7th

ANNUAL REPORT HOUSING AND HOME FINANCE AGENCY

Calendar Year

1953

★

Office of the Administrator
Home Loan Bank Board
Federal Housing Administration
Public Housing Administration

THE HOUSING AND HOME FINANCE AGENCY

1626 K Street NW.

Albert M. Cole, Administrator

THE HOME LOAN BANK BOARD

101 Indiana Avenue NW.

Walter W. McAllister, Chairman

William K. Divers, Member

THE FEDERAL HOUSING ADMINISTRATION

1001 Vermont Avenue NW.

Guy T. O. Hollyday, Commissioner

THE PUBLIC HOUSING ADMINISTRATION

1201 Connecticut Avenue NW.

Charles E. Slusser, Commissioner

THE NATIONAL HOUSING COUNCIL

1626 K Street NW.

Housing and Home Finance Administrator
Chairman, Home Loan Bank Board
Federal Housing Commissioner
Public Housing Commissioner
Secretary of Agriculture (or his designee)
Administrator of Veterans' Affairs (or his designee)
Secretary of Commerce (or his designee)
Secretary of Labor (or his designee)
Secretary of Health, Education, and Welfare (or his designee)
Secretary of Defense (or his designee)

7th

ANNUAL REPORT

HOUSING AND HOME FINANCE AGENCY

UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON : 1954

For sale by the Superintendent of Documents, U. S. Government Printing Office Washington 25, D. C. - Price $1.25

LETTER OF TRANSMITTAL

Sirs: I have the honor to transmit herewith the Seventh Annual Report of the Housing and Home Finance Agency covering the housing activities of the Federal Government for the calendar year 1953.

In this Seventh Annual Report, the Housing and Home Finance Agency records the activities and accomplishments of the Office of the Administrator and the three constituents of the Agency—the Home Loan Bank Board, the Federal Housing Administration, and the Public Housing Administration.

Sincerely,

Albert M. Cole,
Administrator.

The Speaker of the House of Representatives,
Washington 25, D. C.

President, United States Senate,
Washington 25, D. C.

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INTRODUCTION TO PART I

In Part I of the Seventh Annual Report of HHFA, the Housing and Home Finance Administrator, as the Government's chief housing officer and Chairman of the National Housing Council, presents summary data on the Government's role in housing as well as information on housing activities in general. This part of the report includes data on the overall activities of HHFA, as well as details on the activities of the Office of the Administrator. Specific detail on the programs and activities of the Home Loan Bank Board, the Federal Housing Administration, and the Public Housing Administration will be found in Parts II, III, and IV, respectively, of this report. The material presented in Part I deals with both the housing economy in 1953 and HHFA programs and activities. It is preceded by a chronology of significant events in housing in 1953 and is followed by three appendixes: Appendix A contains various statistical and fiscal tables—in addition pertinent statistical tables are included in the text; Appendix B lists Executive messages and Federal legislation affecting housing in 1953; Appendix C lists HHFA publications.

CHRONOLOGY OF SIGNIFICANT EVENTS IN HOUSING, 1953

1–5 FHA permits lenders to charge a new service charge of one-half of one percent per year.

1–16 Executive Order 10427 transferred disaster relief program from HHFA to Federal Civil Defense Administration.

1–24 Administrator announced relaxation of the restrictions placed on the disposal of Lanham Act World War II war housing and veterans' reuse housing in order to facilitate disposition of the Federal Government's interest.

3–10 Public Law 5, 83d Congress, approved, increasing Title I loan insurance authorization of FHA to $1,750 million and providing for repayment to the Treasury by June 30, 1954, of $8.3 million Government investment in Title I fund.

3–11 Albert M. Cole became Administrator of HHFA.

Office of Defense Mobilization announced that as of June 30, 1953, a new Defense Materials System would replace the Controlled Materials Plan.

4–13 FNMA suspended temporarily the purchase on an over-the-counter basis of mortgages insured by FHA or guaranteed by VA except mortgages covering defense, military, Alaska, or disaster housing and mortgages covered by commitment contracts or delivered against purchase receipts.

4–16 Guy T. O. Hollyday became Commissioner of FHA.

4–18 Administrator announced the removal of the remaining credit controls on Government-assisted private housing which were imposed in October 1950 under authority of the Defense Production Act.

5–2 FHA and VA increased maximum interest rates on 1- to 4-family homes to 4½ percent. The maximum interest rate on FHA-insured Section 207 multi-unit housing was raised to 4¼ percent.

6–10 FHA Commissioner announced formation of a group of specialists to advise him on home repair and improvement financing under Title I.

FHA Commissioner announced appointment of advisory committee of national housing leaders to advise on overall FHA programs.

6–19 Executive Order 10462 transferred to the HHFA Administrator the President's authority to extend deadline dates relating to the disposition of Lanham Act housing.

6–25 Administrator announced plans for a study of the Government's long-range housing activities as the basis for recommendations to be made to the President for legislative recommendations to the Congress.

6–30 Public Law 94, Housing Amendments of 1953, signed by President. (See Appendix B for details.)

7–1 Public Law 101 approved. Extended VA direct home loan program to June 30, 1954, and provided an additional $100 million authorization. Authorized increases in interest rates on direct loans up to 4½ percent.

James W. Follin became Director, Division of Slum Clearance and Urban Redevelopment.

FHA made first repayment of Title I insurance fund to the Treasury in amount of $8⅓ million.

7–7 Charles E. Slusser became Commissioner of PHA.
As part of his housing study, Administrator began series of "shirtsleeve" conferences in communities throughout the country to discuss housing at the grassroots level.

7–10 FHA Commissioner announced increases in interest rates on FHA debentures.

7–27 FNMA began selling and purchasing FHA-insured and VA-guaranteed mortgages on a one-for-one basis.

7–29 FNMA began accepting applications for advance commitments for the purchase at par of eligible Section 213 cooperative housing mortgages.

7–31 First Independent Offices Appropriation Act, 1954, approved. Law enacted new requirements for consideration of code enforcement and rehabilitation in administration of slum clearance and redevelopment program, restricted commencement of construction of low-rent public housing to 20,000 dwelling units in fiscal year 1954, and prohibited any new contracts for Federal aid to such housing. Required study of public housing program and report to Appropriations Committees by February 1, 1954. Required liquidation of housing research program not later than April 30, 1954.
FHA made final payment in amount of over $18 million to the Treasury as repayment of funds advanced by the Treasury for FHA mortgage insurance operations.

8–3 John C. Hazeltine became Commissioner, Division of Community Facilities and Special Operations.

8–4 Walter W. McAllister became Chairman of HLBB.
Administrator announced a new interest rate of 3½ percent for college housing loans in accordance with the provisions of the Housing Amendments Act of 1953. At the same time he announced the removal of provision restricting college housing loans to defense related purposes.

8–14 FHA announced experiments in conjunction with the National Association of Home Builders in the trade-in house field.

9–12 In Executive Order 10486, the President established an Advisory Committee on Government Housing Policies and Programs.

10–7 Office of Defense Mobilization designated Administrator to present supply and requirements information with respect to housing construction, alteration, and repair.

12–14 President's Advisory Committee on Government Housing Policies and Programs presented its report to the President.

ORGANIZATION AND STRUCTURE OF THE HOUSING AND HOME FINANCE AGENCY

A. Structure and Programs

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

The Housing and Home Finance Agency consists of the Office of the Administrator, three constituent operating agencies, and the National Housing Council.

Office of the Administrator

The Administrator is the principal housing official in the Federal Government. He is responsible for the general coordination and supervision of all programs throughout the Housing and Home Finance Agency. In addition, he is directly responsible for the administration of the following specific programs:

Active	*In Liquidation*
Slum clearance and urban redevelopment.	Housing research.
Secondary mortgage market.	Alaska housing.
Housing loans to educational institutions.	Loans for prefabricated housing.
Defense housing.	Lanham Act housing.
Defense community facilities.	Postwar emergency housing.
	Advance planning programs.
	War public works.

These operating programs will be discussed in detail in subsequent sections of this report.

The chart of page XVIII shows the organization of the staff of the Office of the Administrator, which assists him in carrying out the above responsibilities. There were no significant changes during the year.

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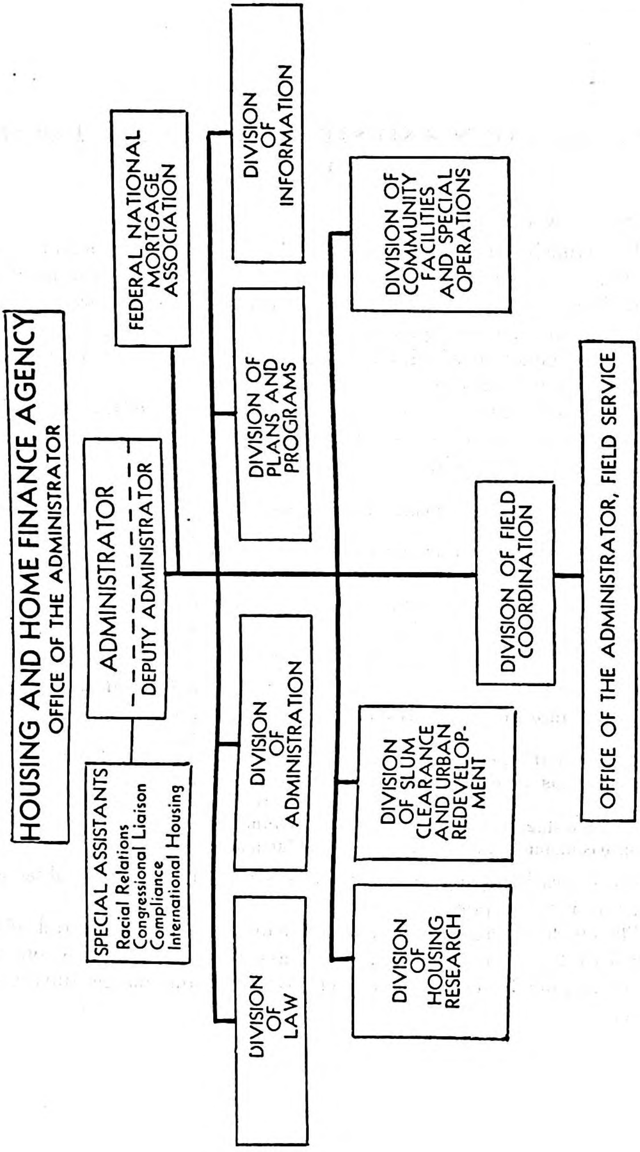

HOUSING AND HOME FINANCE AGENCY
OFFICE OF THE ADMINISTRATOR
ADMINISTRATOR
DEPUTY ADMINISTRATOR
SPECIAL ASSISTANTS
Racial Relations
Congressional Liaison
Compliance
International Housing
FEDERAL NATIONAL MORTGAGE ASSOCIATION
DIVISION OF LAW
DIVISION OF ADMINISTRATION
DIVISION OF PLANS AND PROGRAMS
DIVISION OF INFORMATION
DIVISION OF HOUSING RESEARCH
DIVISION OF SLUM CLEARANCE AND URBAN REDEVELOP-MENT
DIVISION OF COMMUNITY FACILITIES AND SPECIAL OPERATIONS
DIVISION OF FIELD COORDINATION
OFFICE OF THE ADMINISTRATOR, FIELD SERVICE

CHART 1.

HHFA Constituent Agencies

The Home Loan Bank Board serves home financing institutions of the savings and loan type through the Federal Home Loan Bank System, which provides a credit reserve, and through the Federal Savings and Loan Insurance Corporation, which provides insurance for investors in these institutions.

The Federal Housing Administration provides Government insurance for mortgages and property improvement loans made by approved lending institutions under the various FHA programs. These include sales, rental, cooperative, military, and defense housing.

The Public Housing Administration makes loans to local housing authorities to build low-rent housing and administers the Federal system of subsidy assistance for such housing. Operating responsibility for the following programs has also been delegated to the PHA by the Administrator: management of federally financed defense housing built under the Lanham Act during World War II, and subsequently used for veterans; management of temporary housing provided under Public Law 139 for defense needs following the Korean outbreak; and the liquidation of the Government's interest in World War II and postwar veterans' housing, and housing of various earlier programs.

National Housing Council

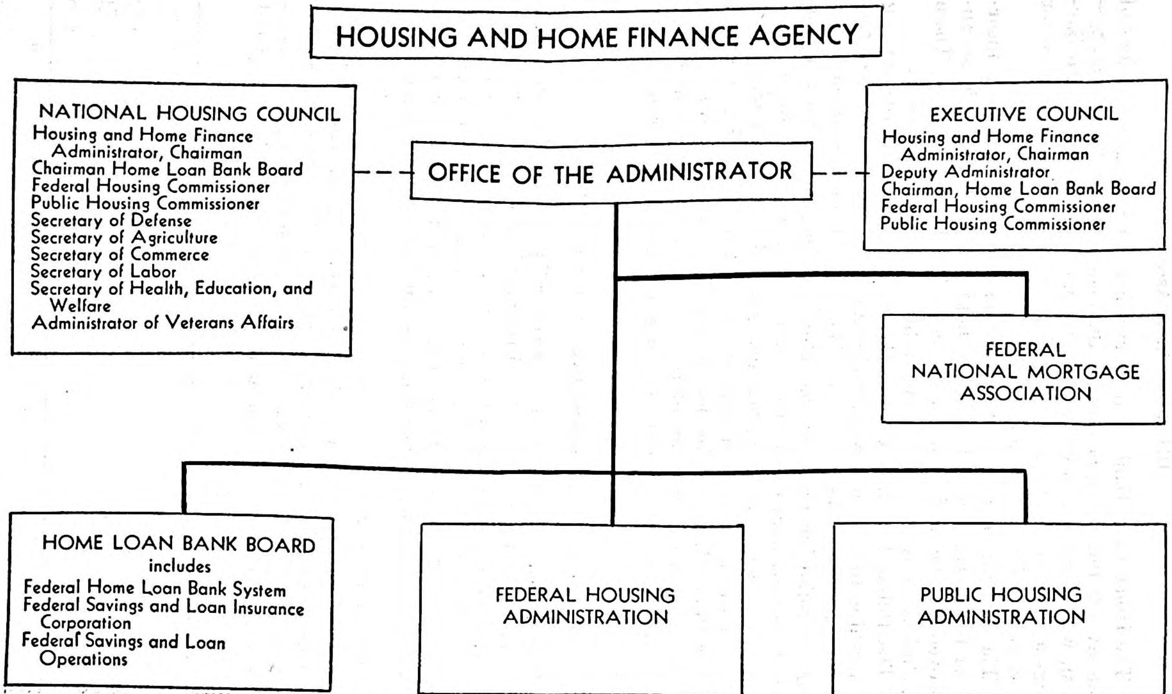
The National Housing Council, an overall policy coordinating body, is composed of the HHFA Administrator, who serves as chairman, the heads of the three HHFA constituent agencies, and the heads, or their designees, of the Veterans' Administration, and the Departments of Agriculture, Commerce, Labor, Defense, and Health, Education, and Welfare, each of which has functions related to the housing field.

B. HHFA Personnel

During the calendar year 1953, the Housing and Home Finance Agency operated with an average staff of 11,704 employees, as compared with 12,441 in the preceding year. The following table shows the actual fulltime employment within HHFA at the beginning and end of the calendar year.

	Jan. 1, 1953	Dec. 31, 1953
Office of the Administrator [1]	1,607	1,209
Home Loan Bank Board	433	477
Federal Housing Administration	5,443	5,231
Public Housing Administration	4,946	4,081
Total	12,429	10,998

[1] Includes 719 employees of Federal National Mortgage Association on Jan. 1 and 548 on Dec. 31.



Reprinted from 7th Annual Report, HHFA, Calendar Year 1953

C. Major Personnel Changes

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

Albert M. Cole, Administrator, Housing and Home Finance Agency, on March 11, 1953.

Guy T. O. Hollyday, Commissioner, Federal Housing Administration, on April 16, 1953.

James W. Follin, Director, Division of Slum Clearance and Urban Redevelopment, on July 1, 1953.

Charles E. Slusser, Commissioner, Public Housing Administration, on July 7, 1953.

John C. Hazeltine, Commissioner, Division of Community Facilities and Special Operations, on August 3, 1953.

Walter W. McAllister, Chairman, Home Loan Bank Board, on August 4, 1953.

SECTION 1: THE OVERALL HOUSING PICTURE IN 1953

Chapter I

SALIENT DEVELOPMENTS IN THE HHFA

A. A Year of Review and Development

During the year 1953 the Nation's housing problems and methods for meeting them were brought into sharper focus than ever before. A comprehensive review and reappraisal of Federal housing activities produced a new concept of an integrated approach to the whole housing field to replace the piecemeal efforts of the past. New proposals were advanced to insure a dynamic housing industry that would meet the housing demands of all Americans within the productive means of a sound economy.

At the same time, 1953 was a year in which existing programs were employed by the Administration to make a maximum contribution to the filling of current housing needs.

The new integrated approach resulted largely from a broadscale survey of housing problems and activities conducted by the HHFA Administrator and by the President's Advisory Committee on Housing Policies and Programs.

The initial phases of the study consisted of a series of "shirtsleeve" conferences held by the new HHFA Administrator soon after his appointment in March as head of the Government's principal agency in charge of housing and home financing activities. In Washington and in key cities across the Nation, the Administrator met with private and public leaders in housing, mortgage, finance, construction, and community development.

Ultimately, a 23-man President's advisory committee [1] was appointed to undertake a review of all Government housing programs,

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[1] Members of the President's Advisory Committee on Housing Policies and Programs:

Albert M. Cole, Administrator, Housing and Home Finance Agency, Chairman.

George L. Bliss, President, Century Federal Savings and Loan Association, New York City.

Ernest J. Bohn, Director, Cleveland Metropolitan Housing Authority, Cleveland, Ohio.

Ebney A. Camp, Jr., Vice President and Treasurer, Liberty National Life Insurance Company, Birmingham, Ala.

Miles L. Colean, Economist and Author, Washington, D. C.

A. R. Gardner, Past President and Executive Consultant, Federal Home Loan Bank of Chicago, Chicago, Ill.

Richard J. Gray, President, Building and Construction Trades Department, A. F. of L., Washington, D. C.

R. G. Hughes, First Vice President, National Association of Home Builders, Pampa, Tex.

and to prepare recommendations for improvement on the basis of its studies. With the HHFA Administrator as chairman, the committee brought together all the major housing interests around a common table. To accomplish its objectives the committee functioned through four subcommittees covering housing credit facilities; Federal Housing Administration and Veterans' Administration programs; urban redevelopment, rehabilitation, and conservation; and housing for low-income families. A five-man executive committee coordinated the studies and reviewed the organization of Federal housing activities.

In its report to the President,[2] the committee stated its basic policy:

It is the conviction of this committee that the constant improvement of the living conditions of all the people is best accomplished under a strong, free, competitive economy, that every action taken by Government in respect to housing should be for the purpose of facilitating the operation of that economy to provide adequate housing for all the people, to meet demands for new building, to assure the maintenance, restoration, and utilization of the existing stock of housing, and the elimination of conditions that create hazards to public safety and welfare and to the economic health of our communities, and that only those measures that prove to be successful in meeting these objectives should be continued.

Out of the deliberations of the advisory committee came three basic concepts for a new housing program that would integrate the aspirations of all varied housing interests.

All are interdependent and essential parts of a comprehensive and coordinated movement to better our housing and urban standards. In general, they aim to broaden the effective range of private industry toward meeting all housing requirements through the free enterprise system, and to extend a helping hand to local communities in carrying out coordinated, overall housing and urban improvement programs that they initiate and execute.

Rodney M. Lockwood, Past President, National Association of Home Builders, Detroit, Mich.

William A. Marcus, Senior Vice President, American Trust Company, San Francisco, Calif.

Norman P. Mason, Treasurer, William P. Proctor Company, North Chelmsford, Mass.

Robert M. Morgan, Vice President and Treasurer, The Boston Five Cents Savings Bank, Boston, Mass.

Thomas W. Moses, Attorney, Pittsburgh, Pa.

Aksel Nielsen, President, Title Guaranty Company, Denver, Colo.

Robert B. Patrick, Financial Vice President, Bankers Life Insurance Company, Des Moines, Iowa.

James W. Rouse, The Moss-Rouse Company, Baltimore, Md.

Bruce C. Savage, Bruce Savage Company, Indianapolis, Ind.

John J. Scully, Vice President, The Chase National Bank of the City of New York.

Alexander Summer, Alexander Summer Company, Teaneck, N. J.

James G. Thimmes, Chairman, CIO Housing Committee, Pittsburgh, Pa.

Ralph T. Walker, Past President, American Institute of Architects, New York City.

Paul R. Williams, Los Angeles, Calif.

Ben H. Wooten, President, First National Bank, Dallas, Tex.

W. Herbert Welch, Executive Director.

[2] Recommendations on Government Housing Policies and Programs: A Report of the President's Advisory Committee on Housing Policies and Programs, December 1953. Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C.

Recommendations of the committee included:

1. Launching a multisided program of urban renewal of our cities which will both rid them of slums and undertake the conservation and restoration of sound housing and neighborhood values.

2. Bringing good housing and improved housing standards within the practical reach of all groups. This means among other things making the total supply of existing units available on equal terms with new units instead of discriminating against older housing, in order to make it easier for people of limited means to obtain houses which can meet their needs.

3. Treating the problem of housing for low-income families as part of the total housing market, to be served privately as far as possible, and made an integral part of the community housing supply instead of as a special segment completely dependent upon Government subsidy and control.

Underlying the recommendations were several factors which emerged during the course of review more clearly than ever before. One was a major change which has been taking place in the homebuilding market, a change which has profound implications for both the housing industry and the housing consumer. During the immediate postwar years, most of the housing production was absorbed by the millions of newly created families and by the deferred needs of the war period. Other important and particular market requirements have had to wait. Now the postwar backlog has largely been met and deferred long-run needs can and must be met. Further, to sustain present high levels of building, the housing industry will have to adjust its production, to direct more of it to such specific market areas as minority groups and large families needing moderate-cost housing.

A second factor is a new consideration for our supply of existing housing. Partly of necessity, most building effort has been directed towards producing new homes and increasing the supply. Improvement and marketability for older homes would greatly reduce development of new slums, enhance the opportunities and choice of families seeking better homes, and facilitate the movement of families, through their own resources, from slum and blighted areas into better homes. As families improved their housing, cities would be able to improve their standards.

A third is the need for the steady, reliable flow of adequate financing to maintain a high rate of housing production. This includes adjustment of interest rates, amortization periods, and downpayments to current conditions, and means for maintaining a flow of investment funds through the secondary mortgage market from major sources to serve all areas of the Nation and all basic types of housing market demands through private channels, with minimum Government participation.

B. Housing Progress

During 1953 housing production continued at high levels. A total of 1,104,000 new, permanent, nonfarm homes were placed under construction. Thus, despite a small drop in volume below the previous year caused by a stringency in mortgage funds, 1953 was the third largest homebuilding year in our history. It was the fifth consecutive year in which more than 1,000,000 homes were built.

Under the new administration, the basic home financing programs of the Federal Government—those of the Federal Housing Administration, the Home Loan Bank Board, and the Veterans' Administration—expanded their support of the large volume of home production. The number of units covered by home and project mortgages insured by the FHA was substantially higher than in 1952. Assets of savings and loan associations reached an all-time high, as did the funds they made available in mortgages for home purchase and construction. Both in number and amount, home loans guaranteed by the VA were higher than in 1952.

In addition, several major actions were taken by the administration and Congress to meet specific housing problems. One involved alleviation of the shortage of mortgage funds resulting from the adjustments which took place in the general economy. In the early part of the year, authorized maximum interest rates on FHA-insured and VA-guaranteed mortgage rates were low in relation to returns available to lenders from competing investments. To place such loans in line with the changing money market and thus maintain an adequate flow of mortgage financing during the adjustment period, maximum permissible rates on Government-backed mortgages were increased, and the Congress authorized the charging of certain discounts in addition to those previously allowed. Allowable interest rates on single family home mortgages insured by FHA were raised from 4¼ to 4½ percent, and those on multifamily projects insured by FHA were increased from 4 to 4¼ percent. Interest rates on VA-guaranteed home loans were increased from 4 to 4½ percent, equal to the FHA rate for comparable types of loans.

Another measure aimed to supplement the availability of advance financing for homebuilders without increasing the Government's mortgage holdings. This was a program to dispose of FHA-insured and VA-guaranteed mortgages held by the Federal National Mortgage Association on a "one-for-one" basis. Sales increased substantially beginning in July, when Congress enacted specific authority for FNMA to make firm commitments for future purchase of mortgages up to a total of $500,000,000. Mortgage lenders could obtain such advance contracts in amounts equal to the price they paid for mortgages purchased from FNMA. During the rest of the year such purchases decreased FNMA holdings while creating a substantial reserve of contracts to purchase future mortgages.

During the year, HHFA also undertook an acceleration of local community action to clear slums and rehabilitate blighted areas. As local community responsibilities in code enforcement, rehabilitation, and neighborhood maintenance received new emphasis from the HHFA, strong local movements were developed and national attention was focussed on expanded activities in this field. At the same time the federally assisted program of slum clearance and urban rehabilitation authorized by the Housing Act of 1949, swung into full-scale operation; by the end of the year, 154 projects in 108 localities were well underway, with demolition already started in 32 slum areas.

The problem of adequate housing for low-income families was a matter that clearly called for extensive reexamination and study, and it received major attention from the new administration and the President's advisory committee during the general review of housing policies and programs. Pending the administrative review, and recommendations on low-income housing which Congress requested the HHFA Administrator to make early in 1954, Congress authorized 20,000 public housing units to be started in fiscal year 1954. All of these had to be in projects already under contract, and no new commitments could be undertaken by the Public Housing Administration during the year.

Programs in Liquidation

Another major activity of the new administration was speeding up of liquidation and termination of housing operations which had served their original purpose and were no longer needed. Efforts of the HHFA Administrator and the Public Housing Commissioner to accelerate disposition of World War II and veterans emergency housing built under the Lanham Act resulted in a very substantial reduction in the Government's holdings of such units. By the end of 1953, 69,000 units—twice as many as in 1952—had been sold, transferred to localities or otherwise removed.

The HHFA also prepared for termination of the defense housing and community facilities and services program authorized by Public Law 139 (82d Cong.). During the year the construction peak for defense housing was passed, and most of the 92,500 units which had been approved for private construction in critical defense housing areas were either built or in the final stages of completion. The program of community facilities for such areas reached the construction or completion stage.

The HHFA Administrator ordered the loan operations of the Alaska housing program to be placed in liquidation, after determination that it had largely accomplished the objective of helping overcome the acute housing shortage in that region. A substantial volume of housing, much of it stimulated by the program, had been built, and authorization for FHA builder commitments on terms equal to those formerly applicable only to loans made by the Alaska Housing Authority will help provide adequate construction financing from non-Government sources. The authority for FNMA to purchase FHA-insured mortgages in Alaska continued during the year.

In accordance with the Independent Offices Appropriation Act for 1954, the HHFA Administrator began the orderly liquidation of the program of housing research. Under this program, a number of research projects into the technical and economic phases of housing had been undertaken, and by the end of 1953 many studies had been completed, and termination of active research projects was going forward speedily.

Legislative Developments

In addition to authorizing increased maximum interest rates and the charging of certain discounts for certain types of Government-backed mortgages, and the FNMA "one-for-one" plan, Congress also approved a number of modifications in housing legislation. Among them were standby authority for the President to liberalize FHA mortgage provisions on lower-cost owner-occupied housing if economic conditions warrant, permitting smaller downpayments and longer maturities; increased maximum permissible mortgage amounts on certain types of rental housing built with FHA mortgage insurance; strengthening the FHA Mutual Mortgage Insurance Fund; and authorization of repayment by FHA to the United States Treasury of funds provided to FHA to carry out the provisions of some of its programs when it was first getting started. By the end of the year FHA had repaid $64,200,000, or about 75 percent of these funds to the Treasury.

Chapter II

HOUSING IN THE ECONOMY IN 1953

A. Housing Production

Starts Volume

Despite some tightness in the mortgage market, especially during the first half of the year, home-building activity during 1953 reached a total volume of about 1,104,000—the third highest total on record and the fifth consecutive year to top the one million mark. This high total was achieved in the face of a midyear decline in the rate of private starts, which at the time became the cause of some concern. By the end of the year, the starts rate had climbed back to the first quarter levels.

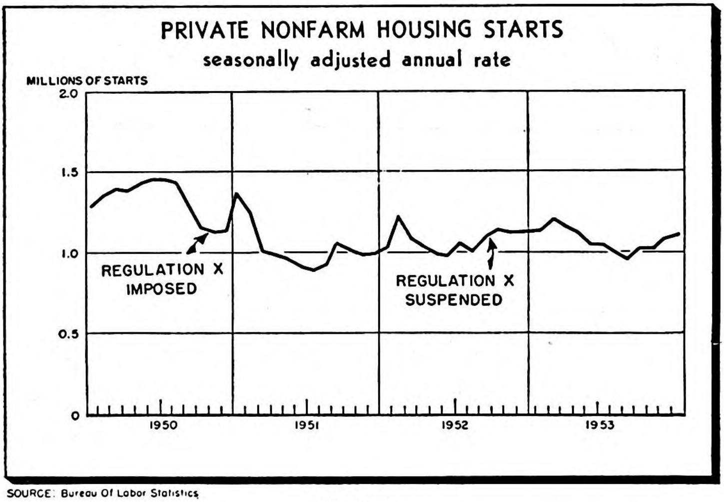


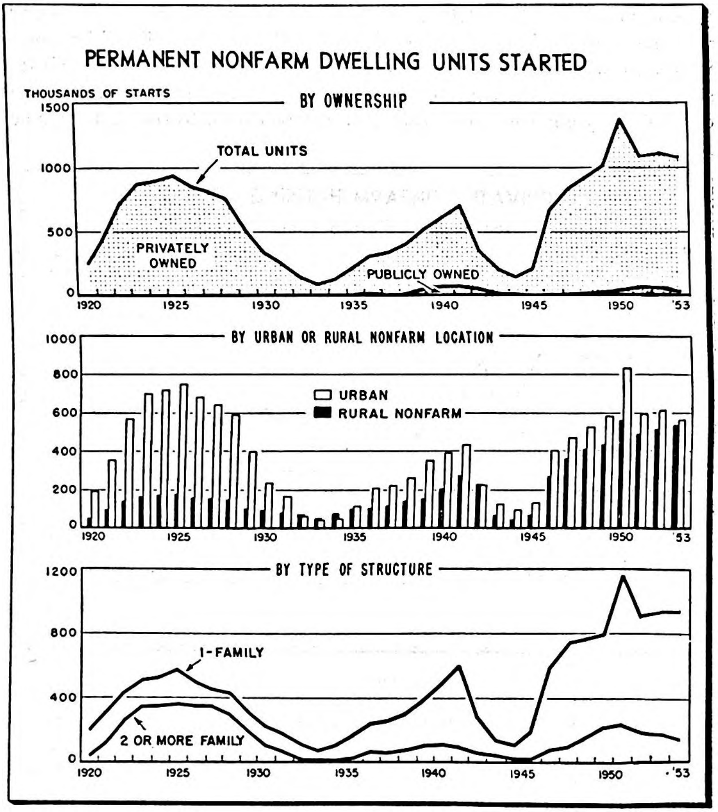
CHART 3.

The slightly more than 1,068,000 privately owned dwelling units started in 1953 represented virtually no change from the 1952 level. During 1953, nearly two-fifths of these private starts were financed under FHA and VA programs. In contrast with the stability in private home building, publicly owned starts were two-fifths less than in

1952, reflecting congressional limitations upon the federally aided low-rent housing program.

The proportion of nonfarm starts in rural locations continued to rise, reaching 49 percent in 1953. Since the end of World War II, 44 percent of all nonfarm starts have been located outside urban areas (incorporated communities of 2,500 or more), while in the decade of the twenties this proportion was 20 percent.

The trend towards sales-type housing also continued. Single-family homes accounted for 85 percent of all nonfarm homes started in 1953. This was the highest proportion since 1947 and was far above the ratio of the twenties, when single-family homes made up 61 percent of all starts.



SOURCE: Bureau of Labor Statistics

CHART 4.

Dollar Volume

The dollar volume of all new nonfarm home building totaled $12.5 billion—a gain of 7 percent over the previous year but still 3 percent below the 1950 peak.

The fragmentary data available on outlays for nonfarm home repair and modernization suggest a level in the neighborhood of $10 billion in 1953. In other words, total nonfarm home construction and repair activity amounted to over $20 billion during 1953.

B. Materials and Labor Supply

A new high in production of building materials was set in 1953, according to the composite index maintained by the Department of Commerce. The index shows that the 1953 aggregate was nearly two-thirds greater than in the base year 1939. It was 6 percent greater than in 1952 and 3 percent above the previous record year, 1950.

Increases over 1952 were recorded for 15 of the 20 principal materials and products that are important to residential building and for which dependable statistics of output are available.

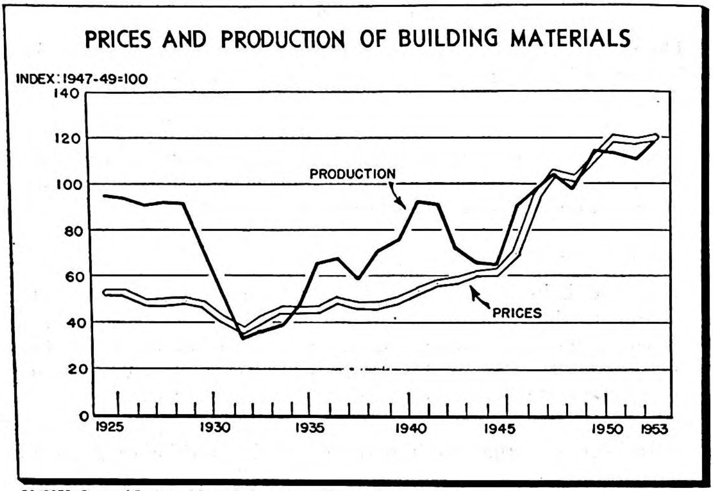
Production of building materials in 1953 and 1952

Material	Unit	1953	1952	Percent change 1953 from 1952
Softwood lumber	Million board feet	30,873	[r] 29,634	+4
Hardwood flooring	do	1,005	1,004	([1])
Softwood plywood	Million square feet	3,848	[r] 3,178	+21
Doors (wood)	Thousand	9,179	10,966	−16
Window sash (wood)	Thousand pairs	10,947	10,514	+4
Door and window frames (wood)	Thousand	4,998	4,543	+10
Brick	Million	5,794	5,773	([1])
Portland cement	Thousand barrels	264,023	249,091	+6
Gypsum board [2]	Million square feet	3,730	3,430	+9
Gypsum lath	do	2,435	2,315	+5
Asphalt prepared roofing [3]	Thousand squares	56,703	[r] 57,938	−2
Nails [3]	Thousand tons	529	651	−19
Reinforcing bars [3]	do	1,849	1,813	+3
Cast-iron soil pipe and fittings [3]	do	675	[r] 651	+4
Bathtubs	Thousand	1,925	1,790	+8
Lavatories	do	2,835	2,818	+1
Sinks	do	2,340	2,072	+13
Water-closet bowls	do	3,026	[r] 2,994	+3
Water-closet tanks	do	2,641	[r] 2,485	+6
Warm-air furnaces [3]	do	1,007	910	+11

[r] Revised (i. e. differs from figure in HHFA 1952 Annual Report).
[1] Less than one-half of 1 percent, plus.
[2] Including sheathing.
[3] Shipments.

Source: Department of the Interior, Department of Commerce, trade associations.

The good production record resulted in an adequate supply of materials for the high level of housing construction in 1953. There were virtually no materials shortages, and none of any magnitude.



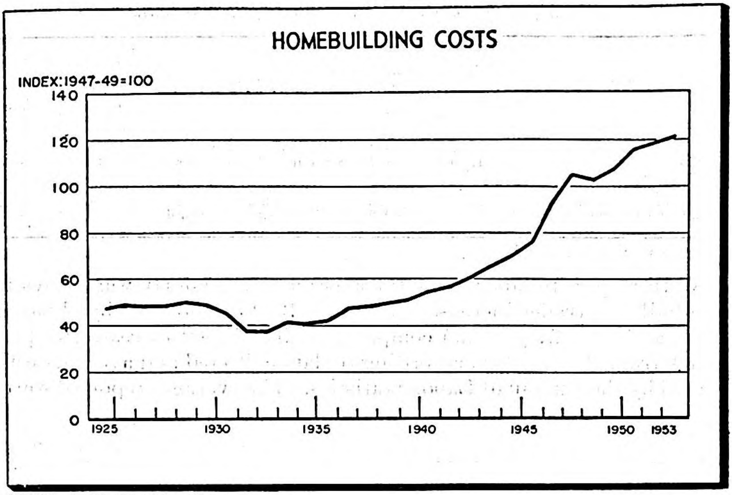
SOURCES: Bureau of Foreign and Domestic Commerce and Bureau of Labor Statistics

CHART 5.

On the labor front, there was as a general rule no difficulty in securing building mechanics. Employment by building construction contractors, as reported by the Bureau of Labor Statistics, averaged 2,047,000 workers in 1953, a decrease of 1 percent from 1952 and of 2 percent from 1951, the record year. Peak employment in 1953 was reached in October, 2 months later than generally occurs. In that month the 2,205,000 workers in building construction (compared with 2,223,000 and 2,241,000 in the high months of 1952 and 1951) represented more than 3.5 percent of the month's total employed civilian labor force.

C. Costs, Prices, and Wages

Construction costs were relatively stable during 1953. After a rise of less than 2 percent from an index of 120.1 in January to a new all-time high of 122.4 in July, the residential cost index (1947–49=100) compiled by E. H. Boeckh and Associates showed a slight decline back to 121.3 by December. The maximum variation during the year from low to high was the smallest in any year since 1939.



SOURCE: E.H. Boeckh and Associates

CHART 6.

Boeckh indexes of residential construction costs

[Base: 1947–49=100]

	Monthly data		Annual data		
	1953	1952	Year	Index	Percent variation from low to high during year
January	120.1	117.7	1953	121.2	+2
February	120.1	117.6	1952	119.1	+2
March	120.3	117.6	1951	116.0	+3
			1950	107.7	+11
April	120.4	118.0	1949	102.1	+6
May	120.8	118.3	1948	104.8	+6
June	121.5	119.4	1947	93.2	+18
			1946	77.0	+16
July	122.4	119.8	1945	70.1	+5
August	122.1	120.2	1944	65.4	+10
September	121.9	120.4	1943	60.2	+5
			1942	57.6	+5
October	121.4	120.2	1941	54.6	+5
November	121.5	119.9	1940	50.5	+8
December	121.3	119.8	1939	48.9	+1

Source: E. H. Boeckh and Associates.

Wholesale prices of building materials rose only fractionally (1.4 percent) between 1952 and 1953 to reach a level of 0.3 percent above the previous peak reached in 1951. The following table presents the 1953 data with those for 1952.

Indexes of wholesale prices of building materials

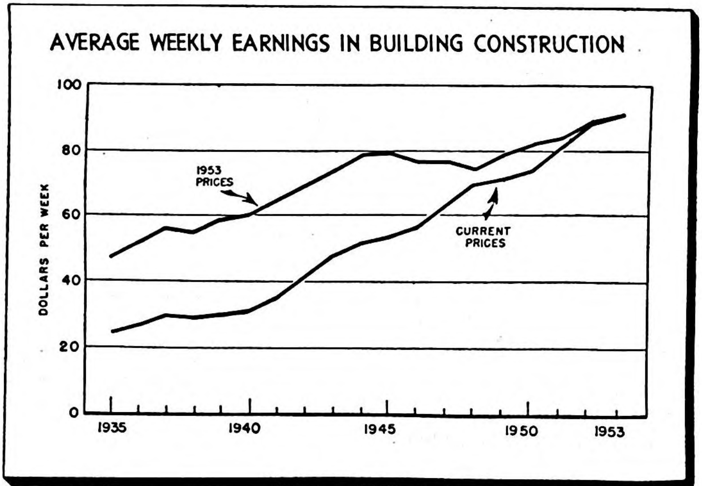
Item	1953 index (1947–49=100)	1953 percent change from 1952	Item	1953 index (1947–49=100)	1953 percent change from 1952
All building materials	119.9	+1.4	Heating equipment	114.8	+.9
Lumber	119.4	-.7	Structural clay products	128.1	+5.0
Softwood plywood	110.7	-8.0	Concrete ingredients	117.4	+3.3
Millwork	131.7	+3.5	Gypsum products	121.1	+2.9
Paint and paint materials	106.7	-.6	Insulation materials	108.0	+2.4
Plumbing equipment	116.0	-1.2	Building paper and board	121.4	+5.2

Source: U. S. Department of Labor.

With respect to labor costs, the average union hourly wage rates in the building trades increased from mid-1952 to mid-1953 by about 12 cents an hour (4.7 percent) compared with a 15-cent increase (6.2 percent) from 1951 to 1952, according to data collected and averages estimated by the Bureau of Labor Statistics. The averages reported were:

	1953 July 1	1952 July 1
All building trades	$2.69	$2.57
Journeymen	2.88	2.76
Helpers and laborers	1.95	1.84

Actual average hourly earnings of construction workers engaged on private and public contract building-construction projects, also as reported by the Bureau of Labor Statistics, were $2.48 in 1953 compared with $2.31 in 1952—an increase of 17 cents an hour or 7.4 percent.



SOURCE. Bureau of Labor Statistics

CHART 7.

D. Home Financing

The Mortgage Market Situation

An increasingly tight mortgage market prevailed during the first part of 1953, continuing the trend of 1952 and reflecting conditions in the general market for investment funds. The flow of savings to lending institutions continued at a historically high level but did not increase in proportion to the increased demand. Interest yields on all types of investments advanced substantially, both through issuance of new securities bearing higher interest rates and through the sale at a discount of securities bearing lower interest rates than those demanded in the market at that time. In the case of new conventional mortgages, the yields were generally increased through higher interest rates. The VA-guaranteed 4 percent loans and, to a lesser extent, the FHA-insured 4¼ percent loans became increasingly difficult to obtain and in most cases were available only at discounts, which were substantial in many parts of the country.

The situation with respect to VA-guaranteed and FHA-insured mortgages was gradually improved with the increase, early in May, of the maximum interest rate for both insured and guaranteed loans to 4½ percent and by the $500-million "one-for-one" program of the Federal National Mortgage Association, which was authorized by the Congress at the end of June. Under the "one-for-one" program, a lender purchasing mortgages from FNMA could receive a contract enabling him to sell an equal amount of mortgages to FNMA within 1 year. These contracts removed uncertainties about future marketability of the mortgages, giving lenders a firm basis for making advance financing commitments to builders.

During the last half of 1953, there was a gradual easing of the general money market situation, with greater availability of investment funds and declining interest rates. Many large lenders became more active in the mortgage market; discounts on FHA-insured and VA-guaranteed loans became less frequent and smaller; and advance commitments for mortgage financing were forthcoming more readily from private sources, in addition to those from the FNMA "one-for-one" program. The year ended on a note of confidence that there would be an adequate supply of mortgage funds for the coming 12 months.

Volume of Mortgage Lending

Despite the financing difficulties which were encountered during a good part of 1953, 1,068,000 privately financed new housing units were started and nonfarm mortgage recordings of $20,000 or less reached an all-time high of $19.7 billion. This volume of financing was 10 percent more than in the year before. The gain in dollar volume over 1952 partly reflected an increase in the average amount—up 5 percent to $6,241—while the number of these recordings increased 4 percent to 3.2 million.

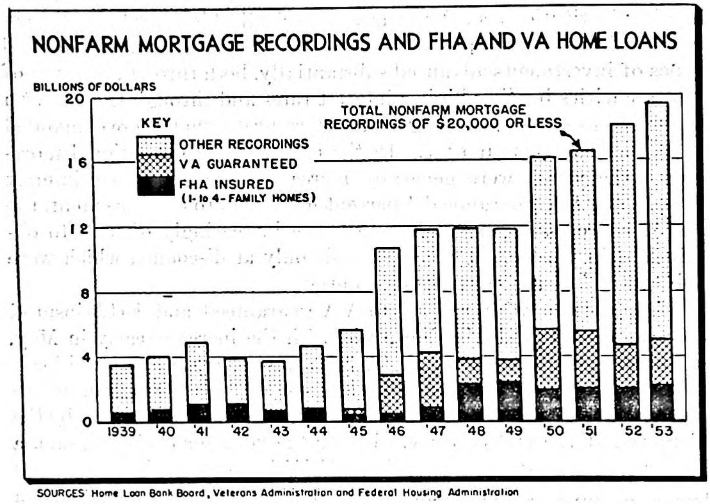


CHART 8.

The Government home mortgage insurance and guaranty programs played about the same role in homebuilding and financing programs in 1953 as in 1952, as indicated by the following figures:

Year	Percentage of total private units started			Percentage of dollar amount of total recordings of $20,000 or less		
	Under FHA	Under VA	FHA plus VA	FHA-insured home loans	VA-guaranteed home loans	FHA plus VA
1952	26	13	39	11	15	26
1953	24	15	39	12	15	27

Sources: Home Loan Bank Board, Federal Housing Administration, Veterans Administration, Bureau of Labor Statistics.

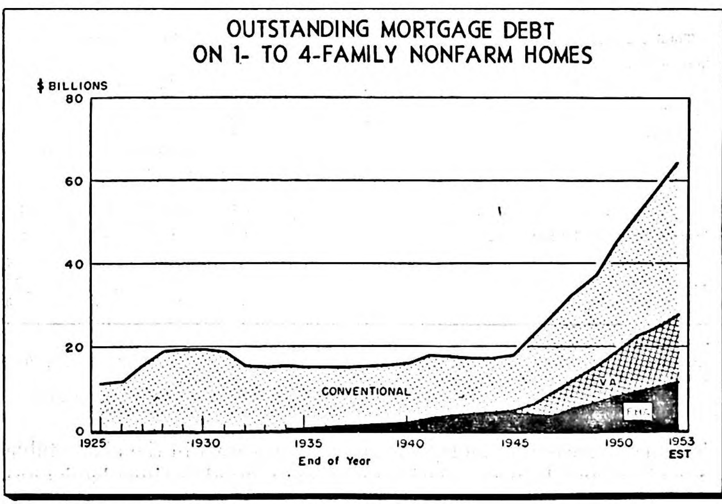
The large amount of home mortgage lending in 1953 was accounted for principally by the major institutional lenders. Savings and loan associations were by far the largest single source of home mortgage money, with commercial banks second. The amounts of mortgage recordings of $20,000 or less by each type of lender in 1953, compared with 1952 and as a percent of the total, are as follows:

Type of lender	Amount in millions (1953)	Percent increase from 1952	Percent of total	
			1953	1952
Savings and loan associations	$7,305	14	37	36
Insurance companies	1,480	4	8	8
Commercial banks	3,680	2	19	20
Mutual savings banks	1,327	17	7	6
Individuals	2,840	3	14	15
Miscellaneous	3,055	15	15	15
Total	19,747	10	100	100

Source: Home Loan Bank Board.

Net Increases in Outstanding Mortgage Debt

Related to, but distinguished from the volume of gross mortgage lending, is the net increase—net of repayments—in outstanding residential mortgage debt. The net increase in the outstanding mortgage debt on 1- to 4-family nonfarm homes was $7.2 billion during 1953, bringing the total outstanding at year-end to $65.9 billion. In addition to the debt on 1- to 4-family homes, there were mortgages on multifamily housing amounting to an estimated $9.7 billion outstanding, making a total mortgage debt of about $75.6 billion on nonfarm housing at the end of 1953.



SOURCE: Home Loan Bank Board, Federal Housing Administration, Veterans Administration.

CHART 9.

FHA-insured mortgages outstanding at the end of the year totaled $16.0 billion, including $12.0 billion on 1- to 4-family homes, and project mortgages of $4.0 billion. VA-guaranteed home loans outstanding amounted to an estimated $16.1 billion. In total, Government-insured and -guaranteed loans amounted to $32.1 billion, and accounted for a little over two-fifths of all nonfarm home mortgage debt, with a slightly higher proportion of the 1- to 4-family segment than of the multifamily debt.

The net increases in nonfarm residential mortgage debt during 1953, as well as the estimated amounts and distribution of such debt outstanding at the end of 1953, are shown in the following table.

Estimated nonfarm residential mortgage debt

[Billions of dollars]

Type of holder	Total debt	FHA-insured	VA-guaranteed	Conventional
	Total amount outstanding—Dec. 31, 1953			
Total	$75.6	$16.0	$16.1	$43.5
Savings and loan associations	21.9	1.0	4.0	16.9
Life insurance companies	17.0	6.0	3.6	7.4
Commercial banks	12.9	3.9	3.1	6.0
Mutual savings banks	11.3	3.5	2.9	4.9
FNMA	2.5	.6	1.8	----------
Individuals and others	10.0	1.0	.7	8.3
	Percent distribution of amount outstanding on Dec. 31, 1953			
Total	100	100	100	100
Savings and loan associations	29	6	25	39
Life insurance companies	23	38	22	17
Commercial banks	17	24	19	14
Mutual savings banks	15	22	18	11
FNMA	3	4	11	----------
Individuals and others	13	6	4	19
	Net increase during 1953			
Total	$7.7	$1.3	$1.5	$4.9
Savings and loan associations	3.5	0.1	0.6	2.8
Life insurance companies	1.5	.3	.2	.9
Commercial banks	.7	.3	(1)	.4
Mutual savings banks	1.4	.4	.7	.4
FNMA	.2	.3	(−.1)	----------
Individuals and others	.4	(1)	.1	.3

1 Less than $50 million.

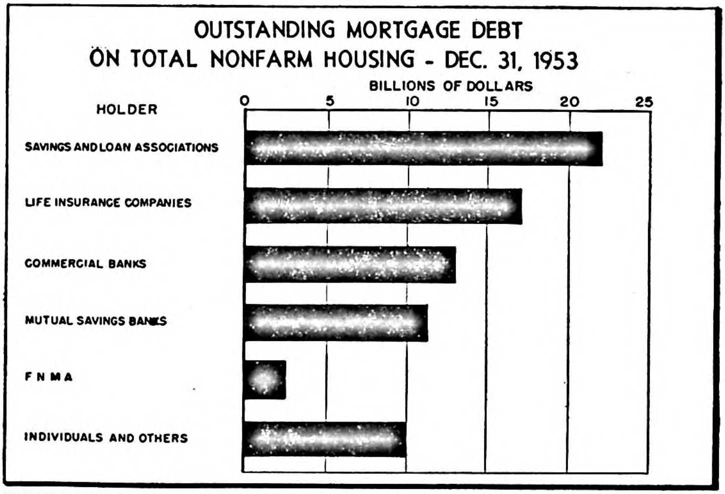
NOTE.—Caution should be exercised in using the data for the "Individuals and others" category. The data on life insurance company holdings of conventional loans are preliminary.

Source: Home Loan Bank Board, Federal Reserve Board, Life Insurance Association of America, Federal National Mortgage Association, Federal Housing Administration, Veterans Administration.

The net increases in mortgage investment shown in the above table for savings and loan associations and for mutual savings banks are almost equal to the net savings inflows for those classes of lenders and reflect a consistent policy of specialization in mortgage investment followed throughout 1953. The net residential mortgage investments of life insurance companies represented about one-third of their net growth of assets during 1953, an allocation indicating the response of insurance companies to heavy industry financing demand, a demand whose intensity began to diminish at year end. Commercial banks in their nonbusiness loan activity tended toward investments in State, local, and Federal Government securities, and despite a substantial growth of time deposits, their net gain in mortage investments during 1953 was less than in any year since 1949. However, the commercial banks showed slight gains compared with 1952 in their net acquisitions of VA-guaranteed and FHA-insured loans, in contrast to a slight decline in net acquisitions of conventional mortgage loans.

Total purchases by the Federal National Mortgage Association amounted to $0.5 billion during 1953, virtually the same as in the year before. However, because of the rise in sales of FNMA-held mortgages, the net increase in FNMA's portfolio was substantially less—$0.2 billion in 1953 against $0.4 billion in the preceding year. In addition to purchases actually made, there was a net increase of $0.3 billion in outstanding commitments during the year, reflecting the defense housing program and the "one-for-one" program.

There is little information available on the mortgage holdings of individuals and others. However, it appears that this group increased its investment in home mortgages by about $0.4 billion during 1953,



SOURCES. Home Loan Bank Board, Federal Reserve Board, Federal National Mortgage Association; Life Insurance Association of America.

CHART 10.

approximately the same gain as in the previous year. The other mortgagees included in this group are primarily real estate and mortgage companies. They were the largest originators of VA loans, having originated over one-third of the total in 1953; and in the FHA field, they were second only to commercial banks, accounting for approximately one-third of the 1953 total originated, but loans originated by these lenders generally are sold to institutional lenders.

Nonfarm Real Estate Foreclosures

Total nonfarm foreclosures numbered 21,500 in 1953. This was an increase of about one-sixth over each of the 2 preceding years, and was approximately equal to the 1950 total. However, the current level is still far below prewar, despite the sharp increase in mortgage indebtedness. Foreclosures in 1953 were only one-fifth of those in 1939 and about 15 percent of those in 1929. Properties acquired by FHA under Section 203 were less than in 1952, and claims paid by VA were also down. Similarly, the number of loans in default under both of these programs were fewer at the end of 1953 than a year ago, despite increases in the total number outstanding. However, the current levels of all of these indicators are so low that the interpretation of changes is difficult and uncertain.

Chapter III

HOUSING SUPPLY AND NEEDS

Section 301b of the Housing Act of 1948, as amended, requires that the Administrator of HHFA shall "prepare and submit to the President and to the Congress estimates of national urban and rural nonfarm housing needs and report with respect to the progress being made toward meeting such needs."

A New Look at Our Housing Inventory

During the year, the Bureau of the Census released the final report on the state of the housing inventory as it was at the time of the 1950 decennial census. In most respects the final figures showed no significant differences from the picture presented by the preliminary data. During the decade, home ownership increased; there were marked increases in the number of homes having private bath and private flush toilet; there was a sharp rise in the number of dwellings equipped with mechanical refrigerators, cook stoves using gas or electricity, and heating equipment utilizing gas or oil for fuel. The table on page 20 summarizes some of the salient features of our housing inventory in 1950.

Despite the gains which have been made on many fronts, the final 1950 census figures indicate that deficient units—dwellings which either had basic structural shortcomings or lacked plumbing—bulked somewhat larger in our nonfarm inventory than had been previously indicated.

The preliminary Census Bureau figures on the 1950 inventory, which were used in our 1952 evaluation of the situation, showed that there were roughly 2½ milion occupied dilapidated dwelling units in nonfarm areas. The final report now indicates, however, that there were actually 2,823,000 dilapidated units in 1950 or some 350,000 more than had earlier been thought.

Selected characteristics of nonfarm housing in the United States which are comparable in the censuses of 1940 and 1950

[In thousands]

Item	Number of dwelling units	
	1940	1950
Total dwelling units	29,683	39,625
Occupancy status:		
Occupied dwelling units	27,748	37,105
Owner-occupied	11,413	19,802
Renter-occupied	16,335	17,304
Toilet facilities:		
Number reporting	29,244	39,007
With private flush toilet	21,124	30,603
No private flush toilet	8,120	8,404
Shared flush toilet	1,814	1,815
Other or none	6,306	6,589
Bathing facilities:		
Number reporting	29,197	38,589
With private bathtub or shower	19,726	29,178
No private bathtub or shower	9,472	9,411
Shared bathtub or shower	1,706	1,711
No bathtub or shower	7,766	7,700
Water:		
Number reporting	29,353	39,040
Piped running water inside structure [1]	24,456	34,834
Hot and cold piped running water inside structure		29,975
Only cold piped running water inside structure		4,859
No piped running water inside structure [1]	4,897	4,206
Piped running water outside structure	1,199	895
No piped running water	3,698	3,311
Heating fuel:		
Number reporting	26,946	35,750
Coal	16,553	12,774
Wood	3,103	1,935
Gas	3,723	11,544
Liquid fuel	3,219	8,595
Other	348	902
Cooking fuel:		
Number reporting	27,341	36,463
Gas	16,510	23,791
Electrical	1,652	5,395
Other	9,179	7,277
Refrigeration equipment:		
Number reporting	27,269	36,438
With mechanical equipment	14,058	30,194
Persons per room in occupied dwelling units:		
Number reporting	27,429	36,549
0.75 or less	15,499	22,140
0.76 to 1.5	9,973	12,373
1.51 or more	1,957	2,036

[1] In 1940, the data on running water relate to the dwelling unit rather than structure.

Source: U. S. Bureau of the Census.

In evaluating the quality of our housing stock, these 2.8 million units, which the Census identified as being in such bad condition that "the dwelling unit does not provide adequate shelter or protection against the elements or it endangers the safety of the occupants," represent the hard core of the problem. In addition to these units, however, there are many others which while not dilapidated were deficient in some other respect. There were, for example, 2,281,000 not dilapidated occupied nonfarm units which had no running water; another 4,269,000 units had running water but lacked private bath or toilet; still another 1,322,000 units had as their main deficiency the lack of hot running water.

In aggregate, the number of units with some type of structural or plumbing deficiency totaled nearly 10.7 million units. Not all, by any means, of these deficient units, especially those whose only lack is hot running water, are necessarily substandard. Even among the substandard units, there are many which, by means of rehabilitation, could be brought up to standard. It is, however, among the deficient units that the bulk of our housing problems lie.

An analysis of the Census figures on deficient dwellings shows a heavy concentration of units with low values or low rentals. Over half of the owner-occupied units had values of less than $3,000. Among rental units some 70 percent of the deficient units had contract rentals of less than $30 a month.

Percentage distribution of value or contract rent on nonfarm dwelling units in 1950, by quality of housing

Value	Owner-occupied		Tenant-occupied		
	Units reported as deficient	Units reported as not deficient	Monthly contract rent	Units reported as deficient	Units reported as not deficient
	Percent	*Percent*		*Percent*	*Percent*
Less than $3,000	52	3	Less than $30	71	20
$3,000-$4,999	28	11	$30-$49	23	45
$5,000-$7,499	14	25	$50-$74	5	25
$7,500-$9,999	3	22	$75-$99	1	7
$10,000-$14,999	2	25	$100 or more	(1)	3
$15,000 or more	1	14			
Total	100	100		100	100

1 Less than one-half of 1 percent.

Second, far more families with low income live in deficient units than in good units. According to recently released Census material, more than half of the occupants of dwellings which had some reported deficiencies in 1950 had incomes in the previous year of less than $2,000. Another fourth had incomes ranging between $2,000 and $3,000. This contrasts sharply with the occupants who had no reported deficiencies in the 1950 Census, where only one-fifth of the families had incomes of less than $2,000 and only one-third had incomes of less than $3,000.

Percentage distribution of income of nonfarm families by quality of housing

Income in 1949	Those living in deficient dwellings	Those living in dwellings with no reported deficiencies
Under $2,000	52	20
$2,000–$2,999	23	17
$3,000–$3,999	14	22
$4,000–$5,999	9	25
$6,000–$9,999	2	12
$10,000 or over	(1)	4
Total	100	100

[1] Less than 1 percent.

Third, dwellings which the Census found to have structural or plumbing deficiencies in 1950 had a higher proportion of aged families than did units with no reported shortcomings. Thus 14 percent of our poorer houses had families whose head was 65 years of age or older. This is more than half again as many as are found in housing with no deficiencies.

Percentage distribution of age of head of nonfarm households by quality of housing

Age of head of household	Living in deficient dwellings	Living in dwellings with no reported deficiencies
65 years or older	14	9
Under 65	86	91
Total	100	100

Finally, there is also evidence that there is more overcrowding among residents who live in poor housing, especially rented housing, than among those living in good housing. While Census data do not permit a direct determination of the degree of crowding in substandard housing, it is possible to ascertain it for families of different incomes. Since the data clearly demonstrated that low income and unsatisfactory housing go hand in hand, it seems reasonable to infer that the housing arrangements of families with incomes under $3,000 are representative of those living in such unsatisfactory housing. On that premise, we find that among renters better than one-fifth of those with incomes under $3,000 live in dwelling units with more than 1 person per room. This compares with only 2 percent for the families with incomes of $3,000 and more. Among homeowners this disparity is not so striking, but even there the low-income families tend to be more crowded than do families in the middle and upper-income brackets.

Percentage distribution of families with more than 1 person per room, by 1949 income

Income in 1949	Renters	Owners
Less than $2,000	22.0	10.6
$2,000–$2,999	22.9	13.9
$3,000 and over	2.2	9.1
Percent of all families having more than 1 person per room	13.9	10.3

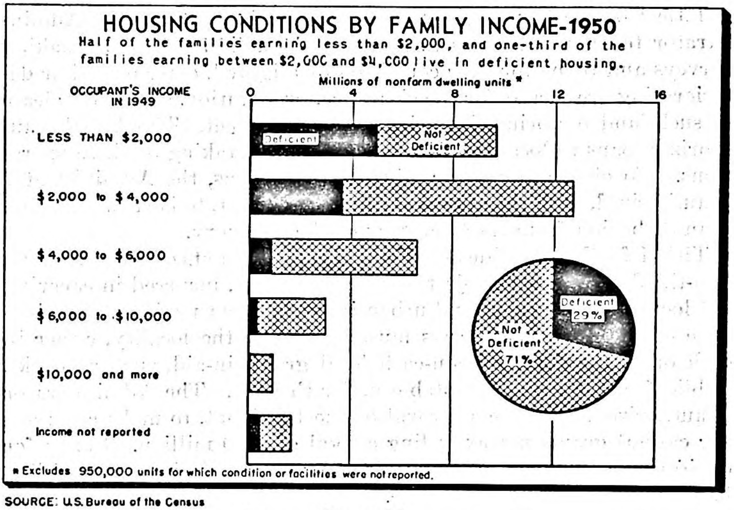


CHART 11.

Close scrutiny of our backlog of substandard housing makes it clear that this segment of our housing problem presents opportunities for constructive action. There is, for example, the vast potentiality for rehabilitation, especially among those dwellings whose only deficiencies are the lack of hot water or inside private toilet and bath, as well as a pressing need for the clearance of completely worn out units. This is a most important aspect of the job since it can afford a means through which many such dwellings can be brought up to modern standards of comfort and convenience.

The high degree of crowding, especially among low-income renters, indicates the need for larger quarters for many of them in new or rehabilitated units at rentals or sales prices within their range. There is also a need for small units, both for rent and for sale, properly designed to meet the special requirements of older-person families.

SECTION 2. ACTIVE OPERATING PROGRAMS OF THE HHFA

Chapter IV

SLUM CLEARANCE AND URBAN REDEVELOPMENT

A. Types of Federal Assistance to Localities

Title I of the Housing Act of 1949 authorizes the HHFA Administrator to make advances to assist local public agencies in making surveys and plans for the acquisition of blighted, deteriorated or deteriorating areas, and for the clearance, preparation, and sale or lease of such land for primarily private redevelopment. The Act also authorizes loans to localities to finance the undertaking of these operations. To obtain funds for advances and loans, the Administrator is authorized, with the approval of the President, to borrow not more than $1 billion from the Secretary of the Treasury.

Title I further provides for Federal capital grants of not more than two-thirds of the net project costs, i. e. deficits, incurred in carrying out local slum clearance and urban redevelopment projects. The balance of the net project costs must be met by the locality, either in cash or in the form of non-cash local grants-in-aid, such as parks, public facilities, etc., acceptable under the Act. The Administrator is authorized, with the approval of the President, to make contracts for capital grants not exceeding a total of $500 million. Funds for capital grant payments are provided by appropriations, $28 million having been appropriated to date.

All advances and loans are repayable with interest at not less than the applicable going Federal rate. (Under the Housing Amendments of 1953 [Public Law 94, 83d Cong.], the applicable going Federal rate was redefined to permit its determination for purposes of contracts for Title I advances and loans, at 6-month intervals by the Secretary of the Treasury. Before the amendments the applicable going rate fluctuated between 2.76 and 3.25 percent. For the latter portion of the year, the rate was fixed at 3.125 percent.) With the approval of the Administrator, local public agencies may pledge their rights under Title I loan contracts as security for borrowings from private sources for project expenditures if such borrowings can be obtained at interest rates lower than required under the Act.[3]

[3] The first such borrowing, in connection with The Bottoms Project, Murfreesboro, Tenn., was effected in September 1953, at a rate of 1.85 percent. Private sales of notes later in the year for projects in Jersey City, Newark, and Perth Amboy, N. J., were at between 1.25 and 1.34 percent.

Title I originally provided that not more than 10 percent of the authorized Federal loan or capital grant assistance could be expended in any one State. This provision was modified in the Housing Amendments of 1953 authorizing contracts for capital grants aggregating not to exceed an additional $35 million of the total $500 million authorization in states where more than two-thirds of the maximum capital grants permitted under the 10 percent limitation has been obligated.[4]

B. Types of Projects Eligible for Federal Aid

Four categories of project areas are eligible for assistance under Title I: (1) slum or deteriorated or deteriorating predominantly residential area, (2) other deteriorated or deteriorating area, (3) predominantly open area, and (4) open area. Eligibility for Federal aid with regard to the latter three types of areas is predicated primarily on the need to expand the areas available for new housing.

C. Major Policy Developments in 1953

Major developments during 1953 in the slum clearance and urban redevelopment program authorized under Title I of the Housing Act of 1949 were the new emphasis on housing code enforcement to complement clearance projects, and the acceleration of progress of local public agencies toward the clearance of slums and blighted areas under plans completed in earlier years.

During the year, considerable momentum was gained in community efforts to conserve existing housing resources through development and enforcement of more adequate codes and regulations, rehabilitation of existing structures, and other conservation measures utilizing, particularly, voluntary efforts of local citizens. This broadening of the attack on urban blight and decay was recognized in certain provisions of the 1954 First Independent Offices Appropriations Act, approved July 31, 1953. Under these provisions, the Administrator, before approving any local program under Title I, is required to give consideration to the efforts of the locality to enforce local codes and regulations relating to adequate standards of health, sanitation, and safety of dwellings and to the feasibility of achieving slum clearance objectives through rehabilitation of existing dwellings and areas.

Under policies adopted pursuant to these provisions, program approvals after June 30, 1953, are withheld until the Division of Slum Clearance and Urban Redevelopment receives from the locality adequate information about its code enforcement program and evidence that slum clearance objectives cannot feasibly be achieved solely through rehabilitation of existing dwellings and areas. With respect

[4] Late in the year, $20 million of the $35 million of capital grant authorization under this amendment was earmarked for New York City.

to the code modernization and enforcement requirements, emphasis has been placed on progressive improvement. This is in recognition of the fact that few if any localities have adopted codes and established enforcement methods which they themselves consider adequate for their own needs. Every locality is required to demonstrate, with its first application for financial assistance for a project, that it has a definite program for improvement of existing codes and regulations, and to report on the actual accomplishment under such program at designated stages of the planning of the project. If satisfactory accomplishments are shown, Federal financial aid is continued. If progress is inadequate, further Federal financial aid is withheld.

D. Operations

1. Participating Localities

At the end of the year, there were local slum clearance projects in various stages of planning or completion in 180 different communities (160 in 28 States, 1 in the District of Columbia, and 19 in Puerto Rico and Hawaii) compared to 153 cities a year ago. Also at the close of 1953, some 45 additional communities (including localities in 2 additional States and Alaska) were holding reservations of Title I capital grant contract authorization as an indication of their intention to initiate a local slum clearance and redevelopment program with one or more projects.

Participation in the Title I program was proportionately more extensive in the case of the larger cities in the continental United States. Program approvals were outstanding at year end for all but 1 of the cities above 500,000, for somewhat more than half (or 46 of 88) of the cities between 100,000 and 500,000, and for about one-fourth (or 30 of 126) of the cities between 50,000 and 100,000. In contrast, only 68, or fewer than 1 in 50, of the 3,651 incorporated places with populations between 2,500 and 50,000 had received approval for planning or development operations in connection with a local slum clearance project.

2. Project Progress

In general, 1953 witnessed a steady growth in the number of local slum clearance and urban redevelopment projects progressing into the more advanced stages of final planning and development. As of December 31, 1953, development operations—the acquisition, clearance, improvement, and sale of land for redevelopment, and the relocation of families—had been approved for 60 projects in 39 different communities. A year ago the total was 24 projects in 16 cities. The preparation of final plans and cost estimates for the undertaking of projects had been approved for an additional 94 projects located in 79 communities, against a total of 76 projects in 60 localities at the end of

1952. Surveys for the identification and delineation of eligible project areas had been approved for 105 other projects in 95 cities.[5] The overall accomplishment in 1953 in comparison to earlier years is summarized in table 12a in Appendix A.

In 32 of the 60 projects approved for development, the demolition of existing structures had been commenced at year end as a prelude to preparation of the land for sale or lease at fair value for redevelopment, almost wholly by private enterprise, for modern uses conforming to and supporting local plans for community growth and redevelopment. Redevelopment of assembled and cleared land had commenced in 9 project areas in 7 cities. In Baltimore, Chicago, Little Rock, Norfolk, and Philadelphia, tenants had already taken occupancy of newly constructed or rehabilitated dwellings provided in connection with local slum clearance projects.

3. Project Characteristics

Of the 154 project areas approved for final planning or development as of December 31, 1953, all but 16 are blighted, deteriorated or deteriorating slum areas, typically at or near the central sections of communities. Of the 16 exceptions, 7 are blighted built-up areas in predominantly nonresidential use and 9 are blighted predominantly open areas.

The 154 project areas embrace more than 5,700 acres of land. More than half are under 25 acres. About one-fourth are smaller than 10 acres. Only 17 are larger than 100 acres. The smallest project area, located in Shelton, Conn., consists of 2 acres. The largest area, the Diamond Heights project in San Francisco, Calif., contains 325 acres. The 9 predominantly open project areas aggregate some 843 acres.

Plans for redevelopment of the project areas call for a variety of new uses conforming to local plans for community growth and redevelopment. The major emphasis is on new housing, which will be the exclusive or predominant reuse of the land in 84 of the areas. Residential redevelopment is also planned for part of the land in 11 of the 70 project areas to be redeveloped primarily or exclusively for nonresidential purposes as follows: industrial, 29 areas; commercial, 27 areas; and public and semipublic, 14 areas. Most of the projects for predominantly residential reuse will also provide for some commercial or public redevelopment.

The great bulk of the contemplated residential redevelopment will be privately financed housing. Public housing will be the exclusive reuse in one project, and will predominate in another. Some land will be devoted to public housing in a secondary relationship under the rede-

[5] These totals are exclusive of approvals in communities which terminated their local slum clearance and urban redevelopment programs in 1953 as a result either of local decisions or of adverse court rulings on the validity of State enabling legislation.

velopment plans for 8 additional projects. The density patterns to be established under the plans for residential redevelopment will permit the construction of up to approximately 51,000 new dwelling units, with about 17 privately financed units for every public housing unit contemplated. About three-fifths of the privately financed dwelling units will be for rental occupancy.

The approval of Federal assistance for local project undertakings is conditioned on the existence of a feasible method for temporary relocation and the availability for permanent relocation of decent, safe, and sanitary dwellings within the means of the families to be displaced. Before clearance, the 154 projects were estimated to contain approximately 80,000 dwelling units, some 80 percent of which were substandard. About 73,000 families were housed in these areas, with more than half of them eligible for admission to public low-rent housing projects.

4. Project Financing

Estimates of gross project costs—the total outlay by the local public agency in carrying projects to completion—aggregate $452.2 million for the 154 projects. About one-third of this figure, or $146.3 million, is expected to be recovered from the sale or lease of the cleared and improved land, leaving overall net project costs, or deficits, estimated at $305.9 million. Federal capital grants aggregating $196.1 million will help meet this deficit, the balance to be provided by localities in cash ($47.1 million) and donations of land, site improvement and demolition work, or facilities supporting the new uses contemplated under the redevelopment plans.

Outlays of considerable magnitude are anticipated in connection with the ultimate redevelopment of the project areas. As summarized immediately below, these outlays aggregate almost $500 million in the case of 52 of the 53 projects for which Title I capital grants had been approved as of the close of the year. (In the case of one project the data were not available.)

Type of construction	Amount (in millions)
Housing ($257.7 million private, $13.6 million public)	$271.3
Commercial	53.5
Industrial	48.0
Public and semipublic ($79.1 million in the areas, $28.6 million in supporting facilities outside the areas)	107.7
Site improvements	16.7
Total	497.2

Cumulative Title I assistance approved for specific projects in communities represented in the overall program at the close of the year includes:

$105.2 million of capital grants for 53 projects in 33 cities.

$104.1 million of temporary loans for 40 projects in 29 cities.

$9.9 million of advances for surveys and plans in 167 cities.

Contracts for Title I capital grants had been executed for 39 of the 53 projects with capital grants approved. The 39 signed contracts aggregate $87.2 million in capital grants. Some $8.7 million had been disbursed to 7 projects in partial payment of the Federal capital grant commitment.

In the cases of 12 of these 39 projects, funds for project expenditures were available from State and local sources, making it unnecessary for the local public agencies to finance operations with a Federal loan. For the other 27 projects, the contracts for Title I assistance include loans aggregating $63.3 million. Almost half of this amount, or $30.8 million, had been disbursed for 21 projects. However, the balance outstanding at the close of the year had been reduced to $21.9 million through repayments representing funds obtained in borrowings from non-Federal sources at lower interest rates as well as from the sale of land in the project areas. Disbursements of Federal funds under Title I loan contracts were obviated in an additional amount of $4.3 million borrowed initially from non-Federal sources under the above-summarized features of the contracts. All told, some $10.9 million had been borrowed from non-Federal sources within the framework of Title I loan contracts to finance project expenditures.

5. Summary of Operations

The localities participating in the Title I program, the number and type of local program operations approved, and Federal assistance approved and disbursed are summarized in table 12b in Appendix A.

E. Coordination and Liaison

Discussion and consultation with FHA, PHA, and officials of other agencies at the national level took place on frequent occasions, to assure coordination concerning problems of interest to more than one constituent agency or division. Particular attention was given to the role of FHA-insured loans in connection with rehabilitation and renovation of existing structures both within and near slum clearance project areas, in keeping with the objectives of the provisions added to Title I of the Housing Act of 1949 by provisions of the 1954 First Independent Offices Appropriations Act.

Attention was also given to the role of FHA mortgage insurance as one of the Federal aids which can be utilized locally to expand the supply of housing available for the relocation of families displaced by slum clearance projects or as a result of strengthened enforcement of local occupancy and housing codes. FHA mortgage insurance has been demonstrated to be generally essential to stimulate the construction of new housing open to displaced racial minority families. After joint study, procedures were established to assure the most effective use of FHA insurance in solving rehousing problems.

At the local level, representatives of redevelopment agencies increasingly consulted FHA field officials on questions relating to the design and feasibility of residential redevelopment of proposed clearance areas. Such meetings reflected the earlier establishment of procedures for joint field study and exchange of information on such problems.

Under the Act, eligible families displaced from slum clearance and redevelopment project areas have priority for admission into federally aided low-rent public housing projects. In a number of communities, such units are relied upon to facilitate relocation of families so that clearance operations can proceed. Discussions were held with PHA officials to coordinate scheduled relocation needs with the construction of the 20,000 low-rent units authorized by Congress for fiscal 1954.

A program contemplating integration of the services of FHA, PHA, and the Division of Slum Clearance and Urban Redevelopment was evolved in connection with aspects of the plans of Puerto Rican agencies and departments for the social and economic development of the Commonwealth. This program was developed in meetings of the HHFA Administrator and his staff with Insular officials. As a result of the agreements reached, closer working relationships have been achieved in the field.

The Division sought the assistance and advice of organizations of local government officials and nationally recognized standards-making authorities in connection with the new provisions of the law relating to positive local programs for adoption and enforcement of codes and regulations. Working relations were maintained in the field of building codes and allied regulations with such groups as the Building Officials Conference of America, Pacific Coast Building Officials Conference, and Southern Building Code Congress. Contact with standards-making authorities was maintained through the Division's liaison membership in the Joint Committee on Building Codes. In the field of minimum housing standards, relationships were established and maintained with national public and private agencies.

F. State Legislation and Litigation

At the end of 1953 a total of 32 States, along with the District of Columbia, Alaska, Hawaii, Puerto Rico, and the Virgin Islands, had enabling legislation authorizing local public agencies to undertake slum clearance and urban redevelopment programs.[6]

During 1953, the statutes of several jurisdictions were changed by amendments designed in most instances to assure full local participation in the Federal Title I program. In Kansas, an earlier statute was repealed and a new statute enacted. Although Texas has no enabling legislation, at least one city in the State (San Antonio) has amended its home-rule charter to provide for slum clearance and urban redevelopment activities.

Favorable decisions by the courts of last resort in 7 States were rendered during the year. The States were Illinois, Maryland, New York, Ohio, Oregon, Pennsylvania, and Virginia. In addition, there were favorable decisions in the Federal courts under the statutes of Illinois and the District of Columbia, and the Supreme Court of the United States had been requested to review the District of Columbia case. At the end of 1953, cases were pending in several other jurisdictions. An unfavorable decision was handed down by the Supreme Court of Georgia holding the statute of that State to be unconstitutional under the existing wording of the State Constitution. Subsequently the Georgia legislature voted an amendment for submission to the voters which would permit the enactment of slum clearance and urban redevelopment legislation for the State.

[6] The States are Alabama, Arkansas, California, Colorado, Connecticut, Delaware, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Virginia, Wisconsin, and West Virginia.

Chapter V

THE SECONDARY MORTGAGE MARKET: FEDERAL NATIONAL MORTGAGE ASSOCIATION

The Federal National Mortgage Association (FNMA) administers the Government's limited secondary market operations for the purchase and sale of certain types of FHA-insured and VA-guaranteed home mortgages. The Association, originally a subsidiary of the Reconstruction Finance Corporation, was transferred to the Housing and Home Finance Agency on September 7, 1950, pursuant to Reorganization Plan No. 22 of 1950 for the purpose of coordinating the functions performed by FNMA with other Federal housing programs.

A. General Scope of Operations

The Association's operations were initially directed toward providing a nationwide secondary market for FHA-insured mortgages and toward assisting in establishing the acceptability to investors of certain new types of FHA-insured mortgages. In July 1948 these activities were expanded under the law to include certain types of VA-guaranteed mortgages. The extent of the assistance rendered by FNMA in supporting the VA-guaranteed home loan program is evident from the fact that since July 1, 1948, the Association has purchased 345,804 VA-guaranteed mortgages aggregating $2,586 million and constituting approximately 70 percent of all the Association's purchases since that date. Beginning in July 1951 and continuing throughout 1953, a large part of FNMA's purchasing authority was also utilized to assist in providing the financing required for the production of defense, military, and disaster housing. In the 2½ years during which FNMA has participated in the defense program, it purchased 40,453 mortgages covering defense, military, and disaster housing, totaling $422 million, which provided for 55,120 units of those types of housing, and at the end of 1953, commitments totaling $410 million were still outstanding.

In carrying out these programs, the Association—from the date of its inception in 1938 through 1953—has purchased 539,031 mortgages with unpaid principal balances amounting to $3,944 million. At the same time, it endeavored to sell the mortgages in its portfolio with the objective of revolving its prescribed purchasing authorization, thereby furnishing needed financing assistance to the maximum

ORGANIZATION AND FUNCTION CHART OF THE FEDERAL NATIONAL MORTGAGE ASSOCIATION

Chartered on February 10, 1938, under Title III of the National Housing Act, as amended. Provides a Government-financed market for the purchase and sale of eligible FHA-insured and VA-guaranteed mortgages

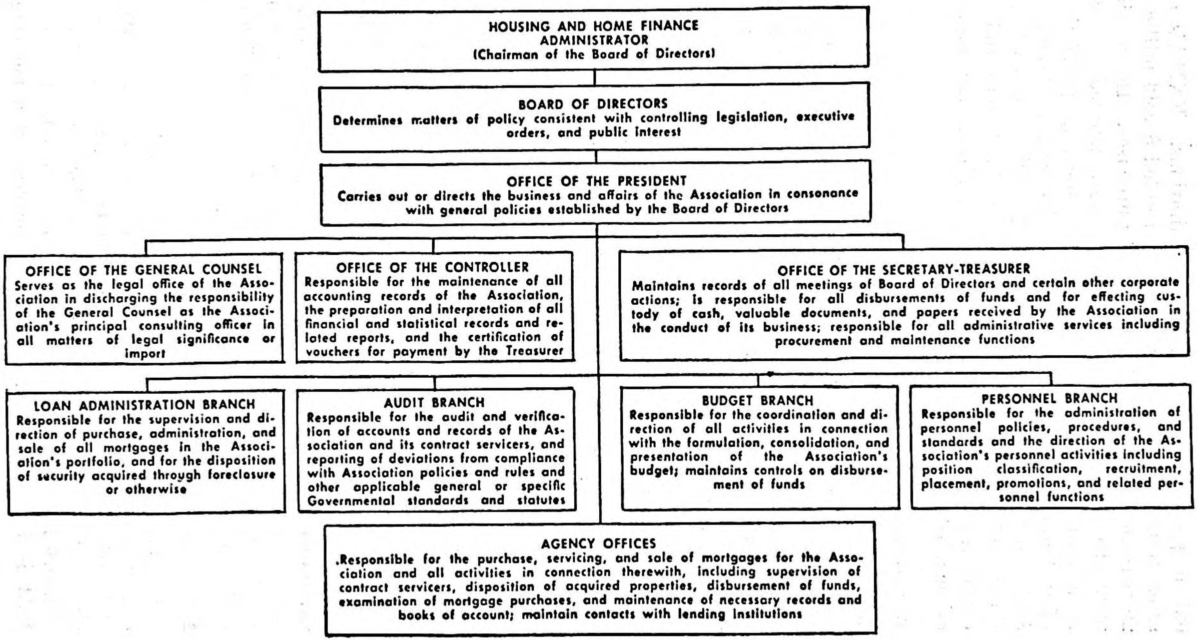


CHART 12.

extent possible within its legal limitations. FNMA's cumulative sales, numbering 171,055 mortgages, totaled $1,043 million or about 26 percent of the Association's total purchases. In addition, repayments to FNMA and other credits have amounted to $439 million. As a result of these operations, FNMA's mortgage portfolio at the end of 1953 amounted to $2,462 million. The balance of the Association's $3,650 million authorization at the end of 1953 consisted of $469 million in outstanding commitments, $169 million in outstanding advance contracts, and $550 million which was available for the purchase of other mortgages.

B. The Purchasing Program

1. Summary

During the year 1953, the Association purchased 53,165 mortgages totaling $542 million. The dollar amount was only $4 million more than the purchases made in the previous year, reflecting in large measure the purchase of defense, military, and disaster housing mortgages. Nondefense and nondisaster housing mortgages were eligible for purchase over-the-counter until April 10, 1953. Such mortgages, except for those covering Alaska housing, could be delivered after that time pursuant only to (a) Purchase Receipts or to (b) Advance Contracts to Purchase issued in connection with FNMA sales programs, each of which will be more fully described under "The Mortgage Sales Program." Of the total purchases during the year 1953, $255 million were made pursuant to commitment contracts previously entered into by the Association, and the remainder ($287 million) were made on an over-the-counter basis. Included in the purchases during 1953 were 27,175 mortgages in the amount of $306 million covering defense, military, and disaster housing, and 792 mortgages aggregating $24 million covering housing in Alaska.

On December 31, 1953, outstanding commitment contracts of all types aggregated $638 million which included $169 million in Advance Contracts to Purchase (issued in connection with the one-for-one sales program); $410 million on defense, military, and disaster housing; $23 million on Alaska housing; $30 million on cooperative housing (FHA Section 213); and $6 million covering FHA Section 608 mortgages under the former commitment procedure.

2. Types of Mortgages Purchased

During the year 1953 the Association's purchases were confined to eligible mortgages insured by FHA under Sections 8, 203, 207, 213, 608, 803, 903, or 908 of the National Housing Act, as amended, or eligible mortgages guaranteed by VA under Section 501 of the Servicemen's Readjustment Act of 1944, as amended. Purchases during 1953 included 30,928 FHA-insured mortgages amounting to $355 million and 22,237 VA-guaranteed mortgages amounting to $187 million—a total of 53,165 mortgages aggregating $542 million. In dollar volume, 35 percent of FNMA purchases during the year 1953 were VA-guaranteed mortgages as compared with 69 percent in 1952, 89 percent in 1951, 95 percent in 1950, and 62 percent in 1949. About 71 percent of the total dollar volume of VA mortgage purchases during the year 1953 were made in the first 4 months of the year prior to the discontinuance by FNMA of the purchase of over-the-counter submissions of nondefense and nondisaster housing mortgages.

3. Purchase of Defense, Military, and Disaster Housing Mortgages

The Association's authority under the Housing Act of 1952 (Public Law 531, approved July 14, 1952) to issue commitments to purchase defense, military, and disaster housing mortgages was extended by the Housing Amendments of 1953 (Public Law 94, 83d Cong., approved June 30, 1953) for 1 year to July 1, 1954. Under the present law FNMA is authorized to purchase over-the-counter and to issue commitment contracts covering the following types of eligible FHA-insured or VA-guaranteed mortgages:

(*a*) Defense housing programed by the Housing and Home Finance Administrator in an area determined by the President of the United States or his designee to be a critical defense housing area;

(*b*) Military housing with respect to which the Federal Housing Commissioner has issued a commitment to insure pursuant to Title VIII of the National Housing Act, as amended; or

(*c*) Disaster housing intended to be made available primarily for families who are victims of a catastrophe which the President of the United States has determined to be a major disaster.

The extent of FNMA participation in the defense program is shown by the following data: cumulatively through December 31, 1953, there were about 96,000 net units of defense housing programed by HHFA and 92,494 approved in 212 critical defense areas. At the end of December 1953 the Association had issued net commitments or purchase authorizations covering approximately 74,392 housing units in 193 critical defense areas. Of the 64,361 housing units, the construction of which had been completed by the end of December 1953, about 71 percent or 45,593 units were covered by mortgages purchased by the Association.

During the year 1953, the Association issued commitments and purchase authorizations for the purchase of mortgages relating to defense, military, and disaster housing in the aggregate amount of $484 million, and purchased 27,175 mortgages in these 3 categories, with principal balances of $306 million and providing 39,704 units of housing. About 56 percent of all FNMA purchases during 1953 related to mortgages covering defense, military, and disaster housing. At the end of 1953, outstanding commitments for defense, military, and disaster housing mortgages aggregated $410 million (providing for approximately 50,000 units of housing) and $334 million remained available for either over-the-counter or commitment purchases of additional mortgages in these categories.

A summary of the extent of FNMA's participation in the defense, military, and disaster housing program during calendar year 1953 is shown in the following table:

[Dollar amounts in millions]

Type of housing	Advance commitments and purchase authorizations	Commitments canceled	Purchases		As of year end—undisbursed commitments
			Amount	Units	
Defense	$347.5	$17.3	$246.9	31,956	$257.8
Disaster	3.9	.4	7.0	997	.6
Military	132.1	27.3	51.7	6,751	151.3
Total	483.5	45.0	305.6	39,704	409.7

4. Purchases of Nondefense Housing Mortgages

(*a*) *Cooperative housing.*—Under Public Law 243, 82d Congress (approved Oct. 30, 1951), as amended by Public Law 94, 83d Congress, FNMA was authorized to issue commitments not to exceed $30 million outstanding at any one time if such commitments related to mortgages with respect to which the Federal Housing Commissioner had issued prior to September 1, 1953 (pursuant to Section 213 of the National Housing Act, as amended), either a commitment to insure or a statement of eligibility. Not more than $3.5 million of this total authorization was to be made available for commitments in any one State. Mortgages delivered pursuant to commitments issued under Public Law 94 were exempted from the maximum $10,000 mortgage limitation applicable to FNMA's purchases if the related housing included 6 or more rooms for each family unit of which 3 or more were bedrooms.

Of the total $30 million commitment authorization only about $26,256,000 was available for additional commitments during the period between July 1 and December 31, 1953; the remainder of the overall commitment authority was represented by commitments amounting to $3,485,000 outstanding under Public Law 243 and by $259,000 reserved or to be made available for the purpose of effecting required adjustments in connection with commitments currently outstanding.

Applications aggregating $66,417,550—more than twice the amount of FNMA's available authorization under Public Law 94—had been presented for approval by the end of December 1953. Since the dollar volume of the applications submitted for approval greatly exceeded the total dollar amount of the Association's available commitment authorization, the Association determined as a matter of policy that the applications should be considered in the order of their receipt by the Association, taking into account the amount of commitments that could be issued in any one State. About 60 percent or $40,161,800 of the applications that were received by the Association could not be approved because of the limitation on the amount of funds available for cooperative housing commitments.

By December 31, 1953, the Association had authorized the issuance under Public Law 94 of commitments (including adjustments) aggregating $26,255,750 and providing for 3,073 units of housing in 18 different States. Of the total commitments issued, $11,160,700 related to Section 213 cooperative housing mortgages represented as providing housing for minority groups in 10 different States and accounting for 1,575 or 51 percent of the total units of housing thus far assisted in FNMA commitments under that law. During 1953 the Association also purchased mortgages covering Section 213 cooperative housing in the total amount of $13.9 million. At the end of that year, commitments still outstanding under Public Law 243 and Public Law 94 aggregated $29.7 million.

(*b*) *Other nondefense and nondisaster mortgage purchases.*—FNMA is also authorized to purchase nondefense and nondisaster housing mortgages (other than those delivered pursuant to the former commitment procedure, Advance Contracts to Purchase, cooperative housing commitments, and prior commitments issued in connection with housing in Alaska) on an over-the-counter basis. However, because of the changing condition of the residential mortgage market and the need to conserve funds, the Association on April 10, 1953, determined to suspend for the time being further acceptance of regular over-the-counter deliveries of certain categories of FHA-insured and VA-guaranteed mortgages. This suspension, which was still in effect at the end of 1953, was not made applicable to over-the-counter deliveries of mortgages delivered against outstanding FNMA Purchase Receipts, issued in accordance with a program described below. In addition to the Section 213 cooperative housing mortgages previously referred to, the Association during 1953 purchased on an over-the-counter basis 25,402 other nondefense and nondisaster housing mortgages amounting to $208 million, and 272 mortgages amounting to $1 million covering these categories of housing were purchased pursuant to prior commitment contracts.

Public Law 94, 83d Congress, repealed the restriction contained in Public Law 531, 82d Congress, that not more than $2,750 million of the Association's total investments, loans, purchases, and commitments outstanding at any one time shall relate to mortgages on other than defense, military, and disaster housing; this action makes it possible for the Association to utilize the unobligated portion of its $3,650 million authorization for the purchase over-the-counter of nondefense and nondisaster housing mortgages. The Association had not at the end of 1953 taken any action to avail itself of this authority.

C. The Mortgage Sales Program

It is the Association's established policy to dispose of its portfolio of mortgages as rapidly as the mortgages can be absorbed by eligible institutional or other long-term investors. Cumulatively, about 40 percent of the Association's total investment in FHA-insured mortgages purchased from February 1938 through 1953 have been sold, while 19 percent of the VA-guaranteed mortgages purchased since midyear 1948 through 1953 have been sold. The following table shows the relationship between purchases and sales of FHA-insured mortgages and purchases and sales of VA-guaranteed mortgages during the period indicated:

FNMA purchases and sales—FHA-insured mortgages 1938–53—VA-guaranteed mortgages 1948–53

[Dollars in millions]

Agency and section of act	Mortgage purchases	Mortgage sales	Sales as percentage of purchases
Total	$3,943.7	$1,042.9	26.4
FHA	1,357.6	543.0	40.0
Sec. 8	28.7	.3	1.0
Sec. 203	549.0	284.2	51.8
Sec. 207	23.2	.4	1.7
Sec. 210	.3		
Sec. 213	16.3		
Sec. 603	339.5	209.8	61.8
Sec. 608	66.3	37.3	56.3
Sec. 803	53.5	10.5	19.6
Sec. 903	268.2	.5	.2
Sec. 908	12.6		
VA	2,586.1	499.9	19.3
Sec. 501	2,561.9	485.0	18.9
Sec. 502	1.9	(1)	.3
Sec. 505(a)	22.3	14.9	66.8

1 Less than $0.05 million.

1. Summary of 1953 Sales

The Association during 1953 sold a total of 26,849 mortgages with unpaid principal balances of $221 million. Of these mortgages, $33 million (2,556) were FHA-insured and $188 million (24,293) were VA-guaranteed. The dollar volume of sales during the second half of the year was more than 7 times greater than in the first half, due primarily to the FNMA one-for-one selling and purchasing program which will be hereinafter described. (After June 30, 1953, the latter program replaced the FNMA Purchase Receipt program inaugurated in October 1952 for the purpose of stimulating mortgage sales. The Purchase Receipt program, which is described in the following paragraph, was not a significant factor in the total volume of 1953 sales.) Total mortgage sales of $221 million during 1953 almost quadrupled those of 1952 and practically doubled the 1951 sales. They amounted, however, to slightly less than half of the record 1950 sales volume of $469 million. In addition to the sales closed during the year 1953, at the end of December $41 million was outstanding in options and reservations to purchase mortgages, on which options or reservations definite sales closing dates had been fixed; $208 million of other options and reservations as to which Mortgage Sales Agreements had not as yet been executed were also outstanding.

Purchase Receipt Program

On October 1, 1952, by administrative action, the Association inaugurated a program whereby Special Purchase Funds were established to be available for over-the-counter purchases of eligible mortgages from those institutions that purchased nondefense and nondisaster mortgages from FNMA's portfolio. Under this program, a nonassignable or nontransferable Purchase Receipt was issued either to (*a*) the purchaser that signed FNMA's Mortgage Sales Agreement, or (*b*) the immediate assignee of the mortgages in an amount equal to the unpaid principal amount of the nondefense and nondisaster mortgages purchased from the Association's portfolio; the holder of the Purchase Receipts would thereafter be permitted to sell to the Association within a year an equal amount of such mortgages which at the time of delivery met all of the statutory and administrative requirements (except with respect to the 60-day waiting period) applicable to other over-the-counter sales to FNMA. Although this action by FNMA was not a contractual undertaking to purchase mortgages, it did represent the maximum administrative action that could be taken by the Association under the law to assure that Purchase Funds would be available for over-the-counter purchases from holders of Purchase Receipts. During the period October 1–December 31, 1952, the first 3 months during which the Purchase Receipt program was in operation, Purchase Receipts amounting to $19 million were issued; during the first 6 months of 1953, Receipts totaled $27 million; at the end of December 1953 Purchase Receipts amounting to $10 million were outstanding. The Purchase Receipt program was permitted to expire on June 30, 1953 (except that outstanding Purchase Receipts were to be honored), having been replaced by the statutory authorization permitting the Association to issue Advance Contracts to Purchase mortgages on a one-for-one basis.

Advance Contracts to Purchase (One-for-One Program)

Under the provisions of Public Law 94, 83d Congress, the Association was authorized to inaugurate a program to purchase mortgages on the basis of what has come to be known as the FNMA one-for-one program. This law removed two of the major objections to the Purchase Receipt program in that (1) the Association was authorized to issue binding contracts for the future purchase of specific dollar amounts of eligible mortgages and (2) the statutory limitation on the dollar volume of eligible mortgages that any one institution could sell to FNMA pursuant to such contracts was eliminated. The one-for-one program expires on July 1, 1954, and the total amount of Advance Contracts that may be issued thereunder may not exceed $500 million.

Under the one-for-one program of purchasing mortgages, FNMA issues nonassignable commitments, referred to as "Advance Contracts to Purchase," either to (1) the purchaser that signed FNMA's Mortgage Sales Agreement, or (2) the immediate assignee of the mortgages. The Association agrees to purchase eligible mortgages within 1 year after issuance of the Contract in a dollar amount equal to the principal amount an investor paid for mortgages purchased from FNMA's portfolio. In connection with such contracts, an investor desiring a commitment is charged a nonrefundable commitment fee of 1 percent of the total amount of the Contract and an acquisition and service charge of one-half of 1 percent of the aggregate principal amount paid for the mortgages by the Association under the contract.

The one-for-one program was inaugurated by the Association on July 27, 1953. In administering the program, FNMA initially offered to sell its mortgages on 1- to 4-family dwellings at prices ranging from 96 to 100. Mortgages covering multifamily dwellings were offered for sale on a negotiated basis. Prior to inauguration of the one-for-one program, FNMA did not make any sales of mortgages from its portfolio at less than 100. However, the rise in the maximum interest rate from 4 and 4¼ percent to 4½ percent on both FHA and VA mortgages covering 1- to 4-family dwellings and from 4 to 4¼ percent on multifamily FHA mortgages, made the mortgages in FNMA's portfolio difficult to sell at par. Therefore, FNMA's initial offerings of certain of its 4 percent and 4¼ percent mortgages at less than 100 were calculated to permit yields approximately equivalent to the yields that would be received from similar types of mortgages bearing interest rates of 4½ percent and selling at 100. Under the Advance Contract to Purchase, FNMA agrees to purchase at 100 only those eligible FHA-insured and VA-guaranteed mortgages that bear the highest rates authorized during 1953 by FHA and VA. All purchasing and selling prices are subject to change by the Association without notice.

During the first 5 months in which the one-for-one plan was in operation (July 27–December 31, 1953), FNMA sold from its portfolio mortgages with aggregate unpaid balances of $193.5 million and in connection therewith absorbed discounts of $7.4 million (at an average rate of approximately 3.8 percent), with the result that the net proceeds to the Association amounted to $186.1 million. By the end of 1953, Advance Contracts to Purchase aggregating $185.8 million were issued by the Association under the one-for-one program. Mortgages totaling $16.6 million were purchased pursuant to such Contracts, leaving $169.2 million in one-for-one Contracts outstanding at the end of that year.

The following table summarizes the operation of the FNMA one-for-one program by months:

FNMA sales

[Dollars in thousands]

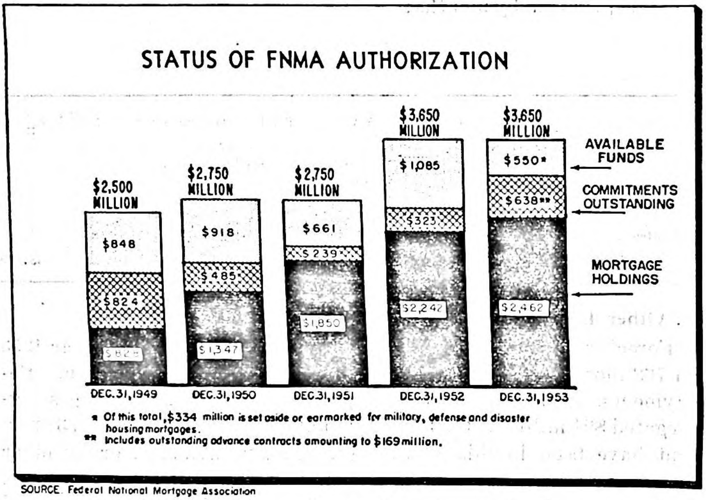
	FHA	VA	Total	Discounts	Net sales	Contracts issued
July	$73	$21	$94	$2	$92	$91
August	578	10,457	11,035	432	10,603	10,538
September	960	17,818	18,778	735	18,043	17,952
October	1,300	42,212	43,512	1,719	41,793	41,755
November	12,146	46,542	58,688	2,141	56,547	56,542
December	2,539	58,915	61,454	2,411	59,043	58,960
Total	17,596	175,965	193,561	7,440	186,121	185,838

D. Other Liquidation

Foreclosure proceedings were completed during calendar year 1953 on 768 mortgages with unpaid principal balances of $8 million. Repayments, including the final repayments on 2,972 mortgages, aggregated $94 million. Of FNMA's total mortgage investments, 38 percent have been liquidated through sales, repayments, or by other means. The ratio of liquidation on FHA-insured mortgages from 1938 through 1953 was 54 percent, while the ratio on VA-guaranteed mortgages from July 1948 (when FNMA was authorized to purchase VA-guaranteed mortgages) through 1953 was 29 percent. The FHA ratio since July 1948 was 43 percent. The FHA and VA ratios of liquidation for the period of July 1948–December 1952 were 56 percent and 20 percent, respectively, reflecting the substantial increase in purchases of FHA-insured defense and disaster housing mortgages and the large volume of sales of VA-guaranteed mortgages during 1953.

E. Status of Purchasing Authority

The total amount of investments, loans, purchases, and commitments that may be made by the Association may not exceed $3,650 million outstanding at any one time. At the end of 1953, the Association's portfolio consisted of 338,157 mortgages with aggregate principal balances of $2,462 million, representing a net increase during the year of $220 million (9.8 percent) in dollar amount and 22,576 (7.2 percent) in the number of mortgages. At the end of the year, the portfolio consisted of FHA-insured mortgages amounting to $621 million (25 percent) and VA-guaranteed mortgages totaling $1,841 million (75 percent) as compared with 14 percent and 86 percent, respectively, at the end of 1952. Outstanding commitments to purchase mortgages totaled $638 million (including $169 million of Advance Contracts to Purchase) in contrast to $323 million in the previous year. The amount of unused authorization available for the purchase of additional mortgages was $550 million at the end of 1953, of which $334 million was still held available for the purchase of eligible military,



SOURCE. Federal National Mortgage Association

CHART 13.

defense, and disaster housing mortgages either on an over-the-counter basis or pursuant to commitment contracts. This left $216 million for the purchase of other eligible mortgages, including $10 million for the purchase of mortgages from Purchase Funds established in connection with the sale of mortgages covering nondefense and nondisaster housing under the Purchase Receipt program.

F. Administration

Prior to its transfer to HHFA in September 1950, FNMA's activities were conducted in the 31 offices of RFC. The Association's activities are now administered through five field offices located throughout the country so as to best serve the needs of enterprises that do business with the Association. In addition to these field offices, FNMA maintained a small branch office in Puerto Rico (closed in January 1954), a mortgage sales office in New York City, and an administrative office in Washington, D. C. During 1953, the Association's agency office at Seattle was consolidated with its Los Angeles agency office. As a result of the substantial and continuing economies resulting from the closing of the Seattle agency office, the installation of a control accounting system of reporting and controlling mortgage collections (referred to as the "Single Debit System"), and additional refinements in operations, the personnel of the Association decreased from the 954 positions authorized at the time of its transfer to HHFA to 720 at the end of December 1952 and to 548 as of December 31, 1953. These reductions were accomplished in the face of additional requirements and responsibilities that were placed upon the Association by new legislation authorizing support for defense housing and other special purpose programs and the additional workload required to increase the sales of FNMA mortgages. This achievement is particularly significant in view of the fact that the Association's portfolio has more than doubled since 1950.

The statutory charter of FNMA provides for a Board of Directors which determines the policies of the Association. Except for one director who is appointed by the Administrator of Veterans' Affairs, all of the members of the Board are appointed by the Housing and Home Finance Administrator from among the officers and employees of HHFA, including its constituent agencies. The business affairs of the Association are administered by its president as chief executive officer.

The Association is a wholly owned and self-supporting agency of the Government and receives no direct appropriations for the payment of its administrative or other expenses. From its beginning through December 1953, FNMA has declared dividends amounting to $92.4 million which were either paid or transferred into the Treasury, of which $0.4 million were authorized for payment to the Treasury during 1953. In addition to these dividends, on December 31 the Association had undistributed earned surplus of $11.9 million and reserves for losses and contingencies of $35.7 million. FNMA has paid a total of $164.1 million in interest to the Treasury on its borrowings. Of this amount, $49.4 million was paid during 1953. FNMA's net income in 1953 was $30.5 million and, cumulatively through December 31, 1953, aggregated $140.4 million.

Chapter VI

DEFENSE HOUSING AND COMMUNITY FACILITIES

A. Defense Housing

Defense housing programs, developed and promulgated by the Administrator under the authority of the Defense Housing and Community Facilities and Services Act of 1951, as amended, are administered by FHA in the case of privately sponsored housing and by PHA in the case of temporary public housing. A total of about 110,000 such units had been programed by the end of 1953, nine-tenths of it for privately financed construction. The authorities under the Act were extended to June 30, 1954, by Public Law 94, 83d Congress, approved June 30, 1953. They include certification of critical defense housing areas by the Director of Defense Mobilization upon the recommendation of the interagency Defense Areas Advisory Committee, programing of privately sponsored defense housing by the Administrator, insurance by FHA of mortgages under Title IX of the National Housing Act, provision of public defense housing by PHA under the direction of the Administrator, Federal assistance in the development of community facilities in critical areas, and advance commitments by FNMA to purchase military, defense, and disaster mortgages.

The volume of construction of programed defense housing reached its peak in 1953. This was, however, a period characterized by major alterations of industrial mobilization requirements and extensive modifications of military plans and programs, which created the necessity for corresponding reappraisals and adjustments (chiefly reductions) in defense housing programs for critical defense housing areas.

Privately Sponsored Defense Housing

Some 91 percent of the total private defense housing authorized was programed in 1951 and 1952. By the end of 1953, 84 percent of all programed units had been started and 67 percent completed, as the table below shows. Much of this activity occurred in the past year. New programs issued in 1953 totaled 10,264 units, while cancellations and reductions amounted to 13,519 units. The following table summarizes the increase in construction activity during the year and the decrease in program volume which occurred as curtailment of mobilization activity diminished or rendered uncertain the quantity of housing needed for in-migrant defense families.

	Private defense housing		
	Dec. 31, 1952	June 30, 1953	Dec. 31, 1953
Programed	98, 224	100, 223	96, 485
Started	44, 476	60, 857	81, 368
Completed	27, 817	44, 819	64, 361

The program reductions which could be effected were not equivalent to the total decrease in defense need. In a number of areas construction of the housing was well underway before HHFA was notified of a change in the defense planning upon which the anticipated defense demand was based. In many such cases the normal civilian market could and did absorb the housing readily. More serious vacancy situations developed, however, in several areas around military posts where instead of the scheduled expansion, the installation was either closed or substantially reduced in size after the housing was largely completed or under construction. In terms of the total defense housing program, however, the number of surplus dwelling units involved did not bulk large. In these instances where vacancies were a problem, the Agency took such of the following measures, or combinations of them, as were practicable in the affected locality:

1. Waiver in whole or in part of regulatory restrictions on occupancy.
2. Waiver in whole or in part of regulatory restrictions on holding for rent or for sale.
3. Cancellation or cutbacks in public defense housing.
4. Limiting occupancy in public defense housing projects to personnel whose incomes could not support the rents in available Title IX or other privately owned housing.
5. Limiting intake, through the imposition of income limits, and terminating occupancy in Lanham Act projects whenever an adequate supply of privately financed housing, including Title IX housing, became available.
6. Suggesting to the Department of Defense that it take steps similar to item 5 above in connection with temporary projects under its control, including projects built with Lanham Act funds and transferred to the Services after World War II.
7. Requesting the Department of Defense to promote better coordination of housing activities at the local level between base commands and private groups, including Title IX sponsors, with the aim of more effective use of existing resources.

By the end of the year, nearly all the worst vacancy situations, such as those at Fort Hood (Texas) and Fort Sill (Oklahoma) had been greatly alleviated through such means and as a result of partial restorations of reduced military strength. There still remained, however, a number of areas, such as Arlington (Washington) and Camp McCoy (Wisconsin), with housing surpluses which were excessive in relation to the size of the affected communities. There were also several areas in which difficulty in marketing private defense housing coming onto the market during 1954 was foreseen.

On the other hand, shortages still persisted in some areas where the volume of construction had not been entirely satisfactory or where underprograming may have occurred. No area, however, had been identified in which an important military installation or industrial defense activity had been seriously impeded for lack of housing and in most of them, with the assistance of mortgage insurance under Title IX of the National Housing Act and the secondary mortgage market support of FNMA, private enterprise has developed good projects of permanent housing which have largely met the defense needs.

As of December 31, 1953, there were 96,485 dwelling units programed for private construction in 204 critical defense housing areas. Of these units, 81,368 (84 percent) were either under construction or completed, with units in builders' applications averaging better than 4 for each unit programed. During the year, FHA issued Title IX commitments for 35,728 units, bringing the cumulative total to 82,272 (85 percent of all programed units). Significantly, 97 percent of all commitments in 1953 were issued before June 30, reflecting the desire of the sponsor-applicants to take advantage of the Title IX insurance and FNMA advance commitment provisions which were due to expire on June 30 and were not extended until the end of that month, as well as the effect on the program during the last half of the year of the changes in defense requirements which had crystallized to some degree during the spring and summer.

FHA Title IX activity

Status	Number of dwelling units				Percent of total 1953 activity during first 6 months
	As of Dec. 31, 1953	During 1953			
		Total	First 6 months	Second 6 months	
Applications received	117,331	45,476	42,862	2,610	94.3
Commitments issued	82,272	35,728	34,704	1,024	97.1
Mortgages insured	47,568	29,799	14,443	15,359	48.5
Construction started	70,643	34,558	15,735	18,932	45.6
Construction completed	54,909	34,357	16,047	18,938	45.0

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At the year's end, total charges against FHA's insurance authorization amounted to $591 million, $362 million for insurance written and $229 million in outstanding commitments.

Through December 1953, FNMA had purchased or committed to purchase mortgages on defense housing programed by HHFA covering 76,500 dwelling units and amounting to $610.5 million. This figure represented about four-fifths of all programed defense housing with 82 percent (dollarwise) insured under FHA's Title IX -- the remainder insured under FHA Sections 8, 203, 803, and 207, and VA Section 501. As in the case of FHA activity, the issuance of commitments by FNMA dropped off sharply in the last half of the year. Mortgage purchases, however, continued to increase as dwelling units were completed and occupied.

FNMA defense housing activity

Item	Dollar volume at the end of --		
	December 1953($000)	June 1953($000)	December 1952($000)
FNMA net participation (purchases plus undisbursed commitments)	610,473	569,418	280,280
Purchases	352,695	232,266	105,776
FHA Section 903	268,192	176,785	78,327
908	12,627	4,996	1,280
203	9,690	8,502	7,533
207	6,567	591	143
8	9	9	0
803	0	0	0
VA Section 501	55,610	41,383	18,493
Commitments undisbursed	257,778	337,152	174,504
FHA Section 903	177,112	247,892	111,223
908	40,434	46,069	24,900
203	7,693	3,348	845
207	4,793	10,769	5,976
803	16,632	12,582	12,582
VA Section 501	11,114	16,492	18,978

Public Defense Housing

Under the authorization of $100 million for public defense housing in Title III of the Defense Housing and Community Facilities and Services Act of 1951, a total of $87.5 million was appropriated. In July 1953, Congress rescinded $17.5 million of the appropriated funds, since by that time it was clear that revisions of mobilization programs had substantially reduced the need for public housing, and several of the projects authorized had already been cancelled by the Administrator.

In extending Title III of the Act to June 30, 1954, Congress eliminated the never-used authority to construct permanent public defense housing where the need was permanent but was not met by private enterprise. At the same time, HHFA restricted assignments of temporary housing to military installations where, in the judgment of the Department of Defense, the duration of need would be not less than 3 years, and to Atomic Energy installations.

Although the total number of units in all assignments made under this title by the Act by December 31, 1953, was 18,971, more than 4,500 of these units were cancelled or terminated. The net program was 14,440 units at the year's end—1,550 less than the total at the end of 1952—and approximately $4.5 million of the $70 million of appropriations had not been earmarked for projects.

The status of the public defense housing program as of December 31, 1953, was as follows:

	Projects	Dwelling units
Assigned	80	14,440
Started	75	13,726
Completed	64	12,131

B. Defense Community Facilities and Services

The defense community facilities program was set up by Public Law 139, to aid in meeting urgent need that had developed in many defense housing areas for the expansion or provision of vital community facilities. By the provisions of the law and Executive Order 10296, primary responsibility for providing the assistance authorized was assigned to:

1. HHFA—for water supply and distribution systems (except purification), sewer lines, streets and roads, and police and fire protection;
2. Department of Health, Education, and Welfare—for recreation and child day-care centers;
3. Surgeon General—for health, refuse disposal, water purification, and sewage treatment.

The Act authorized up to $100 million in Federal loans and grants for this type of assistance to localities in critical defense housing areas. In all, $28.6 million was appropriated for the program, of which HHFA received $20.6 million and the Department of Health, Education, and Welfare received the remainder.

Summary of operations, as of December 31, 1953

By the end of 1953, 100 projects with an estimated construction cost of $47.5 million had been approved under this program. The cost would be met through Federal grants of $21.3 million, Federal loans of $3.7 million, and applicants' funds of $22.5 million. Of the 100 projects approved, 67 were under construction, 13 were completed, and 20 had not yet reached the construction stage. Of the 80 projects completed or under construction, 28 were for water facilities, 31 for sewer facilities, 10 for water and sewer, and 11 for other types of facilities.

Item	HHFA and DHEW	HHFA			DHEW
		Total	Sole	Joint	Joint
Projects approved (number)	1 100	100	78	22	(22)
Construction costs (millions of dollars) total	47.5	34.9	17.8	17.1	12.6
Federal grants and loans	25.0	20.0	13.3	6.7	5.0
Grants	21.3	16.5	10.5	6.0	4.8
Loans	3.7	3.5	2.8	.7	.2
Applicants' funds	22.5	14.9	4.5	10.4	7.6

1 Includes 67 projects under construction, 13 projects completed, and 20 projects not yet under construction.

Chapter VII

OTHER ACTIVE PROGRAMS

A. College Housing Program

The year 1953 was the third full year of operation of the college housing program authorized under Title IV of the Housing Act of 1950. Title IV authorized direct Federal loans at reasonable rates of interest to aid institutions of higher learning in meeting their needs for additional housing for students and faculty. The authority which the law gives to the Administrator to borrow from the Treasury limits the total of such loans to not more than $300 million outstanding at any one time. Releases of borrowing authority by the President were $40 million for fiscal 1952, $60 million for fiscal 1953, and $50 million for fiscal 1954, or a total of $150 million. According to the Act, loans are to be repaid by the colleges within a period of not more than 40 years, and, as provided by the Housing Amendments of 1953, the interest rate is established by the Administrator, with a lower limit related to the yields on long-term Government bonds. At the end of 1953, the interest rate was 3.5 percent.

It has been the policy of the Agency to encourage the participation of private investment in the program at all stages. During the 3 years of the program's operations, when the Administrator approved a cumulative total of $93 million in loans, 24 applications totaling about $30 million were withdrawn or rescinded at some stage in the processing because the institutions had been able to secure private financing at comparable terms.

The law provides that before an institution can obtain a loan under the program, it must demonstrate that private financing is not available on comparable terms and conditions. College housing bonds must be offered for public sale, and comparable terms of private financing are considered to be a bid at an interest rate not more than one-tenth of 1 percent above the college housing interest rate. In March 1953, revised procedures were adopted to provide further encouragement to private participation in college housing loans. Before the change in March, bids had to be made for a complete bond issue. Under the new procedures, private bids may be made for the first 20 years of the maturities, the next 10 years, and the balance of the issue. It was anticipated that many colleges would be able to secure private financing of the shorter maturities at interest rates below the Federal college interest rate. As an additional incentive to private participation, provision was made for more restrictive redemption privileges on the bonds issued as evidences of obligation for college housing loans.

Another significant change in the program was the removal, in August 1953, of the defense restrictions. As a result of this action, many small liberal arts colleges which did not have ROTC programs or other direct defense relationships became eligible for college housing loans.

During the calendar year 1953, 135 applications totaling $83,601,618 were received from 40 States and the District of Columbia. During the same period, 61 applications totaling $52,177,000 were approved by the Administrator. The number and amount of approved loans were more than twice as great as those in 1952. The following table shows the applications received and approved in 1953, with the same information for each of the first 2 years of the program's operation and also shows the number of accommodations to be provided for men, women, student families, and faculty members.

Applications received and approved under the College Housing program

Calendar year	Number	Amount	Accommodations to be provided			
			Men	Women	Student families	Faculty
Applications received—Total	280	$206,105,913	44,851	18,493	854	883
1951	53	40,482,171	9,888	2,106	----------	153
1952	92	82,022,124	17,912	6,017	411	389
1953	135	83,601,618	17,051	10,370	443	341
Applications approved—Total	104	93,285,000	22,907	5,358	302	291
1951	17	16,895,000	4,073	855	----------	87
1952	26	24,213,000	6,005	1,499	68	56
1953	61	52,177,000	12,829	3,004	234	148

Source: Office of the Administrator, HHFA.

In addition to the approvals shown in the above table, as of December 31, 1953, another 63 applications totaling $38,867,500 had been given preliminary approval and funds had been reserved, thus bringing the total of commitments through approvals and preliminary reservations to $132,152,500 against the $150 million available.

Within HHFA, the college housing program is administered through the College Housing Branch, Division of Community Facilities and Special Operations. Title IV of the Housing Act of 1950 authorizes the Administrator to consult with and secure the advice of educational institutions. The procedures established by the College Housing Branch to secure such advice on all applications have worked smoothly, and the U. S. Office of Education has been of great assistance in advising the Agency on the educational aspects of the program.

B. School Construction Program

Under Public Law 815, 81st Congress, 1950, as amended by Public Law 246, 83d Congress, 1953, provision is made for Federal grants to local school districts where increases in school population have resulted from Federal activities; for a limited program of Federal construction of temporary and permanent educational facilities primarily at military and defense installations; and for assistance to local school districts responsible for the education of children living on Federal property, predominantly Indian children living on tax-exempt land.

By the end of 1953, a total of 1,331 projects had been approved under the original program authorized by Public Law 815. (No new applications have been accepted under the original program since June 30, 1952.) It is estimated that the entire school construction program, based upon actual and proposed appropriations, will consist of a little over 2,100 projects, of which about 160 will be federally constructed.

Responsibility for administration of the school construction program rests with the Office of Education in the Department of Health, Education, and Welfare. However, pursuant to a working agreement between the Office of Education and the Housing and Home Finance Agency, the Office of the Administrator performs the necessary technical services for the Office of Education. These services are financed by advances of funds from those appropriated to the Department of Health, Education, and Welfare. The Administrator has assigned responsibility for the school construction program to the Division of Community Facilities and Special Operations.

After a fund reservation has been made for a school construction project by the Office of Education, the Field Service of the Office of the Administrator makes the legal, financial, and engineering review of the school construction application, and prepares a report and recommendations on these aspects of the application to the Commissioner CFSO, who recommends necessary action to the Office of Education. During 1953, the Field Service prepared such reports on 288 projects, for both non-Federal and Federal construction, bringing the cumulative total of these reports since the beginning of the program to 1,328.

When a project for non-Federal construction has been approved by the Office of Education, the Field Service makes the engineering and legal review of plans and specifications and of the contract documents. It also supervises the contract award, inspects construction progress, and recommends payment of approved amounts to the local educational agency. During 1953, work was begun on 717 projects for non-Federal construction, bringing the cumulative total of such starts under the program to 1,120 by the end of the year. Non-federally constructed projects completed during the year totaled 328, and the cumulative total of completed projects at the end of the year was 405. During 1953, the active projects, which had been approved for non-Federal construction, including those in all stages of progress, totaled 1,174.

In the case of direct Federal construction, the Division of CFSO through the Field Service of the Office of the Administrator has full responsibility for all planning and construction operations. It prepares costs estimates and preliminary design data, and upon approval of the project by the Office of Education, it secures architectural services, approves plans and specifications, awards construction and equipment contracts, inspects construction and equipment, makes payments to architect, contractors, and suppliers, and transfers completed schools to the Office of Education. During 1953, construction was started on 29 Federal school projects, which made the cumulative total of such starts 101 by the end of the year. Completed projects totaled 14 at the end of the year, of which 12 had been completed during 1953. A total of 126 active projects approved for Federal construction were in all stages of progress during the year.

The following table summarizes the progress of those aspects of the school construction program related to the technical services performed by the Office of the Administrator.

School construction program

	Number of projects			
	Calendar year 1953			Cumulative total as of Dec. 31, 1953
	Public Law 815	Public Law 246	Total	
All types of projects:				
Fund reservations	129	47	176	1,379
Reports by HHFA	287	1	288	1,328
Construction starts	746		746	1,221
Completions	340		340	419
Approved projects active during year	1,253	47	1,300	
Non-Federal construction:				
Fund reservations	110	41	151	1,259
Reports by HHFA	268	1	269	1,214
Construction starts	717		717	1,120
Completions	328		328	405
Approved projects active during year	1,133	41	1,174	
Federal construction:				
Fund reservations	19	6	25	120
Reports by HHFA	19		19	114
Construction starts	29		29	101
Completions	12		12	14
Approved projects active during year	120	6	126	

Source: Office of the Administrator, HHFA.

C. Special Housing Aids in Disaster Areas

Although the disaster relief program under Public Law 875 was transferred by Presidential Order to the Federal Civil Defense Administration early in 1953, HHFA continued to provide certain finan-

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Source: Office of the Administrator, HHFA.

C. Special Housing Aids in Disaster Areas

Although the disaster relief program under Public Law 875 was transferred by Presidential Order to the Federal Civil Defense Administration early in 1953, HHFA continued to provide certain financial aids for housing disaster victims in areas where a major disaster had been declared by the President. These aids consisted of (1) FHA insurance, under Title I, Section 8, of the National Housing Act, of mortgages up to $7,000 covering 100 percent of the value of the house; and (2) FNMA commitments to purchase FHA-insured and VA-guaranteed mortgages on homes purchased by disaster victims.

In 1953, financial aids for housing were made available in the following major disaster areas:

Place of disaster	Date declared	Type
Five counties around Columbus, Ga	May 2, 1953	Tornado.
Warner-Robins, Ga	May 5, 1953	Do.
Waco-San Angelo, Tex	May 15, 1953	Do.
Louisiana (affected areas)	May 29, 1953	Flood and heavy rainfall.
Port Huron, Mich	June 2, 1953	Tornado.
Montana (affected areas)	June 6, 1953	Flood and heavy rainfall.
Michigan (affected areas)	June 9, 1953	Windstorm.
Iowa (affected areas)	June 11, 1953	Flood.
Worcester, Mass	June 11, 1953	Tornado.
Newton and Orange counties, Tex	June 19, 1953	Flood.
New Hampshire (affected areas)	July 2, 1953	Forest fire.
31 Florida counties	Oct. 22, 1953	Flood and hurricane.
Vicksburg, Miss	Dec. 6, 1953	Tornado.

SECTION 3: PROGRAMS IN LIQUIDATION

Chapter VIII

HOUSING RESEARCH PROGRAM

The program of housing research, begun in 1950 under authority contained in Title III of the Housing Act of 1948 (as amended), was, at the end of 1953, in process of liquidation, as provided by Public Law 176, 83d Congress (63 Stat. 439).

The research program, through the close of fiscal year 1953, had cost approximately $4.3 million. No new costs were incurred after that date except those incidental to program liquidation. Of the $4.3 million, nearly 50 percent represented commitments for research performed under contract by educational institutions and nonprofit research laboratories or under agreements by other Federal agencies. A total of 89 such contracts or agreements was entered into, 34 of which were placed with agencies of the Federal Government.

Immediately upon approval of the law requiring liquidation of the program by April 30, 1954, steps were taken to reduce the staff and terminate the activity. The overall plan for liquidation of the research program contemplated:

1. The termination of all active research contracts as speedily as was consistent with good management and in a manner to assure the greatest possible realization of value from data produced.
2. The evaluation of results of all incomplete projects which appeared to have immediate significance to the housing industry.
3. The analysis and summarization, for future use, of results of research investigations believed to be sound in providing means for reduced costs and improvement in building methods and techniques or in forming a base for usable economic data, but which appeared to offer limited opportunity for immediate application.
4. Making public as much as possible of significant data developed through research, based upon considerations of relative importance and applicability in solving industry problems and the time and funds available to accomplish this task.

On June 30, 1953, there were 41 of the total 89 contracts and 2 staff research projects upon which further staff work was needed for completion. Upon review of all factors involved in their completion under the criteria stated above, it was decided that results of 24 contracts and one staff project could and should be published. The results of the remaining 17 projects were to be abstracted and made available for reference purposes.

Of the 89 contract projects, publications had been released by the Agency on the results of 51 by December 31, 1953. Three had been released for publication by the contractor and 5 had been disseminated to trade and industry groups.

It was anticipated that by April 30, 1954, all significant results of work undertaken in the research program would have been either disseminated for use by the industry and the public or adequately digested, catalogued, and safeguarded for future requirements.

The projects of the Division of Housing Research had a variety of applications in different segments of the housing industry. In building technology, for example, the results of research were utilized by standard-setting bodies and code-writing authorities in the modernization and improvement of plumbing standards and codes. Other research provided a basis for recommended construction practices with regard to ventilation, insulation, and the use of vapor barriers as deterrents to damage from excessive condensation within dwelling structures. More precise data were provided and incorporated into standards on snow loads to which dwellings might be subjected in various regions of the country. A new formula was developed for the design of light gage steel columns. New data were developed on the draft action and range of temperatures in masonry chimneys. Data assembled on the development and enforcement of minimum housing standards were significant to governments of local communities.

Studies on the standardization of dimensions and assembly methods increased the understanding and acceptance of modular coordination as a basic method of cost reduction in construction.

In the economic field, a major activity of the Division was the development and codification of procedures and techniques for local housing market studies. Through several research contracts, supplemented by staff work in the Division, a series of monographs was developed which are intended to facilitate the analysis of housing markets by local groups. Other undertakings involved exploration of the size and characteristics of builders' operations and of the distribution process in the building materials field. In the important area of accurate measurement of building costs, the Division sponsored the development and publication of a simplified record keeping system for small home builders.

In the field of housing finance, the publication of results of mortgage market studies of three types of localities (metropolitan area, medium size city, small community) combined with other relevant material, pointed up the need for improved institutional channels to achieve a better distribution of mortgage capital in various regions of the Nation. The published data provided basic source material for governmental and trade discussions of this problem, and for the development of specific legislative proposals for achieving a better geographical distribution of mortgage capital.

Publications of staff and contract research studies on methods of construction financing were recommended to the attention of builders by leading trade publications. Other staff publications analyzing the effects of housing credit regulations and the outstanding residential mortgage debt have provided an analysis of historical data which, to some extent, has served and should serve in the future as an aid in the development of mortgage finance policies by legislators, Government executive agencies, and lenders. Another contract study, providing the only published classification, definition and analysis of closing costs, is primarily of interest to consumers.

One of the more important effects of the Government's housing research program was to stimulate greater interest in housing research on the part of industry. The past four years have seen numerous instances where industry groups have drawn on basic research data developed in this program for the purpose of improving the uses of their products and their marketing principles.

Chapter IX

OTHER PROGRAMS IN LIQUIDATION

A. Alaska Housing Loans

The Alaska Housing Act, enacted in 1949 and amended by the Housing Act of 1952, was designed to alleviate the acute shortage of moderate priced housing in Alaska by providing needed capital which was unavailable from private sources. The Act authorized a revolving fund of $20 million for loans by the Housing and Home Finance Administrator to the Alaska Housing Authority. Appropriations for this fund totaled $19 million, but this amount was reduced to $14 million on July 31, 1953, by Public Law 176, 83d Congress. From the proceeds of loans from the Administrator and other funds at its disposal, the Alaska Housing Authority may:

1. Make loans for housing projects to public agencies, private nonprofit or limited-dividend corporations, or private corporations which are regulated so as to provide both reasonable rents and a reasonable return on investment. Such loans may be made only if adequate financing on reasonable terms and conditions is not otherwise available.

2. Undertake the construction and sale or rental of dwellings when private sponsorship is not available, and

3. Use $1 million for character loans of not more than $500 each to Eskimos and other natives in remote areas for dwelling improvement or construction.

Under this loan program, for which the Division of Community Facilities and Special Operations has the operating responsibility, the revolving fund was utilized through December 1953 to finance the construction of 1,297 units, and second mortgage financing was furnished to assure completion of 268 units. Approximately 700 loans of not more than $500 each were made to natives in remote areas for improvement or construction of dwelling units.

During 1953, a review of the situation indicated that the program of direct loans had largely served its purpose of helping to overcome the acute housing shortage in Alaska. In view of the volume of housing construction which had been completed and the probability that adequate construction financing could be obtained from private sources since FHA builder commitments had been authorized on terms equal to those formerly applicable only to loans made by the Alaska

Housing Authority, it appeared that the direct loan program was no longer needed. The Administrator, therefore, took steps to place the loan operations under the Alaska housing program in liquidation. By the end of the year no new loans were being made and the major activity consisted of the servicing and disposing of existing loans.

Continuing aid to Alaska housing is provided by special FHA mortgage insurance and use of FNMA funds. The maximum FHA-insured mortgage amount in Alaska may be 50 percent larger than in the United States, the property or project needs only to be an "acceptable risk" rather than "economically sound" as in the continental United States, and the Alaska Government or its instrumentality may be the mortgagee or the mortgagor. A mortgage on a multifamily rental housing project may be in an amount equal to 90 percent of its replacement cost. Moreover, FNMA may make FHA-insured direct loans and construction advances on Alaskan properties and may make advance commitments and purchase FHA-insured and VA-guaranteed mortgages without regard to any other provisions of its charter.

FHA has written insurance and issued insurance commitments on 7,313 dwelling units, of which 6,149 had been completed or put under construction by the end of December 1953. FNMA had purchased mortgages or held commitments undisbursed covering 4,863 dwelling units insured by FHA or guaranteed by VA by the end of the year. And, under the Prefabricated Housing Loan Program, the Office of the Administrator furnished the construction financing for 344 housing units at Kodiak.

The following table summarizes activities under the Alaska housing program.

The Alaska Housing Program April 1949 through December 1953

Type of financing	Number of dwelling units	Type of financing	Number of dwelling units
Alaska housing loan program, total	2,265	Federal Housing Administration—Continued Dwelling units, started, total	6,149
First mortgage loans	1,297	1- to 4-family homes	2,096
Second mortgage loans	268	Projects	4,053
Loans for improvement of remote dwellings	700	Federal National Mortgage Association, total	4,863
Federal Housing Administration: Insurance written and commitments outstanding, total	7,313	Mortgage purchases	3,246
Insurance written	5,455	Commitments undisbursed	1,617
Commitments outstanding	1,858		

Sources: Federal Housing Administration and Office of the Administrator, HHFA.

B. Prefabricated Housing Loans

This program originally authorized direct Federal loans to business enterprises for production and distribution of prefabricated houses and housing components, and for large-scale modernized site construction, where credit was not otherwise available from private sources on reasonable terms. Authority for such loans was provided by Sections 4(a)1 and 5(d)2 of the Reconstruction Finance Corporation Act, the Veterans' Emergency Housing Act of 1946, and Section 102 of the Housing Act of 1948. In September 1951, Section 102a was added to the Housing Act of 1948 by Public Law 139, in order to permit loans to assist production of defense housing. The program, which in its original form had been administered by the Reconstruction Finance Corporation, was transferred to the Housing and Home Finance Agency by Reorganization Plan No. 23 of 1950.

After June 30, 1953, authority to make loans had expired or been withdrawn except for loans made in furtherance of, or for refinancing, existing loans, where such action was determined to be in the interest of the Government, and loans pursuant to commitments made prior to June 30, 1953, under Section 102a of the Housing Act of 1948.

During 1953 major activities under the program included the recasting of existing loans to simplify their administration, efforts to secure repayment of outstanding loans, and action to liquidate in an orderly manner any distressed loans.

During 1953, 6 new commitments of more than $13.6 million were authorized by the Administrator. Three of the loans totaling $4.9 million were made to help finance the construction of over 600 housing units in areas where a critical housing need existed. The remaining 3 commitments amounting to $8.7 million were authorized to refinance existing loans of manufacturers producing prefabricated houses. The latter 3 commitments brought about the consolidation of 4 loans to 1 borrower and 2 loans to another into 1 loan to each borrower, as well as the simplification of loan provisions intended to place each debtor in a better position to obtain outside financing. One of these loans has already been refinanced through private channels.

Disbursements during the calendar year aggregated $8.8 million with repayments of $9.9 million made on principal.

Twenty-seven loans with an unpaid balance of $8.1 million were outstanding as of December 31, 1953. Based on existing commitments and anticipated cancellations, future disbursements are estimated at approximately $1.2 million.

The following table summarizes the status of the program at the end of 1953:

Status of Prefabricated Housing Loan Program

Item	Number of borrowers	Amount (000)
Inventory data as of Dec. 31, 1953:		
Outstanding principal balance	27	$8,139
Section 102	6	4,497
Section 102a	3	3,528
Section 4(a)1	2	109
Section 5(d)2	16	5
Undisbursed loan commitments	6	[1] 6,872
Section 102	2	4,826
Section 102a	4	2,046
Cumulative data from 1946 through Dec. 31, 1953:		
Lending authority, net (including revolving fund)	xx	[2] 55,115
Loan commitments	xx	62,608
Canceled commitments	xx	4,098
Loan disbursements	[3] 142	51,638
Repayments	xx	35,355
Chargeoffs and judgments receivable	xx	8,144
Delinquencies, principal and interest	8	1,011

[1] It is expected that this amount will be reduced to about $1.2 million through cancellations.
[2] Includes Sec. 102 for $38 million; Sec. 102a for $5.6 million; Sec. 4(a)1 for $6.9 million; and Sec. 5(d)2 for $4.6 million.
[3] 142 separate individuals obtained 156 separate loans. Of these loans, 137 were made by RFC and 19 by HHFA.

At the end of the year no new commitments were being made or were in prospect and it was anticipated that substantial liquidation of the entire program could be achieved during the next calendar year.

C. Lanham Act Housing

Legislation and Related Orders

The Lanham Act housing program was authorized in 1940 by Public Law 849, 76th Congress. Under this Act, as amended, and related acts, nearly 1 million emergency housing accommodations were provided for war workers and World War II veterans. The Housing Act of 1950 added Title VI to the Lanham Act for the purpose of providing a comprehensive plan for the orderly disposition of the housing remaining under this program. However, in August 1950, after the outbreak in Korea, a freeze was placed on such disposition to conserve Federal resources potentially useful in the defense program. This freeze was relaxed in January 1953, in order that housing not needed for defense could be disposed of. On June 19, 1953, the President issued Executive Order 10462, transferring to the Administrator his authority to extend deadline dates relating to the disposition of Lanham Act housing. On July 10, 1953, the Administrator issued an order to extend the deadline dates, but, in contemplation of an accelerated disposition program, the order (as amended Nov. 17, 1953) provided that any further extensions of time must be on a case-by-case basis where the Administrator "determines . . .

that special circumstances warrant such extension in the public interest."

Activity in 1953

During 1953, almost 70,000 dwelling units were removed from the Lanham Act housing workload. This was almost double the number of units disposed of during 1952 and was the highest level of disposition activity in any calendar year. Among the units disposed of were 37,000 temporary units relinquished to local public bodies, 11,000 units sold (virtually all of these were temporary units sold for removal), and 14,000 permanent units conveyed to local housing authorities for low-rent use. At the end of 1953, about 214,000 dwelling units remained on hand, but about one-half of this number had been released from the disposition freeze.

The Administrator has statutory responsibility for this program, but has delegated the actual management and disposition activities to the Commissioner, Public Housing Administration. At the same time, the Administrator has retained responsibility for policy determinations and general supervision.

Summary of Lanham Act Housing, as of Dec. 31, 1953

[In thousands of dwelling units]

Status	Total Lanham Act	Veterans' reuse	Public war			
			Total	Permanent	Temporary	Homes conversion
On hand	214	14	200	96	104	0
Released for disposition	107	8	99	46	53	0
Not released	107	6	101	50	51	0
Disposed of	729	253	476	86	340	50

Source: Public Housing Administration.

D. Advance Planning of Non-Federal Public Works

Two postwar Advance Planning Programs have been carried on to help State and local governments, by means of interest-free loans or advances of funds, to develop plans for a reserve or "shelf" of needed non-Federal public works which would be ready to go under construction when economic conditions warranted. The first program was authorized by the War Mobilization and Reconversion Act of 1944, and the second, by Public Law 352, 81st Congress, in 1949. The authority to grant advances under the first program expired in June 1947, and under the second program, in October 1951. Administration of the 2 programs was transferred from the General Services Administration to the Housing and Home Finance Agency in 1950 under Reorganization Plan No. 17. The programs are administered by the Division of Community Facilities and Special Operations in the Office of the Administrator.

Advances are repayable out of local funds provided for the construction of the projects at the time construction is started. In addition, under the second program, if construction has not been started within 3 years after the full advance has been made, repayment becomes due if the Administrator finds that the State or local authority has not acted in good faith either in obtaining the advance or in failing to start construction. If such repayment is not made, the State or local authority is not eligible to apply for Federal loans or advances for public works in the future. Repayments are covered into the United States Treasury as miscellaneous receipts.

During 1953 the advance planning programs were in the process of liquidation, and activities during the year were confined to continued review of plans made by State and local authorities in order to determine compliance with the terms of advances, the making of final advances for planning yet to be completed, collection of repayments of advances when construction was started, and the review of plans to identify those which may have become obsolete, inadequate, or unnecessary.

Through December 31, 1953, a total of $64.5 million of planning advances had been approved under both programs for 7,727 projects, with an estimated construction cost of $3.7 billion. About half of all approved projects are for sewer, water, and sanitary facilities; slightly less than one-third are for schools, other educational facilities, hospitals and health facilities; and the remainder include other public buildings and highways, roads, bridges, etc. As of December 31, 1953, construction had been started on 3,572 projects with an estimated cost of more than $1.5 billion, and repayments to the United States Treasury amounted to $24.6 million, or about 40 percent of the total of $62.2 million of advances actually disbursed.

As a result of the two advance planning programs, State and local authorities had available on December 31, 1953, a reserve or "shelf" of non-Federal public works consisting of 3,121 projects, with an estimated cost of almost $1.9 billion. For almost all of the projects in the reserve, planning had been completed.

The following table summarizes the status of the two advance planning programs.

First and Second Advance Planning Programs as of Dec. 31, 1953

Status of activity	Number of projects	Estimated construction cost ($000,000)	Amount of advances ($000,000)
	First and second advance planning programs		
Total approved	7,727	3,651.3	64.5
Plans incomplete	158	282.3	4.3
In process	88	282.3	3.9
Uncollected GAO claims	70		.4
Plans completed	7,569	3,368.9	60.2
Construction started	3,572	1,509.7	24.2
Active, awaiting contract	3,033	1,597.3	30.4
Abandoned	872	238.6	5.1
Uncollected GAO claims	92	23.3	.5
Potential reserve (construction not yet started)	3,121	1,879.6	34.3
	First advance planning program		
Total approved	6,529	2,588.5	46.1
Plans incomplete	75	1.9	.4
In process	8	1.9	(1)
Uncollected GAO claims	67		.4
Plans completed	6,454	2,586.6	45.7
Construction started	2,984	1,139.8	18.6
Active, awaiting contract	2,515	1,187.2	21.5
Abandoned	865	237.2	5.1
Uncollected GAO claims	90	22.5	.5
Potential reserve (construction not yet started)	2,523	1,189.1	21.5
	Second advance planning program		
Total approved	1,198	1,062.7	18.4
Plans incomplete	83	280.4	3.8
In process	80	280.4	3.8
Uncollected GAO claims	3		(1)
Plans completed	1,115	782.3	14.5
Construction started	588	370.0	5.6
Active, awaiting contract	518	410.1	8.9
Abandoned	7	1.4	(1)
Uncollected GAO claims	2	.8	(1)
Potential reserve (construction not yet started)	598	690.5	12.7

[1] Less than $50,000.

Source: Office of the Administrator, HHFA.

E. Maintenance and Disposition of World War II Public Works

Under the Lanham Act, approved in October 1940, the Federal Government aided in providing urgently needed public works in war-congested areas where local governments were unable to meet such needs. Federal aid consisted of direct Federal construction (principally of schools, hospitals, recreation facilities, and water and sewer facilities) and of grants and loans to local communities. The program was transferred from the General Services Administration to HHFA in 1950 under Reorganization Plan No. 17, and it is now administered by the Division of Community Facilities and Special Operations in the Office of the Administrator.

The grant aspects of the program have been terminated; HHFA is now concerned with servicing outstanding loans and with the maintenance and disposition of the remaining Federal projects. Title II of the Lanham Act directed that after the end of the emergency which had been declared by the President on September 8, 1939, property acquired or constructed under the Act should be "disposed of as promptly as may be advantageous under the circumstances and in the public interest." Public Law 815, 81st Congress, directed that schools constructed under the Lanham Act be transferred to local educational agencies. Public Law 176, 83d Congress, authorized the transfer of projects to other Federal agencies.

During 1953, HHFA disposed of 65 projects, leaving 80 projects on hand at the end of the year. These remaining projects are not of the type for which there might be several prospective purchasers. In the case of a sewer or waterworks, for example, the only possible purchaser is a municipality or a private company regularly engaged in similar operations. The usual competitive forces which determine sales price are therefore missing, and each disposition must be worked out on a case basis by such methods as will result in the maximum recovery of Federal funds. While some of the remaining federally owned projects are available for immediate disposition, most of them either have been leased with option to purchase or are reserved for other Federal agencies.

Status of projects on hand, Dec. 31, 1953	Number of projects	Cost (000)
Federally constructed properties on hand, total	80	$15,317
Reserved for other Federal agencies	24	2,013
Leased with option to purchase (Title still held by U. S. Government)	43	7,813
Available for disposal	13	5,491
Sewer	8	2,188
Schools	4	1,614
Water	1	1,688
Original loans outstanding (secured by bond issues)	17	[1] 1,027

[1] Amount of loans still outstanding.

Source: Office of the Administrator, HHFA.

SECTION 4: SPECIAL STAFF ACTIVITIES IN THE OFFICE OF THE ADMINISTRATOR

Chapter X

STAFF FUNCTIONS

A. The Scope of Staff Functions in General

In addition to the operating programs described in Section 2 of this report, certain service functions and advisory and analytical activities are carried on by the staff of the Office of the Administrator. Two of these activities, relating to international housing matters and minority group housing, are described at some length in parts B and C of this chapter. The other major staff functions and divisions of the Office of the Administrator, as organized during 1953, are:

1. The Division of Law serves the Administrator in development of legislative policy for the entire Agency; prepares or reviews public regulations of the Agency; prepares legal opinions and briefs with respect to basic legal problems in Agency programs and activities; provides a central Legislative Reference Service and prepares material for use in connection with pending legislation and testimony before Congressional committees.

2. The Division of Plans and Programs assists the Administrator in formulating basic policies and programs of the Agency, and evaluates existing programs for their effectiveness in accomplishing the Government's objectives. It is concerned with assuring consistency among all housing programs, and between these programs and related Government programs and policies. This work is carried out in part through the preparation of special studies, reports and recommendations for the Administrator. It also requires consultation and close working relationships with other agencies such as the Bureau of the Budget, the Federal Reserve Board, the Veterans Administration and the Treasury on a wide variety of basic policy matters: mortgage interest, premium and discount rates, secondary mortgage market policies, etc. This Division is responsible for defense housing programming and for plans for Agency participation in civil defense, mobilization, anti-inflationary and antirecession programs of the Government. For these purposes the Division maintains liaison with the Department of Defense, the Office of Defense Mobilization, the Federal Civil Defense Administration, and the Council of Economic Advisers.

3. A Statistical Staff provides the Administrator and the entire Agency with statistical reports and analyses on basic housing data and

program statistics. The Staff gathers and issues monthly in the publication "Housing Statistics" current data on housing production, construction costs, home financing, and the progress of HHFA programs. This Staff also supplies analyses and estimates of such subjects as national urban and rural nonfarm housing needs, and the general housing situation. In connection with its work, the Staff maintains liaison with the Bureau of the Census, Bureau of Labor Statistics, the Veterans Administration and the Bureau of the Budget's Office of Statistical Standards.

4. The Division of Administration prepares the Agency budget and handles Agency problems in connection with accounting, audit, personnel, administrative services, and administrative management functions, including liaison with and coordination of reports to the central staff agencies of the Federal Government.

5. A Compliance and Special Investigations Staff follows up complaints or allegations of violations of law or regulations with respect to investigations in the Agency as a whole. In addition, this Staff conducts investigations for OA operating programs and for those constituents which do not themselves have trained investigators. This Staff also assists the Attorney General and other Federal officials in the development of evidence in civil proceedings and criminal prosecutions.

6. The Division of Information provides a central point of housing information for the public, industry, Congress and other Federal agencies. This service involves practically continuous contact with dozens of technical and general magazines, newspapers and press services.

7. A Special Assistant to the Administrator aids individual Members of Congress in matters relating to Agency programs, and arranges or expedites the preparation of special reports and replies to inquiries and requests for information from Members of Congress and Congressional committees.

B. International Housing Activities

An International Housing Activities Staff assists the Administrator by providing staff services to public and private United States agencies on housing matters which relate to the international responsibilities of the United States Government. These services include:

1. Exchange of housing technology and experience between the housing industry in other countries and in the United States;

2. Consultation with and information to the Department of State regarding official United States policy and position as guidance to U. S. delegations to international conferences on housing and town planning;

3. Assistance to visitors from foreign countries by providing information on U. S. housing developments, conducting training programs, and arranging itineraries;

4. Providing such services to the Foreign Operations Administration as recommendations and information on projects in other countries, including recruitment of qualified technical personnel for overseas service.

During 1953, through its exchange of ideas and methods of housing, HHFA was able both to provide other countries with latest developments in housing in the United States and to assist United States officials and private citizens who needed information about foreign housing activities, or who went abroad on housing problems not directly connected with the HHFA.

HHFA assisted the Department of State in connection with such international conferences as the Tenth Inter-American Conference of the Organization of American States, United Nations Social Commission, the United Nations Economic and Social Council, United Nations General Assembly, the Asian Conference of the International Labor Organization, and United Nations Seminar on Housing. In addition, HHFA officials participated in the Ad Hoc Inter-American Committee Meeting on Low-Cost Housing and the Construction Committee of the International Labor Organization.

Information on American housing practices was provided by HHFA to about 100 visitors from foreign countries, who came as representatives of their governments, as private citizens, or under auspices of some national or international organization. Several hundred inquiries and requests for information from foreigners were handled by mail.

In addition to helping the Foreign Operations Administration select personnel for foreign housing and planning missions, HHFA assisted in drafting policies and programs for these missions to help overcome serious housing problems in countries receiving technical assistance under FOA programs. The HHFA also provided technical assistance while the missions were in progress, and reviewed and evaluated progress and results. Prior to 1953, technicians recruited for overseas duty were on the payroll of HHFA, but during the year their transfer was undertaken to FOA, which assumed administrative responsibility.

FOA also depends on HHFA for training foreign nationals who are brought to this country for instruction in housing and town planning, either under the auspices of the FOA or the United Nations. In 1953, HHFA conducted training programs, and planned studies, itineraries, and programs for about 50 such individuals.

During the year a seminar in aided self-help methods of solving housing problems was held under HHFA auspices in Puerto Rico, in connection with a project conducted by the Caribbean Commission. The seminar was attended by housing officials and technicians from nations and territories throughout the Caribbean area.

C. Special Problems and Approaches in Housing of Minorities

Traditional practices in the housing market of differentiating and segmenting the supply of housing on the basis of race or color have tended generally to exclude nonwhites from the better housing and newly developed neighborhoods, and to restrict them generally to the poorer housing and the more crowded, blighted, and slum areas. Thus, in acquiring decent housing, Negroes and other racial minorities experience special difficulties quite beyond those which confront others.

This plight of Negro and other racial minorities challenge our free economy and our democratic society to see to it that the housing market so functions that a dollar in a nonwhite hand will buy the same housing value as will a dollar in a white hand.

To meet these special problems and assure equitable distribution of benefits to all racial groups, the housing agencies of the Federal Government have utilized the skills of specialized personnel experienced in intergroup adjustment and the application of sound planning and economics. In the central offices, some of these specialists serve as policy advisers to the Administrator; others assist the field office staffs to carry out Agency policies. This activity, maintained in the Washington and field offices of HHFA and constituent agencies, has come to be considered as the racial relations service.

Concerted effort to expand and improve the housing and home financing available to racial minorities has increasingly become recognized as a major area of housing stress during the past decade, as well as one of the most complicated problem areas. The prime objective of this effort is to assure equal opportunity for all of our citizens to acquire, within their means, good and well-located homes, without regard to any such factors as race or religion.

The racial relations function in the central and field offices of the HHFA and its constituents is the development of a body of policy, procedures, principles, techniques, and experience and their implementation throughout the Agency to assure equitable participation by minorities in Agency programs and operations. As a measure to facilitate this function, Frank S. Horne was designated in 1953 as Assistant to the Administrator for Minority Studies, to conduct special studies and develop for the Administrator proposals for new approaches to the housing problems of minorities; and Joseph R. Ray, Sr., a representative from industry, was appointed Assistant to the Administrator and directing head of the OA Racial Relations Service.

The minority housing problem received heightened emphasis during 1953:

1. As of December 31, 1953, for example, Negro families occupied 106,225 of the 282,830 low-rent public housing dwellings, or some 38 percent of the total program completed. Of the 966 occupied projects in the entire public housing program, including low-rent, war, and defense housing, in which Negroes were housed, 22 percent were occupied on an open occupancy basis, including white and nonwhites alike.

Further, as of December 31, 1953, Negroes employed at both skilled and unskilled trades in the construction of these projects had been paid cumulative wages of over $133.6 million (or over 14 percent of the total such wages paid), largely due to the implementation of specific nondiscrimination employment policy and procedures adopted by the Government in the 1930's. There are, in addition, some 5,000 or more Negroes employed at all levels and types of jobs in the adminstration, management, and maintenance of public housing programs all over the Nation, as a result of Agency liaison through the Racial Relations Service with the Fair Employment Board of the Civil Service Commission and with the President's Government Contract Committee.

2. As the Slum Clearance and Urban Redevelopment program expanded its scope and volume during the year, increasing attention was focused upon improving procedures and operations to assure fair treatment of minority groups, which are the groups most extensively affected by the program. Procedures, designed to conserve and expand the living space available to racial minorities, were developed in connection with the operations of slum clearance and urban redevelopment programs and public low-rent housing programs. More careful appraisals of minority group considerations were required in regular program review, in order to ease the displacement impact upon minorities and assure their relocation in suitable housing. Closer liaison was effected in the day-to-day operations of DSCUR, FHA, and local public agencies, with the objective of producing and supplying suitable standard housing to these displaced families at rents and prices they can afford.

3. Supported by the Federal agencies and assisted by the racial relations services, private capital and enterprise stepped up investment and production of homes available to Negroes:

(*a*) FHA undertook a number of housing market studies delineating the effective market demand among minorities in various types of communities, and inaugurated a series of project case experience studies to aid in demonstrating the soundness of the minority group market. Through its field offices and corps of ten regional racial relations officers, FHA was actively encouraging an increase in the flow of mortgage funds into production of housing available to minorities and into housing needed for families displaced by clearance projects.

(*b*) Pursuant to an authorization enacted in the Housing Amendments of 1953, the Federal National Mortgage Association issued advance commitments aggregating over $25 million for the purchase of cooperative housing mortgages covering 2,969 units, of which 1,545 units with mortgages totaling over $11 million were to be available to minority groups.

(*c*) Of the 204 critical areas for which private defense housing was programed as of December 31, 1953, 44 areas with 41,056 programed units had program reservations of a minimum of 5,579 units (14 percent) to meet the needs of minority groups. Some 4,078 of these had been started and 2,686, or approximately two-thirds of the starts, had been completed.

4. At the end of 1953, FHA was reviewing the experience and results of its field office activity designed to expand the supply of new housing available to racial minorities, with the objective of proving its effectiveness, and HHFA was preparing for an Agency-wide review of its policies governing housing program operations, to explore all ways of assuring equal opportunities for all our citizens to acquire, within their means, good and well-located homes.

5. The National Association of Home Builders held a roundtable session on housing of minorities, in which the head of the Racial Relations Service participated, at its 1953 annual convention and scheduled another for its 1954 convention.

6. Specialized advice by the OA Racial Relations Service was provided to the President's Advisory Committee on Government Housing Policies and Programs. The report of this committee observed: "Too often, the opportunities of minority group families to obtain adequate housing are extremely limited or nonexistent" and that "too often, the workings of our free economy do not provide solutions that benefit minorities." It expressed the belief that "recommendations contained herein, if supplemented by changes in the attitude of private investors and bolstered by vigorous administrative practice, offer a basis for substantial improvements in the housing conditions of minorities." It also observed that "legislation alone cannot provide needed sites, a flow of mortgage funds, needed new construction, nor a solution of neighborhood and related problems" and concluded that "the legislation recommended will help, and, along with vigorous activities by public officials and private organizations throughout the Nation, real progress can be made in this field."

These trends are significant and encouraging. But nonwhites still encounter resistance and obstructions of many sorts in acquiring suitable homes. Then, the removal of judicial sanction of racial covenants has enabled the nonwhites to increase their rate of progress in finding decent housing; indeed, in many communities they have gradually been absorbed into better neighborhoods throughout the localities without causing the exodus of whites or other dire consequences sometimes predicted. Federal agencies have generally adjusted their policies in a manner to accommodate and facilitate such movement. In spite of these encouraging trends, however, most of the new housing developments still exclude nonwhites, and the fact is that the market demand among racial minorities for decent housing is still less adequately served than is the demand among other groups.

Appendix A

STATISTICAL AND FISCAL TABLES

TABLE 1.—*Permanent nonfarm dwelling units started: 1925–53*

Year	Total permanent nonfarm dwelling units started	Type of ownership: Private: Total	Private: Urban	Private: Rural nonfarm	Public: Total	Public: Urban	Public: Rural nonfarm	Type of structure: 1-family	2-family	Multifamily
1925	937, 000	937, 000	752, 000	185, 000	xx	xx	xx	572, 000	[1] 157, 000	208, 000
1926	849, 000	849, 000	681, 000	168, 000	xx	xx	xx	491, 000	117, 000	241, 000
1927	810, 000	810, 000	643, 000	167, 000	xx	xx	xx	454, 000	99, 000	257, 000
1928	753, 000	753, 000	594, 000	159, 000	xx	xx	xx	436, 000	78, 000	[1] 329, 000
1929	509, 000	509, 000	400, 000	109, 000	xx	xx	xx	316, 000	51, 000	142, 000
1930	330, 000	330, 000	236, 000	94, 000	xx	xx	xx	227, 000	29, 000	74, 000
1931	254, 000	254, 000	174, 000	80, 000	xx	xx	xx	187, 000	22, 000	45, 000
1932	134, 000	134, 000	64, 000	70, 000	xx	xx	xx	118, 000	7, 000	9, 000
1933	93, 000	93, 000	45, 000	48, 000	xx	xx	xx	76, 000	5, 000	12, 000
1934	126, 000	126, 000	49, 000	77, 000	xx	xx	xx	109, 000	5, 000	12, 000
1935	221, 000	215, 700	112, 600	103, 100	5, 300	4, 400	900	183, 000	8, 000	30, 000
1936	319, 000	340, 200	197, 600	106, 600	14, 800	13, 400	1, 400	244, 000	14, 000	61, 000
1937	336, 000	332, 400	214, 400	118, 000	3, 600	3, 600	0	267, 000	16, 000	53, 000
1938	406, 000	399, 300	255, 300	144, 000	6, 700	6, 700	0	317, 000	18, 000	71, 000
1939	515, 000	458, 400	303, 500	154, 900	56, 600	55, 500	1, 100	399, 000	29, 000	87, 000
1940	602, 600	529, 600	333, 200	196, 400	73, 000	63, 400	9, 600	485, 700	37, 300	79, 600
1941	706, 100	619, 500	369, 500	250, 000	[1] 86, 600	[1] 64, 800	[1] 21, 800	603, 500	34, 300	68, 300
1942	356, 000	301, 200	184, 900	116, 300	54, 800	42, 500	12, 300	292, 800	20, 100	43, 100
1943	191, 000	183, 700	119, 700	64, 000	7, 300	4, 700	2, 600	143, 600	17, 800	29, 600
1944	141, 800	138, 700	93, 200	45, 500	3, 100	3, 000	100	117, 700	10, 600	13, 500
1945	209. 300	208, 100	132, 700	75, 400	1, 200	1, 200	0	184, 600	8, 800	15, 900
1946	670, 500	662, 500	395, 700	266, 800	8, 000	8, 000	0	590, 000	24, 300	56, 200
1947	849, 000	845, 600	476, 400	369, 200	3, 400	3, 400	0	740, 200	33, 900	74, 900
1948	931, 600	913, 500	510, 000	403, 500	18, 100	14, 900	3, 200	766, 600	49, 900	118, 100
1949	1, 025, 100	988, 800	556, 600	432, 200	36, 300	32, 200	4, 100	794, 300	36, 500	194, 300
1950	[1] 1, 396, 000	[1] 1, 352, 200	[1] 785, 600	[1] 566, 600	43, 800	42, 200	1, 600	[1] 1, 154, 100	44, 800	197, 100
1951	1, 091, 300	1, 020, 100	531, 300	488, 800	71, 200	64, 000	7, 200	900, 100	40, 400	150, 800
1952	1, 127, 000	1, 068, 500	554, 600	513, 900	58, 500	55, 000	3, 500	942, 500	45. 900	138, 600
1953 [2]	1, 104, 500	1, 068, 900	531, 500	537, 400	35, 600	31, 900	3, 700	941, 900	41, 400	121, 200
	Percent change 1953 from—									
1952	−2.0	[3]	−4.2	+4.6	−30.1	−42.0	+5.7	−0.1	−9.9	−12.6
1951	+1.2	+4.8	[3]	+9.9	−50.0	−50.2	−48.1	+4.6	+2.5	−19.6

[1] All-time high.
[2] Preliminary, also breakdown data by type include HHFA estimates for November and December.
[3] Less than +0.05 percent.
Source: U. S. Department of Labor.

TABLE 2.—*Permanent privately owned nonfarm dwelling units started: 1935–53*

Year	Total private permanent nonfarm starts	Number of starts in—			Percentage of total starts in—			
		1-family structures	2-family structures	Multifamily structures	Sales-type structures (1-family)	Rental-type structures		
						Total	2-family	Multifamily
1935 [1]	215,700	182,200	7,700	25,800	84	16	4	12
1936	301,200	238,500	13,300	52,400	78	22	4	17
1937	332,400	265,800	15,300	51,300	80	20	5	15
1938	399,300	316,400	18,000	64,900	79	21	5	16
1939	458,400	373,000	19,700	65,700	81	19	4	14
1940	529,600	447,600	25,600	56,400	85	15	5	11
1941	619,500	533,200	28,400	57,900	86	14	5	9
1942	301,200	252,300	17,500	31,400	84	16	6	10
1943	183,700	136,300	17,800	29,600	74	26	10	16
1944	138,700	114,600	10,600	13,500	83	17	8	10
1945	208,100	184,600	8,800	14,700	89	11	4	7
1946	662,500	590,000	24,300	48,200	89	11	4	7
1947	845,600	740,200	33,900	71,500	88	12	4	8
1948	913,500	763,200	[2] 46,300	104,000	84	16	5	11
1949	988,800	792,400	34,700	161,700	80	20	4	16
1950	[2] 1,352,200	[2] 1,150,700	42,200	159,300	85	15	3	12
1951	1,020,100	892,200	40,100	87,800	87	13	4	9
1952	1,068,500	939,100	45,900	83,500	88	12	4	8
1953 [3]	1,068,900	936,900	41,400	90,600	88	12	4	8
	Percent change 1953 from—							
1952	(4)	−0.2	−9.8	+8.5	xx	xx	xx	xx
1951	+4.8	+5.0	+3.2	+3.2	xx	xx	xx	xx

[1] Data for 1925–34 are given in Table 1 of this report.
[2] All-time high.
[3] Preliminary, also breakdown data by type include HHFA estimates for November and December.
[4] Less than +0.05.

Source: U. S. Department of Labor.

TABLE 3.—*FHA and VA starts compared with total permanent privately owned nonfarm starts: 1935–53*

Year	Units in FHA starts [1]			Units in VA starts (family homes) [3]	Units in BLS private starts				As a percent of BLS total private starts	
	Total	1- to 4-family homes	Project housing [2]		Total	1-family	2-family	Multifamily	FHA starts	VA starts
	Cumulative data									
1935–53	3,484,918	2,848,215	636,703	1,153,524	11,610,300	9,845,200	491,600	1,273,500	30	xx
	Annual data									
1935	13,964	13,226	738	xx	215,700	182,200	7,700	25,800	6	xx
1936	49,376	48,752	624	xx	304,200	238,500	13,300	52,400	16	xx
1937	60,003	56,980	3,023	xx	332,400	265,800	15,300	51,300	18	xx
1938	118,741	106,811	11,930	xx	399,300	316,400	18,000	64,900	30	xx
1939	158,119	144,657	13,462	xx	458,400	373,000	19,700	65,700	34	xx
1940	180,091	176,645	3,446	xx	529,600	447,600	25,600	56,400	34	xx
1941	220,387	217,091	3,296	xx	619,500	533,200	28,400	57,900	36	xx
1942	165,662	160,204	5,458	xx	301,200	252,300	17,500	31,400	55	xx
1943	146,154	126,119	20,035	xx	183,700	136,300	17,800	29,600	[4] 80	xx
1944	93,259	83,604	9,655	xx	138,700	114,600	10,600	13,500	67	xx
1945	41,159	38,897	2,262	[5] 6,000	208,100	184,600	8,800	14,700	20	3
1946	69,033	67,122	1,911	[5] 83,000	662,500	590,000	24,300	48,200	10	13
1947	229,035	178,269	50,766	[4] 211,000	845,600	740,200	33,900	71,500	27	[4] 25
1948	294,059	216,449	77,610	[5] 102,000	913,500	763,200	[4] 46,300	104,000	32	12
1949	363,802	252,626	111,176	[5] 105,000	988,800	792,400	34,700	[4] 161,700	36	11
1950	[4] 486,631	[4] 328,245	[4] 158,436	[5] 200,000	[4] 1,352,200	[4] 1,150,700	42,200	159,300	36	15
1951	263,523	186,924	76,599	148,634	1,020,100	892,200	40,100	87,800	26	15
1952	279,901	229,085	50,816	141,274	1,068,500	939,100	45,900	83,500	26	13
1953	251,969	216,509	35,460	156,616	1,068,300	932,900	41,500	93,900	24	15
	Percent change 1953 from—									
1952	−10.0	−5.5	−30.2	+10.9	[6]	−0.7	−9.6	+12.5	xx	xx
1951	−4.4	+15.8	−53.7	+5.3	+4.7	+4.6	+3.5	+6.9	xx	xx

[1] Based on FHA first compliance inspection.
[2] Includes single-family and multifamily structures under sections 207, 213, 608, 611, 803, and 908.
[3] Based on VA first compliance inspection since June 1950, prior data were estimated.
[4] All-time high.
[5] Estimated.
[6] Less than −0.05.

Source: Federal Housing Administration, Veterans' Administration, and U. S. Department of Labor.

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TABLE 4.—*Dollar volume of new construction put in place: 1925–53*

[In millions of dollars]

Year	Total new construction activity	Nonfarm buildings						All other construction [1]		Ownership	
		Residential		Nonresidential							
				Private		Public					
		Private	Public	Industrial	Other	Industrial	Other	Private	Public	Total private	Total public
1925	11,439	5,515	xx	513	1,547	(2)	573	1,726	1,565	9,301	2,138
1926	12,082	5,606	xx	727	1,786	(2)	603	1,825	1,541	9,938	2,144
1927	12,034	5,160	xx	696	1,838	(2)	596	1,931	1,813	9,625	2,409
1928	11,641	4,770	xx	802	1,771	(2)	638	1,813	1,847	9,156	2,485
1929	10,793	3,625	xx	949	1,745	(2)	659	1,988	1,827	8,307	2,486
1930	8,741	2,075	xx	532	1,471	(2)	660	1,805	2,198	5,883	2,858
1931	6,427	1,565	xx	221	878	(2)	612	1,104	2,047	3,768	2,659
1932	3,538	630	xx	74	428	(2)	415	544	1,447	1,676	1,862
1933	2,879	470	xx	176	230	2	228	355	1,418	1,231	1,648
1934	3,720	625	1	191	265	11	352	428	1,847	1,509	2,211
1935	4,232	1,010	9	158	314	2	326	517	1,896	1,999	2,233
1936	6,497	1,565	61	266	447	4	697	703	2,754	2,981	3,516
1937	6,999	1,875	93	492	593	2	548	943	2,453	3,903	3,096
1938	6,980	1,990	35	232	532	12	660	806	2,713	3,560	3,420
1939	8,198	2,680	65	254	532	23	947	923	2,774	4,389	3,809
1940	8,682	2,985	200	442	583	164	451	1,044	2,813	5,054	3,628
1941	11,957	3,510	430	801	681	1,280	366	1,214	3,675	6,206	5,751
1942	14,075	1,715	545	346	289	[3] 3,437	248	1,065	[3] 6,430	3,415	10,660
1943	8,301	885	[3] 739	156	77	1,870	140	861	3,573	1,979	6,322
1944	5,259	815	211	208	143	1,230	131	1,020	1,501	2,186	3,073
1945	5,633	1,100	80	642	378	755	182	1,115	1,381	3,235	2,398
1946	12,000	4,015	374	1,689	1,652	113	241	2,282	1,634	9,638	2,362
1947	16,689	6,310	200	1,702	1,440	96	503	3,804	2,634	13,256	3,433
1948	21,678	8,580	156	1,397	2,224	196	1,105	4,652	3,368	16,853	4,825
1949	22,789	8,267	359	972	2,256	177	1,891	4,889	3,978	16,384	6,405
1950	28,454	[3] 12,600	345	1,062	2,715	224	2,160	5,077	4,271	21,454	7,000
1951	30,895	10,973	595	2,117	3,035	946	2,523	5,439	5,267	21,564	9,331
1952	32,638	11,100	654	[3] 2,320	2,694	1,667	2,452	5,698	6,053	21,812	10,826
1953	[3] 34,843	11,905	554	2,226	[3] 3,450	1,758	[3] 2,559	[3] 6,034	6,357	[3] 23,615	[3] 11,228
	Percent change 1953 from—										
1952	+6.8	+7.3	−15.3	−4.1	+28.1	+5.5	+4.4	+5.9	+5.0	+8.3	+3.7
1951	+12.8	+8.5	−6.9	+5.1	+13.7	+85.8	+1.4	+10.9	+20.7	+9.5	+20.3

[1] Includes public utilities, highways, sewer and water systems, conservation, farm structures, etc. [2] Amount negligible, included in private industrial building. [3] All-time high.

Source: U. S. Departments of Commerce and Labor.

TABLE 5.—*Boeckh indexes of dwelling unit construction cost: 1925–54*

[1947–49=100]

Year	Residences	Apartments, hotels, and office buildings	Month	Residences	Apartments, hotels, and office buildings
1925	47.9	50.6	1952		
1926	48.4	51.0			
1927	47.7	50.3	January	117.7	120.0
1928	47.9	50.5	February	117.6	119.8
1929	50.0	51.7	March	117.6	119.9
1930	48.7	50.9	April	118.0	120.4
1931	44.9	46.9	May	118.3	120.8
1932	38.0	40.0	June	119.4	122.0
1933	38.0	41.1	July	119.8	122.7
1934	41.3	45.2	August	120.2	123.4
1935	40.3	44.5	September	120.4	123.7
1936	41.7	45.8	October	120.2	123.8
1937	46.6	51.1	November	119.8	123.6
1938	48.0	53.2	December	119.8	123.6
1939	48.9	53.9			
1940	50.5	54.8	1953		
1941	54.6	57.3			
1942	57.6	60.4	January	120.1	123.8
1943	60.2	62.8	February	120.1	123.7
1944	65.4	67.0	March	120.3	124.0
1945	70.1	71.3	April	120.4	124.2
1946	77.0	78.0	May	120.8	124.8
1947	93.2	91.7	June	121.5	125.8
1948	104.8	103.5	July	[1] 122.4	127.0
1949	102.1	104.8	August	122.1	127.2
1950	107.7	109.6	September	121.9	[1] 127.4
1951	116.0	118.0	October	121.4	127.1
1952	119.1	122.0	November	121.5	127.3
1953	[1] 121.2	[1] 125.8	December	121.3	127.3
			1954		
			January	120.4	126.4

[1] All-time high.

Sources: U. S. Department of Commerce and E. H. Boeckh and associates (20 city average).

TABLE 6.—*Indexes of production of selected construction materials: 1925–53*

[1939=100]

Year	Composite index [1]	Lumber	Hardwood flooring	Brick	Cement	Wire nails [2] [3]	Cast-iron soil pipe and fittings	Soft-wood plywood	Gypsum board [2]	Gypsum lath [2]	Asphalt prepared roofing [2]	Warm air furnaces [4]
1925	134.0	[5] 142.6	138.9	[5] 212.4	132.2	114.7	137.1	(6)	(6)	(6)	(6)	(6)
1926	133.3	138.2	147.2	210.7	134.6	110.3	126.1	(6)	(6)	(6)	(6)	(6)
1927	128.9	129.5	135.8	200.5	141.7	106.8	129.6	(6)	(6)	(6)	(6)	(6)
1928	129.5	127.8	142.4	180.7	144.2	105.6	134.7	27.6	147.4	35.7	107.0	(6)
1929	129.2	134.7	111.8	161.7	139.6	97.2	96.0	35.8	162.3	36.2	116.7	(6)
1930	102.4	102.1	94.4	108.2	131.8	70.9	67.2	30.5	109.5	30.0	81.6	(6)
1931	73.4	69.5	61.2	68.1	102.6	56.3	49.5	23.5	89.3	20.0	66.1	(6)
1932	46.2	42.8	34.2	29.6	62.8	40.0	31.7	20.9	51.3	11.3	66.7	(6)
1933	50.9	57.1	34.9	27.3	51.9	66.2	33.9	39.0	50.6	10.3	72.4	(6)
1934	55.2	59.8	32.0	29.7	63.6	45.9	29.8	38.4	51.6	11.2	70.3	(6)
1935	65.9	75.9	52.3	48.3	62.8	65.8	48.4	48.0	63.3	22.2	76.3	(6)
1936	91.0	96.1	88.4	80.7	92.3	88.4	83.1	70.0	83.9	42.1	94.4	(6)
1937	93.8	100.9	93.6	88.7	95.0	80.6	84.9	72.5	93.9	65.0	87.7	89.3
1938	82.2	81.4	88.8	74.8	86.2	71.5	66.1	65.0	90.5	71.2	101.4	79.7
1939	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1940	106.4	108.4	117.4	86.3	106.5	96.2	106.7	120.0	141.4	127.5	95.5	121.0
1941	129.2	127.1	127.6	104.5	134.2	113.2	110.5	160.0	227.0	162.2	124.1	129.4
1942	126.9	126.4	84.9	71.7	149.5	122.5	76.1	184.0	357.4	84.3	158.8	64.0
1943	101.3	119.2	46.1	40.5	109.1	114.4	40.3	140.5	407.3	55.5	150.4	45.1
1944	92.1	114.5	45.1	39.7	74.4	91.1	44.4	148.5	362.5	55.1	143.2	70.0
1945	89.8	97.8	45.6	48.4	84.1	86.5	54.3	122.2	365.9	52.7	144.0	83.1
1946	125.1	121.9	58.3	103.0	134.0	89.6	108.3	144.1	486.1	101.1	178.3	160.8
1947	137.7	123.1	111.0	106.3	152.6	118.6	155.2	169.9	521.9	150.1	[5] 204.5	201.8
1948	146.3	128.1	146.6	123.6	168.0	127.5	171.9	195.4	659.4	220.1	175.6	192.6
1949	137.2	119.7	136.1	116.8	171.6	108.5	151.6	197.7	616.5	177.1	153.5	159.8
1950	160.3	137.0	[5] 174.0	130.6	184.9	129.8	[5] 204.9	259.8	732.6	[5] 245.7	187.5	[5] 260.0
1951	160.0	129.6	169.3	136.9	201.4	128.2	184.8	238.7	819.5	242.9	171.0	210.9
1952	156.6	129.9	162.2	122.1	203.8	96.7	175.1	315.4	793.2	206.2	168.0	199.9
1953	[5] 165.7	135.8	162.3	122.5	[5] 216.0	78.5	181.3	[5] [7] 372.6	[5] 892.4	216.5	163.1	238.3
	Percent change 1953 from—											
1952	+5.8	+4.5	+0.1	+0.3	+6.0	−18.8	+3.5	+18.1	+12.5	+5.0	−2.9	+19.2
1951	+3.6	+4.8	−4.1	−10.5	+7.2	−38.8	−1.9	+56.1	+8.9	−10.9	−4.6	+13.0
1950	+3.4	−0.9	−6.7	−6.2	+16.8	−39.5	−11.5	+43.4	+21.8	−11.9	−13.0	−8.3

[1] Covers 15 materials in addition to the 11 listed.
[2] Shipments.
[3] All-time high was 131.1 in 1923.
[4] Production estimate.
[5] All-time high.
[6] Not available.
[7] Beginning March 1953, estimates based on Douglas fir plywood.

Source: U. S. Department of Commerce.

Table 7.—*Indexes of wholesale prices of selected building materials and other commodities: 1950–53*

[1947–49=100]

Commodity—group, subgroup, or class	Annual				Percent change 1953 over 1952
	1953	1952	1951	1950	
All commodities except farm and food	114.0	113.2	115.9	105.0	+0.7
All building materials	119.9	118.2	119.6	109.5	+1.4
LUMBER AND WOOD PRODUCTS					
Lumber	119.3	120.5	123.6	114.5	−1.0
Douglas fir	117.2	127.3	128.6	117.6	−7.9
Southern pine	115.8	116.9	115.7	108.0	−0.9
Other softwoods	132.6	128.2	130.0	118.9	+3.4
Hardwood	114.8	112.5	122.4	114.8	+2.0
Millwork	131.5	127.0	130.1	114.6	+3.5
Plywood	109.3	105.0	115.1	106.5	+4.1
Softwood plywood	110.7	110.3	121.1	113.8	+0.4
Hardwood plywood	108.4	101.3	110.8	101.4	+7.0
CHEMICAL AND ALLIED PRODUCTS					
Prepared paint	111.1	110.4	109.0	99.3	+0.6
Paint materials	96.2	100.3	108.8	90.9	−4.1
METAL AND METAL PRODUCTS					
Structural steel shapes	138.2	131.1	128.4	121.1	+5.4
Hardware (finish)	130.8	125.4	125.8	114.2	+4.3
Plumbing equipment	116.0	117.4	122.5	108.2	−1.2
Enameled iron fixtures	126.1	122.4	130.0	115.5	+3.0
Vitreous china fixtures	107.1	122.0	128.3	114.1	−12.2
Brass fittings	114.7	112.2	114.8	100.5	+2.2
Heating equipment	114.8	113.8	114.6	105.1	+0.9
Metal doors, sash and trim	122.6	117.7	121.0	110.0	+4.2
NONMETALLIC MINERAL ITEMS					
Concrete ingredients	117.4	113.0	113.0	106.8	+3.9
Portland cement	122.2	116.4	116.4	108.0	+5.0
Concrete products	115.4	112.5	112.3	105.5	+2.6
Structural clay products	128.1	122.0	121.4	112.6	+5.0
Gypsum products	121.0	117.7	117.4	104.6	+2.8
Insulation materials	107.9	105.4	104.1	101.1	+2.4
OTHER ITEMS					
Building paper and board	121.4	115.5	113.4	107.6	+5.1

Source: U. S. Department of Labor.

TABLE 8.—*Estimated mortgage debt on 1- to 4-family nonfarm homes: 1925–53*

At end of year	Loans held at end of year, by type of mortgagee								Loans held by savings and loan associations as a percentage of total debt outstanding
	Total all mortgagees ($000,000)	Savings and loan associations ($000,000)	Life insurance companies ($000,000)	Mutual savings banks ($000,000)	Commercial banks ($000,000)	Home Owners Loan Corporation ($000,000)	Federal National Mortgage Association ($000,000)	Individuals and others ($000,000)	
1925	12,984	3,994	837	1,547	1,376	xx	xx	5,230	30.8
1926	14,809	4,570	1,062	1,713	1,796	xx	xx	5,668	30.9
1927	16,433	5,214	1,254	1,922	1,927	xx	xx	6,116	31.7
1928	17,904	5,757	1,445	2,139	2,145	xx	xx	6,418	32.2
1929	18,912	6,182	1,626	2,286	2,207	xx	xx	6,611	[1] 32.7
1930	18,891	6,082	1,732	2,341	2,199	xx	xx	6,537	32.2
1931	18,104	5,596	1,775	2,436	2,085	xx	xx	6,212	30.9
1932	16,655	4,891	1,724	2,446	1,887	xx	xx	5,707	29.4
1933	15,352	4,215	1,599	2,354	1,707	132	xx	5,345	27.5
1934	15,630	3,525	1,379	2,190	1,450	2,379	xx	4,707	22.3
1935	15,437	3,127	1,281	2,089	1,541	[1] 2,897	xx	4,502	20.3
1936	15,385	3,122	1,245	2,082	1,634	2,763	xx	4,539	20.3
1937	15,518	3,291	1,246	2,111	1,786	2,378	xx	4,686	21.2
1938	15,765	3,433	1,320	2,119	1,910	2,169	80	4,734	22.1
1939	16,337	3,616	1,490	2,128	2,096	2,038	144	4,825	22.1
1940	17,346	3,919	1,758	2,162	2,363	1,956	178	5,010	22.6
1941	18,358	4,349	1,976	2,189	2,672	1,777	203	5,192	23.7
1942	18,226	4,349	2,255	2,128	2,752	1,567	206	4,969	23.9
1943	17,835	4,355	2,410	2,033	2,706	1,338	60	4,933	24.4
1944	17,947	4,617	2,458	1,937	2,703	1,091	50	5,091	25.7
1945	18,543	5,156	2,258	1,894	2,875	852	7	5,501	27.8
1946	23,059	6,840	2,570	2,033	4,576	836	6	6,398	29.7
1947	28,161	8,475	3,459	2,283	6,303	486	4	7,151	30.1
1948	33,261	9,841	4,925	2,835	7,396	369	198	7,697	29.6
1949	37,496	11,117	5,970	3,364	7,956	231	806	8,052	29.6
1950	45,072	13,104	8,392	4,312	9,481	10	1,328	8,445	29.1
1951	51,872	14,801	10,814	5,331	10,275	xx	1,818	8,833	28.5
1952 [2]	58,155	17,590	[1] 11,800	[1] 6,180	[1] 11,250	xx	2,210	[1] 9,125	30.2
1953 [3]	[1] 65,100	[1] 21,042	[4]	[4]	[4]	xx	[1] 2,367	[4]	32.3

[1] All-time high.
[2] Preliminary.
[3] Estimate, very preliminary.
[4] Not available.

Source: Home Loan Bank Board.

TABLE 9.—*Nonfarm real estate foreclosures: 1926–53*

Year	Number	Year	Number	Month	Number	Month	Number
1925	[1]	1940	75,556	1952		1953	
1926	68,100	1941	58,559	January	1,444	January	1,640
1927	91,000	1942	41,997	February	1,367	February	1,577
1928	116,000	1943	25,281	March	1,562	March	1,771
1929	134,900	1944	17,153	April	1,495	April	1,846
1930	150,000	1945	12,706	May	1,539	May	1,769
1931	193,800	1946	[3] 10,453	June	1,669	June	1,793
1932	248,700	1947	10,559	July	1,511	July	1,907
1933	[2] 252,400	1948	13,052	August	1,552	August	1,777
1934	230,350	1949	17,635	September	1,486	September	1,820
1935	228,713	1950	21,537	October	1,490	October	1,823
1936	185,439	1951	18,141	November	1,435	November	1,779
1937	151,366	1952	18,135	December	1,585	December	1,971
1938	118,357	1953	21,473				
1939	106,410	1954	----------				

[1] Not available.
[2] All-time high.
[3] All-time low.

Source: Home Loan Bank Board.

TABLE 10.—*FHA and VA home loans compared with total recordings: 1939–53*

Year	Estimated amount nonfarm mortgage recordings of $20,000 or less ($000)	Federal Housing Administration and Veterans' Administration						Other recordings of $20,000 or less	
		Total home loans insured and guaranteed		FHA home loans insured		VA home loans partially guaranteed			
		Amount ($000)	Percent of total recordings	Face amount ($000)	Percent of total recordings	Principal amount ($000)	Percent of total recordings	Amount ($000)	Percent of total recordings
1939	3,506,563	694,764	20	694,764	20	xx	xx	2,811,799	80
1940	4,031,368	762,084	19	762,084	19	xx	xx	3,269,284	81
1941	4,731,960	910,770	19	910,770	19	xx	xx	3,821,190	81
1942	3,912,613	973,271	25	973,271	[1] 25	xx	xx	2,969,342	75
1943	3,861,401	763,097	20	763,097	20	xx	xx	3,098,304	80
1944	4,605,931	707,363	15	707,363	15	xx	xx	3,898,568	85
1945	5,649,819	666,485	12	474,245	8	[2] 192,240	3	4,983,334	[1] 88
1946	10,589,168	2,724,256	26	421,949	4	2,302,307	22	7,864,912	74
1947	11,728,677	4,180,841	[1] 36	894,675	8	3,286,166	28	7,547,836	64
1948	11,882,114	3,997,010	34	2,116,043	18	1,880,967	16	7,885,104	66
1949	11,828,001	3,633,433	31	2,209,842	19	1,423,591	12	8,194,568	69
1950	16,179,196	[1] 5,565,676	34	[1] 2,492,367	15	3,073,309	19	10,613,520	66
1951	16,405,367	5,512,913	34	1,928,433	12	[1] 3,614,480	22	10,862,454	66
1952	18,017,677	4,663,382	26	1,942,307	11	2,721,075	15	13,354,295	74
1953	[1] 19,747,408	5,352,723	27	2,288,627	12	3,064,096	16	[1] 14,394,685	73
	Percent change 1953 from—								
1952	+9.6	+14.8	xx	+17.8	xx	+12.6	xx	+7.8	xx
1951	+20.4	−3.4	xx	+18.7	xx	−15.2	xx	+32.5	xx

[1] All-time high.
[2] Activity in 1944 is included in the 1945 annual total.

Source: Home Loan Bank Board, Federal Housing Administration, Veterans Administration.

TABLE 11a.—*FNMA home financing activity during 1953 and at end of 1953*

[In millions of dollars]

National Housing Act (FHA) and Servicemen's Readjustment Act (VA) by section of law	Advance commitments and purchase authorizations	Commitments canceled	Purchases	Repayments	Sales (net)	Discounts	Other credits	At end of 1953: Undisbursed commitments	At end of 1953: Mortgage portfolio
	During calendar year 1953								
Total	733.3	45.0	542.5	93.7	213.7	7.4	7.7	xx	xx
FHA - insured mortgages—Total	549.1	40.3	355.1	17.5	32.3	.4	3.6	xx	xx
Sec. 8, NHA	5.5	.4	5.1	.8	.1	-------	(1)	xx	xx
Sec. 203, NHA	69.5	.2	60.5	7.1	15.6	.1	.4	xx	xx
Sec. 207, NHA	10.8	-------	17.1	-------	-------	-------	1.2	xx	xx
Sec. 213, NHA	32.1	.1	13.9	.2	-------	-------	-------	xx	zx
Sec. 603, NHA	-------	-------	-------	5.0	2.0	.1	.3	xx	xx
Sec. 608, NHA	.1	-------	5.7	.3	5.8	-------	1.5	xx	xx
Sec. 803, NHA	136.1	27.2	51.6	.3	8.4	.2	-------	xx	xx
Sec. 903, NHA	261.9	6.1	189.9	3.8	.4	(1)	.2	xx	xx
Sec. 908, NHA	33.1	6.3	11.3	(1)	-------	-------	-------	xx	xx
VA - guaranteed mortgages—Total	184.2	4.7	187.4	76.2	181.4	7.0	4.1	xx	xx
Sec. 501, SRA (home)	183.7	4.8	186.8	75.5	181.2	7.0	4.1	xx	xx
Sec. 501, SRA (multiple dwelling)	.6	-------	.6	.2	-------	-------	-------	xx	xx
Sec. 502, SRA	-------	-------	-------	.1	-------	-------	-------	xx	xx
Sec. 505 (a), SRA	[2] .1	[2] .1	-------	.4	.2	(1)	-------	xx	xx
	Cumulative (Feb. 10, 1938–Dec. 31, 1953)								
Total	5,203.7	791.3	3,943.7	395.3	1,035.5	7.4	43.9	468.7	2,461.6
Outstanding advance contracts	xx	xx	xx	xx	xx	xx	xx	169.2	xx
Total	xx	xx	xx	xx	xx	xx	xx	637.9	xx
FHA - insured mortgages—Total	2,269.9	454.7	1,357.6	165.4	542.6	.4	28.2	457.6	621.0
Sec. 8, NHA	29.7	.4	28.7	1.4	.3	-------	(1)	.6	27.0
Sec. 203, NHA	691.4	121.3	549.0	115.3	284.1	.1	4.0	21.1	145.5
Sec. 207, NHA	39.3	1.6	23.2	4.9	.4	-------	1.3	14.5	16.6
Sec. 210, NHA	.9	.6	.3	.2	-------	-------	.1	-------	-------
Sec. 213, NHA	46.1	.1	16.3	.3	-------	-------	-------	29.7	16.0
Sec. 603, NHA	367.2	27.7	339.5	38.1	200.7	.1	12.0	-------	79.6
Sec. 608, NHA	323.9	251.4	66.3	.8	37.3	-------	10.6	6.2	17.6
Sec. 803, NHA	251.2	29.7	53.5	.3	10.3	.2	-------	168.0	42.7
Sec. 903, NHA	457.1	11.8	268.2	4.1	.5	(1)	.2	177.1	263.4
Sec. 908, NHA	63.1	10.1	12.6	(1)	-------	-------	-------	40.4	12.6
VA - guaranteed mortgages—Total	2,933.8	336.6	2,586.1	229.9	492.9	7.0	15.7	11.1	1,840.6
Sec. 501, SRA (home)	2,890.7	326.8	2,552.8	226.6	477.3	7.0	15.5	11.1	1,826.4
Sec. 501, SRA (multiple dwelling)	11.0	1.9	9.1	.8	.7	-------	-------	-------	7.6
Sec. 502, SRA	2.0	.1	1.9	.3	(1)	-------	(1)	-------	1.6
Sec. 505 (a), SRA	30.1	7.8	22.3	2.2	14.9	(1)	.2	-------	5.0

[1] Less than $0.05 million.
[2] Represents adjustment from prior years.

Source: Office of the Administrator, Housing and Home Finance Agency.

TABLE 11b.—*FNMA participation in defense, military, and disaster housing program during 1953 and at end of 1953*

[In millions of dollars]

National Housing Act (FHA) and Servicemen's Readjustment Act (VA) by section of law	Advance commitments and purchase authorizations	Commitments canceled	Purchases	Sales (gross)	Repayments and other credits	At end of 1953: Undisbursed commitments	At end of 1953: Mortgage portfolio
	During calendar year 1953						
Total	483.5	45.0	305.6	11.0	6.9	xx	xx
Defense—Total	347.5	17.3	246.9	2.2	6.2	xx	xx
Sec. 8, NHA	(1)		(1)			xx	xx
Sec. 203, NHA	9.2	.2	2.1	.7	.3	xx	xx
Sec. 207, NHA	5.3		6.5		.6	xx	xx
Sec. 803, NHA	4.0					xx	xx
Sec. 903, NHA	261.9	6.1	189.9	.6	3.9	xx	xx
Sec. 908, NHA	33.2	6.3	11.3		(1)	xx	xx
Sec. 501 (b), SRA	33.9	4.7	37.1	.9	1.4	xx	xx
Disaster—Total	3.9	.4	7.0	.3	.4	xx	xx
Sec. 8, NHA	3.9	.4	3.5		.2	xx	xx
Sec. 203, NHA	(2) 3.0		.5			xx	xx
Sec. 501 (b), SRA	3.0		3.0	.3	.2	xx	xx
Military—Total	132.1	27.3	51.7	8.5	.3	xx	xx
Sec. 207, NHA	.1		.1		(1)	xx	xx
Sec. 803, NHA	132.0	27.3	51.6	8.5	.3	xx	xx
	Cumulative (July 16, 1951–Dec. 31, 1953)						
Total	890.2	58.7	421.8	14.8	7.8	409.7	399.2
Defense—Total	639.1	28.6	352.7	4.0	7.0	257.8	341.7
Sec. 8, NHA	(1)		(1)				(1)
Sec. 203, NHA	18.5	1.1	9.7	2.5	.4	7.7	6.8
Sec. 207, NHA	11.9	.5	6.6		.6	4.8	6.0
Sec. 803, NHA	16.6					16.6	
Sec. 903, NHA	457.2	11.9	268.2	.6	4.2	177.1	263.4
Sec. 908, NHA	63.2	10.1	12.6		(1)	40.5	12.6
Sec. 501 (b), SRA	71.7	5.0	55.6	.9	1.8	11.1	52.9
Disaster—Total	16.5	.4	15.5	.4	.5	.6	14.6
Sec. 8, NHA	11.9	.4	10.9	.1	.3	.6	10.5
Sec. 203, NHA	.6	(1)	.6		(1)		.6
Sec. 501 (b), SRA	4.0	(1)	4.0	.3	.2	(1)	3.5
Military—Total	234.6	29.7	53.6	10.4	.3	151.3	42.9
Sec. 207, NHA	.1	(1)	.1		(1)		.1
Sec. 803, NHA	234.5	29.7	53.5	10.4	.3	151.3	42.8

[1] Less than $0.05 million.
[2] Represents adjustment from previous years.

Source: Office of the Administrator, Housing and Home Finance Agency.

TABLE 11c.—*FNMA home financing activity, by month: 1953*

[In millions of dollars]

Month	Advance commitments and purchase authorizations	Commitments canceled	Undisbursed commitments at end of month	Purchases	Repayments	Sales (net)	Discounts	Other credits	Mortgage portfolio at end of month
Total	733.3	45.0	468.7	542.5	93.7	213.7	7.4	7.7	----------
January	61.2	2.3	320.8	61.0	6.4	9.9	--------	.5	2,285.9
February	53.0	7.6	313.1	53.1	7.1	2.8	--------	.4	2,328.7
March	99.2	9.5	321.9	80.9	8.0	7.3	--------	.5	2,393.8
April	77.4	5.6	325.7	68.0	7.9	3.5	--------	1.9	2,448.5
May	75.7	4.3	356.8	40.3	8.0	3.1	--------	.4	2,477.3
June	227.7	11.5	542.2	30.8	9.1	.8	--------	.5	2,497.7
July	22.6	.5	525.8	38.5	7.3	.3	(1)	1.1	2,527.5
August	20.2	.5	512.3	33.2	8.1	10.6	.5	.2	2,541.3
September	31.2	.2	517.0	26.3	8.1	18.1	.7	.9	2,539.8
October	23.9	1.3	501.0	38.6	7.9	41.8	1.7	.6	2,526.4
November	20.6	.7	490.9	30.0	7.7	56.5	2.1	.3	2,489.7
December	20.6	1.0	468.7	41.8	8.1	59.0	2.4	.4	2,461.6

[1] Less than $0.05 million.

Source: Office of the Administrator, Housing and Home Finance Agency.

TABLE 11d.—*FNMA home financing, by calendar year: 1938–53*

[In millions of dollars]

Year	Advance commitments and purchase authorizations	Commitments canceled	Undisbursed commitments (at year end)	Purchases	Sales (gross)	Repayments and other credits	Mortgage portfolio at end of year
1938	102.2	2.5	17.5	82.2	----------	1.9	80.3
1939	69.9	5.5	7.8	74.1	.4	7.2	146.8
1940	51.1	2.5	8.4	48.0	(1)	13.7	181.1
1941	42.3	2.1	6.3	42.3	(1)	16.6	206.8
1942	18.4	1.1	.4	23.2	----------	19.1	210.9
1943	1.2	.1	(1)	1.5	126.6	21.3	64.5
1944	.2	(1)	----------	.2	(1)	12.3	52.4
1945	.1	----------	(1)	.1	38.6	6.5	7.4
1946	.1	----------	(1)	(1)	(1)	1.8	5.6
1947	.8	(1)	.7	.1	----------	1.3	4.4
1948	431.9	8.0	226.7	197.9	----------	3.0	199.3
1949	1,356.1	86.5	824.1	672.2	19.8	23.3	828.4
1950	1,069.7	364.4	485.1	1,044.3	469.4	56.6	1,346.7
1951	684.1	252.8	239.1	677.3	111.1	63.4	1,849.5
1952	642.3	20.6	322.9	537.9	55.9	89.8	2,241.7
1953	733.3	45.0	468.7	542.5	221.1	101.4	2,461.6

[1] Less than $0.5 million.

Source: Office of the Administrator, Housing and Home Finance Agency.

TABLE 11e.—*FNMA sales and purchases, by month: 1952–53*

[In thousands of dollars]

Year and month	FNMA total	Federal Housing Administration										Veterans Administration			
		Total	Sec. 8	Sec. 203	Sec. 207	Sec. 213	Sec. 603	Sec. 608	Sec. 803	Sec. 903	Sec. 908	Total	Sec. 501	Sec. 502	Sec. 505 (a)
	Purchases														
1952															
January	76,568	10,998	3,012	7,767	12	176	31	----	----	----	----	65,570	65,503	55	12
February	73,412	11,541	2,944	8,226	15	349	----	7	----	----	----	61,871	61,796	57	18
March	86,066	15,284	1,973	10,659	64	14	----	23	1,865	686	----	70,782	70,632	75	75
April	39,242	9,336	1,133	7,081	----	----	----	183	----	939	----	29,906	29,827	50	29
May	4,050	2,378	478	841	----	----	----	----	----	1,059	----	1,672	1,672	----	----
June	6,879	5,314	405	914	----	----	----	86	----	3,909	----	1,565	1,565	----	----
July	5,941	4,727	563	1,070	----	258	----	283	----	2,553	----	1,214	1,214	----	----
August	12,627	10,808	950	1,169	143	----	----	168	----	8,378	----	1,819	1,819	----	----
September	40,342	16,097	603	2,533	----	159	----	4,940	----	7,862	----	24,245	24,245	----	----
October	71,722	22,001	1,866	7,252	----	----	----	244	----	12,116	523	49,721	49,721	----	----
November	56,199	27,550	2,671	5,738	----	441	----	----	----	18,700	----	28,649	28,643	6	----
December	64,824	31,673	1,494	6,708	60	446	----	83	----	22,125	757	33,151	33,151	----	----
1953															
January	61,032	26,131	960	8,430	591	1,074	----	31	----	14,697	348	34,901	34,901	----	----
February	53,073	22,339	1,258	7,835	41	538	----	----	----	12,667	----	30,734	30,734	----	----
March	80,914	43,099	1,048	10,486	4,529	5,481	----	553	4,820	15,400	782	37,815	37,815	----	----
April	67,950	38,234	826	8,956	12	1,360	----	----	4,026	22,965	89	29,716	29,716	----	----
May	40,283	30,357	492	3,531	4,828	407	----	----	408	18,195	2,496	9,926	9,926	----	----
June	30,802	22,530	186	2,532	34	359	----	102	4,781	14,436	----	8,272	8,272	----	----
July	38,519	33,266	97	1,386	330	114	----	----	14,470	16,869	----	5,253	5,253	----	----
August	33,154	29,514	42	2,662	37	625	----	4,979	8,014	12,555	----	3,640	3,640	----	----
September	26,317	23,331	18	2,479	154	3,983	----	----	----	15,548	1,149	2,986	2,986	----	----
October	38,587	32,916	19	4,429	3,288	10	----	----	7,928	14,751	2,491	5,671	5,671	----	----
November	30,004	21,764	5	5,052	176	----	----	----	2,901	13,540	----	8,240	8,240	----	----
December	41,822	31,612	96	2,739	3,078	----	----	----	3,564	18,144	3,991	10,210	10,210	----	----

TABLE 11e.—*FNMA sales and purchases, by month: 1952–53*—Continued

[In thousands of dollars]

Year and month	FNMA total	Federal Housing Administration										Veterans Administration			
		Total	Sec. 8	Sec. 203	Sec. 207	Sec. 213	Sec. 603	Sec. 603	Sec. 803	Sec. 903	Sec. 908	Total	Sec. 501	Sec. 502	Sec. 505 (a)
	Sales (gross)														
1952															
January	4,172	2,307	5	2,246			56					1,865	1,782		83
February	5,006	1,831		1,812			19					3,175	3,134		41
March	2,517	1,552	9	1,543								965	938		27
April	2,248	1,618		1,609			9					630	616		14
May	4,291	3,692	18	3,604			70					599	419		180
June	5,078	3,947	14	3,763			137			33		1,131	958		173
July	3,312	2,747		821			40	1,886				565	542		23
August	2,536	2,014		2,007			7					522	430		92
September	3,702	3,104	35	976			117	1,976				598	516		82
October	5,668	4,007	49	2,023	86		3		1,846			1,661	1,545		116
November	3,492	786		786								2,706	2,706		
December	13,899	8,128	103	3,309			18	4,089		9		5,771	5,723		48
1953															
January	9,870	7,267	4	1,556				5,707				2,603	2,594		9
February	2,786	804	42	581			78	95		8		1,982	1,971		11
March	7,296	4,572	5	4,381						186		2,724	2,667		57
April	3,498	873	18	855								2,625	2,579		46
May	3,130	1,212		1,204			8					1,918	1,902		16
June	810	228		229				[−1][1]				582	559	6	17
July	266	231		231								35	35		
August	11,036	579		301			63			215		10,457	10,457		
September	18,778	960		944			16					17,818	17,817		1
October	43,512	1,300		1,093			207					42,212	42,191		21
November	58,689	12,148		1,791			1,687		8,581	89		46,541	46,507		34
December	61,455	2,539		2,499			40					58,916	58,907		9

[1] Represents adjustment from previous year.

Source: Office of the Administrator, Housing and Home Finance Agency.

Table 12a.—*Slum clearance and urban redevelopment under Title I, Public Law 171: 1949–53*

[This table excludes all data for program operations invalidated or abandoned through December 1953]

Period	Number capital grant reservations	Number local program operations approved			Title I assistance approved							
					Preliminary planning advances (000)		Final planning advances (000)		Project loans (000)		Capital grants (000)	
		Preliminary planning	Final planning	Project development	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
	Cumulative data from July 15, 1949 through—											
1953, December	211	197	133	60	$4,922	$4,075	$5,001	$3,566	$104,068	$30,758	$105,207	$8,673
	Annual data											
1950 [1]	138	60	10	5	$2,046	$459	$733	$326	0	0	0	0
1951	32	49	29	2	1,389	1,641	1,007	645	$232	0	$402	0
1952	28	50	49	17	1,032	1,368	1,935	1,344	33,608	$9,715	53,696	0
1953	13	38	45	36	455	607	1,326	1,251	70,178	21,043	51,109	$8,673
	Semiannual data											
1950:												
First half [1]	111	19	8	3	$567	0	$420	0	0	0	0	0
Second half	27	41	2	2	1,470	$459	313	$326	0	0	0	0
1951:												
First half	17	30	11	1	590	870	342	233	0	0	$275	0
Second half	15	19	18	1	799	771	665	412	$232	0	127	0
1952:												
First half	18	22	25	8	515	693	971	435	18,541	$4,063	43,097	0
Second half	10	28	24	9	517	675	964	909	15,067	5,652	10,590	0
1953:												
First half	7	16	20	19	239	359	636	837	55,487	7,901	44,174	$7,818
Second half	6	22	25	17	216	248	690	414	14,691	13,142	6,935	855

[1] Includes 1949 activity.

Source: Office of the Administrator, Housing and Home Finance Agency.

TABLE 12b.—*Slum clearance and urban redevelopment operations and Federal assistance, by locality: through December 1953*

State and locality	Capital grant reservation	Local program operations approved (number)			Federal—Title I assistance approved							
					Preliminary planning advances		Final planning advances		Project loans		Capital grants	
		Preliminary planning	Final planning	Development	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
Total	$216,468,095	197	133	60	$4,922,465	$4,075,282	$5,001,389	$3,566,305	$104,068,159	$30,757,669	$105,206,540	$8,673,042
Alabama	5,341,030	8	6	2	121,596	107,515	262,810	203,090	5,454,000	523,600	1,662,338	
Birmingham	2,500,000	1	2	1	34,516	34,096	100,330	64,000	4,058,000		858,780	
Cullman	41,300	1			6,088							
Florence	180,250	1	1		10,600	10,600	30,160	23,985				
Gadsden	349,160	1			20,750	18,000						
Huntsville	121,110	2			14,562	6,810						
Mobile	850,000	1	1		22,000	21,929	45,830	44,055				
Montgomery	1,296,210	1	2	1	16,050	16,050	86,520	71,050	1,396,000	523,600	803,558	
Arkansas	1,411,080	2	2	1	53,013	39,465	101,307	100,087	1,334,446	1,200,254	980,385	
Little Rock	1,275,000	1	2	1	37,013	35,527	101,307	100,087	1,334,446	1,200,254	980,385	
Texarkana	136,080	1			16,000	3,938						
California	11,271,270	10	2	2	914,124	662,682	277,468	243,098	21,071,000		6,346,000	
Calexico	40,390	1			6,569	2,850						
Colton	35,210	1			19,144							
Los Angeles	4,089,330	1			191,135	59,692						
Redlands	73,570	1			21,068	20,068						
Richmond	107,730	2			192,566	152,857						
Sacramento	364,630	2			151,964	129,230						
San Bernardino	179,340	1			33,915	10,850						
San Francisco	6,346,000	1	2	2	297,763	287,135	277,468	243,098	21,071,000		6,346,000	
Upland	35,070											
Colorado: Denver	2,218,540	1			21,500	20,000						
Connecticut	3,904,256	11	5		192,530	168,457	153,274	90,172				
Bridgeport	656,880	1			17,850	16,140						
East Haven	58,800	1			21,300	15,000						
Hartford	832,000	1	1		21,500	21,500	49,150	27,737				
Middletown	74,830											
New Haven	883,263	1	1		29,300	29,300	49,434	26,960				

New London	213,520	1	1		12,300	12,300	16,690					
Norwalk	163,660	1			11,745	11,745						
Norwich	164,173	1			20,240	7,085						
Shelton	127,800	1	1		5,500	4,850	4,000	3,825				
Stamford	399,770	1	1		24,965	24,965	34,000	31,650				
Waterbury	259,140	1			16,320	15,682						
Willimantic	70,420	1			11,510	9,890						
Delaware: Wilmington	508,830	1			21,284	21,284						
District of Columbia: Washington	6,385,186	1	1	1	170,185	169,785	149,500	122,674	8,833,391	3,550,000	6,385,186	
Illinois	21,602,141	14	13	3	113,873	97,486	181,135	96,736			10,930,825	
Cairo	208,180	1		1	3,525						10,930,825	
Chicago	17,692,371	1	5	2			20,673					
Chicago Heights	132,860	1	1		11,195	11,195	45,836	45,087				
Cook County	500,000											
Danville	333,970	1	1		16,400	14,494	11,460	10,500				
East St. Louis	629,370											
Galesburg	182,140	1	2		7,715	7,640	5,107	4,850				
Granite City	241,780	1			9,150	8,760						
Kankakee	102,830	1	1		6,850	6,850	13,995					
Lincoln	88,200	1			3,816	2,500						
Peoria	700,000	1			15,700	10,100						
Robbins	26,110	1	1		4,000	4,000	50,387	34,379				
Rock Falls	51,240	1	1		6,340	5,960	23,600	1,920				
Rockford	401,520	1			15,450	1[illegible],600						
Urbana	90,400											
Villa Grove	29,890	1			2,250	1,905						
Waukegan	182,280	1	1		11,482	11,482	10,077					
Indiana: New Albany	239,000											
Kansas: Kansas City	1,102,570	1			66,300	52,218						
Kentucky	4,452,550	7	4		118,254	103,010	49,651	38,884				
Covington	343,840											
Henderson	150,000	1			10,479	6,619						
Lexington	448,700	1	1		18,165	18,165	16,150	13,324				
Louisville	2,469,320	1			28,570	25,127						
Middlesborough	128,030	1	1		7,831	6,780	4,370	930				
Newport	212,100	1	1		17,703	17,703	11,196	6,695				
Owensboro	249,270	1	1		16,500	16,500	17,935	17,935				
Paducah	389,340	1			19,006	12,125						
Paris	61,950											
Louisiana	3,737,930	2	2		137,386	130,539	152,198	78,957				
New Orleans	2,807,930	1	1		117,386	111,122	95,078	78,957				
Shreveport	840,000	1	1		20,000	19,417	57,120					

TABLE 12b.—*Slum clearance and urban redevelopment operations an d Federal assistance, by locality: through December 1953*—Continued

State and locality	Capital grant reservation	Local program operations approved (number)			Federal—Title I assistance approved							
		Preliminary planning	Final planning	Development	Preliminary planning advances		Final planning advances		Project loans		Capital grants	
					Approved	Disbursed	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
Maine: Portland	$395,000	1	1		$14,787	$14,787	$14,427	$5,760				
Maryland: Baltimore	5,000,000			2							$1,489,668	$2,373,265
Massachusetts	11,485,107	14	8		354,775	282,416	272,325	143,510				
Boston	7,675,147	1	2		142,000	142,000	130,200	41,500				
Brookline	82,810	1			12,000	9,212						
Cambridge	450,000	1	2		30,650	30,300	20,600	18,550				
Chelsea	125,300											
Clinton	81,550	1			10,350							
Fall River	670,110	3			45,000	26,268						
Haverhill	201,870	1			11,000							
Lawrence	214,550	1			15,000							
Lowell	436,380											
Medford	80,920	1			10,669							
Revere	81,900	1	1		12,850	11,175	16,000					
Somerville	369,320	1	1		25,835	25,835	33,150	29,730				
Woburn	138,800	1	1		10,100	8,305	15,000	3,855				
Worcester	816,450	1	1		29,321	29,321	57,375	49,875				
Michigan	5,509,816	6		1	32,305	19,718			$6,686,096	$5,445,681	4,761,096	
Albion	58,240	1			4,100	3,875						
Battle Creek	291,480	1			7,800	7,400						
Detroit	4,761,096	2										
Hamtramck	150,500			1					6,686,096	5,445,681	4,761,096	
Port Huron	164,290	1			13,450	8,443						
Ypsilanti	84,210	1			6,955							
Minnesota	7,228,279	3	3	2	82,529	80,394	108,977	65,758	6,838,711	366,050	4,165,739	
Duluth	687,540	1			15,070	13,790						
Minneapolis	2,375,000	1	1		67,459	66,604	39,890					
St. Paul	4,165,739	1	2	2			69,087	65,758	6,838,711	366,050	4,165,739	

Missouri	8,313,940	2	4	1	131,505	123,203	217,389	129,587	2,235,947		1,179,631	
Kansas City	2,490,180	1	3		76,320	74,803	112,095	68,903	2,235,947		1,179,631	
St. Joseph	627,760											
St. Louis	5,196,000	1	1	1	55,185	53,400	105,294	60,694				
Nebraska: Omaha	1,195,320											
New Hampshire	1,027,210	6	3		60,100	30,293	41,900	19,971				
Dover	175,000	1	1		10,000	10,000	8,900	8,580				
Laconia	100,000											
Manchester	380,000	3	1		28,100	13,028	17,000	11,391				
Nashua	315,300	1	1		9,500	7,265	16,000					
Portsmouth	56,910	1			12,500							
New Jersey	12,645,970	17	12	6	325,951	254,726	410,781	282,395	12,650,275	5,515,515	8,749,810	
Asbury Park	'48,370	1			4,550	3,550						
Atlantic City	260,000	1			19,635	19,516						
Bayonne	251,370	1			34,645	26,230						
Camden	544,110	1			20,372							
Elizabeth	409,850	1	1		28,764	26,764	33,500					
Hoboken	430,780	1			28,620	3,150						
Jersey City	3,028,000	1	2	2	29,800	27,411	67,274	64,829	4,031,391	2,960,935	3,027,751	
Long Branch	71,750	2	1		7,335	6,925	33,453					
Newark	5,300,000	1	2	2	37,675	37,675	121,176	121,176	7,124,937	1,150,000	5,269,258	
New Brunswick	141,540	2	1		17,700	17,300	9,200	7,200				
Passaic	593,550	1	1		19,400	19,400	37,500	29,405				
Paterson	577,500	1	1		20,650	19,525	17,565					
Perth Amboy	452,810	1	2	2	24,700	24,700	59,786	59,785	1,502,947	1,404,580	452,810	
Plainfield	21,000	1			16,800	7,525						
Trenton	515,340	1	1		15,305	15,055	31,327					
New York	58,043,258	15	12	8	181,590	150,615	363,135	315,359			32,232,005	6,054,375
Albany	516,300	1	1		10,500	10,500	26,950					
Binghamton	253,140	1	1		22,404	20,114	7,735					
Buffalo	1,574,040	1			20,000							
New York	52,000,000	5	6	7	47,500	47,450	252,500	252,500			31,900,237	6,054,375
Port Chester	331,768	1	1	1	4,800	3,650	9,000	8,650			331,768	
Rochester	916,440	1			13,000	11,262						
Schenectady	438,000		1				24,490	23,619				
Syracuse	633,300	1			9,960	9,960						
Tarrytown	15,240	1			6,664	4,914						
Troy	293,820	1	1		9,012	8,720	15,900	10,000				
Utica	317,460	1			15,650	12,145						
Yonkers	753,750	1	1		22,100	21,900	26,560	20,590				

TABLE 12b.—*Slum clearance and urban redevelopment operations and Federal assistance, by locality: through December 1953*—Continued

State and locality	Capital grant reservation	Local program operations approved (number)			Federal—Title I assistance approved							
		Preliminary planning	Final panning	Development	Preliminary planning advances		Final planning advances		Project loans		Capital grants	
					Approved	Disbursed	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
Ohio	$12, 599, 490	11	5	1	$428, 860	$382, 464	$86, 079	$49, 731	$3, 097, 968		$2, 473, 171	
Cincinnati	3, 742, 830	1	1	1	141, 000	111, 557	45, 574	40, 066	3, 097, 968		2, 473, 171	
Cleveland	3, 000, 000	2	2		65, 525	66, 491						
Columbus	1, 304, 170	2	1		62, 370	62, 364	40, 505	9, 665				
Dayton	1, 347, 080	1			20, 775	25, 093						
Hamilton	423, 500	1			13, 870	12, 430						
Springfield	495, 000	1			26, 750	25, 935						
Steubenville	200, 000	1			18, 040	4, 745						
Toledo	1, 100, 610	1	1		38, 050	38, 369						
Warren	163, 520											
Youngstown	822, 780	1			34, 880	34, 880						
Pennsylvania	25, 232, 070	15	16	3	410, 652	320, 328	604, 051	421, 175	7, 741, 671	$926, 000	5, 709, 625	$245, 402
Allegheny County	1, 795, 150											
Ambridge	155, 190	1			7, 562	7, 562						
Beaver County	385, 350											
Beaver Falls	181, 200		1				12, 757	12, 757				
Bethlehem	302, 820											
Braddock	195, 720	1			22, 920	22, 920						
Carnegie	85, 540											
Chester	304, 010		1				12, 697	11, 397				
Clairton	238, 950	1	1		9, 359	6, 889	9, 545					
Delaware County	263, 270	1	1		13, 900	10, 900	20, 050					
Duquesne	186, 620	1			9, 095							
Easton	203, 490	1			10, 725	4, 140						
East Pittsburgh	28, 420											
Harrisburg	866, 250	1	1		22, 600	22, 600	61, 400	50, 900				
Homestead	176, 540											
Johnstown	511, 210	1	1		22, 470	20, 150	12, 650					
McKeesport	538, 300	1			14, 900	13, 700						
McKees Rocks	148, 400	1	1		21, 300	18, 193	13, 441	12, 701				
Munhall	106, 890											
New Brighton	33, 320											

Philadelphia	10,000,000	1	4	3	194,974	144,387	327,129	263,274	7,741,671	926,000	5,709,625	245,402
Pittsburgh	6,100,000		1				71,700	45,745				
Rankin	75,880		1				19,765					
Reading	425,000	1			22,527	20,557						
Rochester	33,040											
Scranton	957,390											
Sharon	146,020	1			8,320							
Sharpsburg	77,770											
Tarentum	93,660											
Turtle Creek	65,450	1	1		19,100	17,430	12,667					
West Homestead	31,220											
York	520,000	1	2		10,900	10,900	30,250	24,401				
Rhode Island	1,387,120	2	3	2	108,869	88,595	83,045	58,615	1,563,448		901,738	
Newport	221,550	1	1		10,400	10,400	33,250	26,325				
Providence	1,165,570	1	2	2	98,469	78,195	49,795	32,290	1,563,448		901,738	
South Carolina: Columbia	499,380	1			20,000	20,000						
Tennessee	9,908,259	9	8	2	103,155	91,700	511,118	383,782	10,033,300	4,196,000	5,526,259	
Clarksville	35,700	1			6,620	6,431						
Johnson City	192,290	1	1		11,685	11,680	34,700	33,613				
Knoxville	1,025,710	1	2		24,400	24,400	134,915	95,597				
Lewisburg	35,700	1			7,000	6,487						
Memphis	2,942,660	1	2		25,100	25,100	106,762	45,952				
Murfreesboro	310,059	2	1	1	12,430	10,312	39,370	34,990	1,724,000	996,000	319,059	
Nashville	5,207,200		1	1			172,771	153,070	8,309,300	3,200,000	5,207,200	
Tullahoma	51,100	1			7,920							
Union City	80,010	1	1		8,000	7,290	22,600	20,560				
Waverly	18,830											
Texas: San Antonio	1,970,360	1			70,500	28,900						
Virginia	9,255,203	7	10	2	126,208	123,554	534,156	409,456	8,668,290	6,775,000	4,522,793	
Alexandria	312,750	1	1		12,165	12,165	39,482	26,756				
Bristol	822,320	1	1	1	5,850	5,,850	35,500	34,920	1,490,000		822,320	
Danville	333,480	1	1		16,500	15,831	14,680					
Newport News	280,000	1	2		15,100	14,300	30,284					
Norfolk	3,700,473		1	1			210,825	216,825	7,178,290	6,775,000	3,700,473	
Portsmouth	1,050,600	1	1		18,700	17,515	51,160	41,607				
Richmond	2,250,000	1	2		35,502	35,502	106,485	54,500				
Roanoke	475,580	1	1		22,391	22,391	39,740	34,848				

TABLE 12b.—*Slum clearance and urban redevelopment operations and Federal assistance, by locality: through December 1953*—Continued

State and locality	Capital grant reservation	Local program operations approved (number)			Federal—Title I assistance approved							
		Preliminary planning	Final planning	Development	Preliminary planning advances		Final planning advances		Project loans		Capital grants	
					Approved	Disbursed	Approved	Disbursed	Approved	Disbursed	Approved	Disbursed
West Virginia	$2,539,100	1	-----	-----	$21,675	$18,990	-----	-----	-----	-----	-----	-----
Boone County	175,350	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Charleston	419,860	1	-----	-----	21,675	18,990	-----	-----	-----	-----	-----	-----
Clay County	25,090	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Fayette County	76,650	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Greenbrier County	92,960	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Konawha County	773,000	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Lincoln County	29,260	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Logan County	271,300	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
McDowell County	257,110	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Monroe County	22,680	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Point Pleasant	46,550	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Putnam County	39,620	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Raleigh County	137,830	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Summers County	38,290	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Wayne County	132,360	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Wisconsin: Milwaukee	2,498,440	1	2	-----	52,110	34,991	$60,700	$32,245	-----	-----	-----	-----
Alaska	67,550	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Fairbanks	42,560	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Ketchikan	24,990	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Puerto Rico	6,232,840	25	9	20	408,047	380,976	239,002	167,027	$6,585,034	$2,259,569	$3,802,680	-----
Mayaguez	565,110	2	2	2	107,500	106,350	44,571	44,571	1,234,669	282,369	597,623	-----
Ponce	1,057,600	1	2	3	91,426	91,426	42,481	39,481	490,225	223,500	262,667	-----
San Juan	1,152,060	3	2	1	70,580	61,000	140,380	82,975	-----	-----	-----	-----
Puerto Rico Housing Authority	3,458,070	19	3	14	138,541	122,200	11,570	-----	4,860,140	1,753,700	2,942,390	-----
Territory of Hawaii: Honolulu	1,230,000	2	2	1	52,802	51,179	126,931	108,226	1,265,582	-----	387,582	-----

Source: Office of the Administrator, Housing and Home Finance Agency.

TABLE 13a.—*Lending activity under the college housing loan program: 1950–54*

[In thousands of dollars]

Period	Status of $300 million authorization [1]				Contracts executed			
	Released by the President	Loans approved (net)	Funds reserved	Balance available for commitment	Undisbursed commitments	Loan repayments and retained earnings	Balance outstanding: Bond purchases (loans)	Balance outstanding: Construction advances (not repaid)
	Cumulative data from April 1950 through—							
1951, December	40,000	16,895	3,150	19,955	16,810	0	0	85
1952, December	100,000	41,108	39,854	19,048	35,684	10	3,871	1,543
1953, December	150,000	92,805	38,868	18,456	63,883	129	24,058	4,829
1953:								
January	100,000	43,800	43,184	13,026	36,355	10	5,441	1,994
February	100,000	46,181	42,844	10,985	37,467	10	6,012	2,692
March	100,000	48,879	40,026	11,105	38,742	10	6,820	3,307
April	100,000	66,072	26,463	7,475	55,364	10	7,220	3,478
May	100,000	66,192	26,687	7,131	54,070	10	8,188	3,924
June	100,000	86,421	13,579	[2] 23	71,672	[2] 23	10,228	4,511
July	150,000	87,021	22,351	40,660	70,390	32	12,131	4,491
August	150,000	89,613	28,550	31,889	70,898	52	13,276	5,420
September	150,000	89,653	30,154	30,257	68,824	64	14,989	5,820
October	150,000	90,713	35,868	23,497	67,272	78	17,385	6,036
November	150,000	91,513	35,728	22,856	65,225	97	20,056	6,212
December	150,000	92,805	38,868	18,456	63,883	129	24,058	4,829
1954, January	150,000	92,145	43,689	[3] 14,076	[3] 57,074	[2] −90	27,362	7,674
	Percent change end of January 1954 from end of—							
1953:								
December	0.0	−0.7	+12.4	xx	−10.7	xx	+13.7	+58.9
January	+50.0	+110.4	+1.2	xx	+57.0	xx	+402.9	+284.9
	Net change during—							
1952	+60,000	+24,213	+36,704	−907	+18,874	+10	+3,871	+1,458
1953	+50,000	+51,697	−986	−592	+28,199	+119	+20,187	+3,286
	Percent change, 1953 from—							
1952	−16.7	+113.5	xx	xx	+49.4	xx	+421.5	+125.4

[1] Loan program approved Apr. 20, 1950, under Public Law 475. Program was suspended by Presidential request on July 18, 1950, and was reactivated in January 1951. Of the $300 million authorized for loans under Public Law 475, the President released $40 million for use during the fiscal year 1952; $60 million for the fiscal year 1953; and $50 million for the fiscal year 1954.

[2] This column includes both repayments and earnings beginning June 1953.

[3] Beginning January 1954 administrative expenses are included for July 1–December 31, 1953 accrual of $211,782.

Source: Office of the Administrator, Housing and Home Finance Agency.

TABLE 13b.—*Applications and construction activity under the college housing loan program: 1950–54*

Period	Units in applications						Units put under construction		
	Received	Approved	With reservation of funds	Under review—no funds reserved	Deferred or disapproved [1]	Withdrawn or rescinded	Total [2]	Started but not yet completed	Completed
	Cumulative data from April 1950 through—								
1951, December	12,146	5,015	805	3,512	2,491	323	910	(3)	(3)
1952, December	36,876	12,643	12,108	7,831	2,754	1,540	6,360	(3)	(3)
1953, December	65,081	28,858	12,233	9,176	4,136	10,678	18,457	17,459	998
1953:									
January	39,969	13,451	12,894	6,901	3,975	2,748	6,360	(3)	(3)
February	42,141	14,412	12,536	7,805	4,640	2,748	6,360	(3)	(3)
March	44,924	15,432	12,257	9,411	4,676	3,148	7,712	(3)	(3)
April	47,406	20,599	7,853	8,478	5,120	5,356	7,712	(3)	(3)
May	50,697	20,599	7,203	7,980	4.980	5,456	8,011	(3)	(3)
June	52,934	26,262	6,417	9,869	4,830	5,556	8,824	(3)	(3)
July	54,319	26,453	7,141	10,189	4,980	5,556	8,824	(3)	(3)
August	56,358	27,540	9,386	12,655	1,221	5,556	11,000	(3)	(3)
September	58,850	27,636	10,747	12,849	1,972	5,646	13,710	13,335	375
October	60,376	27,907	11,570	12,887	2,241	5,771	14,642	14,025	617
November	63,454	28,202	11,579	14,229	2,241	7,203	17,044	16,170	874
December	65,081	28,858	12,233	9,176	4,136	10,678	18,457	17,459	998
1954, January	65,410	27,871	13,307	7,583	4,734	11,915	20,205	17,888	[4] 2,317
	Percent change end of January 1954 from end of—								
1953:									
December	+0.5	−3.4	+8.8	−17.1	+14.5	+11.6	+9.5	+2.5	xx
January	+63.7	+107.2	+3.2	+9.9	+19.1	+333.6	+217.7	(3)	(3)
	Net change during—								
1952	+24,730	+7,628	+11,303	+4,319	+263	+1,217	+4,550	(3)	(3)
1953	+28,205	+16,215	+125	+1,345	+1,382	+9,138	+12,097	(3)	(3)
	Percent change 1953 from—								
1952	+14.1	+112.6	−98.9	−68.9	+425.5	+650.9	+122.0	(3)	(3)

[1] Temporarily deferred because not directly related to the defense effort.
[2] Total units covered by contracts on which construction has started.
[3] Not available.
[4] Beginning in January 1954, this figure includes units occupied or ready for occupancy in projects not yet completed and units in projects completed with final reports submitted; previous reports have included only the latter type of completions.

Source: Office of the Administrator, Housing and Home Finance Agency.

TABLE 14.—*Number of projects under Title II of the school construction program: 1950–54*

Period	Recommended by Office of the Administrator, HHFA [1]	Approved by Department of Health, Education, and Welfare: Total [2]	Approved: Non-Federal construction Sec. 202/205	Approved: Federal construction Sec. 204	Approved: Federal construction Sec. 203 [3]	Placed under construction: Total	Placed under construction: Not yet completed	Placed under construction: Completed
	Cumulative data from September 1950 through—							
1951, December	397	302	238	49	15	153	150	3
1952, December	1,040	958	865	73	20	475	396	79
1953, December	1,341	1,331	1,217	94	20	1,216	783	433
1953:								
January	1,097	1,032	935	77	20	530	447	83
February	1,132	1,082	982	80	20	589	493	96
March	1,202	1,157	1,054	83	20	671	562	109
April	1,231	1,191	1,083	88	20	759	607	152
May	1,280	1,242	1,130	92	20	879	697	182
June	1,308	1,276	1,164	92	20	934	719	215
July [4]	1,314	1,289	1,177	92	20	994	746	248
August [4]	1,320	1,302	1,190	92	20	1,054	773	281
September	1,326	1,316	1,203	93	20	1,114	801	313
October	1,331	1,322	1,208	94	20	1,167	821	346
November	1,339	1,326	1,213	93	20	1,190	788	402
December	1,341	1,331	1,217	94	20	1,216	783	433
1954, January [5]	1,344	1,334	1,219	95	20	1,237	565	672
	Percent change end of January 1954 from end of—							
1953:								
December	+0.2	+0.2	+0.2	+1.1	0	+1.7	−27.8	+55.2
January	+22.5	+29.3	+30.4	+23.4	0	+133.4	+26.4	+709.6
	Net change during—							
1952	+643	+656	+627	+24	+5	+322	+246	+76
1953	+301	+373	+352	+21	0	+741	+387	+354
	Percent change 1953 from—							
1952	−53.2	−43.1	−43.9	−12.5	−100.0	+130.1	+57.3	+365.8

[1] Recommended for approval based on HHFA's review of the legal, financial, and engineering status; the Department of Health, Education, and Welfare is responsible for the educational standards review.
[2] Authorized under Public Law 815, approved Sept. 23, 1950. The Department of Health, Education, and Welfare is authorized to direct the program with the cooperation of HHFA, to which certain specific functions are delegated under the act.
[3] Data include 4 renovation projects approved for non-Federal construction.
[4] Estimated.
[5] Activity under Titles III and IV is not included; by the end of January, projects given Titles III and IV fund reservations totaled 85 and 12 of these had been recommended by OA to DHEW.

Source: Office of the Administrator, Housing and Home Finance Agency.

TABLE 15.—*Defense community facilities under Public Law 139: 1951–53*

Item	At end of— December 1953	At end of— November 1953	At end of— December 1952	End of November 1953 from end of— November 1953	End of November 1953 from end of— December 1952	Net change during 1953
	Number	*Number*	*Number*	*Pct. chg.*	*Pct. chg.*	*Number*
Applications filed	292	291	223	0.3	+30.9	+69
Applications approved	100	101	59	−1.0	+69.5	+41
HHFA:						
Sole responsibility	78	79	39	−1.3	+100.0	+39
Joint responsibility	22	22	20	0.0	+10.0	+2
DHEW joint responsibility	[3](22)	[3](22)	[3](20)	0.0	+10.0	[3](+2)
Estimated construction cost—total funds:	*In thousands of dollars*					*$000*
Applications filed	151,828	151,583	115,098	(1)	+31.9	+36,730
Applications approved	47,492	47,557	37,114	−0.1	+28.0	+10,378
Sole responsibility: HHFA	17,754	17,819	8,245	−0.4	+115.3	+9,509
Joint responsibility: HHFA and DHEW	29,738	29,738	28,869	0.0	+3.0	+869
Portion of estimated construction cost from Federal grant and loan funds:						
Applications filed	(2)	(2)	75,757	(2)	(2)	(2)
Applications approved	24,991	25,044	18,363	−0.2	+36.1	+6,628
HHFA:						
Sole responsibility	13,349	13,402	7,268	−0.4	+83.7	+6,081
Joint responsibility	6,686	6,686	6,643	0.0	+0.6	+43
DHEW joint responsibility	4,956	4,956	4,452	0.0	+11.3	+504
Portion of estimated construction cost from applicants' fund:						
Applications filed	(2)	(2)	38,390	(2)	(2)	(2)
Applications approved	22,501	22,513	18,751	−0.1	+20.0	+3,750
Sole responsibility: HHFA	4,405	4,417	977	−0.3	+350.9	+3,428
Joint responsibility: HHFA and DHEW	18,096	18,096	17,774	0.0	+1.8	+322
HHFA balance available for projects	320	298	6,600	+7.4	−95.2	−6,280

[1] Less than 0.05 percent.
[2] Not available.
[3] This number is the same as that shown under HHFA joint responsibility.

Source: Office of the Administrator, Housing and Home Finance Agency.

TABLE 16.—*First and second advance planning programs: 1944–53*

Item	From 1944 through—			Percent change Dec. 1953 from—		Net change during		1953 percent change from 1952
	December 1953	December 1952	December 1951	December 1952	December 1951	1953	1952	
Number of applications with advances								
Approved, total.....number..	7,740	7,835	7,883	−1.2	−1.8	−95	−48	xx
First advance planning........do....	6,537	6,552	6,566	−0.2	−0.4	−15	−14	xx
Second advance planning......do....	1,203	1,283	1,317	−6.2	−8.7	−80	−34	xx
Paid out................do....	7,615	7,373	7,028	+3.3	+8.4	+242	+345	−29.9
First advance planning........do....	6,492	6,425	6,394	+1.0	+1.5	+67	+31	+116.1
Second advance planning......do....	1,123	948	634	+18.5	+77.1	+175	+314	−44.3
Repaid..................do....	3,590	3,323	2,956	+8.0	+21.4	+267	+367	−27.2
First advance planning........do....	2,980	2,893	2,726	+3.0	+9.3	+87	+167	−47.9
Second advance planning......do....	610	430	230	+41.9	+165.2	+180	+200	−10.0
Estimated construction cost of public works in applications with advances								
Approved, total millions of dol..	3,652	3,721	3,681	−1.9	−0.8	−69	+40	xx
First advance planning........do....	2,589	2,612	2,606	−0.9	−0.7	−23	+6	xx
Second advance planning......do....	1,063	1,109	1,075	−4.1	−1.1	−46	+34	xx
Paid out................do....	3,369	3,152	2,828	+6.9	+19.1	+217	+324	−33.0
First advance planning........do....	2,587	2,542	2,500	+1.8	+3.5	+45	+42	+7.1
Second advance planning......do....	782	610	328	+28.2	+23.8	+172	+282	−39.0
Repaid..................do....	1,510	1,308	1,076	+15.4	+40.3	+202	+232	−12.9
First advance planning........do....	1,140	1,057	973	+7.9	+17.2	+83	+84	−1.2
Second advance planning......do....	370	251	103	+47.4	+259.2	+119	+148	−19.6
Amount of advances in applications								
Approved, total millions of dol..	64.9	68.9	72.0	−5.8	−9.9	−4.0	−3.1	xx
First advance planning........do....	46.2	47.3	47.6	−2.3	−2.9	−1.1	−0.3	xx
Second advance planning......do....	18.7	21.6	24.4	−13.4	−23.4	−2.9	−2.8	xx
Paid out................do....	61.3	56.7	51.0	+8.1	+20.2	+4.6	+5.7	−19.3
First advance planning........do....	45.9	45.1	44.6	+1.8	+2.9	+0.8	+0.5	+60.0
Second advance planning......do....	15.4	11.6	6.4	+32.8	+140.6	+3.8	+5.2	−26.9
Repaid..................do....	25.7	20.6	16.9	+24.8	+52.1	+5.1	+3.7	+37.8
First advance planning........do....	19.7	17.0	15.5	+15.9	+27.1	+2.7	+1.5	+80.0
Second advance planning......do....	6.0	3.6	1.4	+66.7	+328.6	+2.4	+2.2	+9.1

Source: Office of the Administrator, Housing and Home Finance Agency.

TABLE 17.—*Lending activity of the Alaska Housing Authority under Public Law 52: 1949–53*

Period	Appropriation to revolving fund ($000)[1]	Earned surplus ($000)	Loans outstanding ($000)	Undisbursed commitments ($000)	Disbursement in transit and earmarked funds ($000)	Funds available ($000)[2]	Total loan commitments made (net) ($000)	First-mortgage loan commitments: Number of borrowers	First-mortgage loan commitments: Amount (net) ($000)	First-mortgage loan commitments: Number of dwelling units	Loan disbursements ($000)	Loan repayments ($000)
	Cumulative data, from April 23, 1949 through—											
1950, December	10,000	(3)	1,594	2,972	0	5,434	4,566	12	4,480	381	1,594	0
1951, December	13,875	(3)	5,224	1,065	2,441	5,145	6,400	14	5,693	480	5,315	89
1952, December	19,000	(3)	10,743	814	127	7,281	12,759	18	12,021	897	11,913	1,165
1953, December	19,000	210	11,803	32	200	7,124	17,781	19	17,018	1,297	17,753	5,890
1953:												
January	19,000	(3)	10,746	844	127	7,283	12,758	18	12,021	897	11,913	1,167
February	19,000	(3)	10,734	814	5,027	2,395	12,758	18	12,021	897	11,913	1,180
March	19,000	(3)	10,725	5,834	37	2,404	17,748	18	17,011	897	11,913	1,189
April	19,000	(3)	11,799	4,713	0	2,488	17,784	19	17,018	1,297	13,071	1,272
May	19,000	(3)	12,474	4,026	0	2,500	17,784	19	17,018	1,297	13,749	1,285
June	19,000	151	13,192	3,294	0	2,665	17,784	19	17,018	1,297	14,491	1,299
July	19,000	99	15,113	1,342	0	2,644	17,784	19	17,018	1,297	16,443	1,330
August	19,000	131	15,109	1,342	200	2,480	17,784	19	17,018	1,297	16,443	1,334
September	19,000	148	14,667	657	200	3,624	17,784	19	17,018	1,297	17,127	2,460
October	19,000	167	14,654	32	200	4,281	17,784	19	17,018	1,297	17,753	3,098
November	19,000	194	12,268	32	200	6,694	17,784	19	17,018	1,297	17,753	5,485
December	19,000	219	11,863	32	200	7,124	17,784	19	17,048	1,297	17,753	5,890
	Percent change, end of December 1953 from end of—											
1953, November	0	+12.9	−3.3	0	0	+6.4	0	0	0	0	0	+7.4
1952, December	0	(3)	+10.4	−96.2	+57.5	−2.2	+39.4	+5.6	+41.8	+44.6	+49.0	+405.6
	Net change during—											
1952	+5,125	(3)	+5,480	−143	−2,302	+2,090	+6,359	+3	+6,328	+412	+6,508	+1,031
1953	0	(3)	+1,115	−812	+73	−157	+5,025	+1	+5,027	+400	+5,840	+4,725

[1] Since July 1952, funds authorized total $20 million—$15 million Public Law 52, April 23, 1949 and $5 million under Public Law 531, July 14, 1952; funds appropriated total $19 million—$10 million under Public Law 343, October 10, 1949; $3,875,000 under Public Law 253, November 1, 1951; $1,125,000 under Public Law 375, June 5, 1952; and $4 million under Public Law 547, July 15, 1952.

[2] Equal the sum of appropriation to revolving fund and earned surplus minus the sum of loans outstanding, undisbursed commitments, disbursements in transit and earmarked funds.

[3] Not available.

Source: Office of the Administrator, Housing and Home Finance Agency.

TABLE 18.—*FHA insuring activity in Alaska under Public Law 52: 1949–53*

Period	Dwelling units in mortgages insured					Commitments outstanding			Dwelling units started [1]		
	Total dwelling units	In 1- to 4-family structures			In project structures	Total dwelling units	In 1- to 4-family structures	In project structures	Total	In 1- to 4-family structures	In project structures
		Total	New	Existing							
	Annual data										
1949 [2]	792	43	8	35	749	xx	xx	xx	771	22	749
1950	1,590	128	28	100	1,462	xx	xx	xx	1,891	128	1,763
1951	1,224	239	115	124	985	xx	xx	xx	577	247	330
1952	617	199	77	122	418	xx	xx	xx	859	465	294
1953	1,259	989	724	265	270	xx	xx	xx	2,063	1,146	917
	Percent change, 1953 from—										
1952	+104.1	+397.0	+840.3	+117.2	−35.4	xx	xx	xx	+140.2	+146.5	+211.9
	Cumulative data [2]										
1952, December	4,223	609	228	381	3,614	1,535	1,491	44	4,098	962	3,136
1953:											
January	4,271	633	232	401	3,638	1,889	1,869	20	4,205	964	3,240
February	4,293	655	237	418	3,638	1,893	1,873	20	4,229	964	3,264
March	4,385	747	313	431	3,638	1,971	1,809	162	4,271	966	3,306
April	4,449	811	361	450	3,638	1,949	1,787	162	4,479	973	3,506
May	4,515	907	447	460	3,638	2,168	2,006	162	4,715	1,190	3,525
June	4,588	950	473	477	3,638	2,464	2,018	446	5,166	1,641	3,525
July	4,836	994	494	500	3,842	2,233	1,991	242	5,539	1,810	3,729
August	5,061	1,219	701	518	3,842	2,069	1,827	242	5,813	1,884	3,929
September	5,161	1,277	734	543	3,884	2,005	1,805	200	5,930	2,001	3,929
October	5,366	1,482	894	588	3,884	1,900	1,700	200	6,010	2,081	3,929
November	5,414	1,530	913	617	3,884	1,911	1,711	200	6,144	2,091	4,053
December	5,482	1,598	952	646	3,884	1,858	1,658	200	6,161	2,108	4,053
	Percent change end of December 1953 from end of—										
1953, November	+1.3	+4.4	+4.3	+4.7	0	−2.8	−3.1	0	+0.3	+0.8	0
1952, December	+29.8	+162.4	+317.5	+70.0	+7.5	+21.0	+11.2	+354.5	+50.3	+119.1	+29.2

[1] Data adjusted—based on estimated year-end inventory prepared as of Nov. 30, 1952.
[2] Data reflected here begin Apr. 23, 1949, under Public Law 52; however, 553 home units insured prior to that date are excluded.

Source: Federal Housing Administration.

TABLE 19.—*FNMA authorizations in Alaska under Public Law 52: 1949–53*

Period	Total FHA and VA			FHA: Section 608		FHA: Section 207		FHA: Section 203		VA: Sec. 501–60 percent guaranteed	
	Dwelling units[1]	Number of mortgages	Amount ($000)	Number of mortgages	Amount ($000)	Number of mortgages	Amount ($000)	Number of mortgages	Amount ($000)	Number of loans	Amount ($000)
	Annual data										
1949	1,248	138	11,142	77	10,402	0	0	131	740	0	0
1950	561	22	6,563	6	6,404	0	0	16	159	0	0
1951	886	60	10,128	0	137	6	9,322	54	669	0	0
1952	1,054	635	15,904	0	118	6	6,067	628	9,710	1	9
1953	1,591	1,147	22,954	0	103	4	5,446	1,143	18,025	0	0
	Percent change, 1953 from—										
1952	+50.9	+80.6	+44.3	0	−12.7	−33.3	−10.2	+82.0	+85.6	−100.0	−100.0
	Cumulative from April 1949[2] through—										
1952, December	3,742	855	43,737	13	17,061	12	15,389	829	11,278	1	9
1953:											
January	3,756	867	43,946	13	17,061	12	15,389	841	11,487	1	9
February	3,783	894	44,077	13	17,061	12	15,389	868	11,618	1	9
March	3,852	922	45,064	13	17,164	13	15,873	895	12,018	1	9
April	3,915	985	45,735	13	17,164	13	15,873	958	12,689	1	9
May	4,222	1,292	51,006	13	17,164	13	15,873	1,265	17,930	1	9
June	4,594	1,462	56,405	13	17,164	15	18,296	1,433	20,936	1	9
July	4,613	1,481	56,695	13	17,164	15	18,278	1,452	21,244	1	9
August	4,881	1,550	60,334	13	17,164	16	20,835	1,520	22,326	1	9
September	4,945	1,614	61,529	13	17,164	16	20,835	1,584	23,521	1	9
October	5,099	1,768	63,893	13	17,164	16	20,835	1,738	25,885	1	9
November	5,290	1,959	66,648	13	17,164	16	20,835	1,929	28,640	1	9
December	5,339	2,002	67,311	13	17,164	16	20,835	1,972	29,303	1	9
	Percent change end of December 1953 from end of—										
1953, November	+0.9	+2.2	+1.0	0	0	0	0	+2.2	+2.3	0	0
1952, December	+42.7	+134.2	+53.9	0	+0.6	+33.3	+35.4	+137.9	+159.8	0	0

[1] All dwelling unit data were revised as of Jan. 31, 1953; data through May 1952 were estimated.
[2] Data reflected here begin Apr. 23, 1949, except that 91 units approved under sec. 203 prior to Public Law 52 are included.

Source: Office of the Administrator, Housing and Home Finance Agency.

TABLE 20.—*The prefabricated housing lending program: 1946–53*

[In thousands of dollars]

Period	Lending authority	Outstanding principal balance	Judgments receivable	Loan commitments undisbursed	Funds still remaining	Loan commitments (net)	Loan disbursements	Repayments	Charge-offs
	Cumulative data beginning 1946 through end of—								
1953, December	51,980	8,139	4,770	6,872	32,199	58,510	51,638	35,355	3,374
	Annual data								
1951	+24,804	+8,508	0	−7,115	+13,846	+4,275	+11,390	+2,881	0
1952	−367	−21,081	+4,548	−1,649	+17,815	+3,334	+4,983	+18,152	+3,365
1953	−9,789	−1,203	+222	+3,841	−12,647	+12,678	+8,837	+9,811	+9
	Percent change 1953 from—								
1952	xx	xx	−95.1	xx	xx	+280.3	+77.3	−46.0	−99.7
	Cumulative monthly data beginning 1946 through end of—								
1952, December	61,769	9,344	4,548	3,031	44,846	45,832	42,801	25,544	3,365
1953:									
January	61,766	8,658	4,548	2,735	45,825	46,228	43,493	26,923	3,365
February	63,738	8,505	4,548	3,010	45,675	46,736	43,726	27,308	3,365
March	61,724	8,370	4,548	7,019	41,787	50,994	43,975	27,693	3,365
April	61,723	8,250	4,548	6,798	42,127	51,041	44,243	28,080	3,365
May	61,699	7,858	4,548	6,721	42,572	51,077	44,356	28,585	3,365
June	61,690	8,102	4,548	5,854	43,186	50,737	44,883	28,868	3,365
July	[1] 52,457	7,810	4,761	9,826	[1] 30,060	58,927	49,101	33,166	3,365
August	52,457	8,943	4,761	8,539	30,214	58,946	50,408	33,339	3,365
September	52,401	9,245	4,761	7,893	30,502	58,954	51,061	33,690	3,365
October	52,406	9,242	4,779	7,715	30,670	58,988	51,273	33,887	3,365
November	52,388	8,670	4,770	7,332	31,616	58,865	51,533	34,719	3,374
December	51,980	8,139	4,770	6,872	32,199	58,510	51,638	35,355	3,374
	Percent change end of December 1953 from—								
1953, November	−0.8	−6.1	0	−6.3	+1.8	−0.6	+0.2	+1.8	0
1952, December	−15.8	−12.9	+4.9	+126.7	−28.2	+27.6	+20.6	+38.4	+0.3

[1] As of June 30, 1953, the total lending authority was limited to refinancing existing loans or honoring commitments outstanding; also, statutory authority under sec. 102a expired, leaving the sec. 102a lending authority equal to the sum of outstanding principal balance and commitments undisbursed.

Source: Office of the Administrator, Housing and Home Finance Agency.

TABLE 21a.—*Veterans Administration, summary of home-loan guaranty operations: 1944–53*

Period	Number of home applications received: Total [1]	Number of home applications received: New and proposed homes [2]	Units in appraisal requests: proposed homes [2]	Units in appraisal assignments: proposed homes	Home loans closed — Number: Total [3]	Home loans closed — Number: First mortgages [4,5]	Home loans closed — Principal amount: Total ($000)	Home loans closed — Principal amount: First mortgages [4] ($000)	Total amount of guaranty or insurance ($000)	Estimated outstanding principal amount at end of period ($000)
	Cumulative data from June 1944 through December—									
1953	3,440,230	([6])	([6])	([6])	3,916,355	2,783,538	21,544,323	20,967,312	11,533,918	16,100,000
	Annual data									
1945 [7]	51,035	([6])	([6])	([6])	43,256	38,250	192,240	191,874	72,749	500,000
1946	519,848	([6])	([6])	([6])	412,037	402,044	3,302,307	2,285,832	1,092,891	2,600,000
1947	559,320	([6])	([6])	([6])	[8] 541,922	[8] 494,423	3,286,166	3,228,053	1,558,700	5,800,000
1948	330,367	([6])	([6])	([6])	349,934	256,266	1,880,967	1,743,102	927,580	7,200,000
1949	344,947	([6])	([6])	([6])	276,793	177,889	1,423,591	1,275,881	726,004	8,100,000
1950 [9]	[8] 622,924	432,330	([6])	([6])	497,596	373,906	3,073,309	2,903,163	1,663,721	10,300,000
1951	377,530	259,174	164,365	160,861	447,373	413,997	[8] 3,614,480	[8] 3,569,186	[8] 2,124,245	13,200,000
1952	312,908	197,125	226,299	207,634	306,783	306,072	2,721,075	2,719,990	1,589,179	14,600,000
1953	322,780	207,815	251,437	238,387	322,160	322,088	3,064,096	3,064,010	1,783,489	[10] 16,100,000
	Percent change, 1953 from—									
1952	+3.2	+5.4	+11.1	+14.8	+5.1	+5.2	+12.6	+12.6	+12.2	+10.3
1951	−14.5	−19.8	+53.0	+48.2	−28.0	−22.2	−15.2	−14.2	−16.0	+22.0
	Semiannual data									
1949:										
First half	132,471	([6])	([6])	([6])	118,033	72,316	584,172	512,585	203,450	[5,10] 7,700,000
Second half	212,476	([6])	([6])	([6])	158,760	105,573	839,419	763,296	423,554	8,100,000
1950:										
First half [9]	277,801	189,000	([6])	([6])	221,600	156,815	1,273,169	1,182,299	634,679	[5,10] 9,300,000
Second half	[8] 345,123	243,330	256,000	236,049	[8] 275,996	217,091	1,800,141	1,720,864	1,029,042	10,300,000
1951:										
First half	205,227	145,243	90,978	90,833	240,942	212,852	[8] 1,833,574	[8] 1,795,910	[8] 1,079,554	11,800,000
Second half	172,303	113,931	73,387	70,028	206,431	201,145	1,780,906	1,773,276	1,044,691	13,200,000
1952:										
First half	147,549	93,159	113,692	103,434	161,530	160,905	1,421,817	1,420,898	830,088	13,900,000
Second half	165,359	103,966	112,607	104,200	145,253	145,167	1,299,258	1,299,092	759,091	14,600,000
1953:										
First half	153,999	103,025	129,961	120,421	155,227	155,176	1,438,419	1,438,355	838,666	15,300,000
Second half	168,781	104,790	121,476	117,966	166,933	[11] 166,912	1,625,677	1,625,655	944,823	[10] 16,100,000

[1] Includes applications for existing home loans and for alteration and repair, not shown separately. [2] Partially estimated. [3] Includes second mortgage loans, not shown separately. [4] Includes primary loans closed under Sec. 501 and refinanced loans closed under Sec. 507. [5] Cumulative data reflect revisions not shown in annual data. [6] Not available. [7] Program authorized in June 1944; all 1944 activity included in 1945 data. [8] All-time high. [9] Applications for second mortgage loans were terminated Oct. 20, 1950. [10] Estimated by FRB. [11] Semiannual high was 254,084 loans during first 6 months 1947.

Source: Veterans Administration.

TABLE 21b.—*Characteristics of Veterans Administration loans closed: 1948–53*

Period	First mortgage home loans closed—Sec. 501			Purchase price distribution of new and proposed homes[2]					
				Number			Percent		
	Total number[1]	New and proposed construction	Existing homes	Less than $7,000	$7,000 to $9,999	$10,000 and over	Less than $7,000	$7,000 to $9,999	$10,000 and over
	Annual data								
1948[3]	256,000	108,000	142,000	24,000	46,000	38,000	22.2	42.6	35.2
1949	177,765	83,880	89,619	17,116	41,302	25,462	20.4	49.2	30.4
1950	373,764	208,893	[4]160,176	[4]34,437	126,052	48,404	16.5	60.3	23.2
1951	[4]413,785	[4]286,475	122,854	16,721	[4]140,659	129,095	5.8	49.1	45.1
1952	306,008	192,203	109,496	9,047	68,654	115,182	4.7	35.6	59.7
1953	321,981	202,897	115,221	4,155	56,631	[4]142,148	2.0	27.9	70.0
	Percent change, 1953 from—								
1952	+5.2	+5.6	+5.2	−54.1	−17.5	+23.4	xx	xx	xx
1951	−22.2	−29.2	−6.2	−75.2	−59.7	+10.1	xx	xx	xx
	Semiannual data								
1948:									
1st half	162,400	69,300	[4]90,400	16,500	30,500	22,300	23.8	44.0	32.2
2d half	93,600	38,700	51,600	7,500	15,500	15,700	19.4	40.1	40.6
1949:									
1st half	72,255	33,360	37,011	6,131	15,407	11,822	18.4	46.2	35.4
2d half	105,510	50,521	52,608	10,985	25,895	13,640	21.7	51.3	27.0
1950:									
1st half	156,746	81,453	73,090	16,034	48,051	17,368	19.7	59.0	21.3
2d half	[4]217,018	127,440	87,086	[4]18,403	78,001	31,036	14.4	61.2	24.4
1951:									
1st half	212,683	140,881	69,623	10,131	[4]78,443	52,307	7.2	55.7	37.1
2d half	201,102	[4]145,594	53,231	6,590	62,216	[4]76,788	4.5	42.7	52.7
1952:									
1st half	160,862	102,477	56,162	5,308	38,310	58,859	5.2	37.4	57.4
2d half	145,146	89,726	53,334	3,706	30,124	55,977	4.1	33.5	62.3
1953:									
1st half	155,140	98,694	54,151	3,000	30,088	65,647	3.0	30.5	66.5
2d half	166,841	104,203	61,070	1,155	26,543	76,501	1.1	25.5	73.4

[1] Includes loans for alteration and repair, not shown separately in this table.
[2] Prior to 1952, sec. 501 loans only are shown. Beginning 1952, data also include secs. 505 and 507 (less than ½ of 1 percent of the total).
[3] Estimated.
[4] All-time high.

Source: Veterans Administration.

TABLE 22.—*Summary of the farm housing program under Public Law 171: 1949–53*

Period	Applications		Number of individuals receiving aid				Dollar volume of loans and grants obligated			
	Received during period	On hand at end of period	Total	Building loans	Land loans [1]	Repair grants [2]	Total ($000)	Building loans ($000)	Land loans ($000)	Repair grants ($000)
	Cumulative from July 15, 1949 through December—									
1953	68,181	5,077	19,082	18,401	(648)	681 (108)	94,356	92,690	1,302	364
	During the calendar year									
1950 [3]	29,588	9,434	6,681	6,422	(253)	259 (51)	29,215	28,730	347	138
1951	15,300	8,778	5,068	4,850	(186)	218 (33)	23,899	23,412	368	119
1952	13,566	6,995	4,787	4,600	(104)	187 (23)	26,150	25,498	554	98
1953	9,727	5,077	2,546	2,529	(15)	17 (1)	15,692	15,050	33	9
	During the fiscal year									
1950	21,747	11,807	3,956	3,791	(147)	165 (32)	17,316	17,042	188	86
1951	14,805	9,094	5,396	5,154	(193)	242 (37)	24,236	23,751	355	130
1952	15,584	9,250	4,214	4,053	(181)	161 (29)	20,876	20,364	422	90
1953	11,065	7,877	3,416	3,303	(127)	113 (10)	19,352	18,957	337	58
	Semiannual data									
1950:										
1st half [3]	21,747	11,807	3,956	3,791	(147)	165 (32)	17,316	17,042	188	86
2d half	7,841	9,434	2,725	2,631	(106)	94 (19)	11,899	11,688	159	52
1951:										
1st half	6,964	9,094	2,671	2,523	(87)	148 (18)	12,337	12,063	196	78
2d half	8,336	8,788	2,397	2,327	(99)	70 (15)	11,562	11,349	172	41
1952:										
1st half	7,248	9,250	1,817	1,726	(82)	91 (14)	9,314	9,015	250	49
2d half	6,318	6,995	2,970	2,874	(112)	96 (9)	16,836	16,483	304	49
1953:										
1st half	4,747	7,877	446	429	(15)	17 (1)	2,516	2,474	33	9
2d half	4,980	5,077	2,100	2,100	(0)	0 (0)	[4] 12,576	12,576	0	0

[1] Each individual received also a building loan.

[2] Figures shown without parentheses indicate number of individuals who received a repair grant only. Figures shown in parentheses indicate number of individuals who received both a repair grant and a building loan.

[3] The Farm Housing program was approved under Public Law 171 on July 15, 1949; all 1949 data are included in the first half of 1950.

[4] Funds authorized for loans and grants during the fiscal year ending June 30, 1954, totaled $16.8 million; the unused authorization at the end of December 1953 amounted to $4.1 million.

Source: U. S. Department of Agriculture, Farmers Home Administration.

Table 23.—HHFA programs in the Federal budget

[This table presents a brief analysis of the portion of the overall Federal budget expenditures attributable to HHFA programs. Budgetary expenditures of the Government for the fiscal year 1953 were $74 billion, of which $384.6 million were attributable to HHFA programs. It will be noted that the bulk of the expenditures was for the acquisition of assets. Disposition of these assets in later years will result in the return of funds to the Treasury]

Use of funds by HHFA	Receipts and expenditures for fiscal year 1953 (thousands of dollars)	
Acquisition of assets:		
Purchase of mortgages [1]	$585,700	
Less sales and repayments [1]	157,203	
		$428,506
Loans and advances to local governments [2]	945,001	
Less repayments	933,192	
		11,809
Loans for production and sale of housing [3]	24,766	
Less repayments	17,672	
		7,094
Collateral on insurance claims [4]	52,882	
Less recoveries on sale of collateral	10,944	
		41,938
Construction of public defense housing		28,638
Total acquisition of assets		517,985
Grants-in-aid to local governments [5]		36,132
Expenses:		
Administrative	$27,838	
Nonadministrative	30,294	
Payments direct to Treasury [6]	4,224	
FNMA fees to servicing agents	11,068	
FHA participation dividends to mortgagors	8,064	
Other	2,026	
Total expenses		83,514
Total applied to operations		637,631
Source of funds		
Receipts from disposition of property [7]		10,666
Operation of Public War Housing projects	$63,152	
Less operating expenses	27,837	
		35,315
Interest on mortgages, loans and other investments	126,930	
Less interest on borrowings [8]	80,237	
		46,693
Fees and premiums [9]		126,818
Miscellaneous		33,554
Total provided by operations		253,046
Recapitulation		
Total funds applied to operations		637,631
Less total funds provided by operations		253,046
Net budgetary expenditure		384,585
Effect on United States Treasury		
Funds provided by Treasury:		
Net borrowings from (or guaranteed by) Treasury	$441,347	
Appropriation	104,486	
Total funds provided by Treasury		545,833
Funds provided to Treasury:		
Dividends and repayment of appropriations	$84,535	
Investment of insurance reserves in United States bonds	67,450	
Net increase in Treasury cash	9,263	
Total funds provided to Treasury		161,248
Net budgetary expenditures		384,585

[1] FNMA operations account for most of this item.

[2] The 2 most important components of this item, in order of importance, are financing of low-rent housing under the United States Housing Act and loans for slum clearance and urban redevelopment.

[3] These loans are made under the Alaska, prefabricated, and college housing loan programs. Substantial net repayments under the first 2 programs were outweighted by the heavy disbursements under the growing college housing program.

[4] Accounted for by FHA insurance claims, chiefly from Title I Modernization and Improvement Loan Insurance and from Section 608 (multifamily) War Housing Insurance.

[5] Consists of the following 3 items: Annual contributions for low-rent housing ($25.8 million), capital grants for slum clearance and urban redevelopment ($7.8 million), and capital grants for defense community facilities ($2.4 million).

[6] Consists of recoveries from loans and properties under the advance planning programs and World War II public works (Lanham) program, which under existing law are covered directly into miscellaneous receipts of the Treasury.

[7] Principally from sale of public war housing constructed under the Lanham Act.

[8] Practically all of this item represents payments to U. S. Treasury.

[9] About 95 percent of the fees and premiums were in connection with FHA and Federal Savings and Loan Insurance Corporation operations. About $6 million of this item was received to reimburse the Agency for inspection and audit expenses and on account of FNMA commitments to purchase mortgages.

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Appendix B

EXECUTIVE MESSAGES AND FEDERAL LEGISLATION AFFECTING HOUSING IN 1953

A. Executive Messages

Upon taking office on March 4, 1953, the new Administrator of the Housing and Home Finance Agency, the Honorable Albert M. Cole, stated that his one instruction from the President of the United States was to make a thorough study of the programs of the Agency and to come up with any appropriate recommendations for more efficient and effective methods for meeting housing problems. On September 12, 1953, the President by Executive Order 10486 provided for the establishment of the President's Advisory Committee on Government Housing Policies and Programs to be headed by the Housing Administrator as Chairman. The committee was instructed to "make, or cause to be made, studies and surveys of the housing policies and programs of the Government and the organization within the executive branch for the administration of such policies and programs * * *". On December 14, 1953, the committee transmitted its report to the President.

In his first message to the Congress,[1] his address on the "state of the Union," President Eisenhower stated that "housing needs of our people call for intelligently planned programs." The President also informed Congress in this address that steps would be taken to eliminate controls (some of which had been put into effect because of the Korean emergency) in an orderly manner. He stated that he would recommend the continuance of Federal control over rents in those communities in which serious housing shortages exist—the defense areas—but that in these and all areas the Federal Government should withdraw from the control of rents as soon as practicable. Each legislature should have full opportunity to take over within its own State responsibility for rent control, he said.

In another message to the Congress[2] the President recommended the enactment of legislation to establish a commission on governmental functions and fiscal resources to make a thorough study of grants-in-aid activities and the problems of finance and Federal-State relations which attend them. He stated that the commission should study and investigate all the activities in which Federal aid is extended to State and local governments, whether there is justification for Federal aid in all these fields, and whether there is need for such aid in other fields. Public Law 109, establishing the Commission on Intergovernmental Relations, was a result of this recommendation and was approved by the President on July 10, 1953.

One of the President's first Executive orders[3] established the President's Advisory Committee on Government Organization to advise him with respect to changes in the organization and activities of the executive branch of the Government which would promote economy and efficiency in the operations of

[1] H. Doc. 75, 83d Cong.
[2] H. Doc. 114, 83d Cong.
[3] Executive Order 10432, 18 F. R. 617.

the Government. This committee reported to the President on the operations of the Housing and Home Finance Agency, among other agencies, but the report of the committee was not made public. On July 10, the President approved Public Law 108 which established by law the Commission on Organization of the Executive Branch of the Government. This Commission was directed to study the organization and methods of operation of all Federal agencies, except the Judiciary and Congress, to determine what changes should be made to promote efficiency, economy, and improved service in the transaction of the public business.

Reorganization Plan No. 3 of 1953 which was sent to the Congress by the President on April 2, 1953,[4] and became effective on June 12, 1953, established a new Office of Defense Mobilization which took over the functions of the National Security Resources Board and the major functions of the Office of Defense Mobilization established by the President by Executive Order No. 10193, pursuant to the Defense Production Act of 1950, as amended. Effective July 1, 1953, the Office of Defense Mobilization (Defense Mobilization Order 28, later redesignated as Defense Mobilization Order VII–3) outlined its new basic policy on the control of materials and facilities by the use of priorities and allocations authority. Defense Mobilization Order VII–5, effective October 7, 1953, designated supply and requirements agencies and provided that the Housing and Home Finance Administrator should present supply and requirements information to the Office of Defense Mobilization with respect to housing construction, alteration, and repair, except housing and community facilities owned property under the control of the Atomic Energy Commission, and housing on military reservations.

Further, Executive Order 10475, issued July 31, 1953, provided that the powers and functions conferred upon the President by the Housing and Rent Act of 1947, as amended, exclusive of certain provisions, should be administered by the Office of Defense Mobilization. The order also provided that such functions as consist of granting exceptions to persons engaged in national defense activities from the provisions of Section 4 of the Housing and Rent Act giving preferences to veterans in new housing should be performed in such consultation with the Housing and Home Finance Administrator or his repersentative as the Director of the Office of Defense Mobilization and the Housing Administrator should from time to time jointly determine.

Executive Order 10425, dated January 16, 1953, provided for the extension of time relating to the disposition pursuant to the Lanham Act of certain war housing. On June 19, 1953, Executive Order 10462 delegated to the Housing Administrator the President's authority in Section 611 of the Lanham Act to extend the time within which any action is required or permitted to be taken by the Administrator or others under the Lanham Act in connection with the disposition of war housing.

B. The Congress and Federal Legislation

1. Housing Amendments of 1953

The Housing Amendments of 1953, Public Law 94, Eighty-third Congress, approved June 30, 1953, increased the FHA mortgage insurance authorization by $1½ billion and amended the mortgage insurance provisions of the National Housing Act in a number of respects. Provision was made for repayments by FHA of funds furnished by the Treasury to the FHA. Provisions of law were continued in effect for another year for assistance to the provision of defense

[4] H. Doc. 120, 83d Cong.

housing and community facilities and services. Public Law 94 also enacted a new formula for determining interest rates on Federal loans for slum clearance and urban redevelopment, college housing, and low-rent public housing, provided for the termination and dissolution of the corporate existence of the Home Owners' Loan Corporation, and amended other provisions of law with respect to housing and community facilities.

Increase in FHA Mortgage Insurance Authorization

The general FHA mortgage insurance authorization was increased by Section 7 of Public Law 94 from $1,900 million to $3,400 million—an increase of $1½ billion. This increase allowed the President to make allocations from that amount of additional authorization, from time to time, to the various FHA mortgage insurance programs as needed.

Changes in FHA Mortgage Terms

Discretionary Presidential authority—Section 203 low-cost homes.—Section 3 of Public Law 94 added a new subsection (g) to Section 203 of the National Housing Act to authorize the President to allow more liberal loan-to-value ratios and longer maturities for mortgages insured by the FHA to finance single-family, new homes where the mortgagor is the owner-occupant. The time and extent of any liberalization were to be determined by the President as being in the public interest, taking into account the general effect of the action upon conditions in the building industry and upon the national economy. However, the more liberal terms permitted by the President under this authority could not provide for a mortgage in excess of $12,000 or a maturity exceeding 30 years, and a downpayment of at least 5 percent was to be required.

Maximum mortgage amounts—Section 8 low-cost homes.—Section 8 of the National Housing Act provides FHA mortgage insurance for low-cost homes, particularly in outlying and suburban areas. Section 2 of Public Law 94 increased the mortgage ceilings permitted by Section 8 for mortgages insured under that section. This increase in maximum mortgage amounts was intended to encourage the construction of sound and satisfactory housing at moderate prices in outlying and suburban areas.

Following are the changes made by Public Law 94 in Section 8:

1. The basic maximum mortgage amount (where the mortgagor is the owner-occupant) was changed from $4,750, not exceeding 95 percent of value, to $5,700, not exceeding 95 percent of value. The maximum previously permitted in the law for high-cost areas ($5,600 or $8,000 where also a disaster area) was deleted.

2. The maximum mortgage amount where the builder is the mortgagor was changed from $4,250, not exceeding 85 percent of value, to $5,100, not exceeding 85 percent of value.

3. Section 8 of the Act provided that, in order to take advantage of the amounts permitted for an owner-occupant mortgage, the mortgagor must have paid on account of the property at least 5 percent of its value in cash or its equivalent. Section 2 of Public Law 94 changed this percentage to 5 percent of the Federal Housing Commissioner's estimate of the cost of acquisition of the property. This amendment was not meant to result in costs being used as a factor in determining maximum mortgage amounts. The amendment was designed to eliminate inequities in certain cases where higher valuation on one of several properties with the same sales prices caused a higher cash payment and therefore a lower mortgage amount than on the other parcels of less value.

Maximum mortgage amounts—Section 207 rental housing.—Subsection 5(a) of Public Law 94 amended Section 207(c) of the National Housing Act to provide that the maximum amount of a mortgage insured by the FHA under Section 207 (the rental housing provision) should be $2,000 per room (up to $10,000) not exceeding 80 percent of value. The dollar limit was $7,200 per family unit, not exceeding 80 percent of value, if the number of rooms in the project did not equal or exceed 4 per family unit. However, if the number of bedrooms in the project is equal to or exceeds 2 per family unit and the mortgage does not exceed $7,200 per family unit, the mortgage could be in an amount not exceeding 90 percent of value.

This new formula was in place of the previous limitation of $8,100 per family unit (or $7,200 if the number of rooms is less than 4 per family unit) and 90 percent of the value of the property up to $7,000 and 60 percent of the value over $7,000 up to $10,000.

Increase in FHA mortgage maximums in Hawaii.—Section 25(a) of Public Law 94 allowed the FHA Commissioner to permit the maximum amounts of mortgages financing homes in Hawaii to be increased up to, but not exceeding, 50 percent, if he finds that, by reason of higher costs prevailing in the Territory, it is not feasible to construct dwellings in Hawaii without sacrifice of sound standards of construction, design, or livability. The increases allowed in such mortgage amounts were required to be no higher than the Commissioner finds necessary to compensate for the higher costs.

FHA loans in Alaska—Same terms for private lenders as for Alaska Housing Authority.—Section 214 of the National Housing Act was amended by Section 25(c) of Public Law 94 to permit private lenders in Alaska to make certain FHA-insured housing loans on terms equal to those made by the Alaska Housing Authority. By this amendment the FHA Commissioner was authorized to issue to other approved mortgagees the same commitments which are issued to the Alaska Housing Authority in any case where the mortgagor is regulated or restricted by the FHA as to rents, sales and capital structure.

Interest Rates[5]*—Increase in FHA statutory maximums.*—Sections 213, 803, and 908 of the National Housing Act formerly provided that the interest rate on mortgages insured by the FHA under those sections might not exceed 4 percent. Provisions in the Act limiting the maximum interest rate on other FHA-insured mortgages permit FHA to establish interest rates up to 4½ percent for rental housing and up to 5 percent for sales housing (6 percent under certain special circumstances). Because of this statutory 4-percent limit in Sections 213, 803, and 908, FHA could not increase by regulation the interest rate on cooperative housing and military and defense rental housing mortgages governed by these sections when the interest rates on mortgages under other FHA programs were increased early in May 1953. To avoid any market discrimination as to these 3 types of housing because of different interest rates, Public Law 94 (Secs. 6 and 10(c)) amended sections 213, 803, and 908 to provide higher maximum statutory rates for the 3 types. In the case of Section 213 cooperative housing mortgages the previous statutory maximum interest rates were increased from 4 percent to 4½ percent, except that the statutory maximum for mortgages covering individual housing in FHA cooperative projects was 5 percent. Similarly, the statutory maximums in Sections 803 and 908 (military and defense rental housing) were raised from 4 percent to 4½ percent, so that the statutory maximum interest rate for these 2 types of rental housing mortgages was the same as the Section 207 rental housing interest rate maximum.

[5] See also Public Law 101, 83d Cong., *infra.*

FHA Military and Defense Housing

Extension of Title VIII authorization.—Section 10(a) of Public Law 94 extended for 1 year, until June 30, 1954, the special Title VIII authority of the FHA to insure mortgages on privately financed rental housing for military and civilian personnel assigned to duty at military and AEC installations.

Prevention of "mortgaging out"—Title VIII military housing.—Section 10(b) of Public Law 94 added a new paragraph to subsection 803(b) of the National Housing Act, as amended, requiring the mortgagor under a Title VIII FHA-insured mortgage to agree to certify either (a) that the amount of the actual cost to him of the physical improvements on the property equaled or exceeded the proceeds of the mortgage, or (b) the amount by which the proceeds of the mortgage loan exceeded the actual cost of the physical improvements. In the latter case, the mortgagor would be required to agree to pay, within 60 days after the certification, any excess of the amount of the mortgage loan over the actual cost of the improvements. The excess would be paid to the mortgagee for application to the reduction of the principal amount of the mortgage, thereby reducing the contingent mortgage insurance liability of the FHA. Costs of offsite public utilities and streets and of organization and legal expenses are not considered part of the cost of the physical improvements. Also, the costs borne by the Defense Department for preparing plans and specifications and for improving the site are, of course, not considered as the mortgagor's costs if they are not passed on to him. This amendment is designed to assure that the mortgagor-sponsors or builders of FHA Title VIII military rental housing have an actual investment in the housing over and above funds borrowed on mortgage security.

Extension of Title IX authorization.—The Defense Housing and Community Facilities and Services Act of 1951 established the special Title IX liberal FHA mortgage insurance program to assist private enterprise in providing defense housing programed by the Housing and Home Finance Administrator as needed for military personnel or defense workers in critical defense housing areas. Section 16 of Public Law 94 extended the FHA authority to insure mortgages under Title IX for 1 year—until June 30, 1954.

Termination of certain Title IX commitments.—There were a few cases where FHA has made a commitment to insure a mortgage under Title IX but subsequently, because of changes in defense requirements or other circumstances, there is no longer a sufficient prospective market for the dwelling units in the property covered by such mortgage to avoid a default if the units are completed and the mortgage insured. To avoid larger eventual losses to the FHA if such units were to be placed under construction and completed, Public Law 94 (Sec. 11) authorized the Commissioner, in the interest of conserving the National Defense Housing Insurance Fund, to make such cash payment from that fund to the mortgagor or the mortgagee, or both, in any such cases in exchange for a release of the commitment, as the Commissioner determines to be necessary to reimburse the mortgagor or the mortgagee, or both, for monetary loss resulting from previous expenditures made or obligations incurred in reliance on such commitment.

Mortgage Insurance Funds

Repayments to Treasury.—Pursuant to the provisions of the National Housing Act special funds were created for carrying out the provisions of the various FHA insurance programs. The initial capital required to establish some of the FHA funds was furnished by the Treasury, as also were some of the moneys required, during the early years, for administrative expenses. Section 9 of Public Law 94 provided that all of these funds furnished by the Treasury shall be deemed to be an indebtedness to the United States of the particular insurance fund involved. The indebtedness is to be repaid to the Treasury, with simple interest at the rate determined by the Secretary of the Treasury, as rapidly as possible without impairing the solvency of the several insurance funds involved. The amount of repayments to the Treasury, exclusive of the interest to be paid, is estimated to be about $57 million.

Flexibility in use of FHA insurance funds.—Section 8 of Public Law 94 authorized the Federal Housing Commissioner to transfer moneys among the various FHA insurance funds, except the Title I fund which serves the repair and improvement loan insurance program and the Title II mutual mortgage insurance fund. This authority was designed to expedite the repayment to the Treasury of moneys held by some of the insurance funds (as provided in Sec. 7). It will also permit temporary transfers from one fund with a strong cash position to provide moneys to pay maturing debentures payable from another fund temporarily short of cash.

Maturity of FHA Section 207 debentures.—Where there is a default on a rental housing mortgage insured by the FHA under Section 207 of the National Housing Act (the regular FHA mortgage insurance program for rental housing), the insurance claim is paid by the issuance to the mortgagee of FHA's debentures, which are guaranteed as to principal and interest by the United States. These debentures bear an interest rate which is determined when the mortgage is insured, but which cannot exceed 3 percent annually. Under the former provisions of the law, these debentures mature 20 years from the date of their issuance. Subsection 5(b) of Public Law 94 amended Section 207(i) of the National Housing Act to reduce the term of future FHA debentures issued under that section from 20 years to 10 years.

FHA mutual mortgage insurance fund.—Title II of the National Housing Act provides the basic authority for the regular, permanent mortgage insurance programs of the Federal Housing Administration. One- to four-family home mortgages insured under Section 203 of this Title are administered in connection with the mutual mortgage insurance fund, the first of the mortgage insurance funds created by the National Housing Act, as enacted in 1934.

The fund consists of separate group accounts, and of the general reinsurance account. Depending upon the underwriting ratings and the maturities of the insurance contracts, mortgages which are endorsed for insurance under Section 203 in any calendar year are assigned to 1 of 10 possible group accounts which are established at the beginning of each calendar year. Each group account is credited with the fee and premium income from the mortgages assigned to it, and is charged with the expenses and insurance losses incurred on account of those mortgages.

The general reinsurance account is a secondary reserve to the individual group accounts, providing basic support for the insurance system and furnishing to the Federal Government its major protection against financial loss. Its purpose is to cover any deficits in individual group accounts whose resources are insufficient to meet their own expenses and insurance losses at the maturity of the accounts. The general reinsurance account derives its resources from the individual group accounts. Before the Housing Amendments of 1953, 10 percent of the premiums collected by a group account were earmarked for transfer to the general reinsurance account at the maturity of the group account.

The fund is mutual in the sense that mortgagors whose mortgages are assigned to a particular group account participate in a distributive share of the funds of that group account. Participating shares are payable to mortgagors when a group account is terminated. Insurance for any group account is terminated when (1) the available amounts in the group account are sufficient to pay off the remaining unpaid principal and interest of each mortgage assigned to such group account or (2) when all outstanding mortgages in the group have been paid. Upon such termination, under the law before Public Law 94 (a) the estimated losses arising from transactions relating to the particular group were charged to that account, (b) an amount equal to 10 percent of the total premium charges theretofore credited to such group account was now transferred to the general reinsurance account, and (c) the balance paid out to the mortgagees for the benefit and account of the mortgagors.

Section 4 of Public Law 94 made certain changes in the operation of the mutual fund in order to strengthen the fund. It provided statutory authority for increasing the resources of the general reinsurance account. The changes were as follows:

First: The Federal Housing Commissioner was required to establish a rate for the transfer to the general reinsurance account of not less than 10 percent nor more than 35 percent of the premiums collected hereafter in connection with an individual group account, instead of the previous provision for transferring only 10 percent at the maturity of the group account. However, in order to assure adequate protection to the Government at the earliest practicable time, the Commissioner was further directed to transfer to the general reinsurance account 100 percent of all such future premium charges until such time as he determines that the reserves in the general reinsurance account are sufficient to pay all estimated future deficits among individual group accounts.

Second: The Commissioner was required to transfer that portion of future premiums which is earmarked for the general reinsurance account semiannually after their receipt. With respect to past premiums, the amendment provided for a transfer, as of July 1, 1953, of 10 percent of the premiums theretofore credited to the group accounts. The law formerly provided for the transfer to take place at the maturity of the group account. The earlier periodic transfers of premiums serves to increase the resources of the general reinsurance account not only by making these premiums available sooner, but also by crediting to the reinsurance account, rather than to the group accounts, the income from their investment.

Third: The Commissioner was required to transfer to the general reinsurance account all premium charges which are collected on account of the prepayment of mortgages, instead of 10 percent of such charges as is now provided. Before these new provisions in Public Law 94, the balance of these prepayment charges was retained in the individual group account and became available for distribution to terminating mortgagors as part of their participating shares. Thus, prepayment charges paid by mortgagors terminating earlier were in part distributed, more or less as a "windfall," to mortgagors terminating later. This factor, together with the fact that all income derived from the investment of fees and premiums was credited to the group accounts, was largely responsible for the participating shares distributed to the terminating mortgagors being often substantially in excess of the total insurance premiums paid by them. By transferring all the prepayment charges to the general reinsurance account, such "windfalls" will be eliminated. The transfer of the prepayment fees to the general reinsurance account will make them available for the benefit of the entire home mortgage insurance system under Section 203 of the National Housing Act.

Fourth: The Commissioner was required under the provisions of Public Law 94 to limit the shares distributed to mortgagors so that they will never, under any circumstances, exceed the sum of the premiums paid by them. Any amounts in excess of this statutory limit will be transferred to the general reinsurance acount at the maturity of the individual group account.

Fees and Charges Relating to VA and FHA Mortgages

Section 504 of the Housing Act of 1950 requires the Federal Housing Commissioner and the Veterans' Administrator to issue regulations limiting charges and fees imposed upon the builder or other seller, or the veteran or other purchaser, in connection with FHA-insured or VA-guaranteed mortgages financing the construction or sale of housing. Section 203 of Public Law 94 added a provision to Section 504 to the effect that the regulations limiting charges and fees shall not be construed to include any loss suffered by an originating lender in the bona fide sale or pledge of or an agreement to sell the mortgage.

FNMA Secondary Market for Housing Mortgages

Advance commitment authority.—The Federal National Mortgage Association's authority to make advance commitments to purchase military, defense, and disaster housing mortgages was extended by Section 13(a) of Public Law 94 for 1 year—to July 1, 1954.

Section 14 of Public Law 94 made additional FHA Section 213 cooperative housing mortgages eligible for advance commitments to purchase by the Federal National Mortgage Association. Public Law 243, Eighty-second Congress, authorized the FNMA to enter into advance commitments to purchase FHA Section 213 mortgages financing cooperative housing with respect to which the Federal Housing Commissioner had issued, prior to June 29, 1951, a commitment to insure or a statement of eligibility for insurance. Section 14 of Public Law 94 amended Public Law 243 to change the deadline date which makes Section 213 mortgages eligible for advance commitments from "June 29, 1951," to "September 1, 1953." This made FHA Section 213 cooperative housing mortgages with respect to which the FHA had issued a commitment to insure or a statement of eligibility for insurance prior to September 1, 1953, eligible for advance commitments from the Association.

In addition, Section 14 of Public Law 94 exempted Section 213 cooperative housing mortgages from the statutory limitation which prohibits FNMA from purchasing mortgages which exceed $10,000 per family dwelling unit in original principal amount. This exemption applies, however, only in the case of mortgages covering housing in which the number of rooms equals or exceeds six for each family unit, and in which the number of bedrooms equals or exceeds three for each family unit.

The amount of advance purchase commitments which the Federal National Mortgage Association was authorized to make under Public Law 243 for Section 213 mortgages is limited to $30 million outstanding at any one time. The law further provides that not more than $3½ million of this authorization is available for such commitments in any one State. Approximately $17½ million of the authorization under Public Law 243 is unused and was made available for the additional cooperative housing mortgages made eligible by this section of Public Law 94.

Over-the-counter purchase authority.—The Housing Act of 1952 increased the total FNMA authorization by $900 million and limited that additional authorization to defense, military, and disaster mortgages. The limitation appears in the proviso to the first sentence of Section 302 of the National Housing Act. A portion of that additional authorization was estimated not to be needed for defense, military, or disaster mortgages. Subsection 13(b) of Public Law 94 repealed the proviso, thereby freeing approximately $400 million of this $900 million advance commitment authorization for over-the-counter purchases of other VA and FHA mortgages. The total FNMA authorization was not increased by this change.

Purcahse of FHA mortgages on dwellings in Guam or Hawaii.—Section 25(b) of Public Law 94 added a new provision to Public Law 52, Eighty-first Congress, to the effect that any FHA insured mortgages secured by dwellings in Guam or Hawaii may be offered to the Federal National Mortgage Association for purchase. In addition, this provision exempted such mortgages from the $10,000 per family dwelling unit limit, which applies to the principal amounts of other mortgages purchased by the Federal National Mortgage Association.

FNMA 1-for-1 sale and purchase provision.—Section 12 made 3 changes in Section 301(a)(1)(E) of the National Housing Act. The first 2 amendments were purely technical and were designed to make it clear that the computation of the 50 percent purchase restriction is based upon the principal amount of the mortgage paid by the FNMA, which excludes any minor adjustments in the purchase price resulting from accrued interest and service charges. The third amendment provided express statutory authorization to the FNMA to enter into contracts, in connection with the sale of its mortgages, to purchase mortgages in amounts not exceeding the amounts being sold. Mortgage lenders will thus be encouraged to purchase mortgages from FNMA if they know that they will later be able to sell it eligible mortgages. The legislation made 2 basic changes in the 1-for-1 plan previously adopted by the FNMA without express statutory provisions. Under the nonstatutory plan the FNMA undertaking to purchase mortgages in the future was not a binding legal contract, and also, the purchases were necessarily subject to the 50 percent statutory limitation. Under the statutory 1-for-1 plan, the purchase agreement can be made legally binding, and the 50 percent limitation can be waived by the FNMA. The authority of the FNMA to issue purchase contracts under this section expires July 1, 1954, and the amount of such contracts is limited to a total of $500 million. The purchase contracts will not be transferable without the approval of FNMA.

Government-Constructed Defense Housing, Prefabricated Housing, and Sites in Isolated Defense Areas

The authority in the Defense Housing and Community Facilities and Services Act of 1951 (Public Law 139, 82d Cong.) to provide Government-constructed temporary defense housing in critical defense housing areas was extended by Section 16 of Public Law 94 for 1 year (to June 30, 1954). However, similar authority with respect to permanent defense housing was not extended.

Section 16 of Public Law 94 also amended the Defense Housing Act to provide that after June 30, 1954, no prefabricated housing loan could be made by the Housing and Home Finance Administrator under Section 102a of the Housing Act of 1948, as amended, except where a commitment to make such a loan was issued by the Administrator on or before June 30, 1953, or where an existing loan held by the Administrator on June 30, 1953, is being refinanced.

Section 17 of Public Law 94 was a technical amendment made necessary by a provision in Section 16.

Title IV of the Defense Housing and Community Facilities and Services Act of 1951, which deals with the provision of sites for housing and community facilities needed to serve new defense installations in isolated areas, was repealed by Section 19 of Public Law 94. Section 15 was a technical amendment of the Defense Housing Act made necessary by Section 19.

Defense Community Facilities and Services

Section 16 of Public Law 94 extended for 1 year, until June 30, 1954, the Federal aid for community services and facilities in critical defense housing areas provided by Title III of the Defense Housing and Community Facilities and Services Act of 1951. In addition, Section 18 of Public Law 94 added a provision to Section 315(e) of the 1951 act which makes it possible for the Housing and Home Finance Administrator to make a loan or grant to a relocated community when its former site has been requisitioned by the Atomic Energy Commission. New Ellenton, S. C., was cited as an example of a community eligible for such assistance.

Capital Grants for Slum Clearance and Urban Redevelopment

Subsection 106(e) of the Housing Act of 1949 contains a provision that not more than 10 percent of the Federal grants for slum clearance and urban redevelopment authorized under Title I of the Housing Act of 1949 shall be expended in any one State. The total capital grant authorization under that Title is $500 million so that contracts for capital grants entered into with local communities in any one State may not aggregate over $50 million.

Section 22 of Public Law 94 made available $35 million (out of the authorized $500 million) for contracts for capital grants which could be entered into without regard to the 10 percent limitation. However, the section also provided that no State would be eligible for any share of this $35 million unless contracts have been entered into with local public agencies in that State which call for capital grants exceeding two-thirds of the amount which the law presently permits for that State.

Interest Rate Determinations—Federal Loans

Title I of the Housing Act of 1949, as amended, provides for Federal aid in the form of loans and grants to local communities for slum clearance and urban redevelopment. Title IV of the Housing Act of 1950, as amended, provides for Federal loans to colleges for the construction of college housing. The United States Housing Act of 1937, as amended, provides for Federal aid in the form of loans and annual contributions to local communities for low-rent public housing. In the slum clearance and urban redevelopment program and in the low-rent housing program, under the law prior to the enactment of Public Law 94, the interest rate on the Federal loans could not be lower than the annual rate of interest specified in the most recently issued bonds of the Federal Government having a maturity of 10 years or more. In the college housing program, the rate was fixed by law at the annual rate of interest specified in the most recently issued bonds of the Federal Government having a maturity of 10 years or more, plus one-fourth of 1 percent.

Section 24 of Public Law 94 tied the interest rate in each of the 3 Housing Agency programs to a minimum base rate which will—

1. Reflect market yields, instead of interest rates specified in the bonds when issued;
2. Reflect the yield on obligations of the United States having 15 years or more to run to their maturity, instead of the rate on a bond which could have a maturity as low as 10 years;

3. Reflect the average yield during a full 1-month period on all outstanding obligations of the United States having 15 years or more to run to their maturity instead of the rate on a single recent issue of bonds;

4. Retain the base rate, once it is specified by the Secretary of the Treasury, for a 6-month period, instead of varying from month to month as new bonds are issued (thus avoiding frequent changes in the applicable interest rate between the time housing or slum clearance loan contracts are first negotiated and the time they are approved); and

5. Adjust to the nearest one-eighth of 1 percent.

Under the new provisions, the Secretary of the Treasury determines the minimum base rate for these lending programs by estimating the average yield to maturity based on daily closing market bid quotations during the month of May on all outstanding marketable obligations of the United States having a maturity date of 15 or more years from May 1, and by adjusting the average annual yield to the nearest one-eighth of 1 percent. This determination will be made early in June and will become the minimum rate for these programs on all loan contracts approved during the following half-year period, from July 1 through December 31. A similar determination will be made by the Secretary of the Treasury early each December, based on market quotations during November. The base rate so determined will become the minimum rate for the three programs on all loan contracts approved during the following half-year period, from January 1 through June 30. Except for loan contracts approved before the first minimum rate was specified by the Secretary of the Treasury, the new provisions were first effective during the period July 1 to December 31, 1953.

Savings Provision—Obligations of Builders of Private Defense Housing

A technical provision was added by Section 20 of Public Law 94 to the Defense Production Act of 1950 to preserve obligations of builders of programed defense housing which they entered into when they were given special assistance, including the waiver of real estate credit controls, in the financing and sale of the housing. These builders agreed to hold the defense housing for in-migrant defense workers and military personnel for stated periods (varying from 2 to 4 years) at specified rentals or sales prices.

Dissolution of the Home Owners' Loan Corporation

Section 21 provided for the termination of the corporate existence of the Home Owners' Loan Corporation 180 days after the Home Loan Bank Board published a notice to that effect in the Federal Register. Provision was made for the filing of claims against the Corporation and for the Home Loan Bank Board to handle any remaining activities of the Corporation with respect to the execution of instruments or documents affecting title to real estate, satisfactions of liens or judgments in favor of the Corporation, or similar matters. The Board was authorized to delegate its functions with respect to the Corporation to any other Federal agency if the Bureau of the Budget approves.

2. FHA Title I Amendment (Home Modernization and Repair Loan Insurance)

Public Law 5, approved March 10, 1953, amended Title I of the National Housing Act to increase FHA Title I home modernization and repair loan insurance authorization by $500 million—from $1,250 million to $1,750 million. Section 2(a) of the National Housing Act was modified to make it clear that the new dollar limitation governing the Title I insurance authorization refers to the aggregate of loan amounts advanced to borrowers exclusive of financing charges.

Public Law 5 also provided for the repayment to the Treasury on or after July 1, 1953, and before June 30, 1954, of the $8.3 million Government investment in the FHA Title I Fund.

3. Low-Rent Public Housing

The First Independent Offices Appropriation Act, 1954, Public Law 176, approved July 31, 1953, provided that the Public Housing Administration should not, with respect to low-rent public housing projects initiated after March 1, 1949, (1) authorize during fiscal 1954 the commencement of construction of in excess of 20,000 dwelling units or (2) after the date of approval of the act enter into any new agreements or other arrangements which would bind the PHA during fiscal 1954 or for any future years with respect to loans or annual contributions for any additional dwelling units unless thereafter authorized by Congress.

Public Law 176 also provided that during fiscal 1954 the Housing and Home Finance Administrator should make a complete analysis and study of the low-rent public housing program and, on or before February 1, 1954, transmit to the Appropriations Committees of Congress his recommendations with respect to the program.

Provisions were enacted by Public Law 176 to govern procedures by the Public Housing Administration and local housing authorities where low-rent public housing projects have been disapproved by local referenda after contracts have been entered into with the Public Housing Administration.

Previous provisions of fiscal year appropriations were reenacted by Public Law 176 requiring the occupants of low-rent public housing to be citizens of the United States (except for servicemen or veterans) and prohibiting the occupancy of low-rent public housing by a person who is a member of an organization designated as subversive by the Attorney General.

The Public Housing Commissioner was required by Public Law 176 during fiscal 1954 to make every effort to refund all local housing authority bonds held by the Public Housing Administration under the United States Housing Act of 1937. In addition, the record of expenditure of PHA and local housing authorities on any public housing project was required to be open to examination by responsible local authorities in the community, by the local housing authority, or by any firm of public accountants retained by either of the foregoing.

4. Liquidation of Housing Research Program

Public Law 176, Eighty-third Congress, approved July 31, 1953, the First Independent Offices Appropriation Act, 1954, provided that not to exceed $125,000 should be available to the Housing Administrator for liquidation of the housing research program not later than April 30, 1954.

5. Office of Assistant Commissioner for Cooperative Housing Abolished

The First Independent Offices Appropriation Act, 1954, Public Law 176, Eighty-third Congress, approved July 31, 1953, provided that the position of Assistant FHA Commissioner for Cooperative Housing established pursuant to Section 213(f) of the National Housing Act, as amended, was no longer authorized.

6. Slum Clearance and Urban Redevelopment

Provisions were included in the First Independent Offices Appropriation Act, 1954, Public Law 176, Eighty-third Congress, approved July 31, 1953, that before approving any local slum clearance program under Title I of the Housing Act of 1949, as amended, the Housing Administrator should give consideration to the efforts of the locality to enforce local codes and regulations relating to adequate standards of health, sanitation, and safety for dwellings and to the feasibility of achieving slum clearance objectives through rehabilitation of existing dwellings.

A provision was also included in the same law that authority under Title I of the National Housing Act for the insurance by the Federal Housing Administration of home modernization and repair loans should be used to the utmost in connection with slum rehabilitation needs.

7. Lanham Act Projects

The First Independent Offices Appropriation Act, 1954, Public Law 176, Eighty-third Congress, approved July 31, 1953, authorized the Housing Administrator to transfer without reimbursement any Title II Lanham Act project (World War II community facilities) to other Federal agencies whenever the head of such agency so requests after determining that such facility is required for the continued operation of or is an integral of a project under the jurisdiction of that agency.

8. Disposition of Specific Housing Projects

Public Law 112 (H. R. 4978), approved July 13, 1953, repealed Public Law 868, Eighty-first Congress, which law authorized the conveyance to the State of Iowa, without consideration, of all right, title, and interest of the United States in lands and improvements located in Polk County, Iowa, and known as Fort Des Moines. The conveyance would have been made subject to the continued use by the City of Des Moines of veterans' housing projects IOWA–V–13140, V–13077, and VN–13115 so long as they may be needed for veterans' housing purposes.

Public Law 155 (S. 122), approved July 28, 1953, directs the conveyance by the Secretary of the Interior, without consideration, to the city of Rupert, Idaho, all right, title, and interest of the United States to certain lands described in the act. The conveyance is to be subject to the continued use, without payment of ground or other rental therefor, of veterans' temporary housing project IDA–V–10147, for so long as the project may be needed. The terms of contract between the United States and the city of Rupert for such project are not to be affected by the transfer. The conveyance is to be considered a purchase of the land for the purpose of and within the time limitation prescribed in Title VI of the Lanham Act for relinquishment and transfer of such housing projects without consideration under Section 601(b) of that Act. The lands conveyed are to be used for public purposes only.

Private Law 94 (H. R. 233), approved July 27, 1953, released all right, title, and interest of the United States in and to all fissionable materials in certain land located in Marion County, Indiana. (This land was acquired by the United States in 1942 in connection with war housing project IND–12101, but at the conclusion of hostilities was reconveyed to the former owner subject to entry by the United States for removal of any fissionable materials.)

Public Law 247 (H. R. 6354), approved August 8, 1953, authorized the Coast Guard to accept from the Department of the Navy, without reimbursement, the 50-unit defense housing facility at Cape May, N. J., and to operate this housing for the use of Coast Guard and Navy personnel. These housing units were originally built under the Lanham Act for use by Navy personnel.

9. Veterans' Preferences

Public Law 98, Eighty-third Congress, approved June 30, 1953, amended Section 503 of the Lanham Act to clarify the authority of the Housing and Home Finance Administrator to give after July 1, 1953, to any Korean war veteran whose service commences after that time, the same preference for admission to housing provided under Title V of the Lanham Act as is given to veterans of World War II and to Korean war veterans whose services commenced before that time. This amendment was necessitated by the expiration on July 1, 1953, of certain powers under the Emergency Powers Continuation Act (Public Law 45, 82d Cong.) as amended by Public Law 12, Eighty-third Congress. Public Law 98 also amended the Bankhead-Jones Farm Tenant Act and Section 507 of the Housing Act of 1949 to include Korean veterans among the veterans entitled to certain preferences in connection with Federal aid to farm housing.

The Housing and Rent Act of 1953, Public Law 23, Eighty-third Congress, approved April 30, 1953, continued until April 30, 1954, the provision in the Housing and Rent Act of 1947, as amended, requiring preference to veterans in the sale or rental of new houses.

10. Veterans' Home Loans

Public Law 101, Eighty-third Congress, approved July 1, 1953, extended for 1 year—until June 30, 1954—the direct home loan program for veterans and provided an additional $100 million authorization for such loans to be made available at the maximum rate of $25 million per calendar quarter.

The Servicemen's Readjustment Act of 1944, as amended, was also amended to change the maximum interest rate permitted by statute for direct home loans to veterans from 4 per centum per annum to the same maximum rate prescribed by the Veterans' Administrator for guaranteed home loans. The provisions of that Act governing the maximum rate which can be prescribed by the Veterans' Administrator for guaranteed home loans permit it to be as high as 4½ per centum per annum. Public Law 101 amended this provision to make it clear that the Veterans' Administrator can adjust this maximum below as well as up to 4½ per centum.

The Second Independent Offices Appropriation Act, 1954, Public Law 149, Eighty-third Congress, approved July 27, 1953, provided that from September 1, 1953, to June 30, 1954, no part of any appropriation to the Veterans' Administration should be available in connection with any veteran's home loan made, insured, or guaranteed under Title III of the Servicemen's Readjustment Act of 1944, as amended, for the payment of the gratuity authorized by that act equivalent to 4 per centum of the amount originally loaned, guaranteed, or insured by the Veterans' Administration. The provision did not apply with respect to payments based on guarantees made, or certificates of commitments issued prior to September 1, or commitments for loans made by the Veterans' Administration.

11. Real Estate Credit Controls—Priorities and Allocations

The Defense Production Act Amendments of 1953, Public Law 95, Eighty-third Congress, approved June 30, 1953, amended and extended for 2 years the priorities and allocations powers of the President under Title I of the Defense Production Act of 1950 (until June 30, 1955). The definition of the term "national defense" in the Defense Production Act was amended to mean "programs for military and atomic energy production or construction, military assistance to any foreign nation, stockpiling, and directly related activity."

The authority in Title VI of the Defense Production Act for real estate credit controls was allowed to expire as of June 30, 1953.

12. Rent Control

The Housing and Rent Act of 1953, Public Law 23, Eighty-third Congress, approved April 30, 1953, allowed Federal rent controls to expire July 31, 1953, except that the expiration date was extended to April 30, 1954, in critical defense housing areas. The criteria for certification of critical defense housing areas were amended. Provision was made that an area must be determined to fall within the modified criteria if rent control were to continue within the area after July 31, 1953. The Office of Rent Stabilization was ordered to be terminated not later than July 31, 1953. Authorization was given to the President to designate any officer or agency of the Government to administer rent controls.

Public Law 24, approved April 30, 1953, extended rent control in the District of Columbia to July 31, 1953.

13. Federal Loans to State or Local Public Agencies

Public Law 163, Eighty-third Congress, approved July 30, 1953, authorized the President, through such agency as he might designate, to make loans to State and local agencies, and public corporations, boards and commissions to aid in financing public projects. Appropriations of $25 million were authorized for these loans. The authority terminates at the close of June 30, 1955.

14. Disaster Loans

Title II of Public Law 163, Eighty-third Congress, approved July 30, 1953, authorized the Small Business Administration to make loans (among others) necessary because of floods or other catastrophes, including loans for the acquisition or construction of housing for the personal occupancy of the borrower. The loan authority of the Administration terminates June 30, 1955.

15. Federal Aid to Schools

Public Laws 246 and 248, approved August 8, 1953, amended and extended Public Laws 815 and 874 (81st Cong.). Public Law 815 provides Federal assistance to school construction and Public Law 874 provides assistance to the maintenance and operation of schools. The assistance is available to schools in federally affected areas.

16. Relief of Ruth D. Crunk

Public Law 41, Eighty-third Congress, approved May 27, 1953, directed the Secretary of the Treasury to pay to Ruth D. Crunk, widow of Tim D. Crunk, $5,000 in full settlement of all claims against the United States for the death of her husband as the result of burns sustained in a fire in a war housing project in Evansville, Indiana.

17. Emergency Powers Continuation

Public Law 12, approved March 31, 1953, continued to July 1, 1953, certain emergency powers which would have been rendered inoperative upon the termination of the war or of the emergencies proclaimed in 1939 and 1941. Included among powers continued was the authority to continue operation or reactivation of existing Lanham Act housing and the use of leased property. Veterans housing benefits under Title V of the Lanham Act were also extended to persons serving in the Armed Forces prior to July 1, 1953. (See also Public Law 98, supra, under "Veterans' Preferences".)

18. Investigations

In addition to the full-scale general investigation of the Government's housing programs and operations carried on by the Housing Administrator and the President's Advisory Committee on Government Housing Policies and Programs, other investigations relating to housing were authorized by Congress or carried on by Congressional Committees.

In January 1953 the Senate Banking and Currency Committee met with representatives of the Government agencies directly concerned with mortgage financing to discuss the mortgage interest rate problem.

The Subcommittee on Housing of the House Committee on Veterans' Affairs held hearings in Oklahoma City and San Antonio in December 1953, to ascertain information concerning the availability of guaranteed housing loans in the Southwest.

Public Law 108, approved July 10, 1953, established the Commission on Organization of the Executive Branch of the Government to study and investigate the organization and methods of operation of all Federal agencies.

Public Law 109 established the Commission on Intergovernmental Relations to: (1) Study and investigate all of the present activities in which Federal aid is extended to States and local governments, the interrelationships of the financing of this aid, and the sources of the financing of governmental programs; (2) determine and report whether there is justification for such Federal aid in the various fields in which it is extended, whether it should be cut off, limited, or increased; (3) determine whether such aid should be extended in other fields not now covered; and (4) determine the ability of the Federal Government and the States to finance such activities.

A special subcommittee of the House Committee on Government Operations held hearings in Los Angeles in May 1953, on public housing activities in Los Angeles and issued a preliminary report on June 5, 1953.

The third annual report of the activities of the Joint Committee on Defense Production together with materials on national defense production and controls was issued as a "Committee Print" on October 20, 1953. The report of the Housing and Home Finance Agency on its activities under the Defense Production Act appears in this report, along with the reports of other Federal agencies performing functions under the Act.

19. Appropriations

Public Law 91, approved June 30, 1953, provided temporary appropriations for the Housing and Home Finance Agency pending enactment of the First Independent Offices Appropriation Act, 1954. The latter law, Public Law 176, approved July 31, contained the fiscal year 1954 appropriations for the Agency. The Supplemental Appropriation Act, 1954, Public Law 207, approved August 7, 1953, provided that in addition to amounts appropriated for salaries and expenses of the Office of the Administrator, the Administrator might transfer to the appropriation for salaries and expenses from any other funds available for administrative expenses not to exceed $50,000 for the Administrator's study of the housing policies and programs of the Government.

Appropriations for Federal aid to school construction, and the maintenance and operation of schools were provided in the Second Supplemental Appropriation Act, 1953 (Public Law 11, approved Mar. 28), the Departments of

Labor and Health, Education, and Welfare Appropriation Act, 1954 (Public Law 170, approved July 31), and the Supplemental Appropriation Act, 1954 (Public Law 207, approved Aug. 7).

20. Recissions of Appropriations

The First Independent Offices Appropriation Act, 1954, reduced by $17½ million funds previously appropriated for defense housing, by $5 million appropriations for Alaska housing, and by $4.6 million appropriations for advance planning of non-Federal public works. Public Law 170, the Departments of Labor and Health, Education, and Welfare Appropriation Act, provided that the balance of the amount appropriated under section 101 of Public Law 815, Eighty-first Congress (the "School Construction Act") in the Supplemental Appropriation Act of 1951 which was unexpended on December 31, 1953, should be rescinded.

Appendix C

PUBLICATIONS OF THE HHFA

A. Office of the Administrator

Unless otherwise indicated, the following publications are available without charge from the Housing and Home Finance Agency, Washington 25, D. C.

Annual Report.—Sixth Annual Report of the HHFA covering calendar year 1952. Available from Government Printing Office, Washington 25, D. C., $1.

Housing and Home Finance Agency; Its Organization and Functions.—The organization of housing agencies in the HHFA and their respective functions.

List of Selected Publications.—A short list of representative HHFA publications.

Psychological Objectives in Hot Weather Housing—Principles of housing for typical hot climates. Available from Government Printing Office, Washington 25, D. C. 45¢.

Recommendations on Government Housing Policies and Programs—A Report of the President's Advisory Committee on Housing Policies and Programs.—Background information and recommendations on Government housing activities. Available from Government Printing Office, Washington 25, D. C., $1.

Slum Prevention Through Conservation and Rehabilitation.—Exhibit 2 of the Report of the President's Advisory Committee on Housing Policies and Programs.

Publications of the Housing and Home Finance Agency.—List of publications prepared by Office of the Administrator, Federal Housing Administration, Home Loan Bank Board, and Public Housing Administration.

Reading List of Housing in the United States.—List of Government and non-Government publications, by agency and subject matter. Available from Government Printing Office, Washington 25, D. C., 15¢.

Readings for the Prospective Home Owner.—List of Government and non-Government publications on buying, building, and planning homes.

Semi-Annual Report of the Federal National Mortgage Association.—Summary of activities of the FNMA issued semiannually.

Government Guaranteed Real Estate Mortgage Loans Covering Individually Owned Homes and Rental Housing Developments.—Mortgages insured by the FHA or guaranteed by the VA and owned by the Federal National Mortgage Association, available for sale, on a state basis by sections of acts.

Application of Climatic Data to House Design.—A series of six reports designed to help architects, engineers, and housing consultants to use available weather data in the planning of more comfortable, convenient, and economical structures. Available from Government Printing Office, Washington 25, D. C., 75¢.

Basic Principles of Modular Coordination.—A textbook for students, as well as a guide for architectural and engineering draftsmen in applying the principles of modular coordination to working drawings. Government Printing Office, Washington 25, D. C. 25¢.

Construction Aid Series.—Publications directed toward more economical building. (Available from Government Printing Office, Washington 25, D. C., at prices indicated.)

No. 4. Plank-and-Beam System For Residential Construction. 45¢.

Construction Financing For Home Builders.—A simple, comprehensive guide for homebuilders to the practical aspects and procedures of financing new single-family houses. Government Printing Office, Washington 25, D. C. 70¢

Housing Market Analysis—A Study of Theory and Methods.—Factors influencing the size and characteristics of local housing markets are examined in this monograph. Government Printing Office, Washington 25, D. C. 50¢.

Housing Research.—A quarterly publication of HHFA in which results of research activities are reported. (Single copies available from Government Printing Office, Washington 25 D. C., at prices indicated.)

No. 5. March—1953: 40¢.

Is Your Roof Construction Leaking Dollars?
Selection of Durable Exterior White House Paints.
New Home Price Shifts, 1951–52 Under Credit Controls as Amended in 1951.
The Fully Insulated House.
Better Building Codes Through Better Administration.
A Practical Money and Materials Saver for the House Builder:
Chimney Location.
Saving Copper on House Wiring: Part II—Fixed Appliance Circuits.
Housing Research Publications.

No. 6. October—1953: 35¢.

Mobility and Migration as Factors in Housing Demand.
Humidity Conditions in Modern Houses.
Clear-Span Roof Trusses for One-and-One-Half Story Houses.
A Program for Local Training of Building Officials.
Highlights of Outstanding Residential Mortgage Debt Analysis.
Housing Research Publications.

Housing Research Papers.—(Available from Government Printing Office, Washington 25, D. C., at prices indicated).

No. 21. Structural Properties of Light-Gage Tubular Columns. Factual data on the behavior and safe load-carrying capacity of light-gage tubular columns (both hollow and concrete-filled) suitable for the light loads used in dwelling construction. 25¢.

No. 25. Relation of Shrinkage to Moisture Content in Concrete Masonry Units. The first of a series of investigations relative to the reduction of shrinkage cracking of concrete masonry-unit construction. 20¢.

No. 26. Design Data for Some Reinforced Lightweight Aggregate Concretes. One of a series of investigations concerning improvement of the quality and economy of construction with lightweight aggregate concretes. 15¢.

No. 27. Financing the Construction of Prefabricated Houses. Case studies and summary analyses showing how Midwest manufacturers and dealers have financed the erection of prefabricated houses. 40¢.

Housing Research Reprint Series.—Articles previously published in *Housing Research.* (Available from Government Printing Office, Washington 25, D. C., at prices indicated.)

No. 15. Durability of Moisture-Resistant Membrane Material in Contact With the Ground. A summary of recent research on the durability of roofing felt and roll roofing when used as waterproofing membranes. 5¢.

Housing Statistics.—A monthly publication of statistics relevant to housing.

Local Development and Enforcement of Housing Codes.—An aid for cities interested in developing and enforcing minimum housing standards. Government Printing Office, Washington 25, D. C. 40¢.

The Materials Use Survey.—A study of the national and regional characteristics of one-family dwellings built in the first half of 1950. Government Printing Office, Washington 25, D. C. 20¢.

Population Growth in Standard Metropolitan Areas, 1900–1950, With an Explanatory Analysis of Urbanized Areas.—First of a series of reports analyzing patterns of a half-century of metropolitan growth. Government Printing Office, Washington 25, D. C. 55¢.

A Short-Term Forecast of the Housing Market, Jacksonville, Florida.—A simple low-cost technique for a quantitative short-term forecast of housing demand, without regard to price or location, based on an experimental analysis in a moderate-sized industrial community. Government Printing Office, Washington 25, D. C. 25¢.

B. Home Loan Bank Board

The following publications of the Home Loan Bank Board, issued in 1953, may be obtained without charge from the Home Loan Bank Board, Washington 25, D. C.

Savings and Home Financing Source Book, 1952.—Tabular data on savings and home financing.

Summary of Operations for 1952.—Includes Federal Home Loan Bank System, Federal Savings and Loan System, and Federal Savings and Loan Insurance Corporation.

Combined Financial Statement of Members of the Federal Home Loan Bank System, 1952.

Financial Report (Annual) Federal Savings and Loan Insurance Corporation, as of June 30, 1953.

Trends in the Savings and Loan Field.—Covers all savings and loan associations.

C. Federal Housing Administraton

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

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

Amortization and Mortgage Insurance Premium Tables for Mortgages to be Insured under Section 203 of the National Housing Act.—FHA Form No. 2042B, revised 1953.

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

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

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

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

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

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

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

What Is the FHA?—Revised July 1953.

D. Public Housing Administration

Annual Report.—Sixth annual report of the Public Housing Administration, covering calendar year 1952. Available from the Public Housing Administration, Washington 25, D. C.

PART II

OF THE

Seventh Annual Report

HOUSING AND HOME FINANCE AGENCY

Covering the Activities of the

HOME LOAN BANK BOARD

APRIL 5, 1954.

LETTER OF TRANSMITTAL

The Speaker of the House of Representatives,
Washington, D. C.

SIR:

Pursuant to Section 20 of the Federal Home Loan Bank Act, we are pleased to submit the Annual Report of the Home Loan Bank Board, covering the operations of the Federal Home Loan Bank System, the Federal Savings and Loan Insurance Corporation, and the Federal Savings and Loan System for the calendar year 1953.

Respectfully,

WALTER W. MCALLISTER,
Chairman,
WILLIAM K. DIVERS,
Member,
Home Loan Bank Board.

Section 1

HOME LOAN BANK BOARD

1953 A Record Year

The Home Loan Bank Board under statutory authority supervises the Federal Home Loan Banks, charters and supervises Federal savings and loan associations, and operates the Federal Savings and Loan Insurance Corporation which insures the accounts of savings and loan associations and similar institutions.

As indicated in subsequent sections of this report, 1953 was a banner year for the Federal Home Loan Banks, the Federal Savings and Loan Insurance Corporation, and the Federal Savings and Loan System.

Since the growth of the Banks and the Insurance Corporation is primarily dependent upon the activity and development of savings and loan associations and similar institutions, it is significant that growth of these associations during 1953 surpassed that for any prior year. At the close of 1953, savings and loan associations held mortgages with an aggregate unpaid balance of $22 billion, representing an increase during the year of $3.6 billion, or 20 percent. The increase in savings held by such associations amounted to $3.7 billion, or 19 percent, to give a year-end total of $22.8 billion. Assets of all savings and loan associations at the close of 1953 totaled $26.7 billion, of which $23.6 billion were held by associations insured by the Federal Savings and Loan Insurance Corporation, while noninsured associations held $3.1 billion.

Federal Savings and Loan Advisory Council

The activities and responsibilities of the Board consist principally of establishing policies, issuing regulations, and, as indicated above, supervising the operations and activities of the units under its authority. In the determination of these policies, the Board is assisted by an advisory board known as the Federal Savings and Loan Advisory Council, in which each of the Bank Districts is represented and through which the Board is kept up to date on current trends and conditions in the field.

Created by the Federal Home Loan Bank Act, the Council is composed of 17 members—1 member elected by each of the 11 Federal Home Loan Banks and 6 members appointed by the Home Loan Bank Board. Among the latter are included representatives of the national trade organizations and the State Savings, Building and Loan Supervisors.

The Council is authorized to confer with the Board on general business conditions and on special conditions affecting the agencies under the Board's supervision. In addition it may request information and make recommendations concerning matters within the jurisdiction of the Board.

During the calendar year 1953 the Council held 2 meetings in Washington—on May 26–27 and October 22–23. On the agenda for discussion and recommendation were such diversified subjects as hazard insurance, reserve requirements, frequency of examinations, expansion of bank credit, branch office advertising, legislation, dividends, liquidity requirements, and give-away programs.

The following members of the Council served during 1953:

Advisory Council Members Appointed by Home Loan Bank Board

[1] Charles L. Clements, president, United States Savings and Loan League, Miami Beach, Fla.

W. J. P. Farrell, president, National Association of State Savings, Building and Loan Supervisors, Salem, Oreg.

[2] Raleigh W. Greene, president, National Savings and Loan League, St. Petersburg, Fla.

BOSTON:
Judge Frederick J. Dillon, Probate Court for Suffolk County, Boston, Mass.

PITTSBURGH:
Ernest T. Trigg, Malvern, Pa.

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

Advisory Council Members Elected by Federal Home Loan Banks

BOSTON:
Frederick T. Backstrom, executive vice president, First Federal Savings and Loan Association of New Haven, New Haven, Conn.

NEW YORK:
[3] Arthur F. Smethurst, president, Bradford Savings and Loan Association, Newark, N. J.

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

GREENSBORO:
[4] Frank Muller, Jr., president, Liberty Federal Savings and Loan Association, Baltimore, Md.

CINCINNATI:
R. A. Stevens, president, Dyer County Federal Savings and Loan Association of Dyersburg, Dyersburg, Tenn.

INDIANAPOLIS:
Walter Gehrke, president, First Federal Savings and Loan Association of Detroit, Detroit, Mich.

CHICAGO:
Charles R. Jones, secretary, Security Federal Savings and Loan Association, Springfield, Ill.

DES MOINES:
C. R. Mitchell, executive vice president, First Federal Savings and Loan Association of Kansas City, Kansas City, Mo.

LITTLE ROCK:
R. T. Love, secretary-treasurer, Delta Federal Savings and Loan Association, Greenville, Miss.

TOPEKA:
[5] Louis W. Grant, president, Home Federal Savings and Loan Association of Tulsa, Tulsa, Okla.

SAN FRANCISCO:
Joe Crail, president, Coast Federal Savings and Loan Association, Los Angeles, Calif.

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[1] Alternate at October meeting for Mr. Clements: Ralph R. Crosby, president, Old Colony Co-operative Bank, Providence, R. I.

[2] Alternate at October meeting for Mr. Greene: Clifford P. Allen, III, president, Home Building and Loan Association, Philadelphia, Pa.

[3] Alternate at May meeting for Mr. Smethurst: Arthur E. Knapp, president, Nassau Savings and Loan Association, Brooklyn, N. Y.

[4] Vice chairman.

[5] Chairman.

Legislation

Public Law 286, 83d Congress, provided that after August 15, 1953, all Government agencies are required to pay postage on all mailings. Prior to that time the Home Loan Bank Board and the units under its supervision were permitted free mail privileges.

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

Administrative Expenses

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

In 1953 the administrative expenses of the Board, with its 121 employees, totaled $725,000, compared with $759,000 and 124 employees the year before. When expressed in relation to the assets of member associations, the cost was about $32 per million dollars of such assets in 1953 as against $38 in 1952. It has long been the objective of the Board to operate as economically but as efficiently as is consistent with sound management. The following figures show the extent to which the Board has succeeded in reducing operating expenses through simplification of procedures and other refinements:

Fiscal year	Number of employees	Administrative expenses	Cost per $1 million of members' assets
1945	176	$822,859	$103
1947	167	926,700	87
1949	148	811,800	61
1950	142	795,772	52
1951	133	731,513	42
1952	124	758,758	38
1953	121	725,000	32

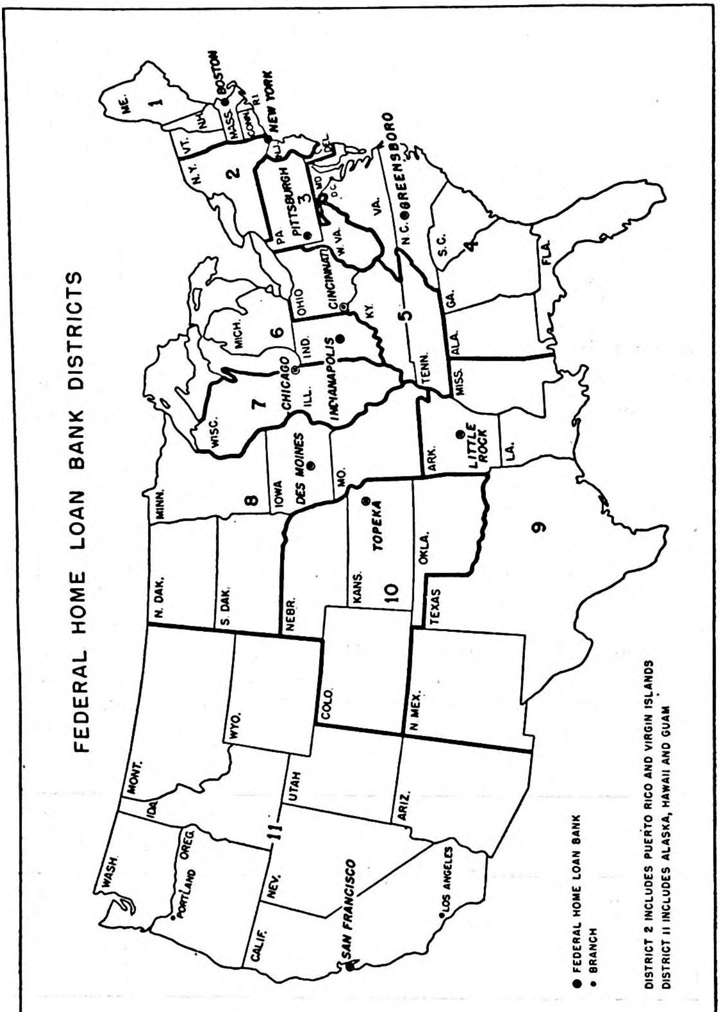
FEDERAL HOME LOAN BANK DISTRICTS
ME.
N.H.
VT.
MASS.
CONN.
R.I.
BOSTON
NEW YORK
N.Y.
N.J.
DEL.
MD.
D.C.
PA.
PITTSBURGH
W. VA.
VA.
N.C.
GREENSBORO
S.C.
GA.
FLA.
ALA.
MISS.
TENN.
KY.
OHIO
CINCINNATI
IND.
INDIANAPOLIS
MICH.
ILL.
CHICAGO
WISC.
MINN.
IOWA
DES MOINES
MO.
ARK.
LITTLE ROCK
LA.
N. DAK.
S. DAK.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

CHART 1.

Section 2

FEDERAL HOME LOAN BANK SYSTEM

Origin and Purpose

The Federal Home Loan Banks which were created by an act of the Congress, approved July 22, 1932, to serve as reserve banks for eligible home-financing institutions, opened for business on October 15, 1932. As indicated in previous annual reports, building and loan associations, savings and loan associations, homestead associations, cooperative banks, savings banks, and insurance companies are eligible for membership in the Bank System, provided the character of their management and their home-financing policies are consistent with sound and economical home financing.

General Comments

Due to the continued high rate of home construction during the calendar year 1953 and the corresponding increase in home financing by member institutions, as well as the increase in savings accounts held by the member institutions, the Federal Home Loan Banks continued their steady growth so that at the close of 1953 their cash and investment holdings, their advances outstanding, deposits held for their members, and their capital stock reached all-time peaks. As a result, the consolidated assets of the Banks amounted to a record high of $1,387,518,000, which represented an increase of $165,816,000, or 13.6 percent over the previous year-end total.

Cash and Investment Securities

While cash holdings of the Banks increased but slightly, the par value of investments in United States Treasury securities increased $77,032,500 to a total of $387,640,000, which amount includes investments of reserves required by the Federal Home Loan Bank Act and by regulations. During the year, investment securities were purchased at an approximate cost of $1,082,733,000 while the proceeds of sales and maturities approximated $1,011,932,000. The United States Treasury obligations owned on December 31, 1953, were distributed as follows:

	Par value	Book value
Treasury bills	$72,400,000	$72,166,383
Certificates of indebtedness	59,200,000	59,243,230
Notes—Marketable	5,699,000	5,699,000
Notes—Special series	52,700,000	52,700,000
Bonds—Bank eligible	155,791,000	155,441,544
Bonds—Bank restricted	31,650,000	31,886,860
Bonds—Savings	10,200,000	10,200,000
Totals	387,640,000	387,337,017

Lending Operations of the Federal Home Loan Banks

The trend of advances outstanding during 1953 followed the usual seasonal pattern by reflecting decreases during each month of the first calendar quarter, increases during each month of the second quarter, and then the usual decrease during July followed by a steady increase each month thereafter, so that at the year's end, advances outstanding totaled $951,555,018. This total represented an increase of $87,366,487, or 10.1 percent over the $864,188,531 balance outstanding at the close of 1952. The increase was the result of advances of $727,516,618 during the year less repayments of $640,150,131. It will be noted by reference to table 2 of this report, that the lending activity of the Banks during 1953 set new records in both advances made and repayments received. The following tabulation reflects the number of borrowers by types and the amount of advances outstanding to each group on December 31, 1953:

Type of institution	Borrowers		Advances outstanding	
	Number	Percent	Amount	Percent
Savings and loan associations and similar institutions:				
Insured by Federal Savings and Loan Insurance Corporation:				
Federally chartered	871	40.57	$593,467,428	62.37
State-chartered	875	40.75	310,789,897	32.66
Other State-chartered [1]	400	18.63	42,949,818	4.51
Subtotals	2,146	99.95	947,207,143	99.54
Insurance company	1	.05	4,347,875	.46
Totals	2,147	100.00	951,555,018	100.00

[1] Includes 1 nonmember borrower whose indebtedness was $32,500.

Advances secured by the pledge of collateral were outstanding to 1,329 borrowing institutions in the aggregate amount of $637,407,110 and represented 67 percent of the total advances outstanding. Of such total, advances of $319,967,937 or 50.2 percent had maturities of 1 year or less while $317,439,173 or 49.8 percent represented amortized loans for terms of more than 1 year on which installments of $50,364,351 were payable within 1 year. The Federal Home Loan Banks held as collateral security to such advances 218,433 home mortgages with unpaid balances aggregating $1,255,303,083, United States Government obligations having a par value of $119,002,500 and other eligible collateral having a face value of $4,130,000. The face value of all such collateral amounted to $1,378,435,583 or 216.26 percent of the $637,407,110 of advances secured thereby. To this collateral, the Banks had assigned, within the statutory limitations, a value of $988,733,426. In addition, each Bank held a statutory lien on its capital stock owned by each member-borrower as further collateral security for all indebtedness of the member to its Bank. Such stock, on December 31, 1953, amounted to $222,175,850 and with respect to each member-borrower was not less than one-twelfth of such member's principal indebtedness to its Federal Home Loan Bank.

Unsecured advances, which require no collateral other than Federal Home Loan Bank stock, amounted to $314,147,908 on December 31, 1953, and represented 33 percent of the total advances outstanding on that date.

It will be observed from the following chart that the high dollar amount of advances outstanding on December 31, 1953, was but 3.7 percent of the total assets of members on that date and that at no time has the total advances outstanding exceeded 5 percent of the combined assets of all members.

FEDERAL HOME LOAN BANK ADVANCES OUTSTANDING AS A PERCENT OF ASSETS OF MEMBER INSTITUTIONS

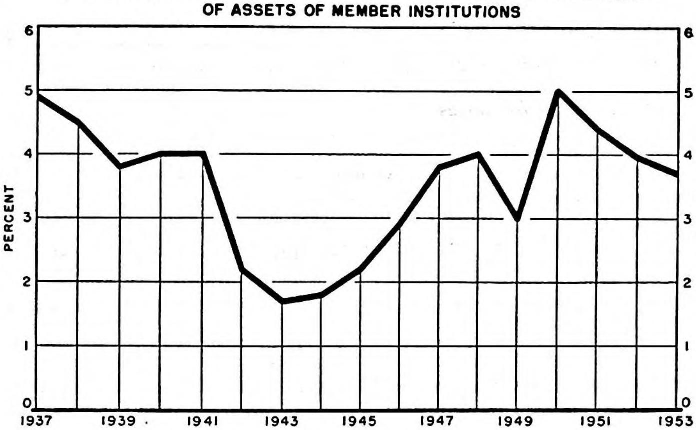

CHART 2.

Delinquent Advances

With the exception of advances totaling $6,300,000 and interest thereon of $721,017 represented by notes from the Long Beach Federal Savings and Loan Association, Long Beach, Calif., none of the $951,555,018 of advances outstanding on December 31, 1953, was more than 30 days past due. An action has been instituted by the Federal Home Loan Bank of San Francisco to recover the amount due from the Long Beach Federal Savings and Loan Association, which association is withholding payment because of claims made by it in two suits, now joined, one arising out of the merger of the Federal Home Loan Bank of Los Angeles with the Federal Home Loan Bank of Portland under the name of the Federal Home Loan Bank of San

Francisco, and the other out of the appointment of a conservator for the Long Beach Federal Savings and Loan Association. Both of said suits have been decided adversely to the Long Beach Federal Savings and Loan Association by the United States Court of Appeals for the Ninth Circuit. Petitions for certiorari filed by the Association and others were denied by the Supreme Court of the United States on May 4, 1953, and mandate issued by the Court of Appeals on May 21, 1953, directing the District Court to deliver to the San Francisco Bank the $6,300,000 in notes and the collateral securing the same, all of which had been impounded by the District Court. The District Court has not yet carried out the mandate. In view of these court decisions, it is the opinion of the Bank's Counsel, the General Counsel for the Home Loan Bank Board, and the Department of Justice attorneys assigned to the case that the attempted defenses raised by the Long Beach Association, which are identical with the matters raised in the two suits decided adversely to it, have no validity and that the Bank will recover judgment for the amount due.

Interest Rates on Advances

Each Federal Home Loan Bank is authorized to establish interest rates on its advances within a maximum limit prescribed by the Home Loan Bank Board. At the present time such rate cannot exceed 6 percent per annum. During the calendar year 1953, all 11 Banks increased the rate of interest charged on advances. Six of the Banks increased the rate by one-half of 1 percent while the increase in 5 Banks was one-fourth of 1 percent per annum. Table 4 of this report reflects the interest rates charged by each Bank on January 1, 1954, on new advances to their respective members.

Interest rates on advances made to nonmember mortgagees under the provisions of section 10b of the Federal Home Loan Bank Act, as amended, must be at least one-half of 1 percent but not more than 1 percent higher than the rates of interest charged members on advances of like character.

Deposits of Members

Deposits of member institutions in the Federal Home Loan Banks increased steadily during 1953 to a year-end figure of $558,445,776, representing an increase of $138,784,660 over the December 31, 1952, total. As of December 31, 1953, demand deposits on which no interest is paid amounted to $87,891,513. Time deposits totaled $470,554,263 and bore interest at annual rates ranging from 1 percent to 2.5 percent. Table 4 of this report reflects the rates of interest paid by each Bank as of January 1, 1954, on the time deposits of their respective members.

As in the case of interest on advances, the Boards of Directors of the Federal Home Loan Banks may establish the rates of interest paid by the Banks on their members' time deposits within a maximum specified by the Home Loan Bank Board. The maximum rate was raised on March 2, 1953, from 2 percent to 2.5 percent per annum.

Interbank Deposits

Transfer of funds from a Federal Home Loan Bank to another Federal Home Loan Bank which has a temporary need thereof is accomplished by means of a deposit with the Bank desiring funds. These interbank deposits bear interest at rates designated by the Home Loan Bank Board. Such rates usually change the day following the issuance or the maturity of a series of consolidated Federal Home Loan Bank obligations, the average annual cost of such obligations then outstanding usually being considered in determining the interbank interest rate to be charged.

During the 1953 calendar year $90,400,000 of such deposits were made and $81,400,000 were returned leaving a balance of $9,000,000 outstanding at the end of the year.

Consolidated Federal Home Loan Bank Obligations

Since 1946 the issuance of consolidated Federal Home Loan Bank obligations has been confined to short-term notes. During 1953, 5 series of such notes were issued in the total amount of $453,500,000 and 6 issues totaling $488,550,000 were retired. The latter figure included $3,500,000 of such obligations owned by some Federal Home Loan Banks at the close of 1952.

From May 10, 1937, through December 31, 1953, consolidated obligations, including debentures, bonds, and notes, were issued in the total amount of $4,449,250,000 of which $4,035,750,000 were retired, leaving a balance outstanding on the latter date of $413,500,000 which comprised the following issues:

Series	Dated	Rate	Maturity	Amount
A-1954	May 15, 1953	2¾	Feb. 15, 1954	$111,000,000
C-1954	Sept. 15, 1953	2¾	Mar. 15, 1954	98,500,000
B-1954	Aug. 17, 1953	2⅞	Apr. 15, 1954	100,000,000
D-1954	Nov. 16, 1953	2.10	May 17, 1954	104,000,000
Total				413,500,000

The Secretary of the Treasury is authorized by law to purchase obligations of the Banks up to a total not exceeding $1 billion outstanding at any one time. To date it has not been necessary to request such a purchase.

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Capital Structure of the Federal Home Loan Banks

The capital of the Federal Home Loan Banks is composed of paid-in capital—represented by capital stock owned exclusively by member institutions—and of earned surplus. The latter is divided into a reserve required by section 16 of the Federal Home Loan Bank Act, as amended, a reserve for contingencies established voluntarily by some of the Banks, and undivided profits. It will be observed from the following comparative tabulation that the Banks' total capital increased $56,138,369 during the calendar year 1953.

	December 31		Increase for 1953
	1953	1952	
Capital stock:			
Subscribed by members	$368,609,800	$315,686,500	$52,923,300
Less—Unpaid subscriptions	86,150	198,625	[1] 112,475
Total paid-in capital	368,523,650	315,487,875	53,035,775
Surplus:			
Legal reserve	19,602,070	17,460,692	2,141,378
Reserve for contingencies	3,158,763	4,831,260	[1] 1,672,497
Undivided profits	14,754,643	12,120,930	2,633,713
Total surplus	37,515,476	34,412,882	3,102,594
Total capital	406,039,126	349,900,757	56,138,369

[1] Indicates negative item.

Capital Stock of the Federal Home Loan Banks

Each member of a Federal Home Loan Bank is required by the Federal Home Loan Bank Act, as amended, to own stock in such Bank in a minimum amount equal to 2 percent of the aggregate of the unpaid principal amount of such member's home mortgage loans and similar obligations, but not less than $500. A borrowing member must at all times own stock in its Federal Home Loan Bank in an amount equal to at least one-twelfth of the principal amount of advances it owes such Bank, but not less than the minimum requirements set forth above. As indicated in the preceding tabulation, the amount paid in on capital stock increased $53,035,775 during 1953 to a year-end total of $368,523,650.

Legal Reserve

Section 16 of the Federal Home Loan Bank Act, as amended, requires each Federal Home Loan Bank to transfer semiannually to a reserve account 20 percent of its net earnings for each semiannual period until such reserve is equal to the Bank's paid-in capital, after which 5 percent of the net earnings must be so transferred. During the calendar year 1953 the Federal Home Loan Banks transferred a total of $2,141,378 to this reserve, resulting in a year-end balance of $19,602,070 which amount equaled 5.32 percent of the total paid-in capital as of December 31, 1953. The Act requires that the reserves of each Federal Home Loan Bank shall be invested, subject to such regulations, restrictions, and limitations as may be prescribed by the Board, in direct obligations of the United States and in such securities as fiduciary and trust funds may be invested in under the laws of the State in which the Bank is located. On December 31, 1953, all of such reserves were invested in direct obligations of the United States.

Comparative Balance Sheets

A comparative consolidated statement of condition of the 11 Federal Home Loan Banks as of December 31, 1953, and December 31, 1952, designated as table 1, provides additional information with respect to changes in the Banks' assets and liabilities during 1953.

Income and Expense

A comparative consolidated statement of income and expense for the calendar years 1953 and 1952 is presented in table 3. The 1953 operating income of $29,278,645 represented a 21.7 percent increase over the 1952 figure, while 1953 operating expense of $18,739,942 was but 20.4 percent greater than the 1952 expenses. This resulted in a net operating income of $10,538,702 for 1953 representing an increase of $2,035,748, or 23.9 percent, over the 1952 amount.

Interest on members' deposits during 1953 amounted to $8,264,922 and reflected an increase of $2,794,782, or 51.1 percent, over the 1952 total. The average monthly balance of such deposits during 1953 was $476,066,724 at an average cost of 1.74 percent per annum as compared with $360,939,571 and 1.52 percent for 1952.

Net income of the Banks during 1953 increased 24.1 percent over 1952 to a total of $10,706,892 and represented an average annual rate of earnings of 2.46 percent on capital stock, after meeting statutory reserve requirements, as compared with a net income of $8,625,076 and a rate of earnings of 2.32 percent for 1952. The following tabulation reflects the disposition of the Banks' net income for 1953 and from the beginning of operations through December 31, 1953:

	Calendar year 1953		Oct. 15, 1932, to Dec. 31, 1953	
	Amount	Percent	Amount	Percent
Dividends paid:				
U. S. Government			$26,176,170	26.9
Member institutions	$7,436,419	69.4	32,474,013	33.3
Total dividends	7,436,419	69.4	58,650,183	60.2
Retirement fund:				
Payments for prior service	96		655,122	.7
Special payments	167,784	1.6	558,013	.6
Undivided profits and contingent reserve	961,215	9.0	17,913,405	18.4
Legal reserve—Section 16 of act	2,141,378	20.0	19,602,070	20.1
Total net income	10,706,892	100.0	97,378,793	100.0

Dividends of Banks

The average annual dividend rate for 1953 was 2.14 percent as compared with 1.91 percent for 1952. Dividend declarations by the individual Banks for 1953 ranged from 1.5 percent to 2.5 percent. During 1952 the minimum rate was 1.25 percent and the maximum 2.25 percent.

During 1952, dividends represented 65.6 percent of that year's net income. It will be noted from the foregoing tabulation that 69.4 percent of the Banks' net income for 1953 was distributed to stockholders in the form of dividends, and that dividends from the beginning of operations equaled 60.2 percent of the cumulative net income.

Required Liquidity of Banks

Section 11(g) of the Federal Home Loan Bank Act, as amended, requires that each Federal Home Loan Bank shall at all times have at least an amount equal to the current deposits received from its members invested in obligations of the United States, deposits in banks or trust companies, and in advances with a maturity of 1 year or less. In order to insure greater liquidity for the purpose of meeting the cash requirements of their members, each Federal Home Loan Bank during 1953 was required to participate in an overall liquidity reserve of $100,000,000 in the proportion its paid-in capital bore to the total paid-in capital of all the Banks, and, in addition thereto, was required to maintain a reserve equal to 25 percent of its deposits from members. These reserves consisted of cash and specified United States Treasury obligations, but not more than 25 percent of such reserves could be invested in marketable obligations with maturities of more than 13 months.

On November 23, 1953, the Board adopted a revised liquidity formula, effective February 15, 1954, which requires each Bank to provide for a liquidity reserve at least equal to 20 percent of the total of its paid-in capital and its liability on members' deposits. The reserve consists of cash on deposit and obligations with maturities not in excess of or which can be redeemed within 13 months and securities acquired under an agreement whereby each of the dealers involved will repurchase such securities on or before a specified date at a price to give the Bank a stipulated yield.

The obligations apportioned to the liquidity reserve must be securities other than those needed for compliance with the requirements of section 16 of the Act.

Growth in Membership

The membership of the Federal Home Loan Banks continued its steady growth during 1953 with net additions of 78 members resulting in a year-end total of 4,134 with estimated assets of $25,836,000,000, which are distributed by types as follows:

Type of member	Number	Assets
Savings and loan associations and similar institutions:		
Insured by Federal Savings and Loan Insurance Corporation:		
Federally chartered	1,604	$14,045,000,000
State-chartered	1,700	9,548,000,000
Other State-chartered	804	1,724,000,000
Subtotal	4,108	25,317,000,000
Savings banks	23	483,000,000
Insurance companies	3	36,000,000
Totals	4,134	25,836,000,000

FEDERAL HOME LOAN BANK SYSTEM
NUMBER AND ASSETS OF MEMBER INSTITUTIONS

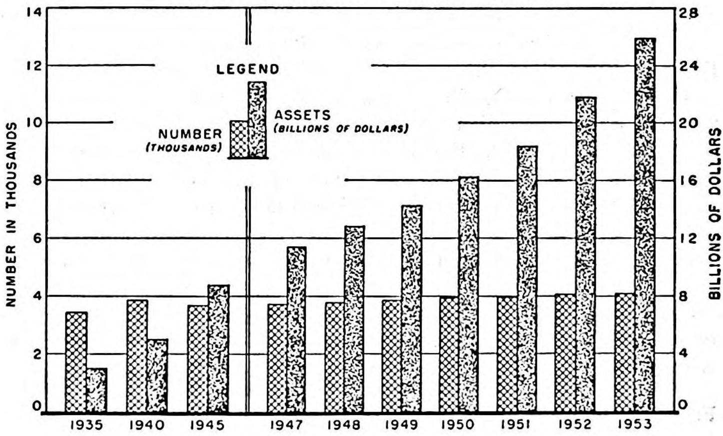


CHART 3.

Liquidity of Members

In order that a member institution may not be wholly dependent upon its Federal Home Loan Bank for its liquidity, the Federal Home Loan Bank Act, as amended, requires that the Home Loan Bank Board by regulation prescribe a standard of liquidity for member institutions within the limits set forth in the Act.

The regulations provide that no insurance company member of a Federal Home Loan Bank may make or purchase any loan, other than loans on its policies, at any time when the aggregate of its cash and obligations of the United States is not at least equal to 6 percent of its policy reserve required by State law. No other member may make or purchase any loan, other than loans on the sole security of its withdrawable accounts, at any time when its cash and obligations of the United States are not at least equal to 6 percent of the obligation of the member on withdrawable accounts. On December 31, 1953, the average liquidity of member savings and loan associations, based on the foregoing requirement, was approximately 15 percent as compared with a percentage of 16.3 a year ago.

Home Loan Bank Board Supervision of Banks

Although the Federal Home Loan Bank Act, as amended, delegates to the Home Loan Bank Board very broad powers of supervision of the operations of the Federal Home Loan Banks, it is the policy of the Board to permit each Bank to operate under the direction of its Board of Directors, within certain limitations, insofar as may be permitted by the laws relating to such operations. In keeping with this policy, each Bank is permitted to establish lines of credit for its member institutions and to make advances to them within such lines, and select and fix the compensation of all employees, except officers and attorneys, if consistent with the Bank's budget of controllable expenses, which budget is required to be submitted to and approved in advance by the Home Loan Bank Board. Other actions by a Bank's Board of Directors requiring specific approval of the Home Loan Bank Board include dividend declarations, appointments and salaries of all officers and attorneys, bylaws and amendments thereto, leases of banking quarters, and purchases and sales of investment securities. As previously stated, interest rates on interbank deposits are fixed by the Board, while interest rates on advances and deposits of members are fixed by each Bank's Board of Directors within limitations prescribed by the Home Loan Bank Board.

Examination of Banks

In keeping with the Federal Home Loan Bank Act, as amended, each Federal Home Loan Bank is examined at least annually by examiners attached to the staff of the Auditor of the Home Loan Bank Board. Also, in accordance with the provisions of the Government Corporation Control Act, the Banks and the internal operations of the Home Loan Bank Board and its constituent units are subject to annual audits by representatives of the General Accounting Office and annual reports thereon are rendered to the Congress. The Government Corporation Control Act requires the General Accounting Office to use to the fullest extent deemed practical reports of examinations of Government corporations made by the supervisory agency pursuant to law. In keeping with this requirement, the representatives of the General Accounting Office have confined their activities largely to periodic surveys of the operations of the Federal Home Loan Banks and analyses of examination and audit reports made by the staff of the Board's Auditor, and to a review and evaluation of the internal audits of the other activities supervised by the Home Loan Bank Board.

Management of Banks

The management of each Federal Home Loan Bank is vested in a board of 12 directors, all of whom shall be citizens of the United States and bona fide residents of the Federal Home Loan Bank District in which such Bank is located. Four of such directors are appointed by the Home Loan Bank Board for terms of 4 years and 8 are elected by the member institutions for terms of 2 years. The terms of the appointed directors are arranged to permit the expiration of but one term each year. The terms of half of the elected directors expire annually. Annual elections of directors are conducted by the Home Loan Bank Board in accordance with its prescribed regulations. A list of directors and officers as of December 31, 1953, follows:

FEDERAL HOME LOAN BANKS

Directors and officers as of December 31, 1953

BOSTON

DIRECTORS

Kenneth C. M. Sills (public interest).
Frederick J. Dillon[1] (public interest).
William J. Pape (public interest).
Rockwell C. Tenney (public interest).
Ralph R. Crosby (at large).
Milton A. Barrett[2] (at large).
Frederick T. Backstrom (class A).
Ralph E. Ellis (class A).
William J. D. Ratcliff (class B).
Frederic E. Small (class B).
Leo G. Shesong (class C).
Walter H. Washburn (class C).

OFFICERS

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

NEW YORK

DIRECTORS

George MacDonald[1] (public interest).
James Bruce (public interest).
Francis V. D. Lloyd (public interest).
Eustace Seligman (public interest).
Arthur F. Smethurst (at large).
Ernest A. Minier[2] (at large).
Leon Fleischmann (class A).
Arthur E. Knapp (class A).
Frank C. Hobler (class B).
Leonard E. Rautenberg (class B).
T. E. Hamilton (class C).
Lester A. Johnston (class C).

OFFICERS

Nugent Fallon, president.
Denton C. Lyon, vice president and secretary.
Harold B. Diffenderfer, vice president and treasurer.
Joseph F. X. O'Sullivan, assistant secretary.

PITTSBURGH

DIRECTORS

Ernest T. Trigg[1] (public interest).
Dr. Charles S. Tippetts (public interest).
Arthur B. Koontz (public interest).
Walter R. Gibbons (public interest).
Fred A. Werner (at large).

[1] Chairman.
[2] Vice chairman.

Directors and officers as of December 31, 1953—Continued

Alexander Salvatori (at large).
Norman E. Clark[2] (class A).
C. Elwood Knapp (class A).
N. E. Braun (class B).
Charles Warner (class B).
Francis E. McGill (class C).
James W. Turtle (class C).

OFFICERS

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

GREENSBORO

DIRECTORS

W. P. Bowers (public interest).
Horace S. Haworth[1] (public interest).
Raymond D. Knight (public interest).
J. Grayson Luttrell (public interest).
Marion M. Hewell (at large).
Frank Muller, Jr. (at large).
Wallace O. DuVall[2] (class A).
Wilfred H. Blanz (class A).
George E. Comer (class B).
D. R. Fonville (class B).
George E. Rutledge (class C).
A. C. Blount (class C).

OFFICERS

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

CINCINNATI

DIRECTORS

Frank K. Vaughn (public interest).
W. D. Gradison (public interest).
Dr. Howard L. Bevis[1] (public interest).
Frazer D. LeBus (public interest).
W. Megrue Brock[2] (at large).
W. B. Furgerson (at large).
A. E. Albright (class A).
Allen C. Knowles (class A).
John C. Mindermann (class B).
E. A. Covington (class B).
Eric L. Schulte (class C).
R. A. Stevens (class C).

OFFICERS

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

INDIANAPOLIS

DIRECTORS

Harold A. Fitzgerald (public interest).
Dr. Herman B. Wells[1] (public interest).
Charles T. Fisher, Jr. (public interest).
E. Kirk McKinney (public interest).
Arthur H. Deitsch (at large).
Fermor S. Cannon[2] (at large).
W. B. Burdick (class A).
Laurence H. Cook (class A).
Harold F. Harrison (class B).
Harold H. Sherman (class B).
J. Albert Jackson (class C).
Byron L. Jones (class C).

OFFICERS

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

CHICAGO

DIRECTORS

Cola G. Parker (public interest).
Cornelius T. Young (public interest).
Myron H. Fox (at large).
Charles R. Jones[2] (at large).
Robert J. Pittelkow (class A).
John P. Domeier (class A).
Earl S. Straight (class B).
Austin J. Waldron (class B).
Robert L. Hirschinger (class C).
E. G. Holzweg (class C).

[1] Chairman.
[2] Vice chairman.

Directors and officers as of December 31, 1953—Continued

OFFICERS

John E. Stipp, president.
A. R. Gardner, executive consultant.
Allan Anderson, vice president.
Ralph Menard, secretary and treasurer.

Des Moines

DIRECTORS

E. Raymond Hughes (public interest).
Paul E. Vardeman (public interest).
John D. Adams [1] (public interest).
Frank I. Neal (at large).
Thomas Greenshields (at large).
Walter R. Youngquist [2] (class A).
N. T. Paterson (class A).
C. R. LaBarre (class B).
Preston A. Richardson (class B).
Richard Stillwagon (class C).
Andrew Madsen (class C).

OFFICERS

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

Little Rock

DIRECTORS

B. H. Wooten [1] (public interest).
Claude H. Roberts (public interest).
T. J. Butler (public interest).
Gordon H. Campbell (public interest).
W. P. Gulley [2] (at large).
C. Roy Smith (at large).
Curtis M. Hennesy (class A).
L. H. Allen (class A).
Albert J. Emke (class B).
A. H. Jerry Knippa (class B).
Louis D. Ross (class C).
Robert T. Love (class C).

OFFICERS

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

Topeka

DIRECTORS

L. C. Aicher (public interest).
Joseph A. Uhl, Jr. (public interest).
Harrington Wimberley [1] (public interest).
Walter R. Raecke (public interest).
F. J. McCue [2] (at large).
A. J. Bromfield (at large).
Gladys Forsyth (class A).
Cleo C. Ingle (class A).
Howard H. McMullin (class B).
Marion T. Rigdon (class B).
Doris E. Soden (class C).
F. E. Myers (class C).

OFFICERS

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

San Francisco

DIRECTORS

Ben A. Perham [1] (public interest).
Harold B. Starkey (public interest).
Archibald B. Young (public interest).
C. W. Leaphart (public interest).
Ralph C. DuVall (at large).
C. N. Bloomfield (at large).
Gerrit Vander Ende (class A).
Joe Crail [2] (class A).
R. Floyd Hewitt (class B).
Alfred F. Kerr (class B).
A. C. Boucher (class C).
Kirk Reynolds (class C).

OFFICERS

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

[1] Chairman.
[2] Vice chairman.

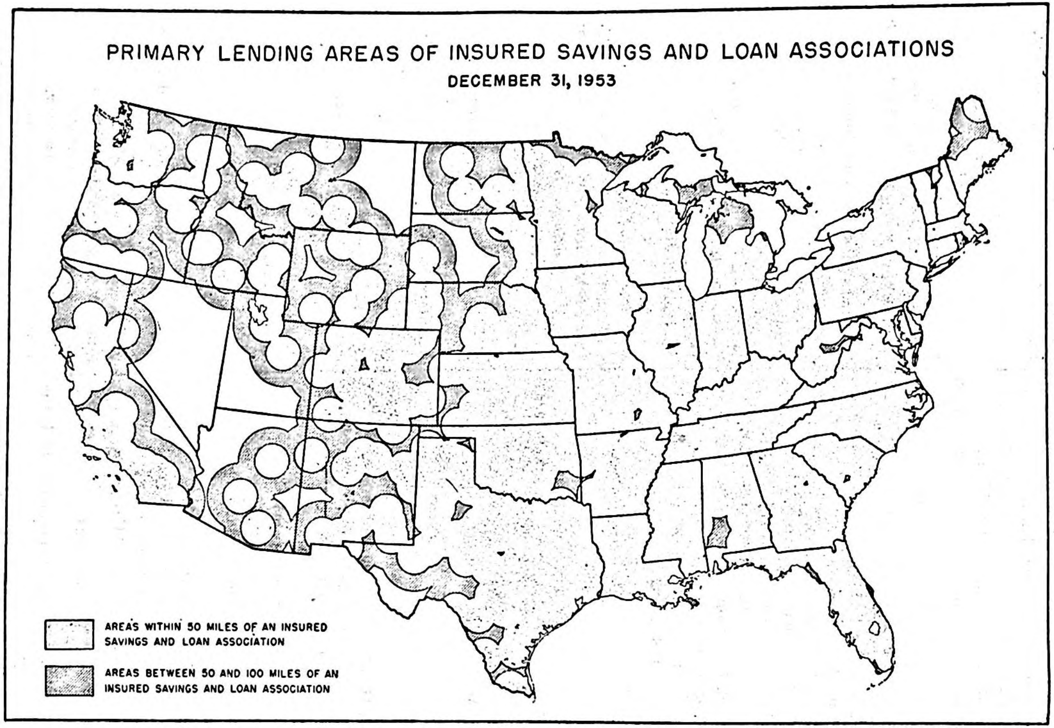

PRIMARY LENDING AREAS OF INSURED SAVINGS AND LOAN ASSOCIATIONS
DECEMBER 31, 1953
AREAS WITHIN 50 MILES OF AN INSURED SAVINGS AND LOAN ASSOCIATION
AREAS BETWEEN 50 AND 100 MILES OF AN INSURED SAVINGS AND LOAN ASSOCIATION

CHART 4.

Section 3

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

Introduction

The creation of the Federal Savings and Loan Insurance Corporation in 1934 provided a secondary source of safety for investments in savings and loan associations. The confidence of the public in the insurance principle has not only increased the flow of savings into these institutions, but, equally important, has made additional funds available for financing the Nation's homes.

From time to time over the years, changes in the basic law have been made in response to the increasing demand for insurance and to put into effect the adjustments suggested by operating experience. Briefly, the major amendments since the creation of the Corporation have reduced the annual premium payments by insured institutions from one-fourth of 1 percent of share and creditor liabilities to one-eighth of 1 percent in 1935 and to one-twelfth of 1 percent in 1950; have extended the term for the accumulation of a minimum 5 percent insurance reserve by insured institutions from 10 to 20 years; have increased the maximum protection from $5,000 to $10,000 for each investor; have provided that the Corporation may pay insured accounts in cash when an insured association is declared in default and placed in liquidation; have provided for the systematic retirement of the Corporation's capital stock now held by the United States Treasury; and have authorized the Corporation to borrow from the United States Treasury such funds as may be needed for purposes of paying insurance, up to $750,000,000 outstanding at any one time.

Insurance Coverage

Insured associations are located in every State in the United States, the District of Columbia, Puerto Rico, Alaska, and Hawaii. At the end of 1953, these institutions held 88 percent of the assets of all savings and loan associations in the country. A net increase of 132 in the membership during the year brought the total number of savings associations offering the benefits of insurance to 3,304 at the end of 1953. Federal associations, for which insurance is mandatory, accounted for 1,604 of the total membership and State-chartered institutions that had qualified for insurance numbered 1,700.

At the close of 1953, over 12,300,000 savers had accounts in insured associations. Their investments totaled $20,252,000,000, of which over 97 percent was entirely covered by insurance. A detailed breakdown, by States and Federal Home Loan Bank Districts, of the number and assets of insured associations at the end of 1953 and 1952 will be found in table 5.

Membership

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

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

Admissions and terminations.—Partially offsetting the addition of 143 associations during 1953 was the withdrawal of 11 associations from the membership. Five institutions voluntarily terminated their insurance, 2 of which reincorporated under other charters; and 6 merged with other insured associations. Insured associations, with the exception of Federal associations, have the right of terminating their insurance, provided they meet certain legal requirements. The law also provides that the Corporation has the right to cancel the insurance of an institution for a violation of its duty as an insured institution. It has been unnecessary for the Corporation to exercise this authority to date.

Number of insurance admissions and terminations

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

Insurance Protection for the Investor

The Corporation protects the individual saver against loss in an insured association through one of two methods: (1) It may act to prevent the default and liquidation of an insured association by making a contribution or a loan to the association or by purchasing some or all of its assets, or (2) when an association is declared in default and is placed in liquidation by the supervisory authorities, the Corporation must pay the insured accounts in cash or must make accounts in other insured associations available to the savers of the association in liquidation.

Insurance Settlements

During the last 9 years, the Corporation has had only 1 insurance case, the completion of which took place in 1952 when the acquired assets were completely liquidated. Other than the cost of money, no loss was suffered. In 36 insurance cases during its 19½ years of operation, the Corporation has had net insurance losses, after allowance for recoveries of all types, of $5,142,180. These losses are equal to 3 percent of cumulative income.

Condition of the Corporation

The Federal Savings and Loan Insurance Corporation had total assets of $223,442,690 as of December 31, 1953, of which approximately 97 percent consisted of United States Government securities.

A comparative statement of condition of the Corporation as of December 31, 1953, and December 31, 1952, appears in table 6.

The capital stock of the Corporation is held by the United States Treasury and, as required by law, is being systematically retired each year in an amount equal to one-half of its income after expenses and losses. The last payment, in July 1953, amounting to $8,768,000, brought the total amount of stock retired to $23,013,000, lowering the total outstanding stock to $76,987,000.

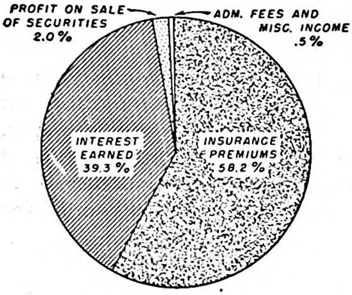
The Corporation's reserve increased to a total of $137,746,877 on December 31, having grown 14.3 percent during the calendar year. The combined capital stock and reserve of the Corporation totaled $214,733,877 and was equal to 1.1 percent of the insured liability at year end.

Operations of the Corporation

The Corporation obtains its income from two main sources—the annual premiums paid by the insured member institutions and earnings on United States Government securities owned by it. Expenses of the Corporation are paid out of the funds from these sources, with no part being paid by the United States Treasury. Cumulative expenses have amounted to 4.3 percent of the total income of the Corporation to date. After payment of an annual return on capital stock to the United States Treasury, the balance of net income is transferred at the close of the fiscal year to the reserve account for insurance losses.

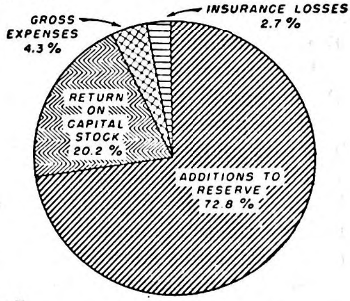
SOURCE AND DISTRIBUTION OF CUMULATIVE GROSS INCOME OF THE FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

SOURCE



Insurance premiums and interest earned on United States Government securities comprise the major sources of income of the Corporation. During the past 19 years funds derived from these sources amounted to 58.2% and 39.3%, respectively, of the Corporation's total cumulative income of $189,354,356.

DISTRIBUTION



Cumulative expenses have amounted to but 4.3% of the Corporation's income to date. Insurance losses have absorbed 2.7% and return on capital stock 20.2%. Thus, of the income received since the inception of the Corporation, 72.8% has been credited to reserves.

CHART 5.

During 1953, gross income of the Corporation amounted to $19,620,689 as compared with $16,983,666 during the previous year. Of this total, 74 percent represented insurance premiums and admission fees, and 26 percent, interest on investments and miscellaneous income. Operating expenses of $725,218 reflected a decrease of 3.9 percent from the previous year and were equivalent to 3.7 percent of gross income. A statement of income and expenses for 1953 and 1952 appears in table 7.

Assets and Liabilities of Insured Associations

Assets of the insured membership totaled $23,593,000,000 at year end, an increase of $4,011,000,000 or 20 percent during the year. About $190,000,000 of the growth was due to the admission of new members and the balance was attributable to the growth of the institutions already insured.

Trends in asset items of all insured associations

[Dollar amounts in millions]

End of year	Total assets		Mortgage loans outstanding	Cash and U. S. Governments	Percent to assets	
	Amount	Percent of all savings and loan associations			Mortgage loans outstanding	Cash and U. S. Governments
1940	$2,926	51.0	$2,370	$195	81.0	6.7
1944	4,995	67.0	3,272	1,493	65.5	29.9
1948	9,715	74.6	7,777	1,616	80.1	16.6
1949	11,278	77.1	9,022	1,869	80.0	16.6
1950	13,644	81.0	11,153	2,002	81.7	14.7
1951	16,146	84.3	13,191	2,295	81.7	14.2
1952	19,582	86.7	16,031	2,718	81.9	13.9
1953 [1]	23,593	88.3	19,524	3,014	82.8	12.8

[1] Preliminary.

The mortgage portfolios of insured associations, accounting for 83 percent of their assets, aggregated $19,524,000,000 as of December 31, 1953. Of these mortgages, $23.50 out of every $100 were guaranteed or insured by the Veterans' Administration or the Federal Housing Administration. The balance represented conventional mortgage loans. Cash and United States Government obligations, representing 13 percent of assets and 15 percent of savings capital, totaled $3,014,000,000 at year end.

Mortgage loans held by insured savings and loan associations Dec. 31, 1953

Type	Amount	Percentage distribution
FHA-insured	$970,266,000	5.0
VA-insured or guaranteed	3,605,853,000	18.5
Subtotal	4,576,119,000	23.5
Uninsured mortgage loans	14,947,881,000	76.5
Total	$19,524,000,000	100.0

After a record growth of nearly $3,400,000,000 during 1953, savings capital of insured associations amounted to $20,252,000,000 on December 31. Withdrawals for the entire year were equivalent to 61 percent of new savings received compared with 60 percent in 1952 and 67 percent in 1951.

Flow of savings—all insured institutions

[Dollar amounts in millions]

Year	New investments	Withdrawals	Net inflow	Withdrawal ratio
1949	$3,688	$2,425	$1,263	65.8
1950	4,543	3,211	1,332	70.7
1951	5,667	3,770	1,897	66.5
1952	7,103	4,267	2,836	60.1
1953	8,662	5,278	3,384	60.9

The combined reserves and undivided profits of insured institutions, which would be available for business losses in case of need, continued to increase in 1953. At the close of the year, such reserve accounts totaled $1,598,000,000 and were equivalent to 6.8 percent of total assets or 7.9 percent of savings capital.

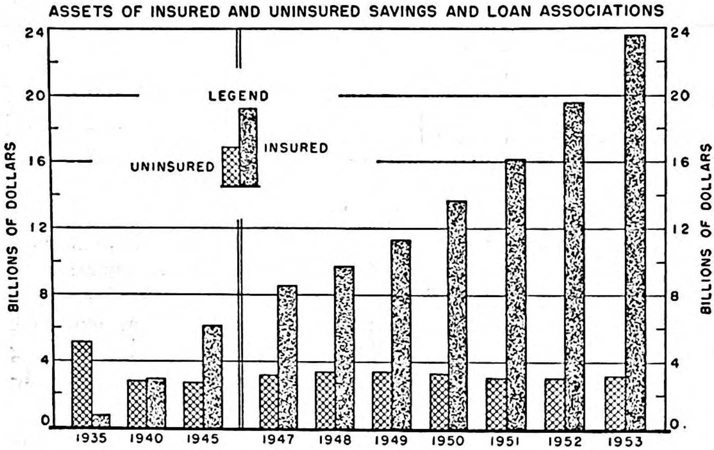


CHART 6.

Section 4

FEDERAL SAVINGS AND LOAN SYSTEM

Introduction

The chartering of Federal savings and loan associations was authorized by section 5 of the Home Owners' Loan Act of 1933. In many areas at that time, local sources of home mortgage credit and facilities for the investment of savings were inadequate. To meet this need, provision was made for the establishment of Federal associations either by the granting of new charters to local organizing groups or by the conversion of existing institutions of the savings and loan type from State to Federal charter.

Responsibility for the organization, chartering, and regulation of Federal associations was vested in the Home Loan Bank Board. Although subject to Board supervision and examination, Federal associations are privately owned and operated mutual institutions, the capital of which is represented entirely by the savings accounts of members. All savings accounts, which are nonassessable, participate equally in the earnings of the assocation, on a pro rata basis, earnings being paid semiannually at a rate determined by the directors on the basis of net profits. Directors are elected by the members at annual meetings.

Federal associations are not permitted to accept deposits, or to issue certificates of indebtedness except for such borrowed money as is authorized by regulations made by the Home Loan Bank Board. Funds received by Federal associations are generally of a savings or investment type. Such funds are loaned principally on a monthly amortization, long-term basis on the security of first liens on local home properties.

The Board has endeavored to incorporate into the charter for Federal associations the soundest and most advanced operating principles and practices known for savings institutions specializing in the financing of homes. Likewise, the savings plans offered to the public by Federal associations are designed both to afford the fullest possible measure of protection and to stimulate regular systematic saving.

All Federal associations must be members of the Federal Home Loan Bank System. An association's membership in this System

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offers it a more ample supply of funds for home-financing purposes and makes the credit facilities of the System available for such other needs as may arise.

In addition, all Federal associations must qualify for insurance of their accounts by the Federal Savings and Loan Insurance Corporation. As a consequence, the funds of each investor in a Federal association are insured against loss up to $10,000 by that Corporation.

Granting of Charters and Branches

Applications for permission to organize new Federal associations are considered by the Board on the basis of all available information relative to the character and responsibility of the applicant group, the need for such an institution in the community to be served, the prospect for its usefulness and success, and whether or not it could be established without undue injury to properly conducted existing local thrift and home-financing institutions. No application is approved until provision has been made for a public hearing, which usually is dispensed with if no notice of intention to appear is received in response to locally published notice of such hearing.

Applications for branch offices by Federal associations are considered by the Board on the basis of the same tests as applications for new Federal charters. Approvals are granted only when there is satisfactory evidence that a necessity exists for such an office in the community and that it can be operated successfully, without undue injury to existing local thrift and home-financing institutions. In all cases provision is made for a public hearing before approval of the establishment of a new branch office, with notice of such hearing published locally and also mailed to the State supervisory authority and to the appropriate regional savings and loan trade organization. Those who wish to protest the establishment of a branch may appear in person or submit their objections in writing.

In the case of conversion of an uninsured State association to Federal charter, the Board applies the same tests as if such association were seeking insurance of accounts under State charter. It is the Board's policy also to permit insured associations to convert either from State to Federal charter or from Federal to State charter, in accordance with the expressed vote of the association's mutual shareholders.

Number and Assets

On December 31, 1953, a total of 1,604 associations were operating under Federal charter, of which 699 were newly organized and 905 had converted from State to Federal charter. Federal associations are located in each of the 48 States and in the District of Columbia, Puerto Rico, Alaska, and Hawaii. The combined assets of all Federal associations, which represent about 52.6 percent of the total assets of all savings and loan associations in the country, increased by 19.4 percent during the year to $14,045,000,000 on December 31, 1953.

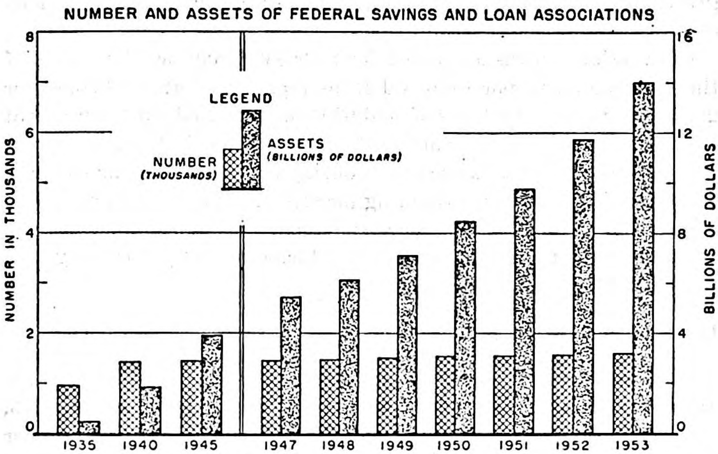

CHART 7.

During the calendar year 1953, there was a net increase of 23 in the number of outstanding Federal charters, almost equally divided between newly organized and converted associations.

The net increase of 37 in the number of branch offices of Federal associations during the same period brought the total on December 31, 1953, to 198 branch offices operated by 140 associations. Of the 198 branches, 160 represent newly established facilities, 23 were in existence before conversion to Federal charter, and 15 represent offices acquired through merger.

Savings Activity

The flow of new savings into Federal savings and loan associations during 1953 was at an all-time high of $5,265,000,000, while withdrawals totaled $3,236,000,000 accounting for a withdrawal ratio of 61 percent as compared with 60 percent for 1952 and 67 percent for 1951. The number of investors in Federal associations increased by 14 percent from 6,310,000 on December 31, 1952, to 7,178,000 at the close of 1953. The aggregate of savings accounts in Federal associations at the close of 1953 was $12,075,000,000, a new peak.

Lending Activity

The mortgage loan portfolio of Federal associations, which represents over 82 percent of their total assets, amounted to $11,567,000,000 on December 31, 1953, as compared with $9,598,000,000 at the close of the previous year. The increase of $1,969,000,000 is the greatest growth experienced in any year since Federal associations were chartered and represents a rise of 21 percent.

Conventional loans accounted for $8,568,000,000, or 74 percent of the mortgage loan portfolio; GI loans represented $2,318,000,000 or 20 percent; and FHA loans of $681,000,000 accounted for 6 percent of the total. Over two-fifths of the $4,043,000,000 total of new mortgage loans made by Federal associations during the year were for the purchase of existing homes, accounting for $1,750,000,000. An additional one-third, or $1,363,000,000, represented loans for new home construction, while the remainder served for refinancing, reconditioning, and other purposes.

Liquidity and Reserves

Liquid assets of Federal savings and loan associations, held in the form of cash and Government obligations, as of December 31, 1953, totaled $1,843,000,000, an increase of $191,000,000, or 12 percent, over the previous year-end holdings. These liquid assets were equivalent to 15 percent of all savings accounts and 13 percent of total assets. General reserves and surplus accounts of all Federal associations increased during 1953 to an estimated $927,000,000 and represented 6.6 percent of assets on December 31, 1953, as compared with 6.7 percent on December 31, 1952.

TABLE 1.—*Federal Home Loan Banks—Comparative consolidated statement of condition as of dates indicated*

	Dec. 31, 1953	Dec. 31, 1952
ASSETS		
Cash:		
On hand and in banks	$29,040,623.63	$28,096,593.82
Treasurer of the United States	15,378,582.18	14,795,564.95
Total cash	44,419,205.81	42,892,158.77
Investments—U. S. Treasury obligations	387,337,017.28	310,937,012.38
Advances outstanding:		
Secured	637,407,110.15	633,645,902.32
Unsecured	314,147,908.00	230,542,628.98
Total advances outstanding	951,555,018.15	864,188,531.30
Accrued interest receivable	4,046,879.49	3,292,955.84
Deferred charges	147,467.23	378,822.43
Other assets	11,966.04	12,541.54
Total assets	1,387,517,554.00	1,221,702,022.26

TABLE 1.—*Federal Home Loan Banks—Comparative consolidated statement of condition as of dates indicated*—Continued

	Dec. 31, 1953	Dec. 31, 1952
LIABILITIES		
Deposits:		
Members—Time	470, 554, 262. 72	352, 605, 193. 53
Members—Demand	87, 891, 513. 64	67, 055, 922. 01
Applicants for membership	233, 325. 00	243, 725. 00
Total deposits	558, 679, 101. 36	419, 904, 840. 54
Accrued interest payable	5, 578, 065. 47	4, 009, 729. 93
Dividends payable	3, 712, 468. 92	2, 799, 493. 33
Accounts payable	8, 792. 56	8, 910. 69
Deferred credits	----------	28, 290. 34
Consolidated obligations (net) [1]	413, 500, 000. 00	445, 050, 000. 00
Total liabilities	981, 478, 428. 31	871, 801, 264. 83
CAPITAL		
Capital stock: Total paid-in on subscriptions	368, 523, 650. 00	315, 487, 875. 00
Surplus—Earned:		
Legal reserve	19, 602, 070. 53	17, 460, 692. 14
Reserve for contingencies	3, 158, 762. 58	4, 831, 259. 91
Undivided profits	14, 754, 642. 58	12, 120, 930. 38
Total earned surplus	37, 515, 475. 69	34, 412, 882. 43
Total capital	406, 039, 125. 69	349, 900, 757. 43
Total liabilities and capital	1, 387, 517, 554. 00	1, 221, 702, 022. 26

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

TABLE 2.—*Federal Home Loan Banks—Summary of lending operations*

	Advances	Repayments	Balance outstanding end of year
Boston	$44, 504, 500. 00	$46, 257, 913. 00	$60, 503, 755. 00
New York	68, 635, 958. 38	77, 705, 105. 30	83, 663, 268. 02
Pittsburgh	60, 996, 500. 00	40, 681, 793. 00	94, 105, 847. 00
Greensboro	109, 076, 083. 34	64, 827, 761. 44	143, 095, 889. 75
Cincinnati	44, 490, 250. 00	42, 076, 075. 00	58, 669, 625. 00
Indianapolis	26, 659, 500. 00	25, 729, 241. 60	51, 880, 655. 06
Chicago	98, 175, 750. 00	78, 443, 270. 00	152, 298, 812. 00
Des Moines	57, 059, 250. 00	39, 749, 204. 50	80, 022, 238. 52
Little Rock	34, 586, 500. 00	25, 701, 144. 00	42, 060, 949. 00
Topeka	20, 764, 000. 00	17, 375, 965. 00	28, 837, 915. 00
San Francisco	162, 568, 326. 00	181, 602, 658. 03	156, 416, 063. 80
Total—Year:			
1953	727, 516, 617. 72	640, 150, 130. 87	951, 555, 018. 15
1952	585, 813, 271. 68	527, 561, 507. 80	864, 188, 531. 30
1951	422, 977, 074. 15	432, 997, 024. 55	805, 936, 767. 42
1950	674, 756, 649. 69	292, 229, 081. 73	815, 956, 717. 82
1949	255, 662, 641. 50	337, 249, 580. 83	433, 429, 149. 86
1948	359, 612, 776. 74	280, 168, 873. 35	515, 016, 089. 19
1947	351, 079, 350. 99	208, 961, 931. 93	435, 572, 185. 80
1946	329, 231, 890. 68	230, 649, 366. 93	293, 454, 766. 74
1945	277, 748, 276. 84	213, 438, 982. 95	194, 872, 242. 99
1944	239, 254, 221. 89	218, 759, 089. 74	130, 562, 949. 10
1943	156, 925, 588. 93	176, 070, 303. 60	110, 067, 816. 95
1942	99, 461, 876. 19	189, 695, 394. 41	129, 212, 531. 62
1941	157, 600, 420. 85	139, 646, 335. 38	219, 446, 049. 84
1940	134, 212, 165. 93	114, 033, 192. 20	201, 491, 964. 37
1939	94, 780, 586. 64	112, 310, 034. 15	181, 312, 990. 64
1938	81, 958, 343. 39	83, 153, 601. 22	198, 842, 438. 15
1937	123, 251, 172. 91	68, 440, 498. 13	200, 037, 695. 98
1936	93, 257, 057. 50	50, 715, 704. 66	145, 227, 021. 20
1935	59, 130, 068. 56	43, 046, 971. 39	102, 685, 868. 36
1934	38, 675, 566. 12	37, 515, 249. 30	86, 602, 571. 19
1933	90, 032, 164. 49	5, 427, 410. 12	85, 442, 254. 37
1932	837, 500. 00	----------	837, 500. 00
Grand totals	5, 353, 775, 283. 39	4, 402, 220, 265. 24	----------

Table 3.—*Federal Home Loan Banks—Comparative consolidated statement of income and expense for the calendar years indicated*

	Calendar year 1953		Calendar year 1952	
	Amount	Percent	Amount	Percent
Earned operating income:				
Interest on advances	$19,867,803.57	67.86	$17,026,155.12	70.74
Interest on securities	9,401,480.77	32.12	7,036,210.84	29.24
Miscellaneous	6,360.35	.02	5,234.71	.02
Total operating income	29,278,644.69	100 00	24,067,600.67	100.00
		Of operating income		*Of operating income*
Operating expenses:				
Compensation	1,184,709.32	4.05	1,118,316.50	4.65
Travel	117,594.99	.40	103,105.46	.43
Other administrative expenses	450,800.98	1.54	414,962.45	1.72
Interest on consolidated obligations	7,938,938.33	27.12	7,642,736.01	31.76
Concessions on consolidated obligations	332,922.62	1.14	352,498.97	1.46
Paid through office of fiscal agent	62,307.50	.21	67,327.19	.28
Interest on members' deposits	8,264,922.28	28.23	5,470,140.04	22.73
GAO audit expense	6,146.25	.02	5,698.87	.02
Assessment for expenses of HLBB	381,600.00	1.30	389,861.00	1.62
Total operating expenses	18,739,942.27	64.01	15,564,646.49	64.67
Net operating income	10,538,702.42	35.99	8,502,954.18	35.33
		Of total income		*Of total income*
Nonoperating income:				
Profit—Sales of securities	176,452.48	.60	264,305.62	1.08
Credit by HLBB on prior years' assessments	100,000.00	.34	0	----------
Furniture and equipment sales	5,679.63	.02	667.20	----------
Miscellaneous	929.32	----------	1,463.08	.01
Total nonoperating income	283,061.43	.96	266,435.90	1.09
Nonoperating charges:				
Loss—Sales of securities	71,064.97	.24	128,089.35	.52
Furniture and equipment purchased	43,807.04	.15	16,224.69	.07
Total nonoperating charges	114,872.01	.39	144,314.04	.59
Net income	10,706,891.84	36.22	8,625,076.04	35.44

TABLE 4.—*Federal Home Loan Banks— Schedule of interest rates on new advances and interest rates paid on members' time deposits Jan. 1, 1954*

	Boston	New York	Pittsburgh	Greensboro	Cincinnati	Indianapolis	Chicago	Des Moines	Little Rock	Topeka	San Francisco
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
Advances to members:											
Only 1 rate in effect	3.0	3.0			3.0	3.0			2.75	3.25	3.25
Secured advances:											
Not exceeding 1 year			2.75	2.75			3.0	2.75			
1 year to 5 years				3.0			3.25				
5 years to 10 years				3.5			3.5				
1 year to 10 years								3.0			
Unsecured advances: 1 year or less			3.0	2.75			3.0	2.75			
Time deposits:											
On deposits remaining:											
Over 30 days	1.25	2.25	1.5	2.25	1.5	2.0	2.0	2.0		2.0	[1] 1.0–2.5
30 to 90 days									1.5		
90 days or longer									2.0		
1 year					2.0						
Certificates of deposit (1 year)	2.0		2.25				2.25				1.75

[1] Paid on the time portion, representing 80 percent of a combination time-demand deposit account.

TABLE 5.—*Federal Savings and Loan Insurance Corporation—Number and assets of insured savings and loan associations, by type, Dec. 31, 1953 and 1952*

[Dollar amounts shown in thousands]

	All Insured				Federal				Insured State			
	1953		1952		1953		1952		1953		1952	
	Number	Assets	Number	Assets	Number	Assets	Number	Assets	Number	Assets	Number	Assets
United States	3,304	$23,593,181	3,172	$19,656,012	1,604	$14,044,853	1,581	$11,761,981	1,700	$9,548,328	1,591	$7,894,031
District No. 1—Boston	95	1,068,160	90	914,385	58	808,325	57	688,121	37	259,844	33	226,264
Connecticut	39	324,159	37	281,649	17	230,131	17	200,825	22	94,028	20	80,824
Maine	9	28,248	9	24,747	5	12,757	5	11,114	4	15,491	4	13,633
Massachusetts	32	408,982	31	416,012	31	400,934	30	408,347	1	8,048	1	7,665
New Hampshire	7	58,306	5	50,582	2	40,885	2	38,414	5	17,421	3	12,168
Rhode Island	5	139,151	5	124,261	1	14,739	1	12,692	4	124,412	4	111,569
Vermont	3	19,323	3	17,134	2	18,879	2	16,720	1	444	1	405
District No. 2—New York	356	3,047,026	344	2,639,412	94	1,499,337	91	1,286,735	262	1,547,689	253	1,352,677
New Jersey	168	960,711	158	820,417	20	125,641	20	106,105	148	835,070	138	714,312
New York	187	2,071,233	185	1,808,920	73	1,358,614	70	1,170,555	114	712,619	115	638,365
Puerto Rico	1	15,082	1	10,075	1	15,082	1	10,075				
District No. 3—Pittsburgh	293	1,386,495	285	1,162,810	152	928,859	150	776,076	141	457,636	135	386,734
Delaware	2	4,742	2	3,771	2	4,742	2	3,771				
Pennsylvania	265	1,296,264	257	1,085,142	129	851,044	127	709,279	136	445,220	130	375,863
West Virginia	26	85,489	26	73,897	21	73,073	21	63,026	5	12,416	5	10,871
District No. 4—Greensboro	454	3,401,773	429	2,781,794	288	2,388,954	275	1,933,190	166	1,012,819	154	848,604
Alabama	30	127,355	29	102,646	23	108,220	21	85,736	7	19,135	8	16,910
District of Columbia	26	570,282	25	498,850	10	142,795	10	121,457	16	427,487	15	377,393
Florida	68	779,904	65	619,292	66	773,202	63	614,644	2	6,702	2	4,648
Georgia	67	428,457	63	343,752	63	415,668	58	330,839	4	12,789	5	12,913
Maryland	58	531,939	52	435,284	39	386,897	36	320,231	19	145,042	16	115,053
North Carolina	115	469,499	107	379,664	32	206,404	32	170,538	83	263,095	75	209,126
South Carolina	53	243,396	52	194,939	34	186,548	34	148,837	19	56,848	18	46,102
Virginia	37	250,941	36	207,367	21	169,220	21	140,908	16	81,721	15	66,459

District No. 5—Cincinnati	419	3,004,664	408	2,622,181	226	1,715,748	226	1,493,792	193	1,288,916	182	1,128,389
Kentucky	64	273,858	61	232,482	55	250,441	55	220,366	9	23,417	6	12,116
Ohio	316	2,458,761	307	2,166,223	135	1,197,553	134	1,052,992	181	1,261,208	173	1,113,231
Tennessee	39	272,015	40	223,476	36	267,754	37	220,434	3	4,291	3	3,042
District No. 6—Indianapolis	206	1,404,081	201	1,163,844	109	957,953	108	803,066	97	446,128	93	360,778
Indiana	149	775,118	146	647,375	73	503,445	72	426,412	76	271,673	74	220,963
Michigan	57	628,963	55	516,469	36	454,508	36	376,654	21	174,455	19	139,815
District No. 7—Chicago	472	2,930,242	450	2,394,012	149	1,408,435	146	1,169,075	323	1,521,807	304	1,224,937
Illinois	340	2,304,113	323	1,890,785	109	1,206,013	106	1,003,981	231	1,098,100	217	886,804
Wisconsin	132	626,129	127	503,227	40	202,422	40	165,094	92	423,707	87	338,133
District No. 8—Des Moines	209	1,438,387	193	1,175,550	113	947,561	111	773,752	96	490,826	87	401,798
Iowa	57	266,803	53	216,627	33	165 613	32	134,026	24	101 195	21	82,601
Minnesota	40	541,610	40	472,518	32	439,972	32	379,630	8	101,638	8	92,918
Missouri	96	552,522	90	424,912	37	298,919	36	225,181	59	253,573	54	199,728
North Dakota	8	55,203	8	44,426	6	29,750	6	23,506	2	25,453	2	20,920
South Dakota	8	22,244	7	17,037	5	13,277	5	11,406	3	8,967	2	5,631
District No. 9—Little Rock	307	1,324,454	293	1,079,709	158	605,473	159	501,455	149	718,981	134	578,254
Arkansas	42	107 678	41	89,950	36	93,487	35	78,347	6	14,191	6	11,603
Louisiana	73	369,304	72	315,696	14	71,977	14	59,378	59	297,327	58	256,318
Mississippi	26	84,762	26	68,514	21	71,344	21	56,955	5	13,418	5	11,550
New Mexico	15	57,260	15	47,329	7	35,919	7	29,836	8	21,311	8	17,493
Texas	151	705,450	139	558,220	80	332,716	82	276,939	71	372,734	57	281,281
District No. 10—Topeka	196	959,256	185	778,769	98	608,526	97	508,845	98	350,730	88	269,924
Colorado	47	249,308	44	202,938	23	163,014	23	138,226	24	86,294	21	64,712
Kansas	73	293,480	69	234,787	29	174,184	28	136,710	44	119,296	41	98,077
Nebraska	29	120,664	27	91,717	15	46,930	15	37,544	14	73,734	12	54,173
Oklahoma	47	295,804	45	249,327	31	224,398	31	196,365	16	71,406	14	52,962
District No. 11—San Francisco	297	3,623,634	289	2,943,516	159	2,175,682	161	1,827,874	138	1,452,952	128	1,115,672
Alaska	1	2,071	1	1,851	1	2,071	1	1,851				
Arizona	5	69,518	4	53,838	2	50,907	2	38,772	3	18,611	2	15,066
California	172	2,660,482	165	2,134,065	71	1,445,188	73	1,216,630	101	1,215,294	92	917,435
Hawaii	4	21,250	4	17,196	1	13,365	1	10,455	3	7,885	3	6,741
Idaho	9	55,157	9	49,615	8	53,826	8	48,921	1	1,331	1	694
Montana	10	46,843	10	40,584	4	15,542	4	13,601	6	31,301	6	26,923
Nevada	1	8,696	1	7,312	1	8,696	1	7,312				
Oregon	21	125,305	21	110,361	21	125,305	21	110,361				
Utah	10	108,955	10	91,029	6	57,519	6	46,230	4	51,436	4	44,790
Washington	55	501,629	55	412,541	35	374,535	35	308,518	20	127,094	20	104,023
Wyoming	9	28,728	9	25,151	9	28,728	9	25,151				

TABLE 6.—*Federal Savings and Loan Insurance Corporation—Statement of condition as of dates indicated*

	Dec. 31, 1953	Dec. 31, 1952
ASSETS		
Cash	$1,073,174.45	$1,208,240.82
Accounts receivable:		
Insurance premiums—Payments due	333,614.26	273,179.09
Insurance premiums—Payments deferred	4,174,711.91	3,473,344.76
Admission fees receivable	120.27	1,226.99
Miscellaneous		6.00
Total	4,508,446.44	3,747,756.84
Investments:		
U. S. Government securities (par value)	217,440,000.00	208,740,000.00
Unamortized discount on investments	608,452.79	442,817.65
(Market value—$214,484,375.00)	216,831,547.21	208,297,182.35
Accrued interest on investments	867,776.09	290,758.57
Pending and unclaimed insured accounts in liquidated institutions	7,046.38	7,046.38
Less: Allowance for losses	596.23	596.23
Total	6,450.15	6,450.15
Furniture, fixtures, and equipment	59,035.59	56,596.60
Less: Allowance for depreciation	59,035.59	56,596.60
Total		
Deferred charges:		
Prepaid assessment to Home Loan Bank Board	155,037.03	140,131.35
Fidelity bond and other insurance premiums		361.06
Total	155,037.03	140,492.41
Other assets	258.45	431.10
Total assets	223,442,689.82	213,691,312.24
LIABILITIES AND CAPITAL		
Liabilities:		
Accounts payable	8.06	34.08
Accrued liabilities	24,589.72	32,274.73
Accrued payments in lieu of dividends on capital stock	782,924.50	876,974.79
Deductions from employees' salaries	10,542.31	18,385.63
Pending and unclaimed insured accounts in liquidated institutions	7,046.38	7,046.38
Custodial funds—Receiverships	8,132.84	8,132.84
Total	842,243.81	942,848.45
Deferred credits:		
Unearned insurance premiums	7,866,514.94	6,508,416.79
Prepaid insurance premiums	53.76	214.41
Total	7,866,568.70	6,508,631.20
Capital:		
Capital stock	76,987,000.00	85,755,000.00
Reserve fund as provided by law	128,751,381.70	112,944,153.51
Unallocated income	8,995,495.61	7,540,679.08
Total	137,746,877.31	120,484,832.59
Total liabilities and capital	223,442,689.82	213,691,312.24

TABLE 7.—*Federal Savings and Loan Insurance Corporation—Statement of operations for the calendar years 1953 and 1952*

Items	Jan. 1, 1953, through Dec. 31, 1953	Jan. 1, 1952, through Dec. 31, 1952
Operating income and recoveries:		
Insurance premiums earned	$14,449,843.98	$12,026,721.41
Admission fees earned	64,607.09	98,590.77
Interest earned on U. S. Government securities	5,083,232.37	4,813,143.88
Recoveries on contributions	20,267.22	
Miscellaneous	.49	3.25
Total operating income and recoveries	19,617,951.15	16,938,459.31
Operating expenses:		
Administrative expenses	431,516.42	430,373.65
Liquidation and other expenses	98.36	39.87
Services rendered by Home Loan Bank Board	289,409.60	284,799.45
Depreciation of furniture, fixtures, and equipment	4,193.95	4,475.15
Total operating expenses	725,218.33	719,688.12
Net income from operations	18,892,732.82	16,218,771.19
Nonoperating income:		
Gains on assets purchased from insured institutions		43,333.70
Sale of furniture, fixtures, and equipment	500.72	1,768.50
Miscellaneous	2,237.33	104.98
Total nonoperating income	2,738.05	45,207.18
Nonoperating charges: Loss on sale of securities		33,837.69
Net income before payment of return on capital stock	18,895,470.87	16,230,140.68
Provision for return on capital stock in lieu of dividends	1,633,426.15	1,863,889.44
Net income	17,262,044.72	14,366,251.24

PART III

OF THE

Seventh Annual Report

HOUSING AND HOME FINANCE AGENCY

Covering the Activities of the

FEDERAL HOUSING ADMINISTRATION

LETTER OF TRANSMITTAL

To the Congress of the United States:

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

Respectfully,

NORMAN P. MASON,
Commissioner.

Functions of the Federal Housing Administration

Under authority of the National Housing Act of June 27, 1934, as amended, the Federal Housing Administration operates insurance programs designed to encourage improvement in housing standards and conditions and the creation of a sound mortgage market. The FHA makes no loans and does not plan or build housing.

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

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

Title I

Section 2 of Title I of the Act authorizes the FHA to insure qualified lending institutions against loss on loans made to finance the alteration, repair, improvement, or conversion of existing structures, and the building of small new non-residential structures.

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

Title II

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

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

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

Title VI

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

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

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

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

Title VII

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

Title VIII

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

Title IX

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

Section 1

GENERAL REVIEW

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

Legislative Changes

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

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

1. The maximum mortgage amount eligible for insurance under Title I, Section 8 was increased from $4,750 to $5,700 for an owner-occupant mortgagor and from $4,250 to $5,100 for a builder mortgagor.
2. The President was authorized in his discretion to permit insurance under Section 203 of a $12,000, 95 percent, 30-year mortgage on a single-family dwelling.
3. Section 207 was amended to provide maximum mortgage limitations of $10,000 per family unit, $2,000 per room (or $7,200 per family unit for projects with fewer than 4 rooms per family unit), and 80 percent of value (or 90 percent for projects with 2 or more bedrooms per family unit when the mortgage does not exceed $7,200 per family unit.)
4. The maturity of debentures issued under Section 207 was reduced from 20 to 10 years.
5. Maximum interest rates were increased on project mortgages under Sections 213, 803, and 908 from 4 percent to 4½ percent, and on individual mortgages under Section 213 from 4 to 5 percent. Under this authorization, the FHA administrative rules have established the maximum rate on project mortgages at 4¼ percent and on individual home mortgages at 4½ percent.

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

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

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

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

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

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

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

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

Repayment of Government Advances

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

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

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

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

Interest Rates

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

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

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

Debentures

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

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

FHA Advisory Committees

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

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

Older Homes and Neighborhoods

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

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

Minority Groups

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

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

Specific actions taken in 1953 included the following:

1. Seventeen housing market studies completed during the year dealt solely or primarily with the market to be found among minori-

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

ties, while 20 other studies included specific factual materials or conclusions relating to this market. Such studies will continue to be made in additional areas throughout the country as the market situation requires and as available facilities permit.

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

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

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

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

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

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

Technical Studies

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

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

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

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

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

Market Analyses

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

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

Actuarial Analysis

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

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

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

Credit Controls

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

Financial Position

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

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

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

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

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

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

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

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

Aggregate Insurance Volume

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

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

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

[Dollar amounts in thousands]

Year	Total all programs [1]	Home mortgage programs [2]		Project mortgage programs [3]		Property improvement loans [4]		Manufactured-housing loans [5]	
	Amount	Number	Amount	Units	Amount	Number	Net proceeds	Units	Amount
1934	$27, 406					72, 658	$27, 406		
1935	297, 495	23, 397	$93, 882	738	$2, 355	635, 747	201, 258		
1936	532, 581	77, 231	308, 945	624	2, 101	617, 697	221, 535		
1937	489, 200	102, 076	424, 373	3, 023	10, 483	124, 758	54, 344		
1938	671, 593	115, 124	485, 812	11, 930	47, 638	376, 480	138, 143		
1939	925, 262	164, 530	694, 764	13, 462	51, 851	502, 308	178, 647		
1940	991, 174	177, 400	762, 084	3, 559	12, 949	653, 841	216, 142		
1941	1, 152, 342	210, 310	910, 770	3, 741	13, 565	680, 104	228, 007		
1942	1, 120, 839	223, 562	973, 271	5, 842	21, 215	427, 534	126, 354		
1943	933, 986	166, 402	763, 097	20, 179	84, 622	307, 826	86, 267		
1944	877, 472	146, 974	707, 363	12, 430	56, 096	389, 615	114, 013		
1945	664, 985	96, 776	474, 245	4, 058	19, 817	501, 441	170, 923		
1946	755, 778	80, 872	421, 949	2, 232	13, 175	799, 304	320, 654		
1947	1, 788, 264	141, 364	894, 675	46, 604	359, 944	1, 247, 613	533, 645		
1948	3, 340, 865	300, 034	2, 116, 043	79, 184	608, 711	1, 357, 386	614, 239	524	$1, 872
1949	3, 826, 283	305, 705	2, 209, 842	133, 135	1, 021, 231	1, 246, 254	593, 744	626	1, 466
1950	4, 343, 378	342, 582	2, 492, 367	154, 597	1, 156, 681	1, 447, 101	693, 761	324	569
1951	3, 219, 836	252, 642	1, 928, 433	74, 207	583, 774	1, 437, 764	707, 070	195	560
1952	3, 112, 782	234, 426	1, 942, 307	39, 839	321, 911	1, 495, 741	848, 327	85	237
1953	3, 882, 328	261, 541	2, 288, 626	30, 701	259, 194	2, 244, 227	1, 334, 287	83	221
Total	32, 953, 851	3, 422, 948	20, 892, 848	640, 085	4, 647, 313	16, 565, 399	7, 408, 765	1, 837	4, 924

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

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

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

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

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

VOLUME OF FHA INSURANCE WRITTEN
1934 - 1953

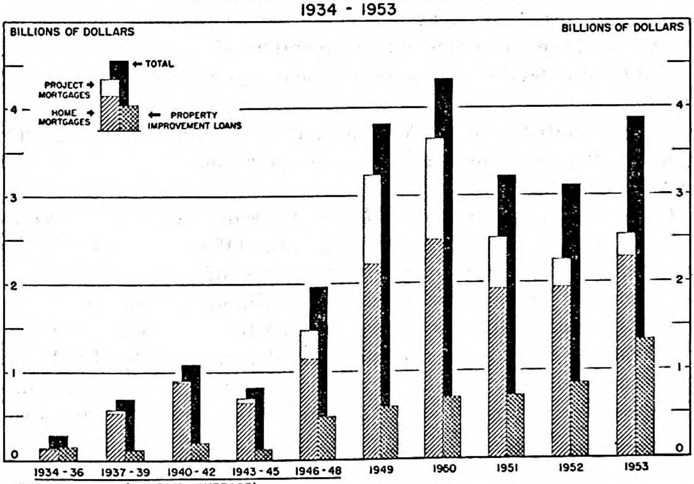

CHART 1.

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

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

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

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

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

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

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

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

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

[Dollar amounts in thousands]

	1953			1952			1934-53		
	Number	Amount	Units	Number	Amount	Units	Number	Amount	Units
Title I	2,218,606	$1,356,233	NA	1,501,556	$878,435	NA	16,628,096	$7,617,230	NA
Sec. 2 property improvement loans	2,214,227	1,334,287	NA	1,495,741	848,327	NA	16,565,399	7,408,765	NA
Sec. 2 home mortgages							46,115	126,611	46,115
Sec. 8 home mortgages	4,379	21,946	4,379	5,815	30,108	5,815	16,582	81,854	16,582
Title II	234,261	2,192,992	256,693	216,109	1,936,370	241,420	2,697,459	17,269,270	2,896,859
Sec. 203 home mortgages	231,445	2,037,210	239,250	212,748	1,772,472	222,368	2,690,459	16,651,963	2,800,979
Sec. 207 project mortgages	82	53,839	7,175	67	41,843	6,013	618	315,233	64,010
Sec. 213 cooperative housing	2,734	101,943	10,268	3,294	122,055	13,009	6,382	302,073	31,870
Project mortgages	(45)	(74,880)	(7,579)	(59)	(91,701)	(9,774)	(145)	(212,192)	(25,633)
Home mortgages	(2,689)	(27,062)	(2,689)	(3,235)	(30,355)	(3,235)	(6,237)	(59,881)	(6,237)
Title VI	115	1,468	300	219	31,383	3,792	635,813	7,126,872	1,168,653
Sec. 603 home mortgages	65	278	65	16	109	16	624,652	3,645,260	690,006
Sec. 608 project mortgages				19	29,634	3,457	7,016	3,439,679	465,680
Sec. 609 manufactured-housing loans	40	221	83	85	237	85	630	4,924	1,837
Sec. 610 public-housing sales	7	44	7	29	182	40	3,385	21,462	9,071
Sec. 603-610 home mortgages	(7)	(44)	(7)	(29)	(182)	(40)	(3,362)	(16,103)	(5,156)
Sec. 608-610 project mortgages	(—)	(—)	(—)	(—)	(—)	(—)	(23)	(8,360)	(3,915)
Sec. 611 site-fabricated housing	3	926	145	70	1,222	194	100	12,516	2,059
Project mortgages	(3)	(926)	(145)	(1)	(706)	(125)	(25)	(11,991)	(1,984)
Home mortgages	(—)	(—)	(—)	(69)	(516)	(69)	(75)	(556)	(75)
Title VIII	44	100,558	12,181	58	135,812	17,233	230	577,175	71,766
Sec. 803	44	100,558	12,181	58	135,812	17,233	230	577,175	71,766
Title IX	23,000	232,584	29,799	12,546	130,721	17,769	35,546	363,304	47,568
Sec. 903 home mortgages	22,956	202,086	25,909	12,510	108,535	14,562	35,466	310,621	40,471
Sec. 908 project mortgages	44	30,497	3,890	36	22,186	3,207	80	52,683	7,097
Total [1]	2,506,023	3,882,328	303,083	1,730,488	3,112,750	NA	19,907,144	32,953,851	4,217,543

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

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

[Dollar amounts in thousands]

		Insurance written	Insurance terminated	Insurance in force		
				Total	Amortized (estimated)	Net outstanding
Title I:						
Sec. 2 property improvement loans [1]	Number of loans	16,611,514	12,254,040	4,357,474		
	Net proceeds	$7,535,376	$5,118,652	$2,416,724	892,436	$1,524,288
Sec. 8 home mortgages	Number of mortgages	16,582	284	16,298		
	Amount	$81,854	$1,276	$80,577	$3,467	$77,111
Title II:						
Sec. 203 home mortgages	Number of mortgages	2,690,459	1,149,484	1,540,975		
	Amount	$16,651,963	$5,558,349	$11,093,614	$1,321,244	$9,772,370
Sec. 207–210 project mortgages	Number of units	64,010	39,480	24,530		
	Amount	$315,233	$150,707	$164,526	$7,002	$157,524
Sec. 213 cooperative housing	Number of units	31,870	6,101	25,769		
	Amount	$302,073	$59,369	$242,704	$1,964	$240,740
Title VI (war and veterans' emergency programs):						
Sec. 603 home mortgages [2]	Number of mortgages	628,014	[3] 305,969	322,045		
	Amount	$3,661,363	[3] $1,527,426	$2,133,937	$375,232	$1,758,705
Sec. 608 project mortgages [4]	Number of units	469,595	36,095	433,500		
	Amount	$3,448,038	$206,998	$3,241,040	$176,915	$3,064,125
Sec. 609 manufactured-housing loans [5]	Number of units	1,837	1,767	70		
	Amount	$4,924	$4,745	$179		$179
Sec. 611 site-fabricated housing	Number of units	2,059	1,566	493		
	Amount	$12,546	$9,327	$3,220	$60	$3,159
Title VIII (military project mortgages):						
Sec. 803	Number of units	71,766		71,766		
	Amount	$577,175		$577,175	$8,277	$568,898
Title IX (defense housing programs):						
Sec. 903 home mortgages	Number of mortgages	35,466	161	35,305		
	Amount	$310,621	$1,505	$309,116	$4,364	$304,752
[Section 908 project mortgages	Number of units	7,097		7,097		
	Amount	$52,683		$52,683	$147	$52,536
Total	Amount	32,953,851	12,638,355	20,315,495	2,791,107	17,524,388

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

[2] Includes 3,362 mortgages for $16,102,700 insured under Sec. 610 provision of which 383 mortgages in the amount of $1,512,950 had been terminated, leaving 2,979 mortgages for $14,589,750 in force.

[3] Includes 4,564 terminations (2,038 War Housing and 2,526 Veterans Housing) for $27,916,600 ($9,414,000 War Housing and $18,502,600 Veterans Housing) which had been received by December 31, 1953 but not processed and included in tabulated reports.

[4] Includes 3,915 units (23 mortgages) for $8,359,500 insured under Sec. 610 provision, of which 970 units (5 mortgages) in the amount of $1,742,700 had been terminated, leaving 2,945 units (18 mortgages) for $6,616,800 in force.

[5] Includes 619 discounted purchasers' loans for $1,727,862 of which 593 loans in the amount of $1,646,474 had been terminated, leaving 26 loans for $79,388 in force.

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

Year	Home mortgage programs				Project mortgage programs							Total FHA units	Total U. S. nonfarm units [2]	FHA as percent of U. S. total
	Sec. 2 and Sec. 8 [1]	Sec. 203	Sec. 603	Sec. 903	Sec. 207	Section 213		Sec. 608	Sec. 611	Sec. 803	Sec. 908			
						Sales type	Management type							
1935		13,226			738							13,964	215,700	6.5
1936		48,752			624							49,376	304,200	16.2
1937		56,980			3,023							60,003	332,400	18.1
1938	5,845	100,966			11,930							118,741	399,300	29.7
1939	10,783	133,874			13,462							158,119	458,400	34.5
1940	10,194	166,451			3,446							180,091	529,600	34.0
1941	9,145	180,156	27,790		3,296							220,387	619,500	35.6
1942	4,010	41,578	114,616		1,163			4,295				165,662	301,200	55.0
1943	307	338	125,474		41			19,994				146,154	183,700	79.6
1944		208	83,396					9,655				93,259	138,700	67.2
1945		17,049	21,848		200			2,032				41,159	208,100	19.8
1946		44,244	22,878		41			1,870				69,033	662,500	10.4
1947	217	20,884	157,168					50,766				229,035	845,600	27.1
1948	3,006	82,979	130,464					77,610				294,059	913,500	32.2
1949	3,261	241,559	7,806		813			109,995	100	268		363,802	988,800	36.8
1950	3,191	324,037	117		2,277	141		143,331	372	12,315		486,681	1,352,200	36.0
1951	9,357	177,435		132	4,651	1,780	5,888	39,826	1,328	23,126		263,523	1,020,100	25.8
1952	5,533	190,073		32,579	7,342	3,791	6,338	5,895	37	24,039	3,374	279,901	1,038,500	26.2
1953	4,572	181,436		30,501	7,451	2,519	5,464	199	195	15,575	4,057	251,969	1,068,300	23.6
Total	69,421	2,024,025	691,557	63,212	60,498	8,231	17,690	465,498	2,032	75,323	7,431	3,484,918	11,610,300	30.0

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

PRIVATE NONFARM DWELLING UNITS STARTED

FHA AND TOTAL, 1935-53

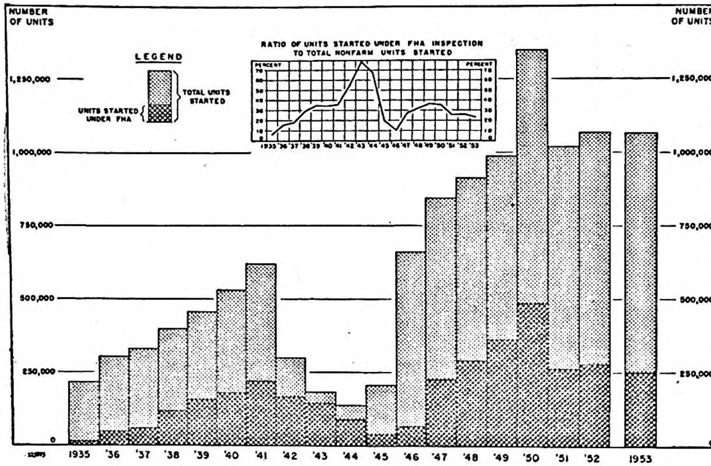

CHART 2.

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

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

Mortgage Insurance

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

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

Title and section	1953			1952		
	Number of mortgages	Amount (thousands)	Number of units	Number of mortgages	Amount (thousands)	Number of units
Total	261, 541	$2, 288, 626	272, 299	234, 426	$1, 942, 307	246, 109
Title I:						
Sec. 8	4, 379	21, 946	4, 379	5, 815	30, 108	5, 815
Title II:						
Sec. 203	231, 445	2, 037, 210	239, 250	212, 748	1, 772, 472	222, 368
Sec. 213	2, 689	27, 062	2, 689	3, 235	30, 355	3, 235
Title VI:						
Sec. 603	65	278	65	16	109	16
Sec. 610	7	44	7	29	182	40
Sec. 611				69	516	69
Title IX:						
Sec. 903	22, 956	202, 086	25, 909	12, 510	108, 535	14, 562

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

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

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

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

Title and section	1953			1952		
	Number of mortgages	Amount (thousands)	Number of units	Number of mortgages	Amount (thousands)	Number of units
Total	215	$259, 194	30, 701	240	$321, 911	39, 839
Title II:						
Sec. 207	82	53, 839	7, 175	67	41, 843	6, 043
Sec. 213	45	74, 880	7, 579	59	91, 701	9, 774
Title VI:						
Sec. 608				19	29, 634	3, 457
Sec. 611	3	926	145	1	706	125
Title VIII:						
Sec. 803	44	100, 558	12, 181	58	135, 842	17, 233
Title IX:						
Sec. 908	44	30, 497	3, 890	36	22, 186	3, 207

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

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

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

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

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

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

Prefabricated Housing

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

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

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

Property Improvement Loan Insurance

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Property Management

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

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

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

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

FEDERAL HOUSING ADMINISTRATION

ORGANIZATIONAL CHART

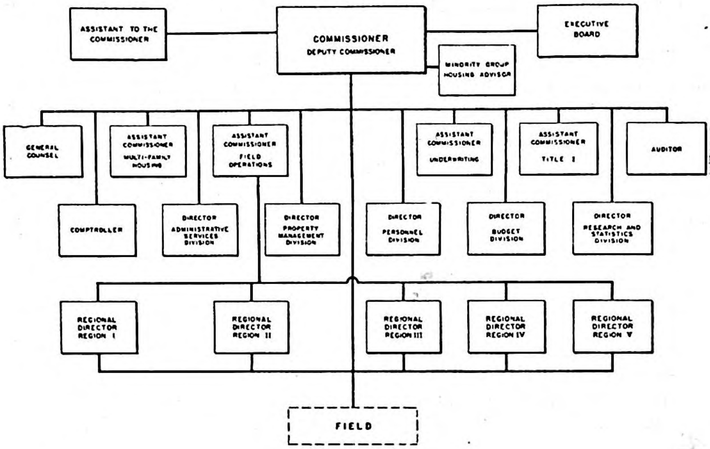

CHART 3.

FEDERAL HOUSING ADMINISTRATION

INSURING OFFICE

BASIC ORGANIZATION CHART

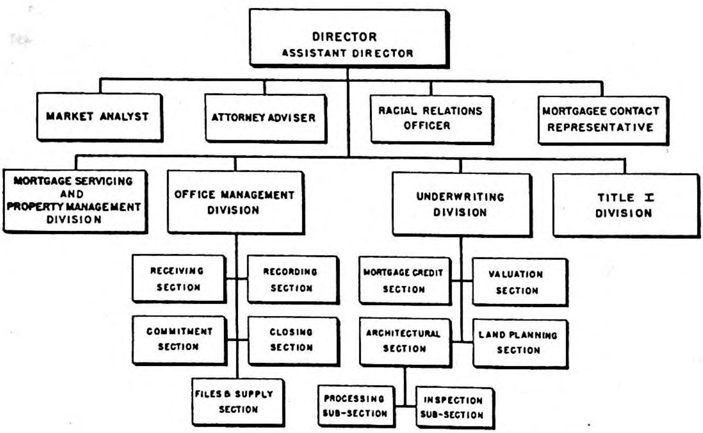

CHART 4.

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

Organization and Personnel

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

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

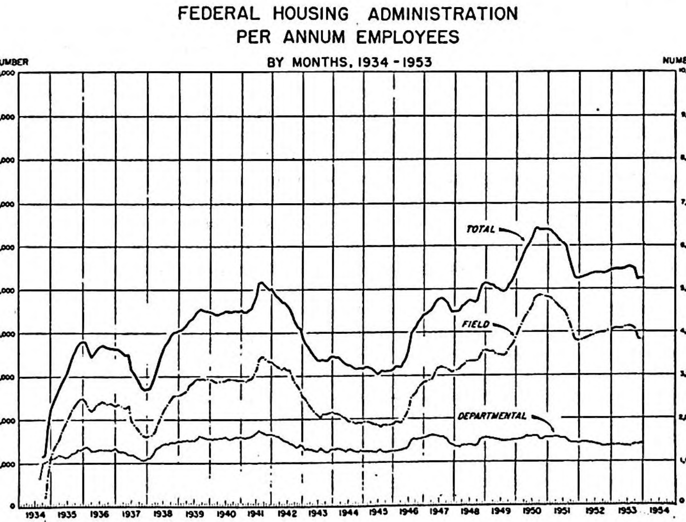

CHART 5.

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

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

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

Publications

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

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

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

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

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

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

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

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

Planning Rental Housing Projects.—FHA Form No. 2400, reprinted 1953. Government Printing Office, Washington 25, D. C. 20 cents.

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

What Is the FHA?—Revised July 1953.

Section 2

STATISTICS OF INSURING OPERATIONS

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

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

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

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

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

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

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

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

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

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

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

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

Home Mortgage Insurance

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

Section 8.—Single-family properties only.

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

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

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

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

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

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

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

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

[Dollar amounts in thousands]

State	Total amount	Home mortgages		Project mortgages		Property improvement loans	
		Number	Amount	Units	Amount	Number	Net proceeds
Alabama	$43,756	2,951	$25,673	----	----	33,761	$18,085
Arizona	60,130	5,924	47,387	164	$1,187	19,334	11,556
Arkansas	30,659	2,806	23,205	----	----	12,299	7,455
California	567,171	43,538	391,710	3,989	35,814	275,429	139,326
Colorado	36,806	2,409	22,305	146	1,001	23,391	13,522
Connecticut	48,625	3,411	32,894	966	7,971	11,484	7,760
Delaware	5,389	450	4,107	107	849	599	436
District of Columbia	8,436	182	2,146	----	----	10,857	6,290
Florida	118,820	10,925	84,748	----	----	52,566	34,103
Georgia	63,800	4,809	40,805	774	5,346	30,8[illegible]5	17,610
Idaho	25,729	1,946	16,562	55	398	12,632	8,770
Illinois	159,748	7,876	77,646	16	256	128,125	83,393
Indiana	128,698	8,511	74,147	1,475	11,181	74,524	43,382
Iowa	42,587	2,976	25,353	----	----	29,299	17,234
Kansas	71,957	6,666	56,224	216	1,780	25,946	13,953
Kentucky	44,037	2,734	24,365	764	5,914	26,769	14,658
Louisiana	49,419	3,727	33,763	----	----	25,110	15,656
Maine	27,522	1,056	8,013	1,500	14,552	10,030	4,957
Maryland	73,785	3,285	28,789	2,057	15,105	59,441	29,891
Massachusetts	46,931	1,447	13,454	804	6,725	45,374	26,753
Michigan	275,962	18,738	165,125	608	4,740	189,049	106,107
Minnesota	52,969	2,226	21,654	66	513	53,635	30,777
Mississippi	20,458	1,804	13,613	----	----	11,810	6,845
Missouri	91,763	6,744	61,938	82	520	56,744	29,519
Montana	16,618	1,232	11,174	82	860	6,425	4,584
Nebraska	31,304	2,898	24,046	----	----	12,164	7,258
Nevada	19,106	1,780	15,875	----	----	3,862	3,232
New Hampshire	4,554	251	1,838	----	----	5,330	2,716
New Jersey	108,571	6,094	51,223	1,238	10,141	60,495	47,632
New Mexico	26,552	2,684	21,691	----	18	6,976	4,843
New York	310,423	9,261	80,085	6,472	59,497	235,124	170,465
North Carolina	44,553	3,980	32,295	52	698	19,222	11,563
North Dakota	8,647	568	5,308	95	754	3,996	2,585
Ohio	234,269	15,308	148,154	1,053	8,585	133,759	77,530
Oklahoma	53,353	4,190	34,323	----	----	32,421	19,030
Oregon	52,318	4,738	39,241	50	371	19,053	12,681
Pennsylvania	149,404	9,550	81,008	1,088	8,977	101,962	59,428
Rhode Island	15,128	703	6,386	654	5,919	4,942	2,823
South Carolina	23,875	2,102	17,255	25	151	11,189	6,468
South Dakota	12,593	1,128	9,251	----	----	5,407	3,341
Tennessee	59,009	4,285	34,438	190	1,361	45,052	23,211
Texas	254,905	18,298	145,169	2,195	16,430	166,771	93,305
Utah	43,055	2,613	24,245	104	922	28,952	17,887
Vermont	2,290	141	1,131	----	----	1,759	1,158
Virginia	91,316	6,017	53,709	2,385	18,231	35,160	19,376
Washington	114,609	9,274	82,816	200	1,863	48,592	30,014
West Virginia	16,726	1,158	10,132	14	111	11,169	6,483
Wisconsin	32,697	1,950	19,167	17	115	20,280	13,462
Wyoming	8,609	765	6,841	----	----	2,092	1,768
Alaska	17,917	855	13,553	270	3,687	508	568
Guam	669	31	385	----	----	238	284
Hawaii	19,802	1,232	12,935	760	6,146	808	722
Puerto Rico	13,952	1,354	9,943	237	2,016	1,603	1,994
Virgin Islands	5	----	----	----	----	3	5
Total [1]	[2] 3,882,942	261,590	2,289,240	30,701	259,194	2,244,227	1,334,287

[1] Based on cases tabulated in 1953, including adjustments not distributed by States.
[2] Includes $220,945 in loans insured under Sec. 609 not distributed by States.

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

[Dollar amounts in thousands]

State	Total amount	Home mortgages		Project mortgages		Property improvement loans	
		Number	Amount	Units	Amount	Number	Net proceeds
Alabama	$397, 795	39, 650	$233, 402	11, 820	$71, 413	247, 909	$92, 980
Arizona	336, 155	42, 883	263, 882	2, 516	16, 660	113, 004	55, 613
Arkansas	250, 931	34, 639	193, 630	1, 634	11, 258	111, 605	46, 043
California	4, 565, 941	569, 676	3, 470, 397	43, 032	312, 659	1, 967, 446	782, 885
Colorado	321, 301	38, 834	240, 648	3, 141	22, 417	136, 277	58, 235
Connecticut	360, 771	35, 971	244, 894	5, 169	38, 054	170, 763	77, 822
Delaware	78, 031	6, 788	40, 997	4, 155	30, 277	14, 846	6, 757
District of Columbia	235, 282	6, 830	50, 416	21, 102	142, 787	86, 733	42, 078
Florida	903, 829	103, 444	644, 214	14, 837	103, 142	308, 984	156, 474
Georgia	581, 034	56, 159	333, 214	23, 081	158, 585	216, 163	89, 235
Idaho	164, 578	18, 786	114, 845	626	4, 970	91, 263	44, 762
Illinois	1, 632, 163	151, 259	978, 187	22, 220	174, 558	1, 016, 807	479, 418
Indiana	940, 311	111, 651	646, 441	8, 816	65, 298	570, 994	228, 572
Iowa	293, 339	30, 711	182, 360	1, 763	13, 689	227, 972	97, 290
Kansas	480, 059	62, 841	391, 162	4, 634	29, 926	152, 810	58, 971
Kentucky	324, 702	33, 269	206, 919	6, 333	45, 946	178, 304	71, 837
Louisiana	501, 168	56, 668	372, 300	8, 651	64, 021	153, 291	64, 847
Maine	100, 945	10, 365	53, 743	2, 188	17, 464	69, 489	29, 738
Maryland	756, 569	52, 404	318, 368	43, 690	297, 386	336, 269	140, 814
Massachusetts	345, 893	19, 500	118, 731	5, 094	39, 559	426, 986	187, 603
Michigan	2, 072, 781	229, 718	1, 419, 637	10, 072	71, 828	1, 384, 376	581, 316
Minnesota	403, 759	32, 541	202, 220	6, 298	46, 234	369, 022	155, 305
Mississippi	192, 989	24, 994	131, 538	2, 722	16, 962	108, 090	44, 489
Missouri	787, 828	86, 729	545, 927	11, 215	80, 929	424, 127	160, 973
Montana	96, 006	11, 494	67, 819	809	6, 076	42, 917	22, 111
Nebraska	249, 145	32, 001	189, 897	2, 468	18, 368	94, 259	40, 880
Nevada	86, 173	9, 476	68, 005	641	4, 966	22, 295	13, 202
New Hampshire	43, 837	4, 564	23, 383	244	1, 672	43, 112	18, 782
New Jersey	1, 519, 035	131, 191	775, 734	57, 215	417, 000	592, 182	326, 301
New Mexico	172, 008	20, 626	135, 226	2, 072	17, 748	33, 976	19, 034
New York	3, 089, 688	167, 303	1, 078, 380	117, 948	960, 465	1, 804, 891	1, 050, 844
North Carolina	419, 277	41, 548	252, 169	17, 357	106, 409	143, 019	60, 699
North Dakota	37, 946	3, 418	22, 684	138	1, 021	30, 767	14, 241
Ohio	1, 622, 600	163, 589	1, 066, 997	20, 132	148, 731	991, 048	406, 868
Oklahoma	607, 034	81, 849	480, 758	4, 414	32, 077	231, 083	94, 199
Oregon	439, 279	49, 118	308, 747	5, 371	39, 264	207, 376	91, 267
Pennsylvania	1, 587, 447	175, 690	1, 007, 028	24, 390	183, 771	920, 662	396, 648
Rhode Island	77, 145	7, 075	42, 087	952	7, 973	62, 273	27, 085
South Carolina	249, 963	31, 765	172, 285	7, 220	44, 961	78, 919	32, 714
South Dakota	82, 588	10, 921	62, 590	729	5, 573	29, 387	14, 424
Tennessee	545, 138	63, 329	367, 412	9, 546	56, 127	322, 777	121, 599
Texas	1, 842, 324	218, 003	1, 256, 510	30, 065	205, 987	881, 073	379, 827
Utah	288, 148	32, 888	203, 662	1, 603	12, 687	160, 728	71, 799
Vermont	29, 723	4, 007	19, 370	193	1, 512	19, 252	8, 841
Virginia	851, 779	77, 652	473, 172	43, 767	279, 112	216, 747	99, 496
Washington	1, 067, 791	136, 766	821, 698	9, 982	77, 220	392, 009	168, 872
West Virginia	169, 299	22, 534	128, 572	797	3, 601	77, 907	37, 126
Wisconsin	328, 572	29, 439	191, 222	4, 104	32, 589	234, 449	104, 761
Wyoming	74, 046	11, 221	60, 072	571	4, 451	16, 162	9, 523
Alaska	70, 313	1, 957	23, 713	3, 853	45, 349	1, 263	1, 252
Guam	682	33	398	----------	----------	238	284
Hawaii	105, 703	9, 546	82, 475	2, 927	21, 557	2, 445	1, 671
Puerto Rico	150, 472	14, 737	93, 308	5, 759	35, 015	27, 797	22, 148
Virgin Islands	83	9	77	----------	----------	3	5
Total [1]	[2] 32, 934, 059	3, 419, 928	20, 873, 057	640, 085	4, 647, 313	16, 565, 399	7, 408, 765

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

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

Volume of Business

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

HOME MORTGAGES INSURED BY FHA, 1935 - 53

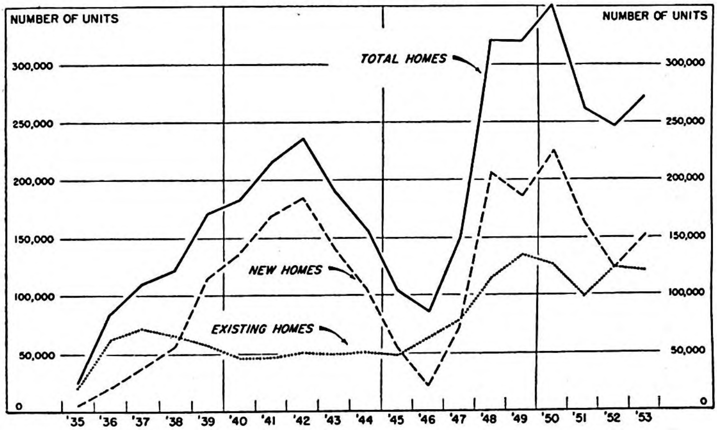

CHART 6.

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

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

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

[Dollar amounts in thousands]

Year	Grand total [1]		Total new construction		Total existing construction		New construction: Secs. 2 and 8 [2]		Sec. 203		Sec. 603		Sec. 903	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935–39	513, 615	$2, 007, 777	235, 391	$1, 012, 590	278, 224	$995, 187	16, 628	$37, 914	218, 763	$974, 676				
1940–44	981, 388	4, 116, 585	738, 051	3, 117, 345	243, 337	999, 240	22, 373	61, 888	399, 467	1, 792, 224	316, 211	$1, 263, 233		
1945–49	979, 451	6, 116, 754	540, 396	3, 603, 452	439, 055	2, 513, 302	5, 591	20, 452	187, 002	1, 324, 183	347, 803	2, 258, 816		
1950	351, 528	2, 402, 367	225, 269	1, 636, 078	126, 259	855, 690	1, 759	7, 428	221, 381	1, 613, 725	2, 120	15, 525		
1951	261, 231	1, 928, 433	161, 673	1, 215, 535	99, 558	712, 898	6, 106	28, 514	155, 416	1, 187, 402	23	184		
1952	246, 109	1, 942, 307	122, 764	968, 613	123, 345	973, 694	5, 615	29, 112	102, 695	831, 748			14, 449	$107, 716
1953	272, 299	2, 288, 626	151, 777	1, 258, 558	120, 522	1, 030, 068	4, 276	21, 393	121, 981	1, 038, 234			25, 520	198, 933
Total	3, 605, 621	20, 892, 848	2, 175, 321	12, 812, 770	1, 430, 300	8, 080, 078	62, 348	206, 701	1, 406, 705	8, 762, 191	666, 299	3, 537, 229	39, 969	306, 649

Year	Existing or refinanced construction: Sec. 8		Sec. 203		Sec. 213		Sec. 603		Sec. 603–610		Sec. 611		Sec. 903	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935–39			278, 224	$995, 187										
1940–44			236, 737	973, 301			6, 600	$25, 939						
1945–49			419, 194	2, 423, 058			16, 874	81, 155	2, 987	$9, 089				
1950			125, 186	852, 330			136	481	937	2, 880				
1951	46	$215	97, 991	706, 196	313	$2, 464	17	74	1, 185	3, 909	6	$40		
1952	200	996	119, 673	940, 724	3, 235	30, 355	16	109	40	182	69	516	113	$819
1953	103	553	117, 269	998, 977	2, 689	27, 062	65	279	7	44			389	3, 154
Total	349	1, 764	1, 394, 274	7, 889, 772	6, 237	59, 881	23, 707	108, 031	5, 156	16, 103	75	556	502	3, 973

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

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

Section	Total		New		Existing	
	Percentage distribution of—					
	Units	Amount	Units	Amount	Units	Amount
203	88	89	80	82	98	97
903	9	9	17	16	(1)	(1)
8	2	1	3	2	(1)	(1)
213	1	1	--------	--------	2	3
Others	(1)	(1)	--------	--------	(1)	(1)
Total	100	100	100	100	100	100

[1] Less than 0.05 percent.

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

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

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

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

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

Status of Processing

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

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

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

Year	Number of cases closed	Percent of cases closed by—		
		Rejection of application [1]	Expiration of commitment [1]	Insurance of mortgage
	Total construction			
1940	244,442	18.8	12.3	68.9
1949	398,669	13.4	22.0	64.6
1950	539,640	10.4	26.9	62.7
1951	436,755	7.1	36.7	56.2
1952	367,094	9.6	32.5	57.9
1953	395,640	6.6	34.9	58.5
	New construction			
1940	176,394	15.3	13.4	71.3
1949	204,547	12.5	23.1	64.4
1950	345,478	9.5	27.2	63.3
1951	297,204	5.5	43.3	51.2
1952	194,029	8.1	41.5	50.4
1953	207,151	5.2	37.5	57.3
	Existing construction			
1940	68,048	27.9	9.5	62.6
1949	194,122	14.2	20.9	64.9
1950	194,162	12.1	26.4	61.5
1951	139,551	10.6	22.5	66.9
1952	173,035	11.3	22.3	66.4
1953	188,489	8.2	32.0	59.8

[1] Excludes cases reopened after rejection or expiration.

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

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

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

State Distribution

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

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

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

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

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

[Dollar amounts in thousands]

State	Total			New construction			Existing construction		
	Number	Amount	Units	Number	Amount	Units	Number	Amount	Units
Alabama	2, 951	$25, 673	3, 001	1, 761	$15, 290	1, 789	1, 190	$10, 383	1, 212
Arizona	5, 924	47, 387	6, 236	4, 842	39. 016	5, 088	1, 082	8, 371	1, 148
Arkansas	2, 806	23, 205	2, 946	1, 420	12, 229	1, 540	1, 386	10, 976	1, 406
California	43, 538	391, 710	46, 651	24, 560	219, 420	26, 682	18, 978	172, 291	19, 969
Colorado	2, 409	22, 305	2, 464	1, 782	16, 548	1, 834	627	5. 758	630
Connecticut	3, 411	32, 894	3, 666	789	7, 268	790	2, 622	25, 626	2, 876
Delaware	450	4, 107	450	189	1, 656	189	261	2, 451	261
District of Columbia	182	2, 146	251	24	431	54	158	1, 715	197
Florida	10, 925	84, 748	10, 975	9, 590	73, 720	9, 636	1, 335	11, 028	1, 339
Georgia	4, 809	40, 805	4, 937	2, 887	23, 155	2, 924	1, 922	17, 650	2. 013
Idaho	1, 946	16, 562	1, 974	728	6, 387	732	1, 218	10, 175	1, 242
Illinois	7, 876	77. 646	8, 082	2, 990	29, 234	3, 037	4. 886	48, 412	5, 045
Indiana	8, 511	74, 147	8, 851	4, 887	43. 420	5, 161	3, 624	30, 728	3. 690
Iowa	2. 976	25. 353	3, 006	1, 268	10, 518	1, 283	1, 708	14, 835	1, 723
Kansas	6, 666	56, 224	6, 765	4, 706	39, 880	4, 778	1, 960	16, 314	1, 987
Kentucky	2, 734	24, 365	2. 795	1, 131	9, 398	1, 141	1, 603	14, 967	1, 654
Louisiana	3, 727	33, 763	3, 797	2, 102	18, 649	2, 132	1, 625	15, 114	1, 665
Maine	1. 056	8, 013	1, 164	264	2, 152	264	792	5, 861	900
Maryland	3, 285	28, 789	3, 361	1, 597	13, 105	1, 663	1, 688	15, 684	1. 698
Massachusetts	1, 447	13, 454	1, 903	433	4, 600	585	1, 014	8, 854	1, 318
Michigan	18, 738	165. 125	18, 983	12, 050	105, 967	12, 067	6, 688	59, 158	6, 916
Minnesota	2, 226	21, 654	2, 303	658	6, 234	687	1, 568	15, 420	1, 616
Mississippi	1, 804	13, 613	1, 881	1, 414	10, 800	1, 484	390	2, 813	397
Missouri	6, 744	61, 938	6, 985	2, 378	21, 826	2, 429	4, 366	40, 112	4, 556
Montana	1, 232	11, 174	1, 318	434	4, 228	453	798	6, 946	865
Nebraska	2, 898	24, 046	2, 924	1, 723	14, 529	1, 735	1, 175	9, 517	1, 189
Nevada	1, 780	15, 875	1, 864	1, 475	12, 894	1, 557	305	2, 981	307
New Hampshire	251	1, 838	255	159	1, 140	159	92	698	96
New Jersey	6, 094	51, 223	6, 337	2, 328	19, 125	2, 333	3, 766	32, 098	4, 004
New Mexico	2, 684	21, 691	2, 730	2, 487	20, 121	2, 532	197	1, 570	198
New York	9, 261	80, 085	9, 970	3, 965	33, 170	4, 016	5, 296	46, 915	5, 954
North Carolina	3, 989	32, 295	4, 148	3, 170	25, 347	3, 318	819	6, 948	830
North Dakota	568	5, 308	594	231	2, 243	252	337	3, 066	342
Ohio	15, 308	148, 154	16, 126	6, 740	65, 518	7, 188	8, 568	82, 636	8. 938
Oklahoma	4, 190	34, 323	4, 307	2, 379	20, 119	2, 462	1. 811	14, 204	1, 845
Oregon	4, 738	39, 241	4, 799	1, 901	15, 642	1, 930	2, 837	23, 599	2, 869
Pennsylvania	9, 550	81, 008	9, 778	5, 883	50, 267	5, 978	3, 667	30, 741	3, 800
Rhode Island	703	6, 386	737	239	2, 092	241	464	4, 294	496
South Carolina	2, 102	17, 255	2, 129	1, 118	8, 993	1, 137	984	8, 262	992
South Dakota	1, 128	9, 251	1. 170	524	4, 670	548	604	4, 582	622
Tennessee	4, 285	34, 438	4, 398	2, 916	23, 396	3, 010	1, 369	11, 042	1, 388
Texas	18, 298	145, 169	19. 446	13, 192	105, 080	14, 233	5, 106	40, 089	5. 213
Utah	2, 613	24, 245	2, 673	1. 493	13, 893	1, 513	1, 120	10, 353	1, 160
Vermont	141	1, 131	155	41	342	41	100	789	114
Virginia	6, 017	53, 709	6, 076	2, 569	21, 206	2, 589	3, 448	32, 503	3, 487
Washington	9, 274	82, 816	9, 620	2, 025	18, 540	2, 260	7, 249	64, 276	7, 360
West Virginia	1, 158	10, 132	1, 189	342	3, 138	344	816	6, 994	845
Wisconsin	1, 950	19, 167	2, 050	903	8, 949	976	1, 047	10, 218	1, 074
Wyoming	765	6, 841	818	352	3, 247	353	413	3, 595	465
Alaska	855	13, 553	997	571	9, 238	678	284	4, 315	319
Guam	31	385	41	9	103	10	22	282	31
Hawaii	1, 232	12, 935	1, 261	878	9, 040	905	354	3, 895	356
Puerto Rico	1, 354	9, 943	1, 364	717	5, 713	719	637	4, 230	645
Virgin Islands									
Total [1]	261, 590	2, 289, 240	272, 701	145, 214	1, 252, 885	151, 439	116, 376	1, 036, 355	121, 262

[1] Cases tabulated in 1953.

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

State	New construction				Existing construction					
	Total units	Sections			Total units	Sections				
		8	203	903		8	203	213	903	Other
Alabama	1,789	5	1,296	488	1,212	-------	1,185	-------	15	12
Arizona	5,088	127	4,108	853	1,148	-------	1,147	-------	1	-------
Arkansas	1,540	22	1,182	336	1,406	1	1,145	260	-------	-------
California	26,682	57	21,894	4,731	19,969	5	17,875	2,062	25	2
Colorado	1,834	85	1,738	11	630	-------	630	-------	-------	-------
Connecticut	790	86	674	30	2,876	-------	2,829	-------	5	42
Delaware	189	-------	189	-------	261	-------	261	-------	-------	-------
District of Columbia	54	-------	54	-------	197	-------	197	-------	-------	-------
Florida	9,636	449	8,448	739	1,339	6	1,323	-------	10	-------
Georgia	2,924	225	1,304	1,395	2,013	3	1,891	-------	119	-------
Idaho	732	-------	467	265	1,242	-------	1,234	-------	8	-------
Illinois	3,037	35	2,582	420	5,045	-------	5,042	-------	3	-------
Indiana	5,161	10	3,288	1,863	3,690	-------	3,688	-------	2	-------
Iowa	1,283	87	1,062	134	1,723	3	1,718	-------	-------	2
Kansas	4,778	384	2,202	2,192	1,987	7	1,979	-------	1	-------
Kentucky	1,141	-------	848	293	1,654	-------	1,654	-------	-------	-------
Louisiana	2,132	28	2,024	80	1,665	2	1,662	-------	1	-------
Maine	264	-------	218	46	900	-------	856	-------	44	-------
Maryland	1,663	98	939	626	1,698	-------	1,623	-------	75	-------
Massachusetts	585	71	232	282	1,318	1	1,317	-------	-------	-------
Michigan	12,067	1,077	10,764	226	6,916	7	6,732	177	-------	-------
Minnesota	687	27	624	36	1,616	-------	1,616	-------	-------	-------
Mississippi	1,484	86	956	442	397	-------	397	-------	-------	-------
Missouri	2,429	15	2,239	175	4,556	1	4,553	-------	2	-------
Montana	453	3	389	61	865	1	864	-------	-------	-------
Nebraska	1,735	37	1,514	184	1,189	1	1,188	-------	-------	-------
Nevada	1,557	-------	1,164	393	307	-------	306	-------	1	-------
New Hampshire	159	21	119	19	96	-------	96	-------	-------	-------
New Jersey	2,333	116	2,071	146	4,004	6	3,997	-------	1	-------
New Mexico	2,532	28	1,992	512	198	-------	189	-------	9	-------
New York	4,016	591	3,199	226	5,954	10	5,924	-------	8	12
North Carolina	3,318	-------	2,264	1,054	830	-------	830	-------	-------	-------
North Dakota	252	-------	171	81	342	-------	342	-------	-------	-------
Ohio	7,188	1	5,906	1,281	8,938	1	8,935	-------	-------	2
Oklahoma	2,462	19	1,805	638	1,845	-------	1,673	172	-------	-------
Oregon	1,930	-------	1,845	85	2,869	-------	2,869	-------	-------	-------
Pennsylvania	5,978	14	5,723	241	3,800	-------	3,800	-------	-------	-------
Rhode Island	241	8	233	-------	496	-------	496	-------	-------	-------
South Carolina	1,137	10	592	535	992	-------	989	-------	3	-------
South Dakota	548	34	472	42	622	4	618	-------	-------	-------
Tennessee	3,010	112	2,535	363	1,388	7	1,381	-------	-------	-------
Texas	14,233	219	12,005	2,009	5,213	12	5,166	-------	35	-------
Utah	1,513	4	1,481	28	1,160	-------	1,160	-------	-------	-------
Vermont	41	-------	41	-------	114	-------	114	-------	-------	-------
Virginia	2,589	31	1,533	1,025	3,487	1	3,484	-------	2	-------
Washington	2,260	44	1,778	438	7,360	-------	7,356	-------	4	-------
West Virginia	344	-------	344	-------	845	-------	845	-------	-------	-------
Wisconsin	976	-------	662	314	1,074	-------	1,072	-------	2	-------
Wyoming	353	-------	353	-------	465	-------	465	-------	-------	-------
Alaska	678	-------	678	-------	319	-------	319	-------	-------	-------
Guam	10	-------	10	-------	31	-------	31	-------	-------	-------
Hawaii	905	3	708	194	356	-------	356	-------	-------	-------
Puerto Rico	719	-------	719	-------	645	-------	645	-------	-------	-------
Virgin Islands	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------
Total [1]	151,439	4,269	121,638	25,532	121,262	79	118,064	2,671	376	72

[1] Cases tabulated in 1953.

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NUMBER OF HOME MORTGAGES INSURED UNDER ALL SECTIONS

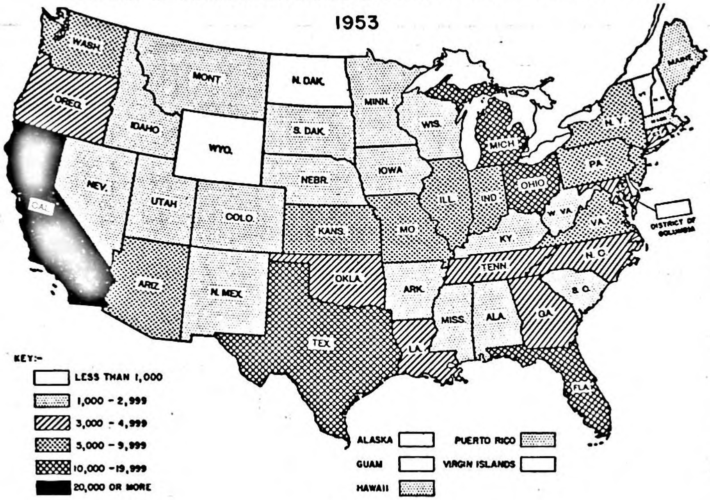


CHART 7.

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

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

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

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

[Dollar amounts in thousands]

State	Total		Sec. 203		Sec. 603		Other sections [1]	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Alabama	39,650	$233,402	28,759	$175,209	9,649	$50,612	1,242	$7,581
Arizona	42,883	263,882	32,396	204,044	7,132	43,215	3,355	16,623
Arkansas	34,639	193,630	28,363	160,743	4,869	24,493	1,407	8,395
California	569,676	3,470,397	418,559	2,587,379	126,012	742,836	25,105	140,181
Colorado	38,834	240,648	32,788	208,173	5,069	29,429	977	3,047
Connecticut	35,971	244,894	28,138	206,281	7,527	37,340	306	1,273
Delaware	6,788	40,997	4,117	26,276	2,631	14,622	40	100
District of Columbia	6,830	50,416	4,049	29,723	2,780	20,691	1	3
Florida	103,444	644,214	72,974	459,939	26,895	165,132	3,575	19,143
Georgia	56,159	333,214	39,287	235,725	13,307	70,525	3,565	26,964
Idaho	18,786	114,845	17,869	109,155	527	3,104	390	2,587
Illinois	151,259	978,187	127,012	839,826	21,975	128,698	2,272	9,663
Indiana	111,651	646,441	93,771	535,729	15,801	93,631	2,079	17,081
Iowa	30,711	182,360	27,722	166,334	2,551	13,568	438	2,458
Kansas	62,841	391,162	47,400	293,881	10,329	57,646	5,112	39,634
Kentucky	33,269	206,919	27,942	175,472	4,737	27,874	590	3,574
Louisiana	56,668	372,300	42,920	288,769	12,381	75,633	1,367	7,898
Maine	10,365	53,743	8,952	46,203	1,240	6,470	173	1,070
Maryland	52,404	318,368	35,899	219,695	14,409	88,416	2,096	10,256
Massachusetts	19,500	118,731	15,821	97,736	3,076	17,275	603	3,720
Michigan	229,718	1,419,637	183,179	1,148,474	41,334	248,254	5,205	22,909
Minnesota	32,541	202,220	27,301	168,844	4,810	31,968	430	1,408
Mississippi	24,994	131,538	19,792	102,249	4,168	22,926	1,034	6,364
Missouri	86,729	545,927	79,149	504,772	7,080	38,418	500	2,736
Montana	11,494	67,819	11,067	64,303	334	2,849	93	667
Nebraska	32,001	189,897	25,716	155,870	5,868	31,520	417	2,506
Nevada	9,476	68,005	7,100	54,582	1,925	10,177	451	3,246
New Hampshire	4,564	23,383	4,108	20,656	337	2,173	119	554
New Jersey	131,191	775,734	111,556	658,743	16,615	106,257	3,020	10,734
New Mexico	20,626	135,226	17,121	112,128	2,624	16,587	881	6,510
New York	167,303	1,078,380	136,097	892,814	23,069	151,850	8,137	33,716
North Carolina	41,548	252,169	30,902	186,321	8,829	53,933	1,817	11,914
North Dakota	3,418	22,684	3,165	20,757	162	1,135	91	792
Ohio	163,589	1,066,997	136,490	904,071	24,771	146,767	2,328	16,159
Oklahoma	81,849	480,758	62,403	364,655	17,706	101,697	1,740	14,406
Oregon	49,118	308,747	41,397	265,341	6,845	40,369	876	3,037
Pennsylvania	175,690	1,007,028	142,936	808,072	31,443	193,118	1,311	5,838
Rhode Island	7,075	42,087	5,772	35,258	1,263	6,730	40	99
South Carolina	31,765	172,285	22,545	117,558	6,378	34,137	2,842	20,590
South Dakota	10,921	62,590	10,113	56,065	520	3,439	288	3,086
Tennessee	63,329	367,412	45,351	259,397	15,977	96,140	2,001	11,876
Texas	218,003	1,256,510	155,674	921,385	52,028	281,987	10,301	53,139
Utah	32,888	203,662	24,761	159,835	7,920	42,924	207	903
Vermont	4,007	19,370	3,711	17,974	283	1,372	13	25
Virginia	77,652	473,172	54,076	350,044	18,806	102,931	4,770	20,197
Washington	136,766	821,698	114,355	703,635	19,076	103,235	3,335	14,828
West Virginia	22,534	128,572	21,171	122,227	1,325	6,224	38	121
Wisconsin	29,439	191,222	24,436	161,638	4,425	25,510	578	4,075
Wyoming	11,221	60,072	9,997	53,230	1,125	6,582	99	259
Alaska	1,957	23,713	1,935	23,643	1	7	21	63
Guam	33	398	33	398	------	------	------	------
Hawaii	9,546	82,475	8,819	77,192	544	3,677	183	1,605
Puerto Rico	14,737	93,308	10,575	74,162	4,162	19,146	------	------
Virgin Islands	9	77	7	65	2	13	------	------
Total [2]	3,419,928	20,873,057	2,687,548	16,632,647	624,652	3,645,260	107,728	595,150

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

Terminations and Foreclosures

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

FHA insurance contracts are terminated when:

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

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

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

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

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

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

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

[Dollar amounts in thousands]

	Total[1]		Sec. 8		Sec. 203		Sec. 213	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	3,376,833	$20,766,238	16,582	$81,854	2,690,459	$16,651,963	6,237	$59,881
Mortgages terminated:								
Prepaid in full	1,183,348	5,729,392	168	763	959,777	4,618,084	11	101
Prepaid by supersession	236,051	1,183,422	55	251	169,732	862,142	------	--------
Matured loans	11,217	31,986	------	--------	11,217	31,986	------	--------
Properties acquired by mortgagee:								
Transferred to FHA	15,475	86,969	57	244	5,285	27,224	------	--------
Retained by mortgagee	4,660	26,356	4	19	3,014	16,838	------	--------
Other terminations	597	2,638	------	--------	459	2,075	------	--------
Total terminations	1,451,348	7,060,763	284	1,276	1,149,484	5,558,349	11	101
Mortgages in force	1,925,485	13,705,474	16,298	80,577	1,540,975	11,093,614	6,226	59,780

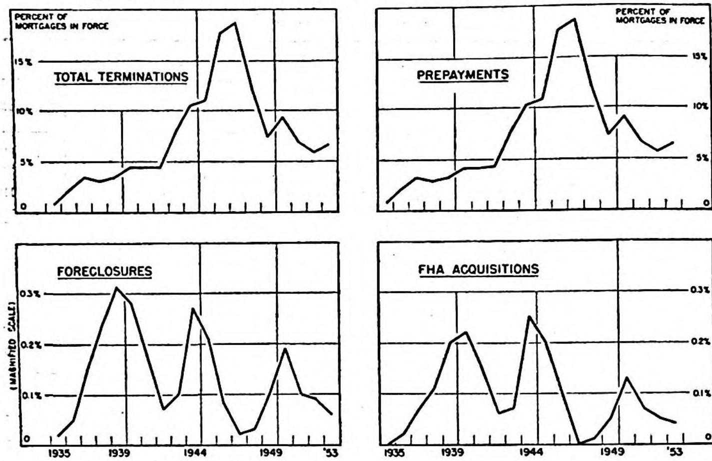
	Sec. 603		Sec. 603–610		Sec. 611		Sec. 903	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	624,652	$3,645,260	3,362	$16,103	75	$556	35,466	$310,621
Mortgages terminated:								
Prepaid in full	223,033	1,108,716	279	1,106	3	22	77	599
Prepaid by supersession	66,092	319,795	91	365	--------	--------	81	870
Matured loans	--------	--------	------	--------	--------	--------	------	--------
Properties acquired by mortgagee:								
Transferred to FHA	10,118	59,420	12	39	--------	--------	3	36
Retained by mortgagee	1,641	9,496	1	3	--------	--------	------	--------
Other terminations	138	563	------	--------	--------	--------	------	--------
Total terminations	301,022	1,497,996	383	1,513	3	22	161	1,505
Mortgages in force	323,630	2,147,264	2,979	14,590	72	534	35,305	309,116

[1] Excludes Sec. 2 home mortgages.

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

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

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



*YEARLY VOLUMES OF TOTAL TERMINATIONS, PREPAYMENTS, FORECLOSURES, AND FHA PROPERTY ACQUISITIONS AS PERCENT OF AVERAGE NUMBER OF INSURED MORTGAGES IN FORCE DURING EACH YEAR

CHART 8.

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

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

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

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

Year	Total terminations			Titles acquired by mortgagees[1]			Foreclosures in process at year end	
	Number for the period	Cumulative through end of year		Number for the period	Cumulative through end of year		Number	Percent of insured mortgages in force
		Number	Percent of total insured		Number	Percent of total insured		
Total								
1935–39	28,258	28,258	6.07	2,095	2,095	0.45	808	0.18
1940–44	281,675	309,933	22.66	6,912	9,007	.66	820	.08
1945–49	675,029	984,962	43.06	4,684	13,691	.60	1,281	.10
1950	131,833	1,116,795	42.50	2,610	16,301	.62	1,167	.08
1951	109,795	1,226,590	42.58	1,523	17,824	.62	899	.05
1952	101,134	1,327,724	42.62	1,478	19,302	.62	646	.04
1953	123,624	[2] 1,451,348	42.98	1,132	20,434	.61	822	.04
Sec. 8								
1951	2	2	0.03				1	0.02
1952	89	91	.75	5	5	0.04	5	.04
1953	193	[2] 284	1.71	64	69	.42	12	.07
Sec. 203								
1935–39	28,258	28,258	6.07	2,095	2,095	0.45	808	0.18
1940–44	269,406	297,664	27.52	3,308	5,403	.50	99	.01
1945–49	486,037	783,701	47.13	244	5,647	.34	302	.03
1950	97,144	880,845	44.02	677	6,324	.32	502	.04
1951	85,506	966,351	43.02	760	7,084	.32	515	.04
1952	81,301	1,047,652	42.60	684	7,768	.32	438	.03
1953	101,832	[2] 1,149,484	42.72	741	8,509	.32	511	.03
Sec. 213								
1952	1	1	0.03					
1953	10	11	.18				3	0.0[illegible]
Sec. 603 [3]								
1940–44	12,269	12,269	4.28	3,604	3,604	1.26	721	0.26
1945–49	188,992	201,261	32.23	4,440	8,044	1.29	979	.23
1950	34,689	235,950	37.62	1,933	9,977	1.59	665	.17
1951	24,287	260,237	41.45	763	10,740	1.71	383	.10
1952	19,743	279,980	44.59	789	11,529	1.84	203	.06
1953	21,425	[2] 301,405	47.99	305	11,834	1.88	178	.05
Sec. 611								
1953	3	3	4.00					
Sec. 903								
1953	161	[2] 161	0.45	22	22	0.06	118	0.33

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

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

[3] Includes Sec. 603-610 cases.

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

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

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

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

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

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

State	Sec. 203				Sec. 603			
	Total mortgages insured	Terminations	Titles acquired [1]	Insured mortgages in force December 31, 1953	Total mortgages insured	Terminations	Titles acquired [1]	Insured mortgages in force December 1, 1953
		As percent of insured				As percent of insured		
Alabama	28,759	36.40	0.60	18,291	9,649	53.60	6.50	4.477
Arizona	32,396	24.20	.19	24,557	7,132	22.34	6.74	5,539
Arkansas	28,363	31.60	.94	19,400	4,869	48.94	1.09	2,486
California	418,559	48.43	.15	215,843	126,012	49.52	.21	63,615
Colorado	32,788	40.54	.15	19,497	5,069	44.19	.12	2,829
Connecticut	28,138	36.69	.16	17,815	7,527	70.32	21.27	2,234
Delaware	4,117	40.00	.90	2,470	2,631	76.85	.11	609
District of Columbia	4,049	57.92	.07	1,704	2,780	45.22	.18	1,523
Florida	72,974	30.14	.36	50,982	26,895	24.22	1.26	20,381
Georgia	39,287	38.63	.48	24,111	13,307	49.00	4.93	6,786
Idaho	17,869	38.25	.21	11,035	527	52.18	.19	252
Illinois	127,012	57.72	.19	53,700	21,975	64.65	.07	7,768
Indiana	93,771	44.32	.20	52,209	15,801	48.18	.51	8,188
Iowa	27,722	47.41	.12	14,580	2,551	60.92	5.80	997
Kansas	47,400	38.50	.88	29,152	10,329	55.42	1.07	4,605
Kentucky	27,942	38.18	.35	17,273	4,737	47.48	.06	2,488
Louisiana	42,920	30.99	.51	29,621	12,381	51.17	4.57	6,046
Maine	8,952	44.25	.87	4,991	1,240	67.02	2.66	409
Maryland	35,899	48.70	.35	18,417	14,409	57.82	6.72	6,078
Massachusetts	15,821	52.92	2.14	7,448	3,076	61.87	1.66	1,173
Michigan	183,179	43.43	.39	103,617	41,334	47.29	2.23	21,787
Minnesota	27,301	53.39	.36	12,726	4,810	48.90	.52	2,458
Mississippi	19,792	35.83	.50	12,701	4,168	28.26	.34	2,990
Missouri	79,149	43.14	.29	45,001	7,080	58.46	2.70	2,941
Montana	11,067	46.17	.10	5,957	334	56.59	.30	145
Nebraska	25,716	42.98	.22	14,662	5,868	65.24	2.25	2,040
Nevada	7,100	26.99	.01	5,184	1,925	55.22	.05	862
New Hampshire	4,108	59.91	3.02	1,647	337	48.96	9.20	172
New Jersey	111,556	50.16	.63	55,596	16,615	49.46	1.70	8,398
New Mexico	17,121	21.67	.04	13,411	2,624	31.29	.04	1,803
New York	136,097	37.27	.66	85,376	23,069	33.92	2.18	15,245
North Carolina	30,902	36.37	.29	19,663	8,829	31.22	2.15	6,073
North Dakota	3,165	42.40	.25	1,823	162	46.91	--------	86
Ohio	136,490	48.79	.14	69,892	24,771	61.45	.49	9,548
Oklahoma	62,403	36.86	.35	39,399	17,706	42.56	1.94	10,171
Oregon	41,397	33.05	.20	27,717	6,845	49.42	.28	3,462
Pennsylvania	142,936	48.92	.19	73,016	31,443	53.14	.18	14,733
Rhode Island	5,772	51.75	.47	2,785	1,263	61.60	.16	485
South Carolina	22,545	30.09	.39	15,762	6,378	45.16	6.07	3,408
South Dakota	10,113	45.07	.21	5,555	520	50.00	.19	260
Tennessee	45,351	39.66	.33	27,356	15,977	29.64	1.04	11,241
Texas	155,674	31.67	.17	106,365	52,028	40.15	.97	31,141
Utah	24,761	41.67	.17	14,442	7,920	71.87	5.04	3,020
Vermont	3,711	62.44	1.24	1,394	283	72.44	4.95	78
Virginia	54,076	34.92	.23	35,194	18,806	50.16	5.52	9,372
Washington	114,355	43.37	.27	64,758	19,076	68.00	.82	6,104
West Virginia	21,171	46.54	.16	11,318	1,325	61.51	21.28	510
Wisconsin	24,436	53.95	.25	11,252	4,425	61.47	.29	1,705
Wyoming	9,997	51.58	.17	4,841	1,125	42.67	--------	645
Alaska	1,935	25.12	.16	1,449	1	100.00	--------	--------
Guam	33	--------	--------	33	--------	--------	--------	--------
Hawaii	8,819	29.12	.02	6,251	544	41.18	--------	320
Puerto Rico	10,575	16.71	.14	8,808	4,162	7.42	.43	3,853
Virgin Islands	7	--------	--------	7	2	50.00	--------	1
Total [2]	2,690,459	42.72	.32	1,540,975	624,652	48.19	1.89	323,630

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

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

Termination Experience

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

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

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

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

Policy year	Mortgage survivors at the beginning of policy year	Annual termination rates [1]	Mortgage terminations during the policy year	Policy year	Mortgage survivors at the beginning of policy year	Annual termination rates [1]	Mortgage terminations during the policy year
1st	100,000	0.0262079	2,621	10th	33,773	0.1523362	5,145
2d	97,379	.0492760	4,798	11th	28,628	.1421310	4,069
3d	92,581	.0749205	6,936	12th	24,559	.1431409	3,515
4th	85,645	.1039655	8,904	13th	21,044	.1432536	3,015
5th	76,741	.1315634	10,096	14th	18,029	.1532564	2,763
6th	66,645	.1502859	10,016	15th	15,266	.2570375	3,924
7th	56,629	.1595251	9,034	16th	11,342	.2627400	2,980
8th	47,595	.1605922	7,643	17th	8,362	.3511450	2,936
9th	39,952	.1546551	6,179				

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

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

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

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

ACTUARIAL SCHEDULE 2.—*Annual termination rates*[1] *for 1- to 4-family home mortgages by type of termination based on aggregate termination experience by policy year for Sec. 203 mortgages insured from 1935 through 1952 and exposed to policy anniversaries in 1952 or prior termination dates*

Policy year	Type of termination					
	Prepayments in full	Prepayments by supersession	Titles acquired by mortgagees		Others	Total
			Retained by mortgagee	Transferred to FHA		
1st	0.0191540	0.0068589	0.0000748	0.0000828	0.0000374	0.0262079
2d	.0371305	.0106983	.0003559	.0007595	.0000318	.0492760
3d	.0588369	.0145636	.0004099	.0010402	.0000699	.0749205
4th	.0857987	.0168657	.0003958	.0007722	.0001331	.1039655
5th	.1141762	.0161572	.0002144	.0004526	.0005630	.1315634
6th	.1345012	.0151243	.0001540	.0002130	.0002934	.1502859
7th	.1454432	.0136765	.0000974	.0000943	.0002137	.1595251
8th	.1472820	.0127099	.0000832	.0000271	.0004900	.1605022
9th	.1412994	.0127573	.0000712	.0000120	.0005122	.1546551
10th	.1368874	.0113546	.0000473	.0000029	.0040440	.1523362
11th	.1259430	.0099934	.0000492	----------	.0061454	.1421310
12th	.1301721	.0087641	.0000516	----------	.0041531	.1431409
13th	.1292362	.0065805	.0000217	.0000108	.0074044	.1432536
14th	.1464951	.0054132	.0000632	----------	.0012849	.1532564
15th	.1943044	.0027044	----------	----------	.0600287	.2570375
16th	.1368808	.0018962	.0001185	----------	.1238445	.2627400
17th	.3389313	.0045801	----------	----------	.0076336	.3511450

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

Interpretation of the component rates by policy year for the different types of termination is the same as for total annual termination rates in measuring the distribution of terminations during a policy year. Based on the 1935–52 termination experience for Section 203 mortgages, if, for example, 100,000 mortgages are in force at the beginning of the sixth year, 15,028 can be expected to terminate during the sixth policy year. This figure is the product of the total termination rate in the sixth policy year and the 100,000 mortgages. Of this total number of terminations, 14,963 can be expected to be prepayments: 13,450 prepayments in full and 1,513 prepayments by supersession. The remainder of the terminations can be expected to consist of 39 foreclosures, with 15 of the properties retained by mortgagees and 24 transferred to FHA, and 26 other terminations, principally maturities.

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

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

The annual rates of termination are "crude" or actual rates as distinguished from "graduated" or smoothed rates. They are based on number of mortgages only, and include mortgages with the various terms of financing eligible for insurance under the administrative rules and regulations for Title II, Section 203. Because this insurance program has not been in operation long enough for many of its longer-term mortgages to mature, the rates of termination for the later policy years are based on a smaller aggregate amount of experience than those for earlier policy years. The rates of termination for the first policy year are based on the contracts endorsed for insurance in each calendar year from 1935 through 1951. For the second policy year, they are based on the endorsements in each calendar year from 1935 through 1950. Thus, for the seventeenth policy year they are based on endorsements of the calendar year 1935 only. With time, the accumulation of termination data will provide the merged experience of home mortgage insurance contracts through that policy year which will represent the longest maturity eligible for insurance under this program.

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

Home Mortgages in Default

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

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

Financial Institution Activity

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

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

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

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

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

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

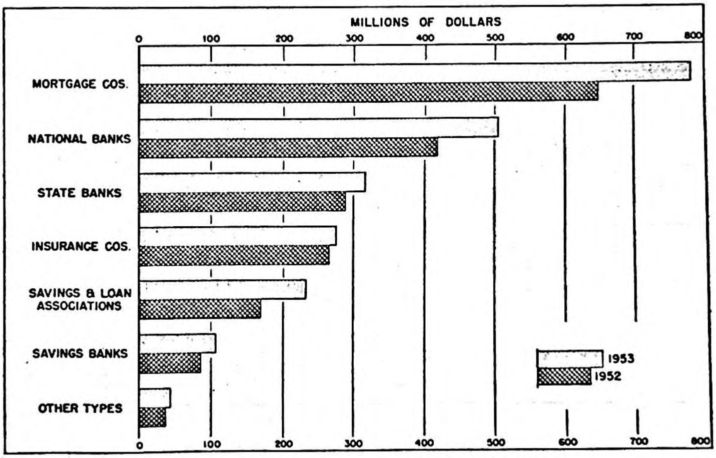


CHART 9.

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

[Dollar amounts in thousands]

Type of institution [1]	Number of institutions		Mortgages originated in 1953			Mortgages held [2] Dec. 31, 1953		
	Originating	Holding	Number	Amount	Percent of amount	Number	Amount	Percent of amount
Total								
National bank	(Not available)		57,314	$504,350	22.3	343,918	$2,394,719	18.0
State bank			35,303	318,068	14.1	211,172	1,432,561	10.7
Mortgage company			91,311	780,221	34.5	40,559	315,195	2.3
Insurance company			30,225	277,070	12.2	761,983	5,404,570	40.6
Savings and loan assn			27,838	233,382	10.3	153,273	1,063,171	8.0
Savings bank			11,996	106,552	4.7	276,477	2,021,316	15.2
Federal agency						65,795	489,166	3.7
All other [3]			4,932	42,413	1.9	29,919	195,389	1.5
Total			258,919	2,262,056	100.0	1,883,096	13,319,087	100.0
Sec. 8								
National bank	33	75	316	$1,776	8.1	1,163	$5,460	7.1
State bank	42	105	615	3,295	15.1	1,261	5,949	7.8
Mortgage company	46	63	1,115	5,687	26.1	531	2,600	3.4
Insurance company	9	56	58	269	1.2	1,740	8,208	10.7
Savings and loan assn	66	102	1,689	8,150	37.4	2,778	13,215	17.3
Savings bank	10	35	498	2,376	10.9	2,398	11,252	14.7
Federal agency		1				5,267	28,224	36.9
All other	4	12	57	264	1.2	340	1,566	2.1
Total	210	449	4,348	21,817	100.0	15,478	76,473	100.0
Sec. 203								
National bank	1,081	2,666	54,363	$478,515	23.5	294,786	$2,075,834	19.2
State bank	1,177	3,408	32,629	295,755	14.5	170,431	1,237,492	11.4
Mortgage company	599	659	74,240	636,345	31.2	31,281	247,061	2.3
Insurance company	308	567	30,071	275,946	13.6	606,424	4,373,207	40.4
Savings and loan assn	787	1,607	24,962	214,375	10.5	129,276	914,630	8.5
Savings bank	181	334	11,276	102,251	5.0	223,459	1,650,456	15.3
Federal agency		4				21,283	151,306	1.4
All other	33	163	4,003	34,731	1.7	24,106	159,645	1.5
Total	4,166	9,408	231,544	2,037,916	100.0	1,510,046	10,809,630	100.0
Sec. 603 [4]								
National bank	2	861	4	$18	5.6	47,050	$304,797	14.1
State bank	1	1,128	1	7	2.0	29,857	183,546	8.5
Mortgage company	1	158	7	34	10.7	5,201	34,919	1.6
Insurance company	1	250	6	41	12.8	153,549	1,020,806	47.2
Savings and loan assn		643				20,778	131,583	6.1
Savings bank	4	175	54	222	68.9	49,836	355,628	16.5
Federal agency		2				15,064	97,906	4.5
All other		46				5,274	32,672	1.5
Total	9	3,263	72	323	100.0	326,609	2,161,856	100.0
Sec. 903								
National bank	22	29	2,631	$21,041	11.9	919	$8,629	3.2
State bank	43	37	2,058	19,012	9.4	623	5,574	2.0
Mortgage company	127	83	15,949	138,155	68.4	3,516	30,615	11.3
Insurance company	6	11	90	813	.4	270	2,349	.9
Savings and loan assn	24	22	1,187	10,856	5.4	441	3,743	1.4
Savings bank	6	17	168	1,703	.8	784	6,081	2.6
Federal agency		1				24,181	211,731	78.1
All other	10	7	872	7,419	3.7	199	1,507	.5
Total	238	207	22,955	202,000	100.0	30,963	271,128	100.0

[1] On this and the following table, data include only cases tabulated through year end and exclude Sec. 213 and Sec. 611 cases.

[2] Differs from number and amount in force due to lag in tabulation.

[3] On this and the following table, includes industrial banks, finance companies, endowed institutions, private and State benefit funds, etc.

[4] Includes mortages insured under Section 603-610: 7 for $43,600 originated in 1953 and 2,979 for $14,592,750 held in portfolio.

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

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

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

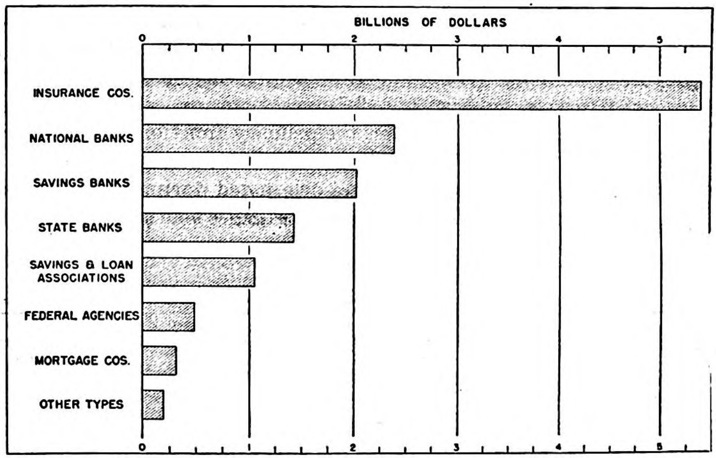


CHART 10.

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

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

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

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

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

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

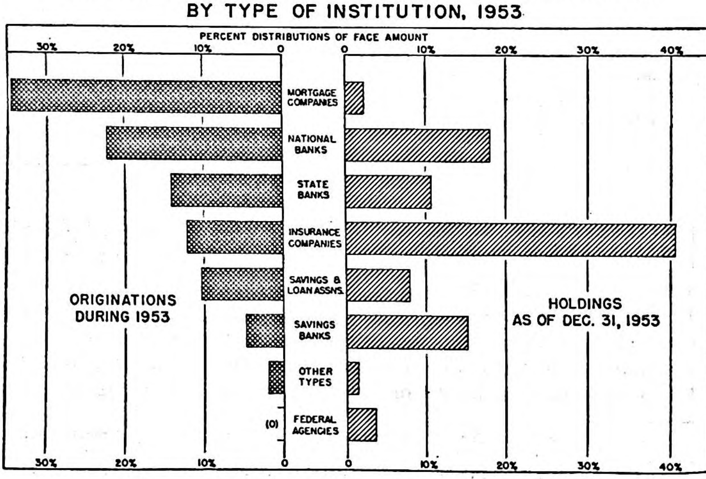

CHART 11.

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

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

Chart 12 indicates that the most active institutions in the secondary

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

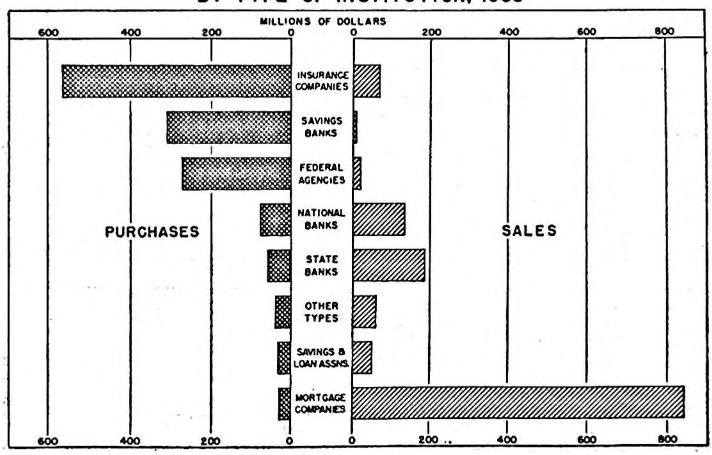

CHART 12.

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

[Dollar amounts in thousands]

Type of institution	Number of institutions—		Mortgages purchased			Mortgages sold		
	Purchasing	Selling	Number	Amount	Percent of amount	Number	Amount	Percent of amount
Total								
National bank	(Not available)		9,257	$74,624	5.4	15,907	$136,026	9.9
State bank			7,242	56,598	4.1	22,123	188,134	13.7
Mortgage company			3,608	28,175	2.1	100,387	841,655	61.2
Insurance company			66,015	566,392	41.2	8,292	68,734	5.0
Savings and loan association			4,032	30,302	2.2	6,389	51,095	3.7
Savings bank			37,489	309,698	22.5	1,114	7,613	.6
Federal agency			32,010	272,442	19.8	2,677	20,757	1.5
All other			5,120	36,533	2.7	7,824	60,749	4.4
Total			164,803	1,374,763	100.0	164,803	1,374,763	100.0
Sec. 8								
National bank	10	14	137	$639	3.8	319	$1,865	11.0
State bank	18	19	171	815	4.8	712	4,673	27.6
Mortgage company	10	71	90	446	2.6	1,644	8,466	49.9
Insurance company	17	4	328	1,580	9.3	10	46	.3
Savings and loan association	10	9	97	499	2.9	141	872	5.1
Savings bank	14	1	385	1,827	10.8	102	485	2.9
Federal agency	1	1	1,742	10,788	63.7	48	270	1.6
All other	6	6	84	355	2.1	58	272	1.6
Total	86	125	3,034	16,947	100.0	3,034	16,947	100.0
Sec. 203								
National bank	397	336	8,514	$69,010	6.1	12,951	$110,562	9.7
State bank	428	393	6,886	54,599	4.8	18,133	154,179	13.6
Mortgage company	128	571	3,179	24,940	2.2	82,740	694,353	61.1
Insurance company	211	211	64,756	557,576	49.1	7,952	66,315	5.8
Savings and loan association	185	136	3,549	27,232	2.4	4,838	38,496	3.4
Savings bank	151	36	30,083	299,496	26.3	608	4,063	.4
Federal agency	3	2	8,427	69,306	6.1	2,458	19,232	1.7
All other	39	33	4,643	34,178	3.0	6,357	49,197	4.3
Total	1,542	1,718	136,037	1,136,397	100.0	136,037	1,136,397	100.0
Sec. 603 [1]								
National bank	39	35	525	$3,980	19.8	247	$1,616	8.0
State bank	32	33	162	951	4.7	595	4,306	21.4
Mortgage company	15	20	136	963	4.8	295	2,259	11.2
Insurance company	25	18	775	5,720	28.4	298	2,123	10.6
Savings and loan association	16	18	338	2,166	10.8	578	4,172	20.7
Savings bank	25	12	566	4,357	21.6	404	3,065	15.2
Federal agency	2	2	7	45	.2	110	735	3.7
All other	4	2	389	1,949	9.7	371	1,855	9.2
Total	158	140	2,898	20,131	100.0	2,898	20,131	100.0
Sec. 903								
National bank	5	21	81	$995	0.5	2,480	$21,983	10.9
State bank	4	31	23	234	.1	2,683	24,977	12.4
Mortgage company	3	115	203	1,825	.9	15,708	136,577	67.8
Insurance company	7	4	156	1,516	.8	32	250	.1
Savings and loan association	2	15	48	405	.2	832	7,555	3.8
Savings bank	8	------	455	4,018	2.0	------	------	------
Federal agency	1	1	21,864	192,243	95.5	61	520	.3
All other	1	8	4	51	(2)	1,038	9,426	4.7
Total	31	195	22,834	201,287	100.0	22,834	201,287	100.0

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

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

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

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

Type	Percent change in amount, 1953 over 1952	
	Purchases	Sales
National bank	−31	+28
State bank	−32	+13
Mortgage company	+8	+65
Insurance company	+43	+26
Savings and loan association	+79	+27
Savings bank	+30	−74
Federal agency	+174	−22
Other	+82	+10
All types	+39	+39

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

Characteristics of Home Mortgage Transactions

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

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

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

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

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

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[4] The data used in these analyses were based on the following samples:

1. Section 203—41,500 new-home and 39,900 existing-home cases selected from mortgages insured during the first 11 months of 1953.

2. Section 903—18,800 new single-family and 2,900 new 2-family home cases selected from mortgages insured in 1953.

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

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

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

[1] Less than 0.05 percent.

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

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

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

Trends in Characteristics in FHA Home Mortgage Transactions

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

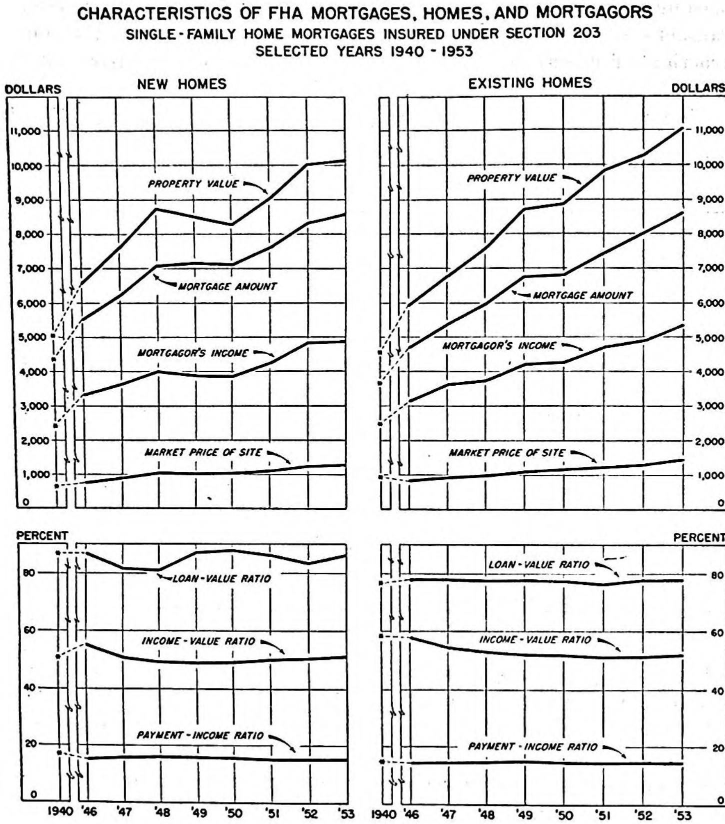

CHART 13.

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

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

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

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

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

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

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

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

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

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

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

Year	New homes	Existing homes	New homes	Existing homes	New homes	Existing homes	New homes	Existing homes
	Amount of mortgage [1]		Duration in years [2]		Loan as a percent of FHA value [1]		1-family as a percent of 1- to 4 family	
1953	$8,555	$8,623	22.2	19.9	86.5	78.3	97.8	96.4
1952	8,273	8,047	21.7	19.7	83.7	77.9	96.1	96.3
1951	7,586	7,448	23.4	21.1	86.5	76.6	98.5	95.6
1950	7,101	6,801	24.1	20.2	88.0	77.8	99.0	95.5
1949	7,143	6,778	22.8	19.8	87.3	78.0	98.9	96.1
1946	5,504	4,697	21.0	18.9	87.0	78.4	98.7	93.6
1943	(3)	4,312	(3)	18.3	(3)	(3)	(3)	94.6
1940	[4] 4,358	[4] 3,687	[5] 23.0	[5] 17.5	[4] 87.0	[4] 76.8	90.0	92.7
	Property value [1]		Market price of site [2]		Number of rooms [1, 6]		Percent with garages	
1953	$10,140	$11,061	$1,291	$1,461	5.3	5.6	59.7	74.1
1952	10,022	10,289	1,227	1,296	5.3	5.5	53.4	70.7
1951	9,007	9,843	1,092	1,222	5.2	5.6	49.6	69.5
1950	8,286	8,865	1,035	1,150	4.9	5.6	48.7	70.6
1949	8,502	8,700	1,018	1,098	4.9	5.6	49.6	70.4
1946	6,558	5,934	761	833	5.5	5.9	58.1	83.4
1943	(3)	5,535	(3)	956	(3)	[5] 6.3	(3)	85.8
1940	5,028	4,600	662	948	5.6	6.3	75.6	87.2
	Mortgagor's effective annual income [1, 7]		Total monthly payment [1, 7]		Payment as a percent of income [7, 8]		Ratio of property value to annual income [7, 8]	
1953	$4,880	$5,396	$65.95	$70.84	15.2	14.7	1.96	1.92
1952	4,811	4,938	64.16	65.08	15.1	14.5	1.99	1.95
1951	4,225	4,726	58.84	61.57	15.1	14.4	2.00	1.96
1950	3,861	4,274	54.31	56.65	15.8	14.6	2.04	1.92
1949	3,880	4,219	55.59	56.12	16.0	14.8	2.05	1.92
1946	3,313	3,101	46.18	40.83	15.3	14.3	1.81	1.71
1943	(3)	3,062	(3)	[5] 39.80	(3)	14.6	(3)	1.67
1940	2,416	2,490	[5] 35.15	[5] 34.56	17.2	15.1	1.97	1.70

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

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

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

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

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

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

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

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

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

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

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

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

Sale price is the price stated in the sale agreement.

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

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

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

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

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

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

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

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

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

[7] Under credit controls imposed by FHA, at the direction of the HHFA Administrator, in keeping with Regulation X of the Federal Reserve Board, the maximum term during 1952 for mortgages approved before start of construction was 25 years for 1- and 2-family properties with acquisition costs per family unit of $12,000 or less, and 3- and 4-family properties; for all other home mortgages, 20 years. The Section 203 statutory maximum, restored in April 1953, is 25 years for mortgages approved before start of construction, or 30 years if such mortgages do not exceed $6,650 on 2-bedroom houses, $7,600 on 3-bedroom houses, and $8.550 on 4-bedroom houses (or such higher amounts, up to an additional $950, as may be authorized by the FHA Commissioner in areas where costs so require). For all other types of mortgages, the maximum is 20 years.

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

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

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

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

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

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

AMOUNT OF MORTGAGE

FHA-INSURED MORTGAGES ON SINGLE-FAMILY HOMES

SECTION 203, 1953

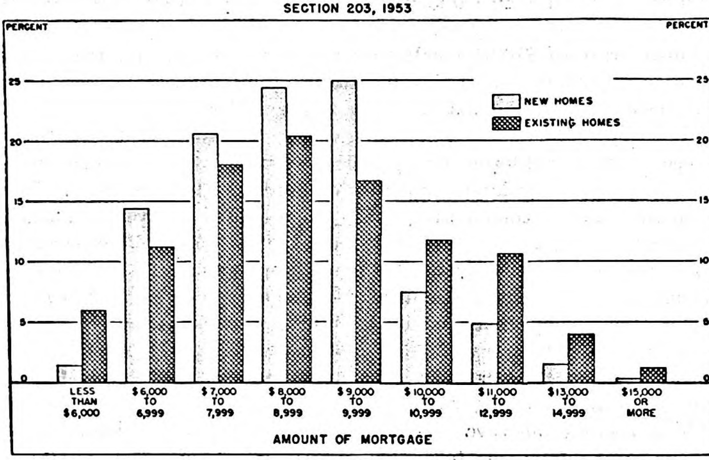


CHART 14

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

Amount of mortgage	New homes					Existing homes				
	1953	1952	1951	1946	1940[1]	1953	1952	1951	1946	1940[1]
	Percentage distributions									
Less than $2,000				0.1	0.5		(2)	(2)	1.0	7.3
$2,000 to $2,999	(2)	0.1	0.1	1.1	10.4	(2)	0.2	0.7	7.6	24.5
$3,000 to $3,999	0.1	.2	.3	7.1	28.6	0.2	.8	1.8	19.2	26.6
$4,000 to $4,999	.2	.8	1.2	22.6	29.1	1.2	2.7	5.7	29.0	19.1
$5,000 to $5,999	1.1	3.3	6.4	31.4	20.7	4.6	7.0	11.9	21.3	9.7
$6,000 to $6,999	14.4	14.5	23.6	25.0	6.1	11.2	15.6	19.7	11.0	5.6
$7,000 to $7,999	20.6	22.5	30.6	9.5	2.4	18.0	20.4	20.5	4.7	2.5
$8,000 to $8,999	24.4	27.4	21.0	2.4	1.1	20.4	21.7	17.5	2.7	1.8
$9,000 to $9,999	25.0	20.0	11.0	.4	.4	16.7	15.5	10.6	1.2	.9
$10,000 to $10,999	7.5	7.6	3.0	.2	.4	11.8	10.5	7.3	1.1	1.1
$11,000 to $11,999	3.2	2.5	1.4	.2		6.1	4.1	3.1	.2	
$12,000 to $12,999	1.7	.5	.6	(2)	.3	4.6	.8	.6	.4	.9
$13,000 to $13,999	.7	.2	.3			2.2	.3	.2	.1	
$14,000 to $14,999	.8	.2	.3			1.8	.3	.3	.2	
$15,000 or more	.3	.2	.2			1.2	.1	.1	.3	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average	$8,585	$8,238	$7,675	$5,548	$4,424	$8,847	$8,044	$7,469	$4,929	$3,977
Median	8,555	8,273	7,586	5,504	4,358	8,623	8,047	7,448	4,697	3,687

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

occurring in virtually all the higher-amount brackets. The most significant increase, from 20 percent of the 1952 cases to 25 percent of those insured in 1953, occurred in the $9,000 to $9,999 range. These shifts probably reflect the restoration of the maximum permissible loan amount ($9,450) and ratio of loan to value for mortgages on single-family owner-occupied dwellings insured under Section 203(b)(2)(C) of the National Housing Act, which followed the relaxation in September 1952 and the complete removal in April 1953 of credit control limitations. A comparable shift is evident in the distributions of the existing-home mortgage amounts from 1952 to 1953, but with the increases being appreciably greater in the higher brackets ($11,000 and up).

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

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

FHA estimate of property value	Percentage distribution	Median loan-value ratio	Ratio of loan to value—Percentage distributions								
			50 percent or less	51 to 60 percent	61 to 70 percent	71 to 75 percent	76 to 80 percent	81 to 85 percent	86 to 90 percent	91 to 95 percent	Total
	New homes										
Less than $7,000	2.2	93.2	0.2	0.1	0.3	0.8	1.6	3.5	3.2	90.3	100.0
$7,000 to $7,999	14.9	93.0	.2	.1	.3	.6	2.0	2.3	11.0	83.5	100.0
$8,000 to $8,999	14.4	90.9	.2	.2	.7	1.2	3.7	4.2	40.5	49.3	100.0
$9,000 to $9,999	14.8	88.2	.3	.6	1.5	3.1	4.4	6.8	75.6	7.7	100.0
$10,000 to $10,999	15.7	87.1	.6	.7	2.3	3.9	7.2	20.8	64.4	.1	100.0
$11,000 to $11,999	14.5	82.6	.8	1.4	4.0	6.4	18.6	58.1	10.6	.1	100.0
$12,000 to $12,999	10.1	77.8	1.6	2.2	8.5	11.1	75.8	.7	.1	(1)	100.0
$13,000 to $13,999	5.2	77.5	1.7	2.8	11.4	13.6	70.1	.2	.1	.1	100.0
$14,000 to $14,999	3.2	77.2	1.7	2.8	15.3	14.5	65.0	.2	.5	-------	100.0
$15,000 to $15,999	2.0	77.3	2.2	3.1	15.1	12.4	66.8	.1	.3	-------	100.0
$16,000 to $17,999	1.9	77.5	2.5	5.2	15.6	11.1	52.0	2.2	11.4	-------	100.0
$18,000 to $19,999	.7	77.1	2.7	7.0	13.4	13.4	63.5	-------	-------	-------	100.0
$20,000 or more	.4	72.2	4.4	18.2	22.6	14.5	40.3	-------	-------	-------	100.0
Total	100.0	86.5	.7	1.2	4.0	5.2	21.7	13.8	30.7	22.7	100.0
	Existing homes										
Less than $7,000	2.8	80.5	1.2	1.1	6.1	5.5	40.5	1.0	3.7	40.9	100.0
$7,000 to $7,999	6.8	80.2	.6	1.3	6.6	5.1	43.5	2.5	7.1	33.3	100.0
$8,000 to $8,999	11.2	80.1	.7	1.4	5.8	5.8	44.6	4.0	21.3	16.4	100.0
$9,000 to $9,999	12.5	79.3	.7	1.6	6.4	6.2	52.8	5.8	26.4	.1	100.0
$10,000 to $10,999	14.0	78.7	.8	1.8	7.9	8.0	58.7	7.5	15.3	-------	100.0
$11,000 to $11,999	12.9	78.2	1.0	2.0	9.0	9.7	63.0	12.1	3.2	-------	100.0
$12,000 to $12,999	12.1	77.6	1.2	2.3	10.8	12.1	73.4	.2	-------	-------	100.0
$13,000 to $13,999	8.7	77.4	1.6	3.2	12.3	13.4	69.5	(1)	-------	-------	100.0
$14,000 to $14,999	6.0	77.1	1.7	3.2	15.2	15.8	64.0	.1	-------	-------	100.0
$15,000 to $15,999	4.6	77.2	2.1	3.6	14.7	13.7	65.9	(1)	-------	-------	100.0
$16,000 to $17,999	5.2	77.2	2.7	3.3	14.4	14.4	65.1	.1	-------	-------	100.0
$18,000 to $19,999	1.9	76.8	2.3	5.0	16.3	17.5	58.9	-------	-------	-------	100.0
$20,000 or more	1.3	71.9	7.4	9.5	30.4	14.7	38.0	-------	-------	-------	100.0
Total	100.0	78.3	1.3	2.3	9.7	9.8	58.9	4.0	8.8	5.2	100.0

[1] Less than 0.05 percent.

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

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

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

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

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

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

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

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

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

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

Total requirements	Percentage distribution	Median amount of mortgage	Amount of mortgage—Percentage distributions											
			Less than $4,000	$4,000 to $4,999	$5,000 to $5,999	$6,000 to $6,999	$7,000 to $7,999	$8,000 to $8,999	$9,000 to $9,999	$10,000 to $10,999	$11,000 to $11,999	$12,000 to $13,999	$14,000 or more	Total
	New homes													
Less than $7,000	1.3	$6,294	0.5	-------	15.5	84.0	-------	-------	-------	-------	-------	-------	-------	100.0
$7,000 to $7,999	14.9	6,780	.1	.1	.3	81.9	17.6	-------	-------	-------	-------	-------	-------	100.0
$8,000 to $8,999	13.4	7,169	.1	.1	.6	5.7	92.5	1.0	-------	-------	-------	-------	-------	100.0
$9,000 to $9,999	12.2	8,160	.1	.2	.4	1.8	31.8	65.6	0.1	-------	-------	-------	-------	100.0
$10,000 to $10,999	14.1	8,688	.2	.1	.7	1.8	7.4	71.7	18.0	.1	-------	-------	-------	100.0
$11,000 to $11,999	15.7	9,145	.1	.3	.6	1.4	3.7	25.0	68.6	.2	0.1	-------	-------	100.0
$12,000 to $12,999	11.7	9,346	.2	.2	.5	1.5	3.2	11.0	73.0	10.4	(1)	-------	-------	100.0
$13,000 to $13,999	6.4	9,924	.4	.4	1.0	1.2	3.1	7.5	39.3	44.9	2.1	0.1	-------	100.0
$14,000 to $14,999	4.0	10,364	.1	.3	.7	1.1	2.6	5.3	21.9	44.5	22.3	1.2	-------	100.0
$15,000 to $15,999	2.5	11,130	-------	.3	.6	.9	1.9	3.7	9.9	27.4	39.1	14.1	2.1	100.0
$16,000 to $17,999	2.5	11,845	.1	.1	.2	.7	1.5	2.8	5.2	14.1	30.1	40.4	4.8	100.0
$18,000 to $19,999	.9	13,147	-------	.3	.9	-------	.3	1.0	3.7	7.5	12.2	46.1	27.4	100.0
$20,000 or more	.4	14,262	-------	-------	-------	.6	-------	-------	3.2	5.8	8.3	25.0	57.1	100.0
Total	100.0	8,563	.1	.2	.8	15.1	21.3	24.3	25.6	7.1	2.9	1.9	.7	100.0
	Existing homes													
Less than $7,000	2.2	$5,606	0.8	16.2	64.1	18.9	-------	-------	-------	-------	-------	-------	-------	100.0
$7,000 to $7,999	5.1	6,339	.2	2.4	27.1	60.3	10.0	-------	-------	-------	-------	-------	-------	100.0
$8,000 to $8,999	9.4	6,926	.2	.4	6.8	45.9	45.9	0.8	-------	-------	-------	-------	-------	100.0
$9,000 to $9,999	10.7	7,508	.2	.3	1.8	17.0	60.8	19.4	0.5	-------	-------	-------	-------	100.0
$10,000 to $10,999	13.1	8,145	.1	.2	.8	4.8	32.3	56.7	4.6	0.5	-------	-------	-------	100.0
$11,000 to $11,999	11.8	8,699	(1)	.1	.5	2.2	12.0	52.9	31.8	.5	-------	-------	-------	100.0
$12,000 to $12,999	11.6	9,255	.1	.1	.4	1.0	5.5	26.1	56.0	10.7	0.1	-------	-------	100.0
$13,000 to $13,999	9.9	9,906	-------	.1	.2	.6	2.3	11.5	39.1	44.5	1.6	0.1	-------	100.0
$14,000 to $14,999	7.3	10,360	-------	(1)	.4	.6	1.4	5.9	21.9	43.5	25.3	1.0	-------	100.0
$15,000 to $15,999	5.5	10,983	.1	.1	.3	.3	.9	3.7	10.6	34.5	34.0	15.4	0.1	100.0
$16,000 to $17,999	7.0	11,929	-------	(1)	.1	.4	.9	1.5	5.1	15.8	28.1	45.8	2.3	100.0
$18,000 to $19,999	3.7	13,134	-------	.1	-------	.3	.8	1.2	2.0	5.6	9.3	56.8	23.9	100.0
$20,000 or more	2.7	14,458	-------	-------	-------	.6	.6	.6	.8	3.5	4.4	25.6	63.9	100.0
Total	100.0	8,753	.1	.6	3.9	10.8	18.1	20.8	17.4	12.3	6.3	6.9	2.8	100.0

[1] Less than 0.05 percent.

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

Total requirements	Percentage distribution	Average							Current investment as a percent of —	
		Total requirements	Sale price	Mortgage amount	Property value	Area in square feet	Annual income	Current investment [1]	Total requirements	Annual income
		New homes								
Less than $7,000	1.3	$6,752	$6,675	$6,257	$6,763	737	$4,098	$495	7.3	12.1
$7,000 to $7,999	14.9	7,327	7,223	6,740	7,235	792	4,352	587	8.0	13.5
$8,000 to $8,999	13.4	8,389	8,250	7,454	8,189	868	4,667	935	11.1	20.0
$9,000 to $9,999	12.2	9,473	9,306	8,048	9,117	912	4,976	1,425	15.0	28.6
$10,000 to $10,999	14.1	10,467	10,295	8,543	10,038	937	5,146	1,924	18.4	37.4
$11,000 to $11,999	15.7	11,503	11,307	9,001	10,865	974	5,314	2,502	21.8	47.1
$12,000 to $12,999	11.7	12,408	12,211	9,283	11,687	1,000	5,641	3,125	25.2	55.4
$13,000 to $13,999	6.4	13,425	13,211	9,644	12,498	1,028	6,059	3,781	28.2	62.4
$14,000 to $14,999	4.0	14,462	14,245	10,124	13,299	1,080	6,487	4,338	30.0	66.9
$15,000 to $15,999	2.5	15,420	15,152	10,841	14,255	1,105	7,130	4,579	29.7	64.2
$16,000 to $17,999	2.5	16,786	16,408	11,548	15,210	1,150	7,796	5,238	31.2	67.2
$18,000 to $19,999	.9	18,880	18,372	12,667	17,045	1,244	8,486	6,213	32.9	73.2
$20,000 or more	.4	21,834	21,484	13,687	18,658	1,396	9,592	8,147	37.3	84.9
Total	100.0	10,700	10,515	8,524	10,166	940	5,288	2,176	20.3	41.1
		Existing homes								
Less than $7,000	2.2	$6,526	$6,464	$5,556	$6,584	849	$4,240	$970	14.9	22.9
$7,000 to $7,999	5.1	7,498	7,331	6,198	7,338	854	4,496	1,300	17.3	28.9
$8,000 to $8,999	9.4	8,522	8,341	6,814	8,192	901	4,794	1,708	20.0	35.6
$9,000 to $9,999	10.7	9,472	9,276	7,383	9,064	951	4,999	2,089	22.1	41.8
$10,000 to $10,999	13.1	10,478	10,299	7,970	9,947	992	5,199	2,508	23.9	48.2
$11,000 to $11,999	11.8	11,476	11,280	8,540	10,795	1,015	5,439	2,936	25.6	54.0
$12,000 to $12,999	11.6	12,473	12,279	9,073	11,665	1,056	5,791	3,400	27.3	58.7
$13,000 to $13,999	9.9	13,464	13,229	9,654	12,481	1,101	6,154	3,810	28.3	61.9
$14,000 to $14,999	7.3	14,447	14,211	10,183	13,204	1,143	6,501	4,264	29.5	65.6
$15,000 to $15,999	5.5	15,428	15,170	10,715	14,065	1,205	6,909	4,713	30.5	68.2
$16,000 to $17,999	7.0	16,865	16,576	11,597	15,196	1,270	7,769	5,268	31.2	67.8
$18,000 to $19,999	3.7	18,702	18,349	12,729	16,659	1,365	8,848	6,063	32.3	68.5
$20,000 or more	2.7	22,391	22,144	13,941	18,773	1,582	10,428	8,450	37.7	81.0
Total	100.0	12,217	12,018	8,917	11,352	1,032	5,911	3,300	27.0	55.8

[1] Total requirements less mortgage amount.

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

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

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

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

Property Characteristics

A basic procedure in the FHA underwriting system is the determination of the value of the property, including the house, land, and other physical improvements. Involved in this determination is a consideration of such items as the estimated replacement cost of the property, its rental value, sale prices of comparable houses, the type and location of the neighborhood, the character and market price of the site, materials and quality of construction, the size of the house, and garage facilities. The following portion of the report is devoted to an analysis of certain characteristics of the properties involved in the Section 203 transactions insured during 1953.

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

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

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

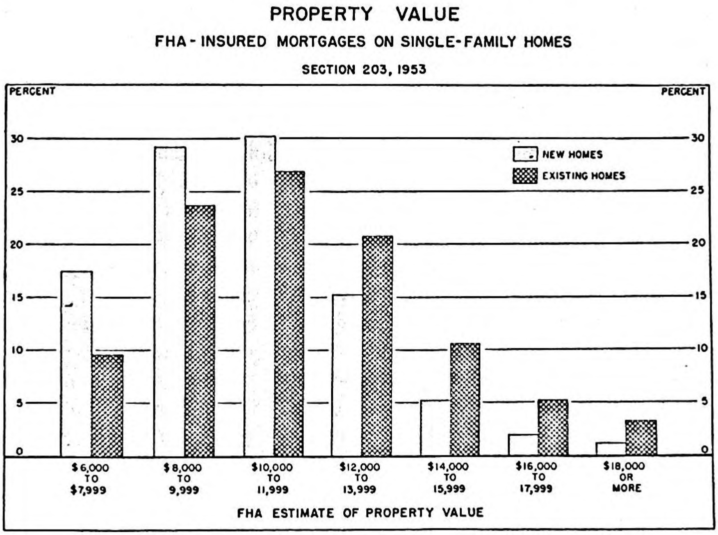


CHART 15.

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

FHA estimate of property value	New homes					Existing homes				
	1953	1952	1951	1946	1940	1953	1952	1951	1946	1940
	Percentage distributions									
Less than $3,000	------	------	------	------	3.2	------	(1)	------	1.7	10.9
$3,000 to $3,999	------	------	(1)	2.3	18.6	------	0.1	0.3	7.3	21.8
$4,000 to $4,999	------	(1)	0.2	10.0	26.8	------	.3	.8	16.8	22.5
$5,000 to $5,999	------	0.4	.8	20.3	23.6	------	1.0	2.0	24.6	17.3
$6,000 to $6,999	2.2	3.8	8.7	27.8	16.5	2.8	3.8	5.8	20.3	10.8
$7,000 to $7,999	14.9	10.4	18.2	22.4	5.7	6.8	8.4	11.0	12.1	6.1
$8,000 to $8,999	14.4	15.9	21.9	11.1	2.6	11.2	13.6	15.3	7.0	3.6
$9,000 to $9,999	14.8	18.7	18.8	3.4	1.2	12.5	15.3	15.2	3.4	1.9
$10,000 to $10,999	15.7	16.9	12.5	1.5	.7	14.0	15.6	14.4	2.5	1.5
$11,000 to $11,999	14.5	12.8	8.0	.5	.3	12.9	13.3	11.0	1.1	.9
$12,000 to $12,999	10.1	9.0	4.4	.3	.3	12.1	11.1	8.9	1.2	.8
$13,000 to $13,999	5.2	5.4	2.5	.2	.1	8.7	7.1	5.0	.5	.4
$14,000 to $14,999	3.2	2.6	1.5	.1	.2	6.0	4.3	3.5	.3	.7
$15,000 to $15,999	2.0	1.8	1.0	.1		4.6	2.7	2.5	.4	
$16,000 to $17,999	1.9	1.4	.9	(1)	.1	5.2	2.3	2.1	.3	.6
$18,000 to $19,999	.7	.5	.3	------		1.9	.5	.6	.2	
$20,000 or more	.4	.4	.3	------	.1	1.3	.6	.7	.3	.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average value	$10,357	$10,245	$9,307	$6,597	$5,199	$11,419	$10,567	$10,147	$6,269	$5,179
Median value	10,140	10,022	9,007	6,558	5,028	11,061	10,289	9,843	5,934	4,600

[1] Less than 0.05 percent.

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

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

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

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

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

FHA estimate of property value	Percentage distribution	Average					Ratio of—		
		Property value	Total requirements [1]	Sale price [1]	Amount of mortgage	Mortgagor's annual income	Loan to total value	Loan to total requirements [1]	Property value to income
	New homes								
							Percent	*Percent*	
Less than $7,000	2.2	$6,706	$7,062	$7,008	$6,275	$4,165	93.6	89.7	1.61
$7,000 to $7,999	14.9	7,308	7,569	7,419	6,771	4,397	92.7	89.7	1.66
$8,000 to $8,999	14.4	8,341	8,816	8,627	7,519	4,706	90.1	85.8	1.77
$9,000 to $9,999	14.8	9,409	10,006	9,823	8,156	5,097	86.7	82.0	1.85
$10,000 to $10,999	15.7	10,407	11,041	10,884	8,751	5,217	84.1	79.8	1.99
$11,000 to $11,999	14.5	11,332	11,980	11,857	9,149	5,559	80.7	76.7	2.04
$12,000 to $12,999	10.1	12,361	12,939	12,769	9,455	5,905	76.5	73.5	2.09
$13,000 to $13,999	5.2	13,356	14,154	13,944	10,095	6,311	75.6	71.7	2.12
$14,000 to $14,999	3.2	14,339	15,309	15,073	10,775	6,876	75.1	70.8	2.09
$15,000 to $15,999	2.0	15,313	16,257	16,064	11,479	7,391	75.0	71.1	2.07
$16,000 to $17,999	1.9	16,679	17,765	17,423	12,513	8,494	75.0	71.0	1.96
$18,000 to $19,999	.7	18,701	19,619	19,460	13,493	8,834	72.2	70.2	2.12
$20,000 or more	.4	22,318	23,196	22,465	14,612	9,816	65.5	64.1	2.27
Total	100.0	10,357	10,724	10,550	8,585	5,346	82.9	79.5	1.94
	Existing homes								
							Percent	*Percent*	
Less than $7,000	2.8	$6,426	$6,961	$6,762	$5,428	$4,288	84.5	79.8	1.50
$7,000 to $7,999	6.8	7,397	7,913	7,728	6,173	4,615	83.5	79.3	1.60
$8,000 to $8,999	11.2	8,392	8,978	8,789	6,894	4,896	82.1	77.9	1.71
$9,000 to $9,999	12.5	9,361	10,076	9,864	7,507	5,148	80.2	75.4	1.82
$10,000 to $10,999	14.0	10,333	11,067	10,867	8,138	5,382	78.8	74.4	1.92
$11,000 to $11,999	12.9	11,329	12,196	11,984	8,774	5,718	77.4	72.7	1.98
$12,000 to $12,999	12.1	12,327	13,249	13,028	9,408	6,079	76.3	71.8	2.03
$13,000 to $13,999	8.7	13,333	14,355	14,156	10,079	6,583	75.6	71.0	2.03
$14,000 to $14,999	6.0	14,298	15,370	15,179	10,732	7,010	75.1	70.5	2.04
$15,000 to $15,999	4.6	15,243	16,547	16,336	11,455	7,692	75.1	70.1	1.98
$16,000 to $17,999	5.2	16,724	18,288	18,032	12,519	8,693	74.9	69.5	1.92
$18,000 to $19,999	1.9	18,543	20,412	20,218	13,666	9,615	73.7	68.0	1.93
$20,000 or more	1.3	21,713	23,569	23,469	14,922	11,520	68.7	63.7	1.88
Total	100.0	11,419	12,226	12,016	8,847	5,977	77.5	72.9	1.91

[1] Data reflect purchase transactions only.

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

FHA estimate of property value	Percentage distribution	Average: Property value	Average: Property replacement cost	Average: Market price of site	Price of site as percent of value	Median: Calculated area (square feet)	Median: Number of rooms	Median: Number of bedrooms	Percentage of structures with garage
				New homes					
Less than $7,000	2.2	$6,706	$6,927	$815	12.2	736	4.5	2.5	52.2
$7,000 to $7,999	14.9	7,308	7,685	877	12.0	777	4.6	2.6	54.0
$8,000 to $8,999	14.4	8,341	8,664	972	11.7	881	5.2	3.1	57.3
$9,000 to $9,999	14.8	9,409	9,783	1,124	11.9	924	5.3	3.2	61.4
$10,000 to $10,999	15.7	10,407	10,743	1,296	12.5	948	5.3	3.2	60.0
$11,000 to $11,999	14.5	11,332	11,719	1,428	12.2	985	5.4	3.2	56.9
$12,000 to $12,999	10.1	12,361	12,780	1,606	13.0	1,014	5.5	3.3	55.9
$13,000 to $13,999	5.2	13,356	13,715	1,677	12.6	1,055	5.6	3.3	59.5
$14,000 to $14,999	3.2	14,339	14,746	1,824	12.7	1,126	5.7	3.3	66.6
$15,000 to $15,999	2.0	15,313	15,724	2,059	13.4	1,180	5.8	3.4	78.7
$16,000 to $17,999	1.9	16,679	17,105	2,150	12.9	1,186	5.8	3.3	82.6
$18,000 to $19,999	.7	18,701	19,128	2,848	15.2	1,298	5.8	3.4	82.9
$20,000 or more	.4	22,318	23,285	3,912	17.5	1,489	6.1	3.5	92.3
Total	100.0	10,357	10,726	1,291	12.5	924	5.3	3.1	59.7
				Existing homes					
Less than $7,000	2.8	$6,426	$8,441	$891	13.9	813	5.1	2.7	54.2
$7,000 to $7,999	6.8	7,397	9,159	919	12.4	820	4.9	2.6	64.2
$8,000 to $8,999	11.2	8,392	9,990	1,055	12.6	864	5.1	2.7	69.6
$9,000 to $9,999	12.5	9,361	10,936	1,167	12.5	932	5.3	2.8	72.8
$10,000 to $10,999	14.0	10,333	11,906	1,289	12.5	988	5.5	2.9	74.1
$11,000 to $11,999	12.9	11,329	12,724	1,406	12.4	1,012	5.5	3.0	73.4
$12,000 to $12,999	12.1	12,327	13,703	1,517	12.3	1,067	5.7	3.2	73.8
$13,000 to $13,999	8.7	13,333	14,685	1,681	12.6	1,112	5.8	3.2	76.0
$14,000 to $14,999	6.0	14,298	15,671	1,849	12.9	1,169	5.9	3.3	79.9
$15,000 to $15,999	4.6	15,243	16,828	2,021	13.3	1,247	6.2	3.4	80.8
$16,000 to $17,999	5.2	16,724	18,301	2,330	13.9	1,318	6.3	3.4	83.5
$18,000 to $19,999	1.9	18,543	20,343	2,748	14.8	1,421	6.4	3.5	89.2
$20,000 or more	1.3	21,713	24,531	3,190	14.7	1,664	6.7	3.6	89.5
Total	100.0	11,419	12,963	1,461	12.8	1,008	5.6	3.0	74.1

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

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

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

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

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

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

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

FHA estimate of property value	Percentage distribution	Average property value	Monthly average					Ratio of		
			Total payment	Estimated taxes	Prospective housing expense	Estimated rental value	Mortgagor's income	Mortgage payment to income	Housing expense to income	Mortgage payment to rental value
	New homes									
Less than $7,000	2.2	$6,706	$48.66	$6.03	$63.56	$56.47	$347.07	14.0	18.3	86.2
$7,000 to $7,999	14.9	7,308	50.95	6.53	67.67	61.56	366.44	13.9	18.5	82.8
$8,000 to $8,999	14.4	8,341	57.15	7.35	75.39	69.40	392.19	14.6	19.2	82.3
$9,000 to $9,999	14.8	9,409	62.76	8.93	82.06	76.54	424.71	14.8	19.3	82.0
$10,000 to $10,999	15.7	10,407	67.45	10.33	87.26	84.31	434.75	15.5	20.1	80.0
$11,000 to $11,999	14.5	11,332	71.96	11.33	92.77	90.95	463.28	15.5	20.0	79.1
$12,000 to $12,999	10.1	12,361	76.52	12.55	98.22	98.23	492.07	15.6	20.0	77.9
$13,000 to $13,999	5.2	13,356	82.36	13.53	105.02	104.68	525.92	15.7	20.0	78.7
$14,000 to $14,999	3.2	14,339	88.19	14.31	111.32	112.11	572.98	15.4	19.4	78.7
$15,000 to $15,999	2.0	15,313	93.16	14.25	119.73	118.16	615.92	15.1	19.4	78.8
$16,000 to $17,999	1.9	16,679	98.83	14.29	130.75	127.04	707.85	14.0	18.5	77.8
$18,000 to $19,999	.7	18,701	105.33	15.21	139.51	139.90	736.19	14.3	19.0	75.3
$20,000 or more	.4	22,318	127.51	20.65	153.36	163.52	818.04	15.6	18.7	78.0
Total	100.0	10,357	67.05	9.93	87.01	83.56	445.54	15.0	19.5	80.2
	Existing homes									
Less than $7,000	2.8	$6,426	$45.54	$6.33	$63.04	$55.97	$357.34	12.7	17.6	81.4
$7,000 to $7,999	6.8	7,397	51.12	6.90	69.81	62.73	384.61	13.3	18.2	81.5
$8,000 to $8,999	11.2	8,302	56.83	8.34	76.78	70.01	408.04	13.9	18.8	81.2
$9,000 to $9,999	12.5	9,301	61.49	9.00	82.58	76.70	428.96	14.3	19.3	80.2
$10,000 to $10,999	14.0	10,333	66.59	9.89	88.33	83.87	448.52	14.8	19.7	79.4
$11,000 to $11,999	12.9	11,329	72.01	10.73	94.78	90.77	476.49	15.1	19.9	79.3
$12,000 to $12,999	12.1	12,327	77.62	11.76	101.35	97.97	506.61	15.3	20.0	79.2
$13,000 to $13,999	8.7	13,333	82.84	12.67	108.08	104.76	548.58	15.1	19.7	79.1
$14,000 to $14,999	6.0	14,298	88.48	13.47	113.47	111.62	584.13	15.1	19.4	79.3
$15,000 to $15,999	4.6	15,243	93.93	14.33	121.37	118.41	641.00	14.7	18.9	79.3
$16,000 to $17,999	5.2	16,724	102.62	15.67	131.58	128.71	724.40	14.2	18.2	79.7
$18,000 to $19,999	1.9	18,543	113.54	17.69	143.57	139.99	801.21	14.2	17.9	81.1
$20,000 or more	1.3	21,713	125.38	20.58	164.15	164.06	960.00	13.1	17.1	76.4
Total	100.0	11,419	72.79	10.89	95.81	91.33	498.12	14.6	19.2	79.7

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

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

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

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

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

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

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

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

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

Calculated area (square feet)	New homes					Existing homes				
	1953	1952	1951	1949	1948	1953	1952	1951	1949	1948
	Percentage distributions									
Less than 600	0.1	0.1	0.2	1.8	0.9	0.2	0.3	0.4	0.7	0.9
600 to 699	2.7	2.9	4.3	7.0	4.6	3.0	3.3	3.1	3.5	4.7
700 to 799	19.5	18.7	23.7	28.8	20.6	13.7	14.6	13.1	14.2	16.3
800 to 899	22.1	23.7	25.8	24.2	22.0	17.5	18.0	16.8	17.5	18.5
900 to 999	20.6	16.4	13.6	12.5	16.2	13.9	14.8	14.3	13.8	13.3
1,000 to 1,099	15.4	15.5	13.4	9.5	11.2	13.5	13.2	12.9	12.1	10.9
1,100 to 1,199	10.2	10.8	8.5	6.1	8.7	10.8	10.3	9.9	9.3	8.0
1,200 to 1,299	4.5	4.0	4.1	4.2	6.4	8.4	7.7	8.1	7.3	6.8
1,300 to 1,399	2.3	3.5	2.8	2.1	3.4	5.9	5.6	5.9	5.5	5.1
1,400 to 1,499	1.4	1.7	1.3	1.3	2.2	3.9	3.6	4.4	4.2	3.7
1,500 to 1,599	.5	.9	.9	.8	1.5	2.6	2.5	3.1	3.2	2.9
1,600 to 1,799	.4	.6	.8	.9	1.4	3.3	3.1	3.8	4.0	3.7
1,800 to 1,999	.2	.2	.3	.4	.4	1.6	1.5	1.9	2.0	2.2
2,000 or more	.1	.1	.3	.4	.5	1.7	1.5	2.3	2.7	3.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average	953	968	942	909	972	1,075	1,060	1,093	1,091	1,075
Median	924	923	879	841	912	1,008	992	1,011	1,001	972

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

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

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

Calculated area (square feet)	Percentage distribution	Average number of rooms	Median number of rooms	Number of rooms—Percentage distributions					
				3	4	5	6	7 or more	Total
	New homes								
Less than 700	2.9	4.1	4.5	2.0	91.9	3.2	2.9	---------	100.0
700 to 799	19.5	4.1	4.5	.3	92.3	6.2	1.2	(1)	100.0
800 to 899	22.1	4.5	4.9	.2	50.2	48.4	1.1	0.1	100.0
900 to 999	20.6	4.9	5.4	.5	17.7	75.0	6.8	(1)	100.0
1,000 to 1,099	15.4	5.1	5.6	.1	6.8	72.9	20.0	.2	100.0
1,100 to 1,199	10.2	5.4	5.8	.2	3.8	54.8	40.0	1.2	100.0
1,200 to 1,399	6.7	5.5	6.0	.3	3.8	45.9	46.8	3.2	100.0
1,400 to 1,599	1.9	5.7	6.2	.1	1.9	37.2	53.1	7.7	100.0
1,600 to 1,999	.6	6.0	6.5	---------	2.4	18.0	54.0	25.6	100.0
2,000 or more	.1	6.3	7.0	2.3	---------	18.6	30.2	48.9	100.0
Total	100.0	4.8	5.3	.3	37.1	48.2	13.6	.8	100.0
	Existing homes								
Less than 700	3.2	4.2	4.6	5.0	78.0	13.7	2.9	0.4	100.0
700 to 799	13.7	4.3	4.7	.6	75.3	20.0	3.7	.4	100.0
800 to 899	17.5	4.6	5.0	.2	48.4	45.1	5.5	.8	100.0
900 to 999	13.9	4.9	5.4	.2	26.9	58.9	12.6	1.4	100.0
1,000 to 1,099	13.5	5.1	5.6	.2	13.0	61.1	23.6	2.1	100.0
1,100 to 1,199	10.8	5.4	5.9	.1	5.2	49.9	41.7	3.1	100.0
1,200 to 1,399	14.3	5.7	6.3	.2	2.1	32.9	56.5	8.3	100.0
1,400 to 1,599	6.5	6.1	6.6	.2	.7	15.8	57.1	26.2	100.0
1,600 to 1,999	4.9	6.6	7.2	.2	.9	7.0	38.9	53.0	100.0
2,000 or more	1.7	7.5	6.2	.7	.3	1.4	12.8	84.8	100.0
Total	100.0	5.1	5.6	.4	27.8	39.0	24.9	7.9	100.0

[1] Less than 0.05 percent.

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

Generally, the higher the room count the greater was the number of bedrooms. In the new-home transactions insured in 1953, more than half of the properties had 3 bedrooms, 44 percent had 2 bedrooms, and 2 percent had 4 or more. Relatively more (about one-half) of the existing homes provided 2 bedrooms, 44 percent 3 bedrooms (significantly fewer than the new homes), and 6 percent contained 4 or more bedrooms.

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

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

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

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

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

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

FHA estimate of property value	Percentage distribution	Median calculated area (square feet)	Calculated area (square feet)—Percentage distributions: Less than 700	700 to 799	800 to 899	900 to 999	1,000 to 1,099	1,100 to 1,199	1,200 to 1,399	1 400 to 1,599	1,600 to 1,999	2,000 or more	Total
							New homes						
Less than $7,000	2.2	736	18.1	69.3	10.9	1.6	----------	0.1	----------	----------	----------	----------	100.0
$7,000 to $7,999	14.9	777	8.6	52.6	25.7	10.1	1.8	1.1	0.1	----------	----------	----------	100.0
$8,000 to $8,999	14.4	881	3.7	20.8	31.5	33.2	7.0	3.7	.1	----------	----------	----------	100.0
$9,000 to $9,999	14.9	924	1.9	16.8	24.7	25.8	14.1	12.7	3.5	0.5	----------	----------	100.0
$10,000 to $10,999	15.7	948	1.0	14.8	24.8	19.2	24.5	11.4	4.0	.1	0.2	----------	100.0
$11,000 to $11,999	14.4	985	.8	9.1	21.4	22.4	22.0	14.8	8.6	.7	.2	----------	100.0
$12,000 to $12,999	10.1	1,014	.9	4.8	15.8	24.1	23.2	16.4	11.4	3.1	.3	----------	100.0
$13,000 to $13,999	5.2	1,055	.1	4.0	13.5	17.3	25.5	15.8	18.0	5.1	.6	0.1	100.0
$14,000 to $14,999	3.2	1,126	.1	1.9	8.9	12.9	20.9	18.5	26.3	9.0	1.4	.1	100.0
$15,000 to $15,999	2.0	1,180	----------	.8	5.2	13.7	18.2	15.6	29.1	13.3	3.5	.6	100.0
$16,000 to $17,999	1.9	1,186	----------	12.5	5.2	9.4	12.0	12.5	23.0	16.3	8.2	.9	100.0
$18,000 to $19,999	.7	1,298	----------	.3	10.6	3.3	8.0	7.0	29.9	24.3	15.3	1.3	100.0
$20,000 or more	.4	1,489	----------	----------	1.2	3.7	2.4	3.1	27.4	26.8	23.2	12.2	100.0
Total	100.0	924	2.9	19.5	22.1	20.6	15.4	10.2	6.7	1.9	.6	.1	100.0
Median property value	----------	$10,234	$7,808	$8,136	$9,669	$10,053	$11,150	$11,334	$12,709	$14,665	$17,000	$20,000	100.0
							Existing homes						
Less than $7,000	2.8	813	18.4	24.6	32.0	8.3	5.4	3.0	4.1	2.0	1.4	0.8	100.0
$7,000 to $7,999	6.7	820	12.3	30.9	28.2	10.5	6.6	3.5	4.5	1.8	1.3	.4	100.0
$8,000 to $8,999	11.2	864	6.0	25.4	26.8	16.1	10.7	5.2	5.3	2.5	1.5	.5	100.0
$9,000 to $9,999	12.5	932	4.6	18.6	20.3	18.3	16.2	8.0	7.8	2.8	2.0	.5	100.0
$10,000 to $10,999	14.0	988	2.4	16.2	17.5	15.8	18.0	12.0	10.7	3.9	2.7	.8	100.0
$11,000 to $11,999	13.0	1,012	1.1	13.8	18.8	14.1	16.5	13.4	14.2	4.7	2.8	.6	100.0
$12,000 to $12,999	12.1	1,067	.6	8.4	17.1	15.3	12.6	14.8	19.2	6.9	3.9	1.2	100.0
$13,000 to $13,999	8.7	1,112	.4	4.9	12.7	15.7	14.4	14.5	22.5	7.8	5.7	1.4	100.0
$14,000 to $14,999	6.0	1,169	.3	2.8	9.1	13.5	15.6	12.9	24.4	12.6	6.7	2.1	100.0
$15,000 to $15,999	4.6	1,247	.3	1.3	6.0	9.6	12.3	13.2	26.1	15.9	11.2	4.1	100.0
$16,000 to $17,999	5.2	1,318	.2	.5	3.0	5.1	11.6	13.3	25.5	19.1	16.1	5.6	100.0
$18,000 to $19,999	1.9	1,421	.3	.4	1.8	3.2	7.0	9.4	25.8	19.9	24.7	7.5	100.0
$20,000 or more	1.3	1,664	----------	1.0	4.7	2.0	3.0	4.9	13.7	16.5	29.8	24.4	100.0
Total	100.0	1,008	3.2	13.7	17.5	13.9	13.5	10.8	14.3	6.5	4.9	1.7	100.0
Median property value	----------	$11,213	$8,406	$9,535	$10,164	$10,871	$11,200	$11,980	$12,780	$13,712	$14,450	$15,493	----------

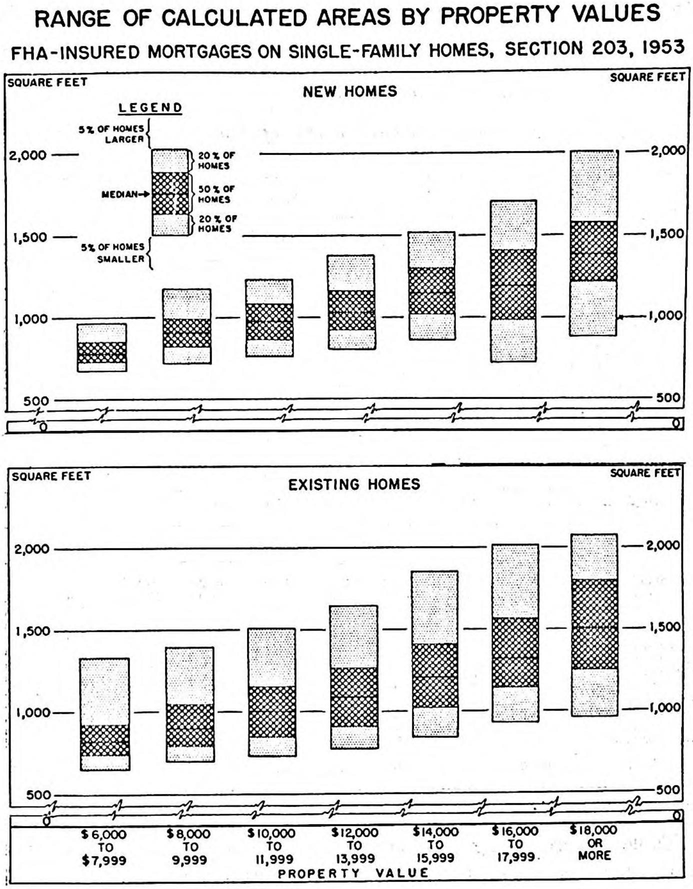


CHART 16.

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

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

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

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

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

[1] Less than 0.05 percent.

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

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

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

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

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

FHA estimate of property value	Percentage distribution	Average number of bedrooms	Median number of bedrooms	Number of bedrooms—Percentage distributions				
				1	2	3	4 or more	Total
	New homes							
Less than $7,000	2.2	1.8	2.5	----------	92.2	7.8	----------	100.0
$7,000 to $7,999	14.9	2.0	2.6	0.4	83.1	16.5	(1)	100.0
$8,000 to $8,999	14.4	2.4	3.1	.2	42.1	57.5	0.2	100.0
$9,000 to $9,999	14.8	2.5	3.2	.3	42.0	48.5	9.2	100.0
$10,000 to $10,999	15.7	2.4	3.2	.1	40.9	58.7	.3	100.0
$11,000 to $11,999	14.5	2.6	3.2	.2	33.7	64.9	1.2	100.0
$12,000 to $12,999	10.1	2.7	3.3	.2	27.5	70.6	1.7	100.0
$13,000 to $13,999	5.2	2.7	3.3	.1	26.8	71.4	1.7	100.0
$14,000 to $14,999	3.2	2.7	3.3	.2	25.3	72.5	2.0	100.0
$15,000 to $15,999	2.0	2.7	3.4	.3	23.9	72.0	3.8	100.0
$16,000 to $17,999	1.9	2.6	3.3	1.0	32.1	63.1	3.8	100.0
$18,000 to $19,999	.7	2.9	3.4	1.0	16.1	76.2	6.7	100.0
$20,000 or more	.4	2.9	3.5	----------	16.0	68.0	16.0	100.0
Total	100.0	2.4	3.1	.2	43.9	53.7	2.2	100.0
	Existing homes							
Less than $7,000	2.8	2.3	2.7	4.6	61.3	30.9	3.2	100.0
$7,000 to $7,999	6.8	2.1	2.6	2.3	77.6	16.9	3.2	100.0
$8,000 to $8,999	11.2	2.2	2.7	1.1	70.7	24.9	3.3	100.0
$9,000 to $9,999	12.5	2.3	2.8	.9	59.5	35.3	4.3	100.0
$10,000 to $10,999	14.0	2.4	2.9	.7	52.2	41.9	5.2	100.0
$11,000 to $11,999	12.9	2.5	3.0	.6	48.1	46.2	5.1	100.0
$12,000 to $12,999	12.1	2.6	3.2	.6	41.0	51.7	6.7	100.0
$13,000 to $13,999	8.7	2.6	3.2	.6	37.3	54.6	7.5	100.0
$14,000 to $14,999	6.0	2.7	3.3	.5	31.7	59.8	8.0	100.0
$15,000 to $15,999	4.6	2.8	3.4	.3	27.2	62.3	10.2	100.0
$16,000 to $17,999	5.2	2.9	3.4	.3	20.5	66.4	12.8	100.0
$18,000 to $19,999	1.9	3.0	3.5	.3	18.1	65.5	16.1	100.0
$20,000 or more	1.3	3.2	3.6	.2	17.4	55.5	26.9	100.0
Total	100.0	2.5	3.0	.9	48.7	44.0	6.4	100.0

1 Less than 0.05 percent.

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

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

Calculated area (square feet)	Percentage distribution	Average: Calculated area (square feet)	Average: Property value	Average: Total requirements [1]	Average: Monthly: Housing expense	Average: Monthly: Rental value	Average: Number of rooms	Average: Number of bedrooms	Average: Percentage of structures with garage
New homes									
Less than 700	2.9	669	$8,172	$8,391	$73.17	$65.49	4.1	1.7	22.1
700 to 799	19.5	751	8,650	8,906	75.69	70.13	4.1	1.8	44.4
800 to 899	22.1	851	9,759	10,213	83.08	78.72	4.5	2.2	46.2
900 to 999	20.6	946	10,233	10,619	85.79	83.36	4.9	2.6	59.7
1,000 to 1,099	15.4	1,045	11,255	11,795	92.63	91.26	5.1	2.8	70.3
1,100 to 1,199	10.2	1,148	11,387	12,092	94.17	91.52	5.4	2.9	83.2
1,200 to 1,399	6.7	1,276	13,067	13,907	105.07	103.05	5.5	2.9	85.3
1,400 to 1,599	1.9	1,467	14,858	15,513	116.22	115.41	5.7	3.0	84.7
1,600 to 1,999	.6	1,747	16,516	17,946	130.60	127.40	6.0	3.0	83.8
2,000 or more	.1	2,220	20,385	22,984	154.60	152.58	6.3	3.3	91.7
Total	100.0	953	10,363	10,722	86.99	83.57	4.8	2.4	59.8
Existing homes									
Less than 700	3.2	659	$8,559	$9,163	$77.22	$70.07	4.2	1.8	52.5
700 to 799	13.7	753	9,587	10,152	83.04	77.23	4.3	1.9	54.8
800 to 899	17.5	847	10,207	10,829	86.22	82.23	4.6	2.1	65.0
900 to 999	13.9	946	10,980	11,773	91.74	87.61	4.9	2.3	71.6
1,000 to 1,099	13.5	1,045	11,423	12,335	94.63	91.44	5.1	2.5	79.2
1,100 to 1,199	10.8	1,146	12,068	13,111	99.57	96.40	5.4	2.7	83.2
1,200 to 1,399	14.3	1,285	12,807	13,904	105.47	101.62	5.7	2.8	84.4
1,400 to 1,599	6.5	1,484	13,587	14,836	112.66	107.82	6.1	3.1	87.1
1,600 to 1,999	4.9	1,752	14,311	15,569	119.76	113.14	6.6	3.4	89.2
2,000 or more	1.7	2,358	15,452	16,766	136.20	124.15	7.5	4.1	88.2
Total	100.0	1,075	11,424	12,228	95.81	91.34	5.1	2.5	74.2

[1] Data reflect purchase transactions only.

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

On the other hand, new homes with structural areas of 1,200 or more square feet generally averaged higher than comparable existing properties in total requirements, values, and expenses. Inasmuch as only a relatively small number of larger-size homes were constructed during the war and postwar period, it would appear that many of the larger existing structures involved in Section 203 transactions in 1953 were probably prewar properties. Whatever advantage these properties enjoy with respect to location would be more than offset by the greater age of structure and shorter economic life as compared with newly constructed properties of the same size. Furthermore, a considerable number of the larger new homes were probably built individually on vacant lots in developed close-in neighborhoods, thus approaching the location advantage of existing properties.

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

Mortgagors' Incomes and Housing Expense

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

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

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

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

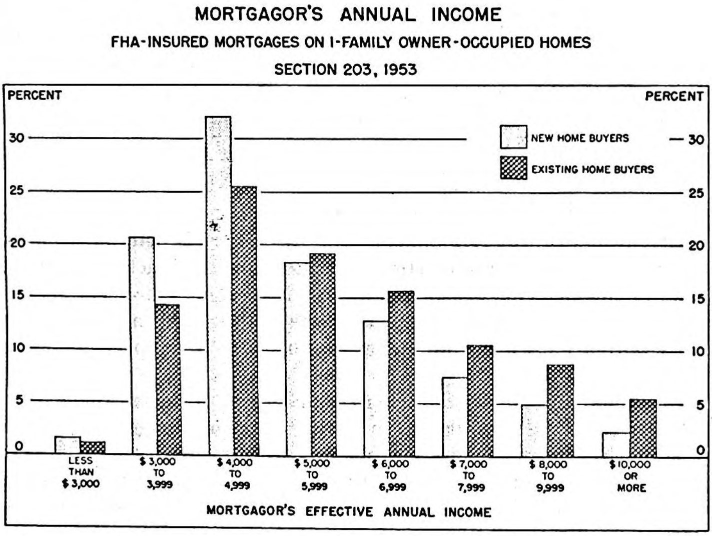


CHART 17.

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

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

Mortgagor's effective annual income	New homes					Existing homes				
	1953	1952	1951	1946	1940	1953	1952	1951	1946	1940
	Percentage distributions									
Less than $1,500	(1)	(1)	(1)	0.2	5.0	----------	(1)	(1)	0.3	5.3
$1,500 to $1,999	(1)	0.1	0.2	2.7	23.4	(1)	(1)	0.2	4.2	20.5
$2,000 to $2,499	0.2	.5	1.6	16.0	28.3	0.2	0.5	1.1	19.4	25.0
$2,500 to $2,999	1.4	2.3	6.1	15.8	15.4	.9	1.8	3.5	14.8	13.9
$3,000 to $3,499	6.5	8.9	15.7	19.7	12.0	3.9	6.9	10.2	19.3	11.6
$3,500 to $3,999	14.1	15.8	19.8	17.6	6.2	10.3	13.7	16.4	14.5	6.9
$4,000 to $4,499	16.8	15.4	14.7	8.8	3.2	13.1	14.8	14.1	7.1	4.0
$4,500 to $4,999	15.2	14.5	11.8	7.5	2.0	12.3	14.1	13.0	6.7	3.1
$5,000 to $5,999	18.3	16.9	12.5	4.1	1.9	19.1	17.2	15.2	4.3	3.3
$6,000 to $6,999	12.8	12.3	9.0	4.3	1.2	15.6	13.5	12.0	4.4	2.5
$7,000 to $7,999	7.5	6.6	4.2	1.7	.5	10.5	8.1	6.5	1.9	1.2
$8,000 to $9,999	4.9	4.4	2.7	.7	.4	8.7	6.1	4.6	1.6	1.2
$10,000 or more	2.3	2.3	1.7	.9	.5	5.4	3.3	3.2	1.5	1.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average	$5,284	$5,160	$4,662	$3,619	$2,665	$5,938	$5,425	$5,176	$3,640	$3,012
Median	4,880	4,811	4,225	3,313	2,416	5,396	4,938	4,726	3,101	2,490

[1] Less than 0.05 percent.

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

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

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

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

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

Mortgagor's effective monthly income	Percentage distribution	Average: Total requirements [1]	Average: Sale price [1]	Average: Property value	Average: Mortgage amount	Average: Calculated area (square feet)	Average: Number of rooms	Mortgage as a percent of FHA value	Ratio of FHA value to annual income	Monthly average: Income	Monthly average: Housing expense	Monthly average: Rental value	Monthly average: Mortgage payment
New homes													
Less than $250.00	1.6	$8,256	$7,967	$7,835	$6,825	818	4.4	87.1	2.9	$225.98	$66.43	$64.03	$50.19
$250.00 to $299.99	8.0	8,632	8,448	8,395	7,309	843	4.4	87.1	2.5	275.51	72.17	68.21	54.72
$300.00 to $349.99	18.4	9,600	9,439	9,257	7,895	877	4.6	85.3	2.4	322.73	78.77	75.40	60.17
$350.00 to $399.99	18.3	10,295	10,106	9,877	8,327	925	4.7	84.3	2.2	369.69	83.27	80.26	64.04
$400.00 to $449.99	16.5	10,829	10,636	10,398	8,640	958	4.8	83.1	2.1	418.21	87.48	83.89	67.65
$450.00 to $499.99	9.7	11,236	11,046	10,762	8,861	937	4.9	82.3	1.9	468.85	89.82	86.73	69.56
$500.00 to $549.99	9.2	11,558	11,450	11,142	9,123	1,005	4.9	81.9	1.8	515.98	92.74	89.15	72.16
$550.00 to $599.99	5.1	11,875	11,685	11,446	9,306	1,023	5.0	81.3	1.7	571.38	94.15	91.35	73.67
$600.00 to $649.99	4.5	12,217	12,030	11,686	9,481	1,046	5.0	81.1	1.6	617.64	96.35	93.44	75.63
$650.00 to $699.99	2.8	12,754	12,473	12,158	9,740	1,064	5.0	80.1	1.5	667.21	99.76	96.28	77.74
$700.00 to $799.99	2.9	13,057	12,923	12,799	10,158	1,103	5.1	79.4	1.5	735.11	104.87	101.39	81.12
$800.00 or more	3.0	14,138	13,978	13,759	10,811	1,162	5.2	78.6	1.2	970.35	112.83	108.07	87.83
Total	100.0	10,708	10,530	10,324	8,586	953	4.8	83.2	2.0	440.34	86.58	83.22	66.83
Existing homes													
Less than $250.00	1.1	$8,378	$8,235	$8,100	$6,228	910	4.7	76.9	3.0	$222.60	$68.66	$66.53	$50.50
$250.00 to $299.99	4.9	9,165	8,967	8,696	6,847	919	4.8	78.7	2.6	275.88	74.81	70.68	55.16
$300.00 to $349.99	13.6	10,086	9,855	9,496	7,454	946	4.9	78.5	2.5	322.86	81.27	77.27	60.83
$350.00 to $399.99	15.0	10,944	10,739	10,319	8,030	990	5.0	77.8	2.3	370.07	87.82	83.23	65.53
$400.00 to $449.99	15.5	11,674	11,446	10,954	8,463	1,031	5.1	77.3	2.2	418.46	91.78	87.73	69.27
$450.00 to $499.99	9.8	12,149	11,971	11,369	8,824	1,075	5.2	77.6	2.0	468.73	95.29	90.89	72.56
$500.00 to $549.99	11.0	12,851	12,642	11,949	9,244	1,116	5.3	77.4	1.9	516.22	99.35	95.05	75.92
$550.00 to $599.99	6.6	13,272	13,050	12,335	9,548	1,127	5.3	77.4	1.8	571.08	102.47	98.11	79.29
$600.00 to $649.99	6.4	13,743	13,563	12,777	9,864	1,163	5.4	77.2	1.7	616.06	105.66	101.67	81.36
$650.00 to $699.99	4.2	14,385	14,168	13,288	10,296	1,182	5.4	77.5	1.7	668.14	110.03	105.02	84.68
$700.00 to $799.99	5.2	15,227	15,008	13,965	10,769	1,244	5.5	77.1	1.6	736.82	114.59	110.19	89.21
$800.00 or more	6.7	16,649	16,387	15,147	11,594	1,378	5.7	76.5	1.2	1,017.79	126.13	118.83	97.38
Total	100.0	12,215	12,001	11,413	8,847	1,075	5.1	77.5	1.9	494.87	95.71	91.24	72.73

[1] Based on purchases only.

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

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

A basic consideration in the determination of mortgage risk under the FHA underwriting procedure is the relationship between the mortgagor's income and his prospective monthly housing expense. Table 36 shows distributions of monthly housing expense by income classes of owner-occupant mortgagors involved in Section 203 transactions insured in 1953.

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

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

Mortgagor's effective monthly income	Percentage distribution	Median monthly housing expense	Monthly housing expense—Percentage distributions										
			Less than $50.00	$50.00 to 59.99	$60.00 to 69.99	$70.00 to 79.99	$80.00 to 89.99	$90.00 to 99.99	$100.00 to 109.99	$110.00 to 119.99	$120.00 to 139.99	$140.00 or more	Total
							New homes						
Less than $250.00	1.6	$66.09	1.5	17.1	48.2	26.9	5.4	0.9					100.0
$250.00 to $299.99	8.0	72.11	.4	6.1	34.7	37.6	17.9	2.9	0.4	(1)			100.0
$300.00 to $349.99	18.4	78.73	.1	2.6	19.3	32.2	31.0	13.0	1.7	0.1	(1)		100.0
$350.00 to $399.99	18.3	83.84	.1	1.8	12.2	24.1	30.8	23.6	6.4	.9	(1)	0.1	100.0
$400.00 to $449.99	16.5	87.36	.1	1.5	9.0	19.2	27.5	24.6	13.8	3.5	0.6	.2	100.0
$450.00 to $499.99	9.7	89.68	.1	1.0	7.3	16.5	25.9	25.0	15.6	6.7	1.7	.2	100.0
$500.00 to $549.99	9.2	92.34	.2	.9	5.7	14.7	22.8	24.0	17.0	9.3	5.0	.4	100.0
$550.00 to $599.99	5.1	93.24		.9	5.3	12.8	22.9	25.1	14.8	9.7	7.6	.9	100.0
$600.00 to $649.99	4.5	94.74		.3	4.6	13.9	20.7	22.2	15.8	10.3	10.3	1.9	100.0
$650.00 to $699.99	2.8	97.57		.9	3.3	12.4	19.2	18.7	18.6	11.5	11.1	4.3	100.0
$700.00 to $799.99	2.9	100.89		.5	3.2	8.0	16.4	20.5	15.8	13.9	14.2	7.5	100.0
$800.00 or more	3.0	108.77		.1	2.1	6.4	12.1	16.9	14.1	14.0	19.7	14.6	100.0
Total	100.0	85.11	.1	2.1	12.8	22.0	25.5	19.5	9.7	4.4	2.9	1.0	100.0
							Existing homes						
Less than $250.00	1.1	$67.34	0.9	20.6	39.8	28.1	8.7	1.9					100.0
$250.00 to $299.99	4.9	75.48	.4	7.0	23.2	38.0	24.4	6.3	0.5	0.2			100.0
$300.00 to $349.99	13.6	81.69	.2	3.2	12.9	28.5	30.9	19.7	4.2	.3	0.1		100.0
$350.00 to $399.99	15.0	87.79	.3	1.8	7.8	19.1	26.9	26.5	13.8	3.3	.3	0.2	100.0
$400.00 to $449.99	15.5	92.52	.2	1.2	6.1	14.0	21.9	26.1	19.8	8.6	1.9	.2	100.0
$450.00 to $499.99	9.8	95.90	.2	.9	4.4	13.2	18.0	22.6	20.6	13.6	6.3	.2	100.0
$500.00 to $549.99	11.0	99.62	.1	.6	3.8	10.0	16.4	19.9	19.7	16.4	12.1	1.0	100.0
$550.00 to $599.99	6.6	101.39	(1)	.5	2.8	8.3	14.6	21.2	18.1	15.4	15.8	3.3	100.0
$600.00 to $649.99	6.4	101.71	.1	.4	2.4	7.5	12.7	18.4	18.0	15.2	19.5	5.8	100.0
$650.00 to $699.99	4.2	108.94		.5	2.3	5.4	11.6	14.8	17.2	15.6	23.3	9.3	100.0
$700.00 to $799.99	5.2	113.69		.5	1.4	4.7	8.2	14.1	15.6	15.1	25.1	15.3	100.0
$800.00 or more	6.7	123.57		.2	.7	3.1	6.3	9.1	12.3	13.7	26.1	28.5	100.0
Total	100.0	93.25	.2	1.7	6.8	15.2	19.6	20.0	14.6	9.4	8.6	3.9	100.0

[1] Less than 0.05 percent.

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

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

RANGE OF HOUSING EXPENSE BY INCOME FOR NEW HOME BUYERS

FHA-INSURED MORTGAGES ON SINGLE-FAMILY HOMES

SECTION 203, 1953

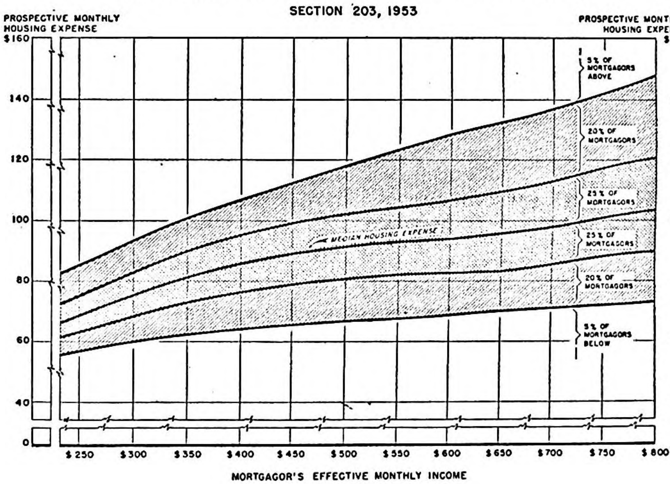


CHART 18.

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

MORTGAGE PAYMENT AND HOUSING EXPENSE BY MORTGAGOR'S INCOME
FHA - INSURED MORTGAGES ON SINGLE-FAMILY HOMES, SECTION 203, 1953

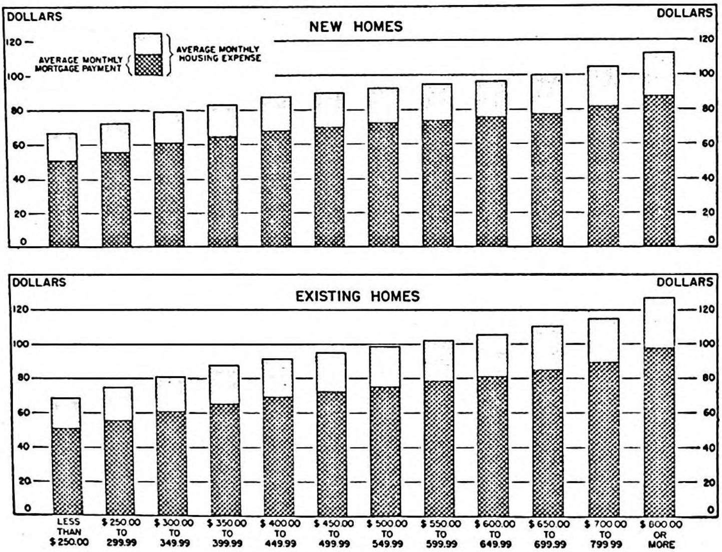


CHART 19.

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

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

TOTAL MONTHLY MORTGAGE PAYMENT
FHA-INSURED MORTGAGES ON SINGLE-FAMILY HOMES
SECTION 203, 1953

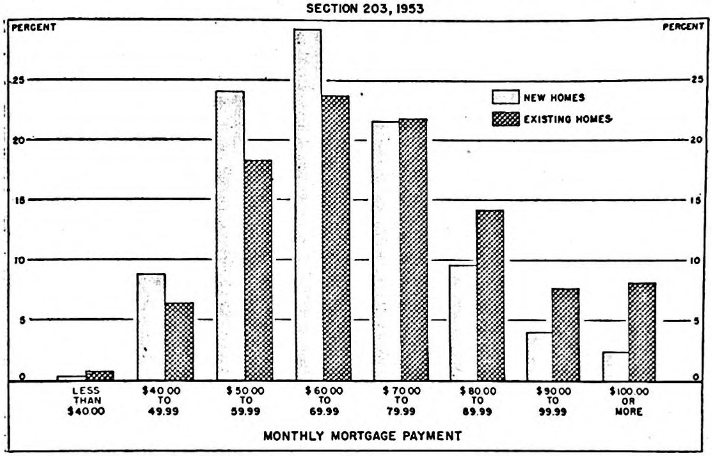


CHART 20.

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

Total monthly mortgage payment	New homes					Existing homes				
	1953	1952	1951	1946	1941	1953	1952	1951	1946	1941
	Percentage distributions									
Less than $25.00	(1)	--------	(1)	1.3	11.0	(1)	0.1	0.4	5.5	15.8
$25.00 to $29.99	(1)	(1)	0.1	4.1	17.1	(1)	.1	.6	9.0	15.2
$30.00 to $34.99	0.1	0.2	.5	11.3	21.1	0.1	.6	1.4	16.0	16.3
$35.00 to $39.99	.2	.6	1.6	13.7	18.8	.6	1.6	3.5	18.3	14.4
$40.00 to $44.99	2.5	2.7	7.0	16.6	13.0	1.7	3.8	6.2	15.3	11.0
$45.00 to $49.99	6.3	6.5	13.8	14.5	6.7	4.7	6.8	9.3	11.6	7.8
$50.00 to $54.99	10.7	11.7	18.5	17.1	4.1	7.3	10.0	12.3	7.8	5.1
$55.00 to $59.99	13.3	15.5	17.5	10.0	2.9	10.0	13.0	13.5	5.0	3.6
$60.00 to $64.99	14.0	15.4	14.3	5.8	1.9	11.6	13.7	12.9	3.5	2.6
$65.00 to $69.99	15.3	13.7	10.9	3.2	1.2	12.1	12.5	11.3	2.2	1.8
$70.00 to $74.99	12.8	10.7	6.3	1.4	.8	11.4	11.3	8.6	1.6	1.4
$75.00 to $79.99	8.8	9.8	3.9	.4	.4	10.4	9.5	6.8	1.2	1.0
$80.00 to $89.99	9.6	9.6	3.3	.3	.4	14.2	11.2	8.1	1.2	1.4
$90.00 to $99.99	4.0	2.5	1.3	.2	.2	7.7	4.0	3.1	.6	.9
$100.00 or more	2.4	1.1	1.0	.1	.4	8.2	1.8	2.0	1.2	1.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average	$67.05	$64.63	$58.63	$46.06	$36.88	$72.79	$65.65	$61.98	$43.25	$39.50
Median	65.95	64.16	58.84	46.18	35.21	70.84	65.08	61.57	40.83	35.91

[1] Less than 0.05 percent.

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

Characteristics of Section 903 Home Mortgage Transactions

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

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

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

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

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

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

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

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

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

Mortgage amount	Percentage distribution	Average			
		Amount of mortgage	Term in years	Property value	Loan-value ratio (percent)
	1-family homes				
Less than $6,000	3.7	$5,052	28.5	$5,756	87.8
$6,000 to $6,999	9.3	6,625	28.7	7,428	89.2
$7,000 to $7,999	26.8	7,524	28.5	8,464	88.9
$8,000 to $8,999	37.7	8,312	29.0	9,471	87.8
$9,000 to $10,200	22.5	9,204	29.5	10,542	87.3
Total	100.0	8,023	28.9	9,096	88.2
	2-family homes				
Less than $12,000	11.3	$11,229	29.4	$12,570	89.3
$12,000 to $12,999	17.7	12,537	27.7	14,060	89.2
$13,000 to $13,999	18.2	13,389	28.7	14,940	89.6
$14,000 to $14,999	21.3	14,486	28.7	16,243	89.2
$15,000 to $15,999	20.7	15,047	29.0	17,025	88.4
$16,000 or more	10.8	16,945	30.0	19,279	87.9
Total	100.0	13,956	28.8	15,701	88.9

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

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

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

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

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

FHA estimate of property value	Percentage distribution	Average: Property value	Average: Mortgage amount	Loan-value ratio (percent)	Monthly average: Total payment	Monthly average: Estimated taxes
			1-family			
Less than $7,000	1.2	$5,896	$5,196	88.1	$35.67	$5.06
$7,000 to $7,999	6.7	7,531	6,743	89.5	46.60	6.18
$8,000 to $8,999	22.4	8,499	7,596	89.4	50.50	6.44
$9,000 to $9,999	28.6	9,324	8,295	89.0	56.26	7.88
$10,000 to $10,999	30.7	10,256	9,063	88.4	61.30	9.08
$11,000 or more	10.4	11,668	9,316	79.8	65.46	8.44
Total	100.0	9,096	8,023	88.2	54.37	7.45
			2-family			
Less than $13,000	8.9	$12,362	$11,083	89.7	$81.05	$16.79
$13,000 to $13,999	10.6	13,632	12,214	89.6	87.20	17.26
$14,000 to $14,999	20.0	14,491	12,990	89.6	91.19	16.91
$15,000 to $15,999	11.2	15,509	13,818	89.1	94.50	16.26
$16,000 to $16,999	27.3	16,499	14,710	89.2	104.01	20.05
$17,000 to $17,999	11.9	17,317	15,114	87.3	108.42	18.89
$18,000 or more	10.1	19,390	17,002	87.7	120.46	25.38
Total	100.0	15,701	13,956	88.9	98.72	18.82

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

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

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

FHA estimate of property value	Percentage distribution	Average number of rooms	Median number of rooms	Number of rooms—Percentage distributions			
				3	4	5	6
			1-family				
Less than $7,000	1.2	3.9	4.5	6.0	93.6	0.4	----------
$7,000 to $7,999	0.7	4.1	4.6	3.4	79.9	16.7	----------
$8,000 to $8,999	22.4	4.3	4.7	.8	70.2	27.0	2.0
$9,000 to $9,999	28.6	4.6	5.0	.2	47.6	48.9	3.3
$10,000 to $10,999	30.7	5.0	5.5	.2	9.4	76.8	13.6
$11,000 or more	10.4	4.9	5.5	.3	15.4	73.3	11.0
Total	100.0	4.5	4.9	1.0	49.7	44.4	4.9
			2-family				
Less than $13,000	8.9	3.5	4.1	46.2	53.8	----------	----------
$13,000 to $13,999	10.6	3.9	4.4	14.4	81.5	4.1	----------
$14,000 t $14,999	20.0	3.9	4.4	16.6	81.6	.9	0.9
$15,000 to $15,999	11.2	4.1	4.5	3.6	86.0	10.4	----------
$16,000 to $16,999	27.3	4.3	4.8	4.7	60.3	34.9	.1
$17,000 to $17,999	11.9	4.5	4.9	4.9	52.1	34.7	8.3
$18,000 or more	10.1	4.7	5.2	.3	37.5	52.4	9.8
Total	100.0	4.1	4.6	11.3	65.8	20.7	2.2

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

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

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

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

Calculated area (square feet)	Percentage distribution	Average				Median	
		Calculated area (square feet)	Property value	Number of rooms per unit	Number of bedrooms per unit	Number of rooms per unit	Number of bedrooms per unit
	1-family						
Less than 700	5.2	630	$6,965	3.9	1.9	4.4	2.5
700 to 799	30.6	749	8,550	4.1	1.7	4.6	2.5
800 to 899	38.3	845	9,414	4.6	2.3	5.1	3.1
900 to 999	18.3	945	9,661	5.1	2.9	5.6	4.4
1,000 to 1,099	6.6	1,037	9,793	5.2	2.9	5.6	4.4
1,100 or more	1.0	1,778	11,162	5.3	3.0	5.9	4.4
Total	100.0	844	9,110	4.5	2.3	4.9	2.9
	2-family						
Less than 1,200	4.3	1,112	$14,611	3.2	1.2	3.7	1.6
1,200 to 1,299	7.6	1,260	13,919	3.4	1.9	3.8	2.4
1,300 to 1,399	15.4	1,371	15,008	3.9	1.8	4.4	2.5
1,400 to 1,499	14.8	1,456	16,417	4.0	2.2	4.5	2.6
1,500 to 1,599	24.9	1,569	16,038	4.2	2.2	4.6	2.6
1,600 to 1,699	15.9	1,654	16,773	4.4	1.9	4.9	2.7
1,700 to 1,899	9.1	1,794	16,799	4.7	2.2	5.3	2.7
1,900 or more	8.0	2,013	18,380	5.1	2.5	5.7	3.5
Total	100.0	1,548	16,087	4.2	2.0	4.6	2.6

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

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

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

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

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

Total monthly mortgage payment	Percentage distributions		Total monthly mortgage payment	Percentage distributions	
	1-family home mortgages	2-family home mortgages		1-family home mortgages	2-family home mortgages
Less than $30.00	1.3		$85 to $89.99	(1)	13.2
$30 to $34.99	1.1		$90 to $99.99	(1)	25.5
$35 to $39.99	.7		$100 to $109.99		38.8
$40 to $44.99	6.6		$110 to $119.99		3.9
$45 to $49.99	20.2		$120 to $129.99		5.3
$50 to $54.99	23.9		$130 or more		1.8
$55 to $59.99	25.2				
$60 to $64.99	13.2	0.4	Total	100.0	100.0
$65 to $69.99	6.9	.6			
$70 to $74.99	.8	1.2	Average	$54.37	$98.72
$75 to $79.99	(1)	1.3	Median	54.21	99.91
$80 to $84.99	.1	8.0			

1 Less than 0.05 percent.

Project Mortgage Insurance

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

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

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

Title VIII:
- Section 803—Military housing

Title IX:
- Section 908—Defense housing

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

Volume of Business

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

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

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

[Dollar amounts in thousands]

Year	Grand total [1]		Total new construction		Total existing or refinanced construction		New construction					
							Sec. 207 [2]		Sec. 213			
									Sales type		Management type	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935–39	29,777	$114,429	29,777	$114,429			29,777	$114,429				
1940–44	45,751	188,446	41,890	174,187	3,861	$14,259	7,946	28,752				
1945–49	265,213	2,022,878	260,592	2,008,452	4,621	14,426	1,054	8,519				
1950	154,597	1,156,681	153,477	1,154,680	1,120	2,002	2,514	18,065	285	$2,691		
1951	74,207	583,774	73,333	577,545	874	6,229	4,890	33,201	1,928	17,726	6,067	$55,194
1952	39,839	321,911	39,839	321,911			6,043	41,843	3,681	35,788	6,093	55,913
1953	30,701	259,194	30,701	259,194			7,175	53,830	1,915	20,926	5,664	53,954
Total	640,085	4,647,313	629,609	4,610,397	10,476	36,916	59,399	298,648	7,809	77,131	17,824	165,061

Year	New construction (continued)								Existing or refinanced construction					
	Sec. 608 [2]		Sec. 611		Sec. 803		Sec. 908		Sec. 207		Sec. 608		Sec. 608–610	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
1935–39														
1940–44	33,944	$145,436							3,267	$11,444	594	$2,815		
1945–49	257,723	1,986,212	275	$1,650	1,540	$12,071			1,344	5,142	476	2,828	2,801	$6,456
1950	135,076	1,007,996	473	2,877	15,129	123,052					16	133	1,104	1,868
1951	33,799	259,937	966	5,832	25,683	205,653					864	6,194	10	35
1952	3,457	29,634	125	706	17,233	135,842	3,207	$22,186						
1953			145	926	12,181	100,558	3,890	30,497						
Total	463,730	3,427,708	1,984	11,991	71,706	577,175	7,097	52,683	4,611	16,586	1,950	11,971	3,915	8,360

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

[2] Including rehabilitation projects.

PROJECT MORTGAGES INSURED BY FHA, 1935-53

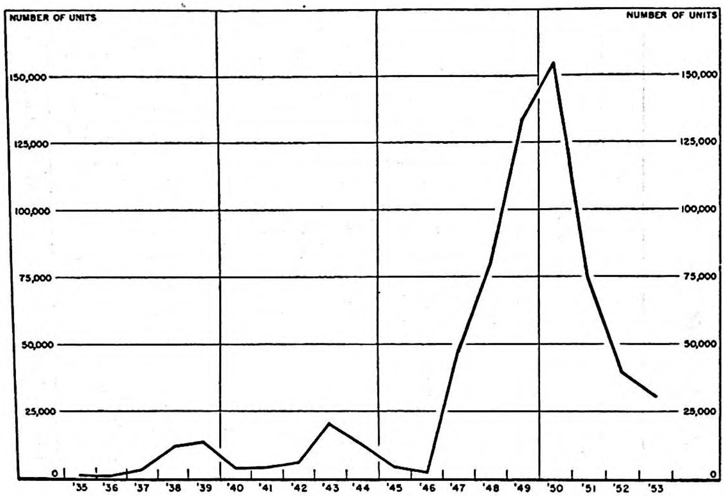


CHART 21.

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

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

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

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

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

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

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

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

State Distribution

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

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

[Dollar amounts in thousands]

State	All sections			Sec. 207	Sec. 213	Sec. 611	Sec. 803	Sec. 908
	Number	Amount	Units	Units	Units	Units	Units	Units
Alabama								
Arizona	2	$1,187	164	95			69	
Arkansas								
California	29	35,814	3,989	1,127	1,915		462	485
Colorado	2	1,001	146			50		96
Connecticut	10	7,971	966	16				950
Delaware	1	849	107	107				
District of Columbia								
Florida								
Georgia	5	5,346	774	400	104	70		200
Idaho	1	398	55					55
Illinois	1	256	16					16
Indiana	11	11,181	1,475	585			500	390
Iowa								
Kansas	2	1,780	216	20			196	
Kentucky	4	5,914	764	136			500	128
Louisiana								
Maine	4	14,552	1,500				1,500	
Maryland	9	15,105	2,057	321	111		1,557	68
Massachusetts	4	6,725	804	258			502	44
Michigan	7	4,740	608	458			150	
Minnesota	1	513	66	66				
Mississippi								
Missouri	3	520	82	82				
Montana	2	860	82					82
Nebraska								
Nevada								
New Hampshire								
New Jersey	11	10,141	1,238	313	40		468	417
New Mexico		18						
New York	40	59,497	6,472	1,197	4,992		283	
North Carolina	2	698	52	52				
North Dakota	5	754	95					95
Ohio	18	8,585	1,053	421				632
Oklahoma								
Oregon	1	371	50					50
Pennsylvania	7	8,977	1,088	240	417		250	181
Rhode Island	4	5,919	654				654	
South Carolina	1	151	25			25		
South Dakota								
Tennessee	2	1,361	190	190				
Texas	9	16,430	2,195	324			1,871	
Utah	3	922	104				104	
Vermont								
Virginia	6	18,231	2,385	466			1,918	1
Washington	1	1,863	200				200	
West Virginia	1	111	14	14				
Wisconsin	1	115	17	17				
Wyoming								
Alaska	4	3,687	270	270				
Hawaii	3	6,146	760				760	
Puerto Rico	1	2,016	237				237	
Total	215	259,194	30,701	7,175	7,579	145	12,181	3,890

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

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

VOLUME OF PROJECT MORTGAGES INSURED IN 1953

(NUMBER OF DWELLING UNITS)

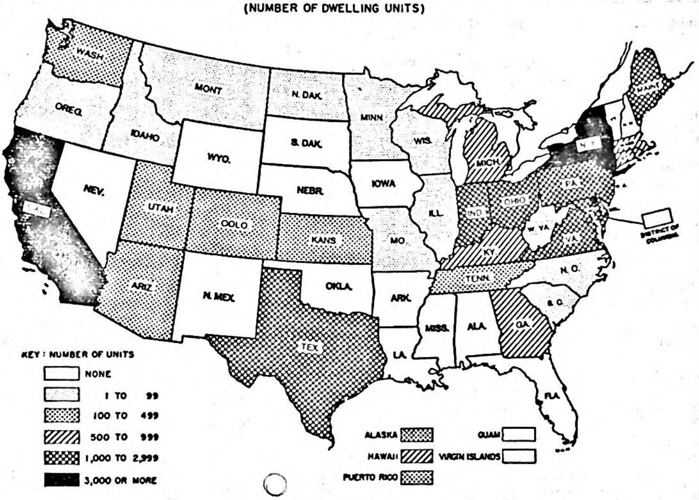


CHART 22.

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

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

[Dollar amounts in thousands]

State	All sections			Sec. 207	Sec. 213	Sec. 608	Sec. 608–610	Sec. 611	Sec. 803	Sec. 908
	Number	Amount	Units	Units	Units	Units	Units	Units	Units	Units
Alabama	230	$71,413	11,820	642	------	10,275	------	------	865	38
Arizona	55	16,660	2,516	290	------	947	------	160	1,119	------
Arkansas	53	11,258	1,634	211	491	932	------	------	------	------
California	1,013	312,659	43,032	4,609	6,458	21,575	58	973	8,874	485
Colorado	71	22,417	3,141	251	------	1,896	------	50	680	264
Connecticut	67	38,054	5,169	344	60	3,013	------	------	------	1,752
Delaware	20	30,277	4,155	364	------	3,771	20	------	------	------
District of Columbia	180	142,787	21,102	2 065	------	19,037	------	------	------	------
Florida	336	103,142	14,837	324	68	10,669	------	------	3,776	------
Georgia	180	158,585	23,081	1,500	104	18,882	150	195	2,050	200
Idaho	9	4,970	626	------	------	571	------	------	------	55
Illinois	294	174,558	22,220	2,105	35	17,012	------	------	3,052	16
Indiana	139	65,298	8,816	1,338	------	6,065	------	------	510	903
Iowa	30	13,689	1,763	172	------	1,591	------	------	------	------
Kansas	86	29,926	4,634	206	------	3,243	350	------	823	12
Kentucky	100	45,946	6,333	682	------	2,247	------	------	3,200	204
Louisiana	93	64,021	8,651	713	------	7,071	150	25	692	------
Maine	18	17,464	2,188	------	------	688	------	------	1,500	------
Maryland	327	297,386	43,690	3,900	181	34,221	486	------	4,794	108
Massachusetts	48	39,559	5,094	512	------	3,186	------	------	1,352	44
Michigan	256	71,828	10,072	1,376	324	7,211	500	------	661	------
Minnesota	156	46,234	6,298	1,261	------	5,037	------	------	------	------
Mississippi	44	16,962	2,722	12	------	1,852	------	------	858	------
Missouri	161	80,929	11,215	1,656	------	9,439	------	------	120	------
Montana	7	6,076	809	------	------	135	------	------	592	82
Nebraska	53	18,368	2,468	------	71	1,786	------	------	611	------
Nevada	14	4,966	641	------	------	240	------	------	401	------
New Hampshire	7	1,672	244	------	------	244	------	------	------	------
New Jersey	565	417,000	57,215	3,667	52	51,451	------	------	1,583	462
New Mexico	16	17,748	2,072	------	------	277	------	------	1,795	------
New York	895	960,465	117,948	12,765	16,612	85,807	566	556	1,642	------
North Carolina	126	106,409	17,357	2,418	------	9,107	85	------	5,571	176
North Dakota	8	1,021	138	------	------	43	------	------	------	95
Ohio	308	148,734	20,132	1,211	48	16,207	10	------	2,000	656
Oklahoma	141	32,077	4,414	132	419	2,974	------	------	500	389
Oregon	142	39,264	5,371	134	------	5,155	------	------	------	82
Pennsylvania	398	183,771	24,390	3,322	469	19,474	450	------	402	273
Rhode Island	12	7,973	952	36	------	210	------	------	706	------
South Carolina	92	44,964	7,229	290	------	6,329	------	25	585	------
South Dakota	12	5,573	729	70	------	258	------	------	401	------
Tennessee	138	56,127	9,546	941	200	6,915	250	------	1,240	------
Texas	436	205,987	30,065	3,248	------	19,432	------	------	7,385	------
Utah	24	12,687	1,603	12	------	737	------	------	854	------
Vermont	7	1,512	193	56	------	137	------	------	------	------
Virginia	370	279,112	43,767	8,843	------	29,700	440	------	4,283	501
Washington	125	77,220	9,982	413	------	6,369	------	------	2,900	300
West Virginia	15	3,601	797	188	------	209	400	------	------	------
Wisconsin	166	32,589	4,104	235	41	3,828	------	------	------	------
Wyoming	6	4,451	571	------	------	71	------	------	500	------
Alaska	34	45,349	3,853	1,496	------	2,357	------	------	------	------
Hawaii	57	21,557	2,927	------	------	850	------	------	2,077	------
Puerto Rico	27	35,015	5,759	------	------	4,947	------	------	812	------
Total	8,167	4,647,313	640,085	64,010	25,633	465,680	3,915	1,984	71,766	7,097

Terminations

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

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

[Dollar amounts in thousands]

Disposition	Total		Sec. 207		Sec. 213		Sec. 608	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Mortgages insured	8,167	$4,647,313	618	$315,233	145	$242,192	7,046	$3,439,679
Mortgages terminated:								
Prepayments in full	600	269,566	302	123,438	39	55,984	235	79,096
Prepayments by supersession	29	15,816	13	8,032			16	7,784
Matured loans								
Mortgages assigned to FHA	111	62,425	4	3,909	3	3,284	104	55,233
Titles acquired by mortgagees:								
Projects transferred to FHA	181	75,799	18	13,343			163	62,456
Projects retained by mortgagees	9	1,639	7	1,407			2	232
Other terminations	12	1,033	8	578			4	455
Total terminations	942	426,278	352	150,707	42	59,268	524	205,255
Mortgages in force, Dec. 31, 1953	7,225	$4,221,035	266	164,526	103	182,924	6,522	3,234,424

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

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

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

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

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

Disposition	All sections combined		Sec. 207		Sec. 608	
	Number	Number of units	Number	Number of units	Number	Number of units
Projects acquired by FHA [1]	181	12,581	18	3,120	163	9,461
On hand	136	7,614	1	87	135	7,527
Sold with reinsurance	8	2,085	7	1,491	1	594
Sold without reinsurance	6	728	4	704	2	24
Sold with mortgage held by FHA	31	2,154	6	838	25	1,316
Mortgage notes assigned to FHA	111	9,026	4	1,194	104	7,497
On hand [2]	109	7,882	3	92	103	7,455
Sold with reinsurance	1	1,102	1	1,102		
Sold or settled without reinsurance	1	42			1	42

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

Defaults of Project Mortgages

There were only 52 project mortgages in default as of the end of 1953—a drop of over one-quarter from the previous year and of over one-half from the number in default at the end of 1950 (Table 48). On the basis of number of dwelling units, the decrease was substantially less—about 8 percent from 1952—because the average size of the projects in default at the end of 1953 was larger than in other

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

Status	All sections		Sec. 608		Sec. 908	
	Number	Number of units	Number	Number of units	Number	Number of units
Insured mortgages in force	7,225	556,857	6,522	430,555	80	7,097
Insured mortgages in good standing	7,173	551,703	6,479	426,364	72	6,348
Insured mortgages in default, total	52	5,154	43	4,191	8	749
In default less than 90 days	18	2,154	16	1,726	2	428
In default 90 days or more	19	1,899	17	1,728	2	171
Projects being acquired by mortgagee [1]	9	655	4	291	4	150
Mortgage notes being assigned to FHA	6	446	6	446		
Trend of insured mortgages in default as of Dec. 31:						
1953 [1]	52	5,154	43	4,191	8	749
1952	70	5,585	67	5,524		
1951	76	6,471	76	6,471		
1950	113	6,495	112	5,695		

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

recent years. The ratio of units covered by mortgages in default to units covered by insured mortgages in force has declined each year since 1950—from 1.5 percent in 1950 to 0.9 percent in 1953. The 52 project mortgages in default in 1953 consisted of 43 mortgages under Section 608, 8 under Section 908, and 1 under Section 207. Under the Section 608 program, units covered by mortgages in default combined with cumulative acquisitions by FHA amounted to 4.6 percent of the volume of insurance written—compared with 3.7 percent at the end of 1952 and 3.3 percent at the end of 1951.

Financial Institution Activity

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

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

[Dollar amounts in thousands]

Type of institution	Number of institutions		Mortgages financed			Mortgages held		
	Financing	Holding	Number	Amount	Percentage distribution	Number	Amount	Percentage distribution
All sections								
National bank	(Not available)		37	$44,744	17.3	359	$130,865	3.1
State bank			77	105,760	40.8	531	421,259	10.0
Mortgage company			48	32,446	12.5	319	239,789	5.7
Insurance company			9	10,402	4.0	3,529	1,501,807	35.6
Savings bank			25	38,325	14.8	2,014	1,469,331	34.8
Savings and loan association			7	10,332	4.0	79	28,940	.7
Federal agency			3	2,109	.8	75	104,329	2.4
All other			9	15,077	5.8	320	324,955	7.7
Total [1] [2]	-------	-------	215	259,194	100.0	7,226	4,221,275	100.0
Sec. 207								
National bank	9	15	15	$13,801	25.6	30	$25,637	15.6
State bank	13	17	20	16,151	30.0	38	27,481	16.7
Mortgage company	15	6	34	14,047	26.1	12	7,336	4.5
Insurance company	2	20	2	384	.7	55	20,947	12.7
Savings bank	4	22	7	6,028	11.2	96	56,113	34.1
Savings and loan association	1	6	1	1,422	2.7	6	2,406	1.5
Federal agency	1	1	3	2,007	3.7	13	17,660	10.7
All other	-------	7	-------	-------	-------	16	6,945	4.2
Total	45	94	82	53,839	100.0	266	164,526	100.0
Sec. 213								
National bank	-------	-------	-------	-------	-------	-------	-------	-------
State bank	4	5	15	$21,068	28.1	27	$48,237	26.4
Mortgage company	3	3	3	3,650	4.9	4	3,655	2.0
Insurance company	2	2	5	6,842	9.1	3	1,987	1.1
Savings bank	4	11	15	28,990	38.7	50	102,240	55.9
Federal agency	-------	1	-------	-------	-------	9	6,104	3.3
All other	1	3	7	14,330	19.2	10	20,702	11.3
Total	14	25	45	74,880	100.0	103	182,924	100.0
Sec. 608								
National bank	-------	59	-------	-------	-------	299	$56,661	1.8
State bank	-------	51	-------	-------	-------	387	217,408	6.7
Mortgage company	-------	33	-------	-------	-------	293	220,568	6.8
Insurance company	-------	114	-------	-------	-------	3,392	1,292,527	40.0
Savings bank	-------	80	-------	-------	-------	1,804	1,191,782	36.8
Savings and loan association	-------	32	-------	-------	-------	66	17,074	.5
Federal agency	-------	1	-------	-------	-------	15	20,141	.6
All other	-------	19	-------	-------	-------	267	218,503	6.8
Total [2]	-------	389	-------	-------	-------	6,523	3,234,664	100.0
Sec. 803								
National bank	8	13	9	$23,789	23.7	17	$42,979	7.4
State bank	10	11	22	51,316	51.0	41	99,680	17.3
Mortgage company	4	3	6	11,989	11.9	5	5,941	1.0
Insurance company	1	6	1	2,567	2.5	64	182,168	31.6
Savings bank	1	16	1	1,591	1.6	56	112,018	19.4
Savings and loan association	2	2	4	8,709	8.7	4	8,684	1.5
Federal agency	-------	1	-------	-------	-------	17	47,248	8.2
All other	1	5	1	597	.6	26	78,457	13.6
Total	27	57	44	100,558	100.0	230	577,175	100.0
Sec. 908								
National bank	7	5	14	$7,533	24.7	12	$5,290	10.0
State bank	2	6	19	16,521	54.2	30	24,777	47.0
Mortgage company	6	4	6	4,323	14.2	5	2,289	4.4
Insurance company	1	3	1	314	1.0	5	1,585	3.0
Savings bank	2	3	2	1,588	5.2	5	5,054	9.6
Savings and loan association	1	2	2	219	.7	3	775	1.5
Federal agency	-------	1	-------	-------	-------	20	12,913	24.5
Total	19	24	44	30,497	100.0	80	52,683	100.0

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

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

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

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

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

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

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

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

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

[Dollar amounts in thousands]

Type of institution	Number of institutions		Mortgages purchased			Mortgages sold		
	Purchasing	Selling	Number	Amount	Percentage distribution	Number	Amount	Percentage distribution
All sections								
National bank	(Not available)		10	$7,707	1.9	82	$120,033	28.8
State bank			50	27,324	6.5	136	198,745	47.6
Mortgage company			28	18,966	4.5	102	60,873	14.6
Insurance company			69	67,906	16.3	13	5,362	1.3
Savings bank			144	131,463	31.5	17	11,649	2.8
Savings and loan association			5	881	.2	10	1,852	.4
Federal agency			52	90,973	21.8	27	18,812	4.5
All other			30	72,259	17.3	1	152	(2)
Total [1]			388	417,477	100.0	388	417,477	100.0
Sec. 207								
National bank	2	7	3	$2,999	6.3	13	$15,602	32.8
State bank	5	9	13	8,730	18.4	19	16,192	34.1
Mortgage company	1	15	1	332	.7	35	12,282	25.9
Insurance company	6	1	11	9,684	20.4	2	3,300	6.9
Savings bank	8	1	30	9,894	20.8	1	122	.3
Federal agency	1	—	9	15,569	32.8	—	—	—
All other	1	—	3	290	.6	—	—	—
Total	24	33	70	47,498	100.0	70	47,498	100.0
Sec. 213								
National bank	—	2	—	—	—	2	$683	3.2
State bank	1	3	1	$149	.7	10	16,639	77.2
Mortgage company	1	5	1	165	.8	6	4,218	19.6
Savings bank	3	—	6	7,349	34.1	—	—	—
Federal agency	1	—	6	4,166	19.3	—	—	—
All other	2	—	4	9,711	45.1	—	—	—
Total	8	10	18	21,540	100.0	18	21,540	100.0
Sec. 608								
National bank	4	15	6	$4,484	2.5	37	$32,168	17.8
State bank	4	22	32	15,934	8.8	75	98,544	54.7
Mortgage company	6	15	25	16,475	9.1	47	24,877	13.8
Insurance company	16	2	50	33,093	18.9	11	2,062	1.1
Savings bank	19	7	88	75,447	41.8	16	11,527	6.4
Savings and loan association	1	3	5	881	.5	9	1,406	.8
Federal agency	2	3	2	5,356	3.0	24	9,733	5.4
All other	3	—	11	27,748	15.4	—	—	—
Total	55	67	219	180,317	100.0	219	180,317	100.0
Sec. 803								
National bank	1	14	1	$224	.2	24	$65,978	43.6
State bank	—	11	—	—	—	22	61,219	40.4
Mortgage company	1	6	1	1,995	1.3	8	14,800	9.8
Insurance company	2	—	6	23,427	15.5	—	—	—
Savings bank	8	—	16	36,212	23.9	—	—	—
Savings and loan association	—	1	—	—	—	1	446	.3
Federal agency	1	1	21	55,016	36.3	2	8,941	5.9
All other	3	—	12	34,510	22.8	—	—	—
Total	16	33	57	151,384	100.0	57	151,384	100.0
Sec. 908								
National bank	—	5	—	—	—	6	$5,602	33.8
State bank	2	5	3	$2,350	14.2	10	6,151	37.1
Mortgage company	—	6	—	—	—	6	4,696	28.3
Insurance company	2	—	2	802	4.8	—	—	—
Savings bank	3	—	4	2,561	15.5	—	—	—
Federal agency	1	1	14	10,865	65.5	1	138	.8
Total	8	17	23	16,586	100.0	23	16,586	100.0

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

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

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

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

Characteristics of Projects

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

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

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

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

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

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

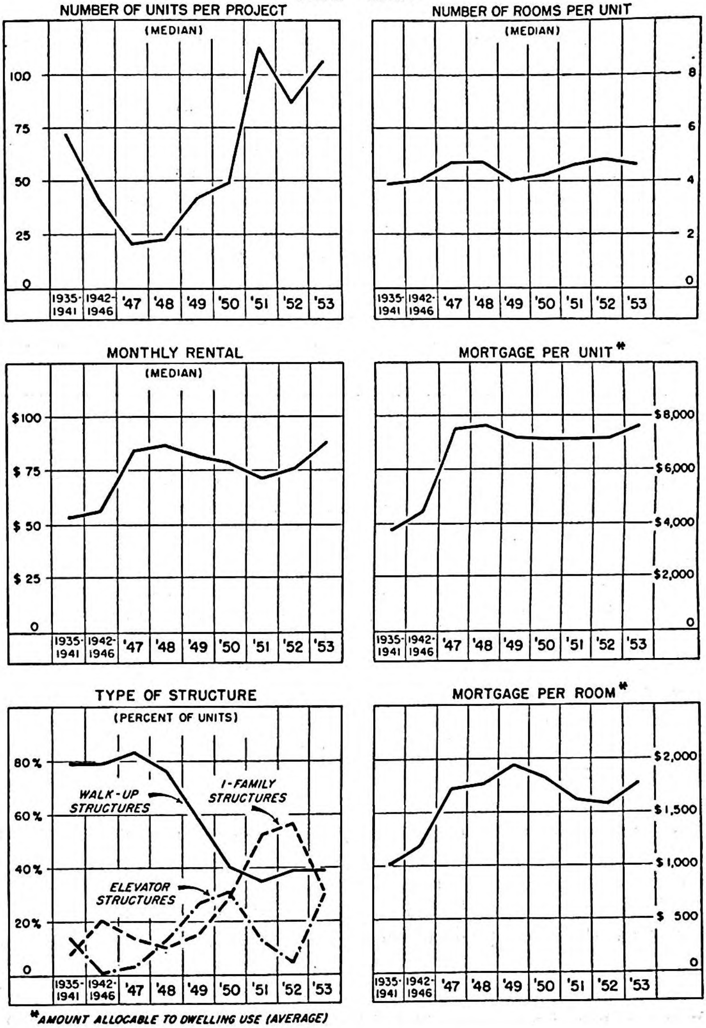
The following footnotes apply to this and to all subsequent tables in this section of the report.
[1] Tables covering size of units, monthly rental, and amount of mortgage do not include data for projects in Alaska covered by commitments issued under the Alaska Housing Act.
[2] Amount of mortgage allocable to dwelling use.
[3] In determining the number of rooms per unit, baths, closets, halls, and similar spaces were excluded.
[4] Data on monthly rental for units in cooperative projects refer to monthly charges. Monthly charges include, in management-type projects, member's pro rata share of estimated monthly debt service and project operating and maintenance costs; and, in sales-type projects, estimated total monthly mortgage payment (including real estate taxes, FHA mortgage premiums, and hazard insurance premiums) of purchaser-member.

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

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

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

TREND OF CHARACTERISTICS OF NEW RENTAL PROJECTS
1935 - 1953



*AMOUNT ALLOCABLE TO DWELLING USE (AVERAGE)

CHART 23.

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

Item	Year [1]								
	1953	1952	1951	1950	1949	1948	1947	1942–46	1935–41
Projects:									
Median size (in units)	106.8	87.5	112.5	48.6	41.6	22.5	20.3	41.0	72.2
Average size (in units)	150.1	154.8	182.4	97.6	78.4	51.1	39.8	75.9	121.1
Percent with:									
Walkup structures	55.8	53.5	49.4	59.0	68.8	84.4	85.9	81.6	82.6
Elevator structures	22.1	5.6	10.1	18.0	14.0	3.1	1.1	--------	9.9
One-family structures	22.1	40.9	40.5	23.0	17.2	12.5	13.0	18.4	7.5
Units:									
Median size (in rooms)	4.6	4.8	4.6	4.2	4.0	4.7	4.7	4.0	3.9
Average size (in rooms)	4.3	4.5	4.4	3.9	3.7	4.3	4.4	3.7	3.7
Median monthly rental	$87.95	$75.38	$71.10	$78.87	$82.49	$87.56	$84.13	$56.45	$53.09
Average mortgage amount	$7,679	$7,179	$7,133	$7,140	$7,190	$7,645	$7,505	$4,427	$3,725
Percent in:									
Walkup structures	39.4	39.4	35.0	40.0	58.2	76.7	83.6	79.4	79.0
Elevator structures	30.0	4.4	12.8	30.8	26.7	13.1	2.7	--------	14.0
One-family structures	30.6	56.2	52.2	29.2	15.1	10.2	13.7	20.6	7.0
Rooms:									
Average monthly rental	$21.34	$16.77	$16.91	$20.06	$22.22	$20.13	[2] $19.00	$15.10	$14.54
Average mortgage amount	$1,778	$1,579	$1,619	$1,835	$1,940	$1,769	$1,724	$1,187	$1,009

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

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

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

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

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

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

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

Type of structure	Total rental and cooperative housing	Rental housing				Cooperative housing, Sec. 213		
		Total	Sec. 207	Sec. 803	Sec. 908	Total	Management type	Sales type
	Projects—Percentage distribution							
Walkup	45.5	55.8	51.3	38.9	83.0	9.4	18.2	-------
Elevator	24.5	22.1	40.3	1.8	1.9	32.8	63.6	-------
1-family	30.0	22.1	8.4	59.3	15.1	57.8	18.2	100.0
All projects	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Dwelling units—Percentage distribution							
Walkup	34.0	30.4	32.0	36.3	75.4	11.7	17.8	-------
Elevator	33.9	30.0	62.7	1.4	6.9	50.5	77.1	-------
1-family	32.1	30.6	5.3	62.3	17.7	37.8	5.1	100.0
All units	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

PROJECTS AND DWELLING UNITS BY TYPE OF PROJECT

COMMITMENTS ISSUED IN 1953 TO INSURE NEW PROJECT MORTGAGES

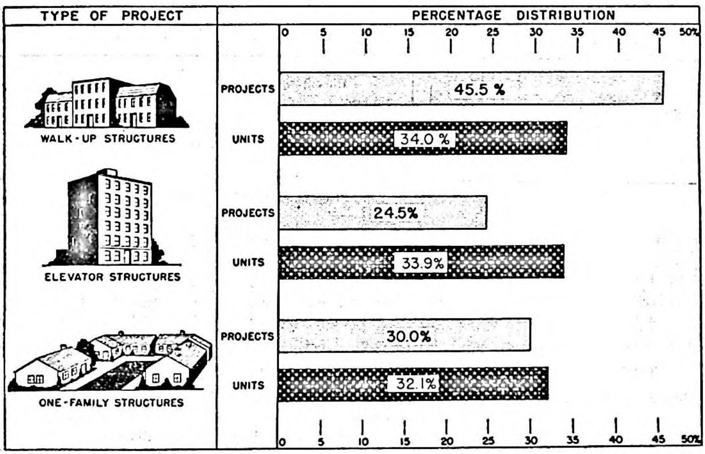


CHART 24.

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

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

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

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

Number of dwelling units per project	Total rental and cooperative housing	Rental housing				Cooperative housing, Sec. 213		
		Total	Sec. 207	Sec. 803	Sec. 908	Total	Management type	Sales type
	Projects—Percentage distribution							
8 to 24	12.4	12.4	10.9	3.7	24.5	12.5	6.1	19.4
25 to 49	14.1	13.7	15.9	7.4	15.1	15.6	9.1	22.6
50 to 99	22.4	21.7	27.7	7.4	22.6	25.0	24.2	25.8
100 to 149	15.2	16.4	17.6	11.1	18.9	10.9	15.2	6.4
150 to 199	10.7	9.3	9.3	3.7	15.1	15.6	18.2	12.9
200 to 299	11.4	11.1	9.3	24.1	1.9	12.5	12.1	12.9
300 to 399	5.9	5.7	2.5	16.7	1.9	6.3	12.1	-------
400 to 499	4.8	5.7	3.4	16.7	-------	1.6	3.0	-------
500 or more	3.1	4.0	3.4	9.2	-------	-------	-------	-------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	103.4	106.8	89.0	268.0	58.0	93.8	119.0	57.0
	Dwelling units—Percentage distribution							
8 to 24	1.6	1.5	1.6	0.3	5.1	1.8	0.6	4.1
25 to 49	3.7	3.5	4.9	1.0	6.5	4.8	2.2	9.6
50 to 99	11.1	10.4	16.0	2.0	17.9	14.0	11.5	18.9
100 to 149	12.3	12.8	16.1	4.8	27.1	10.2	10.9	9.0
150 to 199	12.8	10.7	12.3	2.4	31.7	21.6	20.7	23.3
200 to 299	18.8	17.3	17.0	21.6	4.8	25.1	19.8	35.1
300 to 399	13.5	12.7	6.5	21.3	6.9	17.1	26.1	-------
400 to 499	14.7	16.9	11.3	28.1	-------	5.4	8.2	-------
500 or more	11.5	14.2	14.3	18.5	-------	-------	-------	-------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average	145.0	150.1	129.7	202.0	82.1	120.8	161.0	90.4

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

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

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

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

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

Average amount of mortgage per dwelling unit [1]	Total rental and cooperative housing	Rental housing				Cooperative housing, Sec. 213		
		Total	Sec. 207	Sec. 803	Sec. 908	Total	Management type	Sales type
	Dwelling units—Percentage distribution							
Less than $5,000	0.5	0.6	1.4					
$5,000 to $5,999	1.6	1.9	2.5	0.8	3.5	0.2		0.7
$6,000 to $6,499	5.2	6.2	11.2	2.1	2.1	1.0		2.8
$6,500 to $6,999	5.9	7.3	2.7	11.1	10.2	.5		1.4
$7,000 to $7,499	16.9	21.0	24.0	22.1	7.1			
$7,500 to $7,999	17.5	21.6	22.0	18.1	31.8	.5		1.4
$8,000 to $8,499	29.0	33.6	34.3	33.0	33.4	10.2	12.6	5.5
$8,500 to $8,999	12.2	5.0	1.4	7.3	9.8	41.9	62.7	2.5
$9,000 to $9,999	4.8	2.8	.5	5.5	2.1	13.0	13.6	11.7
$10,000 to $10,999	5.6					28.8	8.2	68.0
$11,000 or more	.8					3.9	2.9	6.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	$8,041	$7,801	$7,738	$7,976	$7,943	$8,949	$8,549	$10,071

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

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

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

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

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

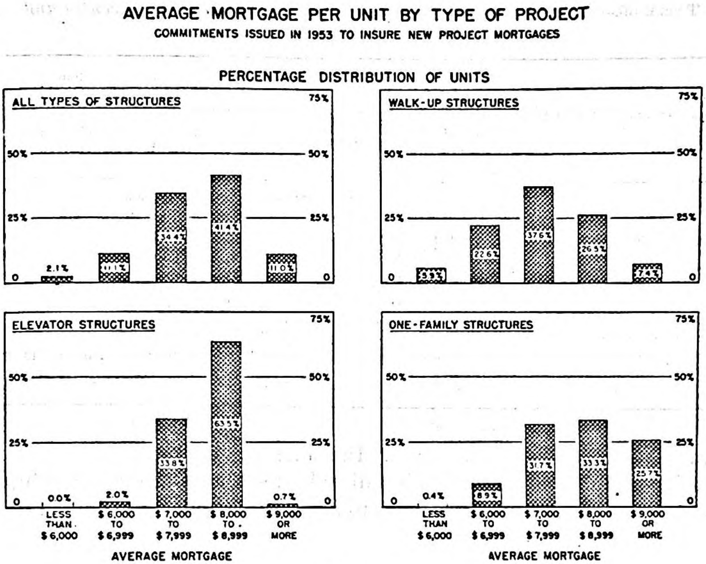


CHART 25.

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

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

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

Mortgage as a percent of replacement cost	Total rental and cooperative housing	Rental housing				Cooperative housing, Sec. 213		
		Total	Sec.207	Sec.803	Sec.908	Total	Management type	Sales type
	Dwelling units—Percentage distribution							
Less than 70	9.4	11.7	25.6	-------	0.4	-------	-------	-------
70 to 74.9	14.3	17.4	36.3	2.2	-------	1.3	1.9	-------
75 to 79.9	12.9	10.3	11.4	7.5	15.1	23.9	36.6	-------
80 to 82.4	11.2	11.1	3.9	19.2	10.4	11.6	16.5	2.2
82.5 to 84.9	15.1	15.0	6.9	26.9	5.0	15.7	22.5	2.8
85.0 to 87.4	12.3	11.8	4.7	16.5	21.4	14.4	22.1	-------
87.5 to 89.9	14.1	17.2	10.3	20.1	32.5	.8	-------	2.2
90.0 [1]	10.7	5.5	.9	7.6	15.2	32.3	.4	92.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	82.9	82.4	72.2	84.3	87.3	84.6	82.0	93.4

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

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

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

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

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

[9] Typical unit compositions are as follows:

Less than 3 rooms—Combination living and sleeping room with dining alcove and kitchen or kitchenette.

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

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

4 rooms—Living room, 2 bedrooms, with dining space either in living room or in kitchen; or (less frequently) living room, 1 bedroom, dining room, and kitchen.

4½ rooms—Living room, 2 bedrooms, dining alcove, and kitchen.

5 rooms—Living room, 2 bedrooms, dining room, and kitchen; or (less frequently) living room, 3 bedrooms, and kitchen, with dining space in either living room or kitchen.

5½ rooms—Living room, 3 bedrooms, dining alcove, and kitchen.

6 rooms—Living room, 3 bedrooms, dining room, and kitchen.

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

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

Rooms per unit	Total rental and cooperative housing	Rental housing				Cooperative housing, Sec. 213		
		Total	Sec. 207	Sec. 803	Sec. 908	Total	Management type	Sales type
	Dwelling units—Percentage distribution							
Less than 3	5.5	6.7	13.4	1.4	0.2	0.8	1.2	--------
3	5.8	6.7	9.4	2.7	9.7	1.9	2.9	--------
3½	10.2	10.0	15.0	4.2	10.6	11.1	16.9	--------
4	16.0	17.9	20.3	12.7	26.2	8.1	9.0	4.8
4½	28.2	29.7	27.1	23.2	43.5	22.1	32.7	1.9
5	15.7	15.2	7.3	26.5	6.7	17.8	16.9	19.6
5½	6.3	5.6	3.9	8.8	1.4	9.3	8.5	10.9
6 or more	12.3	8.2	3.6	15.5	1.7	28.9	11.0	62.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	4.7	4.6	4.3	5.0	4.5	5.2	4.8	6.1

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

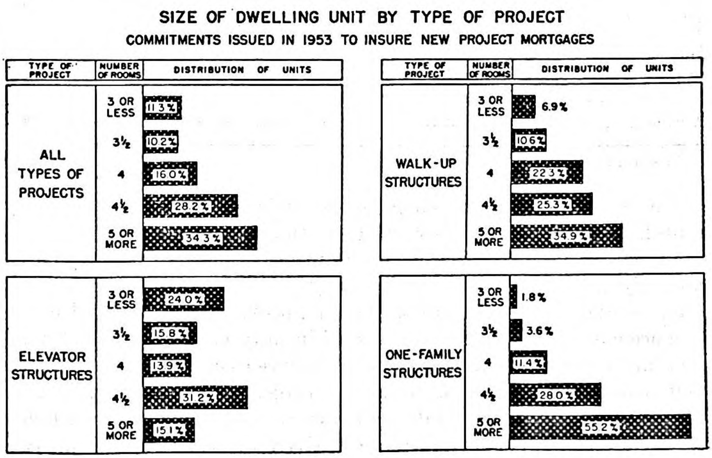


CHART 26.

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

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

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

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

Monthly rental or charges per dwelling unit	Total rental and co-operative housing	Rental housing				Cooperative housing, Sec. 213		
		Total	Sec. 207	Sec. 803	Sec. 908	Total	Management type	Sales type
	Dwelling units—Percentage distribution							
Less than $50	1.3	0.7	1.4	0.1	-------	3.6	-------	10.4
$50 to $59.99	1.8	1.7	(1)	4.1	-------	2.2	-------	6.5
$60 to $69.99	10.2	11.7	4.4	22.8	2.3	3.9	-------	11.4
$70 to $79.99	20.3	17.7	5.9	33.4	9.8	30.8	9.2	71.7
$80 to $89.99	22.1	22.9	14.9	25.2	43.1	19.2	29.3	-------
$90 to $99.99	17.2	14.6	13.8	8.5	36.5	27.3	41.7	-------
$100 to $109.99	7.4	6.6	8.4	4.1	8.1	10.9	16.6	-------
$110 to $124.99	10.7	12.9	26.6	1.8	.2	2.0	3.0	-------
$125 or more	9.0	11.2	24.6	(1)	-------	.1	.2	-------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	$87.43	$87.95	$110.65	$74.95	$88.79	$85.35	$92.44	$76.51

[1] Less than 0.05 percent.

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

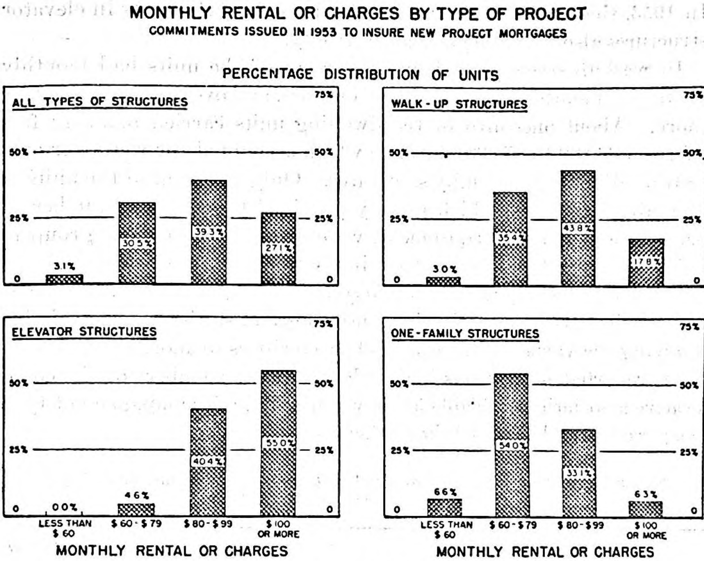


CHART 27.

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

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

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

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

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

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

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

Member's effective monthly income [1]	Percentage distribution	Average: Member's monthly income	Average: Monthly charges	Average: Total monthly housing expense	Average: Number of rooms	Average: Number of bedrooms	Monthly charges (As a percent of monthly income)	Monthly housing expense (As a percent of monthly income)
Less than $300.00	2.3	$276.00	$68.70	$72.81	3.4	1.0	24.9	26.4
$300 to $399.99	16.8	354.33	78.38	83.97	4.0	1.4	22.1	23.7
$400 to $499.99	29.0	441.60	88.97	94.80	4.4	1.7	20.1	21.5
$500 to $599.99	24.1	541.54	96.50	103.60	4.7	2.0	17.8	19.1
$600 to $699.99	14.3	637.51	99.94	106.81	4.9	2.2	15.7	16.8
$700 to $799.99	6.7	744.31	103.91	110.77	5.0	2.2	14.0	14.9
$800 or more	6.8	1,108.76	107.37	114.52	5.2	2.4	9.7	10.3
Total	100.0	540.88	92.36	98.72	4.6	1.9	17.1	18.3

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

Almost one-half the members of management-type cooperatives in 1953 had effective incomes before taxes of less than $500 a month. With about 14 percent of the members with incomes of $700 a month or more, the average for all members amounted to about $541. Average monthly housing expense was nearly $99, of which $92 represented the pro rata share of the estimated amount of monthly debt service and project operating and maintenance costs, and the remainder was the estimated amount of personal benefit expenses (the cost of utilities, minor repairs, and maintenance of the member's own apartment). Monthly charges ranged from an average of $69 for members with monthly incomes of less than $300 to $107 for members with incomes of $800 or more. Average monthly housing expense accounted for 18 percent of the member's average monthly income—ranging from over one-quarter in the lower income levels to about one-tenth in the upper levels. Dwelling units in management-type projects contained an average 4.4 rooms, including 1.9 bedrooms.

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

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

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

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

Property Improvement Loan Insurance

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

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

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

Annual Volume of Business

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

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

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

Year	Loans insured			Claims paid			Cumulative claims paid as percent of cumulative loans insured
	Number	Net proceeds (000)	Average	Number	Amount (000)	Average	
1934–39	2,329,648	$821,332	$353	103,390	$23,888	$231	2.91
1940–44	2,458,920	770,782	313	85,795	25,442	297	3.10
1945–49	5,151,998	2,233,205	433	122,962	41,627	339	2.38
1950	1,447,101	693,761	479	56,446	18,148	322	2.41
1951	1,437,764	707,070	492	35,579	12,086	340	2.32
1952	1,495,741	848,327	567	33,265	11,524	346	2.18
1952 estimated [1]	(1,816,881)	(1,047,358)					
1953	2,244,227	1,334,287	595	37,470	14,995	400	1.99
1953 estimated [1]	(1,832,180)	(1,092,277)					
Total	16,565,399	7,408,765	447	474,907	147,711	311	

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

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

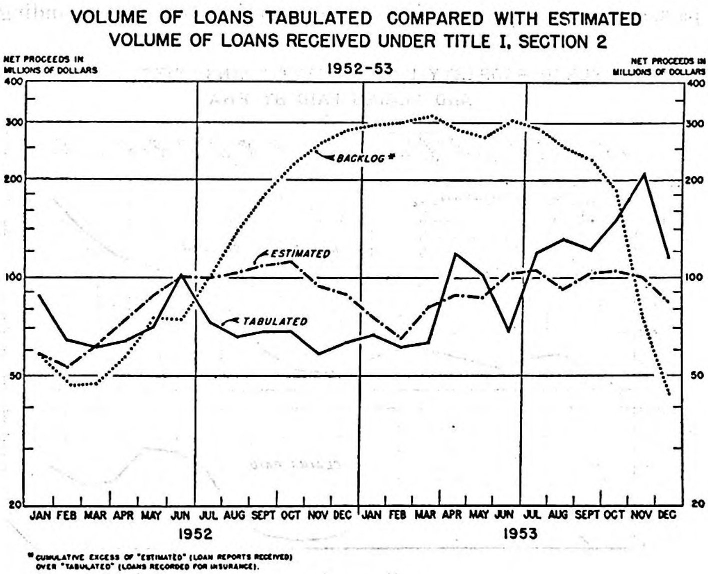


CHART 28.

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

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

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

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

INSURED PROPERTY IMPROVEMENT LOANS OUTSTANDING AND CLAIMS PAID BY FHA

1934 – 1953

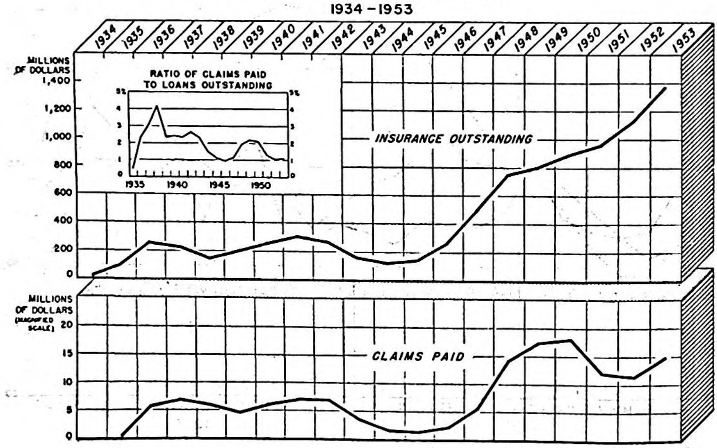


CHART 29.

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

[Dollar amounts in thousands]

Year	Average net proceeds of loans outstanding	Annual amount of claims paid	Claims paid as percent of loans outstanding	Year	Average net proceeds of loans outstanding	Annual amount of claims paid	Claims paid as percent of loans outstanding
1934	$12,008			1944	$115,153	$1,670	1.45
1935	93,582	$447	0.48	1945	140,247	1,524	1.09
1936	253,218	5,885	2.32	1946	262,376	2,434	.93
1937	224,861	6,891	3.06	1947	501,171	5,830	1.16
1938	144,449	6,016	4.17	1948	748,438	14,346	1.92
1939	199,347	4,649	2.33	1949	803,293	17,494	2.18
1940	253,676	6,115	2.41	1950	889,433	18,148	2.04
1941	303,149	7,071	2.33	1951	959,394	12,086	1.26
1942	265,583	6,998	2.64	1952	1,130,827	11,524	1.02
1943	155,667	3,588	2.30	1953	1,377,679	14,995	1.09

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

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

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

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

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

State Distribution

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

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

State	Loans insured			State	Loans insured		
	Number	Net proceeds (000)	Average		Number	Net proceeds (000)	Average
Alabama	33,761	$18,085	$536	New Jersey	60,495	$47,632	$787
Arizona	19,334	11,556	598	New Mexico	6,976	4,843	694
Arkansas	12,299	7,455	606	New York	235,124	170,465	725
California	275,429	139,326	506	North Carolina	19,222	11,563	602
Colorado	23,391	13,522	578	North Dakota	3,996	2,585	647
Connecticut	11,484	7,760	676	Ohio	133,759	77,530	580
Delaware	599	436	727	Oklahoma	32,421	19,030	587
District of Columbia	10,857	6,290	579	Oregon	19,053	12,681	666
Florida	52,566	34,103	649	Pennsylvania	101,962	59,428	583
Georgia	30,875	17,610	570	Rhode Island	4,942	2,823	571
Idaho	12,632	8,770	694	South Carolina	11,189	6,468	578
Illinois	128,125	83,393	651	South Dakota	5,407	3,341	618
Indiana	74,524	43,382	582	Tennessee	45,052	23,211	515
Iowa	29,299	17,234	588	Texas	166,771	93,305	559
Kansas	25,946	13,953	538	Utah	28,952	17,887	618
Kentucky	26,769	14,658	548	Vermont	1,759	1,158	659
Louisiana	25,110	15,656	623	Virginia	35,160	19,376	551
Maine	10,030	4,957	494	Washington	48,592	30,014	618
Maryland	59,441	29,891	503	West Virginia	11,169	6,483	580
Massachusetts	45,374	26,753	590	Wisconsin	20,280	13,462	664
Michigan	189,049	106,107	561	Wyoming	2,092	1,768	845
Minnesota	53,635	30,777	574	Alaska	508	568	1,118
Mississippi	11,810	6,845	580	Hawaii	808	722	893
Missouri	56,744	29,519	520	Puerto Rico	1,603	1,994	1,244
Montana	6,425	4,584	713	Virgin Islands	3	5	1,807
Nebraska	12,164	7,258	597	Guam	238	284	1,195
Nevada	3,862	3,232	837				
New Hampshire	5,330	2,716	510	Total[1]	2,244,227	1,334,287	595

[1] Includes adjustments.

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

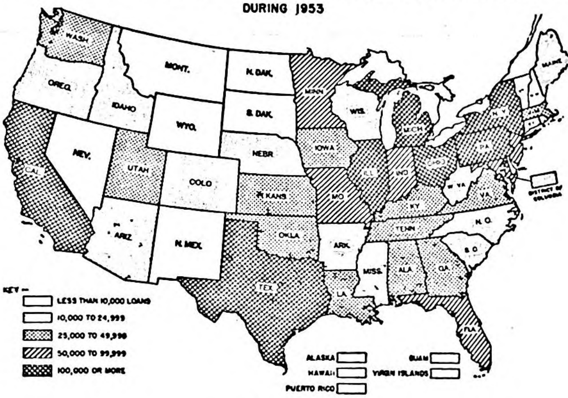


CHART 30.

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

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

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

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

State	Loans insured			Claims paid			Percent of claims paid to loans insured
	Number	Net proceeds (000)	Average	Number	Amount (000)	Average	
Alabama	247, 909	$92, 980	$375	8, 095	$1, 882	$233	2. 02
Arizona	113, 004	55, 613	492	2, 660	1, 074	404	1. 93
Arkansas	111, 605	46, 043	413	5, 384	1, 484	276	3. 22
California	1, 967, 446	782, 885	398	52, 485	17, 262	329	2. 20
Colorado	136, 277	58, 235	427	2, 734	930	340	1. 60
Connecticut	170, 763	77, 822	456	5, 460	1, 916	351	2. 46
Delaware	14, 846	6, 757	455	590	209	355	3. 10
District of Columbia	86, 733	42, 078	485	3, 138	961	306	2. 28
Florida	308, 984	156, 474	506	11, 340	3, 914	345	2. 50
Georgia	216, 163	89, 235	413	7, 449	1, 959	263	2. 20
Idaho	91, 263	44, 762	490	2, 816	1, 050	373	2. 35
Illinois	1, 016, 807	479, 418	471	22, 382	7, 040	315	1. 47
Indiana	570, 994	228, 572	400	17, 915	4, 723	264	2. 07
Iowa	227, 972	97, 290	427	6, 128	1, 949	318	2. 00
Kansas	152, 810	58, 971	386	4, 253	1, 088	256	1. 84
Kentucky	178, 304	71, 837	403	4, 965	1, 444	291	2. 01
Louisiana	153, 291	64, 847	423	5, 222	1, 151	220	1. 77
Maine	69, 489	29, 738	428	2, 812	915	325	3. 08
Maryland	336, 269	140, 814	419	8, 648	2, 495	288	1. 77
Massachusetts	426, 986	187, 603	439	13, 797	4, 482	325	2. 39
Michigan	1, 384, 376	581, 316	420	38, 791	11, 288	291	1. 94
Minnesota	369, 022	155, 305	421	7, 451	2, 397	322	1. 54
Mississippi	108, 090	44, 489	412	6, 586	1, 669	253	3. 75
Missouri	424, 127	160, 973	380	12, 006	3, 197	266	1. 99
Montana	42, 917	22, 111	515	1, 221	471	386	2. 13
Nebraska	94, 259	40, 880	434	2, 424	757	312	1. 85
Nevada	22, 295	13, 202	592	467	222	475	1. 68
New Hampshire	43, 112	18, 782	436	2, 065	660	320	3. 51
New Jersey	592, 182	326, 301	551	23, 046	7, 287	316	2. 23
New Mexico	33, 976	19, 034	560	1, 186	434	366	2. 28
New York	1, 804, 891	1, 050, 844	582	51, 962	21, 049	405	2. 00
North Carolina	143, 019	60, 699	424	5, 244	1, 410	269	2. 32
North Dakota	30, 767	14, 241	463	1, 166	393	337	2. 76
Ohio	991, 048	406, 868	411	23, 381	7, 154	306	1. 76
Oklahoma	231, 083	94, 199	408	6, 224	1, 574	253	1. 67
Oregon	207, 376	91, 267	440	5, 737	1, 849	322	2. 03
Pennsylvania	920, 662	396, 648	431	27, 885	8, 033	288	2. 03
Rhode Island	62, 273	27, 085	435	1, 638	508	310	1. 88
South Carolina	78, 919	32, 714	415	3, 309	822	248	2. 51
South Dakota	29, 387	14, 424	491	874	322	368	2. 23
Tennessee	322, 777	121, 599	377	8, 465	2, 381	281	1. 96
Texas	881, 073	379, 827	431	23, 750	5, 598	236	1. 47
Utah	160, 728	71, 799	447	3, 374	1, 149	340	1. 60
Vermont	19, 252	8, 841	459	1, 465	527	360	5. 96
Virginia	216, 747	99, 496	459	5, 502	1, 722	313	1. 73
Washington	392, 009	168, 872	431	10, 048	2, 960	295	1. 75
West Virginia	77, 907	37, 126	477	2, 551	950	372	2. 56
Wisconsin	234, 449	104, 761	447	5, 947	2, 016	339	1. 92
Wyoming	16, 162	9, 523	589	443	217	490	2. 28
Alaska	1, 263	1, 252	991	34	13	397	1. 08
Hawaii	2, 445	1, 671	684	7	3	430	. 18
Puerto Rico	27, 797	22, 148	797	2, 090	784	375	3. 54
Virgin Islands	3	5	1, 807	----------	----------	----------	----------
Guam	238	284	1, 195	1	----------	811	. 29
Total [1]	16, 565, 399	7, 408, 765	447	474, 907	147, 711	311	1. 99

[1] Includes adjustments.

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

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

Standard Metropolitan Area[1]	1953		1934–53	
	Number of loans	Net proceeds	Number of loans	Net proceeds
Akron, Ohio	15,396	$7,888,655	114,027	$41,916,024
Albany-Schenectady-Troy, N. Y.	10,074	6,312,582	65,150	33,826,669
Atlanta, Ga	16,031	9,358,923	120,691	50,323,094
Baltimore, Md	45,453	21,950,845	253,221	102,333,583
Birmingham, Ala	13,478	6,832,903	110,658	38,769,913
Boston, Mass	22,909	13,949,602	220,023	96,896,871
Buffalo, N. Y	24,173	14,514,509	139,726	67,745,174
Chicago, Ill	97,827	65,482,669	794,460	388,283,893
Cincinnati, Ohio	12,866	6,920,416	102,000	40,235,193
Cleveland, Ohio	23,749	16,309,713	170,351	84,324,001
Columbus, Ohio	13,502	6,924,503	108,766	40,594,102
Dallas, Tex	25,569	13,063,770	149,884	56,212,428
Denver, Colo	16,976	9,310,387	93,393	37,960,803
Detroit, Mich	126,388	70,911,627	846,657	371,675,729
Flint, Mich	12,317	6,218,456	102,518	37,613,749
Fort Worth, Tex	18,227	9,760,430	80,130	34,538,838
Houston, Tex	41,185	20,391,162	210,749	83,945,045
Indianapolis, Ind	19,547	10,974,374	151,960	58,856,504
Kansas City, Mo	25,436	12,365,689	168,238	61,821,593
Los Angeles, Calif	137,222	66,728,612	1,006,648	391,115,588
Louisville, Ky	17,759	9,663,718	116,376	46,657,178
Memphis, Tenn	16,749	8,340,540	129,652	46,389,187
Miami, Fla	15,068	9,358,833	82,256	43,300,929
Minneapolis-St. Paul, Minn	35,749	20,372,054	237,529	99,210,978
New York-Northeastern N. J	163,050	133,917,516	1,459,792	912,636,537
Philadelphia, Pa	31,830	17,814,535	376,366	160,965,534
Phoenix, Ariz	11,889	6,483,690	67,544	30,684,516
Pittsburgh, Pa	30,734	19,227,520	266,343	114,297,248
Rochester, N. Y	15,429	8,767,336	100,320	46,017,238
Sacramento, Calif	12,016	5,588,654	81,234	29,815,239
St. Louis, Mo	35,566	18,751,732	269,168	102,376,770
Salt Lake City, Utah	14,952	8,994,189	84,558	35,488,038
San Antonio, Tex	14,011	6,698,096	75,124	30,518,887
San Bernardino-Riverside-Ontario, Calif	13,787	7,476,878	89,932	38,895,586
San Diego, Calif	17,891	9,636,522	95,032	42,238,652
San Francisco-Oakland, Calif	42,617	22,341,847	343,047	136,431,763
San Jose, Calif	13,291	5,523,992	60,043	21,294,592
Seattle, Wash	15,936	10,420,526	141,072	62,857,479
Syracuse, N. Y	10,860	6,395,273	74,073	35,195,916
Toledo, Ohio	12,238	7,042,911	80,741	34,507,652
Washington, D. C	27,204	15,701,550	178,142	85,238,253
Youngstown, Ohio	12,683	7,056,422	97,377	36,251,103
Total—44 Standard Metropolitan Areas	1,299,664	761,747,161	9,514,971	4,313,293,369
Total remaining continental Standard Metropolitan Areas	344,828	231,968,579	3,119,035	1,318,804,740
Total continental Standard Metropolitan Areas	1,644,492	993,715,740	12,634,006	5,632,098,109
Outside continental Standard Metropolitan Areas	599,735	340,571,385	3,931,366	1,776,560,139
Grand total	2,244,227	1,334,287,125	16,565,372	7,408,658,248

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

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

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

Financial Institution Activity

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

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

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

[1] Includes State banks, industrial banks, and savings banks.

Totals may not agree with components because of rounding.

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

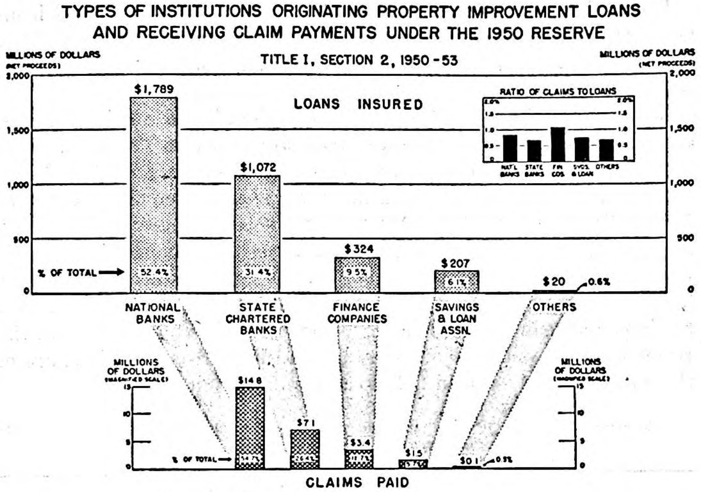


CHART 31.

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

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

Type of institution	Claims paid: Number	Amount (000)	Percent of amount	Average claim
	1953			
National bank	20,847	$8,073	53.8	$387
State chartered bank [1]	9,855	3,894	26.0	395
Finance company	4,532	1,989	13.3	439
Savings and loan association	2,144	1,006	6.7	469
Other	92	34	.2	370
Total	37,470	14,995	100.0	400
	1950 Reserve—Mar. 1950–Dec. 1953			
National bank	35,901	$14,816	54.7	$413
State chartered bank [1]	17,133	7,149	26.4	417
Finance company	6,737	3,422	12.7	508
Savings and loan association	3,264	1,546	5.7	474
Other	221	133	.5	603
Total	63,256	27,067	100.0	428

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

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

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

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

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

Loan Characteristics

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

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

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

Net proceeds of individual loan	Number of loans					Net proceeds [1]				
	1953	1952	1951	1946	1940	1953	1952	1951	1946	1940
	Percentage distribution									
Less than $100	1.6	2.1	2.9	3.6	5.4	0.2	0.3	0.5	0.6	1.0
$100 to $199	12.6	14.4	21.2	10.1	24.7	3.2	3.9	8.9	6.3	8.7
$200 to $299	16.7	18.0	20.4	22.9	23.0	6.9	7.8	10.1	12.5	13.4
$300 to $399	15.6	15.5	16.8	15.9	14.2	9.0	9.4	11.5	12.1	11.6
$400 to $499	10.4	10.0	7.6	11.3	9.8	7.6	7.8	6.7	11.1	10.4
$500 to $599	8.8	8.4	5.9	7.8	7.5	7.8	7.9	6.3	9.6	9.9
$600 to $799	11.0	10.5	9.1	7.2	5.8	12.6	12.7	12.6	11.0	9.4
$800 to $999	6.9	6.5	5.5	4.2	3.1	10.2	10.1	9.8	8.2	6.4
$1,000 to $1,499	9.0	8.1	6.1	4.8	3.1	17.4	16.5	14.4	12.5	8.8
$1,500 to $1,999	3.7	3.1	2.2	1.4	.9	9.7	9.0	7.3	5.3	3.9
$2,000 to $2,499	1.7	1.5	1.1	.7	.6	6.1	5.7	4.7	3.5	3.0
$2,500 to $2,999	1.8	1.6	1.1	1.0	1.2	7.7	7.2	5.8	6.5	7.7
$3,000 to $3,999	.1	.2	.1	.1	.7	.8	.9	.7	.5	5.8
$4,000 to $4,999	.1	.1	([2])	([2])	--------	.4	.4	.3	.1	--------
$5,000 or more	([2])	([2])	([2])	([2])	--------	.4	.4	.4	.2	--------
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	$433	$400	$333	$328	$287	--------	--------	--------	--------	--------
Average	--------	--------	--------	--------	--------	$595	$567	$492	$454	$417

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

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

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

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

Term in months		Number of loans					Net proceeds [1]				
Modal term	Interval	1953	1952	1951	1946	1940	1953	1952	1951	1946	1940
		Percentage distribution									
6	6 to 8	0.7	0.9	1.0	1.3	0.5	0.3	0.4	0.5	0.7	0.3
12	9 to 14	9.4	9.6	10.7	16.9	12.4	4.1	4.3	5.0	8.7	5.1
18	15 to 20	6.3	6.9	6.9	8.4	8.8	3.3	3.7	3.8	5.3	4.3
24	21 to 26	9.7	9.1	9.5	12.3	13.3	6.5	6.1	6.8	9.5	8.6
30	27 to 32	3.0	5.3	43.4	2.3	4.1	2.2	4.0	46.3	1.6	2.6
36	33 to 41	70.4	67.9	28.2	58.6	59.8	81.5	79.8	35.7	73.0	71.6
48	42 to 53	([2])	([2])	([2])	([2])	([2])	([2])	([2])	.1	([2])	([2])
60	54 to 63	.4	.2	.2	([3])	([3])	1.6	1.0	1.1	([3])	([3])
	Over 63	.1	.1	.1	.2	1.1	.5	.7	.7	1.2	7.5
Total	--------	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Median	--------	36.4	36.3	30.6	36.0	35.4	--------	--------	--------	--------	--------
Average	--------	--------	--------	--------	--------	--------	31.4	30.9	28.3	28.8	31.8

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

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

Type of Property and Improvement

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

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

Major type of improvements	Type of property improved					
	Total	Single-family dwellings	Multi-family dwellings	Commercial and industrial	Farm homes and buildings	Garages and other
	Number of loans insured—Percentage distribution					
Additions and alterations	12.6	12.7	11.2	18.4	10.8	10.7
Exterior finish	13.3	13.6	15.4	7.3	12.5	1.6
Interior finish	7.0	6.8	11.0	13.2	2.8	1.5
Roofing	6.1	6.0	8.2	6.4	10.0	1.3
Plumbing	10.1	10.3	9.2	7.4	14.3	1.5
Heating	14.8	14.5	24.4	15.7	8.9	2.1
Insulation	17.9	19.1	12.6	4.2	9.2	1.3
New nonresidential construction	2.3	----------	----------	13.2	23.9	76.7
Miscellaneous	15.9	17.0	8.0	14.2	7.6	3.3
Total	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	88.5	6.3	1.1	1.8	2.3
	Net proceeds—Percentage distribution					
Additions and alterations	19.6	16.5	1.8	0.6	0.4	0.3
Exterior finish	17.1	14.8	1.8	.2	.3	(1)
Interior finish	8.2	6.5	1.2	.4	(1)	.1
Roofing	4.8	4.0	.5	.1	.2	(1)
Plumbing	8.5	7.1	.8	.2	.3	.1
Heating	15.1	11.9	2.6	.3	.2	.1
Insulation	10.9	10.0	.7	.1	.1	(1)
New nonresidential construction	3.6	----------	----------	.4	.8	2.4
Miscellaneous	12.2	10.8	.7	.4	.2	.1
Total	100.0	81.6	10.1	2.7	2.5	3.1
	Net proceeds—Average					
Additions and alterations	$923	$871	$1,475	$1,803	$1,082	$814
Exterior finish	762	729	1,087	1,343	907	830
Interior finish	701	640	1,015	1,589	715	1,147
Roofing	467	444	589	977	542	682
Plumbing	502	466	875	1,110	663	1,073
Heating	608	550	1,004	1,181	666	1,020
Insulation	360	350	540	607	375	537
New nonresidential construction	925	----------	----------	1,517	1,211	803
Miscellaneous	452	426	862	1,230	685	884
Total	595	547	955	1,370	834	816

[1] Less than 0.05 percent.

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

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

1 Less than 0.05 percent.

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

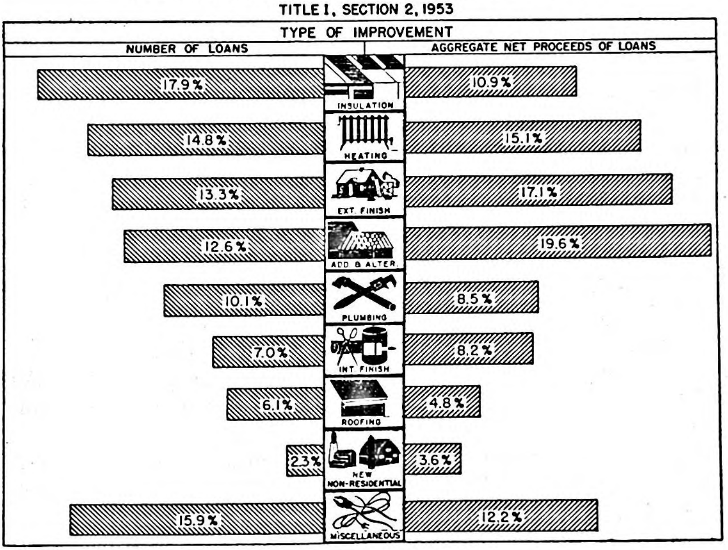


CHART 32.

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

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

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

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

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

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

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

Net proceeds of individual loan	Total	Major type of improvement: Additions and alterations	Exterior finish	Interior finish	Roofing
	Number of loans—Percentage distribution				
Less than $100	1.6	0.4	0.5	1.6	1.2
$100 to $199	12.6	5.1	3.5	11.3	15.6
$200 to $299	16.7	7.7	7.6	12.9	23.5
$300 to $399	15.6	9.2	10.6	12.7	19.4
$400 to $499	10.4	7.6	10.1	8.4	11.2
$500 to $599	8.8	10.1	11.4	10.8	7.3
$600 to $799	11.0	13.3	18.4	11.2	8.3
$800 to $999	6.9	9.1	13.8	6.6	4.2
$1,000 to $1,499	9.0	17.2	15.9	12.3	5.6
$1,500 to $1,999	3.7	9.2	5.0	5.5	2.0
$2,000 to $2,499	1.7	4.6	1.9	2.9	.9
$2,500 to $2,999	1.8	5.9	1.2	3.6	.8
$3,000 to $3,999	.1	.3	.1	.2	[1]
$4,000 to $4,999	.1	.2	[1]	[1]	[1]
$5,000 or more	[1]	.1	[1]	[1]	---------
Total	100.0	100.0	100.0	100.0	100.0
Median	$433	$743	$665	$529	$350
Average	595	923	762	701	467

Net proceeds of individual loan	Major type of improvement (continued): Plumbing	Heating	Insulation	New nonresidential construction	Miscellaneous
	Number of loans—percentage distribution				
Less than $100	1.9	1.0	3.0	0.2	2.5
$100 to $199	16.7	10.5	20.0	2.0	18.4
$200 to $299	22.0	14.4	22.9	3.8	24.3
$300 to $399	17.9	14.0	22.1	6.8	18.8
$400 to $499	9.0	10.8	14.4	8.5	9.6
$500 to $599	7.1	9.7	7.4	10.3	6.6
$600 to $799	8.7	14.8	5.7	20.9	6.4
$800 to $999	4.7	10.2	2.0	15.2	3.2
$1,000 to $1,499	6.7	9.5	1.7	17.0	4.6
$1,500 to $1,999	2.8	2.6	.4	6.0	2.9
$2,000 to $2,499	1.2	1.1	.2	3.7	1.2
$2,500 to $2,999	1.2	1.0	.2	3.8	1.5
$3,000 to $3,999	.1	.2	[1]	1.8	[1]
$4,000 to $4,999	[1]	.1	[1]	---------	[1]
$5,000 or more	[1]	.1	[1]	---------	[1]
Total	100.0	100.0	100.0	100.0	100.0
Median	$353	$493	$319	$776	$326
Average	502	608	360	925	452

[1] Less than 0.05 percent.

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

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

Claims by Type of Property and Improvement

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

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

Major type of improvement	Type of property improved					
	Total	Single-family dwellings	Multi-family dwellings	Commercial and industrial	Farm homes and buildings	Garages and other
	Number of claims paid—Percentage distribution					
Additions and alterations	11.6	11.4	12.9	21.2	9.6	13.0
Exterior finish	19.5	20.3	17.3	5.4	16.8	1.3
Interior finish	7.4	7.1	9.6	16.4	6.1	1.3
Roofing	9.0	9.0	9.2	3.5	14.2	1.8
Plumbing	10.4	10.5	9.2	7.7	15.4	.8
Heating	13.5	12.9	24.1	17.5	9.7	1.8
Insulation	14.8	15.8	9.7	3.9	10.5	2.0
New nonresidential construction	1.4	---------	---------	8.4	13.0	76.0
Miscellaneous	12.4	13.0	8.0	16.0	4.7	2.0
Total	100.0	100.0	100.0	100.0	100.0	100.0
Percent of total	100.0	87.0	6.6	2.1	3.3	1.0
	Amount of claims paid—Percentage distribution					
Additions and alterations	17.4	14.0	1.6	1.0	0.6	0.2
Exterior finish	25.1	22.0	2.1	.2	.7	.1
Interior finish	8.0	6.2	.9	.7	.2	(1)
Roofing	6.9	5.8	.6	(1)	.4	.1
Plumbing	8.9	7.2	.8	.3	.6	(1)
Heating	12.1	9.0	2.1	.8	.2	(1)
Insulation	8.4	7.5	.6	.1	.2	(1)
New nonresidential construction	3.2	---------	---------	.5	1.3	1.4
Miscellaneous	10.0	8.5	.7	.6	.2	(1)
Total	100.0	80.2	9.4	4.2	4.4	1.8
	Claim paid—Average					
Additions and alterations	$596	$566	$755	$898	$707	$613
Exterior finish	515	496	746	792	556	1,025
Interior finish	432	393	586	879	380	463
Roofing	306	296	378	432	336	788
Plumbing	341	315	542	701	463	289
Heating	356	318	519	850	304	426
Insulation	226	219	346	522	184	302
New nonresidential construction	920	---------	---------	1,157	1,197	717
Miscellaneous	322	300	527	665	541	460
Total	400	367	568	819	533	683

[1] Less than 0.05 percent.

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

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

Payments Received Prior to Default

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

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

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

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

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

PAYMENTS MADE PRIOR TO DEFAULT

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

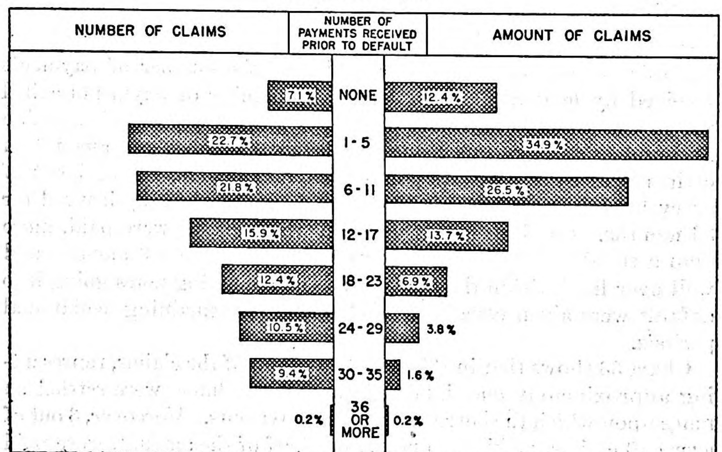


CHART 33.

Section 3

ACCOUNTS AND FINANCE

The figures for 1952 and 1953 in the financial statements of this report are on an accrual basis and are shown for the fiscal year rather than the calendar year. Section 2 of the report, Statistics of Insuring Operations, is on a calendar-year basis to coincide with the housing year. In order to provide comparable figures, those statements in the Accounts and Finance section which are coordinated with the statistical tables shown in Section 2 have been prepared on a calendar-year basis.

Before July 1, 1939, there was no provision in the National Housing Act for collecting premiums on insurance granted under Title I; therefore, moneys for salaries and expenses and for the payment of insurance claims were advanced by the Federal Government, and recoveries of claims paid were required to be deposited to the general fund of the Treasury.

An amendment of June 3, 1939, to the National Housing Act authorized the collection of premiums, and an amendment of June 28, 1941, authorized the retention of recoveries on insurance granted on and after July 1, 1939. Therefore, only the results of operations with respect to insurance granted on and after July 1, 1939, are included in the June 30, 1953, combined statement of financial condition (Statement 1) and the combined statement of income and expense (Statement 2). Transactions on insurance granted before July 1, 1939, have been shown separately in a statement of accountability for funds advanced (Statement 6).

Combined Funds

Gross Income and Operating Expenses, Fiscal Year 1953

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

Cumulative Gross Income and Operating Expenses, by Fiscal Years

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

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

Income and operating expenses through June 30, 1953

Fiscal year	Income from fees, premiums, and investments	Operating expenses	Fiscal year	Income from fees, premiums, and investments	Operating expenses
1935	$530,609	$6,336,905	1946	$30,729,072	$11,191,492
1936	2,503,248	12,160,487	1947	26,790,341	16,063,870
1937	5,690,268	10,318,119	1948	51,164,456	20,070,745
1938	7,874,377	9,297,884	1949	63,983,953	23,378,495
1939	11,954,056	12,609,887	1950	85,765,342	27,457,894
1940	17,860,296	13,206,522	1951	98,001,922	31,315,187
1941	24,126,366	13,359,588	1952	103,021,039	30,590,745
1942	28,316,764	13,471,496	1953	115,288,193	31,273,988
1943	25,847,785	11,160,452			
1944	28,322,415	11,148,361	Total	757,547,246	314,631,112
1945	29,824,744	10,218,995			

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

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

Salaries and Expenses

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

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

The amounts charged against the various titles and sections of the Act during the fiscal year 1953 to cover operating costs and the purchase of furniture and equipment are as follows:

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

Title and section	Amount	Percent	Title and section	Amount	Percent
Title I:			Title VI—Continued		
Section 2	$2,969,104	9.50	Section 609	$3,797	0.01
Section 8	327,025	1.05	Section 611	18,745	.06
Title II:			Title VII	643	.01
Section 203	21,003,938	67.17	Title VIII: Section 803	1,104,937	3.53
Section 207–210	826,294	2.64	Title IX:		
Section 213	891,655	2.85	Section 903	1,442,007	4.61
Title VI:			Section 908	440,916	1.41
Section 603	733,051	2.34			
Section 608	1,506,636	4.82	Total	31,268,748	100.00

Capital and Statutory Reserves of Combined FHA Funds

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

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

	June 30, 1952	June 30, 1953	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$65,230,556	$55,869,788	−$9,360,768
Investments:			
U. S. Government securities (amortized)	285,880,036	343,639,929	57,759,893
Other securities (stock in rental housing corporations)	438,760	452,800	14,040
Total investments	286,318,796	344,092,729	57,773,933
Loans receivable:			
Mortgage notes and contracts for deed	32,524,001	37,410,588	4,886,587
Less reserve for losses	551,301	633,893	82,592
Net loans receivable	31,972,700	36,776,695	4,803,995
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	5,523,228	9,852,552	4,329,324
Accounts receivable—Other	125,248	97,648	−27,600
Total accounts and notes receivable	5,648,476	9,950,200	4,301,724
Accrued assets: Interest on U. S. Government securities	542,296	667,205	124,909
Land, structures, and equipment:			
Furniture and equipment	2,104,160	2,140,299 [1]	36,139
Less reserve for depreciation	1,060,328	1,129,802	69,474
Net furniture and equipment	1,043,832	1,010,497	−33,335
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	51,502,344	62,200,931	10,698,587
Less reserve for losses	8,593,683	11,151,255	2,557,572
Net real estate	42,908,661	51,049,676	8,141,015
Mortgage notes acquired under terms of insurance (at cost plus expenses to date)	29,861,282	51,200,873	21,339,591
Less reserve for losses	5,531,487	9,291,780	3,760,293
Net mortgage notes acquired under terms of insurance	24,329,795	41,909,093	17,579,298
Defaulted Title I notes	48,855,633	49,926,575	1,070,942
Less reserve for losses	33,010,184	35,222,799	2,212,615
Net defaulted Title I notes	15,845,449	14,703,776	−1,141,673
Net acquired security or collateral	83,083,905	107,662,545	24,578,640
Other assets—Held for account of mortgagors		40,116	40,116
Total assets	473,840,561	556,069,775	82,229,214

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

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

	June 30, 1952	June 30, 1953	Increase or decrease (−)
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	$2,959,802	[1] $3,096,006	$136,204
Group account participations payable	1,770,132	1,762,175	−7,957
Total accounts payable	4,729,934	4,858,181	128,247
Accrued liabilities:			
Interest on debentures	1,521,012	1,026,147	−494,865
Interest on funds advanced by U. S. Treasury		19,868,878	19,868,878
Total accrued liabilities	1,521,012	20,895,025	19,374,013
Trust and deposit liabilities:			
Fee deposits held for future disposition	4,740,441	5,696,878	956,437
Excess proceeds of sale	1,024,611	1,341,714	317,103
Deposits held for mortgagors, lessees, and purchasers	1,171,547	1,169,544	−2,003
Undistributed receipts	21,498	8,532	−12,966
Due general fund of the U. S. Treasury	90	14	−76
Employees' payroll deductions for taxes, etc	917,260	942,821	25,561
Total trust and deposit liabilities	7,875,447	9,159,503	1,284,056
Deferred and undistributed credits:			
Unearned insurance premiums	57,744,810	69,253,730	11,508,920
Unearned insurance fees	438,619	319,641	−118,978
Total deferred and undistributed credits	58,183,429	69,573,371	11,389,942
Bonds, debentures and notes payable: Debentures payable	74,145,336	79,010,736	4,865,400
Other liabilities:			
Funds advanced by U. S. Treasury		65,497,433	65,497,433
Reserve for foreclosure costs—Mortgage notes	292,239	509,515	217,276
Total other liabilities	292,239	66,006,948	65,714,709
Statutory reserves:			
For transfer to general reinsurance account	26,346,363	30,966,814	4,620,451
Net balances of group accounts available for contingent losses, expenses, other charges, and participations	95,866,907	117,301,384	21,434,477
Total statutory reserves	122,213,270	148,268,198	26,054,928
Total liabilities	268,960,667	397,771,962	128,811,295
CAPITAL			
Investment of the U. S. Government:			
Allocations from the U. S. Treasury	21,000,000		−21,000,000
Appropriations for salaries and expenses	36,164,119		−36,164,119
Appropriations for payment of insurance claims	8,333,314		−8,333,314
Allocation to Housing Insurance Fund from general reinsurance reserve fund of the Mutual Mortgage Insurance Fund	1,000,000	1,000,000	
Allocation to Title I Housing Insurance Fund from insurance reserve fund of the Title I Insurance Fund	1,000,000	1,000,000	
Allocation to National Defense Housing Insurance Fund from insurance reserve fund of the War Housing Insurance Fund	1,000,000	10,000,000	9,000,000
Total investment of the U. S. Government	68,497,433	12,000,000	−56,497,433
Earned surplus:			
Insurance reserve fund (cumulative earnings) available for future losses and related expenses	123,753,410	142,612,264	18,858,854
General reinsurance reserve fund (cumulative earnings) available for future losses and related expenses	12,629,051	3,685,549	−8,943,502
Total earned surplus	136,382,461	146,297,813	9,915,352
Total capital	204,879,894	158,297,813	−46,582,081
Total liabilities and capital	473,840,561	556,069,775	82,229,214
Contingent liability for certificates of claim on properties on hand	1,786,895	2,582,306	795,501

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

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

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

Fund	Capital and statutory reserves
Title I Insurance Fund	$21,976,709
Title I Housing Insurance Fund	1,020,259
Mutual Mortgage Insurance Fund	151,953,747
Housing Insurance Fund	1,109,320
War Housing Insurance Fund	113,598,655
Housing Investment Insurance Fund	−96,577
Military Housing Insurance Fund	6,720,136
National Defense Housing Insurance Fund	10,283,762
Total	306,566,011

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

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

Combined Income, Expenses, and Losses, All FHA Funds

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

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

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

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

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

ANALYSIS OF EARNED SURPLUS

	June 30, 1934 to June 30, 1952	July 1, 1952 to June 30, 1953	June 30, 1934 to June 30, 1953
Distribution of net income:			
Statutory reserves:			
Balance at beginning of period		$122,213,270	
Adjustments during the period		−6,029,309	
Net income for the period	$161,432,365	40,148,343	$195,551,399
	161,432,365	156,332,304	195,551,399
Participations in mutual earnings distributed	−39,219,095	−8,064,106	−47,283,201
Balance at end of period	122,213,270	148,268,198	148,268,198
Earned surplus:			
Balance at beginning of period		136,382,461	
Adjustments during the period		−12,596,883	
Net income for the period	139,382,461	31,512,235	158,297,813
	139,382,461	155,297,813	158,297,813
Allocation to Housing Insurance Fund from general reinsurance reserve fund of the Mutual Mortgage Insurance Fund	−1,000,000		−1,000,000
Allocation to Title I Housing Insurance Fund from the insurance reserve fund of the Title I Insurance Fund	−1,000,000		−1,000,000
Allocation to National Defense Housing Insurance Fund from the insurance reserve fund of the War Housing Insurance Fund	−1,000,000	−9,000,000	−10,000,000
Balance at end of period	136,382,461	146,297,813	146,297,813

Title I: Property Improvement Loans

Loans Insured and Claims Paid

Operations under Section 2 of Title I cover the insurance of qualified institutions against loss on loans made to finance the alteration, repair, and improvement of existing structures, and loans not exceeding $3,000 for the construction of new nonresidential structures.

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

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

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

Year	Notes insured (net proceeds)	Claims for insurance paid	Recoveries on defaulted notes purchased			
			Total recoveries	Cash receipts		Real properties
				On notes	On sales of repossessed equipment	
1934	$27,405,525					
1935	201,258,132	$447,448	$9,916	$9,916		
1936	221,534,922	5,884,885	293,207	272,694	$20,513	
1937	54,344,338	6,890,897	942,295	913,758	28,537	
1938	150,709,152	6,016,306	1,552,417	1,489,044	63,373	
1939	203,994,512	4,728,346	1,941,953	1,919,524	22,429	
1940	241,734,821	6,543,568	1,902,540	1,888,681	13,859	
1941	248,638,549	7,265,059	2,539,496	2,335,107	11,853	$192,536
1942	141,163,398	7,132,210	2,831,754	2,795,685	−1,524	37,593
1943	87,194,156	3,718,643	4,168,859	4,024,096	717	144,046
1944	113,939,150	1,939,261	3,597,858	3,558,901	−159	39,116
1945	170,823,788	1,588,875	2,851,513	2,775,337	1,093	75,083
1946	320,593,183	2,435,964	3,058,351	2,772,487	7,270	278,594
1947	533,604,178	5,829,750	2,346,108	2,345,022	239	847
1948	621,612,484	14,345,659	2,503,044	2,499,536	752	2,756
1949	607,023,920	17,493,909	3,414,216	3,413,258	657	301
1950	700,224,528	18,168,052	5,208,863	5,187,283		21,580
1951	706,962,734	12,164,740	6,711,469	6,510,589	−50	200,930
1952	848,327,393	11,524,344	7,459,729	7,202,020	902	256,807
1953	1,334,287,124	[1] 15,001,126	[1] 7,611,620	7,533,730		[1] 77,890
Total	7,535,375,987	[1] 149,119,042	[1] 60,945,208	59,446,668	170,461	[1] 1,328,079

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

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

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

Recoveries

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

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

Through December 31, 1953, there had been acquired under the terms of insurance a total of 538 real properties at a total cost of $1,499,905. All but 16 of these, with a cost of $66,219, had been sold at a net loss of $47,763, including all expenses (such as taxes, repairs, and sales commissions) incurred by FHA in acquiring, managing, and disposing of the properties.

Insurance losses through December 31, 1953, amounted to $73,598,519. These losses represent 0.98 percent of the total amount of loans insured ($7,535,375,987). A summary of transactions through December 31, 1953, follows:

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

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

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

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

Title I Insurance Fund

The Title I Insurance Fund was established by amendment of June 3, 1939, to the National Housing Act for the purpose of carrying out the provisions of Title I (Sec. 2) with respect to insurance granted on and after July 1, 1939.

Section 2(f) of the Act provides that moneys in the Title I Insurance Fund shall be available for defraying the operating expenses of the Federal Housing Administration under this title, and any amounts which are not needed for such purpose may be used for the payment of claims in connection with the insurance granted under this title.

Since the establishment of the Title I Insurance Fund all operating expenses have been paid out of earnings of the fund, and since July 1, 1944, all insurance claims relating to this fund have been paid out of accumulated earnings and recoveries in the fund. Before July 1, 1944, a portion of the insurance claims was met from income and recoveries while the remainder was paid from funds advanced by the Federal Government.

The total capital of the Title I Insurance Fund as of June 30, 1953, as shown in Statement 4, was $21,976,709, consisting entirely of earned surplus. In accordance with Public Law 5, 83d Congress, approved March 10, 1953, the amount of capital contributed to this fund by the United States Government, $8,333,314, was established as a liability of the fund as of June 30, 1953. On July 1, 1953, the entire amount was repaid and the liability liquidated.

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

	June 30, 1952	June 30, 1953	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$24,696,518	$36,662,362	$11,965,844
Loans receivable:			
Mortgage notes and contracts for deed	396,440	522,421	125,981
Less reserve for losses	5,947	7,836	1,889
Net loans receivable	390,493	514,585	124,092
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	3,884,038	8,002,635	4,118,597
Accounts receivable—Other	18,395	26,851	8,456
Accounts receivable—Inter-fund	133,033	149,749	16,716
Total accounts and notes receivable	4,035,466	8,179,235	4,143,769
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	137,345	72,812	−64,533
Less reserve for losses	20,299	10,655	−9,644
Net real estate	117,046	62,157	−54,889
Defaulted Title I notes	48,855,633	49,926,575	1,070,942
Less reserve for losses	33,010,184	35,222,799	2,212,615
Net defaulted Title I notes	15,845,449	14,703,776	−1,141,673
Net acquired security or collateral	15,962,495	14,765,933	−1,196,562
Total assets	45,084,972	60,122,115	15,037,143
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	571,430	729,941	158,511
Trust and deposit liabilities:			
Deposits held for mortgagors, lessees and purchasers	8,986	8,800	−186
Deferred and undistributed credits:			
Unearned insurance premiums	21,976,282	29,073,351	7,097,069
Other liabilities:			
Funds advanced by U. S. Treasury		8,333,314	8,333,314
Total liabilities	22,556,698	38,145,406	15,588,708
CAPITAL			
Investment of the U. S. Government:			
Appropriations for payment of insurance claims	8,333,314		−8,333,314
Earned surplus:			
Insurance reserve fund (cumulative earnings) available for future losses and related expenses	14,194,960	21,976,709	7,781,749
Total capital	22,528,274	21,976,709	−551,565
Total liabilities and capital	45,084,972	60,122,115	15,037,143

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

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

	June 3, 1939 to June 30, 1952	July 1, 1952 to June 30, 1953	June 3, 1939 to June 30, 1953
Income:			
Interest and dividends:			
Interest on mortgage notes and contracts for deed	$61,697	$19,077	$80,774
Interest and other income on defaulted Title I notes	2,331,423	666,955	2,998,378
	2,393,120	686,032	3,079,152
Insurance premiums and fees:			
Premiums	79,730,269	16,640,566	96,370,835
Fees	369,304	------------	369,304
	80,099,573	16,640,566	96,740,139
Other income:			
Miscellaneous income	4,302	−1,340	2,962
Total income	82,496,995	17,325,258	99,822,253
Expenses:			
Administrative expenses:			
Operating costs	18,079,889	2,948,817	21,086,364
Other expenses:			
Depreciation on furniture and equipment	100,258	13,326	113,897
Miscellaneous expenses	242,518	13,671	256,189
	342,776	26,997	370,086
Losses and charge-offs:			
Loss on sale of acquired properties	24,267	−2,391	21,876
Loss (or profit−) on equipment	41,996	48	42,039
Loss on defaulted Title I notes	15,776,677	4,307,212	20,083,889
	15,842,940	4,304,869	20,147,804
Total expenses	34,265,605	7,280,683	41,604,254
Net income before adjustment of valuation reserves	48,231,390	10,044,575	58,217,990
Increase (−) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable	−5,947	−1,889	−7,836
Reserve for loss on real estate	−20,299	9,644	−10,655
Reserve for loss on defaulted Title I notes	−33,010,184	−2,212,615	−35,222,799
Net adjustment of valuation reserves	−33,036,430	−2,204,860	−35,241,290
Net income	15,194,960	7,839,715	22,976,709

ANALYSIS OF EARNED SURPLUS

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

Title I Insurance Authority

An amendment to Section 2(a) of the National Housing Act approved April 20, 1950, provides for a revolving type of insurance authorization. Section 2(a) of the Act as amended provides that the aggregate amount of obligations that may be outstanding at any one time shall not exceed $1,750,000,000. The status of the Title I (Sec. 2) insurance authority as of December 31, 1953, is given below:

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

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

Title I Insurance Liability

The maximum amount of claims that a qualified institution may present for payment is limited to 10 percent of the eligible loans reported by that institution for insurance. As of December 31, 1953, the maximum possible liability of the Title I Insurance Fund for claims was $261,310,506.

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

Item	Gross reserves established	Reserves released	Semi-annual reserve adjustments	Claims paid	Outstanding contingent liability
Insurance reserves:					
Section 2:					
20 percent, original Act	$66, 331, 509	$50, 769, 729		$15, 561, 780	
10 percent, amendment Apr. 3, 1936	17, 257, 563	10, 647, 672		6, 609, 891	
10 percent, amendment Feb. 3, 1938	27, 302, 148	18, 041, 547		9, 260, 601	
10 percent, amendment June 3, 1939	86, 068, 194	63, 031, 494		20, 418, 323	$2, 618, 377
10 percent, Reserve of July 1, 1944	85, 459, 950	61, 071, 691		24, 303, 397	84, 862
10 percent, Reserve of July 1, 1947	163, 068, 946	99, 877, 445		45, 836, 158	17, 355, 343
10 percent, Reserve of Mar. 1, 1950	341, 054, 447		$77, 138, 091	27, 066, 732	236, 849, 624
Estimated loan reports in process	4, 402, 300				4, 402, 300
Section 6:					
20 percent, amendment Apr. 22, 1937	297, 366	246, 498		50, 868	
10 percent, amendment Apr. 17, 1936	11, 913	6, 339		5, 574	
Total	791, 254, 336	303, 692, 415	77, 138, 091	[1] 149, 113, 324	261, 310, 506

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

Title I Claims Account

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

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

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

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

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

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

Title I Housing Insurance Fund

An amendment to the National Housing Act contained in Public Law 475, 81st Congress, approved April 20, 1950, created the Title I Housing Insurance Fund to be used by the FHA Commissioner as a revolving fund for carrying out the provisions of Section 8 of Title I of the Act. This section provides for the insurance of mortgages to assist families of low and moderate income, particularly in suburban and outlying areas. For the purposes of this fund, the Act authorized the Commissioner to transfer the sum of $1,000,000 from the Title I Insurance Fund.

Title I, Section 8 Insurance Authority

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

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

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

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

Title I Housing Insurance Fund Capital and Net Income

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

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

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

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

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

	April 20, 1950, to June 30, 1952	July 1, 1952, to June 30, 1953	April 20, 1950, to June 30, 1953
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$40,387	$23,339	$63,726
Insurance premiums and fees:			
Premiums	169,085	292,032	461,117
Fees	543,349	147,332	690,681
	712,434	439,364	1,151,798
Total income	752,821	462,703	1,215,524
Expenses:			
Administrative expenses:			
Operating costs	875,236	335,221	1,186,181
Other expenses:			
Depreciation on furniture and equipment	4,502	1,512	5,882
Losses and charge-offs:			
Loss (or profit −) on equipment	−253	5	−246
Total expenses	879,485	336,738	1,191,817
Net income (or loss −) before adjustment of valuation reserves	−126,664	125,965	23,707
Increase (−) or decrease (+) in valuation reserves:			
Reserve for loss on real estate	−718	−2,730	−3,448
Net income or loss (−)	−127,382	123,235	20,259

ANALYSIS OF EARNED SURPLUS (OR DEFICIT −)

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

Investments

Section 8(i) of the Act provides that moneys in the Title I Housing Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under the fund, provided that such purchases are made at a price that will produce an investment yield of not less than the yield obtainable from other authorized investments. During the fiscal year 1953 no additional investments were made for the account of this fund, and at June 30, 1953, the fund held bonds in the principal amount of $950,000 as follows:

Investments of the Title I Housing Insurance Fund, June 30, 1953

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1967–72	2½	$958,367	$950,000	$957,209
Average annual yield 2.44 percent				

Properties Acquired under the Terms of Insurance

During the calendar year 1953, 55 properties insured under Title I, Section 8 were acquired by the Commissioner under the terms of insurance. Through December 31, 1953, a total of 57 homes had been acquired under the Title I Housing Insurance Fund at a total cost of $256,875, and 7 were sold at prices which left a net charge against the fund of $155, or an average of $22 per case.

STATEMENT 9.—*Statement of profit and loss on sale of acquired properties, Title I Housing Insurance Fund, through Dec. 31, 1953*

Items	Total TIHI fund (7 properties)
Proceeds of sales: [1]	
Sales price	$33,150
Less commission and other selling expense	1,100
Net proceeds of sales	32,050
Income:	
Rental and other income (net)	514
Mortgage note income	89
Total income	603
Total proceeds of sold properties	32,653
Expenses:	
Debentures and cash adjustments	30,039
Interest on debentures	609
Taxes and insurance	415
Maintenance and operating expense	552
Total expenses	31,615
Net profit (or loss −) before distribution of liquidation profits	1,038
Less distribution of liquidation profits:	
Certificates of claim	859
Increment on certificates of claim	8
Refunds to mortgagors	326
Loss to Title I Housing Insurance Fund	155
Average loss to Title I Housing Insurance Fund	22

[1] Analysis of terms of sales—

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash					
Properties sold for cash and notes (or contracts for deed)	7	7	$1,775	$31,375	$33,150
Properties sold for notes only					
Total	7	7	1,775	31,375	33,150

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The turnover of Section 8 properties acquired and sold, by calendar year, is given below:

STATEMENT 10.—*Turnover of properties acquired under Sec. 8 of Title I through Dec. 31, 1953*

Properties acquired		Properties sold, calendar years		Properties on hand Dec. 31, 1953
Year	Number	1952	1953	
1952	2			2
1953	55		7	48
Total	57		7	50

NOTE.—On the 7 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 4.32 months.

On December 31, 1953, there remained on hand 50 properties insured under the Title I Housing Insurance Fund. The cost of these properties was:

Title I Housing Insurance Fund, statement of properties on hand at Dec. 31, 1953 (50 properties)

	Title I, Sec. 8 (50 properties)
Expenses:	
Acquisition costs	$216,186
Interest on debentures	4,610
Taxes and insurance	2,019
Maintenance and operating expenses	835
Total expenses	223,650
Income:	
Rental and other income (net)	80
Net cost of properties on hand	223,570

Section 8 of the Act provides that, if the net amount realized from any property acquired by FHA under the terms of insurance with respect to which Section 8 is applicable, after deducting all expenses incurred in handling, dealing with, and disposing of such property, exceeds the face value of debentures issued and cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be applied to the certificate of claim issued to the mortgagee, and any excess remaining after paying the certificate of claim and increment thereon shall be refunded to the mortgagor.

Certificates of claim issued in connection with the 7 Section 8 properties that had been acquired and sold through 1953 totaled $1,374. The amount to be paid on these certificates of claim totaled $859 (approximately 63 percent), while certificates of claim totaling $515 (approximately 37 percent) will be canceled.

In addition there were excess proceeds on 3 of the 7 properties sold, amounting to $326 for refund to the mortgagors.

Title II: Mutual Mortgage Insurance Fund

The Mutual Mortgage Insurance Fund was established by Section 202 of the National Housing Act of June 27, 1934, as a revolving fund for carrying out the provisions of Title II with respect to insurance under Section 203 (mortgages on 1- to 4-family homes) and Section 207 (rental housing projects). An amendment to the Act approved February 3, 1938, established the Housing Insurance Fund to carry the insurance on rental housing projects insured under Section 207 after that date.

In accordance with Section 202 of the Act, the Mutual Mortgage Insurance Fund was originally allocated the sum of $10,000,000 by the Federal Government. It has been credited with all income received in connection with insurance granted under Section 203, and that received with respect to insurance granted before February 3, 1938, under Section 207.

Section 205 of the Act as amended provides that mortgages insured under Section 203 shall be classified into groups in accordance with sound actuarial practice and risk characteristics. Each group account is credited with the income and charged with the expenses and losses of the mortgages in the group. If such income exceeds the expenses and losses, the resultant credit balance is distributed in the form of participation payments to mortgagors of the group upon payment in full of their mortgages or upon termination of the group account, except that a mortgagor may not receive an amount in excess of the aggregate scheduled annual premiums to the year of termination of the insurance. A group account is terminated when the amounts to be distributed are sufficient to pay off the unpaid principal of the mortgages remaining in the group, or when all outstanding mortgages in the group have been paid.

If the expenses and losses of a group account exceed the income, no participation payments can be made and the deficit balance is absorbed by the general reinsurance account.

The general reinsurance account was established by Section 205(b) of the Act and, in accordance with this section, was credited with the original allocation of $10,000,000 provided by Section 202 of the Act. In addition, Section 205(c) of the Act as amended provides for the transfer to this account semiannually, at the discretion of the Commissioner, of an amount equal to 100 percent of the insurance premiums theretofore credited to the group. The general reinsurance account was provided as a secondary reserve to absorb the ultimate deficits of any group accounts that lack sufficient funds to meet all expenses and losses relating to the mortgages in the group; and to cover general expenses of mutual mortgage insurance not charged against the group accounts.

Title II Insurance Authority

Under the authority contained in Section 217 of the Act as amended, the aggregate amount of principal obligations of all mortgages insured under Title II which may be outstanding at any one time has been raised by the President to $13,300,000,000. This authorization applies to the insurance granted on home mortgages under Section 203, rental project mortgages under Sections 207 and 210, and mortgages on cooperative projects under Section 213. The Title II insurance authority at December 31, 1953, was calculated as follows:

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

Insurance authority			$13,300,000,000
Charges against insurance authority:			
Sec. 203 estimated outstanding balance of insurance in force	$9,772,369,995		
Sec. 203 outstanding commitments	1,605,266,504		
		$11,377,636,499	
Sec. 207 estimated outstanding balance of insurance in force	157,523,910		
Sec. 207 outstanding commitments	106,275,526		
		263,799,436	
Sec. 213 estimated outstanding balance of insurance in force	240,740,228		
Sec. 213 outstanding commitments [1]	129,700,730		
		370,440,958	
Total charges against authority			12,011,876,893
Unused insurance authority			1,288,123,107

[1] Commitments include statements of eligibility.

Mutual Mortgage Insurance Fund Capital

As of June 30, 1953, the assets of the Mutual Mortgage Insurance Fund totaled $250,260,251, against which there were outstanding liabilities of $246,574,702, leaving $3,685,549 capital. Included in the liabilities were the statutory reserves of $148,268,198. This figure includes $30,966,814 for transfer to the general reinsurance account and $117,301,384 available for contingent losses, expenses, other charges, and participation payments to mortgagors under the mutual provision of the Act.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the $41,994,095 of capital contributed to this fund by the United States Government ($10,000,000 to establish the fund and $31,994,095 for salaries and expenses) was established as a liability of the fund as of June 30, 1953. Through December 31, 1953, $20,427,076 of this amount together with interest thereon had been repaid, leaving a balance payable of $21,567,019. This amount and the interest thereon was repaid by March 11, 1954, and the liability of the fund has been liquidated.

STATEMENT 11.—*Comparative statement of financial condition, Mutual Mortgage Insurance Fund, as of June 30, 1952, and June 30, 1953*

	June 30, 1952	June 30, 1953	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$11, 867, 259	$6, 963, 330	−$4, 903, 929
Investments: U. S. Government securities (amortized)	194, 236, 253	234, 304, 182	40, 067, 929
Loans receivable:			
Mortgage notes and contracts for deed	4, 051, 143	5, 223, 347	1, 172, 204
Less reserve for losses	60, 763	78, 351	17, 588
Net loans receivable	3, 990, 380	5, 144, 996	1, 154, 616
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	1, 054, 107	1, 245, 813	191, 706
Accounts receivable—Other	83		−83
Accounts receivable—Inter-fund	715, 422	856, 088	140, 666
Total accounts and notes receivable	1, 769, 612	2, 101, 901	332, 289
Accrued assets:			
Interest on U. S. Government securities	421, 007	528, 507	107, 500
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	1, 918, 948	1, 406, 294	−512, 654
Less reserve for losses	257, 924	188, 959	−68, 965
Net acquired security or collateral	1, 661, 024	1, 217, 335	−443, 689
Total assets	213, 945, 535	250, 260, 251	36, 314, 716
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	3, 092	881	−2, 211
Group account participations payable	1, 770, 132	1, 762, 175	−7, 957
Total accounts payable	1, 773, 224	1, 763, 056	−10, 168
Accrued liabilities:			
Interest on debentures	160, 545	128, 027	−32, 518
Interest on funds advanced by U. S. Treasury		16, 606, 504	16, 606, 504
Total accrued liabilities	160, 545	16, 734, 531	16, 573, 986
Trust and deposit liabilities:			
Fee deposits held for future disposition	4, 047, 315	4, 648, 458	601, 143
Excess proceeds of sale	165, 785	217, 896	52, 111
Deposits held for mortgagors, lessees, and purchasers	89, 445	99, 344	9, 899
Total trust and deposit liabilities	4, 302, 545	4, 965, 698	663, 153
Deferred and undistributed credits:			
Unearned insurance premiums	20, 812, 519	24, 440, 438	3, 627, 919
Bonds, debentures, and notes payable:			
Debentures payable	10, 060, 286	8, 408, 686	−1, 651, 600
Other liabilities:			
Funds advanced by the U. S. Treasury		41, 994, 095	41, 994, 095
Statutory reserves:			
For transfer to general reinsurance reserve	26, 346, 363	30, 966, 814	4, 620, 451
Net balances of group accounts available for contingent losses, expenses, other charges, and participations	95, 866, 907	117, 301, 384	21, 434, 477
Total statutory reserves	122, 213, 270	148, 268, 198	26, 054, 928
Total liabilities	159, 322, 389	246, 574, 702	87, 252, 313
CAPITAL			
Investment of the U. S. Government:			
Allocations from the U. S. Treasury	10, 000, 000		−10, 000, 000
Appropriations for salaries and expenses	31, 994, 095		−31, 994, 095
Total investment of the U. S. Government	41, 994, 095		−41, 994, 095
Earned surplus:			
General reinsurance reserve fund (cumulative earnings) available for future losses and related expenses	12, 629, 051	3, 685, 549	−8, 943, 502
Total capital	54, 623, 146	3, 685, 549	−50, 937, 597
Total liabilities and capital	213, 945, 535	250, 260, 251	36, 314, 716
Contingent liability for certificates of claim on properties on hand	83, 461	68, 367	−15, 094

Income and Expenses

During the fiscal year 1953 the income to the fund amounted to $63,357,196, while expenses and losses amounted to $22,598,862, leaving $40,758,334 net income before adjustment of valuation reserves. After the valuation reserves had been decreased $51,377, the net income for the year was $40,809,711.

The cumulative income of the Mutual Mortgage Insurance Fund from June 30, 1934, to June 30, 1953, amounted to $424,332,786, while cumulative expenses amounted to $223,828,528, leaving $200,504,258 net income before adjustment of valuation reserves. After $267,310 had been allocated to valuation reserves, the cumulative net income amounted to $200,236,948.

STATEMENT 12.—*Income and expenses, Mutual Mortgage Insurance Fund, through June 30, 1952, and June 30, 1953*

	June 30, 1934, to June 30, 1952	July 1, 1952, to June 30, 1953	June 30, 1934, to June 30, 1953
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$31, 747, 031	$5, 342, 087	$37, 089, 118
Interest—Other	3, 524, 870	440, 587	3, 965, 457
Dividends on rental housing stock	286		286
	35, 272, 187	5, 782, 674	41, 054, 861
Insurance premiums and fees:			
Premiums	249, 041, 174	45, 837, 962	294, 879, 136
Fees	75, 066, 516	11, 732, 847	86, 799, 363
	324, 107, 690	57, 570, 809	381, 678, 499
Other income:			
Profit on sale of investments	1, 585, 294		1, 585, 294
Miscellaneous income	10, 419	3, 713	14, 132
	1, 595, 713	3, 713	1, 599, 426
Total income	360, 975, 590	63, 357, 196	424, 332, 786
Expenses:			
Interest expense:			
Interest on funds advanced by U. S. Treasury		944, 867	16, 606, 504
Interest on debentures	4, 103, 965	505, 958	4, 609, 923
	4, 103, 965	1, 450, 825	21, 216, 427
Administrative expenses:			
Operating costs	177, 879, 763	20, 906, 434	198, 758, 886
Other expenses:			
Depreciation on furniture and equipment	998, 548	94, 457	1, 092, 856
Miscellaneous expenses	17, 759	467	18, 226
	1, 016, 307	94, 924	1, 111, 082
Losses and charge-offs:			
Loss on sale of acquired properties	2, 620, 978	146, 345	2, 767, 323
Loss (or profit −) on equipment	−25, 526	334	−25, 190
	2, 595, 452	146, 679	2, 742, 133
Total expenses	185, 595, 487	22, 598, 862	223, 828, 528
Net income before adjustment of valuation reserves	175, 380, 103	40, 758, 334	200, 504, 258
Increase (−) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable	−60, 763	−17, 588	−78, 351
Reserve for loss on real estate	−257, 924	+68, 965	−188, 959
Net adjustment of valuation reserves	−318, 687	+51, 377	−267, 310
Net income	175, 061, 416	40, 809, 711	200, 236, 948

STATEMENT 12.—*Income and expenses, Mutual Mortgage Insurance Fund, through June 30, 1952, and June 30, 1953*—Continued

ANALYSIS OF EARNED SURPLUS

	June 30, 1934, to June 30, 1952	July 1, 1952, to June 30, 1953	June 30, 1934, to June 30, 1953
Distribution of net income:			
Statutory reserves:			
Balance at beginning of period		$122,213,270	
Adjustments during period		−6,029,309	
Net income for period	$161,432,365	40,148,343	$195,551,399
	161,432,365	156,332,304	195,551,399
Participations in mutual earnings distributed	−39,219,095	−8,064,106	−47,283,201
Balance at end of period	122,213,270	148,268,198	148,268,198
Earned surplus:			
Balance at beginning of period		12,629,051	
Adjustments during period		−9,604,870	
Net income for period	13,629,051	661,368	4,685,549
	13,629,051	3,685,549	4,685,549
Allocation to Housing Insurance Fund from general reinsurance reserve fund of the Mutual Mortgage Insurance Fund	−1,000,000		−1,000,000
Balance at end of period	12,629,051	3,685,549	3,685,549

Investments

Section 206 of the Act provides that excess moneys in the Mutual Mortgage Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under the fund, provided such purchases are made at a price that will produce an investment yield not less than the yield obtainable from other authorized investments.

During the fiscal year 1953, $43,000 of Series A 3 percent Mutual Mortgage Insurance Fund debentures matured and were paid and $4,450 were redeemed in payment of mortgage insurance premiums; $196,300 of Series E 2¾ percent were purchased from FNMA, $248,150 were redeemed in payment of mortgage insurance premiums, and $2,290,450 were called for redemption; $16,050 Series K 2½ percent were redeemed in payment of mortgage insurance premiums, and $26,050 were called for redemption.

Net purchases of United States Government securities made during the year increased the holdings of the fund by $40,900,000 (principal amount). These transactions did not change the average annual yield, which remained at 2.49 percent. On June 30, 1953, the fund held United States Government securities in the amount of $235,067,000, principal amount, as follows:

Investments of the Mutual Mortgage Insurance Fund, June 30, 1953

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1957	2	$15,700,000	$15,700,000	$15,700,000
1962–67	2½	5,000,000	5,000,000	5,000,000
1963–68	2½	4,500,000	4,500,000	4,500,000
1964–69	2½	37,266,453	37,900,000	37,307,852
1965–70	2½	25,546,515	25,900,000	25,564,153
1966–71	2½	21,737,555	22,100,000	21,750,993
1967–72	2½	124,636,165	123,967,000	124,481,184
Average annual yield 2.49 percent	----------	234,386,688	235,067,000	234,304,182

Properties Acquired under the Terms of Insurance

Two hundred and sixty-three homes insured under Section 203 were acquired by the Commissioner during the calendar year 1953 under the terms of insurance. During 1952, 282 foreclosed properties had been transferred to the Commissioner, and in 1951 there had been 407. Through 1953, a total of 5,285 small homes had been acquired under the Mutual Mortgage Insurance Fund at a total cost of $30,304,677. Statement 13 shows the turnover of Section 203 acquired properties since the acquisition of the first such property in 1936.

STATEMENT 13.—*Turnover of properties acquired under Sec. 203 of Title II contracts of insurance by years, and cumulative through Dec. 31, 1953*

Properties acquired		Properties sold by calendar years																	Properties on hand Dec. 31, 1953
Year	Number	1936–37	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	
1936	13	11	2																
1937	98	13	67	7	5	6													
1938	324		139	99	50	28	6	2	−1	1									
1939	753			278	331	110	28	3	2	1									
1940	1,123				611	448	46	14	3	1									
1941	1,044					754	257	29	2	2									
1942	502						355	139	8										
1943	168							140	27	1									
1944	33								26	7									
1945	8									7	1								
1946	1										1								
1947																			
1948	4												2	2					
1949	37													17	19	1			
1950	225														65	102	25	11	22
1951	407															188	173	17	29
1952	282																142	86	54
1953	263																	88	175
Total	5,285	24	208	384	997	1,346	692	327	67	20	2	----	2	19	84	291	340	202	280

NOTES.—On the 5,005 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 6.27 months.

The number of properties sold has been reduced by 18 properties repossessed because of default on mortgage notes. All 18 reacquisitions had been resold by Dec. 31, 1953.

Through December 31, 1953, 5,005 acquired properties insured under Section 203 had been sold at prices which left a net charge against the fund of $2,816,394, or an average of approximately $563 per case. One Section 207 rental housing project, insured under the Mutual

Mortgage Insurance Fund before February 3, 1938, had been acquired and sold in 1941 at no loss to the fund.

STATEMENT 14.—*Statement of profit and loss on sale of acquired properties, Mutual Mortgage Insurance Fund, through Dec. 31, 1953*

Item	Sec. 203 (5,005 properties)	Sec. 207 (1 property, 265 units)	Total MMI Fund (5,006 properties)
Proceeds of sales: [1]			
Sales price	$25,578,165	$1,000,000	$26,578,165
Less commission and other selling expenses	1,190,935		1,190,935
Net proceeds of sales	24,387,230	1,000,000	25,387,230
Income:			
Rental and other income (net)	444,648		444,648
Mortgage note income	2,958,519		2,958,519
Total income	3,403,167		3,403,167
Total proceeds of sold properties	27,790,397	1,000,000	28,790,397
Expenses:			
Debentures and cash adjustments	24,695,120	942,145	25,637,265
Interest on debentures	3,415,549	18,387	3,433,936
Taxes and insurance	486,974	5,012	491,986
Additions and improvement	72,168		72,168
Maintenance and operating expense	1,087,358		1,087,358
Miscellaneous expense	4,945	1,669	6,614
Total expenses	29,762,114	967,213	30,729,327
Net profit (or loss −) before distribution of liquidation profits	−1,971,717	32,787	−1,938,930
Less distribution of liquidation profits:			
Certificates of claim	561,702	31,532	593,234
Increment on certificates of claim	35,623	1,255	36,878
Refunds to mortgagors	247,352		247,352
Loss to Mutual Mortgage Insurance Fund	2,816,394		2,816,394
Average loss to Mutual Mortgage Insurance Fund	563		

[1] Analysis of terms of sales:

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash	795		$4,923,035		$4,923,035
Properties sold for cash and notes (or contracts for deed)	4,194	4,184	2,428,872	$19,165,281	21,594,153
Properties sold for notes only	17	17		60,977	60,977
Total	5,006	4,201	7,351,907	19,226,258	26,578,165

On December 31, 1953, 280 properties insured under the Mutual Mortgage Insurance Fund were held by the FHA. The cost of these properties was:

Mutual Mortgage Insurance Fund, statement of properties on hand at Dec. 31, 1953 (280 properties)

	Sec. 203 (280 properties)
Expenses:	
Acquisition costs	$1,714,493
Interest on debentures	103,366
Taxes and insurance	42,605
Additions and improvements	12,925
Maintenance and operating expenses	50,104
Miscellaneous expenses	22
Total expenses	1,923,515
Income:	
Rental and other income (net)	13,397
Net cost of properties on hand	1,910,118

Certificates of Claim and Refunds to Mortgagors

Section 204(f) of the Act provides that, if the net amount realized from any property acquired by the FHA under the terms of insurance with respect to which Section 204(f) is applicable, after deducting all expenses incurred in handling, dealing with, and disposing of such property, exceeds the face value of debentures issued and cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be applied to the certificate of claim issued to the mortgagee, and that any excess remaining after paying the certificate of claim and increment thereon shall be refunded to the mortgagor.

Certificates of claim issued in connection with the 5,005 Section 203 properties which had been acquired and sold through 1953 totaled $2,100,698. The amounts paid or to be paid on these certificates of claim totaled $561,702 (approximately 27 percent), while certificates of claim totaling $1,538,996 (approximately 73 percent) had been or will be canceled.

In addition, there were excess proceeds amounting to $247,352 for refund to mortgagors on approximately 16 percent (or 810) of the 5,005 sold properties. The refund to mortgagors on these 810 cases averaged $305.

Mutual Mortgage Participation Payments

In carrying out the mutual provisions of Title II, the Administration had established through June 30, 1953, a total of 313 group accounts, of which 182 had developed credit balances for distribution, and 131 had deficit balances. The 182 group accounts with credit balances included 38 from which participation payments had been made at the time of termination, 13 from which payments will be made, and 131 from which participation shares were being disbursed to mortgagors who paid their mortgages in full before maturity.

Of the 131 deficit balance groups at June 30, 1953, 71 had been terminated with deficits totaling $151,469, and these deficits had been charged against the general reinsurance account. The income of the remaining 60 groups had not yet been sufficient to offset the expenses and reserves for losses.

The credit balances of the 38 group accounts that had matured and from which participation payments had been made amounted to $1,448,520, and these balances were shared by 11,301 mortgagors. Payments to mortgagors ranged from $1.89 to $78.59 per $1,000 of original face amount of mortgage. The credit balances of the 13 groups from which participation payments will be made amounted to $555,616 on June 30, 1953, and will be shared by approximately 2,960 mortgagors.

The first participation payments in connection with insured loans prepaid in full were made as of January 1, 1944, and during the 9½ years following that date total payments of $47,283,201 were made or accrued on 376,248 insured loans.

The credit balances of the 131 groups from which participation payments were being made as insured loans were paid in full amounted to $63,772,184 on June 30, 1953. On that date there were still in force in these group accounts approximately 390,425 insured mortgages on which the original face amount had been $2,021,998,993.

Title II: Housing Insurance Fund

The insurance risks on rental and group housing insured under Sections 207 and 210 after February 3, 1938, and on cooperative housing insured under Section 213 are liabilities of the Housing Insurance Fund, which was established by an amendment to the National Housing Act approved February 3, 1938.

Section 213, which was added to the Act by an amendment approved April 20, 1950, authorizes the insurance of mortgages on cooperative housing projects. To be eligible for insurance under Section 213, the mortgagor must be a nonprofit cooperative ownership housing corporation, the permanent occupancy of the dwellings being restricted to members, or a nonprofit corporation organized for the purpose of building homes for members. In the latter instance provision is made for the release from the blanket mortgage of individual properties for sale to members and for the insurance under Section 213 of individual mortgages on such released properties.

Appraisal fees, insurance premiums, interest on investments, and income from projects acquired under the terms of insurance are deposited with the Treasurer of the United States to the credit of the Housing Insurance Fund. Foreclosure losses and general operating expenses of the Federal Housing Administration under Sections 207 and 210 since February 3, 1938, and under Section 213 are charged against the fund.

This is not a mutual insurance fund in the sense that any portion of the net income from operations will be shared by mortgagors in the form of participation payments. Any increase in the fund resulting from operations is retained as a general reserve to meet possible insurance losses and future expenses in connection with Section 207, 210, and 213 insurance. In accordance with Section 207(h) of the Act, the excess proceeds, if any, from the sale of an acquired project, after deducting all costs incident to the acquisition, handling, and final disposition of such project, are applied to the mortgagee's certificate of claim and increment thereon, and any balance is credited to the Housing Insurance Fund, except that, with respect to individual mortgages insured under the provisions of Section 213(d), any excess remaining after payment of the certificate of claim and increment thereon is for refund to the mortgagor. Before enactment of the amendments of August 10, 1948, to the National Housing Act, any excess remaining after payment oft he certificate of claim and increment thereon was refunded to the mortgagor.

Housing Insurance Fund Capital and Net Income

Assets of the Housing Insurance Fund as of June 30, 1953, totaled $9,862,679, against which there were outstanding liabilities of $8,753,359. The capital of the fund amounted to $1,109,320, represented by $1,000,000 transferred from the Mutual Mortgage Insurance Fund in accordance with Section 207(f) of the Act and earned surplus of $109,320.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the $4,170,024 capital contributed to this fund by the United States Government for salaries and expenses was established as a liability of the fund as of June 30, 1953. This amount has been repaid, together with interest thereon, the final payment being made on October 31, 1953.

STATEMENT 15.—*Comparative statement of financial condition, Housing Insurance Fund, as of June 30, 1952, and June 30, 1953*

	June 30, 1952	June 30, 1953	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$713, 282	$650, 452	−$62, 830
Investments:			
U. S. Government securities (amortized)	3, 501, 067	5, 001, 010	1, 499, 943
Other securities (stock in rental housing corporations)	17, 500	27, 400	9, 900
Total investments	3, 518, 567	5, 028, 410	1, 509, 843
Loans receivable:			
Mortgage notes and contracts for deed	2, 698, 513	2, 571, 640	−126, 873
Less reserve for losses	40, 478	38, 575	−1, 903
Net loans receivable	2, 658, 035	2, 533, 065	−124, 970
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	7, 489	31, 623	24, 134
Accounts receivable—Inter-fund	4, 744	15, 470	10, 726
Total accounts and notes receivable	12, 233	47, 093	34, 860
Accrued assets:			
Interest on U. S. Government securities	3, 580	3, 437	−143
Acquired security or collateral:			
Mortgage notes acquired under terms of insurance (at cost plus expenses to date)	1, 528, 326	1, 871, 947	343, 621
Less reserve for losses	225, 975	271, 725	45, 750
Net acquired security or collateral	1, 302, 351	1, 600, 222	297, 871
Total assets	8, 208, 048	9, 862, 679	1, 654, 631
LIABILITIES			
Accounts payable: Bills payable to vendors and Government agencies	41	10	−31
Accrued liabilities:			
Interest on debentures	21, 826	21, 079	−747
Interest on funds advanced by U. S. Treasury		1, 368, 805	1, 368, 805
Total accrued liabilities	21, 826	1, 389, 884	1, 368, 058
Trust and deposit liabilities:			
Excess proceeds of sale	29, 522	87, 450	57, 928
Deposits held for mortgagors, lessees and purchasers	133, 060	79, 864	−53, 196
Total trust and deposit liabilities	162, 582	167, 314	4, 732
Deferred and undistributed credits:			
Unearned insurance premiums	701, 859	926, 510	224, 651
Unearned insurance fees	317, 785	288, 458	−29, 327
Total deferred and undistributed credits	1, 019, 644	1, 214, 968	195, 324
Bonds, debentures, and notes payable:			
Debentures payable	1, 492, 350	1, 794, 000	301, 650
Other liabilities:			
Funds advanced by U. S. Treasury		4, 170, 024	4, 170, 024
Reserve for foreclosure costs—Mortgage notes	14, 109	17, 159	3, 050
Total other liabilities	14, 109	4, 187, 183	4, 173, 074
Total liabilities	2, 710, 552	8, 753, 359	6, 042, 807
CAPITAL			
Investment of the U. S. Government:			
Appropriations for salaries and expenses	4, 170, 024		−4, 170, 024
Allocation to Housing Insurance Fund from general reinsurance reserve fund of the Mutual Mortgage Insurance Fund	1, 000, 000	1, 000, 000	
Total investment of the U. S. Government	5, 170, 024	1, 000, 000	−4, 170, 024
Earned surplus: Insurance reserve fund (cumulative earnings) available for future losses and related expenses	327, 472	109, 320	−218, 152
Total capital	5, 497, 496	1, 109, 320	−4, 388, 176
Total liabilities and capital	8, 208, 048	9, 862, 679	1, 654, 631
Contingent liability for certificates of claim on properties on hand	23, 603	35, 520	11, 917

During the fiscal year 1953 the income of the fund amounted to $2,788,549, while expenses and losses amounted to $1,757,279, leaving $1,031,270 net income before adjustment of valuation reserves. After the valuation reserves had been increased by $43,847, there remained $987,423 as net income for the year.

STATEMENT 16.—*Income and expenses, Housing Insurance Fund, through June 30, 1952, and June 30, 1953*

	Feb. 3, 1938, to June 30, 1952	July 1, 1952, to June 30, 1953	Feb. 3, 1938, to June 30, 1953
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$825, 396	$100, 730	$926, 126
Interest—Other	216, 640		122, 535
Dividends on rental housing stock	1, 418	220	1, 638
	1, 043, 454	100, 950	1, 050, 299
Insurance premiums and fees:			
Premiums	6, 584, 665	1, 456, 416	8, 041, 081
Fees	2, 720, 331	1, 231, 183	4, 079, 679
	9, 304, 996	2, 687 599	12, 120, 760
Other income: Profit on sale of investments	88, 568		88, 568
Total income	10, 437, 018	2, 788, 549	13, 259, 627
Expenses:			
Interest expenses: Interest on funds advanced by U. S. Treasury		93, 826	1, 368, 805
Administrative expenses: Operating costs	9, 734, 298	1, 723, 025	11, 472, 496
Other expenses:			
Depreciation on furniture and equipment	62, 625	7, 787	70, 495
Miscellaneous expenses	100		100
	62, 725	7, 787	70, 595
Losses and charge-offs:			
Loss on sale of acquired properties	47, 113	−67, 387	−70, 872
Loss (or profit −) on equipment	−1, 043	28	−1, 017
	46, 070	−67, 359	−71, 889
Total expenses	9, 843, 093	1, 757, 279	12, 840, 007
Net income (or loss −) before adjustment of valuation reserves	593, 925	1, 031, 270	419, 620
Increase (−) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable	−40, 478	1, 903	−38, 575
Reserve for loss on mortgage notes acquired under terms of insurance	−225, 975	−45, 750	−271, 725
Net adjustment of valuation reserves	−266, 453	−43, 847	−310, 300
Net income	327, 472	987, 423	109, 320

ANALYSIS OF EARNED SURPLUS

Distribution of net income: Earned surplus:			
Balance at beginning of period		327, 472	
Adjustments during the period		−1, 205, 575	
Net income for the period	327, 472	987, 423	109, 320
Balance at end of period	327, 472	109, 320	109, 320

Investments

Section 207(p) of the National Housing Act provides that excess moneys not needed for current operations under the Housing Insurance Fund shall be deposited with the Treasurer of the United States to the credit of the Housing Insurance Fund or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States, or, with the approval of the Secretary of the Treasury, used for the purchase of debentures issued under Section 207 and Section 204. During the fiscal year 1953, purchases of United States Government securities increased the holdings of the fund $1,500,000 (principal amount). These transactions resulted in a decrease in the average annual yield from 2.47 percent to 2.33 percent. On June 30, 1953, the fund held United States Government securities in the principal amount of $5,000,000, as follows:

Investments of the Housing Insurance Fund, June 30, 1953

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1956	2	$200,000	$200,000	$200,000
1957	2	1,500,000	1,500,000	1,500,000
1962–67	2½	1,500,000	1,500,000	1,500,000
1967–72	2½	1,801,438	1,800,000	1,801,010
Average annual yield 2.33 percent		5,001,438	5,000,000	5,001,010

Properties Acquired under the Terms of Insurance

During 1953, 2 mortgage notes (72 units) insured under Section 207 and 2 mortgage notes (191 units) insured under Section 213 were assigned to the FHA Commissioner, and title to 1 project (87 units) insured under Section 207 was acquired under the terms of insurance. Through December 31, 1953, a cumulative total of 17 rental housing projects and 4 mortgage notes insured under Sections 207–210 of the Housing Insurance Fund and 3 mortgage notes insured under Section 213 had been acquired under the terms of insurance. Sixteen projects and 1 of the mortgage notes insured under Sections 207–210 had been sold at no loss to the Housing Insurance Fund. There remained on hand at December 31, 1953 1 project and 3 mortgage notes insured under Section 207 and 3 mortgage notes insured under Section 213, as follows:

Housing Insurance Fund, statement of properties on hand as of Dec. 31, 1953

	Section 207		Section 213	Total 1 property 6 notes (514 units)
	1 property (87 units)	3 mortgage notes (92 units)	3 mortgage notes (335 units)	
Expenses:				
Acquisition costs	$590,600	$903,290	$2,189,196	$3,683,086
Interest on debentures	13,501	19,358	84,351	117,210
Taxes and insurance	453			453
Maintenance and operating expenses	449			449
Miscellaneous expenses		55	33	88
Total expenses	605,003	922,703	2,273,580	3,801,286
Income: Rental and other income (net)	6,065		47,014	53,079
Net cost of properties on hand	598,938	922,703	2,226,566	3,748,207

In addition to the rental housing projects acquired under the Housing Insurance Fund, 1 Section 207 project insured under the Mutual Mortgage Insurance Fund had been acquired and sold at no loss to that fund.

STATEMENT 17.—*Statement of profit and loss on sale of acquired projects, Housing Insurance Fund, through Dec. 31, 1953*

	Sec. 207–210		Total HI Fund 16 projects and 1 mortgage note
	1 mortgage note (1,102 units)	16 projects (2,768 units)	
Proceeds of sales: [1]			
Sales price (or proceeds of mortgage note)	$2,989,981	$12,109,904	$15,099,885
Less commissions		4,538	4,538
Net proceeds of sales	2,989,981	12,105,366	15,095,347
Income:			
Rental and other income (net)		1,667,737	1,667,737
Mortgage note income	428,893	2,222,604	2,651,497
Total income	428,893	3,890,341	4,319,234
Total proceeds of sold properties	3,418,874	15,995,707	19,414,581
Expenses:			
Debentures and cash adjustments	2,930,182	11,731,713	14,661,895
Interest on debentures	300,201	2,458,829	2,759,030
Taxes and insurance		469,595	469,595
Additions and improvements		211,660	211,660
Maintenance and operating expense		753,910	753,910
Miscellaneous expense	2,501	29,759	32,260
Total expenses	3,232,884	15,655,466	18,888,350
Net profit before distribution of liquidation profits	185,990	340,241	526,231
Less distribution of liquidation profits:			
Certificates of claim	15,728	196,772	212,500
Increment on certificates of claim	1,789	35,408	37,197
Refunds to mortgagors	168,473	3,816	172,289
Excess credited to fund		104,245	104,245

[1] Analysis of terms of sales:

Terms of sales	Number	Cash	Mortgage notes	Sales price
Projects sold for cash	2	$3,062,401		$3,062,401
Projects sold for cash and mortgage notes (or contracts for deed)	13	228,789	$10,149,283	10,378,072
Projects sold for mortgage notes or contracts for deed only	2		1,659,412	1,659,412
Total	17	3,291,190	11,808,695	15,099,885

Certificates of Claim and Refunds to Mortgagors

Certificates of claim issued in connection with the 16 projects and 1 mortgage note which had been sold under the Housing Insurance Fund through December 31, 1953, totaled $290,400. The amounts paid or to be paid on these certificates totaled $212,500, and the amounts canceled or to be canceled totaled $77,900. In addition, excess proceeds on 3 projects had been refunded to mortgagors in the amount of $172,289, in accordance with provisions of the Act before the amendment of August 10, 1948.

The certificate of claim issued in connection with the only rental housing project acquired under the Mutual Mortgage Insurance Fund amounted to $31,532. This certificate of claim was paid in full, with increment thereon in the amount of $1,255.

Title VI: War Housing Insurance Fund

The insurance risks on privately financed emergency housing loans insured under Title VI are liabilities of the War Housing Insurance Fund established by an amendment of March 28, 1941, to the National Housing Act. Section 603 of Title VI authorized the insurance of home mortgages (1- to 4-family); Section 608, the insurance of mortgages on rental and group housing; Section 609, the insurance of loans to finance the manufacture of housing; Section 610, the insurance under Sections 603 and 608 of any mortgage executed in connection with sales by the Government of specified types of permanent housing; and Section 611, the insurance of mortgages, including construction advances, on projects of 25 or more single-family dwellings.

The War Housing Insurance Fund was originally allocated the sum of $5,000,000 by the Federal Government. It has been credited with all income received in connection with insurance granted under Title VI, and has been charged with all expenses and losses relating to such insurance.

This is not a mutual fund, and any balance remaining in the fund after all Title VI expenses and insurance claims have been met will revert to the general fund of the Treasury.

Title VI Insurance Authority

As of December 31, 1953, Section 603(a) of the National Housing Act provided that the aggregate amount of principal obligations of mortgages insured under Title VI should not exceed $6,990,000,000. This limitation applied to insurance granted on home mortgages insured under Section 603 and rental housing project mortgages insured under Section 608. The insurance authorization with respect to these

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sections was reduced from $7,150,000,000 to $6,990,000,000 in 1953 in accordance with Section 217 of the Act as amended June 30, 1953.

In addition to the above authorization, the Act provided that the aggregate amount of principal obligations of all mortgages insured pursuant to Sections 609, 610, and 611 shall not exceed $150,000,000.

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

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

	Secs. 603 and 608	Secs. 609, 610, 611
Insurance authority	$6,990,000,000	$150,000,000
Charges against insurance authority:		
Mortgages insured	7,084,938,827	41,932,924
Less: Mortgages reinsured	107,466,332	125,200
Net mortgages insured	6,977,472,495	41,807,724
Commitments for insurance [1]		5,827,300
Total charges against authority	6,977,472,495	47,635,024
Unused insurance authority	12,527,505	102,364,976

[1] Commitments include statements of eligibility.

War Housing Insurance Fund Capital

Assets of the War Housing Insurance Fund as of June 30, 1953 totaled $204,736,674, against which there were outstanding liabilities of $91,138,019. The fund had capital of $113,598,655, consisting entirely of earned surplus.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the $5,000,000 of capital contributed by the United States Government to establish this fund was established as a liability as of June 30, 1953. This amount has been repaid, together with interest thereon, the final payment being made on September 30, 1953.

STATEMENT 18.—*Comparative statement of financial condition, War Housing Insurance Fund, as of June 30, 1952, and June 30, 1953*

	June 30, 1952	June 30, 1953	Increase or decrease (—)
ASSETS			
Cash with U. S. Treasury	$21,745,507	$6,806,152	—$14,939,355
Investments:			
U. S. Government securities (amortized)	76,890,500	78,236,665	1,346,165
Other securities (stock in rental housing corporations)	407,460	403,600	—3,860
Total investments	77,297,960	78,640,265	1,342,305
Loans receivable:			
Mortgage notes and contracts for deed	25,377,905	29,093,180	3,715,275
Less reserve for losses	444,113	509,131	65,018
Net loans receivable	24,933,792	28,584,049	3,650,257

STATEMENT 18.—*Comparative statement of financial condition, War Housing Insurance Fund, as of June 30, 1952, and June 30, 1953*—Continued

	June 30, 1952	June 30, 1953	Increase or decrease (—)
ASSETS—Continued			
Accounts and notes receivable:			
Accounts receivable—Insurance premiums	$564, 595	$506, 326	—$58, 269
Accounts receivable—Other	1, 692	35	—1, 657
Total accounts and notes receivable	566, 287	506, 361	—59, 926
Accrued assets: Interest on U. S. Government securities	101, 667	101, 667	
Acquired security or collateral:			
Real estate (at cost plus expenses to date)	49, 441, 174	60, 697, 386	11, 256, 212
Less reserve for losses	8, 314, 742	10, 948, 193	2, 633, 451
Net real estate	41, 126, 432	49, 749, 193	8, 622, 761
Mortgage notes acquired under terms of insurance (at cost plus expenses to date)	28, 332, 956	49, 328, 926	20, 995, 970
Less reserve for losses	5, 305, 512	9, 020, 055	3, 714, 543
Net mortgage notes acquired under terms of insurance	23, 027, 444	40, 308, 871	17, 281, 427
Net acquired security or collateral	64, 153, 876	90, 058, 064	25, 904, 188
Other assets—Held for account of mortgagors		40, 116	40, 116
Total assets	188, 799, 089	204, 736, 674	15, 937, 585
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	7, 507	9, 156	1, 649
Inter-fund	38, 839	6, 822	—32, 017
Total accounts payable	46, 346	15, 978	—30, 368
Accrued liabilities:			
Interest on debentures	1, 338, 549	876, 755	—461, 794
Interest on funds advanced by U. S. Treasury		1, 373, 929	1, 373, 929
Total accrued liabilities	1, 338, 549	2, 250, 684	912, 135
Trust and deposit liabilities:			
Excess proceeds of sale	829, 304	1, 036, 368	207, 064
Deposits held for mortgagors, lessees and purchasers	940, 056	981, 536	41, 480
Total trust and deposit liabilities	1, 769, 360	2, 017, 904	248, 544
Deferred and undistributed credits:			
Unearned insurance premiums	12, 924, 650	12, 575, 874	—348, 776
Unearned insurance fees	925	23	—902
Total deferred and undistributed credits	12, 925, 575	12, 575, 897	—349, 678
Bonds, debentures and notes payable: Debentures payable	62, 587, 950	68, 785, 200	6, 197, 250
Other liabilities:			
Funds advanced by U. S. Treasury		5, 000, 000	5, 000, 000
Reserve for foreclosure costs—Mortgage notes	278, 130	492, 356	214, 226
Total other liabilities	278, 130	5, 492, 356	5, 214, 226
Total liabilities	78, 945, 910	91, 138, 019	12, 192, 109
CAPITAL			
Investment of the U. S. Government: Allocations from the U. S. Treasury	5, 000, 000		—5, 000, 000
Earned surplus: Insurance reserve fund (cumulative earnings) available for future losses and related expenses	104, 853, 179	113, 598, 655	8, 745, 476
Total capital	109, 853, 179	113, 598, 655	3, 745, 476
Total liabilities and capital	188, 799, 089	204, 736, 674	15, 937, 585
Contingent liability for certificates of claim on properties on hand	1, 679, 477	2, 476, 786	797, 309

During the fiscal year 1953 the fund earned $27,890,652 and had expenses of $2,601,892, leaving $25,288,760 net income before adjustment of valuation reserves. After the valuation reserves had been increased by $6,413,012, the net income for the year amounted to $18,875,748, which was added to the insurance reserve fund.

The cumulative income of the War Housing Insurance Fund from its establishment March 28, 1941 to June 30, 1953 amounted to $216,448,124, while cumulative expenses were $72,372,090, leaving $144,076,034 net income before adjustment of reserves. Valuation reserves of $20,477,379 were established, leaving cumulative net income of $123,598,655.

STATEMENT 19.—*Income and expenses, War Housing Insurance Fund, through June 30, 1952, and June 30, 1953*

	Mar. 28, 1941 to June 30, 1952	July 1, 1952 to June 30, 1953	Mar. 28, 1941 to June 30, 1953
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$6,563,861	$1,862,834	$8,426,695
Interest—Other	2,091,109	1,549,339	3,640,448
Dividends on rental housing stock	5,382	2,005	7,387
	8,660,352	3,414,178	12,074,530
Insurance premiums and fees:			
Premiums	134,629,048	24,452,478	159,081,526
Fees	45,242,154	23,996	45,137,985
	179,871,202	24,476,474	204,219,511
Other income:			
Profit on sale of investments	153,703		153,703
Miscellaneous income	380		380
	154,083		154,083
Total income	188,685,637	27,890,652	216,448,124
Expenses:			
Interest expenses: Interest on funds advanced by U. S. Treasury		112,500	1,373,929
Administrative expenses: Operating costs	65,957,659	2,354,206	68,053,922
Other expenses: Depreciation on furniture and equipment	349,712	10,811	359,123
Losses and charge-offs:			
Loss on sale of acquired properties	2,480,202	124,337	2,604,539
Loss (or profit—) on equipment	—19,482	38	—19,423
	2,460,720	124,375	2,585,116
Total expenses	68,768,091	2,601,892	72,372,090
Net income before adjustment of valuation reserves	119,917,546	25,288,760	144,076,034
Increase (—) or decrease (+) in valuation reserves:			
Reserve for loss on loans receivable	—444,113	—65,018	—509,131
Reserve for loss on real estate	—8,314,742	—2,633,451	—10,948,193
Reserve for loss on mortgage notes acquired under terms of insurance	—5,305,512	—3,714,543	—9,020,055
Net adjustment of valuation reserves	—14,064,367	—6,413,012	—20,477,379
Net income	105,853,179	18,875,748	123,598,655

ANALYSIS OF EARNED SURPLUS

Distribution of net income: Earned surplus:			
Balance at beginning of period		$104,853,179	
Adjustments during the period		—1,130,272	
Net income for the period	$105,853,179	18,875,748	$123,598,655
	105,853,179	122,598,655	123,598,655
Allocation to National Defense Housing Insurance Fund from the insurance reserve fund of the War Housing Insurance Fund	—1,000,000	—9,000,000	—10,000,000
Balance at end of period	104,853,179	113,598,655	113,598,655

Investments

Section 605 (a) of Title VI contains a provision similar to that under Title II with respect to investment of moneys not needed for current operations by the purchase of United States Government securities or the retirement of debentures.

During the fiscal year 1953, excess funds not needed for current operations were used to retire $31,269,200 Series H 2½ percent War Housing Insurance Fund debentures, of which $17,228,000 were called for redemption, $10,824,750 were purchased from FNMA, and $3,216,-450 were redeemed in payment of mortgage insurance premiums.

During the fiscal year 1953, net purchases of $1,400,000 increased the United States Government securities held by the fund as of June 30, 1953, to $77,300,000, principal amount. These transactions did not change the average annual yield, which remained at 2.38 percent.

Investments of the War Housing Insurance Fund, June 30, 1953

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1957	2	$3, 700, 000	$3, 700, 000	$3, 700, 000
1966-71	2½	4, 000, 000	4, 000, 000	4, 000, 000
1967-72	2½	70, 723, 047	69, 600, 000	70, 536, 665
Average annual yield 2.38 percent		78, 423, 047	77, 300, 000	78, 236, 665

Properties Acquired under the Terms of Insurance

The Federal Housing Administration acquired title in 1953, under the terms of insurance, to 412 properties (615 units) insured under Section 603 and sold 345 (455 units). Through December 31, 1953, a total of 10,130 Section 603 properties (13,331 units) had been acquired at a cost of $64,587,193, and 8,954 properties (11,781 units) had been sold at prices that left a net charge against the fund of $2,487,409, or an average of $278 per case. There remained on hand for future disposition 1,176 properties having 1,550 living units.

During 1953, 35 rental housing projects (1,649 units) and 28 mortgage notes (3,514 units) insured under Section 608 were assigned to the FHA Commissioner under the terms of insurance, and 17 projects (895 units) were sold by the Commissioner. Through December 31, 1953, a total of 163 projects (9,463 units) and 104 mortgage notes (7,498 units) had been assigned to the Commissioner. Twenty-eight projects (1,935 units) had been sold, and 1 mortgage note (42 units) had been settled with no loss to the War Housing Insurance Fund, leaving 135 projects (7,528 units) and 103 mortgage notes (7,456 units) still held by the FHA.

There was 1 purchaser's note and no additional manufacturers' notes insured under Section 609 assigned to the FHA Commissioner during the calendar year 1953. Through December 31, 1953, 2 manufacturers' notes and 65 discounted purchasers' notes had been assigned. Of these, 64 discounted purchasers' notes and 1 manufacturer's note had been settled with a resultant loss to the fund of $413,094, leaving 1 manufacturer's note and 1 purchaser's note on hand at December 31, 1953.

STATEMENT 20.—*Statement of profit and loss on sale of acquired properties, War Housing Insurance Fund, through Dec. 31, 1953*

	Sec. 603 (8,954 properties—11,781 units)	Sec. 608 (28 projects and 1 mortgage note—1,977 units)	Sec. 609 [2] (65 notes—269 units)	Total WHI Fund (9,048 properties)
Proceeds of sales: [1]				
Sales price (or proceeds of mortgage notes)	$53,438,346	$8,390,796	$212,967	$62,042,109
Less commissions and other selling expenses	2,027,035	3,110		2,030,145
Net proceeds of sales	51,411,311	8,387,686	212,967	60,011,964
Income:				
Rental and other income (net)	4,534,055	1,885,121		6,419,176
Mortgage note income	5,277,768	318,675	28,260	5,624,703
Total income	9,811,823	2,203,796	28,260	12,043,879
Total proceeds of sold properties	61,223,134	10,591,482	241,227	72,055,843
Expenses:				
Debentures and cash adjustments	49,076,543	7,971,384	641,907	58,589,834
Purchase of land held under lease	40,590			40,590
Interest on debentures	6,199,405	734,204	12,414	6,946,023
Taxes and insurance	1,429,465	334,200		1,763,665
Additions and improvements	444,424	395,416		839,840
Maintenance and operating expense	3,614,717	760,901		4,375,618
Miscellaneous expense	2,966	30,519		33,485
Total expenses	61,708,110	10,226,624	654,321	72,589,055
Net profit (or loss—) before distribution of liquidation profits	−484,976	364,858	−413,094	−533,212
Less distribution of liquidation profits:				
Certificates of claim	790,122	160,823		950,945
Increment on certificates of claim	88,069	15,499		103,568
Refunds to mortgagors	1,124,242			1,124,242
Loss to War Housing Insurance Fund	2,487,409	[3] −188,536	413,094	2,711,967
Average loss to War Housing Insurance Fund	278			

[1] Analysis of terms of sales:

Terms of sales	Number of properties	Number of notes	Cash	Mortgage notes	Sales price
Properties sold for all cash	2,132		$11,636,000		$11,636,000
Properties sold for cash and notes (or contracts for deed)	6,782	5,299	3,518,314	$45,418,000	48,936,314
Properties sold for notes only	134	9		1,469,795	1,469,795
Total	9,048	5,308	15,154,314	46,887,795	62,042,109

[2] Represents sixty-four (64) discounted purchasers' notes and one (1) manufacturer's note settled in full.

[3] Excess remaining to credit of War Housing Insurance Fund in accordance with the Act.

STATEMENT 21.—*Statement of properties on hand, War Housing Insurance Fund, as of Dec. 31, 1953*

	Sec. 603 1,176 properties (1,550 units)	Sec. 608		Sec. 609		Total 1,311 properties 105 notes (16,635 units)
		135 properties (7,528 units)	103 mortgage notes[1] (7,456 units)	1 manufacturer's note[1] (100 units)	1 purchaser's note[1] (1 unit)	
Expenses:						
Acquisition costs	$7,973,714	$52,738,019	$53,914,354	$473,900	$3,279	$115,103,266
Interest on debentures	476,211	3,812,178	2,359,552	9,851	89	6,657,881
Taxes and insurance	348,386	2,318,873				2,667,259
Additions and improvements	181,011	419,286				600,297
Maintenance and operating	476,132	3,995,383				4,471,515
Miscellaneous	138	86,130	9,150			95,418
Total expenses	9,455,592	63,369,869	56,283,056	483,751	3,368	129,595,636
Income and recoveries:						
Rental and other income (net)	794,154	8,964,276	2,716,693			12,475,123
Collections on mortgage notes			555,503	58,500		614,003
Total income and recoveries	794,154	8,964,276	3,272,196	58,500		13,089,126
Net cost of properties on hand	8,661,438	54,405,593	53,010,860	425,251	3,368	116,506,510

[1] Acquired in exchange for debentures.

The turnover of Sections 603 and 608 properties acquired and sold, by calendar year, is given below:

STATEMENT 22.—*Turnover of properties acquired under Section 603 of Title VI, through Dec. 31, 1953*

Properties acquired		Properties sold, by calendar years											Properties on hand Dec. 31, 1953
Year	Number	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	
1943	498	29	220	110	139								
1944	2,542		36	685	1,178	386	140	87	17	7	6		
1945	2,062			187	1,050	317	350	139	6	8	5		
1946	998				431	302	210	43	11	1			
1947	16					5	9	1		1			
1948	116						23	21	65	1	4	2	
1949	507							93	243	74	28	9	60
1950	1,635								421	431	246	103	434
1951	735									441	193	53	48
1952	609										209	122	278
1953	412											56	356
Total	10,130	29	256	982	2,798	1,010	732	384	763	964	691	345	1,176

NOTES.—On the 8,954 properties sold, the average time between acquisition and sale by the Federal Housing Administration was 16 months.

The number of properties sold has been reduced by 15 properties repossessed because of default on mortgage notes of which 11 had been resold at Dec. 31, 1953.

STATEMENT 23.—*Turnover of properties acquired and mortgage notes assigned under Section 608 of Title VI, through Dec. 31, 1953*

Properties and notes acquired		Properties and notes sold, by calendar years											Properties and notes on hand Dec. 31, 1953
Year	Number	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	
1943	1			1									
1944	1		1										
1945													
1946	1												1
1947													
1948													
1949	16											11	5
1950	66									7	2	4	53
1951	82									1		2	79
1952	37												37
1953	63												63
Total	267		1	1						8	2	17	238

Certificates of Claim and Refunds to Mortgagors

Section 604(f) of the Act provides that, if the net amount realized from any property conveyed to the Commissioner under Section 603, after deducting all expenses incurred in handling, dealing with, and disposing of such property, exceeds the face value of the debentures issued and the cash paid in exchange for such property plus all interest paid on such debentures, such excess shall be applied to the certificate of claim issued to the mortgagee and any excess remaining after paying the certificate of claim and increment thereon shall be refunded to the mortgagor.

Certificates of claim in the total amount of $1,708,602 had been issued through 1953 in connection with the 8,954 properties that had been acquired and subsequently sold. The proceeds of sale were sufficient to provide for payment in full or in part on these certificates in the amount of $790,122, or approximately 46 percent. Certificates of claim canceled or to be canceled amounted to $918,480, or approximately 54 percent. In addition, the proceeds of sale were sufficient to pay refunds of $1,124,242 to 3,496 mortgagors, or an average of $322 per case.

With respect to the excess proceeds, if any, from the sale of an acquired project insured under Section 608, the Act provides that any amount remaining after the payment of the certificate of claim shall be credited to the War Housing Insurance Fund.

Certificates of claim totaling $165,744 had been issued in connection with the 29 Section 608 acquisitions that had been disposed of by December 31, 1953. The proceeds of sale were sufficient to provide $160,823 for payment in full or in part on these certificates. Certificates of claim canceled or to be canceled amounted to $4,921. Excess proceeds of $188,536 had been credited to the fund, as provided in the Act.

Title VII: Housing Investment Insurance Fund

The Housing Investment Insurance Fund was created by Section 710 of the National Housing Act as amended August 10, 1948 (Housing Act 1948, Public Law 901, 80th Cong.), which provides that this fund shall be used by the FHA Commissioner as a revolving fund for carrying out the rental housing yield insurance program authorized by Title VII and for administrative expenses in connection therewith.

Section 710 further provides that the Secretary of the Treasury shall make available to the Commissioner such funds as the Commissioner may deem necessary, but not to exceed $10,000,000, which amount is authorized to be appropriated out of any money in the Treasury not otherwise appropriated.

One million dollars has been allocated to the fund by the Secretary of the Treasury pursuant to the request of the Federal Housing Commissioner, and the remaining $9,000,000 is being retained in the United States Treasury. Up to December 31, 1953, no applications for insurance under Title VII had been submitted.

The Act provides that the aggregate amount of contingent liabilities outstanding at any one time under insurance contracts and commitments to insure made pursuant to Title VII shall not exceed $100,000,000.

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

Insurance authority		$100,000,000
Charges against insurance authority:		
Mortgages insured	----------	
Commitments for insurance	----------	
Total charges against authority		----------
Unused insurance authority		100,000,000

Housing Investment Insurance Fund Capital and Net Income

Assets of the Housing Investment Insurance Fund at June 30, 1953, totaled $1,010,569, against which there were outstanding liabilities of $1,107,147, leaving an operating deficit of $96,578. The $1,000,000 that was transferred from the United States Treasury to establish the fund in accordance with Section 710 of the Act was established as a liability of the fund as of June 30, 1953 under the provisions of Public Law 94, 83d Congress. This amount, including interest thereon, was repaid on July 31, 1953.

STATEMENT 24.—*Comparative statement of financial condition, Housing Investment Insurance Fund, as of June 30, 1952, and June 30, 1953*

	June 30, 1952	June 30, 1953	Increase or decrease (—)
ASSETS			
Cash with the U. S. Treasury	$184,845	$57,201	—$127,644
Investments: U. S. Government securities (amortized)	802,043	951,910	149,867
Accrued assets: Interest on U. S. Government securities	1,458	1,458	---
Total assets	988,346	1,010,569	22,223
LIABILITIES			
Accounts payable: Inter-fund	2	1,128	1,126
Accrued liabilities: Interest on funds advanced by U. S. Treasury		106,019	106,019
Other liabilities: Funds advanced by U. S. Treasury	..	1,000,000	1,000,000
Total liabilities	2	1,107,147	1,107,145
CAPITAL			
Investment of the U. S. Government: Allocations from the U. S. Treasury	1,000,000		—1,000,000
Earned surplus (or deficit —):			
Insurance reserve fund (cumulative earnings or deficit —) available for future losses and related expenses	—11,656	—96,578	—84,922
Total capital	988,344	—96,578	—1,084,922
Total liabilities and capital	988,346	1,010,569	22,223

The total income for fiscal year 1953 was $21,816, consisting entirely of interest on United States Government securities, while expenses amounted to $23,219, resulting in a net loss for the year of $1,403. The cumulative income of the Housing Investment Insurance Fund from August 10, 1948, to June 30, 1953, amounted to $50,146, while cumulative expenses amounted to $146,724, resulting in a net deficit to the fund of $96,578.

STATEMENT 25.—*Income and expenses, Housing Investment Insurance Fund, through June 30, 1952, and June 30, 1953*

	Aug. 10, 1948, to June 30, 1952	July 1, 1952, to June 30, 1953	Aug. 10, 1948, to June 30, 1953
Income:			
Interest and dividends: Interest on U. S. Government securities	$28,330	$21,816	$50,146
Total income	28,330	21,816	50,146
Expenses:			
Interest expenses: Interest on funds advanced by U. S. Treasury		22,500	106,019
Administrative expenses: Operating costs	39,811	719	40,530
Other expenses: Depreciation on furniture and equipment	180		180
Losses and charge-offs: Loss (or profit —) on equipment	—5		—5
Total expenses	39,986	23,219	146,724
Net income (or loss —)	—11,656	—1,403	—96,578
ANALYSIS OF EARNED SURPLUS (OR DEFICIT —)			
Distribution of net income:			
Earned surplus (or deficit —):			
Balance at beginning of period		—$11,656	
Adjustments during the period		—83,519	
Net income (or loss —) for the period	—$11,656	—1,403	—$96,578
Balance at end of period	—11,656	—96,578	—96,578

Investments

Section 710 of the Act provides that moneys in the Housing Investment Insurance Fund not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed by the United States; or the Commissioner may, with the approval of the Secretary of the Treasury, purchase debentures issued under this fund, provided that such purchases are made at a price which will produce an investment yield not less than the yield obtainable from other authorized investments. During the fiscal year 1953, $150,000 (principal amount) of United States Government securities were purchased for the account of this fund. At June 30, 1953, the fund held $950,000, principal amount, of United States Government securities as follows:

Investments of the Housing Investment Insurance Fund, June 30, 1953

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1957	2	$150,000	$150,000	$150,000
1965–70	2½	97,375	100,000	97,590
1967–72	2½	704,922	700,000	704,320
Average annual yield 2.40 percent		952,297	950,000	951,910

Title VIII: Military Housing Insurance Fund

An amendment to the National Housing Act approved August 8, 1949 (Public Law 211, 81st Cong.), created the Military Housing Insurance Fund to be used by the FHA Commissioner as a revolving fund for carrying out the provisions of Title VIII of the Act, which provides for the insurance of military housing mortgages. For the purposes of this fund, the Act authorized to be appropriated the sum of $10,000,000, of which $5,000,000 was made available by the Supplemental Appropriation Act, 1950 (Public Law 358, 81st Cong.).

This is not a mutual fund, and any balance remaining in the fund after all Title VIII expenses and insurance claims have been met will revert to the general fund of the Treasury.

Title VIII Insurance Authority

Under the authority contained in Section 217 of the Act as amended, the aggregate amount of principal obligations of all mortgages insured under Title VIII that may be outstanding at any one time has been raised by the President to $1,000,000,000.

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

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

Insurance authority		$1,000,000,000
Charges against insurance authority:		
Mortgages insured	$577,175,034	
Commitments for insurance [1]	72,985,528	
Total charges against authority		650,160,562
Unused insurance authority		349,839,438

[1] Commitments include statements of eligibility.

Investments

Section 804(a) of the Act provides that moneys not needed for current operations shall be deposited with the Treasurer of the United States to the credit of the fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by the United States, or, with the approval of the Secretary of the Treasury, used to purchase debentures issued under this title. During the fiscal year 1953, net purchases of $3,300,000 increased the United States Government securities held by the fund as of June 30, 1953, to $12,750,000 principal amount. These transactions resulted in a decrease in the average annual yield from 2.46 percent to 2.41 percent.

Investments of the Military Housing Insurance Fund, June 30, 1953

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1957	2	$2,200,000	$2,200,000	$2,200,000
1964-69	2½	1,511,820	1,550,000	1,514,887
1965-70	2½	288,391	300,000	288,782
1966-71	2½	1,063,141	1,100,000	1,064,814
1967-72	2½	7,701,281	7,600,000	7,681,979
Average annual yield 2.41 percent		12,764,633	12,750,000	12,750,462

Military Housing Insurance Fund Capital and Net Income

As of June 30, 1953, the assets of the Military Housing Insurance Fund totaled $13,555,354, against which there were outstanding liabilities of $6,835,217, leaving $6,720,137 capital. The capital consists entirely of earned surplus.

In accordance with Public Law 94, 83d Congress, approved June 30, 1953, the amount of capital contributed by the United States Government to establish this fund was established as a liability of the fund as of June 30, 1953. This amount has been repaid, together with interest thereon, the final payment being made on November 30, 1953.

STATEMENT 26.—*Comparative statement of financial condition, Military Housing Insurance Fund, as of June 30, 1952, and June 30, 1953*

	June 30, 1952	June 30, 1953	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$1, 184, 647	$711, 762	−$472, 885
Investments:			
U. S. Government securities (amortized)	9, 492, 552	12, 750, 462	3, 257, 910
Other securities (stock in rental housing corporations)	12, 900	17, 400	4, 500
Total investments	9, 505, 452	12, 767, 862	3, 262, 410
Accounts and notes receivable: Accounts receivable—Insurance premiums	8, 836	55, 990	47, 154
Accrued assets: Interest on U. S. Government securities	13, 594	19, 740	6, 146
Total assets	10, 712, 529	13, 555, 354	2, 842, 825
LIABILITIES			
Accounts payable: Inter-fund	6, 291	−2, 103	−8, 394
Accrued liabilities: Interest on funds advanced by U. S. Treasury		413, 621	413, 621
Deferred and undistributed credits:			
Unearned insurance premiums	1, 127, 528	1, 398, 855	271, 327
Unearned insurance fees	62, 940	24, 844	−38, 096
Total deferred and undistributed credits	1, 190, 468	1, 423, 699	233, 231
Other liabilities: Funds advanced by U. S. Treasury		5, 000, 000	5, 000, 000
Total liabilities	1, 196, 759	6, 835, 217	5, 638, 458
CAPITAL			
Investment of the U. S. Government: Allocations from the U. S. Treasury	5, 000, 000		−5, 000, 000
Earned surplus:			
Insurance reserve fund (cumulative earnings) available for future losses and related expenses	4, 515, 770	6, 720, 137	2, 204, 367
Total capital	9, 515, 770	6, 720, 137	−2, 795, 633
Total liabilities and capital	10, 712, 529	13, 555, 354	2, 842, 825

Total income of the Military Housing Insurance Fund during the fiscal year 1953 amounted to $3,751,953, while expenses and losses amounted to $1,228,161, leaving a net income of $2,523,792. The cumulative income of the fund from August 8, 1949, to June 30, 1953, amounted to $10,313,031, while cumulative expenses total $3,592,894, resulting in a cumulative net income of $6,720,137.

STATEMENT 27.—*Income and expenses, Military Housing Insurance Fund, through June 30, 1952, and June 30, 1953*

	Aug. 8, 1949, to June 30, 1952	July 1, 1952, to June 30, 1953	Aug. 8, 1949, to June 30, 1953
Income:			
Interest and dividends:			
Interest on U. S. Government securities	$379,167	$274,122	$653,289
Dividends on rental housing stock	45	70	115
	379,212	274,192	653,404
Insurance premiums and fees:			
Premiums	2,496,594	2,268,007	4,764,601
Fees	3,685,272	1,209,754	4,895,026
	6,181,866	3,477,761	9,659,627
Total income	6,561,078	3,751,953	10,313,031
Expenses:			
Interest expenses: Interest on funds advanced by U. S. Treasury		112,500	413,621
Administrative expenses: Operating costs	2,035,463	1,110,627	3,164,297
Other expenses: Depreciation on furniture and equipment	10,371	5,017	15,486
Losses and charge-offs: Loss (or profit −) on equipment	−526	17	−510
Total expenses	2,045,308	1,228,161	3,592,894
Net income	4,515,770	2,523,792	6,720,137
ANALYSIS OF EARNED SURPLUS			
Distribution of net income:			
Earned surplus:			
Balance at beginning of period		$4,515,770	
Adjustments during the period		−319,425	
Net income for the period	$4,515,770	2,523,792	$6,720,137
Balance at end of period	4,515,770	6,720,137	6,720,137

Title IX. National Defense Housing Insurance Fund

The National Defense Housing Insurance Fund was created by Section 902 of the National Housing Act as amended September 1, 1951 (Defense Housing and Community Facilities and Services Act of 1951, Public Law 139, 82d Cong.) which provides that the fund shall be used by the Commissioner as a revolving fund for carrying out the provisions of Title IX of the Act. Title IX provides for the insurance of mortgages in areas that the President shall have determined to be critical defense-housing areas. For the purpose of this insurance the Act authorized the Commissioner to transfer from the War Housing Insurance Fund the sum of $10,000,000 all of which had been transferred at December 31, 1953.

Title IX Insurance Authority

Section 217 of the National Housing Act, which was added by Public Law 139, 82d Congress, approved September 1, 1951, as amended July 14, 1952, and June 30, 1953, provides that the aggregate dollar amount of mortgages insured under Title IX shall be prescribed by the President. Section 217 further provides that the President may increase the aggregate insurance authorization of any other title of the National Housing Act (except Title I, Sec. 2), with the limitation that the dollar amount of the insurance authorization prescribed by the President at any time with respect to any provision of Title VI shall not be greater than authorized by provisions of that title, and the further limitation that the aggregate dollar amount of the mortgage insurance authorization prescribed by the President with respect to Title IX, plus the aggregate dollar amount of all increases in insurance authorizations under other titles of the Act, less the aggregate dollar amount of all decreases in insurance authorizations prescribed by the President pursuant to authority contained in Section 217, shall not exceed $3,400,000,000. The insurance authorization under Title IX was decreased from $900,000,000 to $760,000,000 during 1953. The status of the Title IX insurance authority at December 31, 1953, was calculated as follows:

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

Insurance authority		$760,000,000
Charges against insurance authority:		
Mortgages insured	$362,442,633	
Commitments for insurance	228,764,972	
Total charges against authority		591,207,605
Unused insurance authority		168,792,395

National Defense Housing Insurance Fund Capital and Net Income

As of June 30, 1953, the assets of the National Defense Housing Insurance Fund totaled $11,929,824, against which there were outstanding liabilities of $1,646,062, leaving $10,283,762 capital. Included in the capital is $10,000,000 transferred from the War Housing Insurance Fund in accordance with Section 902 of the Act, and earned surplus of $283,762.

STATEMENT 28.—*Comparative statement of financial condition, National Defense Housing Insurance Fund, as of June 30, 1952, and June 30, 1953*

	June 30, 1952	June 30, 1953	Increase or decrease (−)
ASSETS			
Cash with U. S. Treasury	$1,708,402	$471,556	−$1,236,846
Investments:			
U. S. Government securities (amortized)		11,438,491	11,438,491
Other securities (stock in rental housing corporations)	900	4,400	3,500
Total investments	900	11,442,891	11,441,991
Accounts and notes receivable: Accounts receivable—Insurance premiums		3,971	3,971
Accrued assets: Interest on U. S. Government securities		11,406	11,406
Total assets	1,709,302	11,929,824	10,220,522
LIABILITIES			
Accounts payable: Inter-fund	6,357	4,929	−1,428
Trust and deposit liabilities: Fee deposits held for future disposition	556,402	968,873	412,471
Deferred and undistributed credits:			
Unearned insurance premiums	88,507	665,944	577,437
Unearned insurance fees	56,969	6,316	−50,653
Total deferred and undistributed credits	145,476	672,260	526,784
Total liabilities	708,235	1,646,062	937,827
CAPITAL			
Investment of the U. S. Government: Allocation to National Defense Housing Insurance Fund from insurance reserve fund of the War Housing Insurance Fund	1,000,000	10,000,000	9,000,000
Earned surplus: Insurance reserve fund (cumulative earnings) available for future losses and related expenses	1,067	283,762	282,695
Total capital	1,001,067	10,283,762	9,282,695
Total liabilities and capital	1,709,302	11,929,824	10,220,522

Income and Expenses

During the fiscal year 1953 the income to the fund amounted to $2,368,397, while expenses and losses amounted to $1,866,040, leaving $502,357 net income for the year.

The cumulative income of the National Defense Housing Insurance Fund from September 1, 1951, to June 30, 1953, amounted to $2,930,821, while cumulative expenses amounted to $2,647,059, leaving cumulative net income of $283,762.

STATEMENT 20.—*Income and expenses, National Defense Housing Insurance Fund, through June 30, 1952, and June 30, 1953*

	Sept. 1, 1951, to June 30, 1952	July 1, 1952, to June 30, 1953	Sept. 1, 1951, to June 30, 1953
Income:			
Interest and dividends: Interest on U. S. Government securities		$127,367	$127,367
Insurance premiums and fees:			
Premiums	$18,169	694,832	713,001
Fees	544,255	1,546,198	2,090,453
	562,424	2,241,030	2,803,454
Total income	562,424	2,368,397	2,930,821
Expenses:			
Administrative expenses: Operating costs	558,369	1,857,602	2,634,463
Other expenses: Depreciation on furniture and equipment	3,031	8,408	12,626
Losses and charge-offs: Loss (or profit−) on equipment	−43	30	−30
Total expenses	561,357	1,866,040	2,647,059
Net income	1,067	502,357	283,762

ANALYSIS OF EARNED SURPLUS

Distribution of net income:			
Earned surplus:			
Balance at beginning of period		$1,067	
Adjustments during the period		−219,662	
Net income for the period	$1,067	502,357	$283,762
Balance at end of period	1,067	283,762	283,762

Investments

Section 905(a) of Title IX contains a provision similar to that under Title II with respect to investment of moneys not needed for current operations by the purchase of United States Government securities or the retirement of debentures.

During the fiscal year 1953, net purchases of $11,500,000, principal amount, of United States Government securities were made. Since the fund held no securities at the beginning of the fiscal year, this left the United States Government securities held by the fund as of June 30, 1953 at $11,500,000.

Investments of the National Defense Housing Insurance Fund, June 30, 1953

Series	Interest rate (percent)	Purchase price	Par value	Book value (amortized)
1952–54	2	$1,994,687	$2,000,000	$1,996,368
1952–55	2¼	1,999,531	2,000,000	1,999,632
1955	1¾	1,971,250	2,000,000	1,975,555
1957	2	2,000,000	2,000,000	2,000,000
1958	2⅜	2,790,813	2,800,000	2,791,555
1959	2¼	288,375	300,000	288,413
1966–71	2½	193,562	200,000	193,728
1967–72	2½	193,063	200,000	193,240
Average annual yield 2.28 percent		11,431,281	11,500,000	11,433,491

Administrative Expense Account

A separate account entitled Salaries and Expenses, Federal Housing Administration, is maintained for the purpose of handling all transactions with respect to the payment of salaries and other expenses involved in operating the FHA. Moneys for such expenses and for the purchase of furniture and equipment required in the operations of the FHA are allocated to this fund and all disbursements for these purposes are made from it. Until the income of the insurance funds was sufficient to cover salaries and expenses, allocations were made to this account from the United States Treasury through the RFC in accordance with provisions contained in the National Housing Act and subsequent appropriation acts. Since July 1, 1937, a portion of the allocations, and since July 1, 1940, all allocations to salaries and expenses have been made from the various FHA insurance funds.

STATEMENT 30.—*Comparative statement of financial condition, Administrative Expense Account (salaries and expenses), as of June 30, 1952, and June 30, 1953*

	June 30, 1952	June 30, 1953	Increase or decrease (—)
ASSETS			
Cash with U. S. Treasury	$2,966,205	$3,236,623	$270,418
Accounts and notes receivable: Accounts receivable—Other	105,078	70,762	—34,316
Land, structures, and equipment:			
Furniture and equipment	2,104,160	[1] 2,140,299	36,139
Less reserve for depreciation	1,060,328	1,129,802	69,474
Net furniture and equipment	1,043,832	1,010,497	—33,335
Total assets	4,115,115	4,317,882	202,767
LIABILITIES			
Accounts payable:			
Bills payable to vendors and Government agencies	2,377,697	[2] 2,356,018	—21,679
Inter-fund	798,570	1,010,497	211,927
Total accounts payable	3,176,267	3,366,515	190,248
Trust and deposit liabilities:			
Due general fund of the U. S. Treasury	21,588	8,546	—13,042
Employees' payroll deductions for taxes, etc	917,260	942,821	25,561
Total trust and deposit liabilities	938,848	951,367	12,519
Total liabilities	4,115,115	4,317,882	202,767

[1] Excludes unfilled orders in the amount of $10,397.
[2] Excludes unfilled orders in the amount of $130,778.

PART IV

OF THE

Seventh Annual Report

HOUSING AND HOME FINANCE AGENCY

Covering the Activities of the

PUBLIC HOUSING ADMINISTRATION

LETTER OF TRANSMITTAL

Honorable ALBERT M. COLE,
Administrator, Housing and Home Finance Agency,
Washington, D. C.

DEAR MR. COLE: I am submitting herewith the annual report of the Public Housing Administration for the year ended December 31, 1953.

Sincerely yours,

CHARLES E. SLUSSER,
Commissioner.

Enclosure.

FOREWORD

When Congress in 1953 reduced the number of new low-rent homes that could be built with federal aid, the Public Housing Administration concentrated on getting fullest value from its reduced funds. Maximum quality within statutory cost limitations became the agency's prime target.

Volume of low-rent home starts dropped to 32,000, as contrasted to 55,000 in 1952 and 69,300 in 1951. This reduction when stretched over the need for such homes made mandatory a sharp eye on feasibility and planning of projects by local housing authorities. PHA consequently intensified its technical review of each operation in the chain—from original survey to completed construction and permanent financing.

These thorough reviews followed the mandate of the 1949 Housing Act that projects shall "not be of elaborate or extravagant design or materials, and economy will be promoted both in construction and administration." PHA was able to suggest construction economies without sacrificing quality or livability. In refinancing operations, sizeable savings in interest charges were made.

At the same time, PHA undertook to give city officials and citizen groups a clearer understanding of requirements and limitations of the federally aided low-rent program. The agency reasoned that with its own staff reduced by 21 percent during the year, the fewer borderline projects requiring review, the better. This became all the more important because other tasks assigned PHA by Congress and the Housing and Home Finance Agency certainly had not diminished in scope.

The accumulated total of federally aided low-rent housing, whose financial management is reviewed by PHA, had increased by the year's end to 344,000 low-rent homes, housing 1¼ million persons. Another major responsibility was the disposal of federally financed war and emergency housing. Nearly 70,000 such units were released—twice the number disposed of in 1952. At the year's end, 226,500 units remained out of a peak total of almost 963,000 units marked for disposition.

The rate of new construction during the year was determined by Congress, with the first 6 months limited to 35,000-units-per-year rate, and 20,000-units-per-year for the last 6 months.

INTRODUCTION

The Public Housing Administration is the successor to the United States Housing Authority (USHA), and the Federal Public Housing Authority (FPHA). The USHA was established in 1937 to administer the low-rent public housing authorized by the United States Housing Act of 1937 (Public Law 412, 75th Cong., approved September 1, 1937), while FPHA came into existence in 1942 through Presidential Executive Order (No. 9070, February 1942). This order consolidated the then existing Federal housing bodies into one overall housing agency—the National Housing Agency (NHA). FPHA was a constituent of NHA.

FPHA was succeeded by the Public Housing Administration pursuant to the President's Reorganization Plan No. 3, which took effect July 27, 1947. The plan created the Housing and Home Finance Agency (HHFA) with PHA as one of its constituents. In addition to changing the name of the public housing agency, Plan No. 3 transferred to the Public Housing Commissioner the functions formerly administered by the USHA Administrator, and also those of NHA pertaining to the subsistence homesteads and greentowns program and the now liquidated Defense Homes Corporation. The Public Housing Commissioner received as delegations from the HHFA Administrator the functions relating to war housing under the Lanham Act (Public Law 849, 76th Cong., approved October 14, 1940), and related statutes.

for public housing, but it must also estimate the extent of that need. This finding and supporting data must be submitted to PHA before a program reservation, or allocation of a specific number of low-rent units, can be made to a local housing agency.

A program reservation is not a binding legal obligation upon either PHA or the local authority. The reservation merely sets aside for the locality a specified number of dwelling units. Also, it is a statement of PHA's intention to hold the necessary funds in readiness for the authority. As of December 31, 1953, almost 356,000 dwelling units had been reserved for 1,115 localities in 41 States, the District of Columbia, Alaska, Hawaii, Puerto Rico, and the Virgin Islands. More than 75 percent of the continental localities for which reservations have been made under the 1949 act have populations of less than 25,000. Because of an administrative determination, based on language in the Independent Offices Appropriation Act, 1953, no program reservations were issued by PHA after September 2, 1952.

Preliminary loans also may be made by PHA to meet expenses incurred by a local housing authority for preliminary planning work. The housing authority's request for a preliminary loan must first be approved by the local governing body. The 1949 act also requires Presidential approval before PHA can enter into a preliminary loan contract.

The 1949 act also requires a final local official approval of the housing authority's intent to build public housing. This approval is in the form of a cooperation agreement between the local governing body and the housing authority. Nearly 1,100 localities have given such approval to local programs of public housing.

These agreements call for furnishing usual municipal services to tenants in low-rent projects. When the municipality makes a separate charge for supplying water, collecting trash, or other public services, the local housing authority makes the same payment that a private owner would make. The agreement also provides for payments in lieu of taxes to local taxing jurisdictions and requires the elimination of an equivalent number of unsafe and insanitary houses (tax exemption has been provided under the various State enabling laws and upheld by the courts). The 1949 act permits payments in lieu of taxes in an annual amount not in excess of 10 percent of the shelter rents charged by the housing authority.

After the housing authority has developed a general scheme for its project, it is submitted in the form of a development program to PHA. The development program includes site details, sketch plans and an estimate of the total project cost. If the development program is approved by PHA, the local housing authority is ready to enter into a definitive financial aid contract, known as an annual contribu-

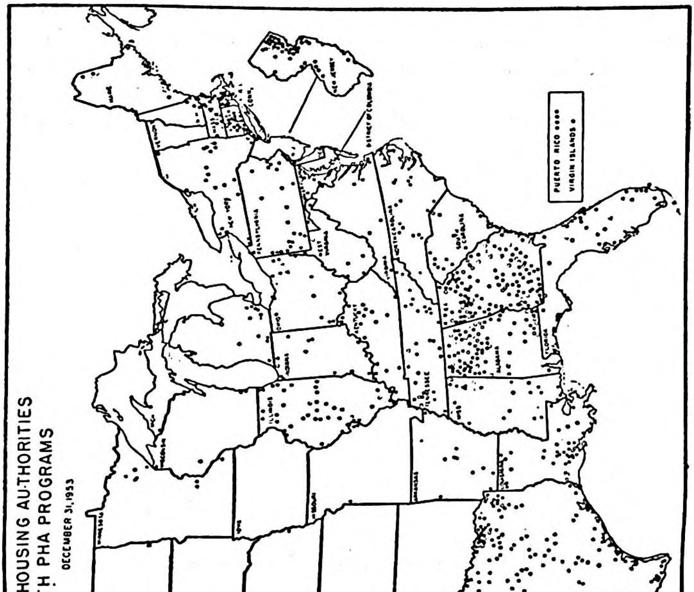
LOCAL HOUSING AUTHORITIES
WITH PHA PROGRAMS
DECEMBER 31, 1953
PUERTO RICO
VIRGIN ISLANDS
ALASKA
HAWAII
LEGEND

CHART 1.

tions contract with PHA. As in the case of preliminary loan contracts, PHA may not execute any annual contributions contracts without Presidential authorization.

The annual contributions contract governs the relations between PHA and the local housing authority. The document provides for the liquidation of any outstanding preliminary loans, for Federal loans for site acquisition and construction, and finally, for Federal annual contributions to the housing authority to assure the low-rent character of the project.

By the end of 1953, PHA had received Presidential approval, as required by the Housing Act of 1949, to enter into annual contributions contracts covering an additional 238,467 low-rent homes in 1,465 projects. Two-fifths of these have fewer than 50 units. Of construction work begun on 188,449 units by the end of 1953, 126,988 were completed.

B. Size of National Program—Congressional Limitations

The public housing portion (Title III) of the 1949 act amended the original 1937 housing statute to authorize financial aid to local housing authorities for the construction of an additional 810,000 low-rent dwellings in 6 annual increments of 135,000 units each. This annual increment, however, could be increased or decreased by the President under certain conditions.

The first cutback in the program took place in 1950, less than a month after the beginning of hostilities in Korea. On July 18 of that year, the President directed that no more than 30,000 low-rent homes be started by local housing authorities in the 6-month period from July 1 to December 31, 1950. The purpose of the cutback was to assure labor and materials for defense and to help curb inflationary tendencies.

In the next 6-month period (January 1–June 30, 1951), no limitations were placed on the low-rent program, and 59,703 homes were placed under construction by local housing authorities. In August 1951 Congress in the Independent Offices Appropriation Act, 1952, limited to 50,000 the number of homes (initiated after March 1, 1949), which could be authorized by PHA for construction in the fiscal year beginning July 1, 1951, and ending June 30, 1952.

In order to stay within this limitation, PHA instituted a system of allocations. Thus local housing authorities would be spared the embarrassment of taking construction bids for projects they would not be able to place under construction. In that fiscal year, 49,999 units were approved for award of construction contracts.

A congressional limitation on construction starts was reimposed in the Independent Offices Appropriation Act, 1953 (July 1, 1952–June

30, 1953). During that period PHA was permitted to authorize construction of 35,000 low-rent homes. The agency set up a new system of allocations similar to that used previously. This Appropriation Act also contained the following provision:

* * * The Public Housing Administration shall not, with respect to projects initiated after March 1, 1949, * * * after the date of approval of this act, enter into any agreement, contract, or other arrangement which will bind the Public Housing Administration with respect to loans, annual contributions, or authorizations for commencement of construction, for dwelling units aggregating in excess of 35,000 to be authorized for commencement of construction during any one fiscal year subsequent to the fiscal year 1953, unless a greater number of units is hereafter authorized by the Congress.

In view of this language, PHA limited to 35,000 the number of units covered by new annual contributions contracts which it entered into with local housing authorities in the period July 1, 1952, to June 30, 1953.

C. Limitation for 1953–54

A further limitation in the low-rent program was imposed by the Independent Offices Appropriation Act, 1954, which reduced to 20,000 the number of units to be authorized for construction in the period July 1, 1953, to June 30, 1954. In order to meet this further limitation, PHA again established an allocation system for projects under annual contributions contracts on July 31, 1953, the effective date of approval of the 1954 Appropriation Act.

As of July 31, 1953, PHA had 61,500 units under annual contributions contracts, for which construction contracts had not been approved. Allowed to put only 20,000 of these under construction, PHA set up criteria to comply with the language of the appropriation act, to safeguard the Federal Government's investment in the low-rent program, and give sympathetic consideration to the local housing authorities and comunities whose public housing programs were most affected by the Congressional limitation.

At the end of the six-month period (July 1–December 31, 1953), PHA had authorized local housing authorities to award construction contracts for 8,071 of the 20,000-unit allocation. Of the remaining 11,929 units, more than 3,800 were in the bid advertising or bid opening stage. The remaining units were scheduled for advertising by April 1, 1954, leaving 90 days for bid opening and award of construction contracts.

While the Appropriation Act for fiscal 1954 limited construction during that fiscal year to 20,000 units, the act was silent as to the construction of the remaining units then under annual contributions contracts. PHA, believing that it was legally committed to meet its

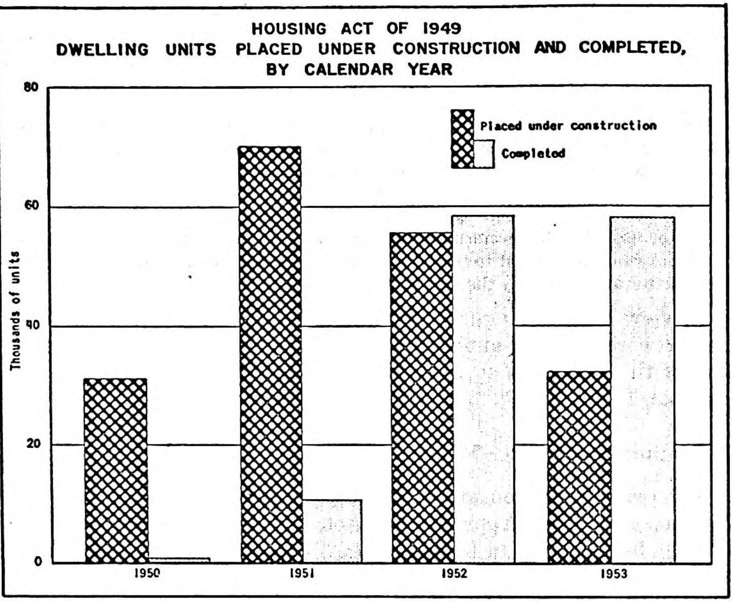

CHART 2.

obligations under the annual contributions contracts covering these additional units, requested an opinion on this point from the Comptroller General of the United States. In response to this request, the Comptroller General, in decision B–117286 of October 19, 1953, held that PHA was authorized to meet its obligations up to the point of authorization of construction, under existing annual contributions contracts for the units in excess of the 20,000.

The decision further stated:

> The prohibition in the proviso against any "new" arrangements that may ultimately bind the Administration for "additional" units or projects, reasonably appears to negative any inference that its terms contemplate abandonment, in the absence of explicit direction to do so, of all existing contracts covering units over and above the 20,000 authorized to be constructed.

D. Stoppage of Local Programs

The 1954 Appropriation Act includes two provisos dealing with local rejection of low-rent projects. The first provides that no housing shall be authorized by the PHA, or, if under construction shall continue to be constructed, in any community where the people by their elected representatives, or by referendum, have indicated they do not want the housing. Where such local action is taken, the community shall negotiate with the Federal Government for completion of the housing project or its partial or entire abandonment. In respect to any projects not to be completed, the community shall also agree to repay to the Federal Government the funds expended prior to the vote or other formal action, plus an amount sufficient to repay all costs and liquidate all obligations lawfully incurred before the rejection.

A second proviso in the 1954 Appropriation Act, although written in general language, was applicable only to the low-rent public housing program in Los Angeles, Calif. This proviso required the Los Angeles Housing Authority (after amending its cooperation agreement with the city of Los Angeles) to reduce its low-rent program by eliminating 2 projects totaling 5,459 units, and reducing a third project from 520 to 336 units.

The Appropriation Act authorized PHA to agree to these changes. The loss to be absorbed by the Federal Government will equal the expenditures made by the Los Angeles Housing Authority in connection with the development and liquidation of these projects, less any sums received from the sale of the project properties.

The 1954 Appropriation Act prohibits PHA from entering into any new contracts or agreements with respect to loans or annual contributions unless thereafter authorized by Congress. Because of this prohibition PHA notified local housing authorities on July 24, 1953, that no further applications would be received, and that no action would be taken on any application then on file. Local authorities were also advised, in their own interest, not to spend any more money in connection with such applications, to discontinue the preparation of development programs, and to terminate immediately all preliminary activities, but preserving any work already done.

Local housing authorities were requested to liquidate on the best possible terms, all outstanding contracts entered into under any preliminary loan contract. They were to estimate immediately the funds needed to liquidate their activities under these contracts. Funds remaining after liquidation are to be returned to PHA. Any estimated and documented shortages would be submitted to PHA for additional advances sufficient to meet them. Preliminary loans not repaid to PHA in liquidating these preliminary loan contracts are included as amounts to be collected as a condition precedent to the relinquishment and transfer of any temporary housing to a local housing authority or other local body pursuant to Title VI of the Lanham Act.

E. Development Progress in 1953

Competition in the bidding for construction contracts increased during 1953. An average of more than seven bids (slightly higher than the 1952 average) was received for the complete construction of a project. In those areas where the bidding is divided by trades, the average number of bids received for each trade was approximately the same as under the general construction method.

During calendar 1953, local housing authorities placed 32,000 low-rent homes under construction, as compared with 55,000 in 1952, and 69,300 in 1951. The decrease in construction starts during calendar

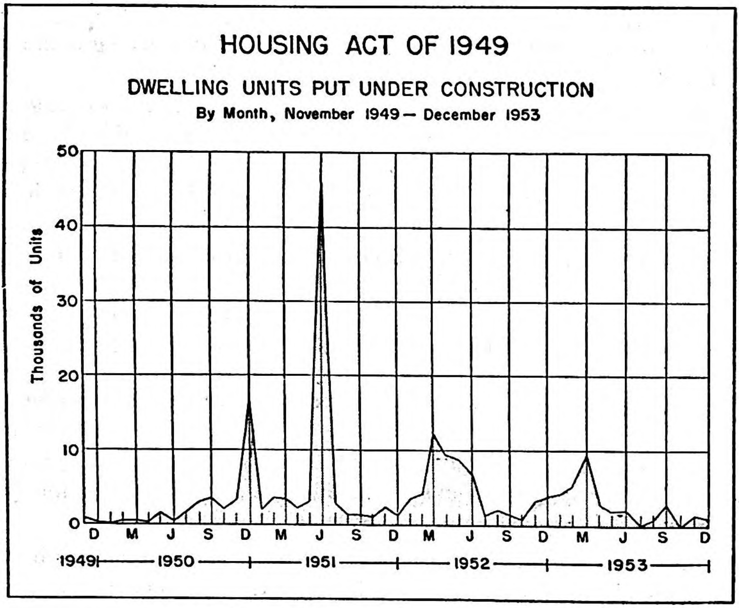

CHART 3.

years 1952 and 1953 was due to the limitations imposed by the Independent Offices Appropriation Acts of 1952, 1953, and 1954. As of December 31, 1953, almost 127,000 homes had been completed under the Housing Act of 1949 program.

The development costs of projects placed under construction by December 31, 1953, averaged $10,551 per unit. Wage increases and a rise in the cost of some building components were offset somewhat by spirited competition and closer pricing. Included in the development costs are the price of relatively expensive slum sites, demolition of slum structures, planning costs, local housing authority overhead, and interest during the development period. Project budgets also include a contingency allowance of not more than five percent (or such lesser amounts as may be approved by PHA) to cover necessary extras and changes.

Public housing projects are planned primarily for families with children. The average number of rooms per unit in projects placed under construction by December 31, 1953, was 4.91 rooms. This compares with only 3.9 rooms per unit for all renter-occupied units in nonfarm areas in the United States, according to the 1950 census.

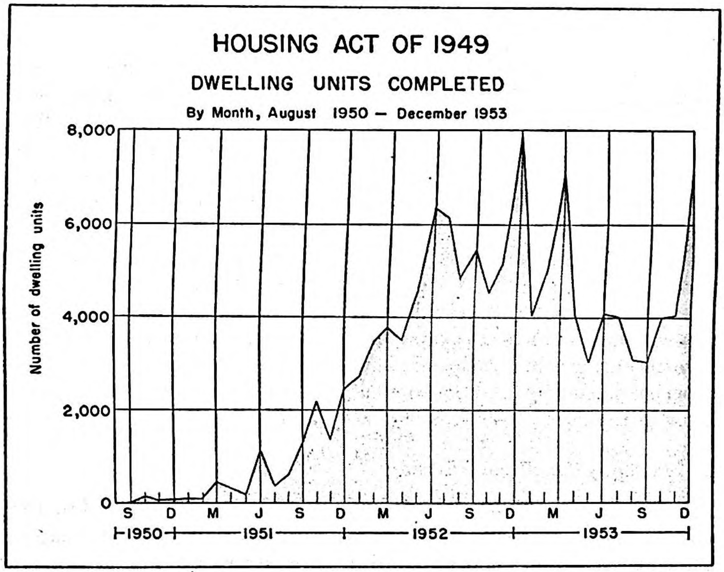

CHART 4.

Local housing authorities are required by the Housing Act of 1949 to eliminate in their localities unsafe or insanitary dwelling units in a number substantially equal to the number of new low-rent homes developed by a local housing authority. This requirement, however, does not apply to low-rent housing developed on slum sites or in rural nonfarm areas.

Ninety-eight percent of the equivalent elimination previously required under the original (1937 act) low-rent program had been accomplished by June 30, 1953. Elimination of the 2 percent balance had been legally deferred in localities where an extremely short supply of housing existed.

Under the 1949 act, 22 percent of the equivalent elimination requirement had been met by June 30, 1953. The act allows 5 years after the completion of new public housing in which to meet the elimination requirement. Further deferments are authorized in any locality where there is an acute shortage of housing for low-income families.

The technical review of development programs submitted to PHA by local housing authorities was intensified in 1953 to eliminate unnecessary items. In many cases, PHA suggested revisions in site plans to improve proposed land use and obtain lower construction costs. PHA's development branch held conferences during the year with field office personnel in order to suggest ways of attaining economies in planning, design, and construction.

On-the-job construction supervision and inspection are primary responsibilities of local housing authorities and their architects. Because of the Federal financial interest in these projects, PHA project engineers were located in the field to check performances on the job to assure rigorous compliance with plans and specifications.

As a result of these inspections, reports on the items which required attention were made to PHA, and the experience gained by these trained observers was incorporated into a comprehensive guide for the use of all field supervisory and inspection personnel.

PHA explored the possibilities of using prefabricated homes in the low-rent program to a greater extent than previously. The agency also encouraged innovations in construction materials and techniques when submitted by local housing authorities—if such proposals offered demonstrated improvements in quality and lowered costs.

F. Managing Low-Rent Housing

By the end of 1953, there were approximately 344,000 low-rent dwellings in 1,804 projects under management—72,000 more than on December 31, 1952. The units fall into 6 categories.

The first group is that built under the Housing Act of 1937 (Public Law 412). There are 117,000 dwellings in 383 projects (including 377 dwellings built on individual farms) in this category. Except for 30 projects in Ohio, all are locally owned. Those in Ohio are federally owned, but PHA is now in the process of selling them to the local housing authorities which previously have been operating them under lease.

The legislative history of the Housing Act of 1949 made clear that PHA should not assist farm housing. Accordingly, during 1953, local housing authorities sold 80 farm dwellings to private owners.

The units in the second category were built under the terms of a World War II statute—Public Law 671—which authorized the use of low-rent funds for projects to be used initially for war workers and for conversion to low-rent use when the war housing emergency ended. At the end of 1953, there were about 50,000 dwellings in 194 projects, of which all but six were in low-rent operation. Thirteen Public Law 671 projects are still federally owned, but are being sold by PHA as rapidly as possible to local housing authorities.

In the third group are 1,084 projects with 129,000 low-rent dwellings (including 215 rural nonfarm projects and 6,300 units) already completed under the Housing Act of 1949 (Public Law 171). All projects in this category are locally owned.

The remaining three categories comprise projects which were not built under the three statutes discussed above, but by virtue of Congressional mandate, are now part of the low-rent program.

The fourth category includes 49 projects comprising 22,000 dwellings built by the Public Works Administration in the middle 1930's, before the passage of the United States Housing Act of 1937, which incorporated them into the low-rent housing program. During 1953, PHA conveyed 17 of these projects to local housing authorities, with the remainder still owned by the Federal Government.

In the fifth group are 39 farm labor camps containing 9,000 units, built by the Department of Agriculture in the late 1930's to house migrant farm workers. These camps were transferred to PHA under the terms of the Housing Act of 1950 (Public Law 475, 81st Cong., approved April 20, 1950), and are now part of the low-rent program, serving migratory farm workers. All but three of them have been conditionally sold by PHA to local housing agencies.

The last category covers Lanham Act permanent war housing transferred to local housing authorities for low-rent use. The authority for such conveyance stems from Public Law 475. By the end of 1953, a total of 55 permanent projects with 17,000 dwellings were in low-rent use. Forty-four of these projects, with 14,300 units had been transferred during 1953, and additional projects will be conveyed in 1954.

G. Occupancy Requirements

Tenants for low-rent housing projects are selected by the housing authorities. An applicant must furnish adequate information to enable the authority to determine the family's eligibility, its preference rights, if any, and rent to be paid. To be eligible, an applicant must meet these general criteria: (1) his family consists of at least 2 related persons, (2) the family's total net income, less an exemption of $100 a year for each minor member, does not exceed the established income limits, (3) the applicant is either without housing, or his housing is substandard, or he is about to be without housing through no fault of his own (local housing authorities may waive this requirement for veterans, servicemen, and families displaced by slum clearance), (4) the family member signing the lease must be a citizen (may be waived for families of certain veterans and servicemen), and (5) he or no member of his family belongs to an organization designated as subversive by the Attorney General of the United States.

In selecting tenants, the housing agency must give first preference to eligible families displaced from their homes by any low-rent project, or public slum clearance or redevelopment project. Among these, as well as nondisplaced eligibles, first preference is given to families of disabled veterans, second, to families of deceased veterans and servicemen, and third, to families of other veterans and servicemen. A local housing authority may establish other requirements, such as length of residence in the community and net family assets. As among all applicants, preference is given to those in the greatest need of housing. No family may be discriminated against because any member is receiving public assistance.

After admission, the eligibility of each family for continued occupancy must be reexamined at least annually by the local housing authority. Those found to be ineligible are required to move. This reexamination involves the obtaining and verification of information in the same manner as at the time of admission. The lessee must also execute at the time of each reexamination a new certificate of nonmembership in any subversive organization on the Attorney General's list.

The requirement with respect to such nonmembership follows a provision in the Independent Offices Appropriation Act, 1953, approved July 5, 1952. This provision (known as the Gwinn Amendment) reads:

> Provided further, That no housing unit constructed under the United States Housing Act of 1937, as amended, shall be occupied by a person who is a member of an organization designated as subversive by the Attorney General: *Provided further*, That the foregoing prohibition shall be enforced by the local housing authority, and that such prohibition shall not impair or affect the powers or obligations of the Public Housing Administration with respect to the making of loans and annual contributions under the United States Housing Act of 1937, as amended.

All annual contributions contracts entered into or amended after July 5, 1952, must include provisions giving full effect to the Gwinn amendment. This requirement has since been extended to include all low-rent contracts (including leases) between PHA and local housing authorities which were entered into, revised, or amended after the effective date of the act. This practice has been adhered to by PHA regardless of whether the housing was built under the Housing Act of 1937 or other enabling laws.

Insofar as low-rent housing covered by contracts in which the provisions of the Gwinn amendment have not been incorporated, PHA has strongly urged each local housing authority to put into effect promptly by resolution or ordinance, the provisions of the Amendment.

H. Families Housed—Incomes and Rents

Income limits for admission and continued occupancy in public housing are set by local housing authorities, subject to PHA approval. Since these limits are related to local circumstances, there is considerable variation among localities.

As of June 30, 1953, about 30 percent of the localities had income limits of less than $2,400 for the admission of average size families. Only 10 percent of the localities had limits of $3,000 or above. The median income limit for admission was $2,500 as of June 30, 1953.

The great majority of families admitted to low-rent housing had incomes far lower than the maximum allowable. The median annual income for eligibility (net income after statutory exemptions) of all families admitted during the first half of 1953 was only $1,824, an amount substantially below the maximum limit. Exemptions are: death or disability benefits to the family of a deceased or disabled veteran or serviceman and $100 for each minor in the family.

Limits for continued occupancy—about 25 percent higher than those for admission—establish the highest income a family may have and be eligible to remain in the project. During the first half of 1953, the incomes of 113,293 families in projects in the continental United States were reexamined to determine eligibility for continued occupancy. This periodic reexamination is required by the United States Housing Act of 1937, as amended.

The median income for eligibility of these families was $1,915; those families eligible for continued occupancy had a median income for eligibility of $1,810, while families found ineligible had a median income of $3,968.

At the end of 1953, about 3 percent of all families living in low-rent housing were ineligible for continued occupancy and were required to move. (This figure does not include the families who were living in permanent war housing transferred to low-rent use. Where such families are found ineligible to remain as low-income families, they may be allowed as long as 2 years to find accommodations elsewhere.)

The following table shows the experience of local housing authorities with respect to ineligible families:

Ineligible families in United States Housing Act projects [1]

Year	Number of families becoming ineligible	Number of ineligibles removed [2]	Percent of all families ineligible on Dec. 31	Year	Number of families becoming ineligible	Number of ineligibles removed [2]	Percent of all families ineligible on Dec. 31
1947	29,337	28,718	25	1951	18,620	21,239	7
1948	24,414	27,829	24	1952	15,028	16,6[illegible]8	5
1949	19,435	32,104	14	1953	[3] 13,938	[3] 17,867	3
1950	17,666	26,928	9				

[1] Excludes families in permanent war housing projects transferred to low-rent use.
[2] Includes families moving out and those becoming eligible because of reduced income or change in income limits.
[3] First 6 months.

The removal of ineligible families from low-rent housing has been a pressing problem since World War II days. During the war, income regulations in low-rent housing were legally relaxed; consequently, when the war ended, local housing authorities found many tenants ineligible according to peacetime standards. On several occasions Congress deferred the removal of over-income families because of the postwar housing shortage.

The figure of 3 percent ineligibles on Dec. 31, 1953, compares with a total of 25 percent ineligibles at the end of 1947. Since that time, the number of ineligible families has been steadily decreasing. It is doubtful that under present economic conditions the percentage ever will drop substantially below the present level of 3 percent, since families living in the projects are constantly graduating from the eligible low-income group, and such families are allowed up to 6 months to find other accommodations.

The gross rent in low-rent housing is scaled to family size and income. Gross rent is the rent including heat and utilities, both of which are generally furnished by low-rent projects and included in the rents paid. For families admitted during the first half of 1953, the median gross rent was $34 per month. The median rent for the families whose incomes were re-examined during the period was $36.

I. Federal Annual Contributions

The Federal Government's financial aid to local housing authorities takes two forms: (1) loans to help finance the development and construction of the projects, and (2) annual contributions to permit their operation at rents within the means of low-income families.

Money obtained by housing authorities through the sale of bonds to private investors is secured by PHA's agreement to pay annual contributions. The maximum contribution which may be paid annually is limited to a percentage of the project's development cost.

Local authority bonds mature in such a way that the debt service (amortization plus interest) will be approximately the same amount each year. On all projects financed under the 1949 act, the maximum statutory contribution is reduced at the time of permanent financing to a "fixed contribution" equal to the debt service. The fixed annual contribution is further reduced each year by the housing authority's residual receipts for the year. These receipts constitute the excess of operating income over operating expenditures, exclusive of debt service.

Annual contributions have been greatly reduced in recent years on the older projects, because, while the debt service has remained fixed, economic conditions generally have resulted in higher residual receipts. During fiscal year 1953, the payments becoming due and made on all low-rent projects were:

Public law under which projects were developed	Maximum annual contribution payable	Annual contribution actually paid	Percentage of maximum annual contribution paid
412	$15,955,639	$6,090,828	44
671	6,485,982	2,527,333	39
171	22,649,884	16,362,547	72
Total	45,091,505	25,880,708	57

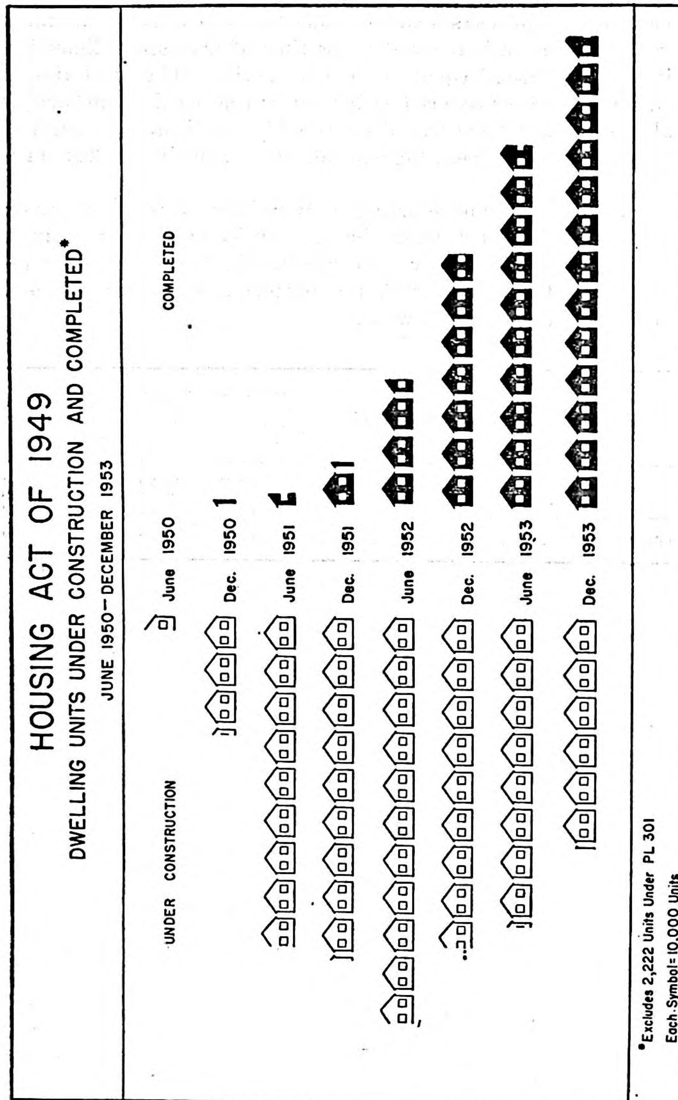
HOUSING ACT OF 1949
DWELLING UNITS UNDER CONSTRUCTION AND COMPLETED*
JUNE 1950—DECEMBER 1953
UNDER CONSTRUCTION
COMPLETED
June 1950
Dec. 1950
June 1951
Dec. 1951
June 1952
Dec. 1952
June 1953
Dec. 1953
*Excludes 2,222 Units Under PL 301
Each Symbol=10,000 Units

CHART 5.

Chapter II

RECENT DEVELOPMENTS IN THE FINANCING OF LOW-RENT PUBLIC HOUSING

A. Method of Financing

Three principal methods (or combinations of these methods) are available to local housing authorities for financing the capital cost of low-rent housing projects:

1. Local authorities may sell to private investors serial bonds maturing over periods not in excess of 40 years. Payment of interest and principal on these bonds is secured by a pledge of the annual contributions to be paid by PHA, and their security features are comparable with obligations directly guaranteed by the Federal Government.
2. Local authorities can borrow capital funds from PHA for periods up to 40 years at an annual cost equal to the cost of long-term money to the Federal Government, at the time the project is contracted for.
3. Local authorities may sell to private investors short-term notes, generally running from 6 months to 1 year. These "temporary notes" are secured by a commitment of PHA to loan amounts sufficient to cover principal and interest of the temporary notes at their maturity.

All of the above obligations of local authorities, like other obligations of State and local public bodies, are exempt from all Federal income taxes. In addition, the obligations of local authorities are usually tax exempt in the authority's own State.

B. Construction Loans and Permanent Financing

During construction of low-rent projects, loans are made directly by PHA until a sufficient amount is outstanding to warrant selling temporary notes to private investors. When the first temporary notes are sold, the loans from PHA are paid off. Further funds are obtained when needed by selling additional temporary notes. The use of temporary notes during construction has resulted in substantial savings of interest, with corresponding reductions in the capital cost of projects and in the annual contributions paid for the liquidation of capital costs.

As construction nears completion, projects are permanently financed, primarily through the sale of long-term bonds by the local authority. These bonds, known as New Housing Authority Bonds, are sold by competitive bid to banks and bond dealers, who in turn resell to investors the bonds of the various issues and maturities. For the reason explained below, permanent financing done during calendar year 1953 was accomplished through a combination of bonds and temporary notes guaranteed by PHA.

The permanent financing of projects is arranged so that the debt service (amortization plus interest) payable in each year is a level amount. The amount of the annual contributions paid by PHA is exactly equal to this level debt service, reduced by the amount by which rents collected exceed current operating costs. Any saving in debt service through reduction of interest rates thus correspondingly reduces the annual contributions paid by the Federal Government.

To achieve every possible economy in the low-rent program, PHA has sought continually to employ whichever financing authorizations available that would hold the cost of long-term debt service to a minimum.

C. Attorney General's Opinion on Security of New Housing Authority Bonds

Any new type of security, such as New Housing Authority Bonds, usually requires a seasoning period during which the investing public becomes acquainted with it, but the period required for full acceptance of housing bonds seemed over long. This was perhaps due to the new and unusual features of these bonds. Although issued as direct obligations of the local housing authorities, their principal security is the pledge of annual contribution payments by the Federal Government.

Lack of a full realization of this fact by the investing public appears to have been largely responsible for the belated acceptance of housing bonds. The new Housing and Home Finance Administrator, shortly after he took office in March 1953, was impressed by the relatively high market yield of these bonds—a yield which did not appear to reflect fully the prime security features and tax-exempt character of these bonds. The Administrator accordingly, in cooperation with the Department of the Treasury, requested the President to obtain a formal opinion from the Attorney General of the United States on the security behind New Housing Authority Bonds.

After a thorough study, the Attorney General, in a letter to the President on May 15, 1953, stated the following:

> In reaching the conclusions that an Annual Contributions Contract creates a valid and binding obligation of the United States, it is pertinent to note that the language of section 10 (e), italicized herein, "*the faith of the United States is solemnly pledged to the payment* of all annual contributions contracted for pursuant to this section," is identical with language used by R. S. 3693 (31 U. S. C. 731), with respect to the interest-bearing obligations of the United States. It would be appropriate to conclude therefrom that the Congress

intended to place on a similar footing the obligation to pay annual contributions contracted to be paid pursuant to the terms of the act.

In summary, I am of the view that:

(1) The United States Housing Act, as amended to this date, is valid and constitutional; and

(2) A contract to pay annual contributions entered into by the PHA in conformance with the provisions of the act is valid and binding upon the United States, and that the faith of the United States has been solemnly pledged to the payment of such contributions in the same terms its faith has been pledged to the payment of its interest-bearing obligations.

This opinion was disseminated widely by PHA and by bond houses and banks specializing in housing bonds. This action is believed to have been largely responsible for the better acceptance of New Housing Authority Bonds in the second half of 1953.

D. Sales of Housing Bonds in 1953

In the last half of 1952, there was a marked rise in the interest cost at which all long-term tax-exempt securities were marketed. This increase continued even more rapidly during the first half of 1953, particularly for bonds maturing in periods over 30 years. Because of this high cost of financing through the sale of bonds, PHA, in each of the four bond sales conducted in 1953, limited the bonds sold by local authorities to a uniform period of 30 years. However, in order to hold Federal contributions payable in each year to the lowest possible level, advantage was taken of the statutory authorization to pay such contributions over periods running up to 40 years and to extend amortization of capital cost to like periods. To accomplish this, PHA undertook to purchase permanent notes from local authorities for all maturities exceeding 30 years. As a result, in the four 1953 sales, the bonds sold amounted to an average of 68 percent of the total amount financed, while the PHA commitment for maturities beyond 30 years amounted to 32 percent of the total.

In practice, however, the portion of the project cost not covered by bond sales during 1953 has been secured by local authorities through the sale of temporary notes, instead of borrowing from PHA on permanent notes. Money on a short-term basis has thus been obtained at interest rates much less than half the rate at which PHA itself could lend on permanent notes. This saving is being applied to the advance amortization of the long maturities. If the interest rates of this temporary financing average 1½ percent, the advance amortization made possible through interest savings will result in reducing the period of amortization by about 5 years, with a corresponding reduction in the number of annual contributions payments to be made by PHA.

This plan of combining permanent bonds with temporary borrowing admittedly was an expedient adopted by PHA when long-term money was relatively expensive and when public housing bonds lacked the market acceptance they warranted.

During 1953, four sales of bonds were held, with the following results:

Sale date	Number of issues	Total amount of bonds	Average bond interest rate (percent)
Jan. 21, 1953	49	$127, 215, 000	2. 3963
May 26, 1953	46	122, 515, 000	2. 8204
Sept. 22, 1953	31	125, 210, 000	2. 8330
Dec. 15, 1953	29	121, 225, 000	2. 4711
Total 1953 bond sales		496, 165, 000	

All were serial bonds with the last maturities in 30 years. The interest cost of the bonds sold in the May and September sales was disappointingly high but reflected the high interest yield of all tax-exempt securities in the open market. Without the improved acceptance of housing bonds resulting from the Attorney General's opinion, the interest cost would have been still higher.

The interest cost of the December sale showed a great improvement. Moreover, bonds purchased by banks and investment dealers at this sale moved so rapidly into the hands of investors that the purchasers were able to close their accounts within less than 1 week. The secondary market for housing bonds in late December and in the first part of 1954 has also shown a great improvement.

Because of improved interest rates and easier marketability of housing bonds, PHA has determined to discontinue, at least for the present, the practice of selling bonds running only to 30 years and covering only about 68 percent of development cost. In the sale scheduled for March 2, 1954, bonds will be sold covering full project costs and running up to 40 years.

E. Refunding of Bonds Held by PHA under Act of 1937

Most public housing projects built under the original United States Housing Act of 1937 were permanently financed through the sale of a relatively small number of series A bonds to private investors and the purchase of a relatively large amount of series B bonds, by PHA predecessor agencies. The B bonds were bought by these agencies with funds borrowed from the Federal Treasury.

Congress, in appropriating funds for PHA for fiscal 1954, recommended that the Commissioner make every effort to refund local housing authority bonds held by PHA under the original Housing Act of 1937. The objective of the Congress was to have the amounts invested in these local authority bonds repaid to the Treasury.

After careful study of alternatives and after consultation with the United States Treasury, the Public Housing Commissioner on November 18, 1953, recommended a plan to local housing authorities, for refinancing most of the projects permanently financed prior to 1949.

Arrangements will be made for retiring these outstanding series A and B bonds, and it is expected this will be done before June 30, 1954. To provide funds for the payment of the series A and B bonds, local authorities will sell to private investors temporary notes with maturities running up to 1 year. It is planned these projects will again be permanently financed by the sale of New Housing Authority Bonds similar to those now being sold for new projects, but these sales will be postponed until they can be fitted into the regular schedule of permanent financing.

As soon as the outstanding series A and B bonds are retired on these projects and temporary notes sold, PHA will be able to repay the Treasury about $210 million. This is over 77 percent of the amount which PHA now has borrowed from the Treasury for investment in series B bonds.

The remaining funds which PHA has invested in series B bonds are on projects where the series A bonds sold to private investors represent a relatively large proportion of capital cost. These outstanding series A bonds bear such advantageous interest rates that it would be unwise to retire the outstanding bonds in favor of new financing.

F. Temporary Financing

The short-term temporary notes sold by local authorities to private investors are secured by an unconditional obligation of PHA to loan, if necessary, funds to pay both principal and interest of the temporary notes at their maturity. Temporary notes are used primarily for projects under construction, and the maturities of the notes for this purpose generally run less than a year. Temporary notes, as explained above, also were sold in connection with permanent financing in 1953 to supplement the amounts borrowed through the sale of bonds. A number of projects built under Public Law 671, are still financed by temporary notes.

As of December 31, 1953, local authorities had outstanding temporary notes in the following amounts:

Construction loans on new projects	$532,027,872
Supplemental loans on permanently financed projects	194,524,128
Public Law 671 and other old projects	87,074,000
Total	813,626,000

Because of the short maturities of the temporary notes used during the construction stage, the volume of sales of temporary notes during any year far exceeds the amount outstanding at any one time. During calendar year 1953 there were 14 separate sales of temporary notes, comprising 620 separate issues for a total of $1,679,677,000. At the first sale on January 27, the average interest rate was 1.423 percent. The general worsening of market conditions resulted in a steady rise of interest rates which culminated, in the sale of June 9, 1953, at a high level of 2.132 percent. During the second half of 1953, there was a steady decline in the interest cost of short-term tax-exempt money, and interest rates moved steadily downward until in the sale of December 8, an average of 1.236 percent was achieved. For all temporary sales during 1953, the average interest rate was 1.579 percent.

Chapter III

WAR AND EMERGENCY HOUSING

A. Description of Programs

PHA also administers various kinds of emergency housing, provided by the Federal Government to meet specific housing needs. The laws authorizing this housing in general, provide for its disposition when the original purpose has been met. The emergency housing falls into 5 general categories.

1. The public war housing program consists of federally owned permanent and temporary housing built under the provisions of the Lanham Act (Public Law 849, 76th Cong., approved October 14, 1940), and related statutes. This housing served essential war workers and their families during World War II. After the war it continued in use to meet emergency housing needs. Of the more than 627,000 units in the Lanham program, almost 30 percent was permanent and the remainder temporary, not built to permanent standards, and not intended to serve for an extended period. Some Lanham housing was operated by PHA, but most of it was operated by local housing authorities under lease. Responsibility for management and disposal of Lanham housing is vested in the HHFA Administrator, with PHA operating in this field under delegation of authority from him, and under his supervision.

2. The homes conversion program used Lanham funds to remodel privately owned buildings into rental housing for war workers. In this way, the Government provided 49,565 accommodations in 8,842 leased properties.

3. The veterans reuse program was authorized by Title V of the Lanham Act in 1945 and 1946 to provide emergency housing for veterans and servicemen and their families. Reuse housing consisted of Government-owned, surplus temporary structures which were turned over by PHA to local governments, local public bodies, nonprofit organizations, and educational institutions for conversion into temporary accommodations. About 267,000 reuse units were provided. Some were dormitory accommodations for single veterans and the remainder family units for married veterans.

4. The subsistence homesteads and greentowns were work relief projects built in the 1930's by the Subsistence Homestead Division of

the Department of the Interior and the Resettlement Administration, respectively. Thirty-one homestead projects with some 3,100 dwellings and 3 entire greentowns were transferred in 1942 to PHA's predecessor agency, FPHA. The 3 greentowns were planned suburban communities: Greenhills, a 742-unit village near Cincinnati, Ohio; Greendale, a 637-unit project outside Milwaukee, Wis., and Greenbelt, Md., on the outskirts of Washington, D. C. Greenbelt included 893 homes in the original community and an additional 1,000 permanent homes built with Lanham funds early in World War II.

5. Public defense housing built with Federal funds in critical defense housing areas. This housing was authorized by Title III of the Defense Housing and Community Facilities and Services Act of 1951 (Public Law 139, 82d Cong., approved Sept. 1, 1951). In defense locations with temporary housing needs, mobile or portable dwellings were provided, suitable for reuse elsewhere. No permanent defense housing has been provided under this program.

Most of the new program of defense housing is located on or near military installations. The size and location of the projects are determined by HHFA, the Department of Defense and other Federal agencies concerned with defense activities. The HHFA Administrator is charged with the statutory responsibility for public defense housing. He, in turn, has delegated to PHA authority for procurement and installation of temporary defense housing. Statutory authority for starting construction of projects under this program expires June 30, 1954.

As of December 31, 1953, PHA had received assignments from HHFA for 14,400 defense accommodations, of which 11,561 units and 63 projects were completed and under management. Another 1,600 dwellings were under construction; 712 were in planning; 570 had been terminated and awaited final disposition.

The 5 emergency housing programs originally totaled 963,000 dwelling units as follows:

Program:	Units
Lanham Act war housing	627,000
Homes conversion	50,000
Veterans reuse	267,000
Subsistence homesteads and greentowns	5,000
Public defense housing	14,000
Total	[1] 963,000

[1] Excludes 28,000 units previously disposed of under Defense Homes Corporation and Surplus Property Act Programs.

B. Management

Eligibility for admission to Lanham Act housing under PHA control is now restricted to distressed families of veterans and servicemen,

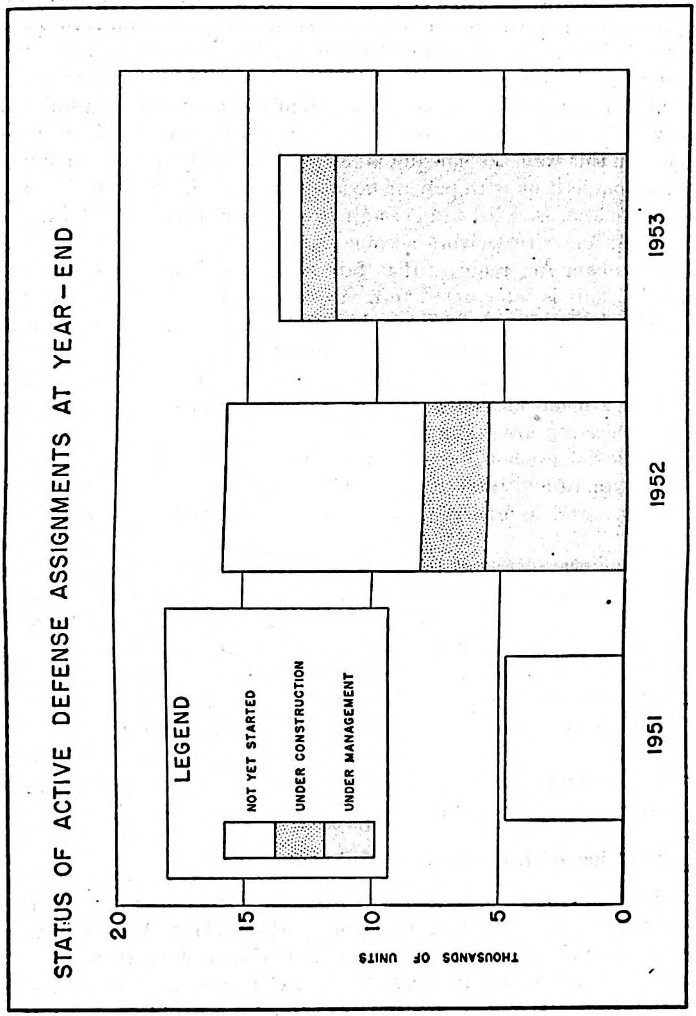
STATUS OF ACTIVE DEFENSE ASSIGNMENTS AT YEAR-END
LEGEND
NOT YET STARTED
UNDER CONSTRUCTION
UNDER MANAGEMENT
THOUSANDS OF UNITS
20
15
10
5
0
1951
1952
1953

CHART 6.

except that in permanent projects when the needs of this group have been met, other distressed families may be admitted. In some defense areas, the usual eligibility for admission is relaxed to permit the housing of families of distressed in-migrant workers or servicemen. Eligibility for admission to public defense housing (Public Law 139) is restricted to the families of distressed in-migrant workers and servicemen at plants or installations in specified defense housing areas.

In all Lanham and defense housing families may not be admitted if private housing within their financial reach is available in the locality. In this way, the housing is reserved for truly distressed families, and competition with private housing is avoided. Specific income limits have been established in certain areas where there is real danger of competition with private accommodations.

The Lanham Act requires that fair rents based on value must be charged. This is interpreted to mean rents equivalent to those prevailing in the locality for comparable private housing. The purpose of the requirement is to provide a proper return to the Government and to prevent competition with private housing. Rent comparability surveys are made annually in each locality to determine whether comparable rents are being maintained.

In public defense housing, rents are computed on an economic basis. Amortization of and interest on the Government's investment in such housing, as well as operating costs, are considered in determining rents.

PHA has been directed to make payments in lieu of taxes on the war emergency housing it operates. These payments approximate the full real property taxes that would be paid to eligible jurisdictions if this property were not tax exempt. If local taxing jurisdictions do not furnish to the projects the same public services furnished other property owners, making it necessary for the Government to provide such services, PHA makes appropriate deductions from its tax payment. The authorized payments in lieu of taxes for war emergency housing for the last full year for which complete payment dates have accrued were slightly less than $15 million.

C. Disposition of Lanham Act Housing in 1953

During the year, many Lanham projects were released from the disposition suspension order imposed by the HHFA Administrator shortly after the outbreak of hostilities in Korea, July 1950.

Increased funds were made available by Congress for the 1954 fiscal year to enable PHA to undertake an increased disposition program. Even before these funds became available, PHA was able to relinquish temporary housing and convey permanent housing for low-rent use. These transactions involve fewer administrative problems than when permanent housing is sold to private owners, or where temporary housing is removed from the site.

PHA disposed of almost 70,000 units of war and reuse housing in calendar year 1953—double the number disposed of in 1952—and the highest on record for any previous year. Some 37,000 temporary units were relinquished to local bodies; 11,000 units, most of them temporary, were sold; and 15,000 permanent units were disposed of (primarily by transfer to low-rent use). The remainder, all veterans reuse units, were terminated because of lack of need.

Permanent housing.—Before the actual sale of permanent housing takes place, these actions must be completed: (1) Consultation with the community; (2) determination as to whether the project can be subdivided and the units sold to individual occupants; (3) exploring the possibility of FHA insurance and private financing; (4) obtaining appraisals and surveys and establishing sales prices; (5) offering to groups of occupants if the project is not to be subdivided, and (6) sale of utility systems and dedication of streets if the project is to be subdivided.

Because of the completion of these preliminary actions in the last half of 1953, PHA expects to dispose of about 20,000 permanent units by the end of fiscal year 1954.

The Lanham Act permits the conveyance of permanent projects to local housing authorities for low-rent use. Before a project may be transferred for this purpose these actions must be taken: (1) The local governing body shall have requested conveyance of the project; (2) the local authority shall have satisfactorily demonstrated to PHA that there is a need for low-rent housing in the area of the project which is not being met by private enterprise; (3) the governing body and the local housing authority shall have executed a cooperation agreement in connection with the project, and (4) the local housing authority shall have entered into a contract with PHA governing the administration of the project.

Projects transferred for low-rent use will be operated under the United States Housing Act for 40 years. No annual contributions will be made them, however, and all net income will be paid to the Federal Government. During 1953, PHA transferred to low-rent use 14,300 units in 44 permanent projects.

Projects not transferred for low-rent use are sold by PHA to private owners under policies designed to encourage individual home ownership, especially by veteran occupants. When an entire project must be sold as an entity, preference is given for a reasonable time to groups of veterans organized on a mutual ownership or cooperative basis. Projects which cannot be sold to priority purchasers are then offered for sale on the open market to private investors.

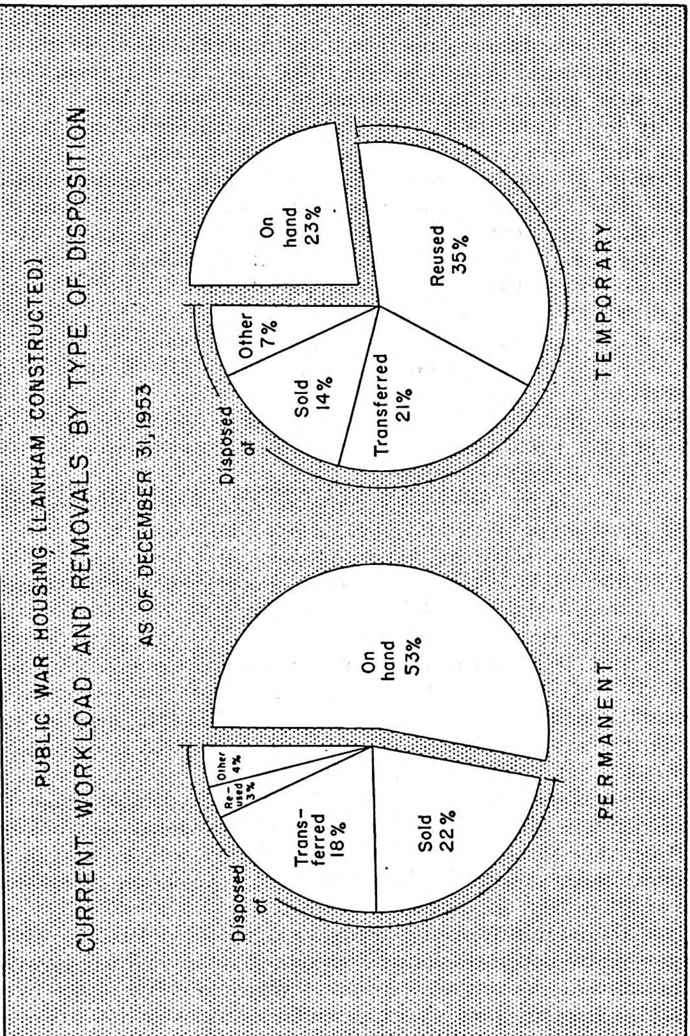
PUBLIC WAR HOUSING (LANHAM CONSTRUCTED)
CURRENT WORKLOAD AND REMOVALS BY TYPE OF DISPOSITION
AS OF DECEMBER 31, 1953
Disposed of
Other 4%
Re-used 3%
Trans-ferred 18%
Sold 22%
On hand 53%
PERMANENT
Disposed of
Other 7%
Sold 14%
Transferred 21%
Reused 35%
On hand 23%
TEMPORARY

CHART 7.

Temporary housing.—Legislation governing the disposition of temporary war and veterans reuse housing provides that it may, under certain conditions, be transferred to local housing authorities or certain other local bodies. If the locality determines that the housing is satisfactory for long-term use, it can be sold substantially in the same manner as permanent housing. Unless disposed of by either of these methods, it must be removed within specified time limits. During calendar year 1953, over 53,000 temporary units were disposed of, including 11,000 units of veterans reuse housing.

D. Other Emergency Housing

By the end of 1953, the homes conversion program had been completely liquidated, all leaseholds terminated. Only a few subsistence homestead dwellings remained to be disposed in 1954.

Practically all of the dwellings at Greenhills, Ohio, Greendale, Wis., and Greenbelt, Md., have been sold to private ownership. A small amount of vacant land, commercial facilities at Greenbelt and a few dwellings remain for sale in 1954.

The greentowns were sold under the provisions of Public Law 65, 81st Congress, enacted May 1949. This law permitted PHA to sell them either by negotiated sale, or by open competitive bidding. The law enabled PHA to give preference to responsible nonprofit veterans' groups.

Greenhills was sold in early 1950 for $3,511,300 to Greenhills Home Owners Corporation, a nonprofit cooperative group composed mainly of veterans and tenants of the community. The transaction included 600 acres of vacant land, 680 urban dwellings, a management building, and commercial facilities. In 1952, PHA conveyed 401 acres of vacant land at Greenhills to the Hamilton (Ohio) County Park District, part by sale and part by dedication. In 1952, a contract for the sale of the remaining 3,378 acres of vacant land was entered into with the Cincinnati (Ohio) Community Development Corporation. Actual conveyance under this contract will be made in January 1954. The purchase price will be $1,200,000.

The suspension of PHA's disposition activities in August 1950 halted negotiations with prospective purchasers of Greendale and Greenbelt. Negotiations, however, were resumed in 1952, when it was determined that their sale would not impede national defense activities.

When it became apparent that no nonprofit group could qualify for the purchase of Greendale as an entity, it was subdivided, and during 1952, the tenants bought all 618 dwellings at a total price of $4,666,825. In August 1953 PHA sold more than 2,280 acres of undeveloped land and the commercial facilities at Greendale to the Milwaukee Community Development Corporation for $825,000.

Title to 1,580 dwellings at Greenbelt was transferred in December 1952 to the Greenbelt Veterans Housing Corporation, the only group legally qualified for priority consideration. The purchase price of $6,285,460 included 584 original Greenbelt homes and 996 Lanham Act dwellings. At the same time, PHA also sold to the corporation 708 acres of vacant residential land for $670,219.

The remainder of the Greenbelt dwellings—307 apartment units—excluded from the earlier sale to the Greenbelt Veterans Housing Corporation, was sold in April 1953, to 6 individual purchasers for a total of $914,342, after open competitive bidding.

In accordance with congressional intent, PHA has made consistent progress in liquidating the Federal Government's emergency housing. PHA has made every effort to reconcile and protect the sometimes conflicting interests of the local communities, the tenants and the Federal Government in its disposition activities.

On hand on December 31, 1953, and yet to be disposed of by PHA, was less than 24 percent of the units originally programmed in the war and emergency housing programs.

Program:	Units
Lanham Act war housing	200, 225
Homes conversion	
Veterans reuse	14, 118
Subsistence homesteads and greentowns	49
Public defense housing	12, 131
Total	226, 523

Chapter IV

ADMINISTRATION

A. Organization

In July 1953, Charles E. Slusser was installed as Public Housing Commissioner by President Eisenhower.

During the remainder of 1953, the organization of the central office remained much the same, pending the results of a general survey of the agency's administrative machinery. Two vacant posts, the directors of the information and racial relations branches, were filled, with the former office being reconstituted as the Office of Liaison, and both appointees designated Special Assistants to the Commissioner.

In addition, a Special Assistant Commissioner was named to act as a confidential and advisory aide to the Commissioner.

As a result of the Commissioner's survey, plans for a general agency reorganization, effective January 18, 1954, were developed. Guided by a need for economy and aimed at simplifying the organizational structure, this involved the realignment of numerous functions and consolidated the duties of a large number of branches previously in operation.

At the beginning of 1953, there were eight field offices, with headquarters in Boston, New York, Richmond, Atlanta, Chicago, Fort Worth, San Francisco, and Santurce, P. R. In an effort to reduce staff, and because of the limitation on construction starts in the low-rent housing program, the Boston and Richmond field offices were closed, effective July 31, 1953. The Boston field office workload was assumed by the New York field office and that of Richmond by the Atlanta field office.

A new field office was established in Washington, D. C., with jurisdiction in Delaware, Maryland, Virginia, West Virginia, and the District of Columbia. The establishment of this office strengthened the PHA field organization by reducing the workload of the two largest field offices, those in New York and Atlanta, and provided better service in the new field office area. The Washington field office was staffed with personnel from the above field offices and from the central office. Housekeeping services were provided by the central office, with additional savings in personnel. There were also savings in travel and communication expenses. The time lag in handling PHA business in the area concerned was reduced considerably.

B. Central Office—Field Office Relationships

The field office directors, as key members of the PHA staff, attended meetings in Washington three times during 1953—in February, August, and November. These meetings were used by the Commissioner to present previews of future policies and procedure; to report on budget assumptions, legislation, allocations of construction quotas and accomplishment of such quotas; and to discuss field relationships between PHA and other HHFA constituents.

During the first half of 1953, Commissioner Slusser visited every field office, inspecting nearby low-rent and Lanham Act projects and executing a variety of assignments given him by the HHFA Administrator. Commissioner Slusser also conferred extensively with local officials and local housing authority commissioners on matters relating to PHA activities.

C. Budget and Personnel

PHA's budget for administrative expenses in the 1953 fiscal year which ended on June 30, 1953, was $12,967,735. The budget for fiscal year 1953 provides $10,975,000 for administrative expenses. This latter amount consists of an authorization to spend $4,025,000 from the proceeds of various PHA programs and $6,950,000 in appropriated funds.

PHA full-time administrative employment decreased steadily during 1953. At the beginning of the year, PHA had 1,986 full-time administrative employees, and by the end of the year had 1,568—a 21 percent decrease. The decrease in employment reached a peak during July and August, due to agency-wide reductions-in-force and the closing of the Boston and Richmond field offices.

In accordance with Public Law 102, 83d Congress, PHA has devised a plan for reducing excess accumulations of annual leave over a ten-year period at the rate of 10 percent a year. A leave chart for 1954 was prepared, showing the exact number of hours that had to be taken during the 1954 leave year by each employee who had accumulated more than 30 days of annual leave. Each succeeding year, for 9 years, a similar 10 percent reduction will be effected so that, at the end of the 10-year period no employee will have a leave balance in excess of 30 days. Supervisors were made responsible for schedul-

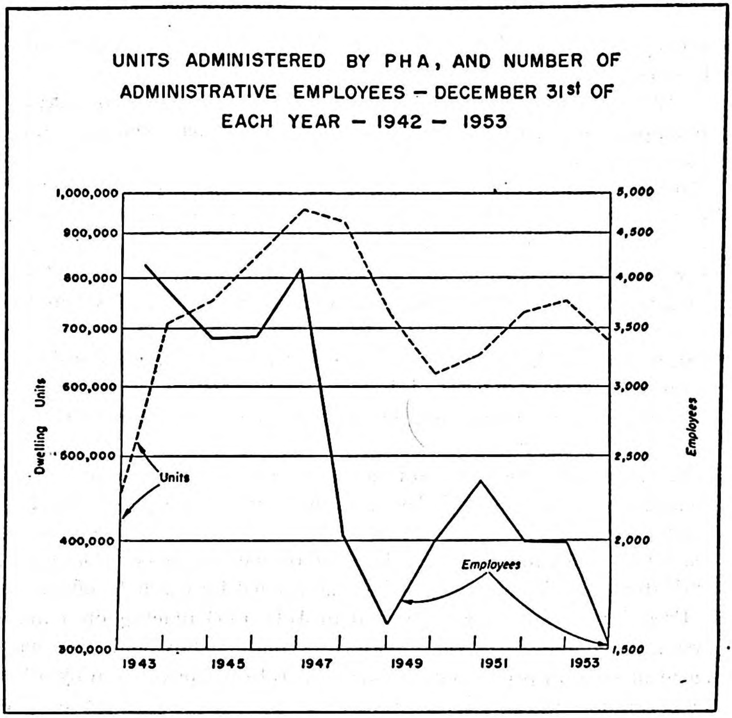

CHART 8.

ing vacations in compliance with provisions of this plan, and for reporting at the end of each leave year the extent of leave reduction.

D. Management Improvement Activities

In accordance with the policies of the new Administration, expressed by the Director of the Bureau of the Budget in his letter of February 3, 1953, PHA reviewed its programs and adjusted its budget estimates for 1953 and 1954.

Central office and field office officials were instructed to intensify efforts to increase efficiency and economy of program and administrative operations. Each organization unit was asked to review its operations in order to simplify its operating practices and work methods.

Important changes and improvements were made during the year—in organization and staffing, use of private capital in the low-rent program, and in disposition activities—discussed elsewhere in this report. Examples of other types of improvements and economies effected during the year follow:

PHA's system of manuals and handbooks for issuing policy statements, procedures, and other types of instructions has been simplified and reorganized.

Under a program of strict controls over the use of motor vehicles, including those used at federally operated housing projects, during fiscal 1953, the motor vehicle inventory was reduced by 509 vehicles, of which 180 were passenger-carrying vehicles. An additional reduction of 726 vehicles is scheduled for fiscal year 1954, of which 306 are passenger vehicles.

Improvements in printing and reproduction, reductions in building spaces, regrouping and consolidation of functions, changes in work methods, and other economies, saved approximately $60,000 in PHA's housekeeping activities.

Field accounting services to local housing authorities were reduced on a planned and systematic basis, permitting a reduction in the field accounting staff from 32 field accountants and 9 stenographers as of January 1, 1953, to the present level of 16 field business accountants, with stenographic services provided as needed by the field offices.

Procedures were formally issued in July 1953 placing on a more systematic and uniform basis the reviews conducted by field office management staffs of project management operations not covered by other more specialized inspections. Experience gained to date indicates that the procedures are increasing the effectiveness and efficiency of field office management staffs and of local housing authority and project management operations. The procedures also provide the central office with a practical means of systematically evaluating the work of field office management staffs.

There was an increase in employee interest and participation in the Efficiency Awards Program during 1953. Twice as many employee suggestions were submitted as during 1952, and six times as many suggestions were adopted. The measurable dollar savings during the year as a result of employee suggestions amounted to $82,378.86. Meetings were held with employees in the central office, field offices, and two project offices during the year in an attempt to stimulate interest and further understanding of the program. The success of the program is attributed to this approach and to an active publicity campaign.

TABLE 1.—*Number of dwelling units owned or supervised by the Public Housing Administration[1] by program, as of Dec. 31, 1953*

	Total		Federally owned	Locally owned
	Number	Net change since Dec. 31, 1952		
Total	683, 355	−47, 744	258, 559	424, 796
Active	658, 475	−60, 072	233, 679	424, 796
Veterans reuse housing	14, 118	−10, 691	1, 673	[2] 12, 445
Defense housing	13, 156	+2, 700	13, 156	
Public war housing (Lanham constructed)	175, 915	−70, 201	175, 915	
Low-rent housing	455, 237	+18, 444	42, 886	412, 351
Under management	343, 758	+72, 477	42, 886	300, 872
Under construction	61, 461	−26, 127		61, 461
Not under construction	[3] 50, 018	−27, 906		50, 018
Public Law 171	240, 687	+4, 481		240, 687
Public Law 412	117, 344	−95	10, 840	106, 504
Public Law 671	49, 516	−179	6, 014	43, 502
PWA	21, 571	−54	16, 672	4, 899
Farm labor camps	9, 360	+1	9, 360	
Public Law 475	16, 759	+14, 290		16, 759
Subsistence homesteads and greentowns	49	−324	49	
Inactive	24, 880	+12, 328	24, 880	
Public war housing (Lanham constructed)	24, 310	+11, 758	24, 310	
Defense housing	570	+570	570	

[1] Excludes units which have been sold to mutual housing associations, limited dividend corporations (PWA) and homesteads associations on which PHA holds mortgages for collection.
[2] This veterans housing is so classified even though title or income rights may not be formally transferred.
[3] Excludes 1,423 rural farm units not yet built but which are part of active rural projects.

TABLE 4.—*Housing Act of 1949:*[1] *Number of presently active dwelling units processed through stages, by State, as of Dec. 31, 1953*

State [2]	Reserved [3]	Preliminary loan approved [3]	Tentative site approved [3]	Annual contributions contract executed	Placed under construction	Completed
Total	355,585	351,341	263,293	238,467	188,449	126,988
Alabama	13,420	13,268	9,864	8,388	8,376	7,440
Arizona	1,867	1,867	1,261	1,001	1,001	701
Arkansas	1,696	1,696	1,602	1,844	1,792	1,750
California	20,945	20,824	20,221	15,993	9,810	5,761
Colorado	3,125	3,125	2,724	2,724	2,504	2,066
Connecticut	4,396	4,064	3,883	3,733	3,393	2,471
Delaware	1,280	1,280	380	380	380	—
Florida	8,223	8,223	6,126	5,216	4,478	3,295
Georgia	17,261	17,261	14,844	12,390	11,594	9,981
Idaho	—	—	—	75	75	75
Illinois	28,786	28,716	16,300	15,436	7,749	4,197
Indiana	2,143	2,143	2,085	1,837	1,209	1,209
Kentucky	5,732	5,732	4,816	4,911	4,830	3,536
Louisiana	9,549	9,003	6,835	7,341	7,341	3,621
Maine	86	86	86	86	86	72
Maryland	5,810	5,810	4,963	4,146	2,354	1,528
Massachusetts	10,821	10,621	9,367	9,044	8,147	5,261
Michigan	7,263	7,063	6,232	8,532	4,114	1,986
Minnesota	4,104	4,104	2,690	2,050	1,632	1,472
Mississippi	2,449	2,449	2,163	1,581	1,449	1,146
Missouri	9,200	9,200	6,513	7,578	4,190	1,164
Montana	164	164	164	164	164	124
Nebraska	700	700	700	700	700	700
Nevada	290	250	100	100	100	100
New Hampshire	725	525	623	623	626	626
New Jersey	16,496	16,452	14,707	13,027	10,832	8,317
New Mexico	70	70	70	148	148	148
New York	54,880	54,880	32,769	28,706	19,655	9,597
North Carolina	7,843	7,407	6,304	6,692	6,288	5,503
North Dakota	100	100	76	—	—	—
Ohio	15,145	14,570	4,267	3,378	898	—
Oregon	240	240	186	186	172	122
Pennsylvania	24,290	23,830	14,716	14,230	11,612	4,619
Rhode Island	2,124	2,124	1,682	2,080	2,080	1,560
South Carolina	4,031	4,031	3,266	3,255	3,255	2,850
South Dakota	—	—	—	—	—	—
Tennessee	9,955	9,955	9,052	8,177	7,915	6,102
Texas	19,076	19,016	17,309	16,939	16,521	13,758
Vermont	—	—	—	—	—	—
Virginia	8,354	8,354	6,979	7,054	6,029	4,723
Washington	1,145	1,145	826	608	608	558
West Virginia	1,208	500	500	520	500	—
Wisconsin	3,020	3,020	2,819	1,457	1,016	1,046
District of Columbia	4,000	4,000	4,146	2,428	1,175	736
Alaska	325	325	325	325	325	325
Hawaii	900	800	802	1,048	1,048	1,048
Puerto Rico	21,778	21,778	17,380	11,986	9,898	5,694
Virgin Islands	570	570	570	350	350	—

[1] Excludes 2,222 units reactivated under Public Law 301.
[2] Excludes 5 States with no enabling legislation (Iowa, Kansas, Oklahoma, Utah, and Wyoming).
[3] Reactivated units do not pass through these stages.

TABLE 5.—*Housing Act of 1949:*[1] *Reservations issued, places with approved preliminary plans, and projects processed through selected progress stages, by State, as of Dec. 31, 1953*

State [2]	Places with reservations [3]	Places with preliminary loan approved [3]	Tentative site approved [3]	Projects: Annual contributions contract executed	Projects: Placed under construction	Projects: Completed
Total	1,115	1,083	1,758	1,465	1,359	1,081
Alabama	95	93	145	109	108	98
Arizona	13	13	14	9	9	8
Arkansas	6	6	16	18	17	16
California	73	69	97	99	84	67
Colorado	2	2	10	10	8	6
Connecticut	19	16	18	16	13	10
Delaware	1	1	2	2	2	-
Florida	37	37	56	41	39	36
Georgia	167	166	326	237	234	218
Idaho	-	-	-	1	1	1
Illinois	72	70	100	81	68	43
Indiana	6	6	12	11	8	8
Kentucky	18	18	33	33	32	21
Louisiana	32	28	46	47	48	39
Maine	2	2	2	2	2	1
Maryland	5	5	16	14	10	8
Massachusetts	27	26	40	33	28	20
Michigan	16	15	18	19	16	12
Minnesota	9	9	13	9	8	7
Mississippi	27	27	53	31	29	22
Missouri	2	2	7	8	6	2
Montana	4	4	4	4	4	3
Nebraska	1	1	3	3	3	3
Nevada	2	2	1	1	1	1
New Hampshire	3	2	4	4	4	4
New Jersey	36	36	67	58	52	39
New Mexico	1	1	1	2	2	2
New York	20	20	49	40	36	15
North Carolina	23	22	45	48	46	38
North Dakota	2	2	1	-	-	-
Ohio	13	10	13	8	3	-
Oregon	9	9	8	8	7	5
Pennsylvania	48	45	65	62	54	28
Rhode Island	4	4	6	8	8	6
South Carolina	41	41	72	68	68	46
South Dakota	-	-	-	-	-	-
Tennessee	31	31	74	61	58	50
Texas	125	123	174	163	155	138
Vermont	-	-	-	-	-	-
Virginia	9	9	22	22	20	15
Washington	15	15	15	13	13	12
West Virginia	4	1	1	2	1	-
Wisconsin	4	4	9	6	5	5
District of Columbia	1	1	11	6	4	2
Alaska	4	4	4	4	4	4
Hawaii	2	1	4	4	4	4
Puerto Rico	82	82	77	38	35	18
Virgin Islands	2	2	4	2	2	-

[1] Excludes 3 projects reactivated under Public Law 301.
[2] Excludes 5 States with no enabling legislation (Iowa, Kansas, Oklahoma, Utah, and Wyoming).
[3] Reactivated projects do not pass through these stages.

TABLE 6.—*Combined balance sheet, as of June 30, 1953* [1,2]

	Total	United States Housing Act program	Public war housing program	Veterans reuse housing program	Subsistence homesteads and greentowns program
ASSETS					
Cash	$97,676,740	$38,126,020	$58,304,931	$479,971	$765,818
Accounts receivable:					
Government agencies	213,462		213,462		
Other programs (PHA)	[3] 137,798	87,444	47,026	2,121	1,207
Local authorities and other local bodies	6,798,821	1,897,705	3,836,216	[4] 1,064,900	
Other	988,537	85,391	750,815	51,135	101,196
Less allowance for losses	[5] 325,341	[5] 9,801	[5] 237,032	[5] 77,376	[5] 1,132
	7,813,277	2,060,739	4,610,487	1,040,780	101,271
Advances:					
Government agencies	123,217		123,217		
Local authorities	1,687,292	570,069	1,117,223		
Other	163,184		78,805	84,379	
Less allowance for losses	[5] 84,379			[5] 84,379	
	1,889,314	570,069	1,319,245		
Accrued interest receivable:					
Accrued interest	7,455,325	7,352,432	61,229	910	40,754
Less allowance for losses	[5] 196,110	[5] 191,000	[5] 5,110		
	7,259,215	7,161,432	56,119	910	40,754
Loans, mortgages and investments:					
Local authorities loan notes	332,290,277	332,290,277			
Local authorities B bonds	270,673,000	270,673,000			
Mortgages and investments	31,908,817	821,596	22,247,745	83,500	8,755,976
Less allowance for losses	[5] 1,646,915	[5,6] 1,465,000	[5] 181,915		
	633,225,179	602,319,873	22,065,830	83,500	8,755,976
Conditional conveyance contracts	55,921,263	55,921,263			
Less allowance for amortization	[5] 677,266	[5] 677,266			
	55,243,997	[7] 55,243,997			
Land, structures and equipment:					
Development costs	1,065,801,980	195,231,893	853,052,424	14,057,606	3,460,057
Less allowance for depreciation and disposition losses	[5] 36,593,476	[5] 35,819,866	([8])	([8])	[5] 773,610
	1,029,208,504	159,412,027	853,052,424	14,057,606	2,686,447
Prepaid expenses	509,274	7,134	455,763	26,748	19,629
Contracts—construction not completed (contra)	17,887,003		17,887,003		
Annual leave accrued (contra)	3,214,300	1,283,700	1,857,700	50,100	22,800
Total	1,853,926,803	866,184,991	959,609,502	15,739,615	12,392,695
LIABILITIES					
Liabilities:					
Government agencies	141,085	5,069	131,911	1,496	2,609
Other programs (PHA)	328		328		
Local authorities and other local bodies	10,135,411	9,738,752	396,659		
Contractors and vendors—defense housing development costs	3,874,361		3,874,361		
Other accounts payable and accrued liabilities	5,007,007	266,077	4,438,901	247,746	54,283
Total	[9] 19,158,192	10,009,898	8,842,160	249,242	56,892
Trust and deposit liabilities	1,050,502		833,876	2,089	214,537
Deferred credits	1,173,824	754,084	417,235	1,889	616
Reserves	5,761,290	5,761,290			
Property transferred from the Office of the Administrator, HHFA, for use of PHA	3,228,616		3,228,616		
Construction contracts not completed (contra)	17,887,003		17,887,003		
Accrued annual leave (contra)	3,214,300	1,283,700	1,857,700	50,100	22,800

See footnotes at end of table.

TABLE 6.—*Combined balance sheet, as of June 30, 1953*—Continued

	Total	United States Housing Act program	Public War housing program	Veterans reuse housing program	Subsistence homesteads and green-towns program
LIABILITIES—Continued					
Appropriations for annual contributions to local authorities:					
Net appropriations available	$120,242,329	$120,242,329			
Less payments and obligations	116,243,037	116,243,037			
	3,999,292	3,999,292			
Net investment of U. S. Government (table 7)	1,798,453,784	844,376,727	$926,542,912	$15,436,295	$12,097,850
Total	1,853,926,803	866,184,991	959,609,502	15,739,615	12,392,695

[1] Represents the combined balance sheet of all programs now administered by the Public Housing Administration, with the exception of the Administrative program. Defense housing pursuant to Public Law 139, Title III, 82d Cong., has been combined with the public war housing program for reporting purposes.

[2] At June 30, 1953, there were approximately $12,300,000 of the contingent liabilities representing suits and claims against PHA, applicable to the following programs.

United States Housing Act program	$800,000
Public war housing program	9,000,000
Veterans reuse housing program	2,500,000
Total	12,300,000

Over 700 of these suits approximating $6,500,000 arose out of the Columbia River flood damage at the Vanport, Oreg., and Vancouver, Wash., areas. The bulk of these cases have been tried and decided in favor of the U. S. Government and if the rulings of the courts are upheld upon appeal, the liability of the PHA will be negligible. With respect to the remaining suits and claims, it is the opinion of operating officials of PHA that they will be settled for less than 15 percent of the stated amounts. There may also be additional claims of indeterminate amounts arising from contractual agreements to rehabilitat property upon termination of projects and leases.

[3] Includes $137,470 due from the administrative program.

[4] Does not include $101,113 of accumulated net income of projects operated by local bodies unde contracts which provide for settlement, at the termination of the contract, of any cumulative net income.

[5] Indicates negative item.

[6] The First Independent Offices Appropriation Act, 1954, approved July 31, 1953, placed certain limitations on the construction of dwelling units during fiscal year 1954 and thereafter. Additional losses, in indeterminate amounts, may occur with respect to loans which have been made to local authorities for surveys, planning, land acquisition and other costs, if such limitations are not removed.

[7] The amount of $55,243,997 represents the unamortized interest of PHA in PWA projects, permanent war housing projects and farm-labor camps transferred to local bodies under contracts by which they are to return all net income derived from operations for a period of 40 years from date of transfer for the PWA and permanent war-housing projects and 20 years for the farm-labor camps. The operation of these projects will continue under the budgetary control of PHA throughout the contract period.

PHA has entered into agreements for future conveyance to local authorities of 58 additional permanent war-housing projects having a book value of $67,200,000.

[8] No provision has been made for depreciation on structures and equipment in the public war housing and veterans' reuse housing programs.

[9] The liabilities and their related expense and cost accounts include $1,930,000 of unliquidated obligations for services and materials which had been ordered but not received at June 30, 1953, as follows:

Public war housing program	$1,907,000
Veterans reuse housing program	20,000
Subsistence homesteads and greentowns program	3,000
Total	1,930,000

TABLE 7.—*Combined statement of investment of U. S. Government, as of June 30, 1953* [1]

	Total	United States Housing Act program [2]	Public war housing program	Veterans reuse housing program	Subsistence homesteads and greentowns program
Interest bearing investment: Notes (payable to U. S. Treasury)	$655,000,000	[3]$655,000,000			
Noninterest-bearing investment:					
Capital stock issued to Secretary of the Treasury	1,000,000	1,000,000			
Appropriations for:					
Development of housing	2,085,504,275		$1,642,849,000	$442,655,275	
Administrative expenses:					
Expended	30,179,900	30,179,900			
Unexpended	61,000	61,000			
Assets transferred from other Government agencies	355,418,981	160,717,865	115,968,012	16,279,613	$62,453,491
Assets acquired through claims settlements paid by other Government agencies for PHA	469,472		469,472		
Assets transferred from other programs (PHA)	[4] 64,264,769	26,358,209	7,648,914	30,237,701	19,945
Reserve for expenses of disposition of properties	25,000,000		25,000,000		
Total non-interest-bearing investment	2,561,898,397	218,316,974	1,791,935,398	489,172,589	62,473,436
Total investment	3,216,898,397	873,316,974	1,791,935,398	489,172,589	62,473,436
Reductions of investment:					
Assets transferred to other Government agencies	204,039,865	517	199,202,683	2,895,887	1,940,778
Assets transferred to other programs (PHA)	[4] 59,162,572	11,653	55,801,856	3,286,188	62,875
Amount withheld for reserve for expenses of disposition of properties	25,000,000		25,000,000		
Cash deposited into the general fund of the U. S. Treasury	430,180,294	174	376,873,060	34,219,265	19,087,795
Deficit (table 8)	700,061,882	28,927,903	208,514,887	433,334,954	29,284,138
Total reduction of investment	1,418,444,613	28,940,247	865,392,486	473,736,294	50,375,586
Net investment of U. S. Government	1,798,453,784	844,376,727	926,542,912	15,436,295	12,097,850

[1] Excludes the equity of the participating programs in the net assets of the administrative program and the activity for all programs previously administered by PHA, which are now liquidated.

[2] Excludes unexpended balance of $3,999,292 of appropriations for annual contributions to local authorities as follows:

Net appropriations available	$120,242,329
Less payments and obligations	116,243,037
Total	3,999,292

[3] PHA may issue and have outstanding at any one time notes and other obligations for purchase by the Secretary of the Treasury in an amount not to exceed $1,500,000,000.

[4] The difference of $5,102,197 between assets transferred from other programs (PHA) ($64,264,769) and assets transferred to other programs (PHA) ($59,162,572) consists of transfers to and from programs which are not included in this statement, as follows:

Surplus Property Act program	$5,062,357
Homes conversion program (net)	10,024
Administrative program (net)	29,524
	5,102,005
Surplus assets reassigned to the subsistence homesteads and greentowns program but not credited to the transferring program	192
Total	5,102,197

TABLE 8.—*Combined statement of deficit, as of June 30, 1953*

	Total	United States Housing Act program	Public war housing program	Veterans reuse housing program	Subsistence homesteads and green-towns program
Deficit, June 30, 1952	$575,000,834	$22,286,860	$102,477,335	$425,314,310	$24,922,329
Adjustments to beginning balance:					
Management	[1] 628,154	6,157	[1] 609,936		[1] 24,375
Disposition	[1] 696,358	[1] 397	[1] 2,085,375	1,388,069	1,345
Administrative	[1] 173,736	[1] 116,670	[1] 50,576	[1] 4,860	[1] 1,630
Special adjustments	8,988,857	[1] [2] 253,982	[2] 9,242,839		
Net adjustments	7,490,609	[1] 364,892	6,496,952	1,383,209	[1] 24,660
Deficit, June 30, 1952, as adjusted	582,491,443	21,921,968	108,974,287	426,697,519	24,897,669
Net loss for the fiscal year ended June 30, 1953 (table 9)	117,570,439	7,005,935	99,540,600	6,637,435	4,386,469
Deficit, June 30, 1953 (table 7)	700,061,882	28,927,903	208,514,887	433,334,954	29,284,138

[1] Indicates negative item.
[2] The special adjustments comprise the following:

Reversal of operating reserves for projects sold or conveyed to local bodies	$440,865
Less increase in depreciation for projects conveyed to local bodies	186,883
	253,982
Revaluation of property:	
Projects conveyed for low-rent use	6,084,672
Nondwelling buildings and structures	3,158,167
Total	9,242,839

TABLE 9.—*Combined statement of income and expenses for the fiscal year ended June 30, 1953*

	Total	United States Housing Act program	Public war housing program	Veterans reuse housing program	Subsistence homesteads and greentowns program
MANAGEMENT					
Income:					
Interest earned on loans	$19,134,405	$18,237,895	$686,269	$910	$209,331
Project operations (net):					
Directly operated projects	16,653,152	[1] 28,452	16,534,570	158,124	[1] 11,090
Leased projects	14,001,698	[1] 3,801,144	17,802,842		
Other	1,710,456		61,527	1,638,642	10,287
Technical service fees	1,927,986	1,927,986			
Less cost of technical services	[1] 1,927,986	[1] 1,927,986			
Other	231,117	126,933	97,476	1,690	5,018
Total	51,730,828	14,535,232	35,182,684	1,799,366	213,546
Expenses:					
Interest on borrowings from U. S. Treasury	12,665,335	[2] 12,665,335			
Provision for losses on loans and accrued interest	332,025	145,000	187,025		
Collection losses on accounts receivable	[1] 26,666	2,243	30,553	[1] 59,462	
Administrative expenses	10,536,042	8,158,000	2,340,942		37,100
Other	38,968	720	38,248		
Total	23,545,704	20,971,298	2,596,768	[1] 59,462	37,100
Net management income or loss(−)	28,185,124	−6,436,066	32,585,916	1,858,828	176,446
PROPERTY DISPOSITIONS [3]					
Costs (at book value):					
Property sold	51,583,368	3,078,450	37,777,131	168,499	10,559,288
Property dedicated to local bodies	5,278,610		1,311,506		3,967,104
Other transfers to local bodies	100,175,301		[4] 91,856,854	8,318,447	
Other dispositions	13,054,699	205,829	12,506,723	151	341,996
Total	170,091,978	3,284,279	143,452,214	8,487,097	14,868,388
Disposition expenses:					
Direct expenses	255,994	7,152	153,223	43,627	51,992
Amortization of conditional conveyance contracts	596,606	596,606			
Administrative expenses	1,117,600		870,400	164,700	82,500
Nonadministrative allocated expenses	379,444		347,444	32,000	
Other	596		596		
Total	2,350,240	603,758	1,371,663	240,327	134,492
Proceeds from sale of property	[1] 26,686,655	[1] 3,318,168	[1] 12,697,361	[1] 231,161	[1] 10,439,965
Net loss from property dispositions	145,755,563	569,869	132,126,516	8,496,263	4,562,915
Total net loss for the fiscal year ended June 30, 1953	117,570,439	7,005,935	99,540,600	6,637,435	4,386,469

[1] Indicates negative item.

[2] During the fiscal year ended June 30, 1953, total interest expense incurred on borrowings from the U. S. Treasury amounted to $14,294,007. Interest expense is first allocated to the operations of federally owned projects developed under Public Laws 412 and 671 and the remainder is considered to be the interest expense applicable to borrowings required in financing development programs of local authorities. During the current fiscal year interest expense allocated to and included in operation of federally owned projects amounted to $1,628,672.

[3] During the fiscal year ended June 30, 1953, 15 PWA projects, 31 permanent war housing projects and 25 farm labor camps having net book values of $17,621,217, $26,234,705 and $8,344,531 respectively, were transferred to local bodies under contracts which provide that all net income derived from operations shall be paid to PHA for a period of forty years from date of transfer for the PWA and permanent war housing projects and 20 years for the farm labor camps. The transfer of PWA projects and farm labor camps has been reflected in the books of account by a reclassification of the assets from land, structures, and equipment to conditional conveyance contracts, which will then be amortized over the contract periods. The permanent war housing projects were transferred from the public war housing program and treated in the accounts as an inter-program transfer with simultaneous conveyance to the local bodies under conditional conveyance contracts.

[4] Represents transfers to local bodies without reimbursement, of 161 temporary war housing projects authorized by Public Law 475 and transfers to educational institutions of other property authorized by Public Law 815.

TABLE 10.—*Combined statement of sources and application of funds for the fiscal year ended June 30, 1953*

	Total	United States Housing Act program	Public war housing program	Veterans reuse housing program	Subsistence homesteads and greentowns program
FUNDS PROVIDED					
By realization of assets:					
Sale of property	$8,930,049	$3,318,262	$3,918,089	$147,661	$1,546.037
Repayment of loans and mortgages	927,446,234	926,323,631	885,151		237,452
Other adjustments of assets	119,634			54,355	65,279
Total	936,495,917	929,641,893	4,803,240	202,016	1,848,768
By income:					
Interest earned on loans	19,134,405	18,237,895	686,269	910	209,331
Gross income—directly operated projects	44,607,460	740,516	42,497,145	777,845	591,954
Net income—leased and other projects	20,532,683	993,911	17,896,015	1,623,000	19,157
Technical service fees	1,927,986	1,927,986			
Other	237,534	128,066	97,617	6,833	5,018
Total	86,440,068	22,028,374	61,177,046	2,409,188	825,460
By borrowings from U. S. Treasury	550,000,000	550,000,000			
By appropriations for:					
Development of defense housing	28,965,735		28,965,735		
Annual contributions	29,880,000	29,880,000			
Administrative expenses	8,000,000	8,000,000			
Total	66,845,735	37,880.000	28,965,735		
By net income applicable to prior years	1,588,669	551.736	809,280	224,973	2,680
By decrease in working capital	715,675		469,266	246,409	
Total funds provided	1,642,086,064	1,540,102,003	96,221,567	3,082,586	2,676,908
FUNDS APPLIED					
To acquisition of assets:					
Land, structures, and equipment	29,720,826	501,516	28,708,588	510,722	
Purchase of local authority obligations	924,542,064	924,336,836	205,228		
Total	954,262,890	924,838,352	28,913,816	510,722	
To expenses:					
Interest on borrowings from U. S. Treasury	14,294,007	14,294,007			
Operating and other expenses	27,770,475	623,386	26,024,512	629,202	493,375
Cost of technical services	1,927,986	1,927,986			
Disposition expenses	669,395	7,152	505,873	75,627	80,743
Administrative expenses	11,653,642	8,158,000	3,211,342	164,700	119,600
Total	56,315,505	25,010,531	29,741,727	869,529	693,718
To annual contributions to local authorities	25,880,708	25,880,708			
To retirement of borrowings and capital:					
Payments on U. S. Treasury notes	550,000,000	550,000,000			
Assets transferred to Government agencies or other programs (PHA)	591,347	5,464	577,324		8,559
Cash deposited into the general fund of U. S. Treasury	40,327,410		36,991,700	1,602,335	1,733,375
Appropriations returned:					
To U. S. Treasury:					
Annual contributions	1,784,230	1,784,230			
Administrative expenses	750,000	750,000			
To office of Administrator (HHFA)	100,000			100,000	
Total	593,552,987	552,539,694	37,569,024	1,702,335	1,741,934
To increase in working capital	12,073,974	11,832,718			241,256
Total funds applied	1,642,086,064	1,540,102,003	96,224,567	3,082,586	2,676,908

TABLE 11.—*Statement of the status of financing and annual contribution commitments as of June 30, 1953, United States Housing Act program* [1]

Commitment status	Maximum development costs	PHA financing commitments	Annual contribution commitments
Locally owned projects:			
Public Law 412:			
Loan contracts	$12,220,625	$6,754,301	$412,156
Loan—mortgage note	5,138,000	5,138,000	
Construction award approvals and final budgets	2,589,836	2,330,853	85,425
Permanent financing:			
Series B bonds held by the Public Housing Administration	449,218,786	270,673,000	14,320,235
Short term loan notes issued by the Puerto Rico local authorities, guaranteed by the Public Housing Administration	11,334,187	8,746,000	358,489
Unapplied commitment balance [2]	7,351,514	6,487,851	234,358
Total Public Law 412 projects	487,852,948	300,130,005	15,410,663
Public Law 671:			
Loan contracts	1,586,000	1,343,000	55,510
Construction award approvals and final budgets	112,147,140	112,147,140	3,448,399
Physical completion	6,763,234	6,763,234	208,198
Unapplied commitment balance [2]	6,528,217	6,503,217	199,974
Total	127,024,591	126,756,591	3,912,081
Less liquidations	22,960,209	22,960,209	
Total Public Law 671 projects	104,064,382	103,796,382	3,912,081
Public Law 171:			
Preliminary loan contracts		19,816,611	
Loan contracts	752,008,913	169,679,987	34,888,865
Construction award approvals and final budgets	1,062,846,205	604,817,526	49,012,969
Permanent financing—bonds	882,783,285		36,258,350
Permanent financing—notes	125,059,517	124,702,351	3,261,394
Permanent financing—series A and B notes	27,629,175	23,186,175	1,259,061
Physical completion	11,127,069		413,180
Unapplied commitment balance [2]	44,733,967	40,905,468	1,888,139
Total Public Law 171 projects	2,906,188,131	983,108,118	126,981,958
Total	3,498,105,461	1,387,034,505	146,304,702
Federally owned projects:			
Public Law 412—Repossessions	55,263,437	55,263,437	
Public Law 671—Directly constructed	38,051,407	38,051,407	
Total	93,314,844	93,314,844	
Less depreciation	13,018,356	13,018,356	
Total	80,296,488	80,296,488	
Total commitments locally and federally owned projects	3,578,401,949	1,467,330,993	146,304,702

[1] Maximum development costs and commitments are reflected herein according to the applicable public law under which loan and annual contributions contracts were in effect at June 30, 1953.

[2] These amounts represent the difference between the maximum provided for by contracts and the lates requirements of local authorities, as approved by PHA.

TABLE 12.—*Statement of financing commitments as of June 30, 1953, United States Housing Act program*

Commitments financed:		
Outstanding obligations of local authorities held by PHA:		
Loan notes	$327, 100, 062	
Mortgage notes	5, 190, 215	
Series B bonds	270, 673, 000	
Total	[1] 602, 963, 277	
Federally owned projects:		
Development costs:		
Public Law 412 projects	46, 043, 983	
Public Law 671 projects	31, 514, 525	
Total	77, 558, 508	
		$680, 521, 785
Commitments for financing:		
Guarantee of temporary financing of local authorities, through private sources, including provision for interest to maturity for which the Public Housing Administration holds escrow notes of local authorities	719, 438, 922	
Other commitments not financed	67, 370, 286	
		786, 809, 208
Total financing commitments (table 11)		1, 467, 330, 993

[1] In addition to the notes and series B bonds issued to and held by the Public Housing Administration in the amount of $ 02,963,277, local authorities have issued to private investors, other notes and bonds which are guaranteed by PHA as follows:

1. Temporary loan notes, for which PHA holds local authorities' escrow notes (included in commitments of $719,438,922 stated above)	$714, 087, 000
2. Obligations covered by annual contributions contracts with PHA:	
(a) Series A bonds	119, 500, 500
(b) New housing authority bonds	873, 823, 000
(c) Mortgage loan notes	1, 797, 759
(d) Series A notes	4, 443, 000
Total	1, 713, 651, 259

TABLE 13.—*Statement of development costs and loans for locally owned projects as of June 30, 1953* [1]

	Development costs	PHA loan commitments	Outstanding loans of local authorities: From PHA	Temporary from others	Permanent from others	Total outstanding loans
Total locally owned projects	[2] $3,462,451,972	[2] $1,336,281,567	[3] $598,424,568	$715,884,759	$997,766,500	$2,312,075,827
Public Law 412 projects	480,501,434	[4] 293,642,154	[4] 277,737,140	9,376,000	119,500,500	406,613,640
Public Law 671 projects	[5] 120,496,374	[5] 120,253,374	458,448	100,243,000	------------	100,701,448
Public Law 171 projects	2,861,454,164	[6] 922,386,039	[6] 320,228,980	606,265,759	878,266,000	1,804,760,739
State:						
Alabama	97,319,303	40,706,805	35,087,475	8,331,900	48,675,500	92,094,875
Arizona	12,026,690	4,361,100	3,535,682	610,000	5,867,500	10,013,182
Arkansas	19,869,373	2,434,121	1,720,114	150,000	16,163,000	18,033,114
California	262,913,530	102,248,919	15,961,742	50,750,959	46,205,900	112,918,601
Colorado	27,969,280	5,749,819	20,308,859	------------	16,824,000	37,132,859
Connecticut	70,760,894	25,973,395	23,111,868	4,812,000	31,196,000	59,119,868
Delaware	6,560,960	5,099,000	1,365,000	3,336,000	------------	4,701,000
Florida	74,225,651	32,929,337	31,184,057	923,000	25,836,000	57,943,057
Georgia	154,691,952	65,262,615	53,346,552	17,343,100	63,117,500	133,807,152
Idaho	1,237,000	448,000	317,305	------------	727,000	1,044,305
Illinois	243,451,391	77,486,960	21,812,049	51,658,000	36,012,000	109,482,049
Indiana	39,066,947	16,514,071	14,799,274	1,778,000	7,242,000	23,819,274
Kentucky	71,780,418	33,783,436	28,986,609	10,224,000	32,175,000	71,385,609
Louisiana	109,578,491	42,523,854	26,482,807	15,085,000	30,904,000	72,471,807
Maine	1,101,051	738,944	635,408	------------	69,000	704,408
Maryland	85,778,654	17,804,170	8,302,127	8,292,000	34,400,000	50,994,127
Massachusetts	148,656,560	61,313,999	27,820,792	35,708,000	50,530,000	114,058,792
Michigan	131,463,454	40,782,483	7,548,892	29,748,000	9,733,500	47,030,392
Minnesota	22,731,658	1,694,331	1,266,301	388,000	15,079,000	16,733,301
Mississippi	21,515,633	10,556,573	7,345,574	1,867,000	6,722,000	15,934,574
Missouri	103,868,335	22,479,485	2,216,485	16,911,000	14,717,000	33,844,485
Montana	4,201,345	3,375,944	3,239,950	55,000	191,000	3,485,950
Nebraska	11,903,000	3,770,785	553,000	3,174,000	7,097,000	10,824,000
Nevada	1,037,000	5,041	5,041	------------	1,024,000	1,029,041
New Hampshire	7,889,798	514,798	1,358,818	------------	7,288,000	8,646,818
New Jersey	209,159,836	109,728,595	40,029,092	65,421,000	46,749,000	152,199,092
New Mexico	1,395,092	385,000	385,000	------------	712,000	1,097,000
New York	466,898,147	189,433,681	21,395,473	159,218,000	92,979,000	273,592,473
North Carolina	75,312,677	20,808,259	11,637,378	7,414,000	44,351,000	63,402,378
Ohio	47,708,274	11,080,100	7,595,807	------------	------------	7,595,807
Oregon	4,195,006	3,622,311	1,051,825	1,838,000	56,000	2,945,825
Pennsylvania	242,600,972	87,652,171	37,958,406	45,834,000	59,736,000	143,528,406
Rhode Island	33,396,120	10,464,753	18,860,005	2,205,000	20,240,000	41,305,005
South Carolina	38,175,433	16,285,070	13,317,782	3,268,000	17,576,000	34,161,782
Tennessee	110,593,245	46,970,311	16,408,775	32,062,300	46,932,000	95,403,075
Texas	197,267,163	93,161,918	47,855,867	53,155,000	75,029,500	176,040,367
Virginia	94,608,162	31,937,529	10,169,067	19,283,000	36,522,000	65,974,067
Washington	14,493,028	9,487,076	5,513,868	3,172,500	3,360,100	12,046,468
West Virginia	13,745,101	8,544,092	4,459,820	3,944,000	1,657,000	10,060,820
Wisconsin	20,725,850	4,531,845	3,157,016	681,000	11,678,000	15,416,016
District of Columbia	46,718,723	24,393,094	3,107,000	15,262,000	3,091,000	21,460,000
Alaska	5,262,000	1,742,000	------------	1,742,000	3,520,000	5,262,000
Hawaii	13,823,024	6,470,145	3,827,253	2,493,000	5,946,000	12,266,253
Puerto Rico	90,168,531	38,875,632	13,383,353	35,717,000	19,836,000	68,936,353
Virgin Islands	4,607,220	2,150,000	------------	2,130,000	------------	2,130,000

[1] Data are reflected herein according to the applicable public law under which loan and annual contribution contracts were in effect at June 30, 1953.

[2] Excludes unapplied funds representing the difference between the maximum amounts provided for by contracts and the latest requirements of local authorities, as follows:

	Development costs	*PHA loan commitments*
Public Law 412 projects	$7,351,514	$6,487,851
Public Law 671 projects	6,528,217	6,503,217
Public Law 171 projects	44,733,967	40,905,468
Total unapplied	58,613,698	53,896,536

[3] Excludes administrative loans of $494,438 made to local authorities for operating purposes and $52,215 of miscellaneous mortgage notes.

[4] Includes mortgage note of $5,138,000 covering a project sold to a local authority.

[5] Includes $22,960,209 of development costs and loan commitments which have been liquidated from operating funds.

[6] Excludes loan commitments of $19,816,611 and loans of $3,992,058 for preliminary surveys and planning

TABLE 14.—*Statement of annual contributions by States for fiscal year ended June 30, 1953, and cumulative and maximum annual contributions payable under contracts as of June 30, 1953*

	Annual contributions		Maximum annual contributions payable in any 1 year under contracts as of June 30, 1953
	Fiscal year ended June 30, 1953	Cumulative to June 30, 1953	
Total locally owned projects	$25,880,708	$116,243,037	[1] $143,982,231
State:			
Alabama	1,438,841	3,594,736	3,821,311
Arizona	160,268	362,615	464,173
Arkansas	499,309	596,816	780,606
California	1,112,208	2,806,026	11,069,161
Colorado		96,718	1,221,693
Connecticut	996,079	4,246,958	2,698,456
Delaware	34,492	95,693	280,753
Florida	561,548	3,533,237	2,954,103
Georgia	1,490,379	5,754,293	6,174,616
Idaho	30,377	122,926	43,210
Illinois	1,197,605	3,521,468	10,222,933
Indiana	76,378	1,061,455	1,575,997
Kentucky	1,163,896	5,233,244	2,857,130
Louisiana	1,020,176	8,631,459	4,275,403
Maine			47,760
Maryland	1,255,652	3,256,296	3,558,639
Massachusetts	1,320,611	6,101,732	6,155,834
Michigan	362,452	1,190,912	5,818,749
Minnesota	330,101	643,630	928,352
Mississippi	160,504	1,210,191	846,645
Missouri	291,554	886,317	4,574,739
Montana	6,345	320,547	149,253
Nebraska	191,544	1,416,359	471,945
Nevada	35,101	35,101	39,255
New Hampshire	229,331	229,331	322,989
New Jersey	1,786,348	8,722,921	8,789,150
New Mexico	19,624	19,624	59,302
New York	2,390,051	20,434,381	20,468,260
North Carolina	1,117,804	3,698,948	3,008,476
Ohio		207,076	2,015,912
Oregon	543	97,565	159,781
Pennsylvania	1,140,840	6,468,022	10,112,053
Rhode Island	152,581	324,311	1,316,609
South Carolina	640,902	2,030,951	1,521,415
Tennessee	1,034,238	5,080,178	4,506,244
Texas	1,587,196	5,876,391	7,963,328
Virginia	659,215	1,107,251	3,981,974
Washington	238,130	1,111,297	520,530
West Virginia	71,531	1,438,716	541,180
Wisconsin	383,761	395,374	879,331
District of Columbia	102,114	852,054	1,945,559
Alaska			213,850
Hawaii	126,121	530,112	557,405
Puerto Rico	464,958	2,890,805	3,848,863
Virgin Islands			219,304

[1] Excludes unapplied annual contribution commitments of $2,322,471 representing the difference between the maximum amounts provided for by contracts and the latest requirements of local authorities, as approved by PHA.

Table 15.—*Statement of income and expenses per unit month of availability for all federally owned projects in the United States Housing Act program, for the fiscal year ended June 30, 1953*

	Total projects		PWA	Public Law 412	Public Law 671	Farm-labor camps
	Amount	Per unit month [1]				
Number of projects	105		48	31	18	8
Number of dwelling units	41,038		21,407	10,812	7,139	1,680
Number of dwelling unit months of operation	475,140		246,590	129,744	84,496	14,310
Income:						
Rental income	$16,750,410	$35.25	$37.04	$34.54	$35.17	$11.55
Other	165,147	.35	.33	.44	.28	.12
Total income	16,915,557	35.60	37.37	34.98	35.45	11.67
Expenses:						
Operating expenses:						
Management	1,936,942	4.08	4.27	3.94	4.05	2.19
Operating services	1,081,306	2.28	2.62	1.83	2.20	.87
Utilities	4,653,439	9.79	10.42	10.63	7.92	2.44
Repairs, maintenance, and replacements	5,937,397	12.49	14.14	10.31	12.37	4.70
Payments in lieu of taxes	1,223,832	2.58	2.60	2.62	2.74	.71
Other	1,524,469	3.21	4.40	2.01	1.93	1.14
Total operating expenses	16,357,385	34.43	38.45	31.34	31.21	12.05
Net operating income or loss (—) before interest, depreciation, and adjustment of reserves	558,172	1.17	−1.08	3.64	4.24	−.38
Interest, depreciation, and adjustment of reserves:						
Interest—portion allocated to federally owned projects	1,628,672	3.43	----------	7.24	8.16	----------
Depreciation of structures and equipment	3,314,080	6.97	7.35	6.42	7.75	1.05
Adjustment of reserves (net)	[2] 554,212	[2] 1.17	[2] 2.72	.47	.64	.12
	4,388,540	9.23	4.63	14.13	16.55	1.17
Net operating loss	3,830,368	8.06	5.71	10.49	12.31	1.55
Casualty losses:						
Proceeds from casualty claims	[2] 8,836	[2] .02	[2] .01	[2] .02	[2] .05	----------
Cost of replacements	8,064	.02	.01	.02	.04	----------
	[2] 772	----------	----------	----------	[2] .01	----------
Net loss for the fiscal year ended June 30, 1953	3,829,596	8.06	5.71	10.49	12.30	1.55

[1] Per unit month less than $0.005 not reflected.
[2] Indicates negative item.

TABLE 16.—*Statement of accrued annual contributions for locally owned projects eligible for contributions in fiscal year ended June 30, 1953*

	Total projects	Projects developed under Public Law 412			Projects developed under Public Law 671			Projects developed and financed under Public Law 171 (Housing Act of 1949)		
		Total	Financed under		Total	Financed under		Total	Projects in operation	Projects which have not reached the operating stage
			Housing Act of 1937	Housing Act of 1949		Housing Act of 1937	Housing Act of 1949			
Number of projects	982	346	342	4	165	101	64	471	186	285
Number of dwelling units	204,815	107,192	103,312	3,880	40,278	24,460	15,818	57,345	19,729	37,616
Maximum annual contributions for eligible projects	$45,091,505	$15,955,639	$14,667,952	$1,287,687	$6,485,982	$3,750,310	$2,735,672	$22,649,884	$6,934,546	$15,715,338
Less amounts available for reduction of annual contributions:										
Accrued interest	1,969,108	27,233	----	27,233	258,360	----	258,360	1,683,515	408,582	1,274,933
Capitalized interest	3,474,983	----	----	----	----	----	----	3,474,983	847,608	2,627,375
Excess of maximum annual contributions over debt service requirements while in temporary financing	1,439,005	----	----	----	1,439,005	1,439,005	----	----	----	----
Excess earnings from previous years	446,518	446,518	446,518	----	----	----	----	----	----	----
Residual receipts earned during the initial operating period	411,286	----	----	----	----	----	----	411,286	177,827	233,459
Net residual receipts (table 17)	11,469,897	8,491,060	8,236,999	254,061	2,261,284	1,624,362	636,922	717,553	645,204	72,349
Total	19,210,797	8,964,811	8,683,517	281,294	3,958,649	3,063,367	895,282	6,287,337	2,079,221	4,208,116
Annual contributions accrued in fiscal year ended June 30, 1953	25,880,708	6,990,828	5,984,435	1,006,393	2,527,333	686,943	1,840,390	16,362,547	4,855,325	11,507,222

TABLE 17.—*Statement of operating receipts, operating expenditures and residual receipts for locally owned projects eligible for annual contributions in fiscal year ended June 30, 1953*

	Total projects		Projects financed under Housing Act of 1937				Projects financed under Housing Act of 1949—permanently financed projects developed under—					
			Permanently financed projects developed under Public Law 412		Temporarily financed projects developed under Public Law 671		Public Law 412		Public Law 671		Public Law 171 [1]	
	Amount	Per unit month	Amount	Per unit month	Amount	Per unit month	Amount	Per unit month	Amount	Per unit month	Amount	Per unit month
Number of projects	697		342		101		4		64		186	
Number of dwelling units	167, 199		103, 312		24, 460		3, 880		15, 818		19, 729	
Number of dwelling unit months of operation	1, 828, 223		1, 239, 027		293, 324		45, 864		184, 566		65, 442	
Operating receipts:												
Dwelling rental income	$58, 914, 644	$32. 22	$37, 645, 627	$30. 38	$10, 972, 480	$37. 41	$2, 003, 275	$43. 68	$6, 413, 278	$34. 75	$1, 879, 984	$28. 73
Other	1, 618, 247	. 89	1, 178, 375	. 95	242, 806	. 83	31, 683	. 69	136, 011	. 74	[2] 29, 372	. 45
Total operating receipts	60, 532, 891	33. 11	38, 824, 002	31. 33	11, 215, 286	38. 24	2, 034, 958	44. 37	6, 549, 289	35. 49	1, 909, 356	29. 18
Operating expenditures:												
Management expenses	7, 381, 229	4. 04	4, 750, 688	3. 83	1, 292, 260	4. 41	231, 873	5. 06	819, 856	4. 44	286, 552	4. 38
Operating services	2, 797, 414	1. 53	1, 821, 573	1. 47	468, 842	1. 60	166, 537	3. 63	295, 967	1. 61	44, 495	. 68
Utilities	13, 979, 404	7. 65	8, 890, 494	7. 17	2, 491, 146	8. 49	504, 558	11. 00	1, 649, 779	8. 94	443, 427	6. 77
Repairs, maintenance, and replacements	15, 794, 336	8. 64	10, 134, 985	8. 18	3, 318, 508	11. 31	514, 916	11. 23	1, 613, 493	8. 74	212, 434	3. 24
Payments in lieu of taxes	4, 330, 788	2. 37	2, 754, 414	2. 22	822, 179	2. 80	150, 335	3. 28	479, 700	2. 60	124, 160	1. 90
Insurance	839, 615	. 46	479, 525	. 39	183, 288	. 63	19, 002	. 41	112, 828	. 61	44, 972	. 69
Collection losses	322, 626	. 18	209, 220	. 17	49, 655	. 17	9, 479	. 21	50, 104	. 27	4, 159	. 06
Operating improvements	1, 157, 126	. 63	981, 786	. 79	85, 957	. 29	7, 495	. 16	81, 516	. 44	372	. 01
Adjustment of operating reserves (net)	[3] 2, 034, 443	[3] 1. 11	[3] 1, 844, 123	[3] 1. 49	[3] 180, 542	[3] . 61	78, 849	1. 72	[3] 195, 641	[3] 1. 06	107, 014	1. 64
Debt service requirements in excess of maximum annual contribution	787, 734	. 43	787, 734	. 64								
Other expenses and adjustments	2, 094, 730	1. 14	812, 500	. 66	255, 394	. 87	97, 853	2. 13	885, 805	4. 80	43, 178	. 66
Total operating expenditures	47, 450, 559	25. 96	29, 778, 805	24. 03	8, 786, 687	29. 96	1, 780, 897	38. 83	5, 793, 407	31. 39	1, 310, 763	20. 03
Total residual receipts	13, 082, 332	7. 15	9, 045, 197	7. 30	2, 428, 599	8. 28	254, 061	5. 54	755, 882	4. 10	598, 593	9. 15
Less amounts applied to reduction of future annual contributions (Public Law 412 projects) or advance amortization (Public Law 671 projects)	1, 612, 435	. 88	808, 198	. 65	804, 237	2. 74			[4] 118, 960	. 65	[3,4] 118, 960	[3] 1. 82
Net residual receipts available for reduction of annual contributions	11, 469, 897	6. 27	8, 236, 999	6. 65	1, 624, 362	5. 54	254, 061	5. 54	636, 922	3. 45	717, 553	10. 97

[1] Does not include 285 permanently financed projects which have not reached the operating stage.
[2] Includes income in the amount of $4,612 applicable to projects which have not reached the operating stage.
[3] Indicates negative item.
[4] Represents excess earnings from 11 projects developed under Public Law 671 and combined with new Public Law 171 projects under new contracts, with the residual receipts applied to the operations of the new projects. Of this amount, $67,737 is applicable to Public Law 171 projects which have not reached the operating stage.

TABLE 18.—*Statement of income and expenses per unit month of availability for fully active family dwelling projects in the public war housing program, for the fiscal year ended June 30, 1953*

	Total projects		Directly operated projects		Leased projects	
Number of projects	461		148		313	
Number of dwelling units	[1] 165,908		71,368		94,540	
Number of dwelling unit months of operation	1,996,062		858,028		1,138,034	
	Amount	Per unit month	Amount	Per unit month	Amount	Per unit month
Income:						
Rental income	$81,030,633	$40.59	$33,910,886	$39.52	$47,119,747	$41.40
Other	594,604	.30	174,070	.21	420,534	.37
Total income	81,625,237	40.89	34,084,956	39.73	47,540,281	41.77
Expenses:						
Operating expenses:						
Management	6,857,099	3.44	2,654,997	3.09	4,202,102	3.69
Operating services	1,287,107	.64	373,330	.44	913,777	.80
Utilities	13,777,026	6.90	5,550,935	6.47	8,226,091	7.23
Repairs, maintenance and replacements	17,662,795	8.85	6,469,349	7.54	11,193,446	9.83
Public services	2,549,727	1.28	1,139,797	1.33	1,409,930	1.24
Payments in lieu of taxes	9,964,603	4.99	3,719,802	4.34	6,244,801	5.49
Other	1,869,328	.94	335,800	.39	1,533,528	1.35
Total operating expenses	53,967,685	27.04	20,244,010	23.60	33,723,675	29.63
Nonoperating expenses:						
Operating improvements	691,748	.35	291,591	.34	400,157	.35
Other	81,561	.04	5,195		76,366	.7
Total nonoperating expenses	773,309	.39	296,786	.34	476,523	.42
Collection losses—accounts receivable written off	123,961	.06	42,050	.05	81,911	.07
Total expenses	54,864,955	27.49	20,582,846	23.99	34,282,109	30.12
Net operating income	26,760,282	13.40	13,502,110	15.74	13,258,172	11.65
Casualty losses—cost of replacements	54,317	.02	32,545	.04	21,772	.02
Net income for the fiscal year ended June 30, 1953	26,705,965	13.38	13,469,565	15.70	13,236,400	11.63

[1] Represents the number of dwelling units fully active at June 30, 1953. Does not include 3 dormitories, 6 stopgap projects, and 110 family dwelling projects which were inactive or partly active at June 30, 1953.

TABLE 19.—*Statement of administrative expenses by object and source of funds for the fiscal year ended June 30, 1953*

Object of expense:	
Personal services:	
Personal services	$10,411,350
Terminal leave	161,690
	10,573,040
Less reimbursements from other Government agencies	17,931
Total personal services	10,555,109
Travel:	
Regular	741,946
Convention	3,882
Total travel	745,828

TABLE 19.—*Statement of administrative expenses by object and source of funds for the fiscal year ended June 30, 1953*—Continued

Object of expense—Continued		
Transportation of things		$20, 154
Communication services		264, 377
Rents and utility services		832, 492
Printing and binding		55, 017
Other contractual services		151, 428
Supplies and materials		67, 190
Furniture, furnishings, and equipment		24, 261
Refunds, awards and indemnities		654
Taxes and assessments		13, 932
Total obligations for administrative expenses		12, 730, 442
Sources of funds:		
Appropriated funds:		
United States Housing Act program		8, 000, 000
Public war-housing program—defense housing		1, 076, 800
Total appropriated funds		9, 076, 800
Funds derived from operation of programs		3, 653, 642
Total contributed by programs		12, 730, 442
Contribution by programs:		
United States Housing Act program:		
Development	$4, 923, 700	
Management	3, 234, 300	
		8, 158, 000
Public war-housing program:		
War housing:		
Management	2, 158, 842	
Disposition	870, 400	
Defense housing:		
Development	1, 076, 800	
Management	182, 100	
		4, 288, 142
Veterans' reuse housing program		164, 700
Subsistence homesteads and greentowns program:		
Management	37, 100	
Disposition	82, 500	
		119, 600
Total contributed by programs		12, 730, 442
Unallotted funds		137, 293
Nonexpendable reserve		100, 000
Total administrative expense limitation		12, 967, 735

US Dept of Housing And Urban Development.
Annual report.

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