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Twentieth Annual Report

of the

FEDERAL HOUSING ADMINISTRATION

NORMAN P. MASON

Commissioner

For the year ending

December 31, 1953

TWENTIETH ANNUAL REPORT

OF THE

FEDERAL HOUSING ADMINISTRATION

Year ending December 31, 1953

This report is identical with Part III of the Seventh Annual Report of the Housing and Home Finance Agency, of which the Federal Housing Administration is a constituent agency

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1954

For sale by the Superintendent of Documents, U. S. Government Printing Office
Washington 25, D. C. - Price 60 cents

LETTER OF TRANSMITTAL

To the Congress of the United States:

In accordance with Section 5 of the National Housing Act as amended, I transmit herewith the Twentieth Annual Report of the Federal Housing Administration. This report covers the calendar year 1953.

Respectfully,

NORMAN P. MASON,
Commissioner.

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Functions of the Federal Housing Administration

Under authority of the National Housing Act of June 27, 1934, as amended, the Federal Housing Administration operates insurance programs designed to encourage improvement in housing standards and conditions and the creation of a sound 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 unit of the Housing and Home Finance Agency.

The following statement summarizes the various types of FHA insurance that were in effect at the end of 1953. Modifications of the FHA program made by the Housing Act of 1954 (Public Law 560, 83d Cong., approved Aug. 2, 1954) are not reflected in this summary.

Title I

Section 2 of Title I of the 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 non-residential structures.

Section 8 of Title I, added to the Act in 1950, authorizes the insurance of mortgages on new single-family dwellings for families of low and moderate income, particularly in suburban and outlying areas.

Title II

Section 203 of Title II authorizes the insurance of mortgages on new and existing 1- to 4-family dwellings. Activity under this section accounts for the largest share of FHA insurance written since 1934.

Section 207 of Title II authorizes the insurance of mortgages, including construction advances, on rental housing projects. Mortgages on projects of 12 or more units are insured.

Section 213, added to Title II in 1950, authorizes the insurance of mortgages on cooperative housing projects. Mortgages on projects of 12 or more units are insured. In a sales-type project (one built by a nonprofit corporation or trust organized for the purpose of building homes for members), the individual homes may be released from the blanket mortgage on the project and individual mortgages on these homes may be insured under Section 213. 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 their housing projects.

Title VI

Sections 603 and 608 of Title VI were enacted in 1941 and 1942, respectively, to aid the production of war housing through mortgage insurance provisions somewhat more liberal than those under Sections 203 and 207. Sections 603 and 608 became inactive after the war ended, but were reenacted in the Spring of 1946 as part of the Veterans' Emergency Housing Program. The authority to issue commitments of mortgage insurance on new construction under Section 603 expired April 30, 1948, and new-construction commitments under Section 608 were limited to those for which applications were received on or before March 1, 1950.

Section 609 of Title VI, added in 1947, authorizes the insurance of short-term loans to finance the manufacture of housing, and the insurance of lending institutions against loss on notes given in part payment by purchasers of manufactured housing financed with insured loans.

Section 610 of Title VI, added in 1947, authorizes the insurance under Sections 603 and 608 of mortgages on specified types of permanent housing sold by the Government.

Section 611 of Title VI, added in 1948, authorizes the insurance of mortgages, including construction advances, on projects of 25 or more new single-family dwellings. The purpose of this section is to encourage the application of site fabrication and other cost-reduction techniques to large-scale homebuilding operations. The individual dwellings may be released from the blanket project mortgage and individual mortgages on these dwellings may be insured under Section 611.

Title VII

Title VII, added in 1948, authorizes the insurance of a minimum amortization charge and an annual return on outstanding investments in debt-free rental projects.

Title VIII

Title VIII, added in 1949, authorizes the insurance of mortgages on rental housing built on or near military reservations for the use of military or civilian personnel of the Army, Navy, or Air Force, on certification by the Secretary of Defense, and rental housing for employees of Atomic Energy installations on certification by the Atomic Energy Commission.

Title IX

This title, added to the Act in September 1951, provides for the insurance of mortgages on housing programed for critical defense areas by the Administrator of the Housing and Home Finance Agency. Preference of opportunity to rent or purchase must be given to eligible defense workers. Section 903 of Title IX authorizes the insurance of mortgages on 1- and 2-family dwellings. Under Section 908, mortgages on rental projects of 12 or more units are insured. No commitment of mortgage insurance on new construction may be made under Title IX after June 30, 1954.

Section 1

GENERAL REVIEW

The Federal Housing Administration continued in 1953 as a significant influence on home financing practices in the United States. At the end of the year, the aggregate amount of insurance written by this agency since its establishment in 1934 had reached nearly $33 billion. The 1953 volume was the largest for any year except 1950, although increases over 1952 in number and amount of home mortgages and property improvement loans insured were offset to some extent by decreases in project mortgage insurance, and the volume of applications and of new dwellings started under the FHA program was less than in 1952. For the first year since 1942, no mortgages were insured under Section 608.

Legislative Changes

Public Law 5, 83d Congress, approved March 10, 1953, amended Title I, Section 2(a), of the National Housing Act by increasing the permissible aggregate amount of outstanding insurance from $1.25 billion to $1.75 billion, and provided for repayment by the FHA of the Government investment of $8,333,313.65 in the capital account of the Title I Insurance Fund.

Public Law 94, 83d Congress, approved June 30, 1953, included the following amendments to the National Housing Act:

1. The maximum mortgage amount eligible for insurance under Title I, Section 8 was increased from $4,750 to $5,700 for an owner-occupant mortgagor and from $4,250 to $5,100 for a builder mortgagor.

2. The President was authorized in his discretion to permit insurance under Section 203 of a $12,000, 95 percent, 30-year mortgage on a single-family dwelling.

3. Section 207 was amended to provide maximum mortgage limitations of $10,000 per family unit, $2,000 per room (or $7,200 per family unit for projects with fewer than 4 rooms per family unit), and 80 percent of value (or 90 percent for projects with 2 or more bedrooms per family unit when the mortgage does not exceed $7,200 per family unit.)

4. The maturity of debentures issued under Section 207 was reduced from 20 to 10 years.

5. Maximum interest rates were increased on project mortgages under Sections 213, 803, and 908 from 4 percent to 4½ percent, and on individual mortgages under Section 213 from 4 to 5 percent. Under this authorization, the FHA administrative rules have established the maximum rate on project mortgages at 4¼ percent and on individual home mortgages at 4½ percent.

6. The Title VIII insurance authorization was extended to July 1, 1954, and the maximum loan amount was limited to the cost of the physical improvements.

7. The Title IX insurance authorization was extended to June 30, 1954, and provision was made for the FHA Commissioner to obtain the release of commitments under this title when it should be determined that a market for the housing contemplated under the commitment no longer existed.

8. Higher mortgage amounts were authorized for insurance on properties in Hawaii to compensate for higher costs.

9. Section 214 was amended to permit private lenders in Alaska to make certain FHA-insured loans on terms equal to those permitted to the Alaska Housing Authority.

10. The FHA mortgage insurance authorization provided by Section 217 was increased from $1.9 billion to $3.4 billion.

11. The FHA Commissioner was authorized to transfer moneys among the various insurance funds (except the Title I Insurance Fund and the Mutual Mortgage Insurance Fund).

12. The FHA was required to repay to the United States Treasury, with interest, the advances made to the FHA to establish insurance funds and pay administrative expenses before the agency became self-supporting.

13. Adjustments were made in the operation of the group accounts and the general reinsurance account under the Mutual Mortgage Insurance Fund, for the purpose of strengthening the fund.

Repayment of Government Advances

Pursuant to provisions contained in Public Laws 5 and 94, 83d Congress, approved March 10, 1953, and June 30, 1953, respectively, the FHA undertook repayment of the amounts advanced by the United States Treasury to finance FHA programs before the agency became self-supporting.

Public Law 5 required the Commissioner to repay the $8⅓ million advanced by the Government to meet claims on Title I insurance granted between July 1, 1939, when premium collections were first authorized, and July 1, 1944, when it became possible to pay all claims as well as expenses of operation out of earnings and recoveries in the insurance fund. The $8⅓ million was repaid in full on July 1, 1953. In addition, partial repayments were made in 1953 of amounts advanced by the Government to establish the Titles II, VI, and VII insurance funds and to pay salaries and expenses under Title II before FHA income under that title was sufficient for the purpose. Public Law 94 provides that the FHA recognize these advances as a debt and repay them to the Treasury with interest. The payments made in

1953 totaled $55.9 million, of which $35.6 million was principal and $20.3 million was interest.

The final payment to the Treasury under Public Laws 5 and 94 was made on March 11, 1954, bringing the total repayment to approximately $85.9 million.

Interest Rates

As a means of bringing additional funds into the mortgage market through the FHA programs, the administrative rules of the FHA were amended in 1953 to increase the maximum permissible interest rate on home mortgages from 4¼ to 4½ percent and the maximum rate on rental and cooperative project mortgages from 4 to 4¼ percent.

The new rates became effective on May 2 with respect to home mortgages insured under Sections 8, 203, 603–610 and 903, and project mortgages insured under Sections 207 and 608–610.

For Section 213 (cooperative housing), Section 803 (military housing), and Section 908 (defense project housing), the higher rates became effective June 30, 1953, with the enactment of Public Law 94, 83d Congress. The maximum interest rate under these sections had previously been set by statute at 4 percent.

Debentures

The rates of interest on FHA debentures were increased for mortgages insured on and after July 8, 1953. The rate was increased from 2½ to 2¾ percent on all 10-year debentures, and from 2¾ percent to 3 percent on all debentures having terms greater than 10 years.

Public Law 94, 83d Congress, reduced from 20 to 10 years the term of debentures issued pursuant to project mortgage insurance under Sections 207 and 213.

FHA Advisory Committees

In order to explore the possibilities of greater contribution by the FHA to improvement in housing standards and home financing methods, the Commissioner established an advisory committee of seven national housing leaders, the membership including an architect, two builders, and representatives of mortgage lending institutions.

A second group of specialists was named to advise on property improvement loan insurance under Title I. All seven members of this committee were executives of financial institutions.

Older Homes and Neighborhoods

There has been growing recognition in recent years of the importance of preserving the existing housing inventory. Older dwellings and older neighborhoods make up the greater part of the total housing supply, and the problem of blight spreading out from the oldest areas at the centers of our cities has become extremely serious. Considerable study was given in 1953 to the possibilities of FHA assistance in coping with this problem. New legislation was recommended containing special mortgage insurance provisions relating to properties located in areas where comprehensive plans of rehabilitation and conservation have been established. Projects to preserve central areas for their most productive use are being undertaken by many cities, and participation in such efforts offers the FHA opportunity to render valuable service to municipalities and the public.

As one means of directing attention to the improvement of individual older properties, the FHA took part in experiments in several cities in 1953 to determine the feasibility of applying the used-car technique to the housing industry. Four of every ten prospective home buyers already own houses, and nearly 40 percent of all home mortgages insured by the FHA have represented loans on existing dwellings. To encourage reconditioning of older homes traded in on new homes, the FHA announced on August 23, 1953 a liberalization of its insured mortgage plan to permit a builder taking an older house as a trade-in to obtain a firm commitment from the FHA to insure 80 percent of the first $7,000 of value plus 60 percent of the remaining value, the total mortgage not to exceed $10,400.[1]

Minority Groups

The great and growing need for adequate housing available to minority groups is a problem with which the FHA is seriously concerned. It is obvious that improvement in the housing conditions of racial minorities, although it has been considerable in recent years, has not been commensurate with the improvement in their economic status. The chief causes of this seem to be the high cost of housing, the difficulty of obtaining suitable building sites, insufficient information about the market, and hesitancy on the part of lenders to expand their activities in a field in which there has been relatively little experience.

Efforts by the FHA to assist private enterprise in providing for this market consist, in general terms, of analyzing the market, calling the attention of mortgage lenders and builders to its potentialities, and adjusting FHA procedures where necessary in order that the full benefits of the FHA program may be available to minorities.

Specific actions taken in 1953 included the following:

1. Seventeen housing market studies completed during the year dealt solely or primarily with the market to be found among minorities, while 20 other studies included specific factual materials or conclusions relating to this market. Such studies will continue to be made in additional areas throughout the country as the market situation requires and as available facilities permit.

2. Assurances were given to lenders and builders that the FHA will insure eligible mortgages on open-occupancy projects in any area.

3. A series of FHA project case experience studies was inaugurated, to aid in demonstrating the soundness of the minority-group market.

4. Special meetings with officials of lending institutions were arranged, for the purpose of encouraging a greater flow of mortgage funds into the production of housing available to minority-group families.

5. A pilot project was established to determine the role of the FHA racial relations program in rehabilitation areas.

In emphasizing the low-cost housing market, the FHA has been particularly concerned about needs of nonwhite families, since the average income of these families is considerably below that of white families. Cooperative housing under Section 213 of the National Housing Act provides opportunities for families of limited income to obtain adequate housing with small down payments and monthly charges. About 500 housing units open to occupancy by minority groups have been built under this insurance plan and are now occupied. The FHA issued statements of eligibility covering nearly 3,500 units available for minority occupancy. Of these, over 1,500 units were covered by advance commitments to purchase issued by the Federal National Mortgage Association pursuant to a provision of Public Law 94, 83d Congress.

An indication that progress is being made in providing for the minority-group market is to be seen in the fact that the volume of applications received in the last 9 months of 1953 for mortgage insurance on housing open to minority groups approximately doubled the volume in the corresponding months of 1952.[2]

Technical Studies

In the course of its mortgage insuring activities, the FHA assists subdividers in developing sound and well-planned subdivisions, and aids developers of large-scale housing projects in selecting proper sites and in preparing plans and specifications. Its minimum property requirements have a considerable influence on the design and construction of housing. The agency reviews new materials and methods of construction and such items as air-conditioning systems and systems

[1] On February 1, 1954, a further liberalization provided for a maximum mortgage of 80 percent of the first $7,000 of value, plus 70 percent of the remaining value, the total mortgage amount not to exceed $14,700.

[2] Based on incomplete, memorandum-type reporting by all insuring offices involved, with respect to properties and projects for which knowledge of intended minority occupancy has come to the insuring office.

of sewage disposal, to determine whether or not they comply with its standards of soundness. It also carries on studies of comparative costs of construction in different parts of the country.

The high cost of residential construction has led to the development of a large number of new proposals for special types of construction devised for the purpose of lowering costs, and analysis of these proposals is made by technical personnel of the FHA in order that every aid may be given to such efforts.

The FHA is placing increasing emphasis on the importance of high standards of architectural design as an essential factor in bringing about improvement in housing conditions and standards. In evaluating properties for mortgage insurance, the agency will recognize the value added when the dwelling is planned for modern living conditions in the most economical, sound, and attractive manner.

Market Analyses

Housing market studies on approximately 150 areas were prepared in 1953 for the guidance of FHA field offices and headquarters officers in the operation of the various mortgage insurance programs. The studies covered localities of all sizes in 37 States and included special studies on Guam, Honolulu, Puerto Rico, the Virgin Islands, and several localities in Alaska. In some places, second and third studies were made because of market conditions requiring close attention.

These market studies are geared closely to the needs of the agency in its day-to-day operations, and their scope and emphasis vary to the extent required by the different types of market problems that occasion the need for such studies. In addition to general overall studies to determine the absorptive capacity of markets for additional sales and rental housing, market studies were made during the year to assist in resolving problems in conjunction with slum clearance and urban redevelopment projects involving privately financed housing, proposals for military housing under Title VIII, the impact of military and industrial defense activities, the unsold inventory of new single-family residences, the market for housing among minority groups, marketability of elevator-type rental housing, and demands for low-cost housing under Section 8.

Actuarial Analysis

At the request of the Senate Committee on Banking and Currency, the FHA conducted in 1953 a thorough study of the mutual mortgage insurance system as it has evoloved under Title II of the National Housing Act. The object was to determine whether a system of accumulating funds for future anticipated claims could be derived that would be stronger and more equitable than the present group accounts.

The work involved an analysis based on an actuarial approach to the problems of equity and fairness between mortgagors and the United States Treasury.

The study revealed that such equity would be improved and the overall degree of risk to the Treasury would be reduced by the abolition of the present group accounts and the substitution therefor of a nonsegregated system of mutuality which would unify all divisible funds into a single surplus account. Accordingly, steps were initiated in December 1953 to recommend to the Congress that appropriate enabling legislation be enacted.

Credit Controls

When Regulation X of the Federal Reserve Board was repealed on September 16, 1952, the FHA, at the direction of the HHFA Administrator, withdrew its credit controls on maximum mortgage ratios. The $14,000 limitation on mortgages on single-family dwellings that had been in effect since July 1950 was retained by the FHA until January 16, 1953, when the statutory maximum of $16,000 once more became effective. On April 21, 1953 the only remaining temporary credit control, which limited the maximum mortgage maturity of FHA-insured mortgages to 20 and 25 years, was removed. Maturities up to 25 and 30 years are now permissible under the statute on some types of insured mortgages, while under Section 213 a 40-year maximum term is permissible.

Financial Position

At June 30, 1953, the Federal Housing Administration had capital and statutory reserves of $306,566,011 which had accumulated from earnings. Of this amount, $294,566,011 represents earned surplus and statutory reserves. The remaining $12,000,000 represents capital contributions from earnings of FHA insurance funds to establish other FHA insurance funds in accordance with the provisions of the National Housing Act.

The capital and statutory reserves of each fund at June 30, 1953, are as follows:

Title I Insurance Fund	$21, 976, 709
Title I Housing Insurance Fund	1, 020, 259
Mutual Mortgage Insurance Fund	151, 953, 747
Housing Insurance Fund	1, 109, 320
War Housing Insurance Fund	113, 598, 655
Housing Investment Insurance Fund	—96, 578
Military Housing Insurance Fund	6, 720, 137
National Defense Housing Insurance Fund	10, 283, 762
Total	306, 566, 011

From the establishment of the Federal Housing Administration in 1934 through June 30, 1953, gross income from fees, insurance premiums, and income on investments totaled $757,547,246, while operating expenses for the same period amounted to $314,631,112. Expenses of the agency during the first three fiscal years, 1935 through 1937, were met from funds advanced through the Reconstruction Finance Corporation by the United States Treasury. During the following three fiscal years, 1938 through 1940, partial payments of operating expenses were met from income. Since July 1, 1940, the operating expenses of the FHA have been paid in total by allocation from its insurance funds.

The National Housing Act was amended during fiscal year 1953 by Public Laws 5 and 94. These amendments required the Commissioner to deem as a liability the funds advanced by the United States Treasury for salaries and expenses during the early years of operations and for the establishment of certain insurance funds. The amount of liability established as of June 30, 1953 to be repaid to the Treasury was $65,497,433 and is a liability of the following insurance funds:

Title I Insurance Fund	$8,333,314
Mutual Mortgage Insurance Fund	41,994,095
Housing Insurance Fund	4,170,024
War Housing Insurance Fund	5,000,000
Housing Investment Insurance Fund	1,000,000
Military Housing Insurance Fund	5,000,000
Total	65,497,433

During the period July 1, 1953 to December 31, 1953, $43,930,414 of the principal obligation was repaid. The remaining balance of the principal indebtedness relates entirely to the Mutual Mortgage Insurance Fund. In addition to the amount of principal repaid, $20,298,606 of interest that had accrued from the date of the advances through December 31, 1953 was repaid to the United States Treasury.

Gross income during the fiscal year 1953 under all insurance operations of the FHA totaled $115,288,193. Expenses of administering the agency during the fiscal year 1953 amounted to $31,273,988, leaving an excess of gross income over operating expenses of $84,014,205 to be added to the various insurance funds.

Aggregate Insurance Volume

Insurance aggregating approximately $33 billion was written by the FHA from 1934 through 1953 under all its programs. The 1953 volume, totaling $3.9 billion, was about $0.8 billion higher than the 1952 volume of $3.1 billion.

Table 1 shows by years the number and amount of home mortgages, project mortgages, property improvement loans, and manu-

TABLE 1.—*Mortgages and loans insured by FHA, 1934–53*

[Dollar amounts in thousands]

Year	Total all programs [1]	Home mortgage programs [2]		Project mortgage programs [3]		Property improvement loans [4]		Manufactured-housing loans [5]	
	Amount	Number	Amount	Units	Amount	Number	Net proceeds	Units	Amount
1934	$27,406					72,658	$27,406		
1935	297,495	23,397	$93,882	738	$2,355	635,747	201,258		
1936	532,581	77,231	308,945	624	2,101	617,697	221,535		
1937	489,200	102,076	424,373	3,023	10,483	124,758	54,344		
1938	671,593	115,124	485,812	11,930	47,638	376,480	138,143		
1939	925,262	164,530	694,764	13,462	51,851	502,308	178,647		
1940	991,174	177,400	762,084	3,559	12,949	653,841	216,142		
1941	1,152,342	210,310	910,770	3,741	13,565	680,104	228,007		
1942	1,120,839	223,562	973,271	5,842	21,215	427,534	126,354		
1943	933,986	166,402	763,097	20,179	84,622	307,826	86,267		
1944	877,472	146,974	707,303	12,430	56,096	389,615	114,013		
1945	664,085	96,776	474,245	4,058	19,817	501,441	170,023		
1946	755,778	80,872	421,949	2,232	13,175	790,304	320,654		
1947	1,788,264	141,364	894,675	46,604	359,944	1,247,613	533,645		
1948	3,340,865	300,034	2,116,043	79,184	608,711	1,357,386	614,239	524	$1,872
1949	3,826,283	305,705	2,209,842	133,135	1,021,231	1,246,254	593,744	626	1,466
1950	4,343,378	342,582	2,492,367	154,597	1,156,681	1,447,101	693,761	324	569
1951	3,219,836	252,642	1,928,433	74,207	583,774	1,437,764	707,070	195	560
1952	3,112,782	234,426	1,942,307	39,839	321,911	1,495,741	848,327	85	237
1953	3,882,328	261,541	2,288,626	30,701	259,104	2,244,227	1,334,287	83	221
Total	32,953,851	3,422,948	20,892,848	640,085	4,647,313	16,565,399	7,408,765	1,837	4,924

[1] Throughout this report, component parts may not add to the indicated totals because of negative adjustments or rounding of numbers.

[2] 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, Apr. 20, 1950; Sec. 213 (individual home mortgage provisions), Apr. 20, 1950; Sec. 611 (individual home mortgage provisions), Apr. 20, 1950; Sec. 903, Sept. 1, 1951.

[3] Includes the following sections listed in order of enactment date: Sec. 207, June 27, 1934; Sec. 210, Feb. 3, 1938 (repealed June 3, 1939); Sec. 608, May 26, 1942; Sec. 608–610, Aug. 5, 1947; Sec. 611 (project mortgage provisions), Aug. 10, 1948; Sec. 803, Aug. 8, 1949; Sec. 213 (project mortgage provisions), Apr. 20, 1950; Sec. 908, Sept. 1, 1951.

[4] Sec. 2 (Classes 1 and 2), enacted June 27, 1934.

[5] Sec. 609, enacted June 30, 1947.

VOLUME OF FHA INSURANCE WRITTEN
1934 - 1953

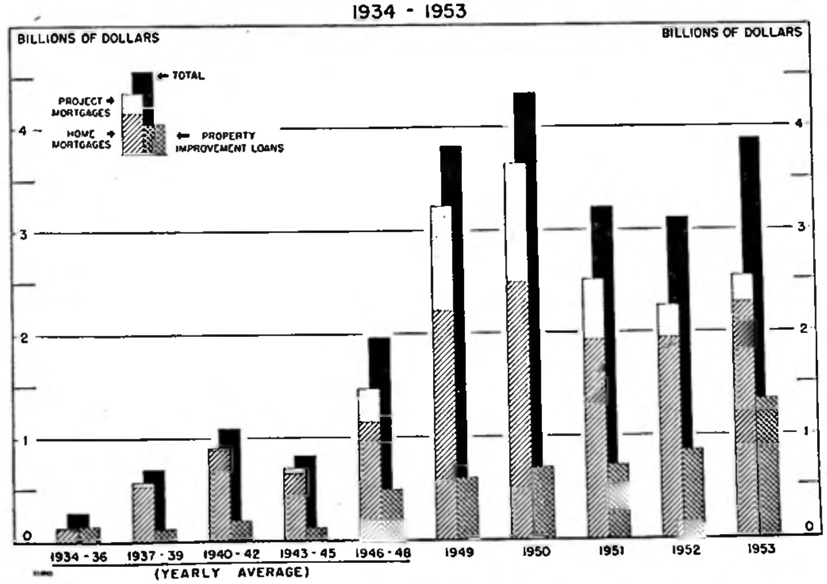

CHART 1.

factured-housing loans insured since the establishment of the agency in 1934. Chart 1 shows the dollar amount of insurance in selected years.

The largest total volume of insurance in any one year, $4.3 billion, was written in 1950. That year accounted also for the largest volume of mortgage insurance in any one year on homes and on rental and cooperative projects. The number and amount of mortgages insured decreased in 1951 and again in 1952, but rose in 1953 to points considerably higher than in either of the two preceding years.

Beginning in 1947, property improvement loan insurance increased rather steadily each year, reaching its highest point in 1953, when the loans reported for insurance numbered 1.8 million with net proceeds of $1.1 billion. (The larger volume recorded in Tables 1 and 2 as insurance written under Section 2 in 1953 reflects the carryover into 1953 of loan reports received in 1952 but not recorded as insured until insurance authorization became available as a result of payoffs on other loans or the increase in aggregate insurance authorization provided by Public Law 5 in March 1953.)

Table 2 shows the volume of insurance under the various FHA programs in 1953, 1952, and for the entire period of operations. Home mortgage insurance under Section 203 is by far the largest of the programs, aggregating $16.7 billion and accounting for over half of the total amount of insurance for each of the periods shown. The 1953 increase over 1952 in overall volume was mostly in Section 203 and Title I operations.

Title I property improvement loan insurance of $7.4 billion is the next largest program. War and veterans' housing under Sections 603 and 608 of Title VI total $7 billion; rental housing under Section 207, $315 million; and cooperative project housing under Section 213, $242 million.

Detailed statistics of FHA home mortgage, project mortgage, and property improvement loan insurance operations appear in Section 2 of this report.

Table 3 shows the status of FHA insurance operations as of December 31, 1953, under the various programs. Of the total $33 billion written, $20 billion was in force at that date, of which an estimated $3 billion had been amortized, leaving $17 billion outstanding.

Table 4 and Chart 2 show by years, from 1935 on, the total number of privately financed nonfarm units started as reported by the Bureau of Labor Statistics, and the number started under FHA programs. For the entire 19-year period, FHA starts have represented 30 percent of the total number. The 1953 proportion was 23.6 percent.

TABLE 2.—*FHA insurance written by title and section, 1952, 1953, and 1934–53*

[Dollar amounts in thousands]

	1953			1952			1934–53		
	Number	Amount	Units	Number	Amount	Units	Number	Amount	Units
Title I	2,218,606	$1,356,233	NA	1,501,556	$878,435	NA	16,628,096	$7,617,230	NA
Sec. 2 property improvement loans	2,244,227	1,334,287	NA	1,495,741	818,327	NA	16,565,399	7,408,765	NA
Sec. 2 home mortgages							46,115	126,611	46,115
Sec. 8 home mortgages	4,370	21,946	4,370	5,815	30,108	5,815	16,582	81,854	16,582
Title II	234,261	2,192,992	256,693	216,109	1,936,370	241,420	2,697,459	17,269,270	2,896,859
Sec. 203 home mortgages	231,445	2,037,210	239,250	212,748	1,772,472	222,368	2,690,459	16,651,963	2,800,979
Sec. 207 project mortgages	82	53,839	7,175	67	41,813	6,043	618	315,233	64,010
Sec. 213 cooperative housing	2,734	101,943	10,268	3,294	122,055	13,000	6,382	302,073	31,870
Project mortgages	(45)	(74,880)	(7,579)	(59)	(91,701)	(9,774)	(145)	(242,192)	(25,633)
Home mortgages	(2,689)	(27,062)	(2,689)	(3,235)	(30,355)	(3,235)	(6,237)	(59,881)	(6,237)
Title VI	115	1,468	300	219	31,383	3,702	635,813	7,126,872	1,168,653
Sec. 603 home mortgages	65	278	65	16	109	16	624,652	3,645,260	690,006
Sec. 608 project mortgages				19	29,634	3,457	7,046	3,439,679	465,680
Sec. 609 manufactured-housing loans	40	221	83	85	237	85	630	4,024	1,837
Sec. 610 public-housing sales	7	44	7	20	182	40	3,385	24,462	9,071
Sec. 603–610 home mortgages	(7)	(44)	(7)	(29)	(182)	(40)	(3,362)	(16,103)	(5,156)
Sec. 608–610 project mortgages	(—)	(—)	(—)	(—)	(—)	(—)	(23)	(8,360)	(3,915)
Sec. 611 site-fabricated housing	3	926	145	70	1,222	104	100	12,516	2,059
Project mortgages	(3)	(926)	(145)	(1)	(706)	(125)	(25)	(11,991)	(1,984)
Home mortgages	(—)	(—)	(—)	(69)	(516)	(69)	(75)	(556)	(75)
Title VIII	44	100,558	12,181	58	135,842	17,233	230	577,175	71,766
Sec. 803	44	100,558	12,181	58	135,842	17,233	230	577,175	71,766
Title IX	23,000	232,584	29,790	12,546	130,721	17,769	35,546	363,304	47,568
Sec. 903 home mortgages	22,056	202,086	25,909	12,510	108,535	14,562	35,466	310,621	40,471
Sec. 908 project mortgages	44	30,497	3,890	36	22,186	3,207	80	52,683	7,097
Total [1]	2,506,023	3,882,328	303,083	1,730,488	3,112,750	NA	10,997,144	32,953,851	4,247,543

[1] All tables presenting cumulative data for Sec. 207 include 106 mortgages for $7,782,866 and 2,176 units insured under Sec. 210.

TABLE 3.—*Status of FHA insurance written as of Dec. 31, 1953*

[Dollar amounts in thousands]

		Insurance written	Insurance terminated	Insurance in force: Total	Amortized (estimated)	Net outstanding
Title I:						
Sec. 2 property improvement loans [1]	Number of loans	16,011,514	12,254,040	4,357,474		
	Net proceeds	$7,535,376	$5,118,652	$2,416,724	$892,436	$1,524,288
Sec. 8 home mortgages	Number of mortgages	16,582	284	16,298		
	Amount	$81,864	$1,276	$80,577	$3,467	$77,111
Title II:						
Sec. 203 home mortgages	Number of mortgages	2,690,450	1,149,484	1,540,975		
	Amount	$16,651,963	$5,658,349	$11,093,614	$1,321,244	$9,772,370
Sec. 207–210 project mortgages	Number of units	64,010	39,480	24,530		
	Amount	$315,233	$150,707	$164,526	$7,002	$157,524
Sec. 213 cooperative housing	Number of units	31,870	6,101	25,769		
	Amount	$302,073	$59,369	$242,704	$1,964	$240,740
Title VI (war and veterans' emergency programs):						
Sec. 603 home mortgages [2]	Number of mortgages	628,014	[3] 305,969	322,045		
	Amount	$3,661,303	[3] $1,527,426	$2,133,937	$375,232	$1,758,705
Sec. 608 project mortgages [4]	Number of units	469,595	36,095	433,500		
	Amount	$3,448,038	$206,998	$3,241,040	$176,915	$3,064,125
Sec. 609 manufactured-housing loans [5]	Number of units	1,837	1,767	70		
	Amount	$4,924	$4,745	$179		$179
Sec. 611 site-fabricated housing	Number of units	2,059	1,566	493		
	Amount	$12,546	$9,327	$3,220	$60	$3,159
Title VIII (military project mortgages):						
Sec. 803	Number of units	71,766		71,766		
	Amount	$577,175		$577,175	$8,277	$568,898
Title IX (defense housing programs):						
Sec. 903 home mortgages	Number of mortgages	35,466	161	35,305		
	Amount	$310,621	$1,505	$309,116	$4,364	$304,752
Section 908 project mortgages	Number of units	7,097		7,097		
	Amount	$52,683		$52,683	$147	$52,536
Total	Amount	32,953,851	12,638,355	20,315,405	2,701,107	17,524,388

[1] Includes home mortgages insured under Sec. 2.
[2] Includes 3,362 mortgages for $16,102,700 insured under Sec. 610 provision of which 383 mortgages in the amount of $1,512,950 had been terminated, leaving 2,979 mortgages for $14,589,750 in force.
[3] Includes 4,564 terminations (2,038 War Housing and 2,526 Veterans Housing) for $27,916,600 ($9,414,000 War Housing and $18,502,600 Veterans Housing) which had been received by December 31, 1953 but not processed and included in tabulated reports.
[4] Includes 3,915 units (23 mortgages) for $8,359,500 insured under Sec. 610 provision, of which 970 units (5 mortgages) in the amount of $1,742,700 had been terminated, leaving 2,945 units (18 mortgages) for $6,616,800 in force.
[5] Includes 619 discounted purchasers' loans for $1,727,862 of which 593 loans in the amount of $1,648,474 had been terminated, leaving 26 loans for $79,388 in force.

TABLE 4.—*Nonfarm dwelling units started under FHA programs compared with total for United States, 1935–53*

Year	Home mortgage programs				Project mortgage programs							Total FHA units	Total U. S. nonfarm units [2]	FHA as percent of U. S. total
	Sec. 2 and Sec. 8 [1]	Sec. 203	Sec. 603	Sec. 903	Sec. 207	Section 213: Sales type	Section 213: Management type	Sec. 608	Sec. 611	Sec. 803	Sec. 908			
1935		13,226			738							13,964	215,700	6.5
1936		48,752			624							49,376	304,200	16.2
1937		56,980			3,023							60,003	332,400	18.1
1938	5,845	100,966			11,930							118,741	399,300	29.7
1939	10,783	133,874			13,462							158,119	458,400	34.5
1940	10,194	166,451			3,446							180,091	529,600	34.0
1941	9,145	180,156	27,790		3,206							220,387	619,500	35.6
1942	4,010	41,578	114,616		1,163			4,295				165,662	301,200	55.0
1943	307	338	125,474		41			19,094				146,154	183,700	79.6
1944		208	83,396					9,655				93,259	138,700	67.2
1945		17,049	21,848		200			2,062				41,159	208,100	19.8
1946		44,244	22,878		41			1,870				69,033	662,500	10.4
1947	217	20,884	157,168					50,766				229,035	845,600	27.1
1948	3,006	82,979	130,464					77,610				294,059	913,500	32.2
1949	3,261	241,559	7,806		813			109,995	100	268		363,802	988,800	36.8
1950	3,191	324,937	117		2,277	141		143,331	372	12,315		486,681	1,352,200	36.0
1951	9,357	177,435		132	4,651	1,780	5,888	39,826	1,328	23,126		263,523	1,020,100	25.8
1952	5,533	190,973		32,579	7,342	3,791	6,338	5,895	37	24,039	3,374	279,901	1,068,500	26.2
1953	4,572	181,436		30,501	7,451	2,510	5,464	199	105	15,575	4,057	251,969	1,068,300	23.6
Total	69,421	2,024,025	691,557	63,212	60,498	8,231	17,090	465,498	2,032	75,323	7,431	3,484,918	11,610,300	30.0

[1] Sec. 2 activity 1938–50; Sec. 8 activity 1950–53.
[2] Total number of privately financed nonfarm dwelling units started, as reported by the Bureau of Labor Statistics.

PRIVATE NONFARM DWELLING UNITS STARTED

FHA AND TOTAL, 1935-53

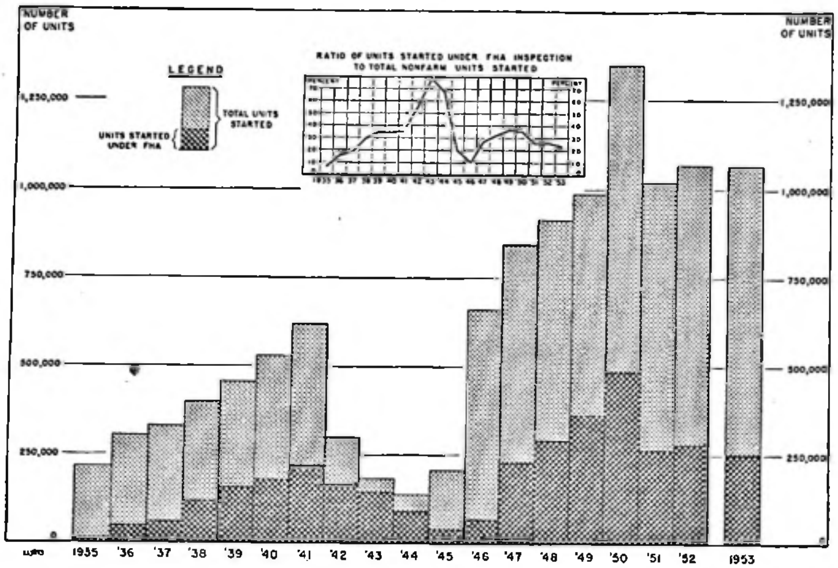

CHART 2.

As of December 31, 1953, the FHA had acquired through foreclosure or the assignment of mortgage notes 40,659 units of housing, representing about 1 percent of the 4,201,428 units (exclusive of Title I, Class 3 properties) covered by mortgage insurance since the beginning of operations. Of the acquired units, 23,174 had been sold and 17,485 remained on hand at the end of 1953.

Losses realized on the total amount of mortgage insurance written from 1934 through 1953 amounted to two one-hundredths of 1 percent.

Mortgage Insurance

The FHA-insured home and project mortgages in 1953 totaled $2.5 billion on 303,000 dwelling units. These figures represented an increase of $0.3 billion and 17,000 units over the 1952 totals of $2.2 billion and 286,000 units. The number of units covered by mortgage insurance was 6 percent greater in 1953 than in 1952. Removal of FHA credit controls in the fall of 1952 accounts for the increase in FHA operations which resulted in the greater volume of insurance written in 1953.

A comparison of home mortgage insurance activity in 1953 and in 1952 is shown in the following table:

Title and section	1953			1952		
	Number of mortgages	Amount (thousands)	Number of units	Number of mortgages	Amount (thousands)	Number of units
Total	261, 541	$2, 288, 626	272, 290	234, 426	$1, 942, 307	246, 109
Title I:						
Sec. 8	4, 379	21, 946	4, 379	5, 815	30, 108	5, 815
Title II:						
Sec. 203	231, 445	2, 037, 210	239, 250	212, 748	1, 772, 472	222, 368
Sec. 213	2, 689	27, 062	2, 689	3, 235	30, 355	3, 235
Title VI:						
Sec. 603	65	278	65	16	100	16
Sec. 610	7	44	7	29	182	40
Sec. 611	----------	----------	----------	69	516	69
Title IX:						
Sec. 903	22, 956	202, 086	25, 909	12, 510	108, 535	14, 562

The increased volume of insurance in 1953 resulted chiefly from operations under Section 203 and Section 903. The number of units financed under Section 203 was 7.6 percent greater than in 1952, and the number financed under Section 903 was 78 percent greater than in 1952. The other home mortgage insurance programs were less active in 1953, except for a slight increase in refinancing operations under Section 603.

About 51 percent of the mortgages insured under Section 203 financed new homes and about 49 percent financed existing homes.

The amount of the average mortgage insured under Section 203 in 1953 was about $8,500 per unit, compared with $8,000 per unit in the preceding year.

The volume of project mortgage insurance in 1953 and in 1952 was as follows:

Title and section	1953			1952		
	Number of mortgages	Amount (thousands)	Number of units	Number of mortgages	Amount (thousands)	Number of units
Total	215	$259, 104	30, 701	240	$321, 911	30, 839
Title II:						
Sec. 207	82	53, 839	7, 175	67	41, 843	6, 043
Sec. 213	45	74, 880	7, 579	59	91, 701	9, 774
Title VI:						
Sec. 608	----------	----------	----------	19	29, 634	3, 457
Sec. 611	3	926	145	1	706	125
Title VIII:						
Sec. 803	44	100, 558	12, 181	58	135, 842	17, 233
Title IX:						
Sec. 908	44	30, 407	3, 890	36	22, 186	3, 207

In 1953 as in 1952, military housing under Title VIII accounted for the greatest amount of project mortgage insurance, although there was a decline in activity under this title in 1953. FHA authority to issue new-construction commitments under Title VIII expires on June 30, 1955.

Mortgages on rental projects insured under Section 207 increased nearly 29 percent in amount and 18.7 percent in number of units financed in 1953, and there was an increase under Section 908 of 37 percent in amount and 21 percent in number of units.

Interest in Section 213 was stimulated by the authority given to the Federal National Mortgage Association to make advance purchase commitments, not to exceed $30 million outstanding at any one time, on cooperative housing projects on which the FHA had issued insurance commitments or statement of eligibility before September 1, 1953 (Public Law 94, 83d Cong.). Between June 30, 1953, and September 30, 1953, the FHA processed applications for statements of eligibility totaling over $90 million, and applications presented to the Federal National Mortgage Association pursuant to these statements of eligibility totaled nearly twice the amount of available FNMA authorization.

While the volume of mortgage insurance increased in 1953, a decline in the number of applications began in April and continued through the rest of the year, so that applications for the year as a whole were 4 percent under the number for 1952.

The number of units started in 1953 under FHA inspection was 10 percent less than in 1952, and the proportion of FHA starts to the total number of privately financed nonfarm dwelling units started, as reported by the Bureau of Labor Statistics, was smaller in 1953 than in 1952—24 percent as compared with 26 percent.

The decline in FHA applications and starts resulted chiefly from conditions in the money market. The tightness that had prevailed in 1952 was increased by tremendous business and Government borrowings in the first half of 1953, by unprecedented demands for funds for conventional mortgage financing and consumer credit at rates more attractive to lenders than the rates on insured mortgages, and by uncertainty on the part of lenders and builders about discount rates on sales of insured mortgages. Part of the decline in the second half of the year was caused by an abnormally high volume of Section 903 applications received before June 30, which was the scheduled expiration date for Title IX. This title was extended for another year, however, by Public Law 94.

Prefabricated Housing

Only one loan was insured in 1953 under the provisions of Section 609 of the National Housing Act. That loan, in the amount of $100,000, was to finance the manufacture of 44 houses.

Although the Section 609 insurance contract specifies a maximum dollar amount for the manufacture of the number of houses included in the eligible purchase contracts submitted with the application, the terms of the loan may provide that new purchase contracts for additional houses may be substituted during the term of the loan as deliveries and payments are made under the original purchase contracts. In this way the one loan insured in 1953 was used by the manufacturer to produce 137 houses.

From the enactment of Section 609 in 1947 to the end of 1953, 11 loans to manufacturers, involving 1,218 units, were insured in the total amount of $3,196,482. As of December 31, 1953, 8 loans had been repaid, 1 was outstanding, and debentures had been issued on the remaining 2 under the terms of the insurance contracts. Purchasers' notes insured in 1953 totaled 39 and amounted to $120,945, bringing the total number of notes insured since 1947 to 619 and the aggregate amount to $1,727,862.

Property Improvement Loan Insurance

Title I, Section 2 of the National Housing Act authorizes the Federal Housing Administration to insure lending institutions against loss on the following classes of loans:

Type of loan	Type of improvement	Maximum maturity	Maximum amount	Maximum financing charge
Class 1(a)	Repair, alteration, or improvement of an existing structure.	3 years 32 days	$2,500	$5 discount per $100 per year.
Class 1(b)	Alteration, repair, improvement, or conversion of an existing structure used or to be used as an apartment house or a dwelling for 2 or more families.	7 years 32 days	10,000	$5 discount per $100 per year if $2,500 or less, $4 discount per $100 if in excess of $2,500.
Class 2(a)	Construction of a new structure to be used exclusively for other than residential or agricultural purposes.	3 years 32 days	3,000	$5 discount per $100 per year.
Class 2 (b)	Construction of a new structure to be used in whole or in part for agricultural purposes, exclusive of residential purposes.	7 years 32 days. If secured by first lien, 15 years 32 days.	3,000	$5 discount per $100 per year, $3.50 discount per $100 if maturity is in excess of 7 years 32 days.

In 1953 there were 1,832,000 property improvement loans with net proceeds totaling $1,092,000,000 reported for insurance, representing increases of 1 percent in number of loans and 4 percent in dollar amount over the volume for 1952, the previous highest year.

The volume of insurance recorded in 1953, as shown in Tables 1 and 2, exceeded substantially the volume of loans reported for insurance during the year because of a carryover of loans reported to FHA in 1952 but not insured until 1953. When 1953 began, the maximum statutory authorization of $1.25 billion had been exhausted for several months, and loans were being recorded for insurance at the rate of about $65 million a month, which was the estimated rate of liquidation of outstanding loans. Because the volume of loan reports being received was far greater than this, a backlog developed that by March

1953 totaled 480,000 loans with net proceeds totaling $283 million. In March Congress increased the maximum insurance authorization to $1.75 billion. Loans thus reported by lending institutions in 1952 but not insured until 1953 accounted for about one-fifth of the 1953 volume of insurance.

From 1934 through 1953, 16.6 million loans with net proceeds totaling $7.4 billion were insured.

At the end of 1953, there were about 10,152 financial institutions making Title I loans, including 7,113 main offices and 3,039 branches. Of the 7,113 lending institutions insured, 5,138 (excluding 2,487 operating branches) were active at the end of 1953—an increase of 238 over the comparable number at the end of 1952.

Income for 1953 exceeded losses and expenses for the year by $8.4 million, or an average monthly excess of $700,000.

As of December 31, 1953, the total earned surplus of the Title I Insurance Fund was $27,104,490.

On July 1, the Commissioner repaid to the Secretary of the Treasury $8,333,314, constituting the Government investment in the capital account of the Title I Insurance Fund.

On October 28, 1953, the FHA regulations were amended to tighten dealer controls and place more responsibility on the lending institutions buying dealer-originated paper. It is estimated that at least 75 percent of the total Title I volume is dealer-originated, and the new regulations were designed to assure lender controls over possibilities of abuse of the program by high-pressure tactics of dealers and salesmen. The October amendments to the regulations are one of a series of steps taken by the FHA toward minimizing these possibilities of abuse.

On December 18 the regulations were amended to remove an operating inequity on small lenders by providing that no adjustment of the insurance reserve of a lending institution should be made that would reduce the reserve to less than $5,000.

The March 31 call report showed $1.4 billion in outstanding loans, including 49,850 loans more than 90 days delinquent, with unpaid balances totaling $18.1 million or 1.30 percent of the total outstanding amount. The ratio for the previous year was 1.43 percent.

In 1953 the FHA paid 37,470 claims amounting to $14,995,408, bringing the year-end cumulative volume of claims paid to $147.7 million, or 1.99 percent of the total net proceeds of all insured loans, as compared with 2.18 percent at the end of 1952. FHA recoveries, actual and anticipated, from both notes and security assigned as a result of these claims, amount to $75.5 million, leaving unrecoverable paid claims of $73.6 million. The estimated unrecoverable amount is 0.98

percent of the net proceeds of all insured loans. Cash recoveries in 1953 amounted to $7.6 million, representing an increase of 1.5 percent over recoveries in 1952. Recoveries in 1953 were the largest of any year to date.

After a claim on a defaulted note is paid, the FHA makes every effort to effect collection of the obligation. This is done by correspondence, by personal contact with the debtor through the staff of the FHA field office, and by reference of the case to the Department of Justice for legal action when such a course is deemed advisable. If all efforts fail, the case is held in suspense as uncollectible, although periodic attempts at collection on such accounts result in some recoveries.

Property Management

All properties acquired by the Federal Housing Commissioner under the terms of mortgage insurance contracts are managed and sold under the supervision of the Property Management Division of the FHA in compliance with general policies established by the Commissioner. No sale of a rental project or a group of houses may be concluded without the specific concurrence of the Commissioner.

The policy of the FHA is not to sell acquired home properties in bulk, but to place them in good condition and then return them at fair prices in the going market, without speculative markup, to the home-ownership use for which they were originally produced. The agency uses the facilities of qualified local real estate brokers to manage and sell 1- to 4-family properties through established retail channels.

The FHA rehabilitates acquired rental project properties to the extent necessary to enable them to compete in the rental market, and then operates them until the income is stabilized. Although a local real estate broker is engaged to act as managing agent for such a property, the marketing of the property is handled independently of a broker as a direct transaction between the Government and the purchaser. The sale is publicized in advance through advertisements stating minimum prices and terms, and the property is sold to the qualified operator whose offer meets the minimums and is most advantageous.

The FHA began 1953 with an on-hand inventory of 1,347 1- to 4-family homes and 64 rental developments having a total of 6,774 units. During the year, 742 1- to 4-family properties were acquired and 565 were sold, leaving the inventory at the end of the year at 1,524 properties. Acquisition of 29 rental developments consisting of 1,736 units and the sale of 7 developments totaling 895 units resulted in an inventory of 86 developments totaling 7,615 units at the end of 1953.

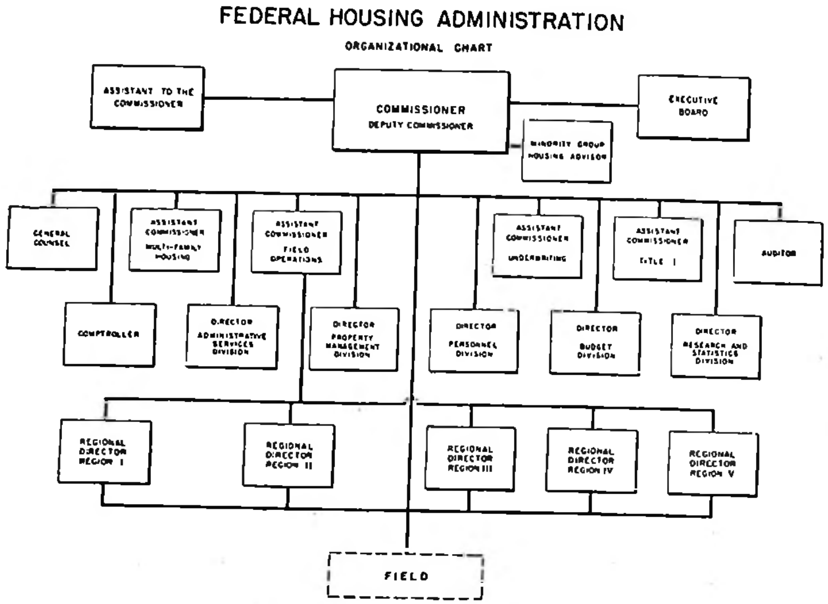

CHART 3.

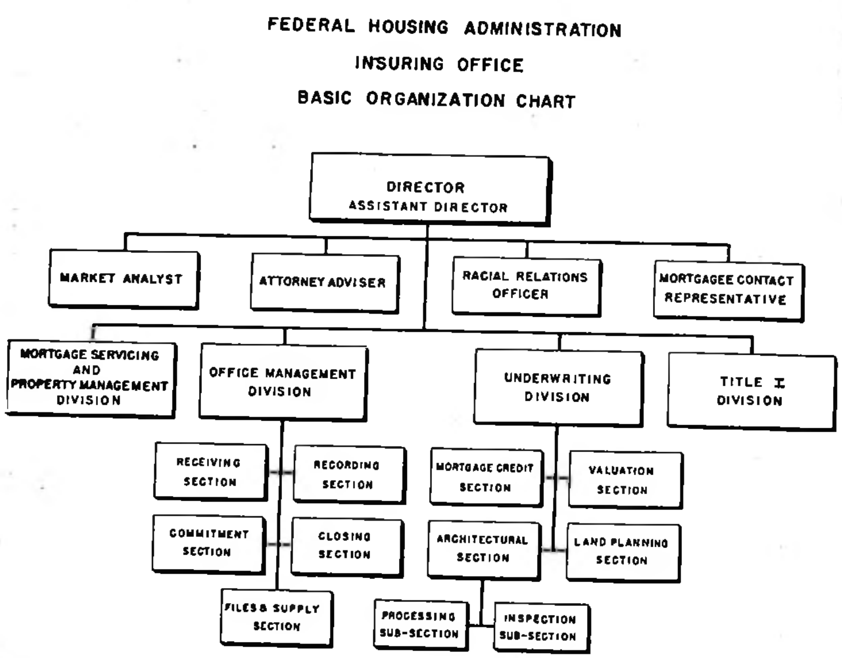

CHART 4.

Statements of profit and loss on sales of properties acquired under the various FHA home mortgage insurance programs are included in Section 3 of this report (Accounts and Finance), together with similar statements on properties acquired and mortgage notes assigned to the FHA under the rental housing programs.

Organization and Personnel

There were 5,443 FHA employees at the beginning of 1953 and 5,231 at the end of the year. The average employment during the year was approximately 5,420, with about 74 percent of the employees serving in field offices. The remaining 26 percent were divided among the insuring, realty, fiscal, and liquidation operations carried on centrally in Washington, and the administrative services and other management staff functions necessary in the Washington headquarters office to support, direct, and control the operating program.

In 1953 there were 760 appointments of per-annum employees, and 972 separations were effected. Of the total number of employees separated, 182 were separated by reduction-in-force action and 58 were displaced under the separated-career-employee program. The separation rate averaged 18.2 percent, while the annual turnover rate was approximately 14 percent. During the year, 719 employees were promoted, 1,159 reassigned, and 103 demoted.

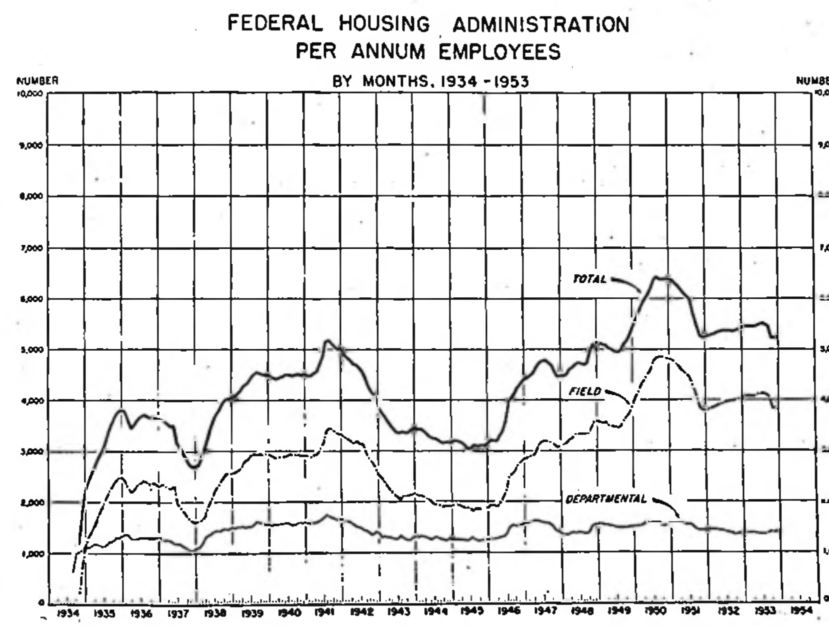

CHART 5.

Charts 3 and 4 show the organization of the Washington headquarters and field offices, and Chart 5 reflects per-annum employment by months from the establishment of the agency in 1934 through December 1953.

At the end of 1953, the field organization included 138 offices—75 insuring offices, which receive and completely process applications for mortgage insurance; 14 service offices, which receive applications for mortgage insurance and process them for submission to insuring offices for review, issuance of commitments, and endorsement for insurance; and 49 valuation stations, where technical personnel prepare architectural and valuation reports for the insuring offices in their respective areas. Two new insuring offices were established during the year, six valuation stations were added, and the number of service offices decreased by seven.

Forty new directors of FHA insuring offices were appointed in 1953.

Publications

The following are the principal new or revised FHA publications issued in 1953. Unless otherwise indicated, they can be obtained, without charge, from the Federal Housing Administration, Washington 25, D. C.

Administrative Rules and Regulations under Section 8 of the National Housing Act.—FHA Form No. 2000, reprinted May 1953, to include all amendments through May 4, 1953.

Amortization and Mortgage Insurance Premium Tables for Mortgages to be Insured under Section 203 of the National Housing Act.—FHA Form 2042B, revised 1953.

Annual Report.—Nineteenth annual report of the Federal Housing Administration; year ending December 31, 1952. Government Printing Office, Washington 25, D. C. 50 cents.

Cooperative Housing Insurance.—Amortization and mortgage insurance premium tables for individual mortgages to be insured under Section 213 of the National Housing Act; FHA Form No. 3200, revised July 3, 1953.

Dealer Guide for FHA Title I Loans.—FH 30A, reprinted August 21, 1953. Government Printing Office, Washington 25, D. C. 10 cents.

Federal Housing Administration Digest of Insurable Loans.—Revised September 1953.

Insured Mortgage Portfolio (issued quarterly).—Vol. 17, Nos. 3 and 4; Vol. 18, Nos. 1 and 2. Government Printing Office, Washington 25, D. C. Single copy 15 cents, annual subscription 50 cents.

Planning Rental Housing Projects.—FHA Form No. 2460, reprinted 1953. Government Printing Office, Washington 25, D. C. 20 cents.

Property Improvement Loans under Title I of the National Housing Act, Regulations Governing Class 1 and 2 Loans.—FH-20, reprinted September 17, 1953.

What Is the FHA?—Revised July 1953.

Section 2

STATISTICS OF INSURING OPERATIONS

More detailed information on the volume and character of the various phases of FHA operations during 1953 is provided in this section of the report, including such subjects as the geographical distribution of FHA business, types of financial institutions participating in the various programs, termination and foreclosure experience, and selected characteristics of the insured mortgage and loan transactions.

In the last several years, FHA has operated pursuant to a multiplicity of titles and sections of the National Housing Act, which functionally may be classified in three principal groups:

(1) *Home mortgage insurance.*—Title I, Section 8; Title II, Sections 203 and 213; Title VI, Sections 603, 603–610, and 611; Title IX, Section 903.

(2) *Project mortgage insurance.*—Title II, Sections 207 and 213; Title VI, Section 608, 608–610, and 611; Title VIII, Section 803; and Title IX, Section 908.

(3) *Property improvement loan insurance.*—Title I, Section 2.

In addition, a limited amount of activity occurred under the Title VI, Section 609, program for insurance of loans financing the production and marketing of prefabricated housing. Through the end of 1953, no contracts had been closed under the Title VII program of yield insurance on rental housing investments.

The following table indicates the relative importance of the three major types of FHA programs on the basis of dollar volume of insurance written during 1953 and cumulatively from 1934 through 1953:

Type of program	Year 1953		1934–53	
	Billions of dollars	Percent	Billions of dollars	Percent
Home mortgages	2.3	59	20.9	63
Project mortgages	.3	7	4.6	14
Property improvement loans	1.3	34	7.4	23
Total	3.9	100	32.9	100

The home mortgage insurance program continued its predominance in 1953, although its relative share of FHA business was down from

61 percent in 1952. Also behind the preceding year were project mortgages, declining from 10 to 7 percent of total. The impressive gain recorded by property improvement loans, from 29 to 34 percent in the last 2 years, is inflated somewhat by being based on loans tabulated.[1]

The percentage distribution of cumulative insurance written through the end of 1953 showed little change from the previous year, property improvement loans rising from 21 to 23 percent of the total, project mortgages declining from 15 to 14 percent, and home mortgages declining from 64 to 63 percent.

In the preceding section of this report, data on the annual and cumulative volumes of FHA insurance were summarized on a national basis. State distributions of the annual and cumulative volume of this insurance, based on the location of the properties involved, are presented in Tables 5 and 6.

Home Mortgage Insurance

FHA home mortgage insurance was available in 1953 under seven different sections of the National Housing Act:

Section 8.—Single-family properties only.

Section 203.—One- to four-family properties.

Section 213.—Single-family properties released from blanket cooperative project mortgage insured under Section 213.

Section 603.—One- to four-family properties involved in refinancing of existing Section 603 mortgage.

Section 603-610.—One- to seven-family properties originally built as part of public housing projects, now being sold to individual home owners or investors.

Section 611.—Single-family properties released from blanket project mortgage insured under Section 611.

Section 903.—One- and two-family properties programed as defense housing pursuant to the terms of the Defense Housing and Community Facilities Act of 1951.

[1] Due to the near exhaustion of the Title I, Section 2, authorization during the last third of 1952, the volume of property improvement loans tabulated as insured by FHA in 1952 was considerably below the volume of loans originated, while loans tabulated as insured in 1953, when increased authorization became available, included a backlog of loans actually originated in 1952.

TABLE 5.—*Volume of FHA-insured mortgages and loans, by State location of property, 1953*

[Dollar amounts in thousands]

State	Total amount	Home mortgages		Project mortgages		Property improvement loans	
		Number	Amount	Units	Amount	Number	Net proceeds
Alabama	$43,756	2,951	$25,673	----	----	33,761	$18,085
Arizona	60,130	5,924	47,387	164	$1,187	19,334	11,556
Arkansas	30,659	2,806	23,205	----	----	12,299	7,455
California	567,171	43,538	391,710	3,989	35,814	275,429	130,326
Colorado	36,806	2,409	22,305	146	1,001	23,391	13,522
Connecticut	48,625	3,411	32,894	966	7,071	11,484	7,760
Delaware	5,389	450	4,107	107	849	599	436
District of Columbia	8,436	182	2,146	----	----	10,857	6,290
Florida	118,820	10,925	84,748	----	----	52,566	34,103
Georgia	63,800	4,809	40,805	774	5,346	30,875	17,610
Idaho	25,729	1,946	16,562	55	398	12,632	8,770
Illinois	159,748	7,876	77,646	16	256	128,125	83,393
Indiana	128,608	8,511	74,147	1,475	11,181	74,524	43,382
Iowa	42,587	2,976	25,353	----	----	29,299	17,234
Kansas	71,957	6,666	56,224	216	1,780	25,946	13,953
Kentucky	44,937	2,734	24,365	764	5,914	20,769	14,658
Louisiana	49,419	3,727	33,763	----	----	25,110	15,656
Maine	27,522	1,060	8,013	1,600	14,552	10,030	4,957
Maryland	73,785	3,285	28,789	2,057	15,105	59,441	29,891
Massachusetts	40,931	1,447	13,454	804	6,725	45,374	26,753
Michigan	275,962	18,738	165,125	608	4,740	189,049	106,107
Minnesota	52,969	2,226	21,654	66	513	53,635	30,777
Mississippi	20,458	1,804	13.613	----	----	11,810	6,845
Missouri	91,703	6,744	61,938	82	520	56,744	29,519
Montana	16,618	1,232	11,174	82	860	6,425	4,584
Nebraska	31,304	2,898	24,046	----	----	12,164	7,258
Nevada	19,106	1,780	15,875	----	----	3,862	3,232
New Hampshire	4,554	251	1,838	----	----	5,330	2,716
New Jersey	108,571	6,094	51,223	1,238	10,141	60,495	47,632
New Mexico	26,552	2,684	21,691	----	18	6,970	4,843
New York	310,423	9,261	80,085	6,472	69,497	235,124	170,465
North Carolina	44,553	3,980	32,295	52	698	19,222	11,563
North Dakota	8,017	568	5,308	95	754	3,906	2,585
Ohio	234,260	15,308	148,154	1,053	8,585	133,759	77,530
Oklahoma	53,353	4,190	34,323	----	----	32,421	19,030
Oregon	52,318	4,738	39,241	50	371	19,053	12,681
Pennsylvania	140,404	9,550	81,008	1,088	8,077	101,962	59,428
Rhode Island	15,128	703	6,386	654	5,910	4,942	2,823
South Carolina	23,875	2,102	17,255	25	151	11,189	6,468
South Dakota	12,593	1,128	9,251	----	----	5,407	3,341
Tennessee	59,009	4,285	34,438	190	1,301	45,052	23,211
Texas	254,905	18,298	145,169	2,195	16,430	166,771	93,305
Utah	43,055	2,613	24,245	104	922	28,952	17,887
Vermont	2,290	141	1,131	----	----	1,759	1,158
Virginia	91,316	6,017	53,709	2,385	18,231	35,160	19,376
Washington	114,600	9,274	82,816	200	1,863	48,592	30,014
West Virginia	16,726	1,158	10,132	14	111	11,169	6,483
Wisconsin	32,697	1,960	19,167	17	115	20,280	13,462
Wyoming	8,609	765	6,841	----	----	2,002	1,768
Alaska	17,917	855	13,553	270	3,687	508	568
Guam	669	31	385	----	----	238	284
Hawaii	19,802	1,232	12,035	760	6,146	808	722
Puerto Rico	13,952	1,354	9,943	237	2,016	1,603	1,994
Virgin Islands	5	----	----	----	----	3	5
Total [1]	[2] 3,882,942	261,500	2,280,240	30,701	259,194	2,244,227	1,334,287

[1] Based on cases tabulated in 1953, including adjustments not distributed by States.
[2] Includes $220,946 in loans insured under Sec. 609 not distributed by States.

TABLE 6.—*Volume of FHA-insured mortgages and loans, by State location of property, 1934–53*

[Dollar amounts in thousands]

State	Total amount	Home mortgages		Project mortgages		Property improvement loans	
		Number	Amount	Units	Amount	Number	Net proceeds
Alabama	$397,795	39,650	$233,402	11,820	$71,413	247,909	$92,980
Arizona	336,155	42,883	263,882	2,516	16,660	113,004	55,613
Arkansas	250,931	34,639	193,630	1,634	11,258	111,605	46,043
California	4,565,941	569,676	3,470,397	43,032	312,659	1,967,446	782,885
Colorado	321,301	38,834	240,648	3,141	22,417	136,277	58,235
Connecticut	360,771	35,971	244,894	5,160	38,054	170,763	77,822
Delaware	78,031	6,788	40,997	4,155	30,277	14,846	6,757
District of Columbia	235,282	6,830	50,416	21,102	142,787	86,733	42,078
Florida	903,829	103,444	644,214	14,837	103,142	308,984	156,474
Georgia	581,034	56,159	333,214	23,081	158,585	210,163	89,235
Idaho	164,578	18,786	114,845	626	4,970	91,263	44,762
Illinois	1,632,163	151,259	978,187	22,220	174,558	1,016,807	479,418
Indiana	940,311	111,651	646,441	8,816	65,298	570,994	228,572
Iowa	293,339	30,711	182,360	1,763	13,689	227,972	97,290
Kansas	480,059	62,841	391,162	4,634	29,026	152,810	58,971
Kentucky	324,702	33,269	206,919	6,333	45,946	178,304	71,837
Louisiana	501,168	56,668	372,300	8,651	64,021	153,291	64,847
Maine	100,945	10,305	53,743	2,188	17,464	69,489	29,738
Maryland	756,569	52,404	318,368	43,690	297,386	336,269	140,814
Massachusetts	345,893	19,500	118,731	5,094	39,559	426,986	187,603
Michigan	2,072,781	229,718	1,419,637	10,072	71,828	1,384,376	581,316
Minnesota	403,759	32,541	202,220	6,298	46,234	369,022	155,305
Mississippi	192,989	24,994	131,538	2,722	16,962	108,090	44,489
Missouri	787,828	86,729	545,927	11,215	80,929	424,127	160,973
Montana	96,006	11,494	67,819	809	6,076	42,917	22,111
Nebraska	249,145	32,001	189,897	2,468	18,368	94,259	40,880
Nevada	86,173	9,470	68,005	641	4,966	22,295	13,202
New Hampshire	43,837	4,504	23,383	244	1,672	43,112	18,782
New Jersey	1,519,035	131,191	775,734	57,215	417,000	502,182	326,301
New Mexico	172,008	20,626	135,226	2,072	17,748	33,976	19,034
New York	3,089,688	167,303	1,078,380	117,948	960,465	1,804,891	1,050,844
North Carolina	419,277	41,548	252,169	17,357	106,409	143,019	60,699
North Dakota	37,946	3,418	22,684	138	1,021	30,767	14,241
Ohio	1,622,600	163,589	1,066,997	20,132	148,734	991,048	406,868
Oklahoma	607,034	81,849	480,758	4,414	32,077	231,083	94,199
Oregon	439,279	49,118	308,747	5,371	39,264	207,376	91,267
Pennsylvania	1,587,447	176,690	1,007,028	24,390	183,771	920,662	396,648
Rhode Island	77,145	7,075	42,087	952	7,973	62,273	27,085
South Carolina	249,963	31,765	172,285	7,229	44,064	78,919	32,714
South Dakota	82,588	10,921	62,590	720	5,573	29,387	14,424
Tennessee	545,138	63,329	367,412	9,546	56,127	322,777	121,599
Texas	1,842,324	218,003	1,250,510	30,065	205,987	881,073	379,827
Utah	288,148	32,888	203,662	1,603	12,687	160,728	71,799
Vermont	29,723	4,007	19,370	193	1,512	19,252	8,841
Virginia	851,779	77,652	473,172	43,767	279,112	216,747	90,496
Washington	1,067,791	136,766	821,698	9,982	77,220	392,009	168,872
West Virginia	169,299	22,534	128,572	797	3,601	77,907	37,126
Wisconsin	328,572	29,439	191,222	4,104	32,580	234,449	104,761
Wyoming	74,046	11,221	60,072	571	4,451	16,162	9,523
Alaska	70,313	1,957	23,713	3,853	45,349	1,263	1,252
Guam	682	33	398	----------	----------	238	284
Hawaii	105,703	9,546	82,475	2,927	21,557	2,445	1,671
Puerto Rico	150,472	14,737	93,308	5,759	35,015	27,797	22,148
Virgin Islands	83	9	77	----------	----------	3	5
Total [1]	[2] 32,934,059	3,419,928	20,873,057	640,085	4,647,313	16,665,399	7,408,765

[1] Based on cases tabulated through 1953, including adjustments not distributed by States.
[2] Includes $4,924,344 in loans insured under Sec. 609 not distributed by States.

As indicated in Table 7, insurance was written in 1953 under all of these sections but Section 611.

Volume of Business

FHA home mortgage insuring activity experienced an upturn in 1953, with the total number of dwelling units increasing 11 percent over 1952 to 272,300 and new construction up 24 percent to 151,800 units. Existing-construction volume declined a slight 2 percent to 120,500 units. As shown in Chart 6, the volume of *total* dwelling units in mortgage insurance written in 1953 was exceeded only in the years 1948–50, *new* construction in the years 1941–42 and 1948–51, and *existing* construction in the years 1949, 1950, and 1952.

HOME MORTGAGES INSURED BY FHA, 1935-53

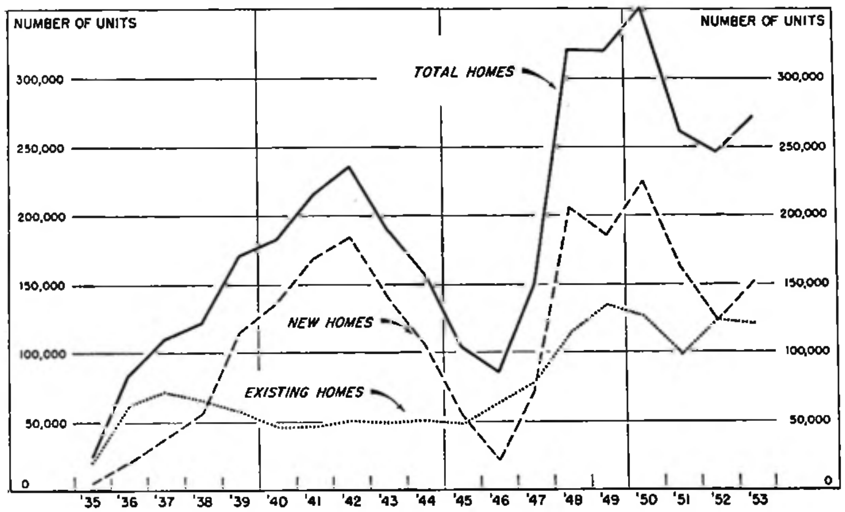

CHART 6.

Reflecting a record-high average mortgage amount per unit ($8,400), the amount of home mortgages insured by FHA rose 18 percent in 1953 to $2.3 billion—the second largest volume in history. New construction, with an average of $8,300, increased 30 percent over the previous year to more than $1¼ billion, while the existing-construction volume, averaging over $8,500 per unit, was up 6 percent to a new high of over $1.0 billion.

Most of this insuring activity occurred under Section 203. With the exception of the period from 1943 through 1948, when the bulk of home mortgages were insured under the war and veterans' housing provisions of Section 603, Section 203 has been FHA's major home mort-

TABLE 7.—*Home mortgages insured by FHA, 1935–53*

[Dollar amounts in thousands]

Year	Grand total [1]		Total new construction		Total existing construction		New construction							
							Secs. 2 and 8 [2]		Sec. 203		Sec. 603		Sec. 903	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935–39	513, 615	$2, 007, 777	235, 391	$1, 012, 590	278, 224	$995, 187	16, 628	$37, 914	218, 763	$974, 676	------	------	------	------
1940–44	981, 388	4, 116, 585	738, 051	3, 117, 345	243, 337	999, 240	22, 373	61, 888	399, 467	1, 792, 224	316, 211	$1, 263, 233	------	------
1945–49	970, 451	6, 116, 754	540, 396	3, 603, 452	439, 055	2, 513, 302	5, 591	20, 452	187, 002	1, 324, 183	347, 803	2, 258, 816	------	------
1950	351, 528	2, 492, 367	225, 269	1, 636, 678	126, 259	855, 690	1, 759	7, 428	221, 381	1, 613, 725	2, 129	15, 525	------	------
1951	261, 231	1, 928, 433	161, 673	1, 215, 535	99, 558	712, 898	6, 106	28, 514	155, 416	1, 187, 402	23	184	------	------
1952	246, 109	1, 942, 307	122, 764	968, 613	123, 345	973, 694	5, 615	29, 112	102, 695	831, 748	------	------	14, 449	$107, 716
1953	272, 299	2, 288, 626	151, 777	1, 258, 558	120, 522	1, 030, 068	4, 276	21, 303	121, 981	1, 038, 234	------	------	25, 520	198, 933
Total	3, 605, 621	20, 892, 848	2, 175, 321	12, 812, 770	1, 430, 300	8, 080, 078	62, 348	206, 701	1, 406, 705	8, 762, 191	666, 299	3, 537, 229	39, 969	306, 649

Year	Existing or refinanced construction													
	Sec. 8		Sec. 203		Sec. 213		Sec. 603		Sec. 603–610		Sec. 611		Sec. 903	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935–39	------	------	278, 224	$995, 187	------	------	------	------	------	------	------	------	------	------
1940–44	------	------	236, 737	973, 301	------	------	6, 600	$25, 939	------	------	------	------	------	------
1945–49	------	------	419, 194	2, 423, 058	------	------	16, 874	81, 155	2, 987	$9, 089	------	------	------	------
1950	------	------	125, 186	852, 330	------	------	136	481	937	2, 880	------	------	------	------
1951	46	$215	97, 991	706, 196	313	$2, 464	17	74	1, 185	3, 909	6	$40	------	------
1952	200	996	119, 673	940, 724	3, 235	30, 355	16	109	40	182	60	516	113	$819
1953	103	553	117, 269	998, 977	2, 689	27, 062	65	279	7	44	------	------	389	3, 154
Total	349	1, 764	1, 394, 274	7, 889, 772	6, 237	59, 881	23, 707	108, 031	5, 156	16, 103	75	556	502	3, 973

[1] For total number and amount of mortgages insured under each section in 1952, 1953. and cumulatively through the end of 1953, see Table 2.
[2] Sec. 2 activity, 1938–50; Sec. 8 activity, 1950–53.

gage program since the establishment of the agency in 1934. The following data emphasize the predominance of Section 203 in FHA's home mortgage operations in 1953:

Section	Total		New		Existing	
	Percentage distribution of—					
	Units	Amount	Units	Amount	Units	Amount
203	88	80	80	82	98	97
903	9	9	17	16	(1)	(1)
8	2	1	3	2	(1)	(1)
213	1	1	------	------	2	3
Others	(1)	(1)	------	------	(1)	(1)
Total	100	100	100	100	100	100

[1] Less than 0.05 percent.

As denoted in Table 7, FHA financing assistance with respect to proposed or new construction was limited in 1953 to Sections 8, 203, and 903. Almost all insurance written under Sections 8 and 903 involved new construction. Under Section 203, however, new construction had only a slight edge in the proportion of dwelling units and amount of mortgages insured in the last year. Among the factors that may have contributed to the high level of existing construction business are the following:

(1) In the price ranges above $11,000, FHA financing terms for existing-construction properties are just as favorable with respect to maximum loans and ratios of loan to value as for new-construction properties, i. e., properties requiring FHA approval of plans and specifications before the start of construction and subject to FHA inspections during construction. As a result, there has been an increasing tendency for builders of homes costing more than $11,000 to apply for FHA mortgage insurance assistance *after* completion of construction. This is borne out by the fact that the proportion of recently built homes included in the category of existing construction insured by FHA, which was as high as 24 percent in 1951, had increased to 31 percent in 1953. Furthermore, of the existing-home mortgages insured in 1953 with amounts ranging from $10,000 upwards, over 40 percent covered homes constructed in 1952 or 1953.

(2) Transfers of home properties were probably at their highest level in 1953, as indicated by an all-time high of 3,164,000 nonfarm mortgage recordings of $20,000 or less. Undoubtedly included in these transfers were many of the approximately 2 million homes that had been constructed with FHA mortgage insurance assistance in previous years. These properties, having been approved by FHA before construction and constructed with FHA inspections, were eligible for FHA-insured mortgages providing more favorable terms

than other existing homes. Transactions involving this type of property also tend to bolster the FHA existing-construction volume.

FHA's actual home mortgage workload is understated in the preceding data on insured-case volume. In 1953, FHA field offices received applications for home mortgage insurance covering 434,000 dwelling units, issued commitments for insurance involving 399,000 units, and provided inspections for 216,500 units on which construction was started during the year, as well as an additional 95,600 units that were under construction at the beginning of the year.

Status of Processing

FHA field offices processed 461,000 home mortgage applications for insurance during 1953 and approved 386,000 or 84 percent for FHA commitments to insure. Home mortgage cases closed as a result of rejection of application, expiration of commitment, or insurance of mortgages totaled 452,000.

The disposition of the nearly 395,600 Section 203 cases closed during 1953 is shown in Table 8. Nearly three-fifths of these cases were closed by insurance of the mortgage, almost 35 percent by expiration of the commitment, and slightly under 7 percent by rejection of the

TABLE 8.—*Disposition of home-mortgage applications, Sec. 203, selected years*

Year	Number of cases closed	Percent of cases closed by— Rejection of application[1]	Expiration of commitment[1]	Insurance of mortgage
		Total construction		
1940	244,442	18.8	12.3	68.5
1949	398,669	13.4	22.0	64.9
1950	539,640	10.4	26.9	62.6
1951	436,755	7.1	36.7	56.7
1952	367,064	9.6	32.5	57.9
1953	395,640	6.6	34.9	58.2
		New construction		
1940	176,394	15.3	13.4	71.3
1949	204,547	12.5	23.1	64.4
1950	345,478	9.5	27.2	63.3
1951	297,204	5.5	43.3	51.2
1952	194,029	8.1	41.5	50.4
1953	207,151	5.2	37.5	57.3
		Existing construction		
1940	68,048	27.9	9.5	62.6
1949	194,122	14.2	20.9	64.9
1950	194,162	12.1	26.4	61.5
1951	139,551	10.6	22.5	66.9
1952	173,035	11.3	22.3	66.4
1953	188,480	8.2	32.0	59.8

[1] Excludes cases reopened after rejection or expiration.

application. The rejection rate was the lowest on record, but the proportions of expirations and insured cases increased over 1952.[2]

For the third consecutive year, the insured-case proportion for existing homes (60 percent) exceeded that for new homes (57 percent), but the differential was substantially lower than in the two preceding years. Directly related to this development was the decline in the proportion of new-home cases closed by expiration. Contributing to the lower expiration rate of new-construction cases in 1953 were an FHA directive in October 1953 providing for extensions of commitments free of charge when more time was required for arranging permanent financing, and a related relaxation in August 1953 of a commitment cancellation policy put into effect in 1950 for conservation of insurance authorization.

In existing-construction cases, the rise in expiration rate and the related decline in proportion of insured cases may reflect the fact that permanent financing for this type of transaction was more readily available on a conventional than an insured mortgage basis during much of 1953.

State Distribution

Totals for the year.—In 1953, FHA insured mortgages on new homes (constructed with FHA inspections) and existing properties located in every State, the District of Columbia, Alaska, Hawaii, Puerto Rico, and Guam. Table 9 shows for all programs combined the number and amount of these mortgages and the related number of dwelling units for each State, Territory, and possession, while comparable distributions of the new and existing dwellings are presented for each of the more active programs in Table 10.

In only 6 States did the number of FHA home mortgages insured in 1953 fall below 1,000. As indicated by Chart 7, the largest number of States had 1,000 to 2,999 mortgages, while 5,000 or more were reported for each of 15 States. California led with 43,500 mortgages, followed by Michigan, Texas, Ohio, and Florida. Collectively these 5 States, each with more than 10,000 mortgages, accounted for two-fifths of the national total.

In more than half the States—principally in the North, where construction costs tend to be higher—the volume of existing-construction mortgages exceeded the new—a development perhaps related to the fact that the typical price level of new homes was too high to be eligible for the more favorable FHA new-construction financing terms.

[2] The following disposition was made of cases closed under the other two major FHA home mortgage programs during 1953: Of the nearly 5,700 cases closed under Section 8, 7 percent were rejected, 16 percent expired, and 77 percent were insured; of the 47,500 closed under Section 903, 43 percent were rejected, 9 percent expired, and 48 percent were insured. About 75 percent of the Section 903 rejects were attributable to oversubscription of defense housing programs.

TABLE 9.—*Volume of FHA-insured home mortgages, by State location, 1953*

[Dollar amounts in thousands]

State	Total			New construction			Existing construction		
	Number	Amount	Units	Number	Amount	Units	Number	Amount	Units
Alabama	2,951	$25,673	3,001	1,761	$15,290	1,789	1,190	$10,383	1,212
Arizona	5,924	47,387	6,236	4,842	39,016	5,088	1,082	8,371	1,148
Arkansas	2,806	23,205	2,946	1,420	12,229	1,540	1,386	10,976	1,406
California	43,538	391,710	46,651	24,560	219,420	26,682	18,978	172,291	19,969
Colorado	2,409	22,305	2,464	1,782	16,548	1,834	627	5,758	630
Connecticut	3,411	32,894	3,666	789	7,268	790	2,622	25,626	2,876
Delaware	450	4,107	450	189	1,656	189	261	2,451	261
District of Columbia	182	2,146	251	24	431	54	158	1,715	107
Florida	10,925	84,748	10,975	9,590	73,720	9,636	1,335	11,028	1,339
Georgia	4,809	40,805	4,937	2,887	23,155	2,924	1,922	17,650	2,013
Idaho	1,946	16,562	1,974	728	6,387	732	1,218	10,175	1,242
Illinois	7,876	77,646	8,082	2,990	29,234	3,037	4,886	48,412	5,045
Indiana	8,511	74,147	8,851	4,887	43,420	5,161	3,624	30,728	3,690
Iowa	2,976	25,353	3,006	1,268	10,518	1,283	1,708	14,835	1,723
Kansas	6,666	56,224	6,765	4,706	39,880	4,778	1,960	16,344	1,987
Kentucky	2,734	24,365	2,795	1,131	9,398	1,141	1,603	14,967	1,654
Louisiana	3,727	33,763	3,797	2,102	18,649	2,132	1,625	15,114	1,665
Maine	1,056	8,013	1,164	264	2,152	264	792	5,861	900
Maryland	3,285	28,789	3,361	1,597	13,105	1,663	1,688	15,684	1,698
Massachusetts	1,447	13,454	1,903	433	4,600	585	1,014	8,854	1,318
Michigan	18,738	165,125	18,983	12,050	105,967	12,067	6,688	59,158	6,916
Minnesota	2,226	21,654	2,303	658	6,234	687	1,568	15,420	1,616
Mississippi	1,804	13,613	1,881	1,414	10,800	1,484	390	2,813	397
Missouri	6,744	61,938	6,985	2,378	21,826	2,429	4,366	40,112	4,556
Montana	1,232	11,174	1,318	434	4,228	453	798	6,946	865
Nebraska	2,898	24,046	2,924	1,723	14,529	1,735	1,175	9,517	1,189
Nevada	1,780	15,875	1,864	1,475	12,894	1,557	305	2,981	307
New Hampshire	251	1,838	255	159	1,140	159	92	698	96
New Jersey	6,094	51,223	6,337	2,328	19,125	2,333	3,766	32,098	4,004
New Mexico	2,684	21,691	2,730	2,487	20,121	2,532	197	1,570	198
New York	9,261	80,085	9,970	3,965	33,170	4,016	5,296	46,915	5,954
North Carolina	3,989	32,295	4,148	3,170	25,347	3,318	819	6,948	830
North Dakota	568	5,309	594	231	2,243	252	337	3,066	342
Ohio	15,308	148,154	16,126	6,740	65,518	7,188	8,568	82,636	8,938
Oklahoma	4,190	34,323	4,307	2,379	20,119	2,462	1,811	14,204	1,845
Oregon	4,738	39,241	4,790	1,901	15,642	1,930	2,837	23,599	2,860
Pennsylvania	9,550	81,008	9,778	5,883	50,267	5,978	3,667	30,741	3,800
Rhode Island	703	6,386	737	239	2,092	241	464	4,294	496
South Carolina	2,102	17,255	2,129	1,118	8,993	1,137	984	8,262	992
South Dakota	1,128	9,251	1,170	524	4,670	548	604	4,582	622
Tennessee	4,285	34,438	4,398	2,916	23,396	3,010	1,369	11,042	1,388
Texas	18,298	145,169	19,446	13,192	105,080	14,233	5,106	40,089	5,213
Utah	2,613	24,245	2,673	1,493	13,893	1,513	1,120	10,353	1,160
Vermont	141	1,131	155	41	342	41	100	789	114
Virginia	6,017	53,709	6,076	2,569	21,206	2,589	3,448	32,503	3,487
Washington	9,274	82,816	9,620	2,025	18,540	2,260	7,249	64,276	7,360
West Virginia	1,158	10,132	1,189	342	3,138	344	816	6,994	845
Wisconsin	1,950	19,167	2,050	903	8,949	976	1,047	10,218	1,074
Wyoming	765	6,841	818	352	3,247	353	413	3,595	465
Alaska	855	13,553	997	571	9,238	678	284	4,315	319
Guam	31	385	41	9	103	10	22	282	31
Hawaii	1,232	12,935	1,261	878	9,040	905	354	3,895	356
Puerto Rico	1,354	9,943	1,364	717	5,713	719	637	4,230	645
Virgin Islands	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total [1]	261,590	2,289,240	272,701	145,214	1,252,885	151,439	116,376	1,036,355	121,262

[1] Cases tabulated in 1953.

TABLE 10.—*Dwelling units securing FHA-insured home mortgages, by State location, 1953*

State	New construction				Existing construction					
	Total units	Sections			Total units	Sections				
		8	203	903		8	203	213	903	Other
Alabama	1,789	5	1,296	488	1,212	-----	1,185	-----	15	12
Arizona	5,088	127	4,108	853	1,148	-----	1,147	-----	1	-----
Arkansas	1,540	22	1,182	336	1,406	1	1,145	260	-----	-----
California	26,682	57	21,894	4,731	19,969	5	17,875	2,062	25	2
Colorado	1,834	85	1,738	11	630	-----	630	-----	-----	-----
Connecticut	790	86	674	30	2,876	-----	2,829	-----	5	42
Delaware	189	-----	189	-----	261	-----	261	-----	-----	-----
District of Columbia	54	-----	54	-----	107	-----	107	-----	-----	-----
Florida	9,636	449	8,448	739	1,339	6	1,323	-----	10	-----
Georgia	2,924	225	1,304	1,395	2,013	3	1,891	-----	119	-----
Idaho	732	-----	467	265	1,242	-----	1,234	-----	8	-----
Illinois	3,037	35	2,582	420	5,045	-----	5,042	-----	3	-----
Indiana	5,161	10	3,288	1,863	3,690	-----	3,688	-----	2	-----
Iowa	1,283	87	1,062	134	1,723	3	1,718	-----	-----	2
Kansas	4,778	384	2,292	2,102	1,987	7	1,979	-----	1	-----
Kentucky	1,141	-----	848	293	1,654	-----	1,654	-----	-----	-----
Louisiana	2,132	28	2,024	80	1,665	2	1,662	-----	1	-----
Maine	264	-----	218	46	900	-----	856	-----	44	-----
Maryland	1,663	98	939	626	1,698	-----	1,623	-----	75	-----
Massachusetts	585	71	232	282	1,318	1	1,317	-----	-----	-----
Michigan	12,067	1,077	10,764	226	6,916	7	6,732	177	-----	-----
Minnesota	687	27	624	36	1,616	-----	1,616	-----	-----	-----
Mississippi	1,484	86	956	442	397	-----	397	-----	-----	-----
Missouri	2,429	15	2,239	175	4,556	1	4,553	-----	2	-----
Montana	453	3	389	61	865	1	864	-----	-----	-----
Nebraska	1,735	37	1,514	184	1,189	1	1,188	-----	-----	-----
Nevada	1,557	-----	1,164	393	307	-----	306	-----	1	-----
New Hampshire	159	21	119	19	96	-----	96	-----	-----	-----
New Jersey	2,333	116	2,071	146	4,004	6	3,997	-----	1	-----
New Mexico	2,532	28	1,992	512	198	-----	189	-----	9	-----
New York	4,016	501	3,190	226	5,954	10	5,924	-----	8	12
North Carolina	3,318	-----	2,264	1,054	830	-----	830	-----	-----	-----
North Dakota	252	-----	171	81	342	-----	342	-----	-----	-----
Ohio	7,188	1	5,906	1,281	8,938	1	8,935	-----	-----	2
Oklahoma	2,462	19	1,805	638	1,845	-----	1,673	172	-----	-----
Oregon	1,930	-----	1,845	85	2,860	-----	2,860	-----	-----	-----
Pennsylvania	5,978	14	5,723	241	3,800	-----	3,800	-----	-----	-----
Rhode Island	241	8	233	-----	496	-----	496	-----	-----	-----
South Carolina	1,137	10	592	535	992	-----	989	-----	3	-----
South Dakota	548	34	472	42	622	4	618	-----	-----	-----
Tennessee	3,010	112	2,595	303	1,388	7	1,381	-----	-----	-----
Texas	14,233	219	12,005	2,009	5,213	12	5,166	-----	35	-----
Utah	1,513	4	1,481	28	1,160	-----	1,160	-----	-----	-----
Vermont	41	-----	41	-----	114	-----	114	-----	-----	-----
Virginia	2,589	31	1,533	1,025	3,487	1	3,484	-----	2	-----
Washington	2,260	44	1,778	438	7,360	-----	7,356	-----	4	-----
West Virginia	344	-----	344	-----	845	-----	845	-----	-----	-----
Wisconsin	976	-----	662	314	1,074	-----	1,072	-----	2	-----
Wyoming	353	-----	353	-----	465	-----	465	-----	-----	-----
Alaska	678	-----	678	-----	319	-----	319	-----	-----	-----
Guam	10	-----	10	-----	31	-----	31	-----	-----	-----
Hawaii	905	3	708	194	356	-----	356	-----	-----	-----
Puerto Rico	719	-----	719	-----	645	-----	645	-----	-----	-----
Virgin Islands	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total [1]	151,439	4,269	121,638	25,532	121,262	79	118,064	2,671	376	72

[1] Cases tabulated in 1953.

NUMBER OF HOME MORTGAGES INSURED UNDER ALL SECTIONS

1953

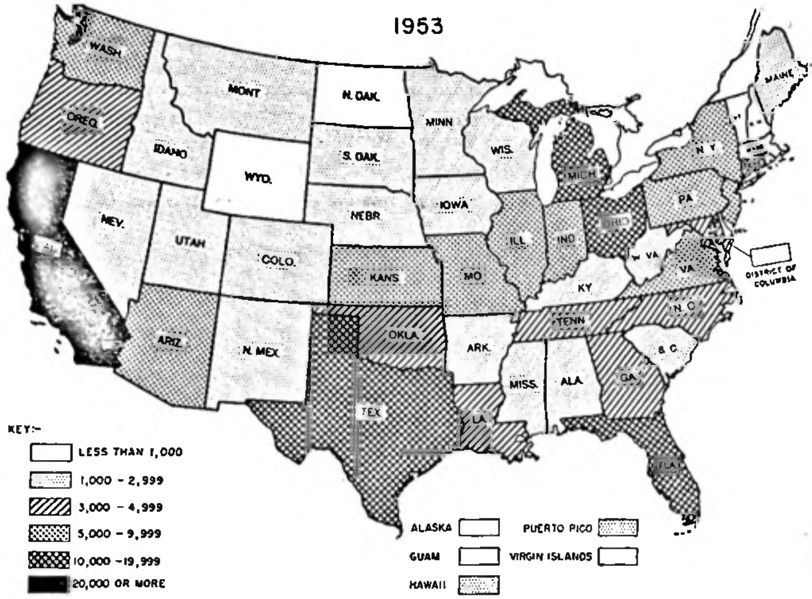

CHART 7.

Among the larger-volume States in which the existing-construction volume surpassed the new-construction volume were Illinois, Missouri, New Jersey, New York, Ohio, Virginia, and Washington.

As indicated in Table 10, the Section 203 program predominated during 1953, both in new and existing construction, in all States but Georgia and Massachusetts, where Section 903 had a slight edge in the number of new dwelling units. Although only in limited numbers, Section 8 mortgages were insured during the year on low-cost properties in 36 States and Hawaii. Over one-fourth of these units were located in Michigan, while other States with comparatively large volumes of Section 8 activity were New York, Florida, and Kansas. Reflecting the far-flung distribution of the Nation's defense plants and military establishments, some 43 States and Hawaii were sites of defense housing properties securing mortgages insured under Section 903 in 1953. More than half of these, however, were concentrated in six States—California (with about a fifth of the total), Georgia, Indiana, Kansas, Ohio, and Texas.

Cumulative totals.—Table 11 shows the cumulative number and amount of home mortgages in each State, Territory, and possession insured by FHA through the end of 1953 under all programs combined, and under Sections 203 and 603 separately. Nearly one-half of the mortgages were on properties located in 7 States—California, far in the lead with almost 570,000 (or one-sixth of the total), Michigan with nearly 230,000, Texas with 218,000, Pennsylvania with about 176,000, New York with 167,000, Ohio with about 164,000, and Illinois with over 151,000.

TABLE 11.—*Volume of FHA-insured home mortgages, by State location, 1935-53*

[Dollar amounts in thousands]

State	Total		Sec. 203		Sec. 603		Other sections [1]	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Alabama	39,650	$233,402	28,759	$175,209	9,640	$50,612	1,242	$7,581
Arizona	42,883	263,882	32,396	201,044	7,132	43,215	3,355	16,623
Arkansas	31,639	193,630	28,363	160,743	4,869	24,493	1,407	8,395
California	569,676	3,470,397	418,559	2,587,379	126,012	742,836	25,105	140,181
Colorado	38,834	240,648	32,788	208,173	5,069	29,429	977	3,047
Connecticut	35,971	244,894	28,138	206,281	7,527	37,340	306	1,273
Delaware	6,788	40,997	4,117	26,276	2,631	14,622	40	100
District of Columbia	6,830	50,416	4,049	29,723	2,780	20,691	1	3
Florida	103,444	644,214	72,974	459,939	26,895	165,132	3,575	10,143
Georgia	56,159	333,214	39,287	235,725	13,307	70,525	3,565	26,964
Idaho	18,786	114,845	17,869	109,155	527	3,104	390	2,587
Illinois	151,259	978,187	127,012	839,826	21,975	128,698	2,272	9,663
Indiana	111,651	646,441	93,771	535,729	15,801	93,631	2,079	17,081
Iowa	30,711	182,360	27,722	166,334	2,551	13,568	438	2,458
Kansas	62,841	391,162	47,400	293,881	10,329	57,046	5,112	39,634
Kentucky	33,269	206,919	27,942	175,472	4,737	27,874	590	3,574
Louisiana	56,668	372,300	42,920	288,769	12,381	75,633	1,367	7,898
Maine	10,365	53,743	8,952	46,203	1,240	6,470	173	1,070
Maryland	52,404	318,368	35,899	219,695	14,409	88,416	2,096	10,256
Massachusetts	19,500	118,731	15,821	97,736	3,076	17,275	603	3,720
Michigan	229,718	1,419,637	183,179	1,148,474	41,334	248,254	5,205	22,909
Minnesota	32,541	202,220	27,301	168,844	4,810	31,968	430	1,408
Mississippi	24,994	131,538	19,792	102,240	4,168	22,926	1,034	6,364
Missouri	86,729	545,927	79,149	504,772	7,080	38,418	500	2,736
Montana	11,494	67,819	11,067	64,303	334	2,849	93	667
Nebraska	32,001	189,897	25,716	155,870	5,868	31,520	417	2,500
Nevada	9,476	68,005	7,100	54,582	1,925	10,177	451	3,246
New Hampshire	4,564	23,383	4,108	20,656	337	2,173	119	554
New Jersey	131,191	775,734	111,556	658,743	16,615	106,257	3,020	10,734
New Mexico	20,626	135,226	17,121	112,128	2,624	16,587	881	6,510
New York	167,303	1,078,380	136,097	882,814	23,069	161,850	8,137	33,716
North Carolina	41,548	252,169	30,902	186,321	8,829	53,933	1,817	11,914
North Dakota	3,418	22,684	3,165	20,757	162	1,135	91	792
Ohio	163,589	1,066,997	136,490	904,071	24,771	146,767	2,328	16,159
Oklahoma	81,849	480,758	62,403	364,655	17,706	101,697	1,740	14,406
Oregon	49,118	308,747	41,397	265,341	6,845	40,360	876	3,037
Pennsylvania	175,690	1,007,028	142,936	808,072	31,443	193,118	1,311	5,838
Rhode Island	7,075	42,087	5,772	35,258	1,263	6,730	40	99
South Carolina	31,765	172,285	22,545	117,558	6,378	34,137	2,842	20,590
South Dakota	10,921	62,590	10,113	56,065	520	3,439	288	3,086
Tennessee	63,329	367,412	45,351	259,397	15,977	96,140	2,001	11,876
Texas	218,003	1,256,510	155,674	921,385	52,028	281,987	10,301	53,139
Utah	32,888	203,662	24,761	159,835	7,920	42,924	207	903
Vermont	4,007	19,370	3,711	17,974	283	1,372	13	25
Virginia	77,652	473,172	54,076	350,044	18,806	102,931	4,770	20,197
Washington	136,766	821,698	114,355	703,635	19,076	103,235	3,335	14,828
West Virginia	22,534	128,572	21,171	122,227	1,325	6,224	38	121
Wisconsin	29,439	191,222	24,436	161,638	4,425	25,510	578	4,075
Wyoming	11,221	60,072	9,997	53,230	1,125	6,582	99	259
Alaska	1,957	23,713	1,935	23,643	1	7	21	63
Guam	33	398	33	398	----	----	----	----
Hawaii	9,546	82,475	8,819	77,192	544	3,677	183	1,605
Puerto Rico	14,737	93,308	10,575	74,162	4,102	19,146	----	----
Virgin Islands	9	77	7	65	2	13	----	----
Total [2]	3,419,928	20,873,057	2,687,548	16,632,647	624,652	3,645,260	107,728	595,150

[1] Includes Secs. 2, 8, 213, 603-610, 611, and 903.
[2] Cases tabulated through Dec. 31, 1953.

Terminations and Foreclosures

About 1,450,000 FHA insurance contracts on home mortgages aggregating over $7 billion in original principal amount had been terminated through the end of 1953. Remaining in force at that date were about 1,925,000 mortgages with combined total face amounts of $13.7 billion—or approximately the amount of home mortgage insurance written during the 7 years from 1947 through 1953. The outstanding balance on the home mortgages still in force at December 31, 1953, after allowance for amortization, was about $12.0 billion, or 57 percent of the total amount of home mortgages insured by FHA since its establishment. (See Table 3, Section 1 of this report.)

FHA insurance contracts are terminated when:

(1) The loan is paid in full at maturity.

(2) The loan is prepaid prior to maturity. If prepaid without refinancing or with the proceeds of a non-FHA mortgage involving the same or a new mortgagor, it is classified as a *prepayment in full.* If prepayment involves refinancing with a new FHA-insured mortgage, it is classified as *prepayment by supersession.*

(3) The mortgage is foreclosed and title to the property is acquired by the mortgagee. The mortgagee may either transfer the title to FHA in exchange for debentures and a certificate of claim for those foreclosure expenses not covered by the debentures, or retain the property, in which case the mortgagee "withdraws" from the FHA contract and foregoes its insurance privileges.

The disposition of FHA-insured home mortgages terminated through the end of 1953 is shown in Table 12. Nearly all home mortgage terminations have resulted from prepayments—16 percent prepaid with new FHA-insured home mortgages and 82 percent prepaid in full with funds from other sources. Only 1.4 percent of the terminations resulted from foreclosure. Nearly three-fifths of the foreclosures occurred under Section 603, which had the highest foreclosure rate (3.9 percent of terminations) of all home mortgage programs.

Of the properties involved in foreclosed cases, mortgagees transferred to FHA 15,475 (65 percent insured under Section 603) in exchange for debentures and retained 4,660 (nearly two-thirds insured under Section 203) for disposition by sale or rent. Detailed information on the financial experience of FHA with acquired home properties is presented in Section 3 of this report.

Included in the terminations shown in Table 12 were nearly 124,000 that occurred in 1953. Of these, about 92,000 were prepayments in full, 29,000 were supersessions, 1,900 were matured loans, and 1,300 were foreclosures.

TABLE 12.—*Disposition of FHA-insured home mortgages, 1935–53*

[Dollar amounts in thousands]

	Total[1]		Sec. 8		Sec. 203		Sec. 213	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	3,370,833	$20,760,238	16,582	$81,854	2,690,459	$16,651,963	6,237	$59,881
Mortgages terminated:								
Prepaid in full	1,183,348	5,729,392	108	763	959,777	4,618,084	11	101
Prepaid by supersession	236,051	1,183,422	55	251	169,732	862,142	-----	-----
Matured loans	11,217	31,986	-----	-----	11,217	31,986	-----	-----
Properties acquired by mortgagee:								
Transferred to FHA	15,475	86,069	57	244	5,285	27,224	-----	-----
Retained by mortgagee	4,660	26,356	4	19	3,014	16,838	-----	-----
Other terminations	597	2,638	-----	-----	450	2,075	-----	-----
Total terminations	1,451,348	7,060,763	284	1,276	1,149,484	5,558,349	11	101
Mortgages in force	1,925,485	13,705,474	16,298	80,577	1,540,975	11,093,614	6,226	59,780

	Sec. 603		Sec. 603–610		Sec. 611		Sec. 903	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	624,652	$3,645,260	3,362	$16,103	75	$556	35,466	$310,621
Mortgages terminated:								
Prepaid in full	223,033	1,108,710	279	1,106	3	22	77	599
Prepaid by supersession	66,092	319,705	91	305	-----	-----	81	870
Matured loans	-----	-----	-----	-----	-----	-----	-----	-----
Properties acquired by mortgagee:								
Transferred to FHA	10,118	59,426	12	39	-----	-----	3	36
Retained by mortgagee	1,641	9,496	1	3	-----	-----	-----	-----
Other terminations	138	563	-----	-----	-----	-----	-----	-----
Total terminations	301,022	1,497,906	383	1,513	3	22	161	1,505
Mortgages in force	323,630	2,147,204	2,979	14,590	72	534	35,305	309,116

[1] Excludes Sec. 2 home mortgages.

Yearly trend.—Chart 8 shows the trends in yearly rates, of FHA home mortgage terminations for total types, for prepayments (in full and by supersession), for total foreclosures, and for those foreclosures that result in transfer of properties to FHA. The rates represent the percentage relationship between the yearly volume of terminations and the average number of mortgages in force during the year.

The curves in the chart illustrate graphically that the trend of FHA home mortgage termination rates has been determined almost exclusively by prepayments; that the peak of prepayments (and hence terminations) occurred in the early postwar years when mortgage obligations were retired on homes retained by owners or on those sold to new owners; that foreclosures even in peak years represented only a small part of total terminations; that FHA property acquisitions, as expected, tend to parallel foreclosures with the rate consistently some-

YEARLY TERMINATION RATES OF FHA HOME MORTGAGES, 1935 - 1953*

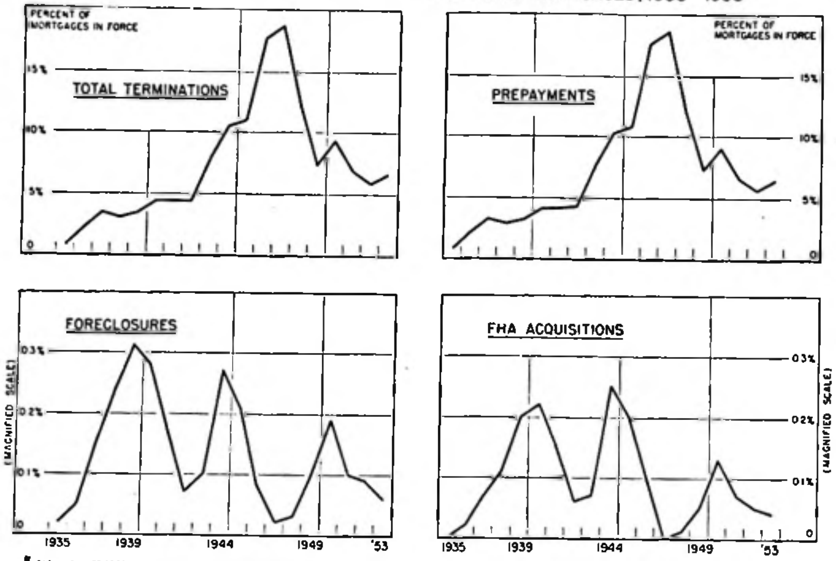

CHART 8.

what lower than foreclosures; and that foreclosure rates react not only to economic conditions (as evidenced by the peaks following the 1937–38 recession and the 1948–49 inventory adjustment) but may also rise after a period of heavy new loan activity, as in 1944 when foreclosures of Section 603 war housing increased following the peak years of activity under that program. In 1953, the prepayment (and hence total termination) rate was on the upgrade, while foreclosures (and FHA acquisitions) continued to decline, reflecting the general well-being of the economy.

Table 13 shows the number of terminated cases, titles acquired by mortgagees, and foreclosures in process at the year end, for each of the last 4 years and by 5-year periods from 1935 through 1949. Terminations in 1953 (124,000) were over one-fifth higher than in 1952, principally because of a 24-percent increase in prepayments. Practically all the terminations occurred under Section 203 (82 percent) and Section 603 (17 percent).

Of the 20,434 properties shown as acquired by mortgagees through the end of 1953 as a result of foreclosure, 299 were being held subject to redemption or pending final disposition (i. e. transfer to FHA or retention by mortgagee), compared with 513 such cases at the close of 1952. Causing this decline in the number of these "pending" cases and also in the number of insurance contracts finally terminated be-

TABLE 13.—*Terminations of FHA-insured home mortgages, 1935–53*

Year	Total terminations			Titles acquired by mortgagees[1]			Foreclosures in process at year end	
	Number for the period	Cumulative through end of year		Number for the period	Cumulative through end of year		Number	Percent of insured mortgages in force
		Number	Percent of total insured		Number	Percent of total insured		
Total								
1935-39	28,258	28,258	6.07	2,095	2,095	0.45	808	0.18
1940-44	281,675	309,933	22.66	6,912	9,007	.66	820	.08
1945-49	675,029	984,962	43.06	4,684	13,691	.60	1,281	.10
1950	131,833	1,116,795	42.50	2,610	16,301	.62	1,167	.08
1951	109,795	1,226,590	42.58	1,523	17,824	.62	899	.05
1952	101,134	1,327,724	42.62	1,478	19,302	.62	646	.04
1953	123,624	[2] 1,451,348	42.98	1,132	20,434	.61	822	.04
Sec. 8								
1951	2	2	0.03				1	0.02
1952	89	91	.75	5	5	0.01	5	.01
1953	193	[2] 284	1.71	64	69	.42	12	.07
Sec. 203								
1935-39	28,258	28,258	6.07	2,095	2,095	0.45	808	0.18
1940-44	269,406	297,664	27.52	3,308	5,403	.50	99	.01
1945-49	486,037	783,701	47.13	244	5,647	.34	302	.03
1950	97,144	880,845	44.02	677	6,324	.32	502	.04
1951	85,506	966,351	43.02	760	7,084	.32	515	.04
1952	81,301	1,047,652	42.60	684	7,768	.32	438	.03
1953	101,832	[2] 1,149,484	42.72	741	8,500	.32	511	.03
Sec. 213								
1952	1	1	0.03					
1953	10	11	.18				3	0.05
Sec. 603[3]								
1940-44	12,269	12,269	4.28	3,604	3,604	1.26	721	0.26
1945-49	188,992	201,261	32.23	4,440	8,044	1.29	979	.23
1950	34,689	235,950	37.62	1,033	9,977	1.50	665	.17
1951	24,287	260,237	41.45	763	10,740	1.71	383	.10
1952	19,743	279,980	44.50	789	11,529	1.84	203	.06
1953	21,425	[2] 301,405	47.99	305	11,834	1.88	178	.05
Sec. 611								
1953	3	3	4.00					
Sec. 903								
1953	161	[2] 161	0.45	22	22	0.06	118	0.33

[1] Includes titles transferred to FHA, titles retained by mortgagees with termination of mortgage insurance and titles to foreclosed properties subject to redemption or held by mortgagees pending final disposition—8 under Sec. 8, 210 under Sec. 203, 62 under Sec. 603, and 19 under Sec. 903.

[2] Of the cumulative number of terminated mortgages, FHA reinsured 55 Sec. 8 cases, 169,732 Sec. 203 cases, 66,183 Sec. 603 cases, and 81 Sec. 903 cases. A reinsured mortgage involves the same property as covered by the original FHA insurance contract.

[3] Includes Sec. 603-610 cases.

cause of foreclosure (from 1,572 in 1952 to 1,346 in 1953) was the reduction in the number of property titles acquired by mortgagees during the year (1,132) by roughly one-fourth from the year before. Acquisitions of Section 203 properties, accounting for nearly two-thirds of the total, were 8 percent higher than in the previous year, while Section 603 acquisitions, representing one-fourth of the total, declined 61 percent.

Foreclosures in process on December 31 increased 27 percent from 1952 to 1953, although the percentage relationship to insurance in force remained the same at four one-hundredths of 1 percent. The comparable percentage for Section 203 registered no change and for Section 603 declined slightly. Reflecting difficulty in the sales and rental of defense housing, Section 903 foreclosures in process at the year end numbered 118, or one-third of 1 percent of insured cases in force.

State distribution.—Table 14 provides an indication of FHA home mortgage experience in each State and Territory through the end of 1953 under the two major home mortgage programs—Sections 203 and 603. The total number of mortgages insured, the percent of these terminated, the percent terminated because of foreclosures (i. e., titles acquired by mortgagees), and the number remaining in force at the year end are shown for each State.

The proportion of Section 203 contracts terminated ranged from none in Guam and the Virgin Islands (where FHA insurance contracts have been in force a comparatively short time) to 62 percent in Vermont, with a national average of about 43 percent. In the greater number of States, the termination ratios were between 35 and 50 percent, only 13 States having ratios below 35 percent and 9 States having ratios in excess of 50 percent. Section 203 terminations because of foreclosure, averaging less than one-third of 1 percent of insured cases for the entire nation, exceeded one-half of 1 percent in only 11 States and 1 percent in only 3 States.

The combination of a negligible volume of reinsurance under Section 603 and over 21,000 terminations of insurance contracts during 1953 increased the cumulative to-date termination ratio under this section to about 48 percent. In 25 States, more than half of the Section 603 cases had terminated, and in only 8 States was the proportion under 35 percent. The foreclosure rate under Section 603, mirroring the emergency nature of the program, was notably higher than for Section 203, averaging 1.9 percent of all mortgages insured. In 10 States foreclosures exceeded 5 percent of the insured cases, while in 28 States and Territories it was less than 1 percent.

TABLE 14.—*Termination of FHA-insured home mortgages, by State location, Secs. 203 and 603, 1935–53*

State	Sec. 203				Sec. 603			
	Total mortgages insured	Terminations (As percent of insured)	Titles acquired [1] (As percent of insured)	Insured mortgages in force December 31, 1953	Total mortgages insured	Terminations (As percent of insured)	Titles acquired [1] (As percent of insured)	Insured mortgages in force December 1, 1953
Alabama	28,759	36.40	0.60	18,291	9,649	53.60	6.50	4,477
Arizona	32,396	24.20	.19	24,557	7,132	22.34	6.74	5,539
Arkansas	28,363	31.60	.94	19,400	4,869	48.94	1.09	2,486
California	418,559	48.43	.15	215,843	126,012	49.52	.21	63,615
Colorado	32,788	40.54	.15	19,497	5,060	44.19	.12	2,829
Connecticut	28,138	36.69	.16	17,815	7,527	70.32	21.27	2,234
Delaware	4,117	40.00	.90	2,470	2,631	76.85	.11	609
District of Columbia	4,049	57.92	.07	1,704	2,780	45.22	.18	1,523
Florida	72,974	30.14	.36	50,982	26,895	24.22	1.26	20,381
Georgia	30,287	38.63	.48	24,111	13,307	49.00	4.93	6,786
Idaho	17,869	38.25	.21	11,035	527	52.18	.19	252
Illinois	127,012	57.72	.19	53,700	21,075	64.05	.07	7,768
Indiana	93,771	44.32	.20	52,209	15,801	48.18	.51	8,188
Iowa	27,722	47.41	.12	14,580	2,551	60.92	5.80	997
Kansas	47,400	38.50	.88	29,152	10,329	55.42	1.07	4,605
Kentucky	27,942	38.18	.35	17,273	4,737	47.48	.06	2,488
Louisiana	42,920	30.09	.51	29,621	12,381	51.17	4.57	6,046
Maine	8,952	44.25	.87	4,991	1,240	67.02	2.66	409
Maryland	35,899	48.70	.35	18,417	14,409	57.82	6.72	6,078
Massachusetts	15,821	52.92	2.14	7,448	3,076	61.87	1.66	1,173
Michigan	183,179	43.43	.39	103,617	41,334	47.29	2.23	21,787
Minnesota	27,301	53.39	.36	12,720	4,810	48.90	.52	2,458
Mississippi	19,792	35.83	.50	12,701	4,168	28.26	.34	2,990
Missouri	79,149	43.14	.20	45,001	7,080	58.46	2.70	2,941
Montana	11,067	46.17	.10	5,957	334	56.59	.30	145
Nebraska	25,716	42.98	.22	14,662	5,868	65.24	2.25	2,040
Nevada	7,100	26.90	.01	5,184	1,925	55.22	.05	862
New Hampshire	4,108	59.91	3.02	1,647	337	48.96	9.20	172
New Jersey	111,556	50.16	.63	55,596	16,615	49.46	1.70	8,398
New Mexico	17,121	21.67	.04	13,411	2,624	31.29	.04	1,803
New York	136,097	37.27	.66	85,376	23,069	33.92	2.18	15,245
North Carolina	30,902	36.37	.29	19,663	8,829	31.22	2.15	6,073
North Dakota	3,165	42.40	.25	1,823	162	46.91	--------	86
Ohio	136,490	48.79	.14	69,892	24,771	61.45	.49	9,548
Oklahoma	62,403	35.86	.35	39,399	17,706	42.56	1.94	10,171
Oregon	41,397	33.05	.20	27,717	6,845	49.42	.28	3,402
Pennsylvania	142,930	48.92	.19	73,016	31,443	53.14	.18	14,733
Rhode Island	5,772	51.75	.47	2,785	1,263	61.60	.16	485
South Carolina	22,515	30.09	.39	15,762	6,378	45.16	6.07	3,498
South Dakota	10,113	45.07	.21	5,555	520	50.00	.19	260
Tennessee	45,351	39.66	.33	27,366	15,977	29.64	1.04	11,241
Texas	155,674	31.67	.17	106,365	52,028	40.15	.97	31,141
Utah	24,761	41.67	.17	14,442	7,920	71.87	5.04	3,020
Vermont	3,711	62.44	1.24	1,394	283	72.44	4.95	78
Virginia	54,076	34.92	.23	35,194	18,806	50.16	5.52	9,372
Washington	114,355	43.37	.27	64,758	10,076	68.00	.82	6,104
West Virginia	21,171	46.54	.16	11,318	1,325	61.51	21.28	510
Wisconsin	24,436	53.95	.25	11,252	4,425	61.47	.29	1,705
Wyoming	9,907	51.58	.17	4,841	1,125	42.67	--------	645
Alaska	1,935	25.12	.10	1,449	1	100.00	--------	--------
Guam	33	--------	--------	33	--------	--------	--------	--------
Hawaii	8,819	29.12	.02	6,251	544	41.18	--------	320
Puerto Rico	10,575	16.71	.14	8,808	4,162	7.42	.43	3,853
Virgin Islands	7	--------	--------	7	2	50.00	--------	1
Total [2]	2,600,459	42.72	.32	1,540,075	624,652	48.19	1.89	323,630

[1] Includes titles transferred to FHA, titles retained by the mortgagees with terminations of mortgage insurance, and titles to 210 Sec. 203 and 62 Sec. 603 foreclosed mortgages that are subject to redemption or held by mortgagees pending final disposition.

[2] Cases tabulated in Washington through Dec. 31, 1953.

Termination Experience

Analysis of terminating FHA mortgages on 1- to 4-family homes insured under Section 203 discloses their life expectancy to be an estimated 7.88 years. The life expectancy of a mortgage is the period of time for which the mortgage can, on the average, be expected to remain in force. The figure for this average period is based on (1) cumulative termination experience of the home mortgages insured prior to 1952 observed over the 17-year period from the inauguration of the first of FHA's home mortgage insurance programs, operating under the Mutual Mortgage Insurance Fund, to the end of policy years ending in 1952, and (2) a projection of this experience through 3 additional years to reflect the life expectancy of mortgages with maturities of 20 years. The termination experience includes all home mortgage insurance contracts written under Section 203 from 1935 through 1951 and exposed to their policy anniversaries in 1952 or prior termination dates.

The estimated expectancy of Section 203 home mortgages based on the 1935–52 termination experience shows an increase of 0.18 years over the comparable figure reported in the 1952 annual report, where the life expectancy of these mortgages, based on the 1935-51 termination experience, was shown to be an estimated 7.70 years. The annual report for the year ending December 31, 1951 showed an estimated life expectancy for these home mortgages of 7.55 years, based on the 1935–50 termination experience. This trend toward longer life expectancies for Section 203 mortgages can be expected to continue as the rates of prepayments, which bulk so large in total terminations of insurance contracts, continue at levels below the rates in the late war and early postwar years (see Chart 8). Total terminations of Section 203 mortgages relative to insurance contracts in force reached a peak rate in 1946. Termination rates in the late war and early postwar period, 1944–48, were substantially higher than in either prior or later years. These record rates of terminations, predominantly prepayments, resulted from the paying off of mortgages and the turnover of residential properties, both attributable to the high personal savings and incomes and the shortages of consumer goods and housing in that war and postwar period.

The 1935–52 termination experience of Section 203 mortgages provides the basis for the survivorship table presented in Actuarial Schedule 1. The table shows total annual termination rates by policy year and their application to an initial hypothetical group of 100,000 mortgages on 1- to 4-family homes. When the termination rates are applied to this initial group, the number of mortgage terminations during each policy year and the number of mortgages surviving at the beginning of each policy year are derived.

ACTUARIAL SCHEDULE 1.—*Survivorship table of a group of 1- to 4- family home mortgages based on aggregate termination experience by policy years for Sec. 203 mortgages insured from 1935 through 1951 and exposed to policy anniversaries in 1952 or prior termination dates*

Policy year	Mortgage survivors at the beginning of policy year	Annual termination rates [1]	Mortgage terminations during the policy year	Policy year	Mortgage survivors at the beginning of policy year	Annual termination rates [1]	Mortgage terminations during the policy year
1st	100,000	0.0262079	2,621	10th	33,773	0.1523362	5,145
2d	97,379	.0492760	4,798	11th	28,628	.1421310	4,060
3d	92,581	.0749205	6,936	12th	24,559	.1431409	3,515
4th	85,645	.1030655	8,904	13th	21,044	.1432536	3,015
5th	76,741	.1315634	10,096	14th	18,029	.1532564	2,763
6th	66,645	.1502859	10,016	15th	15,266	.2570375	3,924
7th	56,629	.1595251	9,034	16th	11,342	.2627400	2,980
8th	47,595	.1605922	7,643	17th	8,362	.3511450	2,936
9th	39,952	.1546551	6,179				

[1] The method of determining these rates is identical with the standard method of computing probabilities.

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 mortgage survivors and mortgage terminations presented in Actuarial Schedule 1 are interpreted in the following manner: Based on the 1935–52 termination experience of Section 203 mortgages, from an initial group of 100,000 home mortgages 2,621 can be expected to terminate within the first policy year after the date of their insurance. This number of terminated mortgages represents the product of the annual rate of termination in the first policy year of 0.0262079 and the initial number of mortgages. When these terminated mortgages are subtracted from the initial number of 100,000, it leaves 97,379 mortgage survivors at the beginning of the second policy year. During the second policy year, 4,798 mortgages can be expected to terminate. The annual termination rate in the second policy year is 0.0492760, and when this rate is applied against the survivors at the beginning of the second policy year the product is 4,798 mortgages. Subtracting these from the 97,379 mortgages in force at the beginning of the second policy year leaves 92,581 mortgage survivors at the beginning of the third policy year.

The total annual termination rates by policy year shown in the survivorship table are a composite of rates for the two types of prepayment—prepayments in full and prepayments by supersession; the two types of titles acquired—titles retained by mortgagees and titles transferred to FHA; and other types of termination, which are predominantly maturities. These individual rates are shown in Actuarial Schedule 2. The component annual rates of termination are additive. The rate of prepayment in full for a given policy year can be added to the 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 each 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 foreclosure rate by policy year.

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 1952 and exposed to policy anniversaries in 1952 or prior termination dates*

Policy year	Type of termination					
	Prepayments in full	Prepayments by supersession	Titles acquired by mortgagees		Others	Total
			Retained by mortgagee	Transferred to FHA		
1st	0.0191540	0.0068589	0.0000748	0.0000828	0.0000374	0.0262079
2d	.0374305	.0106983	.0003550	.0007595	.0000318	.0492760
3d	.0588369	.0145636	.0004099	.0010402	.0000699	.0749205
4th	.0857987	.0168657	.0003958	.0007722	.0001331	.1039655
5th	.1141762	.0161572	.0002144	.0004526	.0005630	.1315634
6th	.1345012	.0151243	.0001540	.0002130	.0002934	.1502859
7th	.1454432	.0136765	.0000974	.0000943	.0002137	.1595251
8th	.1472820	.0127099	.0000832	.0000271	.0004900	.1605922
9th	.1412994	.0127573	.0000742	.0000120	.0005122	.1546551
10th	.1368874	.0113546	.0000473	.0000029	.0040440	.1523362
11th	.1259430	.0099934	.0000492	----------	.0061454	.1421310
12th	.1301721	.0087641	.0000516	----------	.0041531	.1431409
13th	.1292362	.0065805	.0000217	.0000108	.0074044	.1432536
14th	.1464951	.0054132	.0000032	----------	.0012849	.1532504
15th	.1943044	.0027044	----------	----------	.0600287	.2570375
16th	.1368808	.0018962	.0001185	----------	.1238445	.2627400
17th	.3389313	.0045801	----------	----------	.0076336	.3511450

[1] The method of determining these rates is identical with the standard method of computing probabilities.

Interpretation of the component rates by policy year for the different types of termination is the same as for total annual termination rates in measuring the distribution of terminations during a policy year. Based on the 1935–52 termination experience for Section 203 mortgages, if, for example, 100,000 mortgages are in force at the beginning of the sixth year, 15,028 can be expected to terminate during the sixth policy year. This figure is the product of the total termination rate in the sixth policy year and the 100,000 mortgages. Of this total number of terminations, 14,963 can be expected to be prepayments: 13,450 prepayments in full and 1,513 prepayments by super-

session. The remainder of the terminations can be expected to consist of 39 foreclosures, with 15 of the properties retained by mortgagees and 24 transferred to FHA, and 26 other terminations, principally maturities.

A comparison of the annual rates of prepayment in full with total annual termination rates discloses the extent to which the rates of prepayment in full dominate total rates. The emerging pattern of the rates of prepayment in full by policy year shows a steady increase in the rates by duration of the insurance contract, i. e., the number of policy years during which a contract is exposed to the risk of prepayment in full, until about the seventh policy year, when the rates tend to level out for about the next seven policy years. After the fourteenth policy year the sharp fluctuation in the rates reflects both the thinness of the termination experience and the approach of the insurance contracts to their maturities (cumulative effects of partial prepayments during the life of the mortgage result in accelerated termination before maturity).

For prepayments by supersession, which are second in importance among terminations of home mortgages insured under Section 203, the emerging pattern of their rates by policy year is substantially different. Here the rates rise with duration, reaching a peak in the fourth policy year, and then fall off gradually in the succeeding policy years.

The annual rates of termination are "crude" or actual rates as distinguished from "graduated" or smoothed rates. They are based on number 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 longer-term mortgages to mature, the rates of termination for the later policy years are based on a smaller aggregate amount of experience than those for earlier policy years. The rates of termination for the first policy year are based on the contracts endorsed for insurance in each calendar year from 1935 through 1951. For the second policy year, they are based on the endorsements in each calendar year from 1935 through 1950. Thus, for the seventeenth policy year they are based on endorsements of the calendar year 1935 only. 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.

It should be noted, therefore, that the pattern of termination rates shown in the actuarial schedules is only an emerging one and cannot be said to be definitive for the different types of terminations. Not only can additional termination experience influence their rates by duration, particularly in the later durations where the aggregate experience is smaller, but changing economic conditions can also influence the rates of termination.

Home Mortgages in Default

At the end of 1953, about 10,500 FHA-insured home mortgages, or only slightly more than one-half of 1 percent of total insured mortgages in force, were reported by mortgagees to be in default. As compared with the preceding year, the number and the percentage are almost the same. In view of the previously discussed decline in title acquisitions during the year (down over one-fourth to 1,132), it appears that a great majority of the cases in default at the previous year end had been returned to good standing or prepaid, and that a new group of mortgagors, of almost the same magnitude, had defaulted in their payments. A default ratio below one-half of 1 percent at the year end has been recorded only in 1947 and 1948.

Most of the defaults—over 6,500—occurred under Section 203, although this number was 6 percent less than at the end of 1952. Section 603 defaults declined about one-fourth to 2,200, while Section 903 defaults, in line with marketing problems encountered during the year, increased nearly one hundredfold to about 1,600. Compared with insurance in force, Section 203 defaults represented less than one-half of 1 percent (slightly lower than last year), and Section 603 defaults were down to seven-tenths of 1 percent from nine-tenths of 1 percent the year before. Under Section 903, however, nearly 4½ percent of the insured mortgages in force were in default at the close of 1953, contrasted with only one-seventh of 1 percent at the end of the previous year.

Financial Institution Activity

Only FHA-approved financial institutions may originate or hold FHA-insured mortgages. This approval is automatically extended to certain Federal, State, and municipal government agencies. Members of the Federal Reserve System and institutions participating in the Federal Savings and Loan Insurance and Federal Deposit Insurance systems may be approved upon application. Other applicant institutions obtain approval if they meet certain prescribed qualifications and comply with regulations established for such approval.

Mortgages originated.—About 4,200 financial institutions originated the $2.3 billion of home mortgages insured by FHA during 1943. Nearly all these institutions participated in the Section 203 program, but only slightly over 200 lenders were active under either Section 8 or Section 903.

As in the last several years, mortgage companies continued during 1953 to lead in volume of mortgages originated, with $780 million or nearly 35 percent of the total. Virtually all mortgages financed by mortgage companies are sold to insurance companies, savings banks, or the Federal National Mortgage Association, with the mortgage companies frequently retained as servicing agents. Ranking next in originations were national banks ($504 million, or 22 percent), State banks ($318 million, or 14 percent), insurance companies ($277 million, or 12 percent), and savings and loan associations ($233 million, or 10 percent).

As shown in Table 15, the relative activity of the different types of lenders varied under each of the home mortgage programs in 1953. Under the predominant Section 203 program, mortgage companies and commercial (national and State) banks together accounted for nearly 70 percent of the total amount of originations, and about that same proportion of Section 903 defense housing mortgages were made by mortgage companies alone. In the low-cost housing program under Section 8, however, savings and loan associations ranked first with nearly three-eighths of the total amount, followed by mortgage companies with over one-fourth of the total.

As indicated by Chart 9, virtually all types of lending institutions originated greater volumes of FHA home mortgages in 1953 than in

ORIGINATIONS OF FHA HOME MORTGAGES BY TYPE OF INSTITUTION
1952 AND 1953

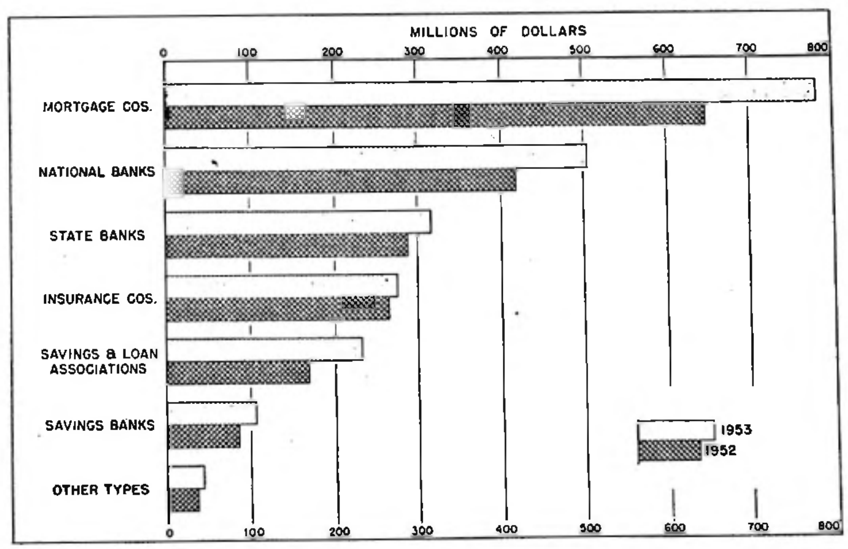

CHART 9.

TABLE 15.—*Originations and holdings of FHA-insured home mortgages by type of institution, 1953*

[Dollar amounts in thousands]

Type of institution [1]	Number of institutions		Mortgages originated in 1953			Mortgages held [2] Dec. 31, 1953		
	Originating	Holding	Number	Amount	Percent of amount	Number	Amount	Percent of amount
Total								
National bank	(Not available)		57,314	$504,350	22.3	343,918	$2,394,719	18.0
State bank			35,303	318,068	14.1	211,172	1,432,561	10.7
Mortgage company			91,311	780,221	34.5	40,559	315,195	2.3
Insurance company			30,225	277,070	12.2	761,983	5,404,570	40.6
Savings and loan assn			27,838	233,382	10.3	153,273	1,063,171	8.0
Savings bank			11,096	106,552	4.7	276,477	2,024,316	15.2
Federal agency			------	------	------	65,795	489,166	3.7
All other [3]			4,932	42,413	1.9	29,919	195,380	1.5
Total			258,919	2,262,056	100.0	1,883,096	13,319,087	100.0
Sec. 8								
National bank	33	75	310	$1,776	8.1	1,163	$5,460	7.1
State bank	42	105	615	3,295	15.1	1,261	5,949	7.8
Mortgage company	46	63	1,115	5,687	26.1	531	2,600	3.4
Insurance company	9	56	58	269	1.2	1,740	8,208	10.7
Savings and loan assn	66	102	1,689	8,150	37.4	2,778	13,215	17.3
Savings bank	10	35	498	2,376	10.9	2,398	11,252	14.7
Federal agency	------	1	------	------	------	5,267	28,224	36.9
All other	4	12	57	264	1.2	340	1,566	2.1
Total	210	449	4,348	21,817	100.0	15,478	76,473	100.0
Sec. 203								
National bank	1,081	2,666	64,363	$478,516	23.5	294,786	$2,075,834	19.2
State bank	1,177	3,408	32,629	295,755	14.5	170,431	1,237,492	11.4
Mortgage company	599	659	74,240	636,345	31.2	31,281	247,061	2.3
Insurance company	308	507	30,071	275,946	13.6	606,424	4,373,207	40.4
Savings and loan assn	787	1,607	24,962	214,375	10.5	129,276	914,630	8.5
Savings bank	181	334	11,276	102,251	5.0	223,459	1,650,456	15.3
Federal agency	------	4	------	------	------	21,283	151,306	1.4
All other	33	163	4,003	34,731	1.7	24,106	159,645	1.5
Total	4,166	9,408	231,544	2,037,916	100.0	1,510,046	10,809,630	100.0
Sec. 603 [4]								
National bank	2	861	4	$18	5.6	47,050	$304,797	14.1
State bank	1	1,128	1	7	2.0	20,857	183,546	8.5
Mortgage company	1	158	7	34	10.7	5,201	34,919	1.6
Insurance company	1	250	6	41	12.8	153,549	1,020,806	47.2
Savings and loan assn	------	643	------	------	------	20,778	131,583	6.1
Savings bank	4	175	54	222	68.9	49,836	355,628	16.5
Federal agency	------	2	------	------	------	15,064	97,006	4.5
All other	------	46	------	------	------	5,274	32,672	1.5
Total	9	3,263	72	323	100.0	326,609	2,101,856	100.0
Sec. 903								
National bank	22	20	2,631	$21,041	11.9	910	$8,629	3.2
State bank	43	37	2,058	19,012	9.4	623	5,574	2.0
Mortgage company	127	83	15,949	138,155	68.4	3,546	30,615	11.3
Insurance company	6	11	90	813	.4	270	2,349	.9
Savings and loan assn	24	22	1,187	10,856	5.4	441	3,743	1.4
Savings bank	6	17	108	1,703	.8	784	6,081	2.6
Federal agency	------	1	------	------	------	24,181	211,731	78.1
All other	10	7	872	7,419	3.7	190	1,507	.5
Total	238	207	22,055	202,000	100.0	30,963	271,128	100.0

[1] On this and the following table, data include only cases tabulated through year end and exclude Sec. 213 and Sec. 611 cases.
[2] Differs from number and amount in force due to lag in tabulation.
[3] On this and the following table, includes industrial banks, finance companies, endowed institutions, private and State benefit funds, etc.
[4] Includes mortages insured under Section 603–610: 7 for $43,000 originated in 1953 and 2,979 for $14,592,750 held in portfolio.

1952—on the average, 18 percent more. Higher than average gains were made by savings and loan associations (up 37 percent), savings banks (up 25 percent) and national banks and mortgage companies (up 20 percent). The proportions of total amount of mortgages originated by each of these types of institutions also increased in 1953. On the other hand, State banks, insurance companies, and miscellaneous types of lenders, with lower-than-average gains over 1952, accounted for smaller relative shares than in the preceding year.

Mortgages held in portfolio.—At December 31, 1953, over 9,400 financial institutions were holding in their portfolios nearly 1.9 million FHA-insured home mortgages totaling $13.3 billion in original face amount.[3] As indicated in Chart 10, insurance companies were

HOLDINGS OF FHA HOME MORTGAGES BY TYPE OF INSTITUTION
AS OF DECEMBER 31, 1953

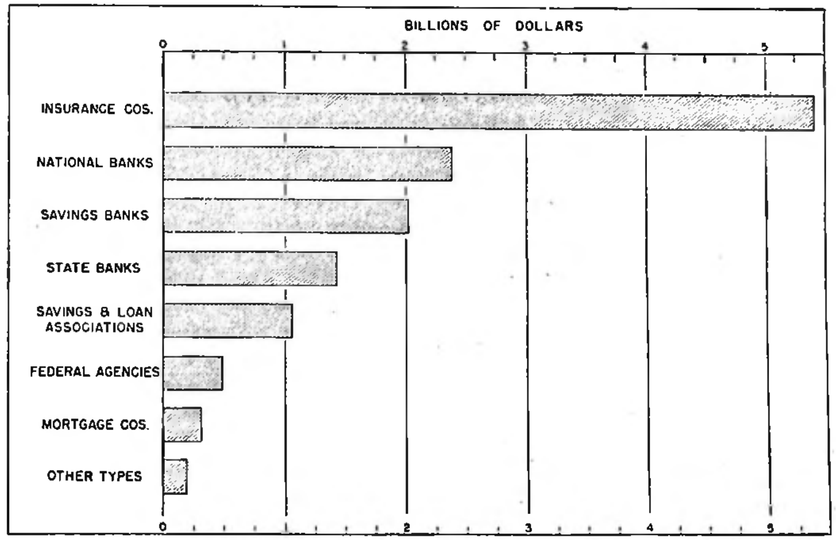

CHART 10.

by far the leading investors in FHA home mortgages, holding $5.4 billion, or 41 percent of the total. Next in rank were national banks with $2.4 billion (18 percent of total) and savings banks with $2.0 billion (15 percent), followed by State banks with $1.4 billion (11 percent) and savings and loan associations with $1.1 billion (8 percent). Although holding less than 4 percent of the total amount of FHA home mortgages under all programs combined, Federal agencies (al-

[3] Due to time required for auditing newly insured cases, transfers of mortgages, and terminations of insurance contracts, data on mortgages held in portfolio do not reflect some of the actions occurring in the latter part of the year. For example, about $38 million of Sec. 903 insured cases, in process of audit at the end of 1953, are not included in the mortgages held in portfolio as shown in Table 15.

most exclusively FNMA) had the largest portfolios of Section 8 and Section 903 mortgages—37 and 78 percent, respectively, of the total amounts.

All types of financial institutions except mortgage companies expanded their holdings of FHA home mortgages in 1953. Reflecting the FNMA support given to financing defense programs, Federal agency portfolios were nearly doubled. Savings banks increased their holdings by 18 percent, savings and loan associations by 15 percent, national banks by nearly 14 percent, insurance companies by about 10 percent, State banks by 7 percent, and miscellaneous types by about 6 percent—most of the acquisitions being Section 203 mortgages. Because of terminations, the Section 603 portfolios of the various types of institutions declined during the year. For all home mortgage programs combined, the proportions held by most of the different types of institutions at the end of 1953 did not vary materially from the distribution at the previous year end, although the insurance-company proportion declined (from 41.9 to 40.6 percent) and the Federal-agency share increased from 2.1 to 3.7 percent.

Chart 11 graphically illustrates the primary function of the different types of mortgagees in financing FHA home mortgages, by comparing the proportions of mortgages originated during 1953 by each type of institution with proportions of mortgages held at the year end.

ORIGINATIONS AND HOLDINGS OF FHA HOME MORTGAGES
BY TYPE OF INSTITUTION, 1953

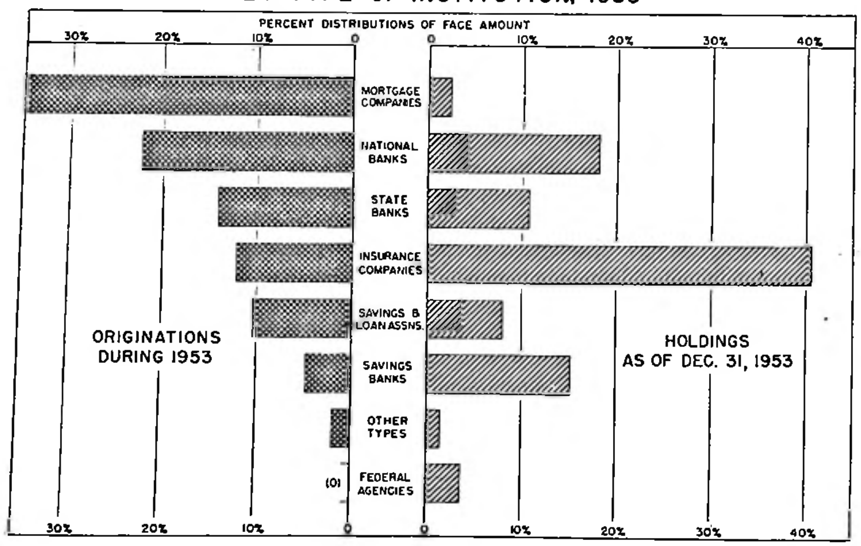

CHART 11.

For mortgage companies, the substantial excess of originations over holdings emphasizes the fact that these institutions are in effect the retail outlets of mortgage funds, obtaining these funds in turn by sales of the originated mortgages to other types of institutions. Insurance companies and savings banks, with holdings that far outrun originations, depend for the most part on purchases to build up their portfolios. More nearly in balance are the originations and holdings of national and State banks and savings and loan associations, although the proportions of originations for these types of institutions outweigh the holdings. Many of the larger national and State banks in urban financial centers of the nation often purchase home mortgages for investment purposes, thus tending to offset sales by the smaller banks. Savings and loan associations generally retain most of the mortgages they originate for their own portfolios.

Purchases and sales.—In 1953, nearly 165,000 FHA home mortgages with aggregate face amounts of about $1.4 billion were transferred between institutions. This represented increases of 25 percent in number and 39 percent in amount as compared with 1952. Section 203 mortgages account for 83 percent and Section 903 for nearly 14 percent of the total number of transfers, the remainder being divided almost equally between Sections 8 and 603. Reflecting the accelerated completions of defense housing in 1953, Section 903 transfers during the year were 8 times as great as in the previous year. (See Table 16.)

Chart 12 indicates that the most active institutions in the secondary

PURCHASES AND SALES OF FHA HOME MORTGAGES
BY TYPE OF INSTITUTION, 1953

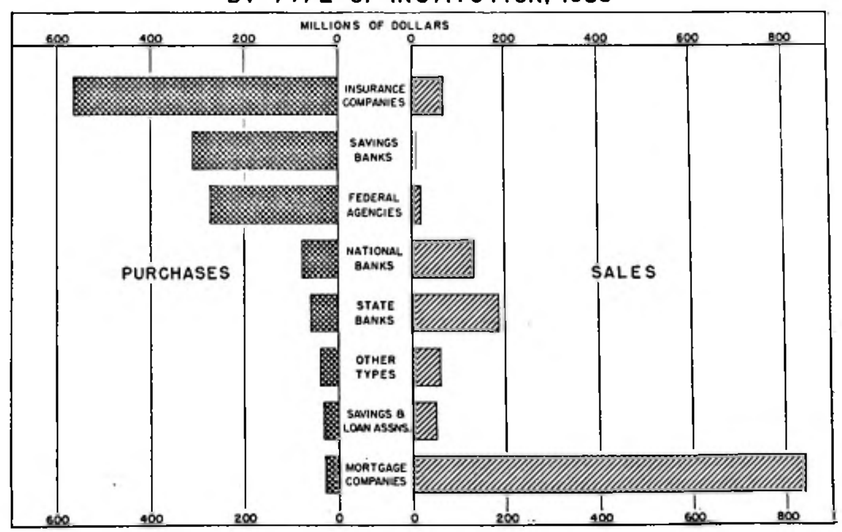

CHART 12.

TABLE 16.—*Purchase and sale of FHA-insured home mortgages by type of institution, 1953*

[Dollar amounts in thousands]

Type of institution	Number of institutions—		Mortgages purchased			Mortgages sold		
	Purchasing	Selling	Number	Amount	Percent of amount	Number	Amount	Percent of amount
Total								
National bank	(Not available)		9,257	$74,624	5.4	15,097	$136,026	9.9
State bank			7,242	56,598	4.1	22,123	188,134	13.7
Mortgage company			3,608	28,175	2.1	100,387	841,655	61.2
Insurance company			66,015	566,392	41.2	8,292	68,734	5.0
Savings and loan association			4,032	30,302	2.2	6,389	51,095	3.7
Savings bank			37,489	309,698	22.5	1,114	7,613	.6
Federal agency			32,040	272,442	19.8	2,677	20,757	1.5
All other			5,120	36,533	2.7	7,824	60,749	4.4
Total			164,803	1,374,763	100.0	164,803	1,374,763	100.0
Sec. 8								
National bank	10	14	137	$639	3.8	319	$1,865	11.0
State bank	18	19	171	815	4.8	712	4,673	27.6
Mortgage company	10	71	90	446	2.6	1,644	8,466	49.9
Insurance company	17	4	328	1,580	9.3	10	46	.3
Savings and loan association	10	9	97	499	2.9	141	872	5.1
Savings bank	14	1	385	1,827	10.8	102	485	2.9
Federal agency	1	1	1,742	10,788	63.7	48	270	1.6
All other	6	6	84	355	2.1	58	272	1.6
Total	86	125	3,034	16,947	100.0	3,034	16,947	100.0
Sec. 203								
National bank	397	336	8,514	$69,010	6.1	12,951	$110,562	9.7
State bank	428	393	6,886	54,599	4.8	18,133	154,179	13.6
Mortgage company	128	571	3,179	24,940	2.2	82,740	694,353	61.1
Insurance company	211	211	64,756	557,576	49.1	7,952	66,315	5.8
Savings and loan association	185	136	3,549	27,232	2.4	4,838	38,496	3.4
Savings bank	151	36	30,083	299,496	26.3	608	4,063	.4
Federal agency	3	2	8,427	69,366	6.1	2,458	19,232	1.7
All other	39	33	4,643	34,178	3.0	6,357	49,197	4.3
Total	1,542	1,718	136,037	1,136,397	100.0	136,037	1,136,397	100.0
Sec. 603 [1]								
National bank	30	35	525	$3,980	19.8	247	$1,616	8.0
State bank	32	33	102	951	4.7	595	4,306	21.4
Mortgage company	15	20	136	963	4.8	205	2,259	11.2
Insurance company	25	18	775	5,720	28.4	208	2,123	10.6
Savings and loan association	16	18	338	2,166	10.8	578	4,172	20.7
Savings bank	25	12	566	4,357	21.6	404	3,065	15.2
Federal agency	2	2	7	45	.2	110	735	3.7
All other	4	2	389	1,949	9.7	371	1,855	9.2
Total	158	140	2,808	20,131	100.0	2,898	20,131	100.0
Sec. 903								
National bank	5	21	81	$995	0.5	2,480	$21,983	10.9
State bank	4	31	23	234	.1	2,683	24,977	12.4
Mortgage company	3	115	203	1,825	.9	15,708	136,577	67.8
Insurance company	7	4	156	1,516	.8	32	250	.1
Savings and loan association	2	15	48	405	.2	832	7,555	3.8
Savings bank	8	------	455	4,018	2.0	------	------	------
Federal agency	1	1	21,864	102,243	95.5	61	520	.3
All other	1	8	4	51	(2)	1,038	9,426	4.7
Total	31	195	22,834	201,287	100.0	22,834	201,287	100.0

[1] Includes 38 mortgages for $167,700 insured under Sec. 603–610.
[2] Less than 0.05 percent.

market were the insurance companies, which accounted for $566 million or two-fifths of the purchases, and mortgage companies, which sold $842 million or more than three-fifths of the total. Next in volume of purchases, with nearly $310 million or about 23 percent of the total, were savings banks, closely followed by Federal agencies with $272 million or nearly one-fifth of total purchases. Ranking next to mortgage companies in sales of FHA home mortgages during 1953, but with substantially lower volumes, were State banks, which sold $188 million or 14 percent of the total, and national banks, selling $136 million or about 10 percent of the total.

Under the individual programs, as shown in Table 16, Federal agencies purchased a majority of the Section 8 and nearly all of the Section 903 mortgages but considerably smaller proportions of those insured under the other sections, while insurance companies and savings banks accounted for the majority of Section 203 purchases. With the exception of the Section 603 program, mortgage companies predominated during 1953 in the sale of FHA home mortgages insured under the various sections.

The following table indicates that, with the exception of national and State banks, all types of financial institutions purchased larger volumes of FHA home mortgages (all sections combined) in 1953 than in the previous year, but that the most substantial percentage gains were those of Federal agencies, miscellaneous types of institutions, and savings and loan associations. With respect to sales, all types of institutions except savings banks and Federal agencies registered gains over 1952, the largest gain being made by mortgage companies.

Type	Percent change in amount, 1953 over 1952	
	Purchases	Sales
National bank	−31	+28
State bank	−32	+13
Mortgage company	+8	+65
Insurance company	+43	+26
Savings and loan association	+70	+27
Savings bank	+30	−74
Federal agency	+174	−22
Other	+82	+10
All types	+39	+39

Reflecting these changes, the proportion of FHA home mortgage purchases made by national banks declined from 11 to 5 percent in 1953 and that of State banks from 8 to 4 percent, while the Federal agencies' purchases increased from 10 to 20 percent of the total. For other types of institutions, there was little change from 1952 to 1953 in the proportions of purchases. In the case of sales, the mortgage companies' share rose from 52 to 61 percent, with offsetting declines in the proportions sold by other types of institutions.

Characteristics of Home Mortgage Transactions

About 1,070,000 new privately financed dwelling units were placed under construction during 1953 in the nonfarm areas of the country. The construction and sale of most of these units involved the advance of short-term construction money and long-term mortgage funds by privately owned financial institutions. Nearly 252,000, or 24 percent, of these privately financed units were started with FHA approval and were subject to FHA compliance inspections during the course of construction.

Of the units started with FHA inspection, 216,500 were approved under the home mortgage programs and the remaining 35,500 under the multifamily project programs.

In 1953, some 217,000 units in FHA-inspected 1- to 4-family homes were reported as completed and ready for occupancy. Mortgages secured by 151,800 of these units and by an additional 120,500 existing units were insured by FHA during the year. The characteristics of these insured home mortgages, the properties securing them, and the mortgagors buying homes for their own occupancy are analyzed in detail in this part of the report. This discussion is followed by comparable analyses of the multifamily rental and cooperative projects covered by commitments issued during the year. Completing this section of the report is a detailed discussion of the characteristics of the property improvement loans insured during 1953 under Title I, Section 2.

The analysis of the characteristics of home mortgage transactions is devoted almost exclusively to cases insured under Section 203—FHA's major long-term home mortgage program. During 1953, about 4 of every 5 of the new-home mortgages and all but 3 percent of the existing-home mortgages which FHA insured were insured pursuant to the provisions of this section. Brief statistical summaries on the characteristics of the defense housing mortgage transactions insured under Section 903 are also presented.[4]

In 1953 as in previous years, almost all Section 203 transactions involved single-family structures, the new-home proportion being slightly higher than the existing-home. As shown in Table 17, the proportion of new properties involving single-family structures (98 percent) was slightly higher in 1953 than in 1952, the offsetting decrease occurring principally in the proportion of 2-family houses.

[4] The data used in these analyses were based on the following samples:
1. Section 203—41,500 new-home and 39,900 existing-home cases selected from mortgages insured during the first 11 months of 1953.
2. Section 903—18,800 new single-family and 2,900 new 2-family home cases selected from mortgages insured in 1953.

Inasmuch as the unusually large proportion of 2-family property transactions insured under Section 203 in 1952 resulted from the construction of rental housing in defense areas, the decline from 1952 to 1953 appears to be in line with the increase in the utilization of Section 903 insurance assistance in the construction of defense housing.

TABLE 17.—*Structures and dwelling units in 1- to 4-family homes, Sec. 203, selected years*

Units per structure	New homes					Existing homes				
	1953	1952	1951	1946	1940	1953	1952	1951	1946	1940
	Structures—Percentage distributions									
One	97.8	96.1	98.5	98.7	99.0	96.4	96.3	95.6	93.6	92.7
Two	1.8	3.1	1.2	1.0	.7	3.2	3.3	3.8	5.8	6.1
Three	(1)	.2	.1	.1	.1	.2	.2	.3	.3	.7
Four	.4	.6	.2	.2	.2	.2	.2	.3	.3	.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Dwelling units—Percentage distributions									
One	95.1	91.3	96.5	96.9	97.7	92.4	92.3	90.8	87.4	85.0
Two	3.4	5.8	2.3	2.1	1.5	6.0	6.3	7.3	10.9	11.3
Three	.1	.5	.3	.2	.2	.7	.6	.8	.7	1.8
Four	1.4	2.4	.9	.8	.6	.9	.8	1.1	1.0	1.9
Total	100.0	100.0	100.0	100.0	100 0	100.0	100.0	100.0	100.0	100.0
Average	1.03	1.05	1.02	1.02	1.01	1.04	1.04	1.05	1.07	1.09

[1] Less than 0.05 percent.

There was practically no change in the distribution by size of structure for existing homes from 1952 to 1953.

Mortgagors in more than 96 percent of the new single-family home transactions and virtually all of the existing single-family cases were owner occupants. For new homes, this marked a gain over the 93 percent reported in 1952 as owner-occupant mortgagors. Of the remaining new-home mortgagors, 2½ percent were builders and slightly over 1 percent were landlords.

Over nine-tenths of the 3- and 4-family properties (new and existing) involved in the Section 203 transactions insured in 1953 were built or purchased for rental income purposes. Of the 2-family houses, nearly 46 percent of the new but only 5 percent of the existing were acquired primarily for rental income.

Trends in Characteristics in FHA Home Mortgage Transactions

Property values, mortgage amounts, mortgagors' incomes, and land prices reported for FHA home mortgage transactions insured under Section 203 continued to rise in 1953. As indicated in Chart 13, however, the new-home curves depicting these items exhibited a marked

CHARACTERISTICS OF FHA MORTGAGES, HOMES, AND MORTGAGORS
SINGLE-FAMILY HOME MORTGAGES INSURED UNDER SECTION 203
SELECTED YEARS 1940 - 1953

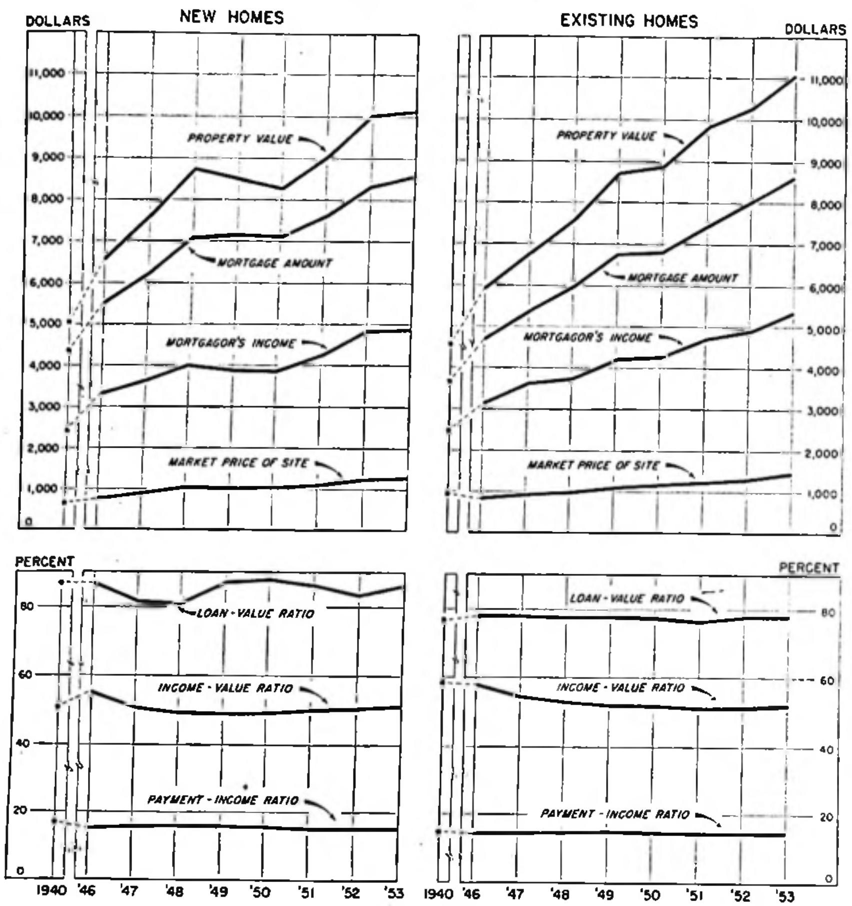

CHART 13.

tendency to level off during the year, while those for existing-home cases, in contrast, maintained or exceeded the rate of increase of the previous years.

The FHA new-home trend in property value was generally in line with that of overall construction costs, but the typical mortgage amount increase of 3 percent was somewhat lower than the 5 percent average gain reported for total mortgage recordings of $20,000 or less during 1953. Similarly, the rise in typical incomes of FHA new-home buyers from 1952 to 1953 appears to have been less than the estimated average increase in nonfarm family income.

Under the provisions of Section 203 effective in 1953, the most favorable terms for proposed- or new-construction transactions were available where the required mortgage financing was under $9,500. Consequently, builders were inclined to construct properties in price ranges that would yield the maximum mortgages and lowest down payments as well as conform to the buying capacity of prospective home owners. These properties were purchased by buyers whose incomes were sufficient to permit accumulation of savings for down payments and to undertake the monthly mortgage payment and other housing expense items. In effect, the characteristics of Section 203 new-home transactions insured in 1953 reflected the influence of a "ceiling" created by the statute, as well as the economic climate.

In existing-home transactions, the sustained upward trend of the curves in the upper portion of Chart 13 reflects several developments:

(1) The increased proportion of recently built properties included in the FHA existing-home transactions. About 30 percent of the existing-home cases insured under Section 203 in 1953 involved structures built in 1952 or 1953.[5] In 1951, the comparable proportion (properties completed less than 16 months) was 24 percent and in 1952 it was 28 percent. Of the existing-home transactions with mortgages of $10,000 or more in 1953, about 40 percent were secured by "new" properties completed in 1953 and 1952. As a result, the proportion of existing-home cases in the higher mortgage and value groups in 1953 was larger than in the preceding year.

(2) The increased proportion of existing-home transactions involving properties previously covered by FHA insurance. About one-fourth of the existing-home mortgages insured under Section 203 in 1953 were secured by properties that had previously been involved in FHA-insured home mortgage transactions. This represented a gain of about 45 percent over the 1952 proportion. Many of these homes had been constructed under FHA inspection and consequently were eligible for higher mortgage amounts than were other existing dwellings.

(3) The continuing demand for larger houses as a result of the high postwar birth rate and the increasing number of larger families. Since the prices of more spacious new homes are higher than many of these families can afford, they presumably have been meeting their space requirements by purchasing older existing properties. The calculated area and number of rooms of the typical FHA existing home were slightly higher in 1953 than in 1952.

(4) Conditions in the money market may have contributed to the upward trends for existing homes as shown in Chart 13. The volume

[5] The classification *new construction* by FHA definition applies only to properties on which construction has not been started at the time of application for FHA insurance. All other types of construction are classified as *existing*, including newly built homes and properties under construction on the application date.

of business and Government borrowing in the first half of 1953 produced marked increases in bond and mortgage yields. Although interest rates of FHA mortgages were raised in May, rates on conventional mortgages also rose, thus continuing their competitive attractiveness to lenders over FHA mortgages. It therefore appears that, with respect to existing homes, mortgage lenders tended to utilize FHA mortgage insurance in transactions assuring attractive yields, i. e. interest returns exceeding servicing costs by comfortable margins. Such transactions would include a disproportionate share of properties in the higher value categories, warranting larger mortgages and interest returns. The buyers of these properties had typically higher incomes, enabling them to accumulate the savings for the down payments and to meet the prospective housing expense. In 1952,

TABLE 18.—*Characteristics of mortgages, homes, and mortgagors for single-family home transactions, Sec. 203, selected years*

Year	New homes	Existing homes	New homes	Existing homes	New homes	Existing homes	New homes	Existing homes
	Amount of mortgage [1]		Duration in years [2]		Loan as a percent of FHA value [1]		1-family as a percent of 1- to 4 family	
1953	$8,555	$8,623	22.2	19.9	86.5	78.3	97.8	96.4
1952	8,273	8,047	21.7	19.7	83.7	77.9	96.1	96.3
1951	7,586	7,448	23.4	21.1	80.5	76.6	98.5	95.0
1950	7,101	6,801	24.1	20.2	88.0	77.8	99.0	95.6
1949	7,143	6,778	22.8	19.8	87.3	78.0	98.9	96.1
1946	6,504	4,697	21.0	18.9	87.0	78.4	98.7	93.0
1943	([3])	4,312	([3])	18.3	([3])	([3])	([3])	91.6
1940	[4] 4,358	[4] 3,687	[5] 23.0	[5] 17.5	[4] 87.0	[4] 70.8	99.0	92.7
	Property value [1]		Market price of site [2]		Number of rooms [1] [6]		Percent with garages	
1953	$10,140	$11,061	$1,291	$1,461	5.3	5.6	59.7	74.1
1952	10,022	10,289	1,227	1,206	5.3	5.5	53.4	70.7
1951	9,007	9,843	1,092	1,222	5.2	5.6	49.6	69.5
1950	8,286	8,865	1,035	1,150	4.9	5.6	48.7	70.6
1949	8,502	8,700	1,018	1,098	4.9	5.6	49.6	70.4
1946	6,558	5,934	701	833	5.5	5.9	58.1	83.4
1943	([3])	5,535	([3])	956	([3])	[5] 6.3	([3])	85.8
1940	5,028	4,600	662	948	5.6	6.3	75.6	87.2
	Mortgagor's effective annual income [1] [7]		Total monthly payment [1] [7]		Payment as a percent of income [7] [8]		Ratio of property value to annual income [7] [8]	
1953	$4,880	$5,396	$65.95	$70.84	15.2	14.7	1.96	1.92
1952	4,811	4,938	64.16	65.08	15.1	14.5	1.99	1.95
1951	4,225	4,726	58.84	61.57	15.1	14.4	2.00	1.96
1950	3,861	4,274	54.31	56.65	15.8	14.6	2.04	1.92
1949	3,880	4,219	55.59	56.12	16.0	14.8	2.05	1.92
1946	3,313	3,101	46.18	40.83	15.3	14.3	1.81	1.71
1943	([3])	3,062	([3])	[5] 39.80	([3])	14.6	([3])	1.67
1940	2,416	2,490	[5] 35.15	[5] 34.56	17.2	15.1	1.97	1.70

[1] Data shown are medians.
[2] Data shown are averages (arithmetic means).
[3] Data not available.
[4] Based on 1- to 4-family home mortgages.
[5] Estimated.
[6] Throughout this report medians are computed on the assumption that all characteristics distributions are represented by continuous data within groups.
[7] Throughout this report distributions of mortgage payment, housing expense, and mortgagor's income, as well as characteristics relating to income, are based on owner-occupant cases only.
[8] Based on arithmetic means.

the average amount of Section 203 insured mortgages on existing single-family homes was 35 percent higher than the average amount of total mortgages recorded during the year. This differential increased in 1953 to 42 percent.

The trends in the relationships between amount of loan and property values, mortgagors' incomes and property values, and total mortgage payments and mortgagors' incomes are shown in the lower portion of Chart 13. With one exception—the loan-value ratio for new homes—these ratios showed little change in 1953. Reflecting the September 1952 relaxation and the April 1953 suspension of credit control limitations imposed by FHA during the Korean crisis in line with Regulation X of the Federal Reserve Board, the median ratio of loan to value for new single-family homes insured in 1953 under Section 203 increased to 86.5 percent from 83.7 in 1952. Existing-home transactions, which ordinarily are characterized by lower ratios of loan to value, display a more limited influence of the initial imposition and subsequent relaxation of credit controls on ratio of loan to value.

Table 18 compares the medians and averages (arithmetic means) of certain key characteristics of Section 203 new- and existing-home transactions insured in 1953 with comparable data for selected earlier years.[6]

[6] Throughout this report the use of technical terms is in keeping with the following definitions, which have been established by the FHA Underwriting Division in connection with their procedures for the appraisal of properties and the evaluation of mortgage risk:

Estimate of property value is the price that typical buyers would be warranted in paying for the property (including the house, all other physical improvements, and land) for long-term use or investment, assuming the buyers to be well informed and acting intelligently, voluntarily, and without necessity.

Market price of site is an estimate by FHA for an equivalent site including street improvements or utilities, rough grading, terracing, and retaining walls, if any.

Number of rooms excludes bathrooms, toilet compartments, closets, halls, storage, and similar spaces.

Mortgagor's effective income is the estimated amount of the mortgagor's earning capacity (before deductions for taxes) that is likely to prevail during approximately the first third of the mortgage term.

Total monthly mortgage payment includes monthly payment for the first year to principal, interest, FHA insurance premium, hazard insurance, taxes and special assessments, and miscellaneous items including ground rent, if any.

Replacement cost includes estimated cost of building and other physical improvements, land, and miscellaneous allowable costs for the typical owner.

Total requirements include the total amount, including mortgage funds, necessary to close the transaction less any prepayable expenses such as unaccrued taxes, insurance premiums, and similar items.

Sale price is the price stated in the sale agreement.

Taxes and assessments include real estate taxes and any continuing nonprepayable special assessments.

Prospective monthly housing expense includes total monthly mortgage payment for first year, estimated monthly cost of maintenance, and regular operating expense items (water, gas, electricity, fuel).

Rental value is estimated on the basis of typical year-round tenant occupancy, excluding any premium obtainable because of local housing shortages or newness of the individual property.

Calculated area is the area of spaces in the main building above basement or foundations, measured at the outside surfaces of exterior walls. Garage space and finished spaces in attic are excluded.

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Typical new-home transaction.—The median amount for new single-family home mortgages insured under Section 203 in 1953 was $8,555, or 3 percent more than in 1952. Despite the removal in April 1953 of credit control limitations on the maximum mortgage term, the average duration for the year 1953—22.2 years—was only slightly higher than the 21.7-year average reported for 1952.[7] More sensitive to the influence of credit controls was the ratio of loan to value, as indicated by the rise in the median ratio from 83.7 to 86.5 percent from 1952 to 1953.

The typical mortgage payment, including taxes and hazard and FHA insurance premiums, was $65.95, an increase of 3 percent over 1952, resulting principally from the higher mortgage amount.

The property securing the mortgage had an FHA-estimated valuation of $10,140, including land with a market price of $1,291. The single-family house on this property contained 924 square feet and provided 5.3 rooms, including 3 bedrooms. In all probability, some type of garage facility was also provided. Since there was virtually no change in the size of the house (either in rooms or area) as compared with 1952, the 1-percent rise in median property value may have been largely due to the 5-percent increase in land price reflecting a limited supply of land suitable for residential development.

The annual effective income (before taxes) of the typical new-home buyer under Section 203 in 1953 was $4,880, about 1 percent more than in 1952. Of that income, 15.2 percent was required for total monthly payment, about the same proportion as in the two preceding years but a somewhat smaller proportion than was required in the typical prewar transaction. The property value was the equivalent of about two years of the mortgagor's income, about the same relationship that typified transactions insured in 1952.

Typical existing-home transaction.—Generally speaking, existing-home buyers under the Section 203 program in 1953, as compared with new-home buyers, earned larger incomes, bought higher-priced, roomier homes, and undertook mortgage obligations that were larger both in total principal amount and in total monthly payment (although the portion of income required for payment and the value-income ratio were lower).

[7] Under credit controls imposed by FHA, at the direction of the HHFA Administrator, in keeping with Regulation X of the Federal Reserve Board, the maximum term during 1952 for mortgages approved before start of construction was 25 years for 1- and 2-family properties with acquisition costs per family unit of $12,000 or less, and 3- and 4-family properties; for all other home mortgages, 20 years. The Section 203 statutory maximum, restored in April 1953, is 25 years for mortgages approved before start of construction, or 30 years if such mortgages do not exceed $6,650 on 2-bedroom houses, $7,600 on 3-bedroom houses, and $8,550 on 4-bedroom houses (or such higher amounts, up to an additional $950, as may be authorized by the FHA Commissioner in areas where costs so require). For all other types of mortgages, the maximum is 20 years.

The median existing-home mortgage amounted to $8,623, or roughly $600 more than in 1952. The average mortgage duration (19.9 years) and the typical loan-value ratio (78.3 percent) were only slightly higher than in that year. Repayment of the mortgage was at a monthly rate of $70.84 (including additional charges for real estate taxes and hazard and FHA insurance premiums), which was over $5 above the median existing-home payment for 1952.

The typical property value for existing homes ($11,061) not only exceeded the 1952 figure by 7½ percent but was $900 above the new-home median—the largest plus differential in FHA's history. The land included in the existing-home property had an average market price of $1,461, nearly 13 percent more than in 1952, and apparently contributed substantially to the higher property value. The house—a single-family structure—had 5.6 rooms and a calculated area of 1,008 square feet, no appreciable change from the 5.5 rooms and 992 square feet of the year before. The proportion of existing properties with garages, however, was up to 74.1 percent from 70.7 percent, although the gain was not as large as that recorded for new homes.

The annual effective income of the typical 1953 existing-home buyer was up 9 percent to $5,396—$500 more than the median income of new-home buyers. Total monthly payment in existing-home transactions in 1953 averaged 14.7 percent of income compared with 14.5 percent in 1952, while the average ratio of property value to income was down slightly from 1.95 to 1.92 percent.

Amount of mortgage.—New-home mortgages insured under Section 203 in 1953 were principally for amounts of $6,000 to $9,999, less than 1½ percent involving amounts of less than $6,000 and only 14 percent amounts of $10,000 or more. Mortgages on existing properties were more widely distributed, with significant proportions occurring at all levels in the $6,000 to $12,999 range (Chart 14 and Table 19). These data serve to emphasize the relatively more favorable financing available with FHA insurance for new-construction transactions involving mortgages of less than $10,000.

The typical new-home mortgage insured in 1953 had a principal amount of $8,555, compared with $8,623 for the median existing-home mortgage. This was the first year in FHA history when existing-home mortgages were typically higher than those on new homes. It is probably indicative of increased use of FHA insurance in the purchase of higher-priced existing properties, an increasing proportion of which are postwar structures.

On the average, new-home mortgages were 4 percent higher in 1953 than in 1952, while existing-home mortgages were 10 percent higher. Table 19 indicates that the proportions of new-home mortgages of less than $9,000 declined from 1952 to 1953, with increases

AMOUNT OF MORTGAGE

FHA-INSURED MORTGAGES ON SINGLE-FAMILY HOMES

SECTION 203, 1953

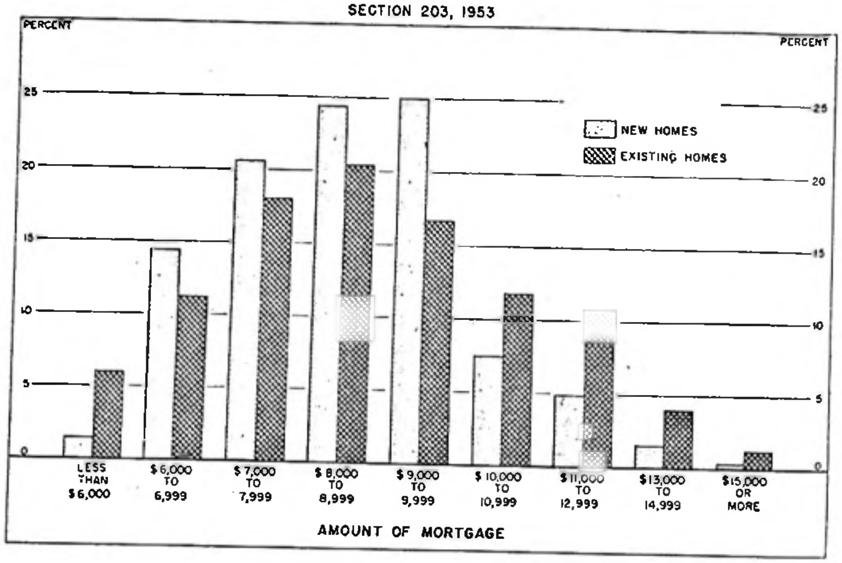

CHART 14

TABLE 19.—*Amount of mortgage for single-family homes, Sec. 203, selected years*

Amount of mortgage	New homes 1953	New homes 1952	New homes 1951	New homes 1946	New homes 1940[1]	Existing homes 1953	Existing homes 1952	Existing homes 1951	Existing homes 1946	Existing homes 1940[1]
	Percentage distributions									
Less than $2,000	-------	-------	-------	0.1	0.5	-------	([2])	([2])	1.0	7.3
$2,000 to $2,999	([2])	0.1	0.1	1.1	10.4	([2])	0.2	0.7	7.0	24.5
$3,000 to $3,999	0.1	.2	.3	7.1	28.6	0.2	.8	1.8	19.2	26.0
$4,000 to $4,999	.2	.8	1.2	22.6	29.1	1.2	2.7	5.7	29.0	19.1
$5,000 to $5,999	1.1	3.3	6.4	31.4	20.7	4.6	7.0	11.9	21.3	9.7
$6,000 to $6,999	14.4	14.5	23.6	25.0	6.1	11.2	15.6	19.7	11.0	5.6
$7,000 to $7,999	20.6	22.5	30.6	9.5	2.4	18.0	20.4	20.5	4.7	2.5
$8,000 to $8,999	24.4	27.4	21.0	2.4	1.1	20.4	21.7	17.5	2.7	1.8
$9,000 to $9,999	25.0	20.0	11.0	.4	.4	16.7	15.5	10.6	1.2	.9
$10,000 to $10,999	7.5	7.6	3.0	.2		11.8	10.5	7.3	1.1	
$11,000 to $11,999	3.2	2.5	1.4	.2	.4	6.1	4.1	3.1	.2	1.1
$12,000 to $12,999	1.7	.5	.6	([2])		4.6	.8	.6	.4	
$13,000 to $13,999	.7	.2	.3	-------		2.2	.3	.2	.1	
$14,000 to $14,999	.8	.2	.3	-------	.3	1.8	.3	.3	.2	.9
$15,000 or more	.3	.2	.2	-------		1.2	.1	.1	.3	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average	$8,585	$8,238	$7,675	$5,548	$4,424	$8,847	$8,044	$7,469	$4,920	$3,977
Median	8,555	8,273	7,586	5,504	4,358	8,623	8,047	7,448	4,697	3,687

[1] 1- to 4-family distribution.
[2] Less than 0.05 percent.

occurring in virtually all the higher-amount brackets. The most significant increase, from 20 percent of the 1952 cases to 25 percent of those insured in 1953, occurred in the $9,000 to $9,999 range. These

shifts probably reflect the restoration of the maximum permissible loan amount ($9,450) and ratio of loan to value for mortgages on single-family owner-occupied dwellings insured under Section 203(b)(2)(C) of the National Housing Act, which followed the relaxation in September 1952 and the complete removal in April 1953 of credit control limitations. A comparable shift is evident in the distributions of the existing-home mortgage amounts from 1952 to 1953, but with the increases being appreciably greater in the higher brackets ($11,000 and up).

Mortgage amount as a percent of property value.—Mortgages insured under Section 203 during 1953 were in the majority of the cases at or near the maximum amounts permitted under the prevailing administrative rules. This is evident from the data presented in Table 20, which shows by property value groups the percentage distributions of the single-family home mortgages insured during the year by ratio of loan to value.

TABLE 20.—*Ratio of loan to value by property value of single-family homes, Sec. 203, 1953*

FHA estimate of property value	Percentage distribution	Median loan-value ratio	Ratio of loan to value—Percentage distributions: 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	Total
	New homes										
Less than $7,000	2.2	93.2	0.2	0.1	0.3	0.8	1.6	3.5	3.2	90.3	100.0
$7,000 to $7,999	14.9	93.0	.2	.1	.3	.6	2.0	2.3	11.0	83.5	100.0
$8,000 to $8,999	14.4	90.9	.2	.2	.7	1.2	3.7	4.2	40.5	49.3	100.0
$9,000 to $9,999	14.8	88.2	.3	.6	1.5	3.1	4.4	6.8	75.6	7.7	100.0
$10,000 to $10,999	15.7	87.1	.6	.7	2.3	3.9	7.2	20.8	64.4	.1	100.0
$11,000 to $11,999	14.5	82.6	.8	1.4	4.0	6.4	18.0	58.1	10.6	.1	100.0
$12,000 to $12,999	10.1	77.8	1.6	2.2	8.5	11.1	75.8	.7	.1	([1])	100.0
$13,000 to $13,999	5.2	77.5	1.7	2.8	11.4	13.6	70.1	.2	.1	.1	100.0
$14,000 to $14,999	3.2	77.2	1.7	2.8	15.3	14.5	65.0	.2	.5	-------	100.0
$15,000 to $15,999	2.0	77.3	2.2	3.1	15.1	12.4	66.8	.1	.3	-------	100.0
$16,000 to $17,999	1.9	77.5	2.5	5.2	15.6	11.1	52.0	2.2	11.4	-------	100.0
$18,000 to $19,999	.7	77.1	2.7	7.0	13.4	13.4	63.5	-------	-------	-------	100.0
$20,000 or more	.4	72.2	4.4	18.2	22.6	14.5	40.3	-------	-------	-------	100.0
Total	100.0	86.5	.7	1.2	4.0	5.2	21.7	13.8	30.7	22.7	100.0
	Existing homes										
Less than $7,000	2.8	80.5	1.2	1.1	6.1	5.5	40.5	1.0	3.7	40.9	100.0
$7,000 to $7,999	6.8	80.2	.6	1.3	6.6	5.1	43.5	2.5	7.1	33.3	100.0
$8,000 to $8,999	11.2	80.1	.7	1.4	5.8	5.8	44.6	4.0	21.3	16.4	100.0
$9,000 to $9,999	12.5	79.3	.7	1.6	6.4	6.2	52.8	5.8	26.4	.1	100.0
$10,000 to $10,999	14.0	78.7	.8	1.8	7.9	8.0	58.7	7.5	15.3	-------	100.0
$11,000 to $11,999	12.9	78.2	1.0	2.0	9.0	9.7	63.0	12.1	3.2	-------	100.0
$12,000 to $12,999	12.1	77.6	1.2	2.3	10.8	12.1	73.4	.2	-------	-------	100.0
$13,000 to $13,999	8.7	77.4	1.6	3.2	12.3	13.4	69.5	([1])	-------	-------	100.0
$14,000 to $14,999	6.0	77.1	1.7	3.2	15.2	15.8	64.0	.1	-------	-------	100.0
$15,000 to $15,999	4.6	77.2	2.1	3.6	14.7	13.7	65.9	([1])	-------	-------	100.0
$16,000 to $17,999	5.2	77.2	2.7	3.3	14.4	14.4	65.1	.1	-------	-------	100.0
$18,000 to $19,999	1.9	76.8	2.3	5.0	16.3	17.5	58.9	-------	-------	-------	100.0
$20,000 or more	1.3	71.9	7.4	9.5	30.4	14.7	38.0	-------	-------	-------	100.0
Total	100.0	78.3	1.3	2.3	9.7	9.8	58.9	4.0	8.8	5.2	100.0

[1] Less than 0.05 percent.

As indicated by the median loan-to-value ratios (second column of table) and the percentage distributions for the various value groups, home mortgages on properties valued by FHA at less than $9,000 were predominantly for amounts representing 90 to 95 percent of value; those on properties in the $9,000 to $10,999 value group, 86 to 90 percent of value; and most of those on properties valued at $12,000 or more, 76 to 80 percent of value. The scattering of cases in the value groups of $12,000 or more with the ratios of loan to value exceeding 80 percent represent for the most part transactions involving Alaska properties and to some extent properties in Hawaii and Guam, where the specified maximum mortgage amounts may be as much as one-half greater.

Existing-home mortgages tended to cluster near the 80 percent ratio of loan to value in nearly all value groups. Although this is the specified maximum for existing-construction cases, i. e., dwellings completed or under construction at time of application for mortgage insurance, the table indicates ratios in excess of 80 percent for about one-sixth of existing-home transactions. These for the most part involved properties that were approved for FHA insurance and constructed under FHA compliance inspection in a transaction previously insured by FHA and thus eligible for higher ratios of loan to value. By value groups, the proportion of cases having ratios higher than 80 percent ranged from 15 percent of those with properties valued at $11,000 to $11,999, to 45 percent of those valued at less than $7,000. As with new construction, the scattering of cases valued at $12,000 or more with ratios in excess of 80 percent represent transactions on properties in Alaska, Hawaii, or Guam, where higher maximum mortgage amounts and ratios of loan to value are permissible.

The loan-value distributions of new-home mortgages insured under Section 203 in 1953 moved decidedly upward from the 1952 level, while existing-home ratios registered only a very slight rise. This is shown by the data presented in Table 21, which compare the loan-value distributions of 1953 with those of the two preceding years, the initial postwar year 1946, and prewar 1940. Two events which influenced the trend of these distributions during 1953 involved the credit control limitations imposed by FHA in conformance with Regulation X of the Federal Reserve Board. These were the almost complete relaxation in September 1952 of limitations on maximum mortgage amounts and loan-value ratios, and the April 1953 elimination of the requirement that mortgagors' downpayments come only from savings or life insurance loans.

Compared with 1952, the ratio of loan to value for the typical new-home transaction in 1953 (86.5 percent) was about 3 percentage points higher, but the corresponding existing-home ratio (78.3 percent) rep-

TABLE 21.—*Ratio of loan to value of single-family homes, Sec. 203, selected years*

Ratio of loan to value (percent)	New homes					Existing homes				
	1953	1952	1951	1946	1940	1953	1952	1951	1946	1940
	Percentage distributions									
50 or less	0.7	1.3	1.1	0.6	0.4	1.3	1.8	2.9	1.3	2.3
51 to 55	.4	.9	.6	.8	.2	.8	1.2	1.9	.9	1.7
56 to 60	.8	1.3	1.0	.8	.5	1.5	2.1	3.0	1.2	3.2
61 to 65	1.3	2.0	1.7	1.3	.8	2.6	3.6	5.3	2.8	4.7
66 to 70	2.7	4.3	3.0	3.3	2.7	7.2	9.0	12.1	5.8	8.6
71 to 75	5.2	8.4	6.7	4.8	3.6	9.8	11.5	19.6	8.8	16.2
76 to 80	21.7	21.5	15.0	11.8	11.8	58.8	55.6	45.6	60.7	63.3
81 to 85	13.8	18.9	17.1	14.1	13.2	4.0	4.8	4.1	3.6	--------
86 to 90	30.7	31.2	35.6	62.5	66.8	8.8	7.4	4.0	14.9	--------
91 to 95	22.7	10.2	18.2	--------	--------	5.2	3.0	1.5	--------	--------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average	82.9	80.4	82.5	84.1	84.8	77.5	76.1	73.6	78.6	75.3
Median	86.5	83.7	86.5	87.0	87.0	78.3	77.9	76.6	78.4	76.8

resented a minuscule gain over the preceding year. The principal changes in the new-home distributions were declines in the proportions of cases with loan-value ratios of 75 percent or less and 81 to 85 percent, counterbalanced largely by a substantial increase in those with ratios of 91 to 95 percent—the proportion in 1953 being about double that of 1952. In the existing-home transactions, the proportion of cases with ratios of 75 percent or less was lower than in 1952, with gains occurring in the 86- to 95-percent ratio range and the 76- to 80-percent group, which in both years accounted for the majority of the cases.

Relationship of amount of mortgage to total requirements.—The assets required of home buyers in FHA transactions are significantly greater than is indicated by comparison of mortgage amounts and property values. This is because the total requirements of a transaction (sale price plus costs incidental to making the purchase) generally exceed the FHA estimate of property value. In fact, as is evident in Tables 23 and 25, sale prices alone usually exceed estimated property values.

In Table 22, the mortgages insured under Section 203 on new and existing single-family homes during 1953 are grouped according to the amounts of total requirements reported and the cases in each of these groups distributed by amount of mortgage. The data indicate that in each total requirements group up to $12,999 the mortgages cluster within $1,000 ranges near the maximum amounts permitted under the law on the basis of estimated property value. Somewhat greater dispersion of mortgage amounts is evident in the new-home transactions having total requirements of $13,000 or more, and in all existing-home groups. This probably reflects a greater range of differences between

TABLE 22.—*Amount of mortgage by total requirements for single-family home purchase transactions, Sec. 203, 1953*

Total requirements	Percentage distribution	Median amount of mortgage	Amount of mortgage—Percentage distributions: Less than $4,000	$4,000 to $4,999	$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	$10,000 to $10,999	$11,000 to $11,999	$12,000 to $13,999	$14,000 or more	Total
							New homes							
Less than $7,000	1.3	$6,294	0.5		15.5	84.0								100.0
$7,000 to $7,999	14.0	6,780	.1	.1	.3	81.9	17.6							100.0
$8,000 to $8,999	13.4	7,169	.1	.1	.6	5.7	92.5	1.0						100.0
$9,000 to $9,999	12.2	8,166	.1	.2	.4	1.8	31.8	65.6	0.1					100.0
$10,000 to $10,999	14.1	8,688	.2	.1	.7	1.8	7.4	71.7	18.0	.1				100.0
$11,000 to $11,999	15.7	9,145	.1	.3	.6	1.4	3.7	25.0	68.6	.2	0.1			100.0
$12,000 to $12,999	11.7	9,346	.2	.2	.5	1.5	3.2	11.0	73.0	10.4	(1)			100.0
$13,000 to $13,999	6.4	9,924	.4	.4	1.0	1.2	3.1	7.5	39.3	44.9	2.1	0.1		100.0
$14,000 to $14,999	4.0	10,364	.1	.3	.7	1.1	2.0	5.3	21.9	44.5	22.3	1.2		100.0
$15,000 to $15,999	2.5	11,130		.3	.6	.9	1.9	3.7	9.9	27.4	30.1	14.1	2.1	100.0
$16,000 to $17,999	2.5	11,845	.1	.1	.2	.7	1.5	2.8	5.2	14.1	30.1	40.4	4.8	100.0
$18,000 to $19,999	.9	13,147		.3	.9		.3	1.6	3.7	7.5	12.2	46.1	27.4	100.0
$20,000 or more	.4	14,262				.6			3.2	5.8	8.3	25.0	57.1	100.0
Total	100.0	8,563	.1	.2	.8	15.1	21.3	24.3	25.6	7.1	2.9	1.9	.7	100.0
							Existing homes							
Less than $7,000	2.2	$5,606	0.8	16.2	64.1	18.9								100.0
$7,000 to $7,999	5.1	6,339	.2	2.4	27.1	60.3	10.0							100.0
$8,000 to $8,999	9.4	6,926	.2	.4	6.8	45.9	45.9	0.8						100.0
$9,000 to $9,999	10.7	7,508	.2	.3	1.8	17.0	60.8	10.4	0.5					100.0
$10,000 to $10,999	13.1	8,145	.1	.2	.8	4.8	32.3	56.7	4.6	0.5				100.0
$11,000 to $11,999	11.8	8,699	(1)	.1	.5	2.2	12.0	52.9	31.8	.5				100.0
$12,000 to $12,999	11.6	9,255	.1	.1	.4	1.0	5.5	20.1	56.0	10.7	0.1			100.0
$13,000 to $13,999	9.9	9,906		.1	.2	.6	2.3	11.5	39.1	44.5	1.6	0.1		100.0
$14,000 to $14,999	7.3	10,360		(1)	.4	.6	1.4	5.9	21.9	43.5	25.3	1.0		100.0
$15,000 to $15,999	5.5	10,983	.1	.1	.3	.3	.9	3.7	10.6	34.5	34.0	15.4	0.1	100.0
$16,000 to $17,999	7.0	11,929		(1)	.1	.4	.9	1.5	5.1	15.8	28.1	45.8	2.3	100.0
$18,000 to $19,999	3.7	13,134		.1		.3	.8	1.2	2.0	5.6	9.3	56.8	23.9	100.0
$20,000 or more	2.7	14,458				.6	.6	.6	.8	3.5	4.4	25.6	63.9	100.0
Total	100.0	8,753	.1	.6	3.9	10.8	18.1	20.8	17.4	12.3	6.3	6.9	2.8	100.0

[1] Less than 0.05 percent.

TABLE 23.—*Transaction characteristics by total requirements for single-family homes, Sec. 203, 1953*

Total requirements	Percentage distribution	Average: Total requirements	Sale price	Mortgage amount	Property value	Area in square feet	Annual income	Current investment [1]	Current investment as a percent of—: Total requirements	Annual income
					New homes					
Less than $7,000	1.3	$6,752	$6,675	$6,257	$6,763	737	$4,098	$495	7.3	12.1
$7,000 to $7,999	14.9	7,327	7,223	6,740	7,235	792	4,352	587	8.0	13.5
$8,000 to $8,999	13.4	8,389	8,250	7,454	8,189	868	4,667	935	11.1	20.0
$9,000 to $9,999	12.2	9,473	9,306	8,048	9,117	912	4,976	1,425	15.0	28.6
$10,000 to $10,999	14.1	10,467	10,295	8,543	10,038	937	5,146	1,924	18.4	37.4
$11,000 to $11,999	15.7	11,503	11,307	9,001	10,865	974	5,314	2,502	21.8	47.1
$12,000 to $12,999	11.7	12,408	12,211	9,283	11,687	1,000	5,641	3,125	25.2	55.4
$13,000 to $13,999	6.4	13,425	13,211	9,644	12,498	1,028	6,050	3,781	28.2	62.4
$14,000 to $14,999	4.0	14,462	14,245	10,124	13,290	1,080	6,487	4,338	30.0	66.9
$15,000 to $15,999	2.5	15,420	15,152	10,841	14,255	1,105	7,130	4,579	29.7	64.2
$16,000 to $17,999	2.5	16,786	16,408	11,548	15,210	1,150	7,790	5,238	31.2	67.2
$18,000 to $19,999	.9	18,880	18,372	12,667	17,045	1,244	8,486	6,213	32.9	73.2
$20,000 or more	.4	21,834	21,484	13,087	18,658	1,396	9,592	8,147	37.3	84.9
Total	100.0	10,700	10,515	8,524	10,166	940	5,288	2,176	20.3	41.1
					Existing homes					
Less than $7,000	2.2	$6,526	$6,464	$5,556	$6,584	849	$4,240	$970	14.9	22.9
$7,000 to $7,999	5.1	7,498	7,331	6,198	7,338	854	4,496	1,300	17.3	28.9
$8,000 to $8,999	9.4	8,522	8,341	6,814	8,192	901	4,794	1,708	20.0	35.6
$9,000 to $9,999	10.7	9,472	9,276	7,383	9,064	951	4,999	2,089	22.1	41.8
$10,000 to $10,999	13.1	10,478	10,290	7,970	9,947	992	5,199	2,508	23.9	48.2
$11,000 to $11,999	11.8	11,476	11,280	8,540	10,795	1,015	5,439	2,936	25.6	54.0
$12,000 to $12,999	11.6	12,473	12,279	9,073	11,665	1,056	5,791	3,400	27.3	58.7
$13,000 to $13,999	9.9	13,464	13,220	9,654	12,481	1,101	6,154	3,810	28.3	61.9
$14,000 to $14,999	7.3	14,447	14,211	10,183	13,294	1,143	6,501	4,264	29.5	65.6
$15,000 to $15,999	5.5	15,428	15,170	10,715	14,065	1,205	6,909	4,713	30.5	68.2
$16,000 to $17,999	7.0	16,865	16,576	11,507	15,196	1,270	7,769	5,268	31.2	67.8
$18,000 to $19,999	3.7	18,792	18,349	12,729	16,659	1,365	8,848	6,063	32.3	68.5
$20,000 or more	2.7	22,391	22,144	13,041	18,773	1,582	10,428	8,450	37.7	81.0
Total	100.0	12,217	12,018	8,917	11,352	1,062	5,911	3,300	27.0	55.8

[1] Total requirements less mortgage amount.

sale prices and FHA valuations for these properties than for lower-value new homes.

Median mortgage amounts for new homes ranged from $6,294 for transactions requiring less than $7,000, to $14,262 for cases with total requirements of $20,000 or more—a difference of $8,000 in mortgage amount compared with a substantially wider spread in total requirements. In existing homes, the range between the median mortgage amounts for the lowest requirements group ($5,606) and the highest ($14,458) was somewhat greater than for new homes, although still substantially below the corresponding range in total requirements.

Table 23 presents averages of selected characteristics for the various total requirements groups of single-family home mortgage transactions insured under Section 203 in 1953. These data provide an indication of the extent to which FHA-insured mortgage financing assisted buyers of homes in the different price ranges, the incomes of these buyers, and the size of their initial current investments, i. e., cash required over and above the mortgage amount. In new-home transactions, initial current investments ranged from $495 or 7 percent of total requirements in the lowest price group, to $8,147 or nearly 37 percent of total requirements in the highest price class, with the average for all groups being $2,176 or 20 percent of total requirements. Reflecting the comparatively lower maximum mortgage amounts permitted on existing homes, buyers of these properties were required to make considerably larger initial investments. For all groups, these averaged $3,300, or 27 percent of total requirements, and ranged from $970, or 15 percent in the lowest price class, to $8,450, or 38 percent in the highest.

In both new- and existing-home transactions, initial current investments required of mortgagors purchasing homes costing $11,000 or more represented substantially larger proportions of buyers' incomes compared with transactions in the lower-price levels. For example, the ratio of current investment to annual effective income for new-home transactions in the total requirements groups of $14,000 to $14,999 averaged nearly 67 percent, or about five times the investment-income ratio indicated in transactions with total requirements of $7,000–$7,999 (i. e., involving properties costing half as much).

Property Characteristics

A basic procedure in the FHA underwriting system is the determination of the value of the property, including the house, land, and other physical improvements. Involved in this determination is a consideration of such items as the estimated replacement cost of the property, its rental value, sale prices of comparable houses, the type and location of the neighborhood, the character and market price of the site, materials and quality of construction, the size of the house,

and garage facilities. The following portion of the report is devoted to an analysis of certain characteristics of the properties involved in the Section 203 transactions insured during 1953.

Property value distributions.—The majority of the single-family properties in Section 203 transactions insured in 1953 had FHA estimated values of $8,000 to $11,999. In this range were three-fifths of the new homes and over half of the existing homes. Of the remaining properties, greater proportions of the existing homes were in the higher value groups, nearly two-fifths having values of $12,000 or more, compared with less than one-fourth of the new homes. In the $6,000 to $7,999 group were over one-sixth of the new homes, but only one-tenth of the existing. None of the properties covered by the sample had values of less than $6,000. (Chart 15 and Table 24.)

On the average, the values of new-home properties registered little change from 1952 to 1953, increasing but 1 percent. There were, however, increases in the proportions of properties in both the lower and higher value brackets.

As indicated in Table 24, the proportions of new-construction properties valued at less than $7,000 and from $8,000 to $10,999 decreased during 1953. Offsetting increases occurred in the proportions of properties in the $7,000 to $7,999 bracket and in properties valued at $11,000 or more.

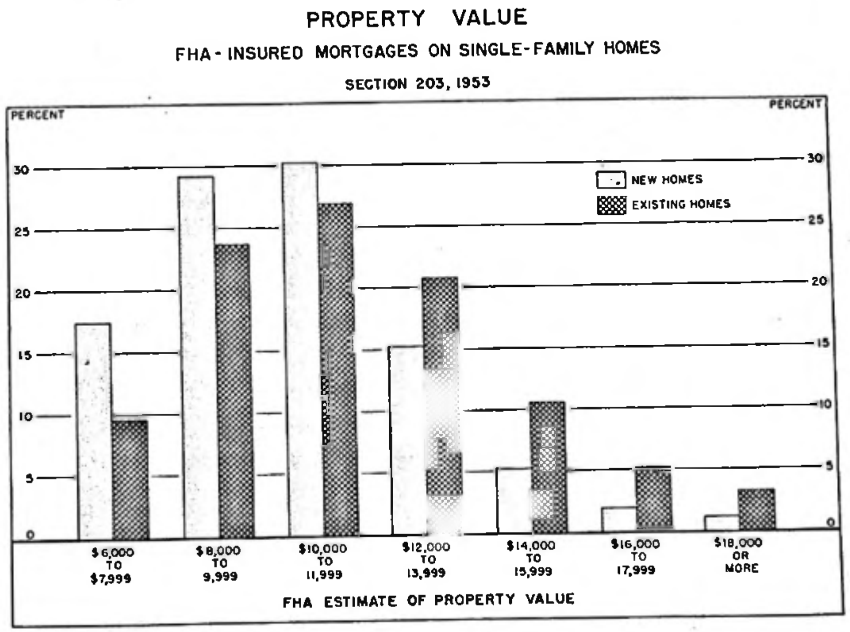

CHART 15.

TABLE 24.—*Property value of single-family homes, Sec. 203, selected years*

FHA estimate of property value	New homes					Existing homes				
	1953	1952	1951	1946	1940	1953	1952	1951	1946	1940
	Percentage distributions									
Less than $3,000					3.2		(1)		1.7	10.9
$3,000 to $3,999			(1)	2.3	18.6		0.1	0.3	7.3	21.8
$4,000 to $4,999		(1)	0.2	10.0	26.8		.3	.8	16.8	22.5
$5,000 to $5,999		0.4	.8	20.3	23.6		1.0	2.0	24.6	17.3
$6,000 to $6,999	2.2	3.8	8.7	27.8	16.5	2.8	3.8	5.8	20.3	10.8
$7,000 to $7,999	14.9	10.4	18.2	22.4	5.7	6.8	8.4	11.0	12.1	6.1
$8,000 to $8,999	14.4	15.9	21.9	11.1	2.6	11.2	13.6	15.3	7.0	3.6
$9,000 to $9,999	14.8	18.7	18.8	3.4	1.2	12.5	15.3	15.2	3.4	1.9
$10,000 to $10,999	15.7	16.9	12.5	1.5	.7	14.0	15.6	14.4	2.5	1.5
$11,000 to $11,999	14.5	12.8	8.0	.5	.3	12.9	13.3	11.0	1.1	.9
$12,000 to $12,999	10.1	9.0	4.4	.3	.3	12.1	11.1	8.9	1.2	.8
$13,000 to $13,999	5.2	5.4	2.5	.2	.1	8.7	7.1	6.9	.5	.4
$14,000 to $14,999	3.2	2.6	1.5	.1	.2	6.0	4.3	3.5	.3	.7
$15,000 to $15,999	2.0	1.8	1.0	.1		4.6	2.7	2.5	.4	
$16,000 to $17,999	1.9	1.4	.9	(1)	.1	5.2	2.3	2.1	.3	.6
$18,000 to $19,999	.7	.5	.3			1.9	.5	.6	.2	
$20,000 or more	.4	.4	.3		.1	1.3	.6	.7	.3	.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average value	$10,357	$10,245	$9,307	$6,597	$5,199	$11,419	$10,567	$10,147	$6,269	$5,179
Median value	10,140	10,022	9,007	6,558	5,028	11,061	10,289	9,843	5,034	4,600

[1] Less than 0.05 percent.

Existing-home properties financed with insured mortgages, on the other hand, exhibited a pronounced increase in value, averaging 8 percent higher than in 1952. Table 24 shows that there were relatively fewer properties in all values below $12,000 in 1953, while existing homes in the higher value brackets showed marked gains, especially those valued at $16,000 or more.

Averages by property value groups.—Comprehensive summaries of selected characteristics of Section 203 cases insured in 1953 are presented by value groups in Table 25 (transaction characteristics), Table 26 (property characteristics), and Table 27 (financial characteristics). The data indicate, for example, that in transactions involving new single-family homes valued by FHA at $11,000 to $11,999, the average mortgage ($9,149) represented 81 percent of the property value but covered a somewhat smaller share (77 percent) of the mortgagor's total requirements of $11,980, i. e., the sale price of $11,857 and closing costs of $123. Mortgagor's annual effective income in this group averaged $5,559, or about half as much as the property value and sale price. The properties had an average FHA estimated replacement cost of $11,719, of which $1,428 represented the market price of the land site. This amounted to about one-eighth of the property value. The structure had an average calculated area of 985 square feet and contained an average of 5.4 rooms, including 3.2 bedrooms. More than half of the properties had garage facilities.

The total monthly mortgage payment required in these transactions averaged $71.96, including $11.33 in estimated real estate taxes and assessments. Additional amounts required for heating and cooking fuel, electricity, water, garbage and trash disposal and the estimated pro rata amount required for maintenance and repair expense, added to total monthly mortgage payments, resulted in an average prospective housing expense of $92.77. Mortgagors in this group, therefore, would have to devote an average of 20 percent of their effective incomes to housing expense, including 16 percent for monthly mortgage payment. Had the same properties been rented, the estimated monthly rentals would have averaged $90.95 or 26 percent more than the monthly payment. Compared with housing expense, the monthly rental value was about $2 lower.

New- and existing-home transactions in other value groups may be analyzed in the same fashion by reference to the data in these three tables.

TABLE 25.—*Transaction characteristics by property value of single-family homes, Sec. 203, 1953*

FHA estimate of property value	Percentage distribution	Average					Ratio of—		
		Property value	Total requirements [1]	Sale price [1]	Amount of mortgage	Mortgagor's annual income	Loan to total value	Loan to total requirements [1]	Property value to income
	New homes								
							Percent	*Percent*	
Less than $7,000	2.2	$6,706	$7,062	$7,008	$6,275	$4,165	93.6	89.7	1.61
$7,000 to $7,999	14.9	7,308	7,569	7,419	6,771	4,397	92.7	89.7	1.66
$8,000 to $8,999	14.4	8,341	8,816	8,627	7,519	4,706	90.1	85.8	1.77
$9,000 to $9,999	14.8	9,400	10,006	9,823	8,156	5,007	86.7	82.0	1.85
$10,000 to $10,999	15.7	10,407	11,041	10,884	8,751	5,217	84.1	79.8	1.99
$11,000 to $11,999	14.5	11,332	11,980	11,857	9,149	5,559	80.7	76.7	2.04
$12,000 to $12,999	10.1	12,361	12,930	12,769	9,455	5,905	76.5	73.5	2.09
$13,000 to $13,999	5.2	13,356	14,154	13,944	10,095	6,311	75.6	71.7	2.12
$14,000 to $14,999	3.2	14,339	15,309	15,073	10,775	6,876	75.1	70.8	2.09
$15,000 to $15,999	2.0	15,313	16,257	16,064	11,479	7,391	75.0	71.1	2.07
$16,000 to $17,999	1.9	16,679	17,706	17,423	12,513	8,494	75.0	71.0	1.96
$18,000 to $19,999	.7	18,701	19,619	19,460	13,493	8,834	72.2	70.2	2.12
$20,000 or more	.4	22,318	23,196	22,465	14,612	9,816	65.5	64.1	2.27
Total	100.0	10,357	10,724	10,550	8,585	5,346	82.9	79.5	1.94
	Existing homes								
							Percent	*Percent*	
Less than $7,000	2.8	$6,426	$6,961	$6,762	$5,428	$4,288	84.5	79.8	1.50
$7,000 to $7,999	6.8	7,397	7,913	7,728	6,173	4,615	83.5	79.3	1.60
$8,000 to $8,999	11.2	8,392	8,978	8,780	6,894	4,896	82.1	77.9	1.71
$9,000 to $9,999	12.5	9,361	10,076	9,864	7,507	5,148	80.2	75.4	1.82
$10,000 to $10,999	14.0	10,333	11,067	10,867	8,138	5,382	78.8	74.4	1.92
$11,000 to $11,999	12.9	11,329	12,196	11,984	8,774	5,718	77.4	72.7	1.98
$12,000 to $12,999	12.1	12,327	13,249	13,028	9,408	6,079	76.3	71.8	2.03
$13,000 to $13,999	8.7	13,333	14,355	14,156	10,079	6,583	75.6	71.0	2.03
$14,000 to $14,999	6.0	14,298	15,370	15,179	10,732	7,010	75.1	70.5	2.04
$15,000 to $15,999	4.6	15,243	16,547	16,336	11,455	7,692	75.1	70.1	1.98
$16,000 to $17,999	5.2	16,724	18,288	18,032	12,519	8,693	74.9	69.5	1.92
$18,000 to $19,999	1.9	18,543	20,412	20,218	13,666	9,615	73.7	68.0	1.93
$20,000 or more	1.3	21,713	23,560	23,460	14,922	11,520	68.7	63.7	1.88
Total	100.0	11,419	12,226	12,016	8,847	5,977	77.5	72.9	1.91

[1] Data reflect purchase transactions only.

TABLE 26.—*Property characteristics by property value of single-family homes, Sec. 203, 1953*

FHA estimate of property value	Percentage distribution	Average: Property value	Average: Property replacement cost	Average: Market price of site	Price of site as percent of value	Median: Calculated area (square feet)	Median: Number of rooms	Median: Number of bedrooms	Percentage of structures with garage
	New homes								
Less than $7,000	2.2	$6,706	$6,927	$815	12.2	736	4.5	2.5	52.2
$7,000 to $7,999	14.9	7,308	7,685	877	12.0	777	4.6	2.6	54.0
$8,000 to $8,999	14.4	8,341	8,664	972	11.7	881	5.2	3.1	57.3
$9,000 to $9,999	14.8	9,409	9,783	1,124	11.9	924	5.3	3.2	61.4
$10,000 to $10,999	15.7	10,407	10,743	1,296	12.5	948	5.3	3.2	60.0
$11,000 to $11,999	14.5	11,332	11,719	1,428	12.2	985	5.4	3.2	56.9
$12,000 to $12,999	10.1	12,361	12,780	1,606	13.0	1,014	5.5	3.3	55.9
$13,000 to $13,999	5.2	13,356	13,715	1,677	12.6	1,055	5.6	3.3	59.5
$14,000 to $14,999	3.2	14,339	14,746	1,824	12.7	1,126	5.7	3.3	66.6
$15,000 to $15,999	2.0	15,313	15,724	2,059	13.4	1,180	5.8	3.4	78.7
$16,000 to $17,999	1.9	16,679	17,105	2,150	12.9	1,186	5.8	3.3	82.6
$18,000 to $19,999	.7	18,701	19,128	2,848	15.2	1,298	5.8	3.4	82.9
$20,000 or more	.4	22,318	23,285	3,912	17.5	1,489	6.1	3.5	92.3
Total	100.0	10,357	10,726	1,291	12.5	924	5.3	3.1	59.7
	Existing homes								
Less than $7,000	2.8	$6,426	$8,441	$891	13.9	813	5.1	2.7	54.2
$7,000 to $7,999	6.8	7,397	9,159	919	12.4	820	4.9	2.6	64.2
$8,000 to $8,999	11.2	8,392	9,990	1,055	12.6	804	5.1	2.7	69.6
$9,000 to $9,999	12.5	9,361	10,936	1,167	12.5	932	5.3	2.8	72.8
$10,000 to $10,999	14.0	10,333	11,906	1,289	12.5	988	5.5	2.9	74.1
$11,000 to $11,999	12.9	11,329	12,724	1,406	12.4	1,012	5.5	3.0	73.4
$12,000 to $12,999	12.1	12,327	13,703	1,517	12.3	1,067	5.7	3.2	73.8
$13,000 to $13,999	8.7	13,333	14,685	1,681	12.6	1,112	5.8	3.2	76.0
$14,000 to $14,999	6.0	14,298	15,671	1,849	12.9	1,169	5.9	3.3	79.9
$15,000 to $15,999	4.6	15,243	16,828	2,021	13.3	1,247	6.2	3.4	80.8
$16,000 to $17,999	5.2	16,724	18,301	2,330	13.9	1,318	6.3	3.4	83.5
$18,000 to $19,999	1.9	18,543	20,343	2,748	14.8	1,421	6.4	3.5	89.2
$20,000 or more	1.3	21,713	24,531	3,190	14.7	1,664	6.7	3.6	89.5
Total	100.0	11,419	12,963	1,461	12.8	1,008	5.6	3.0	74.1

Observation and analysis of the data presented in Tables 25, 26, and 27 reveal certain significant features of the Section 203 transactions insured in 1953.

(1) Because sale prices invariably exceeded FHA estimates of value, and also because of the additional expense of closing charges, the initial investment of the FHA home buyer was significantly more than is indicated by the ratios of loan to value. On the average, new-home buyers provided about 21 percent and existing-home buyers about 27 percent of total financing requirements. Only in new-home transactions with property values of less than $12,000 and existing homes valued at less than $10,000 did buyers' initial investments average less than 25 percent of total required funds.

(2) Reflecting a significant degree of stability in home prices, FHA estimated values averaged 98 percent of new-home sale prices and 95 percent of existing-home prices. In new homes, the value-sale

price relationship tended to be fairly constant in the several value levels, while in existing homes sale prices tended to rise at a somewhat faster rate than the FHA estimated values.

(3) In comparable valuation classes, new-home values represented slightly larger proportions of mortgagors' annual effective incomes than did existing-home values, reflecting the more favorable financing terms available to new homes. Ratios of property values to borrower incomes increased with increases in property values for nearly all values of new homes and for existing homes valued up to $15,000, as shown in the last column of Table 25.

(4) In new-home transactions, property values averaged nearly 97 percent of property replacement costs (as estimated by FHA). This probably indicates a composite judgment of FHA valuators throughout the nation that construction and land costs are reasonably stabilized. In existing-home transactions, the differential be-

TABLE 27.—*Financial characteristics by property value of single-family homes, Sec. 203, 1953*

FHA estimate of property value	Percentage distribution	Average property value	Monthly average: Total payment	Monthly average: Estimated taxes	Monthly average: Prospective housing expense	Monthly average: Estimated rental value	Monthly average: Mortgagor's income	Ratio of: Mortgage payment to income	Ratio of: Housing expense to income	Ratio of: Mortgage payment to rental value
	New homes									
Less than $7,000	2.2	$6,706	$48.66	$6.03	$63.56	$56.47	$347.07	14.0	18.3	86.
$7,000 to $7,999	14.9	7,308	50.95	6.53	67.67	61.56	366.44	13.9	18.5	82.8
$8,000 to $8,999	14.4	8,341	57.15	7.35	75.39	69.40	392.19	14.6	19.2	82.3
$9,000 to $9,999	14.8	9,409	62.76	8.93	82.06	76.54	424.71	14.8	19.3	82.0
$10,000 to $10,999	15.7	10,407	67.45	10.33	87.26	84.31	434.75	15.5	20.1	80.0
$11,000 to $11,999	14.5	11,332	71.96	11.33	92.77	90.95	463.28	15.5	20.0	79.1
$12,000 to $12,999	10.1	12,361	76.52	12.55	98.22	98.23	492.07	15.6	20.0	77.9
$13,000 to $13,999	5.2	13,356	82.36	13.53	105.02	104.68	525.92	15.7	20.0	78.7
$14,000 to $14,999	3.2	14,339	88.19	14.31	111.32	112.11	572.98	15.4	19.4	78.7
$15,000 to $15,999	2.0	15,313	93.16	14.25	119.73	118.16	615.92	15.1	19.4	78.8
$16,000 to $17,999	1.9	16,679	98.83	14.29	130.75	127.04	707.85	14.0	18.5	77.8
$18,000 to $19,999	.7	18,701	105.33	15.21	139.51	139.90	736.19	14.3	19.0	75.3
$20,000 or more	.4	22,318	127.51	20.65	153.36	163.52	818.04	15.6	18.7	78.0
Total	100.0	10,357	67.05	9.93	87.01	83.56	445.54	15.0	19.5	80.2
	Existing homes									
Less than $7,000	2.8	$6,426	$45.54	$6.33	$63.04	$55.97	$357.34	12.7	17.6	81.4
$7,000 to $7,999	6.8	7,397	51.12	6.90	69.81	62.73	384.61	13.3	18.2	81.5
$8,000 to $8,999	11.2	8,392	56.83	8.34	76.78	70.01	408.04	13.9	18.8	81.2
$9,000 to $9,999	12.5	9,361	61.49	9.00	82.58	76.70	428.06	14.3	19.3	80.2
$10,000 to $10,999	14.0	10,333	66.59	9.89	88.33	83.87	448.52	14.8	19.7	79.4
$11,000 to $11,999	12.9	11,329	72.01	10.73	94.78	90.77	476.49	15.1	19.9	79.3
$12,000 to $12,999	12.1	12,327	77.62	11.76	101.35	97.97	506.61	15.3	20.0	79.2
$13,000 to $13,999	8.7	13,333	82.84	12.67	108.08	104.76	548.58	15.1	19.7	79.1
$14,000 to $14,999	6.0	14,298	88.48	13.47	113.47	111.62	584.13	15.1	19.4	79.3
$15,000 to $15,999	4.6	15,243	93.93	14.33	121.37	118.41	641.00	14.7	18.9	79.3
$16,000 to $17,999	5.2	16,724	102.62	16.67	131.58	128.71	724.40	14.2	18.2	79.7
$18,000 to $19,999	1.9	18,543	113.54	17.00	143.57	139.99	801.21	14.2	17.9	81.1
$20,000 or more	1.3	21,713	125.38	20.58	164.15	164.06	960.00	13.1	17.1	76.4
Total	100.0	11,419	72.79	10.89	95.81	91.33	498.12	14.6	19.2	79.7

tween value and replacement cost is substantially greater, with value averaging 88 percent of cost and reflecting allowance in the valuation process for depreciation of the older properties and decreased marketability of certain types of property because of less favorable location or structural arrangement.

(5) Land market prices for existing-home properties averaged $1,461, or about 13 percent higher than for new-home properties ($1,291). In corresponding value groups, land prices generally represented slightly larger proportions of the total property value of existing properties than the proportions for new properties, although the overall existing-home ratio (12.8 percent) was only slightly higher than the new-home ratio (12.5 percent). The higher market price for land in existing properties reflects not only the depreciation of the structure, without land value depreciation, but also the location of existing homes nearer the center of cities in more fully developed neighborhoods providing more convenient access to shopping, schools, churches, and entertainment.

Real estate taxes averaged about $1 more per month on existing properties than on new. Also, within corresponding value groups, taxes on new-home properties generally averaged somewhat less. This probably reflects higher tax rates in the older, more completely developed communities because of the larger number of services provided.

(6) Total monthly mortgage payments for corresponding value groups of new and existing properties did not vary significantly. Although the mortgage principal averaged less for existing transactions, the shorter term tended to raise monthly interest and principal payments. This situation plus the higher taxes tended to increase total monthly payments on existing properties up to the level of those on new properties in comparable value ranges. With monthly payments about equal for new- and existing-home transactions, and with monthly incomes of new-home mortgagors averaging slightly less than for existing-home mortgagors in the same value ranges, new-home monthly payments represented slightly larger proportions of mortgagors' incomes than did the monthly payments in existing-home transactions.

(7) With only slight variation in the average monthly mortgage payments of new- and existing-home transactions in the same valuation groups, the higher average prospective housing expense indicated for existing properties stems from the larger operating costs (principally for heating) and higher estimated maintenance and repair expense. Nevertheless, because of the lower average incomes of new-

home mortgagors, the ratios of housing expense to income for new-home transactions were generally slightly higher than for existing-home transactions in the same value ranges.

(8) Rental values were approximately equal for new- and existing-home properties in the same value ranges. Because of the larger proportion of existing properties in the higher value groups, however, rental value for all existing homes was about 9 percent above the rental value of all existing homes combined.

Size of house.—The typical new single-family house under Section 203 in 1953 had a calculated area of 924 square feet; the typical existing structure was 9 percent larger, with an area of 1,008 square feet. Most of the houses—seven-eighths of the new and seven-tenths of the existing—were in an area bracket of 700 to 1,199 square feet. (See Table 28.) About 8 percent of the new and 18 percent of the existing structures had 1,200 to 1,499 square feet, while areas of 1,500 square feet or more were reported in 1 percent of the new homes and 9 percent of the existing homes. Only 3 percent of the new and existing houses measured less than 700 square feet.

TABLE 28.—*Calculated area of single-family homes, Sec. 203, selected years*

Calculated area (square feet)	New homes					Existing homes				
	1953	1952	1951	1949	1948	1953	1952	1951	1949	1948
	Percentage distributions									
Less than 600	0.1	0.1	0.2	1.8	0.9	0.2	0.3	0.4	0.7	0.
600 to 699	2.7	2.9	4.3	7.0	4.6	3.0	3.3	3.1	3.5	4.
700 to 799	19.5	18.7	23.7	28.8	20.6	13.7	14.0	13.1	14.2	16.3
800 to 899	22.1	23.7	25.8	24.2	22.0	17.5	18.0	16.8	17.5	18.5
900 to 999	20.6	16.4	13.6	12.5	16.2	13.9	14.8	14.3	13.8	13.3
1,000 to 1,099	16.4	15.5	13.4	9.5	11.2	13.5	13.2	12.0	12.1	10.9
1,100 to 1,199	10.2	10.8	8.5	6.1	8.7	10.8	10.3	9.9	9.3	8.0
1,200 to 1,299	4.5	4.9	4.1	4.2	6.4	8.4	7.7	8.1	7.3	6.8
1,300 to 1,399	2.3	3.5	2.8	2.1	3.4	5.9	5.0	5.9	5.5	5.1
1,400 to 1,499	1.4	1.7	1.3	1.3	2.2	3.9	3.6	4.4	4.2	3.7
1,500 to 1,599	.5	.9	.9	.8	1.5	2.6	2.5	3.1	3.2	2.9
1,600 to 1,799	.4	.6	.8	.9	1.4	3.3	3.1	3.8	4.0	3.7
1,800 to 1,999	.2	.2	.3	.4	.4	1.6	1.5	1.9	2.0	2.2
2,000 or more	.1	.1	.3	.4	.5	1.7	1.5	2.3	2.7	3.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average	953	968	942	909	972	1,075	1,060	1,093	1,091	1,075
Median	924	923	870	841	912	1,008	992	1,011	1,001	972

Compared with the structures underlying the transactions insured in 1952, the new homes of 1953 showed virtually no change in size, while existing houses were moderately larger. Principal changes in the area distribution of new homes occurred in the proportions of houses with 900 to 999 square feet, which rose from 16 percent in 1952 to 21 percent in 1953 and of those in the 1,300 to 1,799 square foot range, which dropped from 7 percent to 5 percent. For existing properties, declines in the proportion of houses with areas of less than 1,000 feet (from 51 to 48 percent) were offset by increases in the proportion of those with larger areas (from 49 to 52 percent).

The marked correlation between calculated area and number of rooms in the homes covered by Section 203 transactions in 1953 is evident in Table 29, which shows distributions by room count in the several area ranges. Typical room counts ranged upward from 4.5 in new houses with less than 800 square feet, to 7.0 rooms for those with 2,000 or more square feet. Comparable gains in room count in line with increase in area also characterized existing properties.

TABLE 29.—*Number of rooms by calculated area of single-family homes, Sec. 203, 1953*

Calculated area (square feet)	Percentage distribution	Average number of rooms	Median number of rooms	Number of rooms—Percentage distributions					
				3	4	5	6	7 or more	Total
	New homes								
Less than 700	2.9	4.1	4.5	2.0	91.9	3.2	2.9	---	100.0
700 to 799	19.5	4.1	4.5	.3	92.3	6.2	1.2	(1)	100.0
800 to 899	22.1	4.5	4.9	.2	50.2	48.4	1.1	0.1	100.0
900 to 999	20.6	4.9	5.4	.5	17.7	75.0	6.8	(1)	100.0
1,000 to 1,099	15.4	5.1	5.6	.1	6.8	72.9	20.0	.2	100.0
1,100 to 1,199	10.2	5.4	5.8	.2	3.8	54.8	40.0	1.2	100.0
1,200 to 1,399	6.7	5.5	6.0	.3	3.8	45.9	46.8	3.2	100.0
1,400 to 1,599	1.9	5.7	6.2	.1	1.9	37.2	53.1	7.7	100.0
1,600 to 1,999	.6	6.0	6.5	---	2.4	18.0	54.0	25.6	100.0
2,000 or more	.1	6.3	7.0	2.3	---	18.6	30.2	48.9	100.0
Total	100.0	4.8	5.3	.3	37.1	48.2	13.6	.8	100.0
	Existing homes								
Less than 700	3.2	4.2	4.6	5.0	78.0	13.7	2.9	0.4	100.0
700 to 799	13.7	4.3	4.7	.6	75.3	20.0	3.7	.4	100.0
800 to 899	17.5	4.6	5.0	.2	48.4	45.1	5.5	.8	100.0
900 to 999	13.9	4.9	5.4	.2	26.9	58.9	12.6	1.4	100.0
1,000 to 1,099	13.5	5.1	5.6	.2	13.0	61.1	23.0	2.1	100.0
1,100 to 1,199	10.8	5.4	5.9	.1	5.2	49.9	41.7	3.1	100.0
1,200 to 1,399	14.3	5.7	6.3	.2	2.1	32.9	56.5	8.3	100.0
1,400 to 1,599	6.5	6.1	6.6	.2	.7	15.8	57.1	26.2	100.0
1,600 to 1,999	4.9	6.6	7.2	.2	.9	7.0	38.9	53.0	100.0
2,000 or more	1.7	7.5	6.2	.7	.3	1.4	12.8	84.8	100.0
Total	100.0	5.1	5.6	.4	27.8	39.0	24.9	7.9	100.0

[1] Less than 0.05 percent.

Almost one-half of the new homes had 5 rooms, three-eighths had 4 rooms, and slightly over one-eighth had 6 rooms. In existing properties there were comparatively fewer 4- and 5-room houses (28 and 39 percent respectively) but more with 6 rooms (25 percent). Nearly 8 percent of the existing houses contained 7 or more rooms, as contrasted with less than 1 percent of the new structures.

Generally, the higher the room count the greater was the number of bedrooms. In the new-home transactions insured in 1953, more than half of the properties had 3 bedrooms, 44 percent had 2 bedrooms, and 2 percent had 4 or more. Relatively more (about one-half) of the existing homes provided 2 bedrooms, 44 percent 3 bedrooms (sig-

nificantly fewer than the new homes), and 6 percent contained 4 or more bedrooms.

In terms of room count, there was little change from 1952 to 1953. The typical new house in 1953 (5.3 rooms) was the same size as in 1952, and the typical existing house was slightly larger than in 1952 (5.6 rooms compared with 5.5 rooms). The proportion of new structures with 5 rooms increased from 43 to 48 percent, while 6-room properties declined from 18 to 14 percent of the total. The room-count distribution of existing homes was practically the same in both years, with a slight decrease in 4-room structures (29 to 28 percent) and a compensating increase in 5-room structures (38 to 39 percent).

Bedroom accommodations in both new and existing houses were about the same in 1953 as the year before. The new-home median bedroom count was the same (3.1) in both years, while the comparable existing-home median declined slightly from 3.1 to 3.0 bedrooms. In new homes the changes in the distributions from 1952 to 1953 were as follows: the 3-bedroom proportion declined from 58 to 54 percent, 2-bedroom houses increased from 41 to 44 percent of the total, and houses with 4 or more bedrooms rose from 1 to 2 percent. Existing properties also registered increases in the proportion of 2-bedroom houses from 46 to 49 percent, counterbalanced by minor decreases in the proportion with 3 or more bedrooms.

Relationship of size of house and property valuation.—Of major consideration in the FHA valuation of a property is the size of the house, i. e., the calculated area of the structure and the number and type of rooms available. FHA estimated property values generally tend to rise with increases in calculated area and number of rooms in the structure.

Table 30 shows for the several value groups the distributions by calculated area of the structures securing Section 203 transactions insured in 1953. Considerable variation in area is evident within each value group, reflecting differences in construction costs and home prices caused by such factors as geographical location; types, materials, and quality of construction; neighborhood characteristics; number of bedrooms; and, for existing properties, condition and age of structure. In given value intervals, the areas of existing homes were typically larger than those of new homes, as indicated by the respective median calculated areas.

Chart 16 graphically delineates the ranges of calculated areas of the Section 203 homes in 1953. The bar for new homes valued at $8,000 to $9,999, for example, shows that nearly all (90 percent) of the houses had areas between 714 and 1,170 square feet and 50 percent ranged from 813 to 985 square feet in size. Of the 90 percent shown, the lowest 20 percent ranged from 714 to 813 square feet; the next higher 25 percent contained 813 to 901 square feet; the next 25 percent

TABLE 30.—*Calculated area by property value of single-family homes, Sec. 203, 1953*

FHA estimate of property value	Percentage distribution	Median calculated area (square feet)	Calculated area (square feet)—Percentage distributions: 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 1,399	1,400 to 1,599	1,600 to 1,999	2,000 or more	Total
New homes													
Less than $7,000	2.2	736	18.1	60.3	10.9	1.0	------	0.1	------	------	------	------	100.0
$7,000 to $7,999	14.0	777	8.6	52.6	25.7	10.1	1.8	1.1	0.1	------	------	------	100.0
$8,000 to $8,999	14.4	881	3.7	20.8	31.5	33.2	7.0	3.7	.1	------	------	------	100.0
$9,000 to $9,999	14.9	924	1.9	16.8	24.7	25.8	14.1	12.7	3.5	0.5	------	------	100.0
$10,000 to $10,999	15.7	948	1.0	14.8	24.8	10.2	24.5	11.4	4.0	.1	0.2	------	100.0
$11,000 to $11,999	14.4	985	.8	9.1	21.4	22.4	22.0	14.8	8.6	.7	.2	------	100.0
$12,000 to $12,999	10.1	1,014	.9	4.8	15.8	24.1	23.2	16.4	11.4	3.1	.3	------	100.0
$13,000 to $13,999	5.2	1,055	.1	4.0	13.5	17.3	25.5	15.8	18.0	5.1	.6	0.1	100.0
$14,000 to $14,999	3.2	1,120	.1	1.9	8.9	12.0	20.9	18.5	20.3	9.0	1.4	.1	100.0
$15,000 to $15,999	2.0	1,150	------	.8	5.2	13.7	18.2	15.6	20.1	13.3	3.5	.6	100.0
$16,000 to $17,999	1.9	1,186	------	12.5	5.2	9.4	12.0	12.5	23.0	16.3	8.2	.9	100.0
$18,000 to $19,999	.7	1,298	------	.3	10.6	3.3	8.0	7.0	29.9	24.3	15.3	1.3	100.0
$20,000 or more	.4	1,489	------	------	1.2	3.7	2.4	3.1	27.4	26.8	23.2	12.2	100.0
Total	100.0	924	2.9	10.5	22.1	20.6	15.4	10.2	0.7	1.9	.6	.1	100.0
Median property value	------	$10,234	$7,808	$8,136	$9,060	$10,053	$11,150	$11,334	$12,790	$14,665	$17,000	$20,000	100.0
Existing homes													
Less than $7,000	2.8	813	18.4	24.6	32.0	8.3	5.4	3.0	4.1	2.0	1.4	0.8	100.0
$7,000 to $7,999	6.7	820	12.3	30.9	28.2	10.5	6.6	3.5	4.5	1.8	1.3	.4	100.0
$8,000 to $8,999	11.2	864	6.0	25.4	26.8	16.1	10.7	5.2	5.3	2.5	1.5	.5	100.0
$9,000 to $9,999	12.5	932	4.6	18.6	20.3	18.3	16.2	8.9	7.8	2.8	2.0	.5	100.0
$10,000 to $10,999	14.0	988	2.4	16.2	17.5	15.8	18.0	12.0	10.7	3.9	2.7	.8	100.0
$11,000 to $11,999	13.0	1,012	1.1	13.8	18.8	14.1	16.5	13.4	14.2	4.7	2.8	.6	100.0
$12,000 to $12,999	12.1	1,067	.6	8.4	17.1	15.3	12.6	14.8	19.2	6.9	3.9	1.2	100.0
$13,000 to $13,999	8.7	1,112	.4	4.9	12.7	15.7	14.4	14.5	22.5	7.8	5.7	1.4	100.0
$14,000 to $14,999	6.0	1,169	.3	2.8	9.1	13.5	15.6	12.9	24.4	12.6	6.7	2.1	100.0
$15,000 to $15,999	4.6	1,247	.3	1.3	6.0	9.6	12.3	13.2	26.1	15.9	11.2	4.1	100.0
$16,000 to $17,999	5.2	1,318	.2	.5	3.0	5.1	11.6	13.3	25.5	19.1	16.1	5.6	100.0
$18,000 to $19,999	1.9	1,421	.3	.4	1.8	3.2	7.0	9.4	25.8	19.9	24.7	7.5	100.0
$20,000 or more	1.3	1,664	------	1.0	4.7	2.0	3.0	4.9	13.7	16.5	20.8	24.4	100.0
Total	100.0	1,008	3.2	13.7	17.5	13.9	13.5	10.8	14.3	6.5	4.9	1.7	100.0
Median property value	------	$11,213	$8,406	$9,535	$10,164	$10,871	$11,200	$11,980	$12,780	$13,712	$14,450	$15,493	------

RANGE OF CALCULATED AREAS BY PROPERTY VALUES

FHA-INSURED MORTGAGES ON SINGLE-FAMILY HOMES, SECTION 203, 1953

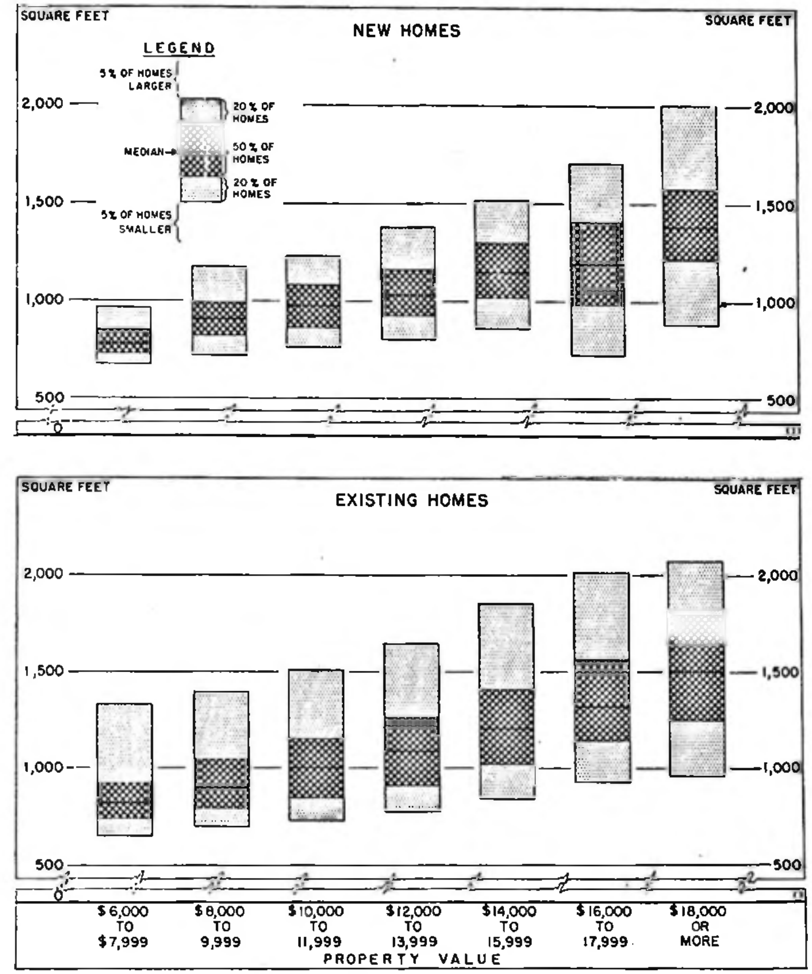

CHART 16.

provided 901 to 985 square feet; and the remaining 20 percent had between 985 and 1,170 square feet. Another 5 percent of the properties in each value class were above and 5 percent were below the range of the bars in the chart. The chart also demonstrates how the range of area expanded with increases in property value, and shows that the spread in new-home area ranges was somewhat narrower than for existing homes in comparable value brackets.

An unusual clustering of new-construction cases in the $16,000 to $17,999 value group with areas of 700 to 799 square feet, and in the

$18,000 to $19,999 value group with 800 to 899 square feet, which also produce the elongation of the bars in Chart 16 in these value groups, represents properties constructed in Alaska where exceptionally high costs of construction are experienced.[8]

TABLE 31.—*Number of rooms by property value of single-family homes, Sec. 203, 1953*

FHA estimate of property value	Percentage distribution	Average number of rooms	Median number of rooms	Number of rooms—Percentage distributions: 3	4	5	6	7 or more	Total
				New homes					
Less than $7,000	2.2	4.1	4.5	0.6	90.2	4.2	5.0	----	100.0
$7,000 to $7,999	14.9	4.2	4.6	.6	79.6	18.8	1.0	(1)	100.0
$8,000 to $8,999	14.4	4.6	5.2	.2	39.8	54.7	5.3	----	100.0
$9,000 to $9,999	14.8	4.8	5.3	.4	35.2	45.4	17.6	1.4	100.0
$10,000 to $10,999	15.7	4.8	5.3	.4	32.8	53.9	12.8	.1	100.0
$11,000 to $11,999	14.5	4.9	5.4	.1	24.4	60.6	14.7	.2	100.0
$12,000 to $12,999	10.1	5.0	5.5	.3	17.8	63.7	17.5	.7	100.0
$13,000 to $13,999	5.2	5.1	5.6	.1	16.1	59.1	23.9	.8	100.0
$14,000 to $14,999	3.2	5.2	5.7	.2	12.5	52.6	32.7	2.0	100.0
$15,000 to $15,999	2.0	5.4	5.8	----	8.7	51.5	35.7	4.1	100.0
$16,000 to $17,999	1.9	5.2	5.8	.5	20.9	37.6	35.8	5.2	100.0
$18,000 to $19,999	.7	5.4	5.8	1.0	9.9	48.0	31.5	9.6	100.0
$20,000 or more	.4	5.7	6.1	----	6.9	39.1	36.0	18.0	100.0
Total	100.0	4.8	5.3	.3	37.1	48.2	13.6	.8	100.0
				Existing homes					
Less than $7,000	2.8	4.7	5.1	2.7	43.9	40.2	9.9	3.3	100.0
$7,000 to $7,999	6.8	4.6	4.9	1.5	53.9	30.0	11.2	3.4	100.0
$8,000 to $8,999	11.2	4.8	5.1	.3	46.1	35.4	14.2	4.0	100.0
$9,000 to $9,999	12.5	4.9	5.3	.3	36.2	39.9	18.8	4.8	100.0
$10,000 to 10,999	14.0	5.0	5.5	.3	31.0	41.2	21.5	6.0	100.0
$11,000 to $11,999	12.9	5.1	5.5	.3	27.7	43.0	22.9	6.1	100.0
$12,000 to $12,999	12.1	5.2	5.7	.3	20.6	44.0	27.5	7.6	100.0
$13,000 to $13,999	8.7	5.4	5.8	.3	15.7	43.6	31.4	9.0	100.0
$14,000 to $14,999	6.0	5.5	5.9	.2	12.4	39.6	36.7	11.1	100.0
$15,000 to $15,999	4.6	5.7	6.2	.3	7.3	35.0	42.9	14.5	100.0
$16,000 to $17,999	5.2	5.8	6.3	.1	4.0	31.9	45.2	18.8	100.0
$18,000 to $19,999	1.9	5.9	6.4	.3	3.6	28.2	44.7	23.2	100.0
$20,000 or more	1.3	6.3	6.7	.2	5.2	17.3	39.9	37.4	100.0
Total	100.0	5.1	5.6	.4	27.8	39.0	24.9	7.9	100.0

[1] Less than 0.05 percent.

Table 31, presenting room-count distributions by value groups of the properties involved in Section 203 transactions insured in 1953, shows significant proportions of 4-, 5-, and 6-room houses at most value levels of both new and existing homes. Although structures with 7 or more rooms are evident in all value ranges of existing properties and new homes valued at $9,000 or more, they occurred principally in the new homes with valuations exceeding $15,000 and in existing homes valued at $14,000 or more. In the new-home value groups there was a tendency for certain room counts to predominate—4-room

[8] The typical new-home transaction in Alaska insured under Sec. 203 in 1953 involved a mortgage of $14,163 with a term of 25 years and a monthly payment of $96.45; the property had an FHA-estimated value of $16,485, with the structure providing 4 rooms (including 2 bedrooms) in an area of 732 square feet. At the time of insurance 46 percent of the mortgagors were builders, 40 percent owner-occupants, and 14 percent landlords.

houses in the less-than-$8,000 bracket, and 5-room structures in the $10,000–$15,000 ranges. The existing properties, however, tended to be more widely distributed by room count within the different value groups.

The number of bedrooms in a structure also affects the value of the property. As indicated in Table 32, new homes valued at less than $8,000 and existing homes under $11,000 were predominantly 2-bedroom structures, while most of the houses in value classes above these amounts contained 3 bedrooms. Dwellings with 4 bedrooms or more represented significant proportions of the new homes valued at $9,000 to $9,999 and $18,000 or more, and of the existing properties valued at $10,000 or more.

TABLE 32.—*Number of bedrooms by property value of single-family homes, Sec. 203, 1953*

FHA estimate of property value	Percentage distribution	Average number of bedrooms	Median number of bedrooms	Number of bedrooms—Percentage distributions: 1	2	3	4 or more	Total
				New homes				
Less than $7,000	2.2	1.8	2.5	----	92.2	7.8	----	100.
$7,000 to $7,999	14.9	2.0	2.6	0.4	83.1	16.5	(1)	100.
$8,000 to $8,999	14.4	2.4	3.1	.2	42.1	57.5	0.2	100.
$9,000 to $9,999	14.8	2.5	3.2	.3	42.0	48.5	9.2	100.
$10,000 to $10,999	15.7	2.4	3.2	.1	40.9	58.7	.3	100
$11,000 to $11,999	14.5	2.6	3.2	.2	33.7	64.0	1.2	100.
$12,000 to $12,999	10.1	2.7	3.3	.2	27.5	70.6	1.7	100.
$13,000 to $13,999	5.2	2.7	3.3	.1	26.8	71.4	1.7	100.
$14,000 to $14,999	3.2	2.7	3.3	.2	25.3	72.5	2.0	100.
$15,000 to $15,999	2.0	2.7	3.4	.3	23.9	72.0	3.8	100.0
$16,000 to $17,999	1.9	2.6	3.3	1.0	32.1	63.1	3.8	100.0
$18,000 to $19,999	.7	2.9	3.4	1.0	16.1	76.2	6.7	100.0
$20,000 or more	.4	2.9	3.5	----	16.0	68.0	16.0	100.0
Total	100.0	2.4	3.1	.2	43.9	53.7	2.2	100.0
				Existing homes				
Less than $7,000	2.8	2.3	2.7	4.6	61.3	30.9	3.2	100.0
$7,000 to $7,999	6.8	2.1	2.6	2.3	77.6	16.9	3.2	100.0
$8,000 to $8,999	11.2	2.2	2.7	1.1	70.7	24.9	3.3	100.0
$9,000 to $9,999	12.5	2.3	2.8	.9	59.5	35.3	4.3	100.0
$10,000 to $10,999	14.0	2.4	2.9	.7	52.2	41.9	5.2	100.0
$11,000 to $11,999	12.9	2.5	3.0	.6	48.1	46.2	5.1	100.0
$12,000 to $12,999	12.1	2.6	3.2	.6	41.0	51.7	6.7	100.0
$13,000 to $13,999	8.7	2.6	3.2	.6	37.3	54.6	7.5	100.0
$14,000 to $14,999	6.0	2.7	3.3	.5	31.7	59.8	8.0	100.0
$15,000 to $15,999	4.6	2.8	3.4	.3	27.2	62.3	10.2	100.0
$16,000 to $17,999	5.2	2.9	3.4	.3	20.5	66.4	12.8	100.0
$18,000 to $19,999	1.9	3.0	3.5	.3	18.1	65.5	16.1	100.0
$20,000 or more	1.3	3.2	3.6	.2	17.4	55.5	26.9	100.0
Total	100.0	2.5	3.0	.9	48.7	44.0	6.4	100.0

[1] Less than 0.05 percent.

Data on selected characteristics of the Section 203 transactions in the different calculated-area classes are shown in Table 33. Property values, total requirements, monthly housing expenses, and rental values, number of rooms and bedrooms, and percentage with garages all tended to rise with increases in the areas of both new and existing structures.

TABLE 33.—*Property characteristics by calculated area of single-family homes, Sec. 203, 1953*

Calculated area (square feet)	Percentage distribution	Average: Calculated area (square feet)	Average: Property value	Average: Total requirements [1]	Average: Monthly: Housing expense	Average: Monthly: Rental value	Average: Number of rooms	Average: Number of bedrooms	Average: Percentage of structures with garage
	New homes								
Less than 700	2.9	669	$8,172	$8,391	$73.17	$65.49	4.1	1.7	22.1
700 to 799	19.5	751	8,650	8,906	75.69	70.13	4.1	1.8	44.4
800 to 899	22.1	851	9,759	10,213	83.08	78.72	4.5	2.2	46.2
900 to 999	20.6	946	10,233	10,619	85.79	83.36	4.9	2.6	59.7
1,000 to 1,099	15.4	1,045	11,255	11,795	92.63	91.26	5.1	2.8	70.3
1,100 to 1,199	10.2	1,148	11,387	12,092	94.17	91.52	5.4	2.9	83.2
1,200 to 1,399	6.7	1,276	13,067	13,907	105.07	103.05	5.5	2.9	85.3
1,400 to 1,599	1.9	1,467	14,858	15,513	116.22	115.41	5.7	3.0	81.7
1,600 to 1,999	.6	1,747	16,516	17,946	130.60	127.40	6.0	3.0	83.8
2,000 or more	.1	2,220	20,385	22,984	151.60	152.58	6.3	3.3	91.7
Total	100.0	953	10,363	10,722	86.99	83.57	4.8	2.4	59.8
	Existing homes								
Less than 700	3.2	659	$8,559	$9,163	$77.22	$70.07	4.2	1.8	52.5
700 to 799	13.7	753	9,587	10,152	83.04	77.23	4.3	1.9	54.8
800 to 899	17.5	847	10,207	10,829	86.22	82.23	4.6	2.1	65.0
900 to 999	13.9	946	10,980	11,773	91.74	87.61	4.9	2.3	71.6
1,000 to 1,099	13.5	1,045	11,423	12,335	94.63	91.44	5.1	2.5	79.2
1,100 to 1,199	10.8	1,146	12,068	13,111	99.57	96.40	5.4	2.7	83.2
1,200 to 1,399	14.3	1,285	12,807	13,904	105.47	101.62	5.7	2.8	84.4
1,400 to 1,599	6.5	1,484	13,587	14,836	112.66	107.82	6.1	3.1	87.1
1,600 to 1,999	4.9	1,752	14,311	15,569	119.76	113.14	6.6	3.4	89.2
2,000 or more	1.7	2,358	15,452	16,766	136.20	124.16	7.5	4.1	88.2
Total	100.0	1,075	11,424	12,228	95.81	91.34	5.1	2.5	74.2

[1] Data reflect purchase transactions only.

Existing homes in the calculated area groups below 1,200 square feet had higher average property values, total requirements, monthly housing expenses, and rental values than new homes in the same ranges. The higher total requirements and property and rental values of the existing properties may be attributable to their location in neighborhoods which are nearer to the center of the city. Moreover, structural and land improvements usually made to existing properties tend to enhance their prices and values. The greater housing expenses of the existing homes probably reflect the higher heating and maintenance and repair costs generally experienced in older properties. It is reasonable to assume that most new homes with less than 1,200 square feet were constructed by operative builders in outlying areas, as projects located in newly developed subdivisions with less commercial and community development than is characteristic of existing homes.

On the other hand, new homes with structural areas of 1,200 or more square feet generally averaged higher than comparable existing properties in total requirements, values, and expenses. Inasmuch as only

a relatively small number of larger-size homes were constructed during the war and postwar period, it would appear that many of the larger existing structures involved in Section 203 transactions in 1953 were probably prewar properties. Whatever advantage these properties enjoy with respect to location would be more than offset by the greater age of structure and shorter economic life as compared with newly constructed properties of the same size. Furthermore, a considerable number of the larger new homes were probably built individually on vacant lots in developed close-in neighborhoods, thus approaching the location advantage of existing properties.

Significant differences in room and bedroom count between new and existing homes of comparable areas are apparent only in those dwellings with 1,400 or more square feet, where the average number of rooms and bedrooms in existing properties is larger than in new; and in the medium-size homes (900 to 1,199 square feet), where the bedroom count of the new homes averages somewhat higher than that of the existing homes. Since average total room counts are identical for these size groups, the difference in bedroom counts reflects the recent construction trends toward elimination of dining rooms. The higher bedroom count is no doubt also influenced by statutory mortgage amount advantages for new, low-value homes of 3 and 4 bedrooms. Garages were relatively more numerous in existing properties than in new homes in nearly all the area classes.

Mortgagors' Incomes and Housing Expense

Essential to the FHA underwriting procedure is determination of the risk involved in the mortgage credit elements of each transaction. Among the elements considered are the mortgagor's income, the relationship of that income to prospective housing expense and other fixed obligations, and the mortgagor's reasons for applying for the mortgage loan.

Inasmuch as the period during the first third of the mortgage term is likely to be the most crucial in the life of the mortgage, an estimate is made of the mortgagor's probable earning capacity during that time. It is this estimated earning capacity which is recorded as the mortgagor's effective income. Depending on the circumstances, this estimate may include all, part, or none of the incomes of co-mortgagors or endorsers. Other items analyzed in the mortgage credit processing are the mortgagor's credit record and reputation, his financial ability to close the loan transaction, and the relationship of his effective income to fixed obligations and living expenses, including the estimated prospective monthly housing expense. The following paragraphs present an analysis of some of the mortgage credit aspects of Section 203 single-family home transactions insured in 1953—specifically those in which the mortgagors were owner occupants. As indicated previously, 96 percent of the new single-family home mortgagors and 99 percent of the existing property mortgagors were owner occupants.

Annual income distribution.—Of the new-home buyers assisted by Section 203-insured financing in 1953, more than half had annual effective incomes of $3,000 to $4,999 and 3 of every 10 were in the $5,000 to $6,999 income bracket. One-seventh earned $7,000 or more, and less than 2 percent earned less than $3,000 annually. The median income was nearly $4,900, while all incomes averaged about $5,300.

Incomes of existing-home buyers were generally higher, as evidenced by the median of nearly $5,400 and an overall average of $5,900. About 40 percent of the existing-home mortgagors had incomes of $3,000 to $4,999, and 35 percent were in the $5,000 to $6,999 range. Nearly 25 percent (contrasted with less than 15 percent of the new-home buyers) earned $7,000 or more yearly, while only 1 percent reported incomes of less than $3,000. (See Chart 17 and Table 34.)

MORTGAGOR'S ANNUAL INCOME

FHA-INSURED MORTGAGES ON 1-FAMILY OWNER-OCCUPIED HOMES

SECTION 203, 1953

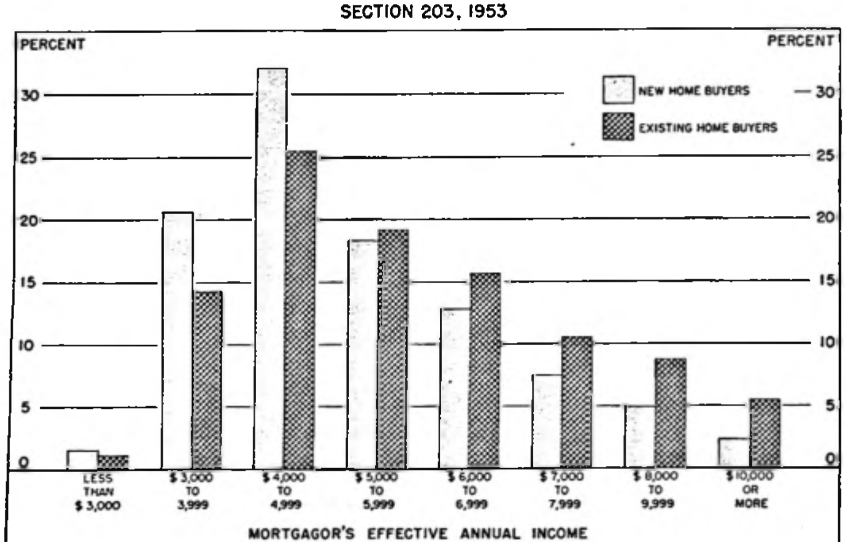

CHART 17.

Incomes of FHA home mortgagors in 1953 averaged somewhat higher than in 1952—2 percent for new-home mortgagors and 9 percent for existing-home purchasers. The estimated comparable increase in nonfarm family income was about 5 percent. As indicated in Table 34, the proportion of new-home buyers with incomes of less than $5,000 declined from 1952 to 1953, while those in the $5,000 to

TABLE 34.—*Income of single-family home mortgagors, Sec. 203, selected years*

Mortgagor's effective annual income	New homes					Existing homes				
	1953	1952	1951	1946	1940	1953	1952	1951	1946	1940
	Percentage distributions									
Less than $1,500	(1)	(1)	(1)	0.2	5.0	--------	(1)	(1)	0.3	5.3
$1,500 to $1,999	(1)	0.1	0.2	2.7	23.4	(1)	(1)	0.2	4.2	20.5
$2,000 to $2,499	0.2	.5	1.6	16.0	28.3	0.2	0.5	1.1	19.4	25.0
$2,500 to $2,999	1.4	2.3	6.1	15.8	15.4	.9	1.8	3.5	14.8	13.9
$3,000 to $3,499	6.5	8.9	15.7	19.7	12.0	3.9	6.9	10.2	19.3	11.6
$3,500 to $3,999	14.1	15.8	19.8	17.6	6.2	10.3	13.7	16.4	14.5	6.9
$4,000 to $4,499	16.8	15.4	14.7	8.8	3.2	13.1	14.8	14.1	7.1	4.0
$4,500 to $4,999	15.2	14.5	11.8	7.5	2.0	12.3	14.1	13.0	6.7	3.1
$5,000 to $5,999	18.3	16.9	12.5	4.1	1.9	19.1	17.2	15.2	4.3	3.3
$6,000 to $6,999	12.8	12.3	9.0	4.3	1.2	15.6	13.5	12.0	4.4	2.6
$7,000 to $7,999	7.5	6.6	4.2	1.7	.5	10.5	8.1	6.5	1.9	1.2
$8,000 to $9,999	4.9	4.4	2.7	.7	.4	8.7	6.1	4.6	1.6	1.2
$10,000 or more	2.3	2.3	1.7	.9	.5	5.4	3.3	3.2	1.5	1.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average	$5,284	$5,160	$4,662	$3,619	$2,605	$5,938	$5,425	$5,176	$3,640	$3,012
Median	4,880	4,811	4,225	3,313	2,416	5,396	4,938	4,726	3,101	2,490

[1] Less than 0.05 percent.

$9,999 classes registered slight increases. In the existing-home transactions, the upward shift in income level was marked by declines in the $3,000 to $4,999 classes and significant increases in the proportion of borrowers earning $6,000 or more.

Averages of selected characteristics by income groups.—The data in Table 35 permit analysis of the characteristics of Section 203 transactions insured in 1953 on the basis of the monthly effective income of the occupant mortgagors. In the new-home group of buyers with monthly incomes of $400 to $449, the sale prices of the properties averaged about $10,600 compared with the FHA estimated value of nearly $10,400, which was about twice the average annual income. The average mortgage of $8,640 amounted to 83 percent of property value but provided under 80 percent of the total financial requirements. The houses had an average calculated area of 950 square feet divided into 4.8 rooms.

About one-fifth of the monthly income was required, on the average, to meet estimated total housing expenses of $87.48, including $67.65 for total monthly mortgage payment, plus estimated operating costs and maintenance and repair expense. The monthly rental values of the properties averaged nearly $84, or 24 percent more than the monthly payment.

In both new- and existing-home transactions, total requirements, sale prices, property values, mortgage amounts, structure sizes, and monthly expense and rental items advanced with rises in the income level, but at moderately lower rates. For example, new-home borrowers in the $700 to $799 income class had an average income over

TABLE 35.—*Transaction characteristics by income of single-family home mortgagors, Sec. 203, 1953*

Mortgagor's effective monthly income	Percentage distribution	Average: Total requirements [1]	Average: Sale price [1]	Average: Property value	Average: Mortgage amount	Average: Calculated area (square feet)	Average: Number of rooms	Mortgage as a percent of FHA value	Ratio of FHA value to annual income	Monthly average: Income	Monthly average: Housing expense	Monthly average: Rental value	Monthly average: Mortgage payment
New homes													
Less than $250.00	1.6	$8,250	$7,967	$7,835	$6,825	818	4.4	87.1	2.9	$225.98	$66.43	$64.03	$50.10
$250.00 to $299.99	8.0	8,632	8,448	8,395	7,309	843	4.4	87.1	2.5	275.51	72.17	68.21	54.72
$300.00 to $349.99	18.4	9,600	9,439	9,257	7,895	877	4.6	85.3	2.4	322.73	78.77	75.40	60.17
$350.00 to $399.99	18.3	10,295	10,106	9,877	8,327	925	4.7	84.3	2.2	369.69	83.27	80.26	64.04
$400.00 to $449.99	16.5	10,820	10,636	10,398	8,640	958	4.8	83.1	2.1	418.21	87.48	83.89	67.05
$450.00 to $499.99	9.7	11,236	11,046	10,762	8,861	987	4.9	82.3	1.9	468.85	89.82	86.73	69.56
$500.00 to $549.99	9.2	11,558	11,450	11,142	9,123	1,005	4.9	81.9	1.8	515.98	92.74	89.15	72.16
$550.00 to $599.99	5.1	11,875	11,685	11,446	9,306	1,023	5.0	81.3	1.7	571.38	94.15	91.35	73.67
$600.00 to $649.99	4.5	12,217	12,030	11,686	9,481	1,046	5.0	81.1	1.6	617.04	96.35	93.44	75.63
$650.00 to $699.99	2.8	12,754	12,473	12,158	9,740	1,064	5.0	80.1	1.5	667.21	99.76	96.28	77.74
$700.00 to $799.99	2.9	13,057	12,923	12,799	10,158	1,108	5.1	79.4	1.5	735.11	101.87	101.39	81.12
$800.00 or more	3.0	14,138	13,978	13,759	10,811	1,162	5.2	78.6	1.2	970.35	112.83	108.07	87.83
Total	100.0	10,708	10,530	10,324	8,586	953	4.8	83.2	2.0	440.34	86.58	83.22	66.83
Existing homes													
Less than $250.00	1.1	$8,378	$8,235	$8,100	$6,228	910	4.7	76.9	3.0	$222.60	$68.66	$66.53	$50.50
$250.00 to $299.99	4.9	9,165	8,967	8,696	6,847	919	4.8	78.7	2.6	275.88	74.81	70.68	55.16
$300.00 to $349.99	13.6	10,086	9,855	9,496	7,454	946	4.9	78.5	2.5	322.86	81.27	77.27	60.83
$350.00 to $399.99	15.0	10,944	10,739	10,319	8,030	990	5.0	77.8	2.3	370.07	87.82	83.23	65.53
$400.00 to $449.99	15.5	11,674	11,446	10,954	8,463	1,031	5.1	77.3	2.2	418.46	91.78	87.73	69.27
$450.00 to $499.99	9.8	12,149	11,971	11,360	8,824	1,075	5.2	77.6	2.0	468.73	95.29	90.89	72.56
$500.00 to $549.99	11.0	12,851	12,642	11,949	9,244	1,116	5.3	77.4	1.9	516.22	99.35	95.05	75.92
$550.00 to $599.99	6.6	13,272	13,050	12,335	9,548	1,127	5.3	77.4	1.8	571.08	102.47	98.11	79.20
$600.00 to $649.99	6.4	13,743	13,563	12,777	9,864	1,163	5.4	77.2	1.7	616.06	105.66	101.67	81.36
$650.00 to $699.99	4.2	14,385	14,168	13,288	10,296	1,182	5.4	77.5	1.7	668.14	110.03	105.02	84.68
$700.00 to $799.99	5.2	15,227	15,008	13,965	10,769	1,244	5.5	77.1	1.6	736.82	114.59	110.19	89.21
$800.00 or more	6.7	16,649	16,387	15,147	11,594	1,378	5.7	76.5	1.2	1,017.79	126.13	118.83	97.38
Total	100.0	12,215	12,001	11,413	8,847	1,075	5.1	77.5	1.9	494.87	95.71	91.24	72.73

[1] Based on purchases only.

twice that of mortgagors in the $300 to $349 group, but the average sale price and property value was less than 1½ times, calculated area only 1¼ times, and housing expense only 1⅓ times greater than the corresponding averages for the lower-income buyers. While differences in these directions may well be typical of all home purchasing, the extent of the differences shown by FHA experience is very probably exaggerated by two circumstances. First, low- and middle-price new homes make up the bulk of homes built with FHA inspections, and these would have a greater likelihood of sale with insured financing than would higher-price homes, regardless of the income of the borrower. Secondly, higher-income buyers who could finance more expensive homes with larger down payments can more easily find satisfactory financing terms with conventional loans.

The average income for all existing-home mortgagors exceeds that of new-home buyers by 12 percent. Average total requirements, sale prices, and property values were higher for existing homes than for new homes within corresponding income groups, as were also the home sizes and rental values of existing properties. On the other hand, new-home mortgage amounts averaged more than for existing homes in the monthly income classes under $500, because of the preponderance of properties valued at less than $12,000 and the more favorable financing terms available for new-construction transactions involving such properties. In the $500-or-more income brackets, the comparatively higher values of the existing properties resulted in larger average mortgage amounts. Monthly mortgage payments on existing-home mortgages exceeded the new, principally because of the shorter loan durations in all income groups and the relatively larger mortgages undertaken by existing-home mortgagors in the higher income brackets. In line with the higher monthly payments on the existing-home mortgages and the generally larger operating, maintenance, and repair costs for existing properties, monthly housing expenses of existing-home buyers were above those of new-home buyers in all income classes. Within individual income classes, new-home buyers were devoting smaller shares of their incomes to housing expense, although the ratio of expense to income for all existing-home buyers as a group was slightly less than for the new.

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 monthly housing expense. Table 36 shows distributions of monthly housing expense by income classes of owner-occupant mortgagors involved in Section 203 transactions insured in 1953.

The monthly housing expense medians shown (in the second column) for each income group indicate that as mortgagors' incomes increased

TABLE 36.—*Housing expense by income of single-family home mortgagors, Sec. 203, 1953*

Mortgagor's effective monthly income	Percentage distribution	Median monthly housing expense	Monthly housing expense—Percentage distributions: Less than $50.00	$50.00 to 59.99	$60.00 to 69.99	$70.00 to 79.99	$80.00 to 89.99	$90.00 to 99.99	$100.00 to 109.99	$110.00 to 119.99	$120.00 to 139.99	$140.00 or more	Total
New homes													
Less than $250.00	1.6	$66.09	1.5	17.1	48.2	26.9	5.4	0.9					100.0
$250.00 to $299.99	8.0	72.11	.4	6.1	34.7	37.0	17.0	2.9	0.4	(¹)			100.0
$300.00 to $349.99	18.4	78.73	.1	2.6	19.3	32.2	31.0	13.0	1.7	0.1	(¹)		100.0
$350.00 to $399.99	18.3	83.84	.1	1.8	12.2	24.1	30.8	23.6	6.4	.9	(¹)	0.1	100.0
$400.00 to $449.99	16.5	87.36	.1	1.5	9.0	19.2	27.5	24.6	13.8	3.5	0.6	.2	100.0
$450.00 to $499.99	9.7	89.68	.1	1.0	7.3	16.5	25.0	25.0	15.6	6.7	1.7	.2	100.0
$500.00 to $549.99	9.2	92.34	.2	.9	5.7	14.7	22.8	24.0	17.0	9.3	5.0	.4	100.0
$550.00 to $599.99	5.1	93.24		.9	5.3	12.8	22.0	25.1	14.8	9.7	7.6	.9	100.0
$600.00 to $649.99	4.5	94.74		.3	4.6	13.0	20.7	22.2	15.8	10.3	10.3	1.9	100.0
$650.00 to $699.99	2.8	97.57		.9	3.3	12.4	19.2	18.7	18.0	11.5	11.1	4.3	100.0
$700.00 to $799.99	2.0	100.89		.5	3.2	8.0	16.4	20.5	15.8	13.9	14.2	7.5	100.0
$800.00 or more	3.0	108.77		.1	2.1	6.4	12.1	10.9	14.1	14.0	19.7	14.6	100.0
Total	100.0	85.11	.1	2.1	12.8	22.0	25.5	19.5	9.7	4.4	2.9	1.0	100.0
Existing homes													
Less than $250.00	1.1	$67.34	0.9	20.6	39.8	28.1	8.7	1.9					100.0
$250.00 to $299.99	4.9	75.48	.4	7.0	23.2	38.0	24.4	6.3	0.5	0.2			100.0
$300.00 to $349.99	13.6	81.69	.2	3.2	12.9	28.5	30.9	19.7	4.2	.3	0.1		100.0
$350.00 to $399.99	15.0	87.79	.3	1.8	7.8	19.1	26.9	26.5	13.8	3.3	.3	0.2	100.0
$400.00 to $449.99	15.5	92.52	.2	1.2	6.1	14.0	21.9	26.1	19.8	8.6	1.9	.2	100.0
$450.00 to $499.99	9.8	95.90	.2	.9	4.4	13.2	18.0	22.6	20.6	13.6	6.3	.2	100.0
$500.00 to $549.99	11.0	99.02	.1	.6	3.8	10.0	16.4	19.9	19.7	16.4	12.1	1.0	100.0
$550.00 to $599.99	6.6	101.39	(¹)	.5	2.8	8.3	14.6	21.2	18.1	15.4	15.8	3.3	100.0
$600.00 to $649.99	6.4	104.71	.1	.4	2.4	7.5	12.7	18.4	18.0	15.2	19.5	5.8	100.0
$650.00 to $699.99	4.2	108.94		.5	2.3	5.4	11.6	14.8	17.2	15.6	23.3	9.3	100.0
$700.00 to $799.99	5.2	113.69		.5	1.4	4.7	8.2	14.1	15.6	15.1	25.1	15.3	100.0
$800.00 or more	6.7	123.57		.2	.7	3.1	6.3	9.1	12.3	13.7	28.1	28.5	100.0
Total	100.0	93.25	.2	1.7	6.8	15.2	19.6	20.0	14.6	9.4	8.6	3.9	100.0

¹ Less than 0.05 percent.

housing expenses also rose, but at a progressively slower rate. For new-home buyers, typical expenses ranged from $66 for those with monthly incomes of less than $250 to nearly $109 for those earning $800 or more, compared with existing-home expenses of $67 in the lowest income group and about $124 in the highest.

The distributions in the table indicate that there was significant variation in the amount of expenses that mortgagors within the same income class were willing to undertake. Expenses tended to be more widely distributed in the higher-income brackets and somewhat more so in existing-home transactions than for new homes. Chart 18 illustrates graphically the spread of housing expense within income groups of buyers of new homes and the expansion in that spread that accompanied the advance in income.

RANGE OF HOUSING EXPENSE BY INCOME FOR NEW HOME BUYERS

FHA-INSURED MORTGAGES ON SINGLE-FAMILY HOMES

SECTION 203, 1953

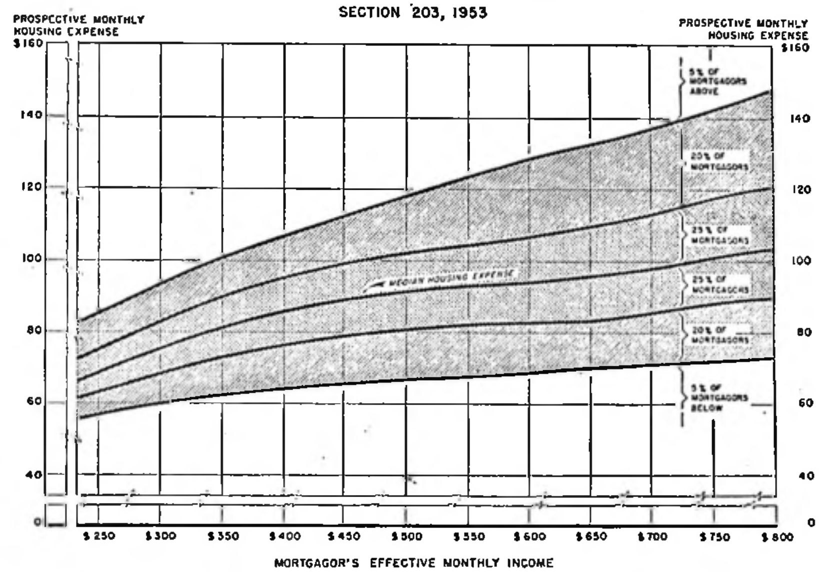

CHART 18.

About 3 of every 4 dollars of estimated housing expense for both new- and existing-home buyers in 1953 were attributable to the monthly mortgage payments of interest, principal, taxes and assessments, hazard insurance, and FHA mortgage insurance premiums. Chart 19 shows that the monthly mortgage payment portion of housing expense increased with income, reflecting relatively smaller operating and maintenance expenses for higher quality homes. The ratio of mortgage payment to housing expense increased gradually with increases in income up through the $600 income class and then leveled out. Because of the higher estimated operating, maintenance, and repair costs of existing properties, the payment-housing expense ratio was lower in existing-home cases than in the new.

MORTGAGE PAYMENT AND HOUSING EXPENSE BY MORTGAGOR'S INCOME

FHA-INSURED MORTGAGES ON SINGLE-FAMILY HOMES, SECTION 203, 1953

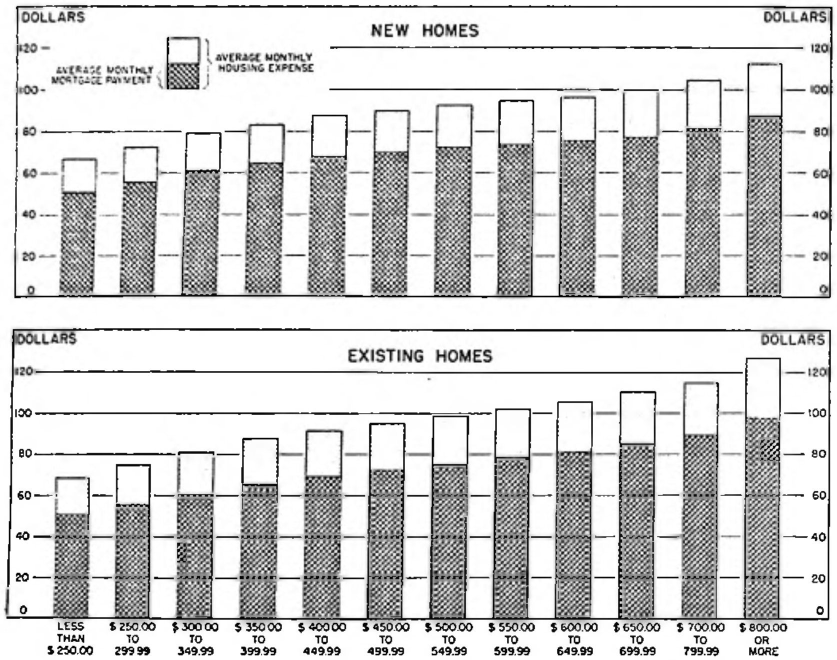

CHART 19.

Chart 20 depicts the percentage distributions of total monthly payments specified in the new- and existing-home mortgage transactions insured under Section 203 during 1953. Most mortgages—3 of every 4 new-home and 5 of 8 existing-home—involved payments of $50 to $79. Reflecting the shorter duration of existing-home mortgages and the larger proportion in the higher amount brackets, 30 percent required payments of $80 or more as against only 16 percent of the new-home mortgages. At the lower end of the payment scale, 9 percent of the new-home and 7 percent of the existing-home mortgagors were undertaking payments of less than $50 monthly.

In line with the higher level of mortgage principal in 1953, the typical new-home payment was nearly 3 percent more than in 1952, while the median existing-home payment increased 9 percent. Underlying the new-home change were significant declines in the

TOTAL MONTHLY MORTGAGE PAYMENT

FHA-INSURED MORTGAGES ON SINGLE-FAMILY HOMES

SECTION 203, 1953

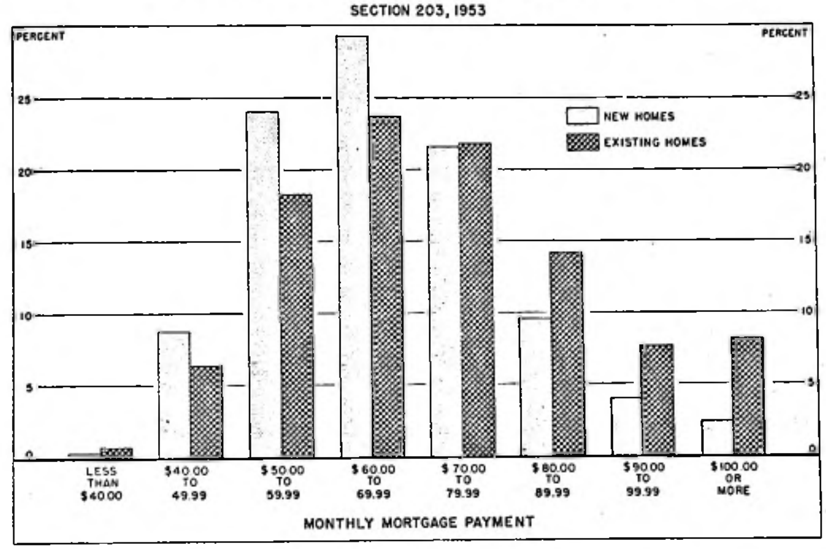

CHART 20.

TABLE 37.—*Monthly mortgage payment for single-family homes, Sec. 203, selected years*

Total monthly mortgage payment	New homes 1953	New homes 1952	New homes 1951	New homes 1946	New homes 1941	Existing homes 1953	Existing homes 1952	Existing homes 1951	Existing homes 1946	Existing homes 1941
	Percentage distributions									
Less than $25.00	(1)	-------	(1)	1.3	11.0	(1)	0.1	0.4	5.5	15.8
$25.00 to $29.99	(1)	(1)	0.1	4.1	17.1	(1)	.1	.6	9.0	15.2
$30.00 to $34.99	0.1	0.2	.5	11.3	21.1	0.1	.6	1.4	16.0	16.3
$35.00 to $39.99	.2	.6	1.6	13.7	18.8	.6	1.6	3.5	18.3	14.4
$40.00 to $44.99	2.5	2.7	7.0	16.6	13.0	1.7	3.8	6.2	15.3	11.0
$45.00 to $49.99	6.3	6.5	13.8	14.5	6.7	4.7	6.8	9.3	11.6	7.8
$50.00 to $54.99	10.7	11.7	18.5	17.1	4.1	7.3	10.0	12.3	7.8	5.1
$55.00 to $59.99	13.3	15.5	17.5	10.0	2.9	10.0	13.0	13.5	5.0	3.6
$60.00 to $64.99	14.0	15.4	14.3	5.8	1.9	11.6	13.7	12.9	3.5	2.6
$65.00 to $69.99	15.3	13.7	10.0	3.2	1.2	12.1	12.5	11.3	2.2	1.8
$70.00 to $74.99	12.8	10.7	6.3	1.4	.8	11.4	11.3	8.6	1.6	1.4
$75.00 to $79.99	8.8	9.8	3.9	.4	.4	10.4	9.5	6.8	1.2	1.0
$80.00 to $89.99	9.6	9.6	3.3	.3	.4	14.2	11.2	8.1	1.2	1.4
$90.00 to $99.99	4.0	2.5	1.3	.2	.2	7.7	4.0	3.1	.6	.9
$100.00 or more	2.4	1.1	1.0	.1	.4	8.2	1.8	2.0	1.2	1.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average	$67.05	$64.63	$58.63	$46.06	$36.88	$72.79	$65.65	$61.98	$43.25	$39.50
Median	65.95	64.16	58.84	46.18	35.21	70.84	65.08	61.57	40.83	35.91

1 Less than 0.05 percent.

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proportion of payments ranging from $50 to $65 and $75 to $79, and gains in the $65-to-$74 and the $90-or-more brackets (Table 37). In existing homes, the shift out of the lower payment classes into the higher groups was even more pronounced—the proportion under $65 dropping from 50 to 36 percent and that for $65 or more increasing from 50 to 64 percent of the total, including over a threefold increase in the $100-or-more class.

Characteristics of Section 903 Home Mortgage Transactions

During 1953, under the Section 903 defense housing program, FHA insured nearly 23,000 mortgages totaling over $200 million on 1- and 2-family properties containing nearly 26,000 dwelling units. All these properties were newly constructed, although a few of the transactions involved refinancing of existing mortgages. An analysis of the transactions (excluding the refinancing) is presented in this portion of the report.

Nearly 7 of every 8 of the Section 903 structures were of the single-family type. Reflecting the primary need for rental housing in critical defense areas, landlord-type mortgagors were reported in nearly four-fifths of the single-family and almost all of the 2-family cases. In about one-eighth of the single-family transactions and the remaining 2 percent of the 2-family cases, the builders were the mortgagors; in other words, the properties had not been sold by the time of insurance to owner occupants or landlords. In the remaining 8 percent of the single-family cases, the mortgagors were owner occupants of the properties.

Typical Section 903 transactions.—The typical single-family case insured under Section 903 in 1953 involved a mortgage of $8,137 payable over a term of 29 years, with a total monthly payment of $54 including real estate taxes of $7.45 and hazard and FHA mortgage insurance premiums. Securing the mortgage was a property valued by FHA at $9,075. The house had a calculated area of 844 square feet and contained about 5 rooms, of which 3 were bedrooms.

The median mortgage amount for the 2-family home cases was $14,158, the average duration 29 years, and the median total monthly mortgage payment $99.91, including an average of $18.82 for real estate taxes. The typical property had an FHA valuation of $15,944, including land and a 2-family structure with a total calculated area of 1,583 square feet. Each of the 2 units contained about 4½ rooms; the median bedroom count for each unit was 2.6 rooms.

Exerting a marked influence on the characteristics of Section 903 insured transactions are two factors—first, the maximum monthly rental and sale price ceilings stipulated by HHFA for housing programed in each critical defense area, and second, the maximum mortgage amounts, durations, and ratios of loan to value. The schedule

below denotes the maximum mortgage amounts effective under Section 903:

Bedrooms per unit	1-family homes	2-family homes
1 or 2 bedrooms	$8,100	$15,000
3 bedrooms	9,150	17,100
4 or more bedrooms	10,200	19,300

Higher maximum amounts, limited to not more than an additional $900 for single-family and $1,000 for 2-family properties, were authorized in areas where high construction costs retarded the defense housing programs. Mortgage durations were limited to not more than 30 years and the mortgage amount to not more than 90 percent of the FHA appraised value of the property.

Average characteristics by mortgage amount.—Table 38 shows percentage distributions of the Section 903 cases by amount of mortgage, and averages of mortgage amount, duration (term), property value, and loan-value ratio for each mortgage amount group.

TABLE 38.—*Average characteristics by mortgage amount for 1- and 2-family homes, Sec. 903, 1953*

Mortgage amount	Percentage distribution	Average			
		Amount of mortgage	Term in years	Property value	Loan-value ratio (percent)
	1-family homes				
Less than $6,000	3.7	$5,052	28.5	$5,756	87.8
$6,000 to $6,999	9.3	6,625	28.7	7,428	89.2
$7,000 to $7,999	26.8	7,524	28.5	8,464	88.9
$8,000 to $8,999	37.7	8,312	29.0	9,471	87.8
$9,000 to $10,200	22.5	9,204	29.5	10,542	87.3
Total	100.0	8,023	28.9	9,096	88.2
	2-family homes				
Less than $12,000	11.3	$11,220	29.4	$12,570	89.3
$12,000 to $12,999	17.7	12,537	27.7	14,060	89.2
$13,000 to $13,999	18.2	13,389	28.7	14,940	89.6
$14,000 to $14,999	21.3	14,480	28.7	16,243	89.2
$15,000 to $15,999	20.7	15,047	29.0	17,025	88.4
$16,000 or more	10.8	16,945	30.0	19,279	87.9
Total	100.0	13,956	28.8	15,701	88.9

In the single-family transactions, two-thirds of the mortgages were for amounts of $7,000 to $8,999, with nearly 23 percent ranging from $9,000 to $10,200. The nearly 4 percent of the mortgages of less than $6,000 included a significant number of cases initially processed in accordance with the less stringent property and location requirements of Section 8, but subject to maximum mortgage amounts of $4,750 until July 10, 1953, and $5,700 for commitments issued after that date.

The distribution of the mortgages on the 2-family properties was somewhat broader, with 42 percent in the $14,000 to $15,000 ranges and nearly 36 percent in the $12,000 to $13,999 groups. Mortgages in the lowest (less than $12,000) and the highest ($16,000 or more) mortgage amount groups accounted for nearly equal proportions of cases—about 11 percent each.

Mortgage durations for both the 1-family and 2-family transactions averaged about 29 years, with the average durations generally slightly longer in the higher mortgage amount groups. Average ratios of loan to value were nearly the same in both types of transactions and tended to decline as mortgage amounts increased.

Average characteristics by property value.—As shown in Table 39, FHA estimated the values of three-fifths of the single-family properties securing Section 903 mortgages insured in 1953 at from $9,000 to $10,999, with roughly equal proportions (about 30 percent) in the $9,000 and $10,000 groups. About 22 percent of the properties were valued at $8,000 to $8,999, 10 percent at $11,000 or more, and almost 8 percent at less than $8,000. Two-family properties tended to be more evenly distributed by property values—with 10 to 12 percent of the cases in each of the intervals from $13,000 to $18,000 or more, except the $14,000 to $14,999 range which accounted for a fifth of the properties and the $16,000 to $16,999 properties which represented 27 percent of the total.

TABLE 39.—*Average characteristics by property value of 1- and 2-family homes, Sec. 903, 1953*

FHA estimate of property value	Percentage distribution	Average: Property value	Average: Mortgage amount	Loan-value ratio (percent)	Monthly average: Total payment	Monthly average: Estimated taxes
all 1-family owner-occ.			1-family			
Less than $7,000 → 4.2	1.2	$5,896	$5,190	88.1	$35.67	$5.06
$7,000 to $7,999 10.8	6.7	7,531	6,743	89.5	46.60	6.18
$8,000 to $8,999 27.2	22.4	8,499	7,596	89.4	50.50	6.44
$9,000 to $9,999 32.9	28.6	9,324	8,295	89.0	56.26	7.88
$10,000 to $10,999 18.8	30.7	10,256	9,063	88.4	61.30	9.08
$11,000 or more 6.1	10.4	11,668	9,316	79.8	65.46	8.44
Total 100.0	100.0	9,096	8,023	88.2	54.37	7.45
OK			2-family			
Less than $13,000	8.9	$12,362	$11,083	89.7	$81.05	$16.79
$13,000 to $13,999	10.6	13,632	12,214	89.6	87.20	17.26
$14,000 to $14,999	20.0	14,401	12,990	89.6	91.19	16.91
$15,000 to $15,999	11.2	15,509	13,818	89.1	94.50	16.26
$16,000 to $16,999	27.3	16,499	14,710	89.2	104.01	20.05
$17,000 to $17,999	11.9	17,317	15,114	87.3	108.42	18.89
$18,000 or more	10.1	19,390	17,002	87.7	120.46	25.38
Total	100.0	15,701	13,956	88.9	98.72	18.82

Averages of property value, mortgage amount, loan-value ratio, monthly payment, and real estate taxes are also presented in Table 39 by value groups. Mortgage amounts represented smaller proportions of property value in the higher value ranges in both 1- and 2-family transactions, as evidenced by the decline in average loan-value ratios accompanying rises in property value. Average monthly payments, on the other hand, move upward with property value, reflecting the higher principal and interest payments required by the larger mortgages on the higher-value properties. Average monthly taxes for the single-family properties, for the most part, rise with increases in property value, but in the 2-family property transactions the tax data are less consistent. The variations for taxes probably reflect locality variations in government-sponsored facilities and services and their costs.

Size of house.—Tables 40 and 41 present data indicating the sizes of the structures involved in Section 903 transactions insured during 1953. Table 40 shows by property value groups the average (arithmetic mean) and median room counts and percentage distributions by room count per unit of the 1- and 2-family properties. In the 2-family properties, the total number of rooms per structure is about twice that indicated in the table. For example, in the $15,000 to $15,999 range the average total number of rooms was 8.2 and the median about 9.0 rooms.

TABLE 40.—*Number of rooms per unit by property value of 1- and 2-family homes, Sec. 903, 1953*

FHA estimate of property value	Percentage distribution	Average number of rooms	Median number of rooms	Number of rooms—Percentage distributions: 3	4	5	6
all 1-family owner-occ.				1-family			
Less than $7,000 → 4.2	1.2	3.9	4.5	6.0	93.6	0.4	----------
$7,000 to $7,999 10.8	6.7	4.1	4.0	3.4	79.9	16.7	----------
$8,000 to $8,999 27.2	22.4	4.3	4.7	.8	70.2	27.0	2.0
$9,000 to $9,990 32.9	28.6	4.6	5.0	.2	47.6	48.9	3.3
$10,000 to $10,999 18.8	30.7	5.0	5.5	.2	9.4	76.8	13.6
$11,000 or more 6.1	10.4	4.9	5.5	.3	15.4	73.3	11.0
Total 100.0	100.0	4.5	4.9	1.0	49.7	44.4	4.9
				2-family			
Less than $13,000	8.9	3.5	4.1	46.2	53.8	----------	----------
$13,000 to $13,999	10.6	3.9	4.4	14.4	81.5	4.1	----------
$14,000 to $14,999	20.0	3.9	4.4	16.6	81.6	.9	0.9
$15,000 to $15,999	11.2	4.1	4.5	3.6	86.0	10.4	----------
$16,000 to $16,999	27.3	4.3	4.8	4.7	60.3	34.9	.1
$17,000 to $17,999	11.9	4.5	4.9	4.9	52.1	34.7	8.3
$18,000 or more	10.1	4.7	5.2	.3	37.5	52.4	9.8
Total	100.0	4.1	4.6	11.3	65.8	20.7	2.2

Single-family structures tended to be somewhat larger than the individual units of the 2-family structures, as denoted by higher average and median room counts. Nearly half of the single-family structures contained 4 rooms, 44 percent had 5 rooms, and 5 percent had 6 rooms. Of the dwelling units in 2-family structures, nearly two-thirds contained 4 rooms, one-fifth provided 5 rooms, and only 2 percent had 6 rooms. Three-room units accounted for only 1 percent of the single-family structures and 11 percent of the units in 2-family structures.

In comparable value groups, size of single-family structures and dwelling units in 2-family structures did not vary significantly. To illustrate, single-family structures in the $7,000 to $7,999 value group had a median room-count of 4.6 rooms compared with 4.4- and 4.5-room medians for the individual units in the corresponding value groups ($14,000 to $15,999) of 2-family structures.

Table 41 shows percentage distributions of the Section 903 properties by calculated area of the entire structure. Most (nearly 70 percent) of the single-family structures were in the 700 to 899 square foot range, nearly 8 percent had 1,000 or more square feet, and only 5 percent measured less than 700 square feet. The distribution of the 2-family properties was more dispersed—one-fourth had areas of 1,500 to 1,599 square feet and about 15 percent each were in the 1,300, 1,400, and 1,600 square foot ranges.

TABLE 41.—*Property characteristics by calculated area of 1- and 2-family homes, Sec. 903, 1953*

Calculated area (square feet)	Percentage distribution	Average				Median	
		Calculated area (square feet)	Property value	Number of rooms per unit	Number of bedrooms per unit	Number of rooms per unit	Number of bedrooms per unit
	1-family						
Less than 700	5.2	630	$6,965	3.9	1.9	4.4	2.5
700 to 799	30.6	749	8,550	4.1	1.7	4.6	2.5
800 to 899	38.3	845	9,414	4.6	2.3	5.1	3.1
900 to 999	18.3	945	9,661	5.1	2.9	5.6	4.4
1,000 to 1,099	6.6	1,037	9,703	5.2	2.9	5.6	4.4
1,100 or more	1.0	1,778	11,162	5.3	3.0	5.9	4.4
Total	100.0	844	9,110	4.5	2.3	4.9	2.9
	2-family						
Less than 1,200	4.3	1,112	$14,611	3.2	1.2	3.7	1.6
1,200 to 1,299	7.6	1,260	13,010	3.4	1.9	3.8	2.4
1,300 to 1,399	15.4	1,371	15,008	3.9	1.8	4.4	2.5
1,400 to 1,499	14.8	1,456	16,417	4.0	2.2	4.5	2.6
1,500 to 1,599	24.9	1,569	16,038	4.2	2.2	4.6	2.6
1,600 to 1,699	15.9	1,654	16,773	4.4	1.9	4.9	2.7
1,700 to 1,899	9.1	1,794	16,799	4.7	2.2	5.3	2.7
1,900 or more	8.0	2,013	18,380	5.1	2.5	5.7	3.5
Total	100.0	1,548	16,087	4.2	2.0	4.6	2.6

The calculated areas of the single-family structures, in line with room count, were somewhat larger than for the individual units in 2-family structures, as evidenced by the respective averages of 844 and 774 square feet. Similarly, the number of bedrooms provided in 1-family structures was somewhat greater, averaging 2.3 as compared with 2.0 bedrooms for 2-family properties.

Average values of 1-family properties displayed the expected correlation with calculated area, rising as areas expanded. This was not true, however, for the 2-family properties, in which the average values of those in the 1,500 to 1,599-square-foot range were lower than those for properties with 1,400 to 1,499 square feet, and the averages for properties with 1,600 to 1,699 and 1,700 to 1,899 square feet were practically the same. This situation is probably indicative of the fact that many of the larger-size properties were located in lower-cost areas.

Monthly payment.—Table 42 shows the distributions by total monthly mortgage payment of the 1- and 2-family cases insured under Section 903 in 1953. Some 70 percent of the mortgages on single-family properties involved payments of $45 to $59 (including interest, amortization of principal, real estate taxes, and hazard and FHA insurance premiums). Payments of less than $40 were reported for only 3 percent, and payments of $70 or more for less than 1 percent of all 1-family cases.

In the 2-family transactions, the majority (5 of 8) involved payments of $90 to $109 monthly, about one-fifth were in the $80 to $89 bracket, and over one-tenth ranged from $110 upward. Less than 4 percent of the mortgages required monthly payments of less than $80.

TABLE 42.—*Total monthly mortgage payment for 1- and 2-family home mortgages, Sec. 903, 1953*

Total monthly mortgage payment	Percentage distributions		Total monthly mortgage payment	Percentage distributions	
	1-family home mortgages	2-family home mortgages		1-family home mortgages	2-family home mortgages
Less than $30.00	1.3		$85 to $89.99	(1)	13.2
$30 to $34.99	1.1		$90 to $99.99	(1)	25.5
$35 to $39.99	.7		$100 to $109.99		38.8
$40 to $44.99	6.6		$110 to $119.99		3.9
$45 to $49.99	20.2		$120 to $129.99		5.3
$50 to $54.99	23.9		$130 or more		1.8
$55 to $59.99	25.2		Total	100.0	100.0
$60 to $64.99	13.2	0.4			
$65 to $69.99	6.9	.6	Average	$51.37	$98.72
$70 to $74.99	.8	1.2	Median	54.21	99.91
$75 to $79.99	(1)	1.3			
$80 to $84.99	.1	8.0			

[1] Less than 0.05 percent.

Project Mortgage Insurance

In 1953, authority existed under the provisions of the National Housing Act for the operation of seven project mortgage insurance programs as follows:

Title II:
- Section 207—Rental housing
- Section 213—Cooperative housing

Title VI:
- Section 608—Refinanced war and veterans' housing
- Section 608–610—Sale of certain public housing
- Section 611—Site-fabricated housing

Title VIII:
- Section 803—Military housing

Title IX:
- Section 908—Defense housing

Authority under the Section 608 program in 1953 was limited to the insurance of refinancing transactions involving Section 608 mortgages initially insured under either the War Housing or the Veterans' Emergency Housing program. No such insurance was written during the year, nor—for the second consecutive year—was any insurance written under the public housing disposition program authorized under Section 608 pursuant to Section 610. Another inactive program, not listed above, was Title VII, under which no insurance has been written since its inception in 1948. This program provides for the insurance of a minimum annual amortization of 2 percent of the established investment and an annual return of 2¾ percent on outstanding investments in debt-free rental housing projects for families of moderate income.

Volume of Business

In 1953, FHA insured 215 project mortgages totaling $259.2 million and covering 30,700 dwelling units. Down one-fifth from the preceding year and one-half from 1951, the volume of project mortgages insured in 1953 reached the lowest volume since 1946—some 78 percent below the peak year of 1950 (Chart 21). As in 1952, all the mortgages insured were secured by new (or rehabilitated) projects, no insurance being written on refinanced mortgages or mortgages on existing construction.

As the first 2 columns in the lower part of Table 43 show, the decline since 1950 in the volume of new project mortgages insured followed the termination of new-construction activity under the Section 608 Veterans' Emergency Housing Program. Total insurance written under the war and postwar programs of Section 608, from the adoption of the program in 1942 through 1952, amounted to $3.4

TABLE 43.—*Project mortgages insured by FHA, 1935–53*

[Dollar amounts in thousands]

Year	Grand total [1]		Total new construction		Total existing or refinanced construction		New construction					
							Sec. 207 [2]		Sec. 213			
									Sales type		Management type	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935–39	29,777	$114,429	20,777	$114,429			20,777	$114,420				
1940–44	45,751	188,446	41,890	174,187	3,861	$14,259	7,946	28,752				
1945–49	265,213	2,022,878	260,592	2,008,452	4,021	14,426	1,054	8,519				
1950	154,597	1,156,681	153,477	1,154,680	1,120	2,002	2,514	18,065	285	$2,601		
1951	74,207	583,774	73,333	577,545	874	6,220	4,890	33,201	1,928	17,726	6,067	$55,194
1952	39,839	321,911	39,830	321,911			6,043	41,843	3,681	35,788	6,093	55,913
1953	30,701	259,194	30,701	259,194			7,175	53,839	1,015	20,926	5,664	53,954
Total	640,085	4,647,313	629,609	4,610,397	10,476	30,916	59,399	298,648	7,809	77,131	17,824	165,061

Year	New construction (continued)								Existing or refinanced construction					
	Sec. 608 [2]		Sec. 611		Sec. 803		Sec. 908		Sec. 207		Sec. 608		Sec. 608–610	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935–39									3,207	$11,444				
1940–44	33,944	$145,436							1,344	5,142	594	$2,815	2,801	$6,456
1945–49	257,723	1,086,212	275	$1,650	1,540	$12,071					476	2,828	1,104	1,868
1950	135,076	1,007,996	473	2,877	15,129	123,052					16	133	10	35
1951	33,709	250,937	966	5,832	25,683	205,653					864	6,104		
1952	3,457	29,634	125	706	17,233	135,842	3,207	$22,186						
1953			145	926	12,181	100,558	3,890	30,407						
Total	403,730	3,427,708	1,984	11,991	71,766	577,175	7,097	52,683	4,611	16,586	1,950	11,971	3,915	8,360

[1] For total number and amount of mortgages insured under each section in 1952, 1953, and cumulatively through 1953, see Table 2.

[2] Including rehabilitation projects.

PROJECT MORTGAGES INSURED BY FHA, 1935-53

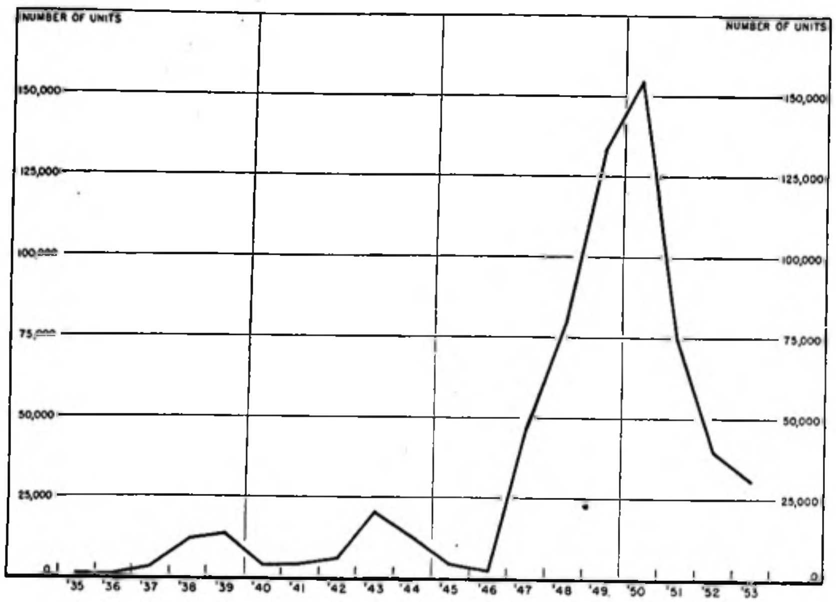


CHART 21.

billion—about three-quarters of the total of $4.6 billion in project mortgages insured by FHA under all project programs since 1935.

The project program with the highest volume of insurance written in 1953—although down 25 percent from 1952—was the Section 803 military housing program. The $100 million insured under this program represented about 40 percent of the total amount of all project mortgages insured during the year. These mortgages were secured by about 12,000 dwelling units located at or near Army, Navy, Air Force, or Atomic Energy Commission establishments. During the 4½ years of operations under Section 803, a total of $577 million of insurance has been written covering 71,766 dwelling units.

The second ranking project program was the Section 213 management-type cooperative program, with a 1953 insurance volume of $54 million (5,700 units). The year's business brought the cumulative volume under this program to $165 million (17,800 units). Activity under the sales-type cooperative program—down 42 percent from 1952—has characteristically been less than that under the management-type program. Project mortgages insured under the sales-type program in 1953 amounted to $20.9 million—only 28 percent of the total of $74.9 million insured under Section 213. The cumulative amount of insurance under the sales-type project program totaled

$77.1 million—one-third of all Section 213 project mortgages. Mortgages under the sales-type program contain release clauses under which members may purchase their individual homes outright and finance them under the home mortgage provisions of Section 213 (or other sections of the National Housing Act). An account of the Section 213 individual home mortgage program is included in the home mortgage insurance section of this report.

Of the project mortgage insurance programs, the third in volume of insurance written in 1953 was the Section 207 rental housing program. Mortgages aggregating $53.8 million—some 30 percent above the 1952 volume—and secured by 7,200 rental units were reported insured during the year. The cumulative total for 19 years of operations under this section was $315.2 million (64,000 units) or 7 percent of the amount under all project programs.

Project mortgage insurance under the Section 908 defense housing program during the year totaled $30.5 million and covered 3,900 units, bringing the cumulative total under this program to $52.7 million (7,100 units). Other project mortgage insurance written in 1953 included $900,000 in mortgages on 145 units under the provisions of Section 611.

Along with the decline in volume of insurance written in 1953 under the project programs, the number of dwelling units started in project structures fell about 30 percent to 36,000 units, and reported completions decreased about 45 percent to 50,000 units. Units under construction in housing projects during the year totaled 77,000—down more than two-fifths from the number under construction during 1952.

Although the volume of insurance written declined in 1953, the number of cases in the initial stages of processing increased. Applications received under the project programs during the year totaled 72,000 units—about one-third more than the 1952 volume. The number of commitments issued increased slightly in 1953 to a total of 44,000 units (42,000 in 1952). At the year end, project applications involving a total of 36,000 units were under examination in FHA field offices.

State Distribution

One in every three units covered by mortgages insured under the project programs in 1953 was located in New York State or California (Table 44 and Chart 22). More than half of all new insurance is accounted for when, in addition to the 6,500 units in New York and the 4,000 units in California, the next 3 ranking States of Virginia, Texas, and Maryland, each with over 2,000 units, are included. In only 10 States did the insuring volume exceed 1,000 units, while no project mortgage insurance was written during the year in 14 States, the District of Columbia, or Guam.

TABLE 44.—*Volume of FHA-insured project mortgages by State location, 1953*

[Dollar amounts in thousands]

State	All sections			Sec. 207	Sec. 213	Sec. 611	Sec. 803	Sec. 908
	Number	Amount	Units	Units	Units	Units	Units	Units
Alabama								
Arizona	2	$1,187	164	95			69	
Arkansas								
California	29	35,814	3,989	1,127	1,915		462	485
Colorado	2	1,001	146			50		96
Connecticut	10	7,971	966	16				950
Delaware	1	849	107	107				
District of Columbia								
Florida								
Georgia	5	5,346	774	400	104	70		200
Idaho	1	398	55					55
Illinois	1	256	16					16
Indiana	11	11,181	1,475	585			500	390
Iowa								
Kansas	2	1,780	216	20			196	
Kentucky	4	5,914	764	136			500	128
Louisiana								
Maine	4	14,552	1,500				1,500	
Maryland	9	15,105	2,057	321	111		1,557	68
Massachusetts	4	6,725	804	258			502	44
Michigan	7	4,740	608	458			150	
Minnesota	1	513	66	66				
Mississippi								
Missouri	3	520	82	82				
Montana	2	860	82					82
Nebraska								
Nevada								
New Hampshire								
New Jersey	11	10,141	1,238	313	40		468	417
New Mexico		18						
New York	40	59,497	6,472	1,197	4,992		283	
North Carolina	2	698	52	52				
North Dakota	5	754	95					95
Ohio	18	8,585	1,053	421				632
Oklahoma								
Oregon	1	371	50					50
Pennsylvania	7	8,977	1,088	240	417		250	181
Rhode Island	4	5,019	654				654	
South Carolina	1	151	25			25		
South Dakota								
Tennessee	2	1,361	190	190				
Texas	9	16,430	2,195	324			1,871	
Utah	3	922	104				104	
Vermont								
Virginia	6	18,231	2,385	466			1,918	1
Washington	1	1,863	200				200	
West Virginia	1	111	14	14				
Wisconsin	1	115	17	17				
Wyoming								
Alaska	4	3,687	270	270				
Hawaii	3	6,146	760				760	
Puerto Rico	1	2,016	237				237	
Total	215	259,194	30,701	7,175	7,579	145	12,181	3,890

The project mortgage program showing the widest geographical distribution of insuring activity in 1953 was the Section 207 rental housing program, which involved projects in 23 States and Alaska. The next widest distribution was under the Section 803 military housing program with projects in 17 States, Hawaii, and Puerto Rico. Noteworthy also was the high concentration of business under the relatively high-volume Section 213 program. As in previous years, New

York ranked first, with 5,000 units securing mortgages insured primarily under the management-type cooperative program, and California ranked second with 1,900 units covered by mortgages insured primarily under the sales-type cooperative program.

VOLUME OF PROJECT MORTGAGES INSURED IN 1953

(NUMBER OF DWELLING UNITS)

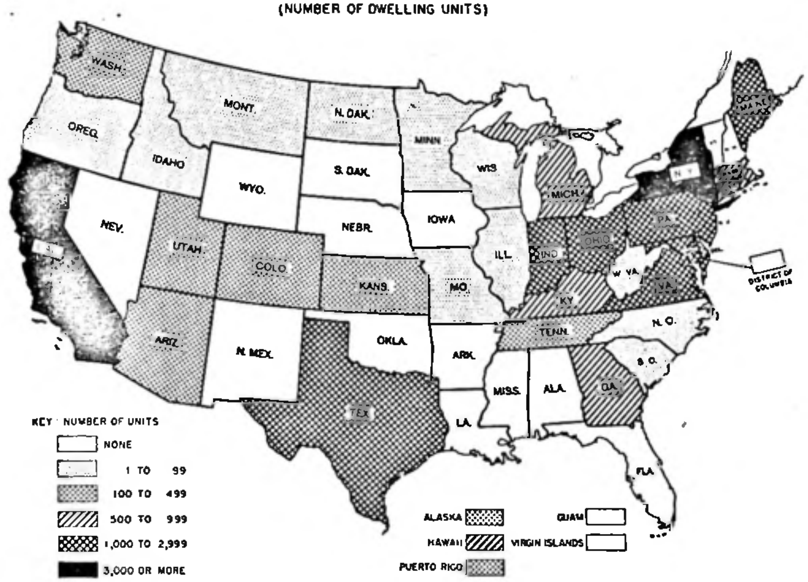


CHART 22.

Table 45 shows the location of projects insured under all project mortgage programs from 1935 through 1953. The 5 leading States, accounting for almost half of all the units, were New York with 118,000 units, New Jersey with 57,000 units, and Virginia, Maryland, and California with between 43,000 and 44,000 units each. Other States with over 20,000 units were Texas, Pennsylvania, Georgia, Illinois, the District of Columbia, and Ohio. The widest geographical distribution occurred, as might be expected, under the program with the greatest volume—Section 608—with every State and the District of Columbia, Puerto Rico, Alaska, and Hawaii represented. Both the Section 207 rental program and the Section 803 military housing program have also been widely distributed.

TABLE 45.—*Volume of FHA-insured project mortgages by State location, 1935–53*

[Dollar amounts in thousands]

State	All sections			Sec. 207	Sec. 213	Sec. 608	Sec. 608–610	Sec. 611	Sec. 803	Sec. 908
	Number	Amount	Units	Units	Units	Units	Units	Units	Units	Units
Alabama	230	$71,413	11,820	642		10,275			865	38
Arizona	55	16,660	2,516	290		947		160	1,110	
Arkansas	53	11,258	1,634	211	491	932				
California	1,013	312,659	43,032	4,609	6,458	21,575	58	973	8,874	485
Colorado	71	22,417	3,141	251		1,896		50	680	264
Connecticut	67	38,054	5,169	344	60	3,013				1,752
Delaware	20	30,277	4,155	364		3,771	20			
District of Columbia	180	142,787	21,102	2 065		19,037				
Florida	336	103,142	14,837	324	68	10,669			3,776	
Georgia	180	158,585	23,081	1,500	101	18,882	150	195	2,050	200
Idaho	9	4,970	626			571				55
Illinois	204	174,558	22,220	2,105	35	17,012			3,052	16
Indiana	139	65,298	8,816	1,338		6,065			510	903
Iowa	30	13,680	1,763	172		1,591				
Kansas	86	29,926	4,634	206		3,243	350		823	12
Kentucky	100	45,946	6,333	682		2,247			3,200	204
Louisiana	93	64,021	8,651	713		7,071	150	25	692	
Maine	18	17,464	2,188			688			1,500	
Maryland	327	297,386	43,690	3,900	181	34,221	486		4,794	108
Massachusetts	48	39,559	5,094	512		3,186			1,352	44
Michigan	256	71,828	10,072	1,376	324	7,211	500		661	
Minnesota	156	46,234	6,298	1,201		5,037				
Mississippi	44	16,962	2,722	12		1,852			858	
Missouri	161	80,929	11,215	1,656		9,430			120	
Montana	7	6,076	809			135			592	82
Nebraska	63	18,368	2,468		71	1,786			611	
Nevada	14	4,966	641			240			401	
New Hampshire	7	1,672	244			244				
New Jersey	565	417,000	57,215	3,607	52	51,451			1,583	462
New Mexico	16	17,748	2,072			277			1,795	
New York	895	960,465	117,948	12,765	16,612	85,807	566	556	1,642	
North Carolina	126	106,409	17,357	2,418		9,107	85		5,571	176
North Dakota	8	1,021	138			43				95
Ohio	308	148,734	20,132	1,211	48	16,207	10		2,000	656
Oklahoma	141	32,077	4,414	132	419	2,974			500	389
Oregon	142	39,264	5,371	134		5,155				82
Pennsylvania	308	183,771	24,390	3,322	469	10,474	450		402	273
Rhode Island	12	7,973	952	36		210			706	
South Carolina	92	44,964	7,229	290		6,329		25	585	
South Dakota	12	5,573	729	70		258			401	
Tennessee	138	56,127	9,546	941	200	6,915	250		1,240	
Texas	436	205,987	30,065	3,248		19,432			7,385	
Utah	24	12,687	1,603	12		737			854	
Vermont	7	1,512	193	56		137				
Virginia	370	279,112	43,767	8,843		20,700	440		4,283	501
Washington	125	77,220	9,082	413		6,369			2,000	300
West Virginia	15	3,601	797	188		209	400			
Wisconsin	166	32,589	4,104	235	41	3,828				
Wyoming	6	4,451	571			71			500	
Alaska	34	45,349	3,853	1,496		2,357				
Hawaii	57	21,557	2,027			850			2,077	
Puerto Rico	27	35,015	5,759			4,947			812	
Total	8,167	4,647,313	640,085	64,010	25,633	465,680	3,915	1,984	71,766	7,007

Terminations

Some 900 project mortgages with original face amounts of $426 million had been terminated through December 31, 1953—only 9.2 percent of the $4.6 billion (8,200 mortgages) insured by FHA in the 19 years from 1935 through 1953. This volume of terminations left 7,200 mortgages amounting to $4.2 billion still in force at the year end. (Table 46.)

TABLE 46.—*Disposition of FHA-insured project mortgages, 1935–53*

[Dollar amounts in thousands]

Disposition	Total		Sec. 207		Sec. 213		Sec. 608	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	8,167	$4,647,313	618	$315,233	145	$242,192	7,046	$3,439,679
Mortgages terminated:								
Prepayments in full	600	269,566	302	123,438	39	55,984	235	79,096
Prepayments by supersession	29	15,816	13	8,032			16	7,784
Matured loans								
Mortgages assigned to FHA	111	62,425	4	3,909	3	3,284	104	55,233
Titles acquired by mortgagees:								
Projects transferred to FHA	181	75,790	18	13,343			163	62,456
Projects retained by mortgagees	9	1,639	7	1,407			2	232
Other terminations	12	1,033	8	578			4	455
Total terminations	942	426,278	352	150,707	42	59,268	524	205,255
Mortgages in force, Dec. 31, 1953	7,225	$4,221,035	266	164,526	103	182,924	6,522	3,234,424

Disposition	Sec. 608–610		Sec. 611		Sec. 803		Sec. 908	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	23	$8,360	25	$11,991	230	$577,175	80	$52,683
Mortgages terminated:								
Prepayments in full	5	1,743	19	9,305				
Prepayments by supersession								
Matured loans								
Mortgages assigned to FHA								
Titles acquired by mortgagees:								
Projects transferred to FHA								
Projects retained by mortgagees								
Other terminations								
Total terminations	5	1,743	19	9,305				
Mortgages in force, Dec. 31, 1953	18	6,617	6	2,686	230	577,175	80	52,683

The largest group of terminations, accounting for 63 percent of the amount of all terminated project mortgages, were prepayments in full, while prepayments with superseding FHA-insured mortgages accounted for an additional 4 percent of the total. Through the end of 1953, no project mortgage had terminated through maturity of the obligation. About one-third of all project mortgage terminations—301 mortgages with original face amounts of $140 million—were terminated as a result of default by mortgagors. Termination through default may occur in either of two ways: the mortgagee may foreclose, withdraw from the mortgage insurance contract, and retain title to the property; or he may, in exchange for FHA debentures, either assign the mortgage to FHA without foreclosing or foreclose and transfer title to the property to FHA. Through 1953, titles to 190 properties had been acquired by mortgagees. Of these, 181 had been transferred to FHA in exchange for debentures and 9 had been retained by the mortgagees. In addition, 111 defaulted mortgages had been assigned to FHA without foreclosure.

Of the 139 terminations reported during 1953, 71 resulted from prepayments in full and 68 occurred as a result of default. As might be expected on the basis of the relative volumes of insurance in force, almost all (105) of these terminations were under the Section 608 War and Veterans' Emergency Housing Programs. Although 23 Section 213 insured mortgages were terminated in 1953, these were primarily through prepayments in full under the sales-type cooperative housing program, where properties are transfered to individual owners. Only 9 mortgages were terminated under Section 207 in 1953.

The disposition of the 292 FHA-acquired projects and project mortgages is shown in Table 47. Of the 181 projects acquired by FHA through 1953, three-fourths were on hand at the year end and an additional 31 had been sold by FHA with FHA holding the mortgages. Eight had been sold with reinsurance and 6 without reinsurance. The increase from 117 projects on hand at the end of 1952 to 136 at the end of 1953 resulted primarily from acquisitions under Section 608. Only one project was added to the Section 207 inventory during the year, while no projects have been acquired since the beginning of operations under other project mortgage programs. Mortgage notes assigned to FHA as of the end of 1953 totaled 111, compared with 79 as of the end of 1952. An analysis of some of the financial aspects of FHA-acquired projects and project mortgages is presented in Section 3 of this report.

TABLE 47.—*Disposition of FHA-acquired projects and project mortgages, Dec. 31, 1953*

Disposition	All sections combined		Sec. 207		Sec. 608	
	Number	Number of units	Number	Number of units	Number	Number of units
Projects acquired by FHA [1]	181	12,581	18	3,120	163	9,461
On hand	136	7,614	1	87	135	7,527
Sold with reinsurance	8	2,085	7	1,491	1	594
Sold without reinsurance	6	728	4	704	2	24
Sold with mortgage held by FHA	31	2,154	6	838	25	1,316
Mortgage notes assigned to FHA	111	9,026	4	1,194	104	7,497
On hand [2]	109	7,882	3	92	103	7,456
Sold with reinsurance	1	1,102	1	1,102		
Sold or settled without reinsurance	1	42			1	42

[1] Includes projects acquired by FHA after assignment of mortgage notes to FHA.
[2] Total includes 3 Sec. 213 notes assigned to FHA involving 335 units.

Defaults of Project Mortgages

There were only 52 project mortgages in default as of the end of 1953—a drop of over one-quarter from the previous year and of over one-half from the number in default at the end of 1950 (Table 48). On the basis of number of dwelling units, the decrease was substantially less—about 8 percent from 1952—because the average size of the projects in default at the end of 1953 was larger than in other recent years. The ratio of units covered by mortgages in default to units covered by insured mortgages in force has declined each year since 1950—from 1.5 percent in 1950 to 0.9 percent in 1953. The 52 project mortgages in default in 1953 consisted of 43 mortgages under Section 608, 8 under Section 908, and 1 under Section 207. Under the Section 608 program, units covered by mortgages in default combined with cumulative acquisitions by FHA amounted to 4.6 percent of the volume of insurance written—compared with 3.7 percent at the end of 1952 and 3.3 percent at the end of 1951.

TABLE 48.—*Status of FHA-insured project mortgages in force, Dec. 31, 1953*

Status	All sections		Sec. 608		Sec. 908	
	Number	Number of units	Number	Number of units	Number	Number of units
Insured mortgages in force	7,225	556,857	6,522	430,555	80	7,097
Insured mortgages in good standing	7,173	551,703	6,479	426,364	72	6,348
Insured mortgages in default, total	52	5,151	43	4,191	8	749
In default less than 90 days	18	2,154	16	1,726	2	428
In default 90 days or more	19	1,809	17	1,728	2	171
Projects being acquired by mortgagee [1]	9	655	4	201	4	150
Mortgage notes being assigned to FHA	6	446	6	446		
Trend of insured mortgages in default as of Dec. 31:						
1953 [1]	52	5,154	43	4,191	8	749
1952	70	5,585	67	5,524		
1951	76	6,471	76	6,471		
1950	113	6,495	112	5,695		

[1] Includes 1 mortgage under Sec. 207 with 214 units.

Financial Institution Activity

Mortgages financed and held.—Almost 41 percent of the amount of all project mortgages originated in 1953 were originated by State banks, and 17 percent were originated by national banks (Table 49). Savings banks accounted for 15 percent of the total and mortgage companies for almost 13 percent. The relative participation of each type of institution was approximately the same as in 1952, with the exception of insurance companies, whose activity dropped markedly under each program. The decrease for insurance companies for all programs combined was from 13 percent of the total in 1952 to 4 percent, with mortgage companies and savings and loan associations accounting for most of the compensating increase.

TABLE 49.—*Originations and holdings of FHA-insured project mortgages by type of institution, 1953*

[Dollar amounts in thousands]

Type of institution	Number of institutions		Mortgages financed			Mortgages held		
	Financing	Holding	Number	Amount	Percentage distribution	Number	Amount	Percentage distribution
All sections								
National bank	(Not available)		37	$44,744	17.3	350	$130,865	3.1
State bank			77	105,760	40.8	531	421,250	10.0
Mortgage company			48	32,446	12.5	319	239,789	5.7
Insurance company			9	10,402	4.0	3,529	1,501,807	35.6
Savings bank			25	38,325	14.8	2,014	1,469,331	34.8
Savings and loan association			7	10,332	4.0	79	28,940	.7
Federal agency			3	2,109	.8	75	104,329	2.4
All other			9	15,077	5.8	320	324,955	7.7
Total [1] [2]			215	259,194	100.0	7,226	4,221,275	100.0
Sec. 207								
National bank	9	15	15	$13,801	25.6	30	$25,637	15.6
State bank	13	17	20	16,151	30.0	38	27,481	16.7
Mortgage company	15	6	34	14,047	26.1	12	7,336	4.5
Insurance company	2	20	2	384	.7	55	20,947	12.7
Savings bank	4	22	7	6,028	11.2	96	56,113	34.1
Savings and loan association	1	6	1	1,422	2.7	6	2,406	1.5
Federal agency	1	1	3	2,007	3.7	13	17,660	10.7
All other		7				16	6,945	4.2
Total	45	94	82	53,839	100.0	266	164,526	100.0
Sec. 213								
National bank								
State bank	4	5	15	$21,068	28.1	27	$48,237	26.4
Mortgage company	3	3	3	3,650	4.9	4	3,655	2.0
Insurance company	2	2	5	6,842	9.1	3	1,987	1.1
Savings bank	4	11	15	28,990	38.7	60	102,240	55.9
Federal agency		1				9	6,104	3.3
All other	1	3	7	14,330	19.2	10	20,702	11.3
Total	14	25	45	74,880	100.0	103	182,924	100.0
Sec. 608								
National bank		59				209	$56,661	1.8
State bank		51				387	217,408	6.7
Mortgage company		33				293	220,668	6.8
Insurance company		114				3,392	1,292,527	40.0
Savings bank		80				1,804	1,191,782	36.8
Savings and loan association		32				66	17,074	.5
Federal agency		1				15	20,141	.6
All other		19				267	218,503	6.8
Total [2]		389				6,523	3,234,664	100.0
Sec. 803								
National bank	8	13	9	$23,789	23.7	17	$42,979	7.4
State bank	10	11	22	51,316	51.0	41	99,680	17.3
Mortgage company	4	3	6	11,989	11.9	5	5,941	1.0
Insurance company	1	6	1	2,567	2.5	64	182,168	31.6
Savings bank	1	16	1	1,591	1.6	56	112,018	19.4
Savings and loan association	2	2	4	8,709	8.7	4	8,684	1.5
Federal agency		1				17	47,248	8.2
All other	1	5	1	597	.6	26	78,457	13.6
Total	27	57	44	100,558	100.0	230	577,175	100.0
Sec. 908								
National bank	7	5	14	$7,533	24.7	12	$5,299	10.0
State bank	2	6	19	16,521	54.2	30	24,777	47.0
Mortgage company	6	4	6	4,323	14.2	5	2,289	4.4
Insurance company	1	3	1	314	1.0	5	1,585	3.0
Savings bank	2	3	2	1,588	5.2	5	5,054	9.6
Savings and loan association	1	2	2	219	.7	3	775	1.5
Federal agency		1				20	12,913	24.5
Total	19	24	44	30,497	100.0	80	52,683	100.0

[1] Also includes 3 Sec. 611 mortgages ($925,600) originated and 6 Sec. 611 mortgages ($2,685,950) held. Also includes 18 Sec. 608-610 mortgages ($6,616,800) held and miscellaneous small adjustments under Sec. 608 due to amendments not heretofore included.

[2] Less than face amount in force due to lag in tabulation of amendments.

In 1953, State banks were the leading originators of project mortgages under each program except for the Section 213 cooperative housing program, where, as in 1952, savings banks ranked first. Under most of the other programs, national banks ranked second and mortgage companies third—under Section 207, mortgage companies and national banks originating about the same proportion.

The last 3 columns of Table 49 show by type of institution the volume of project mortgages held. All references in the succeeding discussion to the amount of mortgages either held or transferred in the secondary market (Table 50) pertain to the original face amount of the mortgages and not to their outstanding balances.

Insurance companies and savings banks each held about 35 percent of the $4,200,000,000 of project mortgages in force as of the end of 1953. This represented a slight decrease in the percent accounted for by insurance companies and a slight increase—for the second consecutive year—in the relative holdings of savings banks. State banks held about 10 percent of the total in 1953 compared with 12 percent in 1952. The proportion held by the Federal agency—the Federal National Mortgage Association—rose from 0.8 percent ($31,000,000) in 1952 to 2.4 percent ($104,000,000) in 1953.

With Section 608 projects accounting for 77 percent of the dollar amount of all project mortgages in force, the distribution of holdings by type of institution for all programs reflects primarily the holdings of mortgages under Section 608. Under that section, insurance companies accounted for 40 percent of all holdings, and savings banks 37 percent. State banks and, to a lesser extent, national banks showed a smaller proportion of holdings under Section 608 than under most of the other programs. The table also shows the relatively large portfolio held by FNMA under some of the programs—1 out of every 4 dollars of Section 908 mortgages and 1 out of every 10 dollars of Section 207 mortgages.

Transfers.—The volume (original face amount) of project mortgages purchased and sold in the secondary market decreased during the year from over $660 million in 1952 to $417 million in 1953. The decrease was primarily under the Section 608 program, which accounted for two-thirds of all transfers in 1952. About 43 percent of the 1953 transfers were under this section, 36 percent under Section 803 and the remaining 21 percent primarily under Section 207.

Among the leading purchasers of project mortgages, savings banks, accounting for nearly one-third of the total amount of all purchases, ranked first; and Federal agencies (FNMA) ranked second with 22 percent (Table 50). This represents a marked shift from 1952, when savings banks accounted for 47 percent of all purchases and the second largest purchasers were insurance companies with 30 percent of the

TABLE 50.—*Purchase and sale of FHA-insured project mortgages by type of institution, 1953*

[Dollar amounts in thousands]

Type of institution	Number of institutions		Mortgages purchased			Mortgages sold		
	Purchasing	Selling	Number	Amount	Percentage distribution	Number	Amount	Percentage distribution
All sections								
National bank	(Not available)		10	$7,707	1.9	82	$120,033	28.8
State bank			50	27,324	6.5	136	198,745	47.6
Mortgage company			28	18,966	4.5	102	60,873	14.6
Insurance company			60	67,906	16.3	13	5,362	1.3
Savings bank			144	131,463	31.5	17	11,649	2.8
Savings and loan association			5	881	.2	10	1,852	.4
Federal agency			52	90,973	21.8	27	18,812	4.5
All other			30	72,259	17.3	1	152	(2)
Total [1]			388	417,477	100.0	388	417,477	100.0
Sec. 207								
National bank	2	7	3	$2,999	6.3	13	$15,602	32.8
State bank	5	9	13	8,730	18.4	19	16,192	34.1
Mortgage company	1	15	1	332	.7	35	12,282	25.9
Insurance company	6	1	11	9,684	20.4	2	3,300	6.9
Savings bank	8	1	30	9,894	20.8	1	122	.3
Federal agency	1		9	15,569	32.8			
All other	1		3	290	.6			
Total	24	33	70	47,498	100.0	70	47,498	100.0
Sec. 213								
National bank		2				2	$683	3.2
State bank	1	3	1	$149	.7	10	16,639	77.2
Mortgage company	1	5	1	165	.8	6	4,218	19.6
Savings bank	3		6	7,349	34.1			
Federal agency	1		6	4,166	19.3			
All other	2		4	9,711	45.1			
Total	8	10	18	21,540	100.0	18	21,540	100.0
Sec. 608								
National bank	4	15	6	$4,484	2.5	37	$32,168	17.8
State bank	4	22	32	15,934	8.8	75	98,544	54.7
Mortgage company	6	15	25	16,475	9.1	47	24,877	13.8
Insurance company	16	2	50	33,993	18.9	11	2,062	1.1
Savings bank	19	7	88	75,447	41.8	16	11,527	6.4
Savings and loan association	1	3	5	881	.5	9	1,406	.8
Federal agency	2	3	2	5,356	3.0	24	9,733	5.4
All other	3		11	27,748	15.4			
Total	55	67	219	180,317	100.0	219	180,317	100.0
Sec. 803								
National bank	1	14	1	$224	.2	24	$65,978	43.6
State bank		11				22	61,219	40.4
Mortgage company	1	6	1	1,995	1.3	8	14,800	9.8
Insurance company	2		6	23,427	15.5			
Savings bank	8		16	36,212	23.9			
Savings and loan association		1				1	446	.3
Federal agency	1	1	21	55,016	36.3	2	8,941	5.9
All other	3		12	34,510	22.8			
Total	16	33	57	151,384	100.0	57	151,384	100.0
Sec. 908								
National bank		5				6	$5,602	33.8
State bank	2	5	3	$2,359	14.2	10	6,151	37.1
Mortgage company		6				6	4,696	28.3
Insurance company	2		2	802	4.8			
Savings bank	3		4	2,561	15.5			
Federal agency	1	1	14	10,865	65.5	1	138	.8
Total	8	17	23	16,586	100.0	23	16,586	100.0

[1] Total includes 1 Sec. 611 mortgage for $152,100 purchased by a State bank from a finance company.
[2] Less than 0.05 percent.

total. The miscellaneous type of institutions—such as the Comptroller of the State of New York and various retirement and pension fund systems—continued as heavy purchasers of FHA project mortgages. In 1953 they ranked third in volume, accounting for 17 percent of all purchases, compared with 11 percent in 1952.

Three-fourths of the total amount of project mortgages sold in 1953 were sold by national and State banks. After the 48 percent sold by State banks and the 29 percent sold by national banks, mortgage companies ranked next, accounting for 15 percent of the total. The remaining 9 percent of the dollar volume was sold by the various other types of institutions shown in the table, Federal agencies accounting for one-half of the balance.

An analysis of activity in the secondary market under each of the individual project programs reveals that Federal agencies ranked first in volume of mortgages purchased under Sections 207, 803, and 908, with miscellaneous types leading under Section 213 and savings banks under Section 608.

Characteristics of Projects

The following is an analysis of the characteristics of 300 new projects (42,000 dwelling units) committed for insurance during 1953 under the 5 principal project mortgage programs—the Section 207 rental housing program, the Section 803 military housing program, the Section 908 defense housing program, and the two cooperative housing programs—sales-type projects and management-type housing—under Section 213. Commitments issued under other project programs during the year were negligible in volume and were excluded from the analysis.

Table 51 presents a summary for 1953 of the principal characteristics of the mortgages and projects approved under the three rental programs and the two cooperative housing programs, while Table 52 and Chart 23 show the trends from 1935 through 1953 of these characteristics for the rental programs only.

Annual summary.—As Table 51 shows, the typical FHA project approved for insurance in 1953 consisted of 103 dwelling units. The typical dwelling unit contained 4.7 rooms, rented for $87.43, and secured a mortgage of $8,041 which represented 82.9 percent of estimated replacement cost.

The typical rental project in 1953 contained more units than the typical cooperative project (107 units compared with 94). The median unit in rental projects was smaller, (4.6 rooms compared with 5.2), more expensive ($87.95 per month against $85.35), and secured a smaller mortgage ($7,801 for the rental unit and $8,949 for the cooperative unit).

TABLE 51.—*Characteristics of mortgages and projects in rental and cooperative project transactions, 1953*

Item	Total rental and co-operative housing	Rental housing				Cooperative housing, Sec. 213		
		Total	Sec. 207	Sec. 803	Sec. 908	Total	Manage-ment type	Sales type
Projects:								
Median size (in units)	103.4	106.8	89.0	268.0	58.0	93.8	119.0	57.0
Average size (in units)	145.0	150.1	129.7	262.0	82.1	126.8	161.0	90.4
Units:								
Median size (in rooms) [1] [3]	4.7	4.6	4.3	5.0	4.5	5.2	4.8	6.1
Median monthly rental [1] [4]	$87.43	$87.95	$110.65	$74.95	$88.79	$85.35	$92.44	$76.51
Median mortgage amount [1] [2]	$8,041	$7,801	$7,738	$7,976	$7,943	$8,949	$8,549	$10,071
Median mortgage-cost ratio	82.9	82.4	72.2	84.3	87.3	84.6	82.0	93.4

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

[1] Tables covering size of units, monthly rental, and amount of mortgage do not include data for projects in Alaska covered by commitments issued under the Alaska Housing Act.

[2] Amount of mortgage allocable to dwelling use.

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

[4] Data on monthly rental for units in cooperative projects refer to monthly charges. Monthly charges include, in management-type projects, member's pro rata share of estimated monthly debt service and project operating and maintenance costs; and, in sales-type projects, estimated total monthly mortgage payment (including real estate taxes, FHA mortgage premiums, and hazard insurance premiums) of purchaser-member.

Among the rental programs, the largest projects (268 units), the largest units (5.0 rooms), and the lowest monthly rentals ($74.95) were typically reported under Section 803 where two-thirds of all units were in single-family houses. Under Section 207, where almost two-thirds of the units were in elevator structures, the monthly rental for the median unit was the highest ($110.65) and the median dwelling unit the smallest (4.3 rooms).

Of the two types of cooperative housing operations, the sales-type had the larger median unit, the lower monthly charge, the higher mortgage per unit, and the larger mortgage-cost ratio. The substantial differences in the characteristics of these two types of cooperative housing programs (for example, monthly charges of $92 for the median management-type unit includes many services not included in the $77 for the median sales-type unit) reflect the differences in the purposes of the programs. The sales-type program provides for the construction (and subsequent sale) of single-family homes, while the management-type projects provide housing for permanent occupancy of members. In 1953, as in 1952, about 3 out of every 4 units in management-type projects were in elevator structures.

Yearly trend.—The median monthly rental for rental projects approved for insurance in 1953 increased 17 percent over 1952 to an all-time high of $87.95 (Chart 23 and Table 52). The average mortgage per unit allocable to dwelling use rose 7 percent to a peak of $7,679. A near-record proportion—30 percent—of the units approved for rental projects in 1953 were in elevator structures. The share of the units in walkup structures remained about the same as in the

TREND OF CHARACTERISTICS OF NEW RENTAL PROJECTS
1935 - 1953

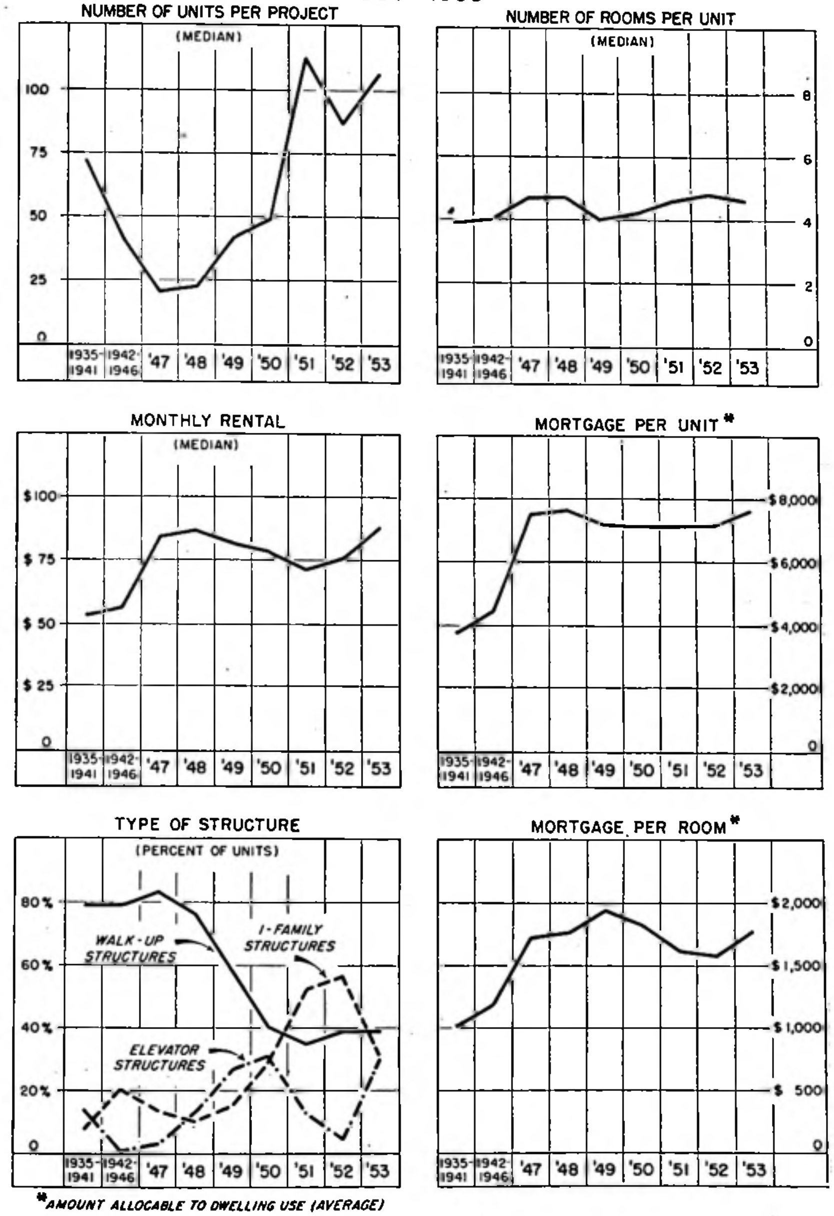


CHART 23.

TABLE 52.—*Characteristics of mortgages and projects in rental project transactions 1935–53*

Item	Year[1] 1953	1952	1951	1950	1949	1948	1947	1942–46	1935–41
Projects:									
Median size (in units)	106.8	87.5	112.5	48.6	41.6	22.5	20.3	41.0	72.2
Average size (in units)	150.1	154.8	182.4	97.6	78.4	51.1	39.8	75.9	121.1
Percent with:									
Walkup structures	55.8	53.5	49.4	59.0	68.8	84.4	85.9	81.6	82.6
Elevator structures	22.1	5.6	10.1	18.0	14.0	3.1	1.1	-------	9.9
One-family structures	22.1	40.9	40.5	23.0	17.2	12.5	13.0	18.4	7.5
Units:									
Median size (in rooms)	4.6	4.8	4.6	4.2	4.0	4.7	4.7	4.0	3.9
Average size (in rooms)	4.3	4.5	4.4	3.9	3.7	4.3	4.4	3.7	3.7
Median monthly rental	$87.95	$75.38	$71.10	$78.87	$82.49	$87.56	$84.13	$56.45	$53.09
Average mortgage amount	$7,670	$7,179	$7,133	$7,140	$7,190	$7,645	$7,505	$4,427	$3,725
Percent in:									
Walkup structures	39.4	39.4	35.0	40.0	58.2	76.7	83.6	79.4	79.0
Elevator structures	30.0	4.4	12.8	30.8	26.7	13.1	2.7	-------	14.0
One-family structures	30.6	56.2	52.2	29.2	15.1	10.2	13.7	20.6	7.0
Rooms:									
Average monthly rental	$21.34	$16.77	$16.01	$20.06	$22.22	$20.13	[2]$19.00	$15.10	$14.54
Average mortgage amount	$1,778	$1,579	$1,619	$1,835	$1,940	$1,769	$1,724	$1,187	$1,009

[1] Based on insurance written in 1935–41 under Sec. 207, in 1942–46 under Sec. 608, and on commitments issued in 1947–49 under Sec. 608, in 1950–51 under Secs. 207, 608, 803 and in 1952–53 under Secs. 207, 803, 908.
[2] Estimated.

previous year, but the proportion in single-family structures decreased sharply. The median size of units in 1953 was 4.6 rooms—a decrease from the record 4.8 rooms reported for 1952 but about the same as in 1951.

Under the cooperative programs (not shown in the table or chart), a slight increase in the size of the typical unit for 1953 was accompanied by an increase of 5 percent in the amount of mortgage allocable to dwelling use and by an increase of about 10 percent in the typical monthly charges.

The characteristics of rental and cooperative housing projects are discussed in greater detail under appropriate subject headings in the pages that follow.

Type of structure.—Table 53 shows the percentage distributions of both projects and dwelling units by type of structure for each FHA housing program. FHA classifies structures into three types: walkup, elevator, and 1-family (row, semidetached, and detached houses). In those instances in which a project contains more than one type of structure, the whole project is classified according to the predominant type.

As in previous years, the most common structural type in 1953 was the walkup, accounting for over 45 percent of all projects approved. One-family houses accounted for 30 percent of the total, and elevator structures for the remaining 25 percent. As Chart 24 shows, the percentage distributions of dwelling units by type of structure,

TABLE 53.—*Type of structure for rental and cooperative housing, 1953*

Type of structure	Total rental and cooperative housing	Rental housing: Total	Sec. 207	Sec. 803	Sec. 908	Cooperative housing, Sec. 213: Total	Management type	Sales type
	Projects—Percentage distribution							
Walkup	45.5	55.8	51.3	38.9	83.0	9.4	18.2	-------
Elevator	24.5	22.1	40.3	1.8	1.0	32.8	63.6	-------
1-family	30.0	22.1	8.4	59.3	15.1	57.8	18.2	100.0
All projects	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Dwelling units—Percentage distribution							
Walkup	34.0	39.4	32.0	36.3	75.4	11.7	17.8	-------
Elevator	33.9	30.0	62.7	1.4	6.9	50.5	77.1	-------
1-family	32.1	30.6	5.3	62.3	17.7	37.8	5.1	100.0
All units	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

PROJECTS AND DWELLING UNITS BY TYPE OF PROJECT
COMMITMENTS ISSUED IN 1953 TO INSURE NEW PROJECT MORTGAGES

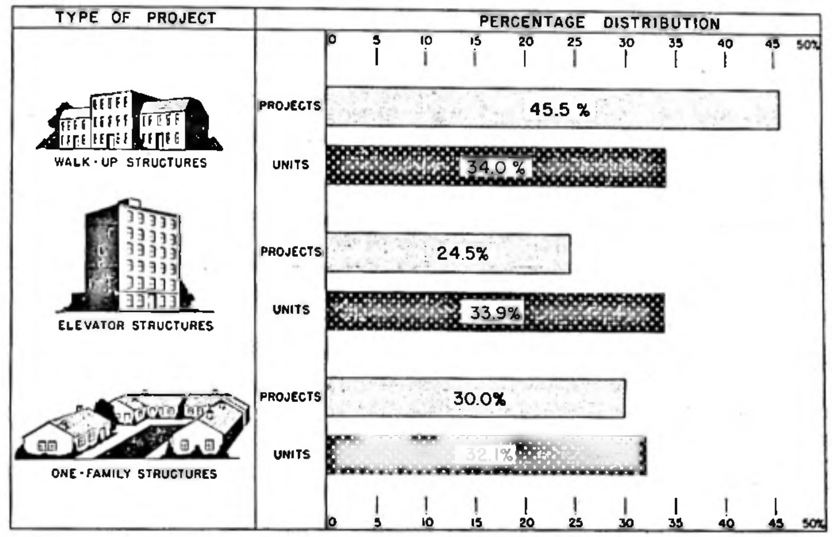


CHART 24.

however, differed somewhat from the distributions of projects, the units being about evenly divided among walkup, elevator, and single-family types. With the decline in 1953 in the volume of commitments issued under the Section 803 program, where single-family housing characteristically has predominated, the number of units approved in 1-family structures under all programs combined fell from over one-half the total project units committed during 1952 to 32 percent of the total in 1953. Units in elevator structures, on the other hand, rose from 12 percent of the total in 1952 to 34 percent. The proportion of units in walkup structures remained at about 34 percent.

Under Section 207, elevator structures accounted for 63 percent of the units, while under Section 803 the leading type was 1-family structures with 62 percent of the units, and under Section 908 walkups led with 75 percent of the units. Under the cooperative housing programs, the management-type projects were predominantly elevator structures with 77 percent of the units in this type of structure. Sales-type projects, in accordance with provisions of the National Housing Act, consist entirely of single-family structures.

Size of project.—As in the previous year, more than 1 out of every 4 projects committed for insurance in 1953 contained 200 or more dwelling units, and about one-half contained more than 100 units. Table 54 shows percentage distributions of projects and dwelling units by size of project for each of the rental and cooperative programs. (It should be noted that FHA data are based on individual project mortgages although an individual project may be part of a larger multi-project development.)

TABLE 54.—*Size of project for rental and cooperative housing, 1953*

Number of dwelling units per project	Total rental and cooperative housing	Rental housing				Cooperative housing, Sec. 213		
		Total	Sec. 207	Sec. 803	Sec. 908	Total	Management type	Sales type
	Projects—Percentage distribution							
8 to 24	12.4	12.4	10.9	3.7	24.5	12.5	6.1	19.4
25 to 49	14.1	13.7	15.9	7.4	15.1	15.6	9.1	22.6
50 to 99	22.4	21.7	27.7	7.4	22.6	25.0	24.2	25.8
100 to 149	15.2	16.4	17.6	11.1	18.9	10.9	15.2	6.4
150 to 199	10.7	9.3	9.3	3.7	15.1	15.6	18.2	12.9
200 to 299	11.4	11.1	9.3	24.1	1.9	12.5	12.1	12.9
300 to 399	5.9	5.7	2.5	16.7	1.9	6.3	12.1	-------
400 to 499	4.8	5.7	3.4	16.7	-------	1.6	3.0	-------
500 or more	3.1	4.0	3.4	9.2	-------	-------	-------	-------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	103.4	106.8	89.0	268.0	58.0	93.8	119.0	57.0
	Dwelling units—Percentage distribution							
8 to 24	1.6	1.5	1.6	0.3	5.1	1.8	0.6	4.1
25 to 49	3.7	3.5	4.9	1.0	6.5	4.8	2.2	9.6
50 to 99	11.1	10.4	16.0	2.0	17.9	14.0	11.5	18.9
100 to 149	12.3	12.8	16.1	4.8	27.1	10.2	10.9	9.0
150 to 199	12.8	10.7	12.3	2.4	31.7	21.6	20.7	23.3
200 to 299	18.8	17.3	17.0	21.6	4.8	25.1	19.8	35.1
300 to 399	13.5	12.7	6.5	21.3	6.9	17.1	26.1	-------
400 to 499	14.7	16.9	11.3	28.1	-------	5.4	8.2	-------
500 or more	11.5	14.2	14.3	18.5	-------	-------	-------	-------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average	145.0	150.1	129.7	262.0	82.1	126.8	161.0	90.4

The median project in 1953 contained 103 units, the typical project under the various programs ranging from 268 units under Section 803 to 57 units under the Section 213 sales-type program. The number of units in the typical Section 803 project, although down 21 percent from the previous year, was substantially over twice the size of the median project under the Section 213 management-type program which ranked second.

The majority of project units approved were accounted for by the larger projects. The 25 percent of the projects approved in 1953 that contained 200 units or more provided almost 60 percent of the total number of units. The 8 percent of the projects with 400 units or more per project accounted for 25 percent of all units.

Mortgage allocable to dwellings.—The median mortgage per unit allocable to dwellings in 1953 was $8,041—about 4 percent above 1952 and higher than reported for any other year. Mortgage allocable to dwellings refers to the total FHA-insured mortgage less that portion chargeable to garages, stores, and other non-dwelling, income-producing parts of the project. As in previous years, the mortgage amount under the cooperative programs in 1953 was notably higher than under the rental programs—$8,949 for the cooperative programs compared with $7,801 for the rental programs.

Table 55 shows the percentage distributions of units by mortgage amount for each of the five project programs. Comparison of this table with the comparable table in last year's report shows a general shift to higher mortgage amounts under each program. These in-

TABLE 55.—*Amount of mortgage allocable to dwellings for rental and cooperative housing, 1953*

Average amount of mortgage per dwelling unit [1]	Total rental and cooperative housing	Rental housing				Cooperative housing, Sec. 213		
		Total	Sec. 207	Sec. 803	Sec. 908	Total	Management type	Sales type
	Dwelling units—Percentage distribution							
Less than $5,000	0.5	0.6	1.4	-------	-------	-------	-------	-------
$5,000 to $5,999	1.6	1.9	2.5	0.8	3.5	0.2	-------	0.7
$6,000 to $6,499	5.2	6.2	11.2	2.1	2.1	1.0	-------	2.8
$6,500 to $6,999	5.0	7.3	2.7	11.1	10.2	.5	-------	1.4
$7,000 to $7,499	16.9	21.0	24.0	22.1	7.1	-------	-------	-------
$7,500 to $7,999	17.5	21.6	22.0	18.1	31.8	.5	-------	1.4
$8,000 to $8,499	29.0	33.6	34.3	33.0	33.4	10.2	12.6	5.5
$8,500 to $8,999	12.2	5.0	1.4	7.3	9.8	41.9	62.7	2.6
$9,000 to $9,999	4.8	2.8	.5	5.5	2.1	13.0	13.6	11.7
$10,000 to $10,999	5.6	-------	-------	-------	-------	28.8	8.2	68.0
$11,000 or more	.8	-------	-------	-------	-------	3.9	2.9	6.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	$8,041	$7,801	$7,738	$7,976	$7,943	$8,949	$8,549	$10,071

[1] Data based on the average unit-amount per project for all projects except Sec. 213 sales-type, the data for which are based on the estimated mortgage amounts for the individual homes.

creases reflect slightly higher construction costs. In addition, there were also two other factors contributing to the upward movement under some of the programs. First, during a part of 1952, Sections 207 and 213 were subject to credit curbs under Regulation X of the Board of Governors of the Federal Reserve System and the related FHA regulations. These credit regulations, which affected both the maximum permissible amount of mortgage allocable to dwellings and the maximum ratio of loan to value or to replacement cost, were eased in June 1952, but were not finally removed until the following September. Second, the housing amendments approved on June 30, 1953, raised the maximum amount of mortgage insurable by FHA under Section 207 to $2,000 per room (up to $10,000 per unit) not exceeding 80 percent of value, if the number of rooms in the project averages 4 or more per unit. If the number of bedrooms equals 2 or more per unit and the mortgage does not exceed $7,200 per unit, the mortgage may be as high as 90 percent of value. These new statutory maxima replaced the previous limitations of $8,100 per unit (or $7,200 if the number of rooms averages less than 4 per unit) and 90 percent of the value of the property up to $7,000 and 60 percent of the value over $7,000 up to $10,000.

The general upward shift in the average mortgage per unit in 1953 resulted in a 6-percent increase in the median under the rental programs (about $1,200 under both Section 207 and 908, but only $200 under Section 803) and a 5-percent increase under the cooperative programs (almost $600 under the sales type but only a $2 increase under the management type).

Percentage distributions of the average mortgage per unit by type of structure under all programs combined are shown in Chart 25. The more than 25 percent of the units in single-family structures with average mortgage amounts of $9,000 or more were primarily under the Section 213 sales-type program.

Data which served as the basis of the tables and charts showing the amount of mortgage, the size of the dwelling unit and monthly rental (Tables 55, 57, 58 and Charts 25, 26, and 27) exclude projects located in Alaska. During the year four projects with a total of about 400 units were committed under Section 207 in Alaska under the provisions of the Alaska Housing Act which allows substantially larger average mortgage amounts. The median mortgage amount per unit for these projects was $12,127. Although, effective June 30, 1953, special provisions were applicable also to projects committed in Hawaii, the two projects committed there since that date were not processed under the new provisions and were therefore not excluded from the tables and charts.

AVERAGE MORTGAGE PER UNIT BY TYPE OF PROJECT

COMMITMENTS ISSUED IN 1953 TO INSURE NEW PROJECT MORTGAGES

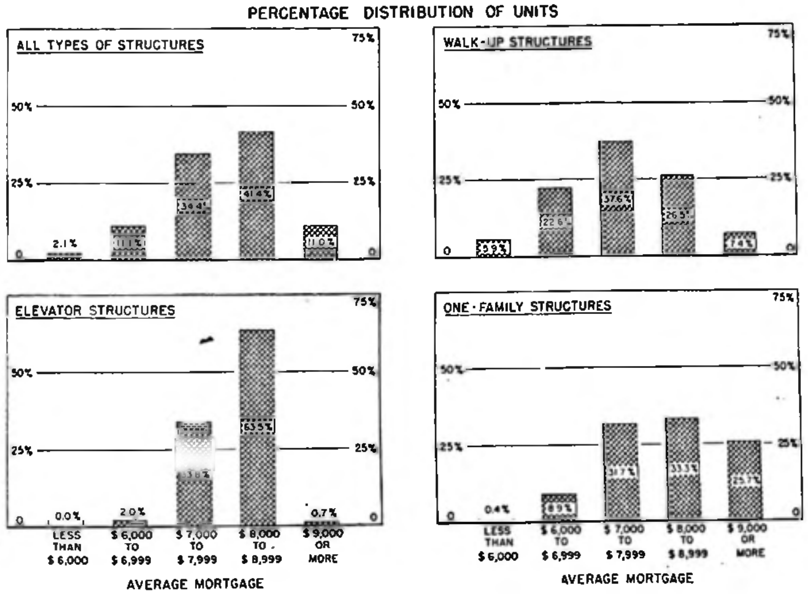


CHART 25.

Ratio of mortgage amount to replacement cost.—Although the average mortgage allocable to dwelling uses rose sharply in 1953, the ratio of mortgage amount to replacement cost fell materially. The loan-to-cost ratio for the typical unit in 1953 was 82.9 percent, compared with 87.2 percent in 1952. This ratio declined under each of the project programs except the Section 213 sales-type program where a 1953 increase in proportion of cooperative projects with high veteran membership brought the median to an all-time high of 93.4 percent (see Table 56). With a ratio of 82.0 percent for the typical unit under the management-type program, the median unit under the two cooperative programs combined had a ratio of 84.6 percent compared with 82.4 percent under the combined rental programs.

The ratio of mortgage-to-cost under Section 207 was 72.2 percent—10 percentage points or more below most of the other programs. A relatively low mortgage-to-cost ratio is common for mortgages insured under Section 207 where the statutory limit to the mortgage amount is expressed as a percentage of FHA estimate of value rather than as a percentage of the replacement cost, which is characteristically higher than value. Furthermore, under Section 207, the maximum ratio exceeds 80 percent only for a limited class of projects where the average

TABLE 56.—*Ratio of amount of mortgage to replacement cost for rental and cooperative housing, 1953*

Mortgage as a percent of replacement cost	Total rental and cooperative housing	Rental housing				Cooperative housing, Sec. 213		
		Total	Sec. 207	Sec. 803	Sec. 908	Total	Management type	Sales type
	Dwelling units—Percentage distribution							
Less than 70	9.4	11.7	25.6	-------	0.4	-------	-------	-------
70 to 74.9	14.3	17.4	30.3	2.2	-------	1.3	1.9	-------
75 to 79.9	12.9	10.3	11.4	7.5	15.1	23.9	36.6	-------
80 to 82.4	11.2	11.1	3.9	19.2	10.4	11.6	16.5	2.2
82.5 to 84.9	15.1	15.0	6.9	26.9	5.0	15.7	22.5	2.8
85.0 to 87.4	12.3	11.8	4.7	16.5	21.4	14.4	22.1	-------
87.5 to 89.9	14.1	17.2	10.3	20.1	32.5	.8	-------	2.2
90.0 [1]	10.7	5.5	.9	7.6	15.2	32.3	.4	92.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	82.9	82.4	72.2	84.3	87.3	84.6	82.0	93.4

[1] Includes any veterans' cooperative projects under Sec. 213 with ratios exceeding 90 percent.

value per unit is less than $7,200. In contrast to the mortgage-to-cost ratios in Table 56, the following distribution shows the relationship in 1953 of the amount of mortgage to FHA value under Section 207:

Mortgage as percent of value	*Percent distribution—Units*
Less than 70.0	11.4
70.0 to 79.9	51.4
80.0 to 84.9	17.1
85.0 to 89.9	14.0
90.0	6.1
Total	100.0

A substantial downward shift in this distribution occurred from the preceding year. For example, 63 percent of the Section 207 units in 1953 had mortgage-to-value ratios of 79.9 percent or less, compared with 31 percent in 1952; and there were less than one-half as many units in the 85-or-more percent groups in 1953 than in 1952.

Size of dwelling unit.[9]—In 1953, the median dwelling unit contained 4.7 rooms—only slightly less than the all-time record of 4.8 rooms

[9] Typical unit compositions are as follows:
Less 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.
4 rooms—Living room, 2 bedrooms, with dining space either in living room or in kitchen; or (less frequently) living room, 1 bedroom, dining room, and kitchen.
4½ rooms—Living room, 2 bedrooms, dining alcove, and kitchen.
5 rooms—Living room, 2 bedrooms, dining room, and kitchen; or (less frequently) living room, 3 bedrooms, and kitchen, with dining space in either living room or kitchen.
5½ rooms—Living room, 3 bedrooms, dining alcove, and kitchen.
6 rooms—Living room, 3 bedrooms, dining room, and kitchen.

reported for 1952. As Table 57 shows, the typical unit under the cooperative programs had 5.2 rooms and was larger than the median of 4.6 rooms under the rental programs.

TABLE 57.—*Size of dwelling units for rental and cooperative housing, 1953*

Rooms per unit	Total rental and cooperative housing	Rental housing				Cooperative housing, Sec. 213		
		Total	Sec. 207	Sec. 803	Sec. 908	Total	Management type	Sales type
	Dwelling units—Percentage distribution							
Less than 3	5.5	6.7	13.4	1.4	0.2	0.8	1.2	-------
3	5.8	6.7	9.4	2.7	9.7	1.9	2.9	-------
3½	10.2	10.0	15.0	4.2	10.6	11.1	16.9	-------
4	16.0	17.9	20.3	12.7	26.2	8.1	9.9	4.8
4½	28.2	29.7	27.1	28.2	43.5	22.1	32.7	1.9
5	15.7	15.2	7.3	26.5	6.7	17.8	16.9	19.6
5½	6.3	5.6	3.9	8.8	1.4	9.3	8.5	10.9
6 or more	12.3	8.2	3.6	15.5	1.7	28.9	11.0	62.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	4.7	4.6	4.3	5.0	4.5	5.2	4.8	6.1

The size of the dwelling unit varies substantially according to the type of program and the type of structure. For example, the larger units in 1953 were in projects committed under those programs where the single-family type of structure predominated—the Section 213 sales-type program with a median of 6.1 rooms and the Section 803 military housing program with 5.0 rooms. Under Section 207, where 63 percent of the units were in elevator structures, the median

SIZE OF DWELLING UNIT BY TYPE OF PROJECT
COMMITMENTS ISSUED IN 1953 TO INSURE NEW PROJECT MORTGAGES

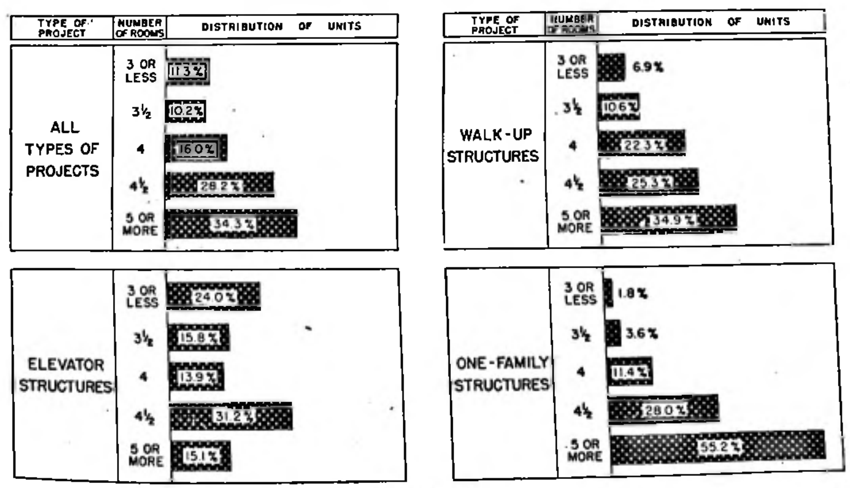


CHART 26.

unit contained only 4.3 rooms. Under the Section 213 management-type program, where 77 percent of the units were in elevator structures, the median unit contained 4.8 rooms.

Chart 26 shows the percentage distributions of units by size of unit and type of structure. Over 34 percent of all units approved in 1953 contained 5 or more rooms—including 55 percent of the units in 1-family structures, 35 percent of the units in walkups, and 15 percent of the units in elevator projects. About 11 percent of the units in 1953 contained 3 or fewer rooms. These were primarily in elevator structures where 1 in every 4 units was of this size.

Monthly rental or charges.—Table 58 and Chart 27 are devoted to an analysis of monthly rental or monthly charges as estimated in the underwriting process at the time of commitment. Although subject to revision because of changes in construction and operating costs, these charges may generally be expected to prevail when the projects are completed and occupied.

TABLE 58.—*Monthly rental or charges for rental and cooperative housing, 1953*

Monthly rental or charges per dwelling unit	Total rental and co-operative housing	Rental housing				Cooperative housing, Sec. 213		
		Total	Sec. 207	Sec. 803	Sec. 008	Total	Management type	Sales type
	Dwelling units—Percentage distribution							
Less than $50	1.3	0.7	1.4	0.1		3.0		10.4
$50 to $59.99	1.8	1.7	(1)	4.1		2.2		6.5
$60 to $69.99	10.2	11.7	4.4	22.8	2.3	3.9		11.4
$70 to $79.99	20.3	17.7	5.9	33.4	9.8	30.8	9.2	71.7
$80 to $89.99	22.1	22.9	14.9	25.2	43.1	19.2	20.3	
$90 to $99.99	17.2	14.6	13.8	8.5	36.5	27.3	41.7	
$100 to $109.99	7.4	6.6	8.4	4.1	8.1	10.9	16.6	
$110 to $124.99	10.7	12.9	26.6	1.8	.2	2.0	3.0	
$125 or more	9.0	11.2	24.6	(1)		.1	.2	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	$87.43	$87.95	$110.65	$74.95	$88.79	$85.35	$92.44	$76.51

[1] Less than 0.05 percent.

Under the Section 213 cooperative program, in lieu of monthly rental, members pay monthly charges. In management-type projects, the monthly charge is each member's pro rata share of the estimated monthly amount of debt service (payment of mortgage principal, interest, and FHA insurance premium), project operating and maintenance costs (including taxes, hazard insurance, and reserves for replacements), and a general operating reserve to cover delinquent payments and vacancies. In sales-type projects, the monthly charge represents the estimated total monthly mortgage payment for the house being purchased (principal, interest, FHA insurance premium, real estate taxes, and hazard insurance).

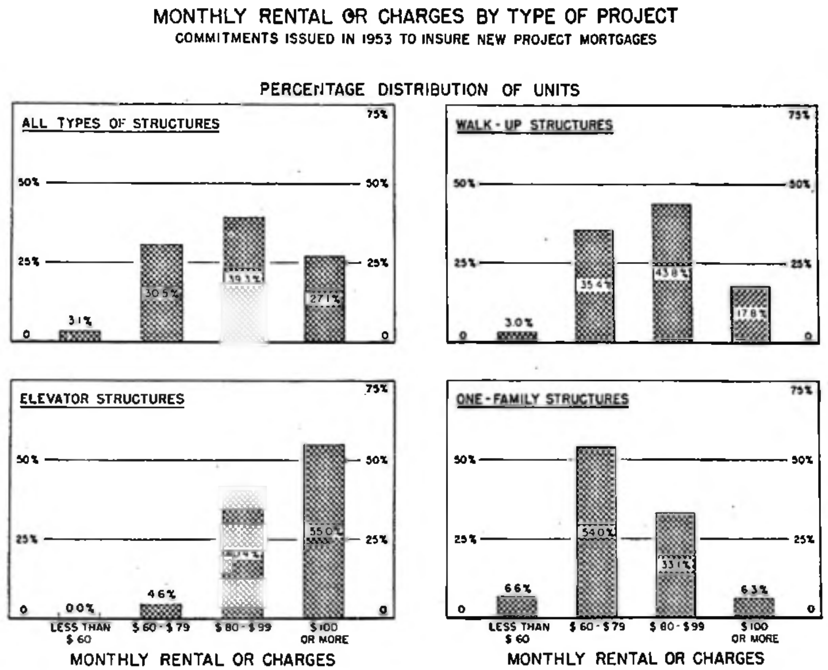


CHART 27.

The median monthly rental (or charges) in 1953 for all programs combined amounted to $87.43—15 percent above 1952 and the highest in FHA history. The median of $87.95 under the rental programs was slightly higher than the $85.35 under the cooperative programs. Only about one-third of the units had charges of less than $80.00—primarily Section 803 military housing units in these rental brackets and the sales-type cooperative units. About one-fifth of all units in 1953 rented for $110 or more. These were almost entirely under Section 207 where one-half of the total units were in this rental range.

Monthly rental or monthly charges by type of structure is shown in Chart 27. In general, dwelling units in elevator structures had the highest rentals or charges followed by units in walkup structures, and finally those in 1-family houses.

About 55 percent of the units in elevator projects rented for, or had charges of, $100 or more a month, and over 95 percent of them $80 or more. Higher charges in elevator structures were due to the higher construction costs and to the generally greater number of services, utilities, and items of equipment provided the tenant. In elevator structures, these usually include laundry facilities, heat, hot and cold water, janitor services, ground maintenance, ranges, and refrigerators.

In 1953, the monthly charges for about one-half the units in elevator structures also included gas and electricity.

In walkup structures, about 18 percent of the units had monthly rentals or monthly charges of $100 or more, and over 60 percent $80 or more. About one-third of the dwelling units carried monthly fees of from $60.00 to $79.99—a range which accounted for well over one-half of all units in 1-family structures. Only 6 percent of the units in 1-family structures, which usually provided the smallest number of services and items of equipment, were in the $100-or-more group in 1953, and only 40 percent of them in the range of $80.00 or more.

Characteristics by incomes of cooperative project members.—Under the Section 213 cooperative housing program, statistics are available showing the variation in certain characteristics of mortgage transactions reported for various income levels of the members of the cooperative associations. Table 59 shows these data for management-type cooperatives and Table 60 shows them for sales-type.

TABLE 59.—*Transaction characteristics by income of management-type cooperative project members, 1953*

Member's effective monthly income [1]	Percentage distribution	Average: Member's monthly income	Average: Monthly charges	Average: Total monthly housing expense	Average: Number of rooms	Average: Number of bedrooms	Monthly charges (As a percent of monthly income)	Monthly housing expense (As a percent of monthly income)
Less than $300.00	2.3	$276.00	$68.70	$72.81	3.4	1.0	24.9	26.4
$300 to $399.99	16.8	354.33	78.38	83.97	4.0	1.4	22.1	23.7
$400 to $499.99	20.0	441.60	88.97	94.80	4.4	1.7	20.1	21.5
$500 to $599.99	24.1	541.54	96.50	103.60	4.7	2.0	17.8	19.1
$600 to $699.99	14.3	637.51	99.04	106.81	4.9	2.2	15.7	16.8
$700 to $799.99	6.7	744.31	103.91	110.77	5.0	2.2	14.0	14.9
$800 or more	6.8	1,108.76	107.37	114.52	5.2	2.4	9.7	10.3
Total	100.0	540.88	92.36	98.72	4.6	1.9	17.1	18.3

[1] In this and subsequent tables, member's effective monthly income refers to estimated amount of member's earning capacity that is likely to prevail during approximately the first third of the mortgage term.

Almost one-half the members of management-type cooperatives in 1953 had effective incomes before taxes of less than $500 a month. With about 14 percent of the members with incomes of $700 a month or more, the average for all members amounted to about $541. Average monthly housing expense was nearly $99, of which $92 represented the pro rata share of the estimated amount of monthly debt service and project operating and maintenance costs, and the remainder was the estimated amount of personal benefit expenses (the cost of utilities, minor repairs, and maintenance of the member's own apartment). Monthly charges ranged from an average of $69 for members with monthly incomes of less than $300 to $107 for members

with incomes of $800 or more. Average monthly housing expense accounted for 18 percent of the member's average monthly income—ranging from over one-quarter in the lower income levels to about one-tenth in the upper levels. Dwelling units in management-type projects contained an average 4.4 rooms, including 1.9 bedrooms.

TABLE 60.—*Transaction characteristics by income of sales-type cooperative project members, 1953*

Member's effective monthly income	Percentage distribution	Average: Member's monthly income	Average: Sale price	Average: Monthly charges	Average: Total monthly housing expense	Average: Number of rooms	Average: Number of bedrooms	Monthly charges (As a percent of monthly income)	Monthly housing expense (As a percent of monthly income)	Ratio of sale price to annual income
Less than $300	10.8	$257.71	$8,529	$50.63	$68.43	4.8	2.2	19.6	26.6	2.8
$300 to $399.99	39.9	351.26	10,755	68.79	86.55	5.6	2.7	19.6	24.6	2.6
$400 to $499.99	29.1	434.36	11,416	73.91	91.52	5.8	2.9	17.0	21.1	2.2
$500 to $599.99	13.3	526.49	11,606	74.82	92.19	5.9	3.0	14.2	17.5	1.8
$600 to $699.99	4.1	624.11	11,841	75.55	93.96	6.0	3.1	12.1	15.1	1.6
$700 to $799.99	1.0	735.97	12,166	74.60	92.13	6.0	3.1	10.1	12.5	1.4
$800 or more	1.8	1,027.86	12,569	74.59	93.43	6.2	3.3	7.3	9.1	1.0
Total	100.0	416.23	10,913	69.56	87.28	5.6	2.8	16.7	21.0	2.2

Incomes of members of sales-type projects were substantially lower than the incomes reported for members of the management-type—an average of $416 monthly for the sales-type compared with $541 for the management-type projects. This difference was due largely to the fact that, of the cooperative projects committed in 1953, a heavy proportion of the management-type projects were located in New York City, while most of the sales-type projects were located in southern California. About one-half the members of the sales-type projects had monthly incomes of less than $400.

Members of sales-type projects paid a larger proportion of their incomes in monthly housing expense—an average 21 percent. The spread between monthly housing expense and monthly charges for the sales-type program averaged $18, compared with only about $6 for the management-type program. This difference was due to the fact that under the sales-type program the monthly payment excludes operating expense items, reserve for replacement, and general operating reserve usually included in the monthly payment under the management-type program. The average sale price of the units in 1953 was $10,913—about 2.2 times the member's annual income. Dwelling units were all in single-family structures. They contained an average 5.6 rooms and 2.8 bedrooms—substantially larger than the units under the management-type program.

Property Improvement Loan Insurance

In 1953, insurance was written under two sections of Title I of the National Housing Act. Section 2, one of the original programs of the Administration, provides for the insurance of property improvement loans made by qualified lenders. Section 8, in effect since 1950, provides for the insurance of mortgages on single-family homes for families of low or moderate incomes. The following pages of this report are devoted to an analysis of the Section 2 property improvement program.

Under Section 2, FHA is authorized to insure approved lending institutions against loss up to 10 percent of the aggregate net proceeds of improvement loans advanced by each institution. These small, short-term, unsecured loans are used for the repair, alteration, and improvement of existing properties and the construction of new structures for other than residential purposes. Section 1 of this report outlines information on the terms, financing charges, types of improvement, and scope of operation under this program.

Since the beginning of FHA operations in 1934, over $7.4 billion in privately financed credit has been disbursed to some 16½ million families and insured under the Title I program—over 22 percent of the total insurance written under all FHA programs.

Annual Volume of Business

In 1953, for the fourth consecutive year, a new record was established by this program. An estimated total of $1,092,277,121 of improvement loans was submitted for insurance during 1953, exceeding the comparable 1952 estimated volume of $1,047,357,692 by 4.3 percent. Because of the exhaustion of Title I insurance authorization in September 1952, actual insurance of loans made in the last part of 1952 and early 1953 was delayed up to as much as 75 working days, until authorization became available. The insurance and recording of this backlog in 1953 still further increased the record volume of improvement loans submitted in that year. Tables 61 and 63, therefore, indicate the year's Section 2 insurance volume as $1.3 billion (2.2 million loans), accounting for 34 percent of the total insurance recorded ($3.9 billion) by FHA during the year.

For those concerned with the economic activity reflected in the property improvement program, study of Chart 28 may be useful. This chart shows three series of data—the "tabulated" data reflect the proceeds of loans actually insured each month while the "estimated" data are based upon the daily record of loan report receipts multiplied

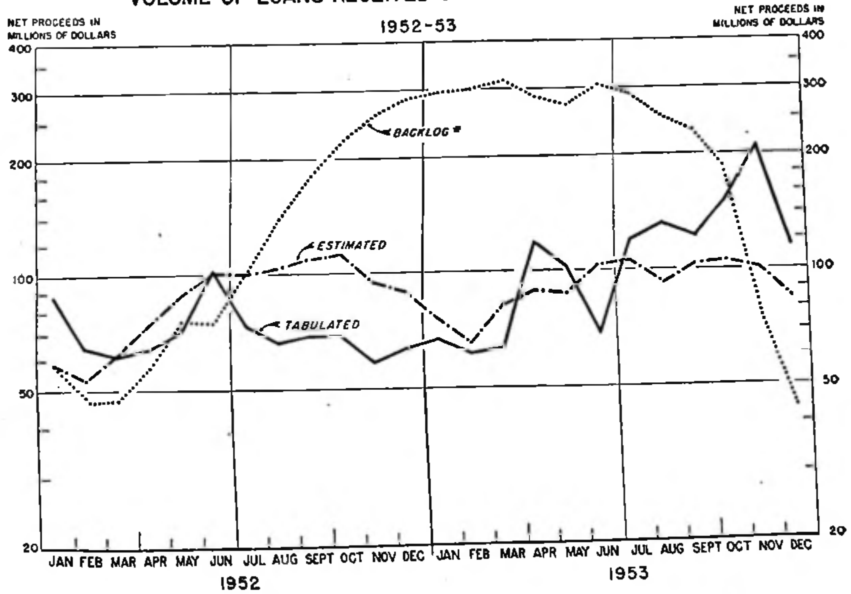
TABLE 61.—*Property improvement loans insured and claims paid by FHA, 1934–53*

Year	Loans insured			Claims paid			Cumulative claims paid as percent of cumulative loans insured
	Number	Net proceeds (000)	Average	Number	Amount (000)	Average	
1934–39	2,329,648	$821,332	$353	103,390	$23,888	$231	2.91
1940–44	2,158,920	770,782	313	85,795	25,442	297	3.10
1945–49	5,151,998	2,233,205	433	122,962	41,627	339	2.38
1950	1,447,101	693,761	479	56,446	18,148	322	2.41
1951	1,437,764	707,070	492	35,579	12,086	340	2.32
1952	1,495,741	848,327	567	33,265	11,524	346	2.18
1952 estimated [1]	(1,816,881)	(1,047,358)					
1953	2,244,227	1,334,287	595	37,470	14,995	400	1.99
1953 estimated [1]	(1,832,180)	(1,092,277)					
Total	16,565,399	7,408,765	447	474,907	147,711	311	

[1] Estimated number and dollar amount of loans originated during the year based on a count of loan reports received (see text).

by an appropriate average amount of loan. The "backlog" series shows the expansion in 1952 and decline in 1953 of the untabulated loan reports on hand. Under normal operating procedure, the "estimated" and "tabulated" series can be expected to coincide roughly, with the estimates leading the tabulation series by a small margin. The "backlog" series normally fluctuates within narrow limits as a result of tabulation workload.

VOLUME OF LOANS TABULATED COMPARED WITH ESTIMATED VOLUME OF LOANS RECEIVED UNDER TITLE I, SECTION 2



* CUMULATIVE EXCESS OF "ESTIMATED" (LOAN REPORTS RECEIVED) OVER "TABULATED" (LOANS RECORDED FOR INSURANCE).

CHART 28.

As indicated above, in September 1952, the dollar amount of loans outstanding approached the statutory insurance limit of $1¼ billion, while the volume and average size of new loans continued rising. With this situation prevailing, insurance could only be written at the rate of approximately $70 million a month, the estimated amount of the outstanding balance being paid off during the month. However, loans were being received at the rate of $100 million a month (Chart 28), leaving an average difference of about $30 million a month between the two series.

The insurance limitation was raised by Congress in March to $1¾ billion, but it was not until November 1953 that the last part of the accumulated backlog could be tabulated. (The backlog carried into 1953 included some 480,000 cases with net proceeds in excess of $283 million, or one-fifth of the 1953 tabulated totals.)

The analysis that follows deals with the tabulated amounts, which are the basis for all the volume and characteristics tables in this report. Except for showing a higher volume of activity, there is no reason to believe that the characteristics of the loans are materially affected by the inclusion of the 1952 backlog.

Chart 29 and Table 62 show the average outstanding balance of property improvement loans in relation to the annual volume of claim payments. Since the beginning of operations in 1934, the outstanding

INSURED PROPERTY IMPROVEMENT LOANS OUTSTANDING AND CLAIMS PAID BY FHA

1934–1953

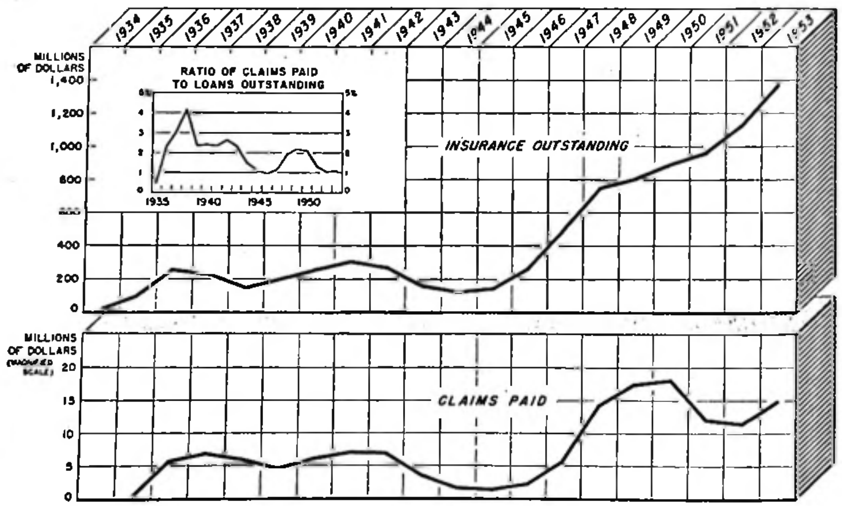


CHART 29.

TABLE 62.—*Property improvement loans outstanding and claims paid by FHA, 1934–53*

[Dollar amounts in thousands]

Year	Average net proceeds of loans outstanding	Annual amount of claims paid	Claims paid as percent of loans outstanding	Year	Average net proceeds of loans outstanding	Annual amount of claims paid	Claims paid as percent of loans outstanding
1934	$12,008			1944	$115,153	$1,670	1.45
1935	93,582	$447	0.48	1945	140,247	1,524	1.09
1936	253,218	5,885	2.32	1946	262,376	2,434	.93
1937	224,861	6,891	3.06	1947	501,171	5,830	1.16
1938	144,440	6,016	4.17	1948	748,438	14,346	1.92
1939	199,347	4,649	2.33	1949	803,293	17,494	2.18
1940	253,676	6,115	2.41	1950	880,433	18,148	2.04
1941	303,149	7,071	2.33	1951	959,304	12,086	1.26
1942	265,583	6,998	2.64	1952	1,130,827	11,524	1.02
1943	155,667	3,588	2.30	1953	1,377,679	14,095	1.09

volume has steadily increased, with 2 exceptions—1937–38, when insuring operations were slowed down because of a 10-month lapse in the authority to insure under Section 2; and again during World War II when restrictions of various kinds materially reduced modernization and repair activities. A look at the claim series discloses a close conformance to the trend of outstanding balance—following the same general movement with an approximate one-year lag. However, after the outbreak of the Korean War, this relationship no longer existed, and claims fell for three consecutive years, during which time the economy was at peak levels of income and employment. With 1953 and some slacking in production, a sharp increase ($3 million or 30 percent over 1952) in claim payments occurred—slightly greater relatively than the 22-percent increase in the outstanding balance ($247 million).

The claim-to-outstanding-balance ratio has indicated a generally favorable relationship, with the prewar ratios of 2 to 3 percent being higher (the 1937–38 ratio is not significant since authority to insure lapsed for 10 months) than the postwar range of 1 to 2 percent. Both the expanding volume of insurance and the modest level of claims have contributed to the exceptionally low ratios of approximately 1 percent in the last two years.

Of the 16½ million loans insured from 1934 to 1953 under Section 2, 475,000 (2.9 percent) had gone into default, resulting at the year end in insurance claims submitted by insured lending institutions amounting to almost $148 million—only 1.99 percent of the total amount insured. This claims ratio is reduced to 1.2 percent by deduction of the recoveries made by FHA on these defaulted notes. Anticipated recoveries on notes still in process of collection reduces this ratio still further to a 0.98 percent net claim ratio.

Cash recoveries for 1953 reached an all-time high of almost $8.4 million, or $600,000 more than in 1952. By the end of 1953 the tabulated records of cash collections and the proceeds from the disposal of real properties approximated $60 million, or $4 recovered for every $10 paid to lending institutions on defaulted notes.

It is expected that another $14½ million will be recovered from notes in process of collection, bringing the total recoveries to about $75 million. If this is deducted from claim payments through 1953 the net loss on loans insured is slightly less than 1 percent—compared with 1.07 percent at the end of 1952 and 1.13 percent at the end of 1951. All claims and operating expenses under the Section 2 program have been met by FHA reserves at no cost to the Government with respect to insurance written since July 1, 1939, when insurance premiums were first authorized under this program. In order to establish this record, FHA on July 1, 1953 repaid $8,333,313.65 to the United States Treasury, in keeping with Public Law 5, approved March 10, 1953. This amount represented advances from the Treasury to FHA for meeting parts of the claims and administrative expenses of the program while reserves were initially accumulated in the years immediately after 1939.

State Distribution

Loans were insured under Title I during 1953 to improve properties in every State and several Territories. (See Table 63 and Chart 30.)

Table 63.—*Volume of FHA-insured property improvement loans by State location of property, 1953*

State	Loans insured			State	Loans insured		
	Number	Not proceeds (000)	Average		Number	Net proceeds (000)	Average
Alabama	33, 701	$18, 085	$536	New Jersey	60, 495	$47, 632	$787
Arizona	19, 334	11, 556	598	New Mexico	6, 976	4, 843	694
Arkansas	12, 299	7, 455	606	New York	235, 124	170, 465	725
California	275, 429	139, 326	506	North Carolina	19, 222	11, 563	602
Colorado	23, 391	13, 522	578	North Dakota	3, 996	2, 585	647
Connecticut	11, 484	7, 700	676	Ohio	133, 759	77, 530	580
Delaware	599	436	727	Oklahoma	32, 421	19, 030	587
District of Columbia	10, 857	6, 200	579	Oregon	19, 053	12, 681	666
Florida	52, 566	34, 103	649	Pennsylvania	101, 962	59, 428	583
Georgia	30, 875	17, 610	570	Rhode Island	4, 942	2, 823	671
Idaho	12, 632	8, 770	694	South Carolina	11, 189	6, 468	578
Illinois	128, 125	83, 393	651	South Dakota	5, 407	3, 341	618
Indiana	74, 524	43, 382	582	Tennessee	45, 052	23, 211	515
Iowa	29, 299	17, 234	588	Texas	166, 771	93, 305	559
Kansas	25, 946	13, 953	538	Utah	28, 952	17, 887	618
Kentucky	26, 769	14, 658	548	Vermont	1, 759	1, 158	659
Louisiana	25, 110	15, 656	623	Virginia	35, 160	19, 376	551
Maine	10, 030	4, 957	494	Washington	48, 592	30, 014	618
Maryland	59, 441	29, 891	503	West Virginia	11, 169	6, 483	580
Massachusetts	45, 374	26, 753	590	Wisconsin	20, 280	13, 462	664
Michigan	189, 049	106, 107	561	Wyoming	2, 092	1, 768	845
Minnesota	53, 635	30, 777	574	Alaska	508	568	1, 118
Mississippi	11, 810	6, 845	580	Hawaii	808	722	893
Missouri	56, 744	29, 519	520	Puerto Rico	1, 603	1, 994	1, 244
Montana	6, 425	4, 584	713	Virgin Islands	3	5	1, 807
Nebraska	12, 164	7, 258	597	Guam	238	284	1, 195
Nevada	3, 862	3, 232	837				
New Hampshire	5, 330	2, 716	510	Total [1]	2, 244, 227	1, 334, 287	595

[1] Includes adjustments.

NUMBER OF PROPERTY IMPROVEMENT LOANS INSURED BY FHA UNDER TITLE I, SECTION 2
DURING 1953

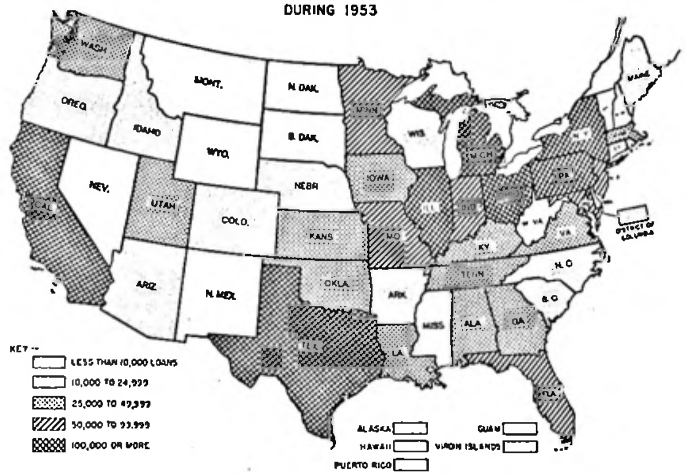


Chart 30.

New York State, reporting $170 million in insurance, exceeded the volume reported for any other State. California ($139 million) and Michigan ($106 million) ranked next, with the total share accounted for by these 3 leading States amounting to 31 percent of the $1.3 billion insured. They were followed by Texas, Illinois, Ohio, and Pennsylvania, with $93 million, $83 million, $78 million, and $59 million respectively in loan insurance. (It should be noted that State totals cover location of the properties improved and not the location of the financing institution.)

Cumulatively since 1934, these 7 States account for almost $4.1 billion in loans insured, or more than half of the $7.4 billion insured under the property improvement program. New York, California, Michigan, and Illinois have reported more than 1 million loans. During this 19½-year period, FHA has paid 475,000 claims aggregating almost $148 million on defaulted notes. As may be expected, the 3 States which reported the largest loan volume also submitted the largest amount of defaulted notes upon which claims were paid—New York ($21 million), California ($17 million), and Michigan ($11 million).

The cumulative ratio of loans insured to claims paid is only 1.99 percent. In 20 of the States shown in Table 64 the claim ratio was less than the national average. However, 6 States reported ratios in excess of 3 percent, with Vermont having a high of almost 6 percent.

TABLE 64.—*Volume of FHA-insured property improvement loans and claims paid, by State location, 1934–53*

State	Loans insured			Claims paid			Percent of claims paid to loans insured
	Number	Net proceeds (000)	Average	Number	Amount (000)	Average	
Alabama	247, 909	$92, 980	$375	8, 095	$1, 882	$233	2. 02
Arizona	113, 004	55, 613	492	2, 660	1, 074	404	1. 93
Arkansas	111, 605	46, 043	413	5, 384	1, 484	276	3. 22
California	1, 967, 446	782, 885	398	52, 485	17, 262	329	2. 20
Colorado	136, 277	58, 235	427	2, 734	930	340	1. 60
Connecticut	170, 763	77, 822	456	5, 460	1, 916	351	2. 46
Delaware	14, 846	6, 757	455	590	209	355	3. 10
District of Columbia	86, 733	42, 078	485	3, 138	961	306	2. 28
Florida	308, 984	156, 474	506	11, 340	3, 914	345	2. 50
Georgia	216, 163	89, 235	413	7, 449	1, 959	263	2. 20
Idaho	91, 263	44, 762	490	2, 816	1, 050	373	2. 35
Illinois	1, 016, 807	479, 418	471	22, 382	7, 040	315	1. 47
Indiana	570, 994	228, 572	400	17, 915	4, 723	264	2. 07
Iowa	227, 972	97, 290	427	6, 128	1, 949	318	2. 00
Kansas	152, 810	58, 971	386	4, 253	1, 088	256	1. 84
Kentucky	178, 304	71, 837	403	4, 965	1, 444	291	2. 01
Louisiana	153, 291	64, 847	423	5, 222	1, 151	220	1. 77
Maine	69, 489	29, 738	428	2, 812	915	325	3. 08
Maryland	336, 269	140, 814	419	8, 648	2, 495	288	1. 77
Massachusetts	426, 986	187, 603	439	13, 797	4, 482	325	2. 30
Michigan	1, 384, 376	581, 316	420	38, 791	11, 288	291	1. 94
Minnesota	369, 022	155, 305	421	7, 451	2, 397	322	1. 54
Mississippi	108, 090	44, 489	412	6, 586	1, 669	253	3. 75
Missouri	424, 127	160, 973	380	12, 006	3, 197	266	1. 90
Montana	42, 917	22, 111	515	1, 221	471	386	2. 13
Nebraska	94, 259	40, 880	434	2, 424	757	312	1. 85
Nevada	22, 295	13, 202	592	467	222	475	1. 68
New Hampshire	43, 112	18, 782	436	2, 065	660	320	3. 51
New Jersey	592, 182	326, 301	551	23, 046	7, 287	316	2. 23
New Mexico	33, 976	19, 034	560	1, 186	434	366	2. 28
New York	1, 804, 891	1, 050, 844	582	51, 962	21, 049	405	2. 00
North Carolina	143, 019	60, 699	424	5, 244	1, 410	269	2. 32
North Dakota	30, 767	14, 241	463	1, 166	393	337	2. 76
Ohio	991, 048	406, 868	411	23, 381	7, 154	306	1. 76
Oklahoma	231, 083	94, 199	408	6, 224	1, 574	253	1. 67
Oregon	207, 376	91, 267	440	5, 737	1, 849	322	2. 03
Pennsylvania	920, 662	396, 648	431	27, 885	8, 033	288	2. 03
Rhode Island	62, 273	27, 085	435	1, 638	508	310	1. 88
South Carolina	78, 919	32, 714	415	3, 309	822	248	2. 51
South Dakota	29, 387	14, 424	491	874	322	368	2. 23
Tennessee	322, 777	121, 599	377	8, 465	2, 381	281	1. 96
Texas	881, 073	379, 827	431	23, 750	5, 598	236	1. 47
Utah	160, 728	71, 799	447	3, 374	1, 149	340	1. 60
Vermont	19, 252	8, 841	459	1, 465	527	360	5. 96
Virginia	216, 747	99, 496	459	5, 502	1, 722	313	1. 73
Washington	392, 009	168, 872	431	10, 048	2, 060	205	1. 75
West Virginia	77, 907	37, 126	477	2, 551	950	372	2. 56
Wisconsin	234, 449	104, 761	447	5, 947	2, 016	339	1. 92
Wyoming	16, 162	9, 523	589	443	217	490	2. 28
Alaska	1, 263	1, 252	991	34	13	397	1. 08
Hawaii	2, 445	1, 671	684	7	3	430	. 18
Puerto Rico	27, 707	22, 148	797	2, 090	784	375	3. 54
Virgin Islands	3	5	1, 807				
Guam	238	284	1, 195	1		811	. 29
Total[1]	16, 505, 399	7, 408, 765	447	474, 907	147, 711	311	1. 99

[1] Includes adjustments.

Table 65 contains a list of 44 standard metropolitan areas where more than 10,000 loans were reported as insured in 1953. These areas shown are heavily populated and report $761 million in insurance, making up 57 percent of the total volume of insurance written under the Title I program, while the volume insured in all standard metropolitan areas located in the continental United States accounts for about three-fourths of the total volume. The New York-Northeastern New Jersey, Detroit, Los Angeles, and Chicago standard metropolitan

TABLE 65.—*Property improvement loans insured in selected standard metropolitan areas, 1953 and 1934–53*

Standard Metropolitan Area[1]	1953		1934–53	
	Number of loans	Net proceeds	Number of loans	Net proceeds
Akron, Ohio	15, 396	$7, 888, 655	114, 027	$41, 916, 024
Albany-Schenectady-Troy, N. Y	10, 074	6, 312, 582	65, 150	33, 826, 669
Atlanta, Ga	16, 031	9, 358, 023	120, 691	50, 323, 094
Baltimore, Md	45, 453	21, 950, 845	253, 221	102, 333, 583
Birmingham, Ala	13, 478	6, 832, 903	110, 658	38, 769, 913
Boston, Mass	22, 909	13, 949, 602	220, 023	96, 896, 871
Buffalo, N. Y	24, 173	14, 514, 509	139, 726	67, 745, 174
Chicago, Ill	97, 827	65, 482, 669	791, 460	388, 283, 893
Cincinnati, Ohio	12, 866	6, 920, 416	102, 000	40, 235, 193
Cleveland, Ohio	23, 749	16, 309, 713	170, 351	84, 321, 001
Columbus, Ohio	13, 502	6, 924, 503	108, 766	40, 594, 102
Dallas, Tex	25, 569	13, 063, 770	149, 884	56, 212, 428
Denver, Colo	16, 976	9, 310, 387	93, 393	37, 960, 803
Detroit, Mich	126, 388	70, 911, 027	846, 657	371, 675, 729
Flint, Mich	12, 317	6, 218, 456	102, 518	37, 613, 740
Fort Worth, Tex	18, 227	9, 760, 430	80, 130	34, 538, 838
Houston, Tex	41, 185	20, 391, 162	210, 749	83, 945, 045
Indianapolis, Ind	19, 547	10, 974, 374	151, 960	58, 856, 504
Kansas City, Mo	25, 436	12, 365, 689	168, 238	61, 821, 893
Los Angeles, Calif	137, 222	66, 728, 612	1, 006, 648	394, 115, 588
Louisville, Ky	17, 750	9, 663, 718	116, 376	46, 657, 178
Memphis, Tenn	16, 749	8, 340, 540	129, 652	46, 389, 187
Miami, Fla	15, 068	9, 358, 833	82, 256	43, 300, 929
Minneapolis-St. Paul, Minn	35, 749	20, 372, 054	237, 520	99, 210, 978
New York-Northeastern N. J	163, 050	133, 917, 516	1, 459, 792	912, 636, 537
Philadelphia, Pa	31, 830	17, 814, 535	370, 366	160, 965, 534
Phoenix, Ariz	11, 889	6, 483, 690	67, 544	30, 681, 516
Pittsburgh, Pa	30, 734	19, 227, 520	266, 343	114, 297, 248
Rochester, N. Y	15, 420	8, 767, 336	100, 320	46, 017, 238
Sacramento, Calif	12, 016	5, 588, 654	81, 231	29, 815, 230
St. Louis, Mo	35, 566	18, 751, 732	269, 108	102, 376, 770
Salt Lake City, Utah	14, 952	8, 994, 189	84, 558	35, 468, 038
San Antonio, Tex	14, 011	6, 698, 096	75, 124	30, 518, 887
San Bernardino-Riverside-Ontario, Calif	13, 787	7, 476, 878	80, 932	38, 895, 586
San Diego, Calif	17, 891	9, 636, 522	95, 032	42, 238, 652
San Francisco-Oakland, Calif	42, 617	22, 341, 847	343, 017	136, 431, 703
San Jose, Calif	13, 291	5, 523, 992	60, 043	21, 294, 592
Seattle, Wash	15, 036	10, 420, 526	141, 072	62, 857, 479
Syracuse, N. Y	10, 860	6, 395, 273	74, 073	35, 195, 916
Toledo, Ohio	12, 238	7, 042, 911	80, 741	34, 507, 652
Washington, D. C	27, 204	15, 704, 550	178, 142	85, 238, 253
Youngstown, Ohio	12, 683	7, 056, 422	97, 377	36, 251, 103
Total—44 Standard Metropolitan Areas	1, 290, 664	761, 747, 161	9, 514, 071	4, 313, 293, 369
Total remaining continental Standard Metropolitan Areas	344, 828	231, 968, 579	3, 110, 035	1, 318, 804, 740
Total continental Standard Metropolitan Areas	1, 644, 492	993, 715, 740	12, 634, 006	5, 632, 098, 109
Outside continental Standard Metropolitan Areas	599, 735	340, 571, 385	3, 931, 366	1, 776, 560, 139
Grand total	2, 244, 227	1, 334, 287, 125	16, 565, 372	7, 408, 658, 248

[1] Includes those Standard Metropolitan Areas in which 10,000 or more loans were insured in 1953.

areas each reported over $65 million in loans in 1953 for a total of $337 million—approximately one-fourth of the total dollar amount insured during the year. This volume is equal to the improvement loans insured in all areas in the United States outside the boundaries of the 171 standard metropolitan areas.

The same general pattern applies for the period 1934–53, with the four largest areas in terms of population reporting the largest dollar volume. As in 1953, New York-Northeastern New Jersey reported the largest cumulative volume, accounting for more than twice the amount of insurance reported for any other single area.

Financial Institution Activity

Table 66 shows the volume of loans insured, for the year 1953 and for the period since March 1950 (1950 Reserve), distributed by type of lending institution financing property improvement loans. Since the 1950 Reserve has been in effect, two types of institutions—National banks and State chartered banks—have financed 84 percent of the insurance written for home modernization. National banks (52 percent) led all types of lenders in originations, followed by State banks with 32 percent of the total. The bulk of the remainder has been accounted for by finance companies and savings and loan associations. Chart 31 depicts pictorially the experience under the 1950 Reserve. Consistent with the volume of insured loans submitted, national banks received twice as much as any other type of lender in claim payments from FHA, but the ratio of their claims to loans insured was 0.83 of 1 percent—almost identical to the national average of 0.79 percent. As in the past, the highest claim ratio was reported for finance companies—almost 1.1 percent (Table 67).

TABLE 66.—*Origination of FHA-insured property improvement loans by type of institution, 1953 and 1950 Reserve*

Type of institution	Loans insured			
	Number	Net proceeds (000)	Percent of net proceeds	Average net proceeds
	1953			
National bank	1,207,673	$696,376	52.2	$577
State chartered bank [1]	721,910	426,824	32.0	591
Finance company	154,189	113,061	8.5	733
Savings and loan association	149,294	90,195	6.7	604
Other	11,152	7,830	.6	702
Total	2,244,227	1,334,287	100.0	595
	1950 Reserve—Mar. 1950–Dec. 1953			
National bank	3,388,435	$1,788,543	52.4	$528
State chartered bank [1]	1,978,501	1,071,670	31.4	542
Finance company	498,958	323,841	9.5	649
Savings and loan association	367,428	206,719	6.1	563
Other	28,082	19,771	.6	704
Total	6,261,404	3,410,544	100.0	545

[1] Includes State banks, industrial banks, and savings banks.
Totals may not agree with components because of rounding.

In 1953 over $1.1 billion in net proceeds to borrowers was financed by commercial banks, with the remaining portion ($200 million) handled by finance companies and savings and loan associations. About four-fifths of the claims paid in 1953 were for defaulted notes held by national and State banks—the largest lenders under this program.

TYPES OF INSTITUTIONS ORIGINATING PROPERTY IMPROVEMENT LOANS AND RECEIVING CLAIM PAYMENTS UNDER THE 1950 RESERVE

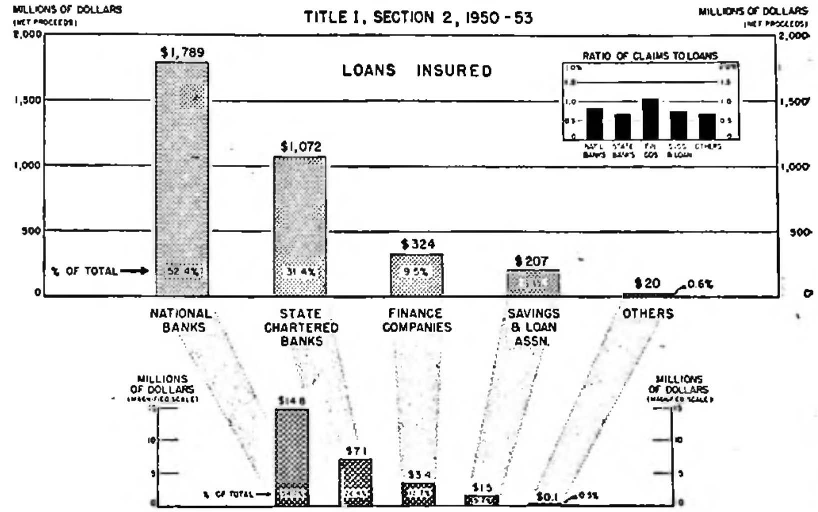


CHART 31.

(It is important to mention that claims paid in any year are not related to insurance written during that year but rather to insurance outstanding on loans previously reported for insurance.)

TABLE 67.—*Claims paid on FHA-insured property improvement loans by type of institution, 1953 and 1950 Reserve*

Type of institution	Claims paid			
	Number	Amount (000)	Percent of amount	Average claim
	1953			
National bank	20,847	$8,073	53.8	$387
State chartered bank [1]	9,855	3,894	26.0	395
Finance company	4,532	1,989	13.3	439
Savings and loan association	2,144	1,006	6.7	469
Other	92	34	.2	370
Total	37,470	14,995	100.0	400
	1950 Reserve—Mar. 1950–Dec. 1953			
National bank	35,901	$14,816	54.7	$413
State chartered bank [1]	17,133	7,140	26.4	417
Finance company	6,737	3,422	12.7	508
Savings and loan association	3,264	1,546	5.7	474
Other	221	133	.5	603
Total	63,256	27,067	100.0	428

[1] Includes State banks, industrial banks and savings banks.
Totals may not agree with components due to rounding.

Under the 1950 Reserve, there are over 7,000 approved Title I lenders. Approximately 4,800 have been active at some time since 1950, with an average of 3,600 lenders a month reporting some activity during 1953.

Distributions by type of lending institution, based on the net proceeds of loans insured, for selected years are shown in Table 68. This shows that national banks have originated over half of the dollar volume in recent years—increasing their share from 25 percent in 1940 to 52 percent in 1953. Offsetting the relative increase in insured lending by national banks has been a consistent decline in activity under the program by finance companies. State bank participation has remained relatively constant in recent years at prewar levels. Savings and loan associations have shown increasing interest in the property improvement loan program and have raised their share of the total from 1 percent in 1940 to almost 7 percent in 1953.

TABLE 68.—*Origination of FHA-insured property improvement loans by type of institution, selected years*

Type	1953	1952	1951	1946	1940
	Net proceeds—Percentage distribution				
National bank	52.2	52.1	52.7	41.3	25.3
State chartered bank	32.0	30.5	31.8	24.9	31.6
Finance company	8.5	10.4	9.6	33.1	40.5
Savings and loan association	6.7	6.4	5.5	.7	1.4
Other	.6	.6	.4		1.2
Total	100.0	100.0	100.0	100.0	100.0

Loan Characteristics

In 1953, the typical loan granted by an approved lender and insured by FHA under Section 2 of the National Housing Act provided $433 in net proceeds to a borrower who wished to improve an existing structure. The loan was to be repaid over a period of three years through equal monthly payments of $13.84 to principal and interest. As in other recent years, the single-family residence was the principal type of property improved and the most common types of improvement were insulation, heating repairs, finishing (siding and painting), and additions and alterations.

Amount of loan.—The year 1953 was marked by a continuation of the general upward trend in the amounts of the insured property improvement loans that has been characteristic of other recent years. Table 69 shows that the typical 1953 borrower received $433—8 percent higher than the $400 reported for 1952 and $100 over the 1951 median loan of $333. The average of loans insured under this program has increased in proportion to the increase in medians—from

TABLE 69.—*Amount of property improvement loans, selected years*

Net proceeds of individual loan	Number of loans					Net proceeds [1]				
	1953	1952	1951	1946	1940	1953	1952	1951	1946	1940
	Percentage distribution									
Less than $100	1.6	2.1	2.9	3.6	6.4	0.2	0.3	0.5	0.6	1.0
$100 to $199	12.6	14.4	21.2	10.1	24.7	3.2	3.0	8.9	6.3	8.7
$200 to $299	16.7	18.0	20.4	22.9	23.0	6.9	7.8	10.1	12.5	13.4
$300 to $399	15.6	15.5	16.8	15.9	14.2	9.0	9.4	11.5	12.1	11.6
$400 to $499	10.4	10.0	7.6	11.3	9.8	7.6	7.8	6.7	11.1	10.4
$500 to $599	8.8	8.4	5.9	7.8	7.5	7.8	7.9	6.3	9.6	9.9
$600 to $799	11.0	10.5	9.1	7.2	5.8	12.6	12.7	12.6	11.0	9.4
$800 to $999	6.9	6.5	5.5	4.2	3.1	10.2	10.1	9.8	8.2	6.4
$1,000 to $1,499	9.0	8.1	6.1	4.8	3.1	17.4	16.5	14.4	12.5	8.8
$1,500 to $1,999	3.7	3.1	2.2	1.4	.9	9.7	9.0	7.3	5.3	3.9
$2,000 to $2,499	1.7	1.5	1.1	.7	.6	6.1	5.7	4.7	3.5	3.0
$2,500 to $2,999	1.8	1.6	1.1	1.0	1.2	7.7	7.2	5.8	6.5	7.7
$3,000 to $3,999	.1	.2	.1	.1	.7	.8	.9	.7	.5	5.8
$4,000 to $4,999	.1	.1	([2])	([2])		.4	.4	.3	.1	
$5,000 or more	([2])	([2])	([2])	([2])		.4	.4	.4	.2	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	$433	$400	$333	$328	$287					
Average						$595	$567	$492	$454	$417

[1] Data for 1951–53 are based on net proceeds; data for earlier years are based on face amount.
[2] Less than 0.05 percent.

$492 in 1951 to $567 in 1952 and to $595 in 1953. The table clearly shows the magnitude of the change which has taken place in the distribution by amount of loan since the prewar period. In 1940, 67 percent of the loans reported for insurance involved $400 or less, while in 1953 only 46 percent of the total volume reported were less than $400.

Term of loan.—The bulk of the loans insured under this program during 1953 were made for periods of three years or less, with a heavy concentration (70 percent of the loans accounting for 82 percent of

TABLE 70.—*Term of property improvement loans, selected years*

Term in months		Number of loans					Net proceeds [1]				
Modal term	Interval	1953	1952	1951	1946	1940	1953	1952	1951	1946	1940
		Percentage distribution									
6	6 to 8	0.7	0.9	1.0	1.3	0.5	0.3	0.4	0.5	0.7	0.3
12	9 to 14	9.4	9.6	10.7	16.9	12.4	4.1	4.3	5.0	8.7	5.1
18	15 to 20	6.3	6.9	6.9	8.4	8.8	3.3	3.7	3.8	5.3	4.3
24	21 to 26	9.7	9.1	9.5	12.3	13.3	6.5	9.1	6.8	9.5	8.6
30	27 to 32	3.0	5.3	43.4	2.3	4.1	2.2	4.0	40.3	1.6	2.6
36	33 to 41	70.4	67.9	28.2	58.6	50.8	81.5	79.8	35.7	73.0	71.6
48	42 to 53	([2])	([2])	([2])	([2])	([2])	([2])	([2])	.1	([2])	([2])
60	54 to 63	.4	.2	.2	([3])	([3])	1.6	1.0	1.1	([3])	([3])
	Over 63	.1	.1	.1	.2	1.1	.5	.7	.7	1.2	7.5
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median		36.4	30.3	30.6	36.0	35.4					
Average							31.4	30.9	28.3	28.8	31.8

[1] Data for 1951–53 are based on net proceeds; data for earlier years are based on face amount.
[2] Less than 0.05 percent.
[3] Included in over 63 months.

the total amount of insurance written) in the 36-month interval. The median duration was 36 months (Table 70), the same as in other recent years except for those periods when credit restrictions were in effect (e. g. 1950). Only a small portion—one-half of 1 percent—had terms longer than three years.

Type of Property and Improvement

Table 71 contains percentage distributions of the number and net proceeds of loans insured in 1953 by type of property and type of improvement. Almost nine-tenths of the loans, accounting for 82 per-

TABLE 71.—*Type of improvement by type of property for property improvement loans, 1953*

Major type of improvements	Total	Type of property improved: Single-family dwellings	Multi-family dwellings	Commercial and industrial	Farm homes and buildings	Garages and other
	Number of loans insured—Percentage distribution					
Additions and alterations	12.6	12.7	11.2	18.4	10.8	10.7
Exterior finish	13.3	13.6	15.4	7.3	12.5	1.6
Interior finish	7.0	6.8	11.0	13.2	2.8	1.5
Roofing	6.1	6.0	8.2	6.4	10.0	1.3
Plumbing	10.1	10.3	9.2	7.4	14.3	1.5
Heating	14.8	14.5	24.4	15.7	8.9	2.1
Insulation	17.9	19.1	12.6	4.2	9.2	1.3
New nonresidential construction	2.3	-------	-------	13.2	23.9	76.7
Miscellaneous	15.9	17.0	8.0	14.2	7.6	3.3
Total	100.0	100.0	100.0	100.0	100.0	100.0
✓ Percent of total	100.0	88.5	6.3	1.1	1.8	2.3
	Net proceeds—Percentage distribution					
Additions and alterations	19.6	16.5	1.8	0.6	0.4	0.3
Exterior finish	17.1	14.8	1.8	.2	.3	(1)
Interior finish	8.2	6.5	1.2	.4	(1)	.1
Roofing	4.8	4.0	.5	.1	.2	(1)
Plumbing	8.5	7.1	.8	.2	.3	.1
Heating	15.1	11.9	2.6	.3	.2	.1
Insulation	10.9	10.0	.7	.1	.1	(1)
New nonresidential construction	3.6	-------	-------	.4	.8	2.4
Miscellaneous	12.2	10.8	.7	.4	.2	.1
Total	100.0	81.6	10.1	2.7	2.5	3.1
	Net proceeds—Average					
Additions and alterations	$923	$871	$1,475	$1,803	$1,082	$814
Exterior finish	762	729	1,087	1,343	907	830
Interior finish	701	640	1,015	1,589	715	1,147
Roofing	467	444	589	977	542	682
Plumbing	502	406	875	1,110	663	1,073
Heating	608	550	1,004	1,181	666	1,020
Insulation	360	350	540	607	375	537
New nonresidential construction	925	-------	-------	1,517	1,211	803
Miscellaneous	452	426	862	1,230	685	884
Total	595	547	955	1,370	834	816

[1] Less than 0.05 percent.

TABLE 72.—*Amount of property improvement loans by type of property, 1953*

Net proceeds of individual loan	Total	Type of property improved: Single-family dwellings	Multi-family dwellings	Commercial and industrial	Farm homes and buildings	Garages and other
	Number of loans—percentage distribution					
Less than $100	1.6	1.7	0.8	0.4	0.5	0.3
$100 to $199	12.6	13.5	6.1	3.0	7.1	3.3
$200 to $299	16.7	17.7	9.3	5.3	11.4	5.4
$300 to $399	15.6	16.4	10.6	5.6	10.8	7.2
$400 to $499	10.4	10.6	8.2	4.9	9.8	9.3
$500 to $599	8.8	8.8	8.6	5.5	8.9	11.1
$600 to $799	11.0	10.8	11.2	8.9	11.8	21.3
$800 to $999	6.9	6.6	8.3	5.9	8.5	15.1
$1,000 to $1,499	9.0	8.1	16.9	15.4	14.6	16.4
$1,500 to $1,999	3.7	3.2	7.4	11.5	7.0	5.3
$2,000 to $2,499	1.7	1.4	4.4	8.9	3.9	2.4
$2,500 to $2,999	1.8	1.2	5.1	22.8	4.7	2.6
$3,000 to $3,999	.1	-------	1.6	1.9	1.0	.3
$4,000 to $4,999	.1	-------	.9	-------	-------	-------
$5,000 or more	(1)	-------	.6	-------	-------	-------
Total	100.0	100.0	100.0	100.0	100.0	100.0
Median	$433	$406	$714	$1,342	$626	$725
Average	595	547	955	1,370	834	816

[1] Less than 0.05 percent.

TYPE OF IMPROVEMENT FINANCED
BY FHA-INSURED PROPERTY IMPROVEMENT LOANS
TITLE I, SECTION 2, 1953

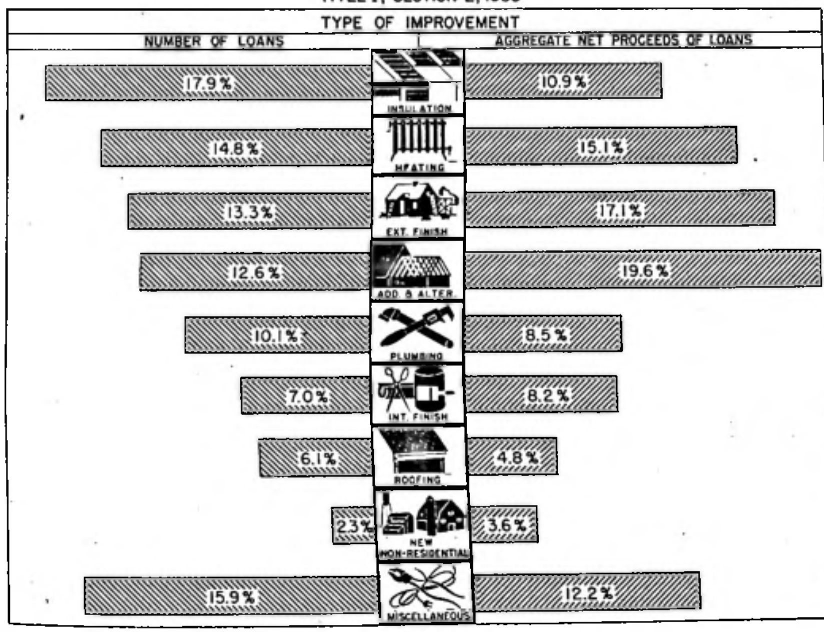


CHART 32.

cent of the dollar volume, were made to improve single-family residences. Another 10 percent of the net proceeds insured were used for the repair and alteration of multifamily structures, while the remainder was used largely for the construction of garages and nonresidential farm structures. (Also see Table 72, showing amount of property improvement loans by type of property.)

Properties are improved in several different ways, as is shown in the tables mentioned above and in Chart 32. However, these distributions refer only to the major purpose of the loan. When a loan is reported for insurance by FHA, the lending institution specifies the major type of improvement financed. For example, a loan to finance structural additions and alterations to a house might well include such additional minor work as heating, insulation, or painting.

For the third consecutive year, insulation work, including storm doors and windows as well as weather stripping and wall and ceiling insulation particularly on single-family residences, was the most frequently reported type of improvement. Loans to cover this type of work accounted for 18 percent of the total number but—because of the relatively small size of the individual loan (averaging $360)—only 11 percent of the dollar volume. Table 73, presenting the amount of property improvement loans by type of improvement, shows that almost one-half (46 percent) of the loans to finance insulation work involved net proceeds of less than $300, and that 8 out of every 10 were for amounts of less than $500.

Loans insured for the repair and modernization of heating systems were the next most numerous, approximating 15 percent of both the number and dollar amount of Title I loans. The year 1953 marked the first time in 3 years that the relative frequency of this type of improvement increased over a prior period. Formerly, heating repair work had accounted for the major share of modernization work. This was particularly evident during 1940 and 1947 when over one-fourth of the loans insured under this program represented work of some kind on heating systems.

During 1953, the improvement and repair of heating plants was a relatively expensive item to the home owner, averaging $608. As indicated by Table 73, these loans varied greatly in amount, being rather evenly distributed in the groups below $1,000.

Loans insured under Title I for structural additions and alterations averaged $923 and were the most expensive type of repair work financed—almost exactly the same as the $925 average for loans to finance new nonresidential construction. In contrast with insulation

TABLE 73.—*Amount of property improvement loans by type of improvement, 1953*

Net proceeds of individual loan	Total	Major type of improvement: Additions and alterations	Exterior finish	Interior finish	Roofing
	Number of loans—Percentage distribution				
Less than $100	1.6	0.4	0.5	1.0	1.2
$100 to $199	12.6	5.1	3.5	11.3	15.6
$200 to $299	16.7	7.7	7.6	12.9	23.6
$300 to $399	15.6	9.2	10.6	12.7	19.4
$400 to $499	10.4	7.6	10.1	8.4	11.2
$500 to $599	8.8	10.1	11.4	10.8	7.3
$600 to $799	11.0	13.3	18.4	11.2	8.3
$800 to $999	6.9	9.1	13.8	6.6	4.2
$1,000 to $1,499	9.0	17.2	15.9	12.3	5.6
$1,500 to $1,999	3.7	9.2	5.0	5.5	2.0
$2,000 to $2,499	1.7	4.6	1.9	2.9	.9
$2,500 to $2,999	1.8	5.9	1.2	3.6	.8
$3,000 to $3,999	.1	.3	.1	.2	(1)
$4,000 to $4,999	.1	.2	(1)	(1)	(1)
$5,000 or more	(1)	.1	(1)	(1)	---
Total	100.0	100.0	100.0	100.0	100.0
Median	$433	$743	$665	$529	$350
Average	595	923	762	701	467

Net proceeds of individual loan	Major type of improvement (continued): Plumbing	Heating	Insulation	New nonresidential construction	Miscellaneous
	Number of loans—percentage distribution				
Less than $100	1.9	1.0	3.0	0.2	2.[illegible]
$100 to $199	16.7	10.5	20.0	2.0	18.4
$200 to $299	22.0	14.4	22.9	3.8	24.3
$300 to $399	17.9	14.0	22.1	6.8	18.8
$400 to $499	9.0	10.8	14.4	8.5	9.6
$500 to $599	7.1	9.7	7.4	10.3	6.6
$600 to $799	8.7	14.8	5.7	20.9	6.4
$800 to $999	4.7	10.2	2.0	15.2	3.2
$1,000 to $1,499	6.7	9.5	1.7	17.0	4.0
$1,500 to $1,999	2.8	2.6	.4	6.0	2.0
$2,000 to $2,499	1.2	1.1	.2	3.7	1.2
$2,500 to $2,999	1.2	1.0	.2	3.8	1.6
$3,000 to $3,999	.1	.2	(1)	1.8	(1)
$4,000 to $4,999	(1)	.1	(1)	---	(1)
$5,000 or more	(1)	.1	(1)	---	(1)
Total	100.0	100.0	100.0	100.0	100.0
Median	$353	$493	$319	$776	$326
Average	502	608	360	925	452

1 Less than 0.05 percent.

and heating loans, which were predominantly below the $500 mark, 7 out of every 10 loans insured, to add to or alter an existing structure, were larger than $500. In relation to all types of modernization loans insured during 1953, additions and alterations represent about one-fifth of the dollar volume but only 13 percent of the total number of loans. Another fifth of the total is made up of loans which financed papering, plastering, siding, and other interior or exterior finishes;

the remaining portion involved roofing, plumbing, some new nonresidential construction, and miscellaneous types of work. In recent years this miscellaneous category has increased from 5 percent in 1946 to 16 percent of the total number of loans in 1953 (see Table 73). This may be in part due to increased popularity of jobs falling in this classification, such as electric wiring, or work involving more than one type of improvement which is not easily classified elsewhere.

Claims by Type of Property and Improvement

The average claim paid during 1953 was $400—one-sixth higher than the $346 reported for 1952. Distributions of claims paid by type

TABLE 74.—*Type of improvement by type of property for claims paid on property improvement loans, 1953*

Major type of improvement	Type of property improved					
	Total	Single-family dwellings	Multi-family dwellings	Commercial and industrial	Farm homes and buildings	Garages and other
	Number of claims paid—Percentage distribution					
Additions and alterations	11.6	11.4	12.9	21.2	9.6	13.0
Exterior finish	19.5	20.3	17.3	5.4	16.8	1.3
Interior finish	7.4	7.1	9.6	16.4	6.1	1.3
Roofing	9.0	9.0	9.2	3.5	14.2	1.8
Plumbing	10.4	10.5	9.2	7.7	15.4	.8
Heating	13.5	12.0	24.1	17.5	9.7	1.8
Insulation	14.8	15.8	9.7	3.0	10.5	2.0
New nonresidential construction	1.4			8.4	13.0	76.0
Miscellaneous	12.4	13.0	8.0	16.0	4.7	2.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	87.0	6.6	2.1	3.3	1.0
	Amount of claims paid—Percentage distribution					
Additions and alterations	17.4	14.0	1.0	1.0	0.0	0.2
Exterior finish	25.1	22.0	2.1	.2	.7	.1
Interior finish	8.0	6.2	.9	.7	.2	(1)
Roofing	6.9	5.8	.0	(1)	.4	.1
Plumbing	8.9	7.2	.8	.3	.6	(1)
Heating	12.1	9.0	2.1	.8	.2	(1)
Insulation	8.4	7.5	.6	.1	.2	(1)
New nonresidential construction	3.2			.5	1.3	1.4
Miscellaneous	10.0	8.5	.7	.6	.2	(1)
Total	100.0	80.2	9.4	4.2	4.4	1.8
	Claim paid—Average					
Additions and alterations	$596	$566	$755	$898	$707	$613
Exterior finish	515	496	740	792	556	1,025
Interior finish	432	393	586	870	380	463
Roofing	306	296	378	432	336	788
Plumbing	341	315	542	701	463	289
Heating	356	318	619	850	304	426
Insulation	226	219	346	522	184	302
New nonresidential construction	920			1,157	1,197	717
Miscellaneous	322	300	527	665	541	460
Total	400	367	568	819	533	683

[1] Less than 0.05 percent.

of property and type of improvement financed are presented in Table 74. The majority of claims paid by FHA in any year involve notes insured in prior years. However, since roughly three-fourths of the claims paid in 1953 were originated within approximately two years preceding the claim payment, it is possible over this period to make a comparison of loans insured and claims paid by the type of property and type of improvement. There were no significant changes in the distribution of the loans insured by type of improvement between 1952 and 1953, and, while economic activity has receded to some degree, there were not any major changes in the levels of income and employment, which makes 1952 and 1953 reasonably comparable (Table 75).

Single-family residences, for which the bulk (88 percent) of loans were insured during this period, account for a nearly identical share of the defaulted notes—87 percent. There is considerably more variation in the distributions by type of improvement financed. For example, loans to finance exterior work on a residence (painting and resurfacing) make up 14 percent of the number of loans insured, but account for 1 out of every 5 defaults. Plumbing and interior finish jobs have accounted for approximately equal proportions of loans and claims. The record for roofing work, however, appears somewhat less satisfactory. Approximately 6 percent of the notes insured, but 9 percent of the claims paid, were in connection with roof repairs. On the other hand, a favorable relationship can be observed in the case of insulation and heating repair jobs, which are the most frequent types of work insured (33 percent of the loans and 26 percent of net proceeds insured, but only 28 percent of the claims and 21 percent of the dollar amount of claim payments).

Payments Received Prior to Default

Table 75 presents a cross tabulation of the number of payments received by lenders prior to default by number of payments called for in the note, while Chart 33 depicts graphically the distribution by number of payments made for the total number and amount of claims paid by FHA. As pointed out in Table 75, almost 7 out of every 10 claims paid during 1953 were on notes originally insured for 36 months. Of these 3-year notes on which claims were paid, more than a third of the defaults occurred within the first 6 months, and well over half within the first year. The remaining notes going into default were about equally divided among the remaining semiannual periods.

Chart 33 shows that in 1953 about 7 percent of the claims, representing approximately one-eighth of the dollar volume, were settled on notes upon which the borrower made no payments. Moreover, 3 out of every 10 claims, making up nearly one-half of the amount, were paid on notes defaulted before the sixth payment was due. The next largest

TABLE 75.—*Number of payments received prior to default by term of property improvement loans, 1953*

Number of payments received prior to default	Percentage distribution							Average claim paid
	Term of defaulted loan					Total number	Total amount	
	6-11 months	12-23 months	24-35 months	36 months	37 or more months			
0	37.6	11.6	3.0	8.1	3.3	7.1	12.4	$696
1-5	55.7	35.8	12.0	25.7	13.3	22.7	34.9	613
6-11	6.7	35.8	17.6	22.5	16.2	21.8	26.5	484
12-17	---------	16.3	27.0	11.8	11.0	15.9	13.7	344
18-23	---------	.5	27.9	7.6	11.0	12.4	6.9	221
24-29	---------	---------	12.2	10.7	13.3	10.5	3.8	142
30-35	---------	---------	.3	13.5	9.5	9.4	1.6	68
36 or more	---------	---------	---------	.1	22.4	.2	.2	488
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	400
Percent of total	.4	5.1	25.6	68.3	.6	100.0	---------	---------
Median	1.8	6.4	15.9	10.3	21.4	11.5	---------	---------

concentration of claims—22 percent of the number and over one-fourth of the amount—represents notes going into default between the sixth and eleventh payments. Through combining these groups, it is apparent that over one-half of the claims amounting to almost three-fourths of the dollar amount were paid on notes defaulted within a year after origination. Claims paid before the sixth payment averaged more than the average size of all loans insured in either 1952 or 1953.

PAYMENTS MADE PRIOR TO DEFAULT

CLAIMS PAID ON PROPERTY IMPROVEMENT LOANS
TITLE I, SECTION 2, 1953

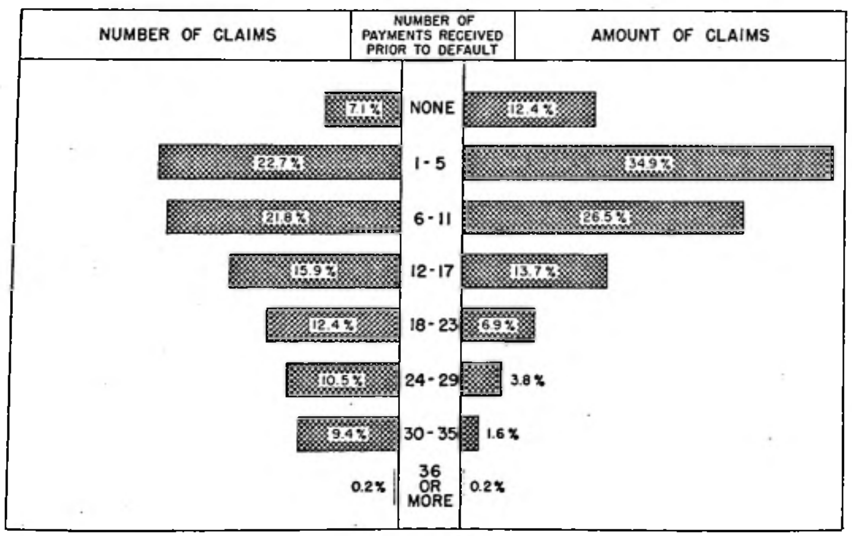


CHART 33.

Section 3

ACCOUNTS AND FINANCE

The figures for 1952 and 1953 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, Statistics of Insuring 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.

Before July 1, 1939, there was no provision in the National Housing Act for collecting premiums on insurance granted under Title I; 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.

An amendment of June 3, 1939, to the National Housing Act 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, 1953, combined statement of financial condition (Statement 1) and the combined statement of income and expense (Statement 2). Transactions on insurance granted before July 1, 1939, have been shown separately in a statement of accountability for funds advanced (Statement 6).

Combined Funds

Gross Income and Operating Expenses, Fiscal Year 1953

Gross income of combined FHA funds for fiscal year 1953 under all insurance operations totaled $115,288,193 and was derived from fees, insurance premiums, and income on investments. Operating expenses of the FHA during the fiscal year 1953 totaled $31,273,988.

Cumulative Gross Income and Operating Expenses, by Fiscal Years

From the establishment of FHA in 1934 through June 30, 1953, gross income totaled $757,547,246, while operating expenses totaled

$314,631,112. Gross income and operating expenses for each fiscal year are detailed below:

Income and operating expenses through June 30, 1953

Fiscal year	Income from fees, premiums, and investments	Operating expenses	Fiscal year	Income from fees, premiums, and investments	Operating expenses
1935	$539,609	$6,336,905	1946	$30,729,072	$11,191,492
1936	2,503,248	12,160,487	1947	26,790,341	16,063,870
1937	5,690,268	10,318,119	1948	51,164,456	20,070,745
1938	7,874,377	9,297,884	1949	63,983,953	23,378,495
1939	11,954,056	12,609,887	1950	85,705,342	27,457,894
1940	17,860,296	13,206,522	1951	98,004,922	31,315,187
1941	24,126,366	13,359,588	1952	103,021,039	30,590,745
1942	28,316,764	13,471,496	1953	115,288,193	31,273,988
1943	25,847,785	11,160,452			
1944	28,322,415	11,148,361	Total	757,547,246	314,631,112
1945	29,824,744	10,218,905			

NOTE.—Operating expenses include profit or loss on sale and charges for depreciation of furniture and equipment.

The above income was derived from the following insurance operations: Title I Insurance Fund (property improvement loans), $96,740,139; Title I Housing Insurance Fund (home mortgages), $1,215,524; Title II Mutual Mortgage Insurance Fund (home mortgages), $420,353,197; Title II Housing Insurance Fund (rental housing projects), $13,137,092; Title VI War Housing Insurance Fund (war and veterans' emergency housing), $212,807,296; Title VII Housing Investment Insurance Fund (yield insurance), $50,146; Title VIII Military Housing Insurance Fund (rental housing projects), $10,313,031; and Title IX National Defense Housing Insurance Fund (home mortgages and rental housing projects), $2,930,821.

Salaries and Expenses

The current fiscal year is the fourteenth 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 1953 to cover operating costs and the purchase of furniture and equipment are as follows:

Salaries and expenses, fiscal year 1953 (July 1, 1952, to June 30, 1953)

Title and section	Amount	Percent	Title and section	Amount	Percent
Title I:			Title VI—Continued		
Section 2	$2,969,104	9.50	Section 609	$3,797	0.01
Section 8	327,025	1.05	Section 611	18,745	.06
Title II:			Title VII	643	.01
Section 203	21,003,938	67.17	Title VIII: Section 803	1,104,037	3.53
Section 207-210	826,294	2.64	Title IX:		
Section 213	891,655	2.85	Section 903	1,442,007	4.61
Title VI:			Section 908	440,916	1.41
Section 603	733,051	2.34			
Section 608	1,506,636	4.82	Total	31,268,748	100.00

Capital and Statutory Reserves of Combined FHA Funds

The combined capital and statutory reserves of all FHA funds on June 30, 1953 amounted to $306,566,011, and consisted of $158,297,813 capital ($12,000,000 investment of the United States Government and $146,297,813 earned surplus), and $148,268,198 statutory reserves as shown in Statement 1.

STATEMENT 1.—*Comparative statement of financial condition, all FHA funds combined, as of June 30, 1952 and June 30, 1953*

	June 30, 1952	June 30, 1953	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$65,230,550	$55,869,788	−$9,360,7
Investments:			
U. S. Government securities (amortized)	285,880,036	343,639,929	57,759,89
Other securities (stock in rental housing corporations)	438,760	452,800	14,040
Total investments	286,318,796	344,092,729	57,773,933
Loans receivable:			
Mortgage notes and contracts for deed	32,524,001	37,410,588	4,886,587
Less reserve for losses	551,301	633,893	82,592
Net loans receivable	31,972,700	36,776,695	4,803,995
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	5,523,228	9,852,552	4,329,324
Accounts receivable—Other	125,248	97,648	−27,600
Total accounts and notes receivable	5,648,476	9,950,200	4,301,724
Accrued assets: Interest on U. S. Government securities	542,296	667,205	124,909
Land, structures, and equipment:			
Furniture and equipment	2,104,160	[1] 2,140,299	36,139
Less reserve for depreciation	1,060,328	1,129,802	69,474
Net furniture and equipment	1,043,832	1,010,497	−33,335
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	51,502,344	62,200,931	10,698,587
Less reserve for losses	8,593,683	11,151,255	2,557,572
Net real estate	42,908,661	51,049,676	8,141,015
Mortgage notes acquired under terms of insurance (at cost plus expenses to date)	29,861,282	51,200,873	21,339,591
Less reserve for losses	5,531,487	9,291,780	3,760,293
Net mortgage notes acquired under terms of insurance	24,329,795	41,909,093	17,579,298
Defaulted Title I notes	48,855,633	49,926,575	1,070,942
Less reserve for losses	33,010,184	35,222,799	2,212,615
Net defaulted Title I notes	15,845,449	14,703,776	−1,141,673
Net acquired security or collateral	83,083,905	107,662,545	24,578,640
Other assets—Held for account of mortgagors		40,116	40,116
Total assets	473,840,561	556,069,775	82,229,214

[1] Excludes unfilled orders in the amount of $10,397.

STATEMENT 1.—*Comparative statement of financial condition, all FHA funds combined, as of June 30, 1952 and June 30, 1953*—Continued

	June 30, 1952	June 30, 1953	Increase or decrease (—)
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	$2,959,802	[2] $3,096,006	$136,204
Group account participations payable	1,770,132	1,762,175	—7,957
Total accounts payable	4,729,934	4,858,181	128,247
Accrued liabilities:			
Interest on debentures	1,521,012	1,026,147	—494,865
Interest on funds advanced by U. S. Treasury		19,868,878	19,868,878
Total accrued liabilities	1,521,012	20,895,025	19,374,013
Trust and deposit liabilities:			
Fee deposits held for future disposition	4,740,441	5,696,878	956,437
Excess proceeds of sale	1,024,611	1,341,714	317,103
Deposits held for mortgagors, lessees, and purchasers	1,171,547	1,169,544	—2,003
Undistributed receipts	21,498	8,532	—12,966
Due general fund of the U. S. Treasury	90	14	—76
Employees' payroll deductions for taxes, etc	917,260	942,821	25,561
Total trust and deposit liabilities	7,875,447	9,159,503	1,284,056
Deferred and undistributed credits:			
Unearned insurance premiums	57,744,810	69,253,730	11,508,920
Unearned insurance fees	438,619	319,641	—118,978
Total deferred and undistributed credits	58,183,429	69,573,371	11,389,942
Bonds, debentures and notes payable: Debentures payable	74,145,336	79,010,736	4,865,400
Other liabilities:			
Funds advanced by U. S. Treasury		65,497,433	65,497,433
Reserve for foreclosure costs—Mortgage notes	292,239	509,515	217,276
Total other liabilities	292,239	66,006,948	65,714,709
Statutory reserves:			
For transfer to general reinsurance account	26,346,363	30,966,814	4,620,451
Net balances of group accounts available for contingent losses, expenses, other charges, and participations	95,866,907	117,301,384	21,434,477
Total statutory reserves	122,213,270	148,268,198	26,054,928
Total liabilities	268,960,667	397,771,962	128,811,205
CAPITAL			
Investment of the U. S. Government:			
Allocations from the U. S. Treasury	21,000,000		—21,000,000
Appropriations for salaries and expenses	36,164,119		—36,164,119
Appropriations for payment of insurance claims	8,333,314		—8,333,314
Allocation to Housing Insurance Fund from general reinsurance reserve fund of the Mutual Mortgage Insurance Fund	1,000,000	1,000,000	
Allocation to Title I Housing Insurance Fund from insurance reserve fund of the Title I Insurance Fund	1,000,000	1,000,000	
Allocation to National Defense Housing Insurance Fund from insurance reserve fund of the War Housing Insurance Fund	1,000,000	10,000,000	9,000,000
Total investment of the U. S. Government	68,497,433	12,000,000	—56,497,433
Earned surplus:			
Insurance reserve fund (cumulative earnings) available for future losses and related expenses	123,753,410	142,612,264	18,858,854
General reinsurance reserve fund (cumulative earnings) available for future losses and related expenses	12,629,051	3,685,549	—8,943,502
Total earned surplus	136,382,461	146,297,813	9,915,352
Total capital	204,879,894	158,297,813	—46,582,081
Total liabilities and capital	473,840,561	556,069,775	82,229,214
Contingent liability for certificates of claim on properties on hand	1,786,805	2,582,306	795,501

[2] Excludes unfilled orders in the amount of $130,778.

The paid-in capital of $12,000,000 and the earned surplus of $146,297,813 are available for future contingent losses and related expenses. The statutory reserves of $148,268,198 represent the net balances of the group accounts under the Mutual Mortgage Insurance Fund, and are earmarked for participation payments to mortgagors under the mutual provision of Title II of the National Housing Act after providing for contingent insurance losses, expenses, and related charges.

The capital and statutory reserves of each fund are given below:

Fund	Capital and statutory reserves
Title I Insurance Fund	$21,976,709
Title I Housing Insurance Fund	1,020,259
Mutual Mortgage Insurance Fund	151,953,747
Housing Insurance Fund	1,109,320
War Housing Insurance Fund	113,508,655
Housing Investment Insurance Fund	—96,577
Military Housing Insurance Fund	6,720,136
National Defense Housing Insurance Fund	10,283,762
Total	306,566,011

In addition, the various insurance funds had collected or accrued $319,641 unearned insurance fees and $69,253,730 unearned insurance premiums, as shown below. Since the accounts are on an accrual basis, these fees and premiums have been deferred and will be allocated to income each month as they are earned.

Fund	Deferred fee income	Deferred premium income	Total deferred fee and premium income
Title I Insurance Fund		$29,073,351	$29,073,351
Title I Housing Insurance Fund		172,758	172,758
Mutual Mortgage Insurance Fund		24,440,438	24,440,438
Housing Insurance Fund	$288,458	926,510	1,214,968
War Housing Insurance Fund	23	12,575,874	12,575,897
Military Housing Insurance Fund	24,844	1,398,855	1,423,699
National Defense Housing Insurance Fund	6,316	665,944	672,260
Total	319,641	69,253,730	69,573,371

Combined Income, Expenses, and Losses, All FHA Funds

Total income from all sources during the fiscal year 1953 amounted to $117,966,524, while total expenses and insurance losses amounted to $37,692,874, leaving net income, before adjustment of valuation and statutory reserves, of $80,273,650. Increases in valuation reserves for the year amounted to $8,613,072, leaving $71,660,578 net income for the period. Cumulative income from June 30, 1934, through June 30, 1953, was $768,372,312 and cumulative expenses were $358,223,373, leaving net income of $410,148,939 before adjustment of valuation reserves.

STATEMENT 2.—*Combined statement of income and expenses for all FHA funds, through June 30, 1952 and June 30, 1953*

	June 30, 1934 to June 30, 1952	July 1, 1952 to June 30, 1953	June 30, 1934 to June 30, 1953
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$39, 584, 172	$7, 752, 295	$47, 336, 467
Interest on mortgage notes and contracts for deed	61, 697	19, 077	80, 774
Interest and other income on defaulted Title I notes	2, 331, 423	666, 955	2, 998, 378
Interest—Other	5, 832, 619	1, 989, 926	7, 728, 440
Dividends on rental housing stock	7, 131	2, 295	9, 426
	47, 817, 042	10, 430, 548	58, 153, 485
Insurance premiums and fees:			
Premiums	472, 669, 004	91, 642, 293	564, 311, 297
Fees	128, 171, 181	15, 891, 310	144, 062, 491
	600, 840, 185	107, 533, 603	708, 373, 788
Other income:			
Profit on sale of investments	1, 827, 565	-----	1, 827, 565
Miscellaneous income	15, 101	2, 373	17, 474
	1, 842, 666	2, 373	1, 845, 039
Total income	650, 499, 893	117, 966, 524	768, 372, 312
Expenses:			
Interest expenses:			
Interest on funds advanced by U. S. Treasury	-----	1, 286, 193	10, 868, 878
Interest on debentures	4, 103, 965	505, 958	4, 609, 923
	4, 103, 965	1, 792, 151	24, 478, 801
Administrative expenses:			
Operating costs (including adjustments for prior years)	275, 160, 488	[1] 31, 236, 651	306, 397, 139
Other expenses:			
Depreciation on furniture and equipment	1, 529, 227	141, 318	1, 670, 545
Miscellaneous expenses	260, 377	14, 138	274, 515
	1, 789, 604	155, 456	1, 945, 060
Losses and charge-offs:			
Loss on sale of acquired properties	5, 172, 560	200, 904	5, 322, 866
Loss (or profit −) on equipment	−4, 882	500	−4, 382
Loss on defaulted Title I notes	15, 776, 677	4, 307, 212	20, 083, 889
	20, 944, 355	4, 508, 616	25, 402, 373
Total expenses	301, 998, 412	37, 692, 874	358, 223, 373
Net income before adjustment of valuation reserves	348, 501, 481	80, 273, 650	410, 148, 939
Increase (−) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable	−551, 301	−82, 592	−633, 893
Reserve for loss on real estate	−8, 593, 683	−2, 557, 572	−11, 151, 255
Reserve for loss on mortgage notes acquired under terms of insurance	−5, 531, 487	−3, 760, 293	−9, 291, 780
Reserve for loss on defaulted Title I notes	−33, 010, 184	−2, 212, 615	−35, 222, 799
Net adjustment of valuation reserves	−47, 686, 655	−8, 613, 072	−56, 299, 727
Net income	300, 814, 826	71, 660, 578	353, 849, 212

[1] Excludes unfilled orders in the amount of $120,381.

STATEMENT 2.—*Combined statement of income and expenses for all FHA funds, through June 30, 1952 and June 30, 1953*—Continued

ANALYSIS OF EARNED SURPLUS

	June 30, 1934 to June 30, 1952	July 1, 1952 to June 30, 1953	June 30, 1934 to June 30, 1953
Distribution of net income:			
Statutory reserves:			
Balance at beginning of period	-----	$122, 213, 270	-----
Adjustments during the period	-----	−6, 029, 309	-----
Net income for the period	$161, 432, 365	40, 148, 343	$195, 551, 399
	161, 432, 365	156, 332, 304	195, 551, 399
Participations in mutual earnings distributed	−30, 219, 095	−8, 064, 106	−47, 283, 201
Balance at end of period	122, 213, 270	148, 268, 198	148, 268, 198
Earned surplus:			
Balance at beginning of period	-----	136, 382, 461	-----
Adjustments during the period	-----	−12, 596, 883	-----
Net income for the period	139, 382, 461	31, 512, 235	158, 297, 813
	139, 382, 461	155, 297, 813	158, 297, 813
Allocation to Housing Insurance Fund from general reinsurance reserve fund of the Mutual Mortgage Insurance Fund	−1, 000, 000	-----	−1, 000, 000
Allocation to Title I Housing Insurance Fund from the insurance reserve fund of the Title I Insurance Fund	−1, 000, 000	-----	−1, 000, 000
Allocation to National Defense Housing Insurance Fund from the insurance reserve fund of the War Housing Insurance Fund	−1, 000, 000	−9, 000, 000	−10, 000, 000
Balance at end of period	136, 382, 461	146, 297, 813	146, 297, 813

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 $3,000 for the construction of new nonresidential structures.

Loans aggregating 16,611,514 in number and $7,535,375,987 in amount (net proceeds) had been reported for insurance under this section through December 31, 1953. Through that date 475,717 claims had been paid for $149,113,324 and there were 2 claims payable in the amount of $5,718 on real properties acquired. Total claims paid and payable, numbering 475,719 in the amount of $149,119,042, represent approximately 1.98 percent of the total net proceeds of loans insured, as shown in Statement 3.

In the calendar year 1953, 2,244,227 loans aggregating $1,334,287,124 were insured and 37,470 claims totaling $14,995,408 were paid.

STATEMENT 3.—*Summary of Title I notes insured, claims for insurance paid, and recoveries on defaulted notes purchased by calendar years, 1934–53*

Year	Notes insured (net proceeds)	Claims for insurance paid	Recoveries on defaulted notes purchased: Total recoveries	Cash receipts: On notes	Cash receipts: On sales of repossessed equipment	Real properties
1934	$27,405,525	----------	----------	----------	----------	----------
1935	201,258,132	$447,448	$9,916	$9,916	----------	----------
1936	221,531,922	5,884,885	293,207	272,694	$20,513	----------
1937	54,344,338	6,890,897	942,295	913,758	28,537	----------
1938	150,709,152	6,016,306	1,552,417	1,489,044	63,373	----------
1939	203,994,512	4,728,346	1,941,953	1,919,524	22,429	----------
1940	241,734,821	6,543,568	1,902,540	1,888,681	13,859	----------
1941	248,638,549	7,265,050	2,539,496	2,335,107	11,853	$192,536
1942	141,163,398	7,132,210	2,831,754	2,795,685	−1,524	37,593
1943	87,194,156	3,718,643	4,168,859	4,024,096	717	144,016
1944	113,939,150	1,939,261	3,597,858	3,558,901	−159	39,116
1945	170,823,788	1,588,875	2,851,513	2,775,337	1,093	75,083
1946	320,593,183	2,435,964	3,058,351	2,772,487	7,270	278,594
1947	533,604,178	5,829,750	2,346,108	2,345,022	239	847
1948	621,612,484	14,345,659	2,503,044	2,499,536	752	2,756
1949	607,023,920	17,493,909	3,414,216	3,413,258	657	301
1950	700,224,528	18,168,052	5,208,863	5,187,283	----------	21,580
1951	706,962,734	12,164,740	6,711,469	6,510,589	−50	200,930
1952	848,327,393	11,524,344	7,459,720	7,202,020	902	256,807
1953	1,334,287,124	[1] 15,001,126	[1] 7,611,620	7,533,730	----------	[1] 77,890
Total	7,535,375,987	[1] 149,119,042	[1] 60,945,208	59,446,668	170,461	[1] 1,328,079

NOTES.—In addition to the above recoveries, $5,616,830 interest and other income on outstanding balances of Title I notes, and $132,476 interest on mortgage notes had been collected through Dec. 31, 1953.

Equipment in the total amount of $4,475,792 (claim amount) had been repossessed by FHA. However, only the cash recovery of $170,461 from sales is shown as a recovery, the balance of $4,305,331 having been treated as a loss. Of this amount, $3,979,705 represents equipment transferred to other Government agencies without exchange of funds; $322,833 loss on sale of equipment; and $2,793 destroyed as worthless.

[1] Includes 2 claims payable on real properties in the amount of $5,718.

Recoveries

Upon payment of insurance claims, the notes and other claims against the borrowers become the property of the Federal Housing Administration and are turned over to the Liquidation Section of the Title I Division for collection or other disposition. If it becomes necessary to repossess equipment under a security instrument held in connection with a defaulted note, the General Services Administration is authorized to pick up such equipment and dispose of it for the account of the Federal Housing Administration.

Real properties acquired are managed and sold by the Property Management Division of the Federal Housing Administration, which also handles the acquisition, management, and disposition of real properties acquired under the various other FHA insurance programs.

Through December 31, 1953, there had been acquired under the terms of insurance a total of 538 real properties at a total cost of $1,499,905. All but 16 of these, with a cost of $66,219, had been sold at a net loss of $47,763, 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, 1953, amounted to $73,598,519. These losses represent 0.98 percent of the total amount of loans insured ($7,535,375,987). A summary of transactions through December 31, 1953, follows:

Summary of Title I transactions for the period June 30, 1934 to Dec. 31, 1953

	Insurance fund	Claims account	Total Title I transactions to Dec. 31, 1953	Percent to notes insured
Total notes insured	$6,756,515,366	$778,860,621	$7,535,375,987	100.000
Total claims paid	[1] 117,630,327	31,488,714	[1] 149,119,041	1.978
Recoveries:				*Percent to claims paid*
Cash collections:				
On notes	43,205,453	16,241,214	59,446,667	39.865
On sale of repossessed equipment	5,668	164,793	170,461	.114
Total cash	43,211,121	16,406,007	59,617,128	39.979
Real properties (after deducting losses and reserve for losses on real properties and mortgage notes)	[1] 1,024,405	303,674	[1] 1,328,079	.891
Total recoveries	44,235,526	16,709,681	60,945,207	40.870
Net notes in process of collection	14,544,212	31,103	14,575,315	9.774
Losses:				
Loss on sale of real properties	21,085	26,678	47,763	.032
Loss on repossessed equipment	46,001	4,259,330	4,305,331	2.887
Loss on defaulted Title I notes	23,212,891	9,653,717	32,866,608	22.041
Reserve for loss on real properties and mortgage notes	17,200	277	17,477	.012
Reserve for loss on defaulted Title I notes	35,553,412	807,928	36,361,340	24.384
Total losses	58,850,589	14,747,930	73,598,519	49.356

Note.—Included in the loss on repossessed equipment is $3,979,705 representing the cost (claim amount) of equipment repossessed by FHA and subsequently transferred to other Government agencies for their use. Although the Federal Government has received the benefit of the residual value of this equipment, the cost to Title I is shown as a loss, since the equipment was transferred without exchange of funds.

[1] Includes 2 claims payable on real properties acquired in the amount of $5,718.

Title I 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 (Sec. 2) with respect to insurance granted on and after July 1, 1939.

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.

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, all insurance claims relating to this fund have been paid out of accumulated earnings and recoveries in the fund. Before 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 capital of the Title I Insurance Fund as of June 30, 1953, as shown in Statement 4, was $21,976,709, consisting entirely of earned surplus. In accordance with Public Law 5, 83d Congress, approved March 10, 1953, the amount of capital contributed to this fund by the United States 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.

STATEMENT 4.—*Comparative statement on financial condition, Title I Insurance Fund, as of June 30, 1952, and June 30, 1953*

	June 30, 1952	June 30, 1953	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$24,696,518	$36,662,362	$11,965,844
Loans receivable:			
Mortgage notes and contracts for deed	396,440	522,421	125,981
Less reserve for losses	5,947	7,836	1,889
Net loans receivable	390,493	514,585	124,092
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	3,884,038	8,002,635	4,118,597
Accounts receivable—Other	18,395	26,851	8,456
Accounts receivable—Inter-fund	133,033	149,749	16,716
Total accounts and notes receivable	4,035,466	8,179,235	4,143,769
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	137,346	72,812	−64,533
Less reserve for losses	20,299	10,655	−9,644
Net real estate	117,046	62,157	−54,889
Defaulted Title I notes	48,855,033	49,926,575	1,070,942
Less reserve for losses	33,010,184	35,222,799	2,212,615
Net defaulted Title I notes	15,845,449	14,703,776	−1,141,673
Net acquired security or collateral	15,962,495	14,765,933	−1,196,562
Total assets	45,084,972	60,122,115	15,037,143
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	571,430	729,941	158,511
Trust and deposit liabilities:			
Deposits held for mortgagors, lessees and purchasers	8,986	8,800	−186
Deferred and undistributed credits:			
Unearned insurance premiums	21,976,282	29,073,351	7,097,069
Other liabilities:			
Funds advanced by U. S. Treasury		8,333,314	8,333,314
Total liabilities	22,556,698	38,145,406	15,588,708
CAPITAL			
Investment of the U. S. Government:			
Appropriations for payment of insurance claims	8,333,314		−8,333,314
Earned surplus:			
Insurance reserve fund (cumulative earnings) available for future losses and related expenses	14,194,960	21,976,709	7,781,749
Total capital	22,528,274	21,976,709	−551,565
Total liabilities and capital	45,084,972	60,122,115	15,037,143

For the fiscal year 1953, Title I Insurance Fund income totaled $17,325,258, while expenses and losses amounted to $7,280,683, leaving $10,044,575 net income before adjustment of valuation reserves. After the valuation reserves were increased by $2,204,860, there remained $7,839,715 net income for the year.

STATEMENT 5.—*Income and expenses, Title I Insurance Fund, through June 30, 1952, and June 30, 1953*

	June 3, 1939 to June 30, 1952	July 1, 1952 to June 30, 1953	June 3, 1939 to June 30, 1953
Income:			
Interest and dividends:			
Interest on mortgage notes and contracts for deed	$61,697	$19,077	$80,774
Interest and other income on defaulted Title I notes	2,331,423	666,955	2,998,378
	2,393,120	686,032	3,079,152
Insurance premiums and fees:			
Premiums	79,730,269	16,640,566	96,370,835
Fees	369,304		369,304
	80,099,573	16,640,566	96,740,139
Other income:			
Miscellaneous income	4,302	−1,340	2,962
Total income	82,496,995	17,325,258	99,822,253
Expenses:			
Administrative expenses:			
Operating costs	18,079,889	2,948,817	21,086,364
Other expenses:			
Depreciation on furniture and equipment	100,258	13,326	113,897
Miscellaneous expenses	242,518	13,671	256,189
	342,776	26,997	370,086
Losses and charge-offs:			
Loss on sale of acquired properties	24,267	−2,391	21,876
Loss (or profit−) on equipment	41,996	48	42,039
Loss on defaulted Title I notes	15,776,677	4,307,212	20,083,889
	15,842,940	4,304,869	20,147,804
Total expenses	34,265,605	7,280,683	41,604,254
Net income before adjustment of valuation reserves	48,231,390	10,044,575	58,217,999
Increase (−) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable	−5,947	−1,889	−7,836
Reserve for loss on real estate	−20,299	9,644	−10,655
Reserve for loss on defaulted Title I notes	−33,010,184	−2,212,615	−35,222,799
Net adjustment of valuation reserves	−33,036,430	−2,204,860	−35,241,290
Net income	15,194,960	7,839,715	22,976,709

ANALYSIS OF EARNED SURPLUS

Distribution of net income:			
Earned surplus:			
Balance at beginning of period		$14,194,960	
Adjustments during the period		−57,966	
Net income for the period	$15,194,960	7,839,715	$22,976,709
	15,194,960	21,976,709	22,976,709
Allocation to Title I Housing Insurance Fund from the insurance reserve fund of the Title I Insurance Fund	−1,000,000		−1,000,000
Balance at end of period	14,194,960	21,976,709	21,976,709

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 $1,750,000,000. The status of the Title I (Sec. 2) insurance authority as of December 31, 1953, is given below:

Status of Title I insurance authority as of Dec. 31, 1953

Insurance authority		$1,750,000,000
Charges against insurance authority:		
Estimated outstanding balance of insurance in force:		
Amendment of June 3, 1939	$2,618,377	
Reserve of July 1, 1944	84,862	
Reserve of July 1, 1947	17,355,343	
Reserve of March 1, 1950 (including 74,489 notes on loan reports in process)	1,504,229,408	
Total charges against authority		1,524,287,990
Unused insurance authority		225,712,010

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. As of December 31, 1953, the maximum possible liability of the Title I Insurance Fund for claims was $261,310,506.

Insurance reserves under Title I, established, released, and outstanding at Dec. 31, 1953, as provided under Secs. 2 and 6, National Housing Act

Item	Gross reserves established	Reserves released	Semi-annual reserve adjustments	Claims paid	Outstanding contingent liability
Insurance reserves:					
Section 2:					
20 percent, original Act	$66,331,509	$50,769,729		$15,561,780	
10 percent, amendment Apr. 3, 1936	17,257,563	10,647,672		6,609,891	
10 percent, amendment Feb. 3, 1938	27,302,148	18,041,547		9,260,601	
10 percent, amendment June 3, 1939	86,068,194	63,031,494		20,418,323	$2,618,377
10 percent, Reserve of July 1, 1944	85,459,950	61,071,691		24,303,397	84,862
10 percent, Reserve of July 1, 1947	163,068,946	90,877,445		45,836,158	17,355,343
10 percent, Reserve of Mar. 1, 1950	341,054,447		$77,138,091	27,006,732	236,849,624
Estimated loan reports in process	4,402,300				4,402,300
Section 6:					
20 percent, amendment Apr. 22, 1937	297,366	240,498		50,868	
10 percent, amendment Apr. 17, 1936	11,913	6,339		5,574	
Total	791,254,336	303,092,416	77,138,091	[1] 149,113,324	261,310,506

[1] Excludes 2 claims payable on real properties acquired in the amount of $5,718.

Title I Claims Account

Through June 30, 1953, the Federal Government had advanced a total of $38,243,526 to cover operations under Title I (Sec. 2) on insurance granted before July 1, 1939. Of this amount, $6,613,811 had been advanced for salaries and expenses and the remaining $31,629,715 represented payment of insurance claims and loans to insured institutions. In addition, $2,287,677 had been collected as interest and other income, making a total of $40,531,203 accountable funds.

Funds accounted for at June 30, 1953, amounted to $40,469,103: $19,067,926 representing recoveries and interest on claims deposited in the general fund of the Treasury, and $21,401,177 representing expenses and losses, leaving a balance to be accounted for of $62,100. This balance is accounted for by the net assets on hand at June 30, 1953, which consisted of $30,802 cash, $798 real property, $31,134 accounts and notes receivable, and $634 trust liabilities.

STATEMENT 6.—*Title I Claims Account: Statement of accountability for funds advanced as of June 30, 1953*

Advances from RFC for:			
Payment of claims	$31,488,715		
Loans to insured institutions	141,000		
Payment of salaries and expenses	6,613,811		
		$38,243,526	
Income from operations:			
Interest and other income on defaulted notes		2,287,677	
Total funds available			$40,531,203
Recoveries on claims and loans to insured institutions deposited in the general fund of the Treasury		19,067,926	
Salaries and expenses		6,613,811	
Losses including estimated future losses:			
Provision for loss on real property on hand	197		
Sale of real property	26,834		
Repossessed equipment	4,259,330		
Defaulted notes	10,501,005		
		14,787,366	
Total funds used			40,469,103
Balance of funds to be accounted for			62,100
Accountability represented by:			
Assets on hand:			
Cash		30,802	
Accounts receivable and accrued assets		1,155	
Mortgage notes	6,124		
Less estimated future losses	92		
		6,032	
Defaulted notes	864,206		
Less estimated future losses	840,259		
		23,947	

STATEMENT 6.—*Title I Claims Account: Statement of accountability for funds advanced as of June 30, 1953*—Continued

Accountability represented by—Continued			
Assets on hand—Continued			
Real property	$995		
Less estimated future losses	197		
		$798	
Total assets on hand		62, 734	
Liabilities:			
Deposits held for account of mortgagors and lessees		634	
Net assets on hand			$62, 100

Title I Housing Insurance Fund

An amendment to the National Housing Act contained in Public Law 475, 81st Congress, approved April 20, 1950, 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 $1,000,000 from the Title I Insurance Fund.

Title I, Section 8 Insurance Authority

Section 8(a) of the National Housing Act provides that the aggregate amount of principal obligations of all mortgages insured and outstanding at any one time shall not exceed $100,000,000, except that with the approval of the President such amount may be increased by $150,000,000. The President increased the amount of insurance authorization to $250,000,000 on August 8, 1953.

The status of the Title I, Section 8 insurance authority at December 31, 1953, was calculated as follows:

Status of Title I, Sec. 8 insurance authority as of Dec. 31, 1953

Insurance authority		$250, 000, 000
Charges against insurance authority:		
Estimated outstanding balance of insurance in force	$77, 110, 685	
Outstanding commitments	26, 980, 773	
Total charges against authority		104, 091, 458
Unused insurance authority		145, 908, 542

Title I Housing Insurance Fund Capital and Net Income

Assets of the Title I Housing Insurance Fund at June 30, 1953, totaled $1,295,734, against which there were outstanding liabilities of $275,475, leaving $1,020,259 capital. Included in the capital is the sum of $1,000,000 which was transferred from the Title I Insurance Fund in accordance with Section 8(h) of the Act, and earned surplus of $20,259.

STATEMENT 7.—*Comparative statement of financial condition, Title I Housing Insurance Fund, as of June 30, 1952, and June 30, 1953*

	June 30, 1952	June 30, 1953	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$163, 891	$310, 350	$146, 459
Investments: U. S. Government securities (amortized)	957, 621	957, 209	−412
Accounts and notes receivable: Accounts receivable—Insurance premiums	4, 163	6, 194	2, 031
Accrued assets: Interest on U. S. Government securities	990	990	
Acquired security or collateral: Real estate (at cost plus expenses to date)	4, 877	24, 439	19, 562
Less reserve for losses	718	3, 448	2, 730
Net acquired security or collateral	4, 159	20, 991	16, 832
Total assets	1, 130, 824	1, 295, 734	164, 910
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	35		−35
Inter-fund	3, 140	34	−3, 106
Total accounts payable	3, 175	34	−3, 141
Accrued liabilities: Interest on debentures	92	286	194
Trust and deposit liabilities: Fee deposits held for future disposition	136, 724	79, 547	−57, 177
Deferred and undistributed credits: Unearned insurance premiums	113, 465	172, 758	59, 293
Bonds, debentures and notes payable: Debentures payable	4, 750	22, 850	18, 100
Total liabilities	258, 206	275, 475	17, 269
CAPITAL			
Investment of the U. S. Government: Allocation to Title I Housing Insurance Fund from insurance reserve fund of the Title I Insurance Fund	1, 000, 000	1, 000, 000	
Earned surplus (or deficit—): Insurance reserve fund (cumulative earnings or deficit—) available for future losses and related expenses	−127, 382	20, 259	147, 641
Total capital	872, 618	1, 020, 259	147, 641
Total liabilities and capital	1, 130, 824	1, 295, 734	164, 910
Contingent liabilities for certificates of claim on properties on hand	354	1, 723	1, 369

The total income of the Title I Housing Insurance Fund for the fiscal year 1953 amounted to $462,703, while expenses and losses totaled $336,738, leaving net income of $125,965 before adjustment of the valuation reserve. The valuation reserve was increased $2,730, resulting in a net income of $123,235 for the year.

STATEMENT 8.—*Income and expenses, Title I Housing Insurance Fund, through June 30, 1952, and June 30, 1953*

	April 20, 1950, to June 30, 1952	July 1, 1952, to June 30, 1953	April 20, 1950, to June 30, 1953
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$40,387	$23,330	$63,726
Insurance premiums and fees:			
Premiums	169,085	292,032	461,117
Fees	543,349	147,332	690,681
	712,434	439,364	1,151,798
Total income	752,821	462,703	1,215,524
Expenses:			
Administrative expenses:			
Operating costs	875,236	335,221	1,186,181
Other expenses:			
Depreciation on furniture and equipment	4,502	1,512	5,852
Losses and charge-offs:			
Loss (or profit −) on equipment	−253	5	−246
Total expenses	879,485	336,738	1,191,817
Net income (or loss −) before adjustment of valuation reserves	−126,664	125,965	23,707
Increase (−) or decrease (+) in valuation reserves:			
Reserve for loss on real estate	−718	−2,730	−3,448
Net income or loss (−)	−127,382	123,235	20,259

ANALYSIS OF EARNED SURPLUS (OR DEFICIT −)

Distribution of net income:			
Earned surplus (or deficit −):			
Balance at beginning of period		−$127,382	
Adjustments during the period		24,406	
Net income (or loss −) for the period	−$127,382	123,235	$20,259
Balance at end of period	−127,382	20,259	20,259

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 a price that will produce an investment yield of not less than the yield obtainable from other authorized investments. During the fiscal year 1953 no additional investments were

made for the account of this fund, and at June 30, 1953, the fund held bonds in the principal amount of $950,000 as follows:

Investments of the Title I Housing Insurance Fund, June 30, 1953

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1967–72	2½	$958,367	$950,000	$957,209
Average annual yield 2.44 percent				

Properties Acquired under the Terms of Insurance

During the calendar year 1953, 55 properties insured under Title I, Section 8 were acquired by the Commissioner under the terms of insurance. Through December 31, 1953, a total of 57 homes had been acquired under the Title I Housing Insurance Fund at a total cost of $256,875, and 7 were sold at prices which left a net charge against the fund of $155, or an average of $22 per case.

STATEMENT 9.—*Statement of profit and loss on sale of acquired properties, Title I Housing Insurance Fund, through Dec. 31, 1953*

Items	Total TIHI fund (7 properties)
Proceeds of sales: [1]	
Sales price	$33,150
Less commission and other selling expense	1,100
Net proceeds of sales	32,050
Income:	
Rental and other income (net)	514
Mortgage note income	89
Total income	603
Total proceeds of sold properties	32,653
Expenses:	
Debentures and cash adjustments	30,039
Interest on debentures	609
Taxes and insurance	415
Maintenance and operating expense	552
Total expenses	31,615
Net profit (or loss −) before distribution of liquidation profits	1,038
Less distribution of liquidation profits:	
Certificates of claim	859
Increment on certificates of claim	8
Refunds to mortgagors	326
Loss to Title I Housing Insurance Fund	155
Average loss to Title I Housing Insurance Fund	22

[1] Analysis of terms of sales—

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash					
Properties sold for cash and notes (or contracts for deed)	7	7	$1,775	$31,375	$33,150
Properties sold for notes only					
Total	7	7	1,775	31,375	33,150

The turnover of Section 8 properties acquired and sold, by calendar year, is given below:

STATEMENT 10.—*Turnover of properties acquired under Sec. 8 of Title I through Dec. 31, 1953*

Properties acquired		Properties sold, calendar years		Properties on hand Dec. 31, 1953
Year	Number	1952	1953	
1952	2			2
1953	55		7	48
Total	57		7	50

NOTE.—On the 7 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 4.32 months.

On December 31, 1953, there remained on hand 50 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, 1953 (50 properties)

	Title I, Sec. 8 (50 properties)
Expenses:	
Acquisition costs	$216, 186
Interest on debentures	4, 610
Taxes and insurance	2, 019
Maintenance and operating expenses	835
Total expenses	223, 650
Income:	
Rental and other income (net)	80
Net cost of properties on hand	223, 570

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.

Certificates of claim issued in connection with the 7 Section 8 properties that had been acquired and sold through 1953 totaled $1,374. The amount to be paid on these certificates of claim totaled $859 (approximately 63 percent), while certificates of claim totaling $515 (approximately 37 percent) will be canceled.

In addition there were excess proceeds on 3 of the 7 properties sold, amounting to $326 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 $10,000,000 by the Federal Government. It has been credited with all income received in connection with insurance granted under Section 203, and that received with respect to insurance granted before February 3, 1938, under Section 207.

Section 205 of the Act as amended provides that mortgages insured under Section 203 shall be classified into groups in accordance with sound actuarial practice and risk characteristics. Each group account is credited with the income and charged with the expenses and losses of the mortgages in the group. If such income exceeds the expenses and losses, the resultant credit balance is 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 may not receive an amount in excess of the aggregate scheduled annual premiums to the year of termination of the insurance. A group account is terminated when the amounts to be distributed are sufficient to pay off the unpaid principal of the mortgages remaining in the group, or when all outstanding mortgages in the group have been paid.

If the expenses and losses of a group account exceed the income, no participation payments can be made and the deficit balance is absorbed by the general reinsurance account.

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 $10,000,000 provided by Section 202 of the Act. In addition, Section 205(c) of the Act as amended provides for the transfer to this account semiannually, at the discretion of the Commissioner, of an amount equal to 100 percent of the insurance premiums theretofore credited to the group. The general reinsurance account was provided as a secondary reserve to absorb the ultimate deficits of any group accounts that lack sufficient funds to meet all expenses and losses relating to the mortgages in the group; and to cover general expenses of mutual mortgage insurance not charged against the group accounts.

Title II Insurance Authority

Under the authority contained in Section 217 of the Act as amended, the aggregate amount of principal obligations of all mortgages insured under Title II which may be outstanding at any one time has been raised by the President to $13,300,000,000. This authorization applies to the insurance granted on home mortgages under Section 203, rental project mortgages under Sections 207 and 210, and mortgages on cooperative projects under Section 213. The Title II insurance authority at December 31, 1953, was calculated as follows:

Status of Title II insurance authority as of Dec. 31, 1953

Insurance authority			$13,300,000,000
Charges against insurance authority:			
Sec. 203 estimated outstanding balance of insurance in force	$9,772,369,995		
Sec. 203 outstanding commitments	1,605,266,504		
		$11,377,636,499	
Sec. 207 estimated outstanding balance of insurance in force	157,523,910		
Sec. 207 outstanding commitments	106,275,526		
		263,799,436	
Sec. 213 estimated outstanding balance of insurance in force	240,740,228		
Sec. 213 outstanding commitments [1]	129,700,730		
		370,440,958	
Total charges against authority			12,011,876,893
Unused insurance authority			1,288,123,107

[1] Commitments include statements of eligibility.

Mutual Mortgage Insurance Fund Capital

As of June 30, 1953, the assets of the Mutual Mortgage Insurance Fund totaled $250,260,251, against which there were outstanding liabilities of $246,574,702, leaving $3,685,549 capital. Included in the liabilities were the statutory reserves of $148,268,198. This figure includes $30,966,814 for transfer to the general reinsurance account and $117,301,384 available for contingent losses, expenses, other charges, and participation payments to mortgagors under the mutual provision of the Act.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the $41,994,095 of capital contributed to this fund by the United States Government ($10,000,000 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. Through December 31, 1953, $20,427,076 of this amount together with interest thereon had been repaid, leaving a balance payable of $21,567,019. This amount and the interest thereon was repaid by March 11, 1954, and the liability of the fund has been liquidated.

STATEMENT 11.—*Comparative statement of financial condition, Mutual Mortgage Insurance Fund, as of June 30, 1952, and June 30, 1953*

	June 30, 1952	June 30, 1953	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$11,867,259	$9,963,330	−$1,903,929
Investments: U. S. Government securities (amortized)	194,236,253	234,304,182	40,067,929
Loans receivable:			
Mortgage notes and contracts for deed	4,051,143	5,223,347	1,172,204
Less reserve for losses	60,763	78,351	17,588
Net loans receivable	3,990,380	5,144,996	1,154,616
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	1,054,107	1,245,813	191,706
Accounts receivable—Other	83		−83
Accounts receivable—Inter-fund	715,422	856,088	140,666
Total accounts and notes receivable	1,769,612	2,101,901	332,289
Accrued assets:			
Interest on U. S. Government securities	421,007	528,507	107,500
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	1,918,948	1,406,294	−512,654
Less reserve for losses	257,924	188,959	−68,965
Net acquired security or collateral	1,661,024	1,217,335	−443,689
Total assets	213,945,535	250,260,251	36,314,716
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	3,092	881	−2,211
Group account participations payable	1,770,132	1,762,175	−7,957
Total accounts payable	1,773,224	1,763,056	−10,168
Accrued liabilities:			
Interest on debentures	160,545	128,027	−32,518
Interest on funds advanced by U. S. Treasury		16,606,504	16,606,504
Total accrued liabilities	160,545	16,734,531	16,573,986
Trust and deposit liabilities:			
Fee deposits held for future disposition	4,047,315	4,648,458	601,143
Excess proceeds of sale	165,785	217,896	52,111
Deposits held for mortgagors, lessees, and purchasers	89,445	99,344	9,899
Total trust and deposit liabilities	4,302,545	4,965,698	663,153
Deferred and undistributed credits:			
Unearned insurance premiums	20,812,519	24,440,438	3,627,919
Bonds, debentures, and notes payable:			
Debentures payable	10,060,286	8,408,686	−1,651,600
Other liabilities:			
Funds advanced by the U. S. Treasury		41,994,095	41,994,095
Statutory reserves:			
For transfer to general reinsurance reserve	26,346,363	30,966,814	4,620,451
Net balances of group accounts available for contingent losses, expenses, other charges, and participations	95,866,907	117,301,384	21,434,477
Total statutory reserves	122,213,270	148,268,198	26,054,928
Total liabilities	159,322,389	246,574,702	87,252,313
CAPITAL			
Investment of the U. S. Government:			
Allocations from the U. S. Treasury	10,000,000		−10,000,000
Appropriations for salaries and expenses	31,994,095		−31,994,095
Total investment of the U. S. Government	41,994,095		−41,994,095
Earned surplus:			
General reinsurance reserve fund (cumulative earnings) available for future losses and related expenses	12,629,051	3,685,549	−8,943,502
Total capital	54,623,146	3,685,549	−50,937,597
Total liabilities and capital	213,945,535	250,260,251	36,314,716
Contingent liability for certificates of claim on properties on hand	83,461	68,367	−15,094

Income and Expenses

During the fiscal year 1953 the income to the fund amounted to $63,357,196, while expenses and losses amounted to $22,598,862, leaving $40,758,334 net income before adjustment of valuation reserves. After the valuation reserves had been decreased $51,377, the net income for the year was $40,809,711.

The cumulative income of the Mutual Mortgage Insurance Fund from June 30, 1934, to June 30, 1953, amounted to $424,332,786, while cumulative expenses amounted to $223,828,528, leaving $200,504,258 net income before adjustment of valuation reserves. After $267,310 had been allocated to valuation reserves, the cumulative net income amounted to $200,236,948.

STATEMENT 12.—*Income and expenses, Mutual Mortgage Insurance Fund, through June 30, 1952, and June 30, 1953*

	June 30, 1934, to June 30, 1952	July 1, 1952, to June 30, 1953	June 30, 1934, to June 30, 1953
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$31,747,031	$5,342,087	$37,089,118
Interest—Other	3,524,870	440,587	3,965,457
Dividends on rental housing stock	286		286
	35,272,187	5,782,674	41,054,861
Insurance premiums and fees:			
Premiums	249,041,174	45,837,962	294,879,136
Fees	75,066,516	11,732,847	86,799,363
	324,107,690	57,570,809	381,678,499
Other income:			
Profit on sale of investments	1,585,294		1,585,294
Miscellaneous income	10,419	3,713	14,132
	1,595,713	3,713	1,599,426
Total income	360,975,590	63,357,196	424,332,786
Expenses:			
Interest expense:			
Interest on funds advanced by U. S. Treasury		944,867	16,606,504
Interest on debentures	4,103,965	505,958	4,609,923
	4,103,965	1,450,825	21,216,427
Administrative expenses:			
Operating costs	177,870,763	20,996,434	198,758,886
Other expenses:			
Depreciation on furniture and equipment	998,548	94,457	1,092,856
Miscellaneous expenses	17,759	467	18,226
	1,016,307	94,924	1,111,082
Losses and charge-offs:			
Loss on sale of acquired properties	2,020,978	146,345	2,707,323
Loss (or profit —) on equipment	−25,526	334	−25,190
	2,595,452	146,679	2,742,133
Total expenses	185,595,487	22,598,862	223,828,528
Net income before adjustment of valuation reserves	175,380,103	40,758,334	200,504,258
Increase (−) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable	−60,763	−17,688	−78,351
Reserve for loss on real estate	−257,924	+68,065	−188,959
Net adjustment of valuation reserves	−318,687	+51,377	−267,310
Net income	175,061,416	40,809,711	200,236,948

STATEMENT 12.—*Income and expenses, Mutual Mortgage Insurance Fund, through June 30, 1952, and June 30, 1953*—Continued

ANALYSIS OF EARNED SURPLUS

	June 30, 1934, to June 30, 1952	July 1, 1952, to June 30, 1953	June 30, 1934, to June 30, 1953
Distribution of net income:			
Statutory reserves:			
Balance at beginning of period		$122,213,270	
Adjustments during period		−6,029,309	
Net income for period	$161,432,365	40,148,343	$195,551,399
	161,432,365	156,332,304	195,551,399
Participations in mutual earnings distributed	−39,219,095	−8,064,106	−47,283,201
Balance at end of period	122,213,270	148,268,198	148,268,198
Earned surplus:			
Balance at beginning of period		12,629,051	
Adjustments during period		−9,604,870	
Net income for period	13,629,051	661,368	4,685,549
	13,629,051	3,685,549	4,685,549
Allocation to Housing Insurance Fund from general reinsurance reserve fund of the Mutual Mortgage Insurance Fund	−1,000,000		−1,000,000
Balance at end of period	12,629,051	3,685,549	3,685,549

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 such purchases are made at a price that will produce an investment yield not less than the yield obtainable from other authorized investments.

During the fiscal year 1953, $43,000 of Series A 3 percent Mutual Mortgage Insurance Fund debentures matured and were paid and $4,450 were redeemed in payment of mortgage insurance premiums; $196,300 of Series E 2¾ percent were purchased from FNMA, $248,150 were redeemed in payment of mortgage insurance premiums, and $2,290,450 were called for redemption; $16,050 Series K 2½ percent were redeemed in payment of mortgage insurance premiums, and $26,050 were called for redemption.

Net purchases of United States Government securities made during the year increased the holdings of the fund by $40,900,000 (principal amount). These transactions did not change the average annual yield, which remained at 2.49 percent. On June 30, 1953, the fund held United States Government securities in the amount of $235,067,000, principal amount, as follows:

Investments of the Mutual Mortgage Insurance Fund, June 30, 1953

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1957	2	$15,700,000	$15,700,000	$15,700,000
1962–67	2½	5,000,000	5,000,000	5,000,000
1963–68	2½	4,500,000	4,500,000	4,500,000
1964–69	2½	37,266,453	37,900,000	37,307,852
1965–70	2½	25,546,515	25,900,000	25,564,153
1966–71	2½	21,737,555	22,100,000	21,750,903
1967–72	2½	124,636,165	123,967,000	124,481,184
Average annual yield 2.49 percent		234,386,688	235,067,000	234,304,182

Properties Acquired under the Terms of Insurance

Two hundred and sixty-three homes insured under Section 203 were acquired by the Commissioner during the calendar year 1953 under the terms of insurance. During 1952, 282 foreclosed properties had been transferred to the Commissioner, and in 1951 there had been 407. Through 1953, a total of 5,285 small homes had been acquired under the Mutual Mortgage Insurance Fund at a total cost of $30,304,677. Statement 13 shows the turnover of Section 203 acquired properties since the acquisition of the first such property in 1936.

STATEMENT 13.—*Turnover of properties acquired under Sec. 203 of Title II contracts of insurance by years, and cumulative through Dec. 31, 1953*

Properties acquired		Properties sold by calendar years																	Properties on hand Dec. 31, 1953
Year	Number	1936–37	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	
1936	13	11	2																
1937	98	13	67	7	5	6													
1938	324		139	99	50	28	6	2	−1	1									
1939	753			278	331	110	28	3	2	1									
1940	1,123				611	448	46	14	3	1									
1941	1,044					754	257	29	2	2									
1942	502						355	139	8										
1943	168							140	27	1									
1944	33								26	7									
1945	8									7	1								
1946	1										1								
1947																			
1948	4												2	2					
1949	37													17	19	1			
1950	225														65	102	25	11	22
1951	407															188	173	17	29
1952	282																142	86	54
1953	263																	88	175
Total	5,285	24	208	384	997	1,346	692	327	67	20	2		2	19	84	291	340	202	280

NOTES.—On the 5,005 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 6.27 months.

The number of properties sold has been reduced by 18 properties repossessed because of default on mortgage notes. All 18 reacquisitions had been resold by Dec. 31, 1953.

Through December 31, 1953, 5,005 acquired properties insured under Section 203 had been sold at prices which left a net charge against the fund of $2,816,394, or an average of approximately $563 per case. One Section 207 rental housing project, insured under the Mutual

Mortgage Insurance Fund before February 3, 1938, had been acquired and sold in 1941 at no loss to the fund.

STATEMENT 14.—*Statement of profit and loss on sale of acquired properties, Mutual Mortgage Insurance Fund, through Dec. 31, 1953*

Item	Sec. 203 (5,005 properties)	Sec. 207 (1 property, 265 units)	Total MMI Fund (5,006 properties)
Proceeds of sales:[1]			
Sales price	$25,578,165	$1,000,000	$26,578,165
Less commission and other selling expenses	1,190,935		1,190,935
Net proceeds of sales	24,387,230	1,000,000	25,387,230
Income:			
Rental and other income (net)	444,648		444,648
Mortgage note income	2,958,510		2,958,519
Total income	3,403,167		3,403,167
Total proceeds of sold properties	27,790,397	1,000,000	28,790,397
Expenses:			
Debentures and cash adjustments	24,695,120	942,145	25,637,265
Interest on debentures	3,415,549	18,387	3,433,936
Taxes and insurance	486,974	5,012	491,986
Additions and improvement	72,168		72,168
Maintenance and operating expense	1,087,358		1,087,358
Miscellaneous expense	4,945	1,669	6,614
Total expenses	29,762,114	967,213	30,729,327
Net profit (or loss −) before distribution of liquidation profits	−1,971,717	32,787	−1,938,930
Less distribution of liquidation profits:			
Certificates of claim	561,702	31,532	593,234
Increment on certificates of claim	35,623	1,255	36,878
Refunds to mortgagors	247,352		247,352
Loss to Mutual Mortgage Insurance Fund	2,816,394		2,816,394
Average loss to Mutual Mortgage Insurance Fund	563		

[1] Analysis of terms of sales:

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash	795		$4,923,035		$4,923,035
Properties sold for cash and notes (or contracts for deed)	4,194	4,184	2,428,872	$19,165,281	21,594,153
Properties sold for notes only	17	17		60,977	60,977
Total	5,006	4,201	7,351,907	19,226,258	26,578,165

On December 31, 1953, 280 properties insured under the Mutual Mortgage Insurance Fund were held by the FHA. The cost of these properties was:

Mutual Mortgage Insurance Fund, statement of properties on hand at Dec. 31, 1953 (280 properties)

	Sec. 203 (280 properties)
Expenses:	
Acquisition costs	$1,714,493
Interest on debentures	103,360
Taxes and insurance	42,605
Additions and improvements	12,925
Maintenance and operating expenses	50,104
Miscellaneous expenses	22
Total expenses	1,923,516
Income:	
Rental and other income (net)	13,397
Net cost of properties on hand	1,910,118

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 5,005 Section 203 properties which had been acquired and sold through 1953 totaled $2,100,698. The amounts paid or to be paid on these certificates of claim totaled $561,702 (approximately 27 percent), while certificates of claim totaling $1,538,996 (approximately 73 percent) had been or will be canceled.

In addition, there were excess proceeds amounting to $247,352 for refund to mortgagors on approximately 16 percent (or 810) of the 5,005 sold properties. The refund to mortgagors on these 810 cases averaged $305.

Mutual Mortgage Participation Payments

In carrying out the mutual provisions of Title II, the Administration had established through June 30, 1953, a total of 313 group accounts, of which 182 had developed credit balances for distribution, and 131 had deficit balances. The 182 group accounts with credit balances included 38 from which participation payments had been made at the time of termination, 13 from which payments will be made, and 131 from which participation shares were being disbursed to mortgagors who paid their mortgages in full before maturity.

Of the 131 deficit balance groups at June 30, 1953, 71 had been terminated with deficits totaling $151,469, and these deficits had been charged against the general reinsurance account. The income of the remaining 60 groups had not yet been sufficient to offset the expenses and reserves for losses.

The credit balances of the 38 group accounts that had matured and from which participation payments had been made amounted to $1,448,520, and these balances were shared by 11,301 mortgagors. Payments to mortgagors ranged from $1.89 to $78.59 per $1,000 of original face amount of mortgage. The credit balances of the 13 groups from which participation payments will be made amounted to $555,616 on June 30, 1953, and will be shared by approximately 2,960 mortgagors.

The first participation payments in connection with insured loans prepaid in full were made as of January 1, 1944, and during the 9½ years following that date total payments of $47,283,201 were made or accrued on 376,248 insured loans.

The credit balances of the 131 groups from which participation payments were being made as insured loans were paid in full amounted to $63,772,184 on June 30, 1953. On that date there were still in force in these group accounts approximately 390,425 insured mortgages on which the original face amount had been $2,021,998,993.

Title II: Housing Insurance Fund

The insurance risks on rental and group housing insured under Sections 207 and 210 after February 3, 1938, and on cooperative housing insured under Section 213 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, or a nonprofit corporation organized for the purpose of building homes for members. In the latter instance provision is made for the release from the blanket mortgage of individual properties for sale to members and for the insurance under Section 213 of individual mortgages on such released properties.

Appraisal fees, insurance premiums, interest on investments, and income from projects 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 Sections 207

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and 210 since February 3, 1938, and under Section 213 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 Section 207, 210, and 213 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 such project, are applied to the mortgagee's certificate of claim and increment thereon, and any 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. Before 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.

Housing Insurance Fund Capital and Net Income

Assets of the Housing Insurance Fund as of June 30, 1953, totaled $9,862,679, against which there were outstanding liabilities of $8,753,359. The capital of the fund amounted to $1,109,320, represented by $1,000,000 transferred from the Mutual Mortgage Insurance Fund in accordance with Section 207(f) of the Act and earned surplus of $109,320.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the $4,170,024 capital contributed to this fund by the United States Government for salaries and expenses was established as a liability of the fund as of June 30, 1953. This amount has been repaid, together with interest thereon, the final payment being made on October 31, 1953.

STATEMENT 15.—*Comparative statement of financial condition, Housing Insurance Fund, as of June 30, 1952, and June 30,1953*

	June 30, 1952	June 30, 1953	Increase or decrease (—)
ASSETS			
Cash with U. S. Treasury	$713, 282	$650, 452	—$62, 830
Investments:			
U. S. Government securities (amortized)	3, 501, 067	5, 001, 010	1, 499, 943
Other securities (stock in rental housing corporations)	17, 500	27, 400	9, 900
Total investments	3, 518, 567	5, 028, 410	1, 509, 843
Loans receivable:			
Mortgage notes and contracts for deed	2, 698, 513	2, 571, 640	—126, 873
Less reserve for losses	40, 478	38, 575	—1, 903
Net loans receivable	2, 658, 035	2, 533, 065	—124, 970
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	7, 480	31, 623	24, 134
Accounts receivable—Inter-fund	4, 744	15, 470	10, 726
Total accounts and notes receivable	12, 233	47, 093	34, 860
Accrued assets:			
Interest on U. S. Government securities	3, 580	3, 437	—143
Acquired security or collateral:			
Mortgage notes acquired under terms of insurance (at cost plus expenses to date)	1, 528, 326	1, 871, 947	343, 621
Less reserve for losses	225, 975	271, 725	45, 750
Net acquired security or collateral	1, 302, 351	1, 600, 222	297, 871
Total assets	8, 208. 048	9, 862, 679	1, 654, 631
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	41	10	—3.
Accrued liabilities:			
Interest on debentures	21, 826	21, 079	—747
Interest on funds advanced by U. S. Treasury	....	1, 368, 805	1, 368, 805
Total accrued liabilities	21, 826	1, 389, 884	1, 368, 058
Trust and deposit liabilities:			
Excess proceeds of sale	29, 522	87, 450	57, 928
Deposits held for mortgagors, lessees and purchasers	133, 060	79, 864	—53, 196
Total trust and deposit liabilities	162, 582	167, 314	4. 732
Deferred and undistributed credits:			
Unearned insurance premiums	701, 859	926, 510	224, 651
Unearned insurance fees	317, 785	288, 458	—29, 327
Total deferred and undistributed credits	1, 019, 644	1, 214, 968	195, 324
Bonds, debentures, and notes payable:			
Debentures payable	1, 402, 350	1, 704, 000	301, 650
Other liabilities:			
Funds advanced by U. S. Treasury	....	4, 170, 024	4, 170, 024
Reserve for foreclosure costs—Mortgage notes	14, 109	17, 159	3, 050
Total other liabilities	14, 109	4, 187, 183	4, 173, 074
Total liabilities	2, 710, 552	8, 753, 359	6, 042, 807
CAPITAL			
Investment of the U. S. Government:			
Appropriations for salaries and expenses	4, 170, 024	....	—4, 170, 024
Allocation to Housing Insurance Fund from general reinsurance reserve fund of the Mutual Mortgage Insurance Fund	1, 000, 000	1, 000, 000	....
Total investment of the U. S. Government	5, 170, 024	1, 000, 000	—4, 170, 024
Earned surplus: Insurance reserve fund (cumulative earnings) available for future losses and related expenses	327, 472	109, 320	—218, 152
Total capital	5, 497, 496	1, 109, 320	—4, 388, 176
Total liabilities and capital	8, 208, 048	9, 862, 679	1, 654, 631
Contingent liability for certificates of claim on properties on hand	23, 603	35, 520	11, 917

During the fiscal year 1953 the income of the fund amounted to $2,788,549, while expenses and losses amounted to $1,757,279, leaving $1,031,270 net income before adjustment of valuation reserves. After the valuation reserves had been increased by $43,847, there remained $987,423 as net income for the year.

STATEMENT 16.—*Income and expenses, Housing Insurance Fund, through June 30, 1952, and June 30, 1953*

	Feb. 3, 1938, to June 30, 1952	July 1, 1952, to June 30, 1953	Feb. 3, 1938, to June 30, 1953
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$825,396	$100,730	$926,126
Interest—Other	216,640		122,535
Dividends on rental housing stock	1,418	220	1,638
	1,043,454	100,950	1,050,299
Insurance premiums and fees:			
Premiums	6,584,665	1,456,416	8,041,081
Fees	2,720,331	1,231,183	4,079,679
	9,304,996	2,687 599	12,120,760
Other income: Profit on sale of investments	88,568		88,568
Total income	10,437,018	2,788,549	13,259,627
Expenses:			
Interest expenses: Interest on funds advanced by U. S. Treasury		93,826	1,368,805
Administrative expenses: Operating costs	9,734,298	1,723,025	11,472,496
Other expenses:			
Depreciation on furniture and equipment	62,625	7,787	70,495
Miscellaneous expenses	100		100
	62,725	7,787	70,595
Losses and charge-offs:			
Loss on sale of acquired properties	47,113	−67,387	−70,872
Loss (or profit −) on equipment	−1,043	28	−1,017
	46,070	−67,359	−71,889
Total expenses	9,843,093	1,757,279	12,840,007
Net income (or loss −) before adjustment of valuation reserves	593,925	1,031,270	419,620
Increase (−) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable	−40,478	1,903	−38,575
Reserve for loss on mortgage notes acquired under terms of insurance	−225,975	−45,750	−271,725
Net adjustment of valuation reserves	−266,453	−43,847	−310,300
Net income	327,472	987,423	109,320
ANALYSIS OF EARNED SURPLUS			
Distribution of net income: Earned surplus:			
Balance at beginning of period		327,472	
Adjustments during the period		−1,205,575	
Net income for the period	327,472	987,423	109,320
Balance at end of period	327,472	109,320	109,320

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. During the fiscal year 1953, purchases of United States Government securities increased the holdings of the fund $1,500,000 (principal amount). These transactions resulted in a decrease in the average annual yield from 2.47 percent to 2.33 percent. On June 30, 1953, the fund held United States Government securities in the principal amount of $5,000,000, as follows:

Investments of the Housing Insurance Fund, June 30, 1953

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1956	2	$200,000	$200,000	$200,000
1957	2	1,500,000	1,500,000	1,500,000
1962–67	2½	1,500,000	1,500,000	1,500,000
1967–72	2½	1,801,438	1,800,000	1,801,010
Average annual yield 2.33 percent		5,001,438	5,000,000	5,001,010

Properties Acquired under the Terms of Insurance

During 1953, 2 mortgage notes (72 units) insured under Section 207 and 2 mortgage notes (191 units) insured under Section 213 were assigned to the FHA Commissioner, and title to 1 project (87 units) insured under Section 207 was acquired under the terms of insurance. Through December 31, 1953, a cumulative total of 17 rental housing projects and 4 mortgage notes insured under Sections 207–210 of the Housing Insurance Fund and 3 mortgage notes insured under Section 213 had been acquired under the terms of insurance. Sixteen projects and 1 of the mortgage notes insured under Sections 207–210 had been sold at no loss to the Housing Insurance Fund. There remained on hand at December 31, 1953 1 project and 3 mortgage notes insured under Section 207 and 3 mortgage notes insured under Section 213, as follows:

Housing Insurance Fund, statement of properties on hand as of Dec. 31, 1953

	Section 207		Section 213	Total
	1 property (87 units)	3 mortgage notes (92 units)	3 mortgage notes (335 units)	1 property 6 notes (514 units)
Expenses:				
Acquisition costs	$590,600	$903,200	$2,189,106	$3,683,086
Interest on debentures	13,501	19,358	84,351	117,210
Taxes and insurance	453			453
Maintenance and operating expenses	449			449
Miscellaneous expenses		55	33	88
Total expenses	605,003	922,703	2,273,580	3,801,286
Income: Rental and other income (net)	6,065		47,014	53,079
Net cost of properties on hand	598,938	922,703	2,226,566	3,748,207

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.

STATEMENT 17.—*Statement of profit and loss on sale of acquired projects, Housing Insurance Fund, through Dec. 31, 1953*

	Sec. 207–210		Total HI Fund
	1 mortgage note (1,102 units)	16 projects (2,768 units)	16 projects and 1 mortgage note
Proceeds of sales: [1]			
Sales price (or proceeds of mortgage note)	$2,989,981	$12,109,904	$15,099,885
Less commissions		4,538	4,538
Net proceeds of sales	2,989,981	12,105,366	15,095,347
Income:			
Rental and other income (net)		1,667,737	1,667,737
Mortgage note income	428,893	2,222,604	2,651,497
Total income	428,893	3,890,341	4,319,234
Total proceeds of sold properties	3,418,874	15,995,707	19,414,581
Expenses:			
Debentures and cash adjustments	2,930,182	11,731,713	14,661,895
Interest on debentures	300,201	2,458,829	2,759,030
Taxes and insurance		469,595	469,595
Additions and improvements		211,660	211,660
Maintenance and operating expense		753,910	753,910
Miscellaneous expense	2,501	29,759	32,260
Total expenses	3,232,884	15,655,466	18,888,350
Net profit before distribution of liquidation profits	185,990	340,241	526,231
Less distribution of liquidation profits:			
Certificates of claim	15,728	196,772	212,500
Increment on certificates of claim	1,789	35,408	37,197
Refunds to mortgagors	168,473	3,816	172,289
Excess credited to fund		104,245	104,245

[1] Analysis of terms of sales:

Terms of sales	Number	Cash	Mortgage notes	Sales price
Projects sold for cash	2	$3,062,401		$3,062,401
Projects sold for cash and mortgage notes (or contracts for deed)	13	228,789	$10,149,283	10,378,072
Projects sold for mortgage notes or contracts for deed only	2		1,659,412	1,659,412
Total	17	3,291,190	11,808,695	15,099,885

Certificates of Claim and Refunds to Mortgagors

Certificates of claim issued in connection with the 16 projects and 1 mortgage note which had been sold under the Housing Insurance Fund through December 31, 1953, totaled $290,400. The amounts paid or to be paid on these certificates totaled $212,500, and the amounts canceled or to be canceled totaled $77,900. 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 before the amendment of August 10, 1948.

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 was paid in full, with increment thereon in the amount of $1,255.

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 Sections 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 $5,000,000 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, and any balance remaining in the fund after all Title VI expenses and insurance claims have been met will revert to the general fund of the Treasury.

Title VI Insurance Authority

As of December 31, 1953, Section 603(a) of the National Housing Act provided that the aggregate amount of principal obligations of mortgages insured under Title VI should not exceed $6,990,000,000. This limitation applied to insurance granted on home mortgages insured under Section 603 and rental housing project mortgages insured under Section 608. The insurance authorization with respect to these sections was reduced from $7,150,000,000 to $6,990,000,000 in 1953 in accordance with Section 217 of the Act as amended June 30, 1953.

In addition to the above authorization, the Act provided that the aggregate amount of principal obligations of all mortgages insured pursuant to Sections 609, 610, and 611 shall not exceed $150,000,000.

The status of the Title VI insurance authority at December 31, 1953, was calculated as follows:

Status of Title VI insurance authority as of Dec. 31, 1953

	Secs. 603 and 608	Secs. 609, 610, 611
Insurance authority	$6, 990, 000, 000	$150, 000, 000
Charges against insurance authority:		
Mortgages insured	7, 084, 938, 827	41, 932, 924
Less: Mortgages reinsured	107, 466, 332	125, 200
Net mortgages insured	6, 977, 472, 495	41, 807, 724
Commitments for insurance [1]		5, 827, 300
Total charges against authority	6, 977, 472, 495	47, 635, 024
Unused insurance authority	12, 527, 505	102, 364, 976

[1] Commitments include statements of eligibility.

War Housing Insurance Fund Capital

Assets of the War Housing Insurance Fund as of June 30, 1953 totaled $204,736,674, against which there were outstanding liabilities of $91,138,019. The fund had capital of $113,598,655, consisting entirely of earned surplus.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the $5,000,000 of capital contributed by the United States Government to establish this fund was established as a liability as of June 30, 1953. This amount has been repaid, together with interest thereon, the final payment being made on September 30, 1953.

STATEMENT 18.—*Comparative statement of financial condition, War Housing Insurance Fund, as of June 30, 1952, and June 30, 1953*

	June 30, 1952	June 30, 1953	Increase or decrease (—)
ASSETS			
Cash with U. S. Treasury	$21, 745, 507	$6, 806, 152	—$14, 939, 355
Investments:			
U. S. Government securities (amortized)	76, 890, 500	78, 236, 665	1, 346, 165
Other securities (stock in rental housing corporations)	407, 460	403, 600	—3, 860
Total investments	77, 297, 960	78, 640, 265	1, 342, 305
Loans receivable:			
Mortgage notes and contracts for deed	25, 377, 905	29, 093, 180	3, 715, 275
Less reserve for losses	444, 113	509, 131	65, 018
Net loans receivable	24, 933, 792	28, 584, 049	3, 650, 257

STATEMENT 18.—*Comparative statement of financial condition, War Housing Insurance Fund, as of June 30, 1952, and June 30, 1953*—Continued

	June 30, 1052	June 30, 1953	Increase or decrease (—)
ASSETS—Continued			
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	$564, 595	$506, 326	—$58, 269
Accounts receivable—Other	1, 692	35	—1, 657
Total accounts and notes receivable	566, 287	506, 361	—59, 926
Accrued assets: Interest on U. S. Government securities	101, 667	101, 667	
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	49, 441, 174	60, 697, 386	11, 256, 212
Less reserve for losses	8, 314, 742	10, 948, 193	2, 633, 451
Net real estate	41, 126, 432	49, 749, 193	8, 622, 761
Mortgage notes acquired under terms of insurance (at cost plus expenses to date)	28, 332, 956	49, 328, 926	20, 995, 970
Less reserve for losses	5, 305, 512	9, 020, 055	3, 714, 543
Net mortgage notes acquired under terms of insurance	23, 027, 444	40, 308, 871	17, 281, 427
Net acquired security or collateral	64, 153, 876	90, 058, 064	25, 904, 188
Other assets—Held for account of mortgagors		40, 116	40, 116
Total assets	188, 799, 089	204, 736, 674	15, 937, 585
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	7, 507	9, 156	1, 649
Inter-fund	38, 839	6, 822	—32, 017
Total accounts payable	46, 346	15, 978	—30, 368
Accrued liabilities:			
Interest on debentures	1, 338, 549	876, 755	—461, 794
Interest on funds advanced by U. S. Treasury		1, 373, 929	1, 373, 929
Total accrued liabilities	1, 338, 549	2, 250, 684	912, 135
Trust and deposit liabilities:			
Excess proceeds of sale	829, 304	1, 036, 368	207, 064
Deposits held for mortgagors, lessees and purchasers	940, 056	981, 536	41, 480
Total trust and deposit liabilities	1, 769, 360	2, 017, 904	248, 544
Deferred and undistributed credits:			
Unearned insurance premiums	12, 924, 650	12, 575, 874	—348, 776
Unearned insurance fees	925	23	—902
Total deferred and undistributed credits	12, 925, 575	12, 575, 897	—349, 678
Bonds, debentures and notes payable: Debentures payable	62, 587, 950	68, 785, 200	6, 197, 250
Other liabilities:			
Funds advanced by U. S. Treasury		5, 000, 000	5, 000, 000
Reserve for foreclosure costs—Mortgage notes	278, 130	492, 356	214, 226
Total other liabilities	278, 130	5, 492, 356	5, 214, 226
Total liabilities	78, 945, 910	91, 138, 019	12, 192, 109
CAPITAL			
Investment of the U. S. Government: Allocations from the U. S. Treasury	5, 000, 000		—5, 000, 000
Earned surplus: Insurance reserve fund (cumulative earnings) available for future losses and related expenses	104, 853, 179	113, 598, 655	8, 745, 476
Total capital	109, 853, 179	113, 598, 655	3, 745, 476
Total liabilities and capital	188, 799, 089	204, 736, 674	15, 937, 585
Contingent liability for certificates of claim on properties on hand	1, 679, 477	2, 476, 786	797, 309

During the fiscal year 1953 the fund earned $27,890,652 and had expenses of $2,601,892, leaving $25,288,760 net income before adjustment of valuation reserves. After the valuation reserves had been increased by $6,413,012, the net income for the year amounted to $18,875,748, which was added to the insurance reserve fund.

The cumulative income of the War Housing Insurance Fund from its establishment March 28, 1941 to June 30, 1953 amounted to $216,448,124, while cumulative expenses were $72,372,090, leaving $144,076,034 net income before adjustment of reserves. Valuation reserves of $20,477,379 were established, leaving cumulative net income of $123,598,655.

STATEMENT 19.—*Income and expenses, War Housing Insurance Fund, through June 30, 1952, and June 30, 1953*

	Mar. 28, 1941 to June 30, 1952	July 1, 1952 to June 30, 1953	Mar. 28, 1941 to June 30, 1953
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$6,563,861	$1,862,834	$8,426,695
Interest—Other	2,091,109	1,549,339	3,640,448
Dividends on rental housing stock	5,382	2,005	7,387
	8,660,352	3,414,178	12,074,530
Insurance premiums and fees:			
Premiums	134,629,048	24,452,478	159,081,526
Fees	45,242,154	23,996	45,137,085
	179,871,202	24,476,474	204,219,511
Other income:			
Profit on sale of investments	153,703		153,703
Miscellaneous income	380		380
	154,083		154,083
Total income	188,685,637	27,890,652	216,448,124
Expenses:			
Interest expenses: Interest on funds advanced by U. S. Treasury		112,500	1,373,920
Administrative expenses: Operating costs	65,957,659	2,354,206	68,053,922
Other expenses: Depreciation on furniture and equipment	349,712	10,811	359,123
Losses and charge-offs:			
Loss on sale of acquired properties	2,480,202	124,337	2,604,539
Loss (or profit—) on equipment	−19,482	38	−19,423
	2,460,720	124,375	2,585,116
Total expenses	68,768,091	2,601,892	72,372,090
Net income before adjustment of valuation reserves	119,917,546	25,288,760	144,076,034
Increase (−) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable	−444,113	−65,018	−509,131
Reserve for loss on real estate	−8,314,742	−2,633,451	−10,948,193
Reserve for loss on mortgage notes acquired under terms of insurance	−5,305,512	−3,714,543	−9,020,055
Net adjustment of valuation reserves	−14,064,367	−6,413,012	−20,477,379
Net income	105,853,179	18,875,748	123,598,655

ANALYSIS OF EARNED SURPLUS

Distribution of net income: Earned surplus:			
Balance at beginning of period		$104,853,179	
Adjustments during the period		−1,130,272	
Net income for the period	$105,853,170	18,875,748	$123,598,655
	105,853,179	122,598,655	123,598,655
Allocation to National Defense Housing Insurance Fund from the insurance reserve fund of the War Housing Insurance Fund	−1,000,000	−9,000,000	−10,000,000
Balance at end of period	104,853,179	113,598,655	113,598,655

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 United States Government securities or the retirement of debentures.

During the fiscal year 1953, excess funds not needed for current operations were used to retire $31,269,200 Series H 2½ percent War Housing Insurance Fund debentures, of which $17,228,000 were called for redemption, $10,824,750 were purchased from FNMA, and $3,216,450 were redeemed in payment of mortgage insurance premiums.

During the fiscal year 1953, net purchases of $1,400,000 increased the United States Government securities held by the fund as of June 30, 1953, to $77,300,000, principal amount. These transactions did not change the average annual yield, which remained at 2.38 percent.

Investments of the War Housing Insurance Fund, June 30, 1953

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1957	2	$3,700,000	$3,700,000	$3,700,000
1966–71	2½	4,000,000	4,000,000	4,000,000
1967–72	2½	70,723,047	69,600,000	70,536,665
Average annual yield 2.38 percent		78,423,047	77,300,000	78,236,665

Properties Acquired under the Terms of Insurance

The Federal Housing Administration acquired title in 1953, under the terms of insurance, to 412 properties (615 units) insured under Section 603 and sold 345 (455 units). Through December 31, 1953, a total of 10,130 Section 603 properties (13,331 units) had been acquired at a cost of $64,587,193, and 8,954 properties (11,781 units) had been sold at prices that left a net charge against the fund of $2,487,409, or an average of $278 per case. There remained on hand for future disposition 1,176 properties having 1,550 living units.

During 1953, 35 rental housing projects (1,649 units) and 28 mortgage notes (3,514 units) insured under Section 608 were assigned to the FHA Commissioner under the terms of insurance, and 17 projects (895 units) were sold by the Commissioner. Through December 31, 1953, a total of 163 projects (9,463 units) and 104 mortgage notes (7,498 units) had been assigned to the Commissioner. Twenty-eight projects (1,935 units) had been sold, and 1 mortgage note (42 units) had been settled with no loss to the War Housing Insurance Fund, leaving 135 projects (7,528 units) and 103 mortgage notes (7,456 units) still held by the FHA.

There was 1 purchaser's note and no additional manufacturers' notes insured under Section 609 assigned to the FHA Commissioner during the calendar year 1953. Through December 31, 1953, 2 manufacturers' notes and 65 discounted purchasers' notes had been assigned. Of these, 64 discounted purchasers' notes and 1 manufacturer's note had been settled with a resultant loss to the fund of $413,094, leaving 1 manufacturer's note and 1 purchaser's note on hand at December 31, 1953.

STATEMENT 20.—*Statement of profit and loss on sale of acquired properties, War Housing Insurance Fund, through Dec. 31, 1953*

	Sec. 603 (8,954 properties—11,781 units)	Sec. 608 (28 projects and 1 mortgage note—1,977 units)	Sec. 609 [2] (65 notes—260 units)	Total WHI Fund (9,048 properties)
Proceeds of sales: [1]				
Sales price (or proceeds of mortgage notes)	$53,438,346	$8,390,796	$212,967	$62,012,109
Less commissions and other selling expenses	2,027,035	3,110		2,030,145
Net proceeds of sales	51,411,311	8,387,686	212,967	60,011,964
Income:				
Rental and other income (net)	4,534,055	1,885,121		6,419,176
Mortgage note income	5,277,768	318,675	28,260	5,624,703
Total income	9,811,823	2,203,796	28,260	12,043,879
Total proceeds of sold properties	61,223,134	10,591,482	241,227	72,055,843
Expenses:				
Debentures and cash adjustments	49,976,543	7,971,384	641,907	58,589,834
Purchase of land held under lease	40,590			40,590
Interest on debentures	6,199,405	734,204	12,414	6,946,023
Taxes and insurance	1,429,465	334,200		1,763,665
Additions and improvements	444,424	395,416		839,840
Maintenance and operating expense	3,614,717	760,901		4,375,618
Miscellaneous expense	2,966	30,519		33,485
Total expenses	61,708,110	10,226,624	654,321	72,589,055
Net profit (or loss—) before distribution of liquidation profits	−484,976	364,858	−413,094	−533,212
Less distribution of liquidation profits:				
Certificates of claim	790,122	160,823		950,945
Increment on certificates of claim	88,069	15,499		103,568
Refunds to mortgagors	1,124,242			1,124,242
Loss to War Housing Insurance Fund	2,487,409	[3] −188,536	413,094	2,711,967
Average loss to War Housing Insurance Fund	278			

[1] Analysis of terms of sales:

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash	2,132		$11,636,000		$11,636,000
Properties sold for cash and notes (or contracts for deed)	6,782	5,299	3,518,314	$45,418,000	48,936,314
Properties sold for notes only	134	9		1,469,795	1,469,795
Total	9,048	5,308	15,154,314	46,887,795	62,042,109

[2] Represents sixty-four (64) discounted purchasers' notes and one (1) manufacturer's note settled in full.
[3] Excess remaining to credit of War Housing Insurance Fund in accordance with the Act.

STATEMENT 21.—*Statement of properties on hand, War Housing Insurance Fund, as of Dec. 31, 1953*

	Sec. 603	Sec. 608		Sec. 609		Total
	1,176 properties (1,550 units)	135 properties (7,528 units)	103 mortgage notes [1] (7,456 units)	1 manufacturer's note [1] (100 units)	1 purchaser's note [1] (1 unit)	1,311 properties 105 notes (16,635 units)
Expenses:						
Acquisition costs	$7,973,714	$52,738,019	$53,914,354	$473,900	$3,279	$115,103,266
Interest on debentures	476,211	3,812,178	2,359,552	9,851	89	6,657,881
Taxes and insurance	348,386	2,318,873				2,667,259
Additions and improvements	181,011	419,286				600,297
Maintenance and operating	476,132	3,995,383				4,471,515
Miscellaneous	138	86,130	9,150			95,418
Total expenses	9,455,592	63,369,869	56,283,056	483,751	3,368	129,595,636
Income and recoveries:						
Rental and other income (net)	704,154	8,964,276	2,716,693			12,475,123
Collections on mortgage notes			555,503	58,500		614,003
Total income and recoveries	704,154	8,964,276	3,272,196	58,500		13,089,126
Net cost of properties on hand	8,661,438	54,405,593	53,010,860	425,251	3,368	116,506,510

[1] Acquired in exchange for debentures.

The turnover of Sections 603 and 608 properties acquired and sold, by calendar year, is given below:

STATEMENT 22.—*Turnover of properties acquired under Section 603 of Title VI, through Dec. 31, 1953*

Properties acquired		Properties sold, by calendar years											Properties on hand Dec. 31, 1953
Year	Number	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	
1943	498	20	220	110	130								
1944	2,542		36	685	1,178	386	140	87	17	7	6		
1945	2,062			187	1,050	317	350	139	6	8	5		
1946	998				431	302	210	43	11	1			
1947	16					5	9	1		1			
1948	116						23	21	65	1	4	2	
1949	507							93	243	74	28	9	60
1950	1,635								421	431	246	103	434
1951	735									441	193	53	48
1952	609										209	122	278
1953	412											56	356
Total	10,130	20	256	982	2,708	1,010	732	384	763	964	691	345	1,176

NOTES.—On the 8,954 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 16 months.

The number of properties sold has been reduced by 15 properties repossessed because of default on mortgage notes of which 11 had been resold at Dec. 31, 1953.

STATEMENT 23.—*Turnover of properties acquired and mortgage notes assigned under Section 608 of Title VI, through Dec. 31, 1953*

Properties and notes acquired		Properties and notes sold, by calendar years											Properties and notes on hand Dec. 31, 1953
Year	Number	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	
1943	1	-----	-----	1	-----	-----	-----	-----	-----	-----	-----	-----	-----
1944	1	-----	1	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
1945	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
1946	1	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	1
1947	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
1948	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
1949	16	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	11	5
1950	66	-----	-----	-----	-----	-----	-----	-----	-----	7	2	4	53
1951	82	-----	-----	-----	-----	-----	-----	-----	-----	1	-----	2	79
1952	37	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	37
1953	63	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	63
Total	267	-----	1	1	-----	-----	-----	-----	-----	8	2	17	238

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 $1,708,602 had been issued through 1953 in connection with the 8,954 properties that had been acquired and subsequently sold. The proceeds of sale were sufficient to provide for payment in full or in part on these certificates in the amount of $790,122, or approximately 46 percent. Certificates of claim canceled or to be canceled amounted to $918,480, or approximately 54 percent. In addition, the proceeds of sale were sufficient to pay refunds of $1,124,242 to 3,496 mortgagors, or an average of $322 per case.

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 $165,744 had been issued in connection with the 29 Section 608 acquisitions that had been disposed of by December 31, 1953. The proceeds of sale were sufficient to provide $160,823 for payment in full or in part on these certificates. Certificates of claim canceled or to be canceled amounted to $4,921. Excess proceeds of $188,536 had been credited to the fund, as provided in the Act.

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 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 administrative expenses in connection therewith.

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 $10,000,000, which amount is authorized to be appropriated out of any money in the Treasury not otherwise appropriated.

One million dollars has been allocated to the fund by the Secretary of the Treasury pursuant to the request of the Federal Housing Commissioner, and the remaining $9,000,000 is being retained in the United States Treasury. Up to December 31, 1953, no applications for insurance under Title VII had been submitted.

The Act provides that the aggregate amount of contingent liabilities outstanding at any one time under insurance contracts and commitments to insure made pursuant to Title VII shall not exceed $100,000,000.

Status of Title VII insurance authority as of Dec. 31, 1953

Insurance authority		$100, 000, 000
Charges against insurance authority:		
Mortgages insured	------------	
Commitments for insurance	------------	
Total charges against authority		------------
Unused insurance authority		100, 000, 000

Housing Investment Insurance Fund Capital and Net Income

Assets of the Housing Investment Insurance Fund at June 30, 1953, totaled $1,010,569, against which there were outstanding liabilities of $1,107,147, leaving an operating deficit of $96,578. The $1,000,000 that was transferred from the United States 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, was repaid on July 31, 1953.

STATEMENT 24.—*Comparative statement of financial condition, Housing Investment Insurance Fund, as of June 30, 1952, and June 30, 1953*

	June 30, 1952	June 30, 1953	Increase or decrease (−)
ASSETS			
Cash with the U. S. Treasury	$184,845	$57,201	−$127,644
Investments: U. S. Government securities (amortized)	802,013	951,910	149,867
Accrued assets: Interest on U. S. Government securities	1,458	1,458	
Total assets	988,346	1,010,569	22,223
LIABILITIES			
Accounts payable: Inter-fund	2	1,128	1,126
Accrued liabilities: Interest on funds advanced by U. S. Treasury		106,019	106,019
Other liabilities: Funds advanced by U. S. Treasury		1,000,000	1,000,000
Total liabilities	2	1,107,147	1,107,145
CAPITAL			
Investment of the U. S. Government: Allocations from the U. S. Treasury	1,000,000		−1,000,000
Earned surplus (or deficit −):			
Insurance reserve fund (cumulative earnings or deficit −) available for future losses and related expenses	−11,656	−96,578	−84,922
Total capital	988,344	−96,578	−1,084,922
Total liabilities and capital	988,346	1,010,569	22,223

The total income for fiscal year 1953 was $21,816, consisting entirely of interest on United States Government securities, while expenses amounted to $23,219, resulting in a net loss for the year of $1,403. The cumulative income of the Housing Investment Insurance Fund from August 10, 1948, to June 30, 1953, amounted to $50,146, while cumulative expenses amounted to $146,724, resulting in a net deficit to the fund of $96,578.

STATEMENT 25.—*Income and expenses, Housing Investment Insurance Fund, through June 30, 1952, and June 30, 1953*

	Aug. 10, 1948, to June 30, 1952	July 1, 1952, to June 30, 1953	Aug. 10, 1948, to June 30, 1953
Income:			
Interest and dividends: Interest on U. S. Government securities	$28,330	$21,816	$50,146
Total income	28,330	21,816	50,146
Expenses:			
Interest expenses: Interest on funds advanced by U. S. Treasury		22,500	106,019
Administrative expenses: Operating costs	39,811	719	40,530
Other expenses: Depreciation on furniture and equipment	180		180
Losses and charge-offs: Loss (or profit −) on equipment	−5		−5
Total expenses	39,986	23,219	146,724
Net income (or loss −)	−11,656	−1,403	−96,578
ANALYSIS OF EARNED SURPLUS (OR DEFICIT −)			
Distribution of net income:			
Earned surplus (or deficit −):			
Balance at beginning of period		−$11,656	
Adjustments during the period		−83,519	
Net income (or loss −) for the period	−$11,656	−1,403	−$96,578
Balance at end of period	−11,656	−96,578	−96,578

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 not less than the yield obtainable from other authorized investments. During the fiscal year 1953, $150,000 (principal amount) of United States Government securities were purchased for the account of this fund. At June 30, 1953, the fund held $950,000, principal amount, of United States Government securities as follows:

Investments of the Housing Investment Insurance Fund, June 30, 1953

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1957	2	$150,000	$150,000	$150,000
1965–70	2½	97,375	100,000	97,590
1967–72	2½	704,922	700,000	704,320
Average annual yield 2.40 percent		952,297	950,000	951,910

Title VIII: Military Housing 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, which provides for the insurance of military housing mortgages. For the purposes of this fund, the Act authorized to be appropriated the sum of $10,000,000, of which $5,000,000 was made available by the Supplemental Appropriation Act, 1950 (Public Law 358, 81st Cong.).

This is not a mutual fund, and any balance remaining in the fund after all Title VIII expenses and insurance claims have been met will revert to the general fund of the Treasury.

Title VIII Insurance Authority

Under the authority contained in Section 217 of the Act as amended, the aggregate amount of principal obligations of all mortgages insured under Title VIII that may be outstanding at any one time has been raised by the President to $1,000,000,000.

The status of the Title VIII insurance authority at December 31, 1953, was calculated as follows:

Status of Title VIII insurance authority as of Dec. 31, 1953

Insurance authority		$1, 000, 000, 000
Charges against insurance authority:		
Mortgages insured	$577, 175, 034	
Commitments for insurance [1]	72, 985, 528	
Total charges against authority		650, 160, 562
Unused insurance authority		349, 839, 438

[1] Commitments include statements of eligibility.

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. During the fiscal year 1953, net purchases of $3,300,000 increased the United States Government securities held by the fund as of June 30, 1953, to $12,750,000 principal amount. These transactions resulted in a decrease in the average annual yield from 2.46 percent to 2.41 percent.

Investments of the Military Housing Insurance Fund, June 30, 1953

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1957	2	$2, 200, 000	$2, 200, 000	$2, 200, 000
1964–69	2½	1, 511, 820	1, 550, 000	1, 514, 887
1965–70	2½	288, 391	300, 000	288, 782
1966–71	2½	1, 063, 141	1, 100, 000	1, 064, 814
1967–72	2½	7, 701, 281	7, 600, 000	7, 681, 970
Average annual yield 2.41 percent		12, 764, 633	12, 750, 000	12, 750, 462

Military Housing Insurance Fund Capital and Net Income

As of June 30, 1953, the assets of the Military Housing Insurance Fund totaled $13,555,354, against which there were outstanding liabilities of $6,835,217, leaving $6,720,137 capital. The capital consists entirely of earned surplus.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the amount of capital contributed by the United States Government to establish this fund was established as a liability of the fund as of June 30, 1953. This amount has been repaid, together with interest thereon, the final payment being made on November 30, 1953.

STATEMENT 26.—*Comparative statement of financial condition, Military Housing Insurance Fund, as of June 30, 1952, and June 30, 1953*

	June 30, 1952	June 30, 1953	Increase or decrease (—)
ASSETS			
Cash with U. S. Treasury	$1, 184, 647	$711, 762	—$472, 885
Investments:			
U. S. Government securities (amortized)	9, 492, 552	12, 750, 462	3, 257, 910
Other securities (stock in rental housing corporations)	12, 900	17, 400	4, 500
Total investments	9, 505, 452	12, 767, 862	3, 262, 410
Accounts and notes receivable: Accounts receivable—Insurance premiums	8, 836	55, 990	47, 154
Accrued assets: Interest on U. S. Government securities	13, 594	19, 740	6, 146
Total assets	10, 712, 529	13, 555, 354	2, 842, 825
LIABILITIES			
Accounts payable: Inter-fund	6, 291	—2, 103	—8, 394
Accrued liabilities: Interest on funds advanced by U. S. Treasury		413, 621	413, 621
Deferred and undistributed credits:			
Unearned insurance premiums	1, 127, 528	1, 398, 855	271, 327
Unearned insurance fees	62, 940	24, 844	—38, 096
Total deferred and undistributed credits	1, 190, 468	1, 423, 699	233, 231
Other liabilities: Funds advanced by U. S. Treasury		5, 000, 000	5, 000, 000
Total liabilities	1, 196, 759	6, 835, 217	5, 638, 458
CAPITAL			
Investment of the U. S. Government: Allocations from the U. S. Treasury	5, 000, 000		—5, 000, 000
Earned surplus:			
Insurance reserve fund (cumulative earnings) available for future losses and related expenses	4, 515, 770	6, 720, 137	2, 204, 367
Total capital	9, 515, 770	8, 720, 137	—2, 795, 633
Total liabilities and capital	10, 712, 529	13, 555, 354	2, 842, 825

Total income of the Military Housing Insurance Fund during the fiscal year 1953 amounted to $3,751,953, while expenses and losses amounted to $1,228,161, leaving a net income of $2,523,792. The cumulative income of the fund from August 8, 1949, to June 30, 1953, amounted to $10,313,031, while cumulative expenses total $3,592,894, resulting in a cumulative net income of $6,720,137.

STATEMENT 27.—*Income and expenses, Military Housing Insurance Fund, through June 30, 1952, and June 30, 1953*

	Aug. 8, 1949, to June 30, 1952	July 1, 1952, to June 30, 1953	Aug. 8, 1949, to June 30, 1953
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$379, 107	$274, 122	$653, 289
Dividends on rental housing stock	45	70	115
	370, 212	274, 192	653, 404
Insurance premiums and fees:			
Premiums	2, 496, 594	2, 268, 007	4, 764, 601
Fees	3, 685, 272	1, 209, 754	4, 895, 026
	6, 181, 866	3, 477, 761	9, 659, 627
Total income	6, 561, 078	3, 751, 953	10, 313, 031
Expenses:			
Interest expenses: Interest on funds advanced by U. S. Treasury		112, 500	413, 621
Administrative expenses: Operating costs	2, 035, 463	1, 110, 627	3, 164, 297
Other expenses: Depreciation on furniture and equipment	10, 371	5, 017	15, 486
Losses and charge-offs: Loss (or profit −) on equipment	−526	17	−510
Total expenses	2, 045, 308	1, 228, 161	3, 592, 894
Net income	4, 515, 770	2, 523, 792	6, 720, 137
ANALYSIS OF EARNED SURPLUS			
Distribution of net income:			
Earned surplus:			
Balance at beginning of period		$4, 515, 770	
Adjustments during the period		−319, 425	
Net income for the period	$4, 515, 770	2, 523, 792	$6, 720, 137
Balance at end of period	4, 515, 770	6, 720, 137	6, 720, 137

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 the fund shall be used by the Commissioner as a revolving fund for carrying out the provisions of Title IX of the Act. Title IX provides for the insurance of mortgages in areas that the President shall have determined to be critical defense-housing areas. For the purpose of this insurance the Act authorized the Commissioner to transfer from the War Housing Insurance Fund the sum of $10,000,000 all of which had been transferred at December 31, 1953.

Title IX Insurance Authority

Section 217 of the National Housing Act, which was added by Public Law 139, 82d Congress, approved September 1, 1951, as amended July 14, 1952, and June 30, 1953, provides that the aggregate dollar amount of mortgages insured under Title IX shall be prescribed by the President.

Section 217 further provides that the President may increase the aggregate insurance authorization of any other title of the National Housing Act (except Title I, Sec. 2), with the limitation that the dollar amount of the insurance authorization prescribed by the President at any time with respect to any provision of Title VI shall not be greater than authorized by provisions of that title, and the further limitation that the aggregate dollar amount of the mortgage insurance authorization prescribed by the President with respect to Title IX, plus the aggregate dollar amount of all increases in insurance authorizations under other titles of the Act, less the aggregate dollar amount of all decreases in insurance authorizations prescribed by the President pursuant to authority contained in Section 217, shall not exceed $3,400,000,000. The insurance authorization under Title IX was decreased from $900,000,000 to $760,000,000 during 1953. The status of the Title IX insurance authority at December 31, 1953, was calculated as follows:

Status of Title IX insurance authority as of Dec. 31, 1953

Insurance authority		$760, 000, 000
Charges against insurance authority:		
Mortgages insured	$362, 442, 633	
Commitments for insurance	228, 764, 972	
Total charges against authority		591, 207, 605
Unused insurance authority		168, 792, 395

National Defense Housing Insurance Fund Capital and Net Income

As of June 30, 1953, the assets of the National Defense Housing Insurance Fund totaled $11,929,824, against which there were outstanding liabilities of $1,646,062, leaving $10,283,762 capital. Included in the capital is $10,000,000 transferred from the War Housing Insurance Fund in accordance with Section 902 of the Act, and earned surplus of $283,762.

STATEMENT 28.—*Comparative statement of financial condition, National Defense Housing Insurance Fund, as of June 30, 1952, and June 30, 1953*

	June 30, 1952	June 30, 1953	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$1, 708, 402	$471, 556	−$1, 236, 846
Investments:			
U. S. Government securities (amortized)		11, 438, 491	11, 438, 491
Other securities (stock in rental housing corporations)	900	4, 400	3, 500
Total investments	900	11, 442, 891	11, 441, 991
Accounts and notes receivable: Accounts receivable—Insurance premiums		3, 971	3, 971
Accrued assets: Interest on U. S. Government securities		11, 406	11, 406
Total assets	1, 709, 302	11, 929, 824	10, 220, 522
LIABILITIES			
Accounts payable: Inter-fund	6, 357	4, 929	−1, 428
Trust and deposit liabilities: Fee deposits held for future disposition	556, 402	968, 873	412, 471
Deferred and undistributed credits:			
Unearned insurance premiums	88, 507	665, 944	577, 437
Unearned insurance fees	56, 969	6, 316	−50, 653
Total deferred and undistributed credits	145, 476	672, 260	526, 784
Total liabilities	708, 235	1, 646, 062	937, 827
CAPITAL			
Investment of the U. S. Government: Allocation to National Defense Housing Insurance Fund from insurance reserve fund of the War Housing Insurance Fund	1, 000, 000	10, 000, 000	9, 000, 000
Earned surplus: Insurance reserve fund (cumulative earnings) available for future losses and related expenses	1, 067	283, 762	282, 695
Total capital	1, 001, 067	10, 283, 762	9, 282, 695
Total liabilities and capital	1, 709, 302	11, 929, 824	10, 220, 522

Income and Expenses

During the fiscal year 1953 the income to the fund amounted to $2,368,397, while expenses and losses amounted to $1,866,040, leaving $502,357 net income for the year.

The cumulative income of the National Defense Housing Insurance Fund from September 1, 1951, to June 30, 1953, amounted to $2,930,821, while cumulative expenses amounted to $2,647,059, leaving cumulative net income of $283,762.

STATEMENT 29.—*Income and expenses, National Defense Housing Insurance Fund, through June 30, 1952, and June 30, 1953*

	Sept. 1, 1951, to June 30, 1952	July 1, 1952, to June 30, 1953	Sept. 1, 1951, to June 30, 1953
Income:			
Interest and dividends: Interest on U. S. Government securities		$127, 367	$127, 367
Insurance premiums and fees:			
Premiums	$18, 169	694, 832	713, 001
Fees	544, 255	1, 546, 198	2, 090, 453
	562, 424	2, 241, 030	2, 803, 454
Total income	562, 424	2, 368, 397	2, 930, 821
Expenses:			
Administrative expenses: Operating costs	558, 369	1, 857, 602	2, 634, 463
Other expenses: Depreciation on furniture and equipment	3, 031	8, 408	12, 626
Losses and charge-offs: Loss (or profit−) on equipment	−43	30	−30
Total expenses	561, 357	1, 866, 040	2, 647, 059
Net income	1, 067	502, 357	283, 762
ANALYSIS OF EARNED SURPLUS			
Distribution of net income:			
Earned surplus:			
Balance at beginning of period		$1, 067	
Adjustments during the period		−219, 662	
Net income for the period	$1, 067	502, 357	$283, 762
Balance at end of period	1, 067	283, 762	283, 762

Investments

Section 905(a) of Title IX contains a provision similar to that under Title II with respect to investment of moneys not needed for current operations by the purchase of United States Government securities or the retirement of debentures.

During the fiscal year 1953, net purchases of $11,500,000, principal amount, of United States Government securities were made. Since the fund held no securities at the beginning of the fiscal year, this left the United States Government securities held by the fund as of June 30, 1953 at $11,500,000.

Investments of the National Defense Housing Insurance Fund, June 30, 1953

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1952–54	2	$1, 994, 697	$2, 000, 000	$1, 996, 368
1952–55	2¼	1, 999, 531	2, 000, 000	1, 999, 632
1955	1¾	1, 971, 250	2, 000, 000	1, 975, 555
1957	2	2, 000, 000	2, 000, 000	2, 000, 000
1958	2⅜	2, 790, 813	2, 800, 000	2, 791, 555
1959	2¼	288, 375	300, 000	288, 413
1966–71	2½	193, 562	200, 000	193, 728
1967–72	2½	193, 063	200, 000	193, 240
Average annual yield 2.28 percent		11, 431, 281	11, 500, 000	11, 438, 491

Administrative Expense Account

A separate account entitled Salaries and Expenses, Federal Housing Administration, is maintained for the purpose of handling all transactions with respect to 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 United States 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 30.—*Comparative statement of financial condition, Administrative Expense Account (salaries and expenses), as of June 30, 1952, and June 30, 1953*

	June 30, 1952	June 30, 1953	Increase or decrease (—)
ASSETS			
Cash with U. S. Treasury	$2,960,205	$3,236,623	$270,418
Accounts and notes receivable: Accounts receivable—Other	105,078	70,762	—34,316
Land, structures, and equipment:			
Furniture and equipment	2,104,160	[1] 2,140,299	36,139
Less reserve for depreciation	1,060,328	1,129,802	69,474
Net furniture and equipment	1,043,832	1,010,497	—33,335
Total assets	4,115,115	4,317,882	202,767
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	2,377,097	[2] 2,356,018	—21,079
Inter-fund	798,570	1,010,497	211,927
Total accounts payable	3,176,267	3,366,515	190,248
Trust and deposit liabilities:			
Due general fund of the U. S. Treasury	21,588	8,546	—13,042
Employees' payroll deductions for taxes, etc	917,260	942,821	25,561
Total trust and deposit liabilities	938,848	951,367	12,519
Total liabilities	4,115,115	4,317,882	202,767

[1] Excludes unfilled orders in the amount of $10,307.
[2] Excludes unfilled orders in the amount of $130,778.

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