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FEDERAL HOUSING ADMINISTRATION

26th Annual Report

FOR THE YEAR ENDING DECEMBER 31, 1959

Julian H. Zimmerman,
Commissioner

TWENTY-SIXTH ANNUAL REPORT

OF THE

FEDERAL HOUSING ADMINISTRATION

FOR THE

Year ending December 31, 1959

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

UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON : 1960
For sale by the Superintendent of Documents, U.S. Government Printing Office, Washington 25, D.C. - Price 65 cents

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Federal Housing Administration

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

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

The various FHA insurance programs are summarized below.

TITLE I

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

TITLE II

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

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

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

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

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

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

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

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

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

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

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

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

TITLE 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 insurance of mortgages on projects of 25 or more single-family dwellings under Section 611.

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

TITLE VII

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

TITLE VIII

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

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

Section 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 1959. Unless otherwise indicated, they can be obtained without charge from the Federal Housing Administration, Washington 25, D.C.

ABC's of FHA. FHA 421, 1959.

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

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

Certified Agency Program. FHA 3660, 1959.

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

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

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

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

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

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

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

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

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

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

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

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

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

The Year in Summary

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

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

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

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

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

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

As a means of helping to make more money available for FHA-insured mortgages, the Commissioner on September 23 increased the maximum interest rate on FHA-insured home mortgages to 5¾ percent and the rate on multifamily project mortgages to 5¼ percent.

The Housing Act of 1959 (Public Law 86–372, approved September 23, 1959) increased the general mortgage insurance authorization of FHA by $8 billion, extended to October 1, 1960 the authority to insure against loss on property improvement loans, and provided new mortgage insurance programs for housing for the elderly with both nonprofit and profit-motivated sponsorship, and for nursing homes. It also made changes in existing programs which are discussed in the following pages, and authorized various procedural changes.

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

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

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

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

A conference of FHA directors was held in Washington in June.

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

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

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

The first public offering of participations in FHA-insured mortgages was made on May 21, 1959, by the Mortgage Corporation of America, a Maryland corporation, which offered $1 million of 4⅝ percent collateral trust notes secured by 5¼ percent Section 203 home mortgages.

HOME MORTGAGES

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

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

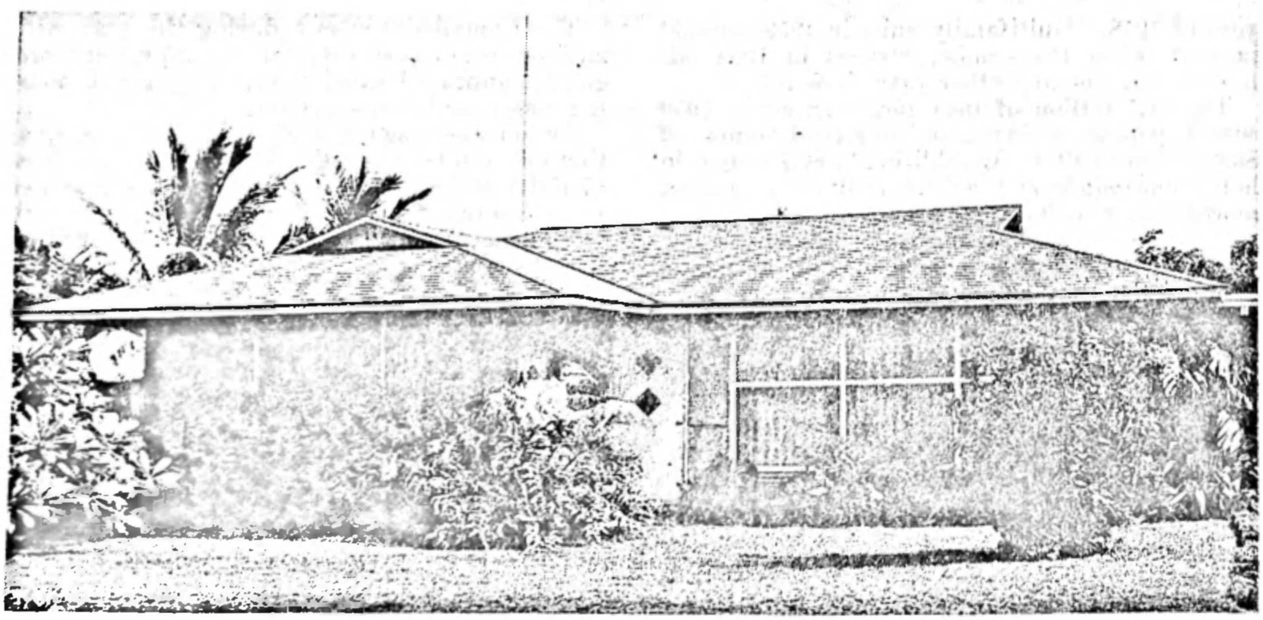
The new maximum interest rate of 5¾ percent that took effect September 23 was made applicable to mortgages insured under Sections 203 (the regular home mortgage insurance program), 220 (homes in urban renewal areas), 221 (relocation housing), and 222 (servicemen's homes), and to individual home mortgages insured under Section 213.

In October 1958, in order to conserve its dwindling insurance authorization, FHA had instituted the use of "Agreements to Insure" in place of formal commitments on certain mortgages insured under Sections 203, 220, 221, and 222. Agreements to Insure continued to be issued until September 23, when an additional mortgage insurance authorization of $8 billion was provided by the Housing Act of 1959. At that time, outstanding agreements to insure amounted to nearly $5 billion, and the unused mortgage insurance authorization was slightly under $1 billion. The Housing Act of 1959 prohibits the FHA from entering into further agreements of this kind.

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

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

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



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

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

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

Trade-in Housing

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

Certified Agency Program

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

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

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

At the end of 1959, about 3,000 certified agents had been appointed, about 2,000 appraisers and 1,250 inspectors had been approved, and 30,944 mortgages had been insured under the program. Of these mortgages, 5,291 were on new homes and 25,653 on existing homes.

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

MULTIFAMILY RENTAL HOUSING

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

The Act also authorized an increase in the maximum interest rate on Section 207 mortgages to 5¼ percent. The Commissioner made the increase effective immediately.

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

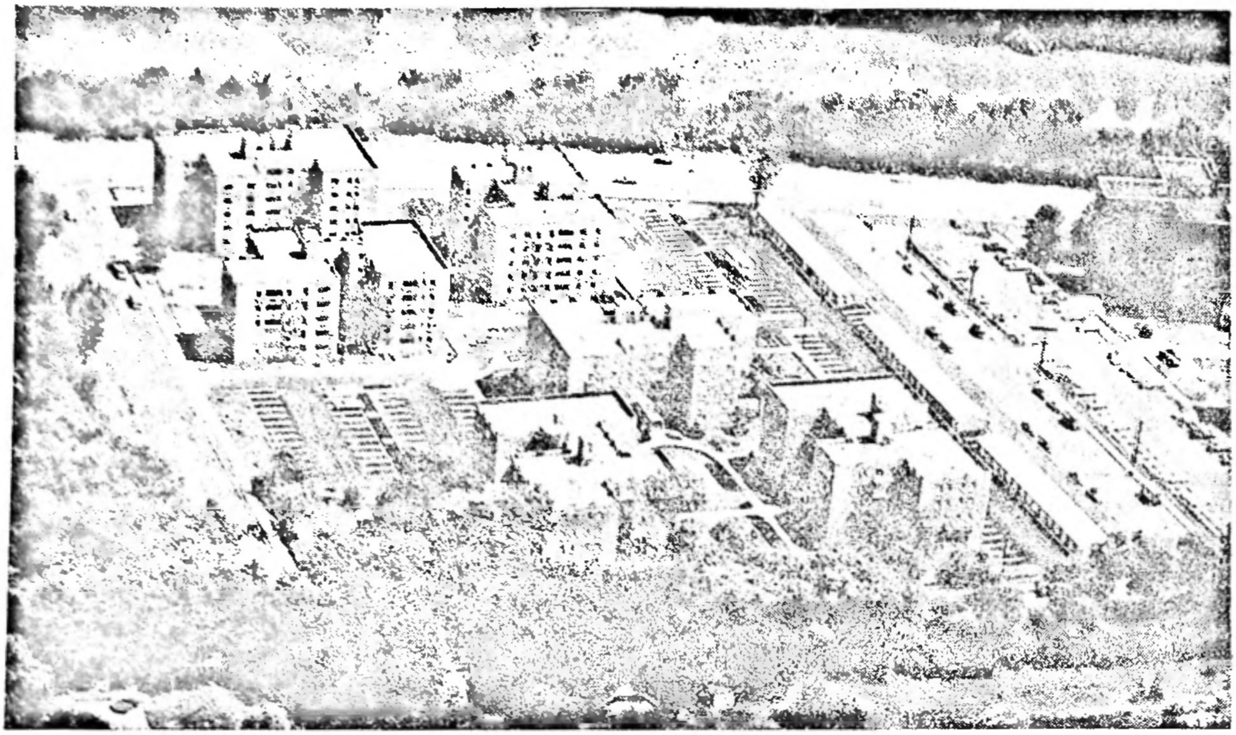
A survey on March 15, 1959 of occupancy in more than 450,000 rental units with FHA mortgage insurance in force (including projects financed under Sections 207, 220, 221, 608, 803 (Wherry housing), and 908) showed an overall vacancy rate of 3.9 percent.

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

COOPERATIVE HOUSING

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

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



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

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

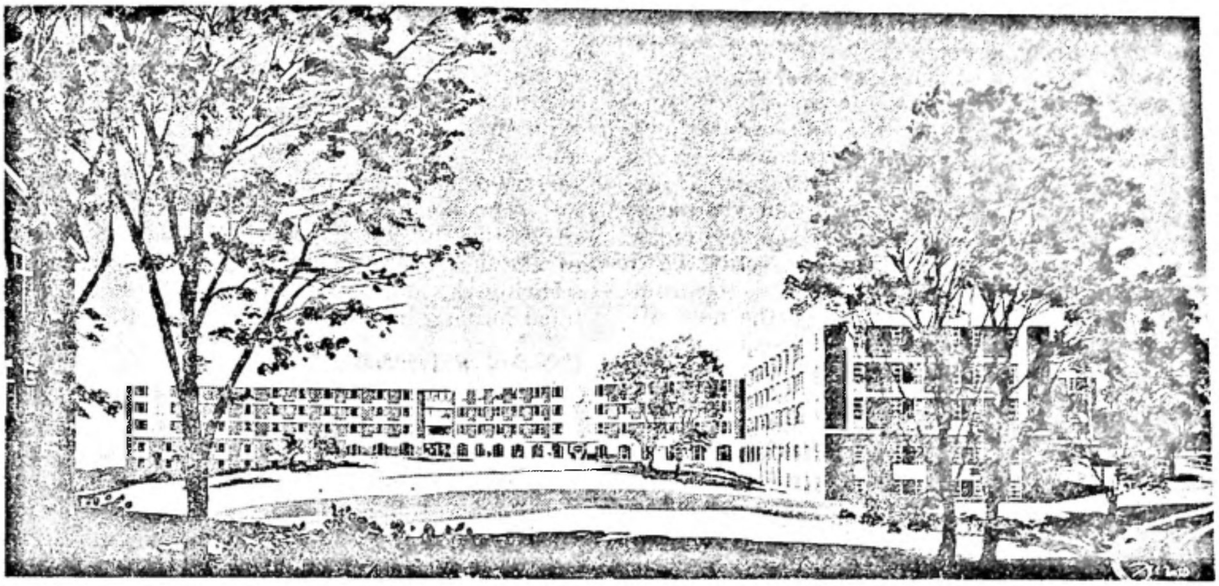
The new Act provides that an investor-sponsored project can have included in the insured mortgage commercial and community facilities adequate to serve the project. This was formerly allowed in management-type projects only.

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

As authorized in the 1959 Act, the Commissioner on September 23 increased the maximum permissible interest rate on Section 213 project mortgages to 5¼ percent and the maximum rate on individual home mortgages to 5¾ percent.

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

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



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

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

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

HOUSING FOR THE ELDERLY

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

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

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

The 36 projects completed or under construction are scattered through 20 States from Connecticut to California. They vary in size from 12 to 550 units. They include new and rehabilitated housing in one-story buildings and in high-rise elevator structures. They may be located anywhere from a downtown section of a large city to a quiet rural area.

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

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

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

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

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

NURSING HOMES

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

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

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

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

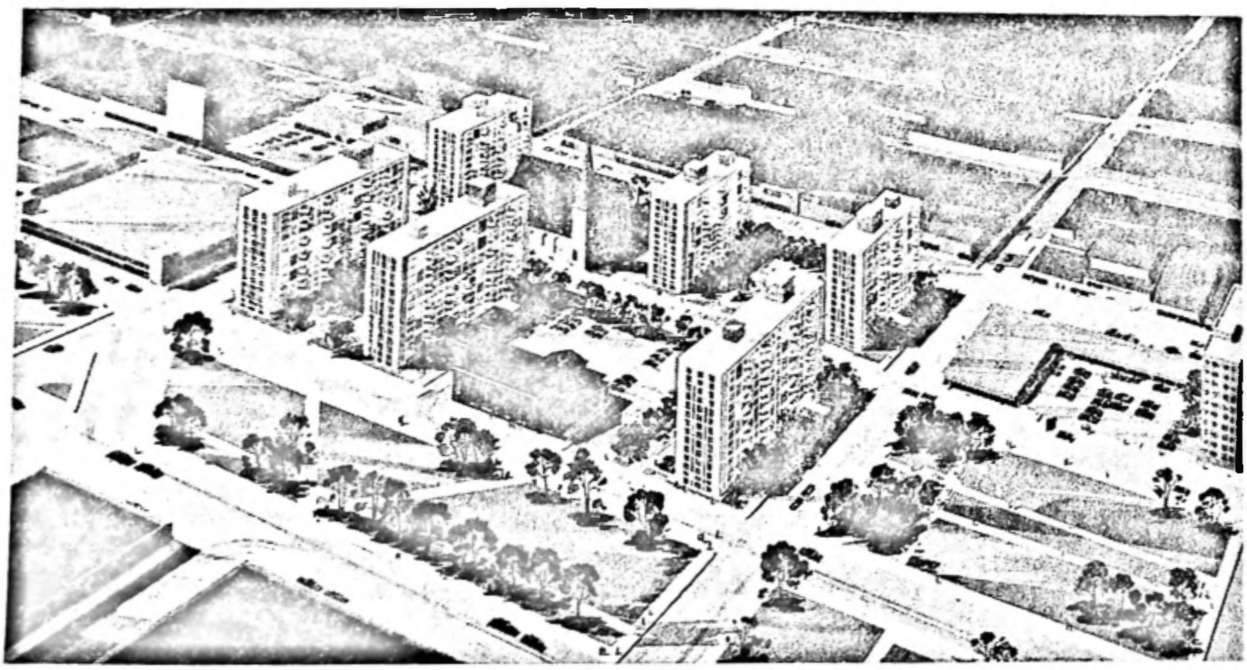
URBAN RENEWAL

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

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

The new provision under Section 203 for trade-in transactions applies also under Section 220.

On September 23, 1959, the Commissioner increased the interest rate ceiling under Section 220



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

to 5¾ percent for home mortgages (1 to 11 units) and to 5¼ percent for mortgages on multifamily projects of 5 or more units.

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

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

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

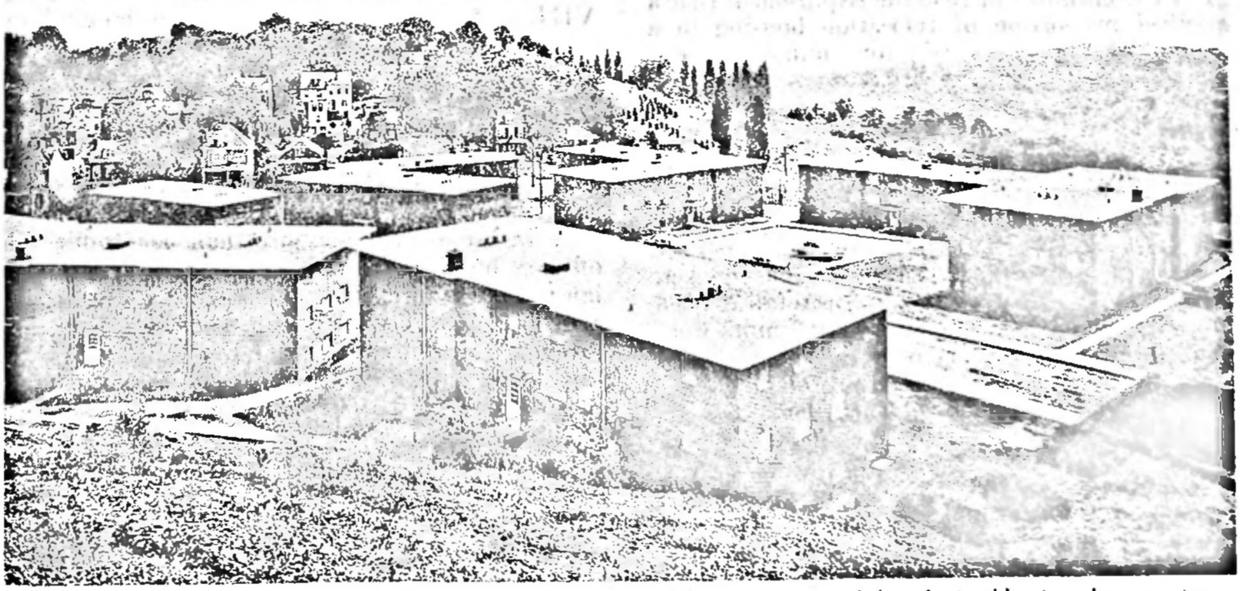
Thirty-one urban renewal projects were certified by the HHFA Administrator in 1959 as eligible for Section 220 mortgage insurance. Mortgages totaling $100.9 million on 33 multifamily projects with 7,627 family units were insured during the year under this section, as well as mortgages for $2.3 million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

The mortgage insurance provisions for relocation housing under Section 221 were also amended by the Housing Act of 1959. One- to four-family homes with owner-occupant mortgagors are now eligible for mortgage insurance in amounts up to $9,000 for a one-family dwelling, $18,000 for a two-family dwelling, $25,000 for a three-family dwelling, and $32,000 for a four-family dwelling. For operative builders the respective limits are $7,650, $15,300, $21,200, and $27,200. Provision is made for higher mortgage amounts in high-cost areas.

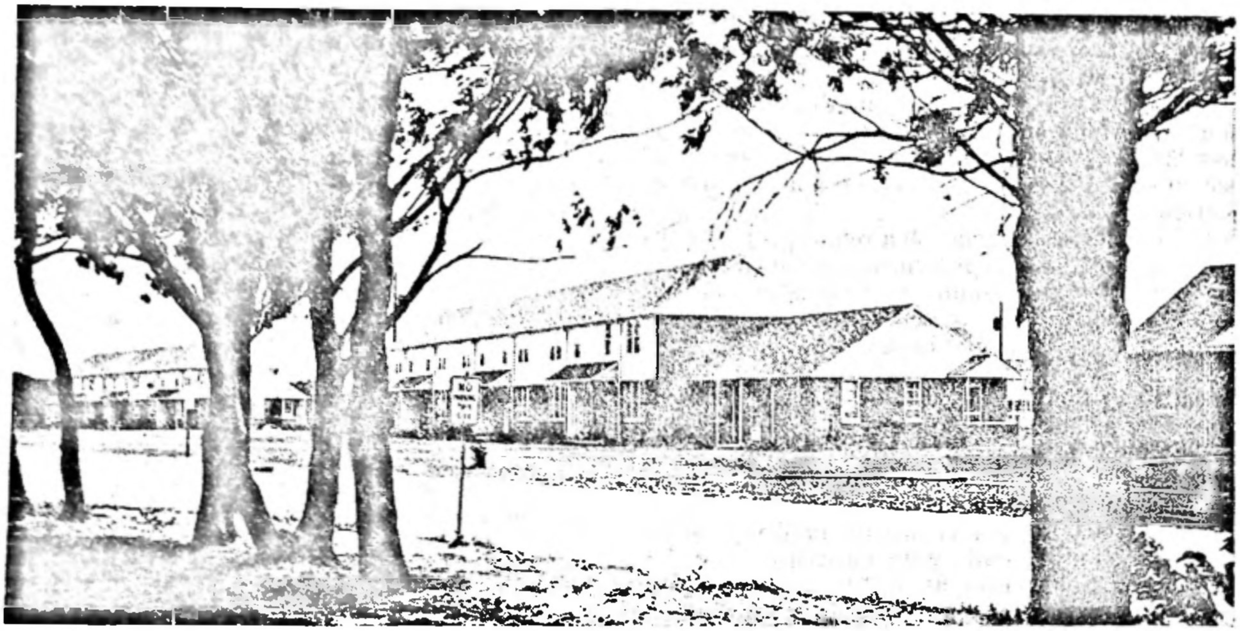
Profit-motivated corporations were made eligible for FHA-insured rental housing mortgages under Section 221. The mortgage limitations of $12.5 million and $9,000 per family unit (or $12,000 in high-cost areas) apply to both profit and nonprofit mortgagors, but the maximum ratio of loan to replacement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

Interest rate ceilings under Section 221 were raised on September 23, 1959 to 5¾ percent for home mortgages and to 5¼ percent for project mortgages.

The HHFA Administrator in 1959 certified 17,915 units in 97 localities as eligible for Section 221 relocation housing. This brought total certifications to 105,375 units in 298 localities.



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



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

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

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

ARMED SERVICES HOUSING

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

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

An amendment made by the Military Construction Act of 1959 (Public Law 86–149, approved August 10, 1959) provides that not more than 20,000 family units shall be contracted for under Section 803 after June 30, 1959.

Effective March 2, 1959, the interest rate ceiling for Section 803 mortgages was raised from 4¼ percent to the statutory maximum of 4½ percent. This was done after recommendation by the Department of Defense, and after an analysis of the mortgage market indicated that an increase was necessary to improve the flow of funds into the program.

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

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

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

PROPERTY IMPROVEMENT LOANS

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

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

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

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

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

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

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

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

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

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

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

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

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

AGGREGATE INSURANCE VOLUME

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

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

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

FORECLOSURES AND LOSSES

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

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

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

FINANCIAL POSITION

Gross income of the FHA from fees, insurance premiums, and investments during the fiscal year 1959 totaled $181.5 million. Expenses of operation during the fiscal year were $52.7 million, leaving excess of gross income over operating expenses of $128.7 million.

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

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

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

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

Title I Insurance Fund	$78, 510, 545
Title I Housing Insurance Fund	4, 871, 040
Mutual Mortgage Insurance Fund	[1] 475, 988, 070
Housing Insurance Fund	12, 600, 956
Section 220 Housing Insurance Fund	1, 740, 524
Section 221 Housing Insurance Fund	1, 124, 190
Servicemen's Mortgage Insurance Fund	6, 741, 340
War Housing Insurance Fund	165, 466, 525
Housing Investment Insurance Fund	911, 104
Armed Services Housing Mortgage Insurance Fund	16, 371, 863
National Defense Housing Insurance Fund	—6, 413, 986
Total	757, 912, 171

[1] Includes statutory reserve of $125,814,081.

FHA DEBENTURES

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

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

The interest rate on FHA debentures was increased, effective July 1, 1959, from 3¾ percent to 4⅛ percent. No further increase was made at the end of the following 6 months.

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

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

SECTION 608 AND SECTION 803 RECOVERY PROGRAM

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

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

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

Combined recoveries effected by the FHA and the Department of Justice since the inception of the Section 608 recovery program have aggregated $36,869,000.

In 1959, FHA referred to the Department of Justice 1 case involving 2 projects representing original claims in the amount of $124,480 following noncompliance with settlement agreements. Of 3 cases previously referred to the Department of Justice, 2 had been settled, aggregating original claims of $658,320. At the end of the year there were pending with the Department of Justice 2 cases involving 3 projects, aggregating original claims in the amount of $282,155, for action by reason of noncompliance with the settlement agreements.

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

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

ORGANIZATION AND PERSONNEL

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

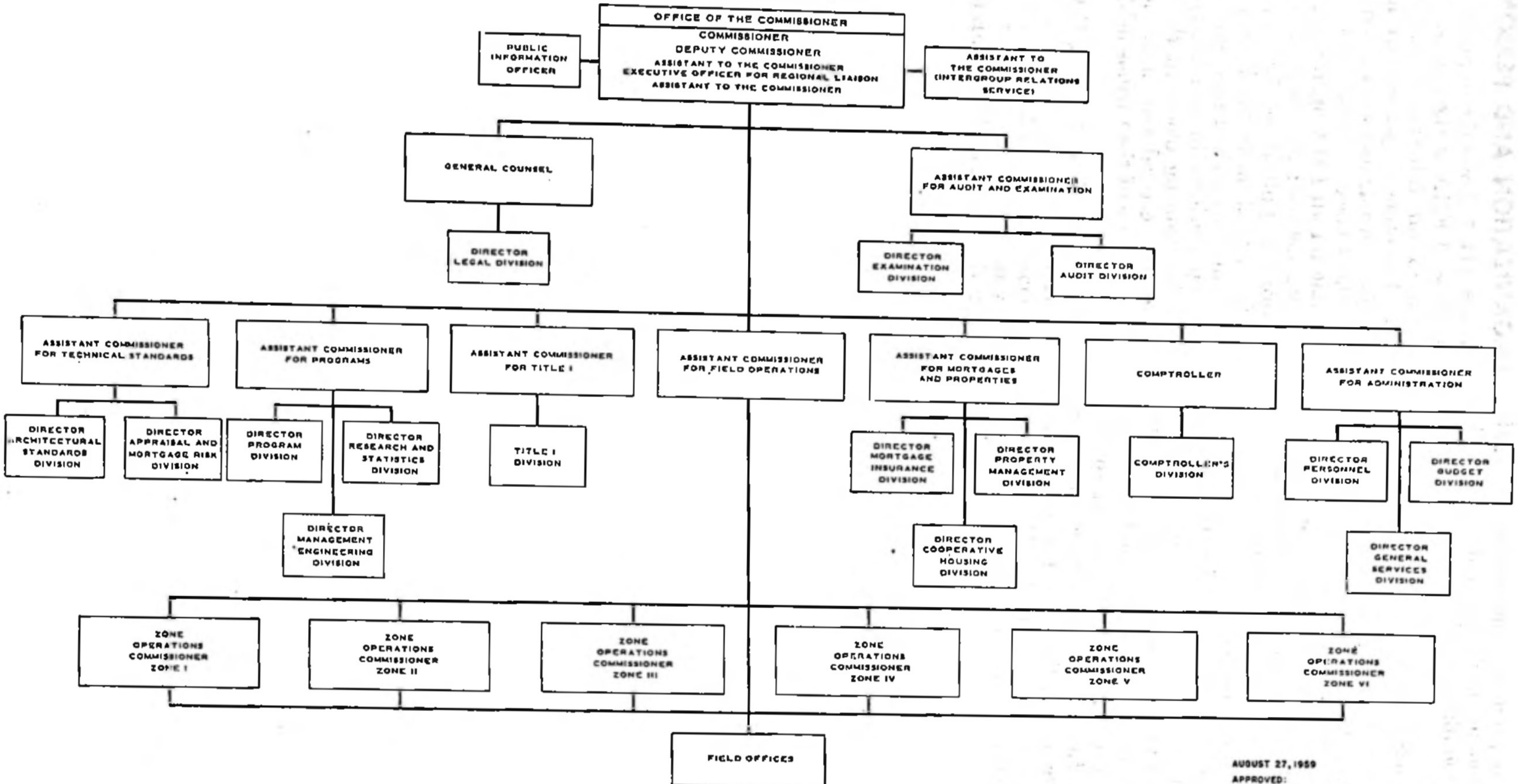
The field offices include 75 insuring offices, responsible for all FHA operations in their respective jurisdictions; 16 service offices which receive and process applications for mortgage insurance and forward them to the insuring offices for review, commitment, and final endorsement; and 47 valuation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

The location of the various field offices is shown in Chart III–2.

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

CHART III–1

FEDERAL HOUSING ADMINISTRATION
..... ORGANIZATION CHART .....

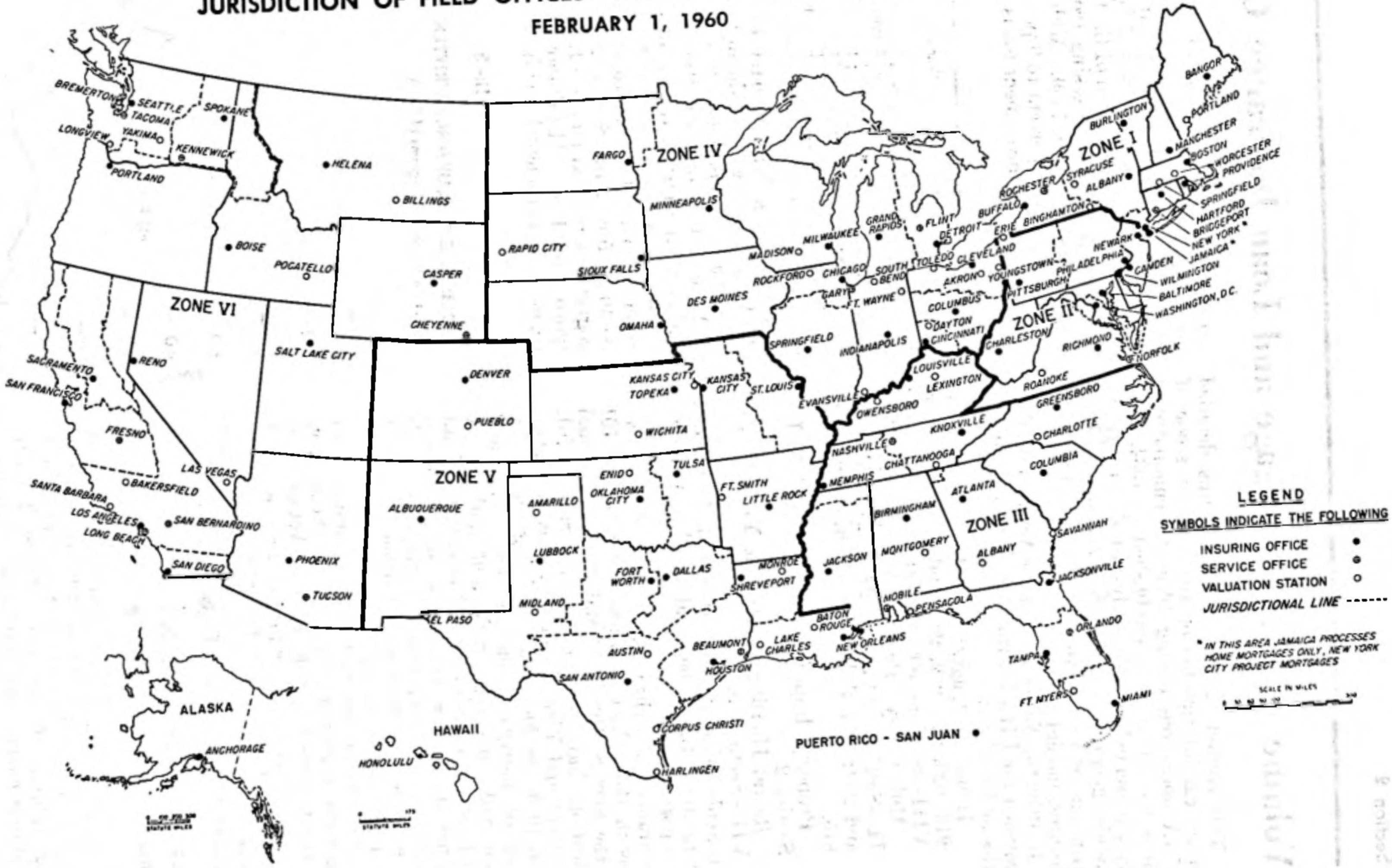


AUGUST 27, 1959
APPROVED:
C. B. Sweet
DEPUTY COMMISSIONER

CHART III–2

JURISDICTION OF FIELD OFFICES—FEDERAL HOUSING ADMINISTRATION

FEBRUARY 1, 1960



Volume of FHA Mortgage and Loan Insurance Operations

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

In 1959, the National Housing Act, as amended, provided for FHA insurance under the following titles and sections:

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

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

Property Improvement Loans: Title I—Section 2.

Rental Housing Investment Yields: Title VII—Section 701.

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

Insurance was written under most of these programs in 1959, the exceptions being Section 701 and the new Sections 232 and 810. No formal applications have been filed under Section 701, Investment and Yield Insurance, since its inception in 1948. Section 232, providing for the insurance of mortgages on nursing homes, and Section 810, covering single and multifamily rental housing for military and essential civilian personnel serving in connection with military installations, were added by the Housing Act of 1959 and no applications had been submitted under these programs prior to the end of the year. Activity under Section 231, designed to facilitate the financing of housing for the elderly, was also authorized by the Housing Act of 1959, but the development of this program was speeded by the transfer to the new program of projects developed and cases processed under the earlier elderly-housing provisions of Section 207.

SUMMARY OF OPERATIONS

Combined Insurance Activity

FHA insured over $7.7 billion of mortgages and loans during 1959—an increase of 22 percent over 1958 and the second successive record year for volume of insurance (Chart III-3). The insurance covered 495,000 home mortgages, project mortgages involving 44,000 dwelling units, and 1,097,000 property improvement loans (Table III-1).

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

Type of program	Year 1959		1934-59	
	Billions of dollars	*Percent*	*Billions of dollars*	*Percent*
Home mortgages	6.1	78	41.4	68
Multifamily project mortgages	.7	9	7.3	12
Property improvement loans	1.0	13	12.4	20
Total	7.7	100	61.1	100

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

CHART III-3

VOLUME OF INSURANCE WRITTEN, 1934-59

Under all Insurance Programs of FHA

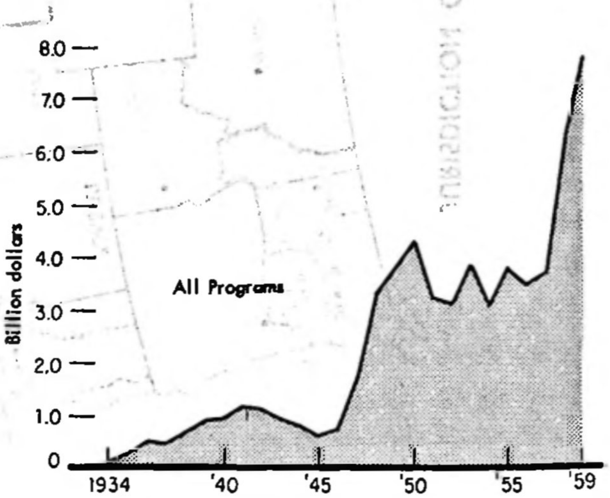


TABLE III-1.—*Mortgages and loans insured by FHA, 1934–59*

[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	207,495	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	47,038	376,480	138,143		
1939	925,262	164,530	694,764	13,462	51,851	502,308	178,647		
1940	991,174	177,400	762,084	3,559	12,949	653,841	216,142		
1941	1,152,342	210,310	910,770	3,741	13,565	680,104	228,007		
1942	1,120,839	223,562	973,271	5,842	21,215	427,534	126,354		
1943	933,986	166,402	763,097	20,179	84,622	307,826	86,267		
1944	877,472	146,974	707,363	12,430	56,096	380,615	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	3,210,836	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	30,839	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	76,489	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		
Total [6]	61,074,824	5,271,660	41,430,076	841,488	7,268,772	23,356,575	12,370,661	756	5,316

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

[2] Includes the following sections listed in order of enactment date: Sec. 203, June 27, 1934; Sec. 2 (Class 3), Feb. 3, 1938; Sec. 603, Mar. 28, 1941; Sec. 603-610, Aug. 5, 1947; Sec. 8, 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.

[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 126–128, 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.

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

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

Of this $61.1 billion of insurance written, an estimated $30.8 billion, or about one-half, remained in force at the end of 1959. Included in the reduction were the termination of FHA insurance on mortgages and loans with original face amounts of $24.8 billion, and estimated amortization payments of $5.4 billion on the insured transactions still in force (Table III–3).

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

FHA Influence on Residential Financing During 1959

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

TABLE III-2.—*FHA insurance written by title and section, 1958, 1959, and 1934–59*

[Dollar amounts in thousands]

Title and section	1959			1958			1934–59		
	Number	Units	Amount	Number	Units	Amount	Number	Units	Amount
Title I	1,096,635	n.a.	$996,642	1,038,315	n.a.	$868,443	23,441,035	n.a.	$12,701,532
Sec. 2 property improvement loans	1,096,635	n.a.	996,642	1,038,315	n.a.	868,443	23,356,575	n.a.	12,370,661
Sec. 2 home mortgages							46,115	46,115	126,611
Sec. 8 home mortgages							38,345	38,345	204,260
Title II	493,812	531,781	6,416,923	381,001	411,376	4,816,799	4,500,504	4,836,449	38,546,511
Sec. 203 home mortgages	460,966	471,210	5,646,752	353,418	360,973	4,191,921	4,391,922	4,541,916	35,560,714
Sec. 207 project mortgages	94	14,076	187,114	119	11,373	135,618	1,034	111,208	810,759
Sec. 213 cooperative housing	2,287	6,615	96,907	6,124	13,023	176,078	25,789	81,307	904,513
Project mortgages	(125)	(4,453)	(65,676)	(297)	(7,196)	(97,800)	(1,097)	(56,615)	(622,611)
Sales-type project mortgages	(100)	(1,396)	(19,795)	(275)	(4,580)	(61,885)	(903)	(25,229)	(289,121)
Management-type project mortgages	(25)	(3,057)	(45,881)	(22)	(2,616)	(35,914)	(194)	(31,386)	(333,489)
Home mortgages	(2,162)	(2,162)	(31,231)	(5,827)	(5,827)	(78,279)	(24,692)	(24,692)	(281,902)
Sec. 220	196	7,865	103,213	561	3,215	37,841	1,294	17,794	215,843
Project mortgages	(33)	(7,627)	(100,865)	(17)	(2,660)	(31,579)	(75)	(16,489)	(201,748)
Home mortgages	(163)	(238)	(2,349)	(544)	(555)	(6,262)	(1,219)	(1,305)	(14,095)
Sec. 221	7,751	9,291	82,706	4,405	8,418	57,001	12,692	16,245	144,343
Project mortgages	(6)	(1,545)	(13,231)	(11)	(2,024)	(17,282)	(17)	(3,569)	(30,513)
Home mortgages	(7,745)	(7,746)	(69,475)	(4,394)	(4,394)	(39,719)	(12,675)	(12,676)	(113,830)
Sec. 222 home mortgages	22,517	23,517	298,161	16,374	16,374	218,333	67,772	67,772	902,171
Sec. 225 open-end advances	(2)	(2)	3	(4)	(4)	6	(50)	(50)	101
Sec. 231 project mortgages	1	207	2,067				1	207	2,067
Title VI							635,939	1,166,812	7,127,565
Sec. 603 home mortgages							624,653	690,007	3,645,217
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	1,755	17,688	327,178	1,672	43,027	643,355	4,565	177,017	2,118,521
Sec. 803 project mortgages	136	16,068	305,730	346	41,700	626,392	892	173,342	2,071,280
Military housing	(..)	(..)	(..)	(..)	(..)	(..)	(274)	(84,883)	(683,143)
Armed services housing	(136)	(16,068)	(305,730)	(346)	(41,700)	(626,392)	(618)	(88,459)	(1,388,138)
Sec. 809 home mortgages	1,619	1,620	21,447	1,326	1,327	10,963	3,673	3,675	47,241
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]	1,592,202	[2] 549,469	7,740,742	1,420,987	[2] 454,403	6,328,597	28,639,290	[2] 6,338,925	61,074,824

[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, and Sec. 609.

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

The estimated total amount of mortgage debt outstanding on nonfarm homes increased by $13.3 billion during the year. Of this increase, $9.6 billion was conventionally financed and $4.1 billion FHA-insured. The total amount of outstanding VA-guaranteed loans decreased by $0.4 billion. The $131.0 billion of nonfarm mortgage debt outstanding at the year end included $23.8 billion or 18 percent which was FHA-insured—up slightly from 17 percent at the end of 1958.

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

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

[Dollar amounts in thousands]

Title and section	Item	Insurance written	Insurance terminated	Insurance in force: Total	Insurance in force: Amortized (estimated)	Insurance in force: Net outstanding
Title I:						
Sec. 2 property improvement loans [1]	Number of loans	23,402,600	20,677,966	2,724,724		
	Net proceeds	$12,497,272	$9,917,769	$2,579,503	$1,026,431	$1,553,071
Sec. 8 home mortgages	Number of mortgages	38,345	6,205	32,140		
	Amount	$204,260	$31,707	$172,553	$28,390	$144,163
Title II:						
Sec. 203 home mortgages	Number of mortgages	4,391,022	1,901,049	2,490,873		
	Amount	$35,560,714	$11,139,839	$24,420,875	$3,152,649	$21,268,226
Sec. 207–210 project mortgages	Number of units	111,208	45,874	65,334		
	Amount	$816,759	$189,854	$626,905	$32,769	$594,136
Sec. 213 cooperative housing	Number of units	81,307	26,025	55,282		
	Amount	$904,513	$292,635	$611,878	$29,382	$582,496
Sec. 220 redevelopment housing	Number of units	17,704	1	17,703		
	Amount	$215,843	$11	$215,831	$1,566	$214,266
Sec. 221 relocation housing	Number of units	16,245	53	16,192		
	Amount	$144,343	$441	$143,902	$1,290	$142,612
Sec. 222 servicemen's housing	Number of mortgages	67,772	2,965	64,807		
	Amount	$902,171	$38,240	$863,930	$34,974	$828,957
Sec. 231 elderly housing	Number of units	207		207		
	Amount	$2,067		$2,067		$2,067
Title VI (war and veterans' emergency program):						
Sec. 603 home mortgages [2]	Number of mortgages	628,016	426,893	201,123		
	Amount	$3,661,325	$2,312,302	$1,349,024	$519,276	$829,748
Sec. 608 project mortgages [3]	Number of units	469,589	96,112	373,477		
	Amount	$3,448,377	$642,581	$2,805,796	$483,482	$2,322,314
Sec. 609 manufactured-housing loans [4]	Number of loans	756	756			
	Amount	$5,316	$5,316			
Sec. 611 site-fabricated housing	Number of units	2,059	1,994	65		
	Amount	$12,546	$12,064	$482	$85	$397
Title VIII:						
Sec. 803 military housing [5]	Number of units	173,342	8,169	165,173		
	Amount	$2,071,280	$80,467	$1,990,813	$83,783	$1,907,030
Sec. 809 civilian housing	Number of mortgages	3,673	17	3,656		
	Amount	$47,241	$185	$47,055	$1,036	$46,019
Title IX (defense housing program):						
Sec. 903 home mortgages	Number of mortgages	57,156	13,093	44,063		
	Amount	$517,270	$115,774	$401,496	$48,745	$352,751
Sec. 908 project mortgages	Number of units	8,485	2,260	6,225		
	Amount	$63,427	$16,731	$46,695	$5,180	$41,515
Total [6]		$61,074,824	$24,795,931	$36,278,893	$5,449,048	$30,829,846

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

[2] Includes 3,363 mortgages for $16,108,500 insured under Sec. 610, of which 1,263 mortgages for $5,154,350 have been terminated, leaving 2,100 mortgages for $10,954,150 in force.

[3] 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.

[4] Includes 745 discounted purchasers' loans for $2,119,559, all of which have been terminated.

[5] Includes 88,459 units (618 mortgages) for $1,388,137,624 insured under Sec. 803 armed services housing program.

[6] Includes open-end advances of $101,417 insured under Sec. 225, of which $9,243 has been amortized.

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

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

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

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

TABLE III-4.—*Privately financed nonfarm dwelling units started under FHA programs compared with total for United States 1935–59*

Year	Home mortgage programs									Project mortgage programs										Total FHA units [2,3]	Total United States nonfarm units [4]	FHA as percent of U.S. total
	Secs. 2 and 8 [1]	Sec. 203 [2]	Sec. 220	Sec. 221	Sec. 222	Sec. 603	Sec. 809	Sec. 903	Total home units [2]	Sec. 207	Sec. 213		Sec. 220	Sec. 221	Sec. 608	Sec. 611	Sec. 803	Sec. 908	Total project units [3]			
											Sales type	Management type										
1935		13,226							13,226	738									738	13,964	215,700	6.5
1936		48,752							48,752	624									624	49,376	304,200	16.2
1937		56,980							56,980	3,023									3,023	60,003	332,400	18.1
1938	5,845	100,966							106,811	11,930									11,930	118,741	399,300	29.7
1939	10,783	133,874							144,657	13,462									13,462	158,119	458,400	34.5
1940	10,194	166,451							176,645	3,446									3,446	180,091	529,600	34.0
1941	9,145	180,156				27,790			217,091	3,296									3,296	220,387	619,500	35.6
1942	4,010	41,578				114,616			160,204	1,163					4,295				5,458	165,662	301,200	55.0
1943	307	338				125,474			126,119	41					19,994				20,035	146,154	183,700	79.6
1944		208				83,396			83,604						9,655				9,655	93,259	138,700	67.2
1945		17,049				21,848			38,897	200					2,062				2,262	41,159	208,100	19.8
1946		44,244				22,878			67,122	41					1,870				1,911	69,033	662,500	10.4
1947	217	20,884				157,168			178,269						50,766				50,766	229,035	845,600	27.1
1948	3,006	82,979				130,464			216,449						77,610				77,610	294,059	913,500	32.2
1949	3,261	241,559				7,806			252,626	813					109,995	100	268		111,176	363,802	988,800	36.8
1950	3,191	324,937				117			328,245	2,277	141				143,331	372	12,315		158,436	486,681	1,352,200	36.0
1951	9,357	177,435						132	186,924	4,651	1,780	5,888			39,826	1,328	23,126		76,599	263,523	1,020,100	25.8
1952	5,533	190,973						32,579	229,085	7,342	3,791	6,338			5,805	37	24,030	3,374	50,816	279,901	1,068,500	26.2
1953	4,572	181,436						30,501	216,509	7,451	2,519	5,404			199	195	15,675	4,057	35,460	251,969	1,068,300	23.6
1954	22,643	220,189			5			8,073	250,910	11,856	3,569	2,659			28		6,313	972	25,397	276,307	1,201,700	23.0
1955	206	267,411			329			619	268,655	4,180	530	987					2,334		8,040	276,695	1,309,500	21.1
1956	2	182,371	230	8	487		252		183,350	557	1,302	2,129	1,082				919	2	5,991	189,341	1,093,900	17.3
1957		146,917	627	1,208	343		1,031		150,126	3,672	7,201	2,164	5,260						18,297	168,423	992,800	17.0
1958		260,893	545	7,444	683		725		270,290	14,015	3,801	2,956	3,083	1,202					25,147	295,437	1,141,500	25.9
1959		298,697	144	6,890	896		408		307,035	12,330	1,672	2,700	7,207	1,529					25,438	332,473	1,342,800	24.8
Total	92,302	3,400,503	1,546	15,550	2,743	691,557	2,416	71,904	4,278,581	107,108	26,315	31,285	16,032	2,821	405,526	2,032	84,889	8,405	745,013	5,023,594	18,692,500	20.9

[1] Sec. 2 activity 1938–50; Sec. 8, 1950–56.

[2] Includes 1,692 units started during 1959 under the Certified Agency Program.

[3] Excludes 420 dwelling units started during 1955, 5,390 started during 1956, 24,872 started during 1957, 41,700 started during 1958, 16,184 started during 1959 in Sec. 803 armed services projects classified as public housing.

[4] Total number of privately financed nonfarm dwelling units started, as reported by the Bureau of Labor Statistics and, beginning July 1959, by the Bureau of the Census.

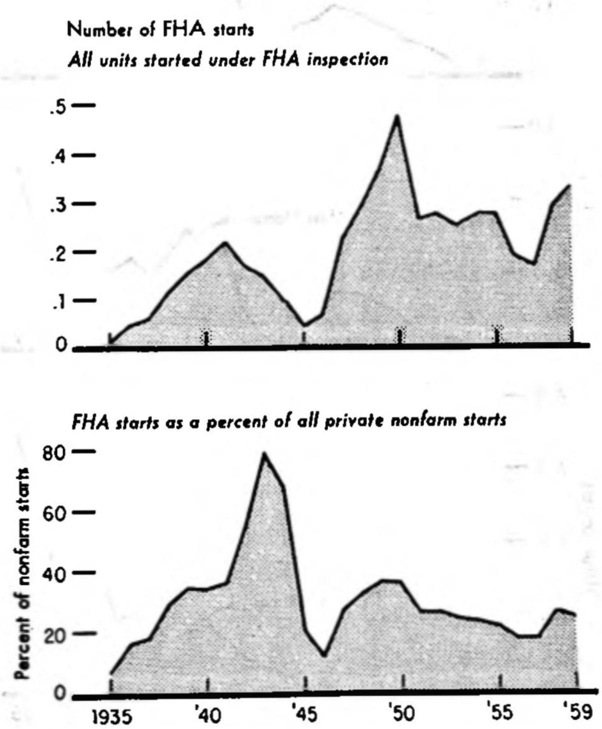
FHA Workload

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

During the year FHA field offices processed (approved or rejected) applications involving nearly 876,500 units, or about 5 percent less than 1958. Included in this figure were 474,200 units covered by Agreements to Insure issued during the period from January through September when the agency was operating near the limit of the General Mortgage Insurance Authorization provided under Section 217 of the National Housing Act. Agreements to Insure were first introduced on October 16, 1958, in order to conserve the remaining insurance authorization. Unlike commitments, Agreements to Insure were not chargeable against the statutory limit of insurance authorized by the Congress. Issued in lieu of conditional commitments, they were converted to firm commitments upon request of the lending institution when a prospective purchaser had been identified, subject to the availability of the necessary insurance authorization. This procedure was terminated on September 23, 1959, upon the approval of the Housing Act of 1959 which added $8 billion to the Section 217 authorization. Commitments for mortgage insurance were issued for 600,600 units. Net ATI's issued brought the total number of units covered by FHA approvals to 858,700 or almost 98 percent of the number processed.

CHART III–4

FHA DWELLING UNITS STARTED, 1935–59



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

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

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

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

VOLUME OF INSURANCE WRITTEN

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

Home Mortgages

In 1959 FHA home mortgage insurance was available under several sections and subsections of Title II including Section 203(b) for regular homes; Section 203(h) for disaster housing; Section 203(i) for moderate-cost suburban and farm homes; Section 213 for individual homes constructed under and released from Section 213 sales-type cooperative project mortgages; Section 220 for individual homes in urban renewal areas; Section 221 for individual homes for families relocated by urban renewal projects or displaced by other governmental action; Section 222 for 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 connection with the sale of acquired properties; and Section 225 for insuring "open end" increases of existing FHA-insured mortgages. Home mortgage insurance was also available under Section 809 of the Title VIII program for civilian employees engaged in armed services research and development; and provisions were made by the Housing Act of 1959 for a limited number of single-family release clause projects under Section 810 for military personnel and essential civilian personnel serving or employed at installations of the armed services.

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

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

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

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

Section	Total		New		Existing	
	Units (percent)	Amount (percent)	Units (percent)	Amount (percent)	Units (percent)	Amount (percent)
203	93.2	93.0	91.2	92.0	94.5	93.8
213	.4	.5			.7	.9
220	.1	(1)	.1	.1	(1)	(1)
221	1.5	1.2	3.3	2.3	.4	.3
222	4.5	4.9	4.9	5.1	4.2	4.8
809	.3	.4	.5	.5	.2	.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

[1] Less than 0.05 percent.

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

CHART III–5

VOLUME OF HOME MORTGAGES INSURED, 1935–59

Under all home mortgage programs of FHA

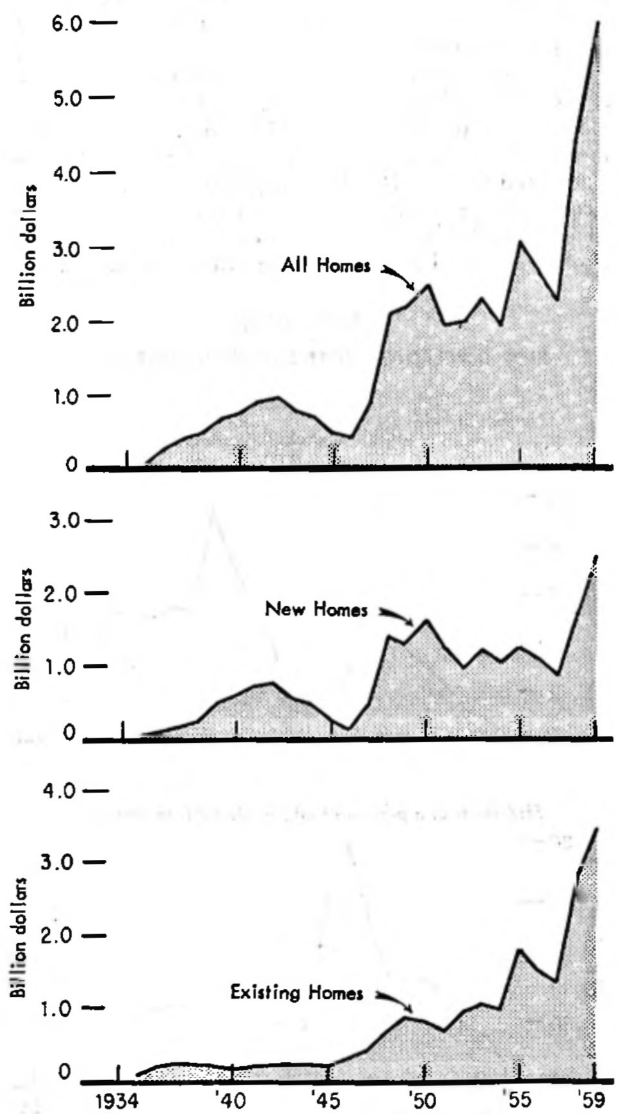


TABLE III-5.—*Home mortgages insured by FHA, 1935–59*

[Dollar amounts in thousands]

Year	Grand total [1]		Total new construction		New construction: Sec. 2 and 8 [2]		Sec. 203 [3]		Sec. 220		Sec. 221		Sec. 222		Sec. 603		Sec. 809		Sec. 903	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935–39	513,615	$2,007,777	235,391	$1,012,590	16,628	$37,914	218,763	$974,676												
1940–44	981,388	4,116,585	738,051	3,117,345	22,373	61,888	399,467	1,792,224							316,211	$1,263,233				
1945–49	979,451	6,116,754	540,396	3,603,452	5,591	20,452	187,002	1,324,183							347,803	2,258,816				
1950	351,528	2,492,367	225,269	1,636,678	1,759	7,428	221,381	1,613,725							2,129	15,525				
1951	261,231	1,928,433	161,673	1,215,535	6,106	28,514	155,416	1,187,402							23	184				
1952	246,109	1,942,307	122,794	968,613	5,615	29,112	102,695	831,748											14,449	$107,716
1953	272,299	2,288,626	151,777	1,258,558	4,270	21,393	121,981	1,038,234											25,520	198,933
1954	222,665	1,942,266	121,847	1,035,366	15,826	89,007	85,184	777,067											20,836	169,310
1955	318,454	3,084,767	131,116	1,269,179	5,705	32,259	120,459	1,188,329					1,608	$20,676					3,344	27,915
1956	253,300	2,638,230	105,315	1,132,930	139	775	101,454	1,087,699	57	$598	1	$9	2,750	35,029			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	1,665,886			123,588	1,544,654	510	6,115	3,416	31,330	5,432	72,902			853	10,875		
1959	505,493	6,069,418	200,222	2,562,611			182,648	2,357,042	204	2,091	6,623	59,746	9,679	129,767			1,068	13,965		
Total	5,497,437	41,430,076	2,942,252	21,358,885	84,031	328,676	2,090,290	16,540,807	1,256	13,690	10,198	92,445	22,607	302,158	666,300	3,537,186	2,479	31,577	65,091	512,348

Year	Total existing construction [4]		Existing or refinanced construction: Sec. 8		Sec. 203		Sec. 213		Sec. 220		Sec. 221		Sec. 222		Sec. 603 and 603–610		Sec. 611		Sec. 809		Sec. 903	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	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	706,106	313	$2,464							1,202	3,983	6	$40				
1952	123,315	973,694	200	996	119,673	940,724	3,235	30,355							56	201	69	516			113	$819
1953	120,522	1,030,068	103	553	117,269	998,077	2,080	27,062							72	323					289	3,151
1954	100,818	906,899	71	382	96,125	863,325	4,502	42,095					10	$142	1	6					109	950
1955	187,338	1,816,588	9	50	181,248	1,740,624	1,054	9,026					5,027	65,868								
1956	147,985	1,506,300			138,579	1,381,897	677	7,220			15	$116	8,707	115,926					7	$86		
1957	127,852	1,370,921			115,453	1,207,313	4,233	54,109			302	3,161	7,641	104,252					163	2,008		
1958	255,621	2,885,597			237,385	2,647,267	5,827	78,270	15	$147	978	8,380	10,912	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		
Total	2,555,185	20,071,190	420	2,195	2,451,626	10,019,907	24,692	281,902	49	404	2,478	21,386	45,165	600,013	28,864	124,139	75	556	1,196	15,664	611	4,922

[1] For total number and amount of mortgages insured under each section in 1958, 1959, and cumulatively through the end of 1959 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 $2,502,300 in 1954, 14,557 for $99,853,450 in 1955, 10,481 for $65,545,450 in 1956, 3,403 for $22,331,650 in 1957, 8,128 for $61,679,850 in 1958, 14,462 for $113,730,200 in 1959.

[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.

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

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

Section 203 cases insured in 1959 constituted 55 percent of all cases closed under that section during the year. Rejected applications and expired commitments (including expired agreements to insure) accounted for the remainder—7 percent and 38 percent, respectively. The trend in the disposition of Section 203 applications closed during selected years is shown in Table III–6. The proportion of closings by insurance in 1959 declined less than 1 percentage point from the 56 percent in 1958 but still compared favorably with all postwar years except the record homebuilding year of 1950.

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

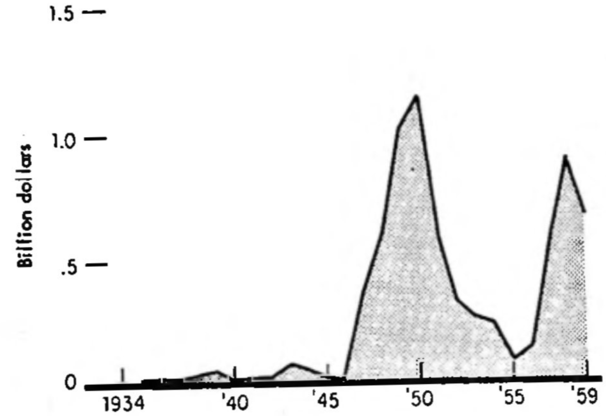
Year	Number of cases closed	Percent of cases closed by—		
		Rejection of application [1]	Expiration of commitment [1] [2]	Insurance of mortgage
TOTAL CONSTRUCTION				
1946	145, 500	16. 2	37. 9	45. 9
1950	539, 640	10. 4	26. 9	62. 7
1954	357, 920	14. 6	36. 3	49. 1
1955	584, 779	10. 4	39. 2	50. 4
1956	498, 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
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	236, 733	6. 8	41. 2	52. 0
1959	320, 469	5. 6	37. 5	56. 9
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. 5	38. 2	54. 5

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

CHART III–6

VOLUME OF MULTIFAMILY MORTGAGES INSURED, 1935–59

Under all project mortgage programs of FHA



Project Mortgages

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

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

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

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

[1] Provided by the Housing Act of 1959.

TABLE III–7.—*Multifamily housing mortgages insured by FHA, 1935–59*

[Dollar amounts in thousands]

Year	Grand total [1]		New construction															
			Total		Sec. 207		Sec. 213				Sec. 220		Sec. 221		Sec. 231		Sec. 608	
							Sales		Management									
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935–39	29,777	$114,429	29,777	$114,429	29,777	$114,429	----	----	----	----	----	----	----	----	----	----	----	----
1940–44	45,751	188,446	41,890	174,187	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	$2,091	----	----	----	----	----	----	----	----	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	----	----	----	----	----	----	33,709	259,937
1952	39,839	321,911	39,839	321,911	6,043	41,843	3,681	35,788	6,003	55,913	----	----	----	----	----	----	3,457	29,634
1953	30,701	259,194	30,701	259,194	7,175	53,839	1,915	20,920	5,604	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	76,489	8,639	73,347	4,316	35,916	636	4,855	909	8,909	----	----	----	----	----	----	----	----
1956	11,177	130,247	10,933	129,585	528	5,070	1,254	16,419	1,719	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	59,929	----	----	----	----	----	----
1958	64,053	908,671	64,851	908,208	11,266	135,155	4,580	61,885	2,021	35,914	2,660	31,579	2,024	$17,282	----	----	----	----
1959	43,976	674,082	43,632	673,385	13,742	185,882	1,396	19,795	3,057	45,881	7,627	100,865	1,535	13,166	207	$2,067	----	----
Total	841,488	7,268,772	829,309	7,225,460	104,935	794,134	25,229	280,121	31,355	333,198	16,489	201,748	3,559	30,448	207	2,067	463,724	3,428,047

Year	New construction—Continued								Existing or refinanced construction											
	Sec. 611		Sec. 803				Sec. 908		Total		Sec. 207		Sec. 213 management		Sec. 221		Sec. 608		Sec. 608–610	
			Military		Armed services															
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935–39	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----
1940–44	----	----	----	----	----	----	----	----	3,861	$14,250	3,267	$11,444	----	----	----	----	594	$2,815	----	----
1945–49	275	$1,650	1,640	$12,071	----	----	----	----	4,621	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	1,808
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	928	12,181	100,558	----	----	3,890	30,497	----	----	----	----	----	----	----	----	----	----	----	----
1954	----	----	9,310	74,764	----	----	1,282	9,820	----	----	----	----	----	----	----	----	----	----	----	----
1955	----	----	2,261	18,836	420	$3,670	106	923	792	3,143	792	3,143	----	----	----	----	----	----	----	----
1956	----	----	982	8,410	5,399	70,655	----	----	244	662	208	370	36	$292	----	----	----	----	----	----
1957	----	----	564	3,957	24,872	381,791	----	----	221	831	221	831	----	----	----	----	----	----	----	----
1958	----	----	----	----	41,700	626,392	----	----	107	403	107	403	----	----	10	$65	----	----	----	----
1959	----	----	----	----	10,068	305,730	----	----	344	1,207	334	1,232	----	----	----	----	----	----	----	----
Total	1,984	11,991	84,883	683,143	88,459	1,388,138	8,485	63,427	12,170	43,312	6,273	22,625	31	292	10	65	1,950	11,971	3,915	8,360

[1] For total number and amount of mortgages insured under each section in 1958, 1959, and cumulatively through 1959, see Table 2.

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

Proportionately, multifamily housing mortgage insurance accounted for less than 9 percent of the 1959 aggregate amount of mortgages and loans insured under all FHA programs.

In 1959, applications for project mortgage insurance (71,500 units) declined nearly one-fourth from the previous year. A comparable drop was recorded for commitments to insure, which covered 51,200 dwelling units in 1959. At December 31, 1959, there were 21,000 units covered by outstanding commitments and 50,100 units under examination in FHA field offices. There were an additional 13,700 dwelling units in the process of preapplication appraisals, with the bulk of these involving the Section 803 armed services housing program. Some 25,400 dwelling units were reported started under FHA inspection during 1959, bringing total project units under construction to 49,600—an increase of 27 percent over 1958. About 19,400 of these units were reported completed and ready for occupancy in 1959. These figures do not include 16,200 Section 803 armed services housing units which were started under military inspection.

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

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

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

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

Sales-type cooperative project insurance in 1959 involved $20 million and covered 1,400 single-family dwellings which were constructed for release to the individual cooperative members. Upon release, these homes can be insured either under the individual mortgage provisions of Section 213 or under Section 203.

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

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

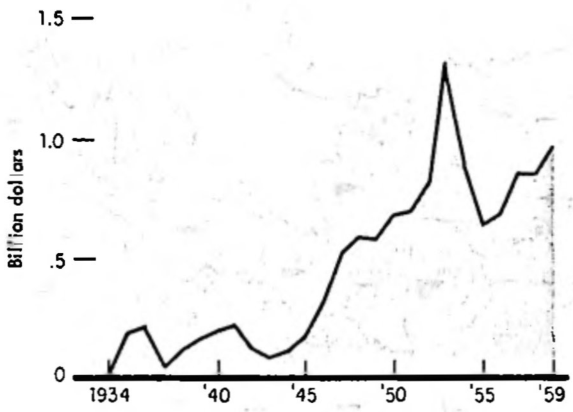
Section 221 relocation project mortgage insurance in 1959 totaled $13 million and covered 1,500 dwelling units. Total insurance under this program now stands at $30 million (3,600 units).

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

CHART III–7

VOLUME OF PROPERTY IMPROVEMENT LOANS INSURED, 1934–59

Under the Title I program—excludes small homes



Property Improvement Loans

Under Title I Section 2, FHA insures approved financial institutions against loss on unsecured loans made to improve existing properties or to build new nonresidential structures. Financial institutions classify these loans as consumer credit notes, and they are generally made on the basis of the borrower's character and credit rating. Upon certification by the originating institution that a loan has been made in conformance with the FHA regulations, the Commissioner accepts the loan for insurance without further investigation. The portfolio of each institution's loans is insured up to 10 percent of the total amount of net proceeds insured, with the individual claim payment being limited to 90 percent of the calculated principal loss sustained by the lender on the defaulted note. Table III–8 presents data on the volume of loans insured by years and cumulatively since 1934. In 1959 over 4,000 active institutions reported for insurance nearly 1.1 million loans with net proceeds totaling $997 million—the third largest amount insured in any year during the 25-year history of the program (Chart III–7). This was an increase of 6 percent in number and 15 percent in net proceeds over the 1,038,000 loans and $868 million of net proceeds reported for 1958. Average proceeds for the loans insured in 1959 established a new record of $909, a 9 percent increase over the previous high average of $836 in 1958. During the quarter century (1934–59), over 23 million loans and $12 billion have been insured under Title I, accounting for one-fifth of the total dollar volume insured under all FHA programs.

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

Year	Annual			Cumulative		
	Number	Net proceeds (000)	Average	Number	Net proceeds (000)	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

[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.

STATE DISTRIBUTION OF FHA INSURANCE WRITTEN

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

Insurance Written During 1959

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

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

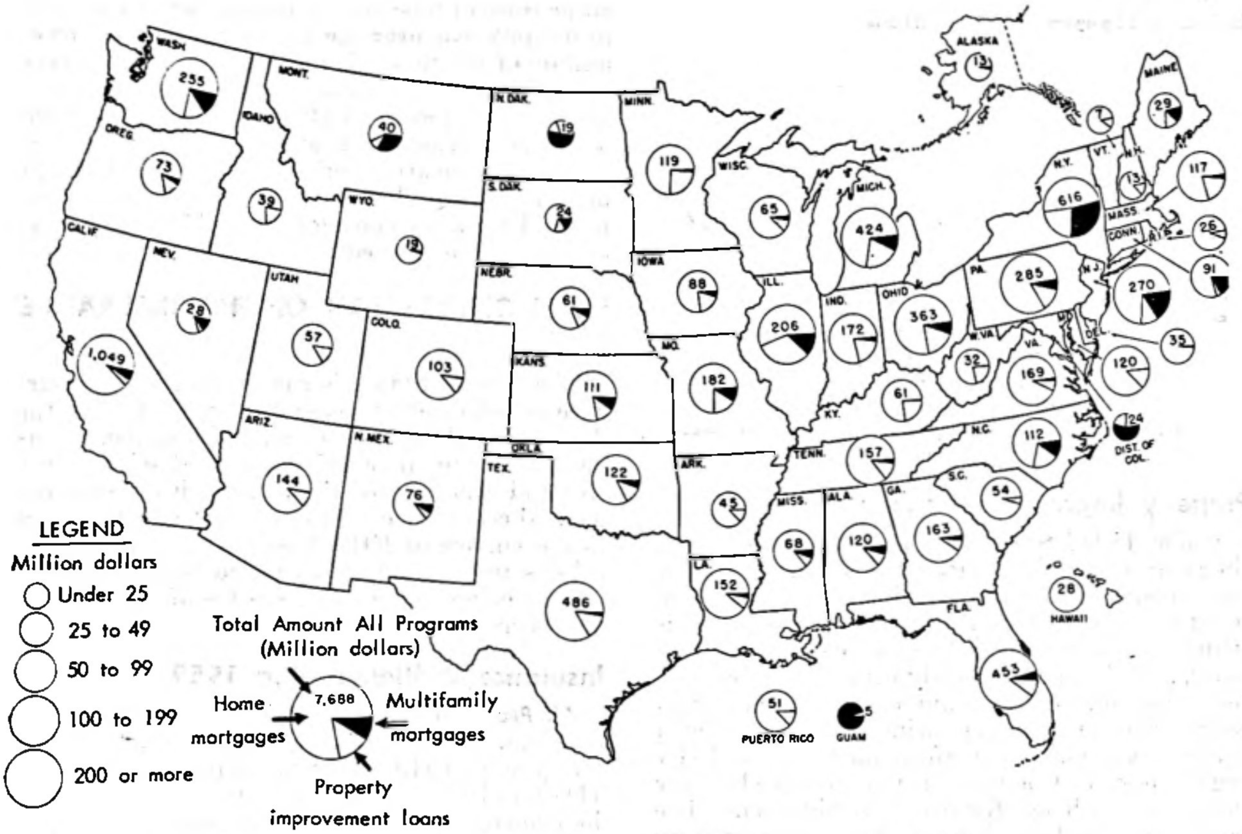
Home Mortgage Programs.—The FHA insured one-to-four-family home mortgages in all States and major possessions in 1959, with an average of 9,100 insured transactions per State.[1] Only seven States reported fewer than 1,000 cases. At the other end California, Texas, and Florida each reported more than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

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

[1] For convenience throughout this report all geographic areas comparable to States will be designated as "States" without regard to their legal or political status.

CHART III–8

MORTGAGES AND LOANS INSURED UNDER ALL SECTIONS, 1959



reported insurance of fewer than 100 existing-home mortgages.

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

Project Mortgage Programs.—Nearly half of all multifamily housing dwelling units covered by project mortgages insured in 1959 were located in three States—New York (12,839 units), California (3,536), and New Jersey (3,272). During the year, however, some degree of multifamily housing insurance activity was reported for 41 States. The largest proportion (37 percent) of the dwelling units were under the Section 803 armed services housing program in 27 States, while the Section 207 rental program ranked second with 32 percent of the total units provided and activity in another group of 27 States. Table III–11 shows the State distributions of project-mortgage insurance in 1959 for all programs combined and for the individual sections.

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

TABLE III-9.—*Volume of FHA-insured mortgages and loans, by State location of property, 1959*

[Dollar amounts in thousands]

State	Total amount	Home mortgages [1]		Project mortgages [1]		Property improvement loans	
		Number	Amount	Units	Amount	Number	Net proceeds
Alabama	$119, 548	8, 520	$102, 018	448	$6, 760	13, 708	$10, 769
Alaska	13, 467	549	12, 907	-	-	349	561
Arizona	144, 135	11, 177	129, 364	124	847	17, 315	13, 924
Arkansas	45, 258	3, 479	39, 594	-	-	7, 266	5, 665
California	1, 049, 063	71, 503	958, 025	3, 536	50, 231	37, 042	40, 807
Colorado	102, 516	7, 052	90, 632	82	619	13, 144	11, 266
Connecticut	91, 274	5, 548	73, 113	1, 052	14, 383	3, 146	3, 778
Delaware	35, 323	2, 688	34, 491	81	750	72	81
District of Columbia	23, 825	401	5, 139	1, 090	13, 693	5, 517	4, 994
Florida	453, 248	31, 839	383, 957	1, 523	22, 975	54, 703	46, 317
Georgia	162, 796	12, 174	144, 618	374	5, 694	15, 092	12, 483
Hawaii	27, 572	1, 780	27, 558	-	-	12	14
Idaho	30, 010	2, 573	30, 933	-	-	7, 654	8, 076
Illinois	205, 627	8, 812	113, 424	1, 928	26, 604	68, 930	65, 598
Indiana	171, 968	11, 136	134, 300	335	5, 741	36, 795	31, 918
Iowa	87, 070	5, 675	67, 368	336	4, 734	16, 574	15, 567
Kansas	110, 508	7, 482	87, 223	625	10, 215	15, 991	13, 130
Kentucky	61, 410	4, 139	47, 192	52	391	20, 557	13, 828
Louisiana	152, 214	10, 604	136, 330	281	4, 286	11, 987	11, 598
Maine	29, 419	2, 146	21, 263	277	4, 476	4, 387	3, 681
Maryland	119, 062	8, 344	103, 023	20	241	19, 575	16, 398
Massachusetts	117, 210	7, 552	90, 864	285	3, 774	24, 486	22, 572
Michigan	423, 650	23, 989	209, 162	2, 371	38, 254	98, 956	86, 240
Minnesota	118, 642	6, 729	88, 931	147	1, 787	35, 155	27, 925
Mississippi	67, 690	4, 905	57, 374	290	4, 726	7, 914	5, 600
Missouri	181, 686	11, 321	135, 502	1, 168	17, 530	38, 552	28, 654
Montana	40, 188	1, 828	23, 514	700	12, 511	3, 961	4, 163
Nebraska	60, 991	4, 119	49, 779	296	4, 463	7, 060	6, 749
Nevada	28, 111	1, 663	23, 511	249	3, 065	1, 409	1, 535
New Hampshire	13, 373	1, 044	11, 301	-	-	2, 532	2, 072
New Jersey	260, 940	15, 773	196, 604	3, 272	47, 463	20, 752	25, 883
New Mexico	76, 271	5, 275	66, 241	348	5, 250	4, 479	4, 780
New York	616, 101	22, 863	295, 080	12, 839	187, 462	111, 867	133, 649
North Carolina	111, 503	7, 107	78, 271	920	13, 541	25, 358	19, 691
North Dakota	19, 238	502	6, 074	624	10, 171	3, 176	2, 993
Ohio	363, 070	21, 080	277, 355	2, 429	25, 394	74, 030	60, 321
Oklahoma	122, 164	9, 106	102, 008	349	5, 568	15, 883	14, 588
Oregon	73, 139	5, 387	60, 239	308	3, 280	9, 937	9, 615
Pennsylvania	284, 972	20, 829	231, 668	1, 093	15, 813	40, 196	37, 491
Rhode Island	26, 175	2, 252	23, 999	-	-	2, 064	2, 176
South Carolina	53, 944	4, 482	50, 442	-	-	4, 032	3, 502
South Dakota	24, 450	1, 592	17, 483	220	3, 599	4, 010	3, 368
Tennessee	157, 009	12, 211	133, 593	445	4, 618	27, 186	18, 798
Texas	480, 164	30, 190	408, 561	762	8, 322	82, 945	69, 280
Utah	57, 371	3, 745	49, 354	-	-	8, 858	8, 017
Vermont	6, 610	591	5, 735	-	-	1, 071	876
Virginia	168, 964	11, 807	154, 339	229	2, 838	16, 467	11, 787
Washington	254, 874	16, 672	192, 637	2, 068	29, 409	33, 382	32, 828
West Virginia	32, 306	1, 918	24, 803	-	-	8, 298	7, 503
Wisconsin	65, 157	4, 472	56, 448	200	2, 279	7, 216	6, 430
Wyoming	19, 023	1, 352	18, 37.	-	-	663	646
Guam	4, 655	15	224	220	4, 428	5	3
Puerto Rico	51, 169	4, 849	44, 701	-	-	4, 311	6, 468
Virgin Islands	187	14	174	-	-	21	14
Total [2]	7, 688, 152	490, 855	6, 016, 828	43, 976	674, 682	1, 096, 635	996, 642

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

TABLE III-10.—*Volume of FHA-insured new- and existing-home mortgages, by State location of property, 1959*

[Dollar amounts in thousands]

State	Total new construction			Section					Total existing construction			Section				
	Number	Units	Amount	203(i)	203 other	221	222	Other [1]	Number	Units	Amount	203	213	221	222	Other [1]
				Units	Units	Units	Units	Units				Units	Units	Units	Units	Units
Alabama	3,472	3,473	$42,373	110	2,092	846	123	200	5,048	5,080	$59,646	4,356	43	160	140	390
Alaska	188	193	5,002	-	101	-	2	-	361	305	7,905	352	-	-	10	3
Arizona	8,572	8,588	90,708	1,365	7,142	-	81	-	2,605	2,659	29,590	2,632	5	-	22	-
Arkansas	1,470	1,477	18,760	8	1,345	55	40	29	2,000	2,040	20,834	1,066	-	7	61	6
California	20,930	21,164	311,341	140	19,088	40	1,180	98	50,564	51,710	646,685	49,364	616	10	1,719	1
Colorado	3,042	3,049	41,063	98	2,855	-	90	-	4,010	4,040	48,670	3,842	-	-	198	-
Connecticut	840	840	11,109	-	822	-	24	-	4,702	5,090	62,005	4,823	-	1	266	-
Delaware	1,403	1,408	19,379	-	1,405	-	3	-	1,285	1,295	15,112	1,279	-	6	10	-
District of Columbia	-	-	-	-	-	-	-	-	401	409	5,139	312	-	54	13	-
Florida	20,025	20,049	237,078	4,000	13,967	480	863	730	11,814	11,890	140,878	10,568	519	39	631	133
Georgia	5,107	5,108	60,275	238	3,182	1,320	368	-	7,067	7,144	84,343	6,291	-	26	824	-
Hawaii	1,071	1,075	16,637	-	938	25	112	-	700	715	10,921	625	46	22	18	4
Idaho	744	744	10,525	1	715	-	28	-	1,829	1,860	20,409	1,836	-	-	24	-
Illinois	2,867	2,874	30,036	113	2,719	8	34	-	5,945	6,001	74,388	5,866	-	2	133	-
Indiana	5,157	5,158	65,936	126	4,965	-	67	-	5,979	6,023	68,373	5,998	3	-	22	-
Iowa	1,860	1,861	23,837	17	1,825	-	19	-	3,815	3,826	43,532	3,734	76	1	15	-
Kansas	2,588	2,589	33,674	7	2,389	27	160	-	4,894	4,923	53,549	4,699	-	33	191	-
Kentucky	1,703	1,708	19,411	4	1,120	559	17	2	2,436	2,444	27,781	2,353	-	60	31	-
Louisiana	6,139	6,149	83,095	76	4,910	349	814	-	4,465	4,538	53,236	4,294	81	6	157	-
Maine	253	255	3,119	-	187	-	68	-	1,893	2,159	18,144	2,052	-	1	103	3
Maryland	2,570	2,580	32,203	64	2,331	-	185	-	5,774	5,884	70,820	5,371	21	-	492	-
Massachusetts	1,208	1,214	16,082	1	1,076	-	137	-	6,344	8,001	74,782	7,501	-	-	410	-
Michigan	11,181	11,188	147,473	430	10,307	310	45	-	12,808	13,319	151,689	13,044	209	17	43	6
Minnesota	2,057	2,063	28,472	-	2,044	-	19	-	4,672	4,731	60,458	4,481	180	1	69	-
Mississippi	3,194	3,202	39,340	150	2,736	-	310	-	1,711	1,722	18,035	1,625	-	1	96	-
Missouri	3,800	3,818	48,946	355	3,388	-	75	-	7,521	7,684	80,557	7,556	-	9	119	-
Montana	572	579	8,146	1	521	-	57	-	1,256	1,338	15,368	1,323	-	-	15	-
Nebraska	1,759	1,761	22,390	227	1,330	-	204	-	2,360	2,382	27,380	2,123	-	-	259	-
Nevada	754	755	11,125	-	738	-	17	-	909	950	12,387	810	134	-	6	-
New Hampshire	80	89	1,116	11	62	-	10	-	955	1,045	10,185	901	-	-	144	-
New Jersey	6,541	6,543	80,436	795	5,659	-	84	5	9,232	9,681	116,168	9,111	-	1	560	-
New Mexico	3,237	3,266	42,477	196	2,858	1	211	-	2,038	2,054	23,764	1,819	86	-	149	-
New York	5,554	5,804	74,141	542	5,226	-	36	-	17,300	19,696	220,039	19,325	-	35	336	-
North Carolina	3,538	3,547	39,569	536	2,565	353	93	-	3,569	3,575	38,703	3,307	-	6	262	-
North Dakota	119	119	1,503	-	111	2	6	-	383	386	4,571	309	58	1	18	-
Ohio	8,686	8,689	118,452	65	8,006	222	396	-	12,394	12,616	158,902	11,972	48	311	278	7
Oklahoma	4,118	4,123	51,660	78	3,222	-	823	-	4,988	5,012	50,347	4,773	-	-	239	-
Oregon	1,277	1,288	16,231	61	1,207	-	20	-	4,110	4,153	44,008	4,111	-	3	39	-
Pennsylvania	5,189	5,190	67,977	17	5,081	38	54	-	15,640	16,028	163,690	15,777	-	44	206	1
Rhode Island	271	271	3,220	-	232	-	30	-	1,981	2,448	20,778	2,187	-	1	260	-
South Carolina	1,955	1,961	23,019	198	1,330	7	426	-	2,527	2,552	27,424	1,949	-	2	601	-
South Dakota	729	732	8,764	27	538	-	167	-	863	874	8,719	788	-	-	86	-
Tennessee	6,127	6,136	71,967	85	4,309	1,401	305	36	6,084	6,567	61,626	6,324	1	138	73	31
Texas	19,333	19,354	233,547	2,292	15,449	139	1,474	-	16,857	17,063	175,014	16,430	-	34	599	-
Utah	2,179	2,188	20,572	-	2,006	-	31	61	1,566	1,577	19,782	1,541	-	-	34	2
Vermont	36	37	459	-	34	-	3	-	555	666	5,275	643	-	-	23	-
Virginia	4,127	4,127	56,257	20	3,236	284	587	-	7,680	7,696	98,082	6,534	-	17	1,145	-
Washington	3,070	3,076	40,798	88	2,768	13	207	-	13,602	14,096	151,839	13,448	9	13	626	-
West Virginia	534	534	7,542	8	502	21	3	-	1,384	1,400	17,261	1,397	1	-	2	-
Wisconsin	1,456	1,458	20,030	-	1,437	-	21	-	3,016	3,181	36,417	3,087	-	57	37	-
Wyoming	656	657	9,423	-	651	-	6	-	696	703	8,953	685	-	-	18	-
Guam	1	2	22	-	2	-	-	-	14	17	202	17	-	-	-	-
Puerto Rico	3,925	3,929	37,273	1,234	2,521	58	116	-	924	947	7,428	939	-	4	4	-
Virgin Islands	10	10	132	-	10	-	-	-	4	4	42	4	-	-	-	-
Total [2]	197,298	198,058	2,532,079	13,790	166,136	6,582	10,293	1,257	293,557	304,268	3,484,749	288,577	2,136	1,123	11,845	587

[1] Includes Secs. 220 and 809.
[2] Cases tabulated in 1959.

Table III–11.—*Volume of FHA-insured multifamily housing mortgages, by State location of projects, 1959*

[Dollar amounts in thousands]

State	All sections			Sec. 207		Sec. 213				Sec. 220		Sec. 221		Sec. 231		Sec. 803	
						Sales		Management									
	Number	Amount	Units	Number	Units	Number	Units	Number	Units	Number	Units	Number	Units	Number	Units	Number	Units
Alabama	8	$6,760	448			5	48									3	400
Alaska																	
Arizona	1	847	124	1	124												
Arkansas																	
California	50	50,231	3,536	7	524	6	112	7	431	10	226					20	2,243
Colorado	2	619	82	2	82												
Connecticut	8	14,383	1,052	6	684			1	113	1	255						
Delaware	1	750	81	1	81												
District of Columbia	3	13,603	1,090	2	590							1	500				
Florida	51	22,975	1,523	1	38	44	632	1	185							5	668
Georgia	3	5,694	374	1	151											2	223
Hawaii																	
Idaho																	
Illinois	8	26,604	1,928	2	292					3	1,211					3	425
Indiana	3	5,741	386	1	136											2	250
Iowa	3	4,734	336	1	101											2	235
Kansas	6	10,215	625									1	11			5	614
Kentucky	1	391	52							1	52						
Louisiana	11	4,286	281			10	81									1	200
Maine	4	4,476	277													4	277
Maryland	2	241	20			2	20										
Massachusetts	3	3,774	285	3	285												
Michigan	29	38,254	2,371		396	12	150									15	1,825
Minnesota	9	1,787	147	1	34	8	113										
Mississippi	2	4,726	290													2	290
Missouri	4	17,530	1,168							2	468					2	700
Montana	6	12,511	760													6	760
Nebraska	4	4,463	296	2	80											2	216
Nevada	6	3,065	249	1	100	4	93	1	56								
New Hampshire																	
New Jersey	21	47,463	3,272	2	280					4	1,380					15	1,612
New Mexico	8	5,250	348			6	97									2	251
New York	62	187,462	12,839	36	7,256			13	1,802	9	3,333					4	448
North Carolina	7	13,541	920	1	120											6	800
North Dakota	5	10,171	624													5	624
Ohio	18	25,394	2,429	8	823	2	40			1	132	4	1,034			3	400
Oklahoma	4	5,568	349													4	349
Oregon	4	3,286	308	1	40			1	37					1	207	1	24
Pennsylvania	3	15,813	1,093	1	300			1	432	1	361						
Rhode Island																	
South Carolina																	
South Dakota	2	3,509	220													2	220
Tennessee	3	4,618	445	2	240					1	205						
Texas	6	8,322	762	3	352											3	410
Utah																	
Vermont																	
Virginia	1	2,838	220	1	220												
Washington	17	20,409	2,068	2	558	1	10									14	1,500
West Virginia																	
Wisconsin	3	2,270	200	3	200												
Wyoming																	
Guam	3	4,428	220													3	220
Puerto Rico																	
Total	395	674,682	43,976	94	14,076	100	1,306	25	3,057	33	7,027	6	1,545	1	207	136	16,068

in New Jersey to $673 in Kentucky and $691 in Tennessee—varying considerably from the national average of $909. (Guam and the Virgin Islands actually reported the lowest average amounts, but their combined total represented less than $17 thousand in net proceeds.)

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

State	Net proceeds, 1959		
	Number	Amount	Average
Alabama	13,708	$10,769,031	$786
Alaska	349	560,775	1,607
Arizona	17,315	13,924,318	804
Arkansas	7,266	5,664,539	780
California	37,042	40,806,709	1,102
Colorado	13,144	11,265,591	857
Connecticut	3,146	3,777,686	1,201
Delaware	72	81,305	1,129
District of Columbia	5,517	4,993,624	905
Florida	54,703	46,317,090	847
Georgia	15,092	12,483,461	827
Hawaii	12	13,987	1,166
Idaho	7,654	8,076,299	1,055
Illinois	68,930	65,598,146	952
Indiana	36,795	31,918,203	867
Iowa	16,574	15,567,109	939
Kansas	15,991	13,129,517	821
Kentucky	20,557	13,827,614	673
Louisiana	11,987	11,598,017	968
Maine	4,387	3,680,587	839
Maryland	19,575	16,397,632	838
Massachusetts	24,486	22,572,402	922
Michigan	98,956	86,239,765	871
Minnesota	35,155	27,924,775	794
Mississippi	7,914	5,599,580	708
Missouri	38,552	28,653,985	743
Montana	3,961	4,163,391	1,051
Nebraska	7,060	6,749,437	956
Nevada	1,409	1,535,100	1,089
New Hampshire	2,532	2,071,509	818
New Jersey	20,752	25,883,295	1,247
New Mexico	4,479	4,780,137	1,067
New York	111,867	133,649,228	1,195
North Carolina	25,358	19,690,771	777
North Dakota	3,176	2,992,993	942
Ohio	74,030	60,321,380	815
Oklahoma	15,883	14,588,387	918
Oregon	9,937	9,614,756	968
Pennsylvania	40,196	37,491,308	933
Rhode Island	2,064	2,176,190	1,054
South Carolina	4,632	3,502,051	756
South Dakota	4,010	3,368,290	840
Tennessee	27,186	18,707,804	691
Texas	82,945	69,280,147	835
Utah	8,858	8,017,191	905
Vermont	1,071	875,733	818
Virginia	16,467	11,787,027	716
Washington	33,382	32,827,648	983
West Virginia	8,298	7,502,624	904
Wisconsin	7,216	6,430,129	891
Wyoming	663	646,240	975
Guam	5	3,155	631
Puerto Rico	4,311	6,467,093	1,500
Virgin Islands	21	13,560	646
Total [1]	1,096,635	996,642,053	909

[1] Sum of columns will not necessarily agree with total because of adjustments.

Cumulative Insurance Written, 1934–59

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

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

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

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

TABLE III-13.—*Volume of FHA-insured mortgages and loans, by State location of property, 1934-59*

[Dollar amounts in thousands]

State	Total amount	Home mortgages [1]		Project mortgages [1]		Property improvement loans	
		Number	Amount	Units	Amount	Number	Net proceeds
Alabama	$791, 138	66, 527	$533, 236	14, 110	$103, 843	338, 984	$154, 059
Alaska	121, 320	4, 297	71, 020	3, 853	45, 765	3, 481	4, 535
Arizona	876, 415	82, 592	670, 750	9, 610	87, 787	198, 020	117, 878
Arkansas	474, 197	50, 226	355, 431	3, 776	41, 433	157, 689	77, 333
California	8, 093, 484	826, 421	6, 488, 490	65, 529	586, 060	2, 311, 403	1, 018, 934
Colorado	699, 446	63, 380	525, 893	5, 288	54, 704	222, 427	118, 850
Connecticut	704, 873	64, 617	587, 710	8, 908	78, 673	194, 507	98, 491
Delaware	188, 855	14, 157	131, 263	5, 473	50, 374	15, 440	7, 217
District of Columbia	295, 034	7, 859	63, 825	22, 851	164, 014	123, 536	67, 195
Florida	2, 038, 911	179, 780	1, 495, 329	20, 553	184, 972	574, 119	358, 610
Georgia	1, 121, 002	96, 529	777, 765	25, 725	197, 869	300, 478	145, 368
Hawaii	293, 081	17, 516	183, 346	8, 360	106, 631	4, 097	3, 105
Idaho	322, 206	29, 207	225, 357	1, 416	13, 990	136, 149	82, 859
Illinois	2, 589, 060	201, 300	1, 552, 310	26, 688	233, 101	1, 424, 806	803, 650
Indiana	1, 639, 063	161, 126	1, 169, 827	10, 521	87, 493	796, 853	381, 743
Iowa	608, 821	52, 772	413, 747	2, 677	24, 236	330, 633	170, 838
Kansas	937, 734	94, 994	735, 373	7, 797	78, 723	251, 219	123, 638
Kentucky	604, 008	49, 765	383, 920	9, 124	85, 150	285, 570	134, 938
Louisiana	1, 045, 761	92, 103	794, 180	12, 837	117, 462	246, 692	134, 119
Maine	227, 188	20, 242	142, 941	3, 503	35, 592	99, 047	48, 655
Maryland	1, 175, 804	78, 365	608, 468	45, 042	318, 881	517, 877	248, 455
Massachusetts	792, 221	47, 445	425, 258	6, 739	60, 531	596, 826	306, 432
Michigan	3, 879, 888	342, 198	2, 699, 482	19, 115	185, 278	1, 952, 100	995, 128
Minnesota	831, 095	55, 295	479, 748	7, 020	55, 964	582, 318	295, 383
Mississippi	380, 620	38, 889	279, 822	3, 492	29, 279	149, 256	71, 519
Missouri	1, 531, 348	135, 623	1, 090, 715	15, 080	138, 911	652, 739	301, 722
Montana	224, 329	19, 578	159, 778	1, 747	21, 284	66, 346	43, 267
Nebraska	509, 346	50, 720	389, 893	4, 390	45, 884	137, 202	73, 569
Nevada	222, 971	17, 374	165, 389	3, 080	36, 806	30, 170	20, 776
New Hampshire	109, 201	8, 503	62, 625	1, 344	18, 326	58, 445	28, 250
New Jersey	2, 373, 057	185, 344	1, 383, 943	65, 396	524, 343	738, 896	464, 771
New Mexico	420, 185	36, 484	319, 499	5, 063	59, 858	58, 505	40, 828
New York	5, 488, 361	275, 139	2, 314, 137	156, 728	1, 461, 172	2, 519, 303	1, 713, 052
North Carolina	811, 609	64, 905	491, 290	23, 136	184, 111	254, 908	136, 209
North Dakota	116, 945	6, 017	50, 999	2, 515	39, 610	46, 620	26, 336
Ohio	3, 035, 892	252, 043	2, 121, 066	27, 653	220, 468	1, 420, 760	694, 358
Oklahoma	1, 090, 585	119, 234	854, 042	6, 709	67, 007	334, 750	169, 536
Oregon	737, 902	72, 683	548, 958	6, 292	51, 606	265, 451	137, 428
Pennsylvania	2, 620, 921	251, 166	1, 801, 843	28, 571	237, 478	1, 185, 606	581, 600
Rhode Island	184, 832	16, 677	140, 230	1, 026	9, 173	73, 545	35, 429
South Carolina	460, 172	46, 128	320, 619	10, 162	88, 026	109, 211	51, 527
South Dakota	175, 296	18, 158	132, 709	1, 494	13, 967	48, 873	28, 620
Tennessee	1, 087, 513	105, 144	792, 505	11, 571	78, 619	479, 061	216, 389
Texas	3, 575, 317	341, 269	2, 509, 473	40, 098	318, 553	1, 408, 342	747, 291
Utah	539, 602	49, 625	402, 066	1, 891	16, 860	231, 599	120, 676
Vermont	59, 357	6, 867	45, 282	193	1, 512	25, 117	12, 563
Virginia	1, 478, 901	119, 016	971, 460	48, 251	339, 174	333, 156	168, 267
Washington	1, 902, 948	203, 865	1, 532, 843	14, 508	140, 322	587, 974	319, 783
West Virginia	285, 410	20, 930	212, 695	900	5, 133	122, 197	67, 582
Wisconsin	547, 577	44, 410	365, 732	4, 541	37, 623	286, 951	144, 223
Wyoming	141, 169	16, 524	122, 580	611	4, 976	21, 042	13, 613
Canal Zone	5, 425			330	5, 425		
Guam	28, 988	301	4, 200	1, 270	24, 372	327	417
Puerto Rico	336, 898	32, 761	240, 888	6, 929	50, 370	44, 225	45, 639
Virgin Islands	576	49	550			33	26
Total [2]	60, 981, 544	5, 263, 034	41, 342, 111	841, 488	7, 268, 772	23, 356, 575	12, 370, 661

[1] For volume by sections, see Tables 14 and 15.
[2] Based on cases tabulated through 1959, including adjustments not distributed by States, and excluding Sec. 609.

Table III-14.—*Volume of FHA-insured home mortgages by State location of property, by section, 1935–59*

[Dollar amounts in thousands]

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	66,527	$533,236	916	51,235	43	41	1,442	829	9,830		1,462	723
Alaska	4,297	71,020	21	4,240		4		31	1			
Arizona	82,592	670,750	2,672	65,730	4,407			268	7,132	50		2,333
Arkansas	50,226	355,431	273	42,343	552	65	122	911	5,377			583
California	826,421	6,488,490	15,283	655,442	10,079	32	260	10,181	126,012	25	24	9,083
Colorado	63,380	525,893	1,995	54,712	355			1,036	5,069			213
Connecticut	64,617	587,710	264	55,238			1	1,105	7,537			472
Delaware	14,157	131,263	41	11,222			25	49	2,631			189
District of Columbia	7,859	63,825	1	4,905			120	53	2,780			
Florida	179,780	1,495,329	4,380	139,298	820		528	4,214	26,895		2,064	1,581
Georgia	96,529	777,765	1,568	73,733	57		1,751	2,872	13,350			3,198
Hawaii	17,516	183,346	6	15,517	306	16	201	654	544			272
Idaho	29,207	225,357	107	28,009	20			177	527			367
Illinois	201,309	1,552,310	3,065	172,884			13	492	21,975			2,880
Indiana	161,126	1,169,827	1,733	140,569	198			291	15,823			2,512
Iowa	52,772	413,747	905	48,113	351		1	135	2,551			716
Kansas	94,994	735,373	1,854	77,588			98	1,304	10,368			3,782
Kentucky	49,765	383,920	292	42,818	70	1	1,024	218	4,737			605
Louisiana	92,103	794,180	1,056	74,131	962		365	2,467	12,381			741
Maine	20,242	142,941	46	17,828		2	1	510	1,290			565
Maryland	78,365	608,468	1,728	59,345	104			1,823	14,409			956
Massachusetts	47,445	425,258	650	41,078				2,347	3,076			294
Michigan	342,198	2,699,482	7,273	290,003	1,783	8	892	355	41,334			550
Minnesota	55,295	479,748	401	49,144	416		1	282	4,810			241
Mississippi	38,889	279,822	752	32,526			1	722	4,168			720
Missouri	135,623	1,090,715	338	126,438	10		22	673	7,118			1,024
Montana	19,578	159,778	41	18,899				146	334			158
Nebraska	50,720	389,893	681	42,087	365			1,525	5,808			194
Nevada	17,374	165,389	69	13,560	1,019			50	1,925			751
New Hampshire	8,503	62,625	165	7,403				548	337			50
New Jersey	185,344	1,383,943	2,632	163,051		37	49	1,783	17,014			778
New Mexico	36,484	319,499	86	30,963	808		10	1,003	2,624			930
New York	275,139	2,314,137	9,111	239,569			43	1,690	23,699			1,027
North Carolina	64,905	491,290	657	52,778			376	716	8,829			1,549
North Dakota	6,017	50,999	10	5,624	58		6	40	162			117
Ohio	252,043	2,121,066	1,620	219,704	221	3	1,007	1,839	24,786			2,863
Oklahoma	119,234	854,042	1,866	95,477	666			2,083	17,741			1,401
Oregon	72,683	548,958	789	64,520	52		13	204	6,847			258
Pennsylvania	251,166	1,801,843	1,211	216,392		1	89	899	31,454			1,120
Rhode Island	16,677	140,230	51	14,080			1	1,207	1,263			75
South Carolina	46,128	320,619	664	34,193	25		9	2,533	6,378			2,326
South Dakota	18,158	132,709	206	16,660				594	520			178
Tennessee	105,144	792,505	1,131	83,232	398	2	2,253	762	16,056		104	1,206
Texas	341,269	2,509,473	9,553	270,310	173	1	468	5,247	52,145			3,372
Utah	49,625	402,066	177	40,088	225	999	1	181	7,920			34
Vermont	6,867	45,282	17	6,467				100	283			
Virginia	119,016	971,460	3,289	86,165	25		1,067	7,046	18,898			2,526
Washington	203,865	1,532,843	1,873	178,354	19		93	2,600	20,143			783
West Virginia	29,930	212,695	141	28,423	9		21	11	1,325			
Wisconsin	44,410	365,732	327	38,512			121	150	4,444			856
Wyoming	16,524	122,580	122	15,192	40			45	1,126			
Guam	301	4,200		297				4				
Puerto Rico	32,761	240,888	465	27,708			137	284	4,162			5
Virgin Islands	49	550		47					2			
Total [2]	5,263,034	41,342,111	84,460	4,383,844	24,636	1,212	12,632	67,349	628,016	75	3,654	57,156

[1] Includes Sec. 603–610.
[2] Cases tabulated through 1959, including adjustments not distributed by States.

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

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

Property Improvement Program.—Table III–16 shows that from 1934 through 1959 over 23 million privately financed loans with net proceeds of $12.4 billion have been made to borrowers in every State and insured by FHA under the Title I program. Over $1 billion in net proceeds has been insured to finance improvements on properties in New York ($1.7 billion) and California ($1.0 billion). Michigan is just under the billion-dollar mark. Through 1959, the 23 million loans involved an average amount of $530, ranging from $1,303 in Alaska to $441 in California.

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

[Dollar amounts in thousands]

State	All sections			Number of units											
	Number	Amount	Units	Sec. 207	Sec. 213		Sec. 220	Sec. 221	Sec. 231	Sec. 608	Sec. 608–610	Sec. 611	Sec. 803		Sec. 908
					Sales	Management							Military	Armed services	
Alabama	248	$103,843	14,110	674	48	8	72			10,295			1,005	1,970	38
Alaska	34	45,765	3,853	1,496						2,357					
Arizona	224	87,787	9,610	961	4,414					947		160	1,619	1,509	
Arkansas	63	41,433	3,776	337	578					932				1,929	
California	1,311	586,060	65,529	7,129	10,155	1,832	280			21,575	58	973	13,693	8,840	994
Colorado	113	54,704	5,288	333	365					1,896		50	680	1,700	264
Connecticut	102	78,673	8,908	2,630		197	255	40		3,013			450	240	2,083
Delaware	20	50,374	5,473	682						3,771	20			1,000	
District of Columbia	186	104,014	22,851	2,821			400	593		19,037					
Florida	425	184,972	20,553	645	976	253				10,669			4,168	3,842	
Georgia	195	197,869	25,725	1,743	57	104				18,882	150	195	2,150	2,244	200
Hawaii	124	106,031	8,360	224	311					850			2,077	4,898	
Idaho	14	13,990	1,416		20					571			500	270	55
Illinois	320	233,101	26,688	3,782		35	1,552			17,012			3,416	875	16
Indiana	164	87,493	10,521	1,856	199					6,065			510	930	961
Iowa	52	24,236	2,677	500	351					1,591				235	
Kansas	105	78,723	7,797	346				11		3,243	350		823	3,012	12
Kentucky	117	85,150	9,124	682	70		52			2,247			3,465	2,404	204
Louisiana	192	117,462	12,837	1,345	964					7,071	150	25	782	2,500	
Maine	30	35,592	3,503							688			1,924	891	
Maryland	339	318,881	45,042	4,020	114	138				34,221	486		4,794	1,161	108
Massachusetts	63	60,531	6,739	1,182						3,186			1,502	825	44
Michigan	456	185,278	19,115	5,221	1,950	448	526			7,214	500		661	2,595	
Minnesota	186	55,964	7,020	1,307	437					5,036				240	
Mississippi	48	29,279	3,492	12						1,852			858	770	
Missouri	186	138,911	15,080	1,782	10		1,090			9,439			120	2,639	
Montana	15	21,284	1,747							135			592	910	110
Nebraska	83	45,884	4,390	340	366	71				1,786			611	1,216	
Nevada	76	36,806	3,080	100	1,038	56				240			801	845	
New Hampshire	12	18,326	1,344							244				1,100	
New Jersey	625	524,343	65,396	5,972		765	1,909			51,451			1,983	2,854	462
New Mexico	75	50,858	5,063		828					277			2,395	1,563	
New York	1,124	1,461,172	156,728	30,455		25,962	7,729			85,807	566	556	1,642	4,011	
North Carolina	155	184,111	23,136	3,086						9,107	85		5,571	5,111	176
North Dakota	31	39,610	2,516	16	61					43				2,300	95
Ohio	375	220,468	27,653	3,557	241	173	899	2,716		16,207	10		2,528	400	922
Oklahoma	163	67,007	6,709	132	667					2,974			500	2,047	389
Oregon	157	51,606	6,292	295	52	37			207	5,155				464	82
Pennsylvania	418	237,478	28,571	4,674		1,144	1,520	209		19,474	450		400	231	469
Rhode Island	13	9,173	1,028	36						210			706	76	
South Carolina	109	88,026	10,162	290	25					6,329		25	585	2,908	
South Dakota	17	13,967	1,494	125						258			891	220	
Tennessee	165	78,619	11,571	1,453	398	48	205			6,915	250		1,740	562	
Texas	498	318,553	40,098	6,095	173					19,432			9,072	5,326	
Utah	41	16,860	1,891	24	226					737			854	50	
Vermont	7	1,512	193	56						137					
Virginia	395	339,174	48,251	10,545	25					29,672	440		4,329	2,739	501
Washington	164	140,322	14,508	1,408	20					6,369			3,100	3,311	300
West Virginia	17	6,133	900	188	9	94				209	400				
Wisconsin	188	37,623	4,541	651	41	21				3,828					
Wyoming	10	4,976	611		40					71			500		
Canal Zone	3	5,425	330											330	
Guam	14	24,372	1,270											1,270	
Puerto Rico	33	50,370	6,929							4,947			886	1,096	
Total	10,305	7,268,772	841,488	111,208	25,229	31.386	16,489	3,569	207	465,674	3,915	1,984	84,883	88,459	8,485

Table III–16.—*Volume of FHA property improvement loans insured, by State location, 1934–59*

State	Net proceeds, 1934–59		
	Number	Amount	Average
Alabama	338,984	$154,059,260	$454
Alaska	3,481	4,535,382	1,303
Arizona	198,920	117,878,389	593
Arkansas	157,689	77,333,244	490
California	2,311,403	1,018,933,836	441
Colorado	222,427	118,850,040	534
Connecticut	194,507	98,491,367	506
Delaware	15,449	7,217,157	467
District of Columbia	123,536	67,195,088	544
Florida	574,119	358,609,584	625
Georgia	300,478	145,368,292	484
Hawaii	4,097	3,104,904	758
Idaho	136,149	82,858,959	609
Illinois	1,424,806	803,649,628	564
Indiana	796,853	381,742,907	479
Iowa	330,633	170,838,193	517
Kansas	251,219	123,637,935	492
Kentucky	285,570	134,938,379	473
Louisiana	246,692	134,118,876	544
Maine	99,047	48,654,860	491
Maryland	517,877	248,455,272	480
Massachusetts	596,826	306,432,302	513
Michigan	1,952,190	995,127,825	510
Minnesota	582,318	295,383,496	507
Mississippi	149,256	71,518,880	479
Missouri	652,739	301,722,138	462
Montana	66,346	43,266,904	652
Nebraska	137,202	73,568,693	536
Nevada	30,170	20,775,650	689
New Hampshire	58,445	28,249,910	483
New Jersey	738,896	464,771,266	629
New Mexico	58,505	40,828,004	698
New York	2,519,303	1,713,052,251	680
North Carolina	254,908	136,208,616	534
North Dakota	46,620	26,336,161	565
Ohio	1,420,760	694,358,190	480
Oklahoma	334,750	169,535,792	506
Oregon	265,451	137,428,487	518
Pennsylvania	1,185,606	581,599,809	491
Rhode Island	73,545	35,428,924	482
South Carolina	109,211	51,526,621	472
South Dakota	48,873	28,619,992	586
Tennessee	479,061	216,388,816	452
Texas	1,408,342	747,290,835	531
Utah	231,590	120,675,855	521
Vermont	25,117	12,562,782	500
Virginia	333,156	168,266,916	505
Washington	587,974	319,782,502	544
West Virginia	122,197	67,581,817	553
Wisconsin	286,951	144,222,651	503
Wyoming	21,042	13,612,712	647
Puerto Rico	44,225	45,639,292	1,032
Virgin Islands	33	25,742	780
Guam	327	416,558	1,274
Total [1]	23,356,575	12,370,661,107	530

[1] Sum of columns will not necessarily agree with total because of adjustments.

LENDING INSTITUTION ACTIVITY

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

Mortgage and Loan Financing During 1959

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

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

Type of institution	Percentage distribution			
	Home mortgages	Multifamily project mortgages	Property improvement loans	Total
National bank	58.5	13.2	28.3	100.0
State bank	43.6	26.1	30.3	100.0
Mortgage company	97.5	2.4	.1	100.0
Insurance company	99.5	.5	(1)	100.0
Savings and loan association	84.5	2.0	13.5	100.0
Savings bank	77.9	17.0	5.1	100.0
All other	74.2	7.0	18.8	100.0

[1] Less than 0.05 percent.

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

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

TABLE III-17.—*Financing of FHA-insured mortgages and loans by type of institution, 1959*

[Dollar amounts in thousands]

Section	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other [1]	Total [2]
	Type of institution								
Number of mortgages and loans:									
Home programs:									
Sec. 203(i)	849	119	9,337	154	2,466	48		1,157	14,130
Sec. 203 (other)	74,307	31,715	205,840	19,860	69,052	27,208	998	13,996	442,976
Sec. 213H	306	203	1,409	27	1			130	2,136
Sec. 220H	11	74	56		2	3		14	160
Sec. 221H	249	172	6,881	58	183	21		141	7,705
Sec. 222	2,398	1,338	12,203	1,491	2,521	1,330	1	796	22,138
Sec. 809	11	40	1,341	21				197	1,610
Total	78,131	33,721	237,127	21,611	74,225	28,610	999	16,431	490,855
Project programs: [3]									
Sec. 207	18	35	14	2	1	23		1	94
Sec. 213 sales	6	4	88		2				100
Sec. 213 management	4	15	2			4			25
Sec. 220P	4	18	10			1			33
Sec. 221P		4	2						6
Sec. 231			1						1
Sec. 803 armed services	65	39	12		10	2		8	136
Total	97	115	129	2	13	30		9	395
Property improvement loans: [4] Sec. 2	553,155	329,659	3,218	58	132,909	22,916		54,819	1,096,734
Total all programs	631,383	363,495	240,474	21,671	207,147	51,556	999	71,259	1,587,984
Face amount of mortgages and loans:									
Home programs:									
Sec. 203(i)	$6,694	$930	$73,156	$1,223	$19,385	$381		$9,209	$110,978
Sec. 203 (other)	950,471	409,951	2,556,912	266,589	785,107	340,243	$6,096	173,980	5,489,410
Sec. 213H	4,051	3,784	20,129	418	17			1,902	30,301
Sec. 220H	297	1,162	606		27	18		168	2,278
Sec. 221H	2,180	1,545	61,933	499	1,591	159		1,217	69,133
Sec. 222	31,360	18,272	162,765	20,891	31,751	18,273	10	10,082	293,411
Sec. 809	152	548	17,896	259				2,461	21,317
Total	995,220	436,193	2,893,399	289,879	837,937	359,075	6,107	199,019	6,016,828
Project programs:									
Sec. 207	40,121	71,439	12,492	1,503	842	59,312		1,405	187,114
Sec. 213 sales	1,765	1,275	16,535		220				19,795
Sec. 213 management	6,637	25,548	3,073			10,623			45,881
Sec. 220P	19,027	65,051	12,066			4,026			100,865
Sec. 221P		9,259	3,094						13,231
Sec. 231			2,067						2,067
Sec. 803 armed services	156,108	87,971	21,810		18,013	4,527		17,302	305,730
Total	223,635	260,542	72,037	1,503	19,771	78,488		18,707	674,682
Property improvement loans: [4] Sec. 2	481,624	303,085	4,344	53	133,575	23,475		50,572	996,728
Total all programs	1,700,479	999,820	2,969,779	291,435	991,282	461,038	6,107	268,298	7,688,238
Percentage distribution of amount:									
Home programs:									
Sec. 203(i)	6.0	0.8	65.9	1.1	17.5	0.4		8.3	100.0
Sec. 203 (other)	17.3	7.5	46.6	4.8	14.3	6.2	0.1	3.2	100.0
Sec. 213H	13.4	12.5	66.4	1.4	(5)			6.3	100.0
Sec. 220H	13.0	51.0	26.6		1.2	.8		7.4	100.0
Sec. 221H	3.2	2.2	89.6	.7	2.3	.2		1.8	100.0
Sec. 222	10.7	6.2	55.5	7.1	10.8	6.2	(5)	3.5	100.0
Sec. 809	.7	2.6	84.0	1.2				11.5	100.0
Total	16.5	7.3	48.1	4.8	13.9	6.0	.1	3.3	100.0
Project programs:									
Sec. 207	21.4	38.2	6.7	0.8	0.4	31.7		0.8	100.0
Sec. 213 sales	8.9	6.5	83.5		1.1				100.0
Sec. 213 management	14.5	55.7	6.7			23.1			100.0
Sec. 220P	19.0	64.9	12.1			4.0			100.0
Sec. 221P		69.9	30.1						100.0
Sec. 231			100.0						100.0
Sec. 803 armed services	51.1	28.8	7.1		5.9	1.5		5.6	100.0
Total	33.2	38.6	10.7	.2	2.9	11.6		2.8	100.0
Property improvement loans: Sec. 2	48.3	30.4	0.4	(5)	13.4	2.4		5.1	100.0
Total all programs	22.1	13.0	38.6	3.8	12.9	6.0	.1	3.5	100.0
Number of financing institutions:									
Home programs:									
Sec. 203(i)	35	43	203	11	168	7		17	484
Sec. 203 (other)	1,271	1,481	1,028	208	1,620	338	5	134	6,085
Sec. 213H	5	2	20	2	1			3	33
Sec. 220H	2	5	11		1	2		2	23
Sec. 221H	18	20	160	4	33	7		11	253
Sec. 222	159	144	524	53	352	131	1	47	1,411
Sec. 809	3	2	35	1				4	45
Project programs:									
Sec. 207	14	20	10	2	1	9		1	57
Sec. 213 sales	2	1	14		1				18
Sec. 213 management	3	8	2			1			14
Sec. 220P	3	8	5			1			17
Sec. 221P		2	2						4
Sec. 231			1						1
Sec. 803 armed services	9	5	3		3	1		1	22

[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.

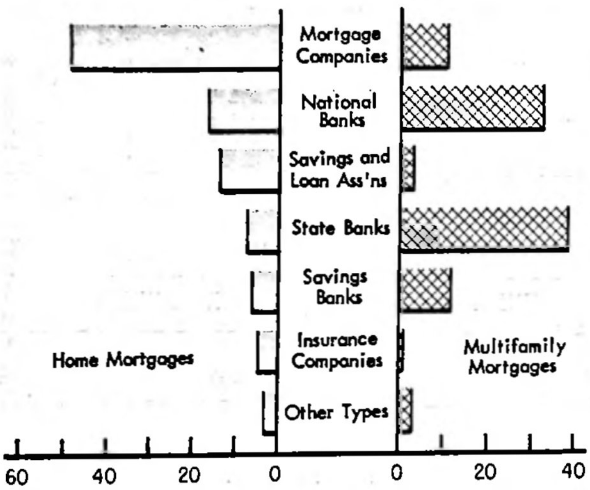
[4] Based on co-insurance only.

[5] Less than 0.05 percent.

CHART III–9

INSTITUTIONS FINANCING FHA-INSURED MORTGAGES, 1959

By type of institution originating mortgages



Percent distribution of face amount

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

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

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

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)	0.9	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	7.9	0.3	3.2	100.0
1959	16.5	7.3	48.1	4.8	13.9	6.0	0.1	3.3	100.0
Project mortgages:									
1946	0.7	35.3	23.0	39.5	1.5	----------	----------	----------	100.0
1950	23.6	42.4	8.6	8.3	1.1	13.6	0.5	1.9	100.0
1954	23.9	33.7	20.9	4.5	0.5	14.5	----------	2.0	100.0
1955	35.5	33.9	19.1	----------	0.5	9.8	----------	1.2	100.0
1956	38.5	38.0	5.5	3.3	----------	14.6	----------	0.1	100.0
1957	32.7	37.9	14.0	2.3	5.1	7.6	----------	0.4	100.0
1958	30.4	37.4	18.8	0.6	1.3	9.0	----------	2.5	100.0
1959	33.2	38.6	10.7	0.2	2.9	11.6	----------	2.8	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	0.3	----------	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	0.6	(1)	13.5	3.0	----------	3.5	100.0
1959	48.3	30.4	0.4	(1)	13.4	2.4	----------	5.1	100.0

[1] Less than 0.05 percent.

TABLE III-19.—*Holdings of FHA-insured mortgages by type of institution, as of Dec. 31, 1959*

[Dollar amounts in thousands]

Section	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total[1]
	Type of institution								
Number of mortgages:									
Home programs:									
Sec. 8	1,785	1,314	240	3,755	7,733	8,059	8,503	751	32,140
Sec. 203	427,102	214,060	137,646	765,590	293,602	448,496	83,660	54,156	2,424,330
Sec. 213H	382	171	700	3,518	149	3,071	12,316	2,686	22,993
Sec. 220H	5	20	10	7	5	17	1,105	7	1,194
Sec. 221H	162	89	2,775	38	160	27	8,019	95	11,365
Sec. 222	7,497	2,418	7,322	16,730	6,890	12,905	6,683	1,144	61,598
Sec. 603	27,546	17,436	677	99,018	11,846	27,568	10,330	6,702	201,123
Sec. 809	38	50	439	553	41	395	1,685	143	3,350
Sec. 903	677	244	493	958	401	1,788	39,445	57	44,063
Total	465,194	235,826	150,311	890,176	320,827	502,326	171,755	65,741	2,802,221
Project programs:									
Sec. 207	37	96	22	94	8	257	25	68	607
Sec. 213 sales	4	1	54						59
Sec. 213 management	6	32	6	4		97	24	21	190
Sec. 220P	4	28	13	2		4	21	3	75
Sec. 221P	2	5	4		1		5		17
Sec. 231			1						1
Sec. 608	258	326	40	2,987	41	1,573	11	494	5,730
Sec. 803 military	1	11	1	72		78	44	37	244
Sec. 803 armed services	143	111	30	16	22	18	145	125	610
Sec. 908		7		9	2	16	30	2	66
Total	455	617	171	3,184	74	2,043	305	750	7,599
Total homes and projects	465,649	236,443	150,482	893,360	320,901	504,369	172,060	66,491	2,809,820
Face amount of mortgage:									
Home programs:									
Sec. 8	$8,703	$6,645	$1,310	$10,925	$41,482	$43,201	$47,266	$3,932	$172,553
Sec. 203[2]	4,115,588	2,016,560	1,640,660	7,234,861	2,797,849	4,440,884	838,213	509,681	23,594,314
Sec. 213H	4,784	2,411	9,750	39,944	2,363	35,912	141,425	28,340	264,930
Sec. 220H	233	383	180	75	58	222	12,419	79	13,659
Sec. 221H	1,427	801	24,921	317	1,309	208	72,626	822	102,431
Sec. 222	98,004	33,199	97,066	232,863	87,128	176,689	80,323	15,245	820,517
Sec. 603[3]	182,133	110,023	4,589	670,667	75,303	198,253	64,334	43,121	1,349,024
Sec. 809	458	811	5,808	7,903	566	5,613	19,967	1,807	42,933
Sec. 903	6,100	2,275	4,237	8,077	3,314	16,552	360,430	503	401,496
Total[4]	4,417,530	2,173,717	1,788,539	8,214,631	3,009,372	4,917,535	1,637,003	603,529	26,762,338
Project programs:									
Sec. 207	52,105	126,749	15,600	58,913	3,010	303,598	22,050	44,879	626,905
Sec. 213 sales	1,128	320	10,519						11,967
Sec. 213 management	8,812	58,561	11,489	7,687		177,144	19,155	48,891	331,739
Sec. 220P	19,027	101,628	13,919	7,341		10,823	43,281	5,729	201,748
Sec. 221P	6,175	10,755	5,663		400		7,520		30,513
Sec. 231			2,007						2,067
Sec. 608[3]	35,585	152,258	5,281	1,118,048	8,667	1,042,702	23,784	419,471	2,805,796
Sec. 803 military	224	26,165	729	219,850		168,438	105,692	114,470	635,569
Sec. 803 armed services	280,218	212,420	61,526	29,398	33,748	26,952	376,008	334,974	1,355,245
Sec. 908		5,702		7,183	219	14,926	17,316	1,349	46,695
Total	403,274	694,557	126,792	1,448,421	46,044	1,744,583	614,808	969,764	6,048,242
Total homes and projects	4,820,804	2,868,274	1,915,331	9,663,052	3,055,416	6,662,118	2,251,810	1,573,293	32,810,581
Percentage distribution of amount:									
Home programs:									
Sec. 8	5.1	3.8	0.8	11.6	24.0	25.0	27.4	2.3	100.0
Sec. 203	17.4	8.5	7.0	30.6	11.9	18.8	3.6	2.2	100.0
Sec. 213H	1.8	.9	3.7	15.1	.9	13.5	53.4	10.7	100.0
Sec. 220H	1.7	2.8	1.4	.6	.4	1.6	90.9	.6	100.0
Sec. 221H	1.4	.8	24.3	.3	1.3	.2	70.9	.8	100.0
Sec. 222	11.9	4.1	11.8	28.4	10.6	21.5	9.8	1.9	100.0
Sec. 603	13.5	8.2	.3	49.7	5.6	14.7	4.8	3.2	100.0
Sec. 809	1.1	1.9	13.5	18.4	1.3	13.1	46.5	4.2	100.0
Sec. 903	1.5	.6	1.1	2.0	.8	4.1	89.8	.1	100.0
Total	16.5	8.1	6.7	30.7	11.2	18.4	6.1	2.3	100.0
Project programs:									
Sec. 207	8.3	20.2	2.5	9.4	0.5	48.4	3.5	7.2	100.0
Sec. 213 sales	9.4	2.7	87.9						100.0
Sec. 213 management	2.7	17.6	3.5	2.3		53.4	5.8	14.7	100.0
Sec. 220P	9.4	50.4	6.9	3.6		5.4	21.5	2.8	100.0
Sec. 221P	20.2	35.3	18.6		1.3		24.6		100.0
Sec. 231			100.0						100.0
Sec. 608	1.3	5.4	.2	39.8	.3	37.2	.8	15.0	100.0
Sec. 803 military	.1	4.1	.1	34.6		26.5	16.6	18.0	100.0
Sec. 803 armed services	20.7	15.7	4.5	2.2	2.5	2.0	27.7	24.7	100.0
Sec. 908		12.2		15.4	.5	31.9	37.1	2.9	100.0
Total	6.7	11.5	2.1	23.0	.8	28.8	10.2	16.0	100.0
Total homes and projects	14.7	8.7	5.8	29.5	9.3	20.3	6.9	4.8	100.0

See footnotes at end of table.

Table III-19.—*Holdings of FHA-insured mortgages by type of institution, as of Dec. 31, 1959*—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	73	263	82	2	25	703
Sec. 203	2,604	3,490	1,173	479	2,300	429	6	344	10,825
Sec. 213H	13	6	26	7	4	25	1	8	90
Sec. 220H	2	6	6	1	3	3	1	2	24
Sec. 221H	16	17	128	8	42	10	1	11	233
Sec. 222	348	300	507	106	615	271	3	82	2,322
Sec. 603	709	915	124	220	567	176	1	67	2,779
Sec. 809	6	7	29	26	12	36	1	10	127
Sec. 903	25	17	41	17	24	35	1	7	167
Project programs:									
Sec. 207	23	28	15	32	7	35	1	11	152
Sec. 213 sales	2	1	8	---	---	---	---	---	11
Sec. 213 management	5	10	4	4	---	14	1	6	44
Sec. 220P	3	10	6	2	---	2	1	1	25
Sec. 221P	2	3	3	---	1	---	1	---	10
Sec. 231	---	---	1	---	---	---	---	---	1
Sec. 608	35	41	17	102	21	80	2	22	320
Sec. 803 military	1	4	1	6	---	17	1	7	37
Sec. 803 armed services	14	11	5	2	6	8	1	18	65
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, 65 cases for $482,050.

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

Mortgages Held in Portfolio

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

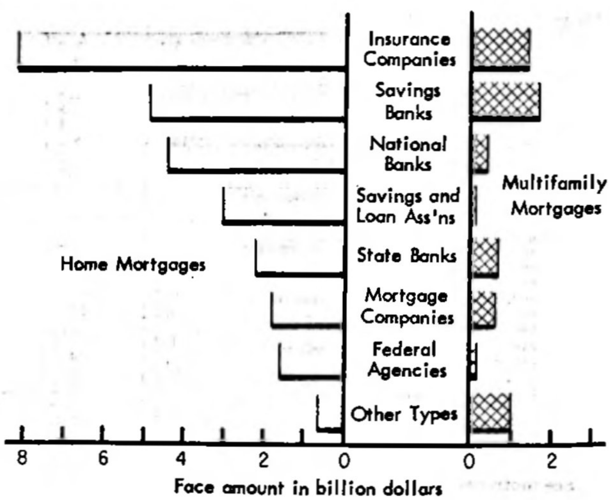
The chief investors in FHA mortgages by the end of 1959 were insurance companies, with $9.7 billion or nearly 30 percent of the total. Savings banks were next, with $6.7 billion or 20 percent, followed by national banks with 15 percent. Chart III–10 shows the face amount of home and project mortgages held by each type of institution, and Table III–19 presents a more complete summation and analysis of 1959 year-end holdings.

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

CHART III–10

INSTITUTIONS HOLDING FHA-INSURED MORTGAGES, DECEMBER 31, 1959

By type of institution holding mortgages



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

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

Multifamily Housing Mortgage Holdings.—In 1959, savings banks remained the leading holders of FHA-insured project mortgages. Although the dollar volume (original face amount) of their holdings has increased since 1954 when this type of institution first attained its leading position, their relative holdings had declined from 37 percent to 29 percent by the end of 1959. Insurance companies, ranking second, also reported a relatively smaller proportion over this same period—24 percent in 1959 as compared to 35 percent in 1954. Contributing to this has been the recent high volume of insurance under the Section 803 armed services housing program, mortgages for which are held largely by the Federal National Mortgage Association and the "other" or miscellaneous type of mortgagees. The holdings of Federal agencies and miscellaneous institutions rose to 10 percent and 16 percent, respectively, over the 7 percent and 14 percent reported a year earlier.

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

Mortgages and Loans Purchased or Sold in 1959

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

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

[Dollar 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	4	18	30	3	4	12	3		74
Sec. 203	15,138	11,348	2,222	88,989	17,450	70,420	34,002	9,879	249,448
Sec. 213H	1	50	17		30	900	2,810	2	3,810
Sec. 220H		2				15	420		437
Sec. 221H		1	8	4	9	6	6,472	2	6,502
Sec. 222	500	422	80	4,723	806	4,293	3,301	199	14,324
Sec. 603	639	138	24	79	7	8		3	898
Sec. 809	57	21	7	455	38	374	1,121	30	2,103
Sec. 903			1			585			586
Total	16,339	12,000	2,389	94,253	18,344	76,613	48,129	10,115	278,182
Project programs:									
Sec. 207		6	3	5		14	9	11	48
Sec. 213 management		1				1	7	6	15
Sec. 220P							19	2	21
Sec. 221P							5		5
Sec. 608		2				11			13
Sec. 803 military				1					1
Sec. 803 armed services		3		15	5	7	75	75	180
Total		12	3	21	5	33	115	94	283
Property improvement loans: Sec. 2	97,653	33,230	147		5,398			1,361	137,789
Total all programs	113,992	45,242	2,539	94,274	23,747	76,646	48,244	11,570	416,254

See footnotes at end of table.

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

[Dollar amounts in thousands]

Section	National bank	State bank	Mortgage company	Insurance company	Savings and loan association	Savings bank	Federal agency	All other	Total
	Type of institution								
Face amount of mortgages and loans:									
Home programs:									
Sec. 8	$23	$85	$169	$16	$20	$68	$17		$397
Sec. 203	160,899	120,889	25,706	1,119,979	183,133	847,911	385,264	$113,324	2,957,104
Sec. 213H	17	697	231		307	11,587	38,662	24	51,614
Sec. 220H		26				209	4,996		5,231
Sec. 221H		8	61	20	72	49	58,858	18	59,098
Sec. 222	6,566	5,936	1,068	65,569	9,767	58,523	38,614	2,576	188,619
Sec. 603[1]	4,294	862	84	534	38	50		31	5,894
Sec. 809	700	331	63	0,510	523	5,301	13,433	404	27,264
Sec. 903			8			5,131			5,139
Total	172,499	128,833	27,394	1,192,638	193,949	928,829	539,843	110,376	3,300,360
Project programs:									
Sec. 207		6,286	1,169	3,425		20,245	6,177	7,229	44,531
Sec. 213 management		2,006				2,006	7,542	15,944	27,498
Sec. 220P							40,704	1,833	42,537
Sec. 221P							7,520		7,520
Sec. 608		1,534				7,298			8,831
Sec. 803 military				2,430					2,430
Sec. 803 armed services		5,219		26,499	8,618	7,917	191,559	187,706	427,517
Total		15,045	1,169	32,354	8,618	37,465	253,501	212,711	560,864
Property improvement loans: Sec. 2	65,701	22,571	261		2,759			765	92,057
Total all programs	238,200	166,450	28,823	1,224,992	205,326	966,294	793,344	329,853	3,953,281
Percentage distribution of amount:									
Home programs:									
Sec. 8	5.7	21.3	42.6	4.1	4.9	17.2	4.2		100.0
Sec. 203	5.4	4.1	.9	37.9	6.2	28.7	13.0	3.8	100.0
Sec. 213H	(2)	1.4	.4		.8	22.5	74.9	(2)	100.0
Sec. 220H		.5				4.0	95.5		100.0
Sec. 221H		(2)	.1	.1	.1	.1	99.6	(2)	100.0
Sec. 222	3.5	3.1	.6	34.8	5.2	31.0	20.5	1.3	100.0
Sec. 603	72.9	14.6	1.4	9.1	.6	.9		.5	100.0
Sec. 809	2.6	1.2	.2	23.9	1.9	19.4	49.3	1.5	100.0
Sec. 903			.2			99.8			100.0
Total	5.2	3.9	.8	36.2	5.9	28.1	16.4	3.5	100.0
Project programs:									
Sec. 207		14.1	2.6	7.7		45.5	13.9	16.2	100.0
Sec. 213 management		7.3				7.3	27.4	58.0	100.0
Sec. 220P							95.7	4.3	100.0
Sec. 221P							100.0		100.0
Sec. 608		17.4				82.6			100.0
Sec. 803 military				100.0					100.0
Sec. 803 armed services		1.2		6.2	2.0	1.9	44.8	43.9	100.0
Total		2.7	.2	5.8	1.5	6.7	45.2	37.9	100.0
Property improvement loans: Sec. 2	71.4	24.5	0.3		3.0			0.8	100.0
Total all programs	6.0	4.2	0.7	31.0	5.2	24.4	20.1	8.4	100.0
Number of purchasing institutions:									
Home programs:									
Sec. 8	4	2	8	3	4	4	1		26
Sec. 203	440	538	198	259	530	254	3	113	2,335
Sec. 213H	1	1	2		1	16	1	2	24
Sec. 220H		1				1	1		3
Sec. 221H		1	3	4	6	4	1	2	21
Sec. 222	57	63	37	122	112	165	1	28	585
Sec. 603	18	18	3	5	6	2		1	53
Sec. 809	4	5	3	21	12	34	1	4	84
Sec. 903			1			1			2
Project programs:									
Sec. 207		2	3	3		7	1	5	21
Sec. 213 management		1				1	1	2	5
Sec. 220P							1	1	2
Sec. 221P							1		1
Sec. 608		1				4			5
Sec. 803 military				1					1
Sec. 803 armed services		1		1	3	3	1	10	19
Property improvement loans: Sec. 2	50	35	1		12			4	102

[1] Includes Sec. 610. [2] Less than 0.05 percent.

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

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

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

TABLE III-21.—*Sales of FHA-insured mortgages and loans by type of institution, 1959*

[Dollar amounts in thousands]

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	20	3	14	1	2	31	3	----	74
Sec. 203	18,385	12,217	186,099	3,685	5,456	6,661	5,110	12,835	249,448
Sec. 213H	492	378	2,214	64	9	1	291	361	3,810
Sec. 220H	18	309	93	----	----	----	1	16	437
Sec. 221H	99	149	5,962	27	215	----	4	46	6,502
Sec. 222	894	1,121	10,789	195	399	20	337	569	14,324
Sec. 603	234	97	6	117	69	368	1	6	898
Sec. 809	108	1	1,441	----	----	----	242	251	2,103
Sec. 903	----	1	----	----	----	1	----	584	586
Total	20,310	14,276	206,618	4,080	6,150	6,082	5,989	14,668	278,182
Project programs:									
Sec. 207	17	10	19	----	1	----	----	1	48
Sec. 213 management	3	6	5	----	----	1	----	----	15
Sec. 220P	----	11	5	----	----	5	----	----	21
Sec. 221P	2	2	1	----	----	----	----	----	5
Sec. 608	----	----	----	2	----	2	----	9	13
Sec. 803 military	1	----	----	----	----	----	----	----	1
Sec. 803 armed services	67	81	11	----	13	1	----	7	180
Total	90	110	41	2	14	9	----	17	283
Property improvement loans: Sec. 2	40,033	60,414	11,292	----	5,287	16,075	----	4,688	137,789
Total all programs	60,433	74,800	217,951	4,091	11,451	22,166	5,989	19,373	416,254
Face amount of mortgages and loans:									
Home programs:									
Sec. 8	$95	$15	$79	$6	$10	$176	$17	----	$397
Sec. 203	213,058	150,962	2,238,094	35,333	65,508	55,869	46,675	$151,606	2,957,104
Sec. 213H	6,381	5,501	30,420	887	119	17	2,997	5,283	51,614
Sec. 220H	307	3,608	1,118	----	----	----	12	187	5,231
Sec. 221H	866	1,361	54,287	235	1,921	----	35	394	59,098
Sec. 222	11,459	15,307	142,216	2,612	5,006	276	4,466	7,275	188,619
Sec. 603	1,385	555	43	686	705	2,490	4	28	5,894
Sec. 809	2,117	13	19,052	----	----	----	3,119	2,964	27,264
Sec. 903	----	9	----	----	----	8	----	5,122	5,139
Total	235,667	177,329	2,485,316	39,758	73,269	58,836	57,325	172,859	3,300,360
Project programs:									
Sec. 207	15,272	11,722	15,290	----	842	----	----	1,405	44,531
Sec. 213 management	6,687	11,097	5,177	----	----	4,537	----	----	27,498
Sec. 220P	----	26,279	2,766	----	----	13,493	----	----	42,537
Sec. 221P	3,886	2,882	752	----	----	----	----	----	7,520
Sec. 608	----	----	----	1,531	----	899	----	6,399	8,831
Sec. 803 military	2,430	----	----	----	----	----	----	----	2,430
Sec. 803 armed services	151,209	210,682	20,277	----	27,590	2,469	----	15,289	427,517
Total	170,484	262,662	44,263	1,534	28,432	21,397	----	23,093	560,864
Property improvement loans: Sec. 2	25,954	39,865	10,427	----	2,768	10,006	----	3,036	92,057
Total all programs	441,105	479,857	2,540,006	41,292	104,470	90,239	57,325	198,988	3,953,281

See footnotes at end of table.

TABLE III-21.—*Sales of FHA-insured mortgages and loans by type of institution, 1959*—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
Percentage distribution of amount:									
Home programs:									
Sec. 8	23.9	3.7	19.9	1.5	2.4	44.3	4.3	—	100.0
Sec. 203	7.2	5.1	75.7	1.2	2.2	1.9	1.6	5.1	100.0
Sec. 213H	12.4	10.7	59.0	1.7	.2	(2)	5.8	10.2	100.0
Sec. 220H	5.8	69.0	21.4	—	—	—	.2	3.6	100.0
Sec. 221H	1.5	2.3	91.9	.3	3.2	—	.1	.7	100.0
Sec. 222	6.1	8.1	75.4	1.3	2.7	.1	2.4	3.9	100.0
Sec. 603	23.5	9.4	.7	11.6	12.0	42.2	.1	.5	100.0
Sec. 809	7.8	(2)	69.9	—	—	—	11.4	10.9	100.0
Sec. 903	—	.2	—	—	—	.1	—	99.7	100.0
Total	7.2	5.4	75.3	1.2	2.2	1.8	1.7	5.2	100.0
Project programs:									
Sec. 207	34.3	26.3	34.3	—	1.9	—	—	3.2	100.0
Sec. 213 management	24.3	40.4	18.8	—	—	16.5	—	—	100.0
Sec. 220P	—	61.8	6.5	—	—	31.7	—	—	100.0
Sec. 221P	51.7	38.3	10.0	—	—	—	—	—	100.0
Sec. 608	—	—	—	17.4	—	10.2	—	72.4	100.0
Sec. 803 military	100.0	—	—	—	—	—	—	—	100.0
Sec. 803 armed services	35.4	49.3	4.7	—	6.4	.6	—	3.6	100.0
Total	32.0	46.8	7.9	.3	5.1	3.8	—	4.1	100.0
Property improvement loans: Sec. 2	28.2	43.3	11.3	—	3.0	10.9	—	3.3	100.0
Total all programs	11.2	12.1	64.3	1.0	2.6	2.3	1.5	5.0	100.0
Number of selling institutions:									
Home programs:									
Sec. 8	3	3	6	1	2	1	1	—	17
Sec. 203	348	382	959	94	203	52	2	93	2,133
Sec. 213H	7	10	32	1	1	1	1	4	57
Sec. 220H	2	3	9	—	—	—	1	2	17
Sec. 221H	8	11	119	2	8	—	1	8	157
Sec. 222	85	69	503	17	47	13	1	38	773
Sec. 603	21	10	2	9	3	4	1	3	53
Sec. 809	3	1	31	—	—	—	1	3	39
Sec. 903	—	1	—	—	—	1	—	1	3
Project programs:									
Sec. 207	9	8	13	—	1	—	—	1	32
Sec. 213 management	2	4	3	—	—	1	—	—	10
Sec. 220P	—	5	3	—	—	2	—	—	10
Sec. 221P	2	2	1	—	—	—	—	—	5
Sec. 608	—	—	—	1	—	1	—	1	3
Sec. 803 military	1	—	—	—	—	—	—	—	1
Sec. 803 armed services	15	11	6	—	5	1	—	1	39
Property improvement loans: Sec. 2	59	40	8	—	11	3	—	4	125

1 Includes Sec. 610. 2 Less than 0.05 percent.

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

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

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

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

In 1959, as in 1958, the Federal-agency category (i.e., FNMA), accounting for 45 percent of the reported total, led all other types of mortgagee in the purchase of project mortgages. Reflecting its special-assistance functions, FNMA purchases provided a market for nearly one-half of the Section 803 armed services housing mortgages transferred, for virtually all transferred Section 220 and 221 mortgages, and for substantial proportions of the Section 213 cooperative mortgages and Section 207 mortgages sold, the latter category including several mortgages on elderly-housing projects. Mortgagees classified as "other" ranked second in the volume of project mortgages purchased during the year—the $213 million involved primarily representing investments in Section 803 mortgages by various city, State, and organization retirement systems.

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

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

TERMINATIONS, DEFAULTS, AND CLAIMS PAID

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

Terminations of Home and Project Mortgages by Type of Termination

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

1. The loan is paid off at maturity.
2. The loan is prepaid. Prepayment without refinancing or with proceeds of a non-FHA mortgage by the same or a new mortgagor is prepayment in full. Prepayment with the proceeds of a new FHA-insured mortgage is termed prepayment by supersession.
3. The mortgage is foreclosed, with title to the property being acquired by the mortgagee. The mortgagee may either (1) transfer title to FHA in exchange for debentures and a certificate of claim (for those foreclosure expenses and losses of interest not covered by the debentures), or (2) "withdraw" from the FHA insurance contract and forego the insurance privileges in order to be free to market the property. Also classed as withdrawals are cases in which the mortgage is foreclosed and the property purchased by a party other than the mortgagee.
4. In the case of home mortgages, the insurance may also be terminated upon the request of the mortgagor and the mortgagee and upon payment of a termination fee.

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

Prepayments account for all but 3 percent of all FHA home mortgage terminations through 1959, 79 percent by payment in full and 18 percent by supersession. This predominance of prepayments may be noted for all programs except Section 221 and Section 903, both of which have had more foreclosures than any other type of termination (Table III–22).

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

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

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

TABLE III–22.—*Termination of FHA-insured home mortgages, by type, 1935–59*

[Dollar amounts in thousands]

Disposition	Total [1]		Sec. 8		Sec. 203		Sec. 213		Sec. 220		Sec. 221	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	5, 225, 545	$41, 303, 864	38, 345	$204, 260	4, 391, 922	$35, 560, 714	24, 692	$281, 902	1, 219	$14, 095	12, 675	$113, 830
Mortgages terminated:												
Prepaid in full	1, 849, 241	10, 537, 220	3, 610	18, 066	1, 522, 963	8, 756, 733	841	8, 351	1	11	5	42
Prepaid by supersession	432, 492	2, 708, 928	1, 719	8, 832	333, 242	2, 160, 046	335	3, 124			2	14
Matured loans	26, 237	93, 279			26, 096	92, 737						
Properties acquired by mortgagee:												
Transferred to FHA	34, 062	251, 043	798	4, 403	11, 835	85, 305	291	2, 227			45	377
Retained by mortgagee	8, 933	57, 706	76	397	6, 281	41, 584	3	27			1	8
Other terminations [2]	791	4, 127	2	9	[2] 632	3, 434						
Total terminations	2, 351, 756	13, 652, 303	6, 205	31, 707	1, 901, 049	11, 139, 839	1, 470	13, 730	1	11	53	441
Mortgages in force	2, 873, 789	27, 651, 061	32, 140	172, 553	2, 490, 873	24, 420, 875	23, 222	268, 172	1, 218	14, 084	12, 622	113, 389

Disposition	Sec. 222		Sec. 603		Sec. 603–610		Sec. 611		Sec. 809		Sec. 903	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	67, 772	$902, 171	624, 653	$3, 645, 217	3, 363	$16, 109	75	$556	3, 673	$47, 241	57, 156	$517, 270
Mortgages terminated:												
Prepaid in full	1, 691	22, 434	316, 774	1, 707, 018	1, 019	4, 172	7	51	8	91	2, 322	20, 249
Prepaid by supersession	1, 200	14, 956	94, 351	508, 966	220	908	2	15	8	84	1, 413	11, 983
Matured loans			131	517	10	25						
Properties acquired by mortgagee:												
Transferred to FHA	68	774	11, 656	74, 384	13	46	1	7	1	11	9, 354	83, 509
Retained by mortgagee	5	64	2, 562	15, 590	1	3					4	33
Other terminations	1	12	156	673								
Total terminations	2, 965	38, 240	425, 630	2, 307, 147	1, 263	5, 154	10	74	17	185	13, 093	115, 774
Mortgages in force	64, 807	863, 930	199, 023	1, 338, 069	2, 100	10, 954	65	482	3, 656	47, 055	44, 063	401, 496

[1] Excluding Sec. 2 home mortgages and Sec. 225 open end advances.
[2] Including 7 voluntary terminations for $67,750 under Sec. 203, as provided by the Housing Act of 1959.

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

Three-fourths of the 34,100 properties acquired by mortgagees and transferred to FHA through 1959 had been sold by the end of that year (see Table III–23). Purchase money mortgages had been accepted by FHA in the financing of 20,600 of the 25,400 properties sold. Section 203 with 35 percent, Section 603 with 34 percent, and Section 903 with 27 percent have accounted for the bulk of acquired properties. At the year end, FHA had sold all but 3 percent of its acquisitions under Section 603 and all but 23 percent of those under Section 203. For Section 903, more than half (56 percent) of the acquisitions remained on hand, location being an important factor in the relative slowness of their disposition. Detailed information on FHA's financial experience with acquired properties is contained in Section 5 of this report.

TABLE III–23.—*Disposition of FHA-acquired home properties, Dec. 31, 1959*

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	798	666	34	632	138
203	11, 835	9, 062	1, 284	7, 798	2, 777
213	291	165	8	157	131
221	45	15		15	30
222	68	29	3	26	39
603 [4]	11, 669	11, 310	2, 921	8, 389	384
611	1	1		1	
809	1				1
903	9, 354	4, 181	560	3, 621	5, 279
Total	34, 062	25, 449	4, 810	20, 639	8, 776

[1] Excludes FHA repossessions.
[2] Or contracts of deeds.
[3] Includes 765 repossessions.
[4] Includes Sec. 603–610.

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

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

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

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

[Dollar amounts in thousands]

Disposition	Total[1]		Sec. 207		Sec. 213 Sales		Sec. 213 Management		Sec. 220		Sec. 221	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	10,305	$7,268,772	1,034	$816,759	903	$289,121	104	$333,489	75	$201,748	17	$30,513
Mortgage insurance terminated:												
Prepaid in full	1,804	748,942	347	137,712	841	274,962	2	804	--------	--------	--------	--------
Prepaid by supersession	30	17,310	13	8,032	--------	--------	--------	--------	--------	--------	--------	--------
Matured loans	2	760	2	760	--------	--------	--------	--------	--------	--------	--------	--------
Default terminations (total)	(757)	(416,817)	(56)	(42,412)	(3)	(2,192)	(2)	(947)	(--------)	(--------)	(--------)	(--------)
Mortgages assigned by mortgagee:												
Mortgages held or sold by FHA	260	181,434	14	12,828	2	1,974	--------	--------	--------	--------	--------	--------
Titles acquired by FHA	261	117,067	10	7,543	1	219	1	700	--------	--------	--------	--------
Titles acquired by mortgagee:												
Properties transferred to FHA	227	116,677	25	20,634	--------	--------	1	247	--------	--------	--------	--------
Properties retained by mortgagees	9	1,639	7	1,407	--------	--------	--------	--------	--------	--------	--------	--------
Other terminations	23	36,700	9	938	--------	--------	--------	--------	--------	--------	--------	--------
Total terminations	2,706	1,220,529	427	189,854	844	277,155	4	1,750	--------	--------	--------	--------
Mortgages in force, Dec. 31, 1959	7,599	6,048,242	607	626,905	59	11,967	190	331,739	75	201,748	17	30,513

Disposition	Sec. 231		Sec. 608		Sec. 608–610		Sec. 803 Military		Sec. 803 Armed Services		Sec. 908	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	1	$2,067	7,044	$3,440,017	23	$8,360	274	$683,143	618	$1,388,138	97	$63,427
Mortgage insurance terminated:												
Prepaid in full	--------	--------	667	317,204	10	1,905	1	4,050	--------	--------	1	315
Prepaid by supersession	--------	--------	17	9,278	--------	--------	--------	--------	--------	--------	--------	--------
Matured loans	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------
Default terminations (total)	(--------)	(--------)	(636)	(311,062)	(1)	(263)	(29)	(43,524)	(--------)	(--------)	(30)	(16,417)
Mortgages assigned by mortgagee:												
Mortgages held or sold by FHA	--------	--------	212	129,858	--------	--------	16	28,487	--------	--------	16	8,287
Titles acquired by FHA	--------	--------	232	90,882	--------	--------	8	10,960	--------	--------	9	6,764
Titles acquired by mortgagee:												
Properties transferred to FHA	--------	--------	190	90,090	1	263	5	4,078	--------	--------	5	1,366
Properties retained by mortgagees	--------	--------	2	232	--------	--------	--------	--------	--------	--------	--------	--------
Other terminations	--------	--------	6	2,870	--------	--------	--------	--------	8	32,893	--------	--------
Total terminations	--------	--------	1,326	640,414	11	2,167	30	47,574	8	32,893	31	16,731
Mortgages in force, Dec. 31, 1959	1	2,067	5,718	2,799,604	12	6,192	244	635,569	610	1,355,245	66	46,695

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

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

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

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

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

Section	FHA-acquired multifamily housing properties					
	Total	Properties sold by FHA				On hand
		Total	With reinsurance	Without reinsurance	With mortgage held by FHA	
Number of projects:						
Section 207	35	25	8	6	11	10
Section 213 sales	1	1			1	
Section 213 management	2					2
Section 608	422	327	4	70	253	95
Section 608-610	1	1		1		
Section 803 military	13	3		2	1	10
Section 908	14	7		1	6	7
Total	488	364	12	80	272	124
Number of units:						
Section 207	5,192	3,791	1,705	852	1,234	1,401
Section 213 sales	26	26			26	
Section 213 management	92					92
Section 608	26,291	18,782	844	3,373	14,565	7,509
Section 608-610	150	150		150		
Section 803 military	1,846	420		220	200	1,426
Section 908	1,080	364		20	344	716
Total	34,677	23,533	2,549	4,615	16,369	11,144

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:						
Section 207	24	11	1		10	13
Section 213 sales	3	2		1	1	1
Section 213 management	1	1			1	
Section 608	444	236		4	232	208
Section 803 military	24	8			8	16
Section 908	25	9			9	16
Total	521	267	1	5	261	254
Number of units:						
Section 207	3,054	1,777	1,102		675	1,277
Section 213 sales	211	170		144	26	41
Section 213 management	70	70			70	
Section 608	30,069	12,956		90	12,866	17,113
Section 803 military	5,165	1,342			1,342	3,823
Section 908	2,030	890			890	1,140
Total	40,599	17,205	1,102	234	15,869	23,394

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

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

Terminations of Home and Project Mortgages by Years

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

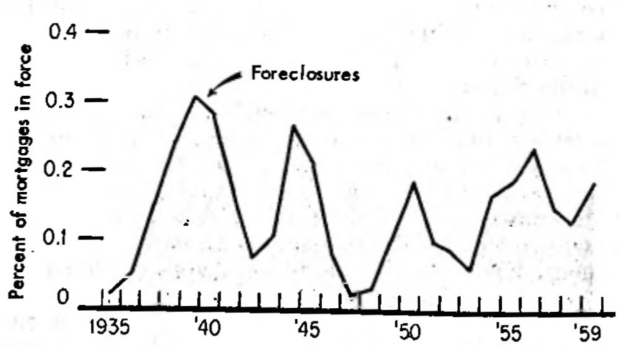
Section 203, the original home mortgage insurance program, continues to show remarkably low rates of foreclosures and acquisitions. At the end of 1959, cases foreclosed still comprised less than one-half of 1 percent of cases insured under this section, and for the first time acquisitions exceeded one-fourth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

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

CHART III-11

FORECLOSURES OF FHA HOME MORTGAGES, 1935-59

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



* Includes cases held in mortgagee inventory.

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

Section and 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 for the period	Cumulative through end of year		Number for the period	Cumulative through end of year	
				Number	Percent of total insured		Number	Percent of total insured		Number	Percent of total insured
Total: [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	803	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	198,420	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
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	189	773	2.02	155	643	1.68
1959	----	38,345	2,042	6,205	16.18	171	944	2.46	155	798	2.08
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	106,847	1,901,049	43.29	3,190	19,590	.45	1,828	11,835	.27
Sec. 213:											
1952	3,235	3,548	1	1	.03	----	----	----	----	----	----
1954	4,502	10,739	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	1.39	87	291	1.18
Sec. 220:											
1957	455	512	1	1	.20	----	----	----	----	----	----
1958	544	1,056	----	1	.09	----	----	----	----	----	----
1959	163	1,219	----	1	.08	1	1	.08	----	----	----
Sec. 221:											
1958	4,394	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
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
Sec. 603: [3]											
1950	2,698	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
Sec. 809:											
1958	1,326	2,054	1	1	.05	----	----	----	----	----	----
1959	1,619	3,673	16	17	.46	1	1	.03	1	1	.03
Sec. 903:											
1954	18,128	53,594	889	1,050	1.96	1,121	1,143	2.13	691	694	1.29
1955	2,695	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	1,416	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

[1] Includes terminations with titles transferred to FHA or retained by mortgagees; also foreclosed properties held by mortgagees pending redemption period or final disposition—70 under Sec. 8, 1,474 under Sec. 203, 48 under Sec. 213, 1 under Sec. 220, 32 under Sec. 221, 74 under Sec. 222, 43 under Sec. 603, 116 under Sec. 903.

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

[3] Includes Sec. 603–610.

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

The number of FHA-insured home mortgages terminated and the ratio of terminations to mortgages in force are depicted in Chart III–12. The 196,200 terminations in 1959 surpassed the two previous peak years of 1946 and 1955, when they numbered 177,900 and 177,700, respectively. In relation to insurance in force, terminations in 1959 reversed a 3-year downtrend that began in 1955. Likewise, the ratio of terminations to mortgages in force reversed a 3-year decline, ending 1959 with a ratio of almost 7 percent as compared with the 1958 ratio of about 5 percent.

TABLE III-27.—*Terminations of FHA-insured multifamily housing mortgages, selected years, 1950–59*

Section and year	Total terminations					Default terminations [1]				
	Number for the period		Cumulative through end of year			Number for the period		Cumulative through end of year		
	Number of mortgages	Number of units	Number of mortgages	Dwelling units: Number	Dwelling units: Percent of total insured	Number of mortgages	Number of units	Number of mortgages	Dwelling units: Number	Dwelling units: Percent of total insured
Total: [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	5,518	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	7,530	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	[3] 178,954	21.27	76	6,026	757	59,792	7.11
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	7.02
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	[3] 45,874	41.25	6	694	56	7,919	7.12
Sec. 213 sales:										
1952	10	1,794	19	2,062	11.42	1	144	1	144	.80
1954	55	2,874	97	8,961	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	15,490	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
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
Sec. 608:										
1950	114	7,018	221	13,920	3.25	66	2,646	87	4,522	1.06
1952	67	5,112	419	28,200	6.05	37	2,098	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	5,008	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	[3] 94,914	20.38	63	4,174	636	43,531	9.35
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
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
Sec. 803 armed services: 1959	8	2,000	8	2,000	2.26	-	-	-	-	-
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

[1] Includes mortgage notes and property titles transferred to FHA and projects retained by mortgagees with termination of FHA mortgage insurance contracts, numbering 7 for 348 units under Sec. 207, and 2 for 37 units under Sec. 608.

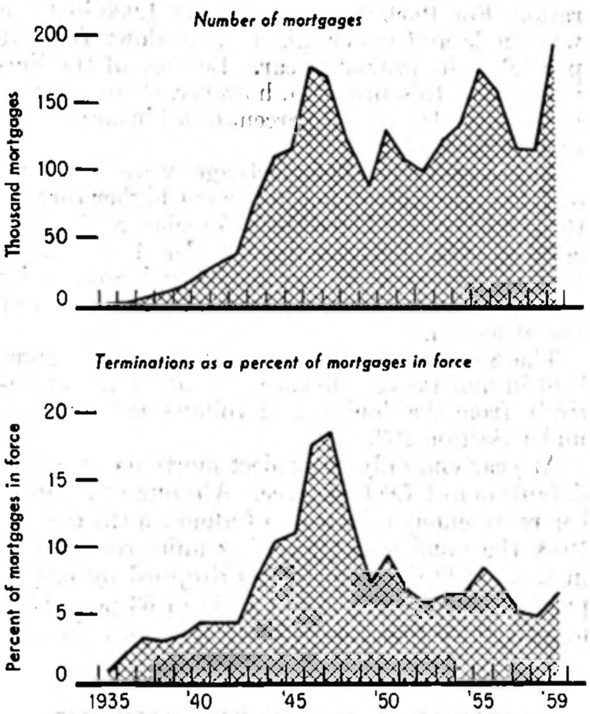
[2] Includes Sec. 611.

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

CHART III-12

TERMINATION OF FHA HOME MORTGAGES, 1935-59

Home Mortgages terminated under all sections



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

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

The second highest volume of terminations (in terms of dwelling units) has been reported under Section 207. The termination rates for this section, however, are declining, since relatively more new insurance is being written than is being canceled. Moreover, cases insured under prewar legislation constitute most of terminations under this program, 96.5 percent of the 42,600 units in prewar projects being terminated. Termination of insurance on sales-type cooperative housing projects are also high because of the nature of the program. Sales cooperatives are organized to promote and to build homes intended for individual ownership. Upon completion of construction, the individual units are released from the project

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

As of year end	Insured mortgages in force	Defaults 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	1,787,508	10,562	.59	646	.04	513	.03
1954	2,007,812	16,231	.81	1,091	.05	1,371	.07
1955	2,140,930	14,988	.70	2,755	.13	807	.04
1956	2,220,500	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	2,873,780	16,970	.59	2,550	.09	1,858	.06
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	36,070	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
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	8,906	.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
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
Sec. 220:							
1956	57	----	----	----	----	----	----
1957	511	----	----	----	----	----	----
1958	1,055	----	----	----	----	----	----
1959	1,218	5	.41	1	.08	1	.08
Sec. 221:							
1956	16	----	----	----	----	----	----
1957	536	1	.19	----	----	1	.19
1958	4,027	55	1.12	7	.14	2	.04
1959	12,622	194	1.54	46	.36	32	.25
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
Sec. 603: [3]							
1950	391,226	7,578	1.94	665	.17	644	.16
1952	347,062	3,317	.95	203	.06	334	.10
1954	301,408	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
Sec. 800:							
1956	12	----	----	----	----	----	----
1957	728	----	----	----	----	----	----
1958	2,053	----	----	----	----	----	----
1959	3,656	2	.05	----	----	----	----
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	702	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	146	.31
1959	44,063	1,130	2.56	362	.82	116	.26

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

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

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

Defaults of Home and Project Mortgages by Years

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

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

Almost 17,000 home mortgages were in default at the end of 1959—17 percent more than at the end of the previous year. More than four-fifths of these were Section 203 mortgages. In relation to mortgages in force, Section 203 default ratios have consistently been among the lowest—5 per 1,000 in 1958 and less than 6 in 1959. Section 903, with the second highest number of mortgages in default at the year end had the highest default ratio. For 1959, 26 mortgages per 1,000 in force were in default under this section—down from 31 per 1,000 the previous year. Because of the limited size of this program, however, these defaults represented less than 7 percent of all insured home mortgages in default.

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

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

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

CHART III–13

DEFAULTS OF FHA HOME MORTGAGES, 1950–59

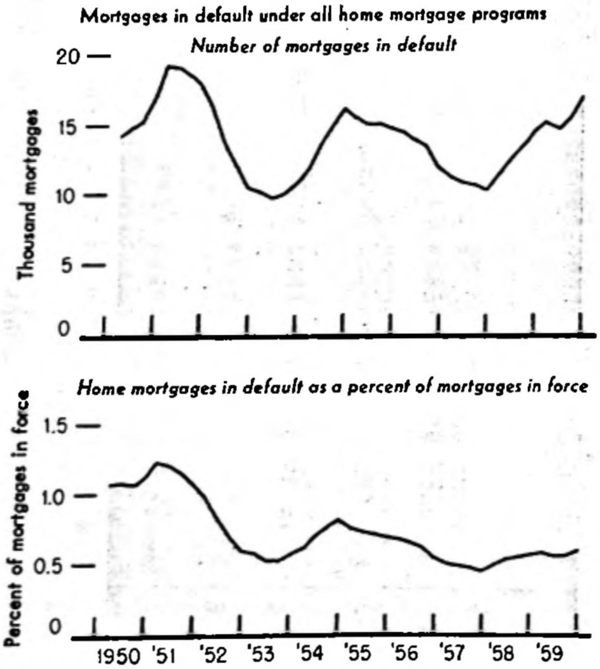


CHART III–14

DEFAULTS OF MULTIFAMILY MORTGAGES, 1950–59

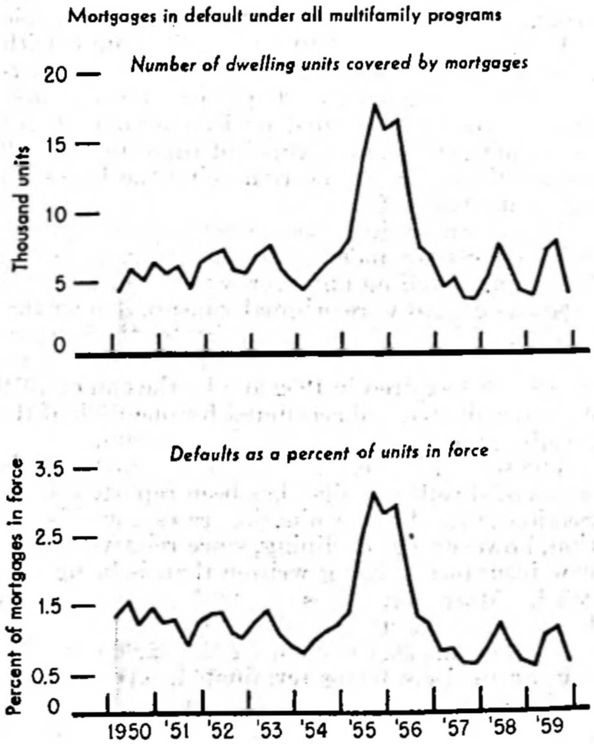


TABLE III-29.—*Default status of FHA-insured multifamily housing mortgages, selected years, 1950–59*

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
Total:[1]											
1950	6,673	443,106	113	6,495	1.47	12	212	0.05	36	1,933	0.44
1952	7,149	538,396	70	5,585	1.04	2	208	.04	17	526	.10
1954	7,321	573,101	90	6,959	1.21	12	902	.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	639,684	62	4,334	.68	8	179	.03	7	394	.06
1959	7,599	662,534	42	4,197	.63	8	254	.04	1	70	.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						
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									
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	28,170									
1959	190	31,236	1	141	.45						
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						
Sec. 221:											
1958	11	2,024									
1959	17	3,569									
Sec. 231:											
1959	1	207									
Sec. 608:[2]											
1950	6,528	416,854	112	5,695	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	1,799	.45	2	32	.01			
1958	5,898	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
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[3]	244	78,714	2	628	.80						
Sec. 803 armed services:											
1955	1	420									
1956	17	5,819									
1957	136	30,691									
1958	482	72,391									
1959	610	86,459									
Sec. 908:											
1952	36	3,207									
1954	92	8,120	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	4.28				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									

[1] Includes Sec. 611. [2] Includes Sec. 610. [3] Includes 174 projects involving 58,614 units acquired by the Department of Defense.

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

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

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

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

State	Total mortgages insured 1935–59	Terminations, 1935–59			Insured mortgages in force Dec. 31, 1959	Defaults as of Dec. 31, 1959			Insured mortgages in good standing Dec. 31, 1959
		Total	Foreclosures [1]	FHA acquisitions		Total	Foreclosures in process	Mortgagee inventory [2]	
		As percent of insured				As percent of in force			
Alabama	66,266	37.41	1.37	1.18	41,474	0.36	0.02	0.02	41,323
Alaska	4,276	33.35	7.44	7.11	2,850	1.75	.46	.46	2,800
Arizona	81,181	24.91	1.74	1.57	60,959	.50	.14	.05	60,657
Arkansas	50,155	40.86	1.94	1.57	29,663	.71	.09	.07	29,451
California	811,496	51.05	.29	.18	397,261	.31	.05	.01	396,017
Colorado	62,581	42.42	.41	.27	36,036	.37	.03	.06	35,902
Connecticut	64,513	41.46	2.72	2.50	37,768	.48	.07	.02	37,587
Delaware	14,117	38.17	.57	.30	8,729	2.58	.30	.10	8,504
District of Columbia	7,858	62.29	.57	.32	2,963	.98	.07	.17	2,934
Florida	179,057	27.50	.57	.37	129,816	.30	.05	.04	129,426
Georgia	96,285	36.62	2.27	2.04	61,030	.84	.05	.10	60,517
Hawaii	17,516	35.30	.05	.02	11,332	.37	---	.01	11,290
Idaho	29,113	47.49	.32	.22	15,286	.26	.05	.01	15,247
Illinois	199,692	62.24	.25	.11	75,404	.53	.07	.06	75,006
Indiana	160,894	48.58	.58	.38	82,734	1.25	.28	.05	81,699
Iowa	52,692	46.14	.46	.35	28,382	.56	.04	.03	28,223
Kansas	94,866	42.54	1.73	1.31	54,510	1.64	.35	.28	53,615
Kentucky	49,645	46.08	.35	.24	26,767	.31	.05	---	26,685
Louisiana	91,645	38.70	1.71	1.33	56,178	.93	.19	.22	55,658
Maine	20,226	46.52	2.23	1.77	10,817	1.87	.26	---	10,615
Maryland	77,147	48.07	1.87	1.64	40,063	.46	.04	.01	39,878
Massachusetts	47,120	38.21	1.66	1.26	29,117	1.23	.21	.17	28,759
Michigan	340,400	45.36	.78	.36	185,986	.89	.12	.25	184,331
Minnesota	54,961	46.80	.67	.51	29,242	.63	.02	.02	29,058
Mississippi	38,675	36.28	.62	.43	24,645	.37	.01	.04	24,555
Missouri	135,418	47.53	.43	.33	71,051	.42	.01	.06	70,753
Montana	19,553	46.47	.13	.04	10,467	.76	.03	.06	10,387
Nebraska	50,716	48.30	.59	.33	26,218	.58	.06	.03	26,066
Nevada	17,307	32.79	1.02	.90	11,632	.20	.02	---	11,609
New Hampshire	8,457	50.96	2.09	1.22	4,147	3.54	.14	.07	4,000
New Jersey	183,307	53.06	1.22	.89	86,041	.59	.13	.06	85,534
New Mexico	36,439	27.81	.15	.05	26,307	.14	.03	.02	26,270
New York	269,746	40.99	.92	.61	159,173	.98	.14	.03	157,610
North Carolina	64,386	37.28	.74	.53	40,380	.44	.04	.04	40,201
North Dakota	6,009	43.15	.37	.25	3,416	.64	.06	.03	3,394
Ohio	251,173	52.90	.69	.58	118,295	.77	.10	.02	117,384
Oklahoma	119,047	41.82	1.22	1.06	69,260	.31	.07	.02	69,046
Oregon	72,050	45.25	.70	.54	39,446	.43	.08	.06	39,276
Pennsylvania	250,415	53.37	.42	.26	116,760	.68	.05	.05	115,966
Rhode Island	16,652	38.61	1.15	.77	10,222	1.38	.05	.05	10,081
South Carolina	45,601	39.15	5.53	5.23	27,748	1.00	.49	.13	27,445
South Dakota	18,151	48.55	.38	.19	9,338	.29	---	.04	9,311
Tennessee	105,066	36.51	.57	.43	66,711	.18	.02	.02	66,591
Texas	330,764	33.89	1.22	.97	222,646	.43	.07	.10	221,679
Utah	49,550	47.47	.93	.82	26,028	.41	.02	.01	25,921
Vermont	6,856	55.24	1.30	.71	3,069	1.79	.16	.20	3,014
Virginia	115,894	40.43	1.25	1.10	69,040	.22	.01	.01	68,886
Washington	202,375	50.43	.48	.27	100,320	.42	.06	.05	99,902
West Virginia	29,909	56.20	1.17	1.01	13,099	.43	.04	---	13,043
Wisconsin	44,143	54.38	.55	.40	20,136	.80	.08	.06	19,974
Wyoming	16,430	53.10	.28	.18	7,706	.35	.01	.09	7,679
Guam	301	7.64	---	---	278	---	---	---	278
Puerto Rico	32,761	17.02	.21	.09	27,186	.20	.05	---	27,131
Virgin Islands	49	6.12	---	---	46	---	---	---	46
Total [3]	5,216,919	45.08	.86	.65	2,865,162	.59	.09	.06	2,848,192

[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, 1959, excluding Title I, Sec. 2, homes.

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

State	Total units covered by insurance 1935–59	Units in terminated mortgages 1935–59: Total	Units in terminated mortgages 1935–59: Default terminations: Total [1]	Units in terminated mortgages 1935–59: Default terminations: Mortgage notes assigned and held by FHA [2]	Units in terminated mortgages 1935–59: Default terminations: Property titles transferred to FHA	Units covered by mortgages in force as of Dec. 31, 1959	Units in default as of Dec. 31, 1959: Total	Units in default as of Dec. 31, 1959: Potential acquisitions [3]	Units covered by insured mortgages in good standing Dec. 31, 1959
		As percent of insured units					As percent of units in force		
Alabama	14,110	18.83	12.37	2.53	9.68	11,453	—	—	11,453
Alaska	3,853	33.38	33.38	20.27	13.11	2,567	—	—	2,567
Arizona	9,610	50.70	1.78	.75	1.03	4,738	—	—	4,738
Arkansas	3,776	33.24	12.58	1.27	11.31	2,521	—	—	2,521
California	65,529	26.75	3.50	1.30	.52	48,003	0.41	—	47,804
Colorado	5,288	19.74	1.82	—	1.82	4,244	—	—	4,244
Connecticut	8,908	14.50	1.57	—	1.57	7,616	—	—	7,616
Delaware	5,473	22.22	19.00	14.40	4.60	4,257	—	—	4,257
District of Columbia	22,851	30.43	5.03	1.79	3.24	15,898	3.35	—	15,365
Florida	20,553	20.84	16.16	6.66	9.51	16,270	.07	—	16,258
Georgia	25,725	16.99	9.30	3.48	5.76	21,354	—	—	21,354
Hawaii	8,360	6.26	—	—	—	7,837	—	—	7,837
Idaho	1,416	40.54	39.12	10.81	28.32	842	—	—	842
Illinois	26,688	29.35	.18	—	.18	18,854	1.11	—	18,645
Indiana	10,521	24.95	16.58	14.33	2.24	7,896	1.01	1.01	7,816
Iowa	2,677	18.19	—	—	—	2,190	—	—	2,190
Kansas	7,797	16.17	7.77	4.57	3.08	6,536	—	—	6,536
Kentucky	9,124	16.76	12.25	1.55	10.71	7,595	—	—	7,595
Louisiana	12,837	62.82	33.73	11.40	22.33	4,773	—	—	4,773
Maine	3,503	7.39	5.11	—	5.11	3,244	—	—	3,244
Maryland	45,042	22.07	6.30	4.48	1.82	35,101	—	—	35,101
Massachusetts	6,739	18.27	10.58	—	10.58	5,508	—	—	5,508
Michigan	19,115	24.58	2.64	1.30	.59	14,416	2.14	—	14,107
Minnesota	7,020	37.11	20.51	12.35	8.02	4,415	—	—	4,415
Mississippi	3,492	31.01	30.38	.46	29.93	2,409	—	—	2,409
Missouri	15,080	28.53	7.69	—	7.63	10,778	—	—	10,778
Montana	1,747	2.86	2.86	2.86	—	1,697	—	—	1,697
Nebraska	4,390	16.17	—	—	—	3,680	—	—	3,680
Nevada	3,080	31.72	—	—	—	2,103	—	—	2,103
New Hampshire	1,344	13.69	12.20	—	12.20	1,160	—	—	1,160
New Jersey	65,396	22.56	6.72	3.21	3.42	50,640	1.11	—	50,077
New Mexico	5,063	16.99	—	—	—	4,203	—	—	4,203
New York	156,728	10.78	2.07	.81	1.06	139,825	.87	—	138,613
North Carolina	23,136	11.70	5.26	1.48	3.79	20,430	—	—	20,430
North Dakota	2,515	5.09	2.66	1.87	.80	2,387	—	—	2,387
Ohio	27,653	17.94	3.34	2.68	.67	22,693	.13	—	22,663
Oklahoma	6,709	37.83	24.91	10.02	14.89	4,171	2.64	2.64	4,061
Oregon	6,292	21.11	10.16	8.54	1.62	4,964	—	—	4,964
Pennsylvania	28,571	26.63	5.46	4.66	.80	20,962	—	—	20,962
Rhode Island	1,028	3.50	—	—	—	992	—	—	992
South Carolina	10,162	27.17	23.84	10.10	13.75	7,401	—	—	7,401
South Dakota	1,494	3.08	—	—	—	1,448	—	—	1,448
Tennessee	11,571	17.81	2.67	—	2.67	9,510	—	—	9,510
Texas	40,098	19.91	14.36	3.02	11.31	32,116	.63	.42	31,914
Utah	1,891	36.54	24.01	18.51	5.50	1,200	—	—	1,200
Vermont	193	29.02	22.80	—	22.80	137	11.68	—	121
Virginia	48,251	24.61	6.05	1.53	4.52	36,375	1.39	—	35,869
Washington	14,508	21.55	11.07	2.83	8.17	11,382	—	—	11,382
West Virginia	900	28.89	8.56	3.56	5.00	640	—	—	640
Wisconsin	4,541	18.61	4.27	4.27	—	3,696	5.84	—	3,480
Wyoming	611	11.95	—	—	—	538	—	—	538
Canal Zone	330	—	—	—	—	330	—	—	330
Guam	1,270	—	—	—	—	1,270	—	—	1,270
Puerto Rico	6,929	23.96	23.96	—	23.96	5,269	—	—	5,269
Total	841,488	21.27	7.11	2.78	4.12	662,534	0.63	0.05	658,337

[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 titles 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.

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

Terminations and Defaults by States

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

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

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

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

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

All areas except the Canal Zone and Guam had reported some terminations of project mortgage insurance by the end of 1959. Related to total units covered by insurance written from 1935 through 1959, 8 States had reported terminated mortgages covering a third or more of their total dwelling units. Of these, Louisiana showed the highest proportion (63 percent). One-eighth of this State's terminated units involved Section 213 sales-type cooperative mortgages, which characteristically terminate when construction is completed on the project. Arizona had 51 percent of all insured units terminated, with most of these (91 percent) stemming from Section 213 operations, which also accounted for high proportions of the total terminations for such other States as Oklahoma, Utah, Arkansas, and Minnesota. Only 6 States reported less than 10 percent of their total insured project dwelling units as terminated.

TABLE III–32.—*Property improvement loans outstanding and claims paid by FHA, 1934–59*

[Dollar amounts in thousands]

Year	Average net proceeds of loans outstanding	Annual amount of claims paid	Claims paid as percent of loans 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	190, 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, 429, 322	10, 089	. 71

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

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

Claims Paid on Property Improvement Loans

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

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

State	Claims paid, 1959			Claims paid, 1934–59			Percent of claims paid to loans insured
	Number	Amount	Average	Number	Amount	Average	
Alabama	285	$126,157	$443	11,304	$3,058,436	$271	1.99
Alaska	3	3,855	1,285	94	66,831	711	1.47
Arizona	304	159,725	525	5,162	2,216,308	420	1.88
Arkansas	140	50,447	360	7,127	2,153,779	302	2.79
California	506	229,892	454	67,965	22,760,969	335	2.23
Colorado	260	126,249	486	4,932	1,933,792	392	1.63
Connecticut	68	42,739	629	6,187	2,269,164	367	2.30
Delaware	5	1,076	215	684	245,364	359	3.40
District of Columbia	159	47,121	296	4,770	1,543,403	324	2.30
Florida	1,154	575,333	499	16,692	6,333,541	379	1.77
Georgia	255	92,428	362	11,012	3,293,851	299	2.27
Hawaii	---	---	---	30	15,474	516	.50
Idaho	131	70,319	537	4,094	1,790,877	437	2.16
Illinois	1,219	838,355	688	32,250	12,078,873	375	1.50
Indiana	620	350,201	557	23,876	7,166,102	300	1.88
Iowa	231	123,871	536	8,731	3,102,838	355	1.82
Kansas	351	172,356	491	7,074	2,190,146	310	1.77
Kentucky	373	158,846	426	7,565	2,471,826	327	1.83
Louisiana	263	120,438	458	7,588	2,137,263	282	1.59
Maine	116	63,222	545	3,784	1,278,255	338	2.63
Maryland	538	169,813	316	14,912	4,480,018	300	1.80
Massachusetts	420	182,950	436	17,504	6,063,295	346	1.98
Michigan	2,339	1,274,671	545	53,171	17,566,649	330	1.77
Minnesota	498	221,467	445	11,329	4,022,489	355	1.36
Mississippi	160	68,835	430	8,532	2,234,947	262	3.12
Missouri	578	273,841	474	16,919	5,051,510	299	1.67
Montana	42	33,186	790	1,677	772,056	460	1.78
Nebraska	90	52,333	581	3,349	1,191,157	356	1.62
Nevada	11	3,564	324	762	427,136	561	2.06
New Hampshire	56	24,170	432	2,680	887,447	331	3.14
New Jersey	414	221,568	535	28,632	10,086,370	352	2.17
New Mexico	45	26,410	587	1,650	666,507	404	1.63
New York	2,230	1,423,856	639	71,234	31,896,532	448	1.86
North Carolina	311	138,569	446	7,335	2,224,187	303	1.63
North Dakota	31	11,186	361	1,654	612,663	370	2.33
Ohio	1,009	484,023	480	31,832	10,987,711	345	1.58
Oklahoma	209	91,060	436	8,681	2,606,121	300	1.54
Oregon	168	109,983	655	7,771	2,896,843	373	2.11
Pennsylvania	651	363,814	559	35,750	11,469,537	321	1.97
Rhode Island	16	9,359	585	1,839	588,307	320	1.66
South Carolina	77	33,888	440	4,415	1,252,712	284	2.43
South Dakota	31	15,012	484	1,378	576,019	418	2.01
Tennessee	389	151,123	388	11,538	3,433,029	298	1.59
Texas	1,799	677,238	376	41,060	11,545,709	281	1.55
Utah	140	82,926	592	5,413	2,426,504	448	2.01
Vermont	26	12,460	470	1,769	673,351	381	5.36
Virginia	366	144,130	394	8,693	2,956,701	340	1.76
Washington	496	263,005	530	13,891	4,763,704	343	1.49
West Virginia	108	55,575	515	3,475	1,366,982	393	2.02
Wisconsin	135	89,386	662	7,491	2,782,895	371	1.93
Wyoming	14	8,065	576	612	325,127	531	2.39
Guam	2	694	347	5	2,041	408	.49
Puerto Rico	18	17,922	996	4,507	1,339,653	297	2.94
Virgin Islands	2	601	301	2	601	301	2.33
Total [1]	19,866	10,088,646	508	662,816	228,314,099	344	1.85

[1] Totals include adjustments not distributed by State.

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

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

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

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

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

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

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

CHART III–15

PROPERTY IMPROVEMENT LOANS, 1934–59

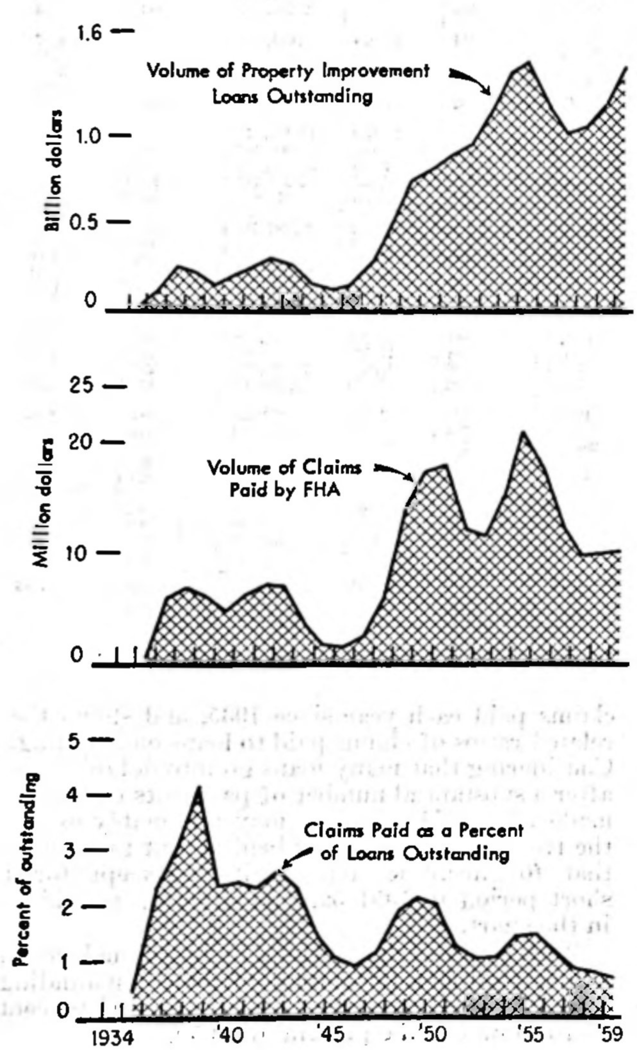
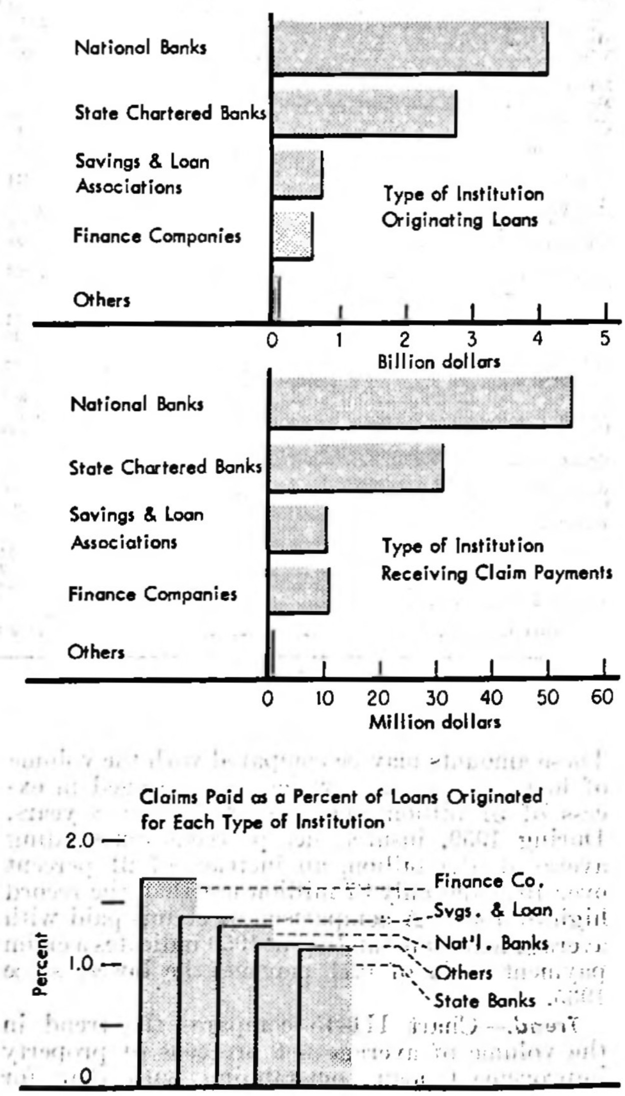


CHART III–16

PROPERTY IMPROVEMENT LOANS UNDER THE 1950 RESERVE, 1950–59



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

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

Claims paid in 1959 and the relationships of the total amount of claims paid to total insurance written under the 1950 Reserve by type of institution are presented in Table III–34. Of the 19,871 claim payments made during 1959, national banks received 49 percent and State banks 29 percent. Together they received $4 out of every $5 paid in claims—the same proportion as for the last 10 years. Comparisons between cumulative net proceeds insured and claims paid through 1959 show that, on the $8.4 billion of net proceeds insured under the 1950 Reserve, claims amounting to $107 million had been paid, which represents a claim ratio of 1.28 percent, as compared with a cumulative ratio of 1.32 percent at the end of 1958. Chart III–16 shows the relationship between claims paid and net proceeds insured under this reserve by type of institution, and their claims as a percent of loans originated. Disregarding the miscellaneous category, whose share of loans was relatively insignificant, State-chartered banks, originating one-third of the loans, had the lowest claim ratio of 1.13 percent. Finance companies, making slightly under 8 percent of the loans and receiving 10 percent of the total claim payments, reported the highest ratio of 1.69 percent.

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

TABLE III–34.—*Claims paid on FHA-insured property improvement loans, 1959 and 1950–59, and insurance written, 1950–59; 1950 Reserve*

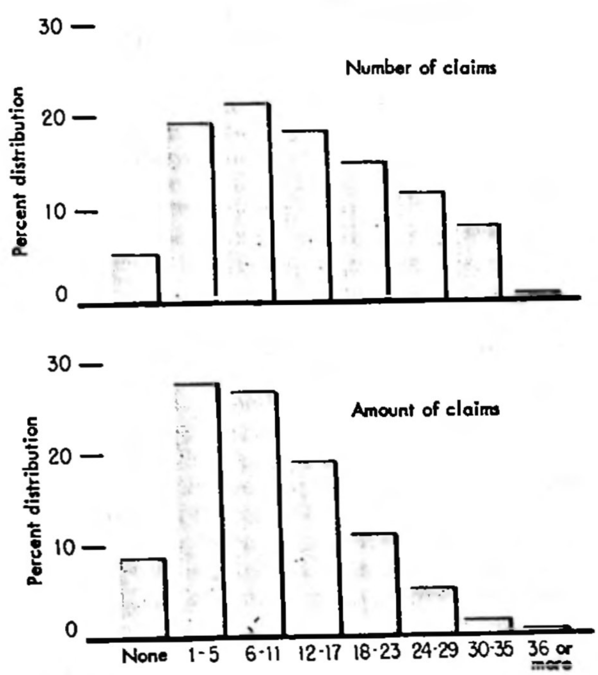
Type of institution	Number	Amount (000)	Percent of amount	Average claim
Claims paid 1959:				
National bank	9,998	$4,928	48.9	$493
State bank	5,714	2,930	29.0	513
Mortgage company	191	85	0.8	445
Insurance company	-------	-------	-------	-------
Savings and loan association	1,976	1,366	13.5	691
Savings bank	170	97	1.0	571
Federal agency	-------	-------	-------	-------
All other	1,822	683	6.8	375
Total	19,871	10,089	100.0	508
Claims paid 1950–59:				
National bank	130,267	$54,668	50.9	$420
State bank	69,287	29,757	27.7	429
Mortgage company	1,279	625	0.6	489
Insurance company	3	2	(1)	704
Savings and loan association	20,926	10,182	9.5	487
Savings bank	3,179	1,345	1.3	423
Federal agency	3	1	(1)	354
All other	24,924	10,723	10.0	430
Total	249,868	107,303	100.0	429
Insurance written 1950–59:				
National bank	6,719,246	$4,173,475	49.9	$621
State bank	4,029,779	2,595,322	31.0	644
Mortgage company	47,459	42,688	0.5	899
Insurance company	504	364	(1)	722
Savings and loan association	1,042,140	744,569	8.9	714
Savings bank	263,597	169,923	2.0	645
Federal agency	270	153	(1)	565
All other	949,723	646,140	7.7	680
Total	13,052,718	8,372,634	100.0	641

[1] Less than 0.05 percent.

CHART III–17

PAYMENTS MADE PRIOR TO DEFAULT, 1959

Claims paid on property improvement loans



accounting for 9 percent of the dollar volume, involved notes upon which the borrower had made no payment. One-fifth of all claims, representing over one-fourth the total amount, were on notes which went into default after one payment was received but before the sixth payment was due. Notes going into default between the sixth and the eleventh month involved 20 percent of the number and 27 percent of the amount. Over 85 percent of all claims stemmed from notes calling for repayment in 36 months or less.

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

Number of payments received prior to default	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	28.2	10.8	7.3	4.0	8.9	5.5	8.9	$828
1-5	69.6	37.3	26.3	15.5	26.6	10.5	27.6	724
6-11	2.2	38.5	26.8	18.6	26.9	21.6	26.8	634
12-17		13.2	20.2	18.3	20.7	18.6	19.0	524
18-23		.2	15.5	17.0	10.9	15.1	11.0	371
24-29			3.6	15.3	3.8	11.6	5.0	222
30-35			.3	11.1	1.3	7.9	1.5	95
36 or more				.2	.9	.2	.2	461
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	508
Percent of total	0.2	4.7	11.2	69.7	14.2	100.0		
Median	2.6	6.3	9.7	15.9	9.2	13.1		

Characteristics of Mortgage and Loan Transactions Insured by FHA in 1959

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

SECTION 203 HOME MORTGAGE TRANSACTIONS

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

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

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

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

Type of mortgagor	New homes				Existing homes			
	1959	1958	1957	1956	1959	1958	1957	1956
Owner-occupant	99.9	99.4	98.3	98.1	99.9	99.7	99.7	99.5
Landlord	.1	.2	.2	.3	.1	.3	.3	.5
Builder	(1)	.4	1.5	1.6	(1)	(1)	(1)	(1)
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] Less than 0.05 percent.

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

1-family amenity income cases

Purpose of loan	New homes				Existing homes			
	1959	1958	1957	1956	1959	1958	1957	1956
Financing new construction	3.4	4.6	9.7	12.7	0.4	0.6	1.2	1.6
Financing purchase	96.6	95.4	90.3	87.3	94.5	95.4	93.7	89.8
Refinancing existing loan	------	------	------	------	5.1	3.9	4.8	8.1
Financing improvements	------	------	------	------	(1)	.1	.3	.5
Total	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 in 1959 are compared with those of selected previous years in Table III–37. For the purpose of this discussion, "typical" transactions are delineated in terms of these medians and averages.

The typical new-home mortgage insured in 1959 amounted to $13,293, or 93½ percent of the value of the property. The scheduled repayment of this mortgage contemplated a total monthly payment (including property taxes and hazard and FHA insurance premiums in addition to debt service) or $98.08 over a period of 29 years. The property had an FHA-appraised value of $14,329, of which about 16 percent or $2,362 represented the land market price. The house was a single-family structure containing 1,095 square feet and 5.8 rooms, of which 3 were bedrooms. Customarily, garage facilities of some sort were included, these being reported in 7 out of every 10 transactions. The prospective monthly housing expense (monthly payment plus cost of household operation and property maintenance and repair) was estimated at $123.21, to be carried by a new-home occupant with a typical annual effective income of $6,912. On the average, this monthly housing expense was expected to represent about one-fifth of the mortgagor's income.

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

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

Units per structure	1959	1958	1954	1950	1946
	Structures—percentage distribution				
New homes:					
One	99.7	99.3	98.1	99.0	98.7
Two	.3	.7	1.6	.9	1.0
Three	(1)	(1)	.1	(1)	.1
Four	(1)	(1)	.2	.1	.2
Total	100.0	100.0	100.0	100.0	100.0
Existing homes:					
One	96.5	92.7	96.2	95.5	93.6
Two	3.1	6.4	3.2	4.1	5.8
Three	.3	.7	.3	.2	.3
Four	.1	.2	.3	.2	.3
Total	100.0	100.0	100.0	100.0	100.0
	Dwelling units—percentage distribution				
New homes:					
One	99.3	98.4	95.9	97.7	96.9
Two	.6	1.4	3.1	1.8	2.1
Three	(1)	.1	.3	.1	.2
Four	.1	.1	.7	.4	.8
Total	100.0	100.0	100.0	100.0	100.0
Average	1.00	1.01	1.02	1.01	1.02
Existing homes:					
One	92.8	85.6	91.9	90.1	87.4
Two	5.9	11.8	6.1	7.8	10.9
Three	.9	2.0	1.0	.7	.7
Four	.4	.6	1.0	1.4	1.0
Total	100.0	100.0	100.0	100.0	100.0
Average	1.04	1.08	1.05	1.06	1.07

[1] Less than 0.05 percent.

In the typical 1959 existing-home transaction, the mortgage amount of $11,755 was to be retired over a 25-year term with monthly payments of $91.66. This mortgage represented 92 percent of the value of a property appraised at $12,914. The land on which the house was built was valued at $2,369 or almost 18 percent of the total property valuation. The house was a one-family structure containing 1,059 square feet and included 5.8 rooms of which 3 were bedrooms. Three out of four of these structures have garage facilities. The expense-income ratio for existing homes was 20 percent, almost identical with that for new homes.

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

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

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

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

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

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

Median [1]	1959	1958	1957	1956	1955	1954	1952	1950	1946
NEW HOMES									
Mortgage:									
Amount	$13,293	$12,607	$11,823	$11,010	$10,034	$8,862	$8,273	$7,101	$5,504
Term in years [2]	28.8	27.3	25.5	25.5	25.6	22.9	21.7	24.1	21.0
Loan-value ratio (percent)	93.5	91.5	85.1	86.0	88.7	85.3	83.7	88.0	87.0
Total monthly payment [3]	$98.08	$96.10	$90.29	$81.63	$74.14	$68.62	$64.16	$54.31	$46.18
Property:									
FHA-estimated value	$14,329	$14,207	$14,261	$13,203	$11,742	$10,678	$10,022	$8,286	$6,558
Market price of site [2]	$2,362	$2,223	$2,148	$1,887	$1,626	$1,456	$1,227	$1,035	$761
Site-value ratio (percent) [2]	16.1	15.4	14.9	14.1	13.4	13.1	12.0	12.0	11.5
Percent with garages [5]	70.9	72.7	76.6	72.8	69.8	66.6	53.4	48.7	58.1
Structure:									
Calculated area (sq. ft.)	1,095	1,092	1,105	1,064	1,022	961	923	838	(4)
Number of rooms	5.8	5.8	5.8	5.7	5.6	5.4	5.3	4.9	5.5
Number of bedrooms	3.5	3.5	3.5	3.4	3.4	3.3	3.1	(4)	(4)
Mortgagor: [3]									
Annual effective income	$6,912	$6,803	$6,632	$6,054	$5,484	$5,139	$4,811	$3,861	$3,313
Monthly housing expense	$123.21	$120.87	$115.17	$104.48	$95.70	$88.91	$83.16	$75.41	$62.85
Expense-income ratio (percent) [2]	20.5	20.4	19.7	19.5	19.7	19.6	19.6	21.6	20.9
EXISTING HOMES									
Mortgage:									
Amount	$11,755	$11,325	$10,498	$10,013	$9,603	$9,030	$8,047	$6,801	$4,697
Term in years [2]	25.1	24.2	22.5	22.5	22.7	20.1	19.7	20.2	18.9
Loan-value ratio (percent)	92.0	90.2	84.9	82.9	85.0	78.5	77.9	77.8	78.4
Total monthly payment [3]	$91.66	$90.30	$85.54	$78.62	$74.57	$74.34	$65.08	$56.65	$40.83
Property:									
FHA-estimated value	$12,914	$12,778	$12,572	$12,261	$11,555	$11,549	$10,289	$8,865	$5,934
Market price of site [2]	$2,369	$2,150	$2,041	$1,931	$1,707	$1,591	$1,296	$1,150	$833
Site-value ratio (percent) [2]	17.0	16.5	15.7	15.1	14.2	13.3	12.3	12.4	13.3
Percent with garages [5]	74.0	74.9	78.5	81.1	79.9	79.6	70.7	70.6	83.4
Structure:									
Calculated area (sq. ft.)	1,059	1,053	1,060	1,060	1,030	1,035	992	1,006	(4)
Number of rooms	5.8	5.8	5.8	5.7	5.6	5.6	5.5	5.6	5.9
Number of bedrooms	3.2	3.2	3.2	3.2	3.1	3.1	3.1	(4)	(4)
Mortgagor: [3]									
Annual effective income	$6,575	$6,502	$6,296	$6,033	$5,669	$5,696	$4,938	$4,274	$3,101
Monthly housing expense	$116.26	$115.31	$110.12	$102.00	$97.34	$97.41	$86.63	$78.99	$58.11
Expense-income ratio (percent) [2]	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] Not available.

[5] Includes carports.

Technical Notes

Size of Sample.—Data presented in this section of the report are based on 54,000 new-home and 90,700 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 9 months of 1959, 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 premiums, 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 tub 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 mortgage payment 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 non-real-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.

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

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

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

Mortgage Characteristics

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

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

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

TABLE III–38.—*Amount of mortgage, 1-family homes, Sec. 203, selected years*

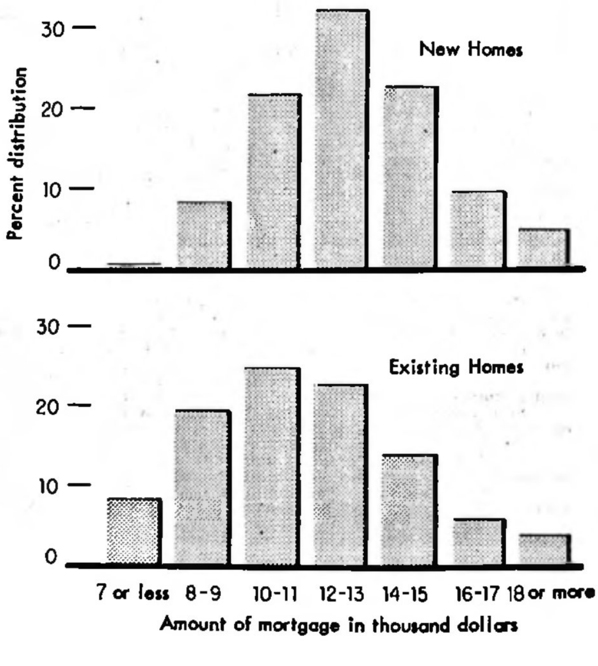
Amount of mortgage	Percentage distribution				
	1959	1958	1954	1950	1946
NEW HOMES					
Less than $4,000	----------	----------	0.1	0.4	8.3
$4,000 to $4,999	----------	----------	.1	1.1	22.6
$5,000 to $5,999	0.1	0.2	.7	9.0	31.4
$6,000 to $6,999	.1	.4	5.2	33.0	25.0
$7,000 to $7,999	.3	.7	23.3	28.5	9.5
$8,000 to $8,999	2.0	3.7	22.8	16.0	2.4
$9,000 to $9,999	6.3	9.7	22.8	8.3	.4
$10,000 to $10,999	9.3	12.9	10.6	1.9	.2
$11,000 to $11,999	12.4	12.9	6.1	.8	.2
$12,000 to $12,999	14.3	13.7	3.0	.5	(1)
$13,000 to $13,999	17.9	14.1	1.8	.2	----------
$14,000 to $14,999	11.8	11.2	1.1	.1	----------
$15,000 to $16,999	17.2	14.6	1.1	.2	----------
$17,000 to $19,999	7.2	5.1	.3	----------	----------
$20,000 or more	1.1	.8	.1	----------	----------
Total	100.0	100.0	100.0	100.0	100.0
Average	$13,337	$12,762	$9,143	$7,307	$5,548
Median	$13,293	$12,697	$8,862	$7,101	$5,504
EXISTING HOMES					
Less than $4,000	----------	----------	0.4	4.4	27.8
$4,000 to $4,999	----------	----------	1.1	8.3	20.0
$5,000 to $5,999	.9	1.0	3.6	16.3	21.3
$6,000 to $6,999	2.4	2.7	9.5	22.0	11.0
$7,000 to $7,999	5.1	5.7	15.8	18.6	4.7
$8,000 to $8,999	8.8	10.1	18.5	13.0	2.7
$9,000 to $9,999	10.9	12.2	16.0	7.2	1.2
$10,000 to $10,999	12.5	14.1	12.7	4.5	1.1
$11,000 to $11,999	12.5	12.8	7.4	1.9	.2
$12,000 to $12,999	11.9	11.5	6.0	1.7	.4
$13,000 to $13,999	11.0	9.7	3.2	.7	.1
$14,000 to $14,999	7.8	7.1	2.6	.7	.2
$15,000 to $16,999	10.2	8.5	2.9	.7	.3
$17,000 to $19,999	5.0	3.8	.2	----------	(1)
$20,000 or more	1.0	.8	.1	----------	----------
Total	100.0	100.0	100.0	100.0	100.0
Average	$11,875	$11,513	$9,283	$7,102	$4,929
Median	$11,755	$11,325	$9,030	$6,801	$4,697

[1] Less than 0.05 percent.

CHART III–18

AMOUNT OF MORTGAGE, 1959

Single family home mortgages, Section 203



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

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

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

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

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

Total Monthly Mortgage Payment.—Chart III–19 depicts graphically the distributions of total monthly payments called for in the new and existing single-family home mortgage transactions insured under Section 203 during 1959. In addition to principal amortization and interest, the total monthly mortgage payment covers the monthly instalments for property taxes and special assessments, hazard and FHA mortgage insurance premiums, and ground rent, if any. On the average, both the new- and existing-home transactions required higher monthly payments than in 1958. In the chart, the curve for the new-home distribution increases fairly sharply to a peak in the $90 range, which accounted for 21 percent of the cases insured before receding more gradually in the higher amount groupings. With respect to the existing-home transactions, the average monthly payments increased gradually, peaking in the $80 range which represented 17 percent of the total.

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

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

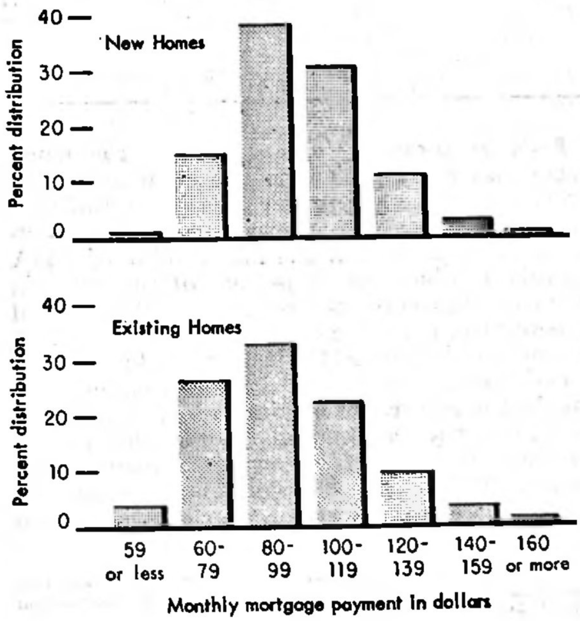
Term of mortgage in years	Percentage distribution				
	1959	1958	1957	1956	1955
NEW HOMES					
10	(1)	(1)	0.1	0.1	0.1
15	0.2	0.4	.9	.8	.7
20	2.2	5.2	12.6	12.7	13.7
25	19.2	41.7	61.5	62.2	58.4
30	78.4	52.7	24.9	24.2	27.1
Total	100.0	100.0	100.0	100.0	100.0
Average	28.8	27.3	25.5	25.6	25.6
Median	30.0	30.0	28.0	27.9	28.0
EXISTING HOMES					
10	0.1	0.1	0.3	0.5	0.4
15	1.8	3.3	7.1	5.5	4.9
20	18.2	26.0	40.2	41.1	42.1
25	54.8	53.1	46.4	49.3	45.2
30	25.1	17.5	6.0	3.6	7.4
Total	100.0	100.0	100.0	100.0	100.0
Average	25.1	24.2	22.5	22.5	22.7
Median	27.7	26.9	25.3	25.3	25.3

[1] Less than 0.05 percent.

CHART III–19

TOTAL MONTHLY MORTGAGE PAYMENT, 1959

Single family home mortgages, Section 203



In line with the higher level of mortgages insured in 1959, the typical monthly payments for both new and existing homes rose about 2 percent. There were significant shifts in the distributions of both new- and existing-home monthly payments from 1958 to 1959—declines below $90 and increases in the proportions above that point. During 1959, 46 percent of the new-home buyers contemplated monthly payments of $100 or more, in contrast to only 5 percent in 1954 and a negligible number in 1946. Although the increase in the proportion of existing-home owners making payments of $100 or more is not as large, it is significant that it increased from only 1 percent in 1946 to 13.5 percent in 1954 and more than doubled to 37 percent in 1959.

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

Total monthly mortgage payment	Percentage distribution				
	1959	1958	1954	1950	1946
NEW HOMES					
Less than $60	0.7	1.0	24.0	69.2	88.6
$60 to $69	3.9	5.5	30.0	20.4	9.0
$70 to $79	11.0	14.2	23.3	7.2	1.8
$80 to $89	17.4	18.3	11.5	1.7	.3
$90 to $99	21.0	18.0	6.0	.7	.2
$100 to $109	17.9	16.7	2.8	.4	.1
$110 to $119	12.6	11.9	1.3	.2	------
$120 to $139	11.6	11.1	.8	.2	------
$140 or more	3.9	3.3	.3	------	------
Total	100.0	100.0	100.0	100.0	100.0
Average	$99.53	$97.48	$71.36	$55.38	$46.06
Median	$95.08	$96.10	$68.62	$54.31	$46.18
EXISTING HOMES					
Less than $60	3.8	4.0	19.0	59.0	88.5
$60 to $69	10.9	11.1	21.5	19.3	5.7
$70 to $79	15.5	16.4	21.3	10.2	2.8
$80 to $89	17.1	18.0	15.3	5.3	1.2
$90 to $99	15.7	15.4	9.4	2.6	.6
$100 to $109	12.7	12.8	5.9	1.6	.4
$110 to $119	9.6	9.2	3.6	.9	.4
$120 to $139	9.9	8.9	3.2	1.1	.4
$140 or more	4.8	4.2	.8	------	------
Total	100.0	100.0	100.0	100.0	100.0
Average	$94.18	$93.07	$77.10	$55.94	$43.25
Median	$91.66	$90.30	$74.34	$56.65	$40.83

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

[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.

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

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

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

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

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

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

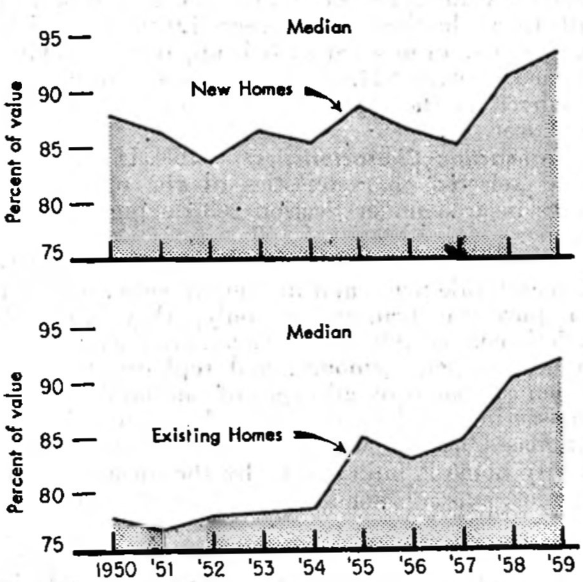
FHA estimate of property value	Percentage distribution	Median loan-value ratio	Ratio of loan to value—percentage distribution: 60 percent or less	51 to 60 percent	61 to 70 percent	71 to 75 percent	76 to 80 percent	81 to 85 percent	86 to 90 percent	91 to 95 percent	96 to 97 percent	Total
NEW HOMES												
Less than $8,000	0.1	96.3				2.7			21.6	16.2	59.5	100.0
$8,000 to $8,999	.7	96.4		0.3	0.3		0.8	1.1	3.8	29.8	63.9	100.0
$9,000 to $9,999	2.9	96.6	0.1		.4	.4	.2	1.5	7.7	16.7	73.0	100.0
$10,000 to $10,999	6.5	96.6	.1	.1	.2	.2	1.0	2.2	5.3	21.7	69.2	100.0
$11,000 to $11,999	10.1	96.3	.1	.2	.7	.7	1.7	3.9	8.3	24.7	59.7	100.0
$12,000 to $12,999	10.7	96.4	.1	.1	.5	.8	2.7	3.8	7.3	23.8	60.9	100.0
$13,000 to $13,999	14.5	96.2	.1	(1)	.6	1.3	2.1	3.9	10.7	25.9	55.4	100.0
$14,000 to $14,999	13.8	93.6	.1	.3	.8	1.5	2.5	5.7	10.4	55.7	23.0	100.0
$15,000 to $15,999	10.7	92.4	.1	.3	1.3	1.9	3.7	7.2	15.6	69.8	.1	100.0
$16,000 to $16,999	9.0	92.3	.3	.4	1.7	2.2	4.1	8.7	15.7	66.9		100.0
$17,000 to $17,999	7.0	91.7	.1	.3	1.9	2.4	5.9	10.8	20.7	57.9		100.0
$18,000 to $18,999	4.4	89.6	.3	.5	1.7	3.3	7.1	11.7	34.8	40.6		100.0
$19,000 to $19,999	3.1	87.6	.2	1.0	2.2	4.3	8.1	14.8	62.3	7.1		100.0
$20,000 to $21,999	3.8	87.5	.1	.5	2.4	4.6	6.5	15.0	70.9			100.0
$22,000 to $24,999	2.2	84.7	.8	.9	3.6	3.8	9.6	42.2	39.1			100.0
$25,000 and over	.5	75.3	1.8	6.1	20.8	25.1	34.4	6.1	5.7			100.0
Total	100.0	93.5	.1	.3	1.2	1.8	3.6	7.1	16.8	38.2	30.9	100.0
EXISTING HOMES												
Less than $8,000	4.7	95.3	(1)	0.1	0.3	0.8	2.4	4.9	16.1	29.2	46.2	100.0
$8,000 to $8,999	6.0	96.0		.1	.5	.8	2.4	4.1	13.2	28.6	50.3	100.0
$9,000 to $9,999	7.9	95.7	(1)	.1	.7	.9	2.5	4.7	15.9	26.8	48.4	100.0
$10,000 to $10,999	10.3	95.2	0.1	.1	.9	1.0	3.3	5.6	17.2	26.1	45.7	100.0
$11,000 to $11,999	10.7	94.4	(1)	.2	1.0	1.4	3.2	6.3	19.6	27.0	41.3	100.0
$12,000 to $12,999	11.4	93.6	(1)	.2	1.3	1.6	4.0	7.5	21.6	26.2	37.6	100.0
$13,000 to $13,999	10.4	92.9	(1)	.1	1.4	1.9	4.5	9.4	23.4	24.1	35.2	100.0
$14,000 to $14,999	9.0	91.3	(1)	.3	1.9	2.5	5.1	11.2	27.1	37.7	14.2	100.0
$15,000 to $15,999	7.6	90.4	.1	.3	1.7	2.4	7.4	11.5	29.9	46.6	.1	100.0
$16,000 to $16,999	6.4	89.4	.1	.3	2.5	3.2	6.5	13.7	35.3	38.4		100.0
$17,000 to $17,999	4.5	88.7	.1	.5	2.6	3.4	8.7	16.9	32.7	35.1		100.0
$18,000 to $18,999	3.4	88.0	.3	.5	2.0	3.7	9.3	19.1	37.4	27.7		100.0
$19,000 to $19,999	2.3	86.3	.2	.4	2.5	3.5	10.0	31.3	41.5	10.6		100.0
$20,000 to $21,999	2.8	86.0	.2	.5	2.4	4.4	11.8	30.8	49.9			100.0
$22,000 to $24,999	2.1	83.8	.1	1.1	3.2	5.1	14.3	47.1	29.1			100.0
$25,000 and over	.5	76.7	2.4	5.3	18.8	17.1	48.6	4.7	3.1			100.0
Total	100.0	92.0	.1	.3	1.5	2.1	5.3	10.7	24.2	28.4	27.4	100.0

[1] Less than 0.05 percent.

CHART III–20

RATIO OF LOAN TO VALUE, 1950–59

Single family home mortgages, Section 203



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

Property Value Characteristics

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

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

CHART III–21

FHA ESTIMATE OF PROPERTY VALUE, 1950–59

Single family home mortgages, Section 203

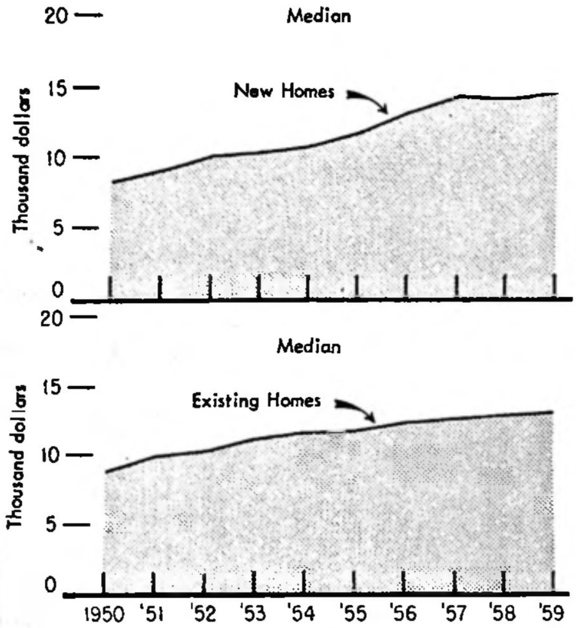


CHART III–22

FHA ESTIMATE OF PROPERTY VALUE, 1959

Single family home mortgages, Section 203

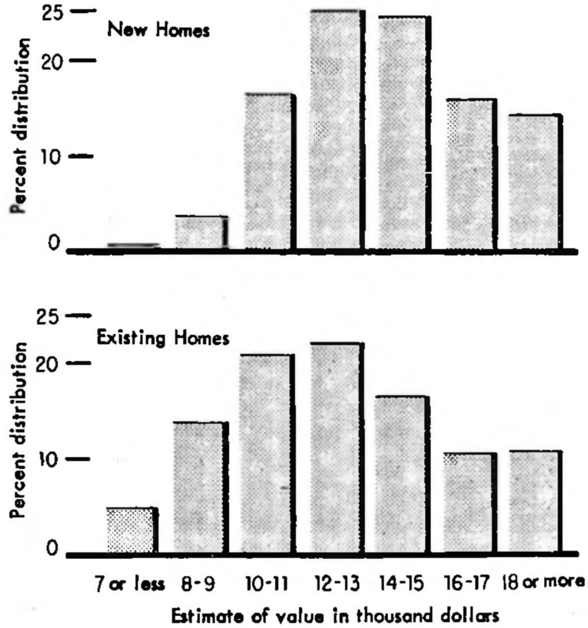


TABLE III–42.—*Ratio of loan to value, 1-family homes, Sec. 203, selected years*

Ratio of loan to value (percent)	Percentage distribution				
	1959	1958	1954	1950	1946
NEW HOMES					
50 or less	0.1	0.5	0.8	0.6	0.6
51 to 55	.1	.2	.4	.4	.8
56 to 60	.2	.3	.7	.5	.8
61 to 65	.4	.6	1.4	.9	1.3
66 to 70	.8	1.3	2.6	1.6	3.3
71 to 75	1.8	2.6	5.1	3.2	4.8
76 to 80	3.6	5.6	28.8	8.8	11.8
81 to 85	7.1	11.5	11.8	10.9	14.1
86 to 90	16.8	23.2	25.6	57.1	62.5
91 to 95	38.2	39.7	22.8	16.0	------
96 to 97	30.9	14.5	------	------	------
Total	100.0	100.0	100.0	100.0	100.0
Average	91.0	88.7	82.2	85.0	84.1
Median	93.5	91.5	85.3	88.0	87.0
EXISTING HOMES					
50 or less	0.1	0.1	1.1	2.1	1.3
51 to 55	.1	.1	.8	1.4	.9
56 to 60	.2	.2	1.6	2.2	1.2
61 to 65	.4	.5	2.8	3.7	2.8
66 to 70	1.1	1.6	7.7	8.8	5.8
71 to 75	2.1	2.8	9.8	13.5	8.8
76 to 80	5.3	7.1	52.2	51.5	60.7
81 to 85	10.7	14.3	7.3	4.4	3.6
86 to 90	24.2	27.4	10.8	9.8	14.9
91 to 95	28.4	29.1	5.9	2.6	------
96 to 97	27.4	16.8	------	------	------
Total	100.0	100.0	100.0	100.0	100.0
Average	89.7	88.1	77.8	76.4	78.6
Median	92.0	90.2	78.5	77.8	78.4

(Table III–43 and Chart III–22.) Slightly less than 4 percent of the new homes but almost 19 percent of the existing homes were valued by FHA at less than $10,000, while almost equal proportions of all Section 203 transactions—6½ percent for new and 5½ for existing—were appraised at $20,000 or more.

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

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

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

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

FHA estimate of property value	Percentage distribution				
	1959	1958	1954	1950	1946
NEW HOMES					
Less than $4,000	-----	-----	-----	[1]	2.3
$4,000 to $4,999	-----	-----	-----	0.4	10.0
$5,000 to $5,999	-----	-----	[1]	1.6	20.3
$6,000 to $6,999	[1]	[1]	0.6	18.3	27.8
$7,000 to $7,999	0.1	0.3	6.0	20.8	22.4
$8,000 to $8,999	.7	1.2	18.8	22.5	11.1
$9,000 to $9,999	2.9	4.6	15.7	15.9	3.4
$10,000 to $10,999	6.5	9.9	12.4	10.0	1.5
$11,000 to $11,999	10.1	9.6	12.8	4.7	.5
$12,000 to $12,999	10.7	10.6	10.1	2.3	.3
$13,000 to $13,999	14.5	11.4	7.8	1.4	.2
$14,000 to $14,999	13.8	11.4	5.6	.7	.1
$15,000 to $15,999	10.7	10.9	3.8	.5	.1
$16,000 to $16,999	9.0	9.2	2.5	.3	-----
$17,000 to $17,999	7.0	6.7	1.3	.2	[1]
$18,000 to $19,999	7.5	8.2	1.4	.2	-----
$20,000 to $21,999	3.8	3.5	.8	.2	-----
$22,000 to $24,999	2.2	1.9	.3	[1]	-----
$25,000 and over	.5	.6	.2	[1]	-----
Total	100.0	100.0	100.0	100.0	100.0
Average value	$14,650	$14,394	$11,120	$8,594	$6,597
Median value	$14,329	$14,207	$10,678	$8,280	$6,558
EXISTING HOMES					
Less than $4,000	-----	-----	[1]	1.2	9.0
$4,000 to $4,999	0.1	-----	0.2	1.4	16.8
$5,000 to $5,999	.3	0.3	.4	4.2	24.6
$6,000 to $6,999	1.1	1.1	2.0	10.7	20.3
$7,000 to $7,999	3.2	3.4	5.5	15.8	12.1
$8,000 to $8,999	6.0	6.5	10.1	17.1	7.0
$9,000 to $9,999	7.9	8.4	11.1	14.5	3.4
$10,000 to $10,999	10.3	10.8	12.6	11.3	2.5
$11,000 to $11,999	10.7	10.7	12.1	7.6	1.1
$12,000 to $12,999	11.4	11.4	11.8	5.7	1.2
$13,000 to $13,999	10.4	10.4	9.1	3.3	.5
$14,000 to $14,999	9.0	8.6	6.6	2.0	.3
$15,000 to $15,999	7.6	7.5	5.8	1.7	.4
$16,000 to $16,999	6.4	6.2	4.1	1.1	.2
$17,000 to $17,999	4.5	4.4	2.0	.8	.1
$18,000 to $19,999	5.7	5.4	3.1	.9	.2
$20,000 to $21,999	2.8	2.5	1.9	.4	.3
$22,000 to $24,999	2.1	1.9	.5	.2	[1]
$25,000 and over	.5	.5	.2	.1	[1]
Total	100.0	100.0	100.0	100.0	100.0
Average value	$13,236	$13,069	$11,034	$9,208	$6,269
Median value	$12,014	$12,778	$11,549	$8,865	$5,934

[1] Less than 0.05 percent.

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

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

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

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

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

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

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

Table III-44.—*Transaction characteristics by property value, 1-family homes, Sec. 203, 1959*

FHA estimate of property value	Percentage distribution	Average: Property value	Average: Property replacement cost	Average: Total acquisition cost [1]	Average: Sale price [1]	Average: Incidental cost [1] [2]	Average: Amount of mortgage	Average: Mortgagor's annual income	Ratio of loan to property value
NEW HOMES									
Less than $8,000	0.1	$7,337	$8,706	$7,520	$7,347	$182.33	$6,895	$4,496	94.0
$8,000 to $8,999	.7	8,585	9,286	8,627	8,429	218.33	8,126	4,756	94.7
$9,000 to $9,999	2.9	9,564	10,042	9,642	9,421	234.98	9,112	5,255	95.3
$10,000 to $10,999	6.5	10,460	10,931	10,552	10,317	240.27	9,939	5,534	95.0
$11,000 to $11,999	10.1	11,473	11,924	11,492	11,265	242.62	10,786	5,979	94.0
$12,000 to $12,999	10.7	12,450	12,903	12,543	12,294	255.03	11,699	6,312	94.0
$13,000 to $13,999	14.5	13,453	13,940	13,526	13,279	253.31	12,603	6,720	93.7
$14,000 to $14,999	13.8	14,402	14,972	14,494	14,231	269.77	13,341	7,165	92.6
$15,000 to $15,999	10.7	15,408	15,968	15,535	15,250	285.47	14,071	7,545	91.3
$16,000 to $16,999	9.0	16,406	16,965	16,617	16,310	308.04	14,800	8,103	90.2
$17,000 to $17,999	7.0	17,382	18,009	17,569	17,250	317.86	15,455	8,526	88.9
$18,000 to $18,999	4.4	18,404	19,047	18,645	18,298	334.16	16,115	8,988	87.6
$19,000 to $19,999	3.1	19,380	19,935	19,603	19,220	355.79	16,705	9,569	86.2
$20,000 to $21,999	3.8	20,761	21,310	21,098	20,709	366.46	17,813	10,290	85.8
$22,000 to $24,999	2.2	23,063	23,567	23,542	23,094	392.15	19,166	11,319	83.1
$25,000 and over	.5	27,621	28,241	25,164	24,710	431.68	20,302	12,775	73.5
Total	100.0	14,650	15,178	14,727	14,448	281.29	13,337	7,327	91.0
EXISTING HOMES									
Less than $8,000	4.7	7,044	10,012	7,286	7,043	201.63	6,570	4,944	93.3
$8,000 to $8,999	6.0	8,427	10,984	8,632	8,404	206.65	7,879	5,329	93.5
$9,000 to $9,999	7.9	9,404	11,802	9,637	9,404	217.13	8,764	5,567	93.2
$10,000 to $10,999	10.3	10,411	12,589	10,681	10,435	231.45	9,656	5,913	92.7
$11,000 to $11,999	10.7	11,404	13,360	11,706	11,448	241.88	10,514	6,276	92.2
$12,000 to $12,999	11.4	12,385	14,301	12,752	12,487	252.98	11,358	6,618	91.7
$13,000 to $13,999	10.4	13,383	15,174	13,768	13,493	262.31	12,208	7,042	91.2
$14,000 to $14,999	9.0	14,361	16,104	14,777	14,488	271.91	12,927	7,429	90.0
$15,000 to $15,999	7.6	15,348	17,107	15,797	15,494	285.68	13,682	7,834	89.1
$16,000 to $16,999	6.4	16,388	18,048	16,803	16,489	294.54	14,423	8,270	88.0
$17,000 to $17,999	4.5	17,341	19,010	17,805	17,478	306.61	15,083	8,826	87.0
$18,000 to $18,999	3.4	18,351	20,091	18,834	18,489	320.74	15,790	9,315	86.0
$19,000 to $19,999	2.3	19,303	20,985	19,902	19,520	331.89	16,526	9,903	85.6
$20,000 to $21,999	2.8	20,718	22,521	21,524	21,144	345.50	17,574	10,782	84.8
$22,000 to $24,999	2.1	23,036	24,694	23,920	23,504	358.29	19,009	11,598	82.5
$25,000 and over	.5	26,996	29,206	26,687	26,230	393.44	19,966	12,969	74.0
Total	100.0	13,236	15,222	13,560	13,278	201.02	11,875	7,107	89.7

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

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

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	Percent of structure with: 1 story	Percent of structure with: Full or part basement	Percent of structure with: Garage	Percent of structure with: Carport
NEW HOMES												
Less than $8,000	0.1	$7,337	$1,047	14.3	817	4.4	2.2	2.9	87.5	10.3	43.3	16.2
$8,000 to $8,999	.7	8,585	1,237	14.4	854	4.8	2.7	1.7	97.9	1.8	32.4	14.7
$9,000 to $9,999	2.9	9,564	1,401	14.6	899	4.9	2.8	7.1	99.0	4.0	37.5	28.5
$10,000 to $10,999	6.5	10,460	1,588	15.2	938	5.0	2.9	15.5	94.8	10.2	36.2	19.8
$11,000 to $11,999	10.1	11,473	1,759	15.3	998	5.1	2.9	22.4	92.4	21.1	44.6	18.2
$12,000 to $12,999	10.7	12,450	1,891	15.2	1,037	5.2	3.0	29.6	93.0	28.5	46.5	17.9
$13,000 to $13,999	14.5	13,453	2,103	15.6	1,087	5.3	3.0	43.2	91.8	29.2	53.6	16.2
$14,000 to $14,999	13.8	14,402	2,310	16.0	1,123	5.4	3.0	53.0	92.0	38.7	56.1	15.1
$15,000 to $15,999	10.7	15,408	2,474	16.1	1,178	5.5	3.0	60.3	91.0	41.6	58.0	15.4
$16,000 to $16,999	9.0	16,406	2,699	16.5	1,225	5.6	3.0	69.8	90.2	44.9	61.6	13.9
$17,000 to $17,999	7.0	17,382	2,952	17.0	1,250	5.7	3.1	75.1	87.2	50.5	61.7	13.4
$18,000 to $18,999	4.4	18,404	3,072	16.7	1,324	5.9	3.1	85.0	85.9	46.4	70.9	11.6
$19,000 to $19,999	3.1	19,380	3,287	17.0	1,381	6.0	3.2	89.8	81.8	45.8	70.4	13.4
$20,000 to $21,999	3.8	20,761	3,602	17.3	1,445	6.1	3.2	94.5	85.1	43.3	73.2	14.7
$22,000 to $24,999	2.2	23,063	3,982	17.3	1,563	6.3	3.3	96.1	78.3	42.1	74.5	14.5
$25,000 and over	.5	27,621	5,405	19.6	1,531	6.0	3.2	92.9	91.8	22.8	68.5	26.9
Total	100.0	14,650	2,362	16.1	1,140	5.4	3.0	50.7	90.8	33.8	54.9	16.0
EXISTING HOMES												
Less than $8,000	4.7	7,044	1,106	15.7	920	5.0	2.4	1.9	71.2	40.5	37.8	6.4
$8,000 to $8,999	6.0	8,427	1,373	16.3	941	4.9	2.4	3.2	80.5	34.1	51.8	8.9
$9,000 to $9,999	7.9	9,404	1,593	16.9	970	5.0	2.4	4.5	82.1	34.2	58.8	7.3
$10,000 to $10,999	10.3	10,411	1,812	17.4	990	5.1	2.5	6.3	81.1	37.5	61.4	7.8
$11,000 to $11,999	10.7	11,404	2,018	17.7	1,014	5.2	2.6	9.1	81.5	39.5	62.6	8.0
$12,000 to $12,999	11.4	12,385	2,207	17.8	1,056	5.3	2.7	14.2	80.5	42.3	66.3	7.6
$13,000 to $13,999	10.4	13,383	2,394	17.9	1,085	5.4	2.8	19.1	79.7	45.5	68.5	7.6
$14,000 to $14,999	9.0	14,361	2,584	18.0	1,127	5.5	2.8	26.9	77.7	49.1	70.3	7.5
$15,000 to $15,999	7.6	15,348	2,762	18.0	1,173	5.6	2.9	35.1	76.0	53.7	72.8	7.7
$16,000 to $16,999	6.4	16,388	2,978	18.2	1,223	5.7	2.9	44.1	75.2	54.6	74.5	7.6
$17,000 to $17,999	4.5	17,341	3,199	18.4	1,272	5.8	3.0	53.8	73.4	54.8	76.0	7.6
$18,000 to $18,999	3.4	18,351	3,419	18.6	1,330	5.9	3.0	60.6	74.0	55.4	77.9	8.6
$19,000 to $19,999	2.3	19,303	3,680	19.1	1,381	6.1	3.1	70.4	71.9	53.5	79.8	8.7
$20,000 to $21,999	2.8	20,718	3,966	19.1	1,461	6.2	3.1	77.4	69.1	53.7	81.3	8.8
$22,000 to $24,999	2.1	23,036	4,382	19.0	1,556	6.4	3.2	86.8	66.2	54.0	83.9	8.1
$25,000 and over	.5	26,996	4,791	17.7	1,677	6.5	3.2	80.7	67.5	51.5	80.9	13.4
Total	100.0	13,236	2,369	17.9	1,105	5.4	2.7	24.3	77.9	44.8	66.2	7.8

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

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	$1,058	----	46.0	35.1	18.0	----	----	----	----	----	----	----
$8,000 to $8,999	.7	1,238	0.5	30.5	39.8	21.5	2.5	5.2	----	----	----	----	----
$9,000 to $9,999	2.9	1,403	.3	12.1	40.6	30.8	5.8	3.5	0.6	0.2	----	----	0.1
$10,000 to $10,999	6.5	1,631	.1	5.2	33.1	44.1	11.7	3.7	1.9	.1	0.1	(1)	----
$11,000 to $11,999	10.1	1,768	----	2.0	24.8	43.4	18.8	8.7	1.8	.4	.1	(1)	(1)
$12,000 to $12,999	10.7	1,905	(1)	1.2	16.1	40.3	27.1	11.4	3.0	.6	.2	0.1	----
$13,000 to $13,999	14.5	2,155	(1)	.6	7.9	31.0	33.7	17.9	7.0	1.5	.3	.1	(1)
$14,000 to $14,999	13.8	2,350	(1)	.5	4.5	23.1	31.3	22.6	13.8	3.6	.5	.1	(1)
$15,000 to $15,999	10.7	2,519	.1	.5	3.0	15.5	30.0	25.1	18.5	5.7	1.2	.3	.1
$16,000 to $16,999	9.0	2,767	(1)	.1	1.7	10.5	24.9	23.8	24.8	9.9	3.2	.5	.6
$17,000 to $17,999	7.0	3,059	.1	.1	.8	6.0	17.1	22.3	30.7	14.4	4.2	1.7	2.6
$18,000 to $18,999	4.4	3,175	----	.1	.8	3.0	14.1	20.8	32.2	17.9	7.9	1.5	1.7
$19,000 to $19,999	3.1	3,338	.1	.3	.4	2.5	10.4	17.2	28.3	21.5	12.1	3.4	3.8
$20,000 to $21,999	3.8	3,636	----	.2	.5	.9	6.9	12.8	22.9	21.2	16.9	11.7	6.0
$22,000 to $24,999	2.2	4,084	----	.1	.3	1.4	3.5	6.8	17.3	16.9	22.2	18.3	13.2
$25,000 and over	.5	5,017	----	.7	1.7	1.1	2.8	4.9	10.5	7.3	11.2	8.0	51.8
Total	100.0	2,315	(1)	1.5	10.4	23.0	22.9	10.7	13.5	6.0	2.8	1.3	1.3
EXISTING HOMES													
Less than $8,000	4.7	1,156	1.0	34.6	46.1	14.7	2.6	0.6	0.2	0.1	0.1	----	(1)
$8,000 to $8,999	6.0	1,398	.2	14.3	44.6	28.2	8.6	2.9	1.0	.1	.1	(1)	(1)
$9,000 to $9,999	7.9	1,622	.1	8.6	33.3	33.0	14.1	7.3	3.0	.5	(1)	0.1	(1)
$10,000 to $10,999	10.3	1,815	.1	4.3	24.7	33.2	18.0	11.1	6.7	1.4	.4	(1)	0.1
$11,000 to $11,999	10.7	1,970	.1	2.2	17.0	32.3	20.3	13.0	9.6	4.1	1.1	.2	.1
$12,000 to $12,999	11.4	2,224	(1)	1.2	12.3	26.3	22.8	16.0	12.8	5.6	2.2	.5	.3
$13,000 to $13,999	10.4	2,418	(1)	1.0	8.5	21.4	22.8	17.8	14.4	8.6	3.9	1.1	.5
$14,000 to $14,999	9.0	2,584	.1	.6	5.4	17.9	23.1	17.8	14.9	10.1	6.4	2.3	1.4
$15,000 to $15,999	7.6	2,776	(1)	.4	3.6	13.8	21.3	19.0	16.5	10.7	7.2	3.1	3.5
$16,000 to $16,999	6.4	2,975	(1)	.3	2.2	9.8	18.5	20.3	17.5	13.0	8.3	4.4	5.7
$17,000 to $17,999	4.5	3,230	----	.2	1.5	6.6	15.0	17.8	19.4	15.0	10.9	5.3	8.3
$18,000 to $18,999	3.4	3,427	.1	----	.8	5.6	11.4	16.1	18.8	16.3	11.8	7.0	12.1
$19,000 to $19,999	2.3	3,665	.1	.1	.8	3.6	7.8	13.9	18.5	15.9	12.2	10.4	16.7
$20,000 to $21,999	2.8	3,955	.1	.2	.5	2.1	5.9	9.2	17.5	15.9	14.4	10.9	23.3
$22,000 to $24,999	2.1	4,404	----	.6	1.0	.9	3.7	6.2	11.9	13.9	14.6	13.1	34.1
$25,000 and over	.5	4,745	----	.7	3.3	2.9	4.8	5.5	6.6	10.5	10.7	10.3	44.7
Total	100.0	2,277	.1	4.2	15.2	21.0	17.1	13.5	11.4	7.1	4.4	2.3	3.7

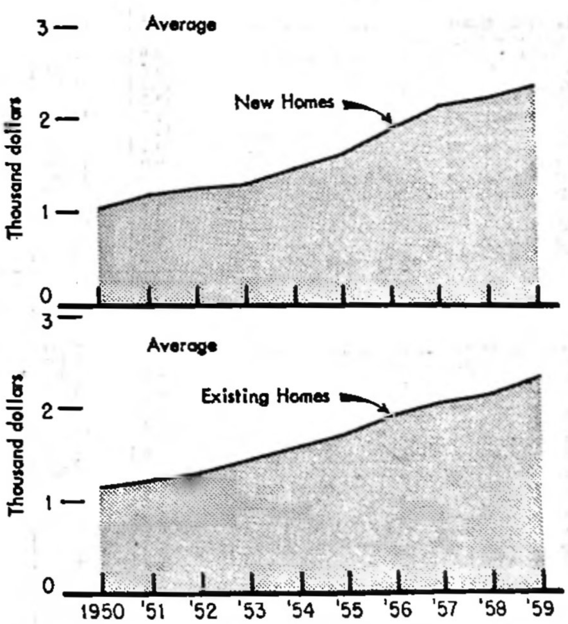
(1) Less than 0.05 percent.

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

CHART III–23

MARKET PRICE OF EQUIVALENT SITE, 1950–59

Single family home mortgages, Section 203



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

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

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

In contrast, the median-class existing-home mortgage secured a property worth $12,385 and was to be repaid over a 25½ year period by a mortgagor with an average monthly income of $552. His total monthly expenses were estimated to be $113.06, the bulk ($89) of which was debt service, including $13.41 in taxes. In addition, $16.97 was to be set aside for heating and utilities and $7.09 for maintenance.

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

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

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

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	$7,337	24.6	$6.92	$57.51	$76.51	$374.05	$12.38	$5.62
$8,000 to $8,999	.7	8,585	27.4	8.49	62.72	81.54	396.31	13.51	5.31
$9,000 to $9,999	2.9	9,564	28.2	9.18	67.64	88.20	437.92	14.78	5.78
$10,000 to $10,999	6.5	10,460	28.6	10.27	73.37	95.30	461.13	15.96	5.97
$11,000 to $11,999	10.1	11,473	28.9	12.15	80.51	103.25	498.29	16.52	6.22
$12,000 to $12,999	10.7	12,450	29.0	12.19	86.23	109.87	526.03	17.15	6.49
$13,000 to $13,999	14.5	13,453	29.0	13.76	93.04	117.54	560.51	17.58	6.92
$14,000 to $14,999	13.8	14,402	29.0	14.96	98.96	124.11	597.10	18.12	7.02
$15,000 to $15,999	10.7	15,408	28.9	15.99	104.59	130.56	628.73	18.50	7.38
$16,000 to $16,999	9.0	16,406	28.8	17.28	110.63	137.45	675.24	19.09	7.74
$17,000 to $17,999	7.0	17,382	28.7	18.28	115.89	143.52	710.50	19.54	8.10
$18,000 to $18,999	4.4	18,404	28.5	20.10	122.07	151.10	749.04	20.11	8.92
$19,000 to $19,999	3.1	19,380	28.5	20.62	126.57	156.20	797.42	20.52	9.10
$20,000 to $21,999	3.8	20,761	28.3	22.10	135.02	166.10	857.50	21.26	9.82
$22,000 to $24,999	2.2	23,063	28.3	25.30	147.14	180.90	943.22	23.09	10.60
$25,000 and over	.5	27,621	26.5	25.28	162.27	200.94	1,004.58	26.83	11.85
Total	100.0	14,650	28.8	15.19	90.53	125.00	610.58	18.18	7.29
EXISTING HOMES									
Less than $8,000	4.7	7,044	21.8	8.57	58.33	79.26	411.98	15.02	5.91
$8,000 to $8,999	6.0	8,427	23.5	9.28	65.44	87.12	444.05	15.42	6.26
$9,000 to $9,999	7.9	9,404	24.2	10.28	70.47	92.76	463.92	15.84	6.45
$10,000 to $10,999	10.3	10,411	24.8	11.21	76.52	99.27	492.79	16.15	6.66
$11,000 to $11,999	10.7	11,404	25.4	12.36	82.59	105.80	522.97	16.49	6.73
$12,000 to $12,999	11.4	12,385	25.5	13.41	89.00	113.06	551.53	16.97	7.09
$13,000 to $13,999	10.4	13,383	25.7	14.53	95.30	120.25	586.81	17.63	7.32
$14,000 to $14,999	9.0	14,361	25.7	16.04	101.52	127.29	619.08	18.12	7.65
$15,000 to $15,999	7.6	15,348	25.8	17.37	107.76	134.45	652.87	18.77	7.92
$16,000 to $16,999	6.4	16,388	26.0	18.58	113.37	141.04	689.17	19.33	8.36
$17,000 to $17,999	4.5	17,341	25.8	19.90	119.33	147.80	735.51	19.70	8.77
$18,000 to $18,999	3.4	18,351	25.8	20.92	125.11	154.67	776.21	20.31	9.25
$19,000 to $19,999	2.3	19,303	25.8	22.11	130.96	161.19	825.23	20.73	9.50
$20,000 to $21,999	2.8	20,718	25.6	23.77	139.99	171.97	898.48	21.76	10.22
$22,000 to $24,999	2.1	23,036	25.6	26.25	151.80	185.95	960.50	23.18	10.97
$25,000 and over	.5	26,906	25.1	28.32	163.77	204.33	1,080.74	28.85	11.71
Total	100.0	13,236	25.1	14.72	94.18	119.31	592.21	17.67	7.46

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

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

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

Calculated area (square feet)	Percentage distribution				
	1959	1958	1954	1950	1948
NEW HOMES					
Less than 600	(1)	(1)	(1)	0.5	0.9
600 to 699	0.1	0.3	2.4	7.6	4.6
700 to 799	1.8	2.8	11.5	30.6	20.6
800 to 899	7.4	7.4	20.5	25.4	22.0
900 to 999	10.6	18.3	23.1	13.0	16.2
1,000 to 1,099	22.3	23.0	18.0	9.9	11.2
1,100 to 1,199	16.1	16.2	11.8	5.3	8.7
1,200 to 1,299	11.6	10.8	6.9	3.2	6.4
1,300 to 1,399	7.6	7.9	2.6	2.0	3.4
1,400 to 1,499	5.2	4.6	1.6	.9	2.2
1,500 to 1,599	3.4	3.5	.7	.6	1.5
1,600 to 1,799	3.7	3.7	.6	.6	1.4
1,800 to 1,999	.9	1.1	.2	.2	.4
2,000 or more	.3	.4	.1	.2	.5
Total	100.0	100.0	100.0	100.0	100.0
Average	1,140	1,138	990	894	972
Median	1,095	1,092	961	838	912
EXISTING HOMES					
Less than 600	0.1	0.1	0.2	0.5	0.9
600 to 699	1.8	2.2	2.5	3.3	4.7
700 to 799	10.5	10.8	12.9	14.4	16.3
800 to 899	14.1	14.0	15.7	16.5	18.5
900 to 999	14.1	14.1	13.8	14.1	13.3
1,000 to 1,099	15.9	15.5	12.9	11.7	10.9
1,100 to 1,199	12.6	12.1	10.9	9.3	8.0
1,200 to 1,299	9.9	9.7	8.8	7.6	6.8
1,300 to 1,399	6.8	6.8	6.8	5.8	5.1
1,400 to 1,499	4.7	4.9	4.3	4.3	3.7
1,500 to 1,599	3.2	3.3	3.2	3.2	2.9
1,600 to 1,799	3.5	3.5	3.9	4.2	3.7
1,800 to 1,999	1.6	1.7	2.0	2.2	2.2
2,000 or more	1.2	1.3	2.1	2.9	3.0
Total	100.0	100.0	100.0	100.0	100.0
Average	1,105	1,105	1,104	1,100	1,075
Median	1,059	1,053	1,035	1,006	972

[1] Less than 0.05 percent.

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

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	0.1	650	$10,377	$10,449	$10,286	4.1	2.0	6.8	91.9	38.9	12.2	18.4
700 to 799	1.8	753	10,841	10,934	10,671	4.5	2.4	2.7	96.3	39.1	22.4	19.6
800 to 899	7.4	860	11,802	11,904	11,659	4.9	2.7	6.7	93.5	47.7	32.5	14.9
900 to 999	19.6	943	12,634	12,718	12,481	5.1	3.0	9.2	96.6	41.3	36.7	13.5
1,000 to 1,099	22.3	1,045	13,977	14,073	13,813	5.3	3.0	32.7	94.5	40.0	51.2	16.4
1,100 to 1,199	16.1	1,146	14,992	15,116	14,825	5.5	3.0	67.3	89.1	36.4	63.4	17.3
1,200 to 1,299	11.6	1,247	15,942	16,041	15,731	5.7	3.1	86.7	90.0	24.6	68.4	16.9
1,300 to 1,399	7.6	1,346	16,709	16,819	16,512	5.9	3.1	92.6	86.2	19.8	72.8	18.5
1,400 to 1,499	5.2	1,441	16,995	17,087	16,774	6.0	3.2	95.1	86.5	17.3	71.1	17.3
1,500 to 1,599	3.4	1,548	18,336	18,545	18,208	6.3	3.2	94.5	82.8	20.4	72.7	14.4
1,600 to 1,699	2.6	1,637	18,232	18,379	18,084	6.6	3.4	97.9	68.1	12.0	78.7	13.2
1,700 to 1,799	1.1	1,746	19,743	19,861	19,481	6.5	3.3	97.5	80.6	20.0	70.9	19.9
1,800 to 1,999	.9	1,888	19,773	19,788	19,400	6.7	3.5	95.0	72.4	14.7	70.5	16.9
2,000 or more	.3	2,163	22,070	22,101	21,696	7.0	3.7	97.9	66.2	24.6	51.5	22.8
Total	100.0	1,140	14,650	14,727	14,448	5.4	3.0	50.7	90.8	33.8	54.9	16.0
EXISTING HOMES												
Less than 700	1.9	661	9,611	9,867	9,635	4.2	2.0	2.3	86.2	55.0	53.5	4.3
700 to 799	10.5	753	10,581	10,905	10,662	4.4	2.2	3.0	85.1	48.1	55.0	4.6
800 to 899	14.1	849	11,317	11,609	11,362	4.7	2.3	3.7	88.1	41.7	60.7	5.8
900 to 999	14.1	948	12,150	12,484	12,221	5.1	2.6	6.0	89.6	42.7	61.5	7.8
1,000 to 1,099	15.9	1,047	13,046	13,419	13,147	5.3	2.8	12.9	85.7	40.1	66.6	8.3
1,100 to 1,199	12.6	1,146	13,746	14,122	13,836	5.6	2.9	27.7	78.1	42.2	70.1	9.2
1,200 to 1,299	9.9	1,245	14,559	14,950	14,646	5.8	2.9	43.2	71.2	43.6	71.4	9.7
1,300 to 1,399	6.8	1,345	15,184	15,601	15,286	6.0	3.0	53.0	66.1	46.1	73.7	10.0
1,400 to 1,499	4.7	1,445	15,924	16,315	15,988	6.2	3.1	59.3	62.1	47.4	74.2	10.0
1,500 to 1,599	3.2	1,545	16,463	16,917	16,566	6.4	3.2	62.8	56.1	50.7	76.1	8.3
1,600 to 1,699	2.2	1,645	16,742	17,104	16,765	6.6	3.3	64.0	50.0	53.9	76.6	7.2
1,700 to 1,799	1.3	1,744	17,039	17,478	17,142	6.8	3.4	70.3	43.9	58.1	75.0	7.8
1,800 to 1,999	1.6	1,886	16,652	16,972	16,614	6.9	3.4	66.1	40.8	61.2	74.3	7.3
2,000 or more	1.2	2,290	17,502	17,681	17,334	7.7	3.9	79.1	24.0	69.9	76.4	6.5
Total	100.0	1,105	13,236	13,560	13,278	5.4	2.7	24.3	77.9	44.8	66.2	7.8

[1] Data reflect purchase transactions only.

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

FHA estimate of property value	Percentage distribution	Number of rooms						Number of bedrooms			
		Median number of rooms	Percentage distribution					Median number of bedrooms	Percentage distribution		
			4 or less	5	6	7	8 or more		1-2	3	4 or more
NEW HOMES											
Less than $8,000	0.1	4.8	62.2	29.7	8.1	----------	----------	2.7	70.3	29.7	----------
$8,000 to $8,999	.7	5.3	25.9	70.8	3.0	0.3	----------	3.3	20.9	69.8	0.3
$9,000 to $9,999	2.9	5.4	14.0	80.2	5.7	.1	----------	3.4	16.9	83.0	.1
$10,000 to $10,999	6.5	5.5	8.3	80.3	11.0	.4	(1)	3.4	9.9	89.8	.3
$11,000 to $11,999	10.1	5.6	6.8	75.6	17.0	.6	(1)	3.5	9.7	89.5	.8
$12,000 to $12,999	10.7	5.6	4.5	71.3	23.3	.9	(1)	3.5	6.7	90.5	2.8
$13,000 to $13,999	14.5	5.8	3.3	62.1	31.7	2.8	0.1	3.5	5.3	89.0	5.7
$14,000 to $14,999	13.8	5.8	2.3	59.4	33.0	4.7	.6	3.5	4.6	91.4	4.0
$15,000 to $15,999	10.7	5.9	1.5	52.4	38.2	5.8	2.1	3.5	3.9	89.0	7.1
$16,000 to $16,999	9.0	6.1	1.2	44.3	46.7	7.0	.8	3.5	3.5	90.1	6.4
$17,000 to $17,999	7.0	6.2	1.0	39.5	48.3	10.3	.9	3.5	3.1	88.7	8.2
$18,000 to $18,999	4.4	6.4	.9	30.3	53.2	14.2	1.4	3.5	2.7	86.8	10.5
$19,000 to $19,999	3.1	6.5	.4	26.4	50.0	19.7	3.5	3.6	1.8	81.2	17.0
$20,000 to $21,999	3.8	6.5	.4	20.4	53.1	23.2	2.9	3.6	1.3	76.7	22.0
$22,000 to $24,999	2.2	6.7	.7	14.9	47.7	28.0	8.7	3.7	2.1	68.5	20.4
$25,000 and over	.5	6.5	1.1	32.5	35.3	25.2	5.9	3.6	4.2	71.7	24.1
Total	100.0	5.8	3.5	56.3	33.1	6.1	1.0	3.5	5.7	88.0	6.3
Median value	$14,329	----------	$11,906	$13,539	$15,558	$17,766	$18,197	----------	$12,694	$14,286	$17,030
EXISTING HOMES											
Less than $8,000	4.7	5.3	41.6	30.6	19.9	5.6	2.3	2.7	66.0	29.4	4.6
$8,000 to $8,999	6.0	5.3	39.4	36.0	17.8	4.7	2.1	2.7	69.2	25.9	4.9
$9,000 to $9,999	7.9	5.4	33.8	40.1	19.1	5.1	1.9	2.8	61.3	34.0	4.7
$10,000 to $10,999	10.3	5.5	27.7	43.3	22.3	4.0	1.8	2.9	52.8	42.1	5.1
$11,000 to $11,999	10.7	5.6	23.0	44.3	26.1	5.1	1.5	3.1	45.5	49.3	5.2
$12,000 to $12,999	11.4	5.7	16.7	45.1	30.4	5.8	2.0	3.2	36.5	56.5	7.0
$13,000 to $13,999	10.4	5.8	12.1	46.3	32.5	7.0	2.1	3.3	29.9	63.0	7.1
$14,000 to $14,999	9.0	5.9	9.8	45.9	34.6	7.5	2.2	3.4	25.5	66.6	7.9
$15,000 to $15,999	7.6	6.0	5.9	43.7	38.1	9.7	2.6	3.4	20.4	70.7	8.9
$16,000 to $16,999	6.4	6.2	3.7	39.3	41.5	12.2	3.3	3.5	16.3	74.7	9.0
$17,000 to $17,999	4.5	6.3	3.0	34.9	43.9	13.8	4.4	3.5	14.3	75.1	10.6
$18,000 to $18,999	3.4	6.4	1.8	30.0	46.3	17.2	4.7	3.5	11.9	76.0	12.1
$19,000 to $19,999	2.3	6.5	1.5	24.9	47.5	20.0	6.1	3.5	9.9	76.4	13.7
$20,000 to $21,999	2.8	6.6	1.3	19.7	48.8	23.6	6.6	3.5	9.3	75.7	15.0
$22,000 to $24,999	2.1	6.8	.8	14.2	43.7	30.9	10.4	3.6	7.7	69.8	22.5
$25,000 and over	.5	6.9	2.0	12.0	30.3	29.8	16.0	3.7	11.2	59.2	29.6
Total	100.0	5.8	17.3	40.0	31.2	8.7	2.8	3.2	36.3	56.0	7.7
Median value	$12,914	----------	$10,588	$12,782	$14,055	$15,413	$15,061	----------	$11,131	$13,962	$14,498

[1] Less than 0.05 percent.

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

Size of House Characteristics

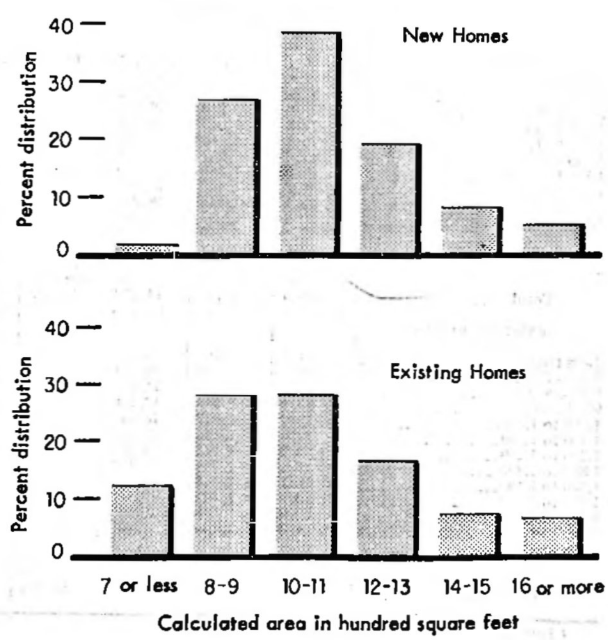
This portion of the report deals with the sizes of the homes securing mortgages insured by FHA under Section 203 as indicated by calculated areas (Table III–48), characteristics of 1959 properties by various area groups (Table III–49), and distributions of the 1959 homes by number of rooms and number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

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

CHART III–24

CALCULATED AREA, 1959

Single family home mortgages, Section 203



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

Characteristics by Calculated Area.—Table III–49 shows for the 1959 Section 203 homes in the various calculated area ranges the average floor area, property value, total acquisition cost, sale price, number of rooms and bedrooms, and the proportion of homes with one story, more than one bath, basement, and carport or garage. The table indicates, for example, that the average house in the 1,100–1,199 square feet range had a floor area of 1,146 square feet, included 5½ rooms, of which 3 were bedrooms, and was valued at $14,992. Nine out of every 10 new structures in this size range were of the single-story rambler type, and two-thirds had more than one bathroom. Approximately 37 percent of these new homes had either full or part basements and 63 percent had full garages with an additional 17 percent reporting carports of some type. On the average, the number of rooms reported for new- and existing-home transactions was the same—5.4 rooms—and a slightly larger number of bedrooms (3) was reported for new homes than for existing homes (2.7 bedrooms). As might be expected, the number of split level and multistory homes increased in frequency as the floor area became larger in both new and existing properties. The present trend toward more bathrooms is clearly indicated in the table, since one-half of the new homes but only 24 percent of the existing homes had more than one bath. In addition, new homes in all area ranges reported higher proportions of more than one bathroom. Basements were reported in about 45 percent of the existing homes and in one-third of the new homes, indicating the trend toward the use of slab-type construction. Garages were being built in 55 percent of the new homes, but were reported in two-thirds of the existing homes insured in 1959. Carports, however, were reported about twice as frequently in new construction as for existing homes, with new homes reporting more in all corresponding size ranges.

Relation of Size of House to Property Value

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

Although the new- and existing-home median room counts were the same—5.8 rooms—existing homes in all properties appraised at $12,000 or more contained the same number or more rooms than did new homes in corresponding groups. The typical new home had 3.5 bedrooms, compared with the 3.2 bedrooms reported for existing-home transactions. In addition, the median number of bedrooms for new homes in all value classes except those in the $16,000–$18,999 group exceeded that for existing homes, reflecting the continued demand for more bedrooms in new homes coming on the market.

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

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

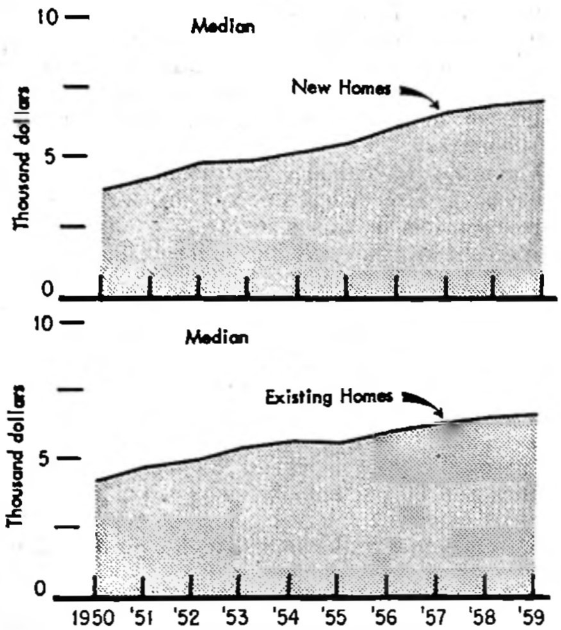
Mortgagor's Income Characteristics

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

CHART III–25

MORTGAGOR'S EFFECTIVE ANNUAL INCOME, 1950–59

Single family home mortgages, Section 203



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

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

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

Characteristics by Mortgagor's Monthly Income.—Selected characteristics of 1959 Section 203 insured transactions involving occupant mortgagors are grouped and presented according to mortgagor income levels in Table III–52 (transaction and property characteristics) and Table III–53 (financial characteristics). The usefulness of the data can be pointed out by the follow-

TABLE III–51.—*Mortgagor's annual income, 1-family homes, Sec. 203, selected years*

Mortgagor's effective annual income	Percentage distribution				
	1959	1958	1954	1950	1946
NEW HOMES					
Less than $2,000	----------	(1)	(1)	0.2	2.9
$2,000 to $2,999	----------	0.1	1.0	12.0	31.8
$3,000 to $3,999	1.9	2.2	15.5	43.4	37.3
$4,000 to $4,999	10.0	12.0	30.2	24.0	16.3
$5,000 to $5,999	18.9	18.4	19.2	9.7	4.1
$6,000 to $6,999	20.7	20.4	14.8	5.8	4.3
$7,000 to $7,999	16.2	16.9	9.0	2.5	1.7
$8,000 to $8,999	12.0	10.5	4.2	1.0	.4
$9,000 to $9,999	8.3	8.0	2.8	.6	.3
$10,000 to $10,999	4.7	4.7	1.3	.3	.2
$11,000 to $11,999	2.7	2.3	.5	.1	.1
$12,000 or more	4.6	4.5	1.5	.4	.6
Total	100.0	100.0	100.0	100.0	100.0
Average	$7,327	$7,217	$5,633	$4,213	$3,619
Median	$6,912	$6,803	$5,139	$3,861	$3,313
EXISTING HOMES					
Less than $2,000	----------	----------	(1)	0.4	4.5
$2,000 to $2,999	----------	0.2	0.8	8.0	34.2
$3,000 to $3,999	4.0	3.8	10.6	33.5	33.8
$4,000 to $4,999	13.5	15.7	24.3	24.1	13.8
$5,000 to $5,999	20.3	19.7	18.4	11.9	4.3
$6,000 to $6,999	18.7	18.7	16.6	9.4	4.4
$7,000 to $7,999	13.9	14.8	11.6	4.9	1.9
$8,000 to $8,999	10.3	9.2	6.2	2.1	.8
$9,000 to $9,999	7.4	7.3	4.6	1.7	.8
$10,000 to $10,999	4.4	4.4	2.7	1.0	.4
$11,000 to $11,999	2.7	2.0	1.0	.3	.1
$12,000 or more	4.8	4.2	3.2	1.8	1.0
Total	100.0	100.0	100.0	100.0	100.0
Average	$7,107	$6,975	$6,245	$4,837	$3,640
Median	$6,575	$6,502	$5,696	$4,274	$3,101

[1] Less than 0.05 percent.

CHART III–26

MORTGAGOR'S EFFECTIVE ANNUAL INCOME, 1959

Single family home mortgages, Section 203

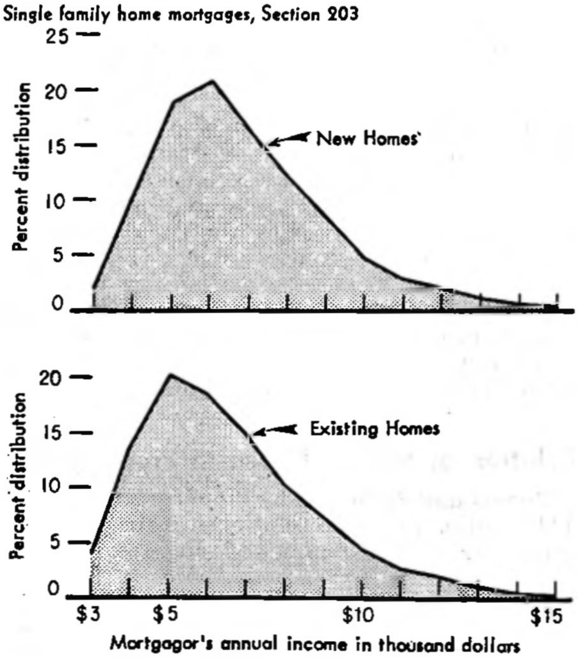


TABLE III-52.—*Transaction and property characteristics by mortgagor's income, 1-family homes,[1] Sec. 203, 1959*

Mortgagor's effective monthly income	Percentage distribution	Average: Mortgagor's annual income	Average: Age of principal mortgagor	Average: Total acquisition cost[2]	Average: Sale price[2]	Average: Property value	Average: Mortgage amount	Average: Calculated area (sq. ft.)	Average: Number of rooms	Percent ratio of loan to value	Ratio of property value to income
NEW HOMES											
Less than $300	0.5	$3,246	30.0	$10,194	$10,012	$10,226	$9,034	895	4.8	88.3	3.15
$300 to $349	2.2	3,948	29.6	10,673	10,461	10,677	9,845	920	5.0	92.2	2.70
$350 to $399	5.5	4,508	29.3	11,475	11,248	11,489	10,580	964	5.1	92.1	2.55
$400 to $449	11.1	5,082	30.6	12,421	12,181	12,398	11,427	1,006	5.2	92.2	2.44
$450 to $499	11.5	5,658	31.6	13,260	13,002	13,190	12,158	1,049	5.2	92.2	2.33
$500 to $549	13.9	6,242	32.8	14,014	13,748	13,928	12,827	1,091	5.3	92.1	2.23
$550 to $599	10.2	6,860	33.3	14,636	14,356	14,550	13,337	1,134	5.4	91.7	2.12
$600 to $649	10.0	7,425	34.4	15,261	14,977	15,153	13,855	1,171	5.5	91.4	2.04
$650 to $699	8.4	8,035	35.2	15,746	15,449	15,624	14,222	1,198	5.6	91.0	1.94
$700 to $749	6.4	8,632	35.9	16,143	15,844	16,017	14,529	1,226	5.6	90.7	1.86
$750 to $799	5.3	9,226	36.4	16,728	16,427	16,611	14,987	1,259	5.7	90.2	1.80
$800 to $849	4.5	9,869	37.1	17,128	16,820	17,038	15,233	1,286	5.8	89.4	1.73
$850 to $899	2.7	10,446	37.6	17,527	17,206	17,451	15,572	1,303	5.8	89.2	1.67
$900 to $999	3.2	11,277	38.2	18,140	17,800	18,040	15,992	1,341	5.9	88.6	1.60
$1,000 to $1,199	3.2	12,717	39.1	18,832	18,491	18,673	16,479	1,384	5.9	88.3	1.47
$1,200 or more	1.4	17,413	40.8	19,519	19,157	19,536	16,990	1,412	6.0	87.0	1.12
Total	100.0	7,327	33.8	14,727	14,448	14,650	13,341	1,140	5.4	91.1	2.00
EXISTING HOMES											
Less than $300	1.3	3,231	31.7	8,289	8,057	8,128	7,417	885	4.8	91.3	2.52
$300 to $349	4.1	3,927	30.4	9,322	9,086	9,177	8,389	932	4.9	91.4	2.34
$350 to $399	7.8	4,496	30.9	10,265	10,027	10,088	9,217	963	5.0	91.4	2.24
$400 to $449	12.8	5,074	32.1	11,223	10,972	11,003	10,017	998	5.1	91.0	2.17
$450 to $499	11.8	5,661	33.2	12,173	11,914	11,913	10,812	1,032	5.2	90.8	2.10
$500 to $549	12.8	6,239	34.2	13,078	12,805	12,744	11,532	1,073	5.4	90.5	2.04
$550 to $599	8.9	6,866	35.2	13,850	13,570	13,482	12,138	1,103	5.4	90.0	1.96
$600 to $649	8.6	7,432	35.8	14,352	14,065	13,962	12,570	1,134	5.5	90.0	1.88
$650 to $699	7.2	8,036	36.6	14,968	14,661	14,540	13,007	1,166	5.6	89.5	1.81
$700 to $749	6.5	8,638	37.1	15,399	15,097	14,970	13,364	1,196	5.6	89.3	1.73
$750 to $799	4.6	9,233	37.6	16,121	15,806	15,601	13,854	1,223	5.7	88.8	1.69
$800 to $849	4.1	9,861	38.1	16,771	16,442	16,227	14,357	1,244	5.7	88.5	1.65
$850 to $899	2.5	10,448	38.8	17,201	16,877	16,623	14,669	1,266	5.7	88.2	1.59
$900 to $999	3.3	11,264	39.0	17,853	17,522	17,273	15,146	1,312	5.9	87.7	1.53
$1,000 to $1,199	3.2	12,720	39.8	19,013	18,657	18,307	15,901	1,382	6.0	86.9	1.44
$1,200 or more	1.5	17,364	41.0	19,697	19,367	19,088	16,407	1,436	6.0	86.0	1.10
Total	100.0	7,107	34.8	13,560	13,278	13,230	11,877	1,105	5.4	89.8	1.86

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

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

CHART III–27

MORTGAGE PAYMENT AND HOUSING EXPENSE, 1959

Single family home mortgages, Section 203

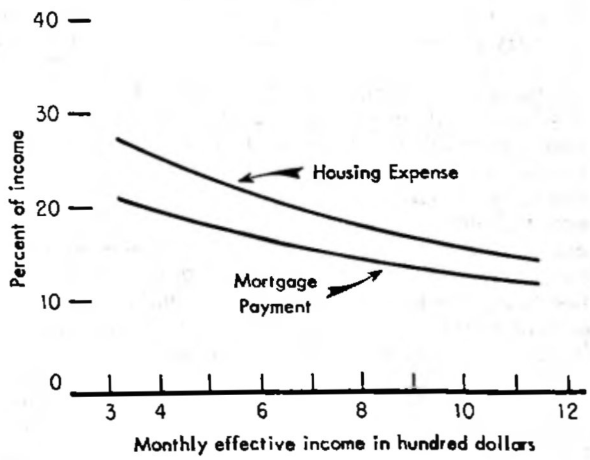


Table III-53.—*Financial characteristics by mortgagor's income, 1-family homes,[1] Sec. 203, 1959*

Mortgagor's effective monthly income	Percentage distribution	Average monthly income	Average		Monthly average					Percent of income	
			Mortgage amount	Term of mortgage (years)	Property taxes	Total mortgage payment	Prospective housing expense	Heating and utilities	Maintenance and repair	Mortgage payment	Housing expense
NEW HOMES											
Less than $300	0.5	$270.53	$9,034	28.2	$6.72	$65.65	$85.10	$13.79	$5.07	24.3	31.5
$300 to $349	2.2	329.03	9,845	28.7	9.37	71.91	93.10	15.36	5.83	21.9	28.3
$350 to $399	5.5	375.63	10,580	28.9	10.89	77.78	99.87	16.07	6.02	20.7	26.6
$400 to $449	11.1	423.52	11.427	29.1	11.95	84.05	107.15	16.79	6.31	19.8	25.3
$450 to $499	11.5	471.51	12,158	29.1	13.19	89.74	113.67	17.26	6.67	19.0	24.1
$500 to $549	13.9	520.18	12,827	29.0	14.19	94.97	119.46	17.57	6.92	18.3	23.0
$550 to $599	10.2	571.66	13,337	29.0	15.15	99.12	124.51	18.15	7.24	17.3	21.8
$600 to $649	10.0	618.78	13,855	28.8	15.89	103.33	129.19	18.43	7.43	10.7	20.9
$650 to $699	8.4	669.62	14,222	28.7	16.63	106.44	133.03	18.92	7.68	15.9	19.9
$700 to $749	6.4	719.36	14,529	28.6	17.08	109.10	136.14	19.17	7.87	15.2	18.9
$750 to $799	5.3	768.83	14,987	28.6	18.07	112.92	140.48	19.42	8.14	14.7	18.3
$800 to $849	4.5	821.58	15,233	28.4	18.28	115.19	143.40	19.79	8.42	14.0	17.4
$850 to $899	2.7	870.53	15.572	28.5	19.60	118.09	146.54	19.98	8.47	13.6	16.8
$900 to $999	3.2	939.71	15,992	28.2	19.47	121.40	150.47	20.18	8.89	12.9	16.0
$1,000 to 1,199	3.2	1,059.71	16,479	28.0	20.90	126.38	156.36	20.89	9.10	11.9	14.8
$1,200 or more	1.4	1,451.11	16,990	27.8	22.05	131.46	163.14	22.34	9.35	9.1	11.2
Total	100.0	610.59	13,341	28.8	15.19	99.53	125.00	18.18	7.29	16.3	20.5
EXISTING HOMES											
Less than $300	1.3	269.29	7.417	24.0	8.29	60.84	81.03	14.37	5.82	22.6	30.1
$300 to $349	4.1	327.28	8,389	24.5	9.50	67.48	88.94	15.35	6.11	20.6	27.2
$350 to $399	7.8	374.66	9,217	24.8	10.61	73.19	95.48	15.92	6.37	19.5	25.5
$400 to $449	12.8	422.87	10,017	25.0	11.59	78.99	102.01	16.34	6.67	18.7	24.1
$450 to $499	11.8	471.73	10,812	25.3	12.83	84.94	108.69	16.77	6.98	18.0	23.0
$500 to $549	12.8	519.89	11,532	25.4	13.89	90.56	115.05	17.21	7.28	17.4	22.1
$550 to $599	8.9	572.16	12,138	25.4	15.08	95.70	120.92	17.76	7.45	16.7	21.1
$600 to $649	8.6	619.30	12,570	25.3	15.69	99.48	125.12	18.03	7.62	16.1	20.2
$650 to $699	7.2	669.65	13,007	25.4	16.47	102.89	120.33	18.58	7.87	15.4	19.3
$700 to $749	5.5	719.81	13,364	25.2	17.08	106.22	133.09	18.76	8.11	14.8	18.5
$750 to $799	4.6	769.42	13.854	25.2	18.10	110.41	137.84	19.17	8.27	14.3	17.9
$800 to $849	4.1	821.73	14.357	25.1	18.78	114.49	142.58	19.54	8.54	13.9	17.4
$850 to $899	2.5	870.69	14.669	25.1	19.35	117.13	145.38	19.52	8.73	13.5	16.7
$900 to $999	3.3	938.70	15.146	25.1	20.25	121.41	150.61	20.15	9.04	12.9	16.0
$1,000 to $1,199	3.2	1,060.02	15,901	24.7	21.73	128.70	159.10	20.95	9.45	12.1	15.0
$1,200 or more	1.5	1,447.02	16,407	24.4	23.08	134.21	165.73	21.74	9.78	9.3	11.5
Total	100.0	592.22	11,877	25.2	14.72	94.18	119.31	17.67	7.46	15.9	20.1

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

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

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

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

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

TABLE III-54.—*Housing expense by mortgagor's income, 1-family homes,*[1] *Sec. 203, 1959*

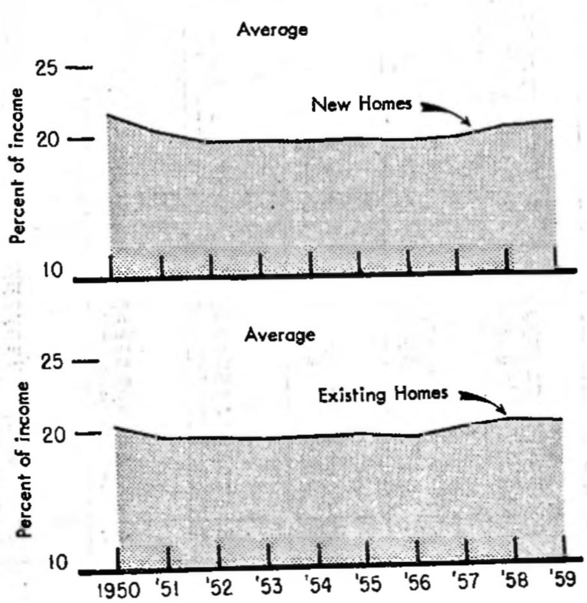
Mortgagor's effective monthly income	Percentage distribution	Median monthly housing expense	Monthly housing expense—Percentage distribution: Less than $70	$70 to $79	$80 to $89	$90 to $99	$100 to $109	$110 to $119	$120 to $129	$130 to $139	$140 to $159	$160 to $179	$180 to $199	$200 or more
NEW HOMES														
Less than $300	0.5	$85.31	3.5	26.5	37.7	25.3	5.0	1.2	0.4	0.4	—	—	—	—
$300 to $349	2.2	93.72	.9	7.7	26.0	41.5	19.2	3.8	.7	.1	0.1	—	—	—
$350 to $399	5.5	99.76	.1	2.2	14.0	34.5	31.2	14.5	3.0	.5	—	—	—	—
$400 to $449	11.1	107.80	.1	.9	5.4	20.2	30.0	29.1	12.1	2.0	.2	—	—	—
$450 to $499	11.5	114.87	(2)	.6	3.2	11.0	20.1	31.1	24.6	7.5	1.9	(2)	(2)	—
$500 to $549	13.9	120.99	(2)	.4	2.3	6.9	13.4	24.1	28.6	17.6	6.5	0.2	—	(2)
$550 to $599	10.2	125.94	(2)	.2	1.7	5.6	10.0	18.4	23.9	23.2	16.2	.8	(2)	(2)
$600 to $649	10.0	130.82	—	.2	1.1	4.2	8.5	14.5	19.7	22.5	26.3	2.9	0.1	(2)
$650 to $699	8.4	134.04	—	.2	.7	3.7	7.3	13.0	17.5	18.8	30.6	7.7	.4	0.1
$700 to $749	6.4	136.71	—	.1	.7	2.9	6.5	11.5	16.6	17.4	31.2	11.7	1.3	.1
$750 to $799	5.3	139.71	—	(2)	.3	2.2	5.2	10.5	13.9	18.5	29.2	16.0	3.6	.6
$800 to $849	4.5	143.08	—	(2)	.2	1.7	4.3	9.3	13.7	16.1	30.4	17.5	5.9	.9
$850 to $899	2.7	146.62	—	.1	.3	1.4	3.6	7.6	12.9	14.0	30.6	20.3	8.1	1.1
$900 to $999	3.2	150.24	.1	.1	.2	1.3	3.3	5.5	10.3	13.0	31.7	22.0	9.9	2.6
$1,000 to $1,199	3.2	156.16	—	—	.1	1.1	1.9	5.0	7.5	11.3	28.7	26.5	13.4	4.5
$1,200 or more	1.4	159.14	—	—	.7	.9	1.6	4.9	6.0	10.4	26.7	22.9	13.9	12.0
Total	100.0	123.21	.1	.7	3.2	9.2	13.3	17.8	17.6	13.9	16.0	5.9	1.8	.5
Median income	—	—	$332.50	$373.48	$403.49	$437.26	$475.38	$517.82	$559.97	$622.25	$700.28	$817.48	$910.09	$1,048.21
EXISTING HOMES														
Less than $300	1.3	80.63	11.0	36.9	33.2	13.9	3.8	1.1	0.1	—	—	—	—	—
$300 to $349	4.1	88.87	3.4	17.4	32.8	28.4	13.7	3.5	.6	0.1	0.1	—	—	—
$350 to $399	7.8	95.77	1.3	8.2	23.2	29.9	23.7	10.8	2.5	.3	.1	—	—	—
$400 to $449	12.8	102.67	.9	5.0	13.0	23.1	26.8	10.5	8.4	2.1	.3	(2)	—	—
$450 to $499	11.8	100.88	.6	2.8	9.2	16.3	21.3	23.2	17.6	7.3	1.6	0.1	(2)	—
$500 to $549	12.8	116.66	.3	1.9	6.5	11.3	16.3	20.5	21.2	15.3	6.5	.2	(2)	—
$550 to $599	8.9	123.00	.2	1.8	4.8	9.2	12.5	15.8	18.9	18.7	16.9	1.1	0.1	(2)
$600 to $649	8.6	127.03	.1	1.5	4.4	7.8	11.2	14.4	15.2	16.9	24.9	3.4	.2	(2)
$650 to $699	7.2	131.05	.1	.8	3.8	6.8	10.4	12.5	14.0	15.2	27.1	8.5	.7	0.1
$700 to $749	5.5	134.04	.1	.6	2.9	6.0	9.8	12.4	12.7	13.6	26.2	13.5	1.8	.4
$750 to $799	4.0	138.78	.1	.6	2.0	4.3	8.1	11.2	12.3	13.0	27.3	16.0	4.4	.7
$800 to $849	4.1	142.34	(2)	.5	1.9	3.3	6.8	9.3	10.9	14.3	25.2	17.5	8.6	1.7
$850 to $899	2.5	145.67	—	.3	1.3	3.2	6.9	9.3	10.3	11.6	25.2	19.4	10.0	2.5
$900 to $999	3.3	150.70	.1	.4	1.0	2.7	4.6	6.9	9.1	11.6	25.5	20.3	13.4	4.4
$1,000 to $1,199	3.2	160.21	(2)	.2	.8	1.8	3.4	5.9	6.0	8.8	22.9	23.1	18.1	9.0
$1,200 or more	1.5	166.57	—	.2	.5	1.8	2.8	4.9	4.9	7.6	20.2	21.8	20.2	15.1
Total	100.0	116.26	.6	3.5	8.8	12.9	15.0	14.7	12.6	10.3	12.9	5.5	2.3	.9
Median income	—	—	$373.44	$394.33	$422.72	$446.91	$481.88	$521.42	$556.73	$613.47	$605.04	$814.20	$918.89	$1,044.85

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

CHART III–28

RATIO OF HOUSING EXPENSE TO INCOME, 1950–59

Single family home mortgages, Section 203

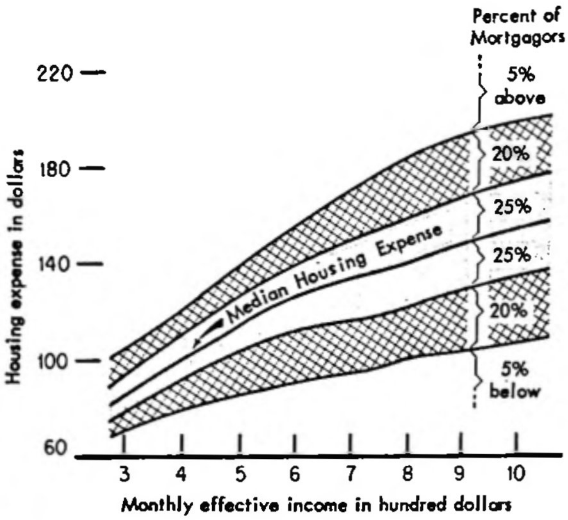


$80.63 to $166.57. In general, new-home buyers with monthly incomes less than $900 reported higher housing expenses than did existing-home purchasers with similar incomes. It is estimated that only 13 percent of the new-home owners contemplated a monthly housing expense of less than $100 while about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

CHART III-29

HOUSING EXPENSE RANGE BY MONTHLY INCOME, 1959

Single family home mortgages, Section 203



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

Purchase Transaction Characteristics

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

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

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

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

Total acquisition cost	Percentage distribution	Average						Mortgage as percent of		Current investment as percent of income
		Total acquisition cost	Sale price	Property value	Mortgage amount	Mortgagor's annual income	Current investment [1]	Property value	Total acquisition cost	
NEW HOMES										
Less than $8,000	0.1	$7,259	$7,087	$7,673	$6,830	$4,746	$429	89.0	94.1	9.0
$8,000 to $8,999	.7	8,680	8,503	8,896	8,274	4,916	406	93.0	95.3	8.3
$9,000 to $9,999	3.0	9,597	9,392	9,749	9,145	5,260	452	93.8	95.3	8.6
$10,000 to $10,999	6.9	10,510	10,297	10,578	9,959	5,626	551	94.1	94.8	9.8
$11,000 to $11,999	9.6	11,513	11,290	11,489	10,844	5,970	669	94.4	94.2	11.2
$12,000 to $12,999	10.9	12,487	12,266	12,486	11,711	6,361	776	93.8	93.8	12.2
$13,000 to $13,999	14.4	13,529	13,277	13,467	12,646	6,712	883	93.9	93.5	13.2
$14,000 to $14,999	13.3	14,447	14,192	14,361	13,329	7,130	1,118	92.8	92.3	15.7
$15,000 to $15,999	10.3	15,467	15,185	15,321	14,030	7,528	1,437	91.6	90.7	19.1
$16,000 to $16,999	9.0	16,477	16,166	16,274	14,751	8,027	1,726	90.6	89.5	21.6
$17,000 to $17,999	7.2	17,449	17,114	17,215	15,383	8,471	2,066	89.4	88.2	24.4
$18,000 to $18,999	4.6	18,458	18,110	18,190	16,028	8,889	2,430	88.1	86.8	27.3
$19,000 to $19,999	3.2	19,444	19,061	19,079	16,626	9,445	2,318	87.1	85.5	29.8
$20,000 to $21,999	3.9	20,851	20,447	20,610	17,648	10,254	3,203	85.6	84.6	31.2
$22,000 to $24,999	2.4	23,220	22,784	22,575	19,054	11,281	4,166	84.4	82.1	36.9
$25,000 and over	.5	27,467	26,337	25,305	20,451	12,659	7,016	80.8	74.5	55.4
Total	100.0	14,727	14,448	14,605	13,333	7,318	1,394	91.3	90.5	19.0
EXISTING HOMES										
Less than $8,000	4.3	7,144	6,931	7,048	6,531	4,939	613	92.7	91.4	12.4
$8,000 to $8,999	5.9	8,520	8,303	8,390	7,826	5,303	694	93.3	91.9	13.1
$9,000 to $9,999	7.7	9,501	9,271	9,338	8,712	5,497	789	93.3	91.7	14.4
$10,000 to $10,999	9.7	10,514	10,266	10,317	9,596	5,846	918	93.0	91.3	15.7
$11,000 to $11,999	10.2	11,485	11,236	11,241	10,412	6,170	1,073	92.6	90.7	17.4
$12,000 to $12,999	10.7	12,493	12,234	12,192	11,236	6,531	1,257	92.2	89.9	19.2
$13,000 to $13,999	10.4	13,479	13,209	13,140	12,036	6,925	1,443	91.6	89.3	20.8
$14,000 to $14,999	9.0	14,465	14,179	14,061	12,786	7,315	1,679	90.9	88.4	23.0
$15,000 to $15,999	7.9	15,462	15,163	15,008	13,486	7,668	1,976	89.9	87.2	25.8
$16,000 to $16,999	6.6	16,465	16,152	15,968	14,234	8,157	2,231	89.1	86.5	27.4
$17,000 to $17,999	5.0	17,463	17,116	16,889	14,899	8,609	2,564	88.2	85.3	29.8
$18,000 to $18,999	3.7	18,463	18,120	17,844	15,583	9,157	2,880	87.3	84.4	31.5
$19,000 to $19,999	2.4	19,431	19,063	18,780	16,240	9,594	3,191	86.5	83.6	33.3
$20,000 to $21,999	3.0	20,899	20,508	20,064	17,226	10,448	3,673	85.9	82.4	35.2
$22,000 to $24,999	2.6	23,262	22,856	22,163	18,659	11,333	4,603	84.2	80.2	40.6
$25,000 and over	.9	26,718	26,099	24,509	19,649	12,412	7,069	80.2	73.5	57.0
Total	100.0	13,560	13,278	13,180	11,895	7,079	1,665	90.3	87.7	23.5

[1] Total acquisition cost less mortgage amount.

vestments averaged nearly one-fifth of the income of new-home buyers and about one-fourth of that of existing-home purchasers. However, it ranged all the way from 9 percent for new-home buyers earning less than $5,000 a year to 55 percent for those earning $12,000 and over annually. The comparable range for existing-home purchasers was 12 percent to 57 percent. In 1957, prior to the additional relaxed downpayment requirements of the Emergency Housing Act of 1958, investments in both new and existing homes averaged about 40 percent of the purchasers' annual income. The average declined to about one-fourth of the annual income in 1958. Not only did current investment (downpayment plus closing costs) increase as total acquisition cost advanced, but the rate of current investments also rose, primarily because of the regulations concerning downpayment ratios. For new-home transactions, current investments averaged $1,394 or one-tenth of the acquisition cost, ranging from $429 or 6 percent of the acquisition cost to $7,016 or about one-fourth of the total in those transactions requiring more than $25,000. On the other hand, existing-home purchasers invested a larger average amount—$1,665—ranging from $613 or 9 percent of the total to $7,069, or 26 percent, for corresponding groups.

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

CHARACTERISTICS OF MULTIFAMILY HOUSING MORTGAGE TRANSACTIONS

Multifamily housing characteristics data presented in this report are based on commitments issued by FHA during 1959 for the insurance of mortgages on newly constructed rental projects or management-type cooperative housing projects. Multifamily housing operations during the year covered 589 commitments involving 51,200 dwelling units. Of these, the analysis covers 21,200 units in newly-constructed rental housing available for general occupancy and 19,900 Section 803 units restricted to occupancy by military personnel and their dependents. General occupancy rental housing was covered by commitments issued under the regular long-term investment rental program, Section 207, which accounted for 12,600 units, under the Section 220 urban renewal program (6,400 units), and the Section 221 relocation housing program (2,200 units). Management-type cooperative project operations under Section 213 covered 3,200 units. Most of the tables in this section of the report show a total column under "Rental housing." However, because of the special objectives in each of the other programs, Section 207 data are considered to be most representative of FHA rental market operations, although they do not necessarily reflect this segment of the housing market for the country as a whole.

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

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

Also excluded from the 1959 characteristics study are three commitments (265 units) which cover existing construction.

Trends of Typical Multifamily Housing Transactions

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

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

Item	Total rental 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]	118.0	118.0	109.0	159.0	122.0	120.0	128.0
Average size (in units)	134.6	135.5	120.1	214.6	184.2	125.9	124.1
UNITS							
Median size (in rooms) [2]	5.2	5.3	4.6	4.3	4.3	6.2	5.0
Median monthly rental	(3)	(3)	$154.98	$152.59	$81.13	(3)	(3)
Median mortgage amount [4]	$14,807	$14,906	$12,384	$14,114	$8,507	$15,963	$13,789
Median mortgage-cost ratio	89.8	90.0	86.2	87.3	100.0	94.1	85.0

The following footnotes apply to this and to all subsequent tables in this section of the report:
[1] By inspection.
[2] In determining the number of rooms per unit, baths, closets, halls, and similar spaces were excluded.
[3] Not available.
[4] Amount of mortgage allocable to dwelling use.

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

Table III–57 and Chart III–30 show the trends of selected characteristics for rental housing projects covered by commitments issued in recent years. In 1959 the typical dwelling unit was smaller—5.3 rooms as compared to 5.4 rooms a year ago. This change resulted solely from a change in the distribution of activity under the various rental programs, as demonstrated in earlier discussions of insurance written. (See Table III–7.) Together, units committed in 1959 under Sections 207, 220, and 221 constituted 52 percent of the units covered by this analysis, as compared with only 38 percent in 1958. A decrease in the proportion of Section 803 dwelling units in 1959 reduced the predominating influence it had on the rental housing characteristics studies of several preceding years. Armed services projects generally consist of 1-family structures which have larger dwelling units than those provided under other rental programs; also, average unit mortgages, as permitted by law, have been higher than for the other rental programs. Despite the increased importance of Section 207, which normally reports smaller mortgages, the average unit mortgage rose in 1959 to $14,124 from $14,099 a year earlier. This results, in part, from legislative changes over the last several years which have recognized higher construction costs by raising the limits on insurable amounts. These changes have spurred Section 207 and Section 220 program operations and have narrowed the gap between unit mortgages for the Section 207 and the Section 803 programs. In 1959, Section 207 reported a typical unit mortgage of $12,384 compared with Section 803's $15,963, although in 1956 the typical Section 207 unit mortgage was little more than half the amount of the typical Section 803 unit mortgage. During this same period

TABLE III–57.—*Characteristics of mortgages and projects in rental project transactions, selected years*

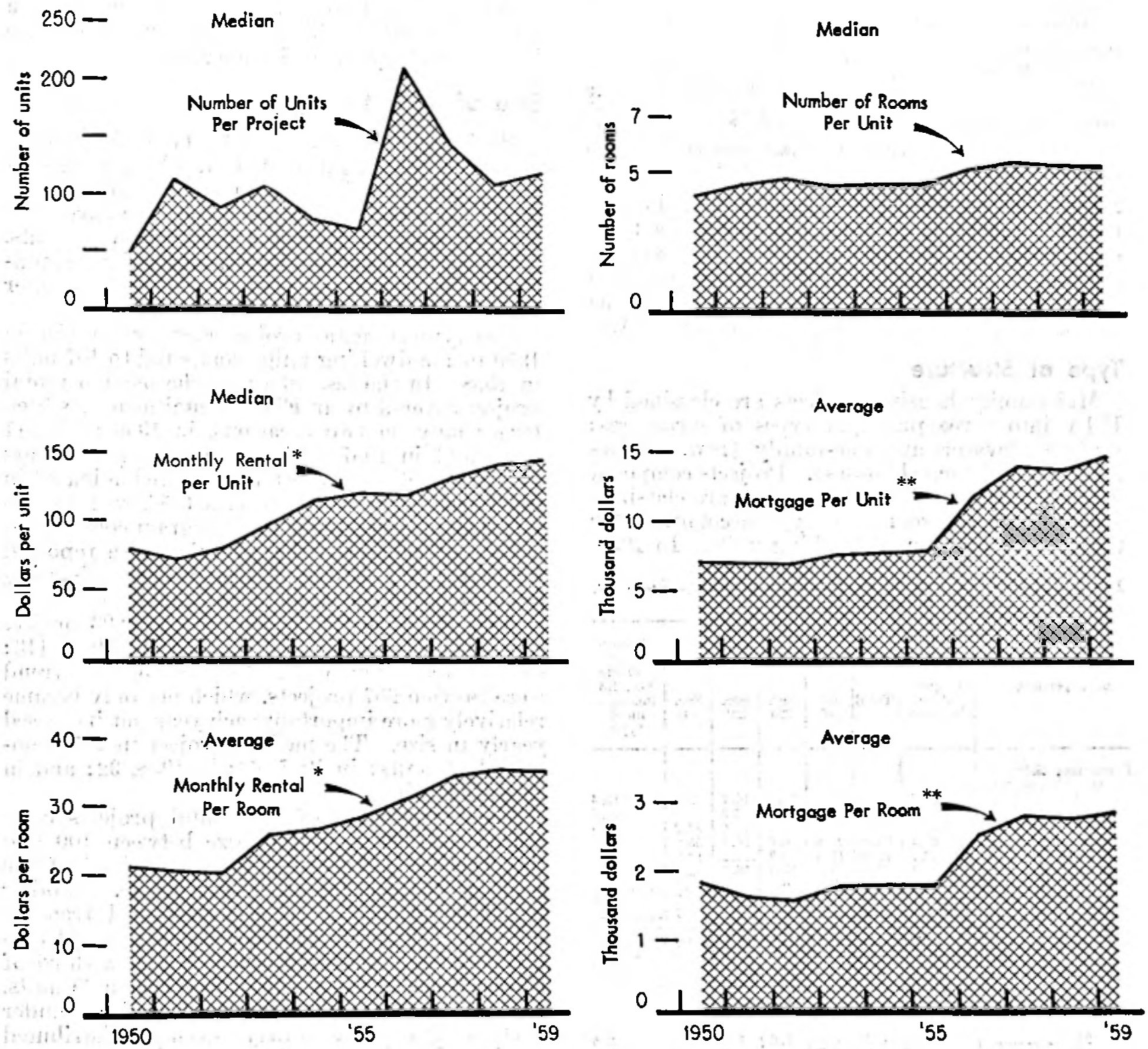
Item	Year [1]									
	1959	1958	1957	1956	1955	1954	1952	1950	1948	1947
PROJECTS										
Median size (in units)	[2] 118.0	[2] 107.0	[2] 142.0	[2] 211.0	69.0	77.5	87.5	48.6	22.5	20.3
Average size (in units)	135.5	120.1	161.8	218.8	115.6	116.8	154.8	97.6	51.1	39.8
Percent with:										
Walkup structures	22.7	20.5	27.5	44.0	47.5	54.6	53.5	59.0	84.4	85.9
Elevator structures	27.5	20.2	14.0	26.0	32.2	27.6	5.6	18.0	3.1	1.1
One-family structures	49.8	59.3	58.5	30.0	20.3	17.8	40.9	23.0	12.5	13.0
UNITS										
Median size (in rooms)	5.3	5.4	5.5	5.2	4.7	4.7	4.8	4.2	4.7	4.7
Average size (in rooms)	4.9	5.1	5.1	4.7	4.5	4.3	4.5	3.9	4.3	4.4
Median monthly rental [3]	$145.98	$143.13	$133.80	$120.87	$121.83	$115.43	$81.87	$80.09	$87.50	$84.13
Average mortgage amount	$14,124	$14,099	$14,242	$11,944	$8,049	$7,821	$7,179	$7,140	$7,645	$7,505
Percent in:										
Walkup structures	15.3	11.4	18.4	23.3	24.4	35.8	39.4	40.0	76.7	83.6
Elevator structures	38.5	33.4	17.5	30.5	40.8	44.4	4.4	30.8	13.1	2.7
One-family structures	46.2	55.2	64.1	46.2	34.8	19.8	56.2	29.2	10.2	13.7
ROOMS										
Average monthly rental [3]	$35.22	$35.52	$34.62	$31.12	$28.47	$26.73	$20.11	$21.37	$20.13	[4] $19.00
Average mortgage amount	$2,860	$2,782	$2,795	$2,564	$1,802	$1,817	$1,579	$1,835	$1,769	$1,724

[1] Based on commitments issued in 1947–48 under Sec. 608, in 1950 under Secs. 207, 608, 803, in 1952–54 under Secs. 207, 803, 908, in 1955–56 under Secs. 207, 220, 803, and in 1957–59 under Secs. 207, 220, 221, 803.
[2] By inspection.
[3] Median and average monthly rentals exclude Sec. 803 for all years.
[4] Estimated.

CHART III–30

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.

Table III–58.—*Type of structure for multifamily housing, by section, 1959*

Type of structure	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 projects:							
Walkup	22.4	22.7	38.1	46.7	83.3	0.7	19.2
Elevator	31.0	27.5	61.0	50.0	------	------	69.2
One-family	46.6	49.8	.9	3.3	16.7	99.3	11.6
All projects	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Percentage distribution of dwelling units:							
Walkup	14.4	15.3	26.5	7.8	91.9	0.3	4.3
Elevator	42.0	38.5	73.0	89.5	------	------	84.3
One-family	43.6	46.2	.5	2.7	8.1	99.7	11.4
All units	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

Type of Structure

Multifamily housing projects are classified by FHA into three principal types of structures; walkup, elevator, and one-family (row, semidetached, and detached houses). Projects composed of more than one type of structure are classified according to the structural type accounting for the greatest number of dwelling units. In 1959, one-family housing accounted for nearly half of the dwelling units in rental projects approved (Table III–58)—a reflection of the fact that projects under Section 803, which accounted for nearly half of all rental units, were predominantly of the one-family type.

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

Number of dwelling units per project	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 projects:							
5 to 24	7.4	6.7	3.8	30.1	16.7	2.8	15.4
25 to 49	6.1	5.6	11.5	------	8.3	2.1	11.5
50 to 99	23.6	24.3	31.4	13.2	16.6	22.2	15.4
100 to 149	37.7	39.0	28.6	6.6	16.7	55.8	23.2
150 to 199	13.1	12.2	15.3	3.3	------	12.9	23.0
200 to 299	5.1	4.9	4.7	13.4	16.7	2.1	7.6
300 to 399	2.5	2.8	3.8	6.6	8.3	.7	------
400 to 499	3.2	3.1	.9	16.7	16.7	.7	3.9
500 or more	1.3	1.4	------	10.1	------	.7	------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	118.0	118.0	109.0	159.0	122.0	120.0	128.0
Percentage distribution of dwelling units:							
5 to 24	1.0	0.7	0.5	1.6	1.3	0.5	2.5
25 to 49	1.6	1.6	3.7	------	1.8	.6	3.0
50 to 99	13.9	14.2	20.4	4.4	6.5	14.4	10.0
100 to 149	35.0	35.9	29.3	4.0	11.0	55.3	25.2
150 to 199	16.7	15.3	22.1	2.7	------	16.9	32.6
200 to 299	8.8	8.4	9.8	15.2	21.3	3.4	13.4
300 to 399	6.4	6.9	10.7	10.8	15.7	1.7	------
400 to 499	10.3	10.1	3.5	33.2	42.4	2.3	13.3
500 or more	6.3	6.9	------	28.1	------	4.9	------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average	134.6	135.5	120.1	214.6	184.2	125.9	124.1

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

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

Size of Project

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

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

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

In 1959, elevator apartment buildings were larger (141 units) than other types of rental structures. The bulk of these were under Section 207 (123 units), but those approved under Section 220 were much larger, containing a median 415 units. One-family-structure projects, practically all Section 803's, had 120 units, and walkup structures were smallest with 69 dwelling units. The bulk of the cooperatives in 1959 were elevator apartments with a median of 148 units.

Size of Dwelling Units

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

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

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

Rooms per unit	Total rental and co-operative housing	Rental housing					Cooper-ative housing Sec. 213 manage-ment type
		Total	Sec. 207	Sec. 220	Sec. 221	Sec. 803	
Percentage distribution of dwelling units:							
Less than 3	2.1	2.0	4.3	3.9	0.2	------	2.2
3	6.7	7.1	10.0	19.1	11.6	------	1.4
3½	6.0	5.9	10.4	14.5	2.4	------	7.7
4	15.5	15.3	21.7	18.9	60.7	3.8	17.7
4½	11.2	10.3	16.3	21.6	10.5	1.9	21.7
5	18.0	18.2	20.3	7.4	13.5	21.2	15.9
5½	9.2	8.1	11.8	11.2	.7	5.2	23.3
6	25.6	27.5	3.8	1.6	.4	57.4	2.4
6½	2.0	1.6	1.3	1.8	------	1.8	7.4
7 or more	3.7	4.0	.1	------	------	8.7	.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	5.2	5.3	4.6	4.3	4.3	6.2	5.0

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

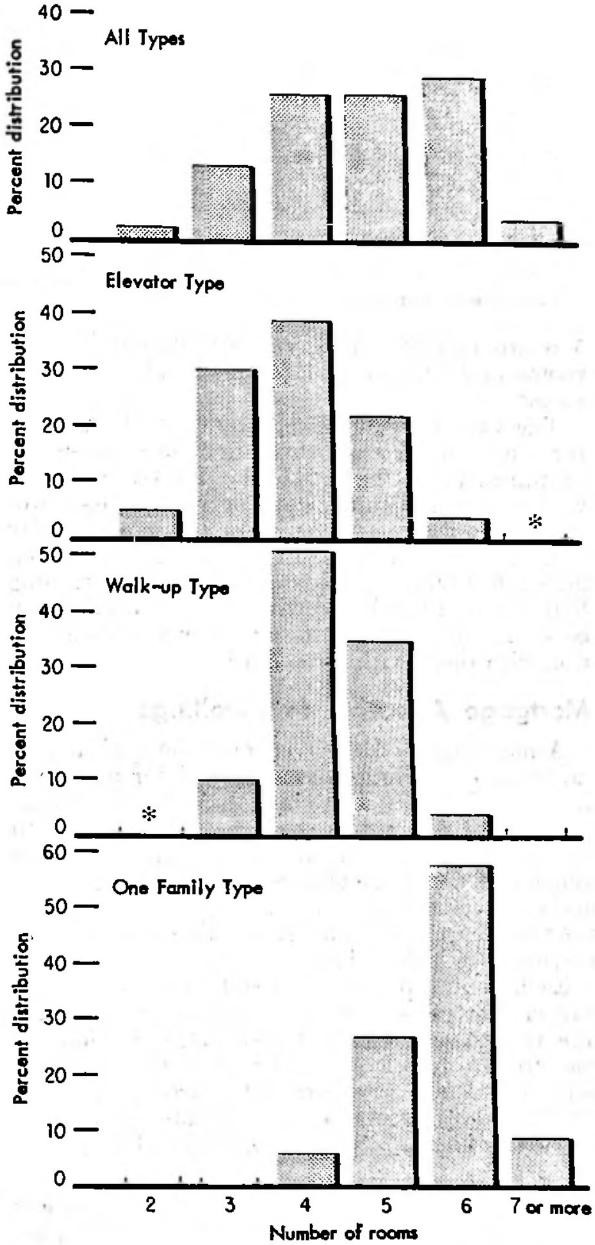
Table III–60 shows that for Section 803 projects, predominantly one-family structures, over two-thirds of all dwelling units approved in 1959 contained 6 or more rooms. Other rental programs had very few units this large. In contrast, nearly three-fifths of all Section 207 project units contained from 4 to 5 rooms and another fourth involved fewer than 4 rooms. Likewise, over three-fourths of the Section 220 units had fewer than 5 rooms, a reflection of the fact that under both of these programs the greater number of the units were in elevator buildings. Four-room living units were most common in Section 221 projects and largely represented walkup-type apartments.

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

CHART III–31

SIZE OF DWELLING UNIT BY TYPE OF RENTAL PROJECT, 1959

Distribution of units covered by commitments issued



*Less than 0.5%

Table III–61.—*Amount of mortgage allocable to dwellings for multifamily housing, by section, 1959*

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	1.5	1.5	1.6	1.8	12.3	----------	----------
$7,000 to $7,999	1.6	1.7	1.0	.8	22.5	----------	----------
$8,000 to $8,999	5.0	6.4	9.2	2.3	53.6	----------	----------
$9,000 to $9,999	2.0	2.1	3.2	2.7	11.6	----------	----------
$10,000 to $10,999	4.5	4.7	7.7	13.7	----------	----------	0.9
$11,000 to $11,999	6.5	6.6	19.8	.9	----------	----------	6.1
$12,000 to $12,999	9.0	8.1	16.6	16.4	----------	----------	20.3
$13,000 to $13,999	7.6	5.9	6.0	8.4	----------	5.6	28.8
$14,000 to $14,999	15.1	14.7	13.7	25.8	----------	13.1	20.9
$15,000 to $15,999	21.1	21.7	15.8	8.7	----------	33.3	14.8
$16,000 or more	25.2	26.6	5.4	18.5	----------	48.0	8.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	$14,807	$14,906	$12,384	$14,114	$8,507	$15,963	$13,789

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

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

The size of dwelling units by type of structure for rental projects approved in 1959 is presented graphically in Chart III–31. Four-room units were most prevalent in elevator apartments (two-fifths) and walkups (over half), but in one-family structures nearly three-fifths of the units contained 6 rooms. In this chart, units containing half rooms are included with those of whole numbers (e.g. 3½ room units are shown in combination with those with 3 rooms).[1]

Mortgage Allocable to Dwellings

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

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

[1] Typical unit compositions are as follows:
Fewer than 3 rooms—combination living and sleeping room with dining alcove and kitchen or kitchenette.
3 rooms—living room, 1 bedroom, and kitchen, with dining space in either living room or kitchen.
3½ rooms—living room, 1 bedroom, dining alcove, and kitchen.
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.

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

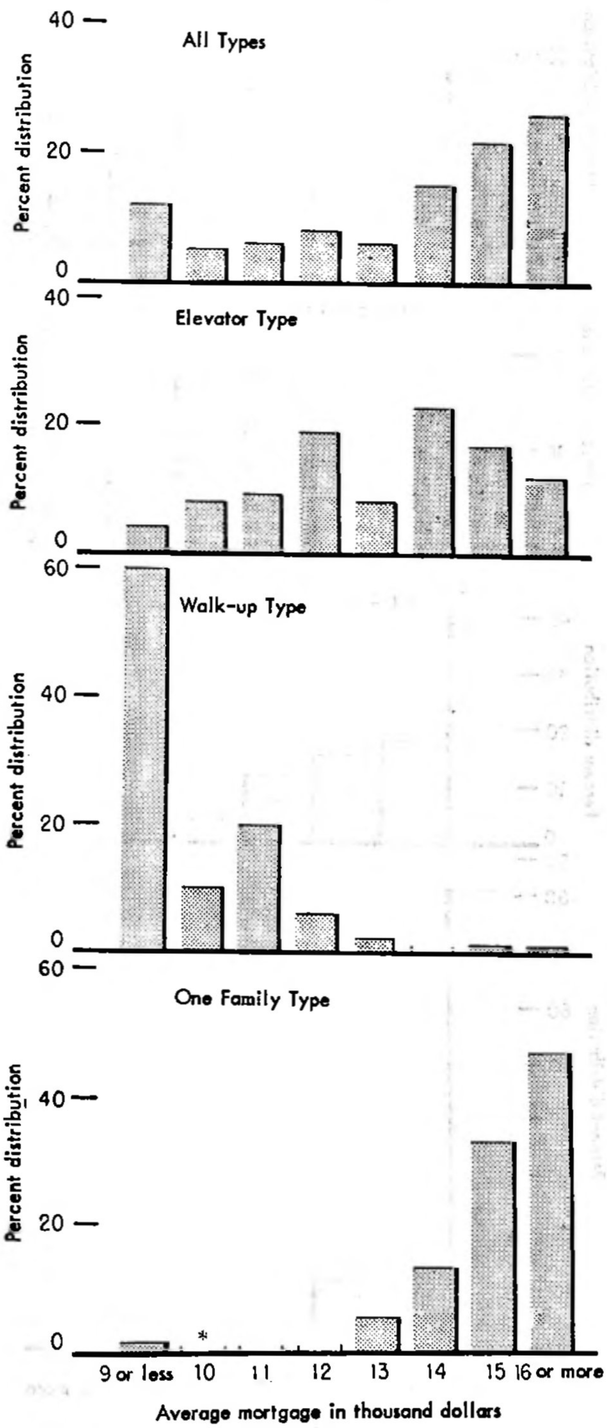
In 1959, Section 207 unit mortgages of $16,000 or more declined to 5 percent of the total, compared to 14 percent in this range a year earlier. Unit mortgages of $14,000 to $15,999 doubled proportionately this year—30 percent over 14 percent in 1958. Practically all of these higher mortgages involved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

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

CHART III–32

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

Distribution of units covered by commitments issued



*Less than 0.5%

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

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

TABLE III–62.—*Ratio of amount of mortgage to replacement cost for multifamily housing, by section, 1959*

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	1.0	1.0	3.0	-----	-----	-----	-----
70 to 74.9	1.5	1.6	2.9	3.9	-----	-----	-----
75 to 79.9	1.1	1.2	2.9	-----	-----	0.7	0.6
80 to 82.4	4.0	3.8	8.8	5.5	-----	-----	6.4
82.5 to 84.9	12.1	12.8	19.1	16.1	-----	8.7	4.2
85.0 to 87.4	18.3	15.9	28.5	27.1	-----	4.9	47.5
87.5 to 89.9	12.8	13.7	29.3	7.4	-----	6.6	.9
90.0 to 94.9	27.2	26.6	5.5	40.0	-----	40.2	34.8
05.0	.3	-----	-----	-----	-----	-----	3.7
05.1 to 100.0	21.7	23.4	-----	-----	100.0	38.9	1.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	89.8	90.0	86.2	87.3	100.0	94.1	85.0

Ratio of Mortgage Amount to Replacement Cost

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

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

The statutory formulas for Sections 207 and 221 are based on estimated value rather than replacement cost. Section 207 mortgages cannot exceed 90 percent of the estimated value, but those under Section 221 can cover the entire value as estimated by FHA. The Section 207 limit was unchanged by most recent legislation. For Section 221 proposed construction, the basis for arriving at the 100 percent ratio was changed from value to replacement cost. A new provision for profit-motivated projects under this section set a limit of 90 percent based on replacement cost of new construction or estimated value of existing construction.

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

Mortgage as percentage of value	Percentage distribution of units Sec. 207
70.0–74.9	2.4
75.0–79.9	1.1
80.0–82.4	4.6
82.5–84.9	6.0
85.0–87.4	13.2
87.5–89.9	46.6
90.0	26.1
Total	100.0

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

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

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

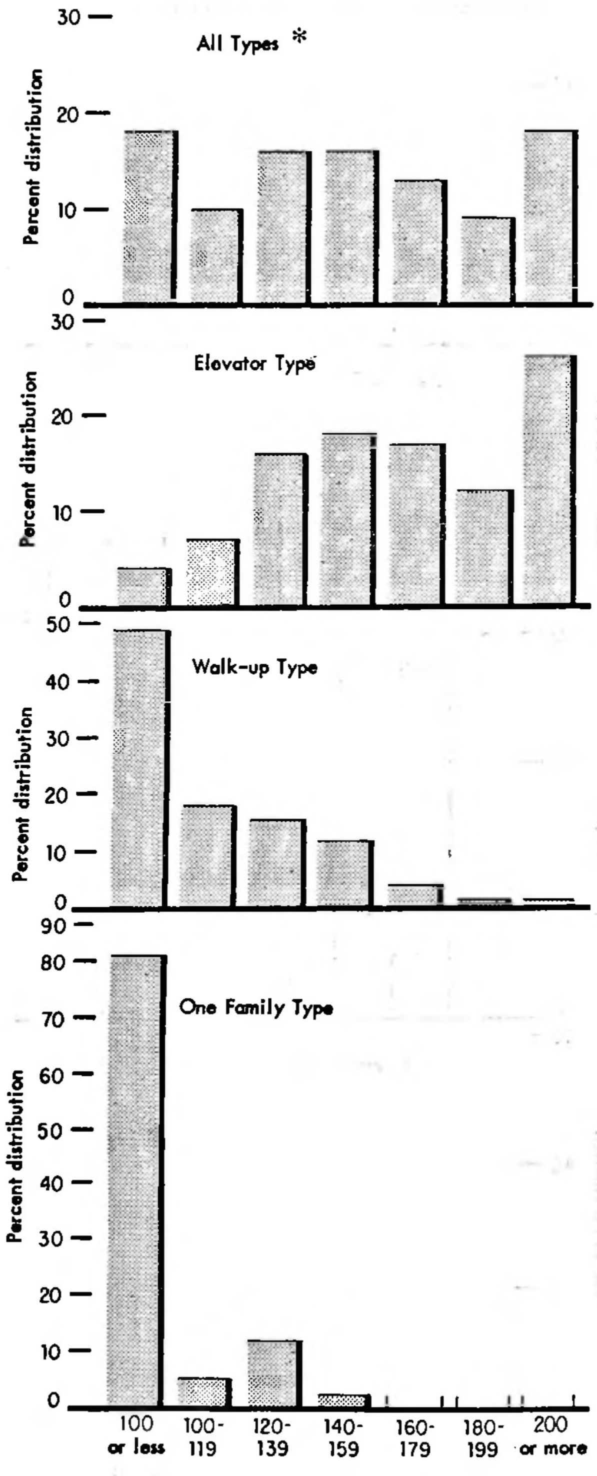
Monthly Rentals for Rental Projects

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

CHART III–33

MONTHLY RENTAL BY TYPE OF RENTAL PROJECT, 1959

Distribution of units covered by commitments issued



* Excludes armed services housing.

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

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	0.9	----------	1.8	3.5	----------
$60 to $79.99	4.5	0.6	1.2	37.1	----------
$80 to $99.99	12.6	7.2	7.1	59.1	----------
$100 to $119.99	10.3	13.0	8.6	.3	----------
$120 to $139.99	15.8	14.5	23.8	----------	----------
$140 to $159.99	15.6	19.1	13.9	----------	----------
$160 to $179.99	13.3	18.2	8.1	----------	----------
$180 to $199.99	8.7	6.6	15.9	----------	----------
$200 or more	18.3	20.8	19.6	----------	----------
Total	100.0	100.0	100.0	100.0	----------
Median	$145.98	$154.98	$152.59	$81.13	----------

[1] Not available.

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

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

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

CHARACTERISTICS OF PROPERTY IMPROVEMENT LOANS

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

Amount of Loan

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

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

Net proceeds of individual loan	Number of loans—percentage distribution					Net proceeds—percentage distribution[1]				
	1959	1958	1954	1950	1946	1959	1958	1954	1950	1946
Less than $100	0.3	0.5	1.5	2.5	3.6	(1)	(2)	0.2	0.4	0.6
$100 to $199	6.8	8.0	12.8	18.7	19.1	1.2	1.5	3.3	6.4	6.3
$200 to $299	12.6	13.2	16.6	20.5	22.9	3.5	3.9	6.8	11.3	12.5
$300 to $399	13.5	13.8	15.9	15.4	15.9	5.1	5.7	9.1	10.9	12.1
$400 to $499	8.9	9.2	10.7	9.6	11.3	4.3	4.9	7.9	8.8	11.1
$500 to $599	7.8	8.3	9.0	8.0	7.8	4.6	5.3	8.0	8.8	9.6
$600 to $799	10.7	11.1	10.7	9.1	7.2	8.1	9.1	12.2	13.0	11.0
$800 to $999	7.1	7.2	6.5	5.0	4.2	6.9	7.7	9.6	9.2	8.2
$1,000 to $1,499	13.7	12.7	8.9	7.1	4.8	17.8	17.8	17.2	13.3	12.5
$1,500 to $1,999	7.4	6.6	3.6	2.0	1.4	13.7	13.1	10.0	6.8	5.3
$2,000 to $2,499	4.2	3.5	1.7	1.0	.7	10.1	9.1	6.2	4.2	3.5
$2,500 to $2,999	3.2	2.8	1.9	1.0	1.0	9.3	8.9	8.1	5.2	6.5
$3,000 to $3,999	3.5	2.8	.1	.1	.1	13.1	11.2	.7	.9	.5
$4,000 to $4,999	.1	.1	(2)	(2)	(2)	.7	.5	.3	.4	.1
$5,000 or more	.2	.2	.1	(2)	(2)	1.6	1.3	.4	.4	.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	$604	$564	$430	$354	$328	----------	----------	----------	----------	----------
Average	----------	----------	----------	----------	----------	$909	$836	$591	$479	$454

[1] Data for 1950–59 are based on net proceeds; data for 1946 is based on face amount.

[2] Less than 0.05 percent.

Table III–65.—*Term of property improvement loans, selected years*

Term in months		Number of loans—percentage distribution					Net proceeds—percentage distribution [1]				
Modal term	Interval	1959	1958	1954	1950	1946	1959	1958	1954	1950	1946
6	6–8	0.6	0.5	0.7	0.8	1.3	0.2	0.3	0.4	0.5	0.7
12	9–14	9.1	10.0	10.1	10.1	16.9	3.4	3.0	4.5	4.9	8.7
18	15–20	5.2	5.6	6.7	6.0	8.4	2.2	2.5	3.6	3.4	5.3
24	21–26	12.5	12.9	10.4	10.2	12.3	7.1	7.7	7.1	7.1	9.5
30	27–32	2.1	2.3	3.1	9.8	2.3	1.3	1.5	2.3	9.8	1.6
36	33–41	47.0	51.4	68.5	62.5	58.6	38.8	47.1	80.0	71.1	73.0
48	42–53	2.1	1.6	(2)	(2)	(2)	3.5	2.8	.1	.1	(2)
60	54–63	21.1	15.4	.4	.4	(3)	41.7	32.7	1.6	1.7	(3)
	Over 63	.3	.3	.1	.2	.2	1.8	1.5	.4	1.4	1.2
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median		36.6	36.5	36.4	36.4	36.0					
Average							36.8	35.0	31.1	30.7	28.8

[1] Data for 1950–59 are based on net proceeds; data for 1946 are based on face amount.
[2] Less than 0.05 percent.
[3] Included in "over 63 months."

Duration of Loan

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

Type of Property and Improvement

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

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

By type of improvements, additions and alterations accounted for one-fifth of the notes and 30 percent of the net proceeds. Notes classified as for exterior finish were responsible for 13 percent of the notes and 17 percent of the net proceeds, with an average loan of $1,187. Nearly 18 percent of the notes were for insulation work but they involved less than 10 percent of the net proceeds because of their low average amount of $423.

CHART III–34

TYPE OF IMPROVEMENT FINANCED BY FHA INSURED PROPERTY IMPROVEMENT LOANS 1959

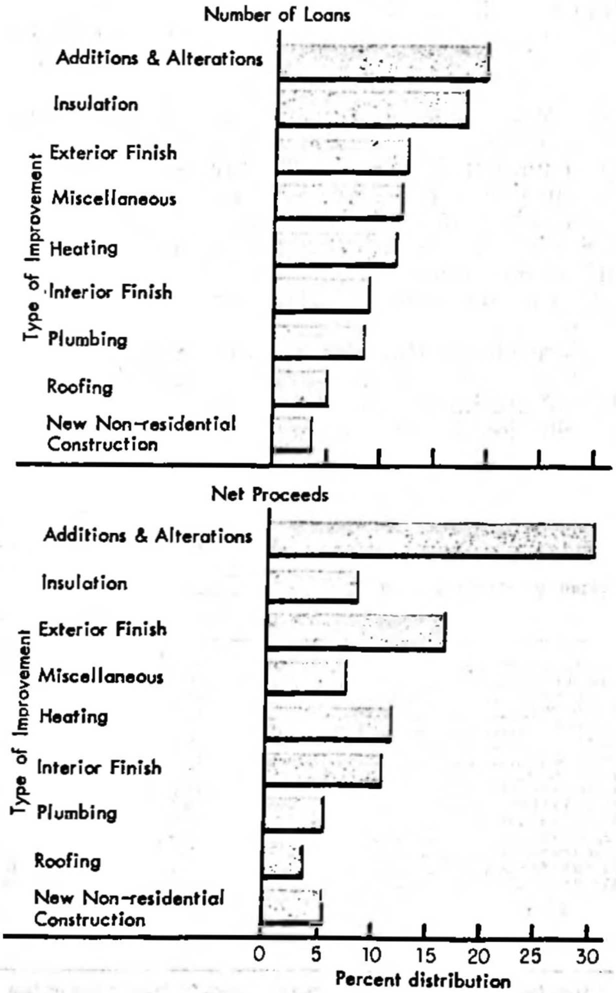


Table III-66.—*Type of improvement by type of property for property improvement loans, 1959*

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 loans:						
Additions and alterations	19.9	20.3	16.0	24.3	10.8	19.5
Exterior finish	12.5	12.4	14.0	7.9	12.2	7.5
Interior finish	9.1	8.9	12.7	12.9	4.1	10.1
Roofing	5.0	4.9	6.4	6.9	7.0	7.2
Plumbing	8.7	8.7	7.6	7.2	17.4	8.6
Heating	11.3	10.6	19.7	17.4	7.3	19.2
Insulation	17.8	18.3	15.3	6.6	10.2	7.2
New nonresidential construction	3.7	3.4	.9	7.7	27.0	12.1
Miscellaneous	12.0	12.5	7.4	9.1	4.0	8.6
Total	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	90.0	6.9	1.0	1.8	.3
Percentage distribution of net proceeds:						
Additions and alterations	30.4	27.3	2.1	.6	.3	.1
Exterior finish	16.6	14.5	1.6	.2	.3	(1)
Interior finish	11.0	9.2	1.3	.3	.1	.1
Roofing	3.6	3.0	.4	.1	.1	(1)
Plumbing	5.6	4.5	.7	.1	.3	(1)
Heating	11.7	8.6	2.6	.3	.1	.1
Insulation	8.5	7.6	.7	.1	.1	(1)
New nonresidential construction	5.2	3.9	.1	.2	.9	.1
Miscellaneous	7.4	6.4	.7	.1	.1	.1
Total	100.0	85.0	10.2	2.0	2.3	.5
Average net proceeds:						
Additions and alterations	$1,361	$1,327	$1,720	$2,139	$1,325	$1,799
Exterior finish	1,187	1,157	1,444	1,828	1,345	1,346
Interior finish	1,072	1,022	1,382	1,814	1,129	1,782
Roofing	634	605	786	1,245	704	1,162
Plumbing	577	520	1,230	1,248	712	1,010
Heating	927	796	1,737	1,601	895	1,519
Insulation	423	412	556	765	409	806
New nonresidential construction	1,258	1,162	1,311	2,205	1,724	1,103
Miscellaneous	548	501	1,268	1,595	985	1,638
Total	909	841	1,330	1,718	1,139	1,427

[1] Less than 0.05 percent.

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

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	0.3	0.3	0.2	--------	0.2	0.3
$100 to $199	6.8	7.2	4.0	1.1	3.2	2.0
$200 to $299	12.6	13.2	7.9	3.0	7.3	4.9
$300 to $399	13.5	14.1	8.1	4.5	9.9	5.7
$400 to $499	8.9	9.1	6.6	4.9	8.6	6.0
$500 to $599	7.8	7.9	7.3	4.5	7.9	9.2
$600 to $799	10.7	10.7	11.4	7.6	9.8	7.4
$800 to $999	7.1	7.0	7.7	6.1	7.4	7.4
$1,000 to $1,499	13.7	13.4	15.8	16.9	15.8	16.0
$1,500 to $1,999	7.4	7.2	9.5	9.2	10.2	11.7
$2,000 to $2,499	4.2	3.9	6.2	10.9	5.5	7.7
$2,500 to $2,999	3.2	2.9	5.5	11.2	6.5	8.0
$3,000 to $3,999	3.5	3.1	5.4	19.6	7.7	13.7
$4,000 to $4,999	.1	(1)	1.7	.1	--------	--------
$5,000 or more	.2	(1)	2.7	.4	--------	--------
Total	100.0	100.0	100.0	100.0	100.0	100.0
Median	$604	$578	$916	$1,578	$884	$1,223
Average	$909	$841	$1,330	$1,718	$1,139	$1,427

[1] Less than 0.05 percent.

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

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

TABLE III-68.—*Amount of property improvement loans by type of improvement, 1959*

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	7.2	2.6	2.0	4.7	8.1	8.7	3.4	14.6	0.6	15.1
$200–$399	26.1	11.1	10.3	16.5	35.3	45.6	14.6	47.9	5.0	41.5
$400–$599	16.7	12.2	12.1	17.0	22.6	19.3	17.5	21.1	9.0	19.2
$600–$799	10.7	9.9	11.2	11.1	11.1	7.3	20.4	8.0	12.0	8.2
$800–$999	7.0	7.2	9.8	7.1	5.2	4.2	14.4	3.2	12.8	3.7
$1,000–$1,499	13.7	18.2	25.2	17.1	8.9	7.4	16.6	3.1	31.4	5.6
$1,500–$1,999	7.4	12.5	14.8	9.4	4.3	3.3	5.9	1.2	14.1	2.6
$2,000–$2,499	4.2	8.8	7.1	6.4	1.8	1.5	2.4	.5	6.1	1.4
$2,500–$2,999	3.2	7.6	4.0	5.2	1.4	1.3	1.8	.2	4.3	1.1
$3,000 or more	3.8	9.9	3.5	5.5	1.3	1.4	3.0	.2	4.7	1.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	$604	$1,192	$1,092	$822	$459	$381	$742	$348	$1,169	$368
Average	$909	$1,361	$1,187	$1,072	$634	$577	$927	$423	$1,258	$548
Percentage distribution of net proceeds:										
Less than $200	1.2	0.3	0.2	0.6	1.9	2.2	0.6	5.1	0.1	4.2
$200–$399	8.6	2.4	2.6	4.4	16.4	23.7	4.6	33.6	1.1	21.5
$400–$599	8.9	4.3	4.9	7.5	16.9	15.7	9.2	23.6	3.5	16.7
$600–$799	8.1	4.9	6.4	6.9	11.8	8.5	15.0	12.7	6.5	9.9
$800–$999	6.9	4.6	7.3	5.7	7.1	6.3	13.6	6.5	9.0	5.9
$1,000–$1,499	17.9	15.4	25.6	18.0	15.9	14.5	20.8	8.5	20.5	11.7
$1,500–$1,999	13.7	15.1	21.1	14.1	11.0	9.2	10.4	4.7	18.5	7.7
$2,000–$2,499	10.0	13.6	13.1	12.7	6.1	5.6	5.5	2.3	10.3	5.4
$2,500–$2,999	9.3	14.4	8.9	12.6	5.6	5.8	5.0	1.3	8.8	5.5
$3,000 or more	15.4	25.0	9.9	17.5	7.3	8.5	15.3	1.7	12.7	11.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

Major type of improvement	Type of property improved					
	Total	Single-family dwellings	Multi-family dwellings	Commercial and industrial	Farm homes and buildings	Other
Percentage distribution of number of claims paid:						
Additions and alterations	16.3	16.4	13.9	24.1	10.6	18.7
Exterior finish	13.6	13.9	11.7	10.4	10.9	1.3
Interior finish	7.2	6.8	12.3	10.8	3.2	4.0
Roofing	5.2	5.1	6.2	6.2	9.9	2.7
Plumbing	8.6	8.7	7.4	6.2	12.3	5.3
Heating	13.2	12.5	22.9	16.2	7.7	9.3
Insulation	20.4	21.1	17.2	9.1	5.3	2.7
New nonresidential construction	2.3	1.7	.7	8.3	33.8	49.3
Miscellaneous	13.2	13.8	7.7	8.7	6.3	6.7
Total	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	89.7	7.3	1.2	1.4	.4
Percentage distribution of amount of claims paid:						
Additions and alterations	24.4	21.1	2.2	0.7	0.2	0.2
Exterior finish	18.0	15.9	1.6	.3	.2	[1]
Interior finish	8.9	7.1	1.5	.2	.1	[1]
Roofing	4.0	3.4	.4	.1	.1	[1]
Plumbing	6.7	5.5	.8	.2	.2	[1]
Heating	13.6	9.9	3.1	.4	.1	.1
Insulation	11.2	10.3	.8	[1]	.1	[1]
New nonresidential construction	4.2	2.6	.1	.3	1.0	.2
Miscellaneous	9.0	7.8	.8	.2	.1	.1
Total	100.0	83.6	11.3	2.4	2.1	.6
Average claim paid:						
Additions and alterations	$766	$732	$1,098	$1,329	$664	$1,098
Exterior finish	676	652	976	940	743	169
Interior finish	627	588	833	992	604	1,119
Roofing	307	383	462	637	438	1,246
Plumbing	396	361	752	998	545	606
Heating	526	454	944	1,015	485	914
Insulation	283	278	343	355	360	473
New nonresidential construction	920	879	780	1,387	1,081	609
Miscellaneous	347	321	737	1,053	485	1,013
Total	508	476	791	1,030	733	784

[1] Less than 0.05 percent.

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

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

Claims Paid by Type of Property and Improvement

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

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

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

Actuarial Analysis of Insuring Operations

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

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

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

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

In the fourth part of this section is included an analysis of the rates of debt retirement for insured home and project loans. Repayments of 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 1959, capital contributions in the amount of $20,310,000. Over 90 percent of this amount, or $18,310,000, was contributed by the War Housing Insurance Fund.

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

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

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

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

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

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

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

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

Insurance fund	As of December 31, 1959			
	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	$144, 163, 055	$5, 191, 071	$5, 462, 219	−$271. 148
Mutual Mortgage Insurance Fund	21, 268, 619, 313	[3] 515, 202, 350	529, 341, 973	−14, 139, 623
Housing Insurance Fund	1, 178, 384, 282	13, 738, 214	43, 194, 556	−20, 456, 312
Sec. 220 Housing Insurance Fund	214, 265, 649	2, 141, 184	13, 628, 319	−11, 487, 135
Sec. 221 Housing Insurance Fund	142, 611, 852	1, 329, 799	6, 883, 628	−5, 553, 829
Servicemen's Mortgage Insurance Fund	828, 950, 725	8, 480, 302	20, 683, 694	−21, 203, 392
War Housing Insurance Fund	3, 152, 458, 593	173, 599. 092	84, 118, 822	89, 480. 270
Housing Investment Insurance Fund		919, 021		919, 021
Armed Services Housing Mortgage Insurance Fund	1, 953, 048, 957	13, 858, 546	[4] 59, 241, 734	−45, 383, 188
National Defense Housing Insurance Fund	394, 206, 048	−5, 981, 384	10, 850, 154	−16, 831, 538
Total all mortgage insurance funds	29, 276, 774, 474	728, 478, 225	782, 405, 099	−53, 926, 874
Title I Insurance Fund	1, 553, 071, 310	[5] 84, 642, 167	([6])	
Total all funds	30, 829, 845, 784	813, 120, 392		

[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 $16,079,000 to be retained after refunds of unearned premiums upon prepayment.

[3] Includes $136,723,560, as of Dec. 31, 1959, in the Participating Reserve Account, representing balances available for participations, which account may be charged with any net loss sustained by the Mutual Mortgage Insurance Fund in any semiannual period.

[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 secured by 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 $22,677,292 as of Dec. 31, 1959.

[6] Reserve requirements are not estimated for the Title I Insurance Fund. The maximum potential liability under this fund was $350,805,500, as of Dec. 31, 1959, representing the balance of reserves available to qualified lending institutions for the payment of claims. This potential liability was calculated at 10 percent of net proceeds of insurance written less claims paid and reserve adjustments.

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

Insurance fund	Insurance reserves [1] as of—			Estimated reserve requirements, adjusted,[2] as of—			Excess of insurance reserves over estimated reserve requirements, adjusted, as of—		
	Dec. 31, 1957	Dec. 31, 1958	Dec. 31, 1959	Dec. 31, 1957	Dec. 31, 1958	Dec. 31, 1959	Dec. 31, 1957	Dec. 31, 1958	Dec. 31, 1959
Title I Housing Insurance Fund	$3, 904, 637	$4, 576, 079	$5, 101, 071	$7, 276, 612	$6, 459, 779	$5, 462, 219	−$3, 371, 975	−$1, 884, 700	−$271, 148
Mutual Mortgage Insurance Fund	[3] 374, 946, 765	[3] 438, 262, 824	[3] 515, 202, 350	284, 573, 763	384, 193, 412	520, 341, 973	90, 373, 002	54, 069, 412	−14, 139, 623
Housing Insurance Fund	8, 967, 767	10, 084, 322	13, 738, 244	30, 696, 470	37, 322, 830	43, 194, 556	−21, 728, 703	−26, 338, 508	−29, 456, 312
Sec. 220 Housing Insurance Fund	883, 591	1, 191, 947	2, 141, 184	4, 747, 246	6, 964, 529	13, 628, 319	−3, 863, 655	−5, 772, 582	−11, 487, 135
Sec. 221 Housing Insurance Fund	802, 271	906, 691	1, 329, 799	203, 523	3, 088, 137	6, 883, 628	598, 748	−2, 181, 446	−5, 553, 829
Servicemen's Mortgage Insurance Fund	2, 961, 433	5, 145, 979	8, 480, 302	13, 166, 250	20, 317, 881	29, 683, 694	−10, 204, 817	−15, 171, 902	−21, 203, 392
War Housing Insurance Fund	142, 393, 148	157, 103, 784	173, 599, 092	120, 961, 402	101, 008, 007	84, 118, 822	21, 431, 746	56, 095, 777	89, 480, 270
Housing Investment Insurance Fund	879, 128	900, 103	919, 021	----------	----------	----------	879, 128	900, 103	919, 021
Armed Services Housing Mortgage Insurance Fund	12, 824, 578	11, 463, 585	13, 858, 546	[4] 61, 121, 108	[4] 79, 673, 796	[4] 59, 241, 734	−48, 296, 530	−68, 210, 211	−45, 383, 188
National Defense Housing Insurance Fund	−10, 391, 541	−11, 144, 441	−5, 981, 384	15, 758, 242	13, 429, 308	10, 850, 154	−26, 149, 783	−24, 573, 749	−16, 831, 538
Total all mortgage insurance funds	538, 171, 777	619, 389, 873	728, 478, 225	538, 504, 616	652, 457, 679	782, 405, 099	−332, 839	−33, 067, 806	−53, 926, 874
Title I Insurance Fund	63, 384, 853	73, 507, 057	84, 642, 167	([5])	([5])	([5])	----------	----------	----------
Total all funds	601, 556, 630	692, 896, 930	813, 120, 392	----------	----------	----------	----------	----------	----------

[1] Includes earned surplus of certain insurance funds transferred to other FHA insurance funds as capital contributions in the amount of $20,310,000 as of Dec. 31, 1957, Dec. 31, 1958, and Dec. 31, 1959.

[2] For mortgage insurance contracts in force. Adjusted for estimated unearned premiums to be retained after refunds of unearned premiums upon prepayment.

[3] Includes $136,723,560, as of Dec. 31, 1959, in the Participating Reserve Account representing balances available for participations, which account may be charged with any net loss sustained by the Mutual Mortgage Insurance Fund in any semiannual period. The comparable figure for Dec. 31, 1957 is $95,231,854 and for Dec. 31, 1958 is $116,990,147.

[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 secured by 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 $20,739,291 as of Dec. 31, 1957, $20,389,838 as of Dec. 31, 1958, and $22,677,292 as of Dec. 31, 1959. The maximum potential liability under this fund representing the balance of reserves available to qualified lending institutions for the payment of claims was $285,015,589 as of Dec. 31, 1957, $320,011,251 as of Dec. 31, 1958, and $359,595,509 as of Dec. 31, 1959. This potential liability was calculated at 10 percent of net proceeds of insurance less claims paid and reserve adjustments.

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

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

Second in importance in terms of insurance in force is the War Housing Insurance Fund, which first attained a balance status with the 1957 valuation. Emergency home and project mortgage insurance contracts written under Title VI during the defense preparedness and war periods of World War II and during the postwar period of the veterans' emergency housing program were 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 $90 million, an increase of $33 million over the excess disclosed in the 1958 reserve position.

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

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

Section 232 of the Act; (3) the Section 220 Housing Insurance Fund for redevelopment housing; (4) the Section 221 Housing Insurance Fund for relocation housing; (5) the Servicemen's 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; (6) the Armed Services Housing Mortgage Insurance Fund covering housing for military and defense-certified civilian employees under Title VIII of the act; and (7) the National Defense Housing Insurance Fund for programed housing for Korean emergency defense workers provided for by Title IX of the act.

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

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

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

This Title I fund was created by an amendment of June 3, 1939, and the total claims paid from the fund through the end of 1959 amounted to 1.69 percent of the net proceeds of loans insured before any recoveries on defaulted notes. Actual losses (after recoveries) and reserves for future losses on such notes represent a little less than 1 percent of the net proceeds of notes insured. The maximum claim rate under Title I amounted to 4.04 percent of the net proceeds of the notes insured during the period from mid-1934 to mid-1939. After recoveries from collection efforts, the actual losses amounted to 1.89 percent of notes insured.

ANALYSIS OF TERMINATION EXPERIENCE

The estimated life expectancy of one- to four-family home mortgages insured under Section 203 is estimated to be 9.12 years. The life expectancy is the period of time for which such mortgages can, on the average, be expected to remain in force. It is based on the cumulative termination experience of the first of FHA's home mortgage insurance programs, and calculated by the standard actuarial method described as "the temporary complete expectation of life." This termination experience has been observed over the 23-year period since the inauguration of this regular home mortgage program which operates under fiscal provisions of the Mutual Mortgage Insurance Fund. Experience covers all home mortgage insurance contracts written under Section 203 from 1935 through 1957 and exposed to their policy anniversaries in 1958.

This estimate of life expectancy on the basis of the 1935–58 termination experience is about a fourth of a year higher than the comparable figure of 8.85 years shown in the 1958 annual report.

An increase in life expectancy has been evident since an estimate of this kind was first presented in the 1951 report. The life expectancy in that report was estimated to be 7.55 years and was based on termination experience covering all home mortgage insurance contracts written under Section 203 from 1935 through 1949 and exposed to their policy anniversaries in 1950. The trend toward longer life expectancies can be expected to continue as the effect of the relatively high levels of terminations in the late war and early postwar years continues to be offset by the relatively lower levels which have been obtaining since then. The relatively high levels of terminations, i.e., terminations in relation to insurance in force, occurred in the period 1944–48, with the peak rate obtaining in 1946. Prepayments accounted for most of these terminations and were the results of mortgagors' paying off their mortgages or selling their 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 1935–58 termination experience have also been estimated. The maturity classes selected for observation are as follows: Less than 13 years, 13 through 17 years, 18 through 22 years, 23 through 25 years, and 26 through 30 years. The significant maturities in these classes are the quinquennial ones: 10, 15, 20, 25, and 30 years. Prior to 1944, mortgages of various maturities within the statutory limits were eligible for insurance under Section 203. Beginning in 1944, insurance was restricted to the quinquennial maturities within the statutory limits.

For mortgages in the maturity class of less than 13 years, the estimated life expectancy is 5.82 years. Mortgages with maturities of 13 through 17 years have an estimated life expectancy of 7.34 years. The life expectancy for mortgages with maturities of 18 through 22 years is 8.95 years. For mortgages in the 23 through 25 years maturity class, the estimated life expectancy is 10.93 years and is based on cumulative termination experience observed over a 20-year period and a projection of that experience through the 25-year period. Life expectancies for mortgages of various maturity classes are calculated by the standard actuarial method described as "the complete expectation of life." An estimate of life expectancy for mortgages in the longest maturity class was not made, since the period of observation was too short. Mortgages with terms of 30 years were first endorsed for insurance beginning in 1949.

These life expectancies for the various maturities, like the estimated life expectancy for all maturities combined, also reflect the relatively high levels of terminations of the 1944–48 period. The termination experience of these various maturity classes during the 1948–58 period was analyzed to determine whether or not life expectancies are longer in the postwar period than in the 1935–58 period. On the basis of this limited termination experience, the indication is that longer life expectancies are in process of developing for the 10-, 15-, 20-, and 25-year maturities.

The data on the 1935–58 termination experience for all mortgages are organized as a survivorship table which is presented in Actuarial Schedule 1. It is from this schedule that the estimate of life expectancy for all home mortgages is made. Among the things that the schedule shows for the 1- to 4-family home mortgages insured under 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.

Actuarial Schedule 1.—*Survivorship table of a group of 1- to 4-family home mortgages based on aggregate termination experience by policy year for Sec. 203 mortgages insured from 1935 through 1957 and exposed to policy anniversaries in 1958 or prior termination dates.*

Policy year	Mortgage survivors at the beginning of policy year	Annual termination rates [1]	Mortgage terminations during the policy year
1st	100,000	0.0273216	2,732
2d	97,268	.0414532	4,032
3d	93,236	.0602358	5,616
4th	87,620	.0798149	6,993
5th	80,627	.0974543	7,857
6th	72,770	.1128670	8,213
7th	64,557	.1183850	7,643
8th	56,914	.1208537	6,878
9th	50,036	.1306933	6,539
10th	43,497	.1357548	5,905
11th	37,592	.1354717	5,093
12th	32,499	.1256098	4,082
13th	28,417	.1252696	3,560
14th	24,857	.1309579	3,255
15th	21,602	.1600754	3,458
16th	18,144	.1531190	2,778
17th	15,366	.1267182	1,947
18th	13,419	.1303573	1,749
19th	11,670	.2191353	2,557
20th	9,113	.6650478	6,061
21st	3,052	.9114173	2,782
22d	270	.6250000	169

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

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

The interpretation of the rate of termination, number of terminations, and number of survivors is as follows: the 1935–58 termination experience of Section 203 mortgages produces an overall annual rate of termination of 0.0273216 in the first policy year. When the 100,000 mortgage entrants, the initial hypothetical group, are multiplied by this first policy year rate, the product of 2,732 represents the number of mortgages which can be expected to terminate for various reasons during the first policy year after the date of their insurance. When these terminations during the first policy year are subtracted from the 100,000 entrants, it leaves 97,268 mortgages as survivors at the beginning of the second policy year. In the second policy year, the annual rate of termination shown in the schedule is 0.0414532. When this rate is applied against the 97,268 surviving mortgages at the beginning of the second year, it gives 4,032 as the number of mortgages which can be expected to terminate during the second policy year. Subtracting this number of terminated mortgages from the number in force at the beginning of the second policy year leaves 93,236 mortgage survivors at the beginning of the third policy year.

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

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

The annual rates by policy year for the different types of terminations measure the distribution of expected terminations during a policy year. These rates of termination for the different types of terminations when applied against the initial group of 100,000 mortgages and their survivors provide numbers of terminations for each type during a policy year. These numbers are shown in the decrement table presented in Actuarial Schedule 3, where the different types of terminations during a policy year appear as decrements from the survivors at the beginning of a policy year.

The decrement table is a convenient form for viewing the relative importance of the different types of terminations at each duration, i.e., the number of policy years during which an insurance contract is exposed to the risk of termination. A comparison of the numbers of prepayments in

ACTUARIAL SCHEDULE 2.—*Annual termination rates*[1] *for 1- to 4-family home mortgages by type of termination based on aggregate termination experience by policy year for Sec. 203 mortgages insured from 1935 through 1957 and exposed to policy anniversaries in 1958 or prior termination dates.*

Policy year	Type of termination					
	Prepayments in full	Prepayments by supersession	Titles acquired by mortgagees		Others	Total
			Retained by mortgagee	Transferred to FHA		
1st	0.0200008	0.0069306	0.0001163	0.0002470	0.0000269	0.0273216
2d	.0305699	.0099419	.0002150	.0006824	.0000240	.0414532
3d	.0453361	.0136620	.0003539	.0008528	.0000310	.0602358
4th	.0621392	.0165504	.0003688	.0006887	.0000678	.0798149
5th	.0781444	.0183176	.0003851	.0004297	.0001775	.0974543
6th	.0933860	.0186197	.0003165	.0003383	.0002065	.1128670
7th	.1008598	.0168096	.0003220	.0002120	.0001516	.1183850
8th	.1045026	.0155990	.0003021	.0001646	.0002854	.1208537
9th	.1148799	.0148232	.0001904	.0001753	.0006245	.1306933
10th	.1185850	.0123932	.0001130	.0000020	.0046616	.1357548
11th	.1205818	.0103819	.0000857	.0000027	.0044196	.1354717
12th	.1137774	.0084076	.0000403	.0000033	.0033812	.1256098
13th	.1151442	.0070161	.0000448	--------	.0030645	.1252696
14th	.1227004	.0055292	.0000581	--------	.0026702	.1309579
15th	.1283624	.0046982	.0000463	--------	.0269685	.1600754
16th	.1250188	.0038527	.0000501	--------	.0241974	.1531190
17th	.1185379	.0032437	.0000608	--------	.0048758	.1267182
18th	.1259658	.0027571	.0000165	--------	.0016179	.1303573
19th	.1948918	.0017991	.0000295	--------	.0224149	.2191353
20th	.3293708	.0009423	--------	--------	.3347347	.6650478
21st	.0088583	--------	--------	--------	.9025590	.9114173
22d	--------	--------	--------	--------	.6250000	.6250000

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

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 1957 and exposed to policy anniversaries in 1958 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		Others	Total
				Retained by mortgagee	Transferred to FHA		
1st	100,000	2,000	693	11	25	3	2,732
2d	97,268	2,976	967	21	66	2	4,032
3d	93,236	4,227	1,274	33	79	3	5,616
4th	87,620	5,445	1,450	32	60	6	6,993
5th	80,627	6,300	1,477	31	35	14	7,857
6th	72,770	6,796	1,355	23	24	15	8,213
7th	64,557	6,513	1,085	21	14	10	7,643
8th	56,914	5,948	888	17	9	16	6,878
9th	50,036	5,748	742	9	9	31	6,539
10th	43,497	5,158	539	5	(1)	203	5,905
11th	37,592	4,533	391	3	(1)	166	5,093
12th	32,499	3,698	273	1	(1)	110	4,082
13th	28,417	3,272	200	1	--------	87	3,560
14th	24,857	3,050	137	2	--------	66	3,255
15th	21,602	2,773	101	1	--------	583	3,458
16th	18,144	2,268	70	1	--------	439	2,778
17th	15,366	1,821	50	1	--------	75	1,947
18th	13,419	1,690	37	(1)	--------	22	1,749
19th	11,670	2,274	21	(1)	--------	262	2,557
20th	9,113	3,002	9	--------	--------	3,050	6,061
21st	3,052	27	--------	--------	--------	2,755	2,782
22d	270	--------	--------	--------	--------	169	169

[1] Less than 1.

full with total terminations by policy year discloses the extent to which these prepayments account for total terminations. Prepayments in full in 15 of the 22 policy years in which prepayments obtain represent more than four-fifths of the total terminations. They account for about three-fourths in the first 4 policy years.

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

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

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

The rates of termination shown in the actuarial schedules from which survivors, decrements, and expectancies are estimated are "crude" or actual rates as distinguished from "graduated" or smoothed rates. They are based on numbers of mortgages only and include mortgages with the various terms of financing eligible for insurance under the administrative rules and regulations for Title II, Section 203. Because this insurance program has not been in operation long enough for many of its long-term mortgages to mature, the rates of termination for later policy years are based on a smaller aggregate amount of experience than those for earlier years. The rates of termination for the first policy year for all mortgages are based on the terminations from contracts endorsed for insurance in each calendar year from 1935 through 1957. For the second policy year, they are based on the terminations from endorsements in each calendar year from 1935 through 1956.

With time, the accumulation of termination data will provide the merged experience of home mortgage insurance contracts through that policy year which will represent the longest maturity eligible for insurance under this program. Not only can additional termination experience influence these rates by duration, particularly in the later durations where the aggregate experience is smaller, but changing economic conditions will also 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.

ACTUARIAL SCHEDULE 4.—*Survivorship table for a group of 1- to 4-family home mortgages of various maturity classes based on aggregate termination experience by policy year for Sec. 203 mortgages insured from 1935 through 1957 and exposed to policy anniversaries in 1958 or prior termination dates*

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]	28 through 30 years [3]
1st	100,000	100,000	100,000	100,000	100,000	100,000
2d	97,268	94,762	96,085	96,498	98,558	99,292
3d	93,236	87,531	90,415	91,762	96,016	97,692
4th	87,620	78,356	82,718	85,489	92,067	95,607
5th	80,627	67,771	73,818	78,262	86,388	92,508
6th	72,770	56,568	64,599	70,703	78,873	85,694
7th	64,557	45,728	55,380	62,962	70,571	79,900
8th	56,914	36,088	46,701	55,329	63,507	75,779
9th	50,036	27,496	38,983	48,480	57,221	72,687
10th	43,497	19,577	32,522	42,348	50,746	69,563
11th	37,592	11,175	27,012	36,956	45,117	----------
12th	32,499	4,768	22,475	32,221	40,186	----------
13th	28,417	2,251	18,904	28,066	36,158	----------
14th	24,857	----------	15,739	24,460	32,635	----------
15th	21,602	----------	12,011	21,329	29,173	----------
16th	18,144	----------	5,353	18,575	26,055	----------
17th	15,366	----------	868	16,124	23,330	----------
18th	13,419	----------	----------	13,893	20,984	----------
19th	11,670	----------	----------	11,648	18,977	----------
20th	9,113	----------	----------	8,158	17,208	----------
21st	3,052	----------	----------	1,333	15,307	----------
22d	270	----------	----------	118	----------	----------
Estimated life expectancy in years	9.12	5.82	7.34	8.95	[4] 10.93	([5])

[1] Based on aggregate termination experience for mortgages insured from 1935 through 1957 and exposed to their policy anniversaries in 1958 or prior termination dates.

[2] Based on aggregate termination experience for mortgages insured from 1938 through 1957 and exposed to their policy anniversaries in 1958 or prior termination dates.

[3] Based on aggregate termination experience for mortgages insured from 1949 through 1957 and exposed to their policy anniversaries in 1958 or prior termination dates.

[4] Based on termination experience observed over a 20-year period and its projection to 25 years.

[5] Not estimated.

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. 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-72.—*Selected participation shares per $1,000 of original face amount of mortgage payable from the Mutual Mortgage Insurance Fund to eligible mortgagors with insurance contracts terminating between Jan. 1, 1960, and June 30, 1960*

Year mortgage was endorsed for insurance	Maturity class of mortgage				
	10 years	15 years	20 years	25 years	30 years
1954	$2.43	$5.62	$7.18	$1.84	----------
1952	5.59	10.61	13.34	9.73	$3.95
1950	10.02	17.79	20.66	18.42	9.86
1948	----------	27.19	31.34	29.50	----------
1946	----------	41.27	48.36	41.75	----------
1944	----------	----------	54.37	56.92	----------

Table III-72 shows selected participation shares for eligible mortgagors paying off their mortgages during the 6-month period ending June 30, 1960. Participation shares may in no event exceed the aggregate scheduled annual premiums of the mortgagor to the year of termination of the insurance.

As of December 31, 1959, the account had $136,723,560 available for distribution to eligible mortgagors as participation payments. Since January 1, 1944, when participation payments were first made, a total of $100,647,437 has been distributed to 845,038 mortgagors. In the aggregate, these amounts equal 30 percent of total FHA premium collections through the end of 1959 under this home mortgage insurance program. The average dividend was approximately $120.

The basis for distributing dividends or participation payments from the Participating Reserve Account is an adaptation of the method known in actuarial science as the asset share method. According to this method, a class of insurance business contributing to a fund or account shares in that fund in relation to its net contributions to the fund. Classes with more favorable insurance experience share more favorably than classes with less favorable experience. This method thus provides an equitable basis for distributing an amount from a fund among different classes of business. The amount in a fund or account which is to be distributed is determined separately on the basis of actuarial and accounting considerations.

The participation payment which an individual mortgagor receives when he pays off his mortgage is determined on the basis of the average insurance experience for his class of business and its respective reserve requirements. The characteristics identifying a class of business are maturity, i.e., the original term of the mortgage; and duration, i.e., the number of policy years a contract has been in force at the time of termination. For example, one class of business would be all 20-year mortgages which had been in force for 12 years. At the end of 1959, it would be made up of 20-year mortgage insurance contracts endorsed in 1948 and also all other 20-year mortgages endorsed for insurance in prior years which had had a 12th policy year of experience.

The insurance experience of a given class of business reflects the estimated combined fee, premium, and investment income as well as the initiation, maintenance, and settlement expenses and insurance losses of that class. In other words, the insurance experience of a class represents its estimated earned surplus. In the above example, it would be the combined earned surplus for all 20-year mortgages which had attained a 12th anniversary. When the combined earned surplus is related to the total amounts of insurance in force for businesses in the class, an average earned surplus per $1,000 of original amount of insurance in force is provided. Thus all classes of business are put on a comparable basis.

The average earned surplus per $1,000 of original amount of insurance in force is known as the asset share factor. When the reserve factors for each class of business—the same factors per $1,000 of insurance in force that are used in making the semiannual valuations of the reserve liabilities of the Mutual Mortgage Insurance Fund to determine its reserve position—are taken out of the asset share factors, the so-called relative share factors are obtained. These relative share factors for each class of business together with the amount of insurance currently in force in each class, and the amount in the Participating Reserve Account then provide the basis for determining the mortgagors' participation share factors. They are literally rates for sharing in the account on an equitable and actuarially sound basis.

These factors are so determined that if all mortgagors eligible to receive dividends were to pay off their mortgages during the designated 6-month period, the total amount in the Participating Reserve Account would be paid out to those mortgagors. What is not paid remains in the account and, together with whatever allocation of net income is made to it, is available for 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.

Tables III-73 and III-74 present measures of gross debt retirement for all FHA-insured home and project mortgages in force. Retirements are estimated from insurance written and outstanding balances in force. Since the estimates of outstanding balances reflect scheduled amortization of principal and outstanding balances of all types of terminated mortgages, the retirements (1) include outstanding balances of mortgage default terminations, i.e., for mortgage notes and property titles transferred to FHA and property titles retained by mortgagees with termination of FHA mortgage insurance contracts, and (2) do not include partial prepayments.

Table III-73.—*FHA-insured home mortgage debt retirements, 1940–59* [1]

[Dollar amounts in thousands]

Year	Insurance written during period [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	807,215	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	1,942,397	849,088	10,155,407	8.36	43.72
1953	2,288,626	1,069,017	11,402,361	9.38	46.71
1954	1,942,266	1,153,208	12,409,193	9.29	59.37
1955	3,084,767	1,525,969	13,541,335	11.27	49.47
1956	2,638,226	1,470,281	14,967,555	9.82	55.73
1957	2,251,064	1,255,183	15,925,535	7.88	55.76
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

[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; Title 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-74.—*FHA-insured project mortgage debt retirements, 1940–59* [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	15,599	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

[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; 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.

With respect to the former, their outstanding balances do not reflect a backflow of cash, since the mortgagee receives debentures of one or more FHA insurance funds for approximately the amount of the outstanding balance, or the mortgagee takes title to property which is acquired through foreclosure proceedings or deed in lieu of foreclosure and retains title in lieu of making a claim for insurance. To the extent that such default terminations do not reflect a backflow of cash, the amount of mortgage debt retirement exceeds the amount of repayments available for reinvestment. The overstatement of retirements as cash repayments of indebtedness is probably not significant, because (1) the majority of mortgage foreclosures and all mortgage assignments involve debentures; (2) the debentures are negotiable and callable and can also be used for the payment of mortgage insurance premiums; and (3) the relative amounts involved in default terminations are not substantial. With respect to the partial prepayments, what understatement of retirement as repayments there may be is offset by the overstatement from foreclosures and assignments of mortgages, although the extent of this offset cannot now be estimated.

Estimated retirements for insured home mortgage indebtedness amounted to about $168 million in 1940. After that year the amount continued to rise, reaching a little over $800 million in 1946. In the subsequent period a postwar low of $573 million was reached in 1949. Since that year there was an overall growth in retirements resulting in a top figure of $1,941 million in 1959. This 20-year record of retirements of home mortgages is illustrated in Chart III-35.

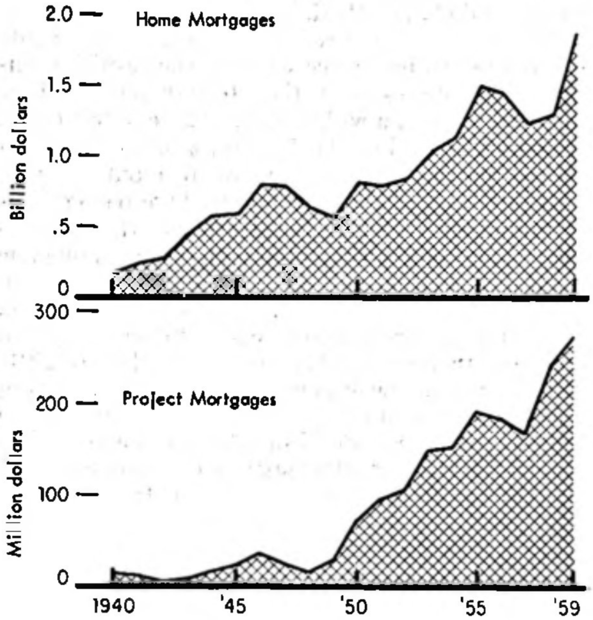
The retirement figures for home mortgages under all sections are largely determined by the retirements of Section 203 mortgages. These account for almost all of the retirements in 1940, over three-fifths in 1947, and over seven-eighths in 1959.

The annual rates of debt retirement for home and project mortgages shown in the tables cover the period 1940 through 1959, and are based on the ratio of estimated retirements during the calendar year to estimated average outstanding balances during the calendar year. These averages are based on semiannual, quarterly, or monthly estimates of outstanding balances, depending on the availability of the data, of mortgages in force during the calendar year. For home mortgages insured under all sections, the pre-World War II retirement rates were about 8 percent, rising throughout the war period and reaching a peak rate in the postwar year of 1947 of over 22 percent, and then dropping to a lower level in subsequent years which on the whole is above that of the prewar years.

The prewar rate of retirement for 1940 means that, for all FHA-approved mortgagees holding insured mortgages in that year, about 8 percent of

CHART III-35

DEBT RETIREMENTS*



* Retirements are estimated and represent scheduled amortization and estimated outstanding balances of all terminations including default terminations.

the average dollar amount of home mortgages in force was retired, principally by amortization or prepayment. At this rate the investment was being turned over about once every 12½ years, or, in other words, the amount of investments in the 1940 portfolio of insured home mortgages would on the average have remained outstanding about 12½ years. The peak rate would indicate an estimated average life of a dollar invested of somewhat more than 4½ years for the 1947 portfolio. A rate of 8.89 percent for 1959 would indicate an average life of an insured home mortgage dollar of a little less than 11¼ years. Chart III-36 shows the pattern of the annual rates of retirement over this 20-year period.

The tables on retirements also show relationships between estimated retirements and insurance written. In the prewar years, estimated home mortgage retirements respresented about one-fourth of the insurance written. For 1945 and 1946, they exceeded the amount of insurance written in those years. Retirements of all home mortgages in the record year of 1959 represented almost one-third of the amount of insurance written in that year.

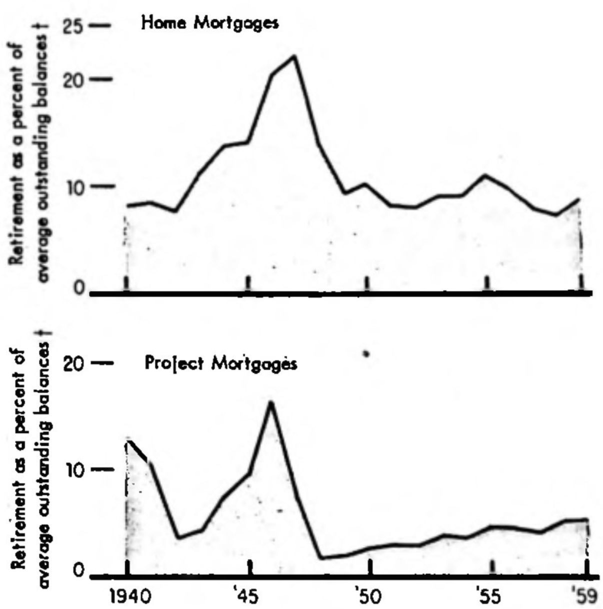
Retirements of project mortgage indebtedness are comparatively less significant in amount than those of home mortgages. They approached the $100 million mark for the first time in 1951, but since then have exceeded that amount by substantial margins. The record amount reached in 1959 exceeded the $277 million mark. The bulk of project mortgage retirements since 1947 is accounted for by the mortgage retirements under Section 608. More than 50 percent of the $277 million in estimated project mortgage retirements in 1959 were on Section 608 and Section 608-610 mortgages.

Although less significant in amount, the retirement experience of project mortgages as measured by their annual rates of retirement reflects roughly the same pattern as that for home mortgages, but at relatively lower levels for most of the period under observation, as Chart III-36 shows. This pattern shows retirements declining in 1942 to a rate of about 4 percent of the estimated average amount outstanding, climbing to a peak rate of over 16 percent in 1946, and then declining sharply to lower levels. Since 1948 the trend in these annual rates has been gradually upward. For the year 1959, the rate is 5.30 percent. This rate would indicate an estimated average life of 19 years for the investments in the 1959 portfolio of insured project mortgage investments.

The lower rates of retirement for project mortgages reflect not only their typically longer maturities but also some differences in their termination experience. Prepayments were the significant factor in the late war and early postwar years. Default terminations, i.e., mortgage notes assigned and property titles transferred to FHA and projects retained by mortgagees with termina-

CHART III-36

DEBT RETIREMENT RATES*



* Retirements are estimated and represent scheduled amortization and estimated outstanding balances of all terminations including default terminations.

† Averages are based on estimated semi-annual, quarterly, or monthly outstanding balances during the calendar year.

tion of FHA mortgage insurance contracts, have in recent years become a relatively more significant factor in project mortgage termination and retirement experience. Of the default terminations, mortgage notes assigned and property titles transferred to FHA account for the preponderant share. Both types involve debentures of the insurance funds to which the original project mortgages were assigned, and the debentures represent approximately the outstanding balances of the mortgages at the time of default. Since 1951 the project mortgage retirement experience has also been affected by the terminations of Section 213 blanket mortgages for sales-type cooperative housing. Such mortgages are in effect construction loans which are paid off when all the individual properties are released to members of the cooperative organization. The blanket mortgages are classified as project mortgages, and when all the properties in the project are released the blanket mortgage is terminated. Nearly all of the mortgages on the individual properties have been refinanced with FHA insurance under the home mortgage provisions of Section 213, when they are then classified as home mortgages. A detailed analysis of terminations of project mortgages is presented in Section 2 under "Terminations, Defaults, and Claims Paid."

When estimated project mortgage retirements are related to insurance written, the resulting annual percentages over the 20-year period show fluctuations over a wide range. These percentages, presented in Table III–74, range between a high of 280 percent in 1946 to a low of about 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 1959, estimated retirements for project mortgages amounted to about 41 percent of insurance written in that year.

Accounts and Finance

The figures for 1958 and 1959 in the financial statements of this report are on an accrual basis and are shown for the fiscal year rather than the calendar year. Section 2 of the report, Volume of Mortgage and Loan Insurance Operations, is on a calendar year basis to coincide with the housing year. In order to provide comparable figures, those statements in the Accounts and Finance section which are coordinated with the statistical tables shown in Section 2 have been prepared on a calendar year basis.

Prior to July 1, 1939, there was no provision in the National Housing Act for collecting premiums on insurance granted under Title I, Section 2; therefore, moneys for salaries and expenses and for the payment of insurance claims were advanced by the Federal Government, and recoveries of claims paid were required to be deposited to the general fund of the Treasury. The account which was established for insurance operations prior to July 1, 1939 and identified in the accounting records as the Title I Claims Account was terminated as of August 1, 1954, at which time all the remaining assets and liabilities of the account were transferred to and merged with the Title I Insurance Fund in accordance with the Housing Act of 1954, approved August 2, 1954.

An amendment of June 3, 1939 to the National Housing Act created the Title I Insurance Fund and authorized the collection of premiums, and an amendment of June 28, 1941 authorized the retention of recoveries on insurance granted on and after July 1, 1939. Therefore, only the results of operations with respect to insurance granted on and after July 1, 1939 are included in the June 30, 1959 combined statement of financial condition (Statement 1) and the combined statement of income and expense (Statement 2).

COMBINED FUNDS

Gross Income and Operating Expenses, Fiscal Year 1959

Gross income of combined FHA funds for fiscal year 1959 under all insurance operations totaled $181,495,230 and was derived from fees, insurance premiums, and income on investments. Operating expenses of the FHA for the fiscal year 1959 totaled $52,760,631.

Cumulative Gross Income and Operating Expenses, by Fiscal Years

From the establishment of FHA in 1934 through June 30, 1959, gross income totaled $1,652,749,582, while operating expenses totaled $562,991,208. Gross income and operating expenses for each fiscal year are detailed below:

Income and operating expenses through June 30, 1959

Fiscal year	Income from fees, premiums, and investments	Operating expenses	Fiscal year	Income from fees, premiums, and investments	Operating expenses
1935	$539,609	$6,336,905	1949	$63,983,953	$23,378,483
1936	2,503,248	12,160,487	1950	85,705,342	27,457,924
1937	5,690,268	10,318,119	1951	98,004,922	31,314,326
1938	7,874,377	9,297,884	1952	103,021,039	30,622,486
1939	11,954,056	12,609,887	1953	115,288,193	31,344,408
1940	17,860,296	13,206,522	1954	125,223,448	31,395,017
1941	24,126,366	13,359,588	1955	138,823,312	36,198,385
1942	28,316,764	13,471,406	1956	145,532,774	40,644,217
1943	25,847,785	11,160,452	1957	146,969,012	41,253,347
1944	28,322,415	11,148,361	1958	157,158,560	46,007,205
1945	29,824,744	10,218,994	1959	181,495,230	52,760,631
1946	30,729,072	11,191,492			
1947	26,790,341	16,063,870	Total	1,652,749,582	562,991,208
1948	51,164,456	20,070,722			

The above income was derived from the following insurance operations: Title I Insurance Fund (property improvement loans), $205,056,127; Title I Housing Insurance Fund (home mortgages), $7,256,149; Title II Mutual Mortgage Insurance Fund (home mortgages), $985,813,115; Title II Housing Insurance Fund (homes and rental housing projects), $41,203,664; Title II, Section 220 Housing Insurance Fund (urban renewal housing), $2,683,938; Title II, Section 221 Housing Insurance Fund (relocation housing) $1,221,068; Title II Servicemen's Mortgage Insurance Fund (servicemen's housing), $7,554,374; Title VI War Housing Insurance Fund (war and veterans' emergency housing), $347,027,286; Title VII Housing Investment Insurance Fund (yield insurance), $173,325; Title VIII Armed Services Housing Mortgage Insurance Fund (home mortgages and rental housing projects), $36,398,987; and Title IX National Defense Housing Insurance Fund (home mortgages and rental housing projects), $18,361,549.

Salaries and Expenses

The current fiscal year is the twentieth in which the Federal Housing Administration has met all expenditures for salaries and expenses by allocation from its insurance funds.

The amount that may be expended for salaries and expenses during a fiscal year is fixed by Congress. Under the terms of the National Housing Act, expenditures for the operations of each title and section are charged against the corresponding insurance fund.

The amounts charged against the various titles and sections of the Act during the fiscal year 1959 to cover operating costs and the purchase of furniture and equipment are as follows:

Salaries and expenses, fiscal year 1959 (July 1, 1958 to June 30, 1959)

Title and section	Amount	Percent
Title I:		
Sec. 2	$4,721,969	8.82
Sec. 8	113,287	.21
Title II:		
Sec. 203	40,562,320	75.76
Sec. 207-210	1,977,315	3.69
Sec. 213	907,959	1.70
Sec. 220	618,766	1.16
Sec. 221	480,354	.90
Sec. 222	496,432	.93
Title VI:		
Sec. 603	432,264	.81
Sec. 608	1,484,194	2.77
Title VII	700	(1)
Title VIII:		
Sec. 803	785,021	1.47
Sec. 809	123,100	.23
Title IX:		
Sec. 903	761,187	1.42
Sec. 908	69,646	.13
Total	53,534,514	100.00

[1] Less than .005 percent.

Capital and Statutory Reserves of Combined FHA Funds

The combined capital, including statutory reserve, of all FHA funds on June 30, 1959 amounted to $757,912,171 and consisted of $632,098,090 insurance reserves and $125,814,081 statutory reserve, as shown in Statement 1.

STATEMENT 1.—*Comparative statement of financial condition, all FHA funds combined, as of June 30, 1958 and June 30, 1959*

	June 30, 1958	June 30, 1959	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$31,708,054	$41,042,390	$9,334,336
Investments:			
U.S. Government securities (amortized)	547,847,433	596,726,870	48,879,437
Other securities (stock in rental housing corporations)	467,060	461,660	−5,400
Total investments	548,314,493	597,188,530	48,874,037
Loans receivable:			
Mortgage notes and contracts for deed	126,886,694	144,099,458	17,212,764
Less allowance for losses	4,038,285	4,572,579	534,294
Net loans receivable	122,848,409	139,526,879	16,678,470
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	3,825,336	5,087,633	1,262,297
Accounts receivable—Other	158,576	662,366	503,790
Total accounts and notes receivable	3,983,912	5,749,999	1,766,087
Accrued assets:			
Insured premiums	6,331,418	20,072,978	13,741,560
Interest on U.S. Government securities	1,917,957	2,415,899	497,942
Other	1,066,020	1,246,439	180,419
Total accrued assets	9,315,395	23,735,316	14,419,921
Land, structures, and equipment:			
Furniture and equipment	3,134,104	[1] 3,457,271	323,167
Less allowance for depreciation	1,577,488	1,707,019	129,531
Net furniture and equipment	1,556,616	1,750,252	193,636

[1] Excludes unfilled orders in the amount of $76,612.

STATEMENT 1.—*Comparative statement of financial condition, all FHA funds combined, as of June 30, 1958 and June 30, 1959*—Continued

	June 30, 1958	June 30, 1959	Increase or decrease (−)
ASSETS—continued			
Acquired security:			
Real estate (at cost plus expenses to date)	$145,840,730	$150,159,789	$4,319,059
Less allowance for losses	68,147,845	58,503,507	−9,644,338
Net real estate	77,692,885	91,656,282	13,963,397
Mortgage notes acquired under terms of insurance	120,446,422	129,342,687	8,896,265
Less allowance for losses	43,605,320	46,763,281	3,157,961
Net mortgage notes acquired under terms of insurance	76,841,102	82,579,406	5,738,304
Defaulted Title I notes	47,534,240	44,615,529	−2,918,711
Less allowance for losses	32,703,255	28,851,067	−3,852,188
Net defaulted Title I notes	14,830,985	15,764,462	933,477
Net acquired security	169,364,972	190,000,150	20,635,178
Other assets—held for account of mortgagors	2,412,598	3,054,449	641,851
Total assets	889,504,449	1,002,047,965	112,543,516
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	6,255,971	[2] 5,367,608	−888,363
Group account participations payable	3,647,544	4,726,408	1,078,864
Total accounts payable	9,903,515	10,094,016	190,501
Accrued liabilities: Interest on debentures	2,757,788	2,220,876	−536,912
Trust and deposit liabilities:			
Fee deposits held for future disposition	6,662,938	9,058,050	2,395,112
Excess proceeds of sale	3,387,678	1,359,115	−2,028,563
Deposits held for mortgagors, lessees, and purchasers	6,925,065	8,148,817	1,223,752
Due general fund of the U.S. Treasury	2,049	859	−1,190
Employees' payroll deductions for taxes, etc	1,428,901	1,732,694	303,793
Total trust and deposit liabilities	18,406,631	20,299,535	1,892,904
Deferred and undistributed credits:			
Unearned insurance premiums	70,786,107	68,978,686	−1,807,421
Unearned insurance fees	315,379	435,228	119,849
Other	1,084,226	1,263,961	179,735
Total deferred and undistributed credits	72,185,712	70,677,875	−1,507,837
Bonds, debentures, and notes payable: Debentures payable	141,667,100	139,449,750	−2,217,350
Other liabilities: Reserve for foreclosure costs—Mortgage notes acquired under terms of insurance	1,248,009	1,393,742	145,733
Total liabilities	246,168,755	244,135,794	−2,032,961
RESERVES			
Statutory reserve for participation payments and future losses	105,715,794	125,814,081	20,098,287
Insurance reserve-available for future losses and expenses	537,619,900	632,098,090	94,478,190
Total reserves	643,335,694	757,912,171	114,576,477
Total liabilities and reserves	889,504,449	1,002,047,965	112,543,516
Certificates of claim relating to properties on hand	4,042,261	6,912,496	2,870,235

[2] Excludes unfilled orders in the amount of $237,072.

The insurance reserves of $632,098,090 are available for future contingent losses and related expenses. The statutory reserve of $125,814,081 under the Mutual Mortgage Insurance Fund is earmarked for participation payments to mortgagors under the mutual provision of Title II of the National Housing Act.

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

Fund	Insurance reserves (including statutory reserve)
Title I Insurance Fund	$78, 510, 546
Title I Housing Insurance Fund	4, 871, 040
Mutual Mortgage Insurance Fund	475, 988, 070
Housing Insurance Fund	12, 600, 956
Section 220 Housing Insurance Fund	1, 740, 524
Section 221 Housing Insurance Fund	1, 124, 190
Servicemen's Mortgage Insurance Fund	6, 741, 340
War Housing Insurance Fund	165, 466, 525
Housing Investment Insurance Fund	911, 104
Armed Services Housing Mortgage Insurance Fund	16, 371, 863
National Defense Housing Insurance Fund	−6, 413, 986
Total	757, 912, 171

In addition, the various insurance funds had collected or accrued $435,228 unearned insurance fees and $68,978,686 unearned insurance premiums, as shown below, which will be allocated to income each month as they are earned.

	Deferred fee income	Deferred premium income	Total deferred fee and premium income
Title I Insurance Fund		$21, 558, 781	$21, 558, 781
Title I Housing Insurance Fund		369, 808	369, 808
Mutual Mortgage Insurance Fund		30, 997, 161	30, 997, 161
Housing Insurance Fund	$285, 172	2, 885, 145	3, 170, 317
Sec. 220 Housing Insurance Fund	63, 055	469, 900	532, 955
Sec. 221 Housing Insurance Fund	13, 593	101, 947	115, 540
Servicemen's Mortgage Insurance Fund		744, 174	744, 174
War Housing Insurance Fund		8, 430, 968	8, 430, 968
Armed Services Housing Mortgage Insurance Fund	73, 408	2, 354, 246	2, 427, 654
National Defense Housing Insurance Fund		1, 066, 556	1, 066, 556
Total	435, 228	68, 978, 686	69, 413, 914

Combined Income, Expenses, and Losses, All FHA Funds

Total income from all sources during the fiscal year 1959 amounted to $190,696,729, while total expenses and insurance losses amounted to $74,522,810, leaving net income, before adjustment of valuation allowances, of $116,173,919. Decreases in valuation allowances for the year amounted to $9,804,271, leaving $125,978,190 net income for the period. Cumulative income from June 30, 1934, through June 30, 1959, was $1,695,809,604, and cumulative expenses were $705,150,083, leaving net income of $990,659,521 before adjustment of valuation allowances.

Statement 2.—*Combined statement of income and expenses for all FHA funds through June 30, 1958 and June 30, 1959*

	June 30, 1934 to June 30, 1958	July 1, 1958 to June 30, 1959	June 30, 1934 to June 30, 1959
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$98, 378, 313	$15, 852, 100	$114, 230, 413
Interest on mortgage notes and contracts for deed	179, 840	16, 294	196, 134
Interest and other income on defaulted Title I notes	7, 762, 991	1, 182, 349	8, 945, 340
Interest—Other	25, 242, 610	7, 538, 928	32, 781, 538
Dividends on rental housing stock	21, 531	3, 867	25, 398
	131, 585, 285	24, 593, 538	156, 178, 823
Insurance premiums and fees:			
Premiums	1, 142, 166, 918	143, 155, 852	1, 285, 322, 770
Fees	229, 224, 336	22, 483, 411	251, 707, 747
	1, 371, 391, 254	165, 639, 263	1, 537, 030, 517
Other income:			
Profit on sale of investments	1, 463, 254		1, 463, 254
Miscellaneous income	673, 082	463, 928	1, 137, 010
	2, 136, 336	463, 928	2, 600, 264
Total income	1, 505, 112, 875	190, 696, 729	1, 695, 809, 604
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)	500, 629, 676	[1] 53, 028, 092	553, 657, 768
Other expenses:			
Depreciation on furniture and equipment	2, 557, 909	262, 809	2, 820, 718
Miscellaneous expenses	449, 066	11, 204	460, 270
	3, 006, 975	274, 013	3, 280, 988
Losses and charge-offs:			
Loss on acquired security	52, 203, 879	15, 601, 113	67, 804, 992
Loss (or profit −) on equipment	−31, 827	−23, 261	−55, 088
Loss on defaulted Title I notes	54, 433, 041	5, 642, 853	60, 075, 894
	106, 605, 093	21, 220, 705	127, 825, 798
Total expenses	630, 627, 273	74, 522, 810	705, 150, 083
Net income before adjustment of valuation allowances	874, 485, 602	116, 173, 919	990, 659, 521
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−4, 038, 285	−534, 294	−4, 572, 579
Allowance for loss on real estate	−68, 147, 845	+9, 644, 338	−58, 503, 507
Allowance for loss on mortgage notes acquired under terms of insurance	−43, 605, 320	−3, 157, 961	−46, 763, 281
Allowance for loss on defaulted Title I notes	−32, 703, 255	+3, 852, 188	−28, 851, 067
Net adjustment of valuation allowances	−148, 494, 705	+9, 804, 271	−138, 690, 434
Net income	725, 990, 897	125, 978, 190	851, 969, 087

[1] Excludes unfilled orders in the amount of $160,459.

ANALYSIS OF INSURANCE RESERVES

	June 30, 1934 to June 30, 1958	July 1, 1958 to June 30, 1959	June 30, 1934 to June 30, 1959
Distribution of net income:			
Statutory reserve-Participating Reserve:			
Balance at beginning of period	....	$105,715,794	....
Adjustments during the period	....	....	....
Net income allocated for the period	$188,370,997	31,500,000	$219,870,997
	188,370,997	137,215,794	219,870,997
Participations in mutual earnings distributed	−82,655,203	−11,401,713	−94,056,916
Balance at end of period	105,715,794	125,814,081	125,814,081
Insurance reserve:			
Balance at beginning of period	....	537,619,900	....
Adjustments during the period	....	....	....
Net income for the period	537,619,900	94,478,190	632,098,090
	537,619,900	632,098,090	632,098,090
Capital contributions to other FHA insurance funds	−20,310,000	....	−20,310,000
Capital contributions from other FHA insurance funds	20,310,000	....	20,310,000
Balance at end of period	537,619,900	632,098,090	632,098,090
Total reserves at end of period	643,335,694	757,912,171	757,912,171

Contributed Capital

Contributed capital of $20,310,000, representing funds transferred from earnings of insurance funds to establish other insurance funds and transfers under the provisions of Section 219 of the National Housing Act, as amended, is added to or deducted from the insurance reserves of the insurance funds affected. An analysis of capital contributions at December 31, 1959 is shown in Statement 3.

General Mortgage Insurance Authorization

The general mortgage insurance authorization established under Section 217 of the National Housing Act, as amended, provides that the aggregate amount of principal obligations of all mortgages which may be insured and outstanding at any one time under insurance contracts or commitments to insure pursuant to any section or title (except Section 2 and Section 803) shall not exceed the sum of (a) the outstanding principal balances, as of July 1, 1956, of all insured mortgages (without taking into account prepayments or delinquencies), (b) the principal amount of all out-

STATEMENT 3.—*Analysis of capital contributions to FHA insurance funds from other FHA insurance funds as of Dec. 31, 1959*

Fund	Capital contributions: To establish insurance funds	Capital contributions: Pursuant to Sec. 219	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

standing commitments to insure as of July 1, 1956, and (c) $15,000,000,000. This general insurance authorization applies to all mortgage insurance programs except new insurance written under Title VIII pursuant to commitments issued on or after August 11, 1955. The total amount of the general mortgage insurance authorization at December 31, 1959 was as follows:

Outstanding principal balance at July 1, 1956	$18, 869, 514, 132
Commitments outstanding at July 1, 1956	3, 914, 479, 464
Additional authorized amount	[1] 15, 000, 000, 000
Total authorization	37, 783, 993, 596

[1] Increased from $7 billion to $15 billion by Public Law 86-372, 86th Cong., approved Sept. 23, 1959.

The status of the general mortgage insurance authorization at December 31, 1959 is shown in Statement 4 below.

STATEMENT 4.—*Status of general mortgage insurance authorization as of Dec. 31, 1959*

	Estimated outstanding balance of insurance in force	Outstanding commitments and statements of eligibility	
Sec. 217 general mortgage insurance authorization			$37, 783, 993, 600
Title I, Sec. 8	$144, 163, 055		
Title II:			
Sec. 203	21, 268, 225, 943	$2, 964, 279, 706	
Secs. 207-210	594, 136, 304	149, 881, 700	
Sec. 213	582, 406, 468	85, 052, 750	
Sec. 220	214, 265, 649	38, 670, 420	
Sec. 221	142, 611, 862	56, 311, 532	
Sec. 222	828, 956, 725	54, 226, 008	
Sec. 231	2, 060, 700	8, 539, 100	
	23, 632, 759, 641	3, 356, 961, 216	
Title VI:			
Sec. 603	822, 740, 678		
Sec. 608	2, 318, 281, 831		
Sec. 610 (Sec. 603)	6, 997, 866		
Sec. 610 (Sec. 608)	4, 031, 879		
Sec. 611	397, 339		
	3, 152, 458, 593		
Title VIII, Sec. 803 (prior to Aug. 11, 1955):	565, 852, 003		
Title IX:			
Sec. 903	352, 750, 769		
Sec. 908	41, 515, 279		
	394, 266, 048		
Total charges to Sec. 217	27, 889, 499, 340	3, 356, 961, 216	31, 246, 460, 556
Unused insurance authorization			6, 537, 533, 044

Cost Certifications on Multifamily Projects

To prevent the possibility of the builder's "mortgaging out" on multifamily housing projects financed with FHA insured mortgages, the mortgagor is now required to certify, before final endorsement of the mortgage for insurance, to the actual cost of the project, and, if the mortgage amount is more than the statutory ratio applied to such actual costs as recognized by FHA, the mortgage amount must be correspondingly reduced.

During 1959 cost certifications were received on completed multifamily housing projects and the mortgages insured by the Federal Housing Administration as follows:

	Number	Costs certified and recognized	Amount insured
Sec. 207	55	$61, 457, 794	$53, 233, 684
Sec. 213	15	25, 627, 156	23, 134, 767
Sec. 220	22	59, 597, 851	50, 712, 800
Sec. 221	8	11, 268, 757	11, 182, 982
Total	100	157, 951, 558	138, 264, 233

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 23,402,690 in number and $12,497,271,641 in amount (net proceeds) had been reported for insurance and 663,626 claims had been paid for $229,716,479 under this section through December 31, 1959. The amount of total claims paid represents approximately 1.84 percent of the total net proceeds of loans insured, as shown in Statement 5.

In the calendar year 1959, 1,096,635 loans were insured for an aggregate of $996,642,053, and 19,865 claims were paid for $10,088,647.

Recoveries

Upon payment of insurance claims, the notes and other claims against the borrowers become the property of the Federal Housing Administration for collection or other disposition.

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

Through December 31, 1959, there had been acquired under the terms of insurance a total of 589 real properties at a total cost of $1,663,873. All properties acquired had been sold at a net loss of $130,682, including all expenses (such as taxes, repairs, and sales commissions) incurred by FHA in acquiring, managing, and disposing of the properties.

Insurance losses through December 31, 1959 amounted to $104,420,533. These losses represent 0.84 percent of the total amount of loans insured ($12,497,271,641). A summary of transactions through December 31, 1959, follows:

Statement 5.—*Summary of Title I transactions for the period June 30, 1934 to Dec. 31, 1959*

Calendar years	Net proceeds of notes insured	Insurance claims paid	Recoveries		Losses		Net notes in process of collection at Dec. 31, 1959
			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	8,217,269	
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	
Totals	12,497,271,641	229,716,479	108,502,832	1,403,534	4,441,185	99,979,348	15,389,580
Percent to claims paid		100.000	47.233	.611	1.933	43.523	6.700

Notes.—In addition to the above recoveries, $11,819,252 interest and other income on outstanding balances of Title I notes, and $244,710 interest on mortgage notes had been collected through Dec. 31, 1959.

Included in the losses is $3,979,705 representing the cost (claim amount) of equipment repossessed by FHA and subsequently transferred to other Government agencies for their use and without the exchange of funds.

[1] Includes reserve for losses on defaulted Title I notes in process of collection at Dec. 31, 1959, in the amount of $27,027,265.

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 U.S. Government. During the fiscal year 1959, net investments amounting to $7,660,000 (principal amount) were made for the account of this fund, and at June 30, 1959 the fund held bonds in the principal amount of $77,189,000 yielding 2.91 percent, as shown in the following table.

Investments of the Title I Insurance Fund, June 30, 1959

Series	Interest rate (percent) [1]	Purchase price	Par value	Book value (amortized)
1959	3½	$3,000,000	$3,000,000	$3,000,000
1960	2	5,400,000	5,400,000	5,400,000
1960	2⅛	1,348,102	1,350,000	1,349,221
1960	3½	5,909,102	5,950,000	5,936,836
1961	2½	343,875	350,000	346,176
1961	3⅝	399,500	400,000	399,621
1962	2	23,179,000	23,179,000	23,179,000
1962	3¾	3,870,937	3,800,000	3,851,806
1962	4	11,603,000	11,600,000	11,602,069
1964	3	4,172,066	4,150,000	4,169,981
1965	2⅝	16,127,142	16,710,000	16,162,980
1966	3	1,302,437	1,300,000	1,302,203
		76,655,161	77,189,000	76,699,893

[1] Average annual yield 2.91 percent.

Since the establishment of the Title I Insurance Fund, all operating expenses have been paid out of earnings of the fund, and since July 1, 1944 all insurance claims relating to this fund have been paid out of accumulated earnings and recoveries in the fund. Prior to July 1, 1944, a portion of the insurance claims was met from income and recoveries, while the remainder was paid from funds advanced by the Federal Government.

The total insurance reserve of the Title I Insurance Fund as of June 30, 1959, as shown in Statement 6, was $78,510,545, consisting entirely of earnings. In accordance with Public Law 5, 83d Congress, approved March 10, 1953, the amount of capital contributed to this fund by the U.S. Government, $8,333,314, was established as a liability of the fund as of June 30, 1953. On July 1, 1953, the entire amount was repaid and the liability liquidated.

STATEMENT 6.—*Comparative statement of financial condition, Title I Insurance Fund as of June 30, 1958 and June 30, 1959*

	June 30, 1958	June 30, 1959	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$1,785,774	$5,264,716	$3,478,942
Investments: U.S. Government securities (amortized)	69,590,025	76,699,893	7,109,868
Loans receivable:			
Mortgage notes and contracts for deed	415,922	367,657	−48,265
Less allowance for losses	6,238	5,515	−723
Net loans receivable	409,684	362,142	−47,542
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	1,979,643	2,252,292	272,649
Accounts receivable—Interfund	203,512	220,044	16,532
Total accounts and notes receivable	2,183,155	2,472,336	289,181
Accrued assets:			
Interest on U.S. Government securities	279,678	462,468	182,790
Other	2,398	3,102	704
Total accrued assets	282,076	465,570	183,494
Acquired security:			
Real estate (at cost plus expenses to date)	10,844	------------	−10,844
Less allowance for losses	2,077	------------	−2,077
Net real estate	8,767	------------	−8,767
Defaulted Title I notes	47,534,240	44,615,529	−2,918,711
Less allowance for losses	32,703,255	28,851,067	−3,852,188
Net defaulted Title I notes	14,830,985	15,764,462	933,477
Net acquired security	14,839,752	15,764,462	924,710
Total assets	89,090,466	101,029,119	11,938,653
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	1,017,513	943,685	−73,828
Trust and deposit liabilities: Deposits held for mortgagors, lessees and purchasers	9,887	8,944	−943
Deferred and undistributed credits:			
Unearned insurance premiums	20,438,843	21,558,781	1,119,938
Other	8,079	7,164	−915
Total deferred and undistributed credits	20,446,922	21,565,945	1,119,023
Total liabilities	21,474,322	22,518,574	1,044,252
RESERVE			
Insurance reserve-available for future losses and expenses	67,616,144	78,510,545	10,894,401
Total liabilities and reserve	89,090,466	101,029,119	11,938,653

For the fiscal year 1959, Title I Insurance Fund income totaled $17,318,096, while expenses and losses amounted to $10,452,536, leaving $6,865,560 net income before adjustment of valuation allowances. After the valuation allowances were decreased by $3,854,988, there remained $10,720,548 net income for the year.

STATEMENT 7.—*Income and expense, Title I Insurance Fund, through June 30, 1958 and June 30, 1959*

	June 3, 1939 to June 30, 1958	July 1, 1958 to June 30, 1959	June 3, 1939 to June 30, 1959
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$4,349,264	$2,078,266	$6,427,530
Interest on mortgage notes and contracts for deed	179,840	16,294	196,134
Interest and other income on defaulted Title I notes	7,762,991	1,182,349	8,945,340
	12,292,095	3,276,909	15,569,004
Insurance premiums and fees:			
Premiums	184,218,504	14,040,789	198,259,293
Fees	369,304	------------	369,304
	184,587,808	14,040,789	198,628,597
Other income: Miscellaneous income	32,600	398	32,998
Total income	196,912,503	17,318,096	214,230,599
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)	40,382,075	4,775,544	44,984,448
Other expenses:			
Depreciation on furniture and equipment	237,997	23,364	260,599
Miscellaneous expenses	390,732	10,867	401,599
	628,729	34,231	662,198
Losses and charge-offs:			
Loss on acquired security—properties	101,735	1,976	103,711
Loss on equipment	39,209	−2,068	37,221
Loss on defaulted Title I notes	54,433,041	5,642,853	60,075,894
	54,573,985	5,642,761	60,216,826
Total expenses	95,584,789	10,452,536	105,863,472
Net income before adjustment of valuation allowances	101,327,714	6,865,560	108,367,127
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−6,238	+723	−5,515
Allowance for loss on real estate	−2,077	+2,077	------------
Allowance for loss on defaulted Title I notes	−32,703,255	+3,852,188	−28,851,067
Net adjustment of valuation allowances	−32,711,570	+3,854,988	−28,856,582
Net income	68,616,144	10,720,548	79,510,545

ANALYSIS OF INSURANCE RESERVE

Distribution of net income:			
Insurance reserve:			
Balance at beginning of period	------------	67,616,144	------------
Adjustments during the period	------------	173,853	------------
Net income for the period	68,616,144	10,720,548	79,510,545
	68,616,144	78,510,545	79,510,545
Capital contributions to other FHA insurance funds	−1,000,000	------------	−1,000,000
Balance at end of period	67,616,144	78,510,545	78,510,545

Title I Insurance Authority

An amendment to Section 2(a) of the National Housing Act approved April 20, 1950 provides for a revolving type of insurance authorization.

Section 2(a) of the Act, as amended, provides that the aggregate amount of obligations that may be outstanding at any one time shall not exceed $1,750 million. The status of the Title I, Section 2 insurance authority as of December 31, 1959 is given below:

Status of Title I insurance authorization, as of Dec. 31, 1959

Insurance authorization		$1,750,000,000
Charges against insurance authorization:		
Estimated outstanding balance of insurance in force:		
Reserve of July 1, 1947	$6,435,794	
Reserve of March 1, 1950 (including 83,429 loan reports in process)	1,546,635,516	
Total charges against authorization		1,553,071,310
Unused insurance authorization		196,928,690

Title I Insurance Liability

The maximum amount of claims that a qualified institution may present for payment is limited to 10 percent of the eligible loans reported by that institution for insurance. Section 2(a) of the Act, as amended August 2, 1954, provides that, with respect to any loan, advance of credit, or purchase made after the effective date of the Housing Act of 1954, the amount of any claim for loss on such individual loan, advance of credit, or purchase paid by the Commissioner under the provisions of this section to a lending institution shall not exceed 90 percent of such loss. The coinsurance provision of Title I became effective October 1, 1954, and from that date the lender is required to bear 10 percent of the loss sustained on any one loan. As of December 31, 1959, the maximum possible liability of the Title I Insurance Fund for claims was $359,895,509.

Insurance reserves under Title I, established, released, and outstanding at Dec. 31, 1959, as provided under Secs. 2 and 6, National Housing Act

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	110,347,160		46,275,984	$6,435,794
10 percent, reserve of Mar. 1, 1950	837,263,413		$384,184,539	107,303,070	345,775,804
Estimated loan reports in process	7,683,911				7,683,911
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	1,290,725,512	316,928,986	384,184,539	229,716,478	359,895,509

Title I Claims Account

In accordance with Public Law 560, 83d Congress, approved August 2, 1954, the Title I Claims Account was terminated as of August 1, 1954 and the remaining assets transferred to and merged with the Title I Insurance Fund.

Through August 1, 1954, the Federal Government had advanced a total of $38,243,525 to cover operations under Title I (Section 2) on insurance granted prior to July 1, 1939. Of this amount, $6,613,811 had been advanced for salaries and expenses and the remaining $31,629,714 for the payment of insurance claims and loans to insured institutions. In addition, $2,330,360 had been collected as interest and other income, making a total of $40,573,885 accountable funds.

Funds accounted for at August 1, 1954 amounted to $40,541,285: $19,218,917 representing recoveries and interest on claims deposited in the general fund of the Treasury, and $21,322,368 representing expenses and losses, leaving a balance of $32,600 for transfer to the Title I Insurance Fund. This balance was represented by the net assets on hand at August 1, 1954, which consisted of $798 real property and $31,802 accounts and notes receivable.

TITLE I HOUSING INSURANCE FUND

An amendment of April 20, 1950 to the National Housing Act (Public Law 475, 81st Cong.) created the Title I Housing Insurance Fund to be used by the FHA Commissioner as a revolving fund for carrying out the provisions of Section 8 of Title I of the Act. This section provides for the insurance of mortgages to assist families of low and moderate income, particularly in suburban and outlying areas. For the purposes of this fund, the Act authorized the Commissioner to transfer the sum of $1 million from the Title I Insurance Fund. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

Capital and Net Income

Assets of the Title I Housing Insurance Fund at June 30, 1959 totaled $5,925,486, against which there were outstanding liabilities of $1,054,446, leaving $4,871,040 insurance reserve. Included in the insurance reserve is the sum of $1 million which was transferred from the Title I Insurance Fund in accordance with Section 8(h) of the Act.

STATEMENT 8.—*Comparative statement of financial condition, Title I Housing Insurance Fund, as of June 30, 1958, and June 30, 1959*

	June 30, 1958	June 30, 1959	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$427,821	$364,145	−$63,676
Investments: U.S. Government securities (amortized)	2,186,624	2,075,505	−111,119
Loans receivable:			
Mortgage notes and contracts for deed	2,131,106	2,886,121	755,015
Less allowance for losses	31,967	43,292	11,325
Net loans receivable	2,099,139	2,842,829	743,690
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	12,892	27,088	14,196
Accounts receivable—Other	45	56	11
Accounts receivable—Inter-fund	1,306	1,734	428
Total accounts and notes receivable	14,243	28,878	14,635
Accrued assets:			
Interest on U.S. Government securities	4,899	4,870	−29
Other	11,484	14,892	3,408
Total accrued assets	16,383	19,762	3,379
Acquired security:			
Real estate (at cost plus expenses to date)	796,318	869,568	73,250
Less allowance for losses	196,956	275,201	78,245
Net acquired security	599,362	594,367	−4,995
Total assets	5,343,572	5,925,486	581,914
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	4,361	5,474	1,113
Accrued liabilities: Interest on debentures	14,568	12,618	−1,950
Trust and deposit liabilities:			
Excess proceeds of sale	31,578	18,647	−12,931
Deposits held for mortgagors, lessees and purchasers	33,489	39,111	5,622
Total trust and deposit liabilities	65,067	57,758	−7,309
Deferred and undistributed credits:			
Unearned insurance premiums	399,020	369,808	−29,212
Other	11,677	15,538	3,861
Total deferred and undistributed credits	410,697	385,346	−25,351
Bonds, debentures, and notes payable: Debentures payable	651,750	593,250	−58,500
Total liabilities	1,146,443	1,054,446	−91,997
RESERVE			
Insurance reserve available for future losses and expenses	4,197,129	4,871,040	673,911
Total liabilities and reserve	5,343,572	5,925,486	581,914
Certificates of claim relating to properties on hand	41,009	47,705	6,696

The total income of the Title I Housing Insurance Fund for fiscal year 1959 amounted to $955,207 and expenses and losses totaled $194,277, leaving net income of $760,930 before adjustment of the valuation allowances. The valuation allowances were increased $89,570 resulting in a net income of $671,360 for the year.

STATEMENT 9.—*Income and expenses, Title I Housing Insurance Fund, through June 30, 1958 and June 30, 1959*

	April 20, 1950 to June 30, 1958	July 1, 1958 to June 30, 1959	April 20, 1950 to June 30, 1959
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$287,224	$51,732	$338,956
Interest—Other	90,028	77,739	167,767
	377,252	129,471	506,723
Insurance premiums and fees:			
Premiums	4,430,518	822,478	5,252,996
Fees	1,664,197		1,664,197
	6,094,715	822,478	6,917,193
Other income: Miscellaneous income	1,578	3,258	4,836
Total income	6,473,545	955,207	7,428,752
Expenses:			
Administrative expenses:			
Operating costs (including adjustments for prior years)	2,801,314	101,433	2,900,206
Other expenses: Depreciation on furniture and equipment	13,159	578	13,726
Losses and charge-offs:			
Loss on acquired security	233,140	92,317	325,457
Loss (or profit −) on equipment	−120	−51	−170
	233,020	92,266	325,287
Total expenses	3,047,493	194,277	3,239,219
Net income before adjustment of valuation allowances	3,426,052	760,930	4,189,533
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−31,967	−11,325	−43,292
Allowance for loss on real estate	−196,956	−78,245	−275,201
Net adjustment of valuation allowances	−228,923	−89,570	−318,493
Net income	3,197,129	671,360	3,871,040
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		4,197,129	
Adjustments during the period		2,551	
Net income for the period	3,197,129	671,360	3,871,040
	3,197,129	4,871,040	3,871,040
Capital contributions from other FHA insurance funds	1,000,000		1,000,000
Balance at end of period	4,197,129	4,871,040	4,871,040

Investments

Section 8(i) of the Act provides that moneys in the Title I Housing Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under the fund, provided that such purchases are made at prices that will produce an investment yield of not less than the yield obtainable from other authorized investments. During fiscal year 1959, $276,000 of debentures were redeemed in payment of mortgage insurance premiums and $698,050 were redeemed by debenture calls. During the fiscal year 1959, net redemptions of investments amounting to $110,000 (principal amount) were made for the account of this fund, and at June 30, 1959 the fund held U.S. Government securities in the principal amount of $2,070,000 yielding 2.37 percent as follows:

Investments of the Title I Housing Insurance Fund, June 30, 1959

Series	Interest rate (percent)[1]	Purchase price	Par value	Book value (amortized)
1959	----------	$49,566	$50,000	$49,643
1960	2	30,000	30,000	30,000
1961	2	500,000	500,000	500,000
1963	2	190,000	190,000	190,000
1964	3	351,383	350,000	351,360
1967–72	2½	958,367	950,000	954,502
	----------	2,079,316	2,070,000	2,075,505

[1] Average annual yield 2.37 percent.

Properties Acquired Under the Terms of Insurance

During the calendar year 1959, 155 properties insured under Title I, Section 8, were acquired by the Commissioner under the terms of insurance. Through December 31, 1959, a total of 798 homes had been acquired under the Title I Housing Insurance Fund at a total cost of $4,979,601, and 660 had been sold at prices which left a net charge against the fund of $425,628, or an average of $645 per case.

STATEMENT 10.—*Statement of profit and loss on sale of acquired properties, Title I Housing Insurance Fund, through Dec. 31, 1959*

Items	Total TIHI Fund (660 properties)
Proceeds of sale:	
Sales price [1]	$3,688,538
Less commission and other selling expense	161,115
Net proceeds of sales	3,527,423
Income:	
Rental and other income (net)	12,215
Mortgage note income	321,465
Recovery prior to acquisition on defaulted notes	5,088
Total income	338,768
Total proceeds of sold properties	3,866,191

See footnote at end of table.

STATEMENT 10.—*Statement of profit and loss on sale of acquired properties, Title I Housing Insurance Fund, through Dec. 31, 1959*—Continued

Items	Total TIHI Fund (660 properties)
Expenses:	
Debentures and cash adjustments	$3,586,157
Asset value acquired after default of purchase money mortgages	−37,706
Interest on debentures	315,943
Taxes and insurance	59,471
Additions and improvements	665
Maintenance and operating expense	283,882
Service charge	25,284
Miscellaneous	697
Total expenses	4,233,393
Net profit (or loss −) before distribution of liquidation profits	−367,202
Less distribution of liquidation profits:	
Certificates of claim	33,955
Increment on certificates of claim	1,036
Refunds to mortgagors	23,435
Loss (−) to Title I Housing Insurance Fund	−425,628

[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	34	----------	$96,028	----------	$96,028
Properties sold for cash and notes (or contracts for deed)	626	626	187,245	$3,405,265	3,592,510
Total	660	626	283,273	3,405,265	3,688,538

The turnover of Section 8 properties acquired and sold, by calendar year, is given below:

STATEMENT 11.—*Turnover of properties acquired under Sec. 8 of Title I contracts of insurance by years, and cumulative through Dec. 31, 1959*

Properties acquired		Properties sold, calendar years								Properties on hand Dec. 31, 1959
Year	Number	1952	1953	1954	1955	1956	1957	1958	1959	
1952	2	-----	-----	1	1	-----	-----	-----	-----	--------
1953	55	-----	7	46	1	-----	1	-----	-----	--------
1954	25	-----	-----	8	14	2	-----	-----	−1	2
1955	46	-----	-----	-----	10	25	−1	-----	−2	14
1956	141	-----	-----	-----	-----	75	48	11	-----	7
1957	219	-----	-----	-----	-----	-----	114	77	5	23
1958	155	-----	-----	-----	-----	-----	-----	78	58	19
1959	155	-----	-----	-----	-----	-----	-----	-----	82	73
Total	798	-----	7	55	26	102	162	166	142	138

NOTE.—On the 660 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 5.98 months. The number of properties sold has been reduced by 12 properties repossessed because of default on mortgage notes. Of these repossessed properties, 6 had been sold by Dec. 31, 1959.

On December 31, 1959, there remained on hand 138 properties insured under the Title I Housing Insurance Fund. The cost of these properties was:

Title I Housing Insurance Fund, statement of properties on hand at Dec. 31, 1959

	Title I, Sec. 8 (138 properties)
Expenses:	
Acquisition costs	$776,095
Interest on debentures	45,045
Taxes and insurance	32,693
Maintenance and operation	29,817
Additions and improvements	36
Miscellaneous	466
Total expenses	884,152
Income: Rent and other income (net)	18,717
Net acquired security on hand	865,435

Section 8 of the Act provides that if the net amount realized from any property acquired by FHA under the terms of insurance with respect to which Section 8 is applicable, after deducting all expenses incurred in handling, dealing with, and disposing of such property, exceeds the face value of debentures issued and cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be applied to the certificate of claim issued to the mortgagee, and any excess remaining after paying the certificate of claim and increment thereon shall be refunded to the mortgagor.

Certificates of claim issued in connection with the 660 Section 8 properties which had been acquired and sold through 1959 totaled $201,524. The amount paid or to be paid on these certificates of claim totaled $33,955, and certificates of claim totaling $167,569 had been or will be canceled.

In addition, there were excess proceeds on 129 of the 660 properties sold, amounting to $23,435, for refund to the mortgagors.

TITLE II: MUTUAL MORTGAGE INSURANCE FUND

The Mutual Mortgage Insurance Fund was established by Section 202 of the National Housing Act of June 27, 1934 as a revolving fund for carrying out the provisions of Title II with respect to insurance under Section 203 (mortgages on 1- to 4-family homes) and Section 207 (rental housing projects). An amendment to the Act approved February 3, 1938 established the Housing Insurance Fund to carry the insurance on rental housing projects insured under Section 207 after that date.

In accordance with Section 202 of the Act, the Mutual Mortgage Insurance Fund was originally allocated the sum of $10 million by the Federal Government. It has been credited with all income received with respect to insurance granted under Section 203, and that received with respect to insurance granted prior to February 3, 1938 under Section 207.

Prior to the amendment of August 2, 1954, Section 205 of the Act, as amended, provided that mortgages insured under Section 203 should be classified into groups in accordance with sound actuarial practice and risk characteristics. Each group account was credited with the income and charged with the expenses and losses of the mortgages in the group. If such income exceeded the expenses and losses, the resultant credit balance was distributed in the form of participation payments to mortgagors of the group upon payment in full of their mortgages, or upon termination of the group account, except that a mortgagor might not receive an amount in excess of the aggregate scheduled annual premiums to the year of termination of the insurance.

The General Reinsurance Account was established by Section 205 (b) of the Act and, in accordance with this section, was credited with the original allocation of $10 million provided by Section 202 of the Act.

An amendment to Section 205 of the Act approved August 2, 1954 directed the Commissioner to establish as of July 1, 1954, a General Surplus Account and a Participating Reserve Account. The balance of the General Reinsurance Account, amounting to $64,198,363, was transferred to the General Surplus Account, whereupon the General Reinsurance Account was abolished. There was transferred from the various group accounts to the Participating Reserve Account as of July 1, 1954 $56,387,716, an amount equal to the aggregate amount which would have been distributed under the provisions of Section 205 in effect on June 30, 1954 if all outstanding mortgages in the group accounts had been paid in full on that date. All of the remaining balances of the group accounts, in the amount of $71,371,016, were transferred to the General Surplus Account, whereupon all of the group accounts were abolished. The aggregate net income received or net loss sustained by the Mutual Mortgage Insurance Fund in any semiannual period is credited or charged to the General Surplus Account and/or the Participating Reserve Account in such manner and amount as the Commissioner may determine to be in accord with sound actuarial and accounting practice. Upon termination of the insurance obligation of the Mutual Mortgage Insurance Fund by payment of any mortgage insured thereunder, the Commissioner is authorized to distribute to the mortgagor a share of the Participating Reserve Account in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound actuarial and accounting practice, except that a mortgagor may not receive an amount in excess of the aggregate scheduled annual premium to the year of termination of the insurance.

Capital

As of June 30, 1959, the assets of the Mutual Mortgage Insurance Fund totaled $537,256,176, against which there were outstanding liabilities of

$61,268,106, leaving $475,988,070 insurance reserves.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the amount of capital contributed to this fund by the U.S. Government in the amount of $41,994,095, $10 million to establish the fund and $31,994,095 for salaries and expenses, was established as a liability of the fund as of June 30, 1953. The principal liability of $41,994,095, together with interest thereon in the amount of $17,059,847, was repaid during fiscal year 1954, the final payment being made on March 11, 1954.

STATEMENT 12.—*Comparative statement of financial condition, Mutual Mortgage Insurance Fund, as of June 30, 1958 and June 30, 1959*

	June 30, 1958	June 30, 1959	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$9,064,116	$15,371,630	$6,307,514
Investments:			
U.S. Government securities (amortized)	419,945,475	458,730,104	38,784,629
Other securities (stock in rental housing corporations)	100	100	
Total investments	419,945,575	458,730,204	38,784,629
Loans receivable:			
Mortgage notes and contracts for deed	20,420,553	25,374,111	4,953,558
Less allowance for losses	306,308	380,612	74,304
Net loans receivable	20,114,245	24,993,499	4,879,254
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	1,136,527	1,880,725	744,198
Accounts receivable—Other	391	596	205
Accounts receivable—Interfund	1,265,844	1,412,773	146,929
Total accounts and notes receivable	2,402,762	3,294,094	891,332
Accrued assets:			
Insurance premiums	5,697,816	18,455,041	12,757,225
Interest on U.S. Government securities	1,545,546	1,837,783	292,237
Other	97,733	96,836	−897
Total accrued assets	7,341,095	20,389,660	13,048,565
Acquired security:			
Real estate (at cost plus expenses to date)	16,702,072	22,771,435	6,069,363
Less allowance for losses	6,864,762	8,294,346	1,429,584
Net acquired security	9,837,310	14,477,089	4,639,779
Total assets	468,705,103	537,256,176	68,551,073
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	24,422	482,001	457,579
Group account participations payable	3,647,544	4,726,408	1,078,864
Total accounts payable	3,671,966	5,208,409	1,536,443
Accrued liabilities: Interest on debentures	551,660	370,655	−181,005
Trust and deposit liabilities:			
Fee deposits held for future disposition	6,405,945	8,769,170	2,363,225
Excess proceeds of sale	623,479	440,742	−182,737
Deposits held for mortgagors, lessees, and purchasers	362,030	399,936	37,906
Total trust and deposit liabilities	7,391,454	9,609,848	2,218,394

STATEMENT 12.—*Comparative statement of financial condition, Mutual Mortgage Insurance Fund, as of June 30, 1958 and June 30, 1959*—Continued

	June 30, 1958	June 30, 1959	Increase or decrease (−)
LIABILITIES—continued			
Deferred and undistributed credits:			
Unearned insurance premiums	$34,441,228	$30,997,161	−$3,444,067
Other	101,253	102,133	880
Total deferred and undistributed credits	34,542,481	31,099,294	−3,443,187
Bonds, debentures, and notes payable: Debentures payable	16,456,150	14,979,900	−1,476,250
Total liabilities	62,613,711	61,268,106	−1,345,605
RESERVES			
Statutory reserve—for participation payments and future losses	105,715,794	125,814,081	20,098,287
Insurance reserve—available for future losses and expenses	300,375,598	350,173,989	49,798,391
Total reserves	406,091,392	475,988,070	69,896,678
Total liabilities and reserves	468,705,103	537,256,176	68,551,073
Certificates of claim relating to properties on hand	743,413	939,119	195,706

Income and Expenses

During fiscal year 1959 the income to the fund amounted to $125,223,894, while expenses and losses amounted to $42,159,438, leaving $83,064,456 net income before adjustment of valuation allowances. After the valuation allowances had been increased $1,503,888, the net income for the year was $81,560,568.

The cumulative income of the Mutual Mortgage Insurance Fund from June 30, 1934 to June 30, 1959 amounted to $986,669,594 and cumulative expenses amounted to $406,949,650, leaving $579,719,944 net income before adjustment of valuation allowances. After $8,674,958 had been allocated to valuation allowances, the cumulative net income amounted to $571,044,986.

STATEMENT 13.—*Income and expenses, Mutual Mortgage Insurance Fund, through June 30, 1958 and June 30, 1959*

	June 30, 1934 to June 30, 1958	July 1, 1958 to June 30, 1959	June 30, 1934 to June 30, 1959
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$75,694,381	$12,299,177	$87,993,558
Interest—Other	−24,372	725,343	700,971
Dividends on rental housing stock	286		286
	75,670,295	13,024,520	88,694,815
Insurance premiums and fees:			
Premiums	625,259,747	95,176,036	720,435,783
Fees	158,619,193	16,934,480	175,553,673
	783,878,940	112,110,516	895,989,456
Other income:			
Profit on sale of investments	1,829,815		1,829,815
Miscellaneous income	66,650	88,858	155,508
	1,896,465	88,858	1,985,323
Total income	861,445,700	125,223,894	986,669,594

STATEMENT 13.—*Income and expenses, Mutual Mortgage Insurance Fund, through June 30, 1958 and June 30, 1959*—Continued

	June 30, 1934 to June 30, 1958	July 1, 1958 to June 30, 1959	June 30, 1934 to June 30, 1959
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)	341,014,771	$40,567,421	381,843,341
Other expenses:			
Depreciation on furniture and equipment	1,711,394	199,262	1,911,805
Miscellaneous expenses	17,727	−3	17,724
	1,729,121	199,259	1,929,529
Losses and charge-offs:			
Loss on acquired security	4,769,408	1,410,396	6,179,803
Loss (or profit −) on equipment	−45,112	−17,637	−62,870
	4,724,296	1,392,758	6,116,933
Total expenses	364,528,035	42,159,438	406,949,650
Net income before adjustment of valuation allowances	496,917,665	83,064,456	579,719,944
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−306,308	−74,304	−380,612
Allowance for loss on real estate	−6,864,762	−1,429,584	−8,294,346
Net adjustment of valuation allowances	−7,171,070	−1,503,888	−8,674,958
Net income	489,746,595	81,560,568	571,044,986

ANALYSIS OF INSURANCE RESERVE

Distribution of net income:			
Statutory reserve:			
Balance at beginning of period		$105,715,794	
Adjustments during the period			
Net income allocated for the period	$188,370,997	31,500,000	$219,870,997
	188,370,997	137,215,794	219,870,997
Participations in mutual earnings distributed	−82,655,203	−11,401,713	−94,056,916
Balance at end of period	105,715,794	125,814,081	125,814,081
Insurance reserve:			
Balance at beginning of period		300,375,598	
Adjustments during the period		−262,177	
Net income for the period	301,375,598	50,060,568	351,173,989
	301,375,598	350,173,989	351,173,989
Capital contributions to other FHA insurance funds	−1,000,000		−1,000,000
Balance at end of period	300,375,598	350,173,989	350,173,989
Total reserves at end of period	406,091,392	475,988,070	475,988,070

Investments

Section 206 of the Act provides that excess moneys in the Mutual Mortgage Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under the fund, provided that such purchases are made at a price which will produce an investment yield of not less than the yield obtainable from other authorized investments.

During the fiscal year 1959, $4,274,500 in debentures was redeemed in payment of mortgage insurance premiums and $10,191,900 was redeemed by debenture calls or by reason of maturity.

Net purchases of U.S. Government securities made during the fiscal year increased the holdings of the fund by $42,280,950 (principal amount). These transactions increased the average annual yield from 2.78 percent to 2.89 percent. On June 30, 1959, the fund held U.S. Government securities in the amount of $465,344,350, principal amount, as follows:

Investments of the Mutual Mortgage Insurance Fund, June 30, 1959

Series	Interest rate (percent)[1]	Purchase price	Par value	Book value (amortized)
1959	3½	$2,000,000	$2,000,000	$2,000,000
1960	3½	32,580,570	32,700,000	32,661,510
1961	2½	42,074,591	43,650,000	42,875,887
1962	2	15,109,000	15,109,000	15,109,000
1962	3¾	8,344,594	8,100,000	8,278,379
1962	4	9,909,188	9,900,000	9,906,337
1962–67	2½	5,000,000	5,000,000	5,000,000
1963	2½	3,376,582	3,500,000	3,426,846
1963	2⅝	5,354,703	5,350,000	5,353,597
1963–68	2½	26,778,078	27,200,000	26,892,700
1964	3	16,636,870	16,400,000	16,598,387
1964–69	2½	60,544,626	63,225,000	60,979,714
1965	2⅝	24,466,616	26,550,000	24,546,783
1965–70	2½	35,191,984	35,900,000	35,399,412
1966–71	2½	26,089,805	26,700,000	26,256,058
1967–72	2½	137,244,134	137,567,000	136,952,143
NDHIF Debentures	2½	3,227,700	3,227,700	3,227,700
Do	2¾	3,265,650	3,265,650	3,265,650
		457,194,871	465,344,350	458,730,103

[1] Average annual yield 2.89 percent.

Properties Acquired Under the Terms of Insurance

One thousand eight hundred and twenty-eight homes insured under Section 203 were acquired by the Commissioner during the calendar year 1959 under the terms of insurance. Through 1959, a total of 11,835 homes had been acquired under the Mutual Mortgage Insurance Fund at a total cost of $92,952,564. Statement 14 shows the turnover of Section 203 acquired properties since the acquisition of the first such property in 1936.

Through December 31, 1959, 9,058 acquired properties insured under Section 203 had been sold at prices which left a net charge against the fund of $6,787,922, or an average of approximately $749 per case. One Section 207 rental housing project, insured under the Mutual Mortgage Insurance Fund prior to February 3, 1938, was acquired and sold in 1941 at no loss to the fund.

STATEMENT 14.—*Turnover of properties acquired under Sec. 203 of Title II contracts of insurance, by years, and cumulative through Dec. 31, 1959*

Properties acquired		Properties sold by calendar years													Properties on hand Dec. 31, 1959
Year	*Number*	1936–47	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	
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	40	28	10	4		
1954	427								162	174	36	21			34
1955	485									199	213	20	9	7	37
1956	1,572										279	391	50	51	801
1957	910											372	273	34	231
1958	1,328												501	337	490
1959	1,828													648	1,180
Total	11,835	4,067	2	19	84	291	340	202	277	457	568	830	845	1,076	2,777

NOTE.—On the 9,058 properties sold the average time between acquisition and sale by the Federal Housing Administration was 7.42 months. The number of properties sold has been reduced by 78 properties repossessed because of default on mortgage notes. Of these repossessed properties, 54 had been sold by Dec. 31, 1959.

STATEMENT 15.—*Statement of profit and loss on sale of acquired properties, Mutual Mortgage Insurance Fund, through Dec. 31, 1959*

Item	Sec. 203 (9,058 properties)	Sec. 207 1 property (265 units)	Total MMI Fund (9,059 properties)
Proceeds of sales:			
Sales price [1]	$59,486,608	$1,000,000	$60,486,608
Less commission and other selling expenses	2,641,083		2,641,083
Net proceeds of sales	56,845,525	1,000,000	57,845,525
Income:			
Rental and other income (net)	1,281,781		1,281,781
Mortgage note income	6,372,826		6,372,826
Recovery prior to acquisition on defaulted notes	69,071		69,071
Total income	7,723,678		7,723,678
Total proceeds of sold properties	64,569,203	1,000,000	65,569,203
Expenses:			
Debentures and cash adjustments	57,724,221	942,145	58,666,366
Asset value acquired after default of purchase money mortgages	−310,268		−310,268
Interest on debentures	7,029,560	18,387	7,047,947
Taxes and insurance	1,185,569	5,012	1,190,581
Additions and improvements	107,943		107,943
Maintenance and operating expense	3,503,124		3,503,124
Service charge	149,321		149,321
Miscellaneous expense	7,523	1,669	9,192
Total expenses	69,396,993	967,213	70,364,206
Net profit (or loss −) before distribution of liquidation profits	−4,827,790	32,787	−4,795,003
Less distribution of liquidation profits:			
Certificates of claim	1,160,373	31,532	1,191,905
Increment on certificates of claim	65,670	1,255	66,925
Refunds to mortgagors	734,089		734,089
Loss (−) to Mutual Mortgage Insurance Fund	−6,787,922		−6,787,922

[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	1,284		$8,051,793		$8,051,793
Properties sold for cash and notes (or contracts for deed)	7,775	7,710	4,266,104	$48,168,711	52,434,815
Total	9,059	7,710	12,317,897	48,168,711	60,486,608

On December 31, 1959, 2,777 properties insured under the Mutual Mortgage Insurance Fund were held by FHA. The cost of these properties was:

Mutual Mortgage Insurance Fund, statement of properties on hand at Dec. 31, 1959

	Sec. 203 (2,777 properties)
Expenses:	
Acquisition costs	$24,282,902
Interest on debentures	1,550,451
Taxes and insurance	774,073
Additions and improvements	20,386
Maintenance and operating	1,304,401
Miscellaneous	488
Total expenses	27,932,701
Income: Rental and other income (net)	1,254,667
Net acquired security on hand	26,678,034

Certificates of Claim and Refunds to Mortgagors

Section 204(f) of the Act provides that, if the net amount realized from any property acquired by the FHA under the terms of insurance with respect to which Section 204(f) is applicable, after deducting all expenses incurred in handling, dealing with, and disposing of such property, exceeds the face value of debentures issued and cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be applied to the certificate of claim issued to the mortgagee, and that any excess remaining after paying the certificate of claim and increment thereon shall be refunded to the mortgagor.

Certificates of claim issued in connection with the Section 203 properties which had been acquired and sold through 1959 totaled $4,139,719. The amount paid or to be paid on these certificates of claim totaled $1,160,373 (approximately 28 percent), while certificates of claim totaling $2,979,346 (approximately 72 percent), had been, or will be canceled.

In addition, there were excess proceeds on approximately 22 percent (or 2,034) of the 9,058 sold properties, amounting to $734,089, for refund to mortgagors. This amount represents $396,107 paid and $317,570 payable on 1,924 cases, and $20,412 held in trust for 110 payees whose whereabouts are unknown. The average refund per case amounted to $361.

Mutual Mortgage Participation Payments

The first participation payments in connection with insured loans prepaid in full were made as of January 1, 1944, and during the 15½ years following that date total payments of $94,056,916 were made or accrued on 791,173 insured loans. This amount represents $89,330,508 paid and $4,520,548 payable on 788,155 cases, and $205,860 held in trust for 3,018 payees whose whereabouts are unknown.

TITLE II. HOUSING INSURANCE FUND

The insurance risks on rental and group housing insured under Sections 207 and 210 after February 3, 1938, on cooperative housing insured under Section 213, on housing for the elderly insured under Section 231, and on housing for nursing homes insured under Section 232 are liabilities of the Housing Insurance Fund, which was established by an amendment to the National Housing Act approved February 3, 1938.

Section 213, which was added to the Act by an amendment approved April 20, 1950, authorizes the insurance of mortgages on cooperative housing projects. To be eligible for insurance under Section 213, the mortgagor must be a nonprofit cooperative ownership housing corporation, the permanent occupancy of the dwellings being restricted to members (management-type project), or a nonprofit corporation organized for the purpose of building homes for members (sales-type project), or a corporation intending to sell the project to a nonprofit cooperative housing corporation. In a mortgage on a sales-type project, provision is made for the release from the blanket mortgage of individual properties for sale to members and for the insurance of individual mortgages under Section 213 on such released properties.

Sections 231 and 232 were added to the Act by an amendment approved September 23, 1959.

Section 231 authorizes the insurance of project mortgages to assist in relieving the shortage of housing for elderly persons and to increase the supply of rental housing for elderly persons.

Section 232 authorizes the insurance of project mortgages to assist in providing urgently needed nursing homes for the care and treatment of convalescents and other persons who are not acutely ill and do not need hospital care, but who require skilled nursing care and related medical services.

Appraisal fees, insurance premiums, interest on investments, and income from security acquired under the terms of insurance are deposited with the Treasurer of the United States to the credit of the Housing Insurance Fund. Foreclosure losses and general operating expenses of the Federal Housing Administration under Section 207 and 210 since February 3, 1938 and under Sections 213, 231, and 232 are charged against the fund.

This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments. Any increase in the fund resulting from operations is retained as a general reserve to meet possible insurance losses and future expenses in connection with Sections 207, 210, 213, 231, and 232 insurance. In accordance with Section 207(h) of the Act, the excess proceeds, if any, from the sale of an acquired project, after deducting all costs incident to the acquisition, handling, and final disposition of the project, are applied to the mortgagee's certificate of claim and increment thereon, and any remaining balance is credited to the Housing Insurance Fund, except that, with respect to individual mortgages insured under the provisions of Section 213(d), any excess remaining after payment of the certificate of claim and increment thereon is for refund to the mortgagor. Prior to enactment of the amendments of August 10, 1948 to the National Housing Act, any excess remaining after payment of the certificate of claim and increment thereon was refunded to the mortgagor.

Capital and Net Income

Assets of the Housing Insurance Fund as of June 30, 1959 totaled $27,877,354, against which there were outstanding liabilities of $15,276,398. The insurance reserve of the fund amounted to $12,600,956, represented by $5,400,000 capital contributions from other FHA insurance funds and earnings of $7,200,956.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the amount of capital contributed to this fund by the U.S. Government for salaries and expenses in the amount of $4,170,024 was established as a liability of the fund as of June 30, 1953. This amount, together with interest thereon in the amount of $1,386,666, was repaid during fiscal year 1954, the final payment being made on October 31, 1953.

STATEMENT 16.—*Comparative statement of financial condition, Housing Insurance Fund, as of June 30, 1958 and June 30, 1959*

	June 30, 1958	June 30, 1959	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$3, 060, 152	$1, 883, 199	−$1, 176, 953
Investments:			
U.S. Government securities (amortized)	4, 648, 700	7, 068, 634	2, 419, 934
Other securities (stock in rental housing corporations)	63, 900	72, 900	9, 000
Total investments	4, 712, 600	7, 141, 534	2, 428, 934

STATEMENT 16.—*Comparative statement of financial condition, Housing Insurance Fund, as of June 30, 1958 and June 30, 1959*—Continued

	June 30, 1958	June 30, 1959	Increase or decrease (−)
ASSETS—continued			
Loans receivable:			
Mortgage notes and contracts for deed	$6,598,687	$7,230,270	$631,583
Less allowance for losses	248,665	263,136	14,471
Net loans receivable	6,350,022	6,967,134	617,112
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	130,322	163,322	33,000
Accounts receivable—Other		6,635	6,635
Accounts receivable—Interfund	44,378	54,455	10,077
Total accounts and notes receivable	174,700	224,412	49,712
Accrued assets:			
Insurance premiums	185,240	305,023	119,783
Interest on U.S. Government securities	3,437	3,437	
Other	52,442	93,104	40,662
Total accrued assets	241,119	401,564	160,445
Acquired security:			
Real estate (at cost plus expenses to date)	6,635,013	8,324,305	1,689,292
Less allowance for losses	2,352,864	3,626,463	1,273,599
Net real estate	4,282,149	4,697,842	415,693
Mortgage notes acquired under terms of insurance	6,551,868	10,078,961	3,527,093
Less allowance for losses	2,301,101	3,549,569	1,248,468
Net mortgage notes acquired under terms of insurance	4,250,767	6,529,392	2,278,625
Net acquired security	8,532,916	11,227,234	2,694,318
Other assets—held for account of mortgagors	14,982	32,277	17,295
Total assets	23,086,491	27,877,354	4,790,863
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	3,916	2,352	−1,564
Accrued liabilities: Interest on debentures	144,469	149,714	5,245
Trust and deposit liabilities:			
Excess proceeds of sale	129,263	42,085	−87,178
Deposits held for mortgagors, lessees, and purchasers	244,542	410,516	165,974
Total trust and deposit liabilities	373,805	452,601	78,796
Deferred and undistributed credits:			
Unearned insurance premiums	2,247,886	2,885,145	637,259
Unearned insurance fees	193,301	285,172	91,871
Other	52,442	93,104	40,662
Total deferred and undistributed credits	2,493,629	3,263,421	769,792
Bonds, debentures, and notes payable: Debentures payable	10,173,050	11,304,650	1,131,600
Other liabilities: Reserve for foreclosure costs—Mortgage notes acquired under terms of insurance	66,991	103,660	36,669
Total liabilities	13,255,860	15,276,398	2,020,538
RESERVE			
Insurance reserve—available for future losses and expenses	9,830,631	12,600,956	2,770,325
Total liabilities and reserve	23,086,491	27,877,354	4,790,863
Certificates of claim relating to properties on hand	145,475	400,585	255,110

During the fiscal year 1959 the income of the fund amounted to $8,292,852, while expenses and losses amounted to $3,065,360, leaving $5,227,492 net income before adjustment of valuation allowances. After the valuation allowances had been increased by $2,536,538, a net income of $2,690,954 resulted for the fiscal year.

STATEMENT 17.—*Income and expenses, Housing Insurance Fund, through June 30, 1958 and June 30, 1959*

	Feb. 3, 1938 to June 30, 1958	July 1, 1958 to June 30, 1959	Feb. 3, 1938 to June 30, 1959
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$1,494,359	$123,388	$1,617,747
Interest—Other	1,302,793	419,101	1,721,894
Dividends on rental housing stock	2,929	589	3,518
	2,800,081	543,078	3,343,159
Insurance premiums and fees:			
Premiums	21,463,372	4,918,992	26,382,364
Fees	10,273,837	2,830,782	13,104,619
	31,737,209	7,749,774	39,486,983
Other income:			
Profit on sale of investments	95,416		95,416
Total income	34,632,706	8,292,852	42,925,558
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)	22,342,122	2,796,737	25,059,799
Other expenses:			
Depreciation on furniture and equipment	118,230	13,850	131,732
Miscellaneous expenses	100	100	200
	118,330	13,950	131,932
Losses and charge-offs:			
Loss (or profit −) on acquired security	1,455,018	255,899	1,710,917
Loss (or profit −) on equipment	−2,691	−1,226	−3,880
	1,452,327	254,673	1,707,037
Total expenses	25,299,445	3,065,360	28,285,434
Net income before adjustment of valuation allowances	9,333,261	5,227,492	14,640,124
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−248,665	−14,471	−263,136
Allowance for loss on real estate	−2,352,864	−1,273,599	−3,626,463
Allowance for loss on mortgage notes acquired under terms of insurance	−2,301,101	−1,248,468	−3,549,569
Net adjustment of valuation allowances	−4,902,630	−2,536,538	−7,439,168
Net income	4,430,631	2,690,954	7,200,956
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		9,830,631	
Adjustments during the period		79,371	
Net income for the period	4,430,631	2,690,954	7,200,956
	4,430,631	12,600,956	7,200,956
Capital contributions from other FHA insurance funds	5,400,000		5,400,000
Balance at end of period	9,830,631	12,600,956	12,600,956

Investments

Section 207(p) of the National Housing Act provides that excess moneys not needed for current operations under the Housing Insurance Fund shall be deposited with the Treasurer of the United States to the credit of the Housing Insurance Fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States, or, with the approval of the Secretary of the Treasury, used for the purchase of debentures issued under Section 207 and Section 204. In the fiscal year 1959, $949,050 of debentures were redeemed in payment of mortgage insurance premiums and $3,999,300 were redeemed by debenture calls. During the fiscal year 1959, net investments amounting to $2,420,000 (principal amount) were made for the account of this fund and at June 30, 1959 the fund held United States Government securities in the principal amount of $7,068,000, yielding 2.23 percent as shown in the table in the opposite column on this page.

Investments of the Housing Insurance Fund, June 30, 1959

Series	Interest rate (percent) [1]	Purchase price	Par value	Book value (amortized)
1962	2	$148,000	$148,000	$148,000
1963	2	3,620,000	3,620,000	3,620,000
1962–67	2½	1,500,000	1,500,000	1,500,000
1967–72	2½	1,801,437	1,800,000	1,800,634
		7,069,437	7,068,000	7,068,634

[1] Average annual yield 2.23 percent.

Properties Acquired Under the Terms of Insurance

During 1959, 6 additional project properties or assigned mortgage notes (689 units) were acquired by the FHA Commissioner under the terms of mortgage insurance of Section 207 and 1 property (15 units) was sold. No additional Section 213 project properties or assigned mortgage notes were acquired during the calendar year, and none were sold. Eighty-seven Section 213 home properties were acquired under the terms of insurance and 23 were sold during 1959. Through December 31, 1959, a cumulative total of 48 rental housing properties or assigned mortgage notes (7,300 units) insured under Section 207–210 had been acquired under the terms of insurance; 5 project properties or project mortgage notes (303 units) and 291 home properties insured under Section 213 had been acquired. Twenty-four projects (3,520 units) and 1 mortgage note (1,102 units) insured under Section 207–210, and under Section 213 one project (26 units), 1 mortgage note (144 units) and 160 home properties had been sold. The acquired security on hand at December 31, 1959, in the Housing Insurance Fund is as follows:

Housing Insurance Fund, statement of properties and assigned mortgage notes on hand as of Dec. 31, 1959

	Sec. 207		Sec. 213		Sec. 213 homes (131 properties, 131 units)	Total (143 properties, 14 mortgage notes, 2,942 units)
	10 projects (1,401 units) [1]	13 mortgage notes (1,277 units)	2 projects (92 units) [2]	1 mortgage note (41 units)		
Expenses:						
Acquisition costs	$9,695,994	$9,122,353	$957,306	$466,156	$977,900	$21,219,709
Interest on debentures	924,947	429,379	75,471	74,352	47,718	1,551,867
Taxes and insurance	313,820		46,153		15,989	375,962
Additions and improvements	9,733					9,733
Maintenance and operating	521,724		13,759		13,583	549,066
Service charge		11,049		494		11,543
Miscellaneous	21,979	2,778	2,186	612	451	28,006
Total expenses	11,488,197	9,565,559	1,094,875	541,614	1,055,641	23,745,886
Income and recoveries:						
Rent and other (net)	839,014	649,323	110,738	83,412	2,881	1,685,368
Proceeds from partial sales	5,750		566,600			572,350
Collections on mortgage notes		184,237		204,858		389,095
Total income	844,764	833,560	677,338	288,270	2,881	2,646,813
Net acquired security on hand	10,643,433	8,731,999	417,537	253,344	1,052,760	21,099,073

[1] Includes 1 unit in 1 partially sold project. [2] Includes 52 units in 2 partially sold projects.

An analysis of properties sold and assigned notes liquidated is shown in Statement 18.

STATEMENT 18.—*Statement of profit and loss on sale of acquired properties, and assigned mortgage notes liquidated, Housing Insurance Fund, through Dec. 31, 1959*

	Secs. 207–210, 24 projects and 1 mortgage note (4,622 units)	Sec. 213		Total HI Fund, 185 properties, 2 mortgage notes (4,952 units)
		Projects, 1 property, 1 mortgage note (170 units)	Homes, 160 properties (160 units)	
Proceeds of sales:				
Sales price [1]	$18,364,992	$1,724,800	$1,268,100	$21,357,892
Less commissions	10,078	9,228	60,105	79,411
Net proceeds of sales	18,354,914	1,715,572	1,207,995	21,278,481
Income:				
Rental and other income (net)	2,434,652	18,390	3,019	2,456,061
Mortgage note income	3,353,233	495,126	98,565	3,946,924
Recovery prior to acquisition on defaulted notes	8,037	309	1,381	9,727
Total income	5,795,922	513,825	102,965	6,412,712
Total proceeds of sold properties	24,150,836	2,229,397	1,310,960	27,691,193
Expenses:				
Debentures and cash adjustments	19,308,549	1,703,327	1,287,007	22,298,883
Asset value acquired after default of purchase money mortgages			−36,556	−36,556
Interest on debentures	4,174,779	334,511	115,093	4,624,383
Taxes and insurance	663,301	3,936	18,604	685,841
Additions and improvements	217,322	82		217,404
Maintenance and operating expense	1,112,727	22,384	70,041	1,205,152
Service charge	7,866	8,844	6,666	23,376
Miscellaneous expense	43,107	551	4	43,662
Total expenses	25,527,651	2,073,635	1,460,859	29,062,145
Net profit (or loss −) before distribution of liquidation profits	−1,376,815	155,762	−149,899	−1,370,952
Less distribution of liquidation profits:				
Certificates of claim	146,795	30,242	3,565	180,602
Increment on certificates of claim	14,009	6,929	164	21,102
Refunds to mortgagors	172,289		1,702	173,991
Loss (−) to Housing Insurance Fund	−1,709,908	118,591	−155,330	−1,746,647

[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	12		$3,419,997		$3,419,997
Properties sold for cash and notes (or contracts for deed)	175	352	611,671	$17,326,224	17,937,895
Total	187	352	4,031,668	17,326,224	21,357,892

In addition to the rental housing projects acquired under the Housing Insurance Fund, 1 Section 207 project insured under the Mutual Mortgage Insurance Fund had been acquired and sold at no loss to that fund.

The turnover of Section 207 and Section 213 acquired securities, by calendar year, is given below:

STATEMENT 19.—*Turnover of properties acquired and mortgage notes assigned under Sec. 207 of Title II contracts of insurance, by years and cumulative through Dec. 31, 1959*

Properties and notes acquired		Properties and notes sold, by calendar years								Properties and notes on hand Dec. 31, 1959
Year	Number	1940–52	1953	1954	1955	1956	1957	1958	1959	
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
Total	49	18		2		3	2		1	23

NOTE.—The number of properties and notes sold has been reduced by 1 property repossessed because of default on mortgage note. The repossessed property has been resold.

STATEMENT 20.—*Turnover of properties acquired and mortgage notes assigned under Sec. 213 of Title II contracts of insurance by years and cumulative through Dec. 31, 1959*

Properties and notes acquired		Properties and notes sold, by calendar years								Properties and notes on hand Dec. 31, 1959
Year	Number	1952	1953	1954	1955	1956	1957	1958	1959	
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	13
1958	53							21	10	22
1959	87								12	75
Total	296			2	5	29	56	47	23	[1] 134

[1] Includes 131 of the 291 home properties acquired.

NOTE.—On the 160 home properties sold, the average time between acquisition and sale by the Federal Housing Administration was 6.24 months. The number of properties sold has been reduced by 5 properties repossessed because of default on mortgage notes. None of the repossessed properties have been resold.

Certificates of Claim and Refunds to Mortgagors

Certificates of claim issued in connection with the 24 projects sold and one mortgage note liquidated, under Section 207–210 through December 31, 1959 totaled $385,763. The amount paid or to be paid on these certificates totaled $146,795, and the amount canceled or to be canceled, $238,968. In addition, excess proceeds on 3 projects had been refunded to mortgagors in the amount of $172,289, in accordance with provisions of the Act prior to amendment of August 10, 1948.

As a result of insurance under Section 213, 2 certificates of claim in the amount of $39,337 had been issued in connection with 1 project acquired and sold and 1 mortgage note assigned under terms of insurance and subsequently liquidated, with $30,242 of this amount to be paid and $9,095 to be canceled. In addition, certificates of claim in the amount of $62,453 were issued on 160 Section 213 homes sold. The amount paid or to be paid on the certificates of claim issued on Section 213 home properties totaled $3,565 and the amount canceled or to be canceled totaled $58,888. In addition, there were excess proceeds on 7 Section 213 home properties amounting to $1,702 for refund to mortgagors.

The certificate of claim issued in connection with the only rental housing project acquired under the Mutual Mortgage Insurance Fund amounted to $31,532. This certificate of claim had been paid in full, with increment thereon in the amount of $1,255.

TITLE II: SECTION 220 HOUSING INSURANCE FUND

The Section 220 Housing Insurance Fund was created by Section 220 of the National Housing Act as amended August 2, 1954 (Housing Act of 1954, Public Law 560, 83d Cong). This section authorizes insurance by the FHA of mortgages on homes and rental properties located in an urban redevelopment area for which a Federal-aid contract was executed or approved before August 2, 1954, or in an urban renewal area which the Housing and Home Finance Administrator has determined to be appropriate for an urban renewal project and located in a city for which the Administrator has approved a workable program presented by the local authorities for preventing the spread of blight and eliminating and preventing slum conditions. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

For the purposes of this fund, the Act authorized the Commissioner to transfer the sum of $1 million from the War Housing Insurance Fund.

Capital and Net Income

At June 30, 1959, assets of the fund totaled $2,276,404. There were outstanding liabilities of $535.880 and insurance reserves of $1,740,524, of which $1,000,000 was transferred from the War Housing Insurance Fund and $740,524 was net operating income.

During the fiscal year 1959, the income to the fund amounted to $1,402,130 while expenses and losses amounted to $609,057, leaving an operating income of $793,073 for the year. The cumulative income of the Section 220 Housing Insurance Fund from August 2, 1954 to June 30, 1959 amounted to $2,683,938 with cumulative expenses and losses of $1,943,414, or net operating income of $740,524.

STATEMENT 21.—*Comparative statement of financial condition, Sec. 220 Housing Insurance Fund, as of June 30, 1958 and June 30, 1959*

	June 30, 1958	June 30, 1959	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$90,857	$464,115	$373,258
Investments:			
U.S. Government securities (amortized)	1,100,000	1,766,952	666,952
Other securities (stock in rental housing corporations)	2,700	5,000	2,300
Total investments	1,102,700	1,771,952	669,252
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	23,986	7,845	−16,141
Accounts receivable—Interfund	5,449	7,688	2,239
Total accounts and notes receivable	29,435	15,533	−13,902
Accrued assets: Insurance premiums	11,445	24,804	13,359
Total assets	1,234,437	2,276,404	1,041,967
LIABILITIES			
Trust and deposit liabilities: Fee deposits held for future disposition	15,335	2,925	−12,410
Deferred and undistributed credits:			
Unearned insurance premiums	213,046	469,900	256,854
Unearned insurance fees	51,540	63,055	11,515
Total deferred and undistributed credits	264,586	532,955	268,369
Total liabilities	279,921	535,880	255,959
RESERVE			
Insurance reserve—available for future losses and expenses	954,516	1,740,524	786,008
Total liabilities and reserve	1,234,437	2,276,404	1,041,967

STATEMENT 22.—*Income and expenses, Sec. 220 Housing Insurance Fund, through June 30, 1958 and June 30, 1959*

	Aug. 2, 1954 to June 30, 1958	July 1, 1958 to June 30, 1959	Aug. 2, 1954 to June 30, 1959
Income:			
Interest and dividends: Interest on U.S. Government securities	$59, 658	$28, 847	$88, 505
Insurance premiums and fees:			
Premiums	429, 788	585, 700	1, 015, 488
Fees	792, 362	787, 583	1, 579, 945
	1, 222, 150	1, 373, 283	2, 595, 433
Total income	1, 281, 808	1, 402, 130	2, 683, 938
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)	1, 322, 003	606, 350	1, 935, 390
Other expenses: Depreciation on furniture and equipment	5, 694	2, 970	8, 695
Losses and charge-offs: Loss (or profit −) on equipment	−405	−263	−671
Total expenses	1, 327, 292	609, 057	1, 943, 414
Net income (or loss −)	−45, 484	793, 073	740, 524

ANALYSIS OF INSURANCE RESERVE

Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		954, 516	
Adjustments during the period		−7, 065	
Net income (or loss −) for the period	−45, 484	793, 073	740, 524
	−45, 484	1, 740, 524	740, 524
Capital contributions from other FHA insurance funds	1, 000, 000		1, 000, 000
Balance at end of period	954, 516	1, 740, 524	1, 740, 524

Investments

Section 220(g) of the Act provides that moneys in the Section 220 Housing Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by, the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under this fund, provided that such purchases are made at a price which will produce an investment yield of not less than the yield obtainable from other authorized investments. During the fiscal year 1959, net investments of $670,000 (principal amount) were made for the account of this fund and at June 30, 1959 the following U.S. Government securities were held by the fund:

Investments of the Sec. 220 Housing Insurance Fund, June 30, 1959

Series	Interest rate (percent) [1]	Purchase price	Par value	Book value (amortized)
1959		$523, 931	$530, 000	$526, 952
1961	2	100, 000	100, 000	100, 000
1962	2	450, 000	450, 000	450, 000
1963	2	140, 000	140, 000	140, 000
1964	2	550, 000	550, 000	550, 000
		1, 763, 931	1, 770, 000	1, 766, 952

[1] Average annual yield 2.31 percent.

TITLE II: SECTION 221 HOUSING INSURANCE FUND

Section 221 Housing Insurance Fund was created by Section 221 of the National Housing Act as amended August 2, 1954 (Housing Act of 1954, Public Law 560, 83d Cong.), which authorized the insurance, in communities that have requested it, of mortgages on low-cost housing for families displaced because of urban renewal projects. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

For the purposes of this fund, the Act authorized the Commissioner to transfer the sum of $1 million from the War Housing Insurance Fund.

Capital and Net Income

At June 30, 1959, assets of the fund amounted to $1,624,032. There were outstanding liabilities of $499,842 and insurance reserve of $1,124,190, consisting of net operating income of $124,190 and $1 million transferred from War Housing Insurance Fund.

During the fiscal year, the income to the fund amounted to $811,258 while expenses and losses amounted to $463,066, leaving an operating income of $348,192 for the period before adjustment of valuation allowances. Valuation allowances were increased in the amount of $23,671 resulting in net income of $324,521 for the year. From inception. August 2, 1954, to June 30, 1959, operations resulted in a net income of $124,190 as shown on Statement 24.

STATEMENT 23.—*Comparative statement of financial condition, Sec. 221 Housing Insurance Fund, as of June 30, 1958 and June 30, 1959*

	June 30, 1958	June 30, 1959	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$100,879	$224,366	$123,487
Investments: U.S. Government securities (amortized)	900,000	1,029,769	129,769
Loans receivable:			
Mortgage notes and contracts for deed	6,900	38,379	31,479
Less allowance for losses	104	576	472
Net loans receivable	6,796	37,803	31,007
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	410	22,582	22,172
Accounts receivable—Interfund	3,107	4,887	1,780
Total accounts and notes receivable	3,517	27,469	23,952
Accrued assets:			
Insurance premiums	29,722	168,271	138,549
Interest on U.S. Government securities	930	1,477	547
Other		12	12
Total accrued assets	30,652	169,760	139,108
Acquired security:			
Real estate (at cost plus expenses to date)		158,064	158,064
Less allowance for losses		23,199	23,199
Net acquired security		134,865	134,865
Total assets	1,041,844	1,624,032	582,188
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies		1,280	1,280
Accrued liabilities: Interest on debentures	122	2,780	2,664
Trust and deposit liabilities:			
Fee deposits held for future disposition	176,480	223,765	47,285
Deposits held for mortgagors, lessees, and purchasers	65	748	683
Total trust and deposit liabilities	176,545	224,513	47,968
Deferred and undistributed credits:			
Unearned insurance premiums	29,838	101,947	72,109
Unearned insurance fees	4,570	13,593	9,023
Other		423	423
Total deferred credits	34,408	115,963	81,555
Bonds, debentures and notes payable: Debentures payable	7,550	155,300	147,750
Total liabilities	218,625	499,842	281,217
RESERVE			
Insurance reserve—available for future losses and expenses	823,219	1,124,190	300,971
Total liabilities and reserve	1,041,844	1,624,032	582,188
Certificates of claim relating to properties on hand		6,257	6,257

STATEMENT 24.—*Income and expenses, Sec. 221 Housing Insurance Fund, through June 30, 1958 and June 30, 1959*

	Aug. 2, 1954 to June 30, 1958	July 1, 1958 to June 30, 1959	Aug. 2, 1954 to June 30, 1959
Income:			
Interest and dividends: Interest on U.S. Government securities	$59,568	$21,367	$80,935
Insurance premiums and fees:			
Premiums	51,562	324,329	375,891
Fees	299,113	465,129	764,242
	350,675	780,458	1,140,133
Other income: Miscellaneous income	11	433	444
Total income	410,254	811,258	1,221,512
Expenses:			
Interest expense: Interest on debenture obligations	7	19	26
Administrative expenses—Operating costs (including adjustments for prior years)	584,036	455,810	1,063,304
Other expenses: Depreciation on furniture and equipment	2,535	2,234	4,872
Losses and charge-offs:			
Loss on acquired security	553	5,200	5,753
Loss (or profit −) on equipment	−200	−197	−408
	353	5,003	5,345
Total expenses	586,931	463,066	1,073,547
Net income (or loss −) before adjustment of valuation allowances	−176,677	348,192	147,965
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−104	−472	−576
Allowance for loss on real estate		−23,199	−23,199
Net adjustment of valuation allowances	−104	−23,671	−23,775
Net income (or loss −)	−176,781	324,521	124,190

ANALYSIS OF INSURANCE RESERVE

Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		823,219	
Adjustments during the period		−23,550	
Net income (or loss −) for the period	−176,781	324,521	124,190
	−176,781	1,124,190	124,190
Capital contributions from other FHA insurance funds	1,000,000		1,000,000
Balance at end of period	823,219	1,124,190	1,124,190

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 of not less than the yield obtainable from other authorized investments. In the fiscal year 1959, $31,000 of debentures were redeemed in payment of mortgage insurance premiums and $8,900 by debenture calls. During the fiscal year 1959, net investments of $130,000 (principal amount) were made for the account of this fund, and at June 30, 1959 the fund held U.S. Government securities as follows:

Investments of the Sec. 221 Housing Insurance Fund, June 30, 1959

Series	Interest rate (percent)[1]	Purchase price	Par value	Book value (amortized)
1959		$78,938	$80,000	$79,769
1962	2	50,000	50,000	50,000
1962	4	100,000	100,000	100,000
1963	2	150,000	150,000	150,000
1964	2	650,000	650,000	650,000
		1,028,938	1,030,000	1,029,769

[1] Average annual yield 2.14 percent.

Properties Acquired Under the Terms of Insurance

During the calendar year 1959, 43 home properties insured under Title II, Section 221, were acquired by the Commissioner under the terms of insurance and 14 were sold. Through December 31, 1959, a total of 45 home properties had been acquired at a total cost of $400,288 and 15 had been sold at prices which left a net charge against the fund of $14,668, or an average of $978 per case. The certificates of claim issued on the 15 properties sold amounted to $4,574, all of which is to be canceled.

STATEMENT 25.—*Statement of profit and loss on sale of acquired properties. Sec. 221 Housing Insurance Fund, through Dec. 31, 1959*

Items	Sec. 221 (15 properties)
Proceeds of sale:	
Sales price[1]	$121,600
Less commissions and other selling expenses	4,980
Net proceeds of sales	116,620
Income: Rental and other income (net)	27
Total proceeds of sold properties	116,647
Expenses:	
Debentures and cash adjustments	125,268
Interest on debentures	2,218
Taxes and insurance	1,501
Maintenance and operating	2,328
Total expenses	131,315
Loss (−) to Sec. 221 Housing Insurance Fund	−14,668

[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	15	15	$3,800	$117,800	$121,600

On December 31, 1959, the cost of the 30 properties which remained on hand under this fund is shown in the following table.

Statement 26 shows the turnover of Section 221 Housing Insurance Fund acquired properties since the first such acquisition in 1958.

Sec. 221 Housing Insurance Fund, statement of properties on hand at Dec. 31, 1959

	Sec. 221 (30 properties)
Expenses:	
Acquisition costs	$250,078
Interest on debentures	7,289
Taxes and insurance	3,003
Maintenance and operating	2,524
Miscellaneous	106
Net acquired security on hand	264,020

STATEMENT 26.—*Turnover of properties acquired under Sec. 221 of Title II contracts of insurance, by years, and cumulative through Dec. 31, 1959*

Properties acquired		Properties sold, by calendar year		Properties on hand Dec. 31, 1959
Year	Number	1958	1959	
1958	2	1	1	
1959	43		13	30
Total	45	1	14	30

NOTE.—On the 15 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 2.49 months.

TITLE II: SERVICEMEN'S MORTGAGE INSURANCE FUND

The Servicemen's Mortgage Insurance Fund was created by Section 222 of the National Housing Act as amended August 2, 1954 (Housing Act of 1954, Public Law 560, 83d Cong.). The purpose of this section is to aid in the provision of housing accommodations for servicemen in the Armed Forces of the United States and in the Coast Guard of the United States, and their families. Section 222 provides for the insurance of mortgages which would be eligible for insurance under Section 203, except that when executed by a mortgagor who is a serviceman and who, at the time of insurance, is the owner-occupant of the property, the maximum ratio of loan to value may, in the discretion of the Commissioner, exceed the maximum ratio of loan to value prescribed in Section 203, but not to exceed in any event 95 percentum of the appraised value of the property and not to exceed $20,000. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

For the purposes of this fund, the Act authorized the Commissioner to transfer the sum of $1 million from the War Housing Insurance Fund.

Capital and Net Income

As of June 30, 1959, the fund had assets of $7,748,618 and outstanding liabilities of $1,007,278, leaving $6,741,340 insurance reserve. Included in the insurance reserve is the sum of $1 million which was transferred from the War Housing Insurance Fund.

STATEMENT 27.—*Comparative statement of financial condition, Servicemen's Mortgage Insurance Fund, as of June 30, 1958 and June 30, 1959*

	June 30, 1958	June 30, 1959	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$279,408	$1,203,388	$923,980
Investments: U.S. Government securities (amortized)	4,100,804	5,053,023	952,219
Loans receivable:			
Mortgage notes and contracts for deed	66,992	179,196	112,204
Less allowance for losses	1,005	2,688	1,683
Net loans receivable	65,987	176,508	110,521
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	38,853	62,503	23,650
Accounts receivable—Other	10		−10
Accounts receivable—Interfund	4,818	6,841	2,023
Total accounts and notes receivable	43,681	69,344	25,663
Accrued assets:			
Insurance premiums	382,334	1,041,495	659,161
Interest on U.S. Government securities	12,150	36,515	24,365
Other	289	469	180
Total accrued assets	394,773	1,078,479	683,706
Acquired security: Real estate (at cost plus expenses to date)	60,664	195,683	135,019
Less: Allowance for losses	8,767	27,807	19,040
Net acquired security	51,897	167,876	115,979
Total assets	4,936,550	7,748,618	2,812,068
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	533	3,494	2,961
Accrued liabilities: Interest on on debentures	1,771	4,645	2,874
Trust and deposit liabilities:			
Fee deposits held for future disposition	33,439	41,040	7,601
Deposits held for mortgagors, lessees, and purchasers	1,615	3,106	1,491
Total trust and deposit liabilities	35,054	44,146	9,092
Deferred and undistributed credits:			
Unearned insurance premiums	810,899	744,174	−66,725
Other	289	469	180
Total deferred and undistributed credits	811,188	744,643	−66,545
Bonds, debentures, and notes payable: Debentures payable	107,700	210,350	102,650
Total liabilities	956,246	1,007,278	51,032
RESERVE			
Insurance reserve—available for future losses and expenses	3,980,304	6,741,340	2,761,036
Total liabilities and reserve	4,936,550	7,748,618	2,812,068
Certificates of claim relating to properties on hand	2,516	6,822	4,306

For the fiscal year 1959, income of $3,330,797 was earned, while expenses and losses were $525,136, leaving net income of $2,805,661 before adjustment of valuation allowances. Valuation allowances were increased in the amount of $20,723, resulting in a net income of $2,784,938 for the year. Total net income from inception, August 2, 1954, to June 30, 1959, was $5,741,340, as shown in Statement 28.

STATEMENT 28.—*Income and expenses, Servicemen's Mortgage Insurance Fund, through June 30, 1958, and June 30, 1959*

	Aug. 2, 1954 to June 30, 1958	July 1, 1958 to June 30, 1959	Aug. 2, 1954 to June 30, 1959
Income:			
Interest and dividends: Interest on U.S. Government securities	$163,954	$129,946	$293,900
Insurance premiums and fees:			
Premiums	3,681,672	3,080,616	6,762,288
Fees	381,774	116,393	498,167
	4,063,446	3,197,009	7,260,455
Other income:			
Profit on sale of investments	19		19
Miscellaneous income	1,119	3,842	4,961
	1,138	3,842	4,980
Total income	4,228,538	3,330,797	7,559,335
Expenses:			
Interest expense: Interest on debenture obligations	309	−33	276
Administrative expenses: Operating costs (including adjustments for prior years)	1,223,793	504,502	1,752,103
Other expenses: Depreciation on furniture and equipment	5,260	2,470	7,835
Losses and charge-offs:			
Loss on acquired security	9,446	18,416	27,862
Loss (or profit −) on equipment	−346	−219	−576
	9,100	18,197	27,286
Total expenses	1,238,462	525,136	1,787,500
Net income before adjustment of valuation reserves	2,990,076	2,805,661	5,771,835
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−1,005	−1,683	−2,688
Allowance for loss on real estate	−8,767	−19,040	−27,807
Net adjustment of valuation allowances	−9,772	−20,723	−30,495
Net income	2,980,304	2,784,938	5,741,340
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		$3,980,304	
Adjustments during the period		−23,902	
Net income for the period	$2,980,304	2,784,938	$5,741,340
	2,980,304	6,741,340	5,741,340
Capital contributions from other FHA insurance funds	1,000,000		1,000,000
Balance at end of period	3,980,304	6,741,340	6,741,340

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 of not less than the yield obtainable from other authorized investments. In the fiscal year 1959, $6,800 of debentures were redeemed in payment of mortgage insurance premiums and $156,250 by debenture calls. During the fiscal year the fund increased its investment in U.S. Government securities by $1,060,000 (principal amount) and as of June 30, 1959 held the following U.S. Government securities:

Investments of the Servicemen's Mortgage Insurance Fund, June 30, 1959

Series	Interest rate (percent)[1]	Purchase price	Par value	Book value (amortized)
1960	2	$500,000	$500,000	$500,000
1961	2	550,000	550,000	550,000
1961	3⅝	99,875	100,000	99,905
1962	2	925,000	925,000	925,000
1962	4	1,275,000	1,275,000	1,275,000
1964	3	242,250	240,000	241,918
1964–69	2½	85,813	100,000	86,021
1965	2⅝	1,366,250	1,470,000	1,375,179
		5,044,188	5,160,000	5,053,023

[1] Average annual yield 2.76 percent.

Properties Acquired Under the Terms of Insurance

During calendar year 1959, 47 properties were acquired by the Servicemen's Mortgage Insurance Fund and 18 were sold. Through December 31, 1959, a total of 68 properties had been acquired of which 29 were sold, leaving 39 properties on hand.

STATEMENT 29.—*Statement of profit and loss on sale of acquired properties, Servicemen's Mortgage Insurance Fund, through Dec. 31, 1959*

Item	Sec. 222 (29 properties)
Proceeds of sales:	
Sales price [1]	$327,471
Less commission and other selling expenses	15,980
Net proceeds of sales	311,491
Income:	
Rental and other income (net)	820
Mortgage note income	2,127
Total income	2,947
Total proceeds of sold properties	314,438
Expenses:	
Debentures and cash adjustments	322,355
Interest on debentures	9,758
Taxes and insurance	5,296
Maintenance and operating	13,218
Service charge	126
Total expenses	350,753

See footnote at end of table.

STATEMENT 29.—*Statement of profit and loss on sale of acquired properties, Servicemen's Mortgage Insurance Fund, through Dec. 31, 1959*—Continued

Item	Sec. 222 (29 properties)
Net profit (or loss —) before distribution of liquidation profits	—$36,315
Distribution of liquidation profits:	
Certificates of claim	414
Increment on certificates of claim	1
Refund to mortgagors	
Loss (—) to Servicemen's Mortgage Insurance Fund	—36,730

[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		$27,750		$27,750
Properties sold for cash and notes (or contracts for deed)	26	26	23,271	$276,450	299,721
Total	29	26	51,021	276,450	327,471

On December 31, 1959, the cost of the 39 properties which remained on hand under the Servicemen's Mortgage Insurance Fund was as follows:

Servicemen's Mortgage Insurance Fund, statement of properties on hand at Dec. 31, 1959

	Sec. 222 (39 properties)
Expenses:	
Acquisition costs	$444,111
Interest on debentures	13,587
Taxes and insurance	5,512
Maintenance and operating	4,054
Total expenses	467,264
Income: Rent and other (net)	105
Net acquired security on hand	467,159

Statement 30 shows the turnover of Section 222 acquired properties since the acquisition of the first such property in 1957.

STATEMENT 30.—*Turnover of properties acquired under Sec. 222, Title II, contracts of insurance by years and cumulative through Dec. 31, 1959*

Property acquired		Properties sold, by calendar years			Properties on hand Dec. 31, 1959
Year	Number	1957	1958	1959	
1957	4	3	1		
1958	17		7	7	3
1959	47			11	36
Total	68	3	8	18	39

NOTE.—On the 29 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 5.46 months.

Section 222 of the Act contains provisions identical to Section 204(f) under the Mutual Mortgage Insurance Fund with respect to the issuance of certificates of claim on properties acquired. Certificates of claim issued in connection with the 29 Section 222 properties which had been acquired and sold through 1959 totaled $11,359, of which $414 is to be paid and $10,945 has been or is to be canceled.

TITLE VI: WAR HOUSING INSURANCE FUND

The insurance risks on privately financed emergency housing loans insured under Title VI are liabilities of the War Housing Insurance Fund, established by an amendment of March 28, 1941 to the National Housing Act. Section 603 of Title VI authorized the insurance of home mortgages (1- to 4-family); Section 608, the insurance of mortgages on rental and group housing; Section 609, the insurance of loans to finance the manufacture of housing; Section 610, the insurance under Section 603 and 608 of any mortgage executed in connection with sales by the Government of specified types of permanent housing; and Section 611, the insurance of mortgages, including construction advances, on projects of 25 or more single-family dwellings.

The War Housing Insurance Fund was originally allocated the sum of $5 million by the Federal Government. It has been credited with all income received in connection with insurance granted under Title VI, and has been charged with all expenses and losses relating to such insurance.

This is not a mutual fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

Capital

Assets of the War Housing Insurance Fund as of June 30, 1959 totaled $215,270,306, against which there were outstanding liabilities of $49,803,781. The fund had an insurance reserve of $165,466,525, consisting entirely of earnings.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the amount of capital contributed by the U.S. Government to establish this fund in the amount of $5,000,000 was established as a liability as of June 30, 1953. This principal amount, together with interest thereon in the amount of $1,390,010, has been repaid, the final payment being made on September 30, 1953.

STATEMENT 31.—*Comparative statement of financial condition, War Housing Insurance Fund, as of June 30, 1958 and June 30, 1959*

	June 30, 1958	June 30, 1959	Increase or decrease (—)
ASSETS			
Cash with U.S. Treasury	$7,935,947	$6,953,593	—$982,354
Investments:			
U.S. Government securities (amortized)	27,347,493	29,316,416	1,968,923
Other securities (stock in rental housing corporations)	375,660	364,960	—10,700
Total investments	27,723,153	29,681,376	1,958,223
Loans receivable:			
Mortgage notes and contracts for deed	78,473,152	82,934,509	4,461,357
Less allowance for losses	3,109,712	3,358,301	248,589
Net loans receivable	75,363,440	79,576,208	4,212,768

STATEMENT 31.—*Comparative statement of financial condition, War Housing Insurance Fund, as of June 30, 1958 and June 30, 1959*—Continued

	June 30, 1958	June 30, 1959	Increase or decrease (—)
ASSETS—continued			
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	$294,805	$345,960	$51,155
Accounts receivable—Other	12,959	101,163	88,204
Accounts receivable—Interfund	16,396	23,502	7,106
Total accounts and notes receivable	324,160	470,625	146,465
Accrued assets:			
Interest on U.S. Government securities	46,484	46,484	----------
Other	699,879	743,976	44,097
Total accrued assets	746,363	790,460	44,097
Acquired security:			
Real estate (at cost plus expenses to date)	60,700,004	55,101,358	—5,598,646
Less allowance for losses	27,466,605	22,657,433	—4,809,172
Net real estate	33,233,399	32,443,925	—789,474
Mortgage notes acquired under terms of insurance	89,641,591	98,152,589	8,510,998
Less allowance for losses	33,063,506	35,810,695	2,747,189
Net mortgage notes acquired under terms of insurance	56,578,085	62,341,894	5,763,809
Net acquired security	89,811,484	94,785,819	4,974,335
Other assets—held for account of mortgagors	2,392,898	3,012,225	619,327
Total assets	204,297,445	215,270,306	10,972,861
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	49,360	78,720	29,360
Accrued liabilities: Interest on debentures	504,574	447,932	—56,642
Trust and deposit liabilities:			
Excess proceeds of sale	2,390,485	707,716	—1,682,769
Deposits held for mortgagors, lessees, and purchasers	5,778,857	6,618,537	839,680
Total trust and deposit liabilities	8,169,342	7,326,253	—843,089
Deferred and undistributed credits:			
Unearned insurance premiums	9,132,402	8,430,968	—701,434
Other	705,527	746,754	41,227
Total deferred and undistributed credits	9,837,929	9,177,722	—660,207
Bonds, debentures, and notes payable: Debentures payable	33,958,500	31,698,750	—2,259,750
Other liabilities: Reserve for foreclosure costs—Mortgage notes acquired under terms of insurance	935,363	1,074,404	139,041
Total liabilities	53,455,068	49,803,781	—3,651,287
RESERVE			
Insurance reserve—available for future losses and expenses	150,842,377	165,466,525	14,624,148
Total liabilities and reserve	204,297,445	215,270,306	10,972,861
Certificates of claim relating to properties on hand	1,253,428	3,358,631	2,105,203

Income and Expenses

During the fiscal year 1959 the fund earned $24,989,172 and had expenses and losses of $12,-

223,116, leaving $12,766,056 net income before adjustment of valuation allowances. After the valuation allowances had been decreased by $1,813,394, the net income for the year amounted to $14,579,450, which was credited to the insurance reserve fund.

Cumulative income of the War Housing Insurance Fund from its establishment March 28, 1941 to June 30, 1959 amounted to $376,107,428, while cumulative expenses were $130,504,474, leaving $245,602,954 net income before adjustment of valuation allowances. Valuation allowances of $61,826,429 were established, leaving cumulative net income of $183,776,525.

STATEMENT 32.—*Income and expenses, War Housing Insurance Funds, through June 30, 1958 and June 30, 1959*

	Mar. 28, 1941 to June 30, 1958	July 1, 1958 to June 30, 1959	Mar. 28, 1941 to June 30, 1959
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$13,033,547	$720,724	$13,754,271
Interest—Other	22,681,767	5,730,599	28,412,366
Dividends on rental housing stock	16,787	2,759	19,546
	35,732,101	6,454,082	42,186,183
Insurance premiums and fees:			
Premiums	270,301,116	18,326,220	288,627,336
Fees	45,156,061	−25	45,156,036
	315,457,177	18,326,195	333,783,372
Other income:			
Profit (or loss −) on sale of investments	−529,903		−529,903
Miscellaneous income	458,881	208,895	667,776
	−71,022	208,895	137,873
Total income	351,118,256	24,989,172	376,107,428
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)	77,290,183	1,598,891	78,844,551
Other expenses:			
Depreciation on furniture and equipment	400,623	9,566	409,993
Miscellaneous expenses	11,300		11,300
	411,923	9,566	421,293
Losses and charge-offs:			
Loss on acquired security	39,254,513	10,615,506	49,870,019
Loss (or profit −) on equipment	−20,573	−847	−21,399
	39,233,940	10,614,659	49,848,620
Total expenses	118,326,056	12,223,116	130,504,474
Net income before adjustment of valuation reserves	232,792,200	12,766,056	245,602,954
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−3,109,712	−248,589	−3,358,301
Allowance for loss on real estate	−27,466,605	+4,809,172	−22,657,433
Allowance for loss on mortgage notes acquired under terms of insurance	−33,063,506	−2,747,189	−35,810,695
Net adjustment of valuation allowances	−63,639,823	+1,813,394	−61,826,429
Net income	169,152,377	14,579,450	183,776,525

STATEMENT 32.—*Income and expenses, War Housing Insurance Fund, through June 30, 1958 and June 30, 1959*—Continued

ANALYSIS OF INSURANCE RESERVE

	Mar. 23, 1941 to June 30, 1959	July 1, 1958 to June 30, 1959	Mar. 28 1941 to June 30, 1959
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		$150,842,377	
Adjustments during the period		44,698	
Net income for the period	$169,152,377	14,579,450	$183,776,525
	169,152,377	165,466,525	183,776,525
Capital contributions to other FHA insurance funds	−18,310,000		−18,310,000
Balance at end of period	150,842,377	165,466,525	165,466,525

Investments

Section 605(a) of Title VI contains a provision similar to that under Title II with respect to investment of moneys not needed for current operations by the purchase of U.S. Government securities or the retirement of debentures.

During the fiscal year 1959, $63,200 of debentures were exchanged for mortgage notes, $5,621,500 of debentures were redeemed in payment of mortgage insurance premiums and $25,983,600 were redeemed by debenture calls.

During the fiscal year 1959, net investments of $2,000,000, face amount, increased the U.S. Government securities held by the fund as of June 30, 1959 to $29,222,500, principal amount, as follows:

Investments of the War Housing Insurance Fund, June 30, 1959

Series	Interest rate (percent) [1]	Purchase price	Par value	Book value (amortized)
1959		$2,603,380	$2,625,000	$2,606,088
1959–62	2¼	12,863	13,500	13,147
1963	2	5,972,000	5,972,000	5,972,000
1964–69	2½	9,992	11,000	10,134
1966–71	2½	4,000,000	4,000,000	4,000,000
1967–72	2½	16,868,736	16,601,000	16,715,047
		29,466,971	29,222,500	29,316,416

[1] Average annual yield 2.42 percent.

Properties Acquired Under the Terms of Insurance

The Federal Housing Administration acquired title in 1959 under the terms of insurance to 38 properties (51 units) insured under Section 603 and sold 114 (164 units). Through December 31, 1959, a total of 11,669 Section 603 properties (15,950 units) had been acquired at a cost of $78,940,776, and 11,285 properties (15,363 units) had been sold at prices which left a net charge against the fund of $11,464,505, or an average of $1,016 per case. There remained on hand for future disposition 384 properties having 587 living units.

During 1959, 63 additional rental housing properties or assigned mortgage notes (4,154 units) insured under Section 608 were acquired by the FHA Commissioner under the terms of insurance and 45 (2,341 units) were sold or liquidated. Through December 31, 1959, a total of 423 projects (26,401 units) and 212 mortgage notes (17,189 units) had been acquired by the Commissioner. Three hundred and twenty-eight project properties (18,907 units) had been sold, and 4 mortgage notes (90 units) had been liquidated leaving 95 project properties (7,494 units) and 208 mortgage notes (17,099 units) still held by the FHA.

There were no additional purchasers' or manufacturers' notes, insured under Section 609, assigned to the FHA Commissioner during the calendar year 1959. The 2 manufacturers' notes and 65 discounted purchasers' notes previously assigned had been settled with a resultant loss to the fund of $788,002. The first property insured under Title VI, Section 611, to be acquired by the Commissioner under the terms of insurance was a home property in calendar year 1959. This property was sold at a price which left no charge against the fund.

STATEMENT 33.—*Statement of profit and loss on sale of acquired properties and assigned notes liquidated, War Housing Insurance Fund, through Dec. 31, 1959*

	Sec. 603 (11,285 properties, 15,363 units)	Sec. 608 (332 projects and notes, 18,997 units)	Sec. 609 (67 notes, 370 units)	Sec. 611 (1 property 1 unit)	Total WHI Fund (11,685 properties and notes, 34,731 units)
Proceeds of sales:					
Sales price [1]	$63,542,518	$87,710,045	$324,988	$8,250	$151,585,801
Less commissions and other selling expenses	2,545,364	144,555		495	2,690,414
Net proceeds of sales	60,097,154	87,565,490	324,988	7,755	148,895,387
Income:					
Rental and other income (net)	6,621,740	33,107,134			39,728,874
Mortgage note income	10,451,881	9,559,072	28,260	158	20,040,271
Recovery prior to acquisition of defaulted notes	1,358,390	106,445			1,464,835
Miscellaneous		1,432			1,432
Total income	18,432,011	42,774,983	28,260	158	61,235,412
Total proceeds of sold properties	79,429,165	130,340,473	353,248	7,913	210,130,799
Expenses:					
Debentures and cash adjustments	67,291,439	124,730,394	1,119,121	5,908	193,146,862
Asset value acquired after default of purchase money mortgages	−182,406				−182,406
Other assets acquired		−4,339	−311		−4,650
Purchase of land held under lease	79,016	258,894			337,910
Interest on debentures	10,714,300	21,147,503	22,396	207	31,884,406
Taxes and insurance	2,416,857	6,667,665		145	9,084,667
Additions and improvements	625,646	1,298,739			1,924,385
Maintenance and operating	6,598,451	15,241,025		747	21,840,223
Service charge	147,065	113,953		18	261,036
Miscellaneous	9,808	501,560	44		511,412
Total expenses	87,700,176	169,955,394	1,141,250	7,025	258,803,845
Net profit (or loss −) before distribution of liquidation profits	−8,271,011	−39,614,921	−788,002	888	−48,673,046
Less distribution of liquidation profits:					
Certificates of claim	1,078,041	226,977		461	1,305,479
Increment on certificates of claim	145,221	53,087		11	198,319
Refunds to mortgagors	1,970,232			416	1,970,648
Loss (−) to War Housing Insurance Fund	−11,464,505	−39,894,985	−788,002		−52,147,492

[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	3,056		$23,263,587		$23,263,587
Properties sold for cash and notes (or contracts for deed)	8,629	6,827	11,739,394	$116,582,820	128,322,214
Total	11,685	6,827	35,002,981	116,582,820	151,585,801

Statement 34.—*Statement of properties and assigned mortgage notes on hand, War Housing Insurance Fund, as of Dec. 31, 1959*

	Sec. 603 (384 properties, 587 units)	Sec. 608		Total (479 properties, 208 mortgage notes, 25,180 units)
		95 projects, 7,494 units [1]	208 mortgage notes, 17,099 units	
Expenses:				
Acquisition costs	$3,183,388	$41,943,331	$119,008,198	$164,134,917
Interest on debentures	429,037	4,421,375	11,526,965	16,377,377
Taxes and insurance	275,260	1,684,755		1,960,015
Additions and improvements	69,068	79,763		148,831
Maintenance and operating	730,801	3,430,202		4,161,003
Service charge			178,605	178,605
Miscellaneous	3,270	147,050	44,522	194,842
Total expenses	4,690,824	51,706,476	130,758,290	187,155,590
Income and recoveries:				
Rent and other (net)	757,071	6,087,399	16,041,121	22,885,591
Proceeds from partial sales		1,973,300		1,973,300
Collections on mortgage notes			6,209,543	6,209,543
Total income	757,071	8,060,699	22,250,664	31,068,434
Net acquired security on hand	3,933,753	43,645,777	108,507,626	156,087,156

[1] Includes 348 units in 4 partially sold projects.

The turnover of Section 603 and 608 acquired security, by calendar year, is given below:

Statement 35.—*Turnover of properties acquired under Sec. 603 of Title VI contracts of insurance by years, and cumulative through Dec. 31, 1959*

Properties acquired		Properties sold, by calendar years																	Properties on hand Dec. 31, 1959
Year	Number	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	
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	5
1950	1,635								421	460	246	103	80	144	111	10	16	20	18
1951	735									411	193	53	27	36	15				
1952	609										209	122	65	73	38	10	2	15	75
1953	412											56	58	125	34	43	6	3	87
1954	427												42	43	338	4			
1955	717													407	31	181	11	16	71
1956	101														50	45	3	3	
1957	180															33	66	21	60
1958	76																14	20	42
1959	38																	12	26
Total	11,669	29	256	982	2,798	1,010	732	384	763	964	691	345	290	836	629	337	125	114	384

Note.—On the 11,285 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 25.13 months. The number of properties sold has been reduced by 537 properties repossessed because of default on mortgage notes of which 512 had been resold by Dec. 31, 1959.

STATEMENT 36.—*Turnover of properties acquired and mortgage notes assigned under Sec. 608 of Title VI contracts of insurance by years and cumulative through Dec. 31, 1959*

Properties and notes acquired		Properties and notes sold, by calendar years										Properties and notes on hand Dec. 31, 1959
Year	Number	1943-50	1951	1952	1953	1954	1955	1956	1957	1958	1959	
1943-48	3	2				1						
1949	16				11	1	1		2			1
1950	66		7	2	4	6	9	1	10		2	25
1951	82		1		2	21	9	3	24	3	1	18
1952	37					10	7	5	4	3	5	3
1953	63					4	6	8	15	4	3	23
1954	70					1	4	19	9	3	7	27
1955	76						2	19	12	9	6	28
1956	53							2	7	11	8	25
1957	49								1	1	11	36
1958	57									1	2	54
1959	63											63
Total	635	2	8	2	17	44	38	57	84	35	45	303

NOTE.—The number of properties and notes sold has been reduced by 6 properties repossessed because of default on mortgage notes, all of which had been resold by Dec. 31, 1959.

Certificates of Claim and Refunds to Mortgagors

Section 604(f) of the Act provides that if the net amount realized from any property conveyed to the Commissioner under Section 603, after deducting all expenses incurred in handling, dealing with, and disposing of such property, exceeds the face value of the debentures issued and the cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be applied to the certificate of claim issued to the mortgagee and any excess remaining after paying the certificate of claim and increment thereon shall be refunded to the mortgagor.

Certificates of claim in the total amount of $2,442,723 had been issued through 1959, in connection with the Section 603 properties which had been acquired and subsequently sold. The proceeds of sale were sufficient to provide for the payment in full or in part on these certificates in the amount of $1,078,041, or approximately 44 percent. Certificates of claim canceled or to be canceled amounted to $1,364,682, or approximately 56 percent. In addition, the proceeds of sale were sufficient to pay refunds of $1,950,413 to 5,013 mortgagors, and $19,819 of refunds were held in trust for 47 payees whose whereabouts are unknown. The average refund per case amounted to $389.

With respect to the excess proceeds, if any, from the sale of an acquired project insured under Section 608, the Act provides that any amount remaining after the payment of the certificate of claim shall be credited to the War Housing Insurance Fund.

Certificates of claim totaling $2,799,693 had been issued in connection with the Section 608 acquisitions which had been disposed of by December 31, 1959. The proceeds of sale were sufficient to provide $226,977 for payment in full or in part on these certificates. Certificates of claim canceled or to be canceled amounted to $2,572,716.

A certificate of claim in the amount of $461 had been issued on the one Section 611 home property sold. The proceeds of sale were sufficient to provide for payment in full on this certificate and to provide for payment of a refund of $416 to the mortgagor.

TITLE VII: HOUSING INVESTMENT INSURANCE FUND

The Housing Investment Insurance Fund was created by Section 710 of the National Housing Act as amended August 10, 1948 (Housing Act of 1948, Public Law 901, 80th Cong.), which provides that this fund shall be used by the FHA Commissioner as a revolving fund for carrying out the rental housing yield insurance program authorized by Title VII and for administration expenses in connection therewith. This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

Section 710 further provides that the Secretary of the Treasury shall make available to the Commissioner such funds as the Commissioner may deem necessary, but not to exceed $10 million, which amount is authorized to be appropriated out of any money in the Treasury not otherwise appropriated.

One million dollars had been allocated to the fund by the Secretary of the Treasury pursuant to the request of the Federal Housing Commissioner and the remaining $9 million had been rescinded and covered into the Treasury in accordance with the Second Supplemental Appropriation Act, 1956 (Public Law 533, 84th Cong.) approved May 19, 1956. Up to December 31, 1959, no applications for insurance under Title VII had been submitted.

Capital and Net Income

Assets of the Housing Investment Insurance Fund at June 30, 1959 totaled $911,104. Transfers from the War Housing Insurance Fund under Section 219 amounted to $910,000, and the cumulative operating income is $1,104. The $1 million which was transferred from the U.S. Treasury to establish the fund in accordance with Section 710 of the Act was established as a liability of the fund as of June 30, 1953 under the provisions of Public Law 94, 83d Congress. This amount, including interest thereon in the amount of $107,914, was repaid on July 31, 1953.

STATEMENT 37.—*Comparative statement of financial condition, Housing Investment Insurance Fund, as of June 30, 1958 and June 30, 1959*

	June 30, 1958	June 30, 1959	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$17,221	$12,333	−$4,888
Investments: U.S. Government securities (amortized)	871,197	897,188	25,991
Accounts and notes receivable: Accounts receivable—Interfund	119	125	6
Accrued assets: Interest on U.S. Government securities	1,458	1,458	
Total assets	889,995	911,104	21,109
RESERVE			
Insurance reserve—available for future losses and expenses	889,995	911,104	21,109

The total income for fiscal year 1959 was $21,655, consisting entirely of income on U.S. Government securities, while expenses amounted to $6, resulting in a net income for the year of $21,649. The cumulative income of the Housing Investment Insurance Fund from August 10, 1948 to June 30, 1959 amounted to $173,325, while cumulative expenses amounted to $172,221, resulting in a net income to the fund of $1,104.

Investments

Section 710 of the Act provides that moneys in the Housing Investment Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by, the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under this fund, provided that such purchases are made at a price which will produce an investment yield of not less than the yield obtainable from other authorized investments. During the fiscal year 1959, net purchases of U.S. Government securities made for the account of this fund amounted to $27,000, principal amount. At June 30, 1959, the fund held $897,000, principal amount, of U.S. Government securities as follows:

STATEMENT 38.—*Income and expenses, Housing Investment Insurance Fund through June 30, 1958 and June 30, 1959*

	Aug. 10, 1948 to June 30, 1958	July 1, 1958 to June 30, 1959	Aug. 10, 1948, to June 30, 1959
Income:			
Interest and dividends: Interest on U.S. Government securities	$151,398	$21,655	$173,053
Other income: Profit on sale of investments	272		272
Total income	151,670	21,655	173,325
Expenses:			
Interest expenses: Interest on funds advanced by U.S. Treasury	107,914		107,914
Administrative expenses: Operating costs (including adjustments for prior years)	63,486	6	64,030
Other expenses: Depreciation on furniture and equipment	278		280
Losses and charge-offs: Loss (or profit −) on equipment	−3		−3
Total expenses	171,675	6	172,221
Net income (or loss −)	−20,005	21,649	1,104
ANALYSIS OF INSURANCE RESERVE			
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		889,995	
Adjustments during the period		−540	
Net income (or loss −) for the period	−20,005	21,649	1,104
	−20,005	911,104	1,104
Capital contributions from other FHA insurance funds	910,000		910,000
Balance at end of period	889,995	911,104	911,104

Investments of the Housing Investment Insurance Fund, June 30, 1959

Series	Interest rate (percent) [1]	Purchase price	Par value	Book value (amortized)
1960		$26,039	$27,000	$26,145
1962	2	70,000	70,000	70,000
1965–70	2½	97,375	100,000	98,333
1967–72	2½	704,922	700,000	702,710
		898,336	897,000	897,188

[1] Average annual yield 2.48 percent.

TITLE VIII: ARMED SERVICES HOUSING MORTGAGE INSURANCE FUND

An amendment to the National Housing Act approved August 8, 1949 (Public Law 211, 81st Cong.) created the Military Housing Insurance Fund to be used by the FHA Commissioner as a revolving fund for carrying out the provisions of Title VIII of the Act. Section 803 provides for the insurance of military housing "project" 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 a research or development installation of one of the military departments of the United States or a contractor thereof; and Section 810, added by Public Law 86–372, 86th Congress, approved September 23, 1959, provides for the insurance of mortgages on multifamily rental housing projects or housing projects consisting of individual single-family dwellings for sale, which project properties are constructed to aid in providing adequate housing for military personnel and essential civilian personnel serving or employed in connection with an installation of one of the armed services of the United States. Public Law 345, 84th Congress, approved August 11, 1955, changed the title of the fund from Military Housing Insurance Fund to Armed Services Housing Mortgage Insurance Fund. For the purposes of the fund, the Act authorized to be appropriated the sum of $10 million, of which $5 million was made available by the Supplemental Appropriation Act, 1950 (Public Law 358, 81st Cong.).

This is not a mutual fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments.

Mortgage Insurance Authorization

Section 803 (a) of the Act as amended by Public Law 345, 84th Congress, created a separate mortgage insurance authorization with regard to all new insurance written under Title VIII pursuant to commitments issued on or after August 11, 1955, including both the new armed services housing program and the extended military housing program. This insurance authorization provides that the aggregate amount of principal obligations of all mortgages insured under this program shall not exceed $2,300 million and that the limitation in Section 217 shall not apply to this program. The status of the Title VIII insurance authorization at December 31, 1959 is as follows:

Status of Armed Services Housing Mortgage Insurance Authorization as of Dec. 31, 1959

	Sec. 803	Sec. 809	
Insurance authorization			[1] $2,300,000,000
Charges against insurance authorization:			
Mortgages insured	$1,388,137,624	$47,240,700	
Commitments for insurance	[2] 48,392,713	14,278,551	
Total charges against authorization	1,436,530,337	61,519,251	1,498,049,588
Unused insurance authorization			801,950,412

[1] Increased from $1,363,500,000 in accordance with Sec. 503 of Public Law 1020, 84th Cong., approved Aug. 7, 1956.
[2] Includes Sec. 803 statements of eligibility in the amount of $43,593,713.

Capital and Net Income

As of June 30, 1959, the assets of the Armed Services Housing Mortgage Insurance Fund totaled $30,013,800, against which there were outstanding liabilities of $13,641,937, leaving $16,371, 863 insurance reserve. The insurance reserve consists entirely of earnings.

In accordance with Public Law 94, 83d Congress approved June 30, 1953, the amount of capital contributed by the U.S. Government to establish this fund in the amount of $5 million was established as a liability of the fund as of June 30, 1953. This amount was repaid during fiscal year 1954 together with interest thereon in the amount of $441,092, the final payment being made on November 30, 1953.

STATEMENT 39.—*Comparative statement of financial condition, Armed Services Housing Mortgage Insurance Fund, as of June 30, 1958, and June 30, 1959*

	June 30, 1958	June 30, 1959	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$981,585	$2,018,788	$1,037,203
Investments:			
U.S. Government securities (amortized)	11,969,677	11,737,486	−232,191
Other securities (stock in rental housing corporations)	15,500	9,500	−6,000
Total investments	11,985,177	11,746,986	−238,191
Loans receivable:			
Mortgage notes and contracts for deed		284,657	284,657
Less allowance for losses		14,233	14,233
Net loans receivable		270,424	270,424
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	162,106	281,657	119,551
Accounts receivable—Interfund	11,658	15,263	3,605
Total accounts and notes receivable	173,764	296,920	123,156
Accrued assets:			
Insurance premiums	24,861	78,344	53,483
Interest on U.S. Government securities	19,740	19,740	
Other	95,359	164,782	69,423
Total accrued assets	139,960	262,866	122,906
Acquired security:			
Real estate (at cost plus expenses to date)	13,423,997	12,352,221	−1,071,776
Less allowance for losses	8,151,564	5,111,714	−3,039,850
Net real estate	5,272,433	7,240,507	1,968,074
Mortgage notes acquired under terms of insurance	13,411,505	12,627,801	−783,704
Less allowance for losses	4,535,631	4,450,492	−85,139
Net mortgage notes acquired under terms of insurance	8,875,874	8,177,309	−698,565
Net acquired security	14,148,307	15,417,816	1,269,509
Total assets	27,428,793	30,013,800	2,585,007
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	4,953	11,008	6,055

STATEMENT 39.—*Comparative statement of financial condition, Armed Services Housing Mortgage Insurance Fund, as of June 30, 1958, and June 30, 1959*—Continued

	June 30, 1958	June 30, 1959	Increase or decrease (—)
LIABILITIES—continued			
Accrued liabilities: Interest on debentures	$186, 325	$152, 262	—$34, 063
Trust and deposit liabilities:			
Fee deposits held for future disposition	31, 739	21, 150	—10, 589
Excess proceeds of sale	67, 014	------------	—67, 014
Deposits held for mortgagors, lessees, and purchasers	115, 499	270, 334	154, 835
Total trust and deposit liabilities	214, 252	291, 484	77, 232
Deferred and undistributed credits:			
Unearned insurance premiums	1, 930, 487	2, 354, 246	423, 759
Unearned insurance fees	65, 968	73, 408	7, 440
Other	95, 359	164, 782	69, 423
Total deferred and undistributed credits	2, 091, 814	2, 592, 436	500, 622
Bonds, debentures, and notes payable: Debentures payable	14, 635, 250	10, 465, 650	—4, 169, 600
Other liabilities: Reserve for foreclosure costs—mortgage notes acquired under terms of insurance	135, 664	129, 097	—6, 567
Total liabilities	17, 268, 258	13, 641, 937	—3, 626, 321
RESERVE			
Insurance reserve—available for future losses and expenses	10, 160, 535	16, 371, 863	6, 211, 328
Total liabilities and reserve	27, 428, 793	30, 013, 800	2, 585, 007
Certificates of claim relating to properties on hand	287, 619	511, 938	224, 319

Total income of the Armed Services Housing Mortgage Insurance Fund during the fiscal year 1959 amounted to $5,758,836, while expenses and losses amounted to $2,680,099 leaving a net income of $3,078,737 before adjustment of valuation allowances. After valuation allowances were decreased by $3,110,756, a net income of $6,189,493 resulted for the year. The cumulative income of the fund from August 8, 1949 to June 30, 1959 amounted to $37,073,323, while cumulative expenses totaled $11,125,021, resulting in a cumulative net income of $25,948,302 before adjustment of valuation allowances. Valuation allowances of $9,576,439 were established leaving cumulative net income of $16,371,863.

Investments

Section 804(a) of the Act provides that moneys not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States, or, with the approval of the Secretary of the Treasury, used to purchase debentures issued under this title. In the fiscal

STATEMENT 40.—*Income and expenses, Armed Services Housing Mortgage Insurance Fund, through June 30, 1958 and June 30, 1959*

	Aug. 8, 1949 to June 30, 1958	July 1, 1958 to June 30, 1959	Aug. 8, 1949 to June 30, 1959
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$2, 195, 717	$286, 931	$2, 482, 648
Dividends on rental housing stock	1, 334	419	1, 753
Interest—Other	325, 701	348, 635	674, 336
	2, 522, 752	635, 985	3, 158, 737
Insurance premiums and fees:			
Premiums	19, 842, 385	3, 773, 782	23, 616, 167
Fees	8, 945, 574	1, 349, 069	10, 294, 643
	28, 787, 959	5, 122, 851	33, 910, 810
Other income: Profit on sale of investments	3, 776	------------	3, 776
Total income	31, 314, 487	5, 758, 836	37, 073, 323
Expenses:			
Interest expenses: Interest on funds advanced by U.S. Treasury	441, 092	------------	441, 092
Administrative expenses: Operating costs (including adjustments for prior years)	7, 283, 904	024, 620	8, 186, 774
Other expenses: Depreciation on furniture and equipment	33, 664	4, 625	38, 194
Losses and charge-offs:			
Loss on acquired security	709, 354	1, 751, 263	2, 460, 617
Loss (or profit —) on equipment	—1, 257	—409	—1, 656
	708, 097	1, 750, 854	2, 458, 961
Total expenses	8, 466, 757	2, 680, 099	11, 125, 021
Net income before adjustment of valuation allowances	22, 847, 730	3, 078, 737	25, 948, 302
Increase (—) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	------------	—14, 233	—14, 233
Allowance for loss on real estate	—8, 151, 564	+3, 039, 850	—5, 111, 714
Allowance for loss on mortgage notes acquired under terms of insurance	—4, 535, 631	+85, 139	—4, 450, 492
Net adjustment of valuation reserves	—12, 687, 195	+3, 110, 756	—9, 576, 439
Net income (or loss —)	10, 160, 535	6, 189, 493	16, 371, 863

ANALYSIS OF INSURANCE RESERVE

	Aug. 8, 1949 to June 30, 1958	July 1, 1958 to June 30, 1959	Aug. 8, 1949 to June 30, 1959
Distribution of net income:			
Insurance reserve:			
Balance at beginning of period	------------	10, 160, 535	------------
Adjustments during the period	------------	21, 835	------------
Net income (or loss —) for the period	10, 160, 535	6, 189, 493	16, 371, 863
Balance at end of period	10, 160, 535	16, 371, 863	16, 371, 863

year 1959, $1,826,650 of debentures were redeemed in payment of mortgage insurance premiums and $2,733,000 by calls.

During the fiscal year 1959, net redemptions of $225,000 decreased the U.S. Government securities held by the fund as of June 30, 1959 to $11,749,000, principal amount. These transactions resulted in an increase in the average annual yield from 2.42 percent to 2.54 percent.

Investments of the Armed Services Housing Mortgage Insurance Fund, June 30, 1959

Series	Interest rate (percent) [1]	Purchase price	Par value	Book value (amortized)
1959	----------	$867, 193	$875, 000	$868, 799
1963	2	324, 000	324, 000	324, 000
1964–69	2½	1, 511, 820	1, 550, 000	1, 526, 159
1965–70	2½	288, 391	300, 000	292, 258
1966–71	2½	1, 063, 141	1, 100, 000	1, 074, 901
1967–72	2½	7, 701, 281	7, 600, 000	7, 651, 369
	----------	11, 755, 826	11, 749, 000	11, 737, 488

[1] Average annual yield 2.54 percent.

Properties Acquired Under the Terms of Insurance

During the calendar year 1959, 7 additional properties or assigned notes (2,057 units) insured under Section 803 were acquired by the Commissioner under the terms of insurance and one property (95 units) was sold. Through December 31, 1959, a total of 13 properties (1,831 units) and 16 mortgage notes (3,823 units) had been acquired by the Commissioner, and 3 properties (405 units) had been sold. Certificates of claim issued in connection with the 3 Section 803 properties sold as of December 31, 1959, amounted to $92,783, all of which is to be canceled.

STATEMENT 41.—*Statement of profit and loss on sale of acquired properties, Armed Services Housing Mortgage Insurance Fund, through Dec. 31, 1959*

	Sec. 803 (3 properties 405 units)
Proceeds of sales:	
Sales price [1]	$833, 211
Less commissions and other selling expenses	2, 638
Net proceeds of sales	830, 573
Income:	
Rental and other income (net)	361, 558
Mortgage note income	19, 356
Total income	380, 914
Total proceeds of sold properties	1, 211, 487
Expenses:	
Debentures and cash adjustments	3, 166, 274
Interest on debentures	278, 041
Taxes and insurance	36, 763
Additions and improvements	4, 913
Maintenance and operating	196, 142
Service charge	534
Miscellaneous	3, 952
Total expenses	3, 686, 619
Loss (—) to Armed Services Housing Mortgage Insurance Fund	−2, 475, 132

[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
Property sold for cash and note	1	1	31, 102	$290, 000	321, 102
Total	3	1	543, 211	290, 000	833, 211

The turnover of Section 803 acquired security, by calendar year, is shown in Statement 42.

STATEMENT 42.—*Turnover of properties acquired and mortgage notes assigned under Sec. 803 of Title VIII contracts of insurance by years and cumulative through Dec. 31, 1959*

Properties and notes acquired		Properties sold, by calendar year			Properties and notes on band Dec. 31, 1959
Year	Number	1957	1958	1959	
1954	1	--------	--------	--------	1
1955	4	--------	--------	--------	4
1956	2	--------	--------	--------	2
1957	11	1	1	1	8
1958	4	--------	--------	--------	4
1959	7	--------	--------	--------	7
Total	29	1	1	1	26

On December 31, 1959, there remained on hand, under Section 803, 10 project properties (1,426 units) and 16 assigned mortgage notes (3,823 units) under the Armed Services Housing Mortgage Insurance Fund.

The first Title VIII, Section 809, property was acquired under the terms of insurance in calendar year 1959 at a total cost of $11,041 and remained on hand at December 31, 1959, as shown in Statement 43.

STATEMENT 43.—*Armed Services Housing Mortgage Insurance Fund, statement of properties and assigned mortgage notes on hand at Dec. 31, 1959*

	Sec. 803		Sec. 809 (1 property, 1 unit)	Total (27 properties and notes, 5,250 units)
	10 projects, 1,426 units [1]	16 mortgage notes, 3,823 units		
Expenses:				
Acquisition costs	$11, 309, 082	$26, 901, 405	$10, 725	$38, 221, 212
Interest on debentures	1, 275, 948	1, 180, 964	287	2, 457, 199
Taxes and insurance	310, 938	----------	29	310, 967
Additions and improvements	5, 711	----------	----------	5, 711
Maintenance and operating	618, 640	----------	----------	618, 640
Service charge	----------	29, 621	----------	29, 621
Miscellaneous	37, 237	6, 214	----------	43, 451
Total expenses	13, 557, 556	28, 118, 204	11, 041	41, 686, 801
Income and recoveries:				
Rent and other income (net)	1, 049, 350	1, 302, 429	----------	2, 351, 779
Proceeds from partial sales	194, 600	----------	----------	194, 600
Collections on mortgage notes	----------	250, 413	----------	250, 413
Total income	1, 243, 950	1, 552, 842	----------	2, 796, 792
Net acquired security on hand	12, 313, 606	26, 565, 362	11, 041	38, 890, 009

[1] Includes 35 units in one partially sold project.

TITLE IX: NATIONAL DEFENSE HOUSING INSURANCE FUND

The National Defense Housing Insurance Fund was created by Section 902 of the National Housing Act as amended September 1, 1951 (Defense Housing and Community Facilities and Services Act of 1951, Public Law 139, 82d Cong.), which provides that this fund shall be used by the 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, 1959, the assets of the National Defense Housing Insurance Fund totaled $66,629,063, against which there were outstanding liabilities of $73,043,049, leaving a deficit of $6,413,986. This represents an operating deficit of $16,413,986 less $10 million transferred from other insurance funds in accordance with Section 219 of the Act.

STATEMENT 44.—*Comparative statement of financial condition, National Defense Housing Insurance Fund, as of June 30, 1958 and June 30, 1959*

	June 30, 1958	June 30, 1959	Increase or decrease (–)
ASSETS			
Cash with U.S. Treasury	$1,589,001	$1,945,649	$356,648
Investments:			
U.S. Government securities (amortized)	5,187,438	2,351,900	–2,835,538
Other securities (stock in rental housing corporations)	9,200	9,200	
Total investments	5,196,638	2,361,100	–2,835,538
Loans receivable:			
Mortgage notes and contracts for deed	18,773,382	24,804,558	6,031,176
Less allowance for losses	334,286	504,226	169,940
Net loans receivable	18,439,096	24,300,332	5,861,236
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	45,792	43,659	–2,133
Accounts receivable—Other	447	403,881	403,434
Accounts receivable—Interfund	29	2,940	2,911
Total accounts and notes receivable	46,268	450,480	404,212
Accrued assets:			
Interest on U.S. Government securities	3,635	1,667	–1,968
Other	106,436	129,266	22,830
Total accrued assets	110,071	130,933	20,862
Acquired security:			
Real estate (at cost plus expenses to date)	47,511,818	50,387,155	2,875,337
Less allowance for losses	23,104,250	18,487,344	–4,616,906
Net real estate	24,407,568	31,899,811	7,492,243
Mortgage notes acquired under terms of insurance	10,841,458	8,483,336	–2,358,122
Less allowance for losses	3,705,082	2,952,525	–752,557
Net mortgage notes acquired under terms of insurance	7,136,376	5,530,811	–1,605,565
Net acquired security	31,543,944	37,430,622	5,886,678

STATEMENT 44.—*Comparative statement of financial condition, National Defense Housing Insurance Fund, as of June 30, 1958 and June 30, 1959*—Continued

	June 30, 1958	June 30, 1959	Increase or decrease (–)
ASSETS—continued			
Other assets held for account of mortgagors	$4,718	$9,947	$5,229
Total assets	56,929,736	66,629,063	9,699,327
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	65,009	90,972	25,963
Accrued liabilities: Interest on debentures	1,354,299	1,080,264	–274,035
Trust and deposit liabilities:			
Excess proceeds of sale	145,859	149,925	4,066
Deposits held for mortgagors, lessees, and purchasers	379,081	397,585	18,504
Total trust and deposit liabilities	524,940	547,510	22,570
Deferred and undistributed credits:			
Unearned insurance premiums	1,142,458	1,066,556	–75,902
Other	106,437	129,266	22,829
Total deferred and undistributed credits	1,248,895	1,195,822	–53,073
Bonds, debentures, and notes payable: Debentures payable	65,677,150	70,041,900	4,364,750
Other liabilities: Reserve for foreclosure costs—Mortgage notes acquired under terms of insurance	109,991	86,581	–23,410
Total liabilities	68,980,284	73,043,049	4,062,765
RESERVE			
Insurance reserve (deficit –)	–12,050,548	–6,413,986	5,636,562
Total liabilities and reserve	56,929,736	66,629,063	9,699,327
Certificates of claim relating to properties on hand	1,568,801	1,641,439	72,638

Income and Expenses

During fiscal year 1959 the income to the fund amounted to $2,592,818, while expenses and losses amounted to $2,150,705, leaving a net income of $442,113 before provision for valuation allowances. A decrease of $5,199,523 in the valuation allowances resulted in a net income of $5,641,636 for the year.

The cumulative income of the National Defense Housing Insurance Fund from September 1, 1951 to June 30, 1959 amounted to $19,736,542, while cumulative expenses amounted to $14,206,433, leaving cumulative net income of $5,530,109 before adjustment of valuation allowances. Valuation allowances of $21,944,095 were established, leaving a cumulative net deficit of $16,413,986.

Investments

Section 905(a) of Title IX contains a provision similar to that under Title II with respect

STATEMENT 45.—*Income and expenses, National Defense Housing Insurance Fund, through June 30, 1958 and June 30, 1959*

	Sept. 1, 1951 to June 30, 1958	July 1, 1958 to June 30, 1959	Sept. 1, 1951 to June 30, 1959
Income:			
Interest and dividends:			
Interest on U.S. Government securities	$889,243	$90,067	$979,310
Interest—Other	867,009	237,497	1,104,506
Dividends on rental housing stock	195	100	295
	1,750,447	327,664	2,084,111
Insurance premiums and fees:			
Premiums	12,488,254	2,106,910	14,595,164
Fees	2,722,921		2,722,921
	15,211,175	2,106,910	17,318,085
Other income:			
Profit on sale of investments	63,859		63,859
Miscellaneous income	112,243	158,244	270,487
	176,102	158,244	334,346
Total income	17,143,724	2,592,818	19,736,542
Expenses:			
Administrative expenses: Operating costs (including adjustments for prior years)	6,321,989	696,778	7,023,821
Other expenses:			
Depreciation on furniture and equipment	29,075	3,800	32,987
Miscellaneous expenses	29,207	240	29,447
	58,282	4,130	62,434
Losses and charge-offs:			
Loss on acquired security	5,670,712	1,450,141	7,120,853
Loss (or profit —) on equipment	−329	−344	−675
	5,670,383	1,449,797	7,120,178
Total expenses	12,050,654	2,150,705	14,206,433
Net income before adjustment of valuation allowances	5,093,070	442,113	5,530,109
Increase (−) or decrease (+) in valuation allowances:			
Allowance for loss on loans receivable	−334,286	−169,940	−504,226
Allowance for loss on real estate	−23,104,250	+4,616,906	−18,487,344
Allowance for loss on mortgage notes acquired under terms of insurance	−3,705,082	+752,557	−2,952,525
Net adjustment of valuation allowances	−27,143,618	+5,199,523	−21,944,095
Net income (or loss —)	−22,050,548	5,641,636	−16,413,986

ANALYSIS OF INSURANCE RESERVE

Distribution of net income:			
Insurance reserve:			
Balance at beginning of period		−12,050,548	
Adjustments during the period		−5,074	
Net income (or loss —) for period	−22,050,548	5,641,636	−16,413,986
	−22,050,548	−6,413,986	−16,413,986
Capital contributions from other FHA insurance funds	10,000,000		10,000,000
Balance at end of period	−12,050,548	−6,413,986	−6,413,986

to investment of moneys not needed for current operations by the purchase of U.S. Government securities or the retirement of debentures.

During fiscal year 1959, $314,900 of debentures were exchanged for mortgage notes, $1,960,300 of debentures were redeemed in payment of mortgage insurance premiums, and $3,000,000 were redeemed by calls.

During the fiscal year 1959, net redemptions of $2,830,000, principal amount, of U.S. Government securities were made. These transactions left the U.S. Government securities held by the fund as of June 30, 1959, at $2,370,000 yielding 2.68 percent.

Investments of the National Defense Housing Insurance Fund, June 30, 1959

Series	Interest rate (percent)[1]	Purchase price	Par value	Book value (amortized)
1959		$1,177,348	$1,195,000	$1,156.415
1962	2	400,000	400,000	400,000
1963	2	375,000	375,000	375,000
1966–71	2½	193,563	200,000	195,526
1967–72	2½	193,062	200,000	194,959
Total		2,338,973	2,370,000	2,351,900

[1] Average annual yield 2.68 percent.

Properties Acquired Under Terms of Insurance

During 1959, no additional properties or assigned notes insured under Section 908 were acquired by the FHA Commissioner. Six properties (310 units) were sold. Titles to 1,413 home properties (1,635 units) insured under Section 903 were acquired under the terms of insurance during 1959 and 594 (663 units) were sold. Through December 31, 1959, a cumulative total of 16 mortgage notes (1,137 units) and 14 properties (1,080 units) insured under Section 908 and 9,354 home properties (10,872 units) insured under Section 903 had been acquired under the terms of insurance. Four thousand seventy-five home properties (4,939 units) insured under Section 903 and 7 Section 908 properties (364 units) had been sold at December 31, 1959. Certificates of claim issued in connection with the 4,075 Section 903 properties sold through December 31, 1959 totaled $1,347,791, of which $222,741 is paid or to be paid and $1,125,050 canceled. Certificates of claim issued in connection with the Section 908 properties sold totaled $111,032, of which $84,325 is to be paid and $26,707 is to be canceled. At December 31, 1959, there remained on hand 5,279 properties (5,933 units) insured under Section 903, 16 mortgage notes (1,137 units) and 7 properties (716 units) insured under Section 908.

STATEMENT 46.—*Statement of profit and loss on sale of acquired properties, National Defense Housing Insurance Fund, through Dec. 31, 1959*

Items	Sec. 903 (4,075 properties, 4,939 units)	Sec. 908 (7 properties, 364 units)	Total NDHI Fund (4,082 properties, 5,303 units)
Proceeds of sales:			
Sales price [1]	$31, 090, 898	$2, 537, 500	$33, 628, 398
Less commissions and other selling expenses	1, 207, 846	3, 676	1, 211, 522
Net proceeds of sales	29, 883, 052	2, 533, 824	32, 416, 876
Income:			
Rental and other income (net)	2, 594, 519	486, 612	3, 081, 131
Mortgage note income	2, 326, 429	66, 801	2, 393, 230
Recovery prior to acquisition of defaulted notes	54, 235		54, 235
Total income	4, 975, 183	553, 413	5, 528, 596
Total proceeds of sold properties	34, 858, 235	3, 087, 237	37, 945, 472
Expenses:			
Debentures and cash adjustments	36, 238, 389	2, 556, 828	38, 795, 217
Asset value acquired after default of purchase money mortgages	−920, 766		−920, 766
Purchase of land held under lease	56, 292		56, 292
Interest on debentures	3, 336, 357	343, 426	3, 679, 783
Taxes and insurance	1, 039, 691	53, 192	1, 092, 883
Additions and improvements	25, 590	675	26, 265
Maintenance and operating expense	2, 154, 617	112, 676	2, 267, 293
Service charge	120, 040	2, 509	122, 549
Miscellaneous	1, 268	4, 646	5, 914
Total expenses	42, 051, 478	3, 073, 952	45, 125, 430
Net profit (or loss −) before distribution of liquidation profits	−7, 193, 243	13, 285	−7, 179, 958
Less distribution of liquidation profits:			
Certificates of claim	222, 741	84, 325	307, 066
Increment on certificates of claim	10, 225	2, 536	12, 761
Loss (−) to National Defense Housing Insurance Fund	−7, 426, 209	−73, 576	−7, 499, 785

[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	561		$1, 784, 227		$1, 784, 227
Properties sold for cash and notes (or contracts for deed)	3, 521	3, 239	1, 636, 656	$30, 207, 515	31, 844, 171
Total	4, 082	3, 239	3, 420, 883	30, 207, 515	33, 628, 398

STATEMENT 47.—*National Defense Housing Insurance Fund, statement of properties and assigned mortgage notes on hand as of Dec. 31, 1959*

	Sec. 903 (5,279 properties, 5,933 units)	Sec. 908		Total (5,286 properties, 16 mortgage notes, 7,786 units)
		7 properties, 716 units	16 mortgage notes, 1,137 units	
Expenses:				
Acquisition costs	$45, 054, 609	$1, 908, 853	$8, 006, 781	$57, 970, 243
Interest on debentures	3, 352, 696	624, 940	782, 650	4, 760, 286
Taxes and insurance	2, 265, 625	131, 971		2, 397, 596
Additions and improvements	50, 629	6, 891		57, 520
Maintenance and operating	2, 175, 915	344, 182		2, 520, 097
Service charge			14, 523	14, 523
Miscellaneous	8, 576	15, 340	6, 299	30, 215
Total expenses	52, 908, 050	6, 032, 177	8, 810, 253	67, 750, 480
Income and recoveries:				
Rent and other (net)	4, 513, 510	537, 104	755, 302	5, 805, 916
Collections on mortgage notes			253, 707	253, 707
Total income	4, 513, 510	537, 104	1, 009, 009	6, 059, 623
Net acquired security on hand	48, 394, 540	5, 495, 073	7, 801, 244	61, 690, 857

Statements 48 and 49 show the turnover of acquired security under Sections 903 and 908 by calendar year of acquisition.

STATEMENT 48.—*Turnover of properties acquired under Sec. 903 of Title IX contracts of insurance, by years, and cumulative through Dec. 31, 1959*

Properties acquired		Properties sold, by calendar years							Properties on hand Dec. 31, 1959
Year	Number	1953	1954	1955	1956	1957	1958	1959	
1953	3			3					
1954	690		2	113	149	166	15	15	230
1955	2, 535			358	657	249	138	16	1, 117
1956	2, 800				167	539	628	276	1, 190
1957	1, 273					69	196	142	866
1958	640						32	68	540
1959	1, 413							77	1, 336
Total	9, 354		2	474	973	1, 023	1, 009	594	5, 279

NOTE.—On the 4,075 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 19.76 months.

The number of properties sold has been reduced by 133 properties repossessed because of default on mortgage notes, of which 27 had been resold by Dec. 31, 1959.

STATEMENT 49.—*Turnover of properties acquired and mortgage notes assigned under Sec. 908 of Title IX contracts of insurance by years, and cumulative through Dec. 31, 1959*

Year	Properties and notes acquired	Properties sold, calendar years			Properties and notes on hand Dec. 31, 1959
		1957	1958	1959	
1954	2	1			1
1955	10				10
1956	7				7
1957	7			3	4
1958	4			3	1
1959					
Total	30	1		6	23

SALARIES AND EXPENSES ACCOUNT

A separate account, entitled Salaries and Expenses, Federal Housing Administration, is maintained for the payment of salaries and other expenses involved in operating the FHA. Moneys for such expenses and for the purchase of furniture and equipment required in the operations of the FHA are allocated to this fund and all disbursements for these purposes are made from it. Until the income of the insurance funds was sufficient to cover salaries and expenses, allocations were made to this account from the U.S. Treasury through the RFC in accordance with provisions contained in the National Housing Act and subsequent appropriation acts. Since July 1, 1937, a portion of the allocations, and since July 1, 1940, all allocations to salaries and expenses have been made from the various FHA insurance funds.

STATEMENT 50.—*Comparative statement of financial condition, Administrative Expense Account (salaries and expenses), as of June 30, 1958 and June 30, 1959*

	June 30, 1958	June 30, 1959	Increase or decrease (−)
ASSETS			
Cash with U.S. Treasury	$6,375,293	$5,336,468	−$1,038,825
Accounts and notes receivable: Accounts receivable—Other	144,724	150,035	5,311
Land, structures, and equipment:			
Furniture and equipment	3,134,104	[1] 3,457,271	323,167
Less allowance for depreciation	1,577,488	1,707,019	129,531
Net furniture and equipment	1,556,616	1,750,252	193,636
Total assets	8,076,633	7,236,755	−839,878
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	5,085,904	[2] 3,748,622	−1,337,282
Interfund	1,556,616	1,750,252	193,636
Total accounts payable	6,642,520	5,498,874	−1,143,646
Trust and deposit liabilities:			
Due general fund of the U.S. Treasury	2,049	859	−1,190
Employees' payroll deductions for taxes, etc	1,428,901	1,732,694	303,793
Total trust and deposit liabilities	1,430,950	1,733,553	302,603
Deferred and undistributed credits: Other	3,163	4,328	1,165
Total liabilities	8,076,633	7,236,755	−839,878

[1] Excludes unfilled orders in the amount of $76,612.
[2] Excludes unfilled orders in the amount of $237,072.

FEDERAL HOUSING ADMINISTRATION