30. 60	1		1 1 1 1	180 150 150 150 150	3, 83 3, 83 3, 83 3, 83 3, 83
Sec. 803 military: 1954	1 4 2 11 4 8	55 1, 089 650 952 986 2, 557	1 5 7 18 22 30	55 1, 124 1, 674 2, 626 3, 612 6, 169	. 07 1. 35 1. 99 3. 09 4. 26 7. 27	1 4 2 11 4 7	55 1, 069 550 962 986 2, 067	1 5 7 18 22 29	55 1, 124 1, 674 2, 626 3, 612 5, 669	. 07 1. 35 1. 99 3. 06 4. 26 6. 68
ec. 803 armed services: 1959 ec. 908: 1954	8 4 8 7 7 5	2,000 253 594 948 265 200	8 4 12 19 26 31 31	2, 000 253 847 1, 795 2, 060 2, 260 2, 260 2, 260	3. 02 9. 98 21. 15 24. 28 26. 64	4 8 7 7 4	253 594 948 205 160	4 12 19 26 30	253 847 1, 795 2, 060 2, 220 2, 220	3. 02 9. 96 21. 14 24. 22 26. 10 26. 10

<sup>&</sup>lt;sup>1</sup> Includes mortgage notes and property titles transferred to FHA and projects retained by mortgages with termination of FHA mortgage insurance contracts, numbering 7 for 348 units under Sec. 207, and 2 for 37 units under Sec. 209.

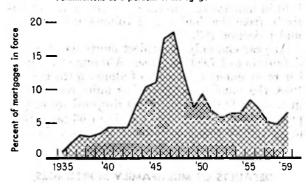
## CHART III-12

## TERMINATION OF FHA HOME MORTGAGES, 1935-59 -: 2-41 10 0 1011 1001 1

Home Mortgages terminated under all sections



Terminations as a percent of mortgages in force



Project mortgage terminations for selected years, 1950 through 1959, are summarized in Table III-27. By the end of 1959 the ratio of units with insurance terminated to units covered by all mortgages insured exceeded 20 percent for the first time. Units in defaulted projects accounted for somewhat less than one-third of those in all 1959 terminations, this proportion being the lowest in any year since 1950.

More terminations have been reported under Section 608 than under any other program. Over half of all dwelling units for which insurance has been terminated were originally insured under this section. The legislative authority for the issuance of additional new construction commitments under Section 608 expired in 1952 and by the end of 1959 cases terminated had accounted for one-fifth of the dwelling units insured under the program.

The second highest volume of terminations (in terms of dwelling units) has been reported under Section 207. The termination rates for this section, however, are declining, since relatively more new insurance is being written than is being canceled. Moreover, cases insured under prewar legislation constitute most of terminations under this program, 96.5 percent of the 42,600 units in prewar projects being terminated. Termination of insurance on sales-type cooperative housing projects are also high because of the nature of the

program. Sales cooperatives are organized to promote and to build homes intended for individual ownership. Upon completion of construction, the individual units are released from the project

TABLE III-28.—Default status of FHA-insured home mortgages, selected years, 1950-59

Vani i	har a	Def	aults and	i potenti	al FHA	acquisiti	ons
As of year end	Insured mortgages in force	Total d	lefaults	Foreclo pro		Mort inven	
yā m	11 7 11	Num- ber	Per- cent of in force	Num- ber	Per- cent of in force	Num- ber	Per- cent of in force
Total: 2 1950 1952 1955 1956 1957 1958 1959 Sec. 8:	1, 511, 402 1, 787, 508 2, 007, 812 2 140, 936 2, 220, 509 2, 310, 367 2, 574, 857 2, 873, 789	17, 058 10, 562 16, 231 14, 988 11, 973 10, 333 14, 455 16, 970	1. 13 . 59 . 81 . 70 . 54 . 45 . 56	1, 167 646 1, 091 2, 755 1, 731 1, 013 1, 878 2, 550	0.08 .04 .05 .13 .08 .04 .07	950 513 1,371 807 695 821 1,040 1,858	0.06 .03 .07 .04 .03 .04 .04
1950 1952 1954 1955 1956 1957 1958	209 12, 112 31, 912 36, 872 36, 076 35, 210 34, 182 32, 140	87 207 418 533 470 521 446	. 72 . 65 1. 13 1. 48 1. 33 1. 52 1. 39	5 19 47 75 57 63 65	.04 .06 .13 .21 .16 .18	3 21 49 73 61 75 70	.02 .07 .13 .20 .17 .22
Sec. 203: 1950	1, 611, 070 1, 760, 905	9, 480 7, 141 8, 966 8, 866 7, 985 7, 790 11, 001 14, 023	. 85 . 51 . 56 . 50 . 43 . 40 . 50	502 438 681 1, 515 830 803 1, 161 1, 919	. 09 . 04 . 04	422 515 759	.01 .02 .02 .02 .03
1952 1954 1955 1956 1957 1958	3, 547 10, 706 11, 654 12, 115 16, 143 21, 770 23, 222	84 133 145 98 184 186	1, 14 1, 20 .61 .85	12 27 20 33	. 10 . 22 . 12 . 15	33 31 1-	3 .28 1 .26 1 .09 7 .12
Sec. 220: 1956 1957 1958 1959	57 511 1,055 1,218				.08		1 .08
Sec. 221: 1956 1957 1958 1959 Sec. 222:	16 536 4, 027 12, 622	55	.19	2   1	7 .14	1	1 .19 2 .04 2 .25
1954 1955 1956 1957 1958	10 6, 632 17, 956 28, 477 44, 286 04, 807	15 25 86	3 .10 5 .09 8 .20			1	1 .01 4 .01 4 .01 4 .11
Sec. 603: 3 1950 1952 1954 1955 1956 1957 1958	391, 226 347, 062 301, 495 273, 002 251, 365 236, 344 223, 103 201, 123	2, 810 2 1, 736 1, 36 92 3 1, 17	9 .6 2 .5 4 .3 1 .5	5 20 3 19 4 20 4 9	3 .0 0 .0	6 33 6 51 7 12 8 12	14 .10 3 .17 2 .03
Sec. 800: 1958 1957 1958 1959	725 2, 053 3, 656	3	2 .0	15			
Sec. 903: 1952 1954 1955 1956 1957 1958	12, 510 52, 54 51, 80 49, 17: 47, 57: 46, 60 44, 06	4 4, 16 1 3, 83 9 1, 93 9 1, 02 1 1, 43	11 7.4 10 3.6 25 2.1 15 3.6	10 90 12 70 15 5	81 1.4 02 1.4 60 1.1	89 2 43 13 1 10 1	49 .84 23 .45 47 .16 89 .40 46 .31 16 .2

<sup>1</sup> Titles to foreclosed properties subject to redemption gagees pending final disposition.
2 Includes Sec. 611.
3 Includes Sec. 603-610.

Includes Sec. 611.
 Includes terminated contracts superseded by new FHA insurance contracts covering the same properties, numbering 13 for 2,035 units under Sec. 207, and 17 for 1,486 units under Sec. 608.

mortgage and their pro rata insurance canceled as titles are acquired by the members of the cooperative, either by refinancing under Section 213 home mortgages or by other financing.

Termination ratios for those programs for which insurance authorization has expired will continue to rise over the years. Insurance written under Section 611 is completely terminated, since mortgages on all 25 projects (1,984 units) were prepaid in full. Other expired programs are Section 608 and Section 608-610 under Title VI, Section 908 under Title IX and Section 803 (military) under Title VIII.

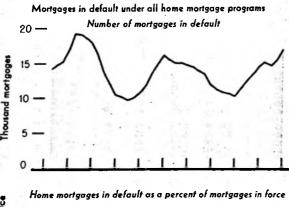
## Defaults of Home and Project Mortgages by Years

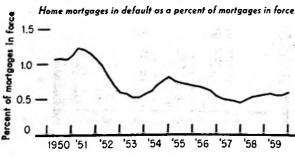
The number of home mortgage defaults rose in 1959 for the second consecutive year; however, the 1959 increase was only 17 percent as compared with 40 percent in 1958. The default rate at the end of 1959 was still less than 6 per 1,000 of mortgages in force (Chart III-13).

Table III-28 summarizes data on this trend of home mortgage defaults at the year end, for selected years, 1950-59. The table also shows the trends for defaulted cases in process of foreclosure and for those for which foreclosure had been accomplished but the properties retained by the mortgagees pending the expiration of redemption periods or for other reasons.

Almost 17,000 home mortgages were in default at the end of 1959—17 percent more than at the end of the previous year. More than four-fifths

# CHART III-13 DEFAULTS OF FHA HOME MORTGAGES, 1950-59





of these were Section 203 mortgages. In relation to mortgages in force, Section 203 default ratios have consistently been among the lowest—5 per 1,000 in 1958 and less than 6 in 1959. Section 903, with the second highest number of mortgages in default at the year end had the highest default ratio. For 1959, 26 mortgages per 1,000 in force were in default under this section—down from 31 per 1,000 the previous year. Because of the limited size of this program, however, these defaults represented less than 7 percent of all insured home mortgages in default.

At the year end 2,600 mortgages were in process of foreclosure, a volume 36 percent higher than at the end of 1958. The ratio of foreclosures in process also rose, but remained under 1 per 1,000. Section 203 cases in this category increased by almost two-thirds to account for three-fourths of the 1959 total.

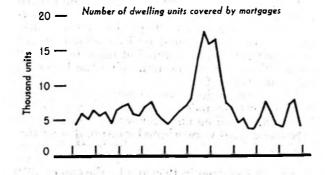
The 80 percent increase in 1959 in mortgages held in mortgages' inventory resulted almost entirely from the doubling in volume of such cases under Section 203.

At year end only 42 project mortgages were in default out of 7,600 in force. Although this number represented a decrease of almost a third from 1958, the number of dwelling units represented in these defaulted mortgages dropped by only 3 percent. The 1959 default ratio of 63 per 10,000 units equaled that for 1957, when projects involv-

## CHART III-14

#### DEFAULTS OF MULTIFAMILY MORTGAGES, 1950-59

Mortgages in default under all multifamily programs



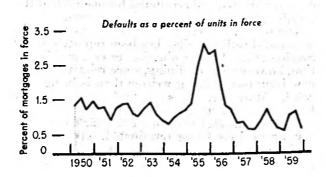


Table III-29.—Default status of FHA-insured multifamily housing mortgages, selected years, 1950-59

!	Insured n	nortgages orco	Ins	ured mortgag in default	ges	Mort ass	gage notes be signed to FH	eing A		ts being acqu y mortgagee	ılred
As of year end	Number of mortgages	Number of units	Number of mortgages	Number of units	Percent of units in force	Number of mortgages	Number of units	Percent of units in force	Number of mortgages	Number of units	Percent of units in force
Potal: 1 1950	6, 673 7, 140 7, 321 7, 112 7, 045 7, 249 7, 553 7, 599	443, 106 538, 395 573, 101 565, 541 560, 696 593, 481 639, 684 662, 534	113 70 90 80 52 34 62 42	6, 495 5, 585 6, 959 15, 966 6, 962 3, 728 4, 334 4, 197	1. 47 1. 04 1. 21 2. 82 1. 24 63 . 68	12 2 12 11 11 2 2 8 8	212 208 902 1,242 224 32 179 254	0.05 .04 .17 .22 .04	36 17 21 12 9 2	1, 933 526 1, 314 1, 044 485 404 304 70	0. 4 1 2 1 0
Sec. 207: 1950 1952 1954 1955 1956	76 193 354 381 384	8, 650 18, 323 34, 836 38, 234 38, 207	1 2 7 8	800 42 886 2,532	9. 25 . 23 2. 54 6. 62	1 1	104 299	.30	2 2	150 538	1.
1957 1958 1959	423 526 607	42, 467 52, 380 65, 334	3 1 7	454 208 484	1.07 .40 .74				2	404	
Sec. 213 sales: 1950	6 24 76 4 39 162 111 59	285 3,832 2,510 117 951 3,757 2,614 824	1	274	10.92						
ec. 213 manage- ment: 1952 1054 1955 1956 1957 1958	57 109 115 125 144 165 190	12, 160 20, 367 21, 232 22, 917 25, 009 28, 179 31, 236	6 1	1, 235 22	5. 82				1	22	*
cc. 220: 1956	5 25 42 75	1,051 6,202 8,862 16,489	1 5	254 1,075	2. 87 6. 52						
ec. 221: 1958 1959	11 17	2,024 3,569									
ec. 231: 1959	1	207			1117-						
ec. 608: 2 1950	6, 528 6, 648 6, 429 6, 263 6, 132 6, 032 5, 898 5, 730	416, 854 440, 694 426, 146 415, 687 402, 416 396, 073 385, 738 373, 477	112 67 66 44 38 23 50 27	5, 695 5, 524 4, 025 7, 177 5, 689 1, 790 1, 788 1, 869	1. 37 1. 25 . 94 1. 73 1. 41 . 45 . 46	7 1 2 7	212 208 766 373 24 32 141 254	.05 .08 .18 .09 .01 .01	17 14 5 3	156 192 394	-
ec. 803 military: 1950	56 186 259 263 265 256 252 244	16, 669 59, 585 81, 021 82, 213 82, 645 82, 257 81, 271 78, 714	4 14 7 7 9 9	708 4, 212 968 1, 435 2, 046 628	. 87 5. 12 1. 17 1. 74 2. 52 . 80	1	350 200	.4	1 1 3 1 4 2 2	1 200	ı L
ec, 803 armed services: 1955	1 17 136 482 610	420 5, 819 30, 691 72, 391 86, 459				20					
9c. 908: 1952	36 92 85 78 71 66	3, 207 8, 120 7, 638 6, 690 6, 425 0, 225 6, 225	12 8 6 1	1,066 810 283 40 38	13,12 10,66 4,24 .66	2		2.8	8	4 156 4 156 3 7:	)

Includes Sec. 611

<sup>&</sup>lt;sup>2</sup> Includes Sec. 610.

Includes 174 projects involving 58,614 units acquired by the Department of Defense.

ing 10 percent fewer units were in force. Five of the ten programs shown in Table III-29 had no mortgages in default at the end of the year. Among the other five programs, Section 608 with 27 defaulted mortgages, and Section 220 with 5 accounted for 70 percent of the units not in good standing. Except for Section 220, default ratios were low. Under this section, 65 units per 1,000 were in default, more than double the previous year's ratio for this program.

Only 8 project mortgage notes, all under Section 608, were in the process of being assigned to FHA. These represented 254 dwelling units. A single project of 70 units, again under Section 608, was being acquired by the mortgagee at the year's end.

The trend of project defaults is shown graphically in Chart III-14. Until 1955 the ratios depicted in the lower part of the chart reflect largely experience with Section 608 mortgages. In 1955,

TABLE III-30.—Terminations and default status of FHA-insured home mortgages, by States, as of Dec. 31, 1959

		Terr	ninations, 19	35–59	ļ	Defaul	ts as of Dec.	31, 1959	Insured
State	Total mortgages insured 1935–59	Total	Foreclo- sures <sup>1</sup>	FHA acquisi- tions	Insured mortgages in force Dec. 31, 1959	Total	Foreclo- sures in process	Mortgagee inventory?	mortgages in good standing Dec. 31, 1959
		As p	percent of ins	ured		As p	percent of in	force	
Alabams	81, 181 50, 155	37. 41 33. 35 24. 91 40. 86 51. 05	1.37 7.44 1.74 1.94	1. 18 7. 11 1. 57 1. 57	41, 474 2, 850 60, 959 29, 663 397, 261	0.36 1.75 .50 .71	0.02 .46 .14 .09	0.02 .46 .05 .07	41, 323 2, 800 60, 657 29, 451 396, 017
Colorado Connecticut. Delaware District of Columbia.	64, 513 14, 117 7, 858	42. 42 41. 46 38. 17 62. 29 27. 50	.41 2.72 .57 .57	. 27 2. 50 . 30 . 32 . 37	36, 036 37, 768 8, 729 2, 963 129, 816	.37 .48 2.58 .98 .30	.03 .07 .36 .07	. 06 . 02 . 10 . 17 . 04	35, 902 37, 587 8, 504 2, 934 129, 426
Georgia Hawaii Idaho Illinois Indiana	96, 285 17, 516 29, 113 199, 692 160, 894	36. 62 35. 30 47. 49 62. 24 48. 58	2. 27 . 05 . 32 . 25 . 58	2.04 .02 .22 .11 .38	61, 030 11, 332 15, 286 75, 404 82, 734	. 84 . 37 . 26 . 53 1. 25	.05 .07 .28	.10 .01 .01 .06	60, 517 11, 290 15, 247 75, 006 81, 699
Iowa. Kansas. Kentucky Loutsiana Maine	52, 692 94, 866 49, 645 91, 645 20, 226	46. 14 42. 54 46. 08 38. 70 46. 52	. 46 1. 73 . 35 1. 71 2. 23	. 35 1. 31 . 24 1. 33 1. 77	28, 382 54, 510 26, 767 56, 178 10, 817	. 56 1. 64 . 31 . 93 1. 87	.04 .35 .05 .19	.03	28, 223 53, 615 26, 685 55, 658 10, 615
Maryland. Massachusetts. Michigan Minnesota. Mississippl.	77, 147 47, 120 340, 400 54, 961 38, 675	48. 07 38. 21 45. 36 46. 80 36. 28	1. 87 1. 66 . 78 . 67 . 62	1. 64 1. 26 . 36 . 51 . 43	40, 063 29, 117 185, 986 29, 242 24, 645	. 46 1. 23 . 89 . 63 . 37	.04 .21 .12 .02 .01	.01 .17 .25 .02 .04	39, 878 28, 759 184, 331 29, 058 24, 555
Missouri Montana Nebraska Nevada New Hampshire	135, 418 19, 553 50, 716 17, 307 8, 457	47. 53 46. 47 48. 30 32, 79 50. 96	. 43 . 13 . 59 1. 02 2. 09	. 33 . 04 . 33 . 90 1. 22	71, 051 10, 467 26, 218 11, 632 4, 147	. 42 . 76 . 58 . 20 3. 54	.01 .03 .06 .02	. 06 . 06 . 03	70, 753 10, 387 26, 066 11, 609 4, 000
New Jersey New Merico. New York North Carolina North Dakota	183, 307 36, 439 269, 746 64, 386 6, 009	53.06 27.81 40.99 37, 28 43.15	1. 22 . 15 . 92 . 74 . 37	. 89 . 05 . 61 . 53 . 25	86, 041 26, 307 159, 173 40, 380 3, 416	.59 .14 .98 .44 .64	. 13 . 03 . 14 . 04 . 06	.06 .02 .03 .04	85, 534 26, 270 157, 610 40, 201 3, 394
Ohio. Oklahoma. Pregon. Pennsylvania. Rhode Island.	251, 173 119, 047 72, 050 250, 415 16, 652	52, 90 41, 82 45, 25 53, 37 38, 61	. 69 1. 22 . 70 . 42 1. 15	. 58 1.06 . 54 . 26 . 77	118, 295 69, 260 39, 446 116, 760 10, 222	.77 .31 .43 .68 1.38	.10 .07 .08 .05	.02 .02 .06 .05	117, 384 69, 046 39, 276 115, 966 10, 081
outh Carolina. outh Dakota. ennessee. evas. (tah.	45, 601 18, 151 105, 066 336, 764 49, 550	39. 15 48. 55 36. 51 33. 89 47. 47	5. 53 . 38 . 57 1. 22 . 93	5. 23 . 19 . 43 . 97 . 82	27, 748 9, 338 66, 711 222, 646 26, 028	1.09 .29 .18 .43 .41	. 49 . 02 . 07 . 02	.13 .04 .02 .10	27, 445 9, 311 66, 591 221, 679 25, 921
ermont irginis 'ashington est Virginis 'isconsin	6, 856 115, 894 202, 375 29, 909 44, 143	55. 24 40. 43 50. 43 56. 20 54. 38	1. 30 1. 25 . 48 1. 17 . 85	.71 1.10 .27 1.01 .40	3, 069 69, 040 100, 320 13, 099 20, 136	1. 79 . 22 . 42 . 43 . 80	.16 .01 .06 .04 .08	. 20 . 01 . 05	3, 014 68, 886 99, 902 13, 043 19, 974
yoming uam erto Rico rgin Islands.	16, 430 301 32, 761 49	53. 10 7. 64 17. 02 6. 12	. 28	. 18	7,706 278 27,186 46	.35	.01	90.	7, 679 278 27, 131 46
Total *	5, 216, 919	45.08	. 86	. 65	2, 865, 162	. 59	.09	.06	2, 848, 192

Includes terminations with titles transferred to FHA or retained by mortgages; and foreclosed properties in mortgages inventory.

Titles to foreclosed properties subject to redemption or held by mortgages pending final disposition.

Table III-31.—Terminations and default status of FHA-insured multifamily housing mortgages, by State location, as of Dec. 31, 1959

		Units in	terminated	mortgages 19	935-59	3,4	Units in defa Dec. 31,		
		Ŷ.	Defau	alt terminati	ons	Units			Units
State	Total units covered by insurance 1935-59	Total		Mortgage notes as- signed and held by FHA 2	Property titles trans- ferred to FHA	covered by mortgages in force as of Dec. 31, 1959	Total	Potential acquisi- tions <sup>3</sup>	covered by Insured mortgages in good standing Dec. 31, 1959
		As	percent of	insured unit	s	9 -	As percent in fo	of units	, harder
Alabama Alaska Arizona Arkansas California	14, 110 3, 853 9, 610 3, 776 65, 529	18. 83 33. 38 50. 70 33. 24 26. 75	12. 37 33. 38 1. 78 12. 58 3. 50	2. 53 20. 27 . 75 1. 27 1. 30	9. 68 13. 11 1. 03 11. 31 . 52	1 4 738 1	0.41		11, 453 2, 567 4, 738 2, 521 47, 804
Colorado Connecticut Delaware District of Columbia Florida	5, 288 8, 908 5, 473 22, 851 20, 553	19. 74 14. 50 22. 22 30. 43 20. 84	1. 82 1. 57 19. 00 5. 03 16. 16	14. 40 1. 79 6. 68	1. 82 1. 57 4. 60 3. 24 9. 51	4, 244 7, 616 4, 257 15, 898 16, 270	3.35		4, 244 7, 616 4, 257 15, 365 16, 258
Georgia	25, 725 8, 360 1, 416 26, 688 10, 521	16. 99 6. 28 40. 54 29. 35 24. 95	9, 30 39, 12 , 18 16, 58	3. 48 10. 81 14. 33	5. 76 28. 32 . 18 2. 24	21, 354 7, 837 842 18, 854 7, 896	1. 11 1. 01	1.01	
Iowa Kansas Kentucky Louislana	2, 677 7, 797 9, 124 12, 837 3, 503	18. 19 16. 17 16. 76 62. 82 7. 39	7, 77 12, 25 33, 73 5, 11	4. 57 1. 55 11. 40	3. 08 10. 71 22. 33 5. 11	2, 190 6, 536 7, 595 4, 773 3, 244			- 0,536 7,595 4,773 3,244
Maryland Massachusotts Michigan Minnesota Mississippi	7 020	22. 07 18. 27 24. 58 37. 11 31. 01	6, 30 10, 58 2, 64 20, 51 30, 38	1. 30 12. 35 . 46	8.02	5, 508 14, 416 4, 415	2.14		5, 508 14, 107 4, 415 2, 409
Missouri	15, 080 1, 747 4, 390 3, 080	28. 53 2. 86 16. 17 31. 72 13. 69	7, 69 2, 86 	2.86	7. 63	1, 697 3, 680 2, 103			3, 686 2, 100 1, 16
New Jersey	65, 396 5, 063 156, 728 23, 136	22. 56 16. 99 10. 78 11. 70 5. 09	6. 72 2. 07 5. 26 2. 66	. 8: 1. 4: 1. 8:	1.0 8 3.7	4, 203 139, 825 20, 430	. 87		133, 61 20, 43 2, 38
ObioOklahoma. Oregon	27, 653 6, 709 6, 292 28, 571	17. 94 37. 83 21. 11 26. 63 3. 50	3. 34 24. 91 10. 16 5. 46	10.0 8.5	2 14.8 4 1.6	9 4, 171 2 4, 964	2.64	2.6	20, 96
Rhode Island.  South Carolina South Dakota.  Tennessee.  Texas.  Utah.	10, 162 1, 494 11, 571 40, 098	27. 17 3. 08 17. 81 19. 91 36, 54		3.0	2 2 11.	1, 448 9, 510 32, 110	.6		7, 40 1, 44 9, 51 42 31, 91 1, 21
Vermont		29. 02 24. 61 21. 55 28. 89 18. 61	22.8 6.0 11.0 8.5	0 5 7 2.8 3.5	83 8. 56 5.	52 36, 37, 17 11, 38	5 1.3	9	11, 3 6 3, 4
Wyoming. Canal Zone Guam Puerto Rico.	611 330 1,270 6,929	11.95	10 (1)	35.00	23.		9		5, 2 1, 2 5, 2 .05 658, 3
Total	841, 488	21. 27	7.1	1 2.	78 4.	12 662, 53	0.1	03	.05 658,3

Includes mortgage notes and property titles transferred to FHA and 9 projects involving 385 units relained by mortgagess with termination of FHA mortgage insurance contracts.

discrept agreement misses a temperate for

did, a green avistation, and ones its

<sup>&</sup>lt;sup>1</sup> Cases tabulated in Washington through Dec. 31, 1959, excluding Title I,

Excludes mortgage notes foreclosed with titles transferred to FHA and mortgage notes sold by FHA.
Includes mortgage notes in process of assignment to FHA and property titles in process of acquisition by mortgagees.

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Claims Paid on Properly Improvement Lorns Table 111-22 shows that white paid in 123- an erne Agencoverguit vergerer General Berliebele resconted to Stuliniline - up 2 person from 12's,

the record number of defaults under other programs, particularly Sections 207, 213, and 803, produced a sharp rise in the ratios, and in succeeding years other programs have influenced to a greater extent the overall ratios.

## Terminations and Defaults by States

State distributions of home and project mortgages terminated and in default are shown in Tables III-30 and 31. Terminated mortgages, representing the differences between total mortgages insured and mortgages in force, are shown in these tables as percentages of mortgages insured. Similarly, mortgages in default (difference between mortgages in force and those in good standing) are shown as percentages of the in-force

The highest proportions of home mortgages terminated were reported for the District of Columbia and Illinois, each having terminated 62 percent of the mortgages insured since 1935. Since the foreclosure ratios for these two areas are low—each under 1 percent—their high rate of terminations suggests a high turnover in properties and high rates of prepayments.

ties and high rates of prepayments.

Thirty-one States had foreclosure ratios under 1 percent, running as low as .05 of 1 percent in Hawaii. Only six had foreclosure terminations greater than 2 percent of the total cases insured.

Most foreclosed properties have eventually been transferred to FHA, as is demonstrated by the slight differences between the foreclosure and acquisition ratios in the table. The relatively small number of foreclosed properties not acquired by FHA are retained by the mortgagees for their own disposition or held by them for eventual disposition through sale or transfer.

Eight out of ten States with mortgages in default had default ratios under 1 percent of mortgages in force at the year's end. Guam and the Virgin Islands each had no cases in default. Lowest default ratios were reported by New Mexico (0.14 percent) and Tennessee (0.18 percent), both with relatively low volumes of mortgages in force. Low rates of default are, of course, not related to low volumes of mortgages in force, as demonstrated by California and Florida, both high in the number of mortgages insured but low in defaults, with percentages of 0.31 and 0.30, respectively.

All areas except the Canal Zone and Guam had reported some terminations of project mortgage insurance by the end of 1959. Related to total units covered by insurance written from 1935 through 1959, 8 States had reported terminated mortgages covering a third or more of their total dwelling units. Of these, Louisiana showed the highest proportion (63 percent). One-eighth of this State's terminated units involved Section 213 sales-type cooperative mortgages, which characteristically terminate when construction is completed on the project. Arizona had 51 per-

Table III-32.—Property improvement loans outstanding and claims paid by FHA, 1934-59

[Dollar amounts in thousands]

Year	Average net proceeds of loans outstanding	Annual amount of claims paid	Claims paid as percent of loans out- standing
1034 1035 1936 1937 1938 1939 1940 1940 1941 1942 1943 1944 1945 1945 1946 1947 1948 1949 1959	\$12, 008 03, 582 233, 218 224, 861 144, 449 190, 347 255, 670 303, 149 265, 583 155, 667 115, 167 116, 247 262, 376 501, 171 748, 438 803, 293 889, 433 995, 994 1, 137, 679 1, 377, 679 1, 137, 679 1, 172, 848 1, 175, 679 1, 177, 848 1, 175, 679 1, 177, 679 1, 177, 848 1, 175, 679 1, 177, 848 1, 175, 679 1, 177, 848 1, 175, 177, 848 1, 184, 184, 184	\$447 5,885 6,891 6,016 4,649 6,115 7,071 7,071 7,071 1,524 2,434 2,434 2,434 1,434 11,524 11,524 11,524 11,524 11,524 11,524 11,524 11,524 11,524 11,524 11,524 11,524 11,524 11,524 11,524 11,524 11,524 11,524 12,086	0. 48 2. 32 3. 06 4. 17 2. 33 2. 41 2. 33 2. 64 2. 30 1. 45 1. 09 9. 93 1. 16 1. 92 2. 18 2. 04 1. 02 1. 02 1. 02 1. 02 1. 03 1. 47 1. 50 1. 47 1. 50

cent of all insured units terminated, with most of these (91 percent) stemming from Section 213 operations, which also accounted for high proportions of the total terminations for such other States as Oklahoma, Utah, Arkansas, and Minnesota. Only 6 States reported less than 10 percent of their total insured project dwelling units as terminated.

Default terminations had been reported in all but 10 States through the end of 1959. Table III-31 presents the ratios for total terminations and for default terminations. Only in 3 States have all terminations resulted from default on the part of mortgagors. However, 10 States reported a fifth or more of all units insured terminated as a result of default—the highest ratio (39 percent) being reported by Idaho. All of these 10 states had relatively low volumes of insured units, each with less than 2 percent of the total, and Idaho represented but two-tenths of a percent of all project units insured by the end of

Currently insured project mortgages reported in default on December 31, 1959 represented less than 1 percent of all units covered by insurance in force. These defaults occurred in 14 States, 2 of which reported 5 percent or more. Only 3 States—Oklahoma, Indiana, and Texas—reported defaults classified as potential acquisitions by FHA—those in process of mortgage note assignment to FHA or property title acquisition by mortgagees.

## Claims Paid on Property Improvement Loans

Table III-32 shows that claims paid in 1959 on defaulted insured property improvement loans amounted to \$10.1 million—up 2 percent from 1958.

TABLE III-33.—Claims paid on FHA property improvement loans, by State location, 1959 and 1934-59

	Cla	ims paid, 1959		Clair	ns paid, 1934-8	9	Percent of claims	
State	Number	Amount	Average	Number	Amount	Average	paid to loans insured	
labama laska	285	\$126, 157 3, 855	\$443 1, 285	11, 304	\$3, 058, 436 66, 831	\$271 711	1. 99 1. 47	
rizona.	304	3, 855 159, 725	525	5, 162	2, 216, 308	420		
rkansas	140	50. 447	360	7, 127	2, 153, 779	302	1.88 2.79	
Blifornta	506	229, 892	454	67, 965	22, 760, 969	335	2. 23	
olorado	260	126, 249	486	4, 932	1, 933, 792	392	1.63	
onnecticut	68	42, 739	629	6, 187	2, 269, 164	367	2.3	
elaware istrict of Columbia	5 159	1,076	215	684	245, 364	359	3.4	
orida	1, 154	47, 121 575, 333	296 499	4, 770 16, 692	1, 543, 403 6, 333, 541	324 379	3. 4 2. 3 1. 7	
eorgia	255	92, 428	362	11, 012	3, 293, 851	299	2.3	
owail				30	15, 474	516	[ 7,1	
aho	131	70, 319	537	4,094	1, 790, 877	437	2.1	
linois	1, 219	838, 355	688	32, 250	12, 078, 873	375	1. 5	
diana	629	350, 201	557	23, 876	7, 166, 102	300	1.3	
waansas	231 351	123, 871 172, 356	536 491	8,731	3, 102, 838 2, 190, 146	355 310	L.	
entucky	373	172, 356 158, 846	491 426	7, 074 7, 565	2, 190, 146 2, 471, 826	310 327	1. 1.	
puislana	263	120, 438	458	7 588	2, 137, 263	282	l i	
aine	116	63, 222	545	7, 588 3, 784	1, 278, 255	338	2.	
aryland	538	169, 813	316	14, 912	4, 480, 018	300		
assachusetts	420	182, 950	430	17, 504	6, 063, 295	346		
lehigan	2, 339	1, 274, 671	545	53, 171	17, 566, 649	330	1.	
lississIppl	498 160	221, 467 68, 835	445 430	11, 329 8, 532	4, 022, 489 2, 234, 947	355 262	1.	
1			_	1 1				
lissouri	578 42	273, 841 33, 186	474 790	16,919	5, 051, 510 772, 056	299		
ebraska	90	52, 333	581	1,677 3,349	1, 191, 157	356	śi i	
evada	11	3, 564	324	762	427, 136	561	ĺ 2	
ew Hampsbire	56	24, 170	432	2,680	887, 447	331	1 2	
ew Jersey	414	221, 568	535	28, 632	10, 086, 370	35	2 2	
ew Mexico.	45	26, 410	587	1,650	666, 507	10		
ew York orth Carolina	2, 230 311	1, 423, 856	639 446	71, 234 7, 335	31, 896, 532	44: 30:	8 1	
orth Dakota	31	138, 569 11, 186	361	1, 654	2, 224, 187 612, 663	37		
hio	1,009	484, 023	480	31, 832	10, 987, 711	34	5 1	
klahoma	209	91,060	436	8,681	2, 606, 121	30	0 1	
regon	168	109, 983	655	7, 771	2, 896, 843	37	3   3	
ennsylvania hode Island	651	363, 814 9, 359	559 585	35, 750 1, 839	11, 469, 537 588, 307	32		
uth Carolina	77	33, 888	440		1, 252, 712	28	4	
outh Dakota		15, 012	484	1, 378	576, 019	41	8	
ennessee	389	151, 123	388	11, 538	3, 433, 029	29	18	
exas	1,799	677, 238	376	41,060	11, 545, 799	25	1	
ah	140	82, 926	592	5, 413	2, 426, 504	44		
ermont	. 26 366	12, 460	470		673, 351	38		
irginia		144, 130 263, 005	394 530		2, 956, 701 4, 763, 704		13	
Vashingtonvest Virginiavest	108	55, 575	515		1, 366, 982			
isconsin	135	89, 386	662		2, 782, 895		ñ	
yoming	. 14	8,065	576		325, 127		31	
uam	.  2	694	347	5	2,041	. 4	08	
uerto Rico	.  18	17, 922	996		1, 339, 653	1 2	97	
irgin Islands	2	601	301	_	601	_	01	
Total 1	19,866	10, 088, 646	509	662,816	228, 314, 099		44	

Totals include adjustments not distributed by State.

These amounts may be compared with the volume of loans outstanding, which has averaged in excess of \$1 billion for each of the last 8 years. During 1959, insured net proceeds outstanding averaged \$1.4 billion, an increase of 21 percent over 1958 and only \$7 million less than the record high of 1954. A comparison of claims paid with average loans outstanding in 1959 indicates a claim payment ratio of 0.71 percent, the lowest since 1935.

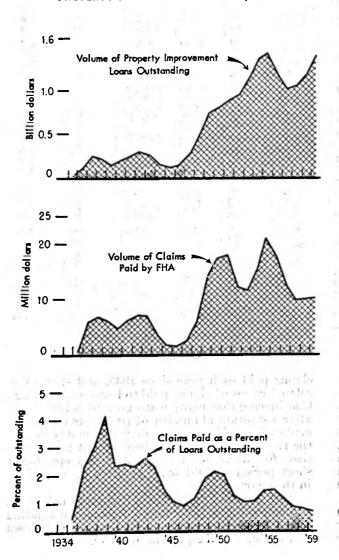
Trend.—Chart III-15 compares the trend in the volume of average net proceeds of property improvement loans outstanding with that for claims paid each year since 1935, and shows the related ratios of claims paid to loans outstanding. Considering that many loans go into default only after a substantial number of payments have been made (Table III-35) one may reasonably expect the trend in claims to lag behind, but to parallel that for insurance outstanding. Except for a short period in 1951-52, this situation is evident in the chart.

With marked fluctuations in individual years, claims paid as a percentage of loans outstanding have decreased from the 1938 high of 4.17 percent to the low of 0.71 percent in 1959.

From 1934 through 1959, total claim payments to financial institutions have amounted to slightly over \$228 million or 1.85 percent of the \$12.4 billion of loans insured. Of this \$228 million in claims paid, FHA had effected cash recoveries amounting to \$110 million by the end of 1959; additional expected future recoveries of \$15 million reduce the net claim payment total to \$104 million, representing a cumulative loss ratio of only 0.84 percent, the lowest since 1935.

All claims and operating expenses under the property improvement program have been paid out of income since July 1, 1939, when insurance premiums were first authorized under this program. Since that time an insurance reserve of \$84.6 million over total losses and operating expenses has been accumulated.

CHART III-15
PROPERTY IMPROVEMENT LOANS, 1934-59

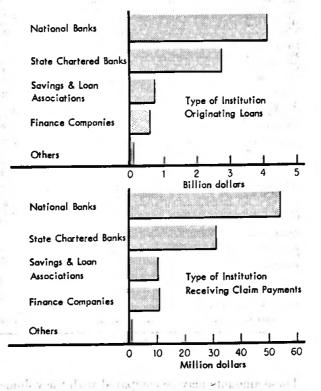


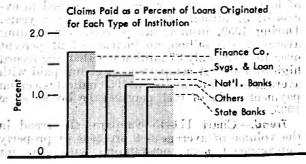
State Distribution.—The number and amount of claims paid on property improvement loans for the year 1959 and cumulatively since 1934 are shown in Table III-33 by State location of property. The 19,866 defaulted notes that resulted in claim payments of \$10.1 million during 1959 ranged from a high in New York of \$1.4 million (2,230 notes) to none in Hawaii. The average payment on claims reported for individual States varied from a high of \$1,285 in Alaska to \$215 in Delaware.

Claims paid on property improvement loans in each State from 1934 through 1959 involved 663,000 notes with unpaid balances totaling \$228 million, an average of \$344 for each claim. The cumulative total of claims paid in individual

## CHART III-16

PROPERTY IMPROVEMENT LOANS UNDER THE 1950 RESERVE, 1950-59





States closely follows the pattern established by property improvement loans insured. For example, comparison shows that, since 1934, New York (\$31.9 million), California (\$22.8 million), Michigan (\$17.6 million), and Illinois (\$12.1 million) have received 37 percent of the total claims paid—the same percentage relationship as exists between the volume of loans insured on properties in these States and total loans insured.

Financing Institutions.—Of the total of 9,000 financial institutions holding Title I insurance contracts, more than 6,600 have originated property improvement loans since the enactment of the 1950 Reserve. During 1959, approximately 4,000 of these institutions reported loans for insurance.

Claims paid in 1959 and the relationships of the total amount of claims paid to total insurance written under the 1950 Reserve by type of institution are presented in Table III-34. Of the 19,871 claim payments made during 1959, national banks received 49 percent and State banks 29 percent. Together they received \$4 out of every \$5 paid in claims—the same proportion as for the last 10 years. Comparisons between cumulative net proceeds insured and claims paid through 1959 show that, on the \$8.4 billion of net proceeds insured under the 1950 Reserve, claims amounting to \$107 million had been paid, which represents a claim ratio of 1.28 percent, as compared with a cumulative ratio of 1.32 percent at

Table III-34.—Claims paid on FHA-insured property improvement loans, 1959 and 1950-59, and insurance written, 1950-59: 1950 Reserve

Type of institution	Number	Amount (000)	Percent of amount	A verage claim
Claims paid 1959:				
National bank	9,008	\$4, 928	48. 9	\$493
State bank	5,714	2, 930	20.0	513
Mortgage company	191	85	0.8	445
Insurance company				
Savings and loan associa-				
tion.	1,976	1,366	13.5	691
Savings bank Federal agency	170	97	1.0	571
All other	1.822	683	6.8	375
XII 00001	1,022		0.8	3/3
Total	19, 871	10, 089	100.0	508
				l
Claims paid 1950-59:		1	1	
National bank		\$54, 668	50.9	\$420
State bank	69, 287	29, 757	27.7	429
Mortgage company	1,279	625	.0.6	489
Insurance company	3	2	(1)	704
tlon	20, 926	10.182	٠	
Savings bank	3, 179	1,345	9.5 1.3	487
Federal agency	3,173	1,010	(1.3	423 354
All other	24, 924	10, 723	10.0	430
		10,120		100
Total	249, 868	107, 303	100.0	429
			<del></del> -	
nsurance written 1950-59:			1	1
National bank	6, 719, 246	\$4, 173, 475	49.9	\$621
State bank	4, 029, 779	2, 595, 322	31.0	644
Insurance company	47, 459 504	42, 688 364	0.5	899
Savings and loan associa-	304	304	(1)	722
tion.	1, 042, 140	744, 569	8.9	714
Savings bank	263, 597	169, 923	2.0	645
Federal agency	270	153	(ຕັ້	565
All other	949, 723	646, 140	7.7	680
Total	13, 052, 718	8, 372, 634	100.0	641

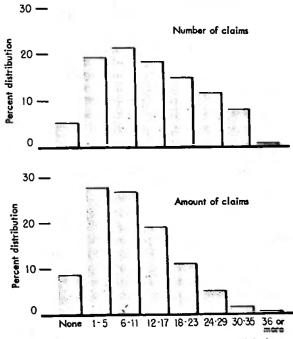
Less than 0.05 percent.

the end of 1958. Chart III-16 shows the relationship between claims paid and net proceeds insured under this reserve by type of institution, and their claims as a percent of loans originated. Disregarding the miscellaneous category, whose share of loans was relatively insignificant, State-chartered banks, originating one-third of the loans, had the lowest claim ratio of 1.13 percent. Finance companies, making slightly under 8 percent of the loans and receiving 10 percent of the total claim payments, reported the highest ratio of 1.69 percent.

Payments Received Prior to Default.-A summary of the number of installments paid by borrowers prior to default in relation to the number of payments contracted for in the original notes is presented in Table III-35. During 1959, nearly 47 percent of the number of claims and 63 percent of the total dollar volume were on loans which defaulted in less than 12 months. These claims averaged \$694, compared to \$508 for all claims paid. Since the great bulk of the loans outstanding were originally made for a 36-month term, it is reasonable that the loans going into default most frequently come from this group, the median default date being between the fifteenth and the sixteenth month and resulting in an average claim payment to the insured institution of \$398. Chart III-17 shows that 6 percent of the 1959 claims,

CHART III—17

PAYMENTS MADE PRIOR TO DEFAULT, 1959
Claims paid on property improvement loans



Number of payments received prior to default

accounting for 9 percent of the dollar volume, involved notes upon which the borrower had made no payment. One-fifth of all claims, representing over one-fourth the total amount, were on notes which went into default after one payment was received but before the sixth payment

was due. Notes going into default between the sixth and the eleventh month involved 20 percent of the number and 27 percent of the amount. Over 85 percent of all claims stemmed from notes calling for repayment in 36 months or less.

Table III-35.—Number of payments received prior to default by term of property improvement loans, 1959

	Terr	n of defaulted	i loan—perce	Percentage	Average			
Number of payments received prior to default	6-11 months	12-23 months	24-35 months	36 months	37 or more months	Total number	Total amount	claim pàid
0			7. 3 26. 3 26. 2 20. 2 15. 5 3. 6 . 3	4.0 15.5 18.6 18.3 17.0 15.3 11.1	8. 9 26. 6 26. 9 20. 7 10. 9 3. 8 1. 3	5. 5 10. 5 21. 6 18. 6 15. 1 11. 6 7. 9	8.9 27.6 26.8 19.0 11.0 5.0 1.5	\$828 724 634 524 371 222 95 461
Total	100. 0 0. 2 2. 6	100. 0 4. 7 6. 3	100. 0 11. 2 9. 7	100. 0 69. 7 15. 9	100. 0 14. 2 9. 2	100. 0 100. 0 13. I	100.0	508

# Characteristics of Mortgage and Loan Transactions Insured by FHA in 1959

This section of the report presents statistical analyses of the principal features of the transactions—home, multifamily project, and property improvement—insured by FHA in 1959.

# SECTION 203 HOME MORTGAGE TRANSACTIONS

During 1959, 332,500 or about one-fourth of the privately financed dwelling units started in the nonfarm areas of the Nation were in structures approved for FHA mortgage insurance and subject to FHA compliance inspections during construction. Of these, 307,000 units or 92 percent were in 1- to 4-family homes, including some 299,000 units started under the provisions of the Section 203 program.

Since Section 203 is the major long-term home mortgage insurance program, the following analysis will deal exclusively with this program, and will cover the characteristics of the insured home mortgages, the properties securing them, and the occupant mortgagors purchasing these homes.

occupant mortgagors purchasing these homes.

The tables in this section of the report are limited in scope to national FHA activity. For the benefit of those interested in comparable data by State and standard metropolitan areas, tables containing 1959 data are available upon request from the Division of Research and Statistics, Federal Housing Administration, Washington 25, D.C.

During 1959, practically all of the mortgagors involved in one-family transactions were owner-occupants. In addition, it may be noted that most (99.7 percent) of the new-home and a slightly smaller share (96.5 percent) of the existing-home mortgages were secured by single-family dwellings (Table III-36). Of the two-to four-family home transactions, less than 1 percent of the two-family homes but almost 85 percent of the three-and four-family transactions were processed as rental properties.

Type of		New l	omes	-	Existing homes			
mortgagor	1959	1958	1957	1956	1959	1958	1957	1956
Owner-occu- pant Landlord Builder	99. 9	99. 4 . 2 . 4	98. 3 . 2 1. 5	98. 1 , 3 1. 0	99. 9 1 (1)	99. 7 . 3 (¹)	99. 7 . 3 (¹)	09. 5 . δ
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

<sup>1</sup> Less than 0.05 percent.

Almost 97 percent of the new-home mortgage transactions involved the purchase by an owner-occupant of a home constructed by a commercial builder. The remaining new-home transactions involved the construction of a house by or for the mortgagor on his own lot. The pattern for existing-home transactions differed slightly, with about 95 percent of the transactions involving purchase cases and the remaining 5 percent the refinancing of existing loans and financing of improvements.

## 1-family amenity income cases

Purpose of loan		New 1	omes		Existing homes			
	1959	1958	1957	1956	1959	1958	1957	1956
Financing new con- struction Financing purchase Refinancing existing loan	3. 4 96. 6	4. 6 95. 4	9. 7 90. 3	12. 7 87. 3	0. 4 94. 5 5. 1	0.6 95.4 3.9	93. 7	1. 6 89. 8 8. 1
Financing improve- ments					(1)	.1	.3	. 5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

<sup>1</sup> Less than 0.05 percent.

# Trends of Typical Section 203 Home Mortgage Transactions

Medians and averages (arithmetic means) of the principal characteristics of the new- and existing-home transactions insured under Section 203 in 1959 are compared with those of selected previous years in Table III-37. For the purpose of this discussion, "typical" transactions are delineated in terms of these medians and averages.

The typical new-home mortgage insured in 1959 amounted to \$13,293, or 931/2 percent of the value of the property. The scheduled repayment of this mortgage contemplated a total monthly payment (including property taxes and hazard and FHA insurance premiums in addition to debt service) or \$98.08 over a period of 29 years. The property had an FHA-appraised value of \$14,329, of which about 16 percent or \$2,362 represented the land market price. The house was a singlefamily structure containing 1,095 square feet and 5.8 rooms, of which 3 were bedrooms. Customarily, garage facilities of some sort were included, these being reported in 7 out of every 10 transactions. The prospective monthly housing expense (monthly payment plus cost of household operation and property maintenance and repair) was estimated at \$123.21, to be carried by a new-home occupant with a typical annual effective income of \$6,912. On the average, this monthly housing expense was expected to represent about one-fifth

of the mortgagor's income.

Compared with the typical new-home case insured in 1958, the 1959 mortgage amount was 5 percent higher, the mortgage term about 18 months longer, and the loan-value ratio up by 2 percentage points. The monthly payment was also higher, being about 2 percent above the previous year. FHA's valuation of the typical property was up only 1 percent but the land price was increased by 6 percent, accounting for the continued rise in the site-value relationship. The structure was practically the same size as in 1958. The critical expense-income ratio was quite stable at 20 percent, reflecting the approximately equal advances (2 percent) in both monthly housing expense and effective income.

Table III-36.—Structures and dwelling units, 1- to 4family homes, Sec. 203, selected years

Units per structure	1959	1958	1954	1950	1946				
	Structures—percentage distribution								
New homes:	99.7	99.3	98.1	99.0	98.				
Two	. 3	.7	1.6	.9	1. (				
Three	8	1 8	, 1	(1)					
Four	(1)	(-(-)	.2	.1					
Total	100.0	100.0	100.0	100.0	100.0				
risting homes:									
One	96. 5	92.7	96. 2	95. 5	93. (				
Two	3. 1	6.4	3.2	4.1	5.8				
Three	.3	.7	. 3	.2	. 3				
Four	.1	.2	. 3	. 2	.3				
Total	100.0	100.0	100.0	100.0	100.0				
	Dwellin	g units-	percent	age distri	bution				
ew homes:									
One	99.3	98.4	95.9	97. 7	96. 9				
Two	.6	1.4	3.1	1.8	2. 1				
Three	(1)	.1	.3	.1	. 2				
Four	.1	.1	.7	4	.8				
Total	100.0	100.0	100.0	100.0	100.0				
Average	1.00	1.01	1.02	1.01	1.02				
isting homes:									
Опе	92.8	85.6	91.9	90.1	87.4				
Two	5.9	11.8	6.1	7.8	10.9				
Three	.9	2.0	1.0	. 7	7				
Four	. 4	. 6	1.0	1.4	1.0				
Total	100.0	100.0	100.0	100.0	100.0				
Average	1.04	1.08	1.05	1.06	1.07				

<sup>1</sup> Less than 0.05 percent.

In the typical 1959 existing-home transaction, the mortgage amount of \$11,755 was to be retired over a 25-year term with monthly payments of \$91.66. This mortgage represented 92 percent of the value of a property appraised at \$12,914. The land on which the house was built was valued at \$2,369 or almost 18 percent of the total property valuation. The house was a one-family structure containing 1,059 square feet and included 5.8 rooms of which 3 were bedrooms. Three out of

four of these structures have garage facilities. The expense-income ratio for existing homes was 20 percent, almost identical with that for new

Compared with the typical existing-home mortgage insured in 1958, the 1959 mortgage amount was 4 percent higher and the monthly mortgage payment 2 percent larger. The average duration of the mortgage was approximately 1 year longer and the loan-value ratio almost 2 percentage points higher. The typical property value increased slightly-1 percent-in contrast to the land value, which rose more than 10 percent, this development being reflected in the rather sharp increase in the ratio of land price to total value. The typical existing structure was fractionally larger in floor area, with the number of rooms (5.8) and bedrooms (3.2) remaining constant. The typical housing expense-income ratio for existing homes was 20 percent, only fractionally lower than a vear earlier.

The trends of selected characteristics of the typical Section 203 new- and existing-home cases during the postwar period are also shown in Table III-37. The higher levels of mortgage amounts, durations, and loan-to-value ratios of the Section 203 transactions insured in 1959 are generally attributable to the liberalizations of credit provisions of the Emergency Housing Act of 1958.

The upward trend in the FHA mortgage amount for new homes, indicated by the 5 percent rise over 1958, was somewhat higher than the 1 percent increase in the average home loan closed by the Veterans' Administration, but was less than the 8 percent increase in the average amount of total nonfarm mortgage recordings of \$20,000 or less reported by the Federal Home Loan Bank Board.

Several factors have been responsible for the rise in FHA new-home valuations. First, there has been a definite trend toward more luxurious and spacious homes, as evidenced by the size of the house, which has increased substantially since 1950. The luxury features of these homes are apparent to the homeseeker, but, being qualitative in nature, are reflected only in the valuation. Second, construction costs have continued to reach new peaks, as shown by the alltime highs reported for the Boeckh construction cost index as well as in the index of hourly earnings in the building industry and the wholesale prices of construction materials reported by the U.S. Departments of Labor and Commerce. A third factor has been the rapid rise in the cost of land acquisition and site development. In addition, the higher loan-value ratios made possible by the Emergency Housing Act of 1958 also had an effect on valuations since, with lower downpayments, higher valued homes were put within the reach of a larger potential market.

During 1959, the typical mortgage amount for existing homes was up almost 4 percent—a slightly smaller increase than for new homes. However,

Table III-37.—Characteristics of 1-family home transactions, Sec. 203, selected years

	Median i		1959	1958	1957	1956	1955	1954	1952	1950	1946
· · · · · · · · · · · · · · · · · · ·	NEW HOMES		-								4 11
Mortgage:		- 1	440.000								
Torm i	t		\$13, 293 28, 8	\$12,697	\$11,823	\$11,010	\$10,034	\$8,862	\$8, 273	\$7, 101	\$5,504
Loon-v	n years 1 aluo ratio (percent)		28. 8 93. 5	27.3	25.5	25. 5	25. 6	22.9	21.7	24. I	21.0
Total n	nonthly payment 3		\$98.08	91.5	85.1	86.0	88.7	85.3	83.7	88.0	87.0
roperty:	dontiny payment		\$10.00	\$96. 10	\$90. 29	\$81.63	\$74.14	\$68.62	\$64.16	\$54.31	\$46.18
FHAR	stimated value		\$14, 329	\$14, 207	614 001	#12 002	411 700				
Market	nrice of site 3	**********	\$2,362	\$2, 223	\$14, 261 \$2, 148	\$13, 203	\$11,742	\$10,678	\$10,022	\$3, 286	\$6,558
Site-val	price of site 1 ue ratio (percent) 2		16.1	15.4	14. 9	\$1,887	\$1,626	\$1,456	\$1, 227	\$1,035	\$761
Percent	with garages 4		70.0	72.7	76.6	14. 1 72. 8	13. 4 09. 8	13. 1	12.0	12.0	11.5
tructure.		II.	10.0	12.1	70.0	12.8	. 00.8	66. 6	53.4	48.7	58. 1
Calcula	ited area (sq. ft.)		1,095	1,092	1, 105	1.064	1.022	961	923	200	44
17 010 00	F OI FOOTUS		5.8	5.8	5.8	5.7	5,6	5, 4	5.3	838	(9)
Numbe	er of bedrooms		3.5	3.5	3.5	3.4	3.4	3.3	3.1	(4) 4. 11	5.5
Mortgagor:	3			4.0	0.0	0, 1	0, 1	3, 3	0.1	(9)	(1)
Annual	effective income.		\$6,912	\$6,803	\$6,632	\$6,054	\$5, 484	\$5, 139	\$4,811	\$3,861	\$3, 313
Month	ly housing expense		\$123.21	\$120.87	\$115, 17	\$104,48	\$95,70	\$88, 91	\$83. 16	\$75.41	\$62, 8
Expens	e-income ratio (percer	it) 2	20.5	20.4	19.7	19.5	19.7	19.6	19.6	21.6	20.9
	EXISTING HOMES	1		-			3				
Mortgage:				i							
Amoun	t		<b>\$</b> 11,755	\$11,325	\$10,498	\$10,013	\$9,603	\$9,030	\$8,047	\$6,801	\$4, 69
Term i	years 2		25.1	24. 2	22. 5	22, 5	22.7	20.1	19.7	20.2	18.
Loan-v	alue ratio (percent)		92.0	90.2	84. 9	82. 9	85.0	78.5	77.9	77.8	78.
Total n	nonthly payment 3		\$91.66	\$90.30	\$85.54	\$78.62	\$74.57	\$74.34	\$65.08	\$56.65	\$40.8
roperty:	stimated value		010 014	4.00	***						
Monkot	princed value		\$12, 914	\$12,778	\$12,572	\$12, 261	\$11,555	\$11,549	\$10, 289	\$3,865	\$5,93
Cite vel	price of site ? ue ratio (percent) ? with garages 3		\$2,360	\$2,150	\$2,041	\$1,931	\$1,707	\$1,591	\$1, 296	\$1, 150	\$83
Persont	nelth governor i		17. 0 74. 0	16.5	15.7	15. 1	14.2	13.3	12. 3	12.4	13.
tructure:	with garages		74.0	74.9	78.5	81.1	79.9	79.6	70. 7	70.6	83.
Calcula	ted area (sq. ft.)	- 1	1.059	1,053	1,060	1,060	1,030	7 007	000		
Numbe	r of rooms		5.8	5.8	5.8	5.7	1,030	1, 035	992	1,006	(9
Numbe	r of bedrooms.		3. 2	3.2	3.2	3. 2	3.0	5. 6 3. 1	5. 5 3. 1	5.6	5.
Aortgagor:	3		0. 2	J. 2	0.2	J. 2	3.1	3.1	3.1	(9)	(9)
Annual	effective income		\$6, 575	\$6,502	\$6, 296	\$6, 033	\$5,669	\$5,696	\$4,938	\$4,274	\$3,1
Month!	y housing expense		\$116.26	\$115.31	\$110.12	\$102.00	\$97.34	\$97.41	\$86.63	\$78.99	\$58.
Ernone	e-income ratio (perce	ot) ?	20.1	20. 4	19.9	19, 2	19.4	19.4	19.4	20.3	20

<sup>1</sup> Throughout this report, medians are computed on the assumption that distributions of all characteristics are represented by continuous data within groups. For definition of sample and terms see technical notes on this page. Average (arithmetic mean).

Throughout this report, data relating to monthly mortgage payment,

mortgagor's income, and housing expense are based on 1-family occupant cases only.
Not available.

## Technical Notes

These cases represent 50 percent of the new- and existing-home cases repreted as insured under Section 203(b) during the first 9
These cases represent 50 percent of the new- and existing-home cases reported as insured under Section 203(b) during the first 9
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These cases represent 50 percent of the new- and existing-home cases and the report of the report of the evaluation of mortgage risk:

a calculated Area is the area of spaces in the main building above basent or foundations, measured at the outside surfaces of exterior walls. Garage space, finished spaces in attics when less than 50 percent of the ground floor area, and areas with ceiling heights of less than 5 feet are excluded.

It cating and Utilities include the cost of heating, electricity, gas, water, and other items generally known as utilities, excluding those services provided under the lien of a nonprepayable special assessment which continues indefinitely for supplying the contract of the recognic of the premises.

It cating and Utilities include the cost of heating, electricity, gas, water, and other tiems generally known as utilities, excluding those services provided under the lien of a nonprepayable special assessment which continues indefinitely for supplying the contract provided in the contract provided under the lien of a nonprepayable special assessment which continues indefinitely for supplying the contract provided under the lien of a nonprepayable special assessment which continues indefinitely for the proparation of the premises.

It can be a contract to the premises of the premises of the premises and are not included as incidental costs.

It can be a co

land prices were considerably higher than for new homes, and incomes and valuations were approximately the same as in corresponding new-home transactions.

In Table III-37, the upward trends in property value (Chart III-21), land prices (Chart III-23), and mortgagors' incomes (Chart III-25) indicate the general inflation in prices and rise in personal income that has characterized the period since World War II.

Property values for new and existing homes have at least doubled during the postwar period, while land prices for new homes have more than tripled and equivalent sites for existing homes had 1959 valuations approaching 2.8 times their 1946 level. The increases in land prices have been most significant. For example, in new-home transactions, the average site in 1946 cost \$761, in 1950 it had reached \$1,035, then doubled by 1957 (\$2,148), and has risen 10 percent more to \$2,362 in 1959. This marked rise in the price of land is primarily attributed to the exhaustion of suitable developed sites and their consequent scarcity, coupled with a new large demand for land and rising costs of site development. The typical income of FHA mortgagors in 1959 was twice as high as in 1946. The typical nonfarm income for the Nation increased about 90 percent over the same period. Mortgage amounts have kept pace with the trend of property values, reflecting the upward revisions in Section 203 maximum insurable amounts and loan-value ratios authorized by Congress in recognition of rising property and construction costs.

## Mortgage Characteristics

Amount of Mortgage.—Table III-38 shows the distribution of mortgage amount for the mortgages insured during 1959 and in selected earlier years. These data demonstrate the sustained upward trends between the early postwar period and recent years in the average and median amounts of mortgages.

The median new-home mortgage insured in 1959 was \$13,293—almost 5 percent above the comparable figure of \$12,697 for 1958 and about two and one-half times larger than the median loan of \$5,504 insured in 1946. Approximately 7 out of 8 loans were below \$7,000 in 1946. By 1954, however, of all new homes insured only 6 percent involved mortgages less than \$7,000, and by 1959 this had further diminished to only a small fraction, the bulk of those insured being in the \$10,000-\$16,999 category (see Chart III-18). Increasing at a slightly lesser rate (3.7 percent)

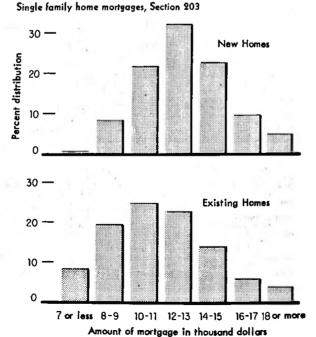
Increasing at a slightly lesser rate (3.7 percent) than for new homes, the typical mortgage amount for Section 203 existing-home mortgages reached \$11,755 in 1959—\$430 above its 1958 level and \$7,058 over the comparable 1946 figure of \$4,697. In 1946, only 11 percent of the insured mortgages amounted to \$7,000 or more—a proportion that reached 49 percent in 1950 and by 1959 included all but 3 percent of the insured cases.

Table III-38.—Amount of mortgage, 1-family homes, Sec. 208, selected years

Amount of mortgage	Percentage distribution							
	1950	1958	1954	1950	1946			
NEW HOMES								
Less than \$4,000. \$4,000 to \$4,909 \$4,000 to \$4,909 \$5,000 to \$5,999 \$6,000 to \$6,999 \$7,000 to \$7,999 \$8,000 to \$8,999 \$9,000 to \$9,999 \$11,000 to \$10,999 \$11,000 to \$10,999 \$12,000 to \$12,999 \$13,000 to \$12,999 \$13,000 to \$13,999 \$14,000 to \$14,999 \$15,000 to \$14,999 \$15,000 to \$14,999 \$15,000 to \$16,999 \$17,000 to \$16,999 \$17,000 to \$19,999	12. 4 14. 3 17. 9 11. 8 17. 2 7. 2	12.9 13.7 14.1	0. I . 17 5. 2 23. 3 22. 8 22. 8 20. 6 3. 9 1. 8 1. 1	0.4 1.1 9.0 33.0 28.5 16.0 8.3 1.9 .8 .5 .2	8.: 22.: 31.: 25.: 9.: 2.: (1)			
Total		100. 0 \$12, 762 \$12, 697	100.0 \$9,143 \$8,862	100.0 \$7,307 \$7,101	100. ( \$5, 548 \$5, 50			
EXISTING HOMES								
Less than \$4,000 \$4,000 to \$4,999 \$5,000 to \$5,999 \$5,000 to \$5,999 \$7,000 to \$5,999 \$7,000 to \$7,999 \$8,000 to \$8,999 \$10,000 to \$1,999 \$11,000 to \$11,999 \$12,000 to \$12,999 \$13,000 to \$12,999 \$13,000 to \$14,999 \$15,000 to \$14,999 \$15,000 to \$16,999 \$15,000 to \$16,999 \$15,000 to \$19,999 \$15,000 to \$19,999	2.4 5.1 8.8 10.9 12.5 11.9 11.0 7.8 10.2	1.0 2.7 5.7 10.1 12.2 14.1 12.8 11.5 9.7 7.1 8.5 3.8	0. 4 1. 1 3. 6 9. 5. 8 18. 5 16. 7 7. 4 6. 2 2. 6 2. 9 2. 1	4.4 8.3 16.3 22.0 18.6 13.0 7.2 4.5 1.9 1.7 .7	27. 29. 21. 11. 4. 2. 1. 1.			
Total Average Median	100.0 \$11,875 \$11,755	100.0 \$11,513 \$11,325	100.0 \$9,283 \$9,030	100.0 \$7, 102 \$6, 801	100. \$4, 92 \$1, 69			

<sup>1</sup> Less than 0.05 percent.

## CHART III-18 AMOUNT OF MORTGAGE, 1959



On the average, new-home mortgages in 1959 amounted to \$13,337 compared to \$11,875 for existing dwellings. As indicated by the table, these higher levels of mortgage amounts resulted principally from increases in the proportions of both new- and existing-home mortgages in the \$12,000-or-more category. Only 9 percent of the new-home transactions were for less than \$10,000, while 28 percent of the existing-home mortgages were in that category.

These trends in the amount of mortgage debt being assumed by the homeowner reflect the increasing cost of housing and the fact that borrowers were able to obtain mortgages representing higher percentages of property value which were made more readily available by the Housing Acts of 1957 and 1958.

Term of Mortgage.—Mortgages insured by FHA under Section 203 may have terms of not less than 10 nor more than 30 years, or three-fourths of the remaining economic life of the building improvements, whichever is the lesser, and are written for durations of 10, 15, 20, 25, or 30 years.

The continued and still growing acceptance of

The continued and still growing acceptance of the long-term mortgage by lenders and the effects of legislation of recent years permitting increased use of 30-year mortgages are both reflected in the 5½ percent increase in the duration of the typical new-home mortgage and the 4 percent increase for the existing-home mortgage term recorded in 1959 in comparison with 1958.

As shown in Table III-39, more than threefourths of the new-home mortgages insured in 1959 provided for 30-year durations. The 25year term was most common for existing-home transactions. The use of the maximum term of 30 years increased sharply during the year. In 1958, only half of the new homes and less than onefifth of the existing homes involved 30-year mortgages. In 1959, however, the maximum term of 30 years was reported for 78 percent of the newhome transactions and for 25 percent of the existing-home mortgages insured. The relative use of the 25-year mortgage declined from 42 percent of the total new-home cases in 1958 to 19 percent in 1959. While very little change was apparent in the use of 25-year mortgages for existing-home transactions insured during the year, the use of 20-year mortgage terms declined from 26 percent in 1958 to 18 percent in 1959.

Total Monthly Mortgage Payment.—Chart III—19 depicts graphically the distributions of total monthly payments called for in the new and existing single-family home mortgage transactions insured under Section 203 during 1959. In addition to principal amortization and interest, the total monthly mortgage payment covers the monthly instalments for property taxes and special assessments, hazard and FHA mortgage insurance premiums, and ground rent, if any. On the average, both the new- and existing-home transactions required higher monthly payments

Table III-39.—Term of mortgage, 1-family homes, Sec. 203, selected years

Term of mortgage	Percentage distribution							
in years	1959	1958	1957	1956	1955			
NEW HOMES								
0	(1)	(1)	0.1	0.1	0. 1			
5	0.2	0.4	.0	.8				
00	2. 2	5.2	12.6	12.7	13.			
25	19. 2	41.7	61.5	62. 2	53.			
00	78.4	52.7	24.9	24. 2	27.			
Total	100.0	100.0	100.0	109.0	100.			
A verage	28.8	27. 3	25.5	25. 5	25.			
Median	30.0	30.0	28.0	27.9	28.			
EXISTING HOMES			1,-		<del></del>			
10	0.1	0.1	0.3	0.5	0.			
15	1.8	3.3	7.1	5. 5	4.			
20	18. 2	26. 0	40.2	41.1	42.			
25	54.8	53. 1	46.4	49.3	45.			
30	25. 1	17. 5	6.0	3.6	7.			
Total	100.0	100.0	100.0	100.0	100.			
Average	25. 1	24. 2	22. 5	22. 5	22.			
Medlan	27. 7	26.9	25.3	25.3	25			

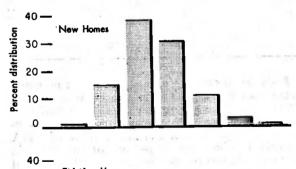
<sup>1</sup> Less than 0.05 percent.

than in 1958. In the chart, the curve for the new-home distribution increases fairly sharply to a peak in the \$90 range, which accounted for 21 percent of the cases insured before receding more gradually in the higher amount groupings. With respect to the existing-home transactions, the average monthly payments increased gradually, peaking in the \$80 range which represented 17 percent of the total.

Percentage distributions for 1959 and for selected prior years are shown in Table III-40.

#### CHART III-19

# TOTAL MONTHLY MORTGAGE PAYMENT, 1959 Single family home mortgages, Section 203



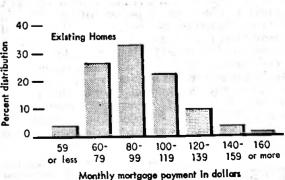


Table III-40.—Total monthly mortgage payment, 1-family homes, Sec. 203, selected years

Total	Percentage distribution	
Lest than \$60	1958 1954 1950	1946
Sec		
\$60 to \$62.		88. 0
\$\frac{11.0}{559}\$  \text{11.0}  \text{14.2}  \text{22.3}  7.2 \\ \$\frac{50.10}{559}\$  \text{17.4}  \text{18.3}  \text{11.5}  \text{11.5}  \text{11.5}  \text{11.6}  \text{11.6}  \text{11.6}  \text{11.6}  \text{11.6}  \text{11.6}  \text{11.6}  \text{11.7}  \text{13.7}  13	9 5.5 30.0 20.4	9.6
\$\$0 to \$599		1.8
### 15	4 183 115 17	1.0
### 12.6   11.9   1.3   .2   .2   .2   .2   .2   .2   .2	.U 15.U 6.01 7 1	
11.6   11.1   .5   .2	9 16.7 28 4	
11.6   11.1   .5   .2	6 11.9 1.3	
Total 100.0 100.0 100.0 100.0 Average \$99.53 \$97.4\$ \$71.36 \$85.33 \$85.61 \$88.62 \$85.33 \$98.68 \$98.60 \$88.62 \$85.31 \$88.62 \$85.31 \$88.62 \$85.31 \$88.62 \$86.62 \$85.31 \$88.62 \$86.62	6 11.1 .5 9	
Average \$99.53 \$97.48 \$71.36 \$55.33 Median \$93.08 \$96.10 \$66.62 \$54.31 EXISTING BOMES \$11.1 \$21.5 \$19.3 \$10.2 \$10.5 \$10.5 \$11.1 \$10.5 \$19.3 \$10.5 \$10.	9 3.3 .3	
Average \$99.53 \$97.48 \$71.36 \$35.38 Median \$98.08 \$96.10 \$86.62 \$34.31 Existing Bomes  Existing Bomes 4.0 19.0 59.0 50 to \$20 10.9 11.1 21.5 19.3 10.2 10.5 10.5 10.4 21.3 10.2 10.5 10.5 10.5 10.5 10.5 10.5 10.5 10.5	0 100.0 100.0 100.0	100.0
Median. \$98.05 \$96.10 \$88.62 \$84.31  EXISTING HOMES  ASS than \$60. 3.8 4.0 19.0 59.0 50.0 \$70.0 \$79. 15.5 16.4 21.3 10.2 \$10.0	100.0	\$46.06
### ### ### ### ### ### ### ### ### ##		\$46. 18
60 to \$20.     10.9     11.1     21.5     19.3       70 to \$79.     15.5     16.4     21.3     10.2       80 to \$89.     17.1     18.0     15.3     5.3       80 to \$89.     15.7     15.4     9.4     2.6       10 to \$109.     12.7     12.8     5.9     1.6       10 to \$119.     9.6     9.2     3.6     .9       20 to \$139.     9.9     8.9     3.2     1.1		
10.9	5 10 100	
0 to \$59	10.0	83. 5
## 15.50   17.1   18.0   18.3   3.3   18.0   18.3   3.3   18.0   18.3   18.0   18.3   18.0	1 10.01	5. 7
0 to \$109 15.7 15.4 9.4 2.6 (6 to \$109 12.7 12.8 5.9 1.6 (9.2 3.6 9.2 3.6 9 9.9 8.9 3.2 1.1	1 10.21	2.8
Ut 0 5139 12.7 12.8 5.9 1.6 10 to 5119 2.6 9.2 3.6 9.2 0.0 to 5139 9.9 8.9 3.2 1.1	-1 :::: 1 200   0.0	1. 2
10 to \$119 2.6 9.2 3.6 9 2 0.0 9.9 8.9 3.2 1.1	-) 12 2   12 2   -0	.6
9.9 8.9 3.2 1.1		. 4
Moreover 1 1.1	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	. 4
40 or more		- 4
Total 100.0 100.0 100.0 100.0	100.0	
Average 594 18 602 07 677 10 673 01	100.0	100.0
Median \$91.66 \$90.30 \$74.34 \$56.65	203.54	\$43. 25 \$40. 83

Ratio of Loan to Value.-Most of the mortgages insured in 1959 were processed under the provisions of the Emergency Housing Act of 1958 limiting Section 203 owner-occupant home mortgages to 97 percent of the first \$13,500 of FHA appraised value plus 85 percent of the value in excess of \$13,500 but not in excess of \$16,000 and 70 percent of the value over \$16,000. If the house was not subject to FHA inspection during construction and construction had been completed for less than one year, the maximum loan-value ratio with respect to the first \$13,500 of value was 90 percent. For other than owner-occupant transactions, the maximum insurable mortgage was limited to 85 percent of the amount available to an occupant borrower.1

Table III-41 shows loan-value distributions by property value groups for Section 203 cases insured during 1959. A great majority of the mortgages were at or near the maximum amount set forth in the legislation and administrative rules. For example, in the value groups below \$14,000, where loan-value ratios could be as high as 97 percent, median loans of over 96 percent were reported in all value classes and well over half of the loans were in the 96-97 percent category. In the higher value groups from \$18,000 to \$20,000, the same tended to be true. In these categories, the loan-value ratio could be as high as 90 to 92 percent, and the table indicates medians of 89 and 88 percent.

The greatest concentration of maximum limit cases are found in the new- and existing-home valuations of \$13,500 or less, where the law provides the most favorable downpayment terms. Significant shares of maximum term mortgages are also evident in the \$14,000 through \$17,999 classes, reflecting the increased benefits of the Emergency Housing Act of 1958. It is interesting to note that almost the same proportions of new and existing homes were insured with highest allowable loan-value ratios. Almost 31 percent of the new-home and 27 percent of the existinghome transactions involved mortgages of 96 or 97 percent of valuation. This demonstrates the recent equality of credit terms for new- and existinghome transactions available since 1957. The typical loan-value ratios for existing homes, however, tended to be slightly lower in almost all value classes, probably because of more conservative views of lenders and the likelihood of refinancing transactions.

Trends in the ratio of mortgage amount to property value are shown in Table III-42 and Chart III-20.

Loan-value ratios for Section 203 cases insured during 1959 were at an alltime high and were significantly higher than in 1958, reflecting the increase in maximum ratio provided by the Emergency Housing Act of 1958. For new-home transactions, a very significant change took place in the proportion of mortgages that represented 96 or 97 precent of value. Almost 70 percent of all new-home owners were required to make down-payments of less than 10 percent. This trend toward lower downpayments is also reflected in the typical loan-value ratio of 93½ percent, a significant rise over the 91½ percent reported in 1958 and the 85 percent reported in 1954.

A similar change can be noted for existing homes, where the typical loan-value ratio increased from 78½ percent in 1954 to 90 percent in 1958 and to 92 percent in 1959. For 1959, 27 percent of the mortgages insured involved the maximum ratio—an increase of 10 percentage points over a year earlier. In addition, 28 percent were in the 91-to 95-percent group, bringing to 55 percent the proportion of existing-home buyers who were re-

Table III-41.—Ratio of loan to value by property value, 1-family homes, Sec. 203, 1959

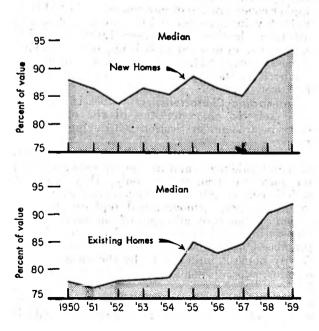
EH I settment of a count	Percent-	Median			R	atio of loan	to value—	percentage	distributio	n		
FHA estimate of property value	nge dis- tribution	loan- Value ratio	50 percent or less	51 to 60 percent	61 to 70 percent	71 to 75 percent	76 to 80 percent	81 to 85 percent	86 to 90 percent	91 to 95 percent	96 to 97 percent	Total
NEW HOMES												
Less than \$8,000 8,000 to \$8,909 9,000 to \$9,999 10,000 to \$10,999 110,000 to \$10,999 12,900 to \$12,999 13,000 to \$13,999 14,000 to \$14,999 15,000 to \$15,999 16,000 to \$16,909 17,000 to \$17,999 18,000 to \$18,989 19,000 to \$19,999 20,000 to \$21,999 22,000 to \$21,999	2.9 2.9 10.1 10.7 14.5 13.8 10.7 9.0 4.4 3.1 3.8 2.2 5	96. 3 96. 6 96. 6 96. 3 96. 4 96. 2 93. 6 92. 4 92. 3 91. 7 89. 6 87. 6 87. 5	0.1 .1 .1 .1 .1 .3 .3 .2 .1 .8	0.3 -1 -2 -1 -3 -3 -4 -3 -5 -1.0 -5 -6.1	0.3 -4 -27 -5 -68 1.3 1.7 1.7 2.2 4 3.6 20.8	2. 7 4 . 27 . 8 . 1. 5 1. 5 . 2 . 2 2. 4 . 3 4. 3 . 3 4. 3 . 3 4. 3 . 8 25. 1	0.8 1.07 1.27 2.15 2.57 4.1 5.71 8.6 8.6 31.4	1.15 2.22 3.8 3.9 5.7.2 8.7 10.87 14.8 15.02 6.1	21. 6 3. 8 3. 7 5. 3 8. 3 10. 7 10. 4 10. 6 15. 7 20. 7 34. 8 30. 9 30. 9 30. 9 30. 9	16. 2 29. 8 16. 7 21. 7 23. 8 25. 9 55. 7 66. 9 57. 9 40. 6 7. 1	59. 5 63. 9 73. 0 69. 2 59. 7 60. 9 55. 4 23. 0	100. 100. 100. 100. 100. 100. 100. 100.
Total	100.0	93.5	.1	.3	1. 2	1.8	3.6	7.1	16. 8	38. 2	30. 9	100
Less than \$8,000	4.7 6.0 7.9 10.3 10.4 10.4 19.0 7.6 4.5 3.4 2.8 2.1	95. 3 96. 0 95. 7 95. 2 94. 4 93. 4 92. 9 91. 3 90. 4 88. 7 88. 3 86. 0 83. 7	(i) (i) (i) (i) (i) (i) (i) (i) (i) (i)	0.1 11 12 21 33 35 55 45 15,3	0.35 .79 1.34 1.99 1.75 2.05 2.25 2.4 3.8	0.8 .80 1.0 1.4 1.09 2.5 2.4 3.7 3.4 5.1	2.4 2.4 2.5 3.2 4.5 5.1 5.1 7.4 8.7 9.3 10.0 11.8 14.8 48.6	4.9 4.1 4.7 5.6 6.3 7.5 9.4 11.2 11.5 16.9 19.1 31.3 30.8 47.1	16. 1 13. 2 15. 9 17. 2 19. 6 21. 6 23. 4 27. 1 20. 9 35. 3 32. 7 37. 4 41. 5 49. 9 29. 1 3. 1	29, 2 28, 6 26, 8 26, 1 27, 0 26, 2 24, 1 37, 7 40, 6 38, 4 35, 1 27, 7 10, 6	46. 2 50. 3 48. 4 45. 7 41. 3 37. 6 35. 2 14. 2	100 100 100 100 100 100 100 100 100 100
Total	100.0	92, 0	.1		1.5	2.1	5, 3	10.7	24. 2	28.4	27, 4	16

<sup>1</sup> Less than 0.05 percent.

#### CHART III-20

#### RATIO OF LOAN TO VALUE, 1950-59

Single family home mortgages, Section 203



quired to make downpayments of less than 10 percent, a situation which was practically unheard of 10 years ago.

## **Property Value Characteristics**

An important part of the FHA underwriting procedure is the determination of an estimate of value for each property proposed as security in an application for mortgage insurance. In the preparation of these estimates, consideration is given to such items as the estimated replacement cost of the property, sale prices of comparable houses, neighborhood market price of site, materials and quality of construction, the size of the house, and some of its characteristics. The following pages are devoted to an analysis of some of the interrelationships of the significant characteristics of properties involved in Section 203 insured mortgage transactions during 1959.

Property Value.—Three of every five new-home and about one-half of all existing-home mortgages insured during 1959 were secured by properties valued between \$11,000 and \$15,999. New-home valuations were almost evenly distributed throughout this range, with a slight predominance in the \$13,000-\$14,999 classes. Existing homes tended to be distributed more evenly, though with some concentration in the value groups below \$14,000.

In Alaska, Hawali, and Guam, the specified amounts could be as much as 50 percent more in recognition of higher construction costs in these areas.

#### CHART III-21

#### FHA ESTIMATE OF PROPERTY VALUE, 1950-59 Single family home mortgages, Section 203

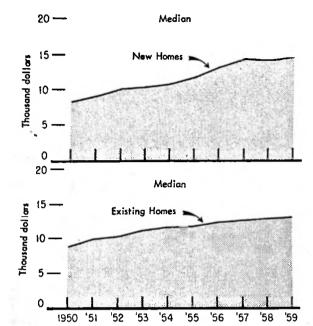


Table III-42.—Ratio of loan to value, 1-family homes, Sec. 203, selected years

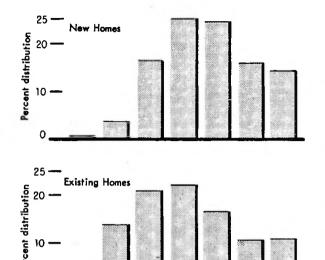
Ratio of loan to value	!	Perce	ntage distri	bution	
(percent)	1959	1958	1954	1950	1946
NEW HOMES					
50 or less	0.1 .1 .2	0.5 .2 .3	0.8 .4 .7	0.6 .4 .5	0.6
61 to 65	.8 1.8	.6 1.3 2.6	1.4 2.6 5.1	.9 1.6 3.2 8.8	I. 3 3. 3 4. 8
76 to 80	3. 6 7. 1 16. 8 38. 2	5. 6 11. 5 23. 2 39. 7	28.8 11.8 25.6 22.8	10. 9 57. 1 16. 0	11. 8 14. 1 62. 5
6 to 97	30. 9	14. 5	22.0	10.0	*
Total Average Median	100.0 91.0 93.5	100.0 88.7 91.5	100. 0 82. 2 85. 3	100. 0 85. 0 88. 0	100.0 84.1 87.0
EXISTING HOMES					
or less	0.1	0. 1 . 1	1.1	2. 1 1. 4	I. 3 . 9
to 60 to 65 to 70	.2 .4 1.1	.2 .5 1.6	1.6 2.8 7.7	2. 2 3. 7 8. 8	1. 2 2. 8 5. 8
to 75to 80	2. 1 5. 3	2.8 7.1	9. 8 52. 2	13. 5 51. 5	8. 8 60. 7
to 85 to 90 to 95	10.7 24.2 28.4	14.3 27.4 29.1	7. 3 10. 8 5. 9	4. 4 9. 8 2. 6	3. 6 14. 9
to 97	27.4	16.8			
Total Average Medjan	100. 0 89. 7 92. 0	100.0 88.1 90.2	100.0 77.8 78.5	100.0 76.4 77.8	100. 0 78. 6 78. 4

(Table III-43 and Chart III-22.) Slightly less than 4 percent of the new homes but almost 19 percent of the existing homes were valued by FHA at less than \$10,000, while almost equal proportions

#### CHART III-22

#### FHA ESTIMATE OF PROPERTY VALUE, 1959

Single family home mortgages, Section 203



Estimate of value in thousand dollars

10-11 12-13 14-15 16-17 18 or more

of all Section 203 transactions—6½ percent for new and 5½ for existing—were appraised at \$20,000 or more.

Compared with 1958, both new- and existing-home values moved upward by about 2 percent, reflecting the increased costs of land and building. As indicated by Table III-43 and Chart III-21, the upward trend in valuations is shown in the higher concentration of new homes in the \$11,000-\$14,999 value class and, with a few exceptions, in all other valuation groups over \$17,000. For existing homes, an upward shift is apparent in homes valued between \$14,000 and \$24,999. No change occurred in the highest valuation class—\$25,000 and over.

Transaction Characteristics.—Table III-44 presents selected characteristics of the one-family cases insured under Section 203 during 1959 by property value groups.

Inasmuch as the data relating to total acquisition cost, sale price, and incidental costs are based on purchase transactions only, they are not strictly comparable with the averages for property value, mortgage amount, and replacement cost, which are based on all types of one-family home transactions. These data include, in addition to purchases, new-home transactions where a single-family home is built for or by the owner on his own lot; existing-home transactions where the existing indebtedness is refinanced with no change in ownership; and existing-home transactions where a substantial portion of the mortgage funds is

Table III-43.—Property value, 1-family homes, Sec. 203, selected years

FHA estimate of		Percon	tage distrib	oution	
property value	1959	1958	1954	1950	1946
NEW HOMES					
Less than \$4,000				(1)	0.2
\$4.000 to \$4.900				0.4	2. <b>3</b> 10. <b>0</b>
\$4,000 to \$4,990 \$5,000 to \$5,999			(1)	1.6	20.3
NO. OKUB ZO SECUNOL	1 111 1	(1)	`′0.6	18.3	27.8
\$7,000 to \$7,009	0.1	0.3	6.0	20.8	22. 4
\$7,000 to \$7,009 \$8,000 to \$8,009	.7	1.2	18.8	22.5	11.1
SYLDHU TO SU HAN I	20	4.6	15.7	15.9	3.4
\$10,000 to \$10,999 \$11,000 to \$11,999	6.5	9.9	12.4	10.0	1.5
\$11,000 to \$11,009	10. 1 10. 7	9.6	12.8	4.7	. 5
\$12,000 to \$12,999 \$13,000 to \$13,999	14.5	10.6   11.4	10. 1 7. 8	2.3	.3
\$14,000 to \$14,999	13.8	11.4	5. 5	1.4	.2 .1
		10.0	3.8	. 5	.1
\$16,000 to \$16,999	9.0	9, 2	2.5	3 1	.1
\$16,000 to \$16,999 \$17,000 to \$17,999 \$18,000 to \$19,009	7.0	6.7	1.3	.2	(1)
\$18,000 to \$19,009	7.5	8.2	1.4	.2	
\$20.000 to \$21.099	3.X	3.5	.8	.2	
\$22,000 to \$24,999		1.9	.3	8	
\$25,000 and over	.5	6	.2	(1)	
Total	100.0	100.0	100.0	100.0	100.0
Averago value	\$14,650	\$14,394	\$11,120	\$8,594	\$6,597
Median value	\$14, 329	\$14, 207	\$10,678	\$3,286	\$6,558
existing homes					
Less than \$4,000			(1)	1.2	9.0
S4 (00) TO S4 (00)	0.1		0.2	1.4	16.8
		0.3	.4	4. 2	24.6
\$6,000 to \$6,909 \$7,000 to \$7,099 \$8,000 to \$8,999 \$9,000 to \$8,999	1.1	1.1	2.0	10.7	20.3
\$7,000 to \$7,099	3.2	3.4	5.5	15.8	12.1
\$3,000 to \$3,999	0.0 7.9	0.5	10.1	17. 1 14. 5	7.0
\$10 000 to \$9,000	10.3	8.4 10.8	11.1 12.6	14.5	3.4
\$9,000 to \$9,000 \$10,000 to \$10,990 \$11,000 to \$11,990	10.3	10. 5	12.1	7.6	1.1
\$12,000 to \$12,999	11.4	11.4	11.8	5.7	1.2
\$13,000 to \$13,999	10.4	10.4	9.1	3.3	
\$11,000 to \$11,909 \$12,000 to \$12,909 \$13,000 to \$13,909 \$14,000 to \$14,909 \$15,000 to \$16,909 \$16,000 to \$16,909 \$17,000 to \$17,909	9.0	8.6	6.6	2.0	.8
\$15,000 to \$15,999	7.6	7.5	5.8	1.7	
\$10,000 to \$10,809	6. 4 4. 5	6.2	4.1	1.1	
\$17,000 to \$17,009 \$19,000 to \$17,009	5.7	4.4 5.4	2.0 3.1	.8 .9	
\$18,000 to \$19,999 \$20,000 to \$21,999	2.8	2.5	1.9	. 4	
\$22,000 to \$24,999	2.1	1.9	1.5	.2	l m ''
\$22,000 to \$24,999 \$25,000 and over	. 5	.5	.ž	.1	8
Total	100.0	100.0	100.0	100.0	100.0
A verago valuo	\$13, 236	\$13,069	\$11,034	\$9,298	\$6, 26
Median value	\$12,014	\$12,778	\$11,549	\$8, 865	\$5,93

<sup>&</sup>lt;sup>1</sup>Less than 0.05 percent.

used to finance improvements to the property. Although purchase transactions predominated in both new- and existing-home cases, varying proportions of the different types of transactions in the individual value classes may result in relationships between FHA value data and data on total acquisition costs and sale price which diverge somewhat from the normal pattern.

As would be expected, increases in replacement costs of property, total acquisition costs (including sale price and incidental costs), mortgage amounts, and mortgagor's annual income accompanied increases in property value, while the reverse tended to be true for the ratio of loan to value.

A comparison of the new- and existing-home averages of the various characteristics for corresponding property value groups reveals that property values, mortgage amounts, loan-value ratios, and—for the most part—incidental costs were higher for new-home transactions, and replacement costs, mortgagors' incomes, and total acquisition cost and sale prices were higher for ex-

isting-home buyers. In all instances, the average valuations were higher for new homes than for comparable existing dwellings, probably reflecting the higher building costs and longer economic life of these properties. Although the overall average total acquisition cost and sale price were higher for new homes than for existing dwellings, in the value classes of \$10,000 or more the average existinghome acquisition costs and sale price were greater. Incidental costs for new homes averaged \$281 or about 8 percent more than the \$261 reported for existing-home transactions. It may also be noted that incidental costs were higher for new-home buyers of comparably valued homes, with the exception of those valued below \$8,000 and in the \$13,000-\$15,999 range. This deviation in closing costs is probably attributable to the locality mix of these cases. The average new-home buyer had an average income of \$7,327, or 3 percent more than the \$7,107 for a corresponding existing-home buyer. In comparable value classes, however, incomes of existing-home buyers were always higher than for purchasers of new homes.

Property Characteristics.—Table III—45 shows, by property value ranges, averages of property value, price of site, site-value ratio, calculated area, number of rooms, number of bedrooms, and the percentage of structures with each of the following characteristics: one story, more than one bath, basement, and car shelter.

The average size of a new home insured in 1959 was 1,140 square feet. It had 5.4 rooms, of which 3 were bedrooms. This was somewhat larger than the 1,105 square foot existing home, which contained the same number of rooms but on the average had a smaller number of bedrooms. About 9 out of every 10 new homes were one-story structures, and 78 percent of the existing homes were in this category. However, 45 percent of the existing homes had basements, compared with one-third of the new homes. Garages were included with two-thirds of the existing homes but with only 55 percent of the new homes insured. In contrast, 16 percent of the new homes had carports, and only 8 percent of the existing homes had this facility.

The average land price entering into the existing-home transactions was \$2,369 or 17.9 percent of the total property valuation of \$13,236, compared with \$2,362 or 16.1 percent of the total for new homes. As would be expected, land prices advanced with increases in valuations in both new and existing cases. In addition, existing-home sites tended to be valued somewhat higher than new-home sites in corresponding value classes, possibly because of more desirable location in relation to shopping facilities and community centers.

Market Price of Site.—The available market price of equivalent site as defined by FHA is the FHA-estimated price for an equivalent site including street improvements or utilities, rough grading, terracing, and retaining walls, if any.

FHA estimate of property value	Percentage				A verage				Ratio of
Tan estimate of property value	distri- bution	Property value	Property replace- ment cost	Total acquisition cost 1	Sale price !	Incidental cost 12	Amount of mortgago	Mortgagor's annual income	loan to
хем номез						<del></del>			<del></del>
Less than \$8,000.  \$8,000 to \$8,999  \$9,000 to \$9,999  \$10,000 to \$10,999  \$11,000 to \$11,999  \$12,000 to \$12,999  \$13,000 to \$13,999  \$13,000 to \$13,999  \$14,000 to \$14,999  \$15,000 to \$15,999  \$15,000 to \$15,999  \$17,000 to \$17,999  \$17,000 to \$17,999  \$18,000 to \$18,999  \$20,000 to \$21,999  \$20,000 to \$21,999  \$20,000 to \$21,999  \$22,000 to \$24,999	2.9 6.5 10.1 10.7 14.5 13.8 10.7 9.0 7.0 4.4 3.1	\$7, 337 \$, 585 9, 564 10, 460 11, 473 12, 450 13, 453 14, 402 15, 408 17, 382 18, 404 19, 389 20, 761 23, 063 27, 621	\$8, 706 9, 286 10, 042 10, 931 11, 924 12, 903 13, 940 14, 972 15, 968 16, 965 18, 009 19, 047 19, 935 21, 310 23, 567 28, 241	\$7, 520 8, 627 9, 642 10, 552 11, 492 12, 543 13, 526 14, 494 15, 535 16, 617 17, 569 18, 645 19, 603 21, 098 23, 542 25, 164	\$7, 347 8, 429 9, 421 10, 317 11, 265 12, 294 13, 279 14, 231 15, 259 16, 310 17, 250 18, 298 19, 220 20, 709 23, 094 24, 710	\$182.33 218.33 234.88 240.27 242.62 255.50 255.33 253.31 269.77 285.47 308.04 317.86 334.16 355.79 366.46 392.15	\$6, 895 8, 126 9, 112 9, 939 10, 786 11, 699 12, 603 13, 341 14, 910 15, 455 16, 115 16, 705 17, 813	\$4, 496 4, 756 5, 255 5, 534 5, 979 6, 312 6, 720 7, 165 7, 545 8, 103 8, 526 8, 988 9, 569 10, 290 11, 319	94.0 94.7 95.3 95.0 94.0 93.7 92.6 91.3 90.3 88.9 86.2 85.8 85.8
Total	100.0	14, 650	15, 178	14, 727	14, 448	281. 29	20, 302	12, 775 7, 327	73, 5
EXISTING HOMES	-						25,051	1,021	91.0
Less than \$3,000 \$5,000 to \$5,999 \$5,000 to \$5,999 \$10,000 to \$10,999 \$11,000 to \$11,999 \$12,000 to \$11,999 \$12,000 to \$12,999 \$14,000 to \$12,999 \$14,000 to \$13,999 \$14,000 to \$13,999 \$15,000 to \$13,999 \$15,000 to \$15,999 \$15,000 to \$15,999 \$15,000 to \$15,999 \$17,000 to \$17,999 \$19,000 to \$19,999 \$20,000 to \$19,999 \$20,000 to \$21,999 \$22,000 to \$21,999 \$25,000 and over	6.0	7, 044 8, 427 9, 404 10, 411 11, 404 12, 385 13, 383 14, 361 15, 348 16, 388 17, 341 18, 351 19, 303 20, 718 23, 036 26, 996	10, 012 10, 084 11, 802 12, 859 13, 360 14, 301 15, 174 16, 104 17, 107 18, 048 19, 010 20, 091 20, 985 22, 521 24, 604 29, 206	7, 286 8, 632 9, 637 10, 681 11, 706 12, 752 13, 768 14, 777 15, 797 16, 803 17, 805 18, 834 19, 902 21, 524 23, 920 26, 637	7, 043 8, 404 9, 404 10, 435 11, 448 12, 457 13, 493 14, 488 15, 494 16, 489 17, 478 18, 520 21, 144 23, 504 26, 230	201. 63 205. 65 217. 13 231. 45 241. 85 242. 98 262. 31 271. 01 285. 68 294. 54 306. 61 320. 74 331. 89 345. 50 388. 29	0, 570 7, 879 8, 764 9, 656 10, 614 11, 358 12, 208 12, 927 13, 682 14, 423 15, 083 15, 790 16, 526 17, 574 19, 009	4, 944 6, 329 5, 567 5, 913 6, 270 6, 618 7, 042 7, 429 7, 534 8, 220 9, 315 9, 903 10, 782 11, 598 12, 969	93, 3 93, 5 93, 2 92, 7 92, 7 91, 7 91, 2 90, 0 88, 0 88, 0 85, 6 84, 8 82, 5 74, 0

Data reflect purchase transactions only.
Includes estimated costs to mortgagor for items incidental to financing purchase of property, but excluding prepayable expenses.

13, 236

100.0

Table III-45.—Property characteristics by property value, 1-family homes, Sec. 203, 1959

13, 560

13, 278

201.02

11,875

89.7

STILL AND A STATE OF THE STATE	Percent-	Ave	rage	Price of		Averago			Percer	t of structu	re with	
FHA estimate of property value	age dis- tribution	Property value	Market price of site	site as percent of value	Calcu- lated area (sq. ft.)	Number of rooms	Number of bed- rooms	More than 1 bath	1 story	Full or part basement	Garage	Carport
NEW HOMES		11	11.5	- 1	7.							-
Less than \$5,000 \$5,000 to \$5,999 \$9,000 to \$9,999 \$10,000 to \$10,999 \$11,000 to \$10,999 \$12,000 to \$12,999 \$12,000 to \$12,999 \$13,000 to \$13,999 \$14,000 to \$14,999 \$15,000 to \$14,999 \$15,000 to \$15,999 \$15,000 to \$16,999 \$17,000 to \$17,999 \$18,000 to \$18,999 \$22,000 to \$21,999 \$22,000 to \$21,999 \$22,000 to \$24,999 \$22,000 and over	2.7 2.9 6.5 10.1 10.7 14.5 13.8 10.7 9.0 7.0 4.4 3.1	\$7, 337 8, 585 9, 564 10, 460 11, 473 12, 450 13, 453 14, 402 15, 408 10, 406 17, 382 18, 404 19, 380 20, 761 23, 063 27, 621	\$1, 047 1, 237 1, 401 1, 588 1, 759 1, 891 2, 103 2, 310 2, 474 2, 699 2, 952 3, 072 3, 287 3, 602 3, 982 3, 405	14. 3 14. 4 14. 6 15. 2 15. 3 15. 2 16. 6 16. 0 16. 1 17. 0 17. 3 17. 3	817 854 899 938 998 1, 037 1, 123 1, 178 1, 225 1, 250 1, 324 1, 381 1, 445 1, 563 1, 531	4.89 5.12 5.5.3 5.5.5 5.5.6 6.3 6.3 6.3	2.2 2.7 2.8 2.9 3.0 3.0 3.0 3.1 3.1 3.2 3.3 3.2	2. 9 1. 7 7. 1 15. 5 22. 4 29. 6 43. 2 53. 0 00. 3 76. 1 85. 8 94. 5 96. 5	87. 5 97. 9 09. 0 94. 8 92. 4 93. 0 91. 8 92. 0 91. 9 90. 2 87. 2 85. 9 85. 1 78. 3 91. 8	10. 3 1. 8 4. 0 10. 2 21. 1 28. 5 29. 2 38. 7 41. 6 44. 9 50. 5 46. 4 45. 8 43. 3 42. 1 22. 8	43. 3 32. 4 37. 5 36. 6 46. 5 53. 6 56. 1 58. 0 61. 7 70. 9 70. 4 73. 2 74. 5 68. 5	16. 2 14. 7 28. 5 19. 8 18. 2 17. 9 16. 2 15. 1 15. 4 13. 4 11. 6 13. 4 14. 7
Total EXISTING HOMES	100.0	14, 650	2, 362	16.1	1, 140	5. 4	3.0	50.7	90. 8	33.8	54. 9	16.0
Less than \$8,000.  \$8,000 to \$5,999.  \$9,000 to \$5,999.  \$11,000 to \$10,999.  \$11,000 to \$11,999.  \$12,000 to \$13,999.  \$14,000 to \$13,999.  \$14,000 to \$13,999.  \$14,000 to \$14,999.  \$16,000 to \$15,999.  \$16,000 to \$16,999.  \$17,000 to \$17,999.  \$18,000 to \$18,999.  \$9,000 to \$18,999.  \$1,000 to \$18,999.  \$1,000 to \$19,999.  \$2,000 to \$24,999.  \$2,000 to \$24,999.  \$5,000 and over.	4.7 6.0 7.9 10.3 10.7 11.4 9.0 7.6 6.4 4.5 2.3 2.8 2.1	7, 044 8, 427 9, 404 10, 411 11, 404 12, 385 13, 383 14, 361 15, 348 16, 388 17, 341 18, 251 19, 303 20, 718 23, 036 26, 996	1, 106 1, 373 1, 593 1, 812 2, 018 2, 2018 2, 394 2, 584 2, 762 2, 978 3, 199 3, 419 3, 680 3, 966 4, 382 4, 791	15. 7 16. 3 16. 9 17. 4 17. 7 17. 8 17. 9 18. 0 18. 0 18. 2 18. 4 19. 1 19. 1 19. 1	920 941 970 900 1,014 1,056 1,085 1,173 1,223 1,272 1,330 1,381 1,461 1,556 1,677	5.9 5.9 5.12 5.3 5.45 5.67 5.89 6.9 6.24 6.55	2.44 2.44 2.45 2.77 2.88 2.99 3.01 3.11 3.12	1. 9 3. 2 4. 5 6. 3 9. 1 14. 2 19. 1 26. 9 35. 1 44. 1 53. 8 60. 6 70. 4 77. 4 86. 8	71. 2 80. 5 82. 1 81. 1 81. 5 80. 5 79. 7 76. 0 75. 2 74. 0 99. 1 96. 2 87. 5	40. 5 34. 1 34. 2 37. 5 49. 5 49. 1 53. 7 54. 6 54. 8 55. 4 53. 5 53. 7 54. 6	37. 8 51. 8 58. 8 61. 4 62. 0 66. 3 70. 3 72. 8 74. 5 76. 0 77. 8 81. 3 83. 9 80. 9	6.49 7.38 7.88 8.06 7.65 7.76 8.67 8.81
Total	100.0	13, 236	2, 369	17. 9	1, 105	5. 4	2.7	24.3	77. 9	44.8	66. 2	7.8

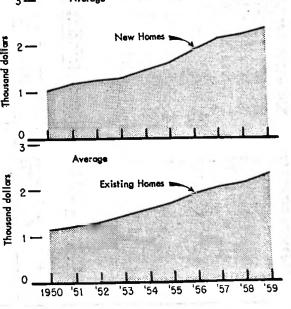
Table III-46.-Available market price of equivalent site, by property value, 1-family homes, Sec. 203, 1959

FIIA estimate of	Percent- age dis-	Median market			Avails	ble market	price of eq	uivalent s	lte—percen	tage distri	butlon		
property value	tribu- tion	price of site	Less than \$500	\$500 to \$909	\$1,000 to \$1,499	\$1,500 to \$1,999	\$2,000 to \$2,409	\$2,500 to \$2,999	\$3,000 to \$3,490	\$3,500 to \$3,099	\$4,000 to \$4,499	\$1,500 to \$4,999	\$5,000 or more
NEW HOMES		111				!		,					
Less than \$8,000	0.1	\$1,058		46.0	35.1	18.0							
\$8,000 to \$8,999 \$9,000 to \$9,999	.7 2.9	1, 238 1, 403	0,5	30. 5 12. 1	39.8 46.6	21.5 30.8	2.5 5.8	5. 2 3. 5	0.6	0.2			0. 1
\$10.000 to \$10.999	6. 5	1,631	i i	5.2	33.1	44.1	11.7	3.7	1.9 1.8	.1	1.0	8	
\$11,000 to \$11,999 \$12,000 to \$12,999	10. 1 10. 7	1,768 1,905	A	2.0 1.2	24.8 16.1	43.4 40.3	18.8 27.1	8.7 11.4	3.0	.4	.1	0.1	(1)
\$13,000 to \$13,009	14.5	2, 155	933	.6	7.9	31.0	33.7	17.9	7.0	1.5	.3	.1	(1)
\$14,000 to \$14,999	13.8	2, 350 2, 519	(1)	. 5 . 5	4.5 3.0	23. 1 15. 5	31.3 30.0	22. 6 25. 1	13.8	3.6 5.7	1.2	.3	(1)
\$15,000 to \$15,999 \$16,000 to \$16,999	10. 7 9. 0	2, 767	(1)	, I	1.7	10.5	24.9	23.8	24, 8	9.9	3.2	.5	
\$17,000 to \$17,999	7.0	3,059	1,1	.1	.8	6.0 3.0	17.1 14.1	22.3 20.8	30.7 32.2	14.4 17.9	4.2 7.9	1.7 1.5	2.
\$18,000 to \$18,999 \$19,000 to \$19,999	4.4 3.1	3, 175 3, 338	.1	.1	.4	2.5	10.4	17.2	28.3	21.5	12.1	3.4	3.
\$20,000 to \$21,909	3, 8	3, 636		.2	.5	. 9	6.9 3.5	12.8 6.8	22.9 17.3	21.2 16.9	16. 9 22. 2	11.7 18.3	6. 13.
\$22,000 to \$24,999 \$25,000 and over	2, 2	4, 084 5, 017		.1	.3 1.7	1.4	2.8	4.9	10.5	7.3	11.2	8.0	51.
Total	100.0	2, 315	(1)	1.5	10.4	23. 0	22. 9	16.7	13. 5	6.0	2.8	1.3	1.
EXISTING HOMES									44				
Less than \$8,000	4.7	1, 156	1.0	34.6	46.1	14.7	2.6 8.6	0.6 2.9		0.1		(1)	(1)
\$8,000 to \$8,999 \$0,000 to \$9,999	6.0 7.9	1, 398 1, 622	.2	14.3 8.6	44. 6 33. 3	28. 2 33. 0	14.1	7.3	3.0	. 5	(1)	0.1	8
\$10,000 to \$10,999	10.3	1, 815	.1	4.3	24.7	33.2	18.0	11. 1 13. 0				(1)	1 0.
\$11,000 to \$11,999	10.7 11.4	1, 976 2, 224	, .1	2.2 1.2	17.0 12.3	32.3 26.3	20.3 22.8	16.0	12.8	5.6	2.2	.5	
\$12,000 to \$12,999 \$13,000 to \$13,999	10.4	2,418	8	1.0	8.5	21.4	22.8	17.8	14.4				
\$14,000 to \$14,999	9.0	2, 584 2, 776	I . I	.6	5. 4 3. 6		23. 1 21. 3				7 7.2	3.1	
\$15,000 to \$15,999 \$16,000 to \$16,999	7. 8 6. 4	2,776	8	.3	2.2	9.8	18. 5	20.3	17.5				
\$17,000 to \$17,999	4.5	3, 230		.2	1.5	6. G 5. 6				15.0			12
\$18,000 to \$18,999 \$10,000 to \$19,999	3. 4 2. 3	3, 427 3, 665	:1	.1	.8	3.6	7.8	13.9	18.5	5 15.1	12.2		. 1
\$10,000 to \$19,990 \$20,000 to \$21,999	2.8	3, 955	:1	.2	1.0								
\$22,000 to \$24,990 \$25,000 and over	2.1	4, 401 4, 745		.6 .7	3.3								4
Total	100.0	2, 277	.1	4. 2	15. 2	21.0	17.1	13.	5 11.	4 7.	1 4.	1 3 2 3	3

Less than 0.05 percent.

Table III-46 shows a cross tabulation of the FHA estimate of value and available market price of equivalent site, and Chart III-23 shows the upward trend in site prices. The typical land price for new-home properties represented over 16 percent of the total FHA valuation of the property. In the case of existing properties it was slightly higher, accounting for almost 18 percent of the valuation. The typical land price for new homes, however, was \$2,315 or about 2 percent more than the \$2,277 reported as typical for existinghome sites. More than 46 percent of the new homes and about 38 percent of the existing homes securing insured mortgages had sites valued between \$1,500 and \$2,499. In addition, another 30 percent of the new-home sites were valued between \$2,500 and \$3,499, compared with approximately one-fourth for existing homes. It is interesting to note a comparison of several value groups showing the variation of site and property value. For instance, more than three-fourths of the new homes in the \$10,000 class had sites valued between \$1,000 and \$1,999, and only 58 percent of the existing-home sites cost this much. In the median price range, for example, the \$15,000 house, 55 percent of the new homes but only 41 percent of the existing homes were built

# CHART III-23 MARKET PRICE OF EQUIVALENT SITE, 1950-59 Single family home mortgages, Section 203



on sites valued between \$2,000 and \$2,999. In the higher price brackets, \$22,000 or more, more than half of all the homes were situated on lots valued at \$4,000 or more. In fact, lots with values in excess of \$4,000 were used in one-tenth of the existing-home and in more than 5 percent of all new-home cases.

Financial Characteristics.—Table III—47 indicates for each property value group of the newand existing-home transactions insured under Section 203 during 1959, averages of property value, mortgage term, property taxes, heating and utility expenditures, maintenance and repair expenses, mortgage payment, prospective housing expense, and mortgagor's monthly income.

The table indicates that the average new home in the typical value class, \$14,000, was appraised at \$14,402 and carried a mortgage written for a term of 29 years. The house was purchased by a mortgagor with a monthly income of almost \$600, and his prospective housing expense was estimated to be \$124.11, consisting principally of a mortgage payment of \$98.96, which included \$14.96 for taxes. In addition, the monthly expense includes an estimate of \$18.12 for heating and utilities, and \$7.02 for maintenance and repairs.

In contrast, the median-class existing-home

mortgage secured a property worth \$12,385 and

was to be repaid over a 25½ year period by a mortgagor with an average monthly income of \$552. His total monthly expenses were estimated to be \$113.06, the bulk (\$89) of which was debt service, including \$13.41 in taxes. In addition, \$16.97 was to be set aside for heating and utilities and \$7.09 for maintenance.

On the average, the new-home mortgages were written for durations of 28.8 years and the existing-home contract had a term of 25.1 years. Moreover, mortgage terms for new-construction transactions were consistently longer than for existing-home mortgages for corresponding valuations. It may also be noted that for new-home mortgages the durations lengthened as values increased, reaching a peak of 29 years in the \$12,000-\$14,999 value range, and then tended to recede. For existing homes, the mortgage term rose gradually to 26 years for \$16,000 properties, then also tended to be issued for shorter terms as values grew.

Next to the principal and interest, property taxes were the most important item in the total monthly mortgage payment—averaging more than 15 percent of the total payment for both newand existing-home transactions. Average taxes were proportional to property values and moved upward as property value increased, indicating that wide variations in local tax rates and in spe-

Table III-47.—Financial characteristics by property value, 1-family homes, Sec. 203, 1959

cial assessments affected all value classes about equally. In all corresponding value groups, property taxes were slightly higher for existing homes than for new, although—because of differences in the two value distributions—the average for all new homes was somewhat higher than for existing homes. The total monthly payment rose with the increase in value, primarily resulting from the increased debt service on higher average mortgage amounts and increased taxes. Despite the longer term of new-home mortgages, the average mortgage was sufficiently larger than the existing-home mortgage to make the monthly payment of \$99.53 for new homes higher than the \$94.18 required of existing-home buyers.

Prospective housing expense, almost four-fifths accounted for by the mortgage payment, showed similar variations, with the expenses for new homes ranging from \$76 for homes valued at less than \$8,000 to \$201 for those valued in excess of \$25,000, and from \$79 to \$204 for existing homes. Although the average mortgage and housing expense were higher for existing-home transactions in all value ranges, the average housing expense of \$125 for new-home purchases was about \$6 higher than for all existing-home transactions. The monthly expenses attributable to household operations and estimated costs of repairs averaged about \$25 for all FHA home buyers. For existing home, maintenance expenses were higher in virtually all value ranges. Although, on the average, heating and other utility expenditures were

TABLE III-48.—Calculated area, 1-family homes, Sec. 203, selected years

Calculated area		Percent	age distrib	utlon	
(square feet)	1959	1958	1954	1950	1948
NEW HOMES					
ess than 600	(1) 0. 1 1. 8 7. 4 10. 6 22. 3 16. 1 11. 6 7. 6 5. 2 3. 4 3. 7 9	0. 3 2. 8 7. 4 18. 3 23. 0 16. 2 10. 8 7. 9 4. 6 3. 5 3. 7	(1) 2. 4 11. 5 20. 5 20. 5 18. 0 11. 8 6. 9 2. 6 1. 6 . 7 . 6	0. 5 7. 6 30. 6 25. 4 13. 0 9. 9 5. 3 3. 2 2. 0 6 6 -2 .2	0.9 4.6 20.6 22.0 16.2 11.3 8.3 6.4 2.1
Total Average Median	100.0 1,140 1,095	100.0 1,138 1,092	100.0 990 961	100. 0 894 838	100. 97 91
existing homes					
Less than 600	15. 9 12. 6 9. 9 6. 8 4. 7 3. 2 3. 5	0. 1 2. 2 10. 8 14. 0 14. 1 15. 5 12. 1 9. 7 6. 8 4. 9 3. 3 3. 3 1. 7	0. 2 2. 5 12. 9 15. 7 13. 8 12. 9 10. 9 8. 8 6. 8 4. 3 3. 2 2. 0 2. 1	0.5 3.3 14.4 10.5 14.1 11.7 9.3 7.6 5.8 4.3 3.2 2.2 2.9	0. 4. 16. 18 13 10 8 6 5 3
TotalAverage Median	100. 0 1, 105 1, 059	100.0 1,105 1,053	100.0 1,104 1,035	100.0 1,100 1,006	10

<sup>1</sup> Less than 0.05 percent.

TABLE III-49.—Property characteristics by calculated area, 1-family homes, Sec. 203, 1959

	10.	TOPOTOR					,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		.,			
	Percent-			Aver	age	2.0			Percent	of structu	re with	
Calculated area (sq. ft.)	age dis- tribution	Oalcu- lated area (sq. ft.)	Property value	Total acquisition	Sale price i	Number of rooms	Number of bed- rooms	More than 1 bath	1 story	Full or part basement	Garage	Carport
NEW HOMES							ļ					
Less than 700 700 to 799 800 to 899 900 to 999 1,000 to 1,009 1,100 to 1,109 1,200 to 1,209 1,300 to 1,399 1,400 to 1,480 1,500 to 1,599 1,700 to 1,799 1,700 to 1,799 2,000 or more	1.8	650 753 860 943 1,045 1,146 1,247 1,346 1,441 1,548 1,637 1,740 1,888 2,163	\$10, 377 10, 841 11, 802 12, 634 13, 977 14, 902 16, 709 16, 995 18, 336 18, 232 19, 743 10, 773 22, 070	\$10, 449 10, 934 11, 904 12, 718 14, 073 15, 116 16, 819 17, 087 18, 545 18, 379 19, 861 19, 788 22, 101	\$10, 286 10, 671 11, 659 12, 481 13, 813 14, 825 15, 731 16, 512 10, 774 18, 208 18, 084 19, 400 21, 696	4.1 4.5 4.9 5.3 5.7 5.9 6.6 6.6 7.0	2.0 2.4 2.7 3.0 3.1 3.2 3.3 3.3 3.3 3.5 7	6. 8 2. 7 6. 7 9. 2 32. 7 97. 3 86. 7 92. 6 95. 1 94. 5 97. 9 97. 9	91. 9 96. 3 93. 5 96. 6 94. 5 89. 1 90. 0 86. 2 86. 5 82. 8 68. 1 80. 6 72. 4 66. 2	38. 9 39. 1 47. 7 41. 3 40. 0 36. 4 24. 6 19. 8 17. 3 20. 4 12. 0 20. 0 14. 7 24. 6	12, 2 22, 4 32, 5 36, 7 51, 2 63, 4 72, 8 71, 1 72, 7 78, 7 70, 9 70, 5 51, 5	18. 4 19. 6 14. 9 13. 5 16. 4 17. 3 16. 9 18. 5 17. 3 14. 4 13. 2 19. 9 16. 9 22. 8
Total	100.0	1, 140	14, 650	14, 727	14, 448	5.4	3.0	50.7	90.8	33.8	54. 9	16.0
EXISTING HOMES												
Less than 700 700 to 799 800 to 899 900 to 999 1,000 to 1,099 1,100 to 1,199 1,200 to 1,209 1,300 to 1,390 1,400 to 1,409 1,500 to 1,599 1,500 to 1,699 1,700 to 1,799 1,700 to 1,799 1,800 to 1,999 2,000 or more		661 753 849 948 1,047 1,146 1,245 1,345 1,445 1,545 1,744 1,886 2,290	9, 611 10, 581 11, 317 12, 150 13, 046 14, 559 16, 184 15, 924 16, 463 16, 742 17, 039 16, 652 17, 502	9, 867 10, 905 11, 600 12, 484 13, 419 14, 122 14, 950 15, 601 16, 315 18, 917 17, 104 17, 478 16, 972 17, 681	9, 635 10, 662 11, 362 12, 221 13, 147 13, S36 14, 646 15, 286 15, 988 16, 566 16, 765 17, 142 16, 614 17, 334	4.2 4.4 5.1 5.3 5.6 5.8 6.0 6.2 6.4 6.6 6.9 7.7	2.0 2.2 2.3 2.6 2.9 2.9 3.0 3.1 3.2 3.3 3.4 3.9	2.3 3.0 0.0 12.9 27.7 43.2 53.0 59.3 62.8 64.0 70.3 86.1	\$5. 2 \$5. 1 88. 6 85. 7 78. 1 71. 2 66. 1 56. 1 50. 0 43. 9 40. 8 24. 0	-	53. 5 55. 0 60. 7 61. 5 66. 6 70. 1 71. 4 73. 7 74. 2 76. 1 75. 0 74. 3 76. 4	4.3 4.6 5.8 7.8 9.2 9.7 10.0 8.3 7.2 7.8 7.3 6.5
Total	100.0	1, 105	13, 236	13, 560	13, 278	5.4	2.7	24.3	77.9	44.8	66.2	7.8

<sup>1</sup> Data reflect purchase transactions only.

TABLE III-50 .-- Number of rooms and bedrooms by property value, 1-family homes, Sec. 203, 1959

				Number	of rooms	0	- 11	1	Number of	bedrooms	-1
FILA estimate of property value	Percentage distribu- tion	Median number		Perce	entage distri	bution		Median number of	Perco	ntage distrib	ution
	,,,,,	of rooms	4 or less	5	6	7	8 or more	bedrooms	1-2	3	4 or more
NEW HOMES							1.	- 1			-1
Less than \$5,000 \$5,000 to \$5,909 \$9,000 to \$5,909 \$9,000 to \$10,000 \$11,000 \$11,000 to \$11,000 \$11,000 to \$12,000 \$13,000 to \$13,000 to \$13,000 to \$13,000 to \$15,000 \$15,000 \$15,000 to \$10,000 \$15,000 to \$10,000 \$10,00	0.1 29 6.5 10.1 10.7 14.5 13.8 10.7 9.0 4.4 3.1 3.2 2.5	4.345668891245575 5.555555566666666	62.2 25.9 14.0 8.3 6.8 4.5 3.3 2.3 1.5 1.2 1.0 9 4 .7	29. 7 70. 8 80. 2 80. 3 75. 6 71. 3 62. 1 59. 4 44. 3 39. 5 30. 3 20. 4 14. 9 32. 5	8.1 3.0 5.7 11.0 17.0 23.3 31.7 33.0 38.2 46.7 48.3 53.2 50.0 53.1 47.7 35.3	0.3 .1 .4 .6 .9 2.8 4.7 5.8 7.0 10.3 14.2 19.7 23.2 28.0 25.2	0.1 0.6 2.1 .8 .9 1.4 3.5 2.9 8.7 5.9	2 7 3 4 4 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	70. 3 20. 9 16. 9 9. 9 9. 7 6. 7 5. 3 4. 6 3. 9 3. 5 3. 1 1. 3 2. 1 4. 2	29. 7 69. 8 83. 0 89. 8 89. 5 90. 5 89. 0 90. 1 88. 7 63. 5 71. 7	0.3 8 2.8 5.7 4.0 7.1 6.4 8.2 10.5 17.0 22.0 20.4 24.1
Total Median value	100, 0 \$14, 329	5.8	3. 5 \$11, 906	55. 3 \$13, 539	33. 1 \$15, 558	6. 1 \$17, 766	\$18, 197	3.5	\$12,694	88. 0 \$14, 286	6. 3 \$17, 639
EXISTING HOMES									11		
Less than \$5,000 \$5,000 to \$5,000 to \$5,009 \$5,000 to \$5,009 \$10,000 to \$10,999 \$11,000 to \$11,999 \$11,000 to \$11,999 \$11,000 to \$12,000 \$15,000 to \$15,009 \$15,000 to \$17,009 \$15,000 to \$17,009 \$15,000 to \$19,000 \$15,000 to \$19,000 \$22,000 to \$21,000 \$22,000 to \$21,000 \$22,000 \$22,000 \$23,000 \$23,000 \$22,000 \$23,000 \$25,000 and over	4.7 6.0 10.3 10.7 11.4 10.4 9.0 7.6 6.4 4.5 3.4 2.3 2.8 2.1	5.3 4 5.5 5 5.5 5 5.5 5 6.6 2 6.6 6 6.6 6 6.6 6	41.6 39.4 33.8 27.7 23.0 16.7 12.1 9.8 5.9 3.7 3.0 1.8 1.5	30. 6 36. 0 40. 1 43. 3 44. 3 45. 1 46. 3 45. 9 43. 7 30. 3 31. 9 24. 9 19. 7 14. 2	10. 9 17. 8 19. 1 22. 3 26. 1 30. 4 32. 5 34. 6 38. 1 41. 5 43. 9 43. 9 43. 9 43. 9 43. 9	5. 6 4. 7 5. 1 4. 0 5. 1 5. 8 7. 0 7. 0 7. 5 9. 7 12. 2 13. 8 17. 2 20. 0 23. 6 30. 9 29. 8	2.3 2.1 1.9 1.8 1.5 2.0 2.1 2.2 2.6 3.3 4.4 4.7 6.1 6.6 10.4 16.0	2.7 2.8 2.9 3.1 3.2 3.3 4 3.4 3.5 3.5 3.5 3.5 3.5 3.7	66. 0 69. 2 61. 3 52. 8 45. 5 20. 5 20. 4 16. 3 11. 9 9. 9 9. 3 7. 7 11. 2	29. 4 25. 9 34. 0 42. 1 49. 3 50. 5 63. 0 66. 6 70. 7 74. 7 75. 1 76. 0 76. 4 75. 7 99. 8 59. 2	4. 0 4. 9 4. 7 5. 1 5. 2 7. 1 7. 9 9. 0 10. 6 12. 1 13. 7 15. 0 22. 5 29. 6
Total Median value	100. 0 \$12, 914	5. 8	17. 3 \$10, 588	40. 0 \$12, 782	31.2 \$14,055	\$15, 413	2. 8 \$15, 061	3. 2	36.3 \$11,131	56. 0 \$13, 962	7.7 \$14,498

Less than 0.05 percent.

slightly higher for new homes (\$18.18) than for existing homes (\$17.67), the utilities expense was somewhat higher for existing properties in practically all comparable valuation classes.

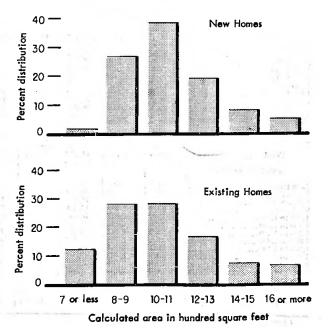
#### Size of House Characteristics

This portion of the report deals with the sizes of the homes securing mortgages insured by FHA under Section 203 as indicated by calculated areas (Table III-48), characteristics of 1959 properties by various area groups (Table III-49), and distributions of the 1959 homes by number of rooms and number of bedrooms, within specific property value classes (Table III-50).

Calculated Area.—The single-family homes securing the mortgages insured under Section 203 in 1959 were typically a bit larger than those reported for 1958. The median area for new homes was 1,095 square feet—about 3 percent above the 1,059 square feet area reported as typical for existing homes. As indicated by Chart III-24 and Table III-48, the 1959 new homes were concentrated in the 900-1,199 square feet area groups which accounted for 58 percent of the total, with the bulk—22 percent—being in the 1,000-1,099 square feet range. For existing homes, on the other hand, the distribution was spread over a

# CHART III-24 CALCULATED AREA, 1959

Single family home mortgages, Section 203



wider range, with a heavier concentration in the smaller size homes. Over 44 percent of existing homes were about equally spread throughout the 800-1,099 square feet area range, with the highest proportion—16 percent—reporting areas of 1,000 to 1,099 square feet. The distribution of the rest over a wider range reflects the heterogeneous character of the inventory of existing homes.

Characteristics by Calculated Area.—Table III-49 shows for the 1959 Section 203 homes in the various calculated area ranges the average floor area, property value, total acquisition cost, sale price, number of rooms and bedrooms, and the proportion of homes with one story, more than one bath, basement, and carport or garage. The table indicates, for example, that the average house in the 1,100-1,199 square feet range had a floor area of 1,146 square feet, included 51/2 rooms, of which 3 were bedrooms, and was valued at \$14,992. Nine out of every 10 new structures in this size range were of the single-story rambler type, and twothirds had more than one bathroom. Approximately 37 percent of these new homes had either full or part basements and 63 percent had full garages with an additional 17 percent reporting carports of some type. On the average, the number of rooms reported for new- and existing-home transactions was the same-5.4 rooms-and a slightly larger number of bedrooms (3) was reported for new homes than for existing homes (2.7 bedrooms). As might be expected, the number of split level and multistory homes increased in frequency as the floor area became larger in both new and existing properties. The present trend toward more bathrooms is clearly indicated in the table, since one-half of the new homes but only 24 percent of the existing homes had more than one bath. In addition, new homes in all area ranges reported higher proportions of more than one bathroom. Basements were reported in about 45 percent of the existing homes and in one-third of the new homes, indicating the trend toward the use of slab-type construction. Garages were being built in 55 percent of the new homes, but were reported in two-thirds of the existing homes insured in 1959. Carports, however, were reported about twice as frequently in new construction as for existing homes, with new homes reporting more in all corresponding size ranges.

## Relation of Size of House to Property Value

Rooms and Bedrooms by Property Value.—Table III-50 illustrates the relationships between property value and the number of rooms and bedrooms included in the structures covered by the sample. As would be expected, the medians indicate that the number of both rooms and bedrooms increased with higher property values, with the number of bedrooms less affected than the number of rooms.

Although the new- and existing-home median room counts were the same—5.8 rooms—existing homes in all properties appraised at \$12,000 or

more contained the same number or more rooms than did new homes in corresponding groups. The typical new home had 3.5 bedrooms, compared with the 3.2 bedrooms reported for existing-home transactions. In addition, the median number of bedrooms for new homes in all value classes except those in the \$16,000-\$18,999 group exceeded that for existing homes, reflecting the continued demand for more bedrooms in new homes coming on the market.

The majority of FHA insured homes contained five rooms. However, 56 percent of the new homes were reported in this size range compared with 40 percent of the existing homes. In addition, one-third of the new homes had six rooms, and almost the same proportion (31 percent) of existing homes were in this class. Eleven percent of the existing homes and 7 percent of the new homes insured had seven or more rooms.

The distribution of bedrooms shown in Table III-50 indicates that the three-bedroom home predominated in 1959. In fact, 88 percent of the new homes and 56 percent of the existing homes were in this category. In addition, 36 percent of the existing homes had two bedrooms, compared with only 6 percent of the new homes. For new homes, the five-room house was reported most frequently in the \$8,000-\$15,999 class while the six-room home predominated in the higher value groups. In contrast, the existing-home distribution was more widely dispersed with significant proportions of three, four, and five rooms being reported in most valuations. Three-bedroom homes predominated in all new-home transactions and in most of the existing homes valued in excess of \$11,000.

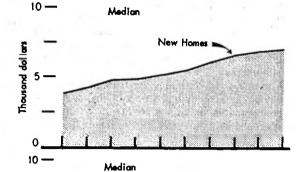
#### Mortaggor's Income Characteristics

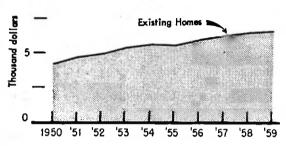
In determining the acceptability of a mortgage for insurance under the FHA underwriting system, an evaluation is made of the risk entailed in the mortgage credit elements of each transaction. This involves consideration of such items as mortgagor's income, his financial assets, current and anticipated obligations of a recurring nature, and the mortgagor's reason for applying for the loan. Owner-occupants are the mortgagors in practically all the Section 203 one-family cases, and the ability of an owner-occupant mortgagor to bear the cost of the home ownership is measured in terms of his effective income. This is an estimate of the mortgagor's probable earning capacity during the first third of the mortgage term, which experience has indicated is likely to be the most hazardous portion of the life of the mortgage. Incomes of co-mortgagors or endorsers may be included partially, wholly, or not at all, depending on specific circumstances. This section of the report is devoted to an analysis of the Section 203 owner-occupant transactions insured in 1959 from the viewpoint of mortgagor's income and housing expense.

#### CHART III-25

## MORTGAGOR'S EFFECTIVE ANNUAL INCOME, 1950-59

Single family home mortgages, Section 203





Mortgagor's Income.—As depicted in Chart III-26 and Table III-51, there was a marked similarity in the income distributions of the newand existing-home mortgagors in the Section 203 transactions insured in 1959. The largest proportion of new-home buyers, however, were reported to have incomes of \$6,000-\$6,999, and the most frequently reported income of the existing-home owners was \$5,000-\$5,999. Three-fourths of all occupant mortgagors reported annual effective incomes (before taxes) of \$4,000 to \$8,999.

Percentages of new-home mortgagors were slightly higher than percentages of existing-home mortgagors in most of the income categories above \$6,000. Proportions of existing-home buyers were greater in the lower income ranges. Approximately 5 percent of both new- and existing-home mortgagors had incomes in excess of \$12,000.

Chart III-25 points out the rise in the income of FHA home buyers since 1950, with the income of new-home buyers averaging nearly an 8 percent increase each year in contrast with the average of 6 percent reported for existing-home owners. The upward trend in the incomes of FHA home owners has approximated the rise in nonfarm incomes, although the level of incomes has been higher for FHA home buyers. Incomes of FHA newhome buyers averaged \$7,327 in 1959 and the income of existing-home owners was \$7,107, both about 2 percent higer than reported for 1958.

Characteristics by Mortgagor's Monthly Income.—Selected characteristics of 1959 Section 203 insured transactions involving occupant mortgagors are grouped and presented according to

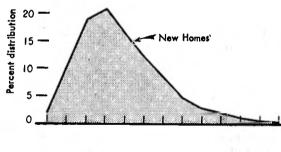
Table III-51.—Mortgagor's annual income, 1-family homes, Seo. 203, selected years

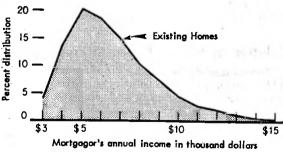
Mortgagor's effective		Porce	ntage distr	ibution	<del></del>
annual income	1959	1958	1954	1950	1946
<b>ХЕ</b> М НО <b>МЕ</b> З					-
Loss than \$2,000 \$2,000 to \$2,990 \$3,000 to \$3,909 \$4,000 to \$4,909 \$5,000 to \$6,999 \$7,000 to \$6,999 \$7,000 to \$7,999 \$9,000 to \$8,999 \$11,000 to \$10,999 \$11,000 to \$10,999 \$12,000 or more	1, 9 10. 0 18. 9 20. 7 16. 2 12. 0 8. 3 4. 7 2. 7 4. 8	(1) 0. 1 2. 2 12. 0 18. 4 20. 4 16. 9 10. 5 8. 0 4. 7 2. 3 4. 5		0. 2 12.0 43. 4 24. 0 9. 7 5. 8 2. 5 1. 0 6 . 3 1 . 1 100. 0 \$4, 213 \$3, 861	2.9 31.8 37.3 16.3 4.1 4.3 1.7 .4 .3 .2 .1 .6 -1 100.0 \$3,619 \$3,313
EXISTING HOMES					40,010
Less than \$2,000 \$2,000 to \$2,999 \$3,000 to \$3,999 \$1,000 to \$3,999 \$5,000 to \$5,999 \$7,000 to \$6,999 \$7,000 to \$7,999 \$8,000 to \$8,999 \$9,000 to \$8,999 \$10,000 to \$1,999 \$11,000 to \$11,999 \$12,000 or more	13. 9 10. 3 7. 4 4. 4 2. 7 4. 8	18. 7 14. 8 9. 2 7. 3 4. 4 2. 0 4. 2	(1) 0. 8 10. 6 24. 3 18. 4 16. 6 11. 6 6. 2 4. 6 2. 7 1. 0 3. 2	0.4 8.0 33.5 24.1 11.9 9.4 4.9 2.1 1.7 1.0 3 1.8	4.5 34.2 33.8 13.8 4.3 4.4 1.9 .8 .8 .1
Avorago Modian	\$7, 107 \$6, 575	\$6, 975 \$6, 502	\$6, 245 \$5, 696	\$4,837 \$4,274	\$3, 640 \$3, 101

Less than 0.05 percent.

# CHART III-26 MORTGAGOR'S EFFECTIVE ANNUAL INCOME, 1959

Single family home mortgages, Section 203





mortgagor income levels in Table III-52 (transaction and property characteristics) and Table III-53 (financial characteristics). The usefulness of the data can be pointed out by the follow-

Table III-52.—Transaction and property characteristics by mortgagor's income, 1-family homes, Sec. 203, 1959

									iy nomes,	Bec. 200	, גטטט
Mortgagor's effective monthly	Percentage distri-	ļ			Ave	rnge				Percent	Ratio of
lucome	butlon	Mortgagor's annual income	Age of principal mortgager	Total acquisition cost <sup>2</sup>	Sale price 3	Property value	Mortgage amount	Calculated area (sq. ft.)	Number of rooms	ratio of loan to value	property value to income
NEW НОМЕЗ										<del></del>	
Less than \$300 \$300 to \$340 \$350 to \$340 \$350 to \$340 \$4500 to \$490 \$4500 to \$490 \$550 to \$590 \$550 to \$599 \$550 to \$699 \$7500 to \$749 \$750 to \$749 \$750 to \$799 \$8550 to \$899 \$900 to \$849 \$850 to \$899 \$900 to \$999 \$1,200 or more	2.2 5.5 11.1 11.5 13.9 10.2 10.0 8.4 6.4 5.3 4.5 2.7 3.2	\$3, 246 3, 948 4, 508 5, 082 5, 658 6, 242 6, 860 7, 425 8, 035 8, 035 9, 226 9, 859 10, 446 11, 277 12, 717	36. 0 29. 3 30. 6 31. 6 32. 8 33. 3 34. 4 35. 2 35. 2 35. 2 37. 6 38. 2 39. 2 40. 8	\$10, 194 10, 673 11, 475 12, 421 13, 260 14, 014 14, 636 15, 261 15, 746 16, 143 16, 728 17, 128 17, 527 18, 140 18, 832 19, 519	\$10,012 10,461 11,248 12,181 13,002 13,748 14,356 14,977 16,449 15,844 16,427 16,820 17,208 17,500 18,491	\$10, 226 10, 677 11, 489 12, 398 13, 190 13, 928 14, 550 15, 153 15, 624 16, 017 16, 611 17, 038 17, 451 18, 040 18, 673 19, 536	\$9, 034 9, 845 10, 580 11, 427 12, 158 12, 827 13, 337 13, 855 14, 222 14, 529 14, 987 15, 233 15, 572 16, 479 16, 990	895 920 964 1,006 1,099 1,134 1,171 1,108 1,226 1,226 1,303 1,341 1,344 1,412	4.8 0 5.1 1 5.2 2 5.3 2 5.4 5 5.6 6 5.6 7 5.8 8 5.9 9 6.9 0	88. 3 92. 2 92. 1 92. 2 92. 2 92. 1 91. 7 91. 0 90. 7 90. 2 89. 4 89. 4 89. 4 88. 3	3.1. 2.7. 2.4 2.3. 2.1. 2.1. 2.1. 1.8 1.7. 1.6. 1.4.
Total	100.0	7, 327	33.8	14, 727	14, 448	14, 650	13, 341	1,140	5.4	91.1	2.0
EXISTING HOMES											
Less than \$300 \$300 to \$349 \$350 to \$399 \$400 to \$449 \$450 to \$499 \$500 to \$549 \$550 to \$590 \$650 to \$590 \$650 to \$649 \$650 to \$699 \$700 to \$740 \$750 to \$709 \$800 to \$840 \$800 to \$840 \$850 to \$890 \$1,000 to \$1,199 \$1,200 or more	7.8 12.8 11.8 12.8 8.0 8.6 7.2 6.5 4.6 4.1 2.5 3.3 3.2	3, 231 3, 927 4, 496 5, 074 5, 661 6, 239 6, 868 7, 432 8, 036 8, 638 9, 233 9, 861 10, 448 11, 264 12, 720 17, 364	31. 7 30. 4 30. 9 32. 1 33. 2 34. 2 35. 2 35. 2 35. 3 36. 6 37. 1 37. 6 38. 8 39. 0 39. 8 41. 0	8, 289 9, 322 10, 265 11, 223 12, 173 13, 078 14, 352 14, 968 15, 399 16, 121 16, 771 17, 201 17, 853 19, 013 19, 697	8, 057 9, 086 10, 027 10, 972 11, 914 12, 805 13, 570 14, 065 14, 661 15, 097 16, 806 16, 442 16, 877 17, 522 18, 657 19, 367	8,128 9,177 10,088 11,003 11,913 12,744 13,462 14,540 14,970 15,601 16,623 17,273 18,307 19,088	7, 417 8, 389 9, 217 10, 812 11, 532 12, 138 12, 570 13, 364 14, 357 14, 669 15, 146 15, 901	885 932 963 998 1,032 1,073 1,103 1,134 1,166 1,223 1,244 1,266 1,312 1,312 1,332 1,436	4.8 4.9 5.0 5.1 5.2 5.4 5.5 5.6 5.7 5.7 5.7 5.7 6.9 6.0	91. 3 91. 4 91. 4 91. 0 90. 8 90. 5 90. 0 90. 0 89. 5 88. 3 88. 5 88. 2 87. 7 86. 9	2.5 2.3 2.2 2.1 2.0 1.9 1.8 1.6 1.6 1.5
Total	100.0	7, 107	34. 8	13, 560	13, 278	13, 230	11,877	1,105	5.4	89.8	1.

In this table data are based on 1-family occupant cases.

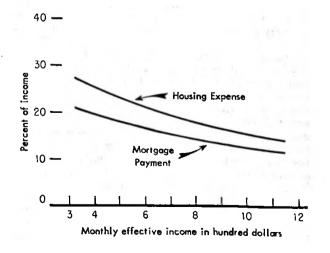
ing example. These tables indicate that an average new-home mortgagor earning \$500 to \$549 each month was almost 33 years of age and bought a 5.3-room home valued at \$13,928 and including 1,091 square feet of floor area. He paid \$14,014 in total acquisition cost—sale price plus \$266 in closing costs—and had a mortgage obligation of \$12,827 which represented 92.1 percent of the total appraised value of the property. The monthly obligation to amortize this mortgage called for payments of \$94.97 (including \$14.19 in taxes) over a period of 29 years. The overall housing expense was estimated to be \$119.46 and covered an average estimate of \$17.57 monthly for heating and utilities as well as \$6.92 for maintenance and repairs, in addition to the debt service. As in previous years, the levels of sale price, property value, size of structure, mortgage amount and payment, and housing expense increased with successively higher income groups. However, these increases have been less than fully proportional. For example, the average income of a new-home buyer in the \$850 to \$899 income group was more than twice as high as that of the \$400-\$449 group, but average sale price, property value, mortgage amount, mortgage payment, and housing expense were about 1.4 times as high, taxes were 1.6 times as high, and utilities were 1.2 times as high. The same general experience can be noted for the exist-

ing-home buyer, except that in almost all cases the ratios were slightly higher. In addition, the steady decline in the ratio of property value to in-

#### CHART III-27

## MORTGAGE PAYMENT AND HOUSING EXPENSE, 1959

Single family home mortgages, Section 203



Based on purchase transactions only,

Morigagor's effec-	_	Average	Ave	rago		M	Ionthly avers	ago		Percent o	of income
tive monthly	Percentage distribution	mont bly income	Mortgage amount	Term of mortgage (years)	Property taxes	Total mortgage payment	Prospective housing expense	Heating and utilities	Mainte- nance and repair	Mortgage payment	Housing expense
NEW HOMES											- 1
Less than \$300. \$300 to \$349 \$350 to \$349 \$450 to \$499 \$450 to \$499 \$5500 to \$549 \$5500 to \$549 \$5500 to \$549 \$550 to \$599 \$500 to \$749 \$550 to \$749 \$570 to \$749	5.5 11.1 11.5 13.9 10.2 10.0 8.4 6.4 5.3 4.5 2.7 3.2	\$270. 53 \$29. 03 \$375. 63 \$423. 52 \$471. 51 \$50. 18 \$571. 66 \$618. 73 \$689. 62 719. 36 \$768. 83 \$21. 53 \$70. 53 \$70. 53 \$70. 53 \$70. 53 \$70. 53 \$70. 53 \$70. 53	\$9,034 9,845 10,580 11,427 12,158 12,827 13,337 14,222 14,599 14,997 15,233 16,572 16,990 13,341	28.27.9 28.11 29.10 29.00 28.57.6 29.00 28.57.6 28.50	\$5.72 9.37 10.89 11.95 13.19 15.15 15.59 16.63 17.08 18.23 19.60 19.47 20.90 22.08	\$65. 65 71. 91 77. 78 84. 05 89. 74 99. 12 103. 33 106. 44 108. 10 112. 92 115. 19 121. 40 126. 38 131. 46	\$85. 10 93. 10 99. 87 107. 15 113. 67 119. 46 124. 51 120. 19 133. 03 136. 14 140. 48 143. 40 146. 54 156. 36 163. 14	\$13. 79 15. 36 16. 07 17. 26 17. 57 18. 15 18. 43 19. 17 19. 42 19. 19 19. 79 20. 89 20. 89 22. 34	\$5,07 5,83 6,02 6,31 6,67 6,92 7,24 7,43 7,68 7,87 8,14 8,89 9,35	24.3 21.9 20.7 19.8 19.0 18.3 17.3 10.7 15.9 14.7 14.0 13.6 12.9 11.9 9.1	31. 28. 26. 6 25. 24. 23. 6 21. 20. 19. 18. 17. 16. 16. 14. 11. 20. 1
Total	100.0	610. 59	15, 541	20.0	10.13	70.00	120,00	10.10	1.20		
EXISTING HOMES  Less than \$300 \$300 to \$349 \$350 to \$399 \$400 to \$449 \$450 to \$499 \$500 to \$549 \$500 to \$549 \$500 to \$549 \$500 to \$549 \$500 to \$599 \$600 to \$749 \$750 to \$799 \$500 to \$799 \$500 to \$490 \$100 to \$199	1.3 4.1 7.8 12.8 12.8 12.8 8.6 7.2 5.4.6 4.1 2.3 3.3 3.1.5	269, 29 327, 28 374, 66 422, 87 471, 73 519, 89 572, 16 619, 30 669, 65 719, 81 709, 42 821, 73 870, 69 938, 70 1, 060, 02 1, 447, 02	7. 417 8. 389 9. 217 10. 017 10. 812 11. 532 12. 138 12. 570 13. 364 14. 357 14. 669 15. 146 15. 901 16. 407	24, 0 24, 5 24, 8 25, 0 25, 3 25, 4 25, 4 25, 2 25, 2 25, 2 25, 2 25, 1 25, 1 24, 7 24, 4	8. 29 9. 50 10. 61 11. 50 12. 83 13. 89 15. 69 16. 47 17. 08 18. 10 18. 78 19. 35 20. 25 21. 73 23. 08	60. \$4 67. 48 73. 19 78. 99 84. 94 90. 56 95. 70 99. 48 106. 22 110. 41 114. 49 117. 13 122. 41 128. 70 134. 21	81. 03 88. 94 95. 45 102. 01 108. 69 115. 05 120. 92 125. 12 120. 33 133. 30 137. 84 142. 58 145. 38 150. 61 150. 10	14. 37 15. 35 15. 92 16. 34 16. 77 17. 21 17. 76 18. 03 18. 58 18. 76 19. 17 19. 54 19. 52 20. 15 20. 95 21. 74	5. 82 6. 11 6. 37 6. 69 7. 24 7. 45 7. 62 7. 87 8. 11 8. 27 9. 04 9. 45 9. 78	22. 6 20. 6 19. 5 18. 7 18. 0 17. 4 16. 1 15. 4 14. 3 13. 9 13. 5 12. 9 12. 1 9. 3	30. 27.: 25. 24. 23. 22. 21. 20. 19. 18. 17. 16. 16.
Total	100.0	592.22	11,877	25.2	14.72	94. 18	119.31	17.67	7.46	15.9	20.

In this table data are based on 1-family occupant cases.

come shown in Table III-52 and the ratio of income to mortgage payment and to housing expense shown in Table III-53 (and in Chart III-27) further depicts the disproportionate relationship between income and other items. It is difficult to say whether this experience can be used in connection with non-FHA buyers: first, because speculative builders using the FHA programs tend to build where there is effective market demand and at the same time take advantage of the most favorable FHA terms; secondly, higher-income buyers frequently finance their purchases with conventional loans, since they can better afford the higher downpayments and monthly obligations. Table III-52 discloses that, in practically all corresponding income groups, total acquisition cost, sale price, property value, mortgage amount, mortgage term, monthly payment, housing expense, and utility expenditures averaged higher for new-home buyers than for existing. In contrast, the age of the principal borrower and the amount of expense necessary for maintenance were usually higher for existing-home owners. In addition, the ratio of loan to value as well as the ratio of property value to income were higher for new-home buyers. With only minor exceptions, the new-home buyer earning \$600 or more monthly purchased a larger home, as indicated by the calculated area data.

The consistently shorter economic life of existing properties is demonstrated in Table III-53 by their correspondingly shorter mortgage terms. Reflecting higher taxes, mortgage payments, and utilities expenditures, the average prospective housing expense of new-home owners earning less than \$1,000 monthly was about those of existing-home owners, although the cost of household maintenance and repair was higher in all income ranges for existing home than for new.

Housing Expense by Mortgagor's Monthly Income.—A basic consideration in the determination of mortgage risk under the FHA underwriting procedure is the relationship between the mortgagor's income and his prospective housing expense. Table III-54 shows distributions of monthly housing expense by income classes of owner-occupant mortgagors involved in Section 203 transactions insured in 1959.

The typical housing expense (median) for each income group indicates that housing expense rose with increases in mortgagor's income but at a slower rate in the higher income groups, and ranged from \$85.31 for new-home mortgagors with monthly income under \$300 to \$159.14 for those earning \$1,200 or more each month. (See Chart III-27.) For existing-home owners the range was slightly greater, extending from

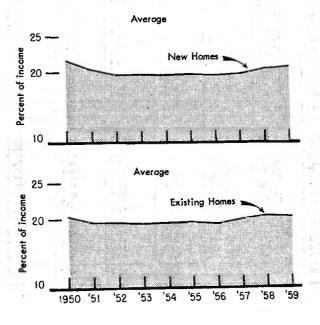
2120 - 200 2000	Percent-	Median	m I San	LAST .		Monthly	housing	oxpense-	Percent	age distr	ibution	E ja	J .	ri.
Mortgagor's effective monthly income	age dis- tribution	monthly housing expense	Less than \$70	\$70 to \$79	\$80 to \$89	\$90 to \$99	\$100 to \$109	\$110 to \$119	\$120 to \$129	\$130 to \$139	\$140 to \$159	\$160 to \$179	\$180 to \$199	\$200 or more
NEW HOMES	811			-2			. :				-		100	
Less than \$300.  \$300 to \$349  \$350 to \$399  \$400 to \$449  \$450 to \$499  \$550 to \$599  \$550 to \$599  \$650 to \$690  \$7700 to \$749  \$750 to \$749  \$750 to \$799  \$800 to \$890  \$100 to \$890  \$100 to \$149  \$1100 to \$149	2.2 5.5 1 11.5 9 10.2 0 10.8 4 5.4 5 2.7 7 3.2 2	\$85. 31 93. 72 99. 76 107. 80 114. 87 120. 99 125. 94 130. 82 134. 04 136. 71 143. 08 146. 62 150. 24 156. 16	3.5 .0 .1 .1 (2) (2)	26, 5 7, 7 2, 2 9 . 6 . 4 . 2 . 2 . 2 . 2 . 1 (3)	37. 7 28. 0 14. 0 5. 4 3. 2 2. 3 1. 7 . 7 . 3 . 2 . 3 . 2	25. 3 41. 5 34. 5 20. 2 11. 0 6. 9 5. 6 4. 2 3. 7 2. 9 2. 2 1. 7 1. 4 1. 3	5. 0 19. 2 31. 2 30. 0 20. 1 13. 4 10. 0 8. 5 7. 3 6. 5 5. 2 4. 3 3. 6 3. 3 1. 9	1. 2 3. 8 14. 5 29. 1 31. 1 24. 1 18. 4 14. 5 13. 0 11. 5 9. 3 7. 6 5. 5 5. 0 4. 9	0. 4 7 3. 0 12. 1 24. 6 28. 6 23. 9 19. 7 17. 5 10. 6 13. 9 13. 7 12. 9 10. 3 7, 5	0. 4 .1 .5 2.0 7. 5 17. 6 123. 2 222. 5 18. 8 17. 4 18. 0 13. 0 11. 3 10. 4	0. 1 . 2 1. 9 6, 5 16, 2 26, 3 30, 6 31, 2 29, 2 30, 4 30, 6 31, 7 28, 7 26, 7	(1) 0. 2 . 8 2. 9 7. 7 11. 7 16. 0 17. 5 20. 3 22. 0 26. 5 22. 9	(3) (2) (0, I . 4 1. 3 3. 6 5. 9 8. I 9. 9 13. 4 13. 9	(*) (*) (*) 0. I . 6 . 9 I. 1 2. 6 4. 5 12. 0
TotalMedian income		123. 21	\$332. 50	. 7 \$373. 48	3. 2 \$403. 49	9, 2 \$437. 26	13, 3 \$475. 38	17. 8 \$517. 82	17.6 \$559.97	13. 9 \$622. 25	16. 0 \$700. 28	5. 9 \$817. 48	1. 8 \$910. 09	. 5 \$1,048.21
EXISTING HOMES  Less than \$300. \$300 to \$349. \$350 to \$399. \$400 to \$449. \$450 to \$499. \$550 to \$599. \$500 to \$649. \$600 to \$649. \$600 to \$649. \$700 to \$749. \$750 to \$599. \$700 to \$749. \$750 to \$999. \$700 to \$749. \$1,000 to \$1,199. \$1,000 to \$1,199. \$1,200 or more.	4. 1 7. 8 12. 8 12. 8 8. 9 8. 7. 2 5. 5 4. 0 2. 5 3. 3	80. 63 88. 87 95. 77 102. 67 100. 88 116. 66 123. 00 127. 03 131. 05 134. 04 138. 78 142. 34 145. 67 150. 70 160. 21 166. 57	11.0 3.4 1.3 .9 .6 3 .2 .1 .1 .1 .1 (2)	36.9 17.4 8.2 5.0 2.8 1.9 1.8 1.5 .6 .6 .5 3	33. 2 32. 8 23. 2 13. 0 9. 2 6. 5 4. 8 4. 4 3. 8 2. 9 2. 0 1. 9 1. 0 1. 0 8. 5	13. 9 28. 4 20. 9 23. 1 16. 3 11. 3 9. 2 7. 8 6. 0 4. 3 3. 3 2. 7 1. 8	3.8 13.7 26.8 21.3 16.3 12.5 11.2 10.4 9.8 8.1 6.8 6.9 4.6 3.4 2.8	1. 1 3. 5 10. 8 10. 5 20. 5 15. 8 14. 4 12. 4 11. 2 9. 3 6. 9 5. 9	0. 1 2. 5 8. 4 17. 6 21. 2 18. 9 15. 2 14. 0 10. 3 9. 1 6. 0	0.1 .3 2.1 7.3 15.3 18.7 16.9 13.0 13.0 11.6 8.8 7.6	0.1 .3 1.6 1.6.9 24.9 27.3 25.2 25.2 25.5 22.9 20.2	(?) 0. 1 3. 4 8. 55 13. 5 16. 0 17. 5 19. 4 20. 3 23. 1 21. 8	(2) (2) (3) (4) (5) (7) (1) (8) (8) (8) (9) (1) (1) (1) (1) (1) (1) (1) (1) (1) (1	(*) (*) 0. 1 2. 4. 9. 0
Total		116. 26	. 6 \$373. 44	3.5	8.8	12. 9	15.0	14.7	12. 6 \$556. 73	10.3	12. 9 \$605. 04	5. 5	2.3	\$1,041.8

In this table data are based on 1-family occupant cases.

## Less than 0.05 percent.

# CHART III-28 RATIO OF HOUSING EXPENSE TO INCOME, 1950-59

Single family home mortgages, Section 203

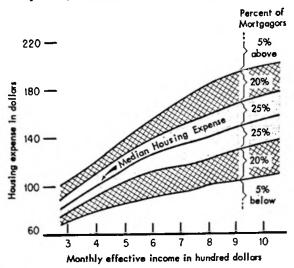


\$80.63 to \$166.57. In general, new-home buyers with monthly incomes less than \$900 reported higher housing expenses than did existinghome purchasers with similar incomes. It is estimated that only 13 percent of the new-home owners contemplated a monthly housing expense of less than \$100 while about one-fourth of the existing-home owners were in this category. However, more than 35 percent of the new-home purchasers were expected to have expenses of \$110 to \$129. In addition, another 3 out of every 10 were to incur expenses ranging from \$130 to \$159. In contrast, only 27 percent of the existing-home buyers were expected to spend between \$110 and \$129, and another 23 percent were to be obligated for \$130 to \$159. As Table III-54 indicates, there is a fairly broad distribution of housing expenses at all income levels. This situation is depicted more clearly in Chart III-29, which shows the ranges of housing expense by monthly effective income for buyers of new- and existing-homes securing mortgages insured in 1959 under Section 203. It indicates that as mortgagor's income rose the range of housing expense expanded, with housing expense for the bulk of the mortgagors in the higher income brackets increasing at a

#### CHART III-29

#### HOUSING EXPENSE RANGE BY MONTHLY INCOME, 1959

Single family home mortgages, Section 203



slower rate than income. Chart III-28 shows the general stability of the relationship between housing expense and mortgagor's income for the years 1950-1959.

#### **Purchase Transaction Characteristics**

The predominant purpose underlying the origination of a Section 203 insured mortgage during 1959 was to finance the purchase of a home for personal long-term occupancy. During 1959 almost 97 percent of the new-home and 95 percent of the existing-home transactions involved purchases by occupant mortgagors.

Characteristics by Total Acquisition Cost.—Averages of selected characteristics of the purchase transactions arranged by total acquisition cost are presented in Table III-55. They include total acquisition cost, sale price, FHA property value, mortgage amount, mortgagor's income, and current investment (i.e., cash required over and above the mortgage amount). These current investment data, however, exclude such prepayable expense items as unaccrued taxes and insurance premiums. Also shown are ratios of mortgage amount to property value and to total acquisition cost, and the ratio of current investment to borrower's income.

Inasmuch as the downpayments made by most home buyers are largely from savings accumulated out of their income, the relationship of current investments of home buyers to their incomes is particularly noteworthy. In 1959, current in-

Table III-55.—Purchase transaction characteristics by total acquisition cost, 1-family homes, Sec. 203, 1959

	Percentage			Ave	rage			Mortgage a	Current	
Total acquisition cost	distribu- tion	Total acquisition cost	Sale price	Property value	Mortgage amount	Mortgagor's annual income	Current invest- ment	Property value	Total acquisition cost	investment as percent of income
NEW HOMES			1	-						
Less than \$8,000 .  \$8,000 to \$8,999 .  \$9,000 to \$9,999 .  \$10,000 to \$10,999 .  \$11,000 to \$11,999 .  \$12,000 to \$12,999 .  \$13,000 to \$12,999 .  \$13,000 to \$13,999 .  \$14,000 to \$14,999 .  \$16,000 to \$14,999 .  \$16,000 to \$15,999 .  \$16,000 to \$16,999 .  \$17,000 to \$17,999 .  \$18,000 to \$18,999 .  \$20,000 to \$21,999 .  \$20,000 to \$21,999 .  \$22,000 to \$24,999 .  \$22,000 and over .	3.0 6.9 9.6 10.9 14.4 13.3 10.3 9.0 7.2 4.6	\$7, 259 8, 680 9, 597 10, 510 11, 513 12, 487 13, 529 14, 447 15, 467 17, 449 18, 458 18, 458 23, 220 27, 467	\$7, 087 8, 503 0, 392 10, 297 11, 290 12, 266 13, 277 14, 192 15, 185 16, 166 17, 114 18, 110 19, 061 20, 447 22, 784 26, 337	\$7, 673 8, 896 9, 749 10, 578 11, 480 12, 488 13, 467 14, 361 16, 274 17, 215 18, 190 19, 079 20, 610 22, 575 25, 306	\$6, 830 8, 274 9, 145 9, 959 10, 844 11, 711 12, 646 13, 329 14, 030 14, 751 15, 383 16, 028 16, 626 17, 648 19, 054 20, 451	\$4, 746 4, 916 5, 260 5, 626 6, 361 6, 712 7, 130 7, 528 8, 027 8, 471 8, 889 9, 445 10, 254 11, 281 12, 659	\$429 406 452 551 6609 776 883 1, 118 1, 437 1, 726 2, 066 2, 430 2, 318 3, 203 4, 166 7, 016	89. 0 93. 8 94. 1 94. 4 93. 8 93. 9 92. 8 91. 6 90. 6 89. 4 88. 1 87. 1 85. 6 84. 4	94. 1 95. 3 95. 3 94. 8 94. 2 93. 8 93. 8 92. 3 90. 7 89. 5 88. 2 86. 8 85. 5 84. 6 82. 1 74. 5	9, 0 8, 3 8, 6 9, 8 11, 2 12, 2 13, 2 15, 7 19, 1 21, 5 24, 4 27, 3 29, 8 31, 2 36, 9 65, 4
Total	100.0	14, 727	14, 448	14.605	13, 333	7,318	1, 394	91.3	90. 5	19. 0
EXISTING HOMES										
Less than \$3,000  \$,000 to \$8,999  10,000 to \$10,999  11,000 to \$11,999  12,000 to \$12,999  13,000 to \$13,999  14,000 to \$13,999  14,000 to \$14,999  15,000 to \$15,999  16,000 to \$16,999  17,000 to \$17,990  18,000 to \$18,999  19,000 to \$19,999  20,000 to \$24,999  22,000 to \$24,999  25,000 and over	4.3 5.9 7.7 10.2 10.7 10.4 9.0 7.9 6.6 3.7 2.4 3.0	7, 144 8, 520 9, 501 10, 514 11, 485 12, 493 13, 479 14, 465 15, 462 16, 465 17, 463 18, 463 19, 431 20, 899 23, 262 26, 718	6, 931 8, 303 9, 271 10, 266 11, 236 12, 234 13, 209 14, 179 15, 163 16, 152 17, 116 18, 120 19, 063 20, 508 22, 856 26, 099	7, 048 8, 390 9, 338 10, 317 11, 247 112, 192 13, 140 14, 061 15, 008 15, 968 16, 889 17, 844 18, 780 20, 064 22, 163 24, 509	6, 531 7, 826 8, 712 9, 596 10, 412 11, 236 12, 786 13, 486 14, 234 14, 899 15, 583 16, 240 17, 226 18, 659	4,030 5,303 5,497 5,846 6,170 6,531 6,925 7,315 7,668 8,167 9,57 9,594 10,448 11,333 12,412	613 694 780 918 1, 073 1, 257 1, 443 1, 679 1, 976 2, 231 2, 564 2, 880 3, 191 3, 673 4, 663 7, 069	92. 7 93. 3 93. 3 93. 0 92. 4 92. 2 91. 6 90. 9 89. 9 88. 2 88. 2 87. 3 86. 5 85. 9 84. 2 80. 2	91. 4 91. 9 91. 7 91. 3 90. 3 88. 3 87. 2 86. 5 85. 3 84. 4 83. 6 82. 4 80. 2 73. 5	12. 4 13. 1 14. 4 15. 7 17. 4 19. 2 20. 8 23. 0 25. 8 27. 4 20. 8 31. 5 33. 3 35. 2 40. 6 57. 0
Total	100.0	13, 560	13, 278	13, 180	11,895	7,079	1,665	90. 3	87.7	23. 5

<sup>&</sup>lt;sup>1</sup> Total acquisition cost less mortgage amount.

vestments averaged nearly one-fifth of the income of new-home buyers and about one-fourth of that of existing-home purchasers. However, it ranged all the way from 9 percent for new-home buyers earning less than \$5,000 a year to 55 percent for those earning \$12,000 and over annually. The comparable range for existing-home purchasers was 12 percent to 57 percent. In 1957, prior to the additional relaxed downpayment requirements of the Emergency Housing Act of 1958, investments in both new and existing homes averaged about 40 percent of the purchasers' annual income. The average declined to about one-fourth of the annual income in 1958. Not only did current investment (downpayment plus closing costs) increase as total acquisition cost advanced, but the rate of current investments also rose, primarily because of the regulations concerning downpayment ratios. For new-home transactions, current investments averaged \$1,394 or one-tenth of the acquisition cost, ranging from \$429 or 6 percent of the acquisition cost to \$7,016 or about one-fourth of the total in those transactions requiring more than \$25,000. On the other hand, existing-home purchasers invested a larger average amount—\$1,665—ranging from \$613 or 9 percent of the total to \$7,069, or

26 percent, for corresponding groups.

Closing costs as derived by differencing total acquisition cost and sale price averaged \$279 for new-home transactions and \$282 for existing-home cases. However, for all transactions involving less than \$18,000 in acquisition costs, closing costs were higher for existing-home buyers in corresponding acquisition cost ranges, indicating the additional cost included for minor repairs. The level of closing costs is related to the amount of the mortgage and the number and amount of items included, such as financing charges; recording fees and taxes; cost of credit reports, property surveys, title examination, and insurance, and other charges or fees customary in the particular locality. Also affecting the levels of closing costs was the tendency of some builders to absorb part or all of the closing cost in the sale price

in order to promote sales.

## CHARACTERISTICS OF MULTIFAMILY HOUSING MORTGAGE TRANSACTIONS

Multifamily housing characteristics data presented in this report are based on commitments issued by FHA during 1959 for the insurance of mortgages on newly constructed rental projects or management-type cooperative housing projects. Multifamily housing operations during the year covered 589 commitments involving 51,200 dwelling units. Of these, the analysis covers 21,200 units in newly-constructed rental housing available for general occupancy and 19,900 Section 803 units restricted to occupancy by military personnel and their dependents. General occupancy rental housing was covered by commitments

issued under the regular long-term investment rental program, Section 207, which accounted for 12,600 units, under the Section 220 urban renewal program (6,400 units), and the Section 221 relocation housing program (2,200 units). Management-type cooperative project operations under Section 213 covered 3,200 units. Most of the tables in this section of the report show a total column under "Rental housing." However, because of the special objectives in each of the other programs, Section 207 data are considered to be most representative of FHA rental market operations, although they do not necessarily reflect this segment of the housing market for the country as a whole.

Sales-type cooperative and elderly-housing projects are excluded from this analysis because of special characteristics that are peculiar to these

programs.

Sales-type cooperative housing project data covering 4,100 dwelling units are excluded because cooperatives organized under this phase of the Section 213 program are primarily temporary organizations developed for the purpose of constructing individual homes. Upon completion of construction and release of the homes to cooperative members from the blanket mortgages-in effect, construction loans—the mortgagor corporations are dissolved. Cooperative project procedures do not require that all information necessary for detailed analyses of the projects be submitted to Washington headquarters until time of insurance. Architecturally, these projects represent home mortgage operations and it is planned to present an analysis of the characteristics of these transactions in the home mortgage section of a future report. Characteristics of projects designed for the elderly will also be tabulated separately in a future annual report when the volume of operations has become sufficiently large to provide a basis for the study of these cases. In 1959, FHA issued 24 commitments contemplating a total of 2,500 newly constructed living accommodations for elderly persons.

Also excluded from the 1959 characteristics study are three commitments (265 units) which

cover existing construction.

## Trends of Typical Multifamily Housing Transactions

The typical rental project approved for FHA mortgage insurance in 1959 contained 118 dwelling units with a median of 5.3 rooms. This unit secured a mortgage of \$14,906, representing 90 percent of the FHA-estimated necessary cost of construction. These data are shown in Table III-56 for each of the several project programs included in this analysis. Management-type cooperative units were slightly smaller in 1959—5.0 rooms—and secured a higher mortgage of \$13,789 as compared to 1958 when the typical unit contained 5.1 rooms covered by a mortgage of \$13,185. Con-

TABLE III-56.—Characteristics of multifamily housing transactions, by section, 1959

	Item	Total rental								
150	7.	tive housing	Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803	213 manage- ment type		
	PROJECTS					- 1	-1	1		
Median size (in units Average size (in unit	s) <sup>1</sup> s)	118.0 134.6	118. 0 135. 5	109. 0 120. 1	159. 0 214. 6	122. 0 184. 2	120. 0 125. 9	128. 0 124. 1		
	UNITS						Lij			
Median monthly ren Median mortgage am	s) 1 tal ount 4. tratio	(4)	5. 3 (3) \$14, 906 90. 0	4. 6 \$154. 98 \$12. 384 86. 2	4. 3 \$152. 59 \$14, 114 87. 3	4. 3 \$81. 13 \$8, 507 100. 0	6. 2 (3) \$15, 963 94. 1	5. 0 (3) \$13, 789 85. 0		

The following footnotes apply to this and to all subsequent tables in this section of the report:

In determining the number of rooms per unit, baths, closets, halls, and similar spaces were excluded.

4 Amount of mortgage allocable to dwelling use.

tributing to this, proportionately more cooperative units in 1959 were contained in elevator structures, which generally are smaller and involve higher construction costs.

Table III-57 and Chart III-30 show the trends of selected characteristics for rental housing projects covered by commitments issued in recent vears. In 1959 the typical dwelling unit was smaller—5.3 rooms as compared to 5.4 rooms a year ago. This change resulted solely from a change in the distribution of activity under the various rental programs, as demonstrated in earlier discussions of insurance written. (See Table III-7.) Together, units committed in 1959 under Sections 207, 220, and 221 constituted 52 percent of the units covered by this analysis, as compared with only 38 percent in 1958. A decrease in the proportion of Section 803 dwelling units in 1959 reduced the predominating influence it had on the rental housing characteristics studies of several preceding years. Armed services projects

generally consist of 1-family structures which have larger dwelling units than those provided under other rental programs; also, average unit mortgages, as permitted by law, have been higher than for the other rental programs. Despite the increased importance of Section 207, which normally reports smaller mortgages, the average unit mortgage rose in 1959 to \$14,124 from \$14,099 a year earlier. This results, in part, from legislative changes over the last several years which have recognized higher construction costs by raising the limits on insurable amounts. These changes have spurred Section 207 and Section 220 program operations and have narrowed the gap between unit mortgages for the Section 207 and the Section 803 programs. In 1959, Section 207 reported a typical unit mortgage of \$12,384 compared with Section 803's \$15,963, although in 1956 the typical Section 207 unit mortgage was little more than half the amount of the typical Section 803 unit mortgage. During this same period

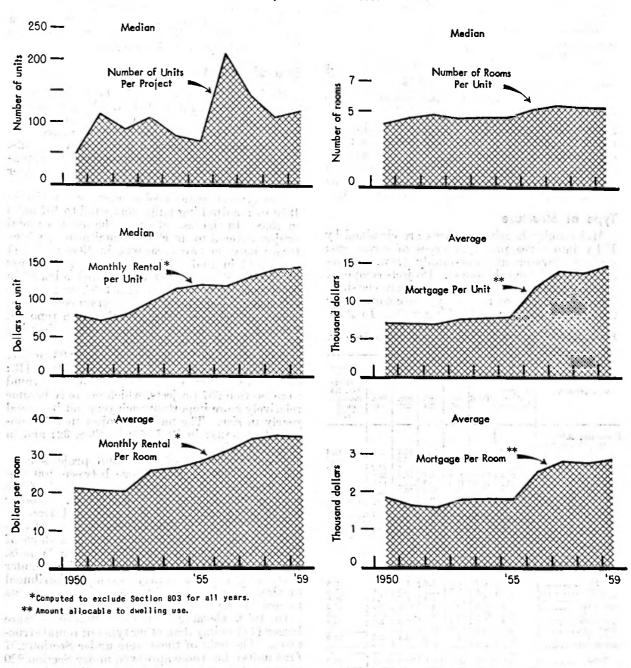
Table III-57.—Characteristics of mortgages and projects in rental project transactions, selected years

Item	1 Jean			ALC:	Ye	ar i	1	16 h	11	dita i
pelentaringe to GCG!	1959	1958	1957	1956	1955	1954	1952	1950	1948	1947
PROJECTS	lift per	1415	271	14.						
Median size (in units)	<sup>2</sup> 118. 0	107.0	<sup>2</sup> 142.0	<sup>2</sup> 211.0	69. 0	77. 5	87. 5	48.6	22. 5	20. 3
	135. 5	120.1	161.8	218.8	115. 6	116. 8	154. 8	97.6	51. 1	39. 8
Walkup structures Elevator structures One-family structures	22.7	20. 5	27. 5	44.0	47. 5	54. 6	53. 5	59. 0	84. 4	85. 9
	27.5	20. 2	14. 0	26.0	32. 2	27. 6	5. 6	18. 0	3. 1	1, 1
	49.8	59. 3	58. 5	30.0	20. 3	17. 8	40. 9	23. 0	12. 5	13. 0
UNITS		1	7110	1	6,36pm %	11174.8		Eq. 7-1	41	Later-
Median size (in rooms)	5. 3	5. 4	5, 5	5. 2	4. 7	4.7	4. 8	4. 2	4. 7	4. 7
	4. 9	5. 1	5, 1	4. 7	4. 5	4.3	4. 5	3. 9	4. 3	4. 4
	\$145. 98	\$143. 13	\$133, 80	\$120. 87	\$121. 83	\$115.43	\$81. 87	\$80. 69	\$87. 50	\$84. 13
	\$14, 124	\$14, 099	\$14, 242	\$11, 944	\$8, 049	\$7,821	\$7, 179	\$7, 140	\$7, 645	\$7, 505
Walkup structures Elevator structures One-family structures	15. 3	11. 4	18.4	23. 3	24. 4	35. 8	39. 4	40. 0	76. 7	83. 6
	38. 5	33. 4	17.5	30. 5	40. 8	44. 4	4. 4	30. 8	13. 1	2. 7
	46. 2	55. 2	64.1	46. 2	34. 8	19. 8	56. 2	29. 2	10. 2	13. 7
BOOMS				3.						
Average monthly rental	\$35. 22	\$35. 52	\$34.62	\$31.12	\$28.47	\$26, 73	\$20. 11	\$21.37	\$20, 13	4 \$19.00
Average mortgage amount	\$2, 869	\$2. 782	\$2,795	\$2,564	\$1,802	\$1, 817	\$1, 579	\$1,835	\$1, 769	\$1,724

<sup>&</sup>lt;sup>1</sup> Based on commitments issued in 1947-48 under Sec. 608, in 1950 under Secs. 207, 608, 803, in 1952-54 under Secs. 207, 803, 908, in 1955-56 under Secs. 207, 220, 803, and in 1957-59 under Secs. 207, 220, 803.

## CHART III-30 TREND OF CHARACTERISTICS OF RENTAL PROJECTS

Based on units covered by commitments issued



By inspection.
Median and average monthly rentals exclude Sec. 803 for all years.
Estimated.

TABLE III-5S.—Type of structure for multifamily housing, by section, 1959

	Total rental		Rental housing							
Type of structure	and cooper- ative housing	Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803	housing Sec. 213 manage- ment type			
Percentage distribu- tion of projects:										
Walkup	22.4	22.7	38.1	46.7	83.3	0.7	19.2			
Elevator	31.0	27.5	61.0	50.0			69. 2			
One-family	46. 6	49.8	.9	3.3	16.7	99.3	11.6			
All projects	100.0	100.0	100.0	100.0	100.0	100.0	100.0			
Percentage distribu- tion of dwelling units;										
Walkup	14. 4	15.3	26.5	7.8	91.9	0.3	4.3			
Elevator	42.0	38.5	73.0	\$9.5			84.3			
One-family	43.6	46.2	.5	2.7	8. 1	99.7	11.4			
All units.	100.0	100. 0	100.0	100. 0	100.0	100.0	100.0			

Section 220 mortgages rose from \$10,652 in 1956 to \$11,809 in 1958 and \$14,114 in 1959. The typical monthly rental reached a new high of \$145.98 in 1959. Section 803 unit rentals are excluded from these data since the military establishments do not report this item of information to FHA.

### Type of Structure

Multifamily housing projects are classified by FHA into three principal types of structures; walkup, elevator, and one-family (row, semidetached, and detached houses). Projects composed of more than one type of structure are classified according to the structural type accounting for the greatest number of dwelling units. In 1959,

Table III-59.—Size of project for multifamily housing, by section, 1959

			J. 17 2.				
	Total rental		Re	ntal ho	using		Cooper- ative
Number of dwelling units per project	and cooper- ntive housing	Tota	Sec. 207	Sec. 220	Sec. 221	Sec. 803	housing Sec. 213 manage- ment type
Percentage distribution of projects: 5 to 24 25 to 49 30 to 99 100 to 149 150 to 199 200 to 299 300 to 399 400 to 499	6. 1 23. 6 37. 7 13. 1 5. 1 2. 5	6.7 5.6 24.3 39.0 12.2 4.9 2.8 3.1 1.4	3.8 11.5 31.4 28.6 15.3 4.7 3.8	30. 1 13. 2 6. 6 3. 3 13. 4 6. 6 16. 7 10. 1	16. 7 8. 3 16. 6 16. 7 16. 7 8. 3 16. 7	2.8 2.1 22.2 55.8 12.9 2.1 .7	15. 4 11. 5 15. 4 23. 2 23. 0 7. 6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	118.0	118.0	109.0	159.0	122. 0	120.0	128.0
Percentage distribu- tion of dwelling units:							
7 to 24	6. 4 10. 3 6. 3	0.7 1.6 14.2 35.9 15.3 8.4 6.9 10.1 6.9	0.5 3.7 20.4 29.3 22.1 9.8 10.7 3.5	1.6 4.4 4.0 2.7 15.2 10.8 33.2 28.1	1.3 1.8 6.5 11.0 21.3 15.7 42.4	0.5 .6 14.4 55.3 16.9 3.4 1.7 2.3 4.9	2. 5 3. 0 10. 0 25. 2 32. 6 13. 4 
A verage	134.6	135. 5	120.1	214. 6	184. 2	125. 9	124.1

one-family housing accounted for nearly half of the dwelling units in rental projects approved (Table III-58)—a reflection of the fact that projects under Section 803, which accounted for nearly half of all rental units, were predominantly of the one-family type.

Elevator structures accounted for most of the dwelling units in management-type cooperative projects and in projects under Sections 207 and 220. This type of structure was not represented under Section 221 and Section 803.

Walkup units, which accounted for about a seventh of all dwelling units, assumed relative importance only under Section 221.

### Size of Project

Project size, shown in Table III-59, is reported on the basis of the number of dwelling units covered by individual project mortgages, although in many cases the individual mortgages cover sections or parts of larger multiproject developments. This may be true when the sections are built simultaneously as well as when they constitute later additions to existing developments.

The typical rental project increased in size in 1959 to 118 dwelling units, compared to 107 units in 1958. In the last 10 years, the median rental project covered by an FHA commitment has been larger only on two occasions, in 1956 with 211 units and in 1957 with 142 units. (See Chart III-30.) Section 803 activity has predominated in the 4-year period starting with 1956, with the result that projects under this program contributed largely to the size of the typical project reported for each year. However, armed services housing projects have decreased in size during this same period. In 1956 the typical Section 803 project contained 284 units; in 1957, 158; in 1958, 113; and in 1959, 120 units. Countering this trend were Section 207 projects, which not only became relatively more important each year but increased yearly in size. The median project in 1956 contained 44 units; in 1957, 66; in 1958, 92; and in 1959, 109 units.

About two-fifths of the rental projects committed in 1959 ranged in size between 100 and 149 dwelling units, with more than half of the Section 803 projects in this same group. Another fourth of all rental projects contained from 50 to 99 units, including the largest portion (31 percent) of Section 207 projects. Nearly a third of the Section 220 projects had fewer than 25 units. The relatively small number of projects under Section 221 were fairly evenly distributed by size. Nearly half of the cooperative projects ranged in size between 100 and 199 units.

In 1959, elevator apartment buildings were larger (141 units) than other types of rental structures. The bulk of these were under Section 207 (123 units), but those approved under Section 220 were much larger, containing a median 415 units. One-family-structure projects, practically all Sec-

tion 803's, had 120 units, and walkup structures were smallest with 69 dwelling units. The bulk of the cooperatives in 1959 were elevator apartments with a median of 148 units.

## Size of Dwelling Units

Dwelling-unit size (room count) in rental and cooperative projects is determined under criteria established to take into account the area as well as the function and arrangement of living space. A count of one-half room is attributed to kitchens, dining rooms, and dining alcoves of limited area, depending in some cases on their arrangement with respect to other rooms. Outside terraces and balconies meeting prescribed standards are also classed as half rooms. Bathrooms, halls, closets, and storage space are excluded from room count.

The typical rental unit approved in 1959 contained 5.3 rooms, slightly less than the 5.4 in 1958, but, as explained earlier (see Table III-57), this resulted from gains registered by the combined Sections 207, 220, and 221 programs in relation to activity under Section 803. In 1959, the Section 207 typical unit of 4.6 rooms was slightly larger than the 4.5-room unit of 1958, and Section 220 dwelling units increased in size to 4.3 rooms over the 4.1 rooms shown a year ago. Section 221 dropped to 4.3 rooms from 4.5 rooms in 1958, but this program represented just 5 percent of all rental units approved in 1959.

TABLE III-60.—Size of dwelling units for multifamily housing, by section, 1959

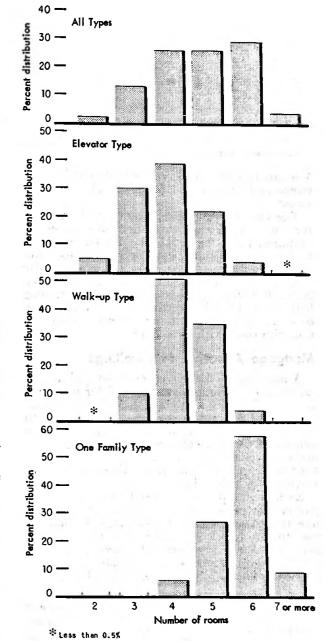
15.44	Total		Rer	ital hoi	ısıng		Cooper-	
Rooms per unit	rental and co- operative housing	Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803	housin Sec. 2 manag men type	13 30- t
Percentage distribu- tion of dwelling units:				_			X	ĺ
Less than 3	2.1	2.0	4.3	3.9	0, 2		- 1	2, 2
3	6.7	7.1	10.0	19.1	11.6			1.4
314	6.0	5.9	10.4	14. 5	2.4			7.7
4	15. 5	15.3	21.7	18.9	60.7	3.8		7.7
432	11.2	10.3	16.3	21.6	10.5	1.0	2	1.7
5	18.0	18. 2	20.3	7.4	13. 5	21, 2		5. 9
51/2	9.2	8.1	11.8	11.2	.7	5.2		3. 3
6	25. 6	27.5	3.8	1.6	.4	57.4		2. 4
632	2.0	1.6	1, 3	1.8		1.8		7. 4
7 or more	3.7	4.0	1.			8.7		.3
Total	100.0	100.0	100.0	100. 0	100.0	100.0	10	0.0
Median	5. 2	5.3	4. 6	4.3	4.3	6. 2		5.0

Section 803 project units, typically larger than those for the other programs, remained the same size in 1959—6.2 rooms.

Table III-60 shows that for Section 803 projects, predominantly one-family structures, over two-thirds of all dwelling units approved in 1959 contained 6 or more rooms. Other rental programs had very few units this large. In contrast, nearly three-fifths of all Section 207 project units contained from 4 to 5 rooms and another fourth involved fewer than 4 rooms. Likewise, over three-fourths of the Section 220 units had fewer

# CHART III-31 SIZE OF DWELLING UNIT BY TYPE OF RENTAL PROJECT, 1959

Distribution of units covered by commitments issued



than 5 rooms, a reflection of the fact that under both of these programs the greater number of the units were in elevator buildings. Four-room living units were most common in Section 221 projects and largely represented walkup-type apartments.

Cooperative units, about half of which included 5 or more rooms, dropped moderately in size to

TABLE III-61.—Amount of mortgage allocable to dwellings for multifamily housing, by section, 1959

	Total rental		-	Rental housin	ıg		Cooperative	
Average amount of mortgage per dwelling unit 1	and coopera- tive housing	Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803	Sec. 213 management type	
Percentage distribution of dwelling units:  Less than \$7,000. \$7,000 to \$7,999 \$8,000 to \$8,999 \$9,000 to \$9,999 \$11,000 to \$11,999 \$12,000 to \$12,999 \$13,000 to \$13,999 \$13,000 to \$14,999 \$13,000 to \$15,999 \$14,000 to \$14,999 \$15,000 to \$15,999 \$15,000 to \$15,999 \$15,000 to \$15,999 \$15,000 to \$15,999	1, 6 5, 0 2, 0 4, 5 6, 5 9, 0 7, 6 15, 1	1, 5 1, 7 6, 4 2, 1 4, 7 6, 6 8, 1 5, 9 14, 7 21, 7 20, 6	1. 6 1. 0 9. 2 3. 2 7. 7 19. 8 16. 6 6. 0 13. 7 15. 8 5. 4	1.8 .8 2.3 2.7 13.7 .9 16.4 8.4 25.8 8.7 18.5	12.3 22.5 53.6 11.6			
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Median	\$14, 807	\$14, 906	\$12, 384	\$14, 114	\$8, 507	\$15, 963	\$13, 789	

Data based on average unit amount per project.

5 rooms in 1959. The typical unit contained 5.1 rooms in 1958, but in 1957 was smaller with 4.9 rooms.

The size of dwelling units by type of structure for rental projects approved in 1959 is presented graphically in Chart III-31. Four-room units were most prevalent in elevator apartments (two-fifths) and walkups (over half), but in one-family structures nearly three-fifths of the units contained 6 rooms. In this chart, units containing half rooms are included with those of whole numbers (e.g. 3½ room units are shown in combination with those with 3 rooms).

### Mortgage Allocable to Dwellings

A mortgage of \$14,906 covered the typical rental project dwelling unit approved for mortgage insurance in 1959. This amount, representing that portion of the total mortgage that was allocated to dwelling use, was \$171 more than in 1958. The amount of mortgage that covered garages, stores, and other nondwelling, income-producing parts of the project were excluded from this and other data presented in Table III-61.

Each rental program, except Section 221, reported mortgage increases in 1959. Section 220 unit mortgages rose \$2,305 to \$14,114, Section 207 was up \$375 to \$12,384, and Section 803 increased \$313 to \$15,963. Section 221 mortgages, which are limited by statute to \$9,000 per unit (\$12,000 in certified high-cost areas), dropped \$401 to \$8,507.

Typical unit compositions are as follows:

Fewer than 3 rooms—combination living and sleeping room with dining alcove and kitchen or kitchenette.

3 rooms—living room, 1 bedroom, and kitchen, with dining space in either living room or kitchen.

3½ rooms—living room, 1 bedroom, dining alcove, and kitchen.

Section 207 and Section 220 mortgages are generally based on per-room limitations with the added provision that in certified high-cost areas an additional mortgage amount of \$1,250 per room can be authorized. Many of the projects approved under these two programs in 1959 were located in these certified areas. Following the same general trend, cooperative unit mortgages rose \$604 to \$13,789 many of them being in high-cost areas.

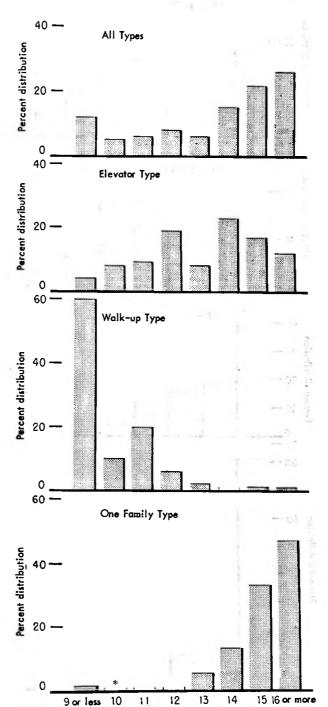
In 1959, Section 207 unit mortgages of \$16,000 or more declined to 5 percent of the total, compared to 14 percent in this range a year earlier. Unit mortgages of \$14,000 to \$15,999 doubled proportionately this year—30 percent over 14 percent in 1958. Practically all of these higher mortgages involved elevator buildings. Also, a sizable shift from unit mortgages of \$10,000 to \$10,999 was recorded for Section 207 in 1959-8 percent as compared to 18 percent a year ago. Nearly two-thirds of the units in this range in 1958 were in elevator structures, but in 1959 little more than a third. This size mortgage covered nearly a seventh of all elevator units in 1958, with less than 1 percent below \$10,000. In 1959, only 4 percent of all Section 207 elevator units had mortgages of \$10,000 to \$10,999, but nearly 6 percent had mortgages less than that amount.

The distribution of dwelling units by mortgage amounts for each type of rental structure is presented graphically in Chart III-32. Elevator structures were approved under Section 207 (three-fifths) and Section 220. One-family structures generally represented Section 803 activity. Over one-half of the walkup units were in Section 207 projects, and Section 221 accounted for one-third. Over 9 of every 10 units approved in 1959 under the Section 221 program were walkup units. Elevator apartments with average unit mortgages of \$11,000 fell to 9 percent proportionately, while those of \$14,000 rose to 23 percent of the total, representing major changes from 1958, when unit mortgages in these classes accounted for 31 percent and 9 percent, respec-. tively. Walkups with unit mortgages of \$10,000 dropped 8 percentage points to one-tenth of the

#### CHART III-32

# UNITS IN PROJECTS WITH INDICATED AVERAGE MORTGAGE PER UNIT, BY TYPE OF RENTAL PROJECT

Distribution of units covered by commitments issued



Average mortgage in thousand dollars

\*Less than 0.5%

total in 1959, while mortgages of \$11,000 jumped from 5 percent to 20 percent in the same period. Walkups with mortgages in these two ranges generally represented Section 207 projects in both years.

The median rental project mortgage (total amount) approved for mortgage insurance in 1959 was \$1,856,974. By programs, the typical Section 803 mortgage was the largest—\$1,954,750—exceeding those under Section 207 (\$1,232,500), Section 220 (\$1,467,550), and Section 221 (\$1,009,400). Compared with 1958, rental project mortgages in 1959 were larger in each program. Management-type cooperatives had a typical mortgage of \$1,815,250, just under that shown for 1958.

Table III-62.—Ratio of amount of mortgage to replacement cost for multifamily housing, by section, 1959

	Total rental		Ren		Coopera- tive		
Mortgage as a per- cent of replacement cost	and co- opera- tive housing	Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803	housing Sec. 213 manage- ment type
Percentage distribu- tion of dwelling units:	110						1
Less than 70	1.0	1.0	3.0				
70 to 74.9	1.5	1.6	2.9	3.9			
75 to 79.9	1.1	1.2	2.9			0.7	0.6
80 to 82.4	4.0	3.8	8.8	5.5			6.4
82.5 to 84.9	12.1	12.8	19, 1	16.1		8.7	4.2
- 85.0 to 87.4	18.3	15.9	28.5	27. 1		4,9	47.5
87.5 to 89.9		13.7	29.3	7.4		6.6	.9
90.0 to 94.9	27. 2	26.6	5.5	40.0		40, 2	34.8
05.0	.3	1					3.7
95.1 to 100.0	21.7	23.4			100.0	38.9	1.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	89.8	90.0	86, 2	87. 3	100.0	94, 1	85.0

### Ratio of Mortgage Amount to Replacement Cost

The median ratios of mortgage amount to replacement cost shown in Table III-62 are uniformly near the maximum that could be insured by FHA for the respective programs prior to the Housing Act of 1959. The higher amounts insurable during the last quarter of 1959 under several programs had little effect on commitments issued for the year.

Under the new legislation, the limits for project mortgage amounts under Section 220 remained at 90 percent of replacement cost, and for Section 803 at 100 percent. For cooperative projects the percentages previously varied according to whether the project was for veterans (95 percent) or nonveterans (90 percent) or was investor-sponsored (85 percent). The Housing Act of 1959 revised the limits for this program to 90 percent for investor-sponsored projects and to 97 percent for others.

The statutory formulas for Sections 207 and 221 are based on estimated value rather than replacement cost. Section 207 mortgages cannot exceed 90 percent of the estimated value, but those under Section 221 can cover the entire value as

4 rooms—living room, 2 bedrooms, with dining space either in living room or in kitchen.
4½ rooms—living room, 2 bedrooms, dining alcove, and kitchen.
5 rooms—living room, 2 bedrooms, dining room, and kitchen.
5½ rooms—living room, 3 bedrooms, dining alcove, and kitchen.
6 rooms—living room, 3 bedrooms, dining room, and kitchen.
6 to rooms—living room, 4 bedrooms, dining alcove, and kitchen.
7 rooms—living room, 4 bedrooms, dining room, and kitchen.

84

estimated by FHA. The Section 207 limit was unchanged by most recent legislation. For Section 221 proposed construction, the basis for arriving at the 100 percent ratio was changed from value to replacement cost. A new provision for profit-motivated projects under this section set a limit of 90 percent based on replacement cost of new construction or estimated value of existing construction.

For comparability, the ratios in Table III-62 were all computed on the basis of replacement costs. The relation that the mortgage amounts bear to the maximum permissible under Section 207 is better shown in the following table based on estimated value. Comparable data are not available for Section 221.

	Mortgage as percentage of value	Percentage distribution of units Sec. 207
		2, 4 1, 1
82.5-84.9		4. 6 6. 0 13. 2
87.5-89.9		46. 6 26. 1
Total.		100.0

Since estimated long-term values are usually less than replacement costs, the percentages in this table tend to be somewhat higher than those in the general table. For example, 26 percent of the dwelling units were covered by mortgages representing 90 percent (the maximum) of estimated value, but only 6 percent accounted for the same ratio of replacement cost.

Capehart housing ratios increased in 1959, when well over three-fourths of the mortgage amounts represented from 90 percent to the full amount of replacement costs, compared with slightly more than half in 1958. The median ratio for Section 803 units was 94.1 percent, up from 90.8 percent in 1958 but about the same as that for 1957 (94.3 percent).

A concentration of Section 213 managementtype units in the 85.0-87.4 percentage range (actually none of these units exceeded the 85.0 ratio) represents units in investor-sponsored projects. After the increase in the maximum insurable amount in September, later commitments for investor-sponsored projects were at higher ratios.

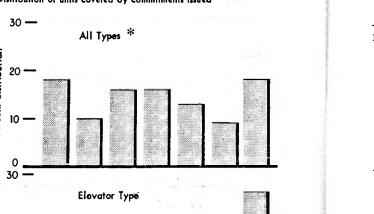
### Monthly Rentals for Rental Projects

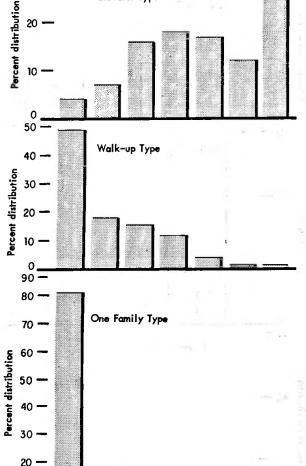
Data on rentals in Table III-63 and Chart III-33 relate to estimates made in the underwriting analysis prepared at the time of loan commitment. Although these rentals are those expected to prevail when the projects are occupied, the schedules actually in effect may be revised because of changes in construction or operating costs. No data are available for Section 803 projects.

## CHART III-33

## MONTHLY RENTAL BY TYPE OF RENTAL PROJECT, 1959

Distribution of units covered by commitments issued





Monthly rental in dollars
\*Excludes armed services housing.

119

159

179

180-

199 or more

10 —

Table III-63.—Monthly rental for rental housing projects, by section, 1959

Monthly rental		Re	Rental housing						
per dwelling unit	Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803 I				
Percentage distribution of dwelling units: Less than \$60	0. 9 4. 5 12. 6 10. 3 15. 6 13. 3 8. 7 18. 3	0.6 7.2 13.0 14.5 19.1 18.2 6.6 20.8	1. 8 1. 2 7. 1 8. 6 23. 8 13. 9 8. 1 15. 9	3. 5 37. 1 59. 1 . 3					
Total	100.0	100.0	100.0	100.0					
Median	\$145.98	\$154.98	\$152. 59	\$81.13					

<sup>1</sup> Not available.

Typical rents in 1959 continued the trend upward that had been evident over the past 3 years, except for rents under Section 221. For all units, the median in 1959 was \$145.98, compared with \$143.12 the previous year, \$133.80 in 1957, and \$120.87 in 1956. Rents were highest under Section 207 (median \$154.98), largely because of the proportion of elevator apartments under this program. Section 220, which also had a high percentage of elevator apartments, had a median rental of \$152.59. A comparison of rents for elevator units under these two programs shows that the median for Section 207 was \$169.57, compared with \$158.11 for Section 220.

Section 221, for which walkup apartments comprised more than four-fifths of the units, had the lowest median rental, \$81.13, down from \$85.34 in 1958.

Since almost three-fourths of the units under the three programs which are represented in Chart III-33 are in elevator structures, the percentage distribution for all types of structures reflects the weight of units of this type. The greatest difference between the two distributions was for those units renting for less than \$100. Only 4 percent of elevator units fell in this relatively low range, compared with 18 percent for those in all structural types. Rentals less than \$100 represented a large share of the units in both walkup and one-family structures, 49 percent and 81 percent, respectively.

## CHARACTERISTICS OF PROPERTY IMPROVEMENT LOANS

The typical property improvement loan insured in 1959 provided the borrower \$604 in net proceeds—a new record high. Net proceeds of the typical loan have increased each year since 1950, when consumer credit was restricted because of the Korean crisis. The 1959 typical loan called for repayment in 37 monthly installments of \$18.84 to cover financing charge and principal. The single-family property continued to rank first in type of structure improved, and additions and alterations were the most commonly reported type of improvement.

#### Amount of Loan

Table III-64 presents a distribution by amount groups of the number and net proceeds of property improvement loans insured in selected years. The new high of \$604 in net proceeds of the typical note reported in 1959 represents an increase of 7 percent over 1958 and is 84 percent larger than the loan received by the typical 1946 borrower. The most significant change in the loan amount distributions during the postwar period is in the proportion involving net proceeds of \$1,500 or more. Only 3 percent of the total loans insured in 1946 were for \$1,500 or more, compared with 19 percent during 1959—some six times greater.

Table III-64.—Amount of property improvement loans, selected years

Net proceeds of individual loan	Νι	ımber of loan	s-percentag	go distributio	מ	N	et proceeds-	-percentage d	istribution 1	
	1959	1958	1954	1950	1946	1959	1958	1954	1950	1946
Less than \$100	13. 5 8. 9 7. 8 10. 7 7. 1 13. 7 7. 4 4. 2 3. 2	0.5 8.0 13.2 13.8 9.2 8.3 11.1 7.2 12.7 6.6 3.5 2.8 2.8	1. 5 12. 8 16. 6 15. 9 10. 7 9. 0 10. 7 6. 5 8. 9 3. 6 1. 7 1. 9	2.5 18.7 20.5 15.4 9.6 8.0 9.1 5.0 7.1 2.0 1.0	3.6 19.1 22.9 15.9 11.3 7.8 7.2 4.2 4.8 1.4 1.0 1.0	(1) 1. 2 3. 5 5. 1 4. 3 4. 6 6. 9 17. 8 13. 7 10. 1 9. 3 13. 1 -7 1. 6	(2) 1. 5 3. 9 5. 7 4. 9 5. 3 7. 7 17. 8 13. 1 9. 1 8. 9 11. 2 1. 5 1. 3	0.2 3.3 6.8 9.1 7.9 9.6 12.2 9.6 17.2 10.0 6.2 8.1 .7 .7	0.4 0.4 11.3 10.9 8.8 13.0 9.2 13.3 6.8 6.2 6.2 .4	0. 6 6.: 12.: 12.: 11 9.: 12.: 5.: 3.: 6.:
Total Median Average		100. 0 \$564	100.0 \$430	100. 0 \$354	100.0 \$328	100. 0 \$909	100. 0 \$836	100. 0 \$591	100. 0 \$479	100. \$454

Data for 1950-59 are based on net proceeds; data for 1946 is based on face amount.

Less than 0.05 percent.

Term in n	Number of loans—percentage distribution				ution	Net proceeds—percentage distribution					
Modal term	Interval	1959	1958	1954	1950	1946	1959	1958	1954	1950	1946
6	6-8. 9-14. 15-20. 21-26. 27-32. 33-41. 42-53. 54-63. Over 63.	0.6 9.1 5.2 12.5 2.1 47.0 2.1 21.1	0.5 10.0 5.6 12.9 2.3 51.4 1.6 15.4	0.7 10.1 6.7 10.4 3.1 68.5 (2)	0.8 10.1 6.0 10.2 9.8 62.5 (2)	1. 3 16. 9 8. 4 12. 3 2. 3 58. 6 (2)	0. 2 3. 4 2. 2 7. 1 1. 3 38. 8 3. 5 41. 7 1. 8	0.3 3.0 2.5 7.7 1.5 47.1 2.8 32.7	0. 4 4. 5 3. 6 7. 1 2. 3 80. 0 . 1 1. 6	0.5 4.9 3.4 7.1 9.8 71.1 .1	0.3 8.3 5.3 9.4 73.0 (2)
Total Median Average		100. 0 36. 6	100. 0 36. 5	100. 0 36. 4	100. 0 36. 4	100. 0 36. 0	100. 0 36. 8	100, 0 35, 0	100. 0 31. 1	100. 0 30. 7	100. e

<sup>&</sup>lt;sup>1</sup> Data for 1950-59 are based on net proceeds; data for 1946 are based on face amount.

#### **Duration of Loan**

By statutory standards, property improvement loans making up over 97 percent of the total insured prior to 1956 were restricted to a repayment period of 36 months or less. In August of that year a statutory amendment extended the maximum permissible repayment period for these loans to 5 years. By regulation, however, terms exceeding 36 months were limited to loans exceeding \$600. Loans insured in 1955 with repayment terms of over 36 months represented less than 1 percent in number and 3 percent of total net proceeds. In contrast, during 1959 they accounted for nearly 24 percent of the number of loans and 47 percent of the net proceeds (Table III-65). The term of repayment for loans insured in 1959 averaged nearly 37 months—an 8-month increase since 1946. Part of these increases can, of course, be attributed to the higher cost of improvements.

### Type of Property and Improvement

Table III-66 and Chart III-34 present the percentage distributions of the number and net proceeds of loans insured during 1959 by type of property and type of improvement, and the average net proceeds for each type of expenditure. It should be noted that, for these purposes, loans are classified according to the major expenditure—for example, loans identified as being for additions and alterations might also include other minor improvements for heating or insulation.

By type of property, loans for the improvement of single-family residences continued to account for 9 out of every 10 notes and 85 percent of the total net proceeds. Repairs and remodeling to multifamily structures account for an additional 7 percent of the notes and 10 percent of the net proceeds.

By type of improvements, additions and alterations accounted for one-fifth of the notes and 30 percent of the net proceeds. Notes classified as for exterior finish were responsible for 13 percent of the notes and 17 percent of the net proceeds, with an average loan of \$1,187. Nearly 18 percent

Less than 0.05 percent.
Included in "over 63 months."

of the notes were for insulation work but they involved less than 10 percent of the net proceeds because of their low average amount of \$423.

CHART III--34

TYPE OF IMPROVEMENT FINANCED BY
FHA INSURED PROPERTY IMPROVEMENT LOANS

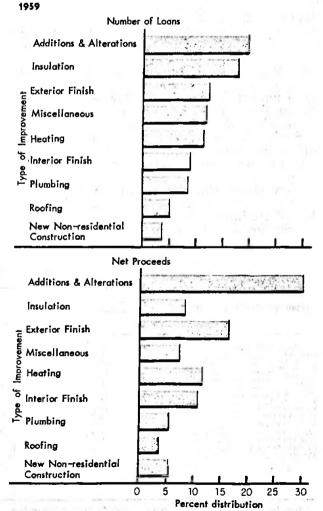


TABLE III-66.—Type of improvement by type of property for property improvement loans, 1959

		Тур	of prop	erty impr	poved	
Major type of improvement	Total	Single- family dwell- ings	Multi- family dwell- ings	Com- mercial and in- dustrial	Farm homes and build- ings	Other
Percentage distribution of number of loans: Additions and altera-	10.0					
tions Exterior finish Interior finish	19. 9 12. 5 9. 1	20.3 12.4 8.9	16.0 14.0 12.7	24.3 7.9 12.9	10.8 12.2 4.1	19.5 7.5 10.1
Roofing	5.0	4.9	6.4	6.9	7.0	7.2
Plumbing Heating	8.7 11.3	8.7 10.6	7. 6 19. 7	7.2 17.4	17.4 7.3	8.6 19.2
Insulation New nonresidential	17. 8	18. 3	15.3	6.6	10. 2	7.2
construction Miscellaneous	3. 7 12. 0	3. 4 12. 5	.9 7.4	7. 7 9. 1	27. 0 4. 0	12, 1 8. 6
Total Percent of total	100. 0 100. 0	100. 0 90. 0	100. 0 6. 9	100.0 1.0	100. 0 1. 8	100. 0 . 3
Percentage distribution of net proceeds: Additions and altern-	100					
tions.	30.4	27.3	2.1	.6	.3	.1
Exterior finish	16.6 11.0	14.5 9.2	1.6 1.3	.2	.3	(1)
Roofing	3.6	3.0	. 4	1 1	.11	(1)
Plumbing	5. 6	4.5	. 7	.11	.3	(1)
Heating Insulation New nonresidential	11.7 8.5	8.6 7.6	2.6 .7	.1	;1	(¹) ·1
construction	5. 2 7. 4	3. 9 6. 4	·1	.2 .1	.9 .1	:1
Total	100.0	85. 0	10. 2	2.0	2.3	. 5
Average net proceeds: Additions and altera-						
tions Exterior finish	\$1,361 1,187	\$1,327	\$1,720	\$2,139	\$1,325 1,345	\$1,799 1,346
Interior finish	1,072	1,157 1,022	1,444	1,828	1,129	1,782
Roofing	634	605	786	1, 245	704	1, 162
Plumbing	577	520	1,230	1, 248	712	1,010
Heating Insulation New nonresidential	927 423	796 412	1, 737 556	1, 601 765	895 409	1, 519 800
construction	1, 258 548	1, 162 501	1,311 1,268	2, 205 1, 595	1,724 985	1, 103 1, 638
Total	909	841	1, 330	1,718	1, 139	1, 427

Less than 0.05 percent

TABLE III-67.—Amount of property improvement loans by type of property, 1959

		т	ype of p	roperty	im proved	i
Net proceeds of individual loan	Total	Single- family dwell- ings	Multi- family dwell- ings	Com- mercial and in- dus- trial	Farm homes and build- ings	Other
Percentage distribution of number of loans: Less than \$100 \$100 to \$199 \$200 to \$299 \$300 to \$399 \$400 to \$199 \$500 to \$799 \$800 to \$799 \$800 to \$1,499 \$1,000 to \$1,499 \$2,500 to \$2,499 \$2,500 to \$2,999 \$3,600 to \$3,999 \$4,000 to \$3,999 \$4,000 to \$1,999 \$5,000 or \$1,999 \$5,000 or more  Total Median Average	0.8 12.6 13.5 8.9 7.8 10.7 7.1 13.7 4.2 3.2	0.33 7.22 13.2 14.1 9.1 7.9 10.7 7.0 13.4 7.2 3.9 2.9 3.1 (!)	0. 2 4. 0 7. 9 8. 1 6. 6 7. 3 11. 4 7. 7 15. 8 9. 5 6. 2 5. 5 5. 5 1. 7 2. 7	1.1 3.0 4.5 4.9 9.2 10.9 11.2 10.6 1.4 100.0 \$1,578 \$1,778	0. 2 3. 2 7. 3 9. 9 8. 6 7. 9 9. 8 10. 2 5. 5 6. 5 7. 7	0. 3 2. 0 4. 9 5. 7 6. 0 9. 2 7. 4 16. 0 11. 7 7. 7 8. 0 13. 7

<sup>1</sup> Less than 0.05 percent.

Table III-67 presents distributions of the amount of 1959 insured loans by type of property. The largest typical loan of \$1,578 was used to improve commercial and industrial properties. Nearly 70 percent of the loans for this purpose amounted to \$1,000 or more, but they accounted for only 2 percent of the total net proceeds. Loans to improve single-family dwellings, representing 85 percent of the total net proceeds, had the smallest typical loan of \$578.

Similar distributions of the amount of loans by type of improvement (Table III-68) show that notes to finance additions and alterations were the most common and the largest in amount among the improvement loans made during 1959. The typical amount was \$1,192. The second most

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Table III-68 .-- Amount of properly improvement loans by type of improvement, 1959

					Major	type of imp	ovement			
Net proceeds of individual loan	Total	Additions and altera- tions	Exterior finish	Interior finish	Roofing	Plumbing	Heating	Insulation	New non- residential construc- tion	Miscel- laneous
Percentage distribution of number of loans:  Less than \$200. \$200-\$599. \$400-\$599. \$300-\$799. \$1,000-\$1,499. \$1,500-\$1,999. \$2,000-\$2,999. \$2,500-\$2,999. \$3,000 or more.	26. 1 16. 7 10. 7 7. 0 13. 7 7. 4	2.6 11.1 12.2 0.9 7.2 18.2 12.5 8.8 9.9	2. 0 10. 3 12. 1 11. 2 9. 8 25. 2 14. 8 7. 1 4. 0 3. 5	4.7 16.5 17.0 11.1 7.1 17.1 9.4 6.4 5.2 5.5	8.1 35.3 22.6 11.1 5.2 8.9 4.3 1.8 1.4 1.3	8. 7 45. 6 19. 3 7. 3 4. 2 2 7. 4 3. 3 1. 5 1. 3 1. 4	3. 4 14. 6 17. 5 20. 4 14. 4 16. 6 5. 9 2. 4 1. 8 3. 0	14. 6 47. 9 21. 1 8. 0 3. 2 2 3. 1 1. 2 . 5 . 2 . 2	0.6 5.0 9.0 12.0 12.8 31.4 14.1 6.1 4.3 4.7	15. 1 41. 5 19. 2 8. 2 3. 7 5. 6 2. 6 1. 4 1. 1 1. 6
Total	\$604 \$909	\$1, 192 \$1, 361	\$1,092 \$1,187	\$\$22 \$1,072	\$459 \$634	\$381 \$577	\$742 \$927	\$348 \$423	\$1, 169 \$1, 258	\$368 \$548
Percentace distribution of net proceeds: Less than \$200	1. 2 8. 6 8. 9 8. 1 6. 9 17. 9 13. 7 10. 0 9. 3 15. 4	0. 3 2. 4 4. 3 4. 9 4. 6 15. 4 16. 1 13. 6 14. 4 25. 0	0. 2 2. 6 4. 9 6. 4 7. 3 25. 6 21. 1 13. 1 8. 9 9. 9	0. 6 4. 4 7. 5 6. 9 5. 7 18. 0 14. 1 12. 7 12. 6 17. 5	1. 9 16. 4 16. 9 11. 8 7. 1 15. 9 11. 0 6. 1 5. 6 7. 3	2. 2 23. 7 15. 7 8. 3 14. 5 9. 6 5. 8 8. 8	0. 6 4. 6 9. 2 15. 0 13. 6 20. 8 10. 4 5. 5 5. 0 15. 3	5. 1 33. 6 23. 6 12. 7 6. 5 8. 5 4. 7 2. 3 1. 3 1. 7	0. 1 1, 1 3. 5 6. 5 9. 0 20. 5 10. 3 8. 8 12. 7	4. 2 21. 5 16. 7 9. 9 5. 9 11. 7 7. 7 5. 4 5. 5
Total	100, 0	100.0	100.0	100.0	100.0	100.0	100. 0	100. 0	100. 0	100. 0

Table III-69.—Type of improvement by type of property for claims paid on property improvement loans, 1959

		Тур	s of prop	erty imp	roved.	
Major type of improvement	Total	Single- family dwell- ings	Multi- family dwell- ings	Com- mercial and in- dustrial	Farm homes and build- ings	Other
Percentage distribution of number of claims paid: Additions and altera-		Tr.	= 1			
tions. Exterior finish. Interior finish Roofing. Plumbing	16. 3 13. 6 7. 2 5. 2 8. 6	16. 4 13. 9 6. 8 5. 1 8. 7	13. 9 11. 7 12. 3 6. 2 7. 4	24. 1 10. 4 10. 8 6. 2 6. 2	10. 6 10. 9 3. 2 9. 9 12. 3	18.7 1.3 4.0 2.7 5.3
Heating Insulation New nonresidential	13. 2 20. 4	12. 5 21. 1	22. 9 17. 2	16. 2 9. 1	7.7 5.3	9. 3 2. 7
Miscellaneous	2. 3 13. 2	1.7 13.8	7.7	8.3 8.7	33, 8 6. 3	49. 3 6. 7
Total Percent of total	100. 0 100. 0	100. 0 89. 7	100. 0 7. 3	100. 0 1. 2	100. 0 1. 4	100. 0 . 4
Percentage distribution of amount of claims paid: Additions and altera-						
tions	24. 4 18. 0 8. 9 4. 0 6. 7 13. 6 11. 2	21. 1 15. 9 7. 1 3. 4 5. 5 9. 9 10. 3	2. 2 1. 6 1. 5 . 4 . 8 3. 1	0.7 .3 .2 .1 .2 .4	0. 2 . 2 . 1 . 1 . 2 . 1	(1) (1) (1) (1) (1) (1) (2)
Insulation New nonresidential construction Miscellaneous	4. 2 9. 0	2. 6 7. 8	-1	.3	1.0	.2
Total	100.0	83. 6	11.3	2.4	2. 1	.6
Average claim paid: Additions and altera-	\$768	\$732	<b>\$1.000</b>	ė1 200	****	<b>A</b> 1 <b>A</b> 00
tions Exterior finish Interior finish Roofing Plumbling Heating Insulation New nonresidential	676 627 307 396 526 283	5732 652 588 383 361 454 278	\$1,098 976 833 462 752 944 343	\$1,329 940 992 637 998 1,015 355	\$664 743 604 438 545 485 360	\$1,098 169 1,119 1,246 606 914 473
construction	020 347	879 321	780 737	1, 387 1, 053	1, 081 485	609 1,013
Total	508	476	791	1,030	733	784

Visit the control of 
commonly reported type of improvement was insulation, with the lowest typical loan of \$348.

Over 3 out of every 5 loans insured in 1959 had net proceeds of less than \$800, in comparison with over 9 out of 10 for insulation and 1 out of 3 for additions and alterations.

## Claims Paid by Type of Property and Improvement

The average claim paid in 1959 was \$508, or nearly one-fifth more than the \$428 reported for 1958—partly because of the increasing average net proceeds of loans insured in the last few years. The distribution of claims by type of property and type of improvement financed are presented in Table III-69.

As four out of five of the defaulted loans and \$9 out of \$10 paid in claims during 1959 originated within 2 years preceding claim payment, it is significant to make a comparison of loans insured and claims paid by type of property and type of improvement. Single-family dwellings, for which the bulk (90 percent) of loans were insured during this period, accounted for the same share of defaulted notes. Loans originated for insulation accounted for 20 percent of the claims. In terms of dollar volume, additions and alterations accounted for nearly \$1 out of every \$4 paid in claims. Exterior finish (18 percent) heating (14 percent), and insulation (11 percent) were responsible for another 43 percent of the total claims.

By type of improvement, the average claim paid ranged from a high of \$920 for new nonresidential construction down to \$283 on insulation loans. By specific improvement and type of property, loans that were originated for new nonresidential construction improvements on commercial and industrial property involved the largest claim payment of \$1,387 but amounted to less than one-

<sup>1</sup> Less than 0.05 percent.

## **Actuarial Analysis of Insuring Operations**

This section of the report presents a four-part actuarial analysis of insuring operations: (1) reserves of FHA's mortgage insurance funds; (2) termination experience of FHA-insured home mortgages; (3) participation payments to mortgagors from the Mutual Mortgage Insurance Fund; and (4) the debt retirement experience of FHA-insured home and project mortgages.

In the first part of this section, the results of the annual valuation of the reserve liabilities of the mortgage insurance funds administered by the Federal Housing Administration are presented. These annual valuations of reserve liabilities are, with noteworthy exceptions, similar to those made by life insurance organizations. The 1954 annual report presented a detailed discussion of the nature of these reserve liabilities, the method of valuing the reserve liabilities, and the determination of the reserve factors used in valuations.

Discussed in the second part is the life expectancy of home mortgages insured under Section 203. Estimates of life expectancy for mortgages of various maturity classes are presented. The life expectancy is developed from the termination experience of these home mortgages. This experience is summarized in actuarial schedules to show rates of termination of home mortgage insurance contracts for the various types of termination. Schedules also provide decrement tables for the various types of termination and survivorship tables for the various maturity classes.

The third part presents an analysis of participation payments made from the Mutual Mortgage Insurance Fund to eligible mortgagors who pay off home mortgages insured under Section 203 at maturity or prior to maturity. These participation payments are similar to dividends paid by mutual insurance organizations to policyholders, except that they are paid only once at the termination of the insurance contract. The payment which an eligible mortgagor receives represents a share of the Participating Reserve Account, one of two statutory accounts in the Mutual Mortgage Insurance Fund, and the basis for payment is required to be equitable and in accordance with sound actuarial and accounting practice.

In the fourth part of this section is included an analysis of the rates of debt retirement for insured home and project loans. Repayments of indebt-edness through regular amortization or prepayment represent to the lending institution a backflow of funds available for reinvestment. Rates of retirement for both types of repayment when related to outstanding investments measure the turnover of the investment.

## ANALYSIS OF RESERVES OF INSURANCE FUNDS

FHA operates 11 insurance funds under which the fiscal provisions of the several insurance programs are administered. Loan and mortgage insurance contracts written under these programs are assigned to a particular insurance fund in accordance with statutory requirements. Each of the funds is credited with fee, premium, and investment income and is charged with administrative expenses and insurance losses with respect to loan and mortgage insurance contracts assigned to the fund. The insurance reserves of a fund, representing capital and the accumulation of earned surplus, are available to cover future losses and related expenses. The newer funds, those more recently created by amendments to the National Housing Act, have accumulated comparatively little in earned surplus and operate in part from capital contributed by other FHA funds in accordance with statutory provisions. In the older funds the insurance reserves are relatively substantial. Detailed fiscal information on income, expenses, losses, and insurance reserves including capital contributions for each FHA fund is given in the section on accounts and finance.

The adequacy of the insurance reserves of a fund to cover its future contingent losses and related expenses can be established by a valuation of such future losses and expenses. In the practice of life insurance organizations such valuations measure reserve liabilities not only for the purpose of establishing whether a fund is solvent but also for the purpose of determining how much of earned surplus may be available for distribution to policyholders or stockholders. With mortality experience well established, expected mortality-one of the major elements in the valuation of reserve liabilities—can be predicted reasonably well. Consequently, the reserve liabilities of life organizations can be determined with a fair degree of accuracy and are the expected future liabilities.

There is a noteworthy difference between the reserve liabilities of life organizations and those of FHA's mortgage insurance funds. The future losses and expenses which the liabilities of FHA's mortgage insurance funds measure are principally contingent upon a general deterioration of business conditions—a development which does not readily lend itself to prediction. Since the incidence of an economic reversal cannot readily be predicted, the most conservative basis for reserve valuations for such future losses and expenses is to

assume that adverse economic conditions of ap-

To-dis- bision

proximately depression magnitude might develop immediately. The reserve valuations are designed to measure the liabilities resulting from the development of such a contingency. Thus, the liabilities of FHA's mortgage insurance funds are contingent liabilities.

The risks which the funds underwrite are in the nature of a catastrophe hazard which may be characterized as economic in nature and cyclical in pattern. The events insured against do not occur in substantial proportions except under the contingency of a depression. In this sense, FHA's reserve liabilities are not designed to measure the solvency of the funds according to its accepted meaning in the underwriting of conventional risks. To emphasize this distinction, the reserve liabilities of FHA's mortgage insurance funds are described as "estimated reserve requirements." They are thus the amounts of reserves which an insurance fund requires to cover the insurance losses and administrative expenses which the fund might incur if an economic reversal of approximately depression magnitude were to develop immediately. Although based on accepted actuarial principles, such valuations of reserve requirements for insurance funds underwriting risks which are predominantly economic in nature are unique in insurance practice.

Distinct from the reserve requirements are the "insurance reserves," i.e., the capital and surplus which an insurance fund has accumulated from its operation. Capital and surplus of FHA's insurance funds are identified in its financial statements as insurance reserves. A balance status for a fund exists when its insurance reserves are equal to or greater than the estimated reserve requirements. When a balance status is attained, the fund has sufficient resources to meet such future insurance losses and expenses as might be incurred in the event that adverse economic conditions of approximately depression magnitude were to develop immediately.

The comparative reserve position of a fund is thus determined by changes in insurance reserves and reserve requirements. Insurance reserves of a fund are principally affected by the net income it earns during an accounting period. Reserve requirements are affected by the volume of new insurance written, the aging of the insurance contracts in force, and terminations of the insurance contracts in force. A substantial increase in the amount of new insurance written has the effect of raising significantly the reserve requirements, for the reason that reserve requirements are at their highest level for new insurance. Aging of the insurance in force lowers reserve requirements for the reason that reserve requirements for contracts in force become progressively lower the longer the insurance has remained on the books. Terminations of insurance, of course, reduce reserve requirements.

One of the principal purposes served by the excess of insurance reserves over reserve requirements is to protect the reserve position of the fund from a more rapid increase in the volume of new insurance than that for insurance reserves. In the case of the Mutual Mortgage Insurance Fund, another purpose served is in the allocations from this fund's net income to the Participating Reserve Account from which participation payments are distributed to eligible mortgagors upon the termination of mortgage insurance. Such allocations will tend to remain relatively high as long as favorable economic conditions prevail.

Another noteworthy feature of the reserve requirements is that they take into account the fact that, when a claim under mortgage insurance is paid by an insurance fund, the mortgage insurance fund acquires a property in exchange for its debentures. As properties are sold, the proceeds of sales are used to redeem the fund's debentures. It is the expected future acquisitions and their expected future losses on sale, among other things, that are reflected in the reserve requirements when they are valued with respect to the mortgage insurance contracts in force. Some of the other items which are included in the determination of reserve requirements are expected future premiums, investment income, and administrative expenses.

Attention is invited to the adjustment in the estimated reserve requirements. This adjustment is for the unearned premiums estimated to be retained by the fund after refunds of unearned premiums upon prepayment of insured mortgages prior to maturity. FHA's accounting system is on an accrual basis and, consequently, earned surplus figures do not include unearned premiums. To take these unearned premiums into account for reserve purposes, the reserve requirements are adjusted by the amounts of unearned premiums estimated to be retained by the fund. The insurance reserves of each fund also are exclusive of the amounts contributed by that fund to establish and operate other insurance funds. Seven of the 10 mortgage insurance funds have received, through the end of 1959, capital contributions in the amount of \$20,310,000. Over 90 percent of this amount, or \$18,310,000, was contributed by the War Housing Insurance Fund.

Only one of the FHA's mortgage insurance funds, the Mutual Mortgage Insurance Fund (the first of the funds to be established and the largest in terms of insurance in force), is authorized by statute to distribute part of its earned surplus to eligible mortgagors upon the termination of mortgage insurance. Reserve requirements for this fund are used, as in life insurance practice, to determine how much of surplus may thus be distributed. That part of the earned surplus which is available for distribution is in the statutory reserve called the Participating Reserve Account.

This account is authorized to receive allocations from the net income of the fund which are made in accordance with sound actuarial and accounting practice.

The results of the 1959 valuation of reserve requirements of the mortgage insurance funds are presented in Tables III-70 and III-71. The former, in addition to showing their reserve positions at the end of 1959, shows the year end outstanding balances of the insurance contracts in force assigned to the separate funds. The latter shows the comparative reserve positions of the funds on the basis of the 1957-59 valuations.

The December 31, 1959 valuation of reserve requirements for all mortgage insurance funds combined shows a deficiency in insurance reserves of approximately \$54 million in meeting estimated reserve requirements. The year-end valuation as of December 31, 1954 showed an aggregate reserve deficiency of \$33 million. For the period between the 1954 valuation, when the first annual valuation was published in an annual report, and the 1957 annual valuation, there had been a continuous improvement in the aggregate reserve position of the insurance funds. The 2year interruption in the trend is attributable to the substantial increases in the volume of new insurance written in the last 2 calendar years. For example, the 1959 year-end outstanding balances of insurance contracts in force assigned to the mortgage insurance funds were 18 percent higher than in 1958. This increase in insurance in force accounts for the 20 percent increase in reserve requirements of these funds during this same period, while insurance reserves rose by 18

percent. Percentage changes of similar magnitude in insurance in force, reserve requirements, and insurance reserves occurred between 1957 and

Substantial increases in insurance in force occurred in all six mortgage insurance funds under which the National Housing Act authorizes new insurance to be written. The three funds under which new insurance is no longer authorized are the Title I Housing Insurance Fund, the War Housing Insurance Fund, and the National Defense Housing Insurance Fund. No insurance has as yet been written under the Housing Investment Insurance Fund.

The current valuation shows two funds with a balance status, i.e., where the insurance reserves equal or exceed estimated reserve requirements. These are the War Housing Insurance Fund and the Housing Investment Insurance Fund.

Among the remaining mortgage insurance funds which have not attained a balance status with the 1959 valuation, the most important in terms of insurance in force is the Mutual Mortgage Insurance Fund. For this fund, it is the first time since the 1954 valuation, when the fund first attained a balance status, that the reserve position shows a reserve deficiency. The reserve position of this fund improved continuously between the 1954 and 1957 valuations, with the excess of insurance reserves over estimated reserve requirements rising to over \$90 million. This reserve excess, declining to \$54 million with the 1958 valuation, changed to a reserve deficiency of \$14 million with the current valuation.

TABLE III-70 .- Outstanding balance of insurance in force, insurance reserves, and estimated reserve requirements in the insurance funds of the Federal Housing Administration

		As of Decei	mber 31, 1959	
Insurance fund	Outstanding balance of insurance in force	Insurance reserves <sup>1</sup>	Estimated reserve requirements, adjusted ?	Excess of insurance reserves over estimated reserve requirements, adjusted
Title I Housing Insurance Fund.  Mutual Mortgage Insurance Fund.  Housing Insurance Fund. Sec. 220 Housing Insurance Fund. Sec. 221 Housing Insurance Fund. Servicemen's Mortgage Insurance Fund. War Housing Insurance Fund. Housing 'Investment Insurance Fund. Armed Services Housing Mortgage Insurance Fund.  National Defense Housing Insurance Fund.	142, 611, 852 828, 950, 725 3, 152, 458, 593	\$5, 191, 071 2 515, 202, 350 13, 738, 214 2, 141, 184 1, 329, 790 8, 480, 302 173, 590, 092 919, 021 13, 885, 546 —5, 981, 384	84, 118, 822	-\$271. 148 -14, 139, 623 -20, 456, 312 -11, 487, 135 -5, 553, 829 -21, 203, 392 89, 480, 270 919, 021 -45, 383, 188 -16, 831, 538
Total all mortgage insurance funds	29, 276, 774, 474 1, 553, 071, 310	728, 478, 225 6 84, 642, 167	782, 405, 099 ( <sup>6</sup> )	-53, 926, 874
Total all funds	30, 829, 845, 784	813, 120, 392		

gages initially endorsed for insurance under Sec. 803 of the act, as amended, and secured by housing projects not yet completed with respect to which the Military will, upon completion and final endorsement, guarantee the mortgage payments.

<sup>b</sup> Does not include unearned premiums in this fund amounting to \$22,677,292

TABLE III-71.—Insurance reserves and estimated reserve requirements in the insurance funds of the Federal Housing Administration, as of Dec. 31, 1957-59

Insurance fund	Insurance reserves   as of			Estimated reserve requirements, adjusted, as of-			Excess of insurance reserves over estimated reserve requirements, adjusted, as of—		
	Dec. 31, 1957	Dec. 31, 1958	Dec. 31, 1959	Dec. 31, 1957	Dec. 31, 1958	Dec. 31, 1959	Dec. 31, 1957	Dec. 31, 1959	Dec. 31, 1959
Pitle I Housing Insurance Fund Mutual Mortgage Insur-	\$3, 904, 637	\$4, 575, 079	\$5, 191, 071	\$7, 276, 612	\$6, 459, 779	<b>\$</b> 5, 462, 219	<b>-\$3</b> , 371, 975	-\$1, 884, 700	<b>-\$271, 148</b>
ance Fund Housing Insurance Fund Sec. 220 Housing Insur-	3 374, 946, 765 8, 967, 767	* 438, 262, 824 10, 984, 322	<sup>1</sup> 515, 202, 350 13, 738, 244	284, 573, 763 30, 696, 470	384, 193, 412 37, 322, 830	520, 341, 973 43, 194, 558	90, 373, 002 -21, 728, 703	54, 069, 412 -26, 338, 508	-14, 139, 623 -29, 456, 312
ance Fund Sec. 221 Housing Insur-	883, 591	1, 191, 947	2, 141, 184	4, 747, 246	6, 964, 529	13, 628, 319	<b>−3</b> , 863, 655	-5, 772, 582	<del>-</del> 11, 487, 134
ance Fund	802, 271	906, 691	1, 329, 799	203, 523	3, 088, 137	6, 883, 628	598, 748	-2, 181, 448	<b>—</b> 5, 553, 825
Insurance Fund	2, 961, 433	5, 145, 979	8, 480, 302	13, 166, 250	20, 317, 581	29, 683, 694	-10, 204, 817	-15, 171, 902	-21, 203, 39
Fund	142, 393, 148	157, 103, 784	173, 599, 092	120, 961, 402	101, 008, 007	84, 118, 822	21, 431, 746	56, 095, 777	89, 480, 27
surance Fund	879, 128	900, 103	919, 021				879, 128	900, 103	919, 02
Fund	12, 824, 578	11, 463, 585	13, 858, 546	4 61, 121, 108	4 79, 673, 796	4 59, 241, 734	<b>-48</b> , 296, 530	<b>—68</b> , 210, 211	-45, 383, 18
Insurance Fund	-10, 391, 541	-11, 144, 441	-5, 981, 384	15, 758, 242	13, 429, 308	10, 850, 154	<b>—26, 149, 783</b>	-24, 573, 749	<b>—</b> 16, 831, 53
Total all mortgage insurance funds  Fitle I Insurance Fund	538, 171, 777 63, 384, 853	619, 389, 873 73, 507, 057	728, 478, 225 84, 642, 167	538, 504, 616 (8)	652, 457, 679 ( <sup>3</sup> )	782, 405, 099 ( <sup>3</sup> )	-332, 839	-33, 067, 806	-53, 926, 87
Total all funds	601, 556, 630	692, 896, 930	813, 120, 392						

<sup>&</sup>lt;sup>1</sup> Includes earned surplus of certain insurance funds transferred to other FIIA insurance funds as capital contributions in the amount of \$20,310,000 as of Dec. 31, 1957. Dec. 31, 1958, and Dec. 31, 1959.

<sup>1</sup> For mortgage insurance contracts in force. Adjusted for estimated uncarned premiums to be retained after refunds of uncarned premiums upon

These changes in the reserve position of this fund are attributable to the successive record increases in the volume of new insurance written under Section 203 in the last two calendar years-\$4.2 billion in 1958 and \$5.6 billion in 1959 as compared with \$2 billion in 1957. Estimated reserve requirements in the 1959 valuation were 38 percent higher than in the 1958 valuation, while insurance reserves increased less than 18 percent in this same annual period. The 1957-58 changes in reserve requirements and insurance reserves were of roughly similar proportions.

As was indicated in an earlier paragraph in this section of the report, one of the purposes served by the excess of insurance reserves over reserve requirements is to protect the reserve position of the fund from the effects of a sharp increase in new business. That reserve excess which developed with the 1957 valuation was just short of covering the increase in reserve requirements resulting from the successive record increases in new business written in the last 2 calendar years.

Second in importance in terms of insurance in force is the War Housing Insurance Fund, which first attained a balance status with the 1957 valuation. Emergency home and project mortgage insurance contracts written under Title VI during the defense preparedness and war periods of World War II and during the postwar period of the veterans' emergency housing program were asloss. Includes reserve requirements for armed services housing mortgages initially endorsed for insurance under Sec. 803 of the Act, as amended, and secured by housing projects not yet completed with respect to which the Military will, upon completion and final endorsement, guarantee the mortgage payments.

\*\*Reserve requirements are not estimated for the Title I Insurance Fund.\*\*

\*\*Reserve requirements are not estimated for the Title I Insurance Fund.\*\*

\* Reserve requirements are not estimated for the Title I Insurance Fund. Unenrued promiums in this fund amounted to \$20,739,291 as of Dec. 31, 1955, \$20,389,838 as of Dec. 31, 1958, and \$22,677,292 as of Dec. 31, 1959. The maximum potential liability under this fund representing the balance of reserves available to qualified lending institutions for the payment of claims was \$285,015,589 as of Dec. 31, 1957, \$320,011,251 as of Dec. 31, 1958, and \$359,895,509 as of Dec. 31, 1959. This potential liability was calculated at 10 percent of net proceeds of insurance less claims paid and reserve adjustments.

signed to this fund. The reserve position of this fund has shown steady improvement since the 1954 valuation. With the current valuation, the excess of insurance reserves over estimated reserve requirements amounts to almost \$90 million, an increase of \$33 million over the excess disclosed in the 1958 reserve position.

The only other fund which shows a balance status is the Housing Investment Insurance Fund, which, as was indicated above, has no insurance in force as yet. The balance status of this fund is accounted for by unexpended capital contributed by the War Housing Insurance Fund.

There are seven other mortgage insurance funds which have not yet attained a balance status. This is either because they were recently established or because the bulk of the insurance covered by them is of recent origin. Consequently, these funds have not had sufficient time to accumulate the necessary earned surplus. They are: (1) the Title I Housing Insurance Fund for the low-cost housing program, under which no new insurance has been written since the Housing Act of 1954 which authorized such insurance under the home mortgage section of Title II of the National Housing Act; (2) the Housing Insurance Fund for multifamily rental housing under Section 207 of the act, for cooperative housing under Section 213 of the Act, for housing for the elderly under Section 231 of the Act, and for nursing homes under

¹ Includes earned surplus of certain insurance funds transferred to other FHA insurance funds as capital contributions in the amount of \$20,310,000.
¹ For mortgage insurance contracts in force. Adjusted for estimated uncarned premiums in all 9 mortgage insurance funds in the amount of \$16,079,000 to be retained after refunds of uncarned premiums upon prepayment.
¹ Includes \$136,723,500 as of Dec. 31, 1959, in the Participating Reserve Account, representing balances available for participations, which account may be charged with any net loss sustained by the Mutual Mortgage Insurance Fund in any semiannual period.
¹ Excludes reserve requirements for the mortgages endorsed for insurance under Sec. 809 with respect to which the Military will guarantee the fund from loss. Includes reserve requirements for armed services housing mort-

boss not include uncarried premiums in this fund amounting to \$22,677,292 as of Dec. 31, 1959.

Reserve requirements are not estimated for the Title I Insurance Fund. The maximum potential liability under this fund was \$359,805,500, as of Dec. 31, 1959, representing the balance of reserves available to qualified lending institutions for the payment of claims. This potential liability was calculated at 10 percent of net proceeds of insurance written less claims paid and reserve adjustments.

prepayment.
3 Includes \$136,723,560, as of Dec. 31, 1959, in the Participating Reserve Account representing balances available for participating Reserve Account representing balances available for participations, which account may be charged with any not loss sustained by the Mutual Mortgage Insurance Fund in any semiannual period. The comparable figure for Dec. 31, 1957 is \$95,231,854 and for Dec. 31, 1958 is \$116,900,147.

<sup>4</sup> Excludes reserve requirements for the mortgages endorsed for insurance under Sec. 809 with respect to which the Military will guarantee the fund from

Section 232 of the Act; (3) the Section 220 Housing Insurance Fund for redevelopment housing: (4) the Section 221 Housing Insurance Fund for relocation housing; (5) the Servicemen's Mort-gage Insurance Fund, which provides for the purchase of housing by personnel in the U.S. Armed Forces and Coast Guard on active duty for more than 2 years; (6) the Armed Services Housing Mortgage Insurance Fund covering housing for military and defense-certified civilian employees under Title VIII of the act; and (7) the National Defense Housing Insurance Fund for programed housing for Korean emergency defense workers

provided for by Title IX of the act.

With respect to the mortgage insurance funds which have not yet attained a balance status, it is noteworthy that the Commissioner of the Federal Housing Administration has authority under Section 219 of the National Housing Act, as amended, to transfer resources among nine of the funds as assistance may be required. They are the Title I Housing Insurance Fund, the Housing Insurance Fund, the War Housing Insurance Fund, the Armed Services Housing Mortgage Insurance Fund, the National Defense Housing Insurance Fund, the Section 220 Housing Insurance Fund, the Section 221 Housing Insurance Fund, the Servicemen's Mortgage Insurance Fund, and the Housing Investment Insurance Fund. This device of flexibility in the use of resources of separate funds can provide important financial support to the separate funds. The Mutual Mortgage Insurance Fund is not authorized by Section 219 to transfer or receive assets from other funds. The aggregate reserve position of the funds which are authorized under Section 219 to receive or transfer resources among them indicates the importance of the War Housing Insurance Fund's insurance reserves to this group of funds. The growing excess of this fund's insurance reserves over estimated reserve requirements has improved the aggregate reserve position for all funds in this group. Their reserve deficiency has been reduced from \$91 million at the end of 1957 to \$40 million at the end of 1959.

Tables III-70 and III-71 also show figures on the outstanding balance of insurance in force and the insurance reserves for the Title I Insurance Fund. The fiscal provisions of FHA's property modernization and improvement program are administered under this fund. Reserve requirements have not been estimated for the fund, but its financial position can be appraised on the basis of insurance reserves and insurance in force. The insurance reserves together with the unearned premiums on December 31, 1959 amounted to \$107,319,459. With outstanding balances of loan insurance in force amounting to \$1,553,071,310. the insurance reserves and unearned premiums represented 6.91 percent of the outstanding balance of insurance in force as compared with 7.18 percent a year ago.

The maximum potential liability under this fund at the year end was \$359,895,509, which represented the balance of reserves available to qualified lending institutions for payment of future insurance claims on loans outstanding. The comparable figure for December 31, 1958 was \$320,-011,251. The potential liability is calculated in accordance with the administrative regulations for property improvement loans under Title I, Section 2 at 10 percent of the net proceeds of insurance written less claims paid and reserve adjustments.

This Title I fund was created by an amendment of June 3, 1939, and the total claims paid from the fund through the end of 1959 amounted to 1.69 percent of the net proceeds of loans insured before any recoveries on defaulted notes. Actual losses (after recoveries) and reserves for future losses on such notes represent a little less than 1 percent of the net proceeds of notes insured. The maximum claim rate under Title I amounted to 4.04 percent of the net proceeds of the notes insured during the period from mid-1934 to mid-1939. After recoveries from collection efforts, the actual losses amounted to 1.89 percent of notes insured.

#### ANALYSIS OF TERMINATION EXPERIENCE

The estimated life expectancy of one- to fourfamily home mortgages insured under Section 203 is estimated to be 9.12 years. The life expectancy is the period of time for which such mortgages can, on the average, be expected to remain in force. It is based on the cumulative termination experience of the first of FHA's home mortgage insurance programs, and calculated by the standard actuarial method described as "the temporary complete expectation of life." This termination experience has been observed over the 23-year period since the inauguration of this regular home mortgage program which operates under fiscal provisions of the Mutual Mortgage Insurance Fund. Experience covers all home mortgage insurance contracts written under Section 203 from 1935 through 1957 and exposed to their policy anniversaries in 1958.

This estimate of life expectancy on the basis of the 1935-58 termination experience is about a fourth of a year higher than the comparable figure of 8.85 years shown in the 1958 annual report.

An increase in life expectancy has been evident since an estimate of this kind was first presented in the 1951 report. The life expectancy in that report was estimated to be 7.55 years and was based on termination experience covering all home mortgage insurance contracts written under Section 203 from 1935 through 1949 and exposed to their policy anniversaries in 1950. The trend toward longer life expectancies can be expected to continue as the effect of the relatively high levels of terminations in the late war and early postwar years continues to be offset by the relatively lower levels which

have been obtaining since then. The relatively high levels of terminations, i.e., terminations in relation to insurance in force, occurred in the period 1944 48, with the peak rate obtaining in 1946. Prepayments accounted for most of these terminations and were the results of mortgagors' paying off their mortgages or selling their homesboth developments reflecting a combination of the high personal savings and incomes and the shortages of consumer goods and housing in that war and postwar period.

The life expectancies for mortgages of various maturity classes included in the 1935-58 termination experience have also been estimated. The maturity classes selected for observation are as follows: Less than 13 years, 13 through 17 years, 18 through 22 years, 23 through 25 years, and 26 through 30 years. The significant maturities in these classes are the quinquennial ones: 10, 15, 20, 25, and 30 years. Prior to 1944, mortgages of various maturities within the statutory limits were eligible for insurance under Section 203. Beginning in 1944, insurance was restricted to the quinquennial maturities within the statutory limits.

For mortgages in the maturity class of less than 13 years, the estimated life expectancy is 5.82 years. Mortgages with maturities of 13 through 17 years have an estimated life expectancy of 7.34 years. The life expectancy for mortgages with maturities of 18 through 22 years is 8.95 years. For mortgages in the 23 through 25 years maturity class, the estimated life expectancy is 10.93 years and is based on cumulative termination experience observed over a 20-year period and a projection of that experience through the 25-year period. Life expectancies for mortgages of various maturity classes are calculated by the standard actuarial method described as "the complete expectation of life." An estimate of life expectancy for mortgages in the longest maturity class was not made, since the period of observation was too short. Mortgages with terms of 30 years were first endorsed for insurance beginning in 1949.

These life expectancies for the various maturities, like the estimated life expectancy for all maturities combined, also reflect the relatively high levels of terminations of the 1944-48 period. The termination experience of these various maturity classes during the 1948-58 period was analyzed to determine whether or not life expectancies are longer in the postwar period than in the 1935-58 period. On the basis of this limited termination experience, the indication is that longer life expectancies are in process of developing for the 10-,

15-, 20-, and 25-year maturities.

The data on the 1935-58 termination experience for all mortgages are organized as a survivorship table which is presented in Actuarial Schedule 1. It is from this schedule that the estimate of life expectancy for all home mortgages is made. Among the things that the schedule shows for the 1- to 4-family home mortgages insured under

ACTUARIAL SCHEDULE 1 .- Survivorship table of a group of 1- to 4-family home mortgages based on aggregate termination experience by policy year for Sec. 203 mortgages insured from 1935 through 1957 and exposed to policy anniversaries in 1958 or prior termination dates.

Policy year	Mortgage survivors at the beginning of policy year	Annual ter- mination rates 1	Mortgage terminations during the policy year
1st	100,000	0.0273216	2,732
2d	07, 268	0414532	4,032
3d	93, 236	.0602358	5,616
4th	87,620	. 0793149	6,993
5th	80,627	. 0974543	7,857
6th	72,770	.1128670	8, 213
7th	64, 557	. 1183850	7, 643
8th	56,914	. 1208537	6,878
9th	50,036	. 1306933	6,539
10th	43, 497	1357548	6,905
11th	37, 592	. 1354717	5,093
12th	32, 499	. 1256098	4,082
13th	28, 417	1252696	3,560
14th	24, 857	. 1309579	3, 255
15th	21,602	1600754	3,458
16th	18, 144	. 1531190	2,778
17th	15, 366	.1267182	1,947
18tb	13, 419	. 1303573	1,749
19th	11,670	. 2191353	2, 557
20th	9, 113	.6650478	6,061
21st	3,052	.9114173	2,782
22d	270	. 6250000	169

<sup>1</sup> The method of determining these rates is identical with the standard method of computing probabilities.

Section 203 are their total annual termination rates by policy year. When these termination rates are applied to an initial hypothetical group of 100,000 home mortgage insurance contracts, they produce a survivorship table giving the number of mortgages in force at the beginning of a policy year, the number terminating during that policy year, and the number surviving to the be-

ginning of the next policy year.

A policy year covers the annual period beginning with the date on which a mortgage contract is endorsed for insurance. Thus, a mortgage insurance contract which has not passed its first anniversary is in force or exposed to the risk of termination during its first policy year. If the contract is terminated before this anniversary, it is terminated during its first policy year. Determined by the standard method of computing probabilities, the rate of termination for the first policy year is the number of mortgage insurance contracts terminated during this policy year divided by the number of mortgage insurance contracts in force (i.e., exposed to the risk of termination) at the beginning of the first policy year. Likewise, the rate of termination for the second policy year is the number of mortgages terminated during the second policy year divided by the number of mortgages in force at the beginning of the second policy year.

The interpretation of the rate of termination, number of terminations, and number of survivors is as follows: the 1935-58 termination experience of Section 203 mortgages produces an overall annual rate of termination of 0.0273216 in the first policy year. When the 100,000 mortgage entrants,

the initial hypothetical group, are multiplied by this first policy year rate, the product of 2.732 represents the number of mortgages which can be expected to terminate for various reasons during the first policy year after the date of their insurance. When these terminations during the first policy year are subtracted from the 100,000 entrants, it leaves 97,268 mortgages as survivors at the beginning of the second policy year. In the second policy year, the annual rate of termination shown in the schedule is 0.0414532. When this rate is applied against the 97,268 surviving mortgages at the beginning of the second year, it gives 4,032 as the number of mortgages which can be expected to terminate during the second policy year. Subtracting this number of terminated mortgages from the number in force at the beginning of the second policy year leaves 93,236 mortgage survivors at the beginning of the third policy year.

The composition of the total annual termination rates shown in the survivorship table is presented in Actuarial Schedule 2. Included are two types of prepayments—prepayments in full and prepayments by supersession; two types of titles acquired—titles retained by mortgagees and titles transferred to FHA; and other types of terminations, which are predominantly maturities.

These annual rates of termination for the different types of terminations are determined by the same method of computing probabilities as the total annual termination rates and are, therefore, additive. Thus, the annual rate of prepayment

Actuarial Schedule 2.—Annual termination rates 1 for 1- to 4-family home mortgages by type of termination based on aggregate termination experience by policy year for Sec. 203 mortgages insured from 1935 through 1957 and exposed to policy anniversaries in 1958 or prior termination dates.

		Type of termination										
Policy year	Prepay-	Prepay- ments by	mort	quired by gagees								
9 y - 3 1800	ments in full	super- session	Retained by mort- gages	Trans- ferred to FHA	Others	Total						
1st	0.0200008	0.0069306	0.0001163	0.0002470	0.0000269	0.0273216						
2d	. 0305599	.0099419	.0002150	0006824	.0000240	. 0414532						
3d	. 0453361	. 0136620	.0003539	. 0008528	.0000310	. 0602358						
4th	.0621392	.0165504	.0003688	.0006887	.0000678	.0798149						
5th	.0781444	.0183176	.0003351	.0004297	.0001775	. 0974543						
6th	. 0933860	.0186197	.0003165	. 0003383	.0002065	.1128670						
7th	. 1005598	. 0168096	.0003220	.0002120	.0001516	. 1183850						
8th	. 1045026	. 0155990	.0003021	. 0001646	.0002854	. 1208537						
9th	. 1145799	.0148232	.0001904	.0001753	. 0006245	. 1306933						
10th	. 1185850	. 0123932	.0001130	.0000020	.0046616	. 1357548						
11th	. 1205818	.0103819	.0000857	.0000027	.0044196	. 1354717						
12th	. 1137774	.0084076	.0000403	.0000033	.0033812	1256098						
13th	. 1151442	.0070161	.0000448		.0030645	. 1252696						
14th	. 1227004	.0055292	.0000581		.0026702	. 1309579						
15th	. 1293624	.0046982	.0000463		. 0269685	. 1600754						
16th	. 1250188	. 0038527	.0000501		. 0241974	. 1531190						
17th	.1185379	.0032437	.0000608		. 0048758	. 1267182						
18th	. 1259658	.0027571	.0000165		.0016179	. 1303573						
19th	- 1948918	.0017991	. 0000295		. 0224149	.2191353						
20th	.3293709	. 0009423			. 3347347	. 6650478						
2150	. 0088583				. 9025590 . 6250000	.9114173						
22d					. 0230000	. 6250000						

The method of determining these rates is identical with the standard method of computing probabilities.

ACTUABIAL SCHEDULE 3.—Decrement table of a group of 1- to 4-family home mortgages based on aggregate termination experience by policy year for Sec. 203 mortgages insured from 1935 through 1957 and exposed to policy anniversaries in 1958 or prior termination dates.

	Mort-		Decremen	t by type	of terminat	ion	
Policy year	sur- vivors at the begin-	Prepay-	Propay-		quired by gagees		
	ning of policy year	ments in full	by super- session	Retained by mort- gagee	Trans- ferred to FHA	Others	Total
1st	100,000 97,268 93,236 87,629 80,627 72,770 64,557 56,914 50,036 43,497 22,499 22,499 22,499 21,602 13,417 24,857 21,602 13,419 11,670	2,000 2,976 4,227 5,445 6,300 6,796 6,513 5,748 5,158 4,533 3,272 3,050 2,773 2,268 1,821 1,690 2,274	693 967 1, 274 1, 450 1, 477 1, 355 1, 085 888 742 539 391 273 200 137 101 70 50	11 21 33 32 31 23 21 17 9 5 3 1 1 2 1 1 2	25 66 79 60 35 24 14 9 9 (1) (1)	3 2 3 6 14 15 10 16 31 203 160 110 87 66 3439 75 2262	2, 732 4, 032 6, 993 7, 857 8, 213 6, 878 6, 539 5, 903 4, 082 3, 560 3, 255 2, 778 1, 947 1, 749 2, 557
20th 21st 22d	9, 113 3, 052 270	3, 002 27	9			3,050 2,755 169	6, 061 2, 782 169

<sup>1</sup> Less than 1.

in full for a given policy year can be added to the annual rate of prepayment by supersession for the same policy year to give the total rate of prepayment for the given policy year. The rate for a particular policy year for titles acquired by mortgagees and retained by mortgagees can be combined with the rate for the same policy year for titles acquired by mortgagees and transferred to FHA, to give a total default termination or foreclosure rate for that policy year. When the annual rates for the different types of termination are added together, they give the total annual termination rates shown in both actuarial schedules.

The annual rates by policy year for the different types of terminations measure the distribution of expected terminations during a policy year. These rates of termination for the different types of terminations when applied against the initial group of 100,000 mortgages and their survivors provide numbers of terminations for each type during a policy year. These numbers are shown in the decrement table presented in Actuarial Schedule 3, where the different types of terminations during a policy year appear as decrements from the survivors at the beginning of a policy year.

The decrement table is a convenient form for viewing the relative importance of the different types of terminations at each duration, i.e., the number of policy years during which an insurance contract is exposed to the risk of termination. A comparison of the numbers of prepayments in

full with total terminations by policy year discloses the extent to which these prepayments account for total terminations. Prepayments in full in 15 of the 22 policy years in which prepayments obtain represent more than four-fifths of the total terminations. They account for about three-fourths in the first 4 policy years.

Prepayments by supersession, which account for a little over a fourth of total terminations during the first policy year, become progressively less important a decrement as the duration increases. Most of the terminations are accounted for by these two types of terminations.

Default terminations or foreclosures, the combination of titles acquired by mortgagees and retained by mortgagees and those transferred to FHA, are considerably less important decrements than either type of prepayment. These relatively small decrements reflect the favorable economic climate to which this regular home mortgage insurance program has been exposed. Consequently, it would be premature to describe a pattern based on their decrements or rates of termination. Exposure to adverse changes in economic conditions could change their rates significantly.

Actuarial Schedule 4 presents a survivorship table for all maturities and the separate classes of maturities along with their respective estimated life expectancies. This table is designed to show the survivors at the beginning of a policy year

on a comparative basis.

The rates of termination shown in the actuarial schedules from which survivors, decrements, and expectancies are estimated are "crude" or actual rates as distinguished from "graduated" or smoothed rates. They are based on numbers of mortgages only and include mortgages with the various terms of financing eligible for insurance under the administrative rules and regulations for Title II, Section 203. Because this insurance program has not been in operation long enough for many of its long-term mortgages to mature, the rates of termination for later policy years are based on a smaller aggregate amount of experience than those for earlier years. The rates of termination for the first policy year for all mortgages are based on the terminations from contracts endorsed for insurance in each calendar year from 1935 through 1957. For the second policy year, they are based on the terminations from endorsements in each calendar year from 1935 through 1956.

With time, the accumulation of termination data will provide the merged experience of home mortgage insurance contracts through that policy year which will represent the longest maturity eligible for insurance under this program. Not only can additional termination experience influence these rates by duration, particularly in the later durations where the aggregate experience is smaller, but changing economic conditions will also in-

ACTUARIAL SCHEDULE 4.—Survivorship table for a group of 1- to 4-family home mortgages of various maturity classes based on aggregate termination experience by policy year for Sec. 203 mortgages insured from 1935 through 1957 and exposed to policy anniversaries in 1958 or prior termination dates

				of policy	,	
All	Maturity class of mortgage					
	Tegs	13	19	22	26	
					through	
	13 years	17 years 1	22 years	25 years	30 years	
100 000	100 000	100,000	100.000	100,000	700,000	
					100,000	
					99, 292	
					97, 602 95, 607	
					92,506	
					85,694	
64, 557	45.728	55, 380	62 962	70,571	79,900	
56, 914	36, 088	46, 701		63, 507	75,776	
50, 036	27, 496				72, 687	
43, 497	19, 577	32, 522			69, 563	
37, 592	11, 175				00,000	
32, 499						
28, 417	2, 251	18, 904	28,066	38, 158		
24,857		15, 739	24, 460	32,635		
			21, 329	29, 173		
			18, 575	26,055		
	,	868	16, 124			
13, 419						
				18,977		
3,052				15, 307		
270			118			
				7		
9.12	5.82	7 34	8 05	6 10 93	(9)	
	maturities !  100,000 97,268 93,236 87,620 80,627 72,70 56,914 50,036 4,557 56,914 50,036 32,499 37,592 32,499 28,417	maturitles i Less than 13 years i 100,000 100,000 97,268 94,762 93,268 96,27 67,771 72,770 56,568 64,557 45,728 56,914 36,088 60,036 27,496 43,497 19,577 32,499 4,768 28,417 24,857 21,602 21,	Maturitles 1  100,000 100,000 100,000  97,268 94,762 96,085  93,236 87,631 90,415  80,627 67,771 73,818  80,627 67,771 73,818  80,627 67,772 55,528  55,914 36,088 46,701  50,036 27,496 38,983  43,497 19,577 32,522  37,592 11,175 27,012  32,499 4,768 22,475  24,857 2,251 18,904  24,857 2,251 18,904  24,857 2,251 18,904  21,602 12,011  8,144 5,353  15,366 868  13,419 11,670 9,113 3,052  270	Maturitles 1  Less than 13 years 1  100,000 100,000 100,000 100,000 97,268 94,762 96,085 96,493 93,236 87,631 90,415 91,762 87,620 627,771 73,818 78,262 72,770 56,568 62,718 85,489 64,557 45,762 55,390 62,962 56,914 36,088 46,701 55,320 50,036 27,496 38,983 48,480 43,497 19,577 32,522 42,348 37,592 11,175 27,012 36,956 32,499 4,768 22,475 22,21 28,417 2,251 18,904 22,602 12,211 21,329 18,144 55,353 18,575 15,366 868 16,124 13,419 11,670 11,648 9,113 8,158 270	Maturitles 1  Less than 13 years 1  100,000 100,000 100,000 100,000 100,000 97,268 94,762 96,085 96,493 98,598 93,236 87,631 90,415 91,762 96,016 87,620 67,771 73,818 78,262 86,388 72,770 56,568 62,718 85,849 92,087 72,770 56,568 82,718 85,849 82,087 75,770 56,588 46,599 70,703 78,873 64,557 45,782 55,380 62,962 70,571 56,014 36,088 46,701 55,329 63,507 55,034 36,988 46,701 55,329 63,507 55,036 27,495 11,757 32,522 42,348 80,57,221 43,497 19,577 32,522 42,348 80,57,221 32,499 4,768 22,475 22,221 40,186 24,857 22,251 18,904 28,066 45,117 32,499 4,768 22,475 22,221 40,186 24,857 22,251 18,904 28,066 38,158 15,366 868 16,124 23,330 13,419 868 16,124 23,330 11,670 11,648 18,977 9,113 8,158 17,208 270 118 144 56,000 118,648 17,208 118,977 11,133 118 17,208 118,977 118 118	

<sup>1</sup> Based on aggregate termination experience for mortgages insured from 1935 through 1957 and exposed to their policy anniversaries in 1958 or prior termination dates.

termination dates.

Based on aggregate termination experience for mortgages insured from 1938 through 1957 and exposed to their policy anniversaries in 1958 or prior termination dates.

1935 through 1957 and exposed to their policy anniversaries in 1950 or plant termination dates.

Based on aggregate termination experience for mortgages insured from 1949 through 1957 and exposed to their policy anniversaries in 1958 or prior termination dates.

Based on termination experience observed over a 20-year period and its

election to 25 years.

fluence the rates of termination. It should be noted that the FHA mortgage insurance programs have not been exposed to a serious reversal of economic conditions. The cumulative experience of foreclosures, therefore, reflects only the most favorable period of exposure. Accordingly, it must be emphasized that the pattern of termination rates shown in the actuarial schedules is only an emerging one and cannot be said to be definitive for total terminations or for the different types of terminations.

## MUTUAL MORTGAGE PARTICIPATION PAYMENTS

The Mutual Mortgage Insurance Fund is the only FHA insurance fund in which mortgagors are authorized by statute to share in any excess premiums—charges in excess of expenses, insurance losses, and provisions for reserve liabilities. In this respect, for home mortgage insurance written under Section 203 the fund is operated like a mutual insurance organization. The payments which mortgagors receive are similar to policy-

holders' dividends. A noteworthy difference, however, is that dividends (or participation payments, as they are called) are terminal dividends, payable at termination of the mortgage insurance contract, when the mortgage is paid off at maturity or prepaid prior to maturity, as distinct from annual dividends which most mutual insurance organiza-

tions pay to their policyholders.

Provision for the operation of the principle of mutuality for mortgages insured under Section 203 of the National Housing Act was made in the original legislation approved June 27, 1934, and, except for subsequent technical amendments to improve on the operation of mutual insurance, such provision has remained a part of the legislation in effect today. The mutual mortgage insurance system as far as practicable was to be self-supporting and was to cost the mortgagor no more than the amount needed to cover the risk involved plus necessary administration expenses. Premium charges in excess of those needed for its operation were to be returned to the mortgagor as "dividends."

Mortgagors who pay off their mortgageswhether paid off at the maturity of the mortgage note, or paid off prior to maturity, as, for example, in the case of a mortgagor who prepays from savings or from the proceeds of the sale of his homeare eligible to receive dividends or participation payments from the Mutual Mortgage Insurance Fund. Thus, mortgagors with mortgage insurance contracts that were terminated as a result of a default are not eligible to receive such payment. Payments are made to the mortgagor of record as reported by the mortgagee at the date the final

payment is made. During 1958, a special tabulation of mortgages paid in full and participation payments made to the mortgagor of record revealed that, in threefourths of these terminations, the recipient of the participation payment had been the mortgagor at the time the mortgage debt was originated by the lender and insured by FHA. No doubt a high proportion of the remaining terminations of this kind involved mortgagors who had assumed the insured mortgage debt from builders or other original mortgagors soon after FHA endorsement of the insurance contract and had, accordingly made most, if not all, of the annual payments of the mortgage insurance premium.

Payments to mortgagors are made from the Participating Reserve Account, one of two insurance reserve accounts in the fund. This account, a statutory reserve, is authorized to receive allocations semiannually from the net income of the fund, or be charged with any net loss in a semiannual period. The amounts are required to be allocated in accordance with sound actuarial and accounting practice.

Because of the statutory requirements for allocating the net income of the Mutual Mortgage Insurance Fund semiannually or charging any net loss to the Participating Reserve Account, partici-

pation shares—the rate of payment per \$1,000 of the original face amount of mortgage terminated—are established semiannually as of June 30 and December 31 for paying participations to eligible mortgagors with insurance terminating in the subsequent 6-month period.

Table III-72.—Selected participation shares per \$1,000 of original face amount of mortgage payable from the Mutual Mortgage Insurance Fund to eligible mortgagors with insurance contracts terminating between Jan. 1, 1960, and June 30, 1960

Year mortgage was		Maturit	y class of r	nortgage	
endorsed for insurance	10 years	15 years	20 years	25 years	30 years
1954	\$2.43 5,59	\$5. 62 10. 61	\$7. 18 13. 34	\$1.84 9.73	\$3.99
1950 1948	10. 02	17. 79 27, 19	20, 66 31, 34	18. 42 29. 50	9.80
946		41. 27	48. 36 54. 37	41.75 56.92	

Table III-72 shows selected participation shares for eligible mortgagors paying off their mortgages during the 6-month period ending June 30, 1960. Participation shares may in no event exceed the aggregate scheduled annual premiums of the mortgagor to the year of termination of the insurance.

As of December 31, 1959, the account had \$136,723,560 available for distribution to eligible mortgagors as participation payments. Since January 1, 1944, when participation payments were first made, a total of \$100,647,437 has been distributed to 845,038 mortgagors. In the aggregate, these amounts equal 30 percent of total FHA premium collections through the end of 1959 under this home mortgage insurance program. The average dividend was approximately \$120.

The basis for distributing dividends or participation payments from the Participating Reserve Account is an adaptation of the method known in actuarial science as the asset share method. According to this method, a class of insurance business contributing to a fund or account shares in that fund in relation to its net contributions to the fund. Classes with more favorable insurance experience share more favorably than classes with less favorable experience. This method thus provides an equitable basis for distributing an amount from a fund among different classes of business. The amount in a fund or account which is to be distributed is determined separately on the basis of actuarial and accounting considerations.

The participation payment which an individual mortgagor receives when he pays off his mortgage is determined on the basis of the average insurance experience for his class of business and its respective reserve requirements. The characteristics identifying a class of business are maturity, i.e., the original term of the mortgage; and duration, i.e., the number of policy years a contract has been in force at the time of termination. For example, one class of business would be all 20-year

mortgages which had been in force for 12 years. At the end of 1959, it would be made up of 20-year mortgage insurance contracts endorsed in 1948 and also all other 20-year mortgages endorsed for insurance in prior years which had had a 12th policy year of experience.

The insurance experience of a given class of business reflects the estimated combined fee, premium, and investment income as well as the initiation, maintenance, and settlement expenses and insurance losses of that class. In other words, the insurance experience of a class represents its estimated earned surplus. In the above example, it would be the combined earned surplus for all 20-year mortgages which had attained a 12th anniversary. When the combined earned surplus is related to the total amounts of insurance in force for businesses in the class, an average earned surplus per \$1,000 of original amount of insurance in force is provided. Thus all classes of business are put on a comparable basis.

The average earned surplus per \$1,000 of original amount of insurance in force is known as the asset share factor. When the reserve factors for each class of business—the same factors per \$1,000 of insurance in force that are used in making the semiannual valuations of the reserve liabilities of the Mutual Mortgage Insurance Fund to determine its reserve position—are taken out of the asset share factors, the so-called relative share factors are obtained. These relative share factors for each class of business together with the amount of insurance currently in force in each class, and the amount in the Participating Reserve Account then provide the basis for determining the mortgagors' participation share factors. They are literally rates for sharing in the account on an equitable and actuarially sound basis.

These factors are so determined that if all mortgagors eligible to receive dividends were to pay off their mortgages during the designated 6month period, the total amount in the Participating Reserve Account would be paid out to those mortgagors. What is not paid remains in the account and, together with whatever allocation of net income is made to it, is available for distribu-

tion in the next semiannual period.

In the early durations mortgage classes do not on the average accumulate sufficient resources to meet insurance costs and reserve requirements. Consequently, mortgagors prepaying their mortgages within the early years after endorsement do not receive participation payments. Beyond these years, the payments made increase with duration: that is, the longer a mortgage insurance contract has been in force at the time of termination, the higher the participation payment. For many classes of business with durations of 15 years or more, participation payments currently are equal to the cumulative premiums paid by the mortgagor. The statute provides that no mort-

gagor with a mortgage insured under Section 203 has any vested right in the Participating Reserve Account of the Mutual Mortgage Insurance Fund.

The share amounts, of course, depend on the amount in the Participating Reserve Account and the amount of insurance in force. The size of the account is based on considerations of the reserve position of the fund, for, as the statute requires. the amount of net income which may be allocated to this account must be determined in accordance with sound actuarial and accounting practice.

These share amounts will vary from time to time, reflecting changes in insurance loss experience as well as changes in current reserve requirements because of fluctuations in new mortgage insurance volume. The share amounts have been relatively high because the Mutual Mortgage Insurance Fund has not been exposed to a serious economic reversal. As a consequence of the fund's favorable insurance experience, the semiannual allocations from the net income of the fund to the Participating Reserve Account have been relatively high. It should, therefore, be noted that, if adverse economic conditions of serious proportions were to develop, the attendant insurance loss experience of the fund could be such as to reduce or even eliminate income allocations to the account. Under such conditions, the levels of the share amounts would be reduced.

### ANALYSIS OF DEBT RETIREMENT **EXPERIENCE**

Related to the termination experience of mortgages is the experience of mortgage debt retirement. The termination experience discussed in a preceding part of this section is based on numbers of mortgages terminated. Debt retirement is measured in terms of dollar amount. The main kinds of retirement of insured mortgage indebtedness are (1) amortization of principal paid in accordance with the terms of the loan, and (2) prepayment in part in advance of scheduled amortization, or prepayment in whole in advance of maturity. To the lending institution both kinds of retirement of principal represent a backflow of mortgage funds available for reinvestment. When such retirements are related to the outstanding balances of mortgages in force, they measure the rate of turnover of the mortgagee's investment. From the rate of turnover, the average life of the dollar amount invested would also be indicated.

Tables III-73 and III-74 present measures of gross debt retirement for all FHA-insured home and project mortgages in force. Retirements are estimated from insurance written and outstanding balances in force. Since the estimates of outstanding balances reflect scheduled amortization of principal and outstanding balances of all types of terminated mortgages, the retirements (1) include outstanding balances of mortgage default terminations, i.e., for mortgage notes and property titles transferred to FHA and property titles retained by mortgagees with termination of FHA mortgage insurance contracts, and (2) do not include partial prepayments.

Table III-73.—FHA-insured home mortgage debt retirements, 1940-59 1

[Dollar amounts in thousands]

Year	Insurance written during period 1	Retire- ments during period	Average outstand- ing balance during period <sup>3</sup>	Percent re- tirements to average outstand- ing balance during period	Percent retire- ments to insurance written during period
1935-39 1940	\$2,007,776 762,084	\$252,663 167,723	\$2,030,747	8.26	22.01
1941	910, 770	230, 185	2, 679, 856	8. 59	25. 27
	973, 271	260, 846	3, 397, 476	7. 68	26. 80
1943	763, 097	445, 553	3, 896, 735	11. 43	58. 39
1944	707, 363	577, 488	4, 150, 922	13. 91	81. 64
1945	474, 245	586, 529	4, 151, 717	14. 13	123. 68
1946	421, 949	\$07, 215	3, 932, \$11	20. 53	191. 31
1947	\$94, 675	\$05, 651	3, 607, 722	22. 33	90. 05
1945	2, 116, 043	628, 139	4, 454, 546	14. 10	29. 68
1949	2, 209, 842	573, 402	6, 067, 503	9. 45	25. 95
1950	2, 492, 367	834, 747	7, 986, 363	10. 45	33. 49
1951	1, 928, 433	814, 828	9, 184, 849	8. 87	42. 25
1952	1, 942, 397	849, 088	10, 155, 407	8. 36	43. 72
1953	2, 288, 626	1, 069, 017	11, 402, 361	9. 38	46. 71
1954	1, 942, 266	1, 153, 208	12, 409, 193	9. 29	59. 37
1955	3, 084, 767	1, 525, 969	13, 541, 335	11. 27	49. 47
1956	2, 638, 226	1, 470, 281	14, 967, 555	9. 82	55. 73
1957	2, 251, 064	1, 255, 183	15, 925, 535	7. 88	55. 76
1959	4, 551, 483	1, 327, 343	17, 898, 985	7. 42	29. 16
	6, 069, 418	1, 940, 609	21, 840, 293	8. 89	31. 97

<sup>&</sup>lt;sup>1</sup> Retirements are estimated and represent scheduled amortization and estimated outstanding balances of all terminations, including default terminations.

Table III-74.—FHA-insured project mortgage debt retirements, 1940-59 1

[Dollar amounts in thousands]

Year	Insurance written during period	Retire- ments during period	Average outstand- lng balance during period <sup>3</sup>	Percent re- tirements to average outstand- ing balance during period	Percent retire- ments to insurance written during period
1935-39 1940	\$114, 428 12, 949 13, 565 21, 215 84, 622 56, 096 19, 817 13, 175 359, 944 606, 711 1, 021, 231 1, 155, 681 583, 774 221, 911 234, 022 76, 489 130, 247 597, 348 908, 671	\$9, 493 13, 503 10, 678 4, 261 7, 093 17, 328 22, 244 36, 837 24, 155 15, 599 29, 310 72, 258 96, 838 107, 489 150, 934 156, 175 169, 318 242, 881 186, 177 474	\$105, 467 106, 539 116, 617 158, 892 222, 961 240, 732 223, 703 326, 182 871, 253 1, 591, 947 2, 681, 150 3, 462, 936 4, 072, 972 4, 050, 954 4, 072, 972 4, 050, 954 4, 177, 770 4, 682, 627 1, 770 4, 682, 627 2, 772 4, 777 4, 682, 627 7, 772 7, 772 7, 773 7, 775 7, 77	12.80 10.02 3.65 4.46 7.77 9.66 16.47 7.41 7.1 1.79 1.84 2.70 2.80 2.81 3.80 3.73 4.77 4.72 4.05 5.19	104. 28 78. 72 20. 08 8. 38 30. 89 217. 29 279. 60 6. 71 6. 25 16. 59 33. 39 58. 23 64. 86 252. 69 142. 94 28. 34 20. 73 41. 13

Retirements are estimated and represent scheduled amortization and estimated outstanding balances of all terminations, including default terminations.

With respect to the former, their outstanding balances do not reflect a backflow of cash, since the mortgagee receives debentures of one or more FHA insurance funds for approximately the amount of the outstanding balance, or the mortgagee takes title to property which is acquired through foreclosure proceedings or deed in lieu of foreclosure and retains title in lieu of making a claim for insurance. To the extent that such default terminations do not reflect a backflow of cash, the amount of mortgage debt retirement exceeds the amount of repayments available for reinvestment. The overstatement of retirements as cash repayments of indebtedness is probably not significant, because (1) the majority of mortgage foreclosures and all mortgage assignments involve debentures; (2) the debentures are negotiable and callable and can also be used for the payment of mortgage insurance premiums; and (3) the relative amounts involved in default terminations are not substantial. With respect to the partial prepayments, what understatement of retirement as repayments there may be is offset by the overstatement from foreclosures and assignments of mortgages, although the extent of this offset cannot now be estimated.

Estimated retirements for insured home mortgage indebtedness amounted to about \$168 million in 1940. After that year the amount continued to rise, reaching a little over \$800 million in 1946. In the subsequent period a postwar low of \$573 million was reached in 1949. Since that year there was an overall growth in retirements resulting in a top figure of \$1,941 million in 1959. This 20-year record of retirements of home mortgages is illustrated in Chart III-35.

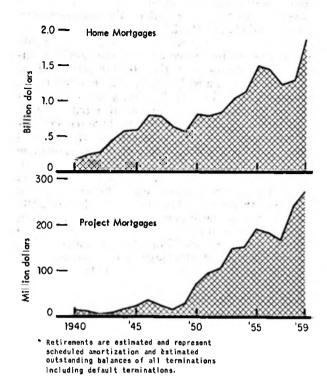
The retirement figures for home mortgages under all sections are largely determined by the retirements of Section 203 mortgages. These account for almost all of the retirements in 1940, over three-fifths in 1947, and over seven-eighths in 1959

The annual rates of debt retirement for home and project mortgages shown in the tables cover the period 1940 through 1959, and are based on the ratio of estimated retirements during the calendar year to estimated average outstanding balances during the calendar year. These averages are based on semiannual, quarterly, or monthly estimates of outstanding balances, depending on the availability of the data, of mortgages in force during the calendar year. For home mortgages insured under all sections, the pre-World War II retirement rates were about 8 percent, rising throughout the war period and reaching a peak rate in the postwar year of 1947 of over 22 percent, and then dropping to a lower level in subsequent years which on the whole is above that of the prewar years.

The prewar rate of retirement for 1940 means that, for all FHA-approved mortgages holding insured mortgages in that year, about 8 percent of

#### CHART III-35

#### DEBT RETIREMENTS\*



the average dollar amount of home mortgages in force was retired, principally by amortization or prepayment. At this rate the investment was being turned over about once every 12½ years, or, in other words, the amount of investments in the 1940 portfolio of insured home mortgages would on the average have remained outstanding about 12½ years. The peak rate would indicate an estimated average life of a dollar invested of somewhat more than 4½ years for the 1947 portfolio. A rate of 8.89 percent for 1959 would indicate an average life of an insured home mortgage dollar of a little less than 11¼ years. Chart III—36 shows the pattern of the annual rates of retirement over this 20-year period.

The tables on retirements also show relationships between estimated retirements and insurance written. In the prewar years, estimated home mortgage retirements respresented about one-fourth of the insurance written. For 1945 and 1946, they exceeded the amount of insurance written in those years. Retirements of all home mortgages in the record year of 1959 represented almost one-third of the amount of insurance written in that year.

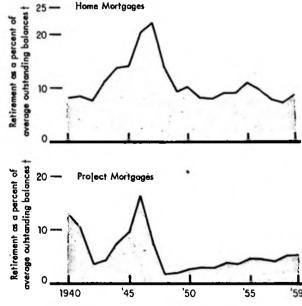
Retirements of project mortgage indebtedness are comparatively less significant in amount than those of home mortgages. They approached the \$100 million mark for the first time in 1951, but since then have exceeded that amount by substantial margins. The record amount reached in 1959

exceeded the \$277 million mark. The bulk of project mortgage retirements since 1947 is accounted for by the mortgage retirements under Section 608. More than 50 percent of the \$277 million in estimated project mortgage retirements in 1959 were on Section 608 and Section 608-610 mortgages.

Although less significant in amount, the retirement experience of project mortgages as measured by their annual rates of retirement reflects roughly the same pattern as that for home mortgages, but at relatively lower levels for most of the period under observation, as Chart III-36 shows. This pattern shows retirements declining in 1942 to a rate of about 4 percent of the estimated average amount outstanding, climbing to a peak rate of over 16 percent in 1946, and then declining sharply to lower levels. Since 1948 the trend in these annual rates has been gradually upward. For the year 1959, the rate is 5.30 percent. This rate would indicate an estimated average life of 19 years for the investments in the 1959 portfolio of insured project mortgage investments.

The lower rates of retirement for project mortgages reflect not only their typically longer maturities but also some differences in their termination experience. Prepayments were the significant factor in the late war and early postwar years. Default terminations, i.e., mortgage notes assigned and property titles transferred to FHA and projects retained by mortgagees with termina-

## CHART III-36 DEBT RETIREMENT RATES\*



Retirements are estimated and represent scheduled amortization and estimated outstanding belances of all terminations including default terminations.

minations.

Includes Title I, Class 3, Sec. 8; Title II, Secs. 203, 213, 220, 221, 222, 225; Title II, Secs. 603, 603-610, 611; Title VIII, Sec. 809; Title IX, Sec. 903.

Averages are based on estimated semiannual, quarterly, or monthly outstanding balances during the calendar year, depending on the availability of data.

minations.

Includes Title II, Secs. 207-210, 213, 220, 221, 231; Title VI, Secs. 608, 608-610, 611; Title VIII, Sec. 803; Title IX, Sec. 908.

Averages are based on estimated semiannual, quarterly, or monthly outstanding balances during the calendar year, depending on the availability of data.

p'Averages are based on estimated semi-annual, quarterly, or sonthly outstanding balances during the calendar year.

tion of FHA mortgage insurance contracts, have in recent years become a relatively more significant factor in project mortgage termination and retirement experience. Of the default terminations, mortgage notes assigned and property titles transferred to FHA account for the preponderant share. Both types involve debentures of the insurance funds to which the original project mortgages were assigned, and the debentures represent approximately the outstanding balances of the mortgages at the time of default. Since 1951 the project mortgage retirement experience has also been affected by the terminations of Section 213 blanket mortgages for sales-type cooperative housing. Such mortgages are in effect construction loans which are paid off when all the individual properties are released to members of the cooperative organization. The blanket mortgages are classified as project mortgages, and when all the properties in the project are released the blanket mortgage is terminated. Nearly all of the mortgages on the individual properties have been refinanced with FHA insurance under the home

mortgage provisions of Section 213, when they are then classified as home mortgages. A detailed analysis of terminations of project mortgages is presented in Section 2 under "Terminations, Defaults, and Claims Paid."

When estimated project mortgage retirements are related to insurance written, the resulting annual percentages over the 20-year period show fluctuations over a wide range. These percentages, presented in Table III-74, range between a high of 280 percent in 1946 to a low of about 21/2 percent in 1948. The wide range in these percentages is influenced to a greater degree by the year-toyear variations in the volume of project mortgage insurance written rather than annual changes in retirements. Estimated retirements in relation to insurance written were comparatively high in the prewar year of 1940, reaching a low in 1943, climbing to the peak percentage in 1946, dropping sharply to the low in 1948, and then climbing to another peak in 1955. For 1959, estimated retirements for project mortgages amounted to about 41 percent of insurance written in that year.

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## Accounts and Finance

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The figures for 1958 and 1959 in the financial statements of this report are on an accrual basis and are shown for the fiscal year rather than the calendar year. Section 2 of the report, Volume of Mortgage and Loan Insurance Operations, is on a calendar year basis to coincide with the housing year. In order to provide comparable figures, those statements in the Accounts and Finance section which are coordinated with the statistical tables shown in Section 2 have been prepared on a calendar year basis.

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Prior to July 1, 1939, there was no provision in the National Housing Act for collecting premiums on insurance granted under Title I, Section 2; therefore, moneys for salaries and expenses and for the payment of insurance claims were advanced by the Federal Government, and recoveries of claims paid were required to be deposited to the general fund of the Treasury. The account which was established for insurance operations prior to July 1, 1939 and identified in the accounting records as the Title I Claims Account was terminated as of August 1, 1954, at which time all the remaining assets and liabilities of the account were transferred to and merged with the Title I Insurance Fund in accordance with the Housing Act of 1954, approved August 2, 1954.

An amendment of June 3, 1939 to the National Housing Act created the Title I Insurance Fund and authorized the collection of premiums, and an amendment of June 28, 1941 authorized the retention of recoveries on insurance granted on and after July 1, 1939. Therefore, only the results of operations with respect to insurance granted on and after July 1, 1939 are included in the June 30, 1959 combined statement of financial condition (Statement 1) and the combined statement of income and expense (Statement 2).

#### **COMBINED FUNDS**

### Gross Income and Operating Expenses, Fiscal Year 1959

Gross income of combined FHA funds for fiscal year 1959 under all insurance operations totaled \$181,495,230 and was derived from fees, insurance premiums, and income on investments. Operating expenses of the FHA for the fiscal year 1959 totaled \$52,760,631.

### **Cumulative Gross Income and Operating** Expenses, by Fiscal Years

From the establishment of FHA in 1934 through June 30, 1959, gross income totaled \$1,652,749,582, while operating expenses totaled

\$562,991,208. Gross income and operating expenses for each fiscal year are detailed below:

Income and operating expenses through June 30, 1959

Fiscal year	Income from fees, premi- ums, and investments	Operating expenses	Fiscal year	Income from fees, premi- ums, and investments	Operating expenses
1935 1936 1937 1938 1939 1940 1941 1942 1943 1944 1946 1947 1947	\$539, 609 2, 503, 248 5, 690, 268 7, 874, 377 11, 954, 055 17, 860, 296 24, 126, 356 28, 316, 764 25, 847, 785 28, 322, 415 29, 824, 744 30, 729, 072 26, 790, 341 51, 164, 456	\$6, 336, 905 12, 160, 487 10, 318, 119 9, 297, 884 12, 600, 887 13, 206, 522 13, 359, 538 13, 471, 406 11, 160, 452 11, 148, 994 11, 191, 492 16, 063, 870 722, 772	1949	\$63, 983, 953 85, 705, 342 98, 004, 922 103, 021, 039 115, 288, 193 125, 223, 448 138, 823, 312 145, 532, 774 146, 969, 012 157, 158, 560 181, 495, 230 1, 652, 749, 582	\$23, 378, 483 27, 457, 924 31, 314, 926 30, 622, 486 31, 344, 408 31, 395, 017 36, 198, 385 40, 644, 217 41, 253, 347 46, 007, 205 52, 760, 631 562, 991, 208

The above income was derived from the following insurance operations: Title I Insurance Fund (property improvement loans), \$205,056,127; Title I Housing Insurance Fund (home mortgages), \$7,256,149; Title II Mutual Mortgage Ingages), \$1,250,149; Ittle II Mutual Mortgage Insurance Fund (home mortgages), \$985,813,115; Title II Housing Insurance Fund (homes and rental housing projects), \$41,203,664; Title II, Section 220 Housing Insurance Fund (urban renewal housing), \$2,683,938; Title II, Section 221 Housing Insurance Fund (relocation housing) \$1,221,068; Title II Servicemen's Mortgage Insurance Fund (servicemen's housing), \$7,554,-374; Title VI War Housing Insurance Fund (war and veterans' emergency housing), \$347,027,-286; Title VII Housing Investment Insurance Fund (yield insurance), \$173,325; Title VIII Armed Services Housing Mortgage Insurance Fund (home mortgages and rental housing projects), \$36,398,987; and Title IX National Defense Housing Insurance Fund (home mortgages and rental housing projects), \$18,361,549.

## Salaries and Expenses

The current fiscal year is the twentieth in which the Federal Housing Administration has met all expenditures for salaries and expenses by allocation from its insurance funds.

The amount that may be expended for salaries and expenses during a fiscal year is fixed by Congress. Under the terms of the National Housing Act, expenditures for the operations of each title and section are charged against the corresponding insurance fund.

The amounts charged against the various titles and sections of the Act during the fiscal year 1959 to cover operating costs and the purchase of furniture and equipment are as follows:

There are the and prime require provinces, office to

Salaries and expenses, fiscal year 1959 (July 1, 1958 to June 30, 1959)

Title and section	Amount	Percent
Title I:		
Sec. 2	\$4, 721, 969	8. 82
Sec. 8	113, 287	. 21
Title II:		
Sec. 203.	40, 562, 320	75. 76
Sec. 207-210	1, 977, 315	3, 69
Sec. 213.	907, 959	1. 70
Sec. 220	618, 766	1. 16
Sec. 221	480, 354	.90
Sec. 222	496, 432	. 93
Title VI:	, ,	
Sec. 603	432, 264	. 81
Sec. 608	1, 484, 194	2, 77
Title VII	700	(ı)
Title VIII:		• • •
Sec. 803	785, 021	1. 47
Sec. 809	123, 100	. 23
Pitle IX:	,	
Sec. 903	761, 187	1, 42
Sec. 908	69, 646	. 13
OC. 800		
Total	53, 534, 514	100.00

<sup>1</sup> Less than .005 percent.

## Capital and Statutory Reserves of Combined FHA Funds

The combined capital, including statutory reserve, of all FHA funds on June 30, 1959 amounted to \$757,912,171 and consisted of \$632,098,090 insurance reserves and \$125,814,081 statutory reserve, as shown in Statement 1.

STATEMENT 1.—Comparative statement of financial condition, all FHA funds combined, as of June 30, 1958 and June 30, 1959

	June 30, 1958	June 30, 1959	Increase or decrease (—)
ASSETS			
Cash with U.S. Treasury	\$31, 708, 054	\$41, 042, 390	\$9, 334, 336
Investments: U.S. Government securities (amortized)	547, 847, 433	<i>5</i> 96, 726, 870	48, 879, 437
Other securities (stock in rental housing corporations).	467, 060	461, 660	5, 400
Total investments	548, 314, 493	597, 188, 530	48, 874, 037
Loans receivable: Mortgage notes and contracts for deed Less allowance for losses	126, 886, 694 4, 038, 285	144, 099, 458 4, 572, 579	17, 212, 764 534, 294
Net loans receivable	122, 848, 409	139, 526, 879	16, 678, 470
Accounts and notes receivable: Accounts receivable—Insurance premiums. Accounts receivable—Other	3, 825, 336 158, 576	5, 087, 633 662, 366	1, 262, 297 503, 790
Total accounts and notes receivable	3, 983, 912	5, 749, 999	1, 766, 087
ccrued assets: Insured premiums Interest on U.S. Governmen!	6, 331, 418	20, 072, 978	13, 741, 560
securities	1, 917, 957 1, 066, 020	2, 415, 899 1, 246, 439	497, 942 180, 419
Total accrued assets	9, 315, 395	23, 735, 316	14, 419, 921
und, structures, and equip-			
ment: Furniture and equipment Less allowance for deprecia-	3, 134, 104	1 3, 457, 271	323, 167
tion	1, 577, 488	1, 707, 019	129, 531
Net furniture and equip-	1, 556, 616	1, 750, 252	193, 636

<sup>1</sup> Excludes unfilled orders in the amount of \$76,612.

STATEMENT 1.—Comparative statement of financial condition, all FHA funds combined, as of June 30, 1958 and June 30, 1959—Continued

June 30, 1958 June 30, 1959 Increase or

	June 30, 1955	Juno 30, 1959	decrease (-)
ASSETS—continued			
Acquired security: Real estate (at cost plus expenses to date)	<b>\$145, 840, 730</b>	\$150, 159, 789	<b>\$4,</b> 319, 059
Less allowance for losses	68, 147, 845	58, 503, 507	-9, 644, 338
Net real estate	77, 692, 885	91, 656, 282	13, 963, 397
Mortgage notes acquired under terms of insurance Less allowance for losses	120, 446, 422 43, 605, 320	129, 342, 687 46, 763, 281	8, 896, 265 3, 157, 961
Net mortgage notes acquired under terms of insurance	76, 841, 102	82, 579, 406	5, 738, 304
Defaulted Title I notes Less allowance for losses	47, 534, 240 32, 703, 255	44, 615, 529 28, 851, 067	-2, 918, 711 -3, 852, 188
Net defaulted Title I	14, 830, 985	15, 764, 462	933, 477
Net acquired security	169, 364, 972	190, 000, 150	20, 635, 178
Other assets—held for account of mortgagors	2, 412, 598	3, 054, 449	641, 851
Total assets	889, 504, 449	1, 002, 047, 965	112, 543, 516
HABILITIES Accounts payable:	01	, TI	7 11
Bills payable to vendors and Government agencies	6, 255, 971	2 5, 367, 608	-888, 363
Group account participations payable	3, 647, 544	4, 726, 408	1, 078, 864
Total accounts payable	9, 903, 515	10, 094, 016	190, 501
Accrued liabilities: Interest on debentures	2, 757, 788	2, 220, 876	-536, 912
Trust and deposit liabilities: Fee deposits held for future			
dispositionExcess proceeds of sale	6, 862, 938 3, 387, 678	9, 058, 050 1, 359, 115	2, 395, 112 -2, 028, 563
Deposits held for mortgagors, lessees, and purchasers	6, 925, 065	8, 148, 817	1, 223, 752
Due general fund of the U.S.	2, 049	859	-1, 190
Treasury Employees' payroll deductions for taxes, etc	1, 428, 901	1, 732, 694	303, 793
Total trust and deposit	18, 406, 631	20, 209, 535	1, 892, 904
Deferred and undistributed credits:			
Uncarned insurance pre- miums	70, 786, 107 315, 379 1, 084, 226	68, 978, 686 435, 228	-1, 807, 421 119, 849 179, 735
Other Total deferred and undis-	1, 084, 226	1, 263, 961	179, 735
tributed credits	72, 185, 712	70, 677, 875	-1, 507, 837
Bonds, debentures, and notes payable: Debentures payable.	141, 667, 100	139, 449, 750	-2, 217, 350
Other liabilities: Reserve for foreclosure costs—Mortgage notes acquired under terms of	:07	-70-	1500
insurance	1, 248, 009	1, 393, 742	145, 733
Total liabilities	246, 168, 755	244, 135, 794	-2, 032, 961
tatutory reserve for participa-			
tion payments and future lossesnsurance reserve-available for	105, 715, 794	125, 814, 081	20, 098, 287
future losses and expenses	537, 619, 900	632, 098, 090	94, 478, 190
Total reserves	643, 335, 694	757, 912, 171	114, 576, 477
Total liabilities and re- serves	889, 504, 449	1, 002, 047, 965	112, 543, 516
Certificates of claim relating to		1	

<sup>2</sup> Excludes unfilled orders in the amount of \$237.072.

The insurance reserves of \$632,098,090 are available for future contingent losses and related expenses. The statutory reserve of \$125,814,081 under the Mutual Mortgage Insurance Fund is earmarked for participation payments to mortgagors under the mutual provision of Title II of the National Housing Act.

The insurance and statutory reserves of each fund are given below:

Fund	Insurance reserves (including statutory reserve)
Title I Insurance Fund Title I Housing Insurance Fund Mutual Mortgage Insurance Fund Housing Insurance Fund Section 220 Housing Insurance Fund	\$78, 510, 546 4, 871, 040 475, 988, 070 12, 600, 956 1, 740, 524
Section 221 Housing Insurance Fund. Servicemen's Mortgage Insurance Fund. War Housing Insurance Fund. Housing Investment Insurance Fund. Armed Services Housing Mortgage Insurance Fund.	1, 124, 190 6, 741, 340 165, 466, 525 911, 104
National Defense Housing Insurance Fund  Total	16, 371, 863 -6, 413, 986 767, 912, 171

In addition, the various insurance funds had collected or accrued \$435,228 unearned insurance fees and \$68,978,686 unearned insurance premiums, as shown below, which will be allocated to income each month as they are earned.

	•		
	Deferred fee income	Deferred premium income	Total deferred fee and premium income
Title I Insurance Fund		\$21, 558, 781	\$21, 558, 781
Fund		369, 808	369, 808
Fund	\$285, 172	30, 997, 161 2, 885, 145	30, 997, 161 3, 170, 317
Sec. 220 Housing Insurance Fund	63, 055	469, 900	532, 955
Fund Servicemen's Mortgage Insur-	13, 593	101, 947	115, 540
ance Fund		744, 174 8, 430, 968	744, 174 8, 430, 968
gage Insurance Fund	73, 408	2, 354, 246	2, 427, 654
National Defense Housing In- surance Fund	•	1, 066, 556	1, 068, 558
Total	435, 228	68, 978, 686	69, 413, 914

## Combined Income, Expenses, and Losses, All FHA Funds

Total income from all sources during the fiscal year 1959 amounted to \$190,696,729, while total expenses and insurance losses amounted to \$74,522,810, leaving net income, before adjustment of valuation allowances, of \$116,173,919. Decreases in valuation allowances for the year amounted to \$9,804,271, leaving \$125,978,190 net income for the period. Cumulative income from June 30, 1934, through June 30, 1959, was \$1,695,809,604,

and cumulative expenses were \$705,150,083, leaving net income of \$990,659,521 before adjustment of valuation allowances.

STATEMENT 2.—Combined statement of income and expenses for all FHA funds through June 30, 1958 and June 30, 1959

==00	June 30, 1934 to	July 1, 1958 to	June 30, 1934 to
	June 30, 1958	June 30, 1959	June 30, 1959
Income:			
Interest and dividends: Interest on U.S. Government securities Interest on mortgage	<b>\$</b> 98, 378, 313	<b>\$</b> 15, 852, 100	\$114, 230, 413
notes and contracts for deed	179, 840	16, 294	196, 134
notes Interest—Other	7, 762, 991 25, 242, 610	1, 182, 349 7, 538, 928	8, 945, 340 32, 781, 538
Dividends on rental hous- ing stock	21, 531	3,867	25, 398
	131, 585, 285	24, 503, 538	156, 178, 823
Insurance premiums and fees:			
Premiums	1, 142, 166, 918 229, 224, 336	143, 155, 852 22, 483, 411	1, 285, 322, 770 251, 707, 747
	1, 371, 391, 254	165, 639, 263	1, 537, 030, 517
Other Income:			
Profit on sale of invest- ments  Miscellaneous income	1, 463, 254 673, 082	463, 928	1, 463, 254 1, 137, 010
	2, 136, 336	463, 928	-
Total income	1, 505, 112, 875	190, 696, 729	<del></del>
Expenses:			= = = = = = = = = = = = = = = = = = = =
Interest expenses: Interest on funds advanced by U.S. Treasury	20, 385, 529		20, 385, 529
Administrative expenses:			<del> </del>
Administrative expenses: Operating costs (includ- ing adjustments for prior years)	500, 629, 676	1 53, 028, 09	2 553, 657, 768
Other expenses:			
Depreciation on furniture and equipment Miscellaneous expenses	_ 2, 557, 909	262, S05 11, 20-	2, 820, 718 460, 270
	3, 006, 975	274, 01	3 3, 280, 988
Losses and charge-offs: Loss on acquired security	52, 203, 87	15, 601, 11	3 67, 804, 992
Loss (or profit -) or equipment.	-31,82	7 –23, 26	-55, 988
Loss on defaulted Title notes	54, 433, 04	1 5, 642, 81	60, 075, 894
	106, 605, 09	3 21, 220, 70	05 127, 825, 798
Total expenses	630, 627, 27	3 74, 522, 8	10 705, 150, 083
Net income before adjus ment of valuation allow	t.		
ances	874, 485, 60	116, 173, 9	19 990, 659, 521
Increase (-) or decrease (4 in valuation allowance	-)		
Allowance for loss on loan	18		04 4 550 550
Allowance for loss on re	al -4,038,2	1	
Allowance for loss on mor gage notes acquired und	er		
Allowance for loss		1	' '
defaulted Title I notes.	-32, 703, 2	55 +3,852,1	-28, 851, 067
Net adjustment of val	u-1	05 +9,804,:	271 -138, 690, 434
ation allowances	-148, 494, 7	, ,,,,,,,,	

Excludes unfilled orders in the amount of \$160,450

#### ANALYSIS OF INSURANCE RESERVES

Heen back on this is	June 30, 1934 to June 30, 1958	July 1, 1958 to June 30, 1959	June 30, 1934 to June 30, 1959
Distribution of net income: Statutory reserve Participating Reserve: Balance at beginning of period. Adjustments during the	We chee	\$105, 715, 794	-111-12
Net income allocated for the period	\$188, 370, 997	31, 500, 000	\$219, 870, 997
Participations in mu-	188, 370, 997	137, 215, 794	219, 870, 997
tual earnings dis- tributed	-82, 655, 203	—11, 401, 713	<b>-94,</b> 056, 916
Balance at end of period.	105, 715, 794	125, 814, 081	125, 814, 081
Insurance reserve: Balance at beginning of period. Adjustments during the		537, 619, 900	
Net income for the period	537, 619, 900	94, 478, 190	632, 098, 090
	537, 619, 900	632, 098, 090	632, 098, 090
Capital contributions to other FHA insurance funds	-20, 310, 000		-20, 310, 000
other FHA insurance funds	20, 310, 000		20, 310, 000
Balance at end of period.	537, 619, 900	632, 098, 090	632, 098, 090
Total reserves at end of period	643, 335, 694	757, 912, 171	757, 912, 171

#### Contributed Capital

Contributed capital of \$20,310,000, representing funds transferred from earnings of insurance funds to establish other insurance funds and transfers under the provisions of Section 219 of the National Housing Act, as amended, is added to or deducted from the insurance reserves of the insurance funds affected. An analysis of capital contributions at December 31, 1959 is shown in Statement 3.

#### General Mortgage Insurance Authorization

The general mortgage insurance authorization established under Section 217 of the National Housing Act, as amended, provides that the aggregate amount of principal obligations of all mortgages which may be insured and outstanding at any one time under insurance contracts or commitments to insure pursuant to any section or title (except Section 2 and Section 803) shall not exceed the sum of (a) the outstanding principal balances, as of July 1, 1956, of all insured mortgages (without taking into account prepayments or delinquencies), (b) the principal amount of all out-

STATEMENT 3.—Analysis of capital contributions to FHA insurance funds from other FHA insurance funds as of Dec. 31, 1959

	Capital cor	ntributions	Total con- Contributions		Contributed
Fund	To establish insurance funds	Pursuant to Sec. 219	tributions	returned	capital
TITLE I HOUSING INSURANCE			_	***	
From: Title I Insurance	\$1,000,000.00		\$1,000,000.00		\$1,000,000.00
From: Mutual Mortgage Insurance National Defense Housing Insurance Housing Investment Insurance		\$3, 200, 000. 00 90, 000. 00	1,000,000.00 3,200,000.00 90,000.00	-\$3, 200, 000. 00 - 00, 000. 00	1,000,000.00
War Housing Insurance		4, 400, 000. 00	4, 400, 000, 00		
Total	1, 000, 000. 00	7, 690, 000. 00	8, 690, 000. 00	-3, 290, 000, 00	5, 400, 000. 00
SECTION 220 HOUSING INSURANCE  From: War Housing Insurance	1, 000, 000. 00	ill be	1,000,000.00		1, 000, 000. 00
SECTION 221 HOUSING INSURANCE From: War Housing Insurance	1,000,000.00	7200.11	1, 000, 000. 00		1,000,000.00
SERVICEMEN'S MORTGAGE INSURANCE					-
From: War Housing Insurance.	1, 000, 000. 00	•••	1, 000, 000. 00		1, 000, 000. 00
HOUSING INVESTMENT INSURANCE  From: National Defense Housing Insurance War Housing Insurance To: Housing Insurance	t	1, 000, 000. 00 910, 000. 00 —90, 000. 00	1, 000, 000. 00 910, 000. 00 —90, 000. 00	—1, 000, 000. 00 90, 000. 00	910,000.00
Total		1, 820, 000. 00	1, 820, 000. 00	-910, 000. 00	910, 000. 00
ABMED SERVICES HOUSING MORTGAGE INSURANCE	11 3 4 4 W	4	4.2		
From: War Housing Insurance		1, 900, 000. 00	1, 900, 000. 00	1, 900, 000. 00	
NATIONAL DEFENSE HOUSING INSURANCE	1,42		,		
Prom: War Housing Insurance. To: Housing Insurance. Housing Investment Insurance.		-3, 200, 000, 00 -1, 000, 000, 00	10,000.000.00 -3,200,000.00 -1,000,000.00	3, 200, 000. 00 1, 000, 000. 00	10, 000, 000. 00
Total		-4, 200, 000.00	5, 800, 000. 00	4, 200, 000. 00	10, 000, 000. 00
Total all funds		7, 210, 000. 00	22, 210, 000. 00	-1,900,000.00	20, 310, 000. 00

standing commitments to insure as of July 1, 1956, and (c) \$15,000,000,000. This general insurance authorization applies to all mortgage insurance programs except new insurance written under Title VIII pursuant to commitments issued on or after August 11, 1955. The total amount of the general mortgage insurance authorization at December 31, 1959 was as follows:

Outstanding principal balance at July 1, 1956	\$18 869 514 132
Commitments outstanding at July 1, 1956	3 914 479 464
Additional authorized amount	¹ 15, 000, 000, 000

The status of the general mortgage insurance authorization at December 31, 1959 is shown in Statement 4 below.

STATEMENT 4.—Status of general mortgage insurance authorization as of Dec. 31, 1959

	Estimated outstanding balance of insurance in force	Outstanding commitments and statements of eligibility	,3
Sec. 217 general mortgage insurance authorization. Title I, Sec. 8	\$144, 163, 055		\$37, 783, 993, 600
Title II: Sec. 203 Secs. 207-210 Soc. 213 Sec. 220 Sec. 221 Sec. 221 Sec. 221 Sec. 221	21, 268, 225, 943 594, 136, 304 582, 406, 468 214, 265, 649 142, 611, 862 828, 956, 725 2, 066, 700	\$2, 964, 279, 706 149, 881, 700 85, 052, 750 38, 670, 420 56, 311, 532 51, 226, 008 8, 539, 100	
Title VI:	23, 632, 759, 641 822, 740, 678	3, 356, 961, 216	
Sec. 608. Sec. 610 (Sec. 603) Sec. 610 (Sec. 608) Sec. 611	2, 318, 281, 831 6, 997, 866 4, 031, 879 397, 339	***************************************	Die int
	3, 152, 458, 593		to the said
Title VIII, Sec. 803 (prior to Aug. 11, 1955):	565, 852, 003		10 May 13
Title IX: Sec. 903 Sec. 908	352, 750, 760 41, 515, 279		d tout
in the second	394, 266, 048		al South
Total charges to Sec. 217	27, 889, 499, 340	3, 356, 961, 216	31, 246, 460, 550
Unused insurance authorization	75(1 F	101.1.1.11	6, 537, 533, 044

## Cost Certifications on Multifamily Projects

To prevent the possibility of the builder's "mortgaging out" on multifamily housing projects financed with FHA insured mortgages, the mortgagor is now required to certify, before final endorsement of the mortgage for insurance, to the actual cost of the project, and, if the mortgage amount is more than the statutory ratio applied to such actual costs as recognized by FHA, the

mortgage amount must be correspondingly reduced.

During 1959 cost certifications were received on completed multifamily housing projects and the mortgages insured by the Federal Housing Administration as follows:

	Num- ber	Costs certi- fied and recognized	Amount insured
Sec. 207	55 15 22 8	\$61, 457, 794 25, 627, 156 59, 597, 851 11, 268, 757	\$53, 233, 68 23, 134, 76 50, 712, 80 11, 182, 98
Total	100	157, 951, 558	138, 264, 23

#### TITLE I: PROPERTY IMPROVEMENT LOANS

### Loans Insured and Claims Paid

Operations under Section 2 of Title I cover the insurance of qualified institutions against loss on loans made to finance the alteration, repair, and improvement of existing structures, and loans not exceeding \$3,500 for the construction of new non-residential structures.

Loans aggregating 23,402,690 in number and \$12,497,271,641 in amount (net proceeds) had been reported for insurance and 663,626 claims had been paid for \$229,716,479 under this section through December 31, 1959. The amount of total claims paid represents approximately 1.84 percent of the total net proceeds of loans insured, as shown in Statement 5.

In the calendar year 1959, 1,096,635 loans were insured for an aggregate of \$996,642,053, and 19,865 claims were paid for \$10,088,647.

#### Recoveries

Upon payment of insurance claims, the notes and other claims against the borrowers become the property of the Federal Housing Administration for collection or other disposition.

Real properties acquired are managed and sold by the Property Management Division of the Federal Housing Administration, which also handles the acquisition, management, and disposal of real properties acquired under the various other FHA insurance programs.

Through December 31, 1959, there had been acquired under the terms of insurance a total of 589 real properties at a total cost of \$1,663,873. All properties acquired had been sold at a net loss of \$130,682, including all expenses (such as taxes, repairs, and sales commissions) incurred by FHA in acquiring, managing, and disposing of the properties.

Insurance losses through December 31, 1959 amounted to \$104,420,533. These losses represent 0.84 percent of the total amount of loans insured (\$12,497,271,641). A summary of transactions through December 31, 1959, follows:

	Net proceeds	0.100	Reco	veries	Lo	sses	Net notes in
Calendar years	of notes insured	Insurance claims paid	Cash on notes and sale of equipment	Real prop- erties	On real properties and equipment	On defaulted notes <sup>1</sup>	process of collection at Dec. 31, 1959
1931-39	3, 086, 327, 627 700, 224, 528 706, 962, 734 848, 327, 393 1, 334, 287, 124 890, 606, 372 645, 644, 843 691, 991, 502	\$23, 967, 882 68, 292, 898 18, 168, 052 12, 164, 740 11, 524, 344 14, 995, 408 21, 047, 414 17, 648, 408 12, 241, 718 9, 725, 663 9, 551, 305 10, 088, 647	\$4,739,788 28,442,867 5,187,283 6,510,539 7,202,922 7,533,730 6,949,184 8,534,101 9,363,273 9,115,263 7,612,859 7,310,903	\$770, \$72 21, 580 200, 930 256, \$07 72, 172 13, 564 13, 759 10, 374 38, 927 4, 859 -310	\$3, 779, 748 578, 793 -706 9, 442 8, 973 -5, 689 1, 190 4, 648 -4, 542 -69, 207 -198	35, 553, 660 8, 636, 224 8, 534, 967 5, 683, 450 7, 418, 982 10, 484, 346 8, 217, 259 1, 883, 867 6, 042, 735 2, 167, 427	
Totals	12, 497, 271, 641	229, 716, 479	108, 502, 832	1, 403, 534	4, 441, 185	99, 979, 348	15, 389, 580
Percent to claims paid		100.000	47. 233	. 611	1. 933	43. 523	6, 700

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Notes.—In addition to the above recoveries, \$11,819,252 interest and other income on outstanding balances of Title I notes, and \$24,710 interest on mortgage notes had been collected through Dec. 31, 1959.

Included in the losses is \$3,979,705 representing the cost (claim amount)

Title 1 Insurance Fund

The Title I Insurance Fund was established by amendment of June 3, 1939 to the National Housing Act for the purpose of carrying out the provisions of Title I (Section 2) on insurance granted on and after July 1, 1939. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

Section 2(f) of the Act provides that moneys in the Title I Insurance Fund shall be available for defraying the operating expenses of the Federal Housing Administration under this title, and any amounts which are not needed for such purpose may be used for the payment of claims in connection with the insurance granted under this title. Section 2(f) of the Act as amended August 2, 1954 provides that moneys in this fund not needed for current operations may be invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the U.S. Government. During the fiscal year 1959, net investments amounting to \$7,660,000 (principal amount) were made for the account of this fund, and at June 30, 1959 the fund held bonds in the principal amount of \$77,189,000 yielding 2.91 percent, as shown in the following table.

Since the establishment of the Title I Insurance Fund, all operating expenses have been paid out of earnings of the fund, and since July 1, 1944 of equipment repossessed by FHA and subsequently transferred to other Government agencies for their use and without the exchange of funds.

'Includes reserve for losses on defaulted Title I notes in process of collection at Dec. 31, 1959, in the amount of \$27,027,265.

Investments of the Title I Insurance Fund, June 30, 1959

Series	Interest rate (percent)	Purchase price	Par value	Book value (amor- tized)
1959 1960 1960 1960 1961 1961 1961 1962 1962 1962 1962 1964 1964 1965	3½ 2½ 2½ 3½ 3½ 35% 2 3% 4 3 25% 3	\$3,000,000 5,400,000 1,348,102 5,909,102 343,875 399,500 23,179,000 3,870,937 11,603,000 4,172,066 16,127,142 1,302,437 76,655,161	\$3,000,000 5,400,000 1,350,000 5,950,000 350,000 400,000 23,179,000 3,800,000 11,600,000 16,710,000 1,300,000 77,189,000	\$3,000,000 5,409,000 1,340,221 5,930,836 346,176 399,621 23,179,000 3,851,806 11,002,069 4,169,981 16,152,980 1,302,203

<sup>1</sup> Average annual yield 2.91 percent.

all insurance claims relating to this fund have been paid out of accumulated earnings and recoveries in the fund. Prior to July 1, 1944, a portion of the insurance claims was met from income and recoveries, while the remainder was paid from funds advanced by the Federal Government.

The total insurance reserve of the Title I Insurance Fund as of June 30, 1959, as shown in Statement 6, was \$78,510,545, consisting entirely of earnings. In accordance with Public Law 5, 83d Congress, approved March 10, 1953, the amount of capital contributed to this fund by the U.S. Government, \$8,333,314, was established as a liability of the fund as of June 30, 1953. On July 1, 1953, the entire amount was repaid and the liability liquidated.

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STATEMENT 6.—Comparative statement of financial condition, Title I Insurance Fund as of June 30, 1958 and June 30, 1959

*** *** *** **************************	June 30, 1958	June 30, 1959	Increase or decrease (-)
ASSETS	-		5 0
Cash with U.S. Treasury	\$1, 785, 774	<b>\$5,</b> 264, 718	\$3, 478, 942
Investments: U.S. Govern- ment securities (amortized)	69, 590, 025	76, 699, 893	7, 109, 868
Loans receivable: Mortgage notes and contracts for deed Less allowance for losses	415, 922 6, 238	367, 657 5, 515	-48, 265 -723
Net loans receivable	409, 684	362, 142	-47, 542
Accounts and notes receivable:	100, 001	002, 112	11,012
Accounts receivable—Insur- ance premiums.  Accounts receivable—Inter- fund.	1, 979, 643 203, 512	2, 252, 292 220, 044	272, 649 16, 532
Total accounts and notes	1200,012	220,011	10,002
receivable	2, 183, 155	2, 472, 336	289, 181
Accrued assets: Interest on U.S. Government securities Other	279, 678 2, 398	462, 468 3, 102	182, 790 704
Total accrued assets	282, 076	465, 570	183, 494
Acquired security: Real estate (at cost plus expenses to date) Less allowance for losses	10, 844 2, 077		-10, 844 -2, 077
Net real estate	8, 767		-8, 767
Defaulted Title I notes Less allowance for losses	47, 534, 240 32, 703, 255	44, 615, 529 28, 851, 667	-2, 918, 711 -3, 852, 188
Net defaulted Title I notes	14, 830, 985	15, 764, 462	933, 477
Net acquired security	14, 839, 752	15, 764, 462	924, 710
Total assets	89, 000, 466	101, 029, 119	11, 938, 653
Accounts payable: Bills payable to vendors and Government agencies.	1, 017, 513	943, 685	-73, 828
Trust and deposit liabilities: Deposits held for mortgagors, lessees and purchasers	9, 887	8, 944	-943
Deferred and undistributed credits: Unearned insurance premiums	20, 438, 843 8, 079	21, 558, 781 7, 164	1, 119, 938 915
Total deferred and undis- tributed credits	20, 446, 922	21, 565, 945	1, 119, 023
Total liabilities	21, 474, 322	22, 518, 574	1, 044, 252
RESERVE			
Insurance reserve-available for future losses and expenses	67, 616, 144	78, 510, 545	10, 894, 401
Total liabilities and re-	89, 090, 468	101, 029, 119	11, 938, 653

For the fiscal year 1959, Title I Insurance Fund income totaled \$17,318,096, while expenses and losses amounted to \$10,452,536, leaving \$6,865,560 net income before adjustment of valuation allowances. After the valuation allowances were decreased by \$3,854,988, there remained \$10,720,548 net income for the year.

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STATEMENT 7.—Income and expense, Title I Insurance Fund, through June 30, 1958 and June 30, 1959

<u> </u>			
	June 3, 1939	July 1, 1958	June 3, 1939
100	June 30, 1958	June 30, 1959	June 30, 1959
Income:			
Interest and dividends: Interest on U.S. Govern-	l		
ment securities	\$4, 349, 264	\$2, 078, 266	\$6, 427, 530
Interest on mortgage notes and contracts for deed	179, 840	16, 294	196, 134
Interest and other income on defaulted Title I notes.	7, 762, 991	1, 182, 349	8, 945, 340
	12, 292, 095	3, 276, 909	15, 569, 004
Insurance premiums and fees:			
Premiums Fccs	184, 218, 504 369, 304	14,040,789	198, 250, 293 369, 304
	184, 587, 808	14, 040, 789	198, 628, 597
Other income: Miscellaneous			700,020,001
income	32, 600	398	32, 998
Total income	196, 912, 503	17, 318, 096	214, 230, 599
Expenses:			
Administrative expenses: Op- erating costs (including			
adjustments for prior years).	40, 382, 075	4, 775, 514	41, 984, 448
Other expenses: Depreciation on furniture			
and equipment	237, 997 390, 732	23, 364 10, 867	260, 599 401, 599
	628, 729	34, 231	662, 198
Losses and charge-offs:			
Loss on acquired security— properties	101 735	1,976	103 711
Loss on equipment. Loss on defaulted Title I	101, 735 39, 209	-2,068	103, 711 37, 221
notes	54, 433, 041	5, 642, 853	60, 075, 894
12	54, 573, 985	5, 642, 761	60, 216, 826
Total expenses	95, 584, 789	10, 452, 536	105, 863, 472
Net income before adjust-			1-1
ment of valuation al- lowances	101, 327, 714	6, 865, 560	108, 367, 127
Increase (-) or decrease (+) in		<del> </del>	
valuation allowances: Allowance for loss on loans	-		
receivable. Allowance for loss on real	-6, 238	+723	-5, 515
estate	-2.077	+2,077	'
faulted Title I notes	_ 32, 703, 255	+3, 852, 188	-28, 851, 067
Net adjustment of valua- tion allowances	-32,711,570	+3, 854, 988	-28, 856, 582
Net Income	68, 616, 144		-
ANALYSIS OF	)	D DECEDA	1
ANALISIS OF	INSURAN	L RESERV	<u>.                                      </u>
Distribution of net income: Insurance reserve:	-		= = 0.1
Balance at beginning of period		67, 616, 14	4
Adjustments during the period.		173, 85	1
Net income for the period.	68, 616, 144	10, 720, 54	8 79, 510, 545
Capital contributions to	68, 616, 14	78, 510, 54	5 79, 510, 545
other FHA insurance	-1, 000, 000	,	-1,000,000
Balance at end of period.	67, 616, 14	78, 510, 54	5 78, 510, 54

#### Title I Insurance Authority

An amendment to Section 2(a) of the National Housing Act approved April 20, 1950 provides for a revolving type of insurance authorization. Section 2(a) of the Act, as amended, provides that the aggregate amount of obligations that may be outstanding at any one time shall not exceed \$1,750 million. The status of the Title I, Section 2 insurance authority as of December 31, 1959 is given below:

Status of Title I insurance authorization, as of Dec. 31, 1959

Insurance authorization.		\$1, 750, 000, 000
Charges against insurance authorization: Estimated outstanding balance of		
insurance in force:		
Reserve of July 1, 1947	\$6, 435, 794	
ing 83,429 loan reports in process).	1, 546, 635, 516	
Total charges against authori-		" and 1 (1)
zatlon		1, 553, 071, 310
Unused insurance authorization	r	196, 928, 690

### Title I Insurance Liability

The maximum amount of claims that a qualified institution may present for payment is limited to 10 percent of the eligible loans reported by that institution for insurance. Section 2(a) of the Act, as amended August 2, 1954, provides that, with respect to any loan, advance of credit, or purchase made after the effective date of the Housing Act of 1954, the amount of any claim for loss on such individual loan, advance of credit, or purchase paid by the Commissioner under the provisions of this section to a lending institution shall not exceed 90 percent of such loss. The coinsurance provision of Title I became effective October 1, 1954, and from that date the lender is required to bear 10 percent of the loss sustained on any one loan. As of December 31, 1959, the maximum possible liability of the Title I Insurance Fund for claims was \$359,895,509.

Insurance reserves under Title I, established, released, and outstanding at Dec. 31, 1959, as provided under Secs. 2 and 6, National Housing Act

Ttem	Gross reserves established	Reserves released	Annual reserve adjustments	Claims paid	Outstanding contingent liability
Insurance reserves: Section 2: 20 percent, original act 10 percent, amendment Apr. 3, 1936 10 percent, amendment Feb. 3, 1938 10 percent, amendment June 3, 1939 10 percent, reserve of July 1, 1944 10 percent, reserve of July 1, 1947 10 percent, reserve of Mar. 1, 1930 Estimated loan reports in process	27, 302, 148 86, 068, 194 85, 450, 557 163, 058, 938 837, 263, 413 7, 683, 911	\$50, 769, 729 10, 647, 672 18, 041, 547 65, 650, 691 61, 219, 350 110, 347, 160	\$384, 184, 539	\$15, 561, 780 6, 609, 891 9, 260, 601 20, 417, 503 24, 231, 207 46, 275, 984 107, 303, 070	\$6, 435, 794
Section 6: 20 percent, amendment Apr. 22, 1937	297, 366 11, 913	246, 498 6, 339		50, 868 5, 574	
Total	1, 290, 725, 512	316, 928, 986	384. 184, 539	229, 716, 478	359, 895, 509

#### Title I Claims Account

In accordance with Public Law 560, 83d Congress, approved August 2, 1954, the Title I Claims Account was terminated as of August 1, 1954 and the remaining assets transferred to and merged with the Title I Insurance Fund.

Through August 1, 1954, the Federal Government had advanced a total of \$38,243,525 to cover operations under Title I (Section 2) on insurance granted prior to July 1, 1939. Of this amount, \$6,613,811 had been advanced for salaries and expenses and the remaining \$31,629,714 for the payment of insurance claims and loans to insured institutions. In addition, \$2,330,360 had been collected as interest and other income, making a total of \$40,573,885 accountable funds.

Funds accounted for at August 1, 1954 amounted to \$40,541,285: \$19,218,917 representing recoveries and interest on claims deposited in the general fund of the Treasury, and \$21,322,368 representing expenses and losses, leaving a balance of \$32,600 for transfer to the Title I Insurance Fund. This balance was represented by the net assets on hand at August 1, 1954, which consisted of \$798

real property and \$31,802 accounts and notes receivable.

### TITLE I HOUSING INSURANCE FUND

An amendment of April 20, 1950 to the National Housing Act (Public Law 475, 81st Cong.) created the Title I Housing Insurance Fund to be used by the FHA Commissioner as a revolving fund for carrying out the provisions of Section 8 of Title I of the Act. This section provides for the insurance of mortgages to assist families of low and moderate income, particularly in suburban and outlying areas. For the purposes of this fund, the Act authorized the Commissioner to transfer the sum of \$1 million from the Title I Insurance Fund. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

## Capital and Net Income (1996) And Income

Assets of the Title I Housing Insurance Fund at June 30, 1959 totaled \$5,925,486, against which there were outstanding liabilities of \$1,054,446, leaving \$4,871,040 insurance reserve. Included in the insurance reserve is the sum of \$1 million which was transferred from the Title I Insurance Fund in accordance with Section 8(h) of the Act.

STATEMENT 8.—Comparative statement of financial condition, Title I Housing Insurance Fund, as of June 30, 1958, and June 30, 1959

	June 30, 1958	June 30, 1959	Increase or decrease (—)
ASSETS			
Cash with U.S. Treasury	\$427,821	\$364, 145	<b>-\$</b> 63, 676
Investments: U.S. Government se- curities (amortized)	2, 186, 624	2, 075, 505	-111, 119
Loans receivable: Mortgage notes and contracts for deed	2, 131, 106 31, 967	2, 886, 121 43, 292	755, 015 11, 325
— Net loans receivable	2, 099, 139	2, 842, 829	743, 690
Accounts and notes receivable: Accounts receivable—Insurance premiums	12, 892 45 1, 306	27, 088 56 1, 734	14, 196 11 428
Total accounts and notes receiv-	14, 243	28, 878	14, 635
Accrued assets: Interest on U.S. Government securities Other	4, 899 11, 484	4, 870 14, 892	-29 3,408
Total accrued assets	16, 383	19, 762	3, 379
Acquired security:  Real estate (at cost plus expenses to date)  Less allowance for losses	796, 318 196, 956	869, 568 275, 201	73, 250 78, 245
Net acquired security	599, 362	594, 367	-4,995
Total assets	5, 343, 572	5, 925, 486	581, 914
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	4, 361	5, 474	1,113
Accrued liabilities: Interest on deben-	14, 568	12, 61	-1,950
Trust and deposit liabilities: Excess proceeds of sale. Deposits held for mortgagors, lessees and purchasers.	31, 578		
Total trust and deposit liabili-	ļ	-	
tles	65, 067	57,76	8 -7,309
Deferred and undistributed credits: Uncarned insurance premiums Other	390, 020 11, 677	360, 80 15, 53	18 -29, 212 3, 861
Total deferred and undis- tributed credits	410, 697	385, 34	-25, 351
Bonds, debentures, and notes payable Debentures payable	651, 750	503, 2	50 —58, 500
Total liabilities	1, 146, 44	3 1,054,44	-91, 997
RESERVE		100	
Insurance reserve available for future losses and expenses	4, 197, 12	9 4, 871, 0	673, 911
Total liabilities and reserve	5, 343, 57	2 5, 925, 4	581, 914
Certificates of claim relating to properties on hand	41,00	9 47, 7	6, 696

The total income of the Title I Housing Insurance Fund for fiscal year 1959 amounted to \$955,207 and expenses and losses totaled \$194,277, leaving net income of \$760,930 before adjustment

of the valuation allowances. The valuation allowances were increased \$89,570 resulting in a net income of \$671,360 for the year.

STATEMENT 9.—Income and expenses, Title I Housing Insurance Fund, through June 30, 1958 and June 30, 1959

0. 16, 1. 00, 2. 000, 0.0	April 20, 1950 to June 30, 1958	July 1, 1958 to June 30, 1959	April 20, 1950 to June 30, 1959
icome: Interest and dividends:		12	
Interest on U.S. Govern- ment securities Interest—Other	\$287, 224 90, 028	\$51,732 77,739	\$338, 956 167, 767
em 1,4	377, 252	129, 471	506, 723
Insurance premiums and fees: Premiums Fees.	4, 430, 518 1, 664, 197	822, 478	5, 252, 996 1, 664, 197
1	6, 094, 715	822, 478	6, 917, 193
Other income: Miscellaneous income	1, 578	3, 258	4, 836
Total income	6, 473, 545	955, 207	7, 428, 752
Expenses: Administrative expenses: Operating costs (including adjustments for prior years)	2, 801, 314	101, 433	2, 900, 206
Other expenses: Deprecia- tion on furniture and equipment	13, 159	578	13, 726
Losses and charge-offs: Loss on acquired security Loss (or profit —) on equipment	233, 140 -120		
1.75 1.65	233, 02		8 325, 287
Total expenses	3, 047, 49	3 194, 27	7 3, 239, 219
Net income before adjustment of valuation allowances	3, 426, 05	2 760, 93	4, 189, 533
Increase (-) or decrease (+) in valuation allowances: Allowance for loss on loan receivable.  Allowance for loss on rea estate.	3		+
Net adjustment of value	-228, 9	23 -89, 5	70 -318, 493
Net income	3, 197, 1		80 3, 871, 040
ANALYSIS O	r insural	ICE RESER	VE
Distribution of net income:	74.4	-1 00.0	arthris.
Insurance reserve:  Balance at beginning period	of le	4, 197, 1	1
period		671,	3, 871, 040
Capital contributions from	3, 197, 1	29 4, 871, 0	3, 871, 040
other FHA insurant	1,000,0	000	1,000,000
Balance at end of period	4, 197,	129 4, 871,	040 4, 871, 04

#### Investments

Section 8(i) of the Act provides that moneys in the Title I Housing Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to

principal and interest by, the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under the fund, provided that such purchases are made at prices that will produce an investment vield of not less than the yield obtainable from other authorized investments. During fiscal year 1959, \$276,000 of debentures were redeemed in payment of mortgage insurance premiums and \$698,050 were redeemed by debenture calls. During the fiscal year 1959, net redemptions of investments amounting to \$110,000 (principal amount) were made for the account of this fund, and at June 30, 1959 the fund held U.S. Government securities in the principal amount of \$2,070,000 vielding 2.37 percent as follows:

Investments of the Title I Housing Insurance Fund, June 30, 1959

Series	Interest rate (percent)1	Purchase price	Par value	Book value (amor- tized)
1959 1960 1961 1961 1963 1964 1967–72	2 2 2 2 3 2½	\$49, 566 30, 000 500, 000 190, 000 351, 383 958, 367	\$50,000 30,000 500,000 190,000 350,000 950,000	\$49, 643 30, 000 500, 000 190, 000 351, 360 954, 502
		2, 079, 316	2, 070, 000	2, 075, 505

<sup>1</sup> Average annual yield 2.37 percent.

## Properties Acquired Under the Terms of Insurance

During the calendar year 1959, 155 properties insured under Title I, Section 8, were acquired by the Commissioner under the terms of insurance. Through December 31, 1959, a total of 798 homes had been acquired under the Title I Housing Insurance Fund at a total cost of \$4,979,601, and 660 had been sold at prices which left a net charge against the fund of \$425,628, or an average of \$645 per case.

STATEMENT 10.—Statement of profit and loss on sale of acquired properties, Title I Housing Insurance Fund, through Dec. 31, 1959

Items	Total TIHI Fund (660 properties)
Proceeds of sale: Sales price !	\$3, 688, 538 161, 115
Net proceeds of sales	3, 527, 423
Income: Rental and other income (net) Mortgage note income. Recovery prior to acquisition on defaulted notes	12, 215 321, 465 5, 088
Total income	338, 768
Total proceeds of sold properties	3, 868, 191

STATEMENT 10.—Statement of profit and loss on sale of acquired properties, Title I Housing Insurance Fund, through Dec. 31, 1959—Continued

Itoms	Total TIHI Fund (660 properties)
Expenses:	
Debentures and cash adjustments	\$3, 585, 157
Asset value acquired after default of purchase money	-37, 706
mortgages	315, 943
Taxes and insurance	59, 471
Additions and improvements.	
Maintenance and operating expense.	283, 882
Service charge	25, 284
Miscellaneous	697
Total expenses	4, 233, 393
Net profit (or loss —) before distribution of liquidation profits. Less distribution of liquidation profits:	-367, 202
Certificates of claim	33, 955
Increment on certificates of claim	1,036
Refunds to mortgagors	
Loss (-) to Title I Housing Insurance Fund	-425, 628

Terms of sales	Number of prop- erties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash Properties sold for cash and	34		\$96, 028		\$96, 028
notes (or con- tracts for deed).	626	626	187, 245	\$3, 405, 265	3, 592, 510
Total	660	626	283, 273	3, 405, 265	3, 688, 538

The turnover of Section 8 properties acquired and sold, by calendar year, is given below:

STATEMENT 11.—Turnover of properties acquired under Sec. 8 of Title I contracts of insurance by years, and cumulative through Dec. 31, 1959

Properties sold, calendar years							Proper- ties on			
Year	Num- ber	1952	1953	1954	1955	1956	1957	1958	1959	hand Dec. 31, 1959
1952	2 55 25 46 141 219 155 1 <b>5</b> 5		7	1 46 8	1 14 10	2 25 75	1 -1 48 114	11 77 78	-1 -2 -5 58 82	2 14 7 23 19 73
Total	798		7	55	26	102	162	166	142	138

Note.—On the 660 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 5.98 months. The number of properties sold has been reduced by 12 properties repossessed because of default on mortgage notes. Of these repossessed properties, 6 had been sold by Dec. 31, 1959.

On December 31, 1959, there remained on hand 138 properties insured under the Title I Housing Insurance Fund. The cost of these properties was:

Title I Housing Insurance Fund, statement of properties on hand at Dec. 31, 1959

	Title I, Sec. 8 (138 properties)
Expenses: Acquisition costs Interest on debentures. Taxes and insurance. Maintenance and operation. Additions and improvements. Miscellaneous.	\$776, 095 45, 045 32, 693 29, 817 36 466
Total expenses	884, 152
Income: Rent and other income (net)	18, 717
Net acquired security on band	865, 435

Section 8 of the Act provides that if the net amount realized from any property acquired by FHA under the terms of insurance with respect to which Section 8 is applicable, after deducting all expenses incurred in handling, dealing with, and disposing of such property, exceeds the face value of debentures issued and cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be applied to the certificate of claim issued to the mortgagee, and any excess remaining after paying the certificate of claim and increment thereon shall be refunded to the mortgagor.

gagor.
Certificates of claim issued in connection with the 660 Section 8 properties which had been acquired and sold through 1959 totaled \$201,524. The amount paid or to be paid on these certificates of claim totaled \$33,955, and certificates of claim totaling \$167,569 had been or will be canceled.

In addition, there were excess proceeds on 129 of the 660 properties sold, amounting to \$23,435, for refund to the mortgagors.

## TITLE II: MUTUAL MORTGAGE INSURANCE FUND

The Mutual Mortgage Insurance Fund was established by Section 202 of the National Housing Act of June 27, 1934 as a revolving fund for carrying out the provisions of Title II with respect to insurance under Section 203 (mortgages on 1-to 4-family homes) and Section 207 (rental housing projects). An amendment to the Act approved February 3, 1938 established the Housing Insurance Fund to carry the insurance on rental housing projects insured under Section 207 after that date.

In accordance with Section 202 of the Act, the Mutual Mortgage Insurance Fund was originally allocated the sum of \$10 million by the Federal Government. It has been credited with all income received with respect to insurance granted under Section 203, and that received with respect to insurance granted prior to February 3, 1938 under Section 207.

Prior to the amendment of August 2, 1954, Section 205 of the Act, as amended, provided that

mortgages insured under Section 203 should be classified into groups in accordance with sound actuarial practice and risk characteristics. Each group account was credited with the income and charged with the expenses and losses of the mortgages in the group. If such income exceeded the expenses and losses, the resultant credit balance was distributed in the form of participation payments to mortgagors of the group upon payment in full of their mortgages, or upon termination of the group account, except that a mortgagor might not receive an amount in excess of the aggregate scheduled annual premiums to the year of termination of the insurance.

The General Reinsurance Account was established by Section 205 (b) of the Act and, in accordance with this section, was credited with the original allocation of \$10 million provided by

Section 202 of the Act.

An amendment to Section 205 of the Act approved August 2, 1954 directed the Commissioner to establish as of July 1, 1954, a General Surplus Account and a Participating Reserve Account. The balance of the General Reinsurance Account, amounting to \$64,198,363, was transferred to the General Surplus Account, whereupon the General Reinsurance Account was abolished. There was transferred from the various group accounts to the Participating Reserve Account as of July 1, 1954 \$56,387,716, an amount equal to the aggregate amount which would have been distributed under the provisions of Section 205 in effect on June 30, 1954 if all outstanding mortgages in the group accounts had been paid in full on that date. All of the remaining balances of the group accounts, in the amount of \$71,371,016, were transferred to the General Surplus Account, whereupon all of the group accounts were abolished. The aggregate net income received or net loss sustained by the Mutual Mortgage Insurance Fund in any semiannual period is credited or charged to the General Surplus Account and/or the Participating Reserve Account in such manner and amount as the Commissioner may determine to be in accord with sound actuarial and accounting practice. Upon termination of the insurance obligation of the Mutual Mortgage Insurance Fund by payment of any mortgage insured thereunder, the Commissioner is authorized to distribute to the mortgagor a share of the Participating Reserve Account in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound actuarial and accounting practice, except that a mortgagor may not receive an amount in excess of the aggregate scheduled annual premium to the year of termination of the insurance.

#### Capital

As of June 30, 1959, the assets of the Mutual Mortgage Insurance Fund totaled \$537,256,176, against which there were outstanding liabilities of

\$61,268,106, leaving \$475,988,070 insurance reserves.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the amount of capital contributed to this fund by the U.S. Government in the amount of \$41,994,095, \$10 million to establish the fund and \$31,994,095 for salaries and expenses, was established as a liability of the fund as of June 30, 1953. The principal liability of \$41,994,095, together with interest thereon in the amount of \$17,059,847, was repaid during fiscal year 1954, the final payment being made on March 11, 1954.

STATEMENT 12.—Comparative statement of financial condition, Mutual Mortgage Insurance Fund, as of June 30, 1958 and June 30, 1959

	June 30, 1958	June 30, 1959	Increase or decrease (-)
ASSETS			0
Cash with U.S. Treasury	\$9,064,116	\$15, 371, 630	\$6, 307, 514
Investments: U.S. Government securities (amortized). Other securities (stock in rental housing corpora-	419, 945, 475	458, 730, 104	38, 784, 629
tions)	100	100	•••••
Total investments	419, 945, 575	458, 730, 204	38, 784, 629
Loans receivable: Mortgage notes and contracts for deed	20, 420, 553 306, 308	25, 374, 111 380, 612	4, 953, 558 74, 304
Net loans receivable	20, 114, 245	24, 993, 499	4, 879, 254
Accounts and notes receivable: Accounts receivable—Insur- ance premiums. Accounts receivable—Other Accounts receivable—Inter-	1, 136, 527 391	1, 880, 725 596	744, 198 205
fund	1, 265, 844	1, 412, 773	146, 929
Total accounts and notes receivable.	2, 402, 762	3, 294, 094	891, 332
Accrued assets: Insurance premiums Interest on U.S. Government securities	5, 697, 816 1, 545, 546 97, 733	18, 455, 041 1, 837, 783 96, 836	12, 757, 225 292, 237 -897
Other	7, 341, 095	20, 389, 660	13, 048, 565
Acquired security:			1
Real estate (at cost plus expenses to date)  Less allowance for losses	16, 702, 072 6, 864, 762	22, 771, 435 8, 294, 346	6, 069, 363 1, 429, 584
Net acquired security	9, 837, 310	14, 477, 089	4, 639, 779
Total assets	468, 705, 103	537, 256, 170	68, 551, 073
LIABILITIES Accounts payable:	1 (a . <sub>1</sub>	ETAT	77
Bills payable to vendors and Government agencies	24, 422	482, 001	457, 579
Group account participations payable	3, 647, 544	4, 726, 408	1, 078, 864
Total accounts payable	3, 671, 966	5, 208, 409	1, 636, 443
ccrued liabilities: Interest on debentures.	551, 660	370, 655	-181,005
rust and deposit liabilities: Fee deposits held for future disposition	6, 405, 945 623, 479 362, 030	8, 769, 170 440, 742 399, 936	2, 363, 225 182, 737 37, 906
Total trust and deposit	7, 391, 454	9, 609, 848	2, 218, 394

STATEMENT 12.—Comparative statement of financial condition, Mutual Mortgage Insurance Fund, as of June 30, 1958 and June 30, 1959—Continued

	June 30, 1958	June 30, 1959	Increase or decrease (-)
LIABILITIES—continued			7,6
Deferred and undistributed credits:			
Uncarned insurance premi- umsOther	\$34, 441, 228 101, 253	\$30, 997, 161 102, 133	<b>-\$3, 444, 067</b>
Total deferred and undis- tributed credits	34, 542, 481	31, 099, 294	-3, 443, 187
Bonds, debentures, and notes payable: Debentures payable.	16, 456, 150	14, 979, 900	<b>←1, 476, 250</b>
Total liabilities	62, 613, 711	61, 268, 106	-1, 345, 605
RESERVES Statutory reserve—for participa-	7	negt.	(7)12.6
tion payments and future losses.  Insurance reserve—available for.	105, 715, 794	125, 814, 081	20, 098, 287
future losses and expenses	300, 375, 598	350, 173, 989	49, 798, 391
Total reserves	406, 091, 392	475, 988, 070	69, 896, 678
Total liabilities and re- serves	468, 705, 103	537, 256, 176	68, 551, 073
Certificates of claim relating to properties on hand	743, 413	939, 119	195, 706

## Income and Expenses

During fiscal year 1959 the income to the fund amounted to \$125,223,894, while expenses and losses amounted to \$42,159,438, leaving \$83,064,456 net income before adjustment of valuation allowances. After the valuation allowances had been increased \$1,503,888, the net income for the year was \$81,560,568.

The cumulative income of the Mutual Mortgage Insurance Fund from June 30, 1934 to June 30, 1959 amounted to \$986,669,594 and cumulative expenses amounted to \$406,949,650, leaving \$579,719,944 net income before adjustment of valuation allowances. After \$8,674,958 had been allocated to valuation allowances, the cumulative net income amounted to \$571,044,986.

STATEMENT 13.—Income and expenses, Mutual Mortgage Insurance Fund, through June 30, 1958 and June 30, 1959

longs of miles	June 30, 1934 to June 30, 1958	July 1, 1958 to June 30, 1959	June 30, 1934 to June 30, 1959
Income: Interest and dividends:	-+ (2) ()-	(14)	- 1/2 pj= - 1/1 = 45
Interest on U.S. Govern- ment securities Interest—Other Dividends on rental hous-	\$75, 694, 381 -24, 372	\$12, 299, 177 725, 343	\$87, 993, 558 700, 971
ing stock	286		286
Maria de la la la	75, 670, 295	13, 024, 520	88, 694, 818
Insurance premiums and fees: Premiums Fees	625, 250, 747 158, 619, 193	95, 176, 036 16, 934, 480	720, 435, 783 175, 553, 673
	783, 878, 940	112, 110, 516	895, 989, 456
Other income: Profit on sale of investments Miscellaneous income	1, <b>82</b> 9, 815 66, 650	88, 858	1, 829, 815 155, 508
Carlotte De Company Com-	1, 896, 465	88, 858	1, 985, 323
Total income	861, 445, 700	125, 223, 894	986, 669, 594

STATEMENT 13.—Income and expenses, Mutual Mortgage Insurance Fund, through June 30, 1958 and June 30, 1959—Continued

June 30, 1934 to June 30, 1958	July 1, 1958 to	June 30, 1934 to June 30, 1959
00, 100	7 ti 10 00, 1000	June 20, 1939
e17 050 947		\$17.050.047
\$17,009,047		\$17, 059, 847
341, 014, 771	\$40, 567, 421	381, 843, 341
1, 711, 394 17, 727	199, 262 —3	1, 911, 805 17, 724
1, 729, 121	199, 259	1, 929, 529
.4, 769, 408	1, 410, 396	6, 179, 803
-45, 112	-17, 637	62, 870
4, 724, 296	1, 392, 758	6, 116, 933
364, 528, 035	42, 159, 438	406, 949, 650
496, 917, 665	83, 064, 456	579, 719, 944
	- 24.5	
-306, 308	-74, 304	-380, 612
-6, 864, 762	-1, 429, 584	-8, 294, 346
-7, 171, 070	-1, 503, 888	-8, 674, 958
489, 746, 595	81, 560, 568	571, 044, 986
INSURANC	E RESERVE	
14	\$105, 715, 794	-κ.μ! 
\$188, 370, 997	31, 600, 000	\$219, 870, 997
188, 370, 997	137, 215, 794	219, 870, 997
-82, 655, 203	-11, 401, 713	-94, 056, 916
105, 715, 794	125, 814, 081	125, 814, 081
Territor 24	. 300, 375, 598	B (0) = 7
	-262, 177	
301, 375, 598	350, 173, 089	
	250 172 000	-1,000,000
406, 091, 392	475, 988, 070	475, 988, 07
	\$17,059,847  \$17,059,847  341,014,771  1,711,394 17,727  1,729,121  4,769,408 -45,112 4,724,296 364,528,035  496,917,665  -306,308 -6,864,702 -7,171,070 489,746,595  INSURANC  \$188,370,997 -82,655,203 105,715,794	\$17,059,847  \$17,059,847  \$17,059,847  \$40,567,421  1,711,394 17,727 1,727 1,729,121 199,259  4,769,408 -45,112 -17,637 4,724,296 1,392,758 364,528,035 42,169,438  496,917,665 83,084,456  -306,308 -74,304 -6,364,762 -1,429,584 -7,171,070 -1,503,888 489,746,595 81,560,568  INSURANCE RESERVE  \$105,715,794 \$188,370,997 31,600,000 188,370,997 137,215,794 -82,655,203 111,401,713 105,715,794 125,814,081 300,375,598 301,375,598 350,173,089

#### Investments

Section 206 of the Act provides that excess moneys in the Mutual Mortgage Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by,

the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under the fund, provided that such purchases are made at a price which will produce an investment yield of not less than the yield obtainable from other authorized investments.

During the fiscal year 1959, \$4,274,500 in debentures was redeemed in payment of mortgage insurance premiums and \$10,191,900 was redeemed by debenture calls or by reason of maturity.

Net purchases of U.S. Government securities made during the fiscal year increased the holdings of the fund by \$42,280,950 (principal amount). These transactions increased the average annual yield from 2.78 percent to 2.89 percent. On June 30, 1959, the fund held U.S. Government securities in the amount of \$465,344,350, principal amount, as follows:

Investments of the Mutual Mortgage Insurance Fund, June 30, 1959

Serles	Interest rate (percent)	Purchase price	Par value	Book value (amor- tized)
1959 1960 1961 1962 1962 1962 1962 1963 1963 1963 1963 1963 1963 1964 1964 1964	2)-2 2 33-4 4 2)-5 2)-5 21-5 21-5 3 21-5	16 636 870	\$2,000,000 32,700,000 43,550,000 15,109,000 8,100,000 5,000,000 3,500,000 27,300,000 16,400,000 63,225,000	\$2, 000, 000 32, 661, 510 42, 875, 887 15, 109, 000 8, 278, 379 9, 906, 337 5, 000, 000 3, 426, 846 5, 353, 270 16, 598, 387 60, 979, 714
1905-70	21/2	26, 089, 805 137, 244, 134 3, 227, 700	35, 900, 000 26, 700, 000 137, 567, 000 3, 227, 700 3, 265, 650	35, 399, 412 26, 256, 058 136, 952, 143 3, 227, 700 3, 265, 650

Average annual yield 2.89 percent.

## Properties Acquired Under the Terms of Insurance

One thousand eight hundred and twenty-eight homes insured under Section 203 were acquired by the Commissioner during the calendar year 1959 under the terms of insurance. Through 1959, a total of 11,835 homes had been acquired under the Mutual Mortgage Insurance Fund at a total cost of \$92,952,564. Statement 14 shows the turnover of Section 203 acquired properties since the acquisition of the first such property in 1936.

Through December 31, 1959, 9,058 acquired properties insured under Section 203 had been sold at prices which left a net charge against the fund of \$6,787,922, or an average of approximately \$749 per case. One Section 207 rental housing project, insured under the Mutual Mortgage Insurance Fund prior to February 3, 1938, was acquired and sold in 1941 at no loss to the fund.

STATEMENT 14.—Turnover of properties acquired under Sec. 203 of Title II contracts of insurance, by years, and cumulative through Dec. 31, 1959

Properties acquire	ı					Pro	perties s	old by ea	ılendar y	ears	_				Properties on hand
		1936-47	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	Dec. 31, 1059
1936-47 1948 1949 1950 1951 1952 1953 1954 1955	umber 4, 067 4 37 225 407 282 263 427 485	4, 067	2	2 17	19 65	- <b></b>	25 173 142	11 17 86 88	8 10 13 84 162	7 8 20 49 174 199	1 6 5 28 36 213	4 4 8 10 21 20	1 7 4	-1 7	1 2 1 34 37
956	1, 572 910 1, 328 1, 828	4, 067		19	84				277		279 	391 372 	50 273 501 845	51 34 337 648 1,076	801 231 490 1,180

Nors.—On the 9.058 properties sold the average time between acquisition and sale by the Federal Housing Administration was 7.42 months. The number of properties sold has been reduced by 78 properties repossessed because of default on mortgage notes. Of these repossessed properties, 54 had been sold by Dec. 31, 1959.

STATEMENT 15.—Statement of profit and loss on sale of acquired properties, Mutual Mortgage Insurance Fund, through Dec. 31, 1959

_ through Dec. 31, 1939	<u> </u>		
Item	Sec. 203 (9,058 properties)	Sec. 207 1 property (265 units)	Total MMI Fund (9,059 properties)
Proceeds of sales: Sales price ! Less commission and other	\$59, 486, 608	\$1,000,000	\$60, 486, 608
selling expenses	2, 641, 083		2, 641, 083
Net proceeds of sales	56, 845, 525	1, 000, 000	57, 845, 525
Income: Rentsl and other income (net). Mortgage note income. Recovery prior to acquisition	1, 281, 781 6, 372, 826		1, 281, 781 6, 372, 826
on defaulted notes	69, 071		69,071
Total income	7, 723, 678		7, 723, 678
Total proceeds of sold properties	64, 569, 203	1, 000, 000	65, 569, 203
Expenses: Debentures and cash adjustments. Asset value acquired after default of purchase money	57, 724, 221	942, 145	58, 666, 366
mortgages Interest on debentures Tares and insurance Additions and improvements Maintenance and operating	-310, 268 7, 029, 560 1, 185, 569 107, 943	18, 387 5, 012	-310, 268 7, 047, 947 1, 190, 581 107, 943
expense	3, 503, 124 149, 321 7, 523	1, 669	3, 503, 124 149, 321 9, 192
Total expenses	69, 396, 993	967, 213	70, 364, 206
Net profit (or loss —) before distribution of liquidation profits. Less distribution of liquidation	-4, 827, 790	32, 787	4, 795, 003
profits: Certificates of claim Increment on certificates of	1, 160, 373	31, 532	1, 191, 905
claim	65, 670 734, 089	1, 255	66, 925 734, 089
Loss (—) to Mutual Mort- gage Insurance Fund	-6, 787, 922		-6, 787, 922

Analysis of terms of sales:

Terms of sales	Number of prop- erties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash Properties sold for cash and notes (or con-	1, 284		\$8, 051, 793		\$8, 051, 793
tracts for deed)	7, 775	7, 710	4, 266, 104	\$48, 168, 711	52, 434, 815
Total	9, 059	7, 710	12, 317, 897	48, 168, 711	60, 486, 608

On December 31, 1959, 2,777 properties insured under the Mutual Mortgage Insurance Fund were held by FHA. The cost of these properties was:

Mutual Mortgage Insurance Fund, statement of properties on hand at Dec. 31, 1959

1	Sec. 203 (2,777 properties)
Expenses:  Acquisition costs.  Interest on debentures.  Taxes and insurance.  Additions and improvements.  Maintenance and operating.  Miscellaneous.	774, 073 20, 386
Total expenses.	27, 932, 701
Income: Rental and other income (net)	1, 254, 667
Net acquired security on hand	26, 678, 034

## Certificates of Claim and Refunds to Mortgagors

Section 204(f) of the Act provides that, if the net amount realized from any property acquired by the FHA under the terms of insurance with respect to which Section 204(f) is applicable, after deducting all expenses incurred in handling, dealing with, and disposing of such property, exceeds the face value of debentures issued and cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be applied to the certificate of claim issued to the mortgagee, and that any excess remaining after paying the certificate of claim and increment thereon shall be refunded to the mortgagor.

Certificates of claim issued in connection with the Section 203 properties which had been acquired and sold through 1959 totaled \$4,139,719. The amount paid or to be paid on these certificates of claim totaled \$1,160,373 (approximately 28 percent), while certificates of claim totaling \$2,979,-346 (approximately 72 percent), had been, or will be canceled. In addition, there were excess proceeds on approximately 22 percent (or 2,034) of the 9,058 sold properties, amounting to \$734,089, for refund to mortgagors. This amount represents \$396,107 paid and \$317,570 payable on 1,924 cases, and \$20,412 held in trust for 110 payees whose whereabouts are unknown. The average refund per case amounted to \$361.

### **Mutual Mortgage Participation Payments**

The first participation payments in connection with insured loans prepaid in full were made as of January 1, 1944, and during the 15½ years following that date total payments of \$94,056,916 were made or accrued on 791,173 insured loans. This amount represents \$89,330,508 paid and \$4,520,548 payable on 788,155 cases, and \$205,860 held in trust for 3,018 payees whose whereabouts are unknown.

#### TITLE II. HOUSING INSURANCE FUND

The insurance risks on rental and group housing insured under Sections 207 and 210 after February 3, 1938, on cooperative housing insured under Section 213, on housing for the elderly insured under Section 231, and on housing for nursing homes insured under Section 232 are liabilities of the Housing Insurance Fund, which was established by an amendment to the National Housing Act approved February 3, 1938.

Section 213, which was added to the Act by an amendment approved April 20, 1950, authorizes the insurance of mortgages on cooperative housing projects. To be eligible for insurance under Section 213, the mortgagor must be a nonprofit cooperative ownership housing corporation, the permanent occupancy of the dwellings being restricted to members (management-type project), or a nonprofit corporation organized for the purpose of building homes for members (sales-type project), or a corporation intending to sell the project to a nonprofit cooperative housing corporation. In a mortgage on a sales-type project, provision is made for the release from the blanket mortgage of individual properties for sale to members and for the insurance of individual mortgages under Section 213 on such released properties.

Sections 231 and 232 were added to the Act by an amendment approved September 23, 1959.

Section 231 authorizes the insurance of project mortgages to assist in relieving the shortage of housing for elderly persons and to increase the supply of rental housing for elderly persons.

Section 232 authorizes the insurance of project mortgages to assist in providing urgently needed nursing homes for the care and treatment of convalescents and other persons who are not acutely ill and do not need hospital care, but who require skilled nursing care and related medical services.

Appraisal fees, insurance premiums, interest on investments, and income from security acquired under the terms of insurance are deposited with

the Treasurer of the United States to the credit of the Housing Insurance Fund. Foreclosure losses and general operating expenses of the Federal Housing Administration under Section 207 and 210 since February 3, 1938 and under Sections 213, 231, and 232 are charged against the fund.

This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments. Any increase in the fund resulting from operations is retained as a general reserve to meet possible insurance losses and future expenses in connection with Sections 207, 210, 213, 231, and 232 insurance. In accordance with Section 207(h) of the Act, the excess proceeds, if any, from the sale of an acquired project, after deducting all costs incident to the acquisition, handling, and final disposition of the project, are applied to the mortgagee's certificate of claim and increment thereon, and any remaining balance is credited to the Housing Insurance Fund, except that, with respect to individual mortgages insured under the provisions of Section 213(d), any excess remaining after payment of the certificate of claim and increment thereon is for refund to the mortgagor. Prior to enactment of the amendments of August 10, 1948 to the National Housing Act, any excess remaining after payment of the certificate of claim and increment thereon was refunded to the mortgagor.

### Capital and Net Income

Assets of the Housing Insurance Fund as of June 30, 1959 totaled \$27,877,354, against which there were outstanding liabilities of \$15,276,398. The insurance reserve of the fund amounted to \$12,600,956, represented by \$5,400,000 capital contributions from other FHA insurance funds and earnings of \$7,200,956.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the amount of capital contributed to this fund by the U.S. Government for salaries and expenses in the amount of \$4,170,024 was established as a liability of the fund as of June 30, 1953. This amount, together with interest thereon in the amount of \$1,386,666, was repaid during fiscal year 1954, the final payment being made on October 31, 1953.

STATEMENT 16.—Comparative statement of financial condition, Housing Insurance Fund, as of June 30, 1958 and June 30, 1959

and othe oo, 2005			
	June 30, 1958	June 30, 1959	Increase or decrease ()
ASSETS	*		
Cash with U.S. Treasury	\$3,060,152	\$1,883,199	-\$1, 176, 953
Investments: U.S. Government securities (amortized). Other securities (stock in rental housing corpora-	4, 648, 700	7, 068, 634	2, 419, 934
tlons)	63, 900	72,900	9,000
Total investments	4, 712, 600	7, 141, 534	2, 428, 934

STATEMENT 16 .- Comparative statement of financial condition, Housing Insurance Fund, as of June 30, 1958 and June 30, 1959-Continued

and June 80, 1959-	Continued		
226 111	June 30, 19	58 June 30, 1959	Increase of decrease (-
ASSETS—continued			
Loans receivable:			İ
Mortgage notes and contract for deed	\$6,598,68	7 \$7, 230, 270 263, 136	\$631, 5
Less allowance for losses	<del></del>	_	14, 4
Net loans receivable		2 6, 967, 134	617, 1
Accounts and notes receivable  Accounts receivable—Insurance premiums  Accounts receivable—Other	130, 32	2 163, 322 6, 635	33, 00 6, 63
Accounts receivable—Inter	44, 37	54, 455	10,07
Total accounts and note receivable.	s 174, 700	224, 412	49, 71
Accrued assets: Insurance premiums	185, 240	305, 023	119, 78
Interest on U.S. Governmen securities Other	3, 437 52, 442	3, 437 93, 104	40, 66
Total accrued assets			160, 44
Acquired security:		201,001	100, 11
Real estate (at cost plus expenses to date) Less allowance for losses	6, 635, 013 2, 352, 864	8, 324, 305 3, 626, 463	1, 689, 29 1, 273, 59
Net real estate	4, 282, 149	4, 697, 842	415, 69
Mortgage notes acquired under terms of insurance Less allowance for losses	6. 551, 868	10, 078, 961 3, 549, 569	3, 527, 093 1, 248, 468
Net mortgage notes acquired under terms of insurance	4, 250, 767	6, 529, 392	2, 278, 62
Net acquired security	8, 532, 916	11, 227, 234	2, 604, 318
Other assets-held for account of mortgagors.	14, 982	32, 277	17, 295
Total assets	23, 086, 491	27, 877, 354	4, 790, 863
LIABILITIES			
Accounts payable: Bills pay- able to vendors and Govern- ment agencies.	3, 916	2, 352	-1, 564
Accrued liabilities: Interest on debentures	144, 469	149, 714	5, 245
Prust and deposit liabilities:			
Excess proceeds of sale.  Deposits held for mortgagors,	129, 263	42, 085	-87, 178
lessees, and purchasers	244, 542	410, 516	165, 974
Total trust and deposit	373, 805	452, 601	78, 796
Deferred and undistributed credits:			
Unearned insurance premiums Uncarned insurance fees Other	2, 247, 866 193, 301 52, 442	2, 885, 145 285, 172 93, 104	637, 259 91, 871 40, 662
Total deferred and undis- tributed credits	2, 493, 629	3, 263, 421	769, 792
onds, debentures, and notes payable: Debentures payable.	10, 173, 050	11, 304, 650	1, 131, 600
ther liabilities: Reserve for			
foreclosure costs—Mortgage notes acquired under terms of insurance	66, 991	103, 660	36, 66 <del>9</del>
Total liabilities	13, 255, 860	15, 276, 398	2, 020, 538
RESERVE			
surance reserve—available for uture losses and expenses	9, 830, 631	12, 600, 956	2, 770, 325
Total liabilities and re- serve	23, 088, 491	27, 877, 354	4, 790, 863

During the fiscal year 1959 the income of the fund amounted to \$8,292,852, while expenses and losses amounted to \$3,065,360, leaving \$5,227,492 net income before adjustment of valuation allowances. After the valuation allowances had been increased by \$2,536,538, a net income of \$2,690,-954 resulted for the fiscal year.

STATEMENT 17 .-- Income and expenses, Housing Insurance Fund, through June 30, 1958 and June 30, 1959

	. —		
	Feb. 3, 1938	July 1, 1958	Feb. 3, 1938
. *	June 30, 1958	June 30, 1959	June 30, 1959
ncome: Interest and dividends:	- 7-1	1	
Interest on U.S. Govern- ment securities Interest—Other	\$1, 494, 359 1, 302, 793	\$123, 388 419, 101	\$1,617,747 1,721,894
Dividends on rental hous- ing stock	2, 929	589	3, 518
	2, 800, 081	543, 078	3, 343, 159
Insurance premiums and fees: Premiums Fees	21, 463, 372 10, 273, 837	4, 918, 992 2, 830, 782	26, 382, 364 13, 101, 819
100	31, 737, 209	7, 740, 774	39, 486, 983
Other income: Profit on sale of investments.	95, 416		95, 416
Total income	34, 632, 706	8, 292, 852	42, 925, 558
rpenses: Interest expenses: Interest on funds advanced by U.S.	*		1,01
Treasury	1, 386, 668		1, 386, 666
Administrative expenses: Op- erating costs (including adjustments for prior years).	22, 342, 122	2, 796, 737	25, 059, 799
Other expenses: Depreciation on furniture and equipment Miscellaneous expenses	118, 230 100	13, 850 100	131, 732 200
	118, 330	13, 950	131, 932
Loss (or profit —) on acquired security  Loss (or profit —) on equipment	1, 455, 018	255, 899	1, 710, 917
ment	-2, 691	-1, 226	-3, 880
Matal aumangan	1, 452, 327	254, 673	1, 707, 037
Total expensest income before adjustment f valuation allowances	25, 299, 445 9, 333, 261	5, 227, 492	28, 285, 434 ———————————————————————————————————
rease (—) or decrease (+) in valuation allowances:	2,000,201	0,221,102	
llowance for loss on loans receivable	-248, 665	14, 471	<b>—263, 136</b>
estatellowance for loss on mort-	-2, 352, 864	<b>—1, 273, 599</b>	-3, 626, 463
gage notes acquired under terms of insurance	-2, 301, 101	-1, 248, 468	-3, 549, 569
Net adjustment of valua- tion allowances	-4, 902, 630	-2, 536, 538	7, 439, 168
Net income	4, 430, 631	2, 690, 954	7, 200, 956
ANALYSIS OF I	NSURANCE	RESERVE	
tribution of net income: surance reserve: Balance at beginning of	V 104	n n H II	. 3.11
period		9, 830, 631	
period Net income for the period	4, 430, 631	79, 371 2, 690, 954	7, 200, 956
apital contributions from	4, 430, 631	12, 600, 956	7, 200, 956
other FHA insurance funds.	5, 400, 000		5, 400, 000
Balance at end of period	9, 830, 631	12, 600, 956	12, 600, 956

#### Investments

Section 207(p) of the National Housing Act provides that excess moneys not needed for current operations under the Housing Insurance Fund shall be deposited with the Treasurer of the United States to the credit of the Housing Insurance Fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States, or, with the approval of the Secretary of the Treasury, used for the purchase of debentures issued under Section 207 and Section 204. In the fiscal year 1959, \$949,050 of debentures were redeemed in payment of mortgage insurance premiums and \$3,999,300 were redeemed by debenture calls. During the fiscal year 1959, net investments amounting to \$2,420,000 (principal amount) were made for the account of this fund and at June 30, 1959 the fund held United States Government securities in the principal amount of \$7,-068,000, yielding 2.23 percent as shown in the table in the opposite column on this page.

### Properties Acquired Under the Terms of Insurance

During 1959, 6 additional project properties or assigned mortgage notes (689 units) were acquired by the FHA Commissioner under the terms of mortgage insurance of Section 207 and 1 property (15 units) was sold. No additional Sec-

Investments of the Housing Insurance Fund, June 30.

4	Series	Interest rate (per- cent) 1	Purchase price	Par value	Book value (amor- tized)
1962 1963 1962–67 1967–72		2 2 21/2 21/2	\$148,000 3,620,000 1,500,000 1,801,437	\$148,000 3,620,000 1,500,000 1,800,600	\$148,000 3,620,000 1,500,000 1,800,634
			7, 069, 437	7, 068, 000	7, 068, 634

Average annual yield 2.23 percent.

tion 213 project properties or assigned mortgage notes were acquired during the calendar year, and none were sold. Eighty-seven Section 213 home properties were acquired under the terms of insurance and 23 were sold during 1959. Through December 31, 1959, a cumulative total of 48 rental housing properties or assigned mortgage notes (7,300 units) insured under Section 207-210 had been acquired under the terms of insurance; 5 project properties or project mortgage notes (303 units) and 291 home properties insured under Section 213 had been acquired. Twenty-four projects (3,520 units) and 1 mortgage note (1,102 units) insured under Section 207-210, and under Section 213 one project (26 units), 1 mortgage note (144 units) and 160 home properties had been sold. The acquired security on hand at December 31, 1959, in the Housing Insurance Fund is as follows:

Housing Insurance Fund, statement of properties and assigned mortgage notes on hand as of Dec. 31, 1959

•	Sec	. 207	Sec.	213	Sec. 213 homes	Total (143 prop-
	10 projects (1,401 units) <sup>1</sup>	13 mortgage notes (1,277 units)	2 projects (92 units) ³	1 mortgage note (41 units)	(131 properties, 131 units)	
Expenses: Acquisition costs Interest on debentures Taxes and insurance Additions and Improvements	\$9, 695, 994 924, 947 313, 820 9, 733	\$9, 122, 353 429, 379	\$957, 306 75, 471 46, 153	\$466, 156 74, 352	\$977, 900 47, 718 15, 989	\$21, 219, 709 1, 551, 867 375, 962 9, 733
Maintenance and operating Service charge Miscellaneous	521, 724 21, 979	11, 049 2, 778	13, 759 2, 186	494 612	13, 583 451	549, 066 11, 543 28, 000
Total expenses	11, 488, 197	9, 565, 559	1, 094, 875	541, 614	1, 055, 641	23, 745, 88
Income and recoveries: Rent and other (not)	839, 014 5, 750	649, 323 184, 237	110, 738 566, 600	83, 412 204, 858	2, 881	1, 685, 36 572, 35 389, 09
Total income	844, 764	833, 560	677, 338	288, 270	2, 881	2, 646, 81
Net acquired security on hand	10, 643, 433	8, 731, 999	417, 537	253, 344	1, 052, 760	21, 099, 07

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An analysis of properties sold and assigned notes liquidated is shown in Statement 18.

STATEMENT 18 -Statement of profit and loss on sale of acquired properties, and assigned mortgage notes liquidated. Housing Insurance Fund, through Dec. 31, 1959

No. 10.	Secs. 207-210,		2. 213	Total HI Fund, 185
	24 projects and 1 mortgage note (4,622 units)	Projects,		properties, 2 mort- gage notes (4,952 units)
Proceeds of sales: Sales price ! Less commissions	\$1\$, 364, 992 10, 078	\$1, 724, 800 9, 228	\$1, 268, 100 60, 105	\$21, 357, 892 79, 411
Net proceeds of sales	18, 354, 914	1, 715, 572	1, 207, 995	21, 278, 481
Income: Rental and other income (net)	2, 434, 652 3, 353, 233 8, 037	18, 390 495, 126 309	3, 019 98, 565 1, 381	2, 456, 061 3, 946, 924 9, 727
Total income.	5, 795, 922	513, 825	102, 965	6, 412, 712
Total proceeds of sold properties	24, 150, 836	2, 229, 397	1, 310, 960	27, 691, 193
Expenses: Debentures and cash adjustments Asset value acquired after default of purchase	19, 308, 549	1, 703, 327	1, 287, 007	22, 298, 883
money mortgages Interest on debentures Taxes and insurance Additions and improve-	4, 174, 779 663, 301	334, 511 3, 936	-36, 556 115, 093 18, 604	-36, 556 4, 624, 383 685, 841
ments	217, 322	82		217, 404
Maintenance and operat- ing expense Service charge Miscellaneous expense	1, 112, 727 7, 866 43, 107	22, 384 8, 844 551	70, 041 6, 666 4	1, 205, 152 23, 376 43, 662
Total expenses	25, 527, 651	2, 073, 635	1, 460, 859	29, 062, 145
Less distribution of liquida-	-1, 376, 815	155, 762	149, 899	-1, 370, 952
tion profits: Certificates of claim	146, 795	30, 242	3, 565	180, 602
Increment on certificates of claim	14, 009 172, 289	6, 929	164 1, 702	21, 102 173, 991
Loss (–) to Housing Insurance Fund	-1, 709, 908	118, 591	-155, 330	-1, 746, 647

Analysis of terms of sales:

Terms of sales		Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash Properties sold for cash and notes (or con-	12	- 1	\$3, 419, 997		\$3, 419, 997
tracts for deed)	175	352	611, 671	\$17, 326, 224	17, 937, 895
Total	187	352	4, 031, 668	17, 326, 224	21, 357, 892

In addition to the rental housing projects acquired under the Housing Insurance Fund, 1 Section 207 project insured under the Mutual Mortgage Insurance Fund had been acquired and sold at no loss to that fund.

The turnover of Section 207 and Section 213 acquired securities, by calendar year, is given below:

STATEMENT 19 .- Turnover of properties acquired and mortgage notes assigned under Sec. 207 of Title II contracts of insurance, by years and cumulative through Dec. 31, 1959

Properties and a	Pı	roper	ties cale	and r ndar	otes	sold	, by		Properties and notes on hand	
Year	Num- ber	1940-52	1953	1954	1955	1956	1957	1958	1959	Dec. 31,
940-52 953 954 955	18 2 3 10 2	18		2		1 2	1	-1 1	1	
957 958 959 Total	8 6 49	18		2		3				25

Note.—The number of properties and notes sold has been reduced by 1 property repossessed because of default on mortgage note. The repossessed property has been resold.

STATEMENT 20 -Turnover of properties acquired and mortgage notes assigned under Sec. 213 of Title II contracts of insurance by years and cumulative through Dec. 31, 1959

Properties and r acquired	iotes	]	Properties and notes sold, by calendar years					Properties and notes on hand		
Year	Num- ber	1952	1953	1954	1955	1956	1957	1958	1959	Dec. 31, 1959
1952 1953 1954 1955 1955 1956 1957 1957 1958 1959	1 2 3 14 64 72 53 87			1	1 4	1 8 20	1 2 18 35 56	5 21 21 47	-2 3 10 12 23	23 13 22 75

<sup>1</sup> Includes 131 of the 291 home properties acquired.

## Certificates of Claim and Refunds to Mortgagors

Certificates of claim issued in connection with the 24 projects sold and one mortgage note liquidated, under Section 207-210 through December 31, 1959 totaled \$385,763. The amount paid or to be paid on these certificates totaled \$146.795. and the amount canceled or to be canceled, \$238,968. In addition, excess proceeds on 3 projects had been refunded to mortgagors in the amount of \$172,289, in accordance with provisions of the Act prior to amendment of August 10, 1948.

As a result of insurance under Section 213, 2 certificates of claim in the amount of \$39,337 had

been issued in connection with 1 project acquired and sold and 1 mortgage note assigned under terms of insurance and subsequently liquidated, with \$30.242 of this amount to be paid and \$9.095 to be canceled. In addition, certificates of claim in the amount of \$62.453 were issued on 160 Section 213 homes sold. The amount paid or to be paid on the certificates of claim issued on Section 213 home properties totaled \$3.565 and the amount canceled or to be canceled totaled \$58.888 In addition, there were excess proceeds on 7 Section 213 home properties amounting to \$1.702 for refund to mortgagors.

The certificate of claim issued in connection with the only rental housing project acquired under the Mutual Mortgage Insurance Fund amounted to \$31,532. This certificate of claim had been paid in full, with increment thereon in the amount of \$1.255.

## TITLE II: SECTION 220 HOUSING INSURANCE FUND

The Section 220 Housing Insurance Fund was created by Section 220 of the National Housing Act as amended August 2, 1954 (Housing Act of 1954, Public Law 560, 83d Cong). This section authorizes insurance by the FHA of mortgages on homes and rental properties located in an urban redevelopment area for which a Federal-aid contract was executed or approved before August 2, 1954, or in an urban renewal area which the Housing and Home Finance Administrator has determined to be appropriate for an urban renewal project and located in a city for which the Administrator has approved a workable program presented by the local authorities for preventing the spread of blight and eliminating and preventing slum conditions. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

For the purposes of this fund, the Act authorized the Commissioner to transfer the sum of \$1 million from the War Housing Insurance Fund.

## Capital and Net Income

At June 30, 1959, assets of the fund totaled \$2,276,404. There were outstanding liabilities of \$535,880 and insurance reserves of \$1,740,524, of

which \$1,000,000 was transferred from the War Housing Insurance Fund and \$740.524 was net operating income.

During the fiscal year 1959, the income to the fund amounted to \$1,402,130 while expenses and losses amounted to \$609.057, leaving an operating income of \$793,073 for the year. The cumulative income of the Section 220 Housing Insurance Fund from August 2, 1954 to June 30, 1959 amounted to \$2,683,938 with cumulative expenses and losses of \$1,943,414, or net operating income of \$740.524.

STATEMENT 21.—Comparative statement of financial condition. Sec. 220 Housing Insurance Fund, as of June 30. 1958 and June 30, 1959

	June 30, 1958	June 30, 1959	Increase or decrease (-)
ASSETS			
Cash with U.S. Treasury	\$90, 857	<b>\$</b> 46 <b>4</b> , 115	\$373, 259
Investments: U.S. Government securities (amortized). Other securities (stock in rental housing corporations)	1, 100, 000 2, 700	1, 766, 952 5, 000	666, 952 2, 300
Total investments	1, 102, 700	1, 771, 952	669, 252
Accounts and notes receivable: Accounts receivable—Insurance premlums. Accounts receivable—Interfund	23, 986 5, 449	7, 845 7, 688	16, 141 2, 239
Total accounts and notes receivable.	29, 435	15, 533	-13, 902
Accrued assets: Insurance premiums	11, 445	24, 804	13, 359
Total assets	1, 234, 437	2, 276, 404	1, 041, 967
Trust and deposit liabilities: Fee deposits held for future			)7.3±05
disposition	15, 335	2, 925	- 12, 110
Deferred and undistributed credits: Unearned insurance premiums Unearned insurance fees	213, 046 51, 540	469, 900 63, 055	
Total deferred and undis- tributed credits	264, 586	532, 955	268, 36
Total liabilities	279, 921	535, 880	255, 95
RESERVE			
Insurance reserve—available for future losses and expenses	954, 516	1, 740, 524	786,00
Total liabilities and re-	. 1, 234, 437	2, 276, 40	1,041,96

Note.—On the 160 home properties sold, the average time between acquisition and sale by the Federal Housing Administration was 6.24 months.

The number of properties sold has been reduced by 5 properties repossessed because of default on mortgage notes. None of the repossessed properties have been resold.

STATEMENT 22.—Income and expenses, Sec. 220 Housing Insurance Fund, through June 30, 1958 and June 30, 1959

	Aug. 2, 1954 to June 30, 1958	July 1, 1958 to June 30, 1959	Aug. 2, 1954 to June 30, 1959
Income: Interest and dividends: Interest on U.S. Government securities.	\$59, 658	\$28,847	\$88, 503
Insurance premiums and fees: Premiums. Fees.	429, 788 792, 362	585, 700 787, 583	1, 015, 488 1, 579, 945
	1, 222, 150	1, 373, 283	2, 595, 433
Total income	1, 281, 808	1, 402, 130	2, 683, 939
Expenses: Administrative expenses: Operating costs (including			
adjustments for prior years) Other expenses: Depreciation	1, 322, 003	606, 350	1, 935, 390
on furniture and equipment.	5, 694	2, 970	8, 695
(or profit -) on equipment.	-405	-263	-671
Total expenses	1, 327, 292	609, 057	1, 943, 414
Net income (or loss -)	-45, 4S4	793, 073	740, 524

#### ANALYSIS OF INSURANCE RESERVE

Distribution of net income: Insurance reserve: Balance at beginning of			
period		954, 516	
Adjustments during the period		-7,065	
the period.	-45, 484	793, 073	740, 524
Capital contributions from other FHA insurance	-45, 484	1, 740, 524	740, 524
funds	1, 000, 000		1, 030, 000
Balance at end of period	954, 516	1, 740, 524	1, 740, 524

#### Investments

Section 220 (g) of the Act provides that moneys in the Section 220 Housing Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by, the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under this fund, provided that such purchases are made at a price which will produce an investment yield of not less than the yield obtainable from other authorized investments. During the fiscal year 1959, net investments of \$670,000 (principal

amount) were made for the account of this fund and at June 30, 1959 the following U.S. Government securities were held by the fund:

Investments of the Sec. 220 Housing Insurance Fund, June 30, 1959

Series	Interest rate (per- cent) 1	Purchase price	Par value	Book value (amor- tized)
1959		\$523, 931	\$530,000	\$526, 952
1961	2	100,000	100,000	100,000
1962	2	450,000	450,000	450, 000
1963	2	140,000	140,000	140,000
1964	2	550, 000	550, 000	550, 000
4		1, 763, 931	1, 770, 000	1, 766, 952

Average annual yield 2.31 percent.

## TITLE II: SECTION 221 HOUSING INSURANCE FUND

Section 221 Housing Insurance Fund was created by Section 221 of the National Housing Act as amended August 2, 1954 (Housing Act of 1954, Public Law 560, 83d Cong.), which authorized the insurance, in communities that have requested it, of mortgages on low-cost housing for families displaced because of urban renewal projects. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

For the purposes of this fund, the Act authorized the Commissioner to transfer the sum of \$1 million from the War Housing Insurance Fund.

### Capital and Net Income

At June 30, 1959, assets of the fund amounted to \$1,624,032. There were outstanding liabilities of \$499,842 and insurance reserve of \$1,124,190, consisting of net operating income of \$124,190 and \$1 million transferred from War Housing Insurance Fund.

During the fiscal year, the income to the fund amounted to \$811,258 while expenses and losses amounted to \$463,066, leaving an operating income of \$348,192 for the period before adjustment of valuation allowances. Valuation allowances were increased in the amount of \$23,671 resulting in net income of \$324,521 for the year. From inception. August 2, 1954, to June 30, 1959, operations resulted in a net income of \$124,190 as shown on Statement 24.

STATEMENT 23.—Comparative statement of financial condition, Sec. 221 Housing Insurance Fund, as of June 30, 1958 and June 30, 1959

	June 30, 1958	June 30, 1959	Increase or decrease (-)
ASSETS			
Cash with U.S. Treasury	\$100, 879	\$224, 366	\$123, 487
Investments: U.S. Government securities (amortized)	900, 000	1, 029, 769	129, 769
Loans receivable: Mortgage notes and contracts for deed Less allowance for losses	6, 900 104	38, 370 576	31, 470 472
Net loans receivable	6, 796	37, 803	31,007
Accounts and notes receivable: Accounts receivable—Insur-			
Accounts receivable—Inter-	410	22, 582	22, 172
fund	3, 107	4, 887	1,780
Total accounts and notes receivable.	3, 517	27, 469	23, 952
Accrued assets: Insurance premiums Interest on U.S. Government	29, 722	168, 271	138, 549
securitiesOther	930	1, 477 12	547 12
Total accrued assets	30, 652	169, 760	139, 108
Acquired security: Real estate (at cost plus expenses to date)Less allowance for losses		158, 064 23, 199	158, 064 23, 199
Net acquired security		134, 865	134, 865
Total assets	1, 041, 844	1, 624, 032	582, 188
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies.		1, 280	1, 280
Accrued liabilities: Interest on debentures	122	2, 780	2, 664
Trust and deposit liabilities: Fee deposits held for future disposition	176, 480	223, 765	47, 285
lessees, and purchasers	65	748	683
Total trust and deposit	176, 545	224, 513	47, 968
Deferred and undistributed eredits:			
Unearned insurance premi-	20 626	101 047	-2 100
Unearned Insurance fees Other	29, 838 4, 570	101, 947 13, 593 423	72, 109 9, 023 423
Total deferred credits	34, 408	115, 963	81, 555
Bonds, debentures and notes payable: Debentures payable.	7, 550	155, 300	147, 750
Total liabilities	218, 625	499, 842	281, 217
RESERVE	1 1		100
Insurance reserve—available for future losses and expenses	823, 219	1, 124, 190	300, 971
Total liabilities and re-	1, 041, 844	1, 624, 032	582, 188
Certificates of claim relating to properties on hand		6, 257	6, 25

#### Investments

Section 221(h) of the Act provides that moneys in the Section 221 Housing Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the

STATEMENT 24.—Income and expenses, Sec. 221 Housing Insurance Fund, through June 30, 1958 and June 30, 1959

<del></del>			
	Aug. 2, 1954	July 1, 1958	Aug. 2, 1954
	June 30, 1958	June 30, 1959	June 30, 1959
Income:			
Interest and dividends: Inter-		· 1	
est on U.S. Government securities.	\$50, 568	\$21, 367	\$80, 935
Insurance premiums and fees:			<u></u>
PremiumsFees	51, 562 299, 113	324, 329 465, 129	375, 891 764, 242
41	350, 675	780, 458	1, 140, 132
Other income: Miscellaneous			
income	11	433	444
Total income	410, 254	811, 258	1, 221, 51
Expenses:		-	
Interest expense: Interest on debenture obligations	- 7	19	2
Administrative expenses-		- 10	
Administrative expenses— Operating costs (including adjustments for prior years).	584, 036	455, 810	1, 063, 30
Other expenses: Depreciation			
on furniture and equipment.	2, 535	2, 234	4, 87
Losses and charge-offs:			
Loss on acquired security Loss (or profit) on equip-	553	5, 200	5, 75
ment	-200	-197	-40
	353	5, 003	5, 34
Total expenses	586, 931	463, 066	1, 073, 54
Net income (or loss -)			
before adjustment of valuation allowances	-176, 677	348, 192	147, 96
Increase (-) or decrease (+) in			
valuation allowances: Allowance for loss on loans		}	
receivable. Allowance for loss on real	-104	-472	-57
estate		-23, 199	-23, 19
Net adjustment of valua-		·	·
tion allowances	-104	-23, 671	-23, 77
Net income (or loss -)	-176, 781	324, 521	124, 19
ANALYSIS OF	INSURANC	E RESERVI	E
Distribution of net income:			Ī
Insurance reserve:			
Balauce at beginning of period	.1	823, 219	
Adjustments during the		1	
period. Not income (or loss —) for		-23, 550	
the period	- 176, 781	324, 521	124, 1
O	-176, 781	1, 124, 190	124, 1
Capital contributions from other FHA insurance			
iunds	1, 000, 000		1,000,0
Balance at end of period.	823, 219	1, 124, 190	1, 124, 1

credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by, the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under this fund, provided that such purchases are made at a price which will produce an investment yield of not less than the yield obtainable from other authorized investments. In the fiscal year 1959, \$31,000 of debentures were redeemed in payment of mortgage insurance premiums and \$8,900 by debenture calls. During the fiscal year 1959, net

investments of \$130,000 (principal amount) were made for the account of this fund, and at June 30, 1959 the fund held U.S. Government securities as follows:

Investments of the Sec. 221 Housing Insurance Fund, June 30, 1959

Series	Interest rate (per- cent):	Purchase price	Par value	Book value (amor- tized)
1959	2 4 2 2	\$78, 038 50, 000 100, 000 150, 000 650, 000	\$80, 000 50, 000 100, 000 150, 000 650, 000	\$79, 769 50, 000 100, 000 150, 000 650, 000
		1, 028, 938	1, 030, 000	1, 029, 769

<sup>1</sup> Average annual yield 2.14 percent.

## Properties Acquired Under the Terms of Insurance

During the calendar year 1959, 43 home properties insured under Title II, Section 221, were acquired by the Commissioner under the terms of insurance and 14 were sold. Through December 31, 1959, a total of 45 home properties had been acquired at a total cost of \$400,288 and 15 had been sold at prices which left a net charge against the fund of \$14,668, or an average of \$978 per case. The certificates of claim issued on the 15 properties sold amounted to \$4,574, all of which is to be canceled.

STATEMENT 25.—Statement of profit and loss on sale of acquired properties. Sec. 221 Housing Insurance Fund, through Dec. 31. 1959

Items	Sec. 221 (15 properties)
Proceeds of sale: Sales price 1 Less commissions and other selling expenses	\$121,600 4,980
Net proceeds of sales.  Income: Rental and other income (net)	116, 620 27
Total proceeds of sold properties	116. 647
Expenses: Debentures and cash adjustments Interest on debentures Taxes and insurance Maintenance and operating	125, 268 2, 218 1, 501 2, 328
Total expenses	131,315
Loss (-) to Sec. 221 Housing Insurance Fund	-14,668

Terms of sules	Number of prop- erties	Number of notes	Cash	Mort- gage notes	Sales price
Properties sold for cash and notes	15	15	<b>\$3,</b> 800	\$117,800	\$121,600

On December 31, 1959, the cost of the 30 properties which remained on hand under this fund is shown in the following table.

Statement 26 shows the turnover of Section 221 Housing Insurance Fund acquired properties since the first such acquisition in 1958.

Sec. 221 Housing Insurance Fund, statement of properties on hand at Dec. 31, 1959

	Soc. 221 (30 properties)
Expenses: Acquisition costs Interest on dobentures Taxes and Insurance Maintenance and operating Miscellaneous	\$250, 078 7, 289 3, 003 2, 524 106
Net acquired security on hand.	264, 020

STATEMENT 26.—Turnover of properties acquired under Sec. 221 of Title II contracts of insurance, by years, and cumulative through Dec. 31, 1959

Properties acquired	 I	Propertie calend	s sold, by ar year	Properties on hand	
Year	Number	1958	1959	Dec. 31, 1959	
1958 1959	2 43	1	1 13	30	
Total	45	1	14	30	

Note.—On the 15 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 2.49 months.

## TITLE II: SERVICEMEN'S MORTGAGE INSURANCE FUND

The Servicemen's Mortgage Insurance Fund was created by Section 222 of the National Housing Act as amended August 2, 1954 (Housing Act of 1954, Public Law 560, 83d Cong.). The purpose of this section is to aid in the provision of housing accommodations for servicemen in the Armed Forces of the United States and in the Coast Guard of the United States, and their families. Section 222 provides for the insurance of mortgages which would be eligible for insurance under Section 203, except that when executed by a mortgagor who is a serviceman and who, at the time of insurance, is the owner-occupant of the property, the maximum ratio of loan to value may, in the discretion of the Commissioner, exceed the maximum ratio of loan to value prescribed in Section 203, but not to exceed in any event 95 percentum of the appraised value of the property and not to exceed \$20,000. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

For the purposes of this fund, the Act authorized the Commissioner to transfer the sum of \$1 million from the War Housing Insurance Fund.

## Capital and Net Income

As of June 30, 1959, the fund had assets of \$7,748,618 and outstanding liabilities of \$1,007,278, leaving \$6,741,340 insurance reserve. Included in the insurance reserve is the sum of \$1 million which was transferred from the War Housing Insurance Fund.

STATEMENT 27.—Comparative statement of financial condition, Servicemen's Mortgage Insurance Fund, as of June 30, 1958 and June 30, 1959

Post of	June 30, 1968	June 30, 1959	Increase or decrease (→)
ASSETS			
Cash with U.S. Treasury	\$279, 408	\$1, 203, 388	<b>\$</b> 923, 980
Investments: U.S. Government securities (amortized)	4, 100, 804	5, 053, 023	952, 219
Loans receivable: Mortgage notes and contracts for deedLess allowance for losses	68, 902 1, 005	179, 196 2, 688	112, 204 1, 683
Net loans receivable	65, 987	176, 508	110, 521
Accounts and notes receivable: Accounts receivable—Insurance premiums. Accounts receivable—Other_Accounts receivable—Inter-	38, 853 10	62, 503	23, 650 -10
fund	4,818	6, 841	2, 023
Total accounts and notes receivable	43, 681	69, 344	25, 663
Accrued assets: Insurance premiums Interest on U.S. Govern-	382, 334	1, 041, 495	659, 161
Other	12, 150   280	36, 515 469	24, 365 180
Total accrued assets	394, 773	1, 078, 479	683, 706
Acquired security: Real estate (at cost plus expenses to date) Less: Allowance for losses	60, 664 8, 767	195, 683 27, 807	135, 019 19, 040
Net acquired security	51, 897	167, 876	115, 979
Total assets	4, 936, 550	7, 748, 618	2, 812, 068
Liarilities .			
Accounts payable: Bills pay- able to vendors and Govern- ment agencies	533	3, 494	2, 961
Accrued liabilities: Interest on on debentures	1,771	4, 645	2, 874
Trust and deposit liabilities: Fee deposits held for future disposition. Deposits held for mortgagors, lessees, and purchasers	33, 439 1, 615	41, 040 3, 106	7, 601 1, 491
Total trust and deposit	35, 054	44, 146	9,092
Deferred and undistributed credits: Unearned insurance premi-	12.7	1.0	
umsOther	810, 899 289	744, 174 469	-66,725 180
Total deferred and undis- tributed credits	811, 188	744, 643	-66, 545
Bonds, debentures, and notes payable: Debentures pay- able	107,700	210, 350	102, 650
Total liabilities	956, 246	1,007,278	51, 032
RESERVE			
Insurance reserve—available for future losses and expenses	3, 980, 304	6, 741, 340	2, 761, 036
Total liabilities and re-	4, 936, 550	7,748,618	2, 812, 068
Certificates of claim relating to properties on hand	2, 516	6,822	4,306

For the fiscal year 1959, income of \$3,330,797 was earned, while expenses and losses were \$525,136, leaving net income of \$2,805,661 before adjustment of valuation allowances. Valuation allowances were increased in the amount of

\$20,723, resulting in a net income of \$2,784,938 for the year. Total net income from inception, August 2, 1954, to June 30, 1959, was \$5,741,340, as shown in Statement 28.

STATEMENT 28.—Income and expenses, Servicemen's Mortgage Insurance Fund, through June 30, 1958, and June 30, 1959

	Aug. 2, 1954 to June 30, 1958	July 1, 1958 to June 30, 1959	Aug. 2, 1954 to June 30, 1959
		- Tane 50, 1909	June 30, 1959
Income: Interest and dividends: Interest on U.S. Government	100	-	-1-71-10
securitles	\$163, 954	\$129, 946	\$293,900
Insurance premiums and fees:			
Premiums Fees	3, 681, 672 381, 774	3, 080, 616 116, 393	6, 762, 288 498, 167
making that begins are	4,063,446	3, 197, 009	7, 260, 455
Other income:			
Profit on sale of investments.  Miscellaneous income	1, 119	3, 842	19 4, 961
for the same of	1, 138	3,842	4, 980
Total income.	4, 228, 538	3, 330, 797	7, 559, 335
Expenses:			1,000,000
Interest expense: Interest on debenture obligations	309	-33	276
Administrative expenses: Op- erating costs (including adjustments for prior years).	1, 223, 793	504, 502	1, 752, 103
Other expenses: Depreciation on furniture and equipment.	5, 260	2, 470	7, 835
Losses and charge-offs: Loss on acquired security Loss (or profit —) on equip-	9, 446	18, 416	27, 862
ment	-346	-219	-576
	9, 100	18, 197	27, 286
Total expenses	1, 238, 462	525, 136	1,787,500
Net income before adjustment of valuation reserves	2, 990, 076	2, 805, 661	5, 771. 833
Increase (-) or decrease (+) in valuation allowances:	E I		Anna B
Allowance for loss on loans	-1,005	-1,683	-2,688
Allowance for loss on real estate.	-8, 767	-19,040	-27, 80
Net adjustment of valua-	-		2,,00
tion allowances	-9,772	-20,723	-30, 49
Net income	2, 980, 304	2, 784, 938	5, 741, 34
ANALYSIS OF	INSURANC	E RESERVE	
Distribution of net income: Insurance reserve: Balance at beginning of period		\$3, 980, 304	0-1-0-
Adjustments during the period.  Net income for the period.		-23, 902	
The mome of the barod.			
Capital contributions from other FHA insurance			
funds	1,000,000		1,000,00
Talamas of sud of ! - d	1 0 000 000		

#### Investments

Section 222(f) of the Act provides that moneys in the Servicemen's Mortgage Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the

6, 741, 340

Balance at end of period ... 3, 980, 304

6,741,340

credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by, the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under this fund, provided that such purchases are made at a price which will produce an investment yield of not less than the yield obtainable from other authorized investments. In the fiscal year 1959, \$6,500 of debentures were redeemed in payment of mortgage insurance premiums and \$156,250 by debenture calls. During the fiscal year the fund increased its investment in U.S. Government securities by \$1,060,000 (principal amount) and as of June 30, 1959 held the following U.S. Government securities:

Investments of the Servicemen's Mortgage Insurance Fund, June 30, 1959

Series	Interest rate (per- cent)	Purchase price	Par value	Book value (amor- tized)
1960	2 2 354 2 4 3 21/2 25/8	\$500,000 550,000 99,875 925,000 1,275,000 242,250 85,813 1,366,250	\$500,000 550,000 100,000 925,000 1,275,000 240,000 100,000 1,470,000	\$500,000 550,000 99,905 925,000 1,275,000 241,918 86,021 1,375,179
		5, 044, 188	5, 160, 000	5, 053, 023

<sup>1</sup> Average annual yield 2.76 percent.

# Properties Acquired Under the Terms of Insurance

During calendar year 1959, 47 properties were acquired by the Servicemen's Mortgage Insurance Fund and 18 were sold. Through December 31, 1959, a total of 68 properties had been acquired of which 29 were sold, leaving 39 properties on hand.

STATEMENT 29.—Statement of profit and loss on sale of acquired properties, Servicemen's Mortgage Insurance Fund, through Dec. 31, 1959

Item	Sec. 222 (29 properties)
Proceeds of sales: Sales price 1	\$327,471 15,980
Net proceeds of sales	311, 491
Income: Rental and other income (net) Mortgage note income	820 2, 127
Total income	2, 947
Total proceeds of sold properties	314, 438
Expenses: Debentures and cash adjustments. Interest on debentures. Tares and insurance. Maintenance and operating. Service charge.	322, 355 9, 758 5, 296 13, 218 128
Total expenses	350, 753
See footnote at end of table.	

STATEMENT 29.—Statement of profit and loss on sale of acquired properties, Servicemen's Mortgage Insurance Fund, through Dec. 31, 1959—Continued

Itom	Sec. 222 (29 properties)
Net profit (or loss —) before distribution of liquidation profits. Distribution of liquidation profits: Certificates of claim.	-\$36, 315 414
Increment on certificates of claim Refund to mortgagors	1
Loss (-) to Servicemen's Mortgage Insurance Fund	36, 730
1 Analysis of terms of sales:	

Analysis of terms of sale	s:				
Terms of sales	Number of prop- erties	Number of notes	Cash	Mort- gage notes	Sales price
Properties sold for all cash	3		\$27,750	 	\$27,750
cash and notes (or contracts for deed).	26	26	23, 271	\$276, 450	299, 721
Total	29	26	51,021	276, 450	327, 471

On December 31, 1959, the cost of the 39 properties which remained on hand under the Servicemen's Mortgage Insurance Fund was as follows:

Servicemen's Mortgage Insurance Fund, statement of properties on hand at Dec. 31, 1959

	Sec. 222 (39 properties)
Expenses: Acquisition costs Interest on debentures Taxes and insurance Maintenance and operating	\$444, 111 13, 587 5, 512 4, 054
Total expenses Income: Rent and other (net)	467, 264 105
Net acquired security on hand	407, 159

Statement 30 shows the turnover of Section 222 acquired properties since the acquisition of the first such property in 1957.

STATEMENT 30.—Turnover of properties acquired under Sec. 222, Title II, contracts of insurance by years and cumulative through Dec. 31, 1959

Cumulative in oug	200.0.	, ====			
Property acquired		Propent	erties sol endar ye	Properties on hand Dec. 31,	
Year	Number	1957	1958	1959	1959
1957 1958 1959	17 17 47	3	1 7	<del>-</del> 7	3 36
Total	68	3	8	18	39

NOTE.—On the 29 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 5.46 months.

Section 222 of the Act contains provisions identical to Section 204(f) under the Mutual Mortgage Insurance Fund with respect to the issuance of certificates of claim on properties acquired. Certificates of claim issued in connection with the 29 Section 222 properties which had been acquired and sold through 1959 totaled \$11,359, of which \$414 is to be paid and \$10,945 has been or is to be canceled.

## TITLE VI: WAR HOUSING INSURANCE FUND

The insurance risks on privately financed emergency housing loans insured under Title VI are liabilities of the War Housing Insurance Fund, established by an amendment of March 28, 1941 to the National Housing Act. Section 603 of Title VI authorized the insurance of home mortgages (1- to 4-family); Section 608, the insurance of mortgages on rental and group housing; Section 609, the insurance of loans to finance the manufacture of housing; Section 610, the insurance under Section 603 and 608 of any mortgage executed in connection with sales by the Government of specified types of permanent housing; and Section 611, the insurance of mortgages, including construction advances, on projects of 25 or more single-family dwellings.

The War Housing Insurance Fund was originally allocated the sum of \$5 million by the Federal Government. It has been credited with all income received in connection with insurance granted under Title VI, and has been charged with all expenses and losses relating to such insurance.

This is not a mutual fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

### Capital

Assets of the War Housing Insurance Fund as of June 30, 1959 totaled \$215,270,306, against which there were outstanding liabilities of \$49,803,781. The fund had an insurance reserve of \$165,466,525, consisting entirely of earnings.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the amount of capital contributed by the U.S. Government to establish this fund in the amount of \$5,000,000 was established as a liability as of June 30, 1953. This principal amount, together with interest thereon in the amount of \$1,390,010, has been repaid, the final payment being made on September 30, 1953.

STATEMENT 31.—Comparative statement of financial condition, War Housing Insurance Fund, as of June 30, 1958 and June 30, 1959

T +	June 30, 1958	June 30, 1959	Increase or decrease (—)
ASSETS		1.07	
Cash with U.S. Treasury	\$7, 935, 947	\$6, 953, 593	-\$982, 354
Investments: U.S. Government securities (amortized) Other securities (stock in rental housing corporations).	27, 347, 493 375, 660	29, 318, 416 364, 960	1, 968, 923 10, 700
Total investments	27, 723, 153	29, 681, 376	1, 958, 223
Loans receivable: Mortgage notes and contracts for deed	78, 473, 152 3, 109, 712	82, 934, 509 3, 358, 301	4, 461, 357 248, 589
Net loans receivable	75, 363, 440	79, 576, 208	4, 212, 768

STATEMENT 31.—Comparative statement of financial condition, War Housing Insurance Fund, as of June 30, 1958 and June 30, 1959—Continued

	June 30, 1958	June 30, 1959	Increase or
			decrease (—)
ASSETScontinued			
Accounts and notes receivable:  Accounts receivable—Insur-			2 *
Accounts receivable—Other	\$294, 805 12, 959	\$345, 960 101, 163	\$51, 155 88, 204
Accounts receivable-Inter- fund	16, 396	23, 502	7, 106
Total accounts and notes	324, 160	470, 625	146, 465
Accrued assets:			110, 100
Interest on U.S. Government securities.	46, 484 699, 870	46, 484 743, 976	44, 097
Total accrued assets	746, 303	790, 460	
Acquired security:			
Real estate (at cost plus expenses to date)	60, 700, 004 27, 466, 605	55, 101, 358 22, 657, 433	-5, 598, 646 -4, 809, 172
Net real estate	33, 233, 399	32, 443, 925	-789, 474
Mortgage notes acquired under terms of insurance Less allowance for losses	89, 641, 591 33, 063, 506	98, 152, 589 35, 810, 698	8, 510, 998 2, 747, 189
Net mortgage notes acquired under terms of		80 341 00	5 553 500
Insurance.	56, 578, 085		
Net acquired security Other assets—held for account		94, 100, 91	7, 814, 333
of mortgagors	2, 392, 896	=	
Total assets	204, 207, 44	5 215, 270, 30	6 10, 972, 861
LIABILITIES			- 10
Accounts payable: Bills pay able to vendors and Govern ment agencies	49, 36	0 78, 77	29, 360
Accrued liabilities: Interest or debentures	504, 57	4 447, 93	32 -56, 642
Trust and deposit liabilities: Excess proceeds of sale	2, 390, 48	5 707, 7	16 —1, 682, 769
Deposits held for mortgagors lessees, and purchasers			1
Total trust and deposi	t 8, 169, 34	12 7, 326, 2	53 -843, 089
Deferred and undistribute	1		
credits: Uncarned insurance premi	-   0 170 4/	02 8, 430, 9	68 -701, 434
Other	9, 132, 44 705, 5	27 746, 7	54 41, 227
Total deferred and undi- tributed credits	9, 837, 9	29 9, 177, 7	22 - 660, 207
Bonds, debentures, and note payable: Debentures payable		00 31, 698, 7	750 —2, 259, 750
Other liabilities: Reserve for			
foreclosure costs—Mortgag notes acquired under term of insurance	935, 3	63 1, 074,	139, 04
Total liabilities	53, 455, 0		100
RESERVE			
Insurance reserve—available for future losses and expenses	150, 842, 3	165, 466,	525 14, 624, 14
Total liabilities and r	204, 297, 4	215, 270,	306 10, 972, 86
· · · · · · · · · · · · · · · · · · ·	to		

Income and Expenses

During the fiscal year 1959 the fund earned \$24,989,172 and had expenses and losses of \$12,-

223,116, leaving \$12,766,056 net income before adjustment of valuation allowances. After the valuation allowances had been decreased by \$1,813,394, the net income for the year amounted to \$14,579,450, which was credited to the insurance reserve fund.

Cumulative income of the War Housing Insurance Fund from its establishment March 28, 1941 to June 30, 1959 amounted to \$376,107,428, while cumulative expenses were \$130,504,474, leaving \$245,602,954 net income before adjustment of valuation allowances. Valuation allowances of \$61,826,429 were established, leaving cumulative net income of \$183,776,525.

STATEMENT 32.—Income and expenses, War Housing Insurance Funds, through June 30, 1958 and June 30, 1959

		<del></del>	
	Mar. 28, 194	July 1, 1958	Mar. 28, 1941
	June 30, 1959	June 30, 1959	
Income: Interest and dividends: Interest on U.S. Govern-	-7.1		
ment securities. Interest—Other Dividends on rental hous-	\$13, 033, 547 22, 681, 767	\$720, 724 5, 730, 599	\$13, 754, 271 28, 412, 366
ing stock	16, 787	2, 759	19, 546
	35, 732, 101	6, 454, 082	42, 186, 183
Insurance premiums and fees: Premiums Fees	270, 301, 116 45, 156, 061	18, 326, 220 —25	288, 627, 336 45, 156, 036
	315, 457, 177	18, 326, 195	333, 783, 372
Other income: Profit (or loss —) on sale of investments  Miscellaneous income	-529, 903 458, 881	208, 895	-529, 903 667, 776
	-71,022	208, 895	137, 873
Total incoms	351, 118, 256	24, 989, 172	376, 107, 428
Expenses:		<del></del>	
Interest expenses: Interest on funds advanced by U.S. Treasury	1, 390, 010		1, 390, 010
Administrative expenses: Op- erating costs (including adjustments for prior years).	77, 290, 183	1, 598, 891	78, 844, 551
Other expenses: Depreciation on furniture		1	
and equipment  Miscellaneous erpenses	400, 623 11, 300	9, 568	409, 993 11, 300
1000	411, 923	9, 566	421, 293
Losses and charge-offs: Loss on acquired security Loss (or profit —) on equip-	39, 254, 513	10, 615, 506	49, 870, 019
ment	-20, 573	-847	-21, 399
and the same of	39, 233, 940	10, 614, 659	49, 848, 620
Total expenses	118, 326, 056	12, 223, 116	130, 504, 474
et income before adjustment of valuation reserves	232, 792, 200	12, 766, 056	245, 602, 954
crease (-) or decrease (+) in valuation allowances: Allowance for loss on loans			
receivable	-3, 109, 712	-248, 589	-3, 358, 301
estate	-27, 466, 605	+4, 809, 172	-22, 657, 433
gage notes acquired under terms of insurance	-33, 063, 506	-2,747,189	-35, 810, 695
Net adjustment of valua- tion allowances	-63, 639, 828	+1, 813, 394	-61, 826, <b>429</b>
Net income	169, 152, 377	14, 579, 450	183, 776, 525

STATEMENT 32.—Income and expenses, War Housing Insurance Fund, through June 30, 1958 and June 30, 1959—Continued

#### ANALYSIS OF INSURANCE RESERVE

to	to	Mar. 28 1941 to June 30, 1059
-11=	\$150, 842, 377 44, 698	# ± 1 01 +) 1
\$169, 152, 377	14, 579, 450	\$183, 776, 525
169, 152, 377	165, 466, 525	183, 776, 525
-18, 310, 000		-18, 310, 000
150, 842, 377	165, 466, 525	165, 466, 525
	\$169, 152, 377 -18, 310, 000	\$150, 842, 377 \$169, 152, 377 

#### Investments

Section 605(a) of Title VI contains a provision similar to that under Title II with respect to investment of moneys not needed for current operations by the purchase of U.S. Government securities or the retirement of debentures.

During the fiscal year 1959, \$63,200 of debentures were exchanged for mortgage notes, \$5,621,500 of debentures were redeemed in payment of mortgage insurance premiums and \$25,983,600 were redeemed by debenture calls.

During the fiscal year 1959, net investments of \$2,000,000, face amount, increased the U.S. Government securities held by the fund as of June 30, 1959 to \$29,222,500, principal amount, as follows:

Investments of the War Housing Insurance Fund, June 30, 1959

Series	Interest rate (per- cent) 1	Purchase price	Par value	Book value (amor- tized)
1959	234 2 234 234 234 234	\$2,603,380 12,863 5,972,000 9,992 4,000,000 16,868,736 29,466,971	\$2,625,000 13,500 5,972,000 11,000 4,000,000 16,601,000	\$2,608,08 13,14 5,972,000 10,13 4,000,000 16,715,04 29,316,410

Average annual yield 2.42 percent.

## Properties Acquired Under the Terms of Insurance

The Federal Housing Administration acquired title in 1959 under the terms of insurance to 38 properties (51 units) insured under Section 603 and sold 114 (164 units). Through December 31, 1959, a total of 11,669 Section 603 properties (15,950 units) had been acquired at a cost of \$78,940,776, and 11,285 properties (15,363 units) had been sold at prices which left a net charge against the fund of \$11,464,505, or an average of \$1,016 per case. There remained on hand for future disposition 384 properties having 587 living units.

During 1959, 63 additional rental housing properties or assigned mortgage notes (4,154 units) insured under Section 608 were acquired by the FHA Commissioner under the terms of insurance and 45 (2,341 units) were sold or liquidated. Through December 31, 1959, a total of 423 projects (26,401 units) and 212 mortgage notes (17,189 units) had been acquired by the Commissioner. Three hundred and twenty-eight project properties (18,907 units) had been sold, and 4 mortgage notes (90 units) had been liquidated leaving 95 project properties (7,494 units) and 208 mortgage

notes (17,099 units) still held by the FHA.

There were no additional purchasers' or manufacturers' notes, insured under Section 609, assigned to the FHA Commissioner during the calendar year 1959. The 2 manufacturers' notes and 65 discounted purchasers' notes previously assigned had been settled with a resultant loss to the fund of \$788,002. The first property insured under Title VI, Section 611, to be acquired by the Commissioner under the terms of insurance was a home property in calendar year 1959. This property was sold at a price which left no charge against the fund.

STATEMENT 33.—Statement of profit and loss on sale of acquired properties and assigned notes liquidated, War Housing Insurance Fund, through Dec. 31, 1959

	Sec. 603 (11,285 properties, 15,363 units)	Sec. 608 (332 projects and notes, 18,997 units)	Sec. 609 (67 notes, 370 units)	Sec. 611 (1 property I unit)	Total WHI Fund (11,685 properties and notes, 34,731 units)
Proceeds of sales:					
Sales price <sup>1</sup> Less commissions and other selling expenses	\$63, 542, 518 2, 545, 364	\$87, 710, 045 144, 555	\$324, 988	\$8, 250 495	\$151, 585, 801 2, 690, 414
Not proceeds of sales	60, 997, 154	87, 565, 490	324, 988	7, 755	148, 895, 387
Income:	<del></del>			- <del></del>	
Reutal and other income (net)  Mortgage note income.  Recovery prior to acquisition of defaulted notes	10, 451, 881		28, 260		39, 728, 874 20, 040, 271 1, 464, 835
Total income.	18, 432, 011	1, 432	28, 260	158	1, 432
Total proceeds of sold properties.		130, 340, 473			
	70, 429, 105	130, 340, 473	353, 248	7, 913	210, 130, 799
Expenses:  Debentures and cash adjustments  Asset value acquired after default of purchase money mortgages	199 406	124, 730, 394	1, 119, 121	5, 908	193, 146, 862 -182, 406
Other assets acquired. Purchase of land held under lease	79.016	-4, 339 258, 804			-4, 650 337, 910
Taxes and insurance.  Additions and improvements.	10, 714, 300 2, 416, 857 625, 646	21, 147, 503 6, 667, 665	22, 396	207 145	31, 584, 406 9, 084, 667 1, 924, 385
Maintenance and operating. Service charge. Miscellaneous.	6, 598, 451 147, 065	15, 241, 025 113, 953 501, 560		747 18	21, 840, 223 261, 036 511, 412
Total expenses		169, 955, 394	1, 141, 250	7,025	258, 803, 845
Net profit (or loss —) before distribution of liquidation profits		-39, 614, 921	-788,002	888	-48, 673, 046
Certificates of claim  Increment on certificates of claim	145, 221	226, 977 53, 087		461 11	1, 305, 479 198, 319
Refunds to mortgagors				416	1, 970, 64
Loss (-) to War Housing Insurance Fund	-11, 464, 505	-39, 894, 985	-788, 002		-52, 147, 49
<sup>1</sup> Analysis of terms of sales:	1	51	-	14 - 11	3-5
Terms of sales	Number of	Number of	Cash	Mortgage	Sales price

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Proporties sold for all cash	3, 056 8, 629	6, 827	\$23, 263, 587 11, 739, 394	\$116, 582, 820	\$23, 263, 587 128, 322, 214
Total	11, 685	6, 827	35, 002, 981	116, 582, 820	151, 585, 801

STATEMENT 34.—Statement of properties and assigned mortgage notes on hand, War Housing Insurance Fund, as of Dec. 31, 1959

			_	
	Sec. 603	Se	c. 608	Total (479 properties,
	erties,	(384 properties, 587 units) 95 projects, 7,494 units 1		208 mort- gage notes, 25,180 units)
Expenses:				
Acquisition costs Interest on debontures. Taxes and insurance	\$3, 183, 388 429, 037 275, 260	\$41, 943, 331 4, 421, 375 1, 684, 755	\$119,008,198 11,526,965	\$164, 134, 917 16, 377, 377 1, 960, 015
Additions and im- provements	69,068 730,801	79, 763		148, 831
Service charge Miscellaneous	3, 270	3, 430, 202 147, 050	178, 605 44, 522	4, 161, 003 178, 605 194, 842
Total expenses	4, 690, 824	51, 706, 476	130, 758, 290	187, 155, 590
Income and recoveries: Rent and other (net) Proceeds from partial	<b>7</b> 57, 071	6, 087, 399	16, 041, 121	22, 885, 591
sales		1, 973, 300		1, 973, 300
gage notes			6, 209, 543	6, 209, 543
Total income	757, 071	8,060,699	22, 250, 664	31, 068, 434
Net acquired se- curity on hand	3, 933, 753	43, 645, 777	108, 507, 626	156, 087, 156

<sup>1</sup> Includes 348 units in 4 partially sold projects.

The turnover of Section 603 and 608 acquired security, by calendar year, is given below:

STATEMENT 35.—Turnover of properties acquired under Sec. 603 of Title VI contracts of insurance by years, and cumulative through Dec. 31, 1959

Properties acq	uired						1	Proper	ties sol	d, by c	alenda	r years							Properties on hand
Year	Number	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	Dec. 31, 1959
1943	498 2, 542	29	220 36	110 685	139 1, 178	386				<u>-</u> -	••••								
1945	2,062			187	1,050	317	140 350	87 139	17	8	5								
947	998 16				431	302	210	43 1	11	1 1									
1948 1949	116 507						23	21 93	65 243	75	4 28	2	18	8	12	5	7		
950 951	1, 635 735								421	460	246	103	80	144	111	16	16	20	1
952	609									411	193 209	53 122	27 65	36 73	15 38	10	2	15	7
953 954	412 427											56	58 42	125 43	34 338	43	6	3	8:
955	717 101			]										407	31 50	181 45	11	16	7
957 958	180 76									-~						33	66	21	60
959	38																14	20 12	4:
Total	11,669	29	256	982	2,798	1,010	732	384	763	964	691	345	290	836	629	337	125	114	384

Note.—On the 11,285 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 25.13 months. The number of properties sold has been reduced by 537 properties repossessed

because of default on mortgage notes of which 512 had been resold by Dec. 31, 1959.

STATEMENT 36.—Turnover of properties acquired and mortgage notes assigned under Seo. 608 of Title VI contracts of insurance by years and cumulative through Dec. 31, 1959

Properties and notes acquired Properties and notes sold, by calendar years								Properties and notes				
Year	Number	1943-50	1951	1952	1958	1954	1955	1956	1957	1958	1959	on hand
043-48	3 16 66 82 37 63 70 76 53 49 63	2	7 1	2	11 4 2	1 1 6 21 10 4 1	1 9 9 7 6 4 2	1 3 5 8 19 19 2	2 10 24 4 15 9 12 7	3 3 4 3 9 11 1	2 1 5 3 7 6 8 11 2	
Total	635	2	8	2	17	44	. 38	57	84	35	45	3

Note.—The number of properties and notes sold has been reduced by 6 properties repossessed because of default on mortgage notes, all of which had been resold by Dec. 31, 1950.

### Certificates of Claim and Refunds to Mortgagors

Section 604(f) of the Act provides that if the net amount realized from any property conveyed to the Commissioner under Section 603, after deducting all expenses incurred in handling, dealing with, and disposing of such property, exceeds the face value of the debentures issued and the cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be applied to the certificate of claim issued to the mortgagee and any excess remaining after paying the certificate of claim and increment thereon shall be refunded to the mortgagor.

Certificates of claim in the total amount of \$2,442,723 had been issued through 1959, in connection with the Section 603 properties which had been acquired and subsequently sold. The proceeds of sale were sufficient to provide for the payment in full or in part on these certificates in the amount of \$1,078,041, or approximately 44 percent. Certificates of claim canceled or to be canceled amounted to \$1,364,682, or approximately 56 percent. In addition, the proceeds of sale were sufficient to pay refunds of \$1,950,413 to 5,013 mortgagors, and \$19,819 of refunds were held in trust for 47 payees whose whereabouts are unknown. The average refund per case amounted to \$389.

With respect to the excess proceeds, if any, from the sale of an acquired project insured under Section 608, the Act provides that any amount remaining after the payment of the certificate of claim shall be credited to the War Housing Insurance Fund.

Certificates of claim totaling \$2,799,693 had been issued in connection with the Section 608 acquisitions which had been disposed of by December 31, 1959. The proceeds of sale were sufficient to provide \$226,977 for payment in full or in

part on these certificates. Certificates of claim canceled or to be canceled amounted to \$2,572,716.

A certificate of claim in the amount of \$461 had been issued on the one Section 611 home property sold. The proceeds of sale were sufficient to provide for payment in full on this certificate and to provide for payment of a refund of \$416 to the mortgagor.

## TITLE VII: HOUSING INVESTMENT INSURANCE FUND

The Housing Investment Insurance Fund was created by Section 710 of the National Housing Act as amended August 10, 1948 (Housing Act of 1948, Public Law 901, 80th Cong.), which provides that this fund shall be used by the FHA Commissioner as a revolving fund for carrying out the rental housing yield insurance program authorized by Title VII and for administration expenses in connection therewith. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

Section 710 further provides that the Secretary of the Treasury shall make available to the Commissioner such funds as the Commissioner may deem necessary, but not to exceed \$10 million, which amount is authorized to be appropriated out of any money in the Treasury not otherwise appropriated.

One million dollars had been allocated to the fund by the Secretary of the Treasury pursuant to the request of the Federal Housing Commissioner and the remaining \$9 million had been rescinded and covered into the Treasury in accordance with the Second Supplemental Appropriation Act, 1956 (Public Law 533, 84th Cong.) approved May 19, 1956. Up to December 31, 1959, no applications for insurance under Title VII had been submitted.

### Capital and Net Income

Assets of the Housing Investment Insurance Fund at June 30, 1959 totaled \$911,104. Transfers from the War Housing Insurance Fund under Section 219 amounted to \$910,000, and the cumulative operating income is \$1,104. The \$1 million which was transferred from the U.S. Treasury to establish the fund in accordance with Section 710 of the Act was established as a liability of the fund as of June 30, 1953 under the provisions of Public Law 94, 83d Congress. This amount, including interest thereon in the amount of \$107,914, was repaid on July 31, 1953.

STATEMENT 37.—Comparative statement of financial condition. Housing Investment Insurance Fund, as of June 30, 1958 and June 30, 1959

	June 30, 1958	June 30, 1959	Increase or decrease (—)
ASSETS	111		10
Cash with U.S. Treasury	\$17, 221	\$12, 333	-\$4,888
Investments: U.S. Government securities (amortized)	871, 197	897, 188	25, 991
Accounts and notes receivable: Accounts receivable—Inter- fund	119	125	Immer 6
Accrued assets: Interest on U.S. Government securities	1,458	1, 458	
Total assets	\$89, 995	911, 104	21, 109
RESERVE			
nsurance reserve—available for future losses and expenses	889, 995	911, 104	21, 109

The total income for fiscal year 1959 was \$21,655, consisting entirely of income on U.S. Government securities, while expenses amounted to \$6, resulting in a net income for the year of \$21,649. The cumulative income of the Housing Investment Insurance Fund from August 10, 1948 to June 30, 1959 amounted to \$173,325, while cumulative expenses amounted to \$172,221, resulting in a net income to the fund of \$1,104.

restance regions 27

#### Investments

Section 710 of the Act provides that moneys in the Housing Investment Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by, the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under this fund, provided that such purchases are made at a price which will produce an investment yield of not less than the yield obtainable from other authorized investments. During the fiscal year 1959, net purchases of U.S. Government securities made for the account of this fund

STATEMENT 38.—Income and expenses, Housing Investment Insurance Fund through June 30, 1958 and June 30, 1959

	Aug. 10, 1948 to June 30, 1958		Aug. 10, 1048, to June 30, 1959
Income: Interest and dividends: Interest on U.S. Government securities	\$151, 398	\$21,655	\$173, 053
Other income: Profit on sale of investments	272		272
Total income	151, 670	21, 655	173, 325
Expenses: Interest expenses: Interest on funds advanced by U.S. Treasury	107, 914		107, 914
Administrative expenses: Op- erating costs (including adjustments for prior years).	63, 486	6	64, 030
Other expenses: Depreciation on furniture and equipment.	278		280
Losses and charge-offs: Loss (or profit —) on equipment.	-3	<u></u>	
Total expenses	171, 675	6	172, 221
Net income (or loss -)	-20, 005	21, 649	1, 104
ANALYSIS OF	INSURANCI	E RESERVE	-
Distribution of net income: Insurance reserve: Balance at beginning of period	-20, 005 -20, 005	889, 995 540 21, 649 911, 104	1, 104
Ospital contributions from other FHA insurance funds.	910, 000		910, 000
Balance at end of period	889, 995	911, 104	911, 104

amounted to \$27,000, principal amount. At June 30, 1959, the fund held \$897,000, principal amount, of U.S. Government securities as follows:

Investments of the Housing Investment Insurance Fund, June 30, 1959

Series	Interest rate (per- cent) <sup>1</sup>	Purchase price	Par value	Book value (amor- tized)
1960 1962 1965-70 1967-72	2 21/4 21/4	\$26, 039 70, 000 97, 375 704, 922	\$27,000 70,000 100,000 700,000	\$26, 145 70, 000 98, 333 702, 710
		898, 336	897, 000	-897, 188

Average annual yield 2.48 percent.

# TITLE VIII: ARMED SERVICES HOUSING MORTGAGE INSURANCE FUND

An amendment to the National Housing Act approved August 8, 1949 (Public Law 211, 81st Cong.) created the Military Housing Insurance Fund to be used by the FHA Commissioner as a revolving fund for carrying out the provisions of Title VIII of the Act. Section 803 provides for

the insurance of military housing "project" mort-gages for personnel in the armed services; Section 809, added by Public Law 574, 84th Congress, provides for the insurance of "home" mortgages for civilian employees at a research or development installation of one of the military departments of the United States or a contractor thereof; and Section 810, added by Public Law 86-372, 86th Congress, approved September 23, 1959, provides for the insurance of mortgages on multifamily rental housing projects or housing projects consisting of individual single-family dwellings for sale, which project properties are constructed to aid in providing adequate housing for military personnel and essential civilian personnel serving or employed in connection with an installation of one of the armed services of the United States. Public Law 345, 84th Congress, approved August 11, 1955, changed the title of the fund from Military Housing Insurance Fund to Armed Services Housing Mortgage Insurance Fund. For the purposes of the fund, the Act authorized to be appropriated the sum of \$10 million, of which \$5 million was made available by the Supplemental Appropriation Act, 1950 (Public Law 358, 81st Cong.).

This is not a mutual fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

### Mortgage Insurance Authorization

Section 803 (a) of the Act as amended by Public Law 345, 84th Congress, created a separate mortgage insurance authorization with regard to all new insurance written under Title VIII pursuant to commitments issued on or after August 11, 1955, including both the new armed services housing program and the extended military housing program. This insurance authorization provides that the aggregate amount of principal obligations of all mortgages insured under this program shall not exceed \$2,300 million and that the limitation in Section 217 shall not apply to this program. The status of the Title VIII insurance authorization at December 31, 1959 is as follows:

Status of Armed Services Housing Mortgage Insurance Authorization as of Dec. 31, 1959

the state of the state of	Sec. 803	Sec. 809	- 1
Insurance authorization			1 \$2, 300, 000, 000
Charges against insurance authorization: Mortgages insured Commitments for insurance.	\$1, 388, 137, 624 2 48, 392, 713	\$47, 240, 700 14, 278, 551	- 101 desc
Total charges against authorization	1, 436, 530, 337	61, 519, 251	1, 498, 049, 588
Unused insurance au-	7.41	7.00	801, 950, 412

<sup>1</sup> Increased from \$1,383,500,000 in accordance with Sec. 503 of Public Law 1020, 84th Cong., approved Aug. 7, 1955.
2 Includes Sec. 803 statements of eligibility in the amount of \$43,593,713.

### Capital and Net Income

As of June 30, 1959, the assets of the Armed Services Housing Mortgage Insurance Fund totaled \$30,013,800, against which there were outstanding liabilities of \$13,641,937, leaving \$16,371, 863 insurance reserve. The insurance reserve consists entirely of earnings.

In accordance with Public Law 94, 83d Congress approved June 30, 1953, the amount of capital contributed by the U.S. Government to establish this fund in the amount of \$5 million was established as a liability of the fund as of June 30, 1953. This amount was repaid during fiscal year 1954 together with interest thereon in the amount of \$441,092, the final payment being made on November 30, 1953.

STATEMENT 39.—Comparative statement of financial condition, Armed Services Housing Mortgage Insurance Fund, as of June 30, 1958, and June 30, 1959

	June 30, 1658	June 30, 1959	Increase or decrease (—)
ASSETS	113		
Cash with U.S. Treasury	\$981, 585	<b>\$</b> 2, 018, 788	\$1,037,203
Investments: U.S. Government securities (amortized) Other securities (stock in rental housing corporations).	11, 969, 677 15, 500	11, 737, 486	232, 191 6, 000
Total investments	11, 985, 177	11, 746, 986	-238, 191
	11, 500, 111	11, 710, 500	200, 181
Loans receivable:  Mortgage notes and contracts for deed  Less allowance for losses		284, 657 14, 233	284, 657 14, 233
Net loans receivable		270, 424	270, 424
Accounts and notes receivable: Accounts receivable—Insurance premiums. Accounts receivable—Interfund.	162, 106 11, 658	281, 657 15, 263	119, 551 3, 605
Total accounts and notes receivable	173, 764	296, 920	123, 156
Accrued assets: Insurance premiums Interest on U.S. Government securities		1	
Other	95, 359	164, 782	69, 423
Total accrued assets	139, 960	262, 866	122, 906
Acquired security: Real estate (at cost plus expenses to date) Less allowance for losses  Net real estate	13, 423, 997	5, 111, 714	-3, 039, 850
Mortgage notes acquired under terms of insurance Less allowance for losses	_  13,411.505		
Net mortgage notes acquired under terms of insurance	8, 875, 87	8, 177, 30	-698, 5 <b>6</b> 5
Net acquired security	14, 148, 30	7 15, 417, 81	6 1, 269, 509
Total assets	27, 428, 79	30, 013, 80	2, 585. 007
LIABILITIES			
Accounts payable: Bills pay able to vendors and Govern ment agencies	4, 95	3 11.00	011 7 19

STATEMENT 39.—Comparative statement of financial condition, Armed Services Housing Mortgage Insurance Fund, as of June 30, 1958, and June 30, 1959.—Continued

	June 30, 1958	June 30, 1959	Increase or decrease (—)
LIABILITIES—continued			
Accrued liabilities: Interest on debentures	\$186, 325	\$152, 262	<b>-\$34, 063</b>
Trust and deposit liabilities: Fee deposits held for future disposition	31, 739 67, 014	21, 150	-10, 589 -67, 014
Deposits held for mortgagors, lessees, and purchasers	115, 499	270, 334	154, 835
Total trust and deposit liabilities.	214, 252	291, 484	77, 232
Deferred and undistributed credits: Uncarned insurance premiums Unearned insurance fees Other	1, 930, 487 65, 968 95, 359	2, 354, 246 73, 408 164, 782	423, 759 7, 440 69, 423
Total deferred and undis- tributed credits	2, 091, 814	2, 592, 436	500, 622
Bonds, debentures, and notes payable: Debentures payable.	14, 635, 250	10, 465, 650	-4, 169, 600
Other liabilities: Reserve for foreclosure costs—mortgage notes acquired under terms of insurance	135, 664	129, 097	<b>-8, 567</b>
Total liabilities	17, 268, 258	13, 641, 937	-3, 626, 321
RESERVE			
Insurance reserve—available for future losses and expenses	10, 160, 535	16, 371, 863	6, 211, 328
Total liabilities and re-	27, 428, 793	30, 013, 800	2, 585, 007
Certificates of claim relating to properties on hand	287, 619	511, 938	224, 319

Total income of the Armed Services Housing Mortgage Insurance Fund during the fiscal year 1959 amounted to \$5,758,836, while expenses and losses amounted to \$2,680,099 leaving a net income of \$3,078,737 before adjustment of valuation allowances. After valuation allowances were decreased by \$3,110,756, a net income of \$6,189,493 resulted for the year. The cumulative income of the fund from August 8, 1949 to June 30, 1959 amounted to \$37,073,323, while cumulative expenses totaled \$11,125,021, resulting in a cumulative net income of \$25,948,302 before adjustment of valuation allowances. Valuation allowances of \$9,576,439 were established leaving cumulative net income of \$16,371,863.

#### **Investments**

Section 804(a) of the Act provides that moneys not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States, or, with the approval of the Secretary of the Treasury, used to purchase debentures issued under this title. In the fiscal

STATEMENT 40.—Income and expenses, Armed Services Housing Mortgage Insurance Fund, through June 30, 1958 and June 30, 1959

_			
	Aug. 8, 1949 to	July 1, 1958 to	Aug. 8, 1949 to June 30, 1959
	June 30, 1958	June 30, 1959	
Income: Interest and dividends: Interest on U.S. Govern-		***** 021	\$2, 482, 64 <b>8</b>
ment securities. Dividends on rental hous-	\$2, 195, 717	\$286, 931 419	
ing stock Interest—Other	1, 334 325, 701	348, 635	1, 753 674, 336
	2, 522, 752	635, 985	3, 158, 737
Insurance premiums and fees: Premiums Fees	19, 842, 385 8, 945, 574	8, 773, 782 1, 349, 069	23, 616, 167 10, 294, 643
	28, 787, 959	5, 122, 851	33, 910, 810
Other income: Profit on sale of investments	3, 776		3, 776
Total income	31, 314, 487	5, 758, 836	37, 073, 323
Expenses: Interest expenses: Interest on funds advanced by U.S. Treasury	441, 092		441, 092
Administrative expenses: Op- erating costs (including adjustments for prior years).	7, 283, 904	024, 620	8, 186, 77 <b>4</b>
Other expenses: Depreciation on furniture and equipment.	33, 664	4, 625	38, 194
Losses and charge-offs: Loss on acquired security	709, 354	1, 751, 263	2, 460, 617
Loss (or profit —) on equip- ment	-1, 257	-409	-1,656
	708, 097	1, 750, 854	2, 458, 961
Total expenses	8, 466, 757	2, 680, 099	11, 125, 021
Net income before adjustment of valuation allowances	22, 847, 730	3, 078, 737	25, 948, 302
Increase (—) or decrease (+) in valuation allowances: Allowance for loss on loans			
Allowance for loss on real	0 121 504	-14, 233	-14, 233
Allowance for loss on mort- gage notes acquired under	-8, 151, 564	+3, 039, 850	-5, 111, 714
terms of insurance	-4, 535, 631	+85, 139	-4, 450, 492
Net adjustment of valua- tion reserves	-12, 687, 195	+3, 110, 756	-9, 576, 439
Net income (or loss -)	10, 160, 535	6, 189, 493	16, 371, 863
ANALYSIS OF	INSURANCI	RESERVE	'
Distribution of net income:	· i		- )
Insurance reserve: Balance at beginning of period Adjustments during the		10, 160, 535	
Net income (or loss —) for		21, 835	
the period	10, 160, 535	6, 180, 493	16, 371, 863
Balance at and of period	10, 160, 535	16, 371, 863	

year 1959, \$1,826,650 of debentures were redeemed in payment of mortgage insurance premiums and \$2,733,000 by calls.

During the fiscal year 1959, net redemptions of \$225,000 decreased the U.S. Government securities held by the fund as of June 30, 1959 to \$11,749,000, principal amount. These transactions resulted in an increase in the average annual yield from 2.42 percent to 2.54 percent.

Investments of the Armed Services Housing Mortgage Insurance Fund, June 30, 1959

Series	Interest rate (per- cent) !	Purchase price	Par value	Book value (amor- tized)
1959 1963 1964-60 1965-70 1966-71 1967-72	2 2)4 2)4 2)4 2)4	\$867, 193 324, 000 1, 511, 820 288, 391 1, 063, 141 7, 701, 281 11, 755, 826	\$875, 000 324, 000 1, 550, 000 300, 000 1, 100, 000 7, 600, 000	\$868, 799 324, 000 1, 526, 159 292, 258 1, 074, 901 7, 651, 369 11, 737, 486

Average annual yield 2.54 percent.

## Properties Acquired Under the Terms of Insurance

During the calendar year 1959, 7 additional properties or assigned notes (2,057 units) insured under Section 803 were acquired by the Commissioner under the terms of insurance and one property (95 units) was sold. Through December 31, 1959, a total of 13 properties (1,831 units) and 16 mortgage notes (3,823 units) had been acquired by the Commissioner, and 3 properties (405 units) had been sold. Certificates of claim issued in connection with the 3 Section 803 properties sold as of December 31, 1959, amounted to \$92,783, all of which is to be canceled.

STATEMENT 41.—Statement of profit and loss on sale of acquired properties, Armed Services Housing Mortgage Insurance Fund, through Dec. 31, 1959

	Sec. 803 (3 properties 405 units)
Proceeds of sales:	
Sales price ' Less commissions and other selling expenses	\$833, 211 2, 638
Net proceeds of sales	830, 573
Income: Rental and other income (net) Mortgage note income	361, 558 19, 356
Total income	380,914
Total proceeds of sold properties	1, 211, 487
Expenses:  Debentures and cash adjustments	3, 166, 274 278, 041 36, 763 4, 913 196, 142 534 3, 952
Total expenses	3, 686, 619
Loss (-) to Armed Services Housing Mortgage Insurance Fund	<b>-2, 475,</b> 132

1 Analysis of terms of sales:

Terms of sales	Number of prop- erties	Number of notes	Cash	Mort- gage notes	Total
Properties sold for all cash Property sold for	2		\$512, 109		\$512, 109
cash and note	1	1	31, 102	\$290,000	321, 102
Total	3	1	543, 211	290,000	833, 211

The turnover of Section 803 acquired security, by calendar year, is shown in Statement 42.

STATEMENT 42.—Turnover of properties acquired and mortgage notes assigned under Sec. 803 of Title VIII contracts of insurance by years and cumulative through Dec. 31, 1959

Properties and notes acquired  Year Number		Prop cal	Properties and notes on band		
		1957	1958	1959	Dec. 31, 1959
1954 1955	1 4				
1956 1957 1958	2 11 4	1	1	i	ą¢.
Total	7 29	1	1	1	2

On December 31, 1959, there remained on hand, under Section 803, 10 project properties (1,426 units) and 16 assigned mortgage notes (3,823 units) under the Armed Services Housing Mortgage Insurance Fund.

The first Title VIII, Section 809, property was acquired under the terms of insurance in calendar year 1959 at a total cost of \$11,041 and remained on hand at December 31, 1959, as shown in Statement 43.

STATEMENT 43.—Armed Services Housing Mortgage Insurance Fund, statement of properties and assigned mortgage notes on hand at Dec. 31, 1959

	Sec.	803	Sec. 809	Total (27
	10 projects, 1,426 units <sup>1</sup>	16 mort- gage notes, 3,823 units	(1 prop. erty, 1 unit)	and notes, 5,250 units)
Expenses:	112111			
	\$11, 309, 082	\$26, 901, 405	\$10,725	\$38, 221, 212
Interest on debentures	1, 275, 948	1, 180, 964	287	2, 457, 199
Taxes and insurance	310, 938		29	310, 967
Additions and improve-	1			1,
ments	5, 711			5, 711
Maintenance and operat-				1
ing	618, 640			618, 640
Service charge		29, 621		29, 621
Miscellaneous	37, 237	6, 214		43, 451
Total expenses	13, 557, 556	28, 118, 204	11,041	41, 686, 801
Income and recoveries:				\
Rent and other income	1	ļ		1
(net)	1, 049, 350	1, 302, 429	**	2, 351, 779
Proceeds from partial sales.	194, 600	1,004,120		194, 600
Collections on mortgage	1 204,000			107,000
notes		250, 413		. 250, 413
Total income	1, 243, 950	1, 552, 842		2, 796, 792
Not control county on		·		†
Net acquired security on band	12, 313, 606	26, 565, 362	11,041	38, 890, 009

<sup>&</sup>lt;sup>1</sup> Includes 35 units in one partially sold project.

## TITLE IX: NATIONAL DEFENSE HOUSING INSURANCE FUND

The National Defense Housing Insurance Fund was created by Section 902 of the National Housing Act as amended September 1, 1951 (Defense Housing and Community Facilities and Services Act of 1951, Public Law 139, 82d Cong.), which provides that this fund shall be used by the Com-

missioner as a revolving fund for carrying out the provisions of Title IX of the Act. This title of the Act provides for the insurance of mortgages in areas which the President shall have determined to be critical defense housing areas. To accomplish this purpose, the Act authorized the Commissioner to transfer from the War Housing Insurance Fund the sum of \$10 million. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

### Capital and Net Income

As of June 30, 1959, the assets of the National Defense Housing Insurance Fund totaled \$66,629,063, against which there were outstanding liabilities of \$73,043,049, leaving a deficit of \$6,413,986. This represents an operating deficit of \$16,413,986 less \$10 million transferred from other insurance funds in accordance with Section 219 of the Act.

STATEMENT 44.—Comparative statement of financial condition, National Defense Housing Insurance Fund, as of June 30, 1958 and June 30, 1959

minimum metal, m	June 30, 1958	June 30, 1959	Increase or decrease ()
ASSETS	2010-	-	
Cash with U.S. Treasury	\$1,589,001	\$1, 945, 649	\$356, 648
Investments: U.S. Government securities (amortized) Other securities (stock in rental housing corporations)	5, 187, <b>43</b> 8 9, 200	2, 351, 900 9, 200	-2, 835, 538
Total investments	5, 196, 638	2, 361, 100	-2, 835, 538
Loans receivable: Mortgage notes and contracts for deed. Less allowance for losses	18, 773, 382 334, 286	24, 804, 558 504, 226	6, 031, 176 169, 940
Net loans receivable	18, 439, 096	24, 300, 332	5, 861, 236
Accounts and notes receivable: Accounts receivable—Insurance premiums. Accounts receivable—Other. Accounts receivable—Interfund	45, 792 447 29	43, 659 403, 881 2, 940	-2, 133 403, 434 2, 911
Total accounts and notes receivable	46, 268	450, 480	404, 212
Accrued assets: Interest on U.S. Government securities. Other. Total accrued assets.	3, 635 106, 436 110, 071	1, 667 129, 266 130, 933	-1, 968 22, 830 20, 862
Acquired security:  Real estate (at cost plus expenses to date)  Less allowance for losses.	47, 511, 818 23, 104, 250	50, 387, 155 18, 487, 344	2, 875, 337 4, 616, 906
Net real estate	24, 407, 568	31, 899, 811	7, 492, 243
Mortgage notes acquired under terms of insurance. Less allowance for losses.	10, 841, 458 3, 705, 082	8, 483, 336 2, 952, 525	-2, 358, 122 -752, 557
Net mortgage notes scquired under terms of insurance.	7, 136, 376	5, 530, 811	-1, 605, 565
	31, 543, 944	37, 430, 622	5, 886, 678

provides that this find shall be tend by the Com-

STATEMENT 44.—Comparative statement of financial condition, National Defense Housing Insurance Fund, as of June 30, 1958 and June 30, 1959—Continued

- 10 4 -	June 30, 1958	June 30, 1959	Increase or decrease (—)
ASSETS—continued			
Other assets-held for account of mortgagors	\$4,718	\$9, 947	\$5, 229
Total assets	56, 929, 736	66, 629, 063	9, 699, 327
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies.	65, 009	90, 972	25, 963
Accrued liabilities: Interest on debentures	1, 354, 299	1, 080, 264	-274, 035
Trust and deposit liabilities: Excess proceeds of sale	145, 859	149, 925	4,066
Doposits held for mortgagors, lessees, and purchasers	379, 031	397, 585	18, 504
Total trust and deposit liabilities	524, 940	547, 510	22, 570
Deferred and undistributed credits:			7 - 7
Uncarned insurance premiumsOther	1, 142, 458 106, 437	1, 066, 550 129, 266	-75, 902 22, 829
Total deferred and undis- tributed credits	1, 248, 895	1, 195, 822	53,073
Bonds, debentures, and notes payable: Debentures payable.	65, 677, 150	70, 041, 900	4, 364, 750
Other liabilities: Reserve for foreclosure costs-Mortgage	1.		
notes acquired under terms of insurance	109, 991	86, 581	-23, 410
Total liabilities	68, 980, 281	73, 043, 049	4, 062, 765
RESERVE			
Insurance reserve (deficit —)	-12, 050, 548	-6, 413, 986	5, 636, 562
Total liabilities and re- serve	56, 920, 736	66, 629, 063	9, 699, 327
Certificates of claim relating to properties on hand.	1, 568, 801	1, 641, 439	72, 638

#### Income and Expenses

During fiscal year 1959 the income to the fund amounted to \$2,592,818, while expenses and losses amounted to \$2,150,705, leaving a net income of \$442,113 before provision for valuation allowances. A decrease of \$5,199,523 in the valuation allowances resulted in a net income of \$5,641,636 for the year.

The cumulative income of the National Defense Housing Insurance Fund from September 1, 1951 to June 30, 1959 amounted to \$19,736,542, while cumulative expenses amounted to \$14,206,433, leaving cumulative net income of \$5,530,109 before adjustment of valuation allowances. Valuation allowances of \$21,944,095 were established, leaving a cumulative net deficit of \$16,413,986.

#### Investments

Section 905(a) of Title IX contains a provision similar to that under Title II with respect

The state of the s

STATEMENT 45.—Income and expenses, National Defense Housing Insurance Fund, through June 30, 1958 and June 30, 1959

	1		
10 mm	Sept. 1, 1951 to June 30, 1958	July 1, 1958 to June 30, 1959	Sept. 1, 1951 to June 30, 1959
Income:			<del></del>
Interest and dividends	y =-		
Interest on U.S. Govern- ment securities	\$889, 243	\$90,067	\$979, 310
Interest—Other Dividends on rental hous-	867,009	237, 497	1, 104, 506
ing stock	195	100	295
	1, 750, 447	327, 664	2, 084, 111
Insurance premiums and fees: Premiums Fees.	12, 488, 254 2, 722, 921	2, 106, 910	14, 595, 164 2, 722, 921
	15, 211, 176	2, 106, 910	17, 318, 085
Other Income:			-
Profit on sale of investments.  Miscellaneous income	63, 859 112, 243	158, 244	63, 859 270, 487
	176, 102	158, 244	334, 346
Total income	17, 143, 724	2, 592, 818	19, 736, 542
Expenses:			
Administrative expenses: Op- erating costs (including adjustments for prior years)	6, 321, 989	696, 778	7, 023, 821
Other expenses: Depreciation on furniture			
and equipment Miscellaneous expenses	29, 075 29, 207	3,890 240	32, 987 29, 447
	58, 282	4, 130	62, 434
Losses and charge-offs:	10 10		
Loss on acquired security Loss (or profit —) on equip-	5, 670, 712	1, 450, 141	7, 120, 853
ment	-329	-344	-675
The same of the sa	5, 670, 383	1, 449, 797	7, 120, 178
Total expenses	12,050,654	2, 150, 705	14, 206, 433
Net income before adjust-			
ment of valuation allowances	5, 093, 070	442, 113	5, 530, 109
Increase (-) or decrease (+) in valuation allowances:	1407		110
Allowance for loss on loans	224 008	180 040	504 998
receivable Allowance for loss on real	- 334, 286	-169, 940	1
estate	_  -23, 104, 250	+4,616,906	-18, 487, 344
gage notes acquired under terms of insurance		+752, 557	-2, 952, 525
Net adjustment of valua-		, , , , , , ,	
tion allowances	-27, 143, 618	+5, 199, 523	-21, 944, 095
Net income (or loss -)	_ 22, 050, 548	5, 641, 636	-16, 413, 986
ANALYSIS OF	INSURANC	E RESERVI	3
Distribution of net income:		· ·	12.216.002
Insurance reserve:	.		
Balance at beginning of period			3
Adjustments during the period	)   	-5,074	.
		7	
Net income (or loss —) for	-22, 050, 548	5, 641, 636	3
	-22, 050, 548		
Net income (or loss —) for period	-22, 050, 548 -22, 050, 548		
Net income (or loss —) for	-22, 050, 548 -22, 050, 548	-6,413,980	

to investment of moneys not needed for current operations by the purchase of U.S. Government securities or the retirement of debentures.

During fiscal year 1959, \$314,900 of debentures were exchanged for mortgage notes, \$1,960,300 of debentures were redeemed in payment of mortgage insurance premiums, and \$3,000,000 were redeemed by calls.

During the fiscal year 1959, net redemptions of \$2,830,000, principal amount, of U.S. Government securities were made. These transactions left the U.S. Government securities held by the fund as of June 30, 1959, at \$2,370,000 yielding 2.68 percent.

Investments of the National Defense Housing Insurance Fund, June 30, 1959

Series	Interest rate (percent);	Purchase price	Par value	Book value (amor- tized)
1959	2 2 214 214 214	\$1, 177, 348 400, 000 375, 000 193, 563 193, 062	\$1, 195, 000 400, 000 375, 000 200, 000 200, 000	\$1, 186, 415 400, 000 375, 000 195, 526 194, 959
Total		2, 338, 973	2, 370, 000	2, 351, 900

1 Average annual yield 2.68 percent.

## Properties Acquired Under Terms of Insurance

During 1959, no additional properties or assigned notes insured under Section 908 were acquired by the FHA Commissioner. Six properties (310 units) were sold. Titles to 1,413 home properties (1,635 units) insured under Section 903 were acquired under the terms of insurance during 1959 and 594 (663 units) were sold. Through December 31, 1959, a cumulative total of 16 mortgage notes (1,137 units) and 14 properties (1,080 units) insured under Section 908 and 9,354 home properties (10,872 units) insured under Section 903 had been acquired under the terms of insurance. Four thousand seventy-five home properties (4,939 units) insured under Section 903 and 7 Section 908 properties (364 units) had been sold at December 31, 1959. Certificates of claim issued in connection with the 4,075 Section 903 properties sold through December 31, 1959 totaled \$1,347,791, of which \$222,741 is paid or to be paid and \$1,125,050 canceled. Certificates of claim issued in connection with the Section 908 properties sold totaled \$111,032, of which \$84,325 is to be paid and \$26,707 is to be canceled. At December 31, 1959, there remained on hand 5,279 properties (5,933 units) insured under Section 903, 16 mortgage notes (1,137 units) and 7 properties (716 units) insured under Section 908.

STATEMENT 48.—Statement of profit and loss on sale of acquired properties, National Defense Housing Insurance Fund, through Dec. 31, 1959

Items	Sec. 903 (4,075 properties, 4,939 units)	Sec. 908 (7 properties, 364 units)	Total NDHI Fund (4,082 properties, 5,303 units)
Proceeds of sales: Sales price Less commissions and other	\$31, 090, 898	\$2, 537, 500	\$33, 628, 398
selling expenses	1, 207, 846	3, 676	1, 211, 522
Net proceeds of sales	29, 883, 052	2, 533, 824	32, 416, 876
Income: Rental and other income (net) Mortgage note income. Recovery prior to acquisition of defaulted notes	2, 594, 519 2, 326, 429 54, 235	486, 612 66, 801	3, 081, 131 2, 393, 230 54, 235
Total income	4, 975, 183	553, 413	5, 528, 596
Total proceeds of sold properties	34, 858, 235	3, 087, 237	37, 945, 472
Expenses: Debentures and cash adjustments Asset value acquired after default of purchase money	36, 238, 389	2, 556, 828	38, 795, 217
mortgages Purchase of land held under	-920, 766		-920, 766
lease Interest on debentures Taxes and insurance Additions and improvements Maintenance and operating expense Service charge	56, 292 3, 336, 357 1, 039, 691 25, 590 2, 154, 617 120, 040	343, 426 53, 192 675 112, 676 2, 509	56, 292 3, 679, 783 1, 092, 883 26, 265 2, 267, 293 122, 549
Miscellaneous	1, 268	4, 646	5, 91 <b>4</b>
Total expenses	42, 051, 478	3, 073, 952	45, 125, 430
Net profit (or loss -) before distribution of liquidation profits. Less distribution of liquidation profits;	-7, 193, 243	13, 285	<b>—7, 179, 958</b>
Certificates of claim Increment on certificates of	222, 741	84, 325	307, 066
claim.	10, 225	2, 536	12, 761
Loss (-) to National Defense Housing Insur- ance Fund	-7, 426, 209	-73, 576	-7, 499, 785

Analysis of terms of sales:

Terms of sales .	Num- ber of prop- erties	Num- ber of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash Properties sold for cash and notes for contracts for	561	_	\$1,784,227		\$1,784,227
deed)	3, 521	3, 239	1, 636, 656	\$30, 207, 515	31, 844, 171
Total	4,082	3, 239	3, 420, 883	30, 207, 515	33, 628, 398

STATEMENT 47.—National Defense Housing Insurance Fund, statement of properties and assigned mortgage notes on hand as of Dec. 31, 1959

		_			
	Sec. 903	800	Total (5,286		
	(5,279 properties, 5,933 units)	7 prop- erties, 716 units	16 mort- gage notes, 1,137 units	properties, 16 mort- gago notes, 7,786 units)	
Expenses:		04 000 052	\$8,006,781	\$57, 970, 243	
Acquisition costs Interest on debentures Taxes and insurance	\$45, 054, 609 3, 352, 696 2, 265, 625	\$1, 908, 853 624, 940 131, 971	782, 650	4, 760, 286 2, 397, 506	
Additions and improve-	50, 629	6, 891		57, 520	
Maintenance and operat-	2, 175, 915	344, 182	14, 523	2, 520, 097 14, 523	
Service charge Miscellaneous	8, 576	15, 340	6, 299	30, 215	
Total expenses	52, 908, 050	6, 032, 177	8, 810, 253	67, 750, 480	
Income and recoveries: Rent and other (net) Collections on mortgage	4, 513, 510	537, 104	755, 302	5, 805, 916	
notes			253, 707	253, 707	
Total income	4, 513, 510	537, 104	1, 009, 009	6, 059, 623	
Net acquired security on hand	48, 394, 540	<b>5, 4</b> 95, 073	7, 801, 244	61, 690, 857	

Statements 48 and 49 show the turnover of acquired security under Sections 903 and 908 by calendar year of acquisition.

STATEMENT 48.—Turnover of properties acquired under Sec. 903 of Title IX contracts of insurance, by years, and cumulative through Dec. 31, 1959

Properties acqui	red	Properties sold, by calendar years		ars	Prop- erties				
Year	Num- ber	1953	1954	1955	1956	1957	1958	1959	on hand Dec. 31, 1959
1953 1954 1955 1956 1957 1958 1959	3 690 2,535 2,800 1,273 640 1,413		2	3 113 358	149 657 167	166 249 539 09	15 138 628 196 32	15 16 276 142 68 77	230 1, 117 1, 190 866 540 1, 336
Total	9, 354		2	474	073	1,023	1,009	594	5, 279

Note.—On the 4,075 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 19.76 months.

The number of properties sold has been reduced by 133 properties repossessed because of default on mortgage notes, of which 27 had been resold by Dec. 31, 1959.

STATEMENT 49.—Turnover of properties acquired and mortgage notes assigned under Sec. 908 of Title IX contracts of insurance by years, and cumulative through Dec. 31, 1959

Year	Properties and notes acquired	Pro cal	Properties and notes on band		
		1957	1958	1959	Dec. 31, 1959
1954 1955 1956 1957 1958	2 10 7 7 4	1		3 3	1 10 7 4 1
Total	30	1		6	23

#### SALARIES AND EXPENSES ACCOUNT

A separate account, entitled Salaries and Expenses, Federal Housing Administration, is maintained for the payment of salaries and other expenses involved in operating the FHA. Moneys for such expenses and for the purchase of furniture and equipment required in the operations of the FHA are allocated to this fund and all disbursements for these purposes are made from it. Until the income of the insurance funds was sufficient to cover salaries and expenses, allocations were made to this account from the U.S. Treasury through the RFC in accordance with provisions contained in the National Housing Act and subsequent appropriation acts. Since July 1, 1937, a portion of the allocations, and since July 1, 1940, all allocations to salaries and expenses have been made from the various FHA insurance funds.

STATEMENT 50.—Comparative statement of financial condition, Administrative Expense Account (salaries and expenses), as of June 30, 1958 and June 30, 1959

	June 30, 1958	June 30, 1959	Increase or decrease (-)
ABSETS			
Cash with U.S. Treasury	\$6, 375, 293	\$5, 336, 468	\$1,038,825
Accounts and notes receivable: Accounts receivable—Other	144, 724	150, 035	5, 311
Land, structures, and equip- ment:			
Furniture and equipment	3, 134, 104	1 3, 457, 271	323, 167
Less allowance for deprecia-	1, 577, 488	1, 707, 019	129, 531
Net furniture and equip- ment	1, 556, 616	1, 750, 252	193, 636
Total assets	8, 076, 633	7, 236, 755	-839, 878
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies Interfund	5, 085, 904 1, 556, 616		-1,337,282 193,636
Total accounts payable	6, 642, 520	5, 498, 874	-1, 143, 646
Trust and deposit liabilities: Due general fund of the U.S. Treasury Employees' payroll deductions for taxes, etc	2, 049 1, 428, 901	1	
Total trust and deposit	1, 430, 950	1, 733, 553	302, 603
Deferred and undistributed credits: Other	3, 163	4, 325	1, 165
Total liabilities	8, 076, 633	7, 236, 75	-839, 878

Excludes unfilled orders in the amount of \$76,612.
 Excludes unfilled orders in the amount of \$237,072.

