FEDERAL HOUSING ADMINISTRATION

27th Annual Report

for the year ending
December 31, 1960

Twenty-Seventh

Annual Report

of the

FEDERAL HOUSING ADMINISTRATION

for the year ending December 31, 1960

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

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Federal Housing Administration

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

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

The various FHA insurance programs in effect in 1960 are summarized below.

TITLE I

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

TITLE II

Section 203(b) of Title II authorizes the insurance of mortgages on new and existing 1- to 4-family dwellings. Maximum mortgage amounts are $22,500 on a 1-family dwelling, $25,000 on a 2-family dwelling, $27,500 on a 3-family dwelling, and $35,000 on a 4-family dwelling.

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

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

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

Section 213, added to Title II in 1950, authorizes the insurance of mortgages on cooperative housing projects of eight or more family units. This section also authorizes the FHA to furnish technical advice and assistance in the organization of the cooperatives and in the planning, development, construction, and operation of the housing projects. Before the enactment of Section 213, mortgages on cooperative housing were eligible for insurance under Section 207.

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

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

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

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

Section 225, added in 1954, authorizes the insurance of additional advances under an open end provision, in a mortgage insured under any section of the Act on a 1- to 4-family home, when the advances are made to finance repairs and improvements to the property.

Section 231, added in 1959, authorizes the insurance of mortgages on new or rehabilitated rental housing projects of eight or more units designed for occupancy by elderly persons (62 years old or older). From August 1956 until the enactment of Section 231, mortgage insurance on rental housing for the elderly was authorized under Section 207.

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

TITLE VI

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

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

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

TITLE VII

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

TITLE VIII

Title VIII, added in 1949 (Wherry Act) and rewritten in 1955 (Capehart Act), authorizes under Section 803 the insurance of mortgages on rental housing built on or near military reservations for the use of personnel of the Armed Forces, on certification by the Secretary of Defense.

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

Section 810, added in 1959, authorizes mortgage insurance on not more than 5,000 units of off-base housing for military and essential civilian personnel of the Armed Services.

TITLE IX

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

PUBLICATIONS

The following are the principal new or revised FHA publications issued in 1960. Unless otherwise indicated, they can be obtained without charge from the Federal Housing Administration, ...ington 25, D.C.

ABC's of FHA. FHA 421, revised August 1960. 5 cents. $2.50 per 100 copies.*

Dealers' and Contractors' Guide, Property Improvement Loans. FH-30A, revised February 1960. 10 cents.*

Digest of Insurable Loans. FHA 2575, revised January 1960. 10 cents.*

Feasibility of Curved Alignment for Residential Sanitary Sewers. FHA 704. $1.25.*

FHA Appraised Values and Maximum Mortgage Amounts for 1-Family Residences: Specified Statutory or Administrative Limits for Section 203(b). FHA 426, revised April 1960.

FHA Cooperative Housing Program (Management Type). FHA 3250, revised October 1960. 15 cents.*

FHA Facts for Home Buyers. Revised May 1960.

FHA Notes on Nursing Homes. FHA 696, revised September 1960. 15 cents.*

FHA's Rental Housing Program: What It Is, How It Works. FHA 415.

Housing For You When You're 62: What FHA Does About It. FHA 699. 15 cents.*

Improve Today with FHA. FH-39, revised April 1960. 5 cents.*

Minimum Property Standards for Nursing Homes. FHA 334. 20 cents.*

Property Improvement Loans: General Administrative Policy Applicable to Property Improvement Loans Reported for Insurance under Title I of the National Housing Act. FH 20A, revised May 1960.

Technical Studies by the Federal Housing Administration. FHA 470, revised November 1960.

This Is the FHA. FHA 2650, revised March 1960. 15 cents.*

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

General Review

Throughout 1960, applications received by FHA, insurance written, and dwelling units started under FHA inspection were substantially below the 1959 levels. Applications in 1960 on 242,374 new-home units were 34.4 percent under the 369,747 units on which mortgage insurance was applied for in 1959. Applications on existing homes were 11.5 percent below 1959.

Insurance written during the year 1960 included mortgages on 373,261 home units, and multifamily housing projects with 49,101 units, together with 1,011,858 property improvement loans. The ratio of dwelling units started under FHA programs to total privately financed nonfarm starts declined from 22.2 percent in 1959 to 21.5 percent in 1960.

A number of steps were taken during the year to make FHA benefits available to more families. A new escrow commitment procedure for trade-in transactions was put into effect in February. On April 29 the minimum downpayment requirements for insured home mortgages were reduced. FHA regulations were amended in July to allow individuals and organizations other than approved mortgagees to own FHA-insured home mortgages. The service charge previously permitted on mortgages of $8,000 or less was made applicable to mortgages up to $9,000. Measures were taken to facilitate the insurance of mortgages on properties on Indian reservations. Increases were authorized in FHA mortgage limits as required by local cost levels. A policy was adopted of considering some multifamily rental projects in central city areas for families without children.

In addition, changes were made in FHA procedures to increase their efficiency. The procedure for conveying foreclosed properties to the Commissioner and obtaining mortgage insurance benefits was completely revised.

Measures were taken during the year to encourage high quality in housing financed under the FHA system. FHA directors in the field were reminded to be alert to the difference in prospective housing expense caused by the use of alternative materials and equipment, since higher initial costs for items of better quality may be offset by reductions in maintenance and repair costs. The requirement for grade marking of framing and sheathing lumber became mandatory April 1.

In order to maintain a close check on the quality of FHA appraisals, FHA instructed the insuring offices in December to make a field review of at least one of every 20 home mortgage appraisals throughout their respective jurisdictions, and at least one of every 10 fee, per-diem, and Certified Agency Program appraisals.

Room count criteria for multifamily housing projects were revised and simplified. A cost index was established for determining per-room and per-unit mortgage limits for use with the new criteria in accordance with the authority given in the Act for mortgage amounts higher than the basic statutory amounts, when the projects are located in high-cost areas.

The Commissioner met in the course of the year with advisory committees of builders, experts on nursing homes, and representatives of the property improvement industry, to discuss aspects of FHA operations in which the advice of these groups would be of special value.

Under the FHA technical studies program, 27 studies have so far been completed and 32 others were under contract in 1960. Studies undertaken are concerned with mechancial, structural, sanitary, soils, and architectural problems, and problems having to do with streets and drainage. The technical studies program, carried on under contract with the Building Research Advisory Board of the National Academy of Sciences, provides a procedure for identifying and studying construction and materials problems. FHA publishes periodically a list of studies being considered or under way, in order to advise research sources of FHA's needs, to stimulate research by others, and to help prevent duplication of effort.

FHA assisted in a research study in land planning and community development undertaken jointly by the Urban Land Institute and the National Association of Home Builders, which reviewed land planning concepts already developed and provided background for evaluating new concepts as well as for further investigation.

The Section 608 recovery program was substantially completed during the year and a report was made to the Senate subcommittee on housing. The purpose of the program was to effect recovery of excess mortgage proceeds to the project corporation, or reduction in the mortgage, when the amount of the insured mortgage was found to be excessive in relation to actual construction cost. Cumulative recoveries effected by the FHA and the Department of Justice from the inception of the program in 1954 through 1960 aggregated approximately $39 million.

The seven FHA intergroup relations advisers in the field were called to Washington in February

Mortgages on individual homes account for the great bulk of FHA insurance. The home shown above is one of 400 in Holida Addition, Indianapolis, Ind., priced at $16,000 to $19,000. Architect, Elmer J. Son of Dayton, Ohio; builders, Perine Development Co.; mortgages insured under Section 203(b).

for conferences with the Commissioner and other agency officials. Panel discussions in which the intergroup relations advisers participated were also held at this time with representatives of several State, religious, and civic groups and national organizations interested in the development of equal opportunities in housing.

At the end of 1960, eight States and two cities had legislation that would bar discrimination in housing built with any public assistance, including FHA mortgage insurance. Other States and cities are expected to propose similar legislation. Where such laws are in effect, FHA cooperates fully with the authorities responsible for their administration. FHA appointed a special intergroup relations adviser in 1960 who serves as liaison with all the States that have fair housing laws. FHA has also taken part in educational meetings and staff consultations held for the purpose of bringing about understanding of the laws.

Commissioner Julian H. Zimmerman resigned on October 21, 1960, and Housing Administrator Norman P. Mason was also Acting FHA Commissioner for the rest of the year.

Home Mortgages

The volume of home mortgage insurance in 1960 fell below that written in 1958 and 1959, both of which were record years. The 168,720 new-home units insured in 1960 were the highest number insured in 10 years except for 1959, and the 204,542 existing-home units insured in 1960 represented the third highest annual volume for any FHA year. Insurance under Section 203 of the Act, FHA's standard home mortgage insurance program, covered 149,414 units in new homes and 190,638 units in existing homes.

Discounts on FHA-insured mortgages began a slow decline early in the year as money became more readily available for mortgage investment. From the high of 3.7 points in February, the average discount on immediate deliveries of 5¾ percent new-home mortgages with 25-year maturities and 10 percent down payment fell to 2.2 points at the end of the year, with the mortgages selling at par in some areas.

On April 29, 1960, the Commissioner put into effect the minimum downpayment schedule authorized by the Housing Act of 1959 for FHA-insured home mortgages. The change affected valuations above $13,500 and was made to help more families buying higher-priced homes to take advantage of FHA-insured financing. The revised schedule provided for down payments of 3 percent of $13,500 of value, plus 10 percent of the next $4,500 of value, plus 30 percent of value above $18,000.

The previous minimum requirement had been 3 percent of $13,500 of value, plus 15 percent of the next $2,500 plus 30 percent of value above $16,000. The ceilings of $22,500 on the mortgage amount for a single-family dwelling, $25,000 for a two-family dwelling, $27,500 for a three-family dwelling, and $35,000 for a four-family dwelling, remained unchanged.

On August 3, FHA authorized an annual service charge of one-half of 1 percent on mortgages in amounts up to $9,000. The charge had previously been limited to mortgages of not more than $8,000. The change was made to encourage greater activity by lenders in the financing of lower-priced homes.

FHA field offices were notified on August 31, 1960, that the Minimum Standards for Low Cost Housing, which permit less costly construction of homes without sacrifice of structural soundness, could be used for properties financed under Section 203(b) with mortgages of $9,000 or less. Previously, the regular FHA Minimum Property Standards were required in all Section 203(b) cases regardless of the mortgage amount.

FHA put into effect early in the year the new trade-in procedure made possible by the Housing Act of 1959. Under the new procedure a builder, realtor, or other nonoccupant mortgagor is able to close a loan in his own name on the most liberal terms available to an owner-occupant, provided at least 15 percent of the loan proceeds will be held in escrow until the property is sold to an owner-occupant. When a buyer acceptable to FHA is found, his name can be substituted on the mortgage. If the house is not sold to a qualified buyer within 18 months, the escrowed 15 percent of the loan is applied to reduce the mortgage.

For the first time in FHA history, individuals and organizations other than approved mortgagees may now own FHA-insured mortgages. FHA regulations were amended on July 13, 1960 to make this possible. The amendment applies only to mortgages insured under Section 203(b) of the Act. The mortgages will continue to be originated, held, and serviced by approved mortgagees, who will be fully responsible for all mortgage obligations under the insurance contract. The purchaser receives an Assignment of Note and Mortgage as proof of ownership. The action was taken to broaden the sources of investment in these mortgages.

From the date of the amendment to the end of September 1960, 456 mortgages in a total amount of $4.4 million were purchased by individuals and organizations made eligible by the amendment. The 90 approved mortgagees that sold the mortgages included State banks, national banks, and mortgage companies in about equal proportions.

Under the Mutual Mortgage Insurance system, mortgage insurance premiums collected from borrowers who finance homes under Section 203 of the Act are paid into the Mutual Mortgage Insurance Fund. This alone of the FHA insurance funds is a mutual fund. If the homeowner's total premiums over the life of the insured mortgage amount to more than their proportionate share of FHA expenses, losses, and reserve requirements, the difference is refunded to the homeowner when his loan is paid in full. In the calendar year 1960, FHA made payments of this kind totaling $13.4 million to 93,490 mortgagors. From 1945, when the payments were first made, through 1960, payments have been made to 938,528 mortgagors in a total amount of $114 million.

A detailed discussion of FHA participation payments to mortgagors appears in Section 4 of this report.

Cooperative Housing

A marked increase occurred during 1960 in the volume of mortgage insurance on cooperative housing. Mortgages were insured on 237 projects comprising 7,803 units. Insurance written in the preceding year covered 125 projects with 4,453 units.

The 1960 volume included 33 management-type projects (those in which ownership remains with the cooperative corporation) with 4,425 units—the largest number of units since 1942—and 204 sales-type projects (those in which individual owners take title to the individual homes after completion) with 3,378 units.

Since cooperative housing mortgage insurance under Section 213 of the Act was first authorized in 1950, FHA has insured mortgages on 1,334 projects with 64,418 units, in a total amount of $740 million. The projects have been located in 38 States, and groups in other States, particularly in the east coast and southern areas, have expressed interest in Section 213 financing. The first cooperative project in Puerto Rico was insured in 1960, and a commitment has been issued on a second project.

Through the end of 1960, defaults on 5 management-type projects with 370 dwelling units and mortgages aggregating $3.6 million, and on 3 sales-type projects with 211 units and mortgages totaling $2.2 million, had resulted in the acquisition of the properties by FHA after foreclosure by the mortgagees, or the assignment of the mortgage notes to FHA in lieu of foreclosure. In addition, titles to 402 single-family homes, built as part of sales-type projects and individually reinsured under Section 213, had been acquired by FHA. Losses to the Housing Insurance Fund from the disposition of part of this acquired security had totaled slightly over $392,000 or about 0.12 percent of the total amount of insurance written.

Interest in the program has been increased by the 1959 amendment to the Act authorizing Section 213 insurance on existing structures converted to use as cooperatives. A mortgage on 1 such project with 216 units was insured during the year, and there are indications of greater activity in the coming year.

A new area of cooperative housing activity—housing for the middle and middle-low income group of American Indians—was explored in 1960, and legal problems are being worked out with the Bureau of Indian Affairs.

Rental Housing

Mortgages were insured under Section 207 in 1960 on 142 rental projects with 19,447 units, compared with 94 projects and 14,076 units in 1959. The 1960 volume represented the largest number

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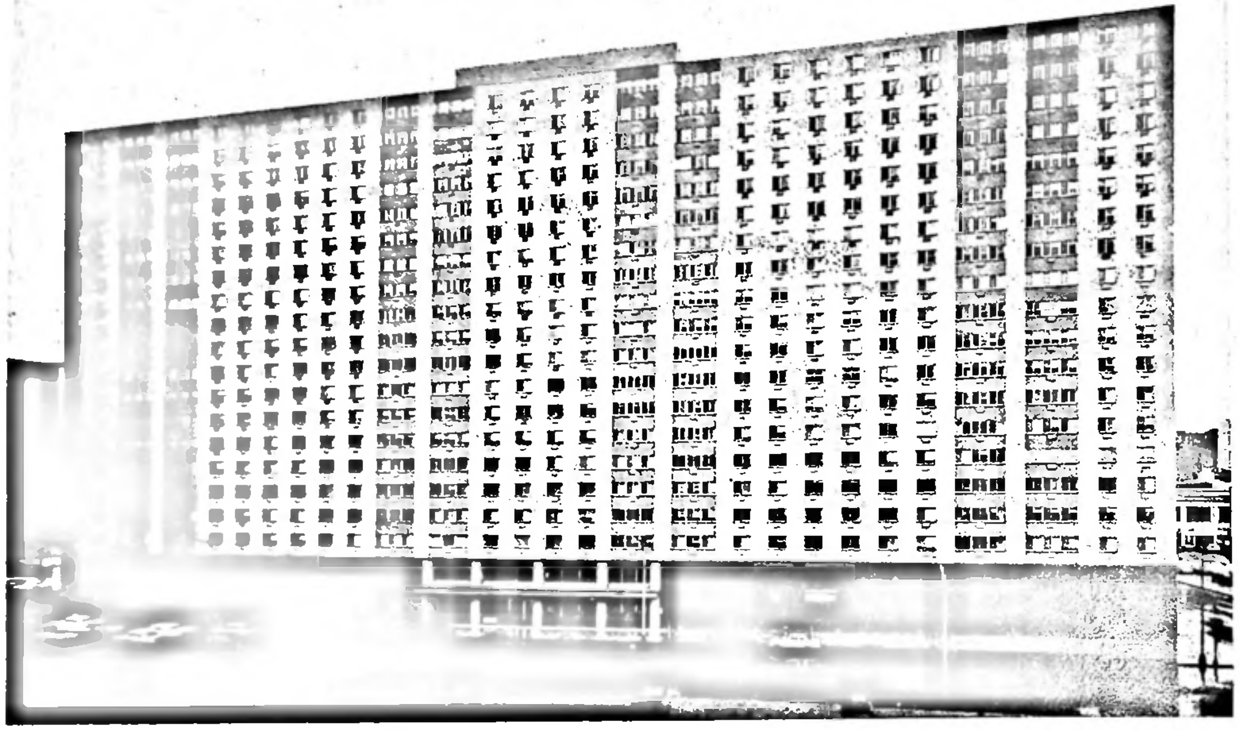


Penn Center House, Philadelphia, with 432 apartments, is the largest cooperative so far financed under Section 213. Architect, George S. Idell, F.A.I.A.; builder, R. M. Shoemaker Co.; mortgagee, W. A. Clarke Mortgage Co., Philadelphia.

of units insured in any year under this section.

A survey of rental units with FHA mortgage insurance in force on March 15, 1960 disclosed a vacancy rate of 4.8 percent, the highest since 1951, when 5.8 percent of all FHA-insured rental apartments were vacant. The lowest rate recorded was 2.4 percent in 1957, and there has been an increase each year since then. The 1960 survey included 433,000 completed apartments in all the States, the District of Columbia, and Puerto Rico.

Because of the growing need in central city areas for rental housing, FHA announced in June 1960 a change in policy that would permit consideration for mortgage insurance of some projects under Section 207 designed essentially for families without children. The Act states that the insurance of mortgages under this section is intended to facilitate particularly the production of rental accommodations suitable for family living, and the Commissioner is directed to take action which will direct the benefits of the insurance primarily to those projects which make adequate provision for families with children. For this reason, the number of projects for families without children will necessarily be small in relation to the total program.

FHA field offices were authorized in 1960, in estimating rental income in Section 207 rental projects, to increase the limitation of 93 percent occupancy ratio to a 95 percent ratio when circumstances warranted.

Housing for the Elderly

Increasing recognition of the special housing needs of elderly persons was evident in 1960, and FHA-insured financing continued to help provide housing of good quality specially designed for them.

By December 31, 1960, FHA had received applications for mortgage insurance on 129 projects in 36 States with a total of 16,567 dwelling units. Mortgages aggregating $67.6 million had been insured on 62 projects with 7,154 units. Of the mortgages insured, 37 were insured under the provisions of Section 207 of the Act and 25 under the provisions of the new Section 231 authorized by the Housing Act of 1959. Commitments totaling $20.9 million on 16 additional projects with 1,922 units were outstanding at the end of the year.

Section 231 allows profit-motivated sponsorship for the first time under the FHA program. Although only 1 of the 25 projects insured under Section 231 by the year end had such sponsorship, commitments were outstanding on 5 others and 11 additional applications were under examination at that time.

The projects vary in size from 12 to 557 units. More than half are sponsored by churches or church-related organizations. Other nonprofit sponsors include hospitals and professional, labor, and welfare groups. A commitment was issued in 1960 on the first publicly sponsored project—Lakeside Place, with 216 units, sponsored by Campbell County, Ky.

The Housing Act of 1959 authorized the HHFA Administrator to make direct loans totaling $50 million to finance housing for the elderly, supplementing the FHA program. The limited direct-loan program has attracted applications from a number of nonprofit sponsors who might otherwise have taken advantage of Section 231 financing.

Urban Renewal

In urban renewal, the year 1960 was marked by a growing recognition by the Federal agencies concerned and by local public agencies that the rate of progress needed to be stepped up, that relocation housing was not benefiting as high a proportion of displaced families as it should, and that very little advantage had been taken of the financing aids available through FHA for rehabilitation of homes and apartment buildings.

A committee representing the Urban Renewal Administration and FHA studied the situation and recommended simplification of procedures, revision of instructions, more realistic processing of existing housing involving rehabilitation, and closer supervision and guidance of field personnel.

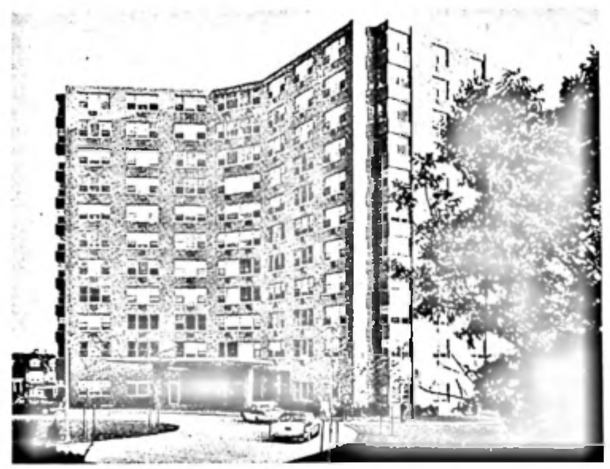
Mortgages totaling $77.3 million on 21 multifamily projects with 4,467 units, and mortgages totaling $1.8 million on 197 homes were insured during the year under Section 220. This brought the grand total from 1954, when the program was first authorized, through the end of 1960, to 20,956 multifamily units and 1,502 home units.

Under Section 221 (relocation housing for displaced families), mortgages totaling $84.8 million on 9,312 homes, and mortgages totaling $13.6 million on multifamily projects were insured in 1960, bringing the cumulative total to 5,232 multifamily units and 21,988 home units, which amounted to 26 percent of the 103,677 units that the Housing Administrator had certified to FHA as needed through December 31, 1960.

Armed Services Housing

Mortgages on 105 projects to provide housing for personnel of the Armed Services were insured by FHA in 1960 under Section 803, Title VIII of the National Housing Act, involving 12,680 family units. Altogether FHA has insured Section 803 mortgages on 997 projects with 186,022 units, of which 274 projects with 84,883 units were insured under the old "Wherry" provisions of the section, and 723 projects with 101,139 units were insured under the "Capehart" provisions enacted in 1955. Mortgages on 1,526 homes for essential civilian employees at military research and development installations were also insured under Section 809

FHA mortgage insurance helps to provide comfortable rental housing specially planned for elderly tenants. Two projects financed under the program are shown here.



York House, Philadelphia, has 206 efficiency and 1-bedroom apartments—a nonprofit project sponsored by the Home for the Jewish Aged and financed with an FHA-insured mortgage loan of $2,430,300 made by Ohio Citizens Trust Co., Toledo, later sold to FNMA.

Crestview Club Apartments, Sylvania, Ohio, with 171 efficiency and 1-bedroom apartments—a nonprofit project sponsored by Flower Hospital, Toledo, and financed with an FHA-insured mortgage loan of $1,660,000 made by Provident Tradesmen's Bank & Trust Co., later sold to FNMA.

A view of the lobby of Crestview Club Apartments.

Park West Apartments, New York City—a 1,660-unit urban renewal project financed under Section 220 of the National Housing Act. The four mortgages insured by FHA total $24.1 million. Sponsor: Webb & Knapp, New York; architect and builder, S. J. Kessler & Sons, New York; mortgagee, County Trust Co., White Plains, N.Y.

of Title VIII in 1960, bringing the total number of units financed under that section to 5,201.

By the end of 1960, insurance had been terminated on 50 Section 803 mortgages. Of these, 36 mortgages had been assigned to the FHA Commissioner and 5 properties had been transferred to FHA. Insurance had been terminated on 61 home mortgages insured under Section 809, and FHA had acquired title to 16 of these properties.

FHA regulations were amended in 1960 by limiting to $19,800 the maximum cost of an individual unit of Capehart housing under Section 803 contracted for after June 7, 1960. This was done in accordance with a provision in the Military Construction Act of 1960.

The high cost of money, which was the principal deterrent to Armed Services housing construction in 1959, began to level off in the second quarter of 1960, and discounts asked were reduced from the high of 8 points in late 1959 to an average of 4 points by the end of 1960.

No insurance has been written under Section 810, added to Title VIII in 1959. It provides for mortgage insurance on not more than 5,000 units of off-base housing for military and civilian personnel of the Armed Services. The Military Construction Act of 1960 prohibited the Secretary of Defense from certifying the need for a Section 810 project that was not approved as a special line item by the Armed Services Committees of Congress; but the actual line items were omitted from the Act as finally passed, so that through the end of 1960 it had not been possible to build housing under Section 810.

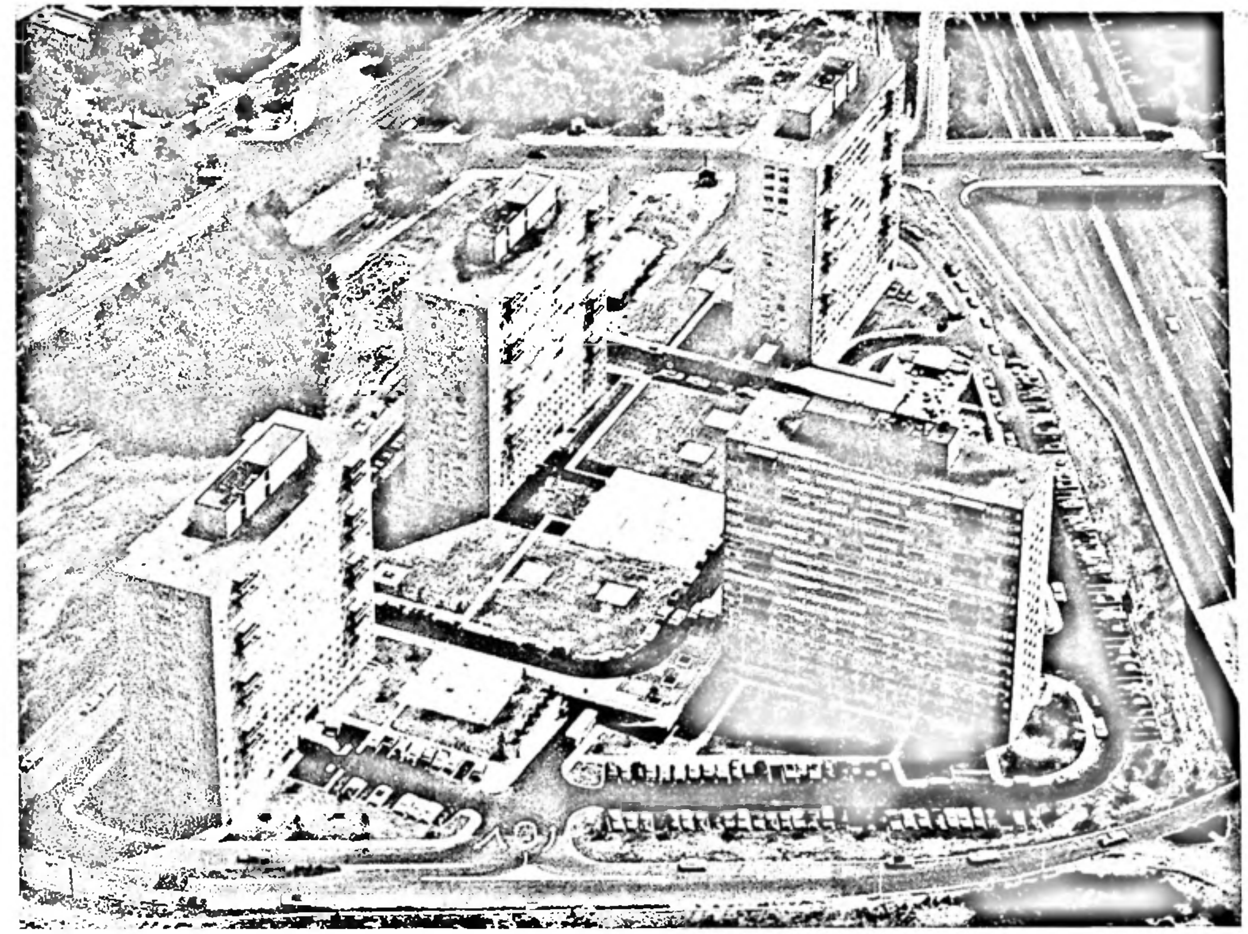
Nursing Homes

FHA insurance of mortgages on nursing homes, authorized by the Housing Act of 1959 under a new Section 232 of the National Housing Act, got under way early in 1960. Its purpose is "to assist the provision of urgently needed nursing homes for the care and treatment of convalescents and other persons who are not acutely ill and do not require hospital care but who do require skilled medical care and related medical services."

The program was restricted by law to "proprietary" homes (homes to be operated for profit) in order to avoid possible conflict with the program of the Department of Health, Education, and Welfare for nonprofit nursing homes.

The mortgage may cover a project involving a new or rehabilitated nursing home with a minimum of 20 beds. The mortgage amount cannot exceed $12.5 million or 75 percent of the FHA estimate of value. The maximum mortgage maturity is 20 years from the start of amortization, and the maximum interest rate—originally 5¼ percent—was increased on June 29 to 5¾ percent.

Before insuring a nursing home mortgage, FHA must have certification from the appropriate State



Urban renewal in Philadelphia—Park Towne Place with 970 units has two mortgages totaling $15.4 million insured by FHA under Section 220. Ten banks participated in the financing, which was handled through the Provident Tradesmen's Bank & Trust Co., Philadelphia. Sponsor of the project was Park City Triangle Corp., Bernard Weinberg, president.

agency that the home is needed and that there are reasonable minimum standards for licensing and operating nursing homes in force in the State, which standards will be enforced with respect to the home on which mortgage insurance is sought.

Following enactment of the legislation, the FHA obtained the advice of a group of recognized experts in the preparation of minimum property standards that would assure continuing utility, durability, and desirability, as well as compliance with basic safety and health requirements, and would provide adequate facilities for efficient care and nursing services. The FHA minimum property standards are generally higher than those established by the States for licensure eligibility.

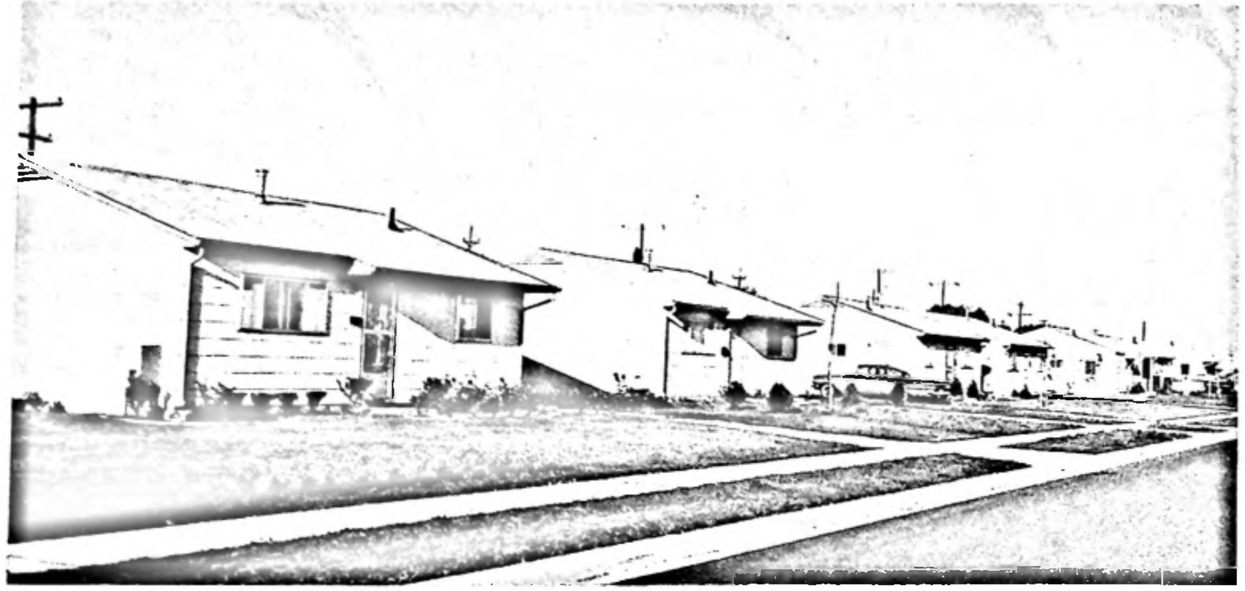
By December 31, 1960, FHA had issued commitments amounting to $4.6 million on 10 proposed projects with a total of 932 beds. Mortgages on 2 projects with 171 beds had been insured. Formal applications had been accepted on 18 other projects with 1,406 beds and mortgages totaling $7.9 million. In addition, FHA had for consideration firm proposals for 81 projects in the preapplication stage.

According to the latest Public Health Service figures, there are now about 175,000 acceptable nursing home beds and about 135,000 nonacceptable beds. About 260,000 additional acceptable beds are needed, and the need is increasing more rapidly than additional facilities are being provided. A large part of the need results from the increasing proportion of elderly persons in our population.

Property Improvement Loan Insurance

By the end of the calendar year 1960, FHA-insured property improvement loans had helped more than 24 million borrowers to remodel, repair, and improve homes or to build new commercial or farm structures. Loans insured from 1934 through 1960 totaled $13.4 billion. Of this amount, $1.6 billion was outstanding on December 31, 1960.

There were 1,011,858 loans insured in 1960, with net proceeds to the borrowers totaling $982.4 million. This volume represented a decrease of 7.7 percent in number of loans and 1.4 percent in



Southfield Addition, Columbus, Ohio, a development of 481 homes priced at $10,400, built by William K. Kerr & Sons, Inc., and financed under Section 221, for families displaced by urban renewal operations.

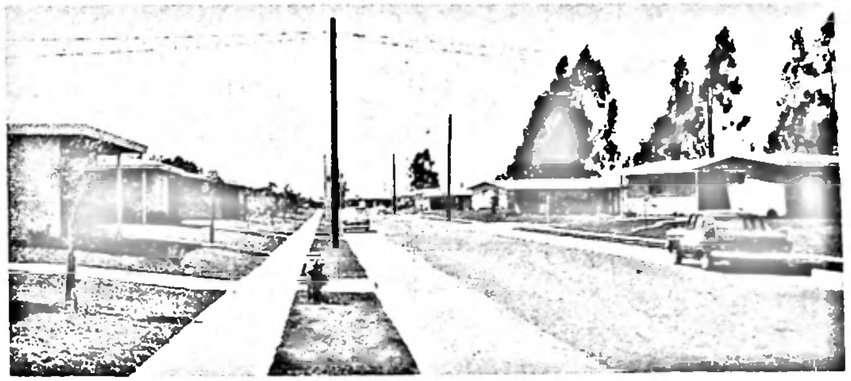
Lake Terrace Subdivision, Chattanooga, Tenn., was built by Suburban Lake Homes, Inc., of Chattanooga, and financed with mortgages insured by FHA under Section 221.

amount from the totals for 1959. The number of loans insured was the lowest for any year since 1946. The average loan amount has been rising steadily, and the total amount of insurance in 1960 was the third highest for any year. Net proceeds of loans insured in 1960 averaged $971.

FHA paid 20,241 claims in 1960, totaling $11.9 million or 0.75 percent of the amount of loans outstanding. The average claim paid during the year amounted to $587. Claims paid from 1934 through 1960 totaled $200.2 million, or 1.80 percent of the amount insured. Of the amount of loans outstanding at the end of 1960, 1.3 percent was delinquent 90 days or more.

On paying a claim, FHA takes over the note and undertakes to collect the unpaid balance. Recoveries on such balances in 1960 totaled $7.2 million, 11 percent less than in 1959. At the same time the volume of defaulted notes on hand declined from 93,758 on January 1, 1960 to 81,346 at the end of the year, and with a continuation of this trend the volume of recoveries can also be expected to decline.

Four-apartment, two-story, three-bedroom buildings at Schofield Barracks, Hawaii.



Vandenberg Village, a 1,405-unit development at Vandenberg Air Force Base, Calif.

Plattsburgh Air Force Base, New York.

Naval Auxiliary Air Station, Chase Field: off-station housing near Beeville, Tex.

Housing for personnel of the Armed Services, financed with mortgages insured by FHA under Title VIII of the National Housing Act.

Sheridan Pavilion, Chicago, a nursing home with 144 beds, sponsored by a corporation of 16 individuals with Robert H. Krasnow as chairman; mortgagee, H. F. Philipsborn & Co., Chicago. A mortgage of $836,600 has been insured by FHA under the provisions of Section 232 of the National Housing Act.

FHA takes various measures to maintain the integrity of the program. It has 18 financial representatives in the field who examine insured lenders' portfolios of property improvement loans and advise them on technical questions concerning the loan insurance. In addition, they direct the collection activities of the loan servicing operation in FHA field offices and collect delinquent payments on Commissioner-held mortgages.

The preclaim collection assistance plan begun in February 1958 has achieved savings of about $10 million in claim disbursements. In 1960, with 1,444 lenders taking advantage of this service offered by FHA, 7,800 loans representing potential claims against FHA were reinstated, refinanced, or paid in full, for nearly $4.6 million.

The coordination plan made effective in 1959 for an exchange by various Government agencies of information on lenders examined by them continued advantageously in 1960.

Contracts of insurance were issued to 320 new lenders in 1960. More than 13,900 lenders, including branches, are now approved to make FHA-insured property improvement loans. One contract was canceled by FHA during the year and 8 were suspended.

During the year FHA placed the names of 902 salesmen, dealers, and others on its Precautionary Measures list. There are now 7,288 firms and individuals on the list. When making loans in which these people are concerned, lenders are required to take measures to make sure that the transactions comply with FHA objectives.

FHA cooperates closely with the National Better Business Bureaus and their 110 offices throughout the country. In 1960, representatives of FHA took part in a meeting of more than 500 contractors, home builders, and dealers held at the request of the Better Business Bureau of Metropolitan New York City to formulate a program for eliminating abuses in the field of property improvement and for preventing misrepresentation in advertising. FHA was also represented in a meeting with the Attorney General of the State of New York which resulted in agreement on a code of ethics for the home improvement industry in that area. FHA advice was sought on several occasions by the Commissioners of the District of Columbia, who were drafting regulations for the licensing of home improvement contractors.

FHA also cooperated in the preparation of a series of articles in a Washington newspaper on rackets in the home improvement business for which the author was awarded a Pulitzer prize.

There is increasing emphasis in the housing industry on conservation and rehabilitation of homes and other properties. The National Association of Home Builders established during the year a department to advise its members on technical and financial aspects of home improvement work, and the National Association of Real Estate Boards has under way a program of education on repair and modernization of homes and the use of FHA-insured financing to promote neighborhood rehabilitation and sales of older properties.

On September 14, 1960, FHA insurance authority under Title I of the Act, scheduled to expire September 20, 1960, was extended to include property improvement loans made before October 1, 1961, and the limitation of $1.75 billion on the amount of outstanding loans covered by FHA insurance was removed.

Aggregate Insurance Volume

From the beginning of FHA operations through December 31, 1960, the total amount of FHA insurance exceeded $67 billion, of which $34.2 billion was outstanding at the end of 1960. Total insurance written included $13.4 billion in 24.4 million property improvement loans, $46.0 billion on 5.6 million home mortgages, and $8.0 billion on 10,849 multifamily projects housing 890,589 families.

Insurance outstanding at the end of 1960 included $26.7 billion in home mortgages, $5.9 billion in project mortgages, and $1.6 billion in property improvement loans.

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

Foreclosures and Losses

From 1934 through 1960, the FHA acquired through foreclosure or the assignment of mortgage notes 117,707 units of housing representing 1.7 percent of the 6.8 million units on which mortgages had been insured since the beginning of operations. Of the acquired units, 62,166 had been sold by the end of 1960 and 55,541 remained on hand.

Losses sustained on properties acquired and sold by FHA from 1934 through 1960 amounted to $^{15}/_{100}$ of 1 percent of the total amount of mortgage insurance written. Losses to the Mutual Mortgage Insurance Fund on sales of acquired properties under Section 203 amounted to $^{2}/_{100}$ of 1 percent.

FHA has set aside $149.1 million for estimated future losses on the 55,541 units that remained on hand at the end of 1960.

Financial Position

Gross income of the FHA from fees, insurance premiums, and investments during the fiscal year 1960 totaled $203.5 million. Expenses of operation during the fiscal year were $54.5 million, leaving excess of gross income over operating expenses of $149.0 million.

From the establishment of the FHA in 1934 through June 30, 1960, its gross income totaled $1.8 billion and its operating expenses amounted to $617.6 million. Expenses during the first 3 fiscal years, 1935 through 1937, were met from funds advanced through the Reconstruction Finance Corporation by the U.S. Treasury. During the following 3 fiscal years, 1938 through 1940, partial payments of operating expenses were met from income. Since July 1, 1940, operating expenses have been paid in total by allocation from the various insurance funds.

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

At June 30, 1960, FHA had total statutory and insurance reserves of $866.6 million accumulated from earnings. Of this amount, $718.0 million was in the insurance reserves and $148.6 million in the statutory reserve. Insurance reserves are available for future losses and expenses, while the statutory reserve is available for future losses, expenses, and participation payments under the mutual provisions of the National Housing Act.

Total reserves of each insurance fund at June 30, 1960 are shown below:

Title I Insurance Fund	$89, 852, 213
Title I Housing Insurance Fund	5, 551, 709
Mutual Mortgage Insurance Fund	[1] 558, 256, 066
Housing Insurance Fund	15, 303, 664
Section 220 Housing Insurance Fund	2, 551, 202
Section 221 Housing Insurance Fund	775, 919
Servicemen's Mortgage Insurance Fund	10, 120, 644
War Housing Insurance Fund	181, 100, 180
Housing Investment Insurance Fund	916, 526
Armed Services Housing Mortgage Insurance Fund	16, 992, 647
National Defense Housing Insurance Fund	—14, 772, 710
Total	866, 648, 060

[1] Includes statutory reserve of $148.595,327.

A discussion of the actuarial adequacy of the reserves is presented in Section 4 of this report.

FHA Debentures

When a mortgage insured by FHA goes into default, the mortgagee, after acquiring the property through foreclosure or otherwise, can transfer it to the FHA Commissioner in exchange for FHA debentures which are guaranteed as to principal and interest by the United States. If the mortgaged property is a multifamily project, or, with respect to a home mortgage, at the Commissioner's discretion for the purpose of avoiding foreclosure, the mortgagee has the option of assigning the mortgage to the Commissioner in exchange for debentures.

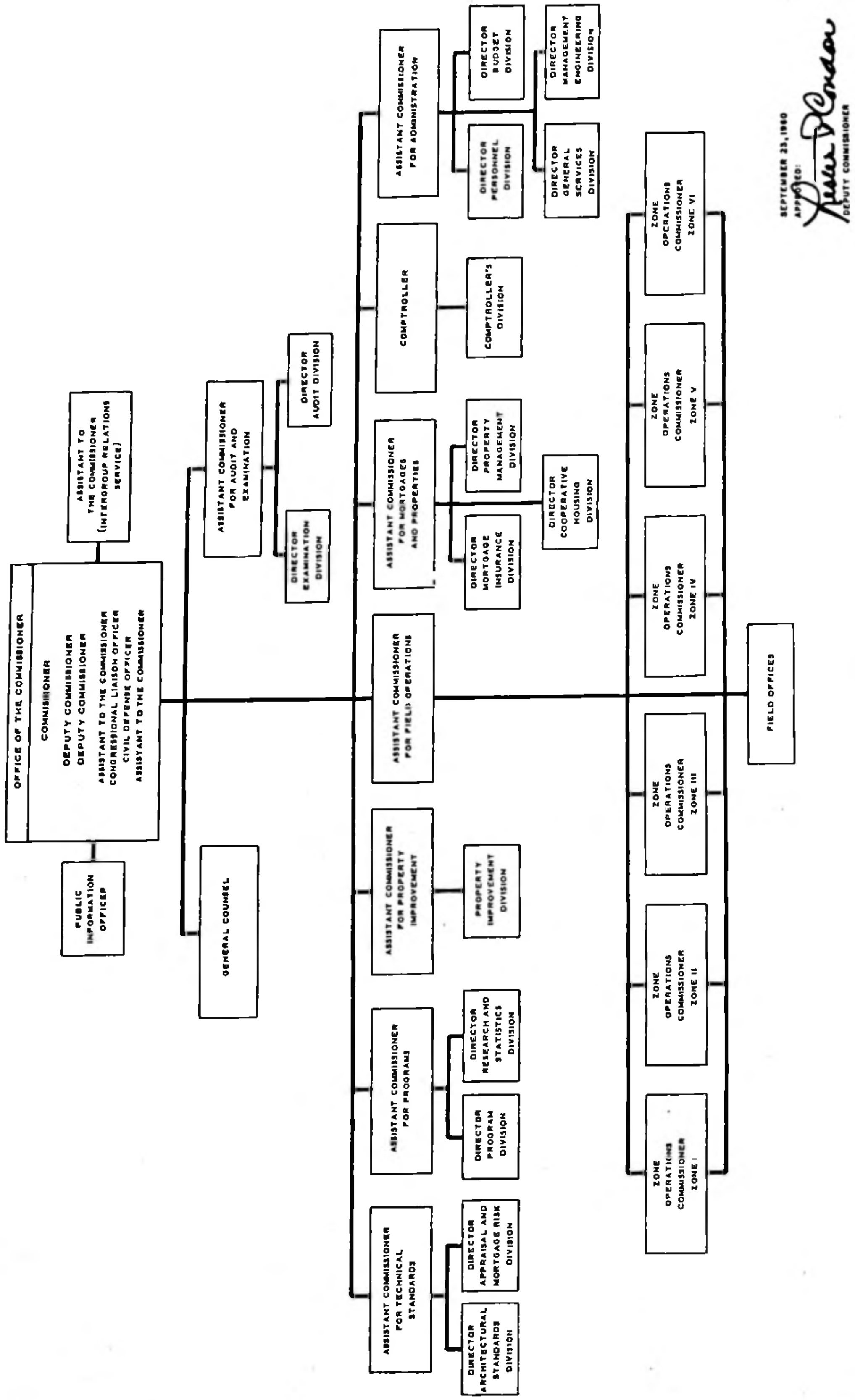
The Commissioner establishes an interest rate on FHA debentures every 6 months comparable with the current yield on long-term Government securities as determined by the Secretary of the Treasury.

The interest rate on FHA debentures was increased, effective July 1, 1959, from $3\frac{3}{4}$ percent to $4\frac{1}{8}$ percent. This rate remained in effect through December 31, 1960.

FHA policy is to call its debentures, with the approval of the Secretary of the Treasury, when-

Chart III-1

FEDERAL HOUSING ADMINISTRATION
ORGANIZATIONAL CHART



ever the cash position of the various insurance funds permits. Two such calls were issued by the Commissioner in 1960.

The first, on March 24, 1960, was a call for redemption on July 1, 1960 of approximately $37.5 million of debentures at par plus accrued interest. The debentures to be redeemed were obligations of the Title I Housing Insurance Fund ($572,300), the Mutual Mortgage Insurance Fund ($9,627,500), the Housing Insurance Fund ($5,000,000), the Section 221 Housing Insurance Fund ($44,100), the Servicemen's Mortgage Insurance Fund ($265,350), the War Housing Insurance Fund ($20,000,000), and the Armed Services Housing Mortgage Insurance Fund ($2,000,000).

The second, on September 23, 1960, was a call for redemption on January 1, 1961 of approximately $29 million of debentures at par plus accrued interest. The debentures to be redeemed were obligations of the Title I Housing Insurance Fund ($378,650), the Mutual Mortgage Insurance Fund ($9,951,600), the Housing Insurance Fund ($2,500,000), the Servicemen's Mortgage Insurance Fund ($1,177,400), and the War Housing Insurance Fund ($15,000,000).

Organization and Personnel

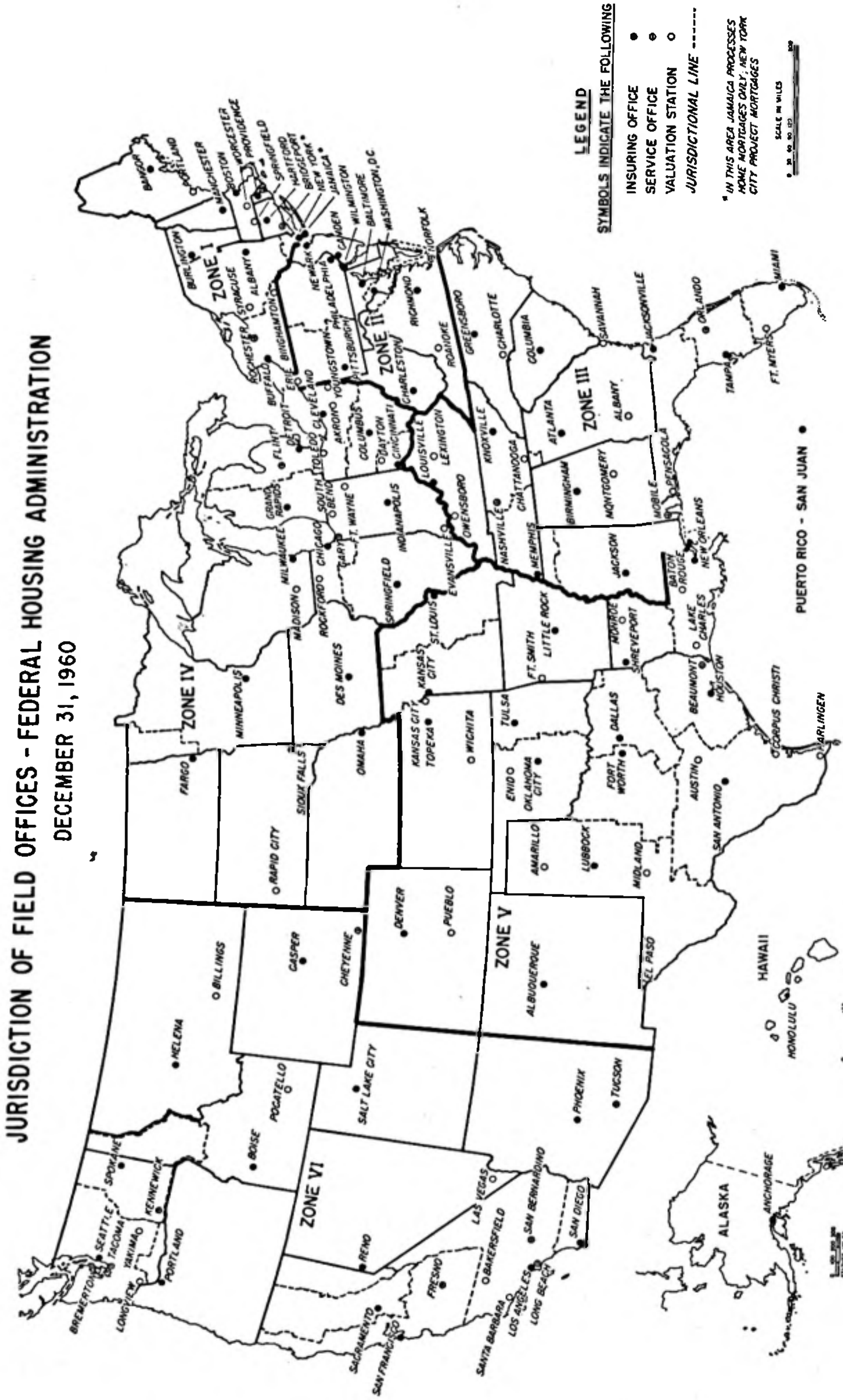
The organizational pattern in effect at the end of 1960 for the central office of FHA is shown in Chart III-1, and the jurisdictional area covered by each FHA insuring office is set forth in Chart III-2 along with the location of the various field offices.

Central office accounts for 24 percent of all full-time FHA employees. The other 76 percent are employed at FHA's 139 field offices spread throughout the Nation and in Puerto Rico. These offices include 75 insuring offices, responsible for all FHA operations in their respective jurisdictions; 16 service offices, where applications for mortgage insurance are received, processed, then forwarded to the insuring offices for review, commitment, and final endorsement; and 48 valuation stations, where technical personnel serve the insuring offices in their areas by preparing compliance inspection and valuation reports.

Full-time FHA employees at the start of 1960 numbered 6,972. The number had increased to 7,052 by December 31, and the average number during the year was 6,980. Appointments and separations during the year totaled 931 and 851, respectively.

Chart III-2

JURISDICTION OF FIELD OFFICES - FEDERAL HOUSING ADMINISTRATION
DECEMBER 31, 1960



Volume of FHA Mortgage and Loan Insurance Operations

This section provides detailed statistical information on the size and scope of FHA operations during 1960 and cumulatively since the establishment of the agency in 1934. The data presented include analyses of yearly trends, distribution by State, participation by type of financial institution, terminations and foreclosures, and default experience.

In 1960, under the National Housing Act, as amended, the FHA was authorized to insure mortgages and loans under the following titles and sections:

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

Multifamily Project Mortgages: Title II—Sections 207, 213, 220, 221, 223, 231, and 232; and Title VIII—Sections 803 and 810.

Property Improvement Loans: Title I—Section 2.

Rental Housing Investment Yields:—Title VII—Section 701.

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

Insurance was written under all of these programs in 1960 with the exception of Sections 701 and 810. No formal application has ever been received under Section 701, Investment and Yield Insurance, since the inception of this program in 1948. No applications may be accepted under Section 810, single and multifamily rental housing for military and essential civilian personnel employed in connection with an installation of one of the armed services, until enabling legislation is passed authorizing the construction of such housing.

The initial insurance was written in 1960 under Section 232, which was enacted in 1959 to provide for insurance of mortgages on nursing homes. The Section 231 housing for the elderly program, which was also included in the 1959 legislation, has been marked by more rapid development, a condition reflecting experience gained and the completion of numerous projects initially planned and developed under the predecessor Section 207 program of housing for the elderly which was in effect prior to the 1959 amendments.

SUMMARY OF OPERATIONS

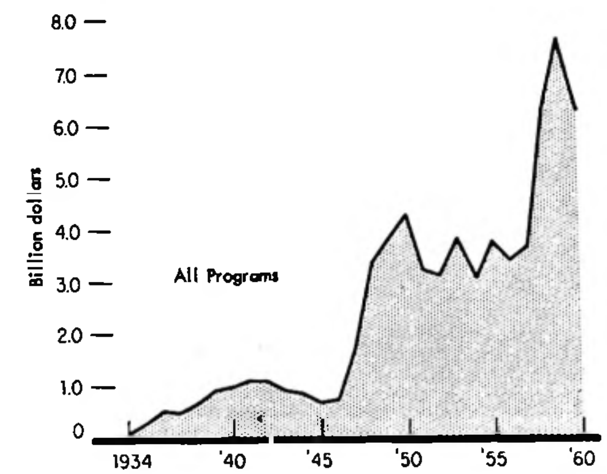
Combined Insurance Activity

FHA insured more than $6.3 billion of mortgages and loans during 1960. Although it was 19 percent under 1959, the 1960 volume was the third highest in FHA history, virtually duplicating the 1958 figure which was the first to exceed $4.0 billion (Chart III-3). The 1960 insurance covered 366,000 home mortgages, project mortgages involving 49,000 dwelling units and almost 200 nursing home accommodations, and 1,012,000 property improvement loans (Table III-1).

Chart III-3

VOLUME OF INSURANCE WRITTEN, 1934–60

Under all Insurance Programs of FHA



Home mortgages continued to predominate in 1960 insurance operations, but by a relatively smaller margin than in the previous year. The following table shows that home mortgages accounted for 73 percent of the insurance written in 1960, as against 11 percent for project mortgages and 16 percent for property improvement loans. Home mortgages dropped from 78 percent in 1959, and project mortgages and home improvement loans gained in relative importance, up from 9 percent and 13 percent, respectively.

Program	Year 1960		1934–60	
	Billions of dollars	Percent	Billions of dollars	Percent
Home mortgages	4.6	73	46.0	68
Multifamily project mortgages	.7	11	8.0	12
Property improvement loans	1.0	16	13.4	20
Total	6.3	100	67.4	100

TABLE III-1.—*Mortgages and loans insured by FHA, 1934–60*

[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	307,820	80,267		
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
1955	3,806,937	310,870	3,084,767	9,431	76,480	1,024,698	645,645	11	36
1956	3,460,468	248,121	2,638,230	11,177	130,247	1,013,086	691,992		
1957	3,716,980	198,429	2,251,064	43,609	597,348	1,111,962	868,568		
1958	6,328,597	381,883	4,551,483	64,953	908,671	1,038,315	868,443		
1959	7,740,742	495,172	6,069,418	43,976	674,682	1,096,635	996,642		
1960	6,306,413	366,213	4,600,506	49,101	723,501	1,011,858	982,405		
Total [6]	67,381,237	5,637,873	46,030,582	890,589	7,992,272	24,368,433	13,353,067	756	5,316

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

[2] Includes the folllowing sections listed in order of enactment date: Sec. 203, June 27, 1934; Sec. 2 (Class 3), Feb. 3, 1938; Sec. 603, Mar. 28, 1941; Sec. 603–610, Aug. 5, 1947; Sec. 8, Sec. 213 (individual home mortgage provisions), and Sec. 611 (individual home mortgage provisions), Apr. 20, 1950; Sec. 903, Sept. 1, 1951; Sec. 220 (individual home mortgage provisions), Sec. 221 (individual home mortgage provisions), Sec. 222, and Sec. 225, Aug. 2, 1954; Sec. 809, June 13, 1956.

[3] Includes the following sections listed in order of enactment date: Sec. 207, June 27, 1934; Sec. 210, Feb. 3, 1938; Sec 608, May 26, 1942; Sec. 608–610, Aug. 5, 1947; Sec. 611 (project mortgage provisions), Aug. 10, 1948; Sec. 803, Military Housing, Aug. 8, 1949; Sec. 213 (project mortgage provisions), Apr. 20, 1950; Sec. 908, Sept. 1, 1951; Sec. 220 (project mortgage provisions) and Sec. 221 (project mortgage provisions), Aug. 2, 1954; Sec. 803, Armed Services Housing, Aug. 11, 1955; Sec. 231 (project mortgage provisions), Sept. 23, 1959; Sec. 232 (project mortgage provisions), Sept. 23, 1959, amount only.

[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 is due in part to authorization controls which resulted in a tabulation backlog of approximately $200 million as of December 31, 1952. See text of 1953 FHA Annual Report, pages 120–128 for detailed explanation.

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

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

Insurance written under each title and section of the National Housing Act is summarized in Table III–2 for 1959 and 1960 and cumulatively since 1934. Title II insurance represented 81 percent of the total in 1960, substantially the same as in 1959. Among the sections of Title II, however, Section 203 declined in importance from 73 percent of all insurance written in 1959 to 66 percent in 1960, the same as in 1958. Actual increases in activity were demonstrated by all other Title II sections except the Section 220 urban renewal and Section 222 servicemen's housing insurance programs.

Title I increased in relative importance from 13 to 16 percent of total insurance even though there was a 1-percent decline in 1960 in aggregate net proceeds. Title VIII showed little change in relative strength in 1960—still about 4 percent of the total—despite a drop of more than 30 percent in Section 803 armed services housing (Capehart).

In more than 26 years of operation, FHA has insured mortgages and loans involving nearly $67.4 billion in privately advanced funds. Over $46.0 billion of this amount was accounted for by the 5,638,000 home mortgages, almost $8.0 billion by project mortgages involving 891,000 dwelling units, and $13.4 billion by 24,368,000 property improvement loans.

Table III–3 shows the status as of December 31, 1960 of the $67.4 billion in mortgages and loans insured. Insurance in force at the year end covered an outstanding balance of $34.2 billion or slightly more than half of the total insured. Reductions include the termination of insurance on mortgages and loans with original face amounts totaling $27.0 billion and $6.3 billion in the partial amortization of indebtedness still insured.

FHA Influence on Residential Financing During 1960

Home Mortgages.—The $4.6 billion of home mortgages insured by FHA in 1960 represented 16 percent of the $29.3 billion total for nonfarm mortgage recordings of $20,000 or less for the year. This percentage was down somewhat from 1959, when at 19 percent it equaled the previous postwar high established in 1949. The largest percentage ever recorded for FHA occurred in 1942, when wartime restrictions channeled 25 percent of all home mortgage financing dollars into FHA-insured obligations. It should be noted that the FHA volume is not strictly comparable to total nonfarm mortgage recordings, since the total figures include both second mortgages and repetitive recordings of construction and interim short-term financing on properties subsequently financed with long-term mortgages. Moreover, the comparison is further attenuated by the fact that the maximum insurable FHA mortgage of $22,500 on single-family dwellings now exceeds the limit used by the Home Loan Bank Board in its estimates of total recordings.

The estimated amount of total mortgage debt on nonfarm homes outstanding at the end of 1960 increased by $10.8 billion to $141.8 billion. Of the increase, $8.2 billion was conventionally financed and $2.9 billion FHA-insured. These increases were partially offset by a $0.3 billion decrease in VA-guaranteed loans. The FHA share of the $141.8 billion total was $26.7 billion, or 19 percent—up 1 percent from 1959.

FHA influence on home mortgage financing is measured only in part by comparisons with total mortgage recordings and total home mortgage debt outstanding. A relatively high percentage of FHA-inspected homes are known to be sold upon completion with conventional or VA-guaranteed financing rather than with FHA-insured mortgages. Further evidence of the influence of FHA operations on home mortgage financing is apparent in the number of VA new-home appraisal requests for which FHA construction inspections were specified. These cases represented 37 percent of the VA total in 1960.

Multifamily Project Mortgages.—Evaluations of FHA influence in the field of multifamily project financing are generally limited to a comparison of the outstanding amount of FHA-insured project mortgages with the estimate of the total

TABLE III–2.—*FHA insurance written, by title and section, 1959, 1960, and 1934–60*

[Dollar amounts in thousands]

	1960			1959			1934–60		
	Number	Units	Amount	Number	Units	Amount	Number	Units	Amount
Title I	1,011,858	n.a.	$982,405	1,096,635	n.a.	$996,642	24,452,893	n.a.	$13,683,937
Sec. 2 property improvement loans	1,011,858	n.a.	982,405	1,096,635	n.a.	996,642	24,368,433	n.a.	13,353,067
Sec. 2 home mortgages							46,115	46,115	126,611
Sec. 8 home mortgages							38,345	38,345	204,260
Title II	305,126	408,156	5,091,506	403,812	531,781	6,416,923	4,865,630	5,244,605	43,638,017
Sec. 203 home mortgages	333,107	340,052	4,186,428	400,966	471,210	5,646,752	4,725,029	4,881,968	39,747,141
Sec. 207 project mortgages	142	19,447	269,389	94	14,076	187,114	1,176	130,655	1,086,148
Sec. 213 cooperative housing	3,260	10,826	159,775	2,287	6,615	96,907	29,049	92,133	1,064,287
Project mortgages	(237)	(7,803)	(117,511)	(125)	(4,453)	(65,676)	(1,334)	(64,418)	(740,121)
Sales-type project mortgages	(204)	(3,378)	(47,249)	(100)	(1,396)	(19,795)	(1,107)	(28,607)	(336,371)
Management-type project mortgages	(33)	(4,425)	(70,261)	(25)	(3,057)	(45,881)	(227)	(35,811)	(403,751)
Home mortgages	(3,023)	(3,023)	(42,264)	(2,162)	(2,162)	(31,231)	(27,715)	(27,715)	(321,166)
Sec. 220	186	4,664	80,909	196	7,865	103,213	1,480	22,458	296,752
Project mortgages	(21)	(4,467)	(79,116)	(33)	(7,627)	(100,865)	(96)	(20,956)	(280,864)
Home mortgages	(165)	(197)	(1,794)	(163)	(238)	(2,349)	(1,384)	(1,502)	(15,888)
Sec. 221	9,254	10,975	99,132	7,751	9,291	82,706	21,946	27,220	243,475
Project mortgages	(13)	(1,663)	(14,307)	(6)	(1,545)	(13,231)	(30)	(5,232)	(44,819)
Home mortgages	(9,241)	(9,312)	(84,826)	(7,745)	(7,746)	(69,475)	(21,916)	(21,988)	(198,656)
Sec. 222 home mortgages	19,151	19,151	264,065	22,517	22,517	298,161	86,923	86,923	1,166,236
Sec. 225 open-end advances	(5)	(5)	11	(2)	(2)	3	(55)	(55)	112
Sec. 231 project mortgages	24	3,041	31,177	1	207	2,067	25	3,248	33,244
Sec. 232 project mortgages	2	(171)	621				2	(171)	621
Title VI							635,939	1,166,812	7,127,565
Sec. 603 home mortgages							624,653	690,007	3,645,218
Sec. 608 project mortgages							7,044	465,674	3,440,017
Sec. 609 manufactured-housing loans							756	n.a.	5,316
Sec. 610 public housing sales							3,386	9,072	24,468
Sec. 603–610 home mortgages							(3,363)	(5,157)	(16,109)
Sec. 608–610 project mortgages							(23)	(3,915)	(8,360)
Sec. 611 site-fabricated housing							100	2,059	12,546
Project mortgages							(25)	(1,984)	(11,991)
Home mortgages							(75)	(75)	(556)
Title VIII	1,631	14,206	232,500	1,755	17,068	327,178	6,196	191,223	2,351,021
Sec. 803 project mortgages	105	12,680	211,381	136	16,068	305,730	997	186,022	2,282,661
Military housing	(....)	(....)	(....)	(....)	(....)	(....)	(274)	(84,883)	(683,143)
Armed services housing	(105)	(12,680)	(211,381)	(136)	(16,068)	(305,730)	(723)	(101,139)	(1,599,519)
Sec. 809 home mortgages	1,526	1,526	21,119	1,619	1,620	21,447	5,199	5,201	68,360
Title IX							57,253	74,187	580,697
Sec. 903 home mortgages							(57,156)	(65,702)	(517,270)
Sec. 908 project mortgages							(97)	(8,485)	(63,427)
Total [1]	1,378,615	[2] 422,362	6,306,413	1,592,202	[2] 549,469	7,740,742	30,017,911	[2] 6,761,287	67,381,237

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

[2] Excludes Title I, Sec. 2 property improvement loans; Sec. 232, expressed as number of beds; and Sec. 609.

Table III-3.—*Status of FHA insurance written as of Dec. 31, 1960*

[Dollar amounts in thousands]

Title and section	Item	Insurance written	Insurance terminated	Insurance in force: Total	Insurance in force: Amortized (estimated)	Insurance in force: Not outstanding
Title I:						
Sec. 2 property improvement loans [1]	Number of loans	24,414,548	22,343,821	2,070,727		
	Net proceeds	$13,479,677	$10,559,657	$2,920,020	$1,310,033	$1,609,087
Sec. 8 home mortgages	Number of mortgages	38,345	7,651	30,694		
	Amount	$204,260	$39,338	$164,922	$32,047	$132,875
Title II:						
Sec. 203 home mortgages	Number of mortgages	4,725,029	2,027,923	2,697,106		
	Amount	$39,747,141	$12,186,172	$27,560,969	$3,619,138	$23,941,831
Sec. 207-210 project mortgages	Number of units	130,655	48,097	82,558		
	Amount	$1,086,148	$206,897	$879,251	$41,768	$837,483
Sec. 213 cooperative housing	Number of units	92,133	28,778	63,355		
	Amount	$1,064,287	$327,088	$737,199	$36,345	$700,855
Sec. 220 redevelopment housing [2]	Number of units	22,458	9	22,449		
	Amount	$296,752	$87	$296,665	$3,239	$293,425
Sec. 221 relocation housing [2]	Number of units	27,220	1,398	25,822		
	Amount	$243,475	$11,724	$231,752	$3,010	$228,742
Sec. 222 servicemen's housing	Number of mortgages	86,923	4,470	82,453		
	Amount	$1,166,236	$57,164	$1,109,071	$52,161	$1,056,911
Sec. 231 elderly housing	Number of units	3,248		3,248		
	Amount	$33,244		$33,244	$14	$33,229
Sec. 232 nursing homes	Number of beds	(171)		(171)		
	Amount	$621		$621		$621
Title VI (war and veterans' emergency program):						
Sec. 603 home mortgages [3]	Number of mortgages	628,016	441,333	186,683		
	Amount	$3,661,326	$2,405,928	$1,255,398	$533,084	$722,314
Sec. 608 project mortgages [4]	Number of units	469,589	109,121	360,468		
	Amount	$3,448,377	$736,534	$2,711,843	$527,386	$2,184,457
Sec. 609 manufactured-housing loans [5]	Number of loans	756	756			
	Amount	$5,316	$5,316			
Sec. 611 site fabricated housing	Number of units	2,059	1,996	63		
	Amount	$12,546	$12,079	$467	$105	$362
Title VIII						
Sec. 803 military housing [6]	Number of units	186,022	9,531	176,491		
	Amount	$2,282,661	$102,898	$2,179,764	$119,730	$2,060,034
Sec. 809 civilian housing	Number of mortgages	5,199	61	5,138		
	Amount	$68,360	$724	$67,635	$2,093	$65,542
Title IX (defense housing program):						
Sec. 903 home mortgages	Number of mortgages	57,156	14,757	42,399		
	Amount	$517,270	$130,547	$386,723	$55,789	$330,935
Sec. 908 project mortgages	Number of units	8,485	2,332	6,153		
	Amount	$63,427	$17,209	$46,218	$6,122	$40,096
Total [7]		$67,381,237	$26,799,384	$40,581,853	$6,342,074	$34,238,879

[1] Includes home mortgages insured under Sec. 2.
[2] Number of units terminated are estimated.
[3] Includes 3,363 mortgages for $16,108,500 insured under Sec. 610, of which 1,366 mortgages for $5,616,200 have been terminated, leaving 1,997 mortgages for $10,492,300 in force.
[4] Includes 3,915 units (23 mortgages) for $8,359,500 insured under Sec. 610, of which 1,198 units (11 mortgages) for $2,167,200 have been terminated, leaving 2,717 units (12 mortgages) for $6,192,300 in force.
[5] Includes 745 discounted purchasers' loans for $2,119,559, all of which have been terminated.
[6] Includes 101,139 units (723 mortgages) for $1,599,518,726 insured under Sec. 803 armed services housing program.
[7] Includes open-end advances of $112,157 insured under Sec. 225 of which $11,449 has been amortized.

amount outstanding for all such mortgages. This comparison is not strictly valid, since the estimate of total mortgage debt on multifamily properties is based on a multifamily concept of five or more units in contrast to FHA's eight or more units.

An estimated $18.5 billion of mortgage debt was outstanding at the end of 1960 on multifamily properties. Of this amount, $5.9 billion or 32 percent was FHA-insured. This percentage, which was the same as for 1959, was considerably under the high of 38 percent reached in the period from 1950 through 1952 at the height of the Section 608 Veterans' Emergency Housing Program.

Property Improvement Loans.—Of the estimated $2.1 billion total consumer installment credit extended for home repair and modernization purposes during 1960, FHA-insured property improvement loans represented approximately 47 percent. This percentage, unchanged from 1959, remained at 1 point above the average for the previous 5 years. FHA's share of the $3.0 billion in consumer installment credit outstanding for these purposes, however, was estimated at 53 percent. This was 3 percentage points lower than at the end of 1959, but continued above the 50 percent mark as it has each year since 1955.

Construction Starts.—In 1960, privately financed nonfarm dwelling units started totaled 1,230,000. The FHA portion of these starts covered 260,900 units or 21 percent of the total, compared with 22 percent in 1959. Total starts and FHA starts decreased by relatively similar percentages—18 and 22 percent, respectively. The decrease in FHA dwelling units started was entirely attributable to a decline in home mortgage units started, since multifamily project units showed a marked increase for 1960 of 38 percent (Chart III-4 and Table III-4).

Total nonfarm starts estimates for 1959 and 1960 used in the foregoing comparisons are the first in a revised series prepared by the Bureau of the Census. This new series reflects modifications of the methods used in estimating construction starts as well as a more comprehensive defini-

Table III-4.—*Privately financed nonfarm dwelling units started under FHA programs compared with total for United States, 1935–60*

Home mortgage programs:

Year	Secs. 2 and 8 [1]	Sec. 203 [1]	Sec. 220	Sec. 221	Sec. 222	Sec. 603	Sec. 809	Sec. 903	Total home units [2]
1935		13,226							13,226
1936		48,752							48,752
1937		56,980							56,980
1938	5,845	100,966							106,811
1939	10,783	133,874							144,657
1940	10,194	166,451							176,645
1941	9,145	180,156				27,700			217,001
1942	4,010	41,578				114,616			160,204
1943	307	338				125,474			126,119
1944		208				83,396			83,604
1945		17,049				21,848			38,897
1946		44,244				22,878			67,122
1947	217	20,884				157,168			178,269
1948	3,006	82,979				130,464			216,449
1949	3,261	241,559				7,806			252,626
1950	3,191	324,937				117			328,245
1951	9,357	177,435						132	186,924
1952	5,533	190,973						32,579	229,085
1953	4,572	181,436						30,501	216,509
1954	22,643	220,189			5			8,073	250,910
1955	206	267,411			320			619	268,055
1956	2	182,371	230	8	487		252		183,350
1957		146,917	627	1,208	343		1,031		150,126
1958		260,803	545	7,444	683		725		270,290
1959		298,697	144	6,890	896		408		307,035
1960		217,439	384	6,090	978		545		225,730
Total	92,362	3,617,942	1,930	22,240	3,421	691,557	2,961	71,904	4,504,317

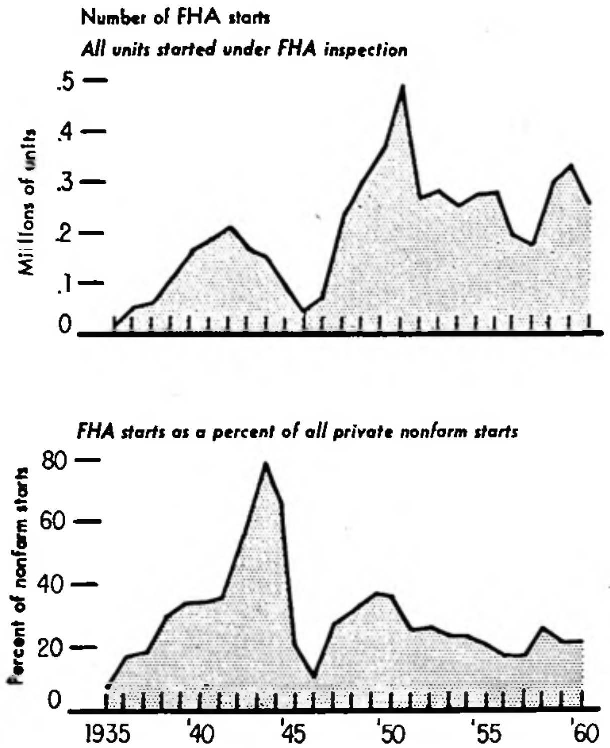
Project mortgage programs:

Year	Sec. 207	Sec. 213: Sales type	Sec. 213: Management	Sec. 220	Sec. 221	Sec. 231	Sec. 232 [3]	Sec. 608	Sec. 611	Sec. 803 [4]	Sec. 908	Total project units [3,4]	Total FHA units [2,3,4]	Total U.S. nonfarm units [5]	FHA as percent of U.S. total
1935	738											738	13,964	215,700	6.5
1936	624											624	49,376	304,200	16.2
1937	3,023											3,023	60,003	332,400	18.1
1938	11,930											11,930	118,741	399,300	29.7
1939	13,462											13,462	158,119	458,400	34.5
1940	3,446											3,446	180,091	529,600	34.0
1941	3,296											3,296	220,387	619,500	35.6
1942	1,163							4,295				5,458	165,662	301,200	55.0
1943	41							19,994				20,035	146,154	183,700	79.6
1944								9,655				9,655	93,259	138,700	67.2
1945	200							2,062				2,262	41,159	208,100	19.8
1946	41							1,870				1,911	69,033	662,500	10.4
1947								50,766				50,766	229,035	845,600	27.1
1948								77,610				77,610	294,059	913,500	32.2
1949	813							109,995	100	268		111,176	363,802	988,800	36.8
1950	2,277	141						143,331	372	12,315		158,436	486,681	1,352,200	36.0
1951	4,651	1,780	5,888					39,826	1,328	23,126		76,599	263,523	1,020,100	25.8
1952	7,342	3,791	6,338					5,895	37	24,039	3,374	50,816	279,901	1,068,500	26.2
1953	7,451	2,519	5,464					109	195	15,575	4,057	35,460	251,969	1,068,300	23.6
1954	11,850	3,569	2,659					28		6,313	972	25,397	270,307	1,201,700	23.0
1955	4,180	530	997							2,334		8,040	276,695	1,309,500	21.1
1956	557	1,302	2,129	1,082						919	2	5,991	189,341	1,093,900	17.3
1957	3,672	7,201	2,104	5,260								18,207	168,423	992,800	17.0
1958	14,015	3,801	2,056	3,083	1,202							25,147	295,437	1,141,500	25.9
1959	12,330	1,672	2,700	7,207	1,529							25,438	332,473	1,494,600	22.2
1960	17,694	4,242	3,735	5,232	1,802	2,418						35,213	260,949	1,230,100	21.5
Total	124,802	30,557	35,020	21,864	4,713	2,418		465,526	2,032	84,889	8,405	780,226	5,284,543	20,074,400	26.3

[1] Sec. 2 activity 1938-50; Sec. 8, 1950-56.
[2] Includes 1,692 units started during 1959, 2,112 started during 1960 under the certified agency program.
[3] Excludes projects providing 80 beds started during 1960 under Sec. 232.
[4] Excludes 420 dwelling units started during 1955, 5,399 started during 1956, 24,872 started during 1957, 41,700 started during 1958, 10,184 started during 1959, 12,682 started during 1960 under Sec. 803 Armed Services projects classified as public housing.
[5] Total number of privately financed nonfarm dwelling units reported as started during the period 1935-58 by the Bureau of Labor Statistics, and 1959-60 by the Bureau of the Census. Latter series is somewhat more comprehensive, with extended coverage and a more nearly complete count of dwellings of the types formerly included. For example, for 1959—the only complete year for which both estimates are currently available—the Census estimate exceeded that of BLS by 11 percent.

Chart III-4

FHA DWELLING UNITS STARTED, 1935–60



tion of what constitutes a living unit. While on one hand the higher level of starts estimated under the new procedures for 1959 and 1960 tends to diminish the importance of FHA in new housing construction, it may also be noted that a part of the expanded series represents housing units which would not be eligible for FHA insurance.

FHA Workload

During 1960, FHA received applications for mortgage insurance covering 743,300 dwelling units. Of this total, 242,400 units were in new homes, 422,500 in existing homes, and 78,500 in multifamily projects. Compared with 1959, total applications were down 19 percent, with new homes 34 percent lower and existing homes 11 percent lower. Units in multifamily project applications, however, were nearly 10 percent above 1959, not including 2,300 nursing home accommodations. Units in nursing homes authorized under Section 232 are in terms of beds and are not included in dwelling-unit totals.

FHA field offices processed (approved or rejected) applications involving 693,200 units, or about 21 percent less than in 1959. Of these units processed, commitments for mortgage insurance were issued for 677,400 units or 98 percent of the total. There were 73,600 additional units committed as a result of conversions of "agreements to insure," but these cases were processed before 1960.

These processing figures for 1960 exclude applications covering nearly 22,800 units that were rejected after preliminary examination, 22,100 units of Armed Services housing on which preapplication appraisal work was performed, and 22,800 units processed under the Certified Agency Program. The processing of this last group of cases is done by the lending institutions certified as agents of the Commissioner rather than by FHA field offices. Also excluded from the processing figures are 10 nursing home projects covering 932 beds that were committed in 1960.

The fee appraisal system, introduced in March 1958 to facilitate the processing of cases in field offices where the volume of business created backlogs for regular appraisers, was drastically curtailed in mid-1960 because of budget restrictions and also because of a limited workload in many offices. As a result, the number of fee appraisals made in 1960 dropped to 61,700 units—less than one-third of the 1959 total.

In addition to the processing workload, FHA field office personnel performed construction inspections on approximately 400,300 units during 1960—14 percent less than in 1959.

During 1960, FHA received 9,000 requests for subdivision analyses (including resubmissions) covering a total of 362,200 acres, and issued reports outlining development programs for 4,900 subdivisions containing 158,900 acres and 470,400 lots. Analysis was discontinued on 3,800 submissions because of unacceptability of development proposals or developers' decisions to withdraw.

VOLUME OF INSURANCE WRITTEN

This portion of the report analyzes the annual trends in the volume of FHA insurance written under each of the principal programs—home mortgages, multifamily project mortgages, and property improvement loans. The presentation includes detailed information on activity under each of the separate sections of the National Housing Act.

Home Mortgages

In 1960, FHA home mortgage insurance was available under the following subsections of Title II: Section 203(b) for regular homes; Section 203(h) for disaster housing; Section 203(i) for moderate-cost suburban and farm homes; Section 213 for individual homes constructed under and released from Section 213 sales-type cooperative project mortgages; Section 220 for individual homes in urban renewal areas; Section 221 for individual homes for families relocated from urban renewal projects or displaced by other governmental action; Section 222 for career-servicemen's homes; Section 223 authorizing insurance under Sections 203 and 213 for homes involved in public-housing disposition projects, refinancing of existing mortgages insured under Section 903, and refinancing of existing mortgages taken by FHA in sales of acquired properties; and Section 225 for insuring "open-end" increases of existing FHA-insured mortgages. Home mortgage insurance was also available under Section 809 of the Title VIII program covering civilian employees engaged in armed services research and development. Home mortgage insurance under Section 810 covering single-family release-clause projects for military personnel and essential civilian personnel serving or employed at installations of the armed services was not available during 1960 because of a lack of enabling legislation in the Military Construction Act to authorize such construction.

The FHA insured a grand total of 373,300 dwelling units for \$4.6 billion in 1960, with 168,700 units for \$2.2 billion in new homes and 204,500 units for \$2.4 billion in existing homes (Table III–5, p. 70). Compared with 1959, the total home volume declined by 26 percent in units and 24 percent in amount. New homes declined 16 percent in units and 14 percent in amount, and existing homes showed 33 percent and 31 percent declines, respectively. Existing homes, despite the greater decrease in insurance written, again surpassed the new-home insurance totals, continuing a trend started in 1955 (Chart III–5).

The average amounts of home mortgages insured again reached new highs in 1960. The new-home average rose 2 percent to \$13,000, accompanied by a like increase of 2 percent to \$11,700 for existing homes. The many economic factors influencing the average size of FHA mortgages cannot always be specifically identified, but among the causes of the increase in averages for 1960 were the increase in late 1959 in the maximum insurable mortgage amount for single-family homes to \$22,500 and, for new homes, a record high level of construction costs.

FHA home mortgage insurance written from 1935 through 1960 is summarized in Table III–5 by sections of the National Housing Act. The percentage distributions for dwelling units and mortgage amounts covered by the 1960 insuring operations for home mortgages under the individual sections are shown in the following table:

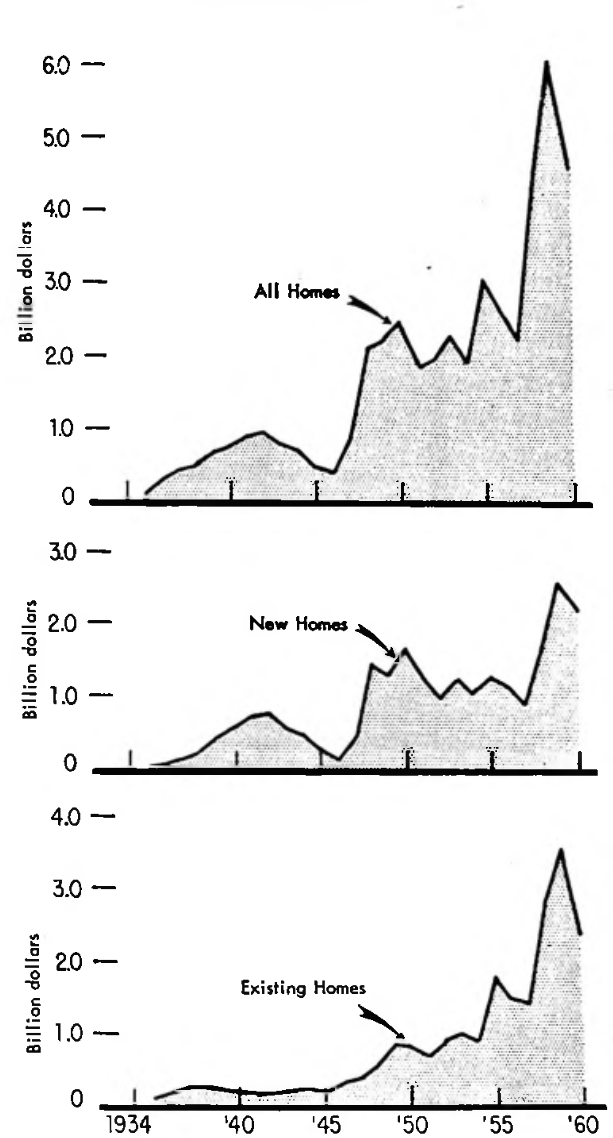
Section	Total		New homes		Existing homes	
	Units (percent)	Amount (percent)	Units (percent)	Amount (percent)	Units (percent)	Amount (percent)
203	91.1	91.0	88.6	89.6	93.2	92.3
213	.8	.9	----------	----------	1.5	1.8
220	.1	(1)	.1	.1	(1)	(1)
221	2.5	1.9	4.4	3.1	.9	.7
222	5.1	5.7	6.3	6.6	4.2	4.9
809	.4	.5	.6	.6	.2	.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

Less than 0.05 percent.

Chart III–5

VOLUME OF HOME MORTGAGES INSURED, 1935–60

Under all home mortgage programs of FHA



The Section 203 home mortgage program accounted for about 91 percent of both dwelling units and dollar amount insured in 1960. This represented a decline of about 2 percent in both units and amount from 1959, with new homes declining slightly more than existing. The predominance of Section 203 reflects the fact that this has been the only home mortgage program in continuous operation since the agency's beginning and has dominated home mortgage activity throughout the period except for the years 1943 through 1948 when most home mortgages were insured under the Section 603 War and Veterans' Emergency Housing Programs.

TABLE III-5.—*Home mortgages insured by FHA, 1935-60*

[Dollar amounts in thousands]

Year	Grand total[1] Units	Grand total[1] Amount	Total new construction Units	Total new construction Amount	New construction: Sec. 2 and 8[2] Units	Sec. 2 and 8[2] Amount	Sec. 203[3] Units	Sec. 203[3] Amount	Sec. 220 Units	Sec. 220 Amount	Sec. 221 Units	Sec. 221 Amount	Sec. 222 Units	Sec. 222 Amount	Sec. 603 Units	Sec. 603 Amount	Sec. 809 Units	Sec. 809 Amount	Sec. 903 Units	Sec. 903 Amount
1935-39	513,615	$2,007,777	235,391	$1,012,590	16,628	$37,914	218,763	$974,670												
1940-44	981,388	4,110,585	738,051	3,117,345	22,373	91,888	399,467	1,762,224							316,211	$1,263,233				
1945-49	979,451	6,116,754	540,396	3,603,452	5,501	20,452	187,092	1,324,183							347,803	2,258,816				
1950	351,528	2,492,367	225,269	1,636,678	1,759	7,428	221,381	1,613,725							2,129	15,525				
1951	261,231	1,928,433	161,673	1,216,535	6,100	28,514	155,416	1,187,402							23	184				
1952	240,100	1,942,307	122,704	968,613	5,616	29,112	102,606	831,748											14,449	$107,716
1953	272,299	2,288,026	151,777	1,268,558	4,276	21,303	121,981	1,038,234											25,520	198,933
1954	222,665	1,912,260	121,847	1,035,366	15,826	89,007	85,184	777,067											20,836	169,340
1955	318,454	3,084,707	131,116	1,200,170	5,705	32,259	120,459	1,188,320					1,608	$20,076					3,344	27,915
1956	253,300	2,038,230	105,315	1,132,930	130	775	101,454	1,087,600	57	$508	1	$9	2,750	35,620			5	$65	909	8,150
1957	202,454	2,251,064	74,602	880,143	8	46	70,252	823,824	455	4,887	158	1,351	3,138	43,182			553	6,671	33	294
1958	389,450	4,551,483	133,829	1,665,866			123,588	1,544,654	540	6,115	3,416	31,339	5,432	72,902			853	10,875		
1959	505,493	6,060,418	200,222	2,562,611			182,618	2,357,042	204	2,091	6,623	59,746	9,670	129,767			1,068	13,965		
1960	373,261	4,600,506	168,720	2,197,362			149,414	1,967,603	158	1,590	7,498	68,176	10,627	146,096			1,023	13,897		
Total	5,870,698	40,030,582	3,110,972	23,556,247	84,031	328,676	2,230,704	18,508,410	1,414	15,280	17,696	160,021	33,234	448,253	666,300	3,537,186	3,502	45,474	65,091	512,348

Year	Total existing construction[4] Units	Total existing construction[4] Amount	Existing or refinanced construction: Sec. 8 Units	Sec. 8 Amount	Sec. 203 Units	Sec. 203 Amount	Sec. 213 Units	Sec. 213 Amount	Sec. 220 Units	Sec. 220 Amount	Sec. 221 Units	Sec. 221 Amount	Sec. 222 Units	Sec. 222 Amount	Sec. 603 and 603-610 Units	Sec. 603 and 603-610 Amount	Sec. 611 Units	Sec. 611 Amount	Sec. 809 Units	Sec. 809 Amount	Sec. 903 Units	Sec. 903 Amount
1935-39	278,224	$995,187			278,224	$995,187																
1940-44	243,337	999,240			236,737	973,301									6,600	$25,939						
1945-49	439,055	2,513,302			419,194	2,423,058									19,861	90,244						
1950	126,259	855,690			125,186	852,330									1,073	3,360						
1951	99,558	712,898	46	$215	97,991	706,196	313	$2,464							1,202	3,083	6	$40				
1952	123,345	973,694	200	996	119,673	940,724	3,235	30,355							56	291	69	516			113	$819
1953	120,522	1,030,068	103	553	117,269	998,977	2,680	27,062							72	323					380	3,154
1954	100,818	906,899	71	382	96,125	863,325	4,502	42,095					10	$142	1	6					109	950
1955	187,338	1,815,588	9	50	181,248	1,740,624	1,054	9,026					5,027	65,868								
1956	147,085	1,505,300			138,570	1,381,807	677	7,220			15	$116	8,707	115,926					7	$86		
1957	127,852	1,370,921			115,453	1,207,313	4,233	54,169			362	3,161	7,641	104,252					163	2,008		
1958	255,621	2,885,597			237,385	2,647,267	5,827	78,279	15	$147	978	8,380	10,942	145,431					474	6,088		
1959	305,271	3,506,807			288,562	3,289,710	2,162	31,231	34	258	1,123	9,729	12,838	168,394					552	7,483		
1960	204,541	2,403,145			190,638	2,218,824	3,023	42,264	39	201	1,814	16,650	8,524	117,969					503	7,222		
Total	2,759,726	22,474,335	429	2,105	2,642,264	21,238,732	27,715	324,166	88	608	4,292	38,036	53,689	717,982	28,864	124,140	75	556	1,699	22,886	61[illegible]	4,922

[1] For total number and amount of mortgages insured under each section in 1959, 1960, and cumulatively through the end of 1960 see Table 2.
[2] Sec. 2 activity, 1938-50; Sec. 8 activity, 1950-57.
[3] Sec. 203 new includes insurance under Sec. 203(i); 436 units for $2,592,300 in 1954, 14,557 for $90,853,450 in 1955, 10,481 for $65,545,450 in 1956, 3,403 for $22,331,650 in 1957, 8,128 for $61,079,850 in 1958, 14,462 for $113,730,200 in 1959, 13,021 for $106,600,750 in 1960.
[4] Total existing includes insurance under Sec. 225 open-end mortgage program: $19,531 for 1955, $55,351 for 1956, $18,000 for 1957, $5,700 for 1958, $2,835 for 1959, $10,740 for 1960.

The Section 203 data shown in Table III-5 include mortgages insured under the moderate-cost home provisions of Section 203(i), which was instituted in 1954 to replace the terminated Section 8. In 1960, mortgages on 13,000 new units were insured under Section 203(i) in the amount of $107 million. Although insurance of existing units under this program was authorized by the Housing Act of 1959, mortgages on fewer than 900 existing units were insured in 1960, a large portion of which represented refinancing of cases originally insured under Section 203(i) as new.

The disposition of Section 203 home mortgage applications for 1960 and selected earlier years is shown in Table III-6. Some 49 percent of the cases were closed by insurance in 1960, a decline of nearly 7 percentage points from the 1959 ratio. Expirations increased correspondingly to 45 percent, and rejections remained at 6.6 percent. The relatively high rate of expirations points up the fact that builders and lenders often use FHA commitments as a means of obtaining FHA appraisals, construction financing, and FHA construction inspections. Moreover, the rather marked increase in the rate of expirations in 1960, coupled with the corresponding decrease in the rate of insurance, is evidence that this practice is even more pronounced during periods when the conventional mortgage interest rate may be more favorable than the FHA rate.

TABLE III-6.—*Disposition of home mortgage applications, Sec. 203, selected years*

Year	Number of cases closed	Percent of cases closed by— Rejection of application[1]	Expiration of commitment[1,2]	Insurance of mortgage
TOTAL CONSTRUCTION				
1946	145,500	16.2	37.9	45.9
1950	539,640	10.4	26.9	62.7
1954	357,920	14.6	36.3	49.1
1955	584,779	10.4	39.2	50.4
1956	498,964	7.2	45.7	47.1
1957	422,006	8.8	48.1	43.1
1958	631,104	10.1	33.9	56.0
1959	831,746	6.6	38.0	55.4
1960	681,070	6.6	44.5	48.9
NEW CONSTRUCTION				
1946	51,522	13.5	65.9	20.6
1950	345,478	9.5	27.2	63.3
1954	196,291	13.5	44.0	42.5
1955	281,065	9.5	48.0	42.5
1956	257,098	5.1	55.6	39.3
1957	207,096	5.4	60.9	33.7
1958	230,733	6.8	41.2	52.0
1959	320,469	5.6	37.5	56.9
1960	207,389	2.2	47.7	50.1
EXISTING CONSTRUCTION				
1946	93,978	17.6	22.6	59.8
1950	194,162	12.1	26.4	61.5
1954	161,629	16.0	26.8	57.2
1955	303,714	11.3	31.0	57.7
1956	241,866	9.4	35.2	55.4
1957	214,910	12.1	35.9	52.0
1958	394,371	12.1	29.5	58.4
1959	511,277	7.3	38.2	54.5
1960	383,681	9.9	42.1	48.0

[1] Excludes cases reopened after rejection or expiration.
[2] Includes expired agreements to insure in 1958-60.

Project Mortgages

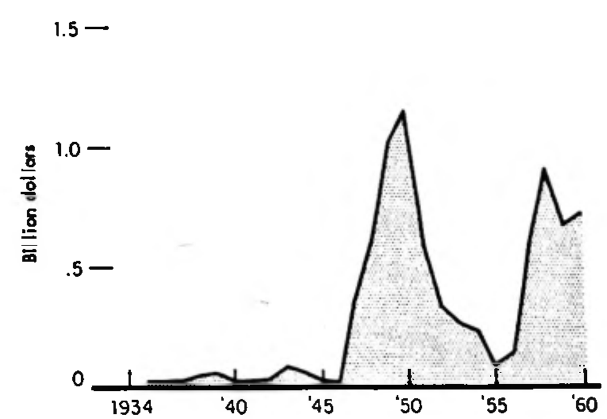
Multifamily housing mortgage insurance in 1960 was authorized by the National Housing Act under the following programs: Title II, Section 207, covering (1) new and rehabilitated rental housing, (2) trailer courts or parks, (3) public housing sold by certain Federal or State agencies, (4) refinanced Section 608 or Section 908 mortgages, and (5) sale of Commissioner-held mortgages assigned or properties acquired under provisions of Titles II, VI, VII, VIII, and IX; Section 213 cooperative housing; Section 220 redevelopment housing; Section 221 relocation housing; Section 231 housing for the elderly; Section 232 nursing homes; and Title VIII, providing mortgage insurance for Section 803 armed services housing and Section 810 rental housing. In addition, authority existed to insure certain elderly housing project mortgages under Section 207. Also authorized, but never used, was the provision to insure equity financing under Title VII for yield insurance on rental projects. With respect to Section 810, 1960 legislation stipulated that specific authorization in the Military Construction Act was a prerequisite for the construction of units under Section 810 during fiscal year 1961. Such authority was not provided prior to the end of 1960. Each of the programs is described briefly at the beginning of this report.

FHA project mortgage insurance in 1960 rose 7 percent to $724 million, replacing 1959 as the fourth largest year in FHA history in terms of the total dollar volume of project mortgages insured (Chart III-6).

CHART III-6

VOLUME OF MULTIFAMILY MORTGAGES INSURED, 1935-60

Under all project mortgage programs of FHA



Mortgages insured in 1960 covered 49,100 dwelling units, one-sixth more than in 1959, making 1960 the sixth highest year in multifamily dwelling units. In addition, mortgages to finance 2 nursing homes with a total of 171 beds were insured under Section 232. The average project-unit mortgage in 1960 was $14,722, slightly less than the $15,300 reported for 1959, reflecting reapportionment of activity under the several multifamily housing insurance programs rather than a leveling off in mortgage amounts.

Multifamily housing mortgage insurance constituted nearly one-eighth of the aggregate amount of all mortgages and loans insured in 1960, as compared with less than 9 percent of the total in 1959.

The 78,500 dwelling units represented by 1960 applications for multifamily housing mortgage insurance exceeded by one-tenth those reported in 1959. Units in commitments to insure issued in 1960 increased more than one-third to 69,300 dwelling units. These figures include one application for a mobile home court (334 spaces) and two commitments covering 538 spaces. In addition, FHA received applications for nursing home facilities involving nearly 2,500 beds and issued commitments covering the financing of facilities for over 900 beds. At December 31, 1960, there were 34,800 units in rental and cooperative projects, 334 mobile home spaces, and nursing home facilities (761 beds) covered by outstanding commitments, and nearly 49,000 project units and 1,400 nursing home accommodations under examination in FHA field offices. An additional 9,000 dwelling units were in the process of preapplication appraisals, the bulk of these under the Section 803 armed services housing program.

Some 35,200 multifamily dwelling units were reported started in 1960 under FHA inspection, bringing the total project units under construction during the year to 65,200—about one-third more than in 1959. Of these units, 25,700 were reported completed and ready for occupancy. These figures exclude nursing home facilities (80 beds) started under FHA inspection and 12,700 Section 803 units started under military inspection.

Section 207 project mortgage insurance in 1960 totaled $269 million and covered over 19,400 dwelling units. Increasing by more than two-fifths over 1959, the Section 207 insurance volume reached a new all-time high for the third consecutive year and for the first time in 5 years exceeded the volume of insurance reported for any other project program (Table III-7). This section accounted for 37 percent of the total amount of all multifamily housing mortgage insurance written during the year, including—in addition to 18,610 new units with mortgage amounts aggregating $266.8 million—389 dwelling units ($3.5 million) for elderly persons, 803 existing units ($2.5 million) involving the sale of property of the Atomic Energy Commission at Oak Ridge, Tenn., and one acquired project (34 units) which was reinsured after sale.

By December 31, 1960, total Section 207 insurance had passed the billion-dollar mark ($1,086 million) and represented nearly 14 percent of all FHA multifamily housing mortgage insurance. The bulk, $1,061 million, of this insurance covered the financing of 123,300 newly constructed rental units and of 1 mobile home court containing 200 trailer sites. The remaining $25 million represented refinancing transactions, mortgages to finance the rehabilitation of existing structures, and mortgages to finance purchases of existing public housing.

Cooperative housing project mortgages insured under Section 213 in 1960 rose to $118 million—four-fifths more than the amount reported for 1959 and a record year for this program. Of the 7,800 dwelling units provided, 4,200 units ($68 million) involved newly constructed management-type cooperatives and 200 units ($2 million) represented existing structures purchased by management-type cooperative groups. Included with the management-type total were 3,500 units ($55 million) representing investor-sponsored cooperatives. An investor sponsor is permitted to construct the project prior to the formation of the cooperative. This allows the project to be put on the market without delay and gives the prospective members an opportunity to examine the completed structure. Such projects contemplate sale to a management-type cooperative group within 2 years after completion. Under these provisions, a total of 56 projects containing 8,000 units had been insured through the end of 1960, of which 25, containing 3,400 units, had been reported sold to management-type groups.

Sales-type cooperative project insurance in 1960 covered 3,400 dwelling units and involved $47 million. These projects consisted of single-family dwellings constructed for release to individual cooperative members. Upon release, these homes may be insured either under the individual mortgage provisions of Section 213 or under Section 203.

Through the end of 1960, cooperative project mortgage insurance amounted to $740 million (64,400 units). The larger proportion, $404 million, was utilized to provide 35,800 units in management-type cooperatives and the remaining $336 million produced 28,600 single-family dwellings in sales-type cooperatives. Most of these units were subsequently refinanced under the individual mortgage provisions of Section 213 upon dissolution of the mortgagor corporations following completion of the projects.

Section 220 urban renewal project mortgage insurance declined by one-fifth in 1960 to $79 million, covering 4,500 dwelling units. Through December 31, 1960, total insurance under this program amounted to $281 million, providing 21,000 rental units in urban renewal areas throughout the country.

Section 221 relocation project mortgage insurance in 1960 amounted to $14 million and covered 1,700 dwelling units. Total insurance through the year end stood at $45 million (5,200 units). Al-

TABLE III-7.—*Multifamily housing mortgages insured by FHA, 1935-60*

[Dollar amounts in thousands]

Year	Grand total[1] Units	Grand total[1] Amount	New construction: Total Units	Total Amount	Sec. 207 Units	Sec. 207 Amount	Sec. 213 Sales Units	Sec. 213 Sales Amount	Sec. 213 Management Units	Sec. 213 Management Amount	Sec. 220 Units	Sec. 220 Amount	Sec. 221 Units	Sec. 221 Amount	Sec. 231 Units	Sec. 231 Amount	Sec. 232 Beds[2]	Sec. 232 Amount	Sec. 608 Units	Sec. 608 Amount
1935-39	29,777	$114,429	29,777	$114,429	20,777	$114,429														
1940-44	45,751	188,446	41,890	174,187	7,946	28,752													33,944	$145,436
1945-49	265,213	2,022,878	260,592	2,008,452	1,054	8,519													257,723	1,986,212
1950	154,597	1,156,681	153,477	1,154,680	2,514	18,065	285	$2,691											135,076	1,007,996
1951	74,207	583,774	73,333	577,545	4,890	33,201	1,928	17,726	6,067	$55,194									33,799	259,937
1952	39,839	321,911	39,839	321,911	6,043	41,843	3,681	35,788	6,093	55,913									3,457	29,634
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										
1955	9,431	76,480	8,639	73,347	4,316	35,916	636	4,855	900	8,999										
1956	11,177	130,247	10,933	129,585	528	5,070	1,254	16,419	1,710	19,655	1,051	$9,375								
1957	43,609	597,348	43,388	596,517	4,242	40,535	5,889	76,891	2,670	33,415	5,151	50,929								
1958	64,953	908,671	64,851	908,208	11,266	135,155	4,580	61,885	2,621	35,914	2,660	31,579	2,024	$17,282						
1959	43,976	674,682	43,632	673,385	13,742	185,882	1,396	19,795	3,057	45,881	7,627	109,865	1,535	13,166	207	$2,067				
1960	49,101	723,501	47,974	717,994	18,610	266,758	3,378	47,249	4,209	68,051	4,467	79,116	1,663	14,307	2,967	30,511	(171)	$621		
Total	890,589	7,992,272	877,283	7,943,453	123,545	1,060,892	28,607	336,371	35,564	401,249	20,956	280,864	5,222	44,754	3,174	32,578	(171)	621	463,724	3,428,047

Year	New construction (continued): Sec. 611 Units	Sec. 611 Amount	Sec. 803 Military Units	Sec. 803 Military Amount	Sec. 803 Armed services Units	Sec. 803 Armed services Amount	Sec. 908 Units	Sec. 908 Amount	Existing or refinanced construction: Total Units	Total Amount	Sec. 207 Units	Sec. 207 Amount	Sec. 213 Management Units	Sec. 213 Management Amount	Sec. 221 Units	Sec. 221 Amount	Sec. 231 Units	Sec. 231 Amount	Sec. 608 Units	Sec. 608 Amount	Sec. 608-610 Units	Sec. 608-610 Amount
1935-39																						
1940-44									3,861	$14,259	3,267	$11,444							594	$2,815		
1945-49	275	$1,650	1,540	$12,071					4,021	14,426	1,344	5,142							476	2,828	2,801	$6,456
1950	473	2,877	15,120	123,052					1,120	2,002									16	133	1,104	1,868
1951	966	5,832	25,683	205,653					874	6,229									864	6,194	10	35
1952	125	706	17,233	135,842			3,207	$22,186														
1953	145	926	12,181	100,558			3,890	30,497														
1954			9,310	74,761			1,282	9,820														
1955			2,261	18,836	420	$3,570	106	923	792	3,143	792	3,143										
1956			982	8,410	5,309	70,655			244	662	208	370	36	$292								
1957			504	3,957	24,872	381,791			221	831	221	831										
1958					41,700	626,302			107	463	107	463										
1959					16,068	305,730			341	1,297	334	1,232			10	$65						
1960					12,080	211,381			1,127	5,507	837	2,631	210	2,210			74	$666				
Total	1,984	11,991	84,883	683,143	101,139	1,599,519	8,485	63,427	13,306	48,819	7,110	25,256	247	2,502	10	65	74	666	1,950	11,971	3,915	8,360

[1] For total number and amount of mortgages insured under each section in 1959, 1960, and cumulatively through 1960, see Table 2.

[2] Units under Sec. 232 are in terms of beds and are excluded from totals.

though the Housing Act of 1959 provided a rental program for profit organizations under Section 221, no profit-motivated projects had been insured by the end of 1960.

Section 231 mortgage insurance in 1960 reached $31 million and provided 3,000 living accommodations for elderly persons. This represented the first full year of operations under this program, which in 1959 replaced the former provision for elderly housing insurance under Section 207. Coupled with Section 207 operations, a total of 7,200 units ($68 million) had been provided through the end of 1960 for elderly persons. Section 231, enacted in 1959, provided for insurance of profit-motivated elderly housing projects as well as nonprofit projects previously authorized under Section 207. By the end of 1960, only 1 project for profit, containing 48 units, had been insured by FHA.

Section 232 mortgage insurance for nursing homes, also initiated in 1959, was first utilized in 1960 when mortgages on 2 projects containing 171 beds were insured by FHA.

Section 803 armed services (Capehart) housing mortgage insurance written in 1960 aggregated $211 million and covered 12,700 dwelling units—about one-third less than the amount for 1959. Through 1960, 101,100 units had been insured under this program and, along with the 84,900 units of military (Wherry) housing, provided a total of 186,000 dwelling units on or near military and atomic energy installations. By the year end, a total of $2,283 million, 29 percent of all FHA multifamily housing insurance, had been insured under the Section 803 programs.

TABLE III-8.—*Property improvement loans insured by FHA, 1934–60*

Year	Annual: Number	Annual: Net proceeds (000)	Annual: Average	Cumulative: Number	Cumulative: Net proceeds (000)	Cumulative: Average
1934–39	2,329,648	$821,332	$353	2,329,648	$821,332	$353
1940–44	2,458,920	770,782	313	4,788,568	1,592,115	332
1945–49	5,151,998	2,233,205	433	9,940,566	3,825,320	385
1950	1,447,101	693,761	479	11,387,667	4,519,081	397
1951	1,437,764	707,070	492	12,825,431	5,226,151	407
1952 [1]	1,495,741	848,327	567	14,321,172	6,074,478	424
1953 [1]	2,244,227	1,334,287	595	16,565,399	7,408,765	447
1954	1,506,480	890,606	591	18,071,879	8,299,372	459
1955	1,024,698	645,645	630	19,096,577	8,945,017	468
1956	1,013,086	691,992	683	20,109,663	9,637,008	479
1957	1,111,962	868,568	781	21,221,625	10,505,576	495
1958	1,038,315	868,443	836	22,259,940	11,374,019	511
1959	1,096,635	996,642	909	23,356,575	12,370,661	530
1960	1,011,858	982,405	971	24,368,433	13,353,067	548

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

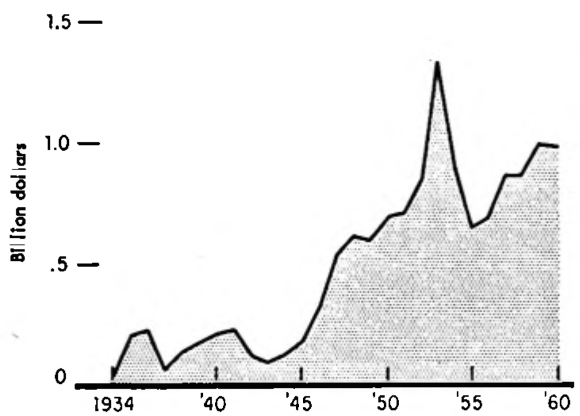
Property Improvement Loans

Under Title I, Section 2, FHA insures approved financial institutions against loss on unsecured loans made to improve existing properties or to build new nonresidential structures. Financial institutions classify these loans as consumer credit

CHART III-7

VOLUME OF PROPERTY IMPROVEMENT LOANS INSURED, 1934 - 60

Under the Title I program—excludes small homes



notes and they are generally made on the basis of the borrower's character and credit rating. Upon certification by the originating institution that a loan has been made in conformance with the FHA regulations, the Commissioner accepts the loan for insurance without further investigation. The portfolio of each institution's loans is insured up to 10 percent of the total amount of the net proceeds to the borrowers, with the individual claim payment being limited to 90 percent of the calculated principal loss sustained by the lender on the defaulted note. Table III-8 presents data on the volume of loans insured by years and cumulatively since 1934.

During 1960 these approved institutions reported slightly over 1.0 million notes with net proceeds to borrowers aggregating $982 million. Compared to 1959 this is a decrease of 8 percent in the number of loans and 1 percent in amount of proceeds, but activity under this program was at a relatively high level (Chart III-7). The average net proceeds for loans insured in 1960 continued to trend upward, reaching a new high of $971, an increase of 7 percent over 1959 and triple the average size of the loans insured during the 1940–44 period. From 1934 through 1960, over 24 million property improvement loans with net proceeds of $13 billion have been insured—an average volume of $500 million a year.

STATE DISTRIBUTION OF FHA INSURANCE WRITTEN

The distribution of FHA insurance operations among the several States reflects geographic variations in the demand for housing and home improvements, partially determined by population size and growth, the size and condition of the housing inventory, and the general economic situation. Also figuring largely in the volume of FHA activity in different localities are the availability

of mortgage funds and the financing policies and desires of both lenders and borrowers.

Insurance Written During 1960

All Programs.—A State distribution of mortgages and loans insured in 1960 is presented in Table III-9 and Chart III-8. These data indicate that, in practically all States, FHA activity was predominately that of home mortgage insurance. Exceptions were North Dakota and the District of Columbia, where project mortgage insurance exceeded that for homes in both number and amount. New York held a unique position because its insurance was more evenly distributed among home and project mortgages and property improvement loans than was true in any other State. For the third consecutive year, the largest total amount of insurance written under all programs combined was reported for California, $692 million in 1960.

Home Mortgage Programs.—As shown in Table III-9, there were 10 States, led by California, Texas, and Florida, in which more than 10,000 home mortgages were insured during the year.

TABLE III-9.—*Volume of FHA-insured mortgages and loans, by State location of property, 1960*

[Dollar amounts in thousands]

State	Total amount	Home mortgages [1]: Number	Home mortgages [1]: Amount	Project mortgages [1]: Units	Project mortgages [1]: Amount	Property improvement loans: Number	Property improvement loans: Net proceeds
Alabama	$90,449	6,577	$79,009	80	$800	12,704	$10,640
Alaska	17,397	725	16,943	---	---	280	453
Arizona	171,103	11,833	142,917	1,122	13,694	16,902	14,492
Arkansas	48,628	2,862	34,171	544	8,336	7,544	6,121
California	691,919	40,005	564,134	6,013	89,603	32,055	38,182
Colorado	77,220	4,626	62,472	424	3,463	12,110	11,284
Connecticut	90,906	4,901	66,375	1,531	20,634	2,928	3,898
Delaware	31,749	2,144	27,524	250	4,100	93	125
District of Columbia	26,541	179	2,320	1,290	18,677	5,422	5,545
Florida	416,473	28,166	337,888	2,558	37,437	46,518	41,148
Georgia	147,464	9,875	120,970	914	14,798	13,409	11,696
Hawaii	38,138	1,492	23,807	941	14,320	10	11
Idaho	27,834	1,526	20,075	---	---	6,997	7,759
Illinois	133,977	5,288	71,005	333	3,600	61,602	59,371
Indiana	141,534	8,845	110,452	---	---	34,282	31,082
Iowa	59,935	3,570	45,347	---	---	15,149	14,588
Kansas	62,501	3,832	46,350	200	3,279	14,978	12,872
Kentucky	44,629	2,530	30,721	---	---	20,536	13,908
Louisiana	122,644	8,688	111,988	97	980	8,957	9,676
Maine	37,035	2,001	20,327	804	13,193	3,852	3,515
Maryland	96,315	6,422	81,195	10	120	15,865	15,001
Massachusetts	135,455	6,597	82,883	1,731	29,026	23,056	23,546
Michigan	338,531	18,369	230,851	1,680	22,949	90,136	84,731
Minnesota	103,326	4,966	67,707	417	4,778	35,460	30,841
Mississippi	66,614	3,800	45,367	1,009	15,720	7,803	5,527
Missouri	129,463	7,390	90,514	636	10,490	36,390	28,459
Montana	26,843	1,651	21,936	38	295	4,232	4,612
Nebraska	53,603	3,657	46,568	30	313	6,884	6,722
Nevada	37,913	2,106	32,487	266	3,796	1,314	1,631
New Hampshire	13,919	1,048	11,603	---	---	2,542	2,316
New Jersey	240,016	13,820	177,987	2,502	38,115	18,212	23,915
New Mexico	45,877	3,335	41,411	---	---	4,340	4,466
New York	603,207	18,205	241,206	14,196	221,334	104,975	140,667
North Carolina	71,114	4,515	50,293	367	5,757	19,663	15,065
North Dakota	13,686	333	4,224	366	5,998	3,545	3,464
Ohio	308,353	16,721	222,770	1,525	19,394	75,903	66,188
Oklahoma	109,678	7,640	87,224	502	7,710	14,988	14,744
Oregon	56,406	3,587	41,895	482	5,493	9,123	9,019
Pennsylvania	211,595	15,248	170,199	422	4,641	36,209	36,755
Rhode Island	24,437	2,003	22,074	---	---	2,120	2,363
South Carolina	50,345	3,508	40,719	300	6,399	3,938	3,227
South Dakota	10,582	1,158	13,198	221	3,384	3,120	3,000
Tennessee	120,402	8,538	97,786	1,047	4,436	26,375	18,180
Texas	423,358	28,905	331,883	[2] 1,490	23,078	75,998	68,397
Utah	49,418	3,052	42,110	12	100	7,333	7,208
Vermont	4,931	432	4,188	---	---	944	742
Virginia	129,062	8,198	112,255	385	5,324	14,117	11,484
Washington	180,156	11,083	137,745	780	10,793	31,153	31,617
West Virginia	25,791	1,365	17,945	(2)	200	7,885	7,646
Wisconsin	56,314	3,295	42,620	776	7,386	6,466	6,308
Wyoming	15,357	1,060	11,692	---	---	621	606
Guam	154	7	121	---	---	60	33
Puerto Rico	77,838	6,709	63,781	663	6,573	4,739	7,484
Virgin Islands	351	28	334	---	---	15	17
Total [3]	6,330,472	368,485	4,624,566	49,101	723,501	1,011,858	982,405

[1] For volume by sections see Tables 10 and 11. [2] Units are not reported under Sec. 232. [3] Based on cases tabulated in 1960, including adjustments not distributed by States.

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Table III-10.—*Volume of FHA-insured new- and existing-home mortgages, by State location of property, by sections, 1960*

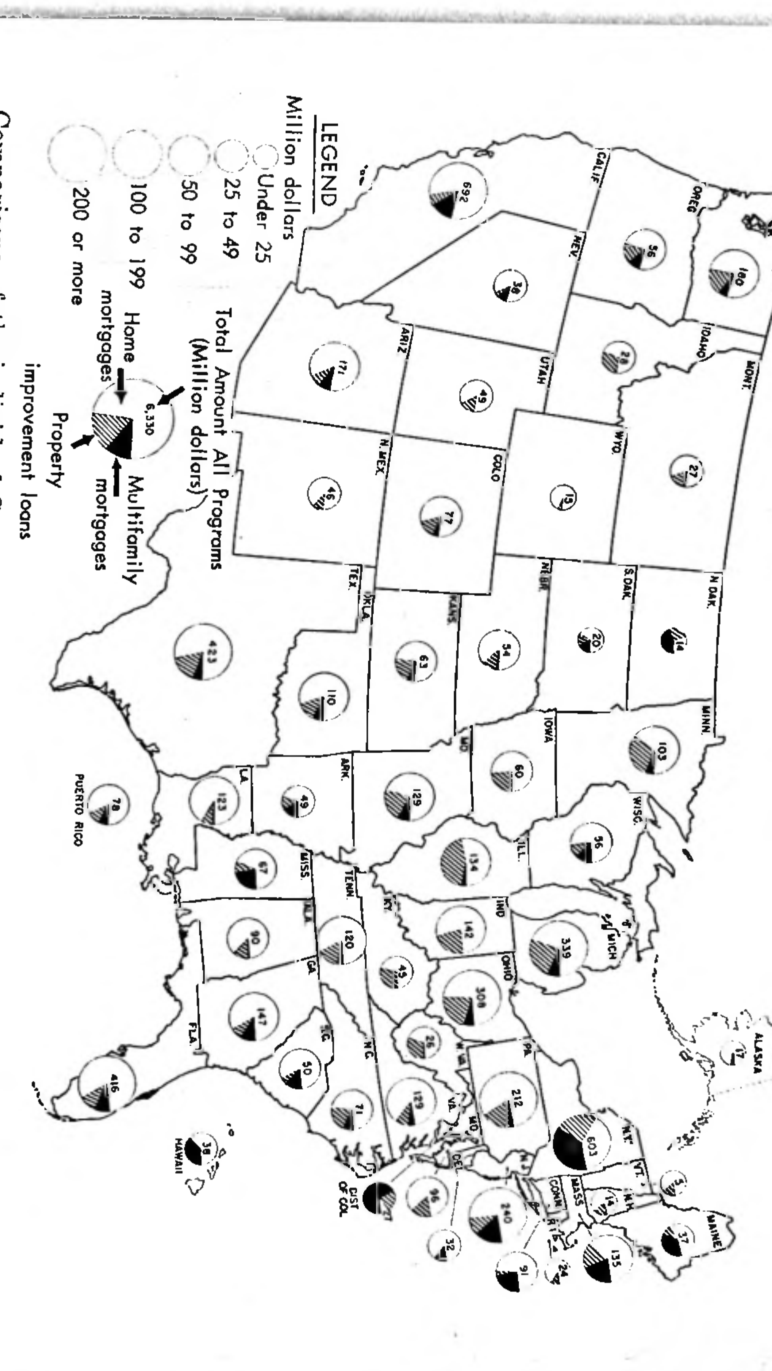
[Dollar amount in thousands]

State	Total new construction: Number	Total new construction: Units	Total new construction: Amount	Section 203(i): Units	Section 203 other: Units	Section 221: Units	Section 222: Units	Section Other[1]: Units	Total existing construction: Number	Total existing construction: Units	Total existing construction: Amount	Section 203: Units	Section 213: Units	Section 221: Units	Section 222: Units	Section Other[1]: Units
Alabama	2,741	2,760	$32,587	70	1,500	874	117	121	3,836	3,855	$46,422	3,349	2	41	132	328
Alaska	330	332	8,071	2	324	---	5	1	395	407	8,872	402	---	---	5	---
Arizona	8,920	8,947	109,272	714	7,832	134	191	70	2,913	2,944	33,645	2,041	843	---	58	2
Arkansas	1,387	1,389	17,084	15	1,180	91	74	20	1,475	1,492	16,187	1,401	---	6	76	9
California	16,718	16,787	258,178	120	15,184	96	1,206	191	23,287	23,598	305,956	22,530	120	39	807	3
Colorado	2,102	2,170	31,177	12	1,988	4	106	---	2,464	2,472	31,296	2,240	---	---	232	---
Connecticut	1,005	1,005	13,775	---	976	---	29	---	3,896	4,222	52,600	3,961	---	7	241	10
Delaware	1,170	1,171	15,963	---	1,155	---	10	---	974	987	11,561	965	---	10	12	---
District of Columbia	2	2	23	---	1	---	1	---	177	179	2,296	143	---	28	8	---
Florida	10,119	10,146	223,020	3,352	11,830	2,108	1,184	666	9,047	9,101	114,268	6,740	1,662	75	487	137
Georgia	4,511	4,511	54,735	228	2,685	1,162	430	---	5,364	5,404	66,236	4,600	---	108	636	---
Hawaii	1,245	1,245	20,000	---	1,070	5	170	---	247	247	3,806	235	---	---	11	1
Idaho	540	541	7,989	1	530	---	10	---	986	990	12,086	978	---	---	21	---
Illinois	1,652	1,655	23,387	36	1,506	9	44	---	3,036	3,082	47,618	3,568	---	5	109	---
Indiana	4,403	4,404	58,390	103	4,132	75	94	---	4,442	4,490	52,062	4,437	---	3	50	---
Iowa	1,447	1,447	10,792	7	1,414	1	25	---	2,123	2,132	25,556	2,117	---	---	15	---
Kansas	1,465	1,466	10,805	2	1,276	35	153	---	2,367	2,373	26,545	2,282	---	10	81	---
Kentucky	901	901	11,250	40	771	58	32	---	1,629	1,631	19,471	1,491	---	106	34	---
Louisiana	5,482	5,489	72,583	173	4,145	632	539	---	3,206	3,263	39,405	3,076	48	31	108	---
Maine	199	200	2,465	---	160	---	40	---	1,802	2,075	17,802	1,944	---	1	125	5
Maryland	2,381	2,381	30,847	66	2,119	1	105	---	4,041	4,079	50,348	3,057	10	---	412	---
Massachusetts	991	993	13,602	---	934	---	59	---	5,606	6,994	60,281	6,661	---	---	333	---
Michigan	8,782	8,824	118,110	244	8,319	179	82	---	9,587	10,128	112,741	9,943	5	97	74	9
Minnesota	1,742	1,742	24,806	---	1,725	1	16	---	3,224	3,249	42,901	3,140	73	---	36	---
Mississippi	2,302	2,362	20,770	56	1,076	104	220	---	1,438	1,449	15,596	1,304	---	9	76	---
Missouri	2,744	2,758	36,563	144	2,553	1	60	---	4,655	4,734	53,952	4,636	---	23	75	---
Montana	724	727	9,911	1	578	90	58	---	927	960	12,025	934	---	---	35	---
Nebraska	2,009	2,015	25,090	357	1,418	---	240	---	1,648	1,660	20,579	1,440	---	6	214	---
Nevada	1,076	1,077	16,525	---	1,054	---	23	---	1,090	1,117	15,961	930	166	---	21	---
New Hampshire	89	90	1,176	---	71	---	10	---	959	1,049	10,427	948	---	---	101	---
New Jersey	5,904	5,996	76,244	969	4,942	9	76	---	7,826	8,235	101,743	7,745	---	2	488	---
New Mexico	1,845	1,849	23,639	90	1,582	---	177	---	1,490	1,497	17,772	1,301	1	---	105	---
New York	4,517	4,718	62,370	245	4,444	---	29	---	13,688	15,462	178,836	15,211	---	31	220	---
North Carolina	2,419	2,420	26,096	354	1,650	314	102	---	2,096	2,100	23,296	2,009	---	4	87	---
North Dakota	123	120	1,685	1	125	---	3	---	210	213	2,540	200	---	---	13	---
Ohio	7,795	7,812	108,811	135	6,796	432	449	---	8,926	9,051	113,959	7,948	83	822	198	---
Oklahoma	3,287	3,287	41,954	113	2,740	---	434	---	4,353	4,370	45,270	4,142	---	---	228	---
Oregon	1,133	1,147	14,110	230	801	---	26	---	2,454	2,469	27,785	2,415	---	2	52	---
Pennsylvania	4,135	4,150	54,589	36	4,067	3	44	---	11,113	11,373	115,610	11,147	---	91	135	---
Rhode Island	266	271	3,206	---	246	---	25	---	1,737	2,160	18,868	1,809	---	---	201	---
South Carolina	1,507	1,509	18,596	103	1,021	5	380	---	2,001	2,013	22,124	1,654	---	7	352	---
South Dakota	589	592	7,364	33	458	---	101	---	569	581	5,834	549	---	---	35	---
Tennessee	4,652	4,658	56,684	101	3,588	680	186	43	3,886	4,037	41,102	3,867	---	92	54	24
Texas	16,519	16,534	201,657	2,088	12,739	105	1,602	---	12,386	12,517	130,227	11,931	---	30	556	---
Utah	1,873	1,890	26,811	---	1,829	---	67	---	1,170	1,198	15,299	1,173	---	---	25	---
Vermont	18	18	238	---	18	---	---	---	414	491	3,950	484	---	---	7	---
Virginia	3,082	3,083	43,488	34	2,280	57	703	---	5,116	5,120	68,767	4,050	---	---	1,079	---
Washington	2,777	2,782	37,815	120	2,457	---	205	---	8,306	8,421	99,930	7,978	---	2	441	---
West Virginia	411	411	5,930	14	348	47	2	---	954	965	12,015	963	---	---	2	---
Wisconsin	1,113	1,118	15,625	2	1,100	3	13	---	2,182	2,282	26,994	2,151	---	100	31	---
Wyoming	573	573	8,256	---	548	---	25	---	487	489	6,436	475	---	---	14	---
Guam	2	2	42	---	1	---	1	---	5	5	70	5	---	---	---	---
Puerto Rico	6,161	6,172	58,932	2,964	2,826	179	158	45	548	506	4,848	559	---	2	5	---
Virgin Islands	26	26	308	---	25	---	1	---	2	2	26	2	---	---	---	---
Total[2]	169,116	169,600	2,203,695	13,444	137,271	7,494	10,319	1,162	199,369	206,610	2,420,871	192,173	3,013	1,703	9,103	528

[1] Includes Secs. 220 and 809. [2] Cases tabulated in 1960.

Chart III-8

MORTGAGES AND LOANS INSURED UNDER ALL SECTIONS, 1960



Comparisons of the individual States with respect to relative volumes of FHA-insured new- and existing-home mortgages, in total and under separate programs, are presented in Table III-10. States leading in new-home mortgage insurance were Florida, California, Texas, Arizona, and Michigan, in that order. Three of these, California, Texas, and Michigan, were also among the five ranking States in insured mortgages on existing homes. More noteworthy is the fact that three of the five States leading in the new-home category—Florida, Texas, and Arizona, which are among the Nation's fastest growing, according to 1960 Census figures—each had more new-home than existing-home mortgages insured. Other States with more new than existing units included Delaware, Hawaii, Louisiana, Mississippi, Nebraska, New Mexico, North Carolina, South Dakota, Tennessee, Utah, Wyoming, Puerto Rico, and the Virgin Islands. For most of these, however, the difference between new and existing is not significant, and in most cases the excess of new over existing is attributable to reasons other than the rate of population growth.

Practically all States had some activity, both in new and existing homes, under Sections 203 and 222. Section 203(i), the program for low-cost suburban homes, was particularly active in Florida, Texas, and Puerto Rico, each having more than 2,000 new-home mortgages insured.

Cooperative housing (Section 213) was located in only 11 States, with more than one-half of the 3,013 units in Florida. Concentration by State among other programs indicated formal governmental action, either Federal or federally assisted, in setting up local urban renewal areas, relocation projects, or military programs.

Project Mortgage Programs.—Forty percent of all multifamily housing dwelling units covered by project mortgages insured in 1960 were located in New York (14,196 units) and California (6,043 units). However, multifamily project mortgages were insured in 41 States and Puerto Rico during 1960. Section 207 was the most active multifamily program, accounting for 19,447 or nearly 40 percent of all units. This was the first time since 1955 that the Section 207 total units insured surpassed Section 803; over half (10,831 units) were insured in New York, with the remainder scattered throughout 20 States and Puerto Rico. Section 803 ranked second in the total number of units insured, with 12,680 units in 22 States. Insurance under the new Section 232 nursing homes program involved facilities for only 171 beds in 2 States. (These projects, reported in terms of bed accommodations, are excluded from the total units insured.) Table III-11 shows the State distributions of all project mortgage insurance in 1960 for all programs combined as well as for the individual sections.

TABLE III-11.—*Volume of FHA-insured multifamily housing mortgages, by State location of projects, by sections, 1960*

[Dollar amounts in thousands]

State	All sections			Sec. 207		Sec. 213				Sec. 220		Sec. 221		Sec. 231		Sec. 232		Sec. 803	
						Sales		Management											
	No.	Amount	Units	No.	Units	No.	Units	No.	Units	No.	Units	No.	Units	No.	Units	No.	Beds [1]	No.	Units
Alabama	1	$800	80											1	80				
Alaska																			
Arizona	35	13,694	1,122	1	98	33	964											1	60
Arkansas	5	8,336	544											1	74			4	470
California	53	89,603	6,043	7	1,095	4	100	9	841	10	1,041	1	80	4	971			18	1,915
Colorado	3	3,463	424	2	276			1	148										
Connecticut	13	20,634	1,531	8	983							1	48					4	500
Delaware	2	4,100	250															2	250
District of Columbia	6	18,677	1,290	2	397					3	593			1	300				
Florida	135	37,437	2,558	4	318	127	1,770	2	235									2	229
Georgia	7	14,798	914	2	447			1	194					1	48			3	225
Hawaii	7	14,320	941	1	77													6	864
Idaho																			
Illinois	1	3,600	333							1	333								
Indiana																			
Iowa																			
Kansas	2	3,279	200															2	200
Kentucky																			
Louisiana	8	980	97	2	49	6	48												
Maine	8	13,193	804															8	804
Maryland	1	120	10			1	10												
Massachusetts	8	29,026	1,731	1	30					1	477			1	25			5	1,199
Michigan	16	22,949	1,680	6	456							1	196					9	1,028
Minnesota	27	4,778	417			25	262							2	155				
Mississippi	10	15,720	1,009	1	109													9	900
Missouri	4	10,490	636							1	132							3	504
Montana	1	295	38											1	38				
Nebraska	1	313	30	1	30														
Nevada	7	3,796	266			5	154	2	112										
New Hampshire																			
New Jersey	18	38,115	2,502	15	2,128			3	374										
New Mexico																			
New York	87	221,334	14,196	72	10,831			11	1,717	4	1,648								
North Carolina	3	5,757	367															3	367
North Dakota	3	5,908	366															3	366
Ohio	13	19,394	1,525	4	596	3	66	2	507			4	356						
Oklahoma	6	7,710	502	1	178									1	24			4	300
Oregon	3	5,493	482											3	482				
Pennsylvania	2	4,641	422					1	216					1	206				
Rhode Island																			
South Carolina	4	6,399	390															4	390
South Dakota	3	3,384	221											1	31			2	190
Tennessee	7	4,436	1,047	5	837					1	170	1	40						
Texas	12	23,078	1,490											2	184	1	(96)	9	1,306
Utah	1	100	12	1	12														
Vermont																			
Virginia	3	5,324	385									1	100					2	285
Washington	4	10,793	780	1	179									1	271			2	330
West Virginia	1	200	(1)													1	(75)		
Wisconsin	10	7,386	776	4	184							3	448	3	144				
Wyoming																			
Puerto Rico	3	6,573	663	1	208			1	60			1	395						
Total	544	723,501	49,101	142	19,447	204	3,378	33	4,425	21	4,467	13	1,663	24	3,041	2	(171)	105	12,680

[1] Units under Sec. 232 are in terms of beds and are excluded from totals.

TABLE III-12.—*Volume of FHA-insured mortgages and loans by State location of property, 1934–60*

[Dollar amounts in thousands]

State	Total amount	Home mortgages [1]		Project mortgages [1]		Property improvement loans	
		Number	Amount	Units	Amount	Number	Net proceeds
Alabama	$881,768	73,104	$612,245	14,190	$104,824	351,688	$164,699
Alaska	138,717	5,022	87,964	3,953	45,765	3,761	4,989
Arizona	1,048,057	94,425	813,667	10,732	102,019	215,822	132,370
Arkansas	522,851	53,088	389,602	4,315	49,795	165,233	83,454
California	8,788,186	866,426	7,052,621	71,595	678,446	2,343,458	1,057,116
Colorado	776,666	68,006	588,365	5,712	58,167	234,537	130,134
Connecticut	855,781	69,518	654,084	10,436	99,308	197,135	102,389
Delaware	220,770	16,301	158,787	5,719	54,649	15,542	7,343
District of Columbia	321,868	8,038	66,145	24,141	182,983	128,958	72,740
Florida	2,455,436	207,946	1,833,217	23,108	222,461	620,637	399,758
Georgia	1,268,536	106,404	898,735	26,639	212,736	313,887	157,064
Hawaii	333,155	19,008	207,153	9,301	122,887	4,107	3,116
Idaho	350,040	30,733	245,432	1,416	13,990	143,146	90,618
Illinois	2,723,074	206,597	1,623,315	27,019	236,738	1,486,408	863,021
Indiana	1,780,689	169,971	1,280,279	10,534	87,586	831,135	412,825
Iowa	668,585	56,312	450,094	2,677	24,064	345,782	185,427
Kansas	1,000,233	98,826	781,723	7,997	82,000	266,197	136,510
Kentucky	648,641	52,295	414,641	9,124	85,153	306,106	148,846
Louisiana	1,168,551	100,791	906,167	12,934	118,588	255,649	143,795
Maine	264,315	22,243	163,269	4,307	48,876	102,899	52,170
Maryland	1,272,119	84,787	689,663	45,052	319,001	533,742	263,456
Massachusetts	927,710	54,042	508,141	8,470	89,600	619,882	329,978
Michigan	4,218,156	360,567	2,930,333	20,703	207,964	2,012,326	1,079,859
Minnesota	934,509	60,261	547,455	7,438	60,829	617,778	326,224
Mississippi	447,250	42,689	325,189	4,501	45,015	157,059	77,046
Missouri	1,660,735	143,022	1,181,229	15,716	149,325	689,129	330,181
Montana	251,162	21,220	181,714	1,785	21,569	70,578	47,879
Nebraska	563,177	54,377	436,461	4,420	46,426	144,086	80,290
Nevada	261,115	19,540	197,875	3,346	40,833	31,484	22,407
New Hampshire	123,119	9,551	74,227	1,344	18,326	60,987	30,566
New Jersey	2,613,807	199,164	1,561,929	67,898	563,192	757,108	488,686
New Mexico	466,088	39,819	360,910	5,063	59,884	62,845	45,294
New York	6,093,965	293,344	2,555,343	170,921	1,684,902	2,624,278	1,853,719
North Carolina	882,723	60,420	541,583	23,503	189,867	274,571	151,273
North Dakota	130,647	6,350	55,224	2,881	45,623	50,165	29,800
Ohio	3,345,226	268,764	2,343,836	29,220	240,844	1,406,663	760,546
Oklahoma	1,200,433	126,874	941,266	7,211	74,887	349,738	184,280
Oregon	794,402	76,270	590,852	6,779	57,102	274,574	146,447
Pennsylvania	2,833,537	266,414	1,972,042	29,032	243,140	1,221,815	618,355
Rhode Island	209,269	18,680	162,304	1,028	9,173	75,665	37,792
South Carolina	510,587	49,636	361,338	10,552	94,495	113,149	54,754
South Dakota	104,878	19,316	145,907	1,715	17,351	51,999	31,620
Tennessee	1,207,929	113,682	890,201	12,618	83,070	505,436	234,569
Texas	3,998,693	370,174	2,841,356	41,501	341,649	1,484,340	815,688
Utah	589,020	52,677	444,176	1,903	16,960	238,932	127,884
Vermont	64,287	7,299	49,470	103	1,512	26,061	13,305
Virginia	1,608,132	127,214	1,083,715	48,636	344,666	347,273	179,751
Washington	2,173,559	214,948	1,670,588	15,213	151,570	619,127	351,400
West Virginia	311,201	31,295	230,640	900	5,333	130,082	75,228
Wisconsin	603,891	47,705	408,351	5,317	45,009	293,417	150,530
Wyoming	156,526	17,584	137,271	611	4,976	21,663	14,278
Canal Zone	5,403			330	5,399		
Guam	20,571	308	4,321	1,270	24,801	387	449
Puerto Rico	414,736	39,470	304,669	7,590	56,944	48,964	53,123
Virgin Islands	927	77	884			48	42
Total [2]	67,312,016	5,631,519	45,966,677	890,589	7,992,272	24,368,433	13,353,067

[1] For volume by sections, see Tables 13 and 14.
[2] Based on cases tabulated through 1960, including adjustments not distributed by States, and excluding Sec. 609.

Property Improvement Loans.—During 1960 approved institutions made insured loans to improve properties in every State (Table III–9), ranging from a low of 10 loans with less than $11 thousand net proceeds in Hawaii to a high of 104,975 loans with corresponding proceeds of $141 million in New York.

Activity in five States—New York, Michigan, Texas, Ohio, and Illinois—accounted for over two-fifths of the total net proceeds insured during 1960. It should be noted that these State data on property improvement loans, as under the other programs, pertain to the location of the property and do not necessarily reflect the location of the lending institution.

Cumulative Insurance Written, 1934–60

All Programs.—State distributions of the cumulative volume of mortgage and loan insurance written by FHA from the beginning of its operations in 1934 through 1960 are presented in Table III–12.

California, with $8.8 billion in insured mortgages and loans, has led all other States in total insurance, followed by New York, Michigan, Texas, and Ohio. These same five States, in a slightly different order, were also leaders in home mortgage insurance. For projects, New York has been by far the ranking State, with $1.7 billion in multifamily housing mortgages insured—over a fifth of the national total. The next four ranking States, California, New Jersey, Virginia, and Texas, had an aggregate of $1.9 billion in project mortgage insurance, only a little more than New York alone. New York was also the leading State in property improvement loans, with $1.9 billion insured. Michigan and California also had more than $1 billion in improvement loan insurance, followed by Illinois and Texas with $900 million and $800 million, respectively.

Home Mortgage Programs.—Table III-13 shows the State distribution of the cumulative number of FHA-insured mortgages for each home mortgage program. In addition to presenting a complete account of activity in each State, including insurance under currently inactive programs (Sections 2, 8, 603, and 903), these figures are useful, when compared with 1960 annual data (Table III-10),

TABLE III-13.—*Volume of FHA-insured home mortgages by State location of property, by section, 1935–60*

[Dollar amounts in thousands]

State	All sections		Number of mortgages									
	Number	Amount	Sec. 2 and Sec. 8	Sec. 203	Sec. 213	Sec. 220	Sec. 221	Sec. 222	Sec. 603 [1]	Sec. 611	Sec. 809	Sec. 903
Alabama	73,104	$612,245	916	56,109	45	57	2,355	1,078	9,836		1,895	723
Alaska	5,022	87,964	21	4,954		5		41	1			
Arizona	94,425	813,667	2,672	76,259	5,250		134	517	7,132	50	78	2,333
Arkansas	53,088	389,602	273	44,023	552	101	218	1,061	5,377			583
California	866,426	7,052,624	15,283	692,915	10,190	65	395	12,284	126,012	25	165	9,083
Colorado	68,006	588,365	1,995	58,936	355		4	1,434	5,069			213
Connecticut	69,518	654,084	264	59,864		2	4	1,375	7,537			472
Delaware	16,301	158,787	41	13,328			35	77	2,631			189
District of Columbia	8,038	66,145	1	5,047			148	62	2,780			
Florida	207,946	1,833,217	4,380	161,147	2,482		2,709	5,885	26,895		2,867	1,581
Georgia	106,404	898,735	1,568	81,266	57		3,021	3,944	13,350			3,108
Hawaii	19,008	207,153	6	16,822	306	17	206	835	544			272
Idaho	30,733	245,432	107	29,504	20			208	527			367
Illinois	206,597	1,623,315	3,065	178,008			24	645	21,975			2,880
Indiana	169,971	1,280,270	1,733	149,102	198		78	435	15,823			2,512
Iowa	56,342	459,094	905	51,642	351		2	175	2,551			716
Kansas	98,826	781,723	1,854	81,141			143	1,538	10,308			3,782
Kentucky	52,295	414,641	202	45,118	70	1	1,188	284	4,737			605
Louisiana	100,791	906,167	1,056	81,464	1,010		1,025	3,114	12,381			741
Maine	22,243	163,260	46	19,659		6	2	675	1,290			565
Maryland	84,787	689,663	1,728	65,149	114		1	2,430	14,409			956
Massachusetts	54,042	508,141	650	47,283				2,739	3,076			294
Michigan	360,567	2,930,333	7,273	307,934	1,788	16	1,161	511	41,331			550
Minnesota	60,261	547,455	401	53,984	480		2	334	4,810			241
Mississippi	42,689	325,189	752	35,911			114	1,024	4,168			720
Missouri	143,022	1,181,229	338	133,681	10		43	808	7,118			1,021
Montana	21,229	181,714	41	20,367			90	230	334			158
Nebraska	54,377	436,461	681	45,285	355		5	1,979	5,868			194
Nevada	19,540	197,875	69	15,516	1,185			94	1,925			751
New Hampshire	9,551	74,227	165	8,331				668	337			50
New Jersey	199,164	1,561,929	2,632	176,296		37	60	2,347	17,014			778
New Mexico	39,819	360,910	86	34,015	809		10	1,345	2,624			930
New York	293,344	2,555,343	9,111	257,496			72	1,939	23,699			1,027
North Carolina	69,420	541,583	657	56,786			604	905	8,820			1,549
North Dakota	6,350	55,224	10	5,041	58		6	56	162			117
Ohio	268,764	2,343,836	1,620	234,404	304	3	2,238	2,486	24,780			2,863
Oklahoma	126,874	941,266	1,866	102,455	666			2,745	17,741			1,401
Oregon	76,270	590,852	789	68,027	52		15	282	6,847			258
Pennsylvania	266,414	1,972,042	1,211	231,368		1	182	1,078	31,454			1,120
Rhode Island	18,680	162,304	51	15,797			1	1,493	1,263			75
South Carolina	49,636	361,338	664	36,957	25		21	3,265	6,378			2,326
South Dakota	19,316	145,907	206	17,682				730	520			178
Tennessee	113,682	890,291	1,131	90,602	398	16	3,024	1,002	16,050		157	1,206
Texas	370,174	2,841,356	9,553	296,924	173	1	601	7,405	52,145			3,372
Utah	52,677	444,176	177	43,048	225	909	1	273	7,020			34
Vermont	7,299	49,470	17	6,892				107	283			
Virginia	127,214	1,083,715	3,289	92,524	25		1,124	8,828	18,898			2,526
Washington	214,948	1,670,588	1,873	188,789	19		95	3,246	20,143			783
West Virginia	31,295	230,640	141	20,737	9		68	15	1,325			
Wisconsin	47,705	408,351	327	41,073			211	194	4,444			856
Wyoming	17,584	137,271	122	16,213	40			84	1,125			
Guam	308	4,321		303				5				
Puerto Rico	39,470	304,669	465	34,028		45	318	447	4,162			5
Virgin Islands	77	884		74				1	2			
Total [2]	5,631,519	45,966,677	84,460	4,719,010	27,649	1,372	21,848	80,771	628,016	75	5,102	57,156

[1] Includes Sec. 603–610.
[2] Cases tabulated through 1960 including adjustments not distributed by States.

in pointing up shifts in activity among the States. For example, under Section 203 some States forged ahead to positions of leadership in 1960 activity, while others failed to maintain relative positions established in earlier years. Florida advanced from 10th place on its 1934–60 record to 3rd place in 1960, while Arizona rose in position from 19th place to 9th on the same records. On the other hand, Illinois slipped from 8th place on its 26-year record to 21st in 1960. Michigan and Ohio also dropped several positions.

Progress made under special programs is evident from the cumulative State figures. Table III-13 indicates that the construction of homes by Section 213 cooperatives is especially successful in California, Arizona, and Florida, since these 3 States accounted for 65 percent of 27,600 mortgages insured under this section. Homes insured under Section 220 are an inadequate measure of urban renewal operations, since most redevelopment activities ordinarily involve multifamily housing (compare Table 14). Notable accom-

TABLE III-14.—*Volume of FHA-insured multifamily housing mortgages, by State location of projects, by sections, 1935–60*

[Dollar amounts in thousands]

State	All sections			Number of units												
					Sec. 213									Sec. 803		
	Number	Amount	Units	Sec. 207	Sales	Mngt.	Sec. 220	Sec. 221	Sec. 231	Sec. 232 [1]	Sec. 608	Sec. 608–610	Sec. 611	Military	Armed services	Sec. 908
Alabama	249	$104,824	14,190	674	48	8	72		80		10,295			1,005	1,970	38
Alaska	34	45,765	3,853	1,496							2,357					
Arizona	259	102,019	10,732	1,059	5,378						947		160	1,619	1,569	
Arkansas	68	49,795	4,315	332	578				74		932				2,399	
California	1,364	678,446	71,595	8,224	10,255	2,096	1,321	80	971		21,575	58	973	13,693	10,755	994
Colorado	116	58,167	5,712	609	365	149					1,896		50	650	1,700	264
Connecticut	115	90,308	10,436	3,610		197	255	88			3,013			450	740	2,083
Delaware	28	54,049	5,719	678							3,771	20			1,250	
District of Columbia	192	182,983	24,141	3,218			993	593	300		19,037					
Florida	500	222,461	23,108	963	2,749	488					10,669			4,168	4,071	
Georgia	202	212,736	26,639	2,190	57	208			48		18,882	150	195	2,150	2,469	200
Hawaii	131	122,887	9,301	301	311						850			2,077	5,762	
Idaho	14	13,990	1,416		20						571			500	270	55
Illinois	321	236,738	27,019	3,780		35	1,885				17,012			3,416	875	16
Indiana	164	87,586	10,534	1,869	199						6,065			510	930	961
Iowa	52	24,064	2,677	500	351						1,591				235	
Kansas	107	82,000	7,997	346				11			3,243	350		823	3,212	12
Kentucky	117	85,153	9,124	682	70		82				2,247			3,465	2,404	204
Louisiana	200	118,588	12,934	1,394	1,012						7,071	150	25	782	2,500	
Maine	38	48,876	4,307								688			1,924	1,605	
Maryland	340	319,001	45,052	4,020	124	138					34,221	486		4,794	1,161	108
Massachusetts	71	89,600	8,470	1,212			477		25		3,186			1,502	2,024	44
Michigan	472	207,964	20,793	5,675	1,950	448	526	196			7,214	500		661	3,623	
Minnesota	213	60,820	7,438	1,307	700				155		5,036				240	
Mississippi	58	45,015	4,501	121							1,852			858	1,670	
Missouri	180	140,325	15,716	1,782	10		1,222				9,439			120	3,143	
Montana	16	21,560	1,785						38		135			592	910	110
Nebraska	84	46,426	4,420	370	366	71					1,786			611	1,216	
Nevada	83	40,833	3,346	100	1,192	168					240			801	845	
New Hampshire	12	18,326	1,344								244				1,100	
New Jersey	643	563,102	67,898	8,100		1,139	1,900				51,451			1,983	2,854	462
New Mexico	75	59,884	5,063		828						277			2,395	1,563	
New York	1,211	1,684,902	170,021	41,285		27,677	9,377				85,807	566	556	1,642	4,011	
North Carolina	158	189,867	23,503	3,086							9,107	85		5,571	5,478	176
North Dakota	34	45,623	2,881	16	61						43				2,666	95
Ohio	388	240,844	29,220	4,153	307	680	941	3,072			16,207	10		2,528	400	922
Oklahoma	169	74,887	7,211	310	667				24		2,974			500	2,347	389
Oregon	160	57,102	6,779	295	52	37			694		5,155				464	82
Pennsylvania	420	243,140	29,032	4,682		1,360	1,551	209	206		19,474	450		400	231	469
Rhode Island	13	9,173	1,028	36							210			700	76	
South Carolina	113	94,495	10,552	290	25						6,329		25	585	3,298	
South Dakota	20	17,351	1,715	125					31		258			591	410	
Tennessee	172	83,070	12,618	2,290	398	48	375	40			6,915	250		1,740	562	
Texas	510	341,049	41,501	6,095	173				187	(96)	19,432			9,072	6,632	
Utah	42	16,060	1,903	36	226						737			854	50	
Vermont	7	1,512	193	56							137					
Virginia	398	344,666	48,636	10,545	25			100			29,672	440		4,329	3,024	501
Washington	168	151,570	15,213	1,512	20				271		6,369			3,100	3,641	300
West Virginia	18	5,333	900	188	9	94				(75)	209	400				
Wisconsin	198	45,009	5,317	835	41	21		446	144		3,828					
Wyoming	10	4,976	611		40						71			500		
Canal Zone	3	5,399	330												330	
Guam	14	24,801	1,270												1,270	
Puerto Rico	36	56,044	7,590	208		60		395			4,947			886	1,094	
Total	10,849	7,992,272	890,589	130,655	28,607	35,811	20,956	5,232	3,248	(171)	465,674	3,915	1,984	84,883	101,139	8,485

[1] Units under Sec. 232 are in terms of beds and are excluded from totals.

plishments were reported, however, in the insurance of urban renewal homes in Alabama (Birmingham and Florence areas), Arkansas (Little Rock), California (Calexico, Los Angeles, and Richmond), and Utah (Ogden). In contrast to the urban renewal program, relocation housing under Section 221 is predominately that of homes rather than projects. The volume of home mortgages insured under local relocation programs was highest in Georgia, Tennessee, Florida, Alabama, and Ohio, each with more than 2,000 mortgages.

Project Mortgage Programs.—By the end of 1960, FHA had insured mortgages on multifamily housing in all 50 States, Puerto Rico, Guam, and the Canal Zone for a total of 890,600 units, exclusive of 171 nursing home accommodations. Nearly one-fifth of the total, or 170,900 units, were located in New York. California ranked second with 71,600 units, followed by New Jersey with 67,800 units.

By programs, the Section 608 War and Veterans' Emergency Housing Programs—even though in effect only from 1942 to 1952—had accounted for 465,700 units, or more than one-half of all project units insured by FHA. One or more projects was insured under these programs in each State and in Puerto Rico.

Military housing, which was established in 1949 under Section 803, and armed services housing which superseded it in 1955 had accounted for the second largest number of project units insured, with a total of 186,000 units and projects in all but 5 States. Although the Section 207 regular rental housing program has been in continuous operation since 1935, the number of units insured under this program had reached only 130,700 by the end of 1960, less than 15 percent of the total. The cumulative volume of insurance written in each State for all multifamily housing programs is shown in Table III–14.

Property Improvement Loans.—Cumulative State totals showing the geographic distribution of the 24 million property improvement loans with net proceeds of $13 billion insured under Title I of the National Housing Act through the end of 1960 are presented in Table III–12 and show that the financing of improvements to properties in six States has accounted for nearly one-half of the number and aggregate net proceeds of loans insured since the beginning of this program in 1934.

Over 2.6 million loans have been insured involving properties located in New York, with net proceeds of $1.9 billion. Both California and Michigan have reported over 2 million insured loans with net proceeds aggregating slightly over $1 billion. Illinois, Ohio, and Texas have each reported 1.5 million loans with net proceeds ranging from $761 million to $863 million.

LENDING INSTITUTION ACTIVITY

FHA mortgages and property improvement loans may be originated only by FHA-approved financial institutions. Governmental institutions such as the Federal Reserve banks, Federal Home Loan banks, and the Federal National Mortgage Association, along with certain other Federal, State, and municipal agencies, are automatically approved as mortgagees. Members of the Federal Reserve System and institutions whose accounts or deposits are insured by either the Federal Savings and Loan Insurance Corporation or the Federal Deposit Insurance Corporation may be approved as mortgagees upon application. Other types of institutions are approved if they meet certain qualifications and comply with regulations prescribed for such approval. There were about 14,300 financial institutions on the approved roster as of December 31, 1960.

Mortgage and Loan Financing During 1960

A total of $6.3 billion of FHA-insured mortgages and property improvement loans were financed by an estimated 5,600 lending institutions during 1960. As indicated in Table III–15, the types of institutions which were most active during the year were mortgage companies with 45 percent of the total and national banks with 16 percent.

The following table shows the extent of participation in the major categories of FHA programs by the various types of lending institutions:

Type of institution	Percentage distribution			
	Home mortgages	Multifamily project mortgages	Property improvement loans	Total
National bank	39.1	15.5	45.4	100.0
State bank	36.6	24.8	38.6	100.0
Mortgage company	94.2	5.0	.8	100.0
Insurance company	95.2	4.8	(1)	100.0
Savings and loan assn	78.3	4.0	17.7	100.0
Savings bank	72.5	21.3	6.2	100.0
All other	54.2	36.3	9.5	100.0

[1] Less than 0.05 percent.

As this summary shows, property improvement loans accounted for the largest proportion of FHA mortgages and loans insured for national and State banks, and home mortgages represented the greatest share of the FHA-insured financing of the other types of institutions.

Home Mortgage Financing.—All of the major types of financial institutions engaging in FHA-insured business in 1960 reported decreases in the volume of FHA home mortgages financed, thus paralleling the overall decline in home mortgage insurance written in 1960. Mortgage companies, however, still led by far in the relative volume of originations, with $2,664 million. Even though this represented a decline of 8 percent from 1959, the proportion of the total volume financed by mortgage companies rose from 48 percent in 1959 to 58 percent. National banks experienced the greatest decline in originations, falling by almost 60 percent from 1959 to $408 million in 1960. This reduced the share of total financings by these institutions from 17 to 9 percent, dropping them to third place. Savings and loan associations with $565 million or 12 percent of the total became the second largest supplier of FHA funds. Savings banks ranked fourth with 7 percent, followed by State banks and insurance companies with about 6 percent each. The proportions financed by all types of institutions for 1960 and selected earlier years are shown in Table III–16 and graphically, for 1960 only, in Chart III–9.

TABLE III–15.—*Financing of FHA-insured mortgages and loans by type of institution, 1960*

[Dollar amounts in thousands]

Section	Type of institution								
	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other [1]	Total [2]
Number of mortgages and loans:									
Home programs:									
Sec. 203(i)	535	196	10,889	123	1,898	36	1	584	14,262
Sec. 203(other)	20,011	20,293	177,074	16,840	44,582	22,536	91	9,579	320,906
Sec. 213H	166	70	2,723	2				52	3,013
Sec. 220H	1	13	123		7	4	1	11	160
Sec. 221H	260	162	7,926	120	232	24		483	9,216
Sec. 222	1,157	968	12,306	1,335	1,930	1,129		597	19,422
Sec. 809	99	182	1,146		3			78	1,508
Total	31,229	21,884	213,087	18,429	48,652	23,729	93	11,384	368,487
Project programs: [3]									
Sec. 207	30	46	22	2	3	30	4	5	142
Sec. 213 sales	5	2	190					7	204
Sec. 213 management	9	10	6			8			33
Sec. 220P	4	5	10	2					21
Sec. 221P	3		7		1	1		1	13
Sec. 231	8	4	11		1				24
Sec. 232	1	1							2
Sec. 803 armed services	19	21	11		14			40	105
Total	79	89	257	4	19	39	4	53	544
Property improvement loans: [4] Sec. 2	508,521	307,297	24,810	51	123,784	23,752		23,670	1,011,885
Total all programs	539,829	329,270	238,154	18,484	172,455	47,520	97	35,107	1,380,916
Face amount of mortgages and loans:									
Home programs:									
Sec. 203(i)	$4,362	$1,579	$88,907	$1,021	$15,129	$300	$8	$4,797	$116,102
Sec. 203(other)	381,300	269,921	2,278,793	232,871	521,762	285,584	636	121,298	4,092,166
Sec. 213H	2,492	1,174	37,702	31				754	42,154
Sec. 220H	25	162	1,309		63	37	12	137	1,747
Sec. 221H	2,396	1,615	72,822	1,144	1,060	231		4,356	84,544
Sec. 222	15,646	13,839	168,481	19,771	25,732	15,884		7,674	267,027
Sec. 809	1,389	2,445	15,865		39			1,099	20,858
Total	407,610	290,737	2,663,900	254,838	564,705	302,035	656	140,115	4,624,597
Project programs:									
Sec. 207	57,445	100,096	31,782	1,265	5,005	66,007	2,452	5,338	269,389
Sec. 213 sales	2,318	868	43,246					818	47,249
Sec. 213 management	20,121	17,012	10,260			22,445			70,261
Sec. 220P	21,054	31,358	15,156	11,548					79,116
Sec. 221P	4,011		8,646		550	412		688	14,307
Sec. 231	13,067	4,092	13,793		225				31,177
Sec. 232	421	200							621
Sec. 803 armed services	42,827	43,107	17,895		22,959			84,546	211,381
Total	161,263	196,732	140,777	12,813	28,739	88,912	2,452	91,814	723,501
Property improvement loans: [4] Sec. 2	472,080	306,275	24,724	61	127,775	25,847		24,766	982,437
Total all programs	1,041,862	793,744	2,829,400	267,712	721,219	416,794	3,108	256,695	6,330,535
Percentage distribution of amount:									
Home programs:									
Sec. 203(i)	3.7	1.4	76.6	0.9	13.0	0.3	(5)	4.1	100.0
Sec. 203(other)	9.3	6.6	55.7	5.7	12.7	7.0	(5)	3.0	100.0
Sec. 213H	5.9	2.8	89.4	.1				1.8	100.0
Sec. 220H	1.5	9.3	74.9		3.6	2.1	.7	7.9	100.0
Sec. 221H	2.8	1.9	86.1	1.4	2.3	.3		5.2	100.0
Sec. 222	5.9	5.2	63.1	7.4	9.6	5.9		2.9	100.0
Sec. 809	6.6	11.7	76.2		.2			5.3	100.0
Total	8.8	6.3	57.6	5.6	12.2	6.5	(5)	3.0	100.0
Project programs:									
Sec. 207	21.3	37.1	11.8	.5	1.9	24.5	.9	2.0	100.0
Sec. 213 sales	4.9	1.9	91.5					1.7	100.0
Sec. 213 management	28.8	24.4	14.7			32.1			100.0
Sec. 220P	26.6	39.6	19.2	14.6					100.0
Sec. 221P	28.0		60.4		3.9	2.9		4.8	100.0
Sec. 231	41.9	13.1	44.3		.7				100.0
Sec. 232	67.8	32.2							100.0
Sec. 803 armed services	20.3	20.4	8.5		10.8			40.0	100.0
Total	22.3	27.2	19.4	1.8	4.0	12.3	.3	12.7	100.0
Property improvement loans: Sec. 2	48.2	31.2	2.5	(5)	13.0	2.6		2.5	100.0
Total all programs	16.5	12.5	44.7	4.2	11.4	6.6	(5)	4.1	100.0

See footnotes at end of table.

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Table III-15.—*Financing of FHA-insured mortgages and loans by type of institution, 1960*—Continued

[Dollar amounts in thousands]

Section	Type of institution								
	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other [1]	Total
Number of financing institutions:									
Home programs:									
Sec. 203(i)	54	38	221	22	189	7	1	20	561
Sec. 203(other)	1,097	1,283	1,031	200	1,481	338	7	142	5,579
Sec. 213H	2	1	19	2				2	20
Sec. 220H	1	3	14		4	2	1	2	27
Sec. 221H	24	21	200	5	33	8		17	308
Sec. 222	149	106	551	56	322	115		46	1,345
Sec. 809	2	4	38		1			4	49
Project programs:									
Sec. 207	10	18	16	2	2	11	1	3	63
Sec. 213 sales	1	1	13					2	17
Sec. 213 management	6	7	3			4			20
Sec. 220P	3	4	5	1					13
Sec. 221P	3		6		1	1		1	12
Sec. 231	8	4	8		1				21
Sec. 232	1	1							2
Sec. 803 armed services	5	4	4		4			7	23

[1] On this and following lending institution tables, includes industrial banks, finance companies, endowed institutions, private and State benefit funds, etc.

[2] As tabulated in Washington.

[3] Includes miscellaneous small adjustments caused by amendments of mortgages.

[4] Based on co-insurance only.

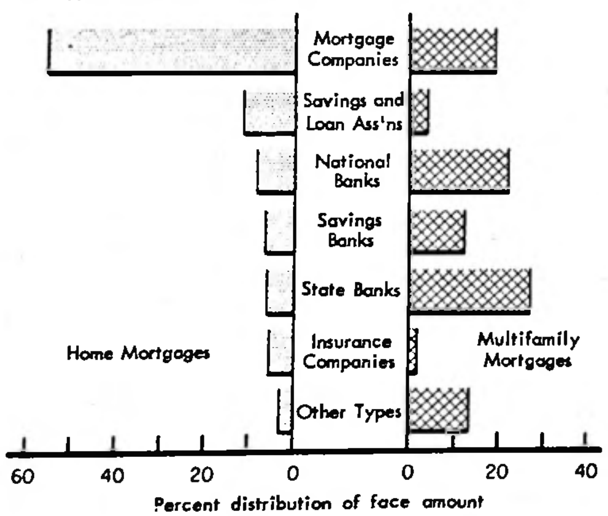
[5] Less than 0.05 percent.

The relative participation of the various types of financial institutions in the origination of FHA home mortgages is also shown in Table III-15, with a further breakdown by sections of the National Housing Act. Mortgage companies were the leading originators under all of the FHA home mortgage programs, ranging from 56 percent of the total volume reported under the "regular" Section 203 program to 89 percent for Section 213. Although all of the other types of financial institutions combined did not equal the total originations of mortgage companies for any one home mortgage program, they did show a tendency to specialize in certain types of FHA mortgages. Savings and loan associations, for example, were the second largest financers of Section 203, 203(i) and 222 mortgages, while State banks and trust companies ranked second in the Section 220 and 809 special purpose programs. National banks also showed a leaning toward special-purpose programs, supplying the second largest amount of funds for Section 213 and Section 221 mortgages.

Chart III-9

INSTITUTIONS FINANCING FHA INSURED MORTGAGES, 1960

By type of institution originating mortgages



Multifamily Housing Mortgage Financing.—A total of almost $724 million secured by FHA-insured mortgages on 544 multifamily projects was financed by FHA approved lending institutions in 1960. State banks were the leaders, accounting for $197 million or 27 percent of the total, followed by national banks with $161 million or 22 percent and mortgage companies with $141 million or 19 percent (Table III-15).

Participation of these institutions in financing project mortgages under the various sections of the Housing Act is also shown in Table III-15. Over one-half of the total 1960 project mortgage investments of State banks was in Section 207 "regular" rental housing mortgages, with another 22 percent allocated to Section 803 armed services housing. The activities of these institutions under these two programs primarily accounted for their being the leading source of FHA-insured project mortgage funds. National banks financed about the same amount of Section 803 mortgages as State banks, but their second place ranking reflected a volume of Section 207 originations that was only about half as large. On the other hand, the mortgage companies' position as the third largest supplier of FHA-insured project mortgage funds in 1960 can be attributed

Table III-16.—*Financing of FHA-insured mortgages and loans, by type of institution, selected years*

Program	Percentage distribution of face amount or net proceeds								
	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total
Home mortgages:									
1946	24.3	17.7	26.7	15.4	9.8	3.2		2.9	100.0
1950	15.8	13.8	27.7	20.8	10.8	7.6		3.5	100.0
1954	22.0	12.5	35.2	11.8	10.8	5.8		1.9	100.0
1955	22.4	12.7	33.3	11.1	12.3	7.2		1.0	100.0
1956	25.8	13.2	33.2	8.4	9.5	9.0	(1)	.9	100.0
1957	15.9	10.3	42.2	9.1	10.7	10.4	0.3	1.1	100.0
1958	12.1	7.4	51.4	5.5	12.2	7.0	.3	3.2	100.0
1959	16.5	7.3	48.1	4.8	13.9	6.0	.1	3.3	100.0
1960	8.8	6.3	57.6	5.6	12.2	6.5	(1)	3.0	100.0
Project mortgages:									
1946	0.7	35.3	23.0	30.5	1.5				100.0
1950	23.6	42.4	8.6	8.3	1.1	13.6	.5	1.0	100.0
1954	23.9	33.7	20.9	4.5	.5	14.5		2.0	100.0
1955	35.5	33.9	19.1		.5	9.8		1.2	100.0
1956	38.5	38.0	5.5	3.3		14.6		.1	100.0
1957	32.7	37.9	14.0	2.3	5.1	7.6		.4	100.0
1958	30.4	37.4	18.8	.6	1.3	9.0		2.5	100.0
1959	33.2	38.6	10.7	.2	2.9	11.6		2.8	100.0
1960	22.3	27.2	19.4	1.8	4.0	12.3	.3	12.7	100.0
Property improvement loans:									
1950	52.8	29.2	0.6		4.6	1.3		11.5	100.0
1954	51.4	30.2		(1)	9.0	2.3		7.1	100.0
1955	38.2	40.5	1.0	(1)	8.7	2.2		9.4	100.0
1956	47.0	32.6	.3		8.5	2.5		9.1	100.0
1957	50.2	31.0	1.0	(1)	10.5	2.3		5.0	100.0
1958	47.5	31.9	.6	(1)	13.5	3.0		3.5	100.0
1959	48.3	30.4	.4	(1)	13.4	2.4		5.1	100.0
1960	48.2	31.2	2.5	(1)	13.0	2.6		2.5	100.0

[1] Less than 0.05 percent

largely to originations of Section 213 sales-type cooperatives which accounted for 31 percent of their project financing activity. This also accounts for the fact that these institutions led in the number of projects financed, inasmuch as Section 213 sales-type cooperatives are characteristically small. Savings banks were the second largest originators of Section 207 mortgages but dropped from third to fourth place in originations in 1960. As usual, insurance companies originated the smallest amount of FHA project mortgages, since they normally tend to buy rather than originate mortgages for investment purposes.

Property Improvement Loan Financing.—By types of institution, the number and dollar volume of the net proceeds of loans insured in 1960 to improve properties are presented in Table III-15. Of the 1 million loans and $982 million proceeds insured, national banks financed 509,000 loans with $473 million in proceeds, State banks 307,000 loans with $306 million in proceeds, and savings and loans associations 124,000 loans with $128 million in proceeds.

During the last decade national and State banks combined have financed approximately four out of every five of the total property improvement loans insured. Financing of loans during 1960 adhered to this pattern, with these two types of institutions originating 81 percent of all loans and accounting for 79 percent of the total net proceeds. Savings and loan associations financed another 13 percent of the proceeds (Table III-16)—approximately their relative participation over the last 3 years. The three remaining types of institutions that were active in financing loans under this program reported a total of slightly less than 8 percent of the aggregate net proceeds, each being responsible for about 2.5 percent.

Mortgages and Loans Held in Portfolio

FHA-insured mortgages held in the portfolios of financial institutions at the end of 1960 totaled $37 billion in face amount. The distribution of these holdings by type of institution is shown in Table III-17 for each of the home and project mortgage programs. An estimated 11,000 institutions were holding FHA-insured home mortgages, and well over 300 held multifamily-project mortgages.

These holdings include Section 203 mortgages bought by individuals, organizations, and pension or endowment funds under regulations of July 14, 1960, permitting such sales to investors who are not themselves approved mortgagees. These mortgages remain in the custody of the sellers, who act as servicing agents. As of September 30, 1960, almost $4.4 million (face amount) in mortgages had been purchased by these investors. Year-end figures are unavailable but would indicate a sizable increase over this amount, since many mortgagees had in September just begun operation of their sales and servicing programs under this regulation.

The largest investors in FHA mortgages at the close of 1960 were insurance companies with $11.1 billion or 30 percent of the total. Savings banks were next with $7.8 billion or 21 percent, followed by national banks with $4.8 billion or 13 percent.

TABLE III-17.—*Holdings of FHA-insured mortgages by type of institution, as of Dec. 31, 1960*

[Dollar amounts in thousands]

Section	Type of institution: National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total [1]
Number of mortgages:									
Home programs:									
Sec. 8	1,724	1,248	223	3,621	7,285	7,663	8,208	721	30,693
Sec. 203	416,940	213,130	76,743	855,211	356,756	519,824	161,404	58,264	2,058,272
Sec. 213H	300	109	1,038	3,343	205	3,286	14,354	2,499	25,134
Sec. 220H	2	28	69	7	11	22	1,201	6	1,349
Sec. 221H	56	84	2,777	49	252	68	16,817	176	20,279
Sec. 222	7,852	2,798	5,798	23,057	8,939	17,148	12,990	1,183	79,765
Sec. 603	25,118	16,222	830	92,186	10,807	25,469	9,722	6,239	186,683
Sec. 809	59	88	563	633	80	499	2,998	84	5,004
Sec. 903	655	240	482	910	380	1,509	38,070	57	42,399
Total	452,706	233,947	88,523	979,017	384,805	575,578	265,773	69,229	3,049,641
Project programs:									
Sec. 207	50	118	20	98	9	290	48	94	727
Sec. 213 sales	1	2	142					2	147
Sec. 213 management	13	33	4	4		106	33	27	220
Sec. 220P	8	20	14	4		6	40	5	96
Sec. 221P	4	4	5		1	1	9	1	25
Sec. 231	8	3	11		1		2		25
Sec. 232	1	1							2
Sec. 608	238	314	39	2,928	41	1,514	11	488	5,573
Sec. 803 military	1	11		73		79	44	36	244
Sec. 803 armed services	97	70	16	31	28	25	155	281	703
Sec. 908		7		9	2	16	28	2	64
Total	421	583	251	3,147	82	2,036	370	936	7,826
Total homes and projects	453,127	234,530	88,774	982,164	384,887	577,614	266,143	70,165	3,057,467
Face amount of mortgage:									
Home programs:									
Sec. 8	$8,503	$6,308	$1,216	$19,226	$39,106	$41,074	$45,694	$3,788	$164,916
Sec. 203 [2]	4,118,141	2,066,715	923,413	8,644,041	3,546,925	5,409,936	1,781,383	571,182	27,061,736
Sec. 213H	3,820	1,505	14,239	38,168	3,205	39,540	169,919	26,330	296,725
Sec. 220H	29	359	768	75	104	264	13,786	82	15,467
Sec. 221H	489	805	25,208	417	2,070	565	152,601	1,575	183,730
Sec. 222	103,292	38,551	78,740	325,151	113,239	235,382	150,230	16,095	1,060,688
Sec. 603 [3]	166,049	103,616	6,532	625,385	60,509	183,520	60,404	40,284	1,255,308
Sec. 809	786	1,223	7,832	9,134	1,134	7,081	37,325	1,171	65,686
Sec. 903	5,923	2,240	4,148	7,706	3,133	14,615	348,455	504	386,723
Total [4]	4,407,032	2,221,322	1,062,096	9,669,304	3,778,515	5,931,987	2,768,805	661,010	30,500,538
Project programs:									
Sec. 207	88,063	196,649	21,022	66,205	4,458	388,756	35,072	79,026	870,251
Sec. 213 sales	809	868	31,678					260	33,314
Sec. 213 management	26,803	61,412	7,066	7,687		201,338	34,251	60,773	399,329
Sec. 220P	40,080	94,642	20,917	18,889		13,048	85,763	7,523	280,864
Sec. 221P	8,410	9,817	11,323		550	412	5,876	688	37,076
Sec. 231	13,067	1,662	15,660		225		2,630		33,244
Sec. 232	421	200							621
Sec. 608 [3]	32,531	145,450	4,805	1,091,764	8,667	902,800	23,784	412,041	2,711,843
Sec. 803 military	224	26,165		220,579		170,826	105,692	112,082	635,569
Sec. 803 armed services	192,632	137,067	31,083	55,318	45,054	38,653	405,409	638,981	1,544,195
Sec. 908		5,702		7,183	219	14,026	16,839	1,349	46,218
Total	402,740	679,033	143,554	1,467,625	59,173	1,820,759	715,316	1,312,723	6,601,523
Total homes and projects	4,809,772	2,900,956	1,205,650	11,136,929	3,837,688	7,752,746	3,484,121	1,973,733	37,102,061
Percentage distribution of amount:									
Home programs:									
Sec. 8	5.2	3.8	0.8	11.6	23.7	24.9	27.7	2.3	100.0
Sec. 203	15.2	7.6	3.4	32.0	13.1	20.0	6.6	2.1	100.0
Sec. 213H	1.3	.5	4.8	12.8	1.1	13.3	57.3	8.9	100.0
Sec. 220H	.2	2.3	5.0	.5	.7	1.7	89.1	.5	100.0
Sec. 221H	.3	.4	13.7	.2	1.1	.3	83.1	.9	100.0
Sec. 222	9.6	3.6	7.4	30.4	10.6	22.0	14.9	1.5	100.0
Sec. 603	13.2	8.3	.5	49.8	5.6	14.6	4.8	3.2	100.0
Sec. 809	1.2	1.9	11.9	13.9	1.7	10.8	56.8	1.8	100.0
Sec. 903	1.5	.6	1.1	2.0	.8	3.8	90.1	.1	100.0
Total	14.4	7.3	3.5	31.7	12.4	19.4	9.1	2.2	100.0
Project programs:									
Sec. 207	10.0	22.4	2.4	7.5	.5	44.2	4.0	9.0	100.0
Sec. 213 sales	1.5	2.6	95.1					.8	100.0
Sec. 213 management	6.7	15.4	1.8	1.9		50.4	8.6	15.2	100.0
Sec. 220P	14.3	33.7	7.5	6.7		4.6	30.5	2.7	100.0
Sec. 221P	22.7	26.5	30.5		1.5	1.1	15.8	1.9	100.0
Sec. 231	39.3	5.0	47.1		.7		7.9		100.0
Sec. 232	67.8	32.2							100.0
Sec. 608	1.2	5.4	.2	40.2	.3	36.6	.9	15.2	100.0
Sec. 803 military	(5)	4.1		34.7		26.9	16.6	17.7	100.0
Sec. 803 armed services	12.5	8.9	2.0	3.6	2.9	2.5	26.2	41.4	100.0
Sec. 908		12.3		15.6	.5	32.3	36.4	2.9	100.0
Total	6.1	10.3	2.2	22.2	.9	27.6	10.8	19.9	100.0
Total homes and projects	13.0	7.8	3.3	30.0	10.3	20.9	9.4	5.3	100.0

See footnotes at end of table.

TABLE III-17.—*Holdings of FHA-insured mortgages by type of institution, as of Dec. 31, 1960*—Continued

[Dollar amounts in thousands]

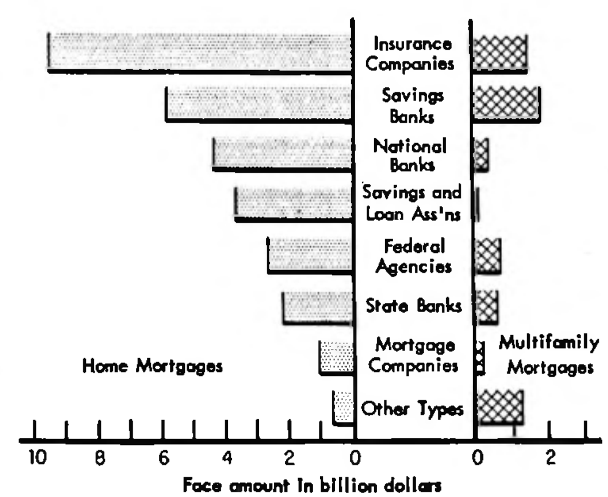
Section	Type of institution: National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total [1]
Number of holding institutions:									
Home programs:									
Sec. 8	124	160	64	75	203	82	2	24	794
Sec. 203	2,580	3,481	1,187	516	2,390	436	15	374	10,979
Sec. 213H	12	7	33	7	8	26	3	9	105
Sec. 220H	2	8	16	1	6	4	1	2	40
Sec. 221H	30	23	197	10	57	18	6	18	359
Sec. 222	406	348	595	205	731	289	7	95	2,676
Sec. 603	698	904	121	221	550	175	2	62	2,742
Sec. 809	8	12	43	33	16	43	1	11	167
Sec. 903	25	17	40	17	24	35	1	8	167
Project programs:									
Sec. 207	21	27	16	34	8	35	2	13	156
Sec. 213 sales	1	1	11					2	15
Sec. 213 management	8	12	2	4		16	1	6	49
Sec. 220P	5	9	6	2		3	1	1	27
Sec. 221P	4	2	4		1	1	1	1	14
Sec. 231	8	3	7		1		1		20
Sec. 232	1	1							2
Sec. 608	38	44	19	106	27	83	5	23	345
Sec. 803 military	1	4		6		17	1	7	36
Sec. 803 armed services	9	10	6	4	7	8	1	29	74
Sec. 908		3		4	1	8	1	2	19

[1] Based on tabulations of audited cases.
[2] Includes Sec. 203(i).
[3] Includes Sec. 610.
[4] Includes Sec. 611 not distributed by type of lending institution, 63 cases for $467,250.
[5] Less than 0.05 percent.

CHART III-10

INSTITUTIONS HOLDING FHA-INSURED MORTGAGES, DECEMBER 31, 1960

By type of institution holding mortgages



The face amount of home and project mortgages held by each type of financial institution at the end of 1960 is shown in Chart III-10, and a more detailed analysis of year-end holdings for all FHA programs by sections is presented in Table III-17.

Home Mortgage Holdings.—At the end of 1960 financial institutions held more than 3.0 million home mortgages amounting to $30.5 billion. This represented an increase of 9 percent in number and 14 percent in amount over the volume reported December 31, 1959. Insurance companies, as usual, were the largest holders of home mortgages, with 32 percent of the total amount. Savings banks ranked second with 19 percent of the total, followed by national banks with 14 percent and savings and loan associations with 12 percent (Table III-17). Despite the fact that insurance companies continued to hold the largest proportion of FHA-insured home mortgages outstanding, and even reported a small increase over 1959 in the total amount of these holdings, their share of the total has steadily decreased since 1950. The proportions held by national and State banks have also declined over this period, while those of savings banks and savings and loan associations have increased.

The distributions by program of the number and amounts of FHA-insured home mortgages held by financial institutions is also shown in Table III-17. Excluding Federal agencies, financial institutions of each type held between 86 and 94 percent of their FHA-insured mortgages in regular Section 203 cases. Federal agencies are atypical in that only 64 percent of their holdings are Section 203 cases, mainly because FNMA has accumulated substantial amounts of FHA special-purpose-program mortgages, such as those insured under Sections 213, 220, 221, 809, and 903.

Multifamily Housing Mortgage Holdings.—Savings banks continued in 1960 as the leading investors in FHA-insured multifamily housing mortgages, holding 28 percent of the original face amount of $6,602 million of insurance in force at the year end. Mortgages of this type have been the leading holders of project mortgages since 1954, but, despite increased dollars holdings, declined proportionally from 37 percent of all project mortgage holdings in 1955 (peak year) to 28 percent in 1960. Insurance companies, the second leading holders in this period, had declined in relative holdings to 22 percent of the total in 1960, dropping from 35 percent in 1954. Conversely, "other" or miscellaneous mortgagees increased their holdings from 8 percent in 1954 to one-fifth in 1960, while Federal agencies (FNMA) reported nearly 11 percent of all holdings by 1960 as compared to less than 3 percent in 1954. Both of these last types of mortgagees invested heavily in Section 803 mortgages and together held nearly three-fifths of the total amount of mortgages outstanding under this high-volume program which, in turn, accounted for more than three-fifths of their total holdings. Project mortgages in 1960 accounted for 18 percent of the $37.1 billion volume of FHA-insured mortgages in the portfolios of all approved institutions.

Property Improvement Loan Holdings.—Information on the holdings of insured property improvement loans is obtained through the cooperation of the participating lending institutions. Once or oftener each year, as requested, these institutions submit a "call report" statement to FHA on the number and face amount of loans outstanding as of a specific date. Summaries of a call report submitted as of December 31, 1960 from an estimated 97 percent of the total institutions holding insured property improvement loans showed that there were outstanding some 2.5 million loans with $1.9 billion in unpaid face amount. National banks reported 1.3 loans with $941 million in face amount; State chartered banks, 812,000 loans with $633 million in face amount; finance companies 19,000 loans, $12 million face amount; savings and loan associations, 320,000 loans, $273 million in face amount; and institutions classified as "other," 50,000 loans with $52 million face amount.

Mortgages and Loans Purchased or Sold in 1960

Nearly 424,000 FHA-insured mortgages and property improvement loans with combined face amounts of $5.2 billion were bought or sold by approximately 2,500 financial institutions during 1960. Of the total dollar amount of these loans transferred, almost 89 percent consisted of home mortgages, some 11 percent of multifamily project mortgages, and less than 1 percent of property improvement loans. Reflecting their leading roles in the transfer of FHA home mortgages, insurance companies, savings banks, and Federal agencies accounted for the largest amounts of purchases, while mortgage companies sold more FHA-insured obligations than all other financial institutions combined. Data showing purchases and sales of FHA obligations during 1960 by type of financial institution are presented in Table III–18 and III–19.

Compared with 1959, transfers increased 30 percent in dollar amount. This was entirely attributable to a 38 percent rise in the amount of transfers for home mortgages, since transfers of project mortgages decreased by 3 percent and transfers of property improvement loans declined by 56 percent. Data on transfers do not include Section 203 mortgages sold to investor mortgagees and held for servicing by the selling institution, as discussed under Mortgages Held in Portfolio.

TABLE III–18.—*Purchases of FHA-insured mortgages and loans, by type of institution, 1960*

[Dollar amounts in thousands]

Section	Type of institution								
	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total
Number of mortages and loans:									
Home programs:									
Sec. 8	1	2	10	4		65			82
Sec. 203	8,639	10,727	4,592	116,528	30,344	73,519	80,357	12,586	337,292
Sec. 213H	1		33	15	58	257	2,218		2,582
Sec. 220H	1						106		107
Sec. 221H	7	1	13	7	6	14	9,097	7	9,152
Sec. 222	267	428	152	5,552	744	3,569	6,553	283	17,548
Sec. 603	32	143	224	44	104	22			629
Sec. 809		15	22	87	39	114	1,352	20	1,658
Sec. 903			1	1				1	3
Total	8,948	11,316	5,047	122,238	31,355	77,560	90,683	12,906	369,053
Project programs:									
Sec. 207	4	6	11	4		14	20	22	81
Sec. 213 management						1	12	6	10
Sec. 220P						1	19	2	22
Sec. 221P		1					8		9
Sec. 231							2		2
Sec. 608	7		1	1		2			11
Sec. 803 military				1		1			2
Sec. 803 armed services	2	8	3	15		10	12	122	172
Total	13	15	15	21		29	73	152	318
Property improvement loans: Sec. 2	30,852	15,049	362		8,073			129	54,465
Total all programs	39,813	26,380	5,424	122,259	39,428	77,589	99,756	13,187	423,836

TABLE III–18.—*Purchases of FHA-insured mortgages and loans, by type of institution, 1960*—Continued

[Dollar amounts in thousands]

Section	Type of institution								
	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total
Face amount of mortgages and loans:									
Home programs:									
Sec. 8	$6	$10	$57	$23		$348			$444
Sec. 203	102,724	131,207	56,883	1,531,214	$333,679	904,530	$969,952	$152,878	4,182,128
Sec. 213H	12		374	240	871	4,058	30,328		35,883
Sec. 220H	10						1,445		1,455
Sec. 221H	64	7	115	59	45	111	82,578	57	83,036
Sec. 222	3,470	6,054	2,012	79,799	8,725	48,708	81,715	4,048	234,532
Sec. 603	182	1,072	2,413	205	1,497	136			5,504
Sec. 809		225	308	1,338	568	1,599	17,828	420	22,296
Sec. 903			8	7				7	22
Total	106,468	138,636	62,170	1,612,884	345,386	959,489	1,182,846	157,420	4,565,299
Project programs:									
Sec. 207	5,954	10,054	22,734	6,452		28,070	12,356	30,262	115,882
Sec. 213 management						1,749	17,767	11,885	31,401
Sec. 220P						2,225	42,482	1,794	46,501
Sec. 221P		657					4,603		5,260
Sec. 231							2,630		2,630
Sec. 608	776		29	608		2,880			4,391
Sec. 803 military				729		2,388			3,117
Sec. 803 armed services	3,915	18,265	6,563	25,831		18,029	32,407	231,375	336,445
Total	10,644	28,976	29,325	33,710		55,350	112,306	275,316	545,627
Property improvement loans: Sec. 2	24,849	10,186	162		5,005			121	40,323
Total all programs	141,961	177,799	91,657	1,646,595	350,391	1,014,839	1,295,152	432,857	5,151,249
Percentage distribution of amount:									
Home programs:									
Sec. 8	1.3	2.3	12.8	5.1		78.5			100.0
Sec. 203	2.5	3.1	1.4	36.6	8.0	21.6	23.2	3.6	100.0
Sec. 213H	(1)		1.1	.7	2.4	11.3	84.5		100.0
Sec. 220H	.7						99.3		100.0
Sec. 221H	.1	(1)	.1	(1)	.1	.1	99.5	.1	100.0
Sec. 222	1.5	2.6	.9	34.0	3.7	20.8	34.8	1.7	100.0
Sec. 603	3.3	19.5	43.8	3.7	27.2	2.5			100.0
Sec. 809		1.0	1.4	6.0	2.5	7.2	80.0	1.9	100.0
Sec. 903			34.8	32.6				32.6	100.0
Total	2.3	3.0	1.4	35.3	7.6	21.0	25.9	3.5	100.0
Project programs:									
Sec. 207	5.1	8.7	19.6	5.6		24.2	10.7	26.1	100.0
Sec. 213 management						5.6	56.6	37.8	100.0
Sec. 220P						4.8	91.3	3.9	100.0
Sec. 221P		12.5					87.5		100.0
Sec. 231							100.0		100.0
Sec. 608	17.7		.6	15.0		65.8			100.0
Sec. 803 military				23.4		76.6			100.0
Sec. 803 armed services	1.2	5.4	1.9	7.7		5.4	9.6	68.8	100.0
Total	1.9	5.3	5.4	6.2		10.1	20.6	50.5	100.0
Property improvement loans: Sec. 2	61.6	25.3	.4		12.4			.3	100.0
Total all programs	2.8	3.4	1.8	32.0	6.8	19.7	25.1	8.4	100.0
Number of purchasing institutions:									
Home programs:									
Sec. 8	1	2	7	1		2			13
Sec. 203	408	482	265	298	586	273	6	143	2,461
Sec. 213H	1		2	1	5	9	1		19
Sec. 220H	1						1		2
Sec. 221H	2	1	5	3	4	8	1	3	27
Sec. 222	65	58	43	127	153	166	2	37	651
Sec. 603	15	9	5	8	8	2			47
Sec. 809		4	5	20	11	21	1	3	65
Sec. 903			1	1				1	3
Project programs:									
Sec. 207	3	3	4	2		8	1	4	25
Sec. 213 management						1	1	1	3
Sec. 220P						1	1	1	3
Sec. 221P		1					1		2
Sec. 231							1		1
Sec. 608	2		1	1		2			6
Sec. 803 military				1		1			2
Sec. 803 armed services	1	3	2	3		3	1	18	31
Property improvement loans: Sec. 2	40	34	2		15			3	94

[1] Less than 0.05 percent.

TABLE III–19.—*Sales of FHA-insured mortgages and loans by type of institution, 1960*

[Dollar amounts in thousands]

Section	Type of institution								
	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total
Number of mortgages and loans:									
Home programs:									
Sec. 8	1		3	4		74			82
Sec. 203	22,102	21,696	264,084	2,414	7,534	2,007	717	16,738	337,202
Sec. 213H	257	125	2,089	26			1	84	2,582
Sec. 220H	5	19	69					14	107
Sec. 221H	361	135	8,033	127	130		8	358	9,152
Sec. 222	943	1,169	13,768	332	465	31	41	799	17,548
Sec. 603	104	170	10	237	99	4		5	629
Sec. 809	81	169	1,200	3		1	15	189	1,658
Sec. 903			1	2					3
Total	23,854	23,483	289,257	3,145	8,228	2,117	782	18,187	369,053
Project programs:									
Sec. 207	17	26	33		2	2		1	81
Sec. 213 management	2	9	4					4	19
Sec. 220P		13	9						22
Sec. 221P	1	1	6		1				9
Sec. 231		1	1						2
Sec. 608		1		1		8		1	11
Sec. 803 military			1					1	2
Sec. 803 armed services	64	65	28		9		2	4	172
Total	84	116	82	1	12	10	2	11	318
Property improvement loans: Sec. 2	7,447	22,486	10,518		6,471	2,175	14	5,354	54,465
Total all programs	31,385	46,085	299,857	3,146	14,711	4,302	798	23,552	423,836
Face amount of mortgages and loans:									
Home programs:									
Sec. 8	$5		$17	$23		$390			$444
Sec. 203	288,189	$282,412	3,256,985	27,192	$92,062	22,013	$8,253	$201,123	4,182,128
Sec. 213H	3,610	1,830	28,891	348			16	1,188	35,883
Sec. 220H	233	359	703					160	1,455
Sec. 221H	3,282	1,257	72,999	1,115	1,130		69	3,184	83,030
Sec. 222	12,264	16,290	184,498	4,013	6,253	407	524	10,284	234,532
Sec. 603	852	1,242	70	2,373	931	15		20	5,504
Sec. 809	1,104	2,305	16,134	46		19	196	2,493	22,296
Sec. 903			8	14					22
Total	309,538	305,693	3,500,305	35,125	101,276	22,853	9,057	221,453	4,565,299
Project programs:									
Sec. 207	26,235	30,096	48,797		3,558	1,097		100	115,882
Sec. 213 management	2,133	14,161	5,843					9,264	31,401
Sec. 220P		38,343	8,157						46,501
Sec. 221P	1,777	99	2,985		400				5,260
Sec. 231		2,430	200						2,630
Sec. 608		698		29		1,817		1,848	4,391
Sec. 803 military			729					2,388	3,117
Sec. 803 armed services	126,503	128,986	54,860		13,264		4,126	8,706	336,445
Total	156,647	220,813	121,571	29	17,222	2,913	4,126	22,306	545,627
Property improvement loans: Sec. 2	4,458	16,251	10,015		4,065	1,278	15	4,243	40,323
Total all programs	470,644	542,757	3,691,891	35,153	122,562	27,044	13,198	248,001	5,151,249
Percentage distribution of amount:									
Home programs:									
Sec. 8	1.0		3.9	5.1		90.0			100.0
Sec. 203	6.9	6.7	77.9	.7	2.2	.5	0.2	4.9	100.0
Sec. 213H	10.1	5.1	80.5	1.0			(1)	3.3	100.0
Sec. 220H	16.0	24.7	48.3					11.0	100.0
Sec. 221H	3.9	1.5	87.9	1.4	1.4		.1	3.8	100.0
Sec. 222	5.2	6.9	78.7	1.7	2.7	.2	.2	4.4	100.0
Sec. 603	15.5	22.5	1.3	43.1	16.9	.3		.4	100.0
Sec. 809	4.9	10.3	72.4	.2		.1	.9	11.2	100.0
Sec. 903			34.8	65.2					100.0
Total	6.8	6.7	78.0	.7	2.2	.5	.2	4.9	100.0
Project programs:									
Sec. 207	22.6	31.2	42.1		3.1	.9		0.1	100.0
Sec. 213 management	6.8	45.1	18.6					20.5	100.0
Sec. 220P		82.5	17.5						100.0
Sec. 221P	33.8	1.9	56.7		7.6				100.0
Sec. 231		92.4	7.6						100.0
Sec. 608		15.9		.6		41.4		42.1	100.0
Sec. 803 military			23.4					76.6	100.0
Sec. 803 armed services	37.6	38.3	16.3		4.0		1.2	2.6	100.0
Total	28.7	40.5	22.3	(1)	3.2	.5	.7	4.1	100.0
Property improvement loans: Sec. 2	11.1	40.3	24.8		10.1	3.2	(1)	10.5	100.0
Total all programs	9.1	10.5	71.7	.7	2.4	.5	.3	4.8	100.0

[1] Less than 0.05 percent.

TABLE III–19.—*Sales of FHA-insured mortgages and loans by type of institution, 1960*—Continued

[Dollar amounts in thousands]

Section	Type of institution								
	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total
Number of selling institutions:									
Home programs:									
Sec. 8	1		2	1		2			6
Sec. 203	409	461	1,013	106	247	99	3	106	2,444
Sec. 213H	4	3	23	1			1	3	35
Sec. 220H	2	3	11					2	18
Sec. 221H	15	8	183	5	13		2	13	230
Sec. 222	90	92	559	24	60	17	2	43	806
Sec. 603	19	14	2	11	3	1		2	52
Sec. 809	4	8	37	3		1	1	5	59
Sec. 903			1	1					2
Project programs:									
Sec. 207	12	17	16		1	2		1	49
Sec. 213 management	2	4	3					2	11
Sec. 220P		7	5						12
Sec. 221P	1	1	4		1				7
Sec. 231		1	1						2
Sec. 608		1		1		3		1	6
Sec. 803 military			1					1	2
Sec. 803 armed services	14	10	5		2		1	2	34
Property improvement loans: Sec. 2	36	39	10		11	4	1	7	108

Purchases and Sales of Home Mortgages.—During 1960, almost 369,100 FHA-insured home mortgages with an aggregate face amount of $4.6 billion were transferred. This represented an increase of 33 percent in the number of mortgages and 38 percent in the amount transferred over 1959. As usual, Section 203 home mortgages accounted for the great bulk of transfers (92 percent), followed by Section 222 (5 percent) and Section 221 (2 percent).

As shown in Table III–18, insurance companies were the leading purchasers of FHA mortgages in 1960 with $1.6 billion or 35 percent of the total—only 1 percentage point less than for 1959. Federal agencies, reflecting mostly FNMA purchases, bought $1.2 billion in mortgages or 26 percent of the total. This represented an increase of 10 percentage points in the Federal agencies share of total purchases over 1959. Since FNMA acts as a stabilizing influence in the secondary market for home mortgages, its more than $643 million increase in amount of purchases can be mainly attributed to this function. Except for national banks, which decreased by $66 million, all the other types of financial institutions registered increases over 1959 in purchases of FHA-insured home mortgages, led by insurance companies with $420 million and savings and loans associations with $151 million. However, almost all of the increase was the result of increased purchases of Sections 203 "regular" mortgages, indicating a definite increase in the velocity of these mortgages in 1960, since insurance originated by these institutions was considerably below the 1959 level.

In the transfer of FHA mortgages by sales, mortgage companies continued as the leader, accounting for $3.6 billion or 78 percent of the total. National banks were a distant second with $309 million or about 7 percent, followed closely by state banks with $306 million or also about 7 percent (Table III–19).

Since mortgage companies specialize in short-term holding of FHA-insured mortgages, they traditionally account for the major part of all sales of FHA mortgages. For example, they account for 85 percent of the $1.3 billion increase of 1960 sales over those reported for 1959. On the other hand, savings banks and insurance companies, which tend to obtain FHA mortgages for long-term investments, showed $36 and $4 million declines in sales, respectively.

Purchases and Sales of Multifamily Housing Mortgages.—The volume of FHA-insured project mortgages transferred in the secondary market declined by 3 percent in 1960 to $546 million. This decline resulted mostly from a 21 percent drop in the amount of Section 803 armed services housing mortgage transfers, these sales representing 62 percent of the 1960 total compared to 76 percent in 1959. Section 207 transfers mostly offset the drop in Section 803 by increasing to $115 million, more than two and a half times the 1959 volume for this section, and also increasing their proportion of the total from 10 to 21 percent. The volume of transfers for these and other multifamily housing programs, by type of financial institution, is shown in Table III–18 for purchases and in Table III–19 for sales.

Financial institutions of "other" or miscellaneous type led all other types of mortgagees in the purchase of FHA project mortgages in 1960, accounting for half of the total or $275 million. About 84 percent of this volume reflected purchases of Section 803 armed services housing mortgages by various city, State, and organization retirement systems. The Federal agency category, which was first in the purchase of project mortgages in 1959, dropped to second place in 1960 with $112 million or 21 percent, primarily attributable to an 83 percent reduction in the purchase of Section 803 armed services housing mortgages. However, reflecting the special-assistance functions of FNMA, Federal agencies did purchase most of the Section 213 mortgages, and virtually all of those insured under Sections 220, 221 and 231. Savings banks maintained third place again in 1960 with 10 percent of the total.

The largest amount of sales of project mortgages was consummated by State banks in 1960 with 40 percent or $220 million of the aggregate face amount. National banks with 29 percent or $157 million were second. Since both State and national banks have been the consistent leaders in sales as well as originations of project mortgage loans, it appears that these institutions prefer financing short-term construction loans involving higher interest rates rather than holding long-term obligations with generally lower interest rates. Moreover, mortgage companies, which ranked third in sales with 22 percent or $122 million, have shown a growing interest in project mortgage financing in recent years and have been increasing their share of the sales total as well.

In sales of projects by sections of the Housing Act, State banks led in the amount of Sections 803 ASH, 213, 220, and 231, and mortgage companies were the leaders in sales of Section 207 and 221 mortgages.

Purchases and Sales of Property Improvement Loans.—Purchases and sales of FHA-insured property improvement loans in 1960 were reported for loans with outstanding net proceeds of $40 million, a decrease of 56 percent from the $92 million reported for 1959. Table III-18 shows that three types of institutions—national banks with $25 million, State banks with $10 million, and savings and loan associations with $5 million—accounted for over 99 percent of all purchases of these notes during the year. Sales by State banks of $16 million of insured loans and by mortgage companies of $10 million accounted for 65 percent of all sales. Combined sales of national banks, savings and loan associations, and those types of institution classified as "other" amounted to nearly $13 million, with each type of institution responsible for slightly over $4 million.

TERMINATIONS, DEFAULTS, AND CLAIMS PAID

This section reports data on terminations of mortgage insurance contracts, on the default status of insured home and project mortgages, and on claims paid on defaulted property improvement loans. At the end of 1960, terminated insurance amounted to $27.0 billion, almost 40 percent of the $67.4 billion in total insurance written (Table III-3). Home mortgage insurance terminations accounted for $14.8 billion of this amount, project mortgage insurance for $1.4 billion, and property improvement loans for $10.6 billion. During 1960, total terminations amounted to $2.0 billion—$1.2 billion in home mortgages, $0.2 billion in project mortgages, and $0.6 billion in property improvement loans.

Terminations of Home and Project Mortgages by Type of Termination

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

1. The loan is paid off at maturity.
2. The loan is prepaid—either with or without refinancing. If refinanced with proceeds of a new FHA-insured mortgage, prepayment is termed prepayment by supersession.
3. The mortgage is foreclosed and title to the property is acquired by mortgagee. The mortgagee may either (1) transfer title to FHA in exchange for debentures and a certificate of claim (for interest losses and foreclosure expenses not covered by the debentures), or (2) "withdraw" from the FHA insurance contract and forego the insurance privileges in order to be free to market the property. Also classed as withdrawals are cases in which the mortgage is foreclosed and the property purchased by a party other than the mortgagee.
4. The insurance is terminated upon the request of the mortgagor and mortgagee and upon payment of a termination fee.
5. The defaulted mortgage is assigned by the mortgagee to FHA. This alternative, provided with respect to home mortgages by the Housing Act of 1959, was unused at the end of 1960.

Cumulative home mortgage insurance terminations numbered 2.5 million at the end of 1960, or 45 percent of all home mortgages insured. Among the various programs, the percentage of terminations varied from 70 percent for Section 603, under which the last insurance was written in 1954, to around 1 percent for newer programs under Sections 220 and 809. Section 203, which has accounted for almost 81 percent of all home mortgage insurance terminations, had 43 percent of its cases terminated by the end of 1960.

Prepayments accounted for all but 3 percent of the total home mortgage insurance terminations through 1960, 78 percent by payment in full and 19 percent by supersession. The predominance of prepaid terminations was reported under all programs except Sections 220, 221, and 903. These had more foreclosures than any other type of termination (Table III-20).

Few programs have operated long enough to have had many matured loans. All but 176 of the 29,935 such terminations were under Section 203. Section 603 and Section 603-610 cases made up the remaining 152 and 24, respectively.

Foreclosures accounted for 2.0 percent of all home mortgage insurance terminations through 1960, 1.6 percent being transfers of acquired properties to FHA and 0.4 percent titles retained by the mortgagee. Although foreclosures were more

TABLE III-20.—*Terminations of FHA-insured home mortgages, by type, 1935-60*

[Dollar amounts in thousands]

Disposition	Total[1] Number	Total[1] Amount	Sec. 8 Number	Sec. 8 Amount	Sec. 203 Number	Sec. 203 Amount	Sec. 213 Number	Sec. 213 Amount	Sec. 220 Number	Sec. 220 Amount	Sec. 221 Number	Sec. 221 Amount
Mortgages insured	5,501,758	$45,903,859	38,345	$204,260	4,725,029	$39,747,141	27,715	$324,166	1,384	$15,888	21,916	$198,656
Mortgages terminated:												
Prepaid in full	1,951,184	11,354,724	4,440	22,385	1,611,657	9,483,396	1,159	11,505	2	26	17	143
Prepaid by supersession	465,754	2,988,748	2,171	11,214	361,857	2,405,233	477	4,545			5	40
Matured loans	29,935	110,072			29,759	109,388						
Properties acquired by mortgagee:												
Transferred to FHA	41,176	320,150	944	5,233	16,917	135,950	402	3,444	6	61	443	3,772
Retained by mortgagee	9,734	64,469	94	496	6,962	47,553	3	27			3	26
Voluntary terminations[2]	134	1,181			131	1,143						
Other terminations	808	4,296	2	9	640	3,508						
Total terminations	2,498,724	14,843,640	7,651	39,338	2,027,923	12,186,172	2,041	19,610	8	87	468	3,980
Mortgages in force	3,093,034	31,060,220	30,694	164,922	2,697,106	27,560,969	25,674	304,556	1,376	15,801	21,448	194,676

Disposition	Sec. 222 Number	Sec. 222 Amount	Sec. 603 Number	Sec. 603 Amount	Sec. 603-610 Number	Sec. 603-610 Amount	Sec. 611 Number	Sec. 611 Amount	Sec. 809 Number	Sec. 809 Amount	Sec. 903 Number	Sec. 903 Amount
Mortgages insured	86,923	$1,166,236	624,653	$3,645,218	3,363	$16,109	75	$556	5,199	$68,360	57,156	$517,270
Mortgages terminated:												
Prepaid in full	2,396	31,689	327,738	1,777,406	1,102	4,565	7	51	22	270	2,644	23,199
Prepaid by supersession	1,693	21,154	97,541	530,506	226	936	4	30	22	256	1,758	14,834
Matured loans			152	618	24	66						
Properties acquired by mortgagee:												
Transferred to FHA	362	4,076	11,720	74,895	13	46	1	7	16	185	10,351	92,481
Retained by mortgagee	11	139	2,656	16,191	1	3					4	33
Voluntary terminations[2]	1	17	1	8					1	13		
Other terminations	7	90	159	689								
Total terminations	4,470	57,164	439,967	2,400,312	1,366	5,616	12	89	61	724	14,757	130,547
Mortgages in force	82,453	1,109,071	184,686	1,244,906	1,997	10,492	63	467	5,138	67,635	42,399	386,723

[1] Excluding Sec. 2. home mortgages and Sec. 225 open-end advances. [2] Provided by the Housing Act of 1959.

numerous under older more active programs, they accounted for only a minor portion of the total terminations under these programs. For example, foreclosures under Sections 203 and 603 represented 47 percent and 28 percent, respectively, of those under all sections, but they represented only 1 percent of total terminations under Section 203 and slightly over 3 percent of terminations under Section 603. In contrast, 95 percent of the terminations under Section 221 and 70 percent of those under Section 903 were by foreclosure.

The number of properties acquired by lending institutions upon mortgage foreclosure increased to 50,909 at the end of 1960 from 43,000 a year earlier. The percentage retained by the lender dropped in 1960 to 19 percent as against 21 percent at the end of 1959. The fact that almost 30 percent of the foreclosures under Section 203 and over 18 percent of those under Section 603 represented retained properties attested to favorable conditions for profitable dispositions of these properties by the mortgagees.

Seventy percent of the 41,200 properties acquired by mortgagees and transferred to FHA through 1960 were sold, 5,000 for cash and 23,600 for cash and notes. Section 203 with 41 percent, Section 603 with 28 percent, and Section 903 with 25 percent accounted for the bulk of acquired properties (see Table III-21). At the year end, FHA had sold 97 percent of its acquisitions under Section 603 and 66 percent of those under Section 203. For Section 903, more than half (55 percent) of the acquisitions remained on hand, location being an important factor in the slowness of their disposition. Detailed information on FHA's financial experience with acquired properties is contained in Section 5 of this report.

TABLE III-21.—*Disposition of FHA-acquired home properties, Dec. 31, 1960*

Section	Total number acquired[1]	Number of initial sales: Total	Sold for all cash	Sold for cash and notes[2]	Number of properties on hand[3]
8	944	808	58	750	142
203	16,917	11,146	1,434	9,712	5,792
213	402	264	38	226	142
220	6	3		3	3
221	443	81	3	78	362
222	362	101	8	93	261
603[4]	11,733	11,412	2,927	8,485	334
611	1	1		1	
809	16	1		1	15
903	10,351	4,802	567	4,235	5,713
Total	41,175	28,619	5,035	23,584	12,764

[1] Excludes FHA repossessions.
[2] Or contracts of deeds.
[3] Includes 889 repossessions.
[4] Includes Sec. 603-610.

TABLE III-22.—*Terminations of FHA-insured multifamily housing mortgages, by type, 1935–60*

[Dollar amounts in thousands]

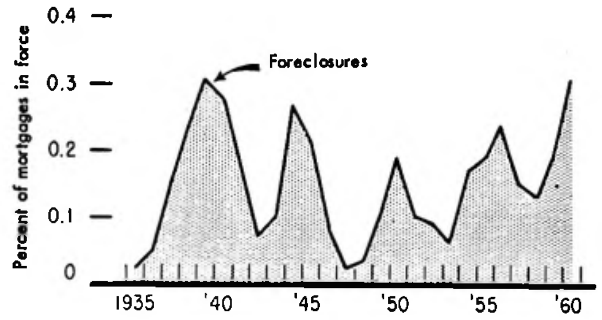
Disposition	Total		Sec. 207		Sec. 213 Sales		Sec. 213 Management		Sec. 220		Sec. 221		Sec. 231	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	10,840	$7,002,272	1,176	$1,086,148	1,107	$336,371	227	$403,761	96	$280,864	30	$44,810	25	$33,244
Mortgage insurance terminated:														
Prepaid in full	2,092	829,706	355	141,236	957	300,864	2	804						
Prepaid by supersession	30	17,310	13	8,032										
Matured loans	3	828	3	828										
Default terminations (total)	(875)	(506,144)	(69)	(55,863)	(3)	(2,192)	(5)	(3,618)			(5)	(7,744)		
Mortgages assigned by mortgagee:														
Mortgage held or sold by FHA	304	222,539	24	24,360	2	1,074	3	2,672			1	1,078		
Title acquired by FHA	313	145,363	13	9,462	1	219	1	700						
Titles acquired by mortgagee:														
Property transferred to FHA	249	136,604	25	20,634			1	247			4	6,666		
Property retained by mortgagee	9	1,639	7	1,407										
Other terminations	23	36,706	9	938										
Total terminations	3,023	1,390,740	440	206,807	960	303,056	7	4,422			5	7,744		
Mortgages in force, Dec. 31, 1960	7,826	6,601,523	727	870,251	147	33,314	220	399,329	96	280,864	25	37,076	25	33,244

Disposition	Sec. 232		Sec. 608		Sec. 608-610		Sec. 611		Sec. 803 Military		Sec. 803 Armed Services		Sec. 908	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	2	$621	7,044	$3,440,017	23	$8,360	25	$11,991	274	$683,143	723	$1,599,519	97	$63,427
Mortgage insurance terminated:														
Prepaid in full			741	368,602	10	1,905	25	11,991	1	4,050			1	315
Prepaid by supersession			17	9,278										
Matured loans														
Default terminations (total)			(719)	(353,617)	(1)	(263)			(29)	(43,524)	(12)	(22,430)	(32)	(16,894)
Morgages assigned by mortgagee:														
Mortgage held or sold by FHA			235	136,802					15	27,636	12	22,430	12	5,588
Title acquired by FHA			274	113,232					9	11,810			15	9,940
Titles acquired by mortgagee:														
Property transferred to FHA			208	103,351	1	263			5	4,078			5	1,366
Property retained by mortgagee			2	232										
Other terminations			6	2,870							8	32,893		
Total terminations			1,483	734,367	11	2,167	25	11,991	30	47,574	20	55,324	33	17,209
Mortgages in force, Dec. 31, 1960	2	621	5,561	2,705,651	12	6,192			244	635,569	703	1,544,195	64	46,218

CHART III-11

FORECLOSURES OF FHA HOME MORTGAGES, 1935–60

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



* Includes cases held in mortgagee inventory.

Voluntary terminations provided for under the Housing Act of 1959 numbered 134 at the end of 1960, all but 3 being under Section 203. As provided by the legislation, home mortgage insurance may be canceled upon request of the borrower and the lender and upon payment by the borrower of a termination charge.

Project Mortgages.—By the end of 1960, insurance on a total of 3,023 project mortgages involving $1.4 billion in face amount had been terminated. This was approximately 28 percent of the number and 17 percent of the total amount of mortgages insured under these programs. Insurance remaining in force at the year end covered 7,826 projects with face amounts of $6.6 billion.

In general, the conditions for terminating insurance on project mortgages are the same as those discussed for homes: by maturity of the loan, by prepayment, by foreclosure of defaulted mortgages, and by assignment of defaulted mortgages to FHA. There is no provision for voluntary termination of insurance on project mortgages.

Table III-22 shows the total cumulative terminations of insurance on multifamily housing mortgages by type of termination with detailed data for the individual sections of the Housing Act. Almost $830 million or 60 percent of the dollar amount of these terminations resulted from prepayments in full prior to maturity of the obligations. Prepayments superseded by other FHA mortgages, together with matured loans, accounted for only $18 million or slightly over 1 percent of project insurance terminated.

Defaults by the mortgagors accounted for nearly all of the remaining terminations, totaling $506 million and covering 875 projects. Of these, 617 had been assigned to FHA by the mortgagees—304 being held or sold by FHA and 313 subsequently foreclosed by FHA. In the remaining 258 default cases the titles were acquired by the mortgagees. Of these projects, 249 were transferred to FHA and 9 were retained.

The disposition of multifamily properties and mortgage notes acquired by FHA is shown in Table III-23. The number of properties acquired through the end of 1960 was 562—74 more than at the end of 1959. Only 20 projects were sold during 1960, however, which left 178 on hand compared to 124 at the 1959 year end. It should be noted that these data on acquisitions and sales include some instances of reacquisition and resale of individual properties by FHA.

Mortgage notes assigned to FHA during 1960 numbered 96, bringing the total through the year end to 617. The number of these cases on hand rose by 42, with only 54 notes being sold during the year.

Terminations of Home and Project Mortgages by Years

Annual volumes of terminations, foreclosures, and property acquisitions in comparison with the annual volumes of insurance written are presented in Tables III-24 and 25 for home and project mortgages, respectively. Home mortgage terminations in 1960 dropped to 147,000, 25 percent below the all-time high of 196,000 reported for 1959. The rate of terminations—cumulative terminations as a percentage of total insurance written—fell below 45 percent for the first time since 1954. Foreclosures and acquisitions, on the other hand, continued to increase in relation to insurance written. From the beginning of the decade, except for a slight drop in 1953, the relative volume of foreclosures increased steadily from 0.62 percent of insurance written through December 31, 1950, to 0.97 percent through 1960. Similarly, acquisitions rose from 0.48 percent of cases insured through 1950 to 0.74 percent at the end of 1960, with slight reversals in trend in 1952–53 and 1958. The trend of foreclosures of home mortgages in relation to the volume of insurance written is shown in Chart III-11.

Home Mortgages.—Section 203 terminations in 1960 were 24 percent below 1959 and the termination rate declined for the third straight year to less than 43 percent, the lowest reported since 1953. In view of the extended period of operations under Section 203, the original home mortgage insurance program, the rate of foreclosures and acquisitions is noteworthy. Despite the fact that foreclosures and acquisitions in 1960 more than doubled those in 1959, foreclosures through the end of 1960 were less than 6 per 1,000 insured mortgages and acquisitions less than 4 per 1,000 insured mortgages.

In relation to total insurance written, foreclosures and acquisitions have been highest under Section 903, each type of action accounting for more than 18 percent of the cases insured.

TABLE III-23.—*Disposition of FHA-acquired multifamily housing properties and mortgages, Dec. 31, 1960*

Section	FHA-acquired multifamily housing properties					
	Total	Properties sold by FHA				On hand [1]
		Total	With reinsurance	Without reinsurance	With mortgage held by FHA	
Number of projects:						
Sec. 207	38	25	8	7	10	13
Sec. 213 sales	1	1			1	
Sec. 213 management	2					2
Sec. 221	4					4
Sec. 608	482	342	5	80	257	140
Sec. 608–610	1	1		1		
Sec. 803 military	14	6		2	4	8
Sec. 908	20	9		1	8	11
Total	562	384	13	91	280	178
Number of units:						
Sec. 207	5,408	3,791	1,705	1,206	880	1,617
Sec. 213 sales	26	26			26	
Sec. 213 management	92					92
Sec. 221	814					814
Sec. 608	31,237	20,894	878	3,934	16,082	10,343
Sec. 608–610	150	150		150		
Sec. 803 military	1,975	571		220	351	1,404
Sec. 908	1,449	620		20	600	829
Total	41,151	26,052	2,583	5,530	17,939	15,099

Section	Mortgage notes assigned to FHA					
	Total	Mortgage note disposition				On hand
		Total	Sold with reinsurance	Sold without reinsurance	Foreclosed with property acquired by FHA	
Number of projects:						
Sec. 207	37	14	1		13	23
Sec. 213 sales	3	2		1	1	1
Sec. 213 management	4	1			1	3
Sec. 221	1					1
Sec. 608	509	280		6	274	229
Sec. 803 military	24	9			9	15
Sec. 803 armed services	12					12
Sec. 908	27	15			15	12
Total	617	321	1	7	313	296
Number of units:						
Sec. 207	4,808	1,993	1,102		891	2,815
Sec. 213 sales	211	170		144	26	41
Sec. 213 management	348	70			70	278
Sec. 221	116					116
Sec. 608	34,266	16,142		162	15,980	18,124
Sec. 803 military	5,165	1,471			1,471	3,694
Sec. 803 armed services	1,362					1,362
Sec. 908	2,102	1,259			1,259	843
Total	48,378	21,105	1,102	306	19,697	27,273

[1] Includes repossessions; other columns do not show these cases.

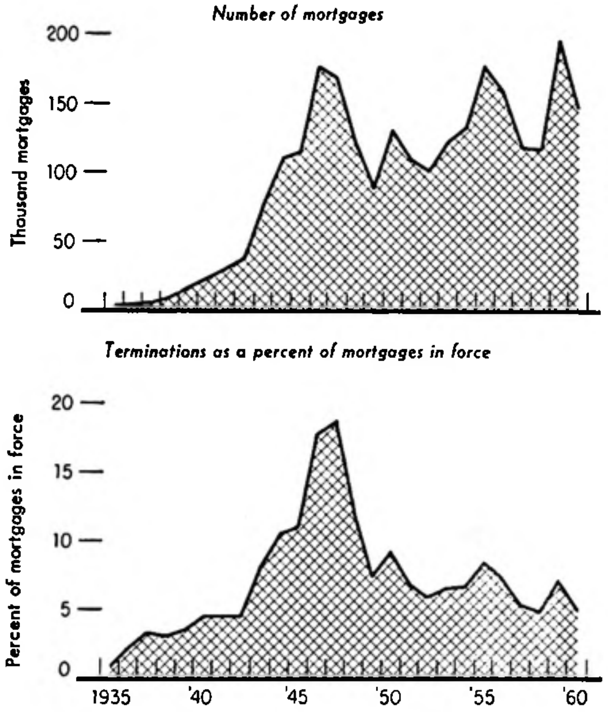
In relation to terminations, the number of foreclosures under some sections may appear to be exaggerated. For example, foreclosures under Section 221 exceed total terminations in both 1959 and 1960. This situation arises (see Footnote 1, Table III-24) from the inclusion in the foreclosed cases of those still-insured cases foreclosed by the mortgagee but held for the redemption period required by some States.

The number of FHA home mortgages terminated and the ratio of terminations to mortgages in force are depicted in Chart III-12. The

CHART III-12

TERMINATIONS OF FHA HOME MORTGAGES, 1935–60

Home Mortgages terminated under all sections



147,000 terminations in 1960 fell below the 196,200 reported for 1959, but were surpassed only by the previous peak years of 1946–47 and 1955–56. In relation to insurance in force, terminations in 1960 stood at 4.8 percent, resuming the level of 1957–58, when terminations represented 5.1 percent and 4.6 percent, respectively, of mortgages in force.

Project Mortgages.—Terminations of project mortgage insurance contracts are summarized in Table III-25 for selected years from 1950 through 1960. Through 1960, mortgages covering over 22 percent of the dwelling units insured had been terminated. Units in defaulted projects accounted for over half of those in all terminations in 1960, in sharp contrast to less than a third in 1959.

Section 608 led all other programs in terminations during 1960, accounting for two-thirds of all terminated units. On a cumulative basis, Section 608 terminations through 1960 represent over 54 percent of total terminations. This section also has accounted for over 70 percent of all default terminations.

In terms of units, the next highest volume of terminations for 1960 and cumulatively occurred under Section 207. Cumulative terminations under this section represent about one-quarter of all terminations. The termination rate for this program, however, has declined steadily to 37 percent in 1960, since relatively more insurance has been written each year than has been terminated.

TABLE III-24.—*Terminations of FHA-insured home mortgages, selected years, 1950–60*

Year	Insurance written		Total terminations			Foreclosures [1]			FHA acquisitions		
	Number of cases for the period	Cumulative through end of year	Number for the period	Cumulative through end of year: Number	Cumulative through end of year: Percent of total insured	Number for the period	Cumulative through end of year: Number	Cumulative through end of year: Percent of total insured	Number for the period	Cumulative through end of year: Number	Cumulative through end of year: Percent of total insured
Total: [2]											
1950	341,032	2,628,197	131,833	1,116,795	42.50	2,610	16,301	0.62	1,860	12,707	0.48
1952	234,426	3,115,292	101,134	1,327,724	42.62	1,478	19,302	.62	893	14,742	.47
1954	214,237	3,591,070	131,910	1,583,258	44.09	3,415	23,849	.66	1,573	17,048	.47
1955	310,870	3,901,940	177,746	1,761,004	45.13	4,021	27,870	.71	3,796	20,844	.53
1956	248,121	4,150,061	159,458	1,920,462	46.28	5,268	33,138	.80	4,677	25,521	.61
1957	198,429	4,348,490	117,661	2,038,123	46.87	3,405	36,543	.84	2,657	28,178	.65
1958	381,883	4,730,373	117,393	2,155,516	45.57	3,087	39,630	.84	2,271	30,449	.64
1959	495,172	5,225,545	196,240	2,351,756	45.01	5,223	44,853	.86	3,613	34,062	.65
1960	366,213	5,591,758	146,968	2,498,724	44.60	9,332	54,185	.97	7,113	41,175	.74
Sec. 8:											
1952	5,815	12,203	89	91	.75	5	5	.04	2	2	.02
1954	15,897	32,479	283	567	1.75	45	114	.35	25	82	.25
1955	5,714	38,193	754	1,321	3.46	79	193	.51	46	128	.34
1956	139	38,332	935	2,256	5.89	174	367	.96	141	269	.70
1957	8	38,345	879	3,135	8.18	217	584	1.52	219	488	1.27
1958		38,345	1,028	4,163	10.86	180	773	2.02	155	643	1.68
1959		38,345	2,042	6,205	16.18	171	944	2.46	155	798	2.08
1960		38,345	1,446	7,651	19.95	137	1,081	2.82	146	944	2.46
Sec. 203:											
1950	338,125	2,000,812	97,144	880,845	44.02	677	6,324	.32	225	4,333	.22
1952	212,748	2,459,014	81,301	1,047,652	42.60	684	7,768	.32	282	5,022	.20
1954	175,698	2,866,157	105,603	1,255,087	43.79	1,131	9,640	.34	427	5,712	.20
1955	294,772	3,160,929	144,937	1,400,024	44.29	1,096	10,736	.34	485	6,197	.20
1956	234,929	3,395,858	133,083	1,533,107	45.15	2,089	12,825	.38	1,572	7,769	.23
1957	181,680	3,577,538	99,659	1,632,766	45.64	1,514	14,339	.40	910	8,679	.24
1958	353,418	3,930,956	101,436	1,734,202	44.12	2,061	16,400	.42	1,328	10,007	.25
1959	460,966	4,391,922	166,847	1,901,049	43.20	3,190	19,590	.45	1,828	11,835	.27
1960	333,107	4,725,029	126,874	2,027,923	42.92	7,133	26,723	.57	5,082	16,917	.36
Sec. 213:											
1952	3,235	3,548	1	1	.03						
1954	4,502	10,730	22	33	.31	4	4	.04	3	3	.03
1955	1,054	11,793	106	139	1.18	46	50	.42	14	17	.14
1956	677	12,470	216	355	2.85	62	112	.90	63	80	.64
1957	4,233	16,703	205	560	3.35	55	167	1.00	71	151	.90
1958	5,827	22,530	200	760	3.37	66	233	1.03	53	204	.91
1959	2,162	24,692	710	1,470	5.95	109	342	1.30	87	291	1.18
1960	3,023	27,715	571	2,041	7.36	107	449	1.62	111	402	1.45
Sec. 220:											
1957	455	512	1	1	.20						
1958	544	1,056		1	.09						
1959	163	1,219		1	.08	1	1	.08			
1960	165	1,384	7	8	.58	5	6	.43	6	6	.43
Sec. 221:											
1958	4,304	4,930	3	3	.06	3	4	.08	2	2	.04
1959	7,745	12,675	50	53	.42	74	78	.62	43	45	.36
1960	9,241	21,916	415	468	2.14	432	510	2.33	398	443	2.02
Sec. 222:											
1955	6,635	6,645	13	13	.20						
1956	11,457	18,102	133	146	.81	1	1	.01			
1957	10,779	28,881	258	404	1.40	7	8	.03	4	4	.01
1958	16,374	45,255	565	969	2.14	19	27	.06	17	21	.05
1959	22,517	67,772	1,996	2,965	4.37	120	147	.22	47	68	.10
1960	19,151	86,923	1,505	4,470	5.14	320	467	.54	294	362	.42
Sec. 603: [3]											
1950	2,608	627,176	34,689	235,950	37.62	1,933	9,977	1.59	1,635	8,374	1.34
1952	45	627,942	19,743	279,980	44.59	789	11,529	1.84	609	9,718	1.55
1954	1	628,016	25,113	326,518	51.99	1,114	12,948	2.06	427	10,557	1.68
1955		628,016	28,496	355,014	56.53	492	13,440	2.14	717	11,274	1.80
1956		628,016	21,633	376,647	59.97	317	13,757	2.19	101	11,375	1.81
1957		628,016	15,025	391,672	62.37	195	13,952	2.22	180	11,555	1.84
1958		628,016	13,241	404,913	64.47	152	14,104	2.25	76	11,631	1.85
1959		628,016	21,980	426,893	67.97	171	14,275	2.27	38	11,669	1.86
1960		628,016	14,440	441,333	70.27	143	14,418	2.30	64	11,733	1.87
Sec. 809:											
1958	1,326	2,054	1	1	.05						
1959	1,619	3,673	16	17	.46	1	1	.03	1	1	.03
1960	1,526	5,199	44	61	1.17	17	18	.35	15	16	.31
Sec. 903:											
1954	18,128	53,594	889	1,050	1.96	1,121	1,143	2.13	601	694	1.29
1955	2,605	56,289	3,438	4,488	7.97	2,308	3,451	6.13	2,534	3,228	5.73
1956	834	57,123	3,456	7,944	13.91	2,625	6,076	10.64	2,800	6,028	10.55
1957	33	57,156	1,633	9,577	16.76	1,410	7,492	13.11	1,273	7,301	12.77
1958		57,156	918	10,495	18.36	597	8,089	14.15	640	7,941	13.89
1959		57,156	2,598	13,093	22.91	1,385	9,474	16.58	1,413	9,354	16.37
1960		57,156	1,664	14,757	25.82	1,038	10,512	18.39	997	10,351	18.11

[1] Includes terminations with titles transferred to FHA or retained by mortgagees; also foreclosed properties held by mortgagees pending redemption period or final disposition—43 under Sec. 8, 2,844 under Sec. 203, 44 under Sec. 213, 64 under Sec. 221, 94 under Sec. 222, 28 under Sec. 603, 2 under Sec. 809, 157 under Sec. 903.

[2] Includes Sec. 611 and excludes Sec. 2 home loans.

[3] Includes Sec. 603–610.

TABLE III-25.—*Terminations of FHA-insured multifamily housing mortgages, selected years, 1950–60*

Year	Total terminations: Number for the period: Number of mortgages	Number of units	Cumulative through end of year: Number of mortgages	Dwelling units: Number	Dwelling units: Percent of total insured	Default terminations[1]: Number for the period: Number of mortgages	Number of units	Cumulative through end of year: Number of mortgages	Dwelling units: Number	Dwelling units: Percent of total insured
All sections:[2]										
1950	137	10,961	553	52,232	10.54	66	2,646	112	9,005	1.82
1952	99	8,321	803	70,989	11.65	39	3,162	233	16,473	2.70
1954	187	12,013	1,129	95,241	14.25	76	5,548	377	27,416	4.10
1955	290	16,991	1,419	112,232	16.56	98	6,909	475	34,325	5.06
1956	162	16,022	1,581	128,254	18.62	65	7,536	540	41,861	6.08
1957	291	10,824	1,872	139,078	18.99	68	4,286	608	46,147	6.30
1958	485	18,750	2,357	157,828	19.79	73	6,720	681	52,867	6.63
1959	349	21,126	2,706	178,954	21.27	76	6,925	757	59,792	7.11
1960	317	19,778	3,023	[3] 198,732	22.31	118	10,425	875	70,217	7.88
Sec. 207:										
1950	18	2,883	327	37,252	81.16	------	------	25	4,483	9.77
1952	10	733	343	38,512	67.76	1	20	26	4,503	7.92
1954	12	1,136	364	40,616	53.83	1	214	30	4,876	6.46
1955	20	1,710	384	42,326	52.54	10	887	40	5,763	7.15
1956	9	763	393	43,089	53.00	2	360	42	6,123	7.53
1957	5	203	398	43,292	50.48	------	------	42	6,123	7.14
1958	16	1,460	414	44,752	46.07	8	1,102	50	7,225	7.44
1959	13	1,122	427	45,874	41.25	6	694	56	7,919	7.12
1960	22	2,223	449	[3] 48,097	36.81	13	1,754	69	9,673	7.40
Sec. 213 sales:										
1952	10	1,794	19	2,062	11.42	1	144	1	144	.80
1954	55	2,874	97	8,964	78.12	------	------	3	211	1.84
1955	89	3,029	186	11,993	99.03	------	------	3	211	1.74
1956	12	420	198	12,413	92.88	------	------	3	211	1.58
1957	168	3,083	366	15,496	80.49	------	------	3	211	1.10
1958	326	5,723	692	21,219	89.03	------	------	3	211	.89
1959	152	3,186	844	24,405	96.73	------	------	3	211	.84
1960	116	1,904	960	26,309	91.97	------	------	3	211	.74
Sec. 213 management:										
1954	1	12	1	12	.06	------	------	------	------	------
1955	1	44	2	56	.26	------	------	------	------	------
1956	1	70	3	126	.55	1	70	1	70	.30
1957	1	22	3	104	.40	1	22	2	92	.36
1958	1	46	4	150	.53	------	------	2	92	.32
1959	------	------	4	150	.48	------	------	2	92	.29
1960	3	278	7	428	1.20	3	278	5	370	1.03
Sec. 221:										
1960	5	930	5	930	17.78	5	930	5	930	17.78
Sec. 608:										
1950	114	7,018	221	13,020	3.25	66	2,646	87	4,522	1.06
1952	67	5,112	419	28,200	6.05	37	2,998	206	11,826	2.54
1954	109	7,347	633	42,472	9.12	70	5,026	339	22,021	4.73
1955	165	10,300	798	52,772	11.33	75	4,209	414	26,230	5.63
1956	128	13,223	926	65,995	14.17	53	5,608	467	31,838	6.84
1957	100	6,343	1,026	72,338	15.53	49	3,047	516	34,885	7.49
1958	132	10,315	1,158	82,653	17.75	57	4,472	573	39,357	8.45
1959	168	12,261	1,326	94,914	20.38	63	4,174	636	43,531	9.35
1960	157	13,009	1,483	[3] 107,923	23.18	83	6,020	719	49,560	10.64
Sec. 608–610:										
1950	4	960	4	960	24.58	------	------	------	------	------
1952	1	10	5	970	24.78	------	------	------	------	------
1954	1	10	6	980	25.03	------	------	------	------	------
1955	1	150	7	1,130	28.86	1	150	1	150	3.83
1956	3	48	10	1,178	30.09	------	------	1	150	3.83
1957	------	------	10	1,178	30.09	------	------	1	150	3.83
1958	1	20	11	1,198	30.60	------	------	1	150	3.83
1959	------	------	11	1,198	30.60	------	------	1	150	3.83
1960	------	------	11	1,198	30.60	------	------	1	150	3.83
Sec. 803 military:										
1954	1	55	1	55	.07	1	55	1	55	.07
1955	4	1,069	5	1,124	1.35	4	1,069	5	1,124	1.35
1956	2	550	7	1,674	1.99	2	550	7	1,674	1.99
1957	11	952	18	2,626	3.09	11	952	18	2,626	3.09
1958	4	986	22	3,612	4.26	4	986	22	3,612	4.26
1959	8	2,557	30	6,169	7.27	7	2,057	29	5,669	6.68
1960	------	------	30	6,169	7.27	------	------	29	5,669	6.68
Sec. 803 armed services:										
1959	8	2,000	8	2,000	2.26	------	------	------	------	------
1960	12	1,362	20	3,362	3.32	12	1,362	12	1,362	1.35
Sec. 908:										
1954	4	253	4	253	3.02	4	253	4	253	3.02
1955	8	594	12	847	9.98	8	594	12	847	9.98
1956	7	948	19	1,795	21.15	7	948	19	1,795	21.15
1957	7	265	26	2,060	24.28	7	265	26	2,060	24.28
1958	5	200	31	2,260	26.64	4	160	30	2,220	26.16
1959	------	------	31	2,260	26.64	------	------	30	2,220	26.16
1960	2	72	33	2,332	27.40	2	72	32	2,292	27.01

[1] Includes mortgage notes and property titles transferred to FHA. Also includes foreclosed projects retained by mortgagees with termination of FHA insurance contracts: Sec. 207, 7 projects with 348 units; Sec. 608, 2 projects, 37 units.

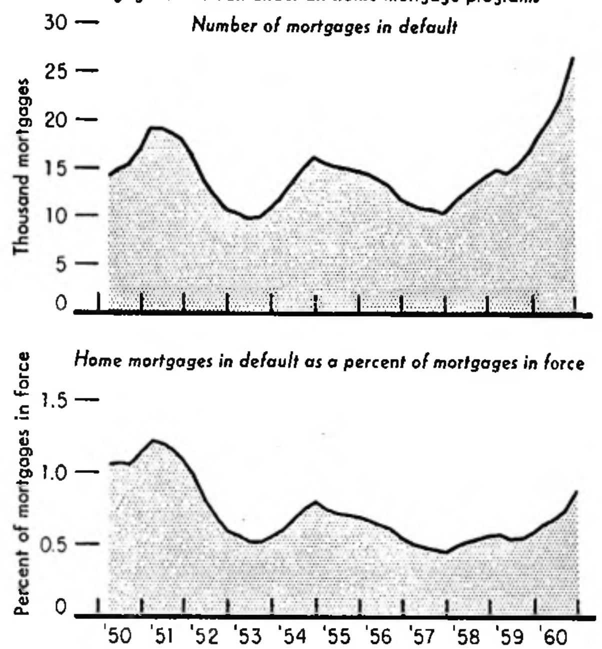
[2] Includes Sec. 611.

[3] Includes terminations superseded by new FHA insurance contracts covering the same properties: Sec. 207, 13 projects with 2,035 units; Sec. 608, 17 projects, 1,486 units.

CHART III-13

DEFAULTS OF FHA HOME MORTGAGES, 1950–60

Mortgages in default under all home mortgage programs



Terminations under Section 213 sales-type cooperatives ranked third for 1960 and also on a cumulative basis. This latter total represents almost 92 percent of Section 213 sales units insured. The termination rate for sales-type cooperative projects is unusually high because of the nature of the program. These cooperatives are organized to promote and build homes intended for individual ownership. Upon completion of construction, individual units are released from the project mortgage and their pro rata insurance canceled as property titles are transferred to the members of the cooperative, refinanced either under the Section 213 home mortgage provisions, under Section 203, or by other financing.

Section 803 armed services housing mortgage terminations have accounted for only 3 percent of units insured, but in 1960 all of the terminations reported under this program occurred as a result of default. Insurance was terminated for the first time in 1960 on Section 221 relocation housing projects. The total reported represented nearly 18 percent of units insured, all default terminations.

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

Defaults of Home and Project Mortgages by Years

Home mortgage defaults at the end of 1960 numbered over 58 percent more than at the end of 1959. The default rate was up substantially to almost 9 per 1,000 of mortgages in force (Chart III–13).

Home Mortgages.—Data on home mortgage defaults are shown for selected years, 1950–60, in Table III–26. The year-end default status of insured mortgages in force under each of the various programs is presented in this table, rather than data on the total number of mortgages that may have been in default during the year. The table also shows the trend for defaulted cases in process of foreclosure, as well as for those for which foreclosure has been accomplished and the properties retained by the mortgagee for a required redemption period.

Almost 26,900 home mortgages were in default at the end of 1960. While this was the highest year-end volume on record, the default ratio—0.87 per hundred of mortgages in force—was exceeded in earlier years when the insurance volume was less. For example, in 1950 when the number of insured mortgages was 1.5 million—half that of 1960—the default ratio stood at 1.13 per hundred.

Over four-fifths of the insured home mortgages reported in default at the end of 1960 were Section 203 mortgages. The default ratio for this section was somewhat less than for the total—0.83 as against 0.87 per hundred—as was the ratio of foreclosures in process, which was 0.13 per hundred as compared with 0.14 for the total.

The highest rate of defaults as of December 31, 1960, 3.89 per hundred, was reported for relocation housing under Section 221, with the 3.17 per hundred reported for Section 903 defense housing mortgages in force the second highest. Lowest ratios were reported under the newer programs—0.29 per hundred for urban renewal under Section 220, 0.72 for research and development areas defense housing under Section 809, and 0.74 for servicemen's housing under Section 222. Section 603, war and veterans' housing, was remarkably low in defaults, only 0.41 per hundred of mortgages in force, reflecting the increasing period these loans have been outstanding.

Project Mortgages.—Table III–27 shows the yearly trends for selected years from 1950 to 1960 of project mortgages in default, defaulted mortgages being assigned to FHA, and properties in the process of being acquired by FHA—all in relation to the volume of insured project mortgages in force.

At the end of 1960 there were 66 projects in default out of 7,826 in force. This represented an increase of 57 percent over 1959 in the number of projects in default, but a decrease of 10 percent

TABLE III-26.—*Default status of FHA-insured home mortgages, selected years, 1950–60*

As of year end	Insured mortgages in force	Default and potential FHA acquisitions					
		Total defaults		Foreclosures in process		Mortgagee inventory [1]	
		Number	Percent of in force	Number	Percent of in force	Number	Percent of in force
Total: [2]							
1950	1,511,402	17,058	1.13	1,167	0.08	950	0.06
1952	1,787,568	10,562	.59	646	.04	513	.03
1954	2,007,812	16,231	.81	1,091	.05	1,371	.07
1955	2,140,936	14,988	.70	2,755	.13	807	.04
1956	2,229,599	11,973	.54	1,731	.08	695	.03
1957	2,310,367	10,333	.45	1,013	.04	821	.04
1958	2,574,857	14,455	.56	1,878	.07	1,040	.04
1959	2,873,789	16,970	.59	2,550	.09	1,858	.06
1960	3,093,034	26,850	.87	4,201	.14	3,276	.11
Sec. 8:							
1950	209						
1952	12,112	87	.72	5	.04	3	.02
1954	31,912	207	.65	19	.06	21	.07
1955	36,872	418	1.13	47	.13	49	.13
1956	36,076	533	1.48	75	.21	73	.20
1957	35,210	470	1.33	57	.16	61	.17
1958	34,182	521	1.52	63	.18	75	.22
1959	32,140	446	1.39	65	.20	70	.22
1960	30,694	394	1.28	57	.19	43	.14
Sec. 203:							
1950	1,119,967	9,480	.85	502	.04	306	.03
1952	1,411,362	7,141	.51	438	.03	176	.01
1954	1,611,070	8,966	.56	681	.04	387	.02
1955	1,760,905	8,866	.50	1,515	.09	430	.02
1956	1,862,751	7,985	.43	830	.04	422	.02
1957	1,944,772	7,790	.40	803	.04	515	.03
1958	2,196,754	11,001	.50	1,161	.05	759	.03
1959	2,490,873	14,023	.56	1,919	.08	1,474	.06
1960	2,697,106	22,490	.83	3,523	.13	2,844	.11
Sec. 213:							
1952	3,547						
1954	10,706	84	.78	16	.15	1	.01
1955	11,654	133	1.14	12	.10	33	.28
1956	12,115	145	1.20	27	.22	31	.26
1957	16,143	98	.61	20	.12	14	.09
1958	21,770	184	.85	33	.15	27	.12
1959	23,222	186	.80	31	.13	48	.21
1960	25,674	370	1.44	78	.30	44	.17
Sec. 220:							
1956	57						
1957	511						
1958	1,055						
1959	1,218	5	.41	1	.08	1	.08
1960	1,376	4	.29				
Sec. 221:							
1956	16						
1957	536	1	.19			1	.19
1958	4,927	55	1.12	7	.14	2	.04
1959	12,622	194	1.54	46	.36	32	.25
1960	21,448	835	3.89	199	.93	64	.30
Sec. 222:							
1954	10						
1955	6,632	1	.02				
1956	17,956	18	.10	1	.01	1	.01
1957	28,477	25	.09	4	.01	4	.01
1958	44,286	88	.20	17	.04	4	.01
1959	64,807	322	.50	68	.10	74	.11
1960	82,453	614	.74	116	.14	94	.11
Sec. 603: [3]							
1950	391,226	7,578	1.94	665	.17	644	.16
1952	347,962	3,317	.95	203	.06	334	.10
1954	301,498	2,810	.93	190	.06	513	.17
1955	273,002	1,739	.64	200	.07	72	.03
1956	251,369	1,362	.54	96	.04	121	.05
1957	236,344	924	.39	69	.03	37	.02
1958	223,103	1,171	.52	85	.04	27	.01
1959	201,123	662	.33	58	.03	43	.02
1960	186,683	762	.41	65	.03	28	.01
Sec. 809:							
1956	12						
1957	728						
1958	2,053						
1959	3,656	2	.05				
1960	5,138	37	.72	10	.19	2	.04
Sec. 903:							
1952	12,510	17	.14				
1954	52,544	4,164	7.92	185	.35	449	.85
1955	51,801	3,831	7.40	981	1.89	223	.43
1956	49,179	1,930	3.92	762	1.43	47	.10
1957	47,579	1,025	2.15	60	.13	189	.40
1958	46,661	1,435	3.08	512	1.10	140	.31
1959	44,063	1,130	2.56	362	.82	116	.26
1960	42,399	1,344	3.17	153	.38	157	.37

[1] Titles to foreclosed properties subject to redemption or held by mortgagees pending final disposition.
[2] Includes Sec. 611.
[3] Includes Sec. 603–610.

in the number of units represented by these projects. The decline was accompanied by a drop in the default ratio from 63 dwelling units per 10,000 in force to 55 per 10,000, the lowest year-end ratio ever recorded for project mortgage defaults. This is depicted graphically in Chart III–14. Since Sections 207 and 608 showed increases in the number of units in default and accounted for over 90 percent of the units involved, the drop in the default ratio can be mainly attributed to Section 220, which had no units reported in default at the end of 1960 as against about 1,100 for 1959. Half of the programs shown on Table III–27 had no mortgages in default at all at the end of 1960. Programs that did have mortgages in default had uniformly low ratios, Section 221 with only 20 units per 1,000 being the highest.

A total of eight project mortgages were in the process of assignment to FHA at the end of 1960. This was the same number as for 1959, but the number of units involved was over 3 times as great, raising the ratio of assignments from 4 units to 13 units per 10,000.

The 4 projects being acquired by the mortgagee at the year end totaled less than 100 units. These had all been insured under Section 608 and represented only 1 unit acquired to every 10,000 in force.

CHART III–14

DEFAULTS OF MULTIFAMILY MORTGAGES, 1950–60

Mortgages in default under all multifamily programs

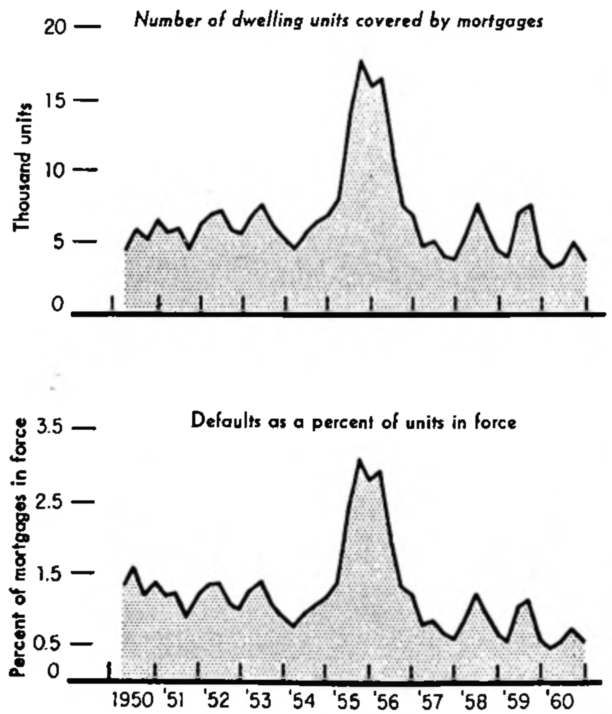


TABLE III-27.—*Default status of FHA-insured multifamily housing mortgages, selected years, 1950–60*

As of year end	Insured mortgages in force		Insured mortgages in default			Mortgage notes being assigned to FHA			Projects being acquired by mortgagee		
	Number of mortgages	Number of units	Number of mortgages	Number of units	Percent of units in force	Number of mortgages	Number of units	Percent of units in force	Number of mortgages	Number of units	Percent of units in force
All sections:											
1950 [1]	6,673	443,106	113	6,495	1.47	12	212	0.05	36	1,933	0.44
1952 [1]	7,149	538,395	70	5,585	1.04	2	208	.04	17	520	.10
1954 [1]	7,321	573,101	90	6,950	1.21	12	962	.17	21	1,314	.23
1955	7,112	565,541	80	15,966	2.82	11	1,242	.22	12	1,044	.18
1956	7,045	560,696	52	6,962	1.24	2	224	.04	9	485	.09
1957	7,249	593,481	34	3,728	.63	2	32	.01	2	404	.07
1958	7,553	630,684	62	4,334	.68	8	170	.03	7	394	.06
1959	7,599	662,534	42	4,197	.63	8	254	.04	1	70	.01
1960	7,826	691,857	66	3,781	.55	8	900	.13	4	97	.01
Sec. 207:											
1950	76	8,650	1	800	9.25						
1952	193	18,323	2	42	.23						
1954	354	34,836	7	886	2.54	1	104	.30	2	150	.43
1955	381	38,234	8	2,532	6.62	1	299	.78	2	538	1.41
1956	384	38,207									
1957	423	42,467	3	454	1.07				2	404	.95
1958	526	52,380	1	208	.40						
1959	607	65,334	7	484	.74						
1960	727	82,558	9	1,356	1.64	3	436	.53			
Sec. 213 sales:											
1950	6	285									
1952	24	3,832									
1954	76	2,510	1	274	10.92						
1955	4	117									
1956	39	951									
1957	162	3,757									
1958	111	2,614									
1959	59	824									
1960	147	2,298									
Sec. 213 management:											
1952	57	12,160									
1954	109	20,367									
1955	115	21,232	6	1,235	5.82						
1956	125	22,917	1	22	.10				1	22	.10
1957	144	25,609									
1958	165	28,179									
1959	190	31,236	1	141	.45						
1960	220	35,383	1	112	.32	1	112	.32			
Sec. 220:											
1956	5	1,051									
1957	25	6,202									
1958	42	8,862	1	254	2.87						
1959	75	16,489	5	1,075	6.52						
1960	96	20,956									
Sec. 221:											
1958	11	2,024									
1959	17	3,569									
1960	25	4,302	2	84	1.95						
Sec. 231:											
1959	1	207									
1960	25	3,248									
Sec. 232:											
1960	2	[3] (171)									
Sec. 608: [2]											
1950	6,528	416,854	112	5,605	1.37	12	212	.05	36	1,933	.46
1952	6,648	440,694	67	5,524	1.25	2	208	.05	17	526	.12
1954	6,429	426,146	66	4,025	.94	9	766	.18	14	814	.19
1955	6,263	415,687	44	7,177	1.73	7	373	.09	5	156	.04
1956	6,132	402,416	38	5,689	1.41	1	24	.01	3	192	.05
1957	6,032	396,073	23	1,709	.45	2	32	.01			
1958	5,808	385,738	50	1,788	.46	7	141	.04	7	394	.10
1959	5,730	373,477	27	1,869	.50	8	254	.07	1	70	.02
1960	5,573	360,468	53	2,079	.58	4	352	.10	4	97	.03
Sec. 803 military:											
1950	56	16,669									
1952	186	59,585									
1954	259	81,021	4	708	.87				1	200	.25
1955	263	82,213	14	4,212	5.12	1	350	.43	1	200	.24
1956	265	82,645	7	968	1.17	1	200	.24	2	199	.24
1957	256	82,257	7	1,435	1.74						
1958	252	81,271	9	2,046	2.52						
1959	244	78,714	2	628	.80						
1960 [4]	244	78,714	1	150	.19						
Sec. 803 armed services:											
1955	1	420									
1956	17	5,819									
1957	136	30,691									
1958	482	72,391									
1959	610	86,459									
1960	703	97,777									
Sec. 908:											
1952	36	3,207									
1954	92	8,126	12	1,066	13.12	2	92	1.13	4	150	1.85
1955	85	7,638	8	810	10.60	2	220	2.88	4	150	1.96
1956	78	6,690	6	283	4.23				3	72	1.08
1957	71	6,425	1	40	.62						
1958	66	6,225	1	38	.61	1	38	.61			
1959	66	6,225									
1960	64	6,153									

[1] Includes Sec. 611.
[2] Includes Sec. 610.
[3] Units under Sec. 232 are in terms of beds and are excluded from totals.
[4] Includes 196 projects involving 66,174 units acquired by the Department of Defense.

Terminations and Defaults by States

State distributions of mortgage insurance terminations and of mortgages in default are presented in Table III–28 (homes) and Table III–29 (projects). Terminated mortgages are represented as percentages of total mortgages insured, and defaulted cases are represented as percentages of mortgages in force.

Home Mortgages.—Eleven States, led by the District of Columbia and Illinois, each with 63 percent, had reported the termination of more than half of the home mortgages insured since 1935. Since none of these States was high in the rate of foreclosures or acquisitions by FHA, their volume of terminations suggests a high turnover in properties and high rate of prepayment.

Thirty-two States had foreclosure ratios of less than 1 percent of insured mortgages, the lowest being in Hawaii, with 0.04 of 1 percent, and Montana, with 0.16 of 1 percent. Guam and the Virgin Islands had none. Differences between the foreclosure ratio and the ratio of properties acquired by FHA represent properties not yet transferred to FHA, or properties retained by the mortgagees for their own disposition.

TABLE III–28.—*Terminations and default status of FHA-insured home mortgages, by States, as of Dec. 31, 1960*

State	Total mortgages insured 1935–60	Terminations, 1935–60: Total	Terminations: Foreclosures[1]	Terminations: FHA Acquisitions	Insured mortgages in force Dec. 31, 1960	Defaults as of Dec. 31, 1960: Total	Defaults: Foreclosures in process	Defaults: Mortgagee inventory[2]	Insured mortgages in good standing Dec. 31, 1960
		As percent of insured				As percent of in force			
Alabama	72,843	36.39	1.64	1.41	46,335	0.76	0.23	0.09	45,983
Alaska	5,001	32.91	6.52	6.34	3,355	1.16	.33	.21	3,316
Arizona	93,014	24.03	1.64	1.48	70,667	.54	.05	.04	70,288
Arkansas	53,017	41.34	2.02	1.65	31,101	.92	.09	.06	30,816
California	851,501	51.47	.33	.22	413,263	.57	.11	.02	410,890
Colorado	67,207	42.09	.52	.36	38,919	.36	.04	.09	38,779
Connecticut	69,414	41.22	2.58	2.35	40,802	.59	.10	.02	40,562
Delaware	16,261	35.40	.92	.68	10,501	1.21	.36	.10	10,377
District of Columbia	8,037	63.21	.63	.41	2,957	.91		.03	2,930
Florida	207,223	26.07	.77	.51	153,206	1.38	.28	.15	151,097
Georgia	106,160	35.58	2.46	2.24	68,387	1.24	.14	.09	67,541
Hawaii	19,008	35.81	.04	.02	12,201	.10		.01	12,178
Idaho	30,639	47.83	.35	.23	15,983	.53	.05	.03	15,898
Illinois	204,980	63.15	.28	.13	75,537	.75	.09	.07	74,969
Indiana	169,739	48.45	.71	.45	87,500	.94	.22	.15	86,681
Iowa	56,262	45.82	.50	.34	30,483	.78	.06	.09	30,244
Kansas	98,698	43.92	2.54	1.87	55,353	2.75	.54	.72	53,831
Kentucky	52,175	46.60	.44	.30	27,861	1.47	.19	.03	27,452
Louisiana	100,333	38.15	2.07	1.69	62,056	2.04	.27	.19	60,788
Maine	22,227	46.53	2.13	1.65	11,885	1.56	.31	.02	11,700
Maryland	83,569	46.67	1.80	1.56	44,570	.59	.04	.03	44,305
Massachusetts	53,717	37.13	1.74	1.33	33,772	1.70	.43	.19	33,197
Michigan	358,769	45.47	.98	.45	195,632	1.43	.23	.43	192,838
Minnesota	59,927	45.03	.68	.48	32,944	.82	.04	.10	32,675
Mississippi	42,475	35.24	.74	.51	27,508	.75	.08	.06	27,302
Missouri	142,817	47.71	.59	.41	74,681	.67	.02	.10	74,170
Montana	21,204	45.35	.16	.04	11,589	.66	.04	.07	11,513
Nebraska	54,373	47.87	.57	.33	28,345	.53	.10	.01	28,104
Nevada	19,473	32.65	.92	.81	13,116	.24	.02	.01	13,084
New Hampshire	9,505	49.40	1.97	1.17	4,810	2.79	.08	.02	4,676
New Jersey	197,127	51.85	1.27	.93	94,918	.91	.17	.08	94,058
New Mexico	39,774	28.19	.20	.10	28,560	.57	.14	.04	28,397
New York	287,951	41.15	.97	.66	169,447	.95	.15	.04	167,844
North Carolina	68,901	37.51	.89	.64	43,053	.61	.08	.07	42,790
North Dakota	6,342	44.12	.38	.24	3,544	1.10	.14	.06	3,505
Ohio	267,804	52.61	.72	.58	126,955	.83	.15	.03	125,899
Oklahoma	126,687	41.89	1.25	1.09	73,618	.38	.09	.02	73,341
Oregon	75,637	46.09	.74	.56	40,778	.57	.08	.09	40,546
Pennsylvania	265,663	52.90	.50	.33	124,890	.82	.07	.07	123,872
Rhode Island	18,655	38.30	1.17	.78	11,510	1.41	.04	.02	11,348
South Carolina	40,109	39.32	5.70	5.43	29,800	.84	.15	.07	29,551
South Dakota	19,309	48.97	.38	.10	9,854	.24	.01	.03	9,830
Tennessee	113,604	35.97	.64	.50	72,736	.38	.02	.02	72,462
Texas	365,669	33.63	1.59	1.31	243,072	.89	.12	.14	240,907
Utah	52,602	46.87	.90	.79	27,945	.30	.04	.01	27,861
Vermont	7,288	55.90	1.34	.82	3,214	2.40	.28	.06	3,137
Virginia	124,092	40.21	1.21	1.06	74,180	.32	.01	.02	73,952
Washington	213,458	50.45	.53	.32	105,771	.59	.05	.06	105,143
West Virginia	31,274	56.56	1.19	.98	13,584	.52	.01	.06	13,513
Wisconsin	47,438	53.19	.55	.40	22,205	.90	.21	.05	22,006
Wyoming	17,490	52.66	.27	.21	8,280	.25		.01	8,259
Guam	308	7.47			285				285
Puerto Rico	39,470	16.27	.22	.09	33,047	.36	.11	.02	32,929
Virgin Islands	77	3.90			74				74
Total[3]	5,585,404	44.74	.97	.74	3,086,680	.87	.14	.11	3,059,830

[1] Includes terminations with titles transferred to FHA or retained by mortgagees, and foreclosed properties in mortgagee inventory.
[2] Titles to foreclosed properties subject to redemption or held by mortgagees pending final disposition.
[3] Cases tabulated in Washington through Dec. 31, 1960, excluding Title I, Sec. 2, homes.

Home defaults were higher at the end of 1960 than at the end of 1959, 0.87 of 1 percent as compared with only 0.59 percent. Default ratios were lowest in Hawaii, Nevada, South Dakota, and Wyoming, each of which had a rate of only one-fourth of 1 percent, or less. Guam and the Virgin Islands had no mortgages in default. Mortgages in default exceeded 2 percent in Kansas, Louisiana, New Hampshire, and Vermont. Many defaults were likely to be cured, since few States reported any significant ratio in mortgages in process of foreclosure.

Project Mortgages.—Units in terminated project mortgages as a percentage of units insured are shown by States in Table III–29. Louisiana had the highest percent of units terminated with 66 percent, while Arizona was next with 51 percent. Six other States had reported mortgages terminated for over one-third of their insured units.

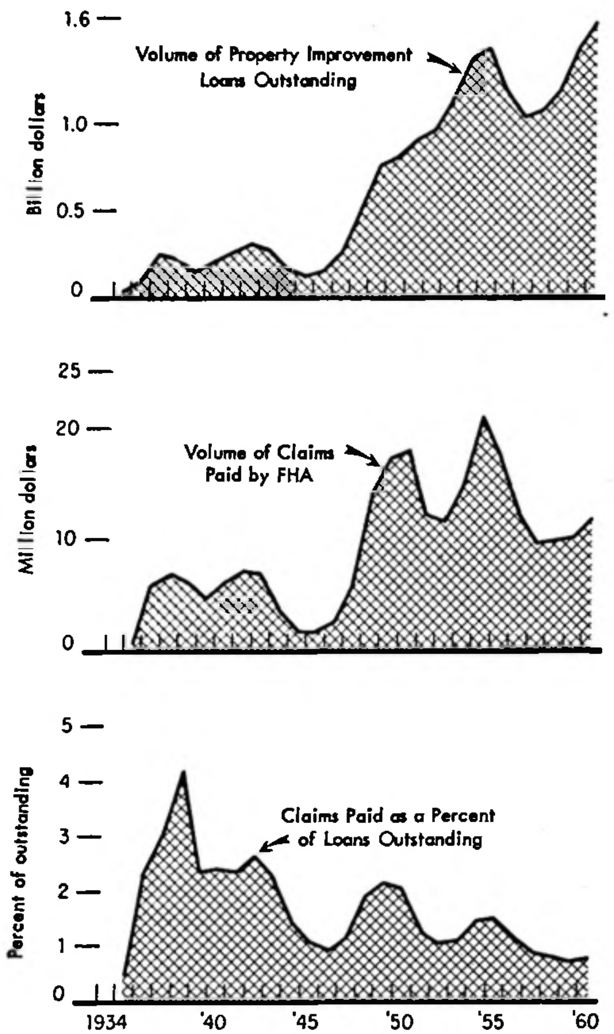
TABLE III–29.—*Terminations and default status of FHA-insured multifamily housing mortgages, by State location of projects, as of Dec. 31, 1960*

State	Total units covered by insurance 1935–60	Units in terminated mortgages 1935–60: Total	Default terminations: Total[1]	Default terminations: Mortgage notes assigned and held by FHA[2]	Default terminations: Property titles transferred to FHA	Units covered by mortgages in force as of Dec. 31, 1960	Units in default as of Dec. 31, 1960: Total	Units in default: Potential acquisitions[3]	Units covered by insured mortgages in good standing Dec. 31, 1960
		As percent of insured units					As percent of units in force		
Alabama	14,190	20.09	13.33	1.66	11.52	11,339	1.22		11,201
Alaska	3,853	33.38	33.38	20.27	13.11	2,567			2,567
Arizona	10,732	50.90	1.59	.67	.92	5,260			5,269
Arkansas	4,315	20.08	11.01	1.11	9.90	3,060			3,060
California	71,595	26.58	4.95	2.94	.48	52,564	3.07	0.41	50,950
Colorado	5,712	18.28	1.68		1.68	4,668			4,668
Connecticut	10,436	13.97	1.34		1.34	8,978			8,978
Delaware	5,719	21.26	18.18	10.98	7.20	4,503			4,503
District of Columbia	24,141	29.91	4.76	1.69	3.07	16,920			16,920
Florida	23,108	24.09	15.88	7.11	8.46	17,542			17,542
Georgia	26,639	21.69	14.16	6.00	8.10	20,860	1.39		20,570
Hawaii	9,301	6.16				8,728			8,728
Idaho	1,416	40.54	39.12	8.76	30.37	842			842
Illinois	27,019	20.05	.18		.18	19,170			19,170
Indiana	10,534	25.68	17.32	7.63	9.68	7,829	.72	.72	7,773
Iowa	2,677	19.24				2,162			2,162
Kansas	7,997	17.24	0.05	5.93	3.00	6,618	1.13		6,543
Kentucky	9,124	16.76	12.25	1.55	10.71	7,595			7,595
Louisiana	12,934	65.88	35.21	13.05	22.16	4,413	1.72	1.72	4,337
Maine	4,307	6.01	4.16		4.16	4,048			4,048
Maryland	45,052	23.04	6.44	4.62	1.82	34,674	.13	.13	34,629
Massachusetts	8,470	14.78	8.42		8.42	7,218			7,218
Michigan	20,793	24.11	3.82	1.09	2.04	15,780	1.93	.61	15,475
Minnesota	7,438	36.06	19.30	11.66	7.57	4,756			4,756
Mississippi	4,501	26.46	25.97	.36	25.62	3,310			3,310
Missouri	15,716	27.70	7.38		7.32	11,362			11,362
Montana	1,785	2.80	2.80		2.80	1,735			1,735
Nebraska	4,420	17.60				3,642			3,642
Nevada	3,346	34.67				2,186			2,186
New Hampshire	1,344	13.69	12.20		12.20	1,160			1,160
New Jersey	67,808	24.57	6.52	2.77	3.66	51,217	.05		51,189
New Mexico	5,063	16.90				4,203			4,203
New York	170,921	11.38	2.26	.93	1.14	151,472			151,472
North Carolina	23,503	11.68	5.18	1.28	3.90	20,757			20,757
North Dakota	2,881	21.94	19.82	17.49	2.33	2,249			2,249
Ohio	29,220	21.04	7.06	2.83	4.24	23,071	.39		22,982
Oklahoma	7,211	37.69	25.64	10.46	15.19	4,493			4,493
Oregon	6,779	20.65	9.97	8.00	1.98	5,379			5,379
Pennsylvania	29,032	32.48	5.37	3.26	2.11	19,601	2.97	1.21	19,018
Rhode Island	1,028	3.50				992			992
South Carolina	10,552	26.54	23.72	8.79	14.93	7,751	1.50		7,635
South Dakota	1,715	15.51	12.83	12.83		1,449			1,449
Tennessee	12,618	16.33	2.45		2.45	10,557			10,557
Texas	41,591	25.30	19.91	4.92	14.96	31,070	1.09	.88	30,732
Utah	1,903	36.94	23.86	18.39	5.47	1,200			1,200
Vermont	193	29.02	22.80		22.80	137			137
Virginia	48,636	25.52	6.79	2.30	4.48	36,226	.08		36,198
Washington	15,213	25.31	15.26	7.30	7.90	11,363			11,363
West Virginia	900	28.89	8.56	3.56	5.00	640			640
Wisconsin	5,317	16.04	3.65	3.65		4,464			4,464
Wyoming	611	11.95				538			538
Canal Zone	330					330			330
Guam	1,270					1,270			1,270
Puerto Rico	7,590	21.87	21.87		21.87	5,930			5,930
Total	890,580	22.31	7.88	3.06	4.62	691,857	.55	.14	688,076

[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.

Chart III–15

PROPERTY IMPROVEMENT LOANS, 1934–60



The significance of terminations depends on whether termination occurred by default or by prepayment. In Arizona, for example, with 51 percent terminated from the total securing insured project mortgages, only about 2 percent resulted from defaults. Alaska and Puerto Rico, on the other hand, had termination rates of 33 and 22 percent, respectively, but these were all as a result of default. Moreover, Delaware, Idaho, Mississippi, and South Carolina had default termination rates that amounted to more than 85 percent of total terminations.

Only 14 States reported project mortgages in default but not yet terminated—the highest being California with defaulted units representing just over 3 percent of the dwelling units covered by mortgages with insurance in force. On a national basis, the number of units in default but not terminated was barely over one-half of 1 percent. Only seven States had units in default that represented potential acquisitions, with Louisiana the highest with 1.72 percent. Only in this State did potential acquisitions equal total units in default. Nationally, however, potential acquisitions amounted to only one-tenth of 1 percent.

Claims Paid on Property Improvement Loans

The average total net proceeds of insured loans outstanding and the aggregate amount of claims paid on defaulted property improvement notes in each year since 1934 are presented in Table III–30. The average amount of loans outstanding reached a new peak during 1960 of nearly $1.6 billion—11 percent over 1959 and nearly $150 million more than the previous high reported for 1954. Claims paid in 1960 amounted to $11.9 million, an 18 percent increase over 1959 and the largest amount paid in 4 years.

Table III–30.—*Property improvement loans outstanding and claims paid by FHA, 1934–60*

[Dollar amounts in thousands]

Year	Average net proceeds of loans outstanding	Annual amount of claims paid	Claims paid as percent of loans outstanding
1934	$12,008		
1935	93,582	$447	0.48
1936	253,218	5,885	2.32
1937	224,861	6,891	3.06
1938	144,449	6,016	4.17
1939	199,347	4,649	2.33
1940	253,676	6,115	2.41
1941	303,149	7,071	2.33
1942	265,583	6,998	2.64
1943	155,667	3,588	2.30
1944	115,153	1,670	1.45
1945	140,247	1,524	1.09
1946	262,376	2,434	.93
1947	501,171	5,830	1.16
1948	748,438	14,346	1.92
1949	803,293	17,494	2.18
1950	889,433	18,148	2.04
1951	959,394	12,086	1.26
1952	1,130,827	11,524	1.02
1953	1,377,679	14,995	1.09
1954	1,436,558	21,047	1.47
1955	1,175,670	17,648	1.50
1956	1,029,367	12,242	1.19
1957	1,072,848	9,723	.91
1958	1,184,387	9,854	.83
1959	1,420,322	10,089	.71
1960	1,586,012	11,886	.75

Trend.—Presented in Chart III–15 are trends of the volume of average net proceeds outstanding, amount of claims paid, and the related ratio of claims paid to average proceeds of loans outstanding. As approximately $3 out of every $5 paid in claims involve loans on which the borrower has made less that 12 payments (Table III–33), a reasonably stable relationship has been established between the volumes of loans insured and claims paid which, with minor variations in timing, has been constant except for the years 1951–52 when it was disrupted by the expiration of FHA's authority to insure property improvement loans. In the last 25 years the ratio of claims paid to average proceeds of loans outstanding has fluctuated from a high in 1938 of 4.17 percent to the low in 1959 of 0.71 percent. In 1960 this ratio increased to 0.75 percent—up 4 percentage points from 1959.

Table III–31.—*Claims paid on FHA property improvement loans, by State location, 1960 and 1934–60*

State	Claims paid, 1960			Claims paid, 1934–60			Percent of claims paid to loans insured
	Number	Amount	Average	Number	Amount	Average	
Alabama	223	$115,547	$518	11,527	$3,173,983	$275	1.93
Alaska	12	9,886	824	106	76,717	724	1.54
Arizona	435	187,264	430	5,597	2,403,562	429	1.82
Arkansas	108	42,573	394	7,235	2,196,352	304	2.63
California	531	315,066	593	68,496	23,076,035	337	2.18
Colorado	224	125,207	559	5,156	2,058,999	399	1.58
Connecticut	39	27,292	700	6,226	2,296,456	369	2.24
Delaware	3	3,066	1,022	687	248,430	362	3.38
Dist. of Columbia	219	85,923	392	4,989	1,629,326	327	2.24
Florida	1,421	768,937	541	18,113	7,102,478	392	1.78
Georgia	332	133,513	402	11,344	3,427,364	302	2.18
Hawaii	1	44	44	31	15,518	501	.50
Idaho	122	87,230	715	4,216	1,878,107	445	2.07
Illinois	1,555	1,257,813	809	33,805	13,336,686	395	1.55
Indiana	774	504,256	651	24,650	7,670,358	311	1.66
Iowa	299	210,231	703	9,030	3,313,069	367	1.79
Kansas	335	166,470	497	7,409	2,356,616	318	1.73
Kentucky	328	144,527	441	7,893	2,616,353	331	1.76
Louisiana	296	194,033	656	7,884	2,331,296	296	1.62
Maine	84	51,452	613	3,868	1,329,707	344	2.55
Maryland	432	202,571	469	15,344	4,682,589	305	1.78
Massachusetts	352	176,839	502	17,856	6,240,134	349	1.89
Michigan	2,115	1,234,105	584	55,286	18,800,754	340	1.74
Minnesota	577	287,034	497	11,906	4,309,523	362	1.32
Mississippi	151	69,601	461	8,683	2,304,548	265	2.99
Missouri	654	325,271	497	17,573	5,376,781	306	1.63
Montana	61	44,957	737	1,738	817,013	470	1.71
Nebraska	71	51,402	724	3,420	1,242,559	363	1.55
Nevada	22	14,431	656	784	441,567	563	1.97
New Hampshire	44	32,138	730	2,724	919,585	338	3.01
New Jersey	340	239,736	705	28,972	10,326,106	356	2.11
New Mexico	66	47,718	723	1,716	714,225	416	1.58
New York	1,835	1,380,552	752	73,069	33,277,084	455	1.80
North Carolina	405	196,080	484	7,740	2,420,267	313	1.60
North Dakota	48	27,467	572	1,702	640,130	376	2.15
Ohio	1,043	555,390	532	32,875	11,543,101	351	1.52
Oklahoma	256	150,324	587	8,397	2,756,445	308	1.50
Oregon	171	107,213	627	7,942	3,004,056	378	2.05
Pennsylvania	520	370,997	713	36,270	11,840,534	326	1.91
Rhode Island	37	27,842	752	1,876	616,149	328	1.63
South Carolina	94	42,422	451	4,509	1,295,134	287	2.37
South Dakota	56	25,704	459	1,434	601,723	420	1.90
Tennessee	359	156,404	436	11,897	3,589,433	302	1.53
Texas	1,831	828,398	452	42,891	12,374,197	289	1.52
Utah	141	97,016	688	5,554	2,523,520	454	1.97
Vermont	23	14,724	640	1,792	688,075	384	5.17
Virginia	353	185,465	525	9,046	3,142,166	347	1.75
Washington	592	407,260	688	14,483	5,170,964	357	1.47
West Virginia	134	87,686	654	3,609	1,454,668	403	1.93
Wisconsin	161	101,135	628	7,655	2,884,030	377	1.92
Wyoming	3	1,862	621	615	326,989	532	2.29
Guam				5	2,041	408	.45
Puerto Rico	29	21,453	740	4,536	1,361,106	300	2.56
Virgin Islands	1	317	317	3	918	306	2.16
Total [1]	20,241	11,886,125	587	683,057	240,200,224	352	1.80

[1] Totals include adjustments not distributed by State.

Of the 24 million property improvement loans insured through the end of 1960, some 684 thousand had been terminated through default by the borrower, resulting in claim payments of $242 million, or 1.79 percent of the $13 billion insured. Allowance for cash recoveries of $115 million on these defaulted notes taken over by FHA after payment of claims reduces the ration to 0.94. Estimated future recoveries on notes in process of collection further reduces the net claim ratio to 0.80 percent. Through 1960, cumulative total recoveries amounted to $116 million, or 48 percent of the total amount of claim payments made to lending institutions since 1934. Another $17 million in recoveries is expected from notes still in process of collection, which will bring recoveries to 55 percent of claims paid to insured lenders.

All claims, salaries, and operating expenses under the property improvement loan insurance program have been paid by the FHA out of income since 1939. In addition, since that time, a capital and surplus reserve of $95 million has been accumulated.

State Distribution.—The distribution by States of the number and amount of claims paid on insured property improvement loans for the year 1960 and cumulatively since 1934 are shown in Table III–31. In 1960 there were a total of 20,241 claims paid in an aggregate amount of $11.9 million, the average claim payment being $587. By States, Michigan with 2,115 claims paid had reported the greatest number, averaging $584. New York was second with 1,835 claims that averaged $752, and Texas ranked third with 1,831 claims averaging only $452. Because of the relatively higher average amount of individual claims, New York accounted for the largest dollar volume, nearly $1.4 million, Illinois reported total claim payments of $1.3 million, and Michigan $1.2 million.

From the beginning of the insured property improvement loan program in 1934, a total of 683,000 claims amounting to $240 million had been paid through the end of 1960. Compared with the volume insured, this represented a ratio of 1.80 percent, ranging from a low of 0.45 percent in Guam to a high of 5.17 in Vermont.

Financing Institutions.—More than 9,100 institutions have been approved to make insured property improvement loans since the enactment of the 1950 Reserve. During 1960, approximately 4,000 of these institutions reported loans for insurance. Table III–32 presents by type of institution the claims paid in 1960 and the total claims as they relate to total loans insured under the 1950 Reserve.

The year 1960 was the first year in which all claims paid involved loans originally insured under the 1950 Reserve. It was also marked by the record high average claim amount of $587, 16 percent over the $508 average reported for 1959. Of the total of $11.9 million in claims paid in 1960, national banks received $5.4 million or 46 percent, and State banks $3.4 million or 28 percent. Savings and loan associations, accounting for $2 million or 17 percent of the total, had the highest average claim of $809. Finance companies, receiving 5 percent of all claims, had the lowest average of $418.

Comparison of cumulative claims of $119 million paid under the 1950 Reserve through the end of 1960 with the $9.4 billion of net proceeds insured through the same date yields a claim ratio of 1.27 percent. This represents a continuation of the decline in this claim ratio reported for each of the 3 preceding years from the high ratio of 1.38 percent reported as of December 31, 1956. A comparison by type of institution reveals that the relative amount of claims paid varied within a narrow range of the percentage of net proceeds insured. For example, the cumulative claims paid to national banks constituted 50.4 percent of those paid to all institutions, while their net proceeds insured were 49.7 percent of the total. More currently, the difference is greater in that national banks received 45.6 percent of claims paid in 1960. Greater variation

TABLE III–32.—*Claims paid on FHA-insured property improvement loans 1960 and 1950–60; and net proceeds insured 1950–60, 1950 Reserve*

Type of institution	Number	Amount (000)	Percent of amount	Average claim
Claims paid 1960:				
National bank	9,799	$5,426	45.7	$554
State bank	5,748	3,374	28.4	587
Mortgage company	180	96	.8	533
Insurance company	1	1	(1)	509
Savings and loan association	2,531	2,047	17.2	809
Savings bank	333	239	2.0	718
Federal agency				
Finance company	1,505	629	5.3	418
All other	145	75	.6	517
Total	20,242	11,887	100.0	587
Claims paid 1950–60:				
National bank	140,066	60,094	50.4	429
State bank	75,120	33,176	27.9	442
Mortgage company	1,459	721	.6	494
Insurance company	4	3	(1)	750
Savings and loan association	23,457	12,229	10.3	521
Savings bank	3,512	1,584	1.3	451
Federal agency	3	1	(1)	354
Finance company	25,631	11,005	9.2	429
All other	858	377	.3	439
Total	270,110	119,190	100.0	441
Net proceeds insured 1950–60:				
National bank	7,227,749	4,646,441	49.7	643
State bank	4,337,068	2,901,588	31.0	669
Mortgage company	72,269	67,412	.7	933
Insurance company	555	425	(1)	766
Savings and loan association	1,165,923	872,344	9.3	748
Savings bank	287,349	195,770	2.1	681
Federal agency	270	153	(1)	567
Finance company	927,307	628,971	6.7	678
All other	46,086	41,935	.5	910
Total	14,064,576	9,355,040	100.0	665

[1] Less than 0.05 percent.

TABLE III–33.—*Number of payments received prior to default by term of property improvement loans, 1960*

Number of payments received prior to default	Total Class 1 and 2 loans							
	Term of defaulted loan—percentage distribution					Percentage distribution		Average claim paid
	6–11 months	12–23 months	24–35 months	36 months	37 or more months	Total number	Total amount	
0	25.0	9.3	5.9	4.2	8.5	5.7	9.2	$946
1–5	62.5	37.3	22.9	16.0	25.2	10.9	28.0	822
6–11	12.5	38.2	27.0	19.7	24.0	22.4	26.2	687
12–17		14.9	23.8	17.6	16.2	17.8	17.3	671
18–23		.4	15.8	15.3	10.1	13.4	9.9	431
24–29			4.2	14.6	7.6	11.1	5.9	313
30–35			.4	12.5	5.3	8.9	2.7	178
36 and over				.1	3.1	.8	.8	554
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	587
Percent of total	.1	4.8	10.9	60.9	23.3	100.0		
Median	3.0	6.5	10.7	15.5	10.1	12.7		

is found in the case of savings and loan associations, for which the cumulative net proceeds insured were 9.3 percent of the total, but claims paid cumulatively and for the year 1960 were 10.3 and 17.2 percent, respectively.

Showing the four major types of institutions and the grouping of all others into a single class, Chart III–16 compares dollar amounts of loans originated and claims paid along with their respective claim ratios. State chartered banks, with about one-third of the total volume insured, had the lowest rate of claims among the leading types of institution—1.12 percent. In contrast, finance companies made 7 percent of the insured loans but had a 1.75 percent claim ratio.

Payments Received Prior to Default.—Table III–33 distributes the number of installments paid by borrowers prior to default according to the

CHART III–16

PROPERTY IMPROVEMENT LOANS UNDER THE 1950 RESERVE, 1950–60

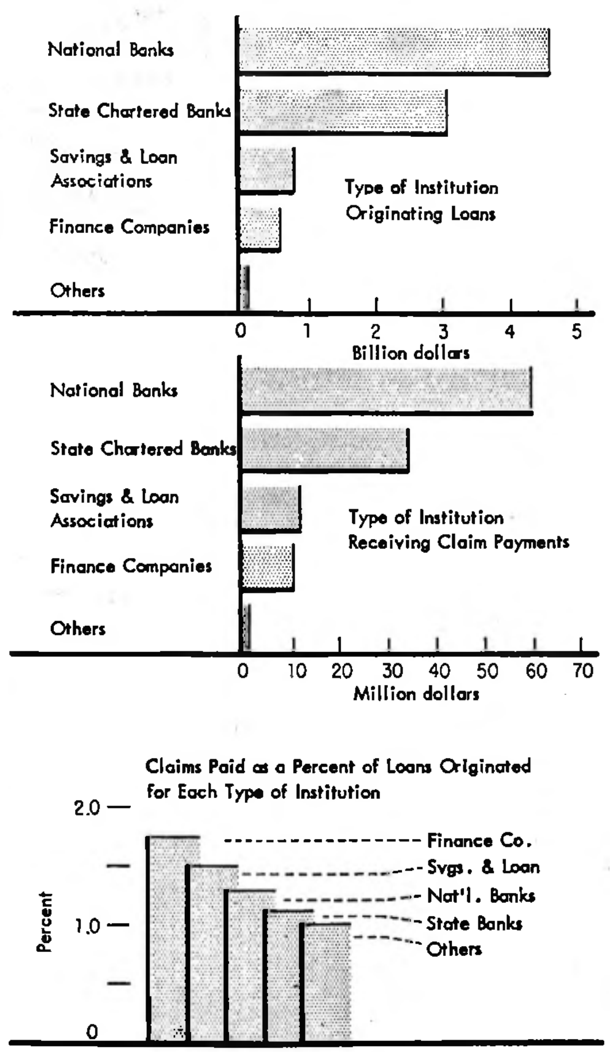
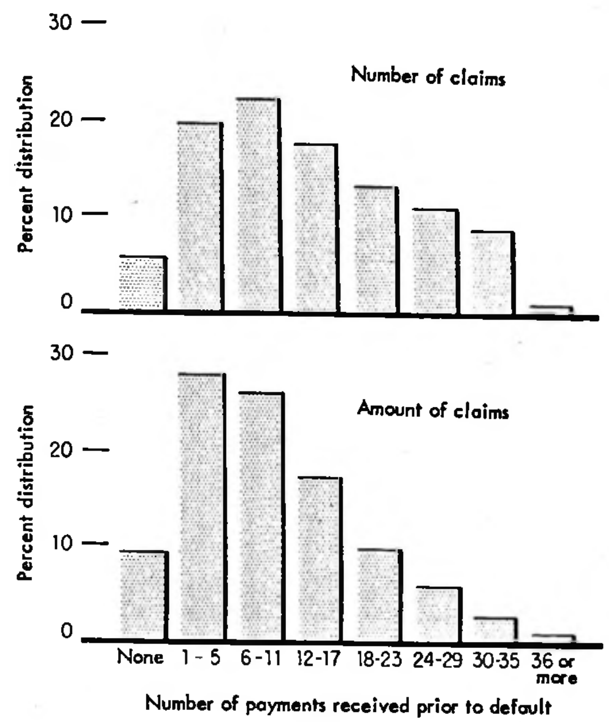


CHART III–17

PAYMENTS MADE PRIOR TO DEFAULT, 1960

Claims paid on property improvement loans



number of payments contracted for in the original note. During 1960, 61 percent of the claims stemmed from loans that had an original repayment term of 36 months. The median number of monthly payments received before default was 15.5 for this group as compared with 12.7 for all defaults. Loans with terms of 37 months or more comprised an additional 23 percent of the default cases. Of this group, 58 percent defaulted within the first year. Although data for earlier years are not shown in this table it is of interest to note that, since 1957, loans originated for repayment in 37 months or more have increased their relative volume of claims from 2 to 23 percent of the total even though most defaults have continued to occur within the first year. Nearly one-half of all claims paid in 1960 resulted from loans that were in default before 12 installments had been repaid. These claims averaged $774 as compared with the $587 for all claims.

Chart III–17 indicates that 6 percent of the 1960 claims and 9 percent of the dollar volume resulted from loans on which the borrower had made no payment. The next group, involving 20 percent of claims and 28 percent of the total amount, represented loans going into default between the 1st and 5th month. Over 80 percent of the dollar volume reported for claims paid involved loans on which fewer than 18 payments had been made.

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Characteristics of Mortgage and Loan Transactions Insured by FHA in 1960

This section of the report presents statistical analyses of the characteristics of the individual transactions insured by FHA in 1960 under each of its principal types of program—home mortgages, multifamily project mortgages, and property improvement loans.

SECTION 203 HOME MORTGAGE TRANSACTIONS

During 1960, about 1,216,000 new privately financed dwelling units were started in the nonfarm areas of the country. Construction and sale of most of these units were made possible by funds advanced by privately owned financial institutions. About 261,000 units, or 1 out of every 5, were in structures approved for FHA mortgage insurance before construction started and subject to FHA compliance inspections during the period of construction.

Almost 87 percent of these new units started under FHA inspection were in one- to four-family structures, the bulk of which secured mortgages insured under the provisions of Section 203 of the National Housing Act. This is the major home insurance program of the Federal Housing Administration and the following analysis deals exclusively with cases processed under this program covering the characteristics of the insured mortgages, the properties securing them, and the occupant mortgagors of the properties.[1]

The tables in this section of the report are limited in scope to national activity. Similar data are also published on a quarterly basis. For the benefit of those interested in comparable data by State and standard metropolitan statistical areas, summary tables have been published for 1960 and several prior years on a locality basis. All of these data are available upon request to the Division of Research and Statistics, Federal Housing Administration, Washington 25, D.C.

During 1960, as indicated in the following table, practically all of the mortgagors involved in one-family transactions were owner-occupants. One-family properties constituted 99.6 percent of the new homes and 95.8 percent of the existing structures securing mortgages insured under Section 203 in 1960 (see Table III–34). Of the transactions involving two- to four-family homes, most of the two-family cases were processed as owner-occupied properties, but about 55 percent of the three- and four-family cases, practically all existing properties, were processed as rental properties.

Type of mortgagor	New homes				Existing homes			
	1960	1959	1958	1957	1960	1959	1958	1957
Owner occupant	99.9	99.9	99.4	98.3	99.9	99.9	99.7	99.7
Landlord	.1	.1	.2	.2	.1	.1	.3	.3
Builder	(1)	(1)	.4	1.5	(1)	(1)	(1)	(1)
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1 Less than 0.05 percent.

About 98 percent of the new-home mortgage transactions involved the purchase by an owner-occupant of a newly constructed dwelling erected by a commercial builder. The remaining new-home transactions involved the construction of a house by or for a mortgagor on his own lot. The pattern for existing-home cases was slightly different, about 96 percent of the transactions financing the purchase of an existing property and the remaining 4 percent refinancing existing loans or financing improvements.

1-family amenity income cases

Purpose of loan	New homes				Existing homes			
	1960	1959	1958	1957	1960	1959	1958	1957
Financing new construction	2.4	3.4	4.6	0.7	0.3	0.4	0.6	1.2
Financing purchase	97.6	96.6	95.4	99.3	96.4	94.5	95.4	93.7
Refinancing existing loans	(1)	------	(1)	(1)	3.2	5.1	3.9	4.8
Financing improvements	(1)	------	(1)	(1)	.1	(1)	.1	.3
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1 Less than 0.05 percent.

Trends of Typical Section 203 Home Mortgage Transactions

Medians and averages (arithmetic means) of the principal characteristics of the new- and existing-home transactions insured under Section 203 during 1960 are compared with those of selected earlier years in Table III–35. For purposes of discussion, "typical" transactions are delineated in terms of these medians and averages.

1 Discussion is based on a sample of Section 203(b) cases only (see technical notes following Table 35). Cases insured under the provisions of Section 203(i) and the Certified Agency Program are excluded, although they are included in the data relating to the volume of insurance written under the Section 203 program.

TABLE III–34.—*Structures and dwelling units, 1- to 4-family homes, Sec. 203, selected years*

Units per structure	1960	1959	1958	1955	1950
	Structures—percentage distribution				
New homes:					
One	99.6	99.7	99.3	99.3	99.0
Two	.4	.3	.7	.5	.9
Three	(1)	(1)	(1)	.1	(1)
Four	(1)	(1)	(1)	.1	.1
Total	100.0	100.0	100.0	100.0	100.0
Existing homes:					
One	95.8	96.5	92.7	96.9	95.5
Two	3.6	3.1	6.4	2.8	4.1
Three	.5	.3	.7	.2	.2
Four	.1	.1	.2	.1	.2
Total	100.0	100.0	100.0	100.0	100.0
	Dwelling units—percentage distribution				
New homes:					
One	99.2	99.3	98.4	98.2	97.7
Two	.7	.6	1.4	.9	1.8
Three	(1)	(1)	.1	.3	.1
Four	.1	.1	.1	.6	.4
Total	100.0	100.0	100.0	100.0	100.0
Average	1.00	1.00	1.01	1.01	1.01
Existing homes:					
One	91.3	92.8	85.6	93.5	90.1
Two	7.0	5.9	11.8	5.3	7.8
Three	1.3	.9	2.0	.7	.7
Four	.4	.4	.6	.5	1.4
Total	100.0	100.0	100.0	100.0	100.0
Average	1.05	1.04	1.08	1.04	1.06

1 Less than 0.05 percent.

The typical new-home mortgage insured by FHA during 1960 represented 93½ percent of the property value and amounted to $13,569. Repayment was scheduled over an average term of 29.2 years with a monthly mortgage payment of $103.81.

Securing this mortgage was a single-family house with an average floor area of 1,091 square feet, including 5½ rooms of which 3 were bedrooms. It was built on a site valued at $2,470, which represented 16½ percent of the total FHA property value of $14,607. The typical new-home purchaser had an annual effective income (before taxes) of $7,168, out of which he expected to make monthly payments of $128.98 for housing expenditures (monthly mortgage payment plus cost of household operation and repair and maintenance)—this representing about one-fifth of his monthly income.

Compared with the typical new-home transaction reported for 1959, the 1960 mortgage amount was 2 percent higher, the mortgage term about 6 months longer, and the monthly mortgage payment 6 percent greater. The typical property value rose 2 percent and the average market price of site increased almost 5 percent, accounting for the one-half of one percent rise in the average ratio of site to value. A slight upward movement in the expense-income ratio was caused by the larger proportionate rise in housing expense (5 percent) than for income (less than 4 percent).

The typical existing-home transaction involved a mortgage of $11,978—representing 92½ percent of the total property value and scheduled to be amortized over a period of 25.8 years by monthly mortgage payments of $96.50. This mortgage was secured by a property appraised by FHA at $13,043, including a land price of $2,356. The house was typically a one-family structure containing 1,057 square feet and provided 5.4 rooms of which 3 were bedrooms. The typical existing-home purchaser had an annual income of $6,784 and contemplated an estimated monthly housing expense of $121.41. The ratio of his housing expense to income was 1 to 5, about the same as for new-home buyers.

Compared with the typical existing-home mortgage insured in 1959, the 1960 mortgage amount was 2 percent higher and the loan-value ratio rose fractionally. The mortgage term was 8½ months longer and the monthly mortgage payments 5 percent higher. The typical property value was up about 1 percent. The price of an equivalent site receded fractionally, accounting for the slight reduction in the site-value ratio. As with new homes, the size of the structure was practically unchanged, as were the room and bedroom counts. The expense-income ratio for the existing-home buyer rose ½ percentage point, reflecting the 4½ percent change in housing expense compared with a 3 percent increase in income.

Postwar trends of selected characteristics of the typical Section 203 new- and existing-home mortgage cases are also shown in table III–35. The higher levels of mortgage amounts and ratios of loan-to-value, and, consequently, of mortgage payments for the Section 203 transactions insured in 1960 result in part from the liberalization of credit provisions effected by the Housing Act of 1959 and put into effect by the FHA on April 29, 1960.

In Table III–35, the upward trends in property value (Chart III–21), land prices (Chart III–23), and mortgagor's income (Chart III–25) indicate the general inflation in prices and rise in incomes that have occurred since World War II.

Property values for new and existing homes have at least doubled during the postwar period. Land prices for new homes have more than tripled and prices of equivalent sites for existing homes are more than 2.8 times their 1946 level. The rise in the price of land has been most significant. For example, in new-home transactions, the average site cost $761 in 1946. It had risen to $1,035 in 1950, and jumped to $1,626 by 1955. Moreover, it continued to rise an average of 10 percent a year since then to the $2,470 average reported for 1960.

Table III-35.—*Characteristics of 1-family home transactions, Sec. 203, selected years*

Median [1]	1960	1959	1958	1957	1956	1955	1954	1952	1950	1946
NEW HOMES										
Mortgage:										
Amount	$13,569	$13,293	$12,697	$11,823	$11,010	$10,031	$8,862	$8,273	$7,101	$5,504
Term in years [2]	29.2	28.8	27.3	25.5	25.5	25.6	22.9	21.7	24.1	21.0
Loan-value ratio (percent) [2]	93.5	93.5	91.5	85.1	86.6	88.7	85.3	83.7	88.0	87.0
Taxes and assessments [2]	$15.83	$15.19	$15.06	$15.11	$13.66	$12.00	$10.80	$10.04	$8.73	$8.18
Total monthly payment [3]	$103.81	$98.08	$96.10	$90.29	$81.63	$74.14	$68.02	$64.10	$54.31	$46.18
Property:										
FHA-estimated value	$14,607	$14,329	$14,207	$14,261	$13,203	$11,742	$10,678	$10,022	$8,286	$6,558
Market price of site [2]	$2,470	$2,362	$2,223	$2,148	$1,887	$1,626	$1,456	$1,227	$1,035	$701
Site-value ratio (percent) [2]	16.6	16.1	15.4	14.9	14.1	13.4	13.1	12.0	12.0	11.5
Sale price [2, 4]	$14,662	$14,448	$14,283	$14,541	$13,468	$12,113	$10,985	$11,077	(6)	(6)
Total acquisition cost [2, 4]	$14,939	$14,727	$14,596	$14,842	$13,752	$12,367	$11,185	$11,294	(6)	(6)
Percent with garages [5]	74.0	70.9	72.7	76.6	72.8	69.8	66.6	53.4	48.7	58.1
Structure:										
Calculated area (sq. ft.)	1,091	1,095	1,092	1,105	1,061	1,022	961	923	838	(6)
Number of rooms [2]	5.5	5.4	5.4	5.3	5.2	5.1	4.9	4.8	4.6	5.0
Number of bedrooms [2]	3.0	3.0	3.0	3.0	2.9	2.9	2.7	2.6	(6)	(6)
Mortgagor: [3]										
Annual effective income	$7,168	$6,912	$6,803	$6,632	$6,054	$5,484	$5,139	$4,811	$3,861	$3,313
Monthly housing expense	$128.98	$123.21	$120.87	$115.17	$104.48	$95.70	$88.91	$83.16	$75.41	$62.85
Expense-income ratio (percent) [2]	20.7	20.5	20.4	19.7	19.5	19.7	19.6	19.6	21.6	20.9
EXISTING HOMES										
Mortgage:										
Amount	$11,978	$11,755	$11,325	$10,498	$10,013	$9,603	$9,030	$8,047	$6,801	$4,697
Term in years [2]	25.8	25.1	24.2	22.5	22.5	22.7	20.1	19.7	20.2	18.0
Loan-value ratio (percent) [2]	92.6	92.0	90.2	84.0	82.9	85.0	78.5	77.9	77.8	78.4
Taxes and assessments [2]	$15.55	$14.72	$14.59	$14.21	$13.49	$12.12	$11.08	$9.86	$9.30	$7.33
Total monthly payment [3]	$96.50	$91.66	$90.30	$85.54	$78.62	$74.57	$74.34	$65.08	$56.65	$40.83
Property:										
FHA-estimated value	$13,043	$12,914	$12,778	$12,572	$12,261	$11,555	$11,549	$10,289	$8,865	$5,934
Market price of site [2]	$2,356	$2,369	$2,150	$2,041	$1,931	$1,707	$1,591	$1,296	$1,150	$833
Site-value ratio (percent) [2]	17.7	17.9	16.5	15.7	15.1	14.2	13.3	12.3	12.4	13.3
Sale price [4]	$13,284	$13,278	$13,133	$13,201	$12,991	$12,281	$12,344	$11,484	(6)	(6)
Total acquisition cost [4]	$13,579	$13,560	$13,446	$13,507	$13,274	$12,558	$12,578	$11,659	(6)	(6)
Percent with garages [5]	71.4	74.0	74.9	78.5	81.1	79.9	79.6	70.7	70.6	83.4
Structure:										
Calculated area (sq. ft.)	1,057	1,059	1,053	1,060	1,060	1,030	1,035	992	1,006	(6)
Number of rooms [2]	5.4	5.4	5.4	5.3	5.3	5.2	5.2	5.1	5.2	5.5
Number of bedrooms [2]	2.8	2.7	2.7	2.7	2.7	2.6	2.6	2.6	(6)	(6)
Mortgagor: [3]										
Annual effective income	$6,784	$6,575	$6,502	$6,296	$6,033	$5,669	$5,606	$4,938	$4,274	$3,101
Monthly housing expense	$121.41	$116.26	$115.31	$110.12	$102.00	$97.34	$97.41	$86.63	$78.00	$58.11
Expense-income ratio (percent) [2]	20.6	20.1	20.4	19.9	19.2	19.4	19.4	19.4	20.3	20.3

[1] Throughout this report, medians are computed on the assumption that distributions of all characteristics are represented by continuous data within groups. For definition of sample and terms see technical notes on this page.

[2] Average (arithmetic mean).

[3] Throughout this report, data relating to monthly mortgage payment, mortgagor's income, and housing expense are based on 1-family occupant cases only.

[4] Throughout this report, data relating to sale price and total acquisition cost are based on 1-family occupant purchaser transactions only.

[5] Includes carports.

[6] Not available.

Technical Notes

Size of Sample.—Data presented in this section of the report are based on 46,600 new-home and 56,800 existing-home cases. These cases represent 50 percent of the new- and existing-home cases reported as insured under Section 203(b) during the first 0 months of 1960, selected on the basis of case number in order to assure a random distribution.

Definition of Terms.—Throughout the FHA annual report the use of technical terms is in keeping with the following definitions established for use in the underwriting system in connection with the appraisal of properties and the evaluation of mortgage risk:

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, finished spaces in attics when less than 50 percent of the ground floor area, and areas with ceiling heights of less than 5 feet are excluded.

Heating and Utilities include the cost of heating, electricity, gas, water and other items generally known as utilities, excluding those services provided under the lien of a nonprepayable special assessment which continues indefinitely for supplying water, sewage disposal, removal of garbage, or other services necessary for the occupancy of the premises.

Incidental Costs are the total estimated closing costs customarily chargeable to the mortgagor for items which are incidental to the transaction regardless of whether included in whole or in part in the contract price. These costs include FHA examination fee, mortgagee's initial service charge, cost of title search, charges for the preparation of deed and mortgage documents, mortgage tax, recording fees, and similar items. Deposits for unaccrued taxes, insurance premium, and similar items are treated as prepayable expenses and are not included as incidental costs.

Maintenance and Repair Expense is the average yearly cost of maintaining the physical elements of the property to prevent acceleration of deterioration and to assure safe and comfortable living conditions.

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

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

Number of Bathrooms is the number of full bathrooms having a tube or shower stall, a lavatory, and a water closet, plus the number of half bathrooms having a lavatory and a water closet. Example: A full bath plus a half bath has been considered as two baths for the purpose of this report.

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

Property Value is the FHA-estimated 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.

Prospective Monthly Housing Expense includes total monthly mortgage payments for the first year and the FHA-estimated cost of monthly maintenance and repair, and heating and utility expenses.

Replacement Cost of Property is the FHA-estimated cost of the building (in new condition) and other physical improvements, market price of site, and miscellaneous allowable costs for the typical owner.

Sale Price is the price stated in the sale agreement, adjusted to exclude any portion of closing costs, prepayable expenses, or costs of nonreal estate items which the agreement indicates will be assumed by the seller.

Taxes and Assessments include property taxes and any continuing nonprepayable special assessments, as estimated by FHA.

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

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

The marked rise in the price of land is to a considerable extent attributed to the exhaustion of suitably developed sites and their consequent scarcity, coupled with increased demand for land and rising costs of site development. The typical income of the FHA mortgagor in 1960 was more than twice as high as that reported for 1946. In contrast, the typical nonfarm income for the Nation increased by 93 percent during the same period. Mortgage amounts have kept pace with the trend of values, reflecting the upward revisions in Section 203 maximum insurable amounts and loan-to-value ratios as authorized by Congress.

Mortgage Characteristics

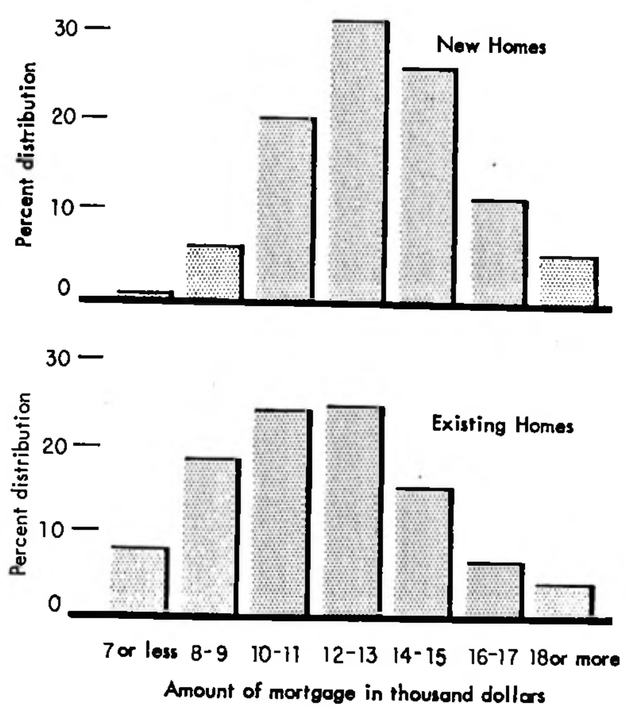
Amount of Mortgage.—Table III–36 shows the distribution of mortgage amounts insured by FHA in 1960 and in selected earlier years. Also shown are averages and medians demonstrating the sustained advance in the size of the mortgage amounts insured during the last 10 years.

In 1960 the typical new-home mortgage amounted to $13,569—2 percent higher than in 1959—one-third more than the $10,034 reported in 1955—and about 91 percent higher than the median loan of $7,101 reported for 1950. During 1950, insured mortages of $12,000 or more accounted for only a small share (1 percent) of the total; by 1955, over one-fifth of the mortgages were in this category; and by 1960 almost three out of every four exceeded $12,000 (Chart III–18).

Chart III–18

AMOUNT OF MORTGAGE, 1960

Single family home mortgages, Section 203



The size of the typical existing-home mortgage has increased at a somewhat slower rate. The median existing-home loan insured in 1960 was $11,978, or about 2 percent higher than the typical reported for 1959. It was 25 percent above the $9,603 shown in the table for 1955 and about 76 percent higher than the median loan insured in 1950. This trend is also evidenced in the percentage distributions. For instance, in 1950 only about 4 percent of the existing-home mortgages endorsed were for $12,000 or more. Five years later, nearly 19 percent of the endorsements were in this category, and by 1960 almost one-half of all existing homes insured had mortgages of $12,000 or higher.

On the average, new-home mortgages insured in 1960 amounted to $13,621, compared with $12,034 reported for existing homes. These higher levels are at least partially attributed to the higher available mortgage limits made effective during 1960 (see discussion under loan-value ratio) and are reflected in the increased number of new-home mortgages of $14,000 or more and of existing-home mortgage in the $12,000 or more category. Only about 6 percent of the new homes involved mortgages of less than $10,000, while slightly more than one-fourth of the existing homes fell into this group.

Table III–36.—*Amount of mortgage, 1-family homes, Sec. 203, selected years*

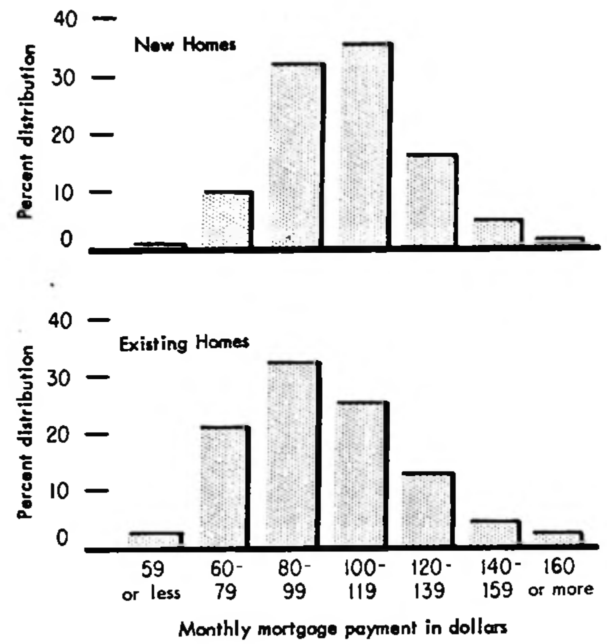
Amount of mortgage	Percentage distribution				
	1960	1959	1958	1955	1950
NEW HOMES					
Less than $4,000	----------	----------	----------	0.1	0.4
$4,000 to $4,999	----------	----------	----------	.1	1.1
$5,000 to $5,999	(1)	0.1	0.2	.6	9.0
$6,000 to $6,999	0.1	.1	.4	2.4	33.0
$7,000 to $7,999	.2	.3	.7	9.0	28.5
$8,000 to $8,999	1.4	2.0	3.7	17.9	16.0
$9,000 to $9,999	4.4	6.3	9.7	18.5	8.3
$10,000 to $10,999	8.7	9.3	12.9	16.7	1.9
$11,000 to $11,999	11.5	12.4	12.9	13.0	.8
$12,000 to $12,999	13.9	14.3	13.7	9.2	.5
$13,000 to $13,999	17.2	17.9	14.1	6.0	.2
$14,000 to $14,999	14.3	11.8	11.2	3.0	.1
$15,000 to $16,999	19.0	17.2	14.6	2.6	.2
$17,000 to $19,999	7.9	7.2	5.1	.7	----------
$20,000 or more	1.4	1.1	.8	.2	----------
Total	100.0	100.0	100.0	100.0	100.0
Average	$13,621	$13,337	$12,762	$10,305	$7,307
Median	$13,569	$13,293	$12,697	$10,034	$7,101
EXISTING HOMES					
Less than $4,000	----------	----------	----------	0.3	4.4
$4,000 to $4,999	----------	----------	----------	.7	8.3
$5,000 to $5,999	0.9	0.9	1.0	2.3	16.3
$6,000 to $6,999	2.2	2.4	2.7	6.0	22.0
$7,000 to $7,999	4.5	5.1	5.7	11.8	18.6
$8,000 to $8,999	7.9	8.8	10.1	18.0	13.0
$9,000 to $9,999	10.4	10.9	12.2	17.0	7.2
$10,000 to $10,999	12.0	12.5	14.1	14.5	4.5
$11,000 to $11,999	12.3	12.5	12.8	10.6	1.9
$12,000 to $12,999	12.9	11.9	11.5	7.1	1.7
$13,000 to $13,999	11.7	11.0	9.7	4.1	.7
$14,000 to $14,999	8.3	7.8	7.1	2.9	.7
$15,000 to $16,999	10.9	10.2	8.5	2.8	.7
$17,000 to $19,999	4.8	5.0	3.8	1.5	----------
$20,000 or more	1.2	1.0	.8	.4	----------
Total	100.0	100.0	100.0	100.0	100.0
Average	$12,034	$11,875	$11,513	$9,898	$7,102
Median	$11,978	$11,755	$11,325	$9,603	$6,801

[1] Less than 0.05 percent.

CHART III–19

TOTAL MONTHLY MORTGAGE PAYMENT, 1960

Single family home mortgages, Section 203



These trends in the amount of mortgage debt being assumed by the home owner reflect the increasing cost of housing and the fact that borrowers have been able to obtain mortgages representing higher percentages of property value made available by National Housing Act amendments in 1957, 1958, and 1959.

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

The growing acceptance of the long-term mortgage by lenders and the effect of legislation in recent years permitting increased use of 30-year mortgages is clearly shown in Table III-37. For example, in 1955, 58 percent of the new-home mortgages insured by FHA had terms of 25 years and 27 percent had durations of 30 years. By 1960, 30-year mortgages accounted for 86 percent of the transactions while only one out of every eight were of the formerly popular 25-year duration. In general, the same trend is apparent in existing home mortgages but the change has been somewhat more gradual. Thirty-year mortgages increased from 7 percent of the total in 1955 to 38 percent in 1960.

During 1960, almost seven out of every eight new-home mortgages insured had 30-year terms, while the 25-year mortgage instrument was most commonly used in existing-home transactions, being reported in nearly 44 percent of the cases. The proportion of 25-year mortgages for new-home owners declined somewhat during the year—from 19 percent in 1959 to 12 percent in 1960. For existing-home cases, a much greater decline in the use of the 25-year mortgage is apparent, as well as a small reduction in the use of 20-year mortgages.

TABLE III–37.—*Term of mortgage, 1-family homes, Sec. 203, selected years*

Term of mortgage in years	Percentage distribution				
	1960	1959	1958	1957	1955
NEW HOMES					
10	(1)	(1)	(1)	0.1	0.1
15	0.1	0.2	0.4	.9	.7
20	1.7	2.2	5.2	12.6	13.7
25	12.1	19.2	41.7	61.5	58.4
30	86.1	78.4	52.7	24.9	27.1
Total	100.0	100.0	100.0	100.0	100.0
Average	29.2	28.8	27.3	25.5	25.6
EXISTING HOMES					
10	.1	.1	.1	.3	.4
15	1.9	1.8	3.3	7.1	4.0
20	16.8	18.2	20.0	40.2	42.1
25	43.6	54.8	53.1	46.4	45.2
30	37.6	25.1	17.5	6.0	7.4
Total	100.0	100.0	100.0	100.0	100.0
Average	25.8	25.1	24.2	22.5	22.7

[1] Less than 0.05 percent.

Total Monthly Mortgage Payment.—All FHA-insured home mortgages provide for repayment on a monthly basis over the mortgage term. The mortgagor makes a single payment to the mortgagee each month, this payment covering the major portion of the recurring charges which the home owner is called upon to meet. It includes payments at a fixed amount each month to principal and interest, together with one-twelfth of the amount required each year for FHA mortgage insurance premium, hazard insurance, taxes and special assessments, and any miscellaneous items such as ground rent.

Chart III-19 depicts the distributions of total monthly payments called for in the new and existing single-family home mortgage transactions insured under Section 203 during 1960. Despite the longer terms previously noted, both new- and existing-home cases required higher monthly payments, reflecting higher mortgage limits made available in recent years. In the chart, the bars show that mortgage payments for new homes are most commonly in the $100–$119 range and that the existing-home owner most frequently pays between $80 and $99 monthly. Of the mortgages insured in 1960, more than one-half of the new-home cases required monthly mortgage payments exceeding $100.

The typical mortgage payment during 1960 for both new- and existing-home transactions was about 5 percent higher than required in 1959. The trend toward higher payments in recent years can easily be seen in the data presented in Table III-38. For instance, in 1960 the median mortgage payment required on a new home was $103.81—40 percent more than was required 5 years earlier and 91 percent higher than reported for 1950. The same general trend can be noted for existing homes—although not quite so sharp. The $96.50 required in 1960 was 29 percent above 1955 and 70 percent higher than 10 years ago.

TABLE III–38.—*Total monthly mortgage payment, 1-family homes, Sec. 203, selected years*

Total monthly mortgage payment	Percentage distribution				
	1960	1959	1958	1955	1950
NEW HOMES					
Less than $60	0.3	0.7	1.0	15.2	69.2
$60 to $69	2.4	3.9	5.5	24.6	20.4
$70 to $79	7.5	11.0	14.2	23.5	7.2
$80 to $89	13.3	17.4	18.3	18.0	1.7
$90 to $99	18.8	21.0	18.0	10.1	.7
$100 to $109	20.2	17.9	16.7	4.6	.4
$110 to $119	15.3	12.6	11.9	2.2	.2
$120 to $139	16.1	11.6	11.1	1.4	.2
$140 or more	6.1	3.9	3.3	.4	----
Total	100.0	100.0	100.0	100.0	100.0
Average	$104.90	$99.53	$97.48	$76.08	$55.38
Median	$103.81	$98.08	$96.10	$74.32	$54.31
EXISTING HOMES					
Less than $60	2.4	3.8	4.0	16.4	59.0
$60 to $69	8.1	10.0	11.1	22.3	19.3
$70 to $79	13.0	15.5	16.4	23.3	10.2
$80 to $89	16.3	17.1	18.0	16.5	5.3
$90 to $99	16.1	15.7	15.4	9.5	2.6
$100 to $109	14.2	12.7	12.8	5.2	1.6
$110 to $119	11.1	9.6	9.2	3.0	.9
$120 to $139	12.5	9.0	8.9	2.6	1.1
$140 or more	6.3	4.8	4.2	1.2	----
Total	100.0	100.0	100.0	100.0	100.0
Average	$98.69	$94.18	$93.07	$77.15	$58.94
Median	$96.50	$91.66	$90.30	$74.81	$56.65

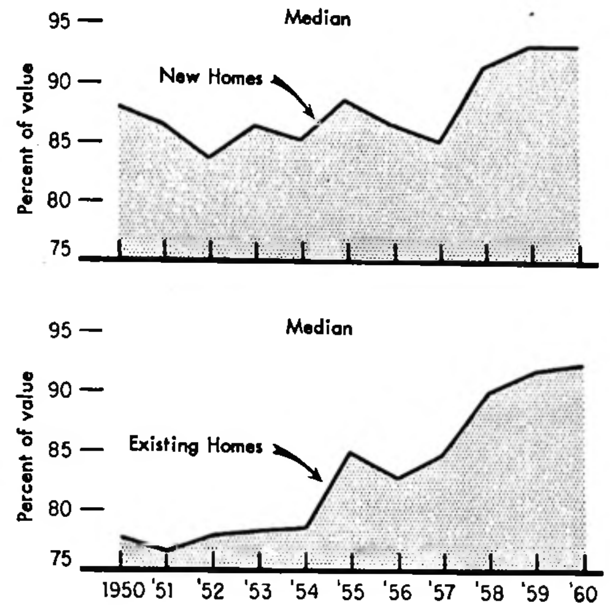
Ratio of Loan to Value.—Mortgages insured in 1960 were processed under loan-to-value provisions of the Emergency Housing Act of 1958 and, after April 29, 1960, under the more liberal provisions of the Housing Act of 1959 which were implemented by FHA on that date. The Housing Act of 1958 limited Section 203 owner-occupant home mortgages to 97 percent of the first $13,500 of FHA appraised value plus 85 percent of the value in excess of $13,500 but not in excess of $16,000, and 70 percent of the remainder. If the house was not subject to FHA inspection during construction and had been completed for less than 1 year, the maximum loan-value ratio with respect to the first $13,500 was 90 percent. For other than owner-occupant transactions, the maximum insurable mortgage was limited to 85 percent of the amount available to an occupant borrower.[1] Provisions of the Housing Act of 1959 which, as previously noted, were not made effective until April 29, 1960, permitted owner-occupant mortgagors to borrow up to 97 percent of the first $13,500 of value plus 90 percent of the next $4,500 and 70 percent of any value over $18,000. For existing construction completed less than 1 year and not subjected to compliance inspection, the mortgage could not exceed 90 percent of the first $18,000 plus 70 percent of the value in excess of $18,000.

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

CHART III–20

RATIO OF LOAN TO VALUE, 1950–60

Single family home mortgages, Section 203



Trends in the ratios of mortgage amount to property value are shown in Table 111-39 and Chart 111-20.

On the average, loan-value ratios for Section 203 cases insured during 1960 were at an all-time high but only slightly above those reported for 1959. Reflecting the impact of the Housing Act of 1959 on construction in the $16,000 to $21,000 price range, for new-home transactions, the 91–95 percent mortgages increased in relative frequency over 1959. More than 7 out of 10 new-home mortgages involved down payments of less than 10 percent. This trend toward lower down payments is further reflected in movement of the typical loan-value ratio, which was 93½ percent in 1960, up from 91½ percent in 1958 and from 88 percent in 1955 and 1950.

A similar shift is also apparent for existing-home mortgages, where the typical loan-value ratio rose from 78 percent in 1950 to 85 percent in 1955 and to 92.6 percent in 1960. Sixty percent of the mortgages insured in 1960 had loan-value ratios of 91 to 97 percent—up from 56 percent in 1959.

Table III-39.—*Ratio of loan to value, 1-family homes, Sec. 203, selected years*

Ratio of loan to value (percent)	Percentage distribution				
	1960	1959	1958	1955	1950
NEW HOMES					
50 or less	0.1	0.1	0.5	0.8	0.6
51 to 55	.1	.1	.2	.4	.4
56 to 60	.2	.2	.3	.7	.5
61 to 65	.3	.4	.6	1.2	.9
66 to 70	.7	.8	1.3	2.1	1.6
71 to 75	1.6	1.8	2.6	4.1	3.2
76 to 80	3.3	3.6	5.6	9.5	8.8
81 to 85	6.3	7.1	11.5	14.2	10.9
86 to 90	15.7	16.8	23.2	33.7	57.1
91 to 95	42.9	38.2	39.7	33.3	16.0
96 to 97	28.8	30.9	14.5	-------	-------
Total	100.0	100.0	100.0	100.0	100.0
Average	91.4	91.0	88.7	85.0	85.0
Median	93.5	93.5	91.5	88.5	88.0
EXISTING HOMES					
50 or less	.1	.1	.1	.6	2.1
51 to 55	.1	.1	.1	.4	1.4
56 to 60	.1	.2	.2	.9	2.2
61 to 65	.3	.4	.5	1.5	3.7
66 to 70	.8	1.1	1.6	4.3	8.8
71 to 75	1.7	2.1	2.8	5.9	13.5
76 to 80	4.5	5.3	7.1	13.2	51.5
81 to 85	9.7	10.7	14.3	30.2	4.4
86 to 90	23.0	24.2	27.4	32.1	9.8
91 to 95	30.9	28.4	29.1	10.9	2.6
96 to 97	28.8	27.4	16.8	-------	-------
Total	100.0	100.0	100.0	100.0	100.0
Average	90.5	89.7	88.1	82.2	76.4
Median	92.6	92.0	90.2	84.8	77.8

Table III-40 shows loan-value distributions by property value groups for Section 203 cases insured during 1960. A great majority of the mortgages were at or near the maximum amounts set forth in the legislation and administrative rules. For instance, in the value groups below $14,000, which included the maximum 97 percent ratio cases up to $13,500, median loan-value ratios of over 96 percent were reported in all value classes, with well over one-half of all loans in the 96–97 percent class. Smaller proportions of loans of this class (96–97 percent) are shown for the $14,000 and $15,000 categories that became eligible for these ratios on April 29, 1960. Response to the change in the loan-value limitations was also noted in the higher value groups ($18,000 to $22,000), where ratios of over 92 percent were recorded for the first time. A median ratio of 91 percent was recorded for the $18,000 range and 87½ percent for the $20,000–$21,999 mortgages, with heavy concentrations of mortgages in the two highest possible categories. The greatest concentrations of maximum-limit cases are found in the new- and existing-home valuations of $13,500 or less, where the law provides the most favorable down payment terms. Significant shares of maximum ratio mortgages are also evident in the $14,000–$18,999 range, reflecting the increased allowances of the Housing Acts of 1958 and 1959. It is interesting to note that the same proportion—28.8 percent—of both new- and existing-home mortgages were insured with the highest loan-value ratios, reflecting the recent equality of credit terms for new- and existing-home transactions available since 1957. The typical loan-value ratio for existing homes, however, tended to be slightly lower in practically all value classes, probably because of the more conservative views of lenders and the inclusion of refinancing transactions.

Table III-40.—*Ratio of loan to value by property value, 1-family homes, Sec. 203, 1960*

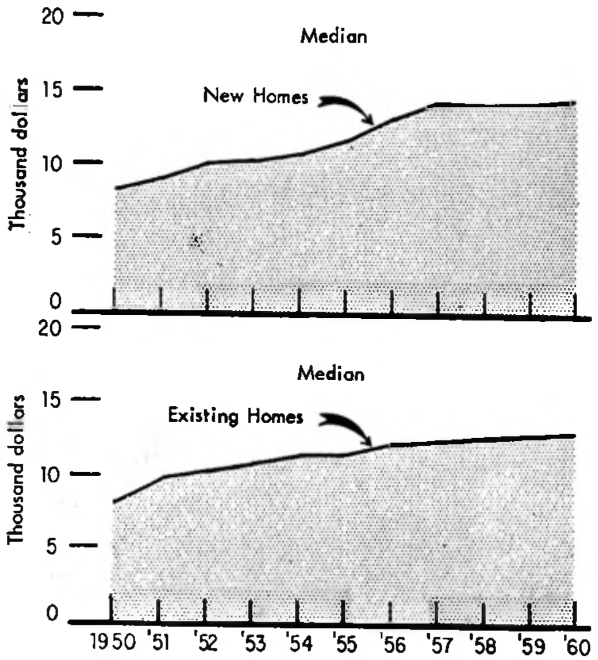
FHA estimate of property value	Percentage distribution	Median loan-value ratio	Ratio of loan to value—percentage distribution									
			50 percent or less	51 to 60 percent	61 to 70 percent	71 to 75 percent	76 to 80 percent	81 to 85 percent	86 to 90 percent	91 to 95 percent	96 to 97 percent	Total
NEW HOMES												
Less than $8,000	0.1	91.4	-------	3.2	-------	3.2	3.2	-------	38.7	19.4	32.3	100.0
$8,000 to $8,999	.4	96.2	-------	-------	-------	-------	1.0	1.0	4.5	35.5	58.0	100.0
$9,000 to $9,999	2.2	96.3	0.2	-------	0.3	.5	.8	.6	4.3	20.4	72.9	100.0
$10,000 to $10,999	5.4	96.3	(1)	(1)	.3	.2	1.5	1.7	4.5	23.1	68.7	100.0
$11,000 to $11,999	8.4	96.2	.1	.1	.4	.8	2.2	3.6	6.8	25.5	60.5	100.0
$12,000 to $12,999	11.0	96.2	.1	(1)	.5	.9	2.2	4.1	8.0	25.9	58.3	100.0
$13,000 to $13,999	13.8	96.1	.1	.1	.6	1.2	2.1	4.8	8.0	26.7	56.4	100.0
$14,000 to $14,999	14.6	93.8	(1)	(1)	.9	1.0	2.4	5.0	9.2	56.4	25.1	100.0
$15,000 to $15,999	12.7	92.8	.1	.1	.8	1.1	3.0	4.9	12.2	75.2	2.0	100.0
$16,000 to $16,999	9.6	92.5	.2	.3	.8	1.4	3.4	7.0	15.5	71.4	-------	100.0
$17,000 to $17,999	7.0	92.1	.3	.4	1.2	1.7	4.0	9.2	18.7	64.5	-------	100.0
$18,000 to $18,999	5.0	90.9	.3	.6	1.5	2.8	6.2	9.6	29.7	49.3	-------	100.0
$19,000 to $19,999	3.2	88.1	.3	.5	2.0	3.2	6.5	11.0	61.8	14.7	-------	100.0
$20,000 to $21,999	3.7	87.5	.6	1.3	2.5	4.0	8.8	12.0	65.3	4.9	-------	100.0
$22,000 to $24,999	2.2	85.8	.4	1.3	4.6	10.7	7.1	26.8	49.1	-------	-------	100.0
$25,000 and over	.7	79.8	1.0	3.8	16.6	13.1	20.1	27.5	17.9	-------	-------	100.0
Total	100.0	93.5	.1	.3	1.0	1.6	3.3	6.3	15.7	42.0	28.8	100.0
EXISTING HOMES												
Less than $8,000	4.3	95.0	.1	.1	.6	.8	2.0	5.6	16.8	30.1	43.9	100.0
$8,000 to $8,999	5.4	95.7	-------	.1	.4	.9	2.3	4.4	14.5	29.0	48.4	100.0
$9,000 to $9,999	7.3	95.7	(1)	.1	.5	.5	2.5	4.5	15.2	28.4	48.3	100.0
$10,000 to $10,999	10.2	95.6	.1	.2	.7	.7	3.0	5.1	15.4	20.9	47.9	100.0
$11,000 to $11,999	10.7	94.7	(1)	.1	.0	1.2	3.5	5.8	17.9	27.7	42.9	100.0
$12,000 to $12,999	11.6	94.5	(1)	.2	.9	1.4	3.6	7.1	18.0	26.6	42.2	100.0
$13,000 to $13,999	11.3	93.8	(1)	.2	.9	1.7	3.6	7.8	21.5	25.5	38.8	100.0
$14,000 to $14,999	9.5	92.0	.1	.1	1.1	1.6	4.1	10.3	24.7	39.4	18.6	100.0
$15,000 to $15,999	8.0	91.2	.1	.2	1.4	1.8	5.6	10.1	20.3	48.0	3.5	100.0
$16,000 to $16,999	6.5	90.4	.1	.4	1.3	2.5	5.7	11.9	31.7	46.4	-------	100.0
$17,000 to $17,999	4.8	89.6	.1	.2	1.4	2.9	6.3	15.9	32.0	41.2	-------	100.0
$18,000 to $18,999	3.4	88.7	.2	.5	1.6	3.3	6.9	17.9	37.0	32.6	-------	100.0
$19,000 to $19,999	2.1	87.0	.1	.3	1.8	4.5	8.9	27.1	37.0	19.4	-------	100.0
$20,000 to $21,999	2.6	86.7	.1	.6	1.8	3.9	9.6	27.4	48.4	8.2	-------	100.0
$22,000 to $24,999	1.7	84.6	.5	.9	2.1	4.1	14.5	38.9	39.0	-------	-------	100.0
$25,000 and over	.6	80.6	2.2	3.3	10.0	10.0	26.5	31.8	16.2	-------	-------	100.0
Total	100.0	92.6	.1	.2	1.1	1.7	4.5	9.7	23.0	30.9	28.8	100.0

[1] Less than 0.05 percent.

Chart III-21

FHA ESTIMATE OF PROPERTY VALUE, 1950–60

Single family home mortgages, Section 203



Property Value Characteristics

An important part of the FHA underwriting procedure is the determination of an estimate of value for each property proposed as security in an application for mortgage insurance. In the preparation of these estimates, consideration is given to such items as the estimated replacement cost of the property, sales prices of comparable houses, neighborhood stability, market price of site, materials and quality of construction, the size of the house, and some of its characteristics. The following pages are devoted to an analysis of some of the interrelationships of the significant characteristics of properties involved in Section 203 insured mortgage transactions during 1960.

Property Value.—Three out of every five new homes insured during 1960 were valued between $12,000 and $16,999, and about one-half of the existing homes fell in this range. New-home valuations predominated in the $13,000–$15,999 class, with the highest frequency—14½ percent—in the $14,000 range. Existing homes tended to spread evenly over a wider range of $10,000 to $15,999 with a slight concentration in the $12,000 class, where over 11½ percent of the transactions were reported. Seventeen percent of the existing homes were appraised at less than $10,000, compared with only about 2½ percent of the new homes (see Chart III-22).

In contrast, almost equal proportions of all Section 203 transactions—6½ percent of the new homes and 5 percent of the existing homes—were valued at $20,000 or higher.

Compared with 1959, median valuations on new homes rose about 2 percent in 1960 while existing-home values were 1 percent higher, probably reflecting increased costs of land and building. As indicated by Table III-41 and Chart III-21, the trend in valuations has been persistently moving upward, increasing at an average of about 7 percent a year for new homes and about 4 percent for existing homes. For example, the average 1960 valuation of a new home was $14,889, about 22 percent higher than in 1955 and 73 percent above the average of $8,594 in 1950. A somewhat slower rate of increase is shown for existing-home transactions. In 1960, the average existing dwelling was appraised at $13,304—one-tenth higher than in 1955 and about 43 percent above the average valuation ($9,298) reported for 1950. Valuation increases during the decade, of course, reflect changes in structure size, quality, and equipment for new construction as well as increases in land and construction costs.

Chart III-22

FHA ESTIMATE OF PROPERTY VALUE, 1960

Single family home mortgages, Section 203

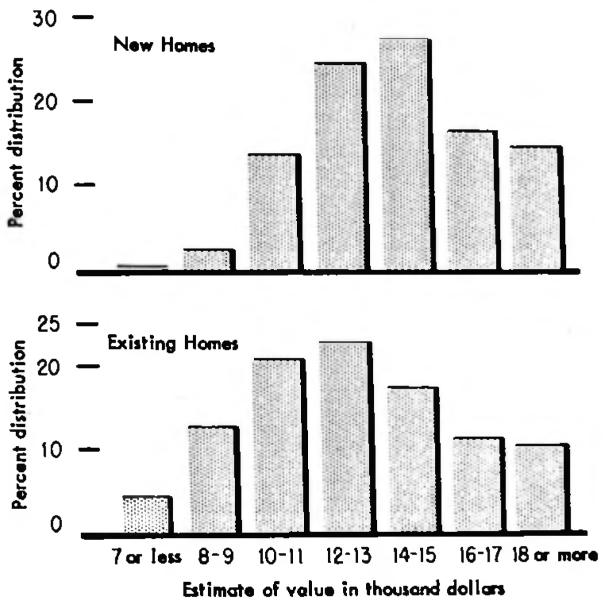


Table III-41.—*Property value, 1-family homes, Sec. 203, selected years*

FHA estimate of property value	Percentage distribution				
	1960	1959	1958	1955	1950
NEW HOMES					
Less than $6,000	(1)	---	---	(1)	2.0
$6,000 to $6,999	(1)	(1)	(1)	0.4	18.3
$7,000 to $7,999	0.1	0.1	0.3	3.0	20.8
$8,000 to $8,999	.4	.7	1.2	10.0	22.5
$9,000 to $9,999	2.2	2.9	4.6	14.2	15.9
$10,000 to $10,999	5.4	6.5	9.9	12.3	10.0
$11,000 to $11,999	8.4	10.1	9.6	12.3	4.7
$12,000 to $12,999	11.0	10.7	10.6	11.9	2.3
$13,000 to $13,999	13.8	14.5	11.4	9.9	1.4
$14,000 to $14,999	14.6	13.8	11.4	8.2	.7
$15,000 to $15,999	12.7	10.7	10.9	6.3	.5
$16,000 to $16,999	9.6	9.0	9.2	4.4	.3
$17,000 to $17,999	7.0	7.0	6.7	2.7	.2
$18,000 to $18,999	5.0	4.4	4.8	1.7	.1
$19,000 to $19,999	3.2	3.1	3.4	.9	.1
$20,000 to $21,999	3.7	3.8	3.5	1.1	.2
$22,000 to $24,999	2.2	2.2	1.9	.5	(1)
$25,000 and over	.7	.5	.6	.2	(1)
Total	100.0	100.0	100.0	100.0	100.0
Average value	$14,899	$14,650	$14,394	$12,118	$8,594
Median value	$14,607	$14,329	$14,207	$11,742	$8,286
EXISTING HOMES					
Less than $6,000	.4	.4	.3	.6	6.8
$6,000 to $6,999	1.0	1.1	1.1	1.9	10.7
$7,000 to $7,999	2.9	3.2	3.4	4.9	15.8
$8,000 to $8,999	5.4	6.0	6.5	10.1	17.1
$9,000 to $9,999	7.3	7.9	8.4	12.2	14.5
$10,000 to $10,999	10.2	10.3	10.8	12.7	11.3
$11,000 to $11,999	10.7	10.7	10.7	11.6	7.6
$12,000 to $12,999	11.6	11.4	11.4	11.2	5.7
$13,000 to $13,999	11.3	10.4	10.4	9.3	3.3
$14,000 to $14,999	9.5	9.0	8.6	7.1	2.0
$15,000 to $15,999	8.0	7.6	7.5	5.2	1.7
$16,000 to $16,999	6.5	6.4	6.2	3.9	1.1
$17,000 to $17,999	4.8	4.5	4.4	2.7	.8
$18,000 to $18,999	3.4	3.4	3.4	2.0	.6
$19,000 to $19,999	2.1	2.3	2.0	1.2	.3
$20,000 to $21,999	2.6	2.8	2.5	1.6	.4
$22,000 to $24,999	1.7	2.1	1.9	1.2	.2
$25,000 and over	.6	.5	.5	.6	.1
Total	100.0	100.0	100.0	100.0	100.0
Average value	$13,304	$13,236	$13,069	$12,047	$9,298
Median value	$13,043	$12,914	$12,778	$11,555	$8,865

[1] Less than 0.05 percent.

Transaction Characteristics.—Table III-42 presents selected characteristics of the one-family cases insured under Section 203 during 1960 by property value groups.

Inasmuch as the data relating to total acquisition cost, sale price, and incidental costs are based on purchase transactions only, they are not strictly comparable with the averages for property value, mortgage amount, and replacement cost, which are based on all types of one-family home transactions. These data include, in addition to purchases, new-home transactions involving the construction of a single-family home for or by the owner on his own lot; existing-home transactions in which the existing indebtedness is refinanced with no change in ownership; and existing-home transactions in which a substantial portion of the mortgage funds is used to finance improvements to the property. Although purchase transactions predominated in both new- and existing-home cases, varying proportions of the different types of transaction in the individual value classes may result in relationships between FHA value data and data on total acquisition and sale price which diverge somewhat from normal.

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

A comparison of the new- and existing-home averages of the various characteristics for corresponding property value groups reveals that mortgagor's income, acquisition cost, property replacement cost, and, for the most part, sale price were higher for existing-home transactions than for new-home cases. On a total basis, however, the averages for new homes were higher, indicating the variations in size of the respective groups. Moreover, property values were higher for new homes than for comparable existing dwellings, probably reflecting higher building costs and the longer prospective economic life of these properties. Mortgage amounts and ratios of loan to value were also higher for new homes, tending toward the highest insurable limits for respective values. Incidental costs, on the average, were $12 higher for new homes than for existing, but several classes of existing dwellings, especially those valued between $13,000 and $19,999 had higher closing costs than corresponding new homes. The average new-home buyer had an annual income of $7,590, only slightly more than the $7,258 reported for existing-home purchasers. However, in comparable value classes, the incomes of existing-home buyers were always higher.

Property Characteristics.—Table III-43 shows, by property value ranges, averages of property value, price of site, site-value ratio, calculated area, number of rooms and bedrooms, and the percentage of structures with each of the following characteristics: one story, more than one bath, basement, and car shelter. The average new home insured during 1960 consisted of 5½ rooms, of which 3 were bedrooms, with an area of 1,142 square feet. It was a bit larger than the average existing home, which included 1,101 square feet and a slightly smaller number of rooms and bedrooms. Nine out of every 10 new homes were of the single-story type, compared with 76 percent of the existing homes. In addition, 53 percent of the new homes had more than one bath, but only about half as many existing homes contained this extra feature. Almost 48 percent of the existing homes had basements, in contrast with only one-third of the new homes. Garages were included in 62 percent of the existing properties but in only 53 percent of the new-home cases insured. On the other hand, more than one-fifth of the new homes had carports, but only about 10 percent of the existing homes reported this facility.

Table III-42.—*Transaction characteristics by property value, 1-family homes, Sec. 203, 1960*

FHA estimate of property value	Percentage distribution	Average								Ratio of loan to property value
		Property value	Property replacement cost	Total acquisition cost[1]	Sale price[1]	Incidental cost[1 2]	Amount of mortgage	Mortgagor's annual income		
NEW HOMES										
Less than $8,000	0.1	$7,394	$8,022	$7,208	$7,078	$218.75	$6,685	$4,508		90.4
$8,000 to $8,999	.4	8,585	9,267	8,623	8,438	206.40	8,168	4,960		95.1
$9,000 to $9,999	2.2	9,563	10,162	9,613	9,402	233.91	9,116	5,421		95.3
$10,000 to $10,999	5.4	10,524	11,046	10,563	10,351	240.13	10,003	5,751		95.0
$11,000 to $11,999	8.4	11,480	11,936	11,496	11,261	260.95	10,830	6,057		94.3
$12,000 to $12,999	11.0	12,440	12,930	12,503	12,253	269.59	11,715	6,391		94.1
$13,000 to $13,999	13.8	13,453	13,919	13,503	13,245	268.62	12,620	6,869		93.8
$14,000 to $14,999	14.6	14,436	14,962	14,504	14,248	273.73	13,447	7,283		93.1
$15,000 to $15,999	12.7	15,422	15,979	15,511	15,248	281.33	14,244	7,839		92.4
$16,000 to $16,999	9.6	16,422	16,953	16,561	16,266	300.50	14,961	8,296		91.1
$17,000 to $17,999	7.0	17,417	17,980	17,596	17,276	319.24	15,642	8,740		89.8
$18,000 to $18,999	5.0	18,394	18,933	18,600	18,262	333.32	16,253	9,204		88.4
$19,000 to $19,999	3.2	19,397	19,931	19,623	19,261	357.05	16,946	9,762		87.4
$20,000 to $21,999	3.7	20,798	21,365	21,056	20,673	375.94	17,780	10,487		85.5
$22,000 to $24,999	2.2	23,059	23,504	23,073	22,592	397.34	19,145	11,456		83.0
$25,000 and over	.7	27,774	28,414	26,177	25,762	403.20	21,830	12,905		78.6
Total	100.0	14,899	15,416	14,939	14,662	289.12	13,621	7,590		91.4
EXISTING HOMES										
Less than $8,000	4.3	7,007	10,185	7,227	6,985	211.44	6,517	5,025		93.0
$8,000 to $8,999	5.4	8,429	11,111	8,624	8,387	215.86	7,873	5,450		93.4
$9,000 to $9,999	7.3	9,410	11,888	9,619	9,360	228.82	8,788	5,769		93.4
$10,000 to $10,999	10.2	10,420	12,690	10,643	10,383	242.55	9,707	6,075		93.2
$11,000 to $11,999	10.7	11,412	13,501	11,657	11,393	254.08	10,571	6,350		92.6
$12,000 to $12,999	11.6	12,411	14,372	12,684	12,407	264.52	11,459	6,753		92.3
$13,000 to $13,999	11.3	13,403	15,273	13,717	13,429	274.13	12,321	7,149		91.9
$14,000 to $14,999	9.5	14,385	16,207	14,734	14,419	286.65	13,075	7,590		90.9
$15,000 to $15,999	8.0	15,365	17,165	15,739	15,413	304.39	13,825	7,965		90.0
$16,000 to $16,999	6.5	16,364	18,099	16,755	16,424	317.73	14,590	8,458		89.2
$17,000 to $17,999	4.8	17,355	19,061	17,756	17,401	330.77	15,312	9,062		88.2
$18,000 to $18,999	3.4	18,344	20,220	18,772	18,399	347.63	15,969	9,491		87.1
$19,000 to $19,999	2.1	19,318	21,217	19,769	19,385	360.10	16,655	9,990		86.2
$20,000 to $21,999	2.6	20,725	22,611	21,305	20,911	367.50	17,732	10,649		85.6
$22,000 to $24,999	1.7	23,063	24,951	23,675	23,273	388.31	19,259	11,690		83.5
$25,000 and over	.6	27,502	29,748	27,495	27,065	399.97	21,514	13,807		78.2
Total	100.0	13,304	15,371	13,579	13,284	276.81	12,034	7,258		90.5

[1] Data reflect purchase transactions only.
[2] Includes estimated costs to mortgagor for items incidental to financing purchase of property, but excludes prepayable expenses.

The average land price for a new home was $2,470, 5 percent more than the $2,356 required for an equivalent site for an existing home. However, because of the smaller average value for existing homes, the average price of site represented almost 18 percent of the total property valuation, compared to 16½ percent for new homes. As would be expected, land prices rose as property values increased. Moreover, the price of land tended to increase more than proportionally as values grew. An exception may be noted for homes with valuations of $25,000 or higher, many of which are built in the suburbs on undeveloped land outside of subdivisions.

Rooms and Bedrooms by Property Value.—Table III-44 indicates that room and bedroom counts increased as property values rose, but that the number of bedrooms varied less than the number of rooms.

The average room count for new homes was 5½, practically the same as reported for existing homes. In practically all valuation classes, however, the average number of rooms in new homes exceeded the number reported for existing dwellings. The typical new house also had a slightly larger number of bedrooms—3, versus 2.8 bedrooms for existing homes. In addition, there were more bedrooms in new homes than in existing homes for nearly all corresponding value classes, reflecting the continuing demand for more bedrooms in homes now coming on the market.

The bulk—57 percent—of the new homes insured during 1960 had five rooms, with nearly 40 percent including six rooms or more. For existing properties, comparatively fewer—40 percent—of the homes had five rooms but slightly more—44 percent—homes contained six or more rooms. One-sixth of the existing homes had four or less rooms while only 3 percent of the new homes were that small.

For new homes, the five-room house predominated in all value classes from $8,000 through $16,999, and the six-room home was reported most frequently in properties valued at $17,000 or more. For existing construction the distribution was more dispersed, showing more significant portions both in the four-room size and in sizes of six rooms or more.

TABLE III-43.—*Property characteristics by property value, 1-family homes, Sec. 203, 1960*

FHA estimate of property value	Percentage distribution	Average: Property value	Average: Market price of site	Price of site as percent of value	Average: Calculated area (sq. ft.)	Average: Number of rooms	Average: Number of bedrooms	Percent of structure with—: More than 1 bath	1 Story	Full or part basement	Garage	Carport
NEW HOMES												
Less than $8,000	0.1	$7,394	$1,381	18.7	718	3.9	1.7	-------	90.0	10.0	16.1	6.5
$8,000 to $8,999	.4	8,585	1,341	15.6	839	4.7	2.6	5.0	98.8	3.5	30.5	26.0
$9,000 to $9,999	2.2	9,563	1,484	15.5	908	5.0	2.8	14.6	98.0	2.4	36.0	28.6
$10,000 to $10,999	5.4	10,524	1,642	15.6	947	5.0	2.9	26.0	95.6	7.4	38.1	31.2
$11,000 to $11,999	8.4	11,489	1,788	15.6	980	5.1	2.9	23.7	92.9	10.5	40.8	29.1
$12,000 to $12,999	11.0	12,449	1,929	15.5	1,026	5.2	2.9	27.8	91.1	30.3	43.7	23.4
$13,000 to $13,999	13.8	13,453	2,130	15.8	1,073	5.3	3.0	37.9	90.8	32.1	46.2	20.1
$14,000 to $14,999	14.6	14,436	2,348	16.3	1,108	5.4	3.0	50.3	92.2	37.3	52.8	18.2
$15,000 to $15,999	12.7	15,422	2,559	16.6	1,165	5.5	3.1	61.5	90.4	39.3	56.9	17.5
$16,000 to $16,999	9.6	16,422	2,737	16.7	1,215	5.6	3.0	70.0	87.4	40.3	58.8	18.8
$17,000 to $17,999	7.0	17,417	2,967	17.0	1,260	5.7	3.1	76.4	84.6	44.1	64.5	17.1
$18,000 to $18,999	5.0	18,394	3,246	17.6	1,321	5.9	3.1	84.1	84.0	40.7	68.2	16.9
$19,000 to $19,999	3.2	19,397	3,506	18.1	1,383	6.1	3.2	89.3	82.5	37.4	72.6	16.5
$20,000 to $21,999	3.7	20,798	3,805	18.3	1,440	6.2	3.2	92.3	83.0	35.1	73.3	16.6
$22,000 to $24,999	2.2	23,059	4,394	19.1	1,525	6.3	3.3	92.9	82.7	31.9	68.4	24.0
$25,000 and over	.7	27,774	4,711	17.0	1,538	6.4	3.3	88.1	81.9	29.0	71.4	22.5
Total	100.0	14,899	2,470	16.6	1,142	5.5	3.0	52.5	89.6	33.1	53.2	20.8
EXISTING HOMES												
Less than $8,000	4.3	7,007	1,115	15.9	941	5.0	2.4	2.4	64.7	43.9	35.1	6.2
$8,000 to $8,999	5.4	8,429	1,340	15.9	953	5.0	2.4	3.4	76.0	35.7	48.8	9.7
$9,000 to $9,999	7.3	9,410	1,543	16.4	975	5.1	2.5	4.5	77.8	36.6	53.2	9.3
$10,000 to $10,999	10.2	10,420	1,779	17.1	992	5.1	2.5	5.7	79.8	39.2	56.7	9.5
$11,000 to $11,999	10.7	11,412	1,984	17.4	1,015	5.2	2.6	8.8	79.2	42.7	58.6	8.7
$12,000 to $12,999	11.6	12,411	2,209	17.8	1,048	5.3	2.7	15.3	80.9	42.7	60.7	10.1
$13,000 to $13,999	11.3	13,403	2,369	17.7	1,080	5.4	2.8	19.7	78.3	46.9	63.0	9.6
$14,000 to $14,999	9.5	14,385	2,589	18.0	1,111	5.5	2.8	24.5	77.3	50.9	65.5	9.2
$15,000 to $15,999	8.0	15,365	2,770	18.0	1,163	5.6	2.9	33.3	74.3	55.3	68.5	8.9
$16,000 to $16,999	6.5	16,364	2,952	18.0	1,209	5.7	3.0	41.4	73.2	58.4	69.9	9.5
$17,000 to $17,999	4.8	17,355	3,148	18.1	1,252	5.8	3.0	50.9	71.6	59.2	71.7	9.6
$18,000 to $18,999	3.4	18,344	3,359	18.3	1,310	6.0	3.1	57.8	69.2	61.8	73.7	10.0
$19,000 to $19,999	2.1	19,318	3,625	18.8	1,352	6.1	3.1	66.4	68.4	61.0	77.1	10.5
$20,000 to $21,999	2.6	20,725	3,894	18.8	1,436	6.2	3.1	74.1	64.0	61.0	77.3	12.6
$22,000 to $24,999	1.7	23,063	4,366	18.9	1,534	6.4	3.2	83.4	62.8	62.1	78.7	13.6
$25,000 and over	.6	27,502	4,675	17.0	1,641	6.5	3.3	84.3	62.2	63.3	78.3	13.0
Total	100.0	13,304	2,356	17.7	1,101	5.4	2.8	23.5	75.8	47.6	61.9	9.5

TABLE III-44.—*Number of rooms and bedrooms by property value, 1-family homes, Sec. 203, 1960*

FHA estimate of property value	Percentage distribution	Number of rooms: Average	Percentage distribution: 4 or less	5	6	7	8 or more	Number of bedrooms: Average	Percentage distribution: 1–2	3	4 or more
NEW HOMES											
Less than $8,000	0.1	3.9	80.6	12.9	-------	6.5		1.7	90.3	6.5	3.2
$8,000 to $8,999	.4	4.7	39.0	57.5	3.0	-------	0.5	2.6	41.5	58.5	-------
$9,000 to $9,999	2.2	5.0	13.0	78.2	8.6	.1	.1	2.8	15.2	84.8	-------
$10,000 to $10,999	5.4	5.0	10.3	81.0	8.5	.1	.1	2.9	12.4	87.5	.1
$11,000 to $11,999	8.4	5.1	7.1	77.1	15.2	.5	.1	2.9	9.0	90.2	.8
$12,000 to $12,999	11.0	5.2	5.6	73.8	19.4	1.0	.2	2.9	7.6	91.4	1.0
$13,000 to $13,999	13.8	5.3	3.8	66.9	26.7	2.2	.4	3.0	5.4	90.1	4.5
$14,000 to $14,999	14.6	5.4	2.0	60.9	32.6	3.4	1.1	3.0	3.8	91.8	4.4
$15,000 to $15,999	12.7	5.5	1.6	54.9	35.6	5.8	2.1	3.1	3.0	88.5	8.5
$16,000 to $16,999	9.6	5.6	.9	46.0	42.8	8.9	1.4	3.0	2.5	89.9	7.6
$17,000 to $17,999	7.0	5.7	.5	41.5	44.2	11.4	2.4	3.1	1.8	88.0	10.2
$18,000 to $18,999	5.0	5.9	.6	29.2	50.4	15.6	4.2	3.1	1.6	84.4	14.0
$19,000 to $19,999	3.2	6.1	.3	22.3	47.5	26.3	3.6	3.2	1.5	78.8	19.7
$20,000 to $21,999	3.7	6.2	.1	19.7	46.6	28.7	4.9	3.2	.6	74.7	24.7
$22,000 to $24,999	2.2	6.3	.3	21.2	40.6	26.1	11.8	3.3	1.7	70.6	27.7
$25,000 and over	.7	6.4	1.2	17.3	43.8	22.8	14.9	3.3	3.9	66.0	30.1
Total	100.0	5.5	3.4	56.8	31.3	6.8	1.7	3.0	5.1	87.8	7.1
Median value	$14,607	-------	$12,128	$13,819	$15,693	$18,049	$18,106	-------	$12,675	$14,534	$17,365
EXISTING HOMES											
Less than $8,000	4.3	5.0	39.0	28.7	22.9	6.5	2.9	2.4	61.5	32.5	6.0
$8,000 to $8,999	5.4	5.0	37.2	34.7	20.6	5.2	2.3	2.4	64.3	30.0	5.7
$9,000 to $9,999	7.3	5.1	32.0	38.8	21.9	5.4	1.9	2.5	57.7	37.2	5.1
$10,000 to $10,999	10.2	5.1	27.9	42.3	23.1	4.7	2.0	2.5	50.9	44.0	5.1
$11,000 to $11,999	10.7	5.2	21.5	45.5	26.4	4.7	1.9	2.6	42.6	51.6	5.8
$12,000 to $12,999	11.6	5.3	16.9	45.5	30.3	5.6	1.7	2.7	35.1	58.2	6.7
$13,000 to $13,999	11.3	5.4	12.3	46.1	31.9	7.6	2.1	2.8	28.7	63.2	8.1
$14,000 to $14,999	9.5	5.5	9.9	45.1	34.9	8.3	1.8	2.8	23.9	68.4	7.7
$15,000 to $15,999	8.0	5.6	6.5	41.8	38.1	10.7	2.9	2.9	18.4	72.1	9.5
$16,000 to $16,999	6.5	5.7	4.8	30.3	39.9	12.4	3.6	3.0	16.1	73.6	10.3
$17,000 to $17,999	4.8	5.8	3.0	34.9	43.6	14.9	3.6	3.0	13.3	75.9	10.8
$18,000 to $18,999	3.4	6.0	2.4	20.5	43.2	19.2	5.7	3.1	10.4	75.9	13.7
$19,000 to $19,999	2.1	6.1	1.6	23.4	47.4	21.8	5.8	3.1	8.4	75.3	16.3
$20,000 to $21,999	2.6	6.2	1.4	18.6	46.4	25.1	8.5	3.1	8.3	73.1	18.6
$22,000 to $24,999	1.7	6.4	1.6	14.0	43.8	29.8	10.8	3.2	6.1	71.2	22.7
$25,000 and over	.6	6.5	3.3	14.1	37.8	26.0	17.9	3.3	10.3	58.7	31.0
Total	100.0	5.4	16.7	30.7	31.7	9.0	2.9	2.8	33.7	57.9	8.4
Median value	$13,043	-------	$10,803	$12,890	$13,060	$15,350	$15,120	-------	$11,290	$13,909	$14,546

The distribution of bedrooms shown in Table III-44 indicates that the three-bedroom home predominated in the market in 1960. In fact, 88 percent of the new homes fell into this category, and about 58 percent of existing homes had as many bedrooms. In addition, one-third of the existing homes had one or two bedrooms, in contrast to only 5 percent of the new homes. Three-bedroom homes were most often reported in practically all value classes for new homes and in all value ranges of existing homes appraised at $11,000 or more.

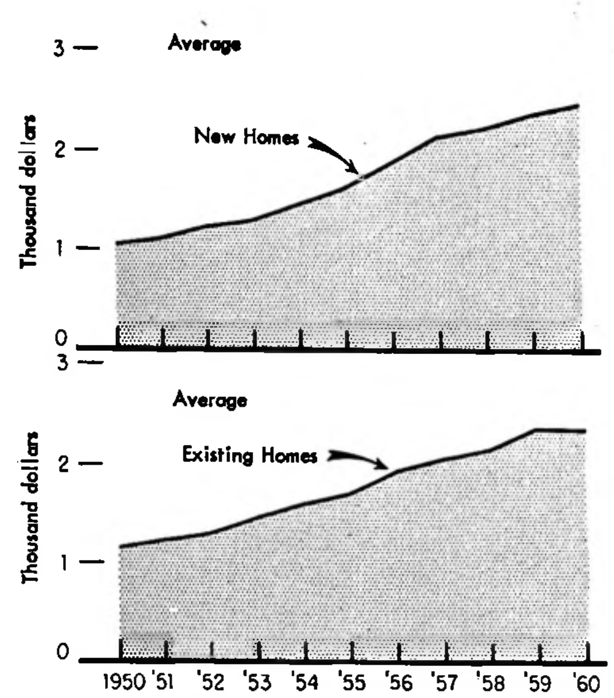
Year Built.—Table III-45, which is presented for the first time in this report, indicates the age of the structure by property value. In 1960, the typical existing-home transaction involved a home 9.3 years old valued at $13,043. Moreover, the table shows that over half (58 percent) of the existing homes on which mortgages were insured in 1960 were relatively new, that is, constructed since the beginning of 1950. Twenty-two percent of the existing dwellings were 10 to 20 years old, and the remaining one-fifth were built more than 20 years ago. It is also evident from the median age of structure that the older homes are valued at lower prices than the more recently constructed dwellings. For example, the typical age of the $8,000 home is 12½ years old, but the typical $20,000 home is only about 7 years old. The bulk of the homes valued at more than $20,000 were constructed in the last 5 years, with a significant portion built in the 5-year period from 1950 to 1954.

Market Price of Site.—The available market price of site as defined by FHA is the FHA-estimated price of an equivalent site including street improvements and utilities, rough grading, terracing, and retaining walls, if any. Table III-46 shows a cross tabulation of the FHA estimate of value and available market price of equivalent site, and Chart III-23 reveals the upward trend in site prices.

CHART III-23

MARKET PRICE OF EQUIVALENT SITE, 1950–60

Single family home mortgages, Section 203



In 1960 the median price of a site for a new home was $2,404 or 16½ percent of the total FHA property valuation. For existing homes, the land price was 5 percent less ($2,285) but accounted for a slightly larger (17½ percent) share of the total value. More than 45 percent of the new homes and about 40 percent of the existing properties securing insured mortgages were constructed on sites valued between $1,500 and $2,499. In addition, almost another one-third of the new-home sites were valued between $2,500 and $3,499,

TABLE III-45.—*Year built, by property value, 1-family homes, Sec. 203, 1960*

FHA estimate of property value	Percentage distribution	Median age of structure (years)	Year built—percentage distribution: Prior to 1920	1920 to 1929	1930 to 1939	1940 to 1944	1945 to 1949	1950 to 1954	1955 to 1959	1960
EXISTING HOMES										
Less than $8,000	4.3	15.2	21.2	14.7	5.3	8.2	17.5	28.0	4.1	1.0
$8,000 to $8,999	5.4	12.6	9.7	16.0	6.1	7.1	20.4	33.5	7.0	.2
$9,000 to $9,999	7.3	11.2	5.6	14.9	6.3	7.0	18.5	37.0	9.4	.4
$10,000 to $10,999	10.2	10.1	4.8	11.2	6.1	7.9	17.5	40.6	11.5	.4
$11,000 to $11,999	10.7	9.7	3.5	9.7	5.7	6.8	18.4	41.2	14.0	.7
$12,000 to $12,999	11.6	9.2	3.5	8.6	5.1	6.6	16.3	40.5	18.6	.8
$13,000 to $13,999	11.3	8.8	3.0	8.6	5.8	6.1	13.8	40.7	21.0	1.0
$14,000 to $14,999	9.5	8.6	2.6	8.6	5.1	5.3	13.7	40.4	23.4	.9
$15,000 to $15,999	8.0	8.4	1.9	10.7	5.7	5.4	11.6	36.8	26.7	1.2
$16,000 to $16,999	6.5	8.0	1.4	7.0	6.7	6.4	11.2	35.9	30.2	1.2
$17,000 to $17,999	4.8	7.6	1.8	6.2	6.6	6.4	11.4	30.5	35.4	1.7
$18,000 to $18,999	3.4	7.5	1.4	8.2	7.1	5.8	9.0	32.6	34.3	1.6
$19,000 to $19,999	2.1	7.1	1.7	6.5	6.9	5.2	9.4	30.6	37.2	2.5
$20,000 to $21,999	2.6	7.1	1.7	6.3	8.9	5.3	10.0	26.7	39.1	2.0
$22,000 to $24,999	1.7	6.8	1.8	6.0	7.8	10.4	6.8	24.4	41.0	1.8
$25,000 and over	.6	6.6	1.5	5.4	10.7	4.2	8.4	26.5	40.2	3.1
Total	100.0	9.3	4.4	10.0	6.0	6.7	15.1	37.3	19.6	.9
Median value	$13,043	-------	$10,363	$11,884	$12,025	$12,319	$12,022	$12,675	$14,485	$14,402

TABLE III-46.—*Available market price of equivalent site, by property value, 1-family homes, Sec. 203, 1960*

FHA estimate of property value	Percentage distribution	Median market price of site	Available market price of equivalent site—percentage distribution										
			Less than $500	$500 to $999	$1,000 to $1,499	$1,500 to $1,999	$2,000 to $2,499	$2,500 to $2,999	$3,000 to $3,499	$3,500 to $3,999	$4,000 to $4,499	$4,500 to $4,999	$5,000 or more
NEW HOMES													
Less than $8,000	0.1	$1,547	--------	19.4	25.8	51.6	3.2	--------	--------	--------	--------	--------	--------
$8,000 to $8,999	.4	1,386	0.5	22.5	35.0	33.0	7.5	1.0	--------	--------	0.5	--------	--------
$9,000 to $9,999	2.2	1,475	.2	10.4	41.4	32.7	10.9	3.7	0.5	0.1	--------	--------	0.1
$10,000 to $10,999	5.4	1,680	.1	4.6	28.3	47.1	12.1	5.5	2.2	.1	(1)	--------	--------
$11,000 to $11,999	8.4	1,792	--------	2.3	24.5	39.8	21.8	9.4	1.9	.1	.2	(1)	(1)
$12,000 to $12,999	11.0	1,928	(1)	.9	14.9	39.9	27.2	13.9	2.5	.5	.2	(1)	(1)
$13,000 to $13,999	13.8	2,187	.1	.5	7.0	28.2	36.5	19.3	6.5	1.0	.2	0.1	(1)
$14,000 to $14,999	14.6	2,397	--------	.2	3.6	20.5	32.4	25.9	14.1	2.9	.2	.1	.1
$15,000 to $15,999	12.7	2,608	--------	.1	1.6	13.1	28.7	30.2	17.5	5.7	2.5	.4	.2
$16,000 to $16,999	9.6	2,766	(1)	.2	1.2	9.4	25.2	26.3	20.3	12.6	3.1	.8	.9
$17,000 to $17,999	7.0	3,020	--------	.2	.5	5.4	18.0	25.0	23.9	17.0	7.2	1.4	1.4
$18,000 to $18,999	5.0	3,302	--------	--------	1.0	3.4	12.2	18.0	25.5	19.1	12.5	5.3	3.0
$19,000 to $19,999	3.2	3,516	--------	.1	.5	2.1	8.6	13.9	24.2	19.9	19.1	5.0	6.6
$20,000 to $21,999	3.7	3,805	.2	.2	.3	1.1	4.5	9.5	19.1	24.8	19.3	10.6	10.4
$22,000 to $24,999	2.2	4,251	--------	.5	.1	1.1	2.1	5.4	11.4	21.2	16.2	17.5	24.5
$25,000 and over	.7	4,738	.3	.9	4.9	1.5	3.3	5.8	4.9	8.8	10.6	18.9	40.1
Total	100.0	2,404	(1)	1.1	8.3	21.3	24.0	19.1	12.4	6.8	3.6	1.6	1.8
EXISTING HOMES													
Less than $8,000	4.3	1,153	1.0	34.9	45.9	14.6	2.5	.6	.2	--------	(1)	--------	.3
$8,000 to $8,999	5.4	1,392	.1	14.8	44.7	30.6	7.6	1.7	.4	(1)	--------	--------	.1
$9,000 to $9,999	7.3	1,592	.1	7.9	35.6	34.8	14.7	5.2	1.4	.2	.1	--------	(1)
$10,000 to $10,999	10.2	1,796	.1	3.8	24.7	36.2	18.5	10.5	4.9	1.1	.2	(1)	(1)
$11,000 to $11,999	10.7	1,962	(1)	2.0	16.8	33.8	21.9	13.6	7.9	3.1	.7	.1	.1
$12,000 to $12,999	11.6	2,221	.1	1.1	10.9	26.8	25.1	16.3	10.6	6.6	1.7	.5	.3
$13,000 to $13,999	11.3	2,401	(1)	.8	7.1	21.8	25.3	20.1	12.8	8.1	2.7	.9	.4
$14,000 to $14,999	9.5	2,619	.1	.4	4.5	16.1	23.8	21.4	14.9	10.3	5.1	2.1	1.3
$15,000 to $15,999	8.0	2,800	(1)	.3	3.2	12.3	21.1	21.9	16.4	11.5	7.8	3.1	2.4
$16,000 to $16,999	6.5	2,997	(1)	.2	1.9	8.8	18.0	21.2	18.9	14.2	9.2	4.3	3.3
$17,000 to $17,999	4.8	3,176	(1)	.2	.9	6.8	14.7	20.5	19.6	14.0	10.5	6.4	6.4
$18,000 to $18,999	3.4	3,369	--------	.4	1.1	4.8	10.7	18.0	20.3	15.3	11.6	7.7	10.1
$19,000 to $19,999	2.1	3,607	--------	--------	.6	2.8	8.3	15.5	19.1	17.5	11.3	8.6	16.3
$20,000 to $21,999	2.6	3,885	.1	.3	.7	1.9	6.3	10.2	18.5	15.6	12.3	11.3	22.8
$22,000 to $24,999	1.7	4,432	.1	.5	.5	1.6	3.3	6.2	11.6	14.7	13.3	13.1	35.1
$25,000 and over	.6	4,763	--------	.3	2.4	2.2	4.9	6.5	5.2	11.4	11.7	10.3	45.1
Total	100.0	2,285	.1	3.8	14.3	21.4	18.2	14.7	10.9	7.2	4.1	2.2	3.1

[1] Less than 0.05 percent.

compared with about one-fourth for existing homes. It is of interest to note the variation of site-value relationships by comparing several value categories. For example, more than three-fourths of the new homes and 61 percent of the existing homes in the $10,000 class were built on sites valued between $1,000 and $1,999. In the median price class, represented by the $15,000 house, the bulk—59 percent for new and 43 percent for existing homes—were constructed on sites worth $2,000 to $2,999. In the higher price brackets—$22,000 or more—over three-fourths of all homes were situated on lots with valuations in excess of $3,500. In fact, lots values of $3,500 or more were reported in 14 percent of all new homes and 16½ percent of all existing-home cases.

Water and Sewer Supply.—Table III–47 indicates by property value classes the percentage distributions of types of water and sewer supply systems. It points out that almost 95 percent of all homes insured by FHA are serviced by public water supplies. The main exceptions are in the least expensive and most expensive homes, of which greater proportions are not in subdivisions and consequently may be some distance from public pipe lines. The table also reveals that three out of four homes have public sewer systems. In addition, one-fifth of the homes have individual sewer systems, the bulk of which are of the septic tank type. Only a small percentage of all FHA home buyers reported community sewer systems.

Water and sewage disposal systems, 1-family homes, 1960

	Water and sewage disposal—percentage distribution			
	Total	Public water	Community water	Individual water
NEW HOMES				
Public sewer	76.9	81.1	6.1	14.2
Community sewer	4.9	1.9	70.5	.6
Individual septic tank	15.3	14.1	20.7	78.9
Individual cesspool	2.9	2.9	2.7	6.3
Total	100.0	100.0	100.0	100.0
Percent of total	100.0	94.2	4.3	1.5
EXISTING HOMES				
Public sewer	76.1	79.7	4.3	10.0
Community sewer	1.1	.5	44.2	.3
Individual septic tank	18.9	15.9	49.2	85.0
Individual cesspool	3.9	3.9	2.3	4.7
Total	100.0	100.0	100.0	100.0
Percent of total	100.0	94.7	1.4	3.7

The text table shown above clearly indicates that a public water system is almost always accompanied by a public sewer line and that community water systems are associated with a community sewer or an individual sewer system (either septic tank or cesspool). This is true for both new and existing homes. It is also of interest to note that septic tank systems are found in significant numbers among all property value groups.

TABLE III-47.—*Water supply and sewage disposal systems by property value, 1-family homes, Sec. 203, 1960*

FHA estimate of property value	Percentage distribution	Percentage distribution of—						
		Water supply			Sewage disposal			
		Public	Community	Private well	Public	Community	Individual system: Septic tank	Individual system: Cesspool
NEW HOMES								
Less than $8,000	0.1	60.0	40.0	--------	53.3	40.0	6.7	--------
$8,000 to $8,999	.4	90.7	8.8	0.5	67.4	9.8	22.3	0.5
$9,000 to $9,999	2.2	93.3	6.1	.6	74.1	8.8	17.0	.1
$10,000 to $10,999	5.4	92.8	6.1	1.1	76.9	7.2	15.1	.8
$11,000 to $11,999	8.4	92.5	6.3	1.2	75.8	7.5	15.3	1.4
$12,000 to $12,999	11.0	94.0	4.8	1.2	74.1	6.8	16.1	3.0
$13,000 to $13,999	13.8	95.0	3.6	1.4	74.4	4.4	18.3	2.9
$14,000 to $14,999	14.6	94.6	3.8	1.6	78.2	3.6	15.0	3.2
$15,000 to $15,999	12.7	95.3	3.1	1.6	79.2	3.6	14.7	2.5
$16,000 to $16,999	9.6	95.0	3.3	1.7	78.4	3.4	15.0	3.2
$17,000 to $17,999	7.0	92.2	5.4	2.4	77.9	4.4	14.6	3.1
$18,000 to $18,999	5.0	95.3	3.2	1.5	79.3	4.0	13.5	3.2
$19,000 to $19,999	3.2	94.4	4.2	1.4	82.3	4.3	10.5	2.9
$20,000 to $21,999	3.7	95.2	3.4	1.4	78.7	3.8	12.2	5.3
$22,000 to $24,999	2.2	94.5	3.7	1.8	72.7	3.7	16.5	7.1
$25,000 and over	.7	82.7	10.8	6.5	60.8	8.3	13.6	17.3
Total	100.0	94.2	4.3	1.5	76.9	4.9	15.3	2.9
EXISTING HOMES								
Less than $8,000	4.3	96.3	.8	2.9	85.9	.3	12.2	1.6
$8,000 to $8,999	5.4	97.2	.6	2.2	83.5	.6	13.8	2.1
$9,000 to $9,999	7.3	96.3	.8	2.0	79.0	.5	17.4	3.1
$10,000 to $10,999	10.2	95.7	1.2	3.1	79.4	.7	17.6	2.3
$11,000 to $11,999	10.7	96.5	1.2	2.3	78.8	.9	17.3	3.0
$12,000 to $12,999	11.6	94.4	2.0	3.6	76.2	1.8	18.2	3.8
$13,000 to $13,999	11.3	95.0	1.7	3.3	74.3	1.8	19.4	4.5
$14,000 to $14,999	9.5	95.0	1.2	3.8	73.7	1.2	19.3	5.8
$15,000 to $15,999	8.0	94.2	1.3	4.5	72.8	.8	20.3	6.1
$16,000 to $16,999	6.5	93.5	1.6	4.9	72.6	1.2	20.6	5.6
$17,000 to $17,999	4.8	93.3	1.4	5.3	73.2	1.0	21.2	4.6
$18,000 to $18,999	3.4	94.0	1.5	4.5	73.7	.9	21.6	3.8
$19,000 to $19,999	2.1	93.3	2.4	4.3	69.9	1.4	24.9	3.8
$20,000 to $21,999	2.6	93.2	1.6	5.2	70.9	.9	24.4	3.8
$22,000 to $24,999	1.7	91.0	2.3	6.7	66.9	1.2	28.6	3.3
$25,000 and over	.6	84.6	4.8	10.6	64.5	1.7	30.4	3.4
Total	100.0	94.9	1.4	3.7	76.1	1.1	18.9	3.9

Financial Characteristics.—Table III–48 indicates that the average new-home mortgage in the typical value class—$14,000—secured a property worth $14,436 and was to be amortized over a period of almost 29½ years by a mortgagor with a monthly income of $607. His monthly housing payment totaled $128.03, the bulk ($103) of which was debt services, including $15.08 for property taxes. In addition, $18.49 was set aside for heating and utilities and $6.81 for future repairs and maintenance.

In contrast, the median existing home in the typical value group ($13,000) was appraised by FHA at $13,403 and secured a mortgage with a term of 26½ years. The house was purchased by a buyer with a monthly income of $596 and a prospective housing expense of $124.88, consisting principally of a monthly mortgage payment of $99 which included $15.21 for taxes. The monthly expense also included an estimated $18.41 for heating and utility expenses, as well as $7.08 for maintenance.

On the average, new-home mortgages were written for a term of 29.2 years and existing home contracts had an average duration of 25.8 years. Moreover, in all value classes new-construction mortgage durations were consistently higher than for corresponding existing-home groups. It may also be observed that mortgage terms lengthened as values increased, reaching a peak term of 29.4 years for new homes valued between $13,000 and $15,999 and then receding slightly. For existing homes, mortgage terms rose gradually to 26.7 years for the $15,000 to $17,999 homes and then tended to be somewhat shorter as value increased.

Next to principal and interest, property taxes were the most important item in the total monthly mortgage payment—averaging more than 15 percent of the total payment for both new- and existing-home transactions. Average taxes were proportional to property values and moved upward as property values increased, indicating that wide variations in local tax rates and in special assessments affected all value classes about equally. In all corresponding value classes, property taxes were slightly higher for existing homes than for new, although—because of differences in the two

TABLE III-48.—*Financial characteristics by property value, 1-family homes, Sec. 203, 1960*

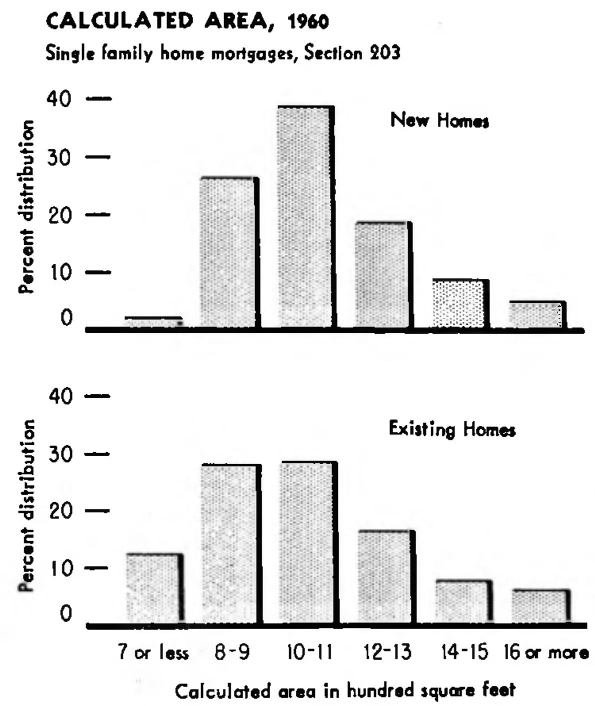
FHA estimate of property value	Percentage distribution	Average		Monthly average					
		Property value	Term of mortgage (years)	Property taxes	Total mortgage payment	Prospective housing expense	Mortgagor's income	Heating and utilities	Maintenance and repair
NEW HOMES									
Less than $8,000	0.1	$7,394	22.3	$5.03	$54.63	$73.30	$383.13	$13.13	$5.53
$8,000 to $8,999	.4	8,585	28.4	8.29	64.31	84.70	413.30	14.58	5.82
$9,000 to $9,999	2.2	9,503	28.9	9.27	69.57	90.41	451.77	15.08	5.70
$10,000 to $10,999	5.4	10,524	29.2	10.10	75.93	98.36	479.23	16.46	5.96
$11,000 to $11,999	8.4	11,489	29.2	11.53	82.72	105.72	504.76	16.86	6.14
$12,000 to $12,999	11.0	12,449	29.3	12.05	89.71	113.66	532.61	17.74	6.21
$13,000 to $13,999	13.8	13,453	29.4	13.81	96.32	121.00	572.42	18.26	6.51
$14,000 to $14,999	14.6	14,436	29.4	15.08	102.74	128.03	606.88	18.40	6.81
$15,000 to $15,999	12.7	15,422	29.4	16.43	109.08	135.12	653.24	18.96	7.09
$16,000 to $16,999	9.6	16,422	29.2	17.07	115.60	142.73	691.34	19.46	7.67
$17,000 to $17,999	7.0	17,417	29.0	19.01	121.08	149.36	728.35	20.47	7.82
$18,000 to $18,999	5.0	18,304	29.0	20.51	126.67	155.20	767.00	20.09	8.45
$19,000 to $19,999	3.2	19,397	29.0	22.40	133.02	162.76	813.49	20.76	8.98
$20,000 to $21,999	3.7	20,798	28.9	23.85	140.07	171.17	873.95	21.50	9.61
$22,000 to $24,999	2.2	23,050	28.8	25.32	151.29	184.75	954.68	23.08	10.30
$25,000 and over	.7	27,774	28.8	28.19	175.75	218.19	1,075.41	30.71	11.74
Total	100.0	14,809	29.2	15.83	104.90	130.82	632.53	18.78	7.13
EXISTING HOMES									
Less than $8,000	4.3	7,007	21.7	9.15	60.34	81.93	418.77	15.71	5.88
$8,000 to $8,999	5.4	8,429	23.6	9.44	68.08	90.36	454.20	16.10	6.18
$9,000 to $9,999	7.3	9,410	24.5	10.69	73.51	96.54	480.74	16.66	6.37
$10,000 to $10,999	10.2	10,420	25.4	11.59	79.55	102.97	506.22	16.99	6.43
$11,000 to $11,999	10.7	11,412	25.9	12.87	86.07	110.18	529.19	17.52	6.59
$12,000 to $12,999	11.6	12,411	26.3	13.93	92.63	117.22	562.72	17.79	6.80
$13,000 to $13,999	11.3	13,403	26.5	15.21	99.39	124.88	595.75	18.41	7.08
$14,000 to $14,999	9.5	14,385	26.6	16.96	106.07	132.37	632.49	19.08	7.24
$15,000 to $15,999	8.0	15,365	26.7	18.60	112.58	140.07	663.70	19.99	7.50
$16,000 to $16,999	6.5	16,364	26.7	19.68	118.73	147.21	704.82	20.56	7.93
$17,000 to $17,999	4.8	17,355	26.7	20.80	124.72	154.17	755.13	21.26	8.19
$18,000 to $18,999	3.4	18,344	26.6	22.54	131.08	161.90	790.88	22.12	8.70
$19,000 to $19,999	2.1	19,318	26.6	23.34	136.87	168.09	832.46	22.35	8.87
$20,000 to $21,999	2.6	20,725	26.5	25.31	140.03	179.00	887.45	23.46	9.51
$22,000 to $24,999	1.7	23,063	26.1	28.35	159.99	195.27	974.10	24.07	10.30
$25,000 and over	.6	27,502	25.9	31.32	181.47	225.10	1,150.60	32.01	11.62
Total	100.0	13,304	25.8	15.55	98.69	124.60	604.87	18.73	7.17

value distributions—the average for all new homes was somewhat higher than for existing homes. The total monthly payment grew as values increased, reflecting the heavier debt service on higher average mortgage amounts and increased taxes. Although the average term for new-home mortgages was longer, the mortgage principal was still sufficiently larger than the corresponding existing-home mortgage to require higher monthly payments for new homes ($104.90) than for existing homes ($98.69).

Prospective housing expense, consisting principally of the mortgage payment, showed similar tendencies, with the expenses for new homes ranging from $73 for homes valued at less than $8,000 to $218 for those valued at $25,000 or more. Over the same range of values, existing-home expenses varied between $82 and $225. As in the case of the mortgage payment, the housing expense was higher for existing-home owners in all value classes, but the overall average expense for new homes ($131) was somewhat higher than for all existing-home transactions ($125). The monthly expenses attributable to household operations and estimated costs of repairs averaged about $26 for all FHA home purchasers, and included estimated heating and utility expense of $18.78 and $18.73 for new- and existing-home owners, respectively. In individual value categories the average heating and utility expense was greater for existing-home buyers. Maintenance expenditures were higher for existing homes below $19,000, but higher for new homes above that point.

Incidental Costs.—Table III-49 indicates the incidental costs necessary to close a mortgage transaction. Incidental costs are the total estimated closing costs chargeable to the mortgagor for items which are incidental to the transaction regardless of whether included in whole or in part in the contract price. These costs include FHA examination fee, mortgagee's initial service charge, cost of title search, charges for the preparation of deed or documents, mortgage tax, recording fees, and similar items. Deposits for unaccrued taxes, insurance premium, and similar items are treated as prepayable expenses and are not included as incidental costs. The typical amount of closing costs for new homes during 1960 was $286, slightly higher (4 percent) than the $275 required for existing-home buyers. For both new and existing homes, closing costs increase with property value, with costs higher for existing-home owners in most value categories. Two out of every five transactions were reported with closing costs of $200–$299. Another one-fourth of the cases were closed with fees of $300 to $399. About one-sixth

CHART III-24



of the cases were at each extreme—above $400 or below $200—reflecting the wide geographic variation in these charges.

Size of House Characteristics

This portion of the report deals with the sizes of the homes securing mortgages insured by FHA under Section 203. In addition to the distributions by calculated areas (Table III-50), valuations and other characteristics of 1960 properties are shown by various area groups (Tables III-51), and distributions by area of home are presented for mortgagors in various age groups (Table III-52).

Calculated Area.—Typically, one-family homes securing Section 203 FHA mortgages insured in 1960 were slightly smaller than those insured in 1959. The median area for new homes was 1,091 square feet—3 percent larger than the 1,057 square feet typical house reported in existing-home transactions. As indicated by Chart III-24 and Table III-50, 6 out of every 10 new homes insured in 1960 were in the 900–1,199 square feet size range, with the bulk (39 percent) between 1,000 and 1,099 square feet in area. On the other hand, existing homes were spread over a wider range and also showed heavier concentrations in the smaller size homes.

TABLE III-49.—*Incidental costs by property value, 1-family homes,[1] Sec. 203, 1960*

FHA estimate of property value	Percentage distribution	Median incidental costs	Incidental costs—percentage distribution								
			Less than $100	$100 to $199	$200 to $299	$300 to $399	$400 to $499	$500 to $599	$600 to $699	$700 to $799	$800 or more
NEW HOMES											
Less than $8,000	0.1	(2)	----	25.0	62.5	6.3	6.2	----	----	----	----
$8,000 to $8,999	.4	$215.10	0.6	42.3	46.5	10.0	.6	----	----	----	----
$9,000 to $9,999	2.2	243.62	2.1	23.1	56.9	13.4	3.9	0.6	----	----	----
$10,000 to $10,999	5.4	250.75	1.9	18.8	57.8	17.4	3.2	.9	----	----	----
$11,000 to $11,999	8.4	265.40	3.0	15.4	48.3	24.1	7.3	1.5	0.3	0.1	----
$12,000 to $12,999	11.0	270.88	2.6	11.8	50.2	24.3	9.2	1.6	.3	(3)	----
$13,000 to $13,999	13.8	272.13	4.4	9.8	49.6	23.3	11.3	1.2	.3	.1	(3)
$14,000 to $14,999	14.6	276.23	4.0	9.2	48.2	23.2	13.0	2.0	.3	.1	----
$15,000 to $15,999	12.7	282.14	4.3	10.1	43.3	24.8	13.4	3.3	.7	.1	(3)
$16,000 to $16,999	9.6	298.85	1.8	8.2	40.5	28.4	15.5	4.2	1.2	.2	(3)
$17,000 to $17,999	7.0	320.31	.7	5.6	37.2	31.9	17.8	4.9	1.6	.1	0.2
$18,000 to $18,999	5.0	331.63	.8	5.7	31.8	33.0	18.0	6.9	2.3	.4	.2
$19,000 to $19,999	3.2	365.13	.2	4.4	25.9	30.0	26.6	9.6	2.6	.2	.5
$20,000 to $21,999	3.7	398.57	.2	3.0	18.2	28.9	36.1	9.9	2.2	.8	.7
$22,000 to $24,999	2.2	406.00	.1	2.3	16.9	29.2	24.6	21.8	2.8	1.6	.7
$25,000 and over	.7	389.47	2.9	.8	11.8	38.6	14.2	26.0	1.2	2.5	2.0
Total	100.0	286.05	2.7	9.9	43.4	25.5	13.7	3.7	.8	.2	.1
EXISTING HOMES											
Less than $8,000	4.3	224.83	3.4	37.0	38.5	19.0	2.1	----	----	----	----
$8,000 to $8,999	5.4	223.78	1.8	38.3	41.6	15.3	2.9	.1	----	----	----
$9,000 to $9,999	7.3	238.35	1.0	31.1	40.7	16.9	4.0	.3	----	----	----
$10,000 to $10,999	10.2	252.64	.8	24.2	47.5	19.9	6.9	.6	.1	(3)	----
$11,000 to $11,999	10.7	260.20	.8	19.1	49.0	21.2	7.6	1.3	.1	----	(3)
$12,000 to $12,999	11.6	268.91	.9	16.7	47.1	24.9	8.3	1.9	.2	(3)	(3)
$13,000 to $13,999	11.3	277.08	.7	14.7	44.8	26.6	10.5	2.4	.2	.1	----
$14,000 to $14,999	9.5	287.93	.5	11.3	43.4	27.5	13.1	3.7	.4	.1	(3)
$15,000 to $15,999	8.0	297.79	.4	10.1	40.4	25.6	16.0	6.1	1.2	.2	(3)
$16,000 to $16,999	6.5	313.53	.4	9.1	37.0	25.6	17.6	8.4	1.6	.3	(3)
$17,000 to $17,999	4.8	333.00	.4	6.0	33.9	29.6	18.0	9.7	2.1	.3	----
$18,000 to $18,999	3.4	340.50	.4	5.6	30.1	28.1	19.5	12.0	3.3	.8	.2
$19,000 to $19,999	2.1	366.08	.4	4.3	26.8	28.0	20.5	14.9	4.4	.6	.1
$20,000 to $21,999	2.6	372.94	.9	4.4	24.8	27.3	20.0	17.0	4.2	1.0	.4
$22,000 to $24,999	1.7	382.50	.1	2.9	22.2	30.1	16.9	19.7	5.3	2.2	.6
$25,000 and over	.6	395.00	----	2.7	21.3	27.4	19.5	17.5	5.8	2.7	3.1
Total	100.0	275.45	.8	17.3	42.2	23.7	10.7	4.2	.8	.2	.1

[1] In this table data are based on purchase transactions only. [2] Median not significant. [3] Less than 0.05 percent.

TABLE III-50.—*Calculated area, 1-family homes, Sec. 203, selected years*

Calculated area (square feet)	Percentage distribution				
	1960	1959	1958	1955	1950
NEW HOMES					
Less than 600	(1)	(1)	(1)	0.2	0.5
600 to 699	0.2	0.1	0.3	1.3	7.6
700 to 799	1.6	1.8	2.8	7.5	30.6
800 to 899	6.5	7.4	7.4	15.5	25.4
900 to 999	20.1	19.6	18.3	20.0	13.0
1,000 to 1,099	23.8	22.3	23.0	20.1	9.9
1,100 to 1,199	15.4	16.1	16.2	14.5	5.3
1,200 to 1,299	11.5	11.6	10.8	8.9	3.2
1,300 to 1,399	7.3	7.6	7.9	5.7	2.0
1,400 to 1,499	5.0	5.2	4.6	2.8	.9
1,500 to 1,599	3.7	3.4	3.5	1.7	.6
1,600 to 1,799	3.7	3.7	3.7	1.2	.6
1,800 to 1,999	.9	.9	1.1	.4	.2
2,000 or more	.3	.3	.4	.2	.2
Total	100.0	100.0	100.0	100.0	100.0
Average	1,142	1,140	1,138	1,049	894
Median	1,091	1,095	1,092	1,022	838
EXISTING HOMES					
Less than 600	.1	.1	.1	.4	.5
600 to 699	1.9	1.8	2.2	2.6	3.3
700 to 799	10.6	10.5	10.8	12.5	14.4
800 to 899	14.1	14.1	14.0	15.4	16.5
900 to 999	14.2	14.1	14.1	14.4	14.1
1,000 to 1,099	15.8	15.9	15.5	13.9	11.7
1,100 to 1,199	12.9	12.6	12.1	11.1	9.3
1,200 to 1,299	9.9	9.9	9.7	8.6	7.6
1,300 to 1,399	6.7	6.8	6.8	6.4	5.8
1,400 to 1,499	4.5	4.7	4.9	4.4	4.3
1,500 to 1,599	3.2	3.2	3.3	3.0	3.2
1,600 to 1,799	3.4	3.5	3.5	3.7	4.2
1,800 to 1,999	1.5	1.6	1.7	1.7	2.2
2,000 or more	1.2	1.2	1.3	1.9	2.9
Total	100.0	100.0	100.0	100.0	100.0
Average	1,101	1,105	1,105	1,096	1,100
Median	1,057	1,059	1,053	1,030	1,006

[1] Less than 0.05 percent.

Characteristics by Calculated Area.—Table III-51 shows average characteristics by calculated areas of homes. They include the average floor area, property value, total acquisition cost, sale price, number of rooms and bedrooms, and the proportion of homes with one story, more than one bath, and carports or garages. The table indicates, for instance, that the average house in the 1,000–1,099 square-foot range had an area of 1,043 square feet and was appraised by FHA at $14,197. It contained five rooms, of which three were bedrooms, and sold for $13,982. When closing costs were added, the entire transaction cost the new-home owner $14,240. Ninety-four percent of the homes in this size range were one-story houses and 37 percent had basements. Moreover, 4 out of every 10 had more than 1 bath. About half of the homes had garages, and another fifth were equipped with carports. On the average, the number of rooms reported for new and existing homes was about the same—5.5 and 5.4 rooms respectively—and the number of bedrooms slightly larger for new (3) than for existing (2.8) homes. As might be expected, the number of multistory and split-level homes increased as the floor area became larger for both new and existing homes. Split-level houses, although not shown in the table, accounted for about 5½ percent of the new- and 1.7 percent of the existing-home cases. The trend toward more bathrooms in recent construction is discernible in the table, since 52½ percent of the new homes, compared with 23½ percent of the existing homes, had more than one bath. In addition, higher proportions of new homes with more than one bathroom were reported in all area ranges. Basements were reported in almost 48 percent of the existing homes but in only one-third of all new homes, reflecting the trend toward use of slab-type construction. Garages were reported in 62 percent of the existing-home transactions and in 53 percent of the new homes. In contrast, carports were reported about twice as often for new homes—almost 21 percent of the new homes and 9½ percent of the existing homes included this facility.

Age of Principal Mortgagor.—Data in Table III-52, published for the first time in this report, show the age of the principal mortgagor and sizes of the houses purchased by mortgagors in each age group during 1960. Three-eighths of all home buyers using FHA mortgage insurance in 1960 were under 30 years of age, including one out of four between the ages of 25 and 29. Slightly over one-fifth more were in the 30 to 34 age group. About 28 percent of all purchasers were between the ages of 35 and 44. A wide range of home sizes is recorded for each age class of mortgagors, but slightly smaller homes, as indicated by median sizes, are reported for the youngest and oldest mortgagors, probably reflective both of income characteristics of these families and of smaller space requirements than for families with the head of the family in the middle range of ages between 30 and 49.

Mortgagor's Income Characteristics

In determining the acceptability of a transaction for mortgage insurance under the FHA underwriting system, an evaluation is made of the risk entailed in the mortgage credit elements of the transaction. This involves consideration of such items as mortgagor's income, his financial assets, current and anticipated obligations of a recurring nature, and the mortgagor's motivation in the home-financing transaction. Owner-occupants are the mortgagors in practically all the Section 203 one-family cases. The mortgagor's ability to bear the cost of the home ownership is determined principally by his effective income. This is an estimate of the mortgagor's probable earning capacity during the first third of the mortgage term, which experience has indicated is likely to be the most hazardous portion of the life of the mortgage. Incomes of co-mortgagors or endorsers may be included, partially, wholly, or not at all, depending on specific circumstances. This section of the report is devoted to a description of the Section 203 owner-occupant transactions insured in 1960 from the viewpoint of mortgagor's income and housing expense.

TABLE III-51.—*Property characteristics by calculated area, 1-family homes, Sec. 203, 1960*

Calculated area (sq. ft.)	Percentage distribution	Average						Percent of structure with—				
		Calculated area (sq. ft.)	Property value	Total acquisition cost [1]	Sale price [1]	Number of rooms	Number of bedrooms	More than 1 bath	1 story	Full or part basement	Garage	Carport
NEW HOMES												
Less than 700	0.2	615	$10,065	$9,981	$9,833	4.2	1.7	9.3	92.5	17.7	14.8	15.9
700 to 799	1.6	758	11,357	11,424	11,176	4.5	2.4	2.5	95.2	42.4	21.1	22.4
800 to 899	6.5	860	12,039	12,094	11,866	4.8	2.8	7.1	92.3	44.0	32.4	24.0
900 to 999	20.1	948	12,975	13,034	12,792	5.1	2.9	14.5	95.5	44.5	38.6	19.2
1,000 to 1,099	23.8	1,043	14,197	14,240	13,982	5.3	3.0	38.3	94.1	37.0	49.4	20.3
1,100 to 1,199	15.4	1,147	15,321	15,364	15,065	5.4	3.0	66.3	88.5	33.6	57.8	22.6
1,200 to 1,299	11.5	1,249	16,064	16,102	15,810	5.7	3.1	87.6	89.5	23.6	66.3	21.9
1,300 to 1,399	7.3	1,347	16,844	16,928	16,627	5.9	3.2	90.9	80.3	22.8	72.8	18.8
1,400 to 1,499	5.0	1,444	17,081	17,202	16,897	6.0	3.1	93.0	85.3	16.4	63.9	23.3
1,500 to 1,599	3.7	1,550	18,237	18,383	18,024	6.4	3.3	94.9	80.1	19.0	71.8	18.3
1,600 to 1,699	2.6	1,646	18,774	18,930	18,614	6.7	3.5	98.2	71.2	14.5	75.8	16.9
1,700 to 1,799	1.1	1,739	20,198	20,352	19,936	6.7	3.5	96.6	66.9	19.7	70.2	18.2
1,800 to 1,999	.9	1,872	20,016	19,989	19,549	6.8	3.4	94.8	74.9	18.2	67.8	22.9
2,000 or more	.3	2,173	22,213	22,534	22,132	7.1	3.6	98.1	60.2	21.1	63.8	28.2
Total	100.0	1,142	14,899	14,939	14,602	5.5	3.0	52.5	89.6	33.1	53.2	20.8
EXISTING HOMES												
Less than 700	2.0	660	9,816	10,005	9,777	4.2	2.0	2.4	86.9	58.0	50.5	4.2
700 to 799	10.6	752	10,986	11,296	11,034	4.4	2.2	2.4	87.1	51.6	52.9	4.6
800 to 899	14.1	848	11,671	11,918	11,651	4.8	2.4	4.1	88.3	44.8	57.0	7.2
900 to 999	14.2	947	12,406	12,654	12,383	5.1	2.6	6.6	88.5	45.2	56.9	9.6
1,000 to 1,099	15.8	1,047	13,111	13,385	13,104	5.4	2.8	14.4	84.6	41.3	61.1	10.5
1,100 to 1,199	12.9	1,146	13,845	14,167	13,856	5.6	2.9	28.9	73.1	44.4	66.0	11.3
1,200 to 1,299	9.9	1,245	14,472	14,778	14,462	5.8	3.0	40.6	65.6	48.3	67.1	11.4
1,300 to 1,399	6.7	1,344	15,004	15,368	15,038	6.1	3.0	50.2	61.5	48.4	68.5	12.0
1,400 to 1,499	4.5	1,444	15,633	15,980	15,643	6.3	3.1	54.2	56.3	51.0	69.4	11.9
1,500 to 1,599	3.2	1,544	16,095	16,402	16,054	6.5	3.2	58.5	49.5	55.3	70.7	11.0
1,600 to 1,699	2.1	1,645	16,594	16,921	16,574	6.7	3.3	62.3	42.8	59.9	72.0	11.1
1,700 to 1,799	1.3	1,746	16,711	17,053	16,626	6.9	3.5	65.7	40.7	60.1	70.6	10.7
1,800 to 1,999	1.5	1,886	16,538	16,866	16,485	7.0	3.5	61.8	35.5	66.1	71.3	10.9
2,000 or more	1.2	2,305	17,567	17,721	17,342	7.6	3.9	76.7	21.4	74.3	74.1	7.5
Total	100.0	1,101	13,304	13,579	13,284	5.4	2.8	23.5	75.8	47.6	61.9	9.5

[1] Data reflect purchase transactions only.

TABLE III-52.—*Age of principal mortgagor, by calculated area, 1-family homes, Sec. 203, 1960*

Calculated area (sq. ft.)	Percentage distribution	Age of principal mortgagor								
		Median age (years)	Less than 25	25 to 29	30 to 34	35 to 39	40 to 44	45 to 49	50 to 59	60 or more
			Percentage distribution by calculated area							
NEW HOMES										
Less than 700	0.2	36.8	0.3	0.1	0.1	0.1	0.1	0.2	0.5	5.3
700 to 799	1.6	31.7	2.0	1.6	1.2	1.0	1.3	1.6	2.9	5.3
800 to 899	6.5	30.1	10.8	7.1	5.2	5.0	5.2	5.3	5.5	11.3
900 to 999	20.1	30.1	32.5	23.1	17.6	15.6	14.8	15.9	16.6	22.5
1,000 to 1,099	23.8	31.5	27.0	27.1	22.7	20.7	21.2	21.3	23.2	18.5
1,100 to 1,199	15.4	33.1	13.0	15.2	16.0	16.2	16.5	16.2	15.3	12.3
1,200 to 1,299	11.5	34.0	7.2	10.4	12.3	12.7	13.2	14.6	14.0	10.3
1,300 to 1,399	7.3	34.2	3.4	6.3	8.7	8.6	9.4	8.4	6.9	4.8
1,400 to 1,499	5.0	34.7	2.1	4.0	6.0	6.7	6.0	6.0	5.2	3.7
1,500 to 1,599	3.7	35.4	.8	2.6	4.4	5.2	4.9	4.2	4.1	2.7
1,600 to 1,699	2.6	36.4	.4	1.3	3.1	4.2	3.9	3.3	2.9	2.2
1,700 to 1,799	1.1	36.7	.2	.5	1.3	1.8	1.6	1.4	1.4	.2
1,800 to 1,999	.9	36.1	.3	.6	1.0	1.5	1.4	1.1	1.0	.7
2,000 or more	.3	37.2	(1)	.1	.4	.7	.5	.5	.5	.2
Total	100.0	32.6	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0		12.9	25.4	22.3	17.0	10.4	6.5	4.6	.9
Median area	1,091		1,016	1,067	1,120	1,147	1,145	1,135	1,109	1,031
EXISTING HOMES										
Less than 700	2.0	29.0	4.7	2.2	1.3	1.3	1.3	1.6	2.0	1.8
700 to 799	10.6	29.7	10.0	12.9	8.3	6.8	7.4	8.4	10.7	10.8
800 to 899	14.1	31.0	21.7	16.0	11.7	10.7	11.4	13.7	15.3	16.0
900 to 999	14.2	31.9	18.0	15.7	13.4	12.1	11.6	13.2	15.2	19.6
1,000 to 1,099	15.8	32.7	15.4	17.1	16.2	14.8	15.6	15.4	15.0	15.0
1,100 to 1,199	12.9	33.6	10.1	13.0	13.2	13.7	13.9	13.5	12.3	12.6
1,200 to 1,299	9.9	34.2	5.3	9.0	11.7	11.6	11.1	10.7	8.9	9.0
1,300 to 1,399	6.7	35.1	2.6	5.2	8.0	8.8	7.8	7.9	6.8	5.7
1,400 to 1,499	4.5	35.6	1.3	3.3	5.4	6.3	6.0	5.0	4.0	3.9
1,500 to 1,599	3.2	36.0	.9	2.2	3.7	4.7	4.2	3.3	3.6	1.5
1,600 to 1,699	2.1	36.3	.3	1.4	2.5	3.1	3.2	2.6	1.9	1.5
1,700 to 1,799	1.3	36.7	.3	.7	1.4	2.1	2.0	1.5	1.2	.3
1,800 to 1,999	1.5	36.5	.3	.8	1.9	2.0	2.5	1.7	1.7	1.0
2,000 or more	1.2	37.6	.1	.5	1.3	2.0	2.0	1.5	1.4	1.3
Total	100.0	33.1	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0		12.5	24.2	21.3	16.7	11.4	7.5	5.7	.7
Median area	1,057		926	1,019	1,095	1,131	1,120	1,085	1,040	1,012

[1] Less than 0.05 percent.

Chart III-25

MORTGAGOR'S EFFECTIVE ANNUAL INCOME, 1950–60

Single family home mortgages, Section 203

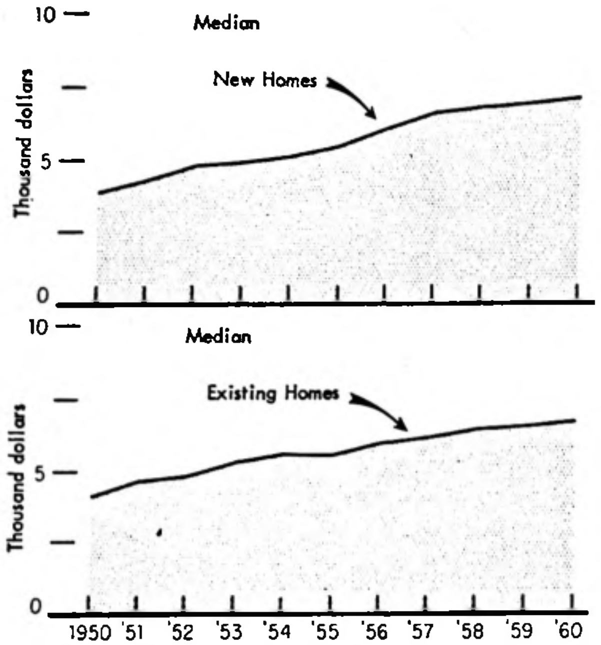


Table III–53.—*Mortgagor's annual income, 1-family homes, Sec. 203, selected years*

Mortgagor's effective annual income	Percentage distribution				
	1960	1959	1958	1955	1950
NEW HOMES					
Less than $3,000			0.1	0.6	12.2
$3,000 to $3,999	1.3	1.9	2.2	10.6	43.4
$4,000 to $4,999	7.6	10.0	12.0	26.5	24.0
$5,000 to $5,999	17.0	18.9	18.4	21.0	9.7
$6,000 to $6,999	21.2	20.7	20.4	16.8	5.8
$7,000 to $7,999	17.1	16.2	16.9	10.6	2.5
$8,000 to $8,999	12.6	12.0	10.5	5.6	1.0
$9,000 to $9,999	9.2	8.3	8.0	3.7	.6
$10,000 to $10,999	5.4	4.7	4.7	2.0	.3
$11,000 to $11,999	3.3	2.7	2.3	.7	.1
$12,000 to $12,999	2.3	2.0	1.9	.8	.2
$13,000 to $14,999	1.6	1.3	1.3	.5	.1
$15,000 or more	1.4	1.3	1.3	.6	.1
Total	100.0	100.0	100.0	100.0	100.0
Average	$7,590	$7,327	$7,217	$5,969	$4,213
Median	$7,168	$6,912	$6,803	$5,484	$3,861
EXISTING HOMES					
Less than $3,000			.2	.6	0.3
$3,000 to $3,999	3.0	4.0	3.8	10.0	33.5
$4,000 to $4,999	11.3	13.5	15.7	24.6	24.1
$5,000 to $5,999	19.4	20.3	19.7	19.9	11.9
$6,000 to $6,999	19.8	18.7	18.7	16.5	9.4
$7,000 to $7,999	15.0	13.9	14.8	11.3	4.9
$8,000 to $8,999	11.1	10.3	9.2	0.2	2.1
$9,000 to $9,999	7.9	7.4	7.3	4.3	1.7
$10,000 to $10,999	4.8	4.4	4.4	2.3	1.0
$11,000 to $11,999	2.9	2.7	2.0	1.0	.3
$12,000 to $12,999	2.0	2.0	1.8	1.3	.8
$13,000 to $14,999	1.5	1.4	1.2	.9	.4
$15,000 or more	1.3	1.4	1.2	1.1	.6
Total	100.0	100.0	100.0	100.0	100.0
Average	$7,258	$7,107	$6,975	$6,223	$4,837
Median	$6,784	$6,575	$6,502	$5,669	$4,274

Mortgagor's Income.—As shown in Chart III–26 and in Table III–53, there is considerable similarity in the income distributions of the new- and existing-home mortgagors. A pronounced upward shift in incomes is evident during the past decade, with the median income rising on an average 9 percent annually for new-home buyers in FHA programs and 6 percent for existing-home buyers. The upward trend in incomes of all FHA mortgagors was somewhat steeper than the 6 percent concurrent rise in nonfarm family incomes. In 1950, the typical FHA new-home owner had an income of $3,861; by 1955 it had risen 42 percent to $5,484, and in 1960 had advanced another 31 percent to $7,168. Although the growth was slower for existing-home buyers, the same general pattern was apparent.

During 1960, the incomes of FHA new-home buyers averaged $7,590 and those of existing-home purchasers $7,258. Two out of every three home buyers were reported with annual incomes (before taxes) of $5,000 to $8,999. The income range most frequently reported for new-home owners was $6,000 to $6,999, including more than one-fifth of the insured cases. On the other hand, the largest groups of the existing-home transactions (19 percent) were in the $5,000 and $6,000 income ranges. Incomes of $10,000 or higher were reported in 14 percent of the new- and 12½ percent of the existing-home transactions. Only about one-tenth of the FHA home buyers had incomes of less than $5,000, in contrast to 10 years ago when 80 percent of the new- and two-thirds of the existing-home owners were in this category. See Chart III–25.

Characteristics by Mortgagor's Monthly Income.—Selected characteristics of 1960 Section 203 insured transactions involving occupant mortgagors are presented according to mortgagor's income levels in Table III–54 (transaction and property characteristics) and Table III–55 (financial characteristics). A major use of these data can be demonstrated by pointing out the characteristics of the average income group, those earning $600–$649 monthly. This group of new-home owners were on the average 33½ years of age and had an annual income of $7,421. They purchased a 5½ room house containing 1,162 square feet of floor area, which was appraised by FHA at $15,163. This property was sold for $14,962 and was covered by a mortgage for $13,941 representing 92 percent of total valuation. When closing costs were paid, the entire transaction cost the home buyer a total of $15,249. The monthly obligation to pay back the mortgage on the typical home was $107.37 (including $16 in taxes) and was to run for 29⅓ years. The overall housing expense was estimated to be $133.40 and covered $18.80 monthly for heating and utilities and $7.23 for maintenance and repairs, in addition to debt service. For both new and existing homes, the levels

Chart III–26

MORTGAGOR'S EFFECTIVE ANNUAL INCOME, 1960

Single family home mortgages, Section 203

of sale price, property values, size of structure, mortgage amount and monthly obligations, shown in Table III–55, increased as the incomes rose but not in the same proportion. For example, the average mortgagor income in the $850 to $899 class was twice as large as the average income in the $400–$449 class, but sale price, property value, mortgage amount and monthly obligations of the mortgagors in the $850 class were noticeably less than proportionally higher, ranging from 1.1 to 1.7 times as great.

Further evidence of this disproportionate relationship between income and other items in FHA-insured transactions is the steady downward trend in the value-income ratios in Table III–54 and the ratios of housing expense and mortgage payment to income shown in Table III–55 and Chart III–28. This situation was not unique in 1960, but has been apparent for FHA experience in prior years where comparable information was available for analysis. The concentration of home construction under FHA programs in middle price ranges (for reaching maximum marketability) without equivalent concentration of purchasers by income classes limits the significance of FHA experience as a reflection of universal relationships. Higher income families in particular frequently finance their purchases of more expensive homes with con-

Table III–54.—*Transaction and property characteristics by mortgagor's income, 1-family homes,[1] Sec. 203, 1960*

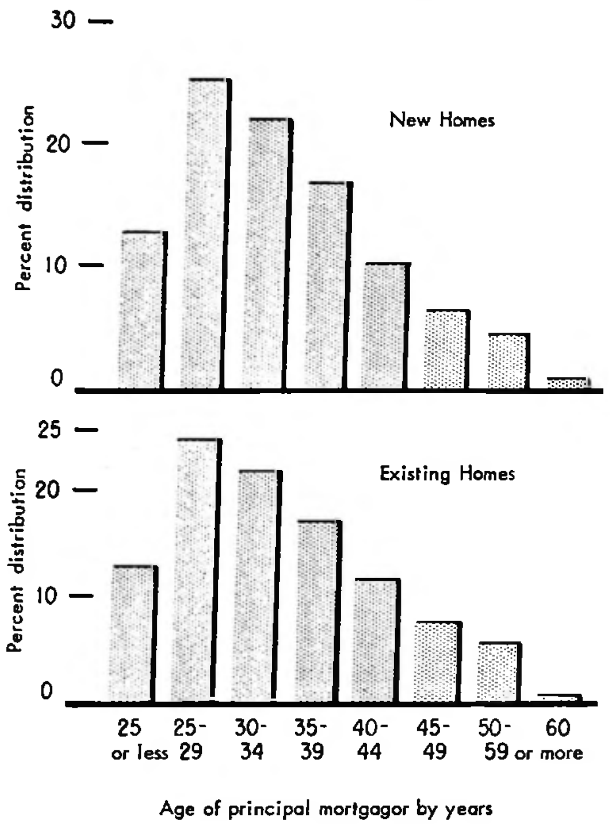
Mortgagor's effective monthly income	Percentage distribution	Average									Percent ratio of loan to value	Ratio of property value to income
		Mortgagor's annual income	Age of principal mortgagor	Total acquisition cost [2]	Sale price [2]	Property value	Mortgage amount	Calculated area (sq. ft.)	Number of rooms			
NEW HOMES												
Less than $300	0.3	$3,203	41.9	$9,946	$9,722	$10,030	$8,952	864	4.7		89.3	3.13
$300 to $349	1.4	3,946	31.2	10,766	10,554	10,812	9,905	930	4.9		91.6	2.74
$350 to $399	4.0	4,512	29.4	11,483	11,240	11,527	10,627	963	5.0		92.2	2.55
$400 to $449	9.2	5,093	30.0	12,385	12,146	12,400	11,471	995	5.1		92.5	2.43
$450 to $499	10.9	5,665	30.7	13,222	12,966	13,206	12,211	1,036	5.2		92.5	2.33
$500 to $549	14.0	6,250	31.8	13,910	13,656	13,892	12,837	1,076	5.3		92.4	2.22
$550 to $599	10.7	6,861	33.2	14,681	14,416	14,646	13,495	1,120	5.4		92.1	2.13
$600 to $649	10.6	7,421	33.8	15,249	14,962	15,163	13,941	1,162	5.5		91.9	2.04
$650 to $699	8.7	8,033	34.6	15,739	15,456	15,655	14,340	1,189	5.6		91.6	1.95
$700 to $749	6.8	8,624	35.4	16,289	15,984	16,188	14,750	1,218	5.6		91.1	1.88
$750 to $799	5.8	9,223	36.1	16,690	16,380	16,588	15,055	1,245	5.7		90.8	1.80
$800 to $849	5.0	9,857	36.5	17,140	16,834	17,024	15,392	1,270	5.8		90.4	1.73
$850 to $899	3.1	10,453	37.3	17,326	17,010	17,250	15,543	1,285	5.8		90.1	1.65
$900 to $999	4.0	11,275	37.9	17,837	17,523	17,751	15,914	1,310	5.9		89.7	1.57
$1,000 to $1,199	3.8	12,723	38.0	18,571	18,252	18,586	16,521	1,368	6.0		88.9	1.46
$1,200 or more	1.7	17,435	40.8	19,516	19,139	19,640	17,201	1,407	6.0		87.6	1.13
Total	100.0	7,590	33.6	14,939	14,662	14,899	13,625	1,142	5.5		91.4	1.96
EXISTING HOMES												
Less than $300	1.0	3,218	31.7	8,144	7,934	8,039	7,339	889	4.8		91.3	2.50
$300 to $349	3.0	3,924	29.7	9,000	8,865	8,993	8,241	931	4.9		91.6	2.29
$350 to $399	6.4	4,502	30.1	10,053	9,803	9,927	9,087	961	5.0		91.5	2.21
$400 to $449	11.8	5,085	31.3	11,091	10,824	10,901	9,992	985	5.1		91.7	2.14
$450 to $499	11.6	5,662	32.1	11,991	11,723	11,792	10,771	1,022	5.2		91.3	2.08
$500 to $549	13.3	6,246	33.1	12,852	12,561	12,580	11,469	1,059	5.3		91.2	2.01
$550 to $599	9.7	6,862	34.1	13,671	13,381	13,390	12,177	1,092	5.4		90.9	1.95
$600 to $649	9.1	7,435	34.9	14,301	13,997	13,975	12,675	1,123	5.5		90.7	1.88
$650 to $699	7.8	8,040	35.7	14,700	14,469	14,427	13,069	1,146	5.6		90.6	1.79
$700 to $749	5.9	8,634	36.3	15,226	14,906	14,923	13,424	1,176	5.6		90.0	1.73
$750 to $799	5.0	9,221	36.8	15,080	15,649	15,577	14,008	1,202	5.7		89.9	1.69
$800 to $849	4.3	9,864	36.8	16,468	16,128	16,053	14,379	1,237	5.8		89.6	1.63
$850 to $899	2.8	10,455	37.9	16,810	16,489	16,362	14,600	1,252	5.8		89.2	1.56
$900 to $999	3.5	11,261	38.2	17,400	17,164	17,008	15,047	1,281	5.9		88.5	1.51
$1,000 to $1,199	3.4	12,766	38.8	18,547	18,190	18,104	15,932	1,349	6.0		88.0	1.42
$1,200 or more	1.4	17,367	40.9	19,936	19,569	19,539	16,841	1,456	6.1		86.2	1.13
Total	100.0	7,258	34.1	13,579	13,284	13,305	12,037	1,100	5.4		90.5	1.83

[1] In this table data are based on 1-family occupant cases. [2] Based on purchase transactions only.

CHART III-27

AGE OF PRINCIPAL MORTGAGOR, 1960

Single family home mortgages, Section 203



ventional loans, since they can better afford the higher required down payment and monthly obligations.

In practically all of the corresponding income classes, total acquisition costs, sale price, property value, mortgage amount, mortgage terms, and monthly obligations (except taxes) were higher for new-home buyers than for existing-home mortgagors. In addition, the ratios of property value to income and loan to value were also higher for new-home mortgagors.

As indicated by Table III-55, the mortgage term for new homes was consistently longer than for existing homes for all income ranges, reflecting the longer economic life of new properties. Despite the shorter repayment period for existing-home mortgages, the higher average amount for new-home owners was sufficiently great in corresponding income groups to make the monthly mortgage payments for new-home owners higher in nearly all of the income groups. On the average, the share of the home mortgagor's income required for mortgage payment was about 16½ percent of monthly income (before taxes). In line with higher mortgage payments, total prospective housing expenses were also higher, especially for new-home owners whose incomes were below $900. However, the cost of household operation and maintenance and repairs were higher in existing homes in many income classes. Taxes were higher for most classes of existing-home buyers, probably because the homes were situated in more developed areas. It is also of interest to note that, with the exception of mortgagors earning less than $350 a month, the average age of the principal mortgagor in an existing-home transaction was higher for each income range than that of the corresponding new-home buyer.

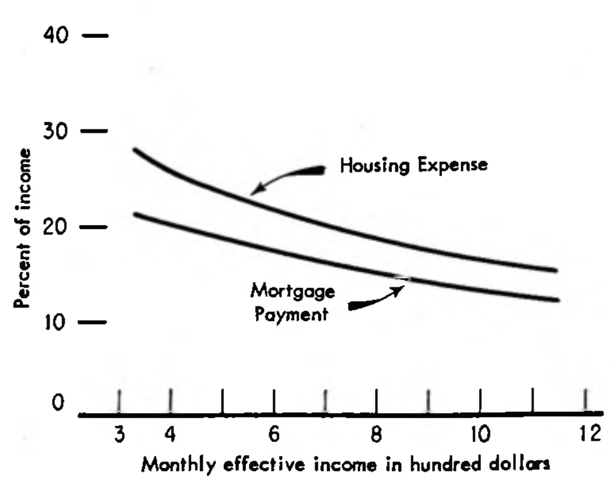
Age of Principal Mortgagor.—Table III-56 and Chart III-27 present information on the income levels of the principal mortgagor in various age classes. In general, incomes rise with the age of the mortgagor, although wide ranges of income are reported for each age group. The highest typical income of new-home mortgagors—$686—was reported for those buyers between the ages of 45 and 49 and for existing-home buyers—$644—in the 40 to 44 years age class. The range of median monthly incomes extends from $489 for those mortgagors less than 25 years of age, gradually increasing to a peak of $686 in the 45-year class. The same pattern is discernible for existing-home buyers, ranging from $452 for the youngest to a highpoint in the 40-year group and declining to $555 for the oldest group.

Housing Expense by Mortgagor's Monthly Income.—A basic consideration in the determination of mortgage risk under the FHA underwriting procedure is the relationship between the mortgagor's income and his prospective housing expense. Table III-57 shows distributions of

CHART III-28

MORTGAGE PAYMENT AND HOUSING EXPENSE, 1960

Single family home mortgages, Section 203



monthly housing expense by income classes of owner-occupant mortgagors involved in Section 203 transactions insured in 1960.

The typical (median) housing expense for each income group indicates that housing expense rose with increases in mortgagor's income but at a progressively slower rate. For new-home owners, estimated housing expenses ranged from $86.94 per month for those with monthly incomes under $300 to $163.26 for those earning $1,200 or more each month. For existing-home owners, the range was slightly greater, with the corresponding low and high housing expense ranging from $81.93 to $175.06. In general, estimated housing expenses were higher for new-home mortgagors with monthly incomes less than $900 than for purchasers of existing homes with comparable incomes. Furthermore, Table III-57 indicates a broad distribution of housing expenses at all income levels. This situation is depicted more clearly in Chart III-30, which shows the ranges of housing expense by monthly effective income for buyers of homes secured by Section 203 mortgages insured in 1960. This chart reveals that as mortgagor's income rose the range of housing expense expanded, and that, in the bulk of the transactions, housing expense for the higher income brackets rose at a slower rate than income.

CHART III-29

RATIO OF HOUSING EXPENSE TO INCOME, 1950-60

Single family home mortgages, Section 203

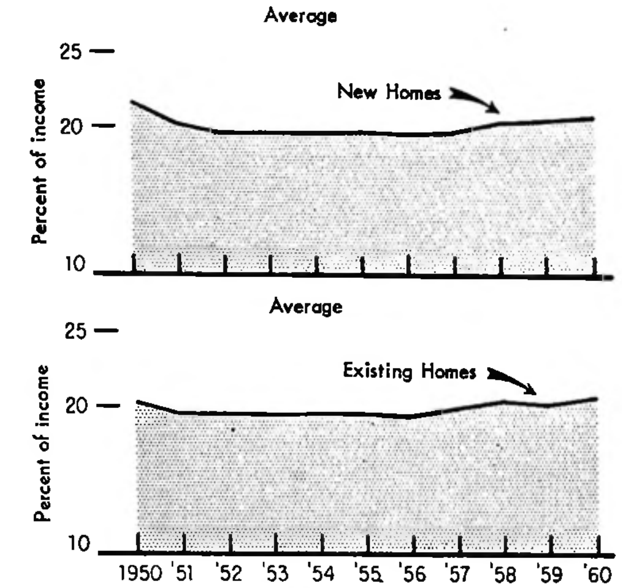


TABLE III-55.—*Financial characteristics by mortgagor's income, 1-family homes,[1] Sec. 203, 1960*

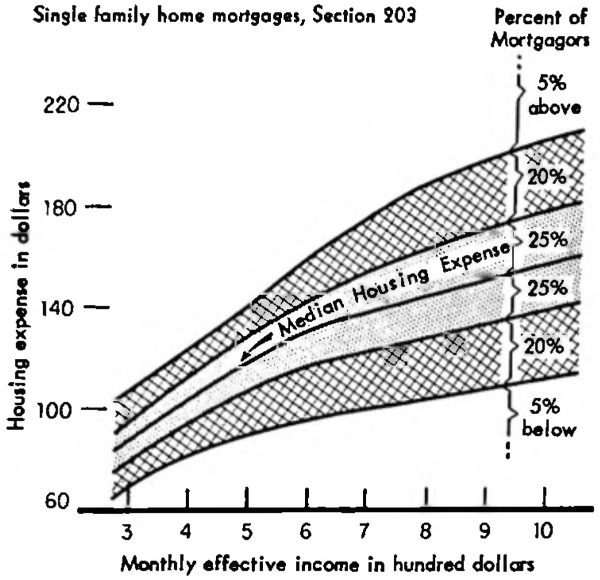
Mortgagor's effective monthly income	Percentage distribution	Average monthly income	Average: Mortgage amount	Average: Term of mortgage (years)	Monthly average: Property taxes	Monthly average: Total mortgage payment	Monthly average: Prospective housing expense	Monthly average: Heating and utilities	Monthly average: Maintenance and repair	Percent of income: Mortgage payment	Percent of income: Housing expense
NEW HOMES											
Less than $300	0.3	$266.93	$8,952	28.5	$6.05	$66.44	$86.55	$14.73	$5.38	24.9	32.4
$300 to $349	1.4	328.81	9,905	28.9	8.33	73.67	95.48	16.13	5.68	22.4	29.0
$350 to $399	4.0	375.97	10,627	29.2	10.30	79.92	102.47	16.68	5.88	21.3	27.3
$400 to $449	9.2	424.41	11,471	29.4	11.82	86.65	110.12	17.44	6.02	20.4	25.9
$450 to $499	10.9	472.10	12,211	29.4	13.25	92.80	116.80	17.71	6.29	19.7	24.7
$500 to $549	14.0	520.86	12,837	29.4	14.23	97.86	122.51	18.00	6.65	18.8	23.5
$550 to $599	10.7	571.79	13,495	29.3	15.33	103.38	128.72	18.39	6.96	18.1	22.5
$600 to $649	10.6	618.45	13,941	29.3	16.35	107.37	133.40	18.80	7.23	17.4	21.6
$650 to $699	8.7	669.42	14,340	29.2	17.13	110.84	137.55	19.23	7.49	16.6	20.5
$700 to $749	6.8	718.64	14,750	29.1	17.89	114.27	141.49	19.51	7.70	15.9	19.7
$750 to $799	5.8	768.62	15,055	29.0	18.45	117.11	144.88	19.93	7.84	15.2	18.8
$800 to $849	5.0	821.40	15,392	29.0	19.15	120.08	148.46	20.21	8.17	14.6	18.1
$850 to $899	3.1	871.07	15,543	28.9	19.57	121.73	150.42	20.47	8.22	14.0	17.3
$900 to $999	4.0	939.62	15,914	28.9	20.45	124.88	154.12	20.76	8.47	13.3	16.4
$1,000 to $1,199	3.8	1,060.28	16,521	28.8	21.58	130.34	160.61	21.41	8.87	12.3	15.1
$1,200 or more	1.7	1,452.93	17,201	28.7	23.90	137.59	169.62	22.90	9.13	9.5	11.7
Total	100.0	632.53	13,625	29.2	15.83	104.90	130.82	18.78	7.13	16.6	20.7
EXISTING HOMES											
Less than $300	1.0	268.16	7,339	24.0	7.98	62.18	82.69	14.98	5.54	23.2	30.8
$300 to $349	3.0	326.08	8,241	24.7	9.13	68.55	90.33	15.83	5.94	21.0	27.6
$350 to $399	6.4	375.17	9,087	25.2	10.70	74.87	97.52	16.48	6.16	20.0	26.0
$400 to $449	11.8	423.77	9,992	25.6	11.89	81.51	104.80	16.95	6.35	19.2	24.7
$450 to $499	11.6	471.80	10,771	25.9	13.18	87.59	111.84	17.59	6.66	18.6	23.7
$500 to $549	13.3	520.51	11,469	26.1	14.23	93.12	118.06	18.00	6.94	17.9	22.7
$550 to $599	9.7	571.86	12,177	26.3	15.65	99.09	124.85	18.61	7.15	17.3	21.8
$600 to $649	9.1	619.56	12,675	26.2	16.72	103.62	130.14	19.17	7.34	16.7	21.0
$650 to $699	7.8	670.02	13,069	26.1	17.47	107.08	134.19	19.64	7.47	16.0	20.0
$700 to $749	5.9	719.49	13,424	26.0	17.97	110.26	137.89	19.95	7.68	15.3	19.2
$750 to $799	5.0	768.44	14,008	26.0	19.02	115.06	143.11	20.20	7.85	15.0	18.6
$800 to $849	4.3	822.03	14,379	26.1	19.68	118.43	147.50	21.01	8.06	14.4	17.9
$850 to $899	2.8	871.21	14,600	25.7	20.24	121.02	150.02	20.75	8.26	13.9	17.2
$900 to $999	3.5	938.42	15,047	25.8	20.77	124.37	154.19	21.47	8.35	3.3	16.4
$1,000 to $1,199	3.4	1,003.82	15,932	25.5	22.78	133.48	164.97	22.52	8.98	2.5	15.5
$1,200 or more	1.4	1,447.29	16,841	24.9	24.91	143.54	178.01	24.80	9.66	9.9	12.3
Total	100.0	604.87	~~10,841~~	25.8	15.55	98.69	124.60	18.73	7.17	16.3	20.6

[1] In this table data are based on 1-family occupant cases. 12,037

CHART III–30

HOUSING EXPENSE RANGE BY MONTHLY INCOME, 1960

Single family home mortgages, Section 203



Except for the highest income groups, new-home mortgagors had higher housing expenses than existing home buyers with similar incomes. One out of 5 existing-home owners was estimated to have housing expenses of less than $100, compared with fewer than 1 out of 12 new-home purchasers; characteristically these families earned less than $450 a month. About 43 percent of both new- and existing-home mortgagors, most of whom earned less than $600 monthly, were expected to have housing expenses between $100 and $129 each month. Almost half of the new-home buyers and 39 percent of existing-home purchasers were incurring monthly expenses in excess of $130. Chart III–29 shows the general stability of the relationship of housing expense to mortgagor's income which has tended to maintain a 1 to 5 ratio over the last decade.

Total Acquisition Cost by Income.—Table III–58 shows for 1960 the relationship of total acquisition cost of the property to the mortgagor's monthly income. The total acquisition cost is the total amount necessary to close the transaction, including mortgage funds but excluding prepayable expenses such as unaccrued taxes, insurance premi-

TABLE III–56.—*Age of principal mortgagor by mortgagor's income, owner occupant 1-family homes, Sec. 203, 1960*

Mortgagor's effective monthly income	Percentage distribution	Age of principal mortgagor								
		Median age (years)	Less than 25	25 to 29	30 to 34	35 to 39	40 to 44	45 to 49	50 to 59	60 or more
			Percentage distribution by mortgagor's income							
NEW HOMES										
Less than $300	0.3	35.9	0.5	0.3	0.1	0.1	0.2	0.1	0.3	11.2
$300 to $349	1.4	27.8	3.7	1.6	.8	.6	.6	.6	1.1	9.4
$350 to $399	4.0	27.3	11.3	4.7	2.4	1.9	2.1	2.1	2.3	6.0
$400 to $449	9.2	28.5	19.9	11.3	7.4	5.5	5.1	5.2	4.7	5.7
$450 to $499	10.9	29.2	18.6	14.3	9.6	7.7	6.9	6.2	5.7	6.4
$500 to $549	14.0	30.5	17.6	17.5	14.0	11.5	10.4	9.3	9.7	11.2
$550 to $599	10.7	32.2	9.2	12.1	11.5	10.4	10.0	9.4	9.6	6.4
$600 to $649	10.6	32.9	7.2	11.2	11.7	11.4	10.6	10.2	10.0	6.7
$650 to $699	8.7	33.7	4.7	8.1	10.1	9.8	9.5	9.5	9.9	4.0
$700 to $749	6.9	34.8	2.4	5.6	7.0	9.0	8.3	8.7	7.6	6.0
$750 to $799	5.9	35.5	1.5	4.4	6.7	7.3	8.5	8.3	7.4	6.2
$800 to $849	4.9	36.1	1.2	3.3	5.5	6.9	7.3	7.4	6.1	4.0
$850 to $899	3.1	36.8	.7	1.6	3.4	4.6	3.8	5.3	5.6	3.0
$900 to $999	4.0	37.5	.6	2.0	4.1	5.9	6.4	6.8	7.5	4.2
$1,000 to $1,199	3.7	38.3	.6	1.6	3.0	5.2	7.0	6.7	7.6	5.4
$1,200 or more	1.7	40.7	.3	.4	1.2	2.2	3.3	4.2	4.9	5.2
Total	100.0	32.6	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	----------	12.9	25.4	22.3	17.0	10.4	6.5	4.6	.9
Median income	$597.37	----------	$489.13	$551.10	$617.79	$655.18	$672.26	$686.48	$683.41	$550.96
EXISTING HOMES										
Less than $300	1.0	28.3	2.9	.7	.6	.6	.4	.7	1.1	6.4
$300 to $349	3.0	27.3	8.9	3.4	1.8	1.4	1.4	1.8	1.8	6.7
$350 to $399	6.4	28.2	15.7	8.0	4.6	3.5	3.3	3.7	4.0	8.0
$400 to $449	11.8	29.3	21.8	15.1	9.7	7.9	7.8	7.8	8.7	9.8
$450 to $499	11.5	30.4	16.5	14.7	10.6	9.1	8.3	.5	9.0	8.2
$500 to $549	13.3	32.0	13.4	15.7	14.1	12.4	10.7	10.8	11.4	11.1
$550 to $599	9.7	33.0	6.9	10.7	11.0	9.9	8.7	9.3	9.2	7.7
$600 to $649	9.1	34.1	4.9	8.9	10.2	10.2	10.6	9.5	8.8	7.5
$650 to $699	7.8	34.9	3.1	7.1	8.5	9.3	9.9	9.0	8.5	5.4
$700 to $749	5.9	35.6	1.9	4.5	7.1	7.2	7.8	7.6	7.0	5.2
$750 to $799	5.1	36.3	1.3	3.5	5.9	6.3	7.4	6.4	7.0	4.1
$800 to $849	4.3	36.4	1.1	2.7	5.0	6.1	5.7	5.6	5.3	3.3
$850 to $899	2.8	37.6	.5	1.4	2.9	4.2	4.1	4.3	4.2	2.6
$900 to $999	3.5	38.0	.5	1.8	3.0	4.9	5.7	6.1	5.1	5.2
$1,000 to $1,199	3.3	38.5	.3	1.4	3.3	5.0	5.6	5.7	5.0	7.0
$1,200 or more	1.5	40.8	.3	.4	1.1	2.0	2.6	3.2	3.9	2.8
Total	100.0	33.1	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	----------	12.5	24.2	21.3	16.7	11.4	7.5	5.7	.7
Median income	$565.38	----------	$451.81	$525.55	$589.14	$625.81	$644.47	$639.02	$620.93	$555.00

TABLE III–57.—*Housing expense by mortgagor's income, 1-family homes,[1] Sec. 203, 1960*

Mortgagor's effective monthly income	Percentage distribution	Median monthly housing expense	Monthly housing expense—percentage distribution											
			Less than $70	$70 to $79	$80 to $89	$90 to $99	$100 to $109	$110 to $119	$120 to $129	$130 to $139	$140 to $159	$160 to $179	$180 to $199	$200 or more
NEW HOMES														
Less than $300	0.3	$86.94	4.8	19.7	36.7	32.6	4.1	1.4	-------	0.7	-------	-------	-------	-------
$300 to $349	1.4	95.75	.1	4.3	22.4	40.3	24.9	7.0	0.8	.1	0.1	-------	-------	-------
$350 to $399	4.0	102.92	.1	1.0	9.2	29.5	35.2	20.0	4.4	.5	.1	-------	-------	-------
$400 to $449	9.2	111.03	(²)	.4	3.4	15.0	27.0	32.5	16.7	3.6	.5	(²)	-------	-------
$450 to $499	10.9	118.09	(²)	.2	2.3	7.6	16.8	28.6	30.0	12.0	2.5	(²)	(²)	-------
$500 to $549	14.0	124.06	-------	.2	1.0	5.4	10.9	20.2	30.3	22.5	9.3	0.2	(²)	-------
$550 to $599	10.7	130.81	-------	.1	1.0	3.5	7.3	13.9	21.9	28.2	22.3	1.7	0.1	-------
$600 to $649	10.6	134.92	-------	.1	.7	2.7	6.0	10.9	18.3	23.1	33.4	4.6	.2	-------
$650 to $699	8.7	138.81	-------	.1	.4	2.8	5.2	9.4	14.7	19.8	35.5	11.1	.8	0.2
$700 to $749	6.8	140.78	-------	-------	.4	1.7	4.4	7.9	14.2	18.8	32.7	17.0	2.6	.3
$750 to $799	5.8	142.39	-------	.1	.3	1.7	3.0	7.1	13.0	17.1	32.2	19.0	5.6	.9
$800 to $849	5.0	143.84	-------	-------	.1	.9	2.9	6.8	11.9	15.4	31.3	19.8	8.6	2.3
$850 to $899	3.1	144.74	-------	-------	.2	.9	2.1	4.6	11.0	16.2	31.5	22.1	9.2	2.2
$900 to $999	4.0	146.23	-------	.1	.2	.9	1.8	3.6	9.9	14.4	30.7	22.5	11.2	4.7
$1,000 to $1,199	3.8	149.44	-------	-------	.1	.6	1.5	3.6	6.2	10.8	28.8	25.4	15.6	7.4
$1,200 or more	1.7	163.26	-------	-------	.1	1.0	1.4	3.7	7.0	7.3	21.4	25.0	16.7	16.4
Total	100.0	128.98	(¹)	0.3	1.8	6.1	10.4	15.1	18.2	16.7	19.9	7.9	2.6	1.0
Median income	$597.35	----------	$296.43	$370.83	$414.14	$443.26	$473.56	$500.25	$548.50	$609.93	$689.09	$799.81	$899.81	$1,026.44
EXISTING HOMES														
Less than $300	1.0	81.93	10.2	33.3	33.6	16.1	4.9	1.1	.4	-------	-------	.2	-------	.2
$300 to $349	3.0	90.14	3.0	14.3	32.2	28.9	16.2	4.5	.6	.1	.1	-------	.1	-------
$350 to $399	6.4	98.04	1.2	6.8	18.8	28.7	27.5	12.9	3.5	.5	.1	-------	-------	-------
$400 to $449	11.8	105.70	.5	3.5	10.2	20.1	27.6	24.6	10.1	2.8	.6	(²)	(²)	-------
$450 to $499	11.6	112.75	.2	1.5	6.8	13.3	21.6	24.2	20.0	9.7	2.6	.1	(²)	-------
$500 to $549	13.3	119.53	.1	1.3	4.6	9.7	15.1	20.2	21.7	16.9	10.0	.4	(²)	(²)
$550 to $599	9.7	126.64	.1	.9	3.5	6.5	11.0	15.5	18.8	19.7	21.9	1.9	.2	(²)
$600 to $649	9.1	132.49	(²)	.8	2.8	5.7	8.5	12.9	14.9	17.7	30.8	5.3	.6	(²)
$650 to $699	7.8	136.24	.1	.7	2.0	5.0	8.5	11.8	12.8	14.6	30.0	13.2	1.1	.2
$700 to $749	5.9	139.10	(²)	.3	1.9	3.7	8.0	11.3	12.1	14.0	28.3	16.8	3.0	.6
$750 to $799	5.0	141.82	.1	.2	1.0	3.1	6.6	9.1	11.4	13.6	26.7	20.1	6.6	1.5
$800 to $849	4.3	143.65	(²)	.4	.9	2.7	5.5	8.6	10.2	12.6	24.9	20.6	10.2	3.4
$850 to $899	2.8	144.42	.1	-------	.9	2.3	4.8	7.7	11.5	12.1	23.9	19.4	12.1	5.2
$900 to $999	3.5	146.92	-------	.1	.8	2.2	3.6	6.6	8.5	11.1	24.7	21.0	13.6	7.8
$1,000 to $1,199	3.4	165.05	.1	.1	.6	.9	3.0	4.8	6.2	7.9	20.8	22.1	18.3	15.2
$1,200 or more	1.4	175.06	-------	-------	1.0	1.1	2.8	2.6	4.7	6.6	16.9	19.0	15.9	29.4
Total	100.0	121.41	0.4	2.2	6.1	10.3	14.0	15.1	13.4	11.6	15.6	6.9	2.8	1.6
Median income	$565.37	----------	$352.22	$391.27	$423.67	$448.07	$479.17	$516.39	$552.51	$604.01	$673.87	$784.82	$889.55	$1,036.52

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

[2] Less than 0.05 percent.

TABLE III–58.—*Total acquisition cost by mortgagor's income, 1-family homes,[1] Sec. 203, 1960*

Mortgagor's effective monthly income	Percentage distribution	Median total acquisition cost	Total acquisition cost—percentage distribution											
			Less than $9,000	$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 $14,999	$15,000 to $15,999	$16,000 to $16,999	$17,000 to $17,999	$18,000 to $19,999	$20,000 or more
NEW HOMES														
Less than $300	0.3	$9,714	31.4	26.1	24.7	9.7	4.5	1.5	0.7	-------	0.7	0.7	-------	-------
$300 to $349	1.4	10,567	7.9	24.4	31.2	18.4	10.0	4.5	1.9	0.8	.7	.2	-------	-------
$350 to $399	4.0	11,332	2.9	10.8	27.5	26.5	17.6	8.5	3.9	1.4	.3	.2	0.3	0.1
$400 to $449	9.2	12,340	1.1	5.4	14.2	21.4	23.2	18.4	9.9	4.0	1.7	.4	.3	(²)
$450 to $499	10.9	13,240	.9	2.6	7.4	13.6	19.9	22.6	18.3	8.8	3.8	1.3	.7	.1
$500 to $549	14.0	13,952	.3	1.7	4.0	9.3	14.8	20.0	21.6	14.2	7.8	3.3	1.8	.3
$550 to $599	10.7	14,738	.2	1.3	3.7	5.8	9.7	14.7	19.8	18.7	13.1	7.0	5.1	.9
$600 to $649	10.6	15,267	.2	.8	2.6	4.9	7.7	12.5	16.5	17.7	14.7	11.3	8.9	2.2
$650 to $699	8.7	15,764	.1	1.0	2.3	4.1	7.2	10.5	13.9	14.3	14.7	12.3	15.1	4.5
$700 to $749	6.8	16,207	.2	.5	1.8	3.7	6.2	9.0	12.6	13.3	13.1	12.5	17.4	9.7
$750 to $799	5.8	16,515	.1	.5	1.8	2.0	4.9	7.7	11.3	14.3	12.6	11.6	18.8	13.5
$800 to $849	5.0	16,859	(²)	.2	1.2	2.8	4.0	7.6	11.6	12.2	12.1	11.6	17.7	19.0
$850 to $899	3.1	17,072	-------	.2	.6	2.5	3.8	6.7	11.2	12.0	12.1	11.1	20.3	19.5
$900 to $999	4.0	17,553	.2	.3	1.1	1.8	2.4	5.8	9.1	11.9	10.7	12.1	18.8	25.8
$1,000 to $1,199	3.8	18,157	.1	.1	.7	2.1	2.5	3.1	7.5	10.8	10.7	10.9	18.9	32.6
$1,200 or more	1.7	19,271	-------	.4	1.6	1.3	2.1	4.1	5.9	8.1	9.8	6.6	15.8	44.3
Total	100.0	14,606	.7	2.3	5.7	8.4	11.0	13.3	14.4	12.3	9.5	7.1	8.6	6.7
EXISTING HOMES														
Less than $300	1.0	8,075	72.3	15.1	9.2	1.8	1.0	.2	-------	-------	-------	-------	.2	.2
$300 to $349	3.0	8,981	50.5	20.9	14.7	8.0	3.8	1.3	.5	.1	.1	-------	.1	-------
$350 to $399	6.4	10,080	29.6	18.4	22.1	15.8	8.3	3.6	1.5	.5	.1	-------	.1	-------
$400 to $449	11.8	11,083	15.6	14.0	18.8	19.0	15.2	9.5	5.0	1.9	.5	.3	.1	.1
$450 to $499	11.6	12,093	9.6	9.4	13.5	15.8	17.5	15.9	10.2	4.9	2.1	.7	.3	.1
$500 to $549	13.3	12,972	6.4	6.8	9.7	12.8	14.7	16.3	14.4	9.4	5.3	2.8	1.2	.2
$550 to $599	9.7	13,878	4.9	5.1	7.1	9.0	11.7	13.9	15.6	13.5	9.6	5.2	3.9	.5
$600 to $649	9.1	14,507	3.8	4.2	5.9	7.7	10.1	11.5	13.5	13.8	12.3	8.7	7.2	1.3
$650 to $699	7.8	14,936	3.3	3.1	5.7	7.3	9.3	10.5	11.5	12.8	11.9	10.1	10.5	4.0
$700 to $749	5.9	15,238	2.6	2.9	4.8	6.3	9.5	10.9	10.5	10.6	11.8	9.3	13.8	7.0
$750 to $799	5.0	15,887	1.3	1.7	3.7	5.8	7.3	10.3	10.4	10.7	10.4	10.4	16.0	12.0
$800 to $849	4.3	16,371	1.4	2.2	3.6	4.5	5.8	10.0	8.7	9.8	10.8	9.9	16.1	17.2
$850 to $899	2.8	16,576	1.1	1.7	2.7	4.8	6.5	8.2	9.4	10.1	9.6	8.1	16.2	21.6
$900 to $999	3.5	17,281	1.0	1.4	2.2	2.9	4.2	7.0	8.1	10.1	9.9	11.3	16.4	25.5
$1,000 to $1,199	3.4	18,304	.7	.8	2.0	2.6	3.9	5.2	6.0	7.3	8.3	10.4	17.4	35.4
$1,200 or more	1.4	19,391	.3	.7	2.7	1.4	4.5	2.6	5.4	5.0	6.7	7.6	18.6	44.5
Total	100.0	13,227	9.3	7.2	9.6	10.4	10.9	10.9	9.8	8.2	6.7	5.2	6.2	5.6

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

[2] Less than 0.05 percent.

ums, and similar items. The typical acquisition cost of a new property was $14,606, which was about one-tenth higher than the reported cost of an existing property ($13,227). Moreover, for all mortgagor income categories below $1,000 a month, the cost of a typical new property was higher than the cost of a typical existing home. As would be expected, the price of the house purchased reflected size of the (family) income. The median acquisition cost for new homes rose consistently from under $10,000 for families with incomes below $300 monthly to about $14,000 at the $500 income level and to $19,000 for families earning over $1,200 monthly. Despite the regularity in the relationship of median cost to income level, it is highly significant that for both new and existing home purchasers a very wide range of house prices was paid by every income class. Homes in every transaction cost from less than $9,000 to more than $20,000 were purchased by families with incomes below $400 monthly and by every other income group up to more than $1,000 monthly. Such diversity reflects varying needs and desires of families in the same income range as well as differences in accumulated resources available for home purchases.

TABLE III-59.—*Total acquisition cost, 1-family homes,[1] Sec. 203, selected years*

Total acquisition cost	Percentage distribution				
	1960	1959	1958	1955	1951
NEW HOMES					
Less than $8,000	(2)	0.1	0.4	3.2	19.7
$8,000 to $8,999	0.6	.7	.8	9.9	16.7
$9,000 to $9,999	2.3	3.0	4.8	13.7	18.8
$10,000 to $10,999	5.7	6.9	9.3	11.8	14.0
$11,000 to $11,999	8.4	9.6	9.8	11.3	9.7
$12,000 to $12,999	11.0	10.9	10.1	11.1	7.3
$13,000 to $13,999	13.3	14.4	11.1	10.4	4.8
$14,000 to $14,999	14.4	13.3	11.0	8.2	3.0
$15,000 to $15,999	12.3	10.3	10.3	7.0	2.0
$16,000 to $16,999	9.5	9.0	10.0	5.0	1.3
$17,000 to $17,999	7.1	7.2	6.9	3.0	.8
$18,000 to $18,999	5.2	4.6	5.3	2.0	.6
$19,000 to $19,999	3.5	3.2	3.6	1.3	.4
$20,000 to $21,999	3.8	3.9	3.8	1.2	.4
$22,000 to $24,999	2.2	2.4	2.1	.6	.3
$25,000 and over	.7	.5	.7	.3	.2
Total	100.0	100.0	100.0	100.0	100.0
Average	$14,939	$14,727	$14,596	$12,367	$10,250
Median	$14,606	$14,333	$14,334	$12,003	$9,725
EXISTING HOMES					
Less than $8,000	4.0	4.3	4.5	6.7	24.8
$8,000 to $8,999	5.3	5.9	6.2	9.1	11.2
$9,000 to $9,999	7.2	7.7	7.9	11.2	11.2
$10,000 to $10,999	9.6	9.7	10.0	12.0	11.6
$11,000 to $11,999	10.4	10.2	10.5	10.9	9.7
$12,000 to $12,999	10.9	10.7	10.6	10.9	8.4
$13,000 to $13,999	10.9	10.4	10.4	9.7	6.8
$14,000 to $14,999	9.8	9.0	8.8	7.6	4.9
$15,000 to $15,999	8.2	7.9	7.7	5.8	3.9
$16,000 to $16,999	6.7	6.6	6.7	4.5	2.6
$17,000 to $17,999	5.2	5.0	4.9	3.3	1.0
$18,000 to $18,999	3.8	3.7	3.8	2.4	1.1
$19,000 to $19,999	2.4	2.4	2.4	1.5	.7
$20,000 to $21,999	2.8	3.0	2.6	1.9	.7
$22,000 to $24,999	2.0	2.6	2.2	1.6	.4
$25,000 and over	.8	.9	.8	.9	.4
Total	100.0	100.0	100.0	100.0	100.0
Average	$13,579	$13,560	$13,440	$12,558	$11,251
Median	$13,227	$13,130	$13,025	$12,013	$10,274

[1] In this table data are based on 1-family occupant purchase cases.
[2] Less than 0.05 percent.

Purchase Transaction Characteristics

The predominant purpose underlying the origination of a Section 203 insured mortgage in 1960 was to finance the purchase of a home for personal long-term occupancy. During 1960, almost 98 percent of the new-home and more than 96 percent of the existing-home transactions involved purchases by occupant mortgagors.

Total Acquisition Cost.—Table III–59 shows the distribution of total acquisition costs in 1960 and several selected earlier years. In brief, the total acquisition cost to the mortgagor is the entire cost of the transaction, excluding such prepayable expenses as accrued taxes and insurance premiums. Table III–59 indicates the gradual increase in average acquisition costs over the last 9 years.

In 1951, the typical acquisition cost (as measured by the median) of a new home was $9,725; by 1955, the cost had increased 23 percent to $12,003, and by 1960 another 22 percent to $14,606. For existing homes the trend was less marked, increasing only half as much as for new homes and ranging from $10,274 in 1951 to $13,227 in 1960.

During 1960, the average cost of purchasing a new dwelling ($14,939) was about 10 percent above the cost of buying an existing home ($13,579). It is also interesting to note that only 3 percent of the new homes and 17 percent of the existing homes cost less than $10,000, while an almost equal proportion of the new and existing transactions—6 percent—exceeded $20,000.

Characteristics by Total Acquisition Cost.—Averages of the property characteristics (Table III–60) and transaction characteristics (Table III–61) by total acquisition cost indicate that, as the total acquisition cost rises, concurrent advances are also found in average property values, land costs, size of structure, replacement costs, mortgagor's income, and current investment.

Table III–60 presents information about property characteristics of homes within total cost ranges. An average new house in the $10,000-cost category was valued by FHA at $10,664 and built on a site costing $1,672. The house had five rooms, including three bedrooms, and a floor area of 958 square feet. It was a one-story structure with only one bath. Likewise, it had no basement, and in two-thirds of the cases had a garage or carport.

Inasmuch as downpayments generally are taken from savings accumulated from current income, it is of interest to note the relationship of current investments required of home buyers to that income (Table III–61). In 1960, the current investment was smaller than was required in 1959, because of higher loan-to-value limitations made available by the Housing Acts of 1958 and 1959 (see Loan-Value Ratio discussion). The required investment amounted to 17½ percent of annual income for the average new-home buyer and to 21 percent for the average existing-home buyer, ranging from 9 percent for buyers of new homes costing less than $8,000 to 46 percent for the highest cost interval. The corresponding range for existing-home buyers was from 12 percent to almost 48 percent.

Not only did the amount of current investment (down payment plus closing costs) increase as total acquisition cost advanced, but the ratio of investment to income also rose steadily, primarily because of regulations concerning downpayment ratios. For new-home transactions, current investments averaged $1,328 or about 9 percent of acquisition cost, and ranged from $422 or 6 percent of cost for the lowest price homes to $5,823 (21 percent) in those transactions requiring more than $25,000 in acquisition costs. In contrast, the average existing-home buyer invested a larger amount—$1,532—ranging from $614 (9 percent) to $6,310 (23 percent) for corresponding cost ranges.

Closing costs as derived by differencing total acquisition cost and sale price were somewhat higher for existing-home mortgagors. The average closing cost for existing-home transactions was $295 in contrast to $277 for new-home cases. For all groups with acquisition costs below $22,000, closing costs were higher for existing-home buyers than for new-home buyers. The level of closing costs is related to the amount of the mortgage and the number and amount of items included, such as financing charges, recording fees and taxes, costs of credit reports, property surveys, title examinations and insurance, and other charges or fees customary in the particular locality. Also affecting the levels of closing costs is the practice of some builders to absorb part or all of the closing costs in the sale price in order to promote sales.

CHARACTERISTICS OF MULTIFAMILY HOUSING MORTGAGE TRANSACTIONS

Multifamily housing characteristics data presented in this report are based on commitments issued by FHA in 1960 to insure mortgages on newly-constructed rental housing projects or management-type cooperative housing projects. During 1960, FHA issued 862 commitments on multifamily housing projects involving 69,300 dwelling units. The analysis covers 55,600 of these units—35,100 units in newly-constructed rental housing available for general occupancy, 15,400 Section 803 units restricted to occupancy by military personnel and their dependents, and 5,100 units in Section 213 management-type cooperative projects. General occupancy rental housing includes the regular long-term investment program under Section 207 (27,500 units); urban renewal program, Section 220 (6,200 units); and relocation housing, Section 221 (1,400 units). A special discussion of housing for the elderly and nursing homes under Sections 231 and 232 is presented in the latter portion of this section of the report.

TABLE III–60.—*Property characteristics by total acquisition cost, 1-family homes,[1] Sec. 203, 1960*

Total acquisition cost	Percentage distribution	Average		Price of site as percent of value	Average			Percentage of structure with—				
		Property value	Market price of site		Calculated area (sq. ft.)	Number of rooms	Number of bedrooms	More than 1 bath	1 story	Full or part basement	Garage	Carport
NEW HOMES												
Less than $8,000	(2)	$7,457	$1,402	18.8	684	3.8	1.6	--------	92.6	7.4	17.9	7.1
$8,000 to $8,999	0.6	8,890	1,454	16.4	850	4.7	2.6	4.7	90.7	1.7	29.1	27.9
$9,000 to $9,999	2.3	9,776	1,547	15.8	919	5.0	2.9	21.0	95.8	3.6	37.3	26.8
$10,000 to $10,999	5.7	10,664	1,672	15.7	958	5.0	2.9	27.2	92.0	10.8	34.8	32.0
$11,000 to $11,999	8.4	11,598	1,811	15.6	1,000	5.1	2.9	26.4	90.7	20.0	41.9	27.0
$12,000 to $12,999	11.0	12,525	1,971	15.7	1,032	5.2	3.0	29.0	90.1	28.8	44.2	24.4
$13,000 to $13,999	13.3	13,486	2,142	15.0	1,067	5.3	3.0	38.0	93.4	33.3	46.6	19.8
$14,000 to $14,999	14.4	14,425	2,360	16.4	1,112	5.4	3.0	49.8	91.9	36.2	52.7	18.7
$15,000 to $15,999	12.3	15,374	2,542	16.5	1,159	5.5	3.1	60.1	91.7	38.1	56.3	18.3
$16,000 to $16,999	9.5	16,331	2,783	17.0	1,194	5.6	3.0	67.3	88.3	41.3	57.3	19.0
$17,000 to $17,999	7.1	17,263	2,970	17.2	1,244	5.7	3.1	76.1	84.8	43.0	65.6	16.4
$18,000 to $18,999	5.2	18,240	3,208	18.1	1,308	5.9	3.1	82.9	84.1	38.3	67.3	18.8
$19,000 to $19,999	3.5	19,128	3,488	18.2	1,356	6.0	3.1	90.0	84.2	38.5	71.0	16.9
$20,000 to $21,999	3.8	20,638	3,749	18.2	1,434	6.2	3.3	92.9	82.3	34.9	75.6	14.8
$22,000 to $24,999	2.2	22,560	4,066	18.0	1,530	6.4	3.3	94.3	80.8	36.0	73.7	17.0
$25,000 and over	.7	25,794	4,335	16.8	1,617	6.6	3.4	90.7	76.5	30.1	79.9	13.6
Total	100.0	14,855	2,477	16.7	1,140	5.5	3.0	52.6	89.5	32.8	53.3	20.7
EXISTING HOMES												
Less than $8,000	4.0	7,042	1,113	15.8	943	5.0	2.4	2.6	65.7	43.0	37.2	6.9
$8,000 to $8,999	5.3	8,409	1,330	15.8	951	5.0	2.4	3.4	74.7	36.6	46.9	9.1
$9,000 to $9,999	7.2	9,381	1,522	16.2	980	5.1	2.5	4.2	76.9	37.6	52.1	9.2
$10,000 to $10,999	9.6	10,358	1,760	17.0	993	5.1	2.5	5.9	79.9	38.7	55.8	9.7
$11,000 to $11,999	10.4	11,280	1,939	17.2	1,016	5.2	2.6	8.3	78.8	43.2	59.2	8.8
$12,000 to $12,999	10.9	12,254	2,151	17.0	1,043	5.3	2.7	13.6	79.9	44.0	61.0	9.9
$13,000 to $13,999	10.9	13,210	2,330	17.6	1,070	5.4	2.8	17.9	78.5	46.9	61.6	9.8
$14,000 to $14,999	9.8	14,136	2,530	17.9	1,101	5.4	2.8	23.0	78.0	50.1	64.0	9.5
$15,000 to $15,999	8.2	15,092	2,745	18.2	1,143	5.6	2.9	29.0	76.0	53.4	69.3	8.2
$16,000 to $16,999	6.7	16,057	2,933	18.3	1,188	5.7	2.9	39.8	73.0	55.9	69.8	9.5
$17,000 to $17,999	5.2	16,957	3,087	18.2	1,231	5.8	3.0	45.9	71.3	60.1	71.6	8.9
$18,000 to $18,999	3.8	17,933	3,340	18.6	1,280	5.9	3.0	53.8	68.0	62.0	73.2	9.5
$19,000 to $19,999	2.4	18,826	3,528	18.7	1,329	6.0	3.1	62.5	67.5	61.2	78.1	9.5
$20,000 to $21,999	2.8	20,227	3,861	19.1	1,414	6.2	3.1	72.0	63.8	61.8	78.2	11.5
$22,000 to $24,999	2.0	22,310	4,233	19.0	1,498	6.3	3.2	80.4	61.9	63.0	78.5	12.2
$25,000 and over	.8	25,512	4,690	18.4	1,613	6.4	3.2	84.6	58.6	63.2	82.8	9.9
Total	100.0	13,268	2,354	17.7	1,098	5.4	2.7	22.9	75.4	47.9	62.0	9.3

[1] In this table data are based on 1-family occupant purchase cases. [2] Less than 0.05 percent.

Tables presented in connection with this discussion ordinarily include a total column under "Rental housing." These aggregates are markedly influenced from year to year by the relative importance of the operations in the various special-purpose programs. Section 207 data are considered to be more representative of all rental market operations than those under special-purpose programs. They are not, however, necessarily representative of this segment of the housing market for the country as a whole.

Excluded from the analysis of multifamily housing characteristics are newly-constructed sales-type cooperative projects, mobile home courts, and all projects involving existing construction. Sales-type cooperatives are excluded because they more nearly typify home mortgage operations. The cooperatives involved are primarily temporary in nature, organized for the planning and construction of individual homes, which upon completion are released to the members of the cooperative, as explained in the discussion of terminations of Section 213 project mortgages.

TABLE III-61.—*Transaction characteristics by total acquisition cost, 1-family homes,*[1] *Sec. 203, 1960*

Total acquisition cost	Percentage distribution	Average								Mortgage as percent of		Current investment as percent of income
		Total acquisition cost	Sale price	Property value	Market price of site	Property replacement cost	Mortgage amount	Mortgagor's annual income	Current investment[2]	Property value	Total acquisition cost	
NEW HOMES												
Less than $8,000	(3)	$7,236	$7,104	$7,457	$1,402	$8,241	$6,814	$4,745	$422	91.4	94.2	8.9
$8,000 to $8,999	0.6	8,620	8,438	8,890	1,454	9,526	8,106	5,086	424	92.2	95.1	8.3
$9,000 to $9,999	2.3	9,622	9,426	9,776	1,547	10,359	9,187	5,470	435	94.0	95.5	8.0
$10,000 to $10,999	5.7	10,548	10,352	10,664	1,672	11,173	10,033	5,781	515	94.1	95.1	8.9
$11,000 to $11,999	8.4	11,517	11,292	11,598	1,811	12,035	10,892	6,120	625	93.9	94.6	10.2
$12,000 to $12,999	11.0	12,504	12,264	12,525	1,971	13,040	11,777	6,426	727	94.0	94.2	11.3
$13,000 to $13,999	13.3	13,508	13,259	13,486	2,142	13,932	12,663	6,835	845	93.9	93.7	12.4
$14,000 to $14,999	14.4	14,481	14,238	14,425	2,360	14,937	13,456	7,309	1,025	93.3	92.9	14.0
$15,000 to $15,999	12.3	15,467	15,202	15,374	2,542	15,893	14,234	7,826	1,233	92.6	92.0	15.8
$16,000 to $16,999	9.5	16,467	16,169	16,331	2,783	16,859	14,902	8,255	1,565	91.2	90.5	19.0
$17,000 to $17,999	7.1	17,466	17,145	17,263	2,970	17,785	15,570	8,695	1,896	90.2	89.1	21.8
$18,000 to $18,999	5.2	18,449	18,094	18,249	3,208	18,785	16,173	9,138	2,276	88.6	87.7	24.9
$19,000 to $19,999	3.5	19,470	19,080	19,128	3,488	19,604	16,817	9,629	2,653	87.9	86.4	27.6
$20,000 to $21,999	3.8	20,876	20,496	20,638	3,749	21,217	17,717	10,488	3,159	85.8	84.9	30.1
$22,000 to $24,999	2.2	23,157	22,704	22,560	4,066	23,009	19,208	11,435	3,949	85.1	82.9	34.5
$25,000 and over	.7	27,372	26,430	25,794	4,335	26,225	21,549	12,746	5,823	83.5	78.7	45.7
Total	100.0	14,939	14,662	14,855	2,477	15,358	13,611	7,584	1,328	91.6	91.1	17.5
EXISTING HOMES												
Less than $8,000	4.0	7,116	6,896	7,042	1,113	10,267	6,502	5,037	614	92.3	91.4	12.2
$8,000 to $8,999	5.3	8,518	8,286	8,409	1,330	11,091	7,817	5,400	701	93.0	91.8	13.0
$9,000 to $9,999	7.2	9,501	9,260	9,381	1,522	11,896	8,734	5,736	767	93.1	91.9	13.4
$10,000 to $10,999	9.6	10,498	10,253	10,358	1,760	12,670	9,642	6,026	856	93.1	91.8	14.2
$11,000 to $11,999	10.4	11,490	11,229	11,289	1,939	13,406	10,485	6,306	1,005	92.0	91.3	15.9
$12,000 to $12,999	10.9	12,494	12,228	12,254	2,151	14,242	11,340	6,685	1,154	92.5	90.8	17.3
$13,000 to $13,999	10.9	13,488	13,210	13,210	2,330	15,086	12,189	7,065	1,299	92.3	90.4	18.4
$14,000 to $14,999	9.8	14,466	14,170	14,136	2,530	15,973	12,913	7,424	1,553	91.3	89.3	20.9
$15,000 to $15,999	8.2	15,469	15,143	15,092	2,745	16,843	13,664	7,892	1,805	90.5	88.3	22.9
$16,000 to $16,999	6.7	16,469	16,132	16,057	2,933	17,762	14,444	8,322	2,025	90.0	87.7	24.3
$17,000 to $17,999	5.2	17,458	17,080	16,957	3,087	18,622	15,104	8,865	2,354	89.1	86.5	26.6
$18,000 to $18,999	3.8	18,468	18,097	17,933	3,340	19,777	15,769	9,324	2,699	87.9	85.4	28.9
$19,000 to $19,999	2.4	19,457	19,053	18,826	3,528	20,080	16,448	9,900	3,009	87.4	84.5	30.4
$20,000 to $21,999	2.8	20,889	20,490	20,227	3,861	22,087	17,491	10,470	3,398	86.5	83.7	32.5
$22,000 to $24,999	2.0	23,236	22,799	22,316	4,233	24,170	18,988	11,465	4,248	85.1	81.7	37.1
$25,000 and over	.8	27,306	26,608	25,512	4,696	27,928	20,996	13,273	6,310	82.3	76.9	47.5
Total	100.0	13,579	13,284	13,268	2,354	15,332	12,047	7,243	1,532	90.8	88.7	21.2

[1] In this table data are based on 1-family occupant purchase cases.
[2] Total acquisition cost less mortgage amount.
[3] Less than 0.05 percent.

TABLE III-62.—*Characteristics of multifamily housing transactions, by section, 1960*

Item	Total rental and cooperative housing	Rental housing					Cooperative housing Sec. 213 management type
		Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803	
Projects:							
Median size (in units)[1]	119.0	119.0	117.0	132.0	158.0	118.0	128.0
Average size (in units)	144.4	145.9	146.8	215.7	179.5	125.8	131.2
Units:							
Average number of rooms[2]	4.8	4.7	4.4	4.0	4.3	5.7	4.9
Median monthly rental	(3)	(3)	$171.31	$158.13	$80.07	(3)	(3)
Median mortgage amount[4]	$15,401	$15,307	$14,088	$14,484	$8,653	$16,006	$16,211
Median mortgage-cost ratio	89.4	88.8	80.2	88.6	100.0	98.1	90.0

The following footnotes apply to this and to all subsequent tables in this section of the report:
[1] By inspection.
[2] Determination of the number of rooms per unit includes baths, foyers, terraces, balconies, and porches, but excludes closets, halls, and similar spaces.
[3] Not available.
[4] Amount of mortgage allocable to dwelling use.

Trends of Typical Multifamily Housing Transactions

The typical FHA-approved rental project in 1960 contained 119 units with an average of 4.7 rooms. The $15,307 mortgage secured by this unit represented 88.8 percent of the amount estimated by FHA as necessary to cover construction costs. Table III-62 presents these data for each of the several project programs. Section 207 projects were larger in 1960, typically 117 units compared with 109 a year earlier, but the size of the individual units changed only slightly, averaging 4.4 rooms as compared with 4.3 in 1959. The median Section 207 mortgage per unit rose 14 percent to $14,088, and the monthly rental increased to $171.31, 11 percent more than the $154.98 reported for 1959.

The average management-type cooperative unit remained the same size in 1960, 4.9 rooms, but required a higher mortgage of $16,211—18 percent above the $13,789 in 1959. This mortgage represented 90 percent of the estimated cost of replacement, reflecting the increase from 85 to 90 percent in the maximum permissible loan-to-replacement-cost ratio authorized for investor-sponsored type projects by the Housing Act of 1959.

The median rental project mortgage (total amount) approved for mortgage insurance in 1960 was $1,823,100. By program, the typical project mortgage in order of size was: Section 220, $2,530,200; Section 803, $1,893,000; Section 207, $1,705,100; and Section 221, $1,340,250. Except for Section 803, these mortgages were larger than in 1959. Management-type cooperatives had a typical mortgage of $1,918,300, also larger than in 1959.

Table III-63 and Chart III-31 show trends of selected characteristics for rental housing projects covered by commitments issued in recent years. Overall trends in characteristics are governed more by the weights contributed to the total by individual programs rather than by trends within separate programs. This principle is well illustrated by a comparison of the size of dwelling units by year. Multifamily dwelling units in 1960 continued to decrease in size, 4.7 rooms compared with 4.9 in 1959 and 5.1 in 1957 and 1958, despite the fact that most rental programs reported an increase in average unit size in 1960. The decrease in unit size for all programs combined is attributable to the declining proportion over this period of Section 803 units, which are typically larger in room count, coupled with an increasing volume of Section 207 units which are typically smaller.

TABLE III-63.—*Characteristics of mortgages and projects in rental project transactions, selected years*

Item	Year[1]									
	1960	1959	1958	1957	1956	1955	1954	1952	1950	1947
Projects:										
Median size (in units)	[2] 119.0	[2] 118.0	[2] 107.0	[2] 142.0	[2] 211.0	69.0	77.5	87.5	48.6	20.3
Average size (in units)	145.9	135.5	120.1	161.8	218.8	115.6	116.8	154.8	97.6	39.8
Percent with:										
Walk-up structures	21.4	22.7	20.5	27.5	44.0	47.5	54.6	53.5	59.0	85.9
Elevator structures	44.3	27.5	20.2	14.0	26.0	32.2	27.6	5.6	18.0	1.1
One-family structures	34.3	49.8	59.3	58.5	30.0	20.3	17.8	40.9	23.0	13.0
Units:										
Average number of rooms	4.7	4.9	5.1	5.1	4.7	4.5	4.3	4.5	3.9	4.4
Median monthly rental[3]	$166.22	$145.98	$143.13	$133.80	$120.87	$121.83	$115.43	$81.87	$80.69	$84.13
Average mortgage amount	$14,875	$14,124	$14,000	$14,242	$11,944	$8,049	$7,821	$7,179	$7,140	$7,505
Percent in:										
Walk-up structures	14.1	15.3	11.4	18.4	23.3	24.4	35.8	39.4	40.0	83.6
Elevator structures	56.8	38.5	33.4	17.5	30.5	40.8	44.4	4.4	30.8	2.7
One-family structures	29.1	46.2	55.2	64.1	46.2	34.8	19.8	56.2	29.2	13.7
Rooms:										
Average monthly rental[3]	$40.43	$35.22	$35.52	$34.62	$31.12	$28.47	$26.73	$20.11	$21.37	[4] $19.00
Average mortgage amount	$3,139	$2,869	$2,782	$2,795	$2,564	$1,802	$1,817	$1,579	$1,835	$1,724

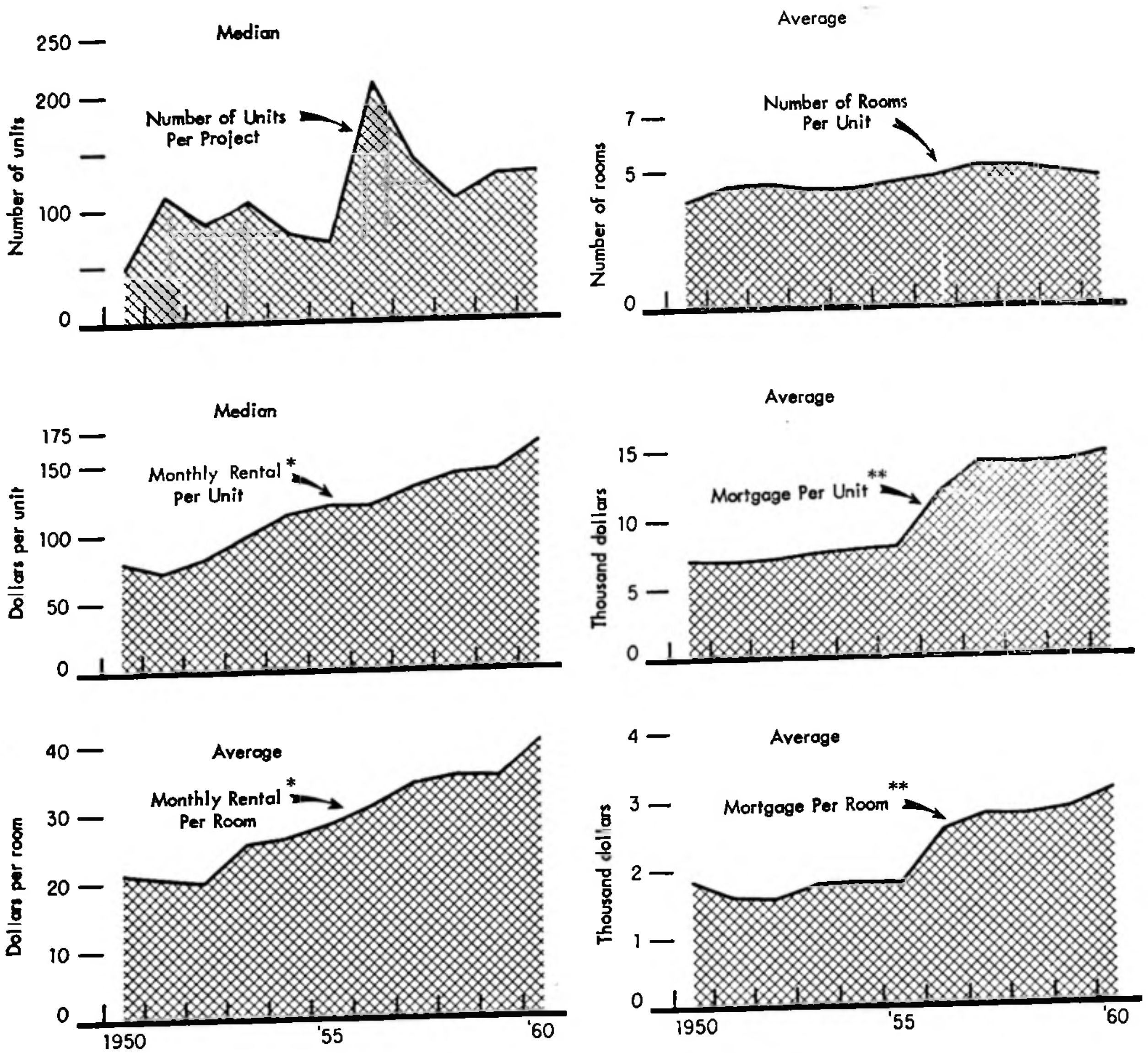
[1] Based on commitments issued in 1947 under Sec. 608, in 1950 under Secs. 207, 608, 803, in 1952–1954 under Secs. 207, 803, 908, in 1955–56 under Secs. 207, 220, 803, and in 1957–60 under Secs. 207, 220, 221, 803.
[2] By inspection.
[3] Median and average monthly rentals exclude Sec. 803 for all years.
[4] Estimated.

The average unit-mortgage amount of $14,875 in 1960 established a new FHA record. The previous peak of $14,242 was reached in 1957, with a preponderance of operations under the Section 803 program consisting mainly of one-family houses which characteristically involve higher unit mortgages. This most recent increase, however, reflects the increased maximum mortgage amounts permitted in recent years for rental programs, other than Section 221, in recognition of higher construction costs. Although in 1957 the typical unit-mortgages reported for Sections 207 and 220 were some $4,000 below that for Section 803, this differential had decreased by 1960 to less than $2,000 per unit. Paralleling the increases in construction costs and mortgage amounts, the typical rental increased in 1960 to $166.22 per unit, reaching a record high for the fourth consecutive year. Section 803 unit rentals are excluded from these data, since the military establishments do not report this item of information to FHA.

CHART III-31

TREND OF CHARACTERISTICS OF RENTAL PROJECTS

Based on units covered by commitments issued



*Computed to exclude Section 803 for all years.

** Amount allocable to dwelling use.

Type of Structure

Multifamily housing projects are classified by FHA into three principal types of structures; walk-up, elevator, and one-family (row, semi-detached, and detached houses). Projects composed of more than one type of structure are classified according to the structural type accounting for the greatest number of dwelling units. In 1960, elevator structures accounted for nearly three-fifths of the dwelling units approved in rental housing projects—including more than four-fifths of all dwelling units in Section 207 projects (Table III-64). Section 220 units were also predominantly in elevator structures. In contrast, more than three-fourths of the units in Section 221 projects were in walk-up apartments, and all but 8 percent of military units were in one-family dwellings.

TABLE III-64.—*Type of structure for multifamily housing, by section, 1960*

Type of structure	Total rental and cooperative housing	Rental housing: Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803	Cooperative housing Sec. 213 management type
Percentage distribution of projects:							
Walk-up	22.6	21.4	25.8	37.9	75.0	7.4	33.3
Elevator	46.1	44.3	72.5	62.1	12.5	----	61.6
One-family	31.3	34.3	1.7	----	12.5	92.6	5.1
All projects	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percentage distribution of dwelling units:							
Walk-up	15.4	14.1	16.1	5.5	78.0	8.0	28.5
Elevator	58.0	56.8	83.2	94.5	8.4	----	69.2
One-family	26.6	29.1	.7	----	13.6	92.0	2.3
All units	100.0	100.0	100.0	100.0	100.0	100.0	100.0

While the bulk (69 percent) of the Section 213 management-type cooperative dwelling units were also in elevator structures, the proportion was less than in 1959 when 85 percent were in elevator structures. The decrease resulted from a wider geographical dispersion of activity in 1960 as well as a decline in the relative volume of activity in metropolitan New York.

Size of Project

Project size, summarized in Table III-65, is reported on the basis of the number of dwelling units covered by individual project mortgages, although in many cases the individual mortgages cover sections or parts of larger multiproject developments. This may be true when the sections are built simultaneously as well as when they constitute later additions to existing developments.

In 1960, the typical rental project approved by FHA contained 119 apartments—practically the same as the 118 units reported a year earlier, and following the pattern set by Section 207 and Section 803, which together accounted for almost three-fourths of the projects approved by FHA. In recent years, median rental project sizes (Table III-63) have been influenced by the predominance of the larger projects committed under Section 803. In 1960, Section 207 operations surpassed those under the armed services program and, in addition, involved an increase in size from 109 to 117 units. Section 803 projects remained nearly the same size—118 units in 1960 compared with 120 a year ago.

More than one-fourth of the rental projects committed in 1960 ranged in size between 50 and 99 dwelling units, with an equal proportion containing from 100 to 149 units. Over one-half of the Section 207 projects and more than two-thirds of those under Section 803 were in these two size groups, while a fourth of the Section 220 projects had fewer than 25 units. Cooperative projects with 100 to 149 units (28 percent) were most popular in 1960; one-fifth had 50 to 90 units, and another fifth had 150 to 199 units.

TABLE III-65.—*Size of project for multifamily housing, by section, 1960*

Number of dwelling units per project	Total rental and cooperative housing	Rental housing: Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803	Cooperative housing Sec. 213 management type
Percentage distribution of projects:							
5 to 24	4.7	4.8	3.9	27.6	----	0.8	5.2
25 to 49	6.5	6.6	8.3	3.5	25.0	3.3	7.8
50 to 99	25.9	26.4	28.5	10.4	12.5	27.9	20.3
100 to 149	27.9	27.7	22.5	10.4	12.5	41.0	28.2
150 to 199	17.1	16.3	17.0	3.5	12.5	18.8	23.1
200 to 299	10.2	10.0	12.1	10.3	25.0	5.7	12.8
300 to 399	4.0	4.1	3.8	13.7	12.5	1.7	2.6
400 to 499	1.6	1.8	2.2	6.9	----	----	----
500 or more	2.1	2.3	1.7	13.7	----	.8	----
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	119.0	119.0	117.0	132.0	158.0	118.0	128.0
Percentage distribution of dwelling units:							
5 to 24	0.5	0.5	0.4	1.3	----	0.1	0.8
25 to 49	1.8	1.8	2.2	.8	5.4	1.0	2.4
50 to 99	13.9	14.0	14.7	3.7	6.6	17.7	12.6
100 to 149	23.3	23.1	18.7	6.0	8.4	39.2	26.3
150 to 199	20.3	19.2	20.3	2.7	13.7	24.7	30.5
200 to 299	17.0	16.5	20.1	12.5	38.4	10.1	21.1
300 to 399	9.3	9.6	8.9	22.2	27.5	3.9	6.3
400 to 499	4.7	5.2	6.5	13.5	----	----	----
500 or more	9.2	10.1	8.2	37.3	----	3.3	----
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average	144.4	145.9	146.8	215.7	179.5	125.8	131.2

Detailed tabulations involving size of project and type of structure are not presented in this report. However, the following characteristics may be observed. Rental elevator structures in 1960 were larger (141 units) than one-family type apartments (116 units) or walk-ups (71 units). The typical 328-unit elevator structure under Section 220 exceeded in size the typical 135-unit elevator structure under Section 207. Section 803 armed services housing projects accounted for practically all of the one-family type apartments approved by FHA in 1960. While more walk-up apartments were provided by Section 207, the bulk of operations under the minor Section 221 program involved this type of structure. Elevator buildings were the predominant structure type under Section 213; the median size was 147 units.

Size of Dwelling Units

Dwelling unit size (room count) in rental and cooperative projects is determined under criteria established to take into account the area and the function and arrangement of living space. As described later, room count standards have been modified progressively in the last few years. Currently, a separate kitchen meeting the minimum area (square feet) and least dimension requirements receives a one-room count in living units of one or more bedrooms. In a living unit with no separate bedroom, a kitchen now would receive a one-half room count. In some instances, spaces not meeting minimum standards are permitted but without any credit toward room count. For example, in a living unit with no separate bedroom, kitchen space below the minimum requirements (a kitchenette) would be permitted, but no additional room count would be credited to it. Bathrooms, half-baths, foyers, terraces, balconies, and porches also receive partial room count when they meet prescribed standards, but halls, closets, and storage space are excluded from room count credit. Currently, one other habitable room (den, etc.) can receive room count credit. Applications of these criteria are discussed more fully under the discussion of monthly rentals.

Rental units approved for mortgage insurance in 1960 contained an average of 4.7 rooms, slightly smaller than the 4.9 rooms in 1959. As explained earlier (Table III-62), this resulted more from differences in relative activity under the several rental programs than from an actual decrease in unit size under any of the individual programs. Section 207 units, accounting for more than half of the total, had an average of 4.4 rooms this year (4.3 in 1959), Section 221 units increased in size to 4.3 rooms over 4.1 a year earlier, and Section 803 units contained 5.7 rooms in 1960 compared with 5.4 in 1959. Section 220 rental units reflected the only decrease, 4.0 rooms in 1960, down slightly from 4.1 in 1959. The average management-type cooperative unit—4.9 rooms in 1960—was unchanged from 1959.

A fifth of all Section 207 apartments approved in 1960 included four rooms, and an equal portion 4½ rooms (Table III-66). Over one-fourth of the Section 220 dwelling units had three rooms and one-fifth had 4½ rooms. The major portion of activity under each of these programs involved elevator buildings. Section 803 projects, predominantly one-family structures, reported three-fifths of all units contained six or more rooms. Dwelling units of 4½ rooms were most common in Section 221 projects, with this size accommodation accounting for more than a third of the total units.

TABLE III-66.—*Size of dwelling units for multifamily housing, by section, 1960*

Rooms per unit	Total rental and cooperative housing	Rental housing					Cooperative housing Sec. 213 management type
		Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803	
Percentage distribution of dwelling units:							
Less than 3	2.4	2.5	2.8	7.8	0.8	----------	1.2
3	8.8	9.4	10.8	26.3	10.1	----------	3.3
3½	8.8	8.8	13.6	9.7	9.2	----------	9.2
4	14.7	14.8	20.5	14.1	27.5	3.9	14.5
4½	14.5	14.3	19.7	21.9	35.2	----------	16.0
5	18.8	19.1	15.6	5.7	5.4	31.9	15.2
5½	8.7	7.4	9.5	9.1	3.8	3.4	21.0
6	15.8	16.0	3.4	3.2	8.0	46.9	4.0
6½	2.7	1.8	2.8	1.9	----------		12.2
7 or more	4.8	5.0	1.3	.3	----------	13.9	2.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average	4.8	4.7	4.4	4.0	4.3	5.7	4.9

Units of 5½ rooms were reported for one-fifth of the cooperative projects in 1960, dropping from 23 percent in 1959, but projects with six or more rooms increased to one-fifth of the total compared with one-tenth in 1959.

The size of dwelling unit by type of structure for rental projects approved in 1960 is presented graphically in Chart III-32. Four-room units predominated in elevator buildings (two-fifths). Walk-ups had an equal proportion of units of this size and of five-room units. About half of the one-family type units had six rooms. In this chart, units containing half rooms are included with those of whole numbers (e.g. 3½ room units are shown in combination with those with three rooms).[1]

Mortgage Allocable to Dwellings

The typical dwelling unit in rental projects approved for mortgage insurance in 1960 secured a mortgage of $15,307. This amount, representing that portion of the total mortgage allocated to dwelling use, was $401 more than in 1959. The part of the mortgage amount that covered garages, stores, and other nondwelling, income-producing parts of the project is excluded from these and other data presented in Table III-67.

All multifamily project programs reported increased mortgages per unit in 1960. The largest of these occurred under the Section 213 cooperative housing (management-type) program, which rose $2,422 over 1959 to $16,211 per unit. Section 207 was up by $1,704 to $14,088 per unit, Section 220 increased by $370 to $14,484, and Section 221 rose $146 to $8,653. Section 803 at $16,006 per unit showed only a $43 increase over 1959.

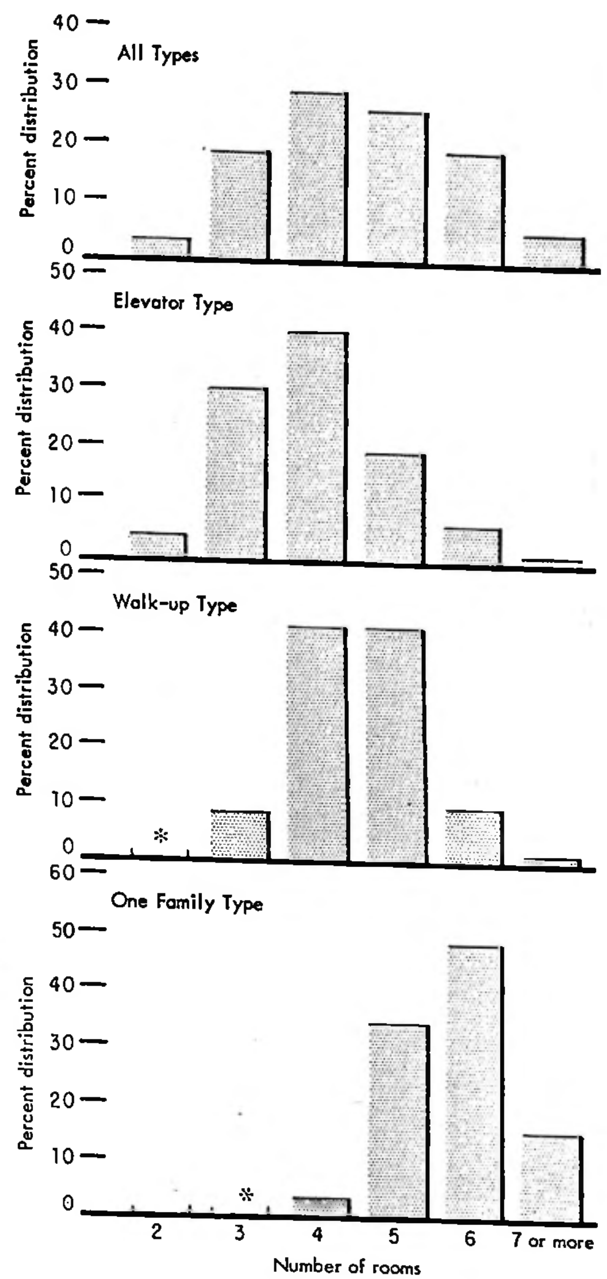
The percentage distribution of project units by the average unit mortgage amount for the individual programs is also shown in Table III-67. This indicates a general upward shift from 1959 to larger unit mortgage amounts for all programs. Taking construction costs into account, the amount of mortgage allocated to dwelling use is greatly influenced by FHA rules and regulations regarding the maximum mortgage amounts permitted for projects, the amounts allowed per family unit, and the amounts allowed per room.

For instance, Sections 207, 213 (management-type), and 220 mortgages are generally based on a limitation of $2,500 per room for walk-ups and $3,000 for elevator-type structures, with provision for $1,250 extra per room in certified high cost areas. It is apparent that the distributions by average mortgage amounts tend to be governed to a great extent by the type of structure involved, with the walk-ups in the middle and lower price groups and elevator structures in the middle and upper price groups. In 1960, the greater percentage of these units was in the upper half of these distributions, since 83 percent of Section 207 units, 95 percent of Section 220 units, and 69 percent of Section 213 units were in elevator-type structures.

CHART III-32

SIZE OF DWELLING UNIT BY TYPE OF RENTAL PROJECT, 1960

Distribution of units covered by commitments issued



*Less than 0.5 percent.

[1] Typical unit compositions, excluding room count for bathrooms, foyers, porches, etc., are listed below. In comparing number of rooms by year (Table III-63) the data may not be comparable, since criteria governing room count differ according to rulings in effect at a given time.

Fewer than 3 rooms—combination living and sleeping room with dining alcove and kitchen or kitchenette.
3 rooms—living room, 1 bedroom and kitchen, with dining space in either living room or kitchen.
3½ rooms—living room, 1 bedroom, dining alcove, and kitchen.
4 rooms—living room, 2 bedrooms, with dining space either in living room or in kitchen.
4½ rooms—living room, 2 bedrooms, dining alcove, and kitchen.
5 rooms—living room, 2 bedrooms, dining room, and kitchen.
5½ rooms—living room, 3 bedrooms, dining alcove, and kitchen.
6 rooms—living room, 3 bedrooms, dining room, and kitchen.
6½ rooms—living room, 4 bedrooms, dining alcove, and kitchen.
7 rooms—living room, 4 bedrooms, dining room, and kitchen.

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TABLE III-67.—*Amount of mortgage allocable to dwellings for multifamily housing, by section, 1960*

Average amount of mortgage per dwelling unit [1]	Total rental and cooperative housing	Rental housing					Cooperative housing sec. 213 management type
		Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803	
Percentage distribution of dwelling units:							
Less than $7,000	0.3	0.3	0.7				
$7,000 to $7,999	1.7	1.8	1.6		34.1		
$8,000 to $8,999	1.9	2.2	2.6		25.4		
$9,000 to $9,999	1.3	1.3	1.4	2.7	2.1		3.2
$10,000 to $10,999	5.0	4.9	3.9	13.9	38.4		6.3
$11,000 to $11,999	5.5	5.8	10.7	.6			2.3
$12,000 to $12,999	7.7	8.0	11.8	13.0			4.3
$13,000 to $13,999	8.7	9.5	16.0	5.1		0.8	
$14,000 to $14,999	12.3	12.4	11.8	15.2		13.6	11.1
$15,000 to $15,999	18.4	18.5	9.0	21.8		35.3	18.2
$16,000 to $16,999	16.9	16.5	8.9	8.2		34.7	20.9
$17,000 to $17,999	9.3	9.2	8.5	15.3		8.8	10.3
$18,000 to $18,999	6.3	6.6	7.8	4.2		6.4	2.6
$19,000 to $19,999	.8	.3	.4			.4	5.4
$20,000 or more	3.9	2.7	4.9				15.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	$15,401	$15,307	$14,088	$14,484	$8,653	$16,006	$16,211

[1] Data based on the average unit-amount per project.

All of the Section 221 projects, on the other hand, fell in the class of $11,000 or less average mortgage per unit, since mortgages in these projects were limited to $9,000 per family dwelling unit with a possible limit of $12,000 in high cost areas. The maximum mortgage amount allocable per dwelling unit for Section 803 was $16,500 with special exceptions permitting as high as $19,800. As a consequence, 70 percent of the distribution of average unit mortgage amounts under Section 803 were concentrated in the $15,000 to $17,000 range. Since over 90 percent of these units are single-family structures, there is less variation in structure and cost of the units than is true under the other rental housing programs.

The distribution of dwelling units by mortgage amounts for each type of rental structure is presented graphically in Chart III–33. The elevator-unit distribution reflects almost entirely Section 207 and 220 projects, which account for 79 and 21 percent of these units, respectively. The largest proportion of the walk-ups (61 percent) is accounted for by Section 207 with the remainder distributed between the other three sections, all indicating the lower mortgage amounts for walk-ups. The one-family type of structure chart is a reflection of the rather high average unit mortgage of Section 803 projects, since these projects contain over 97 percent of the one-family structures.

Ratio of Mortgage Amount to Replacement Cost

The median ratio of mortgage amount to estimated replacement cost for multifamily housing projects approved in 1960 remained near the statutory maximum for each program (Table III–68). Section 220 project mortgages were limited to 90 percent of replacement cost (median 88.6 percent), and Section 803 mortgages could go as high as 100 percent (median 98.1 percent). In Section 221 projects, nonprofit mortgagors could receive 100 percent of the total replacement cost but profit-motivated corporations were limited to 90 percent. In 1960, all approved Section 221 projects were the nonprofit type and the resulting median was at the 100 percent legal maximum.

TABLE III–68.—*Ratio of amount of mortgage to replacement cost for multifamily housing, by section, 1960*

Mortgage as a percent of replacement cost	Total rental and cooperative housing	Rental housing					Cooperative housing Sec. 213 management type
		Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803	
Percentage distribution of dwelling units:							
Less than 70	(1)	(1)				0.1	
70 to 74.9	0.8	1.0	1.7				
75 to 79.9	3.6	3.9	6.4	4.1			
80 to 82.4	4.3	4.7	8.4	1.3			
82.5 to 84.9	12.3	13.6	18.9	14.7		5.0	
85.0 to 87.4	16.6	18.2	29.3	15.9		1.5	1.7
87.5 to 89.9	18.3	19.9	26.8	33.8		3.8	3.1
90.0	13.4	8.3	8.5	30.2			62.4
90.1 to 92.4	2.3	2.1				7.0	3.6
92.5 to 94.9	2.4	2.4				7.9	2.4
95.0 to 96.9	3.1	3.0				9.8	4.2
97.0	2.3	.2				.6	22.6
97.1 to 99.9	12.7	14.0			40.5	41.6	
100.0	7.9	8.7			59.5	22.7	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	89.4	88.8	86.2	88.6	100.0	98.1	90.0

[1] Less than 0.05 percent.

Cooperative projects under Section 213 are allowed a mortgage-replacement cost ratio of 97 percent for management-type projects but are limited to 90 percent for investor-sponsored projects. The bi-modal character of the distribution of cooperative units in Table III–68 displays the proportion represented by each of these two types of projects. The fact that nearly two-thirds of the units approved were investor-sponsored gave the total distribution a median of 90.0 percent; but a fair representation of management-type units (22.6 percent) appeared at the 97.0 percent upper limit.

Section 207 project mortgages are limited by law to 90 percent of FHA's estimated value of the project, rather than to a percentage of the replacement cost as for other programs. The following table shows the relationship that Section 207 mortgages bear to the estimated value of these projects.

Mortgage as percentage of value	Percentage distribution of units, Sec. 207	Mortgage as percentage of value	Percentage distribution of units, Sec. 207
77.5–79.9	2.0	87.5–89.9	38.8
80.0–82.4	2.1	90.0	43.6
82.5–84.9	3.5		
85.0–87.4	10.0	Total	100.0

Since estimated values generally are less than replacement costs, percentages in the above table tend to be somewhat higher than those in the general table. For example, 44 percent of the dwelling units were covered by mortgages involving the maximum loan-value ratio (90 percent), compared with less than 9 percent having mortgage-replacement cost ratios this high. In 1959, only 26 percent of the Section 207 units had mortgages which represented the maximum ratio of 90 percent of value.

Proportionally fewer Section 220 dwelling units (30 percent) were covered by mortgages involving maximum loan-replacement cost ratios of 90 percent in 1960 than a year earlier, when two-fifths of all dwelling units involved such maximum mortgages. The Section 221 program dropped off proportionally in 1960 to three-fifths of units with mortgages representing 100 percent of replacement costs, compared with 65 percent in 1959. One reason for this decline in 100 percent loans is that criteria other than the ratio of mortgage to replacement cost have determined the amount of the mortgage. Conversely, Section 803 mortgages representing the full amount of replacement cost covered 23 percent of the units approved in 1960, somewhat higher than the 13 percent reported in 1959.

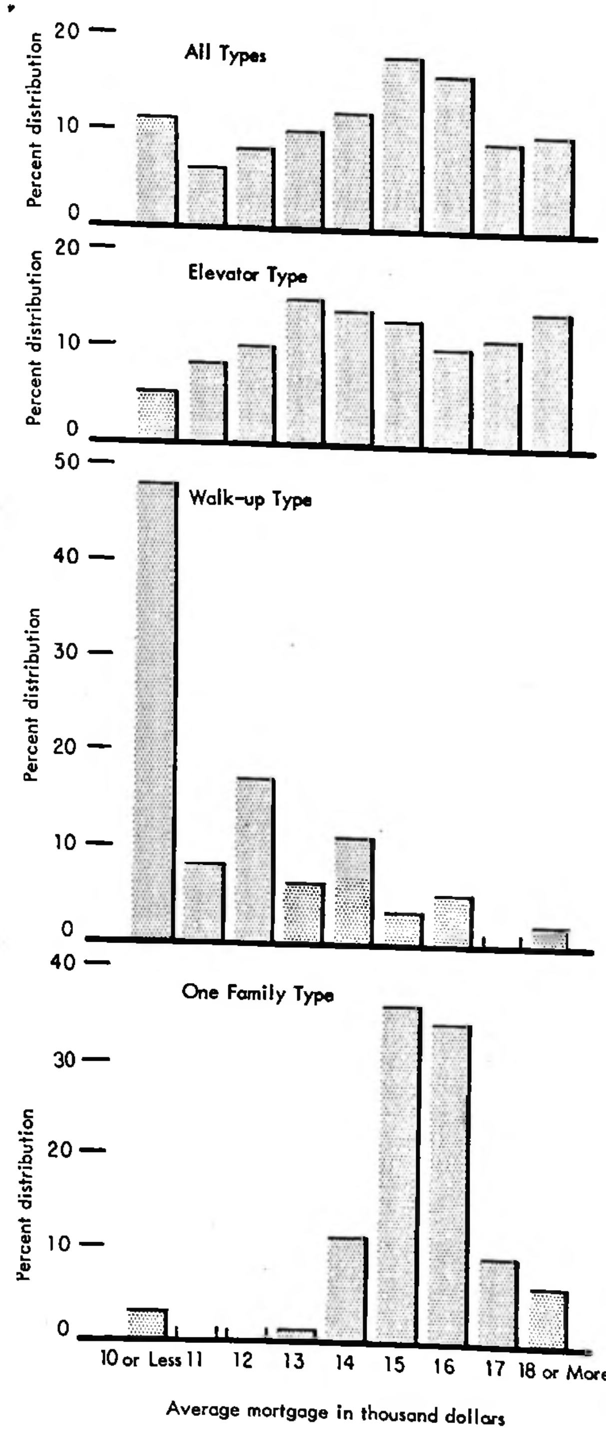
Monthly Rentals for Rental Projects

The distribution of dwelling units by monthly rental shown in Chart III–33 and Table III–69

CHART III–33

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

Distribution of units covered by commitments issued



relates to estimates made in the underwriting analysis prepared at the time of loan commitment for the Section 207, Section 220, and Section 221 programs. These rentals are those expected to prevail when the projects are occupied. The schedules actually in effect, however, may be revised because of changes in construction or operating costs. No data are available for Section 803 projects.

TABLE III–69.—*Monthly rental for rental housing projects, by section, 1960*

Monthly rental per dwelling unit	Rental housing				
	Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803 [1]
Percentage distribution of dwelling units:					
Less than $60	0.1			3.3	
$60 to $79.99	1.3	(2)		30.5	
$80 to $99.99	5.7	2.6	7.0	57.0	
$100 to $119.99	7.3	7.0	8.7	9.2	
$120 to $139.99	13.9	14.1	16.1		
$140 to $159.99	17.9	18.3	20.7		
$160 to $179.99	15.0	17.0	9.9		
$180 to $199.99	11.3	11.5	12.6		
$200 to $219.99	10.4	11.5	8.6		
$220 to $239.99	4.5	5.1	3.1		
$240 to $259.99	1.9	2.4	.2		
$260 to $279.99	3.6	3.1	6.5		
$280 to $299.99	2.9	3.0	2.6		
$300 or more	4.2	4.4	4.0		
Total	100.0	100.0	100.0	100.0	
Median	$166.22	$171.31	$158.13	$ 89.07	

[1] Not available.
[2] Less than 0.05 percent.

The typical dwelling unit covered by commitments issued in 1960 was expected to rent for $166.22. This represented a rise of 14 percent over 1959, continuing the upward trend of the last 4 years. Many factors have contributed to the steady upward trend reported over this period—higher construction costs, increasing proportions of units contained in higher cost elevator structures, and a rise in debt service resulting from the increase authorized in interest rates in 1959. These factors are only a part of all contributing elements, since they deal only with capital expenditures and disregard operating costs.

Paradoxically, changes in the average room counts have not affected the monthly rental as much during this 4-year period as the legislative changes in the per-room amounts on which the maximum mortgage amounts are based. Section 207 units in 1957 contained an average of 4.3 rooms but increased to just 4.4 rooms in 1960, Section 220 units raised from 3.6 rooms (1957) to an average of 4.0 rooms in 1960, and Section 221 dwelling units decreased in size—4.3 rooms in 1960 compared to 4.5 rooms in 1957—perhaps as a result of the unit mortgage limitation imposed on this program. When revisions in administrative procedures are considered, the change in room count becomes even less apparent. For instance, during the period from early 1958 until mid-1960, balconies and porches meeting prescribed standards were allowed a one-half-room count and efficiency living units having no bedroom could include a 0, one-half or one-room count, depending on room area, for a kitchenette or kitchen. Previously these areas were not counted. However in mid-1960, changes in regulations limited room counts to bathrooms (½ room), half-baths (¼ room), kitchenettes (½ room), foyers (¼ room), and terraces (¼ room).

Section 207 living accommodations—mainly in elevator-type structures—reported a median rental of $144 in 1957, which had increased to $171 by 1960. Section 220 unit rentals, also predominantly elevator, rose to $158 compared with $124 in 1957. Section 221 dwelling unit rentals, basically walk-ups, also increased—to $89 in 1960 from $78 in 1957.

The distribution of rentals by type of structure (Chart III–34) reflects for "all types" the preponderance of elevator structures (82 percent of total units). The one major exception was units renting for less than $100. Walk-ups accounted for nearly 7 of each 10 units in this low-rental range.

Elderly Housing and Nursing Homes

The year 1960 saw a complete year of operation of the elderly housing program under Section 231 and of the program for nursing homes under Section 232, both added to FHA's program by the Housing Act of 1959. In its functions Section 231 superseded the former special provisions for the insurance of mortgages on elderly housing projects under Section 207. There were no commitments for projects for the elderly in 1960 under the latter section.

Despite the many aspects in which housing for the elderly and nursing homes appear to overlap, they require distinctly different types of programs. Projects for the aged are, by design and generally by location, especially adapted to the convenience and needs of elderly persons. Although in many cases they offer facilities and special services which approach the nature of institutional care, their primary function is that of shelter. For this reason, most projects for the elderly differ but little from other rental projects. Nursing homes, on the other hand, are inseparably associated with the provision of health services and institutional care. They may cater to elderly persons, particularly in cases of chronic ailments or infirmities, but their patronage is not restricted to any age group.

Housing for the Elderly.—Structures in elderly housing projects are ordinarily either one-story garden type apartments or buildings with elevator service. Forty-three percent of the projects were of the one-story type. Elevator structures, constituting 57 percent of the total number of projects, accounted for 63 percent of all dwelling units.

Twenty-nine percent of the projects contained fewer than 50 dwelling units, and an additional 34 percent contained from 50 to 100 each. There were a considerable number of larger projects, making up the 17 percent involving from 200 to 300 units. This latter group accounted for over 30 percent of all the dwelling units reported.

As shown below, the dwelling units designed for the elderly ranged in size from one room (combination of bedroom and living room) to 6½ rooms. Nonhousekeeping quarters shown in this table are those containing no kitchen facilities. (In practice, some with cooking facilities may also fall in the same category since the residents may elect to take advantage of common dining facilities or other special meal services.)

Number of rooms	All units	Housekeeping units	Nonhousekeeping units
1	29.4	2.7	60.0
1½	6.6		14.2
2	27.7	42.0	11.4
2½	8.5	10.4	6.4
3	5.9	9.3	2.0
3½	9.1	12.0	5.7
4	10.1	19.0	
4½	2.1	3.9	
5	.5	.6	.3
5½			
6	(1)	(1)	
6½	.1	.1	
Total	100.0	100.0	100.0

[1] Less than 0.05 percent.

These figures show that the typical housekeeping unit contained 2½ rooms—the nonhousekeeping, only one. No account is provided of the number of occupants per unit. The one-room nonhousekeeping units, for example, accommodated either one or two occupants. Nonhousekeeping units of more than one room generally housed more than a single occupant. The housekeeping units varied more widely, inasmuch as the presence of cooking facilities gave them somewhat more flexibility with regard to accommodation of single persons, elderly couples, or two or more persons living together.

The typical dwelling unit (median) had a pro rata share of the project mortgage of $9,215. This was less than that for rental units under any section except Section 221 (Table III–67). The range of mortgage amounts per unit is shown below:

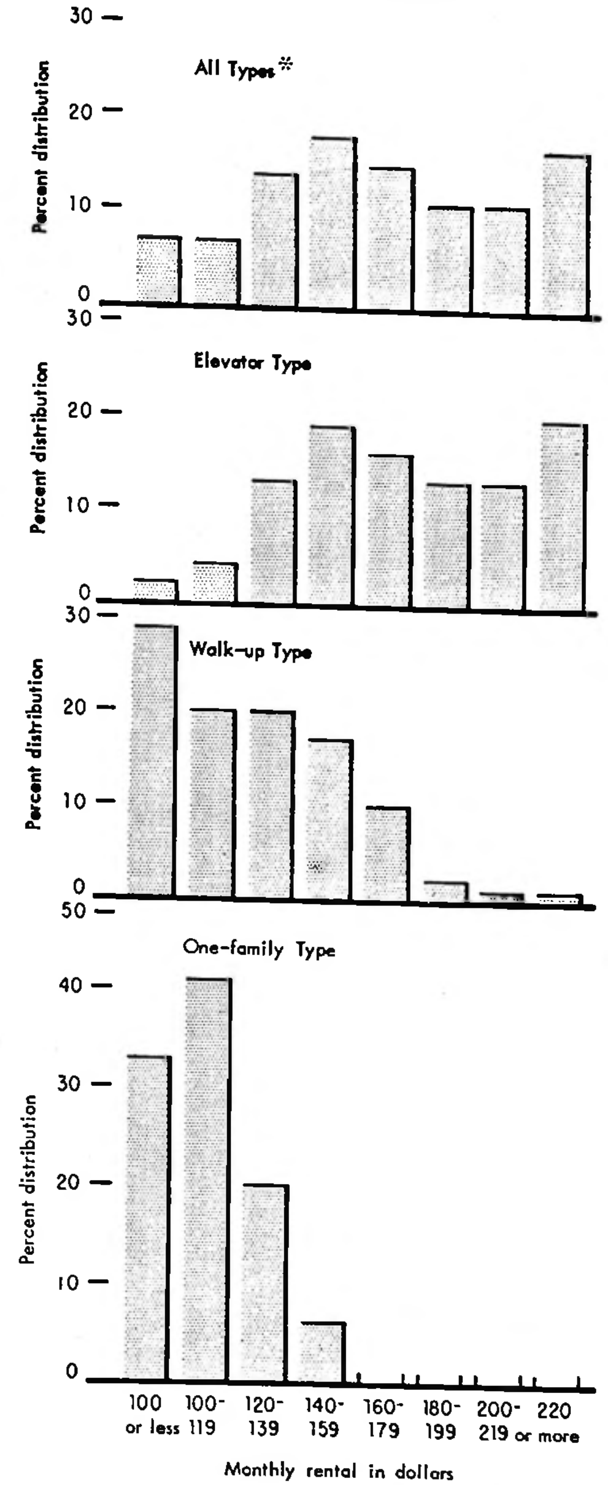
Average amount of mortgage per dwelling unit	Percentage of dwelling units	Average amount of mortgage per dwelling unit	Percentage of dwelling units
Under $7,000	2.0	$10,000 to $10,099	8.4
$7,000 to $7,999	21.5	$11,000 to $11,999	9.1
$8,000 to $8,999	13.7	$12,000 to $12,999	12.7
$9,000 to $9,999	32.6	Total	100.0

Monthly charges varied widely among projects, according to the amount of entrance or founders' fees involved, the degree of subsidy in some projects supported by churches or social service agencies, the extent that the monthly charges

CHART III–34

MONTHLY RENTAL BY TYPE OF RENTAL PROJECT, 1960

Distribution of units covered by commitments issued



* Excludes armed services housing

include services not separable from shelter rent, etc. Sufficient information was reported concerning practically all of the 4,400 units committed under Section 231 in 1960 to make possible the limited analysis of monthly charges which is shown in the table below. This information covered 2,500 housekeeping units and 1,900 nonhousekeeping. Rents on housekeeping units are shown along with charges per person in nonhousekeeping accommodations, even though the two are not strictly comparable. In general, per-unit charges on housekeeping units take into account the number of occupants only to a limited extent. One-fifth of the housekeeping units indicated that the monthly charge included at least two meals per day, and, in a small number of cases, limited medical care—factors which would affect the charges for units capable of housing two or more occupants. These units are not shown separately, but are included in the percentages in the table, practically all falling in the rental classes between $140 and $180.

Monthly charges	Percentage of housekeeping units	Percentage of single nonhousekeeping units with charges including—			Percentage of double nonhousekeeping units with per-person charges including—		
		No meals	Meals	Meals and medical care	No meals	Meals	Meals and medical care
Under $60	2.5	------	------	------	62.0	------	------
$60-$79	22.5	4.5	------	------	17.6	9.8	------
$80-$99	7.6	25.2	------	------	20.4	------	------
$100-$119	18.1	------	73.5	------	------	38.5	6.2
$120-$139	10.1	23.5	22.5	18.8	------	5.7	24.8
$140-$159	8.1	20.5	------	19.6	------	------	4.1
$160-$179	21.2	1.3	1.9	16.5	------	46.0	7.9
$180-$199	9.3	25.0	.5	35.6	------	------	35.1
$200-$219	.5	------	1.6	------	------	------	18.3
$220-$239	------	------	------	2.3	------	------	3.6
$240 or more	.1	------	------	7.2	------	------	------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median charge	$115.00	$135.00	$100.00	$175.00	$50.00	$125.00	$189.00

Monthly charges for nonhousekeeping accommodations have been reduced to a per-person basis and are shown in detail in the table according to whether the charges cover single or double quarters and whether they include room only, room and board, or room and board and varying degrees of nursing or medical care.

More than 32 percent of the housekeeping units rented for less than $100 per month. An almost equal portion rented for $160 or more. This latter group included practically all of the units for which monthly charges also included meals or limited medical care.

Single accommodations accounted for almost two-thirds of the 1,900 nonhousekeeping units for which detailed data were reported. Single rooms or apartments were divided almost equally into three groups—shelter only, shelter and meals, or shelter, meals, and nursing or medical care. Shelter rents alone ranged from $65 to $190, with the median at $135. The concentration of 47 percent of these units in rentals of $140 or more is accounted for by elevator structures in downtown metropolitan locations. Otherwise, the median rental for these quarters would not be expected to exceed the median charge of $100 for the units with charges including meals. Projects providing board in addition to room had a range of rentals from $100 to $200. Projects providing nursing or medical care in addition to room and board had monthly charges ranging from $125 to $250, the median being $175.

The pattern of per-person charges in units offering double accommodations is less complex. Shelter rents alone were all under $100 per month. With meals, the charges ranged from $64 to $175, with a median of $125. The further addition of charges for nursing or medical care raised the median to $189, in a range from $115 to $225.

Nursing Homes.—To be eligible for FHA mortgage insurance, nursing homes must be licensed or regulated by the State or other governmental subdivision in which they are located. This requirement, along with additional requirements by FHA, influences to a great extent the characteristics under discussion in the following paragraphs. The analyses presented should be viewed with caution, since the nine projects committed in 1960 constituted too small a volume to warrant generalizations.

Seven of the nine projects committed for FHA insurance in 1960 were in one-story structures. The remaining two were elevator buildings; these accounted, however, for 36 percent of the accommodations provided.

The size of nursing homes is measured in terms of the number of beds. Homes committed for insurance in 1960 varied in size from 50 beds to 150 beds, the median being 80 beds. By FHA regulations, an insurable mortgage must cover a minimum of 20 beds.

Mortgage amounts prorated according to the number of beds resulted in a median per bed of $5,606. The lowest average mortgage amount was in the $2,500-$2,999 range, which accounted for 9.4 percent of the beds provided. The highest was $7,000, with 11.7 percent. A complete distribution is shown below.

Average mortgage amount per bed	Percentage of beds	Average mortgage amount per bed	Percentage of beds
$2,500-$2,999	9.4	$6,000-$6,999	18.3
$3,000-$3,999	23.5	$7,000	11.7
$4,000-$4,999	11.7		
$5,000-$5,999	25.4	Total	100.0

The figures assume greater significance when viewed in relation to the extent the projects were committed for insurance at their maximum allowable amount. Five of the nine projects were committed for 75 percent of their value as estimated by FHA (the maximum). The remaining projects had mortgage-to-value ratios ranging from 53.1 to 74.5 percent.

Monthly charges varied from $160 to over $400 per month, varying with the number of beds per room, as seen in the distribution below. More than one-third were from $350 to $374 per person.

Monthly charge per patient	Percentage distribution by type accommodation			
	All types	1-bed	2-bed	3 and 4-bed
$160-$179	1.0	------	------	6.4
$180-$199	4.1	------	5.5	------
$200-$224	------	------	------	------
$225-$249	1.0	10.7	------	------
$250-$274	13.7	------	14.8	16.1
$275-$299	6.8	------	9.0	------
$300-$324	2.9	------	------	19.4
$325-$349	15.6	18.7	9.3	45.2
$350-$374	33.4	5.3	35.1	12.9
$375-$399	8.0	8.0	15.4	------
$400 and over	13.5	57.3	10.9	------
Total	100.0	100.0	100.0	100.0

Semiprivate rooms (2-bed) accounted for three-fourths of the total accommodations. Monthly charges in these rooms were as low as $185 per person, but more than 60 percent were above $350. Nine percent of all beds were in private rooms. Almost 60 percent of these had monthly charges of $400 or more. Three- and four-bed wards provided 15 percent of the total number of beds. Monthly charges in these wards were, as would be expected, generally lower. The lowest charge was $165 per person, 45 percent ranged from $325 to $349, and none exceeded $350.

CHARACTERISTICS OF PROPERTY IMPROVEMENT LOANS

In 1960, the typical property improvement loan insured under Title I provided an all-time high in net proceeds to the borrower of $660, involving an increased amount for the 10th consecutive year. Repayment was contemplated in 37 monthly installments of $20.58, including interest and principal. The most popular major improvement was additions and alterations, in 9 out of 10 cases involving a single-family structure.

Amount of Loan

Table III-70 presents information on the distributions by size of loan of the number and net proceeds of loans insured in selected years since 1950. The typical loan of $660 insured in 1960 was 9 percent higher than the $604 reported for 1959, and 86 percent higher than the 1950 median of $354.

Comparison by years shows that the increase in the number of loans with larger average net proceeds has been continuous since 1950. For example, the number of loans involving net proceeds of $1,500 or more has increased from 4 percent of the total in 1950 to 21 percent in 1960—a fivefold increase—and the proportion of the total proceeds involved has had a corresponding threefold increase from 18 to 52 percent. Conversely, during the same period the number of loans made under $600 decreased from 75 to 46 percent, and the proportion of total proceeds involved decreased from 47 to 16 percent. Part of the increases in loan amounts can, of course, be attributed to increased costs of many kinds of improvements.

Duration of Loan

The distributions by repayment term for loans insured in selected years presented in Table III-71 indicate that in 1960 the greatest number (44 percent) of loans financed had a repayment date of 36 months, but that the largest proportion of total proceeds was accounted for by notes with terms of 60 months. Prior to August 1956, over 97 percent of all insured property improvement loans made under the 1950 Reserve involved a statutory

TABLE III-70.—*Amount of property improvement loans, selected years*

[Total Class 1 and 2 loans]

Net proceeds of individual loan	Number of loans—percentage distribution					Net proceeds—percentage distribution				
	1960	1959	1958	1955	1950	1960	1959	1958	1955	1950
Less than $100	0.3	0.3	0.5	1.2	2.5	(1)	(1)	(1)	0.1	0.4
$100 to $199	6.2	6.8	8.0	11.4	18.7	1.0	1.2	1.5	2.8	6.4
$200 to $299	11.3	12.6	13.2	15.8	20.5	2.9	3.5	3.9	6.2	11.3
$300 to $399	12.6	13.5	13.8	15.0	15.4	4.4	5.1	5.7	8.1	10.9
$400 to $499	8.6	8.9	9.2	10.4	9.6	3.9	4.3	4.9	7.3	8.8
$500 to $599	7.4	7.8	8.3	9.4	8.0	4.1	4.6	5.3	8.0	8.8
$600 to $799	10.6	10.7	11.1	11.7	9.1	7.5	8.1	9.1	12.8	13.0
$800 to $999	7.3	7.1	7.2	7.1	5.0	6.6	6.9	7.7	9.9	9.2
$1,000 to $1,499	14.0	13.7	12.7	9.9	7.1	17.8	17.8	17.8	18.3	13.3
$1,500 to $1,999	8.3	7.4	6.6	4.1	2.0	14.3	13.7	13.1	10.7	6.8
$2,000 to $2,499	4.7	4.2	3.5	1.8	1.0	10.6	10.1	9.1	6.2	4.2
$2,500 to $2,999	3.4	3.2	2.8	1.9	1.0	9.3	9.3	8.9	7.9	5.2
$3,000 to $3,999	4.3	3.5	2.8	.2	.1	14.9	13.1	11.2	.8	.9
$4,000 to $4,999	.2	.1	.1	.1	(1)	.8	.7	.5	.4	.4
$5,000 or more	.2	.2	.2	(1)	(1)	1.9	1.6	1.3	.5	.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	$660	$604	$564	$464	$354	------	------	------	------	------
Average	------	------	------	------	------	$971	$909	$836	$630	$479

[1] Less than 0.05 percent.

TABLE III-71.—*Term of property improvement loans, selected years*

[Total Class 1 and 2 loans]

Term in months: Modal term	Term in months: Interval	Number of loans—percentage distribution: 1960	1959	1958	1955	1950	Net proceeds—percentage distribution [1]: 1960	1959	1958	1955	1950
6	6–8	0.5	0.6	0.5	0.6	0.8	0.2	0.2	0.3	0.3	0.6
12	9–14	8.8	9.1	10.0	10.0	10.1	3.2	3.4	3.9	4.4	4.9
18	15–20	5.0	5.2	5.6	6.9	6.0	2.1	2.2	2.5	3.7	3.4
24	21–26	13.0	12.5	12.9	11.3	10.2	7.3	7.1	7.7	7.7	7.1
30	27–32	2.1	2.1	2.3	3.0	9.8	1.3	1.3	1.5	2.2	9.8
36	33–41	44.2	47.0	51.4	67.5	62.5	35.5	38.8	47.1	70.1	71.1
48	42–53	2.6	2.1	1.6	(1)	(1)	4.1	3.5	2.8	.1	.1
60	54–63	23.3	21.1	15.4	.6	.4	43.9	41.7	32.7	2.0	1.7
	Over 63	.5	.3	.3	.1	.2	2.4	1.8	1.5	.5	1.4
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median		36.7	36.6	36.5	36.3	36.4					
Average							37.6	36.8	35.0	31.0	30.7

[1] Less than 0.05 percent.

repayment limit of 36 months or less. As of that date an amendment extended the maximum duration to 5 years, but by regulation terms exceeding 36 months were limited to loans with net proceeds in excess of $600. Loans with a repayment term over 36 months accounted for one-fourth of the total number and one-half of the total proceeds of loans insured in 1960, a substantial increase in volume compared to 1955 when they accounted for less than 1 percent of the number and 3 percent of the proceeds. Comparison of the distribution based on net proceeds of the loans insured in 1955 and 1960 shows that the average repayment term has increased from 31 months to nearly 38 months.

Type of Property and Improvement

Continuing the pattern established in prior years, the major type of property improved with an insured loan during 1960 was a single-family dwelling. Table III-72 shows that 90 percent of all loans and 85 percent of the net proceeds were used to improve this type of property. An additional 7 percent of the loans and 11 percent of proceeds were made to finance improvements on multifamily structures.

It should be noted that the "type of improvement" designation for an individual loan is determined by the lending institution financing the loan and reflects only the principal improvement financed. As an example, a loan reported as financing additions and alterations may also cover any necessary minor plumbing, heating, or insulation that is involved.

Properties improved by additions and alterations were responsible for the largest segment of the loans insured in 1960, with 20 percent of the number and 30 percent of the proceeds (see Chart III-35). Exterior finishing accounted for another 13 percent of the loans and 16 of the proceeds. More loans (17 percent) were made for insulation work but, because of the relatively small expenditure involved, they represented only 7 percent of the proceeds.

Compared with the $971 average for all types of improvements, insulation work had the smallest average loan of $433, in contrast to the largest of $1,427 for additions and alterations.

TABLE III-72.—*Type of improvement by type of property for property improvement loans, 1960*

[Total Class 1 and 2 loans]

Major type of improvement	Total	Type of Property Improved: Single-family dwellings	Multi-family dwellings	Commercial industrial	Farm homes and buildings	Other
Percentage distribution of number of loans:						
Additions and alterations	20.2	20.7	15.1	23.6	10.2	19.7
Exterior finish	12.6	12.5	14.5	7.4	9.9	10.6
Interior finish	9.7	9.5	12.9	13.2	4.6	8.4
Roofing	5.4	5.3	6.7	6.5	6.4	4.2
Plumbing	8.8	8.8	7.8	8.4	20.3	7.1
Heating	11.7	11.0	20.9	16.8	8.0	15.2
Insulation	16.5	17.0	13.6	6.1	8.9	7.4
New nonresidential construction	3.5	3.1	1.1	8.8	28.3	14.2
Miscellaneous	11.6	12.1	7.4	9.2	3.4	13.2
Total	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	90.2	6.8	1.1	1.6	.3
Percentage distribution of net proceeds:						
Additions and alterations	30.4	27.5	1.9	.6	.3	.1
Exterior finish	16.3	14.3	1.6	.1	.3	(1)
Interior finish	11.8	10.0	1.4	.3	.1	(1)
Roofing	3.8	3.2	.4	.1	(1)	.1
Plumbing	5.6	4.5	.8	.1	.2	(1)
Heating	12.4	8.7	3.1	.4	.1	.1
Insulation	7.6	6.9	.7	(1)	(1)	(1)
New nonresidential construction	4.8	3.6	.1	.2	.9	(1)
Miscellaneous	7.3	6.1	.8	.2	.1	.1
Total	100.0	84.8	10.8	2.0	2.0	.4
Average net proceeds:						
Additions and alterations	$1,427	$1,398	$1,770	$2,150	$1,491	$1,394
Exterior finish	1,231	1,201	1,487	1,818	1,370	1,862
Interior finish	1,152	1,102	1,612	1,823	1,203	1,637
Roofing	668	647	793	1,123	712	1,054
Plumbing	601	530	1,490	1,215	666	754
Heating	1,005	830	2,106	1,807	958	1,349
Insulation	433	420	629	707	431	671
New nonresidential construction	1,315	1,210	1,345	2,106	1,815	1,109
Miscellaneous	592	534	1,505	1,842	952	1,593
Total	971	890	1,500	1,760	1,185	1,343

[1] Less than 0.05 percent.

TABLE III-73.—*Amount of property improvement loans by type of property, 1960*

[Total Class 1 and 2 loans]

Net proceeds of individual loan	Total	Type of property improved: Single-family dwellings	Multi-family dwellings	Commercial and industrial	Farm homes and buildings	Other
Percentage distribution of number of loans:						
Less than $100	0.2	0.3	0.1	-------	0.2	-------
$100 to $199	6.3	6.7	3.0	1.3	3.3	2.6
$200 to $299	11.6	12.2	6.2	4.0	6.7	3.6
$300 to $399	12.9	13.5	7.5	4.6	10.4	8.4
$400 to $499	8.7	8.9	6.4	5.4	9.9	4.2
$500 to $599	7.5	7.6	7.2	5.4	6.0	6.5
$600 to $799	10.5	10.6	10.7	7.4	9.6	11.9
$800 to $999	7.1	7.1	7.7	4.7	8.7	9.4
$1,000 to $1,499	14.4	14.2	15.9	14.0	14.1	19.0
$1,500 to $1,999	8.1	7.8	9.4	11.8	10.9	8.7
$2,000 to $2,499	4.6	4.4	6.6	8.1	5.7	9.0
$2,500 to $2,999	3.4	3.1	5.5	9.9	5.9	6.1
$3,000 to $3,999	4.3	3.6	8.2	22.9	8.6	10.3
$4,000 to $4,999	.2	(1)	2.4	-------	-------	-------
$5,000 or more	.2	(1)	3.2	.5	-------	.3
Total	100.0	100.0	100.0	100.0	100.0	100.0
Median	$660	$617	$1,036	$1,636	$888	$1,093
Average	$971	$890	$1,500	$1,760	$1,185	$1,343

[1] Less than 0.05 percent.

Distributions of the Title I notes insured in 1960 to improve the various types of property are presented in Table III-73 by the amount of net proceeds involved.

Improvements to single-family dwellings, which accounted for 90 percent of the total loans insured in 1960, in two out of three cases had proceeds of less than $999, with $617 the typical amount received by a borrower. In contrast, two-thirds of the loans to improve commercial and industrial properties, accounting for 1 percent of the total volume insured, involved proceeds of over $1,000, this group of transactions having the largest typical loan amount of $1,636. A wide range of loan amounts was reported in 1960 for improvements for all types of properties, ranging from less than $100 in 0.2 percent of the cases to an equal percentage above $5,000. No significant concentration of loan amounts appears with respect to any type of property with the exception of loan amounts of $3,000 to $3,999 for improvement of commercial and industrial properties (23 percent). Comparable distributions of the amount of loans by type of improvement presented in Table III-74 show that notes to finance additions and alterations were typically the largest in amount of the loans insured in 1960, the median amount for this group of transactions being $1,274. At the other end of the scale were loans to finance insulation—typically only $350.

Claims Paid by Type of Property and Improvement

Distributions of claims paid by type of property and type of improvement in Table III-75 show that loans to improve single-family dwellings accounted for 89 percent of the number and 84 percent of the amount of claims paid in 1960. This parallels within 1 percent the proportion of loans of this type insured since 1956. The average claim on defaulted loans in 1960 ranged from

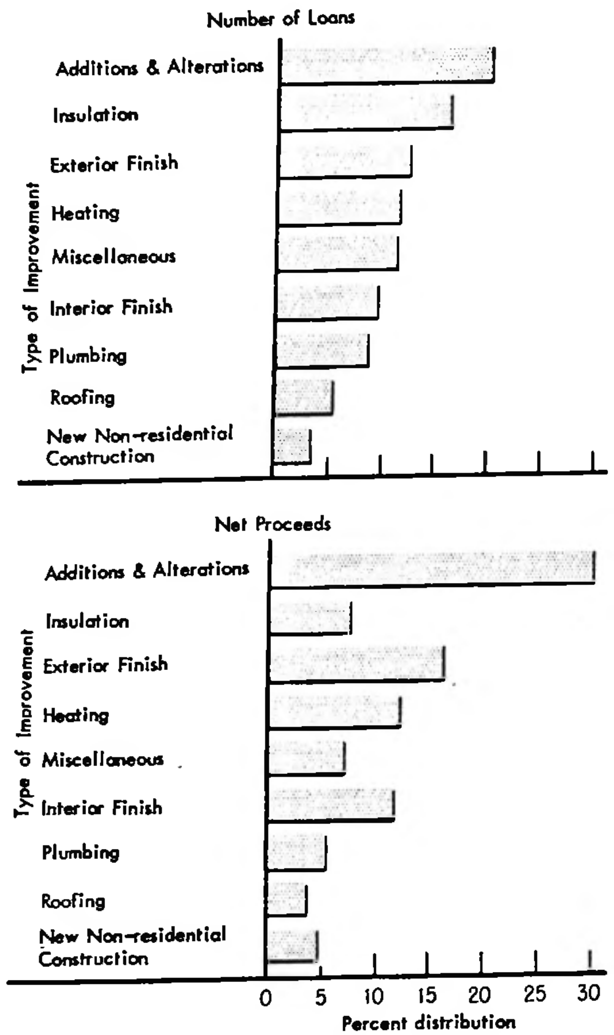
TABLE III-74.—*Amount of property improvement loans by type of improvement, 1960*

[Total Class 1 and 2 loans]

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
Percentage distribution of number of loans:										
Less than $200	6.6	2.2	1.7	3.6	7.0	9.1	3.0	14.3	0.4	14.1
$200–$399	24.5	10.0	9.2	15.5	33.6	43.0	13.6	47.7	4.3	39.4
$400–$599	16.2	11.0	11.1	15.6	21.5	21.2	17.4	20.7	8.2	19.9
$600–$799	10.5	9.5	10.5	10.9	11.6	7.5	19.4	8.1	11.6	8.2
$800–$999	7.1	7.0	9.5	7.2	6.7	4.1	14.1	3.3	12.6	4.1
$1,000–$1,499	14.4	18.8	26.0	17.9	9.9	7.2	17.2	3.6	30.3	6.2
$1,500–$1,999	8.0	13.1	16.5	10.1	4.7	3.2	6.0	1.3	15.4	3.0
$2,000–$2,499	4.6	9.5	7.5	6.6	2.0	1.6	2.8	.5	7.0	1.8
$2,500–$2,999	3.4	7.7	4.3	5.5	1.5	1.4	1.8	.3	4.6	1.1
$3,000 or more	4.7	11.2	3.7	7.1	1.5	1.7	4.7	.2	5.6	2.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	$660	$1,274	$1,153	$922	$488	$390	$766	$350	$1,213	$382
Average	$971	$1,427	$1,231	$1,152	$668	$601	$1,005	$433	$1,315	$592
Percentage distribution of net proceeds:										
Less than $200	1.0	0.2	0.2	0.4	1.6	2.3	0.5	5.0	0.1	3.6
$200–$399	7.6	2.0	2.2	3.8	14.9	21.9	4.0	32.5	1.0	18.9
$400–$599	8.2	3.7	4.3	6.5	15.2	16.4	8.4	22.7	3.1	15.9
$600–$799	7.5	4.4	5.8	6.3	11.7	8.3	13.2	12.5	6.0	9.2
$800–$999	6.6	4.3	6.9	5.4	8.8	5.9	12.4	6.6	8.4	6.0
$1,000–$1,499	17.6	15.2	25.4	17.5	16.8	13.6	19.9	9.8	27.4	11.9
$1,500–$1,999	14.1	15.2	22.7	14.3	11.6	8.7	9.8	4.9	19.4	8.3
$2,000–$2,499	10.4	14.1	13.2	12.1	6.3	5.7	6.1	2.7	11.3	6.4
$2,500–$2,999	9.2	14.0	9.2	12.3	5.7	6.0	4.7	1.6	9.0	5.0
$3,000 or more	17.8	26.9	10.1	21.4	7.4	11.2	21.0	1.7	14.3	14.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

CHART III-35

TYPE OF IMPROVEMENT FINANCED BY FHA INSURED PROPERTY IMPROVEMENT LOANS 1960



$550 for single-family dwellings to $983 for commercial and industrial. By type of improvement, loans for insulation (20 percent), additions and alterations (18 percent), and exterior finish (14 percent) accounted for over half of the total claims paid. Additions and alterations loans were responsible for the largest volume—over $1 out of every $4 paid in claims. Insulation claims averaged $308, in contrast to $992 for those on new nonresidential construction defaulted loans. Claim payments on loans for new nonresidential construction of commercial and industrial structures averaged $1,495 but involved only two-tenths of the total dollar volume.

TABLE III-75.—*Type of improvement by type of property for claims paid on property improvement loans, 1960*

[Total Class 1 and 2 loans]

Major type of improvement	Total	Type of property improved: Single-family dwellings	Multi-family dwellings	Commercial and industrial	Farm homes and buildings	Other
Percentage distribution of number of claims paid:						
Additions and alterations	17.5	17.6	16.0	25.0	9.1	20.4
Exterior finish	13.8	14.1	11.7	10.3	10.3	6.1
Interior finish	7.5	7.1	13.1	10.8	5.4	8.2
Roofing	4.2	4.1	5.3	6.0	2.8	4.1
Plumbing	8.7	8.6	8.6	6.9	10.6	12.2
Heating	11.0	10.2	21.5	12.5	5.7	8.2
Insulation	20.2	21.1	15.5	11.6	4.0	4.1
New nonresidential construction	3.2	2.5	.9	6.5	40.9	26.5
Miscellaneous	13.9	14.7	7.4	9.5	4.6	10.2
Total	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	89.1	7.8	1.1	1.7	.3
Percentage distribution of amount of claims paid:						
Additions and alterations	26.9	23.3	2.6	.6	.3	.1
Exterior finish	18.9	16.9	1.5	.3	.2	(1)
Interior finish	9.2	7.2	1.7	.2	.1	(1)
Roofing	3.2	2.8	.3	.1	(1)	(1)
Plumbing	5.9	4.6	.9	.1	.2	.1
Heating	11.4	8.2	2.9	.2	.1	(1)
Insulation	10.6	9.6	.9	.1	(1)	(1)
New nonresidential construction	5.3	3.5	.1	.2	1.4	.1
Miscellaneous	8.6	7.5	.8	.1	.1	.1
Total	100.0	83.6	11.7	1.9	2.4	.4
Average claims paid:						
Additions and alterations	$904	$868	$1,246	$1,275	$983	$1,105
Exterior finish	802	788	979	1,186	706	364
Interior finish	712	670	950	950	517	1,417
Roofing	446	436	439	780	602	1,416
Plumbing	395	355	778	878	374	958
Heating	608	531	992	868	670	1,120
Insulation	308	299	437	427	275	591
New nonresidential construction	992	929	989	1,495	1,177	598
Miscellaneous	360	335	784	741	627	1,010
Total	587	550	876	983	830	916

1 Less than 0.05 percent.

Actuarial Analysis of Insuring Operations

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

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

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

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

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

Analysis of Reserves of Insurance Funds

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

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

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

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

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

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

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

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

Attention is invited to the adjustment in the estimated reserve requirements. This adjustment is for the unearned premiums estimated to be retained by the fund after refunds of unearned premiums upon prepayment of insured mortgages prior to maturity. FHA's accounting system is on an accrual basis and, consequently, earned surplus figures do not include unearned premiums. To take these unearned premiums into account for reserve purposes, the reserve requirements are adjusted by the amounts of unearned premiums estimated to be retained by the fund. The insurance reserves of each fund also are exclusive of the amounts contributed by that fund to establish and operate other insurance funds. Seven of the 10 mortgage insurance funds have received, through the end of 1960, capital contributions in the amount of $20,310,000. Over 90 percent of this amount, or $18,310,000, was contributed by the War Housing Insurance Fund.

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

TABLE III-76.—*Outstanding balance of insurance in force, insurance reserves, and estimated reserve requirements in the insurance funds of the Federal Housing Administration*

Insurance fund	As of Dec. 31, 1960			
	Outstanding balance of insurance in force	Insurance reserves [1]	Estimated reserve requirements, adjusted [2]	Excess of insurance reserves over estimated reserve requirements, adjusted
Title I Housing Insurance Fund	$132,875,136	$5,885,246	$4,601,506	$1,283,740
Mutual Mortgage Insurance Fund	23,942,176,701	[3] 603,164,201	629,994,297	−26,830,096
Housing Insurance Fund	1,571,922,116	14,716,389	56,605,094	−41,888,705
Sec. 220 Housing Insurance Fund	203,425,308	3,270,478	18,535,939	−15,265,461
Sec. 221 Housing Insurance Fund	228,741,645	−66,012	10,565,732	−10,631,744
Servicemen's Mortgage Insurance Fund	1,056,910,680	12,273,868	37,001,566	−24,727,698
War Housing Insurance Fund	2,907,134,001	185,651,640	68,729,561	116,922,079
Housing Investment Insurance Fund		913,692		913,692
Armed Services Housing Mortgage Insurance Fund	2,125,576,381	15,268,766	[4] 42,809,391	−27,540,625
National Defense Housing Insurance Fund	371,030,457	−14,262,872	8,468,030	−22,730,902
Total all mortgage insurance funds	32,629,702,425	826,815,396	877,311,116	−50,495,720
Title I Insurance Fund	1,609,086,926	[5] 95,286,026	(6)	
Total all funds	34,238,879,351	922,101,422		

[1] Includes earned surplus of certain insurance funds transferred to other FHA insurance funds as capital contributions in the amount of $20,310,000.
[2] For mortgage insurance contracts in force. Adjusted for estimated unearned premiums in all 9 mortgage insurance funds in the amount of $44,018,373 to be retained after refunds of unearned premiums upon prepayment.
[3] Includes $161,820,950, as of Dec. 31, 1960, 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] Excludes reserve requirements for the mortgages endorsed for insurance under Sec. 809 with respect to which the Military will guarantee the fund from loss. Includes reserve requirements for armed services housing mortgages initially endorsed for insurance under Sec. 803 of the act, as amended, and securing housing projects not yet completed with respect to which the Military will, upon completion and final endorsement, guarantee the mortgage payments.
[5] Does not include unearned premiums in this fund amounting to $25,942,135, as of Dec. 31, 1960.
[6] Reserve requirements are not estimated for the Title I Insurance Fund. The maximum potential liability under this fund was $386,816,386, as of Dec. 31, 1960, representing the balance of reserves available to qualified lending institutions for the payment of claims. This potential liability was calculated at 10 percent of net proceeds of insurance written less claims paid and reserve adjustments.

TABLE III-77.—*Insurance reserves and estimated reserve requirements in the insurance funds of the Federal Housing Administration, as of Dec. 31, 1958–60*

Insurance fund	Insurance reserves [1] as of—			Estimated reserve requirements, adjusted,[2] as of—			Excess of insurance reserves over estimated reserve requirements, adjusted, as of—		
	Dec. 31, 1958	Dec. 31, 1959	Dec. 31, 1960	Dec. 31, 1958	Dec. 31, 1959	Dec. 31, 1960	Dec. 31, 1958	Dec. 31, 1959	Dec. 31, 1960
Title I Housing Insurance Fund	$4,575,070	$5,191,071	$5,885,246	$6,459,779	$5,462,219	$4,601,506	−$1,884,709	−$271,148	$1,283,740
Mutual Mortgage Insurance Fund	[3] 438,262,824	[3] 515,202,350	[3] 603,161,201	384,193,412	529,341,973	629,994,297	54,069,412	−14,139,623	−26,830,096
Housing Insurance Fund	10,984,322	13,738,244	14,716,389	37,322,830	43,194,556	56,605,094	−26,338,508	−29,456,312	−41,888,705
Sec. 220 Housing Insurance Fund	1,191,947	2,141,184	3,270,478	6,964,529	13,628,319	18,535,939	−5,772,582	−11,487,135	−15,265,461
Sec. 221 Housing Insurance Fund	906,691	1,329,799	−66,012	3,088,137	6,883,628	10,565,732	−2,181,446	−5,553,829	−10,631,744
Servicemen's Mortgage Insurance Fund	5,145,079	8,480,302	12,273,868	20,317,881	29,683,694	37,001,566	−15,171,902	−21,203,392	−24,727,698
War Housing Insurance Fund	157,103,784	173,599,092	185,651,640	101,008,007	84,118,822	68,729,561	56,095,777	89,480,270	116,922,079
Housing Investment Insurance Fund	900,103	919,021	913,692				900,103	919,021	913,692
Armed Services Housing Mortgage Insurance Fund	11,463,585	13,858,546	15,268,766	[4] 79,673,796	[4] 59,241,734	[4] 42,809,391	−68,210,211	−45,383,188	−27,540,625
National Defense Housing Insurance Fund	−11,144,441	−5,981,384	−14,262,872	13,429,308	10,850,154	8,468,030	−24,573,749	−16,831,538	−22,730,902
Total all Mortgage insurance funds	619,380,873	728,478,225	826,815,396	652,457,679	782,405,099	877,311,116	−33,067,806	−53,926,874	−50,495,720
Title I Insurance Fund	73,507,057	84,642,167	95,286,026	(5)	(5)	(5)			
Total all funds	692,896,930	813,120,392	922,101,422						

[1] Includes earned surplus of certain insurance funds transferred to other FHA insurance funds as capital contributions in the amount $20,310,000, as of Dec. 31, 1958, Dec. 31, 1959, and Dec. 31, 1960.
[2] For mortgage insurance contracts in force. Adjusted for estimated unearned premiums to be retained after refunds of unearned premiums upon prepayment.
[3] Includes $161,820,950, as of Dec. 31, 1960, 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, 1958 is $116,990,147 and for Dec. 31, 1959 is $136,723,560.
[4] Excludes reserve requirements for the mortgages endorsed for insurance under Sec. 809 with respect to which the Military will guarantee the fund from loss. Includes reserve requirements for armed services housing mortgages initially endorsed for insurance under Sec. 803 of the act, as amended, and securing housing projects not yet completed with respect to which the Military will, upon completion and final endorsement, guarantee the mortgage payments.
[5] Reserve requirements are not estimated for the Title I Insurance Fund. Unearned premiums in this fund amounted to $20,389,838 as of Dec. 31, 1958, $22,677,292 as of Dec. 31, 1959, and $25,942,135 as of Dec. 31, 1960. The maximum potential liability under this fund representing the balance of reserves available to qualified lending institutions for the payment of claims was $320,011,251 as of Dec. 31, 1958, $359,895,509 as of Dec. 31, 1959, and $386,816,386 as of Dec. 31, 1960. This potential liability was calculated at 10 percent of net proceeds of insurance less claims paid and reserve adjustments.

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

The results of the 1960 valuation of reserve requirements of the mortgage insurance funds are presented in Tables III–76 and III–77. The former, in addition to showing their reserve positions at the end of 1960, shows the year end outstanding balances of the insurance contracts in force assigned to the separate funds. The latter shows the comparative reserve positions of the funds on the basis of the 1958–60 valuations.

The December 31, 1960 valuation of reserve requirements for all mortgage insurance funds combined shows a deficiency in insurance reserves of approximately $50.5 million in meeting reserve requirements. This figure represents an improvement in the combined reserve position over that for the year end valuation, as of December 31, 1959, when the reserve deficiency was approximately $53.9 million. The insurance in force in the mortgage insurance funds during the calendar year 1960 increased by 11.5 percent and their reserve requirements increased by 12.1 percent. However, the year's increase in insurance reserves, exceeding both changes, was 13.5 percent.

In the six mortgage insurance funds under which the National Housing Act, as amended, authorizes new insurance to be written, there was an approximate increase of $3.6 billion. In three other funds under which new insurance is no longer authorized, the Title I Housing Insurance Fund, the War Housing Insurance Fund, and the National Defense Housing Insurance Fund, there was a decrease of insurance in force of about $300 million, leaving a net change in mortgage insurance in force of $3.3 billion. Under the Housing Investment Insurance Fund, no insurance has as yet been written.

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

Among the remaining mortgage insurance funds which have not attained a balance status with the 1960 valuation, the most important in terms of insurance in force is the Mutual Mortgage Insurance Fund. For this fund, it is the second time since the 1954 valuation, when the fund first attained a balance status, that the reserve position shows a reserve deficiency. The reserve position of this fund improved continuously between the 1954 and 1957 valuations, with the excess of insurance reserves over estimated reserve requirements rising to over $90 million. This reserve excess, declining to $54 million with the 1958 valuation, changed to a reserve deficiency of $14 million with the 1959 valuation, and to a reserve deficiency of $27 million with the current valuation.

The adverse changes in the reserve position of this fund are attributable in recent years in part to the record and near-record volume of new insurance written and in part to the increasing importance of longer maturities in the distribution of new business. As was pointed out in an earlier paragraph in this section, reserve requirements are highest for new insurance written and they decline as this insurance ages. Moreover, mortgages with longer maturities command higher reserve requirements than mortgages with shorter maturities. For example, mortgages with 30-year maturities, the maximum term eligible for mortgage insurance under this fund, accounted for 61.7 percent of the insurance written and tabulated in 1960. For the 1959 insurance written, the comparable figure was 48.1 percent. In 1958, 30-year maturities comprised only 35.0 percent of the insurance written in that year.

Second in importance in terms of insurance in force is the War Housing Insurance Fund, which first attained a balance status with the 1957 valuation. Emergency home and project mortgage insurance contracts written under Title VI during the defense preparedness and war periods of World War II and during the postwar period of the veterans' emergency housing program were assigned to this fund. The reserve position of this fund has shown steady improvement since the 1954 valuation. With the current valuation, the excess of insurance reserves over estimated reserve requirements amounts to almost $117 million, an increase of $27 million over the excess disclosed in the 1959 reserve position.

Among the other two funds with the reserve position in a balance status is the Title I Housing Insurance Fund. This fund was established by the statutory amendment of April 20, 1950, which authorized a separate insurance program "to assist in providing adequate housing for families of low and moderate income, particularly in suburban and outlying areas." This authority was terminated by the amendment of August 2, 1954, which also authorized a similar program of insurance within the Mutual Mortgage Insurance Fund. With the December 31, 1960 valuation of reserve requirements, this fund attained a balance status for the first time. This favorable reserve position reflects a decline in reserve requirements as a result of the aging of insurance in force, as well as terminations, and the increase in insurance reserves.

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

There are six other mortgage insurance funds which have not yet attained a balance status. This is either because they were recently established or because the bulk of the insurance covered by them is of recent origin. Consequently, these funds have not had sufficient time to accumulate the necessary earned surplus. They are: (1) the Housing Insurance Fund for multifamily rental housing under Section 207 of the Act, for cooperative housing under Section 213 of the Act, for housing for the elderly under Section 231 of the Act, and for nursing homes under Section 232 of the Act; (2) the Section 220 Housing Insurance Fund for redevelopment housing; (3) the Section 221 Housing Insurance Fund for relocation housing; (4) the Servicemen's Mortgage Insurance Fund, which provides for the purchase of housing by personnel in the U.S. Armed Forces and Coast Guard on active duty for more than 2 years; (5) the Armed Services Housing Mortgage Insurance Fund covering housing for military and defense-certified civilian employees under Title VIII of the Act; and (6) the National Defense Housing Insurance Fund for programed housing for Korean emergency defense workers provided for by Title IX of the Act.

With respect to the mortgage insurance funds which have not yet attained a balance status, it is noteworthy that the Commissioner of the Federal Housing Administration has authority under Section 219 of the National Housing Act, as amended, to transfer resources among nine of the funds as assistance may be required. They are the Title I Housing Insurance Fund, the Housing Insurance Fund, the War Housing Insurance Fund, the Armed Services Housing Mortgage Insurance Fund, the National Defense Housing Insurance Fund, the Section 220 Housing Insurance Fund, the Section 221 Housing Insurance Fund, the Servicemen's Mortgage Insurance Fund, and the Housing Investment Insurance Fund. This device of flexibility in the use of resources of separate funds can provide important financial support to the separate funds. The Mutual Mortgage Insurance Fund is not authorized by Section 219 to transfer or receive assets from other funds. The aggregate reserve position of the funds which are authorized under Section 219 to receive or transfer resources among them indicates the importance of the War Housing Insurance Fund's insurance reserves to this group of funds. The growing excess of this fund's insurance reserves over estimated reserve requirements has improved the aggregate reserve position for all funds in this group. Their reserve deficiency has been reduced from $87 million at the end of 1958 to $24 million at the end of 1960.

Tables III–76 and III–77 also show figures on the outstanding balance of insurance in force and the insurance reserves for the Title I Insurance Fund. The fiscal provisions of FHA's property modernization and improvement program are administered under this fund. Reserve requirements have not been estimated for the fund, but its financial position can be appraised on the basis of insurance reserves and insurance in force. The insurance reserves together with the unearned premiums on December 31, 1960 amounted to $121,228,161. With outstanding balances of loan insurance in force amounting to $1,609,086,926, the insurance reserves and unearned premiums represented 7.53 percent of the outstanding balance of insurance in force as compared with 6.91 percent a year ago.

The maximum potential liability under this fund at the year end was $386,816,386, which represented the balance of reserves available to qualified lending institutions for payment of future insurance claims on loans outstanding. The comparable figure for December 31, 1959 was $359,895,509. The potential liability is calculated in accordance with the administrative regulations for property improvement loans under Title I, Section 2 at 10 percent of the net proceeds of insurance written less claims paid and reserve adjustments.

This Title I fund was created by an amendment of June 3, 1939, and the total claims paid from the fund through the end of 1960, prior to any recoveries on defaulted notes, amounted to 1.65 percent of the net proceeds of loans insured. Actual losses (after recoveries) and reserves for future losses on such notes represent a little less than 1 percent of the net proceeds of notes insured. The maximum claim rate under Title I amounted to 4.04 percent of the net proceeds of the notes insured during the period from mid-1934 to mid-1939. After recoveries from collection efforts, the actual losses for this period of insurance amounted to 1.89 percent of notes insured.

Analysis of Termination Experience

The estimated life expectancy of one- to four-family home mortgages insured under Section 203 is estimated to be 9.33 years. The life expectancy is the period of time for which such mortgages can, on the average, be expected to remain in force. It is based on the cumulative termination experience of the first of FHA's home mortgage insurance programs, and calculated by the standard actuarial method described as "the temporary complete expectation of life." This termination experience has been observed over the 24-year period since the inauguration of this regular home mortgage program which operates under fiscal provisions of the Mutual Mortgage Insurance Fund. Experience covers all home mortgage insurance contracts written under Section 203 from 1935 through 1958 and exposed to their policy anniversaries in 1959.

This estimate of life expectancy on the basis of the 1935–59 termination experience is about a fifth of a year higher than the comparable figure of 9.12 years shown in the 1959 annual report.

An increase in life expectancy has been evident since an estimate of this kind was first presented in the 1951 report. The life expectancy in that report was estimated to be 7.55 years and was based on termination experience covering all home mortgage insurance contracts written under Section 203 from 1935 through 1949 and exposed to their policy anniversaries in 1950. The trend toward longer life expectancies can be expected to continue as the effect of the relatively high levels of terminations in the late war and early postwar years continues to be offset by the relatively lower levels which have been obtaining since then and as the relative importance of terms in excess of 20 years increases. The relatively high levels of terminations, i.e., terminations in relation to insurance in force, occurred in the period 1944–48, with the peak rate obtaining in 1946. Prepayments accounted for most of these terminations and were the results of mortgagors' paying off their mortgages or selling their 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.

The life expectancies for mortgages of various maturity classes included in the 1935–59 termination experience have also been estimated. The maturity classes selected for observation are as follows: Less than 13 years, 13 through 17 years, 18 through 22 years, 23 through 25 years, and 26 through 30 years. The significant maturities in these classes are the quinquennial ones: 10, 15, 20, 25, and 30 years. Prior to 1944, mortgages of various maturities within the statutory limits were eligible for insurance under Section 203. Beginning in 1944, insurance was restricted to the quinquennial maturities within the statutory limits.

For mortgages in the maturity class of less than 13 years, the estimated life expectancy is 5.83 years. Mortgages with maturities of 13 through 17 years have an estimated life expectancy of 7.38 years. The life expectancy for mortgages with maturities of 18 through 22 years is 9.10 years. For mortgages in the 23 through 25 years maturity class, the estimated life expectancy is 11.06 years and is based on cumulative termination experience observed over a 21-year period and a projection of that experience through the 25-year period. Life expectancies for mortgages of various maturity classes are calculated by the standard actuarial method described as "the complete expectation of life." An estimate of life expectancy for mortgages in the longest maturity class was not made, since the period of observation was too short. Mortgages with terms of 30 years were first endorsed for insurance beginning in 1949.

These life expectancies for the various maturities, like the estimated life expectancy for all maturities combined, also reflect the relatively high levels of terminations of the 1944–48 period. The termination experience of these various maturity classes during the 1948–59 period was analyzed to determine whether or not life expectancies are longer in the postwar period than in the 1935–59 period. On the basis of this limited termination experience, the indication is that longer life expectancies are in process of developing for the 20- and 25-year maturities.

The data on the 1935–59 termination experience for all mortgages are organized as a survivorship table which is presented in Actuarial Schedule 1. It is from this schedule that the estimate of life expectancy for all home mortgages is made. Among the things that the schedule shows for the one- to four-family home mortgages insured under Section 203 are their total annual termination rates by policy year. When these termination rates are applied to an initial hypothetical group of 100,000 home mortgage insurance contracts, they produce a survivorship table giving the number of mortgages in force at the beginning of a policy year, the number terminating during that policy year, and the number surviving to the beginning of the next policy year.

A policy year covers the annual period beginning with the date on which a mortgage contract is endorsed for insurance. Thus, a mortgage insurance contract which has not passed its first anniversary is in force or exposed to the risk of termination during its first policy year. If the contract is terminated before this anniversary, it is terminated during its first policy year. Determined by the standard method of computing probabilities, the rate of termination for the first policy year is the number of mortgage insurance contracts terminated during this policy year divided by the number of mortgage insurance contracts in force (i.e., exposed to the risk of termination) at the beginning of the first policy year. Likewise, the rate of termination for the second policy year is the number of mortgages terminated during the second policy year divided by the number of mortgages in force at the beginning of the second policy year.

The interpretation of the rate of termination, number of terminations, and number of survivors is as follows: the 1935–59 termination experience of Section 203 mortgages produces an overall annual rate of termination of 0.0257072 in the first policy year. When the 100,000 mortgage entrants, the initial hypothetical group, are multiplied by this first policy year rate, the product of 2,571 represents the number of mortgages which can be expected to terminate for various reasons during the first policy year after the date of their insurance. When these terminations during the first policy year are subtracted from the 100,000 entrants, it leaves 97,429 mortgages as survivors at the beginning of the second policy year. In the second policy year, the annual rate of termination shown in the schedule is 0.0407812. When this rate is applied against the 97,429 surviving mortgages at the beginning of the second year, it gives 3,973 as the number of mortgages which can be expected to terminate during the second policy year. Subtracting this number of terminated mortgages from the number in force at the beginning of the second policy year leaves 93,456

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 1958 and exposed to policy anniversaries in 1959 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	0.0257072	2,571	12th	34,018	0.1242533	4,227
2d	97,429	.0407812	3,973	13th	29,791	.1244322	3,707
3d	93,456	.0588323	5,498	14th	26,084	.1309156	3,415
4th	87,958	.0768105	6,756	15th	22,669	.1644624	3,728
5th	81,202	.0957197	7,773	16th	18,941	.1533470	2,905
6th	73,429	.1007918	8,062	17th	16,036	.1241639	1,991
7th	65,367	.1155021	7,550	18th	14,045	.1222995	1,718
8th	57,817	.1164055	6,730	19th	12,327	.1851838	2,283
9th	51,087	.1211017	6,187	20th	10,044	.5126467	5,149
10th	44,900	.1275562	5,727	21st	4,895	.4360642	2,135
11th	39,173	.1315985	5,155	22d	2,760	1.0000000	2,760

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

mortgage survivors at the beginning of the third policy year.

The composition of the total annual termination rates shown in the survivorship table is presented in Actuarial Schedule 2. Included are two types of prepayments—prepayments in full and prepayments by supersession; two types of titles acquired—titles retained by mortgagees and titles transferred to FHA; and other types of terminations, which are predominantly maturities.

These annual rates of termination for the different types of terminations are determined by the same method of computing probabilities as the total annual termination rates and are, therefore, additive. Thus, the annual rate of prepayment in full for a given policy year can be added to the annual rate of prepayment by supersession for the same policy year to give the total rate of prepayment for the given policy year. The rate for a particular policy year for titles acquired by mortgagees and retained by mortgagees can be combined with the rate for the same policy year for titles acquired by mortgagees and transferred to FHA to give a total default termination or foreclosure rate for that policy year. When the annual rates for the different types of termination are added together, they give the total annual termination rates shown in both actuarial schedules.

The annual rates by policy year for the different types of terminations measure the distribution of expected terminations during a policy year. These rates of termination for the different types of terminations when applied against the initial group of 100,000 mortgages and their survivors provide numbers of terminations for each type during a policy year. These numbers are shown

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 1958 and exposed to policy anniversaries in 1959 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	0.0188287	0.0064801	0.0001111	0.0002595	0.0000278	0.0257072
2d	.0299014	.0090460	.0002122	.0006979	.0000228	.0407812
3d	.0437528	.0138208	.0003569	.0008727	.0000291	.0588323
4th	.0586720	.0169546	.0003657	.0007565	.0000617	.0768105
5th	.0756590	.0190667	.0003806	.0004477	.0001657	.0957197
6th	.0890061	.0199194	.0003132	.0003642	.0001889	.1097918
7th	.0965156	.0182562	.0003184	.0002737	.0001382	.1155021
8th	.0987301	.0169556	.0003016	.0001679	.0002503	.1164055
9th	.1027021	.0174813	.0002649	.0001639	.0004895	.1211017
10th	.1079939	.0155465	.0001717	.0000504	.0037937	.1275562
11th	.1153905	.0119482	.0001307	.0000047	.0041244	.1315985
12th	.1118757	.0091833	.0000557	.0000093	.0031293	.1242533
13th	.1140679	.0073383	.0000653	----	.0029607	.1244322
14th	.1226296	.0056574	.0000605	----	.0025681	.1309156
15th	.1325173	.0047425	.0000445	----	.0271581	.1644624
16th	.1241656	.0039404	.0000482	----	.0251928	.1533470
17th	.1162065	.0033149	.0000592	----	.0045833	.1241639
18th	.1178417	.0032621	.0000348	----	.0011609	.1222995
19th	.1679260	.0025251	.0000380	----	.0146947	.1851838
20th	.2943961	.0023854	----	----	.2158652	.5126467
21st	.0741223	.0028175	----	----	.3591244	.4360642
22d	----	----	----	----	1.0000000	1.0000000

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

in the decrement table presented in Actuarial Schedule 3, where the different types of terminations during a policy year appear as decrements from the survivors at the beginning of a policy year.

The decrement table is a convenient form for viewing the relative importance of the different types of terminations at each duration, i.e., the number of policy years during which an insurance contract is exposed to the risk of termination. A comparison of the numbers of prepayments in full with total terminations by policy year discloses the extent to which these prepayments account for total terminations. Prepayments in full in 14 of the 21 policy years in which prepayments obtain represent more than four-fifths of the total terminations. They account for about three-fourths in the first 4 policy years.

Prepayments by supersession, which account for a little over a fourth of total terminations during the first policy year, become progressively less important a decrement as the duration increases. Most of the terminations are accounted for by these two types of terminations.

Actuarial Schedule 3.—*Decrement table of a group of 1- to 4-family home mortgages based on aggregate termination experience by policy year for Sec. 203 mortgages insured from 1935 through 1958 and exposed to policy anniversaries in 1959 or prior termination dates*

Policy year	Mortgage survivors at the beginning of policy year	Decrement by type of termination					
		Prepayments in full	Prepayments by supersession	Titles acquired by mortgagees: Retained by mortgagee	Titles acquired by mortgagees: Transferred to FHA	Others	Total
1st	100,000	1,883	648	11	26	3	2,571
2d	97,429	2,913	969	21	68	2	3,973
3d	93,456	4,089	1,292	33	81	3	5,498
4th	87,958	5,161	1,491	32	67	5	6,756
5th	81,202	6,144	1,548	31	36	14	7,773
6th	73,429	6,535	1,463	23	27	14	8,062
7th	65,367	6,309	1,193	21	18	9	7,550
8th	57,817	5,708	980	17	10	15	6,730
9th	51,087	5,247	893	14	8	25	6,187
10th	44,900	4,849	698	8	2	170	5,727
11th	39,173	4,520	468	5	(1)	162	5,155
12th	34,018	3,806	312	2	(1)	107	4,227
13th	29,791	3,398	219	2		88	3,707
14th	26,084	3,199	147	2		67	3,415
15th	22,669	3,004	107	1		616	3,728
16th	18,941	2,352	75	1		477	2,905
17th	16,036	1,863	53	1		74	1,991
18th	14,045	1,655	46	1		16	1,718
19th	12,327	2,070	31	1		181	2,283
20th	10,044	2,957	24			2,168	5,149
21st	4,895	363	14			1,758	2,135
22d	2,760					2,760	2,760

[1] Less than 1.

Default terminations or foreclosures, the combination of titles acquired by mortgagees and retained by mortgagees and those transferred to FHA, are considerably less important decrements than either type of prepayment. These relatively small decrements reflect the favorable economic climate to which this regular home mortgage insurance program has been exposed. Consequently, it would be premature to describe a pattern based on their decrements or rates of termination. Exposure to adverse changes in economic conditions could change their rates significantly.

Actuarial Schedule 4 presents a survivorship table for all maturities and the separate classes of maturities along with their respective estimated life expectancies. This table is designed to show the survivors at the beginning of a policy year on a comparative basis.

Actuarial Schedule 4.—*Survivorship table for a group of 1- to 4-family home mortgages of various maturity classes based on aggregate termination experience by policy year for Sec. 203 mortgages insured from 1935 through 1958 and exposed to policy anniversaries in 1959 or prior termination dates*

Policy year	Mortgage survivors at the beginning of policy year					
	All maturities [1]	Maturity class of mortgage: Less than 13 years [1]	13 through 17 years [1]	18 through 22 years [1]	23 through 25 years [2]	26 through 30 years [3]
1st	100,000	100,000	100,000	100,000	100,000	100,000
2d	97,429	94,796	96,127	96,565	98,659	99,330
3d	93,456	87,606	90,478	91,866	96,096	97,655
4th	87,958	78,454	82,558	85,655	92,188	95,360
5th	81,202	67,905	74,068	78,545	86,699	91,865
6th	73,429	56,703	64,893	71,059	79,331	85,743
7th	65,367	45,897	55,749	63,487	71,223	79,861
8th	57,817	36,274	47,124	56,030	64,209	75,735
9th	51,087	27,710	39,440	49,362	58,019	71,902
10th	44,900	19,823	33,014	43,387	52,066	68,097
11th	39,173	11,131	27,498	38,120	46,604	65,010
12th	34,018	4,706	22,943	33,460	41,516	
13th	29,791	2,223	19,318	29,275	37,340	
14th	26,084		16,120	25,596	33,681	
15th	22,669		12,379	22,371	30,075	
16th	18,941		5,309	19,544	26,829	
17th	16,036		918	17,013	24,011	
18th	14,045			14,726	21,595	
19th	12,327			12,478	19,516	
20th	10,044			9,179	17,603	
21st	4,895			1,763	15,735	
22d	2,760			32	13,988	
Estimated life expectancy in years	9.33	5.83	7.38	9.10	[4] 11.06	(5)

[1] Based on aggregate termination experience for mortgages insured from 1935 through 1958 and exposed to their policy anniversaries in 1959 or prior termination dates.
[2] Based on aggregate termination experience for mortgages insured from 1938 through 1958 and exposed to their policy anniversaries in 1959 or prior termination dates.
[3] Based on aggregate termination experience for mortgages insured from 1949 through 1958 and exposed to their policy anniversaries in 1959 or prior termination dates.
[4] Based on termination experience observed over a 21-year period and its projection to 25 years.
[5] Not estimated.

The rates of termination shown in the actuarial schedules from which survivors, decrements, and expectancies are estimated are "crude" or actual rates as distinguished from "graduated" or smoothed rates. They are based on numbers of mortgages only and include mortgages with the various terms of financing eligible for insurance under the administrative rules and regulations for Title II, Section 203. Because this insurance program has not been in operation long enough for many of its long-term mortgages to mature, the rates of termination for later policy years are based on a smaller aggregate amount of experience than those for earlier years. The rates of termination for the first policy year for all mortgages are based on the terminations from contracts endorsed for insurance in each calendar year from 1935 through 1958. For the second policy year, they are based on the terminations from endorsements in each calendar year from 1935 through 1957.

With time, the accumulation of termination data will provide the merged experience of home mortgage insurance contracts through that policy year which will represent the longest maturity eligible for insurance under this program. Not only can additional termination experience influence these rates by duration, particularly in the later durations where the aggregate experience is smaller, but changing economic conditions will also influence the rates of termination. It should be noted that the FHA mortgage insurance programs have not been exposed to a serious reversal of economic conditions. The cumulative experience of foreclosures, therefore, reflects only the most favorable period of exposure. Accordingly, it must be emphasized that the pattern of termination rates shown in the actuarial schedules is only an emerging one and cannot be said to be definitive for total terminations or for the different types of terminations.

Mutual Mortgage Participation Payments

The Mutual Mortgage Insurance Fund is the only FHA insurance fund in which mortgagors are authorized by statute to share in any excess premiums—charges in excess of expenses, insurance losses, and provisions for reserve liabilities. In this respect, for home mortgage insurance written under Section 203 the fund is operated like a mutual insurance organization. The payments which mortgagors receive are similar to policyholders' dividends. A noteworthy difference, however, is that dividends (or participation payments, as they are called) are terminal dividends, payable at termination of the mortgage insurance contract, when the mortgage is paid off at maturity or prepaid prior to maturity, as distinct from annual dividends which most mutual insurance organizations pay to their policyholders.

Provision for the operation of the principle of mutuality for mortgages insured under Section 203 of the National Housing Act was made in the original legislation approved June 27, 1934, and, except for subsequent technical amendments to improve on the operation of mutual insurance, such provision has remained a part of the legislation in effect today. The mutual mortgage insurance system as far as practicable was to be self-supporting and was to cost the mortgagor no more than the amount needed to cover the risk involved plus necessary administration expenses. Premium charges in excess of those needed for its operation were to be returned to the mortgagor as "dividends."

Mortgagors who pay off their mortgages—whether paid off at the maturity of the mortgage note, or paid off prior to maturity, as, for example, in the case of a mortgagor who prepays from savings or from the proceeds of the sale of his home—are eligible to receive dividends or participation payments from the Mutual Mortgage Insurance Fund. Thus, mortgagors with mortgage insurance contracts that were terminated as a result of a default are not eligible to receive such payment. Since 1959 termination of insurance contracts has been permitted through agreement between the mortgagor and mortgagee, with appropriate notice to FHA. Participation payments are payable in such cases as if the mortgage had been prepaid. Payments are made to the mortgagor of record as reported by the mortgagee at the date the final payment is made.

During 1958, a special tabulation of mortgages paid in full and participation payments made to the mortgagor of record revealed that, in three-fourths of these terminations, the recipient of the participation payment had been the mortgagor at the time the mortgage debt was originated by the lender and insured by FHA. No doubt a high proportion of the remaining terminations of this kind involved mortgagors who had assumed the insured mortgage debt from builders or other original mortgagors soon after FHA endorsement of the insurance contract and had, accordingly, made most, if not all, of the annual payments of the mortgage insurance premium.

Payments to mortgagors are made from the Participating Reserve Account, one of two insurance reserve accounts in the fund. This account, a statutory reserve, is authorized to receive allocations semiannually from the net income of the fund, or be charged with any net loss in a semiannual period. The amounts are required to be allocated in accordance with sound actuarial and accounting practice.

Because of the statutory requirements for allocating the net income of the Mutual Mortgage Insurance Fund semiannually or charging any net loss to the Participating Reserve Account, participation shares—the rate of payment per $1,000 of the original face amount of mortgage terminated—are established semiannually as of June 30 and December 31 for paying participations to eligible mortgagors with insurance terminating in the subsequent 6-month period.

Table III–78 shows selected participation shares for eligible mortgagors paying off their mortgages during the 6-month period ending June 30, 1961. Participation shares may in no event exceed the aggregate scheduled annual premiums on the mortgage to the year of termination of the insurance.

As of December 31, 1960, the account had $161,820,950 available for distribution to eligible mortgagors as participation payments. Since January 1, 1944, when participation payments were first made, a total of $114,050,047 has been distributed to 938,528 mortgagors. In the aggregate, these amounts equal 31 percent of total FHA premium collections through the end of 1960 under this home mortgage insurance program. The average dividend was approximately $122.

The basis for distributing dividends or participation payments from the Participating Reserve Account is an adaptation of the method known in actuarial science as the asset share method. According to this method, a class of insurance business contributing to a fund or account shares in that fund in relation to its net contribution to the fund. Classes with more favorable insurance experience share more favorably than classes with less favorable experience. This method thus provides an equitable basis for distributing an amount from a fund among different classes of business. The amount in a fund or account which is to be distributed is determined separately on the basis of actuarial and accounting considerations.

TABLE III-78.—*Selected participation shares per $1,000 of original face amount of mortgage payable from the Mutual Mortgage Insurance Fund to eligible mortgagors with insurance contracts terminating between January 1, 1961 and June 30, 1961*

Year mortgage was endorsed for insurance	Maturity class of mortgage				
	10 years	15 years	20 years	25 years	30 years
1955	$2.63	$5.81	$7.27	$1.98	----------
1953	6.20	11.22	13.89	9.99	$4.06
1951	11.40	18.41	21.10	19.05	11.79
1949	----------	28.06	31.26	27.51	15.54
1947	----------	40.97	46.65	42.06	----------
1945	----------	----------	54.37	57.69	----------

The participation payment which an individual mortgagor receives when he pays off his mortgage is determined on the basis of the average insurance experience for his class of business and its respective reserve requirements. The characteristics identifying a class of business are maturity, i.e., the original term of the mortgage; and duration, i.e., the number of policy years a contract has been in force at the time of termination. For example, one class of business would be all 20-year mortgages which had been in force for 12 years. At the end of 1960, it would be made up of 20-year mortgage insurance contracts endorsed in 1949 and also all other 20-year mortgages endorsed for insurance in prior years which had had a 12th policy year of experience.

The insurance experience of a given class of business reflects the estimated combined fee, premium, and investment income as well as the initiation, maintenance, and settlement expenses and insurance losses of that class. In other words, the insurance experience of a class represents its estimated earned surplus. In the above example, it would be the combined earned surplus for all 20-year mortgages which had attained a 12th anniversary. When the combined earned surplus is related to the total amounts of insurance in force for businesses in the class, an average earned surplus per $1,000 of original amount of insurance in force is provided. Thus all classes of business are put on a comparable basis.

The average earned surplus per $1,000 of original amount of insurance in force is known as the asset share factor. When the reserve factors for each class of business—the same factors per $1,000 of insurance in force that are used in making the semiannual valuations of the reserve liabilities of the Mutual Mortgage Insurance Fund to determine its reserve position—are taken out of the asset share factors, the so-called relative share factors are obtained. These relative share factors for each class of business together with the amount of insurance currently in force in each class, and the amount in the Participating Reserve Account then provide the basis for determining the mortgagors' participation share factors. They are literally rates for sharing in the account on an equitable and actuarially sound basis.

These factors are so determined that if all mortgagors eligible to receive dividends were to pay off their mortgages during the designated 6-month period, the total amount in the Participating Reserve Account would be paid out to those mortgagors. Since only a part of the total mortgages will actually be terminated during the semiannual period, the part which is not paid out during the period remains in the account and, together with whatever allocation of net income is made to it, is available for distribution in the next semiannual period.

In the early durations mortgage classes do not on the average accumulate sufficient resources to meet insurance costs and reserve requirements. Consequently, mortgagors prepaying their mortgages within the early years after endorsement do not receive participation payments. Beyond these years, the payments made increase with duration: that is, the longer a mortgage insurance contract has been in force at the time of termination, the higher the participation payment. For many classes of business with durations of 15 years or more, participation payments currently are equal to the cumulative premiums paid by the mortgagor. The statute provides that no mortgagor with a mortgage insured under Section 203 has any vested right in the Participating Reserve Account of the Mutual Mortgage Insurance Fund.

The share amounts, of course, depend on the amount in the Participating Reserve Account and the amount of insurance in force. The size of the account is based on considerations of the reserve position of the fund, for, as the statute requires, the amount of net income which may be allocated to this account must be determined in accordance with sound actuarial and accounting practice.

These share amounts will vary from time to time, reflecting changes in insurance loss experience as well as changes in current reserve requirements because of fluctuations in new mortgage insurance volume. The share amounts have been

relatively high because the Mutual Mortgage Insurance Fund has not been exposed to a serious economic reversal. As a consequence of the fund's favorable insurance experience, the semiannual allocations from the net income of the fund to the Participating Reserve Account have been relatively high. It should, therefore, be noted that, if adverse economic conditions of serious proportions were to develop, the attendant insurance loss experience of the fund could be such as to reduce or even eliminate income allocations to the account. Under such conditions, the levels of the share amounts would be reduced.

Analysis of Debt Retirement Experience

Related to the termination experience of mortgages is the experience of mortgage debt retirement. The termination experience discussed in a preceding part of this section is based on numbers of mortgages terminated. Debt retirement is measured in terms of dollar amount. The main kinds of retirement of insured mortgage indebtedness are (1) amortization of principal paid in accordance with the terms of the loan, and (2) prepayment in part in advance of scheduled amortization, or prepayment in whole in advance of maturity. To the lending institution both kinds of retirement of principal represent a backflow of mortgage funds available for reinvestment. When such retirements are related to the outstanding balances of mortgages in force, they measure the rate of turnover of the mortgagee's investment. From the rate of turnover, the average life of the dollar amount invested would also be indicated.

TABLE III-79.—*FHA-insured home mortgage debt retirements, 1940–60* [1]

[Dollar amounts in thousands]

Year	Insurance written during period [2]	Retirements during period	Average outstanding balance during period [3]	Percent retirements to average outstanding balance during period	Percent retirements to insurance written during period
1935–39	$2,007,776	$252,663	----------	----------	----------
1940	762,084	167,723	$2,030,747	8.26	22.01
1941	910,770	230,185	2,679,856	8.59	25.27
1942	973,271	260,846	3,397,476	7.68	26.80
1943	763,097	445,553	3,896,735	11.43	58.39
1944	707,363	577,488	4,150,922	13.91	81.64
1945	474,245	586,529	4,151,717	14.13	123.68
1946	421,949	807,245	3,932,811	20.53	191.31
1947	894,675	805,651	3,607,722	22.33	90.05
1948	2,116,043	628,139	4,454,546	14.10	29.68
1949	2,209,842	573,402	6,067,503	9.45	25.95
1950	2,492,367	834,747	7,986,363	10.45	33.49
1951	1,928,433	814,828	9,184,849	8.87	42.25
1952	1,942,307	849,088	10,155,407	8.36	43.72
1953	2,288,626	1,069,017	11,402,361	9.38	46.71
1954	1,942,266	1,153,208	12,409,193	9.29	59.37
1955	3,084,767	1,525,969	13,541,335	11.27	49.47
1956	2,638,226	1,470,281	14,967,555	9.82	55.73
1957	2,251,064	1,255,183	15,925,535	7.88	55.76
1958	4,551,483	1,327,343	17,888,985	7.42	29.16
1959	6,069,418	1,940,609	21,840,293	8.89	31.97
1960	4,600,506	1,707,867	25,258,063	6.76	37.12

[1] Retirements are estimated and represent scheduled amortization and estimated outstanding balances of all terminations including default terminations.

[2] Includes Title I, Class 3, Sec. 8; Title II, Secs. 203, 213, 220, 221, 222, 225; Titles VI, Secs. 603, 603–610, 611; Title VIII, Sec. 809; Title IX, Sec. 903.

[3] Averages are based on estimated semiannual, quarterly, or monthly outstanding balances during the calendar year depending on the availability of data.

TABLE III-80.—*FHA-insured project mortgage debt retirements, 1940–60* [1]

[Dollar amounts in thousands]

Year	Insurance written during period [2]	Retirements during period	Average outstanding balance during period [3]	Percent retirements to average outstanding balance during period	Percent retirements to insurance written during period
1935–39	$114,428	$9,493	----------	----------	----------
1940	12,949	13,503	$105,467	12.80	104.28
1941	13,565	10,678	106,539	10.02	78.72
1942	21,215	4,261	116,617	3.65	20.08
1943	84,622	7,093	158,892	4.46	8.38
1944	56,096	17,328	222,961	7.77	30.89
1945	19,817	23,244	240,732	9.66	117.29
1946	13,175	36,837	223,703	16.47	279.60
1947	359,944	24,155	326,182	7.41	6.71
1948	608,711	15,590	871,253	1.79	2.56
1949	1,021,231	29,310	1,591,947	1.84	2.87
1950	1,156,681	72,258	2,681,150	2.70	6.25
1951	583,774	96,838	3,462,936	2.80	16.59
1952	321,911	107,489	3,818,915	2.81	33.39
1953	259,194	150,934	3,971,078	3.80	58.23
1954	234,022	151,786	4,072,972	3.73	64.86
1955	76,489	193,281	4,050,954	4.77	252.69
1956	130,247	186,175	3,948,493	4.72	142.94
1957	597,348	169,318	4,177,770	4.05	28.34
1958	908,671	242,881	4,682,627	5.19	26.73
1959	674,682	277,474	5,238,716	5.30	41.13
1960	723,501	264,860	5,595,749	4.73	36.61

[1] Retirements are estimated and represent scheduled amortization and estimated outstanding balances of all terminations including default terminations.

[2] Includes Title II, Secs. 207–210, 213, 220, 221, 231, 232; Title VI, Secs. 608, 608–610, 611; Title VIII, Sec. 803; Title IX, Sec. 908.

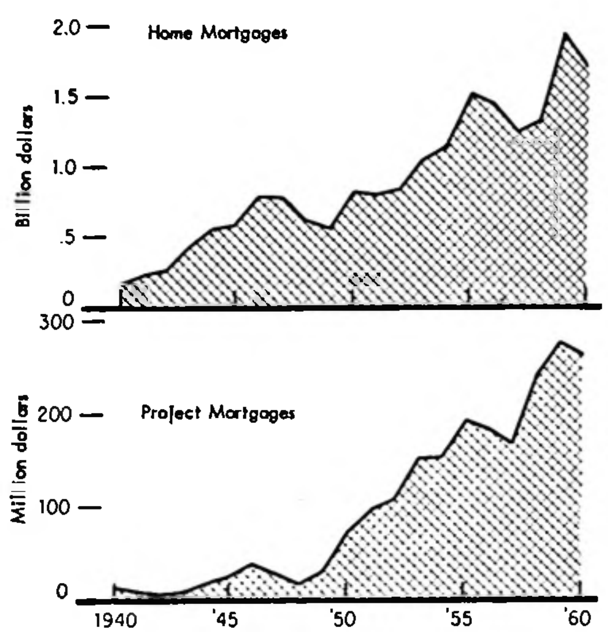
[3] Averages are based on estimated semiannual, quarterly, or monthly outstanding balances during the calendar year, depending on the availability of data.

Tables III–79 and III–80 present measures of gross debt retirement for all FHA-insured home and project mortgages in force. Retirements are estimated from insurance written and outstanding balances in force. Since the estimates of outstanding balances reflect scheduled amortization of principal and outstanding balances of all types of terminated mortgages, the retirements (1) include outstanding balances of mortgage default terminations, i.e., for mortgage notes and property titles transferred to FHA and property titles retained by mortgagees with termination of FHA mortgage insurance contracts, and (2) do not include partial prepayments.

With respect to the former, their outstanding balances do not reflect a backflow of cash, since the mortgagee receives debentures of one or more FHA insurance funds for approximately the amount of the outstanding balance, or the mortgagee takes title to property which is acquired through foreclosure proceedings or deed in lieu of foreclosure and retains title in lieu of making a claim for insurance. To the extent that such default terminations do not reflect a backflow of cash, the amount of mortgage debt retirement exceeds the amount of repayments available for reinvestment. The overstatement of retirements as cash repayments of indebtedness is probably not significant, because (1) the majority of mortgage foreclosures and all mortgage assignments involve debentures; (2) the debentures are negotiable and callable and can also be used for the payment of mortgage insurance premiums; and (3) the rela-

Chart III-36

DEBT RETIREMENTS*



* Retirements are estimated and represent scheduled amortization and estimated outstanding balances of all terminations including default terminations.

tive amounts involved in default terminations are not substantial. With respect to the partial prepayments, what understatement of retirement as repayments there may be is offset by the overstatement from foreclosures and assignments of mortgages, although the extent of this offset cannot now be estimated.

Estimated retirements for insured home mortgage indebtedness amounted to about $168 million in 1940. After that year the amount continued to rise, reaching a little over $800 million in 1946. In the subsequent period a postwar low of $573 million was reached in 1949. Since that year there was an overall growth in retirements resulting in a top figure of $1,941 million in 1959. This 21-year record of retirements of home mortgages is illustrated in Chart III-36.

The retirement figures for home mortgages under all sections are largely determined by the retirements of Section 203 mortgages. These account for almost all of the retirements in 1940, over three-fifths in 1947, and over seven-eighths in 1960.

The annual rates of debt retirement for home and project mortgages shown in the tables cover the period 1940 through 1960, and are based on the ratio of estimated retirements during the calendar year to estimated average outstanding balances during the calendar year. These averages are based on semiannual, quarterly, or monthly estimates of outstanding balances, depending on the availability of the data, of mortgages in force during the calendar year. For home mortgages insured under all sections, the pre-World War II retirement rates were about 8 percent, rising throughout the war period and reaching a peak rate in the postwar year of 1947 of over 22 percent, and then dropping to a lower level in subsequent years.

The prewar rate of retirement for 1940 means that, for all FHA-approved mortgagees holding insured mortgages in that year, about 8 percent of the average dollar amount of home mortgages in force was retired, principally by amortization or prepayment. At this rate the investment was being turned over about once every 12½ years, or, in other words, the amount of investments in the 1940 portfolio of insured home mortgages would on the average have remained outstanding about 12½ years. The peak rate would indicate an estimated average life of a dollar invested of somewhat more than 4½ years for the 1947 portfolio. A rate of 6.76 percent for 1960 would indicate an average life of an insured home mortgage dollar of a little more than 14¾ years. Chart III-37 shows the pattern of the annual rates of retirement over this 21-year period.

The tables on retirements also show relationships between estimated retirements and insurance written. In the prewar years, estimated home mortgage retirements represented about one-fourth of the insurance written. For 1945 and 1946, they exceeded the amount of insurance written in those years. Retirements of all home mortgages in the year of 1960 represented more than one-third of the amount of insurance written in that year.

Retirements of project mortgage indebtedness are comparatively less significant in amount than those of home mortgages. They approached the $100 million mark for the first time in 1951, but since then have exceeded that amount by substantial margins. The record amount reached in 1959 exceeded the $277 million mark. The bulk of project mortgage retirements since 1947 is accounted for by the mortgage retirements under Section 608. More than 50 percent of the $265 million in estimated project mortgage retirements in 1960 were on Section 608 and Section 608–610 mortgages.

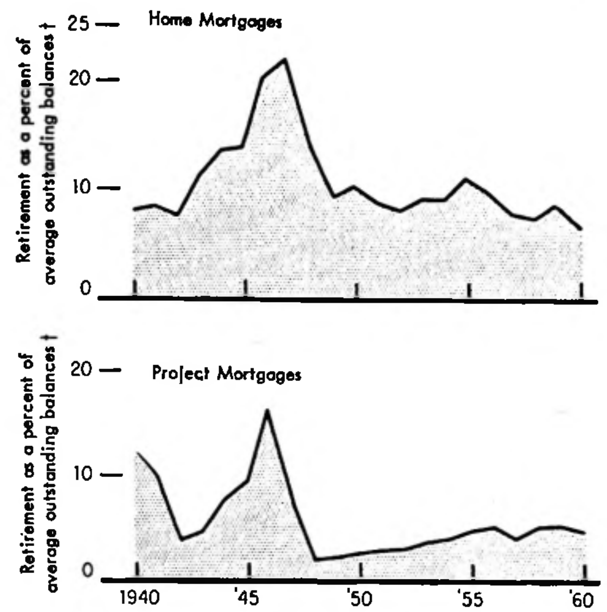
Although less significant in amount, the retirement experience of project mortgages as measured by their annual rates of retirement reflects roughly the same pattern as that for home mortgages, but at relatively lower levels for most of the period under observation, as Chart III-37 shows. This pattern shows retirements declining in 1942 to a rate of about 4 percent of the estimated average amount outstanding, climbing to a peak rate of over 16 percent in 1946, and then declining sharply to lower levels. Since 1948 the trend in these annual rates has been gradually upward. For the year 1960, the rate is 4.73 percent. This rate would indicate an estimated average life of 21 years for the investments in the 1960 portfolio of insured project mortgages in force.

The lower rates of retirement for project mortgages reflect not only their typically longer maturities but also some differences in their termination experience. Prepayments were the significant factor in the late war and early postwar years. Default terminations, i.e., mortgage notes assigned and property titles transferred to FHA and projects retained by mortgagees with termination of FHA mortgage insurance contracts, have in recent years become a relatively more significant factor in project mortgage termination and retirement experience. Of the default terminations, mortgage notes assigned and property titles transferred to FHA account for the preponderant share. Both types involve debentures of the insurance funds to which the original project mortgages were assigned, and the debentures represent approximately the outstanding balances of the mortgages at the time of default. Since 1951 the project mortgage retirement experience has also been affected by the terminations of Section 213 blanket mortgages for sales-type cooperative housing. Such mortgages are in effect construction loans which are paid off when all the individual properties are released to members of the cooperative organization. The blanket mortgages are classified as project mortgages, and, when all the properties in the project are released the blanket mortgage is terminated. Nearly all of the mortgages on the individual properties have been refinanced with FHA insurance under the home mortgage provisions of Section 213, when they are then classified as home mortgages. A detailed analysis of terminations of project mortgages is presented in Section 2 under "Terminations, Defaults, and Claims Paid."

When estimated project mortgage retirements are related to insurance written, the resulting annual percentages over the 21-year period show fluctuations over a wide range. These percentages, presented in Table III-80, range between a high of 280 percent in 1946 to a low of about 2½ percent in 1948. The wide range in these percentages is influenced to a greater degree by the year-to-year variations in the volume of project mortgage insurance written rather than annual changes in retirements. Estimated retirements in relation to insurance written were comparatively high in the prewar year of 1940, reaching a low in 1943, climbing to the peak percentage in 1946, dropping sharply to the low in 1948, and then climbing to another peak in 1955. For 1960, estimated retirements for project mortgages amounted to about 37 percent of insurance written in that year.

Chart III-37

DEBT RETIREMENT RATES*



* Retirements are estimated and represent scheduled amortization and estimated outstanding balances of all terminations including default terminations.
† Averages are based on estimated semi-annual, quarterly, or monthly outstanding balances during the calendar year.

Accounts and Finance

The figures for 1959 and 1960 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 which was established for insurance operations prior to July 1, 1939 and identified in the accounting records as the Title I Claims Account was terminated as of August 1, 1954, at which time all the remaining assets and liabilities of the account were transferred to and merged with the Title I Insurance Fund in accordance with the Housing Act of 1954, approved August 2, 1954.

An amendment of June 3, 1939 to the National Housing Act created the Title I Insurance Fund and authorized the collection of premiums, and an amendment of June 28, 1941 authorized the retention of recoveries on insurance granted on and after July 1, 1939. Therefore, only the results of operations with respect to insurance granted on and after July 1, 1939 are included in the June 30, 1960 combined statement of financial condition (Statement 1) and the combined statement of income and expense (Statement 2).

COMBINED FUNDS

Gross Income and Operating Expenses, Fiscal Year 1960

Gross income of combined FHA funds for fiscal year 1960 under all insurance operations totaled $203,516,940 and was derived from fees, insurance premiums, and income on investments. Operating expenses of the FHA for the fiscal year 1960 totaled $54,486,957.

Cumulative Gross Income and Operating Expenses, by Fiscal Years

From the establishment of FHA in 1934 through June 30, 1960, gross income totaled $1,856,266,522 and operating expenses totaled $617,587,109. Gross income and operating expenses for each fiscal year are detailed below:

Income and operating expenses through June 30, 1960

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	11,954,056	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	10,218,904
1946	30,720,072	11,191,492
1947	26,790,341	16,063,870
1948	51,164,456	20,070,722
1949	63,983,953	23,378,483
1950	85,705,342	27,457,924
1951	98,004,022	31,314,328
1952	103,021,039	30,622,486
1953	115,288,193	31,344,804
1954	125,223,448	31,305,077
1955	138,823,312	36,108,364
1956	145,532,774	40,644,220
1957	146,969,012	41,252,284
1958	157,158,560	45,992,388
1959	181,495,230	52,885,017
1960	203,516,940	54,486,057
Total	1,856,266,522	617,587,109

The above income was derived from the following insurance operations: Title I Insurance Fund (property improvement loans), $222,430,110; Title I Housing Insurance Fund (home mortgages), $8,077,520; Title II Mutual Mortgage Insurance Fund (home mortgages), $1,128,591,508; Title II Housing Insurance Fund (homes and rental housing projects), $50,491,047; Title II, Section 220 Housing Insurance Fund (urban renewal housing), $4,187,219; Title II, Section 221 Housing Insurance Fund (relocation housing), $2,389,635; Title II Servicemen's Mortgage Insurance Fund (servicemen's housing), $12,179,745; Title VI War Housing Insurance Fund (war and veterans' emergency housing), $365,111,294; Title VII Housing Investment Insurance Fund (yield insurance), $195,995; Title VIII Armed Services Housing Mortgage Insurance Fund (home mortgages and rental housing projects), $42,188,225; and Title IX National Defense Housing Insurance Fund (home mortgages and rental housing projects), $20,424,224.

Salaries and Expenses

The current fiscal year is the 21st 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 1960 to cover operating costs and the purchase of furniture and equipment are as follows:

Salaries and expenses, fiscal year 1960 (July 1, 1959 to June 30, 1960)

Title and section	Amount	Percent
Title I:		
Sec. 2	$4,648,268	8.43
Sec. 8	115,021	.21
Title II:		
Sec. 203	41,035,417	74.41
Sec. 207–210	2,325,772	4.22
Sec. 213	1,175,578	2.13
Sec. 220	696,631	1.26
Sec. 221	615,169	1.12
Sec. 222	539,451	.98
Sec. 231	275,727	.50
Sec. 232	132,944	.24
Title VI:		
Sec. 603	390,646	.71
Sec. 608	1,479,415	2.68
Sec. 611	62	(1)
Title VII	21,434	.04
Title VIII:		
Sec. 803	695,349	1.26
Sec. 809	104,439	.19
Sec. 810	24,050	.04
Title IX:		
Sec. 903	804,306	1.46
Sec. 908	66,955	.12
Total	55,146,634	100.00

[1] Less than .005 percent.

Capital and Statutory Reserves

The combined capital including statutory reserve of all FHA funds on June 30, 1960 amounted to $866,648,060, and consisted of $718,052,733 insurance reserves and $148,595,327 statutory reserve, as shown in Statement 1.

STATEMENT 1.—*Comparative statement of financial condition, all FHA funds combined, as of June 30, 1959 and June 30, 1960*

	June 30, 1959	June 30, 1960	Increase or decrease (—)
ASSETS			
Cash with U.S. Treasury	$41,042,390	$60,984,696	$19,942,306
Investments:			
U.S. Government securities (amortized)	596,726,870	659,309,207	62,582,337
Other securities (stock in rental housing corporations)	461,660	459,960	—1,700
Total investments	597,188,530	659,769,167	62,580,637
Loans receivable:			
Mortgage notes and contracts for deed	144,099,458	166,666,137	22,566,679
Less allowance for losses	4,572,579	5,202,866	630,287
Net loans receivable	139,526,879	161,463,271	21,936,392

STATEMENT 1.—*Comparative statement of financial condition, all FHA funds combined, as of June 30, 1959 and June 30, 1960*—Continued

	June 30, 1959	June 30, 1960	Increase or decrease (—)
ASSETS—Continued			
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	5,087,633	5,190,768	103,135
Accounts receivable—Other	662,366	965,417	303,051
Total accounts and notes receivable	5,749,999	6,156,185	406,186
Accrued assets:			
Insurance premiums	20,072,978	31,347,134	11,274,156
Interest on U.S. Government securities	2,415,899	2,577,816	161,917
Other	1,246,439	1,831,542	585,103
Total accrued assets	23,735,316	35,756,492	12,021,176
Land, structures, and equipment:			
Furniture and equipment	3,457,271	[1] 3,714,528	257,257
Less allowance for depreciation	1,707,019	1,903,804	196,785
Net furniture and equipment	1,750,252	1,810,724	60,472
Acquired security:			
Real estate (at cost plus expenses to date)	150,159,789	184,664,987	34,505,198
Less allowance for losses	58,503,507	77,602,520	19,099,013
Net real estate	91,656,282	107,062,467	15,406,185
Mortgage notes acquired under terms of insurance	129,342,687	150,025,297	20,682,610
Less allowance for losses	46,763,281	54,268,377	7,505,096
Net mortgage notes acquired under terms of insurance	82,579,406	95,756,920	13,177,514
Defaulted Title I notes	44,615,529	43,576,188	—1,039,341
Less allowance for losses	28,851,067	26,483,964	—2,367,103
Net defaulted Title I notes	15,764,462	17,092,224	1,327,762
Net acquired security	190,000,150	219,911,611	29,911,461
Other assets—held for account of mortgagors	3,054,449	4,221,959	1,167,510
Total assets	1,002,047,965	1,150,074,105	148,026,140
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	5,367,608	[2] 5,812,140	444,532
Group account participations payable	4,726,408	3,320,777	—1,405,631
Total accounts payable	10,094,016	9,132,917	—961,099
Accrued liabilities: Interest on debentures	2,220,876	2,702,640	481,764
Trust and deposit liabilities:			
Fee deposits held for future disposition	9,058,050	7,393,050	—1,665,000
Excess proceeds of sale	1,359,115	1,536,340	177,225
Deposits held for mortgagors, lessees, and purchasers	8,148,817	10,804,525	2,655,708
Due general fund of the U.S. Treasury	859	132	—727
Employees' payroll deductions for taxes, etc	1,732,694	1,740,609	7,915
Total trust and deposit liabilities	20,299,535	21,474,656	1,175,121
Deferred and undistributed credits:			
Unearned insurance premiums	68,978,686	69,148,731	170,045
Unearned insurance fees	435,228	534,039	98,811
Other	1,263,961	1,861,254	597,293
Total deferred and undistributed credits	70,677,875	71,544,024	866,149

[1] Excludes unfilled orders in the amount of $32,515.
[2] Excludes unfilled orders in the amount of $138,020.

STATEMENT 1.—*Comparative statement of financial condition, all FHA funds combined, as of June 30, 1959 and June 30, 1960*—Continued

	June 30, 1959	June 30, 1960	Increase or decrease (−)
LIABILITIES—Continued			
Bonds, debentures and notes payable: Debentures payable	139,449,750	176,946,850	37,497,100
Other liabilities: Reserve for foreclosure costs—Mortgage notes acquired under terms of insurance	1,393,742	1,624,958	231,216
Total liabilities	244,135,794	283,426,045	39,290,251
RESERVES			
Statutory reserve for participation payments and future losses	125,814,081	148,595,327	22,781,246
Insurance reserve—available for future losses and expenses	632,098,090	718,052,733	85,954,643
Total reserves	757,912,171	866,648,060	108,735,889
Total liabilities and reserves	1,002,047,965	1,150,074,105	148,026,140
Certificates of claim relating to properties on hand	6,912,496	8,570,982	1,658,486

The insurance reserves of $718,052,733 are available for future contingent losses and related expenses. The statutory reserve of $148,595,327 under the Mutual Mortgage Insurance Fund is earmarked for participation payments to mortgagors under the mutual provision of Title II of the National Housing Act.

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

Fund	Insurance reserves (Including statutory reserve)
Title I Insurance Fund	$89,852,213
Title I Housing Insurance Fund	5,551,709
Mutual Mortgage Insurance Fund	558,256,066
Housing Insurance Fund	15,303,664
Sec. 220 Housing Insurance Fund	2,551,202
Sec. 221 Housing Insurance Fund	775,919
Servicemen's Mortgage Insurance Fund	10,120,644
War Housing Insurance Fund	181,100,180
Housing Investment Insurance Fund	916,526
Armed Services Housing Mortgage Insurance Fund	16,992,647
National Defense Housing Insurance Fund	−14,772,710
Total	866,648,060

In addition, the various insurance funds had collected or accrued $534,040 unearned insurance fees and $69,148,729 unearned insurance premiums as shown below which will be allocated to income each month as they are earned.

	Deferred fee income	Deferred premium income	Total deferred fee and premium income
Title I Insurance Fund		$24,554,451	$24,554,451
Title I Housing Insurance Fund		339,136	339,136
Mutual Mortgage Insurance Fund		27,710,598	27,710,598
Housing Insurance Fund	$444,419	3,394,385	3,838,804
Sec. 220 Housing Insurance Fund	66,357	668,581	734,938
Sec. 221 Housing Insurance Fund	14,482	97,620	112,102
Servicemen's Mortgage Insurance Fund		710,137	710,137
War Housing Insurance Fund		7,758,455	7,758,455
Armed Services Housing Mortgage Insurance Fund	8,782	2,903,118	2,911,900
National Defense Housing Insurance Fund		1,003,248	1,003,248
Total	534,040	69,148,729	69,682,769

Income, Expenses, and Losses

Total income from all sources during the fiscal year 1960 amounted to $213,276,138, and total expenses and insurance losses amounted to $66,454,202, leaving net income, before adjustment of valuation allowances, of $146,821,936. Increases in valuation allowances for the year amounted to $24,867,293, leaving $121,954,643 net income for the period. Cumulative income from June 30, 1934 through June 30, 1960 was $1,909,085,742, and cumulative expenses were $771,604,285, leaving net income of $1,137,481,457 before adjustment of valuation allowances.

STATEMENT 2.—*Combined statement of income and expenses for all FHA funds through June 30, 1959 and June 30, 1960*

	June 30, 1934 to June 30, 1959	July 1, 1959 to June 30, 1960	June 30, 1934 to June 30, 1960
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$114,230,413	$20,105,326	$134,335,739
Interest on mortgage notes and contracts for deed	196,134	14,361	210,495
Interest and other income on defaulted Title I notes	8,945,340	1,172,034	10,117,374
Interest—Other	32,781,538	7,513,184	40,294,722
Dividends on rental housing stock	25,398	2,929	28,327
	156,178,823	28,807,834	184,986,657
Insurance premiums and fees:			
Premiums	1,285,322,770	163,851,486	1,449,174,256
Fees	251,707,747	19,557,199	271,264,946
	1,537,030,517	183,408,685	1,720,439,202
Other income:			
Profit on sale of investments	1,463,254		1,463,254
Miscellaneous income	1,137,010	1,059,619	2,196,629
	2,600,264	1,059,619	3,659,883
Total income	1,695,809,604	213,276,138	1,909,085,742

STATEMENT 2.—*Combined statement of income and expenses for all FHA funds through June 30, 1959 and June 30, 1960*—Continued

	June 30, 1934 to June 30, 1959	July 1, 1959 to June 30, 1960	June 30, 1934 to June 30, 1960
Expenses:			
Interest expenses:			
Interest on funds advanced by U.S. Treasury	20,385,529		20,385,529
Administrative expenses:			
Operating costs (including adjustments for prior years)	553,697,475	[1] 54,360,715	608,018,483
Other expenses:			
Depreciation on furniture and equipment	2,781,011	237,005	3,057,723
Miscellaneous expenses	460,270	37,170	497,440
	3,241,281	274,175	3,555,163
Losses and charge-offs:			
Loss on acquired security	67,804,992	6,927,044	74,732,036
Loss (or profit −) on equipment	−55,088	−1,819	−56,907
Loss on defaulted Title I notes	60,075,894	4,894,087	64,969,981
	127,825,798	11,819,312	139,645,110
Total expenses	705,150,083	66,454,202	771,604,285
Net income before adjustment of valuation allowances	990,659,521	146,821,936	1,137,481,457
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−4,572,579	−630,287	−5,202,866
Allowance for loss on real estate	−58,503,507	−19,099,013	−77,602,520
Allowance for loss on mortgage notes acquired under terms of insurance	−46,703,281	−7,505,096	−54,268,377
Allowance for loss on defaulted Title I notes	−28,851,067	+2,367,103	−26,483,964
Net adjustment of valuation allowances	−138,690,434	−24,867,293	−163,557,727
Net income	851,969,087	121,954,643	973,923,730

[1] Excludes unfilled orders in the amount of $105,505

ANALYSIS OF INSURANCE RESERVES

	June 30, 1934 to June 30, 1959	July 1, 1959 to June 30, 1960	June 30, 1934 to June 30, 1960
Distribution of net income:			
Statutory reserve—Participating reserve:			
Balance at beginning of period		125,814,081	
Adjustments during the period			
Net income allocated for the period	219,870,997	36,000,000	255,870,997
	219,870,997	161,814,081	255,870,997
Participations in mutual earnings distributed	−94,056,916	−13,218,754	−107,275,670
Balance at end of period	125,814,081	148,595,327	148,595,327
Insurance reserve:			
Balance at beginning of period		632,098,090	
Adjustments during the period			
Net income for the period	632,098,090	85,954,643	718,052,733
	632,098,090	718,052,733	718,052,733
Capital contributions to other FHA insurance funds	−20,310,000		−20,310,000
Capital contributions from other FHA insurance funds	20,310,000		20,310,000
Balance at end of period	632,098,090	718,052,733	718,052,733
Total reserves at end of period	757,912,171	866,648,060	866,648,060

Contributed Capital

Contributed capital of $20,310,000 representing funds transferred from earnings of insurance funds to establish other insurance funds and transfers under the provisions of Section 219 of the National Housing Act, as amended, is added to or deducted from the insurance reserves of the insurance funds affected. An analysis of capital contributions at December 31, 1960 is shown in Statement 3.

STATEMENT 3.—*Analysis of capital contributions to FHA insurance funds from other FHA insurance funds as of December 31, 1960*

Fund	Capital contributions: To establish insurance funds	Capital contributions: Pursuant to Sec. 210	Total contributions	Contributions returned	Contributed capital
TITLE I HOUSING INSURANCE					
From: Title I Insurance	$1,000,000.00		$1,000,000.00		$1,000,000.00
HOUSING INSURANCE					
From:					
Mutual Mortgage Insurance	1,000,000.00		1,000,000.00		1,000,000.00
National Defense Housing Insurance		$3,200,000.00	3,200,000.00	−$3,200,000.00	
Housing Investment Insurance		90,000.00	90,000.00	−90,000.00	
War Housing Insurance		4,400,000.00	4,400,000.00		4,400,000.00
Total	1,000,000.00	7,690,000.00	8,690,000.00	−3,290,000.00	5,400,000.00
SECTION 220 HOUSING INSURANCE					
From: War Housing Insurance	1,000,000.00		1,000,000.00		1,000,000.00
SECTION 221 HOUSING INSURANCE					
From: War Housing Insurance	1,000,000.00		1,000,000.00		1,000,000.00
SERVICEMEN'S MORTGAGE INSURANCE					
From: War Housing Insurance	1,000,000.00		1,000,000.00		1,000,000.00
HOUSING INVESTMENT INSURANCE					
From:					
National Defense Housing Insurance		1,000,000.00	1,000,000.00	−1,000,000.00	
War Housing Insurance		910,000.00	910,000.00		910,000.00
To: Housing Insurance		−90,000.00	−90,000.00	90,000.00	
Total		1,820,000.00	1,820,000.00	−910,000.00	910,000.00
ARMED SERVICES HOUSING MORTGAGE INSURANCE					
From: War Housing Insurance		1,900,000.00	1,900,000.00	−1,900,000.00	
NATIONAL DEFENSE HOUSING INSURANCE					
From: War Housing Insurance	10,000,000.00		10,000,000.00		10,000,000.00
To:					
Housing Insurance		−3,200,000.00	−3,200,000.00	3,200,000.00	
Housing Investment Insurance		−1,000,000.00	−1,000,000.00	1,000,000.00	
Total	10,000,000.00	−4,200,000.00	5,800,000.00	4,200,000.00	10,000,000.00
Total All Funds	15,000,000.00	7,210,000.00	22,210,000.00	−1,900,000.00	20,310,000.00

General Mortgage Insurance Authorization

The general mortgage insurance authorization established under Section 217 of the National Housing Act, as amended, provides that the aggregate amount of principal obligations of all mortgages which may be insured and outstanding at any one time under insurance contracts or commitments to insure pursuant to any section or title (except Section 2 and Section 803) shall not exceed the sum of (a) the outstanding principal balances, as of July 1, 1956 of all insured mortgages (without taking into account prepayments or delinquencies), (b) the principal amount of all outstanding commitments to insure as of July 1, 1956, and (c) $15 billion. This general insurance authorization applies to all mortgage insurance programs except new insurance written under Title VIII pursuant to commitments issued on or after August 11, 1955. The total amount of the general mortgage insurance authorization at December 31, 1960 was as follows:

Outstanding principal balance at July 1, 1956	$18,869,514,132
Commitments outstanding at July 1, 1956	3,914,479,464
Additional authorized amount	15,000,000,000
Total authorization	37,783,993,596

The status of the general mortgage insurance authorization at December 31, 1960 is shown in Statement 4 below.

STATEMENT 4.—*Status of general mortgage insurance authorization as of December 31, 1960*

	Estimated outstanding balance of insurance in force	Outstanding commitments and statements of eligibility	
Sec. 217 general mortgage insurance authorization			$37,783,993,600
Title I, Sec. 8	$132,875,136		
Title II:			
Sec. 203	23,941,831,473	$4,943,346,588	
Sec. 207–210	837,482,885	271,238,050	
Sec. 213	700,854,047	141,421,950	
Sec. 220	293,425,308	70,035,564	
Sec. 221	228,741,645	69,088,648	
Sec. 222	1,056,910,680	43,096,750	
Sec. 231	33,229,301	20,946,400	
Sec. 232	621,200	3,992,700	
	27,093,097,139	5,563,166,650	
Title VI:			
Sec. 603	716,001,808		
Sec. 608	2,180,689,965		
Sec. 610 (Sec. 603)	6,312,467		
Sec. 610 (Sec. 608)	3,767,516		
Sec. 611	362,245		
	2,907,134,001		
Title VIII, Sec. 803 (prior to Aug. 11, 1955)	553,225,846		
Title IX:			
Sec. 903	330,934,802		
Sec. 908	40,095,655		
	371,030,457		
Total charges to Sec. 217	31,057,362,579	5,563,166,650	36,620,529,229
Unused insurance authorization			1,163,464,371

Cost Certifications on Multifamily Projects

To prevent the possibility of the builder's "mortgaging out" on multifamily housing projects financed with FHA insured mortgages, the mortgagor is now required to certify, before final endorsement of the mortgage for insurance, to the actual cost of the project, and, if the mortgage amount is more than the statutory ratio applied to such actual costs as recognized by FHA, the mortgage amount must be correspondingly reduced.

During 1960 cost certifications were received on completed multifamily housing projects and the mortgages insured by the Federal Housing Administration as follows:

	No.	Costs certified and recognized	Amount insured
Sec. 207	105	$187,821,540	$161,092,141
Sec. 213	23	40,887,604	36,891,193
Sec. 220	21	59,323,161	51,945,119
Sec. 221	8	3,211,495	3,058,766
Sec. 231	2	2,732,556	2,630,300
	159	293,976,446	255,620,519

TITLE I: PROPERTY IMPROVEMENT LOANS

Loans Insured and Claims Paid

Operations under Section 2 of Title I cover the insurance of qualified institutions against loss on loans made to finance the alteration, repair, and improvement of existing structures, and loans not exceeding $3,500 for the construction of new nonresidential structures.

Loans aggregating 24,414,548 in number and $13,479,677,117 in amount (net proceeds) had been reported for insurance and 683,867 claims had been paid for $241,602,603 under this section through December 31, 1960. The total claims paid represent approximately 1.79 percent of the total net proceeds of loans insured, as shown in Statement 5.

In the calendar year 1960, 1,011,858 loans were insured for an aggregate of $982,405,476, and 20,241 claims were paid for $11,886,124.

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, 1960, there had been acquired under the terms of insurance a total of 590 real properties at a total cost of $1,666,857. All properties acquired had been sold at a net loss of $133,166, including all expenses (such as taxes, repairs, and sales commissions) incurred by FHA in acquiring, managing, and disposing of the properties.

Insurance losses and reserves for losses through December 31, 1960 amounted to $108,078,064. These losses and reserves represent 0.80 percent of the total amount of loans insured ($13,479,677,117). A summary of transactions through December 31, 1960, follows:

STATEMENT 5.—*Summary of Title I transactions for the period June 30, 1934 to December 31, 1960*

Calendar years	Net proceeds of notes insured	Insurance claims paid	Recoveries		Losses		Net notes in process of collection at Dec. 31, 1960
			Cash on notes and sale of equipment	Real properties	On real properties and equipment	On defaulted notes [1]	
1934–39	$859,246,581	$23,967,882	$4,739,788		$3,779,748	$3,400,665	
1940–49	3,086,327,627	68,292,898	28,442,867	$770,872	578,793	35,553,660	
1950	700,224,528	18,168,052	5,187,283	21,580	−706	8,636,224	
1951	706,962,734	12,164,740	6,510,539	200,930	9,442	8,534,967	
1952	848,327,393	11,524,344	7,202,922	256,807	8,973	5,683,450	
1953	1,334,287,124	14,995,408	7,533,730	72,172	−5,680	7,418,982	
1954	890,606,372	21,047,414	6,949,184	13,564	1,190	10,484,346	
1955	645,644,843	17,648,408	8,534,191	13,759	4,648	8,217,259	
1956	691,991,502	12,241,718	9,363,273	10,374	−4,542	1,883,867	
1957	868,567,542	9,725,663	9,115,263	38,927	69,207	6,042,735	
1958	868,443,342	9,851,305	7,612,859	4,859	−198	2,167,427	
1959	996,642,053	10,088,647	7,310,933	−310	310	1,955,766	
1960	982,405,476	11,886,124	6,401,634	1,004	1,905	3,655,626	
Totals	13,479,677,117	241,602,603	114,904,466	1,404,538	4,443,090	103,634,974	17,215,535
Percent to claims paid		100.000	47.559	.581	1.839	42.895	7.126

[1] Includes reserve for losses on defaulted Title I notes in process of collection at December 31, 1960, in the amount of $24,290,955.

Notes.—In addition to the above recoveries, $12,924,934 interest and other income on outstanding balances of Title I notes, and $258,146 interest on mortgage notes had been collected through December 31, 1960.

Included in the losses is $3,979,705 representing the cost (claim amount) of equipment repossessed by FHA and subsequently transferred to other Government Agencies for their use and without the 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 (Section 2) on insurance granted on and after July 1, 1939. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

Section 2(f) of the Act provides that moneys in the Title I Insurance Fund shall be available for defraying the operating expenses of the Federal Housing Administration under this title, and any amounts which are not needed for such purpose may be used for the payment of claims in connection with the insurance granted under this title. Section 2(f) of the Act as amended August 2, 1954 provides that moneys in this fund not needed for current operations may be invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States Government. During the fiscal year 1960, net investments amounting to $10,119,000 (principal amount) were made for the account of this fund, and at June 30, 1960 the fund held bonds in the principal amount of $87,308,000 yielding 3.47 percent as follows:

Investments of the Title I Insurance Fund, June 30, 1960

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1960	2 1/8	$1,348,102	$1,350,000	$1,349,832
1961	2 1/2	404,814	422,000	409,521
1961	3 5/8	399,500	400,000	399,820
1962	2	23,179,000	23,179,000	23,179,000
1962	3 3/4	3,870,937	3,800,000	3,837,048
1962	4	2,100,000	2,100,000	2,100,000
1963	2 5/8	928,125	1,000,000	943,440
1963	4 7/8	14,745,875	14,750,000	14,740,466
1964	3	4,172,066	4,150,000	4,165,879
1964	3 3/4	2,398,000	2,398,000	2,398,000
1964	4 3/4	5,536,800	5,519,000	5,534,825
1965	2 5/8	17,944,580	18,710,000	18,100,244
1965	4 5/8	7,281,975	7,280,000	7,281,945
1966	3	2,177,344	2,250,000	2,180,185
Average annual yield 3.47 percent		86,487,118	87,308,000	86,626,205

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 and the remainder was paid from funds advanced by the Federal Government.

The total insurance reserve of the Title I Insurance Fund as of June 30, 1960, as shown in Statement 6, was $89,852,213, consisting entirely of earnings. In accordance with Public Law 5, 83d Congress, approved March 10, 1953, the amount of capital contributed to this fund by the U.S. Government, $8,333,314 was established as a liability of the fund as of June 30, 1953. On July 1, 1953, the entire amount was repaid and the liability liquidated.

STATEMENT 6.—*Comparative statement of financial condition, Title I Insurance Fund as of June 30, 1959 and June 30, 1960*

	June 30, 1959	June 30, 1960	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$5,264,716	$9,018,243	$3,753,527
Investments: U.S. Government securities (amortized)	76,699,893	86,626,206	9,926,313
Loans receivable:			
Mortgage notes and contracts for deed	367,657	326,508	−41,149
Less allowance for losses	5,515	4,898	−617
Net loans receivable	362,142	321,610	−40,532
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	2,252,292	2,147,689	−104,603
Accounts receivable—Interfund	220,044	225,340	5,296
Total accounts and notes receivable	2,472,336	2,373,029	−99,307
Accrued assets:			
Interest on U.S. Government securities	462,468	473,738	11,270
Other	3,102	1,553	−1,549
Total accrued assets	465,570	475,291	9,721
Acquired security:			
Real estate (at cost plus expenses to date)			
Less allowance for losses			
Net real estate			
Defaulted Title I notes	44,615,529	43,576,188	−1,039,341
Less allowance for losses	28,851,067	26,483,964	−2,367,103
Net defaulted Title I notes	15,764,462	17,092,224	1,327,762
Net acquired security	15,764,462	17,092,224	1,327,762
Total assets	101,029,119	115,906,603	14,877,484
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	943,685	1,484,712	541,027
Trust and deposit liabilities: Deposits held for mortgagors, lessees and purchasers	8,944	9,968	1,024
Deferred and undistributed credits:			
Unearned insurance premiums	21,558,781	24,554,451	2,995,670
Other	7,164	5,259	−1,905
Total deferred and undistributed credits	21,565,945	24,559,710	2,993,765
Total liabilities	22,518,574	26,054,390	3,535,816
RESERVE			
Insurance reserve—available for future losses and expenses	78,510,545	89,852,213	11,341,668
Total liabilities and reserve	101,029,119	115,906,603	14,877,484

For the fiscal year 1960, Title I Insurance Fund income totaled $18,565,193, and expenses and losses amounted to $9,628,403, leaving $8,936,790 net income before adjustment of valuation allowances. After the valuation allowances were decreased by $2,367,720, there remained $11,304,510 net income for the year.

STATEMENT 7.—*Income and expenses, Title I Insurance Fund, through June 30, 1959 and June 30, 1960*

	June 3, 1939 to June 30, 1959	July 1, 1959 to June 30, 1960	June 3, 1939 to June 30, 1960
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$6,427,530	$2,816,605	$9,244,135
Interest on mortgage notes and contracts for deed	196,134	14,361	210,495
Interest and other income on defaulted Title I notes	8,945,340	1,172,034	10,117,374
	15,569,004	4,003,000	19,572,004
Insurance premiums and fees:			
Premiums	198,259,293	14,557,378	212,816,671
Fees	369,304		369,304
	198,628,597	14,557,378	213,185,975
Other income: Miscellaneous income	32,998	4,815	37,813
Total income	214,230,599	18,565,193	232,795,792
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)	45,024,155	4,673,794	49,660,958
Other expenses:			
Depreciation on furniture and equipment	220,892	23,521	244,230
Miscellaneous expenses	401,590	37,096	438,695
	622,491	60,617	682,925
Losses and charge-offs:			
Loss on acquired security—properties	103,711	59	103,770
Loss on equipment	37,221	−154	37,083
Loss on defaulted Title I notes	60,075,894	4,894,087	64,969,981
	60,216,826	4,893,992	65,110,834
Total expenses	105,863,472	9,628,403	115,454,717
Net income before adjustment of valuation allowances	108,367,127	8,936,790	117,341,075
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−5,515	+617	−4,898
Allowance for loss on real estate			
Allowance for loss on defaulted Title I notes	−28,851,067	+2,367,103	−26,483,964
Net adjustment of valuation allowances	−28,856,582	+2,367,720	−26,488,862
Net income	79,510,545	11,304,510	90,852,213

ANALYSIS OF INSURANCE RESERVE

Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		78,510,545	
Adjustments during the period		+37,158	
Net income for the period	79,510,545	11,304,510	90,852,213
	79,510,545	89,852,213	90,852,213
Capital contributions to other FHA insurance funds	−1,000,000		−1,000,000
Balance at end of period	78,510,545	89,852,213	89,852,213

Title I Insurance Authority

The Title I, Section 2 insurance authorization was extended in unlimited amount through September 1961, by Public Law 86-788, 86th Congress, approved September 14, 1960. The estimated outstanding balance of insurance in force at December 31, 1960, was $1,609,086,926.

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. The coinsurance provision of Title I became effective October 1, 1954, and from that date the lender is required to bear 10 percent of the loss sustained on any one loan. As of December 31, 1960, the maximum possible liability of the Title I Insurance Fund for claims was $386,816,386.

Insurance reserves under Title I, established, released, and outstanding at December 31, 1960, as provided under Sections 2 and 6, National Housing Act

Item	Gross reserves established	Reserves released	Annual reserve adjustments	Claims paid	Outstanding contingent liability
Insurance reserves:					
Section 2:					
20 percent, original act	$66,331,509	$50,769,729		$15,561,780	
10 percent, amendment Apr. 3, 1936	17,257,563	10,647,672		6,609,891	
10 percent, amendment Feb. 3, 1938	27,302,148	18,041,547		9,260,601	
10 percent, amendment June 3, 1939	86,068,194	65,650,691		20,417,503	
10 percent, reserve of July 1, 1944	85,450,557	61,219,350		24,231,207	
10 percent, reserve of July 1, 1947	163,058,938	112,085,307		46,275,576	$4,698,055
10 percent, reserve of Mar. 1, 1950	935,503,960		$438,846,839	119,189,602	377,467,519
Estimated loan reports in process	4,650,812				4,650,812
Section 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	1,385,932,960	318,667,133	438,846,839	241,602,602	386,816,386

Title I Claims Account

In accordance with Public Law 560, 83d Congress, approved August 2, 1954, the Title I Claims Account was terminated as of August 1, 1954 and the remaining assets transferred to and merged with the Title I Insurance Fund.

Through August 1, 1954, the Federal Government had advanced a total of $38,243,525 to cover operations under Title I (Section 2) on insurance granted prior to July 1, 1939. Of this amount, $6,613,811 had been advanced for salaries and expenses and the remaining $31,629,714 for the payment of insurance claims and loans to insured institutions. In addition, $2,330,360 had been collected as interest and other income, making a total of $40,573,885 accountable funds.

Funds accounted for at August 1, 1954 amounted to $40,541,285: $19,218,917 representing recoveries and interest on claims deposited in the general fund of the Treasury, and $21,322,368 representing expenses and losses, leaving a balance of $32,600 for transfer to the Title I Insurance Fund. This balance was represented by the net assets on hand at August 1, 1954, which consisted of $798 real property and $31,802 accounts and notes receivable.

TITLE I HOUSING INSURANCE FUND

An amendment of April 20, 1950 to the National Housing Act (Public Law 475, 81st Congress) created the Title I Housing Insurance Fund to be used by the FHA Commissioner as a revolving fund for carrying out the provisions of Section 8 of Title I of the Act. This section provides for the insurance of mortgages to assist families of low and moderate income, particularly in suburban and outlying areas. For the purposes of this fund, the Act authorized the Commissioner to transfer the sum of $1 million from the Title I Insurance Fund. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

Capital and Net Income

Assets of the Title I Housing Insurance Fund at June 30, 1960 totaled $6,724,200, against which there were outstanding liabilities of $1,172,492, leaving $5,551,708 insurance reserve. Included in the insurance reserve is the sum of $1 million which was transferred from the Title I Insurance Fund in accordance with Section 8(h) of the Act.

STATEMENT 8.—*Comparative statement of financial condition, Title I Housing Insurance Fund, as of June 30, 1959 and June 30, 1960*

	June 30, 1959	June 30, 1960	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$364,145	$538,319	$174,174
Investments: U.S. Government securities (amortized)	2,075,505	2,019,892	−55,613
Loans receivable:			
Mortgage notes and contracts for deed	2,886,121	3,458,984	572,863
Less allowance for losses	43,292	51,885	8,593
Net loans receivable	2,842,829	3,407,099	564,270
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	27,088	11,275	−15,813
Accounts receivable—Other	56	9	−47
Accounts receivable—Interfund	1,734	1,851	117
Total accounts and notes receivable	28,878	13,135	−15,743
Accrued assets:			
Interest on U.S. Government securities	4,870	4,870	
Other	14,892	17,493	2,601
Total accrued assets	19,762	22,363	2,601
Acquired security:			
Real estate (at cost plus expenses to date)	869,568	1,005,594	136,026
Less allowance for losses	275,201	282,202	7,001
Net acquired security	594,367	723,392	129,025
Total assets	5,925,486	6,724,200	798,714
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	5,474	9,925	4,451
Accrued liabilities: Interest on debentures	12,618	13,696	1,078
Trust and deposit liabilities:			
Fee deposits held for future disposition			
Excess proceeds of sale	18,647	29,256	10,609
Deposits held for mortgagors, lessees and purchasers	39,111	52,586	13,475
Total trust and deposit liabilities	57,758	81,842	24,084
Deferred and undistributed credits:			
Unearned insurance premiums	369,808	339,136	−30,672
Other	15,538	17,493	1,955
Total deferred and undistributed credits	385,346	356,629	−28,717
Bonds, debentures and notes payable: Debentures payable	593,250	710,400	117,150
Total liabilities	1,054,446	1,172,492	118,046
RESERVE			
Insurance reserve-available for future losses and expenses	4,871,040	5,551,708	680,668
Total liabilities and reserve	5,925,486	6,724,200	798,714
Certificates of claim relating to properties on hand	47,705	49,788	2,083

The total income of the Title I Housing Insurance Fund for fiscal year 1960 amounted to $923,015, and expenses and losses totaled $231,231, leaving net income of $691,784 before adjustment of the valuation allowances. The valuation allowances were increased $15,594 resulting in a net income of $676,190 for the year.

STATEMENT 9.—*Income and expenses, Title I Housing Insurance Fund, through June 30, 1959 and June 30, 1960*

	Apr. 20, 1950 to June 30, 1959	July 1, 1959 to June 30, 1960	Apr. 20, 1950 to June 30, 1960
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$338,956	$59,889	$398,845
Interest—Other	167,767	78,922	246,689
	506,723	138,811	645,534
Insurance premiums and fees:			
Premiums	5,252,996	761,482	6,014,478
Fees	1,664,197		1,664,197
	6,917,193	761,482	7,678,675
Other income: Miscellaneous income	4,836	22,722	27,558
Total income	7,428,752	923,015	8,351,767
Expenses:			
Administrative expenses:			
Operating costs (including adjustments for prior years)	2,900,206	97,516	2,993,264
Other expenses: Depreciation on furniture and equipment	13,726	581	14,285
Losses and charge-offs:			
Loss on acquired security	325,457	133,138	458,595
Loss (or profit −) on equipment	−170	−4	−172
	325,287	133,134	458,423
Total expenses	3,239,219	231,231	3,465,972
Net income before adjustment of valuation allowances	4,189,533	691,784	4,885,795
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−43,292	−8,593	−51,885
Allowance for loss on real estate	−275,201	−7,001	−282,202
Net adjustment of valuation allowances	−318,493	−15,594	−334,087
Net income	3,871,040	676,190	4,551,708
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		4,871,040	
Adjustments during the period		+4,478	
Net income for the period	3,871,040	676,190	4,551,708
	3,871,040	5,551,708	4,551,708
Capital contributions from other FHA insurance funds	1,000,000		1,000,000
Balance at end of period	4,871,040	5,551,708	5,551,708

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

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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 1960, $300,250 of debentures were redeemed in payment of mortgage insurance premiums and $430,400 were redeemed by debenture calls. During the fiscal year 1960, net redemptions of investments amounting to $55,000 (principal amount) were made for the account of this fund and at June 30, 1960 the fund held U.S. Government securities in the principal amount of $2,015,000 yielding 2.37 percent as follows:

Investments of the Title I Housing Insurance Fund, June 30, 1960

Series	Interest rate (percent)[1]	Purchase price	Par value	Book value (amortized)
1960		$24,699	$25,000	$24,778
1961	2	500,000	500,000	500,000
1963	2	190,000	190,000	190,000
1964	3	351,382	350,000	351,081
1967–1972	2½	958,367	950,000	954,033
Total		2,024,448	2,015,000	2,019,892

[1] Average annual yield 2.37 percent.

Properties Acquired Under the Terms of Insurance

During the calendar year 1960, 146 properties insured under Title I, Section 8 were acquired by the Commissioner under the terms of insurance. Through December 31, 1960, a total of 944 homes had been acquired under the Title I Housing Insurance Fund at a total cost of $5,922,082 and 802 had been sold at prices which left a net charge against the fund of $619,082, or an average of $772 per case.

STATEMENT 10.—*Statement of profit and loss on sale of acquired properties, Title I Housing Insurance Fund, through Dec. 31, 1960*

Items	Total TIHI Fund (802 properties)
Proceeds of sale:	
Sales price[1]	$4,465,088
Less commission and other selling expense	197,617
Net proceeds of sales	4,268,371
Income:	
Rental and other income (net)	33,096
Mortgage note income	389,411
Recovery prior to acquisition on defaulted notes	8,148
Total income	430,655
Total proceeds of sold properties	4,699,026
Expenses:	
Debentures and cash adjustments	4,384,510
Asset value acquired after default of purchase money mortgages	−35,239
Interest on debentures	397,671
Taxes and insurance	99,679
Additions and improvements	665
Maintenance and operating expense	358,084
Service charge	34,762
Miscellaneous	1,544
Total expenses	5,241,676
Net profit (or loss −) before distribution of liquidation profits	−542,650
Less distribution of liquidation profits:	
Certificates of claim	40,519
Increment on certificates of claim	1,138
Refunds to mortgagors	34,775
Loss (−) to Title I Housing Insurance Fund	−619,082

[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	58		$159,228		$159,228
Properties sold for cash and notes (or contracts for deed)	744	744	220,345	$4,086,415	4,306,760
Total	802	744	379,573	4,086,415	4,465,988

The turnover of Section 8 properties acquired and sold, by calendar year, is given below:

STATEMENT 11.—*Turnover of properties acquired under Sec. 8 of Title I contracts of insurance by years, and cumulative through Dec. 31, 1960*

Properties acquired		Properties sold, calendar years									Properties on hand Dec. 31, 1960
Year	Number	1952	1953	1954	1955	1956	1957	1958	1959	1960	
1952	2			1	1						
1953	55		7	46	1		1				
1954	25			8	14	2			−1	2	
1955	46				10	25	−1		−2	13	1
1956	141					75	48	11		2	5
1957	219						114	77	5	1	22
1958	155							78	58	8	11
1959	155								82	56	17
1960	146									60	86
Total	944		7	55	20	102	162	166	142	142	142

NOTE.—On the 802 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 7.59 months. The number of properties sold has been reduced by 22 properties repossessed because of default on mortgage notes. Of these repossessions, 16 had been sold by Dec. 31, 1960.

On December 31, 1960, there remained on hand 142 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, 1960

	Title I, Sec. 8 (142 properties)[1]
Expenses:	
Acquisition costs	$754,652
Interest on debentures	40,311
Taxes and insurance	19,268
Maintenance and operating	32,819
Additions and improvements	281
Miscellaneous	192
Total expenses	847,323
Income: Rent and other income (net)	10,311
Net acquired security on hand	837,012

[1] Includes 6 properties repossessed and carried at the asset value at time of repossession.

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 payment of the certificate of claim and increment thereon shall be refunded to the mortgagor.

Certificates of claim issued in connection with the 802 Section 8 properties which had been acquired and sold through 1960 totaled $243,457. The amount paid or to be paid on these certificates of claim totaled $40,519, and certificates of claim totaling $202,938 had been or will be canceled.

In addition there were excess proceeds on 160 of the 802 properties sold, amounting to $34,775 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 one- to four-family homes) and Section 207 (rental housing projects). An amendment to the Act approved February 3, 1938 established the Housing Insurance Fund to carry the insurance on rental housing projects insured under Section 207 after that date.

In accordance with Section 202 of the Act, the Mutual Mortgage Insurance Fund was originally allocated the sum of $10 million by the Federal Government. It has been credited with all income received in connection with insurance granted under Section 203, and that received with respect to insurance granted prior to February 3, 1938 under Section 207.

Prior to the Amendment of August 2, 1954, Section 205 of the Act, as amended, provided that mortgages insured under Section 203 should be classified into groups in accordance with sound actuarial practice and risk characteristics. Each group account was credited with the income and charged with the expenses and losses of the mortgages in the group. If such income exceeded the expenses and losses, the resultant credit balance was distributed in the form of participation payments to mortgagors of the group upon payment in full of their mortgages, or upon termination of the group account, except that a mortgagor might not receive an amount in excess of the aggregate scheduled annual premiums to the year of termination of the insurance.

The General Reinsurance Account was established by Section 205(b) of the Act, and, in accordance with this section, was credited with the original allocation of $10 million provided by Section 202 of the Act.

An Amendment to Section 205 of the Act, approved August 2, 1954, provided that the Commissioner establish as of July 1, 1954 a General Surplus Account and a Participating Reserve Account. The balance of the General Reinsurance Account, amounting to $64,198,363, was transferred to the General Surplus Account, whereupon the General Reinsurance Account was abolished. There was transferred from the various group accounts to the Participating Reserve Accounts as of July 1, 1954, $56,387,716, an amount equal to the aggregate amount which would have been distributed under the provisions of Section 205 in effect on June 30, 1954, if all outstanding mortgages in the group accounts had been paid in full on that date. All of the remaining balances of the group accounts in the amount of $71,371,016 were transferred to the General Surplus Account, whereupon all of the group accounts were abolished. The aggregate net income received or net loss sustained by the Mutual Mortgage Insurance Fund in any semiannual period is credited or charged to the General Surplus Account and/or the Participating Reserve Account in such manner and amount as the Commissioner may determine to be in accord with sound actuarial and accounting practice. Upon termination of the insurance obligation of the Mutual Mortgage Insurance Fund by payment of any mortgage insured thereunder, the Commissioner is authorized to distribute to the mortgagor a share of the Participating Reserve Account in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound actuarial and accounting practice, except that a mortgagor may not receive an amount in excess of the aggregate scheduled annual premium to the year of termination of the insurance.

Capital

As of June 30, 1960, the assets of the Mutual Mortgage Insurance Fund totaled $621,120,121, against which there were outstanding liabilities of $62,864,055, leaving $558,256,066 insurance reserves.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the amount of capital contributed to this fund by the U.S. Government in the amount of $41,994,095 ($10 million to establish the fund and $31,994,095 for salaries and expenses) was established as a liability of the fund as of June 30, 1953. The principal liability of $41,994,095, together with interest thereon in the amount of $17,059,847, was repaid during fiscal year 1954, the final payment being made on March 11, 1954.

STATEMENT 12.—*Comparative statement of financial condition, Mutual Mortgage Insurance Fund, as of June 30, 1959, and June 30, 1960*

	June 30, 1959	June 30, 1960	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$15,371,630	$26,831,444	$11,459,814
Investments:			
U.S. Government securities (amortized)	458,730,104	501,713,889	42,983,785
Other securities (stock in rental housing corporations)	100	100	
Total investments	458,730,204	501,713,989	42,983,785
Loans receivable:			
Mortgage notes and contracts for deed	25,374,111	35,154,620	9,780,509
Less allowance for losses	380,612	542,302	161,690
Net loans receivable	24,993,499	34,612,318	9,618,819
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	1,880,725	2,147,861	267,136
Accounts receivable—Other	596	482	−114
Accounts receivable—Interfund	1,412,773	1,458,635	45,862
Total accounts and notes receivable	3,294,094	3,606,978	312,884
Accrued assets:			
Insurance premiums	18,455,041	28,834,043	10,379,002
Interest on U.S. Government securities	1,837,783	1,960,088	122,305
Other	96,836	139,426	42,590
Total accrued assets	20,389,660	30,933,557	10,543,897
Acquired security:			
Real estate (at cost plus expenses to date)	22,771,435	37,339,400	14,567,965
Less allowance for losses	8,294,346	13,917,565	5,623,219
Net acquired security	14,477,089	23,421,835	8,944,746
Total assets	537,256,176	621,120,121	83,863,945
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	482,001	311,942	−170,059
Group account participations payable	4,726,408	3,320,777	−1,405,631
Total accounts payable	5,208,409	3,632,719	−1,575,690
Accrued liabilities: Interest on debentures	370,655	459,710	89,055
Trust and deposit liabilities:			
Fee deposits held for future disposition	8,769,170	7,093,636	−1,675,534
Excess proceeds of sale	440,742	492,853	52,111
Deposits held for mortgagors, lessees, and purchasers	399,936	578,198	178,262
Total trust and deposit liabilities	9,609,848	8,164,687	−1,445,161

STATEMENT 12.—*Comparative statement of financial condition, Mutual Mortgage Insurance Fund, as of June 30, 1959, and June 30, 1960*—Continued

	June 30, 1959	June 30, 1960	Increase or decrease (−)
LIABILITIES—continued			
Deferred and undistributed credits:			
Unearned insurance premiums	30,997,161	27,719,598	−3,277,563
Other	102,133	146,141	44,008
Total deferred and undistributed credits	31,099,294	27,865,739	−3,233,555
Bonds, debentures, and notes payable: Debentures payable	14,979,900	22,741,200	7,761,300
Total liabilities	61,268,106	62,864,055	1,595,949
RESERVES			
Statutory reserve-for participation payments and future losses	125,814,081	148,595,327	22,781,246
Insurance reserve-available for future losses and expenses	350,173,989	409,660,739	59,486,750
Total reserves	475,988,070	558,256,066	82,267,996
Total liabilities and reserves	537,256,176	621,120,121	83,863,945
Certificates of claim relating to properties on hand	939,119	1,428,624	489,505

Income and Expenses

During fiscal year 1960 the income to the fund amounted to $144,035,659, and expenses and losses amounted to $42,791,121, leaving $101,244,538 net income before adjustment of valuation allowances. After the valuation allowances had been increased $5,784,909 the net income for the year was $95,459,629.

The cumulative income of the Mutual Mortgage Insurance Fund from June 30, 1934, to June 30, 1960 amounted to $1,130,705,253 and cumulative expenses amounted to $449,713,650, leaving $680,991,603 net income before adjustment of valuation allowances. After $14,459,867 had been allocated to valuation allowances, the cumulative net income amounted to $666,531,736.

STATEMENT 13.—*Income and expenses, Mutual Mortgage Insurance Fund, through June 30, 1959 and June 30, 1960*

	June 30, 1934 to June 30, 1959	July 1, 1959 to June 30, 1960	June 30, 1934 to June 30, 1960
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$87,993,558	$15,049,511	$103,043,069
Interest—other	700,971	783,851	1,484,822
Dividends on rental housing stock	286		286
	88,094,815	15,833,362	104,528,177
Insurance premiums and fees:			
Premiums	720,435,783	112,775,787	833,211,570
Fees	175,553,673	14,953,095	190,506,768
	895,989,456	127,728,882	1,023,718,338
Other income:			
Profit on sale of investments	1,829,815		1,829,815
Miscellaneous income	155,508	473,415	628,923
	1,985,323	473,415	2,458,738
Total income	986,069,594	144,035,659	1,130,705,253
Expenses:			
Interest expense: Interest on funds advanced by U.S. Treasury	17,059,847		17,059,847
Administrative expenses: Operating costs (including adjustments for prior years)	381,843,341	41,113,830	422,930,171
Other expenses:			
Depreciation on furniture and equipment	1,911,805	207,394	2,119,066
Miscellaneous expenses	17,724	40	17,764
	1,929,529	207,434	2,136,830
Losses and charge-offs:			
Loss on acquired security	6,170,803	1,471,220	7,651,023
Loss (or profit −) on equipment	−62,870	−1,363	−64,221
	6,116,033	1,469,857	7,586,802
Total expenses	406,919,650	42,791,121	449,713,650
Net income before adjustment of valuation allowances	579,719,944	101,244,538	680,991,603
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−380,612	−161,690	−542,302
Allowance for loss on real estate	−8,294,346	−5,623,219	−13,917,565
Net adjustment of valuation allowances	−8,674,958	−5,784,909	−14,459,867
Net income	571,044,986	95,459,629	666,531,736
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income:			
Statutory reserve:			
Balance at beginning of period		125,814,081	
Adjustments during the period			
Net income allocated for the period	219,870,997	36,000,000	255,870,997
	219,870,997	161,814,081	255,870,997
Participations in mutual earnings distributed	−94,056,916	−13,218,754	−107,275,670
Balance at end of period	125,814,081	148,595,327	148,595,327
Insurance reserve:			
Balance at beginning of period		350,173,989	
Adjustments during the period		+27,121	
Net income for the period	351,173,989	59,459,629	410,660,739
	351,173,989	409,660,739	410,660,739
Capital contributions to other FHA insurance funds	−1,000,000		−1,000,000
Balance at end of period	350,173,989	409,660,739	409,660,739
Total reserves at end of period	475,988,070	558,256,066	558,256,066

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 1960, $11,292,550 in debentures was redeemed in payment of mortgage insurance premiums and $6,522,700 was redeemed by debenture calls or by reason of maturity.

Net purchases of United States Government securities made during the fiscal year increased the holdings of the fund by $42,227,000 (principal amount). These transactions increased the average annual yield from 2.89 percent to 3.14 percent. On June 30, 1960, the fund held United States Government securities in the amount of $507,571,350, principal amount, as follows:

Investments of the Mutual Mortgage Insurance Fund, June 30, 1960

Series	Interest rate (percent)[1]	Purchase price	Par value	Book value (amortized)
1961	2½	$7,470,762	$7,762,000	$7,653,146
1962	2	15,109,000	15,109,000	15,109,000
1962	3¾	8,344,594	8,100,000	8,227,405
1962–67	2½	5,000,000	5,000,000	5,000,000
1963	2½	3,376,563	3,500,000	3,443,759
1963	2⅝	7,713,416	7,890,000	7,753,821
1963	4⅞	19,287,625	19,300,000	19,289,412
1963–68	2½	26,778,078	27,200,000	26,921,709
1964	3	16,636,870	16,400,000	16,557,552
1964	3¾	43,988,000	43,988,000	43,988,000
1964	4¾	12,200,600	12,117,000	12,188,192
1964–69	2½	60,544,626	63,225,000	61,180,634
1965	2⅝	24,466,516	26,550,000	24,870,781
1965	4⅝	38,829,041	38,820,000	38,828,901
1965–70	2½	35,191,984	35,900,000	35,440,416
1966	3	5,478,312	5,950,000	5,499,418
1966–71	2½	26,089,805	26,700,000	26,288,530
1967–72	2½	137,244,134	137,567,000	136,979,562
NDHI debentures	2½	3,227,700	3,227,700	3,227,700
NDHI debentures	2¾	3,265,650	3,265,650	3,265,650
Total		500,243,276	507,571,350	501,713,888

[1] Average annual yield 3.14 percent.

Properties Acquired Under the Terms of Insurance

Five thousand and eighty-two homes insured under Section 203 were acquired by the Commissioner during the calendar year 1960 under the terms of insurance. Through 1960, a total of 16,917 homes had been acquired under the Mutual Mortgage Insurance Fund at a total cost of $148,042,143. Statement 14 shows the turnover of Section 203 acquired properties since the acquisition of the first such property in 1936.

Through December 31, 1960, 11,125 acquired properties insured under Section 203 had been sold at prices which left a net charge against the fund of $9,550,038, or an average of approximately $858 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 14.—*Turnover of properties acquired under Sec. 203 of Title II contracts of insurance by years, and cumulative through Dec. 31, 1960*

Properties acquired		Properties sold by calendar years														Properties on hand Dec. 31, 1960
Year	Number	1936-47	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	
1936-47	4,067	4,067														
1948	4		2	2												
1949	37			17	19	1										
1950	225				65	102	25	11	8	7	1	4	1			1
1951	407					188	173	17	10	8	6	4		−1		2
1952	282						142	86	13	20	5	8	7			1
1953	263							88	84	49	28	10	4			
1954	427								162	174	30	21			14	20
1955	485									199	213	20	9	7	7	30
1956	1,572										279	391	50	51	80	721
1957	910											372	273	34	17	214
1958	1,328												501	337	53	437
1959	1,828													648	682	408
1960	5,082														1,214	3,868
Total	16,917	4,067	2	19	84	291	340	202	277	457	568	830	845	1,076	2,067	5,792

NOTE.—On the 11,125 properties sold the average time between acquisition and sale by the Federal Housing Administration was 7.49 months. The number of properties sold has been reduced by 102 properties repossessed because of default on mortgage notes. Of these repossessions, 81 had been sold by Dec. 31, 1960.

STATEMENT 15.—*Statement of profit and loss on sale of acquired properties, Mutual Mortgage Insurance Fund, through Dec. 31, 1960*

Item	Sec. 203 (11,125 properties)	Sec. 207 1 property (265 units)	Total MMI fund (11,126 properties)
Proceeds of sales:			
Sales price [1]	$79,282,129	$1,000,000	$80,282,129
Less commission and other selling expenses	3,575,748		3,575,748
Net proceeds of sales	75,706,381	1,000,000	76,706,381
Income:			
Rental and other income (net)	1,648,813		1,648,813
Mortgage note income	6,854,255		6,854,255
Recovery prior to acquisition on defaulted notes	78,491		78,491
Total income	8,581,559		8,581,559
Total proceeds of sold properties	84,287,940	1,000,000	85,287,940
Expenses:			
Debentures and cash adjustments	77,087,352	942,145	78,029,497
Asset value acquired after default of purchase money mortgages	−162,847		−162,847
Interest on debentures	8,028,756	18,387	8,047,143
Taxes and insurance	1,556,972	5,012	1,561,984
Additions and improvements	151,565		151,505
Maintenance and operating expense	4,758,780		4,758,780
Service charge	199,894		199,894
Miscellaneous expense	8,621	1,669	10,290
Total expenses	91,629,093	967,213	92,596,306
Net profit (or loss−) before distribution of liquidation profits	−7,341,153	32,787	−7,308,366
Less distribution of liquidation profits:			
Certificates of claim	1,272,876	31,532	1,304,408
Increment on certificates of claim	68,558	1,255	69,813
Refunds to mortgagors	867,451		867,451
Loss (−) to Mutual Mortgage Insurance Fund	−9,550,038		−9,550,038

[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	1,435		$9,158,236		$9,158,236
Properties sold for cash and notes (or contracts for deed)	9,691	9,626	5,193,432	$65,930,461	71,123,893
Total	11,126	9,626	14,351,668	65,930,461	80,282,129

On December 31, 1960, 5,792 properties insured under the Mutual Mortgage Insurance Fund were held by this Administration. The cost of these properties was:

Mutual Mortgage Insurance Fund, statement of properties on hand at Dec. 31, 1960

	Sec. 203 (5,792 properties) [1]
Expenses:	
Acquisition costs	$54,558,837
Interest on debentures	2,737,683
Taxes and insurance	1,280,216
Additions and improvements	94,536
Maintenance and operating	2,010,235
Miscellaneous	1,964
Total expenses	60,683,471
Income: Rental and other income (net)	1,473,495
Net acquired security on hand	59,209,976

[1] Includes 21 properties repossessed and carried at the asset value at time of repossession.

Certificates of Claim and Refunds to Mortgagors

Section 204(f) of the Act provides that if the net amount realized from any property acquired by the FHA under the terms of insurance with respect to which Section 204(f) is applicable, after deducting all expenses incurred in handling, dealing with, and disposing of such property, exceeds the face value of debentures issued and cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be applied to the certificate of claim issued to the mortgagee, and that any excess remaining after paying the certificate of claim and increment thereon shall be refunded to the mortgagor.

Certificates of claim issued in connection with the Section 203 properties which had been acquired and sold through 1960 totaled $5,107,804. The amount paid or to be paid on these certificates of claim totaled $1,272,876 (approximately 25 percent), and certificates of claim totaling $3,834,928 (approximately 75 percent), had been, or will be canceled.

In addition, there were excess proceeds on approximately 20 percent (or 2,195) of the 11,125 sold properties amounting to $867,451, for refund to mortgagors. This amount represents $437,592 paid and $406,250 payable on 2,077 cases, and $23,609 held in trust for 118 payees whose whereabouts are unknown. The average refund per case amounted to $395.

Mutual Mortgage Participation Payments

The first participation payments in connection with insured loans prepaid in full were made as of January 1, 1944, and during the 16½ years following that date total payments of $107,275,670 were made or accrued on 892,212 insured loans. This amount represents $103,954,893 paid and $2,938,583 payable on 885,468 cases, and $382,194 held in trust for 6,744 payees whose whereabouts are unknown.

TITLE II: HOUSING INSURANCE FUND

The insurance risks on rental and group housing insured under Section 207 and 210 after February 3, 1938, on cooperative housing insured under Section 213, on housing for the elderly insured under Section 231, and on housing for nursing homes insured under Section 232 are liabilities of the Housing Insurance Fund, which was established by an amendment to the National Housing Act approved February 3, 1938.

Section 213, which was added to the Act by an amendment approved April 20, 1950, authorizes the insurance of mortgages on cooperative housing projects. To be eligible for insurance under Section 213, the mortgagor must be a nonprofit cooperative ownership housing corporation, the permanent occupancy of the dwellings being restricted to members (management-type project), or a nonprofit corporation organized for the purpose of building homes for members (sales-type project), or a corporation intending to sell the project to a nonprofit cooperative housing corporation. In a mortgage on a sales-type project, provision is made for the release from the blanket mortgage of individual properties for sale to members and for the insurance of individual mortgages under Section 213 on such released properties.

Sections 231 and 232 were added to the Act by an amendment approved September 23, 1959.

Section 231 authorizes the insurance of project mortgages to assist in relieving the shortage of housing for elderly persons and to increase the supply of rental housing for elderly persons.

Section 232 authorizes the insurance of project mortgages to assist in providing urgently needed nursing homes for the care and treatment of convalescents and other persons who are not acutely ill and do not need hospital care, but who require skilled nursing care and related medical services.

Appraisal fees, insurance premiums, interest on investments, and income from security acquired under the terms of insurance are deposited with the Treasurer of the United States to the credit of the Housing Insurance Fund. Foreclosure losses and general operating expenses of the Federal Housing Administration under Section 207 and 210 since February 3, 1938, and under Sections 213, 231, and 232 are charged against the fund.

This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments. Any increase in the fund resulting from operations is retained as a general reserve to meet possible insurance losses and future expenses in connection with Sections 207, 210, 213, 231, and 232 insurance. In accordance with Section 207(h) of the Act, the excess proceeds, if any, from the sale of an acquired project, after deducting all costs incident to the acquisition, handling, and final disposition of the project, are applied to the mortgagee's certificate of claim and increment thereon, and any remaining balance is credited to the Housing Insurance Fund (except that with respect to individual mortgages insured under the provisions of Section 213(d) any excess remaining after payment of the certificate of claim and increment thereon is for refund to the mortgagor). Prior to enactment of the amendments of August 10, 1948 to the National Housing Act, any excess remaining after payment of the certificate of claim and increment thereon was refunded to the mortgagor.

Capital and Net Income

Assets of the Housing Insurance Fund as of June 30, 1960 totaled $31,153,911, against which there were outstanding liabilities of $15,850,247. The insurance reserve of the fund amounted to $15,303,664, represented by $5,400,000 capital contributions from other FHA insurance funds and earnings of $9,903,664.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the amount of capital contributed to this fund by the U.S. Government for salaries and expenses in the amount of $4,170,024 was established as a liability of the fund as of June 30, 1953. This amount, together with interest thereon in the amount of $1,386,666, was repaid during fiscal year 1954, the final payment being made on October 31, 1953.

STATEMENT 16.—*Comparative statement of financial condition, Housing Insurance Fund, as of June 30, 1959 and June 30, 1960*

	June 30, 1959	June 30, 1960	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$1,883,199	$2,369,822	$486,623
Investments:			
U.S. Government securities (amortized)	7,068,634	7,266,791	198,157
Other securities (stock in rental housing corporations)	72,900	80,100	7,200
Total investments	7,141,534	7,346,891	205,357

STATEMENT 16.—*Comparative statement of financial condition, Housing Insurance Fund, as of June 30, 1959 and June 30, 1960*—Continued

	June 30, 1959	June 30, 1960	Increase or decrease (−)
ASSETS—Continued			
Loans receivable:			
Mortgage notes and contracts for deed	7,230,270	6,990,394	−239,876
Less allowance for losses	263,136	231,854	−31,282
Net loans receivable	6,967,134	6,758,540	−208,594
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	163,322	219,241	55,919
Accounts receivable—Other	6,635	280	−6,355
Accounts receivable—Interfund	54,455	57,672	3,217
Total accounts and notes receivable	224,412	277,193	52,781
Accrued assets:			
Insurance premiums	305,023	355,313	50,290
Interest on U.S. Government securities	3,437	3,437	
Other	93,104	66,808	−26,296
Total accrued assets	401,564	425,558	23,994
Acquired security:			
Real estate (at cost plus expenses to date)	8,324,305	14,059,812	5,735,507
Less allowance for losses	3,626,463	6,654,887	3,028,424
Net real estate	4,697,842	7,404,925	2,707,083
Mortgage notes acquired under terms of insurance	10,078,961	10,149,280	70,319
Less allowance for losses	3,549,569	3,655,369	105,800
Net mortgage notes acquired under terms of insurance	6,529,392	6,493,911	−35,481
Net acquired security	11,227,234	13,898,836	2,671,602
Other assets—held for account of mortgagors	32,277	77,071	44,794
Total assets	27,877,354	31,153,911	3,276,557
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	2,352	15,735	13,383
Accrued liabilities: Interest on debentures	149,714	180,858	31,144
Trust and deposit liabilities:			
Excess proceeds of sale	42,085	44,166	2,081
Deposits held for mortgagors, lessees and purchasers	410,516	462,058	51,542
Total trust and deposit liabilities	452,601	506,224	53,623
Deferred and undistributed credits:			
Unearned insurance premiums	2,885,145	3,394,385	509,240
Unearned insurance fees	285,172	444,419	159,247
Other	93,104	66,808	−26,296
Total deferred and undistributed credits	3,263,421	3,905,612	642,191
Bonds, debentures, and notes payable: Debentures payable	11,304,650	11,133,800	−170,850
Other liabilities: Reserve for foreclosure costs—Mortgage notes acquired under terms of insurance	103,660	108,018	4,358
Total liabilities	15,276,398	15,850,247	573,849
RESERVE			
Insurance reserve—available for future losses and expenses	12,600,956	15,303,664	2,702,708
Total liabilities and reserve	27,877,354	31,153,911	3,276,557
Certificates of claim relating to properties on hand	400,585	520,548	119,963

During the fiscal year 1960 the income of the fund amounted to $9,768,723, and expenses and losses amounted to $3,899,583, leaving $5,869,140 net income before adjustment of valuation allowances. After the valuation allowances had been increased by $3,102,942, a net income of $2,766,198 resulted for the fiscal year.

STATEMENT 17.—*Income and expenses, Housing Insurance Fund, through June 30, 1959 and June 30, 1960*

	Feb. 3, 1938, to June 30, 1959	July 1, 1959, to June 30, 1960	Feb. 3, 1938, to June 30, 1960
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$1,617,747	$226,034	$1,843,781
Interest—Other	1,721,894	469,210	2,191,104
Dividends on rental housing stock	3,518	481	3,999
	3,343,159	695,725	4,038,884
Insurance premiums and fees:			
Premiums	26,382,364	5,903,812	32,286,176
Fees	13,104,619	3,157,056	16,261,675
	39,486,983	9,060,868	48,547,851
Other income:			
Profit on sale of investments	95,416		95,416
Miscellaneous income		12,130	12,130
	95,416	12,130	107,546
Total income	42,925,558	9,768,723	52,694,281
Expenses:			
Interest expenses: Interest on funds advanced by U.S. Treasury	1,386,666		1,386,666
Administrative expenses: Operating costs (including adjustments for prior years)	25,059,799	3,658,738	28,781,743
Other expenses:			
Depreciation on furniture and equipment	131,732	18,596	150,640
Miscellaneous expenses	200		200
	131,932	18,596	150,840
Losses and charge-offs:			
Loss (or profit −) on acquired security	1,710,917	222,371	1,933,288
Loss (or profit −) on equipment	−3,880	−122	−4,030
	1,707,037	222,249	1,929,258
Total expenses	28,285,434	3,899,583	32,248,507
Net income before adjustment of valuation allowances	14,640,124	5,869,140	20,445,774
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−263,136	+31,282	−231,854
Allowance for loss on real estate	−3,626,463	−3,028,424	−6,654,887
Allowance for loss on mortgage notes acquired under terms of insurance	−3,549,569	−105,800	−3,655,369
Net adjustment of valuation allowances	−7,439,168	−3,102,942	−10,542,110
Net income	7,200,956	2,766,198	9,903,664
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		12,600,956	
Adjustments during the period		−63,490	
Net income for the period	7,200,956	2,766,198	9,903,664
	7,200,956	15,303,664	9,903,664
Capital contributions from other FHA insurance funds	5,400,000		5,400,000
Balance at end of period	12,600,956	15,303,664	15,303,664

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 1960, $1,715,950 of debentures were redeemed in payment of mortgage insurance premiums, $661,500 were exchanged for mortgage notes, and $4,731,600 were redeemed by debenture calls. During the fiscal year 1960, net investments amounting to $200,000 (principal amount) were made for the account of this fund, and at June 30, 1960 the fund held United States Government securities in the principal amount of $7,268,000, yielding 2.26 percent as follows:

Investments of the Housing Insurance Fund, June 30, 1960

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1960		$197,591	$200,000	$198,225
1962	2	148,000	148,000	148,000
1962–67	2½	1,500,000	1,500,000	1,500,000
1963	2	3,620,000	3,620,000	3,620,000
1967–72	2½	1,801,437	1,800,000	1,800,566
Average annual yield 2.20 percent		7,267,028	7,268,000	7,266,791

Properties Acquired Under the Terms of Insurance

During 1960, 13 additional project properties or assigned mortgage notes (1,754 units) were acquired by the FHA Commissioner under the terms of mortgage insurance of Section 207, and partial sales of 26 units were made on 1 project. Three Section 213 project properties or assigned mortgage notes were acquired during the calendar year, and partial sales of 59 units were made on 2 projects. Under Section 213 home properties, 111 were acquired under the terms of insurance and 100 were sold during 1960. Through December 31, 1960, a cumulative total of 61 rental housing properties or assigned mortgage notes (9,054 units) insured under Section 207–210 had been acquired under the terms of insurance; 8 project properties or project mortgage notes (581 units) and 402 home properties insured under Section 213 had been acquired. Twenty-four projects (3,546 units) and one mortgage note (1,102 units) insured under Section 207–210, and under Section 213 one project (85 units), one mortgage note (144 units) and 260 home properties had been sold. The acquired security on hand at December 31, 1960 in the Housing Insurance Fund was as follows:

Housing Insurance Fund, statement of properties and assigned mortgage notes on hand as of Dec. 31, 1960

	Sec. 207		Sec. 213		Sec. 213 homes, 142 properties,[4] 142 units	Total 157 properties, 27 mortgage notes, 4,900 units
	13 projects, 1,501 units [1]	23 mortgage notes, 2,815 units	2 projects, 33 units [2]	4 mortgage notes, 319 units [3]		
Expenses:						
Acquisition costs	$11,463,801	[4] $20,214,377	$957,307	[4] $3,096,043	$1,353,026	$37,084,554
Interest on debentures	1,284,292	850,661	98,368	166,708	74,940	2,474,969
Taxes and insurance	468,635		55,140		23,270	547,045
Additions and improvements	16,750					16,750
Maintenance and operating	823,217		23,022		21,431	867,670
Service charge		25,802		3,030		28,832
Miscellaneous	33,709	3,068	4,181	1,009	365	42,332
Total expenses	14,090,404	21,093,908	1,138,018	3,266,790	1,473,032	41,062,152
Income and recoveries:						
Rent and other (net)	1,467,106	1,106,388	149,400	159,945	1,958	2,884,797
Collections on mortgage notes		363,885		208,895		572,780
Total income	1,467,106	1,470,273	149,400	368,840	1,958	3,457,577
Proceeds from partial sales of projects: Estimated net investment (sales price)	−145,500		−649,600			−795,100
Net acquired security on hand	12,477,798	19,623,635	339,018	2,897,950	1,471,074	36,809,475

[1] Excludes 26 units in one partially sold project with estimated net investment of $145,500.
[2] Excludes 59 units in one partially sold project with estimated net investment of $649,600.
[3] Includes 16 units released in accordance with the provisions of the mortgage.
[4] Includes 4 properties repossessed and carried at the asset value at time of repossession.
[4] See table below:

	Section 207	Section 213	Total
Outstanding balance of notes receivable at date of acquisition	$20,214,377	$3,096,043	$23,310,420
Less: Collection to principal	363,885	208,895	572,780
Unpaid principal balance	19,850,492	2,887,148	22,737,640

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An analysis of properties sold and assigned notes liquidated is shown in Statement 18.

STATEMENT 18.—*Statement of profit and loss on sale of acquired properties, and assigned mortgage notes liquidated, Housing Insurance Fund, through Dec. 31, 1960*

	Secs. 207-210 24 projects and 1 mortgage note (4,648 units)[2]	Sec. 213		Total HI Fund 285 properties, 2 mortgage notes (5,137 units)
		Projects, 1 property, 1 mortgage note (229 units)[3]	Homes, 260 properties (260 units)	
Proceeds of sales:				
Sales price [1]	[2] $18,510,492	[3] $2,374,400	$1,960,567	$22,845,459
Less commissions	10,078	9,228	84,750	104,056
Net proceeds of sales	18,500,414	2,365,172	1,875,817	22,741,403
Income:				
Rental and other income (net)	2,434,653	18,390	7,667	2,460,710
Mortgage note income	3,491,388	525,856	120,588	4,137,832
Recovery prior to acquisition on defaulted notes	8,037	309	1,349	9,695
Total income	5,934,078	544,555	129,604	6,608,237
Total proceeds of sold properties	24,434,492	2,909,727	2,005,421	29,349,640
Expenses:				
Debentures and cash adjustments	19,308,549	1,703,327	2,115,028	23,126,904
Asset value acquired after default of purchase money mortgages			−26,033	−26,033
Estimated net investment on partial sales of projects	145,500	649,600		795,100
Interest on debentures	4,333,862	377,092	160,048	4,871,002
Taxes and insurance	663,301	3,937	31,214	698,452
Additions and improvements	217,322	82		217,404
Maintenance and operating expense	1,112,727	22,384	99,490	1,234,601
Service charge	12,120	11,778	8,991	32,889
Miscellaneous expense	43,140	551	607	44,298
Total expenses	25,836,521	2,768,751	2,389,345	30,994,617
Net profit (or loss −) before distribution of liquidation profits	−1,402,029	140,976	−383,924	−1,644,977
Less distribution of liquidation profits:				
Certificates of claim	146,795	30,242	5,350	182,387
Increment on certificates of claim	13,413	7,383	174	20,970
Refunds to mortgagors	172,289		2,706	174,995
Loss (−) to Housing Insurance Fund	−1,734,526	103,351	−392,154	−2,023,329

[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	42		$3,527,197		$3,527,197
Properties sold for cash and notes (or contracts for deed)	245	485	651,689	$18,666,573	19,318,262
Total	287	485	4,178,886	18,666,573	22,845,459

[2] Includes $145,500 for 26 units of 1 partially sold project.
[3] Includes $649,600 for 59 units of 1 partially sold project.

In addition to the rental housing projects acquired under the Housing Insurance Fund, one Section 207 project insured under the Mutual Mortgage Insurance Fund had been acquired and sold at no loss to that fund.

The turnover of Section 207 and Section 213 acquired securities, by calendar year, is shown in Statements 19 and 20.

Certificates of Claim and Refunds to Mortgagors

Certificates of claim issued in connection with the 24 projects sold and 1 mortgage note liquidated under Section 207–210 through December 31, 1960 totaled $385,763. The amount paid or to be paid on these certificates totaled $146,795, and the amount canceled or to be canceled $238,968. In addition, excess proceeds on three projects had been refunded to mortgagors in the amount of $172,289, in accordance with provisions of the Act prior to the amendment of August 10, 1948.

As a result of insurance under Section 213, two certificates of claim in the amount of $39,337 had been issued in connection with one project acquired and sold and one mortgage note assigned under terms of insurance and subsequently liquidated, with $30,242 of this amount to be paid and $9,095 to be canceled. In addition, certificates of claim in the amount of $101,022 were issued on 260 Section 213 homes sold. The amounts paid or to be paid on the certificates of claim issued on Section 213 home properties totaled $5,350, and the amounts canceled or to be canceled totaled $95,672. In addition, there were excess proceeds on nine Section 213 home properties amounting to $2,706 for refund to mortgagors.

The certificate of claim issued in connection with the only rental housing project acquired under the Mutual Mortgage Insurance Fund amounted to $31,532. This certificate of claim had been paid in full, with increment thereon in the amount of $1,255.

TITLE II: SECTION 220 HOUSING INSURANCE FUND

The Section 220 Housing Insurance Fund was created by Section 220 of the National Housing Act, as amended August 2, 1954 (Housing Act of 1954, Public Law 560, 83d Congress). This section authorizes insurance by the FHA of mortgages on homes and rental properties located in an urban redevelopment area for which a Federal-aid contract was executed or approved before August 2, 1954, or in an urban renewal area which the Housing and Home Finance Administrator has determined to be appropriate for an urban renewal project and located in a city for which the Administrator has approved a workable program presented by the local authorities for preventing the spread of blight and eliminating and preventing slum conditions. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

For the purposes of this fund, the Act authorized the Commissioner to transfer the sum of $1 million from the War Housing Insurance Fund.

STATEMENT 19.—*Turnover of properties acquired and mortgage notes assigned under Sec. 207 of Title II contracts of insurance by years and cumulative through Dec. 31, 1960*

Properties and notes acquired		Properties and notes sold, by calendar years									Properties and notes on hand Dec. 31, 1960
Year	Number	1940–52	1953	1954	1955	1956	1957	1958	1959	1960	
1940–52	18	18						−1	1		
1953	2						1	1			
1954	3			2		1					
1955	10					2	1				7
1956	2										2
1957											
1958	8										8
1959	6										6
1960	13										13
Total	62	18		2		3	2		1		36

NOTE.—The number of properties and notes sold has been reduced by one property repossessed because of default on mortgage notes. The repossessed property has been resold. On the 26 properties sold the average time between acquisition and sale by the Federal Housing Administration was 32.63 months.

STATEMENT 20.—*Turnover of properties acquired and mortgage notes assigned under Sec. 213 of Title II Contracts of insurance by years and cumulative through Dec. 31, 1960*

Properties and notes acquired		Properties and notes sold, by calendar years									Properties and notes on hand Dec. 31, 1960
Year	Number	1952	1953	1954	1955	1956	1957	1958	1959	1960	
1952	1			1							
1953	2						1				1
1954	3			1	1	1					
1955	14				4	8	2				
1956	64					20	18	5	−2		23
1957	72						35	21	3	6	7
1958	53							21	10	15	7
1959	87								12	47	28
1960	114									32	82
Total	410			2	5	29	56	47	23	100	[1] 148

[1] Includes 142 of the 402 home properties acquired.

NOTE.—On the 260 home properties sold, the average time between acquisition and sale by the Federal Housing Administration was 8.31 months; on the 2 projects sold the average time was 25.37 months.
The number of properties sold has been reduced by 10 properties repossessed because of default on mortgage notes. Six of the repossessed properties had been resold by Dec. 31, 1960.

Capital and Net Income

At June 30, 1960, assets of the fund totaled $3,319,151. There were outstanding liabilities of $767,949 and insurance reserve of $2,551,202, of which $1,000,000 was transferred from the War Housing Insurance Fund and $1,551,202 was net operating income.

STATEMENT 21.—*Comparative statement of financial condition, Section 220 Housing Insurance Fund, as of June 30, 1959 and June 30, 1960*

	June 30, 1959	June 30, 1960	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$404,115	$380,931	−$83,184
Investments:			
U.S. Government securities (amortized)	1,766,952	2,815,831	1,048,879
Other securities (stock in rental housing corporations)	5,000	6,900	1,900
Total investments	1,771,952	2,822,731	1,050,779

STATEMENT 21.—*Comparative statement of financial condition, Section 220 Housing Insurance Fund, as of June 30, 1959 and June 30, 1960*—Continued

	June 30, 1959	June 30, 1960	Increase or decrease (−)
ASSETS—Continued			
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	$7,845	$44,308	$36,463
Accounts receivable—Interfund	7,688	8,411	723
Total accounts and notes receivable	15,533	52,719	37,186
Accrued assets: Insurance premiums	24,804	34,148	9,344
Acquired security:			
Real estate (at cost plus expenses to date)		33,379	33,379
Less allowance for loss		4,757	4,757
Net acquired security		28,622	28,622
Total assets	2,276,404	3,319,151	1,042,747
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies		820	820
Accrued liabilities: Interest on debentures		515	515

STATEMENT 21.—*Comparative statement of financial condition, Section 220 Housing Insurance Fund, as of June 30, 1959 and June 30, 1960*—Continued

	June 30, 1959	June 30, 1960	Increase or decrease (−)
LIABILITIES—Continued			
Trust and deposit liabilities: Fee deposits held for future disposition	$2,925	$10,125	$7,200
Deferred and undistributed credits:			
Unearned insurance premiums	469,900	668,582	198,682
Unearned insurance fees	63,055	66,357	3,302
Total deferred and undistributed credits	532,955	734,939	201,984
Bonds, debentures and notes payable: Debentures payable		21,550	21,550
Total liabilities	535,880	767,949	232,069
RESERVE			
Insurance reserve-available for future losses and expenses	1,740,524	2,551,202	810,678
Total liabilities and reserve	2,276,404	3,319,151	1,042,747
Certificates of claim relating to properties on hand		998	998

During the fiscal year 1960, the income to the fund amounted to $1,503,324 while expenses and losses amounted to $674,097, leaving $829,227 net income before adjustment of valuation allowances. After the valuation allowances had been increased $4,757, the net income for the year was $824,470.

STATEMENT 22.—*Income and expenses, Sec. 220 Housing Insurance Fund, through June 30, 1959 and June 30, 1960*

	Aug. 2, 1954 to June 30, 1959	July 1, 1959 to June 30, 1960	Aug. 2, 1954 to June 30, 1960
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$88,505	$76,033	$164,538
Interest—Other		44	44
	88,505	76,077	164,582
Insurance premiums and fees:			
Premiums	1,015,488	926,982	1,942,470
Fees	1,579,945	500,265	2,080,210
	2,595,433	1,427,247	4,022,680
Total income	2,683,938	1,503,324	4,187,262
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)	1,935,390	670,744	2,619,864
Other expenses: Depreciation on furniture and equipment	8,695	3,376	12,139
Losses and charge-offs: Loss (or profit −) on equipment	−671	−23	−700
Total expenses	1,943,414	674,097	2,631,303
Net income before adjustment of valuation allowances	740,524	829,227	1,555,959
Increase (−) or decrease (+) in valuation allowances: Allowance for loss on real estate		−4,757	−4,757
Net adjustment of valuation allowances		−4,757	−4,757
Net income	740,524	824,470	1,551,202

STATEMENT 22.—*Income and expenses, Sec. 220 Housing Insurance Fund, through June 30, 1959 and June 30, 1960*—Continued

ANALYSIS OF INSURANCE RESERVE

	Aug. 2, 1954 to June 30, 1959	July 1, 1959 to June 30, 1960	Aug. 2, 1954 to June 30, 1960
Distribution of net income: Insurance Reserve:			
Balance at beginning of period		$1,740,524	
Adjustments during the period		−13,792	
Net income (or loss −) for the period	$740,524	824,470	$1,551,202
	740,524	2,551,202	1,551,202
Capital contributions from other FHA insurance funds	1,000,000		1,000,000
Balance at end of period	1,740,524	2,551,202	2,551,202

Investments

Section 220(g) of the Act provides that moneys in the Section 220 Housing Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under this fund, provided that such purchases are made at a price which will produce an investment yield not less than the yield obtainable from other authorized investments. In the fiscal year 1960, $10,050 of debentures were redeemed in payment of mortgage insurance premiums. During the fiscal year 1960 net investments of $1,050,000 (principal amount) were made for the account of this fund, and at June 30, 1960 the following U.S. Government securities were held by the fund:

Investments of the Sec. 220 Housing Insurance Fund, June 30, 1960

Series	Interest rate (percent)[1]	Purchase price	Par value	Book value (amortized)
1960		$443,879	$450,000	$446,249
1961	2½	14,484	15,000	14,582
1961	4⅜	1,130,000	1,130,000	1,130,000
1962	2	450,000	450,000	450,000
1963	2	140,000	140,000	140,000
1964	2	550,000	550,000	550,000
1964	3¼	85,000	85,000	85,000
		2,813,363	2,820,000	2,815,831

[1] Average annual yield 3.25 percent.

Properties Acquired Under the Terms of Insurance

During the calendar year 1960, six home properties insured under Title II, Section 220 were acquired by the Commissioner under the terms of insurance and three were sold. These represent the first acquisition and sale activity under this Title and Section. Total cost of the six acquisitions was $65,588. The three sales resulted in a net charge against the fund of $3,177, or an average of $1,059 per case. Certificates of claim issued on the three properties sold amounted to $1,241, all of which is to be canceled.

STATEMENT 23.—*Statement of profit and loss on sale of acquired properties, Sec. 220 Housing Insurance Fund, through Dec. 31, 1960*

Items	Sec. 220 homes, 3 properties, 3 units
Proceeds of sale:	
Sales price[1]	$32,600
Less commission and other selling expenses	1,630
Net proceeds of sales	30,970
Expenses:	
Debentures and cash adjustments	32,057
Interest on debentures	748
Taxes and insurance	292
Maintenance and operating	1,050
Total expenses	34,147
Loss (−) to Sec. 220 Housing Insurance Fund	−3,177

[1] Analysis of terms of sales.

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for cash and notes	3	3	$1,250	$31,350	$32,600

On December 31, 1960, the cost of the three properties which remained on hand under this fund is shown in the following table. The average time between acquisition and sale by the FHA was 6.77 months.

Sec. 220 Housing Insurance Fund, statement of properties on hand at Dec. 31, 1960

	Sec. 220 homes, 3 properties, 3 units
Expenses:	
Acquisition cost	$29,250
Interest on debentures	453
Taxes and insurance	82
Maintenance and operating	25
Net acquired security on hand	29,810

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 Congress), which authorized the insurance, in communities that have requested it, of mortgages on low-cost housing for families displaced because of urban renewal projects. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

For the purposes of this fund, the Act authorized the Commissioner to transfer the sum of $1 million from the War Housing Insurance Fund.

Capital and Net Income

At June 30, 1960, assets of the fund amounted to $4,692,606. There were outstanding liabilities of $3,916,688 and insurance reserve of $775,918, consisting of net operating loss of $224,082 and $1 million transferred from War Housing Insurance Fund.

STATEMENT 24.—*Comparative statement of financial condition, Sec. 221 Housing Insurance Fund, as of June 30, 1959 and June 30, 1960*

	June 30, 1959	June 30, 1960	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$224,366	$334,645	$110,279
Investments: U.S. Government securities (amortized)	1,029,769	920,000	−109,769
Loans receivable:			
Mortgage notes and contracts for deed	38,379	223,828	185,449
Less allowance for losses	576	3,357	2,781
Net loans receivable	37,803	220,471	182,668
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	22,582	9,928	−12,654
Accounts receivable—Interfund	4,887	5,464	577
Total accounts and notes receivable	27,469	15,392	−12,077
Accrued assets:			
Insurance premiums	168,271	343,751	175,480
Interest on U.S. Government securities	1,477	1,860	383
Other	12	24,462	24,450
Total accrued assets	169,760	370,073	200,313
Acquired security:			
Real estate (at cost plus expenses to date)	158,064	2,620,759	2,462,695
Less allowance for losses	23,199	507,280	484,081
Net real estate	134,865	2,113,479	1,978,614
Mortgage notes acquired under terms of insurance		1,095,235	1,095,235
Less allowance for losses		376,689	376,689
Net mortgage notes acquired under terms of insurance		718,546	718,546
Net acquired security	134,865	2,832,025	2,697,160
Total assets	1,624,032	4,692,606	3,068,574
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	1,280	8,092	6,812
Accrued liabilities: Interest on debentures	2,786	52,115	49,329
Trust and deposit liabilities:			
Fee deposits held for future disposition	223,765	223,125	−640
Deposits held for mortgagors, lessees and purchasers	748	6,115	5,367
Total trust and deposit liabilities	224,513	229,240	4,727

STATEMENT 24.—*Comparative statement of financial condition, Sec. 221, Housing Insurance Fund, as of June 30, 1959 and June 30, 1960*—Continued

	June 30, 1959	June 30, 1960	Increase or decrease —
LIABILITIES—continued			
Deferred and undistributed credits:			
Unearned insurance premiums	$101,947	$97,620	−$4,327
Unearned insurance fees	13,593	14,482	889
Other	423	26,526	26,103
Total deferred credits	115,963	138,628	22,665
Bonds, debentures and notes payable: Debentures payable	155,300	3,477,850	3,322,550
Other liabilities: Reserve for foreclosure cost—Mortgage notes acquired under terms of insurance		10,763	10,763
Total liabilities	499,842	3,916,688	3,416,846
RESERVE			
Insurance reserve-available for future losses and expenses	1,124,190	775,918	−348,272
Total liabilities and reserve	1,624,032	4,692,606	3,068,574
Certificates of claim relating to properties on hand	6,257	69,674	63,417

During the fiscal year, the income to the fund amounted to $1,174,065 while expenses and losses amounted to $633,538, leaving an operating income of $540,527 for the period before adjustment of valuation allowances. Valuation allowances were increased in the amount of $863,551, resulting in net loss of $323,024 for the year. From inception August 2, 1954 to June 30, 1960, operations resulted in a net loss of $224,082 as shown on Statement 25.

STATEMENT 25.—*Income and expenses, Sec. 221 Housing Insurance Fund, through June 30, 1959 and June 30, 1960*

	Aug. 2, 1954 to June 30, 1959	July 1, 1959 to June 30, 1960	Aug. 2, 1954 to June 30, 1960
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$80,935	$25,623	$106,558
Interest—Other	−26	1,430	1,404
	80,909	27,053	107,962
Insurance premiums and fees:			
Premiums	375,891	732,897	1,108,788
Fees	764,242	410,047	1,174,289
	1,140,133	1,142,944	2,283,077
Other income: Miscellaneous income	444	4,068	4,512
Total income	1,221,486	1,174,065	2,395,551
Expenses:			
Administrative expenses—Operating costs (including adjustments for prior years)	1,063,304	593,324	1,681,763
Other expenses: Depreciation on furniture and equipment	4,872	2,989	7,985

STATEMENT 25.—*Income and expenses, Sec. 221 Housing Insurance Fund, through June 30, 1959 and June 30, 1960*—Continued

	Aug. 2, 1954 to June 30, 1959	July 1, 1959 to June 30, 1960	Aug. 2, 1954 to June 30, 1960
Losses and charge-offs:			
Loss on acquired security	$5,753	$37,245	$42,998
Loss (or profit −) on equipment	−408	−20	−439
	5,345	37,225	42,550
Total expenses	1,073,521	633,538	1,732,307
Net income (or loss −) before adjustment of valuation allowances	147,965	540,527	663,244
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−576	−2,781	−3,357
Allowance for loss on real estate	−23,199	−860,770	−883,969
Net adjustment of valuation allowances	−23,775	−863,551	−887,326
Net income (or loss −)	124,190	−323,024	−224,082

ANALYSIS OF INSURANCE RESERVE

Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		1,124,190	
Adjustments during the period		−25,248	
Net income (or loss −) for the period	124,190	−323,024	−224,082
	124,190	775,918	−224,082
Capital contributions from other FHA insurance funds	1,000,000		1,000,000
Balance at end of period	1,124,190	775,918	775,918

Investments

Section 221(h) of the Act provides that moneys in the Section 221 Housing Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under this fund, provided that such purchases are made at a price which will produce an investment yield not less than the yield obtainable from other authorized investments. In the fiscal year 1960, $335,150 of debentures were redeemed in payment of mortgage insurance premiums and $18,900 by debenture calls. During the fiscal year 1960 net redemptions of $110,000 (principal amount) were made for the account of this fund, and at June 30, 1960 the fund held U.S. Government securities as follows:

Investments of the Sec. 221 Housing Insurance Fund, June 30, 1960

Series	Interest rate (percent)[1]	Purchase price	Par value	Book value (amortized)
1961	4¾	$70,000	$70,000	$70,000
1962	2	50,000	50,000	50,000
1962	4	100,000	100,000	100,000
1963	2	50,000	50,000	50,000
1964	2	650,000	650,000	650,000
		920,000	920,000	920,000

[1] Average annual yield 2.40 percent.

Properties Acquired Under the Terms of Insurance

During the calendar year 1960, 398 home properties insured under Title II, Section 221 were acquired by the Commissioner under the terms of insurance and 66 were sold. Through December 31, 1960, a total of 443 home properties had been acquired at a total cost of $3,954,699 and 81 had been sold at prices which left a net charge against the fund of $97,147, or an average of $1,199 per case. The certificates of claim issued on the 81 properties sold amounted to $24,873, $43 of which is to be paid, $2,855 has been canceled and $21,975 is to be canceled.

STATEMENT 26.—*Statement of profit and loss on sale of acquired properties, Sec. 221 Housing Insurance Fund, through Dec. 31, 1960*

Items	Sec. 221 homes, 81 properties, 81 units
Proceeds of sale:	
Sales price[1]	$653,405
Less commissions and other selling expenses	25,110
Net proceeds of sales	628,295
Income: Rental and other income (net)	1,505
Total proceeds of sold properties	629,800
Expenses:	
Debentures and cash adjustments	685,678
Interest on debentures	12,341
Taxes and insurance	9,000
Maintenance and operating	19,885
Total expenses	726,904
Net profit (or loss −) before distribution of liquidation profits	−97,104
Distribution of liquidation profits: Certificates of claims	43
Loss (−) to Sec. 221 Housing Insurance Fund	−97,147

[1] Analysis of terms of sales.

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for cash	3		$17,355		$17,355
Properties sold for cash and notes (or contracts for deed)	78	78	20,800	$615,250	636,050
Total	81	78	38,155	615,250	653,405

During the calendar year 1960, 5 projects (930 units) were acquired under the terms of insurance. These are the first project acquisitions under this program and none had been sold at December 31, 1960.

On December 31, 1960, the cost of the 362 home properties and the 5 projects which remained on hand under this fund was as follows:

Sec. 221 Housing Insurance Fund, statement of properties on hand at Dec. 31, 1960

	Sec. 221		Sec. 221 homes, 362 properties, 362 units	Total 366 properties, 1 mortgage note, 1,292 units
	4 projects, 814 units	1 mortgage note, 116 units		
Expenses:				
Acquisition costs	$6,608,229	[1] $1,076,253	$3,088,795	$10,773,277
Interest on debentures	133,366	36,133	66,651	236,150
Taxes and insurance	17,306		22,227	39,533
Additions and improvements	52,810			52,810
Maintenance and operating	46,185		26,476	72,661
Service charge		1,009		1,009
Miscellaneous	284			284
Total expenses	6,858,180	1,113,395	3,204,149	11,175,724
Income and recoveries:				
Rent and other income (net)	125,613		2	125,615
Collections on mortgage note				
Total income	125,613		2	125,615
Net acquired security on hand	6,732,567	1,113,395	3,204,147	11,050,109

[1] Outstanding balance of notes receivable at date of acquisition	$1,076,253
Less: Collection to principal	
Unpaid balance	1,076,253

Statement 27 shows the turnover of Section 221 Housing Insurance Fund acquired security since the first such acquisition in 1958.

STATEMENT 27.—*Turnover of properties acquired and mortgage notes assigned under Sec. 221 of Title II contracts of insurance by years and cumulative through Dec. 31, 1960*

Properties acquired		Properties sold, by calendar year			Properties on hand Dec. 31, 1960
Year	Number	1958	1959	1960	
1958	2	1	1		
1959	43		13	12	18
1960	403			54	349
Total	448	1	14	66	[1] 367

[1] Includes 362 of the 443 home properties acquired.

NOTE.—On the 81 home properties sold, the average time between acquisition and sale by the Federal Housing Administration was 5.14 months.

TITLE II: SERVICEMEN'S MORTGAGE INSURANCE FUND

The Servicemen's Mortgage Insurance Fund was created by Section 222 of the National Housing Act, as amended August 2, 1954 (Housing Act of 1954, Public Law 560, 83d Congress). 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 $20,000. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

For the purposes of this fund, the Act authorized the Commissioner to transfer the sum of $1 million from the War Housing Insurance Fund.

Capital and Net Income

As of June 30, 1960, the fund had assets of $12,822,295 and outstanding liabilities of $2,701,651, leaving $10,120,644 insurance reserve. Included in the insurance reserve is the sum of $1 million from the War Housing Insurance Fund.
Housing Insurance Fund.

STATEMENT 28.—*Comparative statement of financial condition, Servicemen's Mortgage Insurance Fund, as of June 30, 1959 and June 30, 1960*

	June 30, 1959	June 30, 1960	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$1,203,388	$1,394,333	$190,945
Investments: U.S. Government securities (amortized)	5,053,023	7,978,687	2,925,664
Loans receivable:			
Mortgage notes and contracts for deed	179,196	448,457	269,261
Less allowance for losses	2,688	6,727	4,039
Net loans receivable	176,508	441,730	265,222
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	62,503	107,693	45,190
Accounts receivable—Other			
Accounts receivable—Interfund	6,841	7,376	535
Total accounts and notes receivable	69,344	115,069	45,725
Accrued assets:			
Insurance premiums	1,041,495	1,669,142	627,647
Interest on U.S. Government securities	36,515	57,646	21,131
Other	469	1,937	1,468
Total accrued assets	1,078,479	1,728,725	650,246
Acquired security: Real estate (at cost plus expenses to date)	195,683	1,869,261	1,673,578
Less: Allowance for losses	27,807	705,510	677,703
Net acquired security	167,876	1,163,751	995,875
Total assets	7,748,618	12,822,295	5,073,677

STATEMENT 28.—*Comparative statement of financial condition, Servicemen's Mortgage Insurance Fund, as of June 30, 1959 and June 30, 1960*—Continued

	June 30, 1959	June 30, 1960	Increase or decrease (−)
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	$3,494	$7,690	$4,196
Accrued liabilities: Interest on debentures	4,645	35,595	30,950
Trust and deposit liabilities:			
Fee deposits held for future disposition	41,040	42,989	1,949
Excess proceeds of sale		413	413
Deposits held for mortgagors, lessees and purchasers	3,106	10,939	7,833
Total trust and deposit liabilities	44,146	54,341	10,195
Deferred and undistributed credits:			
Unearned insurance premiums	744,174	710,137	−34,037
Other	469	1,938	1,469
Total deferred and undistributed credits	744,643	712,075	−32,568
Bonds, debentures, and notes payable: Debentures payable	210,350	1,891,950	1,681,600
Total liabilities	1,007,278	2,701,651	1,694,373
RESERVE			
Insurance reserve-available for future losses and expenses	6,741,340	10,120,644	3,379,304
Total liabilities and reserve	7,748,618	12,822,295	5,073,677
Certificates of claim relating to properties on hand	6,822	66,563	59,741

For the fiscal year 1960, income of $4,637,090 was earned, while expenses and losses were $582,819, leaving net income of $4,054,271 before adjustment of valuation allowances. Valuation allowances were increased in the amount of $681,742, resulting in a net income of $3,372,529 for the year. Total net income from inception, August 2, 1954, to June 30, 1960 was $9,120,644 as shown in Statement 29.

STATEMENT 29.—*Income and expenses, Servicemen's Mortgage Insurance Fund, through June 30, 1959 and June 30, 1960*

	Aug. 2, 1954 to June 30, 1959	July 1, 1959 to June 30, 1960	Aug. 2, 1954 to June 30, 1960
Income:			
Interest and dividends: Interest on U.S. Government securities	$293,900	$274,810	$568,710
Insurance premiums and fees:			
Premiums	6,762,288	4,320,998	11,083,286
Fees	498,167	29,563	527,730
	7,260,455	4,350,561	11,611,016
Other income:			
Profit on sale of investments	19		19
Miscellaneous income	4,961	11,719	16,680
	4,980	11,719	16,699
Total income	7,559,335	4,637,090	12,196,425

STATEMENT 29.—*Income and expenses, Servicemen's Mortgage Insurance Fund, through June 30, 1959 and June 30, 1960*—Continued

	Aug. 2, 1954 to June 30, 1959	July 1, 1959 to June 30, 1960	Aug. 2, 1954 to June 30, 1960
Expenses:			
Interest expense: Interest on debenture obligations	$276	$820	$1,096
Administrative expenses: Operating costs (including adjustments for prior years)	1,752,103	544,155	2,289,513
	1,752,379	544,975	2,290,609
Other expenses: Depreciation on furniture and equipment	7,835	2,739	10,541
Losses and charge-offs:			
Loss on acquired security	27,862	36,122	62,984
Loss (or profit −) on equipment	−576	−17	−590
	27,286	36,105	62,394
Total expenses	1,787,500	582,819	2,363,544
Net income before adjustment of valuation allowance	5,771,835	4,054,271	9,832,881
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−2,688	−4,039	−6,727
Allowance for loss on real estate	−27,807	−677,703	−705,510
Net adjustment of valuation allowances	−30,495	−681,742	−712,237
Net income	5,741,340	3,372,529	9,120,644

ANALYSIS OF INSURANCE RESERVE

Distribution of net income: Insurance reserve:			
Balance at beginning of period		6,741,340	
Adjustments during the period		+6,775	
Net income for the period	5,741,340	3,372,529	9,120,644
	5,741,340	10,120,644	9,120,644
Capital contributions from other FHA insurance funds	1,000,000		1,000,000
Balance at end of period	6,741,340	10,120,644	10,120,644

Investments

Section 222(f) of the Act provides that moneys in the Servicemen's Mortgage Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under this fund, provided that such purchases are made at a price which will produce an investment yield not less than the yield obtainable from other authorized investments. In the fiscal year 1960, $120,950 of debentures were redeemed in payment of mortgage insurance premiums and $116,400 by debenture calls. During the fiscal year the fund increased its investment in U.S. Government securities by $3,003,000 (principal amount), and as of June 30, 1960 held the following U.S. Government securities:

Investments of the Servicemen's Mortgage Insurance Fund, June 30, 1960

Series	Interest rate (percent)[1]	Purchase price	Par value	Book value (amortized)
1960		$355,664	$360,000	$356,805
1961	2	550,000	550,000	550,000
1961	2½	110,802	116,000	112,149
1961	3⅝	99,875	100,000	99,955
1962	2	925,000	925,000	925,000
1962	4	1,575,000	1,575,000	1,575,000
1963	2⅝	250,762	270,000	255,316
1963	4⅞	240,000	240,000	240,000
1964	3	524,062	540,000	524,745
1964	3¾	664,000	664,000	664,000
1964	4¾	531,000	528,000	530,554
1964–1969	2½	85,813	100,000	87,166
1965	2⅝	2,025,075	2,195,000	2,057,997
		7,937,053	8,163,000	7,978,687

[1] Average annual yield 3.60 percent.

Properties Acquired Under the Terms of Insurance

During calendar year 1960, 294 properties were acquired by the Servicemen's Mortgage Insurance Fund and 72 were sold. Through December 31, 1960, a total of 362 properties had been acquired of which 101 were sold, leaving 261 properties on hand.

STATEMENT 30.—*Statement of profit and loss on sale of acquired properties, Servicemen's Mortgage Insurance Fund, through Dec. 31, 1960*

Item	Sec. 222 (101 properties)
Proceeds of sales:	
Sales price [1]	$1,161,121
Less commission and other selling expenses	59,177
Net proceeds of sales	1,101,944
Income:	
Rental and other income (net)	4,236
Mortgage note income	2,828
Total income	7,064
Total proceeds of sold properties	1,109,008
Expenses:	
Debentures and cash adjustments	1,156,611
Interest on debentures	30,820
Taxes and insurance	18,857
Additions and improvements	120
Maintenance and operating	43,722
Service charge	180
Total expenses	1,250,310
Net profit (or loss −) before distribution of liquidation profits	−141,302
Distribution of liquidation profits:	
Certificates of claim	1,009
Increment on certificates of claim	4
Refund to mortgagors	939
Loss (−) to Servicemen's Mortgage Insurance Fund	−143,254

[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	8		$79,250		$79,250
Properties sold for cash and notes (or contracts for deed)	93	93	55,621	$1,026,250	1,081,871
Total	101	93	134,871	1,026,250	1,161,121

On December 31, 1960, the cost of the 261 properties which remained on hand under the Servicemen's Mortgage Insurance Fund was as follows:

Servicemen's Mortgage Insurance Fund, statement of properties on hand at Dec. 31, 1960

	Sec. 222 (261 properties)
Expenses:	
Acquisition costs	$2,829,366
Interest on debentures	82,485
Taxes and insurance	29,084
Maintenance and operating	23,526
Additions and improvements	25
Total expenses	2,964,486
Income: Rent and other (net)	842
Net acquired security on hand	2,963,644

Statement 31 shows the turnover of Section 222 acquired properties since the acquisition of the first such property in 1957.

STATEMENT 31.—*Turnover of properties acquired under Sec. 222 of Title II, contracts of insurance by years and cumulative through Dec. 31, 1960*

Properties acquired		Properties sold, by calendar years				Properties on hand Dec. 31, 1960
Year	Number	1957	1958	1959	1960	
1957	4	3	1	-------	-------	-------
1958	17	-------	7	7	1	2
1959	47	-------	-------	11	17	19
1960	294	-------	-------	-------	54	240
Total	362	3	8	18	72	261

NOTE.—On the 101 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 5.67 months.

Section 222 of the Act contains provisions identical to Section 204(f) under the Mutual Mortgage Insurance Fund with respect to the issuance of certificates of claim on properties acquired. Certificates of claim issued in connection with the 101 Section 222 properties which had been acquired and sold through 1960 totaled $44,510, of which $1,009 is to be paid and $43,501 has been or is to be canceled. One mortgagor will also receive a refund of $939 as a result of excess proceeds of sale.

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 (one- to four-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 million by the Federal Government. It has been credited with all income received in connection with insurance granted under Title VI, and has been charged with all expenses and losses relating to such insurance.

This is not a mutual fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

Capital

Assets of the War Housing Insurance Fund as of June 30, 1960 totaled $241,127,605, against which there were outstanding liabilities of $60,027,425. The fund had an insurance reserve of $181,100,180, consisting entirely of earnings.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the amount of capital contributed by the U.S. Government to establish this fund in the amount of $5 million 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 32.—*Comparative statement of financial condition, War Housing Insurance Fund, as of June 30, 1959 and June 30, 1960*

	June 30, 1959	June 30, 1960	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$6,953,593	$10,847,540	$3,893,947
Investments:			
U.S. Government securities (amortized)	29,316,416	34,149,943	4,833,527
Other securities (stock in rental housing corporations)	364,960	356,360	−8,600
Total investments	29,681,376	34,506,303	4,824,927
Loans receivable:			
Mortgage notes and contracts for deed	82,934,509	91,806,058	8,871,549
Less allowance for losses	3,358,301	3,709,328	351,027
Net loans receivable	79,576,208	88,096,730	8,520,522
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	345,960	286,525	−59,435
Accounts receivable—Other	101,163	157,582	56,419
Accounts receivable—Interfund	23,502	25,626	2,124
Total accounts and notes receivable	470,625	469,733	−892
Accrued assets:			
Interest on U.S. Government securities	46,484	46,484	-------
Other	743,976	998,765	254,789
Total accrued assets	790,460	1,045,249	254,789

STATEMENT 32.—*Comparative statement of financial condition, War Housing Insurance Fund, as of June 30, 1959 and June 30, 1960*—Continued

	June 30, 1959	June 30, 1960	Increases or decrease (−)
ASSETS—Continued			
Acquired security:			
Real estate (at cost plus expenses to date)	$55,101,358	$56,981,491	$1,880,133
Less allowance for losses	22,657,433	22,626,342	−31,091
Net real estate	32,443,925	34,355,149	1,911,224
Mortgage notes acquired under terms of insurance	98,152,589	106,973,381	8,820,792
Less allowance for losses	35,810,695	38,980,452	3,169,757
Net mortgage notes acquired under terms of insurance	62,341,894	67,992,929	5,651,035
Net acquired security	94,785,819	102,348,078	7,562,259
Other assets—held for account of mortgagors	3,012,225	3,813,972	801,747
Total assets	215,270,306	241,127,605	25,857,299
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	78,720	102,784	24,064
Accrued liabilities: Interest on debentures	447,932	630,888	182,956
Trust and deposit liabilities:			
Excess proceeds of sale	707,716	797,756	90,040
Deposits held for mortgagors, lessees, and purchasers	6,618,537	8,289,587	1,671,050
Total trust and deposit liabilities	7,326,253	9,087,343	1,761,090
Deferred and undistributed credits:			
Unearned insurance premiums	8,430,968	7,758,455	−672,513
Other	746,754	1,002,898	256,144
Total deferred and undistributed credits	9,177,722	8,761,353	−416,369
Bonds, debentures and notes payable: Debentures payable	31,698,750	40,206,000	8,507,250
Other liabilities: Reserve for foreclosure costs—Mortgage notes acquired under terms of insurance	1,074,404	1,179,057	104,653
Total liabilities	49,803,781	60,027,425	10,223,644
RESERVE			
Insurance reserve—available for future losses and expenses	165,466,525	181,100,180	15,633,655
Total liabilities and reserve	215,270,306	241,127,605	25,857,299
Certificates of claim relating to properties on hand	3,358,631	3,645,096	286,465

Income and Expenses

During the fiscal year 1960 the fund earned $23,912,580 and had expenses and losses of $4,821,352, leaving $19,091,228 net income before adjustment of valuation allowances. After the valuation allowances had been increased by $3,489,693, the net income for the year amounted to $15,601,535, which was credited to the insurance reserve fund.

Cumulative income of the War Housing Insurance Fund from its establishment March 28, 1941 to June 30, 1960 amounted to $400,020,008, and cumulative expenses were $135,293,706, leaving $264,726,302 net income before adjustment of valuation allowances. Valuation allowances of $65,316,122 were established, leaving cumulative net income of $199,410,180.

STATEMENT 33.—*Income and expenses, War Housing Insurance Fund through June 30, 1959 and June 30, 1960*

	Mar. 28, 1941 to June 30, 1959	July 1, 1959 to June 30, 1960	Mar. 28, 1941 to June 30, 1960
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$13,754,271	$1,132,102	$14,886,373
Interest—Other	28,412,366	5,539,083	33,951,449
Dividends on rental housing stock	19,546	2,269	21,815
	42,186,183	6,673,454	48,859,637
Insurance premiums and fees:			
Premiums	288,627,336	16,949,636	305,576,972
Fees	45,156,036	-------	45,156,036
	333,783,372	16,949,636	350,733,008
Other income:			
Profit (or loss −) on sale of investments	−529,903	-------	−529,903
Miscellaneous income	667,776	289,490	957,266
	137,873	289,490	427,363
Total income	376,107,428	23,912,580	400,020,008
Expenses:			
Interest expenses:			
Interest on funds advanced by U.S. Treasury	1,390,010	-------	1,390,010
Administrative expenses:			
Operating costs (including adjustments for prior years)	78,844,551	1,468,273	80,280,848
Other expenses:			
Depreciation on furniture and equipment	409,993	9,242	419,077
Miscellaneous expenses	11,300	-------	11,300
	421,293	9,242	430,377
Losses and charge-offs:			
Loss on acquired security	49,870,019	3,343,898	53,213,917
Loss (or profit −) on equipment	−21,399	−61	−21,446
	49,848,620	3,343,837	53,192,471
Total expenses	130,504,474	4,821,352	135,293,706
Net income before adjustment of valuation allowances	245,602,954	19,091,228	264,726,302
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−3,358,301	−351,027	−3,709,328
Allowance for loss on real estate	−22,657,433	+31,091	−22,626,342
Allowance for loss on mortgage notes acquired under terms of insurance	−35,810,695	−3,169,757	−38,980,452
Net adjustment of valuation allowances	−61,826,429	−3,489,693	−65,316,122
Net income	183,776,525	15,601,535	199,410,180
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income:			
Insurance reserve:			
Balance at the beginning of period	-------	165,466,525	-------
Adjustments during the period	-------	+32,120	-------
Net income for the period	183,776,525	15,601,535	199,410,180
	183,776,525	181,100,180	199,410,180
Capital contributions to other FHA insurance funds	−18,310,000	-------	−18,310,000
Balance at end of period	165,466,525	181,100,180	181,100,180

Investments

Section 605(a) of Title VI contains a provision similar to that under Title II with respect to investment of moneys not needed for current operations by the purchase of U.S. Government securities or the retirement of debentures.

During the fiscal year 1960, $178,400 of debentures were exchanged for mortgage notes, $7,439,350 of debentures were redeemed in payment of mortgage insurance premiums, and $17,238,550 were redeemed by debenture calls.

During the fiscal year 1960, net investments of $4,895,000, face amount, increased the U.S. Government securities held by the fund as of June 30, 1960 to $34,117,500, principal amount, as follows:

Investments of the War Housing Insurance Fund, June 30, 1960

Series	Interest rate (percent)[1]	Purchase price	Par value	Book value (amortized)
1959-62	2¼	$12,863	$13,500	$13,253
1960		7,417,159	7,520,000	7,452,055
1963	2	5,972,000	5,972,000	5,972,000
1964-69	2½	9,992	11,000	10,205
1966-71	2½	4,030,000	4,000,000	4,000,000
1967-72	2½	16,868,736	16,601,000	16,702,429
		34,280,750	34,117,500	34,149,942

[1] Average annual yield 2.54 percent.

Properties Acquired Under the Terms of Insurance

The Federal Housing Administration acquired title in 1960 under the terms of insurance to 64 properties (90 units) insured under Section 603 and sold 114 (132 units). Through December 31, 1960, a total of 11,733 Section 603 properties (16,040 units) had been acquired at a cost of $79,444,636, and 11,399 properties (15,495 units) had been sold at prices which left a net charge against the fund of $11,725,477, or an average of $1,029 per case. There remained on hand for future disposition 334 properties having 545 living units.

During 1960, 83 additional rental housing properties or assigned mortgage notes (6,044 units) insured under Section 608 were acquired by the FHA Commissioner under the terms of insurance and 17 (2,366 units) were sold or liquidated. Through December 31, 1960, a total of 483 projects (31,350 units) and 235 mortgage notes (18,284 units) had been acquired by the Commissioner. Three hundred and forty-three project properties (21,201 units) had been sold, and 6 mortgage notes (162 units) had been liquidated, leaving 140 project properties (10,149 units) and 229 mortgage notes (18,122 units) still held by the FHA.

There was no additional activity under Sections 609 or 611. The 2 Section 609 manufacturers' notes and 65 discounted purchasers' notes previously assigned were settled with a resultant loss to the fund of $788,002. The 1 Section 611 home property acquired in 1959 was sold in 1959 at a price which left no charge against the fund. The average time held by FHA was 3.93 months.

STATEMENT 34.—*Statement of profit and loss on sale of acquired properties and assigned notes liquidated, War Housing Insurance Fund, through Dec. 31, 1960*

	Section 603, 11,399 properties, 15,495 units	Section 608, 349 projects and notes, 21,363 units [2]	Section 609, 67 notes, 370 units	Section 611, 1 property, 1 unit	Total WHI Fund 11,816 properties and notes, 37,229 units
Proceeds of sales:					
Sales price [1]	$64,483,602	[2] $98,699,612	$324,988	$8,250	$163,516,452
Less commissions and other selling expenses	2,593,444	374,658		495	2,968,597
Net proceeds of sales	61,890,158	98,324,954	324,988	7,755	160,547,855
Income:					
Rental and other income (net)	6,704,709	36,929,252			43,633,961
Mortgage note income	10,799,982	12,655,308	28,260	366	23,483,916
Recovery prior to acquisition of defaulted notes	1,367,256	384,924			1,752,180
Miscellaneous		1,432			1,432
Total income	18,871,947	49,970,916	28,260	366	68,871,489
Total proceeds of sold properties	80,762,105	148,295,870	353,248	8,121	229,419,344
Expenses:					
Debentures and cash adjustments	67,976,751	139,135,610	1,119,121	5,908	208,237,390
Asset value acquired after default of purchase money mortgages	−88,739	−1,892,606			−1,981,345
Other assets acquired		−4,339	−311		−4,650
Purchase of land held under lease	79,016	258,894			337,910
Estimated net investment on partial sale of projects		1,198,300			1,198,300
Interest on debentures	10,924,682	25,236,455	22,396	281	36,183,814
Taxes and insurance	2,489,575	7,040,241		145	9,529,961
Additions and improvements	663,178	1,306,564			1,969,742
Maintenance and operating	6,969,733	16,185,677		747	23,156,157
Service charge	192,620	198,181		36	390,837
Miscellaneous	12,006	556,118	44		568,168
Total expenses	89,218,822	189,219,095	1,141,250	7,117	279,586,284

See footnotes at end of table.

STATEMENT 34.—*Statement of profit and loss on sale of acquired properties and assigned notes liquidated, War Housing Insurance Fund, through Dec. 31, 1960*—Continued

	Section 603, 11,399 properties, 15,495 units	Section 608, 349 projects and notes, 21,363 units [2]	Section 609, 67 notes, 370 units	Section 611, 1 property, 1 unit	Total WHI Fund 11,816 properties and notes, 37,229 units
Net profit (or loss −) before distribution of liquidation profits	−$8,456,717	−$40,923,225	−$788,002	$1,004	−$50,166,940
Less distribution of liquidation profits:					
Certificates of claim	1,092,161	358,585		461	1,451,207
Increment on certificates of claim	146,268	85,565		18	231,851
Refunds to mortgagors	2,030,331			525	2,030,856
Loss (−) to War Housing Insurance Fund	−11,725,477	−41,367,375	−788,002		−53,880,854

[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	3,074		$25,720,254		$25,720,254
Properties sold for cash and notes (or contracts for deed)	8,742	8,130	12,456,453	$125,339,745	137,796,198
Total	11,816	8,130	38,176,707	125,339,745	163,516,452

[2] Includes $1,198,300 for 191 units of 7 partially sold projects.

STATEMENT 35.—*Statement of properties and assigned mortgage notes on hand, War Housing Insurance Fund, as of Dec. 31, 1960*

	Section 603, 334 properties [1] 545 units	Section 608		Total 474 properties, 229 mortgage notes, 28,816 units
		140 projects,[2] 10,149 units [3]	229 mortgage notes, 18,122 units	
Expenses:				
Acquisition costs	$2,750,566	$59,459,560	[4] $122,181,099	$184,391,225
Interest on debentures	431,145	5,738,488	12,560,152	18,729,785
Taxes and insurance	241,564	2,390,902		2,632,466
Additions and improvements	68,259	106,918		175,177
Maintenance and operating	564,491	4,992,568		5,557,059
Service charge			272,822	272,822
Miscellaneous	871	172,768	45,813	219,452
Total expenses	4,056,896	72,861,204	135,059,886	211,977,986
Income and recoveries:				
Rent and other (net)	821,340	7,777,143	17,642,353	26,240,836
Collections on mortgage notes			7,672,000	7,672,000
Total income	821,340	7,777,143	25,314,353	33,912,836
Proceeds from partial sales of projects: Estimated net investment (sales price)		−1,198,300		−1,198,300
Net acquired security on hand	3,235,556	63,885,761	109,745,533	176,866,850

[1] Includes 13 properties (15 units) repossessed and carried at the asset value at time of repossession.
[2] Includes 8 large scale projects (394 units) repossessed and carried at the asset value at the time of repossession.
[3] Excludes 191 units in seven partially sold projects with estimated net investment of $1,198,300.

	Sec. 608
[4] Outstanding balance of notes receivable at date of acquisition	$122,181,099
Less:	
Collection to principal	7,672,000
Unpaid principal balance	114,509,099

The turnover of Section 603 and 608 acquired security, by calendar year, is given below:

STATEMENT 36.—*Turnover of properties acquired under Sec. 603 of Title VI contracts of insurance by years, and cumulative through Dec. 31, 1960*

Properties acquired		Properties sold, by calendar years																		Properties on hand Dec. 31, 1960
Year	Number	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	
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	75	28	9	18	8	12	5	7	4	2	3
1950	1,635								421	460	246	103	80	144	111	16	10	20	10	8
1951	735									411	193	63	27	36	15					
1952	609										209	122	65	73	38	10	2	15	6	60
1953	412											56	58	125	34	43	6	3	5	82
1954	427												42	43	338	4				
1955	717													407	31	181	11	16	1	70
1956	101														50	45	3	3		
1957	180															33	66	21	53	7
1958	76																14	20	5	37
1959	38																	12	13	13
1960	64																		19	45
Total	11,733	29	256	982	2,798	1,010	732	384	763	964	691	345	290	836	629	337	125	114	114	334

NOTE.—On the 11,399 properties sold the average time between acquisition and sale by the Federal Housing Administration was 25.23 months. The number of properties sold has been reduced by 549 properties repossessed because of default on mortgage notes of which 536 had been resold by Dec. 31, 1960.

STATEMENT 37.—*Turnover of properties acquired and mortgage notes assigned under Section 608 of Title VI contracts of insurance by years and cumulative through December 31, 1960*

Properties and notes acquired		Properties and notes sold, by calendar years											Properties and notes on hand Dec. 31, 1960
Year	Number	1943-50	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	
1943-48	3	2				1							
1949	16				11	1	1		2				1
1950	66		7	2	4	6	9	1	10		2	−2	27
1951	82		1		2	21	9	3	24	3	1	1	17
1952	37					10	7	5	4	3	5	−1	4
1953	63					4	6	8	15	4	3	6	17
1954	70					1	4	19	9	3	7	2	25
1955	76						2	19	12	9	6		28
1956	53							2	7	11	8	2	23
1957	49								1	1	11	4	32
1958	57									1	2	1	53
1959	63											3	60
1960	83											1	82
Total	718	2	8	2	17	44	38	57	84	35	45	17	369

NOTE.—The number of properties and notes sold has been reduced by 15 properties repossessed because of default on mortgage notes, 7 of which had been resold by Dec. 31, 1960. On the 349 properties sold, the average time between acquisition and sale was 33.27 months.

Certificates of Claim and Refunds to Mortgagors

Section 604(f) of the Act provides that, if the net amount realized from any property conveyed to the Commissioner under Section 603, after deducting all expenses incurred in handling, dealing with, and disposing of such property, exceeds the face value of the debentures issued and the cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be applied to the certificate of claim issued to the mortgagee and any excess remaining after paying the certificate of claim and increment thereon shall be refunded to the mortgagor.

Certificates of claim in the total amount of $2,503,686 had been issued through 1960 in connection with the Section 603 properties which had been acquired and subsequently sold. The proceeds of sale were sufficient to provide for payment in full or in part on these certificates in the amount of $1,092,161, or approximately 44 percent. Certificates of claim canceled or to be canceled amounted to $1,411,525 or approximately 56 percent. In addition, the proceeds of sale were sufficient to pay refunds of $2,005,785 to 5,070 mortgagors, and $24,546 of refunds were held in trust for 60 payees whose whereabouts were unknown. The average refund per case amounted to $396.

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 payment of the certificate of claim shall be credited to the War Housing Insurance Fund.

Certificates of claim totaling $3,070,541 had been issued in connection with the Section 608 acquisitions which had been disposed of by December 31, 1960. The proceeds of sale were sufficient to provide $358,585 for payment in full or in part on these certificates. Certificates of claim canceled or to be canceled amounted to $2,711,956.

A certificate of claim in the amount of $461 had been issued on the one Section 611 home property sold. The proceeds of sale were sufficient to provide for payment in full on this certificate and to provide for payment of a refund of $525 to the mortgagor.

TITLE VII: HOUSING INVESTMENT INSURANCE FUND

The Housing Investment Insurance Fund was created by Section 710 of the National Housing Act as amended August 10, 1948 (Housing Act of 1948, Public Law 901, 80th Congress), 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 million, which amount is authorized to be appropriated out of any money in the Treasury not otherwise appropriated.

One million dollars had been allocated to the fund by the Secretary of the Treasury pursuant to the request of the Federal Housing Commissioner and the remaining $9 million had been rescinded and covered into the Treasury in accordance with the Second Supplemental Appropriation Act, 1956 (Public Law 533, 84th Cong.) approved May 19, 1956. Up to December 31, 1960, no applications for insurance under Title VII had been submitted.

Capital and Net Income

Assets of the Housing Investment Insurance Fund at June 30, 1960 totaled $916,526. Transfers from the War Housing Insurance Fund under Section 219 amounted to $910,000, and the cumulative operating income was $6,526. The $1 million 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, 83d Congress. This amount, including interest thereon in the amount of $107,914, was repaid on July 31, 1953.

STATEMENT 38.—*Comparative statement of financial condition, Housing Investment Insurance Fund, as of June 30, 1959 and June 30, 1960*

	June 30, 1959	June 30, 1960	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$12,333	$7,340	−$4,993
Investments: U.S. Government securities (amortized)	897,188	907,605	10,417
Accounts and notes receivable: Accounts receivable—Interfund	125	123	−2
Accrued assets: Interest on U.S. Government securities	1,458	1,458	
Total assets	911,104	916,526	5,422
RESERVE			
Insurance reserve—available for future losses and expenses	911,104	916,526	5,422

The total income for fiscal year 1960 was $22,669, consisting entirely of income on U.S. Government securities, and expenses amounted to $16,549, resulting in a net income for the year of $6,120. The cumulative income of the Housing Investment Insurance Fund from August 10, 1948 to June 30, 1960, amounted to $195,994, while cumulative expenses amounted to $189,468, resulting in a net income to the fund of $6,526.

STATEMENT 39.—*Income and expenses, Housing Investment Insurance Fund through June 30, 1959 and June 30, 1960*

	Aug. 10, 1948 to June 30, 1959	July 1, 1959 to June 30, 1960	Aug. 10, 1948 to June 30, 1960
Income:			
Interest and dividends: Interest on U.S. Government securities	$173,053	$22,669	$195,722
Other income: Profit on sale of investments	272		272
Total income	173,325	22,669	195,994
Expenses:			
Interest expenses: Interest on funds advanced by U.S. Treasury	107,914		107,914
Administrative expenses: Operating costs (including adjustments for prior years)	64,030	16,466	81,191
Other expenses: Depreciation on furniture and equipment	280	84	367
Losses and charge-offs: Loss (or profit −) on equipment	−3	−1	−4
Total expenses	172,221	16,549	189,468
Net income (or loss −)	1,104	6,120	6,526
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		911,104	
Adjustments during the period		−698	
Net income (or loss −) for the period	1,104	6,120	6,526
	1,104	916,526	6,526
Capital contributions from other FHA insurance funds	910,000		910,000
Balance at end of period	911,104	916,526	916,526

Investments

Section 710 of the Act provides that moneys in the Housing Investment Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under this fund, provided that such purchases are made at a price which will produce an investment yield not less than the yield obtainable from other authorized investments. During the fiscal year 1960, net purchases of U.S. Government securities made for the account of this fund amounted to $10,000, principal amount. At June 30, 1960, the fund held $907,000, principal amount, of U.S. Government securities as follows:

Investments of the Housing Investment Insurance Fund, June 30, 1960

Series	Interest rate (percent)[1]	Purchase price	Par value	Book value (amortized)
1960		$36,148	$37,000	$36,718
1962	2	70,000	70,000	70,000
1965-70	2½	97,375	100,000	98,469
1967-72	2½	704,922	700,000	702,418
Total		908,445	907,000	907,605

[1] Average annual yield 2.49 percent.

TITLE VIII: ARMED SERVICES HOUSING MORTGAGE INSURANCE FUND

An amendment to the National Housing Act approved August 8, 1949 (Public Law 211, 81st Congress) 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. Public Law 345, 84th Congress, approved August 11, 1955, changed the title of the fund from Military Housing Insurance Fund to Armed Services Housing Mortgage Insurance Fund. For the purposes of this fund, the Act authorized to be appropriated the sum of $10 million, of which $5 million was made available by the Supplemental Appropriation Act, 1950 (Public Law 358, 81st Congress). Section 803 provides for the insurance of military housing "project" mortgages for personnel in the armed services. Section 809, added by Public Law 574, 84th Congress, provides for the insurance of "home" mortgages for civilian employees at research or development installations of the military departments of the United States or contractors thereof.

The law further provides that upon determination by the FHA Commissioner that such insurance is not an acceptable risk, the Commissioner may require the Secretary of Defense to guarantee the fund against losses resulting from insurance under this section. Section 810, added by Public Law 86-372, 86th Congress, approved September 23, 1959, provides for the insurance of mortgages on multifamily rental housing projects or housing projects consisting of individual single-family dwellings for sale, which project properties are constructed to aid in providing adequate housing for military personnel and essential civilian personnel serving or employed in connection with an installation of one of the armed services of the United States.

This is not a mutual fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

Mortgage Insurance Authorization

Section 803(a) of the Act as amended by Public Law 345, 84th Congress, created a separate mortgage insurance authorization with regard to all new insurance written under Title VIII pursuant to commitments issued on or after August 11, 1955, including both the new Armed Services Housing program and the extended Military Housing program. This insurance authorization provides that the aggregate amount of principal obligations of all mortgages insured under this program shall not exceed $2,300 million and that the limitation in Section 217 shall not apply to this program. The status of the Title VIII Insurance Authorization at December 31, 1960 is as follows:

Status of Armed Services Housing Mortgage Insurance Authorization, as of Dec. 31, 1960

	Sec. 803	Sec. 809	
Insurance authorization			[1] $2,300,000,000
Charges against insurance authorization:			
Mortgages insured	$1,599,518,726	$68,359,750	
Commitments for insurance	[2] 110,530,349	7,129,568	
Total charges against authorization	1,710,049,075	75,489,318	1,785,538,393
Unused insurance authorization			514,461,607

[1] Increased from $1,363,500,000 in accordance with Sec. 503 of Public Law 1020, 84th Congress, approved Aug. 7, 1956.
[2] Includes Sec. 803 statements of eligibility in the amount of $69,783,019.

Capital and Net Income

As of June 30, 1960, the assets of the Armed Services Housing Mortgage Insurance Fund totaled $40,948,953, against which there were outstanding liabilities of $23,956,306, leaving $16,992,647 insurance reserve. The insurance reserve consists entirely of earnings.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the amount of capital contributed by the U.S. Government to establish this fund in the amount of $5 million was established as a liability of the fund as of June 30, 1953. This amount was repaid during fiscal year 1954 together with interest thereon in the amount of $441,092, the final payment being made on November 30, 1953.

STATEMENT 40.—*Comparative statement of financial condition, Armed Services Housing Mortgage Insurance Fund as of June 30, 1959 and June 30, 1960*

	June 30, 1959	June 30, 1960	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$2,018,788	$1,718,782	−$300,006
Investments:			
U.S. Government securities (amortized)	11,737,486	13,424,235	1,686,749
Other securities (stock in rental housing corporations)	9,500	7,300	−2,200
Total investments	11,746,986	13,431,535	1,684,549
Loans receivable:			
Mortgage notes and contracts for deed	284,657	1,062,314	777,657
Less allowance for losses	14,233	44,819	30,586
Net loans receivable	270,424	1,017,495	747,071
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	281,657	171,842	−109,815
Accounts receivable—Other		1,011	1,011
Accounts receivable—Interfund	15,263	16,242	979
Total accounts and notes receivable	296,920	189,095	−107,825
Accrued assets:			
Insurance premiums	78,344	117,565	39,221
Interest on U.S. Government securities	19,740	19,740	
Other	164,782	237,040	72,258
Total accrued assets	262,866	374,345	111,479
Acquired security:			
Real estate (at cost plus expenses to date)	12,352,221	11,575,362	−776,859
Less allowance for losses	5,111,714	4,683,064	−428,650
Net real estate	7,240,507	6,892,298	−348,209
Mortgage notes acquired under terms of insurance	12,627,801	26,321,252	13,693,451
Less allowance for losses	4,450,492	9,310,739	4,860,247
Net mortgage notes acquired under terms of insurance	8,177,309	17,010,513	8,833,204
Net acquired security	15,417,816	23,902,811	8,484,995
Other assets—held for account of mortgagors		314,890	314,890
Total assets	30,013,800	40,948,953	10,935,153
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	11,008	5,963	−5,045
Accrued liabilities:			
Interest on debentures	152,262	255,902	103,640
Trust and deposit liabilities:			
Fee deposits held for future disposition	21,150	23,475	2,325
Excess proceeds of sale			
Deposits held for mortgagors, lessees and purchasers	270,334	873,737	603,403
Total trust and deposit liabilities	291,484	897,212	605,728
Deferred and undistributed credits:			
Unearned insurance premiums	2,354,246	2,903,118	548,872
Unearned insurance fees	73,408	8,781	−64,627
Other	164,782	237,040	72,258
Total deferred and undistributed credits	2,592,436	3,148,939	556,503
Bonds, debentures and notes payable:			
Debentures payable	10,465,650	19,379,600	8,913,950

STATEMENT 40.—*Comparative statement of financial condition, Armed Services Housing Mortgage Insurance Fund as of June 30, 1959 and June 30, 1960*—Continued

	June 30, 1959	June 30, 1960	Increase or decrease (−)
LIABILITIES—continued			
Other liabilities:			
Reserve for foreclosure costs—mortgage notes acquired under terms of insurance	$129,097	$268,690	$139,593
Total liabilities	13,641,937	23,956,306	10,314,369
RESERVE			
Insurance reserve—available for future losses and expenses	16,371,863	16,992,647	620,784
Total liabilities and reserve	30,013,800	40,948,953	10,935,153
Certificates of claim relating to properties on hand	511,938	786,621	274,683

Total income of the Armed Services Housing Mortgage Insurance Fund during the fiscal year 1960 amounted to $6,221,420, and expenses and losses amounted to $1,172,456 leaving a net income of $5,048,964 before adjustment of valuation allowances. After valuation allowances were increased by $4,462,183, a net income of $586,781 resulted for the year. The cumulative income of the fund from August 8, 1949 to June 30, 1960 amounted to $43,294,743, and cumulative expenses totaled $12,263,474, resulting in a cumulative net income of $31,031,269 before adjustment of valuation allowances. Valuation allowances of $14,038,622 were established, leaving cumulative net income of $16,992,647.

STATEMENT 41.—*Income and expenses, Armed Services Housing Mortgage Insurance Fund, through June 30, 1959 and June 30, 1960*

	Aug. 8, 1949 to June 30, 1959	July 1, 1959 to June 30, 1960	Aug. 8, 1949 to June 30, 1960
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$2,482,648	$365,260	$2,847,908
Dividends on rental housing stock	1,753	105	1,858
Interest—Other	674,336	432,126	1,106,462
	3,158,737	797,491	3,956,228
Insurance premiums and fees:			
Premiums	23,616,167	4,916,701	28,532,868
Fees	10,294,643	507,172	10,801,815
	33,910,810	5,423,873	39,334,683
Other income:			
Profit on sale of investments	3,776		3,776
Miscellaneous income		56	56
	3,776	56	3,832
Total income	37,073,323	6,221,420	43,294,743
Expenses:			
Interest expenses: Interest on funds advanced by U.S. Treasury	441,092		441,092
Administrative expenses:			
Operating costs (including adjustments for prior years)	8,186,774	761,352	8,914,275
Other expenses: Depreciation on furniture and equipment	38,194	4,067	42,094

STATEMENT 41.—*Income and expenses, Armed Services Housing Mortgage Insurance Fund, through June 30, 1959 and June 30, 1960*—Continued

	Aug. 8, 1949 to June 30, 1960	July 1, 1959 to June 30, 1960	Aug. 8, 1949 to June 30, 1960
Losses and charge-offs:			
Loss on acquired security	$2,460,617	$407,064	$2,867,681
Loss (or profit −) on equipment	−1,656	−27	−1,668
	2,458,961	407,037	2,866,013
Total expenses	11,125,021	1,172,456	12,263,474
Net income before adjustment of valuation allowances	25,948,302	5,048,964	31,031,269
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−14,233	−30,586	−44,819
Allowance for loss on real estate	−5,111,714	+428,650	−4,683,064
Allowance for loss on mortgage notes acquired under terms of insurance	−4,450,492	−4,860,247	−9,310,739
Net adjustment of valuation allowances	−9,576,439	−4,462,183	−14,038,622
Net income (or loss −)	16,371,863	586,781	16,992,647
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		16,371,863	
Adjustments during the period		34,003	
Net income (or loss −) for the period	16,371,863	586,781	16,992,647
Balance at end of period	16,371,863	16,992,647	16,992,647

Investments

Section 804(a) of the Act provides that moneys not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States, or, with the approval of the Secretary of the Treasury, used to purchase debentures issued under this title. In the fiscal year 1960, $3,943,900 of debentures were redeemed in payment of mortgage insurance premiums and $906,000 by calls.

During the fiscal year 1960, net investments of $1,705,000 increased the U.S. Government securities held by the fund as of June 30, 1960 to $13,454,000, principal amount. These transactions resulted in an increase in the average annual yield from 2.54 percent to 2.64 percent.

Investments of the Armed Services Housing Mortgage Insurance Fund, June 30, 1960

Series	Interest rate (percent)[1]	Purchase price	Par value	Book value (amortized)
1960		$2,543,529	$2,580,000	$2,556,558
1963	2½	324,000	324,000	324,000
1964–69	2½	1,511,820	1,550,000	1,528,216
1965–70	2½	288,391	300,000	292,891
1966–71	2½	1,063,141	1,100,000	1,076,746
1967–72	2½	7,701,281	7,600,000	7,645,824
		13,432,162	13,454,000	13,424,235

[1] Average annual yield 2.64 percent.

Properties Acquired Under the Terms of Insurance, Section 803

During the calendar year 1960, 12 additional properties or assigned notes (1,362 units) insured under Section 803 were acquired by the Commissioner under the terms of insurance and 3 properties (428 units) were sold. Through December 31, 1960, a total of 14 properties (1,960 units) and 27 mortgage notes (5,056 units) had been acquired by the Commissioner, and 6 properties (833 units) had been sold.

Certificates of claim issued in connection with the six Section 803 properties sold as of December 31, 1960 amounted to $122,486, all of which has been or is to be canceled.

STATEMENT 42.—*Statement of profit and loss on sale of acquired properties, Armed Services Housing Mortgage Insurance Fund, through Dec. 31, 1960*

	Sec. 803, 6 properties, (833 units)[2]	Sec. 809, 1 property, 1 unit	Total ASHMI fund, 7 properties
Proceeds of sales:			
Sales price [1]	[2] $3,640,760	$11,000	$3,651,760
Less commissions and other selling expenses	17,948	550	18,498
Net proceeds of sales	3,622,812	10,450	3,633,262
Income:			
Rental and other income (net)	606,783	18	606,801
Mortgage note income	54,300		54,300
Total income	661,083	18	661,101
Total proceeds of sold properties	4,283,895	10,468	4,294,363
Expenses:			
Debentures and cash adjustments	4,328,826	11,016	4,339,842
Purchase of land held under lease	5,600		5,600
Estimated net investment on partial sales of properties	1,962,850		1,962,850
Interest on debentures	472,651	353	473,004
Taxes and insurance	72,284	53	72,337
Additions and improvements	6,460		6,460
Maintenance and operating	305,388	57	305,445
Service charge	2,154		2,154
Miscellaneous	10,917		10,917
Total expenses	7,167,130	11,479	7,178,609
Net profit (or loss −)	−2,883,235	−1,011	−2,884,246
Less amount recoverable from Military on guaranteed cases		1,011	1,011
Loss (−) to Armed Services Housing Mortgage Insurance Fund	−2,883,235		−2,883,235

[1] Analysis of terms of sales.

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Total
Properties sold for all cash	2		$512,109		$512,109
Properties sold for cash and notes	5	296	213,051	$2,926,600	3,139,651
Total	7	296	725,160	2,926,600	3,651,760

[2] Includes $1,962,850 for 277 units of 1 partially sold project.

The turnover of Section 803 acquired security by calendar year, is shown in Statement 43.

STATEMENT 43.—*Turnover of properties acquired and mortgage notes assigned under Sec. 803 of Title VIII contracts of insurance by years and cumulative through Dec. 31, 1960*

Properties and notes acquired		Properties sold by calendar years				Properties and notes on hand Dec. 31, 1960
Year	Number	1957	1958	1959	1960	
1954	1				1	
1955	4				1	3
1956	2					2
1957	11	1	1	1	1	7
1958	4					4
1959	7					7
1960	12					12
Total	41	1	1	1	3	35

NOTE.—On the 6 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 37 months.

On December 31, 1960, there remained on hand, under Section 803, 8 project properties (1,127 units) and 27 assigned mortgage notes (5,056 units) as shown in Statement 44.

Properties Acquired Under the Terms of Insurance, Section 809

During calendar year 1960, 15 additional Section 809 home properties were acquired and 1 property was sold. Through December 31, 1960, a total of 16 home properties had been acquired and 1 had been sold. The sale resulted in a net loss of $1,011; however, the loss is recoverable from the Department of Defense, as shown in Statement 42, in accordance with Public Law 574, 84th Congress, approved June 13, 1956. On December 31, 1960, there remained 15 Section 809 properties on hand as shown in Statement 44. One certificate of claim totalling $508 was issued on the 1 property sold. This amount is to be canceled.

The turnover of Section 809 acquired security by calendar year is shown in Statement 45.

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 Congress), 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 million. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

Capital and Net Income

As of June 30, 1960, the assets of the National Defense Housing Insurance Fund totaled $65,804,708, against which there were outstanding liabilities of $80,577,418, leaving a deficit of $14,772,710. This represents an operating deficit of $24,772,710 less $10 million transferred from other insurance funds in accordance with Section 219 of the Act.

STATEMENT 44.—*Armed Services Housing Mortgage Insurance Fund, statement of properties and assigned mortgage notes on hand at Dec. 31, 1960*

	Sec. 803		Sec. 809, 15 properties, 15 units	Total 50 properties and notes, 6,198 units
	8 projects, 1,127 units [1]	27 mortgage notes, 5,056 units		
Expenses:				
Acquisition costs	$10,885,225	[2] $48,441,416	$171,705	$59,498,346
Interest on debentures	1,450,681	2,283,586	2,651	3,736,918
Taxes and insurance	289,174		988	290,162
Additions and improvements	5,707			5,707
Maintenance and operating	1,115,042		741	1,115,783
Service charge		64,639		64,639
Miscellaneous	52,886	8,418		61,304
Total expenses	13,798,715	50,798,059	176,085	64,772,859
Income and recoveries:				
Rent and other income (net)	1,379,046	2,277,845	75	3,656,966
Collections on mortgage notes		339,217		339,217
Undisbursed mortgage proceeds		8,176,788		8,176,788
Total income	1,379,046	10,793,850	75	12,172,971
Proceeds from partial sales of projects:				
Estimated net investment (sales price)	−1,962,850			−1,962,850
Net acquired security on hand	10,456,819	40,004,209	176,010	50,637,038

[1] Excludes 277 units in one partially sold project with estimated net investment of $1,962,850.
[2] See the following table:

	803		
	MHI	ASHMI	Total
Asset value at acquisition	$26,126,296	$22,315,120	$48,441,416
Less:			
Collection to principal	339,217		339,217
Undisbursed mortgage proceeds		8,176,788	8,176,788
Outstanding note balance	25,787,079	14,138,332	39,925,411

STATEMENT 45.—*Turnover of properties acquired under Sec. 809 of Title VIII contracts of insurance by years, and cumulative through Dec. 31, 1960*

Properties acquired		Properties sold by calendar years		Properties on hand Dec. 31, 1960
Year	Number	1959	1960	
1959	1		1	
1960	15			15
Total	16		1	15

NOTE.—On the 1 property sold, the time between acquisition and sale by the Federal Housing Administration was 2.75 months.

STATEMENT 46.—*Comparative statement of financial condition, National Defense Housing Insurance Fund, as of June 30, 1959 and June 30, 1960*

	June 30, 1959	June 30, 1960	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$1,945,649	$2,186,947	$241,298
Investments:			
U.S. Government securities (amortized)	2,351,900	1,486,129	−865,771
Other securities (stock in rental housing corporations)	9,200	9,200	
Total investments	2,361,100	1,495,329	−865,771
Loans receivable:			
Mortgage notes and contracts for deed	24,804,558	27,194,974	2,390,416
Less allowance for losses	504,226	607,696	103,470
Net loans receivable	24,300,332	26,587,278	2,286,946
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	43,659	44,405	746
Accounts receivable—Other	403,881	624,981	221,100
Accounts receivable—Interfund	2,940	3,982	1,042
Total accounts and notes receivable	450,480	673,368	222,888
Accrued assets:			
Interest on U.S. Government securities	1,667	1,667	
Other	129,266	344,058	214,792
Total accrued assets	130,933	345,725	214,792
Acquired security:			
Real estate (at cost plus expenses to date)	50,387,155	59,179,927	8,792,772
Less allowance for losses	18,487,344	28,220,913	9,733,569
Net real estate	31,899,811	30,959,014	−940,797
Mortgage notes acquired under terms of insurance	8,483,336	5,486,149	−2,997,187
Less allowance for losses	2,952,525	1,945,128	−1,007,397
Net mortgage notes acquired under terms of insurance	5,530,811	3,541,021	−1,989,790
Net acquired security	37,430,622	34,500,035	−2,930,587
Other assets—held for account of mortgagors	9,947	16,026	6,079
Total assets	66,629,063	65,804,708	−824,355
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	90,972	80,889	−10,083
Accrued liabilities:			
Interest on debentures	1,080,264	1,073,363	−6,901
Trust and deposit liabilities:			
Fee deposits held for future disposition			
Excess proceeds of sale	149,925	171,894	21,969
Deposits held for mortgagors, lessees and purchasers	397,585	521,036	123,451
Total trust and deposit liabilities	547,510	692,930	145,420
Deferred and undistributed credits:			
Unearned insurance premiums	1,066,556	1,003,248	−63,308
Other	129,266	344,058	214,792
Total deferred and undistributed credits	1,195,822	1,347,306	151,484
Bonds, debentures and notes payable:			
Debentures payable	70,041,900	77,324,500	7,282,600
Other liabilities:			
Reserve for foreclosure costs—Mortgage notes acquired under terms of insurance	86,581	58,430	−28,151
Total liabilities	73,043,049	80,577,418	7,534,369

STATEMENT 46.—*Comparative statement of financial condition, National Defense Housing Insurance Fund, as of June 30, 1959 and June 30, 1960*—Continued

	June 30, 1959	June 30, 1960	Increase or decrease (−)
RESERVE			
Insurance reserve (deficit−)	−$6,413,986	−$14,772,710	−$8,358,724
Total liabilities and reserve	66,629,063	65,804,708	−824,355
Certificates of claim relating to properties on hand	1,641,439	2,003,070	361,631

Income and Expenses

During fiscal year 1960 the income to the fund amounted to $2,513,219, and expenses and losses amounted to $2,003,873, leaving a net income of $509,346 before provision for valuation allowances. An increase of $8,829,642 in the valuation allowances resulted in a net loss of $8,320,296 for the year.

The cumulative income of the National Defense Housing Insurance Fund from September 1, 1951 to June 30, 1960 amounted to $22,249,761 and cumulative expenses amounted to $16,248,734, leaving cumulative net income of $6,001,027 before adjustment of valuation allowances. Valuation allowances of $30,773,737 were established, leaving a cumulative net deficit of $24,772,710.

STATEMENT 47.—*Income and expenses, National Defense Housing Insurance Fund, through June 30, 1959 and June 30, 1960*

	Sept. 1, 1951 to June 30, 1959	July 1, 1959 to June 30, 1960	Sept. 1, 1951 to June 30, 1960
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$979,310	$56,790	$1,036,100
Interest—Other	1,104,506	209,339	1,313,845
Dividends on rental housing stock	295	73	368
	2,084,111	266,202	2,350,313
Insurance premiums and fees:			
Premiums	14,595,164	2,005,812	16,600,976
Fees	2,722,921		2,722,921
	17,318,085	2,005,812	19,323,897
Other income:			
Profit on sale of investments	63,859		63,859
Miscellaneous income	270,487	241,205	511,692
	334,346	241,205	575,551
Total income	19,736,542	2,513,219	22,249,761
Expenses:			
Administrative expenses:			
Operating costs (including adjustments for prior years)	7,023,821	722,817	7,784,894
Other expenses:			
Depreciation on furniture and equipment	32,987	4,124	37,300
Miscellaneous expenses	29,447	33	29,480
	62,434	4,157	66,780
Losses and charge-offs:			
Loss on acquired security	7,120,853	1,276,927	8,397,780
Loss (or profit −) on equipment	−675	−28	−720
	7,120,178	1,276,899	8,397,060
Total expenses	14,206,433	2,003,873	16,248,734

STATEMENT 47.—*Income and expenses, National Defense Housing Insurance Fund, through June 30, 1959 and June 30, 1960*—Continued

	Sept. 1, 1951 to June 30, 1959	July 1, 1950 to June 30, 1960	Sept. 1, 1951 to June 30, 1960
Net income before adjustment of valuation allowances	$5,530,109	$509,346	$6,001,027
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−504,226	−103,470	−607,696
Allowance for loss on real estate	−18,487,344	−9,733,569	−28,220,913
Allowance for loss on mortgage notes acquired under terms of insurance	−2,952,525	+1,007,397	−1,945,128
Net adjustment of valuation allowances	−21,944,095	−8,829,642	−30,773,737
Net income (or loss −)	−16,413,986	−8,320,296	−24,772,710
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		−6,413,986	
Adjustments during the period		−38,428	
Net income (or loss −) for period	−16,413,986	−8,320,296	−24,772,710
	−16,413,986	−14,772,710	−24,772,710
Capital contributions from other FHA insurance funds	10,000,000		10,000,000
Balance at end of period	−6,413,986	−14,772,710	−14,772,710

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 1960, $891,050 of debentures were exchanged for mortgage notes and $1,750,250 of debentures were redeemed in payment of mortgage insurance premiums.

During the fiscal year 1960, net redemptions of $875,000, 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, 1960 at $1,495,000 yielding 2.20 percent.

Investments of the National Defense Housing Insurance Fund, June 30, 1960

Series	Interest rate (percent)[1]	Purchase price	Par value	Book value (amortized)
1964	2	$1,095,000	$1,095,000	$1,095,000
1966-71	2½	193,563	200,000	195,855
1967-72	2½	193,062	200,000	195,274
Total		1,481,625	1,495,000	1,486,129

[1] Average annual yield 2.20 percent.

Properties Acquired Under the Terms of Insurance

During 1960, 2 additional properties or assigned notes (73 units) insured under Section 908 were acquired by the FHA Commissioner. Two properties (256 units) were sold. Titles to 997 home properties (1,176 units) insured under Section 903 were acquired under the terms of insurance during 1960 and 563 (642 units) were sold. Through December 31, 1960, a cumulative total of 12 mortgage notes (840 units) and 20 properties (1,450 units) insured under Section 908, and 10,351 home properties (12,048 units) insured under Section 903 had been acquired under the terms of insurance. Four thousand six hundred and thirty-eight home properties (5,581 units) insured under Section 903 and 9 Section 908 properties (620 units) had been sold at December 31, 1960. Certificates of claim issued in connection with the 4,638 Section 903 properties sold through December 31, 1960 totaled $1,536,189, of which $250,072 was paid or to be paid and $1,286,117 canceled. Certificates of claim issued in connection with the Section 908 properties sold totaled $151,905, of which $94,424 was to be paid and $57,481 was to be canceled. At December 31, 1960, there remained on hand 5,713 properties (6,467 units) insured under Section 903, and 12 mortgage notes (840 units) and 11 properties (830 units) insured under Section 908.

Statements 48 and 49 show the turnover of acquired security under Section 903 and 908 by calendar year of acquisition.

Statement 48.—*Statement of profit and loss on sale of acquired properties, National Defense Housing Insurance Fund, through Dec. 31, 1960*

Items	Sec. 903, 4,638 properties (5,581 units)	Sec. 908, 9 properties (620 units)	Total NDHI Fund, 4,647 properties (6,201 units)
Proceeds of sales:			
Sales price [1]	$35, 871, 944	$3, 812, 500	$39, 684, 444
Less commission and other selling expenses	1, 427, 265	6, 016	1, 433, 281
Net proceeds of sales	34, 444, 679	3, 806, 484	38, 251, 163
Income:			
Rental and other income (net)	3, 303, 364	855, 506	4, 158, 870
Mortgage note income	2, 738, 027	192, 410	2, 930, 437
Recovery prior to acquisition of defaulted notes	80, 941		80, 941
Total income	6, 122, 332	1, 047, 916	7, 170, 248
Total proceeds of sold properties	40, 567, 011	4, 854, 400	45, 421, 411
Expenses:			
Debentures and cash adjustments	41, 668, 111	4, 583, 722	46, 251, 833
Asset value acquired after default of purchase money mortgages	−1, 419, 579		−1, 419, 579
Purchase of land held under lease	62, 751		62, 751
Interest on debentures	3, 981, 924	675, 201	4, 660, 125
Taxes and insurance	1, 379, 125	104, 595	1, 483, 720
Additions and improvements	31, 388	1, 885	33, 273
Maintenance and operating expense	2, 964, 595	157, 989	3, 122, 584
Service charge	158, 158	8, 505	166, 663
Miscellaneous	2, 770	7, 240	10, 010
Total expenses	48, 832, 243	5, 539, 137	54, 371, 380
Net profit (or loss −) before distribution of liquidation profits	−8, 265, 232	−684, 737	−8, 949, 969
Less distribution of liquidation profits:			
Certificates of claim	250, 072	94, 424	344, 496
Increment on certificates of claim	12, 496	6, 191	18, 687
Loss (−) to National Defense Housing Insurance Fund	−8, 527, 800	−785, 352	−9, 313, 152

[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	568		$1,825,726		$1, 825, 726
Properties sold for cash and notes (or contracts for deed)	4, 079	3, 797	2, 097, 763	$35, 760, 955	37, 858, 718
Total	4, 647	3, 797	3, 923, 489	35, 760, 955	39, 684, 444

Statement 49.—*National Defense Housing Insurance Fund, statement of properties and assigned mortgage notes on hand as of Dec. 31, 1960*

	Sec. 903 5,713 properties, [1] 6,467 units	Sec. 908		Total 5,724 properties, 12 mortgage notes, 8,137 units
		11 properties, 830 units	12 mortgage notes, 840 units	
Expenses:				
Acquisition costs	$48, 191, 650	$5, 846, 004	[2] $5, 346, 189	$59, 383, 849
Interest on debentures	4, 285, 958	863, 640	622, 438	5, 772, 036
Taxes and insurance	2, 976, 787	170, 866		3, 147, 653
Additions and improvements	30, 553	7, 064		37, 617
Maintenance and operating	2, 984, 829	495, 916		3, 480, 745
Service charge			14, 703	14, 703
Miscellaneous	10, 703	24, 835	3, 824	39, 362
Total expenses	58, 480, 486	7, 408, 325	5, 987, 154	71, 875, 965
Income and recoveries:				
Rent and other (net)	5, 455, 489	786, 275	699, 933	6, 941, 697
Collections on mortgage notes			316, 873	316, 873
Total income	5, 455, 489	786, 275	1, 016, 806	7, 258, 570
Net acquired security on hand	53, 024, 997	6, 622, 050	4, 970, 348	64, 617, 395

[1] Includes 164 properties (176 units) repossessed and carried at the asset value at time of repossession.

	Sec. 908
[2] Outstanding balance of notes receivable at date of acquisition	$5, 346, 189
Less:	
Collection to principal	316, 873
Unpaid principal balance	5, 029, 316

Statements 50 and 51 show the turnover of acquired security under Sections 903 and 908 by calendar year of acquisition.

Statement 50.—*Turnover of properties acquired under Section 903 of Title IX contracts of insurance by years, and cumulative through Dec. 31, 1960*

Properties acquired		Properties sold, by calendar years								Properties on hand Dec. 31, 1960
Year	Number	1953	1954	1955	1956	1957	1958	1959	1960	
1953	3			3						
1954	690		2	113	149	166	15	15	−8	238
1955	2, 535			358	657	249	138	16	21	1, 096
1956	2, 800				167	539	628	276	163	1, 027
1957	1, 273					69	190	142	80	780
1958	640						32	68	98	442
1959	1, 413							77	152	1, 184
1960	997								57	940
Total	10, 351		2	474	973	1, 023	1, 009	594	563	5, 713

Note.—On the 4,638 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 20.98 months. The number of properties sold has been reduced by 206 properties repossessed because of default on mortgage notes of which 42 had been resold by Dec. 31, 1960.

Statement 51.—*Turnover of properties acquired and mortgage notes assigned under Sec. 908 of Title IX contracts of insurance by years, and cumulative through Dec. 31, 1960*

Year	Properties and notes acquired	Properties sold, calendar years				Properties and notes on hand Dec. 31, 1960
		1957	1958	1959	1960	
1954	2	1				1
1955	10				1	9
1956	7					7
1957	7			3	1	3
1958	4			3		1
1959						
1960	2					2
Total	32	1		6	2	23

Note.—On the 9 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 27.60 months.

SALARIES AND EXPENSES ACCOUNT

A separate account, entitled Salaries and Expenses, Federal Housing Administration, is maintained for the purpose of handling all transactions with respect to the payment of salaries and other expenses involved in operating the FHA. Moneys for such expenses and for the purchase of furniture and equipment required in the operations of the FHA are allocated to this fund and all disbursements for these purposes are made from it. Until the income of the insurance funds was sufficient to cover salaries and expenses, allocations were made to this account from the United States Treasury through the RFC in accordance with provisions contained in the National Housing Act and subsequent appropriation acts. Since July 1, 1937, a portion of the allocations, and since July 1, 1940, all allocations to salaries and expenses have been made from the various FHA insurance funds.

Statement 52.—*Comparative statement of financial condition, Administrative Expense Account (salaries and expenses), as of June 30, 1959 and June 30, 1960*

	June 30, 1959	June 30, 1960	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$5, 336, 468	$5, 356, 349	$19, 881
Accounts and notes receivable:			
Accounts receivable—Other	150, 035	181, 072	31, 037
Land, structures, and equipment:			
Furniture and equipment	3, 457, 271	[1] 3, 714, 528	257, 257
Less allowance for depreciation	1, 707, 019	1, 903, 804	196, 785
Net furniture and equipment	1, 750, 252	1, 810, 724	60, 472
Total assets	7, 236, 755	7, 348, 145	111, 390
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	3, 748, 622	[2] 3, 783, 587	34, 965
Inter-fund	1, 750, 252	1, 810, 724	60, 472
Total accounts payable	5, 498, 874	5, 594, 311	95, 437
Trust and deposit liabilities:			
Due general fund of the U.S. Treasury	859	132	−727
Employees' payroll deductions for taxes, etc.	1, 732, 694	1, 740, 609	7, 915
Total trust and deposit liabilities	1, 733, 553	1, 740, 741	7, 188
Deferred and undistributed credits: Other	4, 328	13, 093	8, 765
Total liabilities	7, 236, 755	7, 348, 145	111, 390

[1] Excludes unfilled orders in the amount of $32,515.
[2] Excludes unfilled orders in the amount of $138,020.