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HOUSING AND HOME FINANCE AGENCY

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LETTER OF TRANSMITTAL

MY DEAR MR. PRESIDENT: I have the honor to transmit herewith the Eighth Annual Report of the Housing and Home Finance Agency covering the housing activities of the Federal Government for the calendar year 1954.

In this Eighth Annual Report, the Housing and Home Finance Agency records the activities and accomplishments of the Office of the Administrator; the four constituent agencies—the Home Loan Bank Board, the Federal Housing Administration, the Public Housing Administration, and the Federal National Mortgage Association; and the two constituent units—the Community Facilities Administration and the Urban Renewal Administration.

Respectfully yours,

ALBERT M. COLE,
Administrator.

THE PRESIDENT,
THE WHITE HOUSE,
Washington 25, D. C.

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CHRONOLOGY OF SIGNIFICANT EVENTS IN HOUSING—1954

1–18 PHA's reorganization plan became effective, streamlining administration and operations within agency.

1–20 Industrial Defense Committee was established in the Office of Defense Mobilization with HHFA a member of the committee.

2–1 FNMA raised its mortgage sales price on 4 percent and 4¼ percent FHA-insured and VA-guaranteed mortgages by two points, effective as of close of business on January 29.

2–3 Home Owners' Loan Corporation dissolved pursuant to provisions contained in Section 21 of Public Law 94, 83d Congress, approved June 30, 1953.

3–9 PHA repaid $24.3 million to the United States Treasury borrowed for the financing of low-rent public housing.

3–11 FHA paid $16.5 million to the United States Treasury as the final installment on a total payment of approximately $85.9 million. The total represents repayment of $65.5 million advanced by the Treasury to provide operating capital and establish FHA insurance funds, plus $20.4 million interest.

3–31 FHA issued a call for redemption on July 1 of all its callable debentures in the total amount of $67.3 million.

4–7 PHA announced repayment of $76.9 million borrowed from the Treasury and reloaned to local housing authorities.

4–12 HHFA Administrator ordered an investigation into FHA. The President authorized the HHFA Administrator to impound all FHA files and records on Title I and Section 608.

William F. McKenna was appointed Deputy HHFA Administrator in charge of the investigation into FHA.

Guy T. O. Hollyday resigned as FHA Commissioner.

4–13 Norman P. Mason was appointed Acting FHA Commissioner.

4–23 The Senate authorized the Senate Committee on Banking and Currency to investigate housing with the major purpose of developing legislative safeguards in the administration of Federal housing programs.

4–30 Division of Housing Research (HHFA) was terminated in accordance with the requirement of the Independent Offices Appropriation Act of 1954.

5–17 Recommendations were submitted to the Senate Committee on Banking and Currency designed to prevent abuses of FHA programs and to augment safeguards provided in pending legislation.

6–11 PHA repaid to the United States Treasury $99 million borrowed for the financing of low-rent public housing.

6–27 Federal Savings and Loan Insurance Corporation celebrated 20th anniversary of its creation. Corporation now insures the safety of the accounts of more than 12 million persons in insured associations up to a maximum of $10,000 per account.

6–28 The top policy-making structure of FHA reorganized to streamline procedures and permit more effective public service.

7–1 FNMA acquired from RFC 15,035 mortgages with unpaid balances aggregating $64 million, that were originally held by the RFC Mortgage Company. FNMA was also assigned the task of liquidating for the Secretary of the Treasury four Defense Homes Corporation loans with unpaid balances of $42 million.

7–23 A statement of policy was issued to FHA field offices on the handling of applications from sponsors of Section 608 projects under investigation.

8–2 The President signed the Housing Act of 1954.

8–11 Membership of the National Voluntary Mortgage Credit Extension Committee, provided for in the recently enacted Housing Act of 1954, was announced by the Administrator. The committee held its first meeting on August 13 in Washington.

8–13 An additional $25 billion released by the President for loans to educational institutions for the construction of student and family housing at colleges and universities.

8–16 The first general meeting of FHA insuring office directors since the end of the war convened in Washington for a 2-day session to discuss national housing policies, the Housing Act of 1954, and FHA operations.

8–24 The District of Columbia Redevelopment Land Agency converted Southwest Project "C" to the provisions of the Housing Act of 1954, thus making it the first urban renewal project in the country.

8–25 FHA Commissioner announced the appointment of an industry advisory committee to study the Title I program.

8–26 Interdepartmental Committee on Migratory Labor established by the President with the Housing Administrator a member.

9–1 Ira A. Dixon became Member of the Home Loan Bank Board.

9–4 Administrator announced the appointment of a 21-member Advisory Committee on Urban Renewal to advise with the Agency with respect to the new urban renewal program authorized by the Housing Act of 1954. The committee to hold its first meeting on September 9 in Washington.

9–8 Federal Civil Defense Administrator, in his Delegation No. 2, placed in the Housing Administrator responsibilities in regard to housing and certain community facilities under civil defense programs.

9–13 Administrator released the final report of William F. McKenna on the investigation of irregularities in FHA.

9–14 The President authorized FNMA to set up a $10 million revolving fund to purchase FHA-insured and VA-guaranteed loans on housing for disaster victims.

9–28 FHA Commissioner called for redemption on January 1, 1955, all callable debentures, totaling $19.4 million.

Defense Mobilization Order IV–1 established the Manpower Policy Committee in the Office of Defense Mobilization with the Housing and Home Finance Agency a member of the committee.

9–30 FHA field office directors were authorized to refuse to do business with persons or firms that have violated specific statutes or regulations, as provided in Section 512 of the National Housing Act.

10–1 The Administrator established in his office a central Compliance Division to serve him and the heads of the HHFA constituents.

10–2 HHFA published circular "How Localities Can Develop a Workable Program for Urban Renewal" so they can qualify for Federal financial aid for such programs under the Housing Act of 1954.

10–13 Administrator announced emergency action to speed processing of FHA applications. This action was made possible by an "emergency appor-

tionment" of FHA funds for fiscal year 1955, worked out between Administrator's office and the Director of the United States Bureau of the Budget. Earlier FHA had authorized the temporary use of fee appraisers.

10–16 Administrator announced that organizational meetings have been scheduled for the 16 regional subcommittees of the National Voluntary Mortgage Credit Extension Committee.

10–26 Administrator announced that action has been taken to recover windfalls totaling nearly $7 million in five multifamily housing projects financed under Section 608 of the National Housing Act which expired in 1950.

11–1 FNMA started operations under its new charter provided by the Housing Act of 1954.

11–4 The President authorized FNMA to provide financial assistance to the extent of $15 million to help provide housing on the island of Guam.

11–17 Administrator approved the workable program of Clarksville, Tenn., the first in the country to be approved.

11–23 Administrator announced approval of the first urban planning assistance grant to the Rhode Island Redevelopment Council.

11–26 Defense Mobilization Order I–14 assigned to the Housing Administrator responsibility for the development and administration of preparedness measures relating to housing and those community facilities for which the Agency has responsibility.

12–9 An advisory conference on Housing for Minority Families, called by the Administrator, met in Washington.

12–20 Administrator announced that procedures had been developed under which communities with slum clearance and urban redevelopment projects could proceed with applications for public housing and FHA low-cost private housing under the Housing Act of 1954.

12–23 Reorganization Order No. 1 issued under authority given to the HHFA Administrator in the Independent Offices Appropriation Act, 1955. Important organization moves announced in the Order were: the establishment of two new constituent units, Community Facilities Administration and Urban Renewal Administration; reorganization of field office operations under HHFA; decentralization of field activities of the Urban Renewal Administration to HHFA regional offices; establishment of Advisory Board for Agency Policy Coordination.

ORGANIZATION AND FUNCTIONS OF THE HOUSING AND HOME FINANCE AGENCY

Organization and Structure

The Housing and Home Finance Agency is the permanent Federal agency established to carry out the principal housing and home financing functions of the Federal Government. It was created under Reorganization Plan No. 3, on July 27, 1947, succeeding the National Housing Agency, in which housing and related operations had been consolidated on a temporary basis during World War II.

At the end of 1954, the Housing and Home Finance Agency consisted of the Office of the Administrator, 4 constituent agencies—the Home Loan Bank Board, the Federal Housing Administration, the Public Housing Administration, and the Federal National Mortgage Association, and 2 constituent units—the Community Facilities Administration and the Urban Renewal Administration. These 2 units were established by the Administrator's Reorganization Order No. 1, on December 23, 1954, to carry out certain responsibilities formerly administered by divisions within the Office of the Administrator.

Reorganization Order No. 1 also established an Advisory Board, composed of the HHFA Administrator and the heads of constituent agencies and units, which advises the Administrator on major policies. In addition, the National Housing Council, of which the HHFA Administrator is chairman, is established by law for similar purposes on a Government-wide basis and includes the heads, or their designees, of the Veterans' Administration and the Departments of Agriculture, Commerce, Labor, Defense, and Health, Education, and Welfare, along with key HHFA officials.

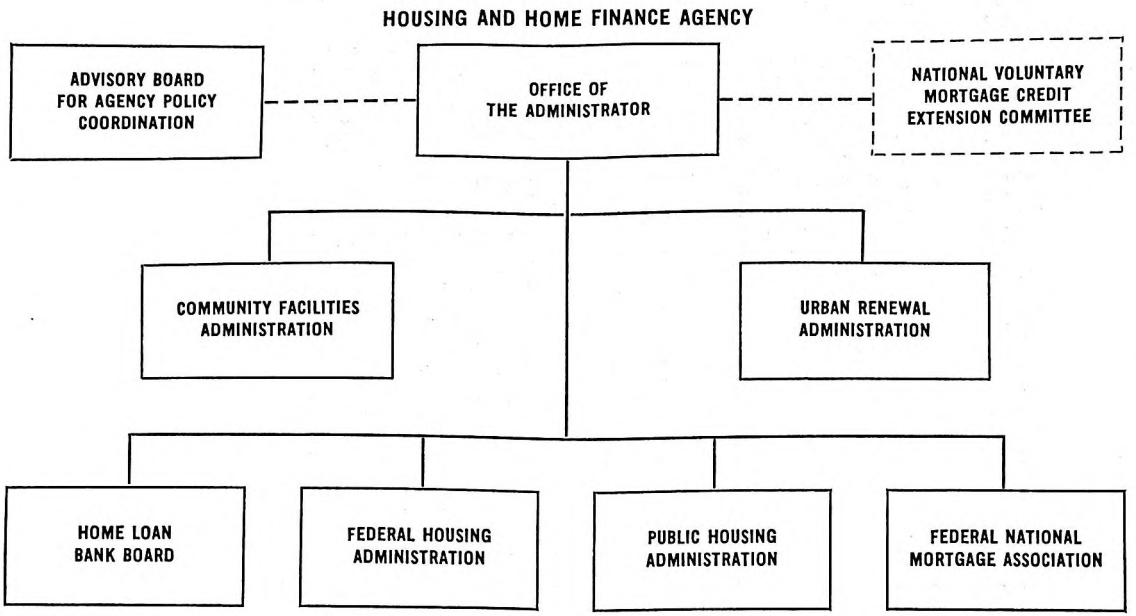
HOUSING AND HOME FINANCE AGENCY
ADVISORY BOARD FOR AGENCY POLICY COORDINATION
OFFICE OF THE ADMINISTRATOR
NATIONAL VOLUNTARY MORTGAGE CREDIT EXTENSION COMMITTEE
COMMUNITY FACILITIES ADMINISTRATION
URBAN RENEWAL ADMINISTRATION
HOME LOAN BANK BOARD
FEDERAL HOUSING ADMINISTRATION
PUBLIC HOUSING ADMINISTRATION
FEDERAL NATIONAL MORTGAGE ASSOCIATION
December 31, 1954

CHART 1

Functions and Programs

Office of the Administrator

The Office of the Administrator is directly responsible for (1) general supervision and coordination of the constituent agencies and direction and supervision of the constituent units; (2) central contact on housing with the Congress, the President and executive agencies, and the public; (3) under the Housing Act of 1954, approval of workable programs developed by local communities for the prevention and elimination of slum and blight conditions (required to establish eligibility for certain aids for urban renewal and for low-rent housing), certification of the maximum number of dwellings required for relocation of families displaced by governmental action, and determinations that certain statutory relocation requirements have been met; (4) determination of policies governing the management and disposition of federally owned World War II and veterans emergency housing; (5) administration of private defense housing programming in critical defense-housing areas provided under Public Law 139, 82d Congress; and (6) cooperation with local and Federal agencies in disaster housing relief.

The HHFA Administrator is Chairman of the National Voluntary Mortgage Credit Extension Committee, composed of representatives of private lenders, builders, and members of real estate boards. The National Committee and its 16 regional committees are established to help obtain private mortgage credit for FHA-insured and VA-guaranteed loans in areas or communities where there may be a shortage of local capital for, or inadequate facilities for access to, such loans. This assistance is available to minority groups in any area where financing for such housing is not available on reasonable terms. The Office of the Administrator provides staff assistance and office accommodations to the staff of the National Committee and regional committees. The national and regional committees are also required to study and review the demand and supply of funds for residential-mortgage loans in the various regions of the country.

The HHFA Administrator is also Chairman of the Board of Directors of the Federal National Mortgage Association.

In the field, the HHFA Administrator is represented by regional administrators located in New York, N. Y.; Philadelphia, Pa.; Atlanta, Ga.; Chicago, Ill.; Fort Worth, Tex.; and San Francisco, Calif.[1]

[1] HHFA functions and programs for Puerto Rico and the Virgin Islands are conducted through field offices located in San Juan, P. R., and vicinity.

HHFA Constituent Agencies

1. The Home Loan Bank Board, a bipartisan board of three members, directs the operations of the Federal Home Loan Bank System and the Federal Savings and Loan Insurance Corporation, which were established to encourage home ownership and sound home financing, to promote thrift and to protect the savings of small investors. The Board is responsible also for the supervision of Federal savings and loan associations.

The Federal Home Loan Bank System, with 11 district Federal Home Loan Banks, provides a nationwide credit reserve for its member thrift and home-financing institutions, chiefly savings and loan associations and similar organizations. The district Banks are owned 100 percent by their member associations.

The Federal Savings and Loan Insurance Corporation insures investors in member savings and loan associations against loss up to $10,000. Federal savings and loan associations are required to be insured. State-chartered associations may become insured upon application and approval. All insured institutions are subject to examination by the Home Loan Bank Board and all are members of their district Federal Home Loan Banks.

2. The Federal Housing Administration, headed by a commissioner, was established in 1934 by the National Housing Act. FHA does not lend money or construct properties, but operates mortgage and loan insurance programs provided in the Act.

Title I, Section 2, of the Act, as amended, authorizes FHA to insure qualified lending institutions against loss within prescribed limits on loans to finance alterations, repairs, and improvements in connection with existing structures and the building of new nonresidential structures. FHA liability is limited to 90 percent of loss on individual loans and to 10 percent of all Title I loans made by the institution.

Title II, Section 203, authorizes the insurance of mortgage loans made by approved lending institutions for the construction, purchase, and refinancing of 1- to 4-family dwelling properties. Section 207 authorizes the insurance of mortgages on multifamily rental housing projects. Section 213 authorizes the insurance of mortgages financing cooperative housing projects, and further authorizes the FHA to provide technical assistance in the organization of cooperatives and in the planning, construction, and operation of their housing projects. Section 220 authorizes the insurance of mortgage loans for rehabilitation of existing housing and construction of new housing in slum clearance and urban renewal areas. Section 221 authorizes the insurance of mortgages on low-cost housing for families displaced by slum clearance or other government actions. Section 222 authorizes the

insurance of mortgages on 1- to 4-family homes for servicemen in the armed forces. Section 223 authorizes the insurance of mortgages for the purchase from the government of certain types of federally-owned housing, and the insurance of mortgages financing the sale of veterans' housing owned by State or local governments.

Title VII provides for the insurance, under prescribed limits, of a minimum annual return or yield and a minimum annual amortization of the mortgage-free investments in rental housing for families of moderate income.

Under Title VIII, FHA is authorized to insure mortgages financing rental housing for civilian and military personnel at permanent military installations and for personnel of permanent Atomic Energy Commission installations.

Title IX provides for FHA insurance of mortgages on housing programmed by the HHFA Administrator for areas designated by the President as critical defense housing areas. No commitment for mortgage insurance on new construction was authorized after June 30, 1954, except that the President has stand-by authority until July 1, 1955, to authorize the use of Title IX for Federal aid in the provision of defense housing during certain periods or for specific projects.

On mortgages insured by the FHA under any of its programs, the mortgage amount may be higher with respect to properties located in Alaska, Guam, or Hawaii.

3. The Public Housing Administration, headed by a commissioner, is responsible for the administration of the low-rent public housing program under the United States Housing Act of 1937, as amended. Under this program, the Federal Government provides financial aid to local housing authorities for the construction and operation of housing limited to occupancy by low-income families unable to afford decent private housing in the locality.

The Public Housing Administration is given responsibility under the Housing Act of 1950 for the federally owned farm labor camps built during the 1930's and formerly administered by the United States Department of Agriculture. PHA is authorized to lease or dispose of the facilities to local public agencies for use as low-rent housing for agricultural workers and their families.

The Public Housing Administration is also responsible for the management and disposition, in accordance with policies prescribed by the HHFA Administrator, of federally owned World War II and veterans' emergency housing built under the Lanham Act, and defense housing supplied directly by the Federal Government under Public Law 139.

4. Federal National Mortgage Association, headed by a president,

under the Housing Act of 1954, was rechartered and established in the Federal Government as a secondary market facility for home mortgages and financed to the maximum extent feasible by capital provided by private investors. FNMA is specifically authorized to (*a*) provide supplementary assistance to the secondary market for FHA-insured and VA-guaranteed home mortgages by providing a degree of liquidity for mortgage investments, thereby improving the distribution of investment capital available for home mortgage financing; (*b*) provide special assistance when and to the extent determined by the President of the United States for the financing of selected types of mortgages designed to provide housing of acceptable standards at full economic costs for segments of the national population unable to obtain housing under established financing programs, and of home mortgages generally for the purpose of retarding or stopping a decline in mortgage lending and home building activities which threaten materially the stability of a high level national economy; and (*c*) manage and liquidate the existing FNMA portfolio acquired by purchase or which may be acquired pursuant to commitment contracts entered into prior to November 1, 1954.

Under the new FNMA charter, private funds are to be gradually substituted for Federal investment in the capitalization of FNMA and its mortgage portfolio and provide financing for the purchase of mortgages as a part of the Association's secondary market operations.

HHFA Constituent Units

1. The Community Facilities Administration is responsible for the administration of the following programs: loans to educational institutions of higher learning to finance student and faculty housing; public facility loans to State and local governments to finance construction of needed public works; loans and grants to local governments for construction of community facilities in critical defense housing areas, authorized under Public Law 139, 82d Congress; supervision and disposition of securities held by HHFA in connection with the foregoing programs; under agreement with the Commissioner of Education, performance of all technical functions incident to the construction of school facilities for which Federal aid is provided by the United States Office of Education; advances to State and local governments for a reserve of planned public works; and management and liquidation of certain programs whose legislative authority has terminated, including prefabricated housing loans, two previous advance planning programs, war public works under the Lanham Act, and Alaska housing.

2. The Urban Renewal Administration is responsible for (*a*) the expanded program of slum clearance and urban renewal authorized in the Housing Act of 1949, as amended in 1954, under which planning

advances, loans, and grants are made to localities for projects to clear and redevelop slums and to rehabilitate and improve blighted areas to prevent slums; and (*b*) the earlier program of slum clearance and urban redevelopment originally authorized in the Housing Act of 1949. Under authority of Section 314 of the Housing Act of 1954, the Urban Renewal Administration makes grants to aid localities in developing, testing and reporting on improved techniques for preventing and eliminating slums and urban blight; under Section 701 of the Housing Act of 1954, it makes grants to State planning agencies for planning assistance to municipalities of less than 25,000 population, and to State, metropolitan, and regional planning agencies for similar work in metropolitan and regional areas; under Section 101 of the Housing Act of 1949, as amended, it provides an Urban Renewal Service for assistance to localities in the preparation and development of their urban renewal plans and programs.

HHFA Personnel

During the calendar year 1954, the Housing and Home Finance Agency operated with an average staff of 10,666 employees, as compared with 11,764 in the preceding year. The following figures show the actual fulltime employment within HHFA at the beginning and end of the calendar year:

	Jan. 1, 1954	Dec. 31, 1954
Office of the Administrator [1]	667	717
Home Loan Bank Board	477	527
Federal Housing Administration	5,251	5,282
Public Housing Administration	4,096	3,320
Federal National Mortgage Association	548	581
Total	11,039	10,427

[1] Includes employees of the 2 constituent units, Community Facilities Administration and Urban Renewal Administration.

Major Personnel Changes

The year witnessed changes in the top officials of the Housing and Home Finance Agency. The following major appointments were made:

William F. McKenna, Deputy Administrator, Housing and Home Finance Agency, in charge of the investigation into the Federal Housing Administration, on April 12, 1954.

Norman P. Mason, Acting Commissioner, Federal Housing Administration, on April 13, 1954; sworn in as FHA Commissioner on August 9, 1954.

Ira A. Dixon, Member, Home Loan Bank Board. on September 1, 1954.

Arthur W. Viner, Executive Secretary, National Voluntary Mortgage Credit Program, on October 14, 1954.

PART I

Eighth Annual Report

HOUSING AND HOME FINANCE AGENCY

Covering the Activities of the

OFFICE OF THE ADMINISTRATOR

SECTION 1

1954 IN REVIEW

Salient Developments in the HHFA

A Year of Progress

The year 1954 was one of significant progress in the field of Federal housing activities. In the Housing Act of 1954, Congress enacted the President's program substantially as he had requested it, giving effect to the comprehensive revision and expansion of housing policies and programs as they had been developed by the President's Advisory Committee and the Housing Administrator, Albert M. Cole. By this Act, the coordinated resources of both Government and private industry were brought to bear on our major housing problems.

The most basic development of 1954 was adoption of the new and broadened approach to the problem of urban blight embodied in the "workable program" concept. This approach recognizes that the physical clearance of hopelessly blighted areas can be fully effective only if, at the same time, steps are taken to preserve good areas and rehabilitate declining areas.

Further advances were also made in the field of home financing through the provision of special mortgage insurance assistance for urban renewal activities, and the adoption of measures to increase the flow of mortgage funds to undersupplied areas and to most minority needs. Other important forward steps during the year included formulation of requirements designed to prevent abuses of Government housing aids, and a general improvement and strengthening of housing legislation. All in all, 1954 saw significant refinements of Federal housing programs which better equip them for a multipronged attack on our housing problems.

Urban Renewal

Despite the fact that the American family, on the average, has the highest standard of living in the world, many still live either in slums or in declining neighborhoods which will one day become slums if no action is taken. A major advance toward getting decent homes for all our families was made by the enactment of the Housing Act of 1954. Working from recommendations which came from the intensive study

of Federal housing programs made by the President's Advisory Committee in 1953 and from the "shirt sleeve" conferences held by the Housing and Home Finance Administrator with all groups interested in housing, the Housing Act of 1954 provided the statutory base for several new programs and for the modification of existing programs to arouse a unified attack on urban blight. As a result new emphasis has been placed on the prevention of slums, primarily through private enterprise and local initiative and action.

Basic to the new approach is the concept of the "workable program." This was clearly stated by the President in his message transmitting to Congress the recommendations now embodied in the Housing Act of 1954:

> In order to clear our slums and blighted areas and to improve our communities, we must eliminate the causes of slums and blight. This is essentially a problem for our cities. However, Federal assistance is justified for communities which face up to the problem of neighborhood decay and undertake long-range programs directed to its prevention.

The seven fundamental components of a workable program are adequate codes and ordinances, a comprehensive community plan, neighborhood analyses, proper administrative organization, provision for financing, housing for displaced families, and community-wide citizen participation. Aid in the preparation of a workable program is provided by the HHFA regional offices and the Urban Renewal Administration.

When a workable program has been certified by the Housing and Home Finance Administrator, the locality is eligibile to receive assistance under the broader Federal urban renewal programs provided for through the Housing Act of 1954. This assistance includes the program of loans and grants for the physical clearance and redevelopment of slum areas and other urban renewal activities under the Urban Renewal Administration, financial assistance for low-rent public housing under the program of the Public Housing Administration, and newly authorized FHA mortgage insurance for new or rehabilitated housing in urban renewal areas and relocation housing for displaced persons. The new Act also authorized PHA to enter into annual contributions contracts for an additional 35,000 public low-rent units under conditions which insure their close coordination with other urban renewal measures.

To encourage private financing of the rehabilitation of existing dwellings as well as the construction of new dwellings in connection with slum clearance and urban renewal undertakings new FHA mortgage insurance programs were authorized. A new Section 220 of the National Housing Act provides assistance for rehabilitation or construction of units in slum clearance or urban renewal areas. This includes redevelopment areas where Federal aid contracts were approved

or executed under the Housing Act of 1949 as well as urban renewal areas in localities which have received approval of their workable programs as provided for in the Housing Act of 1954. Both homes and apartments may be assisted under this program. In addition, a new Section 221 was added to the National Housing Act to provide FHA mortgage insurance for low-cost housing for families displaced as the result of governmental action in a community which has a workable program approved by the Housing Administrator or in a community where there is being carried out a slum clearance project covered by a Federal aid contract executed or approved prior to the effective date of the Housing Act of 1954. Eligible displaced families include those which are required to move because of any form of governmental action, such as land acquisition by a public body, closing or vacating of dwellings by public officials, or the eviction of families from public housing because of high incomes. This section provides assistance for rehabilitation and construction of both homes and apartments, and financing of home purchase for displaced families.

Home Financing

Constant problems in the housing market in recent years have been the lack of sufficient mortgage money in small and remote communities which do not have adequate local capital or institutional facilities, and also the lack of money in adequate volume to meet the housing needs of minority groups. To encourage more private funds for FHA-insured and VA-guaranteed mortgages in these cases, the Voluntary Home Mortgage Credit Program was established during 1954. This consists of a national committee and 16 regional committees composed of representatives of the private mortgage lending industry. The Housing and Home Finance Administrator is chairman of the national committee. In its operation, the regional committees accept applications from prospective buyers who have been unable to obtain financing on reasonable terms. These applications are then forwarded to lenders who have previously agreed to participate in the Voluntary Home Mortgage Credit Program and indicated an interest in making loans in a given area. The lender may approve or reject any loan application as he sees fit. It is hoped that this program may ultimately make it possible to dispense with direct Government aid in areas which are not now adequately supplied with mortgage funds.

In a related step, the Federal National Mortgage Association was reconstituted with a view to the gradual substitution of private funds for Government capital in its secondary market operations. This is to be done by requiring a capital subscription as a condition for each FNMA purchase under its secondary market role. In addition to this responsibility, FNMA provides special assistance to particular

areas or housing programs when the President determines such aid is needed, and the Association is also responsible for the management and liquidation of the mortgage portfolio built up under its previous operations.

In another development, FHA credit terms were simplified and liberalized. In its Section 203 program, the maximum loan amount was increased from $16,000 to $20,000, the loan-to-value ratio for new homes was increased to 95 percent of the first $9,000 and 75 percent of the balance, and the maximum maturity was raised to 30 years or three-fourths of the remaining economic life of the home, whichever is less. In the case of existing homes, the loan-to-value ratio was raised to 90 percent of the first $9,000 and 75 percent of the balance. These changes resulted in a substantial increase in the number of home mortgage applications received by FHA in the latter part of the year, particularly in the case of existing homes.

Housing Investigations

On April 12, 1954, following many months of investigation by the Housing and Home Finance Agency and the Department of Justice with the cooperation of the Internal Revenue Service, and after conferring with the President about the situation, HHFA Administrator Cole announced that serious abuses of FHA programs had been brought to light. With Presidential authorization to impound FHA files, the Housing Administrator immediately launched an intensive investigation under his personal direction, headed by Mr. William F. McKenna, who was named as Deputy Administrator for this special purpose. Following these disclosures, a public investigation was undertaken by the Senate Banking and Currency Committee.

The major abuses had occurred under the Section 608 rental housing program and under the Title I property improvement loan program. Section 608, under which FHA insured rental housing project mortgages on liberal terms, had been added to the National Housing Act to help provide housing during World War II and later was extended to meet the critical housing shortage which existed after the the war. No new applications were accepted after March 1, 1950. In total, nearly 464,000 rental units in 7,031 projects were built under this program. The investigations produced extensive detailed evidence that in a great many cases the proceeds of the mortgage exceeded all costs of the project, leaving a balance which the builder or sponsor pocketed as a "windfall" profit. This was made possible primarily by excessive cost estimates reflecting maladministration by FHA and often outright misrepresentation by the project sponsor.

Intensive studies were also made of activities under Title I of the National Housing Act, under which FHA insures loans made for

alteration, repair and improvement of homes and other structures. These confirmed earlier reports of widespread irregularities involving fraudulent misrepresentation by unscrupulous home repair operators and, in many cases, laxity in examining the loan on the part of lenders.

Action was promptly taken to correct the weaknesses revealed by the investigations. The FHA was reorganized by the newly appointed Commissioner, Norman P. Mason. All key officials were replaced and administrative steps were undertaken to assure the integrity and sound administration of FHA's programs. Also, legal measures were undertaken to punish violations of the law and to recover wherever possible windfall profits. At the same time, the Housing Administrator recommended several amendments to the Housing Act of 1954, then pending before Congress, designed to prevent misuse of Government programs. To bar recurrence of "windfalls" where multifamily housing is financed under FHA-insured mortgages, the National Housing Act was amended to require that the amount of the mortgage shall be reduced, if actual costs are less than anticipated costs and less than estimated value, to an amount conforming to the percentage of estimated value or replacement cost which was used in establishing the FHA commitment for the mortgage. For example, where FHA makes a commitment before construction to insure a mortgage on a rental housing project for 80 percent of its estimated value of $1 million, and the subsequent construction and other allowable costs of the project actually are $900,000, the amount of the mortgage would be reduced to 80 percent of $900,000. To remedy the abuses of the Title I property improvement loan program, the law was amended to provide for FHA insurance on only 90 percent of the loss on each loan. Also, the types of work which may be done under these loans were limited to items which would substantially protect or improve the basic livability or utility of properties.

The investigations demonstrated the need for maintaining a larger and coordinated investigative staff which would serve the Administrator and all of the constituents. As a result, on October 1, 1954, the Administrator established in his office a central Compliance Division to advise him and his principal staff members on policies and operations of the Agency and to maintain surveillance over Agency program operations through planned investigative and inspection activities.

Housing Research

In April 1954, the program of housing research was brought to a close. This activity had its inception in the Housing Act of 1948 which authorized research on building code improvements and standardized dimensions methods of assembly for home building materials

and equipment. Under the Housing Act of 1949 the scope was expanded to permit a comprehensive research approach to the interrelated technical, economic and social aspects of the problem of improved housing at lower costs. Basically, through investigations of the many items and activities that contributed directly or indirectly to costs, the program sought ways by which industry and Government cooperatively could reduce the real cost of housing to the average family at the same time that comfort and convenience of living was improved. Thus through a broadening of the market base by the inclusion of lower income families, a high annual volume of home building could be maintained.

In addition, the program sought to stimulate the interest and understanding of various segments of the building industry as well as that at colleges and universities in the benefits to be achieved from an integrated approach to housing research. Many of the activities initiated under the research program have been continued by various industry organizations. Housing research has become an essential part of the home building process.

In total, the research operation cost approximately $4.3 million, of which nearly half represented commitments for research performed under contract by educational institutions, nonprofit laboratories and by other Federal agencies. In all, 89 such contract projects were undertaken and publications have been released by the Agency on 61 of these.

In several cases where the lack of time, personnel, or funds made it impossible for the Agency to disseminate the result of projects, the findings were deemed of sufficient importance to have other agencies of Government or universities undertake publication. In addition to administering the contract research program, staff personnel undertook independent investigations, particularly of the results of scattered research which required interpretation to be of practical use in the building industry.

By April 30, 1954, all significant results of the research program had been either released by publication or were digested, cataloged, and preserved for future reference and needs. However, inquiries and requests for information continued to be received throughout the year and in several cases unpublished research reports were made available upon request to other agencies as being significant in research that they were undertaking.

Other Developments

Further progress was made during 1954 in the field of urban planning. In addition to the workable program approach to the problem of urban blight, the Administrator was authorized to provide

new assistance to local, regional, and state planning to help assure efficient and proper development of communities. The Urban Renewal Administration was given the authority to make "demonstration" grants to encourage cities in developing methods and techniques for the prevention and elimination of slum conditions. Also, provision was made for the building up of a reserve of planned public works by a third advance planning program. Under this, the Administrator was authorized to resume the making of advances to states, their agencies and political subdivisions for the planning of public works other than housing which conform to an overall State, local, or regional plan. In addition, $2 million was appropriated to a revolving fund for public facility loans by the Administrator to states, municipalities, and public agencies.

Housing in the Economy

General

During 1954, the construction of nonfarm dwelling units reached the second highest level in our history—a total of 1.2 million, making it the sixth consecutive year in which starts have topped the 1-million mark. In all, about 9.5 million homes have been added to our nonfarm housing supply through new construction since the end of World War II. As a result, about 1 out of every 5 dwelling units in the inventory at the end of 1954 had been built since 1945. While the postwar level of production has been well above that of any other like

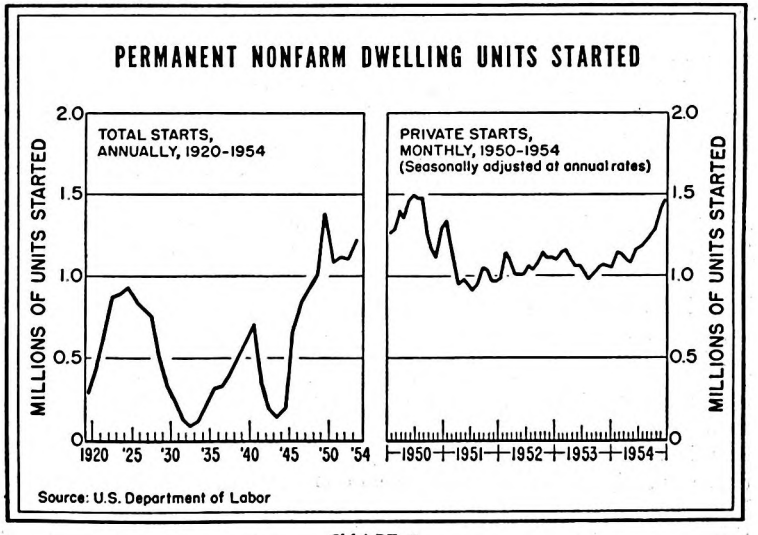

CHART 2

period in our history, it has still been slightly exceeded by the net increase in the number of nonfarm households. Only in recent years, in fact, has it been possible to make significant progress toward replacing the many substandard dwelling units that still remain in the housing supply.

The 1954 volume was achieved in spite of reduced levels of activity in some parts of the economy and was an important force in the general economic recovery which got underway in the latter part of the year. An important factor underlying the strength in home building was the ready availability of mortgage credit on liberal terms in most parts of the country. The pressure of new savings formation and repayments on existing debt, coupled with a slackened demand for credit from other parts of the economy, induced lenders to seek outlets for their funds through mortgage loans. This bolstered both the supply and demand side of the new housing market, by providing ample financing commitments to builders and by making it possible to offer the homes for sale with low down payments and long amortization periods. These conditions were reflected most strikingly in the rapid rise of VA-guaranteed loans, and in particular the 30-year no-down-payment loans possible under that program.

While housing starts continued strong at the end of the year, and new homes were finding ready markets in most places, some concern was felt about the strength of underlying demand factors. In particular, net new household formation had been declining for several years, and in 1954 equalled only about two-thirds of new housing production. However, a significant part of the 1954 production went to offset the elimination from the supply of marginal units pressed into service to meet the critical housing shortage of the immediate postwar years. Hence, it appeared at the end of the year that except in rental housing in some areas, vacancies had not risen to significant proportions. It was also apparent that population shifts, the ability and desire of families to improve their housing conditions, and the formation of new households were still generating a demand for a continuing high level of new home production into 1955.

Housing Production

The total of 1,220,400 nonfarm dwelling units started in 1954 was a gain of one-tenth over the previous year. Actually, starts had trailed behind 1953 levels during the first 5 months of the year, but then went ahead and in the fourth quarter were 28 percent greater than in the same period of the year before. This upsurge made 1954 the second highest homebuilding year on record, exceeded only by 1950. In general, it was the gain in private 1-family starts which produced this level. On the other hand, publicly owned units started were the

lowest since 1948, and private units in 2-family and multifamily structures were the lowest since 1947.

TABLE 1

Permanent nonfarm dwelling units started

Year	Total	Type of financing		Type of structure	
		Private	Public	1-family	2- and multifamily
1945	209,300	208,100	1,200	184,600	24,700
1946	670,500	662,500	8,000	590,000	80,500
1947	849,000	845,600	3,400	740,200	108,800
1948	931,600	913,500	18,100	766,600	168,000
1949	1,025,100	988,800	36,300	794,300	230,800
1950	1,396,000	1,352,200	43,800	1,154,100	241,900
1951	1,091,300	1,020,100	71,200	900,100	191,200
1952	1,127,000	1,068,500	58,500	942,500	184,500
1953	1,103,800	1,068,300	35,500	937,800	166,000
1954	1,220,400	1,201,700	18,700	1,077,900	142,500

Source: U. S. Department of Labor.

Reflecting the ease in the money market, VA-aided housing starts rose rapidly during the year to a total of 307,000. This was 26 percent of all private starts as compared to 15 percent in the previous year.

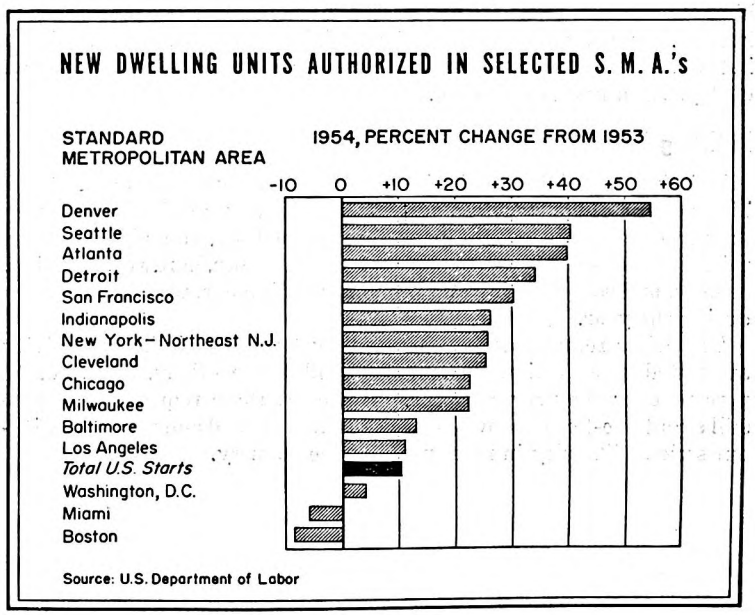

CHART 3

FHA-aided starts rose somewhat to 276,300 for the year, but the FHA proportion of all private starts, 23 percent, was slightly less than in the preceding year. In all, approximately half of the private units started in 1954 were under the FHA or VA program, the highest ratio since 1950.

In considering national figures, it must be kept in mind that activity in individual areas may vary widely from the national trend. For example, the gain in homebuilding activity between 1953 and 1954 in Denver was some five times the national increase, while on the other hand some areas, including even the "growth" city of Miami showed declines.

Some characteristics of new homes put under construction in 1954 were revealed by a Bureau of Labor Statistics survey of 1-family homes started during the first quarter. This survey showed that on the average these homes had 1,140 square feet of floor area, a gain of 5 percent over the average indicated by a 1951 study. Two-thirds of the homes in the 1954 survey had 3 or more bedrooms, and the median price was $12,300. This price varied regionally from a high of $13,800 in the Northwest to a low of $10,800 in the South, while the North Central median was $13,100. In the West it was $12,600.

In dollar volume, 1954 homebuilding activity reached an all-time high of $13.8 billion, a gain of 7 percent over the previous peak reached in 1950. In total, new construction activity amounted to $37.2 billion in 1954, making the eighth consecutive year in which total construction outlays set a new record high.

Building Materials and Labor

Building materials supplies in general were fully adequate for 1954's high volume of construction activity. In total, materials output was only fractionally below the peak reached in 1950, though in spite of this, stocks of some items, such as softwood lumber, hardwood flooring, cement, and some heating and plumbing equipment, were drawn down during the year.

The labor requirements generated by 1954 homebuilding activity amounted to an estimated 1,072,000 full-time workers, a gain of 16 percent over the previous year. However, these requirements were still about one-tenth below the peak reached in 1950 and were met without serious difficulty in most parts of the country.

TABLE 2

Production of building materials in 1954 and 1953

Material	Unit	1954	1953	Percent change, 1954 from 1953
Softwood lumber	Million board feet	29,636	31,072	−5
Hardwood flooring	Million board feet	1,145	1,005	+14
Softwood plywood	Million square feet	3,825	3,704	+3
Wood doors	Thousand	7,472	7,858	−5
Window sash (wood)	Thousand pair	11,054	11,419	−3
Door and window frames (wood)	Thousand	5,791	5,072	+14
Brick	Million	6,153	5,875	+5
Portland cement	Thousand barrels	271,287	264,022	+3
Gypsum board	Million square feet	4,690	3,757	+25
Gypsum lath	Million square feet	2,240	2,435	−8
Asphalt prepared roofing	Thousand squares	58,648	56,703	+3
Nails	Thousand tons	567	529	+7
Reinforcing bars	Thousand tons	1,751	1,849	−5
Cast iron soil pipe and fittings	Thousand tons	744	677	+10
Lavatories	Thousands	3,067	2,840	+8
Water closets	Thousands	3,349	3,017	+11
Warm air furnaces [1]	Thousands	1,130	997	+13

[1] Shipments.

Sources: U. S. Departments of Interior and Commerce, Trade Associations.

Prices, Wages, and Construction Cost

PRICES.—Prices of building materials remained relatively stable through 1954. The Bureau of Labor Statistics index of wholesale prices of all building materials advanced three-tenths of an index point, standing at 120.2 for 1954 compared with 119.9 for 1953. Lower prices for lumber, plywood, and wood millwork were slightly offset by advances in prices of other materials, notably structural clay products and building paper and boards. Details appear in the accompanying table.

TABLE 3

Indexes of wholesale prices of selected building materials

[1947–49=100]

Material	1954	1953	Percent change, 1954 from 1953
All building materials	120.2	119.9	(1)
Lumber	117.4	119.3	−2
Softwood plywood	107.2	110.7	−3
Millwork	130.6	131.5	−1
Prepared paint	112.8	111.1	+2
Paint materials	96.4	96.2	(1)
Plumbing equipment	118.4	116.0	+2
Heating equipment	114.5	114.8	(1)
Structural clay products	133.2	128.1	+4
Concrete components	121.1	117.4	+3
Gypsum products	122.1	121.0	+1
Insulation materials	109.7	107.9	+2
Building paper and board	127.8	121.4	+5

[1] Less than one-half of 1 percent.

Source: U. S. Department of Labor.

WAGE RATES, HOURS, AND EARNINGS.—Scales of hourly wage rates in the building trades, as reported by the Bureau of Labor Statistics, advanced 10 cents an hour between July 1, 1953, and July 1, 1954. Similar increases were 12 cents and 15 cents, respectively, in the 2 preceding 12-month periods. At mid-1954, union scales were reported as averaging $2.99 an hour for journeymen and $2.05 for helpers and laborers, or $2.80 for all employees of both categories.

Actual hourly earnings of workers employed in building construction, including onsite and offsite workers, union and nonunion, straight-time and overtime, were reported for 1954 by the Bureau of Labor Statistics as having averaged $2.60, an increase of 12 cents or 5 percent over the comparable figure of $2.48 for 1953. Average hours worked per week by these employees were similarly reported as 36.2, a decrease of 2 percent from 37.0 hours per week in 1953. Their average weekly earnings in 1954 were $94.21, an increase of $2.45 or 3 percent over $91.76 in 1953.

RESIDENTIAL CONSTRUCTION COSTS.—The Boeckh index of residential construction costs for 1954 stood at 120.3, a decrease of approximately 1 percent from the figure for 1953, and the first decline in the annual index since 1949. Most of the year's decrease occurred in the four months from February through May. In each of those months, and for the first time since 1952, the index stood below 120. Beginning in May, however, the index started edging upward again,

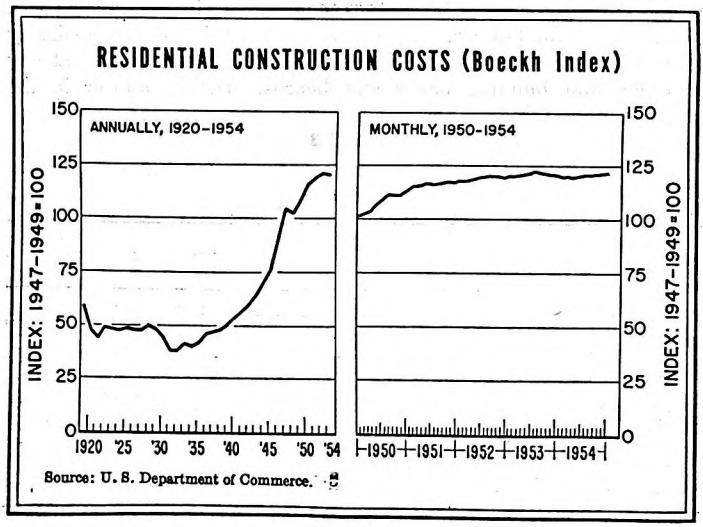

CHART 4

and an unbroken succession of small month-by-month increases brought it to 121.1 in December. The range between high month and low month in 1954, as reflected in the index, was 2.0 index points or less than 2 percent, thus continuing and in fact improving upon the record of the preceding 2 years with respect to general stability of residential construction costs. Details of the movement of the index are shown in the accompanying table.

TABLE 4

Boeckh indexes of residential construction costs

[1947–49=100]

Month	Monthly data		Year	Annual data		
	1954	1953		Index	Percent change from previous year	Percent variation from low to high during year
January	120.4	120.1	1954	120.3	−1	2
February	119.5	120.1	1953	121.2	+2	2
March	119.6	120.3	1952	119.1	+3	2
April	119.1	120.4	1951	116.0	+8	3
May	119.5	120.8	1950	107.7	+5	11
June	120.0	121.5	1949	102.1	−3	6
July	120.7	122.4	1948	104.8	+12	6
August	120.7	122.1	1947	93.2	+21	18
September	120.8	121.9	1946	77.0	+10	16
October	121.0	121.4	1945	70.1	+7	5
November	121.0	121.5	1944	65.4	+9	10
December	121.1	121.3	1943	60.2	+5	5
			1942	57.6	+5	5
			1941	54.6	+8	5
			1940	50.5	+3	8
			1939	48.9	+2	1

Source: U. S. Department of Commerce.

In contrast with residential construction costs, the Boeckh index of the cost of building apartments, hotels, and office buildings showed a 1-percent increase in 1954, rising to 126.8, the highest yearly average on record for that type of construction.

The Boeckh indexes measure in each case the cost of constructing identical buildings; and while from this strictly comparable standpoint the cost of residential construction was slightly less in 1954 than 1953, the homes that were built in 1954 cost more—differences in size, type, design, materials, equipment and amenities accounting for the increase. The Bureau of Labor Statistics, basing its estimates essentially on building permit valuations, has reported that the average construction cost of all permanent non-farm dwelling units started in 1954 for private account was $10,225 per dwelling unit, an increase over 1953 of $700 or slightly more than 7 percent.

Home Financing

THE MORTGAGE MARKET SITUATION.—Through most of 1954 an easing supply of loanable funds facilitated the ready availability of

mortgage loans on liberal terms. The net inflow of savings to lending institutions was at a historically high level, slightly above the previous year. Concurrently, a significant decline took place in net cash borrowing by the Federal Government. Offsetting influences were a moderate year to year increase in the expansion of outstanding State and local government and private corporate debt and a larger increase in the annual increment to outstanding mortgage debt. The net effect of these developments was that the interest yields on long term obligations at market prices declined significantly during the first quarter of the year and did not show any tendency to rise until the last quarter.

An easing general money situation was reflected in the mortgage market in a relatively good supply of VA-guaranteed and FHA-insured loans at liberal terms. For example, no-downpayment loans as a proportion of total VA-guaranteed loans made monthly rose from 13 percent at the beginning of the year to 37 percent at the end of the year. The more liberal financing terms for FHA-insured loans, authorized in August by the Housing Act of 1954, also became available in the market as a result of the relatively ample supply of funds. While easing mortgage market conditions prevailed during approximately the first three quarters of the year, reported secondary market discounts on insured and guaranteed loans gradually decreased, and terms at which conventional mortgage loans were available probably became easier, although there are no specific data on the latter point.

Toward the end of the year, there was some tightening in the money market situation as the economic recovery gained momentum and the demand for investment funds from sources outside of the mortgage market increased. A number of large lenders began to restrict their mortgage lending activities with respect to loans of the most liberal terms, and discounts on insured and guaranteed loans, which had been declining during the first three quarters of the year, either leveled off or began to rise again. Despite this, mortgage funds were still in relatively good supply at the end of the year, and moreover there appeared to be an unusually large backlog of outstanding financing commitments covering units yet to be started.

Volume of Mortgage Lending.—The ample supply of mortgage money and the liberal terms at which loans were made available to borrowers during most of the year supported an active housing market and resulted in a record total of about $23 billion in nonfarm mortgage recordings of $20,000 or less in 1954, an increase of 16 percent from the previous year. The proportion of the mortgage lending accounted for by the Government mortgage insurance and guaranty programs was about the same in 1954 as in 1953, although the pro-

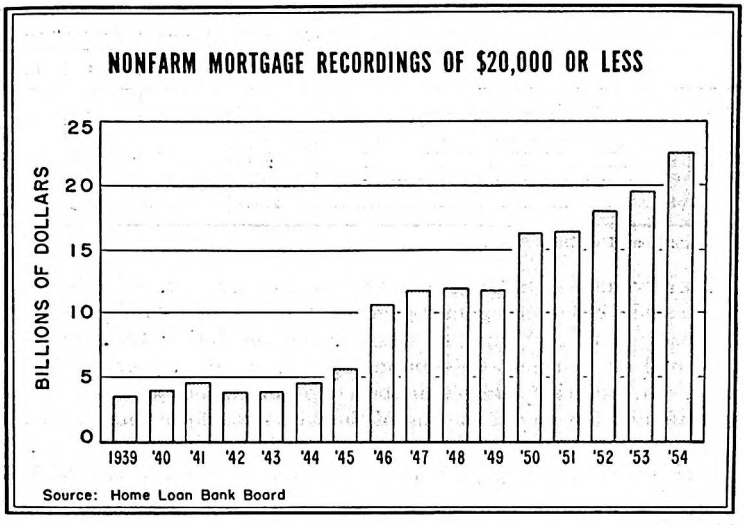

CHART 5

portion of FHA insured declined whereas the proportion of VA-guaranteed increased. As was pointed out earlier in connection with housing starts however, the proportion started under FHA and VA inspections increased from 39 percent in 1953 to 49 percent in 1954.

Year	Percent of total non-farm private units started			Percent of dollar amount of total non-farm recordings of $20,000 or less		
	Under FHA	Under VA	FHA plus VA	FHA-insured home loans	VA-guaranteed home loans	FHA plus VA
1953	24	15	39	12	15	27
1954	23	26	49	8	19	27

Sources: Home Loan Bank Board, Federal Housing Administration, Veterans' Administration, U. S. Department of Labor.

As in the previous year, the savings and loan associations were by far the largest source of home mortgage money, accounting for 36 percent of the total amount of mortgages recorded in 1954. The miscellaneous group of lenders (mortgage companies, etc.) and commercial banks recorded the next largest volumes of mortgages of $20,000 or less. The amounts and distributions of such recordings by each type of lender in 1954 and in 1953 are as follows:

Type of lender	Amount in millions (1954)	Percent increase from 1953	Percent of total	
			1954	1953
Savings and loan associations	8,312	13	36	37
Insurance companies	1,768	19	8	8
Commercial banks	4,239	15	18	19
Mutual savings banks	1,501	13	6	7
Individuals	2,882	1	13	14
Miscellaneous	4,272	40	19	15
Total	22,974	16	100	100

Source: Home Loan Bank Board.

NET INCREASES IN OUTSTANDING MORTGAGE DEBT.—The total net increase in outstanding mortgage debt on 1- to 4-family nonfarm homes—net of repayments—was $9.6 billion during 1954, bringing the total of such debt outstanding to $75.9 billion at the end of the year. In addition, the estimated total mortgages outstanding on multifamily housing at the end of the year made for a total mortgage debt of about $86 billion on nonfarm housing at the end of 1954.

FHA-insured mortgage balances outstanding at the end of 1954 totaled $16.9 billion, including $12.8 billion on 1- to 4-family homes and $4.1 billion in project mortgages. The total of mortgage debt insured by FHA or partially guaranteed by VA outstanding at the end of the year was $35.8 billion or nearly 42 percent of the total residential nonfarm mortgage debt. The comparable proportion of

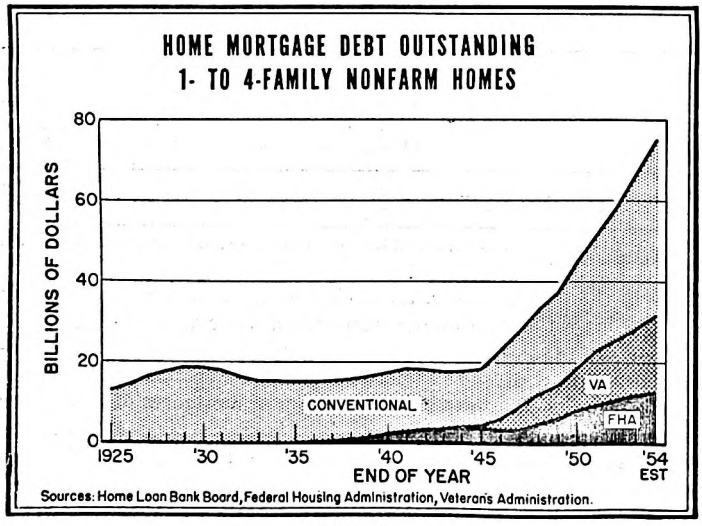

CHART 6

1- to 4-family mortgage debt underwritten by the Government was 41.9 percent, and for the multifamily housing mortgage debt 39.4 percent.

The net increases in nonfarm residential mortgage debt in 1954, as well as the estimated amounts and distribution of such debt outstanding at the end of 1954, are shown in the following table.

TABLE 5

Estimated amount of nonfarm residential mortgage debt outstanding

[Dollar amounts in billions]

Type of holder	Total debt	FHA-insured	VA-guaranteed	Conventional
	Total amount outstanding—Dec. 31, 1954			
Total	$86.0	$16.9	$18.9	$50.3
Savings and loan associations	26.1	1.2	4.7	20.3
Life insurance companies	18.9	6.1	4.6	8.1
Commercial banks	14.2	4.2	3.4	6.6
Mutual savings banks	13.2	3.9	4.2	5.1
FNMA	2.4	0.8	1.6	
Individuals and others	11.1	0.7	0.4	10.0
	Percent distribution of amount outstanding on Dec. 31, 1954			
Total	100	100	100	100
Savings and loan associations	30	7	25	40
Life insurance companies	22	36	25	16
Commercial banks	17	25	18	13
Mutual savings banks	15	23	22	10
FNMA	3	5	9	
Individuals and others	13	4	2	20
	Net dollar increase during 1954			
Total	$10.0	$0.8	$2.8	$6.4
Savings and loan associations	4.3	0.1	0.8	3.4
Life insurance companies	2.0	0.1	1.1	0.8
Commercial banks	1.3	0.3	0.3	0.7
Mutual savings banks	1.9	0.4	1.1	0.4
FNMA	(1)	0.2	(−0.2)	
Individuals and others	0.6	(−0.3)	(−0.2)	1.1

[1] Less than $50 million.

NOTE.—Caution should be exercised in using the data for the "Individuals and others" category since information sources for this category are most fragmentary. The data on life insurance company holdings of conventional loans are preliminary. Sum of component figures may not equal the indicated total due to rounding.

Sources: Home Loan Bank Board, Federal Reserve Board, Institute of Life Insurance, Federal National Mortgage Association, Federal Housing Administration, Veterans' Administration.

The largest net increase in mortgage holdings, $4.3 billion, was registered by the savings and loan associations and was almost equivalent to their total net inflow of savings. The mutual savings banks expanded their aggregate mortgage portfolio by $1.9 billion, an amount about equal to their net savings inflow. The mutual savings banks obtained funds in addition to their net savings inflow by net sales of about $400 million of Federal Government bonds.

The insurance companies increased their mortgage loan holdings by $2.0 billion while reducing the amount of government bonds held by $800 million in order to make investments in mortgages and other securities in excess of their growth of assets. It is noteworthy that in 1954 the insurance companies increased their holdings of government-insured or guaranteed loans by $1.2 billion in 1954, as against a comparable increase of $0.5 billion in 1953. Commercial banks, whose time deposits increased by some $3 billion over the year, expanded their mortgage holdings by $1.3 billion in 1954, compared with only about $0.7 billion in 1953.

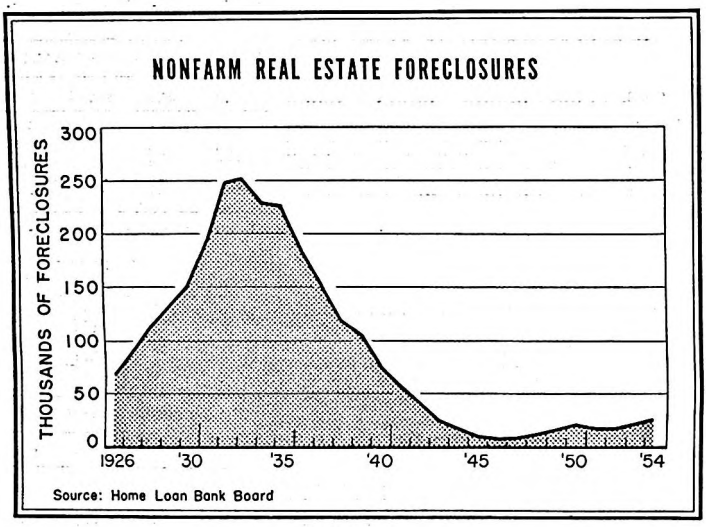

CHART 7

The Federal National Mortgage Association showed a net increase of $15 million in its mortgage portfolio for 1954. Purchases of $658 million were almost offset by sales of $525 million and repayments and other credits of $118 million. The purchases were made in the main to honor outstanding commitments issued in prior periods, largely for defense housing, but also included $64 million of mortgages transferred from the RFC and $42 million of Defense Homes Corporation loans assigned to FNMA on July 1, 1954. The net effect of operations upon outstanding commitments including advance contracts was to reduce the total from $638 million at the beginning to $476 million at the end of the year.

A lack of information on mortgage holdings of individuals and others makes it impossible to have more than a very rough estimate of changes in their aggregate mortgage portfolio. However, based on fragmentary data and annual mortgage recordings figures, it is estimated that this group of lenders had a net increase of about $.6 billion in mortgage holdings in 1954, compared with about $.4 billion in 1953.

NONFARM REAL ESTATE FORECLOSURES.—The number of nonfarm real estate foreclosures in 1954 rose to 26,211, an increase of 22 percent from the 21,473 foreclosures in 1953, which in turn were at approximately the same level as in 1950. However, the number of foreclosures in 1954 was less than one-fifth as large as in 1929 and about one-tenth of the 1933 number. These latter two percentages would be even smaller if the number of foreclosures could be related to the number of mortgages outstanding (for which data are not available) inasmuch as the number of mortgages outstanding has increased considerably since 1929 or 1933.

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SECTION 2

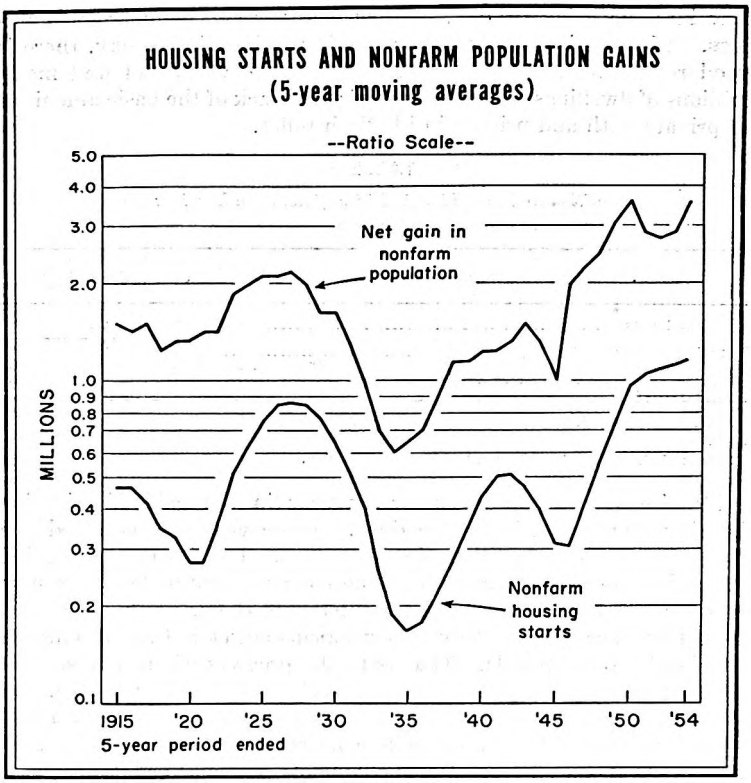
HOUSING SUPPLY AND NEEDS

A Mid-decade Review

The first half of the current decade has been a period of record-making effort toward meeting our housing needs. In total, more than $60 billion was spent for the construction of new homes and nearly as much for the maintenance and improvement of our standing stock of houses. Other billions were expended for the construction of schools, churches, roads, and other facilities closely related to housing. As a result, our housing inventory is now in better condition than ever before in our history. More people have better designed and better equipped homes of adequate size than ever before. The ideal of home ownership has become a reality for a growing proportion of our families. In fact, today over half of our nonfarm families own their own homes, compared with slightly more than one-third at the turn of the century.

While the increase in our housing supply has been great, the demand has grown nearly apace. Contrary to the expectations of many, net household formation has continued at rates close to a million a year. Over the past five years, demand from this source has absorbed in the neighborhood of four-fifths of the increase in our stock of housing.

Augmenting the demand resulting from the creation of new families is that arising out of the migration and mobility of established families. This national restlessness is a phenomenon of impressive volume. In the year ended April 1954, about 29 million Americans or roughly one-fifth of our total population changed their places of residence. In fact, in every year since 1948 the rate of migration and mobility has remained remarkably stable, varying in a range of between 27 and 31 million. A major share of these migrants, it is true, do not enter the market for new housing since they merely shift from one to another of the dwellings in the Nation's inventory of over 45 million nonfarm homes. There are not enough houses in the right places, however, since in many areas there has been a net in-migration of families. Because all of these people require shelter, it is apparent that these increase shifts in population have provided an important additional element of demand in excess of new household formation alone.



NOTE.—Data for this chart, developed by the Housing and Home Finance Agency, are from statistics of the U. S. Department of Labor (housing starts) and the U. S. Department of Commerce (population).

CHART 8

Thus, despite the record volume of production, little progress has been possible on the problem of replacing our substandard housing and a vast job remains to be done before we reach the goal of "a decent home in a suitable living environment for every American family." [2] Nearly every city in our country is still faced with the problem of slums, both those advanced in decay and those areas which are now declining and which, if nothing is done, will eventually become hopelessly blighted. It must be remembered that, while some units have been replaced and some rehabilitated, others have been allowed to deteriorate to the point where they no longer meet adequate standards of housing for an American family. The usefulness of other units has been destroyed by the intrusion of incompatible land

[2] National housing policy—Housing Act of 1949.

uses into the neighborhood, such as factories and commercial buildings. Were an inventory of our housing to be taken today, there is good reason to believe that, just as in 1950, we would find many millions of dwellings either in disrepair or in lack of the basic amenities of private bath and private inside flush toilet.

TABLE 6

Condition and plumbing facilities of nonfarm housing: 1950

[Millions]

Item	Total	Urban	Rural nonfarm
Total units	39.6	29.6	10.1
Not dilapidated or deficient in plumbing	28.9	24.0	4.9
Not dilapidated but lacking private indoor flush toilet or bath	7.5	3.7	3.8
Dilapidated	3.2	1.9	1.4

Note: Units for which condition or facilities was not reported are distributed in proportion to reporting units.

Source: U. S. Bureau of the Census, 1950 Census of Housing.

Despite steady progress year by year in the field of minority housing, much remains to be done. These groups have fared the worst in housing conditions in the past, and while they have led the overall population growth of the country very little of the new housing produced has been made available to them.

Still another substantially undeveloped market is that of suitable housing for older people. Thanks to the progress of medical science more and more of our population are living past retirement age. In 1930 only 6,700,000 or 5.4 percent of our people were aged 65 or older. At the end of 1954 the number is believed to have stood at close to 14,000,000 or over 8 percent of the population. The year 1955 should see this ratio up to 9.1 percent. While it is true that many persons are well housed when they reach 65, there is a significant group who are not and who would enter the market if there were suitable rental or sales units which they could afford.

TABLE 7

Condition of occupied nonfarm housing by age of head of family: 1950

Condition	Number (in thousands)			Percent		
	Total	Under 65	Over 65	Total	Under 65	Over 65
Total	37,105	31,375	5,730	100.0	100.0	100.0
Not dilapidated or deficient in plumbing	27,495	23,508	3,987	74.1	74.9	69.6
Not dilapidated but lacking private indoor flush toilet or bath	6,716	5,500	1,216	18.1	17.5	21.2
Dilapidated	2,894	2,367	527	7.8	7.5	9.2

Source: U. S. Bureau of the Census.

Low incomes and only limited acceptability as credit risks, however, put those ill-housed, when they reach retirement, at a distinct disadvantage when they seek to better their housing conditions.

TABLE 8

Income in 1949 of nonfarm households by age of head

1949 income	Number (in thousands)			Percent		
	Total	Under 65	Over 65	Total	Under 65	Over 65
Total	37,105	31,375	5,730	100.0	100.0	100.0
Less than $1,000	6,271	3,577	2,653	16.9	11.4	46.3
$1,000–$1,999	5,158	4,110	1,037	13.9	13.1	18.1
$2,000–$2,999	6,827	6,055	751	18.4	19.3	13.1
$3,000–$3,999	7,273	6,840	476	19.6	21.8	8.3
$4,000–$4,999	4,490	4,204	246	12.1	13.4	4.3
$5,000–$6,999	4,341	4,079	292	11.7	13.0	5.1
$7,000 and over	2,746	2,510	275	7.4	8.0	4.8

Source: U. S. Bureau of the Census.

Statutory limitations still in force at the end of 1954 bar many older people from low-rent public housing. At the same time private industry is able to supply but little sales or rental housing within the ability of older people to buy or rent.

It is impossible, then, to look on the housing scene with complacency and to say, as some have, that our housing needs have been largely met, or that production in the future should be curtailed lest we produce too much housing. Rather, the problem is to reorient our output in the coming years in order to better meet all facets of our housing requirements. Yet, while a big job remains to be done, it should not be concluded that the first half of this decade has been without significant progress.

The Prospect

Important advances have been made. One has been the apparent thinning out of some of our most overcrowded areas, and the slight gain in the "elbow-room" in the supply. These are vital first steps in attacking urban blight, since the rehousing of families must be provided for before their present slum dwellings can be demolished and the areas redeveloped. It is this factor, the shortage of housing, that has kept many marginal units in use in the past. However, the ratio of available vacancies is still small in almost every part of the country. There is hardly a city in which there exists a sufficient number of vacant units in the proper rent- or price-class to enable them to immediately undertake major action in clearing slums.

Most important, though, has been the substantial progress made in our understanding of what needs to be done and in marshalling

our resources. At the beginning of the decade, most slum clearance plans conceived only of rooting out areas in which decay had become complete, and the rehousing of families was only generally provided for. Since that time, it has come to be recognized that far more is needed. Slums must be considered in the light of the whole range of urban planning problems, and blight must be arrested in its early stages. Rehousing must be carefully planned if the elimination of one slum is not to worsen or create others. At mid-decade, we are equipped with more enlightened legislation at both Federal and local levels to accomplish the broad objectives we must reach. Along with this, there has been a growing public awareness and acceptance of the problem and the measures needed.

With this groundwork laid and some abatement of the pressure of population growth expected, the prospects are bright that during the years ahead major strides will be taken toward meeting the needs of minority groups, of the aging, and at the same time actually eliminating many of the dilapidated, overcrowded, insanitary dwelling units from the American scene.

SECTION 3

ORGANIZATION AND ACTIVITIES OF THE OFFICE OF THE ADMINISTRATOR

Organizational Changes

During 1954, the Office of the Administrator underwent a substantial change. The Federal National Mortgage Association, formerly a part of the Office of the Administrator, was made a constituent agency of HHFA on August 2, 1954. By Administrator's Reorganization Order No. 1, December 23, 1954, the Community Facilities Administration and the Urban Renewal Administration were established as constituent units of the HHFA to carry out responsibilities formerly administered by divisions within the Office of the Administrator. Also, the Administrator developed reorganization plans in both the Agency's Washington headquarters and field operations better to integrate the various programs. HHFA's regional offices were reorganized and the field activities of the Urban Renewal Administration were decentralized to these regional offices. The Administrator's action emphasized the necessity of increased coordination of HHFA's programs at the regional level, as well as at the headquarters level. The organization of the Office of the Administrator at the end of 1954, reflecting the changes made during the year, is shown in chart 9.[3]

Staff Activities of the Office of the Administrator

General

The major activity during 1954 by the Administrator and the staff of the Office of the Administrator was concerned with the Housing Act of 1954, in the formulation of the legislative proposals, testimony before Congressional committees and, after the bill was signed by the President on August 2, the development of policies, procedures and regulations to put into effect the programs authorized. Since under the Act use of Federal assistance for urban renewal, FHA urban renewal mortgage insurance, and public low-rent housing was generally contingent upon the approval of a local workable program for slum elimination and prevention, the Agency directed its first attention

[3] For a statement of the functions of the principal organizational units of the Office of the Administrator see Appendix D.

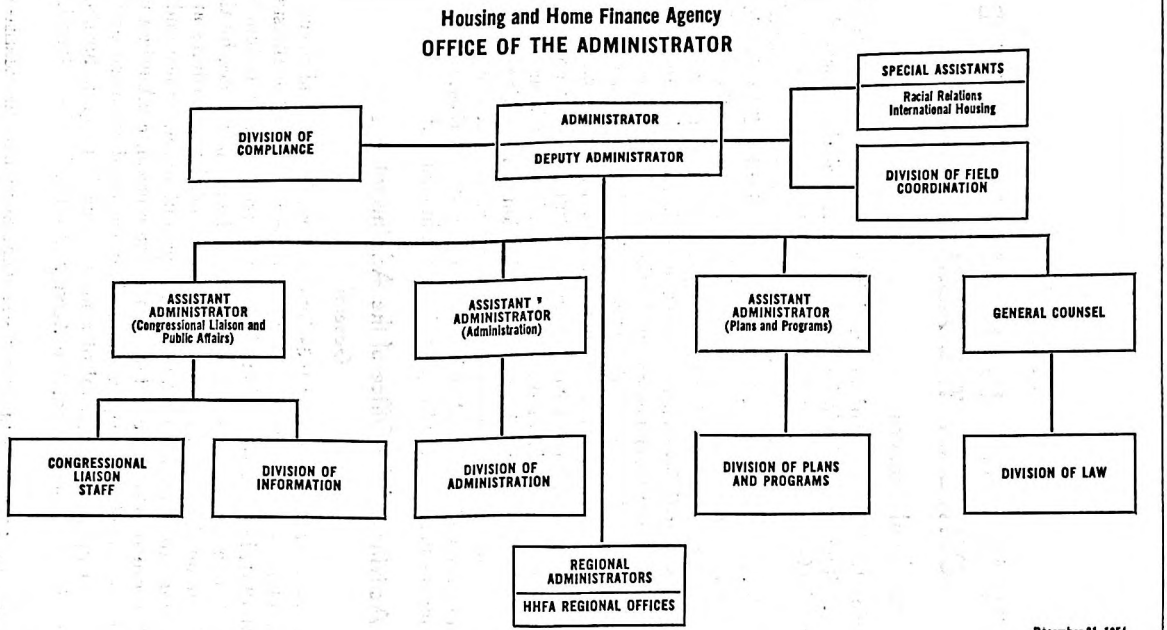

Housing and Home Finance Agency
OFFICE OF THE ADMINISTRATOR
DIVISION OF COMPLIANCE
ADMINISTRATOR
DEPUTY ADMINISTRATOR
SPECIAL ASSISTANTS
Racial Relations
International Housing
DIVISION OF FIELD COORDINATION
ASSISTANT ADMINISTRATOR (Congressional Liaison and Public Affairs)
ASSISTANT ADMINISTRATOR (Administration)
ASSISTANT ADMINISTRATOR (Plans and Programs)
GENERAL COUNSEL
CONGRESSIONAL LIAISON STAFF
DIVISION OF INFORMATION
DIVISION OF ADMINISTRATION
DIVISION OF PLANS AND PROGRAMS
DIVISION OF LAW
REGIONAL ADMINISTRATORS
HHFA REGIONAL OFFICES
December 31, 1954

CHART 9

toward setting up necessary procedures and criteria for accomplishing this requisite. This job was undertaken by the OA in close cooperation with the constituent agencies and units and was accomplished by early October. During this time, the Administrator in frequent statements urged local communities to begin developing their own long-range workable programs to attack slums and blight.

In addition, the staff continued to carry out its various regular functions in assisting the Administrator to discharge his responsibilities for the supervision and coordination of the housing programs carried out by the constituents and in providing a central point of contact for Congress, the President and executive agencies, and the public on matters relating to housing.

Urban Renewal Coordination

The new approach to urban renewal, by its nature, requires the highest degree of coordination. This was emphasized by the report from the Senate Committee on Banking and Currency on the Housing Act of 1954, in which it was stated:

> The various types of undertakings authorized by the bill are essential in order to enable cities to attack effectively the entire problem of urban slums and blight. . . . They require for effective administration a singleness of purpose and unity of direction which, in the opinion of your committee, must be supplied by the Housing and Home Finance Administrator.
>
> . . . it is the expectation of your committee that the Administrator will firmly apply the unified direction necessary to require that each of the separately identifiable but completely interrelated undertakings authorized in the bill to help our communities deal effectively with the problems of slums and blight performs effectively its appropriate task and makes its full contribution to the total process of an effective attack upon the entire problem of urban slums and blight. Toward assuring effective unified direction, the bill provides that there may not be delegated or transferred to any official (other than a person serving as Acting Administrator) certain of the final authorities vested in the Housing Administrator, including the determinations as to whether a workable program submitted by a community meets the requirements set out in this title and as to whether the relocation program submitted by a local public agency for the rehousing of families to be displaced by an urban renewal project meets the requirements of section 105(c) of the title.

In addition to these reservations, the law prohibits the delegation of the authority to certify that Federal aids to urban renewal, administered by HHFA constituent units and agencies, may be made available to a community, and to determine the maximum number of privately financed dwellings needed for relocation of displaced families. Other major related functions which the Administrator did not delegate were the determinations as to the number of public housing units needed for relocation purposes and the approval of urban renewal plans involving the redevelopment of areas for residential uses where FHA mortgage insurance was to be used.

To meet the strict requirement of unified direction and to provide assistance in carrying out the Administrator's nondelegable functions, a small staff was established in the Division of Plans and Programs of the Office of the Administrator.

Because of the time required for a community to develop a workable program, it was possible for only two cities—Clarksville, Tenn. and Somerville, Mass.—to submit programs and obtain approval by the Housing Administrator by the close of the year. However, at least 50 other communities had workable programs in the process of development at the end of the year, and widespread interest had been aroused in other communities throughout the country.

International Housing Activities

The International Housing Activities Staff continued to provide staff services during 1954 with reference to housing matters which relate to the international interests of the United States Government.

Housing activities continued to require preferred attention in almost all countries during 1954, therefore the interchange of housing knowledge and experience between HHFA, agencies and technicians of foreign countries, and international organizations continued at a high level. Through its exchange of ideas and methods of housing, HHFA was able both to provide other countries with some information relating to latest developments in housing in the United States and to assist United States officials and private citizens who needed information about foreign housing activities, or who went abroad on housing problems not directly connected with the HHFA.

Information on American housing practices was provided by HHFA to visitors from foreign countries, who came as representatives of their governments, as private citizens, or under auspices of some national or international organization. Numerous inquiries and requests for information from housing technicians and officials in other countries were handled by mail.

HHFA assisted the Department of State in connection with such international conferences as the Tenth Inter-American Conference of the Organization of American States, United Nations Social Commission, the United Nations Economic and Social Council, United Nations General Assembly, Annual Conference of the International Labor Organization, United Nations Economic Commission for Europe, and the Fourth Extraordinary Meeting of the Inter-American Economic and Social Council attended primarily by Ministers of Finance or Economics. In addition, the Assistant to the Administrator for International Housing Activities, on invitation and at travel expense of the United Nations, attended a United Nations Seminar and International Housing Exhibition in India. He also served as

Housing Adviser to the United States delegation to the Tenth Inter-American Conference of the Organization of American States. The International Housing Finance Adviser was detailed for about 2 months to the Foreign Operations Administration to consult with the United States Operations Missions and the respective Governments of Nationalist China, the Philippines, and Indonesia.

A formal operating agreement with the Foreign Operations Administration was signed during the year and covers reimbursable services rendered by HHFA for: (1) nominating and training United States housing technicians for overseas assignments; (2) providing technical advice by correspondence or personal visitation when FOA so requests, to help such technicians meet their day-to-day problems in their foreign assignments; (3) consulting with FOA officials concerning operation of housing programs in foreign countries and evaluation of results of programs; and (4) arranging for the training of foreign nationals who are brought to this country for instruction in housing and town planning, either under the auspices of the FOA or the United Nations. In 1954, HHFA planned and conducted training programs for trainees from 14 countries. Under the terms of this agreement FOA is responsible for all operating functions.

Countries in which United States housing and town planning advisers and technicians were serving in the United States Operations Mission (FOA) as of December 1954 on request of the host governments are: Austria, Germany, Italy, Nationalist China (Formosa), Indochina, Indonesia, Afghanistan, Egypt, Iran, Iraq, India, Israel, Lebanon, Liberia, Pakistan, Brazil, British Guiana, Trinidad, Barbados, Surinam, Chile, Colombia, El Salvador, Haiti, Nicaragua, and Peru. There were 35 filled positions and 16 vacancies.

Racial Relations

The special difficulties experienced by Negroes and other racial minorities, quite beyond those which confront others in acquiring decent housing, have diminished somewhat in the last few years. The impact of the Supreme Court Decision in the school cases in May 1954, and increasing knowledge that Negroes are satisfactory credit risks and do not generally decrease the value of properties which they occupy, have helped to improve their position in the housing market.

The Agency took several progressive actions during 1954 which have brought nearer a full solution of the crucial and critical housing problems facing minorities. These include:

1. Steps to assure that aids, assistance, and services available to the general housing market are made fully effective in the minority housing market.

2. Persuading home builders and lenders to accept a fuller measure

of their responsibility to serve minorities equally, resulting in the creation of minority housing committees by the National Association of Home Builders and the Mortgage Bankers Association to plan and spearhead enlarged activity on this front by their memberships.

3. Sponsoring an Advisory Conference on Housing for Minority Families which was attended by some 40 leading representatives of home builders, mortgage lenders, real estate boards and brokers, and civic, social, and religious groups.

4. Organizing the National Voluntary Home Mortgage Credit Program, under the Housing Act of 1954, which, along with increasing the flow of mortgage money to under-supplied areas, provides assistance to minority families in obtaining financing for the purchase or construction of new homes. There are minority representatives on the 14 regional committees representing regions in which minority groups constitute appreciable proportions of total population.

5. Reorganizing and expanding the Racial Relations Service in the Office of the Administrator and the constituent agencies, including the establishment of a Racial Relations Coordination Committee consisting of the top Racial Relations Officers of the Agency and the creation of a regional racial relations post in each of the six regional offices of the HHFA.

Defense Housing

During 1954, the defense housing program developed under the Defense Housing and Community Facilities and Services Act of 1951, as amended, came virtually to a close. By the year's end, a total of 105,386 dwelling units had been programed by OA for privately financed construction or assigned to PHA for public construction. With the passage of the Housing Act of 1954 (Public Law 560, approved August 2, 1954), the Act was amended to provide the President with standby authority (until July 1, 1955) to designate periods when Title III of the Act authorizing Federal aid in the provision of community facilities and defense housing—both private and temporary public—could be invoked. In addition, the President could also designate a specific project or projects to be assisted by either of the two programs. No new private defense housing programs were announced after May 1954. In fact, the entire year saw the announcement of only 7 new private programs involving 1,500 units. In all, there was a net reduction from December 31, 1953 of 5,539 private and public units programed and assigned for defense housing. This reduction was effected by cutbacks in program quotas in various areas due, in the main, to major changes in industrial mobilization needs and drastic modifications in military plans necessitating numerous reappraisals (with quota readjustments) of housing needs in critical defense areas.

Privately Financed Defense Housing

The year 1954 was marked by further cutbacks in the private defense housing program as the needs in defense areas were either met or diminished. As a result, during 1954 the number of programed units was cut 5 percent to 91,677. The volume of starts and number of completions both dropped sharply during the year. Reflecting the fact that the program was nearing its close, moreover, the end of the year found 91 percent of all programed units completed and another 7 percent under construction. It is estimated that by mid-1955, all units not now under construction will have been completed or cancelled. The activity in each of the years the program has been in effect and also the present status of the program are summarized as follows:

Status	As of Dec. 31, 1954		During the year activity			
	Number	Percent	1954	1953	1952	1951
Programed	91,677	100.0	−4,808	−1,739	32,749	65,475
Started	90,116	98.3	8,748	36,892	41,306	3,170
Completed	83,353	90.9	18,992	30,544	27,519	298

Vacancies in completed defense housing continued to be a problem in several critical defense areas, but on the whole the situation was much improved over the year before. Of the 83,353 units completed by the end of 1954, approximately 6,300 (7.5 percent) were reported as unoccupied during the month of December. Fully two-thirds of these were concentrated in 15 of the 205 critical defense housing areas—mostly military establishments where scheduled expansions failed to materialize after the dwelling units had already been started or completed. To alleviate this situation, the Agency has taken certain steps wherever it was considered necessary. The following measures are examples of the types of action taken singly or in combination by the Agency in the various affected localities:

1. Waiver of restrictions on occupancy.
2. Waiver of restrictions on holding for rent or sale.
3. Cancellations or cutbacks in public defense housing.
4. Maximum income limits placed on occupants of Lanham Act projects wherever an adequate supply of privately financed including Title IX housing was available.
5. Accelerated disposition of Lanham Act housing when privately financed housing including Title IX units was sufficient to meet continuing defense needs.
6. Promoting better liasion at local levels between base commands and private builders including Title IX sponsors to bring about a better utilization of existing resources.
7. Voluntary reduction of Title IX quotas at FHA field office levels when the supply of housing was deemed adequate.

The relative inactivity under Title IX during the latter part of the year is readily demonstrated in the table below. No applications were received or commitments issued under the President's standby authority which became effective on August 2, 1954. In all, of the 91,677 units programed at the end of 1954, FHA had issued commitments for 86,338 units (94.2 percent) and insured mortgages for 69,795 units (76.1 percent).

TABLE 9

Federal Housing Administration Title IX activity

Status	Number of dwelling units				Percent of total 1954 activity in first 6 months
	As of Dec. 31, 1954	During 1954			
		Total	First 6 months	Second 6 months	
Applications received	124,829	7,505	7,483	22	99.7
Commitments issued	86,338	4,073	3,846	227	94.4
Mortgages insured	69,795	22,242	15,567	6,675	70.0
Construction started	79,688	9,045	5,427	3,618	60.0
Construction completed	74,185	19,276	12,497	6,779	64.8

Through December 31, 1954, total charges against FHA's Title IX insurance amounted to $595.3 million of which $543.4 million was for insurance written and $51.9 million in outstanding commitments.

By the end of the year, the Federal National Mortgage Association had purchased or committed to purchase defense housing mortgages involving 85,079 units (92.8 percent of all units programed) valued at $668.4 million. Dollarwise, over four-fifths of this amount represented FHA's Title IX mortgages—with the remainder insured under FHA's Sections 8, 203, and 207, and VA's Section 501.

TABLE 10

Federal National Mortgage Association defense housing activity

Item	Dollar volume at end of		
	December 1954 ($000)	June 1954 ($000)	December 1953 ($000)
FNMA net participation (purchases plus undisbursed commitments)	668,442	671,797	610,473
Purchases	585,856	498,886	352,695
FHA Section 903	448,365	391,471	268,192
FHA Section 908	28,443	17,749	12,627
FHA Section 203	16,669	13,559	9,690
FHA Section 207	11,354	7,155	6,567
FHA Section 8	9	9	9
FHA Section 803	8,404	4,050	0
VA Section 501	72,612	64,893	55,610
Commitments undisbursed	82,586	172,911	257,778
FHA Section 903	51,353	111,804	177,112
FHA Section 908	19,335	34,323	40,434
FHA Section 203	259	3,384	7,693
FHA Section 207	0	4,202	4,793
FHA Section 803	4,383	12,582	16,632
VA Section 501	7,256	6,616	11,114

Programing for Minority Group Needs

Late in 1952 it became apparent that in certain areas there was a serious need for private defense housing for minority groups. Immediate steps were taken, therefore, to earmark a portion of the private defense housing programs for this purpose. By the close of 1954 more than 5,000 dwelling units in some 50 critical defense housing areas had been completed and occupied by these groups.

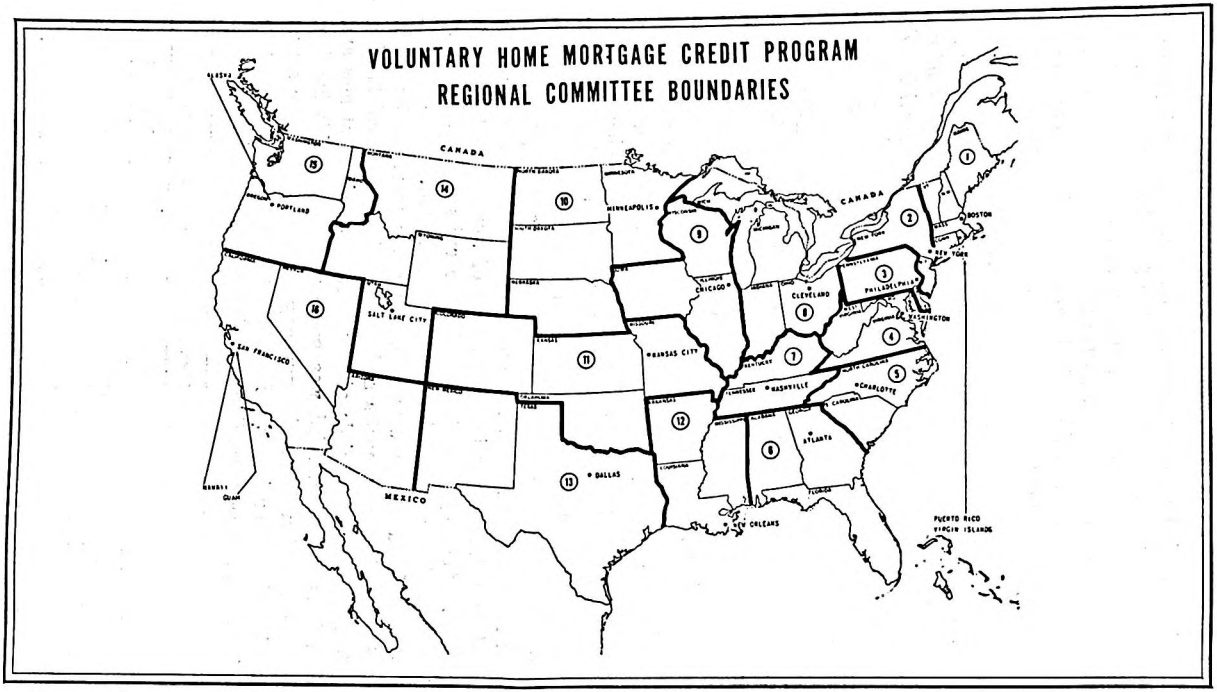
Public Defense Housing

The Defense Housing and Community Facilities and Services Act of 1951 provided, under Title III, for an authorization of $100 million for the construction of public defense housing in various critical defense housing areas. Congress appropriated $87.5 million of this total but in July 1953 rescinded $17.5 million. In July 1954, another $4.5 million was returned to the Treasury, reducing funds appropriated to $65.5 million. These reductions were effected when it became apparent that revisions in various defense mobilization and industrial programs plus an adequate supply of reasonably priced private housing in most areas had greatly reduced the need for public defense housing. At the end of the year PHA had (for public defense housing) an unallotted balance of $2.1 million and an unobligated balance of $2.4 million. This sum of $4.5 million has been placed in a revolving fund set up for all liquidating programs, which include in addition to public defense housing the Alaska housing, prefabricated housing, first and second advance planning, defense community facilities, Lanham war housing, public works, and veterans reuse programs.

As of December 31, 1954, there were 13,709 defense housing units assigned to PHA for public construction of which 13,459 had been completed. Actually only 12,188 of these units were active as 10 projects containing 1,521 units had been terminated. Three-fifths of active, completed public defense housing was managed by PHA, one-third by defense agencies and the remainder by local housing agencies. Almost two-thirds of this housing consisted of new and used trailers while one-third was made up of relocatable housing, temporary new housing and temporary reuse housing. The status of public defense housing as of December 31, 1954, with comparative activity for the three preceding years is summarized as follows:

Status	As of Dec. 31, 1954		During the year activity			
	Number	Percent	1954	1953	1952	1951
Assigned	13,709	100.0	−731	−1,550	+11,665	+4,325
Started	13,459	98.2	−267	+5,749	+7,979	0
Completed	[1] 13,459	98.2	+1,328	+6,485	[2]+5,648	0

[1] Includes 10 terminated projects containing 1,521 units; excludes 2,134 units removed from workload.
[2] Includes 2 units destroyed by fire; not included in 1954 figure.


VOLUNTARY HOME MORTGAGE CREDIT PROGRAM
REGIONAL COMMITTEE BOUNDARIES
CANADA
CANADA
MEXICO
PORTLAND
SAN FRANCISCO
SALT LAKE CITY
MINNEAPOLIS
CHICAGO
KANSAS CITY
CLEVELAND
PHILADELPHIA
BOSTON
NEW YORK
WASHINGTON
NASHVILLE
CHARLOTTE
ATLANTA
DALLAS
NEW ORLEANS
PUERTO RICO
VIRGIN ISLANDS
1
2
3
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7
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9
10
11
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CHART 10

SECTION 4

NATIONAL VOLUNTARY MORTGAGE CREDIT EXTENSION COMMITTEE

The Voluntary Home Mortgage Credit Program was authorized by the Congress in the Housing Act of 1954, enacted on August 2, 1954. This program was proposed and endorsed during the course of the hearings on the Act in March 1954, by associations representing various segments of the mortgage finance industry. The Housing Act of 1954, as finally passed by the Congress, provided in Title VI for the establishment of the National Voluntary Mortgage Credit Extension Committee and regional subcommittees.

Behind the proposal to establish this program lay the conviction of the private financial institutions investing in residential mortgages that Government mortgage lending is unnecessary. It was felt that private lending institutions, properly organized, could provide a large part of the funds for investment in home mortgages guaranteed by the Veterans Administration or insured by the Federal Housing Administration, thereby minimizing the need for direct home loans made by the Veterans Administration or for mortgage funds to be supplied by the Government through the Federal National Mortgage Association.

In formulating the policies under which the program would operate, it was determined that in the nation's metropolitan areas investment funds generally flow into VA-guaranteed and FHA-insured mortgages in sufficient volume. The areas of need were considered to be the small communities and remote areas of the nation—areas where the direct loan program of the Veterans' Administration is in effect and other communities suffering from a continuing shortage of funds for investment in federally insured and guaranteed home loans. In addition, it was felt that members of minority groups were frequently unable to obtain home financing on reasonable terms. The Voluntary Home Mortgage Credit Program was designed to provide the machinery for channeling funds to these areas of need from areas of relative plenty.

The Voluntary Home Mortgage Credit Program is not a Government program in the usual sense. The voting members of the national and regional committees, who set the policies for the program and supervise its operations, are leading private industry representatives

of lending groups, of residential builders and of real estate boards. They were appointed by the Administrator of the Housing and Home Finance Agency upon the recommendation of their trade associations, and all of them are serving voluntarily without Government compensation. Equally important, all loans made through the program will be made by private lending institutions, with private funds.

In addition to its sponsorship, the Government is called upon only to provide the necessary staff, office space and supplies. The Administrator of the Housing and Home Finance Agency was designated in the law as the Chairman of the National Committee of the program. The national committee and the regional subcommittees (called regional committees to avoid confusion) have advisory, nonvoting members representing Government agencies involved in mortgage finance.

The national committee meets monthly to review the progress of the program, to solve problems that have developed, and to determine policy. The regional committees also meet regularly to review the progress of the program in their regions and to consider problems that have been encountered. In addition, the regional committees decide on the disposition of applications that they have been unable to place with private lenders and to terminate referrals of assistance applications that have been clearly demonstrated through repeated rejections to fall short of the demands of sound underwriting principles. In difficult cases, and in matters of basic program policy, the regional committees seek the aid of the national committee.

The operation of the program is administered by the Executive Secretary of the national committee, who carries out the policies of the national committee and supervises the activities of the regional committees and their staffs. The day-to-day operation of the program is in the hands of the executive secretaries of the regional committees. The staff officials consult frequently with members of their committees and with representatives of the industry groups participating in the program.

While the organization of the regional committees was taking place, the national committee established the policies under which the program is operated. The basic policies are set forth in a series of "Operating Policy Statements," which are supplemented from time to time by reports of committee decisions and by special memoranda.

The national committee determined that all Veterans' Administration direct loan areas are eligible for assistance under the Voluntary Home Mortgage Credit Program. Also, communities of less than 25,000 population, where it was believed after study by the regional committees that the demand for FHA-insured and VA-guaranteed

mortgages is not being met, are designated by the national committee as eligible for VHMCP assistance whether they are in VA direct loan areas or not.

The program operates without any area restrictions to help finance housing for members of minority groups who are unable to obtain FHA-insured or VA-guaranteed mortgages on reasonable terms.

Except for members of minority groups, the program is limited to assistance in obtaining FHA-insured or VA-guaranteed mortgages to finance the purchase or construction of 1- to 4-family owner-occupied units. For ownership or occupancy by members of minority groups, any residential project that can be certified by FHA or VA is eligible—whether for one-family ownership, cooperative ownership, or for rental occupancy.

The voluntary nature of the untertaking caused considerable delay in obtaining an adequate lender coverage of the areas served by the program. Efforts to enlarge the participation of lenders in the program are being continued with considerable success. The following numbers of lending institutions have thus far agreed to participate in the program:

Life insurance companies	131
Mutual savings banks	252
Savings and loan associations	388
Commercial banks	632
Mortgage bankers	[1] 390
Total	1,793

[1] A substantial additional number of mortgage banking concerns have been designated by other lending institutions as their mortgage loan correspondents, and are being considered as participating lenders.

The lender roster is the fundamental instrument in the process of referring applications to lenders. The basis of the lender roster is the county. Applications for assistance are referred to local lenders (those having offices in the county) before they are referred to outside institutions. Only those institutions which have agreed to participate in the program will be referred applications.

One of the functions of the Voluntary Home Mortgage Credit Program, as set forth in the Housing Act of 1954, is to study and review the demand for and supply of funds for residential mortgage loans in all parts of the country. The information providing the necessary material for this study will come largely from the operations of the program itself. The volume of applications received by the regional offices will be evidence of the demand for the types of loans with which the program is concerned. The terms on which loans are negotiated under the program will be a key to the current market situation in the areas covered by the program. To provide the means for gathering the needed information systematically, a comprehensive series of

monthly statistical reports will be submitted to the national committee by each of the regional committees. When the volume of loans made through the program reaches a point where the figures will be meaningful, public reports will be issued, as well as reports to the Federal Housing Administration, the Veterans' Administration, and other Federal, State, and local agencies concerned with the housing industry and home financing.

The belief is undoubtedly well-founded that the areas in need of additional funds for investment in home mortgages are the remote areas and small communities of the nation and the field of housing available to members of minority groups. But there has never been a comprehensive study of the actual demand and supply of funds for borrowers in these categories, nor has adequate continuing study been made of the divergent trends within these categories in the different geographical areas of the country, its territories and its outlying possessions. Except at infrequent intervals, moreover, there has been no comparison of the demand and supply of mortgage investment funds in metropolitan areas with demand and supply in the remote areas and smaller communities. The information gathered by the Voluntary Home Mortgage Credit Program should make an important contribution to the development of better information on the condition of the mortgage market throughout the nation.

The Voluntary Home Mortgage Credit Program represents a joint effort between private industry, serving on a voluntary basis, and the Government. The fact that it was proposed by private groups has imposed on these groups the responsibility of doing their part to assure its success. The fact that the Government has accepted its role in the program imposes an equal responsibility. The program has thus been undertaken under the best of offices and with the best of intentions.

PART II

Eighth Annual Report

HOUSING AND HOME FINANCE AGENCY

Covering the Activities of the

HOME LOAN BANK BOARD

SECTION 1

HOME LOAN BANK BOARD

Creation of Board

The Federal Home Loan Bank Act approved July 22, 1932, provided for a bipartisan board to create and supervise a system of Federal Home Loan Banks which would make available reserve credit facilities for home-financing institutions. Subsequent legislation authorized the Board to charter and supervise Federal savings and loan associations as a means of encouraging local thrift and home financing and to establish and direct the Federal Savings and Loan Insurance Corporation which insures the safety of savings against loss up to $10,000 for each saver or investor in an insured association.

The Home Loan Bank Board, which consists of three Members who are appointed by the President of the United States, by and with the advice and consent of the Senate, was designated a component unit of the Housing and Home Finance Agency under the President's Reorganization Plan No. 3, effective July 27, 1947.

Activities and Responsibilities

The activities and responsibilities of the Board consist primarily of establishing policies, issuing regulations, and supervising the operations of the Federal Home Loan Banks, the Federal Savings and Loan Insurance Corporation, and the Federal Savings and Loan System.

The Board supervises the operations and makes periodic examination of the 11 Federal Home Loan Banks and reports annually on their operations. It appoints the 4 public interest members to the Board of Directors of each of the Banks and conducts the election of the 8 industry members. The Board approves all dividend declarations of the Banks, election of officers and counsel, and the operating budget of each Bank. In addition, it approves the purchase and sale by the Banks of investment securities, and issues consolidated obligations which are the joint and several obligations of the 11 Banks.

The Board acts on applications for membership in the Bank System and for insurance of accounts, after giving consideration to recommendations of the Bank. It approves the issuing of charters for Federal savings and loan associations as well as applications for

conversion from State to Federal charter. It is responsible for the examination and supervision of all Federal associations and prescribes regulations relating to their lending and other activities. It also prescribes regulations applicable to insurance of accounts for all associations insured by the Federal Savings and Loan Insurance Corporation and, in cooperation with State authorities, examines such insured institutions. In addition, the Board determines the final course of action to be taken by the Insurance Corporation in preventing default in insured institutions, or, in the event of default, determines the method of settlement.

Federal Savings and Loan Advisory Council

In the determination of policies, the Home Loan Bank Board is assisted by the Federal Savings and Loan Advisory Council. This organization is made up of 17 members—1 elected from each of the 11 Bank Districts and 6 appointed by the Home Loan Bank Board to represent the public interest. Through its membership the Board is kept up to date on current trends and conditions in the field.

Created by the Federal Home Loan Bank Act, the Council is authorized to confer with the Board on general business conditions and on special conditions affecting the Federal Home Loan Banks, members of the Federal Home Loan Bank System, and the Federal Savings and Loan Insurance Corporation. It is also authorized to request information and to make recommendations with respect to matters within the jurisdiction of the Board.

The Council held 2 meetings in Washington during the calendar year 1954—on May 24–25 and October 25–26. The following members of the Council served during 1954:

Appointed by Home Loan Bank Board

Ralph R. Crosby, president, United States Savings and Loan League, Providence, R. I.

Clifford P. Allen, III, immediate past president, National Savings and Loan League, Philadelphia, Pa.

R. C. Matthews, president, National Association of State Savings and Loan Supervisors, Denver, Colo.

Emil A. Gallman, executive vice president, New Jersey Savings and Loan League, Newark, N. J.

CINCINNATI—W. D. Gradison, W. D. Gradison Co., Cincinnati, Ohio.

INDIANAPOLIS—Harold A. Fitzgerald, publisher, Pontiac Daily Press, Pontiac, Mich.

Elected by Federal Home Loan Banks

BOSTON—Milton A. Barrett, president, Fidelity Co-operative Bank, Fitchburg, Mass.

NEW YORK—George L. Bliss, president, Century Federal Savings and Loan Assoc., New York, N. Y.

PITTSBURGH—Francis E. McGill, president, Roxborough-Manayunk Federal Savings and Loan Assoc., Philadelphia, Pa.

GREENSBORO—Frank Muller, Jr., president, Liberty Federal Savings and Loan Assoc., Baltimore, Md.

CINCINNATI—Robert A. Stevens, president, Dyer County Federal Savings and Loan Assoc., Dyersburg, Tenn.

INDIANAPOLIS—Walter Gehrke, president, First Federal Savings and Loan Assoc., Detroit, Mich.

CHICAGO—E. G. Holzweg, secretary, Home Savings and Loan Assoc., Collinsville, Ill.

DES MOINES—C. R. Mitchell, executive vice president, First Federal Savings and Loan Assoc., Kansas City, Mo.

LITTLE ROCK—A. H. Jerry Knippa, president, Texas Savings and Loan Assoc., San Antonio, Tex.

TOPEKA—Louis W. Grant, president, Home Federal Savings and Loan Assoc., Tulsa, Okla.

SAN FRANCISCO—Joe Crail, president, Coast Federal Savings and Loan Assoc., Los Angeles, Calif.

Voluntary Home Mortgage Credit Program

The Home Loan Bank Board participated during the year in an advisory capacity in the newly created Voluntary Home Mortgage Credit Program. As a member of the National Committee, the Board's representative attended the monthly meetings in Washington. In addition, the presidents of the regional Home Loan Banks participated actively during the year, serving on the Regional Subcommittees of the program.

Legislation

PUBLIC LAW 94, 83D CONGRESS, provided for the dissolution and abolishment of the Home Owners' Loan Corporation. Pursuant to the provisions of the law, the corporate existence of the HOLC expired February 3, 1954. The Corporation, which was created as a temporary emergency relief agency in 1933, went out of business as a mortgage holding agency of the Government during the calendar year 1951. A final report of the operations and liquidation of the Corporation was submitted by the Board to the Congress on March 1, 1952.

PUBLIC LAW 560, 83D CONGRESS, amended Title V of the National Housing Act by increasing the maximum home mortgage acceptable as collateral security for an advance by a Federal Home Loan Bank from $20,000 to $35,000. Increased also is the limit on the amount of a home loan made by a Federal savings and loan association, from $20,000 to $35,000. Federal associations are authorized to invest in unsecured loans for home repairs and improvements up to $2,500. Previously the limit was $1,500.

Administrative Expenses

The funds used by the Home Loan Bank Board to pay its operating expenses come from private sources and not from the United States Treasury. They are obtained by assessments against the 11 Federal Home Loan Banks and the Federal Savings and Loan Insurance Corporation and by charges against insured institutions for examination and audit services.

In 1954 the administrative expenses of the Board with its 137 employees totaled $757,000 compared with $725,000 and 121 employees in the previous year.

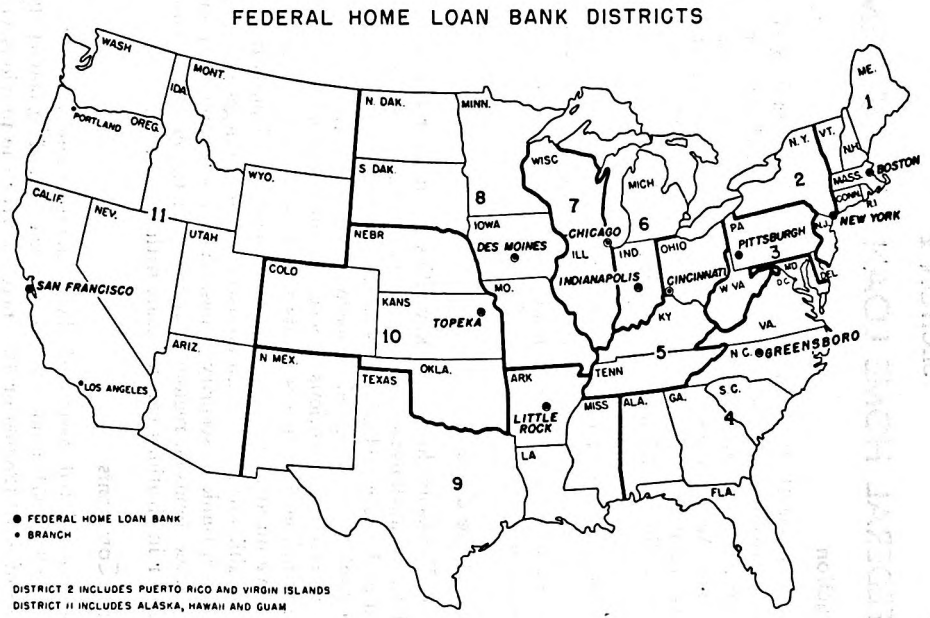
FEDERAL HOME LOAN BANK DISTRICTS
WASH
MONT.
IDA
OREG.
PORTLAND
N. DAK.
MINN.
S. DAK.
WYO.
WISC
MICH
8
7
6
CALIF.
NEV.
11
UTAH
NEBR
IOWA
DES MOINES
CHICAGO
ILL
IND
OHIO
PA
PITTSBURGH
3
SAN FRANCISCO
COLO
KANS
MO.
INDIANAPOLIS
CINCINNATI
W VA
MD
DEL
D.C.
TOPEKA
10
KY
VA.
ARIZ.
N MEX.
OKLA.
TEXAS
ARK
TENN
5
N.C.
GREENSBORO
LOS ANGELES
LITTLE ROCK
MISS
ALA.
GA.
S.C.
4
LA
9
FLA.
ME.
1
N.Y.
VT.
N.H.
2
MASS
BOSTON
CONN.
R.I.
N.J.
NEW YORK
● FEDERAL HOME LOAN BANK
• BRANCH
DISTRICT 2 INCLUDES PUERTO RICO AND VIRGIN ISLANDS
DISTRICT 11 INCLUDES ALASKA, HAWAII AND GUAM

CHART 11

SECTION 2

FEDERAL HOME LOAN BANK SYSTEM

Introduction

On December 31, 1954, the Federal Home Loan Bank System consisted of 11 regional Banks together with their 4,234 members. These Banks were created by an Act of the Congress, approved July 22, 1932. The Act provided for not less than 8 nor more than 12 bank districts and defined eligible members of a Federal Home Loan Bank as any building and loan association, savings and loan association, cooperative bank, homestead association, insurance company, or savings bank. However, no institution shall be eligible if its financial condition is such that advances may not safely be made or the character of its management or its home-financing policy are inconsistent with sound and economical home financing.

Purpose of the System

The 11 Banks are located in key cities throughout the country and each Bank is authorized to accept deposits from and to make both secured and unsecured advances to its member institutions.

The Banks were designed to serve as a national reserve credit system for savings institutions specializing in home mortgage finance. In addition, the System assists its members in maintaining a sound perspective on any distortions in the economy and potential sources of future difficulty. Through adjustments in the degree of participation of each Bank in security issues, as well as through the medium of interbank deposits, regional variations in the credit requirements of member institutions can be dealt with effectively.

General Comments

The consolidated assets of the Federal Home Loan Banks on December 31, 1954, amounted to a record high of $1,560,645,000, an increase of $173,128,000 or 12.5 percent over the previous year-end record established a year earlier. New year-end records were also established for investment holdings, deposits held for members, and capital stock.

During 1954, both advances made and repayments received established new calendar-year records. However, since repayments ex-

ceeded the total advances made by $84,077,000, the resulting balance outstanding at year's end of $867,478,000 was second to the previous year-end high established on December 31, 1953.

Capital Structure

The capital stock outstanding on December 31, 1954, of all Banks was held by their respective member institutions. Each member is required to own stock in its Bank in a minimum amount equal to 2 percent of the aggregate of the unpaid amount of such member's home mortgage loans and similar obligations, but not less than $500. A borrowing member must own stock in an amount equal to at least one-twelfth of the principal amount of advances it owes the Bank, but not less than the minimum requirement.

Earned surplus is divided into a legal reserve, established in accordance with Section 16 of the Federal Home Loan Bank Act, as amended; a reserve for contingencies, established voluntarily by some of the banks; and undivided profits.

The following tabulation reflects the capital structure of the Banks as of the close of 1954 and 1953 and the changes during the calendar year 1954:

	Dec. 31, 1954	Dec. 31, 1953	Increase for 1954
Capital stock:			
Subscribed by members	$438,001,800	$368,609,800	$69,392,000
Less—unpaid subscriptions	97,450	86,150	11,300
Total paid-in capital	437,904,350	368,523,650	69,380,700
Surplus:			
Legal reserve	22,124,470	19,602,070	2,522,400
Reserve for contingencies	3,194,637	3,158,763	35,874
Undivided profits	15,525,479	14,754,643	770,836
Total surplus	40,844,586	37,515,476	3,329,110
Total capital	478,748,936	406,039,126	72,709,810

Legal Reserve

As indicated in the preceding tabulation, the Federal Home Loan Banks transferred a total of $2,522,400 to this reserve during the calendar year 1954. The amount of this reserve is equal to 5.1 percent of the total paid-in capital as of December 31, 1954. Each Federal Home Loan Bank is required by Section 16 of the Federal Home Loan Bank Act to transfer 20 percent of its net earnings to a reserve account semi-annually until such reserve is equal to the Bank's paid-in capital, after which 5 percent of the net earnings must be so transferred. During 1954 this reserve increased 12.9 percent over the preceding year-end total.

The legal reserve of all Banks is invested in direct obligations of the United States and equals 3.5 percent of the par value of investment securities held by all Banks as of December 31, 1954.

Investment Securities

During 1954 the Banks purchased United States Government obligations at an approximate cost of $1,444,792,000, while sales and maturities approximated $1,190,807,000. The face value of all investment securities owned by the Banks on December 31, 1954, aggregated $641,024,000, as compared with $387,640,000 on December 31, 1953, an increase of 65.4 percent. The weighted average yield on cost of securities owned at December 31, 1954, amounted to 1.92 percent as contrasted to 2.17 percent at December 31, 1953.

The investment securities were distributed as follows:

	Par value	Book value
U. S. Treasury bills	$30, 800, 000	$30, 730, 626
U. S. Certificates of indebtedness	400, 000	400, 000
U. S. Treasury notes:		
Special series	262, 600, 000	262, 600, 000
Marketable	45, 399, 000	45, 418, 966
U. S. Treasury Bonds	291, 425, 000	291, 671, 715
U. S. Savings Bonds	10, 400, 000	10, 400, 000
Total investments	641, 024, 000	641, 221, 307

Liquidity Reserves

Each Federal Home Loan Bank, as required by Section 11(g) of the Act, shall at all times have at least an amount equal to the current deposits received from its members invested in (1) obligations of the United States, (2) deposits in banks or trust companies, and (3) in advances with a maturity of 1 year or less. As of December 31, 1954, amounts invested under these 3 classifications exceeded these deposits by $538,109,623.

In order to insure a greater degree of liquidity, the regulations require each Bank to maintain a liquidity reserve at least equal to 20 percent of the total of its paid-in capital and its liability on members' deposits. This reserve includes $50,000,000 in 2 percent Treasury Special Series Notes and the remainder in cash on deposit and obligations with maturities not in excess of or which can be redeemed within 13 months and securities acquired from dealers under a repurchase agreement.

These reserves, together with working funds provided in an amount deemed adequate, enable the Banks to meet the requirements of their members until funds are obtained through a public sale of consolidated Federal Home Loan Bank obligations.

The securities apportioned to the liquidity reserve must be those not needed for compliance with the requirements of Section 16 of the Act.

Advances to Members

The following tabulation reflects the number of borrowers by types and the amount of advances outstanding to each group on December 31, 1954:

Type of Institution	Borrowers		Advances outstanding	
	Number	Percent	Amount	Percent
Savings and loan associations:				
Federally chartered	772	40.2	$518,934,906	59.8
State-chartered:				
Insured by FSLIC	809	42.1	314,882,597	36.3
Not insured by FSLIC [1]	341	17.7	29,934,727	3.5
Total savings and loan associations	1,922	100.0	863,752,230	99.6
Insurance company	1		3,725,875	0.4
Total	1,923	100.0	867,478,105	100.0

[1] Includes 1 nonmember borrower with advances of $28,750.

During the calendar year 1954, as shown in Table 11, advances totaling $734,248,943 were made and repayments aggregating $818,325,856 were received which resulted in a net decrease of $84,076,913 from the advances outstanding at December 31, 1953. The number of borrowers at the year end represented 45.4 percent of the total number of members of all Banks and is a decrease of 224 from the number at December 31, 1953.

On December 31, 1954, advances outstanding were distributed as follows:

Secured	$571,945,618	Short-term (1 year or less)	$612,327,773
Unsecured	295,532,487	Long-term (up to 10 years)	255,150,332
	867,478,105		867,478,105

The amount of secured advances represented the borrowings of 1,129 members and 1 nonmember mortgagee, and $255,150,332 thereof consisted of amortized loans for terms of more than 1 year but not more than 10 years, the balance of $316,795,286 matures within one year. These secured advances were collateralized by 195,128 home mortgages, the unpaid balances of which aggregated $1,165,005,936, United States Government obligations having a par value of $77,826,000 and other eligible collateral having a face value of $1,700,000. The face value of all such collateral amounted to $1,244,531,936 or 217.6 percent of the secured advances outstanding, to which collateral the Banks

had assigned a loan value of $884,930,437. On August 2, 1954, the Federal Home Loan Bank Act was amended whereby home mortgages up to $35,000, instead of $20,000, may be accepted as collateral security for an advance, if otherwise eligible.

Unsecured advances for terms of one year or less were held by 978 member institutions and were equal to 34.1 percent of the total advances outstanding. Each Bank held a statutory lien on its capital stock owned by each member-borrower irrespective of whether the advances were secured or unsecured. Such stock on December 31, 1954, amounted to $218,875,000.

Interest Rates on Advances

The Federal Home Loan Banks are authorized by the Board to establish rates on advances within the maximum limit prescribed by the Board. At the present time the Banks may provide for a contract interest rate not exceeding 6 percent per annum.

During the year 8 Banks authorized decreases in rates from those prevailing at December 31, 1953, while 3 Banks made no change in their effective rates. On December 31, 1953, rates ranged from 2.75 to 3.5 percent on secured advances and 2.75 to 3.0 percent on unsecured advances. On December 31, 1954, as shown in Table 12, the respective rates ranged from 2.25 to 3.5 percent and 2.5 to 2.75 percent per annum.

Delinquent Advances

On December 31, 1954, none of the advances outstanding was more than 30 days past due, except advances totaling $6,300,000 and interest thereon of $834,849 represented by notes from the Long Beach Federal Savings and Loan Association, Long Beach, California.

This borrower is involved in litigation with the Bank, and the U. S. Court of Appeals has directed the U. S. District Court to deliver to the Bank collateral for the indebtedness which the District Court has impounded. The original litigation was started in 1948 due in part to the merger of the Federal Home Loan Bank of Los Angeles with the Federal Home Loan Bank of Portland, under the name of the Federal Home Loan Bank of San Francisco, and to the appointment of a conservator for the Long Beach Federal Savings and Loan Association.

Member Institutions

As of December 31, 1954, there were 4,234 member institutions of the Federal Home Loan Bank System. Their aggregate resources at that date, based on the latest estimates, amounted to $30,678,000,000

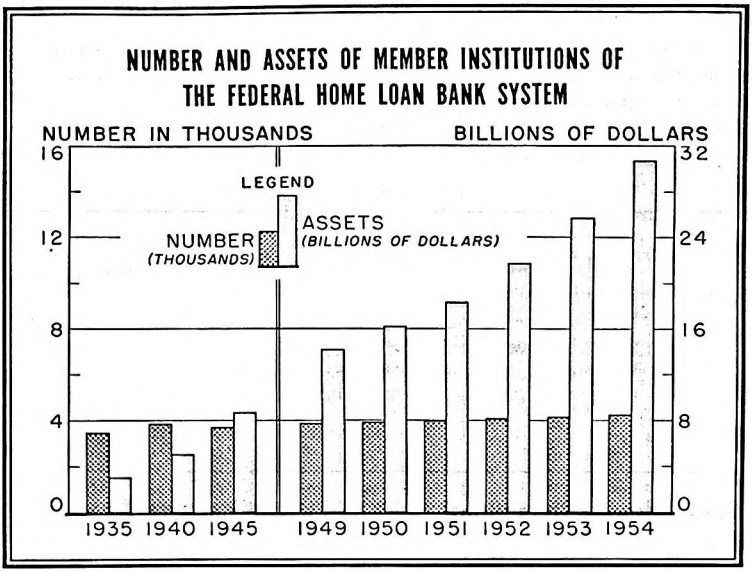

CHART 12

reflecting an increase during 1954 of $4,953,000,000 or 19.3 percent. The number of member institutions increased from 4,134 to 4,234 during 1954 or 2.4 percent. This net increase of 100 members during 1954 represented the largest gain in members since 1937 in which year the Banks had a net increase of 172 members.

At the close of 1954 the average size of all member institutions of the Bank System was $7,245,600, an increase of 16.4 percent during the year and 96.9 percent during the past 5 years. The average size of Federal savings and loan associations was $10,229,000, as compared with $6,466,000 and $2,321,000 for State-chartered savings and loan associations insured by the Federal Savings and Loan Insurance Corporation and State-chartered savings and loan associations not so insured.

The Federal Home Loan Bank Act, as amended, requires that the Home Loan Bank Board by regulation prescribe a standard of liquidity for member institutions within the limits set forth in the Act. The present regulation requires each member to maintain a ratio of at least 6 percent in cash and United States Government obligations to its share capital.

At December 31, 1954, the ratio of liquid assets to share capital of member institutions amounted to 15 percent. In perspective, it

may be noted that this is considerably under liquidity ratios as high as 39 percent reported during the World War II period of limited mortgage investment opportunities, but it is above the prewar level of about 8 percent.

Changes in the composition of the System's membership during 1954 are summarized as follows:

[Dollar amounts in millions]

Type of Institution	Dec. 31, 1954		Dec. 31, 1953		Net change	
	Number	Assets	Number	Assets	Number	Assets
All member institutions	4,234	$30,678	4,134	$25,725	+100	+$4,953
Savings and loan associations	4,209	30,168	4,108	25,216	+101	+4,952
Federally chartered	1,640	16,775	1,604	14,039	+36	+2,736
State-chartered:						
Insured by FSLIC	1,793	11,592	1,700	9,459	+93	+2,133
Not insured by FSLIC	776	1,801	804	1,718	−28	+83
Savings banks	22	474	23	475	−1	−1
Insurance companies	3	36	3	34		+2

Consolidated Obligations

Consolidated Federal Home Loan Bank obligations outstanding at the beginning of the calendar year 1954 totaled $413,500,000. These consisted of 4 series of notes maturing February 15, March 15, April 15, and May 17, 1954. The first 3 of these series aggregating $309,500,000 were paid off at maturity without any portion thereof being refunded. The May 17 maturity of $104,000,000 was refunded in full on that date when 2 series of notes were issued in the aggregate amount of $115,000,000. In order to satisfy the demand of members of the Federal Home Loan Banks for additional funds during 1954, including the refunding operation referred to, the Board issued consolidated notes as follows:

1.15%, Series E–1954 Notes, dated 5–17–54, due 9–15–54	$55,000,000
1.30%, Series A–1955 Notes, dated 5–17–54, due 1–17–55	60,000,000
1.25%, Series B–1955 Notes, dated 9–15–54, due 3–15–55	119,000,000
1.375%, Series C–1955 Notes, dated 11–15–54, due 2–15–55	94,000,000
Total issued during year	328,000,000

The last 3 issues aggregating $273,000,000 were still outstanding at December 31, 1954, of which $1,000,000 par value had been purchased in the open market and was held by 1 Federal Home Loan Bank. From date of first issuance on May 10, 1937, through December 31, 1954, consolidated obligations including debentures, bonds, and notes, were issued in the total amount of $4,777,250,000 of which $4,504,250,000 were retired, leaving a balance of $273,000,000 outstanding on the latter date.

The Board's regulations provide that consolidated bonds shall not be issued in excess of 12 times the total paid-in capital stock and legal reserves of all Federal Home Loan Banks.

Interbank Deposits

Section 11 of the Federal Home Loan Bank Act, as amended, provides for interbank deposits, the medium by which excess funds in 1 Bank are transferred to another Federal Home Loan Bank in need thereof. From the beginning of operations through December 31, 1954, interbank deposits, all on a voluntary basis, had been made in the total amount of $717,700,000. Interbank deposits made during the calendar year 1954 amounted to $87,500,000 and repayments thereof during the same period totaled $83,000,000, which left a balance of $13,500,000 outstanding at the year end, after taking into consideration the $9,000,000 outstanding at the beginning of the year. The Board establishes the interest rate on interbank deposits and such rates are generally determined on the basis of the average cost of all consolidated obligations outstanding, plus one-tenth of 1 percent per annum. As of December 31, 1954, the effective rate was 1.47 percent.

Dividends of Banks

Dividend declarations by the Banks during the calendar year 1954, were at rates ranging from 1.5 percent to 2.5 percent per annum and totaled $8,921,628. Aggregate dividends, declared from the beginning of operations through December 31, 1954, amounted to $67,571,811. Dividend payments for the year 1954 equaled 70.74 percent of the 1954 net income, while dividends since the beginning of operations equal but 61.43 percent of the cumulative net income.

The average rate of earnings for the individual Banks, after setting aside the required addition to Legal Reserve, ranged from 1.95 percent to 2.85 percent for 1954 as compared with 1.79 to 2.79 percent for the calendar year 1953. The weighted average dividend rate, on an annual basis, for 1954 and 1953 was 2.146 percent and 2.149 percent, respectively.

Comparative Balance Sheet

A comparative consolidated statement of condition of the 11 Federal Home Loan Banks as of December 31, 1954, and December 31, 1953, is contained in Table 13 of this report.

Income and Expenses

Gross operating income of the 11 Federal Home Loan Banks, as will be seen from the consolidated statement of income and expense

of the Banks presented in Table 14, increased by 6.7 percent during the year, advancing from $29,278,645 in 1953 to $31,229,726 in 1954. This was due principally to an increase in the income from securities, which represented 39.77 percent of total operating income in contrast to 32.12 percent in 1953. In 1954 interest on advances was equal to 60.15 percent of gross income as compared with 67.86 percent in 1953.

Operating expenses during 1954 totaled $19,105,200 and represented a 1.9 percent increase over the 1953 total. While there was no material change between 1953 and 1954 in the total operating expenses, the large change in two expense items—interest on consolidated obligations which decreased from $7,938,938 to $3,905,053 and interest on members' deposits which increased from $8,264,922 to $12,664,718—indicates a significant trend in two major fields of Bank operations.

Net income of the Banks for the calendar year 1954 amounted to $12,611,997 and represented a rate of earnings on average paid-in capital, after statutory reserve requirements, of 2.45 percent as compared with $10,706,892 and 2.46 percent for 1953. Cumulative net income of the Banks from the date of their organization through December 31, 1954, amounted to $109,990,790.

The following tabulation reflects the disposition of the net income for 1954 and the cumulative net income through December 31, 1954:

	Calendar year 1954		Oct. 1932 to Dec. 31, 1954	
	Amount	Percent	Amount	Percent
Dividends paid:				
U. S. Government			$26,176,170	23.80
Members	$8,921,628	70.74	41,395,640	37.63
Total dividends	8,921,628	70.74	67,571,810	61.43
Retirement fund, prior service	370,828	2.94	1,025,950	.93
Retirement fund, special payments			548,444	.50
Legal reserve	2,522,399	20.00	22,124,470	20.12
Contingent reserve	35,874	.28	3,194,637	2.90
Undivided profits	761,268	6.04	15,525,479	14.12
Total net income	12,611,997	100.00	109,990,790	100.00

Supervision of Banks

Pursuant to the provisions of the Federal Home Loan Bank Act, as amended, the Home Loan Bank Board, in supervising the operations of the Federal Home Loan Banks, requires each Bank to submit for its approval an annual budget covering the estimated controllable expenses to be incurred. All dividend declarations by the boards of directors of the Banks are subject to the approval of the Home Loan Bank Board, as are the appointments and salaries of all officers and

attorneys of the Banks, bylaw amendments, leases for banking quarters, with some exceptions purchases and sales of investment securities, and the range of interest rates on advances, members' deposits, and interbank deposits.

It is the policy of the Home Loan Bank Board to permit each Bank to operate under the direction of its regional board of directors, within certain limitations, insofar as may be permitted by the laws relating to such operations. In keeping with this policy, each Bank is permitted to establish lines of credit for its member institutions, make advances to them and select and fix the compensation of all employees other than officers and attorneys.

Examinations of Banks

Each Federal Home Loan Bank is examined at least annually, as required by Section 20 of the Federal Home Loan Bank Act, as amended, by examiners attached to the staff of the Director of Audits of the Home Loan Bank Board. Also, pursuant to the provisions of the Government Corporation Control Act, the internal operations of the Home Loan Bank Board and its constituent units are subject to an annual audit by representatives of the General Accounting Office. Since the Act further requires the General Accounting Office to use to the fullest extent deemed practical reports of examinations made of Government corporations pursuant to law, such Office has confined its activities largely to periodic surveys and analyses of examinations and audits made by the staff of the Board's Director of Audits. Examiners appointed by the Board are subject to the same requirements, responsibilities, and penalties as are applicable to examiners under the National Bank Act and the Federal Reserve Act.

Management of Banks

As provided under Section 7 of the Federal Home Loan Bank Act, as amended, the management of each Federal Home Loan Bank is vested in a board of 12 directors, all of whom are citizens of the United States and bona fide residents of the district in which the Bank is located. Four of such directors are appointed by the Home Loan Bank Board for terms of 4 years and 8 are elected by the member institutions for terms of 2 years. The terms of the appointed directors are arranged to permit the expiration of but one term each year. The terms of half of the elected directors expire annually. Annual elections of directors are conducted by the Home Loan Bank Board in accordance with its prescribed regulations. A list of directors and officers as of December 31, 1954, follows:

FEDERAL HOME LOAN BANKS

Directors and Officers as of December 31, 1954

Boston

DIRECTORS

William J. Pape (appointed).
Rockwell C. Tenney (appointed).
Milton A. Barrett† (at large).
Ralph R. Crosby (at large).
Ralph E. Ellis (class A).
James E. Bent (class A).
Norman E. Rand (class B).
William J. D. Ratcliff (class B).
Walter H. Washburn (class C).

OFFICERS

Herbert N. Faulkner, president.
Lawrence E. Donovan, vice president and treasurer.
Paul H. Heywood, vice president and secretary.
Beatrice E. Holland, assistant secretary.

New York

DIRECTORS

James Bruce (appointed).
Francis V. D. Lloyd (appointed).
Eustace Seligman (appointed).
George MacDonald* (appointed).
Ernest A. Minier† (at large).
Everett C. Sherbourne (at large).
Arthur E. Knapp (class A).
George L. Bliss (class A).
Leonard E. Rautenberg (class B).
Thomas S. Craig (class B).
Robert R. Lally (class C).
T. E. Hamilton (class C).

OFFICERS

M. K. M. Murphy, president.
Denton C. Lyon, vice president and secretary.
Michael Zarrilli, treasurer.
Joseph F. X. O'Sullivan, assistant secretary.

Pittsburgh

DIRECTORS

Dr. Charles S. Tippetts (appointed).
Arthur B. Koontz (appointed).
Walter B. Gibbons (appointed).
Ernest T. Trigg* (appointed).
Alexander Salvatori (at large).
Fred A. Werner (at large).
C. Elwood Knapp (class A).
Norman E. Clark† (class A).
Charles Warner (class B).
N. F. Braun (class B).
James W. Turtle (class C).
Francis E. McGill (class C).

OFFICERS

G. R. Parker, president.
Harold L. Tweedy, vice president.
William M. Stout, vice president.
Dale Park, treasurer.
Warren Sutton, secretary.

Greensboro

DIRECTORS

Horace S. Haworth* (appointed).
Raymond D. Knight (appointed).
J. Grayson Luttrell (appointed).
W. P. Bowers (appointed).
Frank Muller, Jr. (at large).
Marion M. Hewell (at large).
Wilfred H. Blanz (class A).
Wallace O. DuVall† (class A).
D. R. Fonville (class B).
George E. Comer (class B).
A. C. Blount (class C).
Robert L. Green (class C).

OFFICERS

J. M. Sink, Jr., president-secretary.
John A. Fogarty, vice president-assistant secretary.
John E. Snow, Jr., vice president-assistant treasurer.
James T. Spence, treasurer.

Cincinnati

DIRECTORS

W. D. Gradison (appointed).
Dr. Howard L. Bevis* (appointed).
Frazer D. LeBus (appointed).
Frank K. Vaughn (appointed).
W. B. Furgerson (at large).
W. Megrue Brock† (at large).
Allen C. Knowles (class A).

*Chairman.
†Vice chairman.

Directors and Officers as of December 31, 1954—Continued

Ernest D. Heppert (class A).
E. A. Covington (class B).
John C. Mindermann (class B).
R. A. Stevens (class C).
Eric L. Schulte (class C).

OFFICERS

Walter D. Shultz, president.
W. E. Julius, vice president-treasurer.
J. W. Whittaker, vice president.
E. T. Berry, secretary.

INDIANAPOLIS

DIRECTORS

Dr. Herman B. Wells* (appointed).
Charles T. Fisher, Jr. (appointed).
E. Kirk McKinney (appointed).
Harold A. Fitzgerald (appointed).
Fermor S. Cannon† (at large).
Arthur H. Deitsch (at large).
Laurence H. Cook (class A).
George L. Young (class A).
Harold H. Sherman (class B).
Harold F. Harrison (class B).
Bryon L. Jones (class C).
J. Albert Jackson (class C).

OFFICERS

Fred T. Greene, president and secretary.
Fermor S. Cannon, vice president.
G. E. Ohmart, vice president and treasurer.
Sylvia F. Brown, assistant secretary.
Caroline F. White, assistant treasurer.

CHICAGO

DIRECTORS

Edwin A. Locke, Jr. (appointed).
Cornelius T. Young (appointed).
Cola G. Parker* (appointed).
Charles R. Jones† (at large).
Myron H. Fox (at large).
John P. Domeier (class A).
Robert J. Pittelkow (class A).
Austin J. Waldron (class B).
Earl S. Straight (class B).
E. G. Holzweg (class C).
Robert L. Hirschinger (class C).

OFFICERS

John E. Stipp, president.
Allan Anderson, vice president.
Ralph Menard, secretary and treasurer.

DES MOINES

DIRECTORS

Paul E. Vardeman (appointed).
John D. Adams* (appointed).
L. A. Rossman (appointed).
Thomas Greenshields (at large).
James M. Camp (at large).
N. T. Paterson† (class A).
Clayton C. Cross (class A).
Preston A. Richardson (class B).
Einer P. Juel (class B).
Andrew Madsen (class C).
Ronald F. Bartholomew (class C).

OFFICERS

Robert J. Richardson, president.
W. H. Lohman, vice president-treasurer.
J. M. Martin, secretary.
A. E. Mueller, assistant treasurer.

LITTLE ROCK

DIRECTORS

Claude H. Roberts (appointed).
T. J. Butler (appointed).
Gordon H. Campbell (appointed).
Gail Whitcomb* (appointed).
C. Roy Smith (at large).
W. P. Gulley† (at large).
Thomas S. Walker (class A).
Curtis M. Hennesy (class A).
A. H. Jerry Knippa (class B).
Mandeville P. Arnoult, Jr. (class B).
Robert T. Love (class C).
Louis D. Ross (class C).

OFFICERS

J. Curran Conway, president and secretary.
Ennis M. Oakes, vice president.
W. F. Tarvin, treasurer.
Lucile W. Newby, assistant secretary.

*Chairman.
†Vice chairman.

Directors and Officers as of December 31, 1954—Continued

TOPEKA

DIRECTORS

Joseph A. Uhl, Jr. (appointed).
Harrington Wimberly† (appointed).
Walter R. Raecke (appointed).
Henry A. Bubb* (appointed).
A. J. Bromfield (at large).
Ben G. Phlegar (at large).
Cleo C. Ingle (class A).
Gladys Forsyth (class A).
Marion T. Rigdon (class B).
James S. Gormley (class B).
F. E. Myers (class C).
Doris E. Soden (class C).

OFFICERS

C. A. Sterling, president and secretary.
R. H. Burton, vice president and treasurer.

SAN FRANCISCO

DIRECTORS

Harold B. Starkey (appointed).
Archibald B. Young (appointed).
C. W. Leaphart (appointed).
Frank S. McWilliams* (appointed).
C. N. Bloomfield (at large).
M. L. Dye (at large).
Joe Crail† (class A).
Gerrit Vander Ende (class A).
Alfred F. Kerr (class B).
R. J. Fremou (class B).
Kirk Reynolds (class C).
O. R. Baum (class C).

OFFICERS

J. Alston Adams, president and secretary.
A. C. Newell, vice president.
James W. McBride, vice president.
William N. Purmort, assistant vice president.
Joseph H. Cowan, assistant vice president.
Ray E. Humphrey, treasurer.
L. F. Nolan, assistant treasurer.
E. M. Jenness, assistant secretary.
E. E. Pearson, assistant secretary.

*Chairman.
†Vice chairman.

TABLE 11

Federal Home Loan Banks—Summary of lending operations

	Advances	Repayments	Balance outstanding end of year
Boston	$35,900,000.00	$41,531,883.00	$54,871,872.00
New York	51,685,966.69	85,772,536.26	49,576,698.45
Pittsburgh	51,050,600.00	60,309,447.00	84,847,000.00
Greensboro	102,671,250.00	122,402,390.60	123,364,749.15
Cincinnati	37,706,000.00	50,586,720.00	45,788,905.00
Indianapolis	27,897,125.00	27,397,498.65	52,380,281.41
Chicago	99,850,084.02	95,974,765.10	156,174,130.92
Des Moines	46,777,683.00	60,843,213.83	65,956,707.69
Little Rock	38,191,500.00	34,550,569.00	45,701,880.00
Topeka	24,089,500.00	22,818,775.00	30,108,640.00
San Francisco	218,429,233.81	216,138,057.65	158,707,239.96
Total, year:			
1954	734,248,942.52	818,325,856.09	867,478,104.58
1953	727,516,617.72	640,150,130.87	951,555,018.15
1952	585,813,271.68	527,561,507.80	864,188,531.30
1951	422,977,074.15	432,997,024.55	805,936,767.42
1950	674,756,649.69	292,229,081.73	815,956,717.82
1949	255,662,641.50	337,249,580.83	433,429,149.86
1948	359,612,776.74	280,168,873.35	515,016,089.19
1947	351,079,350.99	208,961,931.03	435,572,185.80
1946	329,231,890.68	230,649,366.93	293,454,766.74
1945	277,748,276.84	213,438,982.95	194,872,242.99
1944	239,254,221.89	218,759,089.74	130,562,949.10
1943	156,925,588.93	176,070,303.60	110,067,816.95
1942	99,461,876.19	189,695,394.41	129,212,531.62
1941	157,600,420.85	139,646,335.38	219,446,049.84
1940	134,212,165.93	114,033,192.20	201,491,964.37
1939	94,780,586.64	112,310,034.15	181,312,990.64
1938	81,958,343.39	83,153,601.22	198,842,438.15
1937	123,251,172.91	68,440,498.13	200,037,695.98
1936	93,257,057.50	50,715,704.66	145,227,021.20
1935	59,130,068.56	43,046,971.39	102,655,668.36
1934	38,675,566.12	37,515,249.30	86,602,571.19
1933	90,032,164.49	5,427,410.12	85,442,254.37
1932	837,500.00		837,500.00
Grand total	6,088,024,225.91	5,220,546,121.33	

TABLE 12

Federal Home Loan Banks.—Schedule of interest rates on new advances and interest rates paid on members' time deposits, Dec. 31, 1954

	Boston	New York	Pitts-burgh	Greens-boro	Cincin-nati	Indian-apolis	Chicago	Des Moines	Little Rock	Topeka	San Francisco
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Advances to members:											
Only one rate in effect	2.5				2.75	2.75			2.75	2.75	3.0
Secured advances:											
Not exceeding 1 year		2.5	2.25	2.75			2.5	2.75			
1 year to 5 years				3.0			2.75				
5 years to 10 years				3.5			3.0				
1 year to 10 years		2.75						3.0			
Unsecured advances: 1 year or less		2.5	2.50	2.75			2.5	2.75			
Time deposits:											
On deposits remaining:											
30 days or longer	1.25	1.5	1.5	1.75	1.5	2.0	1.5	2.0		1.5	[1] 1.0–2.5
60 days or longer									1.5		
Certificates of deposit: (1 year)	2.0		2.0				1.75				1.75

[1] Paid on the time portion, representing 70 percent of a combination time-demand deposit account.

TABLE 13

Federal Home Loan Banks.—Comparative consolidated statement of condition as of dates indicated

	Dec. 31, 1954	Dec. 31, 1953
ASSETS		
Cash:		
On hand and in banks	$30,022,335.92	$29,040,623.63
Treasurer of the United States	16,130,729.86	15,378,582.18
Total cash	46,753,065.78	44,419,205.81
Investments—U. S. Treasury obligations	641,221,307.58	387,337,017.28
Advances outstanding:		
Secured	571,945,617.58	637,407,110.15
Unsecured	295,532,487.00	314,147,908.00
Total advances outstanding	867,478,104.58	951,555,018.15
Accrued interest receivable	5,098,210.82	4,046,879.49
Deferred charges	80,804.23	147,467.23
Other assets	14,195.92	11,966.04
Total assets	1,560,645,688.91	1,387,517,554.00
LIABILITIES		
Deposits:		
Members—Time	680,114,563.19	470,554,262.72
Members—Demand	121,914,326.56	87,891,513.64
Applicants for membership	436,650.00	233,325.00
Total deposits	802,492,539.75	558,679,101.36
Accrued interest payable	2,793,047.10	5,578,065.47
Accounts payable	20,487.69	8,722.56
Dividends payable	4,590,673.53	3,712,468.92
Consolidated obligations (net)[1]	272,000,000.00	413,500,000.00
Total liabilities	1,081,896,753.07	981,478,428.31
CAPITAL		
Capital stock: Total paid in on subscriptions	437,904,350.00	368,523,650.00
Surplus—Earned:		
Legal reserve	22,124,469.92	19,602,070.53
Reserve for contingencies	3,194,636.80	3,158,762.58
Undivided profits	15,525,479.03	14,754,642.58
Total earned surplus	40,844,585.84	37,515,475.69
Total capital	478,748,935.84	406,039,125.69
Total liabilities and capital	1,560,645,688.91	1,387,517,554.00

[1] Consolidated Federal Home Loan Bank obligations issued by the Home Loan Bank Board and now outstanding are the joint and several obligations of all Federal Home Loan Banks. The amounts shown represent the total unmatured obligations less amounts, if any, acquired in the open market and held by one or more Federal Home Loan Banks.

TABLE 14

Federal Home Loan Banks.—Comparative consolidated statement of income and expense for the calendar years indicated

	Calendar year 1954		Calendar year 1953	
	Amount	Percent	Amount	Percent
Earned operating income:				
Interest on advances	$18,785,747.20	60.15	$19,867,803.57	67.86
Interest on securities	12,420,851.20	39.77	9,404,480.77	32.12
Miscellaneous	23,127.60	0.08	6,360.35	0.02
Total operating income	31,229,726.00	100.00	29,278,644.69	100.00
		Percent of operating income		*Percent of operating income*
Operating expenses:				
Compensation	1,237,580.22	3.96	1,184,709.32	4.05
Travel	118,185.16	0.38	117,594.99	0.40
Other administrative expenses	505,930.67	1.62	450,800.98	1.54
Interest on consolidated obligations	3,905,053.48	12.51	7,938,938.33	27.12
Concessions on consolidated obligations	210,863.98	0.68	332,922.62	1.14
Paid through Office of Fiscal Agent	66,397.18	0.21	62,307.50	0.21
Interest on members' deposits	12,664,718.19	40.55	8,264,922.28	28.23
GAO audit expense	8,165.18	0.03	6,146.25	0.02
Assessment for expenses of HLBB	388,300.00	1.24	381,600.00	1.30
Total operating expenses	19,105,200.06	61.18	18,739,942.27	64.01
Net operating income	12,124,525.94	38.82	10,538,702.42	35.99
		Percent of total income		*Percent of total income*
Nonoperating income:				
Profit—Sales of securities	467,141.56	1.47	176,452.48	0.60
Assessment credit for prior years	100,000.00	0.31	100,000.00	0.34
Furniture and equipment sales	3,018.70	0.01	5,679.63	0.02
Miscellaneous	175.28		929.32	
Total nonoperating income	570,335.54	1.79	283,061.43	0.96
Nonoperating charges:				
Loss—Sales of securities	9,422.76	0.03	71,064.97	0.24
Furniture and equipment purchased	43,899.09	0.14	43,807.04	0.15
Membership fees—Savings and Loan Foundation	29,542.67	0.09		
Total nonoperating charges	82,864.52	0.26	114,872.01	0.39
Net income	12,611,996.96	39.66	10,706,891.84	36.22

SECTION 3

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

Introduction

The creation of the Federal Savings and Loan Insurance Corporation in 1934 represented a new venture in the application of the insurance principle to the savings and loan business. Through the premiums paid by the insured members and the earnings realized on the invested assets, a common central fund is created that may be diverted to any institution where serious difficulty is encountered. After 20½ years of operation, the American public has become fully aware of the advantages of insurance of savings and now regards such protection as an essential part of the Nation's financial structure.

Important safeguards provided by the Corporation are: (1) The authority to act promptly in order to restore insured associations in financial difficulty to normal operation, and (2) the ability to make prompt payment to the savers in insured associations in liquidation. The Corporation's ability to meet its insurance obligations is further strengthened by its continuing authority to borrow up to $750,000,000 from the United States Treasury.

Nearly 13,800,000 savers were receiving the advantages of insurance through the Corporation in the savings and loan associations which had qualified for insurance at the end of 1954. Each account holder was insured against loss on his savings account up to $10,000.

Insurance Coverage

On December 31, 1954, the membership of the Corporation numbered 3,433. Of these, 1,793 were State-chartered for which insurance is optional and 1,640 Federally chartered for which insurance is mandatory. All insured institutions, irrespective of their type, are members of the Federal Home Loan Bank System, which provides an important source of reserve funds.

Insured associations, which hold 90 percent of the assets of all savings and loan associations in the country, are located in every State in the United States, the District of Columbia, Puerto Rico, Alaska, Hawaii, and Guam. A detailed breakdown, by States and Federal Home Loan Bank Districts, of the number and assets of

insured associations at the end of 1954 and 1953 will be found in Table 15.

Membership

ELIGIBILITY REQUIREMENTS.—The Corporation follows the standards of qualification established by the insurance law (Title IV of the National Housing Act, as amended) in determining whether an applicant institution is eligible for insurance. In brief, an institution, to become insured, must not only have unimpaired capital, but must also give positive proof of safe financial policies and management.

The Corporation may reject the application of an institution if it finds that the character of the management of the applicant or its home-financing policy are inconsistent with economical home financing or with the purposes of insurance.

ADMISSIONS AND TERMINATIONS.—During 1954, insurance of accounts was extended to 141 additional associations—110 State-chartered and 31 Federal associations. Twelve associations terminated their insurance because of merger or consolidation, leaving a net gain of 129 insured associations for the year. Insured institutions, with the exception of Federal associations, have the right of terminating their insurance, provided they meet certain legal requirements. Also under the provisions of the insurance law, the Corporation has the right to cancel the insurance of an institution for violation of the law or the rules and regulations of the Corporation. Wherever difficulties have appeared, it has been possible to develop corrective programs without resorting to the termination of insurance.

The following tabulation reflects the number of insurance admissions and terminations during the years 1947 to 1954:

Year	Admissions	Terminations	Year-end total
1947	49	9	2,536
1948	87	7	2,616
1949	148	8	2,756
1950	111	7	2,860
1951	164	4	3,020
1952	157	5	3,172
1953	143	11	3,304
1954	141	12	3,433

Insurance Protection for the Investor

The Corporation has broad authority in the event that an insured association becomes involved in financial difficulties and the appropriate State or Federal supervisory authority determines that conditions warranting the declaration of default exist. Specifically, the Corporation may prevent a default or may act to restore an institution in default to normal operation by making a contribution, by

purchasing some or all of the insured association's assets or, where applicable, by making a loan. If determination is made to liquidate the institution, the Corporation will make payment of the insured accounts to the savers in cash or in savings accounts in sound insured associations. In the event accounts are paid in shares of another insured institution, the Home Loan Bank Board determines that the association is in a position to pay promptly, and no more cash is required than through direct payment of the account.

Insurance Settlements

During its 20½ years of operation, the Corporation has had 37 "insurance settlement actions"—instances in which insured associations experienced difficulties necessitating financial assistance by the Corporation. In connection with these cases, the Corporation has had net losses of $5,160,774—equal to less than 3 percent of its gross income for the entire operating period. The only case requiring financial assistance during the past five years was received in 1954. In this instance, a contribution of $16,500 was authorized to remove an estimated impairment of the assets of the association. The contribution will be disbursed as the anticipated losses are actually realized. The association is now operating normally under new management.

A summary of insurance losses through December 31, 1954, follows:

Type	Number	Amount
Contributions:		
Continued operations	20	$4,356,551
Mergers	6	535,262
Voluntary liquidations	3	2,748
Net total	29	4,894,561
Receiverships:		
Payment of insurance	7	6,699,801
Recoveries		6,390,254
Net		309,547
Purchase of assets:		
Disbursements	1	4,534,236
Collections		4,577,570
Net		(−)43,334
Net insurance losses	37	5,160,774

Condition of the Corporation

Assets of the Federal Savings and Loan Insurance Corporation increased $12,074,766 during the year to $235,517,456 at year end. Approximately 97 percent of the assets consisted of United States Government securities. A comparative statement of condition of the Corporation as of December 31, 1954, and December 31, 1953, appears in Table 16.

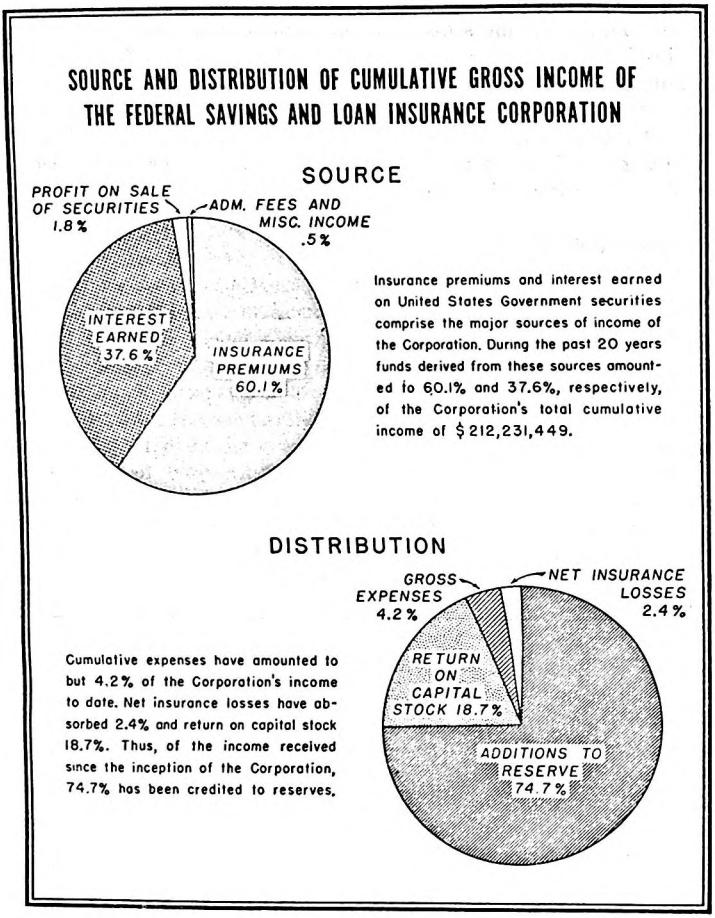

CHART 13

The Corporation has made provision for the systematic retirement of the capital stock held by the United States Treasury, as required by law. The last payment of $10,208,000, made in July, 1954, brought the total amount of stock retired to $33,221,000, leaving a balance outstanding of $66,779,000 on December 31, 1954.

At year end, the Corporation's reserve for losses rose to $158,481,522, all of which has been accumulated out of net earnings from the time the Corporation began operations in 1934. The combined capital

stock and reserve of the Corporation totaled $225,260,522 and was equal to about 1 percent of the insured liability at year end.

Operations of the Corporation

The income of the Corporation is derived from two main sources—the annual premiums paid by the insured member institutions and earnings on United States Government securities owned by the Corporation. Operating expenses of the Corporation are paid out of funds received from these sources, with no part being paid by the United States Treasury. Cumulative expenses have amounted to 4.2 percent of the total income of the Corporation. After payment of an annual return on capital stock to the United States Treasury, the balance of net income is transferred at the close of the fiscal year to the reserve account for insurance losses.

During the year 1954, operating income of the Corporation amounted to $22,720,013, an increase of $3,102,062, or 16 percent, from the previous year. Insurance premiums and admission fees of $17,437,813 made up 77 percent of the total, while interest on investments of $5,282,199 accounted for 23 percent. Operating expenses totaled $755,690 for the calendar year 1954, and were equivalent to 3.3 percent of operating income. In 1953, the ratio was 3.7 percent. A statement of income and expenses for 1954 and 1953 appears in Table 17.

Assets and Liabilities of Insured Associations

Assets of the insured membership, as shown in the following tabulation, totaled $28,367,000,000 on December 31, 1954, an increase of $4,869,000,000, or 21 percent, during the year and more than double the assets at the end of 1950. About $166,000,000 of the growth was due to the admission of new members and the balance was attributable to the growth of the institutions already insured.

[Dollar amounts in millions]

End of year	Total assets		Mortgage loans outstanding	Cash and U. S. Government securities	Percent to assets	
	Amount	Percent of all S&LA's			Mortgage loans outstanding	Cash and U. S. Government securities
1940	$2,926	51.0	$2,370	$195	81.0	6.7
1944	4,995	67.0	3,272	1,493	65.5	29.9
1948	9,715	74.6	7,777	1,616	80.1	16.6
1949	11,278	77.1	9,022	1,869	80.0	16.6
1950	13,644	81.0	11,153	2,002	81.7	14.7
1951	16,146	84.3	13,191	2,295	81.7	14.2
1952	19,582	86.7	16,031	2,718	81.9	13.9
1953	23,498	88.2	19,444	3,038	82.7	12.9
1954 [1]	28,367	89.5	23,564	3,578	83.1	12.6

[1] Preliminary.

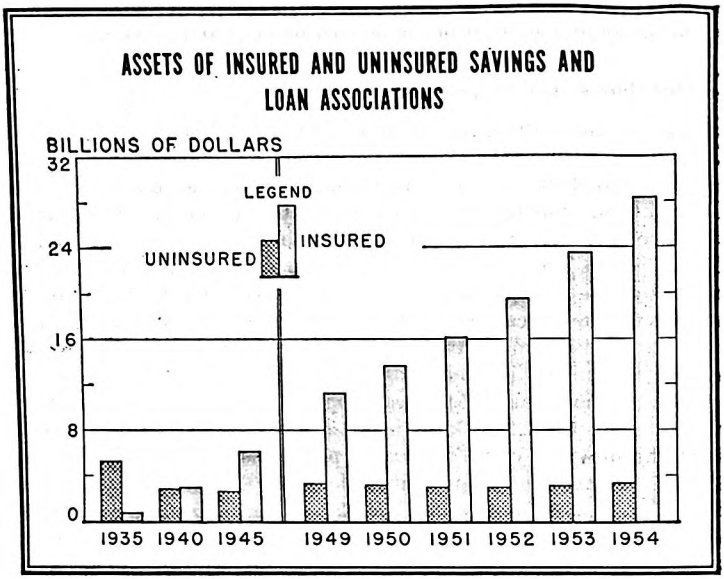

CHART 14

The mortgage lending operations of the insured associations rose to an all-time high during 1954. The $8,176,000,000 of new loans placed on their books for all purposes was greater than the previous peak year of 1953 by $1,192,000,000, or 17 percent. On December 31, 1954, as shown below, first mortgage loans of these institutions totaled $23,564,000,000, of which 18 percent were guaranteed or insured by Veterans' Administration and 5 percent were insured by Federal Housing Administration. The number of borrowers totaled over 4,400,000. Liquid assets of cash and United States Government securities were equivalent to 15 percent of savings capital at year end.

Type of loan	Mortgage loans held	Percentage distribution
FHA—insured	$1,088,935,000	4.6
VA—insured or guaranteed	4,323,385,000	18.4
Subtotal	5,412,320,000	23.0
Uninsured mortgage loans	18,151,758,000	77.0
Total	23,564,078,000	100.0

The large volume of lending has, of course, been dependent upon a heavy inflow of savings into these institutions. At year end, savings

capital held by the savers in insured associations aggregated $24,529,000,000, an increase of almost 22 percent during the year. Nearly 97 percent of the savings accounts were fully covered by insurance.

The reserves and undivided profits of insured associations, which would be available for losses in case of need, continued to increase in 1954. These accumulations, resulting from consistent annual allocations of net income, totaled over $1,876,000,000 at the close of the year, equivalent to 7.6 percent of savings capital.

TABLE 15

Federal Savings and Loan Insurance Corporation.—Number and assets of insured savings and loan associations, by type, Dec. 31, 1954 and 1953

[Dollar amounts shown in thousands]

	All insured				Federal				Insured State			
	1954		1953		1954		1953		1954		1953	
	Number	Assets	Number	Assets	Number	Assets	Number	Assets	Number	Assets	Number	Assets
United States	3,433	$28,367,143	3,304	$23,593,181	1,640	$16,775,485	1,604	$14,044,853	1,793	$11,591,658	1,700	$9,548,328
District No. 1—Boston	102	1,236,486	95	1,068,169	58	924,875	58	808,325	44	311,611	37	259,844
Connecticut	40	376,559	39	324,159	17	265,271	17	230,131	23	111,288	22	94,028
Maine	11	36,215	9	28,248	5	14,321	5	12,757	6	21,894	4	15,491
Massachusetts	32	571,655	32	498,982	31	562,363	31	490,934	1	9,292	1	8,048
New Hampshire	9	72,572	7	58,306	2	45,801	2	40,885	7	26,771	5	17,421
Rhode Island	7	157,038	5	130,151	1	15,108	1	14,739	6	141,930	4	124,412
Vermont	3	22,447	3	19,323	2	22,011	2	18,879	1	436	1	444
District No. 2—New York	365	3,570,735	356	3,047,026	99	1,746,307	94	1,499,337	266	1,824,428	262	1,547,689
New Jersey	176	1,184,810	168	960,711	22	157,960	20	125,641	154	1,026,850	148	835,070
New York	188	2,364,953	187	2,071,233	76	1,567,375	73	1,358,614	112	797,578	114	712,619
Puerto Rico	1	20,972	1	15,082	1	20,972	1	15,082				
District No. 3—Pittsburgh	296	1,656,853	293	1,386,495	153	1,121,733	152	928,859	143	535,120	141	457,636
Delaware	3	8,825	2	4,742	2	5,787	2	4,742	1	3,038		
Pennsylvania	267	1,549,020	265	1,296,264	130	1,032,630	129	851,044	137	517,290	136	445,220
West Virginia	26	98,108	26	85,489	21	83,316	21	73,073	5	14,792	5	12,416
District No. 4—Greensboro	484	4,161,018	454	3,401,773	307	2,957,753	288	2,388,954	177	1,203,265	166	1,012,819
Alabama	32	158,924	30	127,355	25	135,525	23	108,220	7	23,399	7	19,135
District of Columbia	28	648,875	26	570,282	11	162,695	10	142,795	17	486,180	16	427,487
Florida	74	1,033,241	68	779,904	71	1,021,027	66	773,202	3	11,314	2	6,702
Georgia	72	509,896	67	428,457	68	494,999	63	415,668	4	14,897	4	12,789
Maryland	58	638,937	58	531,939	40	459,967	39	386,897	18	178,970	19	145,042
North Carolina	123	562,414	115	469,499	32	242,666	32	206,404	91	319,748	83	263,095
South Carolina	56	297,652	53	243,396	37	226,930	34	186,548	19	70,716	19	56,848
Virginia	41	311,079	37	250,941	23	213,038	21	169,220	18	98,041	16	81,721

District No. 5—Cincinnati	432	3,470,661	419	3,004,664	229	2,003,828	226	1,715,748	203	1,466,833	193	1,288,916
Kentucky	64	325,745	64	273,358	55	208,771	55	250,441	9	26,974	9	23,417
Ohio	327	2,814,651	316	2,458,761	135	1,376,782	135	1,197,553	192	1,437,869	181	1,261,208
Tennessee	41	330,265	39	272,045	39	328,275	36	267,754	2	1,990	3	4,291
District No. 6—Indianapolis	209	1,629,268	206	1,404,081	109	1,104,921	109	957,953	100	524,347	97	446,128
Indiana	152	884,638	149	775,118	73	573,970	73	503,445	79	310,668	76	271,673
Michigan	57	744,630	57	628,963	36	530,951	36	454,508	21	213,679	21	174,455
District No. 7—Chicago	492	3,559,762	472	2,930,242	150	1,687,960	149	1,408,435	342	1,871,802	323	1,521,807
Illinois	358	2,789,329	340	2,304,113	110	1,436,634	109	1,206,013	248	1,352,695	231	1,098,100
Wisconsin	134	770,433	132	626,129	40	251,326	40	202,422	94	519,107	92	423,707
District No. 8—Des Moines	220	1,761,034	209	1,438,387	121	1,153,032	113	947,561	99	608,002	96	490,826
Iowa	58	318,588	57	266,808	35	204,073	33	165,613	23	114,515	24	101,195
Minnesota	45	650,482	40	541,610	36	517,948	32	439,972	9	132,534	8	101,638
Missouri	100	697,958	96	552,522	38	378,313	37	298,949	62	319,645	59	253,573
North Dakota	9	67,065	8	55,203	7	36,813	6	29,750	2	30,252	2	25,453
South Dakota	8	26,941	8	22,244	5	15,885	5	13,277	3	11,056	3	8,967
District No. 9—Little Rock	317	1,626,103	307	1,324,454	160	741,716	158	605,473	157	884,387	149	718,981
Arkansas	44	127,136	42	107,678	37	110,702	36	93,487	7	16,434	6	14,191
Louisiana	74	423,832	73	360,304	14	82,216	14	71,977	60	341,616	59	297,327
Mississippi	28	109,664	26	84,762	22	91,141	21	71,344	6	18,523	5	13,418
New Mexico	15	71,540	15	57,260	7	45,033	7	35,949	8	25,607	8	21,311
Texas	156	893,931	151	705,450	80	411,724	80	332,716	76	482,207	71	372,734
District No. 10—Topeka	202	1,168,252	196	959,256	97	730,143	98	608,526	105	438,109	98	350,730
Colorado	49	328,419	47	249,308	22	204,912	23	163,014	27	123,507	24	86,294
Kansas	77	348,240	73	293,480	29	207,028	29	174,184	48	141,218	44	119,296
Nebraska	30	148,495	29	120,664	16	59,002	15	46,930	14	89,493	14	73,734
Oklahoma	46	343,092	47	295,804	30	259,201	31	224,398	16	83,891	16	71,406
District No. 11—San Francisco	314	4,526,971	297	3,628,634	157	2,603,217	159	2,175,682	157	1,923,754	138	1,452,952
Alaska	1	2,143	1	2,071	1	2,143	1	2,071				
Arizona	7	97,094	5	69,518	2	68,194	2	50,907	5	28,900	3	18,611
California	183	3,304,782	172	2,660,482	69	1,705,123	71	1,445,188	114	1,599,659	101	1,215,294
Guam	1	770							1	770		
Hawaii	5	48,463	4	21,250	1	15,900	1	13,365	4	32,563	3	7,885
Idaho	9	63,155	9	55,157	8	61,361	8	53,826	1	1,794	1	1,331
Montana	10	56,168	10	46,843	4	19,247	4	15,542	6	36,921	9	31,301
Nevada	1	10,669	1	8,696	1	10,669	1	8,696				
Oregon	21	146,477	21	125,305	21	146,477	21	125,305				
Utah	11	141,600	10	108,955	6	73,285	6	57,519	5	68,215	4	51,436
Washington	56	622,377	55	501,629	35	467,445	35	374,535	21	154,932	20	127,094
Wyoming	9	33,373	9	28,728	9	33,373	9	28,728				

TABLE 16

Federal Savings and Loan Insurance Corporation.—Statement of condition as of dates indicated

	Dec. 31, 1954	Dec. 31, 1953
ASSETS		
Cash	$1,496,515.46	$1,073,174.45
Accounts receivable:		
Insurance premiums—payments due	368,737.81	333,614.26
Insurance premiums—payments deferred	5,112,582.91	4,174,711.91
Admission fees receivable	1,269.43	120.27
Total	5,482,590.15	4,508,446.44
Investments:		
U. S. Government securities (par value)	228,690,000.00	217,440,000.00
Unamortized discount on investments	996,012.76	608,452.79
Market value ($227,285,000.00)	227,693,987.24	216,831,547.21
Accrued interest on investments	678,410.91	867,776.09
Pending and unclaimed insured accounts in liquidated institutions	7,040.42	7,046.38
Less: Allowance for losses	595.49	596.23
Total	6,444.93	6,450.15
Furniture, fixtures, and equipment	59,758.09	59,035.59
Less: Allowance for depreciation	59,758.00	59,035.59
Total		
Deferred charges:		
Prepaid assessment to Home Loan Bank Board	158,403.60	155,037.03
Fidelity bond and other insurance premiums	737.88	
Preliminary expenses on problem cases	201.85	
Total	159,343.33	155,037.03
Other assets	164.07	258.45
Total assets	235,517,456.09	223,442,689.82
LIABILITIES AND CAPITAL		
Liabilities:		
Accounts payable		8.06
Accrued liabilities	22,387.30	24,589.72
Accrued payments in lieu of dividends on capital stock	683,906.19	782,924.50
Deductions from employees' salaries	7,124.58	19,542.31
Undisbursed commitments for contributions to insured institutions	16,500.00	
Pending and unclaimed insured accounts in liquidated institutions	7,040.42	7,046.38
Custodial funds—receiverships	8,127.62	8,132.84
Total	745,086.11	842,243.81
Deferred credits:		
Unearned insurance premiums	9,511,682.12	7,866,514.94
Prepaid insurance premiums	166.03	53.76
Total	9,511,848.15	7,866,568.70
Capital:		
Capital stock	66,779,000.00	76,987,000.00
Reserve fund as provided by law	147,620,308.70	128,751,381.70
Unallocated income	10,861,213.13	8,995,495.61
Total	158,481,521.83	137,746,877.31
Total liabilities and capital	235,517,456.09	223,442,689.82

TABLE 17

Federal Savings and Loan Insurance Corporation.—Statement of operations for the calendar years 1954 and 1953

Items	Jan. 1, 1954, through Dec. 31, 1954	Jan. 1, 1953, through Dec. 31, 1953
Operating income and recoveries:		
Insurance premiums and admission fees earned	$17,437,813.54	$14,514,451.56
Interest earned on U. S. Government securities	5,282,199.03	5,083,232.37
Recoveries on contributions		20,267.22
Total operating income and recoveries	22,720,012.57	19,617,951.15
Operating expenses:		
Administrative expenses	442,965.32	431,516.42
Services rendered by Home Loan Bank Board	310,459.17	289,409.60
Other	2,265.06	4,292.31
Total operating expenses	755,689.55	725,218.33
Net income from operations	21,964,323.02	18,892,732.82
Nonoperating income: Net profit on sale of securities and other miscellaneous income	234,268.59	2,738.05
Net income before provision for losses	22,198,591.61	18,895,470.87
Provision for insurance losses	16,499.26	
Net income before payment of return on capital stock	22,182,092.35	18,895,470.87
Provision for return on capital stock in lieu of dividends	1,447,447.83	1,633,426.15
Net income	20,734,644.52	17,262,044.72

SECTION 4

FEDERAL SAVINGS AND LOAN SYSTEM

Introduction

The 1,640 Federal savings and loan associations in operation at the close of 1954 comprise the Federal Savings and Loan System. These associations are privately owned and operated mutual institutions. Responsibility for their chartering and regulation is vested in the Home Loan Bank Board pursuant to section 5 of the Home Owners' Loan Act of 1933.

The basic purpose of this legislation was to meet a long-existing need throughout many areas of the United States for adequate local sources of home mortgage credit and facilities for the investment of savings.

Under its provisions, Federal savings and loan associations may be established by the granting of new charters to local organizing groups or by the conversion of existing institutions of the savings and loan type from State to Federal charter. The Home Loan Bank Board has endeavored to incorporate into the charter for Federal associations the soundest and most advanced operating principles and practices known for savings institutions specializing in home financing.

Savings and Lending Features

Being mutual institutions, the entire capital of Federal savings and loan associations is owned by their members in the form of savings accounts. Federal associations may not accept deposits or conduct a commercial banking business. Savings accounts are nonassessable and all participate equally in the earnings of the association. Dividends on savings accounts are paid semiannually at a rate determined by the directors on the basis of net earnings. The directors are elected by the members at annual meetings. Withdrawal of accounts, in full or in part, may be made by the owner upon application, in accordance with charter and regulatory provisions.

The funds invested in Federal savings and loan associations are loaned principally in the form of first mortgages on homes located within fifty miles of the association's home office. For the most part, these loans are made on a monthly, direct-reduction basis.

Federal associations are limited by charter and regulatory provisions as to the percentage of property value that may be loaned, depending

on the type of property and the terms of repayment. They may, within certain limitations, make unsecured loans for property alteration, repair, or improvement.

In addition to their lending operations, Federal associations may invest their funds in obligations of the United States and in obligations and stock of the Federal Home Loan Banks.

All Federal savings and loan associations must qualify for insurance of their accounts by the Federal Savings and Loan Insurance Corporation. The funds of each investor in these associations are, therefore, insured against loss up to $10,000 by the Insurance Corporation. All Federal associations are also required to be members of the Federal Home Loan Bank System. Such membership provides them with a readily available credit reservoir. These associations are examined regularly and supervised by the Home Loan Bank Board and are subject to its regulations.

Granting of Charters and Branches

Section 5(e) of the enabling Act provides the criteria to be followed by the Home Loan Bank Board in the granting of permission to organize new Federal associations. Consideration is given to the character and responsibility of the applicant group, the need for such an institution in the community to be served, the prospects for its usefulness and success, and whether it could be established without undue injury to properly existing local thrift and home-financing institutions.

In the case of every application, provision is made for a public hearing. If no objection is received in response to locally published notice of such hearing, the hearing may be dispensed with and approval granted. On the basis of the information disclosed at the public hearing, the Home Loan Bank Board makes its final determination. During the year 1954, there were 27 charters issued for new Federal associations.

The Board applies the same eligibility standards for conversion of an uninsured State association to Federal charter as if it were seeking insurance of accounts under State charter. It is the policy of the Board to permit conversion of insured associations, either from State to Federal charter or from Federal to State charter, in accordance with the expressed vote of the association's mutual shareholders. During the 1954 calendar year, 3 Federal associations reincorporated as State institutions and 17 State associations converted to Federal charter.

Applications for branch offices by Federal associations are considered on the basis of the same tests as applications for new Federal charters. Approvals are granted only when there is satisfactory evidence that there is a real need for such an office in the community

and that it can be operated successfully without undue injury to local institutions.

Without exception, provision is made for a public hearing before approval of the establishment of any branch office. Notice of such hearing is published locally and also mailed to the State supervisory authority and to the appropriate regional savings and loan trade organization. Those who wish to protest the establishment of a branch office may appear in person or submit their objections in writing.

On December 31, 1954, there were 262 branch offices operated by 175 Federal savings and loan associations, compared with 198 branches operated by 140 associations at the close of the previous year, or a net increase of 64 branches. Of the 262 branch offices, 223 represent newly established facilities, 16 represent offices acquired through merger, and 23 offices were in existence prior to conversion to Federal charter.

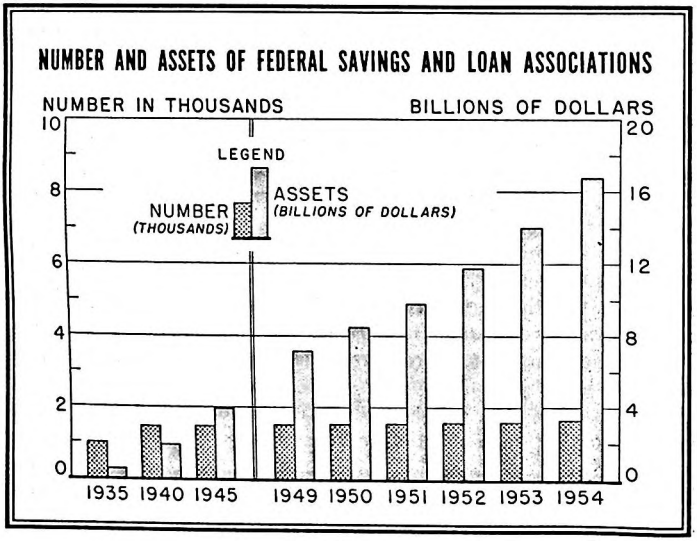

CHART 15

Number and Assets of Federal Associations

Federal savings and loan associations are located in each of the 48 States, District of Columbia, Alaska, Hawaii, and Puerto Rico. As of December 31, 1954, there were in operation 1,640 Federal associations, of which 725 represented newly organized institutions and 915 had converted from State to Federal charter.

Combined assets of all Federal savings and loan associations at the close of 1954 were $16,775,500,000, an increase of $2,730,600,000, or 19.4 percent during the year. The assets of Federal associations account for about 53 percent of the combined assets of all operating savings and loan associations in the country.

The remarkable growth and development of the Federal Savings and Loan System during the period 1935 to 1954 is shown in Chart 15. Indicative of this development is the fact that the average size of Federal associations has increased from $502,000 in 1935 to $2,673,000 in 1945, and to $10,229,000 in 1954.

Savings Activity

New savings continued to flow into Federal savings and loan associations during the calendar year 1954, attaining an all-time high of $6,228,425,000—an 18 percent increase over the previous year. Withdrawals totaled $3,763,586,000, accounting for a withdrawal ratio of 60 percent as compared with 61 percent for 1953.

The number of investors in Federal savings and loan associations increased by 11 percent from 7,178,400 at the close of 1953 to 7,975,100 on December 31, 1954. A new peak—$14,549,200,000—was also reached in the aggregate of savings accounts in Federal associations at the end of 1954.

Lending Activity

Accompanying the large increase in savings, the mortgage lending operations of Federal savings and loan associations experienced the greatest growth since their creation. At the close of the calendar year 1954 the mortgage loan portfolio of these associations represented almost 83 percent of their total assets and amounted to $13,888,300,000, an increase of 20 percent over the $11,567,100,000 of mortgage loans on December 31, 1953.

As in previous years, conventional loans represented nearly three-fourths of the mortgage loan portfolio of Federal associations during 1954, accounting for $10,333,000,000. GI loans represented $2,784,-000,000, or 20 percent of the total, and FHA loans accounted for $771,300,000, or 6 percent.

Of the $4,680,300,000 of new mortgage loans made by Federal associations during the calendar year 1954, $1,942,900,000, or more than two-fifths of the total were for the purchase of existing homes. Loans for new home construction accounted for $1,666,000,000, or about one-third, and the remaining $1,071,400,000 served for refinancing, reconditioning, and other purposes.

Liquidity and Reserves

On December 31, 1954, Federal savings and loan associations held liquid assets totaling $2,156,700,000 in the form of cash and Government obligations, an increase of $314,000,000, or 17 percent over the holdings at the close of 1953. These liquid assets were equivalent to 15 percent of all savings accounts and 13 percent of total assets. General reserves and surplus accounts of all Federal savings and loan associations increased during 1954 to $1,084,700,000 and represented 6.5 percent of assets at the close of the year.

PART III

Eighth Annual Report

HOUSING AND HOME FINANCE AGENCY

Covering the Activities of the

FEDERAL HOUSING ADMINISTRATION

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 to exert a stabilizing influence in the mortgage market. The FHA makes no loans and does not plan or build housing.

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

The various types of FHA insurance in effect in 1954 are summarized below. Modifications of the FHA program made by the Housing Amendments of 1955 (Public Law 345, 84th Cong., approved Aug. 11, 1955) are not reflected in this report.

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 nonresidential structures.

Section 8 of Title I, added to the Act in 1950, authorized the insurance of mortgages on new single-family dwellings for families of low and moderate income, particularly in suburban and outlying areas. This authority was terminated by the Housing Act of 1954 (Public Law 560, 83d Cong., approved Aug. 2, 1954), and similar authority was provided under Section 203(i) of Title II, which also authorizes FHA insurance of mortgages in amounts up to $6,650 on farm properties.

Title II

Section 203 authorizes the insurance of mortgages on new and existing 1- to 4-family dwellings. This section accounts for nearly two-thirds of all mortgage insurance written by the FHA.

Section 207 authorizes the insurance of mortgages, including construction advances, on rental housing projects.

Section 213, added to Title II in 1950, authorizes the insurance of mortgages on cooperative housing projects. 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 mortgages on the individual 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.

Section 220, added in 1954, provides FHA mortgage insurance on liberal terms to assist in financing the rehabilitation of existing salvable housing and the replacement of slums with new housing in areas for which urban renewal plans or urban redevelopment plans have been certified to FHA by the Housing and Home Finance Administrator. Urban redevelopment plans under Title I of the Housing Act of 1949, as amended prior to the Housing Act of 1954, are eligible for the Administrator's certification. However, Title I as amended by the Housing Act of 1954 now requires, as a step preliminary to such certification, that the Administrator shall have approved and certified a workable program designed for the entire community to eliminate slums and prevent the spread of urban blight.

Section 221, also added in 1954, authorizes mortgage insurance on homes for families from urban renewal areas. Mortgage insurance is available under Section 221 for purchase of existing housing, rehabilitated housing, and new construction. It is also available for rental housing if the mortgagor is a private nonprofit organization regulated under Federal or State law.

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

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

Title VI

Sections 603 and 608 were enacted in 1941 and 1942, respectively, to aid the production of war housing through mortgage insurance provisions more liberal than those under Sections 203 and 207. 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, added in 1947, authorized 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, added in 1947, authorized the insurance under Sections 603 and 608 of mortgages on specified types of permanent housing sold by the Government.

Section 611, added in 1948, authorized the insurance of mortgages on projects of 25 or more new single-family dwellings in order to encourage the application of site fabrication and other cost-reduction techniques to large-scale home building operations.

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

Title VII

Title VII, added in 1948, authorizes the insurance of a minimum amortization charge and an annual return on outstanding investments in debt-free rental housing 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 Armed Forces, 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 1951, authorizes FHA insurance of mortgages on housing programed by the Housing and Home Finance Administrator for critical defense areas. The Housing Act of 1954 provided that no commitment should be made after June 30, 1954, on new construction, except that the President was given stand-by authority until July 1, 1955, to authorize the use of Title IX for Federal aid in the provision of defense housing during certain periods or for a specific project or projects.

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SECTION 1
GENERAL REVIEW

The year 1954 was a critical one in FHA history. It saw the enactment of a new housing program in which the FHA was given a vital role. It saw a rapidly accelerating volume of applications for FHA mortgage insurance. It saw the FHA free itself of debt to the Federal Government. But it also saw the searchlight of investigation turned on the 20-year-old agency to reveal weaknesses and errors in the past that required vigorous corrective action.

When the year ended, the FHA was in a much stronger position than it had been twelve months before. Its insurance programs had been streamlined. The scope of its activities had been expanded to cover service to neighborhoods and families never before reached. Its policy-making staff had been reorganized. Its procedures had been strengthened. Despite the unfavorable publicity resulting from the investigations, public confidence in the FHA had been maintained. In the last five months of the year, following passage of the new housing law, the rate at which applications for home mortgage insurance were received had established a new record for each individual month.

FHA in the New Housing Program

On January 25, 1954, President Eisenhower presented to Congress a housing program based on recommendations made to him on December 14, 1953, in the report of the President's Advisory Committee on Government Housing Policies and Programs. The committee, established by executive order on September 12, 1953, with the Housing and Home Finance Administrator as chairman, had been directed to study Government housing policies, programs, and organizations and to develop recommendations that would define the proper role of the Federal Government in the housing field and "outline more economical and effective means for improving the housing conditions of our people."

The major proposals made by the President in his housing message were incorporated in the Housing Act of 1954 (Public Law 560, 83d Cong., approved Aug. 2, 1954). The Act included a number of important amendments to the FHA program.

In general, the effect of the amendments was to make the benefits of the program available to a greater number of families, particularly in the lower income group and in rural and suburban communities; to remove inequities in the financing terms available at various price levels; to do away with discriminatory provisions that had affected the financing of older homes; to assist in the restoration and preservation of blighted neighborhoods; to consolidate the provisions for mortgage insurance and simplify their administration; and to safeguard property owners and renters against exploitation under the FHA program.

Property Improvement Loans

To emphasize the responsibility of lending institutions holding contracts of insurance under Title I of the National Housing Act, this title was amended by limiting FHA insurance on property improvement loans to 90 percent of loss on the individual loan (instead of 100 percent as before), up to 10 percent of the aggregate net proceeds of all such loans made by an institution. Other amendments restricted Title I insurance to the financing of items that substantially protect or improve the basic livability or utility of properties, and authorized the Commissioner to declare ineligible any item that he determined to be especially subject to selling abuses. Title I as amended also provides that a residential structure to be improved must have been completed and occupied for at least six months, and that the outstanding balance of all loans for any one structure may not exceed the maximum specified in the Act for the particular type of loan: that is, $2,500 to improve an existing property, $3,000 to build a new nonresidential structure, or $10,000 to improve or convert a structure used or to be used as a dwelling for two or more families. (The last mentioned type of loan has been limited by FHA regulation to $2,500 per dwelling unit or $10,000, whichever is less.)

Home Mortgage Insurance

SECTION 203.—The principal amendments made to Section 203 of Title II were:

1. The maximum mortgage amounts were increased from $16,000 to $20,000 for a 1- or 2-family dwelling, from $20,000 to $27,500 for a 3-family dwelling, and from $25,000 to $35,000 for a 4-family dwelling.

2. For owner-occupied dwellings, the maximum loan-value ratio was established at 95 percent of the first $9,000 of appraised value plus 75 percent of additional value, if the property was approved for mortgage insurance before construction was begun; and 90 percent of the first $9,000 plus 75 percent of the remaining value, if the property had not been so approved. When the mortgagor is not the occupant of the property, the mortgage may not exceed 85 percent of the amount that an owner-occupant could obtain.

3. The maximum mortgage maturity was set at 30 years, but not to exceed three-fourths of the FHA estimate of the remaining economic life of the building.

4. The authority to insure mortgages on low-cost homes under Section 8 of Title I was terminated, and a similar provision was made in Section 203(i). The maximum mortgage amount is $6,650 when the mortgagor is an owner-occupant and $5,950 when the mortgagor is a builder. The structure must be a single-family dwelling approved for mortgage insurance before construction starts, and the ratio of mortgage loan to appraised value may be as high as 95 percent for an owner-occupant mortgagor and 85 percent for a builder mortgagor.

This type of financing was made available to an owner-occupant mortgagor regardless of his credit standing, if a person or corporation, other than the builder, with satisfactory credit standing, guarantees payment of the mortgage. The guarantor may lend to the mortgagor all or part of the required down payment, on a note maturing after the maturity date of the mortgage.

5. Section 203(i) financing was also authorized for the construction of a farm home on a site of 5 or more acres adjacent to a public highway. This replaced the farm mortgage insurance authority formerly contained in Section 203(d), which was terminated.

6. The insurance of mortgages up to $7,000 and 100 percent of value on owner-occupied single-family structures built to replace homes destroyed by floods, fires, or other disasters was authorized in Section 203(h). This authority had formerly been contained in Section 8.

Mortgage Insurance for Servicemen.—A new Section 222 of the National Housing Act was designed to assist men on active duty in the Armed Forces and the Coast Guard to finance homes. The Act provides that any mortgage eligible under Section 203 may be insured under Section 222, except that under the latter section the mortgage amount may be as much as 95 percent of appraised value but not over $17,100. The serviceman must occupy the dwelling or certify that his failure to do so is occasioned by his military assignment. The Secretary of Defense (or the Secretary of the Treasury if the mortgagor is serving in the Coast Guard) must certify that the serviceman requires housing, is on active duty, and has been serving on active duty for more than 2 years. The Secretary of Defense (or the Secretary of the Treasury, for Coast Guard personnel) will pay the mortgage insurance premium as long as the serviceman owns the home.

Other Provisions.—Other provisions of the Housing Act of 1954 affecting home mortgage insurance included a requirement that the borrower make a down payment of at least 5 percent of the acquisition cost of the property; that the seller of a 1- or 2-family dwelling give the mortgagor a written statement of the FHA appraisal; and that the

builder or seller of a new 1- to 4-family dwelling give the purchaser a warranty of substantial conformance with the plans and specifications on which the FHA valuation was based.

The FHA was authorized to insure advances to the mortgagor for improvements and repairs under an open-end provision in the insured mortgage.

Rental Housing

Section 207 was amended by increasing the maximum mortgage amount per room from $2,000 to $2,400 and the maximum amount per unit (applicable to projects of less than 4 rooms per unit) from $7,200 to $7,500 in projects consisting of elevator structures. The $10,000 per-unit limitation for Section 207 mortgages on projects of 4 or more rooms per unit was removed, and the insurance authority under the section was extended to rehabilitation of eligible properties in slums and blighted areas.

The insurance under Section 207 of mortgages in amounts up to 90 percent of estimated replacement cost was authorized for properties in Alaska and Guam.

Cooperative Housing

The provisions of Section 213 were amended in the interests of soundness and wider applicability.

The new Act provided for determining the maximum insurable mortgage amount on the basis of estimated value of the project rather than on the previous basis of replacement cost. The maximum of $5 million was increased to $25 million for a mortgagor regulated by Federal or State laws. For other mortgagors the maximum was left at $5 million.

The maximum mortgage amount was set at $2,250 per room and 90 percent of estimated value, except that if at least 65 percent of the cooperative members were veterans, these limitations might be increased to $2,375 and 95 percent respectively. For projects of fewer than 4 rooms per family unit, the mortgage amount was to be not over $8,100 per family unit (or $8,550, in veterans' projects). FHA administrative rules, however, limited these amounts to $7,200 per family unit, or $7,600 in a veterans' cooperative, in order to encourage the creation of larger family units under Section 213.

Higher amounts per room and per unit were authorized for projects consisting of elevator structures.

Urban Renewal

The Housing Act of 1954 provided two new programs of FHA mortgage insurance in Sections 220 and 221 of the National Housing Act to assist the financing of rehabilitation and new construction in urban renewal areas.

Section 220 authorized the insurance of mortgages on homes and rental properties on terms similar to those under Sections 203 and 207, and in addition provided for the insurance of mortgages on dwellings with more than 4 units but fewer than 12. The property must be located within the area delimited by an urban redevelopment or renewal project which the Administrator of the HHFA has certified to the FHA Commissioner as an approved project for which the local government has the organization and financial capacity necessary to carry to successful completion.

Section 221 authorized the insurance of mortgages on low-cost housing for families displaced because of governmental action in communities which have workable programs for the prevention and elimination of slums or blight or for which redevelopment or urban renewal projects have been approved. The maximum mortgage for an owner-occupant mortgagor was limited to $7,600, or $8,600 in a high-cost area, and 95 percent of appraised value. Mortgages in amounts up to $6,800 ($7,650 in high-cost areas) or 85 percent of value could be insured on single-family homes built, or acquired and rehabilitated, for sale to owner occupants. Insurance under Section 221 could also cover mortgages up to $5 million in amount to finance the construction or rehabilitation of rental accommodations for 10 or more displaced families when the mortgagor was a private nonprofit organization subject to Government supervision. The maximum number of units to be financed under Section 221 was limited to the number that the Housing and Home Finance Administrator certified to the FHA Commissioner were needed to relocate displaced families.

Veterans', Military, and Defense Housing Insurance

FHA authority to insure mortgages under Title VI of the National Housing Act was terminated.

A new Section 223 authorized the FHA to insure under Sections 203 and 207 mortgages to finance sales of publicly owned housing. Mortgages for this purpose were formerly insurable under Title VI. Section 223 also provides that a mortgage insured under Section 608 of Title VI or under Section 903 or 908 of Title IX could be refinanced under Section 203 or 207 of Title II.

Authority under Title VIII of the National Housing Act to insure mortgages on housing at national defense installations for military and civilian personnel, and housing for personnel at atomic energy installations was continued through June 30, 1955.

The President was given stand-by authority until July 1, 1955, to authorize the use of Title IX of the National Housing Act (mortgage

insurance on housing for workers in critical defense areas) for Federal aid in the provision of defense housing during certain periods or for specific projects. One- and two-family dwellings on which mortgages were insured under Section 903 of Title IX after August 2, 1954, must be held for rental for at least 3 years.

Miscellaneous Provisions

COST CERTIFICATION.—To guard against the possibility that on multifamily housing projects financed with FHA-insured mortgages the loan proceeds might exceed the approved percentage of cost, the new act provided that the mortgagor must certify to the actual cost of the project, and, if the mortgage amount was more than the statutory ratio applied to such actual cost, the mortgage amount must be correspondingly reduced.

VIOLATIONS.—The FHA Commissioner was authorized to refuse to permit any person or organization that has wilfully violated the provisions of the National Housing Act to participate in any way in the FHA program. Before such action is taken the person or firm must be given an opportunity for a hearing on the specified charges.

RESTRICTION TO RESIDENTIAL PURPOSES.—The use of FHA-insured housing for transient or hotel purposes was specifically prohibited unless the Commissioner on or before May 28, 1954, agreed to rental for such purposes, or unless the project was located in a resort area in which, before May 28, 1954, part of the accommodations had been made available for hotel or transient purposes.

MUTUAL MORTGAGE INSURANCE FUND.—Revisions were made in the method specified in Section 205 of the National Housing Act for managing the Mutual Mortgage Insurance Fund, in order to give added protection to the Treasury.

INSURANCE AUTHORIZATION.—All FHA mortgage insurance authorizations were combined and the aggregate amount was limited to the estimated total of mortgage insurance in force and commitments outstanding as of July 1, 1954, plus $1.5 billion, with authority given to the President to approve an increase of $500 million.

DEBENTURES.—The Housing Act of 1954 provided that debentures presented in payment of mortgage insurance premiums under Title II must represent obligations of the particular insurance fund to which the premium charges were to be credited.

In place of the former requirement that the mortgagee acquire possession of property and transfer it to the FHA before the issuance of debentures, the FHA Commissioner was authorized to permit the mortgagee to tender conveyance of title and transfer possession direct from the mortgagor.

A standard term of 20 years was established for all debentures issued with respect to mortgages insured on or after August 2, 1954, except those under the new Section 221 of the National Housing Act.

The interest rate on debentures will be the rate in effect at the time of insurance, as determined by the Secretary of the Treasury by estimating average yield to maturity on marketable obligations of the United States having maturities of 15 years or more.

Investigations of FHA

On April 12, 1954, on the basis of reports indicating that there had been widespread abuses of the FHA Title I program and the Section 608 postwar rental housing program, the President authorized the Housing and Home Finance Administrator to impound all FHA files and records on Title I and Section 608.

The Administrator immediately appointed a special Deputy Administrator to conduct an investigation of FHA operations, particularly under these two programs.

Two reports touched off the investigation. The Commissioner of Internal Revenue had reported that the income tax returns of corporations sponsoring Section 608 projects revealed large windfall profits in hundreds of projects; and a report by the Federal Bureau of Investigation had pointed to evidence of extensive victimization of property owners by unscrupulous dealers and salesmen negotiating Title I loans.

Norman P. Mason, whom the President named Acting Commissioner of the FHA on April 13, instructed FHA offices to cooperate fully with the investigative staff.

Field offices were directed to make comprehensive reports to the HHFA Administrator on Section 608 projects in their respective jurisdictions, and a procedure was set up for making FHA files available for inspection by investigators.

The investigative staff formerly maintained by the FHA was transferred to the office of the Administrator.

FHA headquarters and field offices were instructed to forward to the Deputy Administrator in charge of the investigation all complaints received while the investigation was in progress, concerning FHA procedures and policies, improper actions by FHA personnel, frauds, violations of FHA regulations, and similar matters.

To aid the investigation, the Commissioner forwarded to all Section 608 mortgagors on June 17, 1954, a questionnaire calling for detailed information on project costs. A special staff of 65 attorneys and accountants was assigned to review the questionnaires and prepare cases for submission to the Department of Justice when such action should be found appropriate.

A report of the investigation was submitted to the HHFA Administrator on August 31. It confirmed the existence of the conditions that had provoked the investigation, pointed out the danger of similar abuses under other FHA programs, and presented a series of 33 recommendations designed to correct abuses and safeguard future operations of the agency. Some of the measures recommended were placed in effect by the FHA Commissioner before the report was completed, and others were subsequently adopted.

In the course of the investigation, a number of FHA employees shown to have been delinquent in their responsibilities as public servants were dismissed or suspended.

Court actions were initiated in 1954 to recover windfalls on seven Section 608 projects, and further actions were contemplated. No new mortgage insurance commitments were issued under this section after March 1, 1950, except pursuant to applications for mortgage insurance received in FHA insuring offices on or before that date, and the fact that for many projects the statute of limitations had expired may prevent recoveries that might otherwise be obtainable.

Over 1,200 firms and individuals were placed on a Title I "precautionary measures" list from April 1, 1954, to the end of the year. By comparison, only 598 names had been placed on the list in the preceding 12 months.

In addition, the Department of Justice before the end of the year reported 132 indictments naming 225 individuals in criminal cases developing from the investigations. Other cases were still in preparation.

While the HHFA investigation was under way, the Housing Act of 1954 was being studied by the House and Senate Committees on Banking and Currency. In order to evaluate the provisions of the bill in the light of charges affecting FHA operations, the Senate Committee conducted an investigation of its own. Preliminary hearings were held in Washington April 19–29. Senate Resolution 229 provided funds for a further investigation, and from June 28 through October 8 hearings were held in Washington and in six other cities.

The testimony presented in the Senate hearings brought out evidence similar to that developed by the HHFA investigation. It was apparent that excessive profits totaling many millions of dollars had been made by firms sponsoring rental housing projects financed under Section 608 in the years immediately following the war, and that Title I also had been subject to abuses.

As a result of the hearings, a number of additional safeguards recommended by the Federal Housing Commissioner and the Housing and Home Finance Administrator were incorporated in the Housing Act of 1954, which was approved August 2.

In the report of its investigation, the Senate Committee on Banking and Currency recommended that funds be made available to it to conduct a thorough study of the effect on FHA operations of the safeguards placed in the Act.

Objectives and Policies in 1954

Norman P. Mason of Chelmsford, Mass., a member of the board of directors of the Chamber of Commerce of the United States, a past president of the National Retail Lumber Dealers Association, and a member of the President's Advisory Committee on Government Housing Policies and Programs, was appointed Acting Commissioner of the FHA on April 13, 1954. He became Commissioner on August 2.

When Mr. Mason took charge of the FHA as Acting Commissioner, preparations for the HHFA investigation of FHA were under way. Morale in the agency was at a low point. The public was shocked by the widely publicized charges, for the FHA had been highly esteemed. Various commentators suggested now that its usefulness might be coming to an end.

The task facing the new Commissioner was a formidable one. The effects of past abuses had to be rectified in so far as possible, and safeguards instituted to prevent their recurrence. All programs of the agency had to be scrutinized to discover danger spots. The organizational structure had to be rebuilt, employee morale restored, and public confidence regained. The basic purposes for which the FHA was established had to be re-emphasized and its responsibility to the consumer and to the industry placed in the proper perspective.

Cooperation by the building industry, the public, and FHA personnel was necessary to attain these ends.

Within a few days of his appointment, the Acting Commissioner established a review committee composed of FHA and other HHFA staff members to assist him in determining legislative and administrative actions needed to improve FHA programs and operations. Four subcommittees of the review committee undertook studies of organization, multifamily housing, sales housing, and the Title I program, respectively.

An industry advisory committee made up of 12 leaders in home building and financing, and a consumers' interest advisory committee of 8 members from labor and consumer interest groups were also appointed. They met with the Acting Commissioner in Washington early in May to discuss recommendations for additional safeguards to be incorporated in the pending housing act and for amendments to FHA procedures and regulations.

A series of recommendations that the Acting Commissioner made to the Senate Banking and Currency Committee on May 17, at the

request of the chairman, incorporated suggestions received from the three committees. Most of the legislative proposals were made part of the Housing Act of 1954 as it was finally enacted.

In the following months, numerous changes in administrative policy and procedure were adopted in order to improve the soundness and effectiveness of FHA operations.

The Commissioner emphasized that the primary purpose of the FHA was to serve the public; that the partnership of FHA, lending institutions, and the building industry existed to provide better housing for the people of the United States, and that the interest of the consumer must be the first consideration in carrying out the FHA program.

The necessity for integrity on the part of FHA employees in the discharge of their responsibilities was also repeatedly stressed.

The FHA security program, which had been in operation since September 1953, was broadened in 1954 and the number of positions in the agency designated "sensitive" was increased from 21 to 91, including key personnel in Washington and in the field.

Despite the importance of the reorientation of FHA personnel and procedures, the major objective pursued during the year was to put into effect as quickly and as widely as possible the benefits that the President's housing program made available through the FHA. Cooperation with industry was stressed throughout the year. The Commissioner addressed 30 different groups in the course of the year on the subject of the new program and its significance to their members.

A number of advisory committees representing financial, professional, and industrial groups were appointed to confer with appropriate FHA staff members on various phases of FHA operations.

Home Mortgage Insurance

The insurance of mortgages on homes accounts for over 60 percent of all insurance written by the Federal Housing Administration. This is the program by which the FHA is best known. It was the means through which homes for nearly 4 million families were financed from 1934 through 1954. Nearly 30 percent of all privately financed nonfarm dwellings started in that period were constructed under the FHA system of compliance inspections.

A very important purpose of the Housing Act of 1954 is to provide greater opportunity for home ownership to families of limited means, to those living in small communities and remote areas or in blighted areas of cities, to members of minority groups, and to men and women on active military service.

Public acceptance of the new mortgage insurance provisions of the Act was evident in the volume of applications coming to the FHA in

the five remaining months of 1954 after the Act became law. Applications received in each of those months broke all previous records for the month. The volume was so great that serious backlogs developed in many insuring offices and special measures were necessary to expedite processing.

The steps taken, which had to be within budgetary limitations and without sacrifice of processing standards, included authorization for temporary use of independent fee appraisers for mortgages involving older homes, payment for overtime work in field offices, and the employment of additional personnel for property inspection and appraisal work in the field. Insuring office directors were also authorized, after an appraisal on a pilot house had been established, to issue conditional commitments covering all other substantially similar homes in a project.

Early in 1955 Congress made available a supplementary budget authorization to permit the recruitment of additional technical personnel in field offices.

Applications were received from August through December 1954 for home mortgage insurance on over 279,000 units. Of these, over 47 percent were in existing homes. Applications on existing homes were more frequent than ever before after the passage of the new Act, as a result of the more helpful terms it provided.

The total volume of applications also included 7,466 for mortgage insurance under Section 203(i) on new low-cost homes in outlying areas.

Accelerating interest by servicemen in the provisions of the new Section 222 is indicated by the increase in number of applications from 13 in September to 492 in December. Of the 632 applications received under this section, 72 percent were on existing homes.

Multifamily Projects

Because of irregularities disclosed by the investigation of the Section 608 program, all FHA multifamily project programs were subjected to particularly careful review in 1954 and various procedural amendments were effected.

Insuring offices were directed not to insure, without headquarters approval, mortgages exceeding the statutory limit of $5 million when executed by a single mortgagor with respect to several properties which for all practical purposes were a single project. With such approval, exceptions might be made for multifamily housing under Section 220 when the limitation would unduly restrict an urban renewal program involving one particular area with the soundness of each project depending to some extent on the completion of other projects on adjoining sites. In addition, some exceptions might be

necessary or desirable in other multifamily insurance programs in order to meet urgent housing needs and to avoid hardships or inequities.

Insuring offices were also instructed to send to Washington, for approval before issuance of a commitment, any application for mortgage insurance on 12 or more rental units under Section 203. This step was taken to prevent exploitation of Section 203 by promoters seeking to avoid the more restrictive requirements for multifamily project insurance.

On May 18 the Commissioner put into effect a requirement that corporate sponsors of multifamily projects obtain FHA approval before paying dividends out of proceeds of insured loans or making changes in capital structure.

The necessity for enforcing the prevailing wage requirements set forth in Section 212 of the National Housing Act, applying to multifamily housing projects insured by the FHA, was emphasized to directors and detailed procedures were outlined for the guidance of the directors.

Mortgages on nearly 600,000 units were insured by the FHA under its multifamily housing programs from 1947 through 1954. The volume has declined each year since 1950, when the authority to issue new commitments under Section 608 expired. An occupancy survey of rental projects with mortgage insurance in force has been made annually as of March 31, beginning in 1950. In that year, the vacancy ratio was 7.2 percent. Thereafter it declined each year until 1953, when it reached 2.8 percent. In 1954 for the first time there was an increase in the ratio, which was reported as 3.5 percent.

Cooperative Housing.—Additional safeguards were developed in 1954 to protect the consumer's interest in projects developed under Section 213 of the National Housing Act.

To prevent exploitation of families acquiring homes under the Section 213 program, the FHA put into effect on July 9, 1954, with respect to statements of eligibility issued after that date, a requirement that construction contracts should provide for payment on the basis of actual cost plus a fixed fee not to exceed 10 percent and exclusive of kickbacks, rebates, and normal trade discounts. Certification of costs must be filed with the FHA before endorsement of the mortgage note for insurance.

Through December 31, 1954, project mortgages insured under Section 213 totaled nearly $299 million, covering 31,853 units in 283 projects; outstanding commitments amounted to approximately $13 million, covering 1,521 units in 16 projects; eligibility statements outstanding amounted to $64 million, covering 7,068 units in 57 projects; and applications in process at the end of 1954 amounted to $106 million, covering 10,803 units in 80 projects.

As of the same date, 247 Section 213 projects had been completed and 43 others were under construction.

YIELD INSURANCE.—A committee was appointed in September to study methods for developing the use of Title VII of the National Housing Act so that it would serve the intent of Congress.

This title, added to the Act in 1948, provides for the insurance of yields on equity investments in rental housing for families of moderate income. No mortgage financing would be involved. An investing corporation owning a project outright could sell its bonds to other investors and the FHA would insure the yield.

Although no formal applications for insurance under Title VII have been filed in the 6 years since its enactment, it is hoped that practical solutions may be found to the problems that have so far hampered its use.

Property Improvement Loans

A number of amendments to the Title I regulations were made in 1954 to bring them into accord with the provisions of the new housing law and to prevent repetition of abuses brought to light by the investigation.

The new regulations limited the amount of the claim paid by the FHA on an individual loan to 90 percent of the loss sustained by the lender. At the same time, the amount for which lenders could be reimbursed for legal expenses incurred in their collection activities was substantially increased; additional measures were taken to prevent abuses of the program by unethical dealers; the period during which lenders could file claims for loss on delinquent accounts was extended from 6 months to 9 months; a requirement of at least 6 months' occupancy was made for new residential structures to be improved; and the insurance charges were reduced to 0.65 percent for loans on which the charge had formerly been 0.75 percent, and to 0.45 percent for loans on which the charge had been 0.5 percent. These and other changes in the regulations became effective October 1, 1954.

The regulations were reviewed by an advisory committee of Title I lenders before issuance.

The kinds of improvements being financed came under review during the year and certain types of improvements were made ineligible—some because they failed to contribute to basic livability or utility, others because they were believed to be subject to selling abuses, and still others because it was believed that homeowners did not need Government assistance in acquiring the items.

Urban Renewal

The new program for FHA participation in urban renewal projects through mortgage insurance under Sections 220 and 221 of the Na-

tional Housing Act is one of the most significant programs ever authorized for this agency. It enables the FHA to help families whose need for better housing is great and for whom opportunity to improve their housing conditions has heretofore been remote. FHA property and location standards have not in the past made feasible the insurance of mortgages in blighted urban neighborhoods; but the Housing Act of 1954 visualizes such insurance as part of a comprehensive program to renew and preserve values in the central areas of cities through collaborative action by Government and industry.

FHA appraisals in such areas are made upon the assumption that the specific neighborhood improvements to which the locality is committed in its urban redevelopment or urban renewal plans will be carried out successfully. Further, when it becomes apparent that deterioration of a neighborhood has been arrested, proposed loans can be considered economically sound and eligible for mortgage insurance under other FHA programs.

No Federal funds may be used for the construction or improvement of any private building in an urban renewal project. The intent is that building operations will be carried out by private enterprise, with FHA assistance where necessary.

An urban renewal officer was appointed by the FHA Commissioner in 1954 to administer the provisions of Sections 220 and 221 with the assistance of a small staff. At the end of the year, basic underwriting and administrative instructions for processing applications under the two sections were completed. In order to gain experience necessary to the formulation of sound procedures under Section 220, six applications were accepted in the New York area and processing was carried forward by supervisors from the headquarters staff working with insuring office personnel. No commitments were issued in 1954 under Section 220 or 221.

The provisions of the Housing Act of 1954 made it necessary for FHA insuring offices and local public agencies to collaborate in the formulation of new urban renewal plans. In recognition of this requirement, the FHA, the Office of the HHFA Administrator, and the Urban Renewal Administration worked to develop procedures which would facilitate the formulation of urban renewal plans acceptable to all interested agencies. These procedures were still in the development stage at the end of the year.

Technical Standards

The report of the Conference Committee on the Housing Act of 1954 called attention to the basic importance of the FHA appraisal system, as well as FHA property location standards, minimum construction requirements, inspection system, and other procedures, in

the proper underwriting of mortgage risk. The report also pointed out the fact that these procedures operate for the benefit and protection of the individual home buyer as well as for the protection of the Government and its insurance funds.

FHA underwriting organization, requirements, and procedures were reviewed and amended during the year to improve the quality and speed of processing applications for mortgage insurance.

The former Underwriting Division was reorganized into two operating divisions—an Appraisal and Mortgage Risk Division with authority over valuation, land planning, borrower's credit, and review functions, and an Architectural Standards Division responsible for architectural standards, construction cost estimating, and property requirements. Both divisions are under the supervision of an Assistant Commissioner for Technical Standards.

The establishment of a separate Architectural Standards Division indicates the increased emphasis that the FHA is placing on the importance of good design and construction. The Architectural Standards Division is sponsoring greater research into contemporary residential design and advanced engineering methods applicable to housing, and area engineers are being stationed in many field offices to facilitate prompt and effective field review of these problems. Structural, mechanical, architectural, sanitary, and cost engineers will be stationed in the field to provide advice and assistance in the early planning stages for problems formerly submitted to headquarters.

An advisory committee on architectural and technical standards composed of representatives of national associations allied with the building industry, and leading members of industry groups was appointed by the Commissioner and met in Washington to discuss the adoption of new FHA techniques that would permit the FHA to give recognition in its appraisals to quality in design, construction, and materials over and above FHA minimum requirements.

In November, the FHA regional sanitary engineers met in Washington for the first time for a 5-day conference.

Housing Market Analyses

Over 150 housing market studies were prepared in 1954 by the field staff of market analysts for the use of FHA insuring offices and headquarters officers in the administration of the various mortgage insurance programs. The studies covered localities in 41 states, Puerto Rico, and Alaska. The type of market problem dealt with varied considerably. Some analyses were overall studies of the demand for new sales and rental housing. Others were concerned specifically with the market for housing among minority groups, proposals for military housing under Title VIII, problems having to

do with proposed slum clearance and urban redevelopment projects, the disposition of acquired properties, and the impact of defense activities.

Two comprehensive housing market reports were released to the public late in the year under a new experimental policy as part of a program of action designed to provide more extensive public service and to aid in the development and maintenance of sound housing and mortgage markets.

Housing of Minority Groups

The FHA intensified in 1954 its efforts to promote improvement in the housing conditions of racial minorities.

Amendments made to FHA programs by the Housing Act of 1954 provide opportunities for minority groups as well as others to obtain better housing. They include the more liberal home financing terms under Section 203, particularly with respect to older properties; the mortgage insurance authorized in Sections 220 and 221 for urban renewal areas; the voluntary home mortgage credit program through which private lending institutions undertake to place FHA-insured home mortgages for members of minority groups and others; and the safeguards instituted for FHA programs.

FHA directors and their staffs, as well as the Washington headquarters staff of the FHA, were alerted during the year to their responsibility for doing all in their power to make the benefits of the insurance programs available to all families on an equal basis. The role of the minority-group housing adviser in Washington and the 10 racial relations officers in the field was re-emphasized.

In July the Commissioner announced that the FHA would encourage the development of demonstration open-occupancy projects in key areas.

The racial relations officers met in Washington in October to study the provisions of the new housing law as they affected minority groups, and to discuss new procedures and approaches in racial aspects of private housing.

The FHA programs are helping to make an impressive volume of good housing available to minority groups.

Organization and Personnel

One fact that became apparent early in the investigations of FHA in 1954 was the need for closer internal supervision and control of its operations.

On the basis of studies initiated shortly after he took office on April 13, 1954, Acting Commissioner Mason put into effect in June a

FEDERAL HOUSING ADMINISTRATION

ORGANIZATIONAL CHART

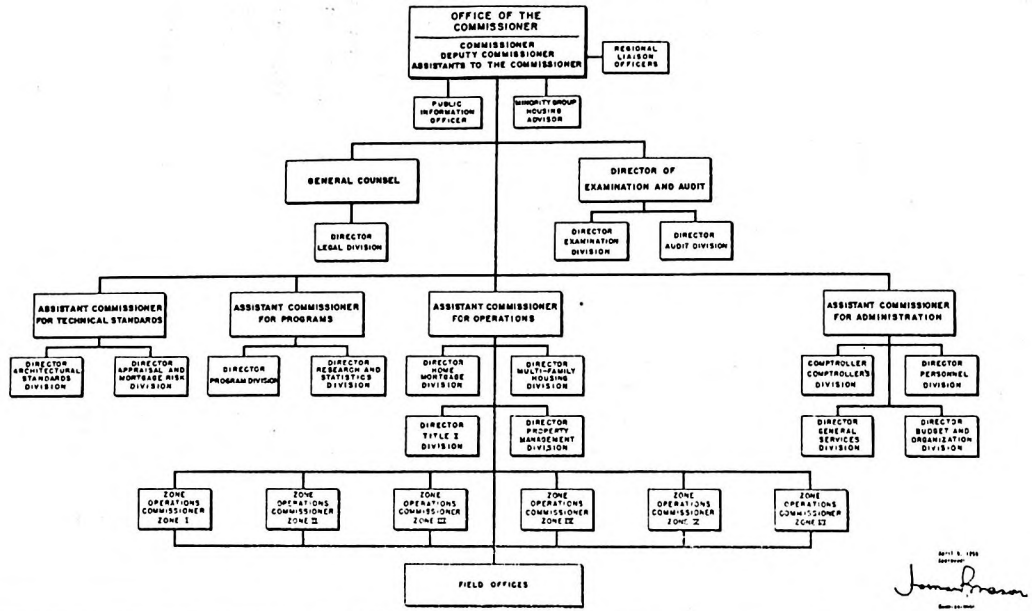


CHART 16

reorganization designed to increase efficiency and improve control of operations both at Washington headquarters and in the field.

Headquarters Reorganization

Chart 16 shows the new Washington headquarters organization. The number of officials reporting directly to the Commissioner, in addition to his immediate staff, has been reduced from 12 to 6, including the General Counsel, the Director of Examination and Audit, and Assistant Commissioners for Programs, Operations, Technical Standards, and Administration.

The new position of Assistant Commissioner for Programs was established to assist the Commissioner in formulating and evaluating FHA programs in the light of the objectives set by Congress.

The Director of Examination and Audit, in another newly created position, is responsible for independent selective review of procedures and operations in both headquarters and the field to assure the effective functioning of established procedures and responsibilities.

An Assistant Commissioner for Technical Standards directs the activities of the Appraisal and Mortgage Risk Division and the recently established Architectural Standards Division. Increased emphasis is being placed on appraisal standards and on recognition of quality in construction, materials, and architectural design, in properties financed with FHA-insured mortgages.

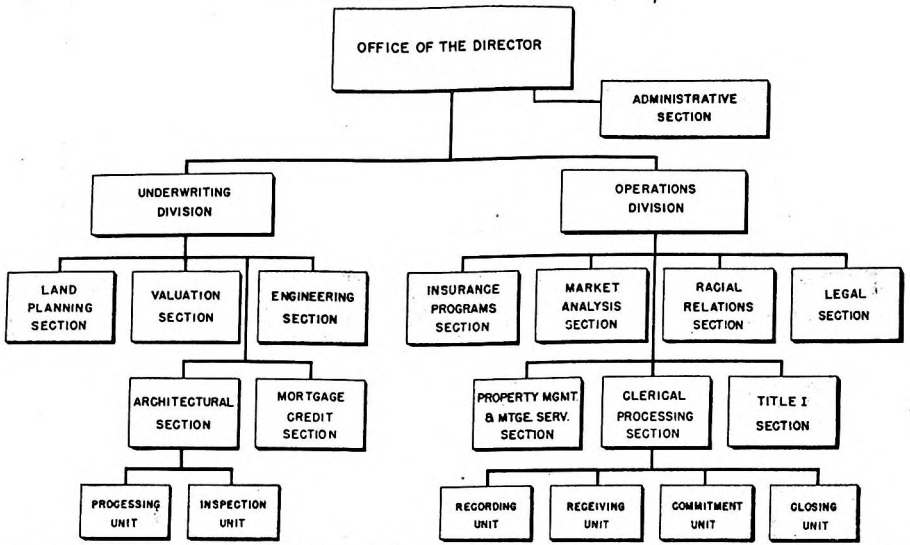
One of the most important objectives of the reorganization was to obtain closer contact with and control over the 75 insuring offices. An Assistant Commissioner for Operations was appointed with responsibility for all operating programs. By this means a single line of supervision was provided for field operations—home mortgage insurance, multifamily project insurance, property improvement loan insurance, and property management—where formerly there had been four.

The new FHA policy of keeping the public fully informed about its activities is reflected in the appointment of a public information officer on the staff of the Commissioner.

Field Office Reorganization

A special committee was appointed to study, with the help of the Civil Service Commission, the organization and staffing of FHA field offices. The insuring office organizational chart (Chart 17) was drawn up after the study had been made. Within the limitations of administrative policies determined at Washington headquarters, the insuring office directors are responsible for the successful operation of the FHA programs in their jurisdictions. The organization of field offices and the selection of field office directors are therefore of great

FEDERAL HOUSING ADMINISTRATION
INSURING OFFICE
ORGANIZATIONAL CHART



THIS IS THE MAXIMUM ORGANIZATION OF AN FHA INSURING OFFICE. WHERE THE MAXIMUM ORGANIZATION IS NOT REQUIRED, THE FUNCTIONS ARE COMBINED OR ARE OFFICES ON A PART-TIME BASIS AND SOME OR ALL OF THE SHADED UNITS ARE NOT ESTABLISHED.

CHART 17

importance in the FHA pattern of operation. New directors were appointed for 10 insuring offices in 1954.

On August 16, 1954, the first general meeting of FHA directors held since the end of World War II convened in Washington for a two-day session to discuss national housing policies and their execution, and the provisions of the Housing Act of 1954.

Number of Field Offices

At the end of 1954, there were 137 field offices. They included 75 insuring offices, which receive and completely process applications for mortgage insurance; 15 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 47 valuation stations, where technical personnel prepare architectural and valuation reports for the insuring offices in their respective areas.

New Regional Pattern

On December 23, 1954, the Housing and Home Finance Administrator announced a reorganization of HHFA field office operations to improve efficiency, promote economy and public convenience, and achieve closer coordination of the various agency programs. As part of the reorganization, a uniform regional pattern was created for the conduct of all HHFA field activities, and six regional offices were established.

FHA regional boundaries were changed to accord with the overall agency pattern, and the States comprising the former 5 FHA regions were regrouped into the 6 regions shown in Chart 18.

FHA Personnel

There were 5,231 FHA per-annum employees at the beginning of 1954 and 5,226 at the end of the year. The average employment during the year was approximately 5,089, with about 71.8 percent of the employees serving in field offices. The remaining 28.2 percent was divided among the 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 1954, there were 842 appointments of per-annum employees, and 847 separations were effected. Of the total number of employees separated, 115 were separated by reduction-in-force action, and 10 were displaced under the separated-career-employee program. The separation rate averaged 16.6 percent. During the year, 658 employees were promoted, 1,184 reassigned, and 154 demoted.

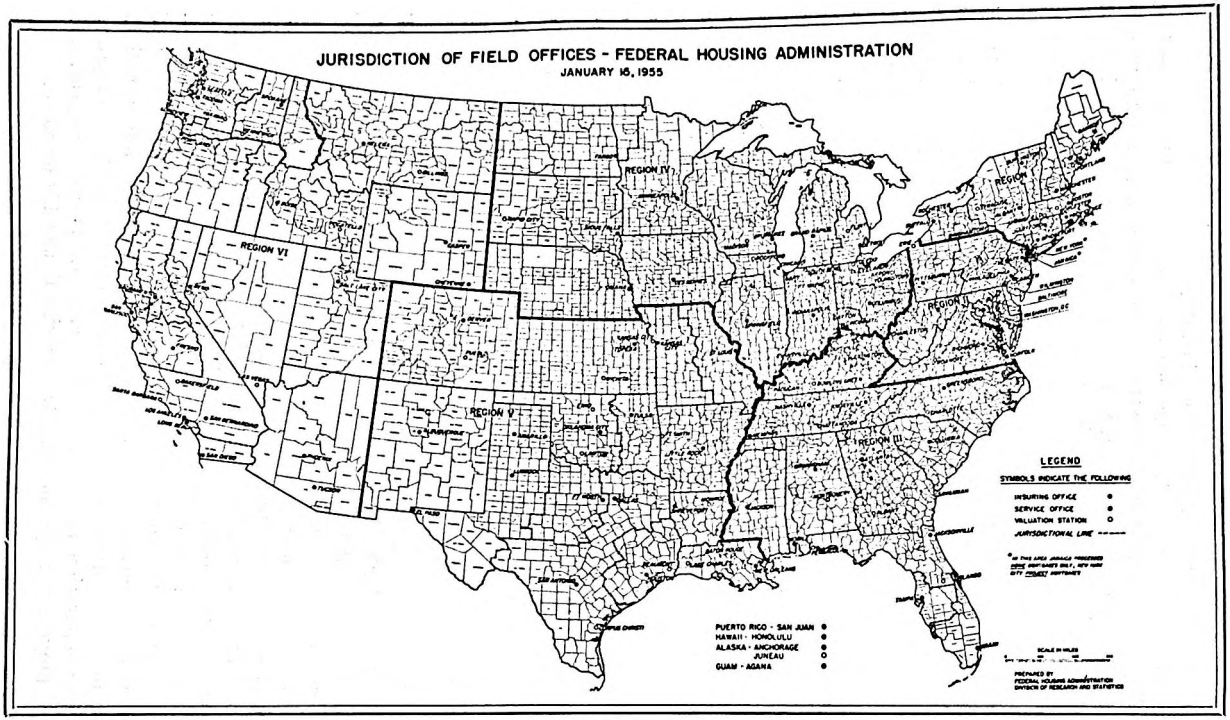

JURISDICTION OF FIELD OFFICES - FEDERAL HOUSING ADMINISTRATION
JANUARY 16, 1955
REGION VI
REGION V
REGION IV
REGION III
REGION II
REGION I
LEGEND
SYMBOLS INDICATE THE FOLLOWING
INSURING OFFICE
SERVICE OFFICE
VALUATION STATION
JURISDICTIONAL LINE
PUERTO RICO - SAN JUAN
HAWAII - HONOLULU
ALASKA - ANCHORAGE
JUNEAU
GUAM - AGANA
PREPARED BY
FEDERAL HOUSING ADMINISTRATION
DIVISION OF RESEARCH AND STATISTICS

CHART 18

Volume Of Insurance

Insurance under all FHA programs from 1934 to the end of 1954 totaled more than $36 billion. Of this amount, $22.8 billion represented the insurance of 3.6 million mortgages on 1- to 4-family homes, $4.9 billion the insurance of 8,450 mortgages on multifamily projects with 668,000 housing units; and $8.3 billion insurance covering 18 million property improvement loans. The volume of each of the three types of insurance was less in 1954 than in 1953.

As of December 31, 1954, $14.1 billion of the $36 billion insurance written since 1934 under all programs had been terminated, leaving in force loans and mortgages with original face amounts totaling $21.9 billion. An estimated $3.6 billion of this amount had been amortized, and $18.3 billion was outstanding. The amount outstanding included $1.4 billion insurance on property improvement loans and $16.9 billion mortgage insurance on homes and multifamily projects.

Home Mortgages

Home mortgages were insured in 1954 under the following sections of the Act:

Section	Number of mortgages	Percent of total number	Amount (000)	Percent of total amount
Total	214,237	100.0	$1,942,266	100.0
Sec. 8	15,897	7.4	89,389	4.6
Sec. 203	175,698	82.0	1,640,392	84.4
Sec. 213	4,502	2.1	42,095	2.2
Sec. 222	10	(1)	142	(1)
Sec. 610	1	(1)	6	(1)
Sec. 903	18,128	8.5	170,290	8.8

[1] Less than 0.05 percent.

The number of home mortgages insured in 1954 was 47,304 under the number insured in 1953. The difference occurred chiefly in Section 203 insurance, which was 24 percent less in 1954 than in 1953. There was a sharp increase in volume under Section 8 from about 4,000 mortgages insured in 1953 to nearly 16,000 insured in 1954. This program was terminated on August 2, 1954, and a similar program was provided under Section 203(i) of Title II.

Following passage of the Housing Act of 1954 in August, home mortgage insurance applications for the last 5 months of 1954 were at a higher level than for the corresponding months in any preceding year. The large volume of applications involving existing construction was particularly notable, apparently as a result of the more liberal provisions in the new law for mortgage insurance on older homes.

Project Mortgages

The volume of project mortgage insurance in 1954 and for the entire period of FHA operations is as follows:

Section	1954			1934–54		
	Number of units	Percent of total units	Amount (000)	Number of units	Percent of total units	Amount (000)
Total	28,257	100.0	$234,022	668,342	100.0	$4,881,334
Sec. 207	11,442	40.5	92,928	75,452	11.3	408,161
Sec. 213	6,220	22.0	56,417	31,853	4.8	298,610
Sec. 608				465,683	69.7	3,439,771
Sec. 610				3,915	.6	8,360
Sec. 611				1,984	.3	11,991
Sec. 803	9,310	33.0	74,764	81,076	12.1	651,939
Sec. 908	1,282	4.5	9,820	8,379	1.2	62,503

Project mortgage insurance has declined each year since 1950, when Section 608 of the National Housing Act became inactive. There was a slight increase in 1954 under Section 207. The insurance of mortgages on projects in critical defense areas under Section 908 in 1954 was less than a third of the preceding year's volume.

Foreclosures and Losses

At the end of 1954 the FHA had acquired through foreclosure or the assignment of mortgage notes 48,494 units of housing, representing about 1 percent of the 4,498,580 units covered by mortgages or loans insured since the beginning of operations. Of the acquired units, 26,085 had been sold and 22,409 remained on hand at the end of 1954.

Losses realized on the total amount of mortgage insurance written from 1934 through 1954 amounted to three one-hundredths of 1 percent. Losses to the Mutual Mortgage Insurance Fund on sale of acquired properties under Section 203 amounted to two one-hundredths of 1 percent.

Dwelling Units Started

The 276,307 dwelling units started under FHA home and project mortgage programs in 1954 were 9.7 percent above the number started in 1953. The 250,910 units started under the home mortgage programs alone exceeded the 1953 number by 15.9 percent. Total units started under FHA programs amounted to 23.0 percent of all privately financed nonfarm units started in 1954 as estimated by the Bureau of Labor Statistics. This was slightly below the 1953 ratio of 23.6 percent. Over the 20 years of FHA mortgage insurance operations, dwelling units financed under FHA programs have accounted for 29.4 percent of the total.

Property Improvement Loans

In 1954 there were 1.5 million property improvement loans with net proceeds of $0.9 billion tabulated as insured, while in 1953 there were 2.2 million such loans with net proceeds totaling $1.3 billion. The volume of property improvement loans tabulated in 1954 cannot fairly be compared, however, with the 1953 volume. As explained in the FHA report for 1953, the volume of insurance tabulated in that year was substantially higher than the volume of loans reported for insurance during the year (1.8 million for $1.1 billion), because of a carryover of loans reported in 1952 but not insured until 1953. The backlog resulted from the near exhaustion in 1952 of the maximum statutory insurance authorization, which made it necessary for the FHA to limit Title I insurance to the estimated liquidation rate of outstanding loans until the authorization was increased in March 1953. For the 5 years beginning with 1950, about 1½ million property improvement loans have been tabulated as insured each year, except for the abnormally high 2.2 million tabulated in 1953. The 1954 volume was the second largest in FHA history, exceeded only by the 1953 volume.

Title I income for 1954 exceeded losses, expenses, and additions to reserves during the year by more than $7 million. As of December 31, the total earned surplus of the Title I insurance fund was $34.1 million.

In 1954 the FHA paid 47,488 claims amounting to $21.0 million on Title I property improvement loans, bringing the year-end cumulative volume of claims paid to $168.8 million, or 2.03 percent of the total net proceeds of all loans insured, as compared with 1.99 percent at the end of 1953.[4] FHA recoveries, actual and anticipated, from notes and security assigned as a result of claims amount to $86.1 million, leaving unrecoverable paid claims of $84.1 million. The estimated unrecoverable amount is 1 percent of the net proceeds of all loans insured.

Cash recoveries in 1954 amounted to nearly $7 million, representing a decrease of 8.5 percent from recoveries in 1953. A major portion of the decrease is attributable to the fact that FHA collection activity, which in former years was carried on largely through correspondence between debtors and Washington headquarters, was decentralized late in 1954 by transfer of accounts and collection personnel to FHA field offices. During this reorganization the close follow-up of debtors was temporarily disrupted, but it is expected that the change will ultimately improve the effectiveness of the collection program.

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

[4] The cumulative figure of $168.8 million excludes 810 claims totaling $1.4 million paid on mortgages insured under Title I (Section 2).

or personal interview with the debtor by the staff of the FHA field office, and, if these efforts fail, by reference of the case to the Department of Justice for legal action. If this is of no avail, the case is held in suspense as uncollectible, although periodic attempts at collection on such accounts result in some recoveries.

Detailed statistics on volume of FHA insurance operations will be found in Section 2 of this report.

Property Management

All properties acquired by the FHA 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. The intent is to dispose of all properties as rapidly as possible, consistent with sound business practice.

No sale of a rental project or a group of four or more houses may be concluded without 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.

Properties owned by the FHA at the beginning of 1954 included 1,524 1- to 4-family homes and 86 rental developments consisting of 7,614 units. During the year, 1,576 1- to 4-family properties were acquired and 638 were sold, leaving 2,462 properties of this type on hand at the end of the year. Rental developments owned at the end of 1954 totaled 84 with 8,463 units, resulting from the acquisition of 34 developments totaling 2,514 units and the sale of 36 developments comprising 1,665 units.

Statements of profit and loss on sales of properties acquired under the various FHA home mortgage insurance programs are included in Section 4 of this report (Accounts and Finance), together with similar

statements for properties acquired and mortgage notes assigned to the FHA under the multifamily housing programs.

Financial Position

At June 30, 1954, the Federal Housing Administration had capital and statutory reserves of $354,026,126 which had accumulated from earnings. Of this amount, $338,826,126 represented earned surplus and statutory reserves. The remaining $15,200,000 represented capital contributions from earnings of FHA insurance funds to other FHA insurance funds under the provisions of Section 217 of the National Housing Act as amended.

The capital and statutory reserves of each fund at June 30, 1954 are as follows:

Title I Insurance Fund	$29,387,380
Title I Housing Insurance Fund	1,449,262
Mutual Mortgage Insurance Fund	191,957,095
Housing Insurance Fund	7,166,328
War Housing Insurance Fund	106,498,018
Housing Investment Insurance Fund	832,880
Military Housing Insurance Fund	9,895,918
National Defense Housing Insurance Fund	6,839,245
Total	354,026,126

From the establishment of the Federal Housing Administration in 1934 through June 30, 1954, gross income from fees, insurance premiums, and income on investments totaled $882,770,694, while operating expenses for the same period amounted to $346,098,702. Expenses of the agency during the first 3 fiscal years, 1935 through 1937, were met from funds advanced through the Reconstruction Finance Corporation by the United States Treasury. During the following 3 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 the various insurance funds.

Gross income from fees, insurance premiums, and investments during the fiscal year 1954 from all insurance operations of the FHA totaled $125,223,448. Expenses of administering the agency during the fiscal year 1954 amounted to $31,365,885, leaving an excess of gross income over operating expenses of $93,857,563.

During fiscal year 1954, the Federal Housing Administration completely liquidated its indebtedness to the United States Treasury Department for funds advanced by the Treasury for salaries and expenses during the early years of FHA operations and for the establishment of certain insurance funds. Repayment was required under

the provisions of Public Laws 5 and 94, 83d Congress. The principal indebtedness repaid by each fund, together with the interest thereon, is as follows:

Fund	Date of final payment	Principal	Interest	Total
Title I Insurance Fund	July 1, 1953	$8,333,314		$8,333,314
Mutual Mortgage Insurance Fund (Title II)	Mar. 11, 1954	41,994,095	$17,059,846	59,053,941
Housing Insurance Fund (Title II)	Oct. 31, 1953	4,170,024	1,386,667	5,556,691
War Housing Insurance Fund (Title VI)	Sept. 30, 1953	5,000,000	1,390,009	6,390,009
Housing Investment Insurance Fund (Title VII)	July 31, 1953	1,000,000	107,915	1,107,915
Military Housing Insurance Fund (Title VIII)	Nov. 30, 1953	5,000,000	441,092	5,441,092
Total		65,497,433	20,385,529	85,882,962

FHA Debentures

On March 29, 1954, the FHA called for redemption on July 1, 1954, at par and accrued interest, all its callable debentures issued through March 15, 1954, in the total amount of $67.3 million.

On September 22, all callable debentures issued through September 1, 1954, were called for redemption on January 1, 1955, in the total amount of $19.4 million.

With the concurrence of the Secretary of the Treasury, the interest rates on FHA debentures issued pursuant to mortgage insurance commitments made on and after May 29, 1954, were reduced ¼ of 1 percent. On 10-year debentures the rate was reduced from 2¾ percent to 2½ percent, and on debentures with longer terms it was reduced from 3 percent to 2¾ percent.

In September, with the concurrence of the Secretary of the Treasury, the interest rate on debentures of the Mutual Mortgage Insurance Fund was reduced from 2¾ percent to 2½ percent, effective with respect to mortgages on which commitments were issued after September 1. This reduction was made in accordance with a provision of the Housing Act of 1954 to establish an interest rate consistent with that prevailing for other Government obligations having similar maturities.

SECTION 2

VOLUME OF FHA MORTGAGE AND LOAN INSURANCE OPERATIONS

Section 2 of the FHA report provides detailed statistical information on various phases of FHA insuring operations during 1954, including such topics as the geographical distribution of FHA business, types of financial institutions financing, purchasing, selling, or holding mortgages and loans insured under the various programs, termination and foreclosure experience, and the default status of mortgages with insurance in force. In 1954, insurance was available to approved lending institutions under programs authorized by various titles and sections of the National Housing Act. These programs may be functionally classified into the following principal categories:

(1) Home Mortgage Insurance.—Title I, Section 8; Title II, Sections 203, 213, 220, 221, 222, 223, and 225; Title VI, Sections 603, 603–610 and 611; and Title IX, Section 903.
(2) Project Mortgage Insurance.—Title II, Sections 207, 213, 220, 221, and 223; Title VI, Sections 608, 608–610 and 611; Title VIII, Section 803; and Title IX, Section 908.
(3) Property Improvement Loan Insurance.—Title I, Section 2.
(4) Prefabricated Housing Production and Marketing Loan Insurance.—Title VI, Section 609.
(5) Rental Housing Investment Yield Insurance.—Title VII, Section 701.

Mention of the Section 609 prefabricated housing loan insurance program is restricted to the major volume tables, since there was very little activity under this program during the year.

There will be no further reference to the Title VII yield insurance program in this section of the report, inasmuch as no contracts had been insured under this program at the end of 1954.

Summary of Operations

Combined Insurance Activity

Insurance written by FHA during 1954 aggregated slightly more than $3 billion. Although this was about 20 percent under the volume insured in 1953 and represented the lowest yearly volume since 1947, Chart 19 shows that it compared favorably with other

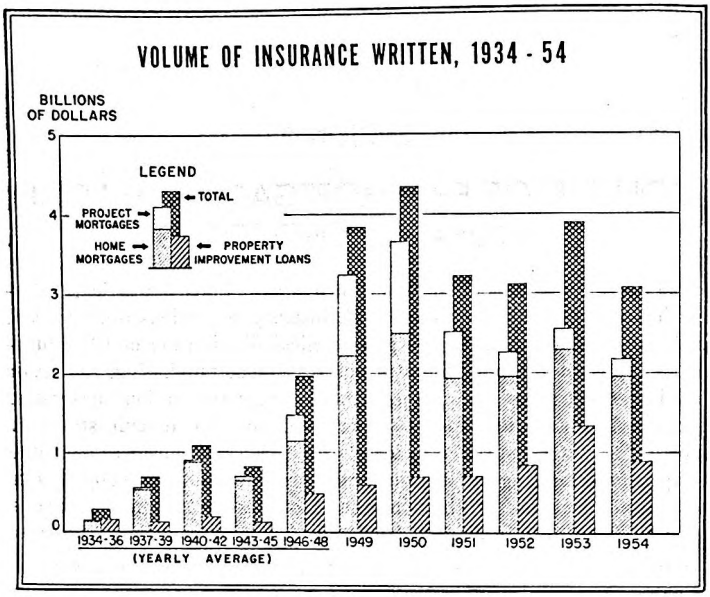


CHART 19

years since World War II and was the seventh consecutive year in which insurance written exceeded $3 billion. Some 214,000 home mortgages, 28,300 dwelling units in multifamily projects, and over 1.5 million property improvement loans were financed with the aid of FHA insurance in 1954 (Table 18).

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 1954 and cumulatively from 1934 through 1954:

Type of program	Year 1954		1934–54	
	Billions of dollars	Percent	Billions of dollars	Percent
Home mortgages	1.9	63	22.8	63
Project mortgages	.2	8	4.9	14
Property improvement loans	.9	29	8.3	23
Total	3.1	100	36.0	100

In 1954, as in the last several years following the termination of the Title VI veterans' emergency housing program, most FHA mortgage insurance was written pursuant to the provisions of Title II of the

National Housing Act. This title accounted for nearly 3 of every 5 dollars insured in 1954 (a somewhat larger proportion than in 1953), with over one-half of the year's total attributable to Section 203 insured home mortgages (Table 19). Ranking next in volume of insurance written during 1954 was Title I, which accounted for over 32 percent of the total, a slightly lower proportion than in 1953, with property improvement loan insurance—the major activity under this title—responsible for 29 percent of the year's aggregate volume. Title IX defense housing activity accounted for only about 6 percent of the total (down slightly from 1953). The preponderant proportion of Title IX insurance was written under the home mortgage provisions of Section 903. Some 2 percent of the year's insurance was written under the Title VIII military housing program. Activity under the virtually inactive programs of Title VI (which were terminated by the Housing Act of 1954, approved August 2) was practically limited to the insurance of manufactured-housing loans under Section 609. The

TABLE 18

Mortgages and loans insured by FHA, 1934–1954

[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	Number	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	707,363	12,430	56,096	389,615	114,013		
1945	664,985	96,776	474,245	4,058	19,817	501,441	170,923		
1946	755,778	80,872	421,949	2,232	13,175	799,304	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	3	$1,872
1949	3,826,283	305,705	2,209,842	133,135	1,021,231	1,246,254	593,744	196	1,466
1950	4,343,378	342,582	2,492,367	154,597	1,156,681	1,447,101	693,761	175	569
1951	3,219,836	252,642	1,928,433	74,207	583,774	1,437,764	707,070	131	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	259,194	2,244,227	1,334,287	40	221
1954	3,067,250	214,237	1,942,266	28,257	234,022	1,506,480	890,606	115	356
Total	36,021,100	3,637,185	22,835,114	668,342	4,881,334	18,071,879	8,299,372	745	5,280

[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; Secs. 220, 221, and 222, Aug. 2, 1954.

[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. Data are based on loans tabulated in Washington. The increase in 1953 loans over 1952 loans insured resulted in part from authorization controls which caused a tabulation backlog of approximately $200 million as of Dec. 31, 1952. See text of report for detailed explanation.

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

TABLE 19

FHA insurance written by title and section, 1953, 1954, and 1934–54

[Dollar amounts in thousands]

	1954			1953			1934–54		
	Number	Amount	Units	Number	Amount	Units	Number	Amount	Units
Title I	1,522,377	$979,995	NA	2,248,606	$1,356,233	NA	18,150,473	$8,597,225	NA
Section 2 property improvement loans	1,506,480	890,606	NA	2,244,227	1,334,287	NA	18,071,879	8,290,372	NA
Section 2 home mortgages							46,115	126,611	46,115
Section 8 home mortgages	15,897	89,389	15,897	4,379	21,946	4,379	32,479	171,242	32,479
Title II	180,448	1,831,974	203,483	234,261	2,192,992	256,693	2,877,907	19,101,244	3,100,342
Section 203 home mortgages	175,698	1,640,392	181,309	231,445	2,037,210	239,250	2,866,157	18,292,355	2,982,288
Section 207 project mortgages	100	92,928	11,442	82	53,839	7,175	718	408,161	75,452
Section 213 cooperative housing	4,640	98,512	10,722	2,734	101,943	10,268	11,022	400,586	42,592
Project mortgages	(138)	(56,417)	(6,220)	(15)	(74,880)	(7,579)	(283)	(208,610)	(31,853)
Home mortgages	(4,502)	(42,095)	(4,502)	(2,689)	(27,062)	(2,689)	(10,739)	(101,976)	(10,739)
Section 222	10	142	10				10	142	10
Title VI	116	406	5	115	1,468	217	635,929	7,127,277	1,166,821
Section 603 home mortgages				65	278	65	624,653	3,645,212	690,007
Section 608 project mortgages							7,045	3,439,771	465,683
Section 609 manufactured housing loans	115	356	NA	40	221	NA	745	5,280	NA
Section 610 public housing sales	1	6	1	7	44	7	3,386	24,468	9,072
Section 603–610 home mortgages	(1)	(6)	(1)	(7)	(44)	(7)	(3,363)	(16,109)	(5,157)
Section 608–610 project mortgages	(—)	(—)	(—)	(—)	(—)	(—)	(23)	(8,360)	(3,915)
Section 611 site fabricated housing				3	926	145	100	12,546	2,059
Project mortgages	(—)	(—)	(—)	(3)	(926)	(145)	(25)	(11,991)	(1,984)
Home mortgages	(—)	(—)	(—)	(—)	(—)	(—)	(75)	(556)	(75)
Title VIII	30	74,764	9,310	44	100,558	12,181	260	651,939	81,076
Section 803	30	74,764	9,310	44	100,558	12,181	260	651,939	81,076
Title IX	18,144	180,110	22,227	23,000	232,584	29,799	53,690	543,415	69,795
Section 903 home mortgages	18,128	170,290	20,945	22,956	202,086	25,909	53,594	480,912	61,416
Section 908 project mortgages	16	9,820	1,282	44	30,497	3,890	96	62,503	8,379
Total [1]	1,721,115	3,067,250	[2] 250,922	2,506,023	3,882,328	[2] 303,000	21,718,259	36,021,100	[2] 4,496,628

[1] All tables presenting cumulative data for Section 207 include 106 mortgages for $7,782,866 and 2,176 units insured under Section 210.
[2] Excludes Title I, Section 2 property improvement loans and Section 609.

1954 insurance volumes under all titles and sections were lower than in 1953 except for Section 8, which increased threefold, Section 207, which went up 73 percent, and Section 609, which was 61 percent greater than in the preceding year.

Through the end of 1954, some $36 billion in mortgages and loans had been financed with the assistance of FHA insurance—63 percent ($23 billion) in home mortgages, 23 percent ($8 billion) in property improvement loans, and 14 percent ($5 billion) in multifamily projects. In addition, some $5 million in loans for the production and sale of manufactured houses had been facilitated by FHA insurance. Table 19 shows that $19 billion or 53 percent of the total represented insurance written under Title II. Of this amount, the long-term Section 203 home mortgage program has accounted for over $18 billion, representing over one-half of the total amount of insurance reported under all programs since 1934. Over $8.5 billion or roughly one-fourth of the total volume for all programs has been in Title I insurance—very largely in property improvement loans. About $7 billion (one-fifth of the cumulative total) covered mortgages on homes and multifamily rental housing built under the World War II and postwar emergency housing provisions of Title VI. Titles VIII and IX have each accounted for less than 2 percent of the total insurance volume.

Of the $36 billion in insurance written through the end of 1954, over $14 billion or nearly two-fifths had been terminated as of the year end. Terminations have resulted primarily from the maturity of property improvement loans and from prepayment prior to maturity of home mortgages (Table 20). Amortization through regular payments by the borrowers had reduced the $21.9 billion original face amount of loans and mortgages in force at the end of 1954 to an outstanding balance estimated at $18 billion or only about one-half of the total amount of FHA insurance written. The proportion of insurance terminated varies from program to program, reflecting differentials in the average term of mortgages and loans insured and in the dates of enactment of the individual sections of the act. For example, under the Title I property improvement program, with loans averaging only 3 years in duration, the terminated proportion is considerably greater than that reported for the Section 608 rental housing program where the typical mortgage term is 32 years. In turn, terminations under the latter section are relatively higher than for the more recently enacted programs of Titles VIII and IX.

FHA Influence in Residential Financing During 1954

Of the estimated $23.0 billion of nonfarm mortgages in amounts of $20,000 or less recorded during 1954, only $1.9 billion or 8 percent represented home mortgages insured by the FHA. This is the lowest

TABLE 20

Status of FHA insurance written as of Dec. 31, 1954

[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	18,117,994	13,821,124	4,296,870		4,296,870
	Net proceeds	$8,425,982	$5,665,323	$2,760,660	$1,368,231	$1,392,429
Sec. 8 home mortgages	Number of mortgages	32,479	567	31,912	567	
	Amount	$171,242	$2,614	$168,629	$6,481	$162,148
Title II:						
Sec. 203 home mortgages	Number of mortgages	2,800,157	1,255,087	1,611,070	1,255,087	
	Amount	$18,292,355	$6,260,655	$12,031,700	$1,574,494	$10,457,206
Sec. 207-210 project mortgages	Number of units	75,452	40,616	34,836		
	Amount	$408,161	$155,045	$253,117	$7,756	$245,361
Sec. 213 cooperative housing	Number of units	42,592	9,009	33,583		
	Amount	$400,586	$86,260	$314,326	$4,711	$309,615
Sec. 222 servicemen's housing	Number of mortgages	10		10		
	Amount	$142		$142	$1	$141
Title VI (war and veterans' emergency programs):						
Sec. 603 home mortgages [2]	Number of mortgages	628,016	326,518	301,498	326,518	
	Amount	$3,661,321	$1,659,495	$2,001,826	$417,575	$1,584,251
Sec. 608 project mortgages [3]	Number of units	469,598	43,452	426,146		
	Amount	$3,448,131	$260,434	$3,187,697	$229,675	$2,958,021
Sec. 609 manufactured housing loans [4]	Number of loans	745	700	45		45
	Amount	$5,280	$5,040	$240		$240
Sec. 611 site-fabricated housing	Number of units	2,059	1,892	167		
	Amount	$12,546	$11,741	$806	$37	$769
Title VIII (military project mortgages):						
Sec. 803	Number of units	81,076	55	81,021		
	Amount	$651,939	$408	$651,531	$15,734	$635,797
Title IX (defense housing programs):						
Sec. 903 home mortgages	Number of mortgages	53,594	1,049	52,544		
	Amount	$480,912	$8,974	$471,938	$11,604	$460,334
Sec. 908 project mortgages	Number of units	8,379	253	8,126		
	Amount	$62,503	$1,881	$60,623	$754	$59,869
Total	Amount	$36,021,100	$14,117,867	$21,903,233	$3,637,053	$18,266,181

[1] Includes home mortgages insured under Sec. 2.

[2] Includes 3,363 mortgages for $16,108,500 insured under Sec. 610 provision, of which 541 mortgages in the amount of $2,152,300 had been terminated, leaving 2,822 mortgages for $13,956,200 in force.

[3] Includes 3,915 units (23 mortgages) for $8,359,500 insured under Section 610 provision, of which 980 units (6 mortgages) in the amount of $1,777,700 had been terminated, leaving 2,935 units (17 mortgages) for $6,581,800 in force.

[4] Includes 734 discounted purchasers' loans for $2,083,688, of which 690 loans in the amount of $1,943,845 had been terminated, leaving 44 loans for $139,843 in force.

FHA proportion reported since 1947. Compared with the total home mortgage debt outstanding at the end of 1954 (estimated at $75.9 billion), the FHA-insured portion was somewhat larger—$12.8 billion or about 17 percent, reflecting the relatively larger volumes of home mortgages insured by FHA in earlier years, the influence of construction loans and other short-term mortgages in the volume of mortgage recordings, and the fact that FHA-insured home mortgages typically have longer terms than do conventionally financed permanent mortgages. The 1950 Census Survey of Residential Financing indicated that the typical conventional first mortgage had a term of 11 years—about half of the 20-year term reported for FHA-insured mortgages. Of the 1954 increase in outstanding home mortgage debt ($9.6 billion) some $0.8 billion or about 8 percent was accounted for by FHA-insured home mortgages—about the same as the FHA proportion of mortgage recordings during the year. Comparison of FHA multifamily project activity with the overall United States total is not possible because data on the overall total of multifamily project mortgage recordings during the year and debt outstanding at the year end are not available. However, with respect to the total amount of home repair and modernization installment loans outstanding at the year end ($1.6 billion as estimated by the Federal Reserve Board) FHA-insured loans predominated with an estimated comparable volume of $1.1 billion or about 70 percent of the total.[5]

It is important to note that comparisons of FHA insurance written with mortgage recordings and of FHA insurance outstanding with total outstanding mortgage debt are not necessarily an adequate gauge of FHA influence. With respect to mortgage recordings, FHA has never accounted for more than 25 percent of the total (in 1942 when wartime building and credit restrictions tended to channel a larger proportion of business into FHA) and in the postwar period has averaged only about 12 percent. This is attributable to the operating practices of many home builders and home mortgage lenders, under which a substantial portion of properties appraised by FHA and built under the FHA system of compliance inspections, with construction loan financing underwritten by FHA insurance commitments, are finally financed either with GI mortgages guaranteed by the Veterans' Administration or with conventional mortgages.

Table 21 indicates that some 23 percent of the total privately financed nonfarm dwelling units started in 1954 were constructed under the FHA inspection system. Although this proportion includes both home and multifamily project starts, the FHA portion of one-to four-family home starts was about the same. From 1947 through 1952, the FHA proportion exceeded 25 percent and, at the height of

[5] Estimates of Federal Reserve Board and FHA cover consumer credit only.

TABLE 21

Nonfarm dwelling units started under FHA programs compared with total for United States 1935–54

Year	Home mortgage programs					Project mortgage programs							Total FHA units	Total United States nonfarm units [2]	FHA as percent of United States total
							Sec. 213								
	Secs. 2 and 8 [1]	Sec. 203	Sec. 222	Sec. 603	Sec. 903	Sec. 207	Sales type	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, 296	----------	----------	----------	----------	----------	----------	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, 994	----------	----------	----------	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, 786	----------	----------	----------	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, 519	5, 464	199	195	15, 575	4, 057	251, 969	1, 068, 300	23. 6
1954	22, 643	220, 189	5	----------	8, 073	11, 856	3, 569	2, 659	28	----------	6, 313	972	276, 307	1, 201, 700	23. 0
Total	92, 064	2, 244, 214	5	691, 557	71, 285	72, 354	11, 800	20, 349	465, 526	2, 032	81, 636	8, 403	3, 761, 225	12, 812, 000	29. 4

[1] Sec. 2 activity, 1938–50; Sec. 8, 1950–54.

[2] Total number of privately financed nonfarm dwelling units started, as reported by the Bureau of Labor Statistics.

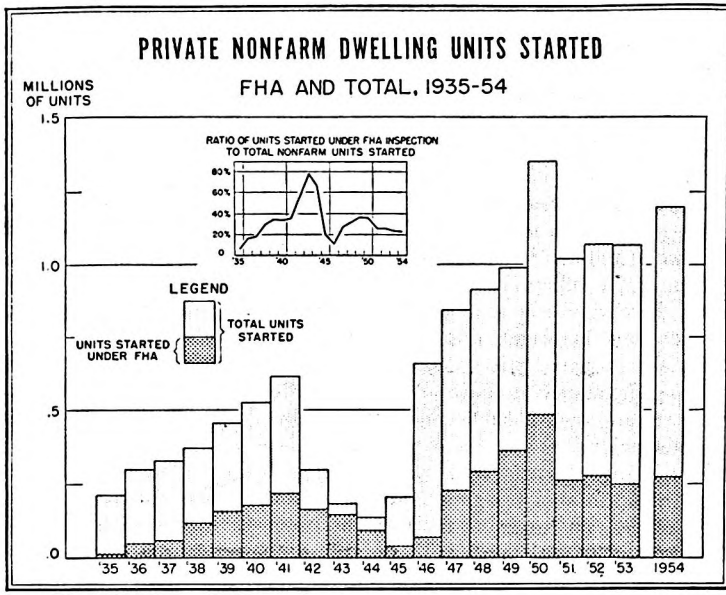


CHART 20

the multifamily rental project program from 1948–50, reached as high as 37 percent of the total. With the decline in FHA multifamily project activity since 1951, the FHA share of the total starts has been at a lower level (Chart 20). The May 1950 increase in the FHA application fee on proposed home construction to $45.00 per case may also have been influential. Furthermore, in many areas of the country the homes most in demand were in price ranges where the financing under FHA regulations in effect before August 2, 1954, was no more favorable for new homes than for existing, so that new homes could be produced advantageously without FHA compliance inspections and submitted later for mortgage insurance as existing properties.

FHA Workload

Although the volume of mortgages reported as insured in 1954 was lower than in the preceding year, FHA workload was at a relatively high level during much of the year. Reacting to the more liberal supply of mortgage money and the impetus of the August legislation, home mortgage applications reached an all-time high of 578,000 units in 1954, pushing total receipts up to 623,000 units—23 percent more than in 1953 and the third highest total volume on record. For the year as a whole, applications for the insurance of project mortgages

were off 39 percent, although in the first half of the year they were slightly above the same period of 1953.

FHA field offices processed cases involving approximately 528,000 units. Commitments were issued for mortgage insurance involving 496,000 of these units. The remainder of the cases processed involved transactions in which either the property or the mortgagor failed to meet FHA eligibility requirements. In addition to this processing workload, FHA had an inspection workload for the year of 385,000 units under construction. At the close of the year, because of the high volume of applications received after the enactment of the new legislation, FHA offices reported a backlog of 49,400 home mortgage cases involving about 50,500 units and 248 multifamily project applications involving about 34,700 units—a total of over 85,100 units as compared with 45,000 at the end of 1953. This increased backlog developed in spite of intensive efforts by Washington headquarters and insuring office personnel in instituting and applying numerous procedures designed to increase the processing efficiency of the insuring offices. With the provision by the Congress in early 1955 of additional budgetary authorization for the operation of the field offices, an intensive recruitment program was initiated by the Commissioner with a view to providing the personnel necessary to reduce this backlog to the lowest possible level consistent with quality processing and efficient operation.

Volume of Insurance Written

Home Mortgage Volume

The following pages are devoted to a detailed analysis of the volume of home and project mortgages and property improvement loans insured by FHA during 1954 under specific provisions of the National Housing Act and to a comparison of this volume with that reported for earlier years.

FHA home mortgage insurance was available during 1954 under eleven different sections of the National Housing Act: Section 8 of Title I; Sections 203, 213, 220, 221, 222, and 225 of Title II; Sections 603, 603–610, and 611 of Title VI; and Section 903 of Title IX. Several of these programs were in effect during only part of the year. The authority to issue new commitments under Section 8 of Title I and the three Title VI programs was terminated by the Housing Act of 1954, effective August 2. The same Act authorized the institution of insurance activity under Sections 220, 221, 222, and 225. It also provided a new Section 223, which authorizes insurance under Section 203 of mortgages formerly insurable under Section 603–610, mortgages given to refinance existing mortgages insured under Section 903, and any mortgages financing sales of properties acquired by FHA.

As indicated earlier in this report, no insurance was written during 1954 under Section 603 or 611 or under the home mortgage provisions of the recently enacted Sections 220, 221, and 225. Insurance written pursuant to Section 223 is included in the Section 203 existing-construction data.

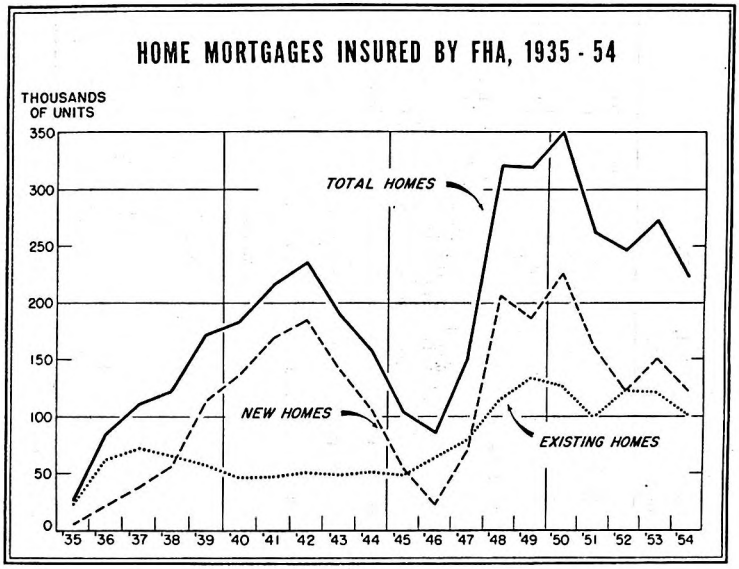


CHART 21

Reflecting the relatively low ebb of applications in the latter part of 1953 and the early months of 1954, the volume of home mortgages insured during 1954 declined by 18 percent in number of units to 223,000 (the lowest since 1947) and by 15 percent in total amount to $1.9 billion, which figure (reflecting the highest average amount in FHA history of $8,700 per unit) was still the sixth highest on record. New-construction [6] insurance decreased by 20 percent in number of units to 122,000 (the lowest since 1947), and by 18 percent in amount to $1.0 billion (the lowest since 1952). Existing construction dropped 16 percent in number of units to 100,800 (the fourth lowest figure in the postwar period), while the amount declined 12 percent to about $0.9 billion (the third highest on record). The average mortgage amounts per unit for both new and existing homes ($8,500 and $9,000, respectively) were the highest on record. (Chart 21 and Table 22.)

[6] Throughout this report, the terms "new construction" and "new homes" refer to properties approved for mortgage insurance before the beginning of construction and inspected by the FHA during construction.

TABLE 22

Home mortgages insured by FHA, 1935–54

[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	979,451	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	2,492,307	225,269	1,636,078	126,259	855,600	1,759	7,428	221,381	1,613,725	2,129	15,525	-------	-------
1951	291,231	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	21,393	121,981	1,038,234	-------	-------	25,520	198,933
1954	222,665	1,942,266	121,847	1,035,366	100,818	906,899	15,826	89,007	85,184	777,067	-------	-------	20,836	169,340
Total	3,828,286	22,835,114	2,297,168	13,848,136	1,531,118	8,986,978	78,174	295,708	1,491,889	9,539,258	666,300	3,357,181	60,805	475,989

Year	Existing or refinanced construction															
	Sec. 8		Sec. 203		Sec. 213		Sec. 222		Sec. 603		Sec. 603–610		Sec. 611		Sec. 903	
	Units	Amount	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	69	516	113	$819
1953	103	553	117,269	998,977	2,689	27,062	-------	-------	65	279	7	44	-------	-------	389	3,154
1954	71	382	96,125	863,325	4,502	42,095	10	$142	-------	-------	1	6	-------	-------	109	950
Total	420	2,145	1,490,399	8,753,097	10,739	101,976	10	142	23,707	108,031	5,157	16,110	75	556	611	4,922

[1] For total number and amount of mortgages insured under each section in 1953, 1954, and cumulatively through the end of 1954, see Table 19.
[2] Sec. 2 activity, 1938–50; Sec. 8 activity, 1950–54.

As shown by the following summary table, most of the 1954 home mortgage insuring activity occurred under Section 203. This has been the principal FHA home mortgage insurance program since 1935, except for the period from 1943 through 1948 when the bulk of home mortgage applications were processed under the war and veterans' housing provisions of Section 603.

Section	Total		New		Existing	
	Units	Amount	Units	Amount	Units	Amount
	Percentage distribution					
203	81	84	70	75	95	95
903	9	9	17	16	(1)	(1)
8	7	5	13	9	(1)	(1)
213	2	2			4	5
Others	(1)	(1)			(1)	(1)
Total	100	100	100	100	100	100

[1] Less than 0.5 percent.

As compared with 1953, however, the proportion of business attributable to Section 203 was down—in new construction from 80 percent of the units and 82 percent of the amount to 70 and 75 percent, respectively. Most of this difference was accounted for by the Section 8 program, which increased to 13 percent of the units compared with 3 percent in 1953. The Section 903 defense housing share remained about the same. The increased popularity of the Section 8 program reflected primarily the increased availability of mortgage funds for such transactions, thus making effective the opportunity for production and sale of these lower priced homes. The monthly service charge first authorized for this program in early 1953 contributed to the availability of funds for this program. In existing construction, Section 203 registered less of a decline, from 98 to 95 percent with most of the difference taken up by Section 213 which increased by nearly two-thirds over 1953.

The Section 203 new construction decrease (30 percent in terms of units) is largely attributable to the decreased volume of applications in the latter part of 1953 and early 1954, reflecting in turn the relatively high discount rates on FHA mortgages which were prevalent at that time. Moreover, as shown in Table 23, the proportion of Section 203 new construction commitments which the lending institutions permitted to expire increased markedly during the year.[7] For the first time since 1947 the proportion of Section 203 new construction mortgages insured was lower than the proportion expired—reflecting

[7] Of the 185,000 new-construction properties covered by Section 203 commitments which were completed and available for sale in 1954, only 46 percent were closed out with FHA mortgage insurance compared with 67 percent in 1953 and 78 percent in 1950.

the increase in the relative volume of properties built with FHA inspections and with construction loans secured by FHA commitments that are being sold without FHA-insured financing. Since cases closed also include rejections of applications, the lower insurance rate was also induced by the increased proportion of rejections—new and existing—notably in the months immediately following the enactment of new legislation in August. Through the end of July only 10 percent of the new home closed cases represented rejects. This proportion increased to 29 percent during August, then declined slightly to 27 percent in September and 25 percent in October.

TABLE 23

Disposition of home-mortgage applications. Section 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	68.9
1949	398,669	13.4	22.0	64.6
1950	539,640	10.4	26.9	62.7
1951	436,755	7.1	36.7	56.2
1952	367,064	9.6	32.5	57.9
1953	395,640	6.6	34.9	58.5
1954	357,920	14.6	36.3	49.1
	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
1954	196,291	13.5	44.0	42.5
	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	188,489	8.2	32.0	59.8
1954	161,629	16.0	26.8	57.2

[1] Excludes cases reopened after rejection or expiration.

The slight decline in the proportion of Section 203 existing cases that were insured during 1954, as shown in Table 23, reflects to some extent the fall-off in the total volume of existing construction insurance, but the decline seems primarily attributable, along with the greater decrease in the proportion of expirations, to the marked increase in rejections accompanying the high volume of applications

from August to December, as indicated by the fact that the reject proportion was almost double the 1953 ratio. As was noted for new construction, this was particularly evident in the period from August through October, following the enactment of the new legislation.

As shown in Table 22, the 1954 Section 203 volume of existing construction insurance exceeded the comparable new construction volume for the second time since 1950. The differential of 13 percent based on number of units, is particularly noteworthy because the number of units in new construction cases closed by expiration or insurance during the year exceeded the existing-construction volume by 22 percent. This provides additional evidence of the common use of FHA new-construction commitments as security for construction loans on homes that are subsequently sold with GI or conventional financing. Among factors that may have contributed to the relatively high level of existing construction business during the year are the following:

(1) Before the enactment of the 1954 legislation, which had only very limited effect on the volume or characteristics of the mortgages reaching insured case status in 1954, FHA financing terms for existing-construction properties in the price ranges above $11,000 were just as favorable with respect to maximum loans and ratios of loan to value as for new-construction properties, i. e., those requiring FHA approval of plans and specifications before the start of construction and subject to FHA compliance inspections during construction. In recent years, therefore, there has been an increasing tendency for builders of homes in the medium and higher price ranges to apply for FHA mortgage insurance *after* completion of construction. The proportion of recently built homes included in the category of existing construction insured by FHA rose from 24 percent in 1951 to about 30 percent in 1953 and 1954.

(2) Transfers of home properties continued at a very high level in 1954, as indicated by the all-time high of 3,458,000 nonfarm mortgage recordings of $20,000 or less. Undoubtedly included in these transfers were many of the more than two million homes that have been constructed with FHA mortgage insurance assistance in previous years. These properties, having been approved by FHA before start of construction and constructed with FHA inspections, were eligible for FHA-insured mortgages providing more favorable terms than were available for other existing homes.

Although the lower down payments provided in the August legislation generated substantial volumes of both new- and existing-home mortgage insurance applications in the last third of the year, the normal lag from date of application to date of insurance prevented any large number of these applications from resulting in insured mortgages by the end of 1954.

Project Mortage Volume

Programs in operation in 1954 providing for the insurance of rental and cooperative project mortgages included: Under Title II, Section 207 covering (1) new and rehabilitated rental housing, (2) sale of public housing by certain Federal or State agencies,[8] (3) refinanced Section 608 and Section 908 mortgages,[8] and (4) commissioner-held mortgages assigned and properties acquired under provisions of Title II, Title VI, Title VII, Title VIII, or Title IX, upon sale;[8] Section 213 cooperative housing; Section 220[8] redevelopment housing; and Section 221[8] relocation housing; under Title VIII, Section 803, military housing; and under Title IX, Section 908, defense housing.

Other programs in operation during a portion of 1954 were those Title VI programs which were repealed by the Housing Act of 1954. They included Section 608 refinanced war and veterans' housing, and Section 608–610 sales of certain public housing. The insurance provisions for both of these sections were incorporated into Section 207 by the legislation, while the provisions of insurance under Section 611 for site-fabricated housing developments was discontinued.

Title VII, authorizing 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, has been inactive since its inception in 1948. It may also be noted that no insurance was written during 1954 under any of the provisions of Title VI, or under the newly created Sections 220 and 221 of Title II.

An explanation of the purposes of these various programs appears at the beginning of the FHA report.

Project mortgages totaling $234 million and covering 28,300 units were insured by FHA during 1954. Decreasing by 10 percent from 1953, mortgage insurance under these programs continued the decline of recent years, the 1954 volume being only one-fifth of that reported in the peak year 1950 (Table 24 and Chart 22) and accounting for only 8 percent of the total amount of loans and mortgages insured under all FHA programs during the year. All mortgages insured in 1954 were secured by newly constructed projects.

The highest volume of insurance reported in 1954 under any of the multifamily programs was under Section 207. Mortgages totaling $93 million and covering 11,400 dwelling units constituted the highest volume for any year for this program. Through 1954, insurance written under Section 207 has aggregated nearly $392 million secured by 70,841 units in new projects and $17 million covering 4,611 units

[8] Provided by the Housing Act of 1954.

TABLE 24

Project mortgages insured by FHA, 1935–54

[Dollar amounts in thousands]

Year	Grand total [1]		Total new construction		Total existing or refinanced construction		New Construction					
							Sec. 207		Sec. 213			
									Sales type		Management type	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935–39	29,777	$114,429	29,777	$114,429			29,777	$114,429				
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	4,621	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	$2,691		
1951	74,207	583,774	73,333	577,545	874	6,229	4,890	33,201	1,928	17,726	6,067	$55,194
1952	39,839	321,911	39,839	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	1,915	20,926	5,664	53,954
1954	28,257	234,022	28,257	234,022			11,442	92,928	3,665	32,145	2,555	24,273
Total	668,342	4,881,334	657,866	4,844,418	10,476	36,916	70,841	391,576	11,474	109,275	20,379	189,334

Year	New construction (continued)								Existing or refinanced construction					
	Sec. 608		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														
1940–44	33,944	$145,436							3,267	$11,444	594	$2,815		
1945–49	257,723	1,986,212	275	$1,650	1,540	$12,071			1,344	5,142	476	2,828	2,801	$6,456
1950	135,076	1,007,996	473	2,877	15,129	123,052					16	133	1,104	1,868
1951	33,799	259,037	966	5,832	25,683	205,653					864	6,194	10	35
1952	3,457	29,634	125	706	17,233	135,842	3,207	$22,186						
1953			145	926	12,181	100,558	3,890	30,497						
1954					9,310	74,764	1,282	9,820						
Total	463,733	3,427,800	1,984	11,991	81,076	651,939	8,379	62,503	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 1953, 1954 and cumulatively through 1954 see Table 19.

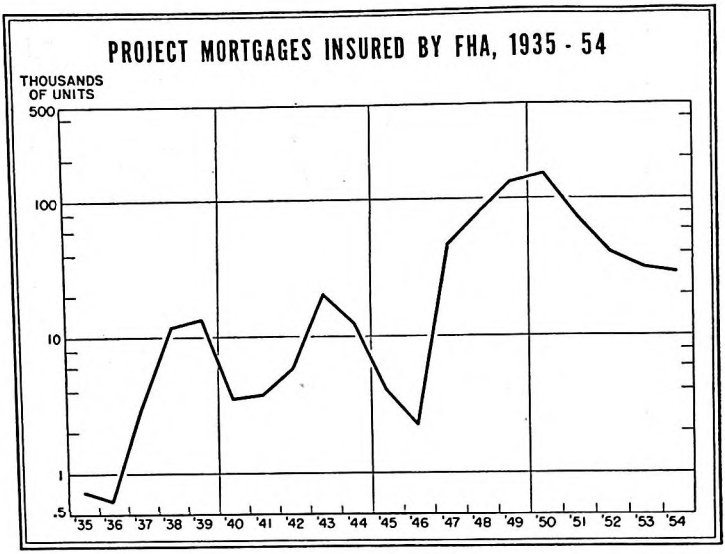


CHART 22

involved in refinancing transactions—the total representing 8 percent of the aggregate insurance written under all project programs.

The second ranking project mortgage insurance program in 1954 was the Section 803 military housing program, under which mortgages amounting to $75 million on 9,300 units were insured. Section 803 insurance has declined for the last 3 years, although the 1952 and 1953 volumes exceeded those of any other project program in those years. Through 1954 there has been some $652 million of insurance written under this program covering 81,100 dwelling units.

Insurance written during the year under the Section 213 cooperative housing program accounted for over $56 million and 6,200 dwelling units—$24 million covering 2,600 units in management-type projects and $32 million involving 3,700 units in sales-type projects. For the first time—except in 1950 when no management-type projects were insured—the volume for sales-type cooperatives exceeded that of the management-type, increasing by 54 percent over 1953 while the volume of management-type projects declined 55 percent. With respect to total insurance written through 1954 of $299 million covering 31,900 units, the volume of mortgages on management-type cooperatives surpassed that of sales-type cooperatives—$189 million and 20,400 units as compared to $109 million and 11,500 units. Mort-

gages under the sales-type program—all single-family dwellings—provide for the release of the individual homes to the cooperative members, who may use the insurance provisions of either Section 213 or Section 203. The Section 213 home mortgage program is discussed in the section dealing with home mortgage insurance operations elsewhere in this report.

In addition, project mortgages amounting to $9.8 million covering 1,300 dwelling units were insured under the Section 908 defense housing program in 1954, bringing the total insurance under this section to $62.5 million on 8,400 units.

Construction activity for all project programs combined declined during the year with 25,400 dwelling units reported started—a decrease of 28 percent from 1953: 33,500 units reported completed (down one-third); and 52,100 dwelling units under construction during the year—one-third below the 1953 level. At variance with this general decline, Section 207 rental housing operations moved ahead with 11,900 units reported started and 8,200 completed as compared to nearly 7,500 units and 5,500 units, respectively, in 1953. More than one-third of the project units under construction in 1954 were in Section 207 projects.

Applications received under the project programs during 1954 totaled 44,200 units—down nearly two-fifths from the preceding year. There were 24,400 dwelling units covered by commitments issued—little more than half the number for 1953. Project applications involving 34,700 units were under examination in FHA field offices at the year end. Again, activity under Section 207 increased, with 32,200 units in applications received during the year compared to 27,700 in 1953; commitments issued involving 15,100 units declined slightly, leaving 22,300 units under examination at December 31—nearly two-thirds of all the project units in this stage of processing.

Property Improvement Loan Volume

In 1954, FHA was authorized to insure qualified lenders under two sections of Title I of the National Housing Act. Section 2, enacted in 1934, provides for one of the major activities of the FHA, the insurance of property improvement loans. Section 8 was enacted in 1950, providing for the insurance of mortgages on new single-family homes for low- and moderate-income families. As previously noted, the authority to issue new commitments for the insurance of mortgages under this section was terminated by the Housing Act of 1954, with provision being made for the insurance of mortgages of this type under the new Section 203(i). Statistics on these mortgage programs are presented in the home mortgage sections of this report. The volume of property improvement loan insurance under Section 2 is analyzed in the following paragraphs.

It should be noted, initially, that property improvement loans are primarily small, short-term, unsecured loans financing the repair, alteration, and modernization of existing residential properties and the construction of new structures for other than residential purposes. Prior to October 1, 1954, the FHA insured approved lending institutions against loss up to 10 percent of the aggregate net proceeds advanced by each lender. As of that date, the co-insurance amendment of the Housing Act of 1954 became effective, limiting the amount of each claim paid by FHA to 90 percent of the calculated principal loss sustained by the lender on the transaction plus allowances permitted by regulations, thereby making the lender share in the risk. However, the total claim payments made to any institution still may not exceed the 10 percent limitation established by earlier legislation.

Information on changes in regulations, premiums, and on the scope of operations will be found in Section 1 of this report.

Table 25 shows the trend of insurance written and claims paid for the property improvement program. It should be noted that there are two totals shown for each of the years 1952 and 1953. The tabulated totals normally used are not representative of the actual business generated during these years. Therefore, for analytical purposes it was necessary to estimate volume based on the loan reports received by FHA.

TABLE 25

Property improvement loans insured and claims paid by FHA, 1934–54

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	2,458,920	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					
1954	1,506,480	890,606	591	47,488	21,047	443	2.03
Total	18,071,879	8,299,372	459	522,395	168,758	323	

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

In 1952, the Title I insurance authorization was exhausted and it was only possible for FHA to insure property improvement loans at a rate equal to the amount of the insured notes amortized each month, or approximately $70 million a month, but loan reports were received at the rate of about $100 million a month, causing a large backlog of

loans awaiting insurance to develop. As a result, the tabulated totals for 1952 understated the actual volume of loan applications received. In 1953, Congress increased the insurance authorization to $1¾ billion, thus making it possible to insure and tabulate the accumulated backlog of loans from 1952 as well as the current business. However, this return of insuring operations to a current basis distorted the tabulated totals for 1953. (See FHA 1953 Annual Report, Section 2, for a more detailed explanation.)

In 1954, over 1½ million property improvement loans with net proceeds aggregating more than $890 million were insured by FHA. Not only was the dollar volume down 18 percent from that estimated for 1953, but it was the first downtrend in this activity since 1949. The decline may be attributed to the influence of the more stringent regulations placed in effect after the initiation of agency and congressional investigations in the Spring of 1954, and to the institution of co-insurance.[9]

Nevertheless, insurance activity in 1954 continued at a high level, registering the third highest volume reported for any year since the inception of the program in 1934. As in earlier years, property improvement loans continued to be an important portion of FHA business, accounting for 29 percent of the total dollar volume insured in 1954. At the end of 1954, the total amount of insurance written under this program was $8.3 billion—nearly one-fourth of the $36 billion in loans and mortgages insured by FHA since 1934.

State Distribution of FHA Insurance

All Programs

Chart 23 depicts the dollar volume of insurance written on properties in each State under home, project, and property improvement programs for the year 1954.

Table 26 shows the number and amount of loans insured under the home mortgage, project mortgage, and property improvement programs of FHA during 1954, together with the combined dollar amount under all programs in each State and Territory of the United States. Comparable data on insurance written cumulatively to the end of 1954 are shown in Table 27. For each of the individual programs the State distribution is discussed in more detail in subsequent paragraphs of this report.

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[9] Insurance written during 1954 includes 214,531 loans amounting to $125,994,700 subject to the co-insurance provisions which became effective on October 1, 1954. No claims were paid during the year on loans insured under these new provisions.

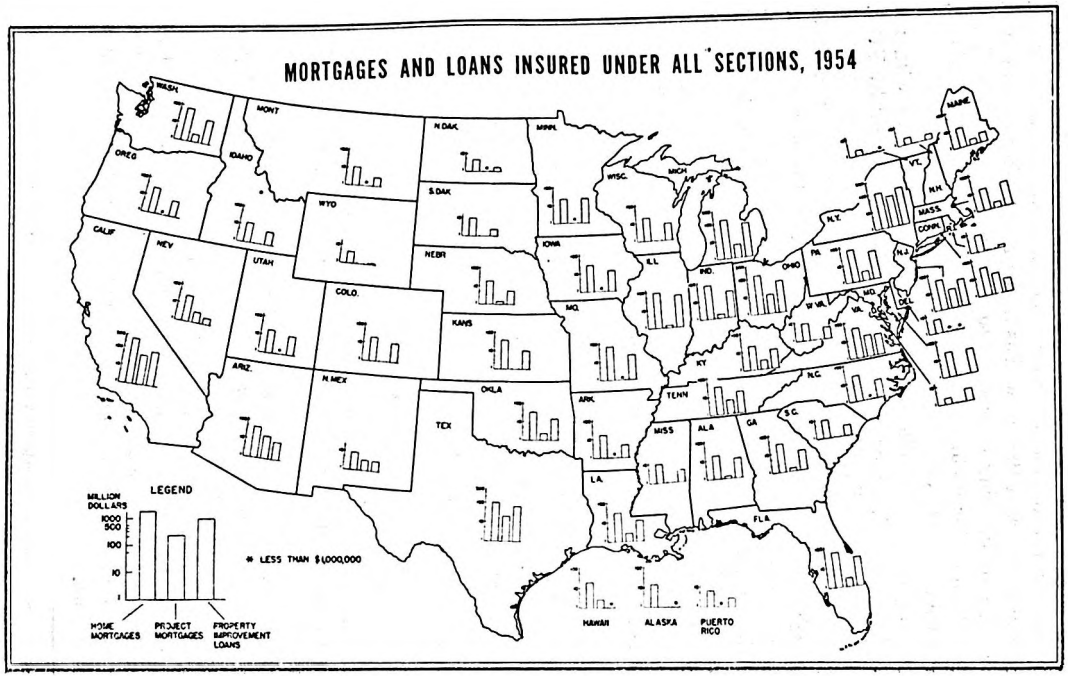
MORTGAGES AND LOANS INSURED UNDER ALL SECTIONS, 1954
WASH.
MONT.
N.DAK.
MINN.
OREG.
IDAHO
S.DAK.
WYO.
WISC.
MICH.
MAINE
VT.
N.H.
CALIF.
NEV.
UTAH
NEBR.
IOWA
ILL.
N.Y.
MASS.
CONN.
R.I.
COLO.
IND.
OHIO
PA.
N.J.
KANS.
MO.
W.VA.
MD.
DEL.
ARIZ.
N.MEX.
OKLA.
KY.
TENN.
N.C.
ARK.
TEX.
MISS.
ALA.
GA.
S.C.
LA.
FLA.
LEGEND
MILLION DOLLARS
1000
500
100
10
1
HOME MORTGAGES
PROJECT MORTGAGES
PROPERTY IMPROVEMENT LOANS
* LESS THAN $1,000,000
HAWAII
ALASKA
PUERTO RICO

CHART 23

TABLE 26

Volume of FHA-insured mortgages and loans, by State location of property, 1954

[Dollar amounts in thousands]

State	Total amount	Home mortgages		Project mortgages		Property improvement loans	
		Number	Amount	Units	Amount	Number	Net proceeds
Alabama	$31,018	2,071	$17,854	172	$1,344	21,542	$11,820
Arizona	71,354	5,724	46,540	2,112	15,951	15,283	8,863
Arkansas	21,345	1,887	15,850	78	499	7,893	4,996
California	420,571	32,384	300,879	5,415	43,436	150,617	76,256
Colorado	30,043	2,338	19,799			17,557	10,244
Connecticut	53,561	3,339	34,173	1,597	13,948	8,200	5,439
Delaware	6,116	603	5,916			327	200
District of Columbia	6,650	154	2,087			7,715	4,563
Florida	80,396	6,656	50,910	392	2,617	40,865	26,869
Georgia	42,829	3,751	31,362	192	1,362	18,612	10,105
Idaho	17,504	1,413	12,393			7,323	5,111
Illinois	147,414	9,392	89,923	142	1,254	88,402	56,237
Indiana	93,870	7,658	65,519	234	1,609	48,542	26,742
Iowa	40,769	3,228	28,065	43	447	20,897	12,256
Kansas	46,556	4,057	36,574			18,242	9,983
Kentucky	31,834	1,973	18,664	335	3,075	19,685	10,095
Louisiana	43,679	3,272	29,487	489	2,507	18,925	11,684
Maine	15,733	1,289	10,541	232	1,919	6,439	3,274
Maryland	42,883	2,638	21,901			42,694	20,982
Massachusetts	36,114	1,637	14,137	232	1,979	35,329	19,998
Michigan	219,495	15,292	141,163	645	5,217	131,993	73,114
Minnesota	43,473	2,123	21,518	12	103	37,426	21,852
Mississippi	13,466	1,205	9,244			7,109	4,221
Missouri	84,155	6,360	62,031	78	543	40,135	21,581
Montana	14,618	1,191	11,243	28	228	3,908	3,147
Nebraska	26,193	2,336	19,491	131	1,319	9,180	5,383
Nevada	33,078	2,563	26,865	315	3,842	2,891	2,371
New Hampshire	4,099	303	2,329			3,581	1,770
New Jersey	90,056	5,515	48,431	1,292	11,945	39,787	29,680
New Mexico	15,140	993	8,430	400	3,389	4,771	3,320
New York	264,529	10,024	90,924	5,910	52,219	167,272	121,386
North Carolina	33,940	2,876	24,689	76	475	14,280	8,776
North Dakota	6,092	432	4,377	16	121	2,577	1,594
Ohio	198,514	13,370	135,100	1,450	11,124	93,544	52,290
Oklahoma	47,915	4,029	31,816	248	2,276	23,128	13,823
Oregon	33,500	3,021	26,220	16	124	10,598	7,156
Pennsylvania	100,861	6,770	62,099	379	3,330	63,309	35,431
Rhode Island	9,360	850	7,933			2,702	1,427
South Carolina	13,326	1,124	9,547			6,734	3,779
South Dakota	11,605	1,126	9,243			3,557	2,363
Tennessee	52,855	3,778	32,803	648	5,477	27,546	14,574
Texas	180,578	12,869	100,037	2,925	20,059	109,514	60,483
Utah	28,137	1,720	17,674	12	65	17,818	10,399
Vermont	2,754	253	2,055			1,280	699
Virginia	74,236	4,927	45,776	1,424	14,247	26,980	14,213
Washington	90,839	7,040	66,046	285	2,561	33,904	22,232
West Virginia	12,627	933	8,490			7,538	4,137
Wisconsin	28,182	1,772	19,436			13,492	8,746
Wyoming	5,148	447	4,076			1,492	1,072
Alaska	13,511	716	12,882			466	628
Guam	521	39	486			27	35
Hawaii	23,041	1,939	19,908	224	2,505	718	629
Puerto Rico	9,502	811	6,255	74	631	2,165	2,616
Virgin Islands	9	1	9				
United States total [1]	[2] 3,066,187	214,212	1,941,203	28,257	234,022	1,506,480	890,606

[1] Based on cases tabulated in 1954, including adjustments not distributed by States.
[2] Includes $355,826 in loans insured under Sec. 609 not distributed by States.

TABLE 27

Volume of FHA-insured mortgages and loans, by State location of property, 1934-54

[Dollar amounts in thousands]

State	Total amount	Home mortgages		Project mortgages		Property improvement loans	
		Number	Amount	Units	Amount	Number	Net proceeds
Alabama	$428,813	41,721	$251,256	11,992	$72,757	269,451	$104,800
Arizona	407,508	48,607	310,422	4,628	32,611	128,287	64,476
Arkansas	272,276	36,526	209,481	1,712	11,757	119,498	51,038
California	4,986,511	602,060	3,771,276	48,447	356,095	2,118,063	859,140
Colorado	351,344	41,172	260,447	3,141	22,417	153,834	68,480
Connecticut	414,331	39,310	279,068	6,766	52,002	178,963	83,261
Delaware	83,844	7,391	46,913	4,155	29,974	15,173	6,957
District of Columbia	241,932	6,984	52,504	21,102	142,787	94,448	46,640
Florida	984,225	110,100	695,124	15,229	105,759	349,849	183,342
Georgia	623,854	59,909	364,567	23,273	159,947	234,775	99,340
Idaho	182,082	20,199	127,238	626	4,970	98,586	49,873
Illinois	1,779,577	160,651	1,068,110	22,362	175,813	1,105,209	535,655
Indiana	1,034,181	119,309	711,961	9,050	66,906	619,536	255,314
Iowa	334,108	33,939	210,425	1,806	14,137	248,869	109,546
Kansas	526,615	66,898	427,736	4,634	29,926	171,052	68,954
Kentucky	356,535	35,242	225,583	6,668	49,021	197,989	81,932
Louisiana	544,847	59,940	401,787	9,140	66,528	172,216	76,532
Maine	116,678	11,654	64,284	2,420	19,383	75,928	33,012
Maryland	799,585	55,042	340,269	43,691	297,520	378,963	161,796
Massachusetts	382,007	21,137	132,869	5,326	41,538	462,315	207,601
Michigan	2,292,545	245,010	1,560,801	10,720	77,314	1,516,369	654,430
Minnesota	447,232	34,664	223,738	6,310	46,337	406,448	177,158
Mississippi	296,454	26,199	140,782	2,722	16,962	115,199	48,710
Missouri	871,983	93,089	607,958	11,203	81,472	464,262	182,554
Montana	110,624	12,685	79,061	837	6,304	46,825	25,259
Nebraska	275,338	34,337	209,388	2,599	19,687	103,439	46,263
Nevada	119,251	12,039	94,870	956	8,808	25,186	15,573
New Hampshire	47,936	4,867	25,713	244	1,672	46,693	20,551
New Jersey	1,609,217	136,706	824,165	58,507	420,071	631,969	355,981
New Mexico	187,148	21,619	143,656	2,472	21,138	38,747	22,354
New York	3,354,217	177,327	1,169,303	123,858	1,012,683	1,972,163	1,172,231
North Carolina	453,217	44,424	276,858	17,433	106,884	157,299	69,474
North Dakota	44,038	3,850	27,061	154	1,143	33,344	15,834
Ohio	1,821,114	176,959	1,202,098	21,582	159,858	1,084,592	459,158
Oklahoma	654,949	85,878	512,574	4,662	34,353	254,211	108,022
Oregon	472,779	52,139	334,967	5,387	39,388	217,974	98,423
Pennsylvania	1,688,308	182,460	1,069,128	24,769	187,101	983,971	432,079
Rhode Island	86,505	7,925	50,020	952	7,973	64,975	28,512
South Carolina	263,288	32,889	181,831	7,229	44,964	85,653	36,493
South Dakota	94,193	12,047	71,832	729	5,573	32,944	16,787
Tennessee	597,993	67,107	400,216	10,194	61,604	350,323	136,173
Texas	2,022,902	230,872	1,356,546	32,990	226,046	990,587	440,309
Utah	310,285	34,608	221,336	1,615	12,752	178,546	82,198
Vermont	32,477	4,260	21,425	193	1,512	20,532	9,540
Virginia	926,015	82,579	518,947	45,191	293,359	243,727	113,709
Washington	1,158,630	143,806	887,745	10,267	79,781	425,913	191,104
West Virginia	181,925	23,467	137,062	707	3,601	85,445	41,262
Wisconsin	356,754	31,211	210,658	4,104	32,589	247,941	113,507
Wyoming	79,195	11,068	64,148	571	4,451	17,654	10,596
Alaska	83,874	2,673	36,595	3,853	45,399	1,729	1,881
Guam	1,203	72	883			265	320
Hawaii	128,744	11,485	102,382	3,151	24,062	3,163	2,300
Puerto Rico	159,974	15,548	99,563	5,833	35,646	29,962	24,764
Virgin Islands	92	10	87			3	5
United States total[1]	[2] 36,000,237	3,634,139	22,814,251	668,342	4,881,334	18,071,879	8,299,372

[1] Based on cases tabulated through 1954, including adjustments not distributed by States.
[2] Includes $5,280,170 in loans insured under Sections 609 not distributed by States.

State Distribution of Home Mortgages in 1954

Home mortgages insured by the FHA in 1954 cover new- and existing-home properties in every State, the District of Columbia, Alaska, Guam, Puerto Rico, and the Virgin Islands, as indicated by Table 28.

TABLE 28

Volume of FHA-insured home mortgages, by State location, 1954

[Dollar amounts in thousands]

State	Total			New construction			Existing construction		
	Number	Amount	Units	Number	Amount	Units	Number	Amount	Units
Alabama	2,071	$17,854	2,094	1,177	$9,541	1,192	894	$8,313	902
Arizona	5,724	46,540	5,944	3,588	29,695	3,749	2,136	16,845	2,195
Arkansas	1,887	15,850	1,917	832	6,984	842	1,055	8,866	1,075
California	32,384	300,879	34,789	20,014	182,658	21,806	12,370	118,221	12,983
Colorado	2,338	19,799	2,387	1,763	14,083	1,799	575	5,716	588
Connecticut	3,339	34,173	3,625	858	9,242	870	2,481	24,932	2,755
Delaware	603	5,916	604	287	2,527	287	316	3,389	317
District of Columbia	154	2,087	261	85	1,304	179	69	784	82
Florida	6,656	50,910	6,673	5,589	41,459	5,594	1,067	9,451	1,079
Georgia	3,751	31,362	3,769	1,986	14,345	1,991	1,765	17,018	1,778
Idaho	1,413	12,393	1,439	373	3,682	378	1,040	8,711	1,061
Illinois	9,392	89,923	9,486	5,436	48,799	5,436	3,956	41,124	4,050
Indiana	7,658	65,519	7,928	4,346	35,976	4,536	3,312	29,543	3,392
Iowa	3,228	28,065	3,247	1,947	16,189	1,953	1,281	11,877	1,294
Kansas	4,057	36,574	4,219	2,078	18,625	2,200	1,979	17,949	2,019
Kentucky	1,973	18,604	2,000	641	5,463	647	1,332	13,201	1,353
Louisiana	3,272	29,487	3,339	1,607	14,169	1,637	1,665	15,319	1,702
Maine	1,289	10,541	1,367	506	4,498	493	783	6,043	874
Maryland	2,638	21,901	2,729	1,793	13,747	1,866	845	8,154	863
Massachusetts	1,637	14,137	1,886	654	5,497	657	983	8,640	1,229
Michigan	15,292	141,163	15,615	9,432	85,699	9,585	5,860	55,464	6,030
Minnesota	2,123	21,518	2,152	774	7,729	778	1,349	13,789	1,374
Mississippi	1,205	9,244	1,209	872	6,490	873	333	2,754	336
Missouri	6,360	62,031	6,673	2,548	24,381	2,683	3,812	37,650	3,990
Montana	1,191	11,243	1,290	353	3,555	356	838	7,688	934
Nebraska	2,336	19,491	2,359	1,077	8,530	1,094	1,259	10,952	1,265
Nevada	2,563	26,865	2,973	1,852	18,848	2,246	711	8,018	727
New Hampshire	303	2,329	320	150	1,142	150	153	1,188	170
New Jersey	5,515	48,431	5,702	2,825	23,467	2,841	2,690	24,964	2,861
New Mexico	993	8,430	1,007	765	6,367	775	228	2,064	232
New York	10,024	90,924	10,821	4,413	39,944	4,494	5,611	50,980	6,327
North Carolina	2,876	24,689	3,112	1,988	16,493	2,217	888	8,197	895
North Dakota	432	4,377	469	165	1,805	199	267	2,572	270
Ohio	13,370	135,100	14,336	6,683	67,030	7,352	6,687	68,070	6,984
Oklahoma	4,029	31,816	4,046	2,193	16,499	2,194	1,836	15,317	1,852
Oregon	3,021	26,220	3,073	1,124	9,637	1,146	1,897	16,583	1,927
Pennsylvania	6,770	62,090	6,851	4,018	37,049	4,041	2,752	25,050	2,810
Rhode Island	850	7,933	960	245	2,204	251	605	5,729	709
South Carolina	1,124	9,547	1,136	511	4,114	512	613	5,432	624
South Dakota	1,126	9,243	1,163	590	5,018	603	536	4,225	560
Tennessee	3,778	32,803	3,822	2,237	19,169	2,245	1,541	13,634	1,577
Texas	12,869	100,037	12,959	7,959	60,520	8,001	4,910	39,517	4,958
Utah	1,720	17,674	1,763	742	7,542	759	978	10,132	1,004
Vermont	253	2,055	286	68	580	74	185	1,475	212
Virginia	4,927	45,776	5,050	2,555	22,523	2,633	2,372	23,253	2,417
Washington	7,040	66,046	7,250	1,179	11,201	1,228	5,861	54,845	6,022
West Virginia	933	8,490	962	263	2,278	264	670	6,212	698
Wisconsin	1,772	19,436	2,053	974	11,292	1,242	798	8,144	811
Wyoming	447	4,076	513	172	1,558	178	275	2,519	335
Alaska	716	12,882	825	519	9,665	581	197	3,217	244
Guam	39	486	55	20	259	21	19	226	34
Hawaii	1,939	19,908	1,992	1,527	15,397	1,577	412	4,511	415
Puerto Rico	811	6,255	823	380	3,251	384	431	3,005	439
Virgin Islands	1	9	1	1	9	1			
Total [1]	214,212	1,941,203	223,324	116,734	1,029,733	121,690	97,478	911,470	101,634

[1] Cases tabulated in 1954.

The related distribution of the dwelling units involved is shown for new and existing homes and by sections of the Act, in Table 29.

TABLE 29

Dwelling units securing FHA-insured home mortgages, by State location, 1954

State	New construction				Existing construction					
	Total	Section—			Total	Section—				
		8	203	903		8	203	213	222	903
	Units	*Units*	*Units*	*Units*	*Units*	*Units*	*Units*	*Units*	*Units*	*Units*
Alabama	1,102	462	703	27	902	6	896			
Arizona	3,749	188	2,041	1,520	2,195	1	807	1,386		1
Arkansas	842	116	643	83	1,075	2	823	248		2
California	21,806	60	16,454	5,292	12,983	2	11,523	1,433		25
Colorado	1,799	799	812	188	588	2	585		1	
Connecticut	870		655	215	2,755	1	2,754			
Delaware	287		100	187	317		317			
District of Columbia	179		179		82		82			
Florida	5,594	1,558	3,764	272	1,079	9	1,069			1
Georgia	1,991	749	1,041	201	1,778	3	1,774			1
Idaho	378		295	83	1,061		1,060			1
Illinois	5,436	1,010	2,716	1,710	4,050	4	4,046			
Indiana	4,536	1,144	2,508	884	3,392	4	3,387			1
Iowa	1,953	413	958	582	1,294		1,250	43	1	
Kansas	2,200	103	1,636	461	2,019	2	2,017			
Kentucky	647	142	366	139	1,353	1	1,282	70		
Louisiana	1,637	327	1,310		1,702		1,423	279		
Maine	493	23	210	260	874		867			7
Maryland	1,866	366	1,324	176	863		861		1	1
Massachusetts	657	137	374	146	1,229		1,228		1	
Michigan	9,585	2,117	7,146	322	6,030	11	5,877	140		2
Minnesota	778	6	567	205	1,374		1,374			
Mississippi	873	370	503		336	3	333			
Missouri	2,683	26	1,742	915	3,990		3,990			
Montana	356	3	250	103	934		934			
Nebraska	1,094	363	721	10	1,265	5	1,128	129	3	
Nevada	2,246		1,677	569	727		434	293		
New Hampshire	150	30	90	30	170	25	144			1
New Jersey	2,841	117	2,116	608	2,861	3	2,820			38
New Mexico	775	6	648	121	232		231			1
New York	4,494	881	3,223	390	6,327	6	6,321			
North Carolina	2,217	93	1,806	318	895		895			
North Dakota	199		137	62	270		269			1
Ohio	7,352	527	5,271	1,554	6,984	2	6,970	12		
Oklahoma	2,194	908	1,208	78	1,852	8	1,596	248		
Oregon	1,146		966	180	1,927		1,911	16		
Pennsylvania	4,041	119	3,549	373	2,810	1	2,807		2	
Rhode Island	251	9	242		709		709			
South Carolina	512	92	418	2	624		691			33
South Dakota	603	87	515	1	560	3	557			
Tennessee	2,245	135	1,670	440	1,577	1	1,453	122		1
Texas	8,001	2,045	5,703	253	4,958	16	4,838	103		1
Utah	759	2	755	2	1,004		1,004			
Vermont	74	4	70		212		212			
Virginia	2,633	77	1,660	896	2,417	1	2,415			1
Washington	1,228	86	1,134	8	6,022	1	6,018		1	2
West Virginia	264	85	179		698		698			
Wisconsin	1,242	44	368	830	811	3	804			4
Wyoming	178	4	174		335		335			
Alaska	581		581		244		244			
Guam	21		21		34		34			
Hawaii	1,577	2	1,432	143	415		415			
Puerto Rico	384		379	5	439		439			
Virgin Islands	1		1							
Total [1]	121,690	15,835	85,011	20,844	101,634	126	96,851	4,522	10	125

[1] Cases tabulated in 1954.

Leading in FHA home mortgage volume in 1954 were 5 States—California, Michigan, New York, Ohio, and Texas—each with 10,000 or more mortgages and together accounting for nearly two-fifths of the national total. In most States, the 1954 volume ranged between 1,000 and 4,999 mortgages—15 States and Hawaii reporting from 1,000 to 2,499 and 12 from 2,500 to 4,999. Only 8 States, the District of Columbia and 4 Territories reported less than 1,000 mortgages insured.

New homes outnumbered existing homes in half of the States and most of the Territories—the largest new home proportions occurring in Colorado, Florida, New Mexico, and Hawaii.

In 22 States and Puerto Rico, existing homes predominated, while in two States—New Hampshire and Ohio—there was about an even distribution. As in other recent years, the greatest existing-home preponderance was reported in Washington State.

Table 29 shows that Section 203 was used in every State and Territory in 1954 and predominated in both new- and existing-home transactions with one exception—Arizona—where a larger proportion of existing-home mortgages was insured under Section 213. Section 8 insurance, in this peak year of the program, assisted the financing of new home purchases in 42 States and Hawaii, although about one-half of the properties involved were concentrated in five States—Florida, Illinois, Indiana, Michigan, and Texas. Section 903 defense housing activity was similarly widespread in 1954 with a comparable concentration (nearly half of the units) in Arizona, California, Illinois, and Ohio. Section 213 home mortgage operations were confined to 14 States, with Arizona and California accounting for five-eighths of these transactions.

Cumulative State Distribution of Home Mortgages

Table 30 shows the cumulative number and amount of home mortgages insured by FHA from 1935–54 in each State and Territory for all home mortgage programs combined, as well as the two principal home mortgage programs—Sections 203 and 603. Although the number ranged from 10 in the Virgin Islands to over 600,000 in California, the cumulative volume in the greater number of the States was between 10,000 and 60,000 mortgages. Top-ranking California, Michigan (245,000 mortgages), and Texas (231,000) together have accounted for nearly 30 percent of the total. Including with these the eight other States with more than 100,000 insured home mortgages (Florida, Illinois, Indiana, New Jersey, New York, Ohio, Pennsylvania, and Washington), the combined volume represented over half of the national total.

TABLE 30

Volume of FHA-insured home mortgages by State location, 1935–54

[Dollar amounts in thousands]

State	Total		Sec. 203		Sec. 603		Other sections [1]	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Alabama	41,721	$251,256	30,335	$190,234	9,649	$50,612	1,737	$10,410
Arizona	48,607	310,422	35,076	226,947	7,132	43,215	6,399	40,260
Arkansas	36,526	209,481	29,806	173,205	4,869	24,493	1,851	11,783
California	602,060	3,771,276	445,505	2,832,059	126,012	742,836	30,543	196,381
Colorado	41,172	260,447	34,158	222,002	5,069	29,429	1,945	9,016
Connecticut	39,310	279,068	31,272	238,217	7,527	37,340	511	3,511
Delaware	7,391	46,913	4,533	30,490	2,631	14,622	227	1,801
District of Columbia	6,984	52,504	4,203	31,811	2,780	20,691	1	3
Florida	110,100	695,124	77,791	500,500	26,895	165,132	5,414	29,493
Georgia	59,909	364,567	42,083	261,583	13,307	70,525	4,519	32,460
Idaho	20,199	127,238	19,198	120,845	527	3,104	474	3,290
Illinois	160,651	1,068,110	133,679	907,926	21,975	128,698	4,997	31,485
Indiana	119,309	711,961	99,543	587,342	15,801	93,631	3,965	30,987
Iowa	33,939	210,425	29,911	186,270	2,551	13,568	1,477	10,587
Kansas	66,898	427,736	50,894	326,183	10,329	57,646	5,675	43,907
Kentucky	35,242	225,583	29,563	191,362	4,737	27,874	942	6,348
Louisiana	59,940	401,787	45,586	314,778	12,381	75,633	1,973	11,376
Maine	11,654	64,284	9,938	53,933	1,240	6,470	476	3,881
Maryland	55,042	340,269	37,994	238,255	14,409	88,416	2,639	13,598
Massachusetts	21,137	132,869	17,175	109,728	3,076	17,275	886	5,865
Michigan	245,010	1,560,801	195,886	1,273,556	41,334	248,254	7,790	38,991
Minnesota	34,664	223,738	29,213	188,377	4,810	31,968	641	3,393
Mississippi	26,199	140,782	20,624	109,413	4,168	22,926	1,407	8,444
Missouri	93,089	607,958	84,699	559,514	7,080	38,418	1,310	10,026
Montana	12,685	79,061	12,152	74,523	334	2,849	199	1,690
Nebraska	34,337	209,388	27,545	171,875	5,868	31,520	924	5,993
Nevada	12,039	94,870	9,001	73,470	1,925	10,177	1,113	11,224
New Hampshire	4,867	25,713	4,325	22,429	337	2,173	205	1,111
New Jersey	136,706	824,165	116,320	701,485	16,615	106,257	3,771	16,423
New Mexico	21,619	143,656	17,993	119,624	2,624	16,587	1,002	7,444
New York	177,327	1,169,303	144,859	975,353	23,069	151,850	9,399	42,101
North Carolina	44,424	276,858	33,442	208,613	8,829	53,933	2,153	14,312
North Dakota	3,850	27,061	3,562	24,600	162	1,135	126	1,326
Ohio	176,959	1,202,098	148,111	1,022,277	24,771	146,767	4,077	33,054
Oklahoma	85,878	512,574	65,191	388,389	17,706	101,697	2,981	22,488
Oregon	52,139	334,967	44,229	290,067	6,845	40,369	1,065	4,531
Pennsylvania	182,460	1,069,128	149,211	866,233	31,443	193,118	1,806	9,777
Rhode Island	7,925	50,020	6,613	43,141	1,263	6,730	49	149
South Carolina	32,889	181,831	23,542	126,254	6,378	34,137	2,969	21,440
South Dakota	12,047	71,832	11,148	64,777	520	3,439	379	3,616
Tennessee	67,107	400,216	48,430	286,591	15,977	96,140	2,700	17,485
Texas	230,872	1,356,546	166,159	1,007,168	52,028	281,987	12,685	67,392
Utah	34,608	221,336	26,477	177,482	7,920	42,924	211	929
Vermont	4,260	21,425	3,960	20,006	283	1,372	17	47
Virginia	82,579	518,947	58,068	388,880	18,806	102,931	5,705	27,136
Washington	143,806	887,745	121,297	769,106	19,076	103,235	3,433	15,403
West Virginia	23,467	137,062	22,019	130,239	1,325	6,224	123	599
Wisconsin	31,211	210,658	25,597	173,427	4,425	25,510	1,189	11,721
Wyoming	11,668	64,148	10,440	57,284	1,125	6,582	103	282
Alaska	2,673	36,595	2,651	36,525	1	7	21	63
Guam	72	883	72	883				
Hawaii	11,485	102,382	10,663	95,988	544	3,677	278	2,718
Puerto Rico	15,548	99,563	11,381	80,382	4,162	19,146	5	35
Virgin Islands	10	87	8	74	2	13		
Total [2]	3,634,139	22,814,251	2,863,131	18,271,673	624,652	3,645,260	146,356	897,317

[1] Includes Secs. 2, 8, 213, 222, 603–610, 611, and 903.
[2] Cases tabulated through Dec. 31, 1954, including adjustments not distributed by States.

State Distribution of Project Mortgages

Two-fifths of the dwelling units securing mortgages insured under the project programs during 1954 were located in the States of New York (21 percent) and California (19 percent). With the addition of 6 States—Texas, Arizona, Connecticut, Ohio, Virginia, and New Jersey (ranked by volume)—about four-fifths of the units insured during the year are accounted for. Each of these 8 States had a volume in excess of 1,000 units. No project insurance was written in 14 States, the District of Columbia, Alaska, or Guam (Table 31).

As shown in Table 32, the highest volumes of insurance written for the year were under Sections 207 and 803, with the bulk of insurance for the two high volume States under these sections—New York accounting for one-third of Section 207 units and California accounting for more than two-fifths of Section 803 activity. The States of New York, Texas, and Virginia accounted for nearly three-fifths of the volume under Section 207 and the same proportion under Section 803 was attributable to California and Texas.

Although the volume of insurance under the Section 213 cooperative housing program was down nearly one-fifth this year, there was much greater dispersion of project activity, with 17 States participating as compared to only 6 States during 1953. Most of this wider geographical distribution reflected the insurance of sales-type cooperatives. However, projects located in the high-volume State, New York—accounting for one-third of the program—were exclusively management type. Management type projects were insured also in Pennsylvania, California, and Ohio. Arizona, the second ranking State (all sales-type), accounted for one-fourth of the Section 213 insuring activity.

Table 31 shows the geographical distribution of projects insured under the combined FHA programs from 1935 through 1954 and Table 32 shows the proportion of activity for the various sections. To date, New York is by far the leading State, with nearly one-fifth of all insured project units. The second ranking State—New Jersey—has accounted for only 9 percent of the units. Other States having volumes in excess of 20,000 units, ranked by volume, are California, Virginia, Maryland, Texas, Pennsylvania, Georgia, Illinois, Ohio, and the District of Columbia. Combined, these leading States have accounted for seven of every ten units insured. As will be noted from the table, there has been some project activity in every State,

the District of Columbia, Alaska, Hawaii, and Puerto Rico, with the bulk—70 percent—under the Section 608 program. Section 207—the leading program for 1954—now accounts for a little more than one-tenth of all the units insured through 1954.

TABLE 31

Volume of FHA-insured multifamily housing mortgages, by State location, 1954 and 1935–54

[Dollar amounts in thousands]

State	1954			1935–54		
	Number	Amount	Units	Number	Amount	Units
Alabama	2	$1,344	172	232	$72,757	11,992
Arizona	49	15,951	2,112	104	32,611	4,628
Arkansas	1	499	78	54	11,757	1,712
California	49	43,436	5,415	1,062	356,095	48,447
Colorado				71	22,417	3,141
Connecticut	7	13,948	1,597	74	52,002	6,766
Delaware				19	20,974	4,155
District of Columbia				180	142,787	21,102
Florida	1	2,617	392	337	105,759	15,229
Georgia	2	1,362	192	182	159,947	23,273
Idaho				9	4,970	626
Illinois	3	1,254	142	297	175,813	22,362
Indiana	2	1,609	234	141	66,906	9,050
Iowa	1	447	43	31	14,137	1,806
Kansas				86	29,926	4,634
Kentucky	3	3,075	335	103	49,021	6,668
Louisiana	13	2,507	489	106	66,528	9,140
Maine	1	1,919	232	19	19,383	2,420
Maryland				327	297,520	43,691
Massachusetts	2	1,979	232	50	41,538	5,326
Michigan	9	5,217	645	265	77,314	10,720
Minnesota	1	103	12	157	46,337	6,310
Mississippi				44	16,962	2,722
Missouri	2	543	78	163	81,472	11,293
Montana	1	228	28	8	6,304	837
Nebraska	1	1,319	131	54	19,687	2,599
Nevada	16	3,842	315	30	8,808	956
New Hampshire				7	1,672	244
New Jersey	11	11,945	1,292	576	429,071	58,507
New Mexico	1	3,389	400	17	21,138	2,472
New York	41	52,219	5,910	936	1,012,683	123,858
North Carolina	1	475	76	127	106,884	17,433
North Dakota	1	121	16	9	1,143	164
Ohio	14	11,124	1,450	322	159,858	21,582
Oklahoma	6	2,276	248	147	34,353	4,662
Oregon	1	124	16	143	30,388	5,387
Pennsylvania	5	3,330	379	403	187,101	24,769
Rhode Island				12	7,973	952
South Carolina				92	44,964	7,229
South Dakota				12	5,573	729
Tennessee	5	5,477	648	143	61,604	10,194
Texas	17	20,059	2,925	453	226,046	32,990
Utah	1	65	12	25	12,752	1,615
Vermont				7	1,512	193
Virginia	9	14,247	1,424	379	293,359	45,191
Washington	2	2,561	285	127	79,781	10,267
West Virginia				15	3,601	797
Wisconsin				166	32,589	4,104
Wyoming				6	4,451	571
Alaska				34	45,399	3,853
Hawaii	2	2,505	224	59	24,062	3,151
Puerto Rico	1	631	74	28	35,646	5,833
Total	283	234,022	28,257	8,450	4,881,334	668,342

TABLE 32

Dwelling units securing FHA-insured multifamily housing mortgages, by State location, 1954 and 1935–54

State	1954					1935–54					
	All Secs.	Sec. 207	Sec. 213	Sec. 803	Sec. 908	All Secs.[1]	Sec. 207	Sec. 213	Sec. 608	Sec. 803	Sec. 908
	Units	*Units*	*Units*	*Units*	*Units*	*Units*	*Units*	*Units*	*Units*	*Units*	*Units*
Alabama	172	32	------	140	------	11,992	674	------	10,275	1,005	38
Arizona	2,112	547	1,565	------	------	4,628	837	1,565	947	1,119	------
Arkansas	78	------	78	------	------	1,712	211	669	932	------	------
California	5,415	174	684	4,048	509	48,447	4,783	7,142	21,575	12,922	994
Colorado	------	------	------	------	------	3,141	251	------	1,896	680	264
Connecticut	1,597	816	------	450	331	6,766	1,160	60	3,013	450	2,083
Delaware	------	------	------	------	------	4,155	364	------	3,771	------	------
District of Columbia	------	------	------	------	------	21,102	2,065	------	19,037	------	------
Florida	392	------	------	392	------	15,229	324	68	10,669	4,168	------
Georgia	192	92	------	100	------	23,273	1,592	104	18,882	2,150	200
Idaho	------	------	------	------	------	626	------	------	571	------	55
Illinois	142	142	------	------	------	22,362	2,247	35	17,012	3,052	16
Indiana	234	176	------	------	58	9,050	1,514	------	6,065	510	961
Iowa	43	------	43	------	------	1,806	172	43	1,591	------	------
Kansas	------	------	------	------	------	4,634	206	------	3,243	823	12
Kentucky	335	------	70	265	------	6,668	682	70	2,247	3,465	204
Louisiana	489	208	281	------	------	9,140	921	281	7,071	692	------
Maine	232	------	------	232	------	2,420	------	------	688	1,732	------
Maryland	------	------	------	------	------	43,691	3,900	182	34,221	4,794	108
Massachusetts	232	82	------	150	------	5,326	594	------	3,186	1,502	44
Michigan	645	506	139	------	------	10,720	1,882	463	7,214	661	------
Minnesota	12	12	------	------	------	6,310	1,273	------	5,037	------	------
Mississippi	------	------	------	------	------	2,722	12	------	1,852	858	------
Missouri	78	78	------	------	------	11,293	1,734	------	9,439	120	------
Montana	28	------	------	------	28	837	------	------	135	592	110
Nebraska	131	------	131	------	------	2,599	------	202	1,786	611	------
Nevada	315	------	315	------	------	956	------	315	240	401	------
New Hampshire	------	------	------	------	------	244	------	------	244	------	------
New Jersey	1,292	892	------	400	------	58,507	4,559	52	51,451	1,983	462
New Mexico	400	------	------	400	------	2,472	------	------	277	2,195	------
New York	5,910	3,679	2,231	------	------	123,858	16,444	18,843	85,807	1,642	------
North Carolina	76	76	------	------	------	17,433	2,494	------	9,107	5,571	176
North Dakota	16	16	------	------	------	154	16	------	43	------	95
Ohio	1,450	722	40	528	160	21,582	1,933	88	16,207	2,528	816
Oklahoma	248	------	248	------	------	4,662	132	667	2,974	500	389
Oregon	16	------	16	------	------	5,387	134	16	5,155	------	82
Pennsylvania	379	59	126	------	196	24,769	3,381	595	19,474	400	469
Rhode Island	------	------	------	------	------	952	36	------	210	706	------
South Carolina	------	------	------	------	------	7,229	290	------	6,329	585	------
South Dakota	------	------	------	------	------	729	70	------	258	401	------
Tennessee	648	24	124	500	------	10,194	965	324	6,915	1,740	------
Texas	2,925	1,435	103	1,387	------	32,990	4,683	103	19,432	8,772	------
Utah	12	12	------	------	------	1,615	24	------	737	854	------
Vermont	------	------	------	------	------	193	56	------	137	------	------
Virginia	1,424	1,353	25	46	------	45,191	10,196	25	29,700	4,329	501
Washington	285	85	------	200	------	10,267	498	------	6,369	3,100	300
West Virginia	------	------	------	------	------	797	188	------	209	------	------
Wisconsin	------	------	------	------	------	4,104	235	41	3,828	------	------
Wyoming	------	------	------	------	------	571	------	------	71	500	------
Alaska	------	------	------	------	------	3,853	1,496	------	2,357	------	------
Hawaii	224	224	------	------	------	3,151	224	------	850	2,077	------
Puerto Rico	74	------	------	74	------	5,833	------	------	4,947	886	------
Total	28,257	11,442	6,220	9,310	1,282	668,342	75,452	31,853	465,683	81,076	8,379

[1] Includes 3,915 units and 1,984 units insured under Secs. 608–610 and 611 respectively. State distribution of these units same as reported in 1953 report.

State Distribution of Property Improvement Loans

As shown in Table 33, the FHA insured during 1954 more than 167,000 property improvement loans for $121 million which were made to repair or maintain properties located in the State of New York. This heavy concentration of business made up 14 percent of the year's volume, far exceeding the amount insured on properties in any other State. California ranked second with $76 million in proceeds to borrower, followed by Michigan ($73 million) and Texas ($60 million). In each of these 4 States, more than 100,000 properties were improved, with the four States accounting for $331 million—37 percent of the $890 million total. These data pertain to the location of the property improved and do not necessarily reflect the location of the lending institution.

TABLE 33

Volume of FHA-insured property improvement loans by State location of property, 1954

State	Loans insured			State	Loans insured		
	Number	Net proceeds (000)	Average		Number	Net proceeds (000)	Average
Alabama	21,542	$11,820	$549	New Jersey	39,787	$29,680	$746
Arizona	15,283	8,863	580	New Mexico	4,771	3,320	696
Arkansas	7,893	4,996	633	New York	167,272	121,386	726
California	150,617	76,256	506	North Carolina	14,280	8,776	615
Colorado	17,557	10,244	583	North Dakota	2,577	1,594	618
Connecticut	8,200	5,439	663	Ohio	93,544	52,290	559
Delaware	327	200	611	Oklahoma	23,128	13,823	598
District of Columbia	7,715	4,563	591	Oregon	10,598	7,156	675
Florida	40,865	26,869	657	Pennsylvania	63,309	35,431	560
Georgia	18,612	10,105	543	Rhode Island	2,702	1,427	528
Idaho	7,323	5,111	698	South Carolina	6,734	3,770	561
Illinois	88,402	56,237	636	South Dakota	3,557	2,363	664
Indiana	48,542	26,742	551	Tennessee	27,546	14,574	529
Iowa	20,897	12,256	587	Texas	109,514	60,483	552
Kansas	18,242	9,983	547	Utah	17,818	10,399	584
Kentucky	19,685	10,095	513	Vermont	1,280	699	546
Louisiana	18,925	11,684	617	Virginia	26,980	14,213	527
Maine	6,439	3,274	508	Washington	33,904	22,232	656
Maryland	42,694	20,982	491	West Virginia	7,538	4,137	549
Massachusetts	35,329	19,998	566	Wisconsin	13,492	8,746	648
Michigan	131,993	73,114	554	Wyoming	1,492	1,072	719
Minnesota	37,426	21,852	584	Alaska	466	628	1,349
Mississippi	7,109	4,221	594	Hawaii	718	629	876
Missouri	40,135	21,581	538	Puerto Rico	2,165	2,616	1,208
Montana	3,908	3,147	805	Guam	27	35	1,310
Nebraska	9,180	5,383	586				
Nevada	2,891	2,371	820	Total [1]	1,506,480	890,606	591
New Hampshire	3,581	1,770	494				

[1] Includes adjustments.

With respect to the State distribution of the cumulative total of $8.3 billion in property improvement loans insured through the year end, Table 34 shows that this distribution is quite similar to that

TABLE 34

Volume of FHA-insured property improvement loans and claims paid, by State location, 1934–54

State	Loans insured			Claims paid			Percent of claims paid to loans insured
	Number	Net proceeds (000)	Average	Number	Amount (000)	Average	
Alabama	269,451	$104,800	$389	9,065	$2,267	$250	2.16
Arizona	128,287	64,476	503	3,119	1,265	406	1.96
Arkansas	119,498	51,038	427	5,688	1,631	287	3.19
California	2,118,063	859,140	406	59,203	19,864	336	2.31
Colorado	153,831	68,480	445	3,267	1,156	354	1.69
Connecticut	178,963	83,201	465	5,653	2,009	355	2.41
Delaware	15,173	6,957	459	621	222	358	3.20
District of Columbia	94,448	46,640	494	3,454	1,069	309	2.29
Florida	349,849	183,342	524	12,250	4,355	356	2.38
Georgia	231,775	99,340	423	8,583	2,457	286	2.47
Idaho	98,586	49,873	506	3,162	1,255	397	2.52
Illinois	1,105,209	535,655	485	24,554	8,115	330	1.51
Indiana	619,536	255,314	412	19,376	5,356	276	2.10
Iowa	248,869	109,546	440	6,690	2,215	331	2.02
Kansas	171,052	68,954	403	4,835	1,316	272	1.91
Kentucky	197,989	81,932	414	5,508	1,694	308	2.07
Louisiana	172,216	76,532	444	5,746	1,363	237	1.78
Maine	75,928	33,012	435	3,081	1,017	330	3.08
Maryland	378,963	161,706	427	9,711	2,844	293	1.76
Massachusetts	462,315	207,601	449	14,709	4,902	333	2.36
Michigan	1,516,369	654,430	432	41,962	12,659	302	1.93
Minnesota	406,448	177,158	436	8,319	2,804	337	1.58
Mississippi	115,199	48,710	423	7,146	1,816	254	3.73
Missouri	464,262	182,554	393	13,091	3,637	278	1.99
Montana	46,825	25,259	539	1,333	523	393	2.07
Nebraska	103,439	46,263	447	2,658	869	327	1.88
Nevada	25,186	15,573	618	518	263	508	1.69
New Hampshire	46,693	20,551	440	2,228	722	324	3.51
New Jersey	631,969	355,981	563	24,444	8,051	329	2.26
New Mexico	38,747	22,354	577	1,304	494	379	2.21
New York	1,972,163	1,172,231	594	55,556	23,183	417	1.98
North Carolina	157,299	69,474	442	5,672	1,594	281	2.30
North Dakota	33,344	15,834	475	1,294	452	349	2.86
Ohio	1,084,592	459,158	423	25,309	8,199	324	1.79
Oklahoma	254,211	108,022	425	6,831	1,865	273	1.73
Oregon	217,974	98,423	452	6,472	2,236	345	2.27
Pennsylvania	983,971	432,079	439	29,952	9,051	302	2.09
Rhode Island	64,975	28,512	439	1,696	537	317	1.88
South Carolina	85,653	36,493	426	3,568	951	267	2.61
South Dakota	32,944	16,787	510	973	376	386	2.24
Tennessee	350,323	136,173	389	9,176	2,653	289	1.95
Texas	990,587	440,309	444	27,902	7,209	258	1.64
Utah	178,546	82,198	460	3,972	1,552	391	1.89
Vermont	20,532	9,510	465	1,548	571	369	5.98
Virginia	243,727	113,709	467	6,168	2,020	327	1.78
Washington	425,013	191,104	449	10,921	3,371	309	1.76
West Virginia	85,445	41,262	483	2,799	1,084	387	2.63
Wisconsin	247,941	113,507	458	6,327	2,193	347	1.93
Wyoming	17,651	10,596	600	483	241	498	2.27
Alaska	1,729	1,881	1,088	56	31	559	1.67
Hawaii	3,163	2,300	727	10	5	512	0.22
Puerto Rico	20,962	24,764	827	4,137	1,209	292	4.88
Virgin Islands	3	5	1,807				
Guam	265	320	1,207	1	1	811	0.25
Total [1]	18,071,879	8,299,372	459	522,395	168,759	323	2.03

[1] Includes adjustments.

reported for 1954 alone. More than a million home owners in each of the five leading States have benefited by this FHA program. The leaders, based on dollar volume, are New York ($1.2 billion), California ($859 million), Michigan ($654 million), Illinois ($536 million), and Ohio ($459 million). With a combined total of almost $3.7 billion, these States have accounted for some 44 percent of insurance written since 1934.

The largest volume of claims submitted under this program has involved properties located in New York ($23 million), California ($20 million), and Michigan ($13 million) with defaulted loans on properties in each of these States resulting in approximately 50,000 claims since 1935. These three States have accounted for one-third of the total amount of all claim payments. If the next 4 ranking States are included—Pennsylvania ($9 million), and Ohio, Illinois, and New Jersey (each with $8 million in claims), the total is brought to $89 million or slightly more than one-half of the $169 million in claims paid to all Title I lenders.

The cumulative claim ratio increased from 1.99 percent as of December 31, 1953, to 2.03 percent at the end of 1954. It may be noted, however, that—with the exception of 1953—the 1954 ratio is lower than that reported for any other year since 1936. The table shows that the majority of the States reporting relatively large volumes of property improvement loans insured had claim ratios below the national average. The main exception to this was California, which has reported claims aggregating 2.31 percent of the total amount of insurance written.

Not only are the property improvement loans relatively concentrated in a small number of States, but the program tends to center around the larger urban areas. Table 35 indicates that 10,000 or more loans were insured on properties in each of 29 Standard Metropolitan Areas in 1954. More than half ($452 million) of the aggregate proceeds of all insured loans was used for modernization work in these areas during 1954.

The New York-Northeastern New Jersey area exceeded all other metropolitan areas, reporting $94 million in loans. This was double the $47 million reported for Detroit, the next ranking area. Five additional areas—Chicago, Los Angeles, Baltimore, Minneapolis-St. Paul, and Houston—reported more than 25,000 loans each in 1954. When these areas are combined with New York-Northeastern New

Jersey and Detroit, the seven areas accounted for $3 of every $10 in net proceeds insured in 1954.

On a cumulative basis, the same general pattern of operations is evident. New York-Northeastern New Jersey, reporting $1 billion in loans since 1934, leads all other areas in the country. When it is combined with Los Angeles ($434 million), Chicago ($433 million), and Detroit ($418 million), the 4 areas account for one-fourth of the national total. In addition, it may be noted that the $2.3 billion attributable to these four centers exceeds the $2.0 billion in insurance reported on properties outside the 172 Standard Metropolitan Areas in the entire United States.

TABLE 35

Property improvement loans insured in selected metropolitan areas 1954 and 1934–54

Standard metropolitan area [1]	1954		1934–54	
	Number of loans	Net proceeds	Number of loans	Net proceeds
Baltimore, Md	31, 533	$14, 842, 887	284, 754	$117, 176, 471
Boston, Mass	19, 140	10, 938, 811	239, 163	107, 835, 682
Buffalo, N. Y	17, 543	10, 627, 859	157, 269	78, 373, 034
Chicago, Ill	68, 940	44, 958, 286	863, 400	433, 242, 178
Cincinnati, Ohio	10, 110	5, 124, 720	112, 110	45, 359, 914
Cleveland, Ohio	14, 614	10, 219, 825	184, 965	94, 543, 826
Columbus, Ohio	12, 306	6, 095, 325	121, 072	46, 689, 427
Dallas, Tex	17, 160	8, 289, 079	167, 044	64, 501, 507
Denver, Colo	13, 103	7, 016, 295	106, 496	44, 977, 098
Detroit, Mich	84, 849	46, 540, 060	931, 506	418, 221, 789
Flint, Mich	10, 206	5, 364, 203	112, 724	42, 977, 952
Fort Worth, Tex	11, 423	5, 897, 650	91, 553	40, 436, 488
Houston, Tex	25, 230	12, 972, 269	235, 979	96, 917, 314
Indianapolis, Ind	13, 217	7, 160, 516	165, 177	66, 017, 021
Kansas City, Mo	18, 192	9, 529, 638	186, 430	71, 351, 529
Los Angeles, Calif	79, 570	40, 022, 175	1, 086, 218	434, 137, 764
Louisville, Ky	12, 909	6, 644, 089	129, 285	53, 301, 267
Miami, Fla	13, 188	8, 633, 367	95, 444	51, 934, 297
Minneapolis-St. Paul, Minn	25, 652	14, 577, 217	263, 181	113, 788, 194
New York-Northeastern New Jersey	118, 599	94, 159, 689	1, 578, 391	1, 006, 796, 230
Philadelphia, Pa	20, 533	11, 393, 447	396, 899	172, 358, 982
Phoenix, Ariz	10, 566	5, 532, 307	78, 110	36, 216, 823
Pittsburgh, Pa	18, 809	11, 351, 877	285, 152	125, 649, 125
St. Louis, Mo	24, 210	12, 996, 209	293, 378	115, 372, 980
San Antonio, Tex	10, 605	5, 044, 024	85, 729	35, 562, 912
San Diego, Calif	10, 002	5, 112, 551	105, 034	47, 351, 202
San Francisco-Oakland, Calif	21, 937	10, 719, 622	364, 984	147, 151, 385
Seattle, Wash	11, 578	8, 079, 655	152, 650	70, 937, 134
Washington, D. C	20, 440	11, 876, 222	198, 582	97, 114, 476
Total, 29 standard metropolitan areas	766, 164	451, 725, 874	9, 072, 679	4, 276, 294, 001
Total remaining continental standard metropolitan areas	386, 282	215, 486, 007	4, 713, 773	2, 023, 015, 980
Total continental standard metropolitan areas	1, 152, 446	667, 211, 881	13, 786, 452	6, 299, 309, 981
Outside standard metropolitan areas	354, 034	223, 394, 491	4, 285, 427	2, 000, 061, 844
Grand total	1, 506, 480	890, 606, 372	18, 071, 879	8, 299, 371, 825

[1] Includes those standard metropolitan areas in which 10,000 or more loans were insured in 1954.

Lending Institution Activity

Only FHA-approved financial institutions may originate or hold FHA-insured loans and 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 are approved upon application. Other applicant institutions may obtain approval if they meet certain prescribed qualifications and comply with regulations established for such approval.

Table 36 shows the participation of the different types of lending institutions in the financing of mortgages and loans insured during 1954 and the distribution by type of lender of mortgages and loans held in portfolio at the year end.

Leading in the combined dollar volume of financing in 1954 were the commercial banks—national and State chartered—accounting for half of all insurance written. These institutions also led in financing project mortgages and property improvement loans and were the second largest lenders on home mortgages. Ranking next were mortgage companies, the leaders in financing home mortgages. These in turn were followed by savings and loan associations active in financing home mortgage and property improvement loans, and insurance companies operating principally in the home mortgage field.

As Table 36 shows, insurance companies held the largest volume of FHA-insured mortgages and loans in force at the year end, $7.3 billion or 34 percent of the total, principally in home and project mortgages. Commercial banks with portfolios totaling $6.8 billion accounted for over 31 percent of the aggregate amount of FHA insurance in force. About three-fifths of this represented home mortgages, and one-third property improvement loans. Next in rank were savings banks with 18 percent or nearly $4.0 billion, of which 58 percent covered home mortgages and 41 percent project mortgages.

The remaining $3.5 billion or 17 percent of the insured mortgages and loans in force were nearly all held by savings and loan associations, mortgage companies, and Federal agencies.

Home Mortgage Financing in 1954

Over 4,300 financial institutions were active in the original financing of FHA-insured home mortgages in 1954. As shown in Table 37, mortgage companies continued to lead, with 35 percent ($682 million) of the total, followed by national banks with 22 percent ($426 million). Ranking next, but with significantly lower portions, were State banks, insurance companies, and savings and loan associations, each with about one-eighth of the total. For all types of institutions combined,

TABLE 36

Financing and holding of FHA-insured mortgages and loans, 1954

[Dollar amounts in thousands]

Type of institution	Financed during 1954				Held as of Dec. 31, 1954			
	Total [1]	Home mortgages	Project mortgages	Property improvement loans [2]	Total	Home mortgages	Project mortgages	Property improvement loans [2]
	Number of mortgages or loans							
National bank	841,636	46,697	47	794,892	2,673,291	358,941	310	2,314,040
State bank	481,642	25,604	57	455,981	1,491,162	213,044	466	1,277,652
Mortgage company	77,988	77,885	103	[3]	41,691	28,650	352	12,689
Insurance company	23,120	23,026	27	67	786,223	782,494	3,550	179
Savings and loan association	159,977	24,574	3	135,460	445,654	167,413	65	278,176
Savings bank	51,108	12,205	29	38,874	380,024	304,911	2,126	72,987
Federal agency				[3]	88,556	88,259	111	186
All other [4]	84,979	3,756	17	81,206	375,143	33,837	345	340,961
Total	1,720,450	213,747	283	1,506,480	6,281,744	1,977,549	7,325	4,296,870
	Face amount of mortgages and net proceeds of loans							
National bank	$943,099	$426,039	$55,897	$461,163	$4,134,184	$2,601,267	$88,964	$1,443,953
State bank	592,798	242,637	78,822	271,339	2,685,391	1,503,016	362,902	819,473
Mortgage company	730,530	681,611	48,919	[3]	501,436	215,890	275,239	10,307
Insurance company	238,976	228,412	10,524	40	7,264,145	5,728,724	1,535,289	132
Savings and loan association	291,230	209,055	1,135	81,039	1,405,117	1,199,808	20,615	184,694
Savings bank	167,874	113,593	33,980	20,301	3,957,785	2,299,847	1,613,844	44,094
Federal agency				[3]	826,999	702,531	124,308	160
All other [4]	98,569	37,100	4,745	56,724	849,443	239,985	351,614	257,845
Total	3,063,076	1,938,448	234,022	890,606	21,624,502	14,491,067	4,372,775	2,760,660
	Percentage distribution of amount							
National bank	30.8	22.0	23.9	51.7	19.1	17.9	2.0	52.3
State bank	19.4	12.5	33.7	30.5	12.4	10.4	8.3	29.7
Mortgage company	23.8	35.2	20.9	[5]	2.3	1.5	6.3	.4
Insurance company	7.8	11.8	4.5	[5]	33.6	39.5	35.1	[5]
Savings and loan association	9.5	10.8	.5	9.1	6.5	8.3	.5	6.7
Savings bank	5.5	5.8	14.5	2.3	18.3	15.9	36.9	1.6
Federal agency				[3]	3.8	4.8	2.9	[5]
All other [4]	3.2	1.9	2.0	6.4	4.0	1.7	8.0	9.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] On this and following tables data include only cases tabulated through year end.
[2] Estimated.
[3] These institutions sold more notes than they originated in 1954.
[4] On this and following lending institution tables includes industrial banks, finance companies, endowed institutions, private and State benefit funds, etc.
[5] Less than 0.05 percent.

the amount of FHA mortgages financed during 1954 was 14 percent lower than in the previous year. Only savings banks registered an increase (7 percent), while the largest decline—nearly one-fourth—was reported for State banks. In terms of relative shares of financing, the only significant changes were, therefore, in State banks (declining from 14 to 12½ percent) and savings banks (increasing from 5 to 6 percent).

Lenders' relative participation varied from program to program. Mortgage companies were proportionately more active under Sections

TABLE 37

Financing FHA-insured home mortgages by type of institution, 1954

[Dollar amounts in thousands]

Type of institution	Number of institutions	Number of mortgages	Face amount	Percent of amount	Number of institutions	Number of mortgages	Face amount	Percent of amount
	All Secs. [1]				Sec. 8			
National bank	(2)	46,697	$426,039	22.0	59	1,339	$7,556	8.4
State bank	(2)	25,604	242,637	12.5	59	723	3,976	4.4
Mortgage company	(2)	77,885	681,611	35.2	120	9,312	52,482	58.7
Insurance company	(2)	23,026	228,412	11.8	18	365	2,057	2.3
Savings and loan association	(2)	24,574	209,055	10.8	180	3,641	20,288	22.7
Savings bank	(2)	12,205	113,593	5.8	25	363	2,022	2.3
Federal agency	(2)							
All other	(2)	3,756	37,100	1.9	7	201	1,084	1.2
Total	(2)	213,747	1,938,448	100.0	468	15,944	89,465	100.0
	Sec. 203 [3]				Sec. 903			
National bank	1,103	42,806	392,047	24.0	14	2,219	23,252	13.6
State bank	1,212	23,577	226,309	13.8	22	1,246	12,007	7.1
Mortgage company	648	52,872	487,746	29.8	90	13,226	121,383	71.2
Insurance company	314	22,180	221,334	13.5	4	118	1,083	.6
Savings and loan association	816	19,926	178,857	10.9	27	1,007	9,910	5.8
Savings bank	227	11,825	111,329	6.8	1	15	216	.1
Federal agency								
All other	35	1,933	18,658	1.2	7	325	2,759	1.6
Total	4,355	175,119	1,636,281	100.0	165	18,156	170,610	100.0

[1] Includes Secs. 213–H and 222 and excludes Sec. 611–H mortgages.
[2] Not available.
[3] Excludes Secs. 203(h), (i), and 223 public housing cases.

8, 213, and 903 than under Section 203. National and State banks, on the other hand, were relatively more active under Section 203 than under the other sections. Savings and loan associations were second in origination of Section 8 insured home loans.

As indicated by the following summary, commercial banks and insurance companies financed larger proportions of FHA home mortgages in 1954 than VA-guaranteed or conventionally financed mortgages. (See footnotes for data sources and methods of calcula-

Type of institution [1]	FHA-insured [2]	VA-guaranteed [3]	Conventional [4]	Total recordings [5]
	Percentage distribution			
Commercial bank	34.5	12.1	22.0	21.1
Mortgage company and miscellaneous	37.1	47.6	11.1	21.3
Insurance company	11.8	6.1	9.2	8.8
Savings and loan association	10.8	20.9	51.8	41.3
Savings bank	5.8	13.3	5.9	7.5
Total	100.0	100.0	100.0	100.0

[1] Excludes individuals.
[2] Based on FHA tabulations of 1- to 4-family home mortgages insured.
[3] Based on Veterans' Administration tabulation of amount of home loans closed.
[4] Calculated on basis of amount of nonfarm mortgages of $20,000 or less recorded (estimated by Home Loan Bank Board) less amounts of FHA-insured and VA-guaranteed home mortgages. Distribution is only approximate because of differentials in coverage and time period of other three series.
[5] Based on Home Loan Bank Board estimates of total nonfarm mortgages of $20,000 or less recorded.

tion.) Mortgage companies' share of FHA financing was somewhat smaller than their share of VA-guaranteed loans but significantly higher than their share of conventional mortgages. Savings and loan associations, originating over half of the conventional mortgages closed in 1954 and one-fifth of the VA mortgages, accounted for only one-tenth of the FHA home mortgages insured in 1954.

TABLE 38

Type of financing institution by States, single-family home mortgages, Sec. 203, 1954

State of property	Type of originating institution							
	National banks	State banks	Savings and loan associations	Mortgage companies	Insurance companies	Savings banks	All others	All types
	Percentage distribution of number of mortgages							
Alabama	9.0	4.1	4.7	40.0	42.2	-------	-------	100.0
Arizona	46.5	9.0	13.6	30.0	.8	0.1	-------	100.0
Arkansas	3.6	6.6	38.7	35.3	7.3	-------	8.5	100.0
California	73.1	16.3	2.2	4.6	3.4	.2	.2	100.0
Colorado	6.5	22.3	.2	36.4	31.7	-------	2.9	100.0
Connecticut	13.9	8.9	5.7	7.1	3.3	60.8	.3	100.0
Delaware	-------	4.4	-------	85.4	10.2	-------	-------	100.0
District of Columbia	6.5	9.7	-------	41.9	29.0	-------	12.9	100.0
Florida	1.2	3.0	8.0	70.4	13.5	-------	3.9	100.0
Georgia	2.7	4.4	10.4	45.9	32.8	-------	3.8	100.0
Idaho	66.3	12.7	2.3	5.5	13.2	-------	-------	100.0
Illinois	33.4	7.3	11.1	29.7	18.0	-------	.5	100.0
Indiana	22.8	16.2	20.0	22.0	16.0	1.1	1.9	100.0
Iowa	8.3	24.8	26.0	16.7	23.3	.9	-------	100.0
Kansas	7.6	9.4	52.9	21.7	8.4	-------	-------	100.0
Kentucky	5.0	4.1	4.3	51.0	35.6	-------	-------	100.0
Louisiana	6.2	23.8	4.3	47.8	16.2	-------	1.7	100.0
Maine	17.9	11.0	12.0	-------	13.3	45.8	-------	100.0
Maryland	4.2	1.4	21.0	57.8	9.1	5.1	1.4	100.0
Massachusetts	2.6	.5	21.9	5.8	1.3	67.9	-------	100.0
Michigan	17.5	22.9	13.1	26.7	19.6	.1	.1	100.0
Minnesota	35.8	14.0	13.4	16.1	16.5	3.6	.6	100.0
Mississippi	1.7	8.7	33.6	36.2	19.8	-------	-------	100.0
Missouri	9.7	24.2	21.3	35.6	8.5	-------	.7	100.0
Montana	26.5	34.0	26.5	1.9	11.1	-------	-------	100.0
Nebraska	10.4	2.2	28.5	22.2	35.5	.3	.9	100.0
Nevada	52.2	38.9	-------	1.3	7.6	-------	-------	100.0
New Hampshire	12.7	4.2	11.3	-------	-------	71.8	-------	100.0
New Jersey	20.9	15.3	4.8	45.4	4.3	9.3	-------	100.0
New Mexico	14.0	2.8	31.2	34.1	7.0	-------	10.9	100.0
New York	13.9	13.3	4.2	13.3	2.3	52.9	.1	100.0
North Carolina	1.4	10.4	20.3	19.8	43.9	-------	4.2	100.0
North Dakota	55.9	24.5	14.7	-------	4.9	-------	-------	100.0
Ohio	15.5	18.6	19.7	28.5	11.6	6.0	.1	100.0
Oklahoma	6.3	.7	14.3	73.4	5.2	-------	.1	100.0
Oregon	11.8	2.4	19.2	47.8	18.1	.7	-------	100.0
Pennsylvania	16.1	12.5	2.2	55.4	3.3	10.5	-------	100.0
Rhode Island	21.7	10.6	37.3	-------	3.8	26.6	-------	100.0
South Carolina	5.0	6.7	24.2	27.8	30.5	-------	5.8	100.0
South Dakota	39.8	48.1	6.8	.9	4.1	-------	.3	100.0
Tennessee	1.4	13.9	9.3	42.4	29.2	-------	3.8	100.0
Texas	4.0	.8	7.6	74.0	10.4	-------	3.2	100.0
Utah	19.8	34.5	23.8	8.8	12.8	-------	.3	100.0
Vermont	28.2	20.5	15.4	-------	-------	35.9	-------	100.0
Virginia	7.4	10.0	6.3	51.4	23.7	-------	1.2	100.0
Washington	23.3	1.8	12.4	32.0	13.5	17.0	(1)	100.0
West Virginia	33.4	22.3	-------	2.0	29.2	-------	13.1	100.0
Wisconsin	19.3	19.8	15.2	18.1	26.9	.7	-------	100.0
Wyoming	41.3	9.9	17.4	3.3	28.1	-------	-------	100.0
Alaska	17.1	8.4	2.6	45.6	-------	-------	26.3	100.0
Hawaii	19.9	27.3	2.5	34.1	16.2	-------	-------	100.0
Puerto Rico	6.9	28.3	-------	64.8	-------	-------	-------	100.0
Guam	91.7	-------	8.3	-------	-------	-------	-------	100.0
Total	24.8	13.4	11.5	30.3	12.5	6.4	1.1	100.0

[1] Less than 0.05 percent.

Mortgagee Home Financing Activity by State Location of Property

Table 38 shows the distribution of Section 203 home mortgages insured in 1954 by type of lender and by State location of property. Analysis of these data indicates that mortgage companies were the most active originators of FHA-insured home mortgages in 24 States and Territories, national banks in 10 States and Guam, savings banks in 6 States (principally New England), insurance companies in 5, while savings and loan associations led in 4 States and State banks in 3.

Home Mortgages Held in Portfolio

At the end of 1954, over 9,400 financial institutions held in portfolio nearly 2 million FHA-insured home mortgages (5 percent more than 1953) totaling over 14 billion in original face amount (8 percent more than 1953).[10] Chart 24 shows that insurance companies were by far the heaviest investors in these insured mortgages, with $5.7 billion or nearly 40 percent of the total. These institutions have held the largest proportion of the insured mortgages outstanding at the end of each year since 1942. Next in rank were national banks with $2.6 billion (18 percent of the total) and savings banks with $2.3 billion (16 percent) followed by State banks with $1.5 billion (10 percent).

[10] These comparisons exclude Section 213 holdings.

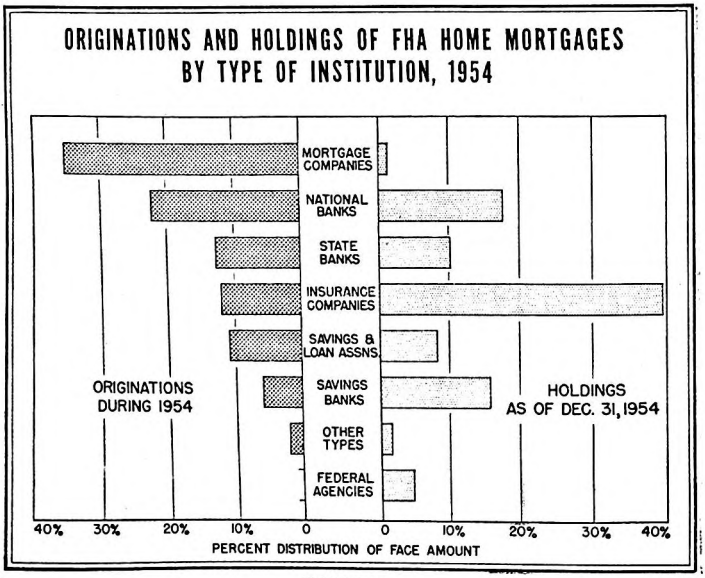

CHART 24

As indicated by Table 39, the ranking of the different types of financial institutions by amount of FHA home mortgage holdings varied significantly in the different programs. The investment pattern for Sections 203 and 603 was virtually the same as for all sections combined. In the Section 8 program the heaviest investors were savings and loan associations and Federal agencies (Federal National Mortgage Association). Under Section 213, most of the home mortgages were held by miscellaneous types of institutions (almost exclusively investment companies), with insurance companies second and Federal agencies third. Federal agencies also held nearly seven-eighths of the Section 903 defense home mortgages outstanding.

TABLE 39

Holdings of FHA-insured home mortgages as of Dec. 31, 1954

[Dollar amounts in thousands]

Type of institution	Number of institutions	Number of mortgages	Face amount	Percent of amount	Number of institutions	Number of mortgages	Face amount	Percent of amount
	Total [1]				Sec. 8			
National bank	(2)	358,941	$2,601,267	17.9	114	2,021	$9,879	6.5
State bank	(2)	213,044	1,503,016	10.4	170	2,024	10,199	6.7
Mortgage company	(2)	28,650	215,890	1.5	123	3,306	18,557	12.2
Insurance company	(2)	782,494	5,728,724	39.5	79	2,780	14,069	9.2
Savings and loan association	(2)	167,413	1,199,808	8.3	236	6,939	36,219	23.7
Savings bank	(2)	304,911	2,299,847	15.9	68	4,598	24,934	16.3
Federal agency	(2)	88,259	702,531	4.8	2	6,606	36,182	23.7
All other	(2)	33,837	239,985	1.7	16	520	2,578	1.7
Total [3]	(2)	1,977,549	14,491,067	100.0	808	29,094	152,618	100.0
	Sec. 203				Sec. 213 (homes)			
National bank	2,640	311,748	$2,292,002	19.5	5	126	$1,369	1.4
State bank	3,381	183,823	1,324,531	11.2	1	11	78	.1
Mortgage company	664	18,023	142,373	1.2	13	566	4,976	5.1
Insurance company	576	631,958	4,715,868	40.0	5	2,849	28,677	29.5
Savings and loan association	1,644	140,779	1,037,330	8.8				
Savings bank	334	253,144	1,935,452	16.4	6	581	4,740	4.9
Federal agency	5	20,833	159,523	1.4	1	2,523	23,121	23.8
All other	167	25,080	172,153	1.5	3	3,277	34,198	35.2
Total [3]	9,411	1,585,388	11,779,233	100.0	34	10,233	97,157	100.0
	Secs. 603 and 603-610				Sec. 903			
National bank	835	44,041	$288,352	14.4	30	1,003	$9,636	2.1
State bank	1,088	26,866	165,458	8.3	31	319	2,733	.6
Mortgage company	144	4,019	33,033	1.6	68	1,831	16,881	3.7
Insurance company	249	143,993	962,248	48.1	16	914	7,862	1.7
Savings and loan association	630	19,036	120,841	6.0	29	659	5,419	1.2
Savings bank	171	44,223	315,549	15.8	33	2,063	19,146	4.1
Federal agency	2	13,497	85,595	4.3	1	44,500	398,109	86.5
All other	46	4,923	30,750	1.5	6	37	306	.1
Total [3]	3,165	301,498	2,001,826	100.0	214	51,326	460,092	100.0

[1] Includes Sec. 222 (servicemen) mortgages and excludes Sec. 611 home mortgages for which holding institution distribution is not available.
[2] Not available.
[3] Differs from number and face amount of mortgages in force due to lag in tabulation.

Holdings of all types of financial institutions except mortgage companies increased during 1954, the largest relative increases being registered by Federal agencies (39 percent—principally Section 903), savings banks (13 percent—principally Section 203), and savings and loan associations (13 percent—principally Section 203).

Because of terminations during the year, Section 603 portfolios of all types of institutions at the close of 1954 were lower than at the previous year end. For all home mortgage programs combined, the proportions of holdings for the different types of institutions did not change significantly from the end of 1953.

Certain types of lenders in the home mortgage field tend to be more active in the origination of home mortgages than do others who are primarily investors. Chart 24 points up this situation with respect to FHA mortgages, comparing the proportion of mortgages originated by each type of institution during 1954 with the proportion held at the year end. Mortgage companies, with a relatively much larger proportion of originations, are in effect retail outlets of mortgage funds, obtaining these funds by sales of originated mortgages to other types of lenders. Insurance companies and savings banks, with markedly higher proportions of holdings, obtain their portfolios to a large extent through purchases. Financing and holdings of the national and State banks and savings and loan associations tend to be more nearly in balance, although the proportions of originations by these institutions outweigh their holdings somewhat. A large share of the holdings of the national and State banks is attributable to purchases by a number of larger institutions in financial centers, tending to offset sales by smaller banks in other communities. Savings and loan associations generally retain for their own portfolios most of the mortgages they originally finance.

Purchases and Sales of Home Mortgages

In 1954, nearly 156,000 FHA home mortgages with aggregate face amounts of over $1.3 billion were bought and sold in the secondary market. This was about 7 percent less in number and 4 percent in amount than the volume of such transactions reported for 1953.[11] Nearly three-fourths of the transferred mortgages were Section 203 insured and over one-sixth were Section 903 cases. The amount of the Section 8 mortgages transferred was over twice that reported in 1953, while Section 903 transfers were one-fifth higher. In contrast, Section 203 secondary market activity decreased by one-tenth and Section 603 was down less than one percent.

[11] These comparisons exclude Section 213 home mortgage transfers.

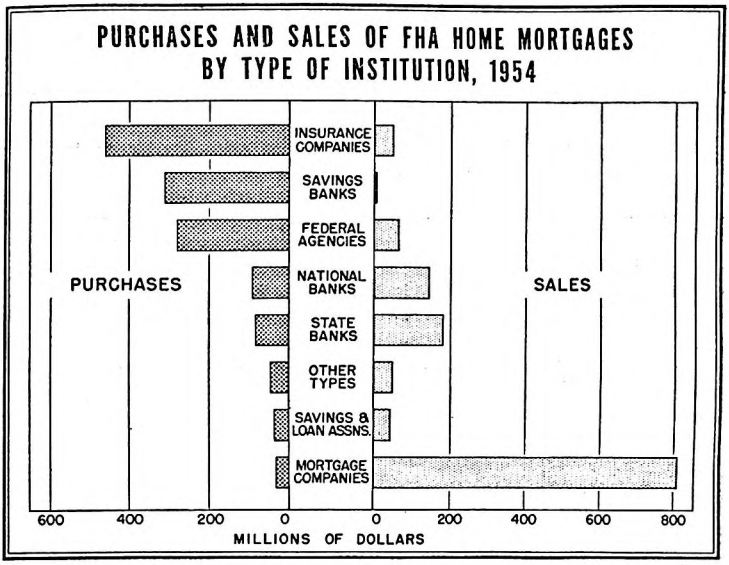

CHART 25

Chart 25 indicates that the most active buyers in the secondary market were insurance companies, which accounted for $461 million or 34 percent of all purchases, savings banks with $311 million or about 23 percent, and Federal agencies buying $279 million or 21 percent. Continuing their historic role as the leading originators and sellers, mortgage companies led in sales with $811 million—about three-fifths of the total. Ranking next, but with substantially lower volumes, were State banks ($181 million or 14 percent) and national banks which sold mortgages totaling $143 million or 11 percent of the total.

For purchasers, the ranking of types of institutions was the same in 1954 as in 1953. However, the proportions of purchases attributable to the different types of institutions changed significantly, with insurance companies down from 41 percent to 34 percent, national banks up from 5 percent to 7 percent, and State banks up from 4 percent to 6 percent of the totals.

The ranking of types of institutions by amount of FHA home mortgage sales in 1954 was virtually the same as in the previous year, with one notable exception: Federal agencies moved from seventh to fourth place, having increased their proportion of sales from 1½ percent to 5 percent. With the exception of national banks, all remaining types of institutions registered declines in proportion of

TABLE 40

Purchase and sale of FHA-insured home mortgages by type of institution, 1954

[Dollar amounts in thousands]

Type of institution	Number of institutions		Mortgages purchased			Mortgages sold		
	Purchasing	Selling	Number	Face amount	Percent of amount	Number	Face amount	Percent of amount
	All Sections [1]							
National bank	(2)	(2)	11,340	$91,914	6.9	16,187	$143,392	10.7
State bank	(2)	(2)	10,623	83,980	6.3	20,925	181,328	13.5
Mortgage company	(2)	(2)	3,897	30,229	2.3	93,779	810,510	60.5
Insurance company	(2)	(2)	50,913	461,242	34.4	5,487	47,604	3.6
Savings and loan association	(2)	(2)	1,971	36,609	2.7	5,052	43,209	3.2
Savings bank	(2)	(2)	37,193	311,018	23.2	516	3,851	.3
Federal agency	(2)	(2)	31,177	279,319	20.8	8,018	61,920	4.6
All other	(2)	(2)	5,651	45,514	3.4	5,801	48,011	3.6
Total	(2)	(2)	155,765	1,339,825	100.0	155,765	1,339,825	100.0
	Sec. 8							
National bank	18	18	467	$2,231	6.0	580	$3,322	8.9
State bank	49	17	389	2,104	5.7	235	1,228	3.3
Mortgage company	7	97	97	507	1.4	5,131	28,408	76.6
Insurance company	31	9	828	4,609	12.4	161	881	2.4
Savings and loan association	30	13	930	5,182	14.0	153	811	2.2
Savings bank	32	2	2,201	11,983	32.3	22	123	.3
Federal agency	2	1	1,770	9,984	26.9	380	1,778	4.8
All other	6	4	96	495	1.3	116	544	1.5
Total	175	161	6,778	37,096	100.0	6,778	37,096	100.0
	Sec. 203							
National bank	378	339	9,623	$79,897	7.9	12,258	$107,784	10.6
State bank	476	423	9,813	79,139	7.8	18,039	157,332	15.5
Mortgage company	112	632	3,120	24,016	2.4	69,168	610,784	60.2
Insurance company	229	219	48,764	446,042	43.9	4,995	44,932	4.4
Savings and loan association	240	126	3,466	27,422	2.7	3,398	28,256	2.8
Savings bank	176	43	32,832	280,632	27.6	359	2,720	.3
Federal agency	3	3	4,362	44,305	4.4	4,231	32,043	3.2
All other	50	28	4,343	33,198	3.3	3,875	30,801	3.0
Total	1,664	1,813	116,323	1,014,651	100.0	116,323	1,014,651	100.0
	Sec. 603 [3]							
National bank	37	37	711	$5,189	26.0	182	$1,134	5.7
State bank	34	41	335	2,058	10.3	812	5,461	27.4
Mortgage company	15	18	122	821	4.1	100	684	3.4
Insurance company	23	18	633	4,703	23.6	321	1,716	8.6
Savings and loan association	27	12	361	2,281	11.4	276	2,158	10.8
Savings bank	19	14	558	3,821	19.2	132	981	4.9
Federal agency	1	3	27	118	.6	940	6,976	35.0
All other	7	5	223	947	4.8	207	830	4.2
Total	163	148	2,970	19,938	100.0	2,970	19,938	100.0
	Sec. 903							
National bank	9	16	539	$4,597	1.9	3,012	$29,859	12.3
State bank	7	28	81	641	.3	1,763	16,836	6.9
Mortgage company	6	110	514	4,566	1.9	17,756	158,314	65.1
Insurance company	8	4	661	5,663	2.3	10	76	(4)
Savings and loan association	3	16	214	1,724	.7	1,225	11,984	4.9
Savings bank	21	1	1,265	11,891	4.9	3	27	(4)
Federal agency	1	1	23,576	214,097	88.0	2,467	21,124	8.7
All other		6				614	4,061	2.1
Total	55	182	26,850	243,180	100.0	26,850	243,180	100.0

[1] Includes Section 213 home mortgages (2,844 for $24,960,300), with purchases by State banks (0.1%), mortgage co's. (1.3%), insurance co's. (0.9%), savings banks (10.8%), Federal agencies (43.2%), and other types (43.6%), and sales by national banks (5.2%), State banks (1.9%), mortgage co's. (49.3%), and other types (43.6%). Excludes Sections 222 and 611 home mortgages.

[2] Not available. [3] Includes Section 603-610 mortgages. [4] Less than 0.05 percent.

sales, the largest occurring in insurance companies (5 percent to 4 percent), miscellaneous types, mortgage companies, and savings and loan associations.

Table 40 shows that the distributions of purchases and sales by type of institution varied markedly among the individual programs. By sections, the predominant purchasers, ranked by amount of purchases, were:

Section 8—Savings banks and Federal agencies.
Section 203—Insurance companies and savings banks.
Section 213—Miscellaneous types (principally investment companies) and Federal agencies.
Section 603—National banks, insurance companies.
Section 903—Federal agencies.

Mortgage companies were the principal sellers of FHA home mortgages insured under Sections 8, 203, and 903. These institutions also ranked first in sales of Section 213 home mortgages, but were followed closely by miscellaneous types of institutions (chiefly investment companies). In sales of Section 603 mortgages, Federal agencies and State banks accounted for the major portion.

Project Mortgages Financed and Held

One third of the amount of mortgages insured in 1954 were originally financed by State banks. As in 1953, these institutions were the

TABLE 41

Financing of FHA-insured multifamily housing mortgages by type of institution, 1954

[Dollar amounts in thousands]

Type of institution	Number of institutions	Number of mortgages	Face amount	Percent of amount	Number of institutions	Number of mortgages	Face amount	Percent of amount
	All Secs. [1]				Sec. 207			
National bank	(2)	47	$55,897	23.9	10	16	$10,741	11.5
State bank	(2)	57	78,822	33.7	12	38	50,942	54.8
Mortgage company	(2)	103	48,919	20.9	14	24	11,491	12.4
Insurance company	(2)	27	10,524	4.5	2	2	1,104	1.2
Savings and loan association	(2)	3	1,135	.5	3	3	1,135	1.2
Savings bank	(2)	29	33,980	14.5	9	16	16,994	18.3
Federal agency	(2)							
All other	(2)	17	4,745	2.0	1	1	521	.6
Total	(2)	283	234,022	100.0	51	100	92,928	100.0
	Sec. 213				Sec. 803			
National bank	5	8	$4,715	8.4	3	10	$33,889	45.3
State bank	3	8	7,258	12.9	8	9	17,506	23.4
Mortgage company	14	70	20,381	36.1	7	9	17,047	22.8
Insurance company	1	24	4,850	8.6	1	1	4,175	5.6
Savings and loan association								
Savings bank	4	12	15,371	27.2	1	1	1,765	2.4
Federal agency								
All other	1	16	3,842	6.8			382	.5
Total	28	138	56,417	100.0	20	30	74,764	100.0

[1] Also includes 16 Sec. 908 mortgages ($9.8 million) originated and miscellaneous small adjustments under Sec. 608 due to amendments not heretofore included.
[2] Not available.

leading originators of FHA-insured project mortgages, though with proportionally less activity in 1954. Table 41 shows the percentage participation of the various institutions originating project mortgages. Compared to 1953, national banks and mortgage companies accounted for greater proportions of the originations to compensate for the drop in State bank activity.

The largest originators of Section 207 mortgages were State banks (55 percent); of Section 213 mortgages, mortgage companies (36 percent); and of Section 803 mortgages, national banks (45 percent).

The volume of project mortgages held by each type of institution is shown in Table 42, and the comparison of originations to holdings

TABLE 42

Holdings of FHA-insured multifamily housing mortgages by type of institution, 1954

[Dollar amounts in thousands]

Type of institution	Number of institutions	Number of mortgages	Face amount	Percent of amount	Number of institutions	Number of mortgages	Face amount	Percent of amount
	All secs.[1] [2]				Sec. 207			
National bank	(3)	310	$88,964	2.0	13	24	$14,335	5.7
State bank	(3)	467	303,816	8.3	16	53	64,527	25.5
Mortgage company	(3)	352	275,239	6.3	10	14	5,701	2.2
Insurance company	(3)	3,550	1,535,289	35.1	24	68	34,316	13.5
Savings and loan association	(3)	65	20,615	.5	8	8	3,477	1.4
Savings bank	(3)	2,125	1,612,930	36.9	31	147	97,896	38.7
Federal agency	(3)	111	124,308	2.9	1	24	25,563	10.1
All other	(3)	345	351,614	8.0	8	16	7,301	2.9
Total	(3)	7,325	4,372,774	100.0	111	354	253,117	100.0
	Sec. 213				Sec. 608 [3]			
National bank	4	5	$3,421	1.6	40	264	$42,503	1.3
State bank	4	18	32,452	15.3	44	343	170,278	5.3
Mortgage company	12	36	12,442	5.8	20	287	231,694	7.3
Insurance company	3	22	5,968	2.8	110	3,368	1,269,727	39.8
Savings and loan association					24	53	12,058	.4
Savings bank	14	73	130,964	61.6	81	1,815	1,213,770	38.1
Federal agency	1	8	6,276	3.0	1	12	17,485	.6
All other	4	23	21,119	9.9	17	274	230,136	7.2
Total	42	185	212,642	100.0	337	6,416	3,187,652	100.0
	Sec. 803				Sec. 908			
National bank	6	10	$25,358	3.9	4	7	$3,348	5.5
State bank	11	32	78,759	12.1	6	16	15,883	26.2
Mortgage company	4	13	24,899	3.8	2	2	502	.8
Insurance company	6	73	215,221	33.0	5	10	7,498	12.4
Savings and loan association	1	1	4,304	.7	2	3	775	1.3
Savings bank	19	74	157,048	24.1	7	13	11,129	18.4
Federal agency	1	25	53,232	8.2	1	41	21,489	35.4
All other	6	31	92,710	14.2				
Total	54	259	651,531	100.0	27	92	60,623	100.0

[1] Also includes 17 Sec. 608-610 mortgages ($6,582,000) and 2 Sec. 611 mortgages ($628,000) held.
[2] More than face amount in force due to lag in tabulation of terminated cases.
[3] Not available.

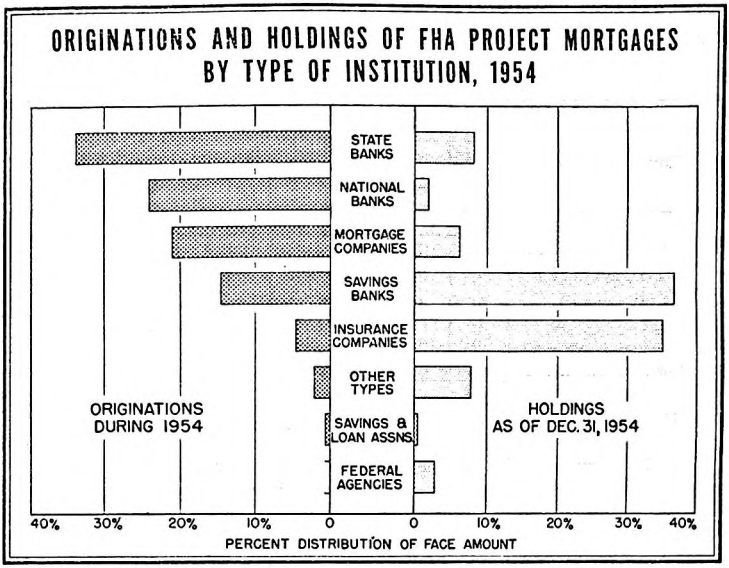

CHART 26

is shown in Chart 26. Savings banks and insurance companies held nearly the same proportion of project mortgages, 37 percent and 35 percent respectively. State banks and miscellaneous companies (retirement and pension fund systems, Comptroller of the State of New York, Investors Diversified Services, etc.) ranked third and fourth respectively, yet each held only 8 percent of the total. The share of mortgages in force held by Federal agencies (the Federal National Mortgage Association) rose slightly from 2.4 to 2.9 percent, with the largest increase under the Section 908 program.

Purchases and Sales of Project Mortgages

Transfers of project mortgages in the secondary market involved $338.5 million in 1954—one-fifth less than in 1953. However, all project programs which were operative during the year showed increased activity—Sections 207 and 803 one-fifth more and Section 213 (all management-type project mortgages) a 5-percent increase. Section 908 more than doubled its volume. The decline in the volume of secondary market activity was due solely to the sharp drop in the volume of transactions involving mortgages insured under Section 608 which accounted for only one-tenth ($35 million) of the 1954 total compared to $180 million in 1953. The largest proportion

TABLE 43

Purchase and sale of FHA-insured multifamily housing mortgages by type of institution, 1954

[Dollar amounts in thousands]

Type of institution	Number of institutions		Mortgages purchased			Mortgages sold		
	Purchasing	Selling	Number	Face amount	Percentage distribution	Number	Face amount	Percentage distribution
	All Secs.							
National bank	(1)	(1)	6	$7,767	2.3	67	$84,366	24.9
State bank	(1)	(1)	9	11,809	3.5	82	109,792	32.4
Mortgage company	(1)	(1)	24	40,399	11.9	44	43,774	12.9
Insurance company	(1)	(1)	44	57,154	16.9	9	9,409	2.8
Savings and loan association	(1)	(1)	1	78	(2)	3	3,998	1.2
Savings bank	(1)	(1)	86	99,547	29.4	10	7,459	2.2
Federal agency	(1)	(1)	74	96,471	28.5	38	79,726	23.6
All other	(1)	(1)	9	25,297	7.5			
Total	(1)	(1)	253	338,524	100.0	253	338,524	100.0
	Sec. 207							
National bank		10				22	$22,046	38.5
State bank	3	8	4	$3,999	7.0	25	18,414	32.1
Mortgage company	2	13	2	1,802	3.1	21	12,369	21.6
Insurance company	9	1	17	15,524	27.1	1	1,500	2.6
Savings bank	17		35	25,098	43.8			
Federal agency	1	1	12	10,906	19.0	1	3,000	5.2
Total	32	33	70	57,329	100.0	70	57,329	100.0
	Sec. 213							
State bank		3				11	$19,234	84.7
Mortgage company		2				2	2,350	10.3
Insurance company	1		1	$1,650	7.3			
Savings bank	6		10	12,806	56.3			
Federal agency	1	1	1	700	3.1	2	1,138	5.0
All other	3		3	7,566	33.3			
Total	11	6	15	22,722	100.0	15	22,722	100.0
	Sec. 608							
National bank	1	2	2	$335	1.0	9	$2,676	7.6
State bank	2	6	4	3,011	8.6	10	16,122	46.0
Mortgage company	1	1	7	9,073	25.9	4	915	2.6
Insurance company	5	1	13	5,036	14.4	8	7,909	22.6
Savings and loan association	1	1	1	78	.2	1	78	.2
Savings bank	8	4	15	13,212	37.7	9	6,009	17.2
Federal agency		1				2	1,317	3.8
All other	1		1	4,280	12.2			
Total	19	16	43	35,025	100.0	43	35,025	100.0
	Sec. 803							
National bank	3	12	4	$7,432	4.0	18	$51,146	27.5
State bank	1	12	1	4,800	2.6	19	42,989	23.1
Mortgage company	6	9	12	27,224	14.6	11	24,053	13.0
Insurance company	2		8	28,877	15.5			
Savings and loan association		2				2	3,920	12.1
Savings bank	9		16	39,137	21.1			
Federal agency	1	2	27	64,958	35.0	23	63,773	34.3
All other	4		5	13,451	7.2			
Total	26	37	73	185,880	100.0	73	185,880	100.0
	Sec. 908							
National bank		5				18	$8,498	22.6
State bank		5				17	13,034	34.7
Mortgage company	1	3	3	$2,301	6.1	6	4,088	10.9
Insurance company	3		5	6,067	16.2			
Savings bank	6	1	10	9,295	24.7	1	1,450	3.9
Federal agency	1	1	34	19,906	53.0	10	10,499	27.9
Total	11	15	52	37,568	100.0	52	37,568	100.0

[1] Not available.
[2] Less than 0.05 percent.

of the secondary market activity during 1954 was attributable to the Section 803 program (55 percent), while Section 207 ranked second with 17 percent of the total. Section 908 accounted for 11 percent and Section 213, the least active, for 7 percent.

Savings banks were the leading purchasers during 1954 with Federal agencies (FNMA) accounting for nearly the same volume—31 percent and 29 percent respectively. While ranking the same as in 1953, FNMA increased its proportion from 22 percent and savings banks decreased theirs from 32 percent. Two-fifths of the purchases by savings banks and two-thirds of those for FNMA were Section 803 mortgages. Table 43 and Chart 27 show the volume of purchases and sales for the various types of institutions for project programs.

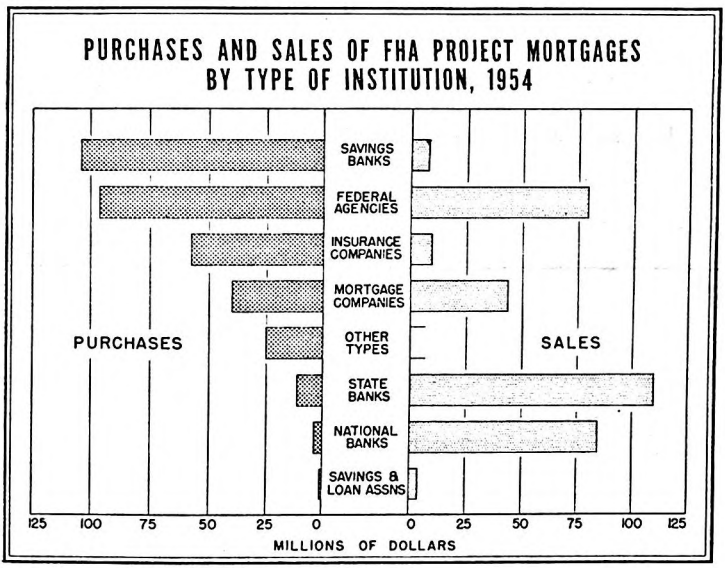

CHART 27

More than one-half of the project mortgages sold in 1954 were sold by State banks (32 percent) and National banks (25 percent), yet combined, they accounted for only 5 percent of the mortgages purchased. Federal agencies, with 24 percent of the dollar volume, ranked third in sales—mostly Section 803 mortgages. Mortgage companies (13 percent) were the fourth ranking sellers while the remaining types of institutions including savings banks, the leading purchasers, sold only 6 percent.

Property Improvement Loan Financing in 1954

At the end of 1954, there were 7,300 approved Title I lending institutions. More than 5,000 of these lenders have been active in the period since 1950 (under the 1950 Reserve) with an average of approximately 3,600 institutions a month reporting some activity in 1954.

Home modernization activity by type of financing institution under the 1950 Reserve and for the year 1954 is summarized in Table 44. The distributions indicate that commercial banks have financed the bulk of the loans—84 percent in 1954 and the same proportion in the cumulative operations under the 1950 Reserve. Finance companies and savings and loan associations have originated the major portion of the remainder.

The total experience under the 1950 Reserve is shown in Chart 28. State chartered banks, the second ranking type of lenders, have the best record, as reflected in their claim ratio of 0.92 percent which is significantly less than the national ratio of 1.12 percent. Savings and loan associations also report a lower than average ratio of 1.03 percent.

TABLE 44

Origination of FHA-insured property improvement loans by type of institution, 1954 and 1950 reserves

Type of institution	Loans insured			
	Number	Net proceeds (000)	Percent of net proceeds	Average net proceeds
	1954			
National bank	794,892	$461,163	51.7	$580
State chartered bank [1]	485,797	287,128	32.2	591
Finance company	92,814	62,824	7.0	677
Savings and loan association	135,460	81,039	9.1	598
Other				
Total	1,506,480	890,606	100.0	591
	1950 Reserve—March 1950–December 1954			
National bank	4,183,340	$2,249,722	52.3	$538
State chartered bank [1]	2,464,306	1,358,808	31.6	551
Finance company	591,781	386,676	9.0	653
Savings and loan association	502,889	287,758	6.7	572
Other	25,599	18,224	.4	712
Total	7,767,915	4,301,189	100.0	554

[1] Includes State banks, industrial banks, and savings banks.

Totals may not agree with components, because of rounding.

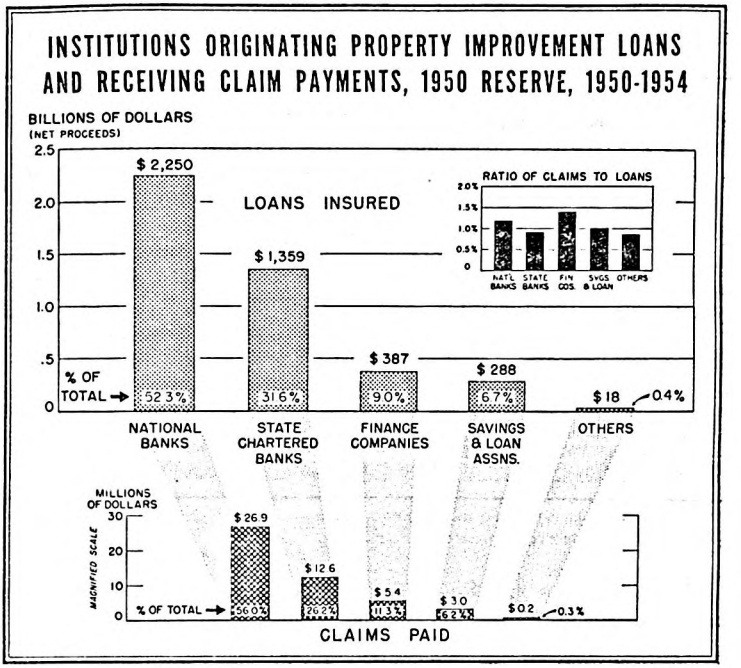

CHART 28

During 1954, national and State chartered banks financed well over a million loans with net proceeds totaling $748 million. These same institutions also received $8 out of every $10 in claim payments made by FHA during the year under the Title I program (Table 45) a proportion which is in keeping with their originations of such loans. Nevertheless, it appears significant that national banks have had a larger than usual share of loans go into default. These defaults result in claim payments and are reflected in the increase in the cumulative claim ratio for national banks under the 1950 Reserve from 0.83 percent in 1953 to 1.19 percent in 1954. (It should be noted that claims paid in any year are not necessarily related to insurance written during that year but are related rather to the volume of insurance outstanding.)

A comparison of the 1954 percentage distribution of net proceeds of Title I loans originated by type of lending institution with the distributions for selected other years is shown in Table 46.

TABLE 45

Claims paid on FHA-insured property improvement loans by type of institution 1954 and 1950 reserve

Type of institution	Claims paid			
	Number	Amount (000)	Percent of amount	Average claim
	1954			
National bank	28,563	$12,291	58.4	$430
State chartered bank [1]	11,733	5,337	25.4	455
Finance company	4,300	1,959	9.3	456
Savings and loan association	2,825	1,433	6.8	507
Other	67	28	.1	422
Total	47,488	21,047	100.0	443
	1950 Reserve—March 1950–December 1954			
National bank	63,430	$26,882	56.0	$424
State chartered bank [1]	29,092	12,556	20.2	432
Finance company	10,955	5,398	11.3	493
Savings and loan association	6,055	2,964	6.2	490
Other	279	160	.3	572
Total	109,811	47,959	100.0	437

[1] Includes State banks, industrial banks, and savings banks.

Totals may not agree with components because of rounding.

National banks and State chartered institutions combined have raised their share of the total volume from 57 percent in the earlier years of the program to 66 percent in the postwar period and finally to an average of more than 80 percent in recent years. To some extent, this relative change has been the result of the almost complete withdrawal of finance companies from the Title I program. Savings and loan associations, now accounting for almost one-tenth of the annual volume of net proceeds, continue to show increasing interest in this field of consumer credit.

TABLE 46

Origination of FHA-insured property improvement loans by type of institution, selected years

Type	1954	1953	1952	1951	1946	1940
	Net proceeds—Percentage distribution					
National bank	51.7	52.2	52.1	52.7	41.3	25.3
State chartered bank	32.2	32.0	30.5	31.8	24.9	31.6
Finance company	7.0	8.5	10.4	9.0	33.1	40.5
Savings and loan association	9.1	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	100.0

Terminations, Defaults, and Claims Paid

This section of the report provides data on the termination and default status of FHA-insured home and project mortgages and on claims paid on defaulted Title I property improvement loans.

As shown in Table 20, total terminations of FHA-insured mortgages and loans amounted to over $14.1 billion through the end of 1954—approximately 39 percent of the total amount insured.

About $1.5 billion of FHA mortgages and loans were terminated during 1954. Of this amount about 57 percent represented home mortgages, 6 percent project mortgages, and 36 percent property improvement loans.

Terminations and Defaults of Home Mortgages

As of the end of 1954, nearly 1.6 million FHA-insured home mortgages aggregating almost $8 billion in original principal amounts had been terminated. This left in force some two million mortgages with combined face amounts of over $14¾ billion—the equivalent of all home mortgage insurance written in the seven years from 1948 through 1954.

Termination of an FHA mortgage insurance contract occurs 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 the prepayment involves refinancing with a new FHA-insured mortgage, it is classified as a prepayment by supersession.

3. The mortgage is foreclosed and title to the property is acquired by the mortgagee. The mortgagee may either transfer 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.

As shown in Table 47, nearly all of the FHA-insured home mortgage terminations through the end of 1954 were the result of prepayments—16 percent of the total refinanced with new FHA-insured mortgages and 81 percent prepaid with funds from other sources. Only 1.4 percent of the terminations resulted from foreclosure. Although over one-half of the foreclosures occurred under Section 603, these represented only 3.8 percent of the total terminations under that program. The highest ratio of foreclosures to total terminations was 66 percent under the Section 903 Defense Housing program. Of the 22,500 properties involved in foreclosed cases under all home mortgage programs, 17,000 were transferred to FHA in exchange for debentures with the remaining 5,400 being retained and disposed of by the mort-

TABLE 47

Disposition of FHA-insured home mortgages, 1935–54

[Dollar amounts in thousands]

	Total [1]		Sec. 8		Sec. 203		Sec. 213	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	3,591,070	$22,708,503	32,479	$171,242	2,866,157	$18,292,355	10,739	$101,976
Mortgages terminated:								
Prepaid in full	1,289,868	6,429,176	358	1,660	1,047,011	5,197,768	25	234
Prepaid by supersession	257,220	1,328,754	115	530	185,275	970,954	5	35
Matured loans	13,061	38,155	------	----------	13,059	38,148	------	----------
Properties acquired by mortgagee:								
Transferred to FHA	17,048	101,435	82	367	5,712	31,008	3	24
Retained by mortgagee	5,430	31,691	11	52	3,541	20,525	------	----------
Other terminations	631	2,840	1	5	489	2,251	------	----------
Total terminations	1,583,258	7,932,051	567	2,614	1,255,087	6,260,655	33	292
Mortgages in force	2,007,812	14,776,452	31,912	168,629	1,611,070	12,031,700	10,706	101,684

	Sec. 222		Sec. 603		Secs. 603–610		Sec. 611		Sec. 903	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	10	$142	624,653	$3,645,212	3,363	$16,109	75	$556	53,594	$480,912
Mortgages terminated:										
Prepaid in full	------	----------	241,830	1,225,982	415	1,659	3	22	226	1,851
Prepaid by supersession	------	----------	71,582	355,444	113	451	------	----------	130	1,340
Matured loans	------	----------	2	7	------	----------	------	----------	------	----------
Properties acquired by mortgagee:										
Transferred to FHA	------	----------	10,545	64,214	12	39	------	----------	694	5,783
Retained by mortgagee	------	----------	1,877	11,112	1	3	------	----------	------	----------
Other terminations	------	----------	141	584	------	----------	------	----------	------	----------
Total terminations	------	----------	325,977	1,657,342	541	2,152	3	22	1,050	8,974
Mortgages in force	10	142	298,676	1,987,870	2,822	13,956	72	534	52,544	471,938

[1] Excludes Sec. 2 home mortgages.

gagees. Section 603 accounted for 62 percent of the properties transferred to FHA, while 65 percent of the properties retained by mortgagees after foreclosure originally secured Section 203 insured transactions. The financial experience of FHA with respect to acquired home properties is presented in Section 5 of this report.

YEARLY TREND.—Included in the terminations shown in Table 47 were nearly 132,000 occurring in 1954, all but 3 percent of which were prepayments. Table 48 shows the total number of terminations, terminations resulting from foreclosure (including properties held by mortgagees pending final disposition), and terminations resulting in FHA acquisition of the properties involved, for each year from 1950 through 1954 and for 5-year periods from 1935 through 1949. The 132,000 terminations reported for 1954 were over 8,000 higher than in 1953, principally because of a 6-percent increase in the annual

TABLE 48

Termination of FHA-insured home mortgages, 1935–54

Year	Total terminations			Foreclosures [1]			FHA acquisitions		
	Number for the period	Cumulative through end of year		Number for the period	Cumulative through end of year		Number for the period	Cumulative through end of year	
		Number	Percent of total insured		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	1,188	1,188	0.26
1940–44	281,675	309,933	22.66	6,912	9,007	.66	5,911	7,099	.52
1945–49	675,029	984,962	43.06	4,684	13,691	.60	3,748	10,847	.47
1950	131,833	1,116,795	42.50	2,610	16,301	.62	1,860	12,707	.48
1951	109,795	1,226,590	42.58	1,523	17,824	.62	1,142	13,849	.48
1952	101,134	1,327,724	42.62	1,478	19,302	.62	993	14,742	.47
1953	123,624	1,451,348	42.98	1,132	20,434	.61	733	15,475	.46
1954	131,910	[2] 1,583,258	44.09	3,415	23,849	.66	1,573	17,048	.47
	Sec. 8								
1951	2	2	0.03						
1952	89	91	.75	5	5	0.04	2	2	0.02
1953	193	284	1.71	64	69	.42	55	57	.34
1954	283	[2] 567	1.75	45	114	.35	25	82	.25
	Sec. 203								
1935–39	28,258	28,258	6.07	2,095	2,095	0.45	1,188	1,188	0.26
1940–44	269,406	297,664	27.52	3,308	5,403	.50	2,871	4,059	.38
1945–49	486,037	783,701	47.13	244	5,647	.34	49	4,108	.25
1950	97,144	880,845	44.02	677	6,324	.32	225	4,333	.22
1951	85,506	966,351	43.02	760	7,084	.32	407	4,740	.21
1952	81,301	1,047,652	42.60	684	7,768	.32	282	5,022	.20
1953	101,832	1,149,484	42.72	741	8,509	.32	263	5,285	.20
1954	105,603	[2] 1,255,087	43.79	1,131	9,640	.34	427	5,712	.20
	Sec. 213								
1952	1	1	0.03						
1953	10	11	.18						
1954	22	33	.31	4	4	0.04	3	3	0.03
	Sec. 603 [3]								
1940–44	12,269	12,269	4.28	3,604	3,604	1.26	3,040	3,040	1.06
1945–49	188,992	201,261	32.23	4,440	8,044	1.29	3,699	6,739	1.08
1950	34,689	235,950	37.62	1,933	9,977	1.59	1,635	8,374	1.34
1951	24,287	260,237	41.45	763	10,740	1.71	735	9,109	1.45
1952	19,743	279,980	44.59	789	11,529	1.84	609	9,718	1.55
1953	21,425	301,405	47.99	305	11,834	1.88	412	10,130	1.61
1954	25,113	[2] 326,518	51.99	1,114	12,948	2.06	427	10,557	1.68
	Sec. 611								
1953	3	3	4.00						
1954	0	3	4.00						
	Sec. 903								
1953	161	161	0.45	22	22	0.06	3	3	0.01
1954	889	[2] 1,050	1.96	1,121	1,143	2.13	691	694	1.29

[1] Include terminations with titles transferred to FHA or retained by mortgagee; also foreclosed properties held by mortgagees pending redemption period or final disposition—21 under Sec. 8, 337 under Section 203, 1 under Sec. 213, 513 under Section 603, and 449 under Section 903.

[2] Of the cumulative number of terminated mortgages FHA reinsured 115 Sec. 8 cases, 185,275 Sec. 203 cases, 5 Sec. 213 cases, 71,695 Sec. 603 cases and 130 Sec. 903 cases. A reinsured mortgage involves the same property as covered by the original FHA insurance contract.

[3] Includes Sec. 603-610 cases.

volume of prepayments. Practically all the terminations involved mortgages insured under either Section 203 (80 percent) or Section 603 (19 percent).

Foreclosures, including foreclosed properties held by mortgagees pending final disposition, tripled over 1953 to more than 3,400, about evenly distributed among Sections 203, 603, and 903, each of which showed an increase, with the largest increase reported under Section 903.

FHA property acquisitions more than doubled—from 733 to 1573—the largest number since 1950. Most of the increase was under Section 903.

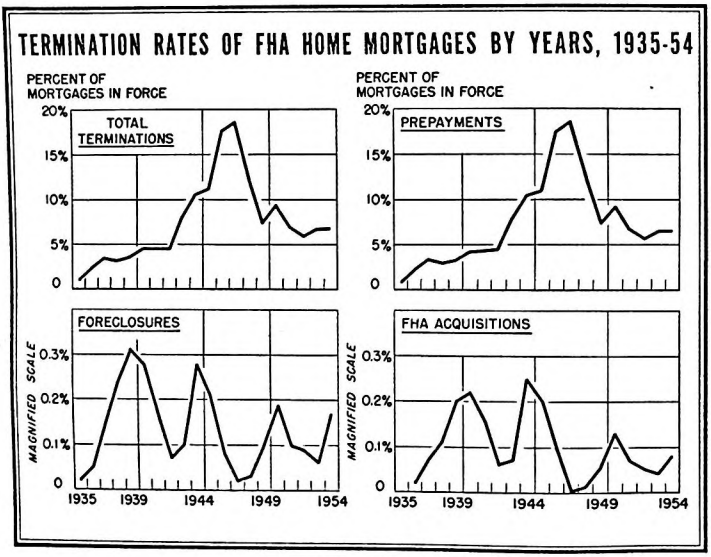

CHART 29

Chart 29 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 yearly volume of terminations and 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 of 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 the peak years represented only a small part of total terminations; that FHA property acquisitions, as expected, tend to parallel foreclosures with a rate consistently somewhat lower than that of foreclosures; and that foreclosure rates react not only to economic conditions (as evidenced by the peak 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 1954, as the chart shows, the termination rate inched upward, reflecting a very slight increase in the prepayment ratio, while the foreclosure rate tripled (to only 0.17 of 1 percent) and the FHA acquisition rate doubled (to only 0.08 of 1 percent).

Default Status of Home Mortgages.—FHA home mortgage defaults at the end of 1954 included 16,200 cases—50 percent over 1953 and the highest level in three years. This is indicated by the data in Table 49, which shows the total number of FHA home mortgages in default at the close of the years 1939 and 1944 and at each year end from 1949 through 1954. The table also shows the number of these defaulted cases where foreclosure was in process and the number in the mortgagee inventory, i. e. where foreclosure had been completed but the properties were retained by the mortgagees pending the expiration of the redemption periods provided by the laws of individual States or for other reasons.

Over one-half of the December 31, 1954, defaults involved Section 203 mortgages, one-fourth involved Section 903 mortgages, and about one-sixth involved Section 603 cases. The greatest relative increase during the year occurred under Section 903, bringing the number reported under this program to more than two and a half times the number reported at the end of 1953.

Despite the increases noted above, only eight of every 1,000 FHA-insured mortgages in force were in default at the end of 1954—somewhat more than at the close of 1952 or 1953, but significantly less than for the other years shown in the table. In the individual programs, Section 903 had by far the highest default ratio—involving nearly 80 out of each 1,000 cases as compared with 9 per 1,000 for Section 603 and about 5 per 1,000 Section 203 cases. Of the mortgages in default as of December 31, 1954 only 7 percent (representing 5/100ths of 1 percent of all mortgages in force) were in process of foreclosure and only 8 percent (7/100ths of 1 percent of those in force) were foreclosed and in the mortgagee inventory.

The uptrend in defaults during 1954 is probably a reflection of the economic adjustments in many communities throughout the nation during the year. Another factor was the cutback in the demand for Section 903 defense housing in many areas of the country.

TABLE 49

Default status of FHA-insured home mortgages, 1939–54

As of year end	Mortgages in force	Defaults and potential FHA acquisitions					
		Total defaults		Foreclosures in process		Mortgagee inventory [2]	
		Number	Percent of in force	Number	Percent of in force	Number	Percent of in force
	Total						
1939	437,472	8,617	1.97	808	0.18	598	0.14
1944	1,058,072	10,725	1.01	820	.08	948	.09
1949	1,302,203	12,461	.96	1,281	.10	807	.06
1950	1,511,402	17,058	1.13	1,167	.08	950	.06
1951	1,654,276	18,007	1.09	899	.05	607	.04
1952	1,787,568	10,562	.59	646	.04	513	.03
1953	1,925,485	10,778	.56	822	.04	299	.02
1954 [1]	2,007,812	16,231	.81	1,091	.05	1,371	.07
	Sec. 8						
1950	209						
1951	6,386	7	0.11	1	0.02		
1952	12,112	87	.72	5	.04	3	0.02
1953	16,298	90	.55	12	.07	8	.05
1954	31,912	207	.65	19	.06	21	.07
	Sec. 203						
1939	437,472	8,617	1.97	808	0.18	598	0.14
1944	783,878	5,433	.69	99	.01	40	.01
1949	878,986	5,212	.59	302	.03	82	.01
1950	1,119,967	9,480	.85	502	.04	306	.03
1951	1,279,915	11,087	.87	515	.04	225	.02
1952	1,411,362	7,141	.51	438	.03	176	.01
1953	1,540,975	6,737	.44	511	.03	210	.01
1954	1,611,070	8,966	.56	681	.04	387	.02
	Sec. 213						
1951	313						
1952	3,547						
1953	6,226	40	0.64	3	0.05		
1954	10,706	84	.78	16	.15	1	0.01
	Sec. 603 [3]						
1944	274,194	5,292	1.93	721	0.26	908	0.33
1949	423,217	7,249	1.71	979	.23	725	.17
1950	391,226	7,578	1.94	665	.17	644	.16
1951	367,656	6,913	1.88	383	.10	382	.10
1952	347,962	3,317	.95	203	.06	334	.10
1953	326,609	2,309	.71	178	.05	62	.02
1954	301,498	2,810	.93	190	.06	513	.17
	Sec. 611						
1951	6						
1952	75						
1953	72						
1954	72						
	Sec. 903						
1952	12,510	17	0.14				
1953	35,305	1,602	4.54	118	0.33	19	0.05
1954	52,544	4,164	7.92	185	.35	449	.85

[1] Includes Sec. 222.
[2] Titles to foreclosed properties subject to redemption or held by mortgagees pending final disposition.
[3] Includes Sec. 603–610 cases.

Chart 30 shows the monthly trend of FHA home mortgages in default during the 5-year period from 1950 through 1954, the top line depicting the number in default and the lower line indicating the default ratio.

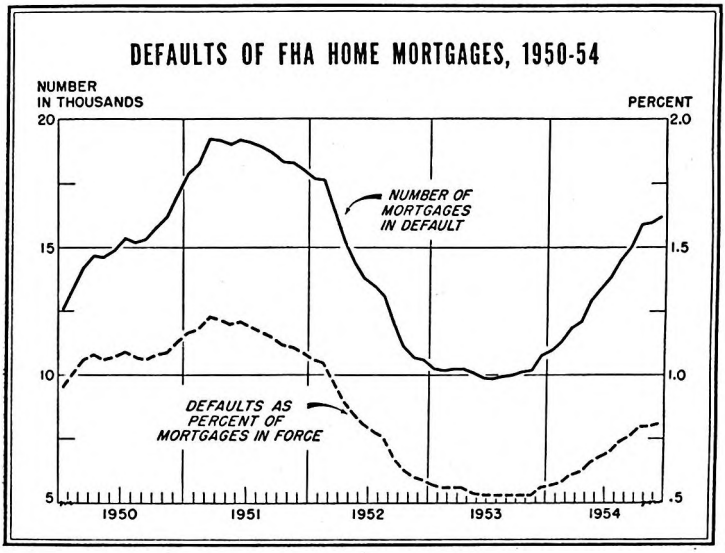

CHART 30

STATE DISTRIBUTION OF HOME MORTGAGE TERMINATION AND DEFAULT STATUS.—Table 50 provides an indication of FHA home mortgage experience in each State and Territory through the end of 1954. The first four columns show total number of mortgages insured, the percent of these terminated, the percent terminated by foreclosure, and the percent foreclosed with property transferred to FHA. The fifth column shows the number of insured mortgages in force at the year end.

The last four columns of the table show the default status of FHA home mortgages in force at the year end—the percent delinquent, the percent of the delinquent in process of foreclosure, and the percent of the delinquent on which foreclosure had been completed and the properties were in the hands of the mortgagees awaiting decision as to disposition or termination of the redemption period.

The proportion of terminations ranged from none in Guam (where mortgages are of recent origin) to 63 percent in Vermont. The largest number of States had termination rates between 40 and 50 percent,

TABLE 50

Terminations and default status of FHA-insured home mortgages, by States, as of Dec. 31, 1954

State	Total mortgages insured 1935–54	Terminations 1935–54			Insured mortgages in force Dec. 31, 1954	Defaults as of Dec. 31, 1954			Insured mortgages in good standing Dec. 31, 1954
		Total	Foreclosures [1]	FHA acquisitions		Total	Foreclosures in process	Mortgagee inventory [2]	
		As percent of insured				As percent of in force			
Alabama	41,460	41.48	1.99	1.80	24,262	0.63	0.01	0.01	24,108
Arizona	47,196	22.45	1.21	1.06	36,601	2.65	.07	.05	35,631
Arkansas	36,455	34.77	1.14	.77	23,778	1.97	.25	.12	23,309
California	587,135	48.16	.19	.10	304,381	.58	.08	.01	302,615
Colorado	40,373	42.43	.15	.08	23,241	.90	.01	.01	23,032
Connecticut	39,206	44.11	4.23	4.07	21,914	.43	.04	-------	21,820
Delaware	7,351	53.46	.60	.34	3,421	.64	-------	-------	3,399
District of Columbia	6,983	54.36	.13	-------	3,187	.69	-------	-------	3,165
Florida	109,377	28.41	.61	.45	78,308	.35	.02	(3)	78,032
Georgia	59,665	39.47	1.53	1.34	36,113	.78	.01	.04	35,830
Idaho	20,105	40.31	.22	.11	12,001	.92	.07	.06	11,890
Illinois	159,034	58.93	.17	.08	65,308	.35	.03	.02	65,081
Indiana	119,077	45.21	.26	.13	65,241	.91	.10	-------	64,650
Iowa	33,859	48.13	.55	.47	17,561	.45	.03	-------	17,482
Kansas	66,770	39.13	.84	.61	40,640	1.82	.05	.05	39,901
Kentucky	35,122	41.14	.30	.19	20,673	.60	.02	.01	20,548
Louisiana	59,482	36.83	1.63	1.20	37,574	.96	.04	.37	37,213
Maine	11,638	46.40	1.33	.78	6,238	1.92	.18	.06	6,118
Maryland	53,824	51.30	2.18	1.87	26,212	1.17	.10	.23	25,906
Massachusetts	20,812	54.77	2.03	1.57	9,414	2.39	.27	.02	9,159
Michigan	243,212	44.08	.69	.38	136,000	.34	.03	.02	135,544
Minnesota	34,330	53.33	.37	.20	16,022	1.92	.01	.02	15,715
Mississippi	25,985	35.24	.50	.37	16,828	.51	.04	.01	16,743
Missouri	92,884	45.69	.46	.39	50,442	.28	(3)	-------	50,300
Montana	12,660	46.61	.12	.04	6,759	.15	-------	.03	6,749
Nebraska	34,333	48.00	.57	.33	17,857	.52	.08	-------	17,765
Nevada	11,972	27.21	.02	-------	8,715	2.82	.80	-------	8,469
New Hampshire	4,821	59.49	3.26	1.95	1,953	5.17	-------	-------	1,852
New Jersey	134,669	51.60	.78	.50	65,176	1.03	.07	.01	64,504
New Mexico	21,574	23.16	.07	.01	16,577	.74	.05	.01	16,454
New York	171,934	39.65	.88	.54	103,755	.81	.05	.01	102,912
North Carolina	43,905	35.07	.67	.56	28,509	.55	.04	-------	28,352
North Dakota	3,842	40.58	.21	.13	2,283	1.49	-------	-------	2,249
Ohio	176,089	50.75	.19	.12	86,720	.58	.05	(3)	86,213
Oklahoma	85,691	38.68	.72	.62	52,544	.42	.06	.01	52,325
Oregon	51,506	37.04	.41	.13	32,430	1.42	.10	.34	31,969
Pennsylvania	181,709	52.02	.20	.08	87,190	.40	.01	(3)	86,842
Rhode Island	7,900	50.65	1.65	.19	3,899	3.57	-------	2.46	3,760
South Carolina	32,362	33.78	2.58	2.03	21,430	3.35	.04	.64	20,713
South Dakota	12,040	44.91	.20	.12	6,633	.71	-------	-------	6,586
Tennessee	67,029	37.35	.63	.51	41,995	.34	(3)	-------	41,852
Texas	226,367	33.78	.83	.48	149,896	.97	.04	.30	148,443
Utah	34,533	47.88	1.29	1.17	18,000	.54	.01	-------	17,903
Vermont	4,249	63.64	1.53	1.01	1,545	3.56	-------	.06	1,490
Virginia	79,457	39.27	1.56	1.43	48,257	.41	.02	(3)	48,060
Washington	142,316	48.72	.39	.21	72,978	.64	.03	.06	72,514
West Virginia	23,446	49.85	1.37	1.26	11,758	.38	.02	-------	11,713
Wisconsin	30,944	56.36	.83	.40	13,503	1.61	.32	.70	13,285
Wyoming	11,574	53.13	.15	.11	5,425	.37	.02	-------	5,405
Alaska	2,652	20.51	.11	.08	2,108	19.97	.09	-------	1,687
Guam	72	-------	-------	-------	72	-------	-------	-------	72
Hawaii	11,485	26.87	.03	.02	8,390	.80	-------	-------	8,332
Puerto Rico	15,548	16.19	.23	.16	13,031	1.51	.03	-------	12,834
Virgin Islands	10	10.00	-------	-------	9	-------	-------	-------	9
Total [3]	3,588,024	44.13	.66	.48	2,004,766	.81	.05	.07	1,988,535

[1] Includes terminations with titles transferred to FHA or retained by mortgagees; also foreclosed properties held by mortgagees that are subject to redemption or held by mortgagees pending final disposition.
[2] Less than 0.005 percent.
[3] Cases tabulated in Washington through Dec. 31, 1954, excluding Title I, Section 2 homes.

while 13 had rates of 30 to 40 percent and a like number had rates of from 50 to 60 percent. Four States (Arizona, Florida, Nevada, and New Mexico) and two Territories (Alaska and Hawaii)—had termina-

tion ratios of 20 to 30 percent. In all States prepayments accounted for the bulk of the terminations. The foreclosure rate ranged from none in Guam and the Virgin Islands to 4.23 percent in Connecticut, with an overall average for all States and Territories of 0.66 percent. Less than one-half of 1 percent of the insured mortgages had been terminated by foreclosure in 18 States, the District of Columbia and the Territories; one-half to 0.99 of 1 percent in 14 States, 1 to 1.99 percent in 11 States, and 2 percent or more in only 5 States. In most of the States with foreclosure rates in excess of 1 percent the greater number of the foreclosed cases had been insured under Section 603. Section 203 foreclosures predominated in Arkansas, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.

Properties transferred to FHA in exchange for debentures through the end of 1954 averaged less than one-half of 1 percent for the nation as a whole. In 27 States, the District of Columbia, and all the Territories, the FHA acquisition ratio was less than one-half of 1 percent; between one-half and 1 percent in another 8 States; and 1 percent or more in 13 States. In only 2 States did the acquisition ratio exceed 2 percent.

Home mortgages in default at the end of 1954 ranged from none in Guam and the Virgin Islands to nearly 1 of every 5 in Alaska. The overall average was only 8 of every 1,000 mortgages. In 13 States and 2 Territories the default rate was less than one-half of 1 percent; in 19 States, the District of Columbia, and Hawaii, between one-half and 1 percent; in 9 States and 1 Territory between 1 and 2 percent; and in 7 States and 1 Territory more than 2 percent. Most of the defaulted mortgages in the States where the rates exceeded 1 percent had been insured under Section 203 or Section 903.

Foreclosures in process averaged only five one-hundredths of 1 percent of the cases with insurance in force at the year end. In only 4 States did the proportion of foreclosures in process reach one-fourth of 1 percent of mortgages in force. Defaulted cases on which foreclosure had been completed averaged seven one-hundredths of 1 percent of the cases with insurance in force at the end of 1954. In only 8 States did the proportion of these defaulted cases on which foreclosure had been completed exceed one-tenth of 1 percent.

Terminations and Defaults of Project Mortgages

Through the end of 1954 terminations of FHA-insured project mortgages had involved 1,129 mortgages with original face amounts totaling $515.5 million, accounting for 10.6 percent of the $4.9 billion insured by the FHA, 1935–54. Insurance in force at the year end covered the remaining 7,321 mortgages with original face amounts aggregating $4.4 billion.

The largest volume of terminations—$318.4 million, representing three-fifths of the total amount—resulted from prepayments of mortgages in full prior to maturity. More than one-third of the mortgage amount terminated—$180.2 million—resulted from default on the part of mortgagors (Table 51). Termination through default occurs when the mortgagee, in exchange for FHA debentures, either assigns the mortgage to FHA without foreclosing or forecloses and transfers title to FHA; or when the mortgagee withdraws from the mortgage insurance contract and retains title to the property. Of the 377 mortgages terminated through default, only 9 with an original face amount of $1.6 million had been retained by the holding mortgagees, 224 for $94.1 million had titles transferred to FHA, and 144 for $84.4

TABLE 51

Disposition of FHA-insured multifamily housing mortgages, 1935–54

[Dollar amounts in thousands]

Disposition	All sections		Sec. 207		Sec. 213		Sec. 608	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	8,450	$4,881,334	718	$408,161	283	$298,610	7,045	$3,439,771
Mortgages terminated:								
Prepayments in full	711	318,413	313	126,770	95	83,775	274	94,373
Prepayments by supersession	29	15,816	13	8,032			16	7,784
Matured loans								
Mortgages assigned to FHA	144	84,419	2	3,601	3	2,192	135	76,745
Titles acquired by mortgagees:								
Projects transferred to FHA	224	94,131	21	14,657			202	79,067
Projects retained by mortgagees	9	1,639	7	1,407			2	232
Other terminations	12	1,033	8	578			4	455
Total terminations	1,129	515,453	364	155,045	98	85,967	633	258,656
Mortgages in force, Dec. 31, 1954	7,321	4,365,881	354	253,117	185	212,642	6,412	3,181,115

	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	260	$651,939	96	$62,503
Mortgages terminated:								
Prepayments in full	6	1,778	23	11,719				
Prepayments by supersession								
Matured loans								
Mortgages assigned to FHA							4	1,881
Titles acquired by mortgagees:								
Projects transferred to FHA					1	408		
Projects retained by mortgagees								
Other terminations								
Total terminations	6	1,778	23	11,719	1	408	4	1,881
Mortgages in force, Dec. 31, 1954	17	6,582	2	272	259	651,531	92	60,623

million had been assigned to FHA without foreclosure. Prepayments by supersession (prepayments prior to maturity from proceeds of another insured mortgage) had involved 29 mortgages for $15.8 million. The distribution of terminations for the various project programs is shown in Table 51.

During 1954 there were 111 mortgages prepaid in full and 76 terminated as a result of default. Of the 111 prepaid in full, 56 were under the Section 213 cooperative housing program (sales-type) wherein the properties are transferred to the individual owners, 39 were Section 608 mortgages, 11 Section 207, 4 Section 611 (site-fabricated housing), and 1 Section 608–610 (publicly owned housing). A total of 70 of the default terminations involved Section 608 mortgages. In addition, 4 mortgages insured under Section 908, 1 under Section 207 and 1 under Section 803 were terminated as a result of default.

The disposition of the projects and mortgage notes acquired by the FHA is shown in Table 52. Two-fifths of the properties acquired by the FHA had been sold by the end of 1954, either outright or with mortgage reinsurance, or with the mortgage held by FHA. This represented a substantial increase over the one-fourth of the projects which had been acquired by the FHA as of the end of 1953 and sold

TABLE 52

Disposition of FHA-acquired projects and multifamily housing mortgages, Dec. 31, 1954

Disposition	Number	Number of units	Number	Number of units	Number	Number of units
	All sections		Sec. 207		Sec. 213	
Projects acquired by FHA [1]	224	15,096	21	3,378		
On hand	135	8,464	4	345		
Sold with reinsurance	8	2,085	7	1,491		
Sold without reinsurance	10	1,108	4	704		
Sold with mortgage held by FHA	71	3,439	6	838		
Mortgage notes assigned to FHA	144	11,035	2	1,150	3	211
On hand	141	10,647	1	48	2	67
Sold with reinsurance	1	1,102	1	1,102		
Sold or settled without reinsurance	2	186			1	144
	Sec. 608		Sec. 803		Sec. 908	
Projects acquired by FHA [1]	202	11,663	1	55		
On hand	130	8,064	1	55		
Sold with reinsurance	1	594				
Sold without reinsurance	6	404				
Sold with mortgage held by FHA	65	2,601				
Mortgage notes assigned to FHA	135	10,321			4	253
On hand	134	10,279			4	253
Sold with reinsurance						
Sold or settled without reinsurance	1	42				

[1] Includes projects acquired by FHA after assignment of mortgage notes to FHA.

by that date. With 43 additional properties acquired during 1954, the number on hand at the year end was 135 compared to 136 a year earlier. Mortgage notes assigned to FHA as of the end of 1954 totaled 144—141 on hand and 3 sold.

YEARLY TREND.—The trend of all terminations combined and default terminations is presented in Table 53—by 5-year periods through 1949 and by years 1950 through 1954. To date, mortgages covering 14 percent of the dwelling units insured under all project programs have been terminated—4 percent as a result of default terminations.

The rise in the cumulative termination ratio for multifamily projects since 1950 reflects primarily the marked decline in the volume of insurance written since then. Through the end of 1949 the bulk of project mortgage terminations represented prepayments in full prior to maturity, principally of mortgages insured under the prewar provisions of Section 207 and the war housing provisions of Section 608. In each subsequent year, although prepayments have continued to predominate, terminations resulting from mortgagor defaults have generally been increasing, with the greater number involving mortgages insured under the postwar veterans' emergency housing provisions of Section 608. Since 1952, the rate of terminations under Section 213 has also been significant, with virtually all of these caused by prepayments of mortgages on sales-type projects. In this type of project the mortgages are in effect construction loans which are paid off following completion of the homes and their sale in fee simple to the members of the cooperative.

STATE DISTRIBUTION OF PROJECT MORTGAGE TERMINATION AND DEFAULT STATUS.—Table 54 shows the distribution, by States, of units in all terminated projects combined, in mortgage notes assigned to FHA, and in properties covered by titles transferred to FHA, all expressed as a percent of units covered by insurance written. Also shown are the number of units covered by mortgages remaining in force, those in default as a percent of those in force, and those covered by mortgages in good standing. The States of Montana, Nevada, New Mexico, North Dakota and Utah and the Territory of Hawaii had reported no mortgages terminated through December 31, 1954. Terminations in other States ranged from less than 4 percent in Nebraska to nearly 70 percent in Idaho, with 16 States and Alaska reporting terminated mortgages involving less than one-tenth of the units in insured projects. In 14 States and Puerto Rico, terminated mortgages involved one-fifth or more of total units covered by insurance, and in 3 States—Arkansas, Idaho, and New Hampshire—they exceeded one-half of all insured units.

Five States and Puerto Rico have reported terminations resulting from default on the part of mortgagors in excess of 20 percent of total

TABLE 53

Termination of FHA-insured multifamily housing mortgages, 1935–54

Year	Total terminations					Default terminations [1]				
	Number for the period		Cumulative through end of year			Number for the period		Cumulative through end of year		
				Dwelling units					Dwelling units	
	Number of mortgages	Number of units	Number of mortgages	Number	Percent of total insured	Number of mortgages	Number of units	Number of mortgages	Number	Percent of total insured
All sections										
1935–39	13	1,436	13	1,436	4.82					
1940–44	125	12,611	138	14,047	18.60	27	5,119	27	5,119	6.78
1945–49	278	27,224	416	41,271	12.11	19	1,240	46	6,359	1.87
1950	137	10,961	553	52,232	10.54	66	2,646	112	9,005	1.82
1951	151	10,436	704	62,668	11.00	82	4,306	194	13,311	2.34
1952	99	8,321	803	70,989	11.65	39	3,162	233	16,473	2.70
1953	139	12,239	942	83,228	13.00	68	5,395	301	21,868	3.42
1954	187	12,013	1,129	[2]95,241	14.25	76	5,548	377	27,416	4.10
Sec. 207										
1935–39	13	1,436	13	1,436	4.82					
1940–44	122	11,948	135	13,384	32.65	25	4,483	25	4,483	10.94
1945–49	174	20,985	309	34,369	79.21			25	4,483	10.33
1950	18	2,883	327	37,252	81.16			25	4,483	9.77
1951	6	527	333	37,779	74.38			25	4,483	8.83
1952	10	733	343	38,512	67.76	1	20	26	4,503	7.92
1953	9	968	352	39,480	61.68	3	159	29	4,662	7.28
1954	12	1,136	364	[2]40,616	53.83	1	214	30	4,876	6.46
Sec. 213										
1951	9	268	9	268	3.24					
1952	10	1,794	19	2,062	11.42	1	144	1	144	0.80
1953	23	4,028	42	6,090	23.76	2	67	3	211	.82
1954	56	2,886	98	8,976	28.18			3	211	.66
Sec. 608										
1942–44	3	663	3	663	1.92	2	636	2	636	1.84
1945–49	104	6,239	107	6,902	2.36	19	1,240	21	1,876	.64
1950	114	7,018	221	13,920	3.25	66	2,646	87	4,522	1.06
1951	131	9,168	352	23,088	4.99	82	4,306	169	8,828	1.91
1952	67	5,112	419	28,200	6.05	37	2,998	206	11,826	2.54
1953	105	6,925	524	35,125	7.54	63	5,169	269	16,995	3.65
1954	109	7,347	633	[2]42,472	9.12	70	5,026	339	22,021	4.73
Sec. 608-610										
1950	4	960	4	960	24.58					
1951			4	960	24.52					
1952	1	10	5	970	24.78					
1953			5	970	24.78					
1954	1	10	6	980	25.03					
Sec. 611										
1950	1	100	1	100	13.37					
1951	5	473	6	573	33.43					
1952	11	672	17	1,245	67.70					
1953	2	318	19	1,563	78.78					
1954	4	326	23	1,889	95.21					
Sec. 803										
1954	1	55	1	55	0.07	1	55	1	55	0.07
Sec. 908										
1954	4	253	4	253	3.02	4	253	4	253	3.02

[1] Includes mortgage notes and property titles transferred to FHA and projects retained by mortgagees with termination of FHA mortgage insurance contracts, numbering 7 for 348 units under Section 207, and 2 for 37 units under Section 608.

[2] Includes terminated contracts superseded by new FHA insurance contracts covering the same properties, numbering 13 for 2,035 units under Section 207, and 16 for 1,320 units under Section 608.

TABLE 54

Terminations and default status of FHA-insured multifamily housing mortgages, by State location, as of Dec. 31, 1954

State	Total units covered by insurance 1935–54	Units in terminated mortgages 1935–54				Units covered by mortgages in force as of Dec. 31, 1954	Units in default as of Dec. 31, 1954		Units covered by insured mortgages in good standing Dec. 31, 1954
		Total	Default terminations				Total	Potential acquisitions [3]	
			Total [1]	Mortgage notes assigned and held by FHA [2]	Property titles transferred to FHA				
		As percent of insured units					As percent of units in force		
Alabama	11,992	8.40	3.16	0.87	2.18	10,985	3.77	1.82	10,571
Arizona	4,628	23.96	3.69	1.55	2.14	3,519			3,519
Arkansas	1,712	51.17	23.07	6.19	16.88	836	34.69	1.91	546
California	48,447	24.82	4.12	1.42	.43	36,424	.75	.14	36,151
Colorado	3,141	17.19				2,601			2,601
Connecticut	6,766	6.53				6,324			6,324
Delaware	4,155	3.75				3,999	1.00		3,959
District of Columbia	21,102	26.33	5.05	2.24	2.81	15,545	1.93	.21	15,245
Florida	15,229	19.06	16.52	7.72	8.80	12,326	.34	.34	12,284
Georgia	23,273	7.29	2.54	1.32	1.22	21,576	.98	.06	21,364
Idaho	626	68.69	68.69	52.08	16.61	196	8.67		179
Illinois	22,362	12.64	.21	.21		19,536			19,536
Indiana	9,050	7.43				8,378	2.39	2.39	8,178
Iowa	1,806	7.53				1,670			1,670
Kansas	4,634	20.00	8.85	3.71	4.92	3,707			3,707
Kentucky	6,668	9.87	5.89	1.92	3.97	6,010	2.35		5,869
Louisiana	9,140	41.60	30.67	13.74	16.93	5,338	5.15	3.78	5,063
Maine	2,420	7.40	7.40		7.40	2,241			2,241
Maryland	43,691	12.19	1.31	1.29	.02	38,365	.60		38,175
Massachusetts	5,326	10.27	8.24		8.24	4,779	1.19	1.19	4,722
Michigan	10,720	16.38	1.34			8,964	3.61		8,640
Minnesota	6,310	20.05	9.08	.17	8.75	5,045	3.69		4,859
Mississippi	2,722	14.51	14.07		14.07	2,327			2,327
Missouri	11,293	21.23	8.57		8.48	8,895			8,895
Montana	837					837	47.79		437
Nebraska	2,599	3.66				2,504			2,504
Nevada	956					956			956
New Hampshire	244	67.21	67.21		67.21	80			80
New Jersey	58,507	11.57	3.58	2.06	1.46	51,737	1.23	.10	51,102
New Mexico	2,472					2,472			2,472
New York	123,858	9.19	1.62	.37	.99	112,481	.49	.37	111,930
North Carolina	17,433	10.97	3.82	.50	3.32	15,520	.13	.13	15,500
North Dakota	154					154			154
Ohio	21,582	14.18	.11		.11	18,521			18,521
Oklahoma	4,662	36.53	19.61	9.70	9.91	2,959	5.88	5.07	2,785
Oregon	5,387	8.78	.89	.89		4,914	2.50	1.20	4,791
Pennsylvania	24,769	13.84	.94	.94		21,341	.43	.43	21,249
Rhode Island	952	3.78				916			916
South Carolina	7,229	18.66	15.23	7.21	8.02	5,880	.27		5,864
South Dakota	729	6.31				683			683
Tennessee	10,194	10.04	1.09		1.09	9,171	.74		9,103
Texas	32,990	9.05	3.29	.56	2.69	30,004	3.87	1.87	28,842
Utah	1,615					1,615	2.35		1,577
Vermont	193	29.02	22.80		22.80	137	11.68	11.68	121
Virginia	45,191	21.89	4.64	.46	4.18	35,299			35,299
Washington	10,267	10.28	6.45	1.05	5.30	9,212	3.39		8,900
West Virginia	797	21.83				623			623
Wisconsin	4,104	7.53	1.00	1.00		3,795			3,795
Wyoming	571	5.78				538			538
Alaska	3,853	2.21	2.21	2.21		3,768	10.14	2.76	3,386
Hawaii	3,151					3,151	.29		3,142
Puerto Rico	5,833	27.19	27.19	27.19		4,247			4,247
Total	668,342	14.25	4.10	1.59	2.26	573,101	1.21	.40	566,142

[1] Includes mortgage notes and property titles transferred to FHA and 9 projects involving 385 units retained by mortgagees with termination of FHA mortgage insurance contracts.
[2] Excludes mortgage notes foreclosed with title transferred to FHA and mortgage notes sold by FHA.
[3] Includes mortgage notes in process of assignment to FHA and property titles in process of acquisition by mortgagees.

insured units—2 of these, Idaho and New Hampshire, accounting for two-thirds of the units covered by insurance for each State. Only 4 States have had default terminations ranging from 10 percent to 20 percent of insured units while 24 States, the District of Columbia, and Alaska have reported default terminations involving less than 10 percent of their respective volume of units covered by insurance. In 15 States and Hawaii there have been no default terminations, and for the entire Nation terminations of this type have accounted for only 4 percent of all units covered by insurance.

DEFAULT STATUS OF PROJECT MORTGAGES.—The 90 mortgages in default as of December 31, 1954, for all project programs combined was the highest since the end of 1950 (Table 55). From the standpoint of dwelling units covered by mortgages in default, 1954 with nearly 7,000 units exceeds all other years. The increase over 1953 applied to all the project programs, with Sections 213 and 803 showing their first defaults as of a year end. The Section 608 program,

TABLE 55

Status of FHA-insured multifamily housing mortgages in force, Dec. 31, 1954

Status	Number	Number of units	Number	Number of units	Number	Number of units
	All Secs.		Sec. 207		Sec. 213	
Insured mortgages in force	7,321	573,101	354	34,836	185	22,877
Insured mortgages in good standing	7,231	566,142	347	33,950	184	22,603
Insured mortgages in default, total	90	6,959	7	886	1	274
In default less than 90 days	30	1,423	2	245		
In default 90 days or more	27	3,260	2	387	1	274
Projects being acquired by mortgagee	21	1,314	2	150		
Mortgage notes being assigned to FHA	12	962	1	104		
Trend of insured mortgages in default as of Dec. 31:						
1954	90	6,959	7	886	1	274
1953	52	5,154	1	214		
1952 [1]	70	5,585	2	42		
1951	76	6,471				
1950	113	6,495	1	800		
	Sec. 608		Sec. 803		Sec. 908	
Insured mortgages in force	6,412	423,211	259	81,021	92	8,126
Insured mortgages in good standing	6,346	419,186	255	80,313	80	7,060
Insured mortgages in default, total	66	4,025	4	708	12	1,066
In default less than than 90 days	25	829	1	65	2	284
In default 90 days or more	18	1,616	2	443	4	540
Projects being acquired by mortgagee	14	814	1	200	4	150
Mortgage notes being assigned to FHA	9	766			2	92
Trend of insured mortgages in default as of Dec. 31:						
1954	66	4,025	4	708	12	1,066
1953	43	4,191			8	749
1952	67	5,524				
1951	76	6,471				
1950	112	5,695				

[1] Total includes 1 default under Sec. 611 involving a project with 19 units.

involving three-fourths of all units covered by insurance in force, showed the largest increase with 66 projects in default as compared to 43 on December 31, 1953, though less than at the end of 1950, 1951, or 1952. The ratio of units covered by project mortgages in default to units covered by mortgages in force—all project programs—increased to 1.2 percent from 0.9 percent in 1953, but was less than the high of 1.5 percent reported for 1950. Units covered by mortgages in default combined with cumulative FHA acquisitions (mortgage notes and property titles transferred to FHA) for all project programs represented 5.1 percent of the units covered by insurance written.

Table 54 shows the distribution of project mortgages in default by States. In 6 States and Alaska, mortgages covering 5 percent or more of the units in projects with mortgage insurance in force were in default as of December 31, 1954. Of these, Idaho, Louisiana, Oklahoma, and Alaska reported defaults ranging from 5 to 10 percent; Vermont, 12 percent; and Arkansas and Montana 35 and 48 percent, respectively. In only 2 States—Oklahoma and Vermont—did defaulted mortgages in the status of potential acquisition account for 5 percent or more of the dwelling units covered by mortgage insurance in force. Of the 18 States and Territories having defaulted mortgages in this category, 8 showed less than 1 percent and 5 States ranged from 1 to 2.0 percent. The United States total for mortgages that were considered potential FHA acquisitions involved less than one-half of 1 percent of the units with insurance in force.

Title I Claims Paid

In contrast to the decline in the volume of insurance written in 1954 on property improvement loans, there was a sharp increase of 40 percent in the amount of claim payments (Table 56), with more than 47,000 payments amounting to $21 million made on defaulted notes submitted by insured lenders. This was the largest dollar volume of claim payments recorded in the history of FHA. A larger number of claims were paid in 1949 and 1950 but, because of the smaller average amount of insured notes in force at that time, the total amount was only $17 million and $18 million respectively.

The annual amount of claims paid in relation to the average balance of loans outstanding is shown in Chart 31 and Table 56. The trend of outstanding balances, as portrayed in the chart, manifests a persistent upward movement with only slight interruptions in 1937–38 (reflecting a lapse in FHA authority to insure) and again during 1942–45 (under wartime restrictions). The claims picture is quite similar, with a 1-year lag, through 1950. Subsequently, claims fell sharply, reflecting the high level of prosperity prevailing during the Korean crisis. With the exception of 1946, the 1952 ratio of claims paid to average net proceeds outstanding, of 1.02 percent, was the lowest for

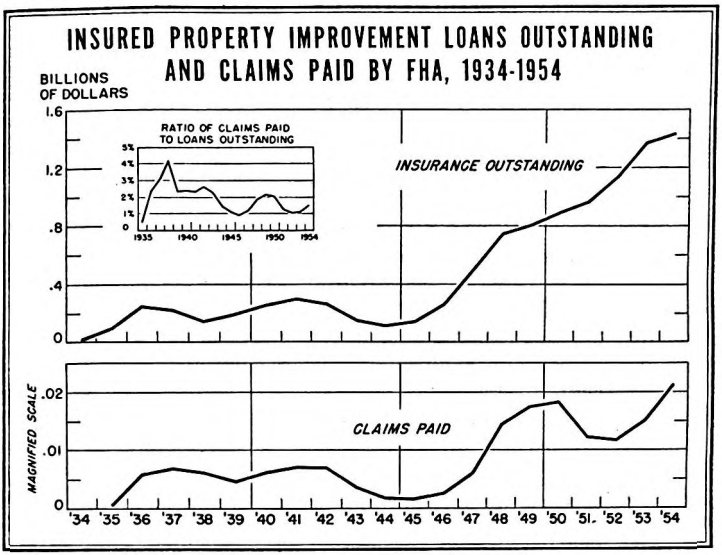

CHART 31

any year since World War II. During 1953 claim payments edged upward, continuing this trend in 1954. The 1954 ratio of claims paid to average net proceeds outstanding was 1.47 percent—larger than in the 3 preceding years, but lower than the ratios reported for the 3 years from 1948 through 1950, or for any year from 1936 through 1943. This 1953–54 increase in claim payments is presumably a reflection of the decline in business activity during those years and of the resultant reduction in incomes of individual borrowers.

TABLE 56

Property improvement loans outstanding and claims paid by FHA, 1934–54

[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			1945	$140,247	$1,524	1.09
1935	93,582	$447	0.48	1946	262,376	2,434	.93
1936	253,218	5,885	2.32	1947	501,171	5,830	1.16
1937	224,861	6,891	3.06	1948	748,438	14,346	1.92
1938	144,449	6,016	4.17	1949	803,293	17,494	2.18
1939	199,347	4,649	2.33	1950	889,433	18,148	2.04
1940	253,676	6,115	2.41	1951	959,394	12,086	1.26
1941	303,149	7,071	2.33	1952	1,130,827	11,524	1.02
1942	265,583	6,998	2.64	1953	1,377,679	14,995	1.09
1943	155,667	3,588	2.30	1954	1,436,558	21,047	1.47
1944	115,153	1,670	1.45				

Of the 18 million property improvement loans insured through 1954, some one-half million—about 2.9 percent—had gone into default. This resulted in claim payments of $169 million, or slightly more than 2 percent of the $8.3 billion insured. The ratio is reduced to 1.2 percent when allowance is made for actual recoveries on the defaulted notes taken over by FHA after payment of claims to the lenders. Anticipated recoveries on notes in process of collection further reduce the net claim ratio to 1 percent.

Net cash collections by FHA amounted to $7.7 million during 1954. This figure is a decrease of more than 8 percent from the all time high of $8.4 million collected in 1953. Through 1954, the cumulative total of cash collections and proceeds from disposable real properties amounted to almost $68 million. In other words, 40 percent of the total amount of claim payments made to lending institutions since 1934 has been recovered by FHA.

It is expected that another $18 million will be recovered from notes in process of collection, bringing the total to $86 million. With this deducted from the claim payments through 1954, the net loss to the Title I insurance fund is only 1 percent—a fraction higher than the 0.98 percent reported as of 1953, but slightly less than the comparable ratios for 1951 and 1952.

Amounts of claims paid and the claims paid ratio by State location of property are presented on Table 34 and discussed under the topic of State Distribution of Property Improvement Loans.

All claims and operating expenses under the property improvement program have been met by the FHA out of income, with no cost to the Government with respect to insurance written since July 1, 1939 when insurance premiums were first authorized under this program. Since that time, an insurance reserve of $34 million has been built up. In addition, $8⅛ million originally advanced for operating capital has been repaid to the United States Treasury.

Payments Received Prior to Default of Title I Loans.—A cross tabulation of the number of payments made by borrowers prior to default by the number of payments called for in the note is shown in Table 57. Almost 8 out of every 10 claims paid during 1954 involved notes originally insured for 36 month terms. Of these 3-year notes on which claims were paid, default occurred on more than one-fourth in less than 6 months, and over one-half in less than a year.

Chart 32 shows that almost 6 percent of the 1954 claims, representing nearly one-tenth of the dollar volume, involved notes upon which the borrower had made no payments. More than 1 out of every 5 claims, accounting for nearly one-third of the total amount, was paid on notes which went into default after one payment was received but before the time the sixth monthly payment was due. The largest concentration of claims—involving roughly one-fourth of the total number and

TABLE 57

Number of payments received prior to default by term of property improvement loans, 1954

Number of payments received prior to default	Term of defaulted loan					Total number	Total amount	Average claim paid
	6–11 months	12–23 months	24–35 months	36 months	37 or more months			
	Percentage distribution							
0	44.2	14.8	3.2	5.3	4.6	5.7	9.6	$737
1–5	53.9	36.3	13.2	21.0	17.3	20.9	30.7	652
6–11	1.9	34.4	17.0	24.6	22.5	23.9	28.2	523
12–17	----	14.3	18.1	20.3	15.6	19.5	18.0	411
18–23	----	.2	20.3	14.6	8.1	14.5	8.9	272
24–29	----	----	27.9	8.1	6.5	10.6	3.5	145
30–35	----	----	.3	6.0	3.9	4.7	.8	72
36 or more	----	----	----	.1	21.5	.2	.3	596
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	443
Percent of total	0.5	5.9	15.3	77.7	0.6	100.0	----	----
Median	1.4	5.8	17.5	11.8	14.2	11.9	----	----

some 28 percent of the amount—represented notes going into default between the sixth and eleventh payments. When these three groups are combined, it becomes apparent that over one-half of the claims, accounting for over two-thirds of the total amount, were paid on notes going into default within a year after their origination.

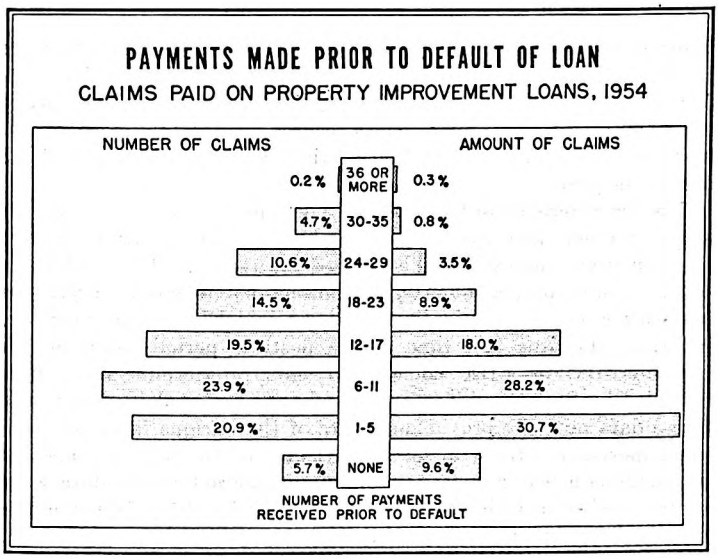

CHART 32

SECTION 3

CHARACTERISTICS OF MORTGAGE AND LOAN TRANSACTIONS INSURED BY FHA IN 1954

This portion of the report is devoted to a discussion of selected characteristics of the home and project mortgage and the property improvement loan transactions endorsed for FHA insurance in 1954.

During 1954, about 1.2 million new privately financed dwelling units were started in the nonfarm areas of the nation. Construction and sale of most of these units were facilitated by short-term construction money and long-term permanent mortgage funds advanced by privately owned financial institutions. Over 276,000 units, or 23 percent of the total, were started after FHA approval of the plans and specifications and were subject to FHA compliance inspections in the course of construction.

Of the units started under FHA inspection, 251,000 were approved under the home mortgage programs and the remaining 25,000 under the multifamily project programs. Nearly 221,000 units in FHA-inspected 1- to 4-family homes were reported as completed and ready for occupancy in 1954. Mortgages secured by 122,000 of these new units and by an additional 101,000 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 this part of the report. The analysis of characteristics of home-mortgage transactions is based largely on cases insured under Section 203, the principal FHA home mortgage program. For the first time in the postwar period, data on the characteristics of FHA home mortgage transactions have been compiled by States and Territories and are presented in this report. These data not only provide a picture of the various facets of FHA home mortgage activity in specific areas of the country, but also aid in obtaining a better understanding of the characteristics data when summarized on a United States total basis. In 1954, 71 percent of the new home and 95 percent of the existing-home mortgages insured

by FHA were endorsed under the provisions of Section 203. Characteristics of transactions insured under Section 8, terminated by the Housing Act of 1954, are also presented in this section of the report.[12]

Characteristics of Section 203 Home Mortgage Transactions

As in previous years, almost all Section 203 insured transactions covered single-family homes—98 percent of the new and 96 percent of the existing transactions being in this category. Table 58 shows practically no change from 1953 to 1954 in the proportion of either new or existing dwellings which contained only 1 living unit. Two-family structures accounted for slightly less than 2 percent of the new homes and for about 3 percent of the existing homes.

TABLE 58

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

Units per structure	New homes					Existing homes				
	1954	1953	1950	1946	1940	1954	1953	1950	1946	1940
	Structures—Percentage distributions									
1	98.1	97.8	99.0	98.7	99.0	96.2	96.4	95.5	93.6	92.7
2	1.6	1.8	.9	1.0	.7	3.2	3.2	4.1	5.8	6.1
3	.1	(1)	(1)	.1	.1	.3	.2	.2	.3	.7
4	.2	.4	.1	.2	.2	.3	.2	.2	.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									
1	95.9	95.1	97.7	96.9	97.7	91.9	92.4	90.1	87.4	85.0
2	3.1	3.4	1.8	2.1	1.5	6.1	6.0	7.8	10.9	11.3
3	.3	.1	.1	.2	.2	1.0	.7	.7	.7	1.8
4	.7	1.4	.4	.8	.6	1.0	.9	1.4	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	1.02	1.03	1.01	1.02	1.01	1.05	1.04	1.06	1.07	1.09

[1] Less than 0.05 percent.

Owner occupants were the mortgagors of some 94 percent of the new 1-family homes and of virtually all the existing homes securing these insured transactions. The proportion of landlord owners of new 1-family homes increased significantly from 1 percent in 1953 to nearly 4 percent in 1954 while the proportion of builders who were the designated mortgagors at time of closing remained the same at 2½ percent.

Over 90 percent of 3- and 4-family properties involved in Section 203 transactions insured in 1954 were built or purchased for rental income purposes. Of the 2-family houses, nearly three-fifths of the new but

[12] Data used in this analysis are based on the following samples:
1. Section 203—29,200 new home and 30,900 existing home cases selected from mortgages insured during the first 11 months of 1954.
2. Section 8—15,800 new home cases insured during 1954.

less than 2 percent of the existing were primarily rental income properties. In August 1954, FHA limited the use of Section 203 for rental income purposes by stipulating a maximum of 11 units in any such project and forbidding the use of the provisions of this section for rental purposes when the property was part of or contiguous to a project involving 12 or more dwelling units in which the mortgagor had a financial interest.

Typical Section 203 Home Mortgage Transaction

Table 59 presents data on selected characteristics of typical new- and existing-home mortgage transactions insured in 1954 and permits

TABLE 59

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	
1954	$8,862	$9,030	22.9	20.1	85.3	78.5	98.1	96.2
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	86.5	76.6	98.5	95.6
1950	7,101	6,801	24.1	20.2	88.0	77.8	99.0	95.5
1949	7,143	6,778	22.8	19.8	87.3	78.0	98.9	96.1
1946	5,504	4,697	21.0	18.9	87.0	78.4	98.7	93.6
1940	[3] 4,358	[3] 3,687	[4] 23.0	[4] 17.5	[3] 87.0	[3] 76.8	99.0	92.7
	Property value [1]		Market price of site [2]		Number of rooms [1 5]		Percent with garages	
1954	$10,678	$11,549	$1,456	$1,591	5.4	5.6	66.6	79.6
1953	10,140	11,061	1,291	1,461	5.3	5.6	59.7	74.1
1952	10,022	10,289	1,227	1,296	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	761	833	5.5	5.9	58.1	83.4
1940	5,028	4,600	662	948	5.6	6.3	75.6	87.2
	Mortgagor's effective annual income [1 6]		Total monthly payment [1]		Payment as a percent of income [6 7]		Ratio of property value to annual income [6 7]	
1954	$5,139	$5,696	$68.62	$74.34	15.1	14.8	1.96	1.91
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
1940	2,416	2,490	[4] 35.15	[4] 34.56	17.2	15.1	1.97	1.70

[1] Data shown are medians.
[2] Data shown are averages (arithmetic means).
[3] Based on 1- to 4-family home mortgages.
[4] Estimated.
[5] Throughout this report medians are computed on the assumption that all characteristics distributions are represented by continuous data within groups.
[6] Throughout this report distributions of housing expense, and mortgagor's income, as well as characteristics relating to income, are based on owner-occupant cases only.
[7] Based on arithmetic means.

comparison of these figures with comparable ones for selected previous years.[13]

The typical new-home transaction in 1954 involved a mortgage of $8,862, scheduled to be repaid over a term of nearly 23 years at a monthly rate of $68.62 including debt service, real estate taxes, and hazard and FHA mortgage insurance premiums. This typical property was valued by FHA at $10,678, including land with a market price of $1,456. The single-family dwelling securing this mortgage contained 961 square feet and provided 5.4 rooms including 3 bedrooms. Garage facilities were provided. The mortgage loan represented 85 percent of the FHA estimated property value.

The typical new-home owner occupant mortgagor had an income of $5,100 of which about 15 percent was required for mortgage payments. The property value averaged just under twice the mortgagor's income. Compared with the typical new-home transaction of 1953—the mortgage amount was 4 percent higher, the duration 3 percent longer, and the monthly payment 4 percent more; property value increased by 5 percent and land price by 13 percent, but the ratio of loan to value declined 1.2 percentage points. The typical mortgagor's income was up 5 percent, with its relationship to mortgage payment and property value virtually unchanged.

The typical FHA existing-home transaction in 1954, compared with its new-home counterpart, involved a larger, more expensive house and a site with a higher market price. The mortgage provided for a larger amount and a shorter duration and consequently required a higher monthly payment. The typical existing-home mortgagor

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[13] Throughout this report the use of technical terms is in keeping with the following definitions established by the FHA Underwriting Division in 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 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 non-prepayable 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.

was in a somewhat higher income level and made a larger down payment, but the mortgage payment represented a smaller proportion of his income and the property value-income ratio was slightly lower. The typical existing-home property was valued by FHA at $11,500 and consisted of a lot with an estimated market price of $1,600. The 5½ room house, including 3 bedrooms, had a calculated area of 1,035 square feet. The mortgage amounted to $9,030 (over 78 percent of the property value) and had a duration of 20 years. It was to be repaid at a monthly rate of $74.34 (including payments on principal, interest, real estate taxes, hazard and FHA insurance premiums). The typical existing-home mortgagor had an income of almost $5,700, nearly 15 percent of which was required for monthly payments. The property value represented about 1.9 times the mortgagor's income. As compared with the typical existing-home transaction of 1953, both the mortgage amount and the monthly payment were about 5 percent higher, and the duration was slightly longer. The property value increased by about 4 percent and the land market price by 10 percent, while the size of the structure, although increasing some 3 percent in calculated area, remained about the same with respect to number of rooms. The annual income of the typical existing-home mortgagor increased nearly 6 percent from 1953 to 1954 but the proportion required for mortgage payment remained practically unchanged and there was only a slight decline in the value-income relationship.

Trends of Characteristics of Section 203 Home Mortgage Transactions

Chart 33 depicts for typical new- and existing-home mortgage transactions insured under Section 203 the trends in property value, mortgage amount, mortgagor's income, land prices, and the ratios of loan to value, income to value, and payment to income.

The increase in FHA new-home values from 1953 to 1954 averaged about the same as the rise in the average construction cost of all privately financed 1-family houses started. According to the Bureau of Labor Statistics, the average construction cost of 1-family homes started in 1954, excluding land, was $10,625 or 7 percent more than in 1953, paralleling the 7 percent rise in the average FHA values for FHA new homes. Mortgage amounts for FHA new-home transactions registered an average increase (6½ percent) comparable to that for total mortgages of $20,000 or less recorded during 1954. However, in the case of existing-home mortgages insured by FHA during 1954, the mortgage amount increase, 5 percent, was slightly lower than that for total mortgages recorded during the year. Similarly, values of existing properties insured by FHA in 1954 did not increase as much as the new, reflecting stabilization tendencies in existing-property values.

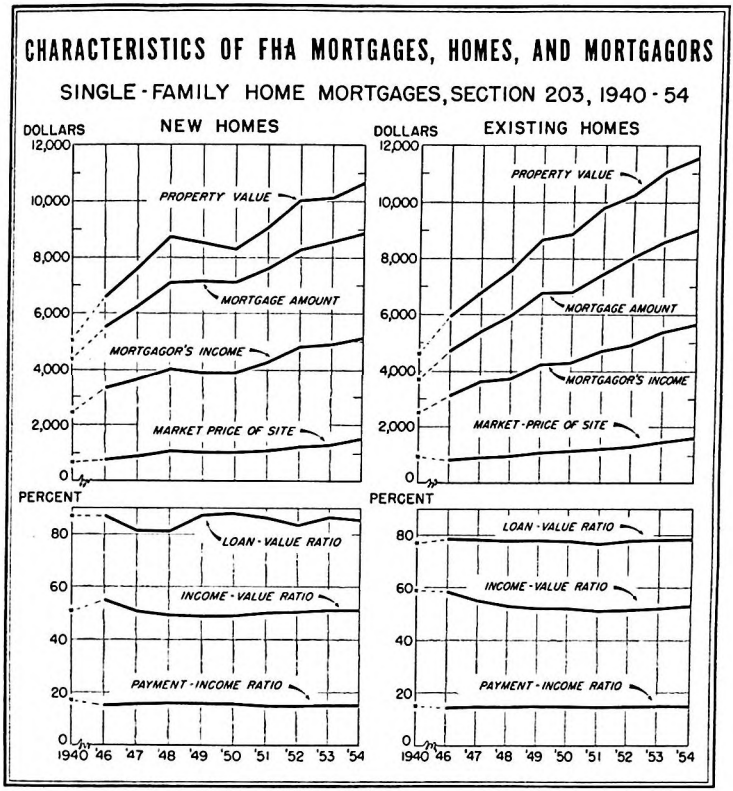

CHART 33

A major cause of the sustained upward trend in FHA property values and mortgagors' incomes has been the general inflation which has characterized the postwar period. However, other major factors have also contributed to this upward trend. One of these has been the increase in land prices and development costs reflected by the 41-percent increase reported in land market price for new homes since 1950. As a result of the postwar building boom, land sites in developed areas of many of the more heavily populated sections of the country have been almost completely used up, thus creating price raising competition among builders for suitable sites. High development costs have stemmed in part from the necessity for greater extension of utility lines.

The increase in the size of the homes has also contributed to the rise in property values. In 1954 the typical new FHA home was

4 percent larger in terms of calculated area, while the typical existing property was nearly 3 percent larger. These larger homes have found a ready market, particularly in view of the increase in the typical size of families in the postwar period. In addition, because of competition and buyers' demands there has been an increasing tendency in many sections of the country for builders to provide "extras"—fully equipped kitchens, more efficient closet and storage facilities, automatic heating and ventilating equipment, landscaping and plantings, and garage facilities. These have all been reflected in higher property value.

Another factor influencing property values in 1954 was the increasing availability of mortgage funds resulting from the cutback in the inventory and capital investment expenditures of industry and commerce, the reduction in reserve requirements for Federal Reserve Banks, and stabilization in the bond financing requirements of the Federal Government. With more money available for investment, lenders tended to be willing to lend on the average larger amounts of money for home mortgage purposes. This, in turn, enabled home buyers to purchase higher-priced properties.

Incomes of mortgagors involved in both new- and existing-home mortgage transactions insured by FHA in 1954 were about 5 percent higher than the incomes of the 1953 mortgagors. This rise was not typical of the change in nonfarm family income from 1953 to 1954. Incomes of families covered by the Federal Reserve Board Survey of Consumer Finances averaged somewhat lower in 1954 than in 1953. The higher income level of buyers of FHA homes in 1954 may be indicative of the fact that these persons were buying more expensive homes requiring larger downpayments and larger monthly payments and thus larger incomes to meet these expenses.

In the last 5 years mortgagors' incomes have increased relatively more than mortgage amounts or property values in FHA new-home transactions. In existing-home transactions during the same period, mortgagors' incomes and mortgage amounts gained at about the same rate and slightly more than property value. The biggest gain in typical mortgage amount for new homes was during the years from 1946 through 1949 and reflects the liberalization of the maximum amount of mortgage and ratio of loan to value provisions of Section 203 in 1948 to bring FHA mortgage amounts into line with increased construction costs during the postwar period.

The lower portion of Chart 33, showing trends in the loan-value, income-value, and income-mortgage payment ratios, points up the minimum change that has occurred with respect to the income-value and mortgage payment-income relationships. The loan-value ratio curve for new homes reflects the effect of changes in legislation and

credit control regulations. The comparable curve for existing-home transactions shows little change, remaining constant during most of the period covered by the chart.

Mortgage Characteristics

MORTGAGE AMOUNT DISTRIBUTION.—Single-family home mortgages insured under Section 203 in 1954 averaged about $9,100 on new properties and $9,300 on existing properties. The median for new-home mortgages was nearly $8,900 compared with $9,000 for existing homes.

As in the previous year, over two-thirds of the new-home FHA mortgages insured in 1954 were for amounts of $7,000–$9,999; with about 23 percent each in the $7,000, $8,000, and $9,000 groups (Table 60 and Chart 34). There were significant changes, however, in the proportions above and below this range—mortgages of less than $7,000 declining from 16 percent of the 1953 total to 6 percent in 1954, while the $10,000 to $12,999 range increased from 12 percent to 21 percent and the proportion of mortgages amounting to $13,000 and over more than doubled.

TABLE 60

Amount of mortgage for single-family homes, Sec. 203, selected years

Amount of mortgage	Percentage distributions									
	New homes					Existing homes				
	1954	1953	1950	1946	1940 [1]	1954	1953	1950	1946	1940 [1]
Less than $2,000	[2]	------	[2]	0.1	0.5	------	------	0.2	1.0	7.3
$2,000 to $2,999	[2]	[2]	[2]	1.1	10.4	[2]	[2]	1.2	7.6	24.5
$3,000 to $3,999	0.1	0.1	0.4	7.1	28.6	0.4	0.2	3.0	19.2	26.6
$4,000 to $4,999	.1	.2	1.1	22.6	29.1	1.1	1.2	8.3	29.0	19.1
$5,000 to $5,999	.7	1.1	9.0	31.4	20.7	3.6	4.6	16.3	21.3	9.7
$6,000 to $6,999	5.2	14.4	33.0	25.0	6.1	9.5	11.2	22.0	11.0	5.6
$7,000 to $7,999	23.3	20.6	28.5	9.5	2.4	15.8	18.0	18.6	4.7	2.5
$8,000 to $8,999	22.8	24.4	16.0	2.4	1.1	18.5	20.4	13.0	2.7	1.8
$9,000 to $9,999	22.8	25.0	8.3	.4	.4	16.0	16.7	7.2	1.2	.9
$10,000 to $10,999	10.6	7.5	1.9	.2	.4	12.7	11.8	4.5	1.1	1.1
$11,000 to $11,999	6.1	3.2	.8	.2		7.4	6.1	1.9	.2	
$12,000 to $12,999	3.9	1.7	.5	[2]		6.0	4.6	1.7	.4	
$13,000 to $13,999	1.8	.7	.2	------	.3	3.2	2.2	.7	.1	.9
$14,000 to $14,999	1.1	.8	.1	------		2.6	1.8	.7	.2	
$15,000 or more	1.5	.3	.2	------		3.2	1.2	.7	.3	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average	$9,143	$8,585	$7,307	$5,548	$4,424	$9,283	$8,847	$7,102	$4,929	$3,977
Median	$8,862	$8,555	$7,101	$5,504	$4,358	$9,030	$8,623	$6,801	$4,697	$3,687

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

Existing-home mortgages, as in 1953, were more widely distributed than new-home transactions, with relatively more cases in the lower and higher amount ranges. About half of the 1954 mortgages were for amounts of $7,000 to $9,999, with one-fifth in the $10,000 to $11,999 range, about 15 percent with amounts of $12,000 or more,

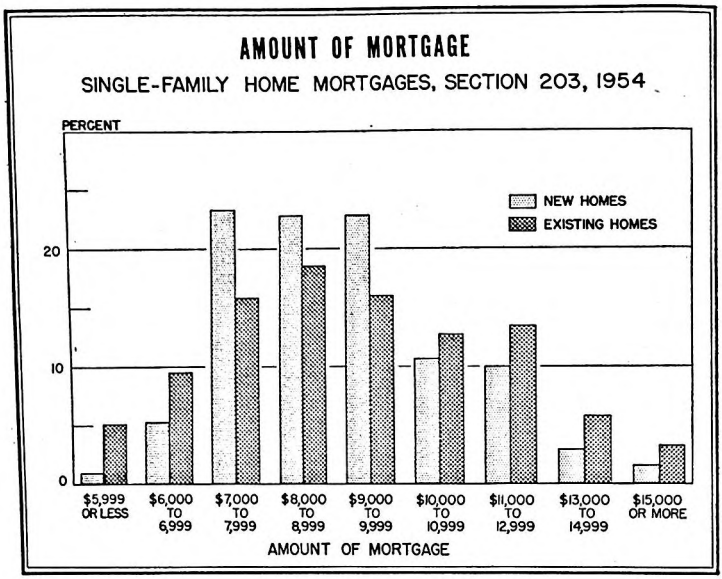

CHART 34

and 13 percent in the $5,000 to $6,999 range. As with new homes, there was a general upward shift in existing home mortgages as compared with 1953—the less than $7,000 and the $7,000 to $9,999 groups declining 3 and 5 percentage points, respectively, while the proportion of mortgages with amounts of $10,000 to $11,999 rose 2 points and those of $12,000 or more were up 5 points.

Ratio of Loan to Value.—New home mortgages insured under Section 203 in 1954 represented slightly smaller proportions of property value than in the previous year. As shown in Table 61, the loan-value ratio averaged 82 percent (83 percent in 1953) while the median ratio was down to 85 percent from 86½ percent in 1953.

Nearly one-half of the 1954 new-home mortgages had ratios of 86 to 95 percent, with two-fifths reporting ratios of 76 to 85 percent. Those with loan-value ratios of 75 percent or less constituted only 11 percent, about the same proportion as in 1953. The biggest shift occurred in the 76 to 80 percent group (up to 29 percent of the cases from 22 percent in 1953) and the 86 to 90 percent mortgages (down to about one-fourth from nearly 31 percent).

Existing-home mortgage amounts averaged nearly 78 percent of property value in 1954, about the same as 1953, with a median ratio of 78.5 percent—only slightly above the year before. Over half of the

TABLE 61

Ratio of loan to value of single-family homes, Sec. 203, selected years

Ratio of loan to value (percent)	Percentage distributions									
	New homes					Existing homes				
	1954	1953	1950	1946	1940	1954	1953	1950	1946	1940
50 or less	0.8	0.7	0.6	0.6	0.4	1.1	1.3	2.1	1.3	2.3
51 to 55	.4	.4	.4	.8	.2	.8	.8	1.4	.9	1.7
56 to 60	.7	.8	.5	.8	.5	1.6	1.5	2.2	1.2	3.2
61 to 65	1.4	1.3	.9	1.3	.8	2.8	2.6	3.7	2.8	4.7
66 to 70	2.6	2.7	1.6	3.3	2.7	7.7	7.2	8.8	5.8	8.6
71 to 75	5.1	5.2	3.2	4.8	3.6	9.8	9.8	13.5	8.8	16.2
76 to 80	28.8	21.7	8.8	11.8	11.8	52.2	58.8	51.5	60.7	63.3
81 to 85	11.8	13.8	10.9	14.1	13.2	7.3	4.0	4.4	3.6	------
86 to 90	25.6	30.7	57.1	62.5	66.8	10.8	8.8	9.8	14.9	------
91 to 95	22.8	22.7	16.0	------	------	5.9	5.2	2.6	------	------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average	82.2	82.9	85.0	84.1	84.8	77.8	77.5	76.4	78.6	75.3
Median	85.3	86.5	88.0	87.0	87.0	78.5	78.3	77.8	78.4	76.8

transactions were in the 76 to 80 percent loan-value bracket, with about 18 percent in both the 66 to 75 and the 81 to 90 percent brackets. Mortgages averaging less than two-thirds of the estimated value represented slightly over 6 percent of the total, and just under this proportion had loan-value ratios of 91 to 95 percent. As compared with 1953, the most significant difference in the distribution was a decline in the proportion having ratios of 76 to 80 percent and the offsetting increase in the proportion of those with ratios of 81 to 90 percent. Most of the existing-home cases with ratios in excess of 80 percent (the maximum [14] for transactions not approved for insurance prior to the beginning of construction) represented transactions involving properties approved by FHA prior to construction and constructed under FHA inspection in connection with previous transactions.

Most of the mortgages insured under Section 203 in 1954 were at or near the maximum amounts permitted under the legislation effective at the time the mortgages were approved for insurance. This is indicated by the data in Table 62, which shows the distribution of the new- and existing-home transactions in various property value groups by ratio of loan to value. The median loan-value ratios (second column of the table) indicate that for homes valued below $12,000 the new-home mortgages represented markedly higher proportions of value than did the existing, while in the higher value categories the differences were negligible.

Under the provisions of Section 203 in effect until August 2, 1954, the maximum ratio of loan to value for new 1-family homes with FHA values up to $11,000 was 95 percent of the first $7,000 of value

[14] Increased to 90 percent by the legislation approved August 2, 1954. It is probable that only a small number of cases were insured during 1954 in which this increase was a factor.

plus 70 percent of the additional value up to a maximum mortgage of $9,450; for higher valued new homes and for practically all existing homes (including those under construction or recently completed) the maximum ratio was 80 percent of value up to a maximum amount of $16,000. Under the 1954 amendments to the National Housing Act, the maximum ratio for new 1-family homes was increased to 95 percent of the first $9,000 of FHA appraised value plus 75 percent of the value in excess of $9,000 up to a maximum mortgage of $20,000; for existing homes the new maximum ratio was 90 percent of the first $9,000 of appraised value plus 75 percent of additional value up to a maximum mortgage of $20,000. Transactions involving properties in Alaska, Guam, and Hawaii are permitted higher maximum mortgage amounts; in recognition of the higher cost of construction and property prices, the maximum mortgage amounts may be as much as one-half higher. In the value ranges from $12,000 upward, most of the new- and existing-home transactions with loan-value ratios in

TABLE 62

Ratio of loan to value by property value of single-family homes, Sec. 203, 1954

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	0.6	92.9	1.2	0.6	------	------	2.5	8.8	5.0	81.9	100.0
$7,000 to $7,999	6.0	93.1	(1)	.2	0.1	0.6	4.3	3.1	6.9	84.8	100.0
$8,000 to $8,999	18.8	92.2	.2	(1)	.4	.5	2.3	2.6	28.2	65.8	100.0
$9,000 to $9,999	15.7	89.1	.3	.5	.8	2.2	4.8	4.7	59.9	26.8	100.0
$10,000 to $10,999	12.4	87.3	.4	.6	1.9	4.3	6.8	19.2	62.4	4.4	100.0
$11,000 to $11,999	12.8	82.9	.6	1.0	3.0	6.9	16.9	56.9	13.7	1.0	100.0
$12,000 to $12,999	10.1	78.1	1.1	1.4	6.2	8.6	76.9	1.9	3.8	.1	100.0
$13,000 to $13,999	7.8	78.0	1.2	2.3	8.1	9.9	72.8	2.1	3.5	.1	100.0
$14,000 to $14,999	5.5	77.7	1.8	2.6	12.6	10.2	67.7	2.1	3.0	------	100.0
$15,000 to $15,999	3.8	77.8	2.5	2.8	10.4	8.9	71.2	1.7	2.3	.2	100.0
$16,000 to $17,999	3.8	77.5	2.7	3.5	13.3	11.6	63.6	3.6	1.7	------	100.0
$18,000 to $19,999	1.4	77.6	2.6	4.8	9.8	10.3	68.9	3.4	.2	------	100.0
$20,000 or more	1.3	77.6	3.1	3.4	10.7	9.4	72.6	.8	------	------	100.0
Total	100.0	85.3	.8	1.1	4.0	5.1	28.8	11.8	25.6	22.8	100.0
	Existing homes										
Less than $7,000	2.6	80.1	1.2	1.6	8.4	5.8	40.5	1.9	10.7	29.9	100.0
$7,000 to $7,999	5.5	86.2	.5	1.4	5.8	4.7	34.5	2.6	12.1	38.4	100.0
$8,000 to $8,999	10.1	81.9	.8	1.0	6.1	5.7	35.6	4.3	23.2	23.3	100.0
$9,000 to $9,999	11.1	80.0	.6	1.4	8.0	6.6	41.3	7.7	31.3	3.1	100.0
$10,000 to $10,999	12.6	79.0	.9	2.3	8.9	7.7	49.9	9.0	19.5	1.8	100.0
$11,000 to $11,999	12.1	78.5	.7	2.4	9.7	8.9	55.5	14.2	8.2	.4	100.0
$12,000 to $12,999	11.8	77.8	1.1	2.6	11.4	12.4	64.0	4.9	3.6	(1)	100.0
$13,000 to $13,999	9.1	77.6	1.2	2.6	12.5	13.1	63.0	6.6	.9	.1	100.0
$14,000 to $14,999	6.6	77.4	1.7	2.8	14.5	14.3	58.6	7.1	.9	.1	100.0
$15,000 to $15,999	5.8	77.6	1.5	3.4	14.9	11.0	61.7	6.7	.8	------	100.0
$16,000 to $17,999	7.0	77.4	2.0	3.3	13.4	14.2	59.3	7.4	.4	------	100.0
$18,000 to $19,999	3.1	77.7	1.6	2.0	13.5	11.5	62.3	9.1	------	------	100.0
$20,000 or more	2.6	76.4	4.2	5.9	18.6	17.0	49.1	5.2	------	------	100.0
Total	100.0	78.5	1.1	2.4	10.5	9.8	52.2	7.3	10.8	5.9	100.0

[1] Less than 0.05 percent.

excess of 80 percent probably involve properties located in Alaska, Guam, or Hawaii where the maximum loans and ratios of loan to value are higher. Those existing-home cases with loan-value ratios of more than 80 percent and property values of less than $12,000 are for the most part properties approved by FHA prior to the beginning of construction and constructed under FHA inspection and hence eligible for the higher maximum mortgage amounts.

Property Value Characteristics

Under the FHA underwriting system, one of the basic processes is the determination of the value of the property, including the house, other physical improvements, and land. Involved in this determination is a consideration of such items as the estimated replacement cost of the property, its rental value, selling 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 1954.

Property Value Distribution.—In the Section 203 transactions insured by FHA during 1954, most of the properties had FHA estimated

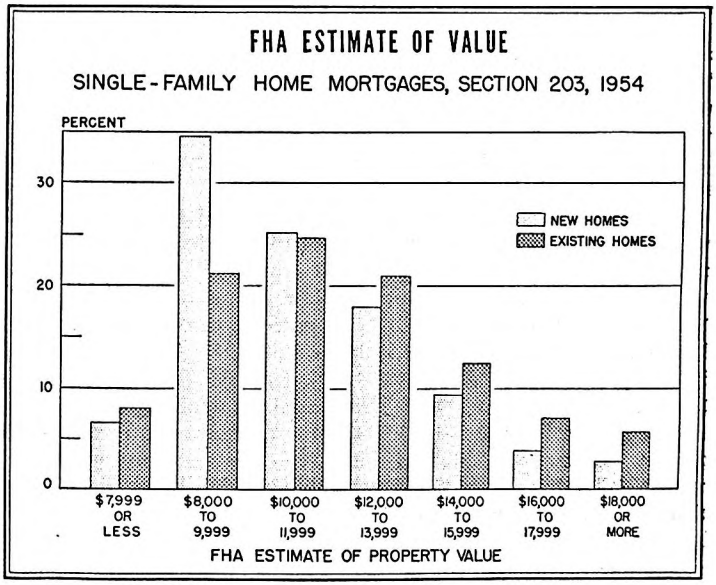

CHART 35

TABLE 63

Property value of single-family homes, Sec. 203, selected years

FHA estimate of property value	Percentage distributions									
	New homes					Existing homes				
	1954	1953	1950	1946	1940	1954	1953	1950	1946	1940
Less than $3,000	-------	-------	(1)	-------	3.2	(1)	-------	0.4	1.7	10.9
$3,000 to $3,999	-------	-------	(1)	2.3	18.6	(1)	-------	.8	7.3	21.8
$4,000 to $4,999	-------	-------	0.4	10.0	26.8	0.2	-------	1.4	16.8	22.5
$5,000 to $5,999	(1)	-------	1.6	20.3	23.6	.4	-------	4.2	24.6	17.3
$6,000 to $6,999	0.6	2.2	18.3	27.8	16.5	2.0	2.8	10.7	20.3	10.8
$7,000 to $7,999	6.0	14.9	20.8	22.4	5.7	5.5	6.8	15.8	12.1	6.1
$8,000 to $8,999	18.8	14.4	22.5	11.1	2.6	10.1	11.2	17.1	7.0	3.6
$9,000 to $9,999	15.7	14.8	15.9	3.4	1.2	11.1	12.5	14.5	3.4	1.9
$10,000 to $10,999	12.4	15.7	10.0	1.5	.7	12.6	14.0	11.3	2.5	1.5
$11,000 to $11,999	12.8	14.5	4.7	.5	.3	12.1	12.9	7.6	1.1	.9
$12,000 to $12,999	10.1	10.1	2.3	.3	.3	11.8	12.1	5.7	1.2	.8
$13,000 to $13,999	7.8	5.2	1.4	.2	.1	9.1	8.7	3.3	.5	.4
$14,000 to $14,999	5.5	3.2	.7	.1	.2	6.6	6.0	2.0	.3	.7
$15,000 to $15,999	3.8	2.0	.5	.1		5.8	4.6	1.7	.4	
$16,000 to $17,999	3.8	1.9	.5	(1)	.1	7.0	5.2	1.9	.3	.6
$18,000 to $19,999	1.4	.7	.2	-------		3.1	1.9	.9	.2	
$20,000 or more	1.3	.4	.2	-------	.1	2.6	1.3	.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	$11,120	$10,357	$8,594	$6,597	$5,199	$11,934	$11,419	$9,298	$6,269	$5,179
Median value	$10,678	$10,140	$8,286	$6,558	$5,028	$11,549	$11,061	$8,865	$5,934	$4,600

[1] Less than 0.05 percent.

values of $8,000 to $11,999. As Chart 35 and Table 63 indicate, nearly ⅜ of the new homes and roughly one-half of the existing homes were in this range. The proportions of existing homes exceeded the new in the higher value brackets. About ⅛ were in the $12,000 to $15,999 range compared with 27 percent of the new, and ⅛ were valued at $16,000 or more—nearly twice the proportion reported for new homes. Properties with values of less than $8,000 comprised less than 7 percent of the new homes and only about 8 percent of the existing homes.

Compared with 1953, both new- and existing-home values exhibited a general upward shift. As shown in Table 63, the changes in the new home distribution followed a pattern of alternating decreases and increases in the value groups below $12,000—those valued at less than $8,000 declining from 17 to 7 percent, those in the $8,000 to $9,999 range increasing from 29 to 35 percent, offset by a decline in the $10,000 to $11,999 range from 30 to 25 percent. While the proportion with values of $12,000 to $12,999 remained unchanged, properties in the higher value ranges ($13,000 or more) increased from 13 to 24 percent. Changes in the existing home distribution were more regular—all value groups below $13,000 occurring in smaller proportions than in 1953, while those valued at $13,000 or more showed increases.

PROPERTY VALUE BY STATES.—Tables 64 and 65 show, for each State and certain Territories, median property values and the distribution of the property values for new- and existing-home transactions insured under Section 203 during 1954. Median new-home property values ranged from about $8,800 in North Carolina to $22,500 in Alaska. In most (25) States and 1 Territory the median was in the $9,000 to $10,999 range, and in 19 States it was between $11,000 and $12,999, with only Montana, Alaska, and Hawaii exceeding $13,000. Only 3 Southern States had median values below $9,000.

TABLE 64

Property value by States, new 1-family homes, Sec. 203, 1954

State	Median property value	Property value—Percentage distribution								
		Less than $8,000	$8,000 to $9,999	$10,000 to $11,999	$12,000 to $13,999	$14,000 to $15,999	$16,000 to $17,999	$18,000 to $19,999	$20,000 or more	Total
Alabama	$11,359	5.4	26.2	25.8	19.4	10.7	7.2	3.9	1.4	100.0
Arizona	9,221	12.8	52.4	15.8	10.4	4.9	2.4	.3	1.0	100.0
Arkansas	9,988	19.4	30.8	26.0	8.4	9.2	2.6	1.8	1.8	100.0
California	9,641	4.1	52.9	20.5	11.1	7.9	2.2	1.0	.3	100.0
Colorado	12,848	-------	3.4	39.2	27.8	19.0	6.8	1.1	2.7	100.0
Connecticut	12,710	-------	15.5	24.5	24.5	12.3	8.6	10.0	4.6	100.0
Delaware	10,318	12.8	28.2	51.3	2.6	5.1	-------	-------	-------	100.0
District of Columbia	(1)	-------	-------	-------	-------	-------	-------	-------	-------	(1)
Florida	8,962	14.0	54.1	23.2	5.9	2.2	.4	.2	-------	100.0
Georgia	9,776	11.9	44.4	22.3	13.0	5.1	1.7	.8	.8	100.0
Idaho	12,036	4.0	19.2	26.3	23.3	11.1	8.1	4.0	4.0	100.0
Illinois	12,034	.5	12.0	37.0	23.1	16.7	6.7	2.9	1.1	100.0
Indiana	10,257	4.0	41.0	34.4	12.4	5.4	1.9	.6	.3	100.0
Iowa	10,231	11.0	35.2	26.9	17.4	7.1	1.5	.9	-------	100.0
Kansas	10,254	8.2	38.7	21.4	15.8	10.7	4.0	1.0	.2	100.0
Kentucky	10,825	-------	36.8	28.8	14.4	11.2	4.0	3.2	1.6	100.0
Louisiana	10,877	16.9	22.0	23.1	12.7	14.9	6.6	2.0	1.8	100.0
Maine	9,472	19.2	43.8	28.8	5.5	-------	2.7	-------	-------	100.0
Maryland	10,849	16.4	22.6	34.6	20.6	3.4	1.2	1.0	.2	100.0
Massachusetts	10,837	.8	20.6	58.7	12.7	4.0	2.4	-------	.8	100.0
Michigan	12,727	.8	7.4	31.6	33.1	21.0	4.6	1.1	.4	100.0
Minnesota	12,800	-------	6.3	24.5	43.8	13.9	7.7	2.4	1.4	100.0
Mississippi	10,044	8.1	41.1	29.7	11.9	6.5	2.7	-------	-------	100.0
Missouri	12,431	.8	4.3	34.1	32.2	18.2	8.7	1.4	.3	100.0
Montana	13,117	3.1	3.1	20.6	50.5	16.5	4.1	2.1	-------	100.0
Nebraska	10,478	6.2	31.5	38.8	15.4	5.0	1.9	1.2	-------	100.0
Nevada	10,646	-------	38.7	46.2	8.1	1.9	3.2	.2	1.7	100.0
New Hampshire	9,188	30.8	35.9	23.1	5.1	5.1	-------	-------	-------	100.0
New Jersey	9,856	8.8	45.0	23.2	12.5	5.9	3.0	1.2	.4	100.0
New Mexico	9,512	6.1	62.6	26.6	4.7	-------	-------	-------	-------	100.0
New York	12,438	4.0	16.1	25.4	19.7	16.6	11.6	4.7	1.9	100.0
North Carolina	8,756	25.2	49.8	15.7	5.5	2.2	1.1	.3	.2	100.0
North Dakota	11,167	-------	-------	61.9	26.2	7.1	4.8	-------	-------	100.0
Ohio	11,949	.9	25.4	24.4	26.4	13.5	7.6	1.3	.5	100.0
Oklahoma	9,635	12.3	45.2	20.4	14.6	3.9	1.9	.5	1.2	100.0
Oregon	9,524	5.3	53.1	23.0	11.2	4.8	1.7	.6	.3	100.0
Pennsylvania	11,412	.4	23.1	37.9	25.1	7.5	4.7	.8	.5	100.0
Rhode Island	11,667	1.3	7.9	46.1	35.5	7.9	1.3	-------	-------	100.0
South Carolina	9,089	4.5	45.8	33.6	11.0	2.6	.6	1.3	.6	100.0
South Dakota	10,429	3.6	42.8	25.3	18.1	7.8	1.8	.6	-------	100.0
Tennessee	10,150	4.1	43.6	29.2	14.2	6.2	1.5	.7	.5	100.0
Texas	8,870	18.0	54.9	16.6	6.6	2.1	1.3	.4	.1	100.0
Utah	12,641	-------	10.8	29.2	31.2	18.8	6.4	.4	3.2	100.0
Vermont	10,000	-------	50.0	50.0	-------	-------	-------	-------	-------	100.0
Virginia	12,128	12.9	19.8	13.4	32.7	15.8	3.1	.7	1.6	100.0
Washington	11,864	9.6	15.1	27.2	25.2	12.8	5.4	2.2	2.5	100.0
West Virginia	12,143	1.5	21.2	25.8	24.2	9.1	7.6	3.0	7.6	100.0
Wisconsin	12,667	2.8	3.4	23.3	45.9	17.1	3.4	2.8	1.3	100.0
Wyoming	11,318	2.0	21.5	41.2	29.4	3.9	-------	2.0	-------	100.0
Alaska	22,473	-------	-------	-------	-------	-------	4.7	15.8	79.5	100.0
Hawaii	13,540	5.3	1.6	3.1	61.2	8.4	5.8	5.8	8.8	100.0
Puerto Rico	9,667	17.8	38.8	13.2	7.9	5.9	4.6	3.9	7.9	100.0
Total	10,678	6.6	34.5	25.2	17.9	9.3	3.8	1.4	1.3	100.0

[1] Inadequate sample.

TABLE 63

Property value of single-family homes, Sec. 203, selected years

FHA estimate of property value	Percentage distributions									
	New homes					Existing homes				
	1954	1953	1950	1946	1940	1954	1953	1950	1946	1940
Less than $3,000	-------	-------	(1)	-------	3.2	(1)	-------	0.4	1.7	10.9
$3,000 to $3,999	-------	-------	(1)	2.3	18.6	(1)	-------	.8	7.3	21.8
$4,000 to $4,999	-------	-------	0.4	10.0	26.8	0.2	-------	1.4	16.8	22.5
$5,000 to $5,999	(1)	-------	1.6	20.3	23.6	.4	-------	4.2	24.6	17.3
$6,000 to $6,999	0.6	2.2	18.3	27.8	16.5	2.0	2.8	10.7	20.3	10.8
$7,000 to $7,999	6.0	14.9	20.8	22.4	5.7	5.5	6.8	15.8	12.1	6.1
$8,000 to $8,999	18.8	14.4	22.5	11.1	2.6	10.1	11.2	17.1	7.0	3.6
$9,000 to $9,999	15.7	14.8	15.9	3.4	1.2	11.1	12.5	14.5	3.4	1.9
$10,000 to $10,999	12.4	15.7	10.0	1.5	.7	12.6	14.0	11.3	2.5	1.5
$11,000 to $11,999	12.8	14.5	4.7	.5	.3	12.1	12.9	7.6	1.1	.9
$12,000 to $12,999	10.1	10.1	2.3	.3	.3	11.8	12.1	5.7	1.2	.8
$13,000 to $13,999	7.8	5.2	1.4	.2	.1	9.1	8.7	3.3	.5	.4
$14,000 to $14,999	5.5	3.2	.7	.1	.2	6.6	6.0	2.0	.3	.7
$15,000 to $15,999	3.8	2.0	.5	.1		5.8	4.6	1.7	.4	
$16,000 to $17,999	3.8	1.9	.5	(1)	.1	7.0	5.2	1.9	.3	.6
$18,000 to $19,999	1.4	.7	.2	-------		3.1	1.9	.9	.2	
$20,000 or more	1.3	.4	.2	-------	.1	2.6	1.3	.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	$11,120	$10,357	$8,594	$6,597	$5,199	$11,934	$11,419	$9,298	$6,269	$5,179
Median value	$10,678	$10,140	$8,286	$6,558	$5,028	$11,549	$11,061	$8,865	$5,934	$4,600

[1] Less than 0.05 percent.

values of $8,000 to $11,999. As Chart 35 and Table 63 indicate, nearly ⅜ of the new homes and roughly one-half of the existing homes were in this range. The proportions of existing homes exceeded the new in the higher value brackets. About ⅛ were in the $12,000 to $15,999 range compared with 27 percent of the new, and ⅛ were valued at $16,000 or more—nearly twice the proportion reported for new homes. Properties with values of less than $8,000 comprised less than 7 percent of the new homes and only about 8 percent of the existing homes.

Compared with 1953, both new- and existing-home values exhibited a general upward shift. As shown in Table 63, the changes in the new home distribution followed a pattern of alternating decreases and increases in the value groups below $12,000—those valued at less than $8,000 declining from 17 to 7 percent, those in the $8,000 to $9,999 range increasing from 29 to 35 percent, offset by a decline in the $10,000 to $11,999 range from 30 to 25 percent. While the proportion with values of $12,000 to $12,999 remained unchanged, properties in the higher value ranges ($13,000 or more) increased from 13 to 24 percent. Changes in the existing home distribution were more regular—all value groups below $13,000 occurring in smaller proportions than in 1953, while those valued at $13,000 or more showed increases.

PROPERTY VALUE BY STATES.—Tables 64 and 65 show, for each State and certain Territories, median property values and the distribution of the property values for new- and existing-home transactions insured under Section 203 during 1954. Median new-home property values ranged from about $8,800 in North Carolina to $22,500 in Alaska. In most (25) States and 1 Territory the median was in the $9,000 to $10,999 range, and in 19 States it was between $11,000 and $12,999, with only Montana, Alaska, and Hawaii exceeding $13,000. Only 3 Southern States had median values below $9,000.

TABLE 64

Property value by States, new 1-family homes, Sec. 203, 1954

State	Median property value	Property value—Percentage distribution								
		Less than $8,000	$8,000 to $9,999	$10,000 to $11,999	$12,000 to $13,999	$14,000 to $15,999	$16,000 to $17,999	$18,000 to $19,999	$20,000 or more	Total
Alabama	$11,359	5.4	26.2	25.8	19.4	10.7	7.2	3.9	1.4	100.0
Arizona	9,221	12.8	52.4	15.8	10.4	4.9	2.4	.3	1.0	100.0
Arkansas	9,988	19.4	30.8	26.0	8.4	9.2	2.6	1.8	1.8	100.0
California	9,641	4.1	52.9	20.5	11.1	7.9	2.2	1.0	.3	100.0
Colorado	12,848	-------	3.4	39.2	27.8	19.0	6.8	1.1	2.7	100.0
Connecticut	12,710	-------	15.5	24.5	24.5	12.3	8.6	10.0	4.6	100.0
Delaware	10,318	12.8	28.2	51.3	2.6	5.1	-------	-------	-------	100.0
District of Columbia	(1)	-------	-------	-------	-------	-------	-------	-------	-------	(1)
Florida	8,962	14.0	54.1	23.2	5.9	2.2	.4	.2	-------	100.0
Georgia	9,776	11.9	44.4	22.3	13.0	5.1	1.7	.8	.8	100.0
Idaho	12,036	4.0	19.2	26.3	23.3	11.1	8.1	4.0	4.0	100.0
Illinois	12,034	.5	12.0	37.0	23.1	16.7	6.7	2.9	1.1	100.0
Indiana	10,257	4.0	41.0	34.4	12.4	5.4	1.9	.6	.3	100.0
Iowa	10,231	11.0	35.2	26.9	17.4	7.1	1.5	.9	-------	100.0
Kansas	10,254	8.2	38.7	21.4	15.8	10.7	4.0	1.0	.2	100.0
Kentucky	10,825	-------	36.8	28.8	14.4	11.2	4.0	3.2	1.6	100.0
Louisiana	10,877	16.9	22.0	23.1	12.7	14.9	6.6	2.0	1.8	100.0
Maine	9,472	19.2	43.8	28.8	5.5	-------	2.7	-------	-------	100.0
Maryland	10,849	16.4	22.6	34.6	20.6	3.4	1.2	1.0	.2	100.0
Massachusetts	10,837	.8	20.6	58.7	12.7	4.0	2.4	-------	.8	100.0
Michigan	12,727	.8	7.4	31.6	33.1	21.0	4.6	1.1	.4	100.0
Minnesota	12,800	-------	6.3	24.5	43.8	13.9	7.7	2.4	1.4	100.0
Mississippi	10,044	8.1	41.1	29.7	11.9	6.5	2.7	-------	-------	100.0
Missouri	12,431	.8	4.3	34.1	32.2	18.2	8.7	1.4	.3	100.0
Montana	13,117	3.1	3.1	20.8	50.5	16.5	4.1	2.1	-------	100.0
Nebraska	10,478	6.2	31.5	38.8	15.4	5.0	1.9	1.2	-------	100.0
Nevada	10,646	-------	38.7	46.2	8.1	1.9	3.2	.2	1.7	100.0
New Hampshire	9,188	30.8	35.9	23.1	5.1	5.1	-------	-------	-------	100.0
New Jersey	9,856	8.8	45.0	23.2	12.5	5.9	3.0	1.2	.4	100.0
New Mexico	9,512	6.1	62.6	26.6	4.7	-------	-------	-------	-------	100.0
New York	12,438	4.0	16.1	25.4	19.7	16.6	11.6	4.7	1.9	100.0
North Carolina	8,756	25.2	49.8	15.7	5.5	2.2	1.1	.3	.2	100.0
North Dakota	11,167	-------	-------	61.9	26.2	7.1	4.8	-------	-------	100.0
Ohio	11,949	.9	25.4	24.4	26.4	13.5	7.6	1.3	.5	100.0
Oklahoma	9,635	12.3	45.2	20.4	14.6	3.9	1.9	.5	1.2	100.0
Oregon	9,524	5.3	53.1	23.0	11.2	4.8	1.7	.6	.3	100.0
Pennsylvania	11,412	.4	23.1	37.9	25.1	7.5	4.7	.8	.5	100.0
Rhode Island	11,667	1.3	7.9	46.1	35.5	7.9	1.3	-------	-------	100.0
South Carolina	9,980	4.5	45.8	33.6	11.0	2.6	.6	1.3	.6	100.0
South Dakota	10,429	3.6	42.8	25.3	18.1	7.8	1.8	.6	-------	100.0
Tennessee	10,150	4.1	43.6	29.2	14.2	6.2	1.5	.7	.5	100.0
Texas	8,870	18.0	54.9	16.6	6.6	2.1	1.3	.4	.1	100.0
Utah	12,641	-------	10.8	29.2	31.2	18.8	6.4	.4	3.2	100.0
Vermont	10,000	-------	50.0	50.0	-------	-------	-------	-------	-------	100.0
Virginia	12,128	12.9	19.8	13.4	32.7	15.8	3.1	.7	1.6	100.0
Washington	11,864	9.6	15.1	27.2	25.2	12.8	5.4	2.2	2.5	100.0
West Virginia	12,143	1.5	21.2	25.8	24.2	9.1	7.6	3.0	7.6	100.0
Wisconsin	12,667	2.8	3.4	23.3	45.9	17.1	3.4	2.8	1.3	100.0
Wyoming	11,318	2.0	21.5	41.2	29.4	3.9	-------	2.0	-------	100.0
Alaska	22,473	-------	-------	-------	-------	-------	4.7	15.8	79.5	100.0
Hawaii	13,540	5.3	1.6	3.1	61.2	8.4	5.8	5.8	8.8	100.0
Puerto Rico	9,667	17.8	38.8	13.2	7.9	5.9	4.6	3.9	7.9	100.0
Total	10,678	6.6	34.5	25.2	17.9	9.3	3.8	1.4	1.3	100.0

[1] Inadequate sample.

With the existing-home median value of $11,500 for the nation exceeding the new-home median ($10,700), a parallel relationship obtained in two-thirds of the States and Hawaii. Typical existing-home values ranged from $6,600 in Puerto Rico to $19,500 in Alaska. In 28 States median property values ranged between $11,000 and $12,999, in 15 States between $9,000 and $10,999, with 5 States and the District of Columbia in the $13,000 range, Hawaii in the $15,000 range, and Alaska in the $19,000 range.

TABLE 65

Property value by States, existing 1-family homes, Sec. 203, 1954

State	Median property value	Property value—Percentage distribution								
		Less than $8,000	$8,000 to $9,999	$10,000 to $11,999	$12,000 to $13,999	$14,000 to $15,999	$16,000 to $17,999	$18,000 to $19,999	$20,000 or more	Total
Alabama	$11,173	16.0	23.6	17.6	17.9	12.6	6.6	1.7	4.0	100.0
Arizona	9,808	20.7	31.4	21.1	13.6	3.7	4.1	1.3	4.1	100.0
Arkansas	9,786	23.8	29.0	16.7	15.6	7.1	3.7	1.5	2.6	100.0
California	11,562	4.8	23.8	27.7	22.1	12.1	5.8	2.5	1.2	100.0
Colorado	12,135	------	16.2	31.9	24.3	16.7	7.6	1.1	2.2	100.0
Connecticut	13,155	3.9	9.4	21.2	26.2	18.6	10.2	6.3	4.2	100.0
Delaware	12,333	------	16.3	31.6	7.2	25.5	10.2	7.2	2.0	100.0
District of Columbia	13,833	------	------	17.4	34.8	8.7	8.7	26.1	4.3	100.0
Florida	10,287	13.2	31.8	27.0	14.1	6.8	3.7	2.0	1.4	100.0
Georgia	11,725	7.5	23.1	22.5	22.1	13.2	5.9	3.0	2.7	100.0
Idaho	10,081	19.4	29.7	23.8	13.8	5.3	5.3	1.8	.9	100.0
Illinois	13,474	1.3	7.5	21.4	26.7	19.8	12.3	5.9	5.1	100.0
Indiana	11,011	5.4	30.3	26.2	18.5	10.9	5.3	2.1	1.3	100.0
Iowa	11,726	5.3	20.5	28.1	24.9	11.5	6.0	2.3	1.4	100.0
Kansas	10,908	12.7	24.7	23.9	14.8	11.4	8.9	2.4	1.2	100.0
Kentucky	11,888	6.7	18.3	26.6	19.7	12.7	9.1	5.0	1.9	100.0
Louisiana	12,283	7.3	21.4	18.1	22.7	14.3	7.0	4.8	4.4	100.0
Maine	9,038	24.3	41.7	18.3	6.8	4.7	3.0	.8	.4	100.0
Maryland	12,143	10.6	16.4	21.6	19.9	13.7	6.2	8.9	2.7	100.0
Massachusetts	11,077	9.0	19.3	35.8	19.7	7.5	5.1	1.2	2.4	100.0
Michigan	12,406	2.6	14.3	27.8	24.4	15.5	10.4	3.2	1.8	100.0
Minnesota	13,287	.4	4.1	19.4	37.6	21.0	9.7	5.4	2.4	100.0
Mississippi	10,147	11.5	36.3	31.9	15.0	4.4	.9	------	------	100.0
Missouri	12,491	3.2	14.1	26.4	23.2	15.4	9.4	4.0	4.3	100.0
Montana	12,234	13.4	11.8	20.6	27.5	12.6	9.2	1.5	3.4	100.0
Nebraska	10,515	11.2	29.9	30.6	16.1	5.5	4.4	1.0	1.3	100.0
Nevada	13,038	.7	5.8	30.9	21.6	12.2	10.1	3.6	15.1	100.0
New Hampshire	11,000	18.8	21.9	21.9	21.9	6.2	3.1	------	6.2	100.0
New Jersey	12,148	7.0	16.1	25.3	22.7	12.7	10.3	3.3	2.6	100.0
New Mexico	11,591	2.8	26.8	26.8	40.8	1.4	------	1.4	------	100.0
New York	11,381	4.3	28.6	23.9	22.3	11.6	5.4	1.4	2.5	100.0
North Carolina	11,429	10.1	21.6	23.5	20.2	10.8	5.9	4.6	3.3	100.0
North Dakota	12,735	2.0	12.8	22.8	29.7	18.8	11.9	1.0	1.0	100.0
Ohio	12,952	1.2	11.7	23.8	26.5	19.3	9.7	4.4	3.4	100.0
Oklahoma	9,301	20.9	42.2	19.5	8.6	4.6	1.8	1.2	1.2	100.0
Oregon	10,970	7.2	27.4	31.8	20.2	8.3	2.5	1.6	1.0	100.0
Pennsylvania	11,405	8.0	19.2	30.6	21.2	9.3	6.7	2.7	2.3	100.0
Rhode Island	12,250	2.7	9.1	35.8	23.5	17.1	6.4	4.3	1.1	100.0
South Carolina	10,313	23.9	22.4	22.9	10.7	8.8	6.4	3.9	1.0	100.0
South Dakota	10,141	17.0	30.4	20.2	17.5	3.5	1.8	.6	------	100.0
Tennessee	10,205	13.9	33.5	22.3	17.3	7.5	3.0	2.0	.5	100.0
Texas	9,166	24.3	40.5	21.6	8.6	2.9	1.4	.5	.2	100.0
Utah	12,549	2.3	14.2	25.6	24.1	13.9	8.2	4.0	7.7	100.0
Vermont	9,500	8.9	53.6	16.1	19.6	1.8	------	------	------	100.0
Virginia	12,032	12.6	18.8	18.3	15.3	12.8	11.6	7.6	3.0	100.0
Washington	11,676	8.4	20.9	25.2	21.7	12.2	5.9	2.7	3.0	100.0
West Virginia	11,350	12.6	19.7	23.1	18.9	11.8	6.3	4.2	3.4	100.0
Wisconsin	13,200	1.5	6.2	22.6	31.4	21.2	10.9	2.9	3.3	100.0
Wyoming	11,500	11.6	21.7	21.7	18.9	18.9	2.9	2.9	1.4	100.0
Alaska	19,500	1.8	------	1.8	8.8	10.5	15.8	14.0	47.3	100.0
Hawaii	15,133	1.4	3.5	13.4	17.6	23.2	12.0	7.1	21.8	100.0
Puerto Rico	6,625	81.9	3.2	2.6	2.6	2.6	1.9	.7	4.5	100.0
Total	11,549	8.1	21.2	24.7	20.9	12.4	7.0	3.1	2.6	100.0

CHARACTERISTICS BY PROPERTY VALUE.—Selected characteristics of the Section 203 single-family home cases insured in 1954 are presented in Tables 66 through 71. The upper portions of these tables summarize averages of the characteristics by property value groups on a national basis, while the lower portions show the averages for all value groups combined in the States and Territories. Tables 66 and 67 deal with *transaction* characteristics—property value, total requirements, sale price, mortgage amount, and mortgagor's annual income; Tables 68 and 69 with *property* characteristics—property value, replacement cost, land price, calculated area, number of rooms, number of bedrooms, and garage facilities; and Tables 70 and 71 with *financial* characteristics—property value, term of loan, monthly payment, real estate taxes, prospective housing expense, and mortgagor's monthly income. Interrelationships of selected characteristics are also indicated in these tables.

The usefulness of the data in these 6 tables may be illustrated by delineating the characteristics of the new home transactions in the $9,000 value range. The average property value for these cases was estimated by FHA to be $9,346, of which 88 percent or $8,249 was covered by the FHA-insured mortgage. In the great majority of these cases, represented by purchase-type transactions, the average sale price was $9,387, which, together with incidental closing costs of $199 (excluding prepayable expenses), brought the average total requirements to $9,586. About 87 percent of this amount was provided by mortgage funds, the remaining 13 percent representing the buyer's investment. The annual income of the mortgagors in this value group averaged $5,178, or somewhat over one-half of both the property value and total requirements. The average estimated replacement cost was $9,765 (4 percent above the valuation), including $1,248 for the lot (actually the FHA estimate of the market price of an equivalent site). The structures in these properties had an average calculated area of 959 square feet and about 5 rooms, usually including 3 bedrooms. Garage accommodations were available in 64 percent of these properties.

The prospective monthly housing expense for the new-home properties in the $9,000 value range was $83.31, of which $63.21 was attributable to the monthly mortgage payment while the remainder represented the amount estimated to be required for household operation (i. e., heating and cooking fuel, lighting, refrigeration, and water) together with the anticipated monthly cost of maintenance and repairs. Included in the monthly mortgage payment was interest, amortized principal, real-property taxes and special assessments averaging $8.96 monthly, and the premiums for hazard and FHA mortgage insurance. Slightly over 19 percent of the incomes of the mortgagors

owning properties in this value class was, on the average, required for housing expense, including 15 percent for the total mortgage payment portion.

Comparable profiles may be drawn for new- and existing-home transactions in the other value groups on a national summary basis, while average characteristics of the transactions in each State may be ascertained for all value groups combined.

Some of the more significant aspects of the Section 203 single-family home transactions of 1954 are summarized in the following paragraphs.

Transaction Characteristics.—It should be noted that the sale price and total requirements data shown in Tables 66 and 67 are based on purchase-type transactions only and hence are not strictly comparable with the property value and mortgage amount data covering all types of single-family home transactions. These include, in addition to purchases, new-home transactions where the house is custom-built for or by the owner on his own lot; existing-home transactions where the existing indebtedness is being refinanced with no change in ownership; and existing-home transactions where a substantial portion of the mortgage funds is being used to finance improvements to the property. Although, on a national basis, purchase-type transactions predominate for both new and existing homes, variation in the proportions of the different types of transactions in the individual value classes and States result in relationships between the averages of FHA valuation and sale price or total requirements which may diverge somewhat from the normal pattern.

In several States, the average FHA-appraised property value for new homes reflects comparatively larger proportions of builder-mortgagor cases involving properties built for rent, or sales properties for which the builder was temporarily required to be the mortgagor for the permanent financing because of sluggish market conditions.

Although, as indicated previously, nearly all existing-home transactions were of the purchase type, the data for several States were influenced by relatively larger proportions of transactions involving refinancing or major improvements to the property.

Data on new- and existing-home transactions in Maryland and Hawaii reflect the influence of significant proportions of leasehold estates—the FHA valuations including land, but the sale price and total requirements figures excluding the cost of land.[15] These limitations must be kept in mind in comparing property value with sale price and total requirements in these tables.

[15] In leasehold cases, the maximum amount of insurable loan is determined by deducting the value of the leased fee (i. e., the land) from the maximum amount of insurable loan on the property as if held in fee simple.

TABLE 66

Transaction characteristics by property value and by States, new 1-family homes, Sec. 203, 1954

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 (percent)	Loan to total requirements (percent) [1]	Property value to income
Less than $7,000	0.6	$6,524	$7,304	$7,125	$6,063	$4,156	92.9	88.9	1.57
$7,000 to $7,999	0.0	7,447	7,646	7,456	6,869	4,451	92.2	90.6	1.67
$8,000 to $8,999	18.8	8,259	8,422	8,314	7,568	4,843	91.6	90.2	1.71
$9,000 to $9,999	15.7	9,346	9,586	9,387	8,249	5,178	88.3	86.7	1.80
$10,000 to $10,999	12.4	10,429	10,862	10,654	8,806	5,362	84.4	81.7	1.94
$11,000 to $11,999	12.1	11,325	11,756	11,571	9,203	5,646	81.3	78.8	2.01
$12,000 to $12,999	10.1	12,421	12,869	12,674	9,623	5,942	77.5	74.9	2.09
$13,000 to $13,999	7.8	13,407	13,826	13,616	10,216	6,283	76.2	74.7	2.13
$14,000 to $14,999	5.5	14,386	14,881	14,664	10,950	6,655	76.1	73.8	2.16
$15,000 to $15,999	3.8	15,329	15,944	15,694	11,641	7,265	75.9	73.5	2.11
$16,000 to $17,999	3.8	16,705	17,309	17,154	12,551	7,969	75.1	73.0	2.10
$18,000 to $19,999	1.4	18,695	19,391	19,209	13,966	8,981	74.7	72.8	2.08
$20,000 or more	1.3	22,273	21,445	21,120	16,401	10,457	73.6	70.1	2.13
Total	100.0	11,120	11,185	10,985	9,143	5,672	82.2	80.8	1.96
Averages by States									
Alabama	1.0	$11,839	$11,882	$11,523	$9,676	$6,098	81.7	80.3	1.94
Arizona	2.4	9,980	10,193	10,066	8,480	6,028	85.0	83.4	1.66
Arkansas	.8	10,457	10,339	10,125	8,773	5,468	83.9	82.9	1.91
California	20.3	10,298	10,466	10,349	8,763	5,619	85.1	83.2	1.83
Colorado	.9	12,873	13,063	12,745	10,246	6,713	79.6	77.9	1.92
Connecticut	.8	13,365	13,766	13,650	10,657	6,683	79.7	77.5	2.00
Delaware	.1	10,118	[2]	[2]	8,021	[2]	79.3	[2]	[2]
District of Columbia	[3]	[2]	[2]	[2]	[2]	[2]	[2]	[2]	[2]
Florida	4.7	9,378	9,685	9,447	8,221	5,187	87.7	84.3	1.81
Georgia	1.2	10,315	10,234	9,915	8,646	5,467	83.8	83.9	1.89
Idaho	.3	12,463	12,297	12,191	9,939	6,129	79.7	77.4	2.03
Illinois	3.3	12,556	12,847	12,667	9,972	5,771	79.4	77.7	2.18
Indiana	3.0	10,575	10,797	10,584	8,887	5,423	84.0	81.8	1.95
Iowa	1.1	10,505	10,469	10,331	8,740	5,104	83.2	83.1	2.06
Kansas	1.6	10,832	11,194	10,884	9,092	5,812	83.9	82.3	1.86
Kentucky	.4	11,411	11,806	11,568	9,540	6,344	83.6	80.6	1.80
Louisiana	1.5	11,435	11,105	10,858	9,440	5,705	82.6	83.0	2.00
Maine	.2	9,616	9,402	9,254	8,177	4,866	85.0	84.6	1.98
Maryland	1.4	10,554	10,358	10,134	7,837	5,433	74.3	75.8	1.94
Massachusetts	.4	11,066	10,784	10,643	9,013	5,726	81.4	82.6	1.93
Michigan	8.1	12,659	13,050	12,916	10,022	5,796	79.2	77.0	2.18
Minnesota	.7	13,016	13,417	13,209	10,089	5,605	77.5	74.3	2.32
Mississippi	.6	10,284	10,372	10,257	8,757	5,327	85.2	84.4	1.93
Missouri	2.2	12,765	13,221	12,872	9,779	5,978	76.6	74.1	2.14
Montana	.3	12,874	13,404	13,082	10,043	6,381	78.0	75.9	2.02
Nebraska	.9	10,790	10,799	10,553	8,943	5,329	82.9	82.8	2.02
Nevada	1.6	10,775	10,859	10,734	8,905	7,434	82.6	82.3	1.45
New Hampshire	.1	9,310	8,907	8,758	8,004	4,915	86.0	85.5	1.89
New Jersey	2.6	10,462	10,749	10,488	8,545	5,877	81.7	79.2	1.78
New Mexico	.7	9,406	9,839	9,676	8,497	5,818	90.3	86.1	1.62
New York	4.0	12,685	13,296	13,064	9,846	6,268	77.6	74.3	2.02
North Carolina	1.9	9,139	9,209	9,031	8,068	5,075	88.3	86.4	1.80
North Dakota	.1	11,761	11,876	11,688	9,429	6,263	80.2	77.9	1.88
Ohio	5.4	11,966	12,013	11,813	9,708	5,495	81.1	80.9	2.18
Oklahoma	1.5	10,220	10,736	10,444	8,812	5,379	86.2	81.8	1.90
Oregon	1.2	10,009	10,035	9,906	8,501	5,354	84.9	84.1	1.87
Pennsylvania	4.1	11,636	12,245	12,040	9,332	5,688	80.2	75.3	2.05
Rhode Island	.3	11,669	11,912	11,628	9,253	5,485	79.3	78.2	2.13
South Carolina	.5	10,254	9,824	9,595	8,594	5,280	83.8	84.6	1.94
South Dakota	.6	10,700	10,319	10,209	8,825	5,900	82.5	83.8	1.81
Tennessee	2.0	10,441	10,656	10,305	8,930	5,382	85.5	82.9	1.94
Texas	6.9	9,314	9,448	9,298	8,228	5,303	88.3	86.9	1.76
Utah	.9	12,767	12,970	12,830	10,290	5,613	79.9	79.1	2.27
Vermont	.1	10,105	10,466	10,367	8,691	4,350	86.0	79.9	2.32
Virginia	2.0	11,531	10,530	10,331	9,445	5,172	81.9	83.0	2.23
Washington	1.4	12,032	11,248	11,085	9,499	5,801	78.9	81.2	2.07
West Virginia	.2	12,612	13,276	13,003	10,040	5,761	79.6	74.9	2.19
Wisconsin	.5	12,729	12,858	12,718	9,934	4,907	78.0	77.9	2.59
Wyoming	.2	11,445	11,884	11,628	9,380	5,929	82.0	78.2	1.93
Alaska	.6	22,582	[2]	[2]	18,042	[2]	79.9	[2]	[2]
Hawaii	1.9	14,451	11,872	11,666	9,902	6,550	68.5	83.1	2.21
Puerto Rico	.5	11,075	9,599	9,270	8,612	5,821	77.8	78.6	1.90

[1] Purchase cases only.

[2] Inadequate sample.

[3] Less than 0.05 percent.

TABLE 67

Transaction characteristics by property value and by States, existing 1-family homes, Sec. 203, 1954

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 (percent)	Loan to total requirements (percent) [1]	Property value to income
Less than $7,000	2.6	$6,117	$6,460	$6,296	$5,097	$4,455	83.3	81.1	1.37
$7,000 to $7,999	5.5	7,408	7,752	7,575	6,271	4,792	84.7	82.3	1.55
$8,000 to $8,999	10.1	8,403	8,777	8,593	6,994	5,097	83.2	81.0	1.65
$9,000 to $9,999	11.1	9,345	9,900	9,650	7,563	5,312	80.9	77.6	1.76
$10,000 to $10,999	12.6	10,332	10,899	10,716	8,182	5,521	79.2	76.1	1.87
$11,000 to $11,999	12.1	11,326	11,925	11,691	8,839	5,824	78.0	75.1	1.94
$12,000 to $12,999	11.8	12,332	13,040	12,798	9,468	6,185	76.8	73.5	1.99
$13,000 to $13,999	9.1	13,343	14,087	13,851	10,164	6,652	76.2	73.1	2.01
$14,000 to $14,999	6.6	14,300	15,054	14,840	10,849	7,009	75.9	73.0	2.04
$15,000 to $15,999	5.8	15,259	16,151	15,908	11,549	7,741	75.7	72.5	1.97
$16,000 to $17,999	7.0	16,726	17,779	17,536	12,645	8,460	75.6	72.0	1.98
$18,000 to $19,999	3.1	18,620	20,007	19,599	14,174	9,467	76.1	71.7	1.97
$20,000 or more	2.6	21,526	23,042	22,273	15,576	11,360	72.4	68.6	1.89
Total	100.0	11,934	12,578	12,344	9,283	6,308	77.8	74.7	1.89
Averages by States									
Alabama	1.0	$11,509	$12,021	$11,636	$9,146	$6,404	79.5	76.7	1.80
Arizona	.8	10,694	11,186	10,868	8,072	7,020	75.5	71.9	1.52
Arkansas	.9	10,342	10,679	10,306	8,313	6,054	80.4	77.9	1.71
California	12.2	11,739	12,959	12,759	9,163	6,575	78.1	72.1	1.79
Colorado	.6	12,543	13,553	13,369	9,806	7,194	78.2	74.4	1.74
Connecticut	2.6	13,308	14,007	13,897	10,339	6,655	77.7	75.1	2.00
Delaware	.3	12,987	13,772	13,373	10,493	6,194	80.8	76.6	2.10
District of Columbia	.1	14,761	16,245	15,869	11,028	6,687	74.7	74.2	2.21
Florida	1.1	10,522	11,396	11,149	8,772	6,272	83.4	77.0	1.68
Georgia	2.0	11,976	12,318	11,962	9,536	6,627	79.6	77.8	1.81
Idaho	1.1	10,341	10,715	10,585	7,992	6,032	77.3	76.9	1.71
Illinois	4.3	13,683	14,879	14,640	10,325	6,746	75.5	70.6	2.03
Indiana	3.6	11,418	12,432	12,235	8,935	6,069	78.3	73.7	1.88
Iowa	1.4	11,741	12,337	12,226	9,108	5,884	77.6	74.5	2.00
Kansas	2.1	11,485	12,466	12,188	9,072	6,441	79.0	73.9	1.78
Kentucky	1.2	12,192	12,849	12,589	9,576	6,109	78.5	75.1	2.00
Louisiana	1.5	12,423	12,340	12,118	9,715	6,882	78.2	78.9	1.81
Maine	.8	9,485	9,804	9,596	7,614	5,294	80.3	78.6	1.79
Maryland	.9	12,375	12,133	11,874	9,660	6,361	78.1	77.7	1.95
Massachusetts	.8	11,317	11,337	11,153	8,748	5,907	77.3	78.4	1.92
Michigan	6.2	12,718	13,309	13,201	9,492	6,247	74.6	72.2	2.04
Minnesota	1.5	13,535	14,268	13,973	10,167	6,117	75.1	72.9	2.21
Mississippi	.4	10,265	10,784	10,618	8,174	5,424	79.6	78.5	1.89
Missouri	4.1	12,770	13,359	13,085	9,735	6,472	76.2	73.5	1.97
Montana	.8	12,015	13,141	12,777	8,999	6,825	74.9	70.3	1.76
Nebraska	1.2	10,775	11,960	11,639	8,641	5,939	80.2	73.5	1.81
Nevada	.4	14,209	15,324	15,068	10,592	10,432	74.5	70.5	1.36
New Hampshire	.1	10,943	10,498	10,359	8,625	6,357	78.8	82.0	1.72
New Jersey	2.7	12,359	13,138	12,930	9,337	6,743	75.5	71.7	1.83
New Mexico	.2	11,010	12,319	12,146	9,120	6,887	82.8	76.0	1.60
New York	5.7	11,682	12,104	11,810	9,067	6,205	77.6	74.9	1.88
North Carolina	1.0	11,837	12,206	12,023	9,276	6,453	78.4	77.3	1.83
North Dakota	.3	12,739	13,491	13,254	9,577	7,004	75.2	72.3	1.82
Ohio	7.2	13,126	13,805	13,484	10,136	6,015	77.2	73.6	2.18
Oklahoma	1.6	9,939	10,257	9,995	8,279	5,708	83.3	80.6	1.74
Oregon	2.0	11,167	11,277	11,153	8,591	6,312	76.9	77.1	1.77
Pennsylvania	3.0	11,727	12,407	12,141	9,023	6,042	76.9	73.1	1.94
Rhode Island	.6	12,476	12,619	12,438	9,467	5,854	75.9	75.8	2.13
South Carolina	.7	10,793	11,083	10,821	8,656	5,752	80.2	78.9	1.88
South Dakota	.6	10,060	10,810	10,705	7,677	6,090	76.3	71.9	1.65
Tennessee	1.4	10,609	11,232	10,954	8,706	5,692	82.1	78.8	1.86
Texas	5.4	9,460	9,831	9,628	8,063	5,844	85.2	82.1	1.62
Utah	1.1	13,176	13,833	13,710	10,178	6,110	77.2	75.7	2.16
Vermont	.2	9,496	9,820	9,712	7,538	4,386	79.4	79.5	2.17
Virginia	2.8	12,433	12,815	12,547	9,781	6,244	78.7	76.4	1.99
Washington	6.4	12,011	12,308	12,089	9,240	6,403	76.9	77.3	1.88
West Virginia	.8	12,037	12,973	12,669	9,100	5,885	75.6	72.3	2.05
Wisconsin	.9	13,353	13,956	13,757	10,151	5,890	76.0	73.8	2.27
Wyoming	.2	12,151	13,350	13,176	9,074	6,802	74.7	70.1	1.79
Alaska	.2	20,459	18,918	18,185	15,395	12,171	75.2	76.6	1.68
Hawaii	.5	16,215	14,787	14,500	10,924	7,024	67.4	73.7	2.31
Puerto Rico	.5	8,000	7,360	7,106	6,737	4,945	84.2	86.0	1.62

[1] Purchase cases only.

In purchase-type transactions only, FHA-estimated property values for new homes averaged about 98½ percent of sale price compared with about 96½ percent for existing properties. On a nationwide basis this probably indicates that the supply and demand components of the housing market were nearly in balance and price levels fairly well stabilized. The comparatively lower ratio of value to price for existing properties reflects the FHA estimate of depreciation likely to occur in the value of older properties because of obsolescence and shorter economic life.

As evidenced by the ratio of loan to total requirements, initial investments of FHA home buyers in 1954 were somewhat higher than indicated by the average ratios of loan to value, because the combination of sale prices and incidental closing costs (i. e., total requirements) was usually higher than FHA-estimated property values. On the average, new-home buyers provided about one-fifth and existing-home buyers about one-fourth of the total financing requirements. The ratio of initial investment to total requirements for new homes ranged from 11 percent in the lowest value class to 30 percent in the highest, and for existing homes from 18 percent to 31 percent. Only in those transactions where property values were below $12,000 were the buyers' initial investments less than one-fourth of total financing requirements.

In the various States and Territories, initial cash investments for new homes ranged from 13 percent of total requirements in Texas to nearly 26 percent in Missouri; and for existing homes from 14 percent in Puerto Rico and 18 percent in Texas to 30 percent in Wyoming. In about half of the States and Territories, the new-home initial investment ratio averaged from 15 to 19.9 percent for new homes, while existing home ratios of 20 to 24.9 percent occurred in nearly half of the States and ratios of 25 to 29.9 percent in nearly all the rest.

An approximation of the amount of incidental costs required in closing the Section 203 transactions insured in 1954 is obtainable by differencing the average total requirements and sale price figures. On this basis, closing costs in 1954 averaged about $185 for new and $234 for existing properties. The data by value classes show that in most corresponding value classes, the existing-home closing costs exceeded the new (possibly because costs of the minor repairs required in many existing-home transactions are frequently included in the overall cost figure) and that closing costs generally were more for the higher value properties. Exceptions to these observations probably stem from the considerable variations in the amounts of closing costs in the various sections of the country, ranging from low averages in Vermont of $99 for new homes and $108 for existing homes to highs of $351 for new homes in Tennessee and $399 for existing homes in Delaware and $733 for existing homes in Alaska. Contributing to these differences were

such factors as variations in the size of typical transactions, the use of the Torrens system of land transfer (under which costs of title search are lower), and differences in financing charges and costs of repairs. Another possible factor was the tendency on the part of builders in some communities to absorb part or all of the closing costs in the sale price in order to promote the sale of their properties.

Although the average mortgage amount for all existing homes exceeded that reported for all new dwellings, within most corresponding value groups the new-home averages were greater, reflecting higher ratios of loan to value. The spread between the average mortgage amounts and ratios of loan to value for new and existing homes narrowed as values increased, and for properties valued at $12,000 or more the differences were slight. This, of course, was a reflection of the schedule of maximum loan-to-value ratios which was effective for most of the cases insured in 1954. In slightly over half the States and Territories, new-home mortgage amounts averaged more than those reported for existing-home transactions, although new-home property values were higher in only one-third of the States and Territories. New-home ratios of loan to value exceeded the existing-home ratios in nearly every State and Territory. Average mortgage amounts for new homes ranged from $7,837 in Maryland to $10,657 in Connecticut and $18,042 in Alaska, with existing homes registering low averages of $6,737 in Puerto Rico and $7,538 in Vermont and highs of $15,395 in Alaska, $11,028 in the District of Columbia, and $10,592 in Nevada. In slightly less than one-half of the States and Territories, new-home mortgages averaged between $8,000 and $8,999 and in over one-third between $9,000 and $9,999; existing-home mortgages in about three-fifths of the States and Territories averaged from $9,000 to $10,999. Average loan-value ratios in most areas ranged from 79 to 84.9 percent for new-home transactions and from 75 to 79.9 percent for existing homes.

Sale prices and amount of total requirements for new homes in about half of the States and Territories averaged from $10,000 to $11,999, while existing-homes average sale prices and amounts of total requirements for existing homes occurred most frequently in the $11,500 to $13,000 range. Average sale prices ranged from $8,758 in New Hampshire to $13,650 in Connecticut for new homes and from $7,106 in Puerto Rico and $9,596 in Maine to $15,869 in the District of Columbia, $15,068 in Nevada, and $18,185 in Alaska for existing homes.

Property Characteristics.—As is evident in Tables 68 and 69, the FHA-estimated replacement cost of properties averaged higher than FHA valuations in all the value classes, both for the country as a whole and in each State and Territory. This is in accord with a

TABLE 68

Property characteristics by property value and by States, new 1-family homes, Sec. 203, 1954

FHA estimate of property value	Percentage distribution	Average			Price of site as percent of value [1]	Average			Percentage of structures with garage
		Property value	Property replacement cost	Market price of site [1]		Calculated area (square feet)	Number of rooms	Number of bedrooms	
Less than $7,000	0.6	$6,524	$7,042	$851	13.0	749	4.3	2.1	47.1
$7,000 to $7,999	6.0	7,447	7,832	912	12.2	771	4.2	2.1	56.0
$8,000 to $8,999	18.8	8,259	8,602	1,068	12.9	904	4.8	2.7	70.5
$9,000 to $9,999	15.7	9,346	9,765	1,248	13.4	959	5.1	2.9	64.0
$10,000 to $10,999	12.4	10,429	10,737	1,296	12.4	961	4.8	2.6	60.5
$11,000 to $11,999	12.7	11,326	11,733	1,496	13.2	996	4.9	2.6	61.8
$12,000 to $12,999	10.1	12,421	12,772	1,616	13.0	1,033	5.0	2.7	60.4
$13,000 to $13,999	7.8	13,407	13,724	1,734	12.9	1,046	5.1	2.8	70.3
$14,000 to $14,999	5.5	14,386	14,714	1,951	13.6	1,116	5.2	2.8	69.1
$15,000 to $15,999	3.8	15,329	15,628	2,204	14.4	1,162	5.2	2.8	77.2
$16,000 to $17,999	3.8	16,705	17,023	2,330	13.9	1,238	5.4	2.9	83.9
$18,000 to $19,999	1.4	18,695	19,068	2,527	13.5	1,332	5.5	2.9	85.5
$20,000 or more	1.4	22,273	22,970	3,123	14.0	1,291	5.5	2.5	93.6
Total	100.0	11,120	11,482	1,456	13.1	990	4.9	2.7	66.6
Averages by States									
Alabama	1.0	$11,839	$12,364	$1,705	14.4	1,129	5.5	2.8	57.7
Arizona	2.4	9,980	10,189	1,333	13.4	1,133	5.0	2.8	94.6
Arkansas	.8	10,457	11,009	1,365	13.1	1,026	4.8	2.5	85.0
California	20.3	10,298	10,714	1,560	15.1	1,071	5.1	1.3	99.7
Colorado	.9	12,873	13,324	1,774	13.8	1,044	4.9	2.7	70.5
Connecticut	.8	13,365	14,025	1,385	10.4	957	4.9	2.7	45.1
Delaware	.1	10,118	10,363	1,431	14.1	925	4.6	2.6	37.5
District of Columbia	[2]	[3]	[3]	[3]	[3]	[3]	[3]	[3]	[3]
Florida	4.7	9,378	9,637	1,036	11.0	948	4.9	2.6	71.9
Georgia	1.2	10,315	10,500	1,227	11.9	988	5.0	2.6	56.9
Idaho	.3	12,463	13,033	1,204	9.7	1,006	4.5	2.3	66.7
Illinois	3.3	12,556	12,926	1,735	13.8	922	4.6	2.6	15.1
Indiana	3.0	10,575	10,811	1,353	12.8	880	4.8	2.6	15.8
Iowa	1.1	10,505	11,502	1,156	11.0	875	4.5	1.3	31.8
Kansas	1.6	10,832	11,388	1,357	12.5	945	5.0	2.9	62.5
Kentucky	.4	11,411	11,865	1,630	14.3	950	4.6	2.4	23.5
Louisiana	1.5	11,435	11,720	1,685	14.7	1,006	4.7	2.6	76.1
Maine	.2	9,616	9,959	811	8.4	956	4.4	2.3	25.9
Maryland	1.4	10,554	10,782	1,449	13.7	958	5.2	2.5	3.3
Massachusetts	.4	11,066	11,303	1,171	10.6	899	4.8	2.7	36.3
Michigan	8.1	12,659	13,115	1,700	13.4	955	4.8	2.6	15.1
Minnesota	.7	13,016	13,662	1,220	9.4	946	4.7	2.5	41.3
Mississippi	.6	10,284	10,622	1,141	11.1	1,103	5.1	2.8	81.4
Missouri	2.2	12,765	13,294	1,879	14.7	919	5.0	2.5	74.1
Montana	.3	12,874	13,229	1,265	9.8	992	4.6	2.4	60.8
Nebraska	.9	10,790	11,136	[4] 1,158	10.7	860	4.3	2.3	36.0
Nevada	1.6	10,775	10,923	1,532	14.2	968	4.6	2.6	81.6
New Hampshire	.1	9,310	9,737	694	7.5	831	4.4	2.2	28.0
New Jersey	2.6	10,462	10,821	1,343	12.8	925	4.8	2.6	26.1
New Mexico	.7	9,406	9,964	1,104	11.7	1,099	5.5	3.2	94.2
New York	4.0	12,685	13,136	1,387	10.9	1,014	5.2	2.7	60.6
North Carolina	1.9	9,139	9,435	1,141	12.5	948	4.9	2.7	26.6
North Dakota	.1	11,761	12,643	1,245	10.6	870	4.5	2.3	59.0
Ohio	5.4	11,966	12,180	1,589	13.3	911	4.9	2.7	22.3
Oklahoma	1.5	10,220	10,510	1,355	13.3	981	4.9	2.6	92.0
Oregon	1.2	10,009	10,265	960	9.6	936	4.9	2.8	65.7
Pennsylvania	4.1	11,636	12,042	1,600	13.8	1,054	5.2	2.7	71.6
Rhode Island	.3	11,669	12,413	1,108	9.5	964	5.1	2.0	50.0
South Carolina	.5	10,254	10,745	1,185	11.6	1,050	5.2	2.9	27.0
South Dakota	.6	10,700	11,245	1,099	10.3	896	4.6	2.5	39.0
Tennessee	2.0	10,441	10,733	1,254	12.0	1,028	5.1	2.8	62.5
Texas	6.9	9,314	9,528	1,227	13.2	982	5.0	2.8	89.5
Utah	.9	12,767	13,262	1,436	11.2	1,042	4.8	2.6	64.1
Vermont	.1	10,105	10,263	1,127	11.2	850	4.5	1.5	40.0
Virginia	2.0	11,531	11,625	1,351	11.7	976	4.9	2.7	9.3
Washington	1.4	12,032	12,522	1,234	10.3	1,029	4.9	2.5	78.1
West Virginia	.2	12,612	13,485	1,806	14.3	1,020	4.9	2.7	61.1
Wisconsin	.5	12,729	13,181	1,471	11.6	885	4.6	2.6	18.3
Wyoming	.2	11,445	11,596	1,497	13.1	940	4.4	2.3	63.6
Alaska	.6	22,582	22,743	2,972	13.2	853	5.0	1.6	96.9
Hawaii	1.9	14,451	14,710	4,670	32.3	944	4.7	2.7	96.0
Puerto Rico	.5	11,075	12,001	2,532	22.9	983	5.5	3.0	73.7

[1] Excludes Hawaii. [2] Less than 0.05 percent. [3] Inadequate sample.

TABLE 69

Property characteristics by property value and by States, existing 1-family homes, Sec. 203, 1954

FHA estimate of property value	Percentage distribution	Average			Price of site as percent of value [1]	Average			Percentage of structures with garage
		Property value	Property replacement cost [1]	Market price of site [1]		Calculated area (square feet)	Number of rooms	Number of bedrooms	
Less than $7,000	2.6	$6,117	$8,526	$903	14.8	876	4.7	2.3	63.7
$7,000 to $7,999	5.5	7,408	9,298	975	13.2	873	4.6	2.2	67.4
$8,000 to $8,999	10.1	8,403	10,168	1,133	13.5	927	4.8	2.3	70.8
$9,000 to $9,999	11.1	9,345	11,134	1,237	13.2	979	4.9	2.4	77.4
$10,000 to $10,999	12.6	10,332	12,065	1,332	12.9	1,031	5.1	2.5	77.7
$11,000 to $11,999	12.1	11,320	12,992	1,472	13.0	1,053	5.1	2.6	79.9
$12,000 to $12,999	11.8	12,332	13,974	1,594	12.9	1,122	5.3	2.7	80.5
$13,000 to $13,999	9.1	13,343	14,782	1,751	13.1	1,143	5.4	2.7	82.2
$14,000 to $14,999	6.6	14,300	15,830	1,895	13.3	1,206	5.5	2.8	83.4
$15,000 to $15,999	5.8	15,259	16,811	2,062	13.5	1,271	5.6	2.9	85.9
$16,000 to $17,999	7.0	16,726	18,375	2,303	13.8	1,369	5.8	3.0	88.1
$18,000 to $19,999	3.1	18,620	20,369	2,750	14.8	1,492	6.0	3.1	89.6
$20,000 or more	2.6	21,526	24,231	3,079	14.3	1,712	6.3	3.3	92.2
Total	100.0	11,934	13,646	1,591	13.3	1,104	5.2	2.6	79.6
Averages by States									
Alabama	1.0	$11,509	$12,572	$1,755	15.2	1,208	5.6	2.6	76.4
Arizona	.8	10,694	11,883	1,374	12.8	1,247	5.1	2.7	78.8
Arkansas	.9	10,342	11,941	1,686	16.3	1,182	5.2	2.5	82.2
California	12.2	11,739	12,903	2,045	17.4	1,189	5.1	2.6	98.5
Colorado	.6	12,543	13,542	1,990	15.9	1,024	4.8	2.5	82.9
Connecticut	2.6	13,308	15,700	1,456	10.9	1,137	5.4	2.9	66.2
Delaware	.3	12,987	13,779	1,766	13.6	1,146	5.4	2.9	47.6
District of Columbia	.1	14,761	16,513	2,154	14.6	1,224	6.2	2.9	55.0
Florida	1.1	10,522	11,877	1,310	12.5	1,087	5.3	2.6	82.9
Georgia	2.0	11,976	12,647	1,607	13.4	1,181	5.5	2.6	60.2
Idaho	1.1	10,341	12,306	1,035	10.0	1,004	4.7	2.4	70.2
Illinois	4.3	13,683	15,873	1,742	12.7	1,093	5.1	2.5	65.0
Indiana	3.6	11,418	13,366	1,306	11.4	1,020	5.0	2.6	71.8
Iowa	1.4	11,741	14,258	1,550	13.2	1,067	4.9	3.1	74.5
Kansas	2.1	11,485	12,863	1,366	11.9	1,040	5.2	2.5	91.3
Kentucky	1.2	12,192	13,700	1,738	14.3	1,097	5.2	2.5	68.8
Louisiana	1.5	12,423	13,321	2,171	17.5	1,162	5.1	2.5	87.5
Maine	.8	9,485	11,600	949	10.0	1,170	5.5	2.9	69.1
Maryland	.9	12,375	13,500	1,680	13.6	1,010	5.2	2.7	23.4
Massachusetts	.8	11,317	13,361	1,222	10.8	1,222	5.6	2.9	67.8
Michigan	6.2	12,718	14,999	1,645	12.9	1,054	5.3	2.7	68.8
Minnesota	1.5	13,535	15,651	1,477	10.9	1,084	5.3	2.7	75.8
Mississippi	.4	10,265	11,129	1,354	13.2	1,177	5.4	2.7	86.5
Missouri	4.1	12,770	15,038	1,669	13.1	1,149	5.4	2.5	89.9
Montana	.8	12,015	13,877	1,408	11.7	1,078	5.0	2.6	79.6
Nebraska	1.2	10,775	13,174	1,330	12.3	1,033	5.0	2.5	85.0
Nevada	.4	14,209	15,408	1,825	12.8	1,181	5.0	2.6	82.6
New Hampshire	.1	10,943	13,031	1,109	10.1	1,145	5.9	3.1	73.9
New Jersey	2.7	12,359	14,209	1,801	14.6	1,108	5.6	2.8	69.9
New Mexico	.2	11,010	12,177	1,376	12.5	1,221	5.7	2.8	85.7
New York	5.7	11,682	14,032	1,348	11.5	1,124	5.4	2.7	67.8
North Carolina	1.0	11,537	12,911	1,688	14.3	1,243	5.5	2.7	57.4
North Dakota	.3	12,739	14,965	1,662	13.0	1,082	5.0	2.6	67.0
Ohio	7.2	13,126	15,097	1,506	11.5	1,054	5.2	2.6	76.5
Oklahoma	1.6	9,939	10,943	1,361	13.7	1,065	5.1	2.4	93.8
Oregon	2.0	11,167	12,869	1,234	11.1	1,071	5.1	2.6	93.6
Pennsylvania	3.0	11,727	13,176	1,477	12.6	1,195	5.7	2.9	78.1
Rhode Island	.6	12,476	14,606	1,341	10.7	1,206	5.5	3.3	77.8
South Carolina	.7	10,793	11,894	1,451	13.4	1,147	5.5	2.7	58.4
South Dakota	.6	10,060	13,402	1,149	11.4	1,068	5.2	2.7	75.0
Tennessee	1.4	10,609	11,459	1,514	14.3	1,088	5.3	2.5	73.5
Texas	5.4	9,460	10,416	1,440	15.2	1,016	5.0	2.3	95.9
Utah	1.1	13,176	14,573	1,747	13.3	1,021	4.8	2.4	81.9
Vermont	.2	9,496	12,374	1,038	10.9	1,161	5.6	3.2	76.0
Virginia	2.8	12,433	13,258	1,552	12.5	1,090	5.4	2.6	40.4
Washington	6.4	12,011	14,128	1,567	13.0	1,126	5.2	2.6	90.8
West Virginia	.8	12,037	14,484	1,794	14.9	1,284	5.6	2.7	68.6
Wisconsin	.9	13,353	15,503	1,800	13.5	1,045	4.9	2.5	62.8
Wyoming	.2	12,151	12,886	1,429	11.8	978	4.7	2.4	78.8
Alaska	.2	20,459	23,594	2,128	10.4	981	4.7	2.4	58.0
Hawaii	.5	16,215	16,853	5,382	33.2	1,064	5.0	2.7	97.8
Puerto Rico	.5	8,000	8,654	1,656	20.7	889	5.2	3.0	80.0

[1] Excludes Hawaii.

fundamental precept of the FHA valuation policy, that replacement costs establish an upper limit to value, inasmuch, as stated in the FHA Underwriting Manual, "a typical buyer acting intelligently would not be warranted in paying more for property than the cost of producing an equivalent property." Because of depreciation (primarily obsolescence), the difference between value and replacement cost is noticeably greater for existing properties than for new. For Section 203 new-home transactions closed in 1954, value averaged about 97 percent of replacement cost; for existing homes, the comparable figure was 87 percent. The lower values of existing properties reflect not only the shorter economic life of the structure but also the influence of obsolescence on such items as structural design, the amounts and types of equipment, and, occasionally, the location.

On both new and existing homes, the ratio of value to replacement cost increased with higher property values, ranging from 93 percent for new homes valued at less than $7,000 to about 98 percent for those in the higher value brackets and from 72 percent for existing homes of less than $7,000 value to slightly over 90 percent for the higher priced existing properties. This is indicative of the greater influence of going market prices on values of lower-priced properties. Reflecting the influence of market conditions in various localities, sale prices exerted more downward pull on property values in these lower brackets than in the higher value categories. The reason is probably a more plentiful supply of housing and keener competition in the lower value groups.

By States and Territories, average value-cost ratios for new homes were in a relatively narrow band of 91 to 99 percent, with most States bracketed between 96 and 98 percent. Existing-home ratios, reflecting variations in age, condition, and demand are more diffused, extending from 75 to 96 percent with heavier incidence of averages in the 84 to 86 percent and 89 to 94 percent ranges.

Market prices of land involved in the Section 203 transactions of 1954 averaged about $1,450 for new homes, or 13 percent of total property value, and nearly $1,600 for existing homes, slightly more than 13 percent of total value.[16] Land prices of both new and existing properties moved upward as property values increased. However, land prices of the higher-value properties ($14,000 or more) accounted for somewhat larger proportions of total value as compared with lower-price homes, possibly because of the larger size, better dimensions, and more desirable location of the sites. Frequently the higher priced new homes were contract-built on lots available in fully de-

[16] Land prices of Hawaiian properties are excluded from the United States summary portion of Tables 68 and 69 because the inordinately high land costs of that Territory create a bias in average land prices in those value groups where the proportion of Hawaiian cases was relatively high. With Hawaii included, the average land price for new homes in the $13,000 value group would have been $300 more, and in the $18,000 and $20,000 or more groups $200 to $300 more.

veloped neighborhoods and having higher market values. In the value groups below $9,000, existing homes had higher land prices than new homes, probably because of their being located in neighborhoods closer to the centers of cities and having better shopping, transportation, and community facilities. In these same groups the higher ratios of land price to total value for the existing homes are indicative of a minimum of depreciation in land value compared with the more substantial depreciation in the structure value.

Also affecting the averages of market price and land shown in the United States summary portion of the tables are variations in land prices throughout the country. For the Nation proper, land prices for new homes ranged from $694 in New Hampshire to $1,879 in Missouri and for existing homes from $949 in Maine to $2,171 in Louisiana. In most States, land prices averaged between $1,000 and $1,500 for new homes and $1,250 to $1,750 for existing properties, with new-home averages exceeding existing-home averages in all but a few States. The land proportion of property value for new homes ranged from 7½ percent in New Hampshire to 15 percent in California, averaging in the greater number of States from 10 to 14 percent. Similarly for existing homes, the average ratio of land price to total value in most States ranged from 10 to 14 percent, with a high of 17½ percent in Louisiana and a low of 10 percent in Idaho and Maine.

Special terrain problems in Hawaii and Puerto Rico account for the exceedingly high land prices representing substantially larger proportions of total property value. Although land prices are unusually high in Alaska, the ratio of land price to property value is not above average.

In most States, land for existing-home properties represented larger proportions of total property value than in new-home transactions, primarily because of the comparatively greater depreciation of existing structures as compared with land.

Other property characteristics information presented in Tables 68 and 69 are averages of calculated area, number of rooms and number of bedrooms, and percentage of structures provided with garage facilities. The data dealing with the size of the structure, i. e., area, room count and bedroom count, are discussed in more detail in a subsequent portion of this report dealing with the size of the FHA homes in 1954 and the relation of size to property values.

Garage facilities were provided in two-thirds of the new homes and in nearly four-fifths of the existing, the frequency increasing as property values rose. Within virtually all value groups, the proportion of existing homes with garages exceeded the new.

Generally, the highest proportions of new homes with auto shelters were found in the Southern and Western States, where they also may

have included storage facilities, since most of these homes have no basements.[17] The lowest proportion with garages occurred in the Northeastern and North Central States. In 20 States, less than 50 percent of the new homes had garage facilities, contrasted with only 3 States—Delaware, Maryland, and Virginia—in which the number of existing homes with garages fell below the 50 percent mark.

Financial Characteristics.—As property values increased, mortgage payments, real property taxes, housing expenses, and mortgagors' incomes also advanced. Average mortgage payments (covering debt service, property taxes, and insurance) did not vary materially for new and existing homes in comparable value groups below $12,000. Although the average principal amount of existing-home mortgages in these groups was smaller, their typically shorter durations made for interest and principal payments which when coupled with the higher property taxes resulted in total payments not much different than for similarly valued new homes. In the value groups above $12,000, the higher monthly payment level of existing homes is largely the result of the larger debt service arising from the shorter amortization period of the mortgages.

Average monthly payments, by States and Territories, ranged from $59 in Florida to $129 in Alaska for new homes, and from $56 in Puerto Rico to $131 in Alaska for existing homes. In most States, mortgage payments on new homes averaged from $65 to $79, and on existing properties from $70 to $84. Reflecting the shorter average amortization periods of existing-home mortgages and higher average tax rates, existing-home payments were generally higher than for new homes within the same State.[18]

As shown in Tables 70 and 71, the average durations of FHA mortgages insured in 1954 ranged for new homes from 20 years in South Dakota to nearly 25 years in Alaska, with mortgages in most States having averages of 22 and 23 years. Existing-home mortgage terms—shorter than new in every State and Territory—ranged from 18 years in South Dakota to about 22½ years in Delaware, with averages of 19 and 20 years in most States and Territories. Existing-home average durations in excess of 20 years are indicative of the presence of structures originally constructed under the FHA inspection system and, to a very limited extent, transactions processed under provisions of the new legislation of August 2, 1954, permitting durations in excess of 20 years.

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[17] According to a nationwide survey conducted by the Bureau of Labor Statistics of new nonfarm 1-family houses started in the first quarter of 1954, 73 percent in the South and 79 percent in the West had no basements, compared with 21 percent in the Northeast and 44 percent in the North Central States.

[18] Monthly payment data for Maryland and Hawaii reflect inclusion of ground rents in connection with leasehold estates in many of the transactions.

TABLE 70

Financial characteristics by property value and by States, new 1-family homes, Sec. 203, 1954

FHA estimate of property value	Percentage distribution	Average		Monthly average				Percent ratio of	
		Property value	Term of loan (years)	Total payment	Estimated taxes	Prospective housing expense	Mortgagor's income	Mortgage payment to income	Housing expense to income
Less than $7,000	0.6	$6,524	NA	$48.26	$5.62	$61.68	$346.36	13.9	17.8
$7,000 to $7,999	6.0	7,447	NA	52.05	6.77	69.82	370.88	14.0	18.8
$8,000 to $8,999	18.8	8,259	NA	58.31	8.32	76.70	403.55	14.4	19.0
$9,000 to $9,999	15.7	9,346	NA	63.21	8.96	83.31	431.52	14.6	19.3
$10,000 to $10,999	12.4	10,429	NA	68.64	10.19	89.48	446.83	15.4	20.0
$11,000 to $11,999	12.8	11,326	NA	72.27	11.20	93.39	470.53	15.4	19.8
$12,000 to $12,999	10.1	12,421	NA	75.32	11.89	97.93	495.17	15.2	19.8
$13,000 to $13,999	7.8	13,407	NA	80.89	12.85	104.46	523.55	15.5	20.0
$14,000 to $14,999	5.5	14,386	NA	86.10	14.64	109.40	554.57	15.5	19.7
$15,000 to $15,999	3.8	15,329	NA	93.59	15.56	116.30	605.44	15.5	19.2
$16,000 to $17,999	3.8	16,705	NA	101.11	17.18	126.90	664.08	15.2	19.1
$18,000 to $19,999	1.4	18,695	NA	109.37	18.32	139.93	748.43	14.6	18.7
$20,000 or more	1.3	22,273	NA	126.99	17.92	167.16	871.45	14.6	19.2
Total	100.0	11,120	22.9	71.36	10.86	92.58	472.66	15.1	19.6
Averages by States									
Alabama	1.0	$11,839	22.2	$71.07	$6.05	$93.31	$508.14	14.0	18.4
Arizona	2.4	9,980	23.6	73.88	17.18	94.52	502.32	14.7	18.8
Arkansas	.8	10,457	22.9	65.04	4.61	85.35	455.68	14.3	18.7
California	20.3	10,298	22.0	70.44	12.34	88.90	468.27	15.0	19.0
Colorado	.9	12,873	23.3	88.28	15.94	107.95	559.38	15.8	19.3
Connecticut	.8	13,365	24.3	81.38	14.84	105.16	556.93	14.6	18.9
Delaware	.1	10,118	24.7	62.69	4.33	(2)	(2)	(2)	(2)
District of Columbia	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Florida	4.7	9,378	23.6	59.39	3.86	78.03	432.26	13.7	18.1
Georgia	1.2	10,315	22.4	62.55	4.56	81.14	455.58	13.7	17.8
Idaho	.3	12,463	21.7	76.68	10.34	106.51	510.73	15.0	20.9
Illinois	3.3	12,556	22.7	76.73	11.58	98.88	480.02	16.0	20.6
Indiana	3.0	10,575	22.5	66.05	7.16	93.80	451.91	14.6	20.8
Iowa	1.1	10,505	22.1	66.84	8.58	89.39	425.30	15.7	21.0
Kansas	1.6	10,832	23.8	74.26	13.55	92.38	484.37	15.3	19.1
Kentucky	.4	11,411	22.1	73.30	9.09	91.38	528.70	13.9	17.3
Louisiana	1.5	11,435	23.2	67.60	5.25	82.29	475.45	14.2	17.3
Maine	.2	9,616	22.1	64.97	10.48	85.79	405.52	16.0	21.2
Maryland	1.4	10,554	23.6	64.64	11.55	93.18	452.73	14.3	20.6
Massachusetts	.4	11,066	24.2	74.75	17.69	97.61	477.15	15.7	20.5
Michigan	8.1	12,659	23.8	78.17	13.58	99.11	483.01	16.2	20.5
Minnesota	.7	13,016	23.7	78.19	12.79	98.43	467.07	16.7	21.1
Mississippi	.6	10,284	22.8	64.24	5.33	75.95	443.90	14.5	17.1
Missouri	2.2	12,765	23.7	76.09	9.43	96.29	498.17	15.3	19.3
Montana	.3	12,874	21.8	80.08	12.33	108.47	531.72	15.1	20.4
Nebraska	.9	10,790	23.3	71.75	13.76	92.80	444.07	16.2	20.9
Nevada	1.6	10,775	23.1	66.31	8.43	90.03	619.47	10.7	14.5
New Hampshire	.1	9,310	23.8	66.28	15.13	94.82	409.62	16.2	23.1
New Jersey	2.6	10,462	24.2	65.66	12.22	90.15	489.76	13.4	18.4
New Mexico	.7	9,406	22.9	63.00	6.99	89.16	484.82	13.0	18.4
New York	4.0	12,685	24.2	82.36	18.06	107.68	522.32	15.8	20.6
North Carolina	1.9	9,139	22.1	60.10	6.22	83.29	422.89	14.2	19.7
North Dakota	.1	11,761	20.5	77.69	12.90	102.08	521.95	14.9	19.6
Ohio	5.4	11,966	22.3	73.68	9.84	97.82	457.90	16.1	21.4
Oklahoma	1.5	10,220	22.8	67.18	6.69	82.30	448.29	15.0	18.4
Oregon	1.2	10,009	21.7	66.59	9.81	92.71	446.20	14.9	20.8
Pennsylvania	4.1	11,636	24.4	72.39	13.96	93.24	474.02	15.3	19.7
Rhode Island	.3	11,669	21.2	75.68	12.62	101.01	457.07	16.6	22.1
South Carolina	.5	10,254	22.1	64.08	4.08	84.81	440.01	14.6	19.3
South Dakota	.6	10,700	20.0	49.11	14.16	99.48	491.70	16.1	20.2
Tennessee	2.0	10,441	24.0	67.32	8.32	86.70	448.49	15.0	19.3
Texas	6.9	9,314	22.8	64.91	9.32	83.17	441.88	14.7	18.8
Utah	.9	12,767	22.8	75.72	10.15	100.32	467.74	16.2	21.4
Vermont	.1	10,105	22.3	69.36	12.36	98.45	362.48	19.1	27.2
Virginia	2.0	11,531	23.6	69.15	6.85	89.98	431.01	16.0	20.9
Washington	1.4	12,032	21.9	73.02	9.84	103.80	483.45	15.1	21.5
West Virginia	.2	12,612	20.1	73.30	3.35	90.12	480.09	15.3	18.8
Wisconsin	.5	12,729	23.4	84.42	17.34	117.11	408.94	20.6	28.6
Wyoming	.2	11,445	20.3	76.49	12.02	98.92	494.12	15.5	20.0
Alaska	.6	22,582	24.9	129.44	13.82	183.98	(2)	(2)	(2)
Hawaii	1.9	14,451	23.5	75.86	7.67	104.27	545.86	13.9	19.1
Puerto Rico	.5	11,075	20.3	78.47	13.22	88.01	485.09	16.2	18.1

[1] Less than 0.05 percent.

[2] Inadequate sample.

NA—not available.

TABLE 71

Financial characteristics by property value and by States, existing 1-family homes, Sec. 203, 1954

FHA estimate of property value	Percentage distribution	Average		Monthly average				Percent ratio of	
		Property value	Term of loan (years)	Total payment	Estimated taxes	Prospective housing expense	Mortgagor's income	Mortgage payment to income	Housing expense to income
Less than $7,000	2.6	$6,117	NA	$44.46	$6.45	$63.19	$371.23	12.0	17.0
$7,000 to $7,999	5.5	7,408	NA	52.43	7.02	71.36	309.32	13.1	17.9
$8,000 to $8,999	10.1	8,403	NA	58.73	8.97	79.95	424.79	13.8	18.8
$9,000 to $9,999	11.1	9,345	NA	62.79	9.22	84.13	442.65	14.2	19.0
$10,000 to $10,999	12.6	10,332	NA	68.27	10.23	90.59	460.10	14.8	19.8
$11,000 to $11,999	12.1	11,326	NA	73.39	11.05	96.33	485.37	15.1	19.8
$12,000 to $12,999	11.8	12,332	NA	78.94	11.95	102.27	515.41	15.3	19.8
$13,000 to $13,999	9.1	13,343	NA	84.01	12.94	108.40	554.30	15.2	19.6
$14,000 to $14,999	6.6	14,300	NA	89.20	13.62	114.53	584.08	15.3	19.6
$15,000 to $15,999	5.8	15,259	NA	95.14	14.66	121.74	645.05	14.7	18.9
$16,000 to $17,999	7.0	16,726	NA	104.40	16.38	131.66	704.98	14.8	18.7
$18,000 to $19,999	3.1	18,620	NA	116.58	17.65	146.91	788.94	14.8	18.6
$20,000 or more	2.6	21,526	NA	129.42	20.57	163.20	946.66	13.7	17.2
Total	100.0	11,934	20.1	77.10	11.68	100.70	525.67	14.7	19.2
Averages by States									
Alabama	1.0	$11,509	20.7	$71.82	$5.90	$91.68	$533.64	13.5	17.2
Arizona	.8	10,694	20.1	82.40	18.41	106.89	585.00	14.1	18.3
Arkansas	.9	10,342	20.9	64.73	4.92	87.16	504.53	12.8	17.3
California	12.2	11,739	19.3	79.46	14.06	99.08	547.88	14.5	18.1
Colorado	.6	12,543	21.4	82.51	16.03	104.37	599.49	13.8	17.4
Connecticut	2.6	13,308	20.8	85.44	15.18	110.07	554.56	15.4	19.8
Delaware	.3	12,987	22.4	75.24	5.90	101.03	516.18	14 6	19.6
District of Columbia	.1	14,761	20.0	89.13	13.30	117.17	557.26	16.0	21.0
Florida	1.1	10,522	21.0	66.82	5.10	89.95	522.67	12.8	17.2
Georgia	2.0	11,976	20.9	72.42	5.96	92.82	552.25	13.1	16.8
Idaho	1.1	10,341	19.6	65.60	9.26	94.18	502.66	13.1	18.7
Illinois	4.3	13,683	19.7	85.90	13.74	109.96	562.13	15.3	19.6
Indiana	3.6	11,418	19.7	72.99	8.61	102.02	505.74	14.4	20.2
Iowa	1.4	11,741	20.2	75.48	11 10	101.52	490.34	15.4	20.7
Kansas	2.1	11,485	20.6	77.59	12.55	100.94	536.75	14.5	18.8
Kentucky	1.2	12,192	20.1	77.27	9.91	96.36	509.09	15.2	18.9
Louisiana	1.5	12,423	20.8	75.53	6.26	90.73	573.46	13.2	15.8
Maine	.8	9,485	19.9	64.89	10.91	85.91	441.17	14.7	19.5
Maryland	.9	12,375	20.6	81.50	13.51	106.51	530.07	15.4	20.1
Massachusetts	.8	11,317	20.8	78.87	18.17	103.16	492.22	16.0	21.0
Michigan	6.2	12,718	19.9	80.14	13.39	102.20	520.58	15.4	19.6
Minnesota	1.5	13,535	20.0	86.95	15.29	110.51	509.71	17.1	21.7
Mississippi	.4	10,265	21.0	63.55	6.20	76.11	451.98	14.1	16.8
Missouri	4.1	12,770	20.3	78.70	9.95	100.54	539.33	14.6	18.6
Montana	.8	12,015	19.5	76.37	12.15	100.16	568.72	13.4	17.6
Nebraska	1.2	10,775	19.8	77.23	16.02	96.66	494.94	15.6	19.5
Nevada	.4	14,209	19.5	88.58	12.55	112.60	869.33	10.2	13.0
New Hampshire	.1	10,943	21.4	76.97	18.69	108.91	529.72	14.5	20.6
New Jersey	2.7	12,359	20.3	81.85	16.38	109.88	561.94	14.6	19.6
New Mexico	.2	11,010	21.0	71.44	8.25	95.31	573.89	12.4	16.6
New York	5.7	11,682	20.7	79.62	17.05	109.51	517.11	15.4	21.2
North Carolina	1.0	11,837	20.2	73.33	81.10	101.16	537.79	13.6	18.8
North Dakota	.3	12,739	20.0	83.92	15.81	111.48	583.67	14.4	19.1
Ohio	7.2	13,126	19.5	82.63	10.59	106.61	501.26	16.5	21.3
Oklahoma	1.6	9,939	21.2	65.17	6.49	80.51	475.65	13.7	16.9
Oregon	2.0	11,167	19.5	72.41	11.61	101.10	526.01	13.8	19.2
Pennsylvania	3.0	11,727	20.8	74.91	13.53	97.47	503.51	14.9	19.4
Rhode Island	.6	12,476	19.7	79.74	13.25	107.80	487.86	16.3	22.1
South Carolina	.7	10,793	20.6	65.31	4.12	87.09	479.33	13.6	18.2
South Dakota	.6	10,060	18.1	71.74	14.08	95.91	507.47	14.1	18.9
Tennessee	1.4	10,609	21.6	68.43	8.39	88.92	474.33	14.4	18.7
Texas	5.4	9,460	20.9	66.52	9.72	83.66	486.96	13.7	17.2
Utah	1.1	13,176	21.3	80.51	10.63	102.04	509.19	15.8	20.0
Vermont	.2	9.496	20.4	63.43	11.62	92.55	365.48	17.4	25.3
Virginia	2.8	12,433	20.3	75.79	8.48	100.24	520.32	14.6	19.3
Washington	6.4	12,011	19.5	74.34	8.56	107.25	533.60	13.9	20.1
West Virginia	.8	12,037	19.0	68.70	3.36	88.53	490.45	14.0	18.1
Wisconsin	.9	13,353	20.4	87.33	18.46	115.42	490.82	17.8	23.5
Wyoming	.2	12,151	18.6	77.77	11.72	100.10	566.83	13.7	17.7
Alaska	.2	20,459	19.6	131.35	16.28	184.95	1,014.25	13.0	18.2
Hawaii	.5	16,215	20.1	85.33	7.97	107.76	585.36	14.6	18.4
Puerto Rico	.5	8,000	20.0	56.20	10.29	66.56	412.11	13.6	16.2

NA—Not available

Next to debt service, property taxes (including special assessments, if any) were the most important item included in total monthly payment. As estimated by FHA, property taxes in the Section 203 transactions of 1954 averaged about $11 for new homes and $12 for existing homes. Despite wide divergence in tax rates, in amounts of special assessments, and in bases of assessments in the various localities, (evident from comparison of average taxes and property values shown for individual States in the lower portion of Tables 70 and 71), average taxes on a national summary basis were directly related to property values and moved upward as property values increased. Variations in local tax levels were probably primarily responsible for differences in the average taxes of new and existing properties in the same value classes, namely, those valued at less than $9,000 and those with values of $14,000 or more.

Average monthly real-estate taxes, by States and Territories, reflecting the variation in typical values of properties, assessment policies, rates of taxation, and amounts of special assessments ranged from $3.35 for new homes and $3.36 for existing homes in West Virginia to $18.06 on new homes in New York and $18.69 on existing properties in New Hampshire. The largest proportion of States had average new-home taxes of $9 to $13, and existing property taxes of $8 to $13. Lowest tax rates were indicated for a band of States starting with West Virginia and running south along the Atlantic Coast through Florida and thence west along the Gulf of Mexico to Louisiana and Arkansas. Taxes in these States reflect homestead exemptions and lower assessment rates as well as lower tax rates. The highest tax rates were evident in the Northeastern States, Wisconsin, South Dakota, Nebraska, Colorado, and Arizona.

Housing expense—principally mortgage payment, plus estimated operating costs and maintenance and repair expense—averaged more for existing homes in all value classes probably because of the greater expense estimated to be required for heating and maintaining the older existing properties. By States and Territories, average prospective monthly housing expenses ranged in new-home transactions from nearly $76 in Mississippi to $184 in Alaska and in existing homes from $66.50 in Puerto Rico to $185 in Alaska. Most States had new-home expenses of $85 to $99 and existing-home expenses of $95 to $109. With few exceptions, average expenses on existing homes exceeded averages for new homes in the same States, reflecting larger average size of existing houses, greater operating and maintenance costs, and generally higher mortgage payments.

The proportions of mortgagors' incomes allocable to monthly payments and housing expense do not vary appreciably in the different value groups—from 13.9 to 15.5 percent of income for monthly payment in new-home transactions, and from 17.8 to 20 percent for hous-

ing expense; in existing homes, from 12 to 15.3 percent for monthly payment and from 17 to 19.8 percent for housing expense. Despite larger monthly payments and housing expenses indicated for the existing-home transactions, in nearly all value classes new-home mortgagors devoted slightly larger shares of their incomes to monthly payments and housing expenses than did owners of existing homes in the same value groups, reflecting the consistently higher level of incomes of the latter.

New-home mortgagors in most States devoted on the average from 14 to 16.9 percent of their incomes to mortgage payments and from 18 to 20 percent for housing expense. Existing-home mortgagors in the greater number of the States were spending somewhat smaller shares of their incomes on the average—13 to 15.9 percent for mortgage payments and 17 to 19.9 percent for housing expense. Mortgagors in Nevada, with the largest average incomes, allotted the smallest portions of incomes for monthly payments (11 percent in new homes and slightly less in existing homes) and housing expense (14½ percent in new homes and 13 percent in existing). On the other hand, mortgagors in Wisconsin have the highest payment-income ratios in both new (21 percent) and existing home transactions (18 percent) and the highest housing expense-income ratios for new homes (29 percent), with Vermont registering the highest existing-home expense-income ratio of 25 percent.

Relation of Size of House to Property Value.—Among the major factors affecting the value of FHA properties is the size of the house, i. e., the calculated area of the structure, and the number and type of rooms available. Generally speaking, FHA estimated values rise with increases in the calculated area and the number of rooms in the structure.

The interrelationship between calculated area of the structure and property value for Section 203 single-family home transactions insured in 1954 is shown in Table 72. In most property value groups the area of both new and existing homes varies considerably, 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. As indicated by the median calculated areas for comparable value intervals, the areas of existing homes were typically larger than those of new homes. Only in the case of the $8,000 and $9,000 property values were new homes larger than existing homes, possibly because most of these new-home properties were located in areas where lower construction costs prevailed. Table 72 also shows median property values for each of the calculated area intervals. In the area groups of less than 1,200 square feet, the

TABLE 72

Calculated area by property value of single-family homes, Sec. 203, 1954

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	0.6	711	45.3	43.4	6.9	3.8	0.6						100.0
$7,000 to $7,999	6.0	760	19.5	46.0	26.0	6.5	2.0	(1)					100.0
$8,000 to $8,999	18.8	918	2.3	12.7	25.8	46.6	11.4	0.8	0.4				100.0
$9,000 to $9,999	15.7	932	1.6	14.1	27.8	19.9	13.1	18.2	5.3				100.0
$10,000 to $10,999	12.4	940	1.3	12.6	25.9	22.7	22.3	10.0	5.0	0.1	0.1		100.0
$11,000 to $11,999	12.8	999	.4	8.3	22.9	18.6	23.6	17.2	8.1	.8	.1		100.0
$12,000 to $12,999	10.1	1,026	.6	4.9	15.5	24.1	24.7	14.6	13.0	2.4	.2	(1)	100.0
$13,000 to $13,999	7.8	1,025	.1	6.8	12.4	22.8	23.8	15.5	15.3	3.0	.3		100.0
$14,000 to $14,999	5.5	1,087		1.6	7.8	12.3	33.4	14.0	24.3	5.2	.6	.2	100.0
$15,000 to $15,999	3.8	1,157		.8	6.6	8.2	25.3	10.9	33.5	6.7	1.8	.2	100.0
$16,000 to $17,999	3.8	1,210		.9	1.2	7.3	15.4	23.8	32.8	13.8	4.3	.5	100.0
$18,000 to $10,999	1.4	1,336	.2	1.4	5.1	2.2	6.3	11.3	30.4	29.5	12.6	1.0	100.0
$20,000 or more	1.3	1,249		6.6	18.9	7.6	5.5	6.8	13.1	15.2	21.8	4.5	100.0
Total	100.0	961	2.4	11.5	20.5	23.1	18.0	11.7	9.6	2.3	.8	.1	100.0
Median property value	$10,678		$7,806	$9,167	$9,874	$9,753	$11,625	$11,727	$13,760	$16,015	$18,569	$20,167	
			Existing homes										
Less than $7,000	2.6	820	15.1	25.1	30.3	8.7	6.4	5.5	4.8	2.4	1.6	.1	100.0
$7,000 to $7,999	5.5	813	9.0	36.7	27.7	9.1	5.7	3.3	4.8	1.5	1.7	.5	100.0
$8,000 to $8,999	10.1	863	6.8	26.1	25.0	16.3	9.4	5.0	6.5	2.3	2.2	.4	100.0
$9,000 to $9,999	11.1	925	4.7	18.6	21.3	19.2	13.4	8.3	8.4	3.4	2.1	.6	100.0
$10,000 to $10,999	12.6	979	2.5	17.1	17.2	16.9	16.6	11.2	10.4	4.5	2.9	.7	100.0
$11,000 to $11,999	12.1	1,018	1.5	12.5	17.3	15.6	16.9	13.8	13.8	4.6	3.1	.9	100.0
$12,000 to $12,999	11.8	1,076	.4	8.5	15.5	14.5	14.5	13.5	18.8	7.9	4.9	1.5	100.0
$13,000 to $13,999	9.1	1,112	.4	5.0	13.0	15.9	13.9	15.1	22.9	7.3	5.1	1.4	100.0
$14,000 to $14,999	6.6	1,164	.1	3.5	8.8	14.7	15.0	12.3	24.5	11.7	6.9	2.5	100.0
$15,000 to $15,999	5.8	1,221	.3	1.5	7.1	10.6	14.9	13.5	23.3	15.9	10.2	2.7	100.0
$16,000 to $17,999	7.0	1,292	.1	.5	2.8	6.3	10.1	15.5	28.2	16.9	14.8	4.8	100.0
$18,000 to $19,999	3.1	1,408		.2	1.6	2.7	6.0	11.2	27.4	20.7	21.4	8.8	100.0
$20,000 or more	2.6	1,603		.5	1.1	1.2	3.7	3.8	19.1	20.4	31.0	19.2	100.0
Total	100.0	1,035	2.7	12.9	15.7	13.8	12.9	10.9	15.6	7.5	5.9	2.1	100.0
Median property value	$11,549		$8,679	$9,545	$10,303	$11,148	$11,701	$12,402	$13,298	$14,395	$15,249	$16,472	

[1] Less than 0.05 percent.

median values of new homes were lower than for existing homes of comparable size, but for the structures with 1,200 or more square feet the situation was reversed, with new-home values exceeding those for existing dwellings in the same area ranges. This reflects the significant proportions of existing properties with calculated areas of 1,200 or more square feet valued at less than $10,000, probably because of higher rates of depreciation.

The data in Table 72 indicate that the ranges of reported areas for new homes increased with increases in property value, and that in comparable value groups below $18,000 the existing home variation was somewhat greater than for new homes.

The room count for the 1-family properties securing Section 203 mortgages insured in 1954 is shown in the upper part of Tables 73 (new homes) and 74 (existing homes) by property value groups for the nation as a whole. For new homes, 5-room structures predominated in all value groups except those of less than $8,000 where 3- and 4-room houses were most numerous; and those valued at $18,000 or more, where 6-room structures were almost as numerous. Significant proportions of structures with 7 or more rooms were in the properties valued at $18,000 or more. The comparatively large portion of 3- and 4-room houses shown for properties valued at $20,000 or more were for the most part properties located in Alaska.

In existing-home transactions, structures of all sizes were reported in all value groups and the room-count distributions were consequently more dispersed than for new homes. Four-room structures predominated in the properties valued at less than $9,000, 5-room structures in the $9,000 to $14,999 range, and 6-room houses in the properties valued at $15,000 or more. Significant proportions of the existing-home properties with values at $12,000 or more had 7 or more rooms.

Property value is also affected by the number of bedrooms provided in a structure. The top portions of Tables 75 and 76 indicate that 2-bedroom structures predominated in new homes valued at less than $8,000 and existing properties under $11,000, and that most of the structures in the higher valued classes provided three bedrooms. Four-bedroom dwellings, appearing in virtually all value ranges of new and existing properties, constituted significant proportions of the new homes in the $9,000 class (principally in California) and those valued at $20,000 or more, and of the existing homes with values of $15,000 or more.

Size of House

Number of Rooms and Bedrooms.—Well over half of the new 1-family homes in Section 203 transactions insured during 1954 had 5 rooms compared with 39 percent of the existing properties. The proportion of 4-room structures was nearly identical in both new and

existing transactions—24 percent—but houses with 6 or more rooms were relatively more numerous in the existing properties.

Typical room counts exhibited little change from 1953 to 1954—the new home median inching up from 5.3 to 5.4 rooms while the typical existing home remained at 5.6 rooms. On the other hand, there were pronounced upward shifts in the room count distributions—more so in the new than in the existing. The proportion of new homes with four rooms or less dropped from over a third to about one-fourth, while the proportion with 5 rooms rose from 48 percent to 57 percent, and the proportion with 6 or more rooms rose from 14 percent to 18 percent. Existing properties with 4 rooms or less declined from 28 percent to 25 percent, with virtually no change in the 5-room proportion; those with 6 rooms or more increased slightly to 36 percent.

More bedrooms were available in FHA homes of 1954 than in the previous year—the new-home median number increasing from 3.1 to 3.3 and the corresponding existing-home figure from 3.0 to 3.1 bedrooms. Nearly two-thirds of the new homes had 3 bedrooms, compared with just over one-half in 1953 and about 6 percent had 4 or more bedrooms—more than double the 1953 proportion. Offsetting these increases was the decline in the proportion of new 2-bedroom structures from 44 percent to 29 percent. In existing properties, the proportion of 3-bedroom houses increased slightly to 47 percent and that of four or more bedroom houses to about 8 percent, while 2-bedroom structures declined from 49 percent to 46 percent.

The room count distributions within the individual States and Territories for transactions insured under Section 203 in 1954 are shown in Tables 73 and 74 (lower portions). In the majority of the States and Territories most of the new homes were five-room structures. New houses with 4 rooms or less were predominant in only 9 States. The largest proportions of new six-room structures occurred in Alabama, Maryland, New Mexico, New York, and Pennsylvania. Existing homes were more evenly distributed by room count in most of the States. Although 5-room structures accounted for the largest share of the existing homes in most States and Territories, the proportions of structures with 6 rooms and 7 rooms or more were appreciably larger than for new homes.

Tables 75 and 76 indicate that 3-bedroom structures predominated in FHA new-home transactions insured in 1954 in 3 of every 4 States and constituted significant proportions of the total in those States in which 2-bedroom houses were most frequent. Higher than average proportions of four or more bedroom structures are evident in California, Kansas, New Mexico, South Carolina, and Puerto Rico.

Existing-home transactions in most States, as contrasted with new-home transactions involved materially more 2-bedroom and 4-or-more bedroom structures. Nevertheless, three-bedroom houses were the

TABLE 73

Number of rooms by property value and by States, new 1-family homes, Sec. 203, 1954

FHA estimate of property value	Percentage distribution	Average number of rooms	Median number of rooms	Number of rooms—Percentage distribution				
				3–4	5	6	7–9	Total
Less than $7,000	0.6	4.3	4.6	80.6	11.9	7.5	-------	100.0
$7,000 to $7,999	6.0	4.2	4.6	80.8	18.9	.3	-------	100.0
$8,000 to $8,999	18.8	4.8	5.4	21.5	76.1	2.4	(1)	100.0
$9,000 to $9,999	15.7	5.1	5.5	24.8	45.9	26.8	2.5	100.0
$10,000 to $10,999	12.4	4.8	5.3	31.3	54.0	14.4	.3	100.0
$11,000 to $11,999	12.8	4.9	5.4	24.5	58.5	16.8	.2	100.0
$12,000 to $12,999	10.1	5.0	5.5	18.7	62.1	18.6	.6	100.0
$13,000 to $13,999	7.8	5.1	5.5	15.8	62.8	20.6	.8	100.0
$14,000 to $14,999	5.5	5.2	5.6	10.3	64.9	23.5	1.3	100.0
$15,000 to $15,999	3.8	5.2	5.7	8.2	62.8	27.1	1.9	100.0
$16,000 to $17,999	3.8	5.4	5.9	5.5	50.1	40.6	3.8	100.0
$18,000 to $19,999	1.4	5.5	5.9	5.7	45.5	40.4	8.4	100.0
$20,000 or more	1.3	5.5	5.9	11.1	39.1	38.4	11.4	100.0
Total	100.0	4.9	5.4	24.7	57.1	17.1	1.1	100.0
By States								
Alabama	1.0	5.5	6.2	7.5	32.6	55.2	4.7	100.0
Arizona	2.4	5.0	5.5	19.8	61.1	19.0	.1	100.0
Arkansas	.8	4.8	5.3	34.8	54.6	10.1	.5	100.0
California	20.3	5.1	5.6	9.6	70.9	17.6	1.9	100.0
Colorado	.9	4.9	5.4	29.3	57.4	12.2	1.1	100.0
Connecticut	.8	4.9	5.4	28.2	59.1	11.8	.9	100.0
Delaware	.1	4.6	5.1	43.6	51.3	5.1	-------	100.0
District of Columbia	(1)	(2)	(2)	-------	-------	-------	-------	(2)
Florida	4.7	4.9	5.4	31.9	51.4	14.9	1.8	100.0
Georgia	1.2	5.0	5.5	28.3	48.0	22.0	1.7	100.0
Idaho	.3	4.5	4.9	57.6	37.4	4.0	1.0	100.0
Illinois	3.3	4.6	5.2	40.4	54.9	4.7	-------	100.0
Indiana	3.0	4.8	5.4	23.3	71.4	4.7	.6	100.0
Iowa	1.1	4.5	4.9	56.6	33.9	9.2	.3	100.0
Kansas	1.6	5.0	5.5	26.3	44.5	28.8	.4	100.0
Kentucky	.4	4.6	4.9	55.2	31.2	12.0	1.6	100.0
Louisiana	1.5	4.7	5.3	34.7	56.9	8.2	.2	100.0
Maine	.2	4.4	4.7	67.1	21.9	9.6	1.4	100.0
Maryland	1.4	5.2	5.9	23.8	28.7	46.8	.7	100.0
Massachusetts	.4	4.8	5.4	26.2	67.5	6.3	-------	100.0
Michigan	8.1	4.8	5.3	26.9	68.8	4.0	.3	100.0
Minnesota	.7	4.7	5.3	36.0	55.8	7.2	1.0	100.0
Mississippi	.6	5.1	5.5	17.8	59.5	18.9	3.8	100.0
Missouri	2.2	5.0	5.5	17.8	66.8	15.2	.2	100.0
Montana	.3	4.6	5.1	47.4	47.4	5.2	-------	100.0
Nebraska	.9	4.3	4.7	68.1	28.4	3.1	.4	100.0
Nevada	1.6	4.6	5.2	39.4	58.1	2.1	.4	100.0
New Hampshire	.1	4.4	4.7	71.8	17.9	10.3	-------	100.0
New Jersey	2.6	4.8	5.2	39.1	45.1	14.5	1.3	100.0
New Mexico	.7	5.5	6.2	9.4	28.0	61.2	1.4	100.0
New York	4.0	5.2	5.8	23.5	32.4	42.1	2.0	100.0
North Carolina	1.9	4.9	5.4	22.1	63.3	13.3	1.3	100.0
North Dakota	.1	4.5	4.8	59.5	35.7	4.8	-------	100.0
Ohio	5.4	4.9	5.4	28.7	57.7	13.3	.3	100.0
Oklahoma	1.5	4.9	5.4	29.7	51.7	17.4	1.2	100.0
Oregon	1.2	4.9	5.4	26.1	58.4	14.9	.6	100.0
Pennsylvania	4.1	5.2	5.7	20.4	39.4	39.4	.8	100.0
Rhode Island	.3	5.1	5.5	27.6	43.4	25.0	4.0	100.0
South Carolina	.5	5.2	5.7	11.6	53.6	33.5	1.3	100.0
South Dakota	.6	4.6	5.1	42.8	50.6	6.0	.6	100.0
Tennessee	2.0	5.1	5.6	12.0	63.1	23.5	1.4	100.0
Texas	6.9	5.0	5.5	24.3	55.8	18.2	1.7	100.0
Utah	.9	4.8	5.2	40.8	44.0	14.4	.8	100.0
Vermont	.1	4.5	5.0	50.0	45.5	4.5	-------	100.0
Virginia	2.0	4.9	5.4	21.8	68.2	10.0	-------	100.0
Washington	1.4	4.9	5.4	35.8	39.8	22.7	1.7	100.0
West Virginia	.2	4.9	5.4	25.8	59.1	13.6	1.5	100.0
Wisconsin	.5	4.6	5.1	46.6	43.8	8.2	1.4	100.0
Wyoming	.2	4.4	4.8	66.7	31.4	1.9	-------	100.0
Alaska	.6	5.0	5.5	26.9	46.8	25.7	.6	100.0
Hawaii	1.9	4.7	5.3	31.4	65.1	3.5	-------	100.0
Puerto Rico	.5	5.5	5.7	.7	66.4	23.0	9.9	100.0

[1] Less than 0.05 percent. [2] Inadequate sample.

TABLE 74

Number of rooms by property value and by States, existing 1-family homes, Sec. 203, 1964

FHA estimate of property value	Percentage distribution	Average number of rooms	Median number of rooms	Number of rooms—Percentage distribution				
				3–4	5	6	7–9	Total
Less than $7,000	2.6	4.7	5.1	46.1	38.8	10.5	4.6	100.0
$7,000 to $7,999	5.5	4.6	4.9	54.5	30.6	11.3	3.6	100.0
$8,000 to $8,999	10.1	4.8	5.1	44.8	36.6	14.1	4.5	100.0
$9,000 to $9,999	11.1	4.9	5.4	35.8	39.1	20.2	4.9	100.0
$10,000 to $10,999	12.6	5.1	5.5	29.2	41.6	22.9	6.3	100.0
$11,000 to $11,999	12.1	5.1	5.6	25.6	43.6	24.0	6.8	100.0
$12,000 to $12,999	11.8	5.3	5.7	19.2	42.1	29.3	9.4	100.0
$13,000 to $13,999	9.1	5.4	5.8	15.1	44.1	32.6	8.2	100.0
$14,000 to $14,999	6.6	5.5	5.9	11.7	42.5	34.9	10.9	100.0
$15,000 to $15,999	5.8	5.6	6.1	7.3	39.4	41.2	12.1	100.0
$16,000 to $17,999	7.0	5.8	6.3	5.0	32.0	45.2	17.8	100.0
$18,000 to $19,999	3.1	6.0	6.5	3.8	23.6	47.6	25.0	100.0
$20,000 or more	2.6	6.3	6.7	4.1	17.1	40.7	38.1	100.0
Total	100.0	5.2	5.6	24.9	38.7	27.2	9.2	100.0
By States								
Alabama	1.0	5.6	6.2	10.0	32.2	44.8	13.0	100.0
Arizona	.8	5.1	5.6	25.2	42.2	26.4	6.2	100.0
Arkansas	.9	5.2	5.7	20.4	45.0	25.7	8.9	100.0
California	12.2	5.1	5.6	21.7	49.0	23.5	4.9	100.0
Colorado	.6	4.8	5.3	37.3	48.7	10.8	3.2	100.0
Connecticut	2.6	5.4	5.9	24.1	30.1	33.8	12.0	100.0
Delaware	.3	5.4	5.8	4.1	57.1	30.6	8.2	100.0
District of Columbia	.1	6.2	6.6	-------	21.8	47.8	30.4	100.0
Florida	1.1	5.3	5.9	19.7	34.9	37.8	7.6	100.0
Georgia	2.0	5.5	6.0	10.0	38.5	41.3	10.2	100.0
Idaho	1.1	4.7	5.0	60.0	35.0	12.4	2.6	100.0
Illinois	4.3	5.1	5.5	28.5	42.0	21.6	7.9	100.0
Indiana	3.6	5.0	5.4	33.4	41.9	19.2	5.5	100.0
Iowa	1.4	4.9	5.2	43.3	31.3	15.5	9.9	100.0
Kansas	2.1	5.2	5.6	22.1	43.0	26.3	8.6	100.0
Kentucky	1.2	5.2	5.6	24.9	42.7	21.9	10.5	100.0
Louisiana	1.5	5.1	5.6	23.5	45.5	25.3	5.7	100.0
Maine	.8	5.5	5.9	26.8	23.8	31.1	18.3	100.0
Maryland	.9	5.2	5.7	27.0	34.1	31.1	7.8	100.0
Massachusetts	.8	5.6	5.9	21.7	30.3	26.0	22.0	100.0
Michigan	6.2	5.3	5.7	23.9	37.5	28.0	10.6	100.0
Minnesota	1.5	5.3	5.6	19.2	49.0	21.6	10.2	100.0
Mississippi	.4	5.4	5.8	14.2	46.0	28.3	11.5	100.0
Missouri	4.1	5.4	5.8	15.2	45.0	27.4	12.4	100.0
Montana	.8	5.0	5.3	37.8	35.5	18.7	8.0	100.0
Nebraska	1.2	5.0	5.3	40.5	33.8	14.8	10.9	100.0
Nevada	.4	5.0	5.4	30.9	43.9	20.9	4.3	100.0
New Hampshire	.1	5.9	6.1	12.5	34.4	31.2	21.9	100.0
New Jersey	2.7	5.6	6.1	21.7	24.5	34.8	19.0	100.0
New Mexico	.2	5.7	6.3	9.9	25.3	52.1	12.7	100.0
New York	5.7	5.4	5.9	28.6	24.3	32.5	14.6	100.0
North Carolina	1.0	5.5	5.9	11.4	43.1	35.0	10.5	100.0
North Dakota	.3	5.0	5.4	32.7	41.6	14.8	10.9	100.0
Ohio	7.2	5.2	5.7	29.4	30.0	32.4	8.2	100.0
Oklahoma	1.6	5.1	5.5	27.5	45.3	20.8	6.4	100.0
Oregon	2.0	5.1	5.6	29.3	37.6	25.1	8.0	100.0
Pennsylvania	3.0	5.7	6.3	11.9	24.7	51.9	11.5	100.0
Rhode Island	.6	5.5	5.8	22.5	35.3	22.5	19.7	100.0
South Carolina	.7	5.5	6.1	10.7	33.7	46.3	9.3	100.0
South Dakota	.6	5.2	5.5	33.3	31.6	20.5	14.6	100.0
Tennessee	1.4	5.3	5.7	19.4	41.4	31.9	7.3	100.0
Texas	5.4	5.0	5.5	28.2	47.9	21.3	2.6	100.0
Utah	1.1	4.8	5.2	44.6	34.7	15.3	5.4	100.0
Vermont	.2	5.6	5.8	17.9	41.0	17.9	23.2	100.0
Virginia	2.8	5.4	5.8	12.8	46.1	31.8	9.3	100.0
Washington	6.4	5.2	5.6	29.6	33.4	25.1	11.9	100.0
West Virginia	.8	5.6	5.9	13.8	36.4	30.5	19.3	100.0
Wisconsin	.9	4.9	5.2	43.4	30.7	19.7	6.2	100.0
Wyoming	.2	4.7	4.9	55.7	25.7	14.3	4.3	100.0
Alaska	.2	4.7	4.9	54.4	31.6	5.2	8.8	100.0
Hawaii	.5	5.0	5.5	21.7	61.5	11.9	4.9	100.0
Puerto Rico	.5	5.2	5.6	.6	88.4	5.8	5.2	100.0

TABLE 75

Number of bedrooms by property value and by States, new 1-family homes, Sec. 203, 1954

FHA estimate of property value	Percentage distribution	Average number of bedrooms	Median number of bedrooms	Number of bedrooms—Percentage distribution			
				1–2	3	4 or more	Total
Less than $7,000	0.5	2.1	2.6	85.2	14.8	----------	100.0
$7,000 to $7,999	5.9	2.1	2.6	82.8	17.1	0.1	100.0
$8,000 to $8,999	18.8	2.7	3.4	21.7	77.9	0.4	100.0
$9,000 to $9,999	15.7	2.9	3.5	27.9	46.7	25.4	100.0
$10,000 to $10,999	12.3	2.6	3.2	36.0	61.0	3.0	100.0
$11,000 to $11,999	12.7	2.6	3.3	32.0	65.2	2.8	100.0
$12,000 to $12,999	10.2	2.7	3.3	25.7	72.7	1.6	100.0
$13,000 to $13,999	7.9	2.8	3.4	22.7	75.7	1.6	100.0
$14,000 to $14,999	5.6	2.8	3.4	18.5	80.1	1.4	100.0
$15,000 to $15,999	3.9	2.8	3.4	16.9	80.2	2.9	100.0
$16,000 to $17,999	3.9	2.9	3.4	12.4	84.3	3.3	100.0
$18,000 to $19,999	1.4	2.9	3.5	11.3	80.9	7.8	100.0
$20,000 or more	1.2	2.5	3.3	25.4	64.3	10.3	100.0
Total	100.0	2.7	3.3	29.4	65.0	5.6	100.0
By States							
Alabama	1.0	2.8	3.3	26.2	73.4	0.4	100.0
Arizona	2.4	2.8	3.4	21.3	72.9	5.8	100.0
Arkansas	.8	2.5	3.1	47.1	52.0	.9	100.0
California	20.3	3.0	3.5	11.9	75.3	12.8	100.0
Colorado	.9	2.7	3.2	36.1	62.7	1.2	100.0
Connecticut	.8	2.7	3.3	31.0	64.4	4.6	100.0
Delaware	.1	2.6	3.1	43.6	56.4	----------	100.0
District of Columbia	(1)	(2)	(2)	----------	----------	----------	(2)
Florida	4.7	2.8	3.3	27.2	65.9	6.9	100.0
Georgia	1.2	2.6	3.2	37.0	62.4	.6	100.0
Idaho	.3	2.3	2.4	73.7	25.3	1.0	100.0
Illinois	3.3	2.6	3.1	46.0	52.6	1.4	100.0
Indiana	3.0	2.8	2.4	20.7	77.1	2.2	100.0
Iowa	1.1	2.5	2.9	58.7	32.7	8.6	100.0
Kansas	1.6	2.9	3.4	31.3	51.5	17.2	100.0
Kentucky	.4	2.4	2.7	59.2	38.4	2.4	100.0
Louisiana	1.5	2.6	3.1	42.0	57.1	.9	100.0
Maine	.2	2.3	2.4	73.6	20.8	5.6	100.0
Maryland	1.4	2.6	3.2	41.0	58.5	.5	100.0
Massachusetts	.4	2.7	3.2	34.9	62.7	2.4	100.0
Michigan	8.1	2.6	3.3	31.1	68.2	.7	100.0
Minnesota	.7	2.5	3.1	45.2	53.8	1.0	100.0
Mississippi	.6	2.8	3.3	26.0	69.7	4.3	100.0
Missouri	2.2	2.5	3.1	47.1	52.8	.1	100.0
Montana	.3	2.4	2.7	59.4	40.6	----------	100.0
Nebraska	.9	2.3	2.4	70.8	28.1	1.1	100.0
Nevada	1.6	2.6	3.2	40.7	58.6	.7	100.0
New Hampshire	.1	2.2	2.3	79.5	17.9	2.6	100.0
New Jersey	2.6	2.6	3.2	40.8	58.8	.4	100.0
New Mexico	.7	3.2	3.7	11.7	53.3	35.0	100.0
New York	4.0	2.7	3.3	31.5	66.2	2.3	100.0
North Carolina	1.9	2.7	3.2	34.7	63.5	1.8	100.0
North Dakota	.1	2.3	2.5	66.7	33.3	----------	100.0
Ohio	5.4	2.7	3.3	34.4	60.9	4.7	100.0
Oklahoma	1.5	2.6	3.2	35.8	64.0	.2	100.0
Oregon	1.2	2.8	3.3	30.6	63.5	5.9	100.0
Pennsylvania	4.1	2.8	3.3	28.7	67.4	3.9	100.0
Rhode Island	.3	2.7	3.2	39.5	56.6	3.9	100.0
South Carolina	.5	2.9	3.4	20.7	69.0	10.3	100.0
South Dakota	.6	2.5	2.9	52.4	46.4	1.2	100.0
Tennessee	2.0	2.8	3.4	18.7	79.7	1.6	100.0
Texas	6.9	2.8	3.3	30.1	61.5	8.4	100.0
Utah	.9	2.6	3.0	50.8	41.6	7.6	100.0
Vermont	.1	1.5	3.5	9.1	81.8	9.1	100.0
Virginia	2.0	2.7	3.3	27.4	71.8	.8	100.0
Washington	1.4	2.6	3.1	47.0	51.0	2.0	100.0
West Virginia	.2	2.7	3.3	33.3	65.2	1.5	100.0
Wisconsin	.5	2.6	3.1	47.3	50.7	2.0	100.0
Wyoming	.2	2.3	2.5	68.0	32.0	----------	100.0
Alaska	.6	2.4	2.8	56.8	42.3	.9	100.0
Hawaii	1.9	2.7	3.3	32.9	66.0	1.1	100.0
Puerto Rico	.5	3.1	3.6	2.1	85.6	12.3	100.0

[1] Less than 0.05 percent. [2] Inadequate sample.

TABLE 76

Number of bedrooms by property value and by States existing 1-family homes, Sec. 203, 1954

FHA estimate of property value	Percentage distribution	Average number of bedrooms	Median number of bedrooms	Number of bedrooms—Percentage distribution			
				1–2	3	4 or more	Total
Less than $7,000	2.6	2.3	2.7	65.8	30.5	3.7	100.0
$7,000 to $7,999	5.6	2.2	2.6	80.5	15.4	4.1	100.0
$8,000 to $8,999	9.9	2.3	2.7	70.9	25.0	4.1	100.0
$9,000 to $9,999	11.1	2.4	2.8	61.6	33.7	4.7	100.0
$10,000 to $10,999	12.5	2.5	2.9	52.6	41.5	5.9	100.0
$11,000 to $11,999	12.6	2.6	3.1	47.4	46.7	5.9	100.0
$12,000 to $12,999	11.8	2.7	3.2	38.8	53.7	7.5	100.0
$13,000 to $13,999	9.1	2.7	3.3	35.4	57.0	7.6	100.0
$14,000 to $14,999	6.7	2.8	3.3	30.3	60.9	8.8	100.0
$15,000 to $15,999	5.9	2.9	3.4	26.4	63.8	9.8	100.0
$16,000 to $17,999	7.1	3.0	3.4	19.5	68.5	12.0	100.0
$18,000 to $19,999	3.1	3.1	3.5	13.3	68.6	18.1	100.0
$20,000 or more	2.6	3.3	3.6	11.4	62.4	26.2	100.0
Total	100.0	2.6	3.1	45.8	46.7	7.5	100.0
By States							
Alabama	1.0	2.6	3.2	41.5	53.8	4.7	100.0
Arizona	.8	2.7	3.2	39.8	52.7	7.5	100.0
Arkansas	.9	2.5	2.8	55.8	39.4	4.8	100.0
California	12.4	2.6	3.1	42.6	53.9	3.5	100.0
Colorado	.6	2.5	2.9	53.5	44.3	2.2	100.0
Connecticut	2.6	2.9	3.3	34.9	46.2	18.9	100.0
Delaware	.3	2.9	3.4	21.7	68.0	10.3	100.0
District of Columbia	.1	2.9	3.4	21.7	69.6	8.7	100.0
Florida	1.1	2.6	3.2	38.3	59.8	1.9	100.0
Georgia	2.1	2.6	3.2	41.5	55.5	3.0	100.0
Idaho	1.1	2.4	2.5	67.1	27.3	5.6	100.0
Illinois	4.4	2.5	2.9	52.4	40.7	6.9	100.0
Indiana	3.3	2.6	3.1	44.8	49.8	5.4	100.0
Iowa	.6	3.1	3.6	4.1	75.9	20.0	100.0
Kansas	2.2	2.5	2.8	55.4	38.2	6.4	100.0
Kentucky	1.2	2.5	2.7	57.4	35.1	7.5	100.0
Louisiana	1.5	2.5	3.0	48.6	48.6	2.8	100.0
Maine	.8	2.9	3.3	36.8	44.0	19.2	100.0
Maryland	1.0	2.7	3.1	44.3	45.7	10.0	100.0
Massachusetts	.8	2.9	3.3	36.0	44.6	19.4	100.0
Michigan	6.2	2.7	3.2	37.8	54.1	8.1	100.0
Minnesota	1.5	2.7	3.2	37.2	55.0	7.8	100.0
Mississippi	.4	2.7	3.2	37.2	59.3	3.5	100.0
Missouri	4.1	2.5	2.8	55.9	35.6	8.5	100.0
Montana	.9	2.6	2.9	53.4	36.7	9.9	100.0
Nebraska	1.3	2.5	2.7	58.9	32.2	8.9	100.0
Nevada	.5	2.6	3.2	41.3	55.1	3.6	100.0
New Hampshire	.1	3.1	3.5	21.9	56.2	21.9	100.0
New Jersey	2.7	2.8	3.2	39.3	46.5	14.2	100.0
New Mexico	.2	2.8	3.4	24.0	73.2	2.8	100.0
New York	5.7	2.7	3.2	39.9	47.3	12.8	100.0
North Carolina	1.0	2.7	3.3	32.8	61.6	5.6	100.0
North Dakota	.3	2.6	3.0	48.5	42.6	8.9	100.0
Ohio	7.3	2.6	3.1	45.9	48.1	6.0	100.0
Oklahoma	1.6	2.4	2.7	60.5	37.3	2.2	100.0
Oregon	2.1	2.6	2.9	51.4	40.3	8.3	100.0
Pennsylvania	3.0	2.9	3.4	25.4	65.1	9.5	100.0
Rhode Island	.4	3.3	3.7	5.3	67.3	27.4	100.0
South Carolina	.7	2.7	3.2	35.8	61.3	2.9	100.0
South Dakota	.6	2.7	3.0	49.7	35.7	14.6	100.0
Tennessee	1.4	2.5	2.9	52.7	42.7	4.6	100.0
Texas	5.5	2.3	2.4	69.1	29.8	1.1	100.0
Utah	1.2	2.4	2.6	63.7	29.8	6.5	100.0
Vermont	.1	3.2	3.6	14.0	65.1	20.9	100.0
Virginia	2.8	2.6	3.1	44.2	49.3	6.5	100.0
Washington	6.5	2.6	2.9	50.5	37.5	12.0	100.0
West Virginia	.8	2.7	3.2	41.0	44.8	14.2	100.0
Wisconsin	.9	2.5	2.8	56.2	39.1	4.7	100.0
Wyoming	.2	2.4	2.5	68.1	24.6	7.3	100.0
Alaska	.2	2.4	2.4	71.9	19.3	8.8	100.0
Hawaii	.5	2.7	3.3	25.9	72.7	1.4	100.0
Puerto Rico	.5	3.0	3.5	2.0	93.5	4.5	100.0

most numerous in nearly three-fifths of the States. Existing homes with 4 or more bedrooms represented at least one-tenth of the total in 14 States.

CALCULATED AREA DISTRIBUTION.—FHA single-family homes in the Section 203 transactions insured during 1954 were typically larger than in any previous years since 1948 when the calculated area data first became available (Table 77). The median area for new homes was 961 square feet—7 percent less than the existing-home median of 1,035 square feet.

TABLE 77

Calculated area of single-family homes, Sec. 203, selected years

Calculated area (square feet)	Percentage distributions									
	New homes					Existing homes				
	1954	1953	1952	1950	1948	1954	1953	1952	1950	1948
Less than 600	(1)	0.1	0.1	0.5	0.9	0.2	0.2	0.3	0.5	0.9
600 to 699	2.4	2.7	2.9	7.6	4.6	2.5	3.0	3.3	3.3	4.7
700 to 799	11.5	19.5	18.7	30.6	20.6	12.9	13.7	14.6	14.4	16.3
800 to 899	20.5	22.1	23.7	25.4	22.0	15.7	17.5	18.0	16.5	18.5
900 to 999	23.1	20.6	16.4	13.0	16.2	13.8	13.9	14.8	14.1	13.3
1,000 to 1,099	18.0	15.4	15.5	9.9	11.2	12.9	13.5	13.2	11.7	10.9
1,100 to 1,199	11.8	10.2	10.8	5.3	8.7	10.9	10.8	10.3	9.3	8.0
1,200 to 1,299	6.9	4.5	4.9	3.2	6.4	8.8	8.4	7.7	7.6	6.8
1,300 to 1,399	2.6	2.3	3.5	2.0	3.4	6.8	5.9	5.6	5.8	5.1
1,400 to 1,499	1.6	1.4	1.7	.9	2.2	4.3	3.9	3.6	4.3	3.7
1,500 to 1,599	.7	.5	.9	.6	1.5	3.2	2.6	2.5	3.2	2.9
1,600 to 1,799	.6	.4	.6	.6	1.4	3.9	3.3	3.1	4.2	3.7
1,800 to 1,999	.2	.2	.2	.2	.4	2.0	1.6	1.5	2.2	2.2
2,000 or more	.1	.1	.1	.2	.5	2.1	1.7	1.5	2.9	3.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average	990	953	968	894	972	1,104	1,075	1,060	1,100	1,075
Median	961	924	923	838	912	1,035	1,008	992	1,006	972

[1] Less than 0.05 percent.

As is evident in Chart 36 and Table 77, the calculated area distribution of existing homes was more widely dispersed than was that for new homes. Nearly two-thirds of the new houses were concentrated in a range of 800 to 1,099 square feet, compared with only 42 percent of the existing houses. However, another 42 percent of the existing homes had areas of 1,100 square feet or more, including 11 percent with 1,500 square feet or more. New homes in the 1,100 or more square foot range represented a somewhat smaller proportion—slightly less than one-fourth—most of which were in the 1,100 to 1,299 square-foot range. In the smaller area ranges of less than 800 square feet, the existing home proportion was comparatively greater—16 percent, against 14 percent of the new homes. Compared with 1953, the principal changes in the calculated area distributions were declines in the proportion of new houses of less than 900 square feet and of existing houses of less than 1,100 square feet, and increases in

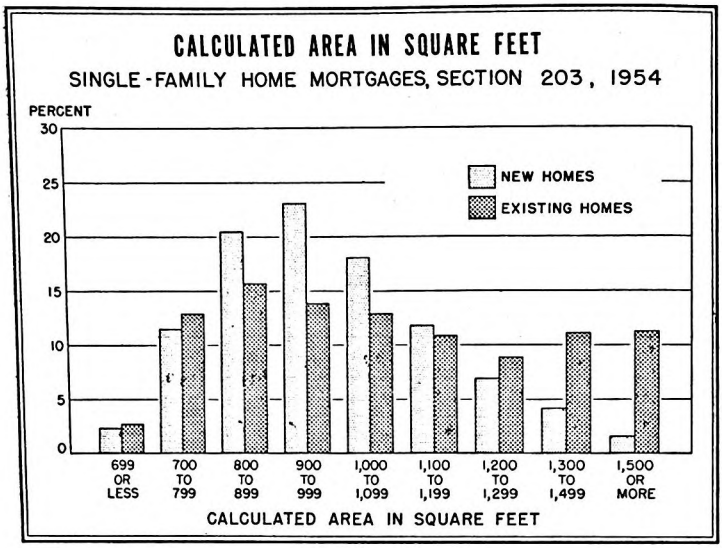

CHART 36

the relative number of new homes in the 900 to 1,799-square-foot-area groups and all ranges of existing homes above 1,100 square feet.

Some indication of the geographical variation in calculated area of FHA single-family homes involved in Section 203 transactions insured in 1954 is provided by the data in Tables 68 and 69 (6th column). Average areas of new structures ranged from 831 square feet in New Hampshire to 1,133 square feet in Arizona. In most States and Territories, new-home sizes averaged from 900 to 1,099 square feet; from 800 to 899 square feet in 9 States and Alaska, and from 1,100 to 1,199 square feet in 3 States.

Existing-home calculated areas averaged larger than those of new homes in all States and Territories but 4, and by more than 100 feet in most areas. The largest average area (1,284 square feet) was recorded in West Virginia, the smallest (889 square feet) in Puerto Rico. Existing homes in the greater number of the States averaged from 1,000 to 1,199 square feet; in 7 States and the District of Columbia from 1,200 to 1,299 square feet; and from 800 to 999 square feet in Wyoming, Alaska, and Puerto Rico.

The close relationship between calculated area and the number of rooms in a structure is demonstrated by the data in Table 78, showing room count distributions by calculated area for the FHA single-family homes covered by Section 203 transactions insured in 1954. Generally

speaking, 4-room dwellings were predominant in the area ranges below 800 square feet; 5-rooms in the new home ranges of 800 to 1,199 square feet and existing homes of 900 to 1,199 square feet; 6 rooms in new homes of 1,200 to 1,999 square feet and existing homes of 1,200 to 1,599 square feet; and 7 or more rooms in new homes of 2,000 or more square feet and existing homes of 1,600 or more square feet.

TABLE 78

Number of rooms by calculated area of single-family homes, Sec. 203, 1954

Calculated area (square feet)	Percentage distribution	Average number of rooms	Median number of rooms	Number of rooms—Percentage distributions					
				3	4	5	6	7–9	Total
	New homes								
Less than 700	2.4	4.1	4.5	1.8	93.0	3.6	1.6	-------	100.0
700 to 799	11.5	4.1	4.8	.3	86.6	12.5	.5	0.1	100.0
800 to 899	20.5	4.6	5.2	.2	38.3	60.3	1.1	.1	100.0
900 to 999	23.1	5.0	5.5	.1	11.8	81.0	7.0	.1	100.0
1,000 to 1,099	18.0	5.2	5.6	.1	4.9	73.6	21.2	.2	100.0
1,100 to 1,199	11.8	5.4	5.9	(1)	2.7	51.9	43.5	1.9	100.0
1,200 to 1,399	9.5	5.5	6.1	.1	3.1	43.7	49.2	3.9	100.0
1,400 to 1,599	2.3	5.6	6.2	.4	2.0	38.8	51.4	7.4	100.0
1,600 to 1,999	.8	6.0	6.5	1.3	3.0	21.0	46.4	28.3	100.0
2,000 or more	.1	6.5	7.5	-------	-------	18.7	21.9	59.4	100.0
Total	100.0	4.9	5.4	.2	24.3	57.2	17.1	1.2	100.0
	Existing homes								
Less than 700	2.7	4.2	4.6	4.8	76.9	14.6	3.6	0.1	100.0
700 to 799	12.9	4.3	4.7	.5	73.4	21.6	4.3	.2	100.0
800 to 899	15.7	4.6	5.1	.4	46.2	46.0	6.3	1.1	100.0
900 to 999	13.8	4.9	5.4	.2	24.1	62.0	12.4	1.3	100.0
1,000 to 1,099	12.9	5.2	5.6	.3	10.6	63.4	23.3	2.4	100.0
1,100 to 1,199	10.9	5.5	5.9	.2	4.5	47.5	43.8	4.0	100.0
1,200 to 1,399	15.6	5.8	6.3	.1	1.9	30.9	58.1	9.0	100.0
1,400 to 1,599	7.5	6.1	6.6	.2	1.2	15.2	58.7	24.7	100.0
1,600 to 1,999	5.9	6.6	7.2	.2	1.0	6.9	39.2	52.7	100.0
2,000 or more	2.1	7.3	8.2	2.0	1.4	2.3	12.8	81.5	100.0
Total	100.0	5.2	5.6	.4	24.4	38.8	27.2	9.2	100.0

[1] Less than 0 05 percent.

CHARACTERISTICS BY CALCULATED AREA.—Selected characteristics of FHA home transactions insured in 1954 are summarized by calculated floor area groups in Table 79. For example, new homes in the 1,100–1,199-square foot group had an average area of 1,146 square feet, providing about 5½ rooms, including 3 bedrooms, and in 85 percent of the cases these homes included garage facilities. The average FHA appraised value was $12,000, prospective monthly housing expense $99 (covering debt service, property taxes, insurance costs, and maintenance and operating expense), and the estimated monthly rental value nearly $97. For the overwhelming majority of the cases which were purchase transactions, as contrasted with those where homes were built for owners on a contract basis, the average total requirements (sale price plus

TABLE 79

Property characteristics by calculated area of single-family homes, Sec. 203, 1954

Calculated area (square feet)	Percentage distribution	Average							
		Calculated area (square feet)	FHA value	Total requirements[1]	Housing expense	Rental value	Number of rooms	Number of bedrooms	Percentage of structures with garage
	New homes								
Less than 700	2.4	668	$8,085	$8,443	$74.05	$65.17	4.1	1.9	31.1
700 to 799	11.5	751	9,429	9,355	81.44	75.42	4.1	1.9	42.3
800 to 899	20.5	853	10,214	10,228	86.89	81.60	4.6	2.5	48.9
900 to 999	23.1	945	10,263	10,336	87.34	83.15	5.0	2.8	68.5
1,000 to 1,099	18.0	1,046	11,761	11,931	95.26	94.73	5.2	2.9	69.6
1,100 to 1,199	11.8	1,146	12,105	12,320	99.14	96.96	5.4	3.1	84.7
1,200 to 1,399	9.5	1,269	13,669	14,214	108.72	107.25	5.5	3.0	87.9
1,400 to 1,599	2.3	1,473	16,156	16,998	125.13	124.98	5.6	3.0	91.4
1,600 to 1,999	.8	1,735	18,319	19,322	137.74	138.62	6.0	3.1	89.5
2,000 or more	.1	2,186	18,759	18,609	145.97	143.75	6.5	3.4	81.5
Total	100.0	990	11,120	11,185	92.58	88.99	4.9	2.7	66.6
	Existing homes								
Less than 700	2.7	659	$8,663	$9,015	$76.43	$70.24	4.2	1.9	59.5
700 to 799	12.9	753	9,628	10,062	85.90	77.38	4.3	2.0	60.8
800 to 899	15.7	847	10,423	10,805	89.28	83.03	4.6	2.2	74.1
900 to 999	13.8	947	11,250	11,850	94.99	89.48	4.9	2.4	75.9
1,000 to 1,099	12.9	1,045	11,864	12,562	98.73	94.80	5.2	2.6	82.0
1,100 to 1,199	10.9	1,146	12,577	13,250	103.49	99.31	5.5	2.7	84.2
1,200 to 1,399	15.6	1,289	13,383	14,219	109.82	105.69	5.8	2.9	87.9
1,400 to 1,599	7.5	1,487	14,286	15,291	118.28	112.49	6.1	3.1	91.6
1,600 to 1,999	5.9	1,752	14,984	15,969	125.91	118.13	6.6	3.3	90.6
2,000 or more	2.1	2,376	16,516	17,990	140.46	130.77	7.3	4.0	91.9
Total	100.0	1,104	11,934	12,578	100.70	94.98	5.2	2.6	79.6

[1] Data reflect purchase transactions only.

costs incidental to closing) was $12,300. Comparable data are presented for new and existing properties in the other area classes.

As would be expected, increases in calculated area of both new and existing properties were accompanied by increases in property value, total requirements, housing expense, rental value, room and bedroom count, and the proportion with garages.

In the calculated area groups below 1,200 square feet property values, total requirements, housing expense, and rental values of new-home properties were lower than for existing homes. The comparatively higher property and rental values and consequently total requirements of the existing homes may have resulted from their location in more highly developed neighborhoods near the hearts of cities. In contrast, most of the new homes with less than 1,200 square feet were probably built in newly developed subdivisions located in outlying areas with fewer commercial and community facilities than are typical of existing home neighborhoods. Geographical location was probably another contributory factor—substantial numbers

of existing homes being located in communities where construction costs and property values were typically higher. Improvements frequently made to the structures and land of existing properties also tended to raise their values and prices. The larger housing expenses of these existing homes were probably attributable to the generally higher heating and maintenance and repair costs usually experienced in older properties.

Where structural areas were 1,200 square feet or more, the situation was reversed—value, total requirements, and housing expense being usually higher in new homes than in existing properties of corresponding sizes. In view of the area limitations imposed on new-home construction during the war and the early postwar years, it is probable that most of the larger existing homes involved in Section 203 transactions insured in 1954 were built in the years preceding World War II. The greater age of structures and shorter remaining economic life, compared with newly constructed properties of the same size, would tend to offset any advantage the existing properties would have with respect to location. Furthermore, a considerable number of the larger new homes were probably built individually on vacant lots in developed neighborhoods, thus approaching the location advantage of existing properties.

With respect to the average number of rooms per structure, there was little or no difference between new and existing properties having calculated areas of less than 1,200 square feet. The average bedroom count of existing structures, however, was less than for new homes in the area classes under 1,400 square feet, reflecting the tendency in recent years to provide more bedrooms and eliminate separate dining rooms. The statutory mortgage amount advantages provided for new low-value homes of 3 and 4 bedrooms under the legislation in effect prior to August 2, 1954 was probably also an influence in the higher bedroom count of the new homes. Garages were more frequently provided for existing properties with areas of less than 1,100 square feet than for new homes in comparable area classes with no appreciable difference apparent in connection with most of the larger size properties.

Total Transaction Requirements

For most persons contemplating the purchase of a home, the amount of downpayment is a primary consideration. The assets required of FHA home buyers to meet the downpayments and costs incidental to closing are almost invariably more than is evident from a comparison of mortgage amounts and property values. This is because the total requirements of a home purchase transaction, i. e., the sale price plus costs incidental to making the purchase, most frequently exceed the FHA estimate of property value. Moreover, sale prices alone generally are higher than FHA appraised values.

AMOUNT OF MORTGAGE BY TOTAL REQUIREMENTS.—Table 80 indicates the relationship between mortgage amount and total requirements for FHA home purchase transactions insured under Section 203 in 1954. Within each total requirements group, most of the mortgages were for amounts at or near the maximum permitted under the applicable legislation for the valuations of the properties as determined by FHA. In transactions involving total requirements of $15,000 or more—both new and existing homes—the mortgage amounts appear to be somewhat more broadly distributed than in the lower requirement groups, probably reflecting greater differences between sale prices and FHA property valuations and the smaller amounts of mortgage financing required by higher income buyers of the more expensive homes, as well as the influence of the higher maximum mortgage amounts allowed on properties in Alaska, Hawaii, and Guam.

It is also apparent that for transactions with requirements of less than $13,000 existing-home mortgage amounts tend to cluster less than those for new homes in comparable requirements classes. Several factors may account for this, including the presence of existing structures originally built under FHA inspection and qualifying for larger mortgage amounts than other existing structures; existing-home mortgages approved under the liberalized provisions of Section 203 after the enactment of the Housing Act of 1954; and, due to varying ages of existing properties and amounts of depreciation, the greater disparity in property values.

Although the median mortgage amount for all existing-home purchase transactions ($9,100) exceeded that for new homes ($8,800), the new home median mortgages were larger than those for existing homes in most corresponding total requirement intervals, the differences being materially greater where total requirements were below $12,000. Higher maximum loan-value ratios for new homes valued at less than $12,000 and the generally higher ratio of value to price for new homes at all price levels appear to have been the chief reasons for the larger new home medians.

CHARACTERISTICS BY TOTAL REQUIREMENTS.—Averages of selected characteristics of the purchase transactions insured by FHA under Section 203 in 1954, arranged by total requirements, are presented in Table 81. Included are averages of total requirements, sale prices, mortgage amounts, FHA-estimated property values, sizes of houses in square feet, annual effective income of buyers, and amounts of their current investments, i. e., cash required over and above the mortgage amount. The current investment data, however, exclude prepayable expense items, such as unaccrued taxes and insurance premiums.

TABLE 80

Amount of mortgage by total requirements for single-family home purchase transactions, Sec. 203, 1954

Total requirements	Percentage distribution	Median amount of mortgage	Amount of mortgage—Percentage distributions												
			Less than $5,000	$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 $12,999	$13,000 to $13,999	$14,000 to $15,999	$16,000 or more	Total
			New homes												
Less than $7,000	0.5	$6,201	0.9	30.6	68.5	-------	-------	-------	-------	-------	-------	-------	-------	-------	100.0
$7,000 to $7,999	5.7	6,909	.1	.5	59.9	39.5	-------	-------	-------	-------	-------	-------	-------	-------	100.0
$8,000 to $8,999	20.3	7,722	.2	.1	1.4	94.0	4.3	-------	-------	-------	-------	-------	-------	-------	100.0
$9,000 to $9,999	15.5	8,462	.1	.3	1.1	16.1	81.8	0.6	-------	-------	-------	-------	-------	-------	100.0
$10,000 to $10,999	11.8	8,855	.2	.6	1.2	4.4	56.3	36.8	0.5	-------	-------	-------	-------	-------	100.0
$11,000 to $11,999	12.3	9,215	.3	.4	.9	2.2	16.1	74.6	5.2	0.3	-------	-------	-------	-------	100.0
$12,000 to $12,999	9.3	9,463	.3	.5	1.1	2.5	8.1	62.3	22.9	2.0	0.3	-------	-------	-------	100.0
$13,000 to $13,999	7.4	10,250	.5	.6	1.0	2.1	5.5	25.0	54.4	10.0	.7	0.2	-------	-------	100.0
$14,000 to $14,999	5.9	10,948	.3	.8	.5	2.1	3.0	11.1	33.9	42.2	5.9	.1	0.1	-------	100.0
$15,000 to $15,999	4.2	11,662	.4	.4	.6	1.0	1.7	4.8	17.6	38.1	32.9	2.4	.1	-------	100.0
$16,000 to $16,999	2.9	12,309	.1	.3	.3	1.3	1.2	3.1	8.9	21.3	43.6	18.3	1.6	-------	100.0
$17,000 to $17,999	1.6	12,962	.3	.3	.3	1.3	1.6	2.4	3.5	12.9	28.5	37.4	11.5	-------	100.0
$18,000 to $19,999	1.6	13,848	-------	-------	.3	.8	1.3	.8	3.7	6.6	13.5	27.1	44.8	1.1	100.0
$20,000 or more	1.0	15,433	-------	-------	.4	-------	1.2	1.6	2.1	2.5	6.6	9.1	37.0	39.5	100.0
Total	100.0	8,849	.2	.5	4.7	25.3	23.7	22.3	10.0	6.0	3.8	1.8	1.3	.4	100.0
			Existing homes												
Less than $7,000	2.4	$5,492	29.3	51.2	19.5	-------	-------	-------	-------	-------	-------	-------	-------	-------	100.0
$7,000 to $7,999	4.7	6,512	1.8	21.3	57.9	19.0	-------	-------	-------	-------	-------	-------	-------	-------	100.0
$8,000 to $8,999	9.1	7,144	.6	4.0	38.5	54.0	2.9	-------	-------	-------	-------	-------	-------	-------	100.0
$9,000 to $9,999	9.7	7,677	.1	1.1	13.0	53.4	31.9	0.5	-------	-------	-------	-------	-------	-------	100.0
$10,000 to $10,999	11.8	8,256	.2	.9	3.5	24.8	59.7	10.3	0.6	-------	-------	-------	-------	-------	100.0
$11,000 to $11,999	11.1	8,885	.1	.1	1.1	7.7	47.8	40.2	2.1	0.9	-------	-------	-------	-------	100.0
$12,000 to $12,999	11.2	9,468	.1	.3	1.1	4.0	17.5	57.2	18.9	.5	0.4	-------	-------	-------	100.0
$13,000 to $13,999	9.4	10,144	.1	.1	.5	1.9	7.4	29.4	54.0	6.0	.3	0.3	-------	-------	100.0
$14,000 to $14,999	7.6	10,758	.1	.1	.1	.9	3.7	12.9	42.7	36.1	3.0	.1	0.3	-------	100.0
$15,000 to $15,999	6.1	11,464	.1	.3	.3	.9	2.1	5.5	22.3	38.8	28.6	.7	.4	-------	100.0
$16,000 to $16,999	4.9	12,197	-------	.1	.4	.6	1.3	2.7	11.3	25.2	42.7	14.8	.7	0.2	100.0
$17,000 to $17,999	3.5	12,782	-------	.1	-------	.4	.9	2.2	7.7	12.0	34.1	33.3	9.3	-------	100.0
$18,000 to $19,999	4.4	13,813	.1	-------	.2	.3	.7	1.1	3.1	5.7	16.7	27.2	44.2	.7	100.0
$20,000 or more	4.1	15,560	-------	.1	.1	.1	.2	.6	.9	1.7	4.7	7.4	44.6	39.6	100.0
Total	100.0	9,146	.9	2.9	8.7	15.6	18.9	16.5	13.1	7.7	6.3	3.5	4.2	1.7	100.0

TABLE 81

Transaction characteristics by total requirements for single-family homes, Sec. 203, 1954

Total requirements	Percentage distribution	Average							Current investment as a percent of	
		Total requirements	Sale price	Mortgage amount	Property value	Area in square feet	Annual income	Current investment [1]	Total requirements	Annual income
		New homes								
Less than $7,000	0.5	$6,684	$6,632	$6,134	$6,796	733	$3,829	$550	8.2	14.4
$7,000 to $7,999	5.7	7,487	7,362	6,906	7,425	771	4,463	581	7.8	13.0
$8,000 to $8,999	20.3	8,337	8,222	7,581	8,240	903	4,816	756	9.1	15.7
$9,000 to $9,999	15.5	9,389	9,215	8,265	9,292	959	5,147	1,124	12.0	21.8
$10,000 to $10,999	11.8	10,504	10,356	8,771	10,296	955	5,371	1,733	16.5	32.3
$11,000 to $11,999	12.3	11,447	11,244	9,192	11,104	976	5,502	2,255	19.7	41.0
$12,000 to $12,999	9.3	12,465	12,257	9,485	11,971	1,008	5,800	2,980	23.9	51.4
$13,000 to $13,999	7.4	13,463	13,239	10,003	12,899	1,053	6,088	3,460	25.7	56.8
$14,000 to $14,999	5.9	14,458	14,201	10,602	13,848	1,082	6,425	3,856	26.7	60.0
$15,000 to $15,999	4.2	15,434	15,162	11,282	14,761	1,134	6,867	4,152	26.9	60.5
$16,000 to $16,999	2.9	16,465	16,142	11,950	15,598	1,162	7,672	4,515	27.4	58.9
$17,000 to $17,999	1.6	17,431	17,088	12,514	16,535	1,231	7,894	4,917	28.2	62.3
$18,000 to $19,999	1.6	18,798	18,405	13,399	17,559	1,909	8,702	5,399	28.7	62.0
$20,000 or more	1.0	21,965	21,451	14,696	19,741	1,397	10,425	7,269	33.1	69.7
Total	100.0	11,185	10,985	9,038	10,847	984	5,600	2,147	19.2	38.3
		Existing homes								
Less than $7,000	2.4	$6,261	$6,213	$5,293	$6,417	867	$4,366	$968	15.5	22.2
$7,000 to $7,999	4.7	7,519	7,349	6,337	7,518	868	4,653	1,182	15.7	25.4
$8,000 to $8,999	9.1	8,522	8,336	7,019	8,363	911	4,946	1,503	17.6	30.4
$9,000 to $9,999	9.7	9,466	9,266	7,556	9,141	965	5,116	1,910	20.2	37.3
$10,000 to $10,999	11.8	10,484	10,288	8,124	10,099	1,010	5,348	2,360	22.5	44.1
$11,000 to $11,999	11.1	11,466	11,251	8,760	10,975	1,029	5,606	2,706	23.6	48.3
$12,000 to $12,999	11.2	12,482	12,278	9,282	11,930	1,090	5,981	3,200	25.6	53.5
$13,000 to $13,999	9.4	13,470	13,230	9,898	12,768	1,112	6,325	3,572	26.5	56.5
$14,000 to $14,999	7.6	14,452	14,210	10,536	13,645	1,165	6,727	3,916	27.1	58.2
$15,000 to $15,999	6.1	15,430	15,163	11,148	14,522	1,219	7,285	4,282	27.8	58.8
$16,000 to $16,999	4.9	16,458	16,139	11,823	15,443	1,274	7,816	4,635	28.2	59.3
$17,000 to $17,999	3.5	17,453	17,129	12,440	16,195	1,317	8,022	5,013	28.7	62.5
$18,000 to $19,999	4.4	18,898	18,537	13,389	17,415	1,414	8,951	5,509	29.2	61.5
$20,000 or more	4.1	22,364	21,845	15,012	19,610	1,607	10,673	7,352	32.9	68.9
Total	100.0	12,578	12,344	9,398	11,919	1,098	6,233	3,180	25.3	51.0

[1] Total requirements less mortgage amount.

Data on current investments or down payments plus incidental costs afford another means for measuring the extent to which FHA-insured financing assisted home buyers in the various price levels during 1954. Not only did downpayments in both new- and existing-home cases increase as price levels advanced, but the ratios of downpayments to total requirements also rose, although the rate of increase was comparatively slower in the price classes above $13,000. In new-home transactions, current investments averaged about $2,100 or 19 percent of total requirements, ranging from $550 or 8 percent in the lowest price group to about $7,300 or one-third of total costs. Buyers of existing homes made larger downpayments representing larger proportions of total requirements—averaging overall nearly $3,200 (one-fourth of total requirements) and ranging from just under $1,000 (15½ percent of total investment) for the least expensive properties to

$7,350 (nearly one-third of the total outlay) for the highest priced homes. The spread between the larger current investments of existing-home transactions and new-home transactions fell off sharply when total requirements amounted to $13,000 or more. Comparable reductions occurred in the deviations between the downpayment ratios for corresponding price classes of new and existing homes. As pointed out previously, the same maximum loan-value ratio applied to most of the surveyed new and existing homes in the higher value categories.

Inasmuch as the downpayments made by most home buyers are largely savings accumulated out of their incomes, the relationship between current investments of the FHA home buyers of 1954 and their annual effective incomes is of particular interest. On the average current investments of new-home buyers amounted to 38 percent of their annual incomes, compared with the considerably higher 51 percent for existing-home buyers. The greatest divergence between the new- and existing-home ratios of investment to income occurred in those transactions with total requirements of less than $13,000. Above this level, the proportion of income required for downpayments was approximately the same for new and existing homes in corresponding price classes. The initial current investments required of both new- and existing-home buyers increased at rates exceeding the relative advances in home prices and buyers' incomes. For example, comparing new home transactions in the $16,000 and $8,000 price ranges, total requirements for the more expensive homes were only about twice as large, but downpayments were 6 times as great, the ratio of downpayments to total requirements triple that for the lower price transactions, and the proportion of income required for downpayment (59 percent) nearly 4 times greater.

Mortgagor's Income and Housing Expense

A fundamental part of the FHA underwriting system is the procedure for evaluating the risk involved in the mortgage credit elements of each transaction. The major items receiving consideration are the mortgagor's income, his financial assets, the current and anticipated demands upon his income and assets, and the mortgagor's primary motivation in applying for the loan.

An estimate is made of the mortgagor's probable earning capacity during the first third of the mortgage term, which is likely to be the most hazardous in the life of the mortgage. The estimated earning capacity so established is called the mortgagor's effective income. Incomes of co-mortgagors or endorsers may be included partially, wholly, or not at all, depending on specific circumstances.

The Section 203 single-family transactions insured in 1954 wherein mortgagors were the owner-occupants are analyzed in the following

paragraphs in the light of their mortgage credit aspects. As pointed out earlier in this discussion, owner-occupants were the mortgagors in 94 percent of the new and practically all of the existing single-family cases insured in 1954.

ANNUAL INCOME DISTRIBUTION.—As depicted in Chart 37 and Table 82, the largest segments of homeowners assisted by FHA-insured financing under Section 203 during 1954 had annual effective incomes of $4,000 to $5,999—nearly one-half of the new-home and more than two-fifths of the existing homeowners. The proportion of existing-home mortgagors in the higher income brackets was substantially greater than of the new—28 percent with incomes of $6,000 to $7,999 compared with 24 percent of the new-home buyers in this range; 18 percent earned $8,000 or more as against one-tenth of the new homeowners. Of the remaining mortgagors, about one-sixth of the new- and one-ninth of the existing-home purchasers had annual incomes of $3,000 to $3,999.

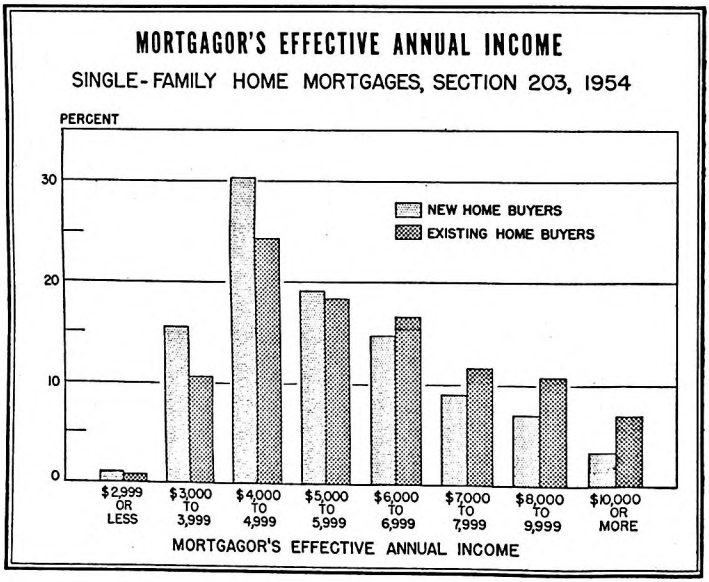

CHART 37

Table 82 compares the mortgagor income distributions for 1954 with those of previous selected years. The major changes in income distributions from 1953 to 1954 were the reductions in the proportions of both new and existing homeowners with incomes in the $3,000 to

TABLE 82

Income of single-family home mortgagors, Sec. 203, selected years

Mortgagor's effective annual income	Percentage distributions									
	New homes					Existing homes				
	1954	1953	1950	1946	1940	1954	1953	1950	1946	1940
Less than $1,500	------	(1)	(1)	0.2	5.0	------	------	0.1	0.3	5.3
$1,500 to $1,999	(1)	(1)	0.2	2.7	23.4	(1)	(1)	.3	4.2	20.5
$2,000 to $2,499	0.2	0.2	2.6	16.0	28.3	0.2	0.2	2.4	19.4	25.0
$2,500 to $2,999	.8	1.4	9.4	15.8	15.4	.6	.9	6.5	14.8	13.9
$3,000 to $3,499	4.0	6.5	21.5	19.7	12.0	2.8	3.9	15.3	19.3	11.6
$3,500 to $3,999	11.5	14.1	21.9	17.6	6.2	7.8	10.3	18.2	14.5	6.9
$4,000 to $4,499	14.9	16.8	13.7	8.8	3.2	11.7	13.1	12.6	7.1	4.0
$4,500 to $4,999	15.3	15.2	10.3	7.5	2.0	12.6	12.3	11.5	6.7	3.1
$5,000 to $5,999	19.2	18.3	9.7	4.1	1.9	18.4	19.1	11.9	4.3	3.3
$6,000 to $6,999	14.8	12.8	5.8	4.3	1.2	16.6	15.6	9.4	4.4	2.5
$7,000 to $7,999	9.0	7.5	2.5	1.7	.5	11.6	10.5	4.9	1.9	1.2
$8,000 to $9,999	7.0	4.9	1.6	.7	.4	10.8	8.7	3.8	1.6	1.2
$10,000 or more	3.3	2.3	.8	.9	.5	6.9	5.4	3.1	1.5	1.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average	$5,633	$5,284	$4,213	$3,619	$2,665	$6,245	$5,938	$4,837	$3,640	$3,012
Median	$5,139	$4,880	$3,861	$3,313	$2,416	$5,696	$5,396	$4,274	$3,101	$2,490

[1] Less than 0.05 percent.

$4,499 range and the substantial increase in the relative number of those earning $6,000 or more. These upward shifts in income were not typical of the change in overall national income levels since the estimated average income for nonfarm families declined somewhat during 1954. In contrast, incomes of FHA new-home mortgagors of 1954 averaged nearly 7 percent above those of the 1953 mortgagors and existing homeowners' incomes were 5 percent higher.

MORTGAGOR'S MONTHLY INCOME BY STATES.—Tables 83 and 84 show by States and Territories the medians and percentage distributions of the monthly effective incomes of owner-occupant mortgagors in the FHA new- and existing single-family home transactions insured under Section 203 during 1954. The greater number of new-home mortgagors in 7 of 8 States and existing-home mortgagors in half of the States had monthly incomes of $300 to $499. In most States the income distributions of existing-home mortgagors were generally more dispersed, with larger proportions in the higher brackets than was true for new-home buyers. As evidenced by the medians, incomes of existing-home mortgagors were typically higher than those of new-home owners in all areas except Connecticut, Idaho, Montana, New York, and Puerto Rico. In continental United States, Nevada had the highest median incomes for both new- ($530) and existing-home mortgagors ($725). Vermont reported the lowest median incomes, $360 for new-home owners and $363 for existing-home mortgagors.

Incomes of less than $300 monthly were reported for 10 percent or more of the new-home mortgagors in 12 States principally in the New England and South Atlantic areas but in only 5 States for existing-home mortgagors.

TABLE 83

Mortgagor's monthly income by States, new 1-family homes, Sec. 203, 1954

State	Median monthly income	Mortgagor's effective monthly income—Percentage distribution								
		Less than $300	$300 to $399	$400 to $499	$500 to $599	$600 to $699	$700 to $799	$800 to $999	$1,000 or more	Total
Alabama	$467.12	5.3	26.3	27.5	15.4	10.5	7.1	4.5	3.4	100.0
Arizona	465.27	5.3	25.0	30.2	19.2	6.8	5.9	3.0	4.6	100.0
Arkansas	436.29	9.6	30.1	28.3	17.4	8.2	3.2	2.3	.9	100.0
California	433.31	5.5	35.6	26.9	14.6	9.0	4.6	2.5	1.3	100.0
Colorado	492.86	.8	18.5	33.1	19.3	11.8	9.5	3.5	3.5	100.0
Connecticut	517.92	1.4	22.1	22.1	24.5	9.2	7.8	7.8	5.1	100.0
Delaware	(1)									(1)
District of Columbia	(1)									(1)
Florida	402.03	15.2	34.3	26.0	12.1	6.4	2.8	2.1	1.1	100.0
Georgia	429.37	13.6	30.4	20.4	19.7	6.2	5.5	1.9	2.3	100.0
Idaho	471.43	1.1	27.6	29.8	17.0	13.8	4.3	4.3	2.1	100.0
Illinois	467.39	2.3	28.3	28.9	21.8	10.8	4.9	2.3	.7	100.0
Indiana	428.89	4.6	37.7	26.5	16.2	9.0	3.8	1.9	.3	100.0
Iowa	397.58	10.7	40.3	24.0	14.0	7.1	1.3	1.3	1.3	100.0
Kansas	442.11	5.0	34.0	26.0	16.2	8.9	5.3	3.0	1.6	100.0
Kentucky	450.00	3.3	35.8	22.0	24.4	8.9	1.6	2.4	1.6	100.0
Louisiana	445.79	9.8	29.2	23.9	16.5	10.9	5.4	2.5	1.8	100.0
Maine	396.00	15.7	35.7	27.2	15.7	4.3		1.4		100.0
Maryland	418.63	10.9	34.9	22.3	16.2	7.4	4.8	3.1	.4	100.0
Massachusetts	448.81	2.4	30.9	34.2	18.7	7.3	.8	4.1	1.6	100.0
Michigan	462.27	1.5	29.3	30.9	20.7	10.1	3.9	2.4	1.2	100.0
Minnesota	443.28	5.4	30.4	32.9	18.6	2.9	4.4	2.9	2.5	100.0
Mississippi	409.09	11.4	36.4	23.9	11.4	7.6	4.9	2.7	1.7	100.0
Missouri	466.21	3.1	27.6	29.2	19.7	12.4	4.0	2.4	1.6	100.0
Montana	516.00	1.1	10.8	33.7	27.2	16.3	6.5	2.2	2.2	100.0
Nebraska	428.45	11.8	31.4	23.7	19.2	9.0	2.5	1.6	.8	100.0
Nevada	529.87	2.0	19.7	22.4	19.7	14.0	8.9	5.6	7.7	100.0
New Hampshire	391.18	10.2	43.6	35.9	2.6	7.7				100.0
New Jersey	453.24	5.3	32.9	22.1	18.1	10.3	5.9	3.5	1.9	100.0
New Mexico	462.14	3.3	26.3	32.9	16.9	10.3	6.1	3.7	.5	100.0
New York	486.85	3.8	27.2	21.9	18.2	13.6	6.0	6.1	3.2	100.0
North Carolina	406.65	13.0	35.1	29.3	11.9	6.7	1.8	1.7	.5	100.0
North Dakota	426.92	2.7	37.9	35.1	8.1	5.4	8.1		2.7	100.0
Ohio	426.48	3.3	38.8	30.0	15.5	6.9	2.5	2.1	.9	100.0
Oklahoma	424.76	9.9	34.0	24.4	14.7	10.6	3.3	2.1	1.0	100.0
Oregon	418.75	4.1	40.6	28.1	15.2	8.8	1.2	1.4	.6	100.0
Pennsylvania	442.81	4.3	34.3	26.8	18.4	8.3	3.9	2.6	1.4	100.0
Rhode Island	413.16	6.7	40.0	25.4	16.0	5.3	5.3	1.3		100.0
South Carolina	419.35	16.9	29.2	20.1	22.1	6.5	3.2	1.3	.7	100.0
South Dakota	469.23	3.1	30.0	24.4	22.5	11.9	4.4		3.7	100.0
Tennessee	432.04	9.1	31.7	28.7	15.8	9.0	3.3	2.1	.3	100.0
Texas	414.86	8.3	37.8	26.4	14.5	7.8	2.8	1.8	.6	100.0
Utah	444.33	1.8	32.6	35.2	14.5	7.5	4.4	4.0		100.0
Vermont	360.00	12.5	62.5	18.8	6.2					100.0
Virginia	402.00	12.4	37.2	23.2	15.2	7.7	2.8	.9	.6	100.0
Washington	456.12	3.5	30.7	28.2	19.3	7.2	6.3	3.4	1.4	100.0
West Virginia	447.06	9.1	28.8	25.7	12.1	6.1	10.6	6.1	1.5	100.0
Wisconsin	387.50	5.9	50.4	29.6	8.9	3.0	.7	1.5		100.0
Wyoming	473.81	2.0	10.3	42.9	18.4	12.3	2.0	4.1	2.0	100.0
Alaska	(1)									(1)
Hawaii	511.90	0.2	17.5	24.5	15.3	15.7	8.0	9.1	3.7	100.0
Puerto Rico	400.00	17.1	32.9	17.1	10.3	9.6	6.2	4.1	2.7	100.0
Total	428.26	6.0	32.8	27.0	16.6	9.1	4.3	2.7	1.5	100.0

[1]Inadequate sample.

TABLE 84

Mortgagor's monthly income by States, existing 1-family homes, Sec. 203, 1954

State	Median monthly income	Mortgagor's effective monthly income—Percentage distribution								
		Less than $300	$300 to $399	$400 to $499	$500 to $599	$600 to $699	$700 to $799	$800 to $999	$1,000 or more	Total
Alabama	$489.83	7.2	24.5	20.3	13.5	15.9	7.2	6.9	4.5	100.0
Arizona	475.44	6.2	24.8	25.2	11.1	8.8	7.5	5.8	10.6	100.0
Arkansas	465.94	9.2	23.4	26.4	20.3	10.7	2.7	4.6	2.7	100.0
California	501.33	2.8	21.7	25.2	18.5	13.9	8.5	6.2	3.2	100.0
Colorado	516.67	.6	22.7	23.9	17.0	14.8	6.3	10.2	4.5	100.0
Connecticut	508.86	3.2	21.0	24.0	20.3	13.1	6.8	6.8	4.8	100.0
Delaware	481.48	------	27.1	28.1	16.7	10.4	6.2	11.5	------	100.0
District of Columbia	558.33	4.3	13.1	17.4	26.1	17.4	17.4	------	4.3	100.0
Florida	472.09	4.5	27.8	24.4	14.8	11.1	6.3	6.0	5.1	100.0
Georgia	491.41	5.9	20.1	26.2	19.4	10.0	7.1	7.9	3.4	100.0
Idaho	463.07	6.4	26.5	27.1	19.4	8.6	4.0	4.3	3.7	100.0
Illinois	517.97	1.6	16.1	28.7	20.0	15.1	7.3	6.6	4.6	100.0
Indiana	479.82	4.5	25.1	25.5	19.1	12.6	6.8	4.5	1.9	100.0
Iowa	448.65	7.2	30.2	25.8	18.6	6.1	6.3	3.5	2.3	100.0
Kansas	494.56	4.4	24.0	22.9	18.7	11.2	6.8	8.3	3.7	100.0
Kentucky	493.24	8.7	21.9	20.8	20.0	12.6	8.7	5.3	2.0	100.0
Louisiana	519.54	5.2	19.7	21.3	19.7	14.7	7.0	7.7	4.7	100.0
Maine	402.83	13.7	35.6	22.8	13.7	7.3	3.0	3.5	.4	100.0
Maryland	513.49	5.9	20.4	20.8	21.8	14.2	7.9	7.3	1.7	100.0
Massachusetts	472.39	5.1	25.7	26.5	22.9	10.3	4.7	2.8	2.0	100.0
Michigan	478.56	2.7	26.5	26.5	18.2	10.8	5.7	6.2	3.4	100.0
Minnesota	485.92	1.5	21.8	31.0	21.2	12.2	4.6	5.3	2.4	100.0
Mississippi	428.13	9.1	32.7	29.1	11.8	8.2	5.5	2.7	.9	100.0
Missouri	487.54	3.3	25.5	24.3	18.3	12.3	6.8	5.6	3.9	100.0
Montana	500.00	2.0	18.3	29.8	19.8	12.3	6.7	4.4	6.7	100.0
Nebraska	464.71	5.5	27.0	27.0	20.1	9.3	3.2	4.2	3.7	100.0
Nevada	725.00	.8	1.5	9.2	19.1	16.0	13.7	19.1	20.6	100.0
New Hampshire	395.83	13.0	38.7	6.4	13.0	9.7	6.4	6.4	6.4	100.0
New Jersey	523.70	2.4	19.4	23.3	20.9	16.0	6.4	7.6	4.0	100.0
New Mexico	563.16	------	15.7	17.1	27.2	18.6	11.4	5.7	4.3	100.0
New York	479.96	2.1	25.8	27.6	19.3	11.1	6.1	5.7	2.3	100.0
North Carolina	507.14	4.0	17.4	27.1	21.1	10.7	9.4	8.0	2.3	100.0
North Dakota	487.93	6.1	18.2	29.3	21.2	14.1	2.0	5.1	4.0	100.0
Ohio	472.60	3.1	28.1	25.9	19.6	11.3	6.4	4.0	1.6	100.0
Oklahoma	439.41	11.0	29.6	23.9	16.6	7.7	4.7	3.9	2.6	100.0
Oregon	486.13	2.7	25.6	25.1	21.4	10.4	7.0	5.1	2.7	100.0
Pennsylvania	456.99	6.4	28.9	25.9	17.0	10.7	4.2	4.7	2.2	100.0
Rhode Island	462.20	7.1	29.2	22.2	18.9	14.6	3.2	3.2	1.6	100.0
South Carolina	444.12	12.9	25.9	25.4	12.4	9.9	6.5	5.5	1.5	100.0
South Dakota	474.39	5.0	26.1	25.5	21.1	13.6	5.0	1.2	2.5	100.0
Tennessee	448.61	8.8	29.1	24.9	15.7	11.6	4.4	3.9	1.6	100.0
Texas	452.64	6.4	29.8	20.2	17.0	9.3	5.2	3.7	2.4	100.0
Utah	467.02	3.6	27.5	28.1	18.0	7.2	7.8	4.2	3.6	100.0
Vermont	362.50	23.4	42.6	23.4	6.4	2.1	2.1	------	------	100.0
Virginia	486.29	6.1	25.9	20.9	15.4	15.4	7.0	7.8	1.5	100.0
Washington	492.12	2.6	23.7	25.7	19.8	14.0	6.3	4.9	3.0	100.0
West Virginia	463.28	6.9	25.8	27.5	19.3	9.4	6.4	1.3	3.4	100.0
Wisconsin	471.92	2.6	28.0	26.9	19.6	14.4	4.8	3.0	.7	100.0
Wyoming	536.84	6.1	16.7	16.7	28.8	13.6	4.5	9.1	4.5	100.0
Alaska	860.00	------	------	5.8	17.3	7.7	13.4	17.3	38.5	100.0
Hawaii	557.14	2.8	16.4	19.3	20.0	18.6	10.7	7.9	4.3	100.0
Puerto Rico	345.45	33.5	36.2	11.2	10.5	2.0	1.3	2.0	3.3	100.0
Total	474.68	4.4	24.6	25.2	18.6	12.0	6.5	5.6	3.1	100.0

CHARACTERISTICS BY MORTAGAGOR'S MONTHLY INCOME.—Characteristics of the Section 203 transactions insured in 1954 corresponding to monthly income groups of the owner-occupant mortgagors are shown in Table 85 (transaction and property characteristics) and Table 86 (financial characteristics). For example Table 85 shows that new-home mortgagors with monthly incomes in 1954 of $350 to $399 purchased properties averaging $10,149 in sale price and valued by FHA at $10,161 or nearly 2.3 times their average annual income.

TABLE 85

Transaction and property characteristics by income of single-family home mortgagors, Sec. 203, 1954

Mortgagor's effective monthly income	Percentage distribution	Average						Mortgage as a percent of FHA value	Ratio of FHA value to amount of income
		Total requirements [1]	Sale price [1]	Property value	Mortgage amount	Calculated area (square feet)	Number of rooms		
	New homes								
Less than $250.00	0.9	$8,316	$8,162	$8,208	$7,041	832	4.5	85.8	3.03
$250.00 to $299.99	5.1	8,732	8,569	8,611	7,555	869	4.6	87.7	2.59
$300.00 to $349.99	15.5	9,581	9,401	9,424	8,109	907	4.8	86.0	2.43
$350.00 to $399.99	17.3	10,310	10,149	10,161	8,546	950	4.9	84.1	2.28
$400.00 to $449.99	16.8	10,912	10,715	10,754	8,918	979	4.9	82.9	2.14
$450.00 to $499.99	10.2	11,543	11,308	11,269	9,251	1,011	5.0	82.1	2.00
$500.00 to $549.99	10.5	11,952	11,749	11,756	9,555	1,033	5.0	81.3	1.90
$550.00 to $599.99	6.1	12,245	12,039	12,056	9,771	1,041	5.0	81.0	1.76
$600.00 to $649.99	5.4	12,696	12,565	12,479	10,061	1,072	5.1	80.6	1.68
$650.00 to $699.99	3.7	13,442	13,125	13,151	10,473	1,106	5.2	79.6	1.64
$700.00 to $799.99	4.3	13,886	13,663	13,777	10,893	1,160	5.2	79.1	1.56
$800.00 to $999.99	2.7	14,673	14,488	14,455	11,398	1,179	5.3	78.9	1.40
$1,000.00 or more	1.5	15,416	15,001	15,012	11,776	1,245	5.3	78.4	1.01
Total	100.0	11,185	10,985	11,024	9,108	995	5.0	82.6	1.96
	Existing homes								
Less than $250.00	0.8	$8,077	$7,930	$8,036	$6,060	925	4.7	75.4	3.03
$250.00 to $299.99	3.6	8,973	8,699	8,762	6,851	922	4.8	78.2	2.65
$300.00 to $349.99	10.9	9,900	9,689	9,601	7,518	963	4.9	78.3	2.47
$350.00 to $399.99	13.7	10,721	10,519	10,317	8,053	997	5.0	78.1	2.32
$400.00 to $449.99	15.0	11,552	11,324	11,074	8,600	1,042	5.1	77.7	2.20
$450.00 to $499.99	10.2	12,183	11,960	11,610	9,058	1,078	5.2	78.0	2.06
$500.00 to $549.99	11.5	12,880	12,611	12,256	9,492	1,114	5.3	77.4	1.97
$550.00 to $599.99	7.1	13,412	13,184	12,685	9,856	1,149	5.4	77.7	1.85
$600.00 to $649.99	6.9	13,954	13,749	13,177	10,269	1,185	5.4	77.9	1.78
$650.00 to $699.99	5.1	14,648	14,419	13,788	10,727	1,206	5.4	77.8	1.72
$700.00 to $799.99	6.5	15,510	15,303	14,533	11,280	1,278	5.6	77.6	1.64
$800.00 to $999.99	5.6	16,743	16,413	15,622	12,090	1,367	5.8	77.4	1.51
$1,000.00 or more	3.1	18,485	18,100	16,873	12,936	1,507	5.9	76.7	1.13
Total	100.0	12,578	12,344	11,950	9,291	1,108	5.2	77.7	1.91

[1] Based on purchases only.

The buyers' cash investment (total requirements of $10,310 less the mortgage of $8,546) averaged about $1,760 or 17 percent of total requirements. The houses contained on the average 950 square feet and nearly 5 rooms. As indicated in Table 86, of the average monthly income of $371 for the mortgagors in this group, 23 percent was required for monthly housing expense including 18 percent of income for monthly mortgage payment. Had these mortgagors been renting their homes, their monthly rentals would likely have averaged about $82.

For both new- and existing-home transactions, the price levels and amounts of obligation assumed by the home buyers did not increase proportionately with income. This is demonstrated by comparing the data for the $350 to $399 income group with those for the $700 to $799 group. Although the average income in the higher bracket was double that in the lower class, the averages of total requirements,

mortgage amount, and monthly housing expense were only 1.3 times greater. Further evidence of this disproportionate relationship between the increases in income and the other items is the steady downward trend in the property value-income ratios shown in Table 85 and the ratios of housing expense to income and monthly payment to income presented in Table 86 and Chart 38. This situation was not unique with transactions for the year 1954; it has been apparent in other years when comparable data on FHA transactions were available for analysis.

Although these relationships between buyers' incomes, total requirements, and monthly housing expenses may have been generally comparable in non-FHA transactions, the FHA experience varies in two respects: First, very few of the more expensive home transactions utilize FHA-insured financing, since buyers in the higher income brackets can more readily obtain satisfactory financing with conventional loans; second, most of the properties eligible for the more favorable FHA financing terms, and hence most likely to be purchased

TABLE 86

Financial characteristics by income of single-family home mortgagors, Sec. 203, 1954

Mortgagor's effective monthly income	Percentage distribution	Monthly average				Percent ratio of		
		Income	Housing expense	Mortgage payment	Rental value	Housing expense to income	Mortgage payment to income	Payment to rental value
	New homes							
Less than $250.00	0.9	$225.58	$69.74	$52.76	$66.25	30.9	23.4	79.6
$250.00 to $299.99	5.1	276.66	75.86	57.83	70.30	27.4	20.9	82.3
$300.00 to $349.99	15.5	323.65	81.24	61.65	76.17	25.1	19.0	80.9
$350.00 to $399.99	17.3	371.17	86.26	65.90	82.42	23.2	17.8	80.0
$400.00 to $449.99	16.8	418.80	89.55	69.05	86.03	21.4	16.5	80.3
$450.00 to $499.99	10.2	468.93	92.57	71.78	90.32	19.7	15.3	79.5
$500.00 to $549.99	10.5	516.69	96.20	74.81	93.39	18.6	14.5	80.1
$550.00 to $599.99	6.1	571.34	98.63	76.59	96.39	17.3	13.4	79.5
$600.00 to $649.99	5.4	617.82	101.84	80.33	98.24	16.5	13.0	81.8
$650.00 to $699.99	3.7	667.42	104.96	83.41	102.98	15.7	12.5	81.0
$700.00 to $799.99	4.3	737.95	111.60	86.80	107.77	15.1	11.8	80.5
$800.00 to $999.99	2.7	860.18	116.44	92.15	112.78	13.5	10.7	81.7
$1,000.00 or more	1.5	1,243.62	122.67	95.83	118.62	9.9	7.7	80.8
Total	100.0	469.41	91.77	70.90	88.16	19.6	15.1	80.4
	Existing homes							
Less than $250.00	0.8	$220.96	$68.16	$50.35	$65.71	30.8	22.8	76.6
$250.00 to $299.99	3.6	275.95	76.37	55.71	71.04	27.7	20.2	78.4
$300.00 to $349.99	10.9	324.18	83.51	61.81	77.44	25.8	19.1	79.8
$350.00 to $399.99	13.7	370.83	88.70	66.33	82.96	23.9	17.9	80.0
$400.00 to $449.99	15.0	419.15	93.68	71.06	88.55	22.3	17.0	80.2
$450.00 to $499.99	10.2	469.70	97.87	74.68	92.73	20.8	15.9	80.5
$500.00 to $549.99	11.5	517.36	103.05	78.71	97.08	19.9	15.2	81.1
$550.00 to $599.99	7.1	571.20	106.45	81.87	100.26	18.6	14.3	81.7
$600.00 to $649.99	6.9	617.27	109.63	85.90	103.53	17.8	13.9	83.0
$650.00 to $699.99	5.1	668.00	113.63	88.63	108.24	17.0	13.3	81.9
$700.00 to $799.99	6.5	738.61	119.76	93.57	114.12	16.2	12.7	82.0
$800.00 to $999.99	5.6	863.73	128.53	101.53	121.74	14.9	11.8	83.4
$1,000.00 or more	3.1	1,245.43	140.85	112.40	132.66	11.3	9.0	84.7
Total	100.0	520.42	100.71	77.08	94.93	19.4	14.8	81.2

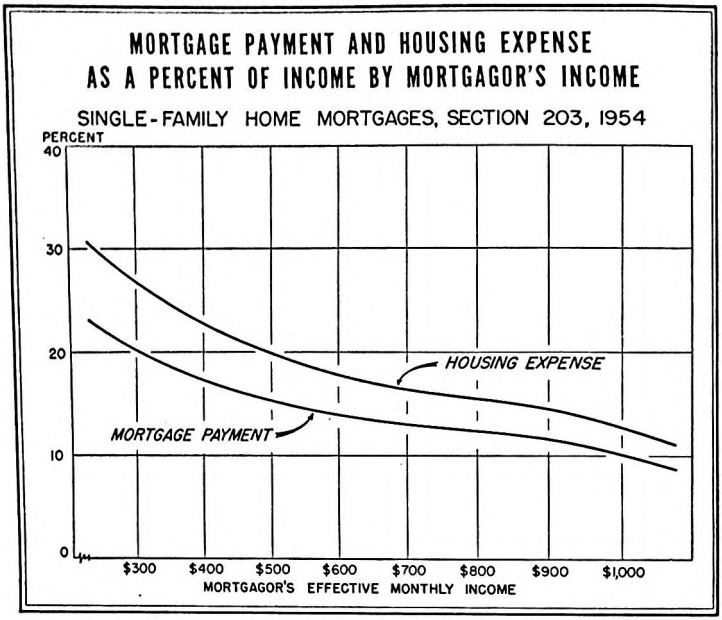

CHART 38

regardless of the buyer's income, were in the low and middle price brackets. It is interesting to note that in several States median incomes of new-home mortgagors were higher than the national average but median property values were lower.

As shown in Table 85, existing-home averages exceeded those for new homes in corresponding income groups with respect to total requirements, sale price, property value, and rental value. On the other hand, new-home mortgage amounts were higher than existing in the monthly income classes under $550 because most of the properties were in value groups where new homes were eligible for relatively larger mortgage amounts. In the monthly income groups from $550 upward, the values of existing properties were sufficiently greater than those reported for newly constructed dwellings to yield larger average mortgage amounts. With the exception of the two lowest income classes, monthly payments on existing-home mortgages exceeded those on new-home mortgages principally because of the shorter loan duration in all income groups and the relatively larger mortgages undertaken by existing-home mortgagors in the higher income brackets. Reflecting the higher average monthly payment on existing-home

mortgages and the generally larger operating, maintenance, and repair costs for existing properties, the average monthly housing expenses of existing-home mortgagors were above those of new home owners in virtually all income classes. As shown in Table 86, the proportion of income required for housing expense averaged slightly higher for new-home transactions than for existing-home transactions, although within most of the individual income classes the reverse is true.

HOUSING EXPENSE BY MORTGAGOR'S MONTHLY INCOME.—As stated in the FHA Underwriting Manual, "One of the principal problems in mortgage credit analysis is to determine whether a mortgage obligation will be within the mortgagor's financial ability to pay. . . . Specific maximum ratios (of mortgage payments or value to income) for all mortgagors are not practicable because of variations in local conditions, living standards, differing family housing needs, and other conditions affecting ability to pay. . . . A general principle to be followed is that the relationship of a mortgagor's prospective housing expense to effective income should be kept within limits found to be favorable through experience in mortgage lending."

Table 87 shows distributions of monthly housing expense by income classes of owner-occupant mortgagors involved in Section 203 transactions insured in 1954. These data emphasize the general tendency of families with higher incomes to purchase more expensive homes, necessarily entailing higher housing expenses. However, housing expense increases at a progressively slower rate than does income, as indicated by the medians in the second column of Table 87 and more vividly by the declining ratio of housing expense as depicted in Chart 38. For new-home buyers, typical expenses ranged from $71 for those with monthly incomes of less than $250 to $117 for those earning $1,000 or more, compared with existing home expenses of $68 in the lowest income group and about $139 in the highest. Within corresponding income groups from $300 upward, median housing expenses of existing-home buyers exceeded those of new-home buyers in line with higher mortgage payments and estimated costs of operation and expenses of maintenance and repair.

Housing expenses within individual income classes displayed significant variation, becoming more evenly distributed as monthly incomes of new- and existing-home buyers were $350 or more. Chart 39 depicts the range of housing expense in the various income brackets of FHA home buyers in 1954 (new and existing homes combined), and the increased dispersion accompanying higher incomes.

Total Monthly Mortgage Payment

About three-fourths of the estimated housing expense for both new- and existing-home buyers in 1954 was accounted for by the monthly

TABLE 87

Housing expense by income of single-family home mortgagors, Sec. 203, 1954

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	0.9	$70.85	0.4	11.5	33.9	44.6	9.2	0.4					100.0
$250.00 to $299.99	5.1	75.49	.2	3.6	16.9	50.2	23.6	4.6	0.4		0.2	0.3	100.0
$300.00 to $349.99	15.5	81.61	.3	1.4	8.5	33.9	36.9	16.4	2.3	0.1	.1	.1	100.0
$350.00 to $399.99	17.3	85.94	.2	.6	5.2	24.4	33.0	26.3	8.5	1.4	.2	.2	100.0
$400.00 to $449.99	16.8	89.90	.2	.4	3.9	18.6	27.2	28.3	15.6	4.7	.9	.2	100.0
$450.00 to $499.99	10.2	92.52	.1	.5	3.0	15.4	24.6	25.7	17.4	10.0	3.2	.1	100.0
$500.00 to $549.99	10.5	94.81	.2	.2	2.1	14.2	22.3	22.9	17.3	12.7	7.5	.6	100.0
$550.00 to $599.99	6.1	96.63		.4	2.2	11.0	21.0	23.2	16.8	12.6	11.1	1.7	100.0
$600.00 to $649.99	5.4	98.54	.4	.2	2.3	10.0	19.7	20.3	16.2	13.3	14.7	2.9	100.0
$650.00 to $699.99	3.7	102.11	.1		1.7	8.0	18.0	18.9	15.4	13.4	17.1	7.4	100.0
$700.00 to $799.99	4.3	107.97	.3	.1	1.1	7.1	12.8	15.4	16.5	15.4	19.7	11.6	100.0
$800.00 to $999.99	2.7	112.80	.3	.5	1.3	6.4	10.5	14.3	13.2	12.6	21.9	19.0	100.0
$1,000.00 or more	1.5	117.44	.5		1.2	7.0	9.0	11.6	12.9	10.4	19.2	28.2	100.0
Total	100.0	88.91	.2	.8	5.0	20.7	26.1	21.6	11.8	6.5	5.1	2.2	100.0
	Existing homes												
Less than $250.00	0.8	$67.57	3.0	23.8	30.7	32.3	6.4	3.8					100.0
$250.00 to $299.99	3.6	75.89	.7	7.4	19.8	35.2	26.9	8.1	1.2	0.3	0.1	0.3	100.0
$300.00 to $349.99	10.9	83.42	.4	2.9	10.4	25.1	32.8	22.0	5.1	.8	.2	.3	100.0
$350.00 to $399.99	13.7	89.64	.1	1.6	6.3	17.1	25.8	20.0	15.3	4.0	.6	.2	100.0
$400.00 to $449.99	15.0	94.23	.2	.9	3.9	12.7	21.3	26.1	21.4	10.9	2.4	.2	100.0
$450.00 to $499.99	10.2	98.70	.3	.6	3.7	9.7	17.2	21.3	22.6	15.7	8.2	.7	100.0
$500.00 to $549.99	11.5	102.53	.4	.6	2.7	7.6	13.7	19.9	20.3	16.3	16.3	2.2	100.0
$550.00 to $599.99	7.1	105.61	.1	.5	3.2	6.8	12.5	17.0	17.5	14.6	22.6	5.2	100.0
$600.00 to $649.99	6.9	109.25	.1	.2	1.6	6.2	10.5	16.0	16.6	15.8	23.1	9.9	100.0
$650.00 to $699.99	5.1	113.75	.3	.2	1.4	4.0	8.9	14.8	14.9	14.6	25.7	15.2	100.0
$700.00 to $799.99	6.5	119.46	.1	.2	.9	3.4	6.4	11.6	13.1	15.1	27.4	21.8	100.0
$800.00 to $999.99	5.6	128.36	(1)	.1	.6	2.3	4.8	8.1	10.5	13.3	25.1	35.2	100.0
$1,000.00 or more	3.1	139.30	.2	.1	.6	1.8	3.0	5.7	7.0	9.5	22.9	49.2	100.0
Total	100.0	97.41	.3	1.3	4.7	11.8	17.4	10.5	15.4	10.7	11.7	7.2	100.0

[1] Less than 0.05 percent.

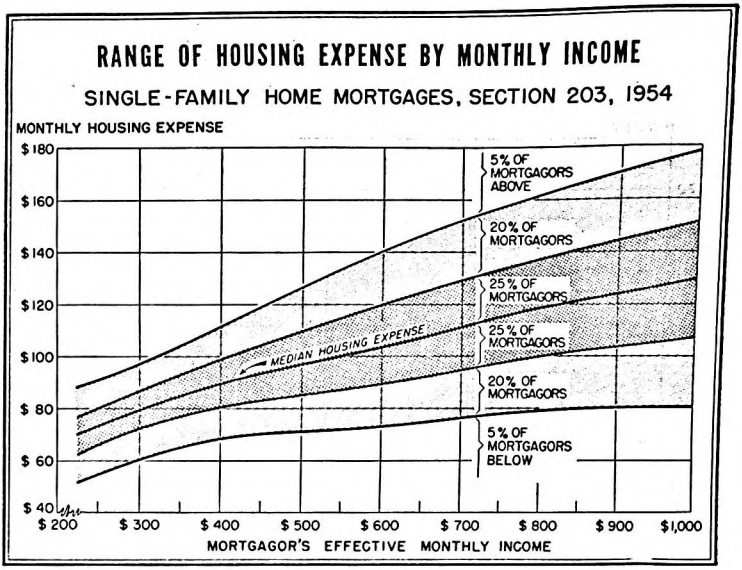

CHART 39

mortgage payment covering interest, principal amortization, property taxes and special assessments, hazard insurance, FHA mortgage insurance premiums, and ground rent, if any. In Chart 38, the converging tendency of the curves stems from the rise in the mortgage payment proportion of housing expense as mortgagors with higher incomes undertook larger mortgage, insurance, and tax obligations.

The distribution of total monthly mortgage payments for new- and existing-home transactions insured under Section 203 in 1954 is pictured in Chart 40. New-home mortgage payments were predominantly (nearly three-fourths) in the $50 to $79.99 brackets, while nearly three-fifths of existing-home payments were reported in the somewhat higher range of $60 to $89.99. Payments of $90 or more were required in about one-ninth of the new-home cases and in more than twice that proportion of existing-home transactions. Only about 3½ percent of the new-home mortgages and 5 percent of those on existing homes specified total monthly payments of less than $50.

Reflecting the higher level of FHA mortgage amounts in 1954, the typical monthly payment was 4 percent more for new homes and 5 percent higher for existing homes than in 1953. Table 88 reveals that the principal changes from the previous year in the mortgage payment distribution were declines in the new-home proportion with payments of less than $55, and gains in the proportion ranging from $80 upward;

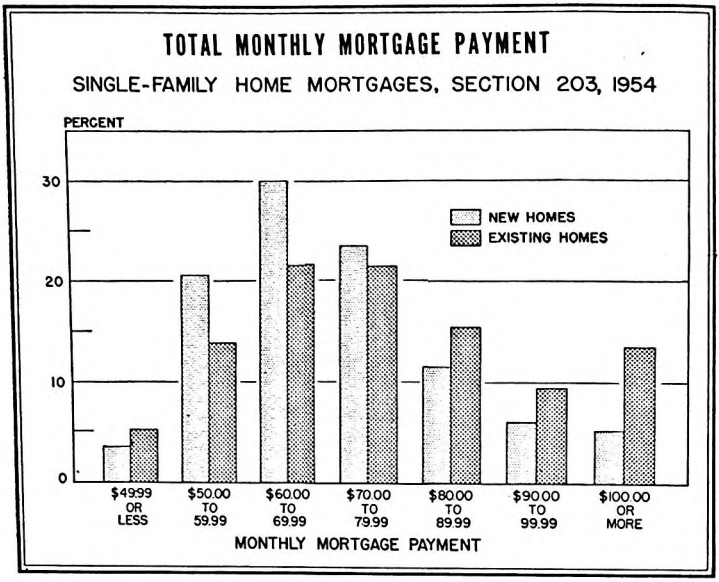

CHART 40

and, in existing homes, declines in the proportion of payments of less than $75 and gains in the proportion of payments of $90 or more.

TABLE 88

Monthly mortgage payment for single-family homes, Sec. 203, selected years

Total monthly mortgage payment	Percentage distributions									
	New homes					Existing homes				
	1954	1953	1950	1946	1941	1954	1953	1950	1946	1941
Less than $25.00	0.1	(1)	0.1	1.3	11.0	0.1	(1)	1.2	5.5	15.8
$25.00 to $29.99	(1)	(1)	.1	4.1	17.1	.1	(1)	1.1	9.0	15.2
$30.00 to $34.99	(1)	0.1	.6	11.3	21.1	.2	0.1	2.3	16.0	16.3
$35.00 to $39.99	.1	.2	3.4	13.7	18.8	.5	.6	5.4	18.3	14.4
$40.00 to $44.99	.8	2.5	12.9	16.6	13.0	1.2	1.7	9.2	15.3	11.0
$45.00 to $49.99	2.5	6.3	16.9	14.5	6.7	3.1	4.7	12.6	11.6	7.8
$50.00 to $54.99	6.6	10.7	18.6	17.1	4.1	5.5	7.3	13.9	7.8	5.1
$55.00 to $59.99	13.9	13.3	16.6	10.0	2.9	8.3	10.0	13.3	5.0	3.6
$60.00 to $64.99	15.2	14.0	12.2	5.8	1.9	9.8	11.6	10.8	3.5	2.6
$65.00 to $69.99	14.8	15.3	8.2	3.2	1.2	11.7	12.1	8.5	2.2	1.8
$70.00 to $74.99	13.6	12.8	4.8	1.4	.8	10.9	11.4	5.9	1.6	1.4
$75.00 to $79.99	9.7	8.8	2.4	.4	.4	10.4	10.4	4.3	1.2	1.0
$80.00 to $89.99	11.5	9.6	1.7	.3	.4	15.3	14.2	5.3	1.2	1.4
$90.00 to $99.99	6.0	4.0	.7	.2	.2	9.4	7.7	2.6	.6	.9
$100.00 or more	5.2	2.4	.8	.1	.4	13.5	8.2	3.6	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	$71.36	$67.05	$55.38	$46.06	$36.88	$77.10	$72.79	$58.94	$43.25	$39.50
Median	$68.62	$65.95	$54.31	$46.18	$35.21	$74.34	$70.84	$56.65	$40.83	$53.91

[1] Less than 0.05 percent.

Characteristics of Section 8 Home Mortgage Transactions

Section 8, enacted in April 1950, was intended to assist in providing adequate housing for families of low and moderate income in rural areas and small communities as well as urban and suburban areas. It authorized the insurance of mortgages covering properties in areas where it is not practicable to obtain conformity with many of the requirements essential to the insurance of mortgages on properties in built-up urban areas. Although Section 8 itself was repealed by the Housing Act of 1954, its essential provisions were continued in the new Subsection (i) of Section 203 enacted in that Act.

The volume of insurance written under Section 8 in 1954 was the largest for any year since its enactment—nearly 15,900 mortgages amounting to over $89 million, or about half of the cumulative volume of insurance written during the four years of its existence. The following tables present data on certain of the more significant characteristics of Section 8 transactions insured in 1954. The outstanding feature of the program revealed by these characteristics was its concentrated utilization in that segment of the housing market involving properties in the relatively narrow value bracket of $5,000 to $7,000. This, of course, was the consequence of the limitation in insurable mortgage amount to a maximum of $5,700 for owner-occupant mortgagors.[19]

In accordance with legislative specification, homes covered by Section 8 mortgages were all single-family structures. Most (89½ percent) of the transactions in 1954 were of the purchase type, with slightly over 10 percent involving the financing of construction on the owners' lots. The mortgagors were owner-occupants in 98 percent of the cases and builders in only slightly over 1½ percent.

Typical Section 8 Home Mortgage Transaction

The typical Section 8 transaction insured in 1954 covered a property valued by FHA at $6,072, including land with a market price of $700 or 11½ percent of value. The typical structure had a calculated area of 706 square feet and provided about 4½ rooms of which 2 were bedrooms. The typical mortgage amounted to $5,737—about 92 percent of property value—and was repayable at the rate of $42

[19] For builder mortgagors, the maximum mortgage amount was $5,100. The maximum ratio of loan to value for owner-occupant mortgagors was 95 percent and for builder mortgagors 85 percent. Mortgages financing the reconstruction or replacement of housing destroyed by a catastrophe declared by the President to be a major disaster were eligible for higher amounts up to a maximum of $7,000 and ratios of loan to value up to 100 percent. The maximum amortization period for all Section 8 loans was 30 years. These maxima were effective from July 1953 until repeal of Section 8 in August 1954. FHA approval of plans and specifications before the beginning of construction and FHA inspection during construction were required in Section 8 transactions. Construction must have begun after April 20, 1950.

monthly over a period of 25½ years. The mortgage payment covered, in addition to interest and principal, premiums on hazard and FHA mortgage insurance, and real estate taxes and assessments averaging about $5 monthly. Frequently a mortgagee's service charge, not exceeding one-half of 1 percent of the average outstanding balance, was also included.[20] Housing expenses—mortgage payment plus operating costs and maintenance and repair expense—averaged about $59 monthly.

The typical Section 8 mortgagor in 1954 had a monthly effective income of $329. Housing expenses in Section 8 transactions insured in 1954 averaged about 17 percent of mortgagors' incomes, including 12 percent for mortgage payment. Of the average total transaction requirements of nearly $6,300, 11 percent or about $670 represented the average initial cash investment made by the buyer.

Mortgage Amount and Duration

The following table indicates that roughly 7 of every 8 mortgages insured under Section 8 in 1954 had principal amounts of $5,500 to $5,999.

Mortgage amount	Percentage distribution	Average duration of loan (years)
Less than $4,500	0.5	21.9
$4,500 to $4,999	3.8	21.1
$5,000 to $5,499	9.0	25.2
$5,500 to $5,999	86.2	25.7
$6,000 or more	.5	28.8
Total	100.0	25.5
Median mortgage amount	$5,737	

Durations of the Section 8 mortgages generally were longer as mortgage amounts increased, ranging from an average of 21.1 years to 28.8 years, with an overall average of 25.5 years.

Property Characteristics

Table 89 shows that about three-fourths of the properties in Section 8 transactions insured in 1954 had FHA-estimated values of $6,000 to $6,499 and nearly 95 percent were in the $5,500 to $6,999 value ranges—undoubtedly the consequence of the fact that the combination of maximum mortgage amount and lowest down payment was available under this section for properties valued at or near $6,000.

[20] To encourage participation of lending institutions in the Section 8 program, the Administrative Rules were amended in January 1953 to permit lending institutions to charge the mortgagor a service charge not exceeding one-half of one percent of the outstanding balance of the mortgage to compensate for the extra costs of handling quantities of small mortgages.

Mortgage amounts in the various value classes were near the maximum permissible for properties in each value group.

TABLE 89

Characteristics by property value of single-family homes, Sec. 8, 1954

FHA estimate of property value	Percentage distribution	Average			Loan as percent of value	Average		Average monthly		
		Property value	Mortgage amount	Land price		Calculated area (square feet)	Room count	Total payment	Taxes and assessments	Housing expense
Less than $5,000	0.1	[1]	$4,664	[1]	[1]	[1]	[1]	[1]	[1]	[1]
$5,000 to $5,499	2.7	$5,236	4,807	$538	91.8	665	3.9	$37.86	$4.02	$52.46
$5,500 to $5,999	10.6	5,743	5,355	674	93.2	687	4.0	41.09	4.38	57.50
$6,000 to $6,499	75.4	6,077	5,676	699	93.4	734	4.4	42.33	5.06	59.03
$6,500 to $6,999	8.5	6,599	5,594	777	84.8	762	4.4	44.50	6.38	63.22
$7,000 to $7,499	2.1	7,132	5,770	768	80.9	837	4.5	47.17	6.67	65.44
$7,500 or more	.6	7,865	5,742	843	73.0	906	4.7	48.73	6.11	67.94
Total	100.0	6,093	5,612	700	92.1	732	4.3	42.40	5.11	59.23

[1] Inadequate data.

Land prices for Section 8 properties averaged between 10 and 12 percent of property value, ranging from an average of $538 in the lowest value group to $843 in the highest. The overall average of $700 was less than half the land price average of $1,456 for Section 203 new home transactions in 1954. Moreover, land prices represented smaller proportions of total property value in Section 8 transactions (11½ percent) than in Section 203 (13 percent). These data are indicative of the less stringent site and location requirements for Section 8, as well as the substantially higher value level of Section 203 properties.

Table 89 also shows the expected correlation between size of structure and value of property. The following data indicate that most of the Section 8 homes had calculated areas of 600 to 799 square feet, with over one-fifth having areas of 800 or more square feet:

Calculated area of structure (square feet)	Percentage distribution	Calculated area of structure (square feet)	Percentage distribution
Less than 500	0.1	900 to 999	4.1
500 to 599	4.2	1,000 or more	1.0
600 to 699	34.2		
700 to 799	40.1	Total	100.0
800 to 899	16.3	Median area: (square feet)	706

The size distributions of Section 8 structures exhibited comparable concentrations when measured in terms of number of rooms and bedrooms. As shown by the following tables, 3 of 4 Section 8 homes contained 4 rooms and 5 of every 6 had 2 bedrooms:

Number of rooms per structure	Percentage distribution	Number of bedrooms per structure	Percentage distribution
3	3.0	1	0.3
4	75.2	2	83.9
5	13.8	3 or more	15.8
6 or more	8.0		
Total	100.0	Total	100.0
Median room count	4.6	Median bedroom count	2.6

Monthly mortgage payments in Section 8 transactions, following the trend of mortgage amounts, increased as property values rose and were concentrated in a narrow band ranging from an average of $38 for properties in the lowest value class to $49 for those with highest values. Monthly housing expenses averages, reflecting limited spread of the mortgage payment component, ranged only from $52 for properties in the $5,000 to $5,499 range to $68 for those valued at $7,500 or more. Monthly taxes and assessments included in the total mortgage payment averaged about $5 for all Section 8 transactions insured in 1954, with the averages by value groups generally conforming with the level of property values.

Characteristics by Mortgagor's Monthly Income

Over three-tenths of the Section 8 occupant-mortgagors in 1954 had monthly effective incomes (before taxes) of less than $300 and nearly three-fifths were earning under $350 monthly. (See Table 90.) This was over 5 times the proportion of owner-occupants of Section 203 new homes with monthly incomes of less than $300, and almost 3 times the proportion with incomes of less than $350. The typical Section 8 mortgagor had a monthly effective income of $329, or about $100 less than the $428 median income for the Section 203 new home mortgagors of 1954. It is likely that some of the Section 8 transactions in the higher income brackets included part or all the incomes of co-mortgagors or co-signers whose participation was required because the income of the principal mortgagor was not considered sufficient.

As Table 90 indicates, property value and mortgage amount averages for most of the income groups of Section 8 mortgagors varied only slightly. Moreover, total monthly mortgage payments and housing expenses were roughly the same for all income classes with the exception of those below $250 and those of $600 or more. This, of course, is a reflection of the limited price class of housing for which Section 8 mortgage financing terms were the most favorable.

Section 8 mortgagors were devoting, on the average, somewhat smaller proportions of their incomes for mortgage payment (12 percent) and housing expense (17 percent) than their Section 203 compatriots (15 percent for monthly payment and 20 percent for housing

expense). Moreover, in corresponding income brackets, the Section 8 payment-income and housing expense-income ratios were also smaller.

The share of Section 8 mortgagors' incomes required for mortgage payment ranged from 7 percent in the highest income bracket to 23 percent in the lowest, while the housing expense portion ranged from 9 percent to 30 percent.

TABLE 90

Characteristics by income of single-family home mortgagors, Sec. 8, 1954

Mortgagor's monthly effective income	Percentage distribution	Average			Average monthly			Percent ratio of		
		Total requirements	Property value	Mortgage amount	Mortgagor's income	Total payment	Housing expense	Loan to value	Payment	Housing expense
									To income	
Less than $200.00	1.8	$6,035	$5,957	$5,461	$178.26	$40.86	$53.91	91.7	22.9	30.2
$200.00 to $249.99	9.0	6,198	6,031	5,601	224.55	41.37	55.93	92.9	18.4	24.9
$250.00 to $299.99	20.4	6,252	6,116	5,628	271.59	41.98	58.28	92.0	15.5	21.5
$300.00 to $349.99	28.6	6,311	6,108	5,630	320.63	42.31	59.53	92.2	13.2	18.6
$350.00 to $399.00	17.0	6,301	6,161	5,631	368.57	42.81	60.06	91.4	11.6	16.3
$400.00 to $449.99	11.0	6,292	6,114	5,627	416.53	42.45	60.21	92.0	10.2	14.5
$450.00 to $499.99	4.5	6,373	6,203	5,622	468.31	42.42	59.78	90.6	9.1	12.8
$500.00 to $599.99	5.2	6,348	6,190	5,622	531.86	43.62	60.24	90.8	8.2	11.3
$600.00 or more	2.5	6,802	6,154	5,628	724.56	46.91	63.92	91.5	6.5	8.8
Total	100.0	6,297	6,119	5,623	345.86	42.42	59.17	91.9	12.3	17.1

Characteristics of Project Mortgage Transactions

An analysis of the characteristics of projects for which commitments for mortgage insurance were issued by the FHA during 1954 (280 projects containing 24,000 dwelling units) is presented in the following pages. Rental housing project data are based on commitments issued under the Section 207 rental housing program (15,000 units), the Section 803 military housing program (3,000 units), and the Section 908 defense housing program (less than 100 units). The project program analysis also covers the Section 213 cooperative housing program which included 3,000 units in sales-type projects and an additional 3,000 units in management-type projects. Other project programs, including the Section 220 urban renewal program and the Section 221 program for relocation housing, were included in the legislation approved August 2, 1954, but being in effect during only a brief period of 1954 had no commitment activity during the year.

Typical Project Mortgage Transaction

The typical project approved for mortgage insurance by the FHA during 1954 consisted of 41 dwelling units. The typical dwelling unit contained 4.8 rooms, rented for $95.02, and secured a mortgage of $8,162, representing 79.3 percent of the estimated replacement cost.

Considerable differences existed between the typical rental housing project and the typical cooperative housing project covered by com-

mitments issued during the year. The typical rental project was larger, containing 77.5 dwelling units, with a median room count of 4.7 rooms, which rented for $102.72. The typical unit mortgage of $8,041 represented 74.7 percent of replacement cost. In contrast, the typical cooperative project included only 28.4 units of 5.4 rooms involving monthly charges to the cooperative member of $75.77. The median unit mortgage involved in these cooperative projects was $8,650, which approximated 90.8 percent of replacement cost.

As shown in Table 91, the typical rental project under Section 207 consisted of 76 dwelling units and that under Section 803 contained 162.5 dwelling units. The typical unit for Section 207 projects had 4.6 rooms and rented for $115.60, while those under Section 803 had 4.9 rooms with a monthly rental of $72.13. This seeming disparity of the monthly rental for Section 207 is caused in part by the high percentage of dwelling units—more than one-half—in elevator-type structures which characteristically are smaller and rent for more. Four-fifths of the Section 803 units were in 1-family structures.

The typical management-type cooperative project on which a commitment for mortgage insurance was issued in 1954 consisted of 127.5 dwelling units with a median room count of 4.8 rooms, involved a monthly charge of $93.66, and secured a mortgage of $8,807—80.7 percent of replacement cost—substantially the same as for 1953. The sales-type cooperative projects covered by 1954 commitments, however, showed some differences in 1954. The typical project was less than half as large, containing 25.8 dwelling units, and the typical

TABLE 91

Characteristics of multifamily housing transactions, by section, 1954

Item	Total rental and co-operative housing [1]	Rental housing			Cooperative housing, Sec. 213		
		Total [1]	Sec. 207	Sec. 803	Total	Management type	Sales type
Projects:							
Median size (in units)	41.0	77.5	76.0	162.5	28.4	127.5	25.8
Average size (in units)	85.3	116.8	108.0	213.5	46.7	147.4	28.4
Units:							
Median size (in rooms) [2 3]	4.8	4.7	4.6	4.9	5.4	4.8	5.8
Median monthly rental [2 4]	$95.02	$102.72	$115.60	$72.13	$75.77	$93.66	$53.41
Median mortgage amount [2 5]	$8,162	$8,041	$8,031	$8,053	$8,650	$8,807	$7,848
Median mortgage-cost ratio	79.3	74.7	72.9	81.2	90.8	80.7	94.1

[1] Includes data for commitments issued under Sec. 908.

[2] Tables covering size of units, monthly rental, and amount of mortgage exclude data for projects in Alaska (none committed in 1954), Guam, and Hawaii. In recognition of higher costs, liberalized legislative provisions were enacted—for Alaska in 1949, Guam in 1952, and Hawaii in 1953.

[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.

[5] Amount of mortgage allocable to dwelling use.

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

dwelling unit was smaller with 5.8 rooms as compared to 6.1 rooms for 1953. Monthly charges of $53.41 were considerably smaller than the $76.51 reported for 1953, and the amount of mortgage—$7,848—was less than the previous $10,071. The ratio of the mortgage to replacement cost remained about the same at 94.1 percent for 1954.

Yearly Trend

The trends of selected characteristics for rental housing projects (Section 213 cooperatives excluded) through 1954 are shown in Chart 41 and Table 92.

The median project for 1954 contained 77.5 dwelling units, a 27-percent decrease from 1953. Project sizes have varied greatly from year to year since 1950.

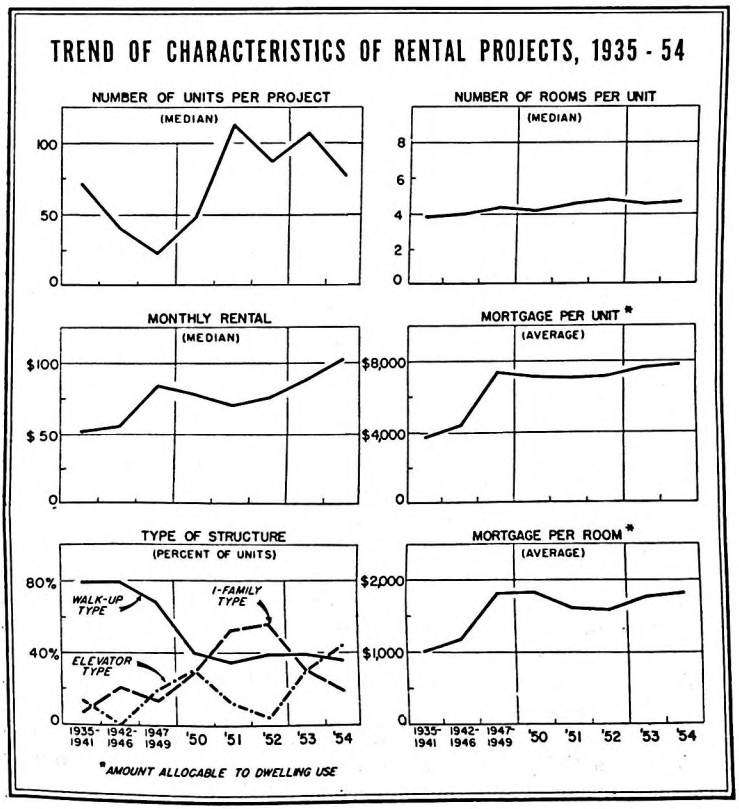

CHART 41

The median monthly rental per unit increased 17 percent over 1953 to $102.72—an alltime high—despite the fact that the typical unit—4.7 rooms—remained virtually unchanged. This, coupled with the increased average mortgage allocable to dwelling use—$7,821 per unit, also an alltime high—points up the fact that nearly one-half of the units approved during 1954 were in elevator structures.

TABLE 92

Characteristics of mortgages and projects in rental project transactions, by years, 1935–54

Item	Year [1]							
	1954	1953	1952	1951	1950	1947–49	1942–46	1935–41
Projects:								
Median size (in units)	77.5	106.8	87.5	112.5	48.6	24.0	41.0	72.2
Average size (in units)	116.8	150.1	154.8	182.4	97.6	55.8	75.9	121.1
Percent with:								
Walkup structures	54.6	55.8	53.5	49.4	59.0	78.6	81.6	82.6
Elevator structures	27.6	22.1	5.6	10.1	18.0	6.8	----	9.9
1-family structures	17.8	22.1	40.9	40.5	23.0	14.6	18.4	7.5
Units:								
Median size (in rooms)	4.7	4.6	4.8	4.6	4.2	4.4	4.0	3.9
Average size (in rooms)	4.3	4.3	4.5	4.4	3.9	4.0	3.7	3.7
Median monthly rental	$102.72	$87.95	$75.38	$71.10	$78.87	$84.43	$56.45	$53.09
Average mortgage amount	$7,821	$7,679	$7,179	$7,133	$7,140	$7,382	$4,427	$3,725
Percent in:								
Walkup structures	35.8	39.4	39.4	35.0	40.0	68.3	79.4	79.0
Elevator structures	44.4	30.0	4.4	12.8	30.8	18.2	----	14.0
1-family structures	19.8	30.6	56.2	52.2	29.2	13.5	20.6	7.0
Rooms:								
Average monthly rental	$24.39	$21.34	$16.77	$16.91	$20.06	$20.72	$15.10	$14.54
Average mortgage amount	$1,817	$1,778	$1,579	$1,619	$1,835	$1,832	$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 1952–54 under Secs. 207, 803, 608.

Type of Structure

The three principal types of structure into which FHA classifies large-scale developments are walkup, elevator, and 1-family (row, semidetached, and detached houses). Nearly one-half of all rental and cooperative projects approved for mortgage insurance during 1954 consisted primarily of 1-family houses—a distinct departure from the trend of other recent years when walkups were the most popular. However, it should be noted that more units—43 percent of the total—were provided in elevator buildings than in either of the other types of structure. See Table 93 and Chart 42 for a detailed comparison of the relative proportions of projects and dwelling units by principal type of structure.

Walkup-type structures predominated for rental housing projects, accounting for 55 percent of the total number of projects, about the same as in the past 2 years. However, because of the decrease in Section 803 activity, the proportion of projects consisting of 1-family structures declined and the proportion consisting of elevator-type structures increased.

TABLE 93

Type of structure for multifamily housing, by section, 1954

Type of structure	Total rental and cooperative housing	Rental housing			Cooperative housing, Sec. 213		
		Total	Sec. 207	Sec. 803	Total	Management type	Sales type
	Projects—Percentage distribution						
Walkup	31.9	54.6	58.2	13.3	4.0	26.3	--------
Elevator	19.6	27.6	31.3	--------	9.7	63.1	--------
1-family	48.5	17.8	10.5	86.7	86.3	10.6	100.0
All projects	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Dwelling units—Percentage distribution						
Walkup	28.9	35.8	38.9	20.3	7.4	15.3	--------
Elevator	42.7	44.4	54.5	--------	37.6	77.7	--------
1-family	28.4	19.8	6.6	79.7	55.0	7.0	100.0
All units	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Nearly one-half of the dwelling units provided in rental housing projects approved during 1954 were in elevator-type structures. This is the highest proportion to date for this type of project, reflecting

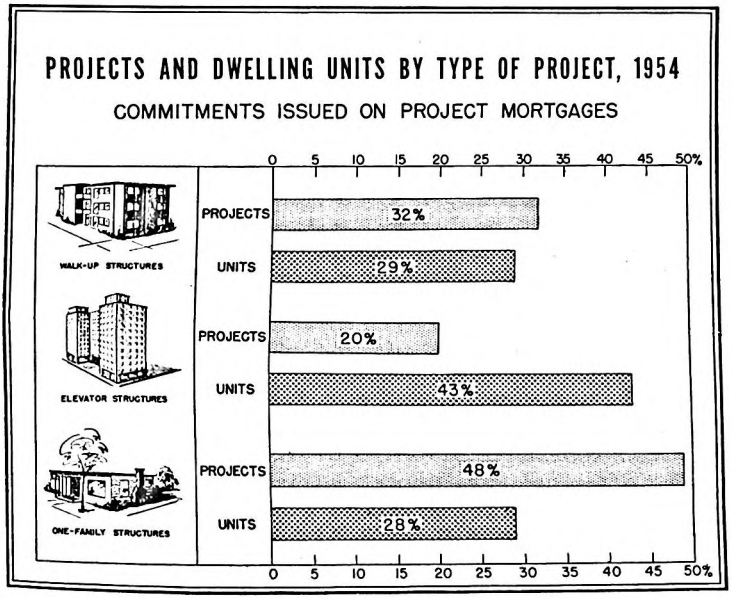

CHART 42

Section 207 activity which accounted for the major proportion of operations during 1954.

For Section 213 cooperative housing, projects consisting of 1-family homes—86 percent—were most prevalent and accounted for more than half the dwelling units approved in 1954. This was a reflection of the increased proportion of sales-type cooperative housing, consisting entirely of 1-family homes. Management-type cooperatives, as heretofore, were predominantly elevator-type structures.

Size of Project

The median project for 1954 contained 41 dwelling units—a decrease of 60 percent from 1953. In line with this trend, 59 percent of the projects approved during the year had less than 50 dwelling units and only 26 percent contained more than 100 dwelling units, as compared to 27 percent and 51 percent respectively for 1953.

More than two-thirds of the dwelling units provided were in projects of 100 units or more, while only 18 percent were in projects having less than 50 units.

TABLE 94

Size of project for multifamily housing, by section, 1954

Number of dwelling units per project	Total rental and cooperative housing	Rental housing			Cooperative housing, Sec. 213		
		Total	Sec. 207	Sec. 803	Total	Management type	Sales type
	Projects—Percentage distribution						
8 to 24	29.7	20.4	21.6	6.7	41.1	5.3	47.6
25 to 49	29.0	18.4	17.9	13.3	41.9	21.0	45.7
50 to 99	15.6	23.0	24.6	13.3	6.5	5.3	6.7
100 to 149	9.4	12.5	12.7	13.4	5.7	36.8	----
150 to 199	7.6	11.9	12.7	6.7	2.4	15.8	----
200 to 299	3.3	5.9	5.2	13.3	----	----	----
300 to 399	2.6	3.3	3.0	6.7	1.6	10.5	----
400 to 499	1.4	2.0	.8	13.3	.8	5.3	----
500 or more	1.4	2.6	1.5	13.3	----	----	----
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	41.0	77.5	76.0	162.5	28.4	127.5	25.8
	Dwelling units—Percentage distribution						
8 to 24	6.2	2.9	3.2	0.6	16.4	0.6	31.1
25 to 49	11.9	5.7	6.3	1.7	30.8	5.5	54.5
50 to 99	13.5	15.1	17.5	4.5	8.7	2.6	14.4
100 to 149	13.1	12.5	13.7	7.5	15.2	31.3	----
150 to 199	15.4	17.4	20.3	4.7	9.1	18.9	----
200 to 299	9.0	12.0	11.9	12.5	----	----	----
300 to 399	9.9	9.1	9.2	9.4	12.1	25.1	----
400 to 499	7.5	7.4	2.9	27.9	7.7	16.0	----
500 or more	13.5	17.9	15.0	31.2	----	----	----
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average	85.3	116.8	108.0	213.5	46.7	147.4	28.4

One project for 1,668 units, sponsored by a State supervised redevelopment agency, was approved in 1954. With this exception, all other rental projects ranged in size from 12 units to 504 units with the typical project having 78 units. Rental projects having more than 100 units each contained the greater share of the total number of units—more than three-fourths—with 18 percent of the units concentrated in projects of 500 units or more. See Table 94 for the percentage distribution of projects and units by size of project for each program.

The median project for Section 213 cooperatives contained 28 dwelling units. The typical management-type project—128 units—was substantially larger than the typical sales-type project of 26 units. Over 90 percent of the dwelling units in management-type cooperatives (predominantly elevator buildings) were in projects of 100 or more units, while all units in sales-type cooperatives were in projects with less than 100 units—86 percent in projects having less than 50 units.

Size of Dwelling Unit

The median unit for projects committed for insurance during 1954 contained 4.8 rooms—equaling the previous high which was established in 1952. The typical unit in rental housing projects, containing 4.7 rooms, was slightly larger than in 1953, while the typical unit in cooperatives, with 5.4 rooms, was larger than that reported for any previous year. This is another reflection of the increased proportion of sales-type cooperative units approved during 1954, since management-type cooperative units duplicated the 1953 median of 4.8 rooms and sales-type cooperative units were smaller—5.8 rooms as compared to 6.1 rooms in 1953.

See Table 95 for the percentage distribution of dwelling units by number of rooms for individual project programs. Reflecting the 1953 legislative change which based the maximum mortgage on a dollar amount per room as well as on a percentage of value, Section 207 showed a shift toward larger units—those having 5 or more rooms accounting for 30 percent of the 1954 total as compared to 15 percent for 1953, despite the fact that 55 percent of these units were in elevator-type structures. One-fourth of Section 207 units in elevator structures contained 5 or more rooms, an increase over the 14 percent reported for 1953.

Chart 43 presents graphically the size of dwelling units by type of structure for all project sections combined. There was little change over 1953 for all types combined with the exception of a shift of approximately 6 percent from units of 4½ rooms to those of 5 or more rooms. The proportion of units in walkup-type structures—predominantly under Section 207—containing 4 or less rooms decreased from about

TABLE 95

Size of dwelling units for multifamily housing, by section, 1954

Rooms per unit	Total rental and co-operative housing	Rental housing			Cooperative housing, Sec. 213		
		Total	Sec. 207	Sec. 803	Total	Management type	Sales type
	Dwelling units—Percentage distribution						
Less than 3	4.2	5.2	6.4	--------	1.0	2.0	--------
3	6.4	8.5	8.7	7.6	.2	.3	--------
3½	10.6	11.4	13.7	1.8	8.2	16.8	--------
4	15.1	16.1	16.3	14.6	12.1	13.0	11.2
4½	22.8	25.4	24.7	27.7	15.1	29.6	1.5
5	22.1	23.3	23.3	24.2	18.2	23.0	13.7
5½	7.4	2.6	2.0	5.5	21.9	7.8	35.3
6 or more	11.4	7.5	4.9	18.6	23.3	7.5	38.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	4.8	4.7	4.6	4.9	5.4	4.8	5.8

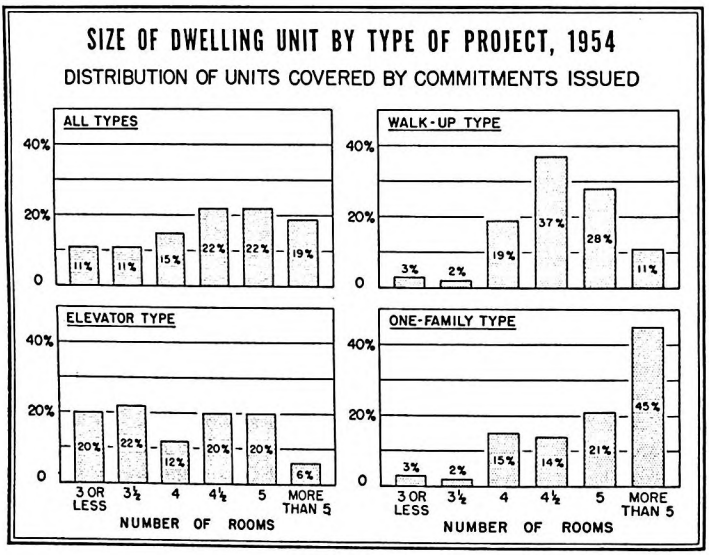

CHART 43

40 percent in 1953 to about 24 percent in 1954, while those of 4½ rooms or more increased correspondingly. Units in elevator structures, as noted above, showed an increased proportion with 5 or more rooms (11 percentage points greater than in 1953). However, units containing 3½ rooms were most popular under Section 207, accounting

for 22 percent of the total, and those with 4½ rooms were most popular under Section 213 management-type cooperatives, accounting for 33 percent. Units in 1-family structures, characteristically larger, showed an increasing concentration of those having 5 or more rooms—66 percent in 1954 compared with 55 percent for 1953.[21]

Amount of Mortgage

Table 96 shows the distributions of the rental and cooperative projects and dwelling units by the total amounts of the mortgages covered by commitments issued in 1954. The median amount of

TABLE 96

Total amount of mortgage for multifamily housing, by section, 1954

Amount of mortgage	Total rental and cooperative housing	Rental housing			Cooperative housing, Sec. 213		
		Total	Sec. 207	Sec. 803	Total	Management type	Sales type
	Projects—Percentage distribution						
Less than $100,000	4.7	7.9	9.0	----------	0.8	----------	1.0
$100,000 to $199,999	25.0	14.5	14.2	13.3	37.9	5.3	43.8
$200,000 to $299,999	19.6	10.5	9.7	6.7	30.7	5.3	35.2
$300,000 to $399,999	8.7	5.3	6.0	----------	12.9	10.5	13.3
$400,000 to $499,999	5.4	5.9	6.7	----------	4.8	5.3	4.8
$500,000 to $749,999	9.0	15.8	16.4	13.3	.8	5.3	--------
$750,000 to $999,999	6.9	10.5	11.2	6.7	2.4	5.3	1.9
$1,000,000 to $2,499,999	15.2	21.7	20.9	33.3	7.3	47.3	--------
$2,500,000 to $4,999,999	5.1	7.2	5.2	26.7	2.4	15.7	--------
$5,000,000 or more [1]	.4	.7	.7	----------	----------	----------	--------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	$308,333	$593,750	$568,182	$1,450,000	$235,000	$1,416,667	$213,750
	Dwelling units—Percentage distribution						
Less than $100,000	0.7	0.8	1.0	----------	0.3	----------	0.6
$100,000 to $199,999	6.0	2.6	2.7	1.4	16.7	0.6	31.7
$200,000 to $299,999	6.8	3.1	3.2	.9	18.1	.9	34.3
$300,000 to $399,999	4.4	2.2	2.7	----------	11.3	2.9	19.1
$400,000 to $499,999	3.5	2.8	3.5	----------	5.7	1.7	9.4
$500,000 to $749,999	8.6	11.0	12.5	4.5	1.2	2.6	--------
$750,000 to $999,999	8.7	10.0	11.6	3.2	4.4	3.9	4.9
$1,000,000 to $2,499,999	30.5	33.2	33.8	30.9	22.4	46.3	--------
$2,500,000 to $4,999,999	23.7	24.9	17.5	59.1	19.9	41.1	--------
$5,000,000 or more [1]	7.1	9.4	11.5	----------	----------	----------	--------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average	$704,121	$948,053	$879,660	$1,685,420	$414,943	$1,366,853	$242,693

[1] Represents 1 project for $14,638,800 and 1,668 units sponsored by State-supervised redevelopment agency.

[21] 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.

$308,000 reported for all projects reflects the $594,000 median reported for rental projects and the $235,000 median for cooperative housing projects.

Over one-half of the Section 207 mortgages involved principal amounts of $500,000 or more. The concentration was even more marked in Section 803 Military Housing, where 60 percent of the projects involved mortgages of $1,000,000 or more. Management-type cooperative housing mortgages were also concentrated in the higher mortgage amount groups, but sales-type projects generally involved mortgages of less than $400,000.

MORTGAGE ALLOCABLE TO DWELLINGS.—The median mortgage allocable to dwelling use in 1954 was $8,162—an all-time high.[22] This amount excludes that portion of the project mortgage that is allocated to garages, stores and other nondwelling income-producing parts of the project.

Table 97 presents the percentage distribution of dwelling units by amount of mortgage. Compared to 1953 there was a slight increase in the median unit mortgage for rental housing projects, $8,041 over $7,801. Section 207 and Section 803 had nearly identical median mortgages of $8,031 and $8,053 respectively, with Section 207 unit

TABLE 97

Amount of mortgage allocable to dwellings for multifamily housing, by section, 1954

Average amount of mortgage per dwelling unit [1]	Total rental and cooperative housing	Rental housing			Cooperative housing, Sec. 213		
		Total	Sec. 207	Sec. 803	Total	Management type	Sales type
	Dwelling units—Percentage distribution						
Less than $5,000	0.9	1.2	1.5	----	----	----	----
$5,000 to $5,999	7.7	8.9	9.6	6.2	4.1	----	7.9
$6,000 to $6,499	4.5	6.0	3.6	16.2	----	----	----
$6,500 to $6,999	8.0	9.8	9.8	10.0	2.8	----	5.5
$7,000 to $7,499	14.8	17.7	20.0	8.4	6.1	1.7	10.2
$7,500 to $7,999	8.4	4.7	4.8	3.2	19.6	----	38.0
$8,000 to $8,499	17.4	20.2	11.8	56.0	9.2	16.0	2.9
$8,500 to $8,999	19.0	16.2	20.0	----	27.2	52.7	3.4
$9,000 to $9,999	15.4	15.2	18.8	----	15.8	27.5	4.7
$10,000 to $10,999	2.2	.1	.1	----	8.6	2.1	14.6
$11,000 or more	1.7	----	----	----	6.6	----	12.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	$8,162	$8,041	$8,031	$8,053	$8,650	$8,807	$7,848

[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.

[22] Projects located in Hawaii and Guam were excluded from the data pertaining to mortgage amounts, monthly rentals, and size of dwelling unit because of the more liberal provisions of the National Housing Act to compensate for the higher costs prevailing in these territories. Alaska is also subject to these more liberal provisions but no project-mortgage commitments issued by the FHA during the year involved Alaskan properties.

mortgages ranging from less than $5,000 to $10,000 and Section 803 mortgages ranging from $5,000 to $8,499. Some 56 percent of the Section 803 units secured mortgages in the $8,000 to $8,499 group.

The typical unit mortgage for Section 213 cooperatives decreased $299 during 1954—from $8,949 to $8,650. The unit mortgage for management-type cooperatives increased slightly, but the sales-type cooperative unit with a mortgage of $7,848 declined $2,223 or 22 percent from 1953. This difference was, in part, the result of increased geographical dispersion and variety among the projects on which commitments were issued in 1954.

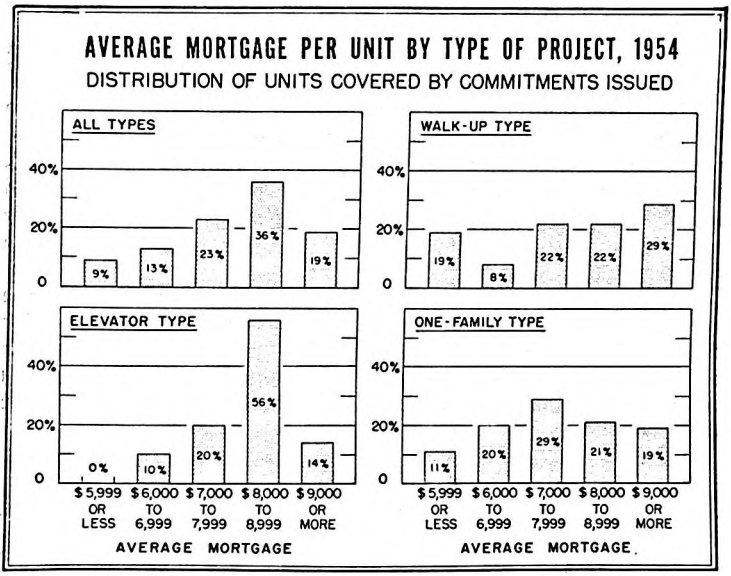

CHART 44

Chart 44 shows that unit mortgages for walkup structures were fairly evenly distributed for the various mortgage intervals with the exception of those in the $6,000 to $6,999 class. The bulk of these units were processed under Section 207 and the distribution reflects the mortgage limitation of $10,000 per unit which was in effect prior to the enactment of the 1954 amendments to the National Housing Act. This legislation removed the $10,000 limitation but retained provision for the maxima of $2,000 per room and 80 percent of value for units with an average of 4 or more rooms. If the number of bedrooms equals or exceeds 2 per family unit and the mortgage does not exceed $7,200 per unit, the loan-value ratio may be as high as 90 percent.

More than half of the units in elevator structures had mortgages of $8,000 to $8,999. Over three-fourths of these elevator units were processed under Section 207, the rest being Section 213 management-type cooperatives.

For 1-family-type projects more units—nearly one-third—had mortgages between $7,000 and $7,999. Mortgage amount groups of $6,000 to $6,999 and $8,000 to $8,999 each accounted for about one-fifth of the units. Most of these units were processed under either Section 803 or Section 213 (sales type)—38 and 45 percent, respectively. Section 803 mortgages ranged from $5,500 to $8,499 while Section 213 sales-type mortgages ranged from $5,500 to $12,500.

Ratio of Mortgage Amount to Replacement Cost

The typical project mortgage covered by a commitment issued in 1954 involved an amount representing 79.3 percent of the estimated replacement cost—a decrease from the 82.9 percent reported for 1953. The median loan-cost ratio for rental housing projects decreased sharply from 82.4 percent in 1953 to 74.7 percent in 1954, while the typical cooperative housing project ratio rose substantially—from 84.6 percent to 90.8 percent. (Table 98.)

The sharp decrease in the mortgage-to-cost ratio for rental housing projects reflects the increased proportion of operations under Section 207 with its characteristically lower ratios. The Section 207 median ratio of 72.9 percent for 1954 was nearly the same as the 72.2 percent in 1953, while the comparable ratio for Section 803 decreased from 84.3 percent to 81.2 percent.

TABLE 98

Ratio of amount of mortgage to replacement cost for multifamily housing, by section, 1954

Mortgage as a percent of replacement cost	Total rental and co-operative housing	Rental housing			Cooperative housing, Sec. 213		
		Total	Sec. 207	Sec. 803	Total	Management type	Sales type
	Dwelling units—Percentage distribution						
Less than 70	16.2	20.8	25.5	-------	2.2	4.5	-------
70 to 74.9	23.4	29.3	35.6	1.4	5.2	10.7	-------
75 to 79.9	16.8	17.2	13.4	34.1	15.4	31.9	-------
80 to 82.4	7.9	7.7	5.0	18.8	8.7	18.0	-------
82.5 to 84.9	7.1	6.3	2.1	24.7	9.5	19.7	-------
85.0 to 87.4	4.3	5.5	6.8	-------	.6	1.2	-------
87.5 to 89.9	9.9	11.0	8.9	21.0	6.2	11.4	1.4
90.0 [1]	14.4	2.2	2.7	-------	52.2	2.6	98.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	79.3	74.7	72.9	81.2	90.8	80.7	94.1

[1] Includes any veterans' cooperative projects under Sec. 213 with ratios exceeding 90.0 percent.

Section 207 mortgages, by statute, are based on the FHA estimate of value rather than on replacement cost. This results in a lower ratio of loan to replacement cost since the estimate of value is generally a lower amount. The maximum ratio of loan to value exceeds 80 percent only for those projects with an average of 2 or more bedrooms per dwelling unit and involving mortgage amounts not in excess of $7,200 per unit. For comparison, the percentage distribution of mortgage amount as a percent of value for Section 207 projects is shown below:

Mortgage as percent of value	Percent distribution of units	Mortgage as percent of value	Percent distribution of units
Less than 70.0	19.6	85.0 to 87.4	1.5
70 to 74.9	34.3	87.5 to 89.9	5.4
75 to 79.9	6.3	90.0	13.8
80 to 82.4	17.9		
82.5 to 84.9	1.2	Total	100.0

The proportion of Section 207 units with loan-value ratios of less than 80 percent decreased slightly to 60.2 percent in 1954 as compared to 62.8 percent for 1953, while units with ratios of 80 percent or more increased from 37.2 percent of the 1953 total number of units to 39.8 percent in 1954. However, the proportion of units with loan-value ratios of less than 70.0 percent increased 8.2 percentage points to 19.6 percent and a corresponding increase of 7.7 percentage points occurred for units with a 90 percent ratio.

The increased ratio of loan to replacement cost for cooperative housing projects was largely the result of the larger proportion of sales-type cooperatives processed during 1954. The ratios for management-type cooperatives—80.7 percent—and sales-type cooperatives—94.1 percent—did not vary a great deal from 1953. The Housing Act of 1954 provided that Section 213 mortgages would be calculated on the basis of estimated value rather than on estimated replacement cost as heretofore.

Monthly Rental or Charges

The data presented in this section on the monthly rentals or charges to be paid by the occupants of rental or cooperative projects securing FHA-insured mortgages are based on estimates made in connection with the underwriting analysis prepared at the time of commitment. While generally reflecting rentals that are expected to prevail when the projects are completed and occupied, the rent schedules may be revised because of changes in construction or operating costs.

Under the Section 213 cooperative housing program, monthly charges for management-type projects consist of 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. For 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).

The median monthly rental or charge for all project programs combined in 1954 was $95.02—an increase of 9 percent over 1953 and the highest typical charge reported in the history of the FHA. The monthly fee for rental projects was $102.72 and for Section 213 cooperatives $75.77.

TABLE 99

Monthly rental or charges for multifamily housing, by section, 1954

Monthly rental or charges per dwelling unit	Total rental and cooperative housing	Rental housing			Cooperative housing, Sec. 213		
		Total	Sec. 207	Sec. 803	Total	Management type	Sales type
	Dwelling units—Percentage distribution						
Less than $60	10.2	1.8	1.2	4.4	36.1	1.9	68.6
$60 to $69.99	12.6	13.4	8.6	34.4	10.0	4.0	15.7
$70 to $79.99	11.4	11.4	6.4	32.9	11.4	11.4	11.3
$80 to $89.99	10.4	9.7	7.3	19.5	12.5	22.1	3.4
$90 to $99.99	12.2	11.2	12.1	7.0	15.1	30.0	1.0
$100 to $109.99	7.7	7.8	9.4	1.4	7.2	14.8	----
$110 to $119.99	8.8	10.0	12.2	.4	5.2	10.6	----
$120 to $129.99	6.7	8.2	10.1	----	2.2	4.6	----
$130 to $149.99	11.3	14.9	18.4	----	.3	.6	----
$150 or more	8.7	11.6	14.3	----	----	----	----
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	$95.02	$102.72	$115.60	$72.13	$75.77	$93.66	$53.41

Though the median fee for rental projects increased by $14.77 during 1954 to a new all-time high, Section 207 projects with a typical rent of $115.60 showed an increase of only $4.95, and Section 803, with a median rental of $72.13, a decrease of $2.82. The major portion of the 1954 overall increase for rental projects was a reflection of the decrease in Section 803 activity. Median rentals under this section have ranged from $70 to $75 since its enactment in 1949. Section 207 rentals have increased each year since 1950, paralleling the increasing proportion of these units in elevator structures. Table 99 shows that 64 percent of the units covered by Section 207 commitments in 1954 were expected to rent for $100 or more, with one-third in the range above $130. Three-fourths of the Section 207 units renting above $100 were in elevator buildings.

The decrease in the typical monthly charges reported for Section 213 cooperatives is attributable to the projected schedule of charges for the sales-type projects on which commitments were issued during the year. Nearly 7 out of every 10 of these units—all in single-family dwellings—had charges of less than $60 per month. In 1953 approximately the same proportion of units reported prospective charges in the $70 to $79.99 bracket. The change resulted in a 1954 median charge of $53.41—a 30 percent decrease—for sales-type cooperatives. As previously indicated, the decrease is largely attributable to greater project dispersion in areas where lower costs and charges were possible. The median charges of $93.66 for management-type cooperatives showed little change from 1953.

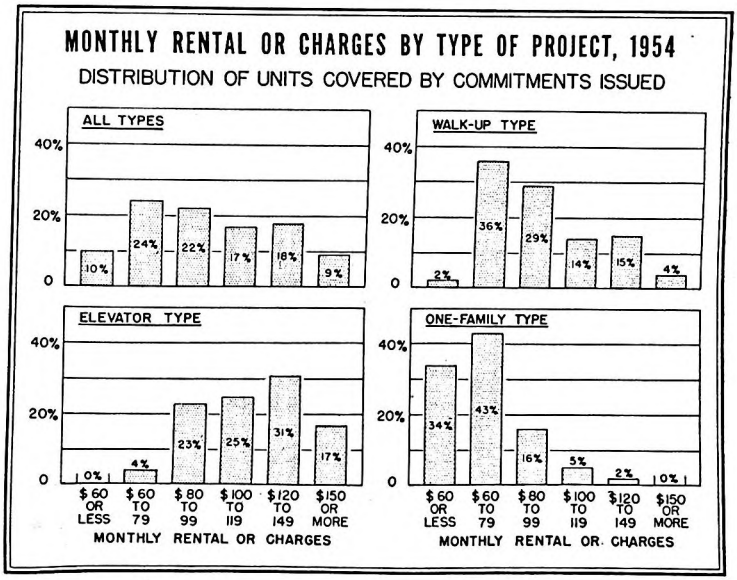

CHART 45

Chart 45 depicts the distribution of the monthly rental or charges for each type of structure. The greater proportion of units—nearly two-thirds—in walkup structures had monthly charges ranging from $60 to $99.99. Walkups with charges in excess of $100 were reported under Section 207 (one-third of all 207 walkups) and in Section 213 management-type cooperatives (two-thirds of management-type walkups, with the maximum charge less than $130).

Elevator structures, with three-fourths of the units exceeding $100 per month, generally provide all equipment and services. These usually include heat, hot and cold water, laundry facilities, janitor services, grounds maintenance, ranges, and refrigerators.

One-family dwellings, as in previous years, had large proportions in the lower rental intervals. A comparison of Chart 45 with its 1953 counterpart will reveal the sizable shift to charges of $60 or less from those of $60–$79.99 and $80–$99.99 in the projects covered by 1953 commitments. Most 1-family dwellings were in Section 213 sales-type and Section 803 military housing projects.

Characteristics by Income of Cooperative Project Members

Selected characteristics of mortgage transactions by monthly income of cooperators participating in Section 213 cooperative organizations are presented in Table 100 for management-type proj-

TABLE 100

Transaction characteristics by income of management-type cooperative project members, 1954

Member's effective monthly income [1]	Percentage distribution	Average					As a percent of monthly income	
		Member's monthly income	Monthly charges	Total monthly housing expense	Number of rooms	Number of bedrooms	Monthly charges	Monthly housing expense
Less than $300	2.4	$273.23	$65.87	$77.50	3.5	1.0	24.1	28.4
$300 to $399.99	16.4	356.92	79.46	88.64	4.3	1.6	22.3	24.8
$400 to $499.99	28.6	439.74	89.53	96.85	4.4	1.7	20.4	22.0
$500 to $599.99	24.1	541.67	97.28	104.64	4.6	2.0	18.0	19.3
$600 to $699.99	12.8	640.43	100.16	108.39	4.7	2.0	15.6	16.9
$700 to $799.99	5.2	751.18	102.13	112.52	4.7	2.0	13.6	15.0
$800 or more	10.5	1,410.72	107.50	121.72	4.9	2.0	7.6	8.6
Total	100.0	590.18	93.08	101.82	4.5	1.8	15.8	17.3

[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.

TABLE 101

Transaction characteristics by income of sales-type cooperative project members, 1954

Member's effective monthly income	Percentage distribution	Average						As a percent of monthly income		Ratio of sale price to annual income
		Member's monthly income	Sale price	Monthly charges	Total monthly housing expense	Number of rooms	Number of bedrooms	Monthly charges	Monthly housing expense	
Less than $300	18.4	$254.16	$7,160	$46.74	$63.94	4.9	2.5	18.4	25.2	2.3
$300 to 399.99	40.4	349.67	8,477	56.34	76.36	5.5	2.8	16.1	21.8	2.0
$400 to $499.99	22.9	437.79	9,295	60.36	81.31	5.7	2.9	13.8	18.6	1.8
$500 to $599.99	10.3	531.00	10,283	64.20	85.30	5.8	3.0	12.1	16.1	1.6
$600 to $699.99	4.3	636.47	10,999	66.31	87.54	5.9	3.1	10.4	13.8	1.4
$700 to $799.99	1.5	747.77	11,619	69.42	93.98	6.0	3.2	9.3	12.6	1.3
$800 or more	2.2	1,056.91	12,297	71.83	92.66	6.2	3.4	6.8	8.8	1.0
Total	100.0	404.92	8,847	57.27	77.23	5.5	2.8	14.1	19.1	1.8

ects and Table 101 for sales-type projects. These data are considered indicative of the cooperative members' incomes even though there may be subsequent changes in the composition of the membership of the individual cooperatives.

More than half of the members of management-type projects had monthly incomes of $500 or more. The average income for all members was about $590. Four-fifths of the members of sales-type projects had incomes of less than $500 with an average approximating $405 per member.

As shown in the table for management-type cooperatives, the average monthly charge (member's pro rata share of estimated monthly debt service and project operating and maintenance costs) was $93.08 and with the estimated amount of personal benefit expenses (cost of utilities, minor repairs, and maintenance of the member's own apartment) added, the total prospective monthly housing expense was $101.82—about 17 percent of the member's average monthly income. Housing expenses for members in the lower income group ranged as high as 28 percent of income. The average dwelling unit in management-type projects contained 4.5 rooms, including 1.8 bedrooms.

Cooperators in sales-type projects paid an average monthly charge (estimated monthly debt service, real estate taxes, and hazard insurance) of $57.27. Their average monthly housing expense of $77.23 represented 19 percent of the members' average income. These units consisted of an average 5.5 rooms, including 2.8 bedrooms, and had an average sale price of $8,847, which was nearly twice the annual income of the sales-type cooperative members.

Table 102 also presents data showing the distribution of sale price per home by members' effective monthly income for sales-type projects. As it indicates, sale prices ranging from $7,000 to $7,999 predominate for homes constructed under this program, with the median being $7,901.

TABLE 102

Sale price by income of sales-type cooperative project members, 1954

Member's effective monthly income	Percentage distribution	Median sale price	Sale price per home—Percentage distribution								Total
			$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 or more	
Less than $300.00	18.4	$7,226	18.8	26.7	38.4	8.3	3.4	3.6	0.8	-------	100.0
$300 to $399.99	40.4	7,847	2.1	7.1	53.7	8.5	5.3	9.6	13.4	0.3	100.0
$400 to $499.99	22.9	8,128	.4	2.4	45.6	11.0	1.4	5.5	26.8	6.9	100.0
$500 to $599.99	10.3	11,000	1.0	1.7	29.3	11.2	2.4	4.4	25.5	24.5	100.0
$600 to $699.99	4.3	11,817	.8	2.4	17.9	13.8	3.3	2.4	13.8	45.6	100.0
$700 to $799.99	1.5	11,942	-------	7.0	11.6	2.3	-------	-------	32.6	46.5	100.0
$800 or more	2.2	12,395	-------	1.6	4.7	14.0	1.6	1.6	3.1	73.4	100.0
Total	100.0	7,901	4.5	8.8	43.3	9.6	3.5	6.4	15.4	8.5	100.0

Characteristics of Property Improvement Loans

The typical property improvement loan granted by an approved Title I lending institution during 1954 provided $430 in proceeds to a borrower planning to improve an existing home. The loan had a maturity of 3 years with equal monthly payments of $13.74 for principal and interest. Continuing the trend of recent years, the single-family residence was the principal type of structure improved by this modernization work. The principal types of improvement included the installation of insulation, additions and alterations, and heating repair and maintenance.

Amount of Loan

Percentage distributions of the number and net proceeds of loans insured in selected years are shown in Table 103. It is apparent that there has been a general upward trend in the size of the loans insured by FHA under this program. For example, in a typical prewar year (1940) almost 80 percent of the Title I insured loans involved less than $500, while only 58 percent of those loans insured in 1954 were for less than that amount.

TABLE 103

Amount of property improvement loans, selected years

Net proceeds of individual loan	Number of loans						Net proceeds [1]					
	1954	1953	1952	1951	1946	1940	1954	1953	1952	1951	1946	1940
	Percentage distribution											
Less than $100	1.5	1.6	2.1	2.9	3.6	5.4	0.2	0.2	0.3	0.5	0.6	1.0
$100 to $199	12.8	12.6	14.4	21.2	19.1	24.7	3.3	3.2	3.9	8.9	6.3	8.7
$200 to $299	16.6	16.7	18.0	20.4	22.9	23.0	6.8	6.9	7.8	10.1	12.5	13.4
$300 to $399	15.9	15.6	15.5	16.8	15.9	14.2	9.1	9.0	9.4	11.5	12.1	11.6
$400 to $499	10.7	10.4	10.0	7.6	11.3	9.8	7.9	7.6	7.8	6.7	11.1	10.4
$500 to $599	9.0	8.8	8.4	5.9	7.8	7.5	8.0	7.8	7.9	6.3	9.6	9.9
$600 to $799	10.7	11.0	10.5	9.1	7.2	5.8	12.2	12.6	12.7	12.6	11.0	9.4
$800 to $999	6.5	6.9	6.5	5.5	4.2	3.1	9.6	10.2	10.1	9.8	8.2	6.4
$1,000 to $1,499	8.9	9.0	8.1	6.1	4.8	3.1	17.2	17.4	16.5	14.4	12.5	8.8
$1,500 to $1,999	3.6	3.7	3.1	2.2	1.4	.9	10.0	9.7	9.0	7.3	5.3	3.9
$2,000 to $2,499	1.7	1.7	1.5	1.1	.7	.6	6.2	6.1	5.7	4.7	3.5	3.0
$2,500 to $2,999	1.9	1.8	1.6	1.1	1.0	1.2	8.1	7.7	7.2	5.8	6.5	7.7
$3,000 to $3,999	.1	.1	.2	.1	.1	.7	.7	.8	.9	.7	.5	5.8
$4,000 to $4,999	[2]	.1	.1	[2]	[2]	------	.3	.4	.4	.3	.1	------
$5,000 or more	.1	[2]	[2]	[2]	[2]	------	.4	.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	100.0	100.0
Median	$430	$433	$400	$333	$328	$287	------	------	------	------	------	------
Average	------	------	------	------	------	------	$591	$595	$567	$492	$464	$417

[1] Data for 1951-54 are based on net proceeds; data for earlier years are based on face amount.
[2] Less than 0.05 percent.

The typical property improvement loan approved in 1954 amounted to $430—similar to the $433 reported for 1953. A similar average amount of loan was also reported—$595 in 1953 and $591 in 1954. The percentage distributions shown for 1954 do not indicate any significant changes from the 1953 pattern. However, it may be

noteworthy that 1954 marked the first downturn in the average since 1943.

Duration of Loan

The median term of the loans insured in 1954 was 36 months, as it has been during most of the 20-year history of Title I. An exception can be noted in 1951 when credit restrictions limited the maturity of most loans under Title I to 30 months (Table 104).

TABLE 104

Term of property improvement loans, selected years

Term in months		Number of loans						Net proceeds [1]					
		1954	1953	1952	1951	1946	1940	1954	1953	1952	1951	1946	1940
Modal term	Interval	Percentage distribution											
6	6–8	0.7	0.7	0.9	1.0	1.3	0.5	0.4	0.3	0.4	0.5	0.7	0.3
12	9–14	10.1	9.4	9.6	10.7	16.9	12.4	4.5	4.1	4.3	5.0	8.7	5.1
18	15–20	6.7	6.3	6.9	6.9	8.4	8.8	3.6	3.3	3.7	3.8	5.3	4.3
24	21–26	10.4	9.7	9.1	9.5	12.3	13.3	7.1	6.5	6.1	6.8	9.5	8.6
30	27–32	3.1	3.0	5.3	43.4	2.3	4.1	2.3	2.2	4.0	46.3	1.6	2.6
36	33–41	68.5	70.4	67.9	28.2	58.6	59.8	80.0	81.5	79.8	35.7	73.0	71.6
48	42–53	(2)	(2)	(2)	(2)	(2)	(2)	.1	(2)	(2)	.1	(1)	(2)
60	54–63	.4	.4	.2	.2	(2)	(2)	1.6	1.6	1.0	1.1	(2)	(2)
	Over 63	.1	.1	.1	.1	.2	1.1	.4	.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	100.0	100.0
Median		36.4	36.4	36.3	30.6	36.0	35.4						
Average								31.1	31.4	30.9	28.3	28.8	31.8

[1] Data for 1951–54 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."

During 1954 the 36-month loans constituted the bulk of insured transactions (69 percent of the number of loans) and accounted for $8 out of every $10 insured under the property improvement program. Only a small share—one-half of 1 percent—of the 1954 loans insured had maturities longer than 36 months.

Type of Property and Improvement

Table 105 shows the types of property and improvements financed with the proceeds of Title I loans. Nine out of every 10 loans, constituting 82 percent of the total net proceeds insured, were used by borrowers to repair or modernize single family homes. An additional 10 percent of the proceeds disbursed covered repairs or alterations to multifamily structures. The remaining amount was evenly distributed among the construction or repair of garages, farm buildings, and commercial and industrial structures. (Also see Table 106 showing amount of property improvement loans by type of property.)

These properties were improved in various ways as indicated in Table 105 and shown graphically in Chart 46. The distributions by

TABLE 105

Type of improvement by type of property for property improvement loans, 1954

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 loans—Percentage distribution					
Additions and alterations	14.0	14.1	11.8	20.2	13.3	11.8
Exterior finish	11.1	11.1	14.2	7.1	10.0	1.6
Interior finish	7.1	6.9	10.5	13.0	2.8	1.5
Roofing	5.6	5.6	6.8	5.9	9.4	1.4
Plumbing	9.4	9.6	8.6	8.2	15.0	1.3
Heating	13.9	13.7	22.1	13.9	8.3	2.2
Insulation	19.8	20.9	17.5	5.6	8.3	1.5
New nonresidential construction	2.1			10.0	26.6	75.4
Miscellaneous	17.0	18.1	8.5	16.1	6.3	3.3
Total	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	88.4	6.7	1.2	1.6	2.1
	Net proceeds—Percentage distribution					
Additions and alterations	21.6	18.3	1.8	0.7	0.4	0.4
Exterior finish	14.1	11.9	1.7	.2	.3	(1)
Interior finish	8.6	6.8	1.2	.4	.1	.1
Roofing	4.5	3.7	.5	.1	.2	(1)
Plumbing	8.1	6.7	.9	.2	.2	.1
Heating	14.7	11.7	2.5	.3	.1	.1
Insulation	12.1	10.9	1.0	.1	.1	(1)
New nonresidential construction	3.4			.3	.9	2.2
Miscellaneous	12.9	11.5	.8	.4	.1	.1
Total	100.0	81.5	10.4	2.7	2.4	3.0
	Net proceeds—Average					
Additions and alterations	$917	$870	$1,407	$1,687	$1,095	$860
Exterior finish	754	717	1,048	1,387	934	911
Interior finish	718	658	1,039	1,502	870	1,291
Roofing	473	449	619	969	544	685
Plumbing	506	465	907	1,187	671	905
Heating	626	574	972	1,226	640	1,150
Insulation	362	351	506	794	378	508
New nonresidential construction	966			1,531	1,303	832
Miscellaneous	450	422	883	1,193	689	920
Total	591	546	922	1,349	890	847

[1] Less than 0.05 percent.

type of improvement refer only to the major purpose of the loan. Therefore, when a loan is disbursed by a lender for several purposes, the whole loan is reported for the principal type of improvement only. Thus, a loan reported to FHA as financing exterior finishing may also include, for example, minor work on the insulation of the structure and interior decorating.

This is the fourth consecutive year that insulation work constituted the most frequently reported type of improvement. About 1 out of every 5 loans insured during 1954 was used to finance the installation or repair of home insulation. These loans, typically inexpensive, averaged $362 in 1954 and accounted for only one-eighth of the total

TABLE 106

Amount of property improvement loans by type of property, 1954

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	1.5	1.6	0.6	0.2	0.7	0.3
$100 to $199	12.8	13.8	6.4	3.3	6.8	3.2
$200 to $299	16.6	17.7	10.2	4.5	9.4	4.9
$300 to $399	15.9	16.7	11.3	6.3	11.1	6.7
$400 to $499	10.7	11.0	8.3	5.5	8.4	8.0
$500 to $599	9.0	9.0	9.3	6.1	8.1	11.3
$600 to $799	10.7	10.3	11.7	9.0	12.3	20.6
$800 to $999	6.5	6.1	8.4	6.6	8.4	15.6
$1,000 to $1,499	8.9	8.0	14.6	15.7	15.9	18.2
$1,500 to $1,999	3.6	3.1	7.3	10.3	7.6	5.8
$2,000 to $2,499	1.7	1.4	4.4	8.9	4.4	2.4
$2,500 to $2,999	1.9	1.3	5.2	21.9	5.7	2.9
$3,000 to $3,999	.1		1.2	1.7	1.2	.1
$4,000 to $4,999	(1)		.5			
$5,000 or more	.1		.6			
Total	100.0	100.0	100.0	100.0	100.0	100.0
Median	$430	$403	$666	$1,269	$689	$752
Average	$591	$546	$922	$1,349	$890	$847

[1] Less than 0.05 percent.

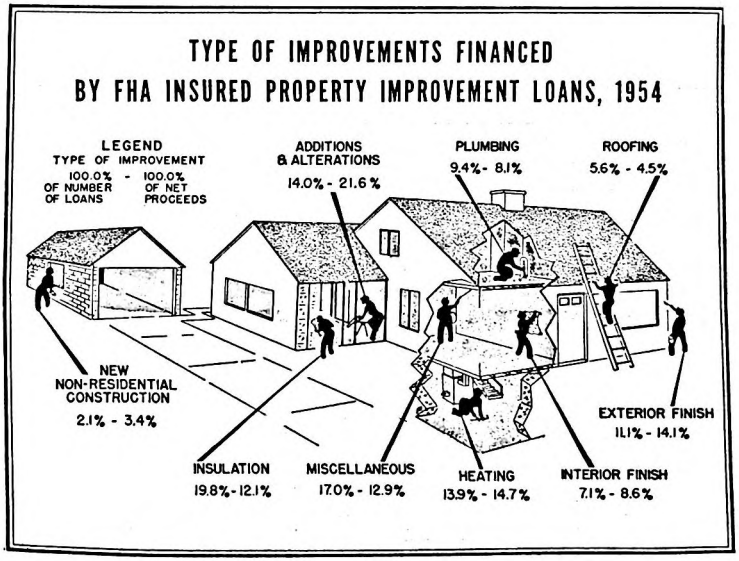

CHART 46

dollar volume of Title I loans insured. Another indication of the popularity of these loans can be seen in Table 107, which shows that nearly one-half of the loans for home insulation were in the $200–399 range and that nine-tenths involved net proceeds of less than $600.

As shown in Table 105, structural additions and alterations ranked second in the number of loan transactions. Work of this type accounted for 14 percent of the total loans insured—the highest proportion recorded for additions and alterations expenditures since 1939. These loans, averaging $917, account for the largest share of the total dollar amount (21.6 percent) of insurance written under the Title I program during 1954. They continued to be one of the most expensive type insured, as shown by Table 107. which indicates that the typical loan for this purpose amounted to $742 and that two-thirds of the dollar volume insured was accounted for in loans of $1,000 or more.

Another important type of work financed in 1954 was the installation and repair of heating systems. Although dropping in relative

TABLE 107

Amount of property improvement loans by type of improvement, 1954

Net proceeds of individual loan	Total	Major type of improvement								
		Additions and alterations	Exterior finish	Interior finish	Roofing	Plumbing	Heating	Insulation	New nonresidential construction	Miscellaneous
	Number of loans—Percentage distribution									
Less than $200	14.3	5.2	4.8	11.2	15.3	17.6	9.4	22.9	1.9	22.6
$200–$399	32.5	17.2	18.8	25.4	42.6	40.4	27.3	44.6	10.0	42.0
$400–$599	19.7	18.1	22.1	19.9	19.8	16.2	21.7	22.0	18.0	17.0
$600–$799	10.7	13.4	17.4	11.5	8.2	8.6	15.7	5.8	18.9	6.2
$800–$999	6.5	8.6	12.6	6.4	4.6	4.7	10.7	2.1	14.9	3.1
$1,000–$1,499	8.9	17.2	15.5	12.6	5.8	7.1	10.0	1.7	19.4	4.4
$1,500–$1,999	3.6	9.1	5.3	6.1	2.1	2.7	2.7	.5	7.2	2.1
$2,000–$2,499	1.7	5.0	1.9	3.0	.9	1.3	1.1	.2	3.6	1.1
$2,500–$2,999	1.9	5.7	1.5	3.7	.7	1.4	1.0	.2	4.4	1.5
$3,000 or more	.2	.5	.1	.2	(1)	(1)	.4	(1)	1.7	(1)
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	$430	$742	$649	$541	$359	$356	$521	$321	$816	$320
Average	$591	$917	$754	$718	$473	$506	$626	$362	$966	$450
	Net proceeds—Percentage distribution									
Less than $200	3.5	0.8	0.9	2.1	4.7	5.0	2.3	9.0	0.3	7.3
$200–$399	15.9	5.4	7.5	9.8	25.8	22.9	12.9	36.3	3.2	26.7
$400–$599	15.9	9.4	14.3	13.2	19.9	15.2	16.8	28.8	9.2	17.9
$600–$799	12.2	9.8	15.9	10.6	11.8	11.4	17.2	10.7	13.4	9.2
$800–$999	9.6	8.2	14.8	7.8	8.5	8.1	14.9	5.1	13.6	6.1
$1,000–$1,499	17.2	21.3	24.0	19.6	14.1	15.8	18.3	5.5	23.3	11.3
$1,500–$1,999	10.0	16.1	11.7	13.6	7.2	8.6	7.0	2.2	12.4	7.4
$2,000–$2,499	6.2	11.4	5.3	8.7	3.9	5.4	3.9	1.2	7.9	4.9
$2,500–$2,999	8.1	15.6	4.9	12.8	3.7	6.8	4.1	1.0	11.5	8.5
$3,000 or more	1.4	2.0	.7	1.8	.4	.8	2.6	.2	5.2	.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] Less than 0.05 percent.

importance from 1953, heating loans ($626) were reported almost as frequently as those for additions and alterations.

The remaining loans covered the financing of interior and exterior finishes, roofing, plumbing, and some new nonresidential construction, as well as miscellaneous types of work. It is of interest to note that loans in the miscellaneous category have again become more prevalent, increasing for the eighth consecutive year and accounting for 17 percent of the total. The reason may be partly the increases in the types of jobs falling into this category, such as electric wiring, and also the more frequent use of loans for more than one type of improvement which cannot be easily classified elsewhere.

The year 1954 marks the first time that State distributions by type of improvement have been available. The greater number of States show a tendency to conform to the national pattern; however, there are some notable exceptions. For example, insulation loans make up one-fifth of the national total, but Table 108 reveals an expected concentration of such loans in the Northern States, especially in New England. Vermont, and New Hampshire report over half of their volume as being for insulation while the remaining New England States report more than one-third of their total number of loans devoted to this type of work.

Another exception is noted in the data for New Mexico where more than 40 percent of the loans were reported for additions and alterations—3 times the national average.

Table 108 shows that 12 States reported approximately one-fourth of their loans as being for new nonresidential construction and miscellaneous loans. Arizona, California, Georgia, Louisiana and Texas reported over 30 percent for this type of improvement, and it is considered possible that the classification included the installation of various types of cooling equipment not elsewhere classified.

With but a few exceptions, the State distributions for plumbing, roofing, and finishing did not vary substantially from the national distribution.

Claims Paid by Type of Property and Improvement

The average claim paid during 1954 was $443—one-tenth larger than the $400 reported for 1953. Data on claims paid on defaulted loans during 1954 are presented in Table 109, which contains percentage distributions by type of property and type of improvement financed. The greater number of the claims paid in any year are in settlement of defaulted notes insured in a prior year. In 1954, almost seven-eighths of the claims paid involved loans originated within the two preceding years.

As in 1953, the bulk of the claims paid in 1954 were on defaulted loans covering improvements to single-family residences.

TABLE 108

Type of improvement insured by FHA, by State location of property, 1954

State	Major type of improvement								
	Total	Additions and alterations	Exterior finish	Interior finish	Roofing	Plumbing	Heating	Insulation	New nonresidential construction and miscellaneous
	Number of loans—Percentage distribution								
Alabama	100.0	14.2	13.0	6.1	9.7	13.0	14.0	5.3	24.7
Arizona	100.0	19.5	6.2	8.9	3.9	11.1	18.9	0.4	31.1
Arkansas	100.0	24.9	15.2	10.5	6.1	14.7	5.3	3.9	19.4
California	100.0	13.0	7.2	7.6	6.9	12.5	5.6	10.5	36.7
Colorado	100.0	13.8	10.3	7.0	4.1	15.6	8.0	16.8	24.4
Connecticut	100.0	11.9	10.3	8.2	3.4	6.9	13.6	36.0	9.7
Delaware	100.0	17.8	14.1	3.1	7.0	5.8	11.9	22.3	18.0
District of Columbia	100.0	7.3	11.5	13.9	6.6	5.8	13.2	28.4	13.3
Florida	100.0	22.9	8.8	7.0	7.3	8.8	3.8	17.7	23.7
Georgia	100.0	11.5	11.2	4.5	7.9	7.6	6.5	10.0	40.8
Idaho	100.0	21.1	10.5	6.4	7.7	11.8	12.6	15.9	14.0
Illinois	100.0	13.5	8.5	6.1	4.5	10.1	17.9	27.0	12.4
Indiana	100.0	12.2	11.6	4.7	4.4	9.2	16.9	30.3	10.7
Iowa	100.0	11.1	13.6	5.3	7.1	11.7	24.1	17.3	9.8
Kansas	100.0	15.5	12.2	6.0	5.3	11.8	7.5	25.1	16.6
Kentucky	100.0	14.4	10.6	6.0	3.7	7.3	12.8	32.3	12.9
Louisiana	100.0	20.0	16.5	6.3	4.7	10.9	2.6	5.3	33.7
Maine	100.0	5.8	8.0	4.3	7.4	7.5	20.1	42.1	4.8
Maryland	100.0	7.6	8.8	7.2	4.5	4.1	10.4	32.3	25.1
Massachusetts	100.0	5.6	10.5	6.7	8.2	5.3	18.6	40.3	4.8
Michigan	100.0	11.9	8.9	6.4	3.7	9.1	14.3	25.3	20.4
Minnesota	100.0	16.7	12.8	10.0	4.5	16.9	16.0	10.5	12.6
Mississippi	100.0	10.5	16.1	6.1	7.2	21.4	5.7	4.7	19.3
Missouri	100.0	13.4	9.8	5.9	4.5	13.4	15.9	20.6	16.5
Montana	100.0	16.5	19.0	9.9	7.9	9.1	10.3	15.1	12.2
Nebraska	100.0	12.7	11.3	8.6	8.0	9.7	19.3	21.1	9.3
Nevada	100.0	21.7	12.0	6.0	5.0	11.7	5.4	11.5	26.7
New Hampshire	100.0	4.3	8.4	4.7	4.6	4.4	16.1	53.8	3.7
New Jersey	100.0	14.5	10.1	8.3	4.9	8.9	18.3	27.9	7.1
New Mexico	100.0	42.2	3.8	5.6	2.3	17.3	3.6	1.0	24.2
New York	100.0	12.7	9.9	8.6	4.8	6.2	17.2	30.4	10.2
North Carolina	100.0	14.8	19.6	6.2	5.2	11.2	12.9	19.5	10.6
North Dakota	100.0	12.7	12.0	6.1	8.2	11.6	11.6	23.7	14.1
Ohio	100.0	11.9	9.9	5.7	5.2	7.2	21.8	25.3	13.0
Oklahoma	100.0	23.7	19.4	9.1	6.2	9.3	2.8	5.9	23.6
Oregon	100.0	16.3	14.0	9.6	15.4	9.5	16.5	7.0	11.7
Pennsylvania	100.0	6.2	11.1	8.1	6.4	9.2	23.0	28.2	7.8
Rhode Island	100.0	9.0	11.0	7.5	10.7	4.0	14.5	38.9	4.4
South Carolina	100.0	16.9	12.3	6.3	6.6	9.0	9.1	13.8	26.0
South Dakota	100.0	16.4	11.4	5.6	4.1	11.4	13.4	19.8	17.9
Tennessee	100.0	17.0	11.3	7.0	6.4	9.5	10.3	11.8	26.7
Texas	100.0	23.1	12.0	7.3	5.2	7.0	5.5	2.3	37.0
Utah	100.0	15.9	6.1	8.8	5.9	10.3	18.6	14.2	20.2
Vermont	100.0	4.1	12.1	2.1	6.9	2.9	12.9	54.6	4.4
Virginia	100.0	11.5	11.8	5.5	4.0	5.3	8.1	39.0	13.9
Washington	100.0	16.4	13.7	9.1	11.0	9.6	18.5	8.9	12.8
West Virginia	100.0	11.7	9.5	5.5	4.4	15.8	12.9	28.2	12.0
Wisconsin	100.0	12.2	20.1	5.3	7.3	6.9	19.0	15.2	14.0
Wyoming	100.0	18.0	10.9	4.7	4.8	14.7	4.8	26.5	15.6
Alaska	100.0	30.9	7.1	7.5	3.9	20.6	12.9	6.4	10.7
Hawaii	100.0	28.2	19.1	7.3	17.7	4.2	1.6	0.7	21.2
Puerto Rico	100.0	43.4	15.0	22.9	4.9	2.0	0.2	0.6	11.0
Guam	100.0	70.4	-------	11.1	-------	14.8	3.7	-------	-------
Total	100.0	14.0	11.1	7.1	5.6	9.4	13.9	19.8	19.1

Approximately one-third of the number and dollar amount of defaults were accounted for by two types of notes—those financing exterior finishes and insulation work. The relative experience for exterior finishing jobs was less satisfactory than for insulation work. In fact, during the last several years exterior finish has made up about one-eighth of the volume of loans—one-sixth of the dollar amount—

and has accounted for nearly one-fifth of the claims and between 20 and 25 percent of the amount of claims paid. The experience with insulation loans has been much better, despite the fact that this type of improvement ranks second in the distribution of claim volume. For example, insulation has accounted for 1 out of every 5 loans insured in the last few years and has averaged slightly more than 11 percent of the net proceeds insured. Claim submissions based on insulation notes have averaged only about 14 percent of the number and less than 10 percent of the dollar volume.

Claims resulting from loans for the other types of improvements are all about proportionate to the volume of loans insured.

TABLE 109

Type of improvement by type of property for claims paid on property improvement loans, 1954

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	12.7	12.5	12.6	20.6	20.6	9.6
Exterior finish	18.6	19.4	17.1	5.9	13.8	2.3
Interior finish	7.6	7.4	10.0	16.8	7.1	1.3
Roofing	8.0	8.0	7.9	5.1	13.8	2.0
Plumbing	10.6	10.7	10.5	8.4	13.4	1.2
Heating	12.1	11.6	23.0	14.7	7.9	1.8
Insulation	14.1	14.8	10.9	4.1	8.1	2.7
New nonresidential construction	1.6			7.4	17.0	76.6
Miscellaneous	14.7	15.6	8.0	17.0	6.6	2.5
Total	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	87.9	6.0	1.8	3.0	1.3
	Amount of claims paid—Percentage distribution					
Additions and alterations	18.3	14.8	1.7	1.0	0.6	0.2
Exterior finish	23.5	20.7	1.9	.2	.6	.1
Interior finish	7.9	6.2	.9	.7	.1	(1)
Roofing	5.8	4.9	.5	.1	.3	(1)
Plumbing	9.0	7.3	1.0	.2	.5	(1)
Heating	11.4	8.7	2.0	.4	.2	.1
Insulation	9.1	8.2	.6	.1	.2	(1)
New nonresidential construction	3.1			.3	1.4	1.4
Miscellaneous	11.9	10.6	.6	.5	.2	(1)
Total	100.0	81.4	9.2	3.5	4.1	1.8
	Claim paid—Average					
Additions and alterations	$642	$598	$988	$1,141	$753	$625
Exterior finish	560	540	821	927	636	821
Interior finish	459	420	681	977	266	813
Roofing	321	300	419	602	347	518
Plumbing	377	346	692	635	508	658
Heating	415	378	655	670	282	942
Insulation	286	279	390	539	336	395
New nonresidential construction	863			1,113	1,211	641
Miscellaneous	359	342	572	661	505	677
Total	443	411	677	853	604	643

[1] Less than 0.05 percent.

SECTION 4

ACTUARIAL ANALYSIS OF INSURING OPERATIONS

This section of the report contains analyses of (1) the reserves of the insurance funds of the Federal Housing Administration and (2) the termination experience of FHA-insured home mortgages. The analysis of the reserves includes the results of the annual valuation of the reserve liabilities of the mortgage insurance funds. For insurance organizations, the purposes of such valuations generally are to establish whether a fund is solvent and to determine how much of surplus may be available for distribution. Although the method used in making valuations of FHA's insurance funds is in accordance with standard insurance practice, there is a noteworthy distinction between the reserve liabilities of FHA's insurance funds and those of insurance organizations underwriting conventional risks. Unlike the policy reserves of insurance organizations which measure liabilities of a fund based in part on expected mortality, the reserve liabilities of FHA's funds are a measure of the *contingent* liabilities in the event adverse economic conditions of approximately depression magnitude develop immediately. FHA's reserve liabilities, therefore, are not designed to measure solvency according to its accepted meaning in the underwriting of conventional risks. For FHA's funds underwriting risks which are predominantly economic in nature and cyclical in pattern, the reserve liabilities are designed to appraise the ability of the surplus of a fund to meet such future losses and expenses as might be incident to a general deterioration of economic conditions. For only one of FHA's funds the reserve liabilities are used to determine how much of surplus may be distributed. This is the Mutual Mortgage Insurance Fund from which the National Housing Act authorizes the Federal Housing Administration to distribute a participating share to a mortgagor upon the termination of a mortgage insurance contract provided such a termination did not involve the payment of an insurance claim. FHA's other funds are not authorized by the statute to make such distributions.

The analysis of the termination experience covers the estimated life expectancy of Section 203 home mortgages and includes the actuarial schedules on survivorship and rates of termination by policy year. The life expectancy is estimated in part from the survivorship schedule. The rates of termination for the various types of terminations of mortgages insured under Section 203 are discussed in connection with the schedule on termination rates.

Analysis of Reserves of Insurance Funds

There is herewith presented an analysis of the annual valuation of the reserve liabilities of the insurance funds of the Federal Housing Administration. There are eleven such insurance funds under which the fiscal provisions of the separate insurance programs are administered. Each of the insurance funds was created by specific provision in the National Housing Act. The first, the Mutual Mortgage Insurance Fund, was provided for in the original National Housing Act, approved June 27, 1934; and the most recently established funds were provided for by the Housing Act of 1954 amendments, approved August 2, 1954, namely, the Section 220 Housing Insurance Fund, the Section 221 Housing Insurance Fund, and the Servicemen's Mortgage Insurance Fund. Each of the separate insurance funds is credited with fee, premium, and investment income and charged with administrative expenses and insurance losses with respect to loan and mortgage insurance contracts assigned to the fund. The following listing identifies the various insurance funds, the date of their establishment, and the FHA insurance programs which are operated through the respective funds:

Insurance fund	Date established	Insurance program
Title I Insurance Fund	June 3, 1939	Sec. 2.
Title I Housing Insurance Fund	Apr. 30, 1950	Sec. 8.
Mutual Mortgage Insurance Fund	June 27, 1934	Secs. 203, 207 [1], and 225.
Housing Insurance Fund	Feb. 3, 1938	Secs. 207, 210, and 213.
Sec. 220 Housing Insurance Fund	Aug. 2, 1954	Sec. 220.
Sec. 221 Housing Insurance Fund	do	Sec. 221.
Servicemen's Mortgage Insurance Fund	do	Sec. 222.
War Housing Insurance Fund	Mar. 28, 1941	Secs. 603, 603-610, 608, 608-610, 609, and 611.
Housing Investment Insurance Fund	Aug. 10, 1948	Title VII.
Military Housing Insurance Fund	Aug. 8, 1949	Title VIII.
National Defense Housing Insurance Fund	Sept. 1, 1951	Secs. 903 and 908.

[1] Insured prior to Feb. 3, 1938.

Each is established to be self-supporting from its own earnings and from capital contributed by one FHA insurance fund to another FHA insurance fund. All advances by the Government to the insurance funds have been repaid with accrued interest to the United States Treasury out of earned surplus, in accord with legislation adopted March 10, 1953, and June 30, 1953, the final payment being made on March 11, 1954. There were 6 funds which received such advances and the total amount which they repaid was $85,882,961.52.

Nature of Reserve Liabilities

The earned surplus of these funds, representing the accumulation of net income after administrative expenses and insurance losses and the capital contributed by some funds to establish and operate other

funds, constitutes the resources of each fund available to cover future net insurance losses and administrative expenses. Recently established funds have, of course, accumulated little in the way of earned surplus, while the accumulation in older funds is comparatively substantial.

An appraisal of the ability of the earned surplus of a fund to meet the future losses and expenses of its insurance programs depends largely on the extent to which these future liabilities of the fund may be accurately measured. Unlike life or casualty insurance, the catastrophe hazard in FHA's mortgage insurance programs, and in FHA's property improvement loan insurance program to a somewhat different degree, represents the major part of the risk which is underwritten. The catastrophe hazard is reflected in the past experience of mortgage lending which discloses periodic investment losses of substantial magnitudes incident to a general deterioration of economic conditions. The major liabilities which the mortgage insurance funds can be expected to incur would result from such adverse economic conditions. Because such economic reversals cannot be predicted either in point of time or in magnitude, the measurement of the future liabilities for a mortgage insurance fund involves use of specially developed appropriate assumptions of contingent possibilities. The Federal Housing Administration has made an effort to measure such liabilities—an effort which is unique in the measurement of risks which are predominantly economic in nature.

For life and casualty organizations underwriting conventional risks, the liabilities for the insurance contracts in force are classified as policy reserves or policy reserve liabilities. For FHA's insurance, such liabilities are classified as reserve liabilities for insurance contracts in force, or "required reserves." Unlike those of private insurance organizations, which underwrite risks whose frequency of occurrence is reasonably certain, however, FHA's required reserves are a measure of the *contingent* liabilities of the insurance funds in the event of a cyclical reversal in which adverse economic conditions of approximately depression magnitude develop immediately. The required reserves are a measure of *contingent* liabilities for the reason that they measure the discounted net losses and expenses contingent upon the development of adverse economic conditions. Since such a contingency cannot be predicted, FHA's required reserves are computed on the assumption that such a contingency may develop at any time, and, therefore, may occur immediately. When the reserve liabilities of each of the insurance funds are so valued, they can be compared with the capital and surplus of each fund to show the status of the reserve requirements of the fund.

Valuation of Reserve Liabilities

Although such valuations of reserve liabilities are unique, the basis of the technique used by FHA is in accordance with standard insurance practice. The reserve liabilities for mortgage insurance contracts in force represent the difference between the present value of expected future income and the present value of expected future insurance losses and expenses with respect to the insurance contracts in force at any point in time. The technique for adapting this basic concept of reserves, briefly, involves a cyclical framework of defined amounts representing phases of assumed unfavorable and favorable experience for a hypothetical number of insurance contracts. When these amounts for premium and investment income, on the one hand, and insurance loss and administrative expenses, on the other, are both discounted to present values, their difference for each year in the history of the hypothetical group of insurance contracts is the reserve factor used in measuring the required reserve liabilities for the insurance contracts in force. When the accumulated surplus and capital of the fund is equal to or exceeds these required reserves, the insurance program may be described as adequately protected by its own resources. Thus, the reserve factor, which is expressed as a given number of dollars per $1,000 of original face amount of mortgage insured, represents the reserve liability for a group of mortgages exposed to a cyclical risk beginning with unfavorable experience first, followed by favorable experience, and then by similar phases of unfavorable and favorable experience until the maturity of that group of mortgage insurance contracts is reached. By beginning the exposure with the unfavorable phase of the cyclical framework, the concept of an immediate economic reversal is accommodated.

The defined amounts for future premium and investment income, on the one hand, and future insurance loss and administrative expenses, on the other, used in computing reserve factors for various types of insured mortgages at each duration, i. e., the number of years of insurance after endorsement, represent estimates of experience of insured mortgages which could be expected if these mortgages were exposed to the risk of title transfer and loss during periods of unfavorable and favorable economic conditions. These estimates for the favorable economic conditions are based in part on FHA's own experience with insured mortgages, which have been exposed to risk during a period of largely favorable economic conditions. Estimates of unfavorable experience are based on a variety of sources of information and analyses of mortgage experience during the 1930's and adapted for high-percentage, long-term amortized mortgages of the kind FHA insures. Recorded experience with such mortgages during periods of unfavorable economic conditions is very limited in scope

since it was not until the time of the initiation of FHA's insurance programs that the high-percentage, long-term amortized mortgage was widely popularized.

Reserve Factors

The experience information which FHA uses in its determination of reserve factors is conceptually similar to mortality experience used by private insurance organizations. Like that of private insurance organizations, there is a continuous effort to improve the information on the basis of experience.

The reserve factor for a mortgage insurance contract in force is highest in its first policy year and declines with the duration of the insurance contract. These factors decline with duration because the amount at risk (i. e., the unpaid insured loan balance) and incidence of default and foreclosure involving insurance claim both decrease as the policy year increases. Thus the reserve liabilities for a group of contracts which are, say, only a year old are greater than for a group of contracts of similar maturity and risk which are 5 years old. If both groups of these contracts are in force and are evaluated at the end of the same accounting period, their reserve liabilities will reflect exposure to the same successive phases of, first, expected unfavorable experience, and then, expected favorable experience until their respective maturities are reached.

The financial status of a fund covering two such groups may be established by comparing the accumulated earned surplus for these two groups of contracts with their reserve liabilities. If both groups have had comparable experience in the way of income, losses, and expenses, the accumulated earned surplus for the younger group would be smaller than for the older group and the reserve liability for the younger group would be larger than for the older group. The difference between the earned surplus of both groups and their combined reserve liabilities reflects the financial status of their fund. If the actual experience for both groups of mortgages were such that their insurance losses were of modest proportion, at some point in time the hypothetical fund would reach a balance status, i. e., where the earned surplus is equal to the required reserves with respect to the insurance contracts in force. At this point, the earned surplus would be sufficient to cover adverse experience of approximately depression magnitude.

For illustrative purposes, Table 110 shows the calendar year (as distinct from fiscal year) reserve factors for typical mortgage insurance contracts in the three oldest mortgage insurance funds of the Federal Housing Administration: the Mutual Mortgage Insurance Fund, the Housing Insurance Fund and the War Housing Insurance Fund.

These factors were used to compute the required reserves shown in Table 112. They are shown for both home and project mortgages for the first 5 policy years or durations. As between home mortgages insured under the Mutual Mortgage Insurance Fund and the War Housing Insurance Fund (authority under Section 603 to insure mortgages on new homes was terminated on April 30, 1948, and to insure refinanced Section 603 mortgages on existing homes was terminated on August 2, 1954), the differences in the reserve factors are substantial, as they also are between project mortgages insured under the Housing Insurance Fund (Section 207 and Section 213 programs) and the War Housing Insurance Fund (authority under Section 608 to insure new mortgages was terminated April 20, 1950, and authority to insure refinanced Section 608 mortgages was transferred to Section 207 on August 2, 1954). The differences in the reserve factors shown represent differences in risk reflecting a number of elements of risk, among them, loan-value ratio, term of mortgage, amortization basis, rate of insurance loss, rate of title transfer (foreclosure involving claim for insurance), rate of prepayment, and rate of withdrawal (foreclosure not involving claim for insurance).

Estimates for several of the more important elements of mortgage risk, namely, the rate of title transfer and the rate of insurance loss for typical insured mortgages, are shown in Table 111 to provide some indication of the magnitudes which go into the determination of the reserve factors. The rates shown are only for the unfavorable phase of the title transfer cycle (i. e., depression period) and for the same types of mortgages and durations as shown in Table 110. These rates reflect the estimates of the title transfer and loss experience which could be expected in the case of these typical insured mortgages if they were exposed during unfavorable economic conditions. The

TABLE 110

Calendar year reserve factors per $1,000 of original face amount of insurance in force for typical home and project mortgages insured under 3 FHA insurance funds

Duration	Home mortgages		Project mortgages	
	Mutual mortgage insurance fund [1]	War housing insurance fund [2]	Housing insurance fund [3]	War housing insurance fund [4]
0	$32.147	$46.850	$35.572	$67.827
1	29.881	43.454	31.786	63.847
2	27.401	39.757	28.069	59.986
3	24.716	35.812	24.375	56.130
4	21.730	31.613	20.616	52.223

[1] Under Sec. 203, term of 25 years, 90 percent loan-value ratio, and mortgage pattern rating of 60–100.
[2] Under Sec. 603, term of 25 years.
[3] Under Sec. 207, declining annuity basis of amortization and term of 40 years.
[4] Under Sec. 608, level annuity basis of amortization and term of 32 years and 7 months.

rates for the favorable phase of the title transfer cycle are, of course, lower. Differences in these rates as between funds and type of mortgage account in part for the differences in reserve factors shown in Table 110.

TABLE 111

Standard rates of title transfer and insurance loss per $1,000 of original face amount of insurance in force for typical home and project mortgages insured under 3 FHA insurance funds during the unfavorable phase of the title transfer cycle

Duration	Home mortgages				Project mortgages			
	Mutual Mortgage Insurance Fund [1]		War Housing Insurance Fund [2]		Housing Insurance Fund [3]		War Housing Insurance Fund [4]	
	Rate of title transfer	Rate of loss	Rate of title transfer	Rate of loss	Rate of title transfer	Rate of loss	Rate of title transfer	Rate of loss
0	0.0375	$326	0.0425	$351	0.0475	$339	0.0525	$412
1	.0370	316	.0422	339	.0467	325	.0522	405
2	.0365	305	.0418	327	.0458	310	.0518	397
3	.0359	293	.0412	312	.0448	295	.0513	388
4	.0353	279	.0404	296	.0437	279	.0507	378

[1] Under Section 203, term of 25 years, 90 percent loan-value ratio, and mortgage pattern rating of 60–100.
[2] Under Section 603, term of 25 years.
[3] Under Section 207, declining annuity basis of amortization and term of 40 years.
[4] Under Section 608, level annuity basis of amortization and term of 32 years and 7 months.

To illustrate the significance of the rates as shown in Table 111, if there were 100,000 home mortgage contracts insured under Section 203 and exposed at the beginning of their first policy year to adverse economic conditions, 3.75 percent of these contracts or 3,750 could be expected to be title transfers during that year. Since for purposes of computations, each such contract has a unit original face amount of $1,000 and the standard rate of loss in the first policy year is $326 per $1,000, the total amount of insurance losses expected during the first year from the initial group is $1,222,500, or the product of the number of title transfers and the rate of loss. The insurance losses in the second policy year are the amount based on the surviving mortgage contracts at the beginning of the second policy year, or 95,100 (the initial 100,000 less the sum of the 3,750 title transfers and 1,150 other terminations of contracts). The standard rate of title transfer for the second policy year is 3.70 percent, and the product of the survivors and this rate is 3,519 title transfers. With a loss rate of $316 per $1,000 of original face amount of mortgage insurance, insurance losses during the second policy year are $1,112,004. For the unfavorable phase of the title transfer cycle, the average annual title transfer rate during the first five years is assumed to be 3.65 percent of insurance contracts in force at the beginning of each year and average annual insurance losses during this period are computed at $1,006,388 per $100,000,000 of original insurance in force for these

Section 203 mortgages for which the reserve factors are shown. These assumptions would reflect for cases insured *immediately before a depression* (1) 5-year foreclosure and FHA acquisition of 16.48 percent of the insured cases; (2) net FHA losses on these cases totaling 5.03 percent of the original amount of insured mortgages; and (3) average losses per property acquired of $305 per $1,000 of mortgage. For these properties, FHA net disposal prices are assumed to average only $695 per $1,000 of original mortgage amount or about 62.6 percent of the original FHA valuation.

It should be noted that, in this discussion of reserves, consideration is given only to reserves for mortgage insurance contracts in force. Reserves for other purposes, such as reserves for future losses on properties and mortgage notes already on hand, are set up in the separate insurance funds and these are the more familiar types of business reserves. With this brief explanation of the nature of reserves for insurance contracts in force, attention may be directed to a valuation of the reserve liabilities for the separate insurance funds as of December 31, 1954.

Financial Status of Mortgage Funds

Table 112 summarizes some of the salient information on the financial status of the 11 funds. It first shows the outstanding balance of the insurance in force with respect to the loan or mortgage insurance contracts assigned to the funds and in force as of December 31, 1954. It also shows their respective earned surpluses and capital contributions from other funds. The capital contribution to one FHA fund from the earned surplus of another FHA fund for the purpose of establishing and operating that fund is provided for by general authority in Section 219 of the National Housing Act and under explicit direction in Sections 8, 207, 220, 221, 222, and 903. Seven of the insurance funds have received capital contributions in the amount of $17,500,000 as of December 31, 1954. The bulk of this amount, or $16,500,000, was contributed by the earned surplus of the War Housing Insurance Fund, and of this amount approximately $5.8 million went to the Housing Insurance Fund and $6.8 million to the National Defense Housing Insurance Fund. The figures for earned surplus of the contributing funds do *not* include the amount of these contributions.

The third column of figures shows the required reserves, or reserve liabilities for mortgage insurance contracts in force adjusted for the unearned premiums. Because FHA's accounting system is on an accrual basis, the earned surplus does not include the unearned premiums. The reserve requirements are adjusted for the estimated unearned premiums to be retained after refunds of unearned premiums upon prepayment of insured mortgages prior to maturity.

TABLE 112

Outstanding balance of insurance in force, earned surplus, and estimated reserve requirements in the insurance funds of the Federal Housing Administration

	As of Dec. 31, 1954			
	Outstanding balance of insurance in force	Earned surplus and contributions from other insurance funds [1]	Estimated reserve requirements, adjusted [2]	Excess of earned surplus over estimated reserve requirements, adjusted
Title I Housing Insurance Fund	$162,147,887	$1,490,880	$7,780,402	−$6,289,522
Mutual Mortgage Insurance Fund	10,458,216,177	[3] 215,757,547	202,396,873	13,360,674
Housing Insurance Fund	553,965,272	7,181,905	24,941,343	−17,759,438
Sec. 220 Housing Insurance Fund		985,951		985,951
Sec. 221 Housing Insurance Fund		987,573		987,573
Servicemen's Mortgage Insurance Fund	141,336	997,006	5,624	991,382
War Housing Insurance Fund	4,543,280,867	109,101,491	194,762,196	−85,660,705
Housing Investment Insurance Fund		842,810		842,810
Military Housing Insurance Fund	635,796,593	10,481,958	39,742,753	−29,260,795
National Defense Housing Insurance Fund	520,202,759	7,631,570	23,299,851	−15,668,272
Total all mortgage insurance funds	16,873,750,891	355,458,700	492,929,042	−137,470,342
Title I Insurance Fund	1,392,428,933	[4] 34,133,423	[5]	
Total all funds	18,266,179,824	389,592,123		

[1] Contributions represent earned surplus of certain insurance funds transferred to other FHA insurance funds as contributed capital in the amount of $17,500,000.

[2] For mortgage insurance contracts in force. Adjusted for estimated unearned premiums in 6 insurance funds in the amount of $47,040,814 to be retained after refunds of unearned premiums upon prepayment.

[3] Includes $52,621,898 as of Dec. 31, 1954 in the Participating Reserve Account, representing balances available for participations, which account may be charged with any net loss sustained by the Mutual Mortgage Insurance Fund in any semiannual period.

[4] Does not include unearned premiums in this fund amounting to $20,625,922 as of Dec. 31, 1954.

[5] Reserve requirements are not estimated for the Title I Insurance Fund. The maximum potential liability under this fund was $237,148,026 as of Dec. 31, 1954, representing the balance of reserves available to qualified lending institutions for the payment of claims. This potential liability was calculated at 10% of net proceeds of insurance written less claims paid and semiannual reserve adjustments.

The comparative financial status of each of the insurance funds may be analyzed from the figures for earned surplus and estimated reserve requirements, adjusted, and the excess of earned surplus over estimated reserve requirements, adjusted, which is also shown.

Analysis of Table 112 discloses that with respect to the mortgage insurance contracts in force only, five funds have a balance status, that is, the earned surplus is in excess of the estimated reserve requirements, adjusted. Of these, the Mutual Mortgage Insurance Fund is the only one with a significant amount of insurance in force. The others have no insurance in force, as in the case of the Section 220 Housing, the Section 221 the Housing, and Housing Investment Insurance Funds, or very little as yet, as in the case of the Servicemen's Mortgage Insurance Fund.

Of the remaining funds in which the adjusted reserve liabilities exceed the earned surplus, the largest excess is in the War Housing Insurance Fund. This fund is younger than the Mutual Mortgage Insurance Fund, having been established in 1941 first as the Defense Housing Insurance Fund. Because no new insurance can be written under this fund, its reserve requirements will decline as a result of

both the duration of insurance contracts in force and because of terminations of insurance contracts.

The 4 remaining funds in which required reserves exceed earned surplus are comparatively young funds, all but one of these having been established in 1949 or later. They are the Title I Housing Insurance Fund, the Military Housing Insurance Fund, and the National Defense Housing Insurance Fund. The exception is the Housing Insurance Fund. Although established in 1938, the bulk of the insurance in force in this fund is likewise of recent origin.

In connection with the status of insurance funds in which the estimated reserve requirements, adjusted exceed the earned surplus, the device of flexibility in the use of resources of the separate funds to assist other funds is noteworthy. This device is provided for in Section 219 of the National Housing Act, as amended, which was first approved by the Congress on June 30, 1953. On August 2, 1954, the Congress authorized an additional insurance fund to be included with the 6 insurance funds originally authorized to provide financial assistance to one another. This section of the statute reads as follows:

> Notwithstanding limitations contained in any other sections of this Act as to the use of moneys credited to the Title I Housing Insurance Fund, the Housing Insurance Fund, the War Housing Insurance Fund, the Housing Investment Insurance Fund, the Military Housing Insurance Fund, the Defense Housing Insurance Fund, or the Section 220 Housing Insurance Fund, the Commissioner is hereby authorized to transfer funds from any one or more of such Insurance Funds to any other such Fund in such amounts and at such times as the Commissioner may determine, taking into consideration the requirements of such Funds, separately and jointly to carry out effectively the insurance programs for which such Funds were established.

In order to provide some perspective on the financial status of the separate insurance funds, Table 113 has been prepared. This table compares the earned surplus with the estimated reserve requirements, adjusted at the end of 1952, 1953, and 1954. Because of the fiscal requirements of recent amendments to the National Housing Act, as amended, a number of adjustments in balance sheet information have been made in this table in the interest of year to year comparability of the figures shown. These adjustments are explained in the footnotes to the table. For example, the figures of earned surplus in the funds as of the end of 1952 do not include the advances of principal by the Government with interest accrued to that date. The principal amounts were subsequently repaid to the United States Treasury with interest accrued to the date of payment.

Among the more significant facts disclosed by the table is the improvement over the 3-year period in the financial status of the 2 largest funds, the Mutual Mortgage Insurance Fund and the War Housing Insurance Fund. This improvement is reflected in the increase in the excess of earned surplus over estimated reserve require-

TABLE 113

Earned surplus and estimated reserve requirements in the insurance funds of the Federal Housing Administration, as of Dec. 31, 1952–54

	Earned surplus and contributions from other funds,[1] as of—			Estimated reserve requirements, adjusted,[2] as of—			Excess of earned surplus over estimated reserve requirements, adjusted, as of—			Government advances of principal with interest accrued to Dec. 31, 1952, not included in earned surplus as of Dec. 31, 1952[3]	
	Dec. 31, 1952	Dec. 31, 1953	Dec. 31, 1954	Dec. 31, 1952	Dec. 31, 1953	Dec. 31, 1954	Dec. 31, 1952	Dec. 31, 1953	Dec. 31, 1954	Principal	Accrued interest
Title I Housing Insurance Fund	$938, 585	$1, 132, 602	$1, 400, 880	$2, 839, 272	$3, 722, 188	$7, 780, 402	−$1, 900, 687	−$2, 589, 496	−$6, 289, 522		
Mutual Mortgage Insurance Fund[4]	135,062,209	169,952,425	215,757,547	186, 242, 503	202, 860, 167	202, 396, 873	−51, 180, 294	−32, 906, 742	13, 360, 674	$41, 994, 095	$16, 134, 070
Housing Insurance Fund	497, 762	5, 410, 647	7, 181, 905	14, 375, 335	19, 143, 338	24, 941, 343	−13, 877, 573	−13, 732, 691	−17, 759, 438	4, 170, 024	1, 321, 892
Sec. 220 Housing Insurance Fund			985, 951						985, 951		
Sec. 221 Housing Insurance Fund			987, 573						987, 573		
Servicemen's Mortgage Insurance Fund			997, 006			5, 624			991, 382		
War Housing Insurance Fund	114, 952, 703	121, 603, 296	109, 101, 491	248, 470, 133	221, 060, 126	194, 762, 196	−133, 517, 430	−99, 456, 830	−85, 660, 705	5, 000, 000	1, 317, 680
Housing Investment Insurance Fund	−95, 572	822, 951	842, 810				−95, 572	822, 951	842, 810	1, 000, 000	94, 769
Military Housing Insurance Fund	5, 362, 890	9, 564, 286	10, 481, 958	30, 798, 669	36, 454, 599	39, 742, 753	−25, 435, 779	−26, 890, 313	−29, 260, 795	5, 000, 000	357, 371
National Defense Housing Insurance Fund	956, 489	8, 155, 595	7, 631, 579	6, 148, 602	16, 632, 261	23, 299, 851	−5, 192, 113	−8, 476, 666	−15, 668, 272		
Total all mortgage insurance funds	257, 675, 066	316, 641, 892	355, 458, 700	488, 874, 514	499, 871, 679	492, 929, 042	−231, 199, 448	−183, 229, 787	−137, 470, 342	57, 164, 119	19, 225, 782
Title I Insurance Fund	18, 669, 028	27, 104, 491	34, 133, 423	[5]	[5]	[5]				8, 333, 314	
Total all funds	276, 344, 094	343, 746, 383	389, 592, 123							65, 497, 433	19, 225, 782

[1] Contributions represent earned surplus of certain FHA insurance funds transferred as contributed capital to other FHA insurance funds in the amounts of $3,000,000 as of Dec. 31, 1952, $16,100,000 as of Dec. 31, 1953, and $17,500,000 as of Dec. 31, 1954.

[2] For mortgage insurance contracts in force. Adjusted for estimated unearned premiums to be retained after refunds of unearned premiums upon prepayment. For purposes of comparability, estimated reserve requirements for the Mutual Mortgage Insurance Fund as of Dec. 31, 1952–53, are adjusted for the previously required 10 percent premium transfer to the General Reinsurance Account.

[3] Advances of the Government with accrued interest in the amount of $85,882,962 were repaid in full to the U. S. Treasury, the first payment being made July 1, 1953, and the final payment being made Mar. 11, 1954. The earned surplus of the insurance funds concerned as of Dec. 31, 1952, exclude these advances with accrued interest which Public Law 5 and Public Law 94, 83d Cong., authorized FHA to recognize as indebtedness. For purposes of comparability in this table, the earned surplus of the funds concerned as of Dec. 31, 1952, are adjusted by deducting the principal amount of the advances with interest accrued to Dec. 31, 1952, as shown. The total amount of accrued interest repaid was $20,385,529.

[4] Includes $52,621,898, as of Dec. 31, 1954, in the Participating Reserve Account representing balances available for participations, which account may be charged with any net loss sustained by the Mutual Mortgage Insurance Fund in any semiannual period. The comparable figure for Dec. 31, 1953, is $54,554,818. The comparable figure for Dec. 31, 1952, without allowance for the premium limitation required by Public Law 94, approved June 30, 1953, is $64,529,196.

[5] Reserve requirements are not estimated for the Title I Insurance Fund. Unearned premiums in this fund amounted to $20,825,535 as of Dec. 31, 1952, $30,787,037 as of Dec. 31, 1953, and $20,625,922 as of Dec. 31, 1954. The maximum potential liability under this fund representing the balance of reserves available to qualified lending institutions for the payment of claims was $233,252,136 as of Dec. 31, 1952, $261,310,506 as of Dec. 31, 1953, and $237,148,026 as of Dec. 31, 1954. This potential liability was calculated at 10 percent of net proceeds of insurance written less claims paid and semiannual reserve adjustments.

ments, adjusted. For the former fund, the increase is of such an order of magnitude that the fund attained a balance status with respect to insurance contracts in force by the end of 1954. For the latter, the increase in the excess is from approximately —$133.5 million to —$85.7 million at the end of 1954. For two funds with a significant volume of insurance in force, there has been a moderate decrease in the excess of earned surplus over required reserves. These are the Housing Insurance Fund and Military Housing Insurance Fund. For two other funds with a relatively less significant volume of insurance in force, there has been an appreciable decrease in this excess. They are the Title I Housing Insurance Fund and the National Defense Housing Insurance Fund.

Financial Status of Title I Insurance Fund

Reserve requirements like those for the mortgage insurance programs discussed in the foregoing paragraphs have not yet been estimated for the loan insurance in force under the Title I Insurance Fund. This fund was established by the amendment of June 3, 1939, to the National Housing Act. As of December 31, 1954, the estimated outstanding balances of loans in force amounted to $1,392,428,933. The earned surplus and the unearned premium income on that date was $63,759,345 or 4.58 percent of the outstanding balance of insurance in force. The earned surplus and unearned premium income do not include $8,333,314 representing the Government investment in the capital account of the Fund which was repaid to the United States Treasury as required by the legislation of March 10, 1953. The figure also does not include a capital contribution of $1,000,000 to the Title I Housing Insurance Fund. The maximum potential liability under this fund at the year end was $237,148,026 which represents the balance of reserves outstanding to the credit of qualified lending institutions for future insurance claims on loans outstanding. This maximum potential liability is calculated in accordance with the Administrative Regulations for Property Improvement Loans under Title I, Section 2 at 10 percent of the net proceeds of insurance written less claims paid and semiannual reserve adjustments. The total amount of claims paid through the end of 1954 amounted to $138,676,532 or 1.81 percent of the net proceeds of loans insured under the Fund. Recoveries on defaulted notes on which claims were paid amounted to $51,154,717. Actual losses on defaulted notes amounted to $28,557,868 and reserves for future losses on such notes amounted to $40,817,629. The balance, i. e., between claims paid, on the one hand, and recoveries, actual losses, and reserves for losses, on the other, represents principally the notes in process of collection. The adequacy of the earned surplus and the unearned premiums on December 31, 1954, is evident when compared with the maximum claims paid under Title I since 1934 which

amounted to 4.04 percent for insurance written in the period from 1934 to June 30, 1939. After allowing for recoveries by collection efforts after payment of these claims, the gross claim payments of 4.04 percent were reduced to 1.89 percent net claims.

Analysis of Termination Experience

Life Expectancy

On the basis of the 1935–53 experience of terminations of 1- to 4-family home mortgages insured under Section 203, it is estimated that the life expectancy of such mortgages is 7.99 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. This estimated figure is based on the cumulative termination experience of the first of the FHA home mortgage insurance programs and on a projection of this experience to reflect the life expectancy for mortgages with maturities of 20 years. This termination experience has been observed over an 18-year period since the inauguration of the program operating under the Mutual Mortgage Insurance Fund, and includes all home mortgage insurance contracts written under Section 203 from 1935 through 1952 and exposed to their policy anniversaries in 1953 or prior termination dates. A projection of this cumulative experience through 2 additional years gives the estimated life expectancy of approximately 8 years for these home mortgages.

The estimated life expectancy of Section 203 home mortgages on the basis of the 1935–53 termination experience represents an increase of 0.11 year over the comparable figure reported in the 1953 annual report. The following data summarize the estimated life expectancies of these mortgages based on observed and projected termination experience shown in this and previous annual reports:

Observed experience	Period of observation	Period of projection	Estimated life expectancy
	Years	*Years*	*Years*
Mortgages insured 1935–49 and exposed to policy anniversaries in 1950 or prior termination dates	15	5	7.55
Mortgages insured 1935–50 and exposed to policy anniversaries in 1951 or prior termination dates	16	4	7.70
Mortgages insured 1935–51 and exposed to policy anniversaries in 1952 or prior termination dates	17	3	7.88
Mortgages insured 1935–52 and exposed to policy anniversaries in 1953 or prior termination dates	18	2	7.99

These data reflect a trend toward longer life expectancies for Section 203 mortgages, which can be expected to continue as the effects of the relatively high levels of terminations in the late war and early postwar years continue to be offset by the relatively lower levels which have been obtaining since then. The relatively high levels of terminations, i. e., terminations in relation to insurance in force, occurred

in the period 1944–48, with the peak rate obtaining in 1946. Prepayments accounted for most of these terminations and were the result of mortgagors paying off their mortgages or selling their homes—both developments reflecting a combination of the high personal savings and incomes and the shortages of consumer goods and housing in that war and postwar period.

Mortgage Survivors and Mortgage Termination Rates

The life expectancy of the Section 203 mortgages is estimated in part from the survivorship table presented in Actuarial Schedule 1. This table summarizes the 1935–53 termination experience for these 1- to 4-family home mortgages in terms of total annual termination rates by policy year and shows how these rates apply to an initial hypothetical group of 100,000 mortgages. When such termination rates are applied to the initial group, the number of mortgages terminating during each policy year and the number of mortgages surviving at the beginning of each policy year may be determined.

ACTUARIAL SCHEDULE 1

Survivorship table of a group of 1- to 4-family home mortgages based on aggregate termination experience by policy year for Sec. 203 mortgages insured from 1935 through 1952 and exposed to policy anniversaries in 1953 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	0.0256461	2,565	10th	34,712	0.1515096	5,259
2d	97,435	.0481429	4,691	11th	29,453	.1385949	4,082
3d	92,744	.0697818	6,472	12th	25,371	.1362391	3,457
4th	86,272	.0971486	8,381	13th	21,914	.1349346	2,957
5th	77,891	.1275363	9,934	14th	18,957	.1392411	2,640
6th	67,957	.1477010	10,037	15th	16,317	.2346911	3,829
7th	57,920	.1575944	9,128	16th	12,488	.2414897	3,016
8th	48,792	.1594173	7,778	17th	9,472	.1511497	1,432
9th	41,014	.1536527	6,302	18th	8,040	.6161137	4,954

[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 ter-

minated during the second policy year divided by the number of mortgages in force at the beginning of the second policy year.

The figures on mortgage survivors and mortgage terminations presented in Actuarial Schedule 1 are interpreted in the following manner: Based on the 1935–53 termination experience of Section 203 mortgages, the annual rate of termination in the first policy year is 0.0256461. When the initial hypothetical group of 100,000 home mortgages is multiplied by this rate, the product is 2,565 mortgages, which is the number of such mortgages which can be expected to terminate for various reasons within the first policy year after the date of their insurance. If these terminations during the first policy year are subtracted from the initial number of home mortgages, it leaves 97,435 mortgage survivors at the beginning of the second policy year. The annual rate of terminations in the second policy year is 0.0481429. Applied against the survivors at the beginning of the second policy year, this rate gives 4,691 mortgages, the number which can be expected to terminate during the second policy year. Subtracting these from the 97,435 mortgages in force at the beginning of the second policy year leaves 92,744 mortgage survivors at the beginning of the third policy year.

Termination Rates for Various Types of Terminations

The annual termination rates shown in the survivorship table are composed of rates for the different types of terminations. They include the two types of prepayments—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 annual rates by policy year for the different types of terminations are shown in Actuarial Schedule 2. They are determined by the same method of computing probabilities as are the total annual termination rates and are, therefore, additive. Thus, the annual rate of prepayment in full for a given policy year can be added to the annual rate of prepayment by supersession for the same policy year to give the total rate of prepayment for the given policy year. The rate for a particular policy year for titles acquired by mortgagees and retained by mortgagees can be combined with the rate for the same policy year for titles acquired by mortgagees and transferred to FHA to give a total foreclosure rate for that policy year. When the annual rates for the different types of termination are added together, they give the total annual termination rates shown in both actuarial schedules.

The annual rates by policy year for the different types of termination measure the distribution of terminations during a policy year. Their interpretation is the same as for total annual termination

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 1953 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	0.0186729	0.0067905	0.0000708	0.0000777	0.0000342	0.0256461
2d	.0363777	.0107009	.0003383	.0006972	.0000288	.0481429
3d	.0543432	.0140208	.0004375	.0009204	.0000599	.0697818
4th	.0703514	.0165057	.0004050	.0006813	.0001152	.0971486
5th	.1095452	.0167993	.0002538	.0004220	.0005160	.1275363
6th	.1311980	.0158434	.0001677	.0002337	.0002576	.1477010
7th	.1429515	.0142475	.0000988	.0000929	.0002037	.1575944
8th	.1459328	.0128936	.0000860	.0000262	.0004787	.1594173
9th	.1403058	.0127610	.0000715	.0000115	.0005029	.1536527
10th	.1361349	.0112712	.0000510	.0000028	.0004497	.1515096
11th	.1232253	.0098488	.0000453	----------	.0054755	.1385949
12th	.1242402	.0085173	.0000431	----------	.0034385	.1362391
13th	.1223345	.0066086	.0000151	.0000075	.0059689	.1349346
14th	.1330144	.0054041	.0000380	----------	.0007846	.1392411
15th	.1812685	.0029610	----------	----------	.0504616	.2346911
16th	.1260138	.0016552	.0001103	----------	.1137104	.2414897
17th	.1448786	.0022512	----------	----------	.0040199	.1511497
18th	.5687204	.0047393	.0023696	----------	.0402844	.6161137

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

rates shown in Actuarial Schedule 1, and may be illustrated by the use of the same initial hypothetical group of 100,000 home mortgages. Based on the 1935–53 termination experience for Section 203 mortgages, if 100,000 such mortgages are in force at the beginning of the first policy year, a total of 2,565 mortgages can be expected to terminate during the first policy year of their endorsement. This figure is the product of the initial number of mortgages and the total annual rate of termination for the first policy year. How these 2,565 mortgages can be expected to be distributed among the separate types of terminations can be determined by multiplying their respective rates of termination for the first policy year by the number of mortgages in force at the beginning of the year. According to Actuarial Schedule 2, of these 2,565 terminations during the first year, 1,867 can be expected to be prepayments in full and 679 can be expected to be prepayments by supersession. These two types of prepayments thus account for the bulk of the terminations during the first policy year. The 19 remaining terminations can be expected to consist of 15 foreclosures, with 7 of the properties retained by mortgagees and 8 transferred to FHA, and 4 other terminations. For further illustration, at the beginning of the tenth policy year, 34,712 of the initial group of 100,000 mortgages are in force and 5,259 such mortgages can be expected to terminate for various reasons during the tenth policy

year. Of these terminations, 4,726 can be expected to be prepayments in full, 391 prepayments by supersession, 2 foreclosures, and 140 other terminations, principally maturities.

The extent to which the annual rates of prepayment in full by policy year largely determines the total annual rates of termination is disclosed by a comparison of these two sets of rates. In 13 of the 18 policy years for which rates of termination are shown, the rate of prepayment in full for each policy year accounts for more than four-fifths of the total annual termination rate. It accounts for more than half in the remaining policy years, which are at the early and later durations (i.e., the number of policy years during which an insurance contract is exposed to the risk of termination). The emerging pattern of the rates of prepayment in full which the 1935–53 experience reflects is one of a steady increase in the rates by duration of the insurance contract until about the eighth policy year when the rates tend to level out for about the next 6 years. After the fourteenth year, the rates fluctuate sharply reflecting both the thinness of the termination experience and the approach of the insurance contracts to their maturities when the cumulative effects of partial prepayments during the life of the mortgage result in accelerated termination before maturity.

Of secondary importance in the determination of the total annual termination rates by policy year for Section 203 mortgages are the rates of prepayment by supersession. The emerging pattern of these rates is one in which the rates rise sharply with duration until about the fifth policy year, after which they gradually decline until the sixteenth policy year, when they turn up again.

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 terminations from contracts endorsed for insurance in each calendar year from 1935 through 1952. For the second policy year, they are based on the terminations from endorsements in each calendar year from 1935 through 1951. Thus, for the eighteenth policy year they are based on terminations from 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 total terminations or the different types of terminations. Table 114 shows the annual termination rates for all types of terminations based on the 1935–53 experience and those shown in previous annual reports where the periods of observed experience are shorter. A comparison of these total annual termination rates for the same policy year discloses changes produced by additional experience. 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.

TABLE 114

Annual termination rates [1] for 1- to 4-family home mortgages based on aggregate termination experience for Sec. 203 mortgages insured from 1935 through 1949, 1950, 1951, or 1952 and exposed to policy anniversaries in 1950, 1951, 1952, or 1953 or prior termination dates, respectively

Policy year	Mortgages insured 1935–49 and exposed to policy anniversaries in 1950 or prior termination dates	Mortgages insured 1935–50 and exposed to policy anniversaries in 1951 or prior termination dates	Mortgages insured 1935–51 and exposed to policy anniversaries in 1952 or prior termination dates	Mortgages insured 1935–52 and exposed to policy anniversaries in 1953 or prior termination dates
1st	0.0285040	0.0267311	0.0262079	0.0256461
2d	.0552852	.0531523	.0492760	.0481429
3d	.0804727	.0797239	.0749205	.0697818
4th	.1074291	.1066581	.1039655	.0971486
5th	.1344691	.1333261	.1315634	.1275363
6th	.1537240	.1516930	.1502859	.1477010
7th	.1636703	.1608247	.1595251	.1575944
8th	.1654034	.1619905	.1605922	.1594173
9th	.1628393	.1557526	.1546551	.1536527
10th	.1740603	.1578571	.1523362	.1515096
11th	.1718533	.1512604	.1421310	.1385949
12th	.1876187	.1536535	.1431409	.1362391
13th	.1628568	.1573791	.1432536	.1340346
14th	.1714530	.1623134	.1532564	.1392411
15th	.3595019	.2720614	.2570375	.2346911
16th		.4449153	.2627400	.2414897
17th			.3511450	.1511497
18th				.6161137

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

SECTION 5

ACCOUNTS AND FINANCE

The figures for 1953 and 1954 in the financial statements of this report are on an accrual basis and are shown for the fiscal year rather than the calendar year. Section 2 of the report, Volume of Mortgage and Loan Insurance Operations, is on a calendar-year basis to coincide with the housing year. In order to provide comparable figures, those statements in the Accounts and Finance section which are coordinated with the statistical tables shown in Section 2 have been prepared on a calendar-year basis.

Prior to July 1, 1939, there was no provision in the National Housing Act for collecting premiums on insurance granted under Title I, Section 2; therefore, moneys for salaries and expenses and for the payment of insurance claims were advanced by the Federal Government, and recoveries of claims paid were required to be deposited to the general fund of the Treasury. The account established in connection with insurance operations prior to July 1, 1939 is identified in the accounting records as the Title I Claims Account. The Housing Act of 1954, approved August 2, 1954, provided that the Title I Claims Account should be terminated as of August 1, 1954, at which time all the remaining assets and liabilities of such account were transferred to and merged with the Title I Insurance Fund.

An amendment of June 3, 1939, to the National Housing Act, created the Title I Insurance Fund and authorized the collection of premiums, and the 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, 1954, 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 8).

Combined Funds

Gross Income and Operating Expenses, Fiscal Year 1954

Gross income of combined FHA funds for fiscal year 1954 under all insurance operations totaled $125,223,448 and was derived from fees, insurance premiums, and income on investments. Operating expenses of the FHA during the fiscal year 1954 totaled $31,365,885.

Cumulative Gross Income and Operating Expenses, by Fiscal Years

From the establishment of FHA in 1934 through June 30, 1954, gross income totaled $882,770,694, while operating expenses totaled $346,098,702. Gross income and operating expenses for each fiscal year are detailed below:

Income and operating expenses through June 30, 1954

Fiscal year	Income from fees, premiums, and investments	Operating expenses
1935	$539,609	$6,336,905
1936	2,503,248	12,160,487
1937	5,690,268	10,318,119
1938	7,874,377	9,297,884
1939	11,951,050	12,609,887
1940	17,860,296	13,206,522
1941	24,126,366	13,359,588
1942	28,316,764	13,471,496
1943	25,847,785	11,160,452
1944	28,322,415	11,148,361
1945	29,824,744	10,218,995
1946	30,729,072	11,191,492
1947	26,790,341	16,063,870
1948	51,164,456	20,070,745
1949	63,983,953	23,378,496
1950	85,705,342	27,457,889
1951	98,004,922	31,314,754
1952	103,021,039	30,622,925
1953	115,288,193	31,343,950
1954	125,223,448	31,365,885
Total	882,770,694	346,098,702

The above income was derived from the following insurance operations: Title I Insurance Fund (property improvement loans), $116,486,382; Title I Housing Insurance Fund (home mortgages), $2,296,222; Title II Mutual Mortgage Insurance Fund (home mortgages), $489,316,291; Title II Housing Insurance Fund (rental housing projects), $16,851,403; Title VI War Housing Insurance Fund (war and veterans' emergency housing), $238,411,594; Title VII Housing Investment Insurance Fund (yield insurance), $70,263; Title VIII Military Housing Insurance Fund (rental housing projects), $13,773,743; and Title IX National Defense Housing Insurance Fund (home mortgages and rental housing projects), $5,564,796.

Salaries and Expenses

The current fiscal year is the fifteenth 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 1954 to cover operating costs and the purchase of furniture and equipment are as follows:

Salaries and expenses, fiscal year 1954 (July 1, 1953 to June 30, 1954)

Title and Section	Amount	Percent	Title and Section	Amount	Percent
Title I:			Title VIII:		
Sec. 2	$3,339,547	10.67	Sec. 803	900,512	2.88
Sec. 8	828,585	2.65	Title IX:		
Title II:			Sec. 903	991,938	3.17
Sec. 203	20,847,300	66.61	Sec. 908	331,943	1.06
Sec. 207-210	1,180,045	3.77			
Sec. 213	1,001,966	3.20	Total	31,297,265	100.00
Title VI:					
Sec. 603	654,027	2.09			
Sec. 608	1,212,088	3.87			
Sec. 609	2,185	.01			
Sec. 611	7,129	.02			

Capital and Statutory Reserves of Combined FHA Funds

The combined capital and statutory reserves of all FHA funds on June 30, 1954, amounted to $354,026,126, and consisted of $226,267,394 capital ($15,200,000 capital contributions from other FHA Insurance Funds and $211,067,394 earned surplus), and $127,758,732 statutory reserves as shown in Statement 1.

STATEMENT 1

Comparative statement of financial condition, all FHA funds combined, as of June 30, 1953, and June 30, 1954

	June 30, 1953	June 30, 1954	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$55,869,788	$134,710,027	$78,840,239
Investments:			
U. S. Government securities (amortized)	343,639,929	257,081,124	−86,558,805
Other securities (stock in rental housing corporations)	452,800	473,200	20,400
Total investments	344,092,729	257,554,324	−86,538,405
Loans receivable:			
Mortgage notes and contracts for deed	37,410,588	43,937,505	6,526,917
Less reserve for losses	633,893	1,149,386	515,493
Net loans receivable	36,776,695	42,788,119	6,011,424
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	9,852,552	4,738,857	−5,113,695
Accounts receivable—Other	97,648	124,320	26,672
Total accounts and notes receivable	9,950,200	4,863,177	−5,087,023
Accrued assets: Interest on U. S. Government securities	667,205	589,809	−77,396
Land, structures, and equipment:			
Furniture and equipment	2,140,299	[1] 2,124,969	−15,330
Less reserve for depreciation	1,129,802	1,230,278	100,476
Net furniture and equipment	1,010,497	894,691	−115,806
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	62,200,931	67,150,084	4,949,153
Less reserve for losses	11,151,255	23,656,483	12,505,228
Net real estate	51,049,676	43,493,601	−7,556,075
Mortgage notes acquired under terms of insurance (at cost plus expenses to date)	51,200,873	65,359,007	14,158,134
Less reserve for losses	9,201,780	26,548,225	17,256,445
Net mortgage notes acquired under terms of insurance	41,909,093	38,810,782	−3,098,311

See footnotes at end of table.

STATEMENT 1—Continued

Comparative statement of financial condition, all FHA funds combined, as of June 30, 1953, and June 30, 1954—Continued

	June 30, 1953	June 30, 1954	Increase or decrease (—)
ASSETS—Continued			
Acquired security or collateral—continued			
Defaulted Title I notes	$49,926,575	$55,719,524	$5,792,949
Less reserve for losses	35,222,799	38,416,180	3,193,381
Net defaulted Title I notes	14,703,776	17,303,344	2,599,568
Net acquired security or collateral	107,662,545	99,607,727	−8,054,818
Other assets—held for account of mortgagors	40,116	52,164	12,048
Total assets	556,069,775	541,060,038	−15,009,737
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	3,096,006	[2] 4,165,147	1,069,141
Group account participations payable	1,762,175	1,524,660	−237,515
Total accounts payable	4,858,181	5,689,807	831,626
Accrued liabilities:			
Interest on debentures	1,026,147	1,246,945	220,798
Interest on funds advanced by U. S. Treasury	19,868,878		−19,868,878
Total accrued liabilities	20,895,025	1,246,945	−19,648,080
Trust and deposit liabilities:			
Fee deposits held for future disposition	5,696,878	5,604,333	−92,545
Excess proceeds of sale	1,341,714	1,752,844	411,130
Deposits held for mortgagors, lessees, and purchasers	1,169,544	1,779,693	610,149
Undistributed receipts	8,532	7,932	−600
Due general fund of the U. S. Treasury	14	25	11
Employees' payroll deductions for taxes, etc.	942,821	828,767	−114,054
Total trust and deposit liabilities	9,159,503	9,973,594	814,091
Deferred and undistributed credits:			
Unearned insurance premiums	$69,253,730	$74,514,461	$5,260,731
Unearned insurance fees	319,641	511,733	192,092
Other		5,884	5,884
Total deferred and undistributed credits	69,573,371	75,032,078	5,458,707
Bonds, debentures, and notes payable: Debentures payable	79,010,736	94,436,436	15,425,700
Other liabilities:			
Funds advanced by U. S. Treasury	65,497,433		−65,497,433
Reserve for foreclosure costs—mortgage notes	509,515	655,052	145,537
Total other liabilities	66,006,948	655,052	−65,351,896
Statutory reserves:			
For transfer to general reinsurance account	30,966,814	26,105,714	−4,861,100
Net balances of group accounts available for contingent losses, expenses, other charges, and participations	117,301,384	101,653,018	−15,648,366
Total statutory reserves	148,268,198	127,758,732	−20,509,466
Total liabilities	397,771,962	314,792,644	−82,979,318
CAPITAL			
Capital contributions from other FHA insurance funds	12,000,000	15,200,000	3,200,000
Earned surplus:			
Insurance reserve fund (cumulative earnings) available for future losses and related expenses	142,612,264	146,869,031	4,256,767
General reinsurance reserve fund (cumulative earnings) available for future losses and related expenses	3,685,549	64,198,363	60,512,814
Total earned surplus	146,297,813	211,067,394	64,769,581
Total capital	158,297,813	226,267,394	67,969,581
Total liabilities and capital	556,069,775	541,060,038	−15,009,737
Contingent liability for certificates of claim on properties of hand	2,582,396	2,975,511	393,115

[1] Excludes unfilled orders in the amount of $3,657.
[2] Excludes unfilled orders in the amount of $70,134.

The contributed capital of $15,200,000 and the earned surplus of $211,067,394 are available for future contingent losses and related expenses. The statutory reserves of $127,758,732 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	$29,387,380
Title I Housing Insurance Fund	1,449,262
Mutual Mortgage Insurance Fund	191,957,095
Housing Insurance Fund	7,166,328
War Housing Insurance Fund	106,498,018
Housing Investment Insurance Fund	832,880
Military Housing Insurance Fund	9,895,918
National Defense Housing Insurance Fund	6,839,245
Total	354,026,126

In addition, the various insurance funds had collected or accrued $511,733 unearned insurance fees and $74,514,461 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.

	Deferred fee income	Deferred premium income	Total deferred fee and premium income
Title I Insurance Fund		$31,272,484	$31,272,484
Title I Housing Insurance Fund		274,890	274,890
Mutual Mortgage Insurance Fund		26,757,435	26,757,435
Housing Insurance Fund	$508,110	1,389,783	1,897,893
War Housing Insurance Fund	24	12,050,152	12,050,176
Military Housing Insurance Fund	3,599	1,525,508	1,529,107
National Defense Housing Insurance Fund		1,244,209	1,244,209
Total	511,733	74,514,461	75,026,194

Combined Income, Expenses, and Losses, all FHA Funds

Total income from all sources during the fiscal year 1954 amounted to $128,484,763, while total expenses and insurance losses amounted to $40,704,536, leaving net income, before adjustment of valuation and statutory reserves, of $87,780,227. Increases in valuation reserves for the year amounted to $33,470,547, leaving $54,309,680 net income for the period. Cumulative income from June 30, 1934, through June 30, 1954, was $896,857,075, and cumulative expenses were $398,927,909, leaving net income of $497,929,166 before adjustment of valuation reserves.

STATEMENT 2

Combined statement of income and expenses for all FHA funds through June 30, 1953, and June 30, 1954

	June 30, 1934, to June 30, 1953	July 1, 1953, to June 30, 1954	June 30, 1934, to June 30, 1954
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$47,336,467	$7,869,234	$55,205,701
Interest on mortgage notes and contracts for deed	80,774	20,869	101,643
Interest and other income on defaulted Title I notes	2,998,378	729,245	3,727,623
Interest—Other	7,728,440	2,319,588	10,048,028
Dividends on rental housing stock	9,426	2,812	12,238
	58,153,485	10,941,748	69,095,233
Insurance premiums and fees:			
Premiums	564,311,297	103,352,824	667,664,121
Fees	144,062,491	14,388,245	158,450,736
	708,373,788	117,741,069	826,114,857
Other income:			
Profit (or loss −) on sale of investments	1,827,565	−389,667	1,437,898
Miscellaneous income	17,474	191,613	209,087
	1,845,039	−198,054	1,646,985
Total income	768,372,312	128,484,763	896,857,075
Expenses:			
Interest expenses:			
Interest on funds advanced by U. S. Treasury	19,868,878	516,651	20,385,529
Interest on debentures	4,609,923	509,020	5,118,943
	24,478,801	1,025,671	25,504,472
Administrative expenses:			
Operating costs (including adjustments for prior years)	306,397,139	[1] 31,315,938	337,713,077
Other expenses:			
Depreciation on furniture and equipment	1,670,545	147,916	1,818,461
Miscellaneous expenses	274,515	247,341	521,856
	1,945,060	395,257	2,340,317
Losses and chargeoffs:			
Loss on sale of acquired properties	5,322,866	1,421,779	6,744,645
Loss (or profit −) on equipment	−4,382	3,736	−646
Loss on defaulted Title I notes	20,083,889	6,542,155	26,626,044
	25,402,373	7,967,670	33,370,043
Total expenses	358,223,373	40,704,536	398,927,909
Net income before adjustment of valuation reserves	410,148,939	87,780,227	497,929,166
Increase (−) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable	−633,893	−515,493	−1,149,386
Reserve for loss on real estate	−11,151,255	−12,505,228	−23,656,483
Reserve for loss on mortgage notes acquired under terms of insurance	−9,291,780	−17,256,445	−26,548,225
Reserve for loss on defaulted Title I notes	−35,222,799	−3,193,381	−38,416,180
Net adjustment of valuation reserves	−56,299,727	−33,470,547	−89,770,274
Net income	353,849,212	54,309,680	408,158,892

[1] Excludes unfilled orders in the amount of $66,477.

STATEMENT 2—Continued

Combined statement of income and expenses for all FHA funds through June 30, 1953, and June 30, 1954—Continued

ANALYSIS OF EARNED SURPLUS

	June 30, 1934, to June 30, 1953	July 1, 1953, to June 30, 1954	June 30, 1934, to June 30, 1954
Distribution of net income:			
Statutory reserves:			
Balance at beginning of period		$148,268,198	
Adjustments during period		−62,410,303	
Net income for period	$195,551,399	48,750,402	$181,891,498
Total statutory reserves	195,551,399	134,608,297	181,891,498
Participations in mutual earnings distributed	−47,283,201	−6,849,565	−54,132,766
Balance at end of period	148,268,198	127,758,732	127,758,732
Earned surplus:			
Balance at beginning of period		146,297,813	
Adjustments during period		62,410,303	
Net income for period	158,297,813	5,559,278	226,267,394
Total earned surplus	158,297,813	214,267,394	226,267,394
Capital contributions to other FHA insurance funds	−12,000,000	−3,200,000	−15,200,000
Balance at end of period	146,297,813	211,067,394	211,067,394

Contributed Capital

The contributed capital of $15,200,000 shown on Statement 1 represents funds transferred from earnings of insurance funds to establish other insurance funds and transfers under the provisions of Section 219 of the National Housing Act, as amended. The contributed capital had increased from $15,200,000 to $17,500,000 at December 31, 1954. An analysis of capital contributions at December 31, 1954, is shown in Statement 3.

General Mortgage Insurance Authorization

Section 217 of the National Housing Act, as amended by Public Law 560, 83d Congress, approved August 2, 1954, provided for a general mortgage insurance authorization to consolidate and merge all existing mortgage insurance authorizations or existing limitations with respect to any section or title of the Act (except Title I, Sec. 2) into one general insurance authorization to take the place of all existing authorizations or limitations. The general insurance authorization provides that the aggregate amount of principal obligations of all mortgages which may be insured and outstanding at any one time under insurance contracts or commitments to insure pursuant to any section or title of the Act (except Title I, Sec. 2) shall not exceed the sum of (*a*) the outstanding principal balances, as of July 1, 1954, of all insured mortgages (as estimated by the Commissioner based on scheduled amortization payments without taking into account prepayments or delinquencies), (*b*) the principal amount of all outstand-

STATEMENT 3

Analysis of capital contributions to FHA insurance funds from other FHA insurance funds as of Dec. 31, 1954

Fund	Capital contributions		Total contributions	Contributions returned	Contributed capital
	To establish insurance funds	Pursuant to sec. 219			
Title I Housing Insurance					
From: Title I Insurance	$1,000,000		$1,000,000		$1,000,000
Housing Insurance					
From:					
Mutual Mortgage Insurance	1,000,000		1,000,000		1,000,000
National Defense Housing Insurance		$3,200,000	3,200,000	—$1,000,000	2,200,000
Housing Investment Insurance		90,000	90,000		90,000
War Housing Insurance		2,500,000	2,500,000		2,500,000
Total	1,000,000	5,790,000	6,790,000	—1,000,000	5,790,000
Section 220 Housing Insurance					
From: War Housing Insurance	1,000,000		1,000,000		1,000,000
Section 221 Housing Insurance					
From: War Housing Insurance	1,000,000		1,000,000		1,000,000
Servicemen's Mortgage Insurance					
From: War Housing Insurance	1,000,000		1,000,000		1,000,000
Housing Investment Insurance					
From: National Defense Housing Insurance		1,000,000	1,000,000		1,000,00
To: Housing Insurance		—90,000	—90,000		—90,000
Total		910,000	910,000		910,000
Military Housing Insurance					
From: War Housing Insurance		1,900,000	1,900,000	—1,900,000	
National Defense Housing Insurance					
From: War Housing Insurance	10,000,000		10,000,000		10,000,000
To:					
Housing Insurance		—3,200,000	—3,200,000	1,000,000	—2,200,000
Housing Investment Insurance		—1,000,000	—1,000,000		—1,000,000
Total	10,000,000	—4,200,000	5,800,000	1,000,000	6,800,000
Total all funds	15,000,000	4,400,000	19,400,000	—1,900,000	17,500,000

ing commitments to insure on that date, and (*c*) $1,500,000,000, except that with the approval of the President such aggregate may be increased by not to exceed $500,000,000. The general mortgage insurance authorization at July 1, 1954 was established as follows:

Insurance in force	$16, 493, 192, 800
Commitments outstanding	2, 349, 669, 800
Additional authorized amount	1, 500, 000, 000
Total authorization	20, 342, 862, 600

On December 28, 1954, the President increased the authorization by $500,000,000, thereby making a total authorization of $20,842,862,600 at December 31, 1954.

The status of the general mortgage insurance authorization at December 31, 1954, is shown in Statement 4 below.

STATEMENT 4

Status of general mortgage insurance authority as of Dec. 31, 1954

	Estimated outstanding balance of insurance in force	Outstanding commitments for insurance	
Sec. 217 General Mortgage Insurance Authorization			[1] $20,842,862,600
Title I, Sec. 8	$162,147,887	$54,088,189	
Title II:			
Sec. 203	10,457,206,257	[2] 3,022,357,074	
Sec. 207–210	245,360,603	[3] 91,470,300	
Sec. 213	309,614,589	[4] 77,459,750	
Sec. 220			
Sec. 221			
Sec. 222	141,336	3,218,352	
Total	11,012,322,785	3,194,505,476	
Title VI:			
Sec. 603	1,572,788,017		
Sec. 608	2,952,474,112		
Sec. 609:			
Manufacturer's loan	100,000		
Purchasers' loans	139,843		
Sec. 610 (Sec. 603)	11,463,273		
Sec. 610 (Sec. 608)	5,547,102		
Sec. 611	768,520		
Total	4,543,280,867		
Title VIII, Sec. 803	635,796,593	18,732,700	
Title IX:			
Sec. 903	460,333,618	50,995,762	
Sec. 908	59,869,141	923,400	
Total	520,202,759	51,919,162	
Total charges to Sec. 217	16,873,750,891	3,319,245,527	20,192,996,418
Unused insurance authorization			649,866,182

[1] Increased $500,000,000 by the President on Dec. 28, 1954, pursuant to Sec. 217 of the National Housing Act.
[2] Includes statements of eligibility in the amount of $17,950,700. Also includes $17,550 commitments outstanding on farm mortgages chargeable against limitation of $100,000,000.
[3] Includes statements of eligibility in the amount of $3,981,100.
[4] Includes statements of eligibility in the amount of $63,968,950.

Cost Certifications on Multifamily Projects

To prevent the possibility of the builder's "mortgaging out" on multifamily housing projects financed with FHA-insured mortgages, the mortgagor is now required to certify, before final endorsement of the mortgage for insurance, to the actual cost of the project; and, if the mortgage amount is more than the statutory ratio applied to such actual costs, the mortgage amount must be correspondingly reduced.

During 1954, cost certifications were received on projects which were completed during the year and had mortgages insured by the Federal Housing Administration, as follows:

	Number	Amount of cost certified by builder or sponsor	Amount of mortgage at final endorsement
Sec. 207	1	$136,116	$124,800
Sec. 803	6	17,893,200	16,007,143
Sec. 908	16	9,124,483	8,879,949

On one Section 908 mortgage, the amount of the insured mortgage at final endorsement was reduced by $32,300 as a result of cost certification by the builder.

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 18,117,994 in number and $8,425,982,359 in amount (net proceeds) had been reported for insurance under this section through December 31, 1954. Through that date, 523,205 claims had been paid for $170,160,738 and there was 1 claim payable on real property acquired in the amount of $4,508. The total claims paid and payable, numbering 523,206 in the amount of $170,165,246, represent approximately 2.02 percent of the total net proceeds of loans insured, as shown in Statement 5.

In the calendar year 1954, 1,506,480 loans were insured for an aggregate of $890,606,372, and 47,488 claims were paid for $21,047,414.

STATEMENT 5

Summary of Title I notes insured, claims for insurance paid, and recoveries on defaulted notes purchased by calendar years, 1934–54

Year	Notes insured (net proceeds)	Claims for insurance paid	Recoveries on defaulted notes purchased			
			Total recoveries	Cash receipts		Real properties
				On notes	On sales of repossessed equipment	
1934	$27,405,525					
1935	201,258,132	$447,448	$9,016	$9,016		
1936	221,534,922	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	7,265,059	2,539,406	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	87,191,156	3,718,643	4,168,859	4,024,096	717	144,046
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	2,499,530	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	7,459,729	7,202,020	902	256,807
1953	1,334,287,124	14,995,408	7,605,902	7,533,730		72,172
1954	890,606,372	[1] 21,051,922	[1] 6,967,256	6,949,184		[1] 18,072
Total	8,425,982,359	170,165,246	67,906,746	66,395,852	170,461	1,340,433

[1] Includes claim payable on real property acquired in the amount of $4,508.

NOTES.—In addition to the above recoveries, $6,391,011 interest and other income on outstanding balances of Title I notes, and $153,533 interest on mortgage notes had been collected through Dec. 31, 1954.

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, $3,970,705 represents equipment transferred to other Government agencies without exchange of funds; $322,833 loss on sale of equipment and $2,793 equipment destroyed as worthless.

Recoveries

Upon payment of insurance claims, the notes and other claims against the borrowers become the property of the Federal Housing Administration for collection or other disposition.

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

Through December 31, 1954, there had been acquired under the terms of insurance a total of 542 real properties at a total cost of $1,520,718. All but 7 of these, with a cost of $32,142, had been sold at a net loss of $53,921, 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, 1954, amounted to $84,084,054. These losses represent 1.00 percent of the total amount of loans insured ($8,425,982,259). A summary of transactions through December 31, 1954, follows:

Summary of Title I transactions for the period June 30, 1934, to Dec. 31, 1954

	Total Title I transactions to Dec. 31, 1954	Percent to notes insured
Total notes insured	$8,425,982,359	100.000
Total claims paid	[1] 170,165,246	2.020
		Percent to claims paid
Recoveries:		
Cash collections:		
On notes	66,395,852	39.018
On sale of repossessed equipment	170,461	.100
Total cash	66,566,313	39.118
Real properties (after deducting losses and reserve for losses on real properties and mortgage notes)	[1] 1,340,433	.788
Total recoveries	67,906,746	39.906
Net notes in process of collection	18,174,446	10.681
Losses:		
Loss on sale of real properties	53,921	.032
Loss on repossessed equipment	4,305,331	2.530
Loss on defaulted Title I notes	38,907,173	22.864
Reserve for loss on real properties and mortgage notes	12,508	.007
Reserve for loss on defaulted Title I notes	40,805,121	23.980
Total losses	84,084,054	49.413

[1] Includes 1 claim payable on real properties acquired in the amount of $4,508.

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.

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) on insurance granted on and after July 1, 1939.

This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by the mortgagors in the form of participation payments.

Section 2(f) of the Act provides that moneys in the Title I Insurance Fund shall be available for defraying the operating expenses of the Federal Housing Administration under this title, and any amounts which are not needed for such purpose may be used for the payment of claims in connection with the insurance granted under this title. Section 2(f) of the Act as amended August 2, 1954, provides that moneys in this fund not needed for current operations may be invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States Government. At December 31, 1954, this fund held $38,000,000 Special Series 2 percent Treasury notes.

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. Prior to July 1, 1944, a portion of the insurance claims was met from income and recoveries while the remainder was paid from funds advanced by the Federal Government.

The total capital of the Title I Insurance Fund as of June 30, 1954, as shown in Statement 6, was $29,387,380, 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 6

Comparative statement of financial condition, Title I Insurance Fund, as of June 30, 1953, and June 30, 1954

	June 30, 1953	June 30, 1954	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$36,662,362	$41,309,647	$4,647,285
Loans receivable:			
Mortgage notes and contracts for deed	522,421	526,489	4,068
Less reserve for losses	7,836	7,897	61
Net loans receivable	514,585	518,592	4,007
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	8,002,635	3,093,370	−4,909,265
Accounts receivable—Other	26,851	38,101	11,250
Accounts receivable—Interfund	149,749	137,995	−11,754
Total accounts and notes receivable	8,179,235	3,269,466	−4,909,769
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	72,812	38,446	−34,366
Less reserve for losses	10,655	5,514	−5,141
Net real estate	62,157	32,932	−29,225
Defaulted Title I notes	49,926,575	55,719,524	5,792,949
Less reserve for losses	35,222,799	38,416,180	3,193,381
Net defaulted Title I notes	14,703,776	17,303,344	2,599,568
Net acquired security or collateral	14,765,933	17,336,276	2,570,343
Total assets	60,122,115	62,433,981	2,311,866
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	729,941	1,757,658	1,027,717
Trust and deposit liabilities: Deposits held for mortgagors, lessees, and purchasers	8,800	10,575	1,775
Deferred and undistributed credits:			
Unearned insurance premiums	29,073,351	31,272,484	2,199,133
Other		5,884	5,884
Total deferred and undistributed credits	29,073,351	31,278,368	2,205,017
Other liabilities: Funds advanced by U. S. Treasury	8,333,314		−8,333,314
Total liabilities	38,145,406	33,046,601	−5,098,805
CAPITAL			
Earned surplus: Insurance reserve fund (cumulative earnings) available for future losses and related expenses	21,976,709	29,387,380	7,410,671
Total liabilities and capital	60,122,115	62,433,981	2,311,866

For the fiscal year 1954, Title I Insurance Fund income totaled $20,493,395, while expenses and losses amounted to $9,874,458, leaving $10,618,937 net income before adjustment of valuation reserves. After the valuation reserves were increased by $3,188,031, there remained $7,430,636 net income for the year.

STATEMENT 7

Income and expenses, Title I Insurance Fund, through June 30, 1953, and June 30, 1954

	June 3, 1939, to June 30, 1953	July 1, 1953, to June 30, 1954	June 3, 1939, to June 30, 1954
Income:			
Interest and dividends:			
Interest on mortgage notes and contracts for deed	$80,774	$20,869	$101,643
Interest and other income on defaulted Title I notes	2,998,378	729,245	3,727,623
	3,079,152	750,114	3,829,266
Insurance premiums and fees:			
Premiums	96,370,835	19,746,243	116,117,078
Fees	369,304		369,304
	96,740,139	19,746,243	116,486,382
Other income: Miscellaneous income	2,962	−2,962	
Total income	99,822,253	20,493,395	120,315,648
Expenses:			
Administrative expenses: Operating costs	21,086,364	3,295,824	24,402,153
Other expenses:			
Depreciation on furniture and equipment	113,897	15,546	129,443
Miscellaneous expenses	256,189	16,762	272,951
	370,086	32,308	402,394
Losses and chargeoffs:			
Loss on sale of acquired properties	21,876	3,779	25,655
Loss on equipment	42,039	392	42,431
Loss on defaulted Title I notes	20,083,889	6,542,155	26,626,044
	20,147,804	6,546,326	26,694,130
Total expenses	41,604,254	9,874,458	51,498,677
Net income before adjustment of valuation reserves	58,217,999	10,618,937	68,816,971
Increase (−) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable	−7,836	−61	−7,897
Reserve for loss on real estate	−10,655	+5,141	−5,514
Reserve for loss on defaulted Title I notes	−35,222,799	−3,193,381	−38,416,180
Net adjustment of valuation reserves	−35,241,290	−3,188,301	−38,429,591
Net income	22,976,709	7,430,636	30,387,380

ANALYSIS OF EARNED SURPLUS

Distribution of net income: Earned surplus:			
Balance at beginning of period		$21,976,709	
Adjustments during the period		−19,965	
Net income for the period	$22,976,709	7,430,636	$30,387,380
Total	22,976,709	29,387,380	30,387,380
Capital contributions to other FHA insurance funds	−1,000,000		−1,000,000
Balance at end of period	21,976,709	29,387,380	29,387,380

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, Section 2 insurance authority as of December 31, 1954, is given below:

Status of Title I insurance authority, as of Dec. 31, 1954

Insurance authority		$1,750,000,000
Charges against insurance authority:		
Estimated outstanding balance of insurance in force:		
Amendment of June 3, 1939	$1,529,826	
Reserve of July 1, 1947	15,361,867	
Reserve of Mar. 1, 1950 (including 53,765 notes on loan reports in process)	1,375,537,240	
Total charges against authority		1,392,428,933
Unused insurance authority		357,571,067

Title I Insurance Liability

The maximum amount of claims that a qualified institution may present for payment is limited to 10 percent of the eligible loans reported by that institution for insurance. Section 2(a) of the Act, as amended August 2, 1954, provides that with respect to any loan, advance of credit, or purchase made after the effective date of the Housing Act of 1954, the amount of any claim for loss on such individual loan, advance of credit, or purchase paid by the Commissioner under the provisions of this section to a lending institution shall not exceed 90 per centum of such loss. This new coinsurance provision of Title I became effective October 1, 1954, and from that date the lender has been required to bear 10 percent of the loss sustained on any one loan. As of December 31, 1954, the maximum possible liability of the Title I Insurance Fund for claims was $237,148,026.

Insurance reserves under Title I, established, released, and outstanding at Dec. 31, 1954, as provided under Secs. 2 and 6, National Housing Act

Item	Gross reserves established	Reserves released	Semiannual reserve adjustments	Claims paid	Outstanding contingent liability
Insurance reserves:					
Sec. 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	64,120,045		20,418,323	$1,529,826
10 percent, reserve of July 1, 1944	85,459,050	61,227,415		24,232,535	
10 percent, reserve of July 1, 1947	163,065,172	101,641,055		46,062,250	15,361,867
10 percent, reserve of Mar. 1, 1950	430,118,858		$165,070,368	47,058,910	217,089,574
Estimated loan reports in process	3,166,759				3,166,759
Sec. 6:					
20 percent, amendment Apr. 22, 1937	297,366	246,498		50,868	
10 percent, amendment Apr. 17, 1936	11,913	6,339		5,574	
Total	879,079,432	306,700,300	165,070,368	[1] 170,160,738	237,148,026

[1] Excludes 1 claim payable on real property acquired in the amount of $4,058.

Title I Claims Account

Through June 30, 1954, the Federal Government had advanced a total of $38,243,525 to cover operations under Title I (Sec. 2) on insurance granted prior to July 1, 1939. Of this amount, $6,613,811 had been advanced for salaries and expenses and the remaining $31,629,714 for the payment of insurance claims and loans to insured institutions. In addition, $2,327,473 had been collected as interest and other income, making a total of $40,570,998 accountable funds.

Funds accounted for at June 30, 1954, amounted to $40,506,511: $19,184,143 representing recoveries and interest on claims deposited in the general fund of the Treasury, and $21,322,368 representing expenses and losses, leaving a balance to be accounted for of $64,487. This balance is accounted for by the net assets on hand at June 30, 1954, which consisted of $24,202 cash, $798 real property, $40,107 accounts and notes receivable, and $620 trust liabilities. In accordance with a provision of the Housing Act of 1954, this account was merged with the Title I Insurance Fund as of August 1, 1954.

STATEMENT 8

Title I Claims Account—Statement of accountability for funds advanced as of June 30, 1954

Advances from RFC for:			
Payment of claims	$31,488,714		
Loans to insured institutions	141,000		
Payment of salaries and expenses	6,613,811		
		$38,243,525	
Income from operations: Interest and other income on defaulted notes		2,327,473	
Total funds available			$40,570,998
Recoveries on claims and loans to insured institutions deposited in the general fund of the Treasury		$19,184,143	
Salaries and expenses		6,613,811	
Losses, including estimated future losses:			
Sale of real property	$26,747		
Repossessed equipment	4,259,330		
Defaulted notes	10,422,283		
Provision for loss on real property on hand	197		
		14,708,557	
Total funds used			40,506,511
Balance of funds to be accounted for			64,487
Accountability represented by:			
Assets on hand:			
Cash		$24,202	
Accounts receivable and accrued assets		2,601	
Mortgage notes	$4,640		
Less estimated future losses	69		
		4,571	
Real property	995		
Less estimated future losses	197		
		798	
Defaulted notes	787,794		
Less estimated future losses	754,859		
		32,935	
Total assets on hand		65,107	
Liabilities:			
Deposits held for account of mortgagors and lessees		620	
Net assets on hand			64,487

Title I Housing Insurance Fund

An amendment of April 20, 1950, to the National Housing Act (Public Law 475, 81st Cong.) created the Title I Housing Insurance Fund to be used by the FHA Commissioner as a revolving fund for carrying out the provisions of Section 8 of Title I of the Act. This section provided 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.

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.

Title I Housing Insurance Fund Capital and Net Income

Assets of the Title I Housing Insurance Fund at June 30, 1954 totaled $2,446,075, against which there were outstanding liabilities of $996,813, leaving $1,449,262 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 $449,262.

STATEMENT 9

Comparative statement of financial condition, Title I Housing Insurance Fund, as of June 30, 1953, and June 30, 1954

	June 30, 1953	June 30, 1954	Increase or decrease (—)
ASSETS			
Cash with U. S. Treasury	$310,350	$743,349	$432,999
Investments: U. S. Government securities (amortized)	957,209	1,406,788	449,579
Loans receivable:			
Mortgage notes and contracts for deed		228,269	228,269
Less reserve for losses		3,424	3,424
Net loans receivable		224,845	224,845
Accounts and notes receivable: Accounts receivable—Insurance premiums	6,194	9,639	3,445
Accrued assets: Interest on U. S. Government securities	990	989	—1
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	24,439	70,582	46,143
Less reserve for losses	3,448	10,117	6,669
Net acquired security or collateral	20,991	60,465	39,474
Total assets	1,295,734	2,446,075	1,150,341
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies		170	170
Interfund	34	1,728	1,694
Total accounts payable	34	1,898	1,864
Accrued liabilities: Interest on debentures	286	969	683
Trust and deposit liabilities:			
Fee deposits held for future disposition	79,547	652,735	573,188
Excess proceeds of sale		391	391
Deposits held for mortgagors, lessees, and purchasers		2,830	2,830
Total trust and deposit liabilities	79,547	655,956	576,409
Deferred and undistributed credits: Unearned insurance premiums	172,758	274,890	102,132
Bonds, debentures and notes payable: Debentures payable	22,850	63,100	40,250
Total liabilities	275,475	996,813	721,338
CAPITAL			
Capital contributions from other FHA insurance funds	1,000,000	1,000,000	
Earned surplus:			
Insurance reserve fund (cumulative earnings) available for future losses and related expenses	20,259	449,262	429,003
Total capital	1,020,259	1,449,262	429,003
Total liabilities and capital	1,295,734	2,446,075	1,150,341
Contingent liabilities for certificates of claim on properties on hand	1,723	3,500	1,777

The total income of the Title I Housing Insurance Fund for fiscal year 1954 amounted to $1,081,665, while expenses and losses totaled $650,871, leaving net income of $430,794 before adjustment of the valuation reserves. The valuation reserves were increased $10,093, resulting in a net income of $420,701 for the year.

STATEMENT 10

Income and expenses, Title I Housing Insurance Fund, through June 30, 1953, and June 30, 1954

	April 20, 1950, to June 30, 1953	July 1, 1953, to June 30, 1954	April 20, 1950, to June 30, 1954
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$63,726	$26,337	$90,063
Interest—Other		967	967
	63,726	27,304	91,030
Insurance premiums and fees:			
Premiums	461,117	397,267	858,384
Fees	690,681	657,094	1,347,775
	1,151,798	1,054,361	2,206,159
Total income	1,215,524	1,081,665	2,297,189
Expenses:			
Administrative expenses: Operating costs	1,186,181	639,136	1,817,015
Other expenses: Depreciation on furniture and equipment	5,882	3,017	8,899
Losses and chargeoffs:			
Loss on sale of acquired properties		8,642	8,642
Loss (or profit−) on equipment	−246	76	−170
	−246	8,718	8,472
Total expenses	1,191,817	650,871	1,834,386
Net income before adjustment of valuation reserves	23,707	430,794	462,803
Increase (−) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable		−3,424	−3,424
Reserve for loss on real estate	−3,448	−6,669	−10,117
Net adjustment of valuation reserves	−3,448	−10,093	−13,541
Net income	20,259	420,701	449,262
ANALYSIS OF EARNED SURPLUS			
Distribution of net income: Earned surplus:			
Balance at beginning of period		$20,259	
Adjustments during the period		8,302	
Net income for the period	$20,259	420,701	$449,262
Balance at end of period	20,259	449,262	449,262

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 not less than the yield obtainable from other authorized investments. During fiscal year 1954, $4,550 of Series L 2½ percent debentures were purchased from FNMA and $225,350 were called for redemption. During the fiscal year 1954, net investments amounting to $450,000 were made for the account of this fund, and at June 30, 1954 the fund held bonds in the principal amount of $1,400,000, yielding 2.30 percent, as follows:

Investments of the Title I Housing Insurance Fund, June 30, 1954

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1958	2	$450,000	$450,000	$450,000
1967–72	2½	958,367	950,000	950,788
Average annual yield 2.30 percent		1,408,367	1,400,000	1,400,788

Properties Acquired Under the Terms of Insurance

During the calendar year 1954, 25 properties insured under Title I, Section 8, were acquired by the Commissioner under the terms of insurance. Through December 31, 1954, a total of 82 homes had been acquired under the Title I Housing Insurance Fund at a total cost of $411,740, and 62 were sold at prices which left a net charge against the fund of $13,104, or an average of $211 per case.

STATEMENT 11

Statement of profit and loss on sale of acquired properties, Title I Housing Insurance Fund, through Dec. 31, 1954

Items	Total TIHI Fund (62 properties)
Proceeds of sales:	
Sales price [1]	$294,690
Less commission and other selling expense	9,279
Net proceeds of sales	285,411
Income:	
Rental and other income (net)	686
Mortgage note income	9,221
Total income	9,907
Total proceeds of sold properties	295,318
Expenses:	
Debentures and cash adjustments	275,515
Interest on debentures	11,786
Taxes and insurance	3,561
Maintenance and operating expense	16,508
Total expenses	307,370
Net profit (or loss −) before distribution of liquidation profits	−12,052
Less distribution of liquidation profits:	
Certificates of claim	912
Increment on certificates of claim	13
Refunds to mortgagors	127
Loss to Title I Housing Insurance Fund	13,104
Average loss to Title I Housing Insurance Fund	211

[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	1	----------	$3,800	----------	$3,800
Properties sold for cash and notes (or contracts for deed)	60	60	16,915	$266,975	283,890
Properties sold for notes only	1	1	----------	7,000	7,000
Total	62	61	20,715	273,975	294,690

The turnover of Section 8 properties acquired and sold, by calendar year, is given below:

STATEMENT 12

Turnover of properties acquired under Sec. 8 of Title I, through Dec. 31, 1954

Properties acquired		Properties sold, calendar years			Properties on hand Dec. 31, 1954
Year	Number	1952	1953	1954	
1952	2	----------	----------	1	1
1953	55	----------	7	46	2
1954	25	----------	----------	8	17
Total	82	----------	7	55	20

NOTE.—On the 62 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 5.83 months.

On December 31, 1954, there remained on hand 20 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, 1954

	Title I Sec. 8 (20 properties)
Expenses:	
Acquisition costs	$96,011
Interest on debentures	2,981
Taxes and insurance	2,207
Maintenance and operating expenses	2,747
Net cost of properties on hand	103,946

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 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 62 Section 8 properties which had been acquired and sold through 1954 totaled $13,571. The amount to be paid on these certificates of claim totaled $912, while certificates of claim totaling $12,659 will be canceled.

In addition there were excess proceeds on 2 of the 62 properties sold, amounting to $127 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 under Section 207 before February 3, 1938.

Prior to the amendment of August 2, 1954, Section 205 of the Act, as amended, provided that mortgages insured under Section 203 should

be classified into groups in accordance with sound actuarial practice and risk characteristics. Each group account was credited with the income and charged with the expenses and losses of the mortgages in the group. If such income exceeded the expenses and losses, the resultant credit balance was distributed in the form of participation payments to mortgagors of the group upon payment in full of their mortgages, or upon termination of the group account, except that a mortgagor might not receive an amount in excess of the aggregate scheduled annual premiums to the year of termination of the insurance.

The general reinsurance account was established by Section 205(b) of the Act and, in accordance with this section, was credited with the original allocation of $10,000,000 provided by Section 202 of the Act.

The amendment to Section 205 of the Act approved August 2, 1954, provided as follows: The Commissioner shall establish as of July 1, 1954, a General Surplus Account and a Participating Reserve Account. The balance of the General Reinsurance Account shall be transferred to the General Surplus Account, whereupon the General Reinsurance Account shall be abolished. There shall be transferred from the various group accounts to the Participating Reserve Account as of July 1, 1954, an amount equal to the aggregate amount which would have been distributed under the provisions of Section 205 in effect on June 30, 1954, if all outstanding mortgages in the group accounts had been paid in full on that date. All the remaining balances of the group accounts shall be transferred to the General Surplus Account, whereupon all the group accounts shall be abolished. The aggregate net income received or net loss sustained thereafter by the Mutual Mortgage Insurance Fund in any semiannual period shall be credited or charged to the General Surplus Account and/or the Participating Reserve Account in such manner and amount as the Commissioner may determine to be in accord with sound actuarial and accounting practice. Upon termination of the insurance obligation of the Mutual Mortgage Insurance Fund by payment of any mortgage insured thereunder, the Commissioner is authorized to distribute to the mortgagor a share of the Participating Reserve Account in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound actuarial and accounting practice, except that a mortgagor may not receive an amount in excess of the aggregate scheduled annual premium to the year of termination of the insurance.

Mutual Mortgage Insurance Fund Capital

As of June 30, 1954, the assets of the Mutual Mortgage Insurance Fund totaled $235,362,240, against which there were outstanding liabilities of $171,163,877, leaving $64,198,363 capital. Included in the liabilities are the statutory reserves of $127,758,732. This figure includes $26,105,714 for transfer to the general reinsurance account

STATEMENT 13

Comparative statement of financial condition, Mutual Mortgage Insurance Fund, as of June 30, 1953, and June 30, 1954

	June 30, 1953	June 30, 1954	Increase or decrease (—)
ASSETS			
Cash with U. S. Treasury	$6,063,330	$13,275,595	$6,312,265
Investments: U. S. Government securities (amortized)	234,304,182	212,178,240	—22,125,942
Loans receivable:			
Mortgage notes and contracts for deed	5,223,347	5,373,045	149,698
Less reserve for losses	78,351	80,593	2,242
Net loans receivable	5,144,996	5,292,452	147,456
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	1,245,813	995,226	—250,587
Accounts receivable—Other		167	167
Accounts receivable—Interfund	856,088	777,490	—78,598
Total accounts and notes receivable	2,101,901	1,772,883	—329,018
Accrued assets: Interest on U. S. Government securities	528,507	511,320	—17,187
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	1,406,294	2,730,841	1,324,547
Less reserve for losses	188,959	399,091	210,132
Net acquired security or collateral	1,217,335	2,331,750	1,114,415
Total assets	250,260,251	235,362,240	—14,898,011
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	881	4,303	3,422
Group account participations payable	1,762,175	1,524,660	—237,515
Total accounts payable	1,763,056	1,528,963	—234,093
Accrued liabilities:			
Interest on debentures	128,027	190,043	62,016
Interest on funds advanced by U. S. Treasury	16,606,504		—16,606,504
Total accrued liabilities	16,734,531	190,043	—16,544,488
Trust and deposit liabilities:			
Fee deposits held for future disposition	4,648,458	4,577,257	—71,201
Excess proceeds of sale	217,896	299,464	81,568
Deposits held for mortgagors, lessees, and purchasers	99,344	87,997	—11,347
Total trust and deposit liabilities	4,965,698	4,964,718	—980
Deferred and undistributed credits: Unearned insurance premiums	24,440,433	26,757,435	2,316,997
Bonds, debentures, and notes payable: Debentures payable	8,408,686	9,963,986	1,555,300
Other liabilities: Funds advanced by the U. S. Treasury	41,994,095		—41,994,095
Statutory reserves:			
For transfer to general reinsurance reserve	30,966,814	26,105,714	—4,861,100
Net balances of group accounts available for contingent losses, expenses, other charges, and participations	117,301,384	101,653,018	—15,648,366
Total statutory reserves	148,268,198	127,758,732	—20,509,466
Total liabilities	246,574,702	171,163,877	—75,410,825
CAPITAL			
Earned surplus: General reinsurance reserve fund (cumulative earnings) available for future losses and related expenses	3,685,549	64,198,363	60,512,814
Total liabilities and capital	250,260,251	235,362,240	—14,898,011
Contingent liability for certificates of claim on properties on hand	68,367	120,435	52,068

and $101,653,018 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 amount of capital contributed to this fund by the United States Government in the amount of $41,994,095, $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. The principal liability of $41,994,095, together with interest thereon in the amount of $17,059,847, was repaid during fiscal year 1954, the final payment being made on March 11, 1954.

Income and Expenses

During fiscal year 1954 the income to the fund amounted to $69,630,208, while expenses and losses amounted to $22,459,380, leaving $47,170,828 net income before adjustment of valuation reserves. After the valuation reserves had been increased $212,374, the net income for the year was $46,958,454.

The cumulative income of the Mutual Mortgage Insurance Fund from June 30, 1934, to June 30, 1954, amounted to $493,962,994 while cumulative expenses amounted to $246,393,449, leaving $247,569,545 net income before adjustment of valuation reserves. After $479,684 had been allocated to valuation reserves, the cumulative net income amounted to $247,089,861.

STATEMENT 14

Income and expenses, Mutual Mortgage Insurance Fund, through June 30, 1953, and June 30, 1954

	June 30, 1934, to June 30, 1953	July 1, 1953, to June 30, 1954	June 30, 1934, to June 30, 1954
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$37,089,118	$5,436,832	$42,525,950
Interest—Other	3,965,457	472,539	4,437,996
Dividends on rental housing stock	286		286
	41,054,861	5,909,371	46,964,232
Insurance premiums and fees:			
Premiums	294,879,136	52,402,479	347,281,615
Fees	86,799,363	10,879,262	97,678,625
	381,678,499	63,281,741	444,960,240
Other income:			
Profit on sale of investments	1,585,294	244,521	1,829,815
Miscellaneous income	14,132	194,575	208,707
	1,599,426	439,096	2,038,522
Total income	424,332,786	69,630,208	493,962,994

STATEMENT 14—Continued

Income and expenses, Mutual Mortgage Insurance Fund, through June 30, 1953, and June 30, 1954—Continued

	June 30, 1934, to June 30, 1953	July 1, 1953, to June 30, 1954	June 30, 1934, to June 30, 1954
Expenses:			
Interest expense:			
Interest on funds advanced by U. S. Treasury	$16,606,504	$453,343	$17,059,847
Interest on debentures	4,609,923	509,020	5,118,943
	21,216,427	962,363	22,178,790
Administrative expenses: Operating costs	198,758,886	21,078,029	219,942,456
Other expenses:			
Depreciation on furniture and equipment	1,092,856	99,385	1,192,241
Miscellaneous expenses	18,226	201,372	219,598
	1,111,082	300,757	1,411,839
Losses and chargeoffs:			
Loss on sale of acquired properties	2,767,323	115,721	2,883,044
Loss (or profit —) on equipment	−25,190	2,510	−22,680
	2,742,133	118,231	2,860,364
Total expenses	223,828,528	22,459,380	246,393,449
Net income before adjustment of valuation reserves	200,504,258	47,170,828	247,569,545
Increase (—) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable	−78,351	−2,242	−80,593
Reserve for loss on real estate	−188,959	−210,132	−399,091
Net adjustment of valuation reserves	−267,310	−212,374	−479,684
Net income	200,236,948	46,958,454	247,089,861

ANALYSIS OF EARNED SURPLUS

Distribution of net income:			
Statutory reserves:			
Balance at beginning of period	----------	$148,268,198	----------
Adjustments during period	----------	−62,410,303	----------
Net income for period	$195,551,399	48,750,402	$181,891,498
	195,551,399	134,608,297	181,891,498
Participations in mutual earnings distributed	−47,283,201	−6,849,565	−54,132,766
Balance at end of period	148,268,198	127,758,732	127,758,732
Earned surplus:			
Balance at beginning of period	----------	3,685,549	----------
Adjustments during period	----------	62,304,762	----------
Net income (or loss —) for period	4,685,549	−1,791,948	65,198,363
	4,685,549	64,198,363	65,198,363
Capital contributions to other FHA insurance funds	−1,000,000	----------	−1,000,000
Balance at end of period	3,685,549	64,198,363	64,198,363

Investments

Section 206 of the Act provides that excess moneys in the Mutual Mortgage Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under the fund, provided that such purchases are made at a price which will produce an investment yield not less than the yield obtainable from other authorized investments.

During the fiscal year 1954, $76,550 of Series A 3-percent Mutual Mortgage Insurance Fund debentures matured and were paid and $152,000 were redeemed in payment of mortgage insurance premiums; $62,800 of Series E 2¾ percent were purchased from FNMA, $314,750 were redeemed in payment of mortgage insurance premiums, and $227,900 were called for redemption; $78,500 Series K 2½ percent were redeemed in payment of mortgage insurance premiums, $49,800 were purchased from FNMA, and $71,500 were called for redemption.

Net sales of United States Government securities made during the year decreased the holdings of the fund by $22,400,000 (prinicpal amount). These transactions did not change the average annual yield, which remained at 2.49 percent. On June 30, 1954, the fund held United States Government securities in the amount of $212,667,000, principal amount, as follows:

Investments of the Mutual Mortgage Insurance Fund, June 30, 1954

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1958	2	$9,800,000	$9,800,000	$9,800,000
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	21,038,603	21,400,000	21,080,136
1965-70	2½	25,546,515	25,900,000	25,580,448
1966-71	2½	21,737,555	22,100,000	21,766,727
1967-72	2½	124,636,165	123,967,000	124,450,929
Average annual yield 2.49 percent		212,258,838	212,667,000	212,178,240

Properties Acquired Under the Terms of Insurance

Four hundred and twenty-seven homes insured under Section 203 were acquired by the Commissioner during the calendar year 1954 under the terms of insurance. During 1953, 263 foreclosed properties had been transferred to the Commissioner, and in 1952 there had been 282. Through 1954, a total of 5,712 small homes had been acquired under the Mutual Mortgage Insurance Fund at a total cost of $34,439,679. Statement 15 shows the turnover of Section 203 acquired properties since the acquisition of the first such property in 1936.

STATEMENT 15

Turnover of properties acquired under Sec. 203 of Title II contracts of insurance by years, and cumulative through Dec. 31, 1954

Properties acquired		Properties sold by calendar years																		Properties on hand Dec. 31, 1954
Year	Number	1936–37	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	
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	8	14
1951	407															188	173	17	10	19
1952	282																142	86	13	41
1953	263																	88	84	91
1954	427																		162	265
Total	5,712	24	208	384	997	1,346	692	327	67	20	2		2	19	84	291	340	202	277	430

NOTES.—On the 5,282 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 6.41 months. The number of properties sold has been reduced by 22 properties repossessed because of default on mortgage notes. Of these reacquisitions, 19 had been sold by Dec. 31, 1954.

Through December 31, 1954, 5,282 acquired properties insured under Section 203 had been sold at prices which left a net charge against the fund of $2,968,293, or an average of approximately $562 per case. One Section 207 rental housing project, insured under the Mutual Mortgage Insurance Fund prior to February 3, 1938, had been acquired and sold in 1941 at no loss to the fund.

STATEMENT 16

Statement of profit and loss on sale of acquired properties, Mutual Mortgage Insurance Fund, through Dec. 31, 1954

Item	Sec. 203 (5,282 properties)	Sec. 207 (1 property, 265 units)	Total MMI Fund (5,283 properties)
Proceeds of sales:			
Sales price [1]	$27,645,290	$1,000,000	$28,645,290
Less commission and other selling expenses	1,282,847		1,282,847
Net proceeds of sales	26,362,443	1,000,000	27,362,443
Income:			
Rental and other income (net)	466,453		466,453
Mortgage note income	3,191,214		3,191,214
Total income	3,657,667		3,657,667
Total proceeds of sold properties	30,020,110	1,000,000	31,020,110
Expenses:			
Debentures and cash adjustments	26,519,360	942,145	27,461,505
Interest on debentures	3,655,846	18,387	3,674,233
Taxes and insurance	526,678	5,012	531,690
Additions and improvement	75,782		75,782
Maintenance and operating expense	1,278,456		1,278,456
Miscellaneous expense	4,945	1,669	6,614
Total expenses	32,061,067	967,213	33,028,280
Net profit (or loss −) before distribution of liquidation profits	−2,040,957	32,787	−2,008,170
Less distribution of liquidation profits:			
Certificates of claim	603,347	31,532	634,879
Increment on certificates of claim	39,421	1,255	40,676
Refunds to mortgagors	284,568		284,568
Loss to Mutual Mortgage Insurance Fund	2,968,293		2,968,293
Average loss to Mutual Mortgage Insurance Fund	562		

[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	830		$5,144,660		$5,144,660
Properties sold for cash and notes (or contracts for deed)	4,435	4,425	2,554,873	$20,884,781	23,439,654
Properties sold for notes only	17	17		60,976	60,976
Total	5,282	4,442	7,699,533	20,945,757	28,645,290

On December 31, 1954, 430 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, 1954

	Sec. 203 (430 properties)
Expenses:	
Acquisition costs	$3,508,534
Interest on debentures	179,195
Taxes and insurance	87,333
Additions and improvements	15,524
Maintenance and operating expenses	142,348
Total expenses	3,932,934
Income: Rental and other income (net)	106,838
Net cost of properties on hand	3,826,096

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 5,282 Section 203 properties which had been acquired and sold through 1954 totaled $2,210,296. The amount paid or to be paid on these certificates of claim totaled $603,347 (approximately 27 percent), while certificates of claim totaling $1,606,949 (approximately 73 percent) had been or will be canceled.

In addition, there were excess proceeds on approximately 17 percent (or 879) of the 5,282 sold properties amounting to $284,568, for refund to mortgagors. The refund to mortgagors on those 879 cases averaged $324.

Mutual Mortgage Participation Payments

In carrying out the mutual provisions of Title II prior to enactment of the Housing Act of 1954, the Administration had established through June 30, 1954, a total of 324 group accounts, of which 188 had developed credit balances for distribution and 136 had deficit balances. The 188 group accounts which had credit balances included 48 from which participation payments had been made at the time of termination.

Of the 136 deficit balance groups at June 30, 1954, 73 had been terminated with deficits totaling $158,247, and these deficits had been charged against the general reinsurance account. The income of the remaining 63 groups had not yet been sufficient to offset the expenses and reserves for losses.

The credit balances of the 48 group accounts which had matured and from which participation payments had been made at termination amounted to $1,797,146, and these balances were shared by 14,124 mortgagors. Payments to mortgagors ranged from $1.89 to $78.59 per $1,000 of original face amount of mortgage.

The first participation payments in connection with insured loans prepaid in full were made as of January 1, 1944, and during the 10½ years following that date total payments of $54,132,767 were made or accrued on 423,815 insured loans.

The credit balances of the 140 groups, from which participation payments would have been made as insured loans were paid in full, amounted to $68,275,799 on June 30, 1954. On that date there were still in force in these group accounts approximately 472,176 insured mortgages on which the original face amount had been $2,684,677,109.

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 the 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, authorized 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 of individual mortgages under Section 213 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 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 Sections 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. Prior to enactment of the amendments of August 10, 1948, to the National Housing Act, any excess remaining

after payment of the certificate of claim and increment thereon was refunded to the mortgagor.

Housing Insurance Fund Capital and Net Income

Assets of the Housing Insurance Fund as of June 30, 1954, totaled $12,339,262, against which there were outstanding liabilities of $5,172,934. The capital of the fund amounted to $7,166,328, represented by $6,490,000 capital contributions from other FHA insurance funds and earned surplus of $676,328.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the amount of capital contributed to this fund by the United States Government for salaries and expenses in the amount of $4,170,024 was established as a liability of the fund as of June 30, 1953. This amount, together with interest thereon in the amount of $1,386,666, was repaid during fiscal year 1954, the final payment being made on October 31, 1953.

STATEMENT 17

Comparative statement of financial condition, Housing Insurance Fund, as of June 30, 1953, and June 30, 1954

	June 30, 1953	June 30, 1954	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$650,452	$3,172,288	$2,521,836
Investments:			
U. S. Government securites (amortized)	5,001,010	3,300,951	−1,700,059
Other securities (stock in rental housing corporations)	27,400	43,500	16,100
Total investments	5,028,410	3,344,451	−1,683,959
Loans receivable:			
Mortgage notes and contracts for deed	2,571,640	3,999,389	1,427,749
Less reserve for losses	38,575	146,656	108,081
Net loans receivable	2,533,065	3,852,733	1,319,668
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	31,623	35,428	3,805
Accounts receivable—Interfund	15,470	7,200	−8,270
Total accounts and notes receivable	47,093	42,628	−4,465
Accrued assets: Interest on U. S. Government securities	3,437	3,438	1
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	----------	1,699,502	1,699,502
Less reserve for losses	----------	669,290	669,290
Net real estate	----------	1,030,212	1,030,212
Mortgage notes acquired under terms of insurance (at cost plus expenses to date)	1,871,947	1,471,506	−400,441
Less reserve for losses	271,725	577,994	306,269
Net mortgage notes acquired under terms of insurance	1,600,222	893,512	−706,710
Net acquired security or collateral	1,600,222	1,923,724	323,502
Total assets	9,862,679	12,339,262	2,476,583

STATEMENT 17—Continued

Comparative statement of financial condition, Housing Insurance Fund, as of June 30, 1953, and June 30, 1954—Continued

	June 30, 1953	June 30, 1954	Increase or decrease (−)
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	$10	$49	$39
Accrued liabilities:			
Interest on debentures	21,079	44,533	23,454
Interest on funds advanced by U. S. Treasury	1,368,805		−1,368,805
Total accrued liabilities	1,389,884	44,533	−1,345,351
Trust and deposit liabilities:			
Excess proceeds of sale	87,450	128,606	41,156
Deposits held for mortgagors, lessees, and purchasers	79,864	172,400	92,536
Total trust and deposit liabilities	167,314	301,006	133,692
Deferred and undistributed credits:			
Unearned insurance premiums	926,510	1,389,783	463,273
Unearned insurance fees	288,458	508,110	219,652
Total deferred and undistributed credits	1,214,968	1,897,893	682,925
Bonds, debentures, and notes payable: Debentures payable	1,794,000	2,916,250	1,122,250
Other liabilities:			
Funds advanced by U. S. Treasury	4,170,024		−4,170,024
Reserve for foreclosure costs—Mortgage notes	17,159	13,203	−3,956
Total other liabilities	4,187,183	13,023	−4,173,980
Total liabilities	8,753,359	5,172,934	−3,580,425
CAPITAL			
Capital contributions from other FHA insurance funds	1,000,000	6,490,000	5,490,000
Earned surplus: Insurance reserve fund (cumulative earnings) available for future losses and related expenses	109,320	676,328	567,008
Total capital	1,109,320	7,166,328	6,057,008
Total liabilities and capital	9,862,679	12,339,262	2,476,583
Contingent liability for certificates of claim on properties on hand	35,520	58,791	23,271

During the fiscal year 1954 the income of the fund amounted to $3,725,196, while expenses and losses amounted to $2,080,172, leaving $1,645,024 net income before adjustment of valuation reserves. After the valuation reserves had been increased by $1,083,640, there remained $561,384 as net income for the year.

STATEMENT 18

Income and expenses, Housing Insurance Fund, through June 30, 1953, and June 30, 1954

	Feb. 3, 1938, to June 30, 1953	July 1, 1953, to June 30, 1954	Feb. 3, 1938, to June 30, 1954
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$926,126	$85,305	$1,011,431
Interest—Other	122,535	10,885	133,420
Dividends on rental housing stock	1,638	143	1,781
	1,050,299	96,333	1,146,632
Insurance premiums and fees:			
Premiums	8,041,081	1,809,368	9,850,449
Fees	4,079,679	1,819,495	5,899,174
	12,120,760	3,628,863	15,749,623
Other income: Profit on sale of investments	88,568		88,568
Total income	13,259,627	3,725,196	16,984,823
Expenses:			
Interest expenses: Interest on funds advanced by U. S. Treasury	1,368,805	17,861	1,386,666
Administrative expenses: Operating costs	11,472,496	2,159,025	13,625,897
Other expenses:			
Depreciation on furniture and equipment	70,495	10,191	80,686
Miscellaneous expenses	100		100
	70,595	10,191	80,786
Losses and chargeoffs:			
Loss (or profit −) on sale of acquired properties	−70,872	−107,163	−178,035
Loss (or profit −) on equipment	−1,017	258	−759
	−71,889	−106,905	−178,794
Total expenses	12,840,007	2,080,172	14,914,555
Net income (or loss −) before adjustment of valuation reserves	419,620	1,645,024	2,070,268
Increase (−) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable	−38,575	−21,416	−146,656
Reserve for loss on real estate		−634,392	−669,290
Reserve for loss on mortgage notes acquired under terms of insurance	−271,725	−265,269	−577,994
Net adjustment of valuation reserves	−310,300	−921,077	−1,393,940
Net income before extraordinary nonrecurring expenses	109,320	723,947	676,328
Extraordinary nonrecurring expenses:			
Reserve for loss on loans receivable		−86,665	
Reserve for loss on real estate		−34,898	
Reserve for loss of mortgage notes acquired under terms of insurance		−41,000	
Total nonrecurring expenses		−162,563	
Net income	109,320	561,384	676,328

ANALYSIS OF EARNED SURPLUS

Distribution of net income: Earned surplus:			
Balance at beginning of period		$109,320	
Adjustments during period		5,624	
Net income for period	$109,320	561,384	$676,328
Balance at end of period	109,320	676,328	676,328

Investments

Section 207(p) of the National Housing Act provides that excess moneys not needed for current operations under the Housing Insurance Fund shall be deposited with the Treasurer of the United States to the credit of the Housing Insurance Fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States, or, with the approval of the Secretary of the Treasury, used for the purchase of debentures issued under Section 207 and Section 204. In the fiscal year 1954, $1,177,650 of Series M 2½ percent debentures were purchased from FNMA and $139,550 were redeemed in payment of mortgage insurance premiums; and $370,000 of Series Q 2½ percent debentures were redeemed in payment of mortgage insurance premiums. During the fiscal year 1954, net sales of United States Government securities decreased the holdings of the fund $1,700,000 (principal amount). These transactions resulted in an increase in the average annual yield from 2.33 percent to 2.50 percent. On June 30, 1954, the fund held United States Government securities in the principal amount of $3,300,000, as follows:

Investments of the Housing Insurance Fund, June 30, 1954

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1962–67	2½	$1,500,000	$1,500,000	$1,500,000
1967–72	2½	1,801,438	1,800,000	1,800,951
Average annual yield 2.50 percent		3,301,438	3,300,000	3,300,951

Property Acquired Under the Terms of Insurance

During 1954, no additional project mortgage notes insured under Section 207 or Section 213 were assigned to the FHA Commissioner. Title to 1 project (214 units) insured under Section 207 and 3 home properties insured under Section 213 were acquired under the terms of insurance, and in addition 2 Section 207 mortgage notes previously assigned to the Commissioner were acquired by foreclosure in 1954. Through December 31, 1954, a cumulative total of 20 rental housing projects and two mortgage notes insured under Section 207–210 of the Housing Insurance Fund, 3 project mortgage notes and 3 home properties 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, and 1 project mortgage note and 1 home property insured under Section 213 had been sold at no loss to the Housing Insurance Fund. There remained on hand at December 31, 1954, 4 projects and 1 mortgage note insured under Section 207 and 2 mortgage notes and 2 home properties insured under Section 213, as follows:

Housing Insurance Fund, statement of properties on hand as of Dec. 31, 1954

	Sec. 207		Sec. 213		Total, 6 properties 3 notes (462 units)
	Projects		Projects, 2 mortgage notes (67 units)	Homes, 2 properties (2 units)	
	4 properties (345 units)	1 mortgage note (48 units)			
Expenses:					
Acquisition costs	$1,836,891	$598,290	$683,369	$15,135	$3,133,685
Interest on debentures	70,368	26,063	26,855	469	123,755
Taxes and insurance	34,911	----------	----------	121	35,032
Additions and improvements	1,252	----------	----------	----------	1,252
Maintenance and operating expenses	41,454	----------	----------	----------	41,454
Miscellaneous expenses	1,557	955	289	----------	2,801
Total expenses	1,986,433	625,308	710,513	15,725	3,337,979
Income:					
Rental and other income (net)	101,065	322	31,067	----------	132,454
Collections on mortgage notes	----------	----------	8,153	----------	8,153
Total income and recoveries	101,065	322	39,220	----------	140,607
Net cost of properties on hand	1,885,368	624,986	671,293	15,725	3,197,372

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 19

Statement of profit and loss on sale of acquired property, Housing Insurance Fund, through Dec. 31, 1954

	Secs. 207-210, (16 projects and 1 mortgage note, 3,870 units)	Sec. 213		Total Housing Insurance Fund, 17 properties, 2 mortgage notes (4,015 units)
		Projects, 1 mortgage note, 144 units	Homes, 1 property, 1 unit	
Proceeds of sales:				
Sales price (or proceeds of mortgage note)[1]	$15,099,886	$1,529,150	$10,800	$16,639,836
Less commissions	4,539		540	5,079
Net proceeds of sales	15,095,347	1,529,150	10,260	16,634,757
Income:				
Rental and other income (net)	1,667,737	35,260	7	1,703,004
Mortgage note income	2,726,918	122,685	215	2,849,818
Total income	4,394,655	157,945	222	4,552,822
Total proceeds of sold properties	19,490,002	1,687,095	10,482	21,187,579
Expenses:				
Debentures and cash adjustments	14,661,895	1,492,130	9,055	16,163,080
Interest on debentures	2,759,030	111,907	341	2,871,278
Taxes and insurance	469,595		5	469,600
Additions and improvements	211,660			211,660
Maintenance and operating expense	753,910		885	754,795
Miscellaneous expense	32,259	34		32,293
Total expenses	18,888,349	1,604,071	10,286	20,502,706
Net profit before distribution of liquidation profits	601,653	83,024	196	684,873
Less distribution of liquidation profits:				
Certificates of claim	212,500	30,242	196	242,938
Increment on certificates of claim	41,317	2,393		43,710
Refunds to mortgagors	172,289			172,289
Excess credited to fund	175,547	50,389		225,936

[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		$3,062,401		$3,062,401
Properties sold for cash and notes (or contracts for deed)	14	14	229,890	$10,158,983	10,388,873
Properties sold for mortgage notes or contracts for deed only	3	146		3,188,562	3,188,562
Total	19	160	3,292,291	13,347,545	16,639,836

Certificates of Claim and Refunds to Mortgagors

Certificates of claim issued in connection with the 16 projects and 1 mortgage note insured under Section 207–210 which had been sold through December 31, 1954, totaled $290,400. The amount paid or to be paid on these certificates totaled $212,500, and the amount canceled or to be canceled $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 prior to amendment of August 10, 1948.

As a result of insurance under Section 213, a certificate of claim had been issued in connection with one project acquired under the terms of insurance and subsequently sold. The total amount, $30,242, is to be canceled. In addition, a certificate of claim in the amount of $382 was issued on one Section 213 home. Of this total $196 is to be paid and $186 is to be canceled.

The certificate of claim issued in connection with the only rental housing project acquired under the Mutual Mortgage Insurance Fund amounted to $31,532. This certificate of claim had been paid in full, with increment thereon in the amount of $1,255.

Title II: Section 220 Housing Insurance Fund

The Section 220 Housing Insurance Fund was created by Section 220 of the National Housing Act, as amended August 2, 1954 (Housing Act of 1954, Public Law 560, 83d Cong.), which authorizes insurance by the FHA of mortgages on homes and rental properties located in an urban redevelopment area for which a Federal-aid contract was executed or approved before August 2, 1954, or in an urban renewal area which the Housing and Home Finance Administrator has determined to be appropriate for an urban renewal project and located in a city for which the Administrator has approved a workable program presented by the local authorities for preventing the spread of blight and eliminating and preventing slum conditions. Terms of insurance are similar to those under Sections 203 and 207, and in addition provide for the insurance of mortgages of dwellings with more than 4 units but fewer than 12.

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.

Title II: Section 221 Housing Insurance Fund

Section 221 Housing Insurance Fund was created by Section 221 of the National Housing Act as amended August 2, 1954 (Housing Act of 1954, Public Law 560, 83d Cong.), which authorizes the insurance, in communities that have requested it, of mortgages on low-cost housing for families displaced because of urban renewal projects. The maximum mortgage for owner-occupant mortgagors is $6,700, or $8,600 in high cost areas, and 95 percent of appraised value. Mortgages in amounts up to $6,800 ($7,650 in high-cost areas) or 85 percent of value may be insured on single-family homes built, or acquired and rehabilitated, for sale to owner-occupants. Insurance under this section may also cover mortgages up to $5 million in amount to finance

the construction or rehabilitation of rental accommodations for 10 or more displaced families when the mortgagor is a private nonprofit organization subject to Government supervision. The Housing Administrator will certify to the FHA Commissioner the number of units needed to relocate displaced families, and the number of units financed under Section 221 may not exceed that number.

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.

Title II: Servicemen's Mortgage Insurance Fund

The Servicemen's Mortgage Insurance Fund was created by Section 222 of the National Housing Act as amended August 2, 1954 (Housing Act of 1954, Public Law 560, 83d Cong.). The purpose of this section is to aid in the provision of housing accommodations for servicemen in the Armed Forces of the United States and in the Coast Guard of the United States, and their families. Section 222 provides for the insurance of mortgages which would be eligible for insurance under Section 203, except that when executed by a mortgagor who is a serviceman and who, at the time of insurance, is the owner-occupant of the property the maximum ratio of loan to value may, in the discretion of the Commissioner, exceed the maximum ratio of loan to value prescribed in Section 203 but not to exceed in any event 95 per centum of the appraised value of the property and not to exceed $17,100.

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.

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 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.

War Housing Insurance Fund Capital

Assets of the War Housing Insurance Fund as of June 30, 1954, totaled $202,295,054, against which there were outstanding liabilities of $95,797,036. The fund had capital of $106,498,018, consisting 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 in the amount of $5,000,000 was established as a liability as of June 30, 1953. This principal amount, together with interest thereon in the amount of $1,390,010, has been repaid, the final payment being made on September 30, 1953.

STATEMENT 20

Comparative statement of financial condition, War Housing Insurance Fund, as of June 30, 1953, and June 30, 1954

	June 30, 1953	June 30, 1954	Increase or decrease (—)
ASSETS			
Cash with U. S. Treasury	$6,806,152	$71,249,220	$64,443,068
Investments:			
U. S. Government securities (amortized)	78,236,665	20,773,009	—57,463,656
Other securities (stock in rental housing corporations)	403,600	401,000	—2,600
Total investments	78,640,265	21,174,009	—57,466,256
Loans receivable:			
Mortgage notes and contracts for deed	29,093,180	33,810,313	4,717,133
Less reserve for losses	509,131	910,816	401,685
Net loans receivable	28,584,049	32,899,497	4,315,448
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	506,326	492,288	—14,038
Accounts receivable—Other	35	7,876	7,841
Total accounts and notes receivable	506,361	500,164	—6,197
Accrued assets: Interest on U. S. Government securities	101,667	46,458	—55,209
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	60,697,386	61,718,843	1,021,457
Less reserve for losses	10,948,193	22,419,165	11,470,972
Net real estate	49,749,193	39,299,678	—10,449,515
Mortgage notes acquired under terms of insurance (at cost plus expenses to date)	49,328,926	62,492,451	13,163,525
Less reserve for losses	9,020,055	25,418,587	16,398,532
Net mortgage notes acquired under terms of insurance	40,308,871	37,073,864	—3,235,007
Net acquired security or collateral	90,058,064	76,373,542	—13,684,522
Other assets—held for account of mortgagors	40,116	52,164	12,048
Total assets	204,736,674	202,295,054	—2,441,620

STATEMENT 20—Continued

Comparative statement of financial condition, War Housing Insurance Fund, as of June 30, 1953, and June 30, 1954—Continued

	June 30, 1953	June 30, 1954	Increase or decrease (–)
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	$9,156	$3,868	–$5,288
Interfund	6,822	14,242	7,420
Total accounts payable	15,978	18,110	2,132
Accrued liabilities:			
Interest on debentures	876,755	981,565	104,810
Interest on funds advanced by U. S. Treasury	1,373,929		–1,373,929
Total accrued liabilities	2,250,684	981,565	–1,269,119
Trust and deposit liabilities:			
Excess proceeds of sale	1,036,368	1,324,383	288,015
Deposits held for mortgagors, lessees, and purchasers	981,536	1,505,144	523,608
Total trust and deposit liabilities	2,017,904	2,829,527	811,623
Deferred and undistributed credits:			
Unearned insurance premiums	12,575,874	12,050,152	–525,722
Unearned insurance fees	23	24	1
Total deferred and undistributed credits	12,575,897	12,050,176	–525,721
Bonds, debentures, and notes payable: Debentures payable	68,785,200	79,289,600	10,504,400
Other liabilities:			
Funds advanced by U. S. Treasury	5,000,000		–5,000,000
Reserve for foreclosure costs—Mortgage notes	492,356	628,058	135,702
Total other liabilities	5,492,356	628,058	–4,864,298
Total liabilities	91,138,019	95,797,036	4,659,017
CAPITAL			
Earned surplus:			
Insurance reserve fund (cumulative earnings) available for future losses and related expenses	113,598,655	106,498,018	–7,100,637
Total liabilities and capital	204,736,674	202,295,054	–2,441,620
Contingent liability for certificates of claim on properties on hand	2,476,786	2,747,970	271,184

Income and Expenses

During the fiscal year 1954 the fund earned $27,439,146 and had expenses of $3,196,926, leaving $24,242,220 net income before adjustment of valuation reserves. After the valuation reserves had been increased by $8,418,638 and extraordinary nonrecurring expenses were taken into account, the net loss for the year amounted to $4,028,969, which was charged to the insurance reserve fund.

The cumulative income of the War Housing Insurance Fund from its establishment March 28, 1941, to June 30, 1954, amounted to $243,887,270, while cumulative expenses were $75,440,684, leaving $168,446,586 net income before adjustment of reserves. Valuation reserves of $48,748,568 were established, leaving cumulative net income of $119,698,018.

STATEMENT 21

Income and expenses, War Housing Insurance Fund, through June 30, 1953, and June 30, 1954

	Mar. 28, 1941, to June 30, 1953	July 1, 1953, to June 30, 1954	Mar. 28, 1941, to June 30, 1954
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$8, 426, 695	$1, 814, 610	$10, 241, 305
Interest—Other	3, 640, 448	1, 834, 848	5, 475, 296
Dividends on rental housing stock	7, 387	2, 509	9, 896
	12, 074, 530	3, 651, 967	15, 726, 497
Insurance premiums and fees:			
Premiums	159, 081, 526	24, 461, 220	183, 542, 746
Fees	45, 137, 985	14, 769	45, 152, 754
	204, 219, 511	24, 475, 989	228, 695, 500
Other income:			
Profit (or loss —) on sale of investments	153, 703	—688, 810	—535, 107
Miscellaneous income	380		380
	154, 083	—688, 810	—534, 727
Total income	216, 448, 124	27, 439, 146	243, 887, 270
Expenses:			
Interest expenses: Interest on funds advanced by U. S. Treasury	1, 373, 929	16, 081	1, 390, 010
Administrative expenses: Operating costs	68, 053, 922	1, 771, 234	69, 696, 824
Other expenses: Depreciation on furniture and equipment	359, 123	8, 594	367, 717
Losses and chargeoffs:			
Loss on sale of acquired properties	2, 604, 539	1, 400 800	4, 005 339
Loss (or profit —) on equipment	—19, 423	217	—19, 206
	2 585 116	1, 401, 017	3, 986, 133
Total expenses	72, 372, 090	3, 196, 926	75, 440, 684
Net income before adjustment of valuation reserves	144 076, 034	24, 242, 220	168. 446, 586
Increase (—) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable	—509, 131	—257, 846	—910 816
Reserve for loss on real estate	—10, 948. 193	—1, 291, 091	—22, 419, 165
Reserve for loss on mortgage notes acquired under terms of insurance	—9. 020, 055	—6, 869, 701	—25 418, 587
Net adjustment of valuation reserves	—20, 477, 379	—8, 418, 638	—48, 748, 568
Net income before extraordinary nonrecurring expenses	123, 598, 655	15. 823. 582	119, 698, 018
Extraordinary nonrecurring expenses:			
Reserve for loss on loans receivable		—143. 839	
Reserve for loss on real estate		—10, 179, 881	
Reserve for loss on mortgage notes acquired under terms of insurance		—9, 528, 831	
Total nonrecurring expenses		—19, 852, 551	
Net income (or loss —)	123, 598, 655	—4, 028, 969	119, 698, 018

ANALYSIS OF EARNED SURPLUS

Distribution of net income:			
Earned surplus:			
Balance at beginning of period		$113, 598, 655	
Adjustments during period		128, 332	
Net income (or loss —) for period	$123, 598, 655	—4, 028. 969	$119, 698, 018
	123. 598, 655	109. 698, 018	119. 698, 018
Capital contributions to other FHA insurance funds	—10, 000 000	—3 200, 000	—13, 200, 000
Balance at end of period	113, 598. 655	106. 498, 018	106. 498, 018

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 1954, excess funds not needed for current operations were used to retire $13,831,400 Series H 2½-percent War Housing Insurance Fund debentures, of which $2,480,200 were called for redemption, $4,652,250 were purchased from FNMA, and $6,698,-950 were redeemed in payment of mortgage insurance premiums.

During the fiscal year 1954, net sales of $56,700,000 decreased the United States Government securities held by the fund as of June 30, 1954 to $20,600,000, principal amount. These transactions increased the average annual yield to 2.43 percent.

Investments of the War Housing Insurance Fund, June 30, 1954

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1966-71	2½	$4,000,000	$4,000,000	$4,000,000
1967-72	2½	16,867,853	16,600,000	16,773,009
Average annual yield 2.43 percent		20,867,853	20,600,000	20,773,009

Properties Acquired Under the Terms of Insurance

The Federal Housing Administration acquired title in 1954, under the terms of insurance, to 427 properties (830 units) insured under Section 603 and sold 290 (336 units). Through December 31, 1954, a total of 10,557 Section 603 properties (14,161 units) had been acquired at a cost of $69,307,978, and 9,244 properties (12,117 units) had been sold at prices which left a net charge against the fund of $2,762,808, or an average of $299 per case. There remained on hand for future disposition 1,313 properties having 2,044 living units.

During 1954, 39 rental housing projects (2,199 units) and 31 mortgage notes (2,818 units) insured under Section 608 were assigned to the FHA Commissioner under the terms of insurance, and 44 projects (1,664 units) were sold by the Commissioner. Through December 31, 1954, a total of 202 projects (11,662 units) and 135 mortgage notes (10,316 units) had been assigned to the Commissioner. Seventy-two projects (3,599 units) had been sold, and 1 mortgage note (42 units) had been settled, resulting in a net loss to the War Housing Insurance Fund of $2,141,842, leaving 130 projects (8,063 units) and 134 mortgage notes (10,274 units) still held by the FHA.

No additional purchasers' or manufacturers' notes insured under Section 609 were assigned to the FHA Commissioner during the calendar year 1954. Through December 31, 1954, 2 manufacturers' notes and 65 discounted purchasers' notes had been assigned. Sixty-four discounted purchasers' notes and 2 manufacturers' notes had been settled with a resultant loss to the Fund of $784,934, leaving 1 purchaser's note on hand at December 31, 1954.

STATEMENT 22

Statement of profit and loss on sale of acquired properties, War Housing Insurance Fund, through Dec. 31, 1954

	Sec. 603 (9,244 properties, 12,117 units)	Sec. 608 (72 projects and 1 mortgage note, 3,641 units)	Sec. 609 (66 notes, 369 units)	Total War Housing Insurance Fund (9,383 properties)
Proceeds of sales:				
Sales price (or proceeds of mortgage)[1]	$55,421,731	$17,312,054	$324,878	$73,058,663
Less commissions and other selling expenses	2,113,910	4,393		2,118,303
Net proceeds of sales	53,307,821	17,307,661	324,878	70,940,360
Income:				
Rental and other income (net)	4,741,473	5,015,895		9,757,368
Mortgage note income	6,207,967	750,366	28,260	6,986,593
Total income	10,949,440	5,766,261	28,260	16,743,961
Total proceeds of sold properties	64,257,261	23,073,922	353,138	87,684,321
Expenses:				
Debentures and cash adjustments	51,798,768	18,868,633	1,116,807	71,783,208
Purchase of land held under lease	49,998			49,998
Interest on debentures	6,893,688	2,092,709	22,265	9,008,662
Taxes and insurance	1,532,202	1,057,598		2,589,800
Additions and improvements	497,456	515,329		1,012,785
Maintenance and operating expense	3,984,411	2,369,234		6,353,645
Miscellaneous expense	2,986	79,154		82,140
Total expenses	64,759,509	24,982,657	1,138,072	90,880,2[illegible]
Net profit (or loss—) before distribution of liquidation profits	−502,248	−1,908,735	−784,934	−3,195,9[illegible]
Less distribution of liquidation profits:				
Certificates of claim	842,126	208,454		1,050,580
Increment on certificates of claim	102,092	24,653		126,745
Refunds to mortgagors	1,316,342			1,316,342
Loss to War Housing Insurance Fund	2,762,808	2,141,842	784,934	5,689,584
Average loss to War Housing Insurance Fund	299			

[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	2,159		$13,656,857		$13,656,857
Properties sold for cash and notes (or contracts for deed)	7,090	5,597	4,182,486	$53,749,525	57,932,011
Properties sold for notes only	134	9		1,469,795	1,469,795
Total	9,383	5,606	17,839,343	55,219,320	73,058,663

[2] Represents 64 discounted purchasers' notes and 2 manufacturers' notes settled in full.

STATEMENT 23

Statement of properties on hand, War Housing Insurance Fund, as of Dec. 31, 1954

	Section 603 1,313 properties, 2,044 units	Sec. 608		Sec. 609	Total, 1,443 properties, 135 notes, 20,382 units
		130 properties, 8,063 units	134 mortgage notes,[1] 10,274 units	1 purchaser's note,[1] 1 unit	
Expenses:					
Acquisition costs	$10,268,065	$57,392,412	$74,238,306	$3,278	$141,902,151
Interest on debentures	583,879	4,649,913	3,544,883	131	8,778,806
Taxes and insurance	493,423	2,603,305	----------	----------	3,096,728
Additions and improvements	130,988	324,606	----------	----------	455,594
Maintenance and operating	660,956	4,880,719	----------	----------	5,541,675
Miscellaneous	356	95,875	8,681	----------	104,912
Total expenses	12,137,667	69,946,830	77,791,960	3,409	159,879,866
Income and recoveries:					
Rental and other income (net)	1,014,228	10,193,534	3,736,736	----------	14,944,498
Collections on mortgage notes	----------	----------	935,653	----------	935,653
Total income and recoveries	1,014,228	10,193,534	4,672,389	----------	15,880,151
Net cost of properties on hand	11,123,439	59,753,296	73,119,571	3,409	143,999,715

[1] Acquired in exchange for debentures.

The turnover of Section 603 and Section 608 properties acquired and sold, by calendar year, is given below:

STATEMENT 24

Turnover of properties acquired under Sec. 603 of Title VI, through Dec. 31, 1954

Properties acquired		Properties sold, by calendar years												Properties on hand Dec. 31, 1954
Year	Number	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	
1943	498	29	220	110	139	----	----	----	----	----	----	----	----	----
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	18	42
1950	1,635	----	----	----	----	----	----	----	421	431	246	103	80	354
1951	735	----	----	----	----	----	----	----	----	441	103	53	27	21
1952	609	----	----	----	----	----	----	----	----	----	209	122	65	213
1953	412	----	----	----	----	----	----	----	----	----	----	56	58	298
1954	427	----	----	----	----	----	----	----	----	----	----	----	42	385
Total	10,557	29	256	982	2,798	1,010	732	384	763	964	691	345	290	1,313

NOTES.—On the 9,244 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 17 months.

The number of properties sold has been reduced by 29 properties repossessed because of default on mortgage notes, of which 16 had been resold by Dec. 31, 1954.

STATEMENT 25

Turnover of properties acquired and mortgage notes assigned under Sec. 608 of Title VI, through Dec. 31, 1954

Properties and notes acquired		Properties and notes sold, by calendar years												Properties and notes on hand Dec. 31, 1954
Year	Number	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	
1943	1	1												
1944	1		1											
1945														
1946	1												1	
1947														
1948														
1949	16											11	1	4
1950	66									7	2	4	6	47
1951	82									1		2	21	58
1952	37												10	27
1953	63												4	59
1954	70												1	69
Total	337	1	1							8	2	17	44	264

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 $1,796,832 had been issued through 1954 in connection with the 9,244 properties which had been acquired and subsequently sold. The proceeds of sale were sufficient to provide for the payment in full or in part on these certificates in the amount of $842,126, or approximately 47 percent. Certificates of claim canceled or to be canceled amounted to $954,706, or approximately 53 percent. In addition, the proceeds of sale were sufficient to pay refunds of $1,316,342 to 3,673 mortgagors, or an average of $358 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 $452,882 had been issued in connection with the 73 Section 608 acquisitions which had been disposed of by December 31, 1954. The proceeds of sale were sufficient to provide $208,454 for payment in full or in part on these certificates. Certificates of claim canceled or to be canceled amounted to $244,428. Excess proceeds of $460,179 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 of 1948, Public Law 901, 80th Cong.), which provides that this fund shall be used by the FHA Commissioner as a revolving fund for carrying out the rental housing yield insurance program authorized by Title VII and for administrative expenses in connection therewith.

This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

Section 710 further provides that the Secretary of the Treasury shall make available to the Commissioner such funds as the Commissioner may deem necessary, but not to exceed $10,000,000, 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, 1954, no applications for insurance under Title VII had been submitted.

Housing Investment Insurance Fund Capital and Net Income

Assets of the Housing Investment Insurance Fund at June 30, 1954 totaled $832,837. There were outstanding liabilities and contributed capital amounting to $909,957, which left an operating deficit of $77,120. The $1,000,000 which 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, 83rd Congress. This amount, including interest thereon in the amount of $107,914, was repaid on July 31, 1953.

STATEMENT 26

Comparative statement of financial condition, Housing Investment Insurance Fund, as of June 30, 1953, and June 30, 1954

	June 30, 1953	June 30, 1954	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$57,201	$29,604	−$27,597
Investments: U. S. Government securities (amortized)	951,910	801,774	−150,136
Accrued assets: Interest on U. S. Government securities	1,458	1,459	1
Total assets	1,010,569	832,837	−177,732
LIABILITIES			
Accounts payable: Interfund	1,128	−43	−1,171
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	1,107,147	−43	−1,107,190
CAPITAL			
Capital contributions from other FHA insurance funds		910,000	910,000
Earned surplus (deficit −): Insurance reserve fund (cumulative earnings or deficit −) available for future losses and related expenses	−96,578	−77,120	19,458
Total capital	−96,578	832,880	929,458
Total liabilities and capital	1,010,569	832,837	−177,732

The total income for fiscal year 1954 was $20,117, consisting entirely of interest on United States Government securities, while expenses amounted to $1,898, resulting in a net income for the year of $18,219. The cumulative income of the Housing Investment Insurance Fund from August 10, 1948 to June 30, 1954 amounted to $70,263, while cumulative expenses amounted to $147,383, resulting in a net deficit to the fund of $77,120.

STATEMENT 27

Income and expenses, Housing Investment Insurance Fund, through June 30, 1953, and June 30, 1954

	Aug. 10, 1948, to June 30, 1953	July 1 1953, to June 30, 1954	Aug. 10, 1948, to June 30, 1954
Income:			
Interest and dividends: Interest on U. S. Government securities	$50.146	$20,117	$70,263
Total income	50,146	20,117	70,263
Expenses:			
Interest expenses: Interest on funds advanced by U. S. Treasury	106,019	1,895	107,914
Administrative expenses: Operating costs	40,530	3	39,294
Other expenses: Depreciation on furniture and equipment	180		180
Losses and chargeoffs: Loss (or profit—) on equipment	—5		—5
Total expenses	146,724	1,898	147,383
Net income (or loss —)	—96,578	18,219	—77,120
ANALYSIS OF EARNED SURPLUS (OR DEFICIT —)			
Distribution of net income: Earned surplus (or deficit —):			
Balance at beginning of period		—$96,578	
Adjustments during period		1,239	
Net income (or loss —) for period	—$96,578	18,219	—$77,120
Balance at end of period	—96,578	—77,120	—77,120

Investments

Section 710 of the Act provides that moneys in the Housing Investment Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under this fund, provided that such purchases are made at a price which will produce an investment yield of not less than the yield obtainable from other authorized investments. During the fiscal year 1954, $150,000 (principal amount) of United States Government securities were redeemed for the account of this fund. At June 30, 1954, the fund held $800,000, principal amount, of United States Government securities yielding 2.48 percent, as follows:

Investments of the Housing Investment Insurance Fund, June 30, 1954

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1965–70	2½	$97,375	$100,000	$97,706
1967–72	2½	704,922	700,000	704,068
Average annual yield 2.48 percent		802,297	800,000	801,774

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 in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

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 1954, net redemptions of $2,200,000 decreased the United States Government securities held by the fund as of June 30, 1954, to $10,550,000 principal amount These transactions resulted in an increase in the average annua yield from 2.41 percent to 2.49 percent.

Investments of the Military Housing Insurance Fund, June 30, 1954

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1964–69	2½	$1,511,820	$1,550,000	$1,516,643
1965–70	2½	288,391	300,000	289,317
1966–71	2½	1,063,141	1,100,000	1,066,384
1967–72	2½	7,701,281	7,600,000	7,677,178
Average annual yield 2.49 percent		10,564,633	10,550,000	10,549,522

Military Housing Insurance Fund Capital and Net Income

As of June 30, 1954, the assets of the Military Housing Insurance Fund totaled $11,426,964, against which there were outstanding liabilities of $1,531,046, leaving $9,895,918 capital. The capital consists of earned surplus of $9,195,918 and capital contributions from other FHA insurance funds of $700,000.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the capital contributed by the United States Government to establish this fund in the amount of $5,000,000 was established as

a liability of the fund as of June 30, 1935. This amount has been repaid during fiscal year 1954 together with interest thereon in the amount of $441,092 the final payment being made on November 30, 1953.

STATEMENT 28

Comparative statement of financial condition, Military Housing Insurance Fund, as of June 30, 1953, and June 30, 1954

	June 30, 1953	June 30, 1954	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$711,762	$764,461	$52,699
Investments:			
U. S. Government securities (amortized)	12,750,462	10,549,522	−2,200,940
Other securities (stock in rental housing corporations)	17,400	20,200	2,800
Total investments	12,767,862	10,569,722	−2,198,140
Accounts and notes receivable: Accounts receivable—Insurance premiums	55,990	73,042	17,052
Accrued assets: Interest on U. S. Government securities	19,740	19,739	−1
Total assets	13,555,354	11,426,964	−2,128,390
LIABILITIES			
Accounts payable: Interfund	−2,103	1,939	4,042
Accrued liabilities: Interest on funds advanced by U. S. Treasury	413,621		−413,621
Deferred and undistributed credits:			
Unearned insurance premiums	1,398,855	1,525,508	126,653
Unearned insurance fees	24,844	3,599	−21,245
Total deferred and undistributed credits	1,423,699	1,529,107	105,408
Other liabilities: Funds advanced by U. S. Treasury	5,000,000		−5,000,000
Total liabilities	6,835,217	1,531,046	−5,304,171
CAPITAL			
Capital contributions from other FHA insurance funds		700,000	700,000
Earned surplus: Insurance reserve fund (cumulative earnings) available for future losses and related expenses	6,720,137	9,195,918	2,475,781
Total capital	6,720,137	9,895,918	3,175,781
Total liabilities and capital	13,555,354	11,426,964	−2,128,390

Total income of the Military Housing Insurance Fund during the fiscal year 1954 amounted to $3,460,712, while expenses and losses amounted to $989,487, leaving a net income of $2,471,225. The cumulative income of the fund from August 8, 1949 to June 30, 1954 amounted to $13,773,743, while cumulative expenses totaled $4,577,825, resulting in a cumulative net income of $9,195,918.

STATEMENT 29

Income and expenses, Military Housing Insurance Fund, through June 30, 1953, and June 30, 1954

	Aug. 8, 1949, to June 30, 1953	July 1, 1953, to June 30, 1954	Aug. 8, 1949, to June 30, 1954
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$653,289	$266,517	$919,806
Dividends on rental housing stock	115	150	265
	653,404	266,667	920,071
Insurance premiums and fees:			
Premiums	4,764,601	2,670,442	7,435,043
Fees	4,895,026	523,603	5,418,629
	9,659,627	3,194,045	12,853,672
Total income	10,313,031	3,460,712	13,773,743
Expenses:			
Interest expenses: Interest on funds advanced by U. S. Treasury	413,621	27,471	441,092
Administrative expenses: Operating costs	3,164,207	957,390	4,117,131
Other expenses: Depreciation on furniture and equipment	15,486	4,512	19,998
Losses and chargeoffs: Loss (or profit—) on equipment	—510	114	—396
Total expenses	3,592,894	989,487	4,577,825
Net income	6,720,137	2,471,225	9,195,918
ANALYSIS OF EARNED SURPLUS			
Distribution of net income: Earned surplus:			
Balance at beginning of period		$6,720,137	
Adjustments during period		4,556	
Net income for period	$6,720,137	2,471,225	$9,195,918
Balance at end of period	6,720,137	9,195,918	9,195,918

Properties Acquired Under Terms of Insurance

During the calendar year 1954, one property insured under Title VIII was acquired by the Commissioner under the terms of insurance. This was the first property acquired by the Military Housing Insurance Fund, and the property remained on hand at December 31, 1954. The cost of the property at December 31, 1954, was:

Military Housing Insurance Fund, statement of properties on hand at Dec. 31, 1954

	Sec. 803, 1 project (55 units)
Expenses:	
Acquisition cost	$393,268
Interest on debentures	4,916
Net cost of properties on hand	398,184

Title IX: National Defense Housing Insurance Fund

The National Defense Housing Insurance Fund was created by Section 902 of the National Housing Act as amended September 1, 1951 (Defense Housing and Community Facilities and Services Act of 1951, Public Law 139, 82d Cong.), which provides that this fund shall be used by the Commissioner as a revolving fund for carrying out the provisions of Title IX of the Act. This title of the Act provides for the insurance of mortgages in areas which the President shall have determined to be critical defense housing areas. To accomplish this purpose, the Act authorized the Commissioner to transfer from the War Housing Insurance Fund the sum of $10,000,000, all of which had been transferred by December 31, 1953.

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.

National Defense Housing Insurance Fund Capital and Net Income

As of June 30, 1954, the assets of the National Defense Housing Insurance Fund totaled $10,722,199, against which there were outstanding liabilities of $3,882,954, leaving $6,839,245 capital. Included in the capital is $6,100,000 transferred from other insurance funds in accordance with Section 219 of the Act, and earned surplus of $739,245.

STATEMENT 30

Comparative statement of financial condition, National Defense Housing Insurance Fund, as of June 30, 1953, and June 30, 1954

	June 30, 1953	June 30, 1954	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$471,556	$1,014,619	$543,063
Investments:			
U. S. Government securities (amortized)	11,438,491	8,070,840	−3,367,651
Other securities (stock in rental housing corporations)	4,400	8,500	4,100
Total investments	11,442,891	8,079,340	−3,363,551
Accounts and notes receivable: Accounts receivable—Insurance premiums	3,971	39,864	35,893
Accrued assets: Interest on U. S. Government securities	11,406	6,406	−5,000
Acquired security or collateral:			
Real estate (at cost plus expenses to date)		891,871	891,871
Less reserve for losses		153,306	153,306
Net real estate		738,565	738,565
Mortgage notes acquired under terms of insurance (at cost plus expenses to date)		1,395,049	1,395,049
Less reserve for losses		551,644	551,644
Net mortgage notes acquired under terms of insurance		843,405	843,405
Net acquired security or collateral		1,581,970	1,581,970
Total assets	11,929,824	10,722,199	−1,207,625
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies		1,437	1,437
Interfund	4,929	10,128	5,199
Total accounts payable	4,929	11,565	6,636
Accrued liabilities: Interest on debentures		29,835	29,835
Trust and deposit liabilities:			
Fee deposits held for future disposition	968,873	374,341	−594,532
Deposits held for mortgagors, lessees and purchasers		5,713	5,713
Total trust and deposit liabilities	968,873	380,054	−588,819
Deferred and undistributed credits:			
Unearned insurance premiums	665,944	1,244,209	578,265
Unearned insurance fees	6,316		−6,316
Total deferred and undistributed credits	672,260	1,244,209	571,949
Bonds, debentures, and notes payable: Debentures payable		2,203,500	2,203,500
Other liabilities: Reserve for foreclosure costs—Mortgage notes		13,791	13,791
Total liabilities	1,646,062	3,882,954	2,236,892
CAPITAL			
Capital contributions from other FHA insurance funds	10,000,000	6,100,000	−3,900,000
Earned surplus: Insurance reserve fund (cumulative earnings) available for future losses and related expenses	283,762	739,245	455,483
Total capital	10,283,762	6,839,245	−3,444,517
Total liabilities and capital	11,929,824	10,722,199	−1,207,625

Income and Expenses

During fiscal year 1954, the income to the fund amounted to $2,634,324, while expenses and losses amounted to $1,451,344, leaving $1,182,980 net income before provision for valuation reserves. After $704,950 had been provided for valuation reserves, there remained $478,030 net income for the year.

The cumulative income of the National Defense Housing Insurance Fund from September 1, 1951, to June 30, 1954 amounted to $5,565,145 while cumulative expenses amounted to $4,120,950, leaving cumulative net income of $1,444,195 before adjustment of valuation reserves. Valuation reserves of $704,950 were established, leaving cumulative net income of $739,245.

STATEMENT 31

Income and expenses, National Defense Housing Insurance Fund, through June 30, 1953, and June 30, 1954

	Sept. 1, 1951, to June 30, 1953	July 1, 1953, to June 30, 1954	Sept. 1, 1951, to June 30, 1954
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$127,367	$219,516	$346,883
Interest—Other		349	349
Dividends on rental housing stock		10	10
	127,367	219,875	347,242
Insurance premiums and fees:			
Premiums	713,001	1,865,806	2,578,807
Fees	2,090,453	494,021	2,584,474
	2,803,454	2,359,827	5,163,281
Other income: Profit on sale of investments		54,622	54,622
Total income	2,930,821	2,634,324	5,565,145
Expenses:			
Administrative expenses: Operating costs	2,634,463	1,415,297	4,072,307
Other expenses:			
Depreciation on furniture and equipment	12,626	6,671	19,297
Miscellaneous		29,207	29,207
	12,626	35,878	48,504
Losses and charge-offs: Loss (or profit—) on equipment	—30	169	139
Total expenses	2,647,059	1,451,344	4,120,950
Net income before adjustment of valuation reserves	283,762	1,182,980	1,444,195
Increase (—) or decrease (+) in valuation reserves:			
Reserve for loss on real estate		—153,306	—153,306
Reserve for loss on mortgage notes acquired under terms of insurance		—551,644	—551,644
Net adjustment of valuation reserves		—704,950	—704,950
Net income	283,762	478,030	739,245
ANALYSIS OF EARNED SURPLUS			
Distribution of net income: Earned surplus:			
Balance at beginning of period		$283,762	
Adjustments during period		—22,547	
Net income for period	$283,762	478,030	$739,245
Balance at end of period	283,762	739,245	739,245

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 fiscal year 1954, $36,400 of Series P 2½ percent National Defense Housing Insurance Fund debentures were purchased from FNMA.

During the fiscal year 1954, net sales of $3,400,000, principal amount, of United States Government securities were made. These transactions left the United States Government securities held by the fund as of June 30, 1954 at $8,100,000, yielding 2.22 percent.

Investments of the National Defense Housing Insurance Fund, June 30, 1954

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1958	2	$4,600,000	$4,600,000	$4,600,000
1958	2⅛	2,790,813	2,800,000	2,793,177
1956–59	2¼	288,375	300,000	290,148
1966–71	2¼	193,562	200,000	194,007
1967–72	2½	193,063	200,000	193,508
Average annual yield 2.22 percent		8,065,813	8,100,000	8,070,840

Properties Acquired Under Terms of Insurance

During 1954, 4 mortgage notes (253 units) insured under Section 908 were assigned to the FHA Commissioner, and titles to 690 home properties (797 units) insured under Section 903 were acquired under the terms of insurance. Through December 31, 1954, a cumulative total of 4 mortgage notes (253 units) insured under Section 908 and 693 home properties (803 units) insured under Section 903 had been acquired under the terms of insurance. Two home properties (3 units) insured under Section 903 had been sold at December 31, 1954, resulting in a loss of $1,839 to the National Defense Housing Insurance Fund. Certificates of claim issued in connection with the two Section 903 home properties which had been acquired and sold through 1954 totaled $637, all of which will be canceled. At December 31, 1954, there remained on hand 691 properties (800 units) insured under Section 903 and 4 mortgage notes (253 units) insured under Section 908, as follows:

National Defense Housing Insurance Fund, statement of properties on hand as of Dec. 31, 1954

	Sec. 903, 691 properties (800 units)	Sec. 908, 4 mortgage notes (253 units)	Total, 691 properties, 4 mortgage notes, (1,053 units)
Expenses:			
Acquisition costs	$5,703,483	$1,877,502	$7,580,985
Interest on debentures	95,465	47,373	142,838
Taxes and insurance	60,381		60,381
Additions and improvements	283		283
Maintenance and operating expense	14,896		14,896
Miscellaneous expense		450	450
Total expense	5,874,508	1,925,325	7,799,833
Income: Rental and other income (net)	32,670	31,220	63,890
Net cost of properties on hand	5,841,838	1,894,105	7,735,943

A summary of the two Section 903 acquired properties sold at December 31, 1954, is shown in Statement 32.

STATEMENT 32

Statement of profit and loss on sale of acquired properties National Defense Housing Insurance Fund, through Dec. 31, 1954

Items	Total National Defense Housing Insurance Fund, 2 properties (3 units)
Proceeds of sales:	
Sales price [1]	$15,750
Less commission and other selling expense	304
Net proceeds of sales	15,446
Income:	
Rental and other income (net)	187
Mortgage note income	163
Total income	350
Total proceeds of sold properties	15,796
Expenses:	
Debentures and cash adjustment	18,129
Interest on debentures	500
Taxes and insurance	105
Maintenance and operating expense	740
Total expenses	19,474
Net profit (or loss —) before distribution of liquidation profits	—3,678
Less distribution of liquidation profits:	
Certificates of claim	
Increment on certificates of claim	
Loss to National Defense Housing Insurance Fund	3,678
Average loss to National Defense Housing Insurance Fund	1,839

[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)	2	2	$900	$14,850	$15,750
Properties sold for notes only					
Total	2	2	900	14,850	15,750

Statement 33 shows the turnover of properties acquired under Section 903.

STATEMENT 33

Turnover of properties acquired under Sec. 908 of Title IX, through Dec. 31, 1954

Properties acquired		Properties sold, calendar years		Properties on hand Dec. 31, 1954
Year	Number	1953	1954	
1953	3			3
1954	690		2	688
Total	693		2	691

NOTE —On the 2 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 6.64 months.

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 Administration 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 34

Comparative statement of financial condition, Administrative Expense Account (salaries and expenses), as of June 30, 1953, and June 30, 1954

	June 30, 1953	June 30, 1954	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$3,236,623	$3,151,244	−$85,379
Accounts and notes receivable: Accounts receivable—Other	70,762	78,176	7,414
Land, structures, and equipment:			
Furniture and equipment	2,140,209	[1] 2,124,969	−15,330
Less reserve for depreciation	1,129,802	1,230,278	100,476
Net furniture and equipment	1,010,497	894,691	−115,806
Total assets	4,317,882	4,124,111	−193,771
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	2,356,018	[2] 2,397,662	41,644
Interfund	1,010,497	894,691	−115,806
Total accounts payable	3,366,515	3,292,353	−74,162
Trust and deposit liabilities:			
Due general fund of the U. S. Treasury	8,546	2,991	−5,555
Employees' pay roll deductions for taxes, etc	942,821	828,767	−114,054
Total trust and deposit liabilities	951,367	831,758	−119,609
Total liabilities	4,317,882	4,124,111	−193,771

[1] Excludes unfilled orders in the amount of $3,658.
[2] Excludes unfilled orders in the amount of $70,134.

PART IV

Eighth Annual Report

HOUSING AND HOME FINANCE AGENCY

Covering the Activities of the

PUBLIC HOUSING ADMINISTRATION

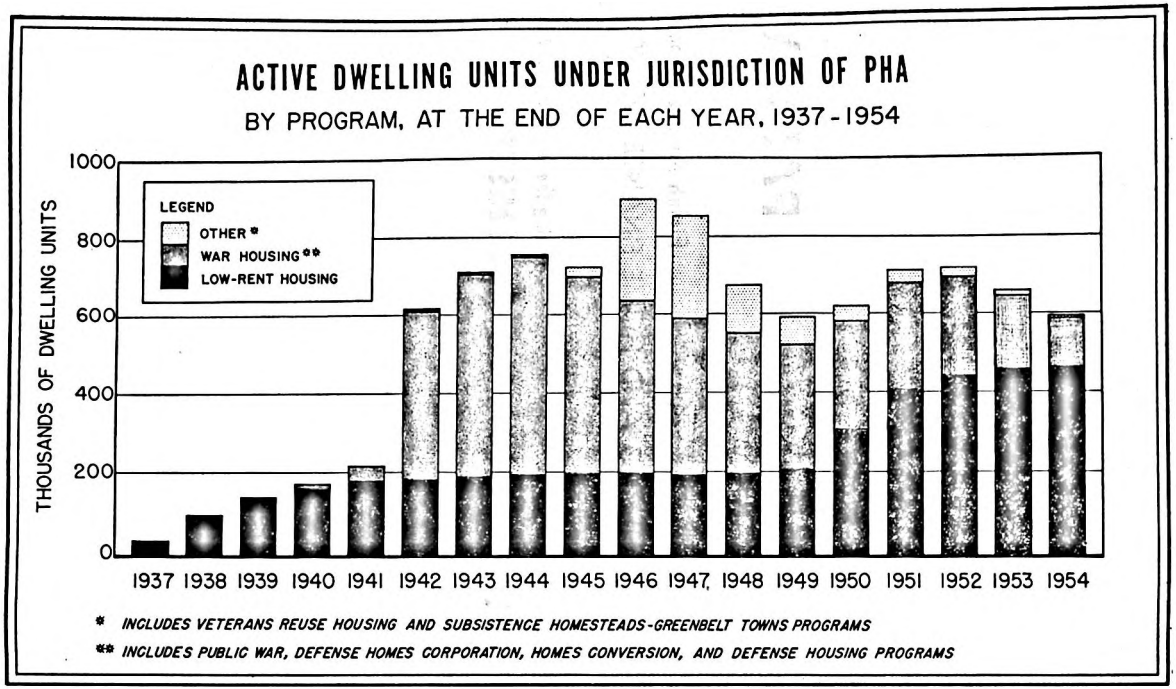
ACTIVE DWELLING UNITS UNDER JURISDICTION OF PHA
BY PROGRAM, AT THE END OF EACH YEAR, 1937-1954
THOUSANDS OF DWELLING UNITS
1000
800
600
400
200
0
LEGEND
OTHER *
WAR HOUSING **
LOW-RENT HOUSING
1937 1938 1939 1940 1941 1942 1943 1944 1945 1946 1947 1948 1949 1950 1951 1952 1953 1954
* INCLUDES VETERANS REUSE HOUSING AND SUBSISTENCE HOMESTEADS-GREENBELT TOWNS PROGRAMS
** INCLUDES PUBLIC WAR, DEFENSE HOMES CORPORATION, HOMES CONVERSION, AND DEFENSE HOUSING PROGRAMS

CHART 47

INTRODUCTORY STATEMENT

The Public Housing Administration (PHA) was established as a constituent agency of the Housing and Home Finance Agency by the President's Reorganization Plan No. 3 of 1947, effective July 27, 1947. PHA is headed by a Public Housing Commissioner appointed by the President by and with the advice and consent of the Senate.

Historically, PHA is a successor agency to the United States Housing Authority (USHA), which was established by the United States Housing Act of 1937 to administer the low-rent public housing program authorized by that Act. In 1942, the responsibilities of USHA were taken over by a newly created Federal Public Housing Authority (FPHA), which was established as a constituent agency of the National Housing Agency and which continued in existence until 1947 when PHA was established.

The PHA administers two programs. The low-rent public housing program is a direct responsibility of the Public Housing Commissioner, and the liquidating emergency housing program, which consists mainly of war, defense, and veterans' housing activities delegated to the Public Housing Commissioner by the Housing and Home Finance Administrator.

The low-rent public housing program is authorized by the United States Housing Act of 1937, as amended. Included in it are certain projects which were not built under the 1937 Act, but were subsequently transferred to the program. Such projects include those developed by the Public Works Administration prior to the passage of the Act, and farm labor camps and permanent war housing projects transferred under the terms of the United States Housing Act of 1950.

The liquidating emergency housing program consists principally of permanent and temporary housing built under the terms of the Lanham Act, as amended, to provide housing for war workers and military personnel during World War II, and the projects built under Title III of the Defense Housing and Community Facilities and Services Act of 1951, as amended. Housing built under this Title consists of temporary or mobile accommodations for inmigrant defense workers and military personnel in critical defense areas. PHA is responsible for the management of the housing in the liquidating emergency housing program, either by direct operation or through local agencies, and for the orderly disposition of such housing.

SECTION I

LOW-RENT PUBLIC HOUSING

The cardinal principle of the Housing Act of 1954 (Public Law 560, 83d Cong.) is "to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities."

Public Law 560, signed by President Eisenhower on August 2, 1954, was an outgrowth of the report submitted to the President by his Advisory Committee on Government Housing Policies and Programs. President Eisenhower had previously assigned to this committee the job of assaying the proper role of the Federal Government in the housing field. The group was also directed to formulate a more economical and effective method of improving the Nation's housing conditions.

The Housing Act of 1954 departed from the practice of cutting housing into individual segments but, instead, recognized the provision of housing as the overall responsibility of private enterprise.

Under the Act, the Federal Government is concerned with the general concept of housing and urban improvement. The tools it provides are those of private industry and the local community. Rather than have the Federal Government urge its programs upon the community, the community must take the initiative, develop its own plans, and then come to the Federal Government as help is required.

The Act recognized that the elimination of slums, prevention of blight and urban decay, and construction of low-rent public housing for low-income families was not a simple and easily gained objective. It would require a workable program approach by individual communities to the ultimate goal—a well-housed America.

Under the 1954 Act, the community must agree to undertake certain steps before it can qualify for Federal loans and grants for new slum clearance and urban renewal projects; for assistance to renew deteriorating neighborhoods and provide low-cost housing for displaced families, and for low-rent public housing. The Act provides that none of these aids can be extended to the community unless it first presents to the HHFA Administrator a workable program for urban renewal.

The community's workable program would include seven elements:

1. *Codes and ordinances.*—The community must have or commit itself to the adoption and enforcement of a comprehensive system of codes and ordinances governing adequate minimum standards of health, sanitation and safety under which dwellings may be lawfully occupied.

2. *Comprehensive plan for community development.*—This includes a land-use plan, a thoroughfare plan and a zoning ordinance, and must have current provisions to meet changing conditions and future needs of the locality.

3. *Neighborhood analyses.*—To determine causes and conditions of blight throughout the community, and to study means of correction.

4. *Administrative organization.*—Its governing body must be able to enforce effectively its codes and ordinances and carry out the urban renewal program it adopts.

5. *Financial capacity.*—It must be able to meet financial requirements under its urban renewal program, with respect to both current operating expenses and capital outlays.

6. *Housing displaced families.*—Must facilitate the rehousing of displaced families in decent, safe, and sanitary accommodations.

7. *Full-fledged citizen participation.*—Should begin when program is initiated and include representatives of business, professional, labor, welfare, religious, educational and minority group interests in both the community as a whole and in slum and blighted areas.

After a workable program is approved by the HHFA Administrator, the community is eligible for the various types of Federal assistance provided in the 1954 Act.

How the Low-Rent Program Works

Under the 1954 Act, the Public Housing Administration is concerned primarily with assisting communities requesting Federal aid for the construction of low-rent public housing for families displaced by slum clearance or governmental action and eligible for such housing.

The Act includes several amendments to the United States Housing Act of 1937, as amended, the basic low-rent public housing statute. The 1954 legislation limits to 35,000 the number of low-rent units which may be brought under new annual contributions contract during fiscal year 1955, and contains additional requirements which must be fulfilled before PHA may enter into new contracts. The principal added requirements are:

1. At the time a new preliminary loan or annual contributions contract is signed, the locality must be carrying out a slum clearance and urban redevelopment project, or a slum clearance and urban renewal project assisted under Title I of the Housing Act of 1949, as

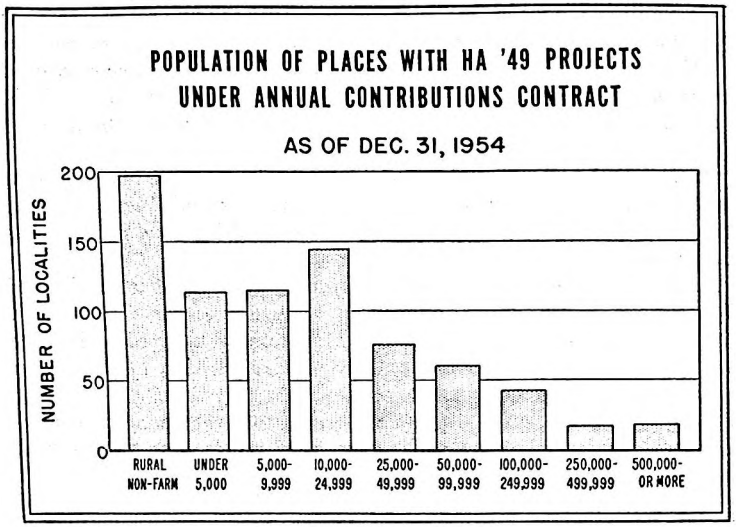

CHART 48

amended. The local governing body of the community must also have certified that low-rent public housing is needed to assist in meeting the relocation requirements of Title I.

2. The total number of units covered by a new preliminary loan or new annual contributions contract may not exceed the total number of such units required for relocating families displaced as a result of Federal, State, or local governmental action in the community.

3. Before signing an annual contributions contract with PHA, the locality must submit to the HHFA Administrator a workable program for the prevention and elimination of slums and blight. He must determine that this program meets statutory requirements, and certify to PHA that Federal assistance may be extended to the community.

4. Prior to executing a new annual contributions contract, the housing authority must notify the local governing body of the estimated annual amount of payments in lieu of taxes, and of the taxes which would be levied if the property were privately owned.

Other requirements are: (1) That a development program be completed by the local authority and approved by PHA in time to permit execution of an annual contributions contract before July 1, 1955. (2) The execution of a cooperation agreement with the local governing body. This agreement recites the tax exemption provided to the housing authority, and also sets forth the agreement of the

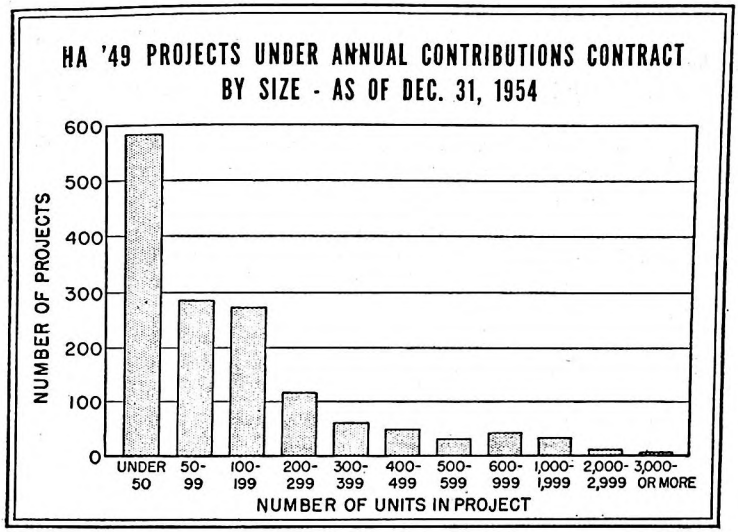

CHART 49

municipality not to impose any taxes (tax exemption has been provided under the various State enabling laws and upheld by the courts). (The agreement also covers the payments and manner of payments for municipal services to public housing projects.) Housing authorities are required to make annual payments in lieu of taxes not in excess of 10 percent of the shelter rents they charge.

PHA is authorized to make preliminary planning loans to the local housing authority. The loan application must be approved by the local governing body of the community in which the new housing is to be built. Presidential approval is still required prior to execution of a preliminary loan and an annual contributions contract. The President, however, has authorized the HHFA Administrator to approve preliminary loan and annual contributions contracts.

After PHA issues an allocation for a specific number of units, and authorizes action with respect to preliminary planning funds, the housing authority moves ahead to formulate a specific project or projects. Of primary importance is the selection of a proper site by the authority. After PHA tentatively approves the site, the authority prepares its development program.

This program must include (1) site boundaries, (2) data supporting the site selection, (3) the number and type of dwellings and other structures (if any) to be built on the site, and (4) estimated development cost of the project. The program must also present the author-

ity's relocation plan for any families on the site, and an estimate of payments in lieu of taxes by the authority and full taxes which would be levied if the property were privately owned.

The authority is also required to show that a 20 percent gap has been left between the upper rental limits for admission to the new housing and the lowest rents at which private enterprise is providing a substantial supply of decent, safe, and sanitary housing.

Once a development program is reviewed, it is submitted for approval to the Commissioner. After his approval, he recommends to the HHFA Administrator that PHA enter into an annual contributions contract with the local housing authority. If approved, the contract is finally executed.

The annual contributions contract governs relations between PHA and the housing authority. The document provides for the liquidation of any outstanding preliminary loans, for temporary Federal loans for site acquisition and construction, and for annual contributions to the authority to assure the low-rent character of the housing.

Development

During 1954, the number of development programs submitted to PHA by housing authorities was considerably reduced due to limitations imposed by the Independent Offices Appropriation Act of 1954 and the Housing Act of 1954. Development programs on which action was taken, consequently, were limited to (1) reactivated projects and (2) revisions of existing programs. The technical review of the latter concentrated on economy in design, adjustment of site boundaries to eliminate expensive land, and coordination of site boundaries with urban redevelopment programs.

The development cost of projects placed under construction by the end of 1954 averaged $10,648 per unit, representing the best bids of private builders and contractors. It includes the price of relatively expensive slum sites, demolition of slum structures, planning costs, local housing overhead, and interest during the development period.

The average dwelling unit developed at this cost contained 4.85 rooms, planned primarily for families with children. This compares with only 3.3 rooms per unit for all renter-occupied units in nonfarm areas in the United States, according to the 1950 census.

During calendar 1954, local housing authorities placed 16,200 units under construction, as compared with 32,100 in 1953, 55,400 in 1952, and 69,300 in 1951. This was largely due to limitations placed on the program. A record more indicative of Agency effort was made during fiscal year 1954 (July 1, 1953–June 30, 1954). Under a Congressional limitation of 20,000 units, local authorities started 19,995.

Although the Housing Act of 1954 imposed no restrictions against the construction of projects previously placed under annual contri-

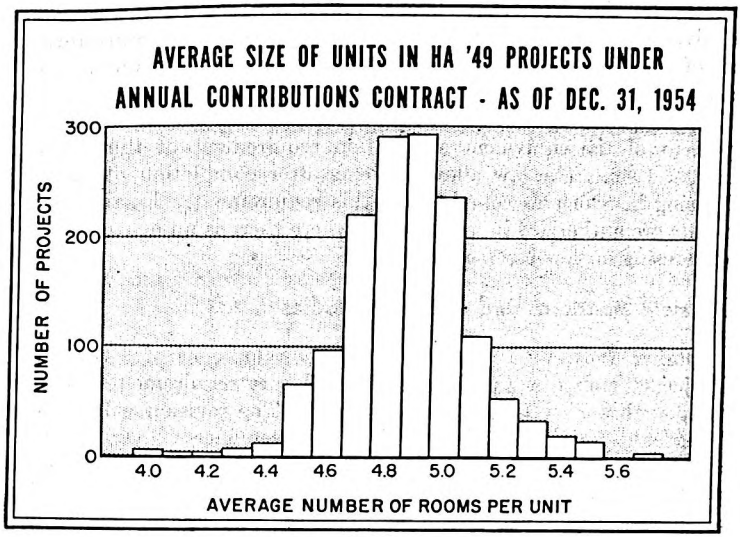

CHART 50

butions contract, PHA policy required that certain conditions be met by local housing authorities; for example, the advertising for bids was not approved for any project until (1) there had been a redetermination of the 20 percent gap between the upper rental limits for admission to the proposed project and the lowest rents at which private enterprise was providing a substantial supply of decent, safe and sanitary housing, (2) current data showed that sufficient need still existed, and (3) there were no permanent Lanham projects suitable for low-rent use which could be transferred as a substitute for new construction.

Responsibility for supervision and inspection of construction rests with housing authorities. Because of the Federal financial interest in these projects, however, PHA project engineers are assigned in the field to assure strict adherence to plans and specifications.

During 1954, a staff of traveling engineers was organized to coordinate the activities of project engineers, giving them the benefit of experience of other project engineers, and providing uniformity in inspection and reporting.

Equivalent Elimination

The Housing Act of 1937 requires the elimination, repair, or closing of unsafe or insanitary dwellings in the locality substantially equal in number to the number of new low-rent public housing units built

by the housing authority. The law also permits the deferment of equivalent elimination in areas with housing shortages. Substantially all of the elimination required under the original 1937 Act has been accomplished.

As of June 30, 1954, housing authorities had accomplished 34.2 percent of the equivalent elimination requirement of the Housing Act of 1949. The law allows 5 years after completion of the new housing in which to comply with this requirement. Further deferments are authorized in any locality where there is an acute shortage of housing for low-income families.

Physical Standards and Technical Studies

During 1954, "PHA Standards for Development of PHA-Aided Projects," embodying optional and mandatory requirements were revised with a view toward simplification. The revision will be used by local housing authorities, architects, and engineers retained by the authorities for site selection, site planning, and design of new low-rent public housing. PHA revised some related "Guide Specifications" in accordance with current building practices, and issued them as aids for preparing contract documents.

Central Heating Plants

The large number of low-rent projects with central heating plants and the lack of comprehensive operating studies of such installations led PHA to initiate a study of plants in 188 projects. This study was published in August 1954 as "Fuel Consumption Data for Low-Rent Housing Projects Heated by Central or Group Heating Plants." The study was effective in pointing the way toward correcting inefficient plant operation, in evaluating possible economies in heating low-rent public housing projects, and as a guide to housing authorities in designing new heating plants.

Hot Water Tanks

In line with its stepped-up campaign to reduce operating costs of low-rent projects, PHA conducted a series of exhaustive tests on hot water heaters. The findings have influenced some manufacturers of hot water tanks to convert quantity production from galvanized steel to glass-lined steel tanks, supplied with magnesium anodes. Such tanks with a longer life expectancy reduce maintenance costs at low-rent public housing projects.

Management-Maintenance Clinics

Complying further with the Commissioner's intent to reduce project operating expenses, PHA, in cooperation with the National Associa-

tion of Housing and Redevelopment Officials, launched a training program in 1954 for housing authority maintenance personnel. The 2-day program at Toledo, Ohio, covered grounds, utilities, janitorial services, and painting. The demonstration method was used at the Gadsden, Ala., clinic, and a display of appliances and equipment common to housing projects supplemented the discussions. The experience gained at these clinics has been incorporated in a guide for future maintenance and management training.

Prefabricated Housing

In September 1954, 2 pilot projects using single-family, factory-built houses—the first in the 17-year history of federally aided low-rent public housing were opened for occupancy in Calhoun County, Ill.

After rejecting two bids for conventional housing in Hardin and Kampsville because they were substantially higher than the costs of low-rent public housing in some principal mid-western cities, the Housing Authority of Calhoun County decided to use prefabricated houses. The dwellings—22 for Hardin and 12 for Kampsville—bought by the housing authority, were placed on individual but adjacent lots.

Although the housing authority was obliged to lay out streets and utilities as in the usual project, PHA expects to determine whether housing authorities in small communities can advantageously place prefabricated units on sites where paved streets, sewer and water mains, and utility systems already exist. PHA is carefully examining costs, adequacy and speed of construction of these pilot projects to properly evaluate the merits of prefabricated homes in the low-rent public housing program, particularly in small towns.

Managing Low-Rent Housing

As of December 31, 1954, approximately 390,000 dwellings in 2038 low-rent public housing projects were under active management—46,000 more than on December 31, 1953.

The federally aided low-rent public housing program includes (1) projects built under the provisions of the Housing Act of 1937, as amended (Public Law 412, 75th Cong.), and (2) projects not so constructed, but subsequently transferred to this program.

In the first group are approximately 117,000 dwellings in 383 projects (including 63 dwellings built on individual farms), constructed under the original 1937 Act. Except for 17 projects in Ohio, and 7 rural farm projects in 4 Southern states, all are locally owned. In December 1954, 13 of the 30 federally owned projects in Ohio were conveyed to local ownership. PHA is in the process of selling the remaining 17—(6,233 units) to the local housing authorities which have been operating them under lease.

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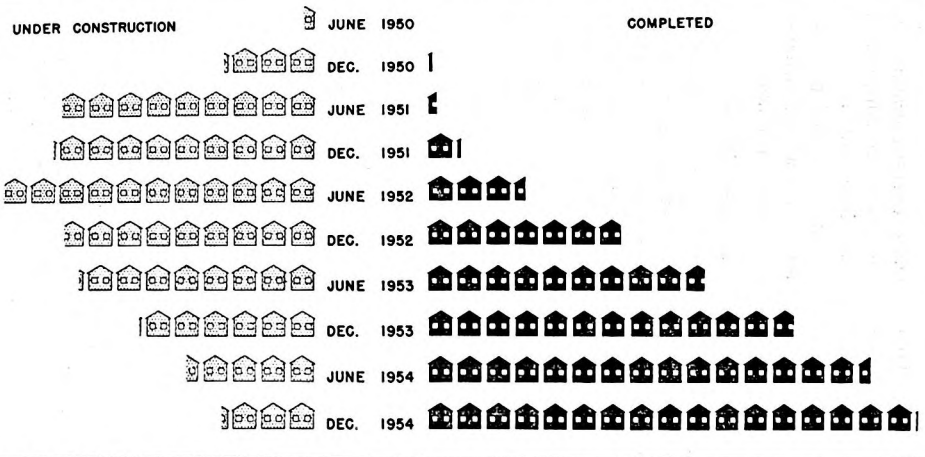
HOUSING ACT OF 1949

DWELLING UNITS UNDER CONSTRUCTION AND COMPLETED*
JUNE 1950-DECEMBER 1954



* EXCLUDES 2,222 UNITS UNDER PL 301
EACH. SYMBOL = 10,000 UNITS

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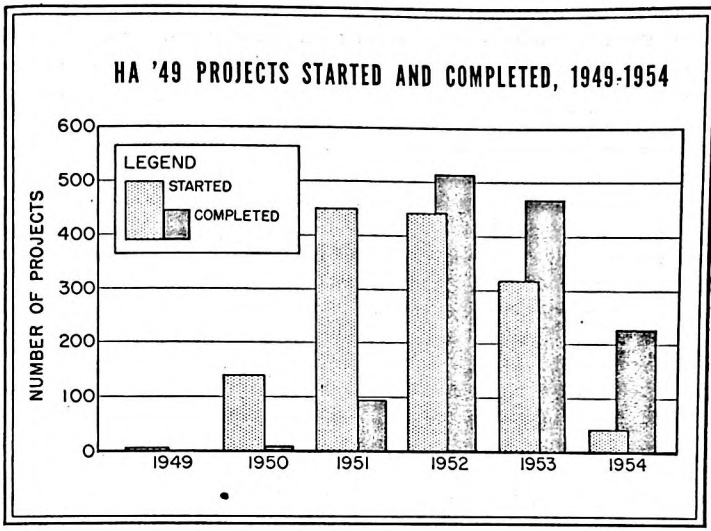

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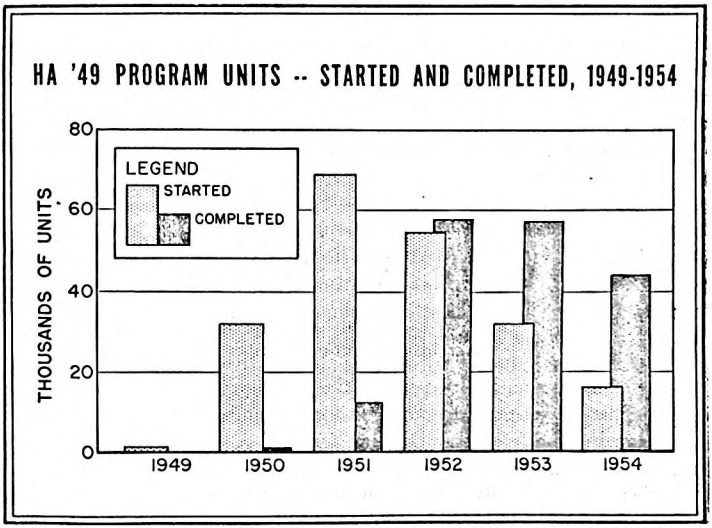

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In accordance with the legislative history of the Housing Act of 1949, PHA is liquidating the rural farm housing program. During 1954, over 300 rural farm units, built under the provisions of Public Law 412, were sold by local housing authorities to private owners. Of the remaining 63 rural units, all except one have been transferred to PHA ownership, and are being operated and offered for rale by the Central Office.

In this group, there are also 49,472 units in 194 projects, built under World War II legislation (Public Law 671, 76th Cong.), which authorized the use of low-rent housing funds for projects to be used initially for defense workers. These were to be converted to low-rent use when the war housing emergency ended. At the end of 1954, all but 5 were in low-rent use. All but 4 of the Public Law 671 projects are locally owned.

There are 1,309 projects with 173,000 low-rent dwellings (including 277 rural nonfarm projects with 10,368 units) already completed under the Housing Act of 1949 (Public Law 171, 81st Cong.). All of these are locally owned.

The second group consists of the housing brought into the low-rent program by Congressional action. This includes 49 projects with 22,000 dwellings initiated in the mid-1930's by the Public Works Administration, and completed under the provisions of the Housing Act of 1937. By the end of 1954, PHA had conveyed 29 of these projects to local housing authorities, leaving 20 still federally owned.

There are 38 farm labor camps with 9,000 units, built in the late 1930's by the Department of Agriculture, for migrant farm workers. These camps, conveyed to PHA under the terms of the Housing Act of 1950 (Public Law 475, 81st Cong.), now house low-income farm workers. Originally, there were 39 camps, but during 1954, PHA disposed of one. All but two have been conditionally sold to local housing authorities.

Lanham Act permanent war housing projects have been transferred for low-rent use to local housing authorities, as permitted by Public Law 475. By the end of 1954, a total of 65 projects with about 20,000 dwellings were in low-rent use. Ten of these projects with about 3,000 units were transferred during 1954.

Occupancy Requirements

Local housing authorities select the tenants for low-rent housing. An applicant must provide enough information to enable the authority to determine the family's eligibility, its preference rights, if any, and rent to be paid. To be eligible, an applicant must meet these general criteria: (1) his family consists of at least 2 related persons, (2) the family's total net income, less an exemption of $100 a year for each minor member, does not exceed the income limits established by the

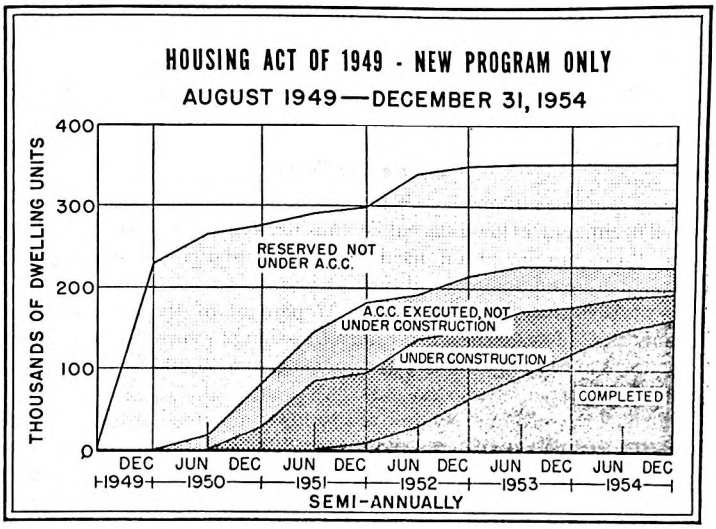


CHART 54

local authority, (3) he is either without housing or his housing is substandard, or he is about to be without housing through no fault of his own (local housing authorities may waive this requirement for veterans, servicemen, and families displaced by slum clearance), (4) the family member signing the lease must be a citizen (may be waived under certain circumstances), and (5) neither he nor any member of his family may belong to an organization designated as subversive by the Attorney General of the United States. This requirement follows a provision in the Independent Offices Appropriation Act, 1953. The provision is commonly known as the Gwinn Amendment.

In selecting tenants, the housing authority must give first preference to eligible families displaced from their homes by any low-rent project, or public slum clearance or redevelopment project. Among these, as well as nondisplaced eligible families, first preference is given to families of disabled veterans, second, to families of deceased vererans and servicemen, and third, to families of other veterans and servicemen. A housing authority may establish other requirements, such as length of residence in the community and net family assets. As among all applicants, preference is given to those who need housing most. No family may be discriminated against because any member is receiving public assistance.

Periodically, but at least annually, the housing authority reexamines the status of each family to determine its eligibility for continued

occupancy. This review is a statutory requirement. The eligibility requirements for continued occupancy are similar to those for initial occupancy. A family found to be ineligible must move. The lessee must also execute at the time of each reexamination a new certificate of nonmembership in any subversive organization on the Attorney General's list.

Income and Rents

Local housing authorities set income limits for admission and continued occupancy in low-rent public housing, subject to PHA approval. Since these are based on local economic conditions, considerable variation is found among localities.

As of December 31, 1954, about 37 percent of the localities had income limits of $2,400 or less for the admission of average size families. Only 6 percent of the localities had limits above $3,000. The median income limit for admission was $2,600.

The majority of families admitted to low-rent housing had incomes far lower than the maximum allowable. The median annual income for eligibility (net income after statutory exemptions) of all families admitted during the first half of 1954 was only $1,810, an amount substantially below the maximum limit, and lower than the median reported for the first half of 1953. Statutory exemptions are: death or disability benefits to the family of a deceased or disabled veteran and $100 for each minor in the family.

The limits for continued occupancy, about 25 percent higher than those for admission, establish the highest income a family may have and be eligible for continued occupancy. During the first half of 1954, the incomes of 142,814 families in projects in the continental United States were reexamined to determine eligibility for continued occupancy. The median income of families reexamined was $1,852 and only 5 percent were found to be ineligible.

As shown in the following table, at the end of 1954, about 1 percent of all families in occupancy in United States Housing Act projects were ineligible and under a requirement to move. This figure does not include the families who were living in permanent war housing transferred to low-rent use. Where such families are found ineligible to remain, the law allows them as long as 2 years to find other accommodations.

Year	Number of families becoming ineligible	Number of ineligibles removed [1]	Percent of all families ineligible on Dec. 31	Year	Number of families becoming ineligible	Number of ineligibles removed [1]	Percent of all families ineligible on Dec. 31
1947	29,337	28,718	25	1951	18,620	21,239	7
1948	24,414	27,829	24	1952	15,028	16,668	5
1949	19,435	32,104	14	1953	13,938	17,867	3
1950	17,666	26,928	9	1954	8,708	12,106	1

[1] Includes families moving out and those becoming eligible because of reduced income or change in income limits.

During a family's residence in low-rent housing, its gross rent is scaled to its size and income. Gross rent is the rent including heat and utilities, both of which are generally furnished by the projects and included in the rents paid. For families admitted during the first 6 months of 1954, the median gross rent was $34 per month. The median rent for the families whose incomes were reexamined during the first 6 months of 1954 was $35.

Annual Contributions Contracts

These contracts assist local housing authorities in maintaining the low-rent character of projects developed under the Housing Act of 1937, as amended.

Such contracts are executed by PHA and the local housing authorities after approval of their development programs. These contracts establish the maximum annual contributions authorized by law. Such amounts represent a fixed percentage of project development cost. At the time the project is permanently financed through sale of bonds to private investors, PHA reduces the statutory maximum to a fixed annual contribution sufficient to cover the level debt service of the indebtedness. This fixed amount is further reduced annually by the aggregate amount of residual receipts which are the excess of operating receipts over operating expenditures, exclusive of debt service.

The following table shows the payments becoming due and made on all low-rent projects during fiscal 1954:

Law under which projects were developed	Maximum annual contribution payable	Annual contribution actually paid	Percentage of maximum annual contribution paid
Pub. Law 412	$16,007,260	$7,445,739	47
Pub. Law 671	6,892,666	2,850,007	41
Pub. Law 171	44,944,402	34,177,864	76
Total	67,844,328	44,473,610	66

SECTION 2

CURRENT PROGRESS IN THE FINANCING OF LOW-RENT PUBLIC HOUSING

Objectives and Methods of Financing

PHA has two principal objectives in the capital financing of the low-rent housing program. The first is that local authorities borrow the largest possible share of their capital funds from private investors, rather than from the Federal Government. The second is to secure the lowest possible interest rates on the borrowings from private investors in order to keep annual contributions at a minimum. Substantial progress was made in achieving both objectives during the calendar year 1954.

The capital financing of low-rent housing projects involves the successive use of various types of loans. PHA makes direct loans to local authorities for use in the early stages of project development. As soon as the amounts needed for a project are sufficiently large to warrant such action, the local authority sells temporary notes to private investors and repays the advances previously made by PHA. The amount of temporary notes sold to private investors is increased as construction proceeds. At the time a project nears completion, the local authority sells its long-term bonds to private investors and applies the proceeds of such bond sale to the payment of outstanding temporary notes and any outstanding indebtedness to PHA.

Temporary Notes

Short-term temporary notes sold by local authorites to private investors are secured by an unconditional obligation of PHA to loan, if necessary, funds to pay both principal and interest of the temporary notes at their maturity.

The primary use of temporary notes is for construction loans on projects prior to their completion, and maturities of these notes generally run from 3 to 9 months. Temporary notes are also being used at present in connection with two different groups of projects which have been permanently financed. The first group are those on which bonds were sold in 1953 and in connection with which (as ex-

plained below) 30 percent of capital cost has been financed by temporary notes. The second group are old projects (see below) on which old Series B Bonds were redeemed during 1954 and which are now financed with temporary notes, pending a sale of new bonds.

Interest on temporary notes is, by statute, exempt from Federal income tax. This, together with their short-term character and their exceptional security, entitles them to very low interest rates. During the year PHA, in cooperation with the local authorities, made every effort to secure the best possible interest rates. Competition among bidders was encouraged, and local authorities assisted by securing bids for their own temporary notes from local banks and investors.

The total principal amount of temporary notes outstanding at the beginning of 1954 was $813,626,000. Because of the continued efforts of PHA to curtail local authority borrowings from the Federal Government and to rely instead on loans from private investors, the total outstanding temporary notes had increased to $1,065,866,000 by December 31, 1954. Most of this increase was in connection with the refinancing of old Series B Bonds.

Because of the short maturities of the temporary notes used during the construction stage, the volume of sales during a year far exceeds the amount outstanding at any one time. During the calendar year 1954 there were 12 separate sales of temporary notes comprising 835 issues, for a grand total of $1,896,613,000.

The average interest cost in the first sale in January 1954 was 1.115 percent. Thereafter, the interest rate moved steadily downward until July 1954, when the average cost was 0.585 percent. During the second half of the year interest costs moved slowly upward, with the last sale in December at a cost of 0.693 percent. The average interest on all sales made during the year was 0.763 percent.

Sales of New Housing Authority Bonds in 1954

The interest cost for long-term money with maturities of from 30 to 40 years was so high during 1953 that bonds sold during that year were limited to maturities running up to only 30 years. These bonds served to finance approximately 70 percent of the total project cost, while the remaining 30 percent was covered by the sale of temporary notes.

The improvement in the money market in the last months of 1953 and the beginning of 1954 permitted abandonment of this temporary expedient. In the 3 sales of bonds during 1954, substantially the entire cost of the respective projects was financed by serial bonds running out for 40 years.

During 1954, 3 sales of New Housing Authority Bonds were held with the following results:

Sale date	Number of issues	Total amount of bonds	Average bond interest rate (percent)
Mar. 2, 1954	17	$119, 000, 000	2.3380
June 22, 1954	27	119. 210, 000	2. 2727
Sept. 14, 1954	14	135. 935 000	2. 3327
Total 1954 bonds sold		374, 145, 000	

The interest rates achieved were relatively satisfactory. They reflect the increased recognition in financing circles of the great security of these tax-exempt obligations and their greater acceptance by well-informed investors.

Maintenance of Competition in Sale of Bonds

New Housing Authority Bonds are sold at public sale pursuant to advertisement as required by the laws of most of the States. PHA is of the opinion that satisfactory interest rates can be secured only as long as there is bona fide and effective competition in the bidding for these bonds. It has accordingly spent much time in the study of market conditions and the timing of its bond sales, and has endeavored to fix the size of the various offerings and select the bonds to be sold so as to promote the maximum competition.

Two large competing syndicates—one composed entirely of bond dealers, the other in which banking groups predominate—were organized for the specific purpose of bidding on New Housing Authority Bonds. Competitive bids were received from these groups or their predecessors at all sales of these bonds. At the more recent sales, bids on certain specific issues were also received from other groups.

In the 1954 bond sales the dealer group was successful in purchasing bonds with a face value of $220,550,000, while the bank group purchased bonds for $123, 250,000. Other independent groups purchased the $30;345,000 balance of bonds sold during the year.

The dealer and banker groups reported that in the last few sales there was a very noticeable increase in the diversity and distribution of investors purchasing New Housing Authority Bonds. Whereas some years ago interest was largely confined to institutional investors in the large financial centers of the Atlantic seaboard and Chicago, sales were made in all parts of the country and to investors of a wide diversity of types.

This increased interest in the original sale of housing bonds was paralleled by the development of an active and healthy secondary market maintained by a number of interested dealers and banks.

This was most helpful, since the assurance of a ready market for his holdings is of great importance to almost every investor.

All in all, the market acceptability of New Housing Authority Bonds has been greatly increased during the last year, and these bonds are now beginning to command the interest rates to which their tax-exemption status and their exceptional security features entitle them. The opinion of the Attorney General of the United States in May 1953 "that the faith of the United States has been solemnly pledged to the payment of (annual) contributions in the same terms its faith has been pledged to the payment of its interest-bearing obligations" has continued to be of great value in this respect.

Use of Premiums Received at Sale of Bonds

In the sale of these bonds at competitive bidding, the bidders offer premiums which serve to adjust the coupon rate of the bonds to the exact interest rate which is being bid.

Under PHA's original practice, local authorities held these premiums for eventual use in the amortization of bonds. In order to provide for a more effective and immediate use of the premiums, PHA now stipulates that the local authorities shall use the premiums received to repurchase their own bonds of longest maturity which are customarily reoffered at less than par by the purchasers.

The advantages of this practice may be illustrated by the results of the bond sale of June 22, 1954. In this sale, bonds were sold for a total of $119,210,000 and premiums were received aggregating $1,376,440. These premiums were sufficient to purchase bonds of the last maturity with a face value of $1,423,000. As a result of this immediate retirement of the longest bonds there will be a saving, over the life of the issues (in this case averaging 38.9 years), of the interest which would otherwise have been payable on these bonds. The amount thus available each year from normal annual contributions will be applied to the repurchase of further long-term bonds. As a result of the original and subsequent repurchases thus made possible, there will be a cumulative saving of over $3,500,000 in the debt service of this group of bonds—an amount sufficient to wipe out one entire annual contribution for these projects.

The results of this plan for the use of bond premiums have been so satisfactory that PHA plans to continue it as a permanent feature of all further bond sales.

Refunding of Old Bonds Held By PHA

Congress, in the Independent Offices Appropriation Act, 1954, recommended that PHA refund local housing authority bonds held by it on projects financed under the original Housing Act of 1937.

The object was to permit the repayment to the Treasury of the funds borrowed by PHA in connection with such projects.

Specifically, this directive referred to some $270 million of long-term Series B Bonds which PHA was holding in connection with these projects. In order to repay any of these Series B Bonds, it was necessary for the respective local authorities to repay, at the same time, the Series A Bonds which had been sold to private investors on these projects.

During 1954, refunding of 122 of these issues was completed. The local housing authorities retired outstanding Series A Bonds aggregating $16 million, and at the same time repaid to PHA the outstanding balance on Series B Bonds aggregating $199 million. To secure the funds for the retirement of these bonds, the local authorities sold temporary notes to private investors.

These projects will be again permanently financed through the sale of New Housing Authority Bonds which will this time cover the entire outstanding indebtedness of the projects and thus involve no Federal loans. The sale of these new bonds will be postponed for a year or so until they can be fitted into the regular schedule of permanent financing. During the interim period, interest on the temporary notes is running at less than half the amount which would have to be paid on bonds, thus making available substantial amounts for the advance amortization of capital costs.

Approximately $70 million of old Series B Bonds are still held by PHA, but these are on projects where approximately $100 million of Series A Bonds are outstanding at such low interest rates that it would not be in the interest of the Government to have these bonds called for payment.

PHA therefore considers the program of refinancing to have been carried as far as practicable. This program has been successful in making possible a repayment to the Treasury of $199 million formerly loaned to local authorities.

Status of Financing and Reduction of PHA Borrowing from Treasury

The following table shows the outstanding financing at the beginning and ending of the calendar year 1954 for all public housing developed under the Housing Act of 1937, as amended. It includes all the outstanding borrowings of local authorities, both for completed projects and for projects still under development; it also includes amounts invested in certain projects developed under the Act but still owned by PHA. It does not, however, include the cost of housing developed under other programs with appropriated funds and transferred to the low-rent program.

	Dec. 31, 1953	Dec. 31, 1954
Local authority loans from private investors:		
Temporary notes	$813,626,000	$1,065,866,000
Bonds	1,119,326,741	1,575,739,465
Subtotal	1,932,952,741	2,641,605,465
PHA loans and investments:		
Loans to local authorities	510,290,717	111,484,720
Invested in federally owned projects	71,124,205	34,169,706
Subtotal	581,414,922	145,654,426
Grand total	2,514,367,663	2,787,259,891

The increase in temporary notes from $813 million to $1,065 million is due principally to the sale of temporary notes to permit repayment to PHA of the old Series B Bonds. The increase in outstanding bonds from $1,119 million to $1,575 million results from the three bond sales of 1954, as well as the closing of the bonds sold December 15, 1953.

Although the total investment in public housing projects from all sources increased only $273 million (from $2,514 million to $2,787 million), the local authority loans from private investors showed an increase of $709 million. This increased participation by private investors testifies to the widening recognition of the prime security features of local authority notes and bonds, and their increasing acceptance by the investing public.

As a result of this increased participation by private investors, the loans and investments of PHA decreased by $436 million during the year. At the end of the year, the PHA investment in the low-rent program amounted to only $145 million, or 5 percent of the total. The remaining 95 percent of the capital funds had been provided by private investors.

The capital funds which PHA uses in the low-rent program are obtained primarily by borrowing from the Federal Treasury. At the beginning of the calendar year, these borrowings amounted to $537 million. Repayments to PHA by local authorities out of their increased borrowings from private investors made it possible for PHA to reduce its borrowings from the Treasury to $90 million by December 30, 1954. The net repayment to the Treasury of $447 million became available to the Treasury for a like curtailment of the national debt.

SECTION 3

WAR AND EMERGENCY HOUSING

The bulk of PHA's war and emergency housing was built under the terms of the Lanham Act (Public Law 849, 76th Cong., approved October 1940) and related statutes, to provide permanent and temporary accommodations for World War II essential war workers and their families. Some 626,000 units were programed for this purpose.

PHA had intended to dispose of Lanham and other emergency housing as soon as possible after World War II ended. It became necessary, however, in the intervening years to utilize these accommodations to meet emergency housing needs of veterans and servicemen following the demobilization of the armed forces at the end of the war, and the later mobilization for defense upon the outbreak of the Korean hostilities in mid-1950.

Statutory responsibility for administration and disposition of Lanham and related housing is vested in the HHFA Administrator, who has delegated all necessary functions in this field to the PHA Commissioner.

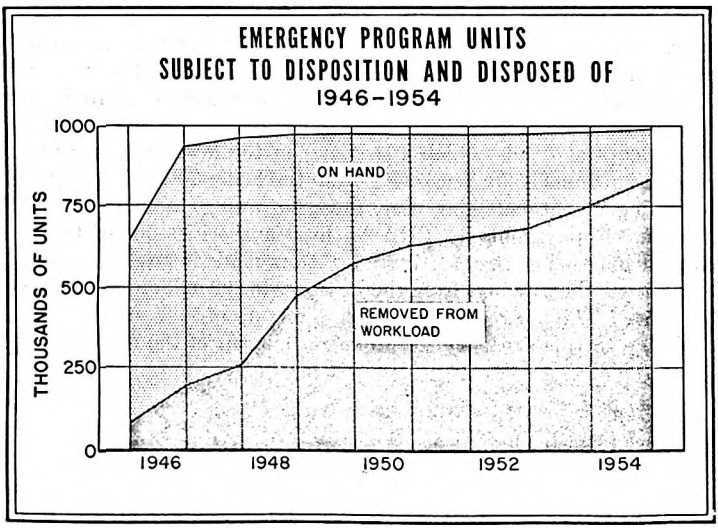


CHART 55

Disposition Activities

In 1954, PHA broke all previous records by disposing of some 79,700 units of war, veterans reuse and defense housing. This exceeded the 70,000 units disposed of in 1953, and was more than double the number disposed of in 1952.

PHA disposed of 61,400 temporary units in 1954. Approximately 15,400 permanent units were sold to private owners and 2,800 more conveyed to local housing authorities for low-rent use.

Sale of Permanent Housing

In selling permanent housing, PHA encourages individual home ownership, especially by veterans. Wherever feasible, projects are subdivided to afford the maximum number of individual sales, with veteran occupants receiving first preference as purchasers. If a project cannot be subdivided, it must be offered to groups of veterans organized on a mutual or cooperative basis, with nonveteran tenants eligible for membership. If no such group acquires the project, it is offered for sale to private investors on a competitive bid basis.

Permanent Housing for Low-Rent Use

The Lanham Act permits the conveyance of permanent projects to local housing authorities for low-rent use for low-income families. Before PHA may make such conveyance, however, there must be a demonstrated need for low-rent housing in the locality, the housing authority must secure the formal approval and cooperation of the local governing body, and the housing authority must have entered into a contract with PHA.

Permanent housing transferred for low-rent use is subject to regulations similar to those applicable to housing developed under the Housing Act of 1937, as amended. The principal differences are that these Lanham projects do not receive annual contributions from the Federal Government, and net income is paid to the Federal Government for a period of 40 years. Transfers for low-rent use during 1954 included a 600-unit project at White Center, Wash., transferred to the Housing Authority of King County; a 600-unit project in Mobile, Ala., and a 400-unit development in Corpus Christi, Tex.

Temporary Housing

Legislation governing the disposition of temporary war and veterans reuse housing provides that under certain conditions, it may be relinquished to local housing authorities or other local bodies. If the locality determines that the housing is satisfactory for long-term use, it can be sold for continued use on the site.

Unless disposed of by either of these methods, it must be removed within specified time limits. Such removal must be preceded by the orderly vacating of the units without imposing undue hardship upon tenants, especially in areas where a housing shortage exists for low-income groups. The 19,300 temporary units relinquished in 1954 to local bodies included a 2,474-unit project at Willow Run, Mich.; 720 units at South San Francisco, Calif.; and 619 units in Philadelphia, Pa. In addition, 33,600 temporary units were sold for removal or reused, and 8,600 more otherwise disposed of.

Among the sales of temporary housing in 1954 were 1,597 units at Los Angeles, Calif., and 1,365 units in 2 projects at Dallas, Tex.

Veterans' Reuse Housing

At the end of 1954, only about 8,000 units remained for disposition out of a total of 267,000 units provided under Title V of the Lanham Act.

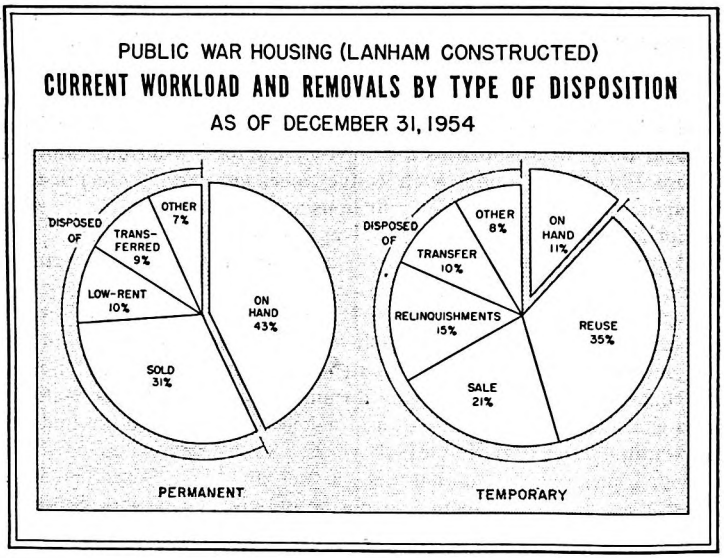


CHART 56

Public Defense Housing

Public Law 139, as amended (82d Cong.), provided that this housing be disposed of, as follows: (1) conveyed to the Department of Defense (2) declared excess under certain conditions to the General Services Administration, or (3) sold to a public body for public purpose. If

the housing was not disposed of as outlined above, it was offered for sale under competitive bidding, with veterans having a priority to purchase a unit for their own occupancy. Over 3,600 units have been terminated, and of these, 2,100 have been disposed of by PHA.

For defense areas with temporary housing needs, Public Law 139 authorized mobile or portable dwellings, suitable for reuse elsewhere. No permanent housing was provided under this program. As of December 31, 1954, 13,709 defense housing units had been assigned to PHA for construction, and of this number, 13,459 had been completed.

Subsistence Homesteads and Greentowns

This program was initiated in the mid-1930's by the Federal Government. In 1942, it was transferred by Executive Order to PHA's predecessor, the Federal Public Housing Authority. PHA completely liquidated the program, and is now servicing mortgage and sales documents. The greentowns are Greenbelt, Maryland; Greendale, Wisconsin; and Greenhills, Ohio.

By the close of 1954, PHA had remaining for disposition only 15 percent of its original inventory of 991,814 units of war and emergency housing.

Program	Originally programed units	On hand Dec. 31, 1954, units
Lanham Act	626,288	128,117
Veterans' reuse	266,926	8,396
Other emergency housing [1]	98,600	13,467
Total	991,814	149,980

[1] Includes subsistence homesteads and greentowns; Defense Homes Corporation, Surplus Property Act, Homes conversion and defense housing (Public Law 139).

Mortgage Servicing Activities

The agency's mortgage inventory increased substantially during the year as a result of its disposition activities. The number of lien instruments on hand December 31, 1954, was 5,475 compared to 1,424 a year ago. The total dollar volume (unpaid principal balance) was $64.21 million compared to $34.38 million a year ago. Payments on principal (periodic payments, advance payments, full and partial releases) totaled $4.80 million. During 1954, PHA received a $644,732 cash payment in full for a land mortgage at Greendale, Wis., and $555,054 for complete liquidation of PHA's interest in the Dallas Park (Tex.) Mutual Housing Corporation. The latter was the first mortgage with a mutual association paid in full.

At the end of 1954, receipts by PHA from payments on principal and interest were running at a rate in excess of $9 million per annum. No mortgages have been written off as uncollectible.

The cost of operating mortgage service functions continued at a very low rate—17/100 of 1 percent of the unpaid principal.

Management

Distressed families of veterans and servicemen now have perference for admission to the small amount of Lanham Act housing awaiting disposition, except that in permanent projects when the needs of this group have been met, other distressed families may be admitted. In designated defense areas, admission policies have been relaxed in favor of distressed inmigrant workers or servicemen.

Only families of distressed inmigrant workers or servicemen at plants or installations in specified defense housing areas are eligible for Public Law 139 temporary housing. This housing was provided with appropriated funds to meet housing needs in defense areas. The HHFA Administrator delegated to PHA the administration (except for programing and deprograming) of this small program. By the end of 1954, 11,938 units in 65 projects were under active management. Another 250 units were in planning. The balance of 3,600 units had either been terminated or disposed of.

To avoid competition with private housing, PHA restricts occupancy in Lanham and defense housing to families who are unable to secure private housing within their means. The agency has established income limits in certain areas to prevent such competition.

PHA issued procedures late in 1954 to assure that rents in Lanham housing were equivalent to those prevailing in the locality for comparable private accommodations. Annual comparability studies are also made to assure comparable rents.

In compliance with legislative directives, PHA makes annual payments in lieu of taxes on its emergency housing. These payments approximate full real property taxes that would be paid if the property were not tax exempt. If the projects do not get the same public services furnished other property owners, PHA makes appropriate deductions from its tax payments. Authorized tax payments for the last fiscal year totaled $11,500,289.

Military Clearances

Following the outbreak of the Korean conflict in 1950, the Administrator placed all Lanham Act projects under a disposition suspension order, and release for disposition required prior clearance with the military. Although a substantial number of units was released on a piecemeal basis from the order, PHA was anxious to obtain a greater number of military clearances to accelerate disposition. Accordingly, in March 1954, the Department of Defense was requested to identify the projects in which they had a continuing interest, and which PHA

should not schedule for disposition. Late in July, the Department submitted to PHA a list of 81 projects, with 31,417 units, required for continued military use. By virtue of this action, many projects were released from the suspension order.

PHA and Defense representatives met in September 1954 to review problems which arose out of the operation and ultimate disposition of the housing then under the suspension order. It was agreed that the Department would again review its need for Lanham housing remaining under Federal control. The Department was also asked to request transfer of housing determined to be permanently useful to it. This action is necessary in the case of temporary housing to be removed, because (1) leases on land underlying temporary projects expire in June 1956, and the dwellings must be vacated before the land is returned, and (2) temporary housing on federally owned land must be removed expeditiously in accordance with statutory requirements. Unless these projects are transferred to the military, tenant intake will be stopped on June 30, 1955, preparatory to removal of the buildings from the land, in all cases where such action is necessary.

In the case of permanent and temporary housing remaining on site, the Department was informed that PHA had no long-range plan for its continued operation. Sale, either to tenants or to investors, would not remove such dwellings from the housing inventory, but would have the net effect of removing the Federal Government's control over occupancy. Therefore, on June 30, 1955, PHA plans to release from the suspension order permanent and temporary housing remaining on site, not previously transferred to military establishments, and proceed with other methods of disposal.

SECTION 4

ADMINISTRATION

Organization

On January 18, 1954, 6 months after Commissioner Charles E. Slusser assumed office, a major reorganization of PHA became effective, in accordance with his determination to eliminate overlapping functions, improve the administration of the agency's housing programs, and reduce operating expenses.

Principal changes in the administrative staff included the creation of a Deputy Commissioner with supervision over all PHA's activities. The position of First Assistant Commissioner was redesignated Assistant Commissioner. On November 22, 1954, the office of Assistant to the Commissioner (Compliance) was established. The Compliance Officer assists the Commissioner in formulating and carrying out policies and procedures designed to assure the efficient and impartial administration of PHA's programs, and strengthen the existing safeguards against the possibility of improper activities. In accordance with the intent of Congress, similar posts were created in the entire Federal establishment.

At the end of 1954 there were 7 field offices—New York, Chicago, Atlanta, Fort Worth, San Francisco, Santurce (Puerto Rico), and Washington, D. C., the last added during the year.

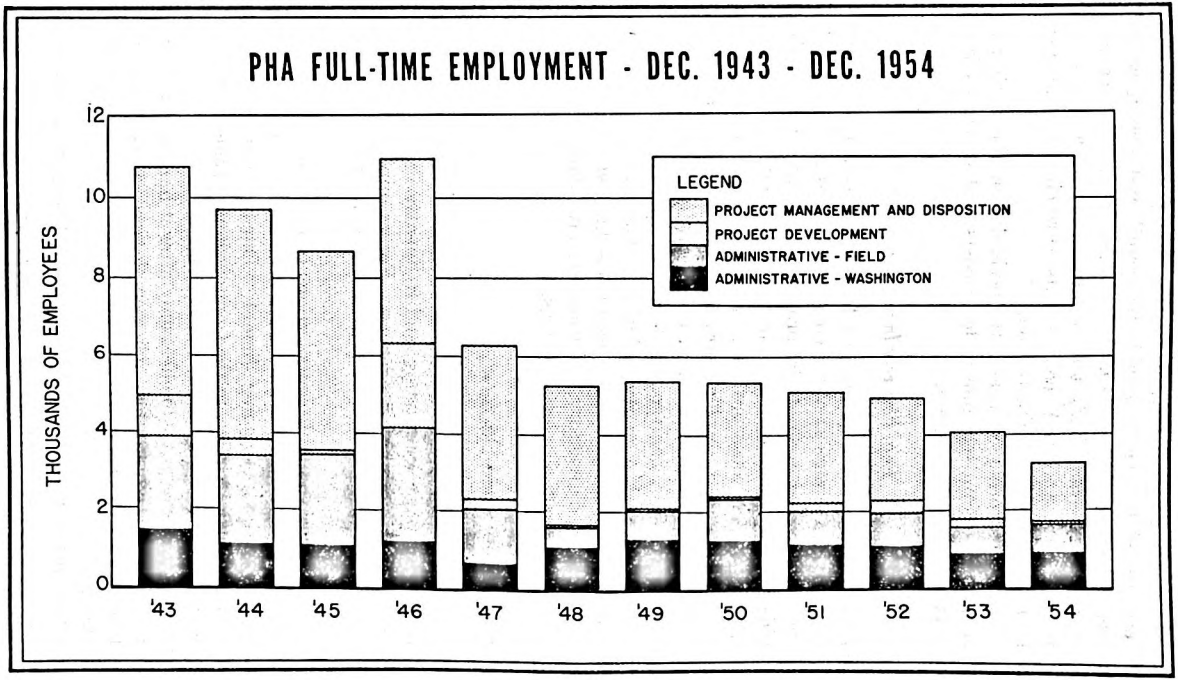
Budget and Employment

The total number of employees in PHA dropped from about 4,100 in December 1953 to some 3,300 a year later.

PHA's budget for administrative expenses in the fiscal year which ended on June 30, 1954, amounted to $10,975,000. The budget for the ensuing fiscal year which started July 1, 1954, amounted to $10,950,000 consisting of a $7,350,000 appropriation for the administration of the United States Housing Act program, and $3,600,000 advanced from the Office of the HHFA Administrator, for the administration and disposition of the emergency housing programs.

Central-Field Office Relationships

During 1954, the Commissioner met with field office directors and attorneys in Washington, D. C. The directors met in March, June,


PHA FULL-TIME EMPLOYMENT - DEC. 1943 - DEC. 1954
THOUSANDS OF EMPLOYEES
12
10
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LEGEND
PROJECT MANAGEMENT AND DISPOSITION
PROJECT DEVELOPMENT
ADMINISTRATIVE - FIELD
ADMINISTRATIVE - WASHINGTON

CHART 57

and October; the attorneys in November. The directors reviewed changes in operating procedures in the low-rent public housing program necessitated by the "workable program" and urban renewal provisions in the Housing Act of 1954. They also discussed the accelerated disposition program, budget assumptions, legislation, and relationships with other HHFA constituents—principally the newly created Urban Renewal Administration.

The field office attorneys discussed the revised annual contributions contract and a uniform schedule of legal costs and expenses in the low-rent public housing program.

Real Property Inventory

A special inventory of real property held by PHA as of December 31, 1953, was made at the request of the General Services Administration. The inventory covered about 1,100 projects, originally worth about $950 million. It included low-rent, farm labor, greentowns, Lanham, defense, and veterans reuse projects. It was broken down to show areas and value of land, dwelling structures, nondwelling structures and facilities, sewer, water, gas, and electrical distribution systems, and paved areas. GSA had requested from every Federal agency an accounting of its real property holdings. The individual agency reports are to be published by GSA as a Consolidated Inventory.

Prior to this special inventory, PHA had been regularly maintaining an inventory of its real property holdings.

Combined Charity Fund Drive

During 1954, the numerous fund solicitations in PHA were found to be time- and manpower-consuming, and frequently did not meet the quotas set by the fund-raising agencies. For example, during January and February, six fund-raising drives were held in the Central Office.

In order to assure equitable contributions to the groups and reduce the number of drives, the Commissioner declared a 3-month moratorium on campaigns beginning June 1. During that period, the Office of the Special Assistant to the Commissioner (Liaison) planned and conducted a combined charity fund drive.

The plan, which was put into effect only after it had been approved by Central and Washington field office employees, called for pledges by each participating employee, with payment to be spread over six pay periods.

Almost 80 percent of the Central Office staff signed pledge cards, while other employees made their contributions as they saw fit. No funds are to be solicited in PHA again until August 26, 1955. Em-

ployees participating in the plan were permitted to earmark 90 percent of their contributions for specific charities. The distribution of the remaining 10 percent and other allocations were made by a Board of Governors, elected by the participating employees.

TABLE 115

Dwelling units [1] *owned or supervised by the Public Housing Administration, by program as of Dec. 31, 1954*

Program	Total		Federally owned	Locally owned
	Number	Net change since Dec. 31, 1953		
Total	605,918	−77,437	172,090	433,828
Active	592,264	−66,211	158,436	433,828
Veterans' reuse housing	8,396	−5,722	1,291	[2] 7,105
Defense housing	12,188	−968	12,188	----
Public war housing (Lanham constructed)	115,984	−59,931	115,984	----
Low-rent housing	455,688	−451	28,965	426,723
Under management	390,065	+46,307	28,965	361,100
Under construction	33,412	−28,049	----	33,412
Not under construction	32,211	−17,807	----	32,211
Pub. Law 171	238,872	−1,815	----	238,872
Pub. Law 412	117,150	−194	6,295	110,855
Pub. Law 671	49,472	−44	3,331	46,141
PWA	21,571	----	10,569	11,002
Farm labor camps	9,038	−322	8,770	268
Public Law 475	19,585	+2,826	----	19,585
Subsistence homesteads and greentowns	8	−41	8	----
Inactive	13,654	−11,226	13,654	----
Public war housing (Lanham constructed)	12,133	−12,177	12,133	----
Defense housing	1,521	+951	1,521	----

[1] Excludes units which have been sold to mutual housing associations, limited dividend corporations (PWA) and homesteads associations on which PHA has mortgages for collection.
[2] This veterans' housing is so classified even though title or income rights may not be formally transferred.

TABLE 116

Active projects and dwelling units owned or supervised by the Public Housing Administration, by State and other areas, as of Dec. 31, 1954

	Total program [1]		Low-rent housing [2]		War housing		Defense housing		Veterans reuse housing	
	Projects	Units	Projects	Units	Projects	Units	Projects	Units	Projects	Units
Total	2,676	592,264	2,194	455,688	367	115,984	66	12,188	46	8,396
Alabama	144	19,166	135	16,730	5	1,970	4	466		
Arizona	26	3,312	18	2,752	4	260	4	300		
Arkansas	26	2,469	26	2,469						
California	264	72,424	158	29,900	84	38,248	12	2,128	10	2,148
Colorado	17	3,962	16	3,762			1	200		
Connecticut	73	19,412	32	9,990	39	9,161	1	200	1	61
Delaware	5	1,002	4	760	1	242				
District of Columbia	21	6,480	19	6,055	2	425				
Florida	98	16,884	84	15,204	9	1,120	4	510	1	50
Georgia	289	24,726	277	22,548	11	1,920	1	258		
Idaho	6	895	4	420			2	475		
Illinois	125	29,834	117	28,933	7	550			1	351
Indiana	42	7,545	26	4,900	12	2,134			4	511
Iowa	4	871			4	871				
Kansas	8	5,328			5	4,903	3	425		
Kentucky	50	9,286	49	9,262					1	24
Louisiana	64	13,687	61	13,185	2	255	1	247		
Maine	11	1,971	3	286	6	1,360	2	325		
Maryland	48	16,768	30	10,444	17	6,214	1	110		
Massachusetts	63	19,282	51	16,957	10	2,213			2	112
Michigan	38	15,168	29	13,955	8	1,093	1	120		
Minnesota	10	2,514	10	2,514						
Mississippi	51	3,120	50	3,119						
Missouri	12	9,997	10	8,889	1	49	1	1,059		
Montana	8	697	8	697						
Nebraska	6	1,778	6	1,778						
Nevada	5	394	1	100	2	195	2	99		
New Hampshire	6	1,511	4	626	2	885				
New Jersey	103	23,613	93	22,643	3	690			6	275
New Mexico	2	148	2	148						
New York	81	52,626	64	48,308	9	2,411			8	1,907
North Carolina	69	12,024	64	9,877	1	472	4	1,675		
North Dakota										
Ohio	79	27,431	46	19,106	25	6,119	5	1,300	3	906
Oklahoma	3	634	2	434					1	200
Oregon	15	1,266	13	1,081	2	185				
Pennsylvania	156	41,447	121	31,865	35	9,582				
Rhode Island	17	4,942	13	4,008	1	538	2	327	1	69
South Carolina	88	6,996	85	5,946	3	1,050				
South Dakota										
Tennessee	88	15,719	86	15,667	1	50				
Texas	227	30,613	213	28,729	8	1,018	6	866		
Utah	7	2,083			7	2,083				
Vermont	2	300			2	300				
Virginia	60	24,611	36	9,569	17	14,264	7	778		
Washington	43	10,725	28	7,737	12	2,626	2	320	1	42
West Virginia	15	2,151	14	2,113					1	38
Wisconsin	9	2,360	9	2,360						
Wyoming	1	287			1	287				
Alaska	13	566	4	325	9	241				
Hawaii	11	3,111	6	1,409					5	1,702
Puerto Rico	64	17,652	64	17,652						
Virgin Islands	3	476	3	476						

[1] Includes 3 projects and 8 units in the subsistence homesteads program not shown separately, by program.
[2] Includes Public Laws 412, 671, 171, and 475, PWA and farm labor camp programs.

TABLE 117

Disposition responsibility of the Public Housing Administration: Total number of dwelling units and number disposed of, by program, type of structure and accommodation, and method of disposition, as of Dec. 31, 1954

Program	Disposition responsibility	Number of dwelling units disposed of by method of disposition								
		Total	Conveyance for low-rent use	Relinquishments	Sale	Veterans' reuse	Transfer to other agencies	Reuse war housing	Lease termination	Other
Total	998,546	848,242	19,587	283,316	182,938	105,452	61,547	59,157	56,734	79,511
Public war housing (Lanham constructed)	626,288	498,171	19,587	67,297	150,429	99,655	60,240	58,757	6,800	[1] 35,400
Family dwelling	525,669	398,249	19,587	66,641	131,761	57,901	43,361	48,060	273	30,665
Permanent	147,815	70,355	19,587	-------	36,556	8	12,799	843	273	289
Demountable	24,876	24,876	-------	-------	17,490	598	2,357	4,051	-------	380
Temporary and stopgap	352,978	303,018	-------	66,641	77,715	57,295	28,205	43,166	-------	29,996
Dormitory	100,619	99,922	-------	656	18,668	41,754	16,885	10,697	6,527	4,735
Permanent	9,404	9,186	-------	-------	1,871	-------	764	-------	6,527	24
Temporary and stopgap	91,215	90,736	-------	656	16,797	41,754	16,121	10,697	-------	4,711
Veterans' reuse housing	266,926	258,530	-------	216,019	12	-------	-------	-------	-------	[2] 42,499
Subsistence homesteads and greentowns	5,419	5,411	-------	-------	5,398	-------	7	-------	-------	6
Low-rent housing	6,732	6,408	-------	-------	5,765	-------	209	400	-------	34
Other	93,181	79,722	-------	-------	21,334	5,797	1,085	-------	49,934	1,572

[1] Includes the following methods of disposition: Demolition, 13,079 units; reuse defense housing, 1,676 units; accident, fire, etc., 8,582 units; deprogrammed trailer park accommodations, 8,126 units; termination of construction contracts for incomplete units, 2,051 units; conversion to nondwelling use, remodeling, deterioration, etc., 1,393 units, and use in experimental projects, 493 units.

[2] Includes 41,679 units disposed of by termination due to lack of need, by conversion and by deterioration; also includes 820 units disposed of for reuse as defense housing.

TABLE 118

Housing Act of 1949:[1] *Number of presently active dwelling units processed through stages, by State, as of Dec. 31, 1954*

State[2]	Reserved[3]	Preliminary loan approved[3]	Tentative site approved[3]	Annual contributions contract executed	Placed under construction	Completed
Total	349,181	345,073	254,081	236,652	204,441	171,029
Alabama	13,420	13,364	9,864	8,388	8,388	8,388
Arizona	1,867	1,867	1,261	1,001	1,001	1,001
Arkansas	1,696	1,696	1,602	1,844	1,792	1,792
California	15,302	15,181	13,086	14,528	11,760	9,229
Colorado	3,125	3,125	2,724	2,724	2,504	2,504
Connecticut	4,396	4,064	3,883	3,733	3,393	3,025
Delaware	1,280	1,280	380	380	380	380
Florida	8,223	8,223	6,126	5,216	4,728	4,478
Georgia	17,261	17,261	14,648	12,390	12,260	10,594
Idaho				75	75	75
Illinois	28,450	28,380	15,964	15,440	9,263	6,972
Indiana	2,143	2,143	2,085	1,837	1,317	1,209
Kentucky	5,732	5,732	4,816	4,911	4,837	4,837
Louisiana	9,549	9,003	6,835	7,341	7,341	4,801
Maine	86	86	86	86	86	86
Maryland	5,810	5,810	4,966	4,146	2,841	1,538
Massachusetts	10,821	10,621	9,367	9,044	8,247	8,120
Michigan	7,263	7,063	6,232	8,532	4,350	1,986
Minnesota	4,104	4,104	2,690	2,050	1,632	1,632
Mississippi	2,349	2,349	2,151	1,569	1,530	1,449
Missouri	9,200	9,200	6,513	7,574	5,380	2,308
Montana	164	164	164	164	164	164
Nebraska	700	700	700	700	700	700
Nevada	290	290	100	100	100	100
New Hamsphire	725	525	623	626	626	626
New Jersey	16,211	16,167	14,422	12,867	12,660	10,896
New Mexico	70	70	70	148	148	148
New York	54,880	54,880	31,569	28,696	22,422	16,747
North Carolina	7,843	7,407	6,304	6,692	6,532	6,288
North Dakota	100	100	76			
Ohio	15,145	14,570	4,267	3,382	1,526	610
Oregon	240	240	186	186	186	172
Pennsylvania	24,290	23,830	14,716	14,230	12,162	9,090
Rhode Island	2,124	2,124	1,682	2,080	2,080	2,080
South Carolina	4,031	4,031	3,266	3,255	3,255	3,255
South Dakota						
Tennessee	9,955	9,955	9,131	8,256	8,232	7,899
Texas	19,036	18,976	17,269	16,899	16,625	16,371
Vermont						
Virginia	8,354	8,354	6,979	7,054	6,542	5,401
Washington	1,145	1,145	826	608	608	608
West Virginia	1,208	500	500	558	500	
Wisconsin	3,020	3,020	2,819	1,457	1,450	1,046
District of Columbia	4,000	4,000	4,146	2,428	1,361	1,175
Alaska	325	325	325	325	325	325
Hawaii	900	800	712	1,048	1,048	1,048
Puerto Rico	21,778	21,778	17,380	11,734	11,734	9,526
Virgin Islands	570	570	570	350	350	350

[1] Excludes 2,222 units reactivated under Public Law 301.
[2] Excludes 5 States with no enabling legislation (Iowa, Kansas, Oklahoma, Utah, and Wyoming).
[3] Reactivated units not included in these stages.

TABLE 119

Housing Act of 1949:[1] *Reservations issued, places with approved preliminary plans, and projects processed through selected progress stages, by State, as of Dec. 31, 1954*

State[2]	Places with reservations[3]	Places with preliminary loan approved[3]	Projects			
			Tentative site approved[3]	Annual contributions contract executed	Placed under construction	Completed
Total	1,111	1,080	1,751	1,462	1,397	1,306
Alabama	95	93	145	109	109	109
Arizona	13	14	14	9	9	9
Arkansas	6	6	16	18	17	17
California	73	69	95	99	85	76
Colorado	2	2	10	10	8	9
Connecticut	19	16	18	16	13	12
Delaware	1	1	2	2	2	2
Florida	37	37	56	41	39	38
Georgia	167	166	326	237	236	233
Idaho				1	1	1
Illinois	71	69	100	80	72	66
Indiana	6	6	12	11	9	8
Kentucky	18	18	33	33	33	32
Louisiana	32	28	46	47	48	45
Maine	2	2	2	2	2	2
Maryland	5	5	16	14	11	9
Massachusetts	27	26	40	33	29	27
Michigan	15	15	18	19	17	12
Minnesota	9	9	13	9	8	8
Mississippi	27	27	53	31	31	29
Missouri	2	2	7	8	8	4
Montana	4	4	4	4	4	4
Nebraska	1	1	3	3	3	3
Nevada	2	2	1	1	1	1
New Hampshire	3	2	4	4	4	4
New Jersey	34	34	65	57	55	51
New Mexico	1	1	1	2	2	2
New York	20	20	48	40	39	28
North Carolina	23	22	45	48	47	46
North Dakota	2	2	1			
Ohio	13	10	13	8	5	1
Oregon	9	9	8	8	8	7
Pennsylvania	48	45	65	62	57	44
Rhode Island	4	4	6	8	8	8
South Carolina	41	41	72	68	68	68
South Dakota						
Tennessee	31	31	74	61	61	57
Texas	125	122	173	162	156	154
Vermont						
Virginia	9	9	22	22	21	17
Washington	15	15	15	13	13	13
West Virginia	4	1	1	3	1	
Wisconsin	4	4	9	6	6	5
District of Columbia	1	1	11	6	4	3
Alaska	4	4	4	4	4	4
Hawaii	2	1	4	4	4	4
Puerto Rico	82	82	76	37	37	32
Virgin Islands	2	2	4	2	2	2

[1] Excludes 2,222 units reactivated under Public Law 301.
[2] Excludes 5 States with no enabling legislation (Iowa, Kansas, Oklahoma, Utah and Wyoming).
[3] Reactivated units not included in these stages.

TABLE 120

Public housing units completed for occupancy 1935 to 1954*

Year	All public housing	Low-rent			War and defense housing	Veterans' reuse housing
		Total	U. S. Housing Act	All other [1]		
Total	[2] 1,377,961	[2] 372,714	[3] 342,351	[2] 30,363	[4] 739,595	265,652
1935	3,932	3,932		3,932		
1936	1,213	1,213		1,213		
1937	7,849	7,849		7,849		
1938	17,319	17,319		17,319		
1939	3,858	3,858	3,858			
1940	31,940	31,940	31,940			
1941	119,634	59,848	59,848		59,786	
1942	158,266	37,537	37,537		120,729	
1943	374,729	27,325	27,325		347,404	
1944	153,158	2,831	2,831		150,327	
1945	45,026	2,949	2,949		40,171	1,906
1946	134,726	1,804	1,804		4,051	128,871
1947	107,097	466	466			106,631
1948	30,054	1,336	1,336		[5] 1,550	27,168
1949	1,242	547	547			695
1950	1,582	1,201	1,201			381
1951	10,246	10,246	10,246			
1952	63,533	57,956	57,956		[6] 5,577	
1953	64,773	58,214	58,214		[6] 6,559	
1954	47,734	44,293	44,293		[6] 3,441	

[1] Includes PWA, subsistence homestead and greentown projects.
[2] Includes 50 PWA units completed in 1934.
[3] Includes 60,489 units completed as war housing of which all but 2,185 units have been returned to low-rent use.
[4] 19,985 permanent family war housing dwelling units have since been conveyed to local authorities for low-rent use under Public Law 475.
[5] Units completed for emergency flood projects in Portland-Vancouver area.
[6] Defense housing.

*Covers programs administered by Housing and Home Finance Agency or Public Housing Administration.

TABLE 121

Combined balance sheet, as of June 30, 1954 [1] [2] [3]

	Total	United States Housing Act program	Public war housing program [4] [5]	Veterans reuse housing program	Subsistence homestead and greentowns program
ASSETS					
Cash	$70,862,357	$22,093,147	$48,126,140	$136,087	$506,983
Accounts receivable:					
Government agencies	328,390		328,390		
Other programs (PHA)	[6] 108,663	74,514	31,574	2,275	300
Local authorities and other public bodies	5,116,188	1,675,417	2,780,913	[7] 659,858	
Other	1,574,756	98,118	1,398,260	7,966	70,412
Less allowance for losses	[8] 441,768	[8] 14,040	[8] 306,824	[8] 120,690	[8] 214
Total accounts receivable	6,686,229	1,834,009	4,232,313	549,409	70,498
Advances:					
Government agencies	266,103		266,103		
Local authorities	1,107,776	246,366	861,410		
Other	84,676		297	84,379	
Less allowance for losses	[8] 84,379			[8] 84,379	
Total advances	1,374,176	246,366	1,127,810		
Accrued interest receivable:					
Accrued interest	3,993,538	3,823,861	119,035	1,371	49,271
Less allowance for losses	[8] 58,635	[8] 50,000	[8] 8,635		
Total accrued interest receivable	3,934,903	3,773,861	110,400	1,371	49,271
Loans, mortgages, and investments:					
Local authorities loan notes	125,248,792	125,248,792			
Local authorities "B" bonds	70,942,000	70,942,000			
Mortgages and investments	55,972,842	1,418,393	44,516,228	95,938	9,942,283
Less allowance for losses	[8] 1,303,091	[8] 1,116,000	[8] 187,091		
Total loans, mortgages, and investments	250,860,543	196,493,185	44,329,137	95,938	9,942,283
Conditional conveyance contracts	108,129,104	108,129,104			
Less allowance for amortization	[8] 1,787,294	[8] 1,787,294			
Total	106,341,810	[9] 106,341,810			
Land, structures and equipment:					
Development costs	858,417,439	159,918,409	688,497,761	9,147,200	854,069
Less allowance for depreciation and disposition losses	[8] [11] 35,257,522	[8] 32,611,663	[8] [10] 2,603,323		[8] [10] 42,536
Total	823,159,917	127,306,746	[9] 685,894,438	9,147,200	811,533
Prepaid expenses	512,845	3,078	479,417	27,569	2,781
Total	1,263,732,780	458,092,202	784,299,655	9,957,574	11,383,349
LIABILITIES, RESERVES, APPROPRIATIONS, AND EQUITY					
Liabilities:					
Accounts payable:					
Government agencies	128,926	4,456	123,159	1,090	221
Other programs (PHA)	21,592		21,592		
Local authorities and other public bodies	16,090,115	[12] 15,888,582	201,533		
Contractors and vendors—Defense housing development costs	1,203,628		1,203,628		
Other accounts payable	3,392,259	51,693	3,180,659	159,815	92
Total	[13] 20,836,520	15,944,731	4,730,571	160,905	313
Accrued liabilities	1,553,482	183,707	1,351,871	12,649	5,255
Trust and deposit liabilities	916,146	728	788,719	537	126,162
Deferred and undistributed credits	561,956	234,680	325,794	1,350	132
Reserves	4,668,145	4,668,145			

See footnotes at end of table.

TABLE 121—Continued

Combined balance sheet, as of June 30, 1954—Continued

	Total	United States Housing Act program	Public war housing program [4] [5]	Veterans reuse housing program	Subsistence homestead and greentowns program
LIABILITIES, RESERVES, APPROPRIATIONS, AND EQUITY—continued					
Appropriations for annual contributions to local authorities:					
Net appropriations available	$159,541,519	$159,541,519			
Less payments and obligations	160,715,129	160,715,129			
Total	[8] 1,173,610	[8] [14] 1,173,610			
Equity of United States Government (table 122)	1,236,370,141	438,233,821	$777,102,700	$9,782,133	$11,251,487
Total	1,263,732,780	458,092,202	784,299,655	9,957,574	11,383,349

[1] Represents the combined balance sheet of all programs administered by PHA, with the exception of the administrative program. Defense housing pursuant to Public Law 139, Title III, 82d Cong. has been combined with the public war housing program for reporting purposes.

This combined balance sheet was prepared on the same basis as the PHA published Financial Report for June 30, 1954, and does not include adjustments which were made subsequent to publication thereof.

[2] At June 30, 1954, there were $10,710,000 of contingent liabilities representing suits and claims against PHA applicable to the following programs:

United States Housing Act program	$300,000
Public war housing program	8,000,000
Veterans' reuse housing program	2,400,000
Subsistence homestead and greentowns program	10,000
Total	10,710,000

Over 700 suits amounting to $6,500,000 arose out of the Columbia River flood damage at the Vanport, Oregon and Vancouver, Washington areas, of which 659 cases have been tried and decided in favor of the United States Government. If the rulings of the courts are upheld upon appeal, the liability of PHA will be negligible. With respect to the remaining suits and claims, it is the opinion of operating officials of PHA that they will be settled for less than 15% of the stated amounts. There may also be additional claims of indeterminate amounts arising from contractual agreements to rehabilitate property upon termination of projects and leases.

[3] The contingent liability for accrued annual leave applicable to programs at June 30, 1954, was as follows:

United States Housing Act program	$1,080,600
Public war housing program	1,562,200
Veterans reuse housing program	41,200
Subsistence homestead and greentowns program	6,300
Total	2,690,300

[4] Uncompleted portions of development contracts for defense housing projects in the amount of $1,984,534 are not reflected on the balance sheet.

[5] The balance sheet and related statements do not include net loss on property dispositions in the amount of $626,668 for which documentation was received too late for recording in the books of account at June 30, 1954.

[6] Includes $87,071 due from the administrative program.

[7] Does not include $568,691 of accumulated net income of projects operated by public bodies under contracts which provide for settlement, at the termination of the contract, of any cumulative net income.

[8] Indicates negative item.

[9] The amount of $106,341,810 represents the unamortized interest of PHA in PWA projects, permanent war housing projects and farm labor camps transferred to public bodies under contracts by which they are to return all net income derived from operations for a period of forty years from date of transfer for the PWA and permanent war housing projects and twenty years for the farm labor camps. The operation of these projects will continue under the budgetary control of PHA throughout the contract period.

PHA has entered into agreements for future conveyance to local authorities (for low-rent use) of 22 permanent war housing projects having a book value of $23,790,692.

[10] Represents provision for losses on assets subject to disposition under executed offer and acceptance contracts for which formal disposition documentation has not been completed.

[11] No provision has been made for depreciation on structures and equipment in the public war housing, veterans reuse housing and subsistence homesteads and greentowns programs.

[12] Under Public Law 171 annual contributions are permitted to be paid to local authorities in two installments. The amount includes $15,810,511 of second installments, to be paid to local authorities during fiscal year 1955 for Public Law 171 projects, the first installments having been paid in fiscal year 1954.

[13] The liabilities and their related expense and cost accounts include $1,787,061 of unliquidated obligations for services and materials which had not been received at June 30, 1954, as follows:

Public war housing program	$1,785,779
Veterans' reuse housing program	1,282
Total	1,787,061

[14] This amount represents 1954 obligations payable from 1955 appropriations.

TABLE 122

Combined statement of equity of the U. S. Government, as of June 30, 1954 [1]

	Total	United States Housing Act program	Public war housing program	Veterans' reuse housing program	Subsistence homestead and greentowns program
Interest-bearing investment—Notes payable to U. S. Treasury	$215,000,000	[2] $215,000,000			
Non-interest-bearing investment:					
Capital stock issued to Secretary of the Treasury	1,000,000	1,000,000			
Appropriations for:					
Development of housing	2,097,603,100		$1,654,977,825	$442,625,275	
Administrative expenses:					
Expended	36,797,800	36,797,800			
Unexpended	321,000	321,000			
Assets transferred from other Government agencies	359,577,743	160,716,155	120,128,709	16,278,383	$62,454,496
Assets acquired through claims settlements paid by other Government agencies for PHA	469,472		469,472		
Assets transferred from other programs (PHA)	[3] 95,174,841	61,319,035	3,596,877	30,238,984	19,945
Reserve for expenses of disposition of properties	25,000,000		25,000,000		
Total non-interest-bearing investment	2,615,943,956	260,153,990	1,804,172,883	489,142,642	62,474,441
Total investment	2,830,943,956	475,153,990	1,804,172,883	489,142,642	62,474,441
Reduction of investment:					
Assets transferred to other Government agencies	209,707,647	1,655	201,501,121	6,264,093	1,940,778
Assets transferred to other programs (PHA)	[3] 90,075,608	23,888	86,638,163	3,353,194	60,363
Amount withheld for reserve for expenses of disposition of properties	25,000,000		25,000,000		
Cash deposited into the general fund of the U. S. Treasury	405,333,971	174	408,362,843	36,471,579	20,499,375
Deficit	804,456,589	36,894,452	305,568,056	433,271,643	28,722,438
Total reduction of investment	1,594,573,815	36,920,169	1,027,070,183	479,360,509	51,222,954
Equity of U. S. Government	1,236,370,141	438,233,821	777,102,700	9,782,133	11,251,487

[1] Excludes the equity of the participating programs in the net assets of the administrative program and the activity for all programs previously administered by PHA, which are now liquidated.

[2] PHA may issue and have outstanding at any one time notes and other obligations for purchase by the Secretary of the Treasury in an amount not to exceed $1,500,000,000.

[3] The difference of $5,099,233 between assets transferred from other programs (PHA) ($95,174,841) and assets transferred to other programs (PHA) ($90,075,608) consists of transfers to and from programs which are not included in this statement, as follows:

Surplus Property Act program		$5,062,457
Homes conversion program (net)		10,024
Administrative program (net)		26,560
		5,099,041
Surplus assets reassigned to the subsistence homestead and greentowns program, but not credited to the transferring program		192
Total		5,099,233

TABLE 123

Combined statement of deficit, as of June 30, 1954

	Total	United States Housing Act program	Public war housing program	Veterans' reuse housing program	Subsistence homestead and greentowns program
Deficit, June 30, 1953	$700,061,882	$28,927,903	$208,514,887	$433,334,954	$29,284,138
Adjustments to beginning balance:					
Management	[1] 606,594	61	[1] 438,483	[1] 10,635	[1] 157,537
Disposition	1,226,473	2	1,064,054	[1] 52,210	214,627
Administrative	[1] 54,799	[1] 37,800	[1] 15,099	[1] 1,300	[1] 600
Special adjustments	7,687,541	[2] 839,155	[3] 6,848,386		
Net adjustments	8,252,621	801,418	7,458,858	[1] 64,145	56,490
Deficit, June 30, 1953, as adjusted	708,314,503	29,729,321	215,973,745	433,270,809	29,340,628
Net income or loss (−) for the fiscal year ended June 30, 1954 (table 124)	−96,142,086	−7,165,131	−89,594,311	−834	618,190
Deficit, June 30, 1954 (table 122)	804,456,589	36,894,452	305,568,056	433,271,643	28,722,438

[1] Indicates negative item.

[2] Includes special adjustments for projects conveyed to public bodies, as follows:

Increase in depreciation	$1,599,221
Less reduction of operating reserves	760,066
Total	839,155

[3] Includes special adjustments for revaluation of property, as follows:

Projects conveyed for low-rent use	9,279,384
Less nondwelling buildings and structures	2,430,998
Total	6,848,386

TABLE 124

Combined statement of income and expenses for the fiscal year ended June 30, 1954

	Total	United States Housing Act program	Public war housing program	Veterans' reuse housing program	Subsistence homestead and greentowns program
MANAGEMENT					
Income:					
Interest on loans	$12,977,182	$11,628,625	$961,326	$2,789	$384,442
Project operations (net):					
Directly operated projects	15,353,866	80,770	15,173,952	80,016	19,128
Leased projects	8,502,001	[1] 2,824,252	11,326,253		
Other	27,501		27,501		
Other	38,908	7,634	30,196	1,078	
Total	36,899,458	8,892,777	27,519,228	83,883	403,570
Expenses:					
Interest on borrowings from United States Treasury	8,209,557	[2] 8,209,557			
Cost of technical services	1,395,456	1,395,456			
Less technical service fees	[1] 1,188,362	[1] 1,188,362			
Reduction of reserve for furnishing technical services at project site	[1] 207,094	[1] 207,094			
Accounts receivable written off	682,816	674,191	8,625		
Provision for losses on loans and accrued interest	[1] 557,300	[1] 566,000	8,700		
Provision for doubtful accounts receivable	68,281	[1] 1,512	69,793		
Administrative expenses	8,909,115	6,629,000	2,123,815	118,400	37,900
Other	68,235	2,445	65,790		
Total	17,380,704	14,947,681	2,276,723	118,400	37,900
Net management income or loss (−)	19,518,754	−6,054,904	25,242,505	−34,517	365,670
PROPERTY DISPOSITIONS [3]					
Costs:					
Property sold	103,221,773	13,276,153	86,131,923	1,241,321	2,602,373
Transfers to public bodies	40,787,526		[4] 40,466,667	320,859	
Other dispositions	16,964,644	1,331	16,920,124	43,189	
Less allowance for depreciation and disposition losses	[1] 2,788,404	[1] 2,010,814			[1] 777,590
Total	158,185,539	11,236,670	143,518,714	1,605,372	1,824,783
Amortization of conditional conveyance contracts	1,057,172	1,057,172			
Provision for losses on disposition	2,603,323		2,603,323		
Disposition expenses:					
Accounts receivable written off	3,521		[1] 517	4,038	
Provision for losses on accounts receivable	43,755			43,755	
Direct expenses	848,473	2,736	805,561	32,815	7,361
Administrative expenses	1,401,300		1,395,300		6,000
Nonadministrative expenses	343,534		323,534	20,000	
Total	6,301,078	1,059,908	5,127,201	100,608	13,361
Proceeds:					
Sale of property	47,754,850	11,186,351	33,809,099	668,736	2,090,664
Net income from properties transferred to public bodies under contracts	1,070,927			1,070,927	
Total	48,825,777	11,186,351	33,809,099	1,739,663	2,090,664
Net income or loss (−) from property dispositions	−115,660,840	−1,110,227	−114,836,816	33,683	252,520
Total net income or loss (−) for the fiscal year ended June 30, 1954	−96,142,086	−7,165,131	−89,594,311	−834	618,190

[1] Indicates negative item.

[2] During the fiscal year ended June 30, 1954, total interest expense incurred on borrowings from the U. S. Treasury amounted to $9,498,231. Interest expense is first allocated to the operations of federally owned projects developed under Public Laws 412 and 671 and the remainder is considered to be the interest expense applicable to borrowings required in financing development programs of local authorities. During the current fiscal year interest expense allocated to and included in operation of federally owned projects amounted to $1,288,674.

[3] During the fiscal year ended June 30, 1954, 9 PWA projects, 39 permanent war housing projects and a farm labor camp having net book values of $16,858,028, $34,920,093 and $153,279 respectively, were transferred to local authorities under contracts which provide that all net income derived from operations shall be paid to PHA for a period of 40 years from date of transfer for the PWA and war housing projects and 20 years for the farm labor camp. This transfer of assets has been reflected in the books of account by a reclassification from land, structures and equipment to conditional conveyance contracts, which will then be amortized over the contract periods.

[4] Represents transfers to public bodies without reimbursement, of 68 temporary war housing projects authorized by Public Law 475, and transfers to educational institutions of other property authorized by Public Law 815.

TABLE 127

Statement of development costs and loans for locally owned projects, as of June 30, 1954, U. S. Housing Act program [1]

	Development costs	PHA loan commitments	Outstanding loans of local authorities			
			From PHA	Temporary from others	Permanent from others	Total outstanding loans
Total locally-owned projects	[2] $3,348,704,230	[2] $1,357,898,901	[3] $192,664,351	$1,090,329,000	$1,335,750,614	$2,618,743,965
Public Law 412 projects	256,494,915	[4] 114,401,552	[4] 78,116,217	31,485,000	100,628,000	210,229,217
Public Law 671 projects	[5] 72,136,284	[5] [6] 61,781,838	[5] 3,804,273	56,551,000		60,355,273
Public Law 171 projects	3,020,073,031	[7] 1,181,715,511	[7] 110,743,861	1,002,293,000	1,235,122,614	2,348,159,475
State:						
Alabama	96,706,455	40,086,469	2,199,031	35,640,000	53,864,000	91,703,031
Arizona	11,870,369	5,289,180	85,734	5,205,000	5,705,500	10,996,234
Arkansas	19,161,208	2,402,560	285,863	1,787,000	16,050,000	18,122,863
California	197,762,662	97,376,828	15,734,607	68,917,000	54,106,350	138,757,957
Colorado	29,666,576	8,631,607	1,705	9,445,000	16,416,000	25,862,705
Connecticut	69,962,547	30,277,246	5,370,170	22,711,000	29,919,000	58,000,170
Delaware	5,959,842	1,943,490	842	1,419,000	4,536,000	5,955,842
Florida	74,452,157	36,324,980	2,134,459	32,395,000	27,604,000	62,133,459
Georgia	153,305,015	69,915,415	13,653,017	53,614,000	69,771,600	137,038,617
Idaho	1,087,000	319,961	319,961		713,000	1,032,961
Illinois	241,369,321	75,741,324	5,304,356	67,839,000	68,001,000	141,144,356
Indiana	39,079,996	15,642,138	2,893,299	9,939,000	7,975,000	20,807,299
Kentucky	73,592,311	34,995,857	3,598,893	29,615,000	35,888,000	69,101,893
Louisiana	107,180,596	64,187,725	7,017,016	53,639,000	29,888,000	90,544,016
Maine	1,088,149	1,002,318	394	960,000	118,000	1,078,394
Maryland	85,823,751	26,249,909	8,692,487	15,800,000	34,056,000	58,548,487
Massachusetts	147,174,251	63,173,843	7,190,763	54,372,000	69,172,000	130,734,763
Michigan	129,441,808	27,915,138	4,852,061	22,965,000	34,138,500	61,955,561
Minnesota	22,947,597	1,654,760	149,179	1,292,000	16,565,000	18,006,179

[1] Data are reflected herein according to the applicable public law under which loan and annual contribution contracts were in effect at June 30, 1954.

[2] Excludes unapplied development costs and unapplied PHA loan commitments as follows:

	Unapplied development costs	Unapplied PHA loan commitments
Public Law 412 projects	$1,095,350	$4,800,335
Public Law 671 projects	3,410,106	1,426,565
Public Law 171 projects	92,264,946	68,678,650
Total	96,770,402	74,905,550

The unapplied development costs represent, for projects in the construction stage, the difference between the maximum and the latest approved development costs. For permanently financed projects, they represent the difference between the latest approved and the minimum development costs. Since maximum development costs provided for by the annual contributions contracts have been shown for projects in the preconstruction stage, no unapplied development costs have been reflected for these projects.

The unapplied PHA loan commitments represent, for permanently financed projects, the latest or actual development costs of such projects, less the amount of bonds issued, and less the amount of any retirement of permanent or temporary notes from funds other than (*a*) the proceeds of any loan obtained by the local authority and (*b*) amounts applied to the reduction of development costs pursuant to subsection (A) of Sec. 403 of the annual contribution contract, less loans made or guaranteed by PHA. For nonpermanently financed projects, the unapplied loan commitments represent the maximum loan commitments provided for in the annual contribution contracts, less loans made or guaranteed by PHA.

[3] Excludes administrative loans of $411,438 made to local authorities for operating purposes and $13,355 of miscellaneous mortgage notes.

[4] Includes 1 mortgage note of $5,138,000 covering 1 project sold to a local authority.

[5] Includes promissory and mortgage notes of $3,722,953 covering 4 projects sold to local authorities.

[6] Includes $13,511,799 of development costs which have been liquidated from operating funds. The same amount is excluded from PHA loan commitments.

[7] Excludes loan commitments of $19,444,872 and loans of $3,101,549 for preliminary surveys and planning.

TABLE 127—Continued

Statement of development costs and loans for locally owned projects, as of June 30, 1954, U. S. Housing Act program—Continued

	Development costs	PHA loan commitments	Outstanding loans of local authorities			
			From PHA	Temporary from others	Permanent from others	Total outstanding loans
State—Continued						
Mississippi	$20,147,418	$10,990,044	$431,625	$9,526,000	$7,806,000	$17,763,625
Missouri	103,262,633	36,100,085	9,062,785	24,394,000	21,551,000	55,007,785
Montana	4,055,855	3,613,375	973	3,490,000	251,000	3,741,973
Nebraska	11,811,000	1,696,000	544,000	881,000	9,182,000	10,607,000
Nevada	1,037,000	29,000			1,018,000	1,018,000
New Hampshire	7,906,298	31,113,291	13,687	501,000	7,176,000	7,693,687
New Jersey	202,411,067	60,583,162	4,748,010	83,840,000	89,832,000	178,420,010
New Mexico	1,365,215	628,142	218	562,000	788,000	1,350,218
New York	456,144,658	186,139,455	34,945,797	149,320,000	153,129,000	337,394,797
North Carolina	69,088,643	17,187,757	3,599,867	15,796,000	48,866,000	68,261,867
Ohio	42,059,774	16,623,706	9,615,526	5,224,000		14,839,526
Oregon	4,139,571	3,321,732	17,354	3,188,000	198,000	3,403,354
Pennsylvania	241,376,664	104,781,136	23,907,283	74,651,000	89,908,000	188,466,283
Rhode Island	31,731,038	9,082,369	1,196,802	6,775,000	23,021,000	30,992,802
South Carolina	37,159,448	15,509,035	233,742	14,243,000	21,047,000	35,523,742
Tennessee	110,053,610	39,100,601	4,850,813	31,582,000	64,437,200	100,870,013
Texas	198,803,957	96,582,459	9,047,001	82,755,000	90,242,900	182,044,901
Virginia	92,789,259	34,501,235	3,669,007	22,983,000	48,450,000	75,112,007
Washington	14,151,852	8,803,120	3,521,614	4,983,000	4,122,564	12,627,178
West Virginia	7,502,600	4,566,610	363,268	9,662,000	1,465,000	11,490,268
Wisconsin	27,313,372	9,201,553	314,363	2,577,000	13,645,000	16,536,363
District of Columbia	44,268,477	18,143,132	3,096,000	13,083,000	14,367,000	30,546,000
Alaska	5,262,000	1,860,461		1,716,000	3,485,000	5,201,000
Hawaii	13,521,145	1,658,728	340	1,411,000	11,542,000	12,953,340
Puerto Rico	89,329,875	41,220,332	439	38,115,000	32,882,000	70,997,439
Virgin Islands	4,379,687	1,731,633		1,504,000	2,852,000	4,356,000

TABLE 128

Statement of annual contributions by States for fiscal year ended June 30, 1954, and cumulative and maximum annual contributions payable under contracts as of June 30, 1954, U. S. Housing Act program

	Annual contributions		Maximum annual contributions payable in any 1 year under contracts as of June 30, 1954
	Fiscal year ended June 30, 1954	Cumulative to June 30, 1954	
Total locally owned projects	$44,473,610	$160,715,129	[1] $144,481,717
State:			
Alabama	2,327,971	5,922,707	4,094,637
Arizona	235,777	598,392	491,055
Arkansas	587,134	1,183,950	776,229
California	1,487,043	[2] 4,292,450	8,394,114
Colorado	436,065	532,783	1,341,564
Connecticut	1,242,417	5,489,375	2,902,960
Delaware		95,693	298,487
Florida	1,205,072	4,738,309	3,326,600
Georgia	2,782,880	8,537,173	6,380,266
Idaho	33,812	156,738	38,285
Illinois	1,639,570	5,161,038	10,274,002
Indiana	494,998	1,556,453	1,666,588
Kentucky	1,910,051	7,143,295	2,997,265
Louisiana	1,653,930	10,285,389	4,862,690
Maine	22,623	22,623	46,248
Maryland	1,294,991	4,551,287	3,684,146
Massachusetts	1,958,201	8,059,933	6,364,881
Michigan	431,505	1,622,417	5,975,411
Minnesota	419,212	1,062,842	929,107
Mississippi	416,483	1,626,675	866,043
Missouri	657,079	1,544,296	4,535,451
Montana	41,908	362,455	183,554
Nebraska	326,806	1,743,165	465,640
Nevada	39,065	74,166	40,560
New Hampshire	297,708	527,039	328,160
New Jersey	2,266,249	10,989,170	9,114,667
New Mexico	24,863	44,488	57,332
New York	4,106,248	24,540,629	19,755,183
North Carolina	1,721,199	5,420,147	2,817,267
Ohio		207,076	1,991,612
Oregon	45,378	142,943	154,469
Pennsylvania	2,365,692	8,833,714	10,792,103
Rhode Island	826,658	1,150,969	1,360,847
South Carolina	1,089,240	3,120,200	1,588,170
Tennessee	2,273,314	7,353,492	4,715,352
Texas	3,780,121	9,656,512	8,108,905
Virginia	1,539,894	2,647,145	3,964,109
Washington	340,199	1,451,496	514,464
West Virginia	124,163	1,562,879	579,346
Wisconsin	384,441	779,815	916,013
Alaska	168,224	168,224	220,351
District of Columbia	177,469	1,029,523	2,024,429
Hawaii	142,008	672,120	546,539
Puerto Rico	987,348	3,887,152	3,804,523
Virgin Islands	166,792	166,792	192,093

[1] The amounts included for projects in the preconstruction stage are based upon the maximum development costs set forth in the annual contributions contracts for these projects. For other projects the amounts are those shown in the latest approved development costs budgets. The potential liability of the PHA for annual contributions, based upon the maximum development costs provided for in the annual contributions contracts for all projects, amounts to $160,709,189.

[2] Includes an adjustment of $1,518 reducing annual contributions for the fiscal year ending June 30, 1953.

TABLE 129

Statement of income and expenses per unit month of availability for fully active federally owned projects in the U. S. Housing Act program, for the fiscal year ended June 30, 1954 [1]

	Total projects		PWA		Public Law 412	Public Law 671	Farm labor camps
			Continental United States	Puerto Rico			
Number of projects	65		25	1	30	7	2
Number of dwelling units	29,911		13,884	119	10,797	4,791	320
Number of dwelling unit months of operation	358,878		166,608	1,428	129,510	57,492	3,840
	Amount	Per unit month	Per unit month	Per unit month	Per unit month	Per unit month	Per unit month
Income:							
Rental income	$13,425,902	$37.41	$39.56	$8.73	$35.48	$37.48	$18.92
Other	142,922	.40	.31		.48	.47	.05
Total income	13,568,824	37.81	39.87	8.73	35.96	37.95	18.97
Expenses:							
Operating expenses:							
Management	1,541,973	4.30	4.56	3.57	4.15	3.92	3.74
Operating services	967,774	2.69	3.39	.42	1.91	2.49	2.93
Utilities	3,731,229	10.40	11.16	.02	10.69	8.14	4.88
Repairs, maintenance and replacements	4,370,242	12.18	12.70	1.48	10.85	14.37	5.30
Payments in lieu of taxes	942,703	2.63	2.82		2.43	2.70	.91
Collection losses	59,211	.16	.13	.03	.12	.31	.77
Other	582,526	1.62	1.68	.07	1.78	1.26	.25
Total operating expenses	12,195,658	33.98	36.44	5.59	31.93	33.19	18.78
Net operating income before interest, depreciation, and adjustment of reserves	1,373,166	3.83	3.43	3.14	4.03	4.76	.19
Interest, depreciation, and adjustment of reserves:							
Interest—Portion allocated to federally owned projects	1,202,458	3.35			6.15	7.05	
Depreciation of structures and equipment	2,895,770	8.07	8.44	2.83	7.60	9.04	4.39
Adjustment of reserves (net)	[2] 40,517	[2] .11	[2] .23	3.14	[2] .29	.52	.11
Total interest, depreciation, and adjustment of reserves	4,057,711	11.31	8.21	5.97	13.46	16.61	4.50
Net operating loss	2,684,545	7.48	4.78	2.83	9.43	11.85	4.31
Expenditures for property acquisitions:							
Replacement of ranges and refrigerators	49,398	.14	.16		.17	.01	
Replacement of other equipment	35,707	.10	.13		.09	.04	
Property betterments	59,619	.17	.29		.03	.10	
Property additions	87,782	.24	.38		.13	.13	
Reconstruction and restoration of damaged property	212						
Less property acquisitions capitalized	[2] 232,718	[2] .65	[2] .96		[2] .42	[2] .28	
Net loss for the fiscal year ended June 30, 1954	2,684,545	7.48	4.78	2.83	9.43	11.85	4.31

[1] Excludes 14 projects which were not fully active at June 30, 1954.
[2] Indicates negative item.

TABLE 130

Statement of accrued annual contributions for locally owned projects eligible for contributions in fiscal year ended June 30, 1954, U. S. Housing Act program

	Total projects	Projects developed under Public Law 412	Projects developed under Public Law 671	Projects developed under Public Law 171
Number of projects	1,525	347	171	1,007
Number of dwelling units	259,116	107,267	42,059	109,790
Maximum annual contributions for eligible projects	$67,844,328	$16,007,260	$6,892,666	$44,944,402
Less amounts available for reduction of annual contributions:				
Accrued interest	2,646,839	----------	114,728	2,532,111
Capitalized interest	2,850,770	----------	----------	2,850,770
Excess of maximum annual contributions over debt service requirements while in temporary financing	1,071,631	----------	1,071,631	----------
Residual receipts earned during the initial operating period	1,221,157	----------	----------	1,221,157
Residual receipts, non-continental projects	215,064	146,904	14,673	53,487
Net residual receipts (table 131)	15,366,646	8,414,617	2,843,016	4,109,013
Total	23,372,107	8,561,521	4,044,048	10,766,538
Less amounts applied to reduction of future annual contributions, noncontinental projects	1,389	----------	1,389	----------
Total	23,370,718	8,561,521	4,042,659	10,766,538
Annual contributions accrued in fiscal year ended June 30, 1954	44,473,610	7,445,739	2,850,007	34,177,864

TABLE 131

Statement of operating receipts, operating expenditures, and residual receipts for locally owned projects eligible for annual contributions in fiscal year ended June 30, 1954, U. S. Housing Act program

	Total projects [1]		Projects developed under Public Law 412 [1]		Projects developed under Public Law 671 [1]		Projects developed under Public Law 171 [1]	
Number of projects	1,486		329		170		987	
Number of dwelling units	247,433		101,447		41,919		104,067	
Number of dwelling unit months of operation	2,252,868		1,219,500		505,860		527,508	
	Amount	Per unit month	Amount	Per unit month	Amount	Per unit month	Amount	Per unit month
Operating receipts:								
Dwelling rental income	$75,560,544	$33.54	$40,205,992	$33.02	$18,833,092	$37.23	$16,461,460	$31.21
Other	1,741,591	.77	1,143,503	.94	385,120	.76	212,968	.40
Total operating receipts	77,302,135	34.31	41,409,495	33.96	19,218,212	37.99	16,674,428	31.61
Operating expenditures:								
Management expenses	9,665,867	4.29	5,084,656	4.17	2,316,126	4.58	2,265,085	4.29
Operating services	3,327,790	1.48	2,080,455	1.71	827,644	1.64	419,691	.80
Utilities	17,679,767	7.85	9,489,593	7.78	4,313,426	8.53	3,876,748	7.35
Repairs, maintenance and replacements	18,098,918	8.03	10,887,041	8.93	5,308,029	10.49	1,903,848	3.61
Payments in lieu of taxes	5,636,630	2.50	3,012,156	2.47	1,433,039	2.83	1,191,435	2.26
Collection losses	406,325	.18	231,942	.19	118,711	.23	55,672	.10
Operating improvements	856,636	.38	689,106	.56	151,989	.30	15,541	.03
Adjustment of operating reserves (net)	1,262,444	.56	[2] 1,118,966	[2] .92	255,218	.50	2,126,192	4.03
Debt service requirements in excess of maximum annual contributions	672,980	.30	672,980	.55				
Other expenses and adjustments	3,147,434	1.40	1,297,542	1.06	1,139,323	2.25	710,569	1.35
Total operating expenditures	60,754,791	26.97	32,326,505	26.50	15,863,505	31.35	12,564,781	23.82
Total residual receipts	16,547,344	7.34	9,082,990	7.46	3,354,707	6.64	4,109,647	7.79
Less amounts applied to reduction of future annual contributions	1,180,698	.52	668,373	.55	511,691	1.01	634	
Net residual receipts available for reduction of annual contributions	15,366,646	6.82	8,414,617	6.91	2,843,016	5.63	4,109,013	7.79

[1] Does not include noncontinental projects.
[2] Indicates negative item.

TABLE 132

Statement of income and expenses per unit month of availability for fully active family dwelling projects in the war housing program, for the fiscal year ended June 30, 1954

	Total projects		Directly operated		Leased	
			War housing	Defense housing	War housing	Defense housing
Number of projects	285		86	25	168	6
Number of dwelling units	[1] 103,144		43,886	4,700	53,856	702
Number of dwelling unit months of operation	1,256,275		545,739	53,797	648,715	8,024
	Amount	Per unit month	Per unit month	Per unit month	Per unit month	Per unit month
Income:						
Rental income	$51,573,884	$41.05	$39.45	$45.47	$41.98	$46.06
Other	1,146,258	.91	.70	.53	1.09	2.90
Total income	52,720,142	41.96	40.15	46.00	43.07	48.96
Expenses: Operating expenses:						
Management	4,144,417	3.30	2.99	3.34	3.54	3.84
Operating services	1,665,023	1.32	.97	2.89	1.49	1.68
Utilities	9,179,794	7.31	6.35	5.07	8.26	10.92
Repairs, maintenance and replacements	11,187,476	8.91	8.69	5.35	9.42	6.25
Payments in lieu of taxes	6,859,866	5.46	5.18	1.09	6.08	3.55
Collection losses	77,437	.06	.04	.01	.08	.01
Other	1,106,557	.88	.30	.17	1.43	.51
Total operating expenses	34,220,570	27.24	24.52	17.92	30.30	26.76
Net operating income	18,499,572	14.72	15.63	28.08	12.77	22.20
Expenditures for property acquisitions:						
Replacement of ranges and refrigerators	68,723	.06	.01	----------	.09	----------
Replacement of other equipment	51,458	.04	.03	----------	.05	----------
Property betterments	95,865	.07	.09	----------	.07	----------
Property additions	33,530	.03	.01	----------	.05	.09
Reconstruction and restoration of damaged property	2,600	----------	----------	.03	----------	----------
Less property acquisitions capitalized	[2] 252,176	[2].20	[2].14	[2].03	[2].26	[2].09
Net income for the fiscal year ended June 30, 1954	18,499,572	14.72	15.63	28.08	12.77	22.20

[1] Represents the number of dwelling units which were active at June 30, 1954. Does not include 1 dormitory, 23 stopgap and 135 family dwelling projects which were inactive or partly active at June 30, 1954.
[2] Indicates negative item.

TABLE 133

Statement of administrative expenses by object and source of funds for the fiscal year ended June 30, 1954 [1]

Object of expense:		
Personal services:		
Personal services		$8,508,324
Terminal leave		186,651
Total personal services		8,694,975
Travel:		
Regular		633,993
Convention		4,487
Security		107
Total travel		638,587
Transportation of things		36,483
Communication services		250,565
Rents and utility services		696,642
Printing and binding		58,402
Other contractual services		164,698
Supplies and materials		67,185
Furniture, furnishings and equipment		52,636
Refunds, awards and indemnities		1,352
Taxes and assessments		9,290
Total obligations for administrative expenses		10,670,815
Sources of funds:		
Appropriated funds:		
United States Housing Act program		6,629,000
Public war housing program—Defense housing		360,400
Total appropriated funds		6,989,400
Funds derived from operation of programs		3,681,415
Total contributed by programs		10,670,815
Contribution by programs:		
United States Housing Act program:		
Development	$3,128,900	
Management	3,500,100	
		6,629,000
Public war housing program:		
War housing:		
Management	1,800,515	
Disposition	1,395,300	
Defense housing:		
Development	360,400	
Management	323,300	
		3,879,515
Veterans reuse housing program		118,400
Subsistence homestead and greentowns program:		
Management	37,900	
Disposition	6,000	
		43,900
Total contributed by programs		10,670,815
Unallotted funds		303,685
Nonexpendable reserve		500
Total administrative expense limitation		10,975,000

[1] This statement was prepared on the same basis as the PHA published Financial Report for June 30, 1954, and does not include adjustments which were made subsequent to publication thereof.

PART V

Eighth Annual Report

HOUSING AND HOME FINANCE AGENCY

Covering the Activities of the

FEDERAL NATIONAL MORTGAGE ASSOCIATION

Organization and Function Chart of the Federal National Mortgage Association

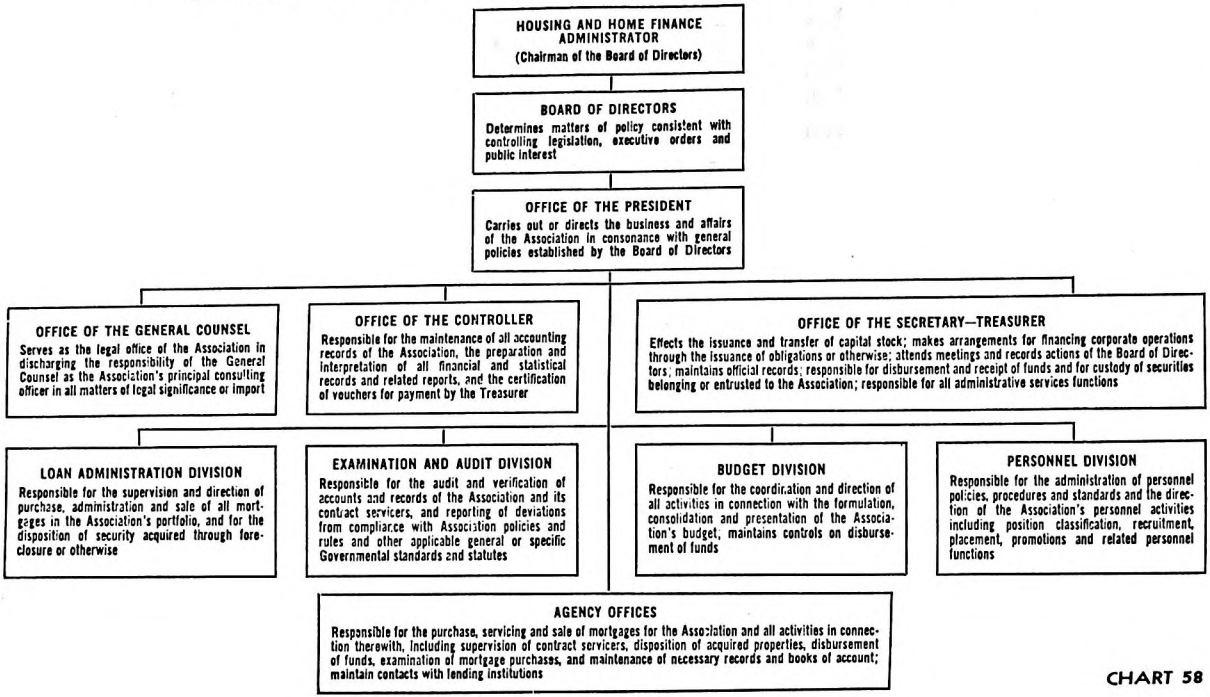

CHART 58

SECTION 1

ORIGIN AND PURPOSE

The Federal National Mortgage Association (FNMA) administers the Government's secondary market facility for home mortgages through the purchase and sale of certain types of FHA-insured and VA-guaranteed mortgages covering residential housing. The Association, established February 10, 1938, as a subsidiary of the Reconstruction Finance Corporation (RFC), was transferred to the Housing and Home Finance Agency (HHFA) on September 7, 1950, pursuant to Reorganization Plan Number 22 of 1950, for the purpose of coordinating the functions performed by FNMA with other Federal housing programs. FNMA was rechartered under the provisions of the Federal National Mortgage Association Charter Act (Title III of the National Housing Act, as amended by Public Law 560, 83d Cong., approved Aug. 2, 1954,) and was designated a constituent agency of HHFA.

Overall FNMA Objectives

The Association's operations were initially directed toward providing a nationwide secondary market for FHA-insured mortgages and toward assisting in establishing the acceptability to investors of certain new types of FHA-insured mortgages. These activities were expanded in July 1948 to include certain types of VA-guaranteed mortgages. Beginning in July 1951 and continuing throughout 1954 FNMA utilized a substantial portion of its purchasing authority toward providing the financing required for the production of defense, military, and disaster housing. In July 1954, under the provisions of Reorganization Plan Number 2 of 1954, the then outstanding mortgages of The RFC Mortgage Company and the Defense Homes Corporation, consisting of 15,039 mortgages totaling $105.7 million, were transferred from RFC to FNMA for the purpose of management and liquidation. This transaction is reflected in FNMA's activities hereinafter reported for 1954 with appropriate comments regarding those operations that were significantly affected thereby.

The year 1954 witnessed a substantial change in the character of FNMA's operations. For several years various organizations interested in housing and housing finance had advocated the formation of a

secondary market facility which would have a limited measure of Government participation and supervision and in time become privately owned and managed. Many of the proposals suggested were considered by the President's Advisory Committee on Government Housing Policies and Programs during the latter part of 1953. The FNMA Charter Act represents the composite outcome of considerations of various plans or proposals which recommended the establishment of a secondary market facility for residential mortgages to be initially financed by the Federal Government, but to be transformed gradually into an organization that would be privately financed and operated.

Under the Act FNMA is authorized specifically to conduct:

1. Secondary Market Operations

These operations provide supplementary assistance to the secondary market for FHA-insured and VA-guaranteed residential mortgages by providing a degree of liquidity for mortgage investments, thereby improving the distribution of investment capital for residential mortgage financing.

2. Special Assistance Functions

Upon specific authorization by the President of the United States, these functions provide special assistance for financing selected types of residential mortgages (or participations therein) that are originated under special housing programs. Provision is also made for special assistance through the purchase of residential mortgages generally as a means of retarding or stopping a decline in mortgage lending and home building activities which threatens the stability of a high level national economy.

3. Management and Liquidating Functions

The functions require FNMA to manage and liquidate its existing portfolio (acquired by purchase or which may be acquired pursuant to commitment contracts entered into prior to November 1, 1954) in an orderly manner, with a minimum of adverse effect upon the residential mortgage market and minimum loss to the Federal Government.

The Association began its operations under the three operations or functions authorized by the FNMA Charter Act on November 1, 1954.

General Scope of Operation

In carrying out the aforementioned objectives, the Association—from the date of its inception in 1938 through 1954—purchased or

otherwise acquired title to 606,282 mortgages with unpaid principal balances of $4,602 million. The extent of the assistance rendered by FNMA in supporting the VA-guaranteed home loan program is indicated by the fact that between July 1, 1948, and December 31, 1954, the Association has acquired 383,151 VA-guaranteed mortgages totaling $2,847 million; these acquisitions represented about 72 percent of the number and 67 percent of the dollar volume of mortgages purchased since July 1948 when such purchases by FNMA were first authorized; they also represented about 62 percent of the dollar volume of the Association's overall purchases since 1938. Since 1938 FNMA has purchased 223,115 of FHA-insured mortgages in the aggregate amount of $1,711 million. FNMA's cumulative purchases of FHA-insured and VA-guaranteed mortgages included 62,652 mortgages amounting to $709 million covering defense, military, and disaster housing. These purchases by FNMA of defense, military, and disaster types of housing mortgages in the 3½ years during which the Association has participated in the defense program, provided 90,839 units of these categories of housing and, at the end of 1954, commitments for these types of housing mortgages totaling $198 million were still outstanding.

Coincident with its purchasing activities, the Association endeavored to sell the mortgages in its portfolio as rapidly as they could be absorbed by institutional and other long term investors. FNMA's cumulative sales through December 1954, numbering 230,782 mortgages, totaled $1,568 million, or about 34 percent of the Association's total purchases. Repayments and other principal credits amounted to $558 million. As a net result of all of these operations FNMA's portfolio at the end of 1954 amounted to $2,476 million. Commitment and purchase contracts outstanding at the year end aggregated $476 million.

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SECTION 2

ACTIVITY

FNMA Financing

Prior to the enactment of the FNMA Charter Act on August 2, 1954, the funds used in the Association's Secondary Market Operations (with the exception of the proceeds from some temporary private financing during 1938 and 1939 and the principal proceeds from the sale of FNMA mortgages, repayments, and other principal credits) were obtained by borrowing from the United States Treasury. As previously mentioned, the new legislation contemplated that FNMA's Secondary Market Operations would be financed to the maximum extent feasible by private capital and that in connection with mortgages held in the Management and Liquidating portfolio private financing would be substituted as rapidly as possible for Treasury borrowings.

FNMA is required to maintain separate accountability for each of its three operations or functions and the financing of each differs somewhat from the others. A brief statement describing the financing pattern of the Association's activities is set forth below.

Secondary Market Operations

Funds that are necessary in the conduct of FNMA's Secondary Market Operations are obtained from:

1. Sale of Stock

FNMA issued as of November 1, 1954, nonvoting $100 par value preferred stock amounting to $92.8 million (an amount equivalent to the sum total, as of Oct. 31, 1954, of FNMA's then original capital stock and paid-in surplus of $21 million and of the then $71.8 million of surplus, reserves, and undistributed earnings) to the Secretary of the Treasury. It also issues nonvoting $100 par value common stock to sellers that use FNMA's Secondary Market facilities. Such sellers are required to make nonrefundable contributions equal to an amount not less than 3 percent of the dollar amount of mortgages sold to FNMA; certificates of common stock in denominations of $100 or multiples thereof are issued by FNMA's Washington Office as of the first day of the calendar month next succeeding the month of the payments thereof. The amount of any contribution that cannot be

evidenced by one or more whole shares of common stock may not be withdrawn or transferred by the seller, but from time to time, as announced by FNMA, sellers will be permitted to supplement any such amounts by payment of an additional sum sufficient to pay for one full share of common stock. Although the common stock may be issued only to sellers that use FNMA's Secondary Market facilities, it is nevertheless freely transferable and FNMA imposes no restrictions as to who may hold it. The common stock at the time of issuance or at the time it is transferred by the holder to another is subject to the payment of Federal documentary and transfer taxes. The common stock may be retired at the option of FNMA, but not if, as a consequence of such retirement, the amount thereof remaining outstanding would be less than $100 million. The preferred stock will be retired as rapidly as FNMA may deem feasible. Dividends not in excess of 5 percent per annum may be paid to holders of the common stock, but until all of the preferred stock is retired, the rate of dividend may not exceed that paid on the preferred stock, as determined by the Secretary of the Treasury, taking into consideration the current average interest rate on outstanding marketable obligations of the United States as of the last day of the preceding fiscal year.

The legislation provides that any institution, including a national bank or State member bank of the Federal Reserve System, or any member of the Federal Deposit Insurance Corporation, trust company, or other banking organization, organized under any law of the United States, including the laws relating to the District of Columbia, is authorized to subscribe to FNMA's common stock under conditions described in the preceding paragraph and to receive, hold, or dispose of FNMA common stock.

Notwithstanding the provisions of the legislation describing the types of institutions that may receive FNMA's common stock in connection with sales of mortgages to the Association as a part of the Secondary Market Operations, the laws, rules, and regulations of the several States and Territories determine whether financial institutions which are subject to the supervision of such jurisdictional authorities may acquire, hold, and dispose of such stock. The Association is currently determining by correspondence and personal contacts with State and Territorial supervisory bodies the legal position of their institutions with respect to the acquisition and ownership of the stock. While this survey is not complete, it is nevertheless clear that in a number of States appropriate enabling legislation must be enacted in order to qualify State supervised institutions as holders of FNMA's comomn stock. Insofar as nationally supervised institutions are concerned, the Comptroller of the Currency, with respect to National Banks, and the Federal Home

Loan Bank Board, with respect to Federal Savings and Loan Associations, have determined that FNMA's common stock may be acquired by their respective institutions in connection with sales of mortgages in the Secondary Market Operations and that such stock may be carried on their books of account at par (100) or at acquisition cost, whichever is less.

2. *Borrowing*

Upon approval of the Secretary of the Treasury FNMA may, in connection with its Secondary Market Operations, issue for sale to private investors, and have outstanding at any one time, obligations which in the aggregate do not exceed ten times the sum of its capital, surplus, reserves, and undistributed earnings. These obligations are not guaranteed by the United States and constitute a debt or obligation only of FNMA; their interest rates, terms, and maturities are determined at the time of issuance by FNMA with the approval of the Secretary of the Treasury. The Secretary of the Treasury, prior to the complete retirement of the preferred stock, may, in his discretion, purchase FNMA's Secondary Market obligations in such volume as will not increase his holdings thereof to an amount in excess of $500 million, plus an amount not in excess of $500 million represented by the reduction in the outstanding dollar amount of the FNMA Management and Liquidating portfolio. The Association is authorized to purchase in the open market any of its Secondary Market obligations at any time and at any price.

Special Assistance and Management and Liquidating Functions

Funds required for the operations of the Association's Special Assistance Functions are, within the statuory limitation of $300 million of purchases and commitments outstanding at any one time, obtained only by borrowing from the Secretary of the Treasury.

Funds required for the operation of the Association's Management and Liquidating Functions are obtained through (*a*) borrowing from the Secretary of the Treasury or (*b*) the sale of its obligations to private investors. The Management and Liquidating obligations, like those issued in connection with the Secondary Market Operations, constitute a debt or obligation only of FNMA. Similarly, the terms, interest rates, and maturities are determined at the time of issue by FNMA with the approval of the Secretary of the Treasury. Although the obligations issued by FNMA in connection with its Management and Liquidating Functions are not guaranteed by the United States, an arrangement between the Association and the Secretary of the Treasury will enable FNMA to have recourse to the Treasury for funds required to make timely payments of interest and principal

on the obligations in the event need therefor arises. Details were worked out during the latter part of 1954 between FNMA, the United States Treasury, and the Federal Reserve Board to provide for the issuance during January 1955 of a series of FNMA's obligations, the proceeds therefrom to be used to reduce the Treasury's investment in FNMA's portfolio. (A $500 million series of ML (Management and Liquidating) 2½ percent, 3-year notes, dated January 20, 1955, was offered for sale to private investors on behalf of FNMA by the Secretary of the Treasury through the facilities of the Federal Reserve System on January 11, 1955. The offering, open for 1 day's subscription only, was oversubscribed by almost 7 to 1 ($3,485,915,000) and allotments of $570,374,000 were made to subscribers for payment on January 20.)

Sellers of mortgages to FNMA are not required to purchase stock in the Association in connection with purchases or contracts for purchases between such sellers and FNMA under the Special Assistance and Management and Liquidating Functions. There is also no recourse to the capitalization of FNMA as herein-above described for funds employed in these two functions. All of the benefits and burdens incident to the administration of the Special Assistance and Management and Liquidating Functions inure solely to the Secretary of the Treasury.

The Purchasing Program

1. Summary

During the year 1954 the Association purchased 52,212 FHA-insured and VA–guaranteed mortgages aggregating $552 million. In addition to the mortgages which it purchased, the Association acquired by transfer from the RFC 15,039 mortgages of The RFC Mortgage Company and the Defense Homes Corporation totaling $106 million, said transfer having been made to FNMA under Reorganization Plan Number 2 of 1954. During the year 1954, the total of all of the mortgages the Association purchased, or acquired by transfer as aforementioned, was 67,251 amounting to $658 million. The mortgages transferred to the Association by the RFC accounted for 22 percent of this total number and 16 percent of the total dollar volume of FNMA's mortgage acquisitions during that year.

As to the mortgages purchased by FNMA during 1954, the dollar amount thereof was $10 million greater than the dollar amount it purchased during 1953 (which was $542 million) and $14 million greater than the dollar amount it purchased during 1952 (which was $538 million). Among the purchases made by the Association during the year 1954 were 22,199 mortgages covering defense, military, and disaster housing totaling $287 million representing 52 percent of that

year's total dollar purchases. Also among the purchases made during the year were 698 mortgages covering Alaska housing totaling $18 million. Of the total purchases made during 1954, $492 million represented mortgages that were delivered for purchase under FNMA's regular commitments or Advance Contracts to Purchase (one-for-one commitments) and the remainder of $60 million related to mortgages purchased on an over-the-counter or immediate purchase basis. Over-the-counter purchasing of nondefense and nondisaster housing mortgages was suspended on April 10, 1953, and was resumed on November 1, 1954 only with respect to FNMA's new Secondary Market Operations and Special Assistance Functions as authorized by the FNMA Charter Act. This suspension of over-the-counter purchasing was not made applicable with respect to mortgages covering Alaska housing delivered between April 10, 1953, and August 2, 1954, nor to mortgages delivered pursuant to the Association's Purchase Receipt Procedure prior to July 1, 1954. As to the purchase over-the-counter of mortgages covering defense, military, and disaster housing, FNMA's authority terminated upon enactment of Public Law 560, 83d Congress, on August 2, 1954. At the end of December 1954, outstanding undisbursed commitments and purchase contracts aggregated $476 million as compared with $638 million at the end of the preceding year. The comparative purchasing obligations outstanding at December 31, 1953 and 1954, are contained in the following table:

[Dollar amounts in millions]

	Dec. 1954	Dec. 1953
Defense housing	$82.6	$257.8
Military housing	114.3	151.3
Disaster housing	0.7	0.6
Alaska housing	11.3	23.1
Cooperative housing	12.9	29.7
FHA Sec. 608 housing	6.2	6.2
Advance contracts to purchase (one-for-one commitments)	247.6	169.2
Immediate purchase contracts (secondary market operations)	0.1	0.0
Total	475.7	637.9

2. *Changes in Purchasing Requirements*

All but an insignificant number of the mortgages purchased by the Association in its normal operations during 1954 were made under the program which is now known as FNMA's Management and Liquidating Functions. All such mortgages were required to meet the applicable statutory and administrative requirements that were in effect at the time of delivery over the counter or, if delivered under commitment contracts, must have met the requirements (including the purchase prices) in effect at the time such contracts were executed.

The FNMA Charter Act, however, made several significant changes in the former statutory restrictions insofar as they were applicable to

the purchase of mortgages by the Association in its Secondary Market Operations and Special Assistance Functions. The Act (*a*) authorized the purchase of mortgages from sellers other than the original lenders, (*b*) removed the former dollar limitation on the amount of the mortgages that could be purchased from any one seller, and (*c*) increased the dollar limitation on the dollar amount of mortgages eligible for purchase from $10,000 to $15,000 for each family residence or dwelling unit covered thereby. However, mortgages could be purchased under the Secondary Market Operations only if they were insured by FHA or guaranteed by VA on or after August 2, 1954.

The prices to be paid for mortgages in the Secondary Market Operations are established by the Association from time to time at the market price for the particular type of mortgages involved, as determined by FNMA; the volume of such purchases and sales, and the establishment of purchase prices, sales prices, as well as charges or fees will be determined by FNMA from time to time with the objective that purchases and sales will be effected at such prices as will reasonably prevent excessive use of its Secondary Market facilities and make such operations fully self-supporting. By administrative determination, purchases in the Secondary Market Operations are currently limited to FHA-insured Sections 8, 203(b), 203(i), 207, 213, and 222 mortgages and VA-guaranteed Section 501 mortgages.

Prices to be paid by FNMA for mortgages in its Special Assistance Functions will be established by FNMA at the time of the announcement of the individual program. In connection with purchases under these functions, FNMA is also required to impose charges or fees for its services with the objective that all costs and expenses relating to such functions will be within its income and fully self-supporting. Purchases under the Special Assistance Functions, unless otherwise announced in the announcement of the program, are currently limited to FHA-insured Sections 203(b), 203(h), 203(i), 207, 220, 221, and 222 mortgages and VA-guaranteed Section 501 mortgages.

3. *Types of Mortgages Purchased*

The Association's normal purchases during 1954 were confined to eligible mortgages insured by FHA under Section 8, 203, 207, 213, 803, 903, or 908 of the National Housing Act, as amended, and eligible mortgages guaranteed by VA under Section 501 of the Servicemen's Readjustment Act of 1944, as amended. The mortgages acquired by FNMA during the year (taking into consideration the mortgages and loans that were transferred to FNMA on July 1, 1954, by RFC under Reorganization Plan Number 2 of 1954) consisted of 29,888 FHA-insured mortgages totaling $354 million, 37,347 VA-guaranteed mortgages totaling $261 million, and 16 direct RFC

Mortgage Company and Defense Homes Corporation mortgages totaling $43 million—an aggregate of 67,251 mortgages amounting to $658 million. The dollar volume of VA mortgages acquired during 1954 comprised 40 percent of the total purchases of the Association as compared with 35 percent in 1953 and a high of 95 percent in 1950. The VA mortgages acquired during the year, for the most part ($244 million or 93 percent) related to nondefense or nondisaster housing; 73 percent or $177 million of these were delivered under FNMA's Advance Contracts to Purchase (one-for-one commitments). The major portion of the FHA mortgages ($270 million or 76 percent) related to defense, military, or disaster housing while $84 million or 24 percent covered housing in other categories.

4. Authority to Purchase Defense, Military, Disaster, and Other Special Types of Housing Mortgages

The Association's authority to issue commitments for the purchase of defense, military, and disaster housing mortgages terminated July 31, 1954, the previously established terminal date of June 30, 1954, having been extended for 1 month by Public Law 438, 83d Congress, approved June 29, 1954. Authority to purchase these categories of housing mortgages on an over-the-counter basis terminated upon enactment of Public Law 560, 83d Congress, on August 2, 1954. Subsequently, mortgages covering such housing may be delivered to FNMA for purchase only as a part of the Association's Management and Liquidating Functions under commitment contracts that were outstanding on July 31, 1954.

During 1954 FNMA purchased on an over-the-counter basis, and pursuant to previously executed commitment contracts, and in addition issued commitment contracts to purchase the following types of eligible FHA-insured and VA-guaranteed mortgages covering:

(*a*) Defense housing programed by the Housing and Home Finance Administrator in an area determined by the President of the United States or his designee to be a critical defense housing area;

(*b*) Military housing with respect to which the Federal Housing Commissioner had issued a commitment to insure pursuant to Title VIII of the National Housing Act, as amended; or

(*c*) Disaster housing intended to be made available primarily for families who are victims of a catastrophe which the President of the United States has determined to be a major disaster.

On September 14, 1954, the President of the United States authorized the Association (as a part of its Special Assistance Functions) to purchase and to commit to purchase FHA-insured and VA-guaranteed mortgages covering housing intended to be made available primarily for families who are victims of catastrophes determined by the

President to be major disasters. The immediate objective of this authorization was to furnish a measure of financial assistance to victims of the hurricanes "Carol," "Edna," and "Hazel" which caused extensive damage along the Eastern Seaboard during September and October, and to sufferers from floods in Pennsylvania and Indiana. Purchases and commitments under this program, which became effective November 1, 1954, were limited to $10 million outstanding at any one time. No commitments had been issued nor had any purchases been made under this authorization at the end of December 1954.

FNMA was also authorized by the President to render special assistance in connection with the development of housing in the Territory of Guam. Under this program, which became effective November 4, 1954, FNMA was authorized to purchase and to commit to purchase, within a limitation of $15 million, mortgages relating to housing to be constructed on the Island of Guam. No commitment or purchasing transactions under this authority had been made during 1954; however, from discussions in progress at year end it appears that some activity under the Special Assistance program may be expected to materialize in the early part of 1955.

The Special Assistance authorizations issued during 1954 with regard to the purchase of disaster and Guam housing mortgages were incorporated in, and superseded by, the President's authorization dated January 26, 1955, whereby FNMA was authorized to expend Special Assistance funds aggregating $125 million outstanding at any one time to purchase and to commit to purchase entire mortgages; FNMA was also authorized to expend $50 million for commitments to purchase immediate 20 percent participations in mortgages (but excluding the amounts of any related deferred 80 percent participation agreements or purchases pursuant thereto) covering (*a*) housing intended primarily for victims of major disasters, such as hurricanes and floods, (*b*) housing in the Territory of Guam, and (*c*) housing constructed or rehabilitated under Urban Renewal programs. In order to utilize the $50 million for commitments to purchase immediate 20 percent participations in mortgages, it will be necessary that $200 million of private funds for 80 percent participations in such mortgages be invested by private mortgagees. The total of $175 million of FNMA funds plus $200 million of private funds ($375 million), if employed to the maximum extent authorized by the President, would constitute "special assistance" to mortgages in the three named categories, as follows:

Housing for victims of major disasters	$10, 000, 000
Housing in the Territory of Guam	15, 000, 000
Housing constructed or rehabilitated under Urban Renewal programs	350, 000, 000

The extent of FNMA's overall participation in the defense program is shown by the following data: Cumulatively through December 31, 1954, there were about 91,677 net units of defense housing programed by HHFA in 205 critical defense housing areas. At the end of December 1954 the Association had issued net commitment or purchase authorizations covering approximately 85,300 housing units in 198 critical defense areas. Of the 83,353 housing units, the construction of which had been completed by the end of December 1954, about 90 percent or 74,756 units were covered by mortgages purchased by FNMA. FNMA purchases of FHA-insured sections 903 and 908 mortgages have totaled $477 million or 88 percent of the total of such mortgages that had been insured by FHA at the end of 1954.

During the year 1954, the Association issued commitment and purchase authorizations for the purchase of mortgages relating to defense, military, and disaster housing in the aggregate amount of $118 million, and purchased 22,199 mortgages amounting to $287 million in these categories and providing 35,719 units of housing. At the end of 1954, outstanding commitments for defense, military, and disaster housing aggregated $198 million, providing for approximately 24,400 units of housing.

A summary of the extent of FNMA's participation in the defense, military and disaster housing program during calendar year 1954 is shown in the following table:

[Dollars in millions]

Type of housing	Advance commitment and purchase authorizations	Commitments canceled	Purchases		As of year end undisbursed commitments
			Amount	Units	
Defense	$80.0	$22.1	$233.1	28,803	$82.6
Military	37.0	20.2	53.8	6,850	114.3
Disaster	.8	.2	.5	66	.7
Total	117.8	42.5	287.4	35,719	197.6

5. *Purchase of Nondefense Housing Mortgages*

(*a*) COOPERATIVE HOUSING.—Under Public Law 243, 82d Congress, approved October 30, 1951, as amended by Public Law 94, 83d Congress, approved June 30, 1953, FNMA was authorized to issue commitments not to exceed $30 million out standing at any one time if such commitments related to mortgages with respect to which the Federal Housing Commissioner had issued prior to September 1, 1953 (pursuant to Sec. 213 of the National Housing Act, as amended) either a commitment to insure or a statement of eligibility. Not more than $3.5 million of the total authorization could be made available in any one State. Public Law 243 was repealed by the provisions of Public

Law 560, 83d Congress, approved August 2, 1954, and FNMA's authority to issue cooperative housing commitments thereupon terminated.

During 1954 FNMA issued commitments totaling $4.4 million for the purchase of mortgages covering approximately 588 units of cooperative type housing; 1,505 cooperative housing mortgages totaling $12.7 million were purchased during the year pursuant to regular commitment contracts, and 813 mortgages amounting to $6.6 million were purchased under FNMA's Advance Contracts to Purchase (one-for-one commitments). At the end of 1954 undisbursed cooperative housing commitments totaling $12.9 million were outstanding.

The following data summarizes the cumulative cooperative housing activities of the Association between July 29, 1953, when announcement was made that commitment applications would be accepted by FNMA, and August 2, 1954, the date of the enactment of Public Law 560 which terminated the Association's authority to issue this type of commitment: FNMA had available for the issuance of cooperative housing commitments during the period covered by its commitment authority a total of about $35,052,000 which amount was greater than the statutory limitation of $30 million by reason of purchases under outstanding commitments, cancellations, withdrawals, expirations, or adjustments of previously executed contracts. FNMA received applications for commitments totaling $67,807,650 (almost twice the amount of available authorizations) providing 7,636 units of housing in 26 different States. Included in the applications for commitments were $24,074,350 represented as providing for 3,183 units of minority housing in 16 different States. Since the dollar volume of the applications submitted for approval greatly exceeded the total dollar amount of the Association's available commitment authorization, FNMA determined as a matter of policy that the applications should be considered in the order of their original receipt by the Association, taking into account the maximum amount of commitments that could be issued in any one State. By August 2, 1954, FNMA had issued commitments, including adjustments, aggregating $30,653,850 providing for 3,661 units of housing in 20 different States. Of the total commitments issued, $12,648,500 related to the purchase of section 213 mortgages represented as providing 1,839 units of minority housing in 11 different States, constituting 50.2 percent of the total units assisted by FNMA commitments. When FNMA's authority to issue these commitments expired on August 2, 1954, its uncommitted authorization amounted to $4,398,078, resulting from the fact that when funds became available for the issuance of additional cooperative housing commitments (1) the approval of some of the applications

(totaling $10,565,550) could not be given because of the $3.5 million State limitation, (2) the FHA statements of eligibility in other cases (totaling $12,279,150) had expired, and (3) the remaining applications (totaling $14,309,100) had been withdrawn by the sponsors.

(*b*) OTHER NONDEFENSE AND NONDISASTER MORTGAGE PURCHASES.—As previously stated, over-the-counter purchasing by the Association during 1954 of mortgages covering nondefense and nondisaster housing was limited to mortgages that were delivered (1) on or before August 2, 1954, in connection with Alaska housing, (2) prior to July 1, 1954, under Purchase Receipts issued by the Association during the 12-month period immediately preceding delivery of the mortgages for purchase, or (3) on or after November 1, 1954, as a part of the Secondary Market Operations or Special Assistance Functions. In addition to the purchase of the FHA section 213 cooperative housing mortgages previously referred to, FNMA purchased 26,390 other nondefense and nondisaster housing mortgages totaling $222 million pursuant to Advance Contracts to Purchase (one-for-one commitments), 698 mortgages amounting to $18 million on Alaska housing, and 2 mortgages totaling $24,000 in the newly established Secondary Market Operations. With the exception referred to above, the Association has conducted no regular over-the-counter purchasing activities involving nondefense and nondisaster mortgages since April 10, 1953.

In view of the short period of time that the Secondary Market Operations, inaugurated on November 1, 1954, have been in effect, there has been only a limited opportunity to explore the probable extent to which the facility may be utilized by the various organizations making up the housing industry. It is expected, however, that as long as the supply of residential housing mortgage funds are sufficient to meet normal industry demands, there will no doubt be limited recourse to FNMA's Secondary Market facility, a situation which was considered in the enactment of the new legislation.

The Mortgage Sales Program

It is the Association's established policy to dispose of its portfolio of mortgages as rapidly as such mortgages can be absorbed by eligible institutional or other long term investors. Cumulatively, about 34 percent of the FHA-insured and VA-guaranteed mortgages that have been acquired by the Association have been sold. The FHA ratio of mortgage sales to purchases during the period between February 1938 and 1954 is 40 percent while 31 percent of the VA-guaranteed mortgages purchased since midyear 1948 through 1954 have been sold. The following table shows the relationship between purchases and sales of FHA-insured mortgages and similar activities of VA-guaranteed mortgages for the period indicated:

TABLE 134

FNMA purchases and sales—FHA-insured mortgages 1938–54—VA-guaranteed mortgages 1948–54

[Dollars in millions]

Agency and section of act	Mortgage purchases	Mortgage sales	Sales as percentage of purchases
Total	$4,558.1	$1,568.2	34.4
FHA	1,711.2	678.6	39.7
Sec. 8	48.1	1.9	4.0
Sec. 203	594.0	312.9	52.7
Sec. 207	34.8	3.5	10.1
Sec. 210	.3		
Sec. 213	35.6	1.1	3.1
Sec. 603	339.6	215.4	63.4
Sec. 608	66.3	37.7	56.9
Sec. 803	115.7	73.0	63.1
Sec. 903	448.4	22.4	5.0
Sec. 908	28.4	10.7	37.7
VA	2,846.9	889.6	31.2
Sec. 501	2,822.7	874.5	31.0
Sec. 502	1.9	(1)	
Sec. 505(a)	22.3	15.1	67.7

[1] Less than $0.05 million.

1. Summary of 1954 Sales

During 1954 FNMA sold a total of 59,727 mortgages with unpaid principal balances of $525 million. These sales included 8,030 FHA-insured mortgages ($135 million) and 51,697 VA-guaranteed mortgages ($390 million). The dollar volume of sales during the first half of the year was almost 3 times greater than in the second half, due primarily to the FNMA one-for-one purchase and sales program made possible by Public Law 94, 83d Congress. In 1954 gross mortgage sales of $525 million exceeded those of any previous calendar year and were $56 million higher than the previous high of $469 million in 1950 and more than twice the sales made in 1953. Sixty percent of the 1954 sales ($314 million) were made in connection with the FNMA one-for-one purchase and sales program (described in the following paragraph) and the remaining $211 million in sales were made outside of that program. In addition to the sales that were completed during the year 1954, the Association had outstanding at the end of December $15 million of options and reservations with respect to which definite sales closing dates had been fixed; also outstanding at that time were $39 million of other options and reservations as to which Mortgage Sales Agreements had not as yet been executed.

2. Advance Contracts to Purchase (One-for-One Program)

FNMA sales during the first half of 1954 were to a major extent (80 percent) made in connection with the Association's so-called one-for-one purchase and sales program. This program, inaugurated on July 27, 1953, was made possible by Public Law 94, 83d Congress,

under which FNMA was authorized to issue advance contracts (commitments) to purchase a specific dollar amount of mortgages corresponding to the dollar amount of mortgages purchased from the FNMA portfolio. Under the law, the one-for-one program expired on July 1, 1954, and the total of advance contracts that could be issued thereunder could not exceed $500 million. The plan provided a means of insuring that FNMA's available purchasing authorization would, within the statutory limitations, automatically revolve and thereby make available to the home building industry a volume of credit that would not otherwise have been readily procurable.

(*a*) PRINCIPAL FEATURE OF THE PROGRAM.—Under the one-for-one program of selling mortgages, FNMA issued nonassignable commitments, referred to as "Advance Contracts to Purchase," either to (1) the purchaser that signed FNMA's Mortgage Sales Agreement, or (2) the immediate assignee of the mortgages. The contracts provided that the Association would purchase eligible mortgages within 1 year after issuance of the contracts in a dollar amount equal to the principal amount paid for mortgages purchased from FNMA's portfolio. An investor who desired a contract under this program was charged a nonrefundable commitment fee of 1 percent of the total amount of the contract and a seller delivering mortgages to the Association under the contracts is required to pay an Acquisition and Service Charge of one-half of 1 percent of the aggregate principal amount paid for the mortgages by the Association under the contract.

In administering the program during its first 6 months of operation, FNMA offered to sell its morgages on 1- to 4-family dwellings at prices ranging from 96 to 100. Mortgages covering multifamily dwellings were offered for sale on a negotiated basis. Prior to inauguration of the one-for-one program, FNMA did not make any sales of morgtages from its portfolio at less than 100. However, the rise in the maximum interest rates from 4 and 4¼ percent to 4½ percent on both FHA and VA mortgages covering 1- to 4-family dwellings and from 4 to 4¼ percent on multifamily FHA mortgages, made it difficult to sell the mortgages in FNMA's portfolio at par. Therefore, FNMA's initial offerings of certain of its 4 percent and 4¼ percent at less than 100 were calculated to permit yields approximately equivalent to the yields that would be received from similar types of mortgages bearing interest rates of 4½ percent and selling at 100.

On January 29, 1954, FNMA announced that in view of the improvement in the mortgage market and particularly the firming up of Government bond prices, the prices at which it would offer to sell its mortgages on 1- to 4-family dwellings would be increased from a

range of 96 to 100 to a range of 98 to 100. Mortgages on multifamily dwellings would continue to be sold on a negotiated basis. These were the sales prices that were in effect at the end of 1954. All purchase and sales prices are subject to change by the Association without notice. Under the Advance Contracts to Purchase FNMA agrees to purchase at 100 only those eligible FHA-insured and VA-guaranteed mortgages that bear the highest interest rates authorized by FHA and VA.

(*b*) ACCOMPLISHMENTS UNDER THE PROGRAM.—During the first 5 months in which the one-for-one plan was in operation (July 27–December 31, 1953), FNMA sold from its portfolio mortgages with unpaid principal balances of $193.6 million and issued advance contracts totaling $185.8 million. Mortgages amounting to $16.6 million were purchased under the contracts, leaving $169.2 million outstanding at December 31, 1953. During the 6 months of 1954 in which the program functioned, FNMA sold mortgages with unpaid principal balances of $381.3 million and issued related advance contracts of $314.0 million. The total of the contracts issued under the program amounted to $499,812,000, of which all but $12 million had been issued by the end of April 1954. Through December 1954 FNMA had purchased mortgages totaling $245.4 million under these contracts, $6.8 million of the contracts had expired or had been cancelled, leaving $247.6 million in one-for-one contracts outstanding at the end of the year.

The following table summarizes the sales aspect of the FNMA one-for-one program by months:

TABLE 135

FNMA sales

[Dollars in thousands]

	FHA	VA	Total	Discounts	Net sales	Contracts issued	Non-one-for-one sales
1953							
Total	$17,596	$175,965	$193,561	$7,440	$186,121	$185,838	$283
July	73	21	94	2	92	91	1
August	578	10,457	11,035	432	10,603	10,538	65
September	960	17,818	18,778	735	18,043	17,952	91
October	1,300	42,212	43,512	1,719	41,793	41,755	38
November	12,146	46,542	58,688	2,141	56,547	56,542	5
December	2,539	58,915	61,454	2,411	59,043	58,960	83
1954							
Total	101,772	279,560	381,332	7,897	373,435	313,974	59,461
January	19,559	37,309	56,868	1,887	54,981	54,919	62
February	20,043	30,296	50,339	1,459	48,880	48,880	
March	22,262	76,021	98,283	1,890	96,393	96,172	221
April	20,546	87,816	103,362	1,794	106,568	102,264	4,304
May	9,653	20,503	30,156	410	29,746	10,294	19,452
June	9,709	27,615	37,324	457	36,867	1,445	35,422
Program total	119,368	455,525	574,893	15,337	559,556	499,812	59,744

Other Liquidation

Foreclosure proceedings were completed during 1954 on 2,150 mortgages with unpaid principal balances of $18 million. Repayments, including the final repayments on 4,603 mortgages, aggregated $100 million. Of FNMA's total mortgage investment, 47 percent have been liquidated through sales, repayments, or by other means. The ratio of liquidation on FHA-insured mortgages from 1938 through 1954 was 53 percent; the ratio on VA-guaranteed mortgages from 1948 (when FNMA was authorized to purchase VA-guaranteed mortgages) through 1954 was 43 percent as compared with the ratio of 44 percent for FHA-insured mortgages during the same period. The VA ratio of liquidation through December 31, 1953, had been 29 percent.

Status of Purchasing Authority

Prior to the enactment of Public Law 560, 83d Congress, the total amount of investments, loans, purchases, and commitments that could be made by the Association could not exceed $3,650 million outstanding at any one time. The FNMA Charter Act, however, in requiring FNMA to establish separate accountability for each of its three functions or operations, prescribed separate limitations for each function, as follows:

1. Secondary Market Operations

Borrowing limitation of ten times the sum of the Association's capital, capital surplus, general surplus, reserves, and undistributed earnings, but no portfolio limitation was imposed;

2. Special Assistance Functions

Purchase and commitment authority not to exceed $300 million outstanding at any one time, including the purchase or the issuance of commitments to purchase not to exceed $100 million outstanding at any one time of immediate participations of a 20-percent undivided interest in mortgages but excluding the amount of any related deferred 80-percent participation commitments or purchases pursuant thereto. In order to utilize the $100 million of FNMA funds authorized for the purchase of immediate 20-percent participations, private mortgagees would be required to invest $400 million of private funds for 80-percent participations. Hence the total of $300 million of FNMA funds, plus $400 million of private funds, if employed to the maximum extent authorized by the legislation, would provide "special assistance" for mortgages in the aggregate amount of $700 million.

3. Management and Liquidating Functions

The total of the mortgages held by FNMA and the aggregate of its commitments under the Management and Liquidating Functions may not exceed those outstanding at October 31, 1954, and in no event may they exceed $3,350 million; thereafter the outstanding mortgages and commitments will be progressively reduced by orderly liquidation until completely eliminated.

An the end of 1954, the Association's portfolio consisted of 338,926 mortgages with aggregate principal balances of $2,476 million, representing a net increase during the year of $14.5 million in dollar amount and 769 in the number of mortgages. The 1954 year-end portfolio consisted of 92,868 FHA-insured mortgages amounting to $802 million (32 percent) and 246,044 VA-guaranteed mortgages totaling $1,632 million (66 percent) as compared with 25 percent and 75 percent, respectively, at the end of 1953 and 14 percent and 86 percent, respectively, at the end of 1952. In addition to FHA and VA mortgages, the FNMA portfolio at the end of 1954 also included 14 RFC Mortgage Company and Defense Homes Corporation mortgages, which were not insured or guaranteed, aggregating $42 million (2 percent). Outstanding commitments totaled $476 million at the end of 1954 which was $162 million less than the $638 million outstanding commitments at the end of 1953.

SECTION 3
ADMINISTRATION

Management

The statutory charter of FNMA provides for a five-member Board of Directors which determines the policies of the Association. The Administrator of the Housing and Home Finance Agency is Chairman of FNMA's Board of Directors and the other four members are appointed by the Administrator from among the officers and employees of the Association, or the immediate office of the Administrator or (with the consent of such department or agency) of any other department or agency of the Federal Government. The business affairs of the Association are administered by its president as chief executive officer.

The FNMA Charter Act provides that, as soon as practicable after all of the preferred stock held by the Secretary of the Treasury has been retired, the Housing and Home Finance Administrator shall transmit to the President of the United States for submission to the Congress recommendations for such legislation as may be necessary or desirable to effect the transfer to the owners of the then outstanding stock the assets and liabilities in connection with, and the management and control of, FNMA's Secondary Market facility.

Operations

Prior to its transfer to HHFA in September 1950, FNMA's activities were conducted in 31 offices maintained by RFC. The Association's activities are now administered through 5 field offices located throughout the country so as to best serve the needs of the organizations that do business with the Association. In addition to these field offices, FNMA maintains a mortgage sales office in New York City, and an administrative office in Washington, D. C. During 1954 the Association's personnel increased from 548 to 581, a net increase of 33, which was attributable to (*a*) the additional work occasioned by the transfer to the Association from the RFC of the assets of the Defense Homes Corporation and The RFC Mortgage Company under Reorganization Plan Number 2 of 1954; (*b*) the additional duties and responsibilities growing out of the provisions of the Housing Act of 1954 (Public Law 560, 83d Cong.); and (*c*) the increased requirements occasioned by the Association's so-called one-for-one purchase and

sales program authorized by the Housing Amendments of 1953 (Public Law 94, 83d Cong.). The December 1954 personnel, however, represented a net reduction of 373 from the 954 positions authorized at the time FNMA was transferred to HHFA in September 1950. This achievement is particularly significant in view of the fact that the Association's portfolio has more than doubled since September 1950.

The Association is, within the meaning of the Government Corporation Control Act, a wholly owned agency of the Government; it is self-supporting and receives no direct appropriations for the payment of its administrative or other expenses, although it is limited by provisions contained in the Annual Independent Offices Appropriations Act as to the amount of its funds that may be expended for administrative expenses. FNMA's net income in 1954 was $30.7 million, and cumulatively through December 31, 1954, it aggregated $171.2 million. Since 1938 the Association has paid dividends of $164.4 million which were either paid or transferred into the Treasury, and includes $72 million paid to the Treasury during 1954. In addition to these dividends, on December 31, 1954, the Association had a surplus reserve of $0.4 million which was established as an offset to the Association's liability for employees' accrued annual leave, and an undistributed surplus of $6.4 million. FNMA has paid a total of $204.9 million in interest to the Treasury on its borrowings, including $48 million that was paid during 1954.

The FNMA Charter Act requires FNMA, with respect to its Secondary Market Operations, to pay annually to the Secretary of the Treasury an amount equivalent to the amount of Federal income taxes for which it would be subject if it were not exempt from such taxes in the Secondary Market Operations. The extent of the business that was conducted by the FNMA Secondary Market facility in the last 2 months of 1954 during which the facility was operating was not, however, of such volume as to require the payment of an income tax equivalent for that period.

TABLE 136

FNMA home financing activity during 1954 and at end of 1954

[In millions of dollars]

National Housing Act (FHA) and Servicemen's Readjustment Act (VA) by section of law	Advance commitments and purchase authorizations	Commitments canceled	Purchases	Repayments	Sales (net)	Discounts	Other credits	At end of 1954: Undisbursed commitments	At end of 1954: Mortgage portfolio
	During calendar year 1954								
Total	$468.6	$51.1	$658.1	$100.3	$515.4	$9.8	$18.1		
Total, FHA-insured mortgages	166.9	50.0	353.6	23.2	134.3	1.2	13.8		
Sec. 8, NHA	19.7	.2	19.5	1.0	1.6	(1)	.1		
Sec. 203, NHA	31.8	.2	45.0	7.8	28.6	.2	.7		
Sec. 207, NHA	1.0	(1)	11.5	.4	3.0	(1)			
Sec. 213, NHA	11.0	8.6	19.3	.5	1.1	.1	3.4		
Sec. 603, NHA	.1		.1	4.6	5.5	(1)			
Sec. 608, NHA				.2	.3	.7			
Sec. 803, NHA	37.2	24.3	62.2	.4	61.8	.1	8.7		
Sec. 903, NHA	63.6	9.2	180.2	8.1	21.8	.1	.9		
Sec. 908, NHA	2.3	7.5	15.8	.2	10.6				
Total, VA-guaranteed mortgages	258.2	1.1	260.8	75.8	381.1	8.6	4.3		
Sec. 501, SRA (home)	258.2	1.1	260.8	75.3	374.7	8.5	4.3		
Sec. 501, SRA (multiple dwelling)				.1	6.2	.1			
Sec 502, SRA				.1	(1)		(1)		
Sec. 505(a), SRA	(1)		(1)	.3	.2		(1)		
Defense Homes Corporation loans	41.5		41.5	.7					
RFC Mortgage Company direct loans	2.2		2.2	.6					
	Cumulative (Feb. 10, 1938–Dec. 31, 1954)								
Total	$5,672.3	$842.4	$4,601.8	$495.5	$1,550.9	$17.3	$62.0	$228.1	$2,476.1
Outstanding Advance Contracts								247.6	
Total								475.7	
Total, FHA-insured mortgages	2,436.6	504.7	1,711.2	188.5	676.9	1.7	42.0	220.7	802.1
Sec. 8, NHA	49.3	.7	48.1	2.4	1.9	(1)	.1	.6	43.7
Sec. 203, NHA	723.3	121.6	594.0	123.2	312.6	.3	4.8	7.7	153.1
Sec. 207, NHA	40.4	1.6	34.8	5.2	3.4	.1	1.3	4.0	21.9
Sec. 210, NHA	.9	.6	.3	.2			(1)		
Sec. 213, NHA	57.1	8.6	35.6	.8	1.1	(1)	(1)	12.9	33.7
Sec. 603, NHA	367.3	27.6	339.6	42.6	215.2	.2	15.4		66.2
Sec. 608, NHA	323.9	251.4	66.3	1.0	37.7	(1)	10.6	6.2	17.0
Sec. 803, NHA	288.3	53.9	115.7	.7	72.1	.9		118.7	42.0
Sec. 903, NHA	520.7	21.0	448.4	12.2	22.3	.1	8.9	51.3	404.9
Sec 908, NHA	65.4	17.7	28.4	.2	10.6	.1	.9	19.3	16.6
Total, VA-guaranteed mortgages	3,192.0	337.7	2,846.9	305.9	874.0	15.6	20.0	7.4	1,631.6
Sec 501, SRA (home)	3,148.9	327.8	2,813.7	301.8	852.0	15.5	19.7	7.4	1,624.6
Sec. 501, SRA (multiple dwelling)	11.0	1.9	9.0	1.0	6.9	.1			1.1
Sec. 502, SRA	2.0	.1	1.9	.4	(1)		(1)		1.4
Sec. 505(a), SRA	30.1	7.9	22.3	2.5	15.1	(1)	.3		4.5
Defense Homes Corporation loans	41.5		41.5	.7					40.8
RFC Mortgage Company direct loans	2.2		2.2	.6					1.6

[1] Less than $0.05 million.

TABLE 137

FNMA participation in defense, military and disaster housing program during 1954 and at end of 1954

[In millions of dollars]

National Housing Act (FHA) and Serviceмen's Readjustment Act (VA) by section of law	Advance-commitments and purchase authorizations	Commitments canceled	Purchases	Sales (Gross)	Repayments and other credits	At end of 1954	
						Undisbursed commitments	Mortgage portfolio
	During Calendar Year 1954						
Total	$117.8	$42.5	$287.4	$109.8	$21.0		
Total, defense	80.0	22.1	233.1	47.1	20.3		
Sec. 8, NHA							
Sec. 203, NHA	(.2)	.3	7.0	1.8	.6		
Sec. 207, NHA			4.8	3.0	.1		
Sec. 803, NHA	.2	4.1	8.4		.1		
Sec. 903, NHA	63.5	9.1	180.2	21.8	16.7		
Sec. 908, NHA	2.2	7.5	15.7	10.7	1.2		
Sec. 501, SRA	14.3	1.1	17.0	9.8	1.6		
Total, disaster	.7	.2	.4	.1	.4		
Sec. 8, NHA	.5	.2	.4		.3		
Sec. 203, NHA	.1				(1)		
Sec. 501, SRA	.1			.1	.1		
Total, military	37.1	20.2	53.9	62.6	.3		
Sec. 207, NHA							
Sec. 803, NHA	37.1	20.2	53.9	62.6	.3		
	Cumulative (July 16, 1951–Dec. 31, 1954)						
Total	$1,008.0	$101.2	$709.2	$124.6	$28.8	$197.6	$555.8
Total, defense	719.1	50.6	585.9	51.1	27.4	82.6	507.4
Sec. 8, NHA	(1)		(1)				(1)
Sec. 203, NHA	18.3	1.4	16.7	4.3	1.0	.3	11.4
Sec. 207, NHA	11.9	.5	11.4	3.0	.7		7.7
Sec. 803, NHA	16.8	4.1	8.4		.1	4.4	8.3
Sec. 903, NHA	620.7	21.0	448.4	22.4	21.0	51.4	405.0
Sec. 908, NHA	65.4	17.5	28.4	10.7	1.2	19.3	16.6
Sec. 501, SRA	86.0	6.1	72.6	10.7	3.4	7.2	58.4
Total, disaster	17.2	.6	15.9	.5	.8	.7	14.6
Sec. 8, NHA	12.4	.6	11.3	.1	.5	.6	10.7
Sec. 203, NHA	.7	(1)	.6		(1)	.1	.5
Sec. 501, SRA	4.1	(1)	4.0	.4	.3		3.4
Total, military	271.7	50.0	107.4	73.0	.6	114.3	33.8
Sec. 207, NHA	.1		.1		(1)		.1
Sec. 803, NHA	271.6	50.0	107.3	73.0	.6	114.3	33.7

[1] Less than $0.05 million.

TABLE 138

FNMA home financing activity by month: 1954

[In millions of dollars]

Month	Advance commitments and purchase authorizations	Commitments canceled	Undisbursed commitments at end of month	Purchases	Repayments	Sales (net)	Discounts	Other credits	Mortgage portfolio at end of month
Total	468.6	51.1		658.1	100.3	515.4	9.8	18.1	
January	20.2	0.6	451.0	37.3	6.8	55.0	1.9	0.9	2,434.4
February	27.2	.3	430.5	47.4	7.6	48.9	1.5	.2	2,423.6
March	25.2	1.4	405.6	48.7	7.4	96.4	1.9	.6	2,366.0
April	28.9	.6	383.8	50.1	7.5	106.7	1.7	1.0	2,299.2
May	23.9	2.4	366.8	38.5	7.2	29.7	.4	.9	2,299.5
June	65.6	11.8	370.2	50.4	8.5	36.9	.4	3.0	2,301.1
July	141.3	2.5	347.5	161.5	8.2	36.1	.3	3.5	2,414.5
August	17.3	4.4	327.4	33.0	8.8	38.4	.7	1.8	2,397.8
September	19.1	6.9	301.8	37.8	8.9	18.6	.3	1.4	2,406.3
October	22.6	9.7	275.7	39.0	9.1	23.1	.3	2.6	2,410.2
November	32.1	3.8	254.0	50.0	9.5	11.1	.2	1.3	2,438.1
December	45.2	6.7	228.1	64.4	10.8	14.5	.2	.9	2,476.1

TABLE 139

FNMA refinancing operations by calendar years 1938–54

[In millions of dollars]

Year	Advance commitments and purchase authorizations	Commitments canceled	Undisbursed commitments (end of period)	Purchases	Sales (gross)	Repayments and other credits	Mortgage portfolio (end of period)
1938	102.2	2.5	17.5	82.2	----------	1.9	80.3
1939	69.9	5.5	7.8	74.1	.4	7.2	146.8
1940	51.1	2.5	8.4	48.0	(1)	13.7	181.1
1941	42.3	2.1	6.3	42.3	(1)	16.6	206.8
1942	18.4	1.1	.4	23.2	----------	19.1	210.9
1943	1.2	.1	(1)	1.5	126.6	21.3	64.5
1944	.2	(1)	----------	.2	(1)	12.3	52.4
1945	.1	----------	(1)	.1	38.6	6.5	7.4
1946	.1	----------	(1)	(1)	(1)	1.8	5.6
1947	.8	(1)	.7	.1	----------	1.3	4.4
1948	431.9	8.0	226.7	197.9	----------	3.0	199.3
1949	1,356.1	86.5	824.1	672.2	19.8	23.3	828.4
1950	1,069.7	364.4	485.1	1,044.3	469.4	56.6	1,346.7
1951	684.1	252.8	239.1	677.3	111.1	63.4	1,849.5
1952	642.3	20.6	322.9	537.9	55.9	89.8	2,241.7
1953	733.3	45.0	468.7	542.5	221.1	101.4	2,461.6
1954	468.6	51.1	228.1	658.1	525.2	118.4	2,476.1

[1] Less than $0.05 million.

TABLE 140

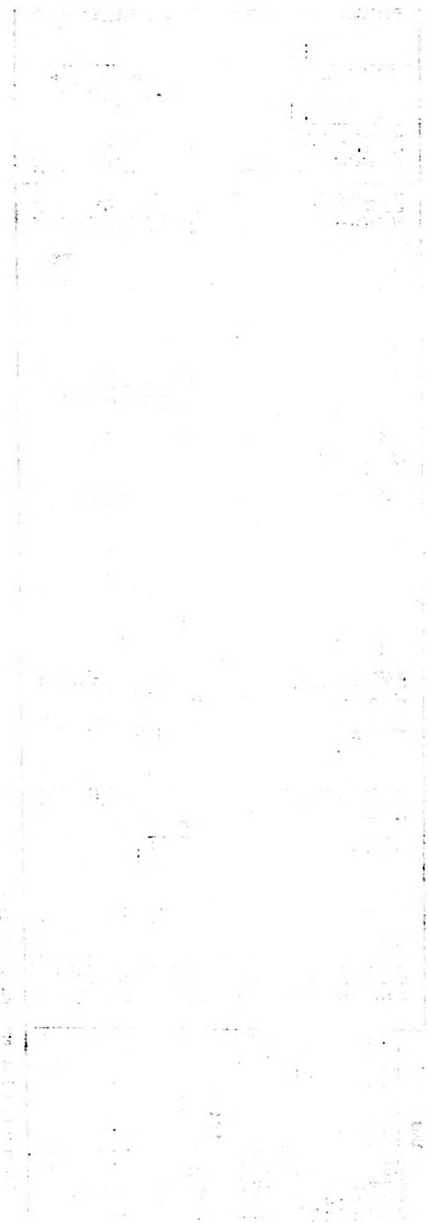
FNMA sales and purchases by month: 1953–54

[Thousands of dollars]

Year and month	FNMA total	Defense Homes Corp.	RFC Mtg Co. direct loans	Federal Housing Administration										Veterans' Administration			
				Total	Sec. 8	Sec. 203	Sec. 207	Sec. 213	Sec. 603	Sec. 608	Sec. 803	Sec. 903	Sec. 908	Total	Sec. 501	Sec. 502	Sec. 505 (a)
	Purchases																
1953																	
January	61,032	-------	-------	26,131	960	8,430	591	1,074	-------	31	-------	14,697	348	34,901	34,901	-------	-------
February	53,073	-------	-------	22,339	1,258	7,835	41	538	-------	-------	-------	12,667	-------	30,734	30,734	-------	-------
March	80,914	-------	-------	43,099	1,048	10,486	4,529	5,481	-------	553	4,820	15,400	782	37,815	37,815	-------	-------
April	67,950	-------	-------	38,234	826	8,956	12	1,360	-------	-------	4,026	22,965	89	29,716	29,716	-------	-------
May	40,283	-------	-------	30,357	402	3,531	4,828	407	-------	-------	408	18,195	2,496	9,926	9,926	-------	-------
June	30,802	-------	-------	22,530	186	2,532	34	359	-------	102	4,781	14,436	-------	8,272	8,272	-------	-------
July	38,519	-------	-------	33,266	97	1,386	330	114	-------	-------	14,470	16,869	-------	5,253	5,253	-------	-------
August	33,154	-------	-------	29,514	42	2,662	37	625	-------	4,979	8,614	12,555	-------	3,640	3,640	-------	-------
September	26,317	-------	-------	23,331	18	2,479	154	3,983	-------	-------	-------	15,548	1,149	2,986	2,986	-------	-------
October	38,587	-------	-------	32,916	19	4,429	3,288	10	-------	-------	7,928	14,751	2,491	5,671	5,671	-------	-------
November	30,004	-------	-------	21,764	5	5,052	176	-------	-------	-------	2,991	13,540	-------	8,240	8,240	-------	-------
December	41,822	-------	-------	31,612	96	2,739	3,078	-------	-------	-------	3,564	18,144	3,991	10,210	10,210	-------	-------
1954																	
January	37,336	-------	-------	26,128	109	2,055	30	-------	-------	-------	4,050	19,629	255	11,208	11,208	-------	-------
February	47,369	-------	-------	36,852	124	2,203	419	345	-------	-------	5,014	26,313	2,434	10,517	10,517	-------	-------
March	48,685	-------	-------	36,705	339	8,899	291	190	-------	-------	2,044	24,346	596	11,980	11,980	-------	-------
April	50,118	-------	-------	37,096	315	3,427	1,311	2,058	-------	-------	11,285	17,601	1,099	13,022	13,022	-------	-------
May	38,444	-------	-------	25,229	383	4,739	416	1,923	-------	-------	573	16,538	657	13,215	13,215	-------	-------
June	50,427	-------	-------	34,179	725	2,633	98	2,257	-------	-------	9,534	18,850	82	16,248	16,248	-------	-------
July	117,923	41,519	2,154	40,958	1,617	5,209	61	3,323	62	-------	15,354	15,332	-------	76,965	76,962	-------	3
August	32,985	-------	-------	16,796	1,270	2,718	5,991	672	-------	-------	-------	5,254	891	16,189	16,189	-------	-------
September	37,767	-------	-------	19,984	1,710	1,521	97	1,307	-------	-------	5,722	6,008	3,619	17,783	17,783	-------	-------
October	38,968	-------	-------	20,497	1,434	1,691	2,780	1,944	-------	-------	-------	11,820	828	18,471	18,471	-------	-------
November	50,038	-------	-------	26,018	6,177	2,192	10	2,648	-------	-------	4,355	8,455	2,181	24,020	24,020	-------	-------
December	64,363	-------	-------	33,135	5,285	7,662	23	2,651	-------	-------	4,317	10,024	3,173	31,228	31,228	-------	-------

	Sales (gross)																	
1953																		
January	9,870			7,267	4	1,556				5,707				2,603	2,594			9
February	2,786			804	42	581			78	95		8		1,982	1,971			11
March	7,296			4,572	5	4,381						186		2,724	2,667			57
April	3,498			873	18	855								2,625	2,579			46
May	3,130			1,212		1,204			8					1,918	1,902			16
June	810			228		229				(1)				582	559	6		17
July	266			231		231								35	35			
August	11,036			579		301			63			215		10,457	10,457			
September	18,778			960		944			16					17,818	17,817			1
October	43,512			1,300		1,093			207					42,212	42,191			21
November	58,689			12,148		1,791			1,687		8,581	89		46,541	46,507			34
December	61,455			2,539		2,499			40					58,916	58,907			9
1954																		
January	56,868			19,559		2,412			199		14,777	1,031	1,140	37,309	37,304			5
February	50,339			20,043		2,555	3,000		620	325	12,252	[1] (5)	1,296	30,296	30,296			
March	98,283			22,262		5,444		96	151		11,866	3,216	1,489	76,021	76,003			18
April	108,362			20,546	77	8,461			931		4,729	5,194	1,154	87,816	87,750			66
May	30,158			9,655	532	4,433					2,042	2,648		20,503	20,481	9		13
June	37,321			9,706	990	1,595			6		[1] (1)	5,209	1,907	27,615	27,592			23
July	36,508			12,303	1	1,319		1,036	1,378		7,657	824	88	24,205	24,184			21
August	39,061			4,937	39	471			727		442	3,258		34,124	34,114			10
September	18,909			4,815	4	345			106		4,352	8		14,094	14,093			1
October	23,412			9,312		473			786		4,460	449	3,144	14,100	14,084			16
November	11,323			1,714	13	533			700				468	9,609	9,602	7		
December	14,688			717	4	713								13,971	13,969			2

[1] Represents adjustment from previous year.



PART VI

Eighth Annual Report

HOUSING AND HOME FINANCE AGENCY

Covering the Activities of the

COMMUNITY FACILITIES ADMINISTRATION

SECTION 1

INTRODUCTION

The Community Facilities Administration was established as a constituent unit of the Housing and Home Finance Agency on December 23, 1954, by Reorganization Order No. 1, issued by the HHFA Administrator pursuant to the authority contained in Title I of the Independent Offices Appropriation Act, 1955. This Order transferred to the Community Facilities Administration the programs and staff of the Division of Community Facilities and Special Operations, Office of the Administrator.

The Community Facilities Administration has been assigned the responsibility for administering the following programs:

Loans to institutions of higher learning to finance student and faculty housing.

Advances to State and local governments for reserve of planned public works.

Public facility loans to State and local governments to finance construction of public works.

Loans and grants to local governments for construction of community facilities in critical defense housing areas, authorized under Public Law 139, 82d Congress.

Supervision and disposition of securities held by HHFA in connection with the foregoing programs.

Supervision of construction of school facilities for which Federal aid is provided by the Office of Education, under agreement with the Commissioner of Education.

The management and liquidation of certain programs for which legislative authority has terminated, including prefabricated housing loans, two previous advance planning programs, war public works under the Lanham Act, and Alaska Housing.

SECTION 2

ACTIVE OPERATING PROGRAMS

College Housing Program

The year 1954 was the fourth full year of operation of the college housing program authorized under Title IV of the Housing Act of 1950. Title IV authorized direct Federal loans at reasonable rates of interest to aid institutions of higher learning in meeting their needs for additional housing for students and faculty. This need has been acute since the end of World War II. At the time the law was enacted, college and university enrollments were setting record levels and included nearly a million veterans. Since then, enrollments have risen even higher. The problem of housing these record numbers of students and faculty has been accentuated by the deterioration of temporary housing which had been pressed into service after the war.

The authority which the law gives to the Administrator to borrow from the Treasury limits the total of such borrowings to not more than $300 million outstanding at any one time. Releases of borrowing authority by the President were in the amount of $40 million for fiscal 1952, $60 million for fiscal 1953, $50 million for fiscal 1954, and $50 million for fiscal 1955, or a total of $200 million. According to the Act, loans are to be repaid by the colleges within a period of not more than 40 years, and, as provided by the Housing Amendments of 1953, the interest rate is established by the Administrator, with a lower limit related to the yields on long-term Government bonds. During the first 6 months of calendar 1954 the rate was 3½ percent; during the last 6 months of the year it was 3¼ percent.

It has been the policy of the Agency to encourage the participation of private investment in the program at all stages. During the 4 years of the program's operations, when the Administrator approved a cumulative total of $124.5 million in loans, 73 applications totaling about $71 million were withdrawn or rescinded at some stage in the processing because the institutions had been able to secure private financing at comparable terms.

The law provides that, before an institution can obtain a loan under the program, it must demonstrate that private financing is not available on comparable terms and conditions. The bonds offered by the college as evidence of the obligation must be offered for public sale, and comparable terms of private financing were considered to be a

bid at an interest rate not more than one-tenth of 1 percent above the college housing interest rate. This differential was increased to one-quarter of 1 percent on July 1, 1954.

During the calendar year 1954, 102 applications totaling $60,024,745 were filed by colleges and universities. During the same period, 54 applications, totaling $31,160,000 were approved by the Administrator. The following table shows the applications received and approved in 1954, with the same information for each of the first 3 years of the program's operation. It also shows the number of accommodations to be provided for men, women, student families, and faculty members.

TABLE 141

Applications received and approved under the college housing program

Calendar year	Number	Amount	Accommodations to be provided			
			Men	Women	Student families	Faculty
Total, applications received	382	$266,130,658	52,367	27,726	1,264	1,151
1951	53	40,482,171	9,888	2,106	----------	153
1952	92	82,022,124	17,912	6,017	411	389
1953	135	83,601,618	17,051	10,370	443	341
1954	102	60,024,745	7,516	9,233	410	268
Total, applications approved	158	124,445,000	25,242	12,095	[1] 260	489
1951	17	16,895,000	4,073	855	----------	87
1952	26	24,213,000	6,005	1,499	68	56
1953	61	52,177,000	12,829	3,004	234	148
1954	54	31,160,000	2,335	6,737	----------	198

[1] Reduced by rescissions or revisions.

Source: Community Facilities Administration, HHFA.

In addition to the approvals shown in the above table, as of December 31, 1954, another 49 applications totaling $31,306,000 had been given preliminary approval and funds had been reserved, thus bringing the total of commitments through approvals and preliminary reservations to $155,751,000 against the $200 million available.

Within HHFA, the college housing program is administered through the College Housing Branch in the Community Facilities Administration. Title IV of the Housing Act of 1950 authorizes the Administrator to consult with and secure the advice of the Office of Education in the Department of Health, Education, and Welfare. The procedures established by the College Housing Branch to secure such advice on all applications have worked smoothly and the Office of Education has been of great assistance to the Agency through its advice on the educational aspects of the program.

Public Facility Loans

The Housing Act of 1954 placed in the Housing Administrator authority to make public facility loans. This program was originally provided for in the RFC Liquidation Act, which authorized loans to State and local public agencies to assist in financing the construction of public projects undertaken pursuant to Federal, State, or local law. This assistance may be extended only if financing is not otherwise available on reasonable terms.

The Supplemental Appropriation Act, 1955, approved August 26, 1954, contained an appropriation of $2,000,000 as the first payment into the $50 million revolving fund authorized in the enabling legislation.

The designation of the Administrator and the appropriation of funds for this program occurred too late in the current year to permit the implementation of the program in time to develop any great amount of activity. However, as of the end of 1954, 206 inquiries regarding financing of public facilities had been received, 141 of which concerned proposed sewer or water systems.

The Administrator has delegated to the Community Facilities Commissioner operating responsibility for this program which will be administered through the regional offices of the Housing and Home Finance Agency. As of the close of 1954, the regional offices had released application forms to 42 potential applicants.

Defense Community Facilities Program

The defense community facilities program was set up by Public Law 139 to aid in meeting urgent need that had developed in many defense housing areas for the provision or expansion of vital community facilities. These community facilities included waterworks, sewerage systems, street improvements, and fire and police protection facilities.

The Act authorized up to $100 million in Federal loans and grants for this type of assistance to local governmental agencies in critical defense housing areas. Actual appropriations under the Act amounted to $20.6 million to HHFA and $8 million to the Department of Health, Education, and Welfare. Responsibility for water and sewage treatment was delegated to DHEW.

The authority for the making of new loans and grants was extended by Congress to June 30, 1954. Subsequent to that date, the program has been on a standby basis.

The 100 projects which had been approved as of December 31, 1953, were reduced to 97 projects during the current year by cancellations. Of these projects, 75 were the sole responsibility of this Agency, while the responsibility for 22 was shared jointly with United States Public Health Service of the DHEW.

The total estimated cost of the 97 projects amounted to $45.0 million. The USPHS portion of this total was $11.2 million, including the applicants' contributions, and HHFA was responsible for the remaining $33.8 million. Under its responsibility, this Agency had approved a total of $15.7 million in grants and $3.6 million in loans, with the provision that $14.5 million should be provided by the sponsors of the projects.

Of the 97 projects approved, 19 were under construction, 77 were completed, and 1 had not yet reached the construction stage. This project was involved in legal difficulties.

Of the 96 projects completed or under construction, 35 were for water facilities, 39 for sewers, 11 for water and sewer, and 11 for other types of facilities. Forty-eight final project reports have been received, 3 of which covered terminated projects, with a small amount of Federal funds involved. Approximately 82 amendments involving increases and decreases in allotted funds were processed during 1954.

Reserve of Planned Public Works

The Housing Act of 1954, authorized the Administrator to advance funds to public bodies with which to plan needed public works. Public works are considered to mean those public facilities other than housing, which the public body has legal authority to plan, finance, construct, maintain, and operate. The Act authorized $10 million and the sum of $1.5 million was appropriated.

The program is regarded as an important component of antirecessionary planning. Many smaller communities do not have funds immediately available to produce preliminary surveys and designs. Assistance to such communities will help them to develop plans for public works ready for initiation, which would otherwise take months to prepare. The reservoir of well-planned public works which this program will produce, will provide for a constant high level of public works construction thus maintaining the high economic level of the Nation.

The law limits the total amount available for advances in any one State to not more than 5 percent of the total appropriated funds. It is the policy of the Agency to give priority to those projects which will develop maximum construction at minimum planning costs and which will serve the most demanding needs in the community. No elaborate, long-range, planning project is considered and each application is confined to a single specific public works project.

Approval will be given for the preparation of preliminary plans only. No advances are to be made for reimbursement purposes on plans already developed or under preparation nor for planning a project which is included in an urban renewal project area or contemplated

to be included therein. Advances become due and repayable whenever any of the work contemplated by the approved preliminary plans is placed under construction.

Since the program was just getting underway at the end of 1954, no advances had been made. However, more than 300 inquiries had been received and 250 public bodies were preparing Qualification Statements, the first step in the process of securing an advance.

School Construction Program

On September 23, 1950, the school construction program came into being under Public Law 815. The purpose of this law was to provide schools in areas where Federal activities had caused an increase in school population. Under the law it is possible to (*a*) make Federal grants to assist local school districts in the expansion of their school facilities to meet the increased needs arising out of Federal activities in the area; (*b*) construct a limited amount of temporary or permanent school facilities primarily in those areas where local school districts are unable to provide facilities for children living on Federal property because State laws preclude the extension of the State's educational activities to such children; and (*c*) assist those local school districts which can undertake to provide for the education of children living on Federal property, most of whom are Indian children living on tax-exempt land.

The original law creating the program, Public Law 815, 81st Congress, was amended by Public Law 246, 83d Congress, which extended the original law and created Titles III and IV. Public Law 357, 83d Congress, provided funds for districts which qualified for assistance under the original law but failed to receive such assistance because of lack of funds. Public Law 731, 83d Congress, extended Title III.

Responsibility for administration of the school construction program rests with the Office of Education, Department of Health, Education, and Welfare. However, pursuant to a working agreement between the Office of Education and the Housing and Home Finance Agency, the Community Facilities Administration performs the necessary engineering, legal and financial services for the Office of Education. These services are financed by advances of funds from those appropriated to the Department of Health, Education, and Welfare.

There are two types of projects under this program, the Federal project and the non-Federal project. In the Federal projects, the Community Facilities Administration through the Field Service of the Office of the Administrator has full responsibility for all planning and construction operations. It prepares cost estimates and preliminary design data, and upon approval of the project by the Office of

Education, it secures architectural services, approves plans and specifications, awards construction and equipment contracts, inspects construction and equipment, makes payments to architects, contractors, and suppliers, and transfers completed schools to the Office of Education.

In the non-Federal projects, the local school districts are the builders and Community Facilities Administration gives advice, approves plans and specifications, supervises construction, recommends payment of Federal funds, and otherwise acts in a helping and supervisory capacity. The completed facility becomes the property of the local school district.

At the end of 1954, fund reservations had been made for a total of 2,441 projects under the program as may be seen in table 142. Of this number, 1,054 had been completed, 456 were under construction, 419 were in the planning stage prior to going under construction, and 167 were expected to be approved during the next few months. In addition, there were 345 reimbursement projects in which the school district constructs the project itself to be later reimbursed from Federal funds. The Department of Health, Education, and Welfare has approved a total of 1,891 projects, as shown in table 143.

TABLE 142

School construction program

	Number of projects					
	Calendar year 1954					Cumulative total as of Dec. 31, 1954
	Public Law 815	Public Law 246	Unpaid entitlements		Total	
			Reimbursement	Construction		
All types of projects:						
Fund reservations	10	559	345	[1] 138	1,052	2,441
Reports by HHFA	11	525	232	62	830	2,161
Construction starts	114	174	----------	1	289	1,510
Completions	630	5	----------	----------	635	1,054
Non-Federal construction:						
Fund reservations	5	529	345	[1] 138	1,017	2,286
Reports by HHFA	6	496	232	62	796	2,013
Construction starts	97	159	----------	1	257	1,377
Completions	574	5	----------	----------	579	984
Federal construction:						
Fund reservations	5	30	----------	----------	35	[2] 155
Reports by HHFA	5	29	----------	----------	34	[2] 148
Construction starts	17	15	----------	----------	32	133
Completions	56	----------	----------	----------	56	70

[1] Does not include 27 applications combined with Public Law 246 projects.
[2] Does not include 2 projects canceled prior to construction.

TABLE 143

Number of projects under Titles II, III, and IV of the school construction program

	Approved by Department of Health, Education, and Welfare			Placed under construction		
	Total	Non-Federal construction Sec. 202, 305, 401 Public Law 357	Federal construction Sec. 204/310 Sec. 203/309	Total	Not yet completed	Completed
	Cumulative data from September 1950 through—					
1951, December	302	238	64	153	150	3
1952, December	958	865	93	475	396	79
1953, December	1,328	1,214	114	1,221	802	419
1954, December	1,891	1,745	146	1,510	456	1,054
1954:						
January	1,342	1,226	116	1,248	792	456
February	1,366	1,249	117	1,264	726	538
March	1,419	1,292	127	1,293	686	607
April	1,447	1,318	129	1,310	616	694
May	1,483	1,346	137	1,325	584	741
June	1,499	1,362	137	1,354	538	816
July	1,517	1,379	138	1,373	507	866
August	1,593	1,448	145	1,399	487	912
September	1,653	1,508	145	1,436	474	962
October	1,764	1,618	146	1,445	445	1,000
November	1,821	1,675	146	1,475	452	1,023
December	1,891	1,745	146	1,510	456	1,054

During 1954, work was begun on 247 non-Federal projects and 32 Federal projects. Nonfederally constructed projects completed during the year totaled 579, while 56 Federal projects were completed in the same period.

SECTION 3

PROGRAMS IN LIQUIDATION

Prefabricated Housing Loans

Reorganization Plan No. 23, 1950, transferred to the HHFA Administrator from the Reconstruction Finance Corporation authority for providing financial assistance to the manufacturers of prefabricated houses and housing components. Authority for such loans was provided by Sections 4(a)1 and 5(d)2 of the Reconstruction Finance Corporation Act, the Veterans' Emergency Housing Act of 1946, and Section 102 of the Housing Act of 1948. In September 1951, Section 102a was added to the Housing Act of 1948 by Public Law 139, in order to permit loans to assist production of defense housing.

As of June 30, 1953, the Administrator's authority to make loans had either expired or had been withdrawn except for loans made in furtherance of, or for refinancing existing loans, where such action was determined to be in the best interest of the Government.

The authority to make additional loans in furtherance of existing loans was withdrawn as of June 30, 1954.

During 1954, all activities under this program were directed toward an early and orderly liquidation of the outstanding loans. Repayments on principal amounted to $3.5 million. These repayments included 200 first mortgages aggregating $1,290,000 on individual homes. These mortgages, which were accepted from one borrower in partial payment of its loan balance, are for the most part insured by FHA or guaranteed by VA.

Except for 2 loans with 10-year terms, which were originally written by the RFC on such favorable interest rates that there seems little likelihood of their being refinanced or repaid at an early date, the remaining outstanding items should be liquidated during the forthcoming year.

It is anticipated that the loan commitment of $110,000, undisbursed as of December 31, 1954, will be disbursed during the early part of 1955.

The following table summarizes the status of the program both at the end of 1953 and 1954:

TABLE 144

Status of prefabricated housing program

Item	As of Dec. 31, 1953		As of Dec. 31, 1954	
	No. of borrowers	Amount (000)	No. of borrowers	Amount (000)
Outstanding principal balance	27	$8,139	21	$5,835
Sec. 102	6	4,497	4	1,692
Sec. 102a	3	3,528	1	4,121
Sec. 4(a)1	2	109	1	18
Sec. 5(d)2	16	5	15	4
Undisbursed loan commitments	6	6,872	1	110
Sec. 102	2	4,826	0	0
Sec. 102a	4	2,046	1	110

Liquidation of Disaster Relief Program

Public Law 875, 81st Congress, as amended by Public Law 107, 82d Congress, authorized the President to declare "major disaster" areas in any area which had suffered sufficient hardship as a result of disasters from natural causes, such as floods, fires, hurricanes, drought, etc., and thereby provide Federal assistance as a supplement to State and local efforts in alleviating hardship resulting from such catastrophe.

Fifty-two such major disasters involving Federal grants of almost $40 million, had been administered by the CFA prior to the transfer of the function to the Federal Civil Defense Administration by Executive Order dated January 16, 1953. The Executive Order provided that the HHFA was to carry out and complete all activities, including reports thereon, in connection with any disaster which occurred prior to January 16, 1953.

As of December 31, 1954, there remained 7 disaster projects. For 6 of these, there was a total unobligated balance of $1,208,000, while 2 projects had outstanding obligations of Federal funds to the States of $169,000.

Liquidation of Advance Planning of Non-Federal Public Works

Title II of the War Mobilization and Reconversion Act of 1944 established a program of interest-free repayable advances to help States and local governments plan non-Federal public works. Under Public Law 352, 81st Congress, a second and generally similar program was established. The authority to make advances has expired and both programs are now in liquidation.

Through December 31, 1954, a total of $62.9 million of planning advances had been approved under these programs for 7,707 projects, with an estimated construction cost of $3.6 billion. About half of all approved projects are for sewer, water, and sanitary facilities; slightly less than one-third are for schools, other educational facilities, hospitals, and health facilities; and the remainder include other public buildings, highways, roads, bridges, etc. As of December 31, 1954, construction had started on 3,768 projects with an estimated cost of more than $1.7 billion, and repayments amounted to $27.4 million, or about 44 percent of the total of $62.9 million of advances actually disbursed.

As a result of the 2 advance planning programs, State and local authorities had available on December 31, 1954, a reserve or shelf of non-Federal public works consisting of 2,725 projects, with an estimated cost of more than $1.5 billion. Planning had been completed on all but 13 projects in the reserve.

The following table summarizes the status of the 2 advance planning programs as of December 31, 1954:

TABLE 145

First and second advance planning programs

Status of activity	No. of projects	Estimated construction cost (000,000)	Amount of advances (000,000)
	First and second advance planning programs		
Total approved	7,707	$3,627.5	$62.9
Plans incomplete	92	97.9	1.3
In process	13	97.9	.9
Uncollected GAO claims	79		.4
Plans completed	7,615	3,529.5	61.6
Construction started	3,768	1,751.8	27.4
Active, awaiting contract	2,712	1,473.5	27.4
Abandoned	1,035	277.5	6.2
Uncollected GAO claims	100	26.7	.5
Potential reserve (construction not started)	2,725	1,571.4	28.3
	First advance planning program		
Total approved	6,526	2,586.5	46.0
Plans incomplete	72		.4
In process			
Uncollected GAO claims	72		.4
Plans completed	6,454	2,586.5	45.7
Construction started	3,089	1,223.1	20.2
Active, awaiting contract	2,252	1,066.7	18.9
Abandoned	1,016	272.0	6.0
Uncollected GAO claims	97	24.7	.5
Potential reserve (construction not started)	2,252	1,066.7	18.9
	Second advance planning program		
Total approved	1,181	1,041.0	16.9
Plans incomplete	20	97.9	.9
In process	13	97.9	.9
Uncollected GAO claims	7		(1)
Plans completed	1,161	943.0	15.9
Construction started	679	528.7	7.2
Active, awaiting contract	460	406.8	8.5
Abandoned	19	5.5	.2
Uncollected GAO claims	3	2.0	(1)
Potential reserve (construction not started)	473	504.7	9.4

[1] Less than $50,000.

Maintenance and Disposition of War Public Works

During World War II, the Federal Government constructed some 1,500 urgently needed public works in war-congested areas where the local governments were either unable or unwilling to meet the need. These projects consisted principally of schools, hospitals, recreational centers, waterworks and sewers. In the years since the end of the war, every effort has been made to dispose of these projects and as of December 31, 1954, nearly 98 percent of these projects have been sold, leased with option to purchase, or transferred by authority of the Congress. The Community Facilities Administration has been charged with the responsibility of this disposal program.

At the outset of the calendar year 1954, 80 projects having a total cost of $15 million were available for disposal. At the end of the calendar year, 53 projects representing a cost of $12.6 million remained for disposal. Of these, 7 projects, which originally cost $2.0 million, were being held for transfer to other Federal agencies, or transfer to local educational agencies under Public Law 815, 81st Congress, and 36 projects, original cost $6.8 million, were under lease with option to purchase. Accordingly, 10 projects, which cost $3.8 million, are the only remaining projects for which disposal arrangements have not been consummated. Negotiations are being continued to dispose of these remaining projects to the original sponsors.

Under the War Public Works Program, bonds of a par value of approximately $8.0 million were purchased from public agencies to aid in financing the construction of public works. As of December 31, 1954, only $939,000 remained undisposed and efforts are being continued to dispose of the remaining bonds.

TABLE 146

Status of World War II Public Works projects on hand Dec. 31, 1954

	Number of projects	Cost (000)
Federally constructed properties on hand, total	53	$12,614
Reserved for other Federal agencies	3	174
Leased with option to purchase (title still held by U. S. Government)	36	6,862
Available for disposal	14	5,577
Sewer	8	2,217
Schools	4	1,614
Hospital	1	58
Water	1	1,688
Original loans outstanding	12	939

Alaska Housing Loans

The Alaska Housing Act, enacted in 1949, and amended by the Housing Act of 1952, authorized a revolving fund to which $19 million was appropriated for loans to assist in developing housing in Alaska. The fund was reduced to $14 million as of July 31, 1953, by Public Law 176, 83d Congress, which also prohibited the making of new loans under the basic authority.

Under this program, for which the Community Facilities Commissioner has operating responsibility, the revolving fund was utilized to finance, through the Alaska Housing Authority, the construction of 1,297 units secured by first mortgages and to assure the completion of 268 units, the advances for the latter being secured by second mortgages.

Approximately $328 thousand was also made available to the Alaska Housing Authority for the purpose of making loans to approximately 700 natives in remote areas to assist them in the improvement or construction of homes. The loans to natives were limited to $500 each.

During the current year, all activities have been directed toward the completion of the various projects and the orderly liquidation of the loans.

TABLE 147

Status of Alaska Housing Program

	Dec. 31, 1953 ($000 Omitted)	Dec. 31, 1954 ($000 Omitted)
Outstanding principal balance	$11,864	$9,125
First mortgage loans	11,300	8,666
Second mortgage loans	346	301
Remote dwelling loans	218	158

PART VII

Eighth Annual Report

HOUSING AND HOME FINANCE AGENCY

Covering the Activities of the

URBAN RENEWAL ADMINISTRATION

SECTION 1

OBJECTIVES AND METHODS

Introduction

The slum clearance and urban redevelopment program authorized by Title I of the Housing Act of 1949 underwent a major transformation with passage on August 2 of the Housing Act of 1954, which, in essence, enables communities to attack *both* slums and potential slums.

The transformation entailed broad expansion of Title I in which the slum clearance and urban redevelopment program became part of the present "urban renewal" program—an approach geared to the premise that, without forceful measures to prevent slums and remove the causes of blight, clearance alone is not enough to solve the problem of bad housing and urban decay in American communities.

This premise is based on findings and recommendations of the President's Advisory Committee on Housing Policies and Programs which, after exhaustive study, made its report in December 1953. The report said, in part:

A piecemeal attack on slums simply will not work—occasional thrusts at slum pockets in one section of a city will only push slums to other sections unless an effective program exists for attacking the entire problem of urban decay. Programs for slum prevention, for rehabilitation of existing houses and neighborhoods, and for demolition of wornout structures and areas must advance along a broad unified front to accomplish the renewal of our towns and cities. This approach must be vigorously carried out in the localities themselves, and will require local solutions which vary widely from city to city.

The findings of the Committee, as reflected in President Eisenhower's message to the Congress, were followed closely in the framing and passage of the 1954 Act. The President's message advocated three main elements for local urban renewal programs. The three included:

First. Prevention of the spread of blight into good areas of the community through strict enforcement of housing and neighborhood standards and strict occupancy controls.

Second. Rehabilitation of salvable areas, turning them into sound, healthy neighborhoods by replanning, removing congestion, providing parks and playgrounds, reorganizing streets and traffic, and by facilitating physical rehabilitation of deteriorated structures.

Third. Clearance and redevelopment of nonsalvable slums.

Federal Urban Renewal Aids Under the Housing Act of 1954

To implement this expanded approach to urban renewal, the 1954 Act continued the financial aids made available to communities by

Title I—planning advances, loans, and grants—and added the following types of assistance:

The Urban Renewal Service.

Special Demonstration Grants.

Special Grants for Urban Planning Assistance.

Special Provisions for Mortgage Insurance under FHA Section 220 for new building or rehabilitation in urban renewal areas.

Special Provisions for Mortgage Insurance under FHA Section 221 to provide low-cost housing for families displaced from urban renewal areas.

Provisions for Public Housing for displaced low-income families. (NOTE.—The liberalized mortgage insurance authorized by Secs. 220 and 221 of the National Housing Act is covered in detail in Part III of this report. Public housing is discussed at length in Part IV.)

With the exception of FHA and PHA aids, urban renewal assistance is administered by the Urban Renewal Administration, a constituent unit of HHFA. This Administration was created on December 23 by the Administrator's Reorganization Order No. 1 as a successor to the Division of Slum Clearance and Urban Redevelopment, which had administered the old Title I program. The same Order designated James W. Follin, previously Director of the Division of Slum Clearance and Urban Redevelopment, as Commissioner of the new Administration.

A summary of urban renewal aids administered by the URA follows:

PLANNING ADVANCES.—These are intended to finance all necessary surveys and plans in preparation of a project prior to the execution of a loan and/or grant contract. They are repaid from any funds made available for the undertaking of the project to the local public agency carrying out the project.

LOANS.—Expenditures involved in the undertaking of projects are financed by repayable loans, which bear the going Federal rate of interest. They are divided into two categories—temporary and definitive, or long-term. A contract for a temporary loan generally will be made for such period of time as may reasonably be required by the local public agency to complete the project. A definitive loan will be made available only to finance that portion of a project area which is leased for redevelopment, rather than sold. The time may not exceed 40 years from the date of the bonds evidencing the loan.

CAPITAL GRANTS.—These may be used to defray up to two-thirds of the net cost (i. e., deficit) of projects. The locality must supply the remaining one-third of the deficit.

URBAN RENEWAL SERVICE.—In accordance with the intent of the 1954 Act, communities may obtain through this Service technical and other professional aid for the preparation of local programs. The

Service includes the publication and dissemination of technical bulletins and materials by the Urban Renewal Administration.

SPECIAL DEMONSTRATION GRANTS.—The 1954 Act authorizes special fund of $5 million for the developing, testing, and reporting of slum prevention and slum elimination techniques. Local public bodies may obtain grants, up to two-thirds of cost, where the studies they undertake will be of value to other communities in solving urban renewal problems. The law envisions studies of varying scope and covering a wide range of subject matter pertinent to the program.

SPECIAL GRANTS FOR URBAN PLANNING ASSISTANCE.—State planning agencies may obtain cash grants for the provision of planning assistance to localities with populations less than 25,000, which frequently lack funds to carry out effective urban planning. A grant of this kind may total up to half the estimated cost of the work for which it is made. Grants under this authorization are also available, for planning work covering metropolitan and regional areas, to official State, metropolitan, or regional planning agencies. The 1954 Act authorized a $5 million appropriation for these grants.

Federal aid for urban renewal projects may be given only to local public agencies duly authorized by State and local law to carry out the various activities involved. Generally, a local public agency may be—according to individual local circumstances—a specially created redevelopment agency, a local housing authority, or a city or county itself. In some localities, two local agencies, such as the city and the redevelopment agency, may have to participate jointly in certain types of projects until such time as total authority is vested by State enabling acts and city ordinances in one local agency.

Urban Renewal Projects

An urban renewal project, according to the new law, may embrace diversified local efforts directed at the elimination or prevention of slums and blight. These efforts may be directed toward complete clearance of a slum or blighted area—whether residential or nonresidential—and its subsequent rebuilding, or toward rehabilitation of residential structures by the property owners accompanied by improvement of community facilities by the local government, or any combination of these complementary approaches.

Specific activities of an urban renewal project may include:

1. Acquisition of a slum area or deteriorated or deteriorating areas;[23] Acquisition of predominantly open land—such as arrested sub-

[23] Predominantly residential slums and predominantly open land—residential in character—may be redeveloped for any purpose or combination of purposes. Blighted commercial or industrial areas are eligible only when they are to be redeveloped for predominantly residential purposes, unless they contain a substantial amount of bad housing and are not suitable for residential reuse. In such case they may be redeveloped for any purpose, but Federal capital grants for this type of project may not exceed 10 percent of the total amount authorized by law.

divisions—which, because of deterioration or other basic faults, impede sound community growth;

Acquisition—in areas where the prime need is conservation or rehabilitation—of individual parcels of land and structures thereon which must be razed to aid public welfare, prevent the spread of blight, or provide land for needed public facilities;

2. Installation, construction, or reconstruction—in the urban renewal area—of streets, utilities, parks, playgrounds, and other improvements necessary to carry out sound urban renewal;

3. Demolition and removal of buildings and improvements on land which is to be cleared;

4. Selling or leasing any acquired land—for development or redevelopment by private enterprise or public agencies—at its fair value for the reuse specified in the urban renewal plan; and

5. Carrying out a program of voluntary repair and rehabilitation by property owners, accompanied by enforcement of local codes and ordinances which control use of residential properties.

An additional type of project authorized by the Act is the acquisition, preparation, and disposal of open land—outside an urban renewal area—for predominantly residential purposes. No capital grants, however, may be made in such cases. In connection with open land projects, the local public agency must present evidence to show that development of the land is necessitated by the displacement of families which has taken place or will take place under the over-all local urban renewal program. While displaced families need not be relocated in dwellings built on open land, it must be demonstrated that the open land project will result—directly or indirectly—in housing accommodations for such families.

Urban renewal funds may not be expended for the construction or improvement of any building in an urban renewal project. FHA mortgage insurance under Section 220 of the National Housing Act, of course, is available for rehabilitation of dwellings or the construction of housing in an urban renewal area.

The 1954 Act requires a plan, locally devised, for each urban renewal project. This plan must conform not only to a general plan for the improvement of the locality as a whole, but also to the community's workable program (discussed in following pages). The urban renewal plan, in addition to indicating proposed land acquisition, demolition and removal of structures, redevelopment, improvements, and contemplated rehabilitation, must also show any zoning and planning changes, land uses, maximum densities, building requirements, and its relationship to local objectives. These objectives include such items as appropriate land uses, improved traffic, public

transportation, public utilities, recreational and community facilities, and other public improvements.

Communities which initiated projects with Federal contracts or approval under the 1949 Act will continue such projects under the old law until such time as further Federal assistance—if any—is required. If an additional contract for Federal assistance is required, the local public agency must elect then to continue under the old law or the project goes under the 1954 Act. If a community had initiated projects under the old law, but had not obtained a Federal contract or approval before August 2, 1954, it must undertake those projects—or any new projects—under the 1954 Act.

The Workable Program

The workable program is basic to the expanded approach to urban renewal embodied in the 1954 Act. Before Federal loans and grants can be obtained for urban renewal projects qualifying under the 1954 Act, each community must satisfy the Administrator that it has a workable program that will prevent as well as eliminate slums and urban blight. (See page 3.) Lack of a certified workable program, however, will not prevent a community from obtaining Federal advances for surveys and plans and other preliminary work on an urban renewal project.

At year's end two communities—Clarksville, Tenn., and Somerville, Mass.—had received approval of their workable programs. Dozens of other cities were engaged in preparing workable program submissions.

3. Data on Projects in Execution

Data given in the following categories refers to the group of 87 projects which have reached the stage of execution.

ACQUISITION.—Land acquisition has begun in 69 projects and been completed in 24. Gross project costs of $317.3 million are estimated for the 79 projects for which Federal loan and grant contracts have been authorized. Acquisition and disposition costs will account for an estimated $211.3 million—or almost exactly two-thirds of the total gross project costs of these 79 projects.

SITE CLEARANCE.—Demolition of structures has begun in 56 project areas and been completed in eight. Cost of site clearance in the 79 projects approved for loan and grant is estimated at $6.8 million—or slightly more than 2 percent of the gross project costs.

RELOCATION.—Relocation of families to be displaced is already underway in 65 projects and completed in 15. A total of more than 51,000 families will be displaced in these projects. As of the end of 1954, relocation responsibility had been discharged for 26,000 of these families. Relocation costs in the 79 projects are expected to run $2.8 million, or less than 1 percent of the total gross project costs.

SITE IMPROVEMENTS.—A total of 76 project areas have plans calling for site improvements as part of the preparation of land for resale. Of these, 14 have started improvement activity, with 1 completed. Total site improvement costs for projects with loan and grant contracts authorized are estimated at $23.6 million—or 7.5 percent of total gross project costs.

SUPPORTING FACILITIES.—Fifty-eight of the 87 projects plan supporting facilities, with construction commenced in 12 of the projects. Supporting facilities for projects with loan and grant contracts authorized will amount to $30.6 million, or slightly less than 10 percent of total gross project costs.

LAND DISPOSITION.—Twenty-one of the 87 projects have already started disposition of the cleared land, and 13 have completed disposition. Disposition proceeds for the 79 projects with loan and grant contracts authorized are expected to total $89.9 million. Subtracting this figure from the gross project costs estimate of $317.3 million leaves a balance of $227.4 million as the total estimated deficit resulting from slum clearance operations in the 79 projects. Although Federal grants are authorized up to two-thirds of this deficit, some communities are requesting less than the maximum amount. The current estimate of the total amount of grants in the 79 loan and grant contracts authorized through 1954 is $146,598,829, or 64.6 percent. Of this amount, $21,279,256 has actually been disbursed.

CONSTRUCTION.—New construction by redevelopers was under way

or completed in 11 project areas in the following 7 cities: Baltimore, Chicago, Detroit, Little Rock, New York, Norfolk, and Philadelphia.

Procedures and Publications

The Urban Renewal Administration, at year's end, was engaged in the preparation of application forms, requirements, contracts, and other material geared to the new program, and was readying itself for the decentralization to regional offices scheduled to take place in January 1955.

Two publications concerning the new program were released by the HHFA late in the year. These included "How Localities Can Develop A Workable Program for Urban Renewal," published in October, and "An Introduction to Urban Renewal," which made its appearance in December. Other informational and technical publications were in preparation.

State Legislation and Litigation

At the end of 1954 a total of 31 States, along with the District of Columbia, Alaska, Hawaii, Puerto Rico, and the Virgin Islands, had enabling legislation authorizing local public agencies to undertake slum clearance and urban redevelopment programs under Title I of the Housing Act of 1949.[24]

During 1954, statutes of several jurisdictions were changed by amendments designed in most instances to assure full local participation in the Title I program, exclusive of the innovations of the Housing Act of 1954. In Kansas a new statute was enacted and subsequently declared unconstitutional because it constituted special legislation in that its authorization was confined to only one city. In Louisiana the repeal of certain sections of the redevelopment law rendered questionable the effectiveness of the remaining provisions of that law.

Decisions upholding the constitutionality of State enabling legislation by the courts of last resort in seven States were rendered during the year. The States were California, Illinois, Maine, Missouri, New Hampshire, New York, and Wisconsin. In addition there was a favorable decision in the First Circuit Court, Territory of Hawaii, on which no appeal was taken. Favorable decisions have also been rendered in Federal courts under the statutes of California and Connecticut. The District of Columbia case was affirmed by the Supreme Court of the United States in a unanimous opinion considered to be of outstanding importance in affirming the constitutionality of urban renewal legislation. The Supreme Court also denied a writ of certiorari in the California case. At the end of 1954, cases were pending

[24] The States are Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Virginia, West Virginia and Wisconsin.

in several other jurisdictions. Subsequent to the adverse decision by the Supreme Court of Georgia, a constitutional amendment was approved by the voters in the fall of 1954 and a new proposed enabling act was prepared for submission to the State legislature in 1955. Drafting of State legislation enabling the various States to take advantage of the new provisions of the Housing Act of 1954 was initiated through cooperation with the Council of State Governments and direct assistance to various State bodies when requested.

TABLE 148

Project approvals under Title I, Housing Act of 1949, as amended

	Total approvals for project activities			Net change in outstanding project approvals			Net change in outstanding project reservations
	Preliminary planning	Final planning	Project execution	Preliminary planning	Final planning	Project execution	
	Cumulative data from July 15, 1949 through—						
1954, December	311	180	89	94	98	87	$377,170,988
1950 [1]	103	13	8	103	13	8	198,774,275
1951	72	32	1	44	32	1	83,950,252
1952	60	58	18	−2	42	18	46,504,074
1953	39	47	36	−40	7	34	19,311,807
1954	37	30	26	−11	4	26	28,630,580
	Semiannual data						
1950:							
First half	35	10	6	35	10	6	$88,177,500
Second half	68	3	2	68	3	2	110,596,775
1951:							
First half	46	11	0	37	11	0	36,156,208
Second half	26	21	1	7	21	1	47,794,044
1952:							
First half	29	32	9	−5	24	9	27,059,732
Second half	31	26	9	3	18	9	19,444,342
1953:							
First half	19	22	18	−20	−2	16	14,966,214
Second half	20	25	18	−20	9	18	4,345,593
1954:							
First half	26	20	12	−3	0	12	24,825,983
Second half	11	10	14	−8	−5	14	3,804,597

[1] First project approval under this program took place in March 1950.

TABLE 14[illegible]

Financial Assistance Under Title I, Housing Act of 1949, As Amended

	Advances and loans (000)														Capital grants (000)	
	Contracts authorized		Activity													
			Advances				Loans—Federal				Loans—Non-Federal					
	Advances	Loans	Disbursed	Repaid	Written off	Outstanding	Disbursed	Repaid	Refunded	Outstanding	Guaranteed	Repaid	Refunded	Outstanding	Contracts authorized	Disbursed
	Cumulative data from July 15, 1949 through—															
1954, December	$14,435	$132,075	$10,027	$3,339	$364	$6,324	$55,590	$4,245	$13,510	$37,835	$22,750	-------	$6,920	$15,830	$146,599	$21,270
	Annual data															
1950 [1]	$3,066	-------	$889	-------	-------	$889	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------
1951	2,758	$282	2,581	-------	-------	2,581	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------
1952	3,584	33,608	3,041	$604	-------	2,437	$9,714	$140	-------	$9,574	-------	-------	-------	-------	$402	-------
1953	2,076	70,178	1,954	1,488	-------	465	21,043	2,205	$6,512	12,327	$10,933	-------	-------	-------	53,696	-------
1954	2,951	28,007	1,562	1,247	$364	−49	24,832	1,900	6,999	16,034	11,817	-------	$6,920	$10,933 4,897	51,109 41,392	$8,673 12,597
	Semiannual data															
1950:																
First half	$1,098	-------	$16	-------	-------	$16	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------
Second half	1,968	-------	873	-------	-------	873	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------
1951:																
First half	1,148	-------	1,222	-------	-------	1,222	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------
Second half	1,610	$282	1,359	-------	-------	1,359	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------
1952:															$275	-------
First half	1,845	18,541	1,346	$339	-------	1,007	$4,063	-------	-------	$4,063	-------	-------	-------	-------	127	-------
Second half	1,739	15,067	1,695	265	-------	1,430	5,652	$140	-------	5,512	-------	-------	-------	-------	43,098	-------
1953:															10,598	-------
First half	901	55,487	1,288	1,038	-------	250	7,901	1,598	-------	6,304	-------	-------	-------	-------	44,174	$7,818
Second half	1,175	14,691	666	451	-------	215	13,142	607	$6,512	6,023	$10,933	-------	-------	$10,933	6,935	855
1954:																
First half	1,290	13,542	842	489	$364	−10	9,740	553	5,340	3,839	5,881	-------	-------	5,881	12,201	10,728
Second half	1,661	14,465	719	758	-------	−39	15,092	1,347	1,650	12,095	5,936	-------	$6,920	−1,984	29,101	1,869

[1] First approvals under this program took place in March 1950.

TABLE 150

Urban renewal project directory

The letters in the final column of the following table represent the approval outstanding:
PP—Preliminary planning
FP—Final planning
E—Execution
The symbol "s" after an entry under "approval outstanding" signifies that the project was suspended on December 31, 1954.

State	City	Project name	Approval outstanding Dec. 31, 1954
Alabama	Auburn	Hare Project	FP
	Birmingham	Medical Center	E
		Avondale Site C	FP
	Cullman	Logan Road	PP
	Decatur	Church St.-8th Avenue	PP
	Eufaula	Flake Hill	PP
	Florence	Handy Heights	E
	Gadsden	Birmingham Street	FP
		North Fifth Street	FP
	Huntsville	West Clinton Street	FP
	Mobile	Broad Street-Beauregard	E
	Montgomery	Houston Hill	FP
		North Montgomery	E
	Phenix City	Municipal Center	FP
Arkansas	Little Rock	Central Area (Dunbar)	E
		Granite Mountain	E
California	Calexico	Project No. 1	PP
	Los Angeles	Bunker Hill	PPs
	Richmond	Canal Industrial Area	FP
		East Shore Park	PP
	Sacramento	Capital Mall Proj. No. 2	PP
	San Bernardino	Project No. 1	PP
		Project No. 2	PP
	San Francisco	Diamond Heights	E
		South of Market	PP
		Western Addition Proj	E
Colorado	Denver	West Colfax	PPs
Connecticut	East Haven	Bradford Cove	PP
	Hartford	Front Street	FP
	Middletown	Center Street	PP
	New Haven	Oak Street	FP
	Norwalk	Harbor Avenue-Isaac Street	PP
	Norwich	West Main Street	PP
	Shelton	Central Project	FP
	Stamford	East Meadow	E
	Waterbury	Project B-2	FP
	Willimantic	Project A	PP
Delaware	Wilmington	Project A (Poplar Street)	FP
District of Columbia	Washington	Southwest Proj. Area B	E
		Southwest Proj. Area C	FP
Illinois	Cairo	Area No. 1	E
	Chicago	Area 6A	E
		79th and Western	FP
		Hyde Park Proj A	FP
		Hyde Park Proj. B	FP
		Michael Reese Hospital	E
		Lake Meadows	E
		Westside Industrial	E
	Chicago Heights	East Side	FP
	Danville	Project No. 2	FPs
	Galesburg	Area A	FP
		Area B	FP
	Granite City		PPs
	Kankakee	Redevelopment Area No. 1	FPs
	Peoria	Northside	PP
	Robbins	Project No. 1	E
	Rock Falls	Sand Hill	FP
	Rockford		PPs
	Villa Grove		PPs
	Waukegan	Project No. 1	FPs

TABLE 150—Continued

Urban renewal project directory—Continued

State	City	Project name	Approval outstanding Dec. 31, 1954
Indiana	Evansville	High Street	PP
Kentucky	Louisville	Redevelopment Proj. No. 1	PP
	Middlesborough	Bell Lumber	FPs
	Newport	Project No. 1	FP
	Owensboro	Riverfront	FPs
	Paducah	B-1	PP
Louisiana	New Orleans	Poydras (Tulane)	FPs
	Shreveport	Project No. 1	FPs
Maine	Portland	Bayside Park	FP
		Vine-Deer-Chatham	FP
Maryland	Baltimore	Redevelopment Area No. 12	FP
		Broadway	E
		Waverly	E
Massachusetts	Boston	Mattapan	PP
		New York Street	FP
		West End	FP
	Brookline		PP
	Cambridge	Riverview	FP
		Rogers Block	FP
	Chelsea	Area No. 1	PP
		Area No. 4	PP
	Fall River	Development Area No. 3	PP
		Eastern Avenue, South	PPs
	Lawrence	Common, Valley and Concord Street Area	PP
	Lowell	South End	PP
	Medford	Survey Area No. 1	PP
	Revere	Ocean Avenue	FP
	Somerville	Linwood Joy	E
	Woburn	Park Center	FP
	Worcester	New Salem Street	E
Michigan	Albion	Gadsden Court	PP
	Battle Creek	Jewell Street	PP
	Detroit	Corktown	PP
		Gratiot	E
		Lafayette	PP
	Port Huron	Fort Street	FP
	Ypsilanti	Southwest Ypsilanti	PPs
Minnesota	Duluth	Garfield Avenue	FP
		South First Avenue, E	FP
	Minneapolis	Glenwood	FP
	St. Paul	Eastern	E
		Western	E
Missouri	Kansas City	Attucks	FP
		Northside	E
		South Humboldt	FP
	St. Louis	Memorial Plaza	E
New Hampshire	Dover	Project No. II	FP
	Manchester	Concord-Lowell Streets	FP
		Pearl Street	PP
		Spruce Street	FPs
	Nashua	High Street	FP
	Portsmouth	Marcy-Washington Street	PP
New Jersey	Asbury Park	Springwood Avenue	PPs
	Atlantic City	Northside	PP
	Bayonne	Bergen Point	FP
	Camden	Broadway-Kaighns	PP
	Elizabeth	Washington Avenue	FP
	Hoboken		PP
	Jersey City	Gregory	E
		St. John's	E
	Long Branch	Shrewsbury-Riverfront	FP
	Morristown	Hollow	PP
	Newark	Branch Brook Park	E
		Broad Street	E
	New Brunswick	Bishop Street	PP
		Burnet Street	FP
		Pulaski Park	FP
	Passaic	Paterson Redev. Proj	PP
	Paterson	Forbesdale	E
	Perth Amboy	Willocks	E
		South 2d Street	FP
	Plainfield	Sec. 1 Area B (Coalport Area)	FP
	Trenton	John Fitch Way Area	PP

TABLE 150—Continued

Urban renewal project directory—Continued

State	City	Project name	Approval outstanding Dec. 31, 1954
New York	Albany	Project A	FP
	Binghamton	Stowe-Chenango	FP
	Buffalo	Ellicott District	PP
	New Rochelle	Redevelopment Area	PP
	New York	Columbus Circle	E
		Corlears Hook	E
		Harlem	E
		Morningside	E
		North Harlem	E
		Fort Greene	E
		N. Y. Univ.-Bellevue	E
		Pratt Institute	E
		Rockaway	PP
		Washington Square	E
		West Park	E
	North Tarrytown		PP
	Port Chester	Project No. 1	E
	Rochester	Baden-Ormond	PP
	Schenectady	Project No. 1	PP
	Syracuse	Project A	PP
	Tarrytown	Depot Plaza	E
	Troy	Burden Avenue	FP
	Utica		PP
	Yonkers	Jefferson-Riverdale	FP
Ohio	Cincinnati	Laurel-3, Richmond 1	E
	Cleveland	Charity Hospital	PP
		Dike	FP
		Longwood Project	E
	Columbus	Goodale	FP
		Market-Mohawk	PP
	Dayton	Eastside Urban Renewal Area	PPs
	Hamilton	Second Ward and Peck's Addition	PP
	Steubenville	Seminary Survey Area	PPs
	Toledo	Canton Street	FP
	Youngstown	Hazelton	PP
		Poland	PP
		River Bend	PP
		West Federal	PP
Pennsylvania	Beaver Falls	Southend Project	FP
	Bethlehem	Areas No. 1, 2, and 3	PP
	Braddock	General Braddock Plaza	FP
	Chester	Bethel Court	E
	Clairton	Blair Redevelopment	FP
	Darby	Hook Road	FP
	Duquesne	Project No. 1	PP
	Easton	Project Area No. 1	PP
	Harrisburg	Project 1-A	FP
	Johnstown	Area B	FP
	McKeesport	First Ward	FP
	McKees Rocks	McKees Rocks Plaza	FP
	Philadelphia	Eastwick	PP
		East Poplar No. 2	E
		East Poplar No. 3	E
		East Poplar Nos. 1, 4, 5, and 6	E
		North Allen (W. Poplar)	FP
		Southwest Temple	E
		University	FP
	Pittsburgh	Lower Hill	FP
	Rankin	Palisades Plaza	FP
	Reading	Walnut Site	PPs
	Sharon	North Flats	PP
	Tarentum	Riverview Plaza	PP
	Turtle Creek	Valley Center	FP
	York	Proj. Area No. 1 (Wellington)	FP
Rhode Island	Newport	Project No. 1	FP
	Providence	Constitution Hill	PP
		Lippitt Hill	PP
		Point Street	E
		Willard Center No. 1	E
		Willard Center No. 2	E
		West River	FP

TABLE 150—Continued

Urban renewal project directory—Continued

State	City	Project name	Approval outstanding Dec. 31, 1954
South Carolina	Columbia	Assembly-Main Street	PP
Tennessee	Clarksville	Riverview	FP
	Gallatin	Town Creek	PP
	Johnson City	Fall Street	FP
	Knoxville	Riverfront-Willow St.	E
	Lewisburg	Foundry Hill	PP
		Kinney Town	FP
	Memphis	Railroad Avenue	FPs
		Thomas Street	FPs
	Murfreesboro	Broad Street Development	E
	Nashville	Capitol Hill	E
	Pulaski	Bellview	PP
	Tullahoma	Grundy Street	FP
	Union City	Black Bottom	E
Texas	San Antonio	Edgewood (No. 20)	PPs
Virginia	Alexandria	Prince Street-Shopping Center	FP
	Bristol	Sullins Street	E
	Danville	Industrial Avenue	PP
		Ridge Street	FP
	Newport News	Project A	FP
		Project B	FP
	Norfolk	Redevelopment Proj. No. 1	E
		Redevelopment Proj. No. 2	PP
	Portsmouth	Redevelopment Proj. No. 1	FP
	Richmond	Carver	FP
	Roanoke	Commonwealth	FP
	South Norfolk	Redevelopment Proj. No. 1	PP
West Virginia	Charleston	Project Area No. 1	PPs
Wisconsin	Madison	Brittingham Proj. Area	PP
	Milwaukee	Brady-Humboldt	PP
		Convent Hill	PP
		Lower 3rd Ward	FP
		Hillside	FP
Alaska	Fairbanks	Central Downtown Area	PP
Hawaii	Honolulu	Joseph Farrington	PP
		Samuel Wilder King	FP
		John H. Wilson	E
Puerto Rico	Aibonito	Coqui	E
	Anasco	Pueblo Nuevo	E
	Arecibo	La Playa I	E
		La Playa II	PP
		Open Land Project	PP
	Arroyo	Brooklyn	E
	Bayamon	La Machina	E
		Condadito	PP
		Tortuguero	E
		Vista Alegre	E
		Open Land Project	PP
	Cabo Rojo	El Cibao	E
	Caguas	La Placita	E
	Carolina	Catanito	E
	Guaynabo	Sabana	E
	Loiza	Sunoco	E
	Mayaguez	Columbia	FP
		Malecon	E
		North Concordia	E
		Cristy (Open Land)	FP
	Naguabo	El Duque	E
	Ponce	Cantera Survey Area	PP
		El Bosque	E
		Machuelito	E
		Palo de Pan	E
	Rio Piedras	El Monte	E
		San Jose (Open Land)	PP
	Sabana Grande	Varsovia	E
	San Juan	Buenos Aires	PP
		The Hoare	E
		Los Ranchos	FPs
		Minillas	E
	Toa Baja	Jalisco	E
	Utuado	Catano	E
	Vega Alta	Alto de Cuba	E
	Vega Baja	La Pica	E
		Open Land Project	PP
	Yabucoa	El Sapo	E

APPENDIXES

APPENDIX A

STATISTICAL AND FISCAL TABLES

TABLE A-1

Permanent nonfarm dwelling units started: 1920–54

Year	Total permanent nonfarm dwelling units started	Type of ownership						Type of structure		
		Private			Public					
		Total	Urban	Rural nonfarm	Total	Urban	Rural nonfarm	1-family	2-family	Multi-family
1920	247,000	247,000	196,000	51,000	0	0	0	202,000	24,000	21,000
1921	449,000	449,000	359,000	90,000	0	0	0	316,000	70,000	63,000
1922	716,000	716,000	574,000	142,000	0	0	0	437,000	146,000	133,000
1923	871,000	871,000	698,000	173,000	0	0	0	513,000	175,000	183,000
1924	893,000	893,000	716,000	177,000	0	0	0	534,000	173,000	186,000
1925	937,000	937,000	752,000	185,000	xx	xx	xx	572,000	[1]157,000	208,000
1926	849,000	849,000	681,000	168,000	xx	xx	xx	491,000	117,000	241,000
1927	810,000	810,000	643,000	167,000	xx	xx	xx	454,000	99,000	257,000
1928	753,000	753,000	594,000	159,000	xx	xx	xx	436,000	78,000	[1]329,000
1929	509,000	509,000	400,000	109,000	xx	xx	xx	316,000	51,000	142,000
1930	330,000	330,000	236,000	94,000	xx	xx	xx	227,000	29,000	74,000
1931	254,000	254,000	174,000	80,000	xx	xx	xx	187,000	22,000	45,000
1932	134,000	134,000	64,000	70,000	xx	xx	xx	118,000	7,000	9,000
1933	93,000	93,000	45,000	48,000	xx	xx	xx	76,000	5,000	12,000
1934	126,000	126,000	49,000	77,000	xx	xx	xx	109,000	5,000	12,000
1935	221,000	215,700	112,600	103,100	5,300	4,400	900	183,000	8,000	30,000
1936	319,000	304,200	197,600	106,600	14,800	13,400	1,400	244,000	14,000	61,000
1937	336,000	332,400	214,400	118,000	3,600	3,600	0	267,000	16,000	53,000
1938	406,000	399,300	255,300	144,000	6,700	6,700	0	317,000	18,000	71,000
1939	515,000	458,400	303,500	154,900	56,600	55,500	1,100	399,000	29,000	87,000
1940	602,600	529,600	333,200	196,400	73,000	63,400	9,600	485,700	37,300	79,600
1941	706,100	619,500	369,500	250,000	[1]86,600	[1]64,800	[1]21,800	603,500	34,300	68,300
1942	356,000	301,200	184,900	116,300	54,800	42,500	12,300	292,800	20,100	43,100
1943	191,000	183,700	119,700	64,000	7,300	4,700	2,600	143,600	17,800	29,600
1944	141,800	138,700	93,200	45,500	3,100	3,000	100	117,700	10,600	13,500
1945	209,300	208,100	132,700	75,400	1,200	1,200	0	184,600	8,800	15,900
1946	670,500	662,500	395,700	266,800	8,000	8,000	0	590,000	24,300	56,200
1947	849,000	845,600	476,400	369,200	3,400	3,400	0	740,200	33,900	74,900
1948	931,600	913,500	510,000	403,500	18,100	14,900	3,200	766,600	49,900	118,100
1949	1,025,100	988,800	556,600	432,200	36,300	32,200	4,100	794,300	36,500	194,300
1950	[1]1,396,000	[1]1,352,200	[1]785,600	[1]566,600	43,800	42,200	1,600	[1]1,154,100	44,800	197,100
1951	1,091,300	1,020,100	531,300	488,800	71,200	64,000	7,200	900,100	40,400	150,800
1952	1,127,000	1,068,500	554,600	513,900	58,500	55,000	3,500	942,500	45,900	138,600
1953	1,103,800	1,068,300	533,200	535,100	35,500	31,800	3,700	937,800	41,500	124,500
1954	1,220,400	1,201,700	[2]	[2]	18,700	[2]	[2]	1,077,900	34,200	108,300

[1] All-time high.
[2] Not available.

Source: U. S. Department of Labor.

TABLE A–2

Permanent privately-owned nonfarm dwelling units started: 1920–54

Year	Total private nonfarm starts	Number of starts in—			Percentage of total starts in—			
		1-family structures	2-family structures	Multi-family structures	Sales-type structures (1-family)	Rental-type structures		
						Total	2-family	Multi-family
1920	247,000	202,000	24,000	21,000	82	18	10	8
1921	449,000	316,000	70,000	63,000	70	30	16	14
1922	716,000	437,000	146,000	133,000	61	39	[1] 20	19
1923	871,000	513,000	175,000	183,000	59	41	[1] 20	21
1924	893,000	534,000	173,000	186,000	60	40	19	21
1925	937,000	572,000	[1] 157,000	208,000	61	39	17	22
1926	849,000	491,000	117,000	241,000	58	42	14	28
1927	810,000	454,000	99,000	257,000	56	[1] 44	12	[1] 32
1928	753,000	436,000	78,000	[1] 239,000	58	42	10	[1] 32
1929	509,000	316,000	51,000	142,000	62	38	10	28
1930	330,000	227,000	29,000	74,000	69	31	9	22
1931	254,000	187,000	22,000	45,000	73	27	9	18
1932	134,000	118,000	7,000	9,000	88	12	5	7
1933	93,000	76,000	5,000	12,000	82	18	5	13
1934	126,000	109,000	5,000	12,000	86	14	4	10
1935	215,700	182,200	7,700	25,800	84	16	4	12
1936	304,200	238,500	13,300	52,400	78	22	4	17
1937	332,400	265,800	15,300	51,300	80	20	5	15
1938	399,300	316,400	18,000	64,900	79	21	5	16
1939	458,400	373,000	19,700	65,700	81	19	4	14
1940	529,600	447,600	25,600	56,400	85	15	5	11
1941	619,500	533,200	28,400	57,900	86	14	5	9
1942	301,200	252,300	17,500	31,400	84	16	6	10
1943	183,700	136,300	17,800	29,600	74	26	10	16
1944	138,700	114,600	10,600	13,500	83	17	8	10
1945	208,100	184,600	8,800	14,700	89	11	4	7
1946	662,500	590,000	24,300	48,200	89	11	4	7
1947	845,600	740,200	33,900	71,500	88	12	4	8
1948	913,500	763,200	46,300	104,000	84	16	5	11
1949	988,800	792,400	34,700	161,700	80	20	4	16
1950	[1] 1,352,200	[1] 1,150,700	42,300	159,200	85	15	3	12
1951	1,020,100	892,200	40,400	87,500	87	13	4	9
1952	1,068,500	939,100	45,900	83,500	88	12	4	8
1953	1,068,300	932,800	41,500	94,000	87	13	4	9
1954	1,201,700	1,077,300	34,200	90,200	[1] 90	10	3	7

[1] All-time high.

Source: U. S. Department of Labor.

TABLE A–3

FHA and VA starts compared with total permanent privately-owned nonfarm starts: 1935–54

Year	Units in FHA starts [1]			Units in VA starts (family homes) [2]	Units in BLS private starts				As a percent in BLS total private starts	
	Total	1- to 4-family homes	Project housing [2]		Total	1-family	2-family	Multi-family	FHA starts	VA starts
	Cumulative data									
1935–54	3,761,225	3,099,125	662,100	(4)	12,812,000	10,922,400	526,200	1,363,400	29	xx
	Annual data									
1935	13,964	13,226	738	xx	215,700	182,200	7,700	25,800	6	xx
1936	49,376	48,752	624	xx	304,200	238,500	13,300	52,400	16	xx
1937	60,003	56,980	3,023	xx	332,400	265,800	15,300	51,300	18	xx
1938	118,741	106,811	11,930	xx	399,300	316,400	18,000	64,900	30	xx
1939	158,119	144,657	13,462	xx	458,400	373,000	19,700	65,700	34	xx
1940	180,091	176,645	3,446	xx	529,600	447,600	25,600	56,400	34	xx
1941	220,387	217,091	3,296	xx	619,500	533,200	28,400	57,900	36	xx
1942	165,662	160,204	5,458	xx	301,200	252,300	17,500	31,400	55	xx
1943	146,154	126,119	20,035	xx	183,700	136,300	17,800	29,600	[5] 80	xx
1944	93,259	83,604	9,655	xx	138,700	114,600	10,600	13,500	67	xx
1945	41,159	38,897	2,262	(4)	208,100	184,600	8,800	14,700	20	(4)
1946	69,033	67,122	1,911	(4)	662,500	590,000	24,300	48,200	10	(4)
1947	229,035	178,269	50,766	(4)	845,600	740,200	33,900	71,500	27	(4)
1948	294,059	216,449	77,610	(4)	913,500	763,200	[5] 46,300	104,000	32	(4)
1949	363,802	252,626	111,176	(4)	988,800	792,400	34,700	[5] 161,700	37	(4)
1950	[5] 486,681	[5] 328,245	[5] 158,436	[6] 200,000	[5] 1,352,200	[5] 1,150,700	42,300	159,200	36	15
1951	263,523	186,924	76,599	148,634	1,020,100	892,200	40,400	87,500	26	15
1952	279,901	229,085	50,816	141,274	1,068,500	939,100	45,900	83,500	26	13
1953	251,969	216,509	35,460	156,616	1,068,300	932,800	41,500	94,000	24	15
1954	276,307	250,910	25,397	[5] 307,018	1,201,700	1,077,300	34,200	90,200	23	[5] 26

[1] Based on FHA 1st compliance inspection.
[2] Includes single-family and multifamily structures under Secs. 207, 213, 608, 611, 803, and 908.
[3] Based on VA 1st compliance inspection since June 1950, prior data in 1950 were estimated.
[4] Not available.
[5] All-time high.
[6] Estimated.

Sources: Federal Housing Administration, HHFA; Veterans' Administration and U. S. Department of Labor.

TABLE A–4

Nonfarm permanent housing starts compared with net gain in nonfarm population in continental United States: 1910–54

Year	Population		Housing starts		Five-year moving averages		Starts [1] as a percent of population net gain
	As of April 1st (000)	Net gain during year (000)	During the year (000)	As a percent of population net gain	Population net gain (000)	Housing starts (000)	
1910	59,800	xx	475	xx	xx	xx	xx
1911	61,300	1,500	480	32	xx	xx	xx
1912	62,600	1,300	490	38	xx	xx	xx
1913	64,500	1,900	455	24	xx	xx	xx
1914	66,300	1,800	445	25	xx	469	xx
1915	67,600	1,300	475	37	1,560	469	30
1916	69,000	1,400	480	34	1,540	469	30
1917	70,400	1,400	230	16	1,560	417	27
1918	70,800	400	126	32	1,260	351	28
1919	72,800	2,000	330	16	1,300	328	25
1920	74,000	1,200	247	21	1,280	283	22
1921	75,900	1,900	449	24	1,380	276	20
1922	77,500	1,600	716	45	1,450	374	26
1923	80,000	2,500	871	35	1,840	523	28
1924	82,500	2,500	893	36	1,940	635	33
1925	84,200	1,700	937	55	2,040	773	38
1926	85,900	1,700	849	50	2,000	853	43
1927	88,000	2,100	810	39	2,100	872	42
1928	89,500	1,500	753	50	1,900	848	45
1929	90,700	1,200	509	42	1,640	772	47
1930	92,100	1,400	330	24	1,580	650	41
1931	92,700	600	254	42	1,360	531	39
1932	93,000	300	134	45	1,000	396	40
1933	92,700	(−300)	93	xx	640	264	41
1934	93,600	900	126	14	580	187	32
1935	94,600	1,000	221	22	500	166	33
1936	95,800	1,200	319	27	620	179	29
1937	97,100	1,300	336	26	820	219	27
1938	98,400	1,300	406	31	1,140	282	25
1939	99,600	1,200	515	43	1,200	359	30
1940	100,900	1,300	603	46	1,260	436	35
1941	102,400	1,500	706	47	1,320	513	39
1942	104,200	1,800	356	20	1,420	517	36
1943	107,100	2,900	191	7	1,740	474	27
1944	106,900	(−200)	142	xx	1,460	400	27
1945	106,700	(−200)	209	xx	1,160	321	28
1946	113,100	6,400	670	10	2,140	314	15
1947	115,800	2,700	849	31	2,320	412	18
1948	119,700	3,900	932	24	2,520	560	22
1949	122,200	2,500	1,025	41	3,060	737	24
1950	125,600	3,400	1,396	41	3,780	974	26
1951	128,700	3,100	1,091	35	3,120	1,059	34
1952	130,900	2,200	1,127	51	3,020	1,114	37
1953	135,000	4,100	1,104	27	3,060	1,149	38
1954	138,600	3,600	1,220	34	3,280	1,188	36

[1] Percents computed on 5-year moving averages.

NOTE.—Data in this table, developed by the Housing and Home Finance Agency, are from statistics of the U. S. Department of Labor (housing starts) and the U. S. Department of Commerce (population).

TABLE A–5

Dollar volume of new construction put in place: 1915–54

[In millions of dollars]

Year	Total new construction activity	Nonfarm building						All other construction [1]		Ownership	
		Residential		Nonresidential							
				Private		Public					
		Private	Public	Industrial	Other	Industrial	Other	Private	Public	Total private	Total public
1915	3,262	1,220	0	197	281	(2)	217	845	502	2,543	719
1916	3,849	1,375	0	262	454	(2)	207	1,050	501	3,141	708
1917	4,569	1,190	0	364	436	(2)	192	1,300	1,087	3,290	1,279
1918	5,118	915	28	449	282	(2)	199	1,234	2,011	2,880	2,238
1919	6,296	1,850	14	621	461	(2)	246	1,388	1,716	4,320	1,976
1920	6,749	2,015	0	1,099	865	(2)	283	1,418	1,069	5,397	1,352
1921	6,004	2,105	0	574	860	(2)	387	901	1,177	4,440	1,564
1922	7,647	3,360	0	467	990	(2)	481	1,146	1,203	5,963	1,684
1923	9,332	4,400	0	549	1,148	(2)	481	1,613	1,141	7,710	1,622
1924	10,407	5,060	0	460	1,215	(2)	494	1,771	1,407	8,506	1,901
1925	11,439	5,515	xx	513	1,547	(2)	573	1,726	1,565	9,301	2,138
1926	12,082	5,600	xx	727	1,786	(2)	603	1,825	1,541	9,938	2,144
1927	12,034	5,160	xx	696	1,838	(2)	596	1,931	1,813	9,625	2,409
1928	11,641	4,770	xx	802	1,771	(2)	638	1,813	1,847	9,156	2,485
1929	10,793	3,625	xx	949	1,745	(2)	659	1,988	1,827	8,307	2,486
1930	8,741	2,075	xx	532	1,471	(2)	660	1,805	2,198	5,883	2,858
1931	6,427	1,565	xx	221	878	(2)	612	1,104	2,047	3,768	2,659
1932	3,538	630	xx	74	428	(2)	415	544	1,447	1,676	1,862
1933	2,879	470	xx	176	230	2	228	355	1,418	1,231	1,648
1934	3,720	625	1	191	265	11	352	428	1,847	1,509	2,211
1935	4,232	1,010	9	158	314	2	326	517	1,896	1,999	2,233
1936	6,497	1,565	61	266	447	4	697	703	2,754	2,981	3,516
1937	6,999	1,875	93	492	593	2	548	943	2,453	3,903	3,096
1938	6,980	1,990	35	232	532	12	660	806	2,713	3,560	3,420
1939	8,198	2,080	65	254	532	23	947	923	2,774	4,389	3,809
1940	8,682	2,985	200	442	583	164	451	1,044	2,813	5,054	3,628
1941	11,957	3,510	430	801	681	1,280	366	1,214	3,675	6,206	5,751
1942	14,075	1,715	545	346	289	[3] 3,437	248	1,065	6,430	3,415	10,660
1943	8,301	885	[3] 739	156	77	1,870	140	861	3,573	1,979	6,322
1944	5,259	815	211	208	143	1,230	131	1,020	1,501	2,186	3,073
1945	5,633	1,100	80	642	378	755	182	1,115	1,381	3,235	2,398
1946	12,000	4,015	374	1,689	1,652	113	241	2,282	1,634	9,638	2,362
1947	16,689	6,310	200	1,702	1,440	96	503	3,804	2,634	13,256	3,433
1948	21,678	8,580	156	1,307	2,224	196	1,105	4,652	3,368	16,853	4,825
1949	22,789	8,267	359	972	2,256	177	1,891	4,889	3,978	16,384	6,405
1950	28,454	12,600	345	1,062	2,715	224	2,160	5,077	4,271	21,454	7,000
1951	31,182	10,973	595	2,117	3,035	974	2,523	5,639	5,326	21,764	9,418
1952	33,008	11,100	654	[3] 2,320	2,694	1,684	2,452	5,993	6,111	22,107	10,901
1953	35,271	11,930	556	2,229	3,451	1,771	2,575	[3] 6,267	6,492	23,877	11,394
1954	[3] 37,577	[3] 13,496	336	2,030	[3] 4,220	1,506	[3] 3,135	6,022	[3] 6,832	[3] 25,768	[3] 11,809

[1] Includes public utilities, highways, sewer and water systems, conservation, farm structures, etc.
[2] Amount negligible included in private industrial building.
[3] All-time high.

Sources: U. S. Departments of Commerce and Labor.

TABLE A–6

Total new construction put-in-place compared with the gross national product: 1929–54

Year	Gross national product	New construction put in place			New construction put in place as a percent of the Gross national product		
		Total	Residential nonfarm	Other	Total	Residential nonfarm	Other
	Millions of dollars				Percent		
1929	104,436	10,793	3,625	7,168	10.3	3.4	6.9
1930	91,105	8,741	2,075	6,666	9.5	2.3	7.2
1931	76,271	6,427	1,565	4,862	8.4	2.1	6.3
1932	58,466	3,538	630	2,908	6.0	1.0	5.0
1933	55,964	2,879	470	2,409	5.2	0.9	4.3
1934	64,975	3,720	626	3,094	5.7	0.9	4.8
1935	72,502	4,232	1,019	3,213	5.8	1.4	4.4
1936	82,743	6,497	1,626	4,871	7.9	1.9	6.0
1937	90,780	6,999	1,968	5,031	7.7	2.2	5.5
1938	85,227	6,980	2,025	4,955	8.2	2.3	4.9
1939	91,095	8,198	2,745	5,453	9.0	3.0	6.0
1940	100,618	8,682	3,185	5,497	8.6	3.2	5.4
1941	125,822	11,957	3,940	8,017	9.5	3.1	6.4
1942	159,133	14,075	2,260	11,815	8.9	1.4	7.5
1943	192,513	8,301	1,624	6,677	4.3	0.8	3.5
1944	211,393	5,259	1,026	4,233	2.5	0.5	2.0
1945	213,558	5,633	1,180	4,453	2.6	0.6	2.0
1946	209,246	12,000	4,389	7,611	5.7	2.1	3.6
1947	232,228	16,689	6,510	10,179	7.2	2.8	4.4
1948	207,325	21,678	8,736	12,942	8.4	3.4	5.0
1949	257,301	22,789	8,626	14,163	8.9	3.3	5.6
1950	285,067	28,454	12,945	15,509	10.0	4.5	5.5
1951	328,232	31,182	11,568	19,614	9.5	3.5	6.0
1952	345,229	33,008	11,754	21,254	9.6	3.4	6.2
1953	[1] 364,520	35,271	12,486	22,785	9.7	3.4	6.3
1954	360,474	37,577	[1] 13,832	[1] 23,745	10.3	3.8	6.5

[1] All-time high.

Sources: U. S. Departments of Commerce and Labor

TABLE A–7

New private construction compared with the gross private domestic investment: 1929–54

Year	Gross private domestic investment in millions of dollars					New construction as a percent of the gross private domestic investment		
	Total	New construction			Other [1] investment	Total	Residential nonfarm	Other
		Total [2]	Residential nonfarm	Other				
1929	16,231	8,707	3,625	5,082	7,524	54	22	32
1930	10,265	6,183	2,075	4,108	4,082	60	20	40
1931	5,523	3,968	1,565	2,403	1,555	72	28	44
1932	913	1,876	630	1,246	−963			
1933	1,391	1,431	470	961	−40			
1934	2,888	1,709	625	1,084	1,179	59	22	37
1935	6,277	2,299	1,010	1,289	3,978	37	16	21
1936	8,404	3,281	1,565	1,716	5,123	39	19	20
1937	11,747	4,403	1,875	2,528	7,344	37	16	21
1938	6,661	3,960	1,990	1,970	2,701	59	30	29
1939	9,309	4,757	2,680	2,077	4,552	51	29	22
1940	13,155	5,452	2,985	2,467	7,703	41	23	18
1941	18,072	6,629	3,510	3,119	11,443	37	20	17
1942	9,875	3,721	1,715	2,006	6,154	38	17	21
1943	5,600	2,326	885	1,441	3,274	42	16	26
1944	7,130	2,712	815	1,897	4,418	38	11	27
1945	10,430	3,833	1,100	2,733	6,597	37	11	26
1946	27,125	10,291	4,015	6,276	16,834	38	15	23
1947	29,705	14,029	6,310	7,719	15,676	47	21	26
1948	41,176	17,904	8,580	9,324	23,272	43	21	22
1949	32,549	17,453	8,267	9,186	15,096	54	25	29
1950	51,219	22,733	12,600	10,133	28,486	44	25	19
1951	56,864	23,332	10,973	12,359	[3] 33,532	41	19	22
1952	49,592	23,723	11,100	12,623	25,869	48	22	26
1953	[3] 51,383	25,778	11,930	13,848	25,605	50	23	27
1954	47,248	[3] 27,778	[3] 13,496	[3] 14,282	19,470	59	29	30

[1] Includes producers' durable equipment and change in business inventories.
[2] Includes in addition to construction put in place oil and gas well drilling.
[3] All-time high.

Sources: U. S. Departments of Commerce and Labor.

TABLE A–8

Estimated construction cost of permanent nonfarm dwelling units started: 1925–54

Year	Total permanent nonfarm starts			Privately owned starts			Publicly owned starts		
	Number of dwelling units	Estimated construction cost [1]		Number of dwelling units	Estimated construction cost [1]		Number of dwelling units	Estimated construction cost [1]	
		Total (000)	Average per unit [2]		Total (000)	Average per unit [2]		Total (000)	Average per unit [2]
1925	937,000	$4,475,000	$4,775	937,000	$4,475,000	$4,775	0	0	xx
1926	849,000	4,112,000	4,850	849,000	4,112,000	4,850	0	0	xx
1927	810,000	3,910,000	4,825	810,000	3,910,000	4,825	0	0	xx
1928	753,000	3,613,000	4,800	753,000	3,613,000	4,800	0	0	xx
1929	509,000	2,453,000	4,825	509,000	2,453,000	4,825	0	0	xx
1930	330,000	1,494,488	4,525	330,000	1,494,488	4,525	0	0	xx
1931	254,000	1,104,600	4,350	254,000	1,104,600	4,350	0	0	xx
1932	134,000	407,040	3,050	134,000	407,040	3,050	0	0	xx
1933	93,000	285,446	3,075	93,000	285,446	3,075	0	0	xx
1934	126,000	368,483	2,925	126,000	368,483	2,925	0	0	xx
1935	221,000	757,397	3,425	215,700	732,522	3,400	5,300	$24,875	$4,700
1936	319,000	1,271,039	3,975	304,200	1,193,733	3,925	14,800	77,306	5,225
1937	336,000	1,382,360	4,125	332,400	1,365,791	4,100	3,600	16,569	4,600
1938	406,000	1,583,936	3,900	399,300	1,561,610	3,900	6,700	22,326	3,325
1939	515,000	1,948,340	3,725	458,400	1,763,932	3,850	56,600	184,408	3,250
1940	602,600	2,299,447	3,825	529,600	2,072,155	3,925	73,000	227,292	3,125
1941	706,100	2,826,192	4,000	619,500	2,530,765	4,075	[3] 86,600	295,427	3,400
1942	356,000	1,343,458	3,775	301,200	1,133,846	3,775	54,800	209,612	3,825
1943	191,000	689,146	3,600	183,700	660,459	3,600	7,300	28,687	3,925
1944	141,800	496,054	3,500	138,700	483,231	3,475	3,100	12,823	4,125
1945	209,300	965,670	4,625	208,100	959,251	4,600	1,200	6,419	5,350
1946	670,500	3,769,767	5,625	662,500	3,713,776	5,600	8,000	55,991	7,000
1947	849,000	5,643,436	6,650	845,600	5,617,425	6,650	3,400	26,011	7,650
1948	931,600	7,203,119	7,725	913,500	7,028,980	7,700	18,100	174,139	[3] 9,625
1949	1,025,100	7,702,971	7,525	988,800	7,374,269	7,450	36,300	328,702	9,050
1950	[3] 1,396,000	11,788,595	8,450	[3] 1,352,200	11,418,371	8,450	43,800	370,224	8,450
1951	1,091,300	9,800,892	8,975	1,020,100	9,186,123	9,000	71,200	[3] 614,769	8,625
1952	1,127,000	10,208,983	9,050	1,068,500	9,706,276	9,075	58,500	502,707	8,600
1953	1,103,800	10,488,003	9,500	1,068,300	10,181,185	9,525	35,500	306,818	8,650
1954	1,220,400	[3] 12,478,237	[3] 10,225	1,201,700	[3] 12,309,200	[3] 10,250	18,700	169,037	9,050

[1] Data exclude sales profit, selling cost, cost of land and site improvements, architectural and engineering fees, and all other nonconstruction expense.
[2] Dollar amount rounded to nearest 25.
[3] All-time high.

Source: U. S. Department of Labor.

TABLE A–9

Boeckh indexes of dwelling unit construction cost: 1914–54

[1947–49=100]

Year	Residences	Apartments, hotels, and office buildings
1914	26.1	26.9
1915	26.7	27.6
1916	28.4	30.9
1917	33.2	37.1
1918	39.6	42.2
1919	46.0	47.9
1920	59.3	61.3
1921	47.6	49.2
1922	43.8	46.2
1923	49.1	51.1
1924	48.4	50.2
1925	47.9	50.6
1926	48.4	51.0
1927	47.7	50.3
1928	47.9	50.5
1929	50.0	51.7
1930	48.7	50.9
1931	44.9	46.9
1932	38.0	40.0
1933	38.0	41.1
1934	41.3	45.2
1935	40.3	44.5
1936	41.7	45.8
1937	46.6	51.1
1938	48.0	53.2
1939	48.9	53.9
1940	50.5	54.8
1941	54.6	57.3
1942	57.6	60.4
1943	60.2	62.8
1944	65.4	67.0
1945	70.1	71.3
1946	77.0	78.0
1947	93.2	91.7
1948	104.8	103.5
1949	102.1	104.8
1950	107.7	109.6
1951	116.0	118.0
1952	119.1	122.0
1953	[1] 121.2	125.8
1954	120.3	[1] 126.8

Month	Residences	Apartments, hotels, and office buildings
1952		
January	117.7	120.0
February	117.6	119.8
March	117.6	119.9
April	118.0	120.4
May	118.3	120.8
June	119.4	122.0
July	119.8	122.7
August	120.2	123.4
September	120.4	123.7
October	120.2	123.8
November	119.9	123.6
December	119.8	123.6
1953		
January	120.1	123.8
February	120.1	123.7
March	120.3	124.0
April	120.4	124.2
May	120.8	124.8
June	121.5	125.8
July	[1] 122.4	127.0
August	122.1	127.2
September	121.9	127.4
October	121.4	127.1
November	121.5	127.3
December	121.3	127.3
1954		
January	120.4	126.4
February	119.5	125.9
March	119.6	125.8
April	119.1	125.6
May	119.5	126.3
June	120.0	126.5
July	120.7	127.1
August	120.7	127.4
September	120.8	127.5
October	121.0	127.6
November	121.0	127.5
December	121.1	[1] 127.7

[1] All-time high.

Source: U. S. Department of Commerce.

TABLE A–10

Average hourly earnings and average weekly hours in building construction by type of employing contractor: 1940–54

Year	All building contractors	General contractors	Special trade contractors				
			All special trades	Plumbing and heating	Painting and decorating	Electrical work	Other trades
	Average hourly earnings						
1940	$0.958	$0.918	$1.012	$0.949	$1.016	$1.196	(1)
1941	1.010	0.965	1.052	1.005	1.083	1.214	(1)
1942	1.148	1.098	1.189	1.133	1.185	1.409	(1)
1943	1.252	1.206	1.284	1.238	1.299	1.517	(1)
1944	1.319	1.262	1.358	1.313	1.367	1.522	(1)
1945	1.379	1.315	1.423	1.382	1.451	1.559	(1)
1946	1.478	1.419	1.544	1.537	1.564	1.683	$1.485
1947	1.681	1.603	1.772	1.779	1.724	1.930	1.705
1948	1.848	1.766	1.946	1.960	1.925	2.084	1.888
1949	1.935	1.815	2.034	2.037	1.982	2.211	1.979
1950	2.031	1.915	2.119	2.128	2.013	2.322	2.087
1951	2.190	2.050	2.310	2.330	2.200	2.550	2.260
1952	2.310	2.150	2.440	2.440	2.350	2.710	2.390
1953	2.480	2.340	2.590	2.580	2.510	2.840	2.550
1954	2.600	2.470	2.700	2.710	2.620	2.920	2.640
	Average weekly hours						
1940	33.1	33.3	32.7	34.6	32.5	34.5	(1)
1941	34.8	34.4	35.2	37.2	34.2	38.1	(1)
1942	36.4	35.8	37.0	38.9	35.6	41.1	(1)
1943	38.4	37.9	38.9	40.1	37.7	41.5	(1)
1944	39.6	39.1	39.9	41.0	39.1	42.2	(1)
1945	39.0	38.3	39.5	40.8	39.2	41.9	(1)
1946	38.1	37.6	38.6	39.6	37.5	40.7	37.4
1947	37.6	37.0	38.4	39.2	36.7	40.3	37.4
1948	37.3	36.6	38.0	39.2	36.3	39.8	36.9
1949	36.7	36.2	37.2	38.6	35.7	39.2	36.1
1950	36.3	35.8	36.7	38.4	35.4	38.4	35.8
1951	37.2	36.6	37.8	39.2	35.8	40.1	37.0
1952	38.1	38.5	37.7	38.9	35.2	40.7	37.0
1953	37.0	37.5	36.7	38.1	34.7	39.3	35.7
1954	36.2	36.2	36.3	37.9	34.4	38.6	35.2

[1] Not available.

Source: U. S. Department of Labor.

TABLE A–11

Indexes of wholesale prices of selected building materials and other commodities: 1949–54

[1947–49=100]

Commodity—group, subgroup, or class	Annual data					
	1949	1950	1951	1952	1953	1954
All commodities except farm and food	101.3	105.0	[1] 115.9	113.2	114.0	114.5
All building materials	102.0	109.5	119.6	118.2	119.9	[1] 120.2
Lumber and wood products:						
Lumber	98.2	114.5	[1] 123.6	120.5	119.3	117.3
Douglas fir	95.3	117.6	[1] 128.6	127.3	117.2	119.4
Southern pine	96.3	108.0	115.7	[1] 116.9	115.8	110.7
Other softwoods	105.1	118.9	130.0	128.2	[1] 132.6	130.4
Hardwood	97.4	114.8	[1] 122.4	112.5	114.8	112.4
Millwork	107.6	114.6	130.1	127.0	[1] 131.5	130.6
Plywood	95.2	106.5	[1] 115.1	105.0	109.3	103.1
Softwood plywood	98.4	113.3	[1] 121.1	110.3	110.7	107.2
Hardwood plywood	92.9	101.4	[1] 110.8	101.3	108.4	100.3
Chemical and allied products:						
Prepared paint	101.2	99.3	109.0	110.4	111.1	[1] 112.8
Paint materials	96.7	90.9	[1] 108.8	100.3	96.2	96.3
Metal and metal products:						
Structural steel shapes	112.7	121.1	128.4	131.1	138.2	[1] 143.8
Hardware (finish)	106.0	114.2	125.8	125.4	130.8	[1] 139.3
Plumbing equipment	102.7	108.2	[1] 122.5	117.4	116.0	118.4
Enameled iron fixtures	107.5	115.5	[1] 130.0	122.4	126.1	129.2
Vitreous china fixtures	107.1	114.1	[1] 128.3	122.0	107.1	111.7
Brass fittings	96.8	100.5	114.8	112.2	114.7	[1] 116.4
Heating equipment	103.6	105.1	114.6	113.8	[1] 114.8	114.3
Metal doors, sash and trim	102.8	110.0	121.0	117.7	122.6	[1] 129.4
Nonmetallic mineral items:						
Concrete ingredients	105.2	106.8	113.0	113.0	117.4	[1] 121.0
Portland cement	105.8	108.0	116.4	116.4	122.2	[1] 126.6
Concrete products	103.1	105.5	112.3	112.5	115.4	[1] 117.5
Structural clay products	105.3	112.0	121.4	122.0	128.1	[1] 133.1
Gypsum products	102.3	104.6	117.4	117.7	121.0	[1] 122.1
Insulation materials	100.0	101.1	104.1	105.4	107.9	[1] 109.6
Other items: Building paper and board	104.2	107.6	113.4	115.5	121.4	[1] 127.7

[1] All-time high.

Source: U. S. Department of Labor.

TABLE A–12

Indexes of output of selected construction materials: 1947–54

[Base: 1947–49 monthly average=100]

Item	1947	1948	1949	1950	1951	1952	1953	1954
Lumber and wood products	98.1	105.0	96.9	116.2	114.2	115.0	[1] 120.1	118.3
Millwork	92.8	109.4	97.8	[1] 126.5	100.7	103.8	106.5	116.8
Paint, varnish, and lacquer	102.8	102.1	95.1	[1] 113.3	101.5	103.1	103.6	101.6
Portland cement	93.0	102.4	104.6	112.7	122.7	124.2	131.6	[1] 135.2
Asphalt products	[1] 114.4	98.2	87.3	107.5	101.5	99.8	100.3	103.1
Heating and plumbing equipment	124.0	90.8	84.9	[1] 130.5	105.8	103.8	115.6	117.6
Iron and steel products	96.9	102.5	100.8	119.9	122.8	113.0	[1] 127.8	120.5
Clay construction products	96.8	103.1	99.9	113.7	[1] 122.7	110.5	112.2	115.9
Gypsum products	85.8	112.9	101.1	127.5	135.5	129.2	138.5	[1] 151.6
Plumbing fixtures	94.5	112.3	93.4	[1] 125.2	119.8	94.7	101.0	107.2

[1] All-time high.

Source: U. S. Department of Commerce.

TABLE A–13

Estimated mortgage debt on 1- to 4-family nonfarm homes, showing type of mortgagee: 1925–54

[Dollars in millions]

At end of December	Total all mortgagees	Savings and loan associations		Life insurance companies	Mutual savings banks	Commercial banks	Home Owners' Loan Corporation	Federal National Mortgage Association	Veterans' Administration	Individuals and others
		Amount	Percent							
1925 [1]	$12,984	$2,994	30.8	$837	$1,547	$1,376	xx	xx	xx	$5,230
1926	14,809	4,570	30.9	1,062	1,713	1,796	xx	xx	xx	5,668
1927	16,433	5,214	31.7	1,254	1,922	1,927	xx	xx	xx	6,116
1928	17,904	5,757	32.2	1,445	2,139	2,145	xx	xx	xx	6,418
1929	18,912	6,182	32.7	1,626	2,286	2,207	xx	xx	xx	6,611
1930	18,891	6,082	32.2	1,732	2,341	2,199	xx	xx	xx	6,537
1931	18,104	5,596	30.9	1,775	2,436	2,085	xx	xx	xx	6,212
1932	16,655	4,891	29.4	1,724	2,446	1,887	xx	xx	xx	5,707
1933	15,352	4,215	27.5	1,599	2,354	1,707	$132	xx	xx	5,345
1934	15,630	3,525	22.3	1,379	2,190	1,450	2,379	xx	xx	4,707
1935	15,437	3,127	20.3	1,281	2,089	1,541	[2] 2,897	xx	xx	4,502
1936	15,385	3,122	20.3	1,245	2,082	1,634	2,763	xx	xx	4,539
1937	15,518	3,291	21.2	1,246	2,111	1,786	2,398	xx	xx	4,686
1938	15,765	3,433	22.1	1,320	2,119	1,910	2,169	$80	xx	4,734
1939	16,337	3,616	22.1	1,490	2,128	2,096	2,038	144	xx	4,825
1940	17,346	3,919	22.6	1,758	2,162	2,363	1,956	178	xx	5,010
1941	18,358	4,349	23.7	1,976	2,189	2,672	1,777	203	xx	5,192
1942	18,226	4,349	23.9	2,255	2,128	2,752	1,567	206	xx	4,969
1943	17,835	4,355	24.4	2,410	2,033	2,706	1,338	60	xx	4,933
1944	17,947	4,617	25.7	2,458	1,937	2,703	1,091	50	xx	5,091
1945	18,543	5,156	27.8	2,258	1,894	2,875	852	7	xx	5,501
1946	23,059	6,840	29.7	2,570	2,033	4,576	636	6	xx	6,398
1947	28,161	8,475	30.1	3,459	2,283	6,303	486	4	xx	7,151
1948	33,261	9,841	29.6	4,925	2,835	7,396	369	198	$1	7,696
1949	37,496	11,117	29.6	5,970	3,364	7,956	231	806	4	8,048
1950	45,072	13,104	29.1	8,392	4,312	9,481	10	1,328	17	8,428
1951	51,872	14,801	28.5	10,814	5,331	10,275	xx	1,818	136	8,697
1952	58,684	17,590	30.0	11,996	6,194	11,250	xx	2,210	199	9,245
1953	66,296	20,923	31.6	13,473	7,373	12,025	xx	[2] 2,358	303	9,841
1954 [3]	[2] 75,943	[2] 24,993	[2] 32.9	[2] 15,430	[2] 9,002	[2] 13,300	xx	2,328	[2] 384	[2] 10,506

[1] First year data available.
[2] All-time high.
[3] Preliminary.

Sources: Home Loan Bank Board (HHFA) and for 1954 The Board of Governors of the Federal Reserve System.

TABLE A–14

Estimated mortgage debt on 1- to 4-family nonfarm homes, showing FHA and VA components: 1925–54

[In millions of dollars]

Year	Outstanding, at end of December—					Net change, during the year—				
	Total	Government-underwritten			Conventional	Total	Government-underwritten			Conventional
		Total	FHA-insured	VA-guaranteed			Total	FHA-insured	VA-guaranteed	
1925[1]	$12,984	xx	xx	xx	$12,984	xx	xx	xx	xx	xx
1926	14,809	xx	xx	xx	14,809	+$1,825	xx	xx	xx	+$1,825
1927	16,433	xx	xx	xx	16,433	+1,624	xx	xx	xx	+1,624
1928	17,904	xx	xx	xx	17,904	+1,471	xx	xx	xx	+1,471
1929	18,912	xx	xx	xx	18,912	+1,008	xx	xx	xx	+1,008
1930	18,891	xx	xx	xx	18,891	−21	xx	xx	xx	−21
1931	18,104	xx	xx	xx	18,104	−787	xx	xx	xx	−787
1932	16,655	xx	xx	xx	16,655	−1,449	xx	xx	xx	−1,449
1933	15,352	xx	xx	xx	15,352	−1,303	xx	xx	xx	−1,303
1934	15,630	xx	xx	xx	15,630	+278	xx	xx	xx	+278
1935	15,437	$100	[2] $100	xx	15,337	−193	+$100	+$100	xx	−293
1936	15,385	300	[2] 300	xx	15,085	−52	+200	+200	xx	−252
1937	15,518	700	[2] 700	xx	14,818	+133	+400	+400	xx	−267
1938	15,765	1,100	[2] 1,100	xx	14,665	+247	+400	+400	xx	−153
1939	16,337	1,755	1,755	xx	14,582	+572	+655	+655	xx	−83
1940	17,346	2,349	2,349	xx	14,997	+1,009	+594	+594	xx	+415
1941	18,358	3,030	3,030	xx	15,328	+1,012	+681	+681	xx	+331
1942	18,226	3,742	3,742	xx	14,484	−132	+712	+712	xx	−844
1943	17,835	4,060	4,060	xx	13,775	−391	+318	+318	xx	−709
1944	17,947	4,190	4,190	xx	13,757	+112	+130	+130	xx	−18
1945	18,543	4,278	4,078	$200	14,265	+596	+88	−112	+$200	+508
1946	23,059	6,092	3,692	2,400	16,967	+4,516	+1,814	−386	+2,200	+2,702
1947	28,161	9,281	3,781	5,500	18,880	+5,102	+3,189	+89	+3,100	+1,913
1948	33,261	12,469	5,269	7,200	20,792	+5,100	+3,188	+1,488	+1,700	+1,912
1949	37,496	15,006	6,906	8,100	22,490	+4,235	+2,537	+1,637	+900	+1,698
1950	45,072	18,863	8,563	10,300	26,209	+7,576	+3,857	[3] +1,657	+2,200	+3,719
1951	51,872	22,877	9,077	13,200	28,995	+6,800	[3] +4,014	+1,114	+2,900	+2,786
1952	58,684	25,370	10,770	14,600	33,314	+6,812	+2,493	+1,093	+1,400	+4,319
1953	66,296	28,090	11,990	16,100	38,206	+7,612	+2,720	+1,220	+1,500	+4,892
1954[4]	[3] 75,943	[3] 32,079	[3] 12,779	[3] 19,300	[3] 43,864	[3] +9,647	+3,989	+789	[3] +3,200	[3] +5,658

[1] First year data are available.
[2] Estimated.
[3] All-time high.
[4] Preliminary.

Sources: Home Loan Bank Board (HHFA) Federal Housing Administration (HHFA), Veterans Administration, and Board of Governors of the Federal Reserve System.

TABLE A–15

FHA and VA home loans compared with total recordings: 1939–54

Year	Estimated amount nonfarm mortgage recordings of $20,000 or less (000)	Federal Housing Administration and Veterans' Administration						Other recordings of $20,000 or less	
		Total home loans insured and guaranteed		FHA home loans insured		VA home loans partially guaranteed			
		Amount (000)	Percent of total recordings	Face amount (000)	Percent of total recordings	Principal amount (000)	Percent of total recordings	Amount (000)	Percent of total recordings
	Cumulated 1945 through—								
1954	$145,001,280	$42,507,911	29	$16,710,754	12	$25,797,157	18	$102,493,369	71
	Annual data								
1939 [1]	$3,506,563	$694,764	20	$694,764	20	xx	xx	$2,811,799	80
1940	4,031,368	762,084	19	762,084	19	xx	xx	3,269,284	81
1941	4,731,960	910,770	19	910,770	19	xx	xx	3,821,190	81
1942	3,942,613	973,271	25	973,271	[2] 25	xx	xx	2,969,342	75
1943	3,861,401	763,097	20	763,097	20	xx	xx	3,098,304	80
1944	4,605,931	707,363	15	707,363	15	xx	xx	3,898,568	85
1945	5,649,819	659,037	12	474,245	8	[3] $184,792	3	4,990,782	[2] 88
1946	10,589,168	2,724,256	26	421,049	4	2,302,307	22	7,864,912	74
1947	11,728,677	4,177,196	[2] 36	894,675	8	3,282,521	[2] 28	7,551,481	64
1948	11,882,114	3,992,951	34	2,116,043	18	1,876,908	16	7,889,163	66
1949	11,828,001	3,633,431	31	2,209,842	19	1,423,589	12	8,194,570	69
1950	16,179,196	5,565,795	34	[2] 2,492,367	15	3,073,428	19	10,613,401	66
1951	16,405,367	5,542,913	34	1,928,433	12	3,614,480	22	10,862,454	66
1952	18,017,677	4,660,225	26	1,942,307	11	2,717,918	15	13,357,452	74
1953	19,747,408	5,353,544	27	2,288,627	12	3,060,917	16	14,393,864	73
1954	[2] 22,973,853	[2] 6,198,563	27	1,942,266	8	[3] 4,256,297	19	[2] 16,775,290	73

[1] First year data available.
[2] All-time high.
[3] Activity in 1944 is included in the 1945 annual total; estimated by HHFA.

Sources: Home Loan Bank Board (HHFA), Federal Housing Administration (HHFA), and Veterans' Administration.

TABLE A–16

Number of nonfarm real estate foreclosures: 1926–54

Year	Number of foreclosures	Year	Number of foreclosures	Month	Number of foreclosures	Month	Number of foreclosures
1926 [1]	68,100	1941	58,559	1953		1954	
1927	91,000	1942	41,997				
1928	116,000	1943	25,281	January	1,640	January	1,858
1929	134,900	1944	17,153	February	1,577	February	1,976
1930	150,000	1945	12,706	March	1,771	March	2,387
1931	193,800	1946	[2] 10,453	April	1,846	April	2,275
1932	248,700	1947	10,559	May	1,769	May	2,189
1933	[2] 252,400	1948	13,052	June	1,793	June	2,339
1934	230,350	1949	17,635				
1935	228,713	1950	21,537	July	1,907	July	2,230
				August	1,777	August	2,108
1936	185,439	1951	18,141	September	1,820	September	2,365
1937	151,366	1952	18,135				
1938	118,357	1953	21,473	October	1,823	October	2,079
1939	100,410	1954	26,211	November	1,779	November	2,181
1940	75,556			December	1,971	December	2,224

[1] First year data available.
[2] All-time low.
[3] All-time high.

Source: Home Loan Bank Board (HHFA).

TABLE A–17

Number of dwelling units by nonfarm and rural farm location, by region, and by occupancy: 1940–50

[Dwelling units are in thousands][1]

Region and occupancy	Nonfarm and rural farm			Nonfarm			Rural farm		
	Dwelling units		Percent change 1950/1940	Dwelling units		Percent change 1950/1940	Dwelling units		Percent change 1950/1940
	1940	1950		1940	1950		1940	1950	
United States	37,325	45,983	+23	29,683	39,625	+34	7,642	6,358	−17
Region:									
Northeastern	10,313	12,051	+17	9,702	11,527	+19	611	524	−14
North Central	11,597	13,746	+19	9,140	11,594	+27	2,457	2,152	−12
South	10,876	13,653	+26	6,990	10,581	+51	3,886	3,072	−21
West	4,539	6,533	+44	3,852	5,923	+54	687	610	−11
Occupancy:									
Occupied	34,855	42,826	+23	27,748	37,105	+34	7,107	5,721	−20
White	31,561	39,043	+24	25,459	33,982	+34	6,102	5,061	−17
Nonwhite	3,293	3,783	+14	2,289	3,123	+36	1,005	660	−34
Vacant	2,470	3,157	+28	1,935	2,520	+30	535	637	+19

[1] Due to rounding the components may not add precisely to the totals.

Source: U. S. Bureau of the Census, Census of Housing.

TABLE A–18

Occupied dwelling units, by location and tenure: 1890–1950

[Units in thousands]

Year and area	Occupied dwelling units or families					
	Total	Reporting tenure				
		Total	Owner occupied		Renter occupied	
			Number	Percent	Number	Percent
All areas:						
1890	12,690	12,690	6,066	47.8	6,624	52.2
1900	15,964	15,429	7,205	46.7	8,224	53.3
1910	20,256	19,782	9,084	45.9	10,698	54.1
1920	24,352	23,811	10,867	45.6	12,944	54.4
1930	29,905	29,322	14,002	47.8	15,320	52.2
1940	34,855	34,855	15,196	43.6	19,659	56.4
1950	42,826	42,826	23,560	55.0	19,266	45.0
Nonfarm: [1]						
1890	7,923	7,923	2,924	36.9	4,999	63.1
1900	10,274	9,780	3,567	36.5	6,213	63.5
1910	14,132	13,672	5,245	38.4	8,427	61.6
1920	17,600	17,229	7,041	40.9	10,188	59.1
1930	23,300	22,917	10,550	46.0	12,367	54.0
1940	27,748	27,748	11,413	41.1	16,335	58.9
1950	37,105	37,105	19,802	53.4	17,304	46.6
Farm: [1]						
1890	4,767	4,767	3,143	65.9	1,624	34.1
1900	5,690	5,649	3,638	64.4	2,011	35.6
1910	6,124	6,110	3,838	62.8	2,271	37.2
1920	6,751	6,581	3,826	58.1	2,756	41.9
1930	6,605	6,405	3,452	53.9	2,953	46.1
1940	7,107	7,107	3,783	53.2	3,324	46.8
1950	5,721	5,721	3,758	65.7	1,863	34.3

[1] Prior to 1930, urban farm units are included in the "farm" category.

Source: U. S. Bureau of the Census: data for 1890–1930 are from Population Census; 1940–50, from the Census of Housing.

TABLE A–19

Personal consumption expenditures

[Dollar amounts in billions]

Year	Total personal consumption expenditures	Housing expenditures			Percent of total personal consumption expenditures for	
		Total	Space-rental [1]	Household operation	Total housing	Space-rental [1]
1929	$79.0	$22.1	$11.4	$10.7	28.0	14.4
1930	71.0	20.6	11.0	9.6	29.0	15.5
1931	61.3	18.7	10.3	8.4	30.5	16.8
1932	49.3	15.8	9.0	6.8	32.0	18.3
1933	46.4	14.4	7.9	6.5	31.0	17.0
1934	51.9	14.8	7.6	7.2	28.5	14.6
1935	56.3	15.3	7.6	7.7	27.2	13.5
1936	62.6	16.7	7.9	8.8	26.7	12.6
1937	67.3	17.9	8.4	9.5	26.6	12.5
1938	64.6	17.7	8.8	8.9	27.4	13.6
1939	67.6	18.6	9.0	9.6	27.5	13.3
1940	71.9	19.8	9.3	10.5	27.5	12.9
1941	81.9	22.0	10.0	12.0	26.9	12.2
1942	89.7	23.5	10.8	12.7	26.2	12.0
1943	100.5	24.4	11.3	13.1	24.3	11.2
1944	109.8	25.9	11.9	14.0	23.6	10.8
1945	121.7	27.9	12.4	15.5	22.9	10.2
1946	146.6	33.6	13.6	20.0	22.9	9.3
1947	165.0	39.3	15.4	23.9	23.8	9.3
1948	177.6	43.1	17.5	25.6	24.3	9.9
1949	180.6	44.0	19.4	24.6	24.4	10.7
1950	194.0	48.8	21.4	27.4	25.2	11.0
1951	208.0	52.0	23.4	28.6	25.0	11.3
1952	218.3	54.5	25.6	28.9	25.0	11.7
1953	230.6	58.1	27.9	30.2	25.2	12.1
1954	236.5	60.5	29.8	30.8	25.6	12.6

[1] Includes imputed rental value of owner-occupied homes.

Source: U. S. Department of Commerce.

TABLE A–20

Production worker employment

[Number of workers in millions]

Year	Number of production workers			Contract construction, as a percent of	
	All industries	Nonfarm industries	Contract construction	All industries	Nonfarm industries
1929	46.2	37.0	2.3	5.0	6.2
1930	44.1	35.1	2.2	5.0	6.3
1931	41.0	32.0	2.0	4.9	6.3
1932	37.6	29.7	1.6	4.3	5.6
1933	38.1	29.1	1.4	3.7	4.8
1934	41.4	32.3	1.5	3.6	4.6
1935	42.9	33.8	1.5	3.5	4.4
1936	46.0	36.9	1.8	3.9	4.9
1937	47.2	38.3	1.7	3.6	4.4
1938	45.3	36.7	1.7	3.8	4.6
1939	46.6	38.3	1.9	4.1	5.0
1940	48.5	40.4	1.9	3.9	4.7
1941	53.1	45.2	2.4	4.5	5.3
1942	58.0	50.2	2.9	5.0	5.8
1943	63.7	56.1	2.2	3.5	6.2
1944	64.7	57.4	1.6	2.5	2.8
1945	63.1	55.9	1.7	2.7	3.0
1946	57.4	50.3	2.6	4.5	5.2
1947	57.7	50.6	3.0	5.2	5.9
1948	58.6	51.6	3.3	5.6	6.4
1949	57.2	50.4	3.1	5.4	6.2
1950	58.7	52.2	3.4	5.8	6.5
1951	62.3	56.2	3.7	5.9	6.6
1952	63.5	57.5	3.7	5.8	6.4
1953	64.4	58.6	3.6	5.6	6.2
1954	62.7	56.9	3.6	5.8	6.4

Source: U. S. Department of Commerce.

TABLE A–21

Labor requirements for new construction

[Number of fulltime persons, in thousands]

Type of construction	Monthly average		
	1954	1953	Percent change 1954/1953
Total new construction	3,175	2,980	+6.5
Offsite	390	365	+6.8
Onsite	2,785	2,615	+6.5
Private	2,030	1,900	+6.8
Homebuilding	1,050	922	+13.9
Nonresidential building	465	424	+9.7
Farm	150	167	−10.2
Public utilities	355	377	−5.8
All other private	10	10	0.0
Public	755	715	+5.6
Residential	23	39	−41.0
Nonresidential building	303	282	+7.4
Military and naval	58	78	−25.6
Highways	246	194	+26.8
Sewer and water	65	59	+10.2
All other public	60	63	−4.8

Source: U. S. Department of Labor.

TABLE A–22

Household formation trend: 1890–1954

Year	Number of households					
	As of April 1st			Net change annual data		
	Total (000)	Nonfarm (000)	Farm (000)	Total (000)	Nonfarm (000)	Farm (000)
1890	[1] 12,690	7,923	4,767	xx	xx	xx
1900	[1] 15,964	10,274	5,690	[2] 327	235	92
1910	20,256	14,132	6,124	[2] 429	386	43
1920	[3] 24,352	17,600	6,751	[2] 410	347	63
1930	29,905	23,300	6,605	[2] 555	570	−15
1940	34,855	27,748	7,107	[2] 495	445	50
1947	39,107	32,673	6,434	[4] 607	704	−96
1948	40,532	34,116	6,416	1,425	1,443	−18
1949	42,182	35,687	6,495	1,650	1,571	79
1950	[5] 43,554	37,279	6,275	1,372	1,592	−220
1951	44,656	38,587	6,069	1,102	1,308	−206
1952	45,504	39,554	5,950	848	967	−119
1953	46,334	40,503	5,831	830	949	−119
1954	46,893	41,400	5,493	559	897	−338

[1] June data.
[2] Annual average for preceding 10-year period.
[3] January data.
[4] Annual average for preceding 7-year period.
[5] March data.

Source: U. S. Bureau of the Census: data for 1890–1930 are from the Population Census; 1940, the Census of Housing; 1947–54, current Population Survey.

TABLE A–23

Number of persons per room: Occupied nonfarm and farm dwelling units; nonfarm dwelling units by color of occupants, 1940 and 1950

[Units in thousands]

Area, race, and number of persons per room	All occupied dwelling units reporting			
	1950		1940	
	Number	Percent	Number	Percent
United States—Total	42,154	100.0	34,447	100.0
0.75 or less	25,357	60.2	27,482	79.8
0.76 to 1.00	10,170	24.1		
1.01 to 1.50	4,020	9.5	3,879	11.3
1.51 or more	2,608	6.2	3,086	9.0
United States—Nonfarm	36,549	100.0	27,430	100.0
0.75 or less	22,140	60.6	22,598	82.4
0.76 to 1.00	9,031	24.7		
1.01 to 1.50	3,342	9.1	2,875	10.5
1.51 or more	2,036	5.6	1,957	7.1
Nonfarm—White	(1)	(1)	25,171	100.0
0.75 or less	(1)	(1)	21,103	83.8
0.76 to 1.00	(1)	(1)		
1.01 to 1.50	(1)	(1)	2,526	10.0
1.51 or more	(1)	(1)	1,542	6.1
Nonfarm—Nonwhite	(1)	(1)	2,259	100.0
0.75 or less	(1)	(1)	1,495	66.2
0.76 to 1.00	(1)	(1)		
1.01 to 1.50	(1)	(1)	348	15.4
1.51 or more	(1)	(1)	416	18.4
United States—Farm	5,606	100.0	7,017	100.0
0.75 or less	3,216	57.4	4,885	69.6
0.76 to 1.00	1,140	20.3		
1.01 to 1.50	678	12.1	1,004	14.3
1.51 or more	572	10.2	1,128	16.1

[1] Not available.

Source: U. S. Bureau of the Census.

TABLE A–24

Estimated number of married couples with and without own household: 1910–54

Date	All married couples	With own household	Without own household	Percent without own household
April 1954	37,346,000	35,875,000	1,471,000	3.9
April 1953	37,106,000	35,560,000	1,546,000	4.2
April 1952	36,696,000	35,138,000	1,558,000	4.2
April 1951	36,136,000	34,378,000	1,758,000	4.9
March 1950	36,091,000	34,075,000	2,016,000	5.6
April 1949	35,425,000	33,257,000	2,168,000	6.1
April 1948	34,364,000	31,900,000	2,464,000	7.2
April 1947	33,543,000	30,612,000	2,931,000	8.7
June 1946	31,550,000	28,850,000	2,700,000	8.6
September 1945	28,200,000	26,835,000	1,365,000	4.8
April 1940	28,517,000	26,571,000	1,946,000	6.8
April 1930	25,174,000	23,649,000	1,525,000	6.1
April 1910	17,175,000	16,250,000	925,000	5.4

Source: U. S. Bureau of the Census.

TABLE A-25

Expenditures for properly repairs, improvements, and additions, by purpose and class: January to May 1954

Subject	Year structure built							Percent distribution					
	Total	1950 to 1953	1945 to 1949	1940 to 1944	1930 to 1939	1929 or earlier	Not reported	Total	1950 to 1953	1945 to 1949	1940 to 1944	1930 to 1939	1929 or earlier
	Number of properties (thousands)												
Total properties	25,300	3,200	3,500	2,200	3,000	12,800	500	100.0	100.0	100.0	100.0	100.0	100.0
With expenditures	17,800	2,400	2,500	1,500	2,000	9,100	400	70.5	75.6	72.0	65.2	64.8	71.3
No expenditures	7,500	800	1,000	800	1,100	3,700	200	29.5	24.4	28.0	34.8	35.2	28.7
	Amount of expenditure (thousands)												
Total	$3,007,000	$362,000	$387,000	$238,000	$231,000	$1,680,000	$109,000	100.0	100.0	100.0	100.0	100.0	100.0
Purpose of expenditure:													
Repairs and replacements	1,264,000	77,000	171,000	133,000	144,000	717,000	21,000	42.0	21.2	44.1	55.8	62.5	42.7
Alterations and improvements	1,410,000	245,000	165,000	87,000	72,000	754,000	87,000	46.9	67.7	42.5	36.6	31.2	44.9
Additions	333,000	40,000	52,000	18,000	14,000	208,000	----------	11.1	11.1	13.4	7.6	6.3	12.4
Class of expenditure:													
Materials purchased	1,596,000	272,000	192,000	126,000	139,000	834,000	33,000	53.1	75.2	49.6	53.0	60.4	49.6
Contracts completed	1,410,000	90,000	195,000	112,000	91,000	846,000	76,000	46.9	24.8	50.4	47.0	39.6	50.4
	Average (mean) expenditure												
Total properties	$119	$113	$112	$106	$76	$131	----------	----------	----------	----------	----------	----------	----------
With expenditures	169	149	155	163	117	184	----------	----------	----------	----------	----------	----------	----------

Source: U. S. Bureau of the Census.

TABLE A–26

Mobility of civilian population 1948–54

[Thousand persons]

Year ended April	Total civilian population	Did not move during year	Did move during year			Percent moved during year
			Total	Same county	Different county	
1954	155,679	125,654	29,027	19,046	9,981	18.6
1953	153,038	121,512	30,786	20,638	10,148	20.1
1952	150,494	120,016	29,840	19,874	9,966	19.8
1951	148,400	116,936	31,158	20,694	10,464	21.0
1950	146,864	118,849	27,526	19,276	8,250	18.7
1949	144,101	116,498	27,127	18,792	8,335	18.8
1948	141,698	113,026	28,210	19,202	9,008	19.9

Source: U. S. Bureau of the Census.

TABLE A–27

Housing and Home Finance Agency—Programs in the Federal Budget

[This table presents a brief analysis of the portion of the overall Federal budget expenditures attributable to HHFA programs. Budgetary expenditures of the Government for the fiscal year 1954 were $67.8 billion, a total reduced by the $615 million of net receipts attributable to HHFA programs]

Use of Funds by HHFA	*Receipts and expenditures for fiscal year 1954 (thousands of dollars)*	
Acquisition of assets:		
Loans for production and sale of housing [1]	$45,698	
Less repayments	15,291	
		$30,407
Collateral on insurance claims [2]	53,078	
Less recoveries on sale of collateral	13,904	
		39,174
Construction of public defense housing		22,689
Total acquisition of assets		92,270
Grants-in-aid to local governments [3]		64,636
Expenses:		
Administrative	24,634	
Nonadministrative	30,045	
Payments direct to Treasury [4]	4,196	
FNMA fees to servicing agents	11,772	
FNMA sales discounts	15,337	
FHA participation dividends to mortgagors	6,850	
Other	1,815	
Total expenses		94,649
Total applied to operations		251,555
Sources of Funds		
Realization of assets:		
Sales and repayment of mortgages	$677,407	
Less purchase of mortgages [5]	480,783	
		$196,624
Repayment of loans and advances to local governments	956,473	
Less loans and advances to local governments [6]	552,716	
		403,757
Receipts from disposition of property [7]		17,648
Total realization of assets		618,029
Operation of Public War Housing projects	51,814	
Less operating expenses	24,868	
		26,946
Interest on mortgages, loans and other investments	130,836	
Less interest on borrowings [8]	63,071	
		67,765
Fees and premiums [9]		144,360
Miscellaneous		9,049
Total provided by operations		866,149

See footnotes at end of table.

TABLE A–27—Continued

Housing and Home Finance Agency—Programs in the Federal Budget—Continued

RECAPITULATION		*Receipts and expenditures for fiscal year 1954 (thousands of dollars)*
Total funds applied to operations		$251,555
Less total funds provided by operations		866,149
Net budgetary expenditure		−614,594
Funds provided by Treasury:		
Net appropriation (after rescissions)	$46,472	
Net decrease in Treasury cash	53,155	
		99,627
Funds provided to Treasury:		
Net repayment of borrowings from (or guaranteed by) Treasury	587,956	
Dividends and repayment of appropriations	115,565	
Investment of insurance reserves in United States bonds	10,700	
Total funds provided to Treasury		714,221
		−614,594

[1] These loans are made under the Alaska, prefabricated, and college housing loan programs. Substantial net repayments under the first 2 programs were outweighed by the heavy disbursements under the growing college housing program.

[2] Accounted for by FHA insurance claims, chiefly from Title I Modernization and Improvement Loan Insurance and from Sec. 608 (multifamily) War Housing Insurance.

[3] Consists of the following 3 items: Annual contributions for low-rent housing ($44.4 million), capital grants for slum clearance and urban redevelopment ($11.6 million), and capital grants for defense community facilities ($8.6 million).

[4] Consists of recoveries from loans and properties under the advance planning programs and World War II public works (Lanham) program, which under existing law are covered directly into miscellaneous receipts of the Treasury.

[5] FNMA operations account for most of this item.

[6] The 2 most important components of this item, in order of importance, are financing of low-rent housing under the U. S. Housing Act and loans for slum clearance and urban redevelopment.

[7] Principally from sale of public war housing constructed under the Lanham Act.

[8] Practically all of this item represents payments to U. S. Treasury.

[9] About 92 percent of the fees and premiums were in connection with FHA and Federal Savings and Loan Insurance Corporation operations. About $7 million of this item was received to reimburse the agency for inspection and audit expenses and on account of FNMA commitments to purchase mortgages.

APPENDIX B

EXECUTIVE MESSAGES AND FEDERAL LEGISLATION AFFECTING HOUSING IN 1954

A. Executive Messages

In his address on the "State of the Union" of January 7, 1954, President Eisenhower stated to the Congress the broad objectives of the housing program he intended to submit on January 25th. He said the program to be submitted would enlarge and improve the opportunity for our people to acquire good homes and that if the individual, the communities, the State, and Federal Government would alike apply themselves, every American family could have a decent home.

In a special message to the Congress on housing dated January 25th, 1954, the President said the development of conditions under which every American family can obtain good housing is a major objective of national policy, and was important for two reasons. First, good housing in good neighborhoods is necessary for good citizenship and good health among our people. Second, a high level of housing construction and vigorous community development are essential to the economic and social well-being of our country. The message also pointed out that the building of new homes would provide only a partial solution to the housing problem and that the Nation had tremendous assets in its 37 million existing nonfarm homes, 19 million of which were more than 30 years old. Encouraging the conservation and improvement of our existing supply of homes would be an important contribution to the raising of national housing standards.

The President also stated in his special housing message that millions of our people still live in slums and millions more live in run-down, declining neighborhoods; and that the national interest demanded the elimination of slum conditions and the rehabilitation of declining neighborhoods. In this respect the President said, to clear slums and blighted areas and to improve our communities, we must eliminate the causes of slums and blight, and that while it is essentially a problem for our cities, Federal assistance would be justified for communities which face up to the problem of neighborhood decay and undertake long-range programs directed to its preventions. It was suggested that the main elements of such programs should include—

First. Prevention of the spread of blight into good areas of the community through strict enforcement of housing and neighborhood standards and strict occupancy controls;

Second. Rehabilitation of salvable areas, turning them into sound, healthy neighborhoods by replanning, removing congestion, providing parks and playgrounds, reorganizing streets and traffic, and by facilitating physical rehabilitation of deteriorated structures;

Third. Clearance and redevelopment of slums.

In the President's Economic Report transmitted to the Congress on January 28, 1954, certain features of the then existing housing credit law and regulations were stated to have been made obsolete by the inflation of recent years. In connection with mortgages insured by the Federal Housing Administration it was shown that the maximum loan for owner-occupied 1- and 2-family houses of $16,000 had remained unchanged since 1934 despite the great rise in construction costs and in prices of housing that had occurred in the meantime. The report suggested increasing the maximum loan to $20,000, with appropriate differentials for 3- and 4-family dwellings.

The report stated that another step forward would be to remove the discrimination against existing housing in insurance programs by making loans on existing housing more nearly comparable with those available on new houses. The report stated that not only would this expand activity directed to the rehabilitation of existing structures, but it would give greater flexibility to our economic system by facilitating transfers of houses, including those affected on the so-called "trade-in" basis.

Upon the occasion of the approval of the Housing Act of 1954 on August 2, 1954, the President issued a statement in which he said the country would be benefited by the Housing Act of 1954; that it had been one of the administration's major legislative goals; and that it would raise the housing standards of our people by helping our communities get rid of slums, improve older neighborhoods, and also strengthen our mortgage credit system. The statement also stated that the new law would permit the Government to insure larger home mortgage loans, with smaller downpayments and longer terms, making it possible for millions of families with modest incomes, for the first time, to buy new or used homes. By this new law, the statement concludes, "We have made a major advance toward meeting America's housing needs."

Reorganization Plan No. 2 of 1954 which was sent to the Congress April 29, 1954, and became effective July 1, 1954, assigned to different agencies the liquidation of certain affairs of the Reconstruction Finance Corporation. There was assigned to the Federal National Mortgage Association, under this plan, the functions relating to

mortgages held by the Reconstruction Finance Corporation which were made or acquired under the authority of the RFC Mortgage Company or the Defense Homes Corporation. This transfer of functions to the Federal National Mortgage Association was recommended by the President in his message transmitting the reorganization plan, because that Association was responsible for servicing, liquidation and sale of the bulk of residential real estate mortgages held by the Federal Government, and was best situated to liquidate assets of a similar type transferred to it by the reorganization plan.

Executive Order 10530, dated May 10, 1954, authorized the Housing and Home Finance Administrator to issue notes and obligations for purchase by the Secretary of the Treasury under Section 102 (e) of the Housing Act of 1949 and to contract to make capital grants under Section 103(b) of that Act, without the approval, ratification, or other action of the President. There was also delegated to the Administrator by this order the authority of the President under certain sections of the United States Housing Act of 1937. The authority vested in the President under Sections 6(d) and 10(3) of that Act to approve undertakings by the Public Housing Administration of any annual contribution, grant, loan, or contract for any contribution loan or grant, was delegated to the Administrator. There was also delegated to the Administrator the President's authority under Section 14 of that Act to approve the amending or superseding of a contract for annual contributions or loans so that the going Federal rate on the basis of which such annual contributions or the interest rate on the loans are fixed shall mean the going Federal rate on the date of the approval of the amending or superseding contracts.

Two other delegations were provided for: first, delegating to the Administrator the authority vested in the President to approve the dedication by the Public Housing Commissioner of streets, alleys, and parks for public use and the granting by the Commissioner of easements in connection with any low-cost housing or slum-clearance project described in that Act; second, the delegation to the Administrator of the President's authority to determine that housing administered or assisted by the Public Housing Administration for persons engaged in national-defense activities is no longer needed for that purpose.

The Congress and Federal Legislation

The Housing Act of 1954

The Housing Act of 1954, Public Law 560, 83d Congress, approved August 2, 1954, amended existing housing laws and enacted new provisions of law designed to carry out most of the President's housing program based on the recommendations of the President's Advisory

Committee on Housing after its intensive study of the Federal housing programs and after "shirt sleeves" conferences by the Housing and Home Finance Administrator with all groups interested in housing. The Act also includes provisions added to prevent abuses in certain FHA programs.

Major emphasis was placed on the prevention of slums and urban blight. To further this new emphasis local communities were required as a condition to receiving Federal assistance to slum clearance and urban renewal, low-rent public housing and certain new FHA insurance programs, to develop and put into operation a workable program utilizing all means available to eliminate and prevent slums and urban blight.

New assistance was provided to the conservation and rehabilitation of housing and neighborhoods and to local, regional, and State planning to assure efficient and proper development and redevelopment of communities. Grants were provided to encourage cities in developing methods and techniques for the prevention and elimination of slums and urban blight. The administration of related programs was coordinated to assure that the Federal assistance provided would be used with a minimum of waste and duplication, and with maximum utilization of local initiative and private financing and enterprise.

Existing laws were amended to liberalize and make more effective assistance to the provision of new housing and to make it easier for families to purchase or build new homes or to repair or buy existing homes. The government's facilities to assist in the distribution and provision of home mortgage credit were revised first, to assure the provision of adequate home-mortgage credit, and second, to provide for a gradual substitution of private investment funds for Federal funds in the provision of such credit.

Provisions were also added to existing laws to protect the consumer and the Federal government against abuses in the FHA home repair and improvement program and to prevent excessive profits through "mortgaging out" in connection with mortgage insurance on rental housing.

FHA Insurance Programs

Regular Sales Housing Program

Section 203 of the National Housing Act covering the insurance of mortgages on 1- to 4-family homes was amended to liberalize and simplify the statutory limits on the terms of the mortgages insured under this section. The limits on the amounts of mortgages which may be insured were increased from $16,000 to $20,000 where the mortgages cover 1- to 2-family homes, from $20,500 to $27,500 where the mortgages cover 3-family homes, and from $25,000 to $35,000

for 4-family homes. The mortgage amounts were also limited to 95 percent of the first $9,000 of the value of the home plus 75 percent of the value in excess of $9,000. The President was authorized to increase this latter limit to 95 percent of $10,000 and 75 percent of the amount over $10,000 if he considers such action to be in the public interest. Where the mortgagor is not the occupant of the housing (as in the case of a builder-mortgagor) the mortgage is limited to a maximum of 85 percent of the mortgage amount otherwise available. In addition, the mortgagor must have paid as a downpayment at least 5 percent of the cost of acquisition of the house or such larger downpayment as the Federal Housing Commissioner may prescribe. These same terms were all made applicable to existing (not new) homes, except that the 95 percent in the ratio to value limit is 90 percent.

Section 203 was also amended to provide that mortgages insured under that section may have a maturity satisfactory to the Federal Housing Commissioner up to 30 years or three-quarters of the Commissioner's estimate of the remaining economic life of the housing, whichever is the lesser. The maximum statutory interest rate is set at 5 percent with authority in the Federal Housing Commissioner to increase the rate to not to exceed 6 percent as he finds it necessary to meet the mortgage market. The Commissioner is also permitted to allow a service charge.

The foregoing statutory limits on the terms of mortgages insured under Section 203 take the place of more complicated formulas previously in the National Housing Act making statutory distinctions within specific housing programs related to proposed and existing construction, maximum mortgage amounts and maximum ratio of loan to value as related to the number of bedrooms, and other factors.

A new subsection was added to Section 203 to continue the authority previously carried in Section 8 (made inactive by this law) to insure disaster housing loans up to 100 percent of the appraised value of the property where the mortgage is not in excess of $7,000.

Another new subsection of Section 203 authorizes the insurance of mortgages covering single-family dwellings in suburban and outlying areas and small communities where the Federal Housing Commissioner finds—(1) it is not practicable to obtain conformity with many of the requirements essential to the insurance of mortgages on housing in built-up urban areas and (2) that the project is an acceptable risk giving consideration to the need for low- and moderate-income housing. The amount of the mortgage is limited to $6,650 and 95 percent of value if the mortgagor is the owner and occupant of the property, or $5,950 and 85 percent of value if the mortgagor is the builder. A

downpayment of at least 5 percent of the cost of the housing is to be required from an owner-occupant mortgagor. Where the mortgagor is the owner-occupant another person or corporation with a credit standing satisfactory to the Commissioner may advance all or part of the downpayment for the house and guarantee payment of the mortgage. Mortgages covering the construction of farm homes can be insured under these same provisions. The farm home is required to be on a plot of land five or more acres in size adjacent to a public highway. The total amount of insurance outstanding of farm-home mortgages may not exceed $100,000,000.

Regular Rental Housing Program

Section 207 of the National Housing Act, dealing with eligibility for rental housing mortgage insurance was amended to make clear that such section applies to the insurance of mortgages on existing multifamily structures located in slum or blighted areas.

Rental housing mortgage limits under Section 207 were changed by removing the $10,000 limit per family unit and making increases in other limitations to compensate for the higher costs incident to the construction of elevator type structures. In the discretion of the Federal Housing Commissioner, the limit of $2,000 per room may be increased up to $2,400, and the limit of $7,200 per family unit (which applies where the number of rooms in a project is less than four per family unit) may be increased up to $7,500 where the housing consists of elevator type structures.

Rental Housing in Guam

Special liberal provisions in Section 207 applicable to rental housing in Alaska (90 percent of replacement cost rather than 80 percent of value) were made applicable to mortgages covering property located in Guam.

Cooperative Housing

Section 213 of the National Housing Act was amended to permit FHA-insured cooperative housing mortgages to be as high as $25 million in amount (the previous limit was $5 million) if the mortgagor cooperative is regulated by Federal or State law as to rents, charges, and methods of operation. The per family or per room mortgage amount limitations with respect to nonveteran projects was changed from $8,100 per family unit or $1,800 per room, to $2,250 per room and with a per family unit limitation of $8,100 applicable only if the number of rooms per unit is less than 4. The limits for veterans' cooperatives are $2,375 per room or $8,550 per family unit. A provision was also added to Section 213 which permits the Federal

Housing Commissioner to increase the per room limit and per family unit limit on mortgage amounts for elevator type structures in both veteran and nonveteran projects. The former cost basis for cooperative housing mortgages was changed to a valuation basis. The statutory provision for an Assistant Commissioner for Cooperative Housing was stricken from the National Housing Act.

New FHA Assistance to the Prevention and Rehabilitation of Slums

Sections 220 and 221 were added to the National Housing Act which authorize new FHA mortgage insurance programs to assist in financing the rehabilitation of existing dwellings as well as the construction of new dwellings in connection with slum clearance and urban renewal undertakings. In addition, some of the changes in the regular FHA programs were designed to assist in rehabilitation of housing and the prevention of slums and blight. The more liberal mortgage insurance terms provided for existing homes under the Section 203 program will encourage the enlargement and modernization of homes and the purchase in some cases of larger old homes more suitable for large families in preference to smaller new homes. Also the Section 207 rental housing program may now be used for the rehabilitation of multifamily housing in blighted areas on the same terms as in other areas.

The new Section 220 provides a mortgage-insurance program to assist in the rehabilitation of existing dwellings and the construction of new dwellings in slum clearance or urban renewal areas. This includes urban redevelopment areas where Federal aid contracts were approved or executed under Title I of the Housing Act of 1949 before the effective date of the Housing Act of 1954, and urban renewal areas within the meaning of that term in the new urban renewal provisions as added by this Act to Title I of the Housing Act of 1949. A redevelopment plan or urban renewal plan, as the case may be, must have been approved for the area by the local governing body and by the Housing Administrator. The Administrator must certify to the Federal Housing Commissioner that the plan conforms to a general plan for the locality as a whole and that there is necessary authority and financial capacity to assure the completion of the redevelopment or urban renewal plan. Further, the property must meet such standards and conditions as are prescribed by the Federal Housing Commissioner. In addition, before Section 220 may be made available in an urban renewal area the locality must have a workable program for the elimination and prevention of the spread of slums and urban blight which has been approved by the Housing Administrator. A workable program is not required as a condition to housing in an existing redevelopment area, however.

The mortgage limits covering 1- to 4-family dwellings are the same as those in the regular Section 203 sales housing program. However, this new Section 220 also permits mortgage insurance covering more than 4-family dwellings (the number in excess of 4 to be specified by the Commissioner) to take care of those structures which may contain more than 4 units but less than the number which could be covered under multifamily mortgage insurance. The mortgage limits in such cases would be $35,000 plus not to exceed $7,000 for each additional family unit in excess of four.

Provision was also made in Section 220 for multifamily housing mortgage insurance with maximum mortgage limits of $2,250 per room (or $8,100 per family unit if the number of rooms in the project is less than four per family unit). Where a project consists of elevator-type structures the Commissioner may increase these dollar maximum mortgage amounts to $2,700 per room and $8,400 per family unit, respectively. These mortgage amounts (per room and per family unit) on elevator-type structures may be increased by the Federal Housing Commissioner by an additional $1,000 per room in high cost areas. The maximum ratio of loan to value limit for multifamily housing is 90 percent of value.

Maturities of Section 220 mortgages may be as prescribed by the Commissioner except that the maturities of mortgages covering 1- to 4-plus family sales housing are not permitted to exceed the maximum maturity prescribed for Section 203 sales housing—up to 30 years or three-quarters of the Commissioner's estimate of the remaining economic life of the housing, whichever is the lesser. The maximum interest is 5 percent per annum except that it can be up to 6 percent if the Federal Housing Commissioner finds it necessary to meet the mortgage market.

The new Section 221 program provides FHA mortgage insurance for low-cost housing for families displaced as the result of governmental action in a community which has a workable program (which has been approved by the Housing Administrator) for the elimination and prevention of the spread of slums and urban blight, or in a community where there is being carried out a slum clearance and urban redevelopment project covered by a Federal aid contract executed or approved prior to the effective date of the Housing Act of 1954. Eligible displaced families include families which are required to move because of any form of governmental action, such as land acquisition by a public body, closing or vacating of dwellings by public officials, or the eviction of families from public housing because of high incomes. Section 221 mortgage insurance is available only in communities which have requested that it be provided. The Federal Housing Commissioner will prescribe procedures securing to displaced families pref-

erences and priorities of opportunity to purchase or rent the dwellings furnished with Section 221 assistance. The total number of Section 221 housing units cannot exceed the aggregate number of such dwellings which the Housing Administrator certifies to the Federal Housing Commissioner to be needed for the relocation of displaced families. The Housing Administrator cannot certify any dwelling units for Section 221 mortgage insurance during any period when, in his opinion, the community has failed to carry out its workable program for eliminating and preventing slums and urban blight. Further, where Section 221 is made available in a community undertaking only an existing slum clearance and redevelopment project the Housing Administrator may not certify a larger number of dwelling units for Section 221 than he estimates to be needed for the relocation of families during the period the slum clearance and redevelopment project is being carried out.

The maximum mortgage amount is $7,600 or up to $8,600 in high-cost areas, and 95 percent of value. Owner occupants are required to make at least a 5-percent downpayment. Section 221 financing is also available for mortgages not exceeding 85 percent of value covering single-family homes built, or acquired and repaired or rehabilitated for sale, if the financing is required pending subsequent sale to a qualified owner occupant.

Section 221 mortgage insurance is also provided for the repair or rehabilitation, as well as construction, of dwellings (not necessarily contiguous) for use by 10 or more families as rental accommodations for qualified displaced families where the mortgagor is a private non-profit corporation, association, or organization which is regulated under Federal or State laws as to rents, charges, and methods of operation. Such mortgages may not exceed $5 million, $7,600 ($8,600 in high-cost areas) per family unit, and 95 percent of value.

Maturities of Section 221 mortgages would be as prescribed by the Federal Housing Commissioner but not more than thirty years or three-fourths of the estimated remaining economic life of the property, whichever is lesser. Maximum interest rate is 5 percent per annum or 6 percent if the Commissioner finds it necessary to meet the mortgage market.

Mortgage lenders under Section 221 mortgages have the option after 20 years if the loan is not in default, of assigning the mortgage to the Federal Housing Commissioner and receiving in exchange 10-year debentures equal to the original principal unpaid at assignment plus accrued interest. These debentures will bear interest at a rate fixed at date of issuance based on the estimated average yield to maturity over a six months period on outstanding marketable Government obligations having a maturity of 8 to 12 years.

Mortgage Insurance for Servicemen

Section 222 was added to the National Housing Act to authorize a new FHA mortgage insurance program for housing for servicemen in the Armed Forces of the United States and their families. This program will assist in the provision of housing for members of the active military establishment who are not usually eligible for the home loan benefits of the Servicemen's Readjustment Act of 1944, because they have not become veterans.

Before a serviceman is entitled to the benefits of this program the Secretary of Defense must issue to him a certificate indicating that he requires housing, that he is serving on active duty in the Armed Forces of the United States, and that he has served on active duty for more than 2 years. A certificate may not be issued to any person ordered to active duty for training purposes only. A serviceman may be issued more than one certificate only if in the judgment of the Secretary of Defense the additional certificate is justified due to circumstances resulting from military assignment.

Mortgages insured under the new Section 222 are subject to the same limits on amounts as mortgages insured under the regular Section 203 sales housing program except that the maximum ratio of loan to value under Section 222, may, in the discretion of the Federal Housing Commissioner, exceed the maximum prescribed in Section 203, up to 95 percent of the appraised value of the property, but not more than $17,100. The serviceman will be required to either occupy the property or certify that his failure to do so is the result of his military assignment.

Premiums on the insurance will not be payable by the mortgagee while the serviceman owns the home but will be paid yearly by the Secretary of Defense from the appropriations for pay and allowances of persons eligible for mortgage insurance under this section. The Secretary of Defense will certify to the Federal Housing Commissioner the termination of ownership of such home by a serviceman, and future premiums will be payable in the same manner as in the case of other mortgage insurance.

The benefits of this section also apply to servicemen in the United States Coast Guard and their families, except that the Secretary of the Treasury will perform the functions otherwise performed by the Secretary of Defense.

FHA Insurance of Open-End Mortgages

FHA is authorized to insure advances to a mortgagor made pursuant to provisions in an open-end mortgage by the provisions of a new Section 225 added to the National Housing Act. Open-end mortgages are mortgages which provide that the outstanding balance

can be increased in order to advance additional loan funds to a mortgagor for improvements, alteration, or repair of the home covered by the mortgage without the necessity of executing a new mortgage. Only advances for such improvements or repairs as substantially protect or improve the basic livability or utility of the property will be eligible for insurance. In addition, no advance will be insured if the amount of the advance plus the amount of the unpaid balance of the original mortgage will exceed the amount of the original mortgage unless the mortgagor certifies that the advance will be used to finance the construction of additional rooms or other enclosed space as a part of the dwelling.

FHA Appraisals Available to Home Buyers

A new provision (Section 226) of the National Housing Act requires that the amount of the FHA appraised value of a property be made known to the purchaser of a home for his own occupancy prior to the sale. Under this provision the Federal Housing Commissioner will require the seller or builder to agree to give the purchaser this information. The requirement applies to single and two-family residences.

Extension of Titles VIII and IX—Military Housing and Defense Housing

The Military housing insurance authority (Title VIII) was extended for 1 year—to June 30, 1955. The President is given standby authority up until July 1, 1955, to authorize the use of Title IX for Federal aid in the provision of defense housing during certain periods or for a specific project or projects. In addition, dwellings covered by a mortgage hereafter insured under Section 903 are required to be held for rental for at least 3 years.

Protection of Labor Standards

The provisions of the National Housing Act with respect to the protection of labor standards were made to apply to multifamily housing financed by mortgages insured under the new Section 220 rehabilitation and neighborhood conservation program.

FHA Debentures

Under new provisions added to the National Housing Act all FHA debentures issued under the Act (other than the new special debentures issued under Section 221) shall have 20-year maturities except where the mortgage involved was insured or commitment for insurance was issued prior to the effective date of the Housing Act of 1954.

The interest rate on FHA debentures with respect to mortgages insured after the effective date of the Housing Act of 1954 will be at the rate in effect at the time of insurance as established by the Federal

Housing Commissioner with the approval of the Secretary of the Treasury. The rate will not exceed the rate determined by the Secretary of the Treasury by estimating average yield to maturity on comparable marketable obligations of the United States.

FHA Authorization

Section 217 of the National Housing Act was amended to consolidate and merge all existing mortgage-insurance authorizations with respect to all sections or titles (except Section 2) into one general insurance authorization. The total authorization equals the estimated amount of insurance in force and commitments outstanding as of July 1, 1954, plus $1½ billion, except that with the approval of the President, the total authorization may be increased by amounts up to not to exceed $500 million. This provides an additional $2 billion authorization.

Miscellaneous

The Act contains miscellaneous other amendments to the National Housing Act with respect to the administration of the new programs authorized by the Act.

Other amendments improve and simplify provisions of the Act with respect to the payment of insurance in cases of defaults on mortgages and loans, administration of the insurance funds, reinsurance of mortgages on foreclosed properties, and the insurance of mortgages covering housing properties sold by Federal and State governments.

Provisions To Prevent Abuses of FHA Programs

Title I Home Improvement and Repair Loans

Title I of the National Housing Act, which provides for FHA insurance of lending institutions against losses on loans for alterations, repairs and improvements of homes and other structures, was amended by the addition of provisions designed to prevent abuses and misuse of the program.

Lenders which are insured against losses will be required to provide ten percent co-insurance. In other words, Title I was amended to provide FHA insurance for only 90 percent of the loss on each insured loan. Previously an institution was insured against losses up to 10 percent of the losses on the aggregate amount of its Title I loans, which in practice amounted to 100 percent insurance.

Only such items as substantially protect or improve the basic livability or utility of properties will be eligible for financing with Title I loans. The Federal Housing Commissioner is directed to declare ineligible for FHA insurance loans financing any items which he deter-

mines do not meet this requirement, or which are especially subject to selling abuses.

Further, the Commissioner is directed to prevent by regulations or procedures the use of Title I assistance (1) with respect to new residential structures that have not been completed and occupied for at least 6 months, or (2) which would, through multiple loans, exceed the dollar limit for the particular type of loan involved under Title I.

The FHA is prohibited from making Title I insurance contracts with lending institutions which are not subject to government supervision or approved by the Federal Housing Commissioner on the basis of the institution's credit and experience or facilities to make and service Title I loans.

These Title I corrective amendments went into effect the first day after the first full calendar month following the date of approval of the Housing Act of 1954.

Cost Certifications—Prevention of "Mortgaging Out"

Provisions were added to the National Housing Act designed to prevent "mortgaging out" on mortgages insured by FHA for new or rehabilitated multifamily and rental housing (including Section 903 or 221 1- or 2-family housing which are temporarily held for rental). These provisions are designed to prevent any proceeds of an insured mortgage loan on such housing from being used to provide excessive profits to the builder. They require that the amount of the mortgage shall be reduced, after actual costs of the project are known, to an amount conforming to the percentage of estimated value or replacement cost which was used in establishing the FHA commitment for the mortgage. For example, where FHA makes a commitment before construction to insure a mortgage on a rental housing project for 80 percent of its estimated value of $1 million, and the subsequent construction and other costs of the project actually are $900,000, the amount of the mortgage would be reduced to 80 percent of $900,000. This will assure that the builder cannot obtain an FHA insured loan greater than the percentage of the actual project costs specified by the Congress. Upon completion of the project and prior to final endorsement of the mortgage for insurance, the mortgagor is required to certify that the approved percentage of the actual cost (i.e., 80 percent under Section 207, 90 percent or 95 percent under Section 213, 90 percent under Section 220, etc.) equaled or exceeded the proceeds of the mortgage loan or the amount by which the proceeds exceeded such approved percentage and to apply the amount of such excess to the reduction of the mortgage loan. In the computation of actual cost, the land value considered may not exceed the Commissioner's estimate of the fair market value of the land in the project prior to

the construction of the improvements. There will be excluded from the computation of actual costs amounts representing any kickbacks, rebates, or trade discounts received in connection with the construction of the improvements. Reasonable allowance may be included for builders' profit if the mortgagor is also the builder. There are special provisions with respect to costs which the mortgagor may include in the certification when the mortgage finances rehabilitation of housing.

The new provisions for cost certification take the place in Titles VIII and IX of the former provisions for cost certifications with respect to military housing and defense housing in those titles, respectively.

Denial of FHA Insurance Assistance in Cases of Abuses

Under a new Section 512 added to the National Housing Act the Federal Housing Commissioner is authorized to refuse the benefits (either direct or indirect) of participation in FHA insurance programs to persons or firms who knowingly and wilfully violate the letter and spirit of the National Housing Act, or the loan guaranty title of the Servicemen's Readjustment Act of 1944, or the regulations promulgated under either of these acts. Such benefits can also be refused if there has been violation of Federal or State penal statutes in connection with programs under either of the two acts or where there has been material failure to carry out contractual obligations with respect to the completion of construction or repairs financed with assistance under either of the two laws. These provisions are applicable to insured lenders and borrowers, builders, contractors, dealers, salesmen, or agents for a builder, contractor or dealer.

Prohibition Against Use of FHA-insured Housing for Hotel Purposes

Provisions were added to the National Housing Act (Section 513) which prohibit multifamily housing financed with FHA mortgage insurance from being used for transient or hotel purposes unless (a) by May 28, 1954, the Federal Housing Commissioner had agreed in writing to rental of a specified number of units for such purposes, or (b) the Commissioner finds that the project is in a resort area and that prior to May 28, 1954, a specified number of the accommodations were used for transient or hotel purposes. Mortgagors under FHA insured multifamily housing mortgages will be required in the future, as a condition to insurance by FHA, to certify under oath that the property will not be used while insurance remains outstanding for transient purposes. The Federal Housing Commissioner will define "transient or hotel purposes," but rental for less than 30 days will constitute rental for such purposes. Provisions were also made for enforcing this prohibition.

Misuse of Initials "FHA", etc.

Title 18, Section 709 of the United States Criminal Code was amended to prevent the use of the initials "FHA" (in addition to the name "Federal Housing Administration") in advertising or names in such a way as to suggest that a dealer or product is in any way connected with or approved by FHA. That section was also amended to prohibit a similar misuse of the words "Housing and Home Finance Agency" and "Federal National Mortgage Association."

Provision of Mortgage Funds

Federal National Mortgage Association Rechartered—Establishment of Voluntary Home Mortgage Credit Program

Title II of the Housing Act of 1954 rewrites Title III of the National Housing Act to recharter the Federal National Mortgage Association, the existing Federal secondary market facility for home mortgages, and provides for the capitalization and operation of the Association under its new charter. Provision is made for the gradual substitution of private investment for Federal investment in the capitalization of the Association and provision of funds for the purchase of mortgages. As a supplement to the secondary market assistance provided by the Federal National Mortgage Association for home mortgage credit, Title VI of the Housing Act of 1954 establishes a voluntary home mortgage credit program under which private financing institutions will assist in making funds available for VA and FHA home mortgages.

The FNMA is authorized, subject to limitations in the new law, to make commitments to purchase, and to purchase, service, or sell home mortgages (or participations therein) that are insured by the Federal Housing Administration or guaranteed or insured by the Veterans' Administration. No mortgage may be purchased at a price exceeding 100 percent of the unpaid principal amount of the mortgage. In addition, the mortgages purchased may not exceed $15,000 in amount for each family dwelling unit covered by the mortgage and the Association is not authorized to purchase mortgages offered by or covering property held by Federal, State, territorial, or municipal agencies.

FNMA is authorized to—

(1) provide a secondary market for FHA and VA home loans, except those insured or guaranteed prior to the effective date of the Housing Act of 1954,

(2) provide special assistance with respect to special housing programs or retarding or stopping a decline in mortgage lending and home building when authorized to do so by the President, by making commitments to purchase and purchasing home mortgages (this will in-

clude the purchase of Section 221 mortgages for homes for displaced families if the President finds it necessary) and

(3) manage and liquidate the mortgage portfolio of the FNMA in existence as of the close of a cutoff date determined by the rechartered Association within 90 days after the enactment of the Housing Act of 1954.

To bring in private capital lenders and institutions who sell mortgages to FNMA will be required to make capital contributions to FNMA equal to not less than 3 percent of the unpaid principal amount of the mortgages involved, or such greater percentage as may be determined by FNMA. Common stock will be issued to the mortgage sellers as evidence of their capital contributions. This requirement will not apply where mortgages are sold under FNMA's special assistance operations or its operations in connection with the liquidation of the existing portfolio of mortgages acquired by FNMA prior to being rechartered. The Association is also authorized to impose charges or fees for its services with the objective that all costs and expenses of its operations will be within its income and revenues.

The initial issuance of stock will be subscribed for by the Secretary of the Treasury in an amount equal to the sum of the original capital stock of the former FNMA and its paid in surplus, surplus, surplus reserves, and undistributed earnings as of the close of the cutoff date. It is estimated that this will amount to approximately $70 million and preferred stock will be delivered to the Treasury. As promptly as practicable after all of the preferred stock of the Association held by the Treasury has been retired, the Housing Administrator is required to transmit to the President for submission to the Congress recommendations for legislation to make appropriate provisions to transfer to the owners of the outstanding common stock of the Association the assets and liabilities of the Association in connection with its secondary market operations in order that such operations may thereafter be carried out by a privately owned and privately financed corporation.

Funds of the capital surplus and the general surplus accounts of the Association will be available to retire the preferred stock held by the Treasury as rapidly as the Association deems feasible. Concurrently with the retirement of the last of the outstanding preferred stock, the Association will pay to the Treasury for covering into miscellaneous receipts an amount equal to that part of the general surplus and reserves of the Association (other than reserves established to provide for any depreciation in value of its assets, including mortgages) which shall be deemed to have been earned through the use of the capital represented by the shares held by him from time to time. The amount of this payment will be determined by applying to the surplus and reserves that percentage which is equivalent to the proportion borne

by the employed capital represented by the Treasury's stock to the total employed capital of the Association, computed monthly for the period from the cutoff date to the retirement of the last of the outstanding shares of preferred stock of the Association.

All earnings from the operations of the Association will annually be transferred to its general surplus account. Funds of the general surplus account may, in the discretion of the board of directors of the Association, be transferred to reserves. All dividends shall be charged against the general surplus account. There will be no recourse to the capitalization of the Association with respect to the special assistance operations of the Association and its liquidation of the existing portfolio of mortgages. All benefits and burdens of these two operations, after allowance for related obligations of the Association, its prorated expenses, and the like, including amounts required for the establishment of such reserves as the Association deems appropriate, will inure solely to the Secretary of the Treasury.

To enable the Association to carry out its secondary market operations, it is authorized to issue obligations for sale to the investing public. The aggregate amount outstanding at any one time will not exceed 10 times the sum of its capital, capital surplus, general surplus, reserves, and undistributed earnings.

The Secretary of the Treasury is also authorized in his discretion to purchase the secondary market obligations of the Association, but his holdings cannot at any time exceed $1 billion. The authority of the Treasury to purchase the Association's secondary market obligations terminates when all of the captial stock held by the Treasury has been retired.

The Association may not purchase participations or make any advance commitments to purchase mortgages under its secondary market operations. However, it may, in the discretion of its board of directors, issue a purchase contract in an amount not exceeding the amount of the sale of mortgages purchased from it, entitling the holder of the contract to sell to the Association mortgages in the amount of the contract.

The total amount of purchases and commitments to purchase mortgages under the Association's special assistance functions is limited to $200 million outstanding at any one time. However, under these operations the President may also authorize the Association to enter into commitments to purchase immediate participations and to make related deferred participation agreements up to $100 million outstanding at any one time. Deferred participation agreements will be only on the basis of a commitment by the Association to purchase an immediate participation of a 20-percent undivided interest in each mortgage and a related deferred participation agreement by the

Association to purchase the remaining outstanding interest in such mortgage conditional upon the occurrence of such a default as gives rise to the right to foreclose.

The Association is also authorized to issue obligations for sale to the investing public to finance its liquidation operations. The total of such obligations cannot exceed the amount of the cash, mortgages, and Government bonds, free from any liens or encumbrances, held by the Association for management and liquidation. The Secretary of the Treasury is also authorized to purchase obligations from the Association issued to finance its liquidation activities.

No mortgage may be purchased by the Association under its liquidation activities except pursuant to and in accordance with the terms of a contract or a commitment to purchase the mortgage made prior to the cutoff date for the old FNMA operations. The total amount of mortgages and commitments held by the Association under its liquidation activities is limited to $3,350,000,000. However, this limit is required to be progressively reduced by the amount of cash realizations on account of the principal of mortgages held under the Association's liquidation activities, and by cancellation of any commitments to purchase mortgages. The Association will be permitted to grant the usual and customary increases in the amounts of outstanding commitments.

Voluntary Home Mortgage Credit Program

Title VI of the Housing Act of 1954 established a voluntary home mortgage credit program under which private financing institutions would undertake to make mortgage credit available where it is needed, particularly in remote areas and small communities.

A National Voluntary Mortgage Credit Extension Committee was established consisting of the Housing and Home Finance Administrator as Chairman, and fourteen other persons appointed by the Administrator representing lending institutions, home builders, and real estate boards. The Administrator, after consultation with the members of the National Committee, appointed regional subcommittees for regions conforming generally to the Federal Reserve districts.

The National Committee and the regional subcommittees will facilitate the flow of funds for residential mortgage loans into areas or communities where there may be a shortage of local capital for, or inadequate facilities for access to, such loans. This will be done by soliciting and obtaining the cooperation of private financing institutions in extending credit for insured or guaranteed mortgage loans wherever consistent with sound underwriting principles. The committee and subcommittees will study and review the demand and supply of funds for residential mortgage loans and maintain liaison

with the Federal Housing Administration and the Veterans' Administration. Regional subcommittees will render assistance to any applicant for a home loan where the applicant certifies that he has applied to at least two private lending institutions for such loan and has been informed by them that funds are not available, and that he is eligible for insurance or guaranty of the loan. Regional subcommittees will also encourage small or local private lending institutions to originate home loans by assisting them in locating other private lending institutions willing to repurchase the mortgage loans.

The Housing Administrator will issue general rules and procedures for carrying out this program and provide the National Committee with office space and staff assistance. The authority for this program terminates June 30, 1957.

Slum Clearance and Urban Renewal

The slum clearance and urban redevelopment program authorized by Title I of the Housing Act of 1949 is broadened by Title III of the Housing Act of 1954 to authorize Federal assistance to local communities not only in the clearance and redevelopment of slum areas as originally provided by Title I but to help them in preventing the spread of slums and urban blight through the rehabilitation and conservation of blighted and deteriorating areas. Accordingly, the name of this program was changed by Title III from "Slum Clearance and Community Development and Redevelopment" to "Slum Clearance and Urban Renewal" to indicate more clearly the broader nature and extent of the program.

Under the Title I program as changed by this 1954 Act, Federal assistance to local slum clearance and urban renewal activities includes assistance to either (*a*) slum clearance and urban redevelopment projects of the type authorized under the original 1949 law, or (*b*) projects involving the rehabilitation and conservation of blighted and deteriorating areas, or (*c*) a combination of both. Communities which were carrying out slum clearance and urban redevelopment projects prior to enactment of the Housing Act of 1954 will be permitted, if they desire, to complete such projects under the provisions of Title I of the 1949 Act in effect when they commenced their projects. However, they may broaden their programs to include rehabilitation and conservation projects if they meet the requirements for such additional assistance under the new provisions of law.

New contracts for Federal assistance to slum clearance and urban renewal can not be entered into unless the local community making application for such assistance has presented to the Housing Administrator and he has approved a workable program for eliminating and preventing slums and urban blight. The workable program must

provide for utilizing appropriate private and public resources, and must include an official plan of action for dealing effectively with the problem of urban slums and blight within the community and for the establishment and preservation of a well-planned community with well-organized residential neighborhoods.

A rehabilitation or conservation project is defined by the Housing Act of 1954 to include the restoration and renewal of a blighted, deteriorated, or deteriorating area by—

(1) carrying out plans for a program of voluntary repair and rehabilitation of buildings and improvements in accordance with the urban renewal plan;

(2) acquisition of real property and demolition or removal of buildings and improvements where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other detrimental uses, or to otherwise remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities;

(3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the area the urban renewal objectives in accordance with the urban renewal plan; and

(4) the disposition of any property acquired in the urban renewal area (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan.

Buildings or improvements on property which is acquired in a blighted area are not required to be torn down but can be rehabilitated and repaired if that is the most practicable and economical way to prevent or eliminate slums and blight. However, the costs of rehabilitation will not be included in the project cost and will not be financed by Federal loans. Such costs will be financed by the purchasers (in most cases) or by local agencies. FHA mortgage insurance assistance is provided by the Housing Act of 1954 to assist financing by purchasers (see especially the new Section 220 program under "FHA Insurance Programs").

Federal grants will be available for assistance of rehabilitation and conservation projects in accordance with the same "two-thirds one-third" formula as for Federal-local grants for slum clearance and urban redevelopment projects.

In addition, new special grants are authorized to be made to localities to assist them in developing, testing, and reporting on improved techniques for preventing and eliminating slums and urban blight. Grants under this authority are limited to $5 million in aggregate amount.

Other changes were made in existing law to adapt it to the broadened program of slum clearance and urban renewal and to clarify and improve the program. A provision is added to Section 110(d) of the 1949 Act (defining local grants-in-aid) which will exclude from local grants-in-aid public facilities financed by special assessments against land in a project area, and revenue-producing pubic utilities the capital cost of which is wholly financed with local bonds or obligations payable solely out of revenues derived from service charges.

Provisions were also included in this Act to enable the District of Columbia to participate in urban renewal projects.

Low-Rent Public Housing

Authorization for Additional Low-Rent Public Housing

The United States Housing Act of 1937, was amended to authorize the Public Housing Administration to enter into new contracts during the fiscal year 1955 for loans and annual contributions with respect to not more than 35,000 additional public housing units. The new contracts can be entered into only with respect to low-rent housing projects which are to be undertaken in communities where a slum clearance and urban redevelopment or urban renewal project is being carried out with assistance under Title I of the Housing Act of 1949, as amended, and only if the local governing body of the community undertaking the project certifies that the low-rent public housing project is needed to assist in meeting the relocation requirements of Section 105(c) of the Housing Act of 1949 by providing housing for persons displaced by the slum clearance operations. Further, under a provision in Section 101 of the Housing Act of 1949 added by the Housing Act of 1954, a local community must have a workable program for eliminating and preventing slums and urban blight which has been approved by the Housing Administrator, before new contracts can be entered into for annual contributions for public housing.

The total number of dwelling units which may be contained in any low-rent housing project provided for under these new contracts is further limited by the provision that it may not exceed the number of such units needed for the relocation of families displaced as a result of Federal, State, or local governmental action in the community.

Preferences for Admission to Public Housing

The preference provisions with respect to admission to low-rent public housing were amended. Prior to this new law, a first preference was given only to families displaced by a low-rent project or by a slum clearance or redevelopment project, or which were so displaced within 3 years prior to making application for admission. This

community and agree that the project can be sold upon payment and retirement of all outstanding obligations (with interest, etc.) in connection with the project. Proceeds from the sale of the project in excess of the amounts required to cover such outstanding obligations will be paid to the Public Housing Administration and the local housing authorities in proportion to their aggregate contributions to the project. The sale will be made to the highest bidder after public advertising.

Urban Planning

Section 701 of the Housing Act of 1954 authorizes the Housing and Home Finance Administrator to make planning grants to State planning agencies for the provision of planning assistance to cities and other municipalities with populations of less than 25,000. The Administrator is also authorized to make grants to official State, metropolitan, or regional planning agencies empowered under State or local laws to perform planning work in metropolitan and regional areas. Included in the planning to be assisted are surveys, land-use studies, urban renewal plans, and technical services.

Grants for planning may not exceed 50 percent of the estimated cost of the work for which the grant is made. Five million dollars is authorized to be appropriated for the grants.

Reserve of Planned Public Works

Section 702 of the Housing Act of 1954 provides for the resumption of Federal aid to assist in the advance planning of State and local non-Federal public works. The Housing Administrator is empowered to make advances to the States, their agencies and political subdivisions for the planning of public works (other than housing) which conform to an overall State, local, or regional plan approved by a competent State, local, or regional authority. Advances are repayable, without interest, if and when the construction of the public works contemplated by the advance is undertaken. If payment is not made promptly when due the unpaid amount of the advance will bear interest at the rate of 4 percent per annum from the date the Federal Government makes demand for repayment.

The authority to make advances expires July 1, 1957, and appropriations up to $10 million are authorized for this program.

Public Facility Loans

Section 108 of the Reconstruction Finance Corporation Liquidation Act was amended (Section 804) to provide that the Housing and Home Finance Administrator is authorized to make the loans which

are authorized by that section to State and local public agencies for public facilities.

An appropriation of $50 million was authorized which will be used to establish a revolving fund in the Treasury from which the Housing Administrator will obtain funds for the public facility loans.

The termination of the program was extended from June 30, 1955, to June 30, 1956.

Home Loan Bank Board

Service of Process on Federal Savings and Loan Insurance Corporation

Section 501 of the Housing Act of 1954 provides a method whereby service of process may be obtained on the Federal Savings and Loan Insurance Corporation anywhere by service upon an agent and the mailing of a copy of the process by registered mail to the Corporation at Washington, D. C.

Statute of Limitations in Enforcement of Claim for Payment of Insurance

Section 501 also amended Section 405 of the National Housing Act by adding a provision which bars the enforcement of a claim against the Federal Savings and Loan Insurance Corporation for the payment of insurance after the expiration of three years from the date of default. If, however, within this 3-year period the receiver or conservator recognizes the claim but the FS&LIC denies its validity, the action may be brought within 2 years from the date of such denial.

Termination of Insurance by FS&LIC

Section 407 of the National Housing Act was amended to provide that whenever the Home Loan Bank Board determines that an institution insured by the FS&LIC has violated its duty or has continued unsafe or unsound practices in conducting its business, or has knowingly or negligently permitted any of its officers or agents to violate any provision of law or regulation to which the institution is subject, the insured status of the institution may be terminated, after notice and an opportunity for hearing has been given by the Board. Local authorities which have supervisory authority over the institution are given an opportunity to attempt to secure a correction of the unsafe or unsound practice before action is taken by the Home Loan Bank Board to terminate the insured status of the institution. The action of the Board is subject to court review.

Increase in Amount of Home Mortgage as Collateral for Advances

The Federal Home Loan Bank Act was amended to increase from $20,000 to $35,000 the maximum home mortgage acceptable as collateral security for an advance by a Federal home loan bank.

Increase in Maximum Amount of Loan by Federal Savings and Loan Associations

Section 5 of the Home Owners' Loan Act of 1933 was amended to increase the maximum dollar amount of a home loan which may be made by a Federal Savings and Loan Association from the previous maximum of $20,000 to a maximum of $35,000.

Enforcement of Rules and Regulations Governing Operations of Federal Savings and Loan Associations and Appointment of Conservators and Receivers

Section 5 of the Home Owners' Loan Act of 1933 was further amended to provide a means by administrative and court proceedings whereby the Home Loan Bank Board can enforce compliance with law and regulations by Federal savings and loan associations in cases where the Board feels that the appointment of a conservator or receiver is not necessary or desirable. Procedure is also provided for the appointment of conservators, receivers, and supervisory representatives, and the specific grounds authorizing appointment of conservators or receivers are set out.

Increase in Authorized Investment in Unsecured Loans for Home Repair and Improvement

Section 503(3) of the Housing Act of 1954 increased from $1,500 to $2,500 the maximum amount of an unsecured home repair and improvement loan in which a Federal savings and loan association can invest. The same authority is provided to savings and loan associations in the District of Columbia by Section 315 of the Housing Act of 1954.

Builders' Warranty

Section 801 of the Housing Act of 1954 directs the Federal Housing Commissioner and the Veterans' Administrator to require that the builder or seller of a new home built with the assistance of an FHA-insured or VA-guaranteed mortgage, deliver to the purchaser or owner a warranty that the dwelling is constructed in substantial conformity with the plans and specifications (including any amendments of the plans and specifications which have been approved in writing) on which the FHA or VA valuation of the dwelling was based. The requirement applies to dwellings designed for not more than four family residence. The certification applies only when the purchaser notifies the person making the certification that there has been nonconformity to the plans and specifications within one year from the date of conveyance of title or initial occupancy, whichever occurs first.

College Housing Loans—Interest Rate

The interest rate on college housing loans will be determined on the basis of the going Federal rate in effect at the time the loan is approved by the Housing Administrator, instead of the time the loan is executed, as previously required.

Veterans' Open-End Mortgages

The maximum veterans' home loan guaranty entitlement of $7,500 was made applicable to loans for repairs, alterations, and improvements (if they will substantially protect or improve the basic livability or utility of the property involved) as well as to loans for the purchase and construction of residential property. Under previous law (the so-called "veterans' open-end mortgage" provision) a veteran who had used his guaranty entitlement in acquiring a home could have additional entitlement for repair loans only if he had used less than $4,000 of his entitlement in acquiring the home.

Defense Housing and Community Facilities

The Defense Housing and Community Facilities and Services Act of 1951 was amended to provide that the President has standby authority up until July 1, 1955, to designate periods when Title III of that Act authorizing Federal aid in the provision of defense housing and community facilities and services in critical defense areas can be used. The President may also designate a specific project or projects to be assisted by either of the two programs.

In addition, the Housing and Home Finance Administrator is authorized to enter into amendatory agreements after June 30, 1954, to provide additional Federal assistance with respect to defense community facilities undertaken on or before such date where he finds it necessary to do so to assure the completion of such facilities. The amendatory agreement may not involve the expenditure of Federal funds in excess of those available on or before June 30, 1954.

Disposition of Government-Owned Housing

Title VIII of the Housing Act of 1954 makes special provision for the acquisition of the fee in land now held by the Administrator under a leasehold for Lanham Act housing in Richmond, California. Special provision was also made for the disposition of Lanham Act housing in the San Diego area to Indian tribes; in Riverside County, California, to the University of California; in Wethersfield, Connecticut, to the Wethersfield Housing Authority; in St. Louis County, Missouri, to the Housing Authority; and Columbia, South Carolina, to the University of South Carolina.

Provision was also made for the disposition of defense housing constructed or acquired under the Defense Housing and Community Facilities and Services Act of 1951.

A small amount of war housing will be permitted to be disposed of without regard to the applicable veterans' preference in certain unusual cases where (for any one of several specified reasons) the allowance of the preference would not accomplish the real intent and purpose of the veterans' preference provisions.

Control of Lenders' Charges and Fees

Section 504 of the Housing Act of 1950, which directed the Federal Housing Commissioner and the Veterans' Administrator to limit and control the fees and charges imposed by lenders upon the builders and purchasers in connection with mortgages and home loans, is repealed. This provision is no longer needed, and adequate authority for the control of these fees and charges is otherwise available.

Farm Housing

Section 812 of the Housing Act of 1954 amended Title V of the Housing Act of 1949 to provide the following additional authorizations for loans and contributions to farm housing: (1) $100 million in the amount of loan funds which can be obtained from the Treasury; (2) $2 million per annum in the amount of annual contribution commitments for housing on potentially adequate farms, and (3) $10 million in the amount of appropriations authorized for loans and grants for improvements and repairs of farm housing.

Advisory Committees

Section 601 of the Housing Act of 1949 was amended to authorize the head of each constituent agency of the Housing Agency (in addition to the Housing Administrator) to establish such advisory committees as may be deemed necessary by them.

Miscellaneous

1. Reports and Audits

The Housing Act of 1954 contains miscellaneous provisions with respect to record keeping, audits, submission of specifications, reports to Congress, personnel, and administration of the housing programs.

2. Federal Aid to Schools

Public Law 731, 83d Congress, approved August 31, 1954, extended for 2 more years the Federal assistance for school construction

authorized under Public Law 815, 81st Congress, in school districts which since the school years 1951–52, had substantial increases in school membership as a result of new or increased Federal activities.

3. Lanham Act Projects

Public Law 305, 83d Congress, approved March 10, 1954, amends Section 707 (b) of the Lanham Act dealing with preferences in the purchase of Lanham Act housing, by providing that notwithstanding the order of preferences set out in that section, the Administrator may grant first preferences to persons occupying the dwellings at the time of acquisition by the Federal government.

4. Veteran's Home Loans

Public Law 611, 83d Congress, approved August 21, 1954, extended for 1 year—until June 30, 1955—the direct home loan program for veterans and provided an additional $150,000,000 authorization for such loans to be made available at the maximum rate of $37,500,000 per calendar quarter.

5. Investigations

In addition to the investigation conducted by this Agency of irregularities or abuses in connection with the administration of programs of mortgage and loan insurance by the Federal Housing Administration, an investigation was conducted by the Senate Banking and Currency Committee pursuant to Senate Resolution 229 which authorized the holding of hearings, the reporting of hearings and the making of investigations, the employment of investigators and technical and clerical assistants, and authorized the committee to incur expenses not to exceed $150,000 for such investigation. Public hearings were held by the Committee beginning June 28, 1954, in Washington. Later hearings were also held in New York, Los Angeles, New Orleans, Chicago, Indianapolis, and Detroit. Public hearings were concluded on November 9, 1954. A report of the FHA investigation was filed by the Senate Committee on Banking and Currency and was ordered to be printed January 6, 1955.

6. Appropriations

Public Law 357, 83d Congress, approved May 11, 1954, provided temporary appropriations for the Housing and Home Finance Agency pending enactment of the Independent Offices Appropriation Act of 1955. The latter law, Public Law 428, approved June 24, 1954, contained the fiscal year 1955 appropriations for this Agency. The Supplemental Appropriation Act, 1955, Public Law 663, approved August 26, 1954, provided for an additional amount for salaries and expenses of $1,100,000 and increased the amount available for expenses

of travel from $169,325 authorized under the Independent Offices Appropriation Act, 1955, to $260,825. Appropriations for Federal aid to school construction were provided in the Departments of Labor, and Health, Education, and Welfare Appropriation Act, 1955 (Public Law 472, 83d Cong.), approved July 2, 1954.

7. Rescissions of Appropriations

The Independent Offices Appropriation Act, 1955, reduced by $4,500,000 funds previously appropriated for defense housing and directed that such amount be covered into the Treasury promptly upon enactment of the Appropriation Act.

APPENDIX C

PUBLICATIONS OF THE HHFA 1954

Office of the Administrator

Unless otherwise indicated, the following publications are available without charge from the Housing and Home Finance Agency, Washington 25, D. C.

Annual Report—Seventh Annual Report of the HHFA covering calendar year 1953. Superintendent of Documents, Government Printing Office, Washington 25, D. C. $1.25

Housing and Home Finance Agency: Its Organization and Functions.

Housing Market Analysis—analysis of techniques for preparing local market studies. Superintendent of Documents, Government Printing Office, Washington 25, D. C. 50¢

Application of Climatic Data to House Design—use of weather data in planning for comfort, convenience, and economy in house design. Superintendent of Documents, Government Printing Office, Washington 25, D. C. 75¢

Population Growth in Standard Metropolitan Areas 1900–50. Superintendent of Documents, Government Printing Office, Washington 25, D. C. 55¢

Building Better from Modular Drawings—an explanation of modular coordination for construction officials. Superintendent of Documents, Government Printing Office, Washington 25, D. C. 20¢

Financing the Construction of Prefabricated Houses—how dealers in prefabricated housing have been able to finance operations. Superintendent of Documents, Government Printing Office, Washington 25, D. C. 40¢

Performance of Plumbing Fixtures and Drainage Stacks—summaries of studies of plumbing systems. Superintendent of Documents, Government Printing Office, Washington 25, D. C. 25¢

Construction Financing for the Home Builder—financing guide for professional builder of homes. Superintendent of Documents, Government Printing Office, Washington 25, D. C. 75¢

Moisture Migration from the Ground—causes of and cures for dampness in homes. Superintendent of Documents, Government Printing Office, Washington 25, D. C. 20¢

Septic Tank Soil Absorption Systems for Dwellings—builder guide for selecting most suitable septic tank systems. Superintendent of Documents, Government Printing Office, Washington 25, D. C. 25¢

Deflection Characteristics of Residential Wood-Joist Floor Systems—how floor stiffness affects plaster cracking and vibration. Superintendent of Documents, Government Printing Office, Washington 25, D. C. 40¢

A Report on Administrative Procedures for Enforcement of Building Regulations—methods used by various cities and counties to enforce building regulations. Superintendent of Documents, Government Printing Office, Washington 25, D. C. 40¢

Housing Research No. 7—includes articles on house conversions, trailer living, housing market data. Superintendent of Documents, Government Printing Office, Washington 25, D. C. 45¢

The Thermal Insulating Value of Airspaces—thermal resistance of airspaces when faced with various materials. Superintendent of Documents, Government Printing Office, Washington 25, D. C. 25¢

Shrinkage Characteristics of Concrete Masonry Walls—a guide for producers, builders, architects, engineers. Superintendent of Documents, Government Printing Office, Washington 25, D. C. 40¢

Demonstration of New Techniques for Low-Cost Home Construction—information on large-scale methods for small volume home builders. Superintendent of Documents, Government Printing Office, Washington 25, D. C. 60¢

An Introduction to Urban Renewal—a brief review of the principal urban renewal provisions and operations under the Housing Act of 1954.

How Communities Can Develop a Workable Program for Urban Renewal—a description of requirements for certain Federal aids for urban renewal. Superintendent of Documents, Government Printing Office, Washington 25, D. C. 10¢

Home Loan Bank Board

The following publications are available without charge from the Home Loan Bank Board, Washington 25, D. C.

Answers to Questions about Insurance of Savings—Federal Savings and Loan Insurance Corporation.

Outline of Functions of the Home Loan Bank Board.

Federal Savings and Loan Associations; What They Are and How Their Charters Are Granted.

Combined Financial Statement of Members of the Federal Home Loan Bank System, 1953.

Financial Report (Annual) Federal Savings and Loan Insurance Corporation.

Savings and Home Financing Source Book (Annual)

Summary of Operations (Annual)—includes Federal Home Loan

Bank System, Federal Savings and Loan Insurance Corporation, and Federal Savings and Loan System.

Trends in the Savings and Loan Field (Annual)

20th Anniversary, 1934–54. Story of the Federal Savings and Loan Insurance Corporation.

Federal Housing Administration

The following are the principal new or revised FHA publications issued in 1954. Unless otherwise indicated, they can be obtained without charge from the Federal Housing Administration, Washington 25, D. C.

Administrative Rules and Regulations for Military Housing Insurance under Title VIII of the National Housing Act; FHA Form No. 3300, revised September 23, 1954.

Administrative Rules and Regulations under Section 908 of Title IX of the National Housing Act; FHA Form No. 3375, revised September 23, 1954.

Amortization and Mortgage Insurance Premium Tables—For mortgages to be insured under Section 203 of the National Housing Act; FHA Form 2042B, revised December 1954. Superintendent of Documents, Government Printing Office, Washington 25, D. C. 30 cents.

Annual Report—Twentieth annual report of the Federal Housing Administration; year ending December 31, 1953. Superintendent of Documents, Government Printing Office, Washington 25, D. C. 60 cents.

FHA Plan of Home Ownership—FHA Form No. 2098, revised January 1954. (Obsolete)

Insured Mortgage Portfolio—(Issued quarterly—discontinued at the end of 1954). Vol. 18, Nos. 3 and 4; Vol. 19, Nos. 1 and 2. Superintendent of Documents, Government Printing Office, Washington 25, D. C. Copies 15 cents.

Minimum Requirements for Low Cost Housing under Sections 203 (h) and 203 (i) of the National Housing Act; FHA Form No. 3400, August 2, 1954.

Multifamily Rental Housing Insurance—Administrative rules and regulations under Section 207 of Title II of the National Housing Act; FHA Form No. 2012, revised August 13, 1954.

Mutual Mortgage Insurance—Administrative rules and regulations under Section 203 of the National Housing Act; FHA Form No. 2010, revised August 9, 1954.

National Defense Housing Insurance—Administrative rules and regulations under Section 903 of the National Housing Act; FHA Form No. 3350, revised August 11, 1954.

Property Improvement Loans—Regulations under Title I under

Section 2 of the National Housing Act; effective October 1, 1954; FHA Form No. 20.

Property Improvement Loans—General administrative policy applicable to property improvement loans reported for insurance under Title I of the National Housing Act; for use in connection with regulations effective October 1, 1954; FHA Form No. 20A.

Rehabilitation and Neighborhood Conservation Housing Insurance—Administrative rules and regulations under Sections 220 and 221 of the National Housing Act; FHA Form No. 3500, effective October 15, 1954.

Section 213 Cooperative Housing Insurance—Administrative rules and regulations under Section 213 of Title II of the National Housing Act; FHA Form No. 2076, revised September 10, 1954.

Servicemen's Mortgage Insurance—Administrative rules and regulations under Section 222 of the National Housing Act; effective November 5, 1954; FHA Form No. 3600.

What Is the FHA?—Revised September 1954.

Public Housing Administration

The following publication is available without charge from the Public Housing Administration, Wassington 25, D. C.

Annual Report. Seventh Annual Report of the PHA covering calendar year 1953.

Federal National Mortgage Association

The following publications are available without charge from the Federal National Mortgage Association, Washington 25, D. C.

Semi-Annual Report of the Federal National Mortgage Association—summary of activities of the FNMA issued semiannually.

Government Guaranteed Real Estate Mortgage Loans Covering Individually Owned Homes and Rental Housing Developments—Mortgages insured by the FHA or guaranteed by the VA and owned by the Federal National Mortgage Association, available for sale, on a State basis by sections of acts.

Background and History of the Federal National Mortgage Association.

Information Circular Regarding the Activities of the Federal National Mortgage Association—Summary of procedures and requirements that apply to the purchasing, servicing, and sale of mortgages by FNMA.

Urban Renewal Administration

Approaches to Urban Renewal in Several Cities—Urban Renewal Bulletin No. 1. Urban renewal programs in ten cities. Superintendent of Documents, Government Printing Office, Washington 25, D. C. 25 cents.

APPENDIX D

ORGANIZATION OF OFFICE OF THE ADMINISTRATOR

At the end of 1954, the Office of the Administrator consisted of the following principal organization units:

1. The Deputy Administrator assists the Administrator in the general supervision and coordination of the functions of the constituents of the Agency and in the direction and supervision of the operations and programs of the Office of the Administrator. He acts for the Administrator in such matters as, from time to time, the Administrator may indicate.

2. The Division of Law, under the supervision of the General Counsel, provides legal counsel and assistance required in the formulation and development of the Agency's policies and programs, conducts studies of basic legal problems, and represents the Administrator on all legal matters. The division is responsible for the preparation and review of proposed Federal legislation, reports, statements, and other materials concerning proposed or pending legislation, preparation of public regulations of the Agency and related documents, and preparation of legal opinions, briefs, and contract documents. It provides counsel and assistance on all legal matters in connection with the operations and programs of the Office of the Administrator, the Community Facilities Administration, the Urban Renewal Administration, and the Voluntary Home Mortgage Credit Program.

3. The Division of Plans and Programs, under the supervision of the Assistant Administrator (Plans and Programs), assists the Administrator in the formulation of Agency policies and programs, in evaluating the effectiveness of existing policies and programs and in preventing or resolving policy inconsistencies. The division assists in the coordination of Agency urban renewal activities and in the performance of the Administrator's nondelegable and reserved functions under the Housing Act of 1954. The division prepares recommendations on determinations of critical defense housing areas and designations of project eligibility, and develops plans for the civil defense and defense mobilization responsibilities of the Administrator. It also assists in the supervision of Lanham Act housing management and disposition. The division is responsible for making broad studies of the housing economy, preparation of estimates of nonfarm housing needs and reports on the progress being made toward meeting those needs, development and interpretation of statistical data for Agency programs, and preparation of reports on Agency operations. It assists

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